

LONG BON INTERNATIONAL CO., LTD.

Parent Company Only Financial Statements

With Independent Auditors' Report

For the Years Ended December 31, 2021 and 2020

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The independent auditors' report and the accompanying parent company only financial statements are the English translation of the Chinese version prepared and used in the Republic of China. If there is any conflict between, or any difference in the interpretation of the English and Chinese language independent auditors' report and parent company only financial statements, the Chinese version shall prevail.



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Independent Auditors' Report

To the Board of Directors of Long Bon International Co., Ltd.:

Opinion

We have audited the financial statements of Long Bon International Co., Ltd. (“the Company”), which comprise the balance sheets as of December 31, 2021 and 2020, the statements of comprehensive income, changes in equity and cash flows for the years then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying parent company only financial statements present fairly, in all material respects, the 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 in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers.

Basis for Opinion

We conducted our audit in accordance with the Regulations Governing Auditing and Certification of Financial Statements by Certified Public Accountants and the auditing standards generally accepted in the Republic of China. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Parent Company Only 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 parent company only financial statements of the current period. These matters were addressed in the context of our audit of the parent company only financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. We have determined the matters described below to be the key audit matters to be communicated in our report.

1. Acquisition of a Associates

Please refer to Note 4(h) “Investment in Associates” and Note 6(e) “Investments Accounted for Using Equity Method” for more information on accounting policy.



Description of the key audit matter

The Company held 25.81% voting shares of Taisun Enterprise Co., Ltd. (hereinafter referred to as “Taisun”) at the end of the period and obtained seats in Taisun’s Board of Directors in December 2021, resulting in the subject to have a significant impact on the financial statements of the parent-company-only.

How the matter was addressed in our audit

Our main audit procedures for the above key audit matter include obtaining the Company's investment assessment to ensure that it is in compliance with the board's decision making process; sampling the certification documents of equity investment before reclassifying them to equity method investment, and reviewing the correctness of the accounting records; assessing whether the management’s evaluation at the end of the period is in accordance with IAS 28; sending confirmations to the associates, reviewing and checking the stock share count at the end of the year to ensure that it has been properly disclosed in the financial statements of the parent-company-only.

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

Management is responsible for the preparation and fair presentation of the parent company only financial statements in accordance with 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 parent company only financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the parent company only financial statements, management is responsible for assessing 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 the Audit Committee) are responsible for overseeing the Company’s financial reporting process.

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

Our objectives are to obtain reasonable assurance about whether the parent company only financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors’ report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the 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 parent company only 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. Assess for purposes of identifying the risks of material misstatement of the parent company only financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
2. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of 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 auditors' report to the related disclosures in the parent company only financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Company to cease to continue as a going concern.
5. Evaluate the overall presentation, structure and content of the parent company only financial statements, including the disclosures, and whether the parent company only financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
6. Obtain sufficient and 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 parent company only 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 parent company only financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partners on the audit resulting in this independent auditors' report are Shu-Ying Chang and Mei-Pin Wu.

KPMG

Taipei, Taiwan (Republic of China)

March 28, 2022

Notes to Readers

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

The auditors' report and the accompanying parent company only financial statements are the English translation of the Chinese version prepared and used in the Republic of China. If there is any conflict between, or any difference in the interpretation of the English and Chinese language auditors' report and parent company only financial statements, the Chinese version shall prevail.

(English Translation of Parent Company Only Financial Statements and Report Originally Issued in Chinese)
LONG BON INTERNATIONAL CO., LTD.

Balance Sheets

December 31, 2021 and 2020

(Expressed in Thousands of New Taiwan Dollars)

		December 31, 2021		December 31, 2020 (Adjusted)	
Assets		Amount	%	Amount	%
Current assets:					
1100	Cash and cash equivalents (Note 6(a))	\$ 212,057	2	976,771	7
1110	Current financial assets at fair value through profit or loss (Note 6(b) and 8)	60,015	-	3,981,640	30
1150	Notes receivable, net (Note 6(n) and 7)	42	-	45	-
1170	Accounts receivable, net (Note 6(n) and 7)	284	-	-	-
1200	Other receivables, net (Note 6(c), (q), 7 and 13)	351,601	3	-	-
1320	Inventories (for construction business), net (Note 6(d), 7 and 8)	1,751,263	14	1,851,108	14
1479	Other current assets, others (Note 7)	<u>6,200</u>	<u>-</u>	<u>5,429</u>	<u>-</u>
		<u>2,381,462</u>	<u>19</u>	<u>6,814,993</u>	<u>51</u>
Non-current assets:					
1517	Non-current financial assets at fair value through other comprehensive income (Note 6(c) and 8)	265,580	2	398,746	3
1550	Investments accounted for using equity method, net (Note 6(e), (f) and 7)	8,675,122	67	4,984,484	37
1600	Property, plant and equipment	14,297	-	18,828	-
1760	Investment property, net (Note 6(g), 7 and 8)	1,553,300	12	702,581	5
1780	Intangible assets	-	-	135	-
1755	Right-of-use assets (Note 7)	27,048	-	1,322	-
1840	Deferred tax assets (Note 6(k))	6,442	-	6,490	-
1980	Other non-current financial assets (Note 8)	-	-	567,733	4
1990	Other non-current assets, others (Note 7)	<u>7,892</u>	<u>-</u>	<u>1,073</u>	<u>-</u>
		<u>10,549,681</u>	<u>81</u>	<u>6,681,392</u>	<u>49</u>
Total assets		\$ <u>12,931,143</u>	<u>100</u>	<u>13,496,385</u>	<u>100</u>

See accompanying notes to parent company only financial statements.

(English Translation of Parent Company Only Financial Statements and Report Originally Issued in Chinese)
LONG BON INTERNATIONAL CO., LTD.

Balance Sheets (CONT'D)

December 31, 2021 and 2020

(Expressed in Thousands of New Taiwan Dollars)

		December 31, 2021		December 31, 2020 (Adjusted)	
		Amount	%	Amount	%
Liabilities and Equity					
Current liabilities:					
2100	Short-term borrowings (Note 6(h))	\$ 1,489,060	12	1,448,000	11
2110	Short-term notes and bills payable	499,816	4	99,948	1
2280	Current lease liabilities (Note 7)	6,995	-	1,343	-
2200	Other payables (Note 6(b) and (o))	80,893	1	76,767	1
2230	Current tax liabilities (Note 6(k))	35,565	-	45,045	-
2300	Other current liabilities (Note 6(h) and 7)	56,415	-	21,095	-
2322	Long-term borrowings, current portion (note 7)	<u>12,000</u>	<u>-</u>	<u>-</u>	<u>-</u>
		<u>2,180,744</u>	<u>17</u>	<u>1,692,198</u>	<u>13</u>
Non-Current liabilities:					
2530	Bonds payable (Note 6(i))	-	-	2,469,730	18
2540	Long-term borrowings (note 6(m))	549,500	4	-	-
2580	Non-current lease liabilities (Note)	20,205	-	-	-
2645	Guarantee deposits received (Note 7)	<u>15,702</u>	<u>-</u>	<u>5,465</u>	<u>-</u>
		<u>585,407</u>	<u>4</u>	<u>2,475,195</u>	<u>18</u>
	Total liabilities	<u>2,766,151</u>	<u>21</u>	<u>4,167,393</u>	<u>31</u>
Equity attributable to owners of parent (Note 6(e), (f) and (l))					
3100	Capital stock	3,947,293	31	3,947,293	29
3200	Capital surplus	174,472	1	146,633	1
3300	Retained earnings	6,831,919	53	5,875,475	44
3400	Other equity interest	(174,359)	(1)	(26,076)	-
3500	Treasury shares	<u>(614,333)</u>	<u>(5)</u>	<u>(614,333)</u>	<u>(5)</u>
	Total equity	<u>10,164,992</u>	<u>79</u>	<u>9,328,992</u>	<u>69</u>
	Total liabilities and equity	<u>\$ 12,931,143</u>	<u>100</u>	<u>13,496,385</u>	<u>100</u>

See accompanying notes to parent company only financial statements.

(English Translation of Parent Company Only Financial Statements Originally Issued in Chinese)

LONG BON INTERNATIONAL CO., LTD.

Statements of Comprehensive Income

For the Years Ended December 31, 2021 and 2020

(Expressed in Thousands of New Taiwan Dollars , Except for Earnings Per Common Share)

		2021		2020 (Adjusted)	
		Amount	%	Amount	%
4000	Operating revenue (Note 6(j), (n), and 7)	\$ 68,042	100	20,513	100
5000	Operating costs (Note 6(j))	16,769	25	11,128	54
	Gross profit (loss) from operations	51,273	75	9,385	46
	Operating expenses (Note 6(j), (o) and 7):				
6100	Selling expenses	16,968	25	17,495	85
6200	Administrative expenses	110,979	163	102,150	498
		127,947	188	119,645	583
6500	Net other income (expenses)(note)	13,593	20	-	-
	Net other income (expenses)	13,593	20	-	-
	Net operating income (loss)	(63,081)	(93)	(110,260)	(537)
	Non-operating income and expenses (Note 6(p)):				
7100	Interest income (Note 7)	1,946	3	32,411	158
7010	Other income (Note 7)	208,491	306	175,784	857
7020	Other gains and losses, net (Note 6(g) and 7)	308,289	453	640,462	3,122
7050	Finance costs, net (Note 7)	(67,744)	(100)	(80,507)	(392)
7070	Share of profit (loss) of associates and joint ventures accounted for using equity method, net (Note 13)	535,380	787	454,275	2,215
7380	Impairment gain and reversal of impairment loss determined in accordance with IFRS 9, net (Note 6(q))	-	-	8,267	40
		986,362	1,449	1,230,692	6,000
	Profit (loss) from continuing operations before tax	923,281	1,356	1,120,432	5,463
7950	Less: Income tax expenses (Note 6(k))	36,897	54	19,795	96
	Profit (loss)	886,384	1,302	1,100,637	5,367
8300	Other comprehensive income (loss):				
8310	Items that will not be reclassified subsequently to profit or loss				
8316	Unrealized gains (losses) from investments in equity instruments measured at fair value through other comprehensive income	(65,873)	(97)	28,014	137
8330	Share of other comprehensive income of subsidiaries, associates and joint ventures accounted for using equity method, components of other comprehensive income that will not be reclassified to profit or loss	(11,813)	(17)	1,903	9
8349	Income tax related to components of other comprehensive income that will not be reclassified to profit or loss	-	-	-	-
	Items that will not be reclassified subsequently to profit or loss	(77,686)	(114)	29,917	146
8360	Items that will not be reclassified subsequently to profit or loss				
8380	Share of other comprehensive income of subsidiaries, associates and joint ventures accounted for using equity method, components of other comprehensive income that will be reclassified to profit or loss	(541)	(1)	(215)	(1)
8399	Income tax related to components of other comprehensive income that will be reclassified to profit or loss (Note 6(k))	4	-	(24)	-
	Items that will be reclassified subsequently to profit or loss	(537)	(1)	(239)	(1)
8300	Other comprehensive income	(78,223)	(115)	29,678	145
	Total comprehensive income	\$ 808,161	1,187	1,130,315	5,512
	Earnings per share (Note 6(m))				
	Basic earnings per share	\$ 2.45		3.02	
	Diluted earnings per share	\$ 2.45		3.02	

See accompanying notes to parent company only financial statements.

(English Translation of Parent Company Only Financial Statements Originally Issued in Chinese)
LONG BON INTERNATIONAL CO., LTD.

Statements of Changes in Equity

For the Years Ended December 31, 2021 and 2020
(Expressed in Thousands of New Taiwan Dollars)

	Share capital		Retained earnings				Total other equity interest				
	Common stock	Capital surplus	Legal reserve	Special reserve	Unappropriated retained earnings	Total retained earnings	Exchange differences on translation of foreign financial statements	Unrealized gains (losses) on financial assets measured at fair value	Total other equity interest	Treasury shares	Total equity
Balance on January 1, 2020	\$ 4,047,293	130,417	471,151	-	4,414,355	4,885,506	14,712	(85,507)	(70,795)	(681,835)	8,310,586
Effects of retrospective application	-	-	-	-	-	-	-	-	-	67,502	67,502
Equity at beginning of period after adjustments	4,047,293	130,417	471,151	-	4,414,355	4,885,506	14,712	(85,507)	(70,795)	(614,333)	8,378,088
Profit	-	-	-	-	1,100,637	1,100,637	-	-	-	-	1,100,637
Other comprehensive income	-	-	-	-	(41)	(41)	(239)	29,958	29,719	-	29,678
Total comprehensive income	-	-	-	-	1,100,596	1,100,596	(239)	29,958	29,719	-	1,130,315
Appropriation and distribution of retained earnings:											
Legal reserve appropriated	-	-	86,525	-	(86,525)	-	-	-	-	-	-
Purchase of treasury share	-	-	-	-	-	-	-	-	-	(129,788)	(129,788)
Retirement of treasury share	(100,000)	(398)	-	-	(29,390)	(29,390)	-	-	-	129,788	-
Difference between consideration and carrying amount of subsidiaries acquired or disposed of	-	16,614	-	-	(66,237)	(66,237)	-	-	-	-	(49,623)
Disposal of investments in equity instruments at fair value through other comprehensive income	-	-	-	-	(15,000)	(15,000)	-	15,000	15,000	-	-
Balance on December 31, 2020	3,947,293	146,633	557,676	-	5,317,799	5,875,475	14,473	(40,549)	(26,076)	(614,333)	9,328,992
Profit	-	-	-	-	886,384	886,384	-	-	-	-	886,384
Other comprehensive income	-	-	-	-	-	-	(537)	(77,686)	(78,223)	-	(78,223)
Total comprehensive income	-	-	-	-	886,384	886,384	(537)	(77,686)	(78,223)	-	808,161
Appropriation and distribution of retained earnings:											
Legal reserve appropriated	-	-	98,997	-	(98,997)	-	-	-	-	-	-
Special reserve appropriated	-	-	-	182,577	(182,577)	-	-	-	-	-	-
Cash dividends of ordinary share	-	-	-	-	-	-	-	-	-	-	-
Difference between consideration and carrying amount of subsidiaries acquired or disposed of	-	27,839	-	-	-	-	-	-	-	-	27,839
Disposal of investments in equity instruments at fair value through other comprehensive income	-	-	-	-	70,060	70,060	-	(70,060)	(70,060)	-	-
Balance on December 31, 2021	\$ 3,947,293	174,472	656,673	182,577	5,992,669	6,831,919	13,936	(188,295)	(174,359)	(614,333)	10,164,992

See accompanying notes to parent company only financial statements.

(English Translation of Parent Company Only Financial Statements Originally Issued in Chinese)

LONG BON INTERNATIONAL CO., LTD.

Statements of Cash Flows

For the Years Ended December 31, 2021 and 2020

(Expressed in Thousands of New Taiwan Dollars)

	<u>2021</u>	<u>2020</u>
Cash flows from operating activities:		
Profit before tax	\$ 923,281	1,120,432
Adjustments:		
Adjustments to reconcile profit (loss):		
Depreciation expense	15,893	14,954
Amortization expense	135	1,026
Impairment gain and reversal of impairment loss determined in accordance with IFRS 9	-	(8,267)
Net gain on financial assets or liabilities at fair value through profit or loss	(337,047)	(644,797)
Interest expense	67,744	80,507
Interest income	(1,946)	(32,411)
Dividend income	(192,049)	(157,460)
Share of profit of subsidiaries, associates and joint ventures accounted for using equity method	(535,380)	(454,275)
Gain on disposal of property, plant and equipment	-	(735)
Gain on disposal of investment properties	(13,593)	-
Realized profit on from sales	(241)	-
Loss on bond redemption	28,772	-
Total adjustments to reconcile profit (loss)	<u>(967,712)</u>	<u>(1,201,458)</u>
Changes in operating assets and liabilities:		
Changes in operating assets:		
Net loss (gain) on financial assets or liabilities at fair value through profit or loss	779,194	(761,750)
Notes receivable	3	28
Accounts receivable	(284)	3
Other receivable	(47)	38,267
Inventories	(1,310)	(90,607)
Other current assets	352	(2,697)
Total changes in operating assets	<u>777,908</u>	<u>(816,756)</u>
Changes in operating liabilities:		
Other payable	39,086	13,659
Other current liabilities	35,320	62
Total changes in operating liabilities	<u>74,406</u>	<u>13,721</u>
Total changes in operating assets and liabilities	<u>852,314</u>	<u>(803,035)</u>
Total adjustments	<u>(115,398)</u>	<u>(2,004,493)</u>
Cash inflow (outflow) generated from operations	807,883	(884,061)
Interest received	392	36,169
Dividends received	563,723	254,021
Interest paid	(75,120)	(80,437)
Income taxes paid	(46,329)	(96,328)
Net cash flows from operating activities	<u>1,250,549</u>	<u>(770,636)</u>

See accompanying notes to parent company only financial statements.

