

(English Translation of Consolidated Financial Statements Originally Issued in Chinese)

**CROWELL DEVELOPMENT CORP.**

**FINANCIAL STATEMENTS**

**With Independent Auditors' Report**

**For the Years Ended December 31, 2022 and 2021**

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# CROWELL DEVELOPMENT CORP.

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## Independent Auditors' Report

To the Board of Directors of Crowell Development Corp.:

### Opinions

We have audited the accompanying financial statements of Crowell Development Corp. ("the Company"), which comprise the balance sheets as of December 31, 2022 and 2021, and 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 financial statements present fairly, in all material respects, the accompanying financial position of the Company as at December 31, 2022 and 2021, 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 and with the International Financial Reporting Standards ("IFRSs"), International Accounting Standards ("IAS"). Interpretations developed by the International Financial Reporting Interpretations Committee ("IFRIC") or the former Standing Interpretations Committee ("SIC") endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China.

### Basis for Opinion

We conducted our audit in accordance with the Regulations Governing Auditing and Attestation of Financial Statements by Certified Public Accountants and the Standards on Auditing of the Republic of China. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with The Norm of Professional Ethics for Certified Public Accountant of the Republic of China, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis of our opinion.

### Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significant in our audit of the financial statements for the year ended December 31, 2022. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. We have determined the matters described below to be the key audit matters to be communicated in our report.

#### 1. Revenue recognition

For the accounting policies relating to income recognition, please refer to Note 4 (17). For the details of revenue, please refer to Note 6 (17).

The main revenue of the Company is sales of real estate. The risk of material misstatement is the substance of revenue recognition. Revenue is linked to operating performance of the management. To achieve expected financial performance, the management might override the internal control procedures to manipulate the timing of revenue recognition, which might lead to significant misstatement of profit and loss. Therefore, revenue recognition is one of the most important issue in performing our audit procedures and has been identified as one of the key audit matters.

Our principal audit procedures including:

- Perform test of control procedure for the internal control system of sales revenue and accounts receivables collection. To evaluating the effectiveness of preventing error and fraud.
- Perform substantive analytical procedures on revenue to evaluate the correctness of the timing of revenue recognition.
- Perform test of details, selecting samples from real estate sales contracts with customers and related real estate transfer registration document to assess whether the Company recognizes revenue in accordance with its accounting policies and accounting standards.

## **2. Acquisition and valuation of Inventory (Lands held for construction)**

For accounting policies relating to acquiring and valuation of inventory, please refer to Note 4 (6). For details of inventory, please refer to Note 6 (3).

Inventory is the significant asset for operating for the Company, which account for 90.61% of total assets. The appropriateness of acquisition price and procedures of inventory (lands held for construction) might affect the interest of shareholders. Besides, the valuation of inventory shall be in accordance with IAS 2. If the Company values its inventory inappropriately, it might lead to significant misstatement of financial statement. Therefore, the acquisition and valuation of inventory is one of the most important issue in performing our audit procedures and has been identified as one of the key audit matters.

Our principal audit procedures including:

- Review whether the lands held for construction acquiring and pricing assessment procedures are in accordance with Regulations Governing the Acquisition and Disposal of Assets by Public Companies.
- Review contracts of acquisition of lands held for construction and check whether consideration and payment schedule are in accordance with the contracts.
- Obtain the Company's inventory valuation data. Select samples from the data and check to related real estate sales contracts. We also compare whether there's significant difference between the net realizable value of inventory and actual transaction information in nearby area published by Ministry of Interior. For lands held for construction and construction-in-progress, we also obtain the Company's internal investment return analysis data to compare with current market tendency to assess whether the net realizable value is fairly presented.

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

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

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

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

## **Auditors' Responsibilities for the Audit of the Financial Statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an 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 Standards on Auditing of the Republic of China will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with the Standards on Auditing of the Republic of China, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

1. Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than 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 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 financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements for the year ended December 31, 2022 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 Wang Mu Fang and Teng Hsin Shan.

Wang, Mu-Fan      Teng, Hsin-Shan

BDO Taiwan  
Republic of China  
February 23, 2023

#### Notice to Readers

*The accompanying financial statements are intended only to present the 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 financial statements are those generally accepted and applied in the Republic of China.*

*The independent auditors' report and the accompanying 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 financial statements, the Chinese version shall prevail.*

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

## CROWELL DEVELOPMENT CORP.

### Balance Sheets

December 31, 2022 and 2021

(Expressed in thousands of New Taiwan Dollars)

| Code | Assets                                                              | Notes               | December 31, 2022 |        | December 31, 2021 |        | Code | Liabilities and Equity            | Notes          | December 31, 2022 |        | December 31, 2021 |        |
|------|---------------------------------------------------------------------|---------------------|-------------------|--------|-------------------|--------|------|-----------------------------------|----------------|-------------------|--------|-------------------|--------|
|      |                                                                     |                     | Amount            | %      | Amount            | %      |      |                                   |                | Amount            | %      | Amount            | %      |
|      | Current assets                                                      |                     |                   |        |                   |        |      | Current liabilities               |                |                   |        |                   |        |
| 1100 | Cash and cash equivalents                                           | 4. 6(1)             | \$270,885         | 1.41   | \$452,692         | 2.73   | 2100 | Short-term borrowings             | 4. 6(10)       | \$284,000         | 1.48   | \$483,000         | 2.92   |
| 1110 | Financial assets at fair value through profit or loss - current     | 4. 6(11)            | -                 | -      | -                 | -      | 2130 | Contract liabilities - current    | 4. 6(17)       | 1,922,104         | 10.01  | 1,430,888         | 8.64   |
| 1150 | Notes receivable, net                                               | 4. 6(2)             | 30                | -      | 80                | -      | 2150 | Notes payable                     |                | 99                | -      | -                 | -      |
| 1170 | Accounts receivable, net                                            | 4. 6(2)             | 2,200             | 0.01   | 316,337           | 1.91   | 2170 | Accounts payable                  |                | 1,301,893         | 6.78   | 403,934           | 2.44   |
| 1200 | Other receivables                                                   |                     | -                 | -      | 2,914             | 0.02   | 2200 | Other payables                    |                | 559,166           | 2.91   | 514,431           | 3.11   |
| 1210 | Other receivables - related parties                                 | 7(2)                | 6,609             | 0.03   | 718               | -      | 2220 | Other payables - related parties  | 7(2)           | 5,703             | 0.03   | 7,263             | 0.04   |
| 1220 | Current income tax assets                                           | 4                   | 1                 | -      | 40                | -      | 2230 | Current income tax liabilities    | 4. 6(21)       | 54,271            | 0.28   | 71,370            | 0.43   |
| 130x | Inventories                                                         | 4. 6(3)(4). 7(2). 8 | 17,401,373        | 90.61  | 14,528,604        | 87.77  | 2250 | Provisions - current              | 4              | 26,835            | 0.14   | 16,312            | 0.10   |
| 1410 | Prepayments                                                         |                     | 159,810           | 0.83   | 100,519           | 0.61   | 2280 | Lease liabilities - current       | 4. 6(8)        | 6,632             | 0.03   | 3,263             | 0.02   |
| 1476 | Other current financial assets                                      | 6(5). 8             | 692,144           | 3.60   | 689,072           | 4.16   | 2321 | Bonds payable - current portion   | 4. 6(11). 7(2) | 703,032           | 3.66   | -                 | -      |
| 1479 | Other current assets                                                | 6(6). 7(2)          | 344,828           | 1.80   | 363,374           | 2.20   | 2322 | Long-term loans - current portion | 4. 6(12)       | 5,183,555         | 26.99  | 4,284,860         | 25.88  |
| 11xx | Total current assets                                                |                     | 18,877,880        | 98.29  | 16,454,350        | 99.40  | 2399 | Other current liabilities         |                | 51,199            | 0.27   | 61,317            | 0.37   |
|      |                                                                     |                     |                   |        |                   |        | 21xx | Total current liabilities         |                | 10,098,489        | 52.58  | 7,276,638         | 43.95  |
|      | Non-current assets                                                  |                     |                   |        |                   |        |      | Non-current liabilities           |                |                   |        |                   |        |
| 1510 | Financial assets at fair value through profit or loss - non-current | 4. 6(11)            | -                 | -      | -                 | -      | 2530 | Corporate bonds payable           | 4. 6(11). 7(2) | -                 | -      | 704,784           | 4.26   |
| 1600 | Property, plant and equipment                                       | 4. 6(7). 8          | 229,389           | 1.20   | 2,236             | 0.01   | 2540 | Long-term loans                   | 4. 6(12)       | 3,941,602         | 20.53  | 4,339,705         | 26.22  |
| 1755 | Right-of-use assets                                                 | 4. 6(8)             | 8,825             | 0.05   | 3,760             | 0.02   | 2580 | Lease liabilities - non-current   | 4. 6(8)        | 2,226             | 0.01   | 533               | -      |
| 1760 | Investment property, net                                            | 4. 6(9)             | 58,038            | 0.30   | 58,333            | 0.36   | 2645 | Guarantee deposits received       |                | 44                | -      | 44                | -      |
| 1780 | Intangible assets                                                   | 4                   | 1,718             | 0.01   | 1,786             | 0.01   | 25xx | Total non-current liabilities     |                | 3,943,872         | 20.54  | 5,045,066         | 30.48  |
| 1920 | Refundable deposits                                                 |                     | 29,595            | 0.15   | 33,584            | 0.20   | 2xxx | Total liabilities                 |                | 14,042,361        | 73.12  | 12,321,704        | 74.43  |
| 15xx | Total non-current assets                                            |                     | 327,565           | 1.71   | 99,699            | 0.60   |      | Equity                            |                |                   |        |                   |        |
|      |                                                                     |                     |                   |        |                   |        | 3100 | Capital stock                     |                |                   |        |                   |        |
|      |                                                                     |                     |                   |        |                   |        | 3110 | Common stock                      | 6(14)          | 3,799,974         | 19.79  | 3,299,974         | 19.94  |
|      |                                                                     |                     |                   |        |                   |        | 3200 | Capital surplus                   | 6(14)(15)      | 1,104,980         | 5.75   | 734,980           | 4.44   |
|      |                                                                     |                     |                   |        |                   |        | 3300 | Retained earnings                 | 6(16)          |                   |        |                   |        |
|      |                                                                     |                     |                   |        |                   |        | 3310 | Legal reserve                     |                | 37,421            | 0.19   | -                 | -      |
|      |                                                                     |                     |                   |        |                   |        | 3350 | Unappropriated earnings           |                | 220,709           | 1.15   | 197,391           | 1.19   |
|      |                                                                     |                     |                   |        |                   |        | 3xxx | Total equity                      |                | 5,163,084         | 26.88  | 4,232,345         | 25.57  |
|      | Total assets                                                        |                     | \$19,205,445      | 100.00 | \$16,554,049      | 100.00 |      | Total liabilities and equity      |                | \$19,205,445      | 100.00 | \$16,554,049      | 100.00 |

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

**CROWELL DEVELOPMENT CORP.****Statements of Comprehensive Income****For the years ended December 31, 2022 and 2021**

(Expressed in thousands of New Taiwan Dollars, Except for earnings (losses) per share)

| Code        | Item                                                    | Notes              | 2022        |         | 2021        |         |
|-------------|---------------------------------------------------------|--------------------|-------------|---------|-------------|---------|
|             |                                                         |                    | Amount      | %       | Amount      | %       |
| <b>4000</b> | <b>Operating revenue</b>                                | 4. 6(17)           | \$1,728,983 | 100.00  | \$3,193,914 | 100.00  |
| <b>5000</b> | <b>Operating costs</b>                                  | 6(3)(13)(20)       | (1,285,380) | (74.34) | (2,408,791) | (75.42) |
| <b>5900</b> | <b>Gross profit from operations</b>                     |                    | 443,603     | 25.66   | 785,123     | 24.58   |
| <b>5950</b> | <b>Gross profit from operations</b>                     |                    | 443,603     | 25.66   | 785,123     | 24.58   |
|             | <b>Operating expenses</b>                               | 6(13)(19)(20).7(2) |             |         |             |         |
| 6100        | Selling expenses                                        |                    | (68,812)    | (3.98)  | (161,804)   | (5.06)  |
| 6200        | General and administrative expenses                     |                    | (64,666)    | (3.74)  | (55,735)    | (1.75)  |
| 6000        | Total operating expenses                                |                    | (133,478)   | (7.72)  | (217,539)   | (6.81)  |
| <b>6900</b> | <b>Operating profit (loss)</b>                          |                    | 310,125     | 17.94   | 567,584     | 17.77   |
|             | <b>Non-operating income and expenses</b>                | 6(18)              |             |         |             |         |
| 7100        | Interest income                                         |                    | 3,181       | 0.18    | 579         | 0.02    |
| 7010        | Other income                                            |                    | 2,757       | 0.16    | 2,697       | 0.08    |
| 7020        | Other gains and losses                                  |                    | 2           | -       | (602)       | (0.02)  |
| 7050        | Finance costs                                           |                    | (20,479)    | (1.18)  | (6,574)     | (0.20)  |
| <b>7000</b> | <b>Total non-operating income and expenses</b>          |                    | (14,539)    | (0.84)  | (3,900)     | (0.12)  |
| <b>7900</b> | <b>Profit (loss) before income tax</b>                  |                    | 295,586     | 17.10   | 563,684     | 17.65   |
| <b>7950</b> | <b>Income tax (expenses) benefits</b>                   | 4. 6(21)           | (57,195)    | (3.31)  | (73,530)    | (2.30)  |
| <b>8200</b> | <b>Profit (loss) for the period</b>                     |                    | 238,391     | 13.79   | 490,154     | 15.35   |
| <b>8500</b> | <b>Total comprehensive income (loss) for the period</b> |                    | \$238,391   | 13.79   | \$490,154   | 15.35   |
|             | <b>Earnings (losses) per share (in dollars):</b>        | 4. 6(22)           |             |         |             |         |
| 9750        | Basic earnings (losses) per share                       |                    | \$0.64      |         | \$1.49      |         |
| 9850        | Diluted earnings (losses) per share                     |                    | \$0.58      |         | \$1.35      |         |

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

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

**CROWELL DEVELOPMENT CORP.**

**Statements of Changes in Equity**

**For the years ended December 31, 2022 and 2021**

(Expressed in thousands of New Taiwan Dollars)

|                                                      | Capital stock |                 | Retained earnings |                                                  | Total equity |
|------------------------------------------------------|---------------|-----------------|-------------------|--------------------------------------------------|--------------|
|                                                      | Common stock  | Capital surplus | Legal reserve     | Unappropriated earnings<br>(accumulated deficit) |              |
| Balance at January 1, 2021                           | \$3,299,974   | \$921,765       | \$13,215          | \$(492,763)                                      | \$3,742,191  |
| Offset the deficit                                   | -             | (186,785)       | (13,215)          | 200,000                                          | -            |
| Net income in 2021                                   | -             | -               | -                 | 490,154                                          | 490,154      |
| Total comprehensive income (loss) in 2021            | -             | -               | -                 | 490,154                                          | 490,154      |
| Balance at December 31, 2021                         | \$3,299,974   | \$734,980       | \$-               | \$197,391                                        | \$4,232,345  |
| Balance at January 1, 2022                           | \$3,299,974   | \$734,980       | \$-               | \$197,391                                        | \$4,232,345  |
| Cash capital increase - private placement            | 500,000       | 370,000         | -                 | -                                                | 870,000      |
| Appropriation and distribution of retained earnings: |               |                 |                   |                                                  |              |
| Legal reserve appropriated                           | -             | -               | 37,421            | (37,421)                                         | -            |
| Cash dividends to shareholders                       | -             | -               | -                 | (177,652)                                        | (177,652)    |
| Net income in 2022                                   | -             | -               | -                 | 238,391                                          | 238,391      |
| Total comprehensive income (loss) in 2022            | -             | -               | -                 | 238,391                                          | 238,391      |
| Balance at December 31, 2022                         | \$3,799,974   | \$1,104,980     | \$37,421          | \$220,709                                        | \$5,163,084  |

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

**CROWELL DEVELOPMENT CORP.****Statements of Cash Flows****For the years ended December 31, 2022 and 2021**

(Expressed in thousands of New Taiwan Dollars)

| Item                                                                                         | 2022        | 2021        |
|----------------------------------------------------------------------------------------------|-------------|-------------|
| Cash flow from operating activities:                                                         |             |             |
| Profit (loss) before income tax for the period                                               | \$295,586   | \$563,684   |
| Adjustments for:                                                                             |             |             |
| The profit or loss items:                                                                    |             |             |
| Depreciation expense (including investment property and right-of-use assets)                 | 3,514       | 4,504       |
| Amortization expense                                                                         | 1,049       | 867         |
| Gain on lease modification                                                                   | (3)         | (21)        |
| Net (gains) losses on financial assets and liabilities at fair value through profit and loss | -           | 582         |
| Interest expense (including amortization of premium of corporate bonds)                      | 7,878       | 1,258       |
| Interest income                                                                              | (3,181)     | (579)       |
| (Gain) losses on disposal of property, plant and equipment                                   | 1           | 7           |
| Subtotal                                                                                     | 9,258       | 6,618       |
| Change in operating assets and liabilities:                                                  |             |             |
| Change in operating assets                                                                   |             |             |
| Decrease (increase) in notes receivable                                                      | 50          | 600         |
| Decrease (increase) in accounts receivable                                                   | 314,137     | (315,471)   |
| Decrease (increase) in other receivables                                                     | 2,914       | (2,912)     |
| Decrease (increase) in other receivables - related parties                                   | (5,891)     | (718)       |
| Decrease (increase) in inventories                                                           | (3,100,764) | (3,736,148) |
| Decrease (increase) in prepayments                                                           | (59,291)    | (35,074)    |
| Decrease (increase) in other current financial assets                                        | (3,072)     | 125,169     |
| Decrease (increase) in other current assets                                                  | 18,546      | 8,902       |
| Total net change in operating assets                                                         | (2,833,371) | (3,955,652) |
| Change in operating liabilities                                                              |             |             |
| Increase (decrease) in contract liabilities - current                                        | 491,216     | (11,799)    |
| Increase (decrease) in notes payable                                                         | 99          | (3,362)     |
| Increase (decrease) in accounts payable                                                      | 897,959     | 48,836      |
| Increase (decrease) in other payables                                                        | 43,340      | 78,223      |
| Increase (decrease) in other payables - related parties                                      | (1,560)     | (81,875)    |
| Increase (decrease) in provisions - current                                                  | 10,523      | 13,133      |
| Increase (decrease) in other current liabilities                                             | (10,118)    | 30,699      |
| Total net change in operating liabilities                                                    | 1,431,459   | 73,855      |
| Total net change in operating assets and liabilities                                         | (1,401,912) | (3,881,797) |
| Total adjustments                                                                            | (1,392,654) | (3,875,179) |
| Cash generated from operating activities                                                     | (1,097,068) | (3,311,495) |
| Interests received                                                                           | 3,181       | 579         |
| Interests paid                                                                               | (8,162)     | (723)       |
| Income tax paid                                                                              | (74,255)    | (2,146)     |
| Net cash provided by (used in) operating activities                                          | (1,176,304) | (3,313,785) |
| Cash flow from investing activities:                                                         |             |             |
| Acquisition of property, plant and equipment                                                 | (228)       | (648)       |
| Disposal of property, plant and equipment                                                    | -           | 320         |
| Acquisition of intangible assets                                                             | (981)       | (1,531)     |
| Decrease (increase) in refundable deposits                                                   | 3,989       | 6,801       |
| Net cash provided by (used in) investing activities                                          | 2,780       | 4,942       |
| Cash flow from financing activities:                                                         |             |             |
| Increase (decrease) in short-term loans                                                      | (199,000)   | 483,000     |
| Proceeds from long-term loans                                                                | 1,403,042   | 4,546,173   |
| Repayment of long-term loans                                                                 | (902,450)   | (1,400,460) |
| Repayment of lease liabilities                                                               | (2,223)     | (3,046)     |
| Cash dividends paid                                                                          | (177,652)   | -           |
| Increase cash capital                                                                        | 870,000     | -           |
| Net cash provided by (used in) financing activities                                          | 991,717     | 3,625,667   |
| Net increase (decrease) in cash and cash equivalents                                         | (181,807)   | 316,824     |
| Cash and cash equivalents at the beginning of the year                                       | 452,692     | 135,868     |
| Cash and cash equivalents at the end of the year                                             | \$270,885   | \$452,692   |

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

## **CROWELL DEVELOPMENT CORP.**

### **Notes to the Financial Statements**

#### **For the years ended December 31, 2022 and 2021**

(Expressed in thousands of New Taiwan Dollars unless Otherwise Specified)

#### **1. General**

Crowell Development Corp. (the “Company”) was incorporated on January 17, 1985 in accordance with the Company Act of the Republic of China. The Company primarily engages in the business of construction, sales, and leasing of commercial and residential buildings. The Company's common shares were listed on the Taiwan Stock Exchange (TWSE) from March 10, 1995.

