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Sanfar Property Limited

Handbook for the 2021 Annual Report

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Table of contents

One. Letter to Shareholders

I. 2021 Operating Results	3
II. 2021 Operating Plan Summary.....	6
III. Strategies for Future Company Development.....	13
IV. The influence of the external competition environment, the legal environment, and the macroeconomic environment	15

Two. Company profile

I. Date of establishment	20
II. Company history	20

Three. Corporate Governance Report

I. Organizational Structure	27
II. Information of the Board Directors, General Manager, Vice General Manager, Assistant Vice President, and Heads of Departments and Branches	29
III. Remuneration payments to the Board Directors (including Independent Director), General Manager, and Vice General Manager in the most recent year	40
IV. Company Governance	55
V. Information on CPA's professional fees.....	126
VI. Information on change of CPAs.....	127
VII. Anyone among the Company's chairperson, general manager or any managerial officers in charge of finance or accounting affairs who have in the most recent year held a position at the accounting firm of the attesting CPA or an affiliate of the accounting firm.	127
VIII. Changes in Shares trading and pledging of Directors, managerial officers and Shareholders Holding More Than 10% Shares during the most recent fiscal year and as of the current fiscal year up to the date of publication of the annual report.....	127
IX. Information on the top ten shareholders in shareholding ratio and are related parties or with a relationship of being a spouse or a relative within the 2nd degree of kinship.....	130
X. Investments jointly held by the company, the company's directors, managers, and enterprises directly or indirectly controlled by the company, with shareholding disclosed in aggregate of the said	

parties.....	131
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Four. Capital Overview

I. Capital and shares.....	132
II. Types of corporate bonds	140
III. Preferred stock	141
IV. Depository receipt.....	141
V. Employee stock option certificate	141
VI. Restricted stock awards.....	141
VII. Issuance of new shares due to merger or acquisition of shares of another company	141
VIII. Capital projection and implementation.....	142

Five. Operational Overview

I. Scope of business	143
II. Market Overview.....	147
III. Head count, average seniority, average age and educational background of employees in recent two years and as of the publication date of the annual report.....	153
IV. Environmental protection expenditure	154
V. Labor and management relations	154
VI. Cyber Security Management	156
VII. Material Contracts.....	157

Six. Financial Summary

I. Condensed balance sheets and statements of comprehensive income for the past 5 fiscal years, showing the name of the certified public accountant and the auditor's opinion given thereby	159
II. Financial Analysis for the Last Five Years.....	164
III. Audit Committee Review Report on the Latest Financial Report	170
IV. Financial Report for the Most Recent Year	171
V. The latest individual company financial report audited by the CPA.....	171
VI. Where the company or any of its affiliated companies had, from the recent years up to the publication of this annual report, experienced financial distress, the impact to the Company's financial status	171

Seven. Review and Analysis of Financial Position and Business Performance, and Risk Management Issues

I. Financial Status	172
II. Financial Performance	173
III. Cash Flow.....	174
IV. The impacts that major capital expenditures have on financial operations in the most recent year.....	174
V. Reinvestment policy in the most recent year, the main reasons for its profit or loss, improvement plan, and investment plan for the coming year	174
VI. Analysis and Evaluation of Risk Management of the Following Items for the Most Recent Year and As of the Publication Date of the Annual Report.....	174
VII. Other important matters	178

Eight. Special Disclosures

I. Information on affiliates.....	179
II. Private placement of marketable securities for the most recent year up to the publication of the annual report.....	179
III. Holding or disposal of shares in the Company by the Company's subsidiaries for the most recent year up to the date of publication of the annual report.....	180
IV. Other Necessary Supplement.....	180

Nine. In the most recent year and as of the annual report publication date, any matter which has a significant impact on shareholders' equity or the price for the securities referred to in Article 36, paragraph 3, subparagraph 2 of the Securities and Exchange Act	181
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ONE. LETTER TO SHAREHOLDERS

Dear Shareholders, Ladies and Gentlemen:

I sincerely welcome all shareholders taking the time to attend the shareholders' meeting. On behalf of all my colleagues and the company, I would like to thank all shareholders for your long-term support and trust.

While the 2021 coronavirus (COVID-19) and dual variants continue to spread affecting people's daily lives, the vaccines entered the market subsequently. The pandemic then begins to slow down and the global economy is seeing a gradual recovery. Lives in Taiwan have been going on normally due to the success in the pandemic prevention. Production, manufacturing, and consumption activities continue and the economy is recovering on a strong momentum. Statistics from the Directorate-General of Budget, Accounting and Statistics, Executive Yuan (DGBAS) show that the 2021 annual economic growth rate was 6.45% reaching an all-time high for the past 11 years. Gross Domestic Production (GDP) per person surpasses USD 30,000 for the first time. The domestic economic structure is on a good transformation which enables the housing market momentum to continue to rise with extended flow of funds. Thus, the housing market is showing a stable performance. The Company relies on professional team and precise marketing for profitable performance.

In 2021, the various branches and central government of Taiwan executed the House and Land Transactions Income Tax, and add further restrictions following the anti-flipping properties policies. The costs for raw materials and labor of construction and various industries continue to surge leading to a tight supply still. On top of that, the pandemic is still an interruptive factor and there are active developments in the market for industrial and commercial use real estate. The Company continues to stay focus and committed to eco-friendly construction materials development and introduced technological organizational measures plan. Putting in full efforts in hoping to reach the anticipated operations results.

In 2022, the vaccination rate has increased. The impacts of the pandemic to the economic activities have gradually slowed down. Domestic economic recovery remains strong. The housing market transaction structure in Taiwan has transitioned from rising prices to more of a conservative and steady development. This year is the beginning year of the increased interest rates. Every country's fiscal and monetary policies are tightening. As the pandemic remains an impact and the Russia-Ukraine geopolitics situations, the Company pays a close attention on the uncertain factors of the economic changes. Safe countermeasures are specially adopted to ensure the company's stable and healthy operations in maintaining the shareholders' long term

profits.

The future outlook is the global QE balance sheet shrinkage interest rates will go high, with pressures from the depreciation of the New Taiwan Dollar (NTD), the government credit control policies, inflation-protected housing property, effects of semi-conductor plant expansion, high construction costs and so forth factors will result in the global economy to remain severe. The DGBAS projected the 2022 economic growth in Taiwan to be 4.42%. Under the influence of Russia-Ukraine geopolitics and the pandemic developments, the financial and stock markets are expected to be bumpy. The company remains cautious about the prospect of the future economy. The management will initiate integrated planning and innovation in response to the aforementioned opportunities and risks, construct green buildings in response to market demand, establish a project resume system, and strengthen the maintenance of long-term and stable relationships with suppliers in order to control reasonable costs, integrate marketing precisely, and control construction progress exactly. The company will continue to extensively search for appropriate investment opportunities, increase land for construction use in a timely manner, adjust operating strategies to enhance competitiveness, and strive to realize corporate governance and corporate social responsibility in the hope to continuously create operational success. Concurrently, with our management philosophy of integrity, mutual assistance, professionalism, and responsibility, we will continue to enhance the construction quality and efficiency, promoting products that fit market needs and providing the best living quality. It is a goal to create residential architectures on a needs-based approach in satisfying our customers and to contribute to steady profits for all shareholders.

I. 2021 OPERATING RESULTS

(I) Implementation results of operating plan

Unit: NT\$ Thousand

Items	2021	2020	Increasing or decreasing amount
Operating income	1,715,968	1,491,772	224,196
Gross profit	418,717	436,056	(17,339)
Total comprehensive profit and loss	264,938	190,817	74,121

The Company's 2021 operating income increased by 15.03% as compared to 2020. The income is derived mainly from the case completion of Fuduxin 235, Guanghua Section, and Chi-Yen Section. The growth in the operating income is mainly due to the completion of the new project Fuduxin 235 and partial sales of the remaining housings. In continuation of the 2020 housing market popularity up till the middle of May 2021 when Taiwan enters the pandemic alert level three for more than two months, the overall transactions shrunk. However, the housing market gradually returns to steady state in quarter four after the pandemic was under control and the lockdown was lifted; The Company retains a good outlook about the future housing market which is still on the rise, and continues to take a prudent and optimistic attitude in the evaluation of promotional projects. We will take a proactive approach in clearing new residential homes in grasp of the operation pulse. Also, continue to promote the company's various plans and create performance and growth to meet the expectations of shareholders and investors with the vision of "sustainable operation" and "customer satisfaction."

(II) Budget execution

It is not required to prepare the Company's 2021 financial forecasts based on the "Regulations Governing the Publication of Financial Forecasts of Public Companies."

(III) Financial income and expenditure

Unit: NT\$ Thousand

Items	2021	2020
Net operating income	220,888	209,575
Non-operating income and expense	(5,768)	11,177
Net income before tax of the continuing unit	215,120	220,752
Net income	222,278	182,975
Total comprehensive profit and loss	264,938	190,817

(IV) Profitability analysis

Items	2021	2020	
Return on assets (%)	2.40	1.63	
Ratio of Return on Shareholders' Equity (%)	3.40	2.76	
To Paid-in Capital Ratio (%)	Operating profit	6.76	6.33
	Net income before tax	6.59	6.67
Net profit rate (%)	12.95	12.27	
Basic earnings per share (NT\$)	0.68	0.53	

(V) Research and Development

1. Key development cases: Linkou's Li Lin Section Case, Yungxing Section Case, Cheng-Deh Section Case, Liujiating Case, Shinbon Section Case, Wukuaicuo Section Case, Shinzuan Section Case, Fuduxin Section 18 Case.
2. Sustainable operation and customer satisfaction: Based on the company's core concept of sustainable operation, value the management and communication with consumers, continue to improve product quality, and launch projects that meet consumer needs and expectations while demonstrating financial and non-financial performance. Implement the vision of sustainable operation with the spirit of "courage, water-friendly, and waterproof."
3. Market research and development: Grasp accurate real-price registration and real estate related information, collect statistics on regional land market transaction prices, quantities, and the floorage and

prices of housing projects in recent years in order to facilitate the analysis of the favorite products in each district and to grasp the changes in market demand and consumer mentality for reference in product positioning, product design, customer experience, and marketing strategies for increasing sales.

4. Studying construction methods and project management: Recruit excellent and cooperative manufacturers carefully, reinforce structural safety, quality comes first, innovate work methods, protect work safety, and ensure superior products and site safety.

Chairman: Ding-Sheng Zhong Manager: Ding-Sheng Zhong Accounting Officer: Hui-Chin Wang

II. 2022 OPERATING PLAN SUMMARY

The 2021 COVID-19 (Coronavirus) pandemic continues to spread. In 2021, every country continues to be impacted by the coronavirus variant and has rolled out large scale financial and currency policies, upward adjustments of the interest rates and quantitative tightening of policies to resist economic impacts; With attempts to prevent the further spread of the pandemic, many countries came up with lockdown policies. Thus, the global economic activities have greatly slowed down and economic showed decline. Many countries began to implement vaccination and the economic relief policies of various major economies in 2021 are showing effects. The global economy is showing signs of recovery towards optimistic state. Global GDP surged from -3.36% in 2020 to 6.45%. Major economies are showing huge growth with US, UK, and China growing at over 4%.

The 2022 global economy outlook, it is anticipated that various countries will still be impacted by the spread of the coronavirus (COVID-19) variant, facing new challenges. However, with the advancement of the virus testing quantity, and the increase in vaccination rate, there is a huge drop in the severe cases and death numbers. Every major countries are more likely to relax the pandemic prevention measures. By finding the balance between pandemic prevention and economy, it is hopeful that the global economy can maintain the state of recovery. In terms of domestic consumption, even though it may still be affected by the dual viruses pandemic, it has limited impacts to the public's willingness for consumption. Export wise, the import-export momentum remains strong as it benefits from the active global economy, and the continuance of emerging technologies and digital transformation business opportunities. Domestic economy is expanding steadily. For the construction industry, there have been active investments in integrated construction for factory systems. Restricted by the recent price surge of the reinforcing steel, and the tight source supply of mixed concrete, it is anticipated that the construction costs will go higher and the expected progress will be affected as a result. However, as the market funds momentum is still bountiful, it will relatively be beneficial for optimizing public investments or public constructions. Business investments opportunities are to be expected.

Since 2020, the Central Bank has expanded four times the property credit

control, reduced mortgage proportion, House and Land Transactions Income Tax and so on policies. In 2022, government efforts to curb real estate speculative behavior are persistent. The Ministry of Interior has on April 7th approved the amendment drafts of “The Equalization of Land Rights Act” and “Real Estate Broking Management Act.” There are 5 major revolutionary points. Its contents include forbidding transfer and sale of pre-sale houses, severe penalty for creating a false impression of hot sale, rewards for reporting on flipping properties, restrictions on housing purchase by private legal person, pre-sale house contract termination reporting and so forth. It is expected to bring about a larger impact to the real estate market. The central banks’ currency policies around the world are affected by inflation. Many countries are increasing the interest rates. As the real estate is more sensitive to changes in interest rates, the increased interest rate is expected to impact the real estate transaction volume. The market is shifting towards healthy developments of self-occupancy demands. In summary, there will be a moderate growth for private consumption and export, and private investments. The economic side is looking good with the abundance in funds, supported by the expansion of semi-conductor factories and so on factors. Hence, it is anticipated that the housing market will be steady.

In view of the global economic changes, as the global pandemic rises recently, it is still under control domestically. Following the global trend of living with COVID-19, the pandemic policies of the Taiwan model is shifting towards balancing economy and pandemic; The Company is taking a positive outlook on the outcome of the pandemic prevention work in Taiwan, with the technology industry making strong profit growth and domestic demands taking a good turn and so on beneficial environment; Besides focusing on strengthening core construction businesses, the Company is expanding further in Taiwan. At the same time, fully grasp the momentum of domestic consumption and investment driven by domestic and foreign demands, actively expand business opportunities, seek major business opportunities for business expansion, strengthen the asset management business scope, and actively evaluate each investment project, such as, residential buildings, office buildings, leisure resorts, and commercial hotels. In addition, due to the five major variables, namely, the spread of COVID-19 variants, geopolitical risks of Russia-Ukraine, inflation, interest rates hikes, and intense supply chain, it is anticipated that there will be impacts to the future global economic growth momentum. The Company

specially adopted safe countermeasures to ensure the company's operations are steady and healthy. The company focuses on the overall industry market research, with special emphasis on strengthening personnel training, controlling reasonable cost budgets and implementation progress, research and development of new environmental friendly green building materials, strengthening the quality and brand establishment, and other long-term and stable business development strategies. The company is committed to practicing corporate governance and corporate social responsibility, improving the business management efficiency, enhancing competitiveness, and ensuring profitability to create good business performance continuously.

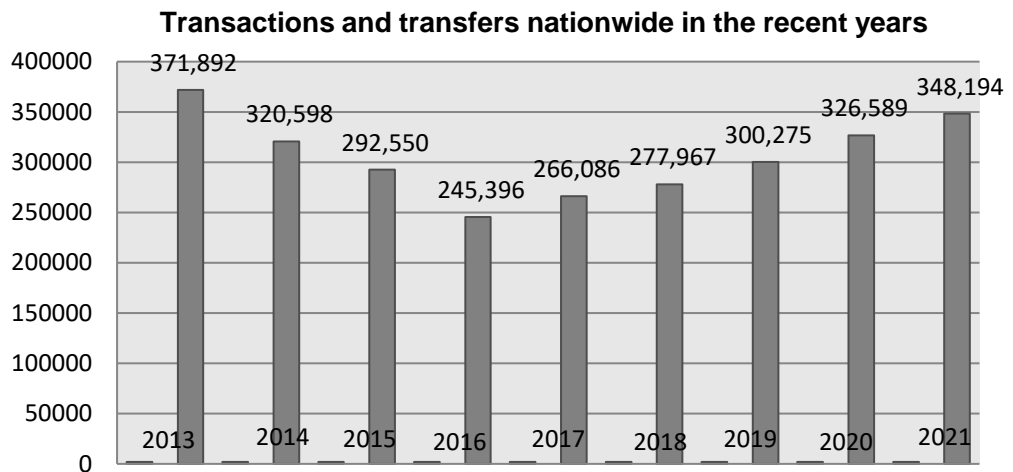
(I) Operating strategy

1. Land acquisition policy:

As the global economy recovers, vaccination coverage increases, the DGBAS estimates that Taiwan has benefited from the return of the domestic consumption momentum in 2022, continuous investments from domestic and overseas companies, and the global digital transformation trend. The domestic economic growth is expected to exceed 4%. In correspondence to the real estate market, large scale domestic real estate transactions amount reaches to as high as NTD 425.6 billion in 2021. Among which, the transaction amount for real estate for business is NTD 133.8 billion and for land is NTD 291.8 billion, which marks a record high since 2003, and it surpasses NTD 400 billion for two consecutive years. There are still plentiful of hot money in the market. However, various construction companies are taking a cautious approach in face of the government's policies suppressing housing price, and a series of influencing factors such as the Central Bank's real estate credit control, interest rates hike. At the same time, there are pressures from surging costs in labor and construction materials. The cost for land acquired over the past few years grew largely year by year. Perhaps the impact from tightened land Loan to Value (LTV) Ratio or interest rate increase by one to two percent might not be huge, but the company is taking a more prudent approach in the evaluation prior to land purchase. It is expected that land transactions will be in a steady state in 2022, and economic performance will continue to drive inelastic demands of real estate for self-occupancy. The government has exhausted all efforts to block out speculating investors from entering the real estate market. The policies help reduce short-term speculation

opportunities that help direct land resources to the parties truly in need. On the investment market, after the “House and Land Transactions Income Tax 2.0” went into effect, investment period has extended to over 5 years. It is anticipated to benefit self-occupancy, and long term property market towards healthy long term development.

Under the low interest rate environment and surge in funding, this has driven purchases in the housing market to increase in recent years. According to a statistics by the Ministry of Interior, the pandemic has not reversed the housing market recovery trend due to the domestic pandemic was brought under control and the low interest rate environment. The 2021 nationwide purchase and sell transfer buildings stands at 348,000 buildings and around 326,000 buildings for 2020, an increase of 8.6%. In comparison to 245,000 buildings in 2016, purchases in the housing market is showing continuous recovery and increase for the past 5 consecutive years since it hits the bottom.



Information source: Department of Statistics, Ministry of the Interior, ROC.

The Company’s mainstream planning is to adapt to the market supply and demand and analyzing the market price trends. The development and acquiring of land is also carried out prudently in response to market mobility. The strategic development for land acquisition is layout from the northern to southern parts. The government constantly rolled out policies with incentives on the re-building of dilapidated buildings and urban renewal. Combining development and innovative management thinking, select the transportation lines, joint development of diverse opportunities, and

measurement of business development values of prime sections; Inelastic demands for second tier cities remain strong. The axis development include land purchase policy is based on whether the location has advance plans, key industry investments, rail economy, city and rural construction. The investment in the secondary cities is emerging in response to the government's urban plan. Therefore, the top-choice area for investment is carefully selected; also, the focus of investment is shifted to the joint construction market or the large-scale building purchase in the downtown area. The company aims for innovative thinking, planning, operation, added value, and continuing generation of stable long-term profit.

The Taiwan housing market has been around for many years. Even with the pandemic interruptions, there are still quite some people chose property as the number one investment under the low interest rate environment. However, this year the global inflation problem is aggravating as each day passes, the pouring of funds is already faced with pressure of increasing interest rates. It is projected that the interest rates will continue to rise for the coming 2 to 3 years. The US Federal Reserve System (FED) has approved a 0.25 percentage point interest rate increase in March 2022, and has penciled gradual increases throughout this year. This is similar to announcing the global low interest rate era is coming to an official ending; Taiwan also follows suit with the pace of the US FED. After the Taiwan Central Bank's directors and supervisors meeting in March, the Bank announces an interest rate increase of 0.25 percentage point, with the rediscount rate adjusted upwards by 0.25% from 1.125% to 1.375%. Subsequently, the currency policy will be adjusted in a timely manner depending on the changing situations domestically. The Central Bank has implemented housing land optional credit control for four times in 2021 and 2022 marks the beginning year of lifting rates. Hence, the land market anticipates a long term healthy and positive development of the housing market for self-occupancy and long term property investments.

The Company's operations plan takes into account operations risks and government's policies beyond considering benefits. In consideration of optimizing income tax and simplifying rental tax and related construction laws and regulations and policies, the operations and planning will be revised constantly. The Company's land purchase investment evaluation remains conservative and steady in seek of

maintaining stable operations.

2. Launching products that meet market demand:

The company actively grasps the changes in market trends, plans with active marketing strategies, and actively completes land preparations in order to cautiously launch new projects that meet market demand. Plan core products, design to meet customer needs, strengthen delicate and intimate planning, continuously improve the quality of design and construction, and enhance product competitiveness in order to become the market leader. The residential property buyers and first-time homeowners remain the dominants in the market. The company will have the positioning and direction of subsequent land acquisitions assessed more carefully; also, it will base the development on the needs of the market with a focus on the rezoning of areas, major public construction development areas, and 1~3 rooms projects to meet the future of the region and to fulfill the needs of residential property buyers and first-time homeowners.

3. Diversified development strategy:

The Company maintains steady operations and expands existing industries that are diverse, cross construction, commercial land property and so on. Innovation is adopted to create values. Therefore, besides combining architecture and music, we create differentiated products from other developers to exert the management synergy in creating brand values. Our future development strategies are collaboration with other industries such as hotel and tourism or develop rental market for commercial and business buildings. Additionally, we will take a proactive approach in evaluating other new businesses for investments and continue to expand the revenue model. It is a goal to advance with steady profit growth.

4. Diversified fund sources:

It is getting difficult to obtain funds in the market due to increasingly stringent financial policies. The company operates steadily. In terms of fund planning and investment planning, the company has adopted multiple channels to plan capital and financial stability, consider capital scale, capital timing, and capital risk, strengthen capital and financial structure, and reduce capital costs. In addition to working capital, the company has managed to stabilize its long-term capital by raising funds in the capital/finance market in order to respond to changing market factors.

(II) Projected sales volume and its basis

By construction projects	Total sales amount	Project location	Scheduled commencement date/completion date
Linkou	NT\$1.3 billion	Linkou District, New Taipei City	Construction to be completed in 2022 Q2
Urban subcenter Project 18	NT\$8 billion	Hsinchuang District, New Taipei City	Construction to be started in 2023 Q2 (projected)
Shinzuan section	NT\$3.4 billion	Central West District, Tainan City	Construction to be started in 2023 Q1 (projected)
Liu Jia Ding 528	NT\$1.2 billion	Yongkang District, Tainan City	Construction to be completed in 2023 Q3 (projected)
Yongshin 181	NT\$1.3 billion	Yongkang District, Tainan City	Construction to be completed in 2023 Q3 (projected)
Cheng-Deh section	NT\$9.7 billion	Renwu District, Kaohsiung City	Construction to be completed in 2023 Q4 (projected)
Shinbon Section	NT\$5.3 billion	Chenzhen District, Kaohsiung City	Plan in progress
Wukuaicuo	NT\$5.2 billion	Lingya District, Kaohsiung City	Plan in progress

(III) Important production and sales policies

1. Due to a solid foundation in land development profession, the company gets hold of sufficient land information sources and is actively searching for land owners who have the interests for joint construction development. We expand land resources for reserve of prime locations through market survey, planning, and engaging professional architects to make prudent evaluation and screening.
2. Our product design is human-centered and diverse. Through careful evaluation of the area consumption pattern, utilizing unique design (such as lighting and airiness for basement, brand materials, large elevators, complete public facilities and beautiful view) for the market, it is hoped to produce products that are beyond value, exquisite, and of practical use in fitting market needs.
3. Adopt advanced architectural technology and construction approaches, cooperate with renowned design teams, exercise the design material selection and construction management functions, and achieve the goal of

cost control, upgraded construction efficiency, and high quality.

4. Launch the product positioning needed by the market, add more flexible elements to the products by taking advantage of the company's existing music advantages, utilize diversified marketing channels to enhance service quality, and establish a trusted and trusted company brand image respected by consumers.
5. Win customer recognition from quality customers, establish excellent quality reputation and exhibit unique brand style, deeply rooted in brand value to increase customer loyalty.

III. STRATEGIES FOR FUTURE COMPANY DEVELOPMENT

(I) Product positioning strategies

1. Look for regional land with competitive advantages, maintain market awareness at all times, and truly grasp information about land and local sales for facilitating land acquisition and competitive development plans. Exercise the design material selection and construction management functions, conduct detailed and accurate local market research and analysis, carefully select locations with development potential, and meet customer needs with diversified products; also, respond to the changes in the industry and market demand structure, timely adjust types of products and output to enter other types of real estate market.
2. Planning aspects: Extensive gathering of real estate architecture design and planning features of various countries, placing importance on fire prevention labelling in public spaces, green building, building material labels, smart building label and earthquake resistance labels and to introduce concepts in energy saving, water saving, ecology, carbon reduction and eco-friendly. Make plans for corporate identity for a clear architecture style in order to enhance the building quality and corporate brand image.

(II) Construction / cost control strategies

1. Accurate construction planning and detailed construction progress planning, adoption of new construction approaches and professional construction technologies, refined structural design and careful selection of building materials, careful selection of excellent and cooperative contractors, rigorous construction quality control, and precise construction operations, in addition to reducing building materials loss, controlling idling building materials, repair and maintenance of construction equipment, and controlling of construction costs, the most important task is to ensure the

safety and health of each worksite,

2. In order to expand the business reach and disperse business risks, the focus is on developing business scope by upholding flexible and anti-risk thinking to have the major cities in northern, central, and southern Taiwan included in the development area and to form vertical management and mutual support of personnel in order to effectively control the construction progress, to reduce operating costs, and to ensure the company's profitability.
3. Promote objective-oriented strategic management. In addition to internal training, the company shall also arrange regular education and training courses by professional consultants to help employees obtain professional knowledge, reduce costs, shorten the construction period, and improve the overall quality of work.

(III) Product marketing/price strategies

1. The company will observe relevant law and regulations, taxation, government policies, and market developments, carefully evaluate the future development of the region, continue to operate steadily with good locations and product advantages, and reduce the risk of market impact.
2. Introduce suitable products according to market needs and to use reasonable cost to reflect on the product pricing. Further reference the changes surrounding the market to gain acceptance by consumers of the individual case price introduced by the company.
3. Observe the market changes at all times and get hold of related market information in maintaining acuity to market price for adjustments. Concurrently, grasp information on finance, policy announcements, laws and regulations and so on to response to the constant changing environment. Precise control of the market pulse for the best sale timing and opportunity, be prepared for decision-making.

(IV) Management system

Strengthen internal control, budget management, and corporate governance operations; also, strive to have all operations computerized, and improve management processes and refine internal control so that the company can still be able to improve work and operation efficiency through strengthening personnel job functions and integrating internal and external resources while the company's sales are still growing.

(V) Customer service strategies

1. Dedicated customer service department: Sustainable service as the

mission in providing excellent services which are detail and considerate, so that the customers feel a sense of honor and warm hospitality. This is to enhance service competitiveness and establish the company brand and trustworthiness in consumers' minds.

2. Dedicated legal department: Strengthen case studies of relevant law and regulations, prevent possible disputes in advance, provide regular sales education and training, and explain in details the rights and obligations of customers at the time of making house sales in order to reduce the possibility of property sale disputes.

IV. THE INFLUENCE OF THE EXTERNAL COMPETITION ENVIRONMENT, THE LEGAL ENVIRONMENT, AND THE MACROECONOMIC ENVIRONMENT

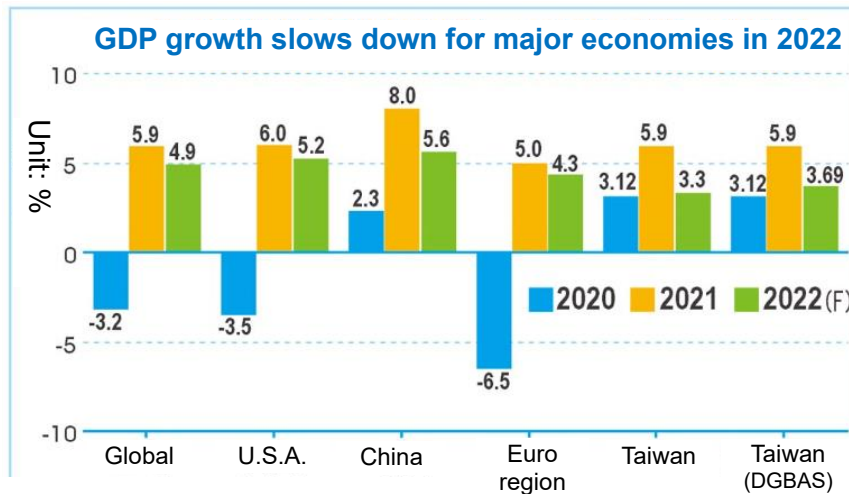
- (I) External competition: Even though the six cities' (Taipei City/New Taipei City/Taoyuan City/Hsinchu City and County/Taichung City/Kaohsiung City) housing prices make new record highs and there are growth in promotion cases, the global QE shrinkage brought about funds tightening and inflation leading to pressures on the increasing construction costs. It was anticipated that the Central Bank in Taiwan was going to end the low rate era in 2021 in face of the rapid move by the US in lifting rates. Additionally, the concerns of escalation in international and cross strait political conflicts will change the investors attitude and the overall investment environment; On domestic policies, the government continues to expand the efforts on anti-speculative behavior. Recently, it is observed of a decline in speculators and vacant houses. Such situations will accelerate industry peer market competition; In spite of the many disadvantageous factors, in addition to strengthening the professional capabilities of the team, the Company constructs products that meet consumer needs, and be fully prepared in response to a diverse and changing time and environment. Continues to enhance quality control, construct the corporate brand

and provide excellent post-sales service to raise competitiveness.

(II) Regulatory environment: For the construction law, taxation, and government policies, a dedicated department is to closely observe any change in law and policies. In addition to having the planning and construction operations complied with construction-related law and regulations, the company has also responded to taxation changes in advance to ensure shareholders' equity.

(III) Macroeconomy environment:

As vaccination made rapid progresses in major countries in 2021, the daily lives of the public is gradually on recovering back to normal. The global economy continues to recover. According to the statistics released by the International Monetary Fund (IMF), the 2021 global economic growth rate was 5.9%, which is enough to set off the 3.2% recession in 2020, returning to a level higher than pre-pandemic, showing signs of full recovery. However, there are still a rather large gaps among the economic performance of various countries resulting in many countries still not able to return to the level before the pandemic. This is mainly due to impacts from the uneven distribution of vaccines, pandemic control situations and the scale of relief and incentive policies rolled out by the governments. Impacted by the surge in international logistics fees in 2022, the global supply chain bottleneck continues. Geopolitical risks and extreme weather pushes the international raw material prices and so on factors, the Central Bank in Taiwan upward revises the 2022 inflation rate projected value. The projected consumer price index (CPI) and core CPI annual growth rates were revised upwards from the projected 1.59% and 1.45% at end of 2021 to 2.37% and 1.93%. The projected 2022 Taiwan economic growth rate is 4.05% which is similar to the projected 4.03% at end of 2021.



Data source: IMF

Under the global economic recovery and the coronavirus vaccination rate increases in general, the 2022 Taiwan economic growth rate is due to benefiting from innovative technological applications and the rapid drive on digital transformation, and the effects of product price surge. The total value for annual export, export purchase order amount, made a breakthrough for USD 440 billion and USD 670 billion respectively, creating a historic high record. They made a positive growth for 18 and 22 consecutive months respectively; Secondly, the semiconductor manufacturers continue to invest in advance manufacturing. Additionally, benefiting from the global supply chain reorganization, the government's huge efforts in promoting green energy construction, attracting overseas businesses coming to invest in Taiwan. All of these are supportive in boosting overall demands driving domestic consumption and the investment momentum is turning well. Domestic capacity continues to rise meeting export momentum. Hence, the economic performance improves a level higher. The annual economic growth rate reaches 6.45% which is a new record high since 2010. The 2021 GDP per person has grown from USD 28,383 to USD 33,004.

In comparison to the real estate market, domestic economy grows steadily. Furthermore, the funds in the market are shifting with the return of Taiwanese businesses, increase in private investments, capital easing and low interest rates environment and so on forces supporting the housing market, the buying makes quick return. The pandemic has not reversed the housing market recovery trend. According to a statistic by the Ministry

of Interior, the 2021 national buy and sell for transfer building units was 348,000 building units. It was 326,000 building units in 2020, an annual increase of 6.6%. In comparison to the 2016 transactions which is just 245,000 building units, a positive growth for 5 consecutive years. This shows the housing market purchase continues to recover; Observing the 2021 transactions volume annual increase rate performance in the six cities, Taipei City makes an annual decrease of 0.9%, New Taipei City makes an annual increase of 7.8%, Taoyuan City makes an annual increase of 2.4%, Taichung City makes an annual increase of 2.4%, Tainan City makes an annual increase of 16.1%, and Kaohsiung City makes an annual increase of 18%. Among which, Tainan City and Kaohsiung City has an annual increase rate of over 12%, mainly due to the Taiwan stock continue to rise, the Taiwan Semiconductor Manufacturing Co., Ltd. (TSMC) is establishing plants attracting northern customers to purchase in the southern part, large scale new housing constructions, and the growing transactions for pre-owned house. Observations of the average price performance of the 2021 housing prices, housing prices in the six cities present positive growth. Strong growth is showing especially in the central and southern part. Tainan City ranks first in the annual growth at 13.85%, Taichung City at 13.83%, Kaohsiung City at 11.88%, Taoyuan and Hsinchu at 9.61%, New Taipei City at 9.31%, and Taipei City ranks last at 7.93%; Market region wise, it is anticipated a hot market in the south and a moderate market in the north remain.

The 2022 outlook shows the global economy continues to recover but still faces five major variables, namely the new coronavirus variants spreading, Russia-Ukraine geopolitical risks, inflation, rate hikes, supply chain bottlenecks. These will suppress the global economic growth. It is projected that the currency policies of the central banks of various countries will adopt tightening in principle, a high possibility to continue the interest rate hikes. Hence, adding burden to housing loans of the general public. A conservative approach is likely on the total price or schedule for housing purchase which in turn is going to affect the price and volume of the housing market performance. The future purchases of the housing market are to be impacted. It is necessary to take note of the subsequent impacts to the market price and volume. On the other hand, the surge in

construction costs resulted in downward rigidity of the housing price. In addition, inflation pressure highlights the preservation value of property. As the government continues its efforts in anti-speculation, making housing market information more open and transparent, this has led to a more positive effect in four major aspects of the real estate market, namely, industrial, supply, demand and price aspects. At this moment, it is more beneficial for the self-occupancy and long term property buyer group to enter the market for housing purchase. The Company is monitoring the direction of the policy, interest rates and economy at all times. The planning for land purchasing lean towards areas possessing these three major advantages in “transportation infrastructure, industrial development, population bonus.” Making appropriate expansions of investments in prime locations to achieve long term steady profit growth.

Chairman: Ding-Sheng Zhong Manager: Ding-Sheng Zhong Accounting Officer: Hui-Chin Wang

Two. Company profile

I. DATE OF INCORPORATION: SEPTEMBER 20, 1993

II. COMPANY HISTORY

2009 The private placement of 28,319,974 shares for a total capital stock of NT\$700 million were issued.

2010 The sale of “Longshui” project in Kaohsiung was completed in 2010. The “Shin-Fu Park” project No. 1 and No. 2 in New Taipei City were launched and sold completely.

A capital increase in cash for NT\$300 million has resulted in a cumulative capital stock of NT\$1 billion.

2011 Work with Taiwan Sugar Corporation in 2011 to build a low-rise villa, the construction of the “President New World” project and “President House” project started. In response to organizational adjustments and professional division of labor for strengthening the core competitiveness of the company, the board of directors approved on March 10 to have the audio-video business group with a value of NT\$17,529 thousand transferred to the 100% owned subsidiary - Jingo International Records Co., Ltd. in exchange for 1,500 thousand shares of Jingo International Records Co., Ltd.

Approved a capital increase in cash for NT\$600 million has resulted in a cumulative capital stock of NT\$1.6 billion.

2012 The “Shin-Fu Park NO.1” project was completed with the license obtained in 2012 accordingly. The construction of “NY Pu-Zhi” project in New Taipei City and “Chi-Yen Section” in Taipei City had started.

Jingo Technology Co., Ltd. was officially renamed “Sanfar Property Limited.”

Re-election of the 10th Board of Directors and Supervisors

Donated to establish the “Kaohsiung Social Welfare and Charity Foundation.”

2013 The “Sanfar Enterprise Group Employees Welfare Savings Trust Committee: was established.

Taiwan Stock Exchange approved the company’s transfer from a “TPEX-listed company” to a “TWSE-listed company” on September 17.

Hsinchuang “Lily Pavilion” project, “President House” project in Kaohsiung and “Cultural Peace” project were completed with licenses obtained and houses delivered.

2014 Xinzhuang “Literature Garden” project and “Sanfar Prosperity” project in

Kaohsiung were completed with licenses obtained and houses delivered.

Co-organized “Sanfar Education Cup National New Year Souvenir Baking Contest” event.

The 1st 2014 Kaohsiung City New Building Construction Quality Golden Award - Excellence Award

The 22nd Architectural Golden Stone Award.

2015 (I) Completed: Kaohsiung “Sanfar International City” project and Xinzhuang “NY Pu-Zhi” project were completed with licenses obtained and houses delivered.

(II) Awarded: “Sanfar International City”

The 2015 National Excellent Construction Award – awarded with the “Best Planning & Design - Residential Category – Excellence Award, awarded with the Planning & Design Category Excellence Award.”

“Sanfar Prosperity”

The 2015 National Excellent Construction Award – Awarded with the “Best Construction Quality - Residential Category – Excellence Award.”

“NY Pu-Zhi”

Awarded with the Planning & Design Category –National Golden Award for Architecture

(III) Environmental protection: Organize the Neihu Dagou Creek Mountain Trail and Kaohsiung Chaishan Mountain Cleaning Activities to promote the concept of environmental protection, energy-saving and carbon reduction, and love the earth with action.

(IV) Public Welfare: 1. Sanfar Foundation and National Taiwan University jointly organized the “Three Innovation Economics - Innovation, Entrepreneurship, and Innovative Economy” forum with Professor Thomas J Kosnik of Stanford University in the United States invited to attend the conference.

2. Sanfar Foundation sponsored the “Taipei Philharmonic Foundation for Cultural and Education” to organize the “Berlin Philharmoniker” music art event.

2016 (I) Completed: Kaohsiung “Sanfar Zhifu” project and Beitou “Sanfar Jingyue” project completed with licenses obtained and houses delivered in 2016.

(II) Awarded 1. The Golden Torch Award - The 13th Top-Ten Outstanding Enterprises.

2. The National Brand Yushan Award - The 13th Outstanding

Enterprise

3. The National Golden Award for Architecture (Triple-Crown), the 17th Taiwan Integrity Brand.
4. The National Golden Award for Architecture (Triple-Crown), the 17th Golden Award (Triple Crown).

【Sanfar Crystal Sand】

- (1) FIABCI - Taiwan Real Estate Excellence Awards National Excellent Construction Award – awarded with the “Best Planning and Design Residential Excellence Award, awarded with the Planning and Design Excellence Award.”
- (2) Chinese Architecture Golden Stone Award - The 24th Planning and Design Category.
- (3) Kaohsiung City Architecture Construction Quality Golden Award - The 3rd Construction Quality Category.

【Sanfarhui World】

- (1) FIABCI - Taiwan Real Estate Excellence Awards National Excellent Construction Award – awarded with the “Best Planning and Design Residential Excellence Award, awarded with the Planning and Design Excellence Award.”
- (2) The National Golden Award for Architecture (Triple-Crown), the Design and Planning category
- (3) Chinese Architecture Golden Stone Award - The 24th Planning and Design Category

【Sanfar Youfu】

National Golden Award for Architecture - the 18th Construction Quality category

(III) Public welfare: Sanfar Foundation implemented and sponsored the following activities in 2016:

1. “Everyone has moles” intern activities, recruiting college students to conduct youth career exploration and education programs.
2. Cooperate with HOUSE OF CORNERSTONE LTD. and Sanyo Whisbih Group Education Foundation to organize the “F OUSE OF CORNERSTONE Cub Exploring Education Summer Camp.”
3. Sponsor student art group performances, including “Give Me a Star” from the Theater Arts Department of Sun Yat-sen University, etc., and hope to nurture and cultivate talents in the

future.

- 2017 (I) Completed: Kaohsiung “Sanfar Crystal Sand” project and Yingko “Sanfar Fengyue” project completed with licenses obtained and houses delivered in 2017.
- (II) Awarded
1. The National Golden Award for Architecture (Triple-Crown), the 18th Taiwan Integrity Brand.
 2. The 19th National Golden Award for Architecture
- 【Sanfar Crystal Sand】**
- (1) The National First Prize of the 19th National Architecture Construction Quality Category (Residential and Commercial Building High-rise Group)
 - (2) The Golden Award of the 19th National Architecture Construction Quality Category (Residential and Commercial Building High-rise Group)
- (III) Public welfare: Sanfar Foundation implemented and sponsored the following activities in 2017:
1. Introduced a free-ticket event, provided tickets for the Monster Watch Symphony Concert to Taipei Children’s Welfare Center.
 2. Provided tickets for the Carmen Musical by Genesis Opera to Children Are Us Foundation and Southern Taipei Family Support Center.
- 2018 (I) Completed: Tainan “Sanfarhui World” project completed with licenses obtained and houses delivered in 2018.
- (II) Awarded: WBCSD Global Network Partner /Taiwan Trustworthy Constructors
- 【Sanfar Crystal Sand】**
1. The 2018 Kaohsiung House Green Building Awards/Special Award for Friendly Space/People Choice Award.
 2. The 2018 Architectural Gardening Award/Building Architectural Landscape Category
- 【Sanfar Fengyue】**
- The 20th National Golden Award for Architecture - Construction Quality category
- (III) Public Welfare: Sanfar Foundation was rated “Excellent” by the Kaohsiung Education, Culture and Art Foundation in 2018.
- Implemented and sponsored the following activities in 2018:
1. “Everyone has moles” Youth Career Exploration Project recruits

college students to conduct youth career exploration education programs.

2. Sanfar Foundation constructed a book car “FaFa Explorer” in 2018 to substantiate the core “education” purpose and promote the idea of accompanying children to experience reading and develop good reading habits.

2019 (I) Awarded: 1. WBCSD Global Network Partner /Taiwan Trustworthy Constructors in 2019

2. National Excellent Construction Award/Construction Quality Category

【Sanfar Hui Shi Jie】

(II) Charity events implemented and sponsored in 2019 are listed below:

1. Collected second hand books for charity, cooperated with Eslite Foundation, and Hsin Hsing Library to borrow 500 children’s books to be placed on mobile library vehicle, and the mobile library vehicle has an accumulation of over 1000 books.
2. Cooperated with the National Science and Technology Museum (NSTM) for the mobile library vehicle event every Saturday afternoon, enabling all visiting children to borrow books for free, and to provide the children with graffiti paper for their free coloring. Completing small tasks like reading, writing reading thoughts, and coloring allows them to accumulate points to exchange for stationaries, Pickles the Frog pillows and so on gifts.
3. The mobile library activity will also hold story telling, balloons twisting, mochi making and so on activities from time to time, increasing interactions with the children.
4. Once every quarter will invite famous people (Grandpa Zabon, Uncle Pan) to tell stories, organize coloring courses, paper folding and so on activities for free participation.
5. Charity Run: For children from economically disadvantage families, they have to work harder than others in education that presents opportunities for them to transform their future. With the provision of necessary schooling resources, the fate of these children was expected to be changed and the light of hope was brought to them!

Teaming up with companies publically listed and traded over the counter that are headquartered in Kaohsiung, Sanfar organized the 2019 Run For Future. After the event, the residual balance was totally donated to the designated education account of the Education Bureau to help schooling and skill cultivation of the disadvantaged students.

2020 (I) Charity events implemented and sponsored in 2020 are listed below:

1. Sanfar mobile library vehicle lets reading opens up a new world providing free book borrowing, coloring and parent children joint reading activities. The 2020 mobile library vehicle has appeared in 96 activities servicing 7,951 people. There are plans to create a second Sanfar mobile library vehicle the "Far Far Adventure."
2. Arts and Cultural Sponsor: Sounding Light of Cloud Gate
Sanfar Property and Jingo Music join hands to support arts and culture. The corporates sponsor the performance arts organization, Cloud Gate, in organizing one dance show in Taipei and Kaohsiung City, named, "Sounding Light." Taking actual actions in promoting arts and cultural activities in the hope to bring warmth and light to the society. At the same time, many tickets are given to many charity organizations as gift inviting them to enjoy the show.
3. The Sanfar Educational Foundation and Kaohsiung Autism Foundation - Starlet Playground, Star Music Workshop collaborate on Fairytale Music Carnival. There are 380 people participating in the event on that day.
4. Scholarships
The Sanfar Educational Foundation has appropriated for the 2019 Second term scholarships, collaborating units are: Kaohsiung Hsiao Lin Elementary School, Kaohsiung Ai Chun Elementary School, Kaohsiung Hsin Jia Elementary School.

2021 (I) Award received. 1. Sanfar Property has won the 15th Arts and Business Awards.

2. Sanfar Educational Foundation has won the Kaohsiung Art Education Contribution Awards Organization Award

(II) Charity events implemented and sponsored in 2021 are listed below:

1. Sanfar Educational Foundation's mobile library vehicle

Discussions for expansion with regional collaborating units: T.S.Mall, Blueprint Cultural & Creative Park (BCP) Tainan, Tainan Art Museum established the "Far Far Love to Read Corner," a total of 106 events for the mobile library, 6 charity events, serviced a total of 7,227 people for the year.

Charity donations for books: A total of 200 books

2. Woodland restoration

Project meeting with the forest farm from January to March for

assistance in assessment of adopting land and planting based on the Taiwan forest restoration overview, current needs for tree planting and seedlings of the forest farm.

Kick-start the land adoption for tree planting project, joining hands with the National Taiwan University (NTU) Experimental Forest, adopted one hectare of land planting 1,500 seedlings. One physical activity was organized, land grading in April, begin seedling planting in May, organized physical activity for tree planting in September, complete the seedling planting in November, obtained annual report for project closing in December, and conduct assessment for the demands of the forest farm in the coming years, drafting promotion and event organizing plans.

3. Organizing fund sponsor and talent cultivation

(1) Promoting the "Follow Your Aspiration" plan:

Selection briefing was held before participating in the project, match and obtain consensus of the thoughts and demands for both parties. A 5-person team was created to execute the year support project. The project will contact with 66,915 people. 2 online seminars and 1 high school summer learning camp were organized, 6 learning participants were recruited, interns who participated in the project wrote the project closure report and completed the ending interview. The feedback suggestions collection for the project has completed.

(2) Scholarship applications for Kaohsiung City area elementary schools that meet the qualifications:

A total of five elementary schools applied, and scholarships for a total of \$46,000 were awarded (a total of 46 students).

4. Organized one arts and cultural activity or sponsor amount reaching \$1,000,000:

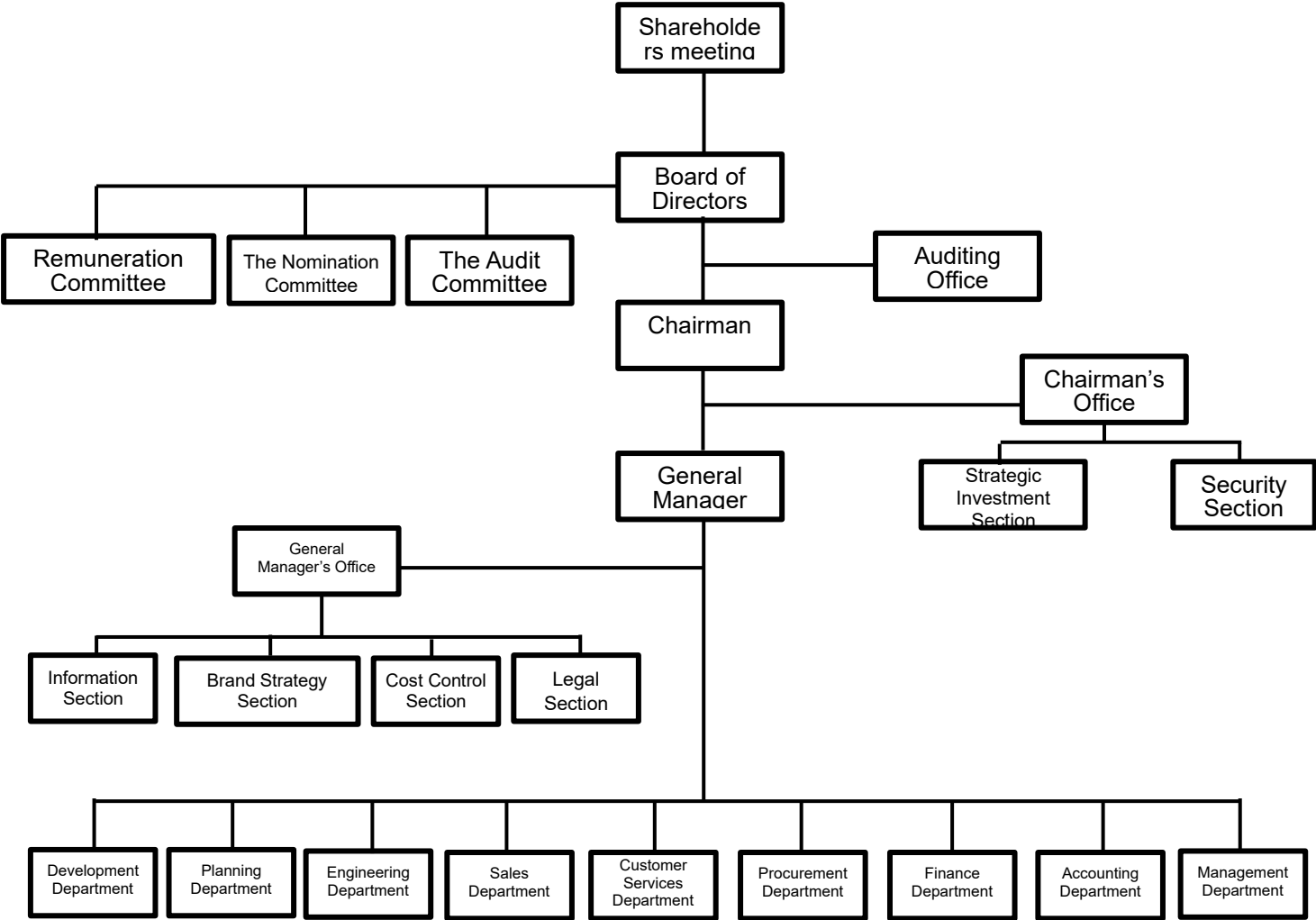
Support Cloud Gate's dance work "Sounding Light," invested sponsorship amount was \$1,500,000, winning the 15th Arts and Business Awards - Bronze Award.

Support the Tainan Public Library Cultural Fund, invested sponsorship amount reaching \$300,000.

THREE. CORPORATE GOVERNANCE REPORT

I. ORGANIZATIONAL STRUCTURE

(I) Organizational structure of the Company



(II) Departmental functions

Departments	Main Functions
Development Department	<ol style="list-style-type: none"> 1. Acquire land, merge, and negotiation and develop construction projects; and 2. Assess possibilities of land use changes as well as effectiveness and feasibility of urban planning and construction investment.
Planning Department	<ol style="list-style-type: none"> 1. Design individual construction project, apply for permit, planning construction budget, and auditing engineering, management, and inspection; and 2. Collect information on relevant new construction materials and engineering methods and utilize innovative architecture design.
Engineering Department	<ol style="list-style-type: none"> 1. Supervise and monitor construction quality and schedule; 2. Manage construction site and safety; 3. Engineering budget management and execution; 4. Plan mechanical and electrical equipment and monitor and supervise construction installation; and 5. Change customer service engineering and repairing.
Sales Department	<ol style="list-style-type: none"> 1. Build brand and develop sales strategy and planning; 2. Build and maintain customer information, compile and manage contracts and signing, and collect term payments; 3. Handle items related to loan verification, allocation, house delivery, and ownership transfer; and 4. Proceed items related to customer services.
Customer Services Department	<ol style="list-style-type: none"> 1. Conduct follow-ups and manage after sales services and issues; and 2. Plan after sales events, allocate budget. And execute.
Procurement Department	<ol style="list-style-type: none"> 1. Responsible for procurement and subcontracting operations of the construction work implementation. 2. Develop and manage vendors.
Finance Department	<ol style="list-style-type: none"> 1. Take charge of capital planning, manage account payable and receivable, and allocate capital; 2. Manage and maintain relationships with financial institutions; and 3. Have a good command of international financial information.
Accounting Department	<ol style="list-style-type: none"> 1. Planning and execution of accounting, taxation, and cost operations of the Company; 2. Declare and make announcements in compliance with laws; and 3. Maintain interactions and negotiate with accountants and authority agencies.
Management Department	<ol style="list-style-type: none"> 1. Manage human resources recruitment, selection, cultivation, development, and retention, budget planning and administration; 2. Manage fixed assets and work related to general affairs; 3. Enact and implement policies and procedures; and 4. Plan and carry out each project and event, maintain employer employee relations, and improve employees' satisfaction.
Auditing Office	<ol style="list-style-type: none"> 1. Enact and improve internal control system of the Company and audit implementation of each system and the internal control system; and 2. Evaluate the effectiveness of internal control and track improvement.
General Manager's Office	<ol style="list-style-type: none"> 1. Manage information security control, plan and manage internal and external computer network, and construct and maintain information management system; and 2. Brand marketing and strategic planning, execution of various project management. 3. Prepare construction engineering budget cost, budget for review and re-examination, and differentiation analysis for execution results. 4. Review of contract documents, gathering of laws and regulations, research in legal problems, data collection, sorting and filing, drafting of various agreement contents, litigation correspondences and letters.
Chairman's Office	<ol style="list-style-type: none"> 1. Responsible for medium and long term management strategies formulation, and business re-investments monitoring. 2. Planning and formulating the company's short, medium and long term strategies and investments evaluation. 3. Responsible for external public relations for the company, organize the coordination and operations of each department to achieve operations targets. 4. Cultivate long-term managerial relations with institutional investors to boost company image and value; 5. Promote and maintain investor relations; 6. Assist planning, establishment, and implementation of various management mechanisms of the Company; and 7. Execute various projects in line with company policies. 8. Maintaining various safety systems for work execution.

II. INFORMATION OF THE BOARD DIRECTORS, VICE GENERAL MANAGEMENT, ASSISTANT MANAGER, AND HEADS OF DEPARTMENTS AND BRANCHES

(I) Information of the Board Directors

1. Information of the Board Directors

May 2nd, 2022; Unit: Shares; %

Job title	Nationality or Place of Registration	Name	Gender/ Age	Date elected (onboard)	Term of Office	Date first elected	Shares held when elected		Shares currently held		Shares currently held by spouse & minors		Shares held in the name of others		Experience and (Educational) Background	Selected current Positions at the Company and Other Companies	Other officers, directors or supervisors who are spouses or within second-degree relative of consanguinity to each other			Note
							Number of Shares	Shareholding percentage	Number of Shares	Shareholding percentage	Number of Shares	Shareholding percentage	Number of Shares	Shareholding percentage			Job title	Name	Relations	
Director	The Republic of China (ROC)	Xin Ting Investment Co., Ltd.	-	2018.05	3 Years	2015.06	146,626	0.04	195,398	0.06	-	-	-	-	Not applicable	Not applicable	None	None	None	2021.07 dismissal (Note 1)
	R.O.C.	Xin Ting Investment Co., Ltd. Representative: Chih-Chieh Tsai	Male 51~60 years old	2020.03	1.1 Years	2020.03	-	-	-	-	-	-	-	-	National Taipei University/Dept. of Business Administration, graduated Jianda Accounting Firm/Principal Accountant Founder of Chieh Teng Industry Economics Consulting Co., Ltd.	Sanfar Property Limited/Chairman Chairman of Happiness Jia Integrated Service Corporation Director of WitsLight Technology Corporation Limited (Smoa) Independent Director of Global View Technology Co., Ltd.	None	None	None	2021.07 dismissal (Note 1)
	R.O.C.	Xin Ting Investment Co., Ltd. Representative: Kang-Chi Lu	Female 61~70 years old	2018.05	3 Years	2015.06	-	-	-	-	-	-	-	-	BA of English Department of Soochow University Passion & Gift Co., Ltd./Executive Director Cheng Lu Enterprise Corporation /Representative Sealy Taiwan /General Manager Herbalife Taipei/Hong Kong/Macau/ General Manager	Jingo International Records Co., Ltd./Chairman	None	None	None	2021.07 dismissal (Note 1)
Director	R.O.C.	Cheng Xin Investment Co., Ltd.	-	2018.05	3 Years	2008.05	37,131,212	11.37	49,482,844	15.15	-	-	-	-	Not applicable	Not applicable	None	None	None	2021.07 dismissal (Note 1)
	R.O.C.	Cheng Xin Investment Corporation Representative: Chun-Jung Chung	Male 51~60 years old	2018.05	3 Years	2008.05	-	-	19,282,287	5.9	106,127	0.03	-	-	Wenzao Ursuline University of Languages Sanfar Property Limited/Chairman and General Manager Jingo International Records Co., Ltd./ Chairman	Cheng Xin Investment Corporation/Chairman Sanfar Property Limited /Representative Director of Legal Person Pleasant Hotels International/ Representative Director of Legal Person Poya International Co., Ltd./Independent Director, Member of Audit Committee, Member of Remuneration, Member of Nomination Committee	None	None	None	2021.07 dismissal (Note 1)

Job title	Nationality or Place of Registration	Name	Gender/ Age	Date elected (onboard)	Term of Office	Date first elected	Shares held when elected		Shares currently held		Shares currently held by spouse & minors		Shares held in the name of others		Experience and (Educational) Background	Selected current Positions at the Company and Other Companies	Other officers, directors or supervisors who are spouses or within second-degree relative of consanguinity to each other			Note
							Number of Shares	Shareholding percentage	Number of Shares	Shareholding percentage	Number of Shares	Shareholding percentage	Number of Shares	Shareholding percentage			Job title	Name	Relations	
	The Republic of China (ROC)	Cheng Xin Investment Corporation Representative: Fu-Hsing Li	Male 71~80 years old	2020.04	1 Years	2020.04	-	-	-	-	-	-	-	-	Supreme Advisor of the Legislative Yuan □ The 6th and 7th Legislative Term Legislator □ President of the Great Tainan Association of Kaohsiung City □ President of Kaohsiung City Lee Clan Association	Supreme Advisor of the Legislative Yuan	None	None	None	2021.07 dismissal (Note 1)
Director	R.O.C.	Shang Shan Industrial Limited	-	2021.07	3 Years	2021.07	7,898,480	2.42	13,183,004	4.04	-	-	-	-	Not applicable Not applicable	Not applicable	None	None	None	2021.07 newly elected (Note 1)
	R.O.C.	Shang Shan Industrial Limited Representative: Ding-Sheng Zhong	Male 21~30 years old	2021.07	3 Years	2021.07	-	-	3,794,537	1.16	-	-	1,301,250	0.4	Duke University, USA/Bachelor in Electrical and Computer Engineering, and Bachelor in Computer Science Sanfar Property Limited/Chairman and General Manager	Sanfar Property Limited/Aide to President Jingo International Records Co., Ltd./Director Jinfuxing Construction Co., Ltd./Manager	Director	Ding-Shin Zhong	Brothers	2021.07 newly elected (Note 1)
	R.O.C.	Shang Shan Industrial Limited Representative: Ming-Hsien Kao	Male 61~70 years old	2021.07	3 Years	2021.07	-	-	-	-	-	-	-	-	Tamkang University / Department of Banking Sanfar Property Limited/Vice Chairman	Bank of Panshin/President Land Bank of Taiwan/President Land Bank of Taiwan/Managing Director Small & Medium Enterprise Credit Guarantee Fund of Taiwan /Director	None	None	None	2021.07 newly elected (Note 1)
	R.O.C.	Shang Shan Industrial Limited Representative: Ding-Shin Zhong	Male 21~30 years old	2021.07	3 Years	2021.07	-	-	3,478,622	1.07	-	-	1,426,100	0.44	Tamkang University / Department of Architecture Sanfar Property Limited/Director	Minfar Real Estate Development Co., Ltd./Chairman Michaeldin Creativity Marketing Company /Chairman	Director	Ding-Sheng Zhong	Brothers	2021.07 newly elected (Note 1)
	R.O.C.	Cheng-Nan Huang	Male 51~60 years old	2021.07	3 Years	2008.05	-	-	-	-	-	-	-	-	National Sun Yat-sen University/EMBA National Kaohsiung First University of Science and Technology/Graduate School of Finance Operations Ding He Lawyer & Law Firm	Ding He Lawyer & Law Firm THINKING Electronic Industrial Corporation /Independent Director, Member of Audit Committee, Member of Remuneration Committee	None	None	None	2021.07 newly elected (Note 1)

Job title	Nationality or Place of Registration	Name	Gender/ Age	Date elected (onboard)	Term of Office	Date first elected	Shares held when elected		Shares currently held		Shares currently held by spouse & minors		Shares held in the name of others		Experience and (Educational) Background	Selected current Positions at the Company and Other Companies	Other officers, directors or supervisors who are spouses or within second-degree relative of consanguinity to each other			Note
							Number of Shares	Shareholding percentage	Number of Shares	Shareholding percentage	Number of Shares	Shareholding percentage	Number of Shares	Shareholding percentage			Job title	Name	Relations	
Independent Director	R.O.C.	Chin-Chang Wu	Male 51-60 years old	2018.05	3 Years	2013.07	-	-	-	-	-	-	-	-	National Chiao Tung University/EMBA Sunfar Computer Co., Ltd./Chairman	Sunfar Computer Co., Ltd. /Legal representative of director Sunfar Property Limited/The Remuneration Committee Convener, The Nomination Committee Convener, The Audit Committee Convener I-Hung Investments Co., Ltd./Chairman Sheng Hung Investments Co., Ltd./Chairman E-SUNFAR ENTERPRISE CO., LTD./Chairman Chia Hung Investments Co., Ltd./Director Kunlin Freezer Machinery Co., Ltd./The Remuneration Committee Member Ling Dong Digital CO., LTD./Chairman and General Manager First Science and Technology Angel Investment Co., Ltd./Managing Director Spring Foundation of NCTU/Director NGUSCHOOL / Director	None	None	None	2021.07 re-elected (Note 1)
Independent Director	R.O.C.	Cheng-Nan Huang	Male 51-60 years old	2018.05	3 Years	2008.05	-	-	-	-	-	-	-	-	National Sun Yat-sen University/EMBA National Kaohsiung First University of Science and Technology/Graduate School of Finance Operations Ding He Lawyer & Law Firm	Ding He Lawyer & Law Firm Sanfar Property Limited/ Member of Remuneration Committee, Member of Nomination Committee Member of Audit Committee THINKING Electronic Industrial Corporation /Independent Director, Member of Audit Committee, Member of Remuneration Committee	None	None	None	2021.07 dismissal (Note 1)
Independent Director	R.O.C.	Hsu-Hui Hsu	Male 51-60 years old	2021.07	3 Years	2018.05	-	-	-	-	-	-	-	-	National Cheng Chi University MBA Program/Entrepreneurship Management Graduate Program The Freeman School of Business at Tulane University, USA/MBA The 25th Model of Entrepreneurial Youth National Innovation and Entrepreneurship Association R.O.C./President Taiwan Chamber of Commerce and Industry/(The 4th Term) Supervisor Director of Taiwan International Logistics & Supply Chain Association	Taiwan Express (Logistics) Co., Ltd./ Chairman Sanfar Property Limited/ Member of Remuneration Committee, Member of Nomination Committee, Member of Audit Committee T3EX GLOBAL HOLDINGS CORP./Director CAR QUALITY AUTOMOTIVE CO., LTD. / Director Central Taiwan Science Park Logistics Co., Ltd. / Supervisor Eastern Civil Aviation Agency Co., Ltd. / Supervisor FocalTech Systems Co., Ltd. / Independent Director	None	None	None	2021.07 re-elected (Note 1)
Independent Director	R.O.C.	Yan-Fen Wu	Male 41-50 years old	2021.07	3 Years	2021.07	-	-	-	-	-	-	-	-	Tunghai University / Bachelor of Law T.Y.T. Law Offices / Attorney	Taiwan Tea Corporation / Director Shengshan Finance Co., Ltd. / Director	None	None	None	2021.07 newly elected (Note 1)

Note 1: The term of office of the Company's directors ended on July 27th, 2021. Reelection of all directors.

