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## Chapter 1. Letter to Shareholders

Dear Shareholders, The following items explain the Company's 2020 business results and 2021 business plan:

### I. 2020 Business Results

#### (I) Implementation Results of Business Plan

The operating income of the Company's final accounts for 2020 was approximately NT\$3,409,980,000, and the operating income of the final accounts for 2019 was NT\$4,394,620,000, representing a decrease of approximately NT\$984,640,000 or a decrease of 22.41%. The net profit after tax in the final accounts for 2020 is about NT\$453,710,000, and the net profit after tax in the final accounts for 2019 is about NT\$489,500,000, representing a decrease of about NT\$35,790,000 or a decrease of about 7.31%. The basic after-tax earnings per share based on the Company's profit in 2020 is NT\$2.07.

#### (II) Budget Implementation

The Company has not prepared financial forecasts for 2020, so this item will not be analyzed.

#### (III) Financial Status and Profitability

| Item                              |                       | 2020  | 2019  |
|-----------------------------------|-----------------------|-------|-------|
| ROA %                             |                       | 5.58  | 6.43  |
| ROE %                             |                       | 10.56 | 12.56 |
| Issued capital ratio %            | Operating profit      | 23.51 | 25.66 |
|                                   | Net profit before tax | 24.55 | 26.29 |
| Net profit ratio %                |                       | 13.29 | 11.13 |
| Current earnings per share (NT\$) |                       | 2.07  | 2.43  |

Earnings per share in 2020 was NT\$2.07, showing a decrease compared to NT\$2.43 in 2019, mainly due to the decrease in

operating income.

(IV) Research and Development Work

1. Land development and contract research and development:

The 2020 land development strategy and development target will focus on the first purchase and exchange of residential products in the medium price range.

The 2020 contracting strategy is mainly based on management tenders and contracted cases with reasonable profits.

2. Product planning and design research and development:

The Company's product planning and design focuses on housing with all-round functions and improving the convenience of residents as the main research direction.

3. Construction project management research and development:

The Company established a unified construction standard and uses construction safety management as the goal, strictly controls the construction process and various independent quality control, while taking into account the construction quality, project progress and cost control.

4. Customer service research and development:

The Company's customer service operations from the customer signing the contract to the house delivery, maintenance services, etc. are handled by dedicated personnel, and various after-sales service issues of the customer are reported to the Company's engineering and design department to improve customer service satisfaction.

II. 2021 Business Plan

(I) Business Policy

1. Negotiate the purchase of construction land and adjust the business scale.

2. Select private contracted projects.
  3. Maintain reasonable sales prices of products and create reasonable profits for the Company.
  4. The construction quality is strictly demanded, and the construction progress is indeed controlled.
- (II) Expected construction projects to be paid
1. The main cases that are expected to be available for sale include "Long Da Phoenix", "Phoenix Tianmu", "New Metropolis", "Phoenix Zhongzheng", "Love City", "Long Da Junwang", "Zhu Feng Qing Ting" and other construction projects.
  2. The main contracted cases to provide revenue are "Pingtung County Hengchun Township Elementary School Turnkey Project" and "Pingtung County Hengchun Township Qiaoyong Elementary School Turnkey Project".

(III) Important Production and Marketing Policies

In terms of sales strategy in 2021, the primary goal is to stabilize product prices and achieve reasonable sales profits.

In terms of construction projects, the current lack of labor in the market still persists. In order to maintain the quality of the Company's construction projects, each pre-sale project that is expected to be launched this year will be more carefully evaluated regarding the Company's current and the market's manpower supply, then the projects can be launched as planned.

In terms of contracted cases, higher-profit private projects will be selected. As for public projects, there is no bidding planned for this year.

III. Future Development Strategy

The future development will focus on self-construction and contracted projects, in order to maintain a stable business scale and profit. The Company stills adhere to the business philosophy of "quality, innovation, safety, and service". On the one hand, the Company must actively strengthen our professional technical

capabilities and construction management experience, and give full play to the expertise of professional construction companies. On the other hand, it is necessary to innovate the architectural style and business model, so that the construction and construction businesses can develop steadily, and establish a good brand image of the Company. Effectively reduce the adverse effects of the external business environment, the legal environment and the overall business environment to achieve the ultimate goal of sustainable operation.

#### IV. Influence from External Competition, Regulations and Macro-operating Environment

The "Soundproof Provisions" in the newly revised building technical regulations by the Ministry of the Interior will be formally implemented in 2021, which will increase construction costs. With the 15 cm thick reinforced concrete floor slabs most commonly used in the industry as an example, "surface materials" must have a sound insulation effect of more than 17 decibels in order to meet the specifications. In other words, in the past, the floor thickness of each floor of the building was about 12 to 15 cm, and it is now to be thicker. It is expected that sound insulation pads on surface materials may become standard equipment.