#### **2. Approval date and procedures of the financial statements**

The financial statements were authorized for issue by the Board of Directors on February 23, 2023.

#### **3. New standards, amendments and interpretations adopted**

(1) Effect of the adoption of new issuances of or amendments to the “International Financial Reporting Standards” (IFRSs) as endorsed and issued by the Financial Supervisory Commission (hereinafter referred to as “FSC”)

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

| <u>New Standards, Interpretations and Amendments</u>                                | <u>Effective date by<br/>International Accounting<br/>Standards Board</u> |
|-------------------------------------------------------------------------------------|---------------------------------------------------------------------------|
| Amendments to IFRS 3, ‘Reference to the conceptual framework’                       | January 1, 2022                                                           |
| Amendments to IAS 16, ‘Property, plant and equipment: proceeds before intended use’ | January 1, 2022                                                           |
| Amendments to IAS 37, ‘Onerous contracts—cost of fulfilling a contract’             | January 1, 2022                                                           |
| Annual improvements to IFRS Standards 2018–2020                                     | January 1, 2022                                                           |

After making assessment of the above standards and interpretations by the Company, there is no significant impact on the Company’s financial position and financial performance.

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

New standards, interpretations and amendments endorsed by the FSC effective from 2023 are as follows:

| New Standards, Interpretations and Amendments                                                            | Effective date by<br>International Accounting<br>Standards Board |
|----------------------------------------------------------------------------------------------------------|------------------------------------------------------------------|
| Amendments to IAS 1, 'Disclosure of accounting policies'                                                 | January 1, 2023                                                  |
| Amendments to IAS 8, 'Definition of accounting estimates'                                                | January 1, 2023                                                  |
| Amendments to IAS 12, 'Deferred tax related to assets and liabilities arising from a single transaction' | January 1, 2023                                                  |

After making assessment of the above standards and interpretations by the Company, there is no significant impact on the Company's financial position and financial performance.

(3) Effect of IFRSs issued by the IASB but not yet endorsed by the FSC

New standards, interpretations and amendments issued by IASB but not yet included in the IFRSs endorsed by the FSC are as follows:

| New Standards, Interpretations and Amendments                                                                             | Effective date by<br>International Accounting<br>Standards Board |
|---------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------|
| Amendments to IFRS 10 and IAS 28, 'Sale or contribution of assets between an investor and its associate or joint venture' | To be determined by IASB                                         |
| IFRS 16 "Lease Liability in a Sale and Leaseback"(Amendment)                                                              | January 1, 2024                                                  |
| IFRS 17, 'Insurance contracts'                                                                                            | January 1, 2023                                                  |
| Amendments to IFRS 17, 'Insurance contracts'                                                                              | January 1, 2023                                                  |
| Amendment to IFRS 17, 'Initial application of IFRS 17 and IFRS 9 – comparative information'                               | January 1, 2023                                                  |
| Amendments to IAS 1, 'Classification of liabilities as current or non-current'                                            | January 1, 2024                                                  |
| IAS 1 "Non-current Liabilities with Covenants"(Amendment)                                                                 | January 1, 2024                                                  |

The Company's assessment will continue concerning the effect of the above standards and interpretations on the Company's financial position and financial performance. The details of such assessment will be disclosed after it is completed.

#### **4. Summary of significant accounting policies**

For the convenience of readers, the accompanying financial statements have been translated into English from the original Chinese version prepared and used in the R.O.C. If there is any conflict between the English version and the original Chinese version or any difference in the interpretation of the two versions, the Chinese-language financial statements shall prevail.

Below is a summary of significant accounting policies used for the preparation of financial statements. Unless otherwise stated, the following policies were applied consistently in all reporting periods.

##### **(1) Statement of compliance**

This financial report has been prepared in accordance with “Regulations Governing the Preparation of Financial Reports by Securities Issuers” and FSC-approved IFRS, IAS and interpretations there of (collectively referred to as IFRSs below).

##### **(2) Basis of preparation**

- A. This financial report was prepared based on historical cost except for financial assets and liabilities at fair value through profit and loss.
- B. Preparation of IFRSs-compliant financial report involves use of critical accounting estimates, and the management is required to exercise some judgment when applying the Company's accounting policies. Please refer to Note 5 for highly complex and significant assumptions and estimates made in relation to the financial report.

##### **(3) Classification of current and non-current assets and liabilities**

- A. Assets that satisfy any of the following criteria are classified as current assets; assets that are not classified as current are classified as non-current assets:
  - (a) Assets that are expected to be realized, or intended to be sold or consumed, over the normal operating cycle.
  - (b) Assets that are held mainly for the purpose of trading.
  - (c) Assets that are expected to be realized within 12 months after balance sheet date.
  - (d) Cash or cash equivalents, except those that will be swapped or used to repay liabilities at least 12 months from the balance sheet date, and those with restricted uses.

- B. Liabilities that satisfy any of the following criteria are classified as current liabilities; liabilities that are not classified as current are classified as non-current liabilities:
- (a) Liabilities that are expected to be settled over the normal operating cycle.
  - (b) Liabilities arising mainly from trading activities.
  - (c) Liabilities that are due to be settled within 12 months after the balance sheet date.
  - (d) Liabilities where the repayment terms cannot be extended unconditionally more than 12 months after the balance sheet date. Classification of liability is unaffected even if there are terms that give counterparties the option to be repaid in the form of equity instruments.
- C. Due to the operating cycle of construction and selling buildings is usually longer than 1 year, the basis of classification of current and non-current assets and liabilities related to construction and selling buildings is the operating cycle (2 years, normally).

(4) Cash and cash equivalents

Cash and cash equivalents comprises cash on hand, demand deposits and short-term, highly liquid investments that are readily convertible to known amounts of cash and are subject to an insignificant risk of changes in 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 should be recognized as cash equivalents.

(5) Financial instruments

A. Financial assets

All regular transactions of financial asset are recognized and derecognized from balance sheet using trade date accounting.

Accounts and notes receivable

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

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

B. Impairment on financial assets

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

C. Derecognition of financial assets

- (a) The Company derecognizes a financial asset when the contractual rights to receive the cash flows from the financial asset expired.
- (b) The Company derecognizes a financial asset when one of the following conditions is met:
  - i. The contractual rights to receive the cash flows from the financial asset expired.
  - ii. The contractual rights to receive cash flows of the financial asset have been transferred and the Company has transferred substantially all risks and rewards of ownership of the financial asset.
  - iii. The contractual rights to receive cash flows of the financial asset have been transferred; however, the Company has not retained control of the financial asset.

D. Financial liabilities and equity instruments

(a) Borrowings

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

Fees paid on the establishment of loan facilities are recognized as transaction costs of the loan to the extent that it is probable that part or all of the facility will be drawn down. In this case, the fee is deferred until the draw-down occurs. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalized as a prepayment for liquidity services and amortized over the period of the facility to which it relates.

(b) Notes and accounts payable

Notes and accounts payable are liabilities for purchases of raw materials, goods or services.

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

(c) Convertible bonds payable (compound financial instruments)

Convertible bonds issued by the Company contains conversion options (that is, the bondholders have the right to convert the bonds into the Company's common shares by exchanging a fixed amount of cash for a fixed number of common shares), call options and put options. The Company classifies the bonds payable upon issuance as a financial asset, a financial liability or an equity instrument in accordance with the contract terms. They are accounted for as follows:

- i. The embedded call options and put options are recognized initially at net fair value as "financial assets or financial liabilities at fair value through profit or loss". They are subsequently remeasured and stated at fair value on each balance sheet date; the gain or loss is recognized as "gain or loss on valuation of financial assets or financial liabilities at fair value through profit or loss".
- ii. The host contracts of bonds are initially recognized at fair value. Any difference between the initial recognition and the redemption value is accounted for as the premium or discount on bonds payable and subsequently is amortized in profit or loss as an adjustment to "finance costs" over the period of circulation using the effective interest method.

- iii. The embedded conversion options which meet the definition of an equity instrument are initially recognized in “capital surplus—share options” at the residual amount of total issuance price less the amount of financial assets or financial liabilities at fair value through profit or loss and bonds payable as stated above. Conversion options are not subsequently remeasured.
- iv. Any transaction costs directly attributable to the issuance are allocated to each liability or equity component in proportion to the initial carrying amount of each abovementioned item.
- v. When bondholders exercise conversion options, the liability component of the bonds (including “bonds payable” and “financial assets or financial liabilities at fair value through profit or loss”) shall be remeasured on the conversion date. The issuance cost of converted common shares is the total book value of the abovementioned liability component and “capital surplus—share options”.

E. Derecognition of financial liabilities

A financial liability is derecognized when the obligation specified in the contract is either discharged or cancelled or expires.

Where there has been a renegotiation or modification of the terms of an existing financial liability and resulted in an insignificant discrepancy which is less than ten percent of the estimated cash flows, the carrying amount of the liability is recalculated based on the modified cash flows discounted at the original effective interest rate. The gain or loss arising from the carrying amount after modification less the initial recognition of the financial liability is recognized in profit or loss.

F. Offsetting financial instruments

Financial assets and liabilities are offset and reported in the net amount in the balance sheet when there is a legally enforceable right to offset the recognized amounts and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously.

(6) Inventories

- A. Land for constriction purpose is recognized in “Lands held for construction” when the legal title of the land is transferred to the Company. All consideration paid before the legal title transferred to the Company are recognized in “Prepayment for land purchase”. Land used and all construction costs incurred directly to a construction project are recognized in “Construction-in-progress”.

“Construction-in-progress” is transferred to “Buildings and land held for sale” while a construction project is completed. Consideration collected for pre-selling properties is recognized in “Advance real estate receipts”. Revenue is recognized while the legal title of properties transferred to customer.

- B. Inventories, including construction-in-progress, buildings and lands held for construction and properties and land held for sale, are stated at the cost in the basis of the account. Borrowing costs related to construction project are capitalized in accordance with IAS 23. The Company allocates the cost of buildings and lands sold and unsold by the proportion of floor space or the proportion of total price of a construction project. The cost of sold and unsold land is allocated by the proportion of legal title or the proportion of total price of a construction project. Once the allocation method is applied for each construction project, it cannot be reversed.

Inventories are valued at lower of cost and net realizable value item by item. The calculation of net realizable value is based on the estimated selling price in the ordinary course of business, net of estimated selling expense.

(7) Joint operation and investment accounted for using equity method- joint ventures

Investment of joint arrangements are classified either as joint operations or as joint ventures based on its contractual rights and obligations.

A. Joint operation

For the interest in a joint operation, the Company recognizes direct interest in (and other shares of) the joint operation’s assets, liabilities, revenue and expense which are included in the financial statements.

B. Investment accounted for using equity method-joint ventures

The Company accounts for its interest in a joint venture using equity method. Unrealized profits and losses arising from the transactions between the Company and its joint venture are eliminated to the extent of the Company’s interest in the joint venture. However, when the transaction provides evidence of a reduction in the net realizable value of current assets or an impairment loss, all such losses shall be recognized immediately. When the Company’s share of losses in a joint venture equals or exceeds its interest in the joint venture together with any other unsecured receivables, the Company does not recognize further losses, unless it has incurred legal or constructive obligations or made payments on behalf of the joint venture.

(8) Property, plant and equipment

Property, plant and equipment are stated at cost, net of accumulated depreciation and accumulated impairment losses, if any. Such cost includes the cost of dismantling and removing the item and restoring the site on which it is located and borrowing costs for construction in progress if the recognition criteria are met. Each part of an item of property, plant and equipment with a cost that is significant in relation to the total cost of the item is depreciated separately. When significant parts of property, plant and equipment are required to be replaced in intervals, the Company recognized such parts as individual assets with specific useful lives and depreciation, respectively. The carrying amount of those parts that are replaced is derecognized in accordance with the derecognition provisions of IAS 16 Property, plant and equipment. When a major inspection is performed, its cost is recognized in the carrying amount of the plant and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognized in gain or loss as incurred.

Depreciation is calculated on a straight-line basis over the estimated economic lives of the following assets:

|                                      |           |
|--------------------------------------|-----------|
| Computer and communication equipment | 3 years   |
| Office equipment                     | 3~5 years |
| Other equipment                      | 3~5 years |
| Leasehold improvements               | 5 years   |

An item of property, plant and equipment and any significant part initially recognized is derecognized upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset is recognized in profit or loss.

The assets' residual values, useful lives and methods of depreciation are reviewed at each financial year end and adjusted prospectively, if appropriate.

(9) Leasing arrangements

The Company as a lessee

- A. Leases are recognized as a right-of-use asset and a corresponding lease liability at the date at which the leased asset is available for use by the Company. For short-term leases or leases of low-value assets, lease payments are recognized as an expense on a straight-line basis over the lease term.

- B. Lease liabilities include the net present value of the remaining lease payments at the commencement date, discounted using the incremental borrowing interest rate. Lease payments are comprised of the following:
- (a) Fixed payments, less any lease incentives receivable;
  - (b) Variable lease payments that depend on an index or a rate;
  - (c) Amounts expected to be payable by the lessee under residual value guarantees;
  - (d) The exercise price of a purchase option, if the lessee is reasonably certain to exercise that option; and
  - (e) Payments of penalties for terminating the lease, if the lease term reflects the lessee exercising that option.

The Company subsequently measures the lease liability at amortized cost using the interest method and recognizes interest expense over the lease term. The lease liability is remeasured and the amount of remeasurement is recognized as an adjustment to the right-of-use asset when there are changes in the lease term or lease payments and such changes do not arise from contract modifications.

- C. At the commencement date, the right-of-use asset is stated at cost comprising the following:
- (a) The amount of the initial measurement of lease liability;
  - (b) Any lease payments made at or before the commencement date;
  - (c) Any initial direct costs incurred by the lessee; and
  - (d) An estimate of costs to be incurred by the lessee in dismantling and removing the underlying asset, restoring the site on which it is located or restoring the underlying asset to the condition required by the terms and conditions of the lease.

The right-of-use asset is measured subsequently using the cost model and is depreciated from the commencement date to the earlier of the end of the asset's useful life or the end of the lease term. When the lease liability is remeasured, the amount of remeasurement is recognized as an adjustment to the right-of-use asset.

#### The Company as a lessor

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

#### (10) Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period to get ready for its intended use or sale are capitalized as part of the cost of the respective assets. All other borrowing costs are expensed in the period they occur. Borrowing costs consist of interest and other costs that an entity incurs relating to the borrowing of funds.

(11) Investment property

The Company's owned investment properties are measured initially at cost, including transaction costs. The carrying amount includes the cost of replacing part of an existing investment property at the time that cost is incurred if the recognition criteria are met and excludes the costs of day-to-day servicing of an investment property. Subsequent to initial recognition, other than those that meet the criteria to be classified as held for sale (or are included in a disposal group that is classified as held for sale) in accordance with IFRS 5 Non-current Assets Held for Sale and Discontinued Operations, investment properties are measured using the cost model in accordance with the requirements of IAS 16 Property, plant and equipment for that model.

Depreciation is calculated on a straight-line basis over the estimated economic lives of the following assets:

|          |            |
|----------|------------|
| Building | 5~32 years |
|----------|------------|

Investment properties are derecognized when either they have been disposed of or when the investment property is permanently withdrawn from use and no future economic benefit is expected from its disposal. The difference between the net disposal proceeds and the carrying amount of the asset is recognized in profit or loss in the period of derecognition.

The Company transfers to or from investment properties when there is a change in use for these assets.

(12) Intangible assets

Intangible assets acquired separately are measured on initial recognition at cost. Following initial recognition, intangible assets are carried at cost less any accumulated amortization and accumulated impairment losses, if any. Internally generated intangible assets excluding capitalized development costs, are not capitalized and expenditure is reflected in profit or loss for the year in which the expenditure is incurred.

The useful lives of intangible assets are assessed as either finite or indefinite.

Intangible assets with finite lives are amortized over the useful economic life and assessed for impairment whenever there is an indication that the intangible assets may be impaired. The amortization period and the amortization method for an intangible asset with a finite useful life is reviewed at least at the end of each financial year. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset is accounted for by changing the amortization period or method, as appropriate, and is treated as changes in accounting estimates.

Intangible assets with indefinite useful lives are not amortized, but are tested for impairment annually, either individually or at the cash-generating unit level. The assessment of indefinite life is reviewed annually to determine whether the indefinite life continues to be supportable. If not, the change in useful life from indefinite to finite is made on a prospective basis.

Gains or losses arising from derecognition of an intangible asset are recognized in other operating income and expenses.

#### Computer software

The cost of computer software is amortized on a straight-line basis over the estimated useful life (5 years).

#### Other intangible assets

Other intangible assets, mainly Company website and trademark rights, are amortized on a straight-line basis over their estimated useful lives of 5 years and 10 years.