Note 2: According to Article 14-4 of the Securities and Exchange Act, the Company set up the Audit Committee to replace supervisors.

Table 1: Major shareholders of institutional shareholders

May 3rd, 2022

Name of institutional shareholder (Note 1)	Major Shareholders of Institutional Shareholder (Note 2)	
	Name	Percentage of Shareholding
Shang Shan Industrial Limited	Mingqi Industrial Co., Ltd.	96%
	Ding-Sheng Zhong	2%
	Ding-Shin Zhong	2%

Note 1: Name of institutional shareholders shall be filled in if a Board of Director or Supervisor is a representative of the institutional shareholder.

Note 2: Please fill in the name of the major shareholder of that institutional shareholder (top ten share ownership) and his/her holding percentage. If the dominant shareholder is an institutional shareholder, shall fill in Table 2 again. (There is no need to fill in Table 2 since major shareholders of institutional shareholders are natural persons.)

Note 3: If the institutional shareholder is not a corporate organization, instead of indicating the shareholder's name and ownership, disclosure of the name of funders or donors, and the percentage of the fund or donation is required. (This is not applicable to the Company.)

Table 2: Table 1 Major Shareholders that are Legal Persons

May 3rd, 2022

Name of legal person (Note 1)	Major Shareholders of Legal Persons (Note 2)	
	Name	Percentage of Shareholding
Mingqi Industrial Co., Ltd.	Yang Hsien-Ling	63%
	Ding-Sheng Zhong	19%
	Ding-Shin Zhong	18%

Note 1: Name of the legal person shall be filled in if a major shareholder in Table 1 is an institutional shareholder.

Note 2: Please fill in the name of the major shareholder of that institutional shareholder (top ten share ownership) and his/her holding percentage.

Note 3: If the institutional shareholder is not a corporate organization, instead of indicating the shareholder's name and ownership, disclosure of the name of funders or donors, and the percentage of the fund or donation is required.

2. Information disclosure on the professional qualifications of the directors, and status of independence of the independent directors

May 3rd, 2022

Condition Name	Professional qualifications and experiences	Status of independence	Number of public listed company that he/she serves as an Independent Director
Chairman Ding-Sheng Zhong	Possesses over five years of business and sales work experiences. Currently is the Chairman of Sanfar Property Limited	He/she does not violate requirements stated in Article 30 of the Company Act.	0
Vice Chairman Ming-Hsien Kao	Possesses over five years of business work experiences. Currently is the Vice Chairman of Sanfar Property Limited		0
Director Ding-Shin Zhong	Possesses over five years of business and sales work experiences. Currently is the Director of Sanfar Property Limited		0
Director Cheng-Nan Huang	Possesses over five years of business and sales work experiences and a professional and technical personnel with lawyer's license. Currently is the licensed lawyer of Ding He Lawyer & Law Firm		0
Independent Director Chin-Chang Wu	Possesses over five years of business work experiences. Currently is the Chairman of Sunfar Computer Co., Ltd.		Meets the following conditions of the independence evaluation two years before the election and during the tenure: (1) Not an employee of the company or its affiliates;

<p>Independent Director Hsu-Hui Hsu</p>	<p>Possesses over five years of business work experiences. Currently is the Chairman of Taiwan Express (Logistics) Co., Ltd.</p>	<p>(2) Not a Board Director, Supervisor of the Company or its affiliates (excluding working as an Independent Director jointly for a subsidiary of the Company, its parent company, subsidiary or that belonging to the same parent company of the Company in compliance of this Act or local rules and regulations);</p> <p>(3) Not the Person, his/her spouse, minor children or in the name of others that hold more than 1% of the total number of shares issued by the Company or a shareholder of nature person that are one of the top ten significant shareholders;</p> <p>(4) Not the spouse, second-degree relative or third-degree relative of a manager of persons listed in (2), (3);</p> <p>(5) He/she is not a Board of Director, Supervisor, or employee working for a company that directly holds more than 5% of the total number of shares issued by the Company, is a top-five significant shareholder, or a person that works for a shareholder of a legal person as the Board Director or Supervisor of the Company as assigned according to Article 27-1 or 27-2 of the Company Act (excluding working as an Independent Director jointly for a subsidiary of the Company, its parent company, subsidiary or that belonging to the same parent company of the Company in compliance of this Act or local rules and regulations);</p> <p>(6) He/she is not a Board of Director, Supervisor, or employee of a company that holds more than half seats of the Board Directors or owns more than 50% shares of decision power (excluding working as an Independent Director jointly for a subsidiary of the Company, its parent company, subsidiary or that belonging to the same parent company of the Company in compliance of this Act or local rules and regulations);</p>	<p>1</p>
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<p>Independent Director Yan-Fen Wu</p>	<p>Possesses over five years of business and sales work experiences and a professional and technical personnel with lawyer's license. Currently is the licensed lawyer of T.Y.T. Law Offices</p>	<p>(7) He/she is not a Board of Director, Supervisor (Auditor), or employee in a company or organization who has the same Chairman, General Manager or the same person at the equivalent position or whose spouse takes the said post (excluding working as an Independent Director jointly for a subsidiary of the Company, its parent company, subsidiary or that belonging to the same parent company of the Company in compliance of this Act or local rules and regulations);</p> <p>(8) He/she is not a Board Director(Director), Supervisor(Auditor), Manager or shareholder with more than 5% shares of a specific company or organization that is engaged in financial or business relations with the Company (excluding working as an Independent Director jointly for a specific company or organization holding more than 20% but less than 50% of the total shares issued by the Company and is a subsidiary of the Company, its parent company, subsidiary or that belonging to the same parent company of the Company in compliance of this Act or local rules and regulations);</p> <p>(9) He/she does not or did not conduct auditing for the Company or its affiliates or is not an employer, partner, Board of Director (Director), Supervisor (Auditor), Manager or spouse of the said parties who obtained more than the income of NT\$500,000 by providing relevant services of a business, legal affairs, finance, or accounting as a professional or owner of sole proprietorship, partnership, company, or organization excluding members of remuneration committee, review committee for open purchase, or special committee of mergers set up according to the Securities and Exchange Act or the Business Mergers and Acquisitions Act.</p> <p>(10) He/she does not have a kinship with other Board of Directors.</p> <p>(11) He/she does not violate rules regulated by Article 30 of the Company Act.</p> <p>(12) He/she is elected not as a governmental agency, a legal person or their representative without violating rules governed by Article 27 of the Company Act.</p>	<p>0</p>
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3. Diversity and independence of the Board of Directors

In consideration of the operational type and development needs, the Board Directors of the Company shall have business and finance skills and industrial experiences. The Company enacted the “Principles for Corporate Governance Practices” to achieve ideal objectives of corporate governance and capabilities shall be overall possessed by the Board of Directors including:

- I. The ability to make judgments about operations
- II. Accounting and financial analysis ability
- III. Business management ability
- IV. Crisis management ability
- V. Knowledge of the industry
- VI. An international market perspective
- VII. Leadership
- VIII. Decision-making ability
- IX Risk management knowledge and capability;

The “Rules Governing Election of Board Directors” of the Company considers the overall arrangement of the Board. The composition of the board of directors shall be determined by taking diversity into consideration and formulating an appropriate policy on diversity based on the company’s business operations, operating dynamics, and development needs. It is advisable that the policy include but not limited to the following two general standards:

- I. Basic requirements and values: Gender, age, nationality, and culture.
- II. Professional knowledge and skills: A professional background (e.g. law, accounting, industry, finance, marketing, or technology), professional skills, and industry experience.

There are currently 7 directors including 3 independent directors. Professional background of the directors covers business, finance, legal, management, and diverse knowledge background in industry and academic. They can provide the

Company with different professional opinions which would be of great help to enhancing the Company's operations performance and management benefits.

Director	Independent Director	Nationality	Gender	Age			Number of years for term of office of Independent Director			Concurrently employees	Professional background							
				Below 50 years old	51 to 60 years old	61 to 70 years old	Below 3 years	3 to 9 years	More than 9 years		The ability to make judgments about operations	Accounting and financial analysis ability	Operations management ability	Crisis management ability	Knowledge of the industry	An international market perspective	Leadership	Decision-making ability
Ding-Sheng Zhong		The Republic of China (ROC)	Male	V						V	V	V	V	V	V	V	V	V
Ming-Hsien Kao		The Republic of China (ROC)	Male			V					V	V	V	V		V	V	V
Ding-Shin Zhong		The Republic of China (ROC)	Male	V							V	V	V	V	V	V	V	V
Cheng-Nan Huang		The Republic of China (ROC)	Male		V						V	V	V	V		V	V	V
Chin-Chang Wu	V	The Republic of China (ROC)	Male		V			V			V	V	V	V		V	V	V
Hsu-Hui Hsu	V	The Republic of China (ROC)	Male		V			V			V	V	V	V		V	V	V
Yan-Fen Wu	V	The Republic of China (ROC)	Male	V			V				V	V	V	V		V	V	V

4. Specific management goals and current status of the Board of Directors diversity policy

Management goals	Current status
No more than one-third of the directors are concurrently managers of the company	Achieved
At least one seat of female director for the Board of Directors	Have not achieved
Independent Directors serving for not more than three consecutive terms	Have not achieved

(II) Information of General Manager, Vice General Manager, Assistant Vice President, or Department or Branch Heads:

May 6th, 2022, Unit: Shares; %

Job Title (Note 1)	Nationality	Name	Gender	Date elected (onboard)	Number of Shares Owned		Number of Shares Owned by Spouse and Minor Child		Number of Shares Owned in the Name of Others		Major Experience and (Educational) Background (Note 2)	Post of Other Company Jointly Taken at Present	Manager Who is a Spouse or has the Second-degree Kinship			Note
					Number of Shares	Percentage of Shareholding	Number of Shares	Percentage of Shareholding	Number of Shares	Percentage of Shareholding			Job title	Name	Relations	
General Manager	The Republic of China (ROC)	Ding-Sheng Zhong	Male	2021.08	3,794,537	1.16	-	-	1,301,250	0.4	Duke University, USA/Bachelor in Electrical and Computer Engineering, and Bachelor in Computer Science Sanfar Property Limited/Chairman and General Manager San Far Property Limited/Aide to President Jingo International Records Co., Ltd./Director Jinfuxing Construction Co., Ltd./Manager Shang Shan Industrial Limited/Director Ho Chien Architecture Limited/Chairman	None	None	None	None	(Note 3)
Planning Department Vice General Manager	The Republic of China (ROC)	Liu Shu-Hung	Male	2018.11	31,886	0.01	-	-	-	-	Bachelor, School of Architecture, Feng Chia University Sanfar Property Limited/Vice General Manager of Planning Department □ Cathay Construction/Senior Specialist of Planning Department	None	None	None	None	
Sales Department Vice General Manager	The Republic of China (ROC)	Li-Chen Huang	Female	2022.03	3,000	0.00	-	-	-	-	Shih Chien University, Master of Business Administration - MBA Shih Chien University Alumni Association of Northern Taiwan, Director Shih Chien University Educational and Cultural Foundation, Director Sales Supervisor of RUN LONG CONSTRUCTION CO., LTD. President's Chief Secretary of Highwealth Construction corp. Assistant Vice President of Dong-Teng Construction Group Sales Manager/Aide to President of SOTAI REAL ESTATE CO., LTD. Deputy Manager of Kee Tai Properties	None	None	None	None	
Vice General Manager of Chairman Office	The Republic of China (ROC)	Tsai Wen-Ling	Female	2017.11	24,063	0.01	31,865	0.01	-	-	National Taiwan University/Professional Master's Program in Business Administration (PMBA) - TAIWAN SHAN YIN INTERNATIONAL CO., LTD./CHANG YIH CONSTRUCTION CO., LTD./Group Executive Vice President and Vice President of Finance	None	None	None	None	
Management Department Vice General Manager	The Republic of China (ROC)	Chen Hsiue-Liang	Male	2020.10	-	-	-	-	-	-	National Cheng Chi University/ MBA Program Coco International/Senior Director Beijing Zibaomi Fashion Co., Ltd./Vice General Manager Pou Sheng International/Executive Director Clevo Buynow/Director	None	None	None	None	
Head of Corporate Governance	The Republic of China	Chun-Yuan Chen	Male	2022.03	-	-	-	-	-	-	Masters in Comparative Law, School of Law, Soochow University Bachelor in Law, Business and	None	None	None	None	

Job Title□ (Note 1)	Nationality	Name	Gender	Date elected (onboard)	Number of Shares Owned		Number of Shares Owned by Spouse and Minor Child		Number of Shares Owned in the Name of Others		Major Experience and (Educational) Background□ (Note 2)	Post of Other Company Jointly Taken at Present	Manager Who is a Spouse or has the Second-degree Kinship			Note
	(ROC)										Finance, School of Law, Chung Hsing University Legal Officer, HannsTouch Solution Incorporated Legal Officer, China Petrochemical Development Corporation (CPDC) Legal Personnel, Taishin International Bank Co., Ltd. Legal Officer, Taiwan Cement Corporation Legal Officer, Taipei Kuo Ding Assets Management Co., Ltd. Legal Personnel, Advanced Law Firm Legal Personnel, Chi-Seng Water Management Research & Development Foundation, Taipei					
Accounting Department Manager	The Republic of China (ROC)	Hui-Chin Wang	Female	2022.05	-	-	-	-	-	-	Master of Accountancy, National Taipei University (NTPU) Bachelor, Department of Finance, Chaoyang University of Technology Finance Manager, MIKOBEAUTE INTERNATIONAL CO., LTD. Accounting Manager, Rui Guang Healthcare Group Accounting Deputy Manager, KEDGE CONSTRUCTION CO., LTD. Section Manager, CHIEN KUO CONSTRUCTION CO., LTD.	None	None	None	None	Note 4

Note 1: Information disclosed here shall include that of General Manager, Vice General Manager, Assistant Manager, and Department and Branch Head as well as those who hold any job title equivalent to General Manager, Vice General Manager, or Assistant Manager.

Note 2: If the relevant experience of the current job involves working for an accountant office or its affiliate that provides certification services, a detailed description of that job title and responsibilities shall be provided.

Note 3: Chairman of the Company now temporarily serves as General Manager due to the lack of qualified persons for the post of General Manager. The Company at present has delegated more power to Vice General Manager and department heads and is continuously looking for a capable candidate.

Note 4: Approved by Board of Directors resolution for appointment on May 6th, 2022.



III. REMUNERATION PAYMENTS PAID TO THE BOARD DIRECTORS (INCLUDING INDEPENDENT DIRECTOR), GENERAL MANAGER, AND VICE GENERAL MANAGER IN THE RECENT YEAR

(I) Remuneration for general directors and independent directors (summarized in range disclosing full names)

December 31st, 2021; Unit: NTD in thousands; %

Job Title	Name	Remuneration of Board Director								% of the sum of A to D in the net profit after tax (Note 10)		Relevant remuneration paid to those who also work as employees						% of the sum of A to G in the net profit after tax (Note 10)		Is there compensation received from non-consolidated affiliates or parent company (Note 11)		
		Remuneration (A) (Note 2)		Retirement Pension (B) (Note 7)		Remuneration to directors (C)(Note 3)		Expenses for Execution of Business (D)(Note 4)				Salaries, Bonus and Special Expenditure (E) (Note 5)		Retirement Pension (F)		Employee's Remuneration (G) (Note 6)						
		All companies included	In the financial statements	All companies included	In the financial statements	All companies included	In the financial statements	All companies included	In the financial statements	All companies included	In the financial statements	All companies included	In the financial statements	The Company	All companies included in the financial statements (Note 7)	All companies included	In the financial statements (Note 7)					
													Cash Amount	Amount of Stock	Cash Amount	Amount of Stock						
Chairman	Shang Shan Industrial Limited Representative: Ding-Sheng Zhong																					
Director	Shang Shan Industrial Limited Representative: Ming-Hsien Kao																					
Director	Shang Shan Industrial Limited Representative: Ding-Shin Zhong	-	-	-	-	1,468	1,468	621	621	0.94%	0.94%	6,338,	6,338	-	-	528	-	528	-	4.03%	4.03%	None
Chairman	Representative of Xin Ting Investment Co., Ltd.: Ding-Sheng Zhong (Note 12)																					
Director	Representative of Xin Ting Investment Co., Ltd.: Chih-Chieh Tsai																					

	(Note 12)																					
Director	Representative of Xin Ting Investment Co., Ltd.: Kang-Chi Lu																					
Director	Representative of Cheng Xin Investment Corporation: Chun-Jung Chung																					
Director	Representative of Cheng Xin Investment Corporation: Li Fu-Hsing																					
Independent Director	Yan-Fen Wu																					
Independent Director	Chin-Chang Wu	-	-	-	-	696	696	1,041	1,041	0.78%	0.78%	-	-	-	-	-	-	-	-	0.78%	0.78%	None
Independent Director	Cheng-Nan Huang																					
Independent Director	Hsu-Hui Hsu																					
*In addition to disclosure in the above table, remuneration paid to a Board Director that provides services stated in financial statements to the Company: not applicable.																						

Note 1: Separately list names of the Board Director (list name of shareholders of a legal person and their representative separately) as well as General Board Director and Independent Director) and use the consolidated method to disclose each amount of payment.

Note 2: Here refers to remuneration paid to the Board Directors in the recent year (including salary, duty allowance, severance payment, bonuses, and rewards.)

Note 3: The Company proposed allocation for 2021 director remuneration according to the Company Charter, and submitted for Board of Directors resolution on March 30th, 2022. Due to the unresolved distribution amount for each director, the proposed distribution amount for each director for this year will be calculated based on the proportion of the actual distribution amount last year.

Note 4: Here refers to relevant operating expenses of the Board Directors in the recent year (including transportation fee, special allowance, various types of allowance, and actual provision of housing and cars.) If housing, car, and other transportation mean or designated personal expense is provided, characteristic and cost, rent calculated according to actual or market fair price, and payment made for filling up and others shall be disclosed. If there is a driver assigned, please describe payment paid to the driver by the Company and this shall not be included in the remuneration.

Note 5: Here refers to payments paid to the Board Directors who also work as employees of the Company including (those who take a post as General

Manager, Vice General Manager, Manager, and other posts) including salary, duty allowance, severance payment, bonuses, and rewards, transportation allowance, special allowance, various types of allowance, and the provision of housing and cars.) If housing, car, and other transportation mean or designated personal expense is provided, characteristic and cost, rent calculated according to actual or market fair price, and payment made for filling up and others shall be disclosed. If there is a driver assigned, please describe payment paid to the driver by the Company and this shall not be included in the remuneration. Salary payments made according to IFRS 2, "Share-based Basic Payment," including the acquisition of employee stock options, restricted stock awards, and seasoned equity offerings shall be listed as remuneration.

Note 6: Here refers to that the Board Directors who work as employees of the Company (including taking the post as General Manager, Vice General Manager, Manager, or other posts) and obtain employee remuneration (including stocks and cash) shall disclose the amount of employee remuneration approved by the Meeting of the Board Directors and distributed. If there is a difficulty to estimate the amount, last year's actual percentage of the amount distributed shall be used to calculate this year's distribution amount.

Note 7: The total amount of each remuneration paid to the Board Directors of the Company in the consolidated statement of all companies (including the company) shall be disclosed.

Note 8: The total amount of each remuneration paid to each Board Director shall disclose the name of the Board Director at each class interval.

Note 9: The total amount of each remuneration paid to each Board Director in the consolidated statement of all companies (including the Company) shall disclose the name of Board Director at each class interval.

Note 10: Net Profit after Tax refers to that in the recent year; for those who adopt the International Financial Reporting Standards (IFRS), this refers to that of individuals or individual financial statement in the recent year.

Note 11: a. For the relevant amount of remuneration paid to the Board of Directors coming from reinvestment rather than from a subsidiary or from the parent company, details shall be filled in this column (if there is no such remuneration, please fill in "none.")

b. If a Board Director of the Company received relevant remuneration from reinvestment rather than from a subsidiary or from the parent company, that amount shall be included in Column I of the remuneration class interval table, and the name of the column shall be changed into "Parent Company and All Reinvested Businesses."

c. Remuneration here refers to relevant remuneration payments and salaries paid to a Board Director of the Company who works as a Board Director, Supervisor, or Manager (including salaries paid to an employee, Director, or a Supervisor) as well as operating expenses.

Note 12: The representative for institutional director Xin Ting Investment Co., Ltd. was replaced by Ding-Sheng Zhong on July 9th, 2021 and the original institutional director's representative Chih-Chieh Tsai was dismissed on the same day.

Note 13: Independent Director Cheng-Nan Huang was re-elected as general director on July 27th, 2021.

*Contents disclosed in this table are different from income concepts of the Income Tax Act and thus, the purpose of this table is used for information disclosure, not for taxation.

Class Interval Table of Remuneration

Class Interval Table of Remuneration Payments Paid to Each Board Director of the Company	Name of Board Director			
	Total amount of the first four remunerations (A + B + C + D)		Total amount of the first seven remunerations (A + B + C + D + E + F + G)	
	The Company (Note 8)	All companies included in the financial statements (Note 9) H	The Company (Note 8)	All companies included in the financial statements (Note 9) I
Less than NT\$ 1,000,000	Cheng Xin Investment Corporation Representative: Chun-Jung Chung, Cheng Xin Investment Corporation Representative: Fu-Hsing Li, Shang Shan Industrial Limited Representative: Ding-Sheng Zhong, Shang Shan Industrial Limited Representative: Mingshen Gao, Shang Shan Industrial Limited Representative: Ding-Shin Zhong Chin-Chang Wu, Cheng-Nan Huang, Hsu-Hui Hsu, Yan-Fen Wu	Same as left-hand-side	Cheng Xin Investment Corporation Representative: Chun-Jung Chung, Cheng Xin Investment Corporation Representative: Fu-Hsing Li, Chin-Chang Wu, Cheng-Nan Huang, Hsu-Hui Hsu, Yan-Fen Wu	Same as left-hand-side
NT\$ 1,000,000 (including)~2,000,000	Xin Ting Investment Co., Ltd.	Same as		

Class Interval Table of Remuneration Payments Paid to Each Board Director of the Company	Name of Board Director			
	Total amount of the first four remunerations (A + B + C + D)		Total amount of the first seven remunerations (A + B + C + D + E + F + G)	
	The Company (Note 8)	All companies included in the financial statements (Note 9) H	The Company (Note 8)	All companies included in the financial statements (Note 9) I
(excluding)	Representative: Ding-Sheng Zhong, Xin Ting Investment Co., Ltd. Representative: Chih-Chieh Tsai, Xin Ting Investment Co., Ltd. Representative: Kang-Chi Lu	left-hand-side		
NT\$ 2,000,000 (including)~3,500,000 (excluding)				
NT\$ 3,500,000 (including)~5,000,000 (excluding)			Shang Shan Industrial Limited Representative: Ding-Sheng Zhong, Shang Shan Industrial Limited Representative: Mingshen Gao, Shang Shan Industrial Limited Representative: Ding-Shin Zhong Xin Ting Investment Co., Ltd. Representative: Ding-Sheng Zhong, Xin Ting Investment Co., Ltd. Representative: Chih-Chieh Tsai, Xin	Same as left-hand-side

Class Interval Table of Remuneration Payments Paid to Each Board Director of the Company	Name of Board Director			
	Total amount of the first four remunerations (A + B + C + D)		Total amount of the first seven remunerations (A + B + C + D + E + F + G)	
	The Company (Note 8)	All companies included in the financial statements (Note 9) H	The Company (Note 8)	All companies included in the financial statements (Note 9) I
			Ting Investment Co., Ltd. Representative: Kang-Chi Lu	
NT\$ 5,000,000 (including)~10,000,000 (excluding)				
NT\$ 10,000,000 (including)~15,000,000 (excluding)				
NT\$ 15,000,000 (including)~30,000,000 (excluding)				
NT\$ 30,000,000 (including)~50,000,000 (excluding)				
NT\$ 50,000,000 (including)~100,000,000 (excluding)				
NT\$ 100,000,000 and up				
Sum	12 People	12 People	12 People	12 People

Note 1: Separately list names of the Board Director (list name of shareholders of a legal person and their representative separately) as well as General Board Director and Independent Director) and use the consolidated method to disclose each amount of payment. If a Board Director takes the post as General Manager or Vice General Manager, this table or following table (3-1) or (3-2-1) and (3-2-2) shall be filled in.

Note 2: Here refers to remuneration paid to the Board Directors in the recent year (including salary, duty allowance, severance payment, bonuses, and

rewards.)

Note 3: Please fill in the amount of remuneration approved by the Meeting of the Board Directors and distributed to the Board Directors in the recent year.

Note 4: Here refers to relevant operating expenses of the Board Directors in the recent year (including transportation allowance, special allowance, various types of allowance, and the provision of housing and cars). If housing, car, and other transportation mean or designated personal expense is provided, characteristic and cost, rent calculated according to actual or market fair price, and payment made for filling up and others shall be disclosed. If there is a driver assigned, please describe payment paid to the driver by the Company and this shall not be included in the remuneration.

Note 5: Here refers to payments paid to the Board Directors who work as employees (including taking the post of General Manager, Vice General Manager, Manager, and employees) including salaries, duty allowance, severance payment, bonus, rewards, transportation allowance, special allowance, various types of allowance, and the provision of housing and cars. If housing, car, and other transportation mean or designated personal expense is provided, characteristic and cost, rent calculated according to actual or market fair price, and payment made for filling up and others shall be disclosed. If there is a driver assigned, please describe payment paid to the driver by the Company and this shall not be included in the remuneration. Salary payments made according to IFRS 2, "Share-based Basic Payment," including the acquisition of employee stock options, restricted stock awards, and seasoned equity offerings shall be listed as remuneration.

Note 6: Here refers to that the Board Directors who work as employees of the Company (including taking the post as General Manager, Vice General Manager, Manager, or other posts) and obtain employee remuneration (including stocks and cash) shall disclose the amount of employee remuneration approved by the Meeting of the Board Directors and distributed. If there is a difficulty to estimate the amount, last year's actual percentage of amount distributed shall be used to calculate this year's distribution amount. Additionally, please fill in the attached Table 1-3.

Note 7: The total amount of each remuneration paid to the Board Directors of the Company in the consolidated statement of all companies (including the company) shall be disclosed.

Note 8: The total amount of each remuneration item paid by the Company to each Board Director shall disclose names of the Board Directors in their belonging interval class.

Note 9: The total amount of each remuneration item paid by all companies in the statement (including the Company) to each Board Director shall disclose names of the Board Directors in their belonging interval class.

Note 10: Net Profit after Tax refers to that of individuals or individual financial statements in the recent year.

Note 11: a. For the relevant amount of remuneration paid to the Board of Directors coming from reinvestment rather than from a subsidiary or from the parent company, details shall be filled in this column (if there is no such remuneration, please fill in "none.")

b. If a Board Director of the Company received relevant remuneration from reinvestment rather than from a subsidiary or from the parent company, that amount shall be included in Column I of the remuneration class interval table, and the name of the column shall be changed into "Parent

Company and All Reviested Businesses.”

c. Remuneration here refers to relevant remuneration payments and salaries paid to a Board Director of the Company who works as a Board Director, Supervisor, or Manager (including salaries paid to an employee, Director, or a Supervisor) as well as operating expenses.

* Contents disclosed in this table are different from income concepts of the Income Tax Act and thus, the purpose of this table is used for information disclosure, not for taxation.

(II) Remuneration for General Manager and Vice General Manager (summarized in range disclosing full names)

December 31st, 2021; Unit: NTD in thousands; %

Job title	Name	Remuneration (A) (Note 2)		Retirement Pension (B)		Bonuses and Allowances (C) (Note 3)		Amount of Employee Remuneration (D) (Note 4)				Percentage of the Sum of A, B, C, and D in Net Profit after Tax (%) (Note 8)		Remuneration Received from Reinvestment rather than a Subsidiary or the Parent Company (Note 9)
		The Company	All Companies in the Financial Statements (Note 5)	The Company -	All Companies in the Financial Statements (Note 5)	The Company	All Companies in the Financial Statements (Note 5)	The Company		All Companies in the Financial Statements (Note 5)		The Company -	All Companies in the Financial Statements (Note 5)	
								Amount of Cash	Amount of Stocks	Amount of Cash	Amount of Stocks			
General Manager	Chih-Chieh Tsai (Note 10)	9,274	9,274	386	386	2,646	2,646	1,185	-	1,185	-	6.07%	6.07%	None
General Manager	Ding-Sheng Zhong (Note 11)													
Vice General Manager of Chairman Office	Tsai Wen-Ling													
Vice General Manager of Planning Department	Liu Shu-Hung													
Vice General Manager of Sales Department	Hung Chun-Wei													
Vice General Manager of Administration Department	Chen Hsiue-Liang													
Vice General Manager of Engineering Department	Fu-Yuan Chiang (Note 12)													

Note 10: Resigned on July 9th, 2021.

Note 11: Appointed on August 5th, 2021.

Note 12: Resigned in October 2021.

Class Interval Table of Remuneration

Remuneration Class intervals Paid to General Manager and Each Vice General Manager of the Company	Names of General Manager and Vice General Manager	
	The Company (Note 6)	All companies included in the financial statements (Note 7)
Less than NT\$ 1,000,000		
NT\$ 1,000,000 (including)~2,000,000 (excluding)	Ding-Sheng Zhong (Note 11), Shu-Hung Lin, Hsiue-Liang Chen, Fu-Yuan Chiang (Note 12)	Same as left-hand-side
NT\$ 2,000,000 (including)~3,500,000 (excluding)	Chih-Chieh Tsai (Note 10), Wen-Ling Tsai, Chun-Wei Hung	Same as left-hand-side
NT\$ 3,500,000 (including)~5,000,000 (excluding)		
NT\$ 5,000,000 (including)~10,000,000 (excluding)		
NT\$ 10,000,000 (including)~15,000,000 (excluding)		
NT\$ 15,000,000 (including)~30,000,000 (excluding)		
NT\$ 30,000,000 (including)~50,000,000 (excluding)		
NT\$ 50,000,000 (including)~100,000,000 (excluding)		
NT\$ 100,000,000 and up		
Sum	7 People	7 People

Note 1: Names of General Manager and Vice General Managers shall be separately listed to disclose the amount of each payment in a consolidated method. If a Board Director also takes the post of General Manager or Vice General Manager, this Table, the said Table (1-1) or Table (1-2-1) and (1-2-2) shall be filled in.

Note 2: Please fill in salaries, duty allowances, and severance payments paid to General Manager and Vice General Manager in the recent year.

Note 3: Please fill in the remuneration amount of bonuses, rewards, transportation allowance, special allowance, various types of allowance, and the provision of housing and cars to the General Manager and Vice General Manager in the recent year. If housing, car, and other transportation mean or designated personal expense is provided, characteristic and cost, rent calculated according to actual or market fair price, and payment made for filling up and others shall be disclosed. If there is a driver assigned, please describe payment paid to the driver by the Company and this shall not be included in the remuneration. Salary payments made according to IFRS 2, "Share-based Basic Payment," including the acquisition of employee stock options, restricted stock awards, and seasoned equity offerings shall be listed as remuneration.

Note 4: Please fill in the amount of employee remuneration (including stocks and cashes) distributed to General Manager and Vice General Manager with the approval of the Meeting of the Board Directors in recent years; if it is difficult to estimate, calculate this year's distribution amount planned according to last year's distribution percentage. Fill in Table 1-3 separately.

Note 5: The sum of each remuneration paid to General Manager and Vice General Manager of the Company stated in all companies in the financial statements shall be disclosed.

Note 6: The sum of each remuneration paid to each General Manager and Vice General Manager shall be disclosed at their belonging class intervals with their names.

Note 7: The sum of each remuneration paid to General Manager and Vice General Manager of the Company stated in all companies in the financial statements shall be disclosed with their belonging class intervals and names.

Note 8: Net Profit after Tax refers to that of individuals or individual financial statements in the recent year.

Note 9: a. Here shall fill with the name of General Manager or Vice General Manager who received relevant remuneration from reinvestment from a company rather than a subsidiary or the parent company (If not applicable, fill in "None.")
b. If General Manager and Vice General Manager of the Company received from reinvestment of a subsidiary or parent company, that amount should be included in Column E of remuneration class interval table and the name of the column shall be changed into "Parent Company and All Reinvested Businesses."
c. Remuneration refers to payments and rewards paid to General Manager and Vice General Manager of the Company who takes a post as Board Director, Supervisor, or Manager in a company rather than a subsidiary or the parent company (including those paid to employees, the Board Directors and Supervisors) as well as relevant operating expenses.

Note 10: Resigned in July 2021.

Note 11: Onboard in August 2021.

Note 12: Resigned in October 2021.

* Contents disclosed in this table are different from income concepts of the Income Tax Act and thus, the purpose of this table is used for information disclosure, not for taxation.

(III) Employee Remuneration Distribution for Managers and Their Names:

December 31st, 2021, Unit: NT\$ Thousand

	Job Title (Note 1)	Name (Note 1)	Amount of Stocks	Amount of Cash	Sum	Percentage of the Sum in Net Profit after Tax (%)
Manager	General Manager	Chih-Chieh Tsai (Note 5)				
	General Manager	Ding-Sheng Zhong (Note 6)				
	Vice General Manager of Chairman Office	Tsai Wen-Ling				
	Vice General Manager of Planning Department	Liu Shu-Hung				
	Vice General Manager of Sales Department	Hung Chun-Wei				
	Vice General Manager of Administration Department	Chen Hsiue-Liang	-	1,254	1,254	0.56%
	Vice General Manager of Engineering Department	Fu-Yuan Chiang (Note 7)				
	Assistant Manager of Development Department	Chang Wen-Hou				
	Vice General Manager of Accounting Department	Chia-Chin Lin				
	Head of Corporate Governance	Huang Yi-Wei (Note 8)				
	Head of Corporate Governance	Wei-Chiang Li (Note 9)				

Note 1: Individual name and job title shall be disclosed, but a consolidated method is allowed to disclose profit distribution.

Note 2: Please fill in the amount of employee remuneration (including stocks and cashes) distributed to managers with the approval of the Meeting of the Board Directors in recent years; if it is difficult to estimate, calculate this year's distribution amount planned according to last year's distribution percentage. Net Profit after Tax refers to that in the recent year; for those who adopt the International Financial Reporting Standards (IFRS), this refers to that of individuals or individual financial statements in the recent year.

Note 3: The scope of application of managers is defined as in Tai Cai Zheng Zi # 0920001301 Letter Announced by the Commission on March 27, 2003 below:

- (1) General Manager and Those at Equivalent Level
- (2) Vice General Manager and Those at Equivalent Level
- (3) Assistant Manager and Those at Equivalent Level
- (4) Head of Finance Department
- (5) Head of Accounting Department
- (6) Those who are authorized to manage company operations and to sign

Note 4: If a Board Director, General Manager, or Vice General Manager received employee remuneration (including stocks and cash), this Table shall be filled in in addition to the attached Table 1-2.

Note 5: Resigned in July 2021.

Note 6: Appointed in August 2021.

Note 7: Resigned in October 2021.

Note 8: Resigned in August 2021.

Note 9: Appointed in September 2021.

(IV) Please compare and describe the percentage of the sum of remuneration paid to Board Director, General Manager, and Vice General Manager in Net Profit after Tax as well as policies, standards and combination, and relevance of remuneration procedure enactment, operational performance, and future risks in the recent two years:

1. The percentage of the sum of remuneration paid to Board Director, General Manager, and Vice General Manager of the Company and all companies in the consolidated financial statement in Net Profit after Tax

Status \ Year	2021		2020	
	Sum of Remuneration (NT\$1,000)	% in net earnings	Sum of Remuneration (NT\$1,000)	% in net earnings after tax
Director	2,488	1.12%	1,545	0.84%
General Manager and Vice General Manager	14,177	6.38%	10,111	5.53%

2. Relevance of Remuneration Policy, Standards and Combination, Remuneration Enactment Procedure, Operational Effectiveness, and Future Risks:

- (1) There are three types of remuneration paid to the Board Directors by the Company: Board Director Remuneration, Transportation Allowance, and Meeting Attendance Fee. According to the Articles of Incorporation of the Company, if remunerations of the Board Directors are not included in employee and Board Director remuneration in the current year, if after losses are compensated and if there is a residual amount, less than 5% shall be allocated as Board Director Remuneration and thus, the determination of Board Director Remuneration has a high level of relevance with net profit before tax and operational performance of the Company in the current year. Transportation Allowance is a fixed monthly fee and Meeting Attendance Fee is paid for the attendance of Board Director Meeting.
- (2) Remuneration paid to managers by the Company includes salaries, bonuses, and employee remuneration. The salary and rewards are processed according to the Company's "Salary System and Management Policy" and "Employee Reward System and Management Policy." If the company has remainder after setting aside pre-tax profit to cover losses, at least 1% shall be provisioned as employee remuneration. Manager remuneration payment policy is highly correlated to the company's operations performance.

- (3) Remuneration standards or structure system of the Company paid to the Board Directors and Managers is adjusted according to future risks, and the Board Directors and Managers shall not be encouraged to engage in risk behaviors of the Company due to remunerations to avoid losses of the Company after paying remunerations.

IV. COMPANY GOVERNANCE

(I) Operations of Board of Directors Meeting

The Board of Directors has convened 13 (A) times in the most recent year (2021).

The attendance of the directors is shown below:

Job title	Name	Actual Number of Board Directors Attended	Proxies for Attendance, Number of Times	Actual Attendance (including Proxies) Rate (%) [B/A]	Note
Chairman	Xin Ting Investment Co., Ltd. Representative: Chih-Chieh Tsai	6	0	100%	The representative for institutional director Xin Ting Investment Co., Ltd. was replaced by Ding-Sheng Zhong on July 9th, 2021 and the original institutional director's representative Chih-Chieh Tsai was dismissed on the same day.
Chairman	Xin Ting Investment Co., Ltd. Representative: Ding-Sheng Zhong	1	0	100%	The term of office for institutional director Xin Ting Investment Co., Ltd. ended on July 27th, 2021 and was dismissed after the re-election of all directors.
Chairman	Shang Shan Industrial Limited Representative: Ding-Sheng Zhong	6	0	100%	The institutional director Shangshan Industrial Limited was announced on July 27th, 2021. Was newly elected after the re-election of all directors and Ding-Sheng Zhong was appointed as its representative.
Director	Xin Ting Investment Co., Ltd. Representative: Kang-Chi Lu	7	0	100%	The term of office for institutional director Xin Ting Investment Co., Ltd. ended on July 27th, 2021 and was dismissed after the re-election of all directors.
Director	Cheng Xin Investment Corporation Representative: Chun-Jung Chung	0	0	0%	The term of office for institutional director Cheng Xin Investment Corporation ended no July 27th, 2021 and was dismissed after the

					re-election of all directors.
Director	Cheng Xin Investment Corporation Representative: Fu-Hsing Li	0	0	0%	The term of office for institutional director Cheng Xin Investment Corporation ended on July 27th, 2021 and was dismissed after the re-election of all directors.
Director	Shang Shan Industrial Limited Representative: Mingshen Gao	6	0	100%	The institutional director Shangshan Industrial Limited was announced on July 27th, 2021. Was newly elected after the re-election of all directors and Ming-Hsien Kao was appointed as its representative.
Director	Shang Shan Industrial Limited Representative: Ding-Shin Zhong	6	0	100%	The institutional director Shangshan Industrial Limited was announced on July 27th, 2021. Was newly elected after the re-election of all directors and Ding-Shin Zhong was appointed as its representative.
Director	Cheng-Nan Huang	6	0	100%	Director Cheng-Nan Huang was newly elected after the re-election of all directors on July 27th, 2021.
Independent Director	Chin-Chang Wu	13	0	100%	Independent Director Chin-Chang Wu was re-elected after the re-election of all directors on July 27th, 2021.
Independent Director	Cheng-Nan Huang	7	0	100%	The term of office for Independent Director Cheng-Nan Huang ended on July 27th, 2021 and was dismissed after the re-election of all directors.
Independent Director	Hsu-Hui Hsu	13	0	100%	Independent Director Hsu-Hui Hsu was re-elected after the re-election of all directors on July 27th, 2021.
Independent Director	Yan-Fen Wu	6	0	100%	Independent Director Yan-Fen Wu was newly elected after the re-election of all directors on July 27th, 2021.

Other Mandatory Provisions: :

I. If one of the following situations occurred during operations of Board Director Meetings, date, term, resolution contents of Board Director Meeting, opinion of all Independent Directors, and handling of the Company in response to the opinion of Independent Director shall be described:

(I) Items listed in Article 14-3 of the Securities and Exchange Act:

Date of Meeting	Resolution Contents	opinion of all Independent Directors and handling of the Company in response to opinion of Independent Director:
12th Term The 19th time 2021/01/26	<ol style="list-style-type: none"> 1. Resolution on Land Purchase from the Related Party by the Company and Construction Permit 2. The Company outsources new construction to subsidiary. 3. Resolution on the Review of 2020 Performance Evaluation and Policies, System, Standards, and Structure of Remuneration Paid to Board Directors and Managers of the Company 4. Proposals regarding the qualification of the Company's directors, the convener and the members of the functional committees. 5. Proposal of the performance evaluation of the board of directors and the functional committees. 6. Proposal of the performance evaluation of the managerial officers of the Company. 7. Proposal of amending part of articles in the Company's "measures for performance evaluation of the board of directors and the functional committees." 8. Proposal of reviewing the organizational regulations of the committees under the Company's board of directors. 9. The Company establishes and reviews the further education plan for the Company's directors. 10. Proposal of the Company's appointment of the managerial officer. 	<ol style="list-style-type: none"> 1. Resolution: All Board Directors who attended the meeting approved the resolution unanimously. All Independent Directors did not hold any objection or reserve their opinions. 2. Handling of the Company in response to opinion of Independent Director: None.
12th Term The 20th time 2021/02/03	<ol style="list-style-type: none"> 1. The Company bought back shares and cancelled them to protect shareholders' equity. 2. Resolution on amendment of the "Article of Incorporation of the Company." 3. The Company's 2021 shareholders general meeting convening time, venue and major motion content. 4. Related matters on accepting and processing shareholders' proposal for the Company's 2021 shareholders general meeting 	

		<ol style="list-style-type: none"> 5. Proposal of overall re-election of the directors of the Company. 6. Proposal of lifting the non-compete clause for the Company's new directors and the representatives. 	
	<p>12th Term The 21st time 2021/03/12</p>	<ol style="list-style-type: none"> 1. Resolution on the 2020 "the Internal Control System Statement" of the Company 2. Proposal of purchasing the land in Xinzhuang Fuduxin. 3. Financing application to financial institution for the Company's construction use land. 4. The Company made changes to the 2021 shareholders' general meeting convening time, book closure date and the period for exercising voting rights via electronic method. 5. Resolution on the 2020 Board Director and Employee Remuneration Distribution of the Company 6. Resolution on the 2020 Operational Report and Financial Statements of the Company 7. Resolution on CPA Change for the Financial Statements of the Company 8. Proposal of the evaluation of the independence of CPA and 2021 appointment remuneration. 	
	<p>12th Term The 22nd time 2021/04/19</p>	<ol style="list-style-type: none"> 1. Proposal of the performance evaluation of the board of directors and the functional committees. 2. The Company established the treasury stock cancellation base date and related matters. 3. Resolution on amendment of the "Article of Incorporation of the Company." 4. The Company's 2020 earnings distribution. 5. The Company's 2020 increased capital from earnings new stock release. 6. The Company's 2021 shareholders meeting report matters. 7. Review of the nominated directors (including independent directors) candidate list and matters. 8. Change of meeting agenda for the Company's 2021 shareholders' general meeting. 9. The Company's authorization to the Chairman for disposal of construction use land based on the needs of the operation plans. 10. Additional contracted construction amount for the Company's subsidiary Jing Fu Xiang Construction Co., Ltd.. 	
	<p>12th Term The 23rd time 2021/05/07</p>	<ol style="list-style-type: none"> 1. The Company's 2021 operation plans. 2. Financing application to financial institution by the Company. 3. The Company's issuance of secured corporate bond for the first time in 2021. 4. The Company's 2021 Quarter 1 dividend distribution. 	
	<p>12th Term The 24th time</p>	<ol style="list-style-type: none"> 1. Resolution on Land Purchase by the Company and Construction Permit 	

2021/05/20	<ol style="list-style-type: none"> 2. The Company outsources new construction to subsidiary. 3. Financing application to financial institution by the Company.
12th Term The 25th time 2021/07/09	<ol style="list-style-type: none"> 1. The Company's chairperson election. 2. The Company established postponed convening date and venue for the 2021 shareholders general meeting. 3. Financing application to financial institution by the Company.
13th Term The 1st time 2021/07/27	<ol style="list-style-type: none"> 1. Mutual election for the Company's 13th Term Chairperson. 2. Mutual election for the Company's 13th Term Vice Chairperson.
13th Term The 2nd time 2021/08/05	<ol style="list-style-type: none"> 1. Proposal of the Company's appointment of the General Manager. 2. The appointment for the Company's 5th Remuneration Committee members. 3. The appointment for the Company's 3rd Nomination Committee members.
13th Term The 3rd time 2021/09/09	<ol style="list-style-type: none"> 1. The Company's base date for cash dividends earnings distribution and related matters. 2. The Company's base date for increased capital from earnings new stock release and related matters. 3. Authorized Chairman on the inventory purchase amount for construction industry. 4. The Commitment Letter by the Company for the funding application to the financial institution. 5. Financing application to financial institution by the Company. 6. Authorized the Chairman to proceed with the Kaohsiung City government urban renewal business implementation case.
13th Term The 4th time 2021/09/29	Appointment of the Company's Head of Corporate Governance.
13th Term 5th 2021/11/09	<ol style="list-style-type: none"> 1. The Company's 2022 audit plan. 2. Resolution on the 2020 Board Director Remuneration Distribution of the Company. 3. Resolution on the 2020 Manager and Employee Remuneration Distribution of the Company 4. Resolution on the 2021 Policies, System, Standards, and Structure of Remuneration Paid to Board Directors and Managers of the Company. 5. Proposal of the 2021 managerial officers end-of-year bonus distribution of the Company. 6. Proposal of the 2020 performance evaluation of the managerial officers of the Company. 7. Proposal of the organizational charter of the committees under the Company's board of directors. 8. The Resolution on the 2022 Board Director Further Education Plan. 9. Proposal for the establishment of "Risk

	Management Policy and Procedures” of the Company. 10. Proposal for the establishment of “Regulations Governing Intellectual Property Management” of the Company.	
13th Term The 6th time 2021/12/08	1. Proposal for adjustments to the total amount of the Company’s issuance of secured corporate bond for the first time in 2021. 2. The Company’s guarantee application to the Agricultural Bank of Taiwan for the issuance of the corporate bond. 3. The Company’s guarantee application to the Hua Nan Commercial Bank Ltd. for the issuance of the corporate bond.	

(II) In addition to the said item, is there any resolution adopted by the Meeting of the Board Directors being objected by an Independent Director or did any Independent Director reserve their opinion? These opinions are either recorded or put in writing: None.

II. Implementation of Avoiding Interest Conflict on a Board Director: Name of Board Director, resolution contents, the reason for avoiding interest conflict and resolution result shall be described:

- (I) 2021/01/26 The 12th Term 9th Meeting of the Board of Directors resolution was adopted for land purchase from related person and the construction license. According to Article 206 of the Company Act and Article 15 of the Company’s “Rules Governing the Board of Directors Meeting,” Chairman Chih-Chieh Tsai and Director Kang-Chi Lu recused from the meeting discussion and voting due to conflicts of interests as they are representatives of institutions. After the acting chairperson consulted with all attending directors, this resolution was adopted by all under unanimous consent.
- (II) 2021/04/19 The 12th Term 22nd Meeting of the Board of Directors resolution was adopted for the review of nominated directors (including independent directors) candidate name list. According to Article 206 of the Company Act and Article 15 of the Company’s “Rules Governing the Board of Directors Meeting,” Independent Director Cheng-Nan Huang, Independent Director Chin-Chang Wu, and Independent Director Hsu-Hui Hsu recused from the meeting discussion and voting due to conflicts of interests. After the acting chairperson consulted with all attending directors, this resolution was adopted by all under unanimous consent.
- (III) 2021/05/20 The 12th Term 24th Meeting of the Board of Directors resolution was adopted for land purchase and the construction license. According to Article 206 of the Company Act and Article 15 of the Company’s “Rules Governing the Board of Directors Meeting,” Chairman Chih-Chieh Tsai and Director Kang-Chi Lu recused from the meeting discussion and voting due to conflicts of interests as they are representatives of institutions. After the acting chairperson consulted with all attending directors, this resolution was adopted by all under unanimous consent.
- (IV) 2021/08/05 The 13th Term 2nd Meeting of the Board of Directors resolution was adopted for the appointment of the Company’s General Manager. According to Article 206 of the Company Act and Article 15 of the Company’s “Rules Governing the Board of Directors Meeting,” Chairman Ding-Sheng Zhong recused from the meeting discussion and voting

due to conflicts of interests. After the acting chairperson consulted with all attending directors, this resolution was adopted by all under unanimous consent.

- (V) 2021/08/05 The 13th Term 2nd Meeting of the Board of Directors resolution was adopted for the appointment of the Company's 5th Term Remuneration Committee members. According to Article 206 of the Company Act and Article 15 of the Company's "Rules Governing the Board of Directors Meeting," Independent Director Chin-Chang Wu, Independent Director Hsu-Hui Hsu, and Independent Director Yan-Fen Wu recused from the meeting discussion and voting due to conflicts of interests. After the acting chairperson consulted with all attending directors, this resolution was adopted by all under unanimous consent.
- (VI) 2021/08/05 The 13th Term 2nd Meeting of the Board of Directors resolution was adopted for the appointment of the Company's 3rd Term Nomination Committee members. According to Article 206 of the Company Act and Article 15 of the Company's "Rules Governing the Board of Directors Meeting," Independent Director Chin-Chang Wu, Independent Director Hsu-Hui Hsu, and Independent Director Yan-Fen Wu recused from the meeting discussion and voting due to conflicts of interests. After the acting chairperson consulted with all attending directors, this resolution was adopted by all under unanimous consent.
- (VII) 2021/11/09 The 13th Term 5th Meeting of the Board of Directors resolution was adopted for the the Company's 2020 Distribution for remuneration to directors. According to Article 206 of the Company Act and Article 15 of the Company's "Rules Governing the Board of Directors Meeting," Independent Director Cheng-Nan Huang, Independent Director Chin-Chang Wu, and Independent Director Hsu-Hui Hsu recused from the meeting discussion and voting due to conflicts of interests. After the acting chairperson consulted with all attending directors, this resolution was adopted by all under unanimous consent.
- (VIII) 2021/11/09 The 13th Term 5th Meeting of the Board of Directors resolution was adopted for the Company's 2020 Distribution for remuneration to managerial officers. According to Article 206 of the Company Act and Article 15 of the Company's "Rules Governing the Board of Directors Meeting," Chairman Ding-Sheng Zhong recused from the meeting discussion and voting due to conflicts of interests. After the acting chairperson consulted with all attending directors, this resolution was adopted by all under unanimous consent.
- (IX) 2021/11/09 The 13th Term 5th Meeting of the Board of Directors resolution was adopted for the Company's 2021 Distribution for end-of-year bonuses to managerial officers. According to Article 206 of the Company Act and Article 15 of the Company's "Rules Governing the Board of Directors Meeting," Chairman Ding-Sheng Zhong (concurrently the General Manager) recused from the meeting discussion and voting due to conflicts of interests. After the acting chairperson consulted with all attending directors, this resolution was adopted by all under unanimous consent.

III. Disclose information of self-evaluation period, period interval, scope, method, and contents for public listed and OTC companies to run Meetings of the Board Directors; fill in execution of evaluation of Meetings of the Board Directors.

IV. Evaluation of Objectives to Enhance Functions of Meetings of the Board Directors (such as

Establishment of the Audit Committee and Improvement of Information Transparency) and Implementation:

1. Establish and main company image and fulfill social responsibilities.
2. Supervise and handle risks faced by the Company and ensure compliance of the Company with relevant laws.
3. Enact effective and appropriate internal control system.
4. Continuously update the website of the Company to provide real-time operational and financial information to keep shareholders being informed timely.

(II) Execution of Evaluation of Meetings of the Board Directors

Evaluation Period (Note 1)	Evaluation Period (Note 2)	Evaluation Scope (Note 3)	Evaluation Method (Note 4)	Evaluation Contents (Note 5)
Evaluation is conducted once a year.	Conducted performance evaluation of the Board of Directors for performance between July 27th, 2021 to December 31st, 2021.	Performance Evaluation of Individual Board Director and Functional Committees	Self-evaluation and Peer Evaluation of the Board Directors	<ol style="list-style-type: none"> 1. Board of Directors performance evaluation 2. Individual director member's performance evaluation 3. Functional committee performance evaluation

Note 1: Implementation periods of evaluation of Meetings of the Board Directors shall be listed.

Note 2: Fill in the evaluation of the period performance of Meetings of the Board Directors.

(The term of office of the Company's directors ended on July 27th, 2021. Reelection of all directors)

Note 3: Scope of evaluation shall include performance evaluation of Meetings of the Board Directors, individual Board Director, and functional committees.

Note 4: Evaluation methods include those conducted by Meetings of the Board Directors itself, by the Board Directors, by peer Board Directors, and entrusted external expert institution or other appropriate methods.

Note 5: Scope of evaluation contents shall at least include items below

- (1) Performance evaluation of Meetings of the Board Directors: at least includes participation level in company operations, decision-making quality of Meetings of the Board Directors, composition and structure of Meetings of Board Directors, and election and continuous study of the Board Directors, and internal control.
- (2) Performance evaluation of individual Board Directors: at least includes command of company objectives and tasks, understanding of duties of the Board Directors, participation level in company operations, internal relations management and communication, professionalism and continuous study of the Board Directors, and internal control.
- (3) Performance evaluation of functional committees: participation level in company operations, understanding of duties of functional committees, decision-making quality of functional committees, composition and member selection of functional committees, and internal control.

For detailed information of evaluation of the board directors' Meetings, please see (6) Corporate Governance.

(III) Operations of Audit Committee:

The Audit Committee has convened 11 (A) times in the most recent year (2021). The attendance of the independent directors is shown below:

Job title	Name	Number of Actual Attendance (B)	Number of Proxies for Attendance	Actual Attendance Rate (%) (B/A) (Note)	Note
Independent Director	Chin-Chang Wu	11	0	100%	Independent Director Chin-Chang Wu was re-elected after the re-election of all directors on July 27th, 2021.
Independent Director	Cheng-Nan Huang	6	0	100%	The term of office for Independent Director Cheng-Nan Huang ended on July 27th, 2021 and was dismissed after the re-election of all directors.
Independent Director	Hsu-Hui Hsu	11	0	100%	Independent Director Hsu-Hui Hsu was re-elected after the re-election of all directors on July 27th, 2021.
Independent Director	Yan-Fen Wu	5	0	100%	Independent Director Yan-Fen Wu was newly elected after the re-election of all directors on July 27th, 2021.

Other Mandatory Provisions:

I. When one of the following situations occurred, the date of a Meeting of the Board Directors, term, resolution contents, resolution result of Audit Committee, and handling of the Company in response to the opinion of Audit Committee shall be described.

(I) Items listed in Article 14-5 of the Securities and Exchange Act:

Date of Meeting	Resolution Contents	opinion of all Independent Directors and handling of the Company in response to opinion of Independent Director:
2nd Term The 18th time	1. Resolution on Land Purchase from the Related Party by the Company and	1. This resolution was

	2021/01/26	Construction Permit 2. Resolution on Contracting New Construction Project to the Subsidiary, Jing Fu Xiang Construction Co., Ltd.	adopted by all Independent Directors under unanimous consent. 2. No objections or opinions were held by all Independent Directors.
	2nd Term The 19th time 2021/03/12	1. Resolution on the 2020 Operational Report and Financial Statements of the Company 2. Resolution on the 2020 “the Internal Control System Statement” of the Company 3. Financing application to financial institution for the Company’s construction use land. 4. Resolution on CPA Change for the Financial Statements of the Company 5. Proposal of the evaluation of the independence of CPA and 2021 appointment remuneration. 6. Proposal of purchasing the land in Xinzhuang Fuduxin Section.	
	2nd Term The 20th time 2021/04/19	1. The Company’s 2020 earnings distribution. 2. The Company’s 2020 increased capital from earnings new stock release. 3. The Company’s authorization to the Chairman for disposal of construction use land based on the needs of the operation plans. 4. Additional contracted construction amount for the subsidiary Jing Fu Xiang Construction Co., Ltd..	
	2nd Term The 21st time 2021/05/07	1. The Company’s 2021 operation plans. 2. Financing application to financial institution by the Company. 3. The Company’s issuance of secured corporate bond for the first time in 2021.	
	2nd Term The 22nd time May 20th, 2021	1. Resolution on Land Purchase by the Company and Construction Permit 2. The Company outsources new construction to subsidiary. 3. Financing application to financial institution by the Company.	
	2nd Term The 23rd time 2021/07/09	4. Financing application to financial institution by the Company.	
	3rd Term The 1st time 2021/07/27	Election of the Company’s Audit Committee Convener and Meeting Chair.	
	3rd Term The 2nd time 2021/08/05	Report on the Company’s 2021 Q2 Audit Report.	
	3rd Term The 3rd time 2021/09/09	1. Authorized Chairman on the inventory purchase amount for construction industry. 2. The Commitment Letter by the Company for the funding application to the financial institution. 3. Financing application to financial institution by the Company. 4. Authorized the Chairman to proceed with	

		the Kaohsiung City government urban renewal business implementation case.	
	3rd Term The 4th time 2021/11/09	The Company's 2022 audit plan.	
	3rd Term 5th 2021/12/08	<ol style="list-style-type: none"> 1. Proposal for adjustments to the total amount of the Company's issuance of secured corporate bond for the first time in 2021. 2. The Company's guarantee application to the Agricultural Bank of Taiwan for the issuance of the corporate bond. 3. The Company's guarantee application to the Hua Nan Commercial Bank Ltd. for the issuance of the corporate bond. 	