In 2021, the amendments to the Equal Land Ownership Regulations, Landlord Regulations and Real Estate Brokerage Management Regulations will be passed to provide more real-time, transparent and accurate real estate transaction information and promote a more transparent and sound real estate transaction market.

The sudden COVID-19 pandemic in 2020 and the China-US economic and trade war have changed the medical, health and economic order, and have also affected the development of tourism, travel, and people's livelihoods. However, Taiwan's excellent epidemic prevention and the struggle between in the China-US trade war has ushered in a surge of Taiwanese businesses returning to Taiwan and foreign investment in the past decade. From south to north, Taiwan and foreign businesses have purchased land in major industrial zones. In recent years, the construction industry and the

establishment of factories have created the phenomenon of "a job is hard to find, and there is a large shortage of jobs" in the construction industry. Wages and material costs have also been adjusted upward.

As there are many uncertain factors in the overall construction industry environment, the Company will adopt a prudent operating attitude. In addition to completing the projects that have been contracted according to the plan, the bidding for schools, medical institutions, corporate plants, and other large-scale projects will be more considered. In the construction business, except for the completed cases and the cases under construction, the Company will continue to search for high-quality construction sites in the future based on the needs of sustainable operations, or develop joint construction projects or joint ventures to exploit business opportunities and create profits.

Finally, on behalf of all employees of the Company, I would like to express my gratitude to all shareholders and I hope you will continue to provide support in the future. Finally, I wish you all good health and good luck!

Chairperson of the Board: Chen Wucong

President: Guo Hanlong

## Chapter 2. Company Profile

### I. Company Profile

Date of Establishment: April 30, 1982

#### Company History

|      |  |
|------|--|
| 1982 | The Company was formally established with a capital of NT\$9,000,000 and obtained a Grade A construction industry registration certificate to start the business of contracting private and government construction projects (that is, the current construction engineering office).   |
| 1983 | Established the Company's operating system in an all-round way, successively undertook the construction of high-rise buildings to build national series of exquisite buildings, and won many awards.   |
| 1990 | Appoint professional managers to create a new page for professional management.  |
| 1991 | Capital increase of NT\$19,000,000 in cash.  |
| 1993 | Capital increase of NT\$22,000,000 in cash.  |
| 1997 | The general meeting of shareholders resolved to amend the Company's Articles of Incorporation. The capital was set at NT\$300,000,000, the capital increased by NT\$100,000,000, and the surplus was transferred to capital of NT\$20,000,000.<br>9 directors and 2 supervisors were re-elected, and Mr. Chen Wucong was elected as the chairman of the board.<br>In order to meet the needs of the business environment, enhance corporate image, build customer confidence, strengthen quality awareness, improve management systems, and actively introduce and promote ISO9002 quality system certification. |
| 1998 | The surplus was transferred to a capital increase of NT\$30,000,000. After the capital increase, the actual paid-in capital was NT\$200,000,000.<br>Obtained the international certification of ISO9002.   |
| 1999 | Capital increase of NT\$36,000,000 through capitalization of earnings and capital reserves.<br>The Company's stock was approved for OTC trading and officially listed on October 7.  |
| 2000 | Capital increase of NT\$35,400,000 through capitalization of earnings.<br>The Articles of Incorporation amended the number of directors to 5 and 3 supervisors, and re-elected directors and supervisors, elected 5 directors and 3 supervisors, and elected Mr. Chen Wucong as chairman.<br>In order to expand the contract area and scope of the project, the Civil Engineering Department (currently the Civil Engineering Department) was added.   |
| 2001 | Capital increase of NT\$13,570,000 through capitalization of earnings.   |