(English Translation of Financial Statements and Report Originally Issued in Chinese)

LONG BON INTERNATIONAL CO., LTD.

Statements of Cash Flows (CONT'D)

For the Years Ended December 31, 2021 and 2020

(Expressed in Thousands of New Taiwan Dollars)

	<u>2021</u>	<u>2020</u>
Cash flows from investing activities:		
Acquisition of financial assets at fair value through other comprehensive income	(73,000)	(75,218)
Proceeds from disposal of financial assets at fair value through other comprehensive income	104,065	69,552
Proceeds from capital reduction of financial assets at fair value through other comprehensive income	36,228	-
Acquisition of investments accounted for using equity method	(31,724)	(901,874)
Acquisition of property, plant and equipment	(143)	(119)
Proceeds from disposal of property, plant and equipment	-	1,644
Increase in refundable deposits	(2,838)	-
Other receivables	-	1,080,000
Other receivables due from related parties	(350,000)	-
Acquisition of investment properties	(918,558)	(296,067)
Proceeds from disposal of investment properties	178,144	51,593
Other current financial assets	-	190
Other non-current financial assets	567,733	430
Other non-current assets	(5,104)	(209)
Net cash flows from (used in) investing activities	<u>(495,197)</u>	<u>(70,078)</u>
Cash flows from financing activities:		
Increase in short-term loans	41,060	664,000
Increase in short-term notes and bills payable	397,240	99,406
Repayments of bonds	(2,523,458)	-
Proceeds from long-term debt	578,000	-
Repayments of long-term debt	(16,500)	-
Increase in guarantee deposits received	10,237	829
Payment of lease liabilities	(6,645)	(5,711)
Payments to acquire treasury shares	-	(129,788)
Net cash flows from financing activities	<u>(1,520,066)</u>	<u>628,736</u>
Net decrease in cash and cash equivalents	(764,714)	(211,978)
Cash and cash equivalents at beginning of period	<u>976,771</u>	<u>1,188,749</u>
Cash and cash equivalents at end of period	<u><u>\$ 212,057</u></u>	<u><u>976,771</u></u>

See accompanying notes to parent company only financial statements.

(English Translation of Parent Company Only Financial Statements Originally Issued in Chinese)

LONG BON INTERNATIONAL CO., LTD.

Notes to the Financial Statements

For the Years Ended December 31, 2021 and 2020

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

(1) Company history

Long Bon International Co., Ltd. (the “Company”) was established in January 22, 1988 in accordance with the Company Act of the Republic of China. The Company’s registered office address is located at 9F., No. 50, Sec. 1, Zhongxiao W. Rd., Zhongzheng Dist., Taipei City 100, Taiwan (R.O.C.). Originally known as Long Bon Construction Co., Ltd. with its common stock listed on the Taiwan Stock Exchange (TWSE) in September 1992, the Company was renamed Long Bon Development Co., Ltd. in 1997, and renamed Long Bon International Co., Ltd. anew in 2009. The major business activities of the Company are the commercial building rental service and property investment and development.

(2) Approval date and procedures of the financial statements

The accompanying parent company only financial statements were authorized for issue by the Board of Directors on March 28, 2022.

(3) New standards, amendments and interpretations adopted:

- (a) Impact of adopting new, revised, or amended standards and interpretations endorsed by the Financial Supervisory Commission, R.O.C. (“FSC”).

The Company has initially adopted the following amendments to IFRS, from January 1, 2021, which did not have any material impact on its financial statements.

- Amendments to IFRS 4 “Extension of the Temporary Exemption from Applying IFRS 9”
- Amendments to IFRS 9, IAS39, IFRS7, IFRS 4 and IFRS 16 “Interest Rate Benchmark Reform—Phase 2”

The Company has initially adopted the following amendments to IFRS, from April 1, 2021, which did not have any material impact on its financial statements.

- Amendments to IFRS 16 “Covid-19-Related Rent Concessions beyond June 30, 2021”

- (b) The impact of IFRS issued by the FSC but not yet effective

The Company 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 financial statements:

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

(Continued)

LONG BON INTERNATIONAL CO., LTD.
Notes to the Financial Statements

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

The following new and amended standards, which may be relevant to the Company, have been issued by the International Accounting Standards Board (IASB), but have yet to be endorsed by the FSC:

Standards or Interpretations	Content of amendment	Effective date per IASB
Amendments to IAS 1 “Classification of Liabilities as Current or Non-current”	The amendments aim to promote consistency in applying the requirements by helping companies determine whether, in the statement of balance sheet, debt and other liabilities with an uncertain settlement date should be classified as current (due or potentially due to be settled within one year) or non-current. The amendments include clarifying the classification requirements for debt a company might settle by converting it into equity.	January 1, 2023

The Company is evaluating the impact of its initial adoption of the abovementioned standards or interpretations on its parent company only financial position and financial performance. The results thereof will be disclosed when the Company completes its evaluation.

The Company does not expect the other new and amended standards, which have yet to be endorsed by the FSC, to have a significant impact on its financial statements.

(4) Summary of significant accounting policies

The significant accounting policies applied in the preparation of these parent company only financial statements are set out as below. Except for changes in accounting policies indicated in note 3, the following accounting policies were adopted consistently throughout the presented periods in the parent company only financial statements.

- (a) Statement of compliance

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

- (b) Basis of preparation

- (i) Basis of measurement

The parent company only financial statements have been prepared on the historical cost basis except for the following material items in the statement of financial position:

- 1) Financial instruments measured at fair value through profit or loss are measured at fair value;

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LONG BON INTERNATIONAL CO., LTD.
Notes to the Financial Statements

- 2) Financial assets at fair value through other comprehensive income are measured at fair value;

(ii) Functional and presentation currency

The functional currency of the Company is determined based on the primary economic environment in which the entity operates. The Company's parent company only financial statements are presented in New Taiwan Dollars, which is the Company's functional currency. All financial information presented in New Taiwan Dollar has been rounded to the nearest thousand.

(c) Foreign currency transactions and operations

Foreign currency transactions

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

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

- an investment in equity securities designated as at fair value through other comprehensive income.

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

The Company's primary business activities are construction projects and the leasing of real estate, and the operating cycles are normally more than one year. Assets and liabilities associated with construction projects were classified as either current or non-current according to operating cycle spanning between three to five years, and the other assets and liabilities were classified as either current or non-current. Assets that met one of the following conditions were recognized as current assets while all other assets that were not current were recognized as non-current assets:

- (i) It expects to realize the asset, or intends to sell or consume it, in its normal operating cycle;
- (ii) It is held primarily for the purpose of trading;
- (iii) It expects to be realized within twelve months after the reporting date; or
- (iv) 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 date.

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

- (i) It is expected to be settled in its normal operating cycle;
- (ii) It is held primarily for the purpose of trading;
- (iii) It is due to be settled within twelve months after the reporting date; or
- (iv) 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 affect its classification.

(e) Cash and cash equivalents

Cash comprises cash on hand and demand deposits. Cash equivalents comprise short term highly liquid investments that are readily convertible to known amounts of cash and are subject to an insignificant risk of changes in their fair value. Time deposits which meet the above definition and are held for the purpose of meeting short term cash commitments rather than for investment or other purposes that should be recognized as cash equivalents.

(f) Financial instruments

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

(i) Financial assets

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

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

1) Financial assets measured at amortized cost

A financial asset is measured at amortized cost if it meets both of the following conditions and is not designated as at measured at fair value through profit or loss:

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

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LONG BON INTERNATIONAL CO., LTD.

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

A financial asset measured at amortized cost is initially recognized at amortized cost, plus/minus the cumulative amortization using the effective interest method, and the measurement of the amortized cost of any loss allowance is adjusted. The amortized cost is reduced by impairment losses. Interest income, foreign exchange gains and losses, and impairment losses are recognized in profit or loss. Any gain or loss on derecognition is recognized in profit or loss.

2) Financial assets at 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 derived from equity investments is recognized on the date that the Company's right to receive dividends is established (usually the ex-dividend date).

3) Financial assets at fair value through profit or loss (FVTPL)

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

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

(Continued)

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4) 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, notes and accounts receivable, other receivables, 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 accounts receivable 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 90 days past due or the debtor 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 ECL are the ECL 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.

(Continued)

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ECLs are a probability weighted estimate of credit losses over the expected life of financial assets. 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 is 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 assets 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 90 days past due;
- the lender of the borrower, for economic or contractual reasons relating to the borrower's financial difficulty, having granted to the borrower a concession that the lender would not otherwise consider;
- it is probable that the borrower will enter bankruptcy or other financial reorganization; or
- the disappearance of an active market for a security because of financial difficulties.

Loss allowances for financial assets measured at amortized cost are deducted from the gross carrying amount of the assets.

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 corporate customers, the Company individually makes an assessment with respect to the timing and amount of write-off based on whether there is a reasonable expectation of recovery. The Company expects no significant recovery from the amount written off. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Company's procedures for recovery of amounts due.

5) Derecognition of financial assets

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

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

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LONG BON INTERNATIONAL CO., LTD.
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(ii) Financial liabilities and equity instruments

1) Classification of debt or equity

Debt or equity instruments issued by the Company are classified as financial liabilities or equity in accordance with the substance of the contractual agreement.

2) Equity instrument

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

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. 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, 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.

The difference between the carrying amount of a financial liability derecognized 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.

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LONG BON INTERNATIONAL CO., LTD.
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(g) Inventories

The original costs of inventories shall comprise all necessary expenditure incurred in bringing the inventories to their present condition and location and for sale or construction. Besides, the cost of real estate development includes construction cost, land cost, borrowing cost, and project expense. Upon completion, the construction in progress was transferred to buildings and land held for sale, and the operating costs were recognized according to the ratio of sales to construction and development cost. Net realizable value is the balance that estimates the selling price, less, estimated costs of completion and the estimated costs of selling. The methods of determining the net realizable value are as follows:

- (i) Land held for development: the net realizable value is the replacement cost or estimated price (based on the market condition), less, the estimated selling expenses at the end of the period.
- (ii) Building construction in progress: the net realizable value is the estimated price (based on the market condition), less, the estimated costs of completion and selling expenses at the end of the period.
- (iii) Real estate held for sale: the net realizable value is the estimated price (based on the market condition), less, the estimated selling expenses at the end of the period.

(h) Investment in associates

Associates are those entities in which the Company has significant influence, but no control or joint control, over the 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 financial statements include the Company's share of the profit or loss and other comprehensive income of those associates, after adjustments to align the accounting policies with those of the Company, from the date on which significant influence commences until the date on which significant influence ceases. When an associate's equity changes due to reasons other than profit and loss or comprehensive income, which did not result in changes in actual proportionate share. The Company recognizes any changes of its proportionate share in the investee within capital surplus.

Gains and losses resulting from the transactions between the Company and an associate are recognized only to the extent of unrelated Company's interests in the associate.

When the Company's share of losses of an associate equals or exceeds its interest in associates, it discontinues recognizing its share of further losses. After the recognized interest is reduced to zero, additional losses are provided for, and a liability is recognized, only to the extent that the Company has incurred legal or constructive obligations or made payments on behalf of the associate.

(i) Investment in subsidiaries

The subsidiaries in which the Company holds controlling interest are accounted for under equity method in the parent company only financial statements. Under equity method, the net income, other comprehensive income and equity in the parent company only financial statement are the same as those attributable to the owners of parent in the consolidated financial statements.

The changes in ownership of the subsidiaries but not loss control is recognized as equity transaction.

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LONG BON INTERNATIONAL CO., LTD.
Notes to the Financial Statements

(j) 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 lives, and residual value which are the same as those adopted for property, plant and equipment.

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 other revenue on a straight-line basis over the term of the lease. Lease incentives granted are recognized as an integral part of the total rental income, over the term of the lease.

(k) Property, plant and equipment

(i) Recognition and measurement

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

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

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

(ii) Subsequent expenditure

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

(iii) Depreciation

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

Land is not depreciated.

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

1)	Buildings	3 ~ 55 years
2)	Other equipment	1 ~ 8 years

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

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(l) Leases

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.

(i) As a lessee

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

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

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

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

- 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 or penalties for purchase or termination options that are reasonably certain to be exercised.

The lease liability is subsequently 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 its assessment of whether it will exercise an extension or termination option; or
- there is any lease modifications in lease subject, scope of the lease, or other terms.

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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 the difference in profit or loss any gain or loss relating to the partial or full termination of the lease.

The Company placed right of use assets and lease liabilities under the line item in the balance sheet.

If an arrangement contains lease and non-lease components, the Company allocates the consideration in the contract to each lease component on the basis of their relative stand-alone prices. However, for the leases of land and buildings in which it is a lessee, the Company has elected not to separate non-lease components and account for the lease and non-lease components as a single lease component.

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

The Company has elected not to recognize right of use assets and lease liabilities for leases that have a lease term of 12 months or less and leases of low value assets. The Company recognizes the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

(ii) 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.

The lessor 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'.

For operating lease, the Company recognizes rental income on a straight line basis over the lease term.

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(m) Intangible assets

(i) Recognition and measurement

Goodwill arising on the acquisition of subsidiaries is measured at cost, less accumulated impairment losses.

Other intangible assets, including computer software purchased by the Company, are measured at cost less accumulated amortization and any accumulated impairment losses.

(ii) Subsequent expenditure

Subsequent expenditure was 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, was recognized in profit or loss as incurred.

(iii) Amortization

Amortization was calculated over the cost of the asset, less its residual value, and was 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 the current and comparative years of significant items of intangible assets are as follows:

- | | |
|----------------------|-----------|
| 1) Computer software | 1~5 years |
|----------------------|-----------|

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

(n) Impairment of non-financial assets

At each reporting date, the Company reviews the carrying amounts of its non-financial assets (other than inventories and deferred tax assets) to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. 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 cash generating units ("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 a CGU is the higher of its value in use and its fair value less costs to disposal. 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 the CGU.

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

Impairment losses are recognized in profit or loss. They are allocated first to reduce the carrying amount of any goodwill allocated to the CGU, and then to reduce the carrying amounts of the other assets in the CGU on a pro rata basis.

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An impairment loss in respect of goodwill is not reversed. For other non-financial assets, an impairment loss is reversed only to the extent that the asset's carrying amount that would have been determined (net of depreciation or amortization), had no impairment loss been recognized for the assets in prior years.

(o) Revenue recognition

(i) Revenue from contracts with customers

Revenue is measured based on the consideration that the Company expects to be entitled in the transfer goods or services to a customer. The Company recognizes revenue when it satisfies a performance obligation by transferring control of a good or a service to a customer. The following is a description of the Company's major revenues:

1) Land development and sale of real estate

The Company develops and sells residential properties and usually sales properties in advance during construction or before construction begins. Revenue is recognized when control over the properties has been transferred to the customer. The properties have generally no alternative use for the Company due to contractual restrictions. However, an enforceable right to payment does not arise until legal title of a property has passed to the customer. Therefore, revenue is recognized at a point in time when the legal title has passed to the customer.

The revenue is measured at the transaction price agreed under the contract. For sale of readily available house, in most cases, the consideration is due when legal title of a property has been transferred. While deferred payment terms may be agreed in rare circumstances, the deferral never exceeds twelve months. The transaction price is therefore not adjusted for the effects of a significant financing component. For pre selling properties, the consideration is usually received by installment during the period from contract inception until the transfer of properties to the customer. If the contract includes a significant financing component, the transaction price will be adjusted for the effects of the time value of money during the period, using the specific borrowing rate of the construction project. Receipt of a prepayment from a customer is recognized as contract liability. Interest expense and contract liability are recognized when adjusting the effects of the time value of money. Accumulated amount of contract liability is recognized as revenue when control over the property has been transferred to the customer.