### (13) Impairment of non-financial assets

The Company assesses at the end of each reporting period whether there is any indication that an asset in the scope of IAS 36 Impairment of Assets may be impaired. If any such indication exists, or when annual impairment testing for an asset is required, the Company estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset or cash-generating unit's ("CGU") fair value less costs to sell and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. Where the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

For assets excluding goodwill, an assessment is made at each reporting date as to whether there is any indication that previously recognized impairment losses may no longer exist or may have decreased. If such indication exists, the Company estimates the assets or cash generating unit's recoverable amount. A previously recognized impairment loss is reversed only if there has been an increase in the estimated service potential of an asset which in turn increases the recoverable amount. However, the reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognized for the asset in prior years.

An impairment loss of continuing operations or a reversal of such impairment loss is recognized in profit or loss.

(14) Provisions

Provisions are recognized when the Company has a present legal or constructive obligation as a result of past events, and it is probable that an outflow of economic resources will be required to settle the obligation and the amount of the obligation can be reliably estimated. Where some or all of the expenditure required to settle a provision is expected to be reimbursed by another party, the reimbursement shall be recognized when, and only when, it is virtually certain that reimbursement will be received if the entity settles the obligation. The reimbursement shall be treated as a separate asset. Where the effect of the time value of money is material, the amount of a provision can be discounted using a pre-tax discount rate that reflects the current market assessments of the time value of money and the risks specific to the obligation. When discounting is used, the carrying amount of a provision increases in each period to reflect the passage of time. This increase is recognized as borrowing cost.

Warranties provisions are recognized at present value of the best estimate of the expenditure required to settle the present obligation at the end of the reporting period.

(15) Employee Benefits

A. Short-term employee benefits

Short-term employee benefits are measured at the undiscounted amount of the benefits expected to be paid in respect of service rendered by employees in a period and should be recognized as expense in that period when the employees render service.

B. Pensions

Defined contribution plans

For defined contribution plans, the contributions are recognized as pension expense when they are due on an accrual basis, the contribution rate is no less than 6% of employee monthly salary.

C. Termination benefits

Termination benefits are employee benefits provided in exchange for the termination of employment as a result from either the Company's decision to terminate an employee's employment before the normal retirement date, or an employee's decision to accept an offer of redundancy benefits in exchange for the termination of employment. The Company recognizes expense as it can no longer withdraw an offer of termination benefits or it recognizes relating restructuring costs, whichever is earlier. Benefits that are expected to be due more than 12 months after balance sheet date shall be discounted to their present value.

D. Employees' compensation and directors' remuneration

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

(16) Dividends

Dividends are recorded in the Company's financial statements in the period in which they are resolved by the Company's shareholders. Cash dividends are recorded as liabilities; stock dividends are recorded as stock dividends to be distributed and are reclassified to ordinary shares on the effective date of new shares issuance.

(17) Revenue recognition

Revenue is recognized when it is probable that the economic benefits will flow to the Company and the amount of income can be measured reliably. Revenue is measured at the fair value of the consideration received or receivable. The following specific recognition criteria are applied for revenue recognition:

A. Land development and sale of real estate

The Company develops land and sells residential properties. Revenue is recognized when control over the properties has been transferred to 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. The consideration is due when legal title of a property has been transferred. While deferred payment terms may be agreed in rare circumstances, the deferred period usually not exceeds twelve months. The transaction price is therefore not adjusted for the effects of a significant financing component.

B. Incremental costs of obtaining a contract

Selling expenses before completion of construction projects are advertisement expense and service fee with real estate marketing agency companies. Advertisement expense is recognized in profit or loss while it incurred, the rests are deferred (recognized in current assets - incremental costs of obtaining a contract) until the service is fully rendered.

In subsequent periods, the Company recognizes impairment loss to the extent that the carrying amount of assets recognized mentioned above exceeds the remaining amount of consideration that the Company expects to receive less the costs that have not been recognized as expense.

C. Rental income

Rental income is recognized as revenue over time in accordance with term of the lease. Depreciation and direct costs attribute to investment property is recognized in operating costs.

D. Interest income

Interest income from financial assets measured at amortized cost (including loans and receivables) is calculated by applying effective interest method and recognized in profit or loss.

(18) Employee share-based payment

The share-based rewards paid to employees are based on the fair value on the date of payment, and during the period when the employees can obtain unconditional remuneration, remuneration costs are recognized and the relative equity is increased. The recognized remuneration cost is adjusted according to the expected amount of rewards that meet the service conditions and non-market acquired conditions; and the final recognized amount is measured on the basis of the amount of rewards that meet the service conditions and non-market acquired conditions on the acquired day.

The non-vested conditions for the share-based payment of rewards have been reflected in the measurement of the daily fair value of the share-based payment, and the difference between the expected and actual results does not need to be verified and adjusted.

When the company processes cash capital increase to reserve shares for employees to subscribe, the grant date is the day when the company confirms the number of shares subscribed by employees.

(19) Income tax

- A. Income tax expenses include both current taxes and deferred taxes. Except for expenses that are directly recognized in other comprehensive income or equity, all current and deferred taxes are recognized in profit or loss.
- B. Current income tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities, using the tax rates and tax laws that have been enacted or substantively enacted by the end of the reporting period. The income tax for undistributed earnings is recognized as income tax expense in the subsequent year when the distribution proposal is approved by the shareholders' meeting.
- C. Deferred taxes arise due to temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and their respective tax bases. Deferred taxes arising on the initial recognition of goodwill are not recognized. Deferred taxes arising on assets and liabilities that are initially recognized from non-business combination transactions and with no effect on net income or taxable gains (losses) are also not recognized.
- D. Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realized or the liability is settled, based on tax rates and tax laws that have been enacted or substantively enacted at the reporting date.
- E. A deferred tax asset is recognized to the extent that it is probable that future taxable profit will be available and can the deferred tax assets can be utilized. Such deferred tax assets are also re-evaluated every year on the financial reporting date.
- F. Deferred tax assets and liabilities are offset if the company has the legal right to settle tax assets and liabilities on a net basis and the taxing of deferred tax assets and liabilities are levied by same taxing authority or levied by different taxing authorities, but where each such authorities intend to settle tax assets and liabilities on a net basis.

(20) Earnings per share

- A. Disclosures are made of basic and diluted earnings per share attributable to ordinary equity holders of the Company. The basic earnings per share is calculated based on the profit attributable to the ordinary shareholders of the Company divided by weighted average number of ordinary shares outstanding. Ordinary shares outstanding increased as a result of retain earnings or capital surplus transferred to common stock shall be adjusted retrospectively for to periods. The diluted

earnings per share is calculated based on the profit attributable to ordinary shareholders of the Company, divided by weighted average number of ordinary shares outstanding after adjustment for the effects of all potentially dilutive ordinary shares, such as remuneration of employees and employee stock options.

- B. Estimated employees' compensation can be distributed in the form of new shares. In such circumstance, estimated employees' compensation has potentially dilutive effect. Therefore, the Company shall adjust the effect and report diluted earnings per share.

(21) Operating segments

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker. The Company's chief operating decision maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the Board of Directors that makes strategic decisions.

5. **Significant accounting assumptions and judgements, and major source of estimation uncertainty**

The preparation of these financial statements requires management to make critical judgements in applying the Company's accounting policies and make critical assumptions and estimates concerning future events. Assumptions and estimates may differ from the actual results and are continually evaluated and adjusted based on historical experience and other factors. Such assumptions and estimates have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year; and the related information is addressed below:

(1) Critical judgements in applying the Company's accounting policies

Investment property

The Company uses a portion of the property for its own use and another portion to earn rentals or for capital appreciation. When these portions can be sold separately, the property is classified as investment property and property, plant and equipment separately.

(2) Critical accounting estimates and assumptions

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are disclosed below:

A. Realizability of deferred income tax assets

The unused tax losses and the deferred income tax deduction period and deductible temporary differences are recognized as deferred income tax assets within the scope of likely to generate taxable income or taxable temporary differences in the future. The determination of the recognizable amount of deferred income tax assets is based on the estimated time and level at which future taxable income and taxable temporary differences may occur and future tax planning strategies. As of December 31, 2022, please refer to Note 6(21) for the description of deferred income tax assets recognized by the company.

B. Inventory evaluation

The Company must use the judgment and estimate to determine the net realizable value of the inventory at the balance sheet date, as the inventories are measured at the lower of the cost and the net realizable value. The Company assesses the amount of inventory at the balance sheet date due to market changes or no market sales value and reduces the inventory cost to the net realizable value. This inventory evaluation is mainly based on the product demand in the specific period in the future, so it may cause significant changes. Please refer to Note 6(3) for more details.

**6. Explanation of significant accounts**

(1) Cash and cash equivalents

|                 | <u>December 31, 2022</u> | <u>December 31, 2021</u> |
|-----------------|--------------------------|--------------------------|
| Petty cash      | \$100                    | \$100                    |
| Demand deposits | 270,785                  | 452,592                  |
| Total           | <u>\$270,885</u>         | <u>\$452,692</u>         |

A. The Company transacts with a variety of financial institutions all with high credit quality to dispersing credit risk, so it expects that the probability of counterparty default is remote.

B. Information relating to exchange rate risk and sensitivity analysis of the financial assets and liabilities of the Company, please refer to Note 12(2).

(2) Notes and accounts receivables

|                                            | <u>December 31, 2022</u> | <u>December 31, 2021</u> |
|--------------------------------------------|--------------------------|--------------------------|
| Notes receivable                           | \$30                     | \$80                     |
| Less: Allowance for uncollectible accounts | -                        | -                        |
| Total                                      | <u>\$30</u>              | <u>\$80</u>              |

Accompanying Footnotes (Cont'd) of Crowell Development Corp.  
(Expressed in thousands of New Taiwan dollars, unless otherwise stated in Footnotes)

|                                            | <u>December 31, 2022</u> | <u>December 31, 2021</u> |
|--------------------------------------------|--------------------------|--------------------------|
| Accounts receivable                        | \$2,200                  | \$316,337                |
| Less: Allowance for uncollectible accounts | -                        | -                        |
| Total                                      | <u>\$2,200</u>           | <u>\$316,337</u>         |

A. As at December 31, 2022 and 2021, without taking into account any collateral held or other credit enhancements, the maximum exposure to credit risk in respect of the amount that best represents the Company's notes and accounts receivable. Information relating to exchange rate risk, please refer to Note 12(2).

B. The aging analysis of notes and accounts receivable that were past due but not impaired are as follows:

|                 | <u>December 31, 2022</u>   |                         | <u>December 31, 2021</u>   |                         |
|-----------------|----------------------------|-------------------------|----------------------------|-------------------------|
|                 | <u>Accounts receivable</u> | <u>Notes receivable</u> | <u>Accounts receivable</u> | <u>Notes receivable</u> |
| Not past due    | \$2,200                    | \$30                    | \$316,337                  | \$80                    |
| Up to 180 days  | -                          | -                       | -                          | -                       |
| 181 to 365 days | -                          | -                       | -                          | -                       |
| Over 365 days   | -                          | -                       | -                          | -                       |
| Total           | <u>\$2,200</u>             | <u>\$30</u>             | <u>\$316,337</u>           | <u>\$80</u>             |

C. The Company has no collateral with respect to those accounts receivable.

### (3) Inventories

A. The detail of inventories as below:

|                                              | <u>December 31, 2022</u> | <u>December 31, 2021</u> |
|----------------------------------------------|--------------------------|--------------------------|
| Buildings and lands held for sale            | \$1,551,964              | \$904,280                |
| Lands held for construction                  | 34,966                   | 175,071                  |
| Construction in progress                     | 15,824,295               | 13,456,292               |
| Land held for building bulk transfer         | -                        | 2,813                    |
| Subtotal                                     | 17,411,225               | 14,538,456               |
| Less: Allowance for inventory valuation loss | (9,852)                  | (9,852)                  |
| Total                                        | <u>\$17,401,373</u>      | <u>\$14,528,604</u>      |

(a) Buildings and lands held for sale

|                           | <u>December 31, 2022</u> | <u>December 31, 2021</u> |
|---------------------------|--------------------------|--------------------------|
| Golden Diamond Plaza      | \$9,852                  | \$9,852                  |
| Fulian Section in Tainan  | 55,146                   | 55,146                   |
| Lejie Section in Taoyuan  | -                        | 839,282                  |
| Xinglun Section in Zhubei | 1,486,966                | -                        |
| Total                     | <u>\$1,551,964</u>       | <u>\$904,280</u>         |

Accompanying Footnotes (Cont'd) of Crowell Development Corp.  
(Expressed in thousands of New Taiwan dollars, unless otherwise stated in Footnotes)

(b) Lands held for construction

|                                    | December 31, 2022 | December 31, 2021 |
|------------------------------------|-------------------|-------------------|
| Hanlin Section in Zhubei           | \$-               | \$3,216           |
| Phase I of Daxin Section in Luzhu  | -                 | 82,808            |
| Phase II of Daxin Section in Luzhu | 297               | 89,047            |
| Zhongxing Section in Toufen        | 34,669            | -                 |
| Total                              | <u>\$34,966</u>   | <u>\$175,071</u>  |

(c) Construction in progress

|                                                             | December 31, 2022   | December 31, 2021   |
|-------------------------------------------------------------|---------------------|---------------------|
| Jincun Section in Taichung                                  | \$4,879,499         | \$3,198,082         |
| Xinglun Section in Zhubei                                   | -                   | 1,602,460           |
| Wukuaihu Section in Kaohsiung                               | 1,316,427           | 1,155,565           |
| Qingping Section in Zhongli (Commercial District)           | 2,655,729           | 1,973,973           |
| Qingping Section in Zhongli (Residential Area)              | 714,760             | 656,646             |
| No.1315, Guoqing Section in Yingge                          | 1,071,494           | 926,790             |
| No.1321, Guoqing Section in Yingge                          | 748,263             | 603,646             |
| Jianguo Section in Yingge                                   | 21,506              | 21,479              |
| Phase I of Daxin Section in Luzhu                           | 1,294,735           | 1,168,574           |
| Phase II of Daxin Section in Luzhu                          | 1,377,630           | 1,250,564           |
| Hanlin Section in Zhubei                                    | 27,009              | 19,949              |
| Xinbi Section in Luzhu                                      | 1,148,574           | 878,564             |
| No.1315-1, Guoqing Section in Yingge                        | 23,868              | -                   |
| Zhongxing Section in Toufen                                 | 528,039             | -                   |
| No.146-1, Qingping Section in Zhongli<br>(Residential Area) | 16,762              | -                   |
| Total                                                       | <u>\$15,824,295</u> | <u>\$13,456,292</u> |

(d) Land held for building bulk transfer

|                        | December 31, 2022 | December 31, 2021 |
|------------------------|-------------------|-------------------|
| Daxin Section in Luzhu | <u>\$-</u>        | <u>\$2,813</u>    |

- B. As of December 31, 2022 and 2021, the inventories of the Company had been pledged as collateral for bank borrowings, please refer to Note 8.
- C. For the years ended December 31, 2022 and 2021, interest capitalized to construction-in-progress were \$175,647 thousand and \$141,582 thousand, respectively. The interest rates of capitalization were 2.18%~2.79% and 1.67%~1.90%.
- D. For the years ended December 31, 2022 and 2021, the cost of inventories recognized as expenses (loss on decline or reversal of decline in market value) were both 0.

(4) Joint operation

On January 14, 2021, the Company signed a joint development agreement with related party - Sing Jyu Development Co., Ltd. (hereinafter referred to as “Sing Jyu”). The purpose of the agreement is to joint Sing Jyu’s development project - Hanlin Section in Zhubei. The Company contributed \$12,000 thousand of capital. The ratio of capital contribution and the ratio of settlement are both 10%. The Company signed a joint development supplementary agreement with Sing Jyu on May 5, 2022. The capital contribution is increased to \$17,000 thousand. In the project, the Company has rights for the assets and obligations for the liabilities, thus the Company considered that the joint agreement is a joint operation.

The above-mentioned joint development agreement is signed with related parties, please refer to Note 7 for details.

The financial statements of the project are listed independently. The Company recognized the assets, liabilities, and profits and losses that should be allocated based on the proportion of capital contribution on December 31, 2022 and 2021 based on the financial statements of the case which is as follows:

|                              | December 31, 2022 | December 31, 2021 |
|------------------------------|-------------------|-------------------|
| Assets                       | \$338,402         | \$239,031         |
| Liabilities                  | \$174,969         | \$161,763         |
| Equity                       | 163,433           | 77,268            |
| Total                        | \$338,402         | \$239,031         |
|                              | Year ended 2022   | Year ended 2021   |
| Operating revenue            | \$-               | \$-               |
| Profit (loss) for the period | \$(3,835)         | \$(2,732)         |

(5) Other current financial assets

|                         | December 31, 2022 | December 31, 2021 |
|-------------------------|-------------------|-------------------|
| Other restricted assets | \$692,144         | \$689,072         |

Other restricted assets are pre-sale real estate escrow payments which deposits in specified bank accounts in accordance with relevant laws and regulations published by the Ministry of the Interior. The pre-sale real estate escrow payments are deposited in specified bank accounts. The financial institutions provide pre-selling real estate value trust and price return guarantee. Please refer to Note 8 for details of pledged assets. For the trust contract signing status, please refer to Note 9.

Accompanying Footnotes (Cont'd) of Crowell Development Corp.  
(Expressed in thousands of New Taiwan dollars, unless otherwise stated in Footnotes)

(6) Other current assets

|                                                                            | December 31, 2022 | December 31, 2021 |
|----------------------------------------------------------------------------|-------------------|-------------------|
| Temporary payments                                                         | \$168             | \$-               |
| Payment on behalf of others                                                | -                 | 5                 |
| Advances to employees                                                      | 305               | 1,099             |
| Incremental costs of obtaining a contract<br>(deferred marketing expenses) | 344,355           | 362,270           |
| Total                                                                      | <u>\$344,828</u>  | <u>\$363,374</u>  |

A. The marketing service contracts between the Company and sales-agent companies are turnkey contract, which contains advertisement and marketing service. For the advertisement services, expenses are recognized while occurring. The remaining expenses are deferred (recognized under incremental costs of obtaining a contract - current) and recognize expenses while the service completed.