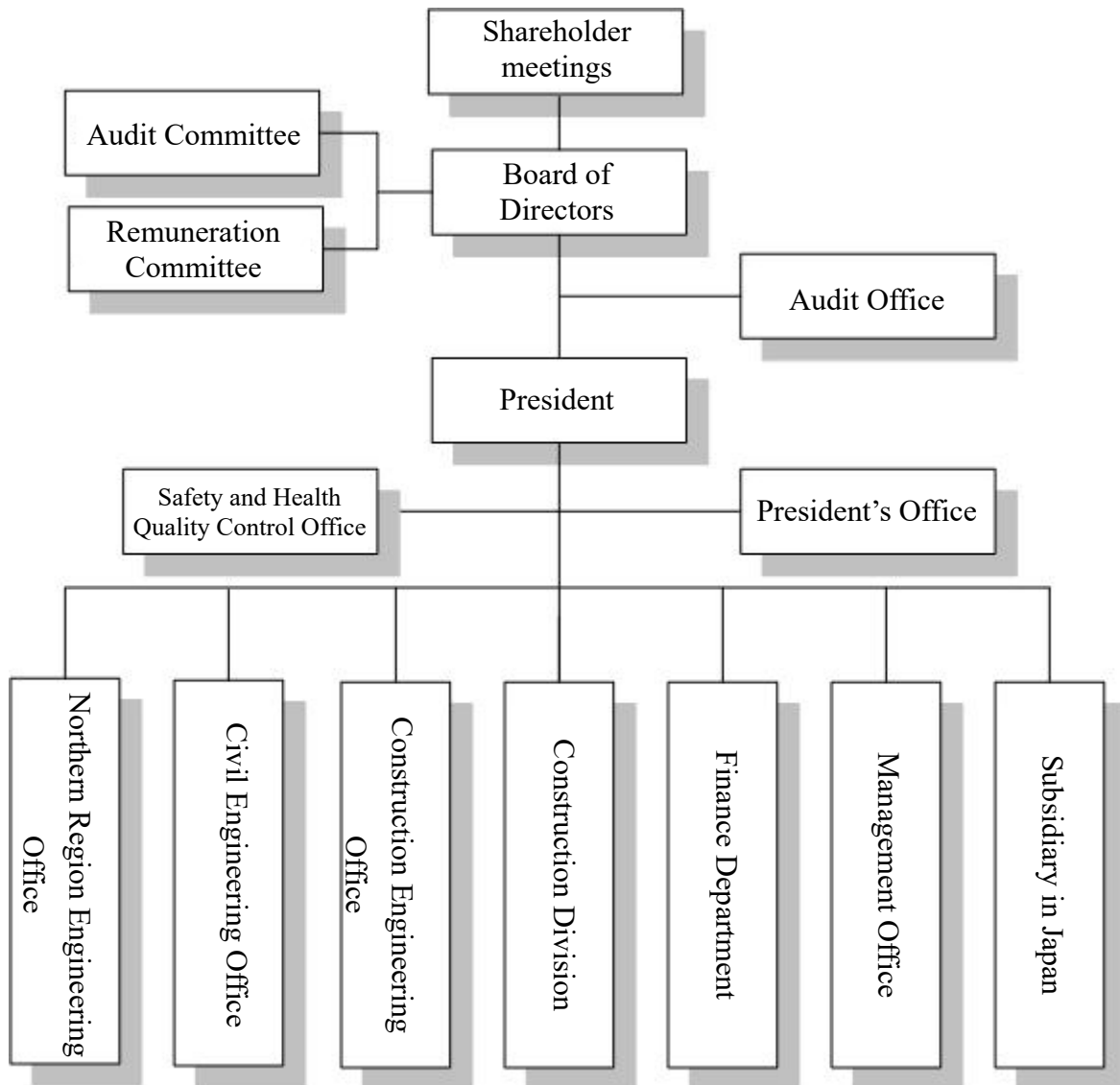
|      |  |
|------|--|
| 2002 | Capital increase of NT\$7,500,000 through capitalization of earnings. Cooperated with Nissho Maeda Construction Industry Co., Ltd. to contract for the CO2 section of the Kaohsiung MRT Orange Line of Kaohsiung Express Co., Ltd.   |
| 2003 | Capital increase of NT\$2,924,700 through capitalization of earnings. A joint bid with Nissho Maeda Construction Co., Ltd. Taiwan Branch for the No. 9 tunnel project of National Highway C535 on the Eastern Highway.   |
| 2004 | In order to expand the scope of business, increase business projects and establish a construction business department (office).  |
| 2005 | Capital increase of NT\$29,605,300 through capitalization of earnings.   |
| 2006 | The surplus was transferred to increase capital by NT\$100,000,000. 5 directors and 3 supervisors were re-elected, and Mr. Chen Wucong was re-elected as chairman.<br>In a joint venture JV operation with Jieyang Construction, jointly developed land in the Lingdong section of Lingya District, Kaohsiung City. The case was named "Duting Garden" (original case name: Minquan Siwei).                                  |
| 2007 | The surplus was transferred to an increase of NT\$25,000,000, and the paid-in capital after the capital increase was NT\$510,000,000.  |
| 2008 | The surplus was transferred to increase the capital by NT\$100,000,000, and the paid-in capital after the capital increase was NT\$610,000,000.  |
| 2009 | Capital increase of NT\$48,800,000 through capitalization of earnings. Company name changed to Long Da Construction & Development Corporation. 5 directors and 3 supervisors were re-elected, and Mr. Chen Wucong was re-elected as chairman.  |
| 2010 | The surplus was transferred to an increase of NT\$41,200,000 in capital, and the actual paid-in capital after the capital increase was NT\$700,000,000.  |
| 2011 | The surplus was transferred to an increase of NT\$188,000,000, and the paid-in capital after the capital increase was NT\$888,000,000.   |
| 2012 | The surplus was transferred to an increase of NT\$312,000,000 in capital, and the paid-in capital after the capital increase was NT\$1,200,000,000. 5 directors and 3 supervisors were re-elected, and Mr. Chen Wucong was re-elected as chairman.   |
| 2013 | The surplus was transferred to an increase of NT\$300,000,000, and the paid-in capital after the capital increase was NT\$1,500,000,000. Two independent directors added.  |
| 2014 | The Company's stock was approved for listing and was officially listed on February 10.<br>Acquired hotel assets in the foothills of Mount Fuji in Yamanashi Prefecture, Japan, established Phoenix Co., Ltd., operated Motosu Hotel, and entered the tourism industry.<br>The earnings were capitalized for a capital increase of NT\$225,000,000, and the paid-in capital after the capital increase was NT\$1,725,000,000. |
| 2015 | The earnings were capitalized for a capital increase of NT\$105,000,000, and the paid-in capital after the capital increase was NT\$1,830,000,000.   |