(II) In addition to the said resolution, any resolution that is not approved by the Audit Committee but approved by more than two-thirds of all Board Directors: None.

II. Implementation of Avoiding Interest Conflict on Independent Directors: Name of Independent Director, resolution contents, the reason for avoiding interest conflict and resolution result shall be described: None.

III. Communication among Independent Directors, Head of Internal Audit, and CPA:

Communication Policy between Independent Directors and Head of Internal Audit:

- (I) The Independent Directors and internal Audit officer will meet at least once a quarter to communicate. The purpose is to fully communicate on the audit opinions and issues of the Company's internal and external audits and to record them for reporting to the Board of Directors.
- (II) The Company's Audit Committee is composed of all Independent Directors. The internal Audit officer will report to The Audit Committee on the audit execution situations and to submit reports on the Company's internal audit execution and internal control operations situations. The contents include business audit execution situations, internal process matters, audit personnel trainings and the major audit matters opinions of the internal and external audit and their improvement situations; If adopted for significant unusual matters, there is a need to convene meeting immediately.
- (III) The Independent Directors will listen to the internal Audit officer's report on the annual audit plan and execution situations during The Audit Committee meeting, and to provide opinions or directions. Telephone or emails are used for communications during regular times. These will provide effective implementation of monitoring the Company's internal control with solid outcomes.

Communications policy between the Independent Directors and Accountant:

- (I) The Independent Directors and Accountants will hold the communications meeting at least once a year. The accountant will report to and communicate with the Independent Directors on the Company's consolidated financial and overall operations situations, internal control, new IFRS bulletin, taxation laws, securities laws and regulations, new audit bulletin and latest important legal revisions, and to keep a written record of the communications meeting.
- (II) The Company's Audit Committee is composed of all of the Independent Directors. The accountant will provide sufficient explanation and communications on the major adjustments to entries discovered during audit or the accounts handling due to impacts of revised laws and regulations.
- (III) The Company held the communications meeting on December 22nd, 2021 between CPA I-Lien Han of KPMG and the company's Independent Directors regarding the annual audit plan and the latest revisions to major laws and regulations.

(IV) Difference and Reason of Corporate Governance Operations and Practice of Public Listed Companies and OTC Companies

Evaluation Item	Operations (Note)			Difference and Reason of Corporate Governance Practices of Public Listed and OTC Companies
	Yes	No	Summary Description	
I. Does the Company comply with corporate governance practice of public listed and OTC companies and disclose practices of the Company?	✓		The Company has established the “Principles for Corporate Governance Practices” which is disclosed on the Market Observation Post System (MOPS) and the company website. The operations promoting corporate governance such as the “Rules of Procedure for Shareholders Meetings,” “Rules Governing the Board of Directors Meeting,” and the internal control system have also been established. Related businesses to these have been performed in the spirit of corporate governance practice of public listed and OTC companies.	No significant difference
II. Shareholding Structure of the Company and Shareholders’ equity				
(I) Did the Company enact internal operational procedures to handle suggestions, doubts, disputes, or litigation with shareholders and were procedures followed?	✓		(I) The Company, according to rules and regulations, set up the spokesman system to handle relevant matters. If there is a dispute, entrusted attorneys of the Company, our legal advisors, will handle it.	No significant difference
(II) Did the Company command major shareholders that actually control the Company and did it have	✓		(II) The Company set up relevant departments to monitor shareholding of the Board Directors, managers, and those who own more than 10% of the Company’s total shares and a monthly report is submitted to the designated market observation post station announced by the Securities and Futures Bureau.	

Evaluation Item	Operations (Note)			Difference and Reason of Corporate Governance Practices of Public Listed and OTC Companies
	Yes	No	Summary Description	
<p>the list of major shareholders that control the Company?</p> <p>(III) Did the Company establish and execute risk management and firewall mechanism with its affiliates?</p> <p>(IV) Did the Company set up internal regulations that forbid insiders of the company to make use of information not open to the market to trade valuable securities?</p>	<p>✓</p> <p>✓</p>		<p>(III) It was enacted in the Internal Control System of the Company.</p> <p>(IV) The Company established the “Regulations Governing Insider Trading Prevention” and “Code of Ethical Conduct” to prevent insider trading. Advocacy on related laws and regulations to insider trading prevention is carried out on a regular basis each month to internal personnel to guarantee investors and company rights.</p>	
<p>III. Composition of the Board of Directors and Responsibilities</p> <p>(I) Did members of the Board of Directors enact diverse guidelines and put them into practice?</p>	<p>✓</p>		<p>(I) In consideration of the operational type and development needs, the Board Directors of the Company shall have business and finance skills and industrial experiences. The Company enacted the “Principles for Corporate Governance Practices” to achieve ideal objectives of corporate governance and capabilities shall be overall possessed by the Board of Directors including 1. Decision-making capability towards operations; II. Accounting</p>	<p>No significant difference</p>

Evaluation Item	Operations (Note)			Difference and Reason of Corporate Governance Practices of Public Listed and OTC Companies
	Yes	No	Summary Description	
(II) In addition to the Remuneration Committee and Audit	✓		<p>and financial analysis ability III. Business management ability IV. Crisis management ability V. Knowledge of the industry VI. An international market perspective VII. Leadership VIII. Decision-making ability 9. Risk management knowledge and capability; Additionally, the “Rules Governing Election of Board Directors” of the Company considers the overall arrangement of the Board. Diversification shall be considered for the composition of the Board of Directors and suitable diversification guidelines shall be enacted according to operations of the Board and operation type and development need of the Company. It shall include but not limit to the following dimension standards: 1. Basic qualification and value: gender, age, nationality, and culture and II. Professional knowledge and skills: A professional background (e.g. law, accounting, industry, finance, marketing, or technology), professional skills, and industry experience. There are 7 directors including 3 independent directors. Professional background of the directors covers business, finance, legal, management, and diverse knowledge background in industry and academic. They can provide the Company with different professional opinions which would be of great help to enhancing the Company’s operations performance and management benefits.</p> <p>(II) The Company established The Remuneration Committee and The Audit Committee according to law and on April 7th, 2015 voluntarily set up The Nomination Committee as approved by the</p>	

Evaluation Item	Operations (Note)			Difference and Reason of Corporate Governance Practices of Public Listed and OTC Companies
	Yes	No	Summary Description	
<p>Committee as requested by laws, did the Company voluntarily set up other functional committees?</p> <p>(III) Does the company establish a method to evaluate board performance and evaluate board performance every year? Are the performance evaluation results reported to the board and used as a reference for the remuneration and nomination for re-election of directors?</p>	<p>✓</p>		<p>Board of Directors and revised the organization charter of The Nomination Committee which was announced on the company website. The scope of powers of the committee members were nominated according to the organization charter. The Nomination Committee is formed by at least three directors recommended and elected by the Board of Directors, and over half of the seats shall be taken up by independent directors. For the current term, members of the Nomination Committee are Independent Director, Chin-Chang Wu, Independent Director, Cheng-Nan Huang, and Independent Director, Hsu-Hui Hsu, and in the future, other functional committees will be set up according to actual operations.</p> <p>(III) The Company has established the “Measures for performance evaluation of the board of directors and the functional committees” and conducts the performance evaluation on a regular basis. It includes self-evaluation and peer evaluation. The 2021 performance evaluation results has been reported and approved by the 2022 Nomination Committee meeting and approved by the Board of Directors. The connection between performance evaluation result and remuneration: such as consideration of attendance to meetings of the Board Directors, continuous studies, involvement level in accounting and financial status, and audit report, and management of the Company Relevant performance audit and remuneration rationality are</p>	

Evaluation Item	Operations (Note)			Difference and Reason of Corporate Governance Practices of Public Listed and OTC Companies
	Yes	No	Summary Description	
(IV) Did the Company periodically evaluate independence of CPAs?	✓		<p>reviewed and approved by the Remuneration Committee and the Board of Directors and the remuneration system will be appropriately reviewed according to actual operations and relevant laws to maintain the balance of sustainable management and risk control of the Company.</p> <p>(IV) The Company each year evaluates the independence of CPAs according to Article 29 of the "Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies" stating that when hiring CPAs, TWSE/TPEX Listed Companies shall select some one who is professional, responsible, and independent and periodically evaluate the independence and suitability of the hired CPAs (at least once a year). Evaluation result shall be submitted to the Board of Directors. The Company evaluates the independence and suitability of the Certified Public Accountants once a year and report the results to The Audit Committee on May 6th, 2022 and the Board of Directors has also reviewed and approved. The Company's evaluation result shows that CPA I-Lien Han, CPA Hsin-Ting Huang of KPMG meet the Company's CPA independence evaluation standard. Independence indicators in the evaluation items include: 1. Is there a significant relation of financial interest between CPAs and the entrusted party; 2. Is there an inappropriate interest relation between CPAs and the entrusted party; 3. Do CPAs and their assistant regularly participate in evaluations conducted by the Industrial Associations or other relevant evaluation organizations</p>	

Evaluation Item	Operations (Note)			Difference and Reason of Corporate Governance Practices of Public Listed and OTC Companies
	Yes	No	Summary Description	
			and ensure their honesty, justice, and independence, 4. Did they make any violation when certifying financial statements for any entrusted organizations within the two year period before this certification service and are they forbidden to provide certification services; 5. Names of CPAs shall not be used by others, 6. CPAs shall not hold any shares of the entrusted party, 7. There shall be no loans between CPAs and the entrusted party and this excludes normal transactions with financial institutions, 8. CPAs shall not take any work paid with fixed salaries by the entrusted party, 9. CPAs shall not receive any relevant commission with business operation, and 10. CPAs shall not serve the entrusted party continuously for seven years in a row.	
IV. Did TWSE/TPEX Listed Companies assign capable and suitable number of corporate governance personnel and request the corporate governance head to set up a full-time (part-time) department or personnel to take charge of relevant affairs of corporate governance (including but not limited to the	✓		The company has set up a Meeting Affairs Unit and Governance Supervisor responsible for related matters on corporate governance, including Board of Directors, Functional Committee and the Shareholders Meetings convening arrangements, agenda progress and post-meeting related announcement and filing matters, and the creation, mail and distribution of meeting minutes. Matters pertaining to company changes based on the outcome of the shareholders meetings are also to be processed. Responsibilities also include corporate social responsibility policies, system or related management guidelines and the concrete proposal and execution of promotion plans, report to the Board of Directors on a regular basis, and to establish communications channels with stakeholders via email, telephone or facsimile method. As of the publication date of the annual	No significant difference

Evaluation Item	Operations (Note)			Difference and Reason of Corporate Governance Practices of Public Listed and OTC Companies
	Yes	No	Summary Description	
provision of information needed by the Board Directors, Supervisors, legal assistance compliance of the Board Directors, Supervisors) and did TWSE/TPEX Listed Companies according to laws proceed matters related to shareholders' meetings and prepare minutes of meetings of the Board Directors and shareholder)?			report, none of the stakeholders has propose issues on related matters to the Company's corporate governance.	

Evaluation Item	Operations (Note)			Difference and Reason of Corporate Governance Practices of Public Listed and OTC Companies
	Yes	No	Summary Description	
V. Did the Company build communication channels with stakeholders (including but not limited to shareholders, employees, customers, and suppliers) and is there a designated area for stakeholders on the company website and are concerns of stakeholders towards important social responsibilities of the Company properly answered?	✓		The Company assigned a spokesperson and an acting spokesperson who can be reached by stakeholders via email, telephone or fax. Till the publishing date of this annual report, there have no issues on corporate governance raised by any stakeholder.	No significant difference
VI. Did the Company entrust any professional agency for stock affairs to take charge of shareholders' affairs?	✓		The Company entrusted the Stock Affairs Department of Yuanda Securities to take care of shareholders' affairs.	No significant difference
VII. Information Openness: (I) Did the Company construct its website to disclose information related to financial affairs	✓ ✓		(I) The Company constructed its company website to disclose company status, basic information, and financial information and there are designated personnel in charge of information maintenance and updates. Website address:	No significant difference

Evaluation Item	Operations (Note)			Difference and Reason of Corporate Governance Practices of Public Listed and OTC Companies
	Yes	No	Summary Description	
and corporate governance?			(https://www.sanfar.com.tw)	
(II) Did the Company use other methods for information disclosure (such as constructing an English website, designate personnel to take charge of collection and disclosure of company information, implementation of spokesperson system, and placing the process of Meetings of Institutional Investors on the company website?)	✓		(II) There is a spokesperson and an acting spokesperson of the Company. The Company also constructed its English website. There is designated personnel in charge of the disclosure of important information of the Company and updates are periodically posted on the Market Observation Post System (MOPS).	
(III) Did the Company within two months of the ending of the accounting year, announce and declare its annual financial report and announce earlier before the required time			(III) The Company has completed the announcement and declaration of the annual financial report within the legal time period, and the same for the Q1, Q2, and Q3 financial reports and the monthly operational reports.	

Evaluation Item	Operations (Note)			Difference and Reason of Corporate Governance Practices of Public Listed and OTC Companies
	Yes	No	Summary Description	
and declare its financial statements for Q1, 2, and 3 as well as monthly operational reports?				
VIII. Did the company provide important information that helps to understand operations of corporate governance (including but not limited to employee rights, employee caring, investor relations, supplier relations, stakeholder relations, and continuous studies of Board Directors and Supervisors, implementation of risk management polices and measurement standards, execution of customer policy, and liability coverage for Board Directors and	✓		<p>1. Employee rights: The Company, according to rules and regulations, insures its laborers under the National Health Insurance plan and group insurance program and according to laws, labor pensions are allocated monthly.</p> <p>2. Employee caring: The Company, according to the Employee Welfare Fund Act, set up the Employee Welfare Committee to take charge of employee welfare and monthly organizes mountain climbing events. Family Day Event is organized yearly by inviting the participation of family members of employee and the Employee Welfare Fund Committee of the Company was established.</p> <p>3. Investor relations: The Company entrusted a spokesperson to take care of investor issues.</p> <p>4. Supplier relations: The Company built complete supplier information and maintained good contract relations with suppliers.</p> <p>5. Stakeholder relations: The Company discloses and announces information according to laws.</p> <p>6. Continuous Studies of the Board Directors: The Company's directors all possess professional background and they are participating in the further education courses. The Company has also provided related corporate governance related</p>	No significant difference

Evaluation Item	Operations (Note)			Difference and Reason of Corporate Governance Practices of Public Listed and OTC Companies																																					
	Yes	No	Summary Description																																						
Supervisors purchased by the Company)?			<p>information and topic report from time to time. As of December 31st, 2021, all the directors have completed the 2021 further education courses for directors. The courses are listed as below:</p> <table border="1"> <thead> <tr> <th>Position</th> <th>Name</th> <th>Date</th> <th>Training Agency</th> <th>Course Name</th> <th>Number of Hours</th> </tr> </thead> <tbody> <tr> <td rowspan="4">Chairman</td> <td rowspan="4">Ding-Sheng Zhong</td> <td>2021/09/01</td> <td rowspan="8">1. Taiwan Securities and Future Institute 2. Accounting Research and Development Foundation 3. Taiwan Academy of Banking and Finance 4. Financial Supervisory Commission 5. Taipei Exchange 6. Taiwan Stock Exchange</td> <td>"13th Taipei Corporate Governance Forum," morning session</td> <td>3</td> </tr> <tr> <td>2021/09/01</td> <td>"13th Taipei Corporate Governance Forum," afternoon session</td> <td>3</td> </tr> <tr> <td>2021/10/20</td> <td>2021 Equity Transfer by Insiders of Listed Companies and Legal Compliance Workshop</td> <td>3</td> </tr> <tr> <td>2021/10/27</td> <td>The Study Group of Corporate Governance and Sustainable Development of Business</td> <td>3</td> </tr> <tr> <td rowspan="2">Director</td> <td rowspan="2">Ming-Hsien Kao</td> <td>2021/10/13</td> <td>2021 Equity Transfer by Insiders of Listed Companies and Legal Compliance Workshop</td> <td>3</td> </tr> <tr> <td>2021/11/12</td> <td>2021 Insider trading prevention promotion session</td> <td>3</td> </tr> <tr> <td rowspan="2">Director</td> <td rowspan="2">Ding-Shin Zhong</td> <td>2021/09/01</td> <td>"13th Taipei Corporate Governance Forum," morning session</td> <td>3</td> </tr> <tr> <td>2021/09/01</td> <td>"13th Taipei Corporate</td> <td>3</td> </tr> </tbody> </table>	Position	Name	Date	Training Agency	Course Name	Number of Hours	Chairman	Ding-Sheng Zhong	2021/09/01	1. Taiwan Securities and Future Institute 2. Accounting Research and Development Foundation 3. Taiwan Academy of Banking and Finance 4. Financial Supervisory Commission 5. Taipei Exchange 6. Taiwan Stock Exchange	"13th Taipei Corporate Governance Forum," morning session	3	2021/09/01	"13th Taipei Corporate Governance Forum," afternoon session	3	2021/10/20	2021 Equity Transfer by Insiders of Listed Companies and Legal Compliance Workshop	3	2021/10/27	The Study Group of Corporate Governance and Sustainable Development of Business	3	Director	Ming-Hsien Kao	2021/10/13	2021 Equity Transfer by Insiders of Listed Companies and Legal Compliance Workshop	3	2021/11/12	2021 Insider trading prevention promotion session	3	Director	Ding-Shin Zhong	2021/09/01	"13th Taipei Corporate Governance Forum," morning session	3	2021/09/01	"13th Taipei Corporate	3	
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			<table border="1"> <tr> <td rowspan="3">Independent Director</td> <td rowspan="3">Yan-Fen Wu</td> <td>2021/10/19</td> <td>ESG as a corporate strategy and sustainable finance trend</td> <td>6</td> </tr> <tr> <td>2021/11/03</td> <td>2021 Insider trading prevention promotion session</td> <td>3</td> </tr> <tr> <td>2021/11/17</td> <td>Discuss corporate governance from real case study on management ownership disputes</td> <td>3</td> </tr> </table> <p>7. Execution of Risk Management Policies and Measurement Standards: On November 9th, the Company has established the “Risk Management Policy and Procedures” and the General Manager convenes the risk management team as regulated. Every department evaluated the significant risk factors of their department based on the risk damage amount and risk occurrence rate. The evaluation results and countermeasures were reported to the Board of Directors on November 9th, 2021. The report contents are:</p> <table border="1"> <thead> <tr> <th>No.</th> <th>Risks</th> <th>Responsive strategy</th> </tr> </thead> <tbody> <tr> <td>1</td> <td>Onsite labor shortage Project engineering personnel</td> <td>1. Early planning and outsource in seek of strategic vendors alliance for long term cooperation. 2. Adjustment to salary structure to form coherence.</td> </tr> </tbody> </table>	Independent Director	Yan-Fen Wu	2021/10/19	ESG as a corporate strategy and sustainable finance trend	6	2021/11/03	2021 Insider trading prevention promotion session	3	2021/11/17	Discuss corporate governance from real case study on management ownership disputes	3	No.	Risks	Responsive strategy	1	Onsite labor shortage Project engineering personnel	1. Early planning and outsource in seek of strategic vendors alliance for long term cooperation. 2. Adjustment to salary structure to form coherence.	
Independent Director	Yan-Fen Wu	2021/10/19	ESG as a corporate strategy and sustainable finance trend			6															
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Evaluation Item	Operations (Note)			Difference and Reason of Corporate Governance Practices of Public Listed and OTC Companies
	Yes	No	Summary Description	
			<p>2 Due to large volume of construction projects, the factory has limited capacity that the manufacturing supply volume for special work such as steel structure and pipes is insufficient. As the market demand is high, the production schedule is crowding-out and there are shortages in the supply of materials.</p>	<p>1. Pre-bid agreement. 2. Seeking business for joint venture.</p>
			<p>3 Affected by the coronavirus pandemic A. Administrative personnel of the office B. Onsite construction personnel</p>	<p>A. Shifts arrangement for office personnel is based on diversion method. Part of the personnel work from home. The whole company will undergo environmental disinfection at the end of the work day for everyday. B. The construction sites are mostly outdoors. The diversion method is not adopted as it will affect the construction progress. The construction site management regulations are as shown below: B1 Access control for the entrances and exits B2 Real name registering B3 Forehead temperature measurement and facemask wearing B4 Handling of unusual body temperature Prohibit to enter the venue when body temperature is unusual. Inform the respective supervisor/personnel of the vendor owner and continue to track for reporting back on the check-up results. If there are home isolation situations, besides upward reporting, strengthen alert;</p>

Evaluation Item	Operations (Note)			Difference and Reason of Corporate Governance Practices of Public Listed and OTC Companies
	Yes	No	Summary Description	
			<p>If there are confirmed cases, besides upward reporting, stop work at the construction site immediately and disinfect the whole building at the site at the first instant.</p> <p>B5 Control suggestions for the number of household cases at work station. Work station personnel will adjust their off day breaks with less than 5 people attendance each day. Request for less than 5 people for each household case to avoid cluster effect and to check that the face mask is worn properly at all times. The work station and number of people for work attendance are not rigid regulations. Every area supervisor will make the adjustments depending on the situations.</p> <p>B6 Management of individual and construction site cleaning and disinfection. Individual small bottle of disinfectant or alcohol will be distributed to every employee at the work station to provide individual cleaning and disinfecting during work. Large bottles of disinfectant or alcohol are placed at the work station for daily disinfection of the work station equipment and environment.</p>	
			<p>8. Execution of Customer Polices: The Company values customer relations and satisfaction and sets up the brand strategy group. Designated personnel is in charge of</p>	

Evaluation Item	Operations (Note)			Difference and Reason of Corporate Governance Practices of Public Listed and OTC Companies
	Yes	No	Summary Description	
			<p>valuable customer opinions to create mutual prosperity.</p> <p>9. The Company purchased liability insurance for Board Directors to mitigate risks of significant losses of the Company and shareholders caused by the company's mistakes or negligence. Has continued the insurance contract with Shinkong Insurance Co., Ltd. for the 2021 Directors' liability insurance with the insured period being from July 31st, 2021 to July 31st, 2022. The insured amount is USD 2,000,000 and the insurance fee is USD 1,600.</p>	
IX. Describe improvement made as well as priorities and measures for items not being improved according to recent corporate governance evaluation result released by the Corporate Governance Center of TWSE.				
Appraisal Indicators			Prioritized matters for enhancement and measures	
Does the company establish and disclose on the company website internal rules prohibiting directors or employees and so on internal personnel from making profit gains by utilizing information that cannot be obtained from the market and implement the rule?			The Company has in 2022 enhance its internal educational trainings and recorded the course topics, time, and number of participants.	
Does the company establish diversity policy for its Board of Directors and disclose on the company website and annual report on the concrete management goals and implementation status of the diversity policy?			The Company has prepared the 2022 shareholders general meeting annual report and has disclosed the Board's diversity policy and target achievements within.	

(V) If there is the Remuneration Committee set up by the Company, please disclose its composition, duties, and operations:

1. Information of the Remuneration Committee members May 3rd, 2022

Name	Condition	Professional qualifications and experiences	Status of independence	Number of public listed company that he/she serves as an Independent Director
Independent Director Chin-Chang Wu (Note)		Possesses over five years of business work experiences. Currently is the Chairman of Sunfar Computer Co., Ltd.	Meets the following conditions of the independence evaluation two years before the election and during the tenure: (1) Not an employee of the company or its affiliates; (2) Not a Board Director, Supervisor of the Company or its affiliates (excluding working as an Independent Director jointly for a subsidiary of the Company, its parent company, subsidiary or that belonging to the same parent company of the Company in compliance of this Act or local rules and regulations); (3) Not the Person, his/her spouse, minor children or in the name of others that hold more than 1% of the total number of shares issued by the Company or a shareholder of nature person that are one of the top ten significant shareholders;	0
Independent Director Hsu-Hui Hsu		Possesses over five years of business work experiences. Currently is the Chairman of Taiwan Express (Logistics) Co., Ltd.	(4) Not the spouse, second-degree relative or third-degree relative of a manager of persons listed in (2), (3); (5) He/she is not a Board of Director, Supervisor, or employee working for a company that directly holds more than 5% of the total number of shares issued by the Company, is a top-five significant shareholder, or a person that works for a shareholder of a legal person as the Board Director or Supervisor of the Company as assigned according to Article 27-1 or 27-2 of the Company Act (excluding working as an Independent Director jointly for a subsidiary of the Company, its parent company, subsidiary or that belonging to the same parent company of the Company in compliance of this Act or local rules and regulations); (6) He/she is not a Board of Director, Supervisor, or employee of a company that holds more than half seats of the Board Directors or owns	1

<p>Independent Director Yan-Fen Wu</p>	<p>Possesses over five years of business and sales work experiences and a professional and technical personnel with lawyer's license. Currently is the licensed lawyer of T.Y.T. Law Offices</p>	<p>more than 50% shares of decision power (excluding working as an Independent Director jointly for a subsidiary of the Company, its parent company, subsidiary or that belonging to the same parent company of the Company in compliance of this Act or local rules and regulations);</p> <p>(7) He/she is not a Board of Director, Supervisor (Auditor), or employee in a company or organization who has the same Chairman, General Manager or the same person at the equivalent position or whose spouse takes the said post (excluding working as an Independent Director jointly for a subsidiary of the Company, its parent company, subsidiary or that belonging to the same parent company of the Company in compliance of this Act or local rules and regulations);</p> <p>(8) He/she is not a Board Director(Director), Supervisor(Auditor), Manager or shareholder with more than 5% shares of a specific company or organization that is engaged in financial or business relations with the Company (excluding working as an Independent Director jointly for a specific company or organization holding more than 20% but less than 50% of the total shares issued by the Company and is a subsidiary of the Company, its parent company, subsidiary or that belonging to the same parent company of the Company in compliance of this Act or local rules and regulations);</p> <p>(9) He/she does not or did not conduct auditing for the Company or its affiliates or is not an employer, partner, Board of Director (Director), Supervisor (Auditor), Manager or spouse of the said parties who obtained more than the income of NT\$500,000 by providing relevant services of a business, legal affairs, finance, or accounting as a professional or owner of sole proprietorship, partnership, company, or organization excluding members of remuneration committee, review committee for open purchase, or special committee of mergers set up according to the Securities and Exchange Act or the Business Mergers and Acquisitions Act.</p> <p>(10) He/she does not have a kinship with other Board of Directors.</p> <p>(11) He/she does not violate requirements stated in Article 30 of the Company Act.</p> <p>(12) He/she is elected not as a</p>	<p>0</p>
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Note: Is the convener of the Remuneration Committee.

2. Operations of the Remuneration Committee

- (1) There are three members in the Remuneration Committee of the Company.
- (2) Term of Office for the term's member: August 5th, 2021 to August 4th, 2024
- (3) Duties of the Remuneration Committee are carried out according to the "Organizational Charter of the Remuneration Committee of the Company". The Committee shall propose their suggestions for discussions by the Board of Directors. The scope of committee duties include:
 - A. Enact and periodically review performance evaluation of Board Directors and managers as well as policies, system, standards, and structure of remuneration.
 - B. Periodically evaluate and decide remuneration of Board Directors and managers.
- (4) The Remuneration Committee has held meetings for 3 times (A) in the most recent year. The member qualifications and attendance:

Job title	Name	Actual Attendance Number of Times (B)	Proxies for Attendance, Number of Times	Actual Attendance Rate (%) (B/A)	Note (Note)
Convener	Chin-Chang Wu	3	0	100%	Re-elected
Member	Cheng-Nan Huang	1	0	100%	Former
Member	Hsu-Hui Hsu	3	0	100%	Re-elected
Member	Yan-Fen Wu	2	0	100%	Newly elected

Note: The term of office for the Company's directors expired on July 27th, 2021. Re-election for all directors was held. On August 5th, the Board of Directors re-appointed the term's Remuneration Committee members.

Other Mandatory Provisions: :

- I. If the Board of Directors did not adopt or modified the suggestion of the Remuneration Committee, date of a Meeting of the Board Directors, term, resolution contents, resolution result of Audit Committee, and handling of the Company in response to the opinion of Audit Committee shall be described: None.
- II. If there is a member holding objection or reserve their opinion and put it in record or in writing for a resolution adopted by the Remuneration

Committee, the date of the meeting, term, resolution contents, opinion of all members, and handling shall be described: None.

III. Discussions, Resolutions, and Response of the Company towards Members' Opinion:

Date	Resolution Contents and Continuous Handling	Resolution Result	Response of the Company towards Members' Opinion
4th Term The 10th time March 12th, 2021	Resolution on the 2020 Board Director and Employee Remuneration Distribution of the Company	All members of the committee agreed and approved.	The Board of Directors shall be agreed and approved by all attending directors.
5th Term The 1st time August 5th, 2021	Election of the Company's Remuneration Committee Convener and Meeting Chair.	All attending committees recommend member Chin-Chang Wu as the meeting convener and chair.	
5th Term The 2nd time 2021/11/09	<ol style="list-style-type: none"> 1. Resolution on the 2020 Board Director and Employee Remuneration Distribution of the Company 2. Resolution on the 2020 Manager and Employee Remuneration Distribution of the Company 3. Resolution on the 2021 Policies, System, Standards, and Structure of Remuneration Paid to Board Directors and Managers of the Company 4. Proposal of the 2021 managerial officers end-of-year bonus distribution of the Company. 5. The 2022 work plan of the Company's Remuneration Committee. 	All members of the committee agreed and approved.	

(VI) Operations of the Nomination Committee

1. The qualifications conditions and responsibilities of The Nomination Committee:

(1) The appointment qualifications and conditions of The Nomination Committee members: Based on The Committee Organization Charter, the Committee is formed by at least three directors suggested by the Board of Directors. Among which, over half of the seats shall be participated by Independent Directors. At present, the Nomination Committee of the Company consists of three Independent Directors.

(2) The responsibilities and authority of The Nomination Committee members: Based on Organization Charter of The Nomination Committee, its responsibilities and authority are as shown below:

A. Consider the professional knowledge, techniques and experiences, and gender and independence of the Company's directors, supervisors and senior level managers based on the Company's scale and business characteristics to establish and regularly review the number of directors and senior level managers and the conditions that are to be met.

B. Based on the number and conditions established in the preceding paragraph, search for suitable persons to fill in the directors position. Propose the nominated directors list to the Board of Directors and make prudent evaluations of the qualifications and conditions of the nominees and if there have been matters pertaining to Article 30 of the Company Act, and process according to Article 192-1 of the Company Act.

C. When nominating for the Independent Directors, shall take note of the qualifications, professionalism, integrity of the nominees (in comparison to the other nominees) and their situations of holding to positions as director, committee member or chairperson of other companies, and whether it complies with the stated conditions for Independent Directors in the "Securities and Exchange Act," "Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies" and by the Taiwan Stock Exchange or Taipei Exchange. The main consideration is to meet the long term profit of the shareholders.

D. Based on the number of people and conditions established in the preceding first paragraph, search for suitable high level managerial officer candidates. Proceed with the pre-screening first, and submit the pre-screening results and suggested candidates list to the Board of Directors for discussions.

2. Term of Office for the term's committee member: August 5th, 2021 to August 4th, 2024.

3. There is 3(A) meeting of the Nomination Committee being held with attendance described below:

Job title	Name	Professional qualifications and experiences	Actual Number of Attendance (B)	Number of Proxies for Attendance	Actual Attendance Rate (%) (B/A)	Note (Note 5)
Member	Chin-Chang Wu	Please refer to page 58-59 for the Remuneration Committee members information.	3	0	100%	Re-elected
Member	Cheng-Nan Huang	Not applicable	1	0	100%	Former
Member	Hsu-Hui Hsu	Please refer to page 58-59 for the Remuneration Committee members information.	3	0	100%	Re-elected
Member	Yan-Fen Wu	Please refer to page 58-59 for the Remuneration Committee members information.	2	0	100%	Newly elected

Note: The term of office for the Company's directors expired on July 27th, 2021. Re-election for all directors was held. On August 5th, the Board of Directors re-appointed the term's Nomination Committee members.

4. Discussions and Resolutions Results of The Nomination Committee, and Response of the Company towards Members' Opinion:

Date	Resolution Contents and Continuous Handling	Resolution Result	Response of the Company towards Members' Opinion
The 2nd Term 5th Meeting 2021/04/19	1. Proposal for the Company's nominated directors (including independent directors) candidate list and matters. 2. Proposal of the performance evaluation of the board of directors and the functional committees.	All members of the committee agreed and approved.	The Board of Directors shall be agreed and approved by all attending directors.
The 3rd Term 1st Meeting 2021/08/05	Election of the Company's Nomination Committee Convener and Meeting Chair.	All attending committees recommend member Chin-Chang Wu as the meeting convener and chair.	
The 3rd Term 2nd Meeting 2021/11/09	1. Proposal of the performance evaluation of the managerial officers of the Company. 2. Proposal of the organizational	All members of the committee agreed and	

	charter of the committees under the Company's board of directors. 3. The Resolution on the 2022 Board Director Further Education Plan.	approved.	
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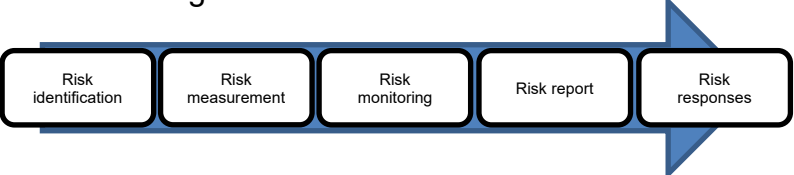
(VII) Differences in promoting sustainable development implementation from the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies and the reasons therefor

System and Measure Adopted by the Company and Performance of Environmental Protection, Social Participation, Social Charity, Consumer Rights Protection, Human Rights, Safety and Health, and Other Activities of Social Responsibility

Evaluation Item	Implementation (Note 1)			Difference and Reason of Sustainable Development Practices of Public Listed and OTC Companies																				
	Yes	No	Summary Description																					
I. Does the Company have a governance structure for sustainability development and a dedicated (or ad-hoc) sustainable development organization with Board of Directors authorization for senior management, which is reviewed by the Board of Directors?	✓		<p>The Company has already established the Sustainability Committee, its structure is as shown below:</p> <pre> graph TD A[委員長] --> B[專案召集人] B --> C[專案負責人] B --> D[外部顧問] C --> E[公司治理小組] C --> F[員工照護小組] C --> G[社會關懷小組] C --> H[環境永續小組] C --> I[客戶關懷小組] </pre> <table border="1" style="margin-left: auto; margin-right: auto;"> <tr> <td colspan="5" style="text-align: center;">Chairman</td> </tr> <tr> <td colspan="5" style="text-align: center;">Project Convenor</td> </tr> <tr> <td colspan="3" style="text-align: center;">Project leader</td> <td colspan="2" style="text-align: center;">External Consultant</td> </tr> <tr> <td style="text-align: center;">Corporate Governance Team</td> <td style="text-align: center;">Employee Care Team</td> <td style="text-align: center;">Social Care Team</td> <td style="text-align: center;">Environmental Sustainability Team</td> <td style="text-align: center;">Customer Care Team</td> </tr> </table>	Chairman					Project Convenor					Project leader			External Consultant		Corporate Governance Team	Employee Care Team	Social Care Team	Environmental Sustainability Team	Customer Care Team	No significant difference
Chairman																								
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Evaluation Item	Implementation (Note 1)			Difference and Reason of Sustainable Development Practices of Public Listed and OTC Companies
	Yes	No	Summary Description	
			The Chairman's Office will be the ad-hoc unit for promoting sustainable development. It will carry out related corporate governance rules, participate in charities, formulate and implement the company's environmental protection and energy saving measures, continues to drive related matters and to report to the Board of Directors on the handing status.	
II. Does the company assess the risk of environmental, social, and governance (ESG) issues in relation to corporate operations based on the materiality principles and establish policies or strategies in relation to risk management? (Note 2)	✓		<p>In response to the global economic environment changes and sustainability risks, the Company has according to the four major aspects in economy, social, environment and other, identified and got hold of related risks that may impact corporate sustainable development. The possible risks are minimized through relevant management policies of risk transfer, reduction and avoidance. These can enhance positive opportunities in operations.</p> <p>I. Risk Management Policy: The Company's risk management policies and procedures have been approved by the 13th 5th Meeting of the Board of Directors. Various risks are to be defined based on the company's overall operations guideline, and to build risk management system for early identification, accurate measurement, effective monitoring and strict control. Prevent any possible losses within acceptable scope of risks. Continue to adjust and improve the best risk management practices</p>	No significant difference

Evaluation Item	Implementation (Note 1)			Difference and Reason of Sustainable Development Practices of Public Listed and OTC Companies
	Yes	No	Summary Description	
			<p>according to internal and external environment changes. At the same time, protect the interests of employees, shareholders, customers and various stakeholders, increase the company's values and achieve optimal principle in the company resources allocation.</p> <p>II. Risk Management Organization Framework: In terms of risk management organization, the Board of Directors is the highest level unit for the company's risk management. Its goal is to promote and realize the company's overall risk management in compliance with the laws and regulations, clearly understand the risks faced by operations, ensure the effectiveness of risk management, and to bear the ultimate responsibilities in risk management. There is a risk management team established under the Board of Directors. The General Manager acts as the convener, with the various departments' officers acting as its members. The risk management team is the responsible unit for carrying out risk management, and to make regular reports to the Board of Directors on the implementation results.</p> <p>Since 2021, the risk management team proactively tackles the risks considered for the operations control process according to the existing management organization system and internal control system using the method with the best cost effectiveness. Requests are made to the officers of the various functional units of the Company who hold responsibilities on</p>	

Evaluation Item	Implementation (Note 1)			Difference and Reason of Sustainable Development Practices of Public Listed and OTC Companies
	Yes	No	Summary Description	
			<p>risk management, to be responsible for analysis and monitoring of related risks of one's unit, to ensure the effective execution of the risk management control mechanism and procedures. Concurrently, the risk management execution status is reported to the Board of Directors on a regular basis.</p> <p>III. Risk Management Flow:</p>  <pre> graph LR A[Risk identification] --> B[Risk measurement] B --> C[Risk monitoring] C --> D[Risk report] D --> E[Risk responses] </pre> <p>The risks in construction industry is far higher than other businesses. During the process of corporate operations, there are many uncertain factors that may threaten the operations. To prevent the losses bring about by the risks, the Company researches and formulates risk management and control policies and procedures based the risks in economy, environment, social, and climate change. Relevant strategic response plans are formulated based on the different level of crisis, risk management procedures and convening of the emergency response meetings for the handling and proposing of improvement reviews. To prevent repeated mistakes, every level and functional unit has risk responsibilities. Once an unusual situation occurs, it should be reported immediately to one level upwards in search of solutions. This is to lower the impacts to the company at the first instance.</p>	

Evaluation Item	Implementation (Note 1)			Difference and Reason of Sustainable Development Practices of Public Listed and OTC Companies						
	Yes	No	Summary Description							
			<p>IV. Risk Management Scope:</p> <ol style="list-style-type: none"> 1. Risk management in economic aspects: Decision-making risks, financial risks, operations risks and information security risks. 2. Risk management in social aspects: Labor security risks and labor rights risks. 3. Risk management in environmental aspects: Construction environment risks. 4. Other risk management: Unpredictable climate change risks. <p>V. 2021 Risk management items and responses are as below: Risk management in economic aspects:</p> <table border="1"> <thead> <tr> <th>Types of risks</th> <th>Content of risks</th> <th>2021 response is</th> </tr> </thead> <tbody> <tr> <td>decision-making risks</td> <td> <ol style="list-style-type: none"> 1. Evaluate company operations strategies, annual budget, business performance, acquisitions and mergers, and investments. 2. Operations strategies and target setting. 3. Control of operations target achievement rate. </td> <td>Board of Directors meeting: Through the convening of board meetings to discuss decision-making for operations strategies, sales performance and so on matters formulated based on the "Regulations Governing Establishment of Internal Control Systems by Public Companies" announced by the Financial Supervisory Commission (FSC) and in line with the needs of operations management. Its purpose is to support the Board of Directors and managerial officers in examining and reviewing the deficiencies of internal control system and weighing the effects and efficiencies of operations, and to provide improvement suggestions in a timely manner.</td> </tr> </tbody> </table>	Types of risks	Content of risks	2021 response is	decision-making risks	<ol style="list-style-type: none"> 1. Evaluate company operations strategies, annual budget, business performance, acquisitions and mergers, and investments. 2. Operations strategies and target setting. 3. Control of operations target achievement rate. 	Board of Directors meeting: Through the convening of board meetings to discuss decision-making for operations strategies, sales performance and so on matters formulated based on the "Regulations Governing Establishment of Internal Control Systems by Public Companies" announced by the Financial Supervisory Commission (FSC) and in line with the needs of operations management. Its purpose is to support the Board of Directors and managerial officers in examining and reviewing the deficiencies of internal control system and weighing the effects and efficiencies of operations, and to provide improvement suggestions in a timely manner.	
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Evaluation Item	Implementation (Note 1)			Difference and Reason of Sustainable Development Practices of Public Listed and OTC Companies
	Yes	No	Summary Description	
			<p>Financial risks</p> <p>1. The effects that interest rate, exchange rate fluctuations, and inflation have on the profits and losses of the Company as well as the future response measures.</p> <p>2. The effects that the key domestic and international policy and law changes have on the finance and accounting of the Company as well as the response measures.</p> <p>3. Profit and loss review and response measures.</p>	<p>1. Continue to pay close attention to the interest rate changes and global economic development trend.</p> <p>2. Exchanges with the financing of financial institutions. Actively pursue for the lowering of the interest rates and still continue to pay back portion bank loans each year to lower the borrowing balance and to reduce the interest rate expenses.</p> <p>3. Pay close attention to large bulk materials and steel structure market. Enhance research and analysis of the overseas market trends and propose beneficial procurement principles to reduce expenditures and lower costs.</p>
			<p>Operations risks</p> <p>1. Risk control on lagging construction progress.</p> <p>2. Budget cost control for individual construction case.</p> <p>3. Quality control for construction work.</p>	<p>1. The Engineering Department will review every construction progress and convene catch-up plan meeting from time to time for effective control of the construction work situation.</p> <p>2. According to the company's annual safety and health implementation plans and quality rating rules explanation, the Engineering Department will send personnel to every engineering project to conduct inspection work for its safety and health quality. Review meetings will be held regularly to identify matters that are not in compliance and matters that require improvements, and to make requests for improvements. First tier managers of the company will implement the irregular Management by Walking Around (MBWA). Through such walking around by the high level management to implement every aspects of the</p>

Evaluation Item	Implementation (Note 1)			Difference and Reason of Sustainable Development Practices of Public Listed and OTC Companies								
	Yes	No	Summary Description									
			<p>safety and health, and quality management in order to maintain construction safety and outstanding construction quality.</p> <p>3. Any deficiencies found at the construction site, the items will be compiled into an educational training materials to benefit other construction projects and used as a warning. This can strengthen the understanding of the engineers towards the construction work regulations and prevent them from happening again.</p> <p>4. Verify the construction situation at all time through video conference method.</p>									
			<p>Information Security Risk</p> <p>Crisis handling of computer virus attacks, hacking and information damage and destroy.</p> <p>1. Strengthen information security trainings and advocacy to enhance employees' information security concept.</p> <p>2. Set up firewall and anti-virus software security measures for the system, regular inspection and testing by the Information Department to construct a complete anti-virus system.</p>									
			<p>Risk management in social aspects:</p> <table border="1"> <thead> <tr> <th>Types of risks</th> <th>Material issues of concern</th> <th>Content of risks/opportunities</th> <th>Responses</th> </tr> </thead> <tbody> <tr> <td></td> <td></td> <td></td> <td></td> </tr> </tbody> </table>		Types of risks	Material issues of concern	Content of risks/opportunities	Responses				
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Evaluation Item	Implementation (Note 1)			Difference and Reason of Sustainable Development Practices of Public Listed and OTC Companies
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			<p>Labor security risks</p> <p>Labor health management and construction safety management</p> <p>1. Raise employee health and care capacity. 2. Lower rate of fines with a commitment to achieve zero occupational hazards. 3. Safety and health inspection at every work site for at least once a month.</p> <p>Video conference</p> <p>1. Implement every aspect of safety and health protection measures to avoid occupational hazards from occurring. 2. To prevent the occurrence of work safety accidents, every unit is requested to abide to the Company's "Rules Governing Construction Site Safety and Health Management for Suppliers" in its implementation and to conduct safety trainings and more advocacy in the patrol inspection management meetings. 3. Implement the employee health examination on a yearly bases to care for employees health and to provide a friendly work environment.</p>	

Evaluation Item	Implementation (Note 1)			Difference and Reason of Sustainable Development Practices of Public Listed and OTC Companies										
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			<table border="1"> <tr> <td>Labor rights risk</td> <td>Employee welfare and salary</td> <td> 1. Incentive rewards system. 2. Diverse welfare measures. 3. Employee insurance. </td> <td> 1. Three festivals bonus, end-of-year bonus, employee bonuses. 2. Birthday cash gift, health examination, designated shops/hotels. 3. Labor insurance, national health insurance, labor pension, employee/family group insurance. </td> <td> 1. Improve good relationships between labor and management to create an outstanding corporate culture and employee values. 2. Employee welfare committee to hold meetings on schedule to seek for the optimal welfare for employees. </td> </tr> <tr> <td></td> <td>Talent recruitment and retention</td> <td> 1. Personnel turnover. 2. Personnel recruitment. </td> <td> 1. Recruitment via job bank portals. 2. Management trainee plan. 3. Company succession planning. 4. Process Rules on Talent Recommendation. </td> <td> 1. Clear company vision, employees feel hopeful. 2. Fresh graduates to be led by senior employees who will pass on the knowledge and skills of the field. 3. Employees at work will receive solid educational trainings to increase professional knowledge, be ready to take on a </td> </tr> </table>	Labor rights risk	Employee welfare and salary	1. Incentive rewards system. 2. Diverse welfare measures. 3. Employee insurance.	1. Three festivals bonus, end-of-year bonus, employee bonuses. 2. Birthday cash gift, health examination, designated shops/hotels. 3. Labor insurance, national health insurance, labor pension, employee/family group insurance.	1. Improve good relationships between labor and management to create an outstanding corporate culture and employee values. 2. Employee welfare committee to hold meetings on schedule to seek for the optimal welfare for employees.		Talent recruitment and retention	1. Personnel turnover. 2. Personnel recruitment.	1. Recruitment via job bank portals. 2. Management trainee plan. 3. Company succession planning. 4. Process Rules on Talent Recommendation.	1. Clear company vision, employees feel hopeful. 2. Fresh graduates to be led by senior employees who will pass on the knowledge and skills of the field. 3. Employees at work will receive solid educational trainings to increase professional knowledge, be ready to take on a	
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Evaluation Item	Implementation (Note 1)				Difference and Reason of Sustainable Development Practices of Public Listed and OTC Companies		
	Yes	No	Summary Description				
					management role at any time.		
			Employee development and educational trainings	Learning hours reaching more than 80% for every person.	1. Plan a complete educational training. 2. Promotion system. 3. Train successors.	Organize various trainings based on the company's annual educational training plan.	
			Risk management in environmental aspects:				
			Types of risks	Material issues of concern	Content of risks and opportunities	Responses	
			Construction environment risks/green risks	Environmental pollution	It is easy for the construction site to cause noise, pollution to the air, water, dust, earth excavation, wastes and so on.	Adopt suitable construction control measures.	1. To prevent surrounding environment from pollution, suitable car washing facility is set up based on the engineering characteristics. This can reduce the dust for the cars passing by. Also, promote energy savings and carbon reduction to lower

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				<p>pollution as a prevention.</p> <p>2. Strengthen the environmental protection awareness of employees and manage the contractors to ensure good practices in pollution prevention for every construction site, and plan for the adoption of low polluting techniques and purchase of low polluting construction mechanical tools based on the characteristics of each construction site.</p> <p>3. Inspection and audits from time to time on the quality of the construction environment.</p> <p>4. Requests the</p>

Evaluation Item	Implementation (Note 1)			Difference and Reason of Sustainable Development Practices of Public Listed and OTC Companies
	Yes	No	Summary Description	
				<p>contractors to abide to the company's "Rules Governing Construction Site Safety and Health Management for Suppliers" in its implementation. 5. Open a hotline for reports on noise to accept monitoring from neighbors in establishing a friendly and excellent construction quality.</p> <p>Lower the rate of fines to create a eco-friendly construction site and office environment.</p> <p>Comply with environmental protection laws and regulations.</p> <p>Lower the number of violation cases to environmental protection laws and regulations and the penalties.</p> <p>Energy management</p> <p>Implement energy saving plans for every story of office building and make energy</p> <p>1. Reduce wastes amount. 2. Construction work electricity usage and carbon reduction. 3. Greening of construction sites and carbon reduction.</p> <p>Green building development as mainstream, and promote urban green building execution plan.</p>

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			<table border="1"> <tr> <td></td> <td>saving plans for construction sites.</td> <td></td> <td></td> </tr> <tr> <td colspan="4">Other risk management</td> </tr> <tr> <td>Types of risks</td> <td>Content of risks</td> <td colspan="2">Responses</td> </tr> <tr> <td>Climate change risks</td> <td>Impacts from unusual weather such as typhoons, earthquakes, floods, storm damage, droughts.</td> <td colspan="2"> 1. Every flood prevention equipment preparation and inspection and drill practices will be organized during the flood prevention period every year to enhance response capability. Pay attention to information on typhoons and massive rains and remind every unit for prevention to prevent personnel and equipment damages. 2. When facing dangers from earthquakes, immediately instruct the labors to stop the work. After the earthquake, inspect the structural materials and the scaffolding to see if there are any danger of collapsing. Perform the repairs and recovery work to maintain construction </td> </tr> </table>		saving plans for construction sites.			Other risk management				Types of risks	Content of risks	Responses		Climate change risks	Impacts from unusual weather such as typhoons, earthquakes, floods, storm damage, droughts.	1. Every flood prevention equipment preparation and inspection and drill practices will be organized during the flood prevention period every year to enhance response capability. Pay attention to information on typhoons and massive rains and remind every unit for prevention to prevent personnel and equipment damages. 2. When facing dangers from earthquakes, immediately instruct the labors to stop the work. After the earthquake, inspect the structural materials and the scaffolding to see if there are any danger of collapsing. Perform the repairs and recovery work to maintain construction		
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				safety and personnel protection.
<p>III. Environmental Issues</p> <p>(I) Did the Company build a proper environmental management system according to its industrial features?</p>	✓		<p>(I) The Company entrusts professional and legal environmental protection companies to recycle and handle waste at all construction sites. According to Article 30 of the Construction Industry Act, a field director has been assigned at every jobsite during construction. According to the Labor Safety and Health Act, regular inspections have been performed for the exhaust equipment, air purification equipment and blow type air exchange equipment: 1. the situation and level of abrasion of the exhaust hood, duct, and exhauster. 2. Dust on ducts or ventilators. 3. Lubrication of ventilators. 4. Contact parts of ducts. 5. Tightness between the belt connection of electrical machinery and ventilators. 6. Intake and exhaust capabilities. 8. Fixing, rustiness, damage, collapse, or other obstacles to the operational safety of sampled facilities placed on intake and exhaust ducts. 8. Other items necessary to maintain</p>	No significant difference

Evaluation Item	Implementation (Note 1)			Difference and Reason of Sustainable Development Practices of Public Listed and OTC Companies
	Yes	No	Summary Description	
(II) Is the Company committed to improving resource efficiency and to the use of renewable materials with low environmental impact?	✓		functions. (II) Environmental protection and lessening the burden of Earth are always the priorities of the Company. We insist on the use of environmentally friendly, green, and energy-saving construction materials and actively participate in events of green consumption and environmental protection. For example, from construction and landscape design, interior design, use of environmentally friendly construction materials, indoor air conditioning planning and construction, communication and anti-theft security monitoring system, we all adopt recycling and low-carbon service processes to manage waste and to support environmental friendly groups.	
(III) Did the Company evaluate potential risk and opportunities brought by climate change at present and in the future to businesses and adopt responsive measures of related issues of	✓		(III) The Company is devoted to the promotion of low carbon emission and energy saving by calling for employees to turn off the light when not in use and reuse recycled paper. On the energy saving carbon reduction and greenhouse gases reduction management processes, the management department advocate them during meetings and also conduct overall internal management processes on electricity and	

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<p>climate?</p> <p>(IV) In the past two years, did the Company conduct statistics of GHGs emission and the total weight of waste discharged and enact policies to save energy and reduce carbon emission, lower GHGs, save water, and manage waste disposal?</p>	✓		<p>water consumption, lighting equipment, resource recycling, tree planting, employee energy saving rules. Examples are the office uses highly efficient lightings, and will also turn off the lights during lunch break hours to reduce energy wastage and usage, the ventilation is equipped with the power switch for adjusting the time and temperature, paper recycling and reuse, turning off lights, water conservation and promote garbage reduction and sorting.</p> <p>(IV) Adopt electricity power rate * electricity emission factor calculation for the company's greenhouse gases emission. Since 2020, the headquarters building implements energy conservation plan to improve power consumption. Statistics for water force is also gathered to formulate water savings measures.</p>	

Evaluation Item	Implementation (Note 1)			Difference and Reason of Sustainable Development Practices of Public Listed and OTC Companies
	Yes	No	Summary Description	
<p>IV. Social Issues</p> <p>(I) Did the Company comply with relevant laws and the International Bill of Human Rights to enact relevant management polices and procedures?</p> <p>(II) Did the Company enact and implement reasonable employee welfare measures (including remuneration, holidays, and other welfare) and reflect management performance or result in employee remuneration?</p>	<p>✓</p> <p>✓</p>		<p>(I) The Company complies with the Labor Standards Act and compiles work rules.</p> <p>(II) The Company provides a competitive salary system in diverse combinations, including basic salary, allowance, bonuses, and welfare fund plus allowances for marriage, birth, and tours to build a complete remuneration structure. The Company executes the remuneration system that considers both operational performance and risk management, values employee contribution and values, encourages employees to work together with the Company for innovative management performance and achieving sustainable development.</p>	No significant difference

Evaluation Item	Implementation (Note 1)			Difference and Reason of Sustainable Development Practices of Public Listed and OTC Companies
	Yes	No	Summary Description	
(III) Did the Company provide employees a safe and healthy work environment and periodically conduct safety and health education for employees?	✓		(III) In addition to various training, employees are arranged for necessary training from time to time. The Engineering Department of the Company hires occupational safety and health technicians, operation heads and personnel in charge of construction safety to provide a safe and health work environment and regular on-the-job training.	
(IV) Did the company build effective career competence development plan for employees?	✓		(IV) The Company regularly discusses and evaluates employees' career development plans.	
(V) Does the Company's product and service comply with related regulations and international rules for customers' health and safety, privacy, sales, labelling and set policies to protect consumers' or customers' rights and consumer appeal	✓		(V) The Company has already placed sales contract marks on the sales products and construction materials, labeled and disclosed the complied laws and regulations; The Company has set up a dedicated unit responsible for after-sales service to maintain consumer rights.	

Evaluation Item	Implementation (Note 1)			Difference and Reason of Sustainable Development Practices of Public Listed and OTC Companies
	Yes	No	Summary Description	
<p>procedures?</p> <p>(VI) Did the Company enact supplier management policies to request suppliers to comply with relevant rules and regulations for issues of environmental protection, occupational safety and health, or labors' human rights and how is the implementation?</p>	✓		<p>(VI) The Company enacted the "Rules Governing Construction Site Safety and Health Management for Suppliers" , and requested suppliers to comply with relevant rules of issues including environmental protection, occupational safety and health, and labors' human rights.</p>	
<p>V. Does the Company refer to international reporting rules or guidelines to publish Sustainability Report to disclose non-financial information of the Company? Did the said report acquire the certification and guarantee opinion from the</p>		✓	<p>The Company has in 2021 engaged PwC Taiwan to guide the company in preparing the "Corporate Sustainability Report," planned to be issued in 2022.</p>	<p>Not yet prepared the sustainability report</p>

Evaluation Item	Implementation (Note 1)			Difference and Reason of Sustainable Development Practices of Public Listed and OTC Companies
	Yes	No	Summary Description	
third-party certification agency?				
VI. If the Company has established its sustainable development code of practice according to “Listed Companies Sustainable Development Code of Practice,” please describe the operational status and differences: The Company enacted and implemented “Behavioral Guidelines for Operational Procedure of Ethical Management.”				
VII. Other important information to facilitate better understanding of the Company’s implementation of sustainable development: Each year, the company invests in green building technologies, building techniques R&D, pollution prevention and safety protection equipment installation, improvements, and constant energy savings, carbon reduction and resource recycling during production and construction, endless efforts in environmental protection for this land.				

Note 1: If a check is placed for “yes” of the implementation status, please specify the major policies, strategies, measures and implementation status that have been taken; if a check is placed for “no,” please explain the differences and reasons under the column for “Differences from the Sustainable Development Best-Practice Principles for TWSE/TPEX Listed Companies and the reasons therefor,” and specify the future plans for related policies, strategies, and measures.

Note 2: The Materiality Principle refers to major impacts of issues related to the environment, society, and corporate governance on investment of the Company and other stakeholders.

Note 3: Please refer to the website of Corporate Governance Center, Taiwan Stock Exchange for best practices for the disclosure method.

(VIII) Difference and Reason between Ethical Management of the Company and the “Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies”

The Company follows managerial concepts of “ethical, integrity, professionalism, and attitude” to achieve objectives of being “honest, vigorous, friendly, and caring.” In pursuit of “honesty,” the Company builds its good corporate governance and risk control mechanism to devote to the contribution of maximum profit to employees and shareholders.

Implementation of Ethical Management

Evaluation Item	Operations (Note 1)			Difference and Reason between Ethical Management of the Company and the “Ethical Management Best Practice Principles for TWSE/TPEX Listed Companies”
	Yes	No	Summary Description	
I. Enactment of Ethical Management Policies and Initiatives				No significant difference
(I) Did the Company enact ethical management policies adopted by the Board of Directors and statement policies and procedures clearly in rules and regulations and external documents? How is the promise of the Board of Directors and the high-ranking management level being carried out?	✓		(I) The Company has established the unethical management principles, and has disclosed on the MOPS and company website. Business activities are conducted based on fairness, honesty, trustworthiness, and transparent principles. Proactively prevent unethical behavior to realize the trust management policies.	
(II) Did the Company build an evaluation mechanism for risks of unethical behavior and periodically analyze and evaluate operational events that may involve relatively unethical behavior risk in the scope of operations to enact	✓		(II) During operations, rules governing anti-briberies are enacted among the Company, suppliers, and contractors.	