B. Some of the marketing service contracts were signed with related parties. Please refer to Note 7 for details.

(7) Property, plant and equipment

|                              | Computer and<br>communication<br>equipment | Office<br>equipment | Other<br>equipment | Lease<br>improvement | Construction<br>in progress | Total            |
|------------------------------|--------------------------------------------|---------------------|--------------------|----------------------|-----------------------------|------------------|
| Cost :                       |                                            |                     |                    |                      |                             |                  |
| As of January 1, 2022        | \$1,878                                    | \$175               | \$654              | \$2,999              | \$-                         | \$5,706          |
| Additions                    | 225                                        | -                   | 3                  | -                    | -                           | 228              |
| Transfers from Inventories   | -                                          | -                   | -                  | -                    | 227,995                     | 227,995          |
| Disposals                    | (624)                                      | (28)                | (12)               | -                    | -                           | (664)            |
| As of December 31, 2022      | <u>\$1,479</u>                             | <u>\$147</u>        | <u>\$645</u>       | <u>\$2,999</u>       | <u>\$227,995</u>            | <u>\$233,265</u> |
| As of January 1, 2021        | \$1,382                                    | \$1,040             | \$654              | \$3,647              | \$-                         | \$6,723          |
| Additions                    | 564                                        | 84                  | -                  | -                    | -                           | 648              |
| Disposals                    | (68)                                       | (949)               | -                  | (648)                | -                           | (1,665)          |
| As of December 31, 2021      | <u>\$1,878</u>                             | <u>\$175</u>        | <u>\$654</u>       | <u>\$2,999</u>       | <u>\$-</u>                  | <u>\$5,706</u>   |
| Depreciation and impairment: |                                            |                     |                    |                      |                             |                  |
| As of January 1, 2022        | \$1,042                                    | \$72                | \$251              | \$2,105              | \$-                         | \$3,470          |
| Depreciation                 | 414                                        | 36                  | 120                | 499                  | -                           | 1,069            |
| Disposals                    | (623)                                      | (28)                | (12)               | -                    | -                           | (663)            |
| As of December 31, 2022      | <u>\$833</u>                               | <u>\$80</u>         | <u>\$359</u>       | <u>\$2,604</u>       | <u>\$-</u>                  | <u>\$3,876</u>   |
| As of January 1, 2021        | \$644                                      | \$965               | \$134              | \$1,834              | \$-                         | \$3,577          |
| Depreciation                 | 459                                        | 56                  | 117                | 599                  | -                           | 1,231            |
| Disposals                    | (61)                                       | (949)               | -                  | (328)                | -                           | (1,338)          |
| As of December 31, 2021      | <u>\$1,042</u>                             | <u>\$72</u>         | <u>\$251</u>       | <u>\$2,105</u>       | <u>\$-</u>                  | <u>\$3,470</u>   |
| Carrying amounts:            |                                            |                     |                    |                      |                             |                  |
| Balance on December 31, 2022 | <u>\$646</u>                               | <u>\$67</u>         | <u>\$286</u>       | <u>\$395</u>         | <u>\$227,995</u>            | <u>\$229,389</u> |
| Balance on December 31, 2021 | <u>\$836</u>                               | <u>\$103</u>        | <u>\$403</u>       | <u>\$894</u>         | <u>\$-</u>                  | <u>\$2,236</u>   |

A. As of December 31, 2022 and 2021, the impairment loss of property, plant and equipment were both \$0.

Accompanying Footnotes (Cont'd) of Crowell Development Corp.  
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- B. The construction in progress is a development project located at No. 317, Zhonglu II Section in Taoyuan. The construction license was obtained in December 2022. The Company plans to use it as an office for future operation, so the original account is listed as "inventories- Construction in progress" were transferred to "property, plant and equipment- Construction in progress".
- C. For the year ended December 31, 2022, interest capitalized to construction in progress were \$60 thousand. The interest rate of capitalization was 2.45%.
- D. As of December 31, 2022, the construction in progress-land of the Company had been pledged as collateral for bank borrowings, please refer to Note 8.

(8) Lease – as a lessee

- A. The Company leases various assets including office and transportation equipment. Rental contracts are typically made for periods of 2 to 5 years. Lease terms are negotiated on individual basis and contain a wide range of different terms and conditions. The lease agreements do not impose any covenants.
- B. The Company leases copy machine for a lease period of 2 to 3 years. These leases are low-value leases. The company chooses to apply exemption and not recognizing related right-of-use assets and lease liabilities.
- C. The carrying amount of right-of-use assets and depreciation charged are as follows:

|                                                              | <u>December 31, 2022</u> | <u>December 31, 2021</u> |
|--------------------------------------------------------------|--------------------------|--------------------------|
| Carrying amount of right-of-use assets                       |                          |                          |
| Buildings and construction                                   | \$2,930                  | \$1,355                  |
| Transport equipment                                          | 5,895                    | 2,405                    |
| Total                                                        | <u>\$8,825</u>           | <u>\$3,760</u>           |
|                                                              | <u>Year ended 2022</u>   | <u>Year ended 2021</u>   |
| Addition of right-of-use assets                              | \$7,801                  | \$3,597                  |
| Disposals of right-of-use assets<br>(expires and terminated) | \$(586)                  | \$(721)                  |
| Depreciation                                                 |                          |                          |
| Buildings and construction                                   | \$898                    | \$1,670                  |
| Transport equipment                                          | 1,252                    | 1,279                    |
| Total                                                        | <u>\$2,150</u>           | <u>\$2,949</u>           |

D. Lease liabilities

|                                      | <u>December 31, 2022</u> | <u>December 31, 2021</u> |
|--------------------------------------|--------------------------|--------------------------|
| Carrying amount of lease liabilities |                          |                          |
| Current                              | \$6,632                  | \$3,263                  |
| Non-current                          | 2,226                    | 533                      |
| Total                                | <u>\$8,858</u>           | <u>\$3,796</u>           |

E. Profits and losses related to lease agreements were as follows

| Items related to profits and losses   | Year ended 2022 | Year ended 2021 |
|---------------------------------------|-----------------|-----------------|
| Interest expense on lease liabilities | \$73            | \$80            |
| Expenses relating to low-value leases | \$222           | \$220           |
| Gain on lease modification            | \$3             | \$21            |

F. For the years ended December 31, 2022 and 2021, the cash flow out of leases were \$2,223 thousand and \$3,046 thousand, respectively.

(9) Investment property

|                                                                                                                 | Land     | Building        | Total           |
|-----------------------------------------------------------------------------------------------------------------|----------|-----------------|-----------------|
| <b>Cost:</b>                                                                                                    |          |                 |                 |
| Balance on January 1, 2022                                                                                      | \$73,480 | \$10,039        | \$83,519        |
| Disposals                                                                                                       | -        | -               | -               |
| Balance on December 31, 2022                                                                                    | \$73,480 | \$10,039        | \$83,519        |
| Balance on January 1, 2021                                                                                      | \$73,480 | \$10,039        | \$83,519        |
| Disposals                                                                                                       | -        | -               | -               |
| Balance on December 31, 2021                                                                                    | \$73,480 | \$10,039        | \$83,519        |
| <b>Depreciation and impairment:</b>                                                                             |          |                 |                 |
| Balance on January 1, 2022                                                                                      | \$21,613 | \$3,573         | \$25,186        |
| Depreciation                                                                                                    | -        | 295             | 295             |
| Balance on December 31, 2022                                                                                    | \$21,613 | \$3,868         | \$25,481        |
| Balance on January 1, 2021                                                                                      | \$21,613 | \$3,249         | \$24,862        |
| Depreciation                                                                                                    | -        | 324             | 324             |
| Balance on December 31, 2021                                                                                    | \$21,613 | \$3,573         | \$25,186        |
| <b>Carrying amount</b>                                                                                          |          |                 |                 |
| Balance on December 31, 2022                                                                                    | \$51,867 | \$6,171         | \$58,038        |
| Balance on December 31, 2021                                                                                    | \$51,867 | \$6,466         | \$58,333        |
|                                                                                                                 |          | Year ended 2022 | Year ended 2021 |
| Rental revenue from the lease of the investment property                                                        |          | \$383           | \$252           |
| Less: Direct operating expenses arising from the investment property that generated rental income in the period |          | (295)           | (324)           |
| Total                                                                                                           |          | \$88            | \$(72)          |

A. As of December 31, 2022 and 2021, the accumulated impairment loss on investment property were both \$23,018 thousand. Impairment assessment was based on external independent appraiser's assessment report.

B. The investment properties held by the Company were not measured at fair value. The fair value information is only for disclosure purpose. The fair value measurement for investment property has been categorized at level 3. As of December 31, 2022 and 2021, based on the external independent appraiser's reports, the fair value of investment properties held by the Company were \$69,047 thousand and \$69,394 thousand, respectively. The external independent appraiser made assessment based on the latest nearby and similar real-estate transaction price. The assessment method was income approach or land development analysis approach.

(10) Short-term borrowings

|                         | <u>December 31, 2022</u> | <u>December 31, 2021</u> |
|-------------------------|--------------------------|--------------------------|
| Secured loans           | <u>\$284,000</u>         | <u>\$483,000</u>         |
| Range of interest rates | <u>1.73%-2.83%</u>       | <u>1.45%-1.75%</u>       |

Construction-in-progress were pledged as collateral for the short-term borrowings, please refer to Note 8 for more details.

(11) Corporate bonds payable

|                                                     | <u>December 31, 2022</u> | <u>December 31, 2021</u> |
|-----------------------------------------------------|--------------------------|--------------------------|
| Second domestic secured convertible corporate bonds | \$700,000                | \$700,000                |
| Unamortized premium                                 | 3,032                    | 4,784                    |
| Accumulated converted amount                        | -                        | -                        |
| Subtotal                                            | <u>703,032</u>           | <u>704,784</u>           |
| Less: current portion                               | <u>(703,032)</u>         | <u>-</u>                 |
| Total                                               | <u>\$-</u>               | <u>\$704,784</u>         |

A. On September 25, 2019, the Company issued its second secured convertible bonds with zero interest for \$728,000 thousands with the following conditions:

- (a) Issuance period: The issuance period is 5 years, from September 25, 2019 (hereinafter referred to as the "Issuance Date") to September 25, 2024. (hereinafter referred to as the "Maturity Date").
- (b) Total issuance: The total denomination is \$700,000 thousand, each with a denomination of \$100 thousand, which is issued at 104% of the par value, and the total issuance amount is \$728,000 thousand.
- (c) Bond coupon rate: The coupon rate is 0% per annum.
- (d) Date and method of repayment of principal and interest: The nominal rate is 0%, so there is no date and method of interest payment. Except for bondholders converted into common shares of the Company according to the conversion method, the Company redeemed them in advance according to the conversion method or bought back and cancelled by the securities firm's business premises, the Company will pay 101.2562% of the bond denomination (The real interest rate is 0.25% per year) in one payment in cash.
- (e) Guaranty situation: Yuanta Commercial Bank Co., Ltd. is the guarantee bank in the debt committee of the conversion company. The scope of the guarantee includes the principal balance of the debt issuance of the conversion company and the interest compensation payable by the creditor.

- (f) Subject of conversion: The bondholder may request the Company to convert the Company's corporate bonds into common stocks based on the denomination and the conversion price at the time of the conversion in accordance with the provisions of the conversion method, and the Company will deliver common stocks by issuing new ordinary shares.
- (g) Conversion period: The bondholders shall start from the day following the expiry three months after the issuance date of the converted corporate bonds (December 26, 2019) and end on the maturity date (September 25, 2024), except for (1) the legal suspension of the transfer period; (2) the Company's gratuitous allotment stop closing date, cash dividend closing date or cash capital increase subscription period fifteen business days before the closing date, and the period until the base date of the right distribution; (3) from the capital reduction base date for capital reduction to the day before the trading day before the capital reduction and redemption of stocks, the Company may request the company to convert the converted corporate bonds into common stocks of the Company in accordance with the conversion method.
- (h) Conversion price and its adjustment: The conversion price of this conversion corporate bond is determined based on September 17, 2019 as the reference date for the conversion price, based on the business day and the first three days before the reference date. One business day and the simple arithmetic average of the closing prices of common stocks of the previous five operating days is selected as the base price, and then multiplied by 120% is the basis for calculating the conversion price. In the case of ex-rights or ex-dividends before the reference date, the closing price of the conversion price after sampling shall be set as the ex-rights or ex-dividend prices; the conversion price shall be determined before the actual issuance date, if there are ex-rights or ex-dividends, should be adjusted according to the conversion price adjustment formula. According to the above method, the conversion price at the time of issuance is \$23.52 per share. After the issuance of the converted corporate bonds, in addition to the various securities issued by the Company with common stock conversion rights or stock options and common stock shares or new shares issued for employee compensation, there will be additional following conditions. (1) when the company's issued (or privately placed) common shares increase; (2) when the ratio of the cash dividends of the common shares to the current price per share exceeds 1.5%; (3) the conversion or subscription at a price lower than the current price per share price re-issuance (private placement) of various securities with common stock conversion rights or stock options; (4) when common stocks decrease due to capital reduction not due to the cancellation of treasury stocks, the conversion price will be calculated and adjusted according to the formula stipulated in the conversion method. The conversion price at the time of issuance was \$23.52 per share, and the conversion price on December 31, 2022 was \$21.73 per share.

- (i) Rights and obligations after the conversion: The rights and obligations of the ordinary shares acquired by the holders of the converted corporate bonds after the request becomes effective are the same as the original issued ordinary shares of the Company.
- (j) The Company's redemption right of the converted corporate bonds: (1) The converted corporate bonds are issued three months after the next day (December 26, 2019) to 40 days before the expiry of the issuance period (August 16, 2024), if the closing price of the Company's common stock in the centralized trading market of the stock exchange exceeds the current conversion price by 30% for 30 consecutive business days, the Company may be entitled to within two business days, send a one-month expiry "Bond Recovery Notice" to the bondholders by registered mail, and notify Taipei Exchange to announce the exercise of the Company's redemption rights, and five days after the bond recovery benchmark date on the business day, the capital-converted corporate bonds that are out of circulation are recovered in cash based on the bond denomination. (2) From the day following the issuance of the converted corporate bonds for three months (December 26, 2019) to forty days before the expiration of the issuance period (August 16, 2024), if the converted corporate bonds are out of circulation, when the balance is less than 10% of the total denomination of the original issuance, the Company may at any time thereafter send a one-month expiry "Bond Recovery Notice" to the bondholder by registered mail and notify Taipei Exchange to announce the exercise of the redemption right of the Company, and collect its outstanding convertible corporate bonds in cash at the face value of the bonds within five business days after the bond recovery benchmark date.

- B. The above-mentioned converted corporate bonds include the equity of the conversion right and the asset component of the right to sell back. The equity component is expressed as capital reserve-stock options under the equity item, and the asset components are respectively classified as embedded derivative financial products and non-derivative assets. The converted corporate bonds embedded in derivative financial products were assessed at fair value on December 31, 2022 and 2021 were both \$0 thousand. The details of the amount of related equity, liabilities and profits and losses of its convertible corporate bonds are as follows:

|                                                                                                                                    | <u>December 31, 2022</u> | <u>December 31, 2021</u> |
|------------------------------------------------------------------------------------------------------------------------------------|--------------------------|--------------------------|
| Embedded derivative financial products-put option<br>(recognized under "Financial assets at fair value<br>through profit or loss") | \$-                      | \$-                      |
| Capital reserve-stock options under the equity item<br>(recognized under "Capital Surplus")                                        | \$14,093                 | \$14,093                 |
|                                                                                                                                    | <u>Year ended 2022</u>   | <u>Year ended 2021</u>   |
| Interest expense (income)                                                                                                          | \$(1,752)                | \$(1,756)                |

- C. Related party provides securities as collateral, please refer to Note 7 for details.

Accompanying Footnotes (Cont'd) of Crowell Development Corp.  
(Expressed in thousands of New Taiwan dollars, unless otherwise stated in Footnotes)

(12) Long-term borrowings

A. The detail of long-term borrowings as below:

| Nature          | Lender                             | Contract term                     | December 31, 2022  | December 31, 2021  |
|-----------------|------------------------------------|-----------------------------------|--------------------|--------------------|
| Secured         | Land Bank of Taiwan                | January 2018-<br>January 2023     | \$-                | \$319,640          |
| Secured         | Land Bank of Taiwan                | September 2018-<br>September 2023 | 419,330            | 432,200            |
| Secured         | Land Bank of Taiwan (1)            | September 2018-<br>September 2025 | 1,624,240          | 1,624,240          |
| Secured         | Land Bank of Taiwan                | May 2019-<br>May 2024             | 597,800            | 597,800            |
| Secured         | Land Bank of Taiwan                | July 2019-<br>July 2024           | 93,110             | 101,000            |
| Secured         | Land Bank of Taiwan                | December 2019-<br>December 2024   | 30,890             | 231,480            |
| Secured         | Land Bank of Taiwan                | February 2020-<br>May 2024        | 126,350            | -                  |
| Secured         | Land Bank of Taiwan                | April 2020-<br>April 2025         | 33,600             | 33,600             |
| Secured         | Land Bank of Taiwan                | May 2020-<br>May 2025             | 735,725            | 167,100            |
| Secured         | Land Bank of Taiwan                | November 2020-<br>November 2025   | 211,400            | 211,400            |
| Secured         | Land Bank of Taiwan                | February 2021-<br>February 2026   | 300,200            | 300,200            |
| Secured         | Land Bank of Taiwan                | April 2021-<br>April 2026         | 829,700            | 829,700            |
| Secured         | Chang Hwa Commercial Bank          | March 2020-<br>March 2023         | 1,336,000          | 1,336,000          |
| Secured         | Chang Hwa Commercial Bank          | March 2021-<br>March 2023         | 73,200             | 73,200             |
| Secured         | Chang Hwa Commercial Bank          | October 2022-<br>March 2024       | 102,910            | -                  |
| Secured         | Mega International Commercial Bank | January 2021-<br>January 2026     | 1,956,702          | 1,881,165          |
| Secured         | Chinatrust Commercial Bank         | February 2021-<br>February 2024   | 10,400             | 8,840              |
| Secured         | Taishin International Bank         | December 2021-<br>December 2025   | 638,000            | 477,000            |
| Secured         | Taipei Fubon Bank                  | April 2022-<br>April 2026         | 5,600              | -                  |
| Current portion |                                    |                                   | (5,183,555)        | (4,284,860)        |
| Total           |                                    |                                   | <u>\$3,941,602</u> | <u>\$4,339,705</u> |
| Interest rate   |                                    |                                   | <u>2.18%-2.46%</u> | <u>1.67%-1.90%</u> |

Note: (1) On March 23, 2020, the Company and Land Bank of Taiwan, reached an agreement to extent the period from September 2018 to September 2025.

B. Interests are paid monthly, the principal of borrowings will be repaid at the earlier of due date or the legal title of related real-estate held for sale transferred to customers.

C. Please refer to Note 8 for the details of collateral for the long-term borrowings.

D. As of December 31, 2022, the payment schedule of long-term borrowings as below:

| Year                               | Amount             |
|------------------------------------|--------------------|
| January 1, 2023~ December 31, 2023 | \$1,952,530        |
| January 1, 2024~ December 31, 2024 | 3,231,025          |
| January 1, 2025~ December 31, 2025 | 2,806,102          |
| January 1, 2026~ December 31, 2026 | 1,135,500          |
| Total                              | <u>\$9,125,157</u> |

(13) Pensions

Defined contribution plan

A. From July 1, 1995, the Company's employee retirement plan was regulated in accordance with Labor Pension Act, the retirement plan is classified as a defined contribution plan. In accordance with Labor Pension Act, of contributions made by the employer shall not be lower than 6% of the employee's monthly wages. The Company makes 6% contributions of employee's monthly wages to the Labor Pension personal account of the Bureau of Labor Insurance on regular basis.

B. For the years ended December 31, 2022 and 2021, the pension expenses related to defined contribution plan amounted to \$1,934 thousand and \$1,816 thousand, respectively.