|      |  |
|------|--|
|      | <p>5 directors, 2 independent directors, and 3 supervisors were re-elected, and Mr. Chen Wucong was re-elected as chairman.</p> <p>Issued the first secured ordinary corporate bonds in Taiwan, worth NT\$300,000,000.</p> <p>Issued the first domestic guaranteed convertible corporate bond (Long Da 1 for short) NT\$200 million.</p> <p>Issued the second domestic unsecured convertible corporate bond (Long Da 2 for short) NT\$100 million.</p> |
| 2016 | <p>The second time domestic unsecured convertible corporate bonds were converted into shares, totaling NT\$634,680, and the paid-in share capital after the capital increase was NT\$1,830,634,680.</p> <p>Acquired Gen Machiya in Kyoto, Japan, and expanded the business of Japanese restaurants.</p>  |
| 2017 | <p>Issued the third secured convertible corporate bond in Taiwan (known as Long Da 3), worth NT\$200,000,000.</p> <p>Issued the fourth secured convertible corporate bond in Taiwan (known as Long Da 4), worth NT\$200,000,000.</p>   |
| 2018 | <p>4 directors and 3 independent directors were re-elected, and Mr. Chen Wucong was re-elected as chairman.</p> <p>Established the Audit Committee.</p> <p>NT\$12,007,540 of the third secured convertible corporate bond in Taiwan converted to stocks.</p> <p>NT\$21,545,240 of the fourth secured convertible corporate bond in Taiwan converted to stocks.</p> <p>The paid-in share capital after the capital increase was NT\$1,864,187,460.</p>  |
| 2019 | <p>The third and fourth domestic guaranteed conversion of corporate bonds converted shares totaling NT\$309,217,060, and the paid-in share capital after the capital increase was NT\$2,173,400,000.</p>   |
| 2020 | <p>The total paid-in capital is NT\$2,191,971,180.</p> <p>The Company's Articles of Incorporation are changed, and directors (including independent directors) fully adopted a candidate nomination system.</p>  |

# Chapter 3. Corporate Governance Report

## I. Organization

### (I) Organization Structure



## (II) Major Corporate Functions

| Department   | Department Responsibilities   |
|--|---|
| Audit Office   | Annual audit operation plan and execution, audit operation performance difference analysis, improvement tracking  |
| President's Office   | Assist in the formulation of the Company's short-, medium- and long-term policy goals, the Company's various project promotion and control research and examination operations, various contract research and litigation cases and other legal tasks  |
| Safety and Health Quality Control Room   | Planning and supervising safety and health related matters, planning and supervising quality assurance, environmental protection related matters, and formulating company safety and health management regulations  |
| Finance Department   | Company and JV project fund scheduling management, bill management, various accounts review, record and custody, tax declaration and financial statement preparation and reporting  |
| Management Office  | Human resources planning and management, administrative general affairs planning and management, information system maintenance and security monitoring, stock affairs management   |
| Construction Division  | Responsible for the evaluation of the investment benefit of the land development project, the execution control of the development project business, and the acceptance and delivery of the house   |
| Construction Engineering Office<br>Civil Engineering Office<br>North District Engineering Office | Project estimation and bidding operations, the establishment and evaluation of the owner's contract, the preparation and control of the project execution budget, the project contracting, the procurement of materials, the preparation and execution of the project construction plan, the management of the quality of the project, the construction progress, safety and health, and the project evaluation Collection and discussion of audit, cost control, coordination and implementation of various projects, new building materials, new construction methods, etc. |
| Subsidiary in Japan  | Responsible for Japan related business  |