Evaluation Item	Operations (Note 1)			Difference and Reason between Ethical Management of the Company and the “Ethical Management Best Practice Principles for TWSE/TPEX Listed Companies”
	Yes	No	Summary Description	
<p>prevention initiatives from unethical behavior? Does that at least include prevention measures of behaviors stated in Article 7-2 of the Best Practice Principles of Ethical Management for TWSE/TPEX Listed Companies?”</p> <p>(III) Did the Company clearly enact operational procedures, behavioral guidelines, disciplines for violation, and complaint system to prevent unethical behavior? Did the Company execute accordingly and periodically review the said initiatives?</p>	✓		<p>(III) The Company enacted and implemented the “Code of Ethical Conduct” and “Behavioral Guidelines for Operational Procedure of Ethical Management.” Promotion for the prevention of unethical behavior was conducted at meetings.</p>	
<p>II. Implementation of Ethical Management</p> <p>(I) Did the Company evaluate ethical records of related parties and put rules governing ethical behavior in contracts that are signed with related parties?</p> <p>(II) Did the Company set up a designated department under the Board of the directors to take charge of ethical management of the Company and did it report to the Board of Directors periodically (at least once per year) about ethical management policies and</p>	<p>✓</p> <p>✓</p>		<p>(I) During operations, rules governing anti-briberies are enacted among the Company, suppliers, and contractors.</p> <p>(II) The Administration Department is responsible for ethical management policies and enactment and implementation monitoring of ethical management policies and its prevention initiatives and periodically reports to the Board of Directors. The</p>	No significant difference

Evaluation Item	Operations (Note 1)			Difference and Reason between Ethical Management of the Company and the “Ethical Management Best Practice Principles for TWSE/TPEX Listed Companies”
	Yes	No	Summary Description	
prevention initiatives as well as execution monitoring?			report is listed in follow-up items of internal control. The Company enacted the Principles for Ethical Management Practices, Operational Procedure of Ethical Management and Behavior Guidelines, the Code of Ethical Conduct, the Reporting System, and Policies to Prevent Interest Conflict to provide proper communication channels. Till the publishing date of this annual report, Board Directors, managers, employees, entrusted parties of the Company (including subsidiaries) did not demonstrate unethical behavior during business operations. The internal Audit Unit established the annual audit plan based on risk evaluation results. After review and discussions by The Audit Committee, it was discussed and approved by the Board of Directors. Every quarter the Audit Unit will report to The Audit Committee and Board of Directors on the audit work situations. The	

Evaluation Item	Operations (Note 1)			Difference and Reason between Ethical Management of the Company and the “Ethical Management Best Practice Principles for TWSE/TPEX Listed Companies”
	Yes	No	Summary Description	
(III) Did the Company enact policies to avoid interest conflict, provide proper communication channels, and implement these policies?	✓		Company’s 2021 ethical management situations have been reported to the Board of Directors on November 9th, 2021, as follow: None of the company’s personnel are in violations of the ethical management principles for the year. (Appeal cases: 0 cases, informant reporting mailbox: 0 cases, corruption and fraud cases: 0 cases) (III) The Company and suppliers enacted rules governing anti-briberies and therefore, there is no interest conflict.	
(IV) Did the Company set up an effective accounting system and internal control system to realize ethical management and enact a relevant audit plan according to evaluation risk of unethical behavior conducted by the internal audit department to check the implementation of prevention initiatives or did the Company entrust CPAs to audit?	✓		(IV) The internal audit and control system and accounting system are established and auditors carry out operations according to the plan.	
(V) Did the Company periodically organize	✓		(V) The Company enacted and	

Evaluation Item	Operations (Note 1)			Difference and Reason between Ethical Management of the Company and the "Ethical Management Best Practice Principles for TWSE/TPEX Listed Companies"
	Yes	No	Summary Description	
internal and external educational training on ethical management?			implemented the "Ethical Management Principles," "Code of Ethical Conduct," "Behavioral Guidelines for Operational Procedure of Ethical Management" and informant reporting system. Promotion for the prevention of unethical behavior was conducted at meetings.	
<p>III. Operations of the Reporting System of the Company</p> <p>(I) Did the Company enact a concrete reporting and incentive system and develop convenient reporting channel or appoint the designated personnel for parties being reported?</p> <p>(II) Did the Company enact standard operational procedures for handling violation reports and what are continuous measures or relevant confidentiality protection mechanisms?</p> <p>(III) Did the Company adopt protection measures to prevent inappropriate handling of reporters?</p>	<p>✓</p> <p>✓</p> <p>✓</p>		<p>(I) If an employee encounters external violations to ethical principles, he/she can file a report in writing/ via a phone call.</p> <p>(II) File a report in writing/ via a phone call.</p> <p>(III) File a report in writing/ via a phone call.</p>	No significant difference

Evaluation Item	Operations (Note 1)			Difference and Reason between Ethical Management of the Company and the “Ethical Management Best Practice Principles for TWSE/TPEX Listed Companies”
	Yes	No	Summary Description	
IV. Enhancement of Information Disclosure (I) Did the Company disclose contents enacted in the Principles of Ethical Management and promotion effectiveness on its website and MOPS?	✓		(I) According to relevant laws, the Company discloses relevant and important information on MOPS and links it to the company at website: https://www.sanfar.com.tw .	No significant difference
V. If the Company, according to the “Ethical Management Best Practice Principles for TWSE/TPEX Listed Companies,” enacted its own principles, please describe the difference between its operations and principles enacted: The Company enacted “Operational Procedure and Behavior Guidelines of Ethical Management,” and they are implemented after the approval of the Board of Directors. There has been no violation in actual operations.				
VI. Other important information that helps to understand operations of ethical management in the Company (for example, modification of enacted ethical management principles): The company’s major construction was subcontracted to subsidiary Jing Fu Xiang Construction. The subsidiary conforms to the related regulations established by the parent company. There is the Good Faith Affidavit signed with partner companies; The company has also established the fund lending to others and guarantee process.				

(IX) If the Company has formulated the Corporate Governance Best Practice Principles and related rules, it shall disclose its inquiry methods: The Company enhances its corporate governance by establishing the “Ethical Management Principles,” “Code of Ethical Conduct,” and “Behavioral Guidelines for Operational Procedure of Ethical Management.” This provides as a basis for the managers and corporate employees. It has been disclosed on the MOPS (<http://mops.twse.com.tw/mops>) and the Company’s website for inquiry search (<https://www.sanfar.com.tw>).

(X) Please disclose other important information that helps to understand the operations of corporate governance of the Company:

1. Each year, the Company arranges courses of corporate governance and relevant law for continuous studies of Board Directors and

Supervisors and hours of study are reported to the MOPS.

2. The Company updated from time to time about the attendance rate of Board Directors to meetings of the Board of Directors.

3. Internal Important Information Processing and Prevention from Insider Trading Operations

- (1) The Company enacted operational procedures of management of important information processing and prevention from insider trading. Disclosure documents of all important information shall be proceeded according to the internal approval procedure.
- (2) Disclosure of important information of the Company shall be handled by the spokesperson of the Company and except for the representative, spokesperson, and acting spokesperson, without authorization of the Company, no important internal information shall be disclosed to outsiders.

(XI) Items that shall be disclosed about execution of internal control system:

1. Internal Control Statement

Sanfar Property Limited
Internal Control System Statement

Date: March 30th, 2022

The internal control system of the Company in 2021, the declaration based on the results of self-assessment is as below:

- I. The Company knows very clearly that it is the responsibility of the Board of Directors and managers to establish, implement, and maintain the internal control system and the Company has set up that system. The purpose is to maintain effectiveness and efficiency of operations (including profit, performance, and protection of asset safety), reliability, timeliness, transparency of reporting, and compliance with relevant rules and regulations to ensure reasonable assurance.
- II. There are some limitations to the internal control system. No matter how good the design is, one effective internal control system can only provide reasonable assurance to achieve the said three objectives. Additionally, due to changes in environment and situation, the effectiveness of the internal control system may change accordingly. But the internal control system of the Company is developed with the self-monitoring mechanism and once a defect is identified, the Company will immediately adopt corrective actions.
- III. The Company, according to the "Internal Control System Best Practice Principles for TWSE/TPEX Listed Companies" (hereinafter referred to as "the Handling Principles" to regulate the determination of items for the effectiveness of the internal control system to get to know the effectiveness of design and execution. The "Handling Rules" adopt the judging items of the internal control system. The internal control system is divided into five components based on the management control process: 1. Control environment, 2. Risk assessment, 3. Control process, 4. Information and communications, and 5. Monitoring process. There are several sub-items under each composition element. For the said items, please refer to rules governing the "Handling Principles."
- IV. The Company has evaluated the design and operating effectiveness of its internal control system according to the aforesaid Regulations.
- V. Based on the preceding findings of such evaluation, the Company believes that, on December 31, 2021, it has maintained, in all material respects, an effective internal control system (that includes the supervision and management of our subsidiaries), to provide reasonable assurance over our operational effectiveness and efficiency, reliability, timeliness, transparency and regulatory compliance of reporting, and compliance with applicable rulings, laws and regulations.
- VI. This Statement becomes major contents of the annual report and open statement of the Company and is disclosed to the public. If the above-mentioned disclosures have falsehood or concealment, legal liability under Articles 20, 32, 171 and 174 of the Securities and Exchange Act will be incurred.
- VII. This Statement was passed by the Board of Directors in their meeting held on March 30th,

2022 , with 0 of the 7 attending directors expressing dissenting opinions, and the remainder all affirming the content of this Statement.

Sanfar Property Limited

Chairman: Ding-Sheng Zhong Signature stamp

General Manager: Ding-Sheng Zhong Signature stamp

2. If CPAs are entrusted with auditing the internal control system, the audit report prepared by CPAs shall be disclosed: None.

(XII) Penalties, major defects, and improvement of the Company and its internal personnel being punished due to violation to the internal control system according to laws or by the Company in recent accounting year and till the publishing date:

1. Penalties of the Company and its internal personnel being punished according to laws: None.

2. Internal personnel being punished due to violation of the internal control system by the Company: None.

(XIII) In the recent year and until the publishing date of the annual report, important resolutions adopted by meetings of shareholders and the Board of the Directors:

1. Resolutions adopted by Shareholders' meetings:

Time of Meeting	Contents of Important Resolutions	Resolution Result and execution
2021.07.27	<ol style="list-style-type: none"> 1. Adopted the resolution on 2020 operational report and financial statements 2. Approve the Company's 2020 earnings distribution. 3. Adopted the resolution on amendment of the "Article of Incorporation of the Company" 4. Adopted the Company's 2020 increased capital from earnings new stock release. 5. Proposal of overall re-election of the directors of the Company 6. Approve the proposal of lifting the non-compete clause for the Company's new directors (including independent directors) and the representatives. 	<ol style="list-style-type: none"> 1. Execution: Adopted the resolution 2. Execution: Adopted the resolution The ex-dividend date is set as October 5th, 2021, and the cash dividend distribution date is November 3rd, 2021. (Cash dividend of NT\$ 0.3 per share was distributed.) 3. Execution: The Board of Directors adopted the resolution and an announcement was made on the company website and execution was done according to the amendment. 4. Execution: Resolution adopted for the ex-dividend date to be set as October 5th, 2021. (Stock dividend of NT\$ 0.5 per share was distributed.) 5. Execution: Obtained Ministry of Economic Affairs (MOEA) approval of the registration on August 19th, 2021 and has announced on the company website. 6. Execution: Adopted the resolution

2. Resolutions of the Board of Directors:

Time of Meeting	Important Resolutions:
<p>2021.01.26 12th Term The 19th time</p>	<ol style="list-style-type: none"> 1. Approve the Resolution on Land Purchase from the Related Party by the Company and Construction Permit. 2. Approve the Company outsources new construction to subsidiary. 3. Approve the proposal of reviewing the policy, system, standard and structure of the Company's directors and managerial officers' performance evaluation and remuneration in 2020. 4. Approve the proposals regarding the qualification of the Company's directors, the convener and the members of the functional committees. 5. Approve the proposal of the performance evaluation of the board of directors and the functional committees. 6. Approve the proposal of the performance evaluation of the managerial officers of the Company. 7. Approve the proposal of amending part of articles in the Company's "measures for performance evaluation of the board of directors and the functional committees." 8. Approve the proposal of reviewing the organizational regulations of the committees under the Company's board of directors. 9. Approve the Company establishes and reviews the further education plan for the Company's directors. 10. Approve the proposal of the Company's appointment of the managerial officer. <p>Opinion of Independent Directors: None. Handling of the Company towards the opinion of Independent Directors: None. Resolution result: Unanimous consent was achieved by all Board Directors attending the meeting.</p>
<p>2021.02.03 12th Term The 20th time</p>	<ol style="list-style-type: none"> 1. Approve the Company bought back shares and cancelled them to protect shareholders' equity. 2. Adopted the resolution on amendment of the "Article of Incorporation of the Company." 3. Approve the Company's 2021 shareholders general meeting convening time, venue and major motion content. 4. Approve related matters on accepting and processing shareholders' proposal for the Company's 2021 shareholders general meeting. 5. Approve the proposal of overall re-election of the directors of the Company. 6. Approve the proposal of lifting the non-compete clause for the Company's new directors and the representatives. <p>Opinion of Independent Directors: None. Handling of the Company towards the opinion of Independent Directors: None. Resolution result: Unanimous consent was achieved by all Board Directors attending the meeting.</p>
<p>2021.03.12 12th Term The 21st time</p>	<ol style="list-style-type: none"> 1. Adopted the resolution on the 2020 "the Internal Control System Statement" of the Company. 2. Approve the proposal of purchasing the land in Xin Zhuang Fuduxin. 3. Approve financing application to financial institution for the Company's construction use land.

Time of Meeting	Important Resolutions:
	<p>4. Approve the Company made changes to the 2021 shareholders' general meeting convening time, book closure date and the period for exercising voting rights via electronic method.</p> <p>5. Approve the proposal of the Company's 2020 compensation to directors and profit-sharing bonus to employees.</p> <p>6. Adopted the resolution on 2020 operational report and financial statements</p> <p>7. Approve the proposal of changing the Company's financial statement CPA.</p> <p>8. Approve the proposal of the evaluation of the independence of CPA and 2021 appointment remuneration.</p> <p>Opinion of Independent Directors: None.</p> <p>Handling of the Company towards the opinion of Independent Directors: None.</p> <p>Resolution result: Unanimous consent was achieved by all Board Directors attending the meeting.</p>
<p>2021.04.19 12th Term The 22nd time</p>	<p>1. Approve the proposal of the performance evaluation of the board of directors and the functional committees.</p> <p>2. Approve the Company established the treasury stock cancellation base date and related matters.</p> <p>3. Adopted the resolution on amendment of the "Article of Incorporation of the Company."</p> <p>4. Approve the Company's 2020 earnings distribution.</p> <p>5. Adopted the Company's 2020 increased capital from earnings new stock release.</p> <p>6. Approve the Company's 2021 shareholders meeting report matters.</p> <p>7. Approve the review of the nominated directors (including independent directors) candidate list and matters.</p> <p>8. Approve the change of meeting agenda for the Company's 2021 shareholders' general meeting.</p> <p>9. Approve the Company's authorization to the Chairman for disposal of construction use land based on the needs of the operation plans.</p> <p>10. Approve additional contracted construction amount for the Company's subsidiary Jing Fu Xiang Construction Co., Ltd..</p> <p>Opinion of Independent Directors: None.</p> <p>Handling of the Company towards the opinion of Independent Directors: None.</p> <p>Resolution result: Unanimous consent was achieved by all Board Directors attending the meeting.</p>
<p>2021.05.07 12th Term The 23rd time</p>	<p>1. Approve the Company's 2021 operation plans.</p> <p>2. Resolution on Land Purchase by the Company and Construction Permit.</p> <p>3. The Company outsources new construction to subsidiary.</p> <p>4. Approve the financing application to financial institution by the Company.</p> <p>5. Approve the Company's issuance of secured corporate bond for the first time in 2021.</p> <p>6. Approve the Company's 2021 Quarter 1 dividend distribution.</p> <p>Opinion of Independent Directors: None.</p> <p>Handling of the Company towards the opinion of Independent Directors: None.</p>

Time of Meeting	Important Resolutions:
	Resolution results: Other than the second and third case were put aside for further discussions, the remaining motions were agreed and approved by all attending directors.
2021.05.20 12th Term The 24th time	<ol style="list-style-type: none"> 1. Adopted the Resolution on Land Purchase by the Company and Construction Permit. 2. Approve the Company outsources new construction to subsidiary. 3. Approve the financing application to financial institution by the Company. <p>Opinion of Independent Directors: None. Handling of the Company towards the opinion of Independent Directors: None. Resolution result: Unanimous consent was achieved by all Board Directors attending the meeting.</p>
2021.07.09 12th Term The 25th time	<ol style="list-style-type: none"> 1. Approve the Company's chairperson election. 2. Approve the Company established postponed convening date and venue for the 2021 shareholders general meeting. 3. Approve the financing application to financial institution by the Company. <p>Opinion of Independent Directors: None. Handling of the Company towards the opinion of Independent Directors: None. Resolution result: Unanimous consent was achieved by all Board Directors attending the meeting.</p>
2021.07.27 13th Term The 1st time	<ol style="list-style-type: none"> 1. Approve the mutual election for the Company's 13th Term Chairperson. 2. Approve the mutual election for the Company's 13th Term Vice Chairperson. <p>Opinion of Independent Directors: None. Handling of the Company towards the opinion of Independent Directors: None. Resolution result: Unanimous consent was achieved by all Board Directors attending the meeting.</p>
2021.08.05 13th Term The 2nd time	<ol style="list-style-type: none"> 1. Approve the proposal of the Company's appointment of the General Manager. 2. Approve the appointment for the Company's 5th Remuneration Committee members. 3. Approve the appointment for the Company's 3rd Nomination Committee members. <p>Opinion of Independent Directors: None. Handling of the Company towards the opinion of Independent Directors: None. Resolution result: Unanimous consent was achieved by all Board Directors attending the meeting.</p>
2021.09.09 13th Term The 3rd time	<ol style="list-style-type: none"> 1. Approve the Company's base date for cash dividends earnings distribution and related matters. 2. Approve the Company's base date for increased capital from earnings new stock release and related matters. 3. Approve to authorize Chairman on the inventory purchase amount for construction industry. 4. Approve the Commitment Letter by the Company for the funding application to the financial institution. 5. Approve the financing application to financial institution by the

Time of Meeting	Important Resolutions:
	<p>Company.</p> <p>6. Approve to authorize the Chairman to proceed with the Kaohsiung City government urban renewal business implementation case.</p> <p>Opinion of Independent Directors: None.</p> <p>Handling of the Company towards the opinion of Independent Directors: None.</p> <p>Resolution result: Unanimous consent was achieved by all Board Directors attending the meeting.</p>
<p>2021.09.29 13th Term The 4th time</p>	<p>Approve the appointment of the Company's Head of Corporate Governance.</p> <p>Opinion of Independent Directors: None.</p> <p>Handling of the Company towards the opinion of Independent Directors: None.</p> <p>Resolution result: Unanimous consent was achieved by all Board Directors attending the meeting.</p>
<p>2021.11.09 13th Term The 5th time</p>	<ol style="list-style-type: none"> 1. Approve the Company's 2022 audit plan. 2. Adopted the Resolution on the 2020 Board Director and Employee Remuneration Distribution of the Company 3. Approve the resolution on the 2020 Manager and Employee Remuneration Distribution of the Company 4. Adopted the Resolution on the 2021 Policies, System, Standards, and Structure of Remuneration Paid to Board Directors and Managers of the Company. 5. Approved the proposal of the 2021 managerial officers end-of-year bonus distribution of the Company. 6. Approved the proposal of the 2020 performance evaluation of the managerial officers of the Company. 7. Approved the proposal of the organizational charter of the committees under the Company's board of directors. 8. Adopted the Resolution on the 2022 Board Director Further Education Plan. 9. Approved the proposal for the establishment of "Risk Management Policy and Procedures" of the Company. 10. Approved the proposal for the establishment of "Regulations Governing Intellectual Property Management" of the Company. <p>Opinion of Independent Directors: None.</p> <p>Handling of the Company towards the opinion of Independent Directors: None.</p> <p>Resolution result: Unanimous consent was achieved by all Board Directors attending the meeting.</p>
<p>2021.12.08 13th Term The 6th time</p>	<ol style="list-style-type: none"> 1. Approved the proposal for adjustments to the total amount of the Company's issuance of secured corporate bond for the first time in 2021. 2. Approved the Company's guarantee application to the Agricultural Bank of Taiwan for the issuance of the corporate bond. 3. Approved the Company's guarantee application to the Hua Nan Commercial Bank Ltd. for the issuance of the corporate bond. <p>Opinion of Independent Directors: None.</p> <p>Handling of the Company towards the opinion of Independent Directors: None.</p> <p>Resolution result: Unanimous consent was achieved by all Board Directors attending the meeting.</p>

Time of Meeting	Important Resolutions:
<p>2022.03.08 13th Term The 7th time</p>	<p>Approved the media report of February 19th, 2022, the Company's subsequent countermeasure on the aforementioned matter. Opinion of Independent Directors: (1) The appointed CPA firm's independent auditor report and the lawyer's issuance of professional opinion report take place concurrently. It is expected to effectively clarify the draining of funds, breach of trust, colorable transactions or related party transactions and misreporting of financial statements, its reports must be submitted to the Board of Directors for approval. (2) After the company receives the official letter from the competent authority, it will inform every director simultaneously. Every director will then provide good suggestions based on their profession. Handling of the Company towards the opinion of Independent Directors: (1) The Company appointed CPA Meng-Ta Wu of Crowe Global CPA Firm and lawyer Kuo-Hua Chen of C & A LAW FIRM for audit project of the media report matter, and the audit results have been reported to the Board of Directors on March 16th, 2022. (2) After the company receives the official letter from the competent authority, it will inform the meeting unit and the meeting unit will inform every directors simultaneously. Resolution result: Unanimous consent was achieved by all Board Directors attending the meeting.</p>
<p>2022.03.16 13th Term The 8th time</p>	<p>1. Approved the reply letter to be sent to the related person of the media report in the name of the company. May seek consultation with the CPA and C & A LAW FIRM on the content of the letter to clarify related parties. 2. Approved the company to conduct subsequent investigation on the related parties as mentioned in the media report matters. The investigation method can be consulted with the Crowe Global CPA Firm and C & A LAW FIRM to clarify related parties. Opinion of Independent Directors: None. Handling of the Company towards the opinion of Independent Directors: None. Resolution result: Unanimous consent was achieved by all Board Directors attending the meeting.</p>
<p>2022.03.22 13th Term The 9th time</p>	<p>1. Approved the Company's audit officer position adjustment. 2. Approved the Company's Head of Corporate Governance position adjustment. 3. Approve the proposal of the Company's appointment of the managerial officer. Opinion of Independent Directors: None. Handling of the Company towards the opinion of Independent Directors: None. Resolution result: Unanimous consent was achieved by all Board Directors attending the meeting.</p>
<p>2022.03.30 13th Term The 10th time</p>	<p>1. Approved the proposal of the Company's 2021 compensation to directors and profit-sharing bonus to employees. 2. Adopted the resolution on 2021 operational report and financial report. 3. Adopted the resolution on the 2021 "the Internal Control System Statement" of the Company.</p>

Time of Meeting	Important Resolutions:
	<p>4. Approved amendments to the “Asset Acquisition and Disposal Processing Procedures” of the Company.</p> <p>5. Approved amendments to the “Rules of Procedure for Shareholders Meetings” of the Company.</p> <p>6. Adopted the resolution on amendment of the “Article of Incorporation of the Company.”</p> <p>7. Approve the Company’s 2022 shareholders general meeting convening time, venue and major motion content.</p> <p>8. Approve related matters on accepting and processing shareholders’ proposal for the Company’s 2022 shareholders general meeting.</p> <p>Opinion of Independent Directors: None.</p> <p>Handling of the Company towards the opinion of Independent Directors: None.</p> <p>Resolution result: Unanimous consent was achieved by all Board Directors attending the meeting.</p>
<p>2022.05.06 13th Term The 11th time</p>	<p>1. Approve the proposals regarding the qualification of the Company’s directors, the convener and the members of the functional committees.</p> <p>2. Approve the proposal of the performance evaluation of the board of directors and the functional committees.</p> <p>3. Approve the proposal of the performance evaluation of the senior managerial officers of the Company.</p> <p>4. Approve the proposal of the evaluation of the independence of CPA and 2022 appointment remuneration.</p> <p>5. Approve the appointment of the Accounting Officer of the Company.</p> <p>6. Approve the Company’s 2021 earnings distribution.</p> <p>7. Approve the Company’s 2022 operation plans.</p> <p>8. Adopted the resolution on 2022 Q1 consolidated financial statements.</p> <p>9. Approve the review of the Company releasing non-competition restrictions for the Company’s director representative.</p> <p>10. Approve the proposal to release non-competition restrictions for the Company’s managerial officer.</p> <p>11. Approve the review of the shareholder proposal for the Company’s 2022 shareholders general meeting.</p> <p>12. Approve the changes to the convening matters of the 2022 shareholders general meeting.</p> <p>13. Approve the Company’s proposal for issuance of secured corporate bond for the first time in 2022.</p> <p>14. Approve the proposal for financing application to financial institution by the Company.</p> <p>Opinion of Independent Directors: None.</p> <p>Handling of the Company towards the opinion of Independent Directors: None.</p> <p>Resolution result: Unanimous consent was achieved by all Board Directors attending the meeting.</p>

(XIV) In the most recent year and as of the annual report publication date, directors or supervisors who have different opinions on important resolutions passed by the board of directors with records or written statements filed: None.

(XV) Summary of resignations and dismissals of persons relevant to financial report (include the company's chairman, general manager, principal accounting officer, principal financial officer, chief internal auditor, chief corporate governance officer and principal research and development officer.) , during the most recent fiscal year or the current fiscal year up to the date of publication of the annual report.

Summary of resignations and dismissals of relevant persons of the Company.

May 3rd, 2022

Job title	Name	Date of taking office	Date of dismissal	Reasons for resignation or dismissal
Chairman and General Manager	Chih-Chieh Tsai	March 20, 2020	July 9th, 2021	Resigned due to personal career planning.
Head of Corporate Governance	Huang Yi-Wei	May 13th, 2020	August 31st, 2021	Resigned due to personal career planning.
Accounting Officer	Chia-Chin Lin	September 23, 2020	March 31st, 2022	Resigned due to personal career planning.
Audit officer	Wei-Hua Chen	September 23, 2020	March 22, 2022	Position adjustments due to the needs of the company mission.
Head of Corporate Governance	Wei-Chiang Li	September 30, 2021	March 22, 2022	Position adjustments due to the needs of the company mission.

Note: The relevant persons of the Company are the chairman, general manager, accounting officer, financial officer, internal audit officer, corporate governance officer and R&D officer, etc.

V. INFORMATION ON CPA'S PROFESSIONAL FEES

(I) Audit fees paid to the CPA and its firm and affiliates, and the amount and services content of non-audit fees:

Unit: NTD thousands

Name of Accounting firm	Name of CPA	CPA's Audit Period	audit fees	non-audit fees (Note 1)	Total	Note
KPMG	I-Lien Han, Hsin-Ting Huang	2021.1.1~2021.12.31	3,180	205	3.385	

Note 1: Company registration NTD 90,000,000, increased capital from earnings at NTD 70,000,000 and transfer pricing report at NTD 45,000,000 and so on public service fees.

(II) When the company changes its accounting firm and the audit fees paid for the fiscal year in which such change took place are lower than those for the previous fiscal year, the amounts of the audit fees before and after the change and the reasons shall be disclosed: None

(III) If the audit fee is less than that of the previous year by over 10%, then the less amount of audit fee, its proportion, and the reason shall be disclosed: None.

VI. INFORMATION ON CHANGE OF CPAs: NOT APPLICABLE.

VII. THE COMPANY'S CHAIRPERSON, GENERAL MANAGER, OR ANY MANAGERIAL OFFICER IN CHARGE OF FINANCE OR ACCOUNTING MATTERS HAS IN THE MOST RECENT YEAR HELD A POSITION AT THE ACCOUNTING FIRM OF ITS CERTIFIED PUBLIC ACCOUNTANT OR AN AFFILIATED ENTERPRISE OF SUCH ACCOUNTING FIRM: NONE

VIII. CHANGES IN SHARES TRADING AND PLEDGING OF DIRECTORS, MANAGERIAL OFFICERS AND SHAREHOLDERS HOLDING MORE THAN 10% SHARES DURING THE MOST RECENT FISCAL YEAR OR THE CURRENT FISCAL YEAR UP TO THE DATE OF PUBLICATION OF THE ANNUAL REPORT

(I) Changes in shareholding of directors, managerial officers and shareholders holding more than 10% Shares:

Unit: shares

Job title	Name	2021		Current year as of May 6th	
		Shares holding increase (decrease)	Shares pledged holding increase (decrease)	Shares holding increase (decrease)	Shares pledged holding increase (decrease)
Chairman Representative	Shang Shan Industrial Limited	4,836,524	0	30,000	0
	Ding-Sheng Zhong (Note 1)	377,320	0	0	0
Director Representative	Shang Shan Industrial Limited	4,836,524	0	30,000	0
	Ming-Hsien Kao (Note 1)	0	0	0	0
Director	Shang Shan	4,836,524	0	30,000	0

Unit: shares

Job title	Name	2021		Current year as of May 6th	
		Shares holding increase (decrease)	Shares pledged holding increase (decrease)	Shares holding increase (decrease)	Shares pledged holding increase (decrease)
Representative	Industrial Limited Ding-Shin Zhong (Note 1)	351,562	0	0	0
Director	Cheng-Nan Huang (Note 1)	0	0	0	0
Independent Director	Chin-Chang Wu (Note 2)	0	0	0	0
Independent Director	Hsu-Hui Hsu (Note 2)	0	0	0	0
Independent Director	Yan-Fen Wu (Note 1)	0	0	0	0
Vice General Manager of Planning Department	Liu Shu-Hung	17,016	0	0	0
Vice General Manager of Sales Department	Hung Chun-Wei (Note 3)	0	0	0	0
	Li-Chen Huang (Note 3)	0	0	1,000	0
Vice General Manager of Chairman Office	Tsai Wen-Ling	1,145	0	0	0
Head of Corporate Governance	Wei-Chiang Li (Note 4)	0	0	0	0
	Chun-Yuan Chen (Note 4)	0	0	0	0
Vice General Manager of Administration Department	Chen Hsiue-Liang	0	0	0	0
Vice General Manager of Accounting Department	Chia-Chin Lin (Note 5)	0	0	0	0
Manager of Accounting Department	Hui-Chin Wang (Note 6)	0	0	0	0

Unit: shares

Job title	Name	2021		Current year as of May 6th	
		Shares holding increase (decrease)	Shares pledged holding increase (decrease)	Shares holding increase (decrease)	Shares pledged holding increase (decrease)
Dominant shareholder with 10% stake or more	Cheng Xin Investment Co., Ltd.	2,356,325	0	0	0

Note 1: The term of office of the Company's directors ended on July 27th, 2021. Reelection of all directors. Newly elected.

Note 2: The term of office of the Company's directors ended on July 27th, 2021. Reelection of all directors. Re-elected.

Note 3: Due to position adjustments, newly appointed Vice General Manager of Sales Department Li-Chen Huang assumes post in February 2022. Former Vice General Manager of Sales Department Chun-Wei Hung was transferred to become Special Aide of General Manager's Office.

Note 4: Due to position adjustments, newly elected Head of Corporate Governance Chun-Yuan Chen assumes post in March 2022 and the former Head of Corporate Governance Wei-Chiang Li was transferred to become the Head of Auditing Office.

Note 5: Accounting Officer Chia-Chin Lin resigned on March 31st, 2022.

Note 6: Accounting Officer Hui-Chin Wang was newly appointed from May 6th, 2022.

(II) Shares trading information

Any transfer of equity interests by a director, managerial officer, or top shareholders: not applicable during the most recent fiscal year or the current fiscal year up to the date of publication of the annual report.

(III) Shares pledged information

Any pledge in equity interests by a director, managerial officer, or top shareholders: not applicable during the most recent fiscal year or the current fiscal year up to the date of publication of the annual report.

IX. INFORMATION ON THE TOP TEN SHAREHOLDERS IN SHAREHOLDING RATIO AND ARE RELATED PARTIES OR WITH A RELATIONSHIP OF BEING A SPOUSE OR A RELATIVE WITHIN THE 2ND DEGREE OF KINSHIP

Information of top ten shareholders who are related

Date: May 3rd, 2022

NAME	CURRENT SHAREHOLDING		SPOUSE'S/MINOR'S SHAREHOLDING		SHAREHOLDING BY NOMINEE ARRANGEMENT		NAME AND RELATIONSHIP BETWEEN THE COMPANY'S TOP TEN SHAREHOLDERS, OR SPOUSES OR RELATIVES WITHIN TWO DEGREES		NOTE
	Number of Shares	Shareholding percentage (%)	Number of Shares	Percentage of Shareholding (%)	Number of Shares	Percentage of Shareholding (%)	Name (or the name)	Relations	
Cheng Xin Investment Co., Ltd. Representative: Chun-Jung Chung	49,482,844	15.15	-	-	-	-	Chun-Jung Chung	Responsible person	
	19,282,287	5.9	106,127	0.03	-	-	Yang Hsien-Ling	spouse	
Chinchi Investment Company LTD Representative: Hsienling Yang	27,263,263	8.35	-	-	-	-	Yang Hsien-Ling	Responsible person	
	106,127	0.03	19,282,287	5.9	-	-	Chun-Jung Chung	spouse	
Chiyi Investment Company LTD Representative: Hsienling Yang	20,657,313	6.33	-	-	-	-	Yang Hsien-Ling	Responsible person	
	106,127	0.03	19,282,287	5.9	-	-	Chun-Jung Chung	spouse	
Shangfeng Investment Company LTD	20,482,290	6.27	-	-	-	-	-	-	
Chun-Jung Chung	19,282,287	5.9	106,127	0.03	-	-	Yang Hsien-Ling	spouse	
The Union Bank of Switzerland (UBS) Taipei Branch, Hsien-Ling Yang trust account	19,000,000	5.82	-	-	-	-	-	-	
Changyi Investment Company LTD Representative: Ding-Sheng Zhong	17,478,869	5.35	-	-	-	-	Ding-Sheng Zhong	Responsible person	
	3,794,537	1.16	-	-	1,301,250	0.4	Chun-Jung Chung Yang Hsien-Ling	Father and the children Mother and the children	
Chiyu Investment Company LTD	15,534,086	4.76	-	-	-	-	-	-	
Shang Shan Industrial Limited Representative: Hsienling Yang	13,183,004	4.04	-	-	-	-	Yang Hsien-Ling	Responsible person	
	106,127	0.03	19,282,287	5.9	-	-	Chun-Jung Chung	spouse	
Minfar real estate development Representative: Ding-Shin Zhong	4,937,206	1.51	-	-	-	-	Ding-Shin Zhong	Responsible person	
	3,478,622	1.07	-	-	1,426,100	0.44	Chun-Jung Chung Yang Hsien-Ling	Father and the children Mother and the children	

X. THE TOTAL NUMBER OF SHARES AND TOTAL EQUITY STAKE HELD IN ANY SINGLE ENTERPRISE BY THE COMPANY, ITS DIRECTORS AND SUPERVISORS, MANAGERIAL OFFICERS, AND ANY COMPANIES CONTROLLED EITHER DIRECTLY OR INDIRECTLY BY THE COMPANY.

FOUR. CAPITAL OVERVIEW

I. CAPITAL AND SHARES

(I) Sources of Capital

1. Process of capital formation

Unit: Thousand stock/Thousand NTD

Year month	Price of Issuance Price	Authorized Common stock		Paid-in Common stock		Note		
		Shares	Amount	Shares	Amount	Sources of Capital	Capital Increase by assets other than cash	Others
September 1993	10 dollars	500	5,000	500	5,000	Capital of establishment 5,000	—	—
June 1998	10 dollars	10,000	100,000	10,000	100,000	Capital increased in cash 95,000	—	—
August 1999	25 dollars	13,500	135,000	13,500	135,000	Capital increased in cash 35,000	—	—
December 2000	10 dollars	16,323	163,230	16,323	163,230	Surplus, Capital Surplus, Remunerations to Employees Transferred to Capital 28,320	—	—
August 2001	10 dollars	23,000	230,000	18,000	180,000	Surplus, Capital increased out of earnings 16,770	—	—
August 2002	10 dollars	23,000	230,000	19,000	190,000	Surplus, Capital increased out of earnings 10,000	—	Ruling Number 0910137083 issued by Securities and Futures Bureau on July 5, 2002 Ruling Number 0910137083
September 2003	10 dollars	23,000	230,000	20,000	200,000	Surplus, Capital increased out of earnings 10,000	—	Ruling Number 0920135592 issued by Securities and Futures Bureau on August 6, 2003 Ruling Number 0920135592
October 2004	10 dollars	26,000	260,000	21,000	210,000	Surplus, Capital increased out of earnings 10,000	—	Ruling Number 0930138714 issued by Financial Supervisory Commission on September 3, 2004 Ruling Number 0930138714
March 2005	13.6 dollars	26,000	260,000	23,626	236,260	Capital increased in cash 26,260	—	Ruling Number 0930138714 issued by Financial Supervisory Commission on January 3, 2005 Ruling Number 0930160465
September 2005	10 dollars	27,400	274,000	24,358	243,584	Surplus, Capital increased out of earnings 7,324	—	Ruling Number 0930138714 issued by Financial Supervisory Commission on August 15, 2005 Ruling Number 0940133629
August 2007	10 dollars	60,000	600,000	25,576	255,763	Surplus, Capital increased out of earnings 12,179	—	Ruling Number 0930138714 issued by

Year month	Price of Issuance Price	Authorized Common stock		Paid-in Common stock		Note		
		Shares	Amount	Shares	Amount	Sources of Capital	Capital Increase by assets other than cash	Others
								Financial Supervisory Commission on July 15, 2007 Ruling Number 0960038254
March 2008	8.2 dollars	60,000	600,000	41,680	416,800	Private placement 161,037	—	Ruling number 09782959010 issued by Taipei City Government on April 29, 2008 Ruling Number 09782959010
October 2009	8.32 dollars	100,000	1,000,000	70,000	700,000	Private placement 283,200	—	Ruling number 09801263750 issued by the Ministry of Economics on November 13, 2009 Ruling Number 09801263750
November, 2010	14 dollars	200,000	2,000,000	100,000	1,000,000	Capital increased in cash 300,000	—	Ruling number 0990044984 issued by Financial Supervisory Commission on September 14, 2010 Ruling Number 0990044984
July, 2011	13 dollars	250,000	2,500,000	160,000	1,600,000	Capital increased in cash 600,000	—	Ruling number 0990044984 issued by Financial Supervisory Commission on April 2, 2011 Ruling Number 1000012862
July, 2012	11.5 dollars	250,000	2,500,000	200,000	2,000,000	Capital increased in cash 400,000	—	Ruling number 0990044984 issued by Financial Supervisory Commission on May 16, 2012 Ruling Number 10100183791
April, 2013	14.85 dollars	250,000	2,500,000	202,404	2,024,040	The first domestic warrant convertible bonds convert to common shares.	—	Ruling number 0990044984 issued by Financial Supervisory Commission on May 16, 2012 Ruling Number 10100183791
April, 2014	13.75 dollars	250,000	2,500,000	204,728	2,047,288	The first domestic warrant convertible bonds convert to common shares.	—	Ruling number 0990044984 issued by Financial Supervisory Commission on May 16, 2012 Ruling Number 10100183791
December,	12.15	300,000	3,000,000	205,824	2,058,242	The first domestic warrant	—	Ruling number

Year month	Price of Issuance Price	Authorized Common stock		Paid-in Common stock		Note		
		Shares	Amount	Shares	Amount	Sources of Capital	Capital Increase by assets other than cash	Others
2014	dollars					convertible bonds convert to common shares.		0990044984 issued by Financial Supervisory Commission on May 16, 2012 Ruling Number 10100183791
						Retire treasury stocks after acquisition		Ruling number 1030029445 issued by Financial Supervisory Commission on July 28, 2014 Ruling Number 1030029445
March, 2015	12.15 dollars	300,000	3,000,000	206,202	2,062,028	The first domestic warrant convertible bonds convert to common shares.	—	Ruling number 10401049860 issued by the Ministry of Economics on March 19, 2015 Ruling Number 10401049860
July, 2015	14.85 dollars					The first domestic warrant convertible bonds convert to common shares.	—	Ruling number 0990044984 issued by Financial Supervisory Commission on May 16, 2012 Ruling Number 10100183791
	10 dollars	300,000	3,000,000	266,143	2,661,425	Earnings transferred to common stock		Ruling number 0990044984 issued by Financial Supervisory Commission on July 21, 2015 Ruling Number 1040027249
December, 2015	10 dollars	300,000	3,000,000	264,230	2,642,295	Retire treasury stock	—	Ruling number 10401266370 issued by the Ministry of Economics on December 11, 2015 Ruling Number 10401266370
June, 2016	10 dollars	300,000	3,000,000	261,527	2,615,265	Retire treasury stock	—	Ruling number 10401049860 issued by the Ministry of Economics on June 3, 2016 Ruling Number 10501118680
September 2018	10 dollars	300,000	3,000,000	281,140	2,811,409	Earnings transferred to common stock	—	Ruling number 10401049860 issued by the Ministry of Economics on September 26, 2018 Ruling Number 10701121410

Year month	Price of Issuance Price	Authorized Common stock		Paid-in Common stock		Note		
		Shares	Amount	Shares	Amount	Sources of Capital	Capital Increase by assets other than cash	Others
September 2019	10 dollars	380,000	3,800,000	300,820	3,008,208	Earnings transferred to common stock	—	Ruling number 10401049860 issued by the Ministry of Economics on September 18, 2019 Ruling No. 10801125600
January, 2020	10 dollars	380,000	3,800,000	321,004	3,210,040	Retire treasury stock	-	Ruling number 10401049860 issued by the Ministry of Economics on January 6, 2021 Ruling No. 10901237040
	10 dollars					Earnings transferred to common stock	-	Ruling number 10401049860 issued by the Ministry of Economics on January 6, 2021 Ruling No. 10901237040
October 2021	10 dollars	450,000	4,500,000	326,554	3,265,541	Earnings transferred to common stock	-	Issued by the Ministry of Economics on October 13th, 2021 Ruling No. 11001186940

2. Shares Category

Unit: Shares

Shares Category	Authorized Common stock			Note
	Issued shares (Note)	Non-issued shares	Total	
Common stock	326,554,150	123,445,850	450,000,000	Initial public offering

Note: The shareholders meeting resolution on the amendment of the Company's total capital amount to NTD 4.5 billion was adopted on July 27th, 2021.

3. Related information of Shelf Registration: Not applicable

(II) Shareholding Structure

Unit: Shares May 3rd, 2022

Shareholding Structure	Government Institution	Financial Institution	Other juridical person	Individual	Overseas Agency and people	Total
Number of people	0	0	62	12,601	51	12,714
Number of Shares Owned	0	0	213,256,281	104,560,765	8,737,104	326,554,150
Percentage (%)	0	0	65.31	32.02	2.67	100.00

Note: The shares of the Company do not hold by Mainland Chinese investors.

(III) Distribution of Shareholdings

1. Common stock

May 3rd, 2022

Classification of shareholding	The Number of Shareholders	Number of Shares Owned	Percentage (%)
1 - 999	7,630	614,296	0.19
1,000 - 5,000	3,030	6,515,369	2.00
5,001 - 10,000	794	5,570,611	1.71
10,001 - 15,000	416	5,050,591	1.55
15,001 - 20,000	163	2,854,896	0.87
20,001 - 30,000	230	5,517,424	1.69
30,001 - 40,000	111	3,795,977	1.16
40,001 - 50,000	62	2,769,290	0.85
50,001 - 100,000	122	8,441,504	2.59
100,001 - 200,000	66	9,254,268	2.83
200,001 - 400,000	39	11,003,418	3.37
400,001 - 600,000	14	6,934,922	2.12
600,001 - 800,000	6	4,184,681	1.28
800,001 - 1,000,000	2	1,772,435	0.54
1,000,001 – 9,999,999,999	29	252,274,468	77.25
Total	12,714	326,554,150	100.00

2. Preferred shares: None

(IV) List of Major Shareholders (the total share proportion hold up to 5%)

May 3rd, 2022

Names of Major Shareholders	Share Number of Shares Owned	Percentage of ownership of shares
Cheng Xin Investment Co., Ltd.	49,482,844	15.15%
Chinchi Investment Company LTD	27,263,263	8.35%
Chiyi Investment Company LTD	20,657,313	6.33%
Shangfeng Investment Company LTD	20,482,290	6.27%
Chun-Jung Chung	19,282,287	5.90%
The Union Bank of Switzerland (UBS) Taipei Branch, Hsien-Ling Yang trust account	19,000,000	5.82%
Changyi Investment Company LTD	17,478,869	5.35%
Chiyu Investment Company LTD	15,534,086	4.76%
Shang Shan Industrial Limited	13,183,004	4.04%
Minfar real estate development	4,937,206	1.51%

(V) Market price per share, net value, Earnings and dividends for the last two years

Unit: NTD: Thousand shares

Items		Year		The current fiscal year until March 30th, 2022 (Note 9)	
		2021	2020		
Market price per share (Note 1)	Highest	18.10	28.65	15.15	
	Lowest	13.5	9.17	12.00	
	Average	15.56	17.61	13.99	
Net value per share (Note 2)	Before distribution	20.04	19.77	20.09	
	After distribution	Note 8	19.01	-	
Earnings per share	Weighted average share numbers	328,698	343,099	326,554	
	Earnings per share (Note 3)	0.68	0.53	0.05	
Dividend per share	Cash dividend		Note 8	0.3	-
	Stock Dividend	Retained Earning	Note 8	0.5	-
		Additional paid in capital dividend	-	-	-
	Accumulated unpaid dividend (Note 4)		Note 8	-	-
Return on investment analysis	Price-to-earning ratio (Note 5)		22.88	33.23	-
	Ratio of dividend (Note 6)		Note 8	58.70	-
	Dividend yield (Note 7)		Note 8	1.70%	-

Note 1: List the highest and lowest market prices of common stocks each year, calculate the average market price of each year based on the transaction value and volume of each year.

Note 2: Please fill in the list based on the number of outstanding shares at the end of the year and the distribution based on the resolution of the shareholders meeting in the following year.

Note 3: If Retroactive Adjustment is required due to circumstances such as Stock Dividends Appropriation, the earnings per share before and after adjustments should be shown.

Note 4: If the equity securities issuance conditions stipulate that the unpaid dividends in the current year could be paid on the year when there is a surplus, the accumulated unpaid dividend of the current year shall be disclosed separately.

Note 5: Price-to-earning Ratio= cash dividend per share/ Earnings per share

Note 6: Ratio of dividend= Average closing price per share for the year/cash dividend per share.

Note 7: cash dividend yield = cash dividend per share/ average closing price per share for the year.

Note 8: Would be finalized after the resolution of the shareholders meeting

Note 9: Net worth per share, earnings per share shall be filled in as of the publication date of

the annual report and to be reviewed by the CPA.

(VI) Dividend policy and the execution

1. The Company's dividend policy

The Company's Articles of Incorporation, Article 23-1

The Company's earnings shall be distributed in the following order

(I) To pay the tax

(II) To cover the losses

(III) Stipulate 10% of the earnings to be legal reserve. However, this limit is not applicable when the legal reserve has reached the paid-in capital.

(IV) Set aside or reverse special reserve in accordance with applicable laws and regulations or operational needs.

(V) If there is still balance, it will be combined with the accumulated undistributed surplus of the previous year, and the board of directors shall resolve to retain or distribute the dividends to shareholders by taking the capital situation and economic development of the current year into account, and submit it to the shareholders meeting for approval.

In order to pursue sustainable and stable business development, the company considers capital needs and long-term financial planning, formulate dividend policy, and comprehensively considers retained earnings and future profitability to determine the amount that can be distributed each year. There are two ways of Dividends appropriation, stock dividends and cash dividends. The proportion of cash dividends is not less than 10% of the total dividends of the year. However, when the cash dividend per share is less than 0.5 dollars, the dividend could be paid by stock.

2. Proposed dividend distribution in this shareholders meeting: Proposal to distribute shareholders cash dividend at NTD 222,056,822 (calculated based on the shares outstanding on 2022/04/20, distributing cash dividend per share at NTD 0.68). Cash dividends are paid up to the nearest dollar (rounded down to NT\$1.0) and the residue will be calculated as the Company's other income. If the following happens prior to the earnings distribution before the dividend record date, the Board of Directors is authorized to handle the matter for revision: If based on changes to laws and regulations or requirements by competent authority, any factors relating to equity changes for the buyback of company stock by the Company, affecting the number of outstanding shares which in turn resulted in changes to the shareholders' distributed dividend ratio.

(VII) The impacts of the stock dividends proposed at the shareholders' meeting on the Company's business performance and earnings per share: None of such situation.

(VIII) Compensation of employees, directors, and supervisors

1. Remuneration of the board of directors and employee compensation stipulated in the Company's Articles of Incorporation.

If the company has remainder for the current year after setting aside pre-tax profit to cover losses, not more than 5% shall be provisioned as the director remuneration and at least 1% shall be provisioned as employee remuneration. The aforementioned employee remuneration distribution in the form of stock or cash, its target employees of the payment include employees of the subordinate companies who meet certain criteria. The criteria shall be decided by the Board of Directors.

2. The basis for estimation of the employee and director remuneration for the period is calculated based on the number of shares of the employee remuneration in the stock distribution and the actual distributed amount. If there are differences with the estimated amount, the handling by accounting will be:

The method for estimation is after setting aside the 2021 pre-tax profit to cover the losses, if there are remainder, the percentage specified in the Charter will be the basis of the estimation, and recognized as the 2021 operating expense. If there are differences between the actual distributed amount and the estimated amount, it will be recognized as losses in the following year.

3. Distribution of remuneration of the Board of Directors and employee compensation:

- (1) The Board of Directors proposed Distribution of Remuneration:

The 2021 proposal for cash distribution for director remuneration is NTD 2,164,101, and cash distribution for employee remuneration is NTD 2,164,101, and there are no differences in the 2021 recognized fees.

- (2) The employee remuneration amount of the stock distribution and the proportion to the net profit after tax of the current period's standalone or individual financial statement and the total amount of the employee remuneration: Not applicable.

5. Distribution situation of the employee and director remuneration in the previous year (including number of distributed stock, amount and stock price), its differences with the recognized employee and director remuneration, if any, shall list the difference in amount, reasons and handling method:

- (1) 2020 actual distribution situation:

Compensation to Directors: 2,237,703 dollars

Compensation to Employees: 2,237,703 dollars

- (2) The Company's 2020 actual distribution of earnings for employee bonus, and director and supervisor remuneration are of no difference to the proposed distribution approved by the Board of Directors.

(IX) Repurchase the Treasury Stock:

1. Repurchase the Treasury Stock (completed)

Number of times for the repurchase	The 6th time
Purpose of the repurchase	Maintaining company credit and shareholders' equity
Period for the repurchase	2021.2.5~2021.3.29
Price range of the shares to be repurchased.	9.87 dollars to 22.71 dollars
The type, number of the shares that already be repurchased	Common stock 10,000,000 shares
The monetary amount of the shares that already be repurchased	\$167,409,475
The ratio of the number of shares that were repurchased to the planned number of shares to be repurchased (%)	100%
The number of shares that have been canceled and that has been transferred.	10,000,000 shares
Cumulative number of the company's shares held	10,000,000 shares
The ratio of the cumulative number of its own shares that it holds to the total number of its issued shares (%)	3.12%

2. In progress: None.

II. Types of corporate bonds

(I) Issuance of Corporate Bonds

Types of corporate bonds (Note 2)	2017 Domestic Secured corporate bond available for the first time	2018 Domestic Secured corporate bond available for the first time	2021 Domestic Secured corporate bond available for the first time	2021 Domestic Secured corporate bond available for the second time
Issuance (process) date	September 14, 2017	January 7, 2019	December 24th,	January 10th, 2022
Par value	NTD one million	NTD one million	NTD one million	NTD one million
Location of Issuance and Transaction (Note 3)	Not applicable	Not applicable	Not applicable	Not applicable
Issue Price	Fully issued	Fully issued	Fully issued	Fully issued
Total Amount	NTD one billion	NTD One point two	NTD six hundred	NTD one billion
Interest rate	Coupon rate: 0.97%	Coupon rate: 0.96%	Coupon rate: 0.67%	Coupon rate: 0.68%
Tenor	5 years <input type="checkbox"/> Maturity: 14/09/2022	5 years <input type="checkbox"/> Maturity: 17/01/2024	5 years <input type="checkbox"/> Maturity: 24/12/2026	5 years <input type="checkbox"/> Maturity: 10/01/2027
Guarantee Agency	Agricultural Bank of Taiwan	Taiwan Business Bank	Agricultural Bank of Taiwan	Hua Nan Commercial Bank Ltd.
Trustee	Land Bank of Taiwan	Land Bank of Taiwan	Land Bank of Taiwan	Land Bank of Taiwan
Underwriter	Taiwan Cooperative Securities	Hua Nan Securities	SinoPac Securities	Hua Nan Securities
Legal Counsel	Far East Law Offices Lawyer Ya-Wen	THY Taiwan International Law Offices	Far East Law Offices Lawyer Ya-Wen	Far East Law Offices Lawyer Ya-Wen

		Chiu	Lawyer Mei-Ling Yang	Chiu	Chiu
Certified Public Accountant		KPMG CPA Tsung-Che Chen, CPA Shu-Ying Chang	KPMG CPA Tsung-Che Chen, CPA Shu-Ying Chang	KPMG CPA I-Lien Han, CPA Hsin-Ting Huang	KPMG CPA I-Lien Han, CPA Hsin-Ting Huang
Repayment		This corporate bond is a bullet bond	This corporate bond is a bullet bond	This corporate bond is a bullet bond	This corporate bond is a bullet bond
Outstanding		NTD one billion	NTD One point two	NTD six hundred	NTD one billion
Redemption or Early Repayment Clause		Not applicable	Not applicable	Not applicable	Not applicable
Restrictive covenants (Note 4)		None	None	None	None
Name of the credit rating company, rating date, the rating results of corporate bonds		Taiwan Ratings 2017/4/18 twAAA	Taiwan Ratings 2018/2/7 twAA-	Taiwan Ratings 2021/6/2 twAAA	Taiwan Ratings 2021/6/24 twAA+
Other rights of bondholders	As of the date of this annual report, amount of converted (exchanged or warrant) common shares, ADRs or other securities.	Not applicable	Not applicable	Not applicable	Not applicable
	Issuance and Conversion (exchange or subscription) rules	Refer to the Company's Regulations governing the issuance of secured corporate bond on the first time in 2017.	Refer to the Company's Regulations governing the issuance of secured corporate bond on the first time in 2018.	Refer to the Company's Regulations governing the issuance of secured corporate bond on the first time in 2021.	Refer to the Company's Regulations governing the issuance of secured corporate bond on the second time in 2021.
Dilution effect on existing shareholders' equity, made by issuance and conversion, exchange or subscription, conditions of issuance.		Not applicable	Not applicable	Not applicable	Not applicable
Custodian Name of custodian		Not applicable	Not applicable	Not applicable	Not applicable

Note 1: Both corporate bonds issued via public offering or private placement are included. The corporate bonds issued via public offering refer to the valid bonds (approved) by the Board of Directors and the bonds issued via private placement refer to the bonds with the Board resolution.

Note 2: The number of fields may vary depending on the issuance.

Note 3: It is applicable to overseas corporate bonds only.

Note 4: For instance, the issuance of cash dividends, foreign investment or requirement of the asset ratio.

(II) Convertible corporate bonds: None.

III. PREFERRED STOCK: NONE.

IV. DEPOSITORY RECEIPT: NONE.

V. EMPLOYEE STOCK OPTION CERTIFICATE: NONE.

VI. RESTRICTED STOCK AWARDS: NONE.

VII. ISSUANCE OF NEW SHARES DUE TO MERGER OR ACQUISITION OF

SHARES OF ANOTHER COMPANY:

- (I) Merger: No merger during the most recent fiscal year or the current fiscal year up to the publication date of the annual report.
- (II) Issuance of new shares due to acquisition of shares of another company: None.
- (III) If the board of directors has resolved to issue new shares through merger or acquisition of shares of other companies in the most recent year and as of the date of printing of the annual report, the implementation status and basic information of the merged or transferred companies should be disclosed: None.

VIII. CAPITAL PROJECTION AND IMPLEMENTATION:

(I) Capital projection:

As of the quarterly period preceding the printing date of the annual report, if the previous issuance or private placement of securities has not yet been completed or has been completed within the last three years and the benefits of the plan have not yet been realized, details of the previous issuance or private placement of securities should be provided, including the contents of the previous change plans, the source and use of funds, the reasons for the change, the benefits before and after the change, and the date the change plan was submitted to the shareholders' meeting, and should be published on the date of entry into the information reporting website designated by the Company: None.

(II) Implementation:

For each of the uses of the plans in the preceding paragraph, analyze, on a quarterly basis, the status of implementation and comparison with the estimated benefits as of the quarter prior to the date of printing of the annual report, and if the implementation progress or benefits do not meet the estimated targets, specify the reasons, the impact on shareholders' equity, and improvement plans: None.

FIVE. OPERATIONAL OVERVIEW

I. CONTENT OF BUSINESS

(I) Scope of business

1. Scope of business: the company's major lines of business and the relative weight of each: Construction of 89.97% and others of 10.03%.

2. Current products:

The “MAX Fengyu” housing case in Qiyuan Section of Taipei City, housing sales, handover and transactions are in progress for “Yicai” Urban subcenter Project 235 Xinzhuang District of New Taipei City, pre-sale for “Lanhai” in Linkou District on good sales status; The structure for “Sanfa Dream Generation” in Yongxing Section of Tainan is currently undergoing construction, sales will begin after completion of houses; The Cheng-Deh section of Kaohsiung adopts the pre-sale model and construction has begun. The properties of Kaohsiung Guanghua have been sold and received great responses.

3. New products planned for development:

Individual case under planning: Fuduxin Section of Xinchuang District, New Taipei City, Shinbon Section and Wukuaicuo Section of Kaohsiung City, Shinzuan District and Liujiading District of Tainan City.

(II) Overview of the industry:

1. Current status and development of the industry

Construction industry

The international economics and finance is in general undergoing a slow recovery globally in 2022. The inflation problems led to the US FED lifting rates. The international financial market is hit hard by the pandemic and uncertainties with the trade policies remain high. Growth after the pandemic is still anticipated.

Domestic economics and finance is showing gradual growth. The domestic industries that have not been impacted by the pandemic are still the key driver of economic growth. The Central Bank policy also adopts a gradual lifting of the rates which does not benefit the housing market development and affects the confidence of the consumers.

With the upcoming end of year regional election, the government is constantly rolling out anti-speculation policies. The policies restrict transfers of presale housing contracts and restrict construction financing for developers. In view of domestic and international economics and political situations (Russia-Ukraine war), it is necessary to take prudent responses to the domestic housing market and economy.

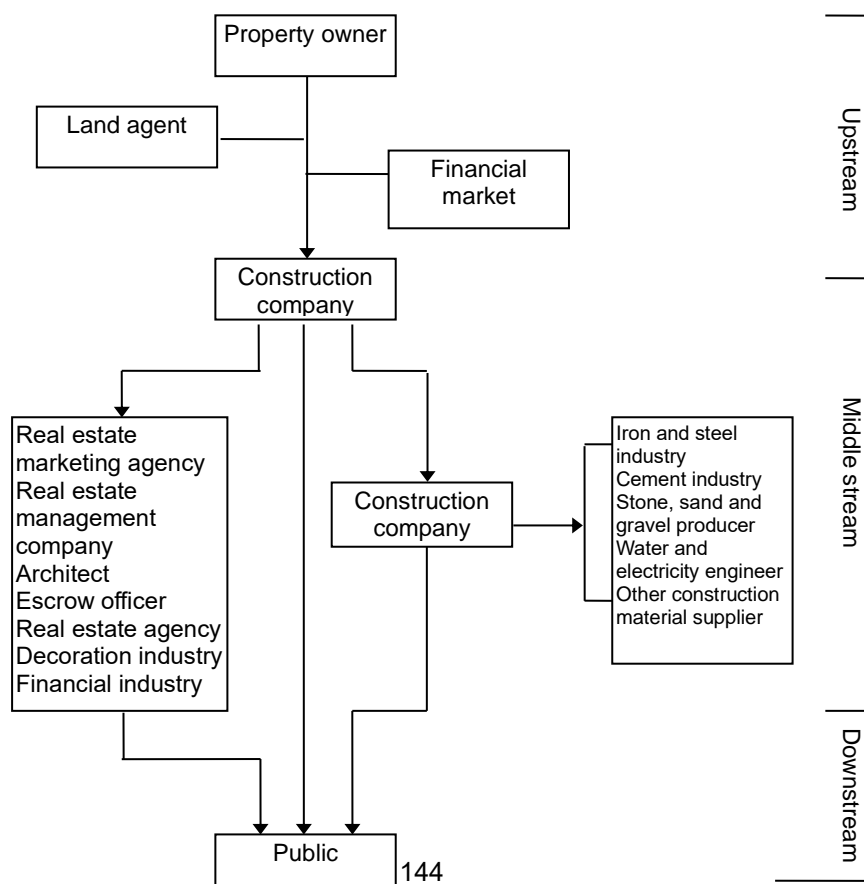
The domestic housing market transactions have shrunk during the first three

months of 2022. The overall performance has slowed down as impacted by the anti-speculation policies; In the next half of the year, with the increasing gap on price awareness between the purchase and sell parties, the pressure on supply and selling is not reducing. On top of that, the housing market popularity has come to a slow down in the second half of 2021, the instability of international political situations, and domestic housing real estate anti-speculation policies impacts, real estate businesses will take a prudent approach once more based on its perspective of the economy for the next half of the year.

2. Connection among the Upstream, Middle-stream and Downstream Business

Construction industry

The construction industry is connected with many businesses and the construction companies are responsible for negotiation and integration in the system. Most construction companies acquire land through agents who deal with landowners and the cost of acquiring land is the prime cost of the construction industry. The construction companies are the middle stream (where we are) and responsible for the construction and supply of raw materials for construction (such as iron and steel, and cement) as well as selling (such as real estate marketing agencies and real estate management companies). The downstream refers to the people with the intention of purchasing, including individual investment or self-occupation or business offices, not a particular person.



3. Development trend of products

Construction industry

There is still rigid demand in real estate and a lot of houses have been sold in the high season. Despite the limited land source, we intend to put focus on the place with convenient transportation, markets, schools or parks and acquire projects through joint development with landowners. We will wait for a clearer housing policy and tax reform before taking the next step.

4. Competitors:

(1) Major competitors:

Although there are many listed and unlisted construction companies in Taiwan, the important factors of location, quality, reputation and price are the main concerns of customers. Customers are segmented so we don't have major competitors. Because intended buyers have a strong opinion, the large number of competitors does not have much effect on our business, though.