(14) Share capital and capital increase

A. As of December 31, 2022 and 2021, the Company's authorized capital was both \$5,000,000 thousand, par value of \$10 per share, consisting of 500,000 thousand shares of ordinary stock. As of December 31, 2022 and 2021, the paid-in capital was \$3,799,974 thousand and \$3,299,974 thousand, respectively. Common stocks outstanding were 379,997 thousand shares and 329,997 thousand shares.

B. In the general meeting held on July 29, 2021, the shareholders resolved to increase capital by private offering. The private offering shall not exceed 50,000 thousand shares. In the board meeting held on February 10, 2022, the Directors of the Board resolved to private offering 50,000 thousand shares, the private offering date was February 23, 2022, the purpose is to supplement operating capital. The private offering price was \$17.4 per share, amounting to \$870,000 thousand. Related legal registration procedures were completed. Based on Securities and Exchange Act. The rights and obligations of the private offering shares were same as other common share, except for the private offering shares are restricted for selling in 3 years.

C. The Company's private placement during the years is as follows:

| Base date of<br>capital increase | Number of private<br>placement shares<br>(thousand shares) | Offer price<br>per share | Amount      | Premium amount |
|----------------------------------|------------------------------------------------------------|--------------------------|-------------|----------------|
| September 19, 2018               | 53,285                                                     | 12.18                    | \$649,011   | \$116,161      |
| August 21, 2019                  | 41,715                                                     | 13.02                    | 543,129     | 125,979        |
| October 6, 2020                  | 52,912                                                     | 18.90                    | 1,000,037   | 470,917        |
| February 23, 2022                | 50,000                                                     | 17.40                    | 870,000     | 370,000        |
| Total                            | 197,912                                                    |                          | \$3,062,177 | \$1,083,057    |

The Company's private placement in September 2018 and August 2019 has completed public issuance procedures which were approved by the securities regulatory authority.

(15) Capital surplus

|                                                 | December 31, 2022 | December 31, 2021 |
|-------------------------------------------------|-------------------|-------------------|
| Common stock issuance premium (Note 6(14))      | \$1,081,581       | \$711,581         |
| Convertible corporate bond conversion premium   | 5,533             | 5,533             |
| Convertible corporate bond options (Note 6(11)) | 14,093            | 14,093            |
| Others                                          | 3,773             | 3,773             |
| Total                                           | \$1,104,980       | \$734,980         |

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. The aforementioned realized capital surplus includes capital surplus resulting from premium on issuance of capital stock and earnings from donated assets received. According to the Regulations Governing the Offering and Issuance of Securities by Securities Issuers, capital increases by transferring capital surplus in excess of par value should not exceed 10% of the total common stock outstanding. Companies may not, however, utilize capital reserves to offset losses when there is still positive balance in the earning reserves.

(16) Retained earnings

A. Legal reserve

Pursuant to The Company Act, companies are required to make legal reserve provisions at 10% of after-tax profit until the balance of legal reserves equals paid-up capital. The legal reserve can only be used to reimburse losses. If a company has no cumulative losses, where legal reserve is distributed by issuing new shares or by cash, only the portion of legal reserve which exceeds 25 percent of the paid-in capital may be distributed.

B. Unappropriated retained earning

For net income yielded from the Company's financial statement, after payment of all taxes by law and offsetting losses of prior years, if any, 10% of the annual net income shall be set aside as a legal reserve and special reserve as required for appropriation by law, or the special reserve. Any surplus will be added to the undistributed earnings cumulated from the previous year as the distributable earnings, which shall be proposed by the Board of Directors for distribution and submitted to the Shareholders' Meeting for distribution.

C. Dividend policy

The dividend policy of the Company is based on the current and future development of the Company, considering investment environment, the requirement of operating capital and the interest of shareholders. At least 10% of the dividends shall be cash dividend. However, if the cash dividend is under 0.1 per share, can be distributed by stock dividend.

D. Earnings distribution

According to Article 31 of the Company's Articles of Incorporation, the provisions regarding surplus appropriation is described below:

- (a) The earnings distribution can be resolved every half year. The earning distribution should be draft by the Board of Directors with operating report and after the financial statement being audited or reviewed. Based on the amended Article of Incorporation, the Company shall estimate related taxes, offsetting losses of prior year and estimated employee and director compensations. 10% of the half year net income shall be set aside as a legal reserve and special reserve as required for appropriation by law. Any surplus will be added to the undistributed earnings cumulated from the previous year as the distributable earnings, which shall be proposed by the Board of Directors for distribution and submitted to the Shareholders' Meeting for distribution.
- (b) The Board of Directors had resolved the proposal for distribution of the year of 2021, including the end of first half year of 2021 and the proposal for deficit compensation of the year of 2020, including the end of first half year of 2020, respectively. The proposals had approved by the shareholders' meeting held on June 16, 2022, and July 29, 2021, respectively. The detail were as below:

Accompanying Footnotes (Cont'd) of Crowell Development Corp.  
(Expressed in thousands of New Taiwan dollars, unless otherwise stated in Footnotes)

|                       | For the year ended 2021 |                              | For the first half year of 2021 |                              |
|-----------------------|-------------------------|------------------------------|---------------------------------|------------------------------|
|                       | Board resolution        | Dividends per share (dollar) | Board resolution                | Dividends per share (dollar) |
| Board resolution date | February 24, 2022       |                              | August 5, 2021                  |                              |
| Legal reserve         | \$19,739                |                              | \$-                             |                              |
| Cash dividend         | \$177,652               | \$0.46                       | \$-                             | \$-                          |

  

|                       | For the year ended 2020 |                              | For the first half year of 2020 |                              |
|-----------------------|-------------------------|------------------------------|---------------------------------|------------------------------|
|                       | Board resolution        | Dividends per share (dollar) | Board resolution                | Dividends per share (dollar) |
| Board resolution date | February 25, 2021       |                              | August 6, 2020                  |                              |
| Legal reserve         | \$-                     |                              | \$-                             |                              |
| Cash dividend         | \$-                     | \$-                          | \$-                             | \$-                          |

The shareholders' meeting held on July 29, 2021 had resolved that with legal reserve \$13,215 thousand and capital surplus \$186,785 thousand to offset the deficit.

- (c) The Board of Directors had resolved the proposal for distribution of the year of 2022, including the end of first half year of 2022, respectively. The proposals are to be presented for adoption in the Company's shareholders' meeting to be held on June 15, 2023. The detail were as below:

|                       | For the year ended 2022 |                              | For the first half year of 2022 |                              |
|-----------------------|-------------------------|------------------------------|---------------------------------|------------------------------|
|                       | Board resolution        | Dividends per share (dollar) | Board resolution                | Dividends per share (dollar) |
| Board resolution date | February 23, 2023       |                              | August 4, 2022                  |                              |
| Legal reserve         | \$6,157                 |                              | \$17,682                        |                              |
| Cash dividend         | \$189,999               | \$0.5                        | \$-                             | \$-                          |

- (d) For details of employee bonus and remuneration to directors and supervisors, please referred to Note 6(20).

- (e) For the detail of earning distribution proposal and the resolution of general meeting, please refer to the Market Observation Post System website.

(17) Operating revenue

|                                                 | Year ended 2022 | Year ended 2021 |
|-------------------------------------------------|-----------------|-----------------|
| Construction revenue                            | \$1,729,870     | \$3,195,251     |
| Rental revenue                                  | 383             | 252             |
| Less: Allowance for sales returns and discounts | (1,270)         | (1,589)         |
| Total                                           | \$1,728,983     | \$3,193,914     |

#### A. Detail of revenue from contracts with customers

The Company's revenue comes from the goods and services transferred over time or at a point in time, which is recognized in accordance with the provisions prescribed under IFRS 15.

|                                                                                             | Year ended 2022    | Year ended 2021    |
|---------------------------------------------------------------------------------------------|--------------------|--------------------|
| Construction revenue - Caonanpo Section in Taoyuan                                          | \$-                | \$463,902          |
| Construction revenue - Fulian Section in Tainan                                             | -                  | 801,748            |
| Construction revenue - Lejie Section in Taoyuan                                             | 1,136,202          | 1,881,451          |
| Construction revenue - Xinglun Section in Zhubei                                            | 592,398            | -                  |
| Construction revenue - Guo Qing Section in Yingge<br>(Land held for building bulk transfer) | -                  | 9,473              |
| Construction revenue - Jianguo Section in Yingge<br>(Land)                                  | -                  | 37,088             |
| Rental revenue                                                                              | 383                | 252                |
| Total                                                                                       | <u>\$1,728,983</u> | <u>\$3,193,914</u> |
| Timing of revenue                                                                           |                    |                    |
| At a point in time                                                                          | \$1,728,600        | \$3,193,662        |
| Over time                                                                                   | 383                | 252                |
| Total                                                                                       | <u>\$1,728,983</u> | <u>\$3,193,914</u> |

#### B. Contract liabilities

|                                | December 31, 2022  | December 31, 2021  |
|--------------------------------|--------------------|--------------------|
| Contract liabilities - current | <u>\$1,922,104</u> | <u>\$1,430,888</u> |

##### (a) Significant changes in contract liabilities

Change in contract liabilities mainly resulting from the difference on the time transferring of goods to customers and fulfilling the performance obligation and the time of the customer making payment; whereas no other material changes occurred.

##### (b) Revenue recognized that was included in the contract liability balance at the beginning of the period

The amount of revenue recognized for the years ended December 31, 2022 and 2021, that was included in the contract liability balance at the beginning of the period were \$262,445 thousand and \$449,098 thousand, respectively.

#### (18) Non-operating income and expenses

##### A. Interest income

|                                    | Year ended 2022 | Year ended 2021 |
|------------------------------------|-----------------|-----------------|
| Interest income                    |                 |                 |
| Interest income from bank deposits | \$3,149         | \$536           |
| Other interest income              | 32              | 43              |
| Total                              | <u>\$3,181</u>  | <u>\$579</u>    |

Accompanying Footnotes (Cont'd) of Crowell Development Corp.  
(Expressed in thousands of New Taiwan dollars, unless otherwise stated in Footnotes)

**B. Other income**

|                          | Year ended 2022 | Year ended 2021 |
|--------------------------|-----------------|-----------------|
| Liquidated damage income | \$-             | \$50            |
| Other income             | 2,757           | 2,647           |
| Total                    | <u>\$2,757</u>  | <u>\$2,697</u>  |

**C. Other gains or losses**

|                                                                                          | Year ended 2022 | Year ended 2021 |
|------------------------------------------------------------------------------------------|-----------------|-----------------|
| Gain on lease modification                                                               | \$3             | \$21            |
| Gains (Losses) on financial assets (liabilities)<br>at fair value through profit or loss | -               | (582)           |
| Miscellaneous disbursements                                                              | -               | (34)            |
| Gains (Losses) on disposals of property, plant<br>and equipment                          | (1)             | (7)             |
| Total                                                                                    | <u>\$2</u>      | <u>\$(602)</u>  |

**D. Finance costs**

|                                     | Year ended 2022 | Year ended 2021 |
|-------------------------------------|-----------------|-----------------|
| Interest expense                    |                 |                 |
| Interest on lease liability         | \$73            | \$80            |
| Interest of bank loans              | 185,264         | 144,516         |
| Corporate bonds payable             | (1,752)         | (1,756)         |
| Subtotal                            | 183,585         | 142,840         |
| Less: Capitalized interest expenses | (175,707)       | (141,582)       |
| Interest expense                    | 7,878           | 1,258           |
| Service fees                        | 5,301           | 5,316           |
| Facility fees                       | 7,300           | -               |
| Total                               | <u>\$20,479</u> | <u>\$6,574</u>  |

**(19) Amortization and operating lease expenses from comprehensive income statements**

|                                                                | Year ended 2022 | Year ended 2021 |
|----------------------------------------------------------------|-----------------|-----------------|
| Under selling expenses:                                        |                 |                 |
| Minimum lease payment recognized as<br>operating lease expense | \$-             | \$-             |
| Under Administrative Expenses:                                 |                 |                 |
| Minimum lease payment recognized as<br>operating lease expense | \$222           | \$220           |

**(20) Employee benefit expenses**

Summary of employee benefit expenses, depreciation and amortization by function of expense was as follows:

Accompanying Footnotes (Cont'd) of Crowell Development Corp.  
(Expressed in thousands of New Taiwan dollars, unless otherwise stated in Footnotes)

| Nature \ Function                    | Year ended 2022 |                    |          | Year ended 2021 |                    |          |
|--------------------------------------|-----------------|--------------------|----------|-----------------|--------------------|----------|
|                                      | Operating costs | Operating expenses | Total    | Operating costs | Operating expenses | Total    |
| Employee benefit expenses            |                 |                    |          |                 |                    |          |
| Salary expenses                      | \$13,498        | \$30,264           | \$43,762 | \$20,524        | \$24,200           | \$44,724 |
| Labor and medical insurance premiums | 1,297           | 2,604              | 3,901    | 1,851           | 1,799              | 3,650    |
| Pension expenses                     | 693             | 1,241              | 1,934    | 938             | 878                | 1,816    |
| Remuneration to Director             | -               | 9,084              | 9,084    | -               | 8,736              | 8,736    |
| Other employee benefit expenses      | 493             | 922                | 1,415    | 732             | 780                | 1,512    |
| Depreciation                         | 340             | 3,174              | 3,514    | 787             | 3,717              | 4,504    |
| Amortization                         | -               | 1,049              | 1,049    | -               | 867                | 867      |

A. For the years ended December 31, 2022 and 2021, the Company estimated the amount of employee compensation are \$3,074 thousand and \$2,822 thousand, respectively; the estimated amount of director compensation are \$9,223 thousand and \$8,466 thousand, respectively. The foregoing amounts are an estimation based on the profit before tax before deducting compensations of the current year distributed to employees and directors, multiplied by the appropriation percentage of employee and director compensation specified in the Company's Articles of Incorporation. The said amounts are also recognized as the inventory costs and operating expenses for the years ended December 31, 2022 and 2021, respectively. However, any discretion between the actual distributed amount and estimated amount as resolved by the Board of Director Meetings shall be recognized as the annual loss of the Board of Director meeting.

B. On May 5, 2022, the Company had resolved the resolution of the Board of Directors to pay director compensation of \$8,466 thousand in cash, which was not different from the amount listed as expenses in the 2021 financial report, but it was actually paid \$8,000 thousand on May 16, 2022, and the directors of the Company voluntarily waived the remuneration \$466 thousand. The above difference is recognized in profit or loss of the subsequent year in 2022.

No differences exist between the estimated amount and the actual distribution of the employee compensation for the year ended December 31, 2021. As of December 31, 2022, the distribution for employee compensation of \$2,822 thousand has been realized.

C. Information regarding employee and director remuneration resolved by the board of directors and reported in the shareholder meeting can be found at the Market Observation Post System website.

- D. The number of the Company's employees as at December 31, 2022 and 2021 were 56 and 59, respectively, and the number of non-employee directors were 5 and 6, respectively. In addition, the Company had established an audit committee in lieu of supervisors.
- E. The Company's average employee benefit expenses for 2022 and 2021 were \$1,000 thousand and \$976 thousand, respectively.
- F. The Company's average employee salary expenses for 2022 and 2021 were \$858 thousand and \$844 thousand, respectively. Compared to 2021, the average of salaries and wages in 2022 has increased by 1.66%.
- G. Based on the Article 27 of the Articles of Incorporation, the Board of Directors is authorized to determine the remuneration of the directors based on the contribution and participation of directors and consider the normal level of other competitors in same industry. Besides, the Company also pay additional travel allowance to directors for the attendance of Board Meetings.

The salary of management (including employees) of the Company are including monthly salary and annual bonus based on performance. Besides the salary and annual bonus of management should be reviewed by compensation committee and approved by Board of Directors.

- H. According to the Company's Articles of Incorporation, the Company shall reserve at least 1% of annual net profit as employee compensation and no more than 3% of annual profit as director's compensation. However, if the Company has accumulated losses, should reserve for offsetting accumulated losses.

The employee's compensation can be released in common stocks or cash. The director's compensation can only be released in cash.

## (21) Income tax

### A. Components of income tax expenses:

#### (a) Income tax recognized as current profit and loss

|                                                                                             | Year ended 2022 | Year ended 2021 |
|---------------------------------------------------------------------------------------------|-----------------|-----------------|
| Current income tax expenses (income):                                                       |                 |                 |
| Income tax from current income                                                              | \$53,707        | \$71,417        |
| Current land value increment tax charge                                                     | 2,687           | 2,125           |
| Overvalued / undervalued income tax for the preceding year                                  | 801             | (12)            |
| Deferred tax expenses (income):                                                             |                 |                 |
| Deferred tax expense (income) relating to origination and reversal of temporary differences | 2,331           | 39,991          |
| Deduction of deferred tax assets (reversal of previous deductions)                          | (2,331)         | (39,991)        |
| Income tax expenses                                                                         | <u>\$57,195</u> | <u>\$73,530</u> |

(b) Income tax recognized as other comprehensive income : None

B. In accordance with the current applicable tax act was as follows:

The profit-seeking enterprise income tax rate were both 20% in 2022 and 2021. The Company assessed the impact of such change in the tax rate on income tax. Besides, the tax rate applicable to the undistributed earnings was 5%.

C. For the Company's application for profit-seeking enterprise income tax settlement for the preceding year, the tax authority had approved through 2020.

D. Unrecognized deferred tax assets

As of December 31, 2022 and 2021, due to the Company might not probably has enough taxable income, unrecognized deferred tax assets were \$84,731 thousand and \$87,062 thousand, respectively.

(22) Earnings (losses) per share

The calculation of basic earnings per share and diluted earnings per share for years 2022 and 2021 were as follows:

|                                                                               | Year ended 2022 | Year ended 2021 |
|-------------------------------------------------------------------------------|-----------------|-----------------|
| Basic earnings per share                                                      |                 |                 |
| Current net income (loss) attributable to the Company                         | \$238,391       | \$490,154       |
| Weighted average outstanding common shares                                    | 372,737         | 329,997         |
| Basic earnings per share (unit: NTD)                                          | \$0.64          | \$1.49          |
| Diluted earnings per share                                                    |                 |                 |
| Net profit (net loss) attributable to ordinary share shareholder              | \$238,391       | \$490,154       |
| Assumed conversion of all dilutive potential ordinary shares-Convertible bond | (1,402)         | (1,405)         |
| Profit (loss) attributable to ordinary shareholders                           | \$236,989       | \$488,749       |
| Weighted average outstanding common shares                                    | 372,737         | 329,997         |
| Dilutive effect of potential common shares                                    |                 |                 |
| Effects of employee remuneration                                              | 212             | 130             |
| Effect of conversion of convertible bonds                                     | 32,214          | 30,783          |
| Weighted average outstanding common shares                                    | 405,163         | 360,910         |
| Diluted earnings per share (unit: NTD)                                        | \$0.58          | \$1.35          |

(23) Supplemental cash flow information

The Company's investing and financing activities which did not affect the current cash flow for the years ended December 31, 2022 and 2021:

Investing activities with no cash flow effects:

|                                                        | Year ended 2022 | Year ended 2021 |
|--------------------------------------------------------|-----------------|-----------------|
| Inventory transferred to property, plant and equipment | \$227,995       | \$-             |

## 7. Related party transactions

### (1) Names and relations of related parties

| Name of the related parties             | Nature of relationship of the related parties |
|-----------------------------------------|-----------------------------------------------|
| Lin, Chia-Hung                          | Other related party                           |
| Tian-Hui Industry Co., Ltd. (1)         | Other related party                           |
| Pauguo Real Estate Management Co., Ltd. | Other related party                           |
| Ho Chu Investment Ltd.                  | Other related party                           |
| Sing Jyu Development Co., Ltd.          | Other related party                           |
| Yao-Tai International Investment Ltd.   | Other related party                           |
| Chia Chun Investment Co., Ltd.          | Other related party                           |
| Yuan Tong Investment Co., Ltd.          | Other related party                           |

Note: (1) The representative of Tian-Hui Industry Co., Ltd. was dismissed from the position of director of the Company on August 24, 2021, and is no longer a related party of the Company. Therefore, the related transactions of Tian-Hui Industry Co., Ltd. from January 1, 2021 to August 24, 2021 are still disclosed. From August 24, 2021, the balance of assets and liabilities will no longer be disclosed to related parties.