## II. Information on directors, supervisors, and managers

### Directors' Information

March 27, 2021

| Title<br>(Note 1) | Nationality<br>or place of<br>registration | Name                              | Gender | Elected Date | Term<br>(Years) | Date First Elected<br>(Note 2) | Shareholding when<br>Elected |            | Current Shareholding |            | Spouse & Minor<br>Shareholding |            | Shareholding by<br>nominee<br>arrangement |            | Experience<br>(Education)<br>(Note 3)                                  | Positions Held at the<br>Company or Other<br>Companies   | Executives or<br>directors who<br>are spouses or<br>within two<br>degrees of<br>kinship |                   |                      |
|-------------------|--|-----------------------------------|--------|--------------|-----------------|--------------------------------|------------------------------|------------|----------------------|------------|--------------------------------|------------|---|------------|--|--|---|-------------------|----------------------|
|                   |  |                                   |        |              |                 |                                | Shares                       | Percentage | Shares               | Percentage | Shares                         | Percentage | Shares                                    | Percentage |  |  | Title   | Name              | Relationship         |
| Chairman          | Taiwanese                                  | Chen Wucong                       | Male   | 6/13/2018    | 3               | 7/20/1997                      | 1,520,706                    | 0.88       | 1,024,407            | 0.467      | 6,078,321                      | 2.77       | None                                      | None       | Pingtung Wah<br>Chau<br>Commerce and<br>Industry Senior<br>High School | Chairman of Hong Ji<br>Construction<br>Chairman of Da Jin<br>Investment<br>Chairman of Wah<br>Sheng Holdings<br>Chairman of Feng<br>Huang Investment<br>Director of Phoenix Co.,<br>Ltd. | Director  | Chen<br>You<br>qi | Father<br>and<br>son |
| Director          | Taiwanese                                  | Yikung<br>Investment Co.,<br>Ltd. | None   | 6/13/2018    | 3               | 6/13/2018                      | 3,650,617                    | 1.98       | 2,450,617            | 1.12       | 0                              | 0          | None                                      | None       | None   | None   | None  | None              | None                 |
|                   | Taiwanese                                  | Representative:<br>Lin Zhefeng    | Male   | 6/13/2018    | 3               | 3/04/2011                      | 0                            | 0          | 0                    | 0          | 0                              | 0          | None                                      | None       | EMBA of Sun<br>Yat-sen<br>University                                   | Chairman of Shen<br>Gong Construction<br>Director of Yikung<br>Construction<br>Yikung Construction<br>supervisor<br>Yikung Investment<br>supervisor                                      | None  | None              | None                 |
| Director          | Taiwanese                                  | Da Jing<br>Investment Co.<br>Ltd. | None   | 6/13/2018    | 3               | 7/20/1997                      | 22,922,753                   | 13.29      | 28,658,433           | 13.07      | 0                              | 0          | None                                      | None       | None   | None   | None  | None              | None                 |