(2) Segmentation:

Sanfar understands the risk of offering a single product. Therefore we adjust the variety of products and volume in response to the industrial change and market needs instead of maintaining the same strategy in order to penetrate the other real estate markets. Even more, we make correct positioning based on the project location and scale and segment the market based on the characteristics of local customers in order to expand business and range with a variety of products.

Our future development strategy will be formulated based on the following goals to pursue sustainable growth.

- A. Cross-industry alliance: Work with recreation or hotel industries to build residences with cultural creativity and fine hotel service.
- B. Cross-region management: Focus on the development of the northern and southern Taiwan markets while expanding business in the urban area of central Taiwan.
- C. Sustainable development: Assign a professional management team and provide them with full authority to ensure the shareholders' equity.

(III) Research and development

The construction business does not have the department responsible for R&D of production techniques or product features.

(IV) Long-term and short-term business development projects

Construction industry

1. Short-term business development project:

- (1) Taipei City and New Taipei City: We plan to actively develop the Taipei metropolitan area. Taipei City is the hot spot for construction companies because it serves as the real estate index.

The Company continues to sell new houses. Currently, the product for Urban subcenter Project 18 in New Taipei City is in the middle of designing and it is expected to obtain the building license before the end of the year. On the other hand, “Yicai” Urban subcenter Project 235 in Xinzhuang District and “MAX Fengyu” housing case in Qiyuan Section of Taipei City, their sales, handover and transactions are in progress, and pre-sale for “Lanhai” in Linkou District is at the ending sale phase and is progressing into the handover and transaction stage. This case is close to an end.

- (2) Kaohsiung and Tainan areas: The housing sale for “Sanfar Crystal Sand” case in Guanghua Section of Kaohsiung City is continuously processing the housing handovers and transactions. The Chengde Section case is in the middle of the structure construction in preparation for the sales stage. Sales are anticipated to begin in Quarter 3. The structure for “Sanfa Dream Generation” in Yongxing Section of Tainan is currently undergoing construction, sales will begin after the houses are completed. The structure of the Liujading case of Tainan City is still under construction and it is anticipated to enter reception sales in the next half of the year. The Shinzuan case has obtained the construction license, sales are anticipated to begin in Quarter 4, adopting the pre-sale house model.

2. Long-term development plan:

We build every house as if we plan to move in.

- (1) Provide quality living and working environment.
- (2) Create a lot of job opportunities.
- (3) Develop and innovate to ensure construction quality and promote green buildings.
- (4) Manage the company with honest and cultivate talents for the society.
- (5) Cross-industry alliance: Work with recreation or hotel industries to build houses with cultural creativity and fine hotel service.
- (6) Cross-region management: Focus on the development of the northern and southern Taiwan markets.
- (7) Overseas investment: Evaluate commercial properties in Japan and USA.

II. MARKET OVERVIEW

(I) Market analysis

1. Major selling region:

Sanfar conducts business in Taiwan only, no exporting.

2. Market share

Construction industry

Individual cases under planning are Fuduxin Section of Xinchuang District, New Taipei City, Wukuaicuo Section, Shinbon Section and Chengde Section of Kaohsiung City, and Shinzuan Section of Tainan City. The promotion cases of the Company have undergone prudent market surveys and their success are not based on cases quantity or market share. The promotional products focus on the market needs for its design planning and construction quality. Despite not have a large cases quantity and market share, in combination of the Sanfar land product brand and word-of-mouth appeal, the overall profit margin of the promotional cases can still be maintained at a steady level.

3. Future outlook of supply and demand as well as growth

Construction industry

(1) Supply and demand

According to a data from the Construction and Planning Agency (CPA), the approval of residential housing construction licenses in 2021 increase by 10,365 households as compared to 2020. This shows that developers are still constantly making plans for future housing economy. Future supply will be responsive to the market needs.

(2) Demand

The Taiwan Central Bank has in January 2022 announced the new home mortgage by the top 5 local banks, (namely Bank of Taiwan, Taiwan Cooperative Bank, Land Bank of Taiwan, Hua Nan Commercial Bank, Ltd. and First Commercial Bank). The total amount for last year was NTD 708.814 billion, a yearly increase of NTD 79.317, growth for three consecutive years. The interest rates dropped to 1.354% which is gradually on the rise from the historic low due to the pandemic.

According to statistics, the total number of building units purchased and transferred for sale in the six cities in 2021 was 267,751 units. An increase of -0.9% for Taipei City, 7.8% for New Taipei City, 2.4% for Taoyuan City, 2.4% for Taichung City, 16.1% for Tainan City, and 18% for Kaohsiung City.

New home mortgage and the interest rate of the top 5 local banks, (namely Bank of Taiwan, Taiwan Cooperative Bank, Land Bank of Taiwan, Hua Nan Commercial Bank, Ltd. and First Commercial Bank)

Unit: New Taiwan Dollars, interest rates (percent per annum)

Year/Month	2021/03	2021/04	2021/05	2021/06	2021/07	2021/08	2021/09	2021/10	2021/11	2021/12	2022/1	2022/2
Amount	56,883	56,195	65,959	66,718	50,334	43,501	55,552	62,956	71,906	83,021	68,861	40,943
Interest rate	1.357	1.357	1.350	1.353	1.349	1.349	1.346	1.351	1.351	1.355	1.359	1.367

(3) Conclusion

The total number of building units purchases and transferred for sale in 2021 was 267,751 building units, 328,194 building units for the whole of Taiwan, which is a 6.62% growth as compared to 2020. Kaohsiung City ranks number one for growth at 18%, Tainan City comes second at 16.1%, and New Taipei City ranks third at 7.8%.

Occupancy permit for house in last 3 years

Year	2021		2020		2019	
	Housing unit	Total floor area (m ²)	Housing unit	Total floor area (m ²)	Housing unit	Total floor area (m ²)
Total	104,149	15,422,986	97,507	15,259,501	91,505	14,559,862
New Taipei City	18,224	2,380,311	14,220	1,890,759	21,048	2,875,281
Taipei City	4,544	684,310	4,835	692,094	5,518	764,894
Taoyuan City	15,314	2,138,696	14,604	2,146,149	14,687	2,272,556
Taichung City	15,738	2,569,592	18,097	2,846,600	13,869	2,418,731
Tainan City	12,965	1,926,360	7,457	1,324,914	6,940	1,220,465
Kaohsiung City	10,227	1,412,783	14,085	2,344,125	7,517	1,201,740
Taiwan	26,615	4,252,890	23,518	3,938,154	21,608	3,762,495

Occupancy permit for house in last 3 years

Year	2021		2020		2019	
Area	Housing unit	Total floor area (m ²)	Housing unit	Total floor area (m ²)	Housing unit	Total floor area (m ²)
Total	169,651	24,647,373	159,286	22,991,606	147,798	21,736,799
New Taipei City	23,916	3,343,021	26,916	3,381,902	24,440	3,235,642
Taipei City	11,304	1,548,924	9,720	1,334,501	11,832	1,588,123
Taoyuan City	23,316	3,370,089	22,233	3,337,234	15,343	2,372,032
Taichung City	32,484	5,215,221	33,861	5,050,303	29,042	4,352,691
Tainan City	18,564	2,646,124	13,800	2,069,086	15,702	2,365,296
Kaohsiung City	18,018	2,401,666	14,082	1,935,000	21,487	3,068,828
Taiwan	41,470	6,051,793	37,896	5,791,513	29,352	4,673,772

Transactions and transfers in the last 3 years

Year	2021		2020		2019	
Area	Building unit	Area (m ²)	Building unit	Area (m ²)	Building unit	Area (m ²)
Sum	348,194	37,613,519	326,589	34,848,406	300,275	32,271,236
New Taipei City	68,295	5,979,746	63,346	5,485,520	60,035	5,189,991
Taipei City	30,901	2,581,005	31,180	2,513,334	27,743	2,363,576
Taoyuan City	46,831	4,978,925	45,712	4,765,729	40,384	4,225,295
Taichung City	49,990	5,313,910	48,623	5,169,458	43,438	4,612,346
Tainan City	26,752	3,758,124	23,044	3,022,790	23,182	2,995,992
Kaohsiung City	44,897	4,875,834	38,270	4,222,487	37,250	4,183,070
Taiwan	79,700	10,054,348	75,822	9,610,527	67,677	8,647,280

4. Competitive niche

Construction industry

(1) Sharp land development strategy

The management team of the Company possesses acute land development capabilities. A comprehensive market evaluation will be carried out before land purchase. Further considerations are also given to the surrounding environment for development and humanistic traits and conditions. The research proposal, development and construction plan are also actively pursued after the land

purchase. Districts of the current promotion cases are mainly in the major cities, such as Taipei City, Tainan City, and Kaohsiung City. All of the promotional cases areas fit well with the local prosperity and development trends.

(2) Full grasp of market demands and rigorous planning

Sanfar understands public preference and tendency. The sales department and marketing agencies collect the information of ideas, budgets and desired areas of buyers to know the market needs well. The sales and planning departments collaborate to design the house that meets market needs.

(3) Good control of construction quality, process and cost

Jing Fu Xiang Construction, our subsidiary, can effectively control the construction, improve the construction quality and keep the process on track.

(4) Experienced and professional management team

Our team has more than 20 years of experience in construction and pursues professional perfection from selecting land, planning, designing to constructing. We integrate architectural aesthetics and lifestyle, highly value practical work, carefully select construction materials, attend to details and fully understand customers' requirements of buildings and structures in order to provide a safe and comfortable house. Sanfar has won many National Golden Awards for Architecture, building a great reputation and winning customer's trust and recognition.

(5) Stable fund plan and great financial structure

Sanfar places importance on customers' promise, and therefore we pay much attention to the fund and financial stability. We have a department responsible for financial management, planning for future capital requirements, and adjusting long-term stable fund sources through profits and fundraising to better improve and maintain a solid financial structure.

5. Advantage, disadvantage and responsive strategy for future prospect

Construction industry

(1) Advantage

A. As the global interest rates hikes are established, these rates are still comparatively low. Domestic funds momentum is still sufficient.

B. As the Taiwan Semiconductor Manufacturing Co., Ltd. (TSMC) is establishing plants in the South, this led to buying popularity in the South during recent years presenting trends in surge of prices and increase in quantity.

C. The return of overseas funds of the Taiwanese businesses.

D. Expansion of the scope for re-zoning of the urban areas. The extension of the high speed rail and train, MRT system, highways and so on transport infrastructure and routes drive regional growth under the diffusion effect.

E. People in Taiwan in general still possess the traditional thinking of “with land there is wealth,” “establish home and career.” In addition, with the high awareness of quality of living in recent years, demands for quality living spaces are raised. Willingness to change houses is higher and more universal supporting the market demands for housing purchase and changing.

(2) Disadvantage

- A. International situations are unsettling and raw material prices fluctuate which in turn affects the commodity prices. The prices for the basic commodities continue to rise, and worries over stagnant inflation surfaced.
- B. The accrued remaining new residential homes remain high, thus, adds pressure for clearance. Interest rates risks gradually emerged which increase the capital cost and holding risk of the construction company.
- C. Labor shortage is severe in the Southern part in recent years, construction progress and costs are in risks of being affected.
- D. The house and land transactions tax levy on actual price, and the profit-seeking enterprise income tax has increased, which erode profits.
- E. Due to the Central Bank’s construction financing restrictions policy, the rate of self-prepared funds for individual case must be raised.
- F. Anti-speculation policies continue, affecting the confidence of consumers in home purchase.
- G. It is not easy to obtain land in prime locations.

(3) Responsive strategy

- A. Carefully select the project location, pay attention to the construction quality and improve product competitiveness
- B. Provide diversified products and segment customers
- C. Develop raw land and reduce vacant houses
- D. Manage in diversified fields and merger with other industries
- E. Improve brand reputation to create higher value-added in order to increase profits

(II) Purpose and process of major products

1. Purpose of major products

The construction business deals with housing and building development for residential or commercial use.

2. Process of major products

The construction business deal with land acquirement, design and development, application for construction licenses, subcontracting, monitoring construction till completion, application for occupancy permits and property settlement. The entire

process takes approximately 3-4 years.

(III) Supply of raw materials:

Construction mainly deals with land and subcontracting. We acquire land from natural or legal persons and Jing Fu Xiang Construction, our subsidiary, undertakes the construction to avoid incompatibility or shortage.

(IV) Customer who accounts for 10% or above of net purchase (sales) in these 2 years, the amount and proportion, and description of changes.

1. Major supplier in these 2 years

Unit: NT\$ Thousand

Items	2021				2020			
	Name	Amount	Percentage in annual net procurement (%)	Relationship with the issuer	Name	Amount	Percentage in annual net procurement (%)	Relationship with the issuer
1	Wang, ○ Wen, and so on 4 persons	2,680,000	47%	None	Tainan City Government	496,163	32%	None
2	Yang, ○ Ling	1,596,000	28%	None	-	-	-	None
3	Others	1,467,887	25%	None	Others	1,035,837	68%	None
	Net purchase	5,743,887	100%		Net purchase	1,532,000	100%	

2. Major customers in these 2 years

Unit: NT\$ Thousand

Items	2021				2020			
	Name	Amount	Percentage in annual net sales (%)	Relationship with the issuer	Name	Amount	Percentage in annual net sales (%)	Relationship with the issuer
1	Pleasant Hotels	242,495	14	Other related persons	Pleasant Hotels	115,229	8	Other related persons
2	Others	1,473,473	86	None	Others	1,376,543	92	None
	Net Operating Revenue	1,715,968	100		Net Operating Revenue	1,491,772	100	

(V) Production and value in these 2 years

Production and value in these 2 years

Unit: NT\$ Thousand

Production and value Main products	Year	2021			2020		
		Capacity	Output	Value	Capacity	Output	Value
Real estate	-	1,151 households	1,362,956	-	456 households	929,331	
Product	-	-	6,091	-	-	3,057	
Others	-	-	-	-	-	-	
Total	-	1,151 households	1,369,047	-	456 households	932,388	

(VI) Sales volume in these 2 years

Sales volume in these 2 years

Unit: Expressed in thousands of New Taiwan Dollars

Sales volume Main products	Year	2021		2020	
		Sales volume	Amount	Sales volume	Amount
Real estate income	116 households	1,680.911	121 households	1,457,371	
Sales revenue	-	35,057	-	34,401	
Others	-	-	-	-	
Total	116 households	1,715,968	121 households	1,491,772	

III. HEAD COUNT, AVERAGE SENIORITY, AVERAGE AGE AND EDUCATIONAL BACKGROUND OF EMPLOYEES IN RECENT TWO YEARS AND AS OF THE PUBLICATION DATE OF THE ANNUAL REPORT

Year		2021	2020	Current year as of May 6th, 2022
Head count	Engineering personnel	33	32	38
	Other employees	95	88	89
	Total	128	120	127
Average age		42.7	41.8	43.5
Average seniority		4.69	4.37	4.43
Education (%)	PhD	0	1	1
	Masters	20	9	20
	Bachelors	101	104	100
	High school	7	6	6
	Under high school	0	0	0

IV. ENVIRONMENTAL PROTECTION EXPENDITURE

- (I) According to the legal requirements, shall apply for the pollution source installation permit, pollution discharge permit, pay the pollution prevention fees, or set up a dedicated environmental protection unit personnel. Description for its application, payment or set up: The construction air pollution fees are paid when the work is to begin for every case site, the amount paid for 2021 is NTD 0; A construction site supervisor has been assigned for every case site responsible for the site's environmental protection process based on the "Regulations on the Management of Occupational Safety and Health."
- (II) Setting forth the company's investment in the major anti-pollution facilities, the use purpose of such facilities and the possible effects to be produced: not applicable.
- (III) Describing the process undertaken by the company on environmental pollution improvement for the most recent 2 fiscal years and up to the prospectus publication date. If there had been any pollution dispute, its handling process shall also be described: not applicable.
- (IV) Describing any losses suffered by the company in the most recent 2 fiscal years and up to the prospectus publication date due to environmental pollution incidents (including any compensation paid and any violations of environmental protection laws or regulations found in environmental protection inspection, specifying the disposition dates, disposition reference numbers, the articles of law violated, and the content of the dispositions), and disclosing an estimate of possible expenses that could be incurred currently and in the future and measures being or to be taken. If a reasonable estimate cannot be made, an explanation of the facts of why it cannot be made shall be provided: not applicable.
- (V) Explaining the current condition of pollution and the impact of its improvement to the profits, competitive position and capital expenditures of the company, as well as the projected major environment-related capital expenses to be made for the coming 2 fiscal years: not applicable.

V. LABOR RELATIONS:

- (I) Setting forth all employee benefits, continuing education, training, retirement systems, and the status of their implementation, as well as the status of agreements between labor and management, and all measures aimed at preserving the rights and interests of employees.

Both Sanfar and our subsidiary have great labor relations. We offer the following welfare programs, more than government regulations.

1. Employee welfare

- (1) Sanfar highly values employee welfare and establishes Employee Welfare Committee in accordance with the law. The Company and employees appropriate funds for employee welfare. All staff can enjoy welfare and benefits. The main policy and measures are described as below:
 - A. Employee Dragon Boat Festival and Mid-Autumn Festival bonuses, birthday, wedding, funeral, birth, and hospitalization subsidies and condolences.
 - B. Health check as well as labor, health and group insurance.
 - C. Annual domestic and international incentive tours.
 - D. Mountain-climbing on weekends to encourage healthy leisure activities.
 - E. Family day and outings.
 - F. Department gathering.
 - G. Employee Welfare Management Committee established in 2013.

- (2) Employee Salaries and Bonuses

- A. Salary: In addition to salary and monthly bonuses, the task and performance bonuses will be issued based on the assessment.
- B. Performance assessment system: The bonus will be given based on the achievement of the profit goal in order to encourage quality employees.
- C. Remuneration: The appropriation of cash or shares for employee remuneration will be presented to the Board for resolution on the condition that the net income before tax is 1% or above.

2. Further education and On-the-job training

The employee on-the-job training is scheduled on the monthly basis to improve the employee quality, including the following:

- (1) New employee orientation: Help understand the company culture and the internal control process.
- (2) Competency training: Improve employees' competency.
- (3) Management training: Cultivate the management skills.
- (4) Other training: Infuse employees with new knowledge to help them work more professionally and efficiently.

3. Retirement scheme and execution

All of Sanfar's employees are applicable to the new Labor Pension Act and their retirement shall be subject to Chapter 6 of the Labor Standard Act. Employers contribute 6% of their salaries to employee accounts in compliance with the new Labor Pension Act.

- (1) A worker may apply for voluntary retirement under any of the following conditions:
 - A. Where the worker attains the age of fifty-five and has worked for fifteen years.
 - B. Where the worker has worked for more than twenty-five years.

- C. Where the worker attains the age of sixty and has worked for ten years.
- (2) An employer shall not force a worker to retire unless any of the following situations has occurred:
 - A. Where the worker attains the age of sixty-five.
 - Bureau of Labor Insurance will calculate the terms and amount of monthly pensions according to the average life and interest rate set forth in the annuity life chart.
 - B. Lump sum: Collect the principals and proceeds at one time.
- 4. The status of labor-management agreements and measures for preserving employees' rights and interests.
 - We have smooth communication. The managers and staff exchange ideas through labor-management meetings, emails and on-the-job training in accordance with related regulations to maintain great interaction.
- 5. Workplace and safety measures
 - Jing Fu Xiang Construction has established "Safety and Health Guidelines," and the "labor safety and health manager" is appointed for each site to ensure labor safety.
- (II) List and explain in the most recent two years and as of the publication date of the annual report, losses arising from labor disputes and disclose estimated amount that may occur currently and in the future, and countermeasures. If unable to give a reasonable estimation, explain the reasons for being unable to give a reasonable estimation: As of the publication date of the annual report, the Company did not suffer any losses arising from labor disputes matters.

VI. CYBER SECURITY MANAGEMENT

- (I) Describe the cyber security risks management structure, cyber security policy, concrete management plan and resources invested in cyber security management:
 - 1. In recent years, the rapid technological development, the universal information flow, its speed and influences are different from the past. Grasping information and opportunities has become an important risk evaluation topic for enterprises on information security. The Company has set up a dedicated information unit directly under the General Manager's coordination. One dedicated information officer and one information personnel are assigned to this organization.
 - 2. In terms of the operating systems, the Company conducts yearly inspection evaluation of network environment security and work procedures. This to ensure the reasonableness of the suitability and effectiveness of the Company's information security. At the same time, conduct yearly information recovery drill practices based on the system recovery plan system and testing procedures. The drill outcomes will be audited and verified by the Auditing Office and compiled into auditing report for submission the Board of Directors for reporting.

3. As the hackers techniques are consistently renewing, the company needs to remain prudent in treating internet information security threats. It is needed to evaluate the risks of losses due to information damages from malicious attacks or the leaks of confidential materials. Such as: Company trade secrets, confidential information of stakeholders, personal information of customers or employees, or possibilities of being investigated by competent authority due to involvement in leaks of customer or third party information which the Company has confidentiality obligations, which results in risks of bearing significant legal responsibilities.
 4. In terms of customer personal information security, the Company has the legal unit to advocate to all of the company employees, implement educational trainings, and to assist in inventory of the Company's personal information security risks, building standard operating procedures (SOP) for personal information.
 5. The collection, handling or use of personal information by the Management Department is in strict conformity to the personal information protection act and related regulations to its implementation rules. There have been no appeal cases for such personal information leaks in the Company, and there have been no occurrences of personal information leaks that are confirmed by competent authority or penalties.
- (II) List and explain in the most recent two years and as of the publication date of the annual report, losses due to occurrences of major cyber security incidents, its possible impacts and countermeasures. If unable to give a reasonable estimation, explain the reasons for being unable to give a reasonable estimation: None such situation.

VII. MATERIAL CONTRACTS

- (I) The contracting parties, major content, restrictive clauses, and the commencement dates and expiration dates of supply/distribution contracts, technical cooperation contracts, engineering/construction contracts, long-term loan contracts, and other contracts that would affect shareholders' equity, where said contracts were either still effective as of the date of publication of the annual report, or expired in the most recent fiscal year.

Contract nature	Contracting parties	The commencement dates and expiration dates	Major content	Restricted terms and conditions
Guarantee of corporate bonds	Agriculture Bank of Taiwan	9/14/2017~9/14/2022	Contract of issuance of guaranteed bonds	None
Consignment contract of corporate bonds	Land Bank of Taiwan	9/14/2017~9/14/2022	Contract of issuance of guaranteed bonds	None
Guarantee of corporate bonds	Taiwan Business Bank	1/7/2019~1/7/2024	Contract of issuance of guaranteed bonds	None
Consignment contract of corporate bonds	Land Bank of Taiwan	1/7/2019~1/7/2024	Contract of issuance of guaranteed bonds	None
Guarantee of corporate bonds	Agriculture Bank of Taiwan	2021/12/24~2026/12/24	Contract of issuance of guaranteed bonds	None
Consignment contract of corporate bonds	Land Bank of Taiwan	2021/12/24~2026/12/24	Contract of issuance of guaranteed bonds	None
Guarantee of corporate bonds	Hua Nan Commercial Bank Ltd.	2022/1/10~2027/1/10	Contract of issuance of guaranteed bonds	None
Consignment contract of corporate bonds	Land Bank of Taiwan	2022/1/10~2027/1/10	Contract of issuance of guaranteed bonds	None
Subcontracting	Jing Fu Xiang Construction	1/5/2015 - One-year warranty after check and acceptance	Xinzhuang Fuduxin 235	None
Subcontracting	Jing Fu Xiang Construction	4/15/2019 - One-year warranty after check and acceptance	Housing construction on Linkou Lilin Section 488	None
Subcontracting	Jing Fu Xiang Construction	8/7/2019 - One-year warranty after check and acceptance	Building construction on Yongxing section 181 and 182	None
Subcontracting	Jing Fu Xiang Construction	2/3/2021 - One-year warranty after check and acceptance	Building construction on Chengde section 26.26-133.26-134	None
Subcontracting	Jing Fu Xiang Construction	7/12/2021 - One-year warranty after check and acceptance	Building construction on Liu Chia Ding Section Lot no. 528	None

SIX. FINANCIAL SUMMARY

I. CONDENSED BALANCE SHEETS AND STATEMENTS OF COMPREHENSIVE INCOME FOR THE PAST 5 FISCAL YEARS, SHOWING THE NAME OF THE CERTIFIED PUBLIC ACCOUNTANT AND THE AUDITOR'S OPINION GIVEN THEREBY.

(1) Condensed balance sheets and statements of comprehensive income

Condensed balance sheets-IFRSs (Consolidated)

Unit: NT\$ Thousand

Year		Financial data of the last five years					Current year as of March 31st, 2022 (Note 3)
		2017	2018	2019	2020	2021	
Current assets		10,868,093	11,446,765	11,044,529	10,275,004	14,489,764	14,662,202
Property, plant and equipment		84,836	80,069	79,222	78,500	78,277	77,922
Intangible assets		22,417	14,831	15,707	17,658	16,679	16,252
Other assets		101,348	111,323	436,286	507,199	720,829	735,623
Total assets		11,076,694	11,652,988	11,575,744	10,878,361	15,305,549	15,491,999
Current liabilities	Before appropriation	4,078,126	4,463,687	2,667,074	2,131,427	6,957,224	6,131,996
	After appropriation	4,431,187	4,660,486	3,058,141	2,380,230	Note 2	-
Noncurrent liabilities		1,995,226	1,995,914	2,200,328	2,206,591	1,803,754	2,799,698
Total liabilities	Before appropriation	6,073,352	6,459,601	4,867,402	4,338,018	8,760,978	8,931,694
	After appropriation	6,426,413	6,656,400	5,258,469	4,586,821	Note 2	-
Equity attributable to the shareholders of the parent company		5,003,342	5,193,387	6,708,342	6,540,343	6,544,571	6,560,305
Capital stock		2,615,265	2,811,410	3,008,209	3,309,030	3,265,542	3,265,542
Additional paid-in capital		370,981	371,340	286,998	196,752	185,955	185,955
Retained earnings	Before appropriation	2,017,096	2,010,637	3,402,335	3,194,165	3,031,694	3,047,248
	After appropriation	1,664,035	1,813,838	3,011,268	2,945,362	Note 2	-
Other equity		-	-	10,800	18,720	61,380	61,560
Treasury stock		-	-	-	-178,324	-	-
Non-controlling interests		-	-	-	-	-	-
Total equity	Before appropriation	5,003,342	5,193,387	6,708,342	6,540,343	6,544,571	6,560,305
	After appropriation	4,650,281	4,996,588	6,317,275	6,291,540	Note 2	-

Note 1: The financial data of every year have been audited and attested or reviewed by a CPA.
 Note 2: 2021 profit sharing allocation table for resolution by shareholders meeting.
 Note 3: Reviewed by CPA on March 31st, 2022.

Condensed balance sheets-IFRSs (Consolidated)

Unit: NT\$ Thousand

Year Items	Financial data of the last five years					Current year as of March 31st, 2022 (Note 2)
	2017	2018	2019	2020	2021	
Operating income	1,616,007	1,571,713	5,079,135	1,491,772	1,715,968	209,375
Gross profit	560,207	575,171	2,012,706	436,056	418,717	63,460
Operating profit and loss	348,726	380,058	1,588,910	209,575	220,888	25,816
Non-operating income and expense	85,740	-7,490	-9,420	11,177	-5,768	-6,848
Net income before tax	434,466	372,568	1,579,490	220,752	215,120	18,968
Net income of the continuing unit	408,078	369,639	1,588,304	182,975	215,120	18,968
Loss of the discounted unit	-12,055	-22,987	-	-	-	-
Net income (loss)	396,023	346,652	1,588,304	182,975	222,278	15,554
Other comprehensive profit and loss – current (net amount after tax)	238	-50	10,993	7,842	42,660	180
Total comprehensive profit and loss – current	396,261	346,602	1,599,297	190,817	264,938	15,734
Net income attributable to the shareholders of the parent company	396,023	346,652	1,588,304	182,975	222,278	15,554
Net income attributable to non-controlling interests	-	-	-	-	-	-
Total comprehensive profit and loss attributable to the shareholders of the parent company	396,261	346,602	1,599,297	190,817	264,938	15,734
Total comprehensive profit and loss attributable to the non-controlling interests	-	-	-	-	-	-
Earnings per share	1.41	1.15	4.80	0.53	0.68	0.05

Note 1: The financial data of every year have been audited and attested or reviewed by a CPA.

Note 2: Reviewed by CPA on March 31st, 2022.

Condensed balance sheets-IFRSs (Individual)

Unit: NT\$ Thousand

Year		Financial data of the last five years					Current year as of March 31st, 2022
		2017	2018	2019	2020	2021	
Items							
Current assets		10,709,868	11,439,710	10,884,320	10,018,997	14,304,635	-
Property, plant and equipment		78,820	77,999	77,746	77,022	76,501	-
Intangible assets		136	19	163	892	716	-
Other assets		269,734	236,338	594,218	667,015	886,708	-
Total assets		11,058,558	11,754,066	11,556,447	10,763,926	15,268,560	-
Current liabilities	Before appropriation	4,063,927	4,566,667	2,649,587	2,024,333	6,924,207	-
	After appropriation	4,416,988	4,763,466	3,040,654	2,273,136	Note 2	-
Noncurrent liabilities		1,991,289	1,994,012	2,198,518	2,199,250	1,799,782	-
Total liabilities	Before appropriation	6,055,216	6,560,679	4,848,105	4,223,583	8,723,989	-
	After appropriation	6,408,277	6,757,478	5,239,172	4,472,386	Note 2	-
Equity attributable to the shareholders of the parent		5,003,342	5,193,387	6,708,342	6,540,343	6,544,571	-
Capital stock		2,615,265	2,811,410	3,008,209	3,309,030	3,265,542	-
Additional paid-in capital		370,981	371,340	286,998	196,752	185,955	-
Retained earnings	Before appropriation	2,017,096	2,010,637	3,402,335	3,194,165	3,031,694	-
	After appropriation	1,664,035	1,813,838	3,011,268	2,945,362	Note 2	-
Other equity		-	-	10,800	18,720	61,380	-
Treasury stock		-	-	-	-178,324	0	-
Non-controlling interests		-	-	-	-	-	-
Total equity	Before appropriation	5,003,342	5,193,387	6,708,342	6,540,343	6,544,571	-
	After appropriation	4,650,281	4,996,588	6,317,275	6,291,540	Note 2	-

Note 1: The financial data of every year have been audited and attested or reviewed by a CPA.

Note 2: 2021 profit sharing allocation table for resolution by shareholders meeting.

Condensed balance sheets – IFRSs (Individual)

Unit: NT\$ Thousand

Year Items	Financial data of the last five years					Current year as of March 31st, 2022
	2017	2018	2019	2020	2021	
Operating income	1,565,964	1,525,556	5,013,181	1,342,142	1,438,415	-
Gross profit	483,004	503,671	1,904,484	391,661	372,769	-
Operating profit and loss	325,411	364,044	1,525,205	198,152	214,123	-
Non-operating income and expense	87,579	-23,025	53,962	21,144	-2,042	-
Net income before tax	412,990	341,019	1,579,167	219,296	212,081	-
Net income of the continuing unit	396,023	346,652	1,588,304	182,975	222,278	-
Loss of the discounted unit	-	-	-	-	-	-
Net income (loss)	396,023	346,652	1,588,304	182,975	222,278	-
Other comprehensive profit and loss – current (net amount after	238	-50	10,993	7,842	42,660	-
Total comprehensive profit and loss – current	396,261	346,602	1,599,297	190,817	264,938	-
Net income attributable to the shareholders of the parent company	396,023	346,652	1,588,304	182,975	222,278	-
Net income attributable to non-controlling interests	-	-	-	-	-	-
Total comprehensive profit and loss attributable to the shareholders of the parent company	396,261	346,602	1,599,297	190,817	264,938	-
Total comprehensive profit and loss attributable to the non-controlling interests	-	-	-	-	-	-
Earnings per share	1.51	1.15	4.80	0.53	0.68	-

Note 1: The financial data of every year have been audited and attested or reviewed by a CPA.

(II) Names of CPAs for the Last Five Years

Year	Name of CPA	Verification Opinions
2017	Guo-Zhu Ma, Shu-Yin Chang	No Qualified Opinion
2018	Jacky Chen, Shu-Yin Chang	No Qualified Opinion
2019	Jacky Chen, Shu-Yin Chang	No Qualified Opinion
2020	Jacky Chen, Shu-Yin Chang	No Qualified Opinion
2021	I-Lien Han, Hsin-Ting Huang	No Qualified Opinion plus paragraph of emphasized matters

II. FINANCIAL ANALYSIS FOR THE LAST FIVE YEARS

Financial Analysis-International Financial Reporting Standards (Consolidated)

Annual analysis		Financial data of the last five years					Current year as of March 31st, 2022 (Note 2)
		2017	2018	2019	2020	2021	
Financial structure	Ratio of Liabilities to Assets (%)	55	55	42	40	57	40
	Ratio of Long-Term Fund to Property, Plant and Equipment (%)	8,250	8,979	11,245	11,143	10,665	12,012
Solvency	Current ratio (%)	267	256	414	482	208	239
	Quick ratio (%)	23	27	134	133	38	43
	Times Interest Earned Ratio	441	380	1518	316	286	150
Operating ability	Account Receivable Turnover (times)	23	8	21	15	27	20
	Days Sales in Account Receivable	16	48	17	24	13	17
	Inventory Turnover (times)	0	0	0	0	0	0
	Account Payable Turnover (times)	2	1	7	5	5	2
	Average Days in Sales	3,042	3,610	1,043	2,607	2,607	7,300
	Property, Plant and Equipment Turnover (times)	15	19	64	19	22	10
	Total Assets Turnover (times)	0	0	0	0	0	0
Profitability	Return on assets (%)	5	4	14	2	2	1
	Ratio of Return on Shareholders' Equity	8	7	27	3	3	1
	Ratio of net income before tax to paid-in	16	12	53	7	7	2
	Net profit rate (%)	24	22	31	12	13	7
	Earnings per share (NTD)	1.41	1.15	4.80	0.53	0.68	0.05
Cash flows	Cash flow ratio (%)	-21	-0.49	143	7	Note 8	Note 8
	Cash Flow adequacy Ratio (%)	8	-4	262	171	Note 8	Note 8
	Cash Re-Investment ratio (%)	-14	-3	42	0	Note 9	Note 9
Lever	Operation Leverage	1	1	1	1	1	1
	Financial Leverage	2	1	1	2	2	1

Please explain the reasons for the changes in financial ratios in the last two years. (Items with a change for less than 20% are exempted from the requirement of performing an analysis)

- Ratio of Liabilities to Assets (%): Mainly due to the increase in short term borrowings and contract liabilities.
- Current ratio (%): Mainly due to the increase in current liabilities.
- Quick ratio (%): Mainly due to the increase in current liabilities.
- Account Receivable Turnover (times): Mainly due to the reduction in account receivables.
- Days Sales in Account Receivable: Mainly due to the increase in account receivable turnover.
- Earnings per share (NTD): Mainly due to the increase in net income.

Note 1: The financial data of every year have been audited and attested or reviewed by a CPA.

Note 2: Reviewed by CPA on March 31st, 2022.

Note 3: Calculation formulas for various financial analysis are as follows:

1. Financial Structure

(1) Liabilities to assets ratio = total liabilities/total assets.

(2) Ratio of long-term funds to real estate, plant, and equipment = (total equity + non-current liabilities) / net amount for property and plant.

2. Solvency

(1) Current ratio = current assets / current liabilities.

(2) Quick ratio = (current assets - inventory - prepaid expenses) / current liabilities.

(3) Interest protection multiples = net profit before income tax and interest expense / interest expense in the current period.

3. Management Capacity

(1) Turnover rate for accounts receivable (including accounts receivable and bills receivable due to businesses) = net sales / average balance of accounts receivable (including accounts receivable and bills receivable due to businesses) for each period.

(2) Average number of days for cash collection = 365 / turnover rate for accounts receivable.

(3) Inventory turnover rate = cost of goods sold / average inventory value.

- (4) Turnover rate for accounts payable (including accounts payable and bills payable due to businesses) = net sales / average balance of accounts payable (including accounts payable and bills payable due to businesses) for each period.
- (5) Average number of sales days = 365 / inventory turnover rate.
- (6) Real estate, plant and equipment turnover rate = net sales / average net amount for real estate, plant, and equipment.
- (7) Turnover rate for total assets = net sales / total average assets.

4 Profitability

- (1) Return on assets = [after-tax profit and loss + interest expense × (1 - tax rate)] / average total assets.
- (2) Return on equity = after-tax profit and loss / average total equity.
- (3) Net profit rate = after-tax profit and loss / net sales.
- (4) Earnings per share = (profit and loss attributable to owners of the parent company - special stock dividends) / weighted average number of issued shares.

5. Cash Flow

- (1) Cash flow ratio = net cash flow from operating activities / current liabilities.
- (2) Cash flow adequacy ratio = (net cash flow from operating activities within five years / (capital expenditure + inventory increase + cash dividend) within five years.
- (3) Cash re-investment ratio = (net cash flow from operating activity - cash dividend) / (total fixed assets + long-term investment + other assets + working capital). (Note 5)

6. Leverage:

- Operation balance = (net operating income - operating variable cost and expense) / operating profit (Note 6).
- Financial balance = operating profit / (operating profit - interest expense).

Note 4: Please pay special attention to the following matters when assessing the aforesaid formula of the earnings per share.

1. The basis should be the weighted average number of common shares instead of the number of outstanding shares at the end of the year.
2. In case of cash capital increase or treasury stock trading, consider the circulation period and calculate the weighted average number of shares.
3. In case of surplus transfer to capital increase or capital reserve transfer to the capital increase, retrospective adjustments should be made according to the ratio of capital increase when calculating earnings per share for the previous year and the previous six-months, and the capital increase issuance period need not be considered.
4. If the special shares are non-convertible cumulative special shares, the dividends for the current year (whether issued or not) shall be deducted from the after-tax net profit, or the net loss after-tax should be increased. If the special stock is non-cumulative and if there is after-tax net profit, the dividend of the special stock shall be deducted from the after-tax net profit. No adjustment is necessary if there is a loss.

Note 5: Please pay special attention to the following matters when assessing the cash flow analysis:

1. Net cash flow from operating activities refers to the net cash inflow from operating activities in the cash flow statement.
2. Capital expenditure refers to the annual cash outflow from capital investment.
3. The increase in inventory is only included when the closing balance is greater than the opening balance. If the inventory is decreased at the end of the year, it shall be calculated as zero.
4. Cash dividends shall include cash dividends on ordinary shares and special shares.
5. Gross real estate, plant, and equipment refers to the total amount of real estate, plant, and equipment prior to the deduction of accumulated depreciation.

Note 6: The issuer shall classify the various operating costs and expenses as fixed or variable according to their nature. If estimates or subjective judgments are involved, pay attention to reasonableness and maintain consistency.

Note 7: If the Company's stock has no denomination or the denomination per share is not NT\$10, the aforesaid paid-in capital ratio calculation shall be calculated based on the equity ratio attributable to the balance sheet of the parent company owner.

Note 8: As operations activities are net cash outflow, relevant ratio is not calculated.

Note 9: As the numerator of the calculation formula is a negative number, it will not be calculated.

Financial Analysis—International Financial Reporting Standards (Individual)

Items		Annual analysis		Financial analysis of the last five year					Current year as of March 31st, 2022
		2017	2018	2019	2020	2021			
Financial structure	Ratio of Liabilities to Assets (%)	55	56	42	39	57	-		
	Ratio of Long-Term Fund to Property, Plant and Equipment (%)	8,874	9,215	11,456	11,347	10,907	-		
Solvency	Current ratio (%)	264	251	411	495	207	-		
	Quick ratio (%)	22	24	131	133	35	-		
	Times Interest Earned Ratio	434	374	1518	314	284	-		
Operating ability	Account Receivable Turnover	23	8	21	20	38876	-		
	Days Sales in Account	16	48	17	18	0	-		
	Inventory Turnover (times)	0	0	0	0	0	-		
	Account Payable Turnover	3	1	6	6	5	-		
	Average Days in Sales	3,042	3,650	1,043	2,808	3,318	-		
	Property, Plant and Equipment Turnover (times)	20	19	64	17	19	-		
	Total Assets Turnover (times)	0	0	0	0	0	-		
	Return on assets (%)	5	4	14	2	2	-		
Profitability	Ratio of Return on Shareholders' Equity (%)	8	7	27	3	3	-		
	Ratio of net income before tax to paid-in capital (%)	16	12	53	7	6	-		
	Net profit rate (%)	25	23	32	14	15	-		
	Earnings per share (NTD)	1.41	1.15	4.80	0.53	0.68	-		
	Cash flow ratio (%)	-17	-1	142	10	Note 7	-		
Cash flows	Cash Flow adequacy Ratio (%)	13	-4	240	161	Note 7	-		
	Cash Re-Investment ratio (%)	-12	-3	42	0	Note 8	-		
Lever	Operation Leverage	1	1	1	1	1	-		
	Financial Leverage	2	2	1	2	2	-		
Please explain the reasons for the changes in financial ratios in the last two years. (Items with a change for less than 20% are exempted from the requirement of performing an analysis)									
1. Ratio of Liabilities to Assets (%): Mainly due to the increase in short term borrowings and contract liabilities.									
2. Current ratio (%): Mainly due to the increase in current liabilities.									
3. Quick ratio (%): Mainly due to the increase in current liabilities.									
4. Account Receivable Turnover (times): Mainly due to the reduction in account receivables.									
5. Days Sales in Account Receivable: Mainly due to the increase in account receivable turnover.									
6. Earnings per share (NTD): Mainly due to the increase in net income.									

Note 1: The financial data of every year have been audited and attested or reviewed by a CPA.

Note 2: Calculation formulas for various financial analysis are as follows:

1. Financial Structure

(1) Liabilities to assets ratio = total liabilities/total assets.

(2) Ratio of long-term funds to real estate, plant, and equipment = (total equity + non-current liabilities) / net amount for property and plant.

2. Solvency

(1) Current ratio = current assets / current liabilities.

(2) Quick ratio = (current assets - inventory - prepaid expenses) / current liabilities.

(3) Interest protection multiples = net profit before income tax and interest expense / interest expense in the current period.

3. Management Capacity

- (1) Turnover rate for accounts receivable (including accounts receivable and bills receivable due to businesses) = net sales / average balance of accounts receivable (including accounts receivable and bills receivable due to businesses) for each period.
- (2) Average number of days for cash collection = 365 / turnover rate for accounts receivable.
- (3) Inventory turnover rate = cost of goods sold / average inventory value.
- (4) Turnover rate for accounts payable (including accounts payable and bills payable due to businesses) = net sales / average balance of accounts payable (including accounts payable and bills payable due to businesses) for each period.
- (5) Average number of sales days = 365 / inventory turnover rate.
- (6) Real estate, plant and equipment turnover rate = net sales / average net amount for real estate, plant, and equipment.
- (7) Turnover rate for total assets = net sales / total average assets.

4 Profitability

- (1) Return on assets = [after-tax profit and loss + interest expense × (1 - tax rate)] / average total assets.
- (2) Return on equity = after-tax profit and loss / average total equity.
- (3) Net profit rate = after-tax profit and loss / net sales.
- (4) Earnings per share = (profit and loss attributable to owners of the parent company - special stock dividends) / weighted average number of issued shares. (Note 4)

5. Cash Flow

- (1) Cash flow ratio = net cash flow from operating activities / current liabilities.
- (2) Cash flow adequacy ratio = (net cash flow from operating activities within five years / (capital expenditure + inventory increase + cash dividend) within five years.
- (3) Cash re-investment ratio = (net cash flow from operating activity - cash dividend) / (total fixed assets + long-term investment + other assets + working capital). (Note 5)

6. Leverage:

Operation balance = (net operating income - operating variable cost and expense) / operating profit (Note 6).

Financial balance = operating profit / (operating profit - interest expense).

Note 3: Please pay special attention to the following matters when assessing the aforesaid formula of the earnings per share.

1. The basis should be the weighted average number of common shares instead of the number of outstanding shares at the end of the year.
2. In case of cash capital increase or treasury stock trading, consider the circulation period and calculate the weighted average number of shares.
3. In case of surplus transfer to capital increase or capital reserve transfer to the capital increase, retrospective adjustments should be made according to the ratio of capital increase when calculating earnings per share for the previous year and the previous six-months, and the capital increase issuance period need not be considered.
4. If the special shares are non-convertible cumulative special shares, the dividends for the current year (whether issued or not) shall be deducted from the after-tax net profit, or the net loss after-tax should be increased. If the special stock is non-cumulative and if there is after-tax net profit, the dividend of the special stock shall be deducted from the after-tax net profit. No adjustment is necessary if there is a loss.

Note 4: Please pay special attention to the following matters when assessing the cash flow analysis:

1. Net cash flow from operating activities refers to the net cash inflow from operating activities in the cash flow statement.
2. Capital expenditure refers to the annual cash outflow from capital investment.
3. The increase in inventory is only included when the closing balance is greater than the opening balance. If the inventory is decreased at the end of the year, it shall be calculated as zero.
4. Cash dividends shall include cash dividends on ordinary shares and special shares.

5. Gross real estate, plant, and equipment refers to the total amount of real estate, plant, and equipment prior to the deduction of accumulated depreciation.

Note 5: The issuer shall classify the various operating costs and expenses as fixed or variable according to their nature. If estimates or subjective judgments are involved, pay attention to reasonableness and maintain consistency.

Note 6: If the Company's stock has no denomination or the denomination per share is not NT\$10, the aforesaid paid-in capital ratio calculation shall be calculated based on the equity ratio attributable to the balance sheet of the parent company owner.

Note 7: Net cash from operating activities is considered as outflow and shall not be calculated.

Note 8: As the numerator of the calculation formula is a negative number, it will not be calculated.

III. Audit Committee Review Report on the Latest Financial Report

Sanfar Property Limited

Audit Committee Report

The board of directors prepared and presented the Company's 2021 business report, financial statements, and earnings distribution proposals, of which, the financial statements were audited by CPA I-Lien Han, CPA Hsin-Ting Huang of KPMG with an audit report issued. The aforementioned business report, financial statements, and earnings distribution proposals were reviewed by the Audit Committee without any nonconformity identified; also, they are hereby presented for inspection according to Article 14-4 of the Securities and Exchange Act and Article 219 of the Company Act.

Sincerely:

Sanfar Property Limited 2022 General Shareholders Meeting

Sanfar Property Limited

Convener of Audit Committee: Chin-Chang Wu

May 6th, 2022

- IV. The latest annual financial statements, including CPA's audit report, two-year balance sheet, consolidated income statement, statement of changes in equity, cash flow, notes, or attachments: Please refer to pages 122~176.
- V. The latest individual company financial report audited by the CAP: Please refer to pages 177~221.
- VI. In case of financial difficulties for the Company and its affiliated companies in the most recent year and as of the date of publication for the annual report, please indicate its impact on the Company's financial status: None.

SEVEN. REVIEW AND ANALYSIS OF FINANCIAL POSITION AND BUSINESS PERFORMANCE, AND RISK MANAGEMENT ISSUES

I. FINANCIAL STATUS

Unit: NT\$ Thousand

Items	Year	2021	2020	Difference	
				Amount	%
Current assets		14,489,764	10,275,004	4,214,760	41.02%
Noncurrent assets		815,785	603,357	212,428	35.21%
Total assets		15,305,549	10,878,361	4,427,188	40.70%
Current liabilities		6,957,224	2,131,427	4,825,797	226.41%
Noncurrent liabilities		1,803,754	2,206,591	-402,837	-18.26%
Total liabilities		8,760,978	4,338,018	4,422,960	101.96%
Capital		3,265,542	3,309,030	-43,488	-1.31%
Additional paid-in capital		185,955	196,752	-10,797	-5.49%
Retained earnings		3,031,694	3,194,165	-162,471	-5.09%
Other equity		61,380	18,720	42,660	227.88%
Treasury stock		0	-178,324	178,324	-100.00%
Total equity of shareholders		6,544,571	6,540,343	4,228	0.06%

Note: If the rate of increase or decrease is less than 20% and the amount is less than NT\$10 million, no

1. Current assets: Mainly due to the increase of inventory.
2. Noncurrent assets: Mainly due to the increase in financial assets measured at fair value and other financial assets.
3. Total assets: Mainly due to the increase in inventory.
4. Current liabilities: Mainly due to the increase in short term borrowings and contract liabilities.
5. Total liabilities: Mainly due to the increase in short-term borrowings.
6. Other equity: Mainly due to financial assets measured at fair value through other comprehensive income for the period that resulted in unrealized gain on valuation.
7. Treasury stock: Mainly due to the cancellation of treasury stock for the current period.

II. FINANCIAL PERFORMANCE

Financial Performance Comparison Analysis

Unit: Thousand

Items	Year		Amount increase (decrease)	Change ratio (%)
	2021	2020		
Net operating income	1,715,968	1,491,772	224,196	15.03%
Operating cost	1,297,251	1,055,716	241,535	22.88%
Gross profit	418,717	436,056	-17,339	-3.98%
Operating expense	197,829	226,481	-28,652	-12.65%
Operating profit	220,888	209,575	11,313	5.40%
Non-operating income and expense	-5,768	11,177	-16,945	-151.61%
Net income before tax of the continuing department	215,120	220,752	-5,632	-2.55%
Income tax expense	-7,158	37,777	-44,935	-118.95%
Net income of the continuing department	222,278	182,975	39,303	21.48%
Net income	222,278	182,975	39,303	21.48%
<p>The analysis and description of the increase and decrease ratio in the last two years:</p> <ol style="list-style-type: none"> 1. Net operating income: Mainly due to the increase in sold houses after completion of construction and houses handover recognized in income. 2. Operating cost: Mainly due to the increase in sold houses after completion of construction and houses handover recognized in income, and the increase in costs relatively. 3. Operating expense: It is mainly due to the decrease in marketing expense. 4. Non-operating income and expense: Mainly due to the increase in financial costs. 5. Income tax expense: Mainly due to the increase in tax from undistributed earnings of the previous period. 6. Net income before tax and net income: Mainly due to the reduction in promotion expenses for the current period. 				

III. CASH FLOW

(I) Liquidity analysis for the last two years:

Unit: NT\$ Thousand

Items	Year		Difference	
	2021	2020	Amount	percentage
Cash flow from operating activities	-4,046,183	159,627	-4,205,810	-2635%
Cash flow from investing activities	-223,318	68,584	-291,902	-426%
Cash flow from financing activities	3,902,303	-963,095	4,865,398	-505%
The main reasons for material changes occurred:				
1. Decrease in cash flow from operating activities: It is mainly due to the decrease in				
2. Cash flow from investing activities has reduced, mainly due to the increase in other				
3. Cash flow from financing activities has increased, mainly due to the increase in short term borrowings for the current period.				

(II) Cash liquidity analysis for the coming year

Unit: NT\$ Thousand

Cash balance – beginning	Expected cash inflow of the year	Expected cash outflow of the year	Expected cash balance of the year
2,165,778	4,720,000	3,597,000	3,288,778
Improvement plan for the insufficient liquidity: None			

IV. THE IMPACTS THAT MAJOR CAPITAL EXPENDITURES HAVE ON FINANCIAL OPERATIONS IN THE MOST RECENT YEAR: NONE.

V. REINVESTMENT POLICY IN THE MOST RECENT YEAR, THE MAIN REASONS FOR ITS PROFIT OR LOSS, IMPROVEMENT PLAN, AND INVESTMENT PLAN FOR THE COMING YEAR:

- (I) 2021 Operations of subsidiaries are in good status making steady profits.
- (II) Investment plan for the coming year: In addition to focusing on the core business, the Company will also actively evaluate investment opportunities related to the Company and its subsidiaries' businesses in hopes of optimizing shareholder profits under the premise of stable growth.

VI. ANALYSIS AND EVALUATION OF RISK MANAGEMENT OF THE FOLLOWING ITEMS FOR THE MOST RECENT YEAR AND AS OF THE PUBLICATION DATE OF THE ANNUAL REPORT

- (I) The effects that interest rate, exchange rate fluctuations, and inflation have on the

profits and losses of the Company as well as the future response measures:

1. Impact on the Company's Profit and Loss

Items	2021 (NT\$ Thousand)
Net interest income and expense	-112,083
Net exchange profit and loss	-
Ratio of net interest income and expenditure to net revenue	-6.53%
Ratio of net interest income and expenditure to net profit before tax	-52.10%
Ratio of net exchange profit and loss to net revenue	0.00%
Ratio of net exchange profit and loss to net profit before tax	0.00%

2. Description

(1) Interest Rate Change:

The cash flow risk for financial assets and liabilities interest rates changes for end of 2021 of the Company and subsidiaries, if the interest rate increases by 1% and all other variables remain, the increased costs of the consolidated companies each year will be around NTD 19,086 thousands.

Future countermeasures: Observe the monetary policy and market lending rate trends from the central bank's quarterly board of directors' meetings, collect interest rate market information and prudently negotiate prices with banks, and issue fixed-rate bonds in a timely manner.

(2) Exchange Rate Fluctuation:

The core business of the Company and its subsidiaries is building sales. Both land acquisition or sales are based on the domestic market, and the main currency is New Taiwan dollars. The exchange rate fluctuation has little impact on the Company's profit and loss.

Future countermeasures: None.

(3) Inflation

Inflation is both advantageous and disadvantageous to the Company. The disadvantage is that the cost of raw materials can increase, and the advantage is that housing prices can increase in response to market reactions. So, these two factors are often offset, and inflation has relatively little impact on profit and loss.

Future countermeasures:

Cost: Observe the economic indicators and price index statistics announced by the DBGAS, maintain good partnerships with suppliers, conduct market inquiries to expand supplier contacts, and design procurement strategy and supplier bargaining based on comprehensive volume and price considerations in order to

reduce the impact of inflation on costs.

Sales: Consider the selling price based on the impact of inflation and reflect the cost in a timely manner.

- (II) Policies for engaging in high-risk and high-leverage investments, fund loans to others, endorsements, and derivative products;

main reason for profit or loss; and future countermeasures:

The Company has not engaged in high-risk and high-leverage investments, fund loans to others, endorsements, and derivative products. Moreover, the Company has established the “Loan to Others and Endorsement Guarantee Method” and the “Asset Acquisition and Disposal Processing Procedures” as the basis to handle the relevant operations.

Risk Management Organization Framework

1. Risk Management Organization Operation:

The Company has established internal control system handling guidelines in accordance with the public offering company requirements to strengthen corporate risk control for areas such as cautious and strict risk detection, assessment, reporting, and handling. The Company’s risk control is divided into 3 levels. The 1st level usually requires the organizer or undertaker to perform the initial risk detection, assessment, and control. The 2nd level requires the department heads or general managers to conduct feasibility and risk assessments that they are authorized to perform and submit the case to legal affairs for risk detection, assessment, and prevention suggestions if necessary. In addition, assets exceeding a certain amount shall be submitted to the general manager for approval after discussions by the review meeting or procurement meeting held by various departments and then submitted to the chairman of the board or the board of directors for approval.

2. Risk Management Organization Operation Table:

Important Risk Assessment items	Risk Control Unit	Risk Review and Control	Board of Directors
Interest Rate, Exchange Rate, and Financial Risk	Finance and Accounting Unit	General Manager’s Office	Board of Directors (Risk Assessment & Control Policies and Final Control)
High-risk & High-leverage Investment, Capital Loan to Others, Derivative Financial Products, Financial Wealth Management Investment	Finance and Accounting Unit	General Manager’s Office	
Land Development	Business Unit	Audit Meeting (Every related unit’s officer)	
Subcontracting	Procurement	Procurement/subcontr	

	Unit	act Meeting
R&D Plan	Engineering Unit	General Manager's Office
Policy and Legal Changes	Every Unit	General Manager's Office
Industry Changes	Business Unit	General Manager's Office
Investment, Reinvestment, and M&A Benefits	Finance Unit	General Manager's Office
Centralized Sales or Purchase	Procurement Unit Business Unit	General Manager's Office
Transfer of Shares for Directors, Supervisors, and Major Shareholders	Shareholders' Service Unit	Chairman's Office
Change in Operating Rights	Shareholders' Service Unit	Chairman's Office
Litigation and Non-litigation Matters	Legal Unit	General Manager's Office
Other Operation Items	Every Unit	General Manager's Office
Personnel Conduct, Ethics, and Integrity	Every Unit	Chairman's Office
Standard operation flow and legal compliance	Every Unit	Legal Unit, Audit Unit
Board of Directors' Meeting Management	Shareholders' Service Unit	Audit Unit

(III) Future R&D plans and anticipated investments in R&D expenses:

The suitable plan, as well as the latest building materials and construction methods, are investigated before each case is launched. Therefore, there is no need to invest too much R&D expenses.

(IV) The effects that the key domestic and international policy and law changes have on the financial operations of the Company as well as the response measures:

The construction industry is subject to the government's measures to lower housing prices, such as the integration of real estate and land tax, the adjustment of road section rates, and the announcement of land price increases. These measures have curbed the investors, property buyers, and luxury home seekers while indirectly degrading the market's buying sentiment. Moreover, the construction industry recognizes revenue using the full completion method. Revenue is significantly impacted by the revenue recognized at the time of completion, resulting in the phenomenon that monthly or annual revenue cannot be stabilized.

Countermeasures:

1. Carefully select project location, pay attention to building quality, and enhance

product competitiveness.

2. Launch products that meet market needs and customer segmentation.

3. Reduce land inventory and residual housing risks.

(V) Effects of technological (includes cyber security risks) and industrial changes to the company's financial and business performance, and the response measures: None.

(VI) The effects that corporate image has on corporate crisis management as well as the countermeasures: None.

(VII) Expected benefits and possible risks of merger and acquisition as well as the countermeasures: None.

(VIII) Expected benefits and possible risks of factory expansions as well as the countermeasures: Not applicable.

(IX) The risks of concentrated procurement or sales as well as the countermeasures:

The procurement by the Company's construction business is mainly based on the purchase of land and construction projects, all of which are scattered entities. Sales are generally made to ordinary consumers, and there is no risk of concentrated procurement or sales.

(X) The effects and risks that large-number transfers or replacements of directors, supervisors, or major shareholders holding over 10% of the Company's shares have to the Company as well as the countermeasures: None.

(XI) The effects and risks that operating rights changes have to the Company as well as the response measures: None.

(XII) Finalized judgments or pending litigations, non-litigations, or administrative disputes associated with the Company's directors, supervisors, or major shareholders holding over 10% of the Company's shares whereby the results may have major impacts on the shareholders' equity or share prices; the facts of the dispute, the amount of the subject matter, the start date of the litigation, the main parties involved in the litigation, and the handling status as of the printing date of the annual report must be disclosed: None

(XIII) Other important risks and countermeasures: None.

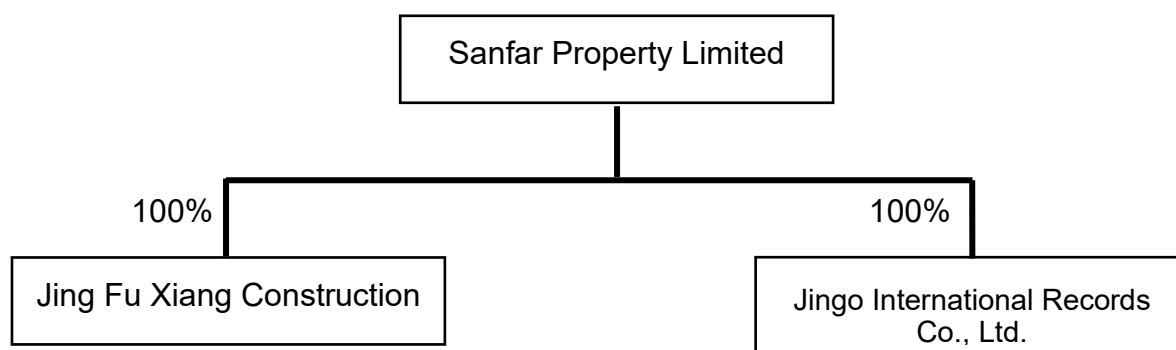
VII. OTHER IMPORTANT MATTERS: NONE.

EIGHT. SPECIAL DISCLOSURES

I. INFORMATION ON AFFILIATES:

(I) Please refer to page 122~176 for the consolidated business report of affiliates and consolidated financial statements of affiliates.

(II) Affiliated enterprise organization chart



(III) For detail information about reinvestment businesses, please refer to Note XIII(II) of the financial report.

II. IN THE MOST RECENT YEAR AND AS OF THE PUBLICATION DATE OF THE ANNUAL REPORT, THE PROCESSING OF PRIVATE PLACEMENT OF MARKETABLE SECURITIES SHALL DISCLOSE THE SHAREHOLDERS MEETING AND BOARD OF DIRECTORS APPROVAL DATE AND AMOUNT, PRICE BASIS AND REASONABLENESS, METHOD OF SELECTING SPECIFIED PERSON, THE REASONS WHY THE PRIVATE PLACEMENT WAS NECESSARY, THE TARGETS OF THE PRIVATE PLACEMENT, QUALIFICATIONS AND CONDITIONS, SUBSCRIPTION AMOUNT, RELATIONSHIP WITH THE COMPANY, SITUATION OF PARTICIPATING IN THE COMPANY OPERATIONS, ACTUAL SUBSCRIPTION (OR TRANSFER) PRICE, THE DIFFERENCE BETWEEN THE ACTUAL SUBSCRIPTION (OR TRANSFER) AND THE REFERENCED PRICE, THE EFFECT OF THE PRIVATE PLACEMENT ON SHAREHOLDERS' EQUITY, AND FOR THE PERIOD FROM RECEIPT OF PAYMENT IN FULL TO THE COMPLETION OF THE RELATED CAPITAL ALLOCATION PLAN, THE STATUS OF USE OF THE CAPITAL RAISED THROUGH THE PRIVATE PLACEMENT OF MARKETABLE SECURITIES, THE IMPLEMENTATION PROGRESS OF THE PLAN, AND THE REALIZATION OF THE BENEFITS OF THE PLAN: NONE.