Certain contracts include multiple deliverables, such as sale of residential properties and a decoration service. The Company accounts for the decoration service as a single performance obligation, and the transaction price is allocated to the decoration service on a relative standalone selling price basis. If a standalone selling price is not directly observable, it is estimated based on expected cost plus margin. Decoration services revenue are recognized upon the completion of service.

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(p) Employee benefits

(i) Defined contribution plans

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

(ii) 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.

(q) Income taxes

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

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 measured using tax rates enacted or substantively enacted at the reporting date.

Deferred income taxes are recognized in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred taxes are not recognized for the following exceptions:

- (i) Assets and liabilities that are initially recognized but are not related to the business combination and have no effect on net income or taxable gains (losses) during the transaction.
- (ii) 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
- (iii) taxable temporary differences arising on the initial recognition of goodwill.

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

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

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

- (i) the Company has a legally enforceable right to set off current tax assets against current tax liabilities; and

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(ii) the deferred tax assets and the deferred tax liabilities relate to income taxes levied by the same taxation authority on either:

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

(r) Earnings per share

The Company discloses the Company's basic and diluted earnings per share attributable to ordinary equity holders. The calculation of basic earnings per share is based on the profit attributable to the ordinary shareholder of the Company divided by weighted average number of ordinary shares outstanding. The calculation of diluted earnings per share is 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 dilutive potential ordinary shares. The Company's dilutive potential ordinary shares comprise employee stock options.

(s) Operating segments

Please refer to the consolidated financial report of the Group for the years ended December 31, 2021 and 2020 for operating segments information.

(t) Changes in accounting policies

In the second quarter of 2021, the Company in accordance with the newly promulgated interpretations by the Accounting Research and Development Foundation, stipulated that when the parent company prepares the consolidated financial statements, the parent company stock held by the subsidiary shall be recognized as treasury share according to the shareholding ratio of the subsidiary.

In accordance with International Accounting Standard 8 Accounting Policies, Changes in Accounting Estimates and Errors ("IAS 8"), the changes in accounting policy shall be applied retrospectively, and the accounting change has no impact on total equity and earnings per share. The results are summarized as follows.

Balance sheets

January 1, 2020	As previously reported	Impact of changes in accounting policies	As restated
Investments accounted for using equity method	\$ 3,727,030	67,502	3,794,532
Treasury shares	(681,835)	67,502	(614,333)

(Continued)

LONG BON INTERNATIONAL CO., LTD.
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<u>December 31, 2020</u>	<u>As previously reported</u>	<u>Impact of changes in accounting policies</u>	<u>As restated</u>
Investments accounted for using equity method	\$ 4,916,982	67,502	4,984,484
Treasury shares	(681,835)	67,502	(614,333)

Statement of comprehensive income

	<u>For the Years Ended December 31, 2021</u>	<u>For the Years Ended December 31, 2020</u>		
	<u>As reported</u>	<u>As previously reported</u>	<u>Impact of changes in accounting policies</u>	<u>As restated</u>
Basic earnings per share	\$ 2.45	3.05	(0.03)	3.02
Diluted earnings per share	2.45	3.05	(0.03)	3.02

(5) Significant accounting assumptions and judgments, and major sources of estimation uncertainty

The preparation of the parent company only financial statements in accordance 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.

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

Information about judgments made in applying accounting policies that have the most significant effects on the amounts recognized in the parent company only financial statements: None.

Information about assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustment to the carrying amounts of assets and liabilities within the next financial year is as follows. Those assumptions and estimation have been updated to reflect the impact of COVID-19 pandemic: None.

Valuation process

The accounting policies and disclosures of the Company include that measure the financial and nonfinancial assets and financial liabilities at fair value. The Company establishes the relevant internal control system for the fair value measure. Including the establishment of an evaluation team to be responsible for reviewing all significant fair value measurements (including the third level of fair value) and reporting directly to the Chief Financial Officer. The evaluation team periodically reviews significant unobservable input and adjustments. If the input value used to measure the fair value is used from external third party information (such as broker or pricing service), the evaluation team will evaluate the evidence provided by the third party to support the input value to determine the rating and its fair value class is in compliance with the International Financial Reporting Standards. The evaluation team also reports on major issues to the audit committee of the Company. The investment property is appraised regularly either by the Company's property development segment according to the valuation method and the parametric assumptions announced by FSC or by an external appraiser.

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LONG BON INTERNATIONAL CO., LTD.
Notes to the Financial Statements

The Company strives to use market observable inputs when measuring assets and liabilities. Fair values are based on the degree to which the fair value can be observed and are grouped into Level 1 to Level 3 as follows:

Level 1: Public offer (unadjusted) of the same asset or liability in the active market.

Level 2: In addition to the public quotation at the first level, the input parameters of the asset or liability are observed directly (i.e., price) or indirectly ((i.e. derived from the price).

Level 3: Input parameters for assets or liabilities are not based on observable market data (non-observable parameters).

For assumptions used in measuring fair value

For any transfer within the fair value hierarchy, the impact of the transfer is recognized on the reporting date.

Further information on the assumptions used in measuring the fair value

Further information about the assumptions made in measuring fair values is included in the following notes:

- (a) Note 6(q) Financial instrument

(6) Explanation of significant accounts

- (a) Cash and cash equivalents

	December 31, 2021	December 31, 2020
Cash	\$ 20	20
Demand deposits	212,037	976,751
	\$ 212,057	976,771

Please refer Note 6(q) for the interest rate risk and sensitivity analysis of the financial assets and liabilities of the Company.

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

	December 31, 2021	December 31, 2020
Financial assets mandatorily measured at fair value through profit or loss:		
Non-derivative financial assets		
Domestic listed stocks	\$ -	3,979,393
Beneficiary certificate	60,015	2,247
Total	\$ 60,015	3,981,640

- (i) The Company had a significant influence on Taisun Enterprise Co., Ltd. since December 2021. For the transfer from financial assets at fair value through profit or loss to investments accounted for using equity method, please refer to Note 6(e).

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LONG BON INTERNATIONAL CO., LTD.
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- (ii) As of December 31, 2021 and 2020, the financial assets at fair value through profit and loss of the Company pledged as collateral, please refer to Note 8.
- (c) Financial assets at fair value through other comprehensive income

	<u>December 31, 2021</u>	<u>December 31, 2020</u>
Non current equity investments at fair value through other comprehensive income		
Domestic listed stocks		
— Bank of Kaohsiung, Ltd.	2,910	-
Domestic listed stocks in emerging market		
— Grand Green Energy Co., Ltd.	8,400	6,664
Domestic unlisted stocks		
— The Reputation International Construction Co., Ltd.	-	181,689
— M Radio Broadcasting Co., Ltd.	4,292	4,191
— Widedoctor (International) Enterprise Co., Ltd.	2,998	4,255
— Chia Ya Investment Co., Ltd.	70,024	70,077
— New Image Medical Co., Ltd.	25,213	19,761
— Chang Hong Energy Technology Co., Ltd.	19,435	26,556
— J Metrics Technology Co., Ltd.	4,749	10,085
— You Long Construction Development Co., Ltd.	127,559	75,468
Total	<u>\$ 265,580</u>	<u>398,746</u>

- (i) The Company holds these equity instruments as long term strategic instrument instead of trading purpose, and are accounted for under fair value through other comprehensive income.
- (ii) During the years ended December 31, 2021 and 2020, the dividends related to equity investments at fair value through other comprehensive income held on the years then ended, were recognized, please refer to Note 6(p).
- (iii) Due to operational considerations, the Company sold the equity instrument investments listed above that were designated as fair value through other comprehensive gains and losses during 2021 and 2020. The sales situation is as follows:

<u>Stock name</u>	<u>Sale date</u>	<u>Fair value</u>	<u>Cumulative disposal gains and losses</u>
<u>For the Years Ended December 31, 2021</u>			
The Reputation International Construction Co., Ltd.	November 18, 2021	<u>\$ 104,065</u>	<u>61,492</u>
<u>For the Years Ended December 31, 2020</u>			
J&V Energy Technology Co., Ltd.	June 30 2020	<u>\$ 42,500</u>	<u>(7,500)</u>

The Company has transferred cumulative disposal gains from other equity interest to retained earnings.

- (iv) Please refer to Note 6(q) for credit risk and market risk.
- (v) As of December 31, 2021 and 2020, the financial assets at fair value through other comprehensive income were not pledged as collateral.

(Continued)

LONG BON INTERNATIONAL CO., LTD.
Notes to the Financial Statements

(d) Inventories

	December 31, 2021	December 31, 2020
Land held for construction site	\$ 1,257,228	1,400,902
Building construction in progress	483,503	438,630
Buildings and land held for sale	14,683	15,727
Less: Allowance for obsolete inventory	<u>(4,151)</u>	<u>(4,151)</u>
	\$ 1,751,263	1,851,108
	<u>\$ 1,751,263</u>	<u>1,850,064</u>

(i) The movement in the allowance for inventory for 2021 and 2020 were as follows:

	2021	2020
Balance on December 31, 2021 (Equivalent to balance on January 1))	\$ <u>4,151</u>	<u>4,151</u>

(ii) The details of the cost of goods sales for 2021 and 2020 were as follows:

	For the years ended December 31 2021	2020
Inventory that has been sold	\$ 4,704	-
Rent cost	<u>12,065</u>	<u>11,128</u>
	<u>\$ 16,769</u>	<u>11,128</u>

(iii) Details on inventory the Company had been pledged as collateral as of December 31, 2021 and 2020, please refer to Note 8.

(e) Investments accounted for using equity method

The Company's investments accounted for using the equity method at reporting date were as follows:

	December 31, 2021	December 31, 2020
Subsidiaries		
Everwin Investment Co, Ltd.	\$ 2,986,589	2,798,689
Long Bao Co., Ltd.	630,296	615,904
Long Jee Holding(s) Pte Ltd.	9,949	10,075
Long Fu Real Estate Development Co., Ltd.	698,816	694,835
Rei Ju Construction Co., Ltd.	840,139	864,006
Long De International Development Co., Ltd.	954	975
Associates		
Sky Honor International Co.,Ltd.	10,677	-
Taisun Enterprise Co., Ltd.	<u>3,497,702</u>	<u>-</u>
	<u>\$ 8,675,122</u>	<u>4,984,484</u>

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LONG BON INTERNATIONAL CO., LTD.
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- (i) Please refer to the consolidated financial statement for subsidiaries for the year ended December 31, 2021.
- (ii) In order to integrate the resources of the Group, the Company obtained the above-mentioned investment accounted for using the equity method in 2021 and 2020. The acquisitions were as follows; please refer to Note 7 for details from related-party transactions.

<u>Item</u>	<u>Date of acquisition</u>	<u>Amount</u>	<u>Changes in equity Capital surplus</u>
<u>For the Years Ended December 31, 2021</u>			
Sky Honor International Co.,Ltd.	2021.08	\$ 13,500	-
Taisun Enterprise Co., Ltd.	2021.12	18,224	-
		<u>\$ 31,724</u>	<u>-</u>
<u>For the Years Ended December 31, 2020</u>			
Rei Ju Construction Co., Ltd.	2020.05	\$ 201,874	-
Long Fu Real Estate Development Co., Ltd.	2020.02~11	699,000	-
Long De International Development Co., Ltd.	2020.09	1,000	-
		<u>\$ 901,874</u>	<u>-</u>

- (iii) The Company obtain two seats in Taisun's Board of Directors on December 16, 2021. Therefore, the Company will have a significant influence on Taisun. After re assessing the fair value of the shareholding percentage of 25.68%, amounting to \$3,479,478 held by the Company in Taisun, the financial assets at fair value through profit or loss were reclassified to investments accounted for using equity method, and the benefits measured at fair value have been recognized as net income of financial assets measured at fair value through profit or loss under other gains and losses. Subsequently, the Company continued to acquire the shareholding percentage of 25.81%, amounting to \$18,224 thousand, in the open market on December 31, 2021.
- (iv) Associates

Associates which are material to the Company consisted of the followings:

<u>Name of Associates</u>	<u>Nature of Relationship with the Group</u>	<u>Main operating location/ Registered Country of the Company</u>	<u>Proportion of shareholding and voting rights</u>	
			<u>December 31, 2021</u>	<u>December 31, 2020</u>
Taisun Enterprise Co., Ltd.	Processing and retailing of food, beverages	Taiwan	25.81 %	Note

Note: Associates which have significant influence since December 16, 2021.

The fair value of associates listed on the Stock Exchange (over the counter) which are material to the Company are as follows:

	<u>December 31, 2021</u>
Taisun Enterprise Co., Ltd.	<u>\$ 3,523,420</u>

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LONG BON INTERNATIONAL CO., LTD.
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The following financial information of significant associates has been adjusted according to individually prepared IFRS financial statements of these associates:

1) Taisun Enterprise Co., Ltd.

	December 31, 2021
Current assets	4,581,044
Non current assets	6,057,232
Current liabilities	(2,361,918)
Non current liabilities	(1,285,231)
Net assets	<u><u>\$ 6,991,127</u></u>
Net assets attributable to non-controlling interests	<u><u>\$ 5,145</u></u>
Net assets attributable to owners of parent	<u><u>\$ 6,985,982</u></u>
	2021.12.16~ 2021.12.31
Operating revenue	<u><u>\$ 435,944</u></u>
Profit from continuing operations	\$ 25,951
Other comprehensive income	2,133
Total comprehensive income	<u><u>\$ 28,084</u></u>
Comprehensive income (loss) attributable to non-controlling interests	<u><u>\$ 9</u></u>
Comprehensive income (loss) attributable to owners of parent	<u><u>\$ 28,075</u></u>
	2021.12.16~ 2021.12.31
Share of net assets of associates as of January 1	\$ -
Comprehensive income attributable to the Group	-
Share of net assets received from associates	1,803,082
Share of net assets of associates as of December 31	1,803,082
Add: Goodwill	1,694,620
Carrying amount of interests of associates as of December 31	<u><u>\$ 3,497,702</u></u>

The fair values of the above assets and liabilities were determined on a tentative basis, and the final evaluation of these assets and liabilities has yet to be completed. The Company continues to review the above matters during the measurement period. If, within one year from the date of acquisition, new information relating to the facts and circumstances that existed at the date of acquisition can be identified, the adjustments to the above provisional amounts or any additional provision for liabilities at the date of acquisition, as well as the accounting of the acquired affiliate, will be revised.

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LONG BON INTERNATIONAL CO., LTD.
Notes to the Financial Statements

(v) Aggregated Financial Information Individually insignificant associates

The Company's financial information for investments accounted for using the equity method that are individually insignificant was as follows:

	December 31, 2021	December 31, 2020
Carrying amount of individually insignificant associates' equity as of December 31	<u><u>\$ 10,677</u></u>	<u><u>-</u></u>
	For the years ended December 31	
	2021	2020
Attributable to the Company:		
Loss from continuing operations	\$ (2,823)	-
Other comprehensive (loss) income	<u>-</u>	<u>-</u>
Comprehensive income	<u><u>\$ (2,823)</u></u>	<u><u>-</u></u>

(vi) Guarantees

As of December 31, 2021 and 2020, the Company provides investment accounted for using equity method as collaterals for its loans, please refer to note 8.

(f) Investment Property

Investment property comprises proprietary assets of the Company leased to third parties. The original non-cancellable periods of the leased investment property ranges from one to five years, and some leases include an option to renew the lease for an additional period of the same duration at the end of the contract term.