| Title<br>(Note 1)       | Nationality<br>or place of<br>registration | Name                          | Gender | Elected Date | Term<br>(Years) | Date First Elected<br>(Note 2) | Shareholding when<br>Elected |            | Current Shareholding |            | Spouse & Minor<br>Shareholding |            | Shareholding by<br>nominee<br>arrangement |            | Experience<br>(Education)<br>(Note 3)  | Positions Held at the<br>Company or Other<br>Companies   | Executives or<br>directors who<br>are spouses or<br>within two<br>degrees of<br>kinship |                        |                          |
|-------------------------|--|-------------------------------|--------|--------------|-----------------|--------------------------------|------------------------------|------------|----------------------|------------|--------------------------------|------------|---|------------|--|--|---|------------------------|--------------------------|
|                         |  |                               |        |              |                 |                                | Shares                       | Percentage | Shares               | Percentage | Shares                         | Percentage | Shares                                    | Percentage |  |  | Title   | Name                   | Relation<br>ship         |
|                         | Taiwanese                                  | Representative:<br>Chen Youqi | Male   | 6/13/2018    | 3               | 8/5/2011                       | 557,495                      | 0.30       | 557,495              | 0.254      | 350,192                        | 0.16       | None                                      | None       | Department of<br>Architecture<br>and Urban<br>Planning,<br>Chung Hua<br>University | Director of Hong Ji<br>Construction<br>Director of Da Jin<br>Investment<br>Director of Feng<br>Huang Investment<br>Deputy General<br>Manager of the<br>Construction Division | Ch<br>air<br>ma<br>n  | Che<br>n<br>Wuc<br>ong | Fat<br>her<br>and<br>son |
| Director                | Taiwanese                                  | Zhang Jiayin                  | Female | 6/13/2018    | 3               | 6/13/2018                      | 8,504                        | 0          | 8,504                | 0.004      | 0                              | 0          | None                                      | None       | National<br>Chung Hsing<br>University,<br>Applied<br>Economics<br>Department       | Oriental Investment<br>director<br>Da Yang Investment<br>supervisor  | No<br>ne  | Non<br>e               | No<br>ne                 |
| Independent<br>Director | Taiwanese                                  | Lin Xiangkai                  | Male   | 6/13/2018    | 3               | 6/13/2018                      | 0                            | 0          | 0                    | 0          | 0                              | 0          | None                                      | None       | Ph.D. in<br>Economics,<br>Carnegie<br>Mellon<br>University                         | Remuneration<br>Committee Member<br>Audit Member   | No<br>ne  | 1<br>Non<br>e          | No<br>ne                 |

| Title<br>(Note 1)       | Nationality<br>or place of<br>registration | Name            | Gender | Elected Date | Term<br>(Years) | Date First Elected<br>(Note 2) | Shareholding when<br>Elected |            | Current Shareholding |            | Spouse & Minor<br>Shareholding |            | Shareholding by<br>nominee<br>arrangement |            | Experience<br>(Education)<br>(Note 3)                                | Positions Held at the<br>Company or Other<br>Companies   | Executives or<br>directors who<br>are spouses or<br>within two<br>degrees of<br>kinship |          |                  |
|-------------------------|--|-----------------|--------|--------------|-----------------|--------------------------------|------------------------------|------------|----------------------|------------|--------------------------------|------------|---|------------|--|--|---|----------|------------------|
|                         |  |                 |        |              |                 |                                | Shares                       | Percentage | Shares               | Percentage | Shares                         | Percentage | Shares                                    | Percentage |  |  | Title   | Name     | Relation<br>ship |
| Independent<br>Director | Taiwanese                                  | Jiang Yongzheng | Male   | 6/13/2018    | 3               | 6/16/2015                      | 0                            | 0          | 0                    | 0          | 0                              | 0          | None                                      | None       | School of Law,<br>Soochow<br>University                              | Lawyer, Zhengyang<br>Law Firm<br>Director of Nanhe<br>Xingchan<br>Independent Director<br>of Nanpao Resin<br>Chemical Factory<br>Company<br>Remuneration<br>Committee Member<br>Audit Member<br>Independent Director,<br>Taiwan Secom Co.,<br>Ltd.<br>Director, Mingchali<br>Metal Industry Co.,<br>Ltd. | No<br>ne  | Non<br>e | No<br>ne         |
| Independent<br>Director | Taiwanese                                  | Lin Yaowen      | Male   | 6/13/2018    | 3               | 6/13/2018                      | 0                            | 0          | 0                    | 0          | 68,000                         | 0.03       | None                                      | None       | Advanced<br>Master of<br>Public Policy,<br>Sun Yat-sen<br>University | Chairman of the New<br>Culture Foundation<br>Independent Director<br>of Taiwan<br>Cogeneration<br>Corporation<br>Audit Member  | No<br>ne  | Non<br>e | No<br>ne         |

Note 1: Legal person shareholders shall list the names of legal person shareholders and their representatives separately (if they are representatives of legal person shareholders, the names of legal person shareholders shall be indicated), and the following Table 1 shall be filled in.

Note 2: Fill in the time when you first served as a director or supervisor of the Company. If there is any interruption, it should be explained in a note.

Note 3: The experience related to the current position, if you have worked in a certification audit firm or affiliated company during the previous disclosure period, you should state the job title and the responsible position.