III. HOLDING OR DISPOSAL OF SHARES IN THE COMPANY BY THE COMPANY'S SUBSIDIARIES FOR THE MOST RECENT YEAR UP TO THE DATE OF PUBLICATION OF THE ANNUAL REPORT: NONE.

IV. OTHER NECESSARY SUPPLEMENT: NONE.

IX. In the most recent year and as of the annual report publication date, any matter which has a significant impact on shareholders' equity or the price for the securities referred to in Article 36, paragraph 3, subparagraph 2 of the Securities and Exchange Act

- I. Insufficient deposit funds, dishonored account, or bad credit standing: None.
- II. Litigation, non-litigation, administrative sanction, administrative dispute, preservation procedures, or compulsory enforcement matters that have a significant impact on the Company's finances or operations: None.
- III. Major production reduction, full or partial shutdown, lease of the Company's plant or major equipment, or all or major parts of the assets are pledged and significantly impacted the Company's operations: None.
- IV. Any one of the matters listed in Paragraph 1, Article 185, of the Company Act: None.
- V. Share transfer prohibited by court order pursuant to Subparagraph 5, Paragraph 1, Article 287 of the Company Act: None.
- VI. The chairman, general manager, or over one-third of the directors have changed: None.
- VII. The CPA has changed. None.
- VIII. Signing, changing, terminating, or dissolving important memorandums, strategic alliances, or other

business cooperation plans or important contracts; changing important business plan contents, completing new product development, and testing products that have been successfully developed and officially entered the mass production phase; acquisition of another enterprise; and acquisition or assignment of patent rights, exclusive trademark rights, copyrights, or other intellectual property rights that have a significant impact on the Company's finances or operations: None.

IX. Other significant events that are of influence to the company's continued operations:

- (I) The Company was searched by the prosecutor office on February 17th, 2022. Due to the current stage of in the middle of investigation, and based on the non-disclosure principle during investigation, shall wait until the outcome of the investigation and clarifications from the legal unit on the related facts and legal responsibilities. Until then, will the corresponding measures be taken. Currently, based on the audit results of the audit project CPAs appointed by the Company's Audit Committee, the audit project lawyers appointed by the Board of Directors, and the Company's own audit, the results show that the consignment sales transactions between the three advertisement companies, Da Ge Advertising Co., Ltd., Yueh Deng Advertising Co., Ltd., and Hung Tai Advertising Co., Ltd., and the Company possess authenticity, and the transaction conditions as compared to those in the market of the same industry do not have situations of significant unreasonableness.
- (II) Even though the case is under investigation, on the basis of protecting the investors' rights in pursuit of conservative and steady, the Company will disclose the aforementioned three advertisement companies as other related persons and include them in the preparation of the Company's 2021 financial statements. Due to the

non-disclosure principle for investigation, the aforementioned handling method may not be the ultimate results. The Company will take appropriate handling actions after the subsequent judicial procedures make clarifications for the case.

(III) The current finance and business of the Company are normal. The investigation has no significant impacts to the Company's operations.

Statement of Declaration for the Consolidated Financial Report on Affiliate Enterprises

Statement of Declaration

The entities to be included in the consolidated financial statements of affiliated enterprises in 2021 (from January 1, 2021 to December 31, 2021) pursuant to the "Criteria Governing Preparation of Affiliation Reports, Consolidated Business Reports and Consolidated Financial Statements of Affiliated Enterprises" are the same as those to be included in the consolidated financial statements of the parent company and subsidiaries pursuant to the IAS No. 10. Further, the related information to be disclosed in the consolidated financial statement of affiliated enterprises has been disclosed in the said consolidated financial statements of parent company and subsidiaries. Accordingly, it is not necessary for the Company to prepare the consolidated financial statements of affiliated enterprises separately.

This statement is hereby declared as true and correct.

Company name: Sanfar Property Limited

Chairman: Ding-Sheng Zhong

Date: March 30th, 2022

**SAN FAR PROPERTY LIMITED
AND SUBSIDIARIES**

Consolidated Financial Statements

**With Independent Auditors' Report
For the Years Ended December 31, 2021 and 2020**

Address: 12th Floor, No. 30, Section 3, Bade Road, Songshan District, Taipei City
Telephone: (02)2570-9988

Representation Letter

The entities that are required to be included in the combined financial statements of San Far Property Limited as of and for the year ended December 31, 2021 under the Criteria Governing the Preparation of Affiliation Reports, Consolidated Business Reports, and Consolidated Financial Statements of Affiliated Enterprises are the same as those included in the consolidated financial statements prepared in conformity with International Financial Reporting Standards No. 10 by the Financial Supervisory Commission, "Consolidated Financial Statements." In addition, the information required to be disclosed in the combined financial statements is included in the consolidated financial statements. Consequently, San Far Property Limited and Subsidiaries do not prepare a separate set of combined financial statements.

Company name: San Far Property Limited

Chairman: Ting Chen, Chung

Date: March 30, 2022



安侯建業聯合會計師事務所
KPMG

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Independent Auditors' Report

To the Board of Directors of San Far Property Limited:

Opinion

We have audited the consolidated financial statements of San Far Property Limited and its subsidiaries (“the Group”), which comprise the consolidated balance sheets as of December 31, 2021 and 2020, the consolidated statements of comprehensive income, changes in equity and cash flows for the years then ended and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as of December 31, 2021 and 2020, and its consolidated financial performance and its consolidated 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 (“IASs”), 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 Certification of Financial Statements by Certified Public Accountants and the auditing standards generally accepted in the Republic of China. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with the Certified Public Accountants Code of Professional Ethics in Republic of China (“the Code”), and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis of our opinion.

Emphasis of Matter

As mentioned in Note 11 of the consolidated financial statements, the Ministry of Justice Investigation Bureau, Kaohsiung City has conducted an investigation in the group on February 17, 2022 and seized its subsidiary ledgers, as well as all the contracts entered into with, and the vouchers of commission paid to, the related three advertising companies, Yueteng Advertising Co., Ltd., Dage Advertising Co., Ltd., and Hong Tai Advertising Co., Ltd., within 2014 to 2020. Please refer to note 11 and 12 (2) for information related to the above transactions. We did not revise the review opinion.



Key Audit Matters

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

1. Revenue recognition

For the revenue recognition account policy, please refer to Note 4(n); for the details of the revenue recognition during the years, please refer to Note 6(q).

Description of key audit matter:

A major income of Sanfa real Estate Company Limited and its subsidiaries is from selling the real estate, and the risk of material misrepresentation lies in the authenticity of income. Since operating income involves the operating performance of the management, a possible risk of material misstatement may occur if the management does not recognize the income at the right point of time in accordance with the regulations. Therefore, the recognition of sales revenue is one of the most important evaluation in performing our audit procedures.

Audit procedures performed:

- Test on the control of sales and payments received, evaluate and eliminate any possible misstatement or fraud recognized;
- Test on the appropriateness of the time income is recognized; randomly select samples to check whether the contract and relevant documents are transferred between the Company and customers; check the documents in the selling systems and general ledger to evaluate whether the Company's revenue recognition policy is in accordance with relevant regulations.

2. Valuation of inventories

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

Description of key audit matter:

The key asset of Sanfa real Estate Company Limited and its subsidiaries is its inventories, with a portion of 77% of the total assets. Inventory evaluation of the Company is in accordance with International Accounting Standards for Report No. 2. There may be a misstatement of financial report when the net realizable value is inappropriate. Therefore, the test on inventory valuation is regarded as one of the most important evaluation in performing our audit procedures.

Audit procedures performed:

Acquire assessment data of the net realizable value of inventories of the company and its subsidiaries, randomly select samples to check the signed contracts, and refer to the latest current real estate prices announced by the Ministry of the Interior or obtain transaction quotations in neighboring areas. Then, convert the average selling price to net realizable value of the real estate inventory, and compare whether there is a significant difference in between. In addition, analysis tables of investment return by cases are also acquired to compare with the market condition and evaluate whether the assessment data of the net realizable value of inventories are fairly measured and presented.



Other Matter

San Far Property Limited has additionally prepared its parent-company-only financial statements as of and for the years ended December 31, 2021 and 2020, on which we have issued an unmodified opinion.

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

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with Regulations Governing the Preparation of Financial Reports by Securities Issuers and IFRSs, IASs, interpretation as well as related guidance endorsed by the Financial Supervisory Commission of the Republic of China, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Group'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 Group or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Group's financial reporting process.

Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

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

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

1. Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than 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 Group's internal control.
3. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
4. Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group to cease to continue as a going concern.



5. Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
6. Obtain sufficient and appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

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

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

The engagement partners on the audit resulting in this independent auditors' report are Yilien Han and Hsin-Ting Huang.

KPMG

Taipei, Taiwan (Republic of China)

March 30, 2022

Notes to Readers

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

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

(English Translation of Consolidated Financial Statements Originally Issued in Chinese)
SAN FAR PROPERTY LIMITED AND SUBSIDIARIES

Consolidated Statements of Comprehensive Income

For the years ended December 31, 2021 and 2020

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

		<u>2021</u>		<u>2020</u>	
		<u>Amount</u>	<u>%</u>	<u>Amount</u>	<u>%</u>
4000	Operating revenue (notes 6(q) and 7)	\$ 1,715,968	100	1,491,772	100
5000	Operating cost (note 6(d) and (m))	<u>1,297,251</u>	<u>76</u>	<u>1,055,716</u>	<u>71</u>
5900	Gross profit (loss) from operations	<u>418,717</u>	<u>24</u>	<u>436,056</u>	<u>29</u>
6000	Operating expenses (note 6(e), (m), (r) 、 7 and 11):				
6100	Selling expenses	96,118	6	133,714	9
6200	Administrative expenses	<u>101,711</u>	<u>6</u>	<u>92,767</u>	<u>6</u>
		<u>197,829</u>	<u>12</u>	<u>226,481</u>	<u>15</u>
6900	Operating profit	<u>220,888</u>	<u>12</u>	<u>209,575</u>	<u>14</u>
7000	Non-operating income and expenses:				
7100	Total interest income	3,503	-	7,727	1
7010	Other income (note 6(l), (m) and 7)	9,151	1	8,315	1
7020	Other gains and losses (note 6(s))	(262)	-	(137)	-
7050	Finance costs, net	<u>(18,160)</u>	<u>(1)</u>	<u>(4,728)</u>	<u>-</u>
		<u>(5,768)</u>	<u>-</u>	<u>11,177</u>	<u>2</u>
7900	Profit (loss) from continuing operations before tax	215,120	12	220,752	16
7950	Less: Income tax expense (note 6(n))	<u>(7,158)</u>	<u>-</u>	<u>37,777</u>	<u>3</u>
8200	Profit (loss)	<u>222,278</u>	<u>12</u>	<u>182,975</u>	<u>13</u>
8300	Other comprehensive income (loss):				
8310	Components of other comprehensive income that will not be reclassified to profit or loss				
8311	Gains on remeasurements of defined benefit plans (note 6(m))	-	-	(97)	-
8316	Unrealized gains (losses) from investments in equity instruments measured at fair value through other comprehensive income (notes 6(b) and (o))	42,660	2	7,920	1
8349	Income tax related to components of other comprehensive income that will not be reclassified to profit or loss	<u>-</u>	<u>-</u>	<u>(19)</u>	<u>-</u>
8300	Other comprehensive income (net of tax)	<u>42,660</u>	<u>2</u>	<u>7,842</u>	<u>1</u>
8500	Total comprehensive income	<u>\$ 264,938</u>	<u>14</u>	<u>190,817</u>	<u>14</u>
	Basic earnings per share (note 6(p))				
9750	Basic earnings per share	<u>\$ 0.68</u>		<u>0.53</u>	
9850	Diluted earnings per share	<u>\$ 0.68</u>		<u>0.53</u>	

See accompanying notes to consolidated financial statements.

(English Translation of Consolidated Financial Statements Originally Issued in Chinese)
SAN FAR PROPERTY LIMITED AND SUBSIDIARIES

Consolidated Statements of Changes in Equity
For the years ended December 31, 2021 and 2020
(Expressed in Thousands of New Taiwan Dollars)

Equity attributable to owners of parent

	Retained earnings					Total other equity interest	Treasury shares	Total equity
	Ordinary shares	Capital surplus	Legal reserve	Unappropriated retained earnings	Total retained earnings	Unrealized gains (losses) on financial assets measured at fair value through other comprehensive income		
Balance at January 1, 2020	\$ 3,008,209	286,998	417,104	2,985,231	3,402,335	10,800	-	6,708,342
Profit	-	-	-	182,975	182,975	-	-	182,975
Other comprehensive income (net for tax)	-	-	-	(78)	(78)	7,920	-	7,842
Comprehensive income	-	-	-	182,897	182,897	7,920	-	190,817
Appropriation and distribution of retained earnings:								
Legal reserve appropriated	-	-	158,850	(158,850)	-	-	-	-
Cash dividends of ordinary share	-	-	-	(90,246)	(90,246)	-	-	(90,246)
Stock dividends of ordinary share	300,821	-	-	(300,821)	(300,821)	-	-	-
Other changes in capital surplus:								
Cash dividends from capital surplus	-	(90,246)	-	-	-	-	-	(90,246)
Purchase of treasury share	-	-	-	-	-	-	(178,324)	(178,324)
Balance at December 31, 2020	3,309,030	196,752	575,954	2,618,211	3,194,165	18,720	(178,324)	6,540,343
Profit	-	-	-	222,278	222,278	-	-	222,278
Other comprehensive income	-	-	-	-	-	42,660	-	42,660
Comprehensive income	-	-	-	222,278	222,278	42,660	-	264,938
Appropriation and distribution of retained earnings:								
Legal reserve appropriated	-	-	18,290	(18,290)	-	-	-	-
Cash dividends of ordinary share	-	-	-	(93,301)	(93,301)	-	-	(93,301)
Stock dividends of ordinary share	155,502	-	-	(155,502)	(155,502)	-	-	-
Purchase of treasury share	-	-	-	-	-	-	(167,409)	(167,409)
Retirement of treasury share	(198,990)	(10,797)	-	(135,946)	(135,946)	-	345,733	-
Balance at December 31, 2021	\$ 3,265,542	185,955	594,244	2,437,450	3,031,694	61,380	-	6,544,571

See accompanying notes to consolidated financial statements.

(English Translation of Consolidated Financial Statements Originally Issued in Chinese)
SAN FAR PROPERTY LIMITED AND SUBSIDIARIES

Consolidated Statements of Cash Flows

For the years ended December 31, 2021 and 2020

(Expressed in Thousands of New Taiwan Dollars)

	2021	2020
Cash flows from (used in) operating activities:		
Profit before tax	\$ 215,120	220,752
Adjustments:		
Adjustments to reconcile profit (loss):		
Depreciation expense	7,041	3,688
Amortization expense	2,439	1,740
Net loss (gain) on financial assets or liabilities at fair value through profit or loss	79	-
Interest expense	18,160	4,728
Interest income	(3,503)	(7,727)
Pension	-	34
	(3,294)	-
Total adjustments to reconcile profit (loss)	20,922	2,463
Changes in operating assets and liabilities:		
Changes in operating assets:		
Increase in contract assets	(18,913)	(2,101)
Decrease (increase) in notes receivable - related parties	39,612	(39,068)
(Increase) decrease in accounts receivable - related parties	(41,122)	113,148
(Increase) decrease in inventories	(4,342,512)	67,784
(Increase) decrease in other prepayments	(18,635)	24,987
Decrease (increase) other current assets	(11,851)	(700)
Increase (decrease) in other financial assets	33,957	(112,567)
Increase in assets recognised as incremental costs to obtain contract with customers	(54,798)	(13,211)
Total changes in operating assets	(4,414,262)	38,272
Changes in operating liabilities:		
Increase in contract liabilities	192,585	125,171
Increase (decrease) in notes payable	32,873	(3,951)
Increase (decrease) in accounts payable	48,491	(12,626)
Increase (decrease) increase in other receivable	25,183	(82,584)
Increase (decrease) in other current liabilities	6,739	(10,972)
Total changes in operating liabilities	305,871	15,038
Total changes in operating assets and liabilities	(4,108,391)	53,310
Total adjustments	(4,087,469)	55,773
Cash inflow generated from operations	(3,872,349)	276,525
Interest paid	(114,975)	(99,580)
Income taxes paid	(58,859)	(17,318)
Net cash flows from (used in) operating activities	(4,046,183)	159,627

(English Translation of Consolidated Financial Statements Originally Issued in Chinese)
SAN FAR PROPERTY LIMITED AND SUBSIDIARIES

Consolidated Statements of Cash Flows (CONT'D)

For the years ended December 31, 2021 and 2020

(Expressed in Thousands of New Taiwan Dollars)

	2021	2020
Cash flows from (used in) investing activities:		
Acquisition of financial assets at fair value through profit or loss	(4,508)	-
Acquisition of property, plant and equipment	(1,526)	(875)
Acquisition of intangible assets	(1,437)	(2,829)
Increase in other financial assets	(221,630)	65,056
Decrease (increase) in other non-current assets	2,280	(495)
Interest received	3,503	7,727
Net cash flows from (used in) investing activities	(223,318)	68,584
Cash flows from (used in) financing activities:		
Increase in short-term borrowings	4,878,770	396,900
Decrease in short-term borrowings	(1,451,088)	(10)
Increase in short-term notes and bills payable	140,000	-
Proceeds from issuing bonds	599,155	-
Repayments of bonds	-	(1,000,000)
Payment of lease liabilities	(4,226)	(1,408)
Increase in other non-current liabilities	402	239
Cash dividends paid	(93,301)	(180,492)
Payments to acquire treasury shares	(167,409)	(178,324)
Net cash flows from used in financing activities	3,902,303	(963,095)
Net (decrease) increase in cash and cash equivalents	(367,198)	(734,884)
Cash and cash equivalents at beginning of period	2,532,976	3,267,860
Cash and cash equivalents at end of period	\$ 2,165,778	2,532,976

See accompanying notes to consolidated financial statements.

(English Translation of Consolidated Financial Statements Originally Issued in Chinese)
SAN FAR PROPERTY LIMITED AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

For the years ended December 31, 2021 and 2020

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

(1) Company history

San Far Property Limited (the “Company”) was incorporated in 1993 as a company limited by shares under the Company Act of the Republic of China (R.O.C.). The major business activities are residential and building development, leasing and sales, and real estate leasing.

The company was renamed San Far Property Limited in May 2012 by a resolution of the shareholders’ meeting. It was listed and traded on the Taiwan Stock Exchange since September 17, 2012.

(2) Approval date and procedures of the consolidated financial statements:

The accompanying consolidated financial statements were authorized for issue by the Board of Directors on March 30, 2022.

(3) New standards, amendments and interpretations adopted:

- (a) The impact of the International Financial Reporting Standards (“IFRSs”) endorsed by the Financial Supervisory Commission, R.O.C. which have already been adopted.

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

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

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

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

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

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

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

(Continued)

SAN FAR PROPERTY LIMITED AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

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

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

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

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

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

- Amendments to IFRS 10 and IAS 28 “Sale or Contribution of Assets Between an Investor and Its Associate or Joint Venture”
- IFRS 17 “Insurance Contracts” and amendments to IFRS 17 “Insurance Contracts”
- Amendments to IAS 1 “Disclosure of Accounting Policies”
- Amendments to IAS 8 “Definition of Accounting Estimates”
- Amendments to IAS 12 “Deferred Tax related to Assets and Liabilities arising from a Single Transaction”

(4) Summary of significant accounting policies:

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

- (a) Statement of compliance

These consolidated financial statements have been prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers (hereinafter referred to as “the Regulations”) and the IFRSs, IASs, IFRIC Interpretations, and SIC Interpretations endorsed and issued into effect by the FSC.

(Continued)

SAN FAR PROPERTY LIMITED AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(b) Basis of preparation

(i) Basis of Measurement

Except for the following significant accounts, the consolidated financial statements have been prepared on a historical cost basis:

- 1) Financial instruments measured at fair value through profit or loss are measured at fair value;
- 2) Financial assets at fair value through other comprehensive income are measured at fair value;

(ii) Functional and presentation currency

The functional currency of each Group entity is determined based on the primary economic environment in which the entity operates. The consolidated financial statements are presented in New Taiwan Dollar (NTD), which is the Company's functional currency. All financial information presented in NTD has been rounded to the nearest thousand.

(c) Basis of consolidation

(i) Principles for preparing consolidated financial statements

The consolidated financial statements comprise the Company and subsidiaries. Subsidiaries are entities controlled by the Group. The Group 'controls' an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity.

The financial statements of subsidiaries are included in the consolidated financial statements from the date on which control commences until the date on which control ceases. Intragroup balances and transactions, and any unrealized income and expenses arising from Intragroup transactions are eliminated in preparing the consolidated financial statements. The Group attributes the profit or loss and each component of other comprehensive income to the owners of the parent and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance.

The Group prepares consolidated financial statements using uniform accounting policies for like transactions and other events in similar circumstances. Changes in the Group's ownership interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received will be recognized directly in equity, and the Group will attribute it to the owners of the parent.

(Continued)

SAN FAR PROPERTY LIMITED AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(ii) List of subsidiaries in the consolidated financial statements:

Name of investor	Subsidiaries	Principal activity	Shareholding		Description
			December 31, 2021	December 31, 2020	
The Company	Jing Fu Xiang Construction Co., Ltd . (here in after referred to as Jing Fu Xiang Company)	Civil and building works	100.00 %	100.00 %	Note 1
"	Jingo International Records Co., Ltd . (here in after referred to as Jingo Company)	Various CD and DV production, production, publication and import and export trades	100.00 %	100.00 %	Note 1

Note 1: Subsidiaries in which the company holds more than 50% of its total outstanding common shares.

(iii) Subsidiaries excluded from the consolidated financial statements: None.

(d) Foreign currencies

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies at the end of each subsequent reporting period (hereinafter referred to as the reporting date) are retranslated to the functional currency at the exchange rate at that date. Non-monetary items denominated in foreign currencies that are measured at fair value are translated into the functional currencies using the exchange rate at the date that the fair value was determined. Non monetary items denominated in foreign currencies that are measured based on historical cost are translated using the exchange rate at the date of the transaction.

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

- (i) Fair value through other comprehensive income equity investment ;
- (ii) A financial liability designated as a hedge of the net investment in a foreign operation to the extent that the hedge is effective ; or
- (iii) Qualifying cash flow hedges to the extent the hedge are effective.

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

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

- (i) It is expected to be realized, or intended to be sold or consumed, in the normal operating cycle;
- (ii) It is held primarily for the purpose of trading;
- (iii) It is expected to be realized within twelve months after the reporting period; or

(Continued)

SAN FAR PROPERTY LIMITED AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

- (iv) The asset is cash or a cash equivalent (as defined in IAS 7) unless the asset is restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

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

An entity shall classify a liability as current when:

- (i) It is expected to be settled in the normal operating cycle;
- (ii) It is held primarily for the purpose of trading;
- (iii) It is due to be settled within twelve months after the reporting period; or
- (iv) The Group does not have an unconditional right to defer settlement of the liability for at least twelve months after the reporting period. Terms of a liability that could, at the option of the counterparty, result in its settlement by issuing equity instruments do not affect its classification.

- (f) Cash and cash equivalents

Cash comprises cash on hand and demand deposits. Cash equivalents are 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.

- (g) Financial instruments

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

- (i) Financial assets

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

On initial recognition, a financial asset is classified as measured at: amortized cost and fair value through other comprehensive income (FVOCI) – equity investment.

Financial assets are not reclassified subsequent to their initial recognition unless the Group changes its business model for managing financial assets, in which case all affected financial assets are reclassified on the first day of the first reporting period following the change in the business model.

(Continued)

SAN FAR PROPERTY LIMITED AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

1) Financial assets measured at amortized cost

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

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

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

2) Fair value through other comprehensive income (FVOCI)

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

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

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

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

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

Dividend income is recognized in profit or loss on the date on which the Group's right to receive payment is established.

(Continued)

SAN FAR PROPERTY LIMITED AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

3) Fair value through profit or loss (FVTPL)

All financial assets not classified as amortized cost or FVOCI described as above are measured at FVTPL, including derivative financial assets. Trade receivables that the Group intends to sell immediately or in the near term are measured at FVTPL; however, they are included in the 'trade receivables' line item. On initial recognition, the Group may irrevocably designate a financial asset, which meets the requirements to be measured at amortized cost or at FVOCI, as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

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

4) Impairment of financial assets

The Group recognizes loss allowances for expected credit losses (ECL) on financial assets measured at amortized cost (including cash and cash equivalents, notes and accounts receivables, other financial assets and refundable deposits), debt investments measured at FVOCI and contract assets.

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

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

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

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

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

The Group considers a financial asset to be in default when the financial asset is more than 1 year past due.

The time deposits held by the Group was determined as low credit risk since the trading and performing parties are the financial institutions above the investment grade.

(Continued)

SAN FAR PROPERTY LIMITED AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

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

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

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

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

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

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

- significant financial difficulty of the borrower or issuer;
- a breach of contract such as a default or being more than 1 year past due;
- it is probable that the borrower will enter bankruptcy or other financial reorganization; or
- the disappearance of an active market for a security because of financial difficulties.

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

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

(Continued)

SAN FAR PROPERTY LIMITED AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

5) Derecognition of financial assets

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

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

(ii) Financial liabilities and equity instruments

1) Classification of debt or equity

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

2) Equity instrument

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

3) Treasury shares

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

4) Financial liabilities

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

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

(Continued)

SAN FAR PROPERTY LIMITED AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

5) Derecognition of financial liabilities

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

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

6) Offsetting of financial assets and liabilities

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

(h) Inventory

(i) Inventories, merchandising business

Inventories are measured at the lower of cost and net realizable value. Net realizable value represents the estimated selling price in the ordinary course of business, less all estimated costs of completion and necessary selling expenses.

(ii) Construction

The cost of inventories shall comprise all costs of purchase and other costs incurred in bring the inventories to their present location and condition. When the cost of inventories is higher than the net realizable value, it should be offset against the cost to net realizable value, and the amount of inventory should be recognized as cost of goods sold in the current period. The methods of determining the net realizable value are as follows:

- 1) Construction Site: Net realizable value is by referring to the estimate made by the competent authorities in accordance with the prevailing market conditions.
- 2) Construction in progress: Net realizable value is the estimated selling price (prevailing market conditions) less the estimated cost and selling expense needed to complete.
- 3) Real estate for sale: Net realizable value is the estimated selling price (prevailing market conditions) less the estimated cost and selling expense needed to sell the real estate.

(i) Investment property

Investment property is property held either to earn rental income or for capital appreciation or for both, but not for sale in the ordinary course of business, use in the production or supply of goods or services or for administrative purposes. Investment property is initially measured at cost and subsequently at fair value with any change therein recognized in profit or loss.

(Continued)

SAN FAR PROPERTY LIMITED AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

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

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

(j) Property, plant and equipment

(i) Recognition and measurement

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

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

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

(ii) Subsequent cost

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

(iii) Depreciation

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

Land is not depreciated.

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

1) Buildings	50 years
2) Transportation equipment	5 years
3) Office equipemnt	3~5 years
4) Leasehold improvement	3 years

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

(k) Lease

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

(Continued)

SAN FAR PROPERTY LIMITED AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(i) As a lessee

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

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

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

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

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

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

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

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

(Continued)

SAN FAR PROPERTY LIMITED AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

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

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

The Group has elected not to recognize right-of-use assets and lease liabilities for short-term leases of machinery, and instead, recognize related lease payments as expenses on a straight-line basis during the lease period.

For sale-and-leaseback transactions, the Group applies the requirements for determining when a performance obligation is satisfied in IFRS15 to determine whether the transfer of an asset is accounted for as a sale of the asset. If the transfer of an asset satisfies the requirement of IFRS15 to be accounted for as a sale of the asset, the Group derecognizes the transferred asset, then measures the right-of-use asset arising from the leaseback at the proportion of the previous carrying amount of the asset that relates to the right of use retained. Accordingly, the Group recognizes only the amount of any gain or loss that relates to the rights transferred to the buyer-lessor. For leaseback transaction, the Group applies the lessee accounting policy. If the transfer of an asset does not satisfy the requirement of IFRS15 to be accounted for as a sale of the asset, the Group continues to recognize the transferred asset and recognizes the financial liability equal to the transfer proceeds.

(ii) As a lessor

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

When the Group is an intermediate lessor, it accounts for its interests in the head lease and the sub-lease separately. It assesses the lease classification of a sub-lease with reference to the right-of-use asset arising from the head lease. If a head lease is a short-term lease to which the Group applies the exemption described above, then it classifies the sub-lease as an operating lease.

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

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

(Continued)

SAN FAR PROPERTY LIMITED AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(l) Intangible assets

(i) Recognition and measurement

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

Other intangible assets, including customer relationships, patents and trademarks, that are acquired by the Group and have finite useful lives are measured at cost less accumulated amortization and any accumulated impairment losses.

(ii) Subsequent expenditure

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

(iii) Amortization

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

The estimated useful lives of significant items of property, plant and equipment has an unlimited useful life and therefore are as follows:

- | | |
|----------------------|--|
| 1) Computer software | 1 ~ 5 years |
| 2) Copyright | is subject to the term of the contract |

Amortization methods, useful lives, and residual values are reviewed at the end of each financial period, and adjusted if needed.

(m) Impairment of non-financial assets

At each reporting date, the Group reviews the carrying amounts of its non-financial assets (other than inventories, contract assets, deferred tax assets and investment properties and biological assets, measured at fair value, less costs) to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. Goodwill is tested annually for impairment.

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

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

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

(Continued)

SAN FAR PROPERTY LIMITED AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

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

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

(n) Revenue

(i) Revenue from contracts with customers

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

1) Land development and sale of real estate

The Group develops and sells residential properties and usually sales properties in advance during construction or before construction begins. Revenue is recognized when control over the properties has been transferred to the customer. The properties have generally no alternative use for the Group 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 or when the real property is actually delivered.

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

Certain contracts include multiple deliverables, such as sale of residential properties and a decoration service. The Group accounts for the decoration service as a single performance obligation, and the transaction price is allocated to the decoration service on a relative stand alone selling price basis. If a stand alone selling price is not directly observable, it is estimated based on expected cost plus margin. Revenue from providing the decoration service is recognized in the accounting period in which the services are rendered and is determined based on the costs incurred to date as a proportion of the total estimated costs of the contract.

(Continued)

SAN FAR PROPERTY LIMITED AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

2) Revenue of services

The Group recognizes revenue from providing project and concert services in the accounting period in which the services are rendered. For fixed price contracts, revenue is recognized based on the actual service provided to the end of the reporting period as a proportion of the total services to be provided. The proportion of services provided is determined based on the costs incurred to date as a proportion of the total estimated costs of the transaction.

Estimates of revenues, costs, or extent of progress toward completion, are revised if circumstances change. Any resulting increases or decreases in estimated revenues or costs are reflected in profit or loss in the period in which the circumstances that give rise to the revision become known by the management.

In case of fixed price contracts, the customer pays the fixed amount based on a payment schedule. If the services rendered by the Group exceed the payment, a contract asset is recognized. If the payments exceed the services rendered, a contract liability is recognized.

If the contract includes an hourly fee, revenue is recognized in the amount to which the Group has a right to invoice. Customers are invoiced on a monthly basis and a consideration is payable when invoiced.

3) Construction contracts

The Group enters into contracts to build residential properties, commercial buildings and public constructions. Because its customer controls the asset as it is constructed, the Group recognizes revenue over time on the basis of the construction costs incurred to date as a proportion of the total estimated costs of the contract. The consideration promised in the contract includes fixed and variable amounts. The customer pays the fixed amount based on a payment schedule. For some variable considerations (for example, a penalty payment calculated based on delay days) the Group recognizes revenue only to the extent that it is highly probable that a significant reversal in the amount of cumulative revenue recognized will not occur. If the Group has recognized revenue, but not issued a bill, then the entitlement to consideration is recognized as a contract asset. The contract asset is transferred to receivables when the entitlement to payment becomes unconditional.

If the Group cannot reasonably measure its progress towards complete satisfaction of the performance obligation of a construction contract, the Group shall recognize revenue only to the extent of the costs expected to be recovered.

A provision for onerous contracts is recognized when the Group expects the unavoidable costs of performing the obligations under a construction contract exceed the economic benefits expected to be received under the contract.

Estimates of revenues, costs or extent of progress toward completion are revised if circumstances change. Any resulting increases or decreases in estimated revenues or costs are reflected in profit or loss in the period in which the circumstances that give rise to the revision become known by management.

(Continued)

SAN FAR PROPERTY LIMITED AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

4) Financing components

The Group does not expect the time interval between the transfer of promised goods or services to customer and the payment made within any contract to exceeds more than one year. Therefore, the Group does not adjust any of the transaction price for the time value of money.

(ii) Contract costs

1) Incremental costs of obtaining a contract

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

The Group applies the practical expedient to recognize the incremental costs of obtaining a contract as an expense when incurred if the amortization period of the asset that the entity otherwise would have recognized is one year or less.

2) Costs to fulfil a contract

If the costs incurred in fulfilling a contract with a customer are not within the scope of another Standard (for example, IAS 2 Inventories, IAS 16 Property, Plant and Equipment or IAS 38 Intangible Assets), the Group recognizes an asset from the costs incurred to fulfil a contract only if those costs meet all of the following criteria: the costs relate directly to a contract or to an anticipated contract that the Group can specifically identify; the costs generate or enhance resources of the Group that will be used in satisfying (or in continuing to satisfy) performance obligations in the future; and the costs are expected to be recovered.

General and administrative costs, costs of wasted materials, labor or other resources to fulfil the contract that were not reflected in the price of the contract, costs that relate to satisfied performance obligations (or partially satisfied performance obligations), and costs for which the Group cannot distinguish whether the costs relate to unsatisfied performance obligations or to satisfied performance obligations (or partially satisfied performance obligations), the Group recognizes these costs as expenses when incurred.

(o) Employee benefits

(i) Defined contribution plans

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

(Continued)

SAN FAR PROPERTY LIMITED AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(ii) Defined benefit plans

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

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

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

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

(iii) Short-term employee benefits

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

(p) Income Taxes

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

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

(Continued)

SAN FAR PROPERTY LIMITED AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

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

- (i) temporary differences on the initial recognition of assets and liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profits (losses) at the time of the transaction;
- (ii) temporary differences related to investments in subsidiaries, associates and joint arrangements to the extent that the Group is able to control the timing of the reversal of the temporary differences and it is probable that they will not reverse in the foreseeable future; and
- (iii) taxable temporary differences arising on the initial recognition of goodwill.

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

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

- (i) the Group has a legally enforceable right to set off current tax assets against current tax liabilities; and
- (ii) the deferred tax assets and the deferred tax liabilities relate to income taxes levied by the same taxation authority on either:
 - 1) the same taxable entity; or
 - 2) different taxable entities which intend to settle current tax assets and liabilities on a net basis, or to realize the assets and liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

(q) Earnings per share

The basic and diluted EPS attributable to shareholders of the Company are disclosed in the consolidated financial statements. Basic earnings per share is calculated as the profit attributable to the ordinary shareholders of the Company divided by the weighted average number of ordinary shares outstanding. Diluted earnings per share is calculated as the profit attributable to ordinary shareholders of the Company divided by the weighted average number of ordinary shares outstanding after adjustment for the effects of all potential dilutive ordinary shares. The Group's dilutive potential common shares are profit sharing for employees to be settled in the form of common stock.

(r) Operating segments

An operating segment is a component of the Group that engages in business activities from which it may incur revenues and incur expenses (including revenues and expenses relating to transactions with other components of the Group). Operating results of the operating segment are regularly reviewed by the Group's chief operating decision maker to make decisions about resources to be allocated to the segment and to assess its performance. Each operating segment consists of standalone financial information.

(Continued)

SAN FAR PROPERTY LIMITED AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

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

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

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

Information about judgments made in applying accounting policies that have the most significant effects on the amounts recognized in the consolidated financial statements is as follows:

(a) Valuation of inventories

Inventories are measured at the lower of cost or net realizable value. The Group evaluate the selling price in the market is below the cost and write off the cost of inventory to net realizable value. The estimation of net realizable value is based on current market conditions. Please refer note 6(d) for inventory valuation.

(6) Explanation of significant accounts:

(a) Cash and cash equivalents

	December 31, 2021	December 31, 2020
Petty cash	\$ 620	554
Demand deposits	2,160,118	1,205,250
Checking account deposits	40	16,097
Time deposits	5,000	5,000
Liabilities for bills with attached repurchase agreements	-	1,306,075
Cash and cash equivalents in the consolidated statement of cash flows	<u>\$ 2,165,778</u>	<u>2,532,976</u>

Please refer to note 6(t) for the fair value sensitivity analysis and interest rate risk of the financial assets and liabilities of the Group.

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

	December 31, 2021	December 31, 2020
Equity investments at fair value through other comprehensive income:		
Listed common share of domestic company	<u>\$ 122,580</u>	<u>79,920</u>

(Continued)

SAN FAR PROPERTY LIMITED AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

- (i) The Group designated the investments shown above as equity securities at fair value through other comprehensive income because these equity securities represent those investments that the Group intends to hold for long-term strategic purposes.
- (ii) The Group did not dispose any strategic investment in 2021 and 2020, and the accumulated profits and losses during the period were not transferred in equity.
- (iii) For credit risk (including the impairment of debt investments) and market risk, please refer to Note 6(t).
- (iv) The above financial assets have not been used as guarantees for long-term and short-term loans and financing collateral.
- (c) Note and account receivables

	December 31, 2021	December 31, 2020
Notes receivable from operating activities	\$ 356	39,968
Accounts receivable	63,635	22,504
Less: loss allowance	(15)	(6)
	\$ 63,976	62,466

The Group applies the simplified approach to provide for its expected credit losses, i.e. the use of lifetime expected loss provision for all receivables. To measure the expected credit losses, notes and accounts receivable have been grouped based on shared credit risk characteristics and the days past due, as well as incorporated forward looking information, including the macroeconomic and related industrial information. The loss allowance provisions were determined as follows:

December 31, 2021			
	Gross carrying amount	Weighted- average loss rate	Loss allowance Provision
Current	\$ 63,686	0%	-
1 to 30 days past due	168	1%	2
31 to 120 days past due	137	10%	13
	\$ 63,991		15
December 31, 2020			
	Gross carrying amount	Weighted- average loss rate	Loss allowance Provision
Current	\$ 62,190	0%	-
1 to 30 days past due	245	1%	2
31 to 120 days past due	37	10%	4
	\$ 62,472		6

(Continued)

SAN FAR PROPERTY LIMITED AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

The movement in the allowance for notes and accounts receivable was as follows :

	<u>For the years ended December 31</u>	
	<u>2021</u>	<u>2020</u>
Balance on January 1	\$ 6	16
Impairment losses recognized	9	(10)
Balance on December 31	<u>\$ 15</u>	<u>6</u>

As of December 31, 2021 and 2020, the investment property of the Group had been pledged as collateral for long-term and short-term borrowings.

Please refer to note(t) for other credit risk information.

(d) Inventory

	<u>December 31,</u> <u>2021</u>	<u>December 31,</u> <u>2020</u>
Inventories, merchandising business		
Merchandise inventory	<u>\$ 4,702</u>	<u>4,815</u>
Construction		
Construction in progress	\$ 6,490,923	5,127,967
Buildings and land held for sale	2,597,511	2,206,457
Land held for construction site	<u>2,713,135</u>	<u>52,835</u>
	<u>\$ 11,801,569</u>	<u>7,387,259</u>
Inventory that is expected to be recovered more than 12 months later	<u>\$ 8,155,557</u>	<u>3,861,972</u>

- (i) The details of the cost of goods sold related to inventories recognized by The Group in 2021 and 2020 are as follows

	<u>For the years ended December 31</u>	
	<u>2021</u>	<u>2020</u>
Mmerchandising:		
Inventory that has been sold	\$ 6,644	7,419
Write-down of inventories (Reversal of write-downs)	<u>817</u>	<u>(458)</u>
	<u>\$ 7,461</u>	<u>6,961</u>
Construction:		
Inventory that has been sold	<u>\$ 1,054,137</u>	<u>936,424</u>

- (ii) Please refer to note 8 for details of pledged inventory during the year ended December 31, 2021 and 2020.

(Continued)

SAN FAR PROPERTY LIMITED AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(e) Incremental costs to obtaining a contract

The Group expects to recover the commission paid to the agency company for obtaining the real estate sales contract, therefore, it is recognized as an asset. It is amortized when the revenue from the sale of real estate is recognized, and the amortization expenses of \$74,634 thousand and \$113,342 thousand were recognized in 2021 and 2020 under selling expense.

(f) Property, plant and equipment

The cost, depreciation, and impairment of the property, plant and equipment of the Group for the years ended December 31, 2021 and 2020, were as follows:

	<u>Land</u>	<u>Buildings and construction</u>	<u>Leasehold improvements</u>	<u>Other equipment (including transportation and office equipment)</u>	<u>Total</u>
Cost:					
Balance on January 1, 2021	\$ 57,169	35,554	1,116	7,952	101,791
Additions	-	-	612	914	1,526
Disposal	-	-	-	(874)	(874)
Balance on December 31, 2021	<u>\$ 57,169</u>	<u>35,554</u>	<u>1,728</u>	<u>7,992</u>	<u>102,443</u>
Balance on January 1, 2020	\$ 57,169	35,554	1,116	7,204	101,043
Additions	-	-	-	875	875
Disposal	-	-	-	(127)	(127)
Balance on December 31, 2020	<u>\$ 57,169</u>	<u>35,554</u>	<u>1,116</u>	<u>7,952</u>	<u>101,791</u>
Depreciation and Impairment:					
Balance on January 1, 2021	\$ -	16,441	1,116	5,734	23,291
Depreciation	-	697	155	897	1,749
Disposal	-	-	-	(874)	(874)
Balance on December 31, 2021	<u>\$ -</u>	<u>17,138</u>	<u>1,271</u>	<u>5,757</u>	<u>24,166</u>
Balance on January 1, 2020	\$ -	15,744	898	5,179	21,821
Depreciation for the year	-	697	218	682	1,597
Disposal	-	-	-	(127)	(127)
Balance on December 31, 2020	<u>\$ -</u>	<u>16,441</u>	<u>1,116</u>	<u>5,734</u>	<u>23,291</u>
Carrying amounts:					
Balance on December 31, 2021	<u>\$ 57,169</u>	<u>18,416</u>	<u>457</u>	<u>2,235</u>	<u>78,277</u>
Balance on December 31, 2020	<u>\$ 57,169</u>	<u>19,113</u>	<u>-</u>	<u>2,218</u>	<u>78,500</u>

Please refer to note 8 for more information on pledged inventories and financing collateral.

(Continued)

SAN FAR PROPERTY LIMITED AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(g) Investment property

Investment property comprises office buildings that are leased to third parties under operating leases, including properties that are held as right-of-use assets, as well as properties that are owned by the Group. The leases of investment properties contain an initial non-cancellable lease term of 5 to 10 years. Some leases provide the lessees with options to extend at the end of the term.

For all investment property leases, the rental income is fixed under the contracts.

	<u>Land</u>	<u>Buildings and construction</u>	<u>Total</u>
Cost:			
Balance on January 1, 2021	\$ 24,267	43,615	67,882
Transfer from inventory	<u>16,043</u>	<u>9,698</u>	<u>25,741</u>
Balance on December 31, 2021	<u>\$ 40,310</u>	<u>53,313</u>	<u>93,623</u>
Balance on January 1, 2020	\$ 9,263	29,779	39,042
Transfer from inventory	<u>15,004</u>	<u>13,836</u>	<u>28,840</u>
Balance on December 31, 2020	<u>\$ 24,267</u>	<u>43,615</u>	<u>67,882</u>
Depreciation and Impairment:			
Balance on January 1, 2021	\$ -	1,041	1,041
Depreciation	<u>-</u>	<u>1,014</u>	<u>1,014</u>
Balance on December 31, 2021	<u>\$ -</u>	<u>2,055</u>	<u>2,055</u>
Balance on January 1, 2020	\$ -	389	389
Depreciation	<u>-</u>	<u>652</u>	<u>652</u>
Balance on December 31, 2020	<u>\$ -</u>	<u>1,041</u>	<u>1,041</u>
Carrying amounts:			
Balance on December 31, 2021	<u>\$ 40,310</u>	<u>51,258</u>	<u>91,568</u>
Balance on December 31, 2020	<u>\$ 24,267</u>	<u>42,574</u>	<u>66,841</u>

Please refer to note 8 for more information on pledged Investment properties and financing collateral.

(h) Short-term notes and bills payable

	<u>December 31, 2021</u>	<u>December 31, 2020</u>
Commercial paper payable	<u>\$ 140,000</u>	<u>-</u>

Please refer to note 8 for details of pledged assets with guarantee.

(Continued)

SAN FAR PROPERTY LIMITED AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(i) Short-term borrowings

The short-term borrowings were summarized as follows:

	<u>December 31, 2021</u>	<u>December 31, 2020</u>
Secured bank loans	\$ <u>4,967,892</u>	<u>1,540,210</u>
Unsecured bank loans	\$ <u>5,315,900</u>	<u>3,730,560</u>
Range of interest rates	<u>0.94%~2.25%</u>	<u>1.75%~2.06%</u>

(i) The issue of bank loan and repayment

For the years ended December 31, 2021 and 2020, the incremental amounts are \$4,878,770 thousand and \$396,900 thousand, respectively; the repayment amounts are \$1,451,088 thousand and 10 thousand, respectively.

(ii) Collateral for Bank Loans

For the collateral for short-term borrowings, please refer to note 8.

(j) Bonds payable/ Bonds due or executed within one year or one business cycle

The details of unsecured convertible bonds were as follows:

	<u>December 31, 2021</u>	<u>December 31, 2020</u>
Secured convertible bonds, non-current	\$ 2,798,452	2,198,773
Less: Bonds due or executed with one year or one business cycle	<u>(999,808)</u>	<u>-</u>
	<u>\$ 1,798,644</u>	<u>2,198,773</u>

(i) Please refer to note 6(s) for information of the Group's recognition on ordinary bonds and amortized interest expenses in 2021 and 2020.

(ii) Information of Group's secured corporate bonds were as follows:

<u>Item</u>	<u>First secured ordinary corporate bond in 2017</u>
1)Total issuance	\$1,000,000 thousand
2)Issuance date	2017.09.14
3)Interest rate	0.970%
4)Period ended	2017.09.14~2022.09.14
5)Repayment	Due five years from the issuance date
6)Guarantee agency	Agricultural Bank of Taiwan

(Continued)

SAN FAR PROPERTY LIMITED AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

<u>Item</u>	<u>First secured ordinary corporate bond in 2019</u>
1)Total issuance	\$1,200,000 thousand
2)Issuance date	2019.01.07
3)Interest rate	0.960%
4)Period ended	2019.01.07~2024.01.07
5)Repayment	Due five years from the issuance date
6)Guarantee agency	Taiwan Cooperative Bank

<u>Item</u>	<u>First secured ordinary corporate bond in 2021</u>
1)Total issuance	\$600,000 thousand
2)Issuance date	2021.12.24
3)Interest rate	0.67%
4)Period ended	2021.12.24~2026.12.24
5)Repayment	Due five years from the issuance date
6)Guarantee agency	Agricultural Bank of Taiwan

Please refer to Note 8 for details of pledged assets with guarantee.

(k) Contract liability

	<u>December 31,</u> <u>2021</u>	<u>December 31,</u> <u>2020</u>
Land	\$ 48,514	20
Buildings	370,007	229,247
Construction	<u>3,331</u>	<u>-</u>
	<u>\$ 421,852</u>	<u>229,267</u>
Amount expected to be realized after twelve months	<u>\$ 198,331</u>	<u>191,742</u>

Please refer to note 9(a) for the total price of the real estate of signed provisions listed above.

As of December 31, 2021 and 2020, the company signed a trust deed with Sunny Bank in relation to the Lilin Section Construction Project and commissioned Sunny Bank to manage the fund of payments from pre-selling house owner. The Group's fund balance is \$17,580 thousand and \$52,261 thousand respectively (under other financial assets, current) under the term of trust, which is the time between the license date upon final completion and the ownership registration. In addition, there is no delayed trust delivery on any payments received from pre-selling house owners. The funds in the trust account shall only be used exclusively for payments of the project, taxes and expenses relevant to the project.

(l) Operating lease

The Group leases out its investment property. The Group has classified these leases as operating leases, because it does not transfer substantially all of the risks and rewards incidental to the ownership of the assets.

(Continued)

SAN FAR PROPERTY LIMITED AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

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

	<u>December 31, 2021</u>	<u>December 31, 2020</u>
Less than one year	\$ 3,934	2,364
One to two years	4,091	2,396
Two to three years	4,164	2,418
Three to four years	4,180	2,470
Four to five years	2,807	2,486
More than five years	<u>7,349</u>	<u>9,873</u>
	<u><u>\$ 26,525</u></u>	<u><u>22,007</u></u>

Rental revenues from investment properties was \$3,271 thousand and \$1,637 thousand for the years ended December 31, 2021 and 2020, , respectively.

(m) Employee benefit

(i) Defined benefit plans

The present value of the defined benefit obligations and fair value of plan assets were as follows:

	<u>December 31, 2021</u>	<u>December 31, 2020</u>
Present value of the defined benefit obligations	\$ -	5,181
Fair value of plan asset	<u>(5,636)</u>	<u>(7,523)</u>
Net defined benefit liability	<u><u>\$ (5,636)</u></u>	<u><u>(2,342)</u></u>

The Group makes defined benefit plan contributions to the pension fund account at Bank of Taiwan that provides pension benefits for its employees upon retirement. The plans entitle a retired employee to receive a payment based on years of service and average salary for the six months prior to the employee's retirement.

1) Composition of plan assets

The Group set aside pension funds in accordance with the Regulations for Revenues, Expenditures, Safeguard and Utilization of the Labor Retirement Fund and such funds are managed by the Bureau of Labor Funds, Ministry of Labor. Under these regulations, the minimum earnings from these pension funds shall not be less than the earnings from two year time deposits with the interest rates offered by local banks.

The Group's contributions to the pension funds were deposited with Bank of Taiwan, which amounted to \$5,636 thousand as of December 31, 2021. For information on the utilization of the labor pension fund assets including the assets allocation and yield of the fund, please refer to the website of the Bureau of Labor Funds, Ministry of Labor.

(Continued)

SAN FAR PROPERTY LIMITED AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

2) Movements in present value of the defined benefit obligations

The movement in present value of the defined benefit obligations for the Group were as follows:

	For the years ended December 31	
	2021	2020
Defined benefit obligations at January 1	\$ 5,181	4,739
Current service costs and interest cost	-	112
Remeasurement on the net defined benefit liabilities (assets):		
— Actuarial losses (gains) arising from experience adjustments	132	-
— Actuarial losses (gains) arising from demographic assumptions	-	33
— Actuarial loss (gain) arising from changes in financial assumptions	-	297
Past service credit	20	-
Benefits paid	(2,039)	-
Contributions paid by the employer	(3,294)	-
Defined benefit obligations at December 31	<u>\$ -</u>	<u>5,181</u>

3) Movements of defined benefit plan assets

The movements in the present value of the defined benefit plan assets for the Group were as follows:

	For the years ended December 31	
	2021	2020
Fair value of plan assets at January 1	\$ 7,523	7,212
Interest income	-	58
Remeasurements loss (gain):		
— Return on plan assets excluding interest income	132	233
Benefits paid	20	20
Contributions paid by the employer	(2,039)	-
Fair value of plan assets at December 31	<u>\$ 5,636</u>	<u>7,523</u>

(Continued)

SAN FAR PROPERTY LIMITED AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

4) Expenses recognized in profit or loss

The expenses recognized in profit or loss were as follows:

	For the years ended December 31	
	2021	2020
Current service costs	\$ 18	74
Net interest of net liabilities for defined benefit obligations	-	(20)
	<u>\$ 18</u>	<u>54</u>

Note: Gain on clean-up pension planis \$3,294 thousands (account on other income).

5) Remeasurement of net defined benefit liability (asset) recognized in other comprehensive income

The Group's remeasurement of the net defined benefit liability (asset) recognized in other comprehensive income for the years ended December 31, 2021 and 2020, was as followed:

	For the years ended December 31	
	2021	2020
Balance as of January 1	\$ 1,703	1,606
Recognition	-	97
Balance as of December 31	<u>\$ 1,703</u>	<u>1,703</u>

6) Actuarial valuations

The principal actuarial assumptions at the reporting date were as follows:

	December 31, 2020
Discount rate	0.40%
Future salary increase rate	2.00%

7) Sensitivity analysis

The following table summarizes the impact of a change in the assumptions on the present value of the defined benefit obligation on December 31, 2021 and 2020.

	Influences of defined benefit obligations	
	Increase	Decrease
December 31, 2020		
Discount rate (0.5%)	(76)	78
Future salary increasing rate (0.5%)	71	(76)

(Continued)

SAN FAR PROPERTY LIMITED AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

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

There is no change in the method and assumptions used in the preparation of sensitivity analysis for 2021 and 2020.

(ii) Defined contribution plans

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

The cost of the pension contributions to the Bureau of Labor Insurance for the years ended December 31, 2021 and 2020 amounted to \$4,727 thousand and \$4,482 thousand, respectively.

(n) Income tax

(i) The components of income tax expense were as follows:

	For the years ended December 31	
	2021	2020
Current tax expense		
Current period	\$ 4,123	757
Additional surtax on unappropriated earnings	-	51,929
Land value increment tax	<u>10,502</u>	<u>11,365</u>
	<u>14,625</u>	<u>64,051</u>
Deferred tax expense		
Change in reversal and unrecognized deductible temporary differences	(5,996)	(15,974)
Recognition of previously unrecognized tax losses	<u>(15,787)</u>	<u>(10,300)</u>
	<u>(21,783)</u>	<u>(26,274)</u>
Income tax (benefit) expense	<u>\$ (7,158)</u>	<u>37,777</u>

(ii) The amount of income tax recognized in other comprehensive income for the years 2021 and 2020 was as follows:

	For the years ended December 31	
	2021	2020
Components of other comprehensive income that will not be reclassified to profit or loss:		
Actuarial gains (losses) from defined benefit plans	<u>\$ -</u>	<u>(19)</u>

(Continued)

SAN FAR PROPERTY LIMITED AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(iii) The reconciliation of income tax expense and income before income tax was as follows:

	For the years ended December 31	
	2021	2020
Profit excluding income tax	\$ 215,120	220,752
Income tax expense at domestic statutory tax rate	43,024	44,150
Tax exempt income	(256)	(347)
Land tax exempt income	(48,929)	(54,133)
Book-tax difference of capitalization	(15,011)	(13,040)
Non-deductible expenses	5	30
Addition surtax on unappropriated earnings	-	51,929
Unrecognized tax losses from the previous period	(15,787)	(10,300)
Current-year losses for which no deferred tax asset was recognized	7,109	-
Change in unrecognized temporary differences	(7,088)	-
Land value increment tax	10,502	11,365
Others	19,273	8,123
	<u>\$ (7,158)</u>	<u>37,777</u>

(iv) Deferred tax assets and liabilities

1) Unrecognized deferred tax assets

	December 31, 2021	December 31, 2020
Tax loss carryforward	\$ <u>9,044</u>	<u>17,723</u>

The ROC Income Tax Act allows tax losses, as assessed by the tax authorities, to offset taxable income over a period of ten years for local tax reporting purposes. The deferred tax assets have not been recognized in respect of these items because they are not probable that future taxable profit will be available against which the Group can utilize the benefits therefrom.

As of December 31, 2021, the information of the Group's unused tax losses for which no deferred tax assets were recognized are as follows:

Year of loss	Unused tax losses	Expiry date
2016	\$ 1,558	2026
2017	5,851	2027
2019	1,126	2029
2020	1,140	2030
2021	35,546	2031
	<u>\$ 45,221</u>	

(Continued)

SAN FAR PROPERTY LIMITED AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

2) Recognized deferred tax assets and liabilities

Changes in the amount of deferred tax assets and liabilities for 2020 and 2019 were as follows:

	Deferred Tax Assets		
	Tax loss carryforward	Other	Total
Balance on January 1, 2021	\$ 87,801	3,365	91,166
Recognized in profit or loss	22,185	(870)	21,315
Balance on December 31, 2021	\$ 109,986	2,495	112,481
Balance on January 1, 2020	\$ 60,870	4,035	64,905
Recognized in profit or loss	26,931	(670)	26,261
Balance on December 31, 2020	\$ 87,801	3,365	91,166
	Deferred tax liabilities		
	Gain recognised in bargain purchase transaction	Other	Total
Balance on January 1, 2021	\$ -	468	468
Recognized in profit or loss	-	(468)	(468)
Balance on December 31, 2021	\$ -	-	-
Balance on January 1, 2020	\$ -	500	500
Recognized in profit or loss	-	(13)	(13)
Recognized in other comprehensive income	-	(19)	(19)
Balance on December 31, 2020	\$ -	468	468

(v) The Group has income tax returns approved by the Tax Authority were as follows:

Name	Approved year
The Company	2020
Jing Fu Xiang Construction Co., Ltd .	2019
Jingo International Records Co., Ltd .	2020

(o) Capital and other equity

As of December 31, 2021 and 2020, the total value of authorized ordinary shares were amounted to 4,500,000 thousand and 3,800,000 thousand respectively, with par value of \$10 per share. As of that date, the number of ordinary shares issued were 326,554 thousand and 330,903 thousand in December 31, 2021 and 2020, respectively. All issued shares were paid up upon issuance.

(Continued)

SAN FAR PROPERTY LIMITED AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(i) Ordinary shares

A resolution was passed during the shareholder's meeting held on 27 July, 2021, and 29 June, 2020, for the issuance of capital surplus transferred to common stock with a 15,550 thousand shares and 9,899 thousand shares, amounted to \$155,502 thousand and \$300,821 thousand. The related registration procedures were completed.

A resolution was passed during the shareholder's meeting held on 19, April, 2021, and 10 November, 2020, for the cancellation of the treasury stock 10,000 thousand and 9,899 thousand stocks, amounting to \$100,000 thousand and \$98,990 thousand, respectively. The related registration procedures were completed.

(ii) Capital surplus

The balances of capital surplus as of December 31, 2021 and 2020, were as follows:

	December 31, 2021	December 31, 2020
Capital surplus—premium from issuance of stock	\$ 168,736	179,533
Employee share options	16,860	16,860
Other	359	359
	\$ 185,955	196,752

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.

A resolution was passed during the shareholder's meeting held on 29 June 2020, for the issuance of transferring capital surplus to cash dividend. Relevant information on cash dividend attributed to owners of ordinary share were as follows:

	For the years ended December 31 2019	
	Dividend per share (\$)	Total amount
Dividends distributed to ordinary shareholders:		
Cash	\$ 0.30	90,246

(iii) Retain earning

According to the company's articles of association, if there is a surplus after the annual accounts, it shall be distributed in the following order:

(Continued)

SAN FAR PROPERTY LIMITED AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

- 1) Tax payment;
- 2) Recovery of loss;
- 3) Attribute ten percent of the current net profit as a statutory surplus reserve unless the statutory surplus reserve has reached the paid-in capital.
- 4) The special surplus reserve shall be set aside or transferred as required by laws and regulations or operations.
- 5) If there is a balance, it will be combined with the accumulated undistributed surplus of the previous year. Then the board of directors shall decide to retain or distribute shareholder dividends according to the capital condition and economic development of the current year, and finally submit it to the shareholders meeting for approval

To pursue sustainable and stable business development, the Company considers capital needs and long-term financial planning, set dividend policies, and considers retained earnings and future profitability comprehensively to determine the amount that can be allocated each year. Dividends are issued in two ways: stock dividends and cash dividends. The proportion of cash dividends shall not be less than 10% of the total dividends for the year by principle. However, when the cash dividend per share is less than \$0.5, issuing stock dividends is allowed.

- 1) Legal reserve

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

- 2) Special reserve

Earnings distribution for 2020 was decided by the resolution of the shareholder's meeting on 19 April, 2021 and 13 May, 2020 for that of 2019. In addition, the Company was approved by the shareholder's meeting on July 27, 2021 and June 29, 2020 to allocate cash with capital reserve in 2020 and 2019.