### (2) Items of material transactions between the Company and related parties

#### A. Promotional activities of selling construction project

For the purpose of selling construction project - Xinglun Section in Zhubei and Lejie Section in Taoyuan, the Company signed a marketing service contracts with Tian-Hui Industry Co., Ltd. in July 2019 and December 2019. The contracts are turnkey contract, which contains advertisement and marketing service. For the advertisement expenses, expenses are recognized when occurring. The remaining expenses are deferred (recognized under incremental costs of obtaining a contract – current) and recognize expenses while the service completed. The details were as below:

#### Selling expenses - Advertisement expense

|                                                           | Year ended 2022 | Year ended 2021 |
|-----------------------------------------------------------|-----------------|-----------------|
| Tian-Hui Industry Co., Ltd. -<br>Lejie Section in Taoyuan | \$-             | \$15,485        |

B. Joint operation

On January 14, 2021 and May 5, 2022, the Company signed a joint development agreement with related party - Sing Jyu Development Co., Ltd. and also signed a joint development supplementary agreement. With regard to equity in joint operations, the Company recognizes the direct rights (and its share) of the assets, liabilities, income, and expenses from joint operations according to the settlement ratio. The relevant accounting items that affect it are as follows:

(a) Other receivables

|                                                                                      | <u>December 31, 2022</u> | <u>December 31, 2021</u> |
|--------------------------------------------------------------------------------------|--------------------------|--------------------------|
| Sing Jyu Development Co., Ltd. (including cash and cash equivalents for the project) | <u>\$6,609</u>           | <u>\$718</u>             |

(b) Other payables

|                                       | <u>December 31, 2022</u> | <u>December 31, 2021</u> |
|---------------------------------------|--------------------------|--------------------------|
| Yao-Tai International Investment Ltd. | <u>\$5,703</u>           | <u>\$7,263</u>           |

(c) Endorsements and Guarantees

Based on the joint investment and development relationship between the Company and Sing Jyu Development Co., Ltd., the Company agreed to be the joint guarantor for Sing Jyu Development Co., Ltd. To apply for land and construction financing loans from financial institutions. The balance of the endorsement guarantee on December 31, 2022 was \$329,500 thousand and the disbursed amount of Sing Jyu Development Co., Ltd. was \$104,000 thousand.

C. Construction-in-progress – service fee

|                                         | <u>December 31, 2022</u> | <u>December 31, 2021</u> |
|-----------------------------------------|--------------------------|--------------------------|
| Pauguo Real Estate Management Co., Ltd. | <u>\$1,943</u>           | <u>\$1,152</u>           |

D. Other

(a) The Company issued the second domestic secured convertible bonds in 2019. The total par value of the convertible bonds is \$700,000 thousand. On September 3, 2019, the guarantor, Lin, Chia-Hung, set Ho Chu Investment Ltd.'s security investment – 7,500 thousand shares of common stock of Yungtay Engineering Co., Ltd. (Stock Code:1507) as collateral to Yuanta Commercial Bank. On May 17, 2021, the Company applied to Yuanta Commercial Bank for

the modification of credit term, and on July 27, 2021, the pledged shares were changed to China Bills Finance Corporation (stock code: 2820) – 32,000 thousand shares of common stock held by Ho Chu Investment Ltd.

- (b) On December 31, 2022 and 2021, the short-term borrowings amounted to \$283,000 thousand and \$483,000 thousand of the Company was the pledged by 32,700 thousand shares and 56,700 thousand shares of Delpha Construction Co., Ltd. (stock code: 2530) owned by Chia Chun Investment Co., Ltd., respectively.
- (c) Chia Chun Investment Co., Ltd. provided 71,000 thousand shares and 24,000 thousand shares of Delpha Construction Co., Ltd. (stock code: 2530) to be pledged to Taipei Star Bank and Hua Nan Bank as pledge collateral for pledge loans, with a loan limit of \$500,000 thousand and \$214,000 thousand, respectively.
- (d) On December 31, 2022, the short-term borrowings amounted to \$1,000 thousand of the Company was the pledged by 55,017.7 thousand shares of Delpha Construction Co., Ltd. (stock code: 2530) and 14,500 thousand shares of Everbrite Technology Co., Ltd. (stock code: 4523) owned by Chia Chun Investment Co., Ltd. and 7,250 thousand shares of Rich Circle Development Co., Ltd. (stock code: 6198) owned by Yuan Tong Investment Co., Ltd. The loan limit is \$850,000 thousand.

(3) Compensation of key management staff

|                                            | Year ended 2022 | Year ended 2021 |
|--------------------------------------------|-----------------|-----------------|
| Salaries and other short-term compensation | \$4,970         | \$5,071         |
| Employee benefits                          | 119             | 102             |
| Total                                      | <u>\$5,089</u>  | <u>\$5,173</u>  |

**8. Pledged Assets**

As of December 31, 2022 and 2021, the detail of collaterals as below:

|                                                               | December 31, 2022   | December 31, 2021   |
|---------------------------------------------------------------|---------------------|---------------------|
| Inventory – buildings and lands held for sale                 | \$1,486,966         | \$839,282           |
| Inventory – construction-in-progress                          | 14,863,988          | 13,424,574          |
| Other financial assets – current                              | 692,144             | 689,072             |
| Property, plant and equipment – construction-in-progress-land | 225,957             | -                   |
| Total                                                         | <u>\$17,269,055</u> | <u>\$14,952,928</u> |

Pledge or mortgage assets are expressed in carrying amount.

## 9. Major contingent liabilities and unrecognized contractual commitments

- (1) As of December 31, 2022, the total contract amount (including the contracts expected to sign) with subcontractors was \$10,064,800 thousand (before value-added tax), \$3,420,672 thousand (before value-added tax) was accrued.
- (2) To compile with related laws and regulations, the Company signed trust/escrow contracts with financial institutions for pre-sales house. As of December 31, 2022, the details were as below:

| Projects                                                | Used amount on<br>December 31, 2022 | Balance in trust<br>account on<br>December 31, 2022 | Trust type                       | Bank                            |
|---------------------------------------------------------|-------------------------------------|-----------------------------------------------------|----------------------------------|---------------------------------|
| Jincun Section in<br>Taichung                           | \$613,009                           | \$439,478                                           | Real estate<br>development trust | Land Bank of<br>Taiwan          |
| Wukuaihu Section in<br>Kaohsiung                        | 188,373                             | 207,846                                             | Real estate<br>development trust | Land Bank of<br>Taiwan          |
| Qingping Section in<br>Zhongli (Commercial<br>District) | -                                   | 44,820                                              | Real estate trust<br>account     | Chang Hwa<br>Commercial<br>Bank |
|                                                         | <u>\$801,382</u>                    | <u>\$692,144</u>                                    |                                  |                                 |

For real estate development trust, the balance in trust account is only for construction purpose.

## 10. Losses from major disasters: None.

## 11. Subsequent events: None.

## 12. Others

### (1) Capital management

The Company's objectives for managing capital to safeguard the capacity to continue to operate, to continue to provide a return on shareholders, to maintain the interest of other related parties, and to maintain an optimal capital structure to reduce the cost of capital. In order to maintain or adjust the capital structure, the Company may adjust the dividend payment to the shareholders, reduce the capital for redistribution to shareholders, issue new shares, or sell assets to settle any liabilities. The Company adjusts the Company's loan amount according to the construction progress and the funds required for operation.

## (2) Financial instrument

### A. Types of financial instrument

| <u>Financial assets</u>                                                    | <u>December 31, 2022</u>     | <u>December 31, 2021</u>     |
|----------------------------------------------------------------------------|------------------------------|------------------------------|
| Financial assets at fair value through profit and loss                     | \$-                          | \$-                          |
| Financial assets carried at cost after amortization                        |                              |                              |
| Cash and cash equivalents (No petty cash)                                  | \$270,785                    | \$452,592                    |
| Notes receivable                                                           | 30                           | 80                           |
| Accounts receivable                                                        | 2,200                        | 316,337                      |
| Other receivables (including related parties)                              | 6,609                        | 3,632                        |
| Other current financial assets                                             | 692,144                      | 689,072                      |
| Refundable deposits                                                        | 29,595                       | 33,584                       |
| Total                                                                      | <u>\$1,001,363</u>           | <u>\$1,495,297</u>           |
| <br><u>Financial liabilities</u>                                           | <br><u>December 31, 2022</u> | <br><u>December 31, 2021</u> |
| Financial liabilities carried at cost after amortization                   |                              |                              |
| Short-term borrowings                                                      | \$284,000                    | \$483,000                    |
| Notes payable                                                              | 99                           | -                            |
| Accounts payable (including related parties)                               | 1,301,893                    | 403,934                      |
| Other payables (including related parties)                                 | 564,869                      | 521,694                      |
| Corporate bonds payable                                                    | 703,032                      | 704,784                      |
| Long-term loans (including portions due within 1 year or 1 business cycle) | 9,125,157                    | 8,624,565                    |
| Guarantee deposits received                                                | 44                           | 44                           |
| Total                                                                      | <u>\$11,979,094</u>          | <u>\$10,738,021</u>          |
| Lease liabilities (including current and non-current)                      | <u>\$8,858</u>               | <u>\$3,796</u>               |

### B. Risk management policy

The Company's dairy operations are susceptible to multiple forms of financial risk, including market risks (interest rate risk), credit risks and liquidity risks.

Risk management is performed by the Company's Finance Department according to board-approved policies. The Finance Department is responsible for identifying, assessing and mitigating financial risks, and it achieves this by working closely with other departments within the Company. The board of directors has implemented written principles on risk management practices, and outlined policies for specific matters such as exchange rate risk, interest rate risk, credit risk, use of derivative / non-derivative instruments, and investment of residual liquid capital.

### C. Characteristics and level of significant financial risks

#### (a) Market risk

##### Cash flow and fair value risk of interest rate

The Company's main interest rate risk arises from short-term loans and long-term loans with variable rates, which expose the Company to cash flow interest rate risk.

Loans of the Company are measured at cost after amortization. Interest rates on loans are subject to repricing on a yearly basis according to the terms of the respective contract. As a result, the Company is exposed to the risk of changes in the market interest rate.

If the borrowing interest rate had increased/decreased by 1% with all other variables held constant, profit, net of tax for the years ended December 31, 2022 and 2021 would have increased / decreased by \$2,146 thousand and \$1,535 thousand, respectively. The main factor is that changes in interest expense result in floating-rate borrowings.

(b) Credit risk management

Credit risk refers to the possibility of losses suffered by the Company due to its customers or financial instrument counterparties becoming unable to fulfill contractual obligations. These risk events mostly involve the counterparties being unable to settle the amount collectible or the contractual cash flow according to the payment terms agreed.

The Company has developed credit risk management practices from a corporate perspective. According to the Company's internal credit policy, all operating entities are required to perform credit risk management and analysis on every new customer before establishing payment and delivery terms. The Company adopts an internal risk management system that assesses credit quality by taking into account customers' financial position, previous conducts and other relevant factors. Individual counterparty risk limits are set by the board of directors based on internal or external assessments. Uses of credit limit are monitored on a regular basis.

The Company assesses whether the credit risk is significantly increased based on the actual debt collection status.

Based on the type of product and the rating of the customers, the Company applies simplified approach to assess expected credit loss.

For the account receivables in breach of contract, the Company shall recognize allowance of loss for the amount of financial assets that could not be recovered with reasonable expectation after all collection procedures were performed. However, the Company shall continue the legal procedures of collection to preserve the creditor's rights.

All accounts receivables adopt a simplified approach to estimate the expected credit loss, namely using the expected credit from the duration to measure the loss. For measurement purposes, such notes receivables and accounts receivables shall be grouped according to the characteristics of common credit risks by product categories and customer evaluation, in addition to incorporating the measurement in the forward-looking information. The expected credit loss for the accounts receivables of the Company as of December 31, 2022 and 2021 are analyzed below:

|                   |         | Overdue           |            |            |                      | Total   |
|-------------------|---------|-------------------|------------|------------|----------------------|---------|
|                   |         | Within<br>30 days | 31-60 days | 61-90 days | 91 days<br>and above |         |
| December 31, 2022 | Current |                   |            |            |                      |         |
| Expected losses   | -%      | -%                | -%         | -%         | -%                   | -%      |
| Total book value  | \$2,230 | \$-               | \$-        | \$-        | \$-                  | \$2,230 |
| Loss provisions   | \$-     | \$-               | \$-        | \$-        | \$-                  | \$-     |

|                   |           | Overdue           |            |            |                      | Total     |
|-------------------|-----------|-------------------|------------|------------|----------------------|-----------|
|                   |           | Within<br>30 days | 31-60 days | 61-90 days | 91 days<br>and above |           |
| December 31, 2021 | Current   |                   |            |            |                      |           |
| Expected losses   | -%        | -%                | -%         | -%         | -%                   | -%        |
| Total book value  | \$316,417 | \$-               | \$-        | \$-        | \$-                  | \$316,417 |
| Loss provisions   | \$-       | \$-               | \$-        | \$-        | \$-                  | \$-       |

The Company engages in construction industry. For products sold, the Company collects down payment in advance and the customers usually pay the remaining payments by bank loan. Based on past experiences, there is no expected credit loss.

Change of loss provisions on receivables as below:

|                             | Year ended 2022 | Year ended 2021 |
|-----------------------------|-----------------|-----------------|
| Opening balance             | \$-             | \$-             |
| Reversal of impairment loss | -               | -               |
| Unwinding of discount       | -               | -               |
| Closing balance             | \$-             | \$-             |

### (c) Liquidity risk

Cash flow projections are made by individual operating entities within the Company, and consolidated by the Finance Department. The Company's Finance Department monitors cash flow requirements to ensure that adequate funding is obtained to finance various operations. The Finance Department also maintains adequate level of committed borrowing limits available at all times to prevent the Company from violating terms of loan.

The following table shows non-derivative financial liabilities. An analysis of remaining timespan from balance sheet date until contract maturity are presented below:

|                                                                            | Less than<br>1 year | 1 to 2<br>years | 2 to 3<br>years | 4 to 5<br>years | Total     |
|----------------------------------------------------------------------------|---------------------|-----------------|-----------------|-----------------|-----------|
| December 31, 2022                                                          |                     |                 |                 |                 |           |
| Short-term borrowings                                                      | \$284,000           | \$-             | \$-             | \$-             | \$284,000 |
| Payables (including other payables)                                        | 1,866,861           | -               | -               | -               | 1,866,861 |
| Lease liabilities (including current and non-current portion)              | 3,516               | 3,116           | 2,226           | -               | 8,858     |
| Corporate bonds payable                                                    | -                   | 703,032         | -               | -               | 703,032   |
| Long-term loans (including portions due within 1 year or 1 business cycle) | 1,952,530           | 3,231,025       | 2,806,102       | 1,135,500       | 9,125,157 |
| December 31, 2021                                                          |                     |                 |                 |                 |           |
| Short-term borrowings                                                      | \$483,000           | \$-             | \$-             | \$-             | \$483,000 |
| Payables (including other payables)                                        | 925,628             | -               | -               | -               | 925,628   |
| Lease liabilities (including current and non-current portion)              | 2,004               | 1,259           | 533             | -               | 3,796     |
| Corporate bonds payable                                                    | -                   | -               | 704,784         | -               | 704,784   |
| Long-term loans (including portions due within 1 year or 1 business cycle) | 1,084,320           | 3,200,540       | 640,240         | 3,699,465       | 8,624,565 |

The Company has not expected earlier occurrence of the cash flow analyzed on the due date or any significant difference from the actual amount.

### (3) Fair value information

A. Fair value assessment techniques for financial and non-financial instruments are explained. Definition for the different levels of input:

Level 1: Quotations (unadjusted) that the Company able to obtain from an active market on the measurement date for asset or liability of equivalent nature. An active market is one where assets or liabilities are transacted in sufficient frequency and quantity, and where price information is provided on an ongoing basis. Investments in public-listed shares and beneficiary certificates all have fair values determined using this input.

Level 2: Refers to inputs that can be observed directly or indirectly on an asset or liability, except for quotations covered in level 1 input.

Level 3: Refers to inputs that cannot be observed for an asset or liability. Such case applies to the equity instruments of the Company's investments without active market.

B. For fair value information of investment properties carried at cost, please refer to Note 6(9).

C. Financial instruments not measured at fair value

(a) Except for the items listed below, other accounts including cash and cash equivalents, notes receivable, accounts receivable, other receivables, short-term loans, short-term bills payable, notes payable, accounts payable and other payables, therefore their book values should provide a reasonable estimate for the fair value:

|                                                                                     | Book value         | Fair value    |                    |               |
|-------------------------------------------------------------------------------------|--------------------|---------------|--------------------|---------------|
|                                                                                     |                    | Level 1 input | Level 2 input      | Level 3 input |
| December 31, 2022                                                                   |                    |               |                    |               |
| Financial liabilities:                                                              |                    |               |                    |               |
| Corporate bonds payable                                                             | \$703,032          | \$-           | \$715,428          | \$-           |
| Long-term loans<br>(including portions due<br>within 1 year or 1<br>business cycle) | 9,125,157          | -             | 9,125,157          | -             |
| Total                                                                               | <u>\$9,828,189</u> | <u>\$-</u>    | <u>\$9,840,585</u> | <u>\$-</u>    |

|                                                                                     | Book value         | Fair value    |                    |               |
|-------------------------------------------------------------------------------------|--------------------|---------------|--------------------|---------------|
|                                                                                     |                    | Level 1 input | Level 2 input      | Level 3 input |
| December 31, 2021                                                                   |                    |               |                    |               |
| Financial liabilities:                                                              |                    |               |                    |               |
| Corporate bonds payable                                                             | \$704,784          | \$-           | \$724,842          | \$-           |
| Long-term loans<br>(including portions due<br>within 1 year or 1<br>business cycle) | 8,624,565          | -             | 8,624,565          | -             |
| Total                                                                               | <u>\$9,329,349</u> | <u>\$-</u>    | <u>\$9,349,407</u> | <u>\$-</u>    |

(b) The assumptions and approaches used for assessing fair value:

- i. For long-term loans (including its current portion), the fair value is based on it carrying amount. Since all long-term loans are bearing floating interest rate, it is already adjusted based on market situation. There are no special terms on borrowings, the interest should be close to market interest rate. The Company uses the present value of expected cash flow to assess fair value, which is similar with carrying amount.