1. Main shareholders of corporate shareholders

| Name of corporate shareholders | Major shareholder   |
|--------------------------------|---|
| Da Jing Inv Co. Ltd.           | Hong Ji Construction Co., Ltd. (87.51%)<br>Feng Huang Investment Co., Ltd. (12.49%)                       |
| Yikung Investment Co., Ltd.    | Lin Zhongjin (20%), Lin Meizhen (7.1%),<br>Lin Xiaofan (12.3%), Lin Weiqi (48.3%),<br>Lin Zhefeng (12.3%) |

2. Main shareholders of corporate shareholders

| Name of corporate shareholders  | Main shareholders of corporate shareholders   |
|---------------------------------|---|
| Hong Ji Construction Co., Ltd.  | Chen Wucong (55.25%), Chen Yugui (12.25%), Lin Juncheng (5.0%), Chen Qiuxiang (5.0%), Xu Mingyi (5.0%), Cai Yifen (5.0%), Chen Yongyu (4.375%), Chen Youqi (4.375%), Wu Tianlai (2.5%), Chen Zhicheng (1.25%) |
| Feng Huang Investment Co., Ltd. | Chen Wucong (50%), Xu Mingyi (30%),<br>Chen Youqi (10%), Chen Yongyu (10%)  |



Directors and supervisors possessing professional knowledge and independence

| Name (Note 1)  | Criteria   |  |  | Meet the independence criteria (Note 2)  |   |   |   |   |   |   |   |   |   |    |    | Number of positions as an independent director in other public companies |    |
|--|--|--|--|--|---|---|---|---|---|---|---|---|---|----|----|--|----|
|  | Has at least 5 years of work experience and meets one of the following professional qualifications | Lecturer (or above) of commerce, law, finance, accounting, or any subject relevant to the Company's operations in a public or private tertiary institution | A judge, public prosecutor, attorney, accountant, or other professional or technical specialist related to the needs of the Company who has passed a national examination and received a certificate therefore | Commercial, legal, financial, accounting or other work experiences required to perform the assigned duties | 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 | 9 | 10 | 11 |  | 12 |
| Chen Wucong  |  |  | ✓  |  |   |   |   |   |   |   |   |   | ✓ |    | ✓  | ✓  |    |
| Lin Zhefeng<br>(Representative of Yikung Investment) |  |  | ✓  | ✓  | ✓ | ✓ | ✓ |   | ✓ | ✓ |   |   | ✓ | ✓  | ✓  | ✓  |    |
| Chen Youqi<br>(Representative of Da Jing Investment) |  |  | ✓  |  |   | ✓ |   |   |   |   | ✓ |   | ✓ |    | ✓  | ✓  |    |
| Zhang Jiayin   |  |  | ✓  | ✓  | ✓ | ✓ | ✓ |   | ✓ | ✓ | ✓ | ✓ | ✓ | ✓  | ✓  | ✓  |    |
| Lin Xiangkai   | ✓  |  | ✓  | ✓  | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓  | ✓  | ✓  |    |
| Jiang Yongzheng                                      |  | ✓  | ✓  | ✓  | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓  | ✓  | ✓  | 2  |
| Lin Yaowen   |  |  | ✓  | ✓  | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓  | ✓  | ✓  | 1  |

Note 1: The number of fields is adjusted according to the actual number.

Note 2: Please mark the corresponding boxes with “v” if directors or supervisors have been any of the following during the two years prior to being elected or during the term of office.

- (1) Not an employee of the Company or any of its affiliates.
- (2) Directors and supervisors who are not part of the Company or its affiliated companies (except if the Company and its parent company, subsidiary, or subsidiary of the same parent company are independent directors set up in accordance with this law or local laws and regulations).
- (3) Not a natural-person shareholder who holds shares, together with those held by the person's spouse, minor children, or held by the person under others' names, in an aggregate amount of 1% or more of the total number of outstanding shares of the Company or ranking in the top 10 in holdings.
- (4) Not a manager listed in (1) or spouse, relative within the second degree of kinship, or direct blood relative within the third degree of kinship to any person listed in (2) and (3).
- (5) Directors, supervisors or legal shareholders who do not directly hold more than 5% of the total issued shares of the Company, in the top five for shareholdings, or appointed a representative as a director or supervisor of the Company in accordance with Paragraph 1 or 2, Article 27 of the Company Act (except for those who concurrently serve as independent directors established by the Company and its parent company, subsidiary, or subsidiary of the same parent company in accordance with this law or local laws and regulations).
- (6) More than half of the non-company directors or voting shares are directors, supervisors or employees of other companies controlled by the same person (but concurrent independent directors of the Company or its parent company, subsidiary or subsidiary of the same parent company as established by this law or local laws and regulations are not limited by this).
- (7) Directors, supervisors or employees of other companies or institutions that are not the same person or spouse as the chairman, general manager or equivalent positions of the Company (but concurrent independent directors of the Company or its parent company, subsidiary or subsidiary of the same parent company as established by this law or local laws and regulations are not limited by this).
- (8) Directors, supervisors, managers, or shareholders holding more than 5% of shares of a specific company or organization that is not in financial or business dealings with the Company (but if a specific company or organization holds more than 20% but less than 50% of the Company's total issued shares, and the concurrent independent directors of the Company or its parent company, subsidiary or subsidiary of the same

parent company as established by this law or local laws and regulations are not limited by this).