The movements in investment property of the Company for 2021 and 2020 were as follows:

	Land and improvements	Buildings	Total
Cost:			
Balance on January 1, 2021	\$ 577,004	396,781	973,785
Addition	774,033	144,525	918,558
Disposals	(110,432)	(185,444)	(295,876)
Transferred from inventory	<u>101,110</u>	<u>3,705</u>	<u>104,815</u>
Balance on December 31, 2021	<u><u>\$ 1,341,715</u></u>	<u><u>359,567</u></u>	<u><u>1,701,282</u></u>
Balance on January 1, 2020	\$ 348,399	371,344	719,743
Acquisitions	247,484	48,583	296,067
Disposals	<u>(18,879)</u>	<u>(23,146)</u>	<u>(42,025)</u>
Balance on December 31, 2020	<u><u>\$ 577,004</u></u>	<u><u>396,781</u></u>	<u><u>973,785</u></u>

(Continued)

LONG BON INTERNATIONAL CO., LTD.
Notes to the Financial Statements

	<u>Land and improvements</u>	<u>Buildings</u>	<u>Total</u>
Depreciation and impairment losses:			
Balance on January 1, 2021	\$ 85,491	185,713	271,204
Depreciation for the year	-	8,103	8,103
Disposals	<u>(26,665)</u>	<u>(104,660)</u>	<u>(131,325)</u>
Balance on December 31, 2021	<u><u>\$ 58,826</u></u>	<u><u>89,156</u></u>	<u><u>147,982</u></u>
Balance on January 1, 2020	\$ 85,491	190,499	275,990
Depreciation for the year	-	7,324	7,324
Disposals	<u>-</u>	<u>(12,110)</u>	<u>(12,110)</u>
Balance on December 31, 2020	<u><u>\$ 85,491</u></u>	<u><u>185,713</u></u>	<u><u>271,204</u></u>
Book value:			
Balance on December 31, 2021	<u><u>\$ 1,282,889</u></u>	<u><u>270,411</u></u>	<u><u>1,553,300</u></u>
Balance on December 31, 2020	<u><u>\$ 491,513</u></u>	<u><u>211,068</u></u>	<u><u>702,581</u></u>
Balance on January 1, 2020	<u><u>\$ 262,908</u></u>	<u><u>180,845</u></u>	<u><u>443,753</u></u>
Fair value:			
Balance on December 31, 2021			<u><u>\$ 1,885,625</u></u>
Balance on December 31, 2020			<u><u>\$ 1,156,843</u></u>

- (i) Investment property comprises a number of commercial properties that are leased to third parties. Each of the leases contains an initial non-cancellable period that runs from 1 to 5 years. Subsequent renewals are negotiated with the lessee and no contingent rents are charged.
- (ii) The disposal benefits of \$13,593 thousand arising from the disposal of investment properties by the Company in 2021 were presented under "other gains and losses".
- (iii) Fair value of investment properties was determined based on the market price of a similar item in the vicinity as well as the valuation of an independent appraiser (who had a recognized and relevant professional qualification, and recent experience in valuating similar items to the investment property being valued in location and type). The inputs used in the fair value valuation technique were market values classified as Level 3.
- (iv) As of December 31, 2021 and 2020, a portion of the Company's investment property was pledged as collateral for bank loans; please refer to Note 8.
- (g) Short-term borrowings

The details of short term borrowings were as follows:

	<u>December 31, 2021</u>	<u>December 31, 2020</u>
Secured bank loans	<u><u>\$ 1,489,060</u></u>	<u><u>784,000</u></u>
Unused credit lines	<u><u>\$ 264,000</u></u>	<u><u>-</u></u>
Range of interest rates	<u><u>1.35%~1.55%</u></u>	<u><u>1.16%~2.15%</u></u>

For the collateral for bank loans, please refer to Note 8.

(Continued)

LONG BON INTERNATIONAL CO., LTD.
Notes to the Financial Statements

(h) Short-term notes and bills payable

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

December 31, 2021			
	Guarantee or acceptance institution	Interest Rate Range	Amount
Commercial paper payable	Shanghai Commercial & Savings Bank	1.24%~1.32%	\$ 500,000
Less: Discount on commercial paper payable			(184)
Total			<u><u>\$ 499,816</u></u>

December 31, 2020			
	Guarantee or acceptance institution	Interest Rate Range	Amount
Commercial paper payable	Union Bank of Taiwan	1.32%	100,000
Less: Discount on commercial paper payable			(52)
Total			<u><u>\$ 99,948</u></u>

The Company has pledged its assets as collateral for short term notes and bills payable, please refer to Note 8.

(i) Long-term borrowings

The Company's long-term borrowings details, conditions and provisions were as follows:

December 31, 2021				
	Currency	Interest Rate Range	Matured Period	Amount
Secured bank loans	TWD	1.6%~1.9%	2022.04.07	\$ 561,500
Less: current portion				(12,000)
Total				<u><u>\$ 549,500</u></u>
Unused long-term credit lines				<u><u>\$ -</u></u>

For the collateral for long-term borrowings, please refer to Note 8.

(Continued)

LONG BON INTERNATIONAL CO., LTD.
Notes to the Financial Statements

(j) Bonds payable

(i) The details of secured bonds issued by the Company were as follows:

	December 31, 2021	December 31, 2020
Secured corporate bonds	\$ -	2,500,000
Unamortized discounted corporate bonds payable	-	(30,270)
Corporate bonds issued balance at year end	<u>\$ -</u>	<u>2,469,730</u>

(ii) As of December 31, 2021, the key terms and conditions of the outstanding bonds issued by the Company were as follows:

Item	1st secured bonds issued in 2017
Total Amount	\$2,500,000 thousand
Issue Date	September 12, 2017
Coupon rate	1.02%
Duration	September 12, 2017 ~ September 12, 2022
LC Bank	Taiwan Cooperative Bank, Ltd.
Entrusted Bank	Jih Sun International Bank, Ltd.
Redemption at	The Company can repay the principal once the Company's bonds expire
Maturity	five years from the issuance date.

(iii) The Company called back 2,500 secured corporate bonds in advance in 2021, with a face value of \$2,500,000 thousand, and recognized the loss of \$28,772 thousand and accounted for other gains and losses.

(iv) For the collateral for bonds payable, please refer to Note 8.

(k) Operating lease

The Company leases out its investment property. The Company has classified these leases as operating leases, because it does not transfer substantially all of the risks and rewards incidental to the ownership of the underlying assets. Please refer to note 6(f) "Investment property" for details.

A maturity analysis of lease payments, showing the undiscounted lease payments to be received after the reporting date was as follows:

	December 31, 2021	December 31, 2020
Less than one year	\$ 11,366	13,832
1 to 2 years	5,444	10,604
2 to 3 years	5,442	9,499
3 to 4 years	3,221	9,398
4 to 5 years	-	7,176
Over five years	-	10,547
Total undiscounted lease payments	<u>\$ 25,473</u>	<u>61,056</u>

The rent revenues and related operating costs arised from investment property in 2021 and 2020, please refer to Note 6(d) and (o).

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LONG BON INTERNATIONAL CO., LTD.
Notes to the Financial Statements

(l) Income tax

(i) Income tax expense

The amounts of income tax expense for 2021 and 2020 were as follows:

	For the Years Ended December 31	
	2021	2020
Current income tax expense		
Undistributed earnings additional tax	\$ 35,591	48,631
Adjustment for prior years	34	(25,107)
Land value increment tax	1,224	606
	<u>36,849</u>	<u>24,130</u>
Deferred tax expense		
Origination and reversal of temporary differences	48	(4,335)
Income tax expense	<u>\$ 36,897</u>	<u>19,795</u>

The amounts of income tax gains (expense) recognized in other comprehensive income for 2021 and 2020 is as follows.

	For the years ended December 31	
	2021	2020
Items that may be reclassified subsequently to profit or loss:		
Share of other comprehensive income of associates and joint ventures accounted for using equity method	<u>\$ 4</u>	<u>(24)</u>

Reconciliation of income tax and profit before tax for 2021 and 2020 were as follows:

	For the Years Ended December 31	
	2021	2020
Profit before income tax	<u>\$ 923,281</u>	<u>1,120,432</u>
Income tax using the Company's domestic tax rate	\$ 184,656	224,086
Effect of investment gain recognized using equity method	(107,076)	(90,855)
Suspended levy of securities transaction income tax	(46,167)	(122,515)
Dividend income	(29,926)	(19,951)
Non-taxable income from land transactions	220	(1,569)
Land value increment tax	1,224	606
Non-deductible expenses	-	8,122
Undistributed earnings additional tax	35,591	48,631
Change in unrecognized temporary differences	(1,704)	(1,653)
Adjustment for prior years	34	(25,107)
Others	45	-
Income tax expense	<u>\$ 36,897</u>	<u>19,795</u>

(Continued)

LONG BON INTERNATIONAL CO., LTD.
Notes to the Financial Statements

(ii) Deferred tax assets and liabilities

1) Unrecognized deferred tax assets

The Company's unrecognized deferred income tax assets were composed of the following items:

	December 31, 2021	December 31, 2020
Deductible temporary difference	\$ <u>49,198</u>	<u>61,953</u>

2) Recognized deferred tax assets

Changes in the amount of deferred tax assets for 2021 and 2020 were as follows:

	<u>Others</u>
Deferred tax assets:	
Balance on January 1, 2021	\$ 6,490
(Debit) credit on income statement	<u>(48)</u>
Balance on December 31, 2021	\$ <u>6,442</u>
Balance on January 1, 2020	\$ 2,155
(Debit) credit on income statement	<u>4,335</u>
Balance on December 31, 2020	\$ <u>6,490</u>

(iii) The Company's income tax return for the year 2018 had been approved by the R.O.C. tax authorities.

(m) Capital and other equity

As of both December 31, 2021 and 2020, the Company's authorized share capital amounted to \$7,200,000 thousand, divided into 720,000 thousand shares, with a par value of \$10 per share. The paid in capital was \$3,947,293 thousand. All issued shares were paid up upon issuance.

Reconciliation of shares outstanding for the years ended December 31, 2021 and 2020 were as follows:

	(Expressed in thousands of shares)	
	Ordinary Shares	
	<u>2021</u>	<u>2020</u>
Balance on January 1	394,729	404,729
Retirement of treasury share	-	<u>(10,000)</u>
Balance on December 31	<u>394,729</u>	<u>394,729</u>

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LONG BON INTERNATIONAL CO., LTD.
Notes to the Financial Statements

(i) Capital surplus

The components of capital surplus were as follows:

	December 31, 2021	December 31, 2020
Premium on convertible bond	\$ 15,731	15,731
Treasury share transactions	11,440	11,440
Produced by long term equity investment	147,301	119,462
	<u>\$ 174,472</u>	<u>146,633</u>

According to the R.O.C. Company Act, capital surplus can only be used to offset a deficit, and only the realized capital surplus can be used to increase the common stock or be distributed as cash dividends. Capital surplus included the income was derived from the issuance of new shares at a premium and income from the endowments received by the Company. In accordance with the Regulations Governing the Offering and Issuance of Securities by Securities Issuers, the amount of capital reserves to be reclassified under share capital shall not exceed 10 percent of the actual share capital amount.

(ii) Retained earnings

The Company's article of incorporation stipulate that Company's net earnings should first be used to offset the prior years' deficits, if any, before paying any income taxes. Of the remaining balance, 10% is to be appropriated as legal reserve, and then any remaining profit together with any undistributed retained earnings shall be distributed according to the distribution plan proposed by the Board of Directors and submitted to the stockholders' meeting for approval.

The Company's dividend policy is determined by the Board of Directors based on its operating plans, investment plans, capital budgets and changes in internal and external environments. Because the Company is currently in its growing phase, retained earnings must be used to finance its operating growth and investment needs, it has adopted a residual dividend policy with the balance of dividends taken into consideration, wherein the cash dividends shall be no less than 10 percent of the total dividends.

1) Legal reserve

If the Company has no deficit and the legal reserve has exceeded 25% of the Company's paid in capital, the excess may, pursuant to a resolution reached at a shareholders' meeting, be transferred to capital or distributed in cash.

2) Special reserve

A special reserve equal to the contra account of other shareholders' equity is appropriated from current and prior period earnings. When the debit balance of any of the contra accounts in the shareholders' equity is reversed, the related special reserve can be reversed. Amounts of subsequent reversals pertaining to the net reduction of other shareholders' equity shall qualify for additional distributions.

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LONG BON INTERNATIONAL CO., LTD.
Notes to the Financial Statements

A special reserve shall be retained at an amount equal to the proportionate share of the carrying value of the treasury stock held by subsidiaries in excess of the market value at the reporting date. The special reserve may be reversed when the market value recovers in subsequent periods.

3) Earnings distribution

The Company, pursuant to the resolution reached in shareholder' meeting held on August 20, 2021 and June 18, 2020, did not appropriate the earnings for 2020 and 2019.

(iii) Treasury stock

- 1) In the second quarter of 2021, the Company in accordance with the newly promulgated interpretations by the Accounting Research and Development Foundation, stipulated that when the parent company prepares the consolidated financial statements, the parent company stock held by the subsidiary shall be recognized as treasury share according to the shareholding ratio of the subsidiary, and the remainder is deducted from non-controlling interests in the consolidated balance sheet. In accordance with International Accounting Standard 8 Accounting Policies, Changes in Accounting Estimates and Errors ("IAS 8"), the changes in accounting policy shall be applied retrospectively.
- 2) The Company's treasury shares, held by Rei Ju Construction Co., Ltd., a subsidiary as of December 31, 2021 and 2020, were as followed:

	December 31, 2021	December 31, 2020 (Adjusted)
Shares held by subsidiaries (thousand)	<u><u>36,609</u></u>	<u><u>36,609</u></u>
Acquisition cost	<u><u>\$ 689,461</u></u>	<u><u>689,461</u></u>
Stock market price	<u><u>\$ 647,972</u></u>	<u><u>525,333</u></u>
Amount of treasury shares	<u><u>\$ 614,333</u></u>	<u><u>614,333</u></u>

- 3) Pursuant to the requirements under section 28(2) of the Securities and Exchange Act, the Company repurchased 10,000 thousand treasury shares at the cost of \$129,788 thousand, in order to protect its credit and shareholders' equity. Pursuant to Order No. 1090344919 issued by the FSC on May 25, 2020, the Company reported a repurchase of its own shares. Subsequent to that, the Company, according to a resolution made in a meeting of Board of Directors, retired 10,000 thousand treasury shares on June 19, 2020, which was recorded as the date of retirement. Consequently, the Company recognized a decrease of \$100,000 thousand in ordinary shares, \$398 thousand in capital surplus, and \$29,390 thousand in undistributed earnings.

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LONG BON INTERNATIONAL CO., LTD.
Notes to the Financial Statements

(iv) Other comprehensive income accumulated in reserves, net of tax

	Exchange differences on translation of foreign financial statements	Unrealized gains (losses) from financial assets measured at fair value through other comprehensive income	Total
Balance on January 1, 2021	\$ 14,473	(40,549)	(26,076)
Exchange differences on translation of net assets of foreign operations comprehensive income	(537)	-	(537)
Unrealized gain (loss) on financial assets measured at fair value through other comprehensive income—the Company	-	(65,873)	(65,873)
Unrealized gain (loss) on financial assets measured at fair value through other comprehensive income—subsidiaries	-	(11,813)	(11,813)
Disposal of investments in equity instruments at fair value through other comprehensive income—the Company	-	(61,492)	(61,492)
Disposal of investments in equity instruments at fair value through other comprehensive income—subsidiaries	-	(8,568)	(8,568)
Balance on December 31, 2021	<u>\$ 13,936</u>	<u>(188,295)</u>	<u>(174,359)</u>
Balance on January 1, 2020	\$ 14,712	(85,507)	(70,795)
Exchange differences on translation of net assets of foreign operations comprehensive income	(239)	-	(239)
Unrealized gain (loss) on financial assets measured at fair value through other comprehensive income—the Company	-	28,014	28,014
Unrealized gain (loss) on financial assets measured at fair value through other comprehensive income—subsidiaries and associates	-	1,944	1,944
Disposal of investments in equity instruments at fair value through other comprehensive income—the Company	-	7,500	7,500
Disposal of investments in equity instruments at fair value through other comprehensive income—subsidiaries and associates	-	7,500	7,500
Balance on December 31, 2020	<u>\$ 14,473</u>	<u>(40,549)</u>	<u>(26,076)</u>

(n) Earnings per share

(i) Basic earnings per share

The following table sets out the Company's basic earnings per share calculated based on the profit attributable to the Company's ordinary equity holders and the weighted average number of ordinary shares outstanding for 2021 and 2020:

1) Profit attributable to ordinary shareholders of the Company

	<u>For the Years Ended December 31</u>	
	<u>2021</u>	<u>2020</u>
Profit attributable to the Company	<u>\$ 886,384</u>	<u>1,100,637</u>

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LONG BON INTERNATIONAL CO., LTD.
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2) Weighted average number of ordinary shares outstanding

	For the Years Ended December 31	
	2021	2020
Weighted average number of ordinary shares outstanding	394,729	404,729
Effect of treasury shares	(32,985)	(40,690)
Weighted average number of ordinary shares outstanding	<u>361,744</u>	<u>364,039</u>
Earnings per share	<u>\$ 2.45</u>	<u>3.02</u>

(ii) Diluted earnings per share

The calculation of the Company's diluted earnings per share based on the profit attributable to the Company's ordinary equity holders and the weighted average number of ordinary shares outstanding after adjustment for the effects of all dilutive potential ordinary shares is as follows:

1) Profit attributable to ordinary shareholders of the Company (diluted)

	For the Years Ended December 31	
	2021	2020
Profit attributable to ordinary shareholders of the Company (diluted)	<u>\$ 886,384</u>	<u>1,100,637</u>

2) Weighted average number of ordinary shares (diluted)

	For the Years Ended December 31	
	2021	2020
Weighted average number of ordinary shares(basic)	361,744	364,039
Employee share bonus	705	991
Weighted average number of ordinary shares outstanding (diluted) on December 31, 2021	<u>362,449</u>	<u>365,030</u>
Diluted earnings per share	<u>\$ 2.45</u>	<u>3.02</u>

(o) Revenue from contracts with customers

(i) Disaggregation of revenue

	For the Years Ended December 31	
	2021	2020
Primary geographical markets:		
Taiwan	<u>\$ 68,042</u>	<u>20,513</u>
Major products:		
Rent revenue (Note)	\$ 36,695	20,513
Real estate revenue	<u>31,347</u>	<u>-</u>
	<u>\$ 68,042</u>	<u>20,513</u>

Note: The Company recognized rental revenue from investment property for the years ended December 31, 2021 and 2020 according to IFRS 16.