- ii. For convertible corporation bonds, fair value is assessed based on present value of the expected cash flow, discounted by the market interest rate on balance sheet date.

D. Based on the characteristics, natures and risk, the Company categorize financial and non-financial instruments. The details as below:

|                                         | Level 1 | Level 2 | Level 3 | Total |
|-----------------------------------------|---------|---------|---------|-------|
| December 31, 2022                       |         |         |         |       |
| Assets                                  |         |         |         |       |
| <u>Recurring fair value measurement</u> |         |         |         |       |
| Financial assets at fair value          |         |         |         |       |
| through profit or loss                  |         |         |         |       |
| Derivatives                             | \$-     | \$-     | \$-     | \$-   |
| December 31, 2021                       |         |         |         |       |
| Assets                                  |         |         |         |       |
| <u>Recurring fair value measurement</u> |         |         |         |       |
| Financial assets at fair value          |         |         |         |       |
| through profit or loss                  |         |         |         |       |
| Derivatives                             | \$-     | \$-     | \$-     | \$-   |

E. The approaches and assumptions used for measuring fair value as below:

(a) The valuation technique and input for level 2 financial instruments as below:

| Financial instrument category                                 | Valuation Technique and Input                                                                                                                                                             |
|---------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Derivative -Call options and put options of Convertible bonds | Evaluate using Binomial Tree for Convertible Bond Pricing Model, according to the conversion price volatility, non-risk interest rate, risk discount rate, and residual maturity periods. |

(b) The output of the valuation model is an approximation of estimation. However, the valuation technology may not reflect all relevant factors of the financial instruments and non-financial instruments held by the Company. Hence, the estimation of the valuation model will be adjusted appropriately according to the additional parameters. For example, model risks or liquidity risks. According to the management policy of the Company's fair value valuation model and relevant control procedures, management believes that it is applicable and necessary to adjust valuation in order to fairly express the fair value of the financial instrument and non-financial instrument in separate balance sheets. The price information and parameters used in the valuation process must be deliberately evaluated and appropriately adjusted according to the current market conditions.

F. For the years ended December 31, 2022 and 2021, there were no transfers between Level 1 and Level 2 of the fair value hierarchy.

### 13. Additional disclosures

(1) Information relating to significant transactions and Supplementary disclosure regarding investee companies

| Serial No. | Item                                                                                                                                      | Attachments   |
|------------|-------------------------------------------------------------------------------------------------------------------------------------------|---------------|
| 1          | Financings provided                                                                                                                       | None          |
| 2          | Endorsements and Guarantees Made to Others                                                                                                | Attachments 1 |
| 3          | Securities held at the end of period (excluding investments in subsidiaries, associates or any portion controlled by joint ventures)      | None          |
| 4          | Cumulative amount of the same marketable securities purchased or sold amounting to NT\$300 million or 20% of the paid-up capital or above | None          |
| 5          | Acquisition of real estate amounting to NT\$300 million or 20% of paid-up capital or above                                                | Attachments 2 |
| 6          | Disposal of real estate amounting to NT\$300 million or 20% of paid up capital or above                                                   | None          |
| 7          | Sales and purchases with related parties amounting to NT\$100 million or 20% of paid up capital or above                                  | None          |
| 8          | Related party receivables amounting to NT\$100 million or 20% of paid-up capital or above                                                 | None          |
| 9          | Trading of derivatives                                                                                                                    | None          |
| 10         | Names, locations and information of investees                                                                                             | None          |

(2) Investments in the Mainland

| Serial No. | Item                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                     | Attachments                                  |
|------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------|
| 1          | Names, primary business activities, paid-up capital, terms of investment and information relating to Mainland investees                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                  | None                                         |
| 2          | Significant transactions with Mainland investees through directly or indirectly held businesses in another country:<br>(1) Amount and percentage of purchases made and balance and percentage of corresponding payables at the end of period.<br>(2) Amount and percentage of sales made and balance and percentage of corresponding receivables at the end of period.<br>(3) Property transactions and the resulting gains and losses<br>(4) Closing balances and purposes of endorsed notes, guarantees, or pledged collaterals<br>(5) Maximum loan balance, closing loan balance, interest rate range, and total interests in the current period<br>(6) Other transactions with material impact to the current profit and loss or financial position. | None<br>None<br>None<br>None<br>None<br>None |

(3) Major shareholder information : Attachments 3.

#### **14. Segment information**

The Company primarily engages in the business of construction of public housing, selling and leasing of residential and commercial buildings. There is only one reportable segment. The decision-maker of the company assesses performance and allocation resources in a overall perspective. The Company has only one reportable segment, the segment profit and loss and financial position is identical with comprehensive income statement and balance sheet, please refer to comprehensive income statement and balance sheet.

Separate Accompanying Footnotes (Cont'd) of Crowell Development Corp.  
(Expressed in thousands of New Taiwan dollars, unless otherwise stated)

Attachments 1 Endorsements and Guarantees Made to Others:

| Number<br>(Note 1) | Endorsing and<br>guarantee<br>company | Endorsed and guaranteed<br>company   |                          | Limit for endorsement and guarantee<br>for single enterprise made by the<br>endorsing and guarantee company<br>(Note 3)                                                                                                    | Maximum<br>outstanding<br>endorsements and<br>guarantee amount<br>during the current<br>period<br>(Note 4) | Ending balance<br>of endorsement<br>and guarantee<br>(Note 5) | Actual amount<br>of disbursement<br>(Note 6) | Property-<br>backed<br>endorsement<br>and guarantee | The ratio of<br>accumulated<br>endorsement and<br>guarantee amount<br>in the net worth of<br>the latest financial<br>statements | Maximum limit of endorsement<br>and guarantee (Note 3)                                                                                                                                                   | Provision of<br>endorsements and<br>guarantees by<br>parent company to<br>subsidiary<br>(Note 7) | Provision of<br>endorsements<br>and guarantees<br>by subsidiary to<br>parent company<br>(Note 7) | Provision of<br>endorsements<br>and guarantees<br>to the party in<br>Mainland China<br>(Note 7) |
|--------------------|---------------------------------------|--------------------------------------|--------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------|----------------------------------------------|-----------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------|
|                    |                                       | Name of<br>company                   | Relationship<br>(Note 2) |                                                                                                                                                                                                                            |                                                                                                            |                                                               |                                              |                                                     |                                                                                                                                 |                                                                                                                                                                                                          |                                                                                                  |                                                                                                  |                                                                                                 |
| 0                  | The Company                           | Sing Jyu<br>Development<br>Co., Ltd. | 6                        | The limit for endorsement and guarantee for single entity is under the 20% of the Company's net asset. Based on the latest financial statement, the net asset is \$5,163,084 thousand. The limits is \$1,032,617 thousand. | \$329,500                                                                                                  | \$329,500                                                     | \$104,000                                    | \$27,009                                            | 6.38%                                                                                                                           | The limit for endorsement and guarantee is under the 40% of the Company's net asset. Based on the latest financial statement, the net asset is \$5,163,084 thousand. The limits is \$2,065,234 thousand. | N                                                                                                | N                                                                                                | N                                                                                               |

Note 1: Complete the "Number" column as described below:

- (1) Fill "0" in the issuer field.
- (2) An Arabic numeral starting from "1" should be filled in the investee field by the company type.

Note 2: There are seven types of the relationship between an endorsing and guarantee company and an endorsed and guaranteed company; fill in the number of type each case belongs to:

- (1) A company with business transaction;
- (2) A company in which the Company holds more than 50% voting shares directly or indirectly;
- (3) A company which holds more than 50% voting shares of the Company directly or indirectly;
- (4) A company in which the Company holds 90% or more voting shares directly or indirectly;
- (5) A company which should make mutual guarantees with its peer or joint building constructor for the purpose of construction project as agreed;
- (6) A company to which all shareholders make endorsements and guarantees based on the proportion of shareholding due to the joint investment relationship; or
- (7) Peers making joint and several guarantee for a contract for pre-sale housing pursuant to the "Consumer Protection Act"

Note 3: It is required to fill the limit for endorsement and guarantee for single enterprise made by the endorsing and guarantee company and the maximum limit of endorsement and guarantee as stated in The Company's "Procedures for Making Endorsements/Guarantees" and to explain the calculation methods of such limit and total limit of endorsements and guarantees in the "Note" field.

Note 4: Maximum balance of endorsements and guarantees made to others in the current year

Note 5: The amount approved by the board of directors should be filled. Where the board of directors authorizes the Chairman to make a decision pursuant to Article 12.8 of the "Guidelines for Fund-Lending and Providing Endorsements and Guarantees by Public Companies", it should be the amount approved by the Chairman.

Note 6: Fill the actual amount of disbursement of the endorsed and guaranteed company within the balance limit.

Note 7: In case of provision of endorsements and guarantees by a TWSE/TPEX-listed parent company to a subsidiary, or by the subsidiary to such parent company, or provision of endorsements and guarantees to the party in mainland China, fill "Y".

Separate Accompanying Footnotes (Cont'd) of Crowell Development Corp.  
(Expressed in thousands of New Taiwan dollars, unless otherwise stated)

Attachments 2 Acquisition of property with the amount exceeding NT\$300 million or 20% of the Company's paid-in capital:

| Property Name                                                                               | Transaction Date                                                         | Transaction Amount                      | Status of Payment                                                | Counterparty              | Relationship with the company | Disclosure of Information on Previous Transfer of Property is Required for Related Parties who are also the Counterparty |                               |                  |        | References for Determining Price                                                                                                                             | Purpose of Acquisition and Current Condition | Others |
|---------------------------------------------------------------------------------------------|--------------------------------------------------------------------------|-----------------------------------------|------------------------------------------------------------------|---------------------------|-------------------------------|--------------------------------------------------------------------------------------------------------------------------|-------------------------------|------------------|--------|--------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------|--------|
|                                                                                             |                                                                          |                                         |                                                                  |                           |                               | Owner                                                                                                                    | Relationship with the Company | Date of Transfer | Amount |                                                                                                                                                              |                                              |        |
| 10 piece of land including No. 12, Zhongxing Section in Toufen                              | February 11, 2022<br>March 16, 2022<br>July 22, 2022<br>December 3, 2022 | \$527,639                               | Fully paid in accordance with contract                           | Natural person            | Non-related party             | -                                                                                                                        | -                             | -                | \$-    | Negotiated with seller and refer to appraisal report issued by external appraisers. The appraisal report states the value of the land is \$624,838 thousand. | For construction and operating purpose.      | None   |
| Construction-in-progress Outsourced construction project –Phase I of Daxin Section in Luzhu | April 12, 2022<br>November 25, 2022                                      | \$1,358,392<br>(Before value-added tax) | Paid in accordance with contract and the progress of the project | Li Ben Construction Ltd.  | Non-related party             | -                                                                                                                        | -                             | -                | \$-    | Bargaining                                                                                                                                                   | For construction and operating purpose.      | None   |
| Outsourced construction project –Xinbi Section in Luzhu                                     | December 30, 2022                                                        | \$1,268,219<br>(Before value-added tax) | Paid in accordance with contract and the progress of the project | An Sing Construction Ltd. | Non-related party             | -                                                                                                                        | -                             | -                | \$-    | Bargaining                                                                                                                                                   | For construction and operating purpose.      | None   |

### Attachments 3 Major Shareholder Information

| Name of major shareholder | Number of shares held | Shareholding ratio |
|---------------------------|-----------------------|--------------------|
| Ho Chu Investment Ltd.    | 141,024,189           | 37.11%             |
| Yuanan Investment Ltd.    | 21,210,004            | 5.58%              |

Note 1: The information of major shareholders presented in this table is provided by the Taiwan Depository & Clearing Corporation based on the number of ordinary shares and preferred shares held by shareholders with ownership of 5% or greater, that have been issued without physical registration (including treasury shares) by the Corporation as of the last business day for the current quarter. The share capital in the consolidated financial statements may differ from the actual number of shares that have been issued without physical registration because of different preparation basis.

Note 2: If the above information belongs to the shareholder who transfers the shares to the trust, it shall be disclosed in the individual sub-account of the trustor who opened the trust account by the trustee. As for shareholders apply for insider equity declarations with more than 10% shareholding in accordance with the Securities Exchange Act, their shareholdings include their own shareholdings, plus the shares they have transferred to the trust and have the right to decide on use the trust property, etc. For information on insiders' share declaration, please refer to the Public Information Observatory.

**Crowell Development Corp.**

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**Crowell Development Corp.**

Statement of Cash and cash equivalents

December 31, 2022

(In Thousands of New Taiwan Dollars)

| Item                    | Description | Amount           | Note |
|-------------------------|-------------|------------------|------|
| Petty cash              |             | \$100            |      |
| Demand deposits (NTD)   |             | 270,259          |      |
| Checking deposits (NTD) |             | 526              |      |
| Total                   |             | <u>\$270,885</u> |      |

**Crowell Development Corp.**

Statement of Notes receivable

December 31, 2022

(In Thousands of New Taiwan Dollars)

| Item                                          | Description                    | Amount      | Note |
|-----------------------------------------------|--------------------------------|-------------|------|
| Notes receivable                              | Caonanpo Section<br>of Taoyuan | \$30        |      |
| Less: Allowance for<br>uncollectible accounts |                                | -           |      |
| Total                                         |                                | <u>\$30</u> |      |

**Crowell Development Corp.**

Statement of Accounts receivable

December 31, 2022

(In Thousands of New Taiwan Dollars)

| Item                                          | Description                  | Amount         | Note |
|-----------------------------------------------|------------------------------|----------------|------|
| Accounts receivables                          | Xinglun Section in<br>Zhubei | \$2,200        |      |
| Less: Allowance for<br>uncollectible accounts |                              | -              |      |
| Total                                         |                              | <u>\$2,200</u> |      |

**Crowell Development Corp.**

Statement of Inventories

December 31, 2022

(In Thousands of New Taiwan Dollars)

| Item                                        | Description | Amount       |                      | Note                                                                                 |
|---------------------------------------------|-------------|--------------|----------------------|--------------------------------------------------------------------------------------|
|                                             |             | Cost         | Net realizable value |                                                                                      |
| Buildings and lands held for sale           |             | \$1,551,964  | \$-                  | Please refer to Inventories — Changes for buildings and lands held for sale          |
| Lands held for construction                 |             | 34,966       | -                    | Please refer to Inventories — Changes for Lands held for construction                |
| Construction in progress                    |             | 15,824,295   | -                    | Please refer to Inventories — Changes for construction in progress                   |
| Land held for building bulk transfer        |             | -            | -                    | Please refer to Inventories — Land held for building bulk transfer                   |
| Prepayment for land purchases               |             | -            | -                    | Please refer to Inventories — Prepayment for land purchases                          |
| Subtotal                                    |             | 17,411,225   | -                    |                                                                                      |
| Less: allowance for inventory price decline |             | (9,852)      | -                    | Please refer to Inventories — Allowance for decline in market value and obsolescence |
| Total                                       |             | \$17,401,373 | \$-                  |                                                                                      |

**Crowell Development Corp.**

Inventories—Changes for buildings and lands held for sale

For the year ended December 31, 2022

(In Thousands of New Taiwan Dollars)

| <u>Item</u>               | <u>Opening balance</u> | <u>Increase<br/>(Including<br/>reclassification)</u> | <u>Sold in the<br/>period (Including<br/>reclassification)</u> | <u>Ending balance</u> |
|---------------------------|------------------------|------------------------------------------------------|----------------------------------------------------------------|-----------------------|
| Lands held for sale       |                        |                                                      |                                                                |                       |
| Golden Diamond Plaza      | \$6,000                | \$-                                                  | \$-                                                            | \$6,000               |
| Fulian Section in Tainan  | 29,760                 | -                                                    | -                                                              | 29,760                |
| Lejie Section in Taoyuan  | 341,105                | -                                                    | (341,105)                                                      | -                     |
| Xinglun Section in Zhubei | -                      | 673,932                                              | (150,694)                                                      | 523,238               |
| Buildings held for sale   |                        |                                                      |                                                                |                       |
| Golden Diamond Plaza      | 3,852                  | -                                                    | -                                                              | 3,852                 |
| Fulian Section in Tainan  | 25,386                 | -                                                    | -                                                              | 25,386                |
| Lejie Section in Taoyuan  | 498,177                | -                                                    | (498,177)                                                      | -                     |
| Xinglun Section in Zhubei | -                      | 1,248,057                                            | (284,329)                                                      | 963,728               |
| Total                     | <u>\$904,280</u>       | <u>\$1,921,989</u>                                   | <u>\$(1,274,305)</u>                                           | <u>\$1,551,964</u>    |

**Crowell Development Corp.**

Inventories—Changes for Lands held for construction

For the year ended December 31, 2022

(In Thousands of New Taiwan Dollars)

| Item                                  | Opening balance  | Increase<br>(Including<br>reclassification) | Sold in the<br>period (Including<br>reclassification) | Ending balance  |
|---------------------------------------|------------------|---------------------------------------------|-------------------------------------------------------|-----------------|
| Lands held for<br>construction        |                  |                                             |                                                       |                 |
| Hanlin Section in<br>Zhubei           | \$3,216          | \$-                                         | \$(3,216)                                             | \$-             |
| Phase I of Daxin<br>Section in Luzhu  | 82,808           | 2,303                                       | (85,111)                                              | -               |
| Phase II of Daxin<br>Section in Luzhu | 89,047           | 8,235                                       | (96,985)                                              | 297             |
| Zhongxing Section in<br>Toufen        | -                | 34,669                                      | -                                                     | 34,669          |
| Total                                 | <u>\$175,071</u> | <u>\$45,207</u>                             | <u>\$(185,312)</u>                                    | <u>\$34,966</u> |