The relevant dividend distributions to shareholders were as follows:

	For the years ended December 31			
	2020		2019	
	Dividend per share (\$)	Total amount	Dividend per share (\$)	Total amount
Dividends distributed to common shareholders:				
Cash	\$ 0.30	93,301	0.30	90,246
Shares	0.50	<u>155,502</u>	1.00	<u>300,821</u>
		<u>\$ 248,803</u>		<u>391,067</u>

Note: The Company was approved by the shareholder's meeting on June 29, 2020, to allocate cash with capital reserve. Please refer to note 6(o) for detailed explanation.

(Continued)

SAN FAR PROPERTY LIMITED AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(iv) Treasury shares

In 2021 and 2020, in accordance with the requirements under section 28(2) of the Securities Exchange Act, the Group repurchased 10,000 thousand and 9,899 thousand shares, amounted to \$167,409 thousand and 178,324 thousand, as treasury shares in order to protect the Group's integrity and shareholders' equity. As of December 31, 2021, a total of 19,899 thousand shares were cancelled, total amount 345,733 thousand, the related registration produces were completed.

In accordance with the requirements of Securities and Exchange Act, treasury shares held by the Group should not be pledged, and do not hold any shareholder rights before their transfer.

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

	Unrealized gains (losses) from financial assets measured at fair value through other comprehensive income
Balance on January 1, 2021	\$ 18,720
Unrealised gains (losses) on financial assets measured at fair value through other comprehensive income	42,660
Balance on December 31, 2021	<u>\$ 61,380</u>
Balance on January 1, 2020	\$ 10,800
Unrealised gains (losses) on financial assets measured at fair value through other comprehensive income	7,920
Balance on December 31, 2021	<u>\$ 18,720</u>

(p) Earnings per share

The Group's earnings per share are calculated as follows:

	For the years ended December 31	
	2021	2020
Basic earnings per share		
Profit attributable to ordinary shareholders of the Company	\$ <u>222,278</u>	<u>182,975</u>
Weighted average number of ordinary shares outstanding (shares in thousands)	<u>328,698</u>	<u>343,099</u>
Basic earnings per share	<u>\$ 0.68</u>	<u>0.53</u>
Diluted earnings per share		
Profit attributable to ordinary shareholders of the Company (diluted)	\$ <u>222,278</u>	<u>182,975</u>
Weighted average number of ordinary shares (thousand shares)	328,698	343,099
Effect of employee share bonus	170	426
Weighted average number of ordinary shares outstanding (diluted)	<u>328,868</u>	<u>343,525</u>
Diluted earnings per share	<u>\$ 0.68</u>	<u>0.53</u>

(Continued)

SAN FAR PROPERTY LIMITED AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(q) Revenue from contracts with customers

(i) Disaggregation of revenue

	For the year ended December 31, 2021		
	Construction Department	Audio/video	Total
Primary geographical markets:			
Taiwan	\$ 1,680,911	35,057	1,715,968
Major products/services lines:			
Sales of real estates	\$ 1,438,416	-	1,438,416
Sale of goods	-	14,892	14,892
Servicing rights	242,495	-	242,495
Other	-	20,165	20,165
	\$ 1,680,911	35,057	1,715,968

	For the year ended December 31, 2020		
	Construction Department	Audio/video	Total
Primary geographical markets:			
Taiwan	\$ 1,457,371	34,401	1,491,772
Major products/services lines:			
Sales of real estates	\$ 1,342,142	-	1,342,142
Sale of goods	-	14,905	14,905
Servicing rights	115,229	-	115,229
Other	-	19,496	19,496
	\$ 1,457,371	34,401	1,491,772

(ii) Contract balances

	December 31, 2021	December 31, 2020
Notes receivable due from related parties	\$ 356	39,968
Accounts receivable due from related parties	63,635	22,504
Less: allowance for impairment	(15)	(6)
Total	\$ 63,976	62,466
Contract assets	\$ 39,893	20,980
Contract liabilities-Sales of real estates	\$ 418,521	229,267
Contract liabilities-Construction	3,331	-
	\$ 421,852	229,267

(Continued)

SAN FAR PROPERTY LIMITED AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

- 1) The amount of revenue recognized for years ended December 31, 2021 and 2020,, that were included in the contract liabilities balance at the beginning of the period were \$37,525 thousand and \$99,707 thousand, respectively.
 - 2) The change in the balance of contract liabilities is the difference between the time frame in the performance obligation to be satisfied and the payment to be received.
- (r) Employee compensation and directors' and supervisors' remuneration

According to the Articles of Association of the Company, the profit before tax not included in the employees' and Directors' remuneration during the year, if there is a surplus after making up for the losses, no more than 5% should be provided for directors' remuneration, and no less than 1% for employees' remuneration. The recipients of shares and cash may include the employees of affiliated companies who meet certain conditions, such conditions shall be stipulated by the Board of Directors.

The remunerations to employees amounted to \$2,178 thousand and \$2,238 thousand, as well as the remunerations to directors amounted to \$2,178 thousand and \$2,238 thousand for the years ended December 31, 2021 and 2020, respectively. These amounts were calculated using the Company's net income before tax without the remunerations to employees and directors for each period, multiplied by the percentage which is stated under the Company's Article of Association. These remunerations were expensed under operating expenses for each period. The related information can be accessed from market observation post system website. There were no differences between the amounts of employees' and directors' remuneration allocated by the aforesaid Board resolutions and the amounts in the consolidated financial statements of 2021 and 2020.

- (s) Finance costs

The details of finance expenses were as follows:

	For the years ended December 31	
	2021	2020
Bank loan	\$ 67,302	25,361
Other expenses		
Interest on corporate bonds	48,106	76,930
Interest expense, others	178	78
Less: Capitalized interest	<u>(97,426)</u>	<u>(97,641)</u>
Finance costs, net	<u>\$ 18,160</u>	<u>4,728</u>
Average capitalized interest rate	<u>0.67%~2.25%</u>	<u>0.96%~2.15%</u>

(Continued)

SAN FAR PROPERTY LIMITED AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(t) Financial instruments

(i) Credit risk

1) Credit risk exposure

The carrying amounts of financial assets and contract assets represented the maximum credit risk exposure of the Group.

2) Concentration of credit risk

As the Group has a large customer base, it does not significantly concentrate on transactions with a single customer and the sales scope scattered; hence, geographically, there was no concentration of credit risk. To reduce credit risk, the Group also regularly and continuously evaluates the financial situation of customers, and usually does not require customers to provide collateral.

3) Credit risks of receivables and debt securities

Please refer to note 6(c) for credit risk information on notes and accounts receivables.

Other financial assets at amortized cost includes other receivables.

All the above mentioned are financial assets considered to have a low risk, and thus, the impairment provision recognized during the period was limited to 12 months expected credit losses. Regarding how the financial instruments are considered to have low risk, please refer to note 4(g).

There is no loss allowance for the period ended December 31, 2021 and 2020, hence no losses are recognized.

(ii) Liquidity risk

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

	<u>Carrying amount</u>	<u>Contractual cash flows</u>	<u>1 year</u>	<u>1-5 years</u>	<u>Over 5 years</u>
December 31, 2021					
Non derivative financial liabilities					
Floating-interest-rate instruments	\$ 5,107,892	5,405,042	777,071	4,627,971	-
Fixed-interest-rate instruments	2,798,452	2,852,840	1,025,240	1,827,600	-
Non-interest-bearing liabilities	398,998	398,998	398,175	357	466
Lease liability (including current portion and non-current)	<u>7,200</u>	<u>7,312</u>	<u>4,396</u>	<u>2,916</u>	<u>-</u>
	<u>\$ 8,312,542</u>	<u>8,664,192</u>	<u>2,204,882</u>	<u>6,458,844</u>	<u>466</u>

(Continued)

SAN FAR PROPERTY LIMITED AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

	<u>Carrying amount</u>	<u>Contractual cash flows</u>	<u>1 year</u>	<u>1-5 years</u>	<u>Over 5 years</u>
December 31, 2020					
Non derivative financial liabilities					
Floating-interest-rate instruments	\$ 1,540,210	1,635,532	28,462	1,607,070	-
Fixed-interest-rate instruments	2,198,773	2,252,495	21,220	2,231,275	-
Non-interest-bearing liabilities	291,932	291,932	290,121	1,334	477
Lease liability (including current portion and non-current)	<u>8,959</u>	<u>9,169</u>	<u>3,550</u>	<u>5,619</u>	<u>-</u>
	<u>\$ 4,039,874</u>	<u>4,189,128</u>	<u>343,353</u>	<u>3,845,298</u>	<u>477</u>

The Group does not expect the cash flows included in the maturity analysis to occur significantly earlier or at significantly different amounts.

(iii) Currency risk: None

(iv) Interest rate analysis

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

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

If the interest rate had increased/decreased by 1% basis points, the Group's interest expense would have increased/decreased by \$19,086 thousands and \$10,724 thousands for the years ended December 31, 2021 and 2020, respectively, with all other variable factors remaining constant. This is mainly due to the Company's borrowing at variable rates and investment in variable-rate bills. The Company's other comprehensive income would have increased/decreased by \$2,976 thousands and \$488 thousands for the years ended December 31, 2020 and 2019 respectively.

(v) Other market price risk

For the years ended December 31, 2021 and 2020, the sensitivity analyses for the changes in the securities price at the reporting date were performed using the same basis for the profit and loss as illustrated below:

	<u>For the years ended December 31</u>			
	<u>2021</u>		<u>2020</u>	
	<u>Other comprehensive income after tax</u>	<u>Net income</u>	<u>Other comprehensive income after tax</u>	<u>Net income</u>
<u>Price of securities at reporting date</u>				
Increasing 5%	<u>\$ 6,129</u>	<u>177</u>	<u>3,996</u>	<u>-</u>
Decreasing 5%	<u>\$ (6,129)</u>	<u>(177)</u>	<u>(3,996)</u>	<u>-</u>

(Continued)

SAN FAR PROPERTY LIMITED AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(vi) Information of fair value

1) Financial instruments valuation

The Group uses market observable input values as much as possible when measuring its assets and liabilities. Fair value hierarchy with inputs to valuation techniques were as follows:

- Level 1: Open quotation (unadjusted) in assets and liabilities with active market.
- Level 2: Direct (the price) or indirect inferred from the price) observable input of assets and liabilities other than the open quotation of Level 1.
- Level 3: Inputs of assets and liabilities is not based on observable market information (non-observable input).

2) Valuation techniques for financial instruments measured at fair value

The Group is not required to disclose fair value information for loans, receivables, and financial liabilities measured at amortized cost whose carrying amount is reasonably close to the fair value and financial assets measured at cost that cannot be measured reasonably are not quoted in the active market. The Group disclosure of fair value information of financial assets and liabilities were as follows:

	December 31, 2021				
	Book Value	Fair Value			Total
	Level 1	Level 2	Level 3		
Financial assets at fair value through other comprehensive income					
Listed stock	\$ 122,580	122,580	-	-	122,580
Financial assets at fair value through profit or loss					
Privately offered fund	4,429	-	-	4,429	4,429
Financial assets measured at amortized cost					
Cash and cash equivalents	\$ 2,165,778	-	-	-	-
Notes and accounts receivable	63,976	-	-	-	-
Other financial assets, current	185,461	-	-	-	-
Other financial assets- non-current	371,583	-	-	-	-
Refundable deposits	15,106	-	-	-	-
Subtotal	2,801,904	-	-	-	-
Total	<u>\$ 2,928,913</u>	<u>122,580</u>	<u>-</u>	<u>4,429</u>	<u>127,009</u>

(Continued)

SAN FAR PROPERTY LIMITED AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

		December 31, 2021			
		Fair Value			
	Book Value	Level 1	Level 2	Level 3	Total
Financial liabilities measured at amortized cost					
Short-term loans	\$ 4,967,892	-	-	-	-
Bonds due or executed with one year or one business cycle	140,000	-	-	-	-
Corporate bonds payable	2,798,452	-	2,815,448	-	2,815,448
Notes payable, accounts payable (incl. related parties)	276,782	-	-	-	-
Other payables to related parties	120,003	-	-	-	-
Guarantee deposits	2,213	-	-	-	-
Lease liabilities	7,200	-	-	-	-
Total	\$ 8,312,542	-	2,815,448	-	2,815,448
		December 31, 2020			
		Fair Value			
	Book amount (Restatement)	Level 1	Level 2	Level 3	Total
Financial assets at fair value through profit or loss					
Stocks listed on domestic markets	\$ 79,920	79,920	-	-	79,920
Financial assets measured at amortized cost					
Cash and cash equivalents	\$ 2,532,976	-	-	-	-
Notes and accounts receivable	62,466	-	-	-	-
Other current financial assets	119,084	-	-	-	-
Other non-current financial assets	250,287	-	-	-	-
Refundable deposits	7,715	-	-	-	-
Subtotal	2,972,528	-	-	-	-
Total	\$ 3,052,448	79,920	-	-	79,920
Financial liabilities measured at amortized cost					
Short-term borrowings	\$ 1,540,210	-	-	-	-
Bonds payable	2,198,773	-	2,221,709	-	2,221,709
Notes and Accounts receivable (included related parties)	195,418	-	-	-	-
Other payables to related parties	94,703	-	-	-	-
Guarantee deposits	1,811	-	-	-	-
Lease liabilities	8,959	-	-	-	-
Total	\$ 4,039,874	-	2,221,709	-	2,221,709

(Continued)

SAN FAR PROPERTY LIMITED AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

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

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

a) Financial liabilities measured at amortized cost

If the quoted prices in active markets are available, the market price is established as the fair value. However, if quoted prices in active markets are not available, the estimated valuation or prices used by competitors are adopted. The fair value of ordinary corporate bonds payable is measured by Level 2 input value, and the fair value is calculated based on the weighted average price of one hundred dollars at the reporting date of the Taipei Exchange.

4) Valuation techniques for financial instruments measured at fair value

a) Non-derivative financial instruments

A financial instrument is regarded as being quoted in an active market if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service, or regulatory agency and those prices represent actual and regularly occurring market transactions on an arm's-length basis. Whether transactions are taking place 'regularly' is a matter of judgment and depends on the facts and circumstances of the market for the instrument.

Quoted market prices may not be indicative of the fair value of an instrument if the activity in the market is infrequent, the market is not well-established, only small volumes are traded, or bid-ask spreads are very wide. Determining whether a market is active involves judgment.

Measurements of fair value of financial instruments without an active market are based on a valuation technique or quoted price from a competitor. Fair value measured by a valuation technique can be extrapolated from similar financial instruments, the discounted cash flow method, or other valuation technique including a model using observable market data at the reporting date.

If the financial instruments held by the company have an active market, the fair values are listed below according to their categories and attributes:

If the financial instruments possessed by the Group has quoted market prices in active markets, the fair value was as follows:

·Fair value of listed redeemable corporate bonds listed(counter) company stocks, bills of exchange and corporate bonds are financial assets and financial liabilities that coordinate standard terms and conditions, are determined with reference to market quotes.

5) Transfers between Level 1 and Level 2

There were no transfers in either direction for the years ended December 31, 2021 and 2020.

(Continued)

SAN FAR PROPERTY LIMITED AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(u) Financial risk management

(i) Overview

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

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

The following likewise discusses the Group's exposure information, objectives, policies and processes for measuring and managing the above mentioned risks For more disclosures about the quantitative effects of these risks exposures, please refer to the respective notes in the consolidated financial statements.

(ii) Structure of risk management

The Board of Directors has overall responsibility for the establishment and oversight of the risk management framework. The Board has established the Risk Management Committee, which is responsible for developing and monitoring the Company's risk management policies. The committee reports regularly to the Board of Directors on its activities.

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

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

(iii) Credit risk

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

1) Accounts and other receivables

The credit risk of the Group is affected by its clients individually based on their conditions. Accounts receivable generated by selling real estate has a lower credit risk since the payment is completed mostly by individuals through transfers, checks, or loans from the bank. The Group's has full control on its construction quality and progress since all projects are contracted out to the conformed and reputable building contractors based on the Group's contracting operation methods.

(Continued)

SAN FAR PROPERTY LIMITED AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

The Group discloses the estimation of accounts receivables' and other receivables' loss with allowance for bad debt account. Allowance for bad debt account is composed with specific losses and batch of unrecognized losses components. Unrecognized losses components are determined by historically statistical data from similar financial assets.

2) Investments

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

3) Guarantees

As of December 31, 2021 and 2020, respectively, the Group has no outstanding guarantees.

(iv) Liquidity risk

Liquidity risk is the risk that the Group will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Group's approach to managing liquidity is to ensure, as far as possible, that it always has sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation.

(v) Market risk

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

(v) Capital management

The Group's objectives for managing capital to safeguard the capacity to continue to operate, to continue to provide a return on shareholders, to maintain the interest of other related parties, and to maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the Company may adjust the dividend payment to the shareholders or issue new shares.

The Group and other entities in the same industry use the debt-to-equity ratio to manage capital. This ratio is the total net debt divided by the total capital. The net debt from the balance sheet is derived from the total liabilities less cash and cash equivalents. The total capital and equity include share capital, capital surplus, retained earnings, and other equity plus net debt.

(Continued)

SAN FAR PROPERTY LIMITED AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

As of December 31, 2021, the Group's capital management strategy is consistent with the prior year as 2020, and the gearing ratio is maintained to ensure credit rating and ensure financing at reasonable cost. The Group's debt-to-equity ratio at the end of the reporting period as of December 31, 2021 and 2020, respectively, is as follows:

	December 31, 2021	December 31, 2020
Total liabilities	\$ 8,760,978	4,338,018
Less: cash and cash equivalents	<u>(2,165,778)</u>	<u>(2,532,976)</u>
Net debt	6,595,200	1,805,042
Total Equity	<u>6,544,571</u>	<u>6,540,343</u>
Less: hedging reserve	\$ 13,139,771	8,345,385
Debt-to-equity ratio	<u>50%</u>	<u>22%</u>

The debt-to-equity ratio was increased on 31 December, 2021 due to the working capital needs then increased secured bank loans,.

(7) Related-party transactions:

(a) Related-party transactions

The followings are entities that have had transactions with related party during the periods covered in the consolidated financial statements.

<u>Name of related party</u>	<u>Relationship with the Group</u>
Sanfar Education Foundation	Other related parties
Pleasant Hotels International Inc	Other related parties
McWeiden Creative Marketing Co., Ltd.	Other related parties
Hua Sheng Construction Co., Ltd.	Other related parties
Minfar Real Estate Development Co., Ltd.	Other related parties
Zenfar Architecture Co., Ltd.	Other related parties
Xian Ling, Yang	Other related parties
Zeng Rong, Zhung	Other related parties
Yueteng Advertising Co., Ltd.	Other related parties
Dage Advertising Co., Ltd.	Other related parties
Hong Tai Advertising Co., Ltd	Other related parties

(Continued)

SAN FAR PROPERTY LIMITED AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(b) Significant transactions with related parties

(i) Sales revenue

The significant transactions with related parties were as follows:

	For the years ended December 31	
	2021	2020
Other related party	\$ -	1

There is no significant difference between the sales price of the Group for related parties and for third parties.

(ii) Construction

1) The Group undertakes contracts with related parties and receives payments in accordance with the contract as follows:

	December 31, 2021	December 31, 2020
Signed contract price	\$ 759,867	702,222
Amount received on an agreement	\$ 319,516	66,676

2) Construction contracts

The following are the circumstances in which the combined company has secured income from the related party in respect of the project and the consideration is as follows:

	Engineering service revenue		Recognition Engineering service revenue
	For the years ended December 31		
	2021	2020	
Other related party-Pleasant Hotels	\$ 242,495	115,229	376,603
	The amount of the current period		
	For the years ended December 31		
	2021	2020	Accumulated Priced amount
Other related party-Pleasant Hotels	\$ 253,533	126,400	379,933

Financial Statement Account	Related Party Categories	December 31, 2021	December 31, 2020
Current contract assets			
The right to receive payment has not been reached	Pleasant Hotels	\$ -	7,708
Construction retainage receivable	International Inc.		
	"	39,893	13,272
		\$ 39,893	20,980
Contract liability-Construction	Pleasant Hotels	\$ 3,331	-
	International Inc.		

(Continued)

SAN FAR PROPERTY LIMITED AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

The engineering works contracted by the merger company to the related party are carried out for the related party at a price charged by the head of the company with reasonable management fees and profits in accordance with the project budget. The profit margin and the terms of receipt for the contract works of the combined company are comparable to those of the non-related party.

(iii) Purchases

	Purchasing		Accumulated amount	
	For the years ended December 31		For the years ended December 31	
	2021	2020	2021	2020
Other related parties-Minfar	\$ 135,700	-	135,700	-
Other related parties-Xian Ling, Yang	1,596,000	-	1,596,000	-
Other related parties-Zeng Rong, Zhung	287,860	-	287,860	-
Other related parties	407	-	407	-
	\$ 2,019,967	-	2,019,967	-

The group signed a contract with its subsidiary – Jing Fu Xian Construction Co., Ltd., with the price based on the pricing procedure and the construction budget. The payment method is according to the contractual requirements and the progress of the construction in accordance with the estimation of the numbers of trials, with duration period ranging from 60 to 120 days. There is no relevant profit rate from, and payment condition to, non-related parties to compare with for the construction agreements entered into by the group.

- In January 2021, the Group purchased the land located in Kaohsiung, amounting to \$1,596,000 thousand, from a related party, Yang Hsien Ling, for its building construction to be sold thereafter. All relevant payments had been completed as of the reporting date.
- In May 2021, the Group purchased the land located in Tainan, amounting to \$287,860 thousand, from a related party, Chung Tseng Jung, for its building construction to be sold thereafter. All relevant payments had been completed as of the reporting date. The above engagement with non-related parties is not comparable to other transactions.
- In January and May 2021, the group purchased the construction permits of the lands located in Kaohsiung and Tainan, amounting to \$108,000 thousand and \$27,700 thousand, respectively, from a related party, Ming Fa, for its building construction to be sold thereafter. All relevant payments had been completed as of the reporting date. The above engagements with non-related parties is not comparable to other transactions.

(Continued)

SAN FAR PROPERTY LIMITED AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(iv) Accounts receivable from related parties

The amounts of accounts receivable between the Group and related parties were as follows:

<u>Accounted items</u>	<u>Catagories</u>	<u>December 31, 2021</u>	<u>December 31, 2020</u>
Notes receivable	Pleasant Hotels International Inc.	\$ -	39,816
Accounts receivable	"	60,417	19,908
Other current financial assets	Other Related party	-	627
		<u>\$ 60,417</u>	<u>60,351</u>

(v) Accounts payable to Related Parties

The amounts of accounts payables between the Group and related parties were as follows:

<u>Financial Statement Account</u>	<u>Related Party Categories</u>	<u>December 31, 2021</u>	<u>December 31, 2020</u>
Other payable	Other Related party- Sanfar Education Foundation	<u>\$ 6,425</u>	<u>12,116</u>

(vi) Operating expenses

	<u>For the years ended December 31</u>	
	<u>2021</u>	<u>2020</u>
Other related party	<u>\$ (4,191)</u>	<u>494</u>

The Group cancelled the appropriation according to the annual plan and budget of Sanfar Education Foundation \$4,616 thousands in 2021.

(vii) Other

- 1) The Group leased the commercial storefront to other related persons in May 2020. For the year ended 2020, the rental income was \$1,586 thousand.
- 2) The remaining amount of \$4,662 thousand paid by the group to its other related parties in 2021 resulted in the total amount of the retention in construction of \$66,062 thousand to be reclassified from account payable to sales and marketing expenses. Please refer to note 11 and 12(b) for more details.

(c) Transactions with key management personnel

The compensation of key management is as follows:

	<u>For the years ended December 31</u>	
	<u>2021</u>	<u>2020</u>
Short-term employee benefits	\$ 23,926	16,300
Post-employment benefits	606	383
	<u>\$ 24,532</u>	<u>16,683</u>

(Continued)

SAN FAR PROPERTY LIMITED AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(8) Pledged assets:

The carrying amounts of the assets pledged as collateral are detailed below:

<u>Pledged assets</u>	<u>Object</u>	<u>December 31, 2021</u>	<u>December 31, 2020</u>
Inventories	Mortgage and bonds payable	\$ 10,794,147	5,470,783
Other financial assets classified under current and non-current)	Bonds payable	531,589	250,287
Property, plant and equipment	Mortgage and bonds payable	75,585	-
Investment property	Mortgage	37,485	-
		<u>\$ 11,438,806</u>	<u>5,721,070</u>

(9) Commitments and contingencies:

(a) The Group's unrecognized contractual commitments are as follows:

	<u>December 31, 2021</u>	<u>December 31, 2020</u>
<u>Signed contract price</u>		
Contractual liabilities - Sale of real estates	\$ <u>2,316,566</u>	<u>1,678,576</u>
Construction in progress	\$ <u>759,867</u>	<u>702,222</u>
<u>Price charged or paid</u>		
Contractual liabilities - Sale of real estates	\$ <u>418,521</u>	<u>229,267</u>
Construction in progress	\$ <u>319,516</u>	<u>66,676</u>

(10) Losses due to major disasters:None

(11) Subsequent Events:

The Ministry of Justice Investigation Bureau, Kaohsiung City has conducted an investigation on the group on February 17, 2022, wherein it seized the group's subsidiary ledgers, as well as all the contracts entered into with, and the vouchers of commission paid to, the related three advertising companies. Since the case is still in progress, the group assessed that the above matter will not have an impact on its financial statements.

	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Current assets recognized as incremental costs to obtain contract with customers	\$ <u>-</u>	<u>47,550</u>	<u>109,612</u>	<u>47,974</u>	<u>23,786</u>	<u>11,034</u>	<u>-</u>
Notes payable	\$ <u>-</u>	<u>2,694</u>	<u>7,282</u>	<u>8,743</u>	<u>8,494</u>	<u>-</u>	<u>-</u>
Construction Retainage Received (account on Accounts Payable)	\$ <u>4,662</u>	<u>4,461</u>	<u>1,778</u>	<u>1,907</u>	<u>205</u>	<u>-</u>	<u>-</u>
Other payables	\$ <u>-</u>	<u>6,814</u>	<u>5,313</u>	<u>932</u>	<u>5,911</u>	<u>-</u>	<u>-</u>

(Continued)

SAN FAR PROPERTY LIMITED AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Selling Expense	\$ <u>66,062</u>	<u>204,103</u>	<u>24,076</u>	<u>47,693</u>	<u>77,332</u>	<u>-</u>	<u>995</u>

The Group paid of construction retainage received to the other parties 4,662 thousand (account on Accounts Payable) on 2021.

(12) Other:

- (a) Employee benefits, depreciation and amortization expenses categorized by function were as follows:

		For the year ended December 31					
		2021			2020		
		Operating costs	Operating expense	Total	Operating costs	Operating expense	Total
By item	By function						
	Employee benefits						
	Salary	73,629	35,018	108,647	55,574	27,893	83,467
	Labor and health insurance	6,257	3,262	9,519	5,639	3,121	8,760
	Pension	3,324	1,421	4,745	3,112	1,424	4,536
	Remuneration of directors	-	3,826	3,826	-	3,783	3,783
	Others	2,400	3,337	5,737	2,429	3,294	5,723
	Depreciation	-	7,041	7,041	-	3,688	3,688
	Amortization	861	1,578	2,439	812	928	1,740

- (b) Other

- (i) On February 17, 2022, the company was prosecuted and searched. Since it is still in the investigation stage and based on the principle of secret investigation, the general finding and legal liability will wait for the investigation by the Prosecutors Office and the Judiciary to clarify before taking relative measures. At present, according to the project audit accountants appointed by the audit committee of the company, the project attorney appointed by the board of directors and the company's own review, the consignment sales and construction transactions between the three advertising companies, Dage Advertising Co., Ltd., Yuedeng Advertising Co., Ltd. and Hongtai Advertising Co., Ltd. and the company are authentic. The transaction conditions have no significant unreasonable circumstances compared with the same industry in the market.
- (ii) In order to be conservative, although the case is still under investigation, the company disclosed the above three advertising companies in the form of other related parties in the 2021 financial report based on protecting the rights and interests of investors. Due to the principle of secret investigation, the method of prior disclosure may not be the final result. The company will deal with the case appropriately after the case is clarified by the judicial proceeding.
- (iii) At present, the company's finance and business are normal, and the investigation case has no significant impact on the company's operations.

(Continued)

SAN FAR PROPERTY LIMITED AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(13) Other disclosures:

(a) Information on significant transactions:

The following is the information on significant transactions required by the “Regulations Governing the Preparation of Financial Reports by Securities Issuers” for the Group:

- (i) Loans to other parties: None
- (ii) Guarantees and endorsements for other parties: None
- (iii) Securities held as of December 31, 2021 (excluding investment in subsidiaries, associates and joint ventures):

(In Thousands of New Taiwan Dollars)

Name of holder	Category and name of security	Relationship with company	Account title	Ending balance				Highest Percentage of ownership (%)	Note
				Shares/Units (thousands)	Carrying value	Percentage of ownership (%)	Fair value		
The Company	Stock - Pleasant Hotels International Inc.	Other related parties	Financial assets at fair value through other comprehensive income, non-current	3,600	122,580	4.96 %	122,580	4.96 %	
The Company	Privately offered fund-Sparklabs Taipei Fund I	-	Financial assets at fair value through profit or loss, non-current	-	4,429	- %	4,429	- %	

- (iv) Individual securities acquired or disposed of with accumulated amount exceeding the lower of NT\$300 million or 20% of the capital stock: None
- (v) Acquisition of individual real estate with amount exceeding the lower of NT\$300 million or 20% of the capital stock:

(In Thousands of New Taiwan Dollars)

Name of company	Name of property	Transaction date	Transaction amount	Status of payment	Counter-party	Relationship with the Company	If the counter-party is a related party, disclose the previous transfer information				References for determining price	Purpose of acquisition and current condition	Others
							Owner	Relationship with the Company	Date of transfer	Amount			
The Company	Inventory	2021/1/26	1,704,000 (Note)	1,704,000	Sian O, Yang	Other related parties	Non-Other related parties	-	2004/3/25	1,087,764	Appraisal	Construction	
The Company	Inventory	2021/3/12	2,680,000	2,680,000	Wen O,Wang	Non-Other related parties	-	-	-	-	Appraisal	Construction	
The Company	Inventory	2021/5/20	315,560 (Note)	315,560	Zeng O, Chung	Other related parties	Non-Other related parties	-	2004/1/22	198,000	Appraisal	Construction	

Note: The transaction amount includes construction license rieghts.

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

(In Thousands of New Taiwan Dollars)

Name of company	Related party	Nature of relationship	Transaction details				Transactions with terms different from others		Notes/Accounts receivable (payable)		Note
			Purchase/Sale	Amount	Percentage of total purchases/sales	Payment terms	Unit price	Payment terms	Ending balance	Percentage of total notes/accounts receivable (payable)	
The Company	Xian O, Yang	Other related parties	Purchase	1,596,000	28.36 %	Pay by contract terms	-	-	-	-%	
The Company	Minfar Real Co., Ltd.	Other related parties	Purchase	135,700	2.41 %	Pay by contract terms	-	-	-	-%	
The Company	Zeng O, Zhung	Other related parties	Purchase	287,860	5.11 %	Pay by contract terms	-	-	-	-%	
The Company	Jin Fu Xiang Co.,Ltd	Subsidiary Company	Contracting project	552,897	9.82 %	Pay by contract terms	-	-	(207,402)	(73.77)%	Note

(Continued)

SAN FAR PROPERTY LIMITED AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

Name of company	Related party	Nature of relationship	Transaction details				Transactions with terms different from others		Notes/Accounts receivable (payable)		Note
			Purchase/Sale	Amount	Percentage of total purchases/sales	Payment terms	Unit price	Payment terms	Ending balance	Percentage of total notes/accounts receivable (payable)	
Jin Fu Xiang Co.,Ltd	The Company	Parent Company	Contracting project	(552,897)	(68.56)%	Pay by contract terms	-	-	207,402	67.40%	Note
Jin Fu Xiang Co.,Ltd	Pleasant Hotels Co.,LTD	Other related parties	Contracting project	(253,533)	(31.44)%	Pay by contract terms	-	-	100,310	32.60%	

Note: The transactions were written off in the consolidated financial statements.

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

(In Thousands of New Taiwan Dollars)

Name of company	Counter-party	Nature of relationship	Ending balance	Turnover rate	Overdue		Amounts received in subsequent period	Allowance for bad debts
					Amount	Action taken		
Jin Fu Xiang Co.,Ltd	The Company	Parent Company	207,402	4.09 %	-		164,063	-

(ix) Trading in derivative instruments: None.

(x) Business relationships and significant intercompany transactions:

(In Thousands of New Taiwan Dollars)

No.	Name of company	Name of counter-party	Nature of relationship	Intercompany transactions			
				Account name	Amount	Trading terms	Percentage of the consolidated net revenue or total assets
1	Jin Fu Xiang Construction Co., Ltd	The Company	2	Sale revenue	456,140	As agreed in the agreement	26.58%
			2	Receivables	207,402	"	1.35%
			2	Construction in progress	412,757	"	2.70%

Note: The transactions were written off in the consolidated financial statements.

(b) Information on investees:

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

(In Thousands of New Taiwan Dollars)

Name of investor	Name of investee	Location	Main businesses and products	Original investment amount		Balance as of December 31, 2021			Highest Percentage of ownership	Net income (losses) of investee	Share of profits/losses of investee	Note
				December 31, 2021	December 31, 2020	Shares (thousands)	Percentage of ownership	Carrying value				
The Company	Jing Fu Xiang Construction Co., Ltd.	Taiwan	Construction industry	155,875.00	155,875.00	16,000	100.00 %	161,271	100.00 %	14,663	10,042	
	Jingo International Records Co., Ltd.	Taiwan	Record industry	22,529.00	22,529.00	2,000	100.00 %	19,812	100.00 %	(1,356)	(1,356)	

Note: The transactions were written off in the consolidated financial statements.

(c) Information on investment in mainland China: None

(d) Major shareholders:

Shareholder's Name	Shareholding	Shares	Percentage
Chengxin Investment Co., Ltd.		49,482,844	15.15 %
Jinji Investment Co., Ltd.		27,263,263	8.34 %
Zhiyi Investment Co., Ltd.		20,657,313	6.32 %
Shangfeng Investment Co., Ltd.		20,482,290	6.27 %
Jun Rong, Zhong		19,282,287	5.90 %
Xian Ling, Yang		19,106,127	5.85 %
Changyi Investment Co., Ltd.		17,478,869	5.35 %

(Continued)

SAN FAR PROPERTY LIMITED AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

Note: (i) The main shareholder information in this table is calculated based on the last business day at the end of each quarter by Security Group, for shareholders holding more than 5% of the company's ordinary and preference shares that have been delivered without physical registration. There may be differences between actual shares recorded in of the Group's financial statement and shares delivered without physical registration due to different calculation bases.

(ii) If the above-mentioned shareholder delivers the shares to the trust, it is disclosed in individual accounts of the trustee who opens the trust account. As for the shareholders' declaration of insider's equity holdings exceeding 10%, it is filed based on the shareholding, including their own shareholding plus the shares delivered to the trust, in accordance with the Securities and Exchange Act. Please refer to Market Observation Post System for more detailed information

(14) Segment information:

(a) General information

The Group has four reportable segments, which are the Group's strategic divisions. The Group's strategic divisions provide different products and services, and are managed separately because they require different technology and marketing strategies. Operating results of the strategic divisions are quarterly reviewed by the Group's chief operating decision maker. The four reportable segments are described as follows:

- (i) Construction department: Mainly responsible for residential development, building, construction, civil and construction business.
- (ii) The AV department: Mainly responsible for CD and DVD production, Production, publication and import and export trading.

(b) Information about reportable segments and their measurement and reconciliations

	<u>Construction Department</u>	<u>Audio/ video</u>	<u>Adjustment and Elimination</u>	<u>Total</u>
For the year ended December 31, 2021				
Revenue:				
Revenue from external customers	\$ 1,680,911	35,057	-	1,715,968
Intersegment revenues	456,140	413	(456,553)	-
Interest income	<u>3,443</u>	<u>60</u>	<u>-</u>	<u>3,503</u>
Total revenue	<u>\$ 2,140,494</u>	<u>35,530</u>	<u>(456,553)</u>	<u>1,719,471</u>
Interest expenses	<u>\$ 18,026</u>	<u>134</u>	<u>-</u>	<u>18,160</u>
Depreciation and amortization	<u>\$ 3,956</u>	<u>5,524</u>	<u>-</u>	<u>9,480</u>
Reportable segment net operating income (loss)	<u>\$ 217,110</u>	<u>(1,990)</u>	<u>-</u>	<u>215,120</u>
Reportable segment assets	<u>\$ 15,260,851</u>	<u>44,774</u>	<u>(76)</u>	<u>15,305,549</u>
Reportable segment liabilities	<u>\$ 8,736,076</u>	<u>24,909</u>	<u>(7)</u>	<u>8,760,978</u>

(Continued)

SAN FAR PROPERTY LIMITED AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

	<u>Construction Department</u>	<u>Audio/ video</u>	<u>Adjustment and Elimination</u>	<u>Total</u>
For the year ended December 31, 2020				
Revenue:				
Revenue from external customers	\$ 1,457,371	34,401	-	1,491,772
Intersegment revenues	195,299	524	(195,823)	-
Interest revenue	<u>7,658</u>	<u>69</u>	<u>-</u>	<u>7,727</u>
Total revenue	<u>\$ 1,660,328</u>	<u>34,994</u>	<u>(195,823)</u>	<u>1,499,499</u>
Interest expenses	<u>\$ 4,653</u>	<u>75</u>	<u>-</u>	<u>4,728</u>
Depreciation and amortization	<u>\$ 2,298</u>	<u>3,130</u>	<u>-</u>	<u>5,428</u>
Reportable segment net operating income (loss)	<u>\$ 219,897</u>	<u>855</u>	<u>-</u>	<u>220,752</u>
Reportable segment assets	<u>\$ 10,831,196</u>	<u>47,165</u>	<u>-</u>	<u>10,878,361</u>
Reportable segment liabilities	<u>\$ 4,311,942</u>	<u>26,076</u>	<u>-</u>	<u>4,338,018</u>

(c) Product information

Revenue from the external customers of the Group's continuing operations please refer to note 6(o).

(d) Geographic information

The Group did not Set up department overseas for the years ended December 31, 2021 and 2020.

(e) Major customers

	<u>December 31, 2021</u>	<u>December 31, 2020</u>
Contruccion Department-Customer A	<u>\$ 242,495</u>	<u>115,229</u>

SAN FAR PROPERTY LIMITED

Parent Company Only Financial Statements

With Independent Auditors' Report

For the Years Ended December 31, 2021 and 2020

Address: 12th Floor, No. 30, Section 3, Bade Road, Songshan District, Taipei City
Telephone: (02)2570-9988

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



安侯建業聯合會計師事務所

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Independent Auditors' Report

To the Board of Directors of San Far Property Limited:

Opinion

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

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

Basis for Opinion

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

Emphasis of Matter

As mentioned in Note 11 of the parent-company-only financial statements, the Ministry of Justice Investigation Bureau, Kaohsiung City has conducted an investigation in the Company on February 17, 2022 and seized its subsidiary ledgers, as well as all the contracts entered into with, and the vouchers of commission paid to, the related three advertising companies, Yueteng Advertising Co., Ltd., Dage Advertising Co., Ltd., and Hong Tai Advertising Co., Ltd., within 2014 to 2020. Please refer to note 11 and 12 (2) for information related to the above transactions. We did not revise the review opinion.

Key Audit Matters

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



1. Revenue recognition

Please refer to note 4(m) for the Company's individual financial statement on revenue recognition, and 6(q) for detailed contract revenue from customers.

Description of key audit matter:

A major income of the Company is from selling the real estate, and the risk of material misrepresentation lies in the authenticity of income. Since operating income involves the operating performance of the management, a possible risk of material misstatement may occur if the management does not recognize the income at the right point of time in accordance with the regulations. Therefore, the recognition of sales revenue is one of the most important evaluation in performing our audit procedures.

Audit procedures performed:

- Test on the control of sales and payments received, evaluate and eliminate any possible misstatement or fraud recognized;
- Test on the appropriateness of the time income is recognized; randomly select samples to check whether the contract and relevant documents are transferred between the Company and customers; check the documents in the selling systems and general ledger to evaluate whether the Company's revenue recognition policy is in accordance with relevant regulations.

2. Inventory valuation

Please refer to note 4(f) of individual financial statement for detailed inventory valuation policy, and to note 6(c) for assumptions and uncertainties.

Description of key audit matter:

The key asset of the Company is its inventories, with a portion of 77% of the total assets. Inventory evaluation of the Company is in accordance with International Accounting Standards for Report No. 2. There may be a misstatement of financial report when the net realizable value is inappropriate. Therefore, the test on inventory valuation is regarded as one of the most important evaluation in performing our audit procedures.

Audit procedures performed:

Acquire assessment data of the net realizable value of inventories of the Company and its subsidiaries, randomly select samples to check the signed contracts, and refer to the latest current real estate prices announced by the Ministry of the Interior or obtain transaction quotations in neighboring areas. Then, convert the average selling price to net realizable value of the real estate inventory, and compare whether there is a significant difference in between. In addition, analysis tables of investment return by cases are also acquired to compare with the market condition and evaluate whether the assessment data of the net realizable value of inventories are fairly measured and presented.



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

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

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

Those charged with governance (including the Audit Committee or supervisors) 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 auditing standards generally accepted in the Republic of China will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

1. Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than 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.
6. Obtain sufficient and appropriate audit evidence regarding the financial information of the investment in other entities accounted for using the equity method to express an opinion on this financial statements. We are responsible for the direction, supervision and performance of the audit. We remain solely responsible for our audit opinion.

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

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our 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 Yilien Han and Hsin-Ting Huang.

KPMG

Taipei, Taiwan (Republic of China)
March 30, 2022

Notes to Readers

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

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

(English Translation of Parent Company Only Financial Statements and Report Originally Issued in Chinese)
SAN FAR PROPERTY LIMITED
Balance Sheets
December 31, 2021 and 2020
(Expressed in Thousands of New Taiwan Dollars)

	December 31, 2021		December 31, 2020			December 31, 2021		December 31, 2020			
	Amount	%	Amount	%		Amount	%	Amount	%		
Assets											
Current assets:											
1100	Cash and cash equivalents (note 6(a))	\$ 2,097,346	14	2,496,225	23	2100	Short-term borrowings (notes 6(i) and 8)	\$ 4,967,892	33	1,540,210	14
1150	Notes receivable, net (note 6(q))	30	-	-	-	2110	Short-term transaction instrument payables (notes 6(h) and 8)	140,000	1	-	-
1170	Accounts receivable, net (note 6(q))	-	-	44	-	2130	Current contract liabilities (notes 6(k), (q) and 9)	418,521	3	229,267	2
1320	Inventories (for construction business), net (notes 6(c), 7 and 8)	11,815,464	77	7,294,062	68	2151	Notes payable	44,998	-	29,441	-
1410	Prepayment	57,628	-	30,932	-	2161	Notes payable to related parties (note 7)	115,704	1	28,165	-
1476	Other financial assets-current (notes 6(k) and 8)	187,559	1	111,939	1	2170	Accounts payable (note 11)	28,694	-	20,786	-
1479	Other current assets, others	17,681	-	11,666	-	2180	Total accounts payable to related parties (note 7)	91,750	-	34,869	-
1480	Current assets recognised as incremental costs to obtain contract with customers (note 6(d))	128,927	1	74,129	1	2200	Other payables (note 7)	106,402	1	85,073	1
		<u>14,304,635</u>	<u>93</u>	<u>10,018,997</u>	<u>93</u>	2230	Current tax liabilities (note 6(n))	105	-	51,207	1
Non-current assets:											
1510	Total non-current financial assets at fair value through profit or loss	4,429	-	-	-	2321	Current Portion of puttable bonds (notes 6(j) and 8)	999,808	7	-	-
1517	Non-current financial assets at fair value through other comprehensive income (note 6(b))	122,580	1	79,920	1	2399	Other current liabilities, others	<u>10,333</u>	-	<u>5,315</u>	-
1550	Investments accounted for using equity method, net (notes 6(e))	181,083	1	176,207	2			<u>6,924,207</u>	<u>46</u>	<u>2,024,333</u>	<u>18</u>
1600	Property, plant and equipment (notes 6(f) and 8)	76,501	1	77,022	1	Non-Current liabilities:					
1760	Investment property (notes 6(g) and 8)	91,568	1	66,841	-	2530	Bonds payable (notes 6(j) and 8)	1,798,644	12	2,198,773	21
1780	Intangible assets	716	-	892	-	2600	Total other non-current liabilities	<u>1,138</u>	-	<u>477</u>	-
1840	Deferred tax assets (note 6(n))	111,531	1	90,414	1			<u>1,799,782</u>	<u>12</u>	<u>2,199,250</u>	<u>21</u>
1920	Guarantee deposits paid	3,338	-	3,346	-	Total liabilities					
1980	Other non-current financial assets (notes 8)	371,583	2	250,287	2	Equity attributable to owners of parent:(note 6(o))					
1990	Other non-current assets, others	596	-	-	-	3100	Common stock	3,265,542	21	3,309,030	31
		<u>963,925</u>	<u>7</u>	<u>744,929</u>	<u>7</u>	3200	Capital surplus	185,955	1	196,752	2
						3300	Total retained earnings	3,031,694	20	3,194,165	30
						3400	Other equity (note 6(b))	61,380	-	18,720	-
						3500	Treasury stock	-	-	(178,324)	(2)
								<u>6,544,571</u>	<u>42</u>	<u>6,540,343</u>	<u>61</u>
Total assets		\$ 15,268,560	100	10,763,926	100	Total liabilities and equity		\$ 15,268,560	100	10,763,926	100

See accompanying notes to parent company only financial statements.

(English Translation of Parent Company Only Financial Statements Originally Issued in Chinese)
SAN FAR PROPERTY LIMITED

Statements of Comprehensive Income

For the years ended December 31, 2021 and 2020

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

		2021		2020	
		Amount	%	Amount	%
4000	Operating revenue (note 6 (q))	\$ 1,438,415	100	1,342,142	100
5000	Operating cost (note 6(m))	<u>1,065,646</u>	<u>74</u>	<u>950,481</u>	<u>71</u>
5900	Gross profit (loss) from operations	<u>372,769</u>	<u>26</u>	<u>391,661</u>	<u>29</u>
6100	Selling expenses (notes 6(d), 7 and 11)	74,938	5	114,131	8
6200	Administrative expenses (notes 6(m), (r) and 7)	<u>83,708</u>	<u>6</u>	<u>79,378</u>	<u>6</u>
		<u>158,646</u>	<u>11</u>	<u>193,509</u>	<u>14</u>
6900	Net operating income (loss)	<u>214,123</u>	<u>15</u>	<u>198,152</u>	<u>15</u>
7000	Non-operating income and expenses:				
7100	Total interest income	3,425	-	7,628	1
7010	Other income (note 6(l) and 7)	3,982	-	6,566	-
7020	Other gains and losses	(134)	-	-	-
7050	Finance costs, net (notes 6(s))	(18,001)	(1)	(4,653)	-
7070	Share of profit (loss) of associates and joint ventures accounted for using equity method, net	<u>8,686</u>	<u>1</u>	<u>11,603</u>	<u>1</u>
		<u>(2,042)</u>	<u>-</u>	<u>21,144</u>	<u>2</u>
7900	Profit (loss) from continuing operations before tax	212,081	15	219,296	17
7950	Less: Income tax expenses (profits) (note 6(n))	<u>(10,197)</u>	<u>(1)</u>	<u>36,321</u>	<u>3</u>
	Profit (loss)	<u>222,278</u>	<u>16</u>	<u>182,975</u>	<u>14</u>
8300	Other comprehensive income:				
8310	Components of other comprehensive income that will not be reclassified to profit or loss				
8316	Unrealized gains (losses) from investments in equity instruments measured at fair value through other comprehensive income (note 6(o))	42,660	3	7,920	1
8330	Share of other comprehensive income of subsidiaries, associates and joint ventures accounted for using equity method, components of other comprehensive income that will not be reclassified to profit or loss	-	-	(78)	-
8349	Income tax related to components of other comprehensive income that will not be reclassified to profit or loss	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
8300	Other comprehensive income	<u>42,660</u>	<u>3</u>	<u>7,842</u>	<u>1</u>
	Total comprehensive income	<u>\$ 264,938</u>	<u>19</u>	<u>190,817</u>	<u>15</u>
	Basic earnings per share (note 6(p))				
	Basic earnings per share(NT dollars)	<u>\$ 0.68</u>		<u>0.53</u>	
	Diluted earnings per share(NT dollars)	<u>\$ 0.68</u>		<u>0.53</u>	

See accompanying notes to parent company only financial statements.

(English Translation of Parent Company Only Financial Statements Originally Issued in Chinese)
SAN FAR PROPERTY LIMITED
Statements of Changes in Equity
For the years ended December 31, 2021 and 2020
(Expressed in Thousands of New Taiwan Dollars)

	Retained earnings					Total other equity interest	Treasury shares	Total equity
	Ordinary shares	Capital surplus	Legal reserve	Unappropriated retained earnings	Total retained earnings	Unrealized gains (losses) on financial assets measured at fair value through other comprehensive income		
Balance at January 1, 2020	\$ 3,008,209	286,998	417,104	2,985,231	3,402,335	10,800	-	6,708,342
Profit (loss)	-	-	-	182,975	182,975	-	-	182,975
Other comprehensive income	-	-	-	(78)	(78)	7,920	-	7,842
Total comprehensive income	-	-	-	182,897	182,897	7,920	-	190,817
Appropriation and distribution of retained earnings:								
Legal reserve appropriated	-	-	158,850	(158,850)	-	-	-	-
Cash dividends of ordinary share	-	-	-	(90,246)	(90,246)	-	-	(90,246)
Stock dividends of ordinary share	300,821	-	-	(300,821)	(300,821)	-	-	-
Other changes in capital surplus:								
Cash dividends from capital surplus	-	(90,246)	-	-	-	-	-	(90,246)
Purchase of treasury share	-	-	-	-	-	-	(178,324)	(178,324)
Balance at December 31, 2020	3,309,030	196,752	575,954	2,618,211	3,194,165	18,720	(178,324)	6,540,343
Profit (loss)	-	-	-	222,278	222,278	-	-	222,278
Other comprehensive income	-	-	-	-	-	42,660	-	42,660
Total comprehensive income	-	-	-	222,278	222,278	42,660	-	264,938
Appropriation and distribution of retained earnings:								
Legal reserve appropriated	-	-	18,290	(18,290)	-	-	-	-
Cash dividends of ordinary share	-	-	-	(93,301)	(93,301)	-	-	(93,301)
Stock dividends of ordinary share	155,502	-	-	(155,502)	(155,502)	-	-	-
Other changes in capital surplus:								
Purchase of treasury share	-	-	-	-	-	-	(167,409)	(167,409)
Retirement of treasury share	(198,990)	(10,797)	-	(135,946)	(135,946)	-	345,733	-
Balance at December 31, 2021	\$ 3,265,542	185,955	594,244	2,437,450	3,031,694	61,380	-	6,544,571

See accompanying notes to parent company only financial statements.

(English Translation of Parent Company Only Financial Statements Originally Issued in Chinese)
SAN FAR PROPERTY LIMITED

Statements of Cash Flows

For the years ended December 31, 2021 and 2020

(Expressed in Thousands of New Taiwan Dollars)

	2021	2020
Cash flows from (used in) operating activities:		
Profit before tax	\$ 212,081	219,296
Adjustments:		
Adjustments to reconcile profit (loss):		
Depreciation expense	2,255	1,536
Amortization expense	496	250
Net loss on financial assets or liabilities at fair value through profit or loss	79	-
Interest expense	18,001	4,653
Interest income	(3,425)	(7,628)
Share of loss (profit) of subsidiaries, associates and joint ventures accounted for using equity method	(8,686)	(11,603)
Total adjustments to reconcile profit (loss)	8,720	(12,792)
Changes in operating assets and liabilities:		
Changes in operating assets:		
(Increase) decrease in notes receivable	(30)	500
Decrease in accounts receivable	44	132,854
(Increase) decrease in inventories	(4,449,717)	135,291
(Increase) decrease in prepayments	(26,696)	26,929
(Increase) decrease in other current assets	(6,015)	4,372
Decrease (increase) in other financial assets	34,387	(111,939)
Decrease in assets recognised as incremental costs to obtain contract with customers	(54,798)	(13,211)
Total changes in operating assets	(4,502,825)	174,796
Changes in operating liabilities:		
Increase in contract liabilities	189,254	125,171
Increase (decrease) in notes payable	103,096	(61,188)
Increase (decrease) in accounts payable	64,789	(47,050)
Increase (decrease) in other payable	21,242	(76,380)
Increase (decrease) in other current liabilities	4,720	(10,955)
Total changes in operating liabilities	383,101	(70,402)
Total changes in operating assets and liabilities	(4,119,724)	104,394
Total adjustments	(4,111,004)	91,602
Cash inflow (outflow) generated from operations	(3,898,923)	310,898
Interest paid	(114,816)	(99,506)
Income taxes paid	(62,022)	(17,318)
Net cash flows from (used in) operating activities	(4,075,761)	194,074

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

SAN FAR PROPERTY LIMITED

Statements of Cash Flows (CONT'D)

For the years ended December 31, 2021 and 2020

(Expressed in Thousands of New Taiwan Dollars)

	<u>2021</u>	<u>2020</u>
Cash flows from (used in) investing activities:		
Acquisition of financial assets at fair value through other comprehensive income	(4,508)	-
Acquisition of property, plant and equipment	(422)	(160)
Increase in refundable deposits	8	(350)
Acquisition of intangible assets	(320)	(979)
(Increase) decrease in other financial assets	(231,303)	65,056
Interest received	3,425	7,628
Dividends received	<u>3,810</u>	<u>2,273</u>
Net cash flows from (used in) investing activities	<u>(229,310)</u>	<u>73,468</u>
Cash flows from (used in) financing activities:		
Increase in short-term loans	4,878,770	396,900
Decrease in short-term loans	(1,451,088)	-
Increase in short-term notes and bills payable	140,000	-
Proceeds from issuing bonds	599,155	-
Repayments of bonds	-	(1,000,000)
Increase in other non-current liabilities	358	215
Cash dividends paid	(93,301)	(180,492)
Payments to acquire treasury shares	(167,409)	(178,324)
Issuance of preference shares by subsidiaries	<u>(293)</u>	<u>-</u>
Net cash flows from (used in) financing activities	<u>3,906,192</u>	<u>(961,701)</u>
Net increase (decrease) in cash and cash equivalents	<u>(398,879)</u>	<u>(694,159)</u>
Cash and cash equivalents at beginning of period	<u>2,496,225</u>	<u>3,190,384</u>
Cash and cash equivalents at end of period	<u><u>\$ 2,097,346</u></u>	<u><u>2,496,225</u></u>

See accompanying notes to parent company only financial statements.

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

SAN FAR PROPERTY LIMITED

Notes to the Financial Statements

For the years ended December 31, 2021 and 2020

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

(1) Company history

SAN FAR PROPERTY LIMITED (the “Company”), was incorporated in 1993 as a company limited by shares under the Company Act of the Republic of China (R.O.C.). The major business activities are residential and building development, leasing and sales, and real estate leasing.

The company was renamed San Far Property Limited in May 2012 by a resolution of the shareholders’ meeting. It was listed and traded on the Taiwan Stock Exchange since September 17, 2013.

(2) Approval date and procedures of the financial statements:

The individual financial report was approved and released by the board of directors on March 30, 2022.

(3) New standards, amendments and interpretations adopted:

- (a) The impact of the International Financial Reporting Standards (“IFRSs”) endorsed by the Financial Supervisory Commission, R.O.C. which have already been adopted.

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

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

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

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

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

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

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

(Continued)

SAN FAR PROPERTY LIMITED
Notes to the Financial Statements

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

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

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

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

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

- Amendments to IFRS 10 and IAS 28 “Sale or Contribution of Assets Between an Investor and Its Associate or Joint Venture”
- IFRS 17 “ Insurance Contracts” and amendments to IFRS 17 “ Insurance Contracts”
- Amendments to IAS 1 “Disclosure of Accounting Policies”
- Amendments to IAS 8 “Definition of Accounting Estimates”
- Amendments to IAS 12 “Deferred Tax related to Assets and Liabilities arising from a Single Transaction”

(Continued)

SAN FAR PROPERTY LIMITED
Notes to the Financial Statements

(4) Summary of significant accounting policies:

The significant accounting presented in the parent company only financial statements are summarized below. The following accounting policies were applied consistently throughout the periods presented in the individual financial statement.

(a) Statement of compliance

These financial statements have been prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers (hereinafter referred to as “the Regulations”).

(b) Basis of preparation

(i) Basis of measurement

Except for the following significant accounts, the consolidated financial statements have been prepared on a historical cost basis:

- 1) Financial instruments measured at fair value through profit or loss are measured at fair value;
- 2) Financial assets at fair value through other comprehensive income are measured at fair value;

(ii) Functional and presentation currency

The functional currency of each Group entity is determined based on the primary economic environment in which the entity operates. The consolidated financial statements are presented in New Taiwan Dollar (NTD), which is the Company’s functional currency. All financial information presented in NTD has been rounded to the nearest thousand.

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

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

- (i) It is expected to be realized, or intended to be sold or consumed, in the normal operating cycle;
- (ii) It is held primarily for the purpose of trading;
- (iii) It is expected to be realized within twelve months after the reporting period; or
- (iv) The asset is cash or a cash equivalent (as defined in IAS 7) unless the asset is restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

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

An entity shall classify a liability as current when:

- (i) It is expected to be settled in the normal operating cycle;

(Continued)

SAN FAR PROPERTY LIMITED
Notes to the Financial Statements

- (ii) It is held primarily for the purpose of trading;
- (iii) It is due to be settled within twelve months after the reporting period; or
- (iv) The Company does not have an unconditional right to defer settlement of the liability for at least twelve months after the reporting period. Terms of a liability that could, at the option of the counterparty, result in its settlement by issuing equity instruments do not affect its classification.

(d) Cash and cash equivalents

Cash comprises cash on hand and demand deposits. Cash equivalents are 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.

(e) Financial instruments

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

(i) Financial assets

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

On initial recognition, a financial asset is classified as measured at: amortized cost and fair value through other comprehensive income (FVOCI) – equity investment.

Financial assets are not reclassified subsequent to their initial recognition unless the Company changes its business model for managing financial assets, in which case all affected financial assets are reclassified on the first day of the first reporting period following the change in the business model.

1) Financial assets measured at amortized cost

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

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

(Continued)

SAN FAR PROPERTY LIMITED
Notes to the Financial Statements

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

2) Fair value through other comprehensive income (FVOCI)

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

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

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

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

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

Dividend income is recognized in profit or loss on the date on which the Company's right to receive payment is established.

3) Fair value through profit or loss (FVTPL)

All financial assets not classified as amortized cost or FVOCI described as above are measured at FVTPL, including derivative financial assets. Trade receivables that the Group intends to sell immediately or in the near term are measured at FVTPL; however, they are included in the 'trade receivables' line item. On initial recognition, the Group may irrevocably designate a financial asset, which meets the requirements to be measured at amortized cost or at FVOCI, as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

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

(Continued)

SAN FAR PROPERTY LIMITED
Notes to the Financial Statements

4) Impairment of financial assets

The Company recognizes loss allowances for expected credit losses (ECL) on financial assets measured at amortized cost (including cash and cash equivalents, notes and accounts receivables, other financial assets and refundable deposits), debt investments measured at FVOCI and contract assets.

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

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

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

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

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

The Company considers a financial asset to be in default when the financial asset is more than 1 year past due.

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

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

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

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

(Continued)

SAN FAR PROPERTY LIMITED
Notes to the Financial Statements

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

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

- significant financial difficulty of the borrower or issuer;
- a breach of contract such as a default or being more than 90 days past due;
- it is probable that the borrower will enter bankruptcy or other financial reorganization; or
- the disappearance of an active market for a security because of financial difficulties.

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

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

5) Derecognition of financial assets

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

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

(Continued)

SAN FAR PROPERTY LIMITED
Notes to the Financial Statements

(ii) Financial liabilities and equity instruments

1) Classification of debt or equity

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

2) Equity instrument

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

3) Treasury shares

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

4) Financial liabilities

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

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

5) Derecognition of financial liabilities

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

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

(Continued)

SAN FAR PROPERTY LIMITED
Notes to the Financial Statements

6) Offsetting of financial assets and liabilities

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

(f) Inventories

Inventories are measured at the lower of cost and net realizable value. The cost of inventories is calculated using the weighted average method, and includes expenditure incurred in acquiring the inventories, production or conversion costs, and other costs incurred in bringing them to their present location and condition. The cost of inventories includes expenditures incurred in bringing them to their existing location and condition and capitalized costs.

Net realizable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and selling expenses. The net realizable value is estimated as follows:

(i) Land held for construction

Net realizable value is estimated based on the current market conditions of the authorities.

(ii) Construction-in-progress

Net realizable value is the estimated selling price (based on the current market condition), less the estimated costs upon completion and selling expenses.

(iii) Properties and land held

Net realizable value is the estimated selling price (based on the current market condition), less the estimated costs and selling expenses.