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(ii) Contract balances

	December 31, 2021	December 31, 2020	January 1, 2020
Notes and accounts receivable	\$ 326	45	76
Less: allowance for impairment	-	-	-
Total	<u>\$ 326</u>	<u>45</u>	<u>76</u>
Current contract liabilities — advance revenue from real estate (Account for other current liabilities)	<u>\$ 37,486</u>	<u>-</u>	<u>-</u>
Payables that are expected to be settled more than 12 months	<u>\$ 37,486</u>	<u>-</u>	<u>-</u>

(p) Remuneration to employees and directors

The Company's Articles of Incorporation stipulate that if the Company nets a profit for the year, then a minimum of 1% shall be allocated as employee compensation and a maximum of 3.5% shall be allocated as directors' remuneration. However, if the Company has accumulated deficits, the profit should be reserved to offset the deficit. The recipients of shares and cash may include the employees of the Company's affiliated companies who meet certain conditions.

The Company estimated its remuneration to employees at \$9,394 thousand and \$11,563 thousand for 2021 and 2020, respectively; the Company also estimated its remuneration to directors at \$32,881 thousand and \$40,471 thousand for 2021 and 2020, respectively. The estimated amounts mentioned above were based on the profit before tax of each respective ending period, multiplied by the percentage of the remuneration to employees and directors, as specified in the Company's article. The estimations were recognized as operating expenses. If the actual amounts differ from the estimated amounts, the differences shall be accounted as changes in accounting estimates and recognized as profit or loss in the following year. If the Board resolves to distribute stocks as employee compensation, the number of shares distributed as compensation is calculated based on the closing price of the common stock on the day before the Board's resolution.

The Company estimated its remuneration to employees at \$11,563 thousand and \$10,919 thousand for 2020 and 2019, and remuneration to directors at \$40,471 thousand and \$38,216 thousand for 2020 and 2019, respectively. The actual amount of remuneration distributed to employees for 2020 and 2019 were \$11,725 thousand and \$10,958 thousand, reflecting an underestimation of \$39 thousand for both years. The actual amount of remuneration distributed to directors for 2020 and 2019 were \$41,036 thousand and \$38,352 thousand, reflecting an underestimation of \$565 thousand and \$136 thousand for the respective years. The differences between the estimated amounts in the financial statements and the actual amounts distributed were accounted for as changes in accounting estimates, and were recognized as profit or loss for 2021 and 2020. Related information is available on the website of the Market Observation Post System.

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(q) Non-operating income and expenses

(i) Interest income

The details of interest income were as follows:

	For the Years Ended December 31	
	2021	2020
Interest income from bank deposits	\$ 381	879
Interest income from loans to other parties	1,554	31,532
Other interest income	11	-
Total interest income	<u><u>\$ 1,946</u></u>	<u><u>32,411</u></u>

(ii) Other income

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

	For the Years Ended December 31	
	2021	2020
Dividend income	\$ 192,049	157,460
Income from fines and penalties (Note)	-	12,645
Remuneration to directors and supervisors	13,393	4,350
Other income	3,049	1,329
Total	<u><u>\$ 208,491</u></u>	<u><u>175,784</u></u>

Note: The Company entered into a joint land development project with non-related parties. Since it was expected that the land transfer could not be completed by the agreed date specified in contract, both parties agreed to terminate the contract with compensation.

(iii) Other gains and losses

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

	For the Years Ended December 31	
	2021	2020
Gains on disposal of property, plant, and equipment	\$ -	735
Foreign exchange losses	(227)	(714)
Net gain on financial assets at fair value through profit or loss	337,047	644,797
Loss on bond redemption	(28,772)	-
Others	241	(4,356)
Other gains and losses, net	<u><u>\$ 308,289</u></u>	<u><u>640,462</u></u>

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LONG BON INTERNATIONAL CO., LTD.
Notes to the Financial Statements

(iv) Finance costs

The finance costs of the Company for 2021 and 2020 were detailed as follows:

	For the years ended December 31	
	2021	2020
Interest expense	\$ 42,838	45,428
Interest expense on lease liabilities	345	70
Finance-related fee expense	24,561	35,009
Finance costs, net	<u><u>\$ 67,744</u></u>	<u><u>80,507</u></u>

(r) Financial instruments

(i) Credit risk

1) Maximum amount of credit risk exposure

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

2) Concentration of credit risk

In respect of investment business, the Company conducts financial instrument transactions with banks with good credit standing and financial institutions which are graded above investment level. When the Company mostly engages in similar business activities and has similar economic characteristics, so that its ability to perform contracts is similarly affected by economic or other conditions, a significant concentration of credit risk occurs.

3) Receivables and debt securities

The notes and accounts receivable are mainly rental income, the collection situations were well, and there was no credit risk.

Other financial assets at amortized cost includes other receivables and investments in domestic preferred shares. Except for fund loans and payments that provide with requested guarantees according to individual credit risk assessment, the rest are financial assets with low credit risk. Therefore, the 12 month expected credit loss amount was used to measure the loss allowance during the period (please refer to Note 4(f) for the explanation on how the company determines that the credit risk is low).

The loss allowance provision for 2020 were determined as follows:

	Other receivable
Balance on January 1, 2020	\$ 8,267
Reversal of impairment loss	(8,267)
Balance on December 31, 2020	<u><u>\$ -</u></u>

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LONG BON INTERNATIONAL CO., LTD.
Notes to the Financial Statements

(ii) Liquidity risk

The following table shows the contractual maturities of financial liabilities, including estimated interest payments and excluding the impact of netting agreements.

	<u>Carrying amount</u>	<u>Contractual cash flows</u>	<u>Within 1 year</u>	<u>1-2 years</u>	<u>2-5 years</u>	<u>Over 5 years</u>
December 31, 2021						
Nonderivative financial liabilities						
Fixed rate instruments	\$ 499,816	500,444	500,444	-	-	-
Floating rate instruments	2,050,560	2,079,396	1,381,885	217,437	480,074	-
Non-interest-bearing liabilities	96,595	96,595	80,893	-	-	15,702
Lease liabilities	<u>27,200</u>	<u>28,617</u>	<u>7,353</u>	<u>7,353</u>	<u>13,911</u>	<u>-</u>
	<u>\$ 2,674,171</u>	<u>2,705,052</u>	<u>1,970,575</u>	<u>224,790</u>	<u>493,985</u>	<u>15,702</u>
December 31, 2020						
Nonderivative financial liabilities						
Fixed rate instruments	\$ 2,569,678	2,651,130	125,630	2,525,500	-	-
Floating rate instruments	1,448,000	1,479,034	777,236	418,085	283,713	-
Non-interest-bearing liabilities	82,232	82,232	76,767	-	-	5,465
Lease liabilities	<u>1,343</u>	<u>1,346</u>	<u>1,346</u>	<u>-</u>	<u>-</u>	<u>-</u>
	<u>\$ 4,101,253</u>	<u>4,213,742</u>	<u>980,979</u>	<u>2,943,585</u>	<u>283,713</u>	<u>5,465</u>

The Company is not expecting the cash flows included in the maturity analysis to occur significantly earlier or at significantly different amounts.

(iii) Currency risk: The Company has no significant exposure to currency risk.

(iv) Interest rate analysis

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

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

If the interest rate increased (decreased) by 0.5%, with all other variable factors remained constant the Company's profit after tax would have decreased (increased) by \$7,354 thousand and \$1,885 thousand for the 2021 and 2020, respectively. This is mainly due to the Company's borrowing and deposits at floating rates.

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LONG BON INTERNATIONAL CO., LTD.
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(v) Other price risk

The sensitivity analyses for the changes in the securities price at the reporting date were performed using the same basis for the comprehensive income as illustrated below:

	For the Years Ended December 31			
	2021		2020	
	Other comprehensive income, net of tax	Post-tax profit or loss	Other comprehensive income, net of tax	Post-tax profit or loss
Securities price at the reporting date				
0.5% increase	\$ <u>1,328</u>	<u>300</u>	<u>1,994</u>	<u>19,908</u>
0.5% decrease	\$ <u>(1,328)</u>	<u>(300)</u>	<u>(1,994)</u>	<u>(19,908)</u>

(vi) Fair value of financial instruments

1) Categories of financial instruments and fair value hierarchy

The fair value of financial assets at fair value through profit or loss, and financial assets at fair value through other comprehensive income is measured on a recurring basis. The following table sets out the carrying amount and fair value of the Company's financial assets and liabilities, including the information on fair value hierarchy but excluding the optional information on financial instruments not measured at fair value with carrying amount reasonably close to their fair and lease liabilities.

	December 31, 2021				
	Book Value	Fair Value			Total
		Level 1	Level 2	Level 3	
Financial assets at fair value through profit or loss					
Non-derivative financial assets at fair value through profit or loss, mandatorily measured at fair value	\$ <u>60,015</u>	<u>60,015</u>	<u>-</u>	<u>-</u>	<u>60,015</u>
Financial assets at fair value through other comprehensive income					
Domestic listed stocks	\$ 2,910	2,910	-	-	2,910
Unquoted equity instruments at fair value through other comprehensive income	<u>262,670</u>	<u>-</u>	<u>8,400</u>	<u>254,270</u>	<u>262,670</u>
Subtotal	\$ <u>265,580</u>	<u>2,910</u>	<u>8,400</u>	<u>254,270</u>	<u>265,580</u>

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LONG BON INTERNATIONAL CO., LTD.
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		December 31, 2020				
		Book Value	Fair Value			Total
			Level 1	Level 2	Level 3	
Financial assets at fair value through profit or loss						
Non-derivative financial assets at fair value through profit or loss, mandatorily measured at fair value	\$	<u>3,981,640</u>	<u>3,981,640</u>	<u>-</u>	<u>-</u>	<u>3,981,640</u>
Financial assets at fair value through other comprehensive income						
Unquoted equity instruments at fair value through other comprehensive income	\$	<u>398,746</u>	<u>-</u>	<u>6,664</u>	<u>392,082</u>	<u>398,746</u>

2) Fair value valuation technique of financial instruments not measured at fair value

The assumptions and methods used in valuing financial instruments that are not measured at fair value are as follows:

a) Financial assets and financial liabilities measured at amortized cost

If recent transaction prices or market maker quotes are available, the fair value is based on such information. If there is no quoted market price available, the fair value is determined by using valuation techniques and calculated as the present value of the estimated cash flows.

3) Fair value valuation technique of financial instruments measured at fair value

a) Non-derivative financial instruments

Fair value measurement of financial instruments was based on quoted market prices if these prices were available in an active market. The quoted price of a financial instrument obtained from main exchanges and on the run bonds from Taipei Exchange can be used as a base to determine the fair value of the listed companies' equity instrument and debt instrument of the quoted price in an active market.

A financial instrument is regarded as the quoted price in an active market if the quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service or regulatory agency; and if those prices represent the actual and regularly occurring market transactions on an arm's length basis. Otherwise, the market is deemed to be inactive. In general, market with low trading volume or high bid ask spreads is an indication of a non-active market.

The categories and nature of the fair value for the Company's financial instruments which have active market are as below:

- Publicly traded stock, bank draft and bond with standard terms, conditions and traded in active market. The fair value is based on quoted market prices.

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Measurements of fair value of financial instruments without an active market are based on valuation technique or quoted price from a competitor. Fair value, measured by using valuation technique that can be extrapolated from either similar financial instruments or discounted cash flow method or other valuation techniques, including models, is calculated based on available market data at the reporting date. (For example, over the counter yield curve and Reuters Primary CP Rate average prices.)

The categories and nature of the fair value for the Company's financial instruments which without an active market are as below:

- The main assumption behind this is that the estimated pre tax, pre depreciation, and pre amortization earnings of the investee company is added to the earnings multiplier derived from the comparable quoted price of the listed company. The estimate of the fair value of equity instruments has been adjusted due to the effect of the discount arising from the lack of market liquidity of the equity security.

- 4) Transfers between Level 1 and Level 2: None.
- 5) Reconciliation of Level 3 fair values

	Fair value through other comprehensive income
	Unquoted equity instruments
January 1, 2021	\$ 392,082
Total gains and losses	
Recognized in other comprehensive income	(67,519)
Purchase	70,000
Disposal	(104,065)
Capital reduction	(36,228)
December 31, 2021	\$ 254,270
January 1, 2020	\$ 327,262
Total gains and losses	
Recognized in other comprehensive income	32,102
Purchase	75,218
Disposal	(42,500)
December 31, 2020	\$ 392,082

The aforementioned total gains or losses were classified as “unrealized gains or losses from financial assets at fair value through other comprehensive income”. The gains or losses attributable to the assets held as of December 31, 2021 and 2020, were as follows:

	2021	2020
Total gains and losses		
Recognized in other comprehensive income (classified as “unrealized gains or losses from financial assets at fair value through other comprehensive income”)	\$ 43,878	21,163

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- 6) Quantified information on significant unobservable inputs (Level 3) used in fair value measurement

The Company's financial instruments that use Level 3 inputs to measure fair value include fair value through other comprehensive income—equity investments.

Most of the Company's financial instruments that use Level 3 inputs have only one significant unobservable input. Only equity investment with no active markets have multiple significant unobservable inputs. The significant unobservable inputs of the equity investments without an active market are independent, therefore, there is no correlation between them.

Quantified information on significant unobservable inputs was as follows:

Item	Valuation technique	Significant unobservable input	Inter-relationship between significant unobservable inputs and fair value measurement
Financial assets at fair value through other comprehensive income—equity investments without an active market	Comparable listed companies approach	- Value multiple (0.59~5.29 and 0.4~8.4 as of December 31, 2021 and 2020) - Market liquidity discount rate (31.50%~32.28% and 31.06%~32.28% as of (December 31, 2021 and 2020)	- The higher the multiple, the higher the fair value. - The higher the market liquidity discount rate, the lower the fair value.
Financial assets at fair value through other comprehensive income—equity investments without an active market	Asset Method	- Market liquidity discount rate (32.28% as of both (December 31, 2021 and 2020) - Control discount (10.47% and 6.45% as of December 31, 2021 and 2020)	- The higher the market liquidity discount rate, the lower the fair value. - The higher the control discount, the lower the fair value.