**Crowell Development Corp.**

Inventories — Changes for construction in progress

For the year ended December 31, 2022

(In Thousands of New Taiwan Dollars)

| Item                                                     | Opening<br>balance  | Increase           |                         | Decrease<br>(Reclassification) | Ending balance      |
|----------------------------------------------------------|---------------------|--------------------|-------------------------|--------------------------------|---------------------|
|                                                          |                     | Investment cost    | Capitalized<br>interest |                                |                     |
| Jincun Section in Taichung                               | \$3,198,082         | \$1,640,051        | \$41,366                | \$-                            | \$4,879,499         |
| Xinglun Section in Zhubei                                | 1,602,460           | 305,253            | 14,276                  | (1,921,989)                    | -                   |
| Wukuaihu Section in Kaohsiung                            | 1,155,565           | 146,878            | 13,984                  | -                              | 1,316,427           |
| Qingping Section in Zhongli (Commercial District)        | 1,973,973           | 653,324            | 28,432                  | -                              | 2,655,729           |
| Qingping Section in Zhongli (Residential Area)           | 656,646             | 48,588             | 9,526                   | -                              | 714,760             |
| Jianguo Section in Yingge                                | 21,479              | 27                 | -                       | -                              | 21,506              |
| No.1315, Guoqing Section in Yingge                       | 926,790             | 135,198            | 9,506                   | -                              | 1,071,494           |
| No.1321, Guoqing Section in Yingge                       | 603,646             | 138,212            | 6,405                   | -                              | 748,263             |
| Phase I of Daxin Section in Luzhu                        | 1,168,574           | 107,470            | 18,691                  | -                              | 1,294,735           |
| Phase II of Daxin Section in Luzhu                       | 1,250,564           | 106,946            | 20,120                  | -                              | 1,377,630           |
| Hanlin Section in Zhubei                                 | 19,949              | 6,862              | 198                     | -                              | 27,009              |
| Xinbi Section in Luzhu                                   | 878,564             | 257,683            | 12,327                  | -                              | 1,148,574           |
| Middle Road Section 2 in Taoyuan                         | -                   | 227,935            | 60                      | (227,995)                      | -                   |
| No.1315-1, Guoqing Section in Yingge                     | -                   | 23,537             | 331                     | -                              | 23,868              |
| Zhongxing Section in Toufen                              | -                   | 528,039            | -                       | -                              | 528,039             |
| No.146-1, Qingping Section in Zhongli (Residential Area) | -                   | 16,277             | 485                     | -                              | 16,762              |
| Total                                                    | <u>\$13,456,292</u> | <u>\$4,342,280</u> | <u>\$175,707</u>        | <u>\$(2,149,984)</u>           | <u>\$15,824,295</u> |

**Crowell Development Corp.**

Inventories — Land held for building bulk transfer

For the year ended December 31, 2022

(In Thousands of New Taiwan Dollars)

| Item                                                                | Opening<br>balance | Increase | Decrease  | Ending balance |
|---------------------------------------------------------------------|--------------------|----------|-----------|----------------|
| Land held for building bulk transfer                                |                    |          |           |                |
| 4 land numbers, including 651,<br>Shangxing Section, Luzhu District | \$2,813            | \$704    | \$(3,517) | \$-            |
| Total                                                               | \$2,813            | \$704    | \$(3,517) | \$-            |

**Crowell Development Corp.**

Inventories — Prepayment for land purchases

For the year ended December 31, 2022

(In Thousands of New Taiwan Dollars)

| <u>Item</u>                                                                             | <u>Opening<br/>balance</u> | <u>Increase</u>  | <u>Decrease</u>    | <u>Ending balance</u> |
|-----------------------------------------------------------------------------------------|----------------------------|------------------|--------------------|-----------------------|
| Prepayment for land purchases                                                           |                            |                  |                    |                       |
| No. 317, Middle Road Section 2 in Taoyuan                                               | \$-                        | \$223,571        | \$(223,571)        | \$-                   |
| 10 land numbers such as No.12, Zhongxing Section of Toufen City, Miaoli County          | -                          | 527,639          | (527,639)          | -                     |
| No. 341 in the Huanshi Section, Zhunan Township, Miaoli County                          | -                          | 15,687           | (15,687)           | -                     |
| 6 land numbers such as No.65-5 in the Dongzhuang Section of Toufen City, Miaoli County  | -                          | 7,924            | (7,924)            | -                     |
| No. 271-1, 276 in the Deyi Section of Toufen City, Miaoli County                        | -                          | 2,221            | (2,221)            | -                     |
| No. 190 in the Ziqiang Section of Toufen City, Miaoli County                            | -                          | 818              | (818)              | -                     |
| 7 land numbers such as No.561 in the Dongping Section of Zhunan Township, Miaoli County | -                          | 7,871            | (7,871)            | -                     |
| Total                                                                                   | <u>\$-</u>                 | <u>\$785,731</u> | <u>\$(785,731)</u> | <u>\$-</u>            |

**Crowell Development Corp.**

Inventories — Allowance for decline in market value and obsolescence

For the year ended December 31, 2022

| (In Thousands of New Taiwan Dollars)                         |                        |                 |                 |                       |
|--------------------------------------------------------------|------------------------|-----------------|-----------------|-----------------------|
| <u>Item</u>                                                  | <u>Opening balance</u> | <u>Increase</u> | <u>Decrease</u> | <u>Ending balance</u> |
| Allowance for decline<br>in market value and<br>obsolescence |                        |                 |                 |                       |
| Golden Diamond<br>Plaza                                      | \$(9,852)              | \$-             | \$-             | \$(9,852)             |
| Total                                                        | <u>\$(9,852)</u>       | <u>\$-</u>      | <u>\$-</u>      | <u>\$(9,852)</u>      |

**Crowell Development Corp.**

Statement of Prepayments

December 31, 2022

(In Thousands of New Taiwan Dollars)

| Item                      | Description | Amount           | Note |
|---------------------------|-------------|------------------|------|
| Prepaid rent              |             | \$174            |      |
| Prepaid insurance expense |             | 138              |      |
| Supplies inventory        |             | 70               |      |
| Other prepayments         | Others      | 27,224           |      |
| VAT credit                |             | 132,204          |      |
| Total                     |             | <u>\$159,810</u> |      |

**Crowell Development Corp.**

Statement of Other current assets

December 31, 2022

(In Thousands of New Taiwan Dollars)

| Item                                              | Description | Amount           | Note                        |
|---------------------------------------------------|-------------|------------------|-----------------------------|
| Temporary payments                                |             | \$168            |                             |
| Advances to employees                             |             | 305              |                             |
| Incremental costs of obtaining a contract-current | Commission  | 344,355          | Deferred marketing expenses |
| Total                                             |             | <u>\$344,828</u> |                             |

**Crowell Development Corp.**

Statement of Right-of-use assets

For the year ended December 31, 2022

(In Thousands of New Taiwan Dollars)

| Item                        | Opening<br>balance | Increase       | Decrease         | Ending<br>balance | Note |
|-----------------------------|--------------------|----------------|------------------|-------------------|------|
| Buildings                   | \$4,189            | \$3,059        | \$(4,190)        | \$3,058           |      |
| Transportation<br>equipment | 2,864              | 4,742          | -                | 7,606             |      |
| Total                       | <u>\$7,053</u>     | <u>\$7,801</u> | <u>\$(4,190)</u> | <u>\$10,664</u>   |      |

**Crowell Development Corp.**

Statements of Accumulated depreciation and impairment of right-of-use assets

For the year ended December 31, 2022

(In Thousands of New Taiwan Dollars)

| Item                        | Opening<br>balance | Increase       | Decrease         | Ending<br>balance | Note |
|-----------------------------|--------------------|----------------|------------------|-------------------|------|
| Buildings                   | \$2,834            | \$898          | \$(3,604)        | \$128             |      |
| Transportation<br>equipment | 459                | 1,252          | -                | 1,711             |      |
| Total                       | <u>\$3,293</u>     | <u>\$2,150</u> | <u>\$(3,604)</u> | <u>\$1,839</u>    |      |

**Crowell Development Corp.**

Statement of Short-term borrowings

December 31, 2022

(In Thousands of New Taiwan Dollars)

| <u>Nature</u> | <u>Creditor</u>         | <u>Ending<br/>balance</u> | <u>Contract Period</u>                   | <u>Range of<br/>interest rates</u> | <u>Currency</u> | <u>Financing<br/>facilities</u> | <u>Pledged assets</u>                 | <u>Note</u> |
|---------------|-------------------------|---------------------------|------------------------------------------|------------------------------------|-----------------|---------------------------------|---------------------------------------|-------------|
| Mortgage      | Union Bank of<br>Taiwan | \$283,000                 | December 9, 2022 –<br>December 9, 2023   | 1.73%-1.98%                        | NTD             | \$300,000                       | Refer to Note 7 -<br>"Pledged assets" |             |
| Mortgage      | King's Town<br>Bank     | 1,000                     | February 21, 2022 –<br>February 21, 2023 | 2.835%                             | NTD             | 850,000                         | Refer to Note 7 -<br>"Pledged assets" |             |
| Total         |                         | <u>\$284,000</u>          |                                          |                                    |                 |                                 |                                       |             |

**Crowell Development Corp.**

Statement of Contract liabilities - current

December 31, 2022

(In Thousands of New Taiwan Dollars)

| Item                      | Description                                       | Amount      | Note |
|---------------------------|---------------------------------------------------|-------------|------|
| Advance building receipts | Xinglun Section of Zhubei                         | \$206,637   |      |
|                           | Wukuaihu Section of Kaohsiung                     | 159,423     |      |
|                           | Jincun Section of Taichung                        | 425,293     |      |
|                           | Qingping Section of Zhongli (commercial district) | 14,910      |      |
| Avance land receipts      | Xinglun Section of Zhubei                         | 246,428     |      |
|                           | Wukuaihu Section of Kaohsiung                     | 229,807     |      |
|                           | Jincun Section of Taichung                        | 610,442     |      |
|                           | Qingping Section of Zhongli (commercial district) | 29,164      |      |
| Total                     |                                                   | \$1,922,104 |      |

**Crowell Development Corp.**

Statement of Notes payable

December 31, 2022

(In Thousands of New Taiwan Dollars)

| Vendor Name                      | Description              | Amount      | Note |
|----------------------------------|--------------------------|-------------|------|
| Xing He Li Development Co., Ltd. | Office rental expenses   | \$24        |      |
| Sing Jyu Development Co., Ltd.   | Hanlin Section in Zhubei | 75          |      |
| Total                            |                          | <u>\$99</u> |      |

**Crowell Development Corp.**

Statement of Accounts payable

December 31, 2022

(In Thousands of New Taiwan Dollars)

| <u>Vendor Name</u>             | <u>Description</u>       | <u>Amount</u>      | <u>Note</u>                                                                         |
|--------------------------------|--------------------------|--------------------|-------------------------------------------------------------------------------------|
| An Sing Construction Ltd.      | Payment                  | \$867,964          |                                                                                     |
| Li Ben Construction Ltd.       | Payment                  | 432,776            |                                                                                     |
| Sing Jyu Development Co., Ltd. | Hanlin Section in Zhubei | 1,085              |                                                                                     |
| Others                         |                          | 68                 | The amount of individual client in others does not exceed 5% of the account balance |
| Total                          |                          | <u>\$1,301,893</u> |                                                                                     |

**Crowell Development Corp.**

## Statement of Other payables

December 31, 2022

(In Thousands of New Taiwan Dollars)

| Item                              | Description | Amount           | Note                                                                                |
|-----------------------------------|-------------|------------------|-------------------------------------------------------------------------------------|
| Salaries payable                  |             | \$9,323          |                                                                                     |
| Interest payable                  |             | 6,671            |                                                                                     |
| Commission payable                |             | 294,803          |                                                                                     |
| Professional service fees payable |             | 1,910            |                                                                                     |
| Constructino retention payable    |             | 232,190          |                                                                                     |
| Other Payables                    |             | 14,269           | The amount of individual client in others does not exceed 5% of the account balance |
| Total                             |             | <u>\$559,166</u> |                                                                                     |

**Crowell Development Corp.**

## Statement of Lease liabilities

December 31, 2022

| (In Thousands of New Taiwan Dollars) |             |                                      |                        |                |      |
|--------------------------------------|-------------|--------------------------------------|------------------------|----------------|------|
| Item                                 | Description | Contract Period                      | Discount rates applied | Amount         | Note |
| Buildings                            | Office      | November 1, 2022 - October 31, 2025  | 2.18%                  | \$1,483        |      |
|                                      | Office      | December 1, 2022 - November 30, 2025 | 2.18%                  | 1,452          |      |
| Transportation equipment             |             | July 8, 2021 - July 7, 2024          | 1.90%                  | 1,470          |      |
|                                      |             | October 24, 2022 - October 23, 2025  | 2.18%                  | 4,453          |      |
| Total                                |             |                                      |                        | <u>\$8,858</u> |      |

**Crowell Development Corp.**

Statement of Other current liabilities

December 31, 2022

(In Thousands of New Taiwan Dollars)

| Item                   | Description | Amount          | Note |
|------------------------|-------------|-----------------|------|
| Other advance          | Rental fee  | \$3             |      |
| Temporary receipts     | Others      | 2,177           |      |
| Receipts under custody | Agency fee  | 49,019          |      |
| Total                  |             | <u>\$51,199</u> |      |

## Crowell Development Corp.

### Statement of Long-term loans

December 31, 2022

(In Thousands of New Taiwan Dollars)

| Nature of loan  | Lender                             | Loan amount                    | Contract term                                                                                                | Range of interest rates | Pledged or collateral                                                                         | Note                                                                                                   |
|-----------------|------------------------------------|--------------------------------|--------------------------------------------------------------------------------------------------------------|-------------------------|-----------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------|
| Mortgage        | Land Bank of Taiwan                | \$419,330<br>93,110<br>30,890  | September 21, 2018- September 21, 2023<br>July 1, 2019 - July 1, 2024<br>December 2, 2019 - December 2, 2024 | 2.25%-2.33%             | Construction in progress / Land and Buildings held for sale at Xinlun Section of Zhubei       | Information of collateral for long-term loans, refer to Note 8 to the individual financial statements. |
| Mortgage        | Land Bank of Taiwan                | 1,624,240<br>735,725           | September 21, 2018- September 21, 2025<br>May 29, 2020 - May 29, 2025                                        | 2.27%-2.33%             | Construction in progress at Jincun Section of Taichung                                        | Information of collateral for long-term loans, refer to Note 8 to the individual financial statements. |
| Mortgage        | Land Bank of Taiwan                | 597,800<br>126,350<br>33,600   | May 8, 2019 - May 8, 2024<br>February 26, 2020 - May 8, 2024<br>April 10, 2020 - April 10, 2025              | 2.25%-2.33%             | Construction in progress at Wukuaihu Section of Kaohsiuang                                    | Information of collateral for long-term loans, refer to Note 8 to the individual financial statements. |
| Mortgage        | Chang Hwa Commercial Bank          | 1,336,000<br>73,200<br>102,910 | March 30, 2020 - March 30, 2023<br>March 24, 2021 - March 30, 2023<br>October 3, 2022 - March 30, 2024       | 2.30%<br>2.43%<br>2.43% | Construction in progress at Qingping Section of Zhongli (commercial district)                 | Information of collateral for long-term loans, refer to Note 8 to the individual financial statements. |
| Mortgage        | Land Bank of Taiwan                | 211,400<br>300,200             | November 24, 2020 - November 24, 2025<br>February 25, 2020 - February 25, 2026                               | 2.31%<br>2.18%          | Construction in progress at Qingping Section of Zhongli (residential area)                    | Information of collateral for long-term loans, refer to Note 8 to the individual financial statements. |
| Mortgage        | Mega International Commercial Bank | 1,956,702                      | January 29, 2021 - January 29, 2026                                                                          | 2.36%-2.41%             | Construction in progress at Daxin Section in Luzhu                                            | Information of collateral for long-term loans, refer to Note 8 to the individual financial statements. |
| Mortgage        | CTBC Bank                          | 10,400                         | February 8, 2021 - February 8, 2024                                                                          | 2.41%-2.46%             | Construction in progress at Hanlin Section in Zhubei                                          | Information of collateral for long-term loans, refer to Note 8 to the individual financial statements. |
| Mortgage        | Land Bank of Taiwan                | 829,700                        | April 26, 2021 - April 26, 2026                                                                              | 2.18%-2.28%             | Construction in progress at Guoqing Section in Yingge                                         | Information of collateral for long-term loans, refer to Note 8 to the individual financial statements. |
| Mortgage        | Taishin International Bank         | 638,000                        | December 3, 2021 - December 3, 2025                                                                          | 2.23%                   | Construction in progress at Xinbi Section in Luzhu                                            | Information of collateral for long-term loans, refer to Note 8 to the individual financial statements. |
| Mortgage        | Taipei Fubon Bank                  | 5,600                          | April 19, 2022 - April 19, 2026                                                                              | 2.45%                   | Property, plant and equipment-Construction in progress-No. 317, Zhonglu II Section in Taoyuan | Information of collateral for long-term loans, refer to Note 8 to the individual financial statements. |
| Current portion |                                    | (5,183,555)                    |                                                                                                              |                         |                                                                                               |                                                                                                        |
| Total           |                                    | <u>\$3,941,602</u>             |                                                                                                              |                         |                                                                                               |                                                                                                        |

**Crowell Development Corp.**

Statement of Operating revenues

For the year ended December 31, 2022

(In Thousands of New Taiwan Dollars)

| Item                               | Volume | Amount             | Note |
|------------------------------------|--------|--------------------|------|
| Construction revenue               |        |                    |      |
| Building-Lejie Section in Taoyuan  | -      | \$552,730          |      |
| Building-Xinglun Section in Zhubei | -      | 304,687            |      |
| Land-Lejie Section in Taoyuan      | -      | 584,742            |      |
| Land-Xinglun Section in Zhubei     | -      | 287,711            |      |
| Rental revenue                     | -      | 383                |      |
| Less: Sales returns and discounts  | -      | (1,270)            |      |
| Total                              |        | <u>\$1,728,983</u> |      |

**Crowell Development Corp.**

Statement of Operating costs

For the year ended December 31, 2022

| (In Thousands of New Taiwan Dollars) |                           |                    |      |
|--------------------------------------|---------------------------|--------------------|------|
| Item                                 | Description               | Amount             | Note |
| Building costs                       | Lejie Section in Taoyuan  | \$498,177          |      |
|                                      | Xinglun Section in Zhubei | 284,329            |      |
| Land costs                           | Lejie Section in Taoyuan  | 341,105            |      |
|                                      | Xinglun Section in Zhubei | 150,694            |      |
| Rental Costs                         |                           | 295                |      |
| Other operating costs                |                           | 10,780             |      |
| Total                                |                           | <u>\$1,285,380</u> |      |

**Crowell Development Corp.**

Statement of Selling expenses

For The Year Ended December 31, 2022

(In Thousands of New Taiwan Dollars)

| Item                  | Description | Amount          | Note                                                                   |
|-----------------------|-------------|-----------------|------------------------------------------------------------------------|
| Advertisement expense |             | \$24,095        |                                                                        |
| Commission expense    |             | 44,487          |                                                                        |
| Other expenses        |             | 230             | The individual balance does not reach 5% of the balance of the subject |
| Total                 |             | <u>\$68,812</u> |                                                                        |

**Crowell Development Corp.**

Statement of General and administrative expenses

For the year ended December 31, 2022

(In Thousands of New Taiwan Dollars)

| Item            | Description | Amount          | Note                                                                   |
|-----------------|-------------|-----------------|------------------------------------------------------------------------|
| Payroll expense |             | \$40,589        |                                                                        |
| Other expenses  |             | 24,077          | The individual balance does not reach 5% of the balance of the subject |
| Total           |             | <u>\$64,666</u> |                                                                        |