(g) Investment in associates

Investments in associates are accounted for using the equity method and are recognized initially at cost during the financial reporting periods. Under the equity method, the current profit and loss and other comprehensive profit and loss of the individual financial report are the same as those in the consolidated financial report attributed to the owner of the parent company. Furthermore, the owner's equity of the individual financial report is the same as that of the parent company's in the consolidated financial report.

If the Company's ownership and equity changes in subsidiaries do not result in the loss of control, it is regarded and dealt as an equity transaction between the owners.

(h) Investment property

Investment property is property held either to earn rental income or for capital appreciation or for both, but not for sale in the ordinary course of business, use in the production or supply of goods or services or for administrative purposes. Investment property is initially measured at cost and subsequently at fair value with any change therein recognized in profit or loss.

(Continued)

SAN FAR PROPERTY LIMITED
Notes to the Financial Statements

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

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

(i) Property, plant and equipment

(i) Recognition and measurement

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

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

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

(ii) Subsequent expenditure

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

(iii) Depreciation

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

Land is not depreciated.

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

1) Buildings	50 years
2) Transportation equipment	5 years
3) Office equipemnt	3~5 years

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

(j) Lease

(i) Identifying a lease

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

(Continued)

SAN FAR PROPERTY LIMITED
Notes to the Financial Statements

(ii) As a lessee

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

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

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

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

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

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

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

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

(Continued)

SAN FAR PROPERTY LIMITED
Notes to the Financial Statements

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

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

The Company has elected not to recognize right-of-use assets and lease liabilities for short-term leases of machinery, and instead, recognize related lease payments as expenses on a straight-line basis during the lease period.

For sale-and-leaseback transactions, the Company applies the requirements for determining when a performance obligation is satisfied in IFRS15 to determine whether the transfer of an asset is accounted for as a sale of the asset. If the transfer of an asset satisfies the requirement of IFRS15 to be accounted for as a sale of the asset, the Company derecognizes the transferred asset, then measures the right-of-use asset arising from the leaseback at the proportion of the previous carrying amount of the asset that relates to the right of use retained. Accordingly, the Company recognizes only the amount of any gain or loss that relates to the rights transferred to the buyer-lessor. For leaseback transaction, the Company applies the lessee accounting policy. If the transfer of an asset does not satisfy the requirement of IFRS15 to be accounted for as a sale of the asset, the Company continues to recognize the transferred asset and recognizes the financial liability equal to the transfer proceeds.

(iii) As a lessor

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

When the Company is an intermediate lessor, it accounts for its interests in the head lease and the sub-lease separately. It assesses the lease classification of a sub-lease with reference to the right-of-use asset arising from the head lease. If a head lease is a short-term lease to which the Company applies the exemption described above, then it classifies the sub-lease as an operating lease.

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

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

(Continued)

SAN FAR PROPERTY LIMITED
Notes to the Financial Statements

(k) Intangible assets

(i) Recognition and measurement

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

(ii) Subsequent expenditure

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

(iii) Amortization

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

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

Computer software	1 ~ 3 years
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Amortization methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate.

(l) Impairment of non-financial assets

At each reporting date, the Company reviews the carrying amounts of its non-financial assets (other than inventories, contract assets, deferred tax assets and investment properties and biological assets, measured at fair value, less costs) to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated.

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

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

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

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

(Continued)

SAN FAR PROPERTY LIMITED
Notes to the Financial Statements

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

(m) Revenue from contracts with customers

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

1) Land development and sale of real estate

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

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

2) Financing components

The Company does not expect the time interval between the transfer of promised goods or services to customer and the payment made within any contract to exceeds more than one year. Therefore, the Company does not adjust any of the transaction price for the time value of money.

(Continued)

SAN FAR PROPERTY LIMITED
Notes to the Financial Statements

(iv) Contract costs

1) Incremental costs of obtaining a contract

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

The Company applies the practical expedient to recognize the incremental costs of obtaining a contract as an expense when incurred if the amortization period of the asset that the entity otherwise would have recognized is one year or less.

(n) Employee benefits

(i) Defined contribution plans

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

(ii) Short-term employee benefits

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

(o) Income Taxes

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

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

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

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

(Continued)

SAN FAR PROPERTY LIMITED
Notes to the Financial Statements

- (ii) temporary differences related to investments in subsidiaries, associates and joint arrangements to the extent that the Company is able to control the timing of the reversal of the temporary differences and it is probable that they will not reverse in the foreseeable future; and
- (iii) taxable temporary differences arising on the initial recognition of goodwill.

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

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

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

- (i) the Company has a legally enforceable right to set off current tax assets against current tax liabilities; and
 - (ii) the deferred tax assets and the deferred tax liabilities relate to income taxes levied by the same taxation authority on either:
 - 1) the same taxable entity; or
 - 2) different taxable entities which intend to settle current tax assets and liabilities on a net basis, or to realize the assets and liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.
- (p) Earnings per share

The Company discloses the Company's basic and diluted earnings per share attributable to ordinary shareholders of the Company. Basic earnings per share is calculated as the profit attributable to ordinary shareholders of the Company divided by the weighted average number of ordinary shares outstanding. Diluted earnings per share is calculated as the profit attributable to ordinary shareholders of the Company divided by the weighted average number of ordinary shares outstanding after adjustment for the effects of all potentially dilutive ordinary shares. The company's potentially diluted ordinary shares include dividends to employees based on share-based payment.

- (q) Operating segments

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

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

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

(Continued)

SAN FAR PROPERTY LIMITED
Notes to the Financial Statements

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

Information about judgments made in applying accounting policies that have the most significant effects on the amounts recognized in the consolidated financial statements is as follows:

(a) Inventory valuation

Inventories are measured at the lower of cost and net realizable value. Company's evaluate the selling price in the market is below the cost and write off the cost of inventory to net realizable value. The estimation of net realizable value is based on current market conditions. Please refer note 6(d) for inventory valuation.

(6) Explanation of significant accounts:

(a) Cash and cash equivalents

	December 31, 2021	December 31, 2020
Petty cash	\$ 220	195
Demand deposits	2,097,126	1,174,121
Check deposits	-	15,834
Bonds with resale agreements	-	1,306,075
Cash and cash equivalents in the statement of cash flows	\$ 2,097,346	2,496,225

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

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

	December 31, 2021	December 31, 2020
Equity investments at fair value through other comprehensive income		
Listed common share of domestic company	\$ 122,580	79,920

- (i) The Company designated the investments shown above as equity securities at fair value through other comprehensive income because these equity securities represent those investments that the Company intends to hold for long-term strategic purposes.
- (ii) The company did not dispose any strategic investment in 2021 and 2020, and the accumulated profits and losses during the period were not transferred in equity.
- (iii) For credit risk (including the impairment of debt investments) and market risk, please refer to note 6(t).
- (iv) The above financial assets have not been used as guarantees for long-term and short-term loans and financing collateral.

(Continued)

SAN FAR PROPERTY LIMITED
Notes to the Financial Statements

(c) Inventory

	December 31, 2021	December 31, 2020
Construction in progress	\$ 6,469,569	5,000,729
Properties and Land held for sale	2,632,760	2,240,498
Land held for construction sites	<u>2,713,135</u>	<u>52,835</u>
Total	<u>\$ 11,815,464</u>	<u>7,294,062</u>
Inventory expected to be recovered after more than twelve months	<u>\$ 8,142,407</u>	<u>3,833,802</u>

- (i) Since construction inventory must be priced at the lower of cost and net realizable value, the Company must use judgment and estimation to determine the net realizable value of construction inventory at the end of the financial reporting period. The Company estimates the net realizable value based on historical experience and estimation of the future of the market, hence significant changes might occur.
- (ii) The Company did not recognize inventory loss in 2021 and 2020.
- (iii) Please refer to Note 8 for details of pledged inventory during the year ended December 31, 2021 and 2020.

(d) Incremental costs of obtaining a contract

The Company expects to recover the commission paid to the agency company for obtaining the real estate sales contract, therefore, it is recognized as an asset. It is amortized when the revenue from the sale of real estate is recognized, and the amortization expenses of \$74,634 thousand and \$113,342 thousand were recognized in 2021 and 2020 under selling expense.

(e) Investments accounted for using equity method

A summary of the Company's financial information for investments accounted for using the equity method at the reporting date is as follows:

	December 31, 2021	December 31, 2020
Associates	<u>\$ 181,083</u>	<u>176,207</u>

Please refer to the consolidated financial report for relevant information of associates.

(Continued)

SAN FAR PROPERTY LIMITED
Notes to the Financial Statements

(f) Property, plant and equipment

The cost, depreciation, and impairment of the property, plant and equipment of the Company for the years ended December 31, 2021 and 2020, were as follows:

	<u>Land</u>	<u>Buildings and construction</u>	<u>Other facilities (Including transportation and office equipment)</u>	<u>Total</u>
Cost or deemed cost:				
Balance on January 1, 2021	\$ 57,169	35,554	3,064	95,787
Additions	-	-	422	422
Disposal	-	-	(782)	(782)
Balance on December 31, 2021	<u>\$ 57,169</u>	<u>35,554</u>	<u>2,704</u>	<u>95,427</u>
Balance on January 1, 2020	\$ 57,169	35,554	3,031	95,754
Additions	-	-	160	160
Disposal	-	-	(127)	(127)
Balance on December 31, 2020	<u>\$ 57,169</u>	<u>35,554</u>	<u>3,064</u>	<u>95,787</u>
Depreciation and impairments loss:				
Balance on January 1, 2021	\$ -	16,441	2,324	18,765
Depreciation	-	697	246	943
Disposal	-	-	(782)	(782)
December 31, 2021	<u>\$ -</u>	<u>17,138</u>	<u>1,788</u>	<u>18,926</u>
Balance on January 1, 2020	\$ -	15,744	2,264	18,008
Depreciation	-	697	187	884
Disposal	-	-	(127)	(127)
Balance on January 1, 2020	<u>\$ -</u>	<u>16,441</u>	<u>2,324</u>	<u>18,765</u>
Carrying amounts:				
Balance on December 31, 2021	<u>\$ 57,169</u>	<u>18,416</u>	<u>916</u>	<u>76,501</u>
Balance on December 31, 2020	<u>\$ 57,169</u>	<u>19,113</u>	<u>740</u>	<u>77,022</u>

Please refer to note 8 for more information on pledged inventories and financing collateral.

(g) Investment property

Investment property comprises office buildings that are leased to third parties under operating leases, including properties that are held as right-of-use assets, as well as properties that are owned by the Group. The leases of investment properties contain an initial non-cancellable lease term of 5 to 10 years. Some leases provide the lessees with options to extend at the end of the term.

(Continued)

SAN FAR PROPERTY LIMITED
Notes to the Financial Statements

For all investment property leases, the rental income is fixed under the contracts.

	<u>Land</u>	<u>Buildings and construction</u>	<u>Total</u>
Cost or deemed cost:			
Balance on January 1, 2021	\$ 24,267	43,615	67,882
Transfer from inventory	<u>16,043</u>	<u>9,698</u>	<u>25,741</u>
Balance on December 31, 2021	<u>\$ 40,310</u>	<u>53,313</u>	<u>93,623</u>
Balance on January 1, 2020	\$ 9,263	29,779	39,042
Transfer from inventory	<u>15,004</u>	<u>13,836</u>	<u>28,840</u>
Balance on December 31, 2020	<u>\$ 24,267</u>	<u>43,615</u>	<u>67,882</u>
Depreciation and impairments loss:			
Balance on January 1, 2021	\$ -	1,041	1,041
Depreciation	<u>-</u>	<u>1,014</u>	<u>1,014</u>
Balance on December 31, 2021	<u>\$ -</u>	<u>2,055</u>	<u>2,055</u>
Balance on January 1, 2020	\$ -	389	389
Depreciation	<u>-</u>	<u>652</u>	<u>652</u>
Balance on December 31, 2020	<u>\$ -</u>	<u>1,041</u>	<u>1,041</u>
Carrying amounts:			
Balance on December 31, 2021	<u>\$ 40,310</u>	<u>51,258</u>	<u>91,568</u>
Balance on December 31, 2020	<u>\$ 24,267</u>	<u>42,574</u>	<u>66,841</u>

Please refer to note 8 for more information on pledged Investment properties and financing collateral.

(h) Short-term notes and bills payable

	<u>December 31, 2021</u>	
	<u>Guarantee or acceptance institute</u>	<u>Range of interest rate</u>
		<u>Amount</u>
Commercial paper payable	Financial institute	1.94% <u>\$ 140,000</u>

(i) Short-term borrowings

The short-term borrowings were summarized as follows:

	<u>December 31, 2021</u>	<u>December 31, 2020</u>
Secured bank loans	<u>\$ 4,967,892</u>	<u>1,540,210</u>
Unsecured bank loans	<u>\$ 5,315,900</u>	<u>3,719,860</u>
Range of interest rates	<u>0.94%~2.25%</u>	<u>1.75%~2.06%</u>

(Continued)

SAN FAR PROPERTY LIMITED
Notes to the Financial Statements

(i) The issue of bank loan and repayment

For the years ended December 31, 2021 and 2020, the incremental amounts are \$4,878,770 thousand and \$396,900 thousand, respectively; the repayment amounts are \$1,451,088 thousand and zero, respectively.

(ii) Collateral for Bank Loans

For the collateral for short-term borrowings, please refer to note 8.

(j) Bonds payable/ Bonds due or executed within one year or one business cycle

The details of unsecured convertible bonds were as follows:

	December 31, 2021	December 31, 2020
Secured convertible bonds, non-current	\$ 2,798,452	2,198,773
Less: Bonds due or executed with one year or one business cycle	(999,808)	-
	\$ 1,798,644	2,198,773

(i) Please refer to note 6(s) for information of the Company's recognition on ordinary bonds and amortized interest expenses in 2021 and 2020.

(ii) Information of Company's secured corporate bonds were as follows:

Item	First secured ordinary corporate bond in 2017
1)Total issuance	\$1,000,000 thousand
2)Issuance date	2017.09.14
3)Interest rate	0.97%
4)Period ended	2017.09.14~2022.09.14
5)Repayment	Due five years from the issuance date
6)Guarantee agency	Agricultural Bank of Taiwan

Item	First secured ordinary corporate bond in 2019
1)Total issuance	\$1,200,000 thousand
2)Issuance date	2019.01.07
3)Interest rate	0.96%
4)Period ended	2019.01.07~2024.01.07
5)Repayment	Due five years from the issuance date
6)Guarantee agency	Taiwan Business Bank Co., Ltd.

(Continued)

SAN FAR PROPERTY LIMITED
Notes to the Financial Statements

<u>Item</u>	<u>First secured ordinary corporate bond in 2021</u>
1)Total issuance	\$600,000 thousand
2)Issuance date	2021.12.24
3)Interest rate	0.67%
4)Period ended	2021.12.24~2026.12.24
5)Repayment	Due five years from the issuance date
6)Guarantee agency	Agricultural Bank of Taiwan

Please refer to Note 8 for details of pledged assets with guarantee.

(k) Contract liability

	<u>December 31,</u> <u>2021</u>	<u>December 31,</u> <u>2020</u>
Land	\$ 48,514	20
Buildings	<u>370,007</u>	<u>229,247</u>
	<u>\$ 418,521</u>	<u>229,267</u>
Amount expected to be realized after twelve months	<u>\$ 198,331</u>	<u>191,742</u>

Please refer to note 9(a) for the total price of the real estate of signed provisions listed above.

As of December 31, 2021 and 2020, the company signed a trust deed with Sunny Bank in relation to the Lilin Section Construction Project and commissioned Sunny Bank to manage the fund of payments from pre-selling house owner. The Company's fund balance is \$17,580 thousand and \$52,261 thousand respectively (under other financial assets, current) under the term of trust, which is the time between the license date upon final completion and the ownership registration. In addition, there is no delayed trust delivery on any payments received from pre-selling house owners. The funds in the trust account shall only be used exclusively for payments of the project, taxes and expenses relevant to the project.

(l) Operating lease

Leases as lessor

The Company leases out its investment property. The Company has classified these leases as operating leases, because it does not transfer substantially all of the risks and rewards incidental to the ownership of the assets.

(Continued)

SAN FAR PROPERTY LIMITED
Notes to the Financial Statements

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

	<u>December 31, 2021</u>	<u>December 31, 2020</u>
Less than one year	\$ 3,934	2,364
One to two years	4,091	2,396
Two to three years	4,164	2,418
Three to four years	4,180	2,470
Four to five years	2,807	2,486
More than five years	<u>7,349</u>	<u>9,873</u>
	<u>\$ 26,525</u>	<u>22,007</u>

Rental income from investment properties was \$3,271 thousand and \$1,637 thousand for the years ended December 31, 2021 and 2020, respectively.

(m) Employee benefit

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

The pension costs incurred from the contributions to the Bureau of the Labor Insurance amounted to \$2,216 thousand and \$1,946 thousand for the years ended December 31, 2021 and 2020, respectively.

(n) Income tax

(i) The components of income tax in the years 2021 and 2020 were as follows:

	<u>For the years ended December 31</u>	
	<u>2021</u>	<u>2020</u>
Current tax expense		
Current period	\$ 418	-
Additional surtax on unappropriated earnings	-	51,929
Land value increment tax	<u>10,502</u>	<u>11,365</u>
	<u>10,920</u>	<u>63,294</u>
Deferred tax expense		
Change in reversal and unrecognized deductible temporary differences	(5,330)	(16,673)
Recognition of previously unrecognized tax losses	<u>(15,787)</u>	<u>(10,300)</u>
	<u>(21,117)</u>	<u>(26,973)</u>
Tax expense (profit)	<u>\$ (10,197)</u>	<u>36,321</u>

(Continued)

SAN FAR PROPERTY LIMITED
Notes to the Financial Statements

(ii) Reconciliation of income tax and profit before tax for 2021 and 2020 is as follows.

	For the years ended December 31	
	2021	2020
Profit excluding income tax	\$ 212,081	219,296
Income tax expense at domestic statutory tax rate	42,416	43,859
Land tax exempt income	(48,929)	(54,133)
Book-tax difference of capitalization	(15,011)	(13,040)
Profit or loss from investment using equity method	(1,737)	(2,321)
Unrecognized tax losses from the previous period	(15,787)	(10,300)
Land value increment tax	10,502	11,365
Additional surtax on unappropriated earnings	-	51,929
Others	18,349	8,962
	\$ (10,197)	36,321

(iii) Deferred tax assets and liabilities

1) Unrecognized deferred tax assets

Deferred tax assets have not been recognized in respect of the following items:

	December 31, 2021	December 31, 2020
Tax loss carryforward	\$ -	15,787

The R.O.C. Income Tax Act allows net losses, as assessed by the tax authorities, to offset taxable income over a period of ten years for local tax reporting purposes. Deferred tax assets have not been recognized in respect of these items because it is not probable that future taxable profit will be available against which the Company can utilize the benefits therefrom.

2) Recognized deferred tax assets and liabilities

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

	Deferred Tax Assets		
	Tax loss carryforward	Others	Total
Balance on January 1, 2021	\$ 87,801	2,613	90,414
Recognized in profit or loss	22,185	(1,068)	21,117
Balance on December 31, 2021	\$ 109,986	1,545	111,531
Balance on January 1, 2020	\$ 60,870	2,571	63,441
Recognized in profit or loss	26,931	42	26,973
Balance on December 31, 2020	\$ 87,801	2,613	90,414

(Continued)

SAN FAR PROPERTY LIMITED
Notes to the Financial Statements

As of December 31, 2021, the information of the Company's unused tax losses for which no deferred tax assets were recognized are as follows:

Year of loss	Unused tax loss	Expiry date
2015	\$ 3,923	2025
2016	88,865	2026
2017	27,069	2027
2019	269,289	2029
2020	125,367	2030
2021	35,421	2031
	\$ 549,934	

(iv) Assessment of tax

The Company's tax returns for the years through 2020 were assessed by the Taipei National Tax Administration.

(o) Capital and other equity

As of December 31, 2021 and 2020, the total value of authorized ordinary shares were amounted to \$4,500,000 thousand and \$3,800,000 thousand, respectively with par value of \$10 per share. As of that date, the number of ordinary shares issued were 326,554 thousand and 330,903 thousand in December 31, 2021 and 2020, respectively. All issued shares were paid up upon issuance.

(i) Ordinary shares

A resolution was passed during the shareholder's meeting held on 27 July, 2021, and 29 June, 2020, for the issuance of capital surplus transferred to common stock with a 15,550 thousand shares and 9,899 thousand shares, amounted to \$155,502 thousand and \$300,821 thousand. The related registration procedures were completed.

A resolution was passed during the shareholder's meeting held on 19, April, 2021, and 10 November, 2020, for the cancellation of the treasury stock 10,000 thousand and 9,899 thousand stocks, amounting to \$100,000 thousand and \$98,990 thousand, respectively. The related registration procedures were completed.

(ii) Capital surplus

	December 31, 2021	December 31, 2020
Capital surplus—premium from issuance of stock	\$ 168,736	179,533
Employee share options	16,860	16,860
Other	359	359
	\$ 185,955	196,752

(Continued)

SAN FAR PROPERTY LIMITED
Notes to the Financial Statements

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.

A resolution was passed during the shareholder's meeting held on 29 June 2020 for the issuance of transferring capital surplus to cash dividend. Relevant information on cash dividend attributed to owners of ordinary share were as follows:

	For the years ended	
	December 31	
	2019	
	Amount	Amount
	per share	Amount
Dividends distributed to ordinary shareholders:		
Cash	\$ 0.30	90,246

(iii) Retained earnings

According to the company's articles of association, if there is a surplus after the annual accounts, it shall be distributed in the following order:

- 1) Tax payment
- 2) Recovery of loss
- 3) Attribute ten percent of the current net profit as a statutory surplus reserve unless the statutory surplus reserve has reached the paid-in capital.
- 4) The special surplus reserve shall be set aside or transferred as required by laws and regulations or operations.
- 5) If there is a balance, it will be combined with the accumulated undistributed surplus of the previous year. Then the board of directors shall decide to retain or distribute shareholder dividends according to the capital condition and economic development of the current year, and finally submit it to the shareholders meeting for approval.

To pursue sustainable and stable business development, the Company considers capital needs and long-term financial planning, set dividend policies, and considers retained earnings and future profitability comprehensively to determine the amount that can be allocated each year. Dividends are issued in two ways: stock dividends and cash dividends. The proportion of cash dividends shall not be less than 10% of the total dividends for the year by principle. However, when the cash dividend per share is less than \$0.5, issuing stock dividends is allowed.

1) Legal reserve

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

(Continued)

SAN FAR PROPERTY LIMITED
Notes to the Financial Statements

2) Earnings distribution

Earnings distribution for 2020 was decided by the resolution of the shareholder' s meeting on 19 April, 2021 and 13 May, 2020 for that of 2019. In addition, the Company was approved by the shareholder's meeting on July 27, 2021 and June 29, 2020 to allocate cash with capital reserve in 2020 and 2019.

	For the years ended December 31			
	2020		2019	
	Amount per share (dollars)	Total amount	Amount per share (dollars)	Total amount
Dividends distributed to ordinary shareholders:				
Cash	\$ 0.30	93,301	0.30	90,246
Shares	0.50	<u>155,502</u>	1.00	<u>300,821</u>
Total		<u>\$ 248,803</u>		<u>391,067</u>

Note: The Company was approved by the shareholder' s meeting on June 29,2020, to allocate cash with capital reserve. Please refer to note 6(o) for detailed explanation.

(iv) Treasury shares

In 2021 and 2020, in accordance with the requirements under section 28(2) of the Securities and Exchange Act, the Company repurchased 10,000 thousand and 9,899 thousand shares, amounted to \$167,409 thousand and \$178,324 thousand, as treasury shares in order to protect the Company' s integrity and shareholders' equity. As of December 31, 2021, a total of 19,899 thousand shares were cancelled, total amount 345,733 thousand the telated registration produres were completed.

In accordance with the requirements of Securities and Exchange Act, treasury shares held by the Company should not be pledged, and do not hold any shareholder rights before their transfer.

(v) Other equity items

	Unrealized gains (losses) from financial assets measured at fair value through other comprehensive income
Balance on January 1, 2021	\$ 18,720
Unrealized gains (losses) from financial assets measured at fair value through other comprehensive income	42,660
Balance on December 31,2021	<u>\$ 61,380</u>

(Continued)

SAN FAR PROPERTY LIMITED
Notes to the Financial Statements

	Unrealized gains (losses) from financial assets measured at fair value through other comprehensive income
Balance on January 1, 2020	\$ 10,800
Unrealized gains (losses) from financial assets measured at fair value through other comprehensive income	7,920
Balance on December 31, 2020	<u><u>\$ 18,720</u></u>

(p) Earnings per share

(i) Basic earnings per share

The details on the calculation of basic earnings per share as of December 31, 2021 and 2020 was based on the profit attributable to ordinary shareholders of the Company and the weighted average number of ordinary shares outstanding, respectively, as follows:

1) Profit attributable to ordinary shareholders of the Company

	2021	2020
Profit/(loss) attributable to ordinary shareholders of the Company	<u><u>\$ 222,278</u></u>	<u><u>182,975</u></u>

2) Weighted average number of ordinary shares

Unit: thousand shares

	2021	2020
Weighted average number of ordinary shares	<u><u>328,698</u></u>	<u><u>343,099</u></u>
Basic earnings per share (NTD)	<u><u>\$ 0.68</u></u>	<u><u>0.53</u></u>

(ii) Diluted earnings per share

The details on the calculation of diluted earnings per share as of December 31, 2021 and 2020 was based on the profit attributable to ordinary shareholders of the Company and the weighted average number of ordinary shares outstanding after adjusting the effects of all dilutive potential ordinary shares, respectively, as follows:

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

	2021	2020
Profit/(loss) attributable to ordinary shareholders of the Company (diluted)	<u><u>\$ 222,278</u></u>	<u><u>182,975</u></u>

(Continued)

SAN FAR PROPERTY LIMITED
Notes to the Financial Statements

2) Weighted average number of ordinary shares (diluted)

Unit: thousand shares

	2021	2020
Weighted average number of ordinary shares(basic)	328,698	343,099
Effect of employee share bonus	170	426
Weighted average number of ordinary shares (diluted) at December 31	328,868	343,525
Diluted earnings per share (NTD)	\$ 0.68	0.53

(q) Revenue from contracts with customers

(i) Disaggregation of revenue

	For the years ended December 31	
	2021	2020
Primary geographical markets:		
Taiwan	\$ 1,438,415	1,342,142
Major products/services lines:		
Sales of real estate	\$ 1,438,415	1,342,142

(ii) Contract balances

	December 31, 2021	December 31, 2020	January 1, 2020
Notes receivables	\$ 30	-	500
Accounts receivables	-	44	132,898
Less: allowance for impairment	-	-	-
Total	\$ 30	44	133,398
Contract liabilities, selling of real estate	\$ 418,521	229,267	104,096

- 1) The amount of revenue recognized for the years ended December 31, 2021 and 2020 that was included in the contract liability balance at the beginning of the period were \$37,525 thousand and \$99,707 thousand, respectively.
- 2) The contract liabilities differences primarily relate to the time when the Company meets its performance obligations, which is transferring goods or services to the customers, and the time the payments are made.

(Continued)

SAN FAR PROPERTY LIMITED
Notes to the Financial Statements

(r) Employee compensation and directors' and supervisors' remuneration

According to the Articles of Association of the Company, the profit before tax not included in the employees' and Directors' remuneration during the year, if there is a surplus after making up for the losses, no more than 5% should be provided for directors' remuneration, and no less than 1% for employees' remuneration. The recipients of shares and cash may include the employees of affiliated companies who meet certain conditions, such conditions shall be stipulated by the Board of Directors.

The remuneration to employees amounted to \$2,164 thousand and \$2,238 thousand as well as the remunerations to directors amounted to \$2,164 thousand and \$2,238 thousand for the years ended December 31, 2021 and 2020, respectively. These amounts were calculated using the Company's net income before tax without the remunerations to employees and directors for each period, multiplied by the percentage which is stated under the Company's Article of Association. These remunerations were expensed under operating expenses for each period. The related information can be accessed from market observation post system website. There were no differences between the amounts of employees' and directors' remuneration allocated by the aforesaid Board resolutions and the amounts in the consolidated financial statements of 2021 and 2020.

(s) Finance costs

The details of finance costs were as follows:

	<u>2021</u>	<u>2020</u>
Interest expense		
Bank loans	\$ 67,302	25,361
Interest on corporate bonds	48,106	76,930
Other interest expense	19	3
Less: Capitalized interest	<u>(97,426)</u>	<u>(97,641)</u>
	<u>\$ 18,001</u>	<u>4,653</u>
Average capitalized interest rate	<u>0.67%~2.25%</u>	<u>0.96%~2.15%</u>

(t) Financial instruments

(i) Credit risk

1) Credit risk exposure

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

(Continued)

SAN FAR PROPERTY LIMITED
Notes to the Financial Statements

2) Concentration of credit risk

As the Company has a large customer base, it does not significantly concentrate on transactions with a single customer and the sales scope scattered; hence, geographically, there was no concentration of credit risk. To reduce credit risk, the Company also regularly and continuously evaluates the financial situation of customers, and usually does not require customers to provide collateral.

3) Credit risk of receivables and debt securities

Other financial assets at amortized cost includes other receivables.

All the above mentioned are financial assets considered to have a low risk, and thus, the impairment provision recognized during the period was limited to 12 months expected credit losses. Regarding how the financial instruments are considered to have low risk, please refer to note 4(e).

There is no loss allowance for the period ended December 31, 2021 and 2020, hence no losses are recognized.

(ii) Liquidity risk

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

	<u>Carrying amount</u>	<u>Contractual cash flows</u>	<u>1 year</u>	<u>1-5 years</u>	<u>Over 5 years</u>
December 31, 2021					
Non derivative financial liabilities					
Floating-interest-rate instruments	\$ 5,107,892	5,405,042	777,071	4,627,971	-
Fixed-interest-rate instruments	2,798,452	2,852,840	1,025,240	1,827,600	-
Non-interest-bearing liabilities	388,383	388,383	387,560	357	466
Lease liability (including current portion and non-current)	<u>601</u>	<u>613</u>	<u>307</u>	<u>306</u>	<u>-</u>
	<u>\$ 8,295,328</u>	<u>8,646,878</u>	<u>2,190,178</u>	<u>6,456,234</u>	<u>466</u>
December 31, 2020					
Non derivative financial liabilities					
Floating-interest-rate instruments	\$ 1,540,210	1,635,532	28,462	1,607,070	-
Fixed-interest-rate instruments	2,198,773	2,252,945	21,220	2,231,725	-
Non-interest-bearing liabilities	<u>198,811</u>	<u>198,811</u>	<u>198,334</u>	<u>-</u>	<u>477</u>
	<u>\$ 3,937,794</u>	<u>4,087,288</u>	<u>248,016</u>	<u>3,838,795</u>	<u>477</u>

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

(iii) Currency risk: None

(Continued)

SAN FAR PROPERTY LIMITED
Notes to the Financial Statements

(iv) Interest rate analysis

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

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

If the interest rate had increased/decreased by 1 basis points, the Company's net income would have increased/decreased by \$19,613 thousand and \$10,419 thousand for the years ended December 31, 2021 and 2020, respectively, with all other variable factors remaining constant. This is mainly due to the Company's borrowing at variable rates and investment in variable-rate bills. The Company's other comprehensive income would have increased/decreased by \$3,056 thousand and \$474 thousand for the years ended December 31, 2021 and 2020, respectively.

(v) Other market price risk

For the years ended December 31, 2021 and 2020, the sensitivity analyses for the changes in the securities price at the reporting date were performed using the same basis for the profit and loss as illustrated below:

<u>Price of securities at reporting date</u>	For the years ended December 31			
	2021		2020	
	Other comprehensive income after tax	Net income	Other comprehensive income after tax	Net income
Increasing 5%	\$ 6,129	177	3,996	-
Decreasing 5%	\$ (6,129)	(177)	(3,996)	-

(vi) Fair value of financial instruments

1) Financial instruments valuation

The Company uses market observable input values as much as possible when measuring its assets and liabilities. Fair value hierarchy with inputs to valuation techniques were as follows:

- Level 1: Open quotation (unadjusted) in assets and liabilities with active market.
- Level 2: Direct (the price) or indirect inferred from the price) observable input of assets and liabilities other than the open quotation of Level 1.
- Level 3: Inputs of assets and liabilities is not based on observable market information (non-observable input).

(Continued)

SAN FAR PROPERTY LIMITED
Notes to the Financial Statements

2) Valuation techniques for financial instruments measured at fair value

The Company is not required to disclose fair value information for loans, receivables, and financial liabilities measured at amortized cost whose carrying amount is reasonably close to the fair value and financial assets measured at cost that cannot be measured reasonably are not quoted in the active market. The Company disclosure of fair value information of financial assets and liabilities were as follows:

	December 31, 2021				
	Book Value	Fair Value			Total
		Level 1	Level 2	Level 3	
Financial assets at fair value through other comprehensive income					
Listed stock	\$ 122,580	122,580	-	-	122,580
Financial assets at fair value through profit or loss					
Privately offered fund	4,429	-	-	4,429	4,429
Financial assets measured at amortized cost					
Cash and cash equivalents	\$ 2,097,346	-	-	-	-
Notes and accounts receivable	30	-	-	-	-
Other financial assets, current	187,559	-	-	-	-
Other financial assets, non-current	371,583	-	-	-	-
Refundable deposits	3,338	-	-	-	-
Subtotal	2,659,856	-	-	-	-
Total	<u>\$ 2,786,865</u>	<u>122,580</u>	<u>-</u>	<u>4,429</u>	<u>127,009</u>
Financial liabilities measured at amortized cost					
Short-term loans	\$ 4,967,892	-	-	-	-
Bonds are or executed with one year or one business cycle	140,000	-	-	-	-
Corporate bonds payable	2,798,452	-	2,815,448	-	2,815,448
Notes payable, accounts payable (incl. related parties)	281,146	-	-	-	-
Other payables (incl. related parties)	106,402	-	-	-	-
Guarantee deposits	835	-	-	-	-
Lease liabilities	601	-	-	-	-
Total	<u>\$ 8,295,328</u>	<u>-</u>	<u>2,815,448</u>	<u>-</u>	<u>2,815,448</u>

(Continued)

SAN FAR PROPERTY LIMITED
Notes to the Financial Statements

	December 31, 2020				
	Book Value	Fair Value			Total
		Level 1	Level 2	Level 3	
Financial assets at fair value through other comprehensive income					
Listed stock	\$ 79,920	79,920	-	-	79,920
Financial assets measured at amortized cost					
Cash and cash equivalents	\$ 2,496,225	-	-	-	-
Notes and accounts receivable	44	-	-	-	-
Other financial assets, current	111,939	-	-	-	-
Other financial assets, non-current	250,287	-	-	-	-
Refundable deposits	3,346	-	-	-	-
Subtotal	2,861,841	-	-	-	-
Total	<u>\$ 2,941,761</u>	<u>79,920</u>	<u>-</u>	<u>-</u>	<u>79,920</u>
Financial liabilities measured at amortized cost					
Short-term loans	\$ 1,540,210	-	-	-	-
Corporate bonds payable (incl. related parties)	2,198,773	-	2,221,709	-	2,221,709
Notes and accounts payable (incl. related parties)	113,261	-	-	-	-
Other payables (incl. related parties)	85,073	-	-	-	-
Deposits received	477	-	-	-	-
Total	<u>\$ 3,937,794</u>	<u>-</u>	<u>2,221,709</u>	<u>-</u>	<u>2,221,709</u>

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

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

a) Financial liabilities measured at amortized cost

If the quoted prices in active markets are available, the market price is established as the fair value. However, if quoted prices in active markets are not available, the estimated valuation or prices used by competitors are adopted. The fair value of ordinary corporate bonds payable is measured by Level 2 input value, and the fair value is calculated based on the weighted average price of one hundred dollars at the reporting date of the Taipei Exchange.

(Continued)

SAN FAR PROPERTY LIMITED
Notes to the Financial Statements

- 4) Valuation techniques for financial instruments measured at fair value
- a) Non-derivative financial instruments

A financial instrument is regarded as being quoted in an active market if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service, or regulatory agency and those prices represent actual and regularly occurring market transactions on an arm's-length basis. Whether transactions are taking place 'regularly' is a matter of judgment and depends on the facts and circumstances of the market for the instrument.

Quoted market prices may not be indicative of the fair value of an instrument if the activity in the market is infrequent, the market is not well-established, only small volumes are traded, or bid-ask spreads are very wide. Determining whether a market is active involves judgment.

Measurements of fair value of financial instruments without an active market are based on a valuation technique or quoted price from a competitor. Fair value measured by a valuation technique can be extrapolated from similar financial instruments, the discounted cash flow method, or other valuation technique including a model using observable market data at the reporting date.

If the financial instruments held by the company have an active market, the fair values are listed below according to their categories and attributes:

· Fair value of listed redeemable corporate bonds listed(counter) company stocks, bills of exchange and corporate bonds are financial assets and financial liabilities that coordinate standard terms and conditions, are determined with reference to market quotes.

- 5) Transfers between Level 1 and Level 2

No transfers are made during 2021 and 2020, respectively.

- (u) Financial risk management

- (i) Overview

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

- 1) credit risk
- 2) liquidity risk
- 3) market risk

The following likewise discusses the Company's objectives, policies and processes for measuring and managing the risks mentioned above. For more disclosures about the quantitative effects of these risks exposures, please refer to the respective notes in the accompanying consolidated financial statements.

(Continued)

SAN FAR PROPERTY LIMITED
Notes to the Financial Statements

(ii) Structure of risk management

The Board of Directors has overall responsibility for the establishment and oversight of the risk management framework. The Board has established the Risk Management Committee, which is responsible for developing and monitoring the Company's risk management policies. The committee reports regularly to the Board of Directors on its activities.

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

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

(iii) Credit risk

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

1) Accounts and other receivables

The credit risk of the Company is affected by its clients individually based on their conditions. Accounts receivable generated by selling real estate has a lower credit risk since the payment is completed mostly by individuals through transfers, checks, or loans from the bank. The Company's has full control on its construction quality and progress since all projects are contracted out to the conformed and reputable building contractors based on the Company's contracting operation methods.

The Company discloses the estimation of accounts receivables' and other receivables' loss with allowance for bad debt account. Allowance for bad debt account is composed with specific losses and batch of unrecognized losses components. Unrecognized losses components are determined by historically statistical data from similar financial assets.

2) Investments

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

(Continued)

SAN FAR PROPERTY LIMITED
Notes to the Financial Statements

3) Guarantees

At December 31, 2021 and 2020, respectively, the Company has no outstanding guarantees.

(iv) Liquidity risk

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

(v) Market risk

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

(v) 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 or issue new shares.

The Company and other entities in the same industry use the debt-to-equity ratio to manage capital. This ratio is the total net debt divided by the total capital. The net debt from the balance sheet is derived from the total liabilities less cash and cash equivalents. The total capital and equity include share capital, capital surplus, retained earnings, and other equity plus net debt.

As of December 31, 2021, the Company's capital management strategy is consistent with the prior year as 2019, and the gearing ratio is maintained to ensure credit rating and ensure financing at reasonable cost. The Company's debt-to-equity ratio at the end of the reporting period as of December 31, 2021 and 2020, respectively, is as follows:

	December 31, 2021	December 31, 2020
Total liabilities	\$ 8,723,989	4,223,583
Less: cash and cash equivalents	<u>(2,097,346)</u>	<u>(2,496,225)</u>
Net debt	6,626,643	1,727,358
Total Equity	<u>6,544,571</u>	<u>6,540,343</u>
Adjusted equity	\$ 13,171,214	8,267,701
Debt-to-equity ratio	50%	21 %

The debt-to-equity ratio was increased on 31 December, 2021, due to the working capital needs then increased secured bank loans.

(Continued)

SAN FAR PROPERTY LIMITED
Notes to the Financial Statements

(7) Related-party transactions:

(a) Names and relationship with related parties

The followings are entities that have had transactions with related party during the periods covered in the consolidated financial statements:

<u>Name of related party</u>	<u>Relationship with the Group</u>
Jing Fu Xiang Construction Co., Ltd .	Subsidiary company
Jingo International Records Co., Ltd .	Subsidiary company
San Far Education Foundation	Other related parties
Pleasant Hotels International Inc.	Other related parties
Minfar Real Estate Development Co., Ltd.	Other related parties
Zenfar Architecture Co., Ltd.	Other related parties
Xian Ling, Yang	Other related parties
Zeng Rong, Zhung	Other related parties
Yueteng Advertising Co., Ltd.	Other related parties
Dage Advertising Co., Ltd.	Other related parties
Hong Tai Advertising Co., Ltd	Other related parties

(b) Significant transactions with related parties

(i) Sales

The amounts of significant sales by the Company to related parties were as follows:

	<u>Total contract price</u>		<u>Purchasing</u>		<u>Accumulated amount</u>	
	<u>December 31,</u>	<u>December 31,</u>	<u>2021</u>	<u>2020</u>	<u>2021</u>	<u>2020</u>
	<u>2021</u>	<u>2020</u>				
Subsidiary company \$	3,460,407	675,352	552,897	129,766	763,284	210,387
— JinFuXiang						
Other related parties	135,700	-	135,700	-	135,700	-
— Minfar						
Other related parties	1,596,000	-	1,596,000	-	1,596,000	-
— Sian Ling, Yang						
Other related parties	287,860	-	287,860	-	287,860	-
— Zeng Rong, Zhung						
Other related parties	407	-	407	-	407	-
	<u>\$ 5,480,374</u>	<u>675,352</u>	<u>2,572,864</u>	<u>129,766</u>	<u>2,783,251</u>	<u>210,387</u>

(Continued)

SAN FAR PROPERTY LIMITED
Notes to the Financial Statements

The Company signed a contract with its subsidiary – Jing Fu Xian Construction Co., Ltd., with the price based on the pricing procedure and the construction budget. The payment method is according to the contractual requirements and the progress of the construction in accordance with the estimation of the numbers of trials, with duration period ranging from 60 to 120 days. There is no relevant profit rate from, and payment condition to, non-related parties to compare with for the construction agreements entered into by the Company.

In January 2021, the Company purchased the land located in Kaohsiung, amounting to \$1,596,000 thousand, from a related party, Yang Hsien Ling, for its building construction to be sold thereafter. All relevant payments had been completed as of the reporting date.

In May 2021, the Company purchased the land located in Tainan, amounting to \$287,860 thousand, from a related party, Chung Tseng Jung, for its building construction to be sold thereafter. All relevant payments had been completed as of the reporting date. The above engagement with non-related parties is not comparable to other transactions.

In January and May 2021, the Company purchased the construction permits of the lands located in Kaohsiung and Tainan, amounting to \$108,000 thousand and \$27,700 thousand, respectively, from a related party, Ming Fa, for its building construction to be sold thereafter. All relevant payments had been completed as of the reporting date. The above engagements with non-related

parties is not comparable to other transactions.

(ii) Payables to Related Parties

The payables to related parties were as follows:

<u>Accounte</u>	<u>Relationship</u>	<u>December 31, 2021</u>	<u>December 31, 2020</u>
Notes and accounts payables	Subsidiary company – Jing Fu Xiang	\$ 207,402	62,981
Notes payables	Subsidiary company	52	53
Other payables	Subsidiary company – San Far Education Foundation	6,425	12,116
Other payables	Subsidiary company	16	31
		<u>\$ 213,895</u>	<u>75,181</u>

(iii) Operating expense

<u>Relationship</u>	<u>December 31, 2021</u>	<u>December 31, 2020</u>
Subsidiary Company	\$ 6,265	6,435
Other related parties	(4,191)	633
	<u>\$ 2,074</u>	<u>7,068</u>

(Continued)

SAN FAR PROPERTY LIMITED
Notes to the Financial Statements

(iv) Other information

- 1) Jing Fu Xiang Construction Co., Ltd. leases office buildings from the Company and refer to the neighboring office rental price when signing lease contract. The rental income is \$ 137 thousand in the year ended 31 December 2021 and 2020.
- 2) The Company lease out stores for commercial purpose to other related parties, and the rental income is \$1,586 thousand for the year ended December 31, 2021.

(v) Other

The remaining amount of \$4,662 thousand paid by the Company to its other related parties in 2021 resulted in the total amount of the retention in construction of \$66,062 thousand to be reclassified from account payable to sales and marketing expenses. Please refer to note 11 and 12(b) for more details.

(c) Key management personnel compensation

Key management personnel compensation comprised:

	For the years ended December 31	
	2021	2020
Short-term employee benefits	\$ 17,961	12,392
Post-employment benefits	459	285
	\$ 18,420	12,677

(8) Pledged assets:

The carrying values of pledged assets were as follows:

Pledged assets	Object	December 31, 2021	December 31, 2020
Inventories	Mortgage and bonds payable	\$ 10,793,912	5,345,156
Other financial assets classified under current and non-current)	Bonds payable	531,589	250,287
Property, plant and equipment	Mortgage and bonds payable	75,585	-
Investment property	Mortgage	37,485	-
		\$ 11,438,571	5,595,443

(9) Commitments and contingencies:

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

	December 31, 2021	December 31, 2020
<u>Signed contracts</u>		
Sales of real estate	\$ <u>2,316,566</u>	<u>1,678,576</u>
Contracted construction in progress	\$ <u>3,138,928</u>	<u>1,049,020</u>

(Continued)

SAN FAR PROPERTY LIMITED
Notes to the Financial Statements

	December 31, 2021	December 31, 2020
<u>Received or paid contracts</u>		
sales of real estate	\$ <u>418,521</u>	<u>229,267</u>
Contracted construction in progress	\$ <u>438,190</u>	<u>210,387</u>

(10) Losses due to major disasters:None

(11) Subsequent Events:

The Ministry of Justice Investigation Bureau, Kaohsiung City has conducted an investigation on the Company on February 17, 2022, wherein it seized the Company's subsidiary ledgers, as well as all the contracts entered into with, and the vouchers of commission paid to, the related three advertising companies. Since the case is still in progress, the Company assessed that the above matter will not have an impact on its financial statements.

The Company paid of construction retainage received to the other parties 4,662 thousand (account on Accounts Payable) on 2021.

	2020	2019	2018	2017	2016	2015	2014
Current assets recognized	\$ <u>-</u>	<u>47,550</u>	<u>109,612</u>	<u>47,974</u>	<u>23,786</u>	<u>11,034</u>	<u>-</u>
as incremental costs to obtain contract with customers							
Notes payable	\$ <u>-</u>	<u>2,694</u>	<u>7,282</u>	<u>8,743</u>	<u>8,494</u>	<u>-</u>	<u>-</u>
Construction Retainage	\$ <u>4,662</u>	<u>4,461</u>	<u>1,778</u>	<u>1,907</u>	<u>205</u>	<u>-</u>	<u>-</u>
Received (under Accounts Payable)							
Other payables	\$ <u>-</u>	<u>6,814</u>	<u>5,313</u>	<u>932</u>	<u>5,911</u>	<u>-</u>	<u>-</u>
	For the years ended December 31						
	2020	2019	2018	2017	2016	2015	2014
Selling Expense	\$ <u>66,062</u>	<u>204,103</u>	<u>24,076</u>	<u>47,693</u>	<u>77,332</u>	<u>-</u>	<u>995</u>

(Continued)

SAN FAR PROPERTY LIMITED
Notes to the Financial Statements

(12) Other:

- (a) A summary of current-period employee benefits, depreciation, and amortization, by function, is as follows:

By item	By function	For the year ended December 31					
		2021			2020		
		Cost of Sale	Operating Expense	Total	Cost of Sale	Operating Expense	Total
Employee benefits							
Salary		47,465	8,412	55,877	28,969	8,473	37,442
Labor and health insurance		3,572	773	4,345	2,741	989	3,730
Pension		1,975	241	2,216	1,588	358	1,946
Remuneration of directors		-	3,826	3,826	-	3,783	3,783
Others		1,357	1,297	2,654	1,184	934	2,118
Depreciation		-	2,255	2,255	-	1,536	1,536
Amortization		-	496	496	-	250	250

More detailed information on the Company's number of employees and employee benefits for 2020 and 2019 were as follows:

	<u>2021</u>	<u>2020</u>
Number of employees	<u>60</u>	<u>57</u>
Number of directors not act as employees	<u>6</u>	<u>7</u>
Average employee benefits	<u>\$ 1,205</u>	<u>905</u>
Average employee salaries	<u>\$ 1,035</u>	<u>749</u>
Adjusted average employee salaries	<u>38.18 %</u>	
Supervisor's remuneration	<u>\$ -</u>	<u>-</u>

Information on the Company's salary and remuneration policy (including directors, managers and employees) is as follows:

- (i) Director's remuneration

In addition to the fixed remuneration, the director's remuneration is also entitled. If there is a balance after making up the loss based on the pre-tax benefits excluding the employee and director's remuneration of the current year, the Company shall allocate no more than 5% of it as the director's remuneration.

- (ii) Managers remuneration:

In addition to the base salary, year-end and performance bonuses are evaluated based on the Company's operational performance.

- (iii) Employees remuneration:

In addition to the base salary, year-end and performance bonuses are also given and adjusted based on annual performance.

(Continued)

SAN FAR PROPERTY LIMITED
Notes to the Financial Statements

(b) Others

- (i) On February 17, 2022, the company was prosecuted and searched. Since it is still in the investigation stage and based on the principle of secret investigation, the general finding and legal liability will wait for the investigation by the Prosecutors Office and the Judiciary to clarify before taking relative measures. At present, according to the project audit accountants appointed by the audit committee of the company, the project attorney appointed by the board of directors and the company's own review, the consignment sales and construction transactions between the three advertising companies, Dage Advertising Co., Ltd., Yuedeng Advertising Co., Ltd. and Hongtai Advertising Co., Ltd. and the company are authentic. The transaction conditions have no significant unreasonable circumstances compared with the same industry in the market.
- (ii) In order to be conservative, although the case is still under investigation, the company disclosed the above three advertising companies in the form of other related parties in the 2021 financial report based on protecting the rights and interests of investors. Due to the principle of secret investigation, the method of prior disclosure may not be the final result. The company will deal with the case appropriately after the case is clarified by the judicial proceeding.
- (iii) At present, the company's finance and business are normal, and the investigation case has no significant impact on the company's operations.

(Continued)

SAN FAR PROPERTY LIMITED

Notes to the Financial Statements

(13) Other disclosures:

(a) Information on significant transactions:

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

- (i) Loans to other parties: None
- (ii) Guarantees and endorsements for other parties: None
- (iii) Securities held as of December 31, 2021 (excluding investment in subsidiaries, associates and joint ventures):

(In Thousands of New Taiwan Dollars)

Name of holder	Category and name of security	Relationship with company	Account title	Ending balance				Note
				Shares/Units (thousands)	Carrying value	Percentage of ownership (%)	Fair value	
The Company	Stock - Pleasant Hotels International Inc.	Other related parties	Financial assets at fair value through other comprehensive income, non-current	3,600	122,580	4.96 %	122,580	
The Company	Privately offered fund - Sparklabs Taipei Fund I	-	Financial assets at fair value through profit or loss, non-current	-	4,429	-	4,429	

- (iv) Individual securities acquired or disposed of with accumulated amount exceeding the lower of NT\$300 million or 20% of the capital stock: None
- (v) Acquisition of individual real estate with amount exceeding the lower of NT\$300 million or 20% of the capital stock:

(In Thousands of New Taiwan Dollars)

Name of company	Name of property	Transaction date	Transaction amount	Status of payment	Counter-party	Relationship with the Company	If the counter-party is a related party, disclose the previous transfer information				References for determining price	Purpose of acquisition and current condition	Others
							Owner	Relationship with the Company	Date of transfer	Amount			
The Company	Inventories	2021/1/26	1,704,000 (Note)	1,704,000	Sian O, Yang	Other related parties	Non-Other related parties	-	2004/3/25	1,087,764	Appraisal	Construction	
The Company	Inventory	2021/3/12	2,680,000	2,680,000	Wen O, Wang	Non-Other related parties	-	-	-	-	Appraisal	Construction	
The Company	Inventory	2021/5/20	315,560 (Note)	315,560	Zeng O, Chung	Other related parties	Non-Other related parties	-	2004/1/22	198,000	Appraisal	Construction	

Note: The transaction amount includes construction license rights

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

(In Thousands of New Taiwan Dollars)

Name of company	Related party	Nature of relationship	Transaction details				Transactions with terms different from others		Notes/Accounts receivable (payable)		Note
			Purchase/Sale	Amount	Percentage of total purchases/sales	Payment terms	Unit price	Payment terms	Ending balance	Percentage of total notes/accounts receivable (payable)	
The Company	Xian O, Yang	Other related parties	Purchase	1,596,000	28.36%	Pay by contract terms	-		-	-	
The Company	Minfar Real Co., Ltd	Other related parties	Purchase	135,700	2.41%	Pay by contract terms	-		-	-	
The Company	Zeng O, Zhung	Other related parties	Purchase	287,860	5.11%	Pay by contract terms	-		-	-	
The Company	Jin Fu Xiang Co., Ltd	Subsidiary Company	Contracting project	552,897	9.82%	Pay by contract terms	-		(207,402)	(73.77)%	
Jin Fu Xiang Co., Ltd	The Company	Parent Company	Contracting project	(552,897)	(68.56)%	Receive by contract terms	-		207,402	67.40%	
Jin Fu Xiang Co., Ltd	Pleasant Hotels Co., LTD	Other related parties	Contracting project	253,533	(31.44)%	Receive by contract terms	-		100,310	32.60%	

(Continued)

SAN FAR PROPERTY LIMITED
Notes to the Financial Statements

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

(In Thousands of New Taiwan Dollars)

Name of company	Counter-party	Nature of relationship	Ending balance	Turnover rate	Overdue		Amounts received in subsequent period	Allowance for bad debts
					Amount	Action taken		
Jin Fu Xiang Co., Ltd.	The Company	Parent Company	207,402	4.09%	-	-	-	-

(ix) Trading in derivative instruments: None.

(b) Information on investees:

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

(In Thousands of New Taiwan Dollars)

Name of investor	Name of investee	Location	Main businesses and products	Original investment amount		Balance as of December 31, 2021			Net income (losses) of investee	Share of profits/losses of investee	Note
				December 31, 2021	December 31, 2020	Shares (thousands)	Percentage of ownership	Carrying value			
The Company	Jing Fu Xiang Construction Co., Ltd.	Taiwan	Construction industry	155,875	155,875	16,000	100.00 %	161,271	14,663	10,042	
	Jingo International Records Co., Ltd.	Taiwan	Record industry	22,529	22,529	2,000	100.00 %	19,812	(1,356)	(1,356)	

(c) Information on investment in mainland China: None

(d) Major shareholders:

Shareholder's Name	Shareholding	Shares	Percentage
Chengxin Investment Co., Ltd.		49,482,844	15.15 %
Jinji Investment Co., Ltd.		27,263,263	8.34 %
Zhiyi Investment Co., Ltd.		20,657,313	6.32 %
Shangfeng Investment Co., Ltd.		20,482,290	6.27 %
Jun Rong, Zhong		19,282,287	5.90 %
Xian Ling, Yang		19,106,127	5.85 %
Changyi Investment Co., Ltd.		17,478,869	5.35 %

Note: (i) The main shareholder information in this table is calculated based on the last business day at the end of each quarter by Security Company, for shareholders holding more than 5% of the company's ordinary and preference shares that have been delivered without physical registration. There may be differences between actual shares recorded in of the Company's financial statement and shares delivered without physical registration due to different calculation bases.

(ii) If the above-mentioned shareholder delivers the shares to the trust, it is disclosed in individual accounts of the trustee who opens the trust account. As for the shareholders' declaration of insider's equity holdings exceeding 10%, it is filed based on the shareholding, including their own shareholding plus the shares delivered to the trust, in accordance with the Securities and Exchange Act. Please refer to Market Observation Post System for more detailed information

(14) Segment information:

Please refer to the consolidated financial statements of 2021.

SAN FAR PROPERTY LIMITED

Statement of cash and cash equivalents

For the year ended December 31, 2021

(Expressed in thousands of New Taiwan Dollars)

Please refer to note 6(a) for relevant information.

Statement of inventories

<u>Item</u>	<u>Summary</u>	<u>Amount</u>	<u>Net realizable value (NRV)</u>	<u>NRV Method</u>
Land for construction	G015	\$ 1,189,537	2,316,843	Development analysis approach(note)
	G018	1,040,297	1,146,724	
	G020	1,001,074	1,554,365	
	G023	412,126	752,504	
	G025	544,440	921,366	
	G026	1,918,437	2,966,591	
	G028	362,790	525,477	
	Others	868	868	
			<u>6,469,569</u>	
Real estate for sale	G008	247,422	324,357	Weighted calculation of recent transaction price
	G009	15,180	26,950	
	G011	56,533	68,900	
	G012	823,534	1,119,520	
	G013	281,609	381,994	
	G014	17,705	31,593	
	G017	35,337	52,318	
	G019	862,437	902,884	
	G022	293,003	358,158	
			<u>2,632,760</u>	
Construction in progress	G027	2,692,095	3,376,053	Development analysis approach(note)
	Others	21,040	21,040	
		<u>2,713,135</u>	<u>3,397,093</u>	
Total		<u>\$ 11,815,464</u>	<u>16,848,505</u>	

Note: Estimation of the total sales amount of the development or construction, less direct and indirect costs, capitalized interest, and selling expense during the development period.

SAN FAR PROPERTY LIMITED
Statement of short-term borrowings

December 31, 2021

(Expressed in thousands of New Taiwan Dollars)

<u>Types of loans</u>	<u>Year-end balance</u>	<u>Interest rate</u>	<u>Financing amount</u>	<u>Nortgage/ guarantee</u>	<u>Note</u>
Secured loan	\$ 400,000	Note	400,000	Inventories Investment properties and other financial assets-current	
"	368,492	"	368,492	Inventories	
"	1,037,400	"	2,588,900	"	
"	1,474,000	"	1,742,000	"	
"	401,200	"	2,023,000	"	
"	1,142,000	"	3,016,600	"	
"	<u>144,800</u>	"	144,800	"	
	<u>\$ 4,967,892</u>				

Note1:All the money is borrowed from the bank.

Note2:The interest rate for loans is between 0.94%~2.25% ◦

SAN FAR PROPERTY LIMITED

.Statement of bonds payable

December 31, 2021

(Expressed in thousands of New Taiwan Dollars)

<u>Title of the Bond</u>	<u>Trustee</u>	<u>Issuance Date</u>	<u>Interest Payment Date</u>	<u>Interest Rate</u>	<u>Account</u>			<u>Repayment Method</u>	<u>Guarantee Condition</u>
					<u>Taosal Issued Amount</u>	<u>Unamortized Amount</u>	<u>Book Value</u>		
Ordinary Corporate Bonds (II)	Agricultural Bank of Taiwan	2017.09.14	Annual	0.97 %	\$ 1,000,000	(192)	999,808	Bullet loan	Inventories
Ordinary Corporate Bonds (III)	Taiwan Cooperative Bank	2019.09.14	Annual	0.96 %	1,200,000	(514)	1,199,486	Bullet loan	Other financial assets, non-current and inventories
Ordinary Corporate Bonds (IV)	Agricultural Bank of Taiwan	2021.07.07	Annual	0.67 %	600,000	(842)	599,158	Bullet loan	Other financial assets, non-current and inventories
Less : Redeemable bonds due within one year					(1,000,000)	192	(999,808)		
					<u>\$ 1,800,000</u>	<u>(1,356)</u>	<u>1,798,644</u>		

SAN FAR PROPERTY LIMITED

Statement of operating revenue

For the year ended December 31, 2021

(Expressed in thousands of New Taiwan Dollars)

<u>Item</u>	<u>Description (section)</u>	<u>Amount</u>	<u>Note</u>
Land Revenue	Guanghua, Qiaobei, Fu Dou Sin 235	\$ 954,810	
Building Revenue	"	<u>483,605</u>	
Total		<u>\$ 1,438,415</u>	

Statement of operating expense

<u>Item</u>	<u>Description (Section)</u>	<u>Amount</u>	<u>Note</u>
Land cost	Quanghau, Qiaobei, Fu Dou Sin 235, etc.	\$ 580,459	
Building cost	"	<u>485,187</u>	
Total		<u>\$ 1,065,646</u>	

SAN FAR PROPERTY LIMITED

Statement of administrative expenses

For the year ended December 31, 2021

(Expressed in thousands of New Taiwan Dollars)

<u>Item</u>	<u>Selling Expense</u>	<u>Administration Expense</u>	<u>Total</u>
Salaries and Wages Expenses	\$ -	12,238	12,238
Repair and Maintenance Expense	45	7,349	7,394
Advertising expense	219	28	247
Insurance Expense	-	1,131	1,131
Entertainment Expense	-	1,963	1,963
Donations	-	(3,720)	(3,720)
Tax Expense	-	37,142	37,142
Depreciation Expense	-	2,255	2,255
Employee Benefits	-	719	719
Administration Expense	-	3,508	3,508
Service Expense	-	7,512	7,512
Commission Expense	74,634	-	74,634
Other Expense	40	13,583	13,623
	<u>\$ 74,938</u>	<u>83,708</u>	<u>158,646</u>

Sanfar Property Limited

Chairman: Ding-Sheng Zhong