- 7) Fair value measurements in Level 3 – sensitivity analysis of reasonably possible alternative assumptions

The Company's measurement on the fair value of financial instruments is deemed reasonable despite different valuation models or parameters may lead to different results. For fair value measurements in Level 3, changing one or more of the assumptions would have the following effects on profit or loss and other comprehensive income:

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	<u>Input</u>	<u>Upward or downward</u>	<u>Other comprehensive income Favorable effect</u>	<u>Unfavorable effect</u>
December 31, 2021				
Financial assets fair value through other comprehensive income				
Equity investments without an active market	Market liquidity discount	1%	2,380	(2,376)
Equity investments without an active market	Control discount	1%	1,500	(1,474)
December 31, 2020				
Financial assets fair value through other comprehensive income				
Equity investments without an active market	Market liquidity discount	1%	781	(770)
Equity investments without an active market	Control discount	1%	1,706	(1,675)

The favorable and unfavorable effects represent the changes in fair value, and fair value is based on a variety of unobservable inputs calculated using a valuation technique. The analysis above only reflects the effects of changes in a single input, and it does not include the interrelationships with another input.

(s) Financial risk management

(i) Overview

The Company have exposures to the following risks from its financial instruments:

- 1) Credit risk
- 2) Liquidity risk
- 3) Market risk

This note expressed the information on risk exposure and objectives, policies and process of risk measurement and management of the Company. For more disclosures about the quantitative effects of these risk exposures, please refer to respective notes in the report.

(ii) Structure of risk management

The Board of Directors has overall responsibility for the establishment and oversight of the risk management framework. The financial management department, which reports regularly to the Board of Directors on its activities to develop and monitor the Company's risk management policies.

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

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The Company Audit Committee oversees how management monitors compliance with the Company's risk management policies and procedures and reviews the adequacy of the risk management framework in relation to the risks faced by the Company. The Company Audit Committee is assisted in its oversight role by internal audit. Internal audit undertakes both regular and ad hoc reviews of risk management controls and procedures, the results of which are reported to the Audit Committee.

(iii) Credit risk

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

1) Accounts and other receivables

The Company's policy requires client evaluation and credit verification prior to conducting transactions. In order to reduce credit risk, the Company continuously evaluated the recovery of accounts receivable and other receivables. The Company continuously evaluates the credit risk and credit ranking of customers. When necessary, the counterparty will be required to provide guarantees or others to avoid from credit risk.

2) Investment and securities payments receivable

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

3) Guarantees

The Company's policy is to provide financial guarantees only for subsidiaries with over 50% of their voting shares held by the Company. As of December 31, 2021 and 2020, the Company has not provided any endorsement or guarantee for any external party. For the endorsements and guarantees provided by the Company, please refer to Note 13 for details.

(iv) Liquidity risk

The Company manages and maintains sufficient cash and cash equivalents so as to cope with its operations and mitigate the effects of fluctuations in cash flows. The Company's management supervises the banking facilities in compliance with the terms of loan agreements.

The loan was an important source of liquidity for the Company. As of December 31, 2021 and 2020, the Company had unused bank facilities both of \$264,000 thousand and zero.

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LONG BON INTERNATIONAL CO., LTD.
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(v) Market risk

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

- 1) Currency risk: The Company's has no significant foreign currency risk.
- 2) Interest rate risk

The policy of the Company is to adopt the best interest rate portfolio for financial liabilities to be reviewed and controlled by the management to control risk exposure to interest rate fluctuations.

(t) Capital management

The Company sets its objectives for managing capital to sustain the future development of the business, to continue to provide a return on its shareholders, and 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 and reduce the capital for redistribution to its shareholders. The Company also issue new shares or sell assets to settle any liabilities.

The Company use the debt to equity ratio to manage capital. This ratio is calculated by dividing the net liabilities 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, other equity, and other equity interest plus net debt.

The strategies of capital management of the Company were the same between 2021 and 2020. Debt-to-equity ratios at December 31, 2021 and 2020 were as follows:

	December 31, 2021	December 31, 2020
Total liabilities	\$ 2,766,151	4,167,393
Less: Cash and cash equivalents	<u>(212,057)</u>	<u>(976,771)</u>
Net debt	2,554,094	3,190,622
Total equity	<u>10,164,992</u>	<u>9,328,992</u>
Adjusted capital	\$ 12,719,086	12,519,614
Debt-to-equity ratio	<u>20.08%</u>	<u>25.48%</u>

As of December 31, 2021, the debt-to-equity ratio of the Company decreased, mainly due to the called back secured corporate bonds in advance. There were no changes in the Company's approach to capital management during the year.

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LONG BON INTERNATIONAL CO., LTD.
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(u) Investing and financing activities not affecting current cash flow

The non-cash transactions for investing and financing activities of the Company for 2021 was as follows:

- (i) The Company called back corporate bonds in advance, please refer to Note 6(j) for details.
- (ii) Reconciliation of liabilities arising from financing activities were as follow:

	January 1, 2021	Cash flows	Non-cash changes- other	December 31, 2021
Short-term borrowings	\$ 1,448,000	41,060	-	1,489,060
Short-term notes and bills payable	99,948	397,240 (Note1)	2,628	499,816
Long-term borrowings	-	561,500	-	561,500
Deposits received	5,465	10,237	-	15,702
Bonds payable	2,469,730	(2,523,458) (Note2)	53,728	-
Lease liabilities	1,343	(6,645) (Note3)	32,502	27,200
Total liabilities from financing activities	<u>\$ 4,024,486</u>	<u>(1,520,066)</u>	<u>88,858</u>	<u>2,593,278</u>

Note 1: It is the discount and amortization of short-term bills payable.

Note 2: Discount amortization of corporate bonds of \$24,956 thousand and loss on bond redemption of \$28,772 thousand.

Note 3: This is an increase of \$32,502 thousand.

There were not significantly on the non-cash transactions for investing and financing activities of the Company for 2020.

(7) Related-party transactions:

(a) Related party name and relationship

The followings are related parties and subsidiaries that have had transactions with the Company during the periods covered in the parent company only financial statements:

Related Parties	Relations with the Consolidated Group
Everwin Investment Co, Ltd. (Everwin Investment)	Subsidiaries
Long Jee Holding(s) Pte Ltd. (Long Jee Holding(s))	Subsidiaries
Long Bao Co., Ltd. (Long Bao)	Subsidiaries
Long De International Development Co., Ltd. (Long De International)	Subsidiaries
Long Fu Real Estate Development Co., Ltd. (Long Fu Real Estate)	Subsidiaries
San Jhih Cih An Yuan Ltd.(Cih An Yuan)	Subsidiaries
Long Hui Development Co., Ltd.(Long Hui Development)	Subsidiaries
Dong Hua International of Golf Recreation Co., Ltd. (Dong Hua International)	Subsidiaries
Gold Coast Golf Co., Ltd. (Gold Coast)	Subsidiaries
Rei Ju Construction Co., Ltd. (Rei Ju Construction)	Subsidiaries

(Continued)

LONG BON INTERNATIONAL CO., LTD.
Notes to the Financial Statements

<u>Related Parties</u>	<u>Relations with the Consolidated Group</u>
ReiYu Green Energy Technology Co., Ltd. (ReiYu Green Energy)	Subsidiaries
Ryan Development Co., Ltd. (Ryan Development)	Subsidiaries
Rei Cheng Construction Co., Ltd. (Rei Cheng Construction)	Subsidiaries
Xiamen Rei Ju Construction Engineer Co.(Xiamen Rei Ju)	Subsidiaries
ReBio Green Innovation Co., Ltd. (ReBio)	Subsidiaries
Sheng Ji Interior Decoration CO., LTD. (Sheng Ji)	Subsidiaries
Rei Ying Construction Co, Ltd. (Rei Ying Construction)	Associate of the Company
Rei Jhao Engineer Ltd. (Rei Jhao Engineer)	Associate of the Company
Sky Honor International Co., Ltd. (Sky Honor International)	Associate of the Company
Fortune Base Development Co., Ltd. (Fortune Base Development)	Legal person of ultimate parent (Note2)
Global Funeral Services Co., Ltd. (Global Funeral Services)	Legal person of ultimate parent (Note2)
Heng Fu Development Co., Ltd. (Heng Fu Development)	Substantive related party
Heng Chuang Industrial Co., Ltd. (Heng Chuang Industrial)	Substantive related party
Han Yu Investment Co, Ltd. (Han Yu Investment)	Substantive related party
You Long Construction Development Co., Ltd. (You Long Construction)	Substantive related party
Ming Jhu Investment Ltd. (Ming Jhu Investment)	Substantive related party
Sung Gang Co., Ltd.(Sung Gang)	Substantive related party
Si Wang Investment Co., Ltd. (Si Wang Investment)	Substantive related party
Ontario Investment Co., Ltd. (Ontario Investment)	Substantive related party
North Bay Golf Sports Development Foundation (North Bay Foundation)	Its Chairman is the Chairman of the Company

(b) Significant related party transactions

(i) Leases

- 1) The Company leases offices to related parties, and the rent collection are detailed as follows:

	<u>For the Year Ended December 31</u>	
	<u>2021</u>	<u>2020</u>
Associates	\$ -	11
Subsidiaries	1,498	1,676
	<u>\$ 1,498</u>	<u>1,687</u>

- 2) On March 2016, the Company entered into lease contracts that ran for a period to five years with other related parties, Heng Fu Development Co., Ltd. The contract value, with reference to the office rental prices in the vicinity, totaled \$27,453 thousand. The recognized interest expense for 2021 and 2020 amounted to \$296 thousand and \$68 thousand, respectively. As of December 31, 2021 and 2020, the balance of lease liabilities amounted to \$23,913 thousand and \$1,343 thousand, respectively.

(Continued)

LONG BON INTERNATIONAL CO., LTD.
Notes to the Financial Statements

(ii) Receivables from Related Parties

The receivables due related parties were as follows:

Account title	Relationship	December 31, 2021	December 31, 2020
Notes receivable	Subsidiaries	\$ -	3
Accounts receivable	Subsidiaries	281	-
		<u><u>\$ 281</u></u>	<u><u>3</u></u>

(iii) Financial leasing

On October 2021, the Company leased out part of the interior decoration to associates, Sky Honor International. The lease period covered the entire economic life of the decoration, so it was classified as a financial leasing. It is reported that the present value of lease payments receivable to be received in the future is \$5,104 thousand, which is accounted for as other current assets of \$1,123 thousand and other non-current assets of \$3,981 thousand respectively.

(iv) Loans to related parties

The loans to related parties were as follows:

Account title	Relationship	December 31, 2021	December 31, 2020
Others receivable	Subsidiaries—Everwin Investment Co, Ltd.	<u><u>\$ 350,000</u></u>	<u><u>-</u></u>

The interest rates of loans to related-party was calculated based on the average interest rate of short term borrowings from financial institutions of the Company in the current year, and unsecured loans. The interest recognized interest income were \$1,554 thousand and \$9,782 thousand for 2021 and 2020. The receivables were \$1,554 thousand and zero on December 31, 2021 and 2020.

(v) Loans from related parties

The interest rates of loans from Subsidiaries— Everwin Investment Co, Ltd. was calculated based on the average interest rate of short term borrowings from financial institutions of the Subsidiary in the current year, and unsecured loans. The interest recognized interest expense were \$358 thousand for 2021. The loan was zero on December 31, 2021.

(vi) Others

The other transactions to related parties were as follows:

Account title	Related Parties	December 31, 2021	December 31, 2020
Prepayments	Other related parties	\$ 1,525	471
Advance receipt	Subsidiaries	55	41
Other current financial liabilities	Subsidiaries—Long Jee Holding(s)	17,296	17,296
Refundable deposits	Other related party—Heng Fu Development	1,017	915
Guarantee deposits received	Subsidiaries	195	189

(Continued)

LONG BON INTERNATIONAL CO., LTD.
Notes to the Financial Statements

(vii) Other gains and losses

Account title	Related Parties	2021	2020
Remuneration to employees and directors	Subsidiaries	\$ <u><u>13,343</u></u>	<u><u>4,325</u></u>

(viii) Property transactions

1) Property, plant and equipment acquired

Category of related party	Transaction item	Date of transaction	Transaction amount	Date of the last transfer	Basis of pricing	Account title
For the Year Ended December 31, 2021						
Other related parties — Ontario Investment	Land and buildings at Rongxing, Jhongshan Dist., Taipei City	May 12, 2021	\$ 921,121	April 28, 1995	Appraisal Report	Investment property
For the Year Ended December 31, 2020						
Other related parties — Si Wang Investment	Land at Jyuguang, Wanhua District, Taipei City	March 6, 2020	\$ 32,000	May 9, 2018	Fairness opinion by accountant	Inventories
Other related parties — Fortune Base Development	Land and buildings at Gongyuan, Jhongheng Dist., Taipei City	March 6, 2020	\$ 86,275	September 8, 2011	Appraisal Report	Investment
Other related parties — Ontario Investment	Land and buildings at Rongxing, Jhongshan Dist., Taipei City	May 14, 2020	\$ 208,366	July 27, 1995	Appraisal Report	Investment property

2) Sale of property, plant and equipment

The details of the company's sale of investment property to related parties are summarized as follows:

	For the Year Ended December 31			
	2021		2020	
	Disposal of the price	Gain on disposal	Disposal of the price	Gain on disposal
Subsidiary — Rei Ju Construction	\$ <u><u>-</u></u>	<u><u>-</u></u>	<u><u>51,593</u></u>	<u><u>21,678</u></u>

Note: It is a deduction of the unrealized interest account for the investments accounted for using equity method.

(Continued)

LONG BON INTERNATIONAL CO., LTD.
Notes to the Financial Statements

3) Financial assets acquired

The Company's acquisition of ownership interests in subsidiaries were as follows:

Relationship	For the Year Ended December 31, 2020	
	Number of shares	Acquisition price
Subsidiary— Everwin Investment	12,319,762	Rei Ju Construction \$ <u>201,874</u>

The price of equity interests acquired by the Company from the related parties was determined based on the appraisal report and the bilateral negotiations.

- (ix) In November 2021, the Company signed a co-development contract for the Sunlight of Life Project with other related parties, Fortune Base Development and Sky Honor International, and the Group was responsible for the planning, design, construction and supervision. Due to the needs of business transactions, the Group loan \$50,000 thousand to other related party, Sky Honor International , and the amount used on December 31, 2021 was zero.
- (x) Key management personnel compensation

Compensation to key management personnel comprised:

	For the Years Ended December 31	
	2021	2020
Short-term employee benefits	\$ 14,370	11,464
Post-employment benefits	<u>225</u>	<u>216</u>
	<u>\$ 14,595</u>	<u>11,680</u>

(8) Pledged assets:

The book value of the Consolidated the Company's pledged assets is as follows:

Pledged assets	Subject of collateral	December 31, 2021	December 31, 2020
Financial assets at fair value through profit or loss	Bank borrowings, commercial papers and ordinary corporate bonds issued	\$ -	3,352,432
Investments accounted for using equity method	Bank borrowings	2,834,357	-
Inventories	Bank borrowings	951,508	1,015,487
Investment property	Bank borrowings	1,524,976	359,288
Other non-current financial assets	Ordinary corporate bonds	<u>-</u>	<u>567,733</u>
		<u>\$ 5,310,841</u>	<u>5,294,940</u>

(Continued)

LONG BON INTERNATIONAL CO., LTD.
Notes to the Financial Statements

(9) Commitments and contingencies:

(a) Unrecognized contractual commitments

(i) The Company's unrecognized contractual commitments are as follows:

	December 31, 2021	December 31, 2020
Columbarium construction contracts	\$ 28,492	-
Sales of land and properties	303,973	-

(ii) As of December 31, 2021, details on the co-development contracts entered into with landowners were as follows:

Forms of co-development	Name of construction project
Sales of land and properties	Chengde Road Project and Xiyuan Road Project
Co-developments with landowners	The Sunlight of Life Project

(10) Losses due to major disasters:None

(11) Significant subsequent events:None

(12) Other:

(a) The summary of employee benefits, depreciation, and amortization, by function, was as follows:

	For the Years ended December 31					
	2021			2020		
	Operating cost	Operating Expense	Total	Operating cost	Operating Expense	Total
By item						
Employee benefits						
Salary	-	38,964	38,964	-	37,008	37,008
Labor and health insurance	-	2,471	2,471	-	1,978	1,978
Pension expense	-	1,176	1,176	-	1,159	1,159
Remuneration to directors	-	36,866	36,866	-	44,027	44,027
Others employee benefits expense	-	1,130	1,130	-	692	692
Depreciation	8,103	7,790	15,893	7,324	7,630	14,954
Amortization	-	135	135	-	1,026	1,026

(Continued)

LONG BON INTERNATIONAL CO., LTD.
Notes to the Financial Statements

- (b) The extra information of number of employees and employee benefits for the years ended December 31, 2021 and 2020 were as follows:

	<u>2021</u>	<u>2020</u>
Number of employees	<u>28</u>	<u>27</u>
Number of directors who were not employees	<u>3</u>	<u>4</u>
The average employee benefit	<u>\$ 1,750</u>	<u>1,776</u>
The average salaries	<u>\$ 1,559</u>	<u>1,609</u>
Adjustments of average employee salary expense	<u>(3.11)%</u>	
Remuneration to supervisors	<u>\$ -</u>	<u>-</u>

- (c) The Company's salary and remuneration policy (including directors, managers and employees) is as follows:
- (i) The Company's directors' salary and remuneration policy is that when directors perform their duties in the Company, regardless of the Company's profit or loss, the Company has to pay. The Company authorizes the Board of Directors to determine the remuneration in accordance with industry standards and relevant laws and regulations. In addition, please refer to Note 6 (p) for the remuneration of directors.
 - (ii) The Company's employee salary and remuneration policy is to refer to the performance appraisal sheet as the basis for approving salary, bonuses, annual salary adjustments or promotion every six months. Please note 6 (p) for the details of employee remuneration regulations.

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LONG BON INTERNATIONAL CO., LTD.

Notes to the Financial Statements

(13) Other disclosures

(a) Information on significant transactions

The following is the information on significant transactions required by the “Regulations Governing the Preparation of Financial Reports by Securities Issuers” for the Company for the as of December 31, 2021:

(i) Loans to other parties:

(In Thousands of New Taiwan Dollars)

Number	Name of lender	Name of borrower	Account name	Related party	Highest balance of financing to other parties during the period	Ending balance	Actual usage amount during the period	Range of interest rates during the period	Purposes of fund financing for the borrower	Transaction amount for business between two parties	Reasons for short-term financing	Allowance for bad debt	Collateral		Individual funding loan limits	Maximum limit of fund financing
													Item	Value		
0	The Company	Sky Honor International Co., Ltd.	-	Yes	50,000	50,000	-	2.0%	1 (Note 3)	50,104	For use of working capital	-	Cashier check	50,000	1,016,499 (Note 1)	4,065,996 (Note 1)
0	The Company	Rei Ju Construction Co., Ltd.	Other Receivables-Other	Yes	700,000	700,000	350,000	2.0%	2 (Note 3)	-	For use of working capital	-	Cashier check	550,000	1,016,499 (Note 1)	4,065,996 (Note 1)
1	Rei Ju Construction Co., Ltd.	Sheng Ji Interior Decoration Co., Ltd.	-	Yes	30,000	30,000	-	2.50%	2 (Note 3)	-	For use of working capital	-	None	-	154,439 (Note 2)	617,756 (Note 2)
1	Rei Ju Construction Co., Ltd.	Rei Cheng Construction Co., Ltd.	-	Yes	30,000	30,000	-	2.50%	2 (Note 3)	-	For use of working capital	-	None	-	154,439 (Note 2)	617,756 (Note 2)
1	Rei Ju Construction Co., Ltd.	ReBio Green Innovation Co., Ltd.	-	Yes	30,000	30,000	-	2.50%	2 (Note 3)	-	For use of working capital	-	None	-	154,439 (Note 2)	617,756 (Note 2)
1	Rei Ju Construction Co., Ltd.	ReiYu Green Energy Technology Co., Ltd.	-	Yes	30,000	30,000	-	2.50%	2 (Note 3)	-	For use of working capital	-	None	-	154,439 (Note 2)	617,756 (Note 2)
1	Rei Ju Construction Co., Ltd.	Ryan Development Corp.	-	Yes	136,000	-	-	2%~2.25%	2 (Note 3)	-	For use of working capital	-	None	-	154,439 (Note 2)	617,756 (Note 2)
2	Long Hui Development Co., Ltd.	Gold Coast Golf Co., Ltd.	-	Yes	45,000	-	-	2%	2 (Note 3)	-	For use of short-term financing	-	None	-	62,196 (Note 2)	248,784 (Note 2)
3	Rei Cheng Construction Co., Ltd.	Xun Lei Enterprise Ltd.	Other Receivables-Other	No	5,500	5,500	4,913	4%	1 (Note 3)	5,812	For use of working capital	-	Pressure feeder equipment	5,500	5,971 (Note 2)	23,884 (Note 2)
4	Everwin Investment Co., Ltd.	The Company	-	Yes	200,000	180,000	-	1.98%	2 (Note 3)	-	For use of short-term financing	-	None	-	295,514 (Note 2)	1,182,056 (Note 2)
4	Everwin Investment Co., Ltd.	Rei Ju Construction Co., Ltd.	Other Receivables-Other	Yes	200,000	200,000	200,000	2%	2 (Note 3)	-	For use of short-term financing	-	Cashier check	200,000	295,514 (Note 2)	1,182,056 (Note 2)

Note 1: The total amount of loans provided by the Company to other parties and to a single party shall not exceed 40% and 10% of the Company's net worth recognized in its latest financial statements, respectively.

Note 2: The total amount of loans provided by this company to other parties and to a single party shall not exceed 40% and 10% of this company's net worth recognized in its latest financial statements, respectively.

Note 3: Financing purposes

1.Trading counterparty

2.Entities with short-term financing needs

Note 4: The aforementioned transactions have been eliminated when compiling the consolidated financial statements.

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LONG BON INTERNATIONAL CO., LTD.

Notes to the Financial Statements

(ii) Guarantees and endorsements for other parties:

(In Thousands of New Taiwan Dollars)

No.	Name of guarantor	Counter-party of guarantee and endorsement		Limitation on amount of guarantees and endorsements for a specific enterprise	Highest balance for guarantees and endorsements during the period	Balance of guarantees and endorsements as of reporting date	Actual usage amount during the period	Property pledged for guarantees and endorsements (Amount)	Ratio of accumulated amounts of guarantees and endorsements to net worth of the latest financial statements	Maximum amount for guarantees and endorsements	Parent company endorsements/ guarantees to third parties on behalf of subsidiary	Subsidiary endorsements/ guarantees to third parties on behalf of parent company	Endorsements/ guarantees to third parties on behalf of companies in Mainland China
		Name	Relationship with the Company										
0	The Company	Everwin Investment Co., Ltd.	2 (Note 6)	6,098,995 (Note 1)	1,100,000	1,100,000	580,000	-	10.82 %	12,197,990 (Note 1)	Y	N	N
0	The Company	Ryan Development Corp.	2 (Note 6)	6,098,995 (Note 1)	725,000	725,000	-	-	7.13 %	12,197,990 (Note 1)	Y	N	N
0	The Company	Gold Coast Golf Co., Ltd.	2 (Note 6)	6,098,995 (Note 1)	448,000	448,000	-	-	4.41 %	12,197,990 (Note 1)	Y	N	N
0	The Company	Rei Ju Construction Co., Ltd.	2 (Note 6)	6,098,995 (Note 1)	5,600,000	5,600,000	1,863,217	-	55.09 %	12,197,990 (Note 1)	Y	N	N
1	Everwin Investment Co., Ltd.	The Company	3 (Note 6)	5,910,273 (Note 2)	2,600,000	-	-	-	- %	5,910,273 (Note 2)	N	Y	N
2	Rei Ju Construction Co., Ltd.	Rei Cheng Construction Co., Ltd.	2 (Note 6)	4,633,160 (Note 3)	494,630	33,330	25,000	-	2.16 %	7,721,934 (Note 3)	Y	N	N
2	Rei Ju Construction Co., Ltd.	ReiYu Green Energy Technology Co., Ltd.	2 (Note 6)	4,633,160 (Note 3)	1,948	-	-	-	- %	7,721,934 (Note 3)	Y	N	N
2	Rei Ju Construction Co., Ltd.	Ryan Development Corp.	2 (Note 6)	4,633,160 (Note 3)	725,000	725,000	560,536	-	46.94 %	7,721,934 (Note 3)	Y	N	N
3	ReiYu Green Energy Technology Co., Ltd.	Rei Ju Construction Co., Ltd.	3 (Note 6)	2,000,000 (Note 4)	24,557	24,557	-	-	117.81 %	3,000,000 (Note 4)	N	Y	N
4	Rei Cheng Construction Co., Ltd.	Rei Ju Construction Co., Ltd.	3 (Note 6)	5,950,000 (Note 5)	4,425,050	3,053,000	-	-	5,113.30 %	8,925,000 (Note 5)	N	Y	N

Note 1: The total amount of guarantees and endorsements provided by the Company for external parties shall not exceed 120% of its net worth for the current period, and the guarantees and endorsements for a single entity shall not exceed 60% of its net worth for the period.

Note 2: Limit on guarantees and endorsements provided by Everwin Investment Co., Ltd.: The total amount provided for a single subsidiary, whose ordinary shares of more than 90% are directly or indirectly held by the Company, shall not exceed 40% of the Company's current net value. As for other entities, the total amount provided for any single one of them shall not exceed 25% of the Company's current net value. For entity holding 100% ordinary share of Everwin Investment Co., Ltd. or companies of which Everwin Investment Co., Ltd. holds 100% ordinary shares, the limit on guarantees and endorsements provided for any single one of them shall not exceed 200% of the current net value of the Company.

Note 3: The limit on guarantees and endorsements of Rei Ju Construction Co., Ltd.: The total amount provided for external construction projects and a single construction project shall not exceed 15 times and 7.5 times of the total value of the Company's paid in capital, respectively. The total amount of guarantees and endorsements shall not exceed 5 times of the net value of the Company, and the guarantees and endorsements for a single entity shall not exceed 3 times of the current net value of the Company.

Note 4: The limit on guarantees and endorsements provided by ReiYu Green Energy Technology Co., Ltd.: The total amount guarantees for external construction projects and for the construction projects of a single entity shall not exceed 150 times and 100 times of the total value of the paid in capital, respectively.

Note 5: The limit on guarantees and endorsements provided by Rei Cheng Construction Co., Ltd.: The total amount guarantees for external construction projects and for the construction projects of a single entity shall not exceed 150 times and 100 times of the total value of the paid in capital, respectively.

Note 6: Seven categories of relationship with the endorser/guarantor:

1. Trading counterparty.
2. The Company directly or indirectly holds more than 50% voting right.
3. Other companies directly or indirectly hold more than 50% voting rights of the Company.
4. The Company directly or indirectly holds more than 90% voting right.
5. A company that is mutually protected under contractual requirements based on the needs of the contractor.
6. A company that is endorsed by all the contributing shareholders in accordance with their shareholding ratio due to joint investment relationship.
7. Under the Consumer Protection Act, performance guarantees for pre-sale contracts for companies in the same industry.

Note 7: The aforementioned transactions have been eliminated when compiling the consolidated financial statements.

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LONG BON INTERNATIONAL CO., LTD.
Notes to the Financial Statements

(iii) Securities held as of December 31, 2021 (excluding investment in subsidiaries, associates and joint ventures):

(In Thousands of New Taiwan Dollars)

Name of holder	Category and name of security	Relationship with company	Account title	Ending balance				Note
				Shares/Units (thousands)	Carrying value	Percentage of ownership (%)	Fair value	
The Company	Fund: Taishin 1699 Money Market Fund	—	Current financial assets at fair value through profit or loss	2,925	40,013	- %	40,013	
"	Jih Sun Money Market Fund	—	"	1,334	20,002	- %	20,002	
Long Bao Co., Ltd.	Fund: Taishin 1699 Money Market Fund	—	"	1,462	20,002	- %	20,002	
Long Fu Real Estate Development Co., Ltd.	Taishin 1699 Money Market Fund	—	"	2,925	40,005	- %	40,005	
San Jhih Cih An Yuan Ltd.	Taishin 1699 Money Market Fund	—	"	731	10,001	- %	10,001	
Dong Hua International of Golf Recreation Co., Ltd.	Taishin 1699 Money Market Fund	—	"	3,656	50,000	- %	50,000	
"	Jih Sun Money Market Fund	—	"	2,669	40,000	- %	40,000	
Rei Ju Construction Co., Ltd.	Yuanta Asia Pacific (ex Japan) Investment Grade Government Bond Index Fund	—	"	500	4,327	- %	4,327	Pledge
"	Invesco Quality Fixed Maturity Emerging Market Bonds 2023	—	"	16	4,546	- %	4,546	"
The Company	Stock: M Radio Broadcasting CO., Ltd.	—	Non current financial assets at FVOCI	1,009	4,292	12.32 %	4,292	Note 1
"	Widedoctor (International) Enterprise Co., Ltd.	—	"	538	2,998	19.92 %	2,998	"
"	J Metrics Technology Co., Ltd.	—	"	600	4,749	2.15 %	4,749	"
"	Chia Ya Investment Co., Ltd.	—	"	1,200	70,024	8.00 %	70,024	"
"	New Image Medical Co., Ltd.	—	"	1,283	25,213	4.75 %	25,213	"
"	Chang Hong Energy Technology Co., Ltd.	—	"	3,185	19,435	3.24 %	19,435	"
"	You Long Construction Development Co., Ltd.	Substantive related party	"	4,487	127,559	17.26 %	127,559	"
"	Grand Green Energy Co., Ltd.	—	"	560	8,400	1.18 %	8,400	Note 3
"	Preferred Share of Bank of Kaohsiung, Ltd.	—	"	120	2,910	0.30 %	2,910	
Everwin Investment Co, Ltd.	J Metrics Technology Co., LtdT	—	"	600	4,749	2.15 %	4,749	Note 1
"	Linkou Recreation Co., Ltd.	—	"	-	1,127	- %	1,127	"
"	Grand Green Energy Co., Ltd.	—	"	940	14,100	2.27 %	14,100	Note 3

(Continued)

LONG BON INTERNATIONAL CO., LTD.

Notes to the Financial Statements

Name of holder	Category and name of security	Relationship with company	Account title	Ending balance				Note
				Shares/Units (thousands)	Carrying value	Percentage of ownership (%)	Fair value	
Rei Ju Construction Co., Ltd.	Long Bon International Co., Ltd.	Ultimate parent company	Non current financial assets at FVOC	36,609	647,972	9.27 %	647,972	Note 2
"	Chia Ya Investment Co., Ltd.	—	"	300	17,506	2.00 %	17,506	Note 1
"	New Image Medical Co., Ltd.	—	"	321	6,307	1.19 %	6,307	"
"	Preferred share of Tan Shi Construction Co., Ltd.	—	Non-current financial assets at amortized cost	3,000	79,980	00.00 %	79,980	
Gold Coast Golf Co., Ltd.	Preferred Share of Horseshoe International Enterprise Co., Ltd.	—	"	42	624	0.01 %	624	
Everwin Investment Co., Ltd.	Subordinated Debt of Bank of Panshin	—	"	-	160,000	- %	160,000	
Long Bao Co., Ltd.	Subordinated Debt of Bank of Panshin	—	"	-	70,014	- %	70,014	
Long Hui Development Co., Ltd.	Subordinated Debt of Bank of Panshin	—	"	-	40,008	- %	40,008	

Note 1: The stock is not publicly traded and quoted and was therefore presented according to the appraisal report as a reference.

Note 2: Pursuant to the clauses of the loan agreement, document related to the exercise of pledge of 35,680 thousand shares have been signed to the financial institution.

Note 3: The emerging market stock is presented in its market value on December 31, 2021.

- (iv) Individual securities acquired or disposed of with accumulated amount exceeding the lower of NT\$300 million or 20% of the capital stock:

(In Thousands of New Taiwan Dollars)

Name of company	Category and name of security	Account name	Name of counter-party	Relationship with the company	Beginning Balance		Purchases		Sales				Ending Balance	
					Shares	Amount	Shares	Amount	Shares	Price	Cost	Gain (loss) on disposal	Shares	Amount
The Company	Ta Chen Stainless Pipe Co., Ltd.	Current financial assets at fair value through profit or loss	Non related party	-	15,722	492,113	1,795	188,342 (Note)	17,517	973,307	680,455	292,852	-	-
Everwin Investment Co., Ltd.	Ta Chen Stainless Pipe Co., Ltd.	Current financial assets at fair value through profit or loss	Non related party	-	9,541	298,621	-	100,830 (Note)	9,541	568,953	399,451	169,502	-	-

Note: The purchase amounts for this period includes the valuation adjustments relating to financial assets recognized at fair value.

- (v) Acquisition of individual real estate with amount exceeding the lower of NT\$300 million or 20% of the capital stock:

(In Thousands of New Taiwan Dollars)

Name of company	Name of property	Transaction date	Transaction amount	Status of payment	Counter-party	Relationship with the Company	If the counter-party is a related party, disclose the previous transfer information				References for determining price	Purpose of acquisition and current condition	Others
							Owner	Relationship with the Company	Date of transfer	Amount			
The Company	Land and building	May 12, 2021	921,121	921,121	Global Funeral Services Co., Ltd.	Related party	Sin Cai International Development Co., Ltd.	Non related party	April 28, 2011	-	Appraisal report	For future operational use	-

- (vi) Disposal of individual real estate with amount exceeding the lower of NT\$300 million or 20% of the capital stock: None
- (vii) Related-party transactions for purchases and sales with amounts exceeding the lower of NT\$100 million or 20% of the capital stock: None

(Continued)

LONG BON INTERNATIONAL CO., LTD.

Notes to the Financial Statements

(viii) Receivables from related parties with amounts exceeding the lower of NT\$100 million or 20% of the capital stock:

(In Thousands of New Taiwan Dollars)

Name of company	Counter-party	Nature of relationship	Ending balance	Turnover rate	Overdue		Amounts received in subsequent period	Allowance for bad debts
					Amount	Action taken		
The Company	Rei Ju Construction Co., Ltd.	Subsidiary	351,553	Note 1	-		-	-
Everwin Investment Co., Ltd.	Rei Ju Construction Co., Ltd.	Associate	200,318	Note 1	-		-	-

Note 1: Accounts Receivable Turnover in Days does not apply, because it is mainly other receivables.

Note 2: The aforementioned transactions have been eliminated when compiling the consolidated financial statements.

(ix) Trading in derivative instruments: None

(b) Information on investees:

The following is the information on investees for the years ended December 31, 2021 (excluding information on investees in Mainland China):

(In Thousands of New Taiwan Dollars)

Name of investor	Name of investee	Location	Main businesses and products	Original investment amount		Balance as of December 31, 2021			Net income (losses) of investee	Share of profits/losses of investee	Note
				December 31, 2021	December 31, 2020	Shares (thousands)	Percentage of ownership	Carrying value			
The Company	Everwin Investment Co., Ltd.	Taiwan	Investment	1,213,791	1,213,791	244,025	100.00 %	2,986,589	297,795	297,795	
"	Long Bao Co., Ltd.	Taiwan	Funeral Service	604,250	604,250	60,000	100.00 %	630,296	27,485	27,485	
"	Long Jee Holding(s) Pte Ltd	Singapore	Oversea property investment and import and export trading	103,692	103,692	17,979	96.89 %	9,949	408	395	
"	Rei Ju Construction Co., Ltd.	Taiwan	Architecture and civil engineering	1,105,992	1,105,992	73,928	90.10 %	840,139	230,914	208,568	
"	Long Fu Real Estate Development Co., Ltd.	Taiwan	Funeral Service	700,000	700,000	70,000	100.00 %	698,816	3,981	3,981	
"	Long De International Development Co., Ltd.	Taiwan	Investment	1,000	1,000	100	100.00 %	954	(21)	(21)	
"	Sky Honor International Co., Ltd.	Taiwan	Funeral Service	13,500	-	1,350	45.00 %	10,677	(6,723)	(2,823)	Associate
"	Taisun Enterprise Co., Ltd.	Taiwan	Processing and retailing of food, beverages	2,671,109	-	129,063	25.81 %	3,497,702	591,827	-	Associate Partial pledge
Everwin Investment Co., Ltd.	Long Hui Development Co., Ltd.	Taiwan	Investment	560,000	560,000	56,000	100.00 %	621,955	18,486	Exempt from disclosure	
"	Dong Hua International of Golf Recreation Co., Ltd. (originally known as "Bao Hui Development Co., Ltd.")	Taiwan	Exercise facility and amenity	30,000	30,000	3,000	100.00 %	28,037	(2,092)	"	
"	Taisun Enterprise Co., Ltd.	Taiwan	Processing and retailing of food, beverage	590,403	-	31,434	6.29 %	851,861	591,827	"	Associate Partial pledge
Long Fu Real Estate Development Co., Ltd.	San Jih Cih An Yuan Ltd.	Taiwan	Funeral Service	19	19	-	100.00 %	4,742	4,783	Exempt from disclosure	
Long Hui Development Co., Ltd.	Gold Coast Golf Co., Ltd. (originally known as "North Bay Recreation Co., Ltd.")	Taiwan	Exercise facility and amenity	514,510	444,510	8,947	99.41 %	578,336	15,625	"	
Rei Ju Construction Co., Ltd.	Rei Cheng Construction Co., Ltd.	Taiwan	Architecture and civil engineering	40,500	40,500	5,950	100.00 %	70,207	3,466	"	
"	ReiYu Green Energy Technology Co., Ltd.	Taiwan	Architecture and civil engineering	18,563	68,563	2,000	100.00 %	20,844	(2,657)	"	
"	Ryan Development Corp.	Taiwan	Property investment and development	427,722	307,722	37,000	100.00 %	321,110	(11,752)	"	
"	Rei Zhao Engineer Ltd.	Taiwan	Architecture and civil engineering	990	990	99	19.80 %	1,008	(276)	"	Associate
"	Rei Ying Construction Co., Ltd.	Taiwan	Property investment and development	3,900	3,900	390	39.00 %	1,753	(2,595)	"	"
ReiYu Green Energy Technology Co., Ltd.	Sheng Ji Interior Decoration Co., Ltd.	Taiwan	Interior Decoration	20,000	20,000	2,000	100.00 %	21,319	(4,274)	"	
"	ReBio Green Innovation Co., Ltd.	Taiwan	Environmental Engineering	2,000	2,000	200	100.00 %	227	(29)	"	

(Continued)

LONG BON INTERNATIONAL CO., LTD.

Notes to the Financial Statements

(c) Information on investment in Mainland China:

(i) The names of investees in Mainland China, the main businesses and products, and other information:

(In Thousands of New Taiwan Dollars)

Name of investee	Main businesses and products	Total amount of paid-in capital	Method of investment	Accumulated outflow of investment from Taiwan as of January 1, 2020	Investment flows		Accumulated outflow of investment from Taiwan as of December 31, 2021	Net income (losses) of the investee	Percentage of ownership	Investment income (losses)	Book value	Accumulated remittance of earnings in current period
					Outflow	Inflow						
Xiamen Rei Ju Construction Engineer Co.	Construction consultancy	35,984 USD1,300	(Note 1)	32,109 USD1,160	-	-	32,109 USD1,160	(4,956)	89.23%	(4,423) (Note 2)	577	-

Note 1: Direct investment in Mainland China.

Note 2: The recognition of investment gains and losses was based on the financial statements audited by the parent's certified public accountants.

(ii) Limitation on investment in Mainland China:

Company Name	Accumulated Investment in Mainland China as of December 31, 2021	Investment Amounts Authorized by Investment Commission, MOEA	Upper Limit on Investment
Rei Ju Construction Co., Ltd.	32,109 (USD 1,160)	32,109 (USD 1,160)	926,632 (Note 1)

Note 1: The limit is calculated as follows: net asset value of subsidiary×60%=NTD1,544,387 thousand×60%=NTD926,632 thousand.

(iii) Significant transactions: None.

(d) Major shareholders:

Shareholder's Name	Shareholding	Shares	Percentage
Global Funeral Services Co., Ltd.		69,899,080	17.70 %
Fortune Base Development Co., Ltd.		58,364,520	14.78 %
Ontario Investment Co, Ltd.		37,933,600	9.61 %
Rei Ju Construction Co, Ltd.		36,608,592	9.27 %
Yi Fong Investment Co, Ltd.		34,542,100	8.75 %
You Long Construction Development Co., Ltd.		20,080,840	5.08 %

Note: The information on major shareholders in this table is calculated by CHIP on the last business day at the end of each quarter, and the shareholders hold more than 5% of the common shares and preferred shares that have been delivered (including treasury shares) without physical registration. As for the share capital recorded in the company's financial report and the actual number of shares delivered by the company, there may be differences or differences due to different calculation bases.

(14) Segment information:

Please refer to the consolidated financial statements for the year ended December 31, 2021.

LONG BON INTERNATIONAL CO., LTD.

Statement of inventories

December 31, 2021

(Expressed in thousands of New Taiwan Dollars)

Item	Description	Amount		Note	Net realizable value determination method
		Cost	Net realizable value		
Land held for construction site	Xiyuan Road Project	\$ 305,720	344,814		Market value
	Beitun Dafeng Project	512,878	716,829	Notes and bills payable	"
	Neihu Ruihu Street Project	<u>438,630</u>	<u>516,634</u>	Bank loans	"
	Subtotal	<u>1,257,228</u>	<u>1,578,277</u>		
Building construction in progress	Chengde Road Project	475,249	479,379		"
	The Sunlight of Life Project	6,014	-		"
	Other	<u>2,240</u>	<u>-</u>		"
	Subtotal	<u>483,503</u>	<u>479,379</u>		
Properties and land held for sale	Deng feng 21	12,671	18,509		"
	Dawn world	2,012	-		"
	Less: Allowance for obsolete inventory	<u>(4,151)</u>	<u>-</u>		"
	Subtotal	<u>10,532</u>	<u>18,509</u>		
Total		<u><u>\$ 1,751,263</u></u>	<u><u>2,076,165</u></u>		

LONG BON INTERNATIONAL CO., LTD.

Statement of changes in investments accounted for using the equity method

December 31, 2021

Expressed in thousands of Shares and New Taiwan Dollars

Name of investee	Beginning balance		Addition		Decrease		Ending balance		Fair value or equity		Provide guarantee or pledg
	Shares	Fair value	Shares	Amount	Shares	Amount	Shares	Percentage of ownership	Unit price	Total amount	
Everwin Investment Co, Ltd.	244,025	\$ 2,798,689	-	325,634	-	137,734	244,025	100.00	12.24	2,986,589	No
Long Jee Holding(s) Pte Ltd.	17,979	10,075	-	395	-	521	17,979	96.89	0.56	9,949	"
Sky Honor International Co.,Ltd.	-	-	1,350	13,500	-	2,823	1,350	45.00	7.91	10,677	"
Taisun Enterprise Co., Ltd.	-	-	129,063	3,497,702	-	-	129,063	25.81	27.30	3,523,420	104,586 shares
Long Fu Real Estate Development Co., Ltd.	70,000	694,835	-	3,981	-	-	70,000	100.00	9.98	698,816	pledge
Long Bao Co., Ltd.	60,000	615,904	-	27,485	-	13,093	60,000	100.00	10.51	630,296	No
Rei Ju Construction Co., Ltd.	73,928	864,006	-	212,717	-	236,584	73,928	90.10	18.82	1,391,325	"
Long De International Development Co., Ltd.	100	975	-	-	-	21	100	100.00	9.54	954	"
		<u>\$ 4,916,982</u>		<u>4,081,414</u>		<u>390,776</u>				<u>8,675,122</u>	

The increase and decrease of long-term Investments accounted for using equity method in this period is as follows:

Name of investee	Net investment income or loss accounted for using equity method		Exchange differences on translation of foreign financial statements		Current financial assets at fair value through profit or loss (Note)		Capital surplus		Realized gain		Total
	Net investment income or loss accounted for using equity method	Net investment income or loss accounted for using equity method	Exchange differences on translation of foreign financial statements	Exchange differences on translation of foreign financial statements	Current financial assets at fair value through profit or loss (Note)	Current financial assets at fair value through profit or loss (Note)	Capital surplus	Capital surplus	Realized gain	Realized gain	
Everwin Investment Co, Ltd.	\$ 297,795	297,795	-	(122,013)	(15,721)	(15,721)	27,839	27,839	-	-	187,900
Long Jee Holding(s) Pte Ltd.	395	395	-	-	(521)	(521)	-	-	-	-	(126)
Sky Honor International Co.,Ltd.	(2,823)	(2,823)	13,500	-	-	-	-	-	-	-	10,677
Taisun Enterprise Co., Ltd	-	-	(Note 2) 3,497,702	-	-	-	-	-	-	-	3,497,702
Long Fu Real Estate Development Co., Ltd.	3,981	3,981	-	-	-	-	-	-	-	-	3,981
Long Bao Co., Ltd.	27,485	27,485	-	(13,093)	-	-	-	-	-	-	14,392
Rei Ju Construction Co., Ltd.	208,568	208,568	-	(236,568)	(16)	(16)	-	-	241	241	(23,867)
Long De International Development Co., Ltd.	(21)	(21)	-	-	-	-	-	-	-	-	(21)
Net value	<u>\$ 535,380</u>	<u>535,380</u>	<u>3,511,202</u>	<u>(371,674)</u>	<u>(11,813)</u>	<u>(11,813)</u>	<u>27,839</u>	<u>27,839</u>	<u>241</u>	<u>241</u>	<u>3,690,638</u>

Note 1: There were financial investments at fair value through other comprehensive income.

Note 2: It was transferred from current financial assets at fair value through profit or loss of 3,479,478 thousand and purchased in the current period of \$18,224 thousand.

LONG BON INTERNATIONAL CO., LTD.

Statement of changes in investment property

For the year ended December 31, 2021

(Expressed in thousands of New Taiwan Dollars)

Please refer to Note 6(f) for the details.

Statement of short-term borrowings

December 31, 2021

<u>Type</u>	<u>Description</u>	<u>Ending balance</u>	<u>Contract period</u>	<u>Range of interest rate</u>	<u>Loan commitment</u>	<u>Collateral</u>	<u>Note</u>
Secured bank loans	Yuanta Securities Co., Ltd.	\$ 135,000	2019.12.31~2022.08.01	1.55%	250,000	Investments accounted for using equity method	
"	Chang Hwa Commercial Bank, Ltd.	150,000	2020.07.04~2022.03.31	1.35%	150,000	"	
"	Far Eastern International Bank, Ltd.	200,000	2021.03.26~2022.03.26	1.38%	500,000	"	
"	Bank Of Panshin	500,000	2021.10.22~2022.10.22	1.38%	500,000	"	
"	Taiwan Business Bank, Co. Ltd.	90,000	2021.11.29~2022.11.29	1.50%	90,000	Investment property	
"	First Commercial Bank	150,000	2021.05.13~2022.01.22	1.45%	150,000	"	
"	Bank SinoPac Co., Ltd.	-	2021.10.22~2022.10.31	1.40%	149,000	"	
"	Cathay United Bank	<u>264,060</u>	2019.04.11~2022.04.11	1.42%	<u>326,000</u>	Inventories	
	Total	<u>\$ 1,489,060</u>			<u>2,115,000</u>		

LONG BON INTERNATIONAL CO., LTD.

Statement of operating revenue

For the year ended December 31, 2021

(Expressed in thousands of New Taiwan Dollars)

Item	Description	Amount
Lease revenue	Long Bon World Trade Building and Asia Plaza Building	\$ 36,695
Income from sale of land properties	Deng feng 21 and Long Bon Sin Huan	31,347
Less: returns and discounts		-
Net operating revenue		<u><u>\$ 68,042</u></u>

Statement of operating costs

Item	Description	Amount
Lease cost	Depreciation investment properties and House Tax	\$ 12,065
Cost of sale of land	Book value of inventories	<u>4,704</u>
Net operating cost		<u><u>\$ 16,769</u></u>

LONG BON INTERNATIONAL CO., LTD.

Statement of operating expenses

For the year ended December 31, 2021

(Expressed in thousands of New Taiwan Dollars)

Item	Selling expenses	Administrative expenses	Total
Salary 、 bonus and pension \$	6,325	70,681	77,006
Taxes	4,017	3,497	7,514
Labor fee	1,904	7,827	9,731
Depreciable	235	7,555	7,790
Other expenses (Note)	4,487	21,419	25,906
	<u>\$ 16,968</u>	<u>110,979</u>	<u>127,947</u>

Note: If the amount doesn't exceed 5% of the account balance, it will not be listed separately.

Statement of other income

Please refer to Note 6(q) for the details.