- (9) Not a professional individual who, or an owner, partner, director, supervisor, or president of a sole proprietorship, partnership, company, or institution that, provides auditing and commercial, legal, financial, accounting services or consultation that does not exceed NT\$500,000 in remuneration over the last two years to the Company or to any affiliate of the Company, or a spouse thereof. However, this does not apply to members of the Remuneration Committee, Public Acquisition Review Committee, or Mergers and Acquisitions Special Committee who perform their duties in accordance with the relevant laws and regulations of the Securities and Exchange Act or the Corporate Mergers and Acquisitions Act.
- (10) Not a spouse or relative of second degree or closer to any other directors.
- (11) Not been a person of any conditions defined in Article 30 of the Company Act.
- (12) Not a governmental, juridical person or its representative as defined in Article 27 of the Company Act.

Information of President, Vice Presidents, Assistant Presidents, and Branch Supervisors

| Title                    | Nationality | Name          | Date Elected | gender | Shares Held |        | Shares Held by Spouse & Minors |       | Shareholding by nominee arrangement |   |
|--------------------------|-------------|---------------|--------------|--------|-------------|--------|--------------------------------|-------|-------------------------------------|---|
|                          |             |               |              |        | Shares      | %      | Shares                         | %     | Shares                              | % |
| President                | Taiwanese   | Guo Hanlong   | 01/12/2005   | Male   | 664,476     | 0.30   | 354,286                        | 0.162 | 0                                   | 0 |
| Vice President           | Taiwanese   | Hong Maoyuan  | 02/01/2005   | Male   | 40,216      | 0.02   | 0                              | 0     | 0                                   | 0 |
| Vice President           | Taiwanese   | Chen Junyuan  | 01/01/2018   | Male   | 3,331       | 0.002  | 8,277                          | 0.004 | 0                                   | 0 |
| Vice President           | Taiwanese   | Feng Shuqing  | 01/01/2018   | Female | 22,536      | 0.01   | 6,108                          | 0.003 | 0                                   | 0 |
| Vice President           | Taiwanese   | Chen Youqi    | 07/01/2018   | Male   | 557,495     | 0.25   | 350,192                        | 0.16  | 0                                   | 0 |
| Vice President           | Taiwanese   | Xie Yingxian  | 02/17/2021   | Male   | 51,031      | 0.02   | 0                              | 0     | 0                                   | 0 |
| Assistant Vice President | Taiwanese   | Wu Yuwen      | 01/01/2013   | Male   | 21,217      | 0.01   | 0                              | 0     | 0                                   | 0 |
| Assistant Vice President | Taiwanese   | Wu Changxuan  | 09/16/2014   | Male   | 0           | 0      | 0                              | 0     | 0                                   | 0 |
| Assistant Vice President | Taiwanese   | Feng Huizhong | 01/01/2018   | Male   | 28          | 0      | 18                             | 0     | 0                                   | 0 |
| Assistant Vice President | Taiwanese   | Su Bingan     | 01/01/2018   | Male   | 16,220      | 0.0074 | 110,000                        | 0.05  | 0                                   | 0 |
| Assistant Vice President | Taiwanese   | Wu Yubin      | 02/17/2021   | Male   | 7,573       | 0.003  | 0                              | 0     | 0                                   | 0 |
| Assistant Vice President | Taiwanese   | Liu Rongkun   | 02/17/2021   | Male   | 0           | 0      | 0                              | 0     | 0                                   | 0 |
| Assistant Vice President | Taiwanese   | Jiang Shiyang | 01/01/2018   | Male   | 31,000      | 0.01   | 0                              | 0     | 0                                   | 0 |

| Title                    | Name          | Experience (Education)  | Positions Held at Other Companies  | Managers who are spouses or within two degrees of kinship |             |                |
|--------------------------|---------------|---|--|---|-------------|----------------|
|                          |               |   |  | Title   | Name        | Relationship   |
| President                | Guo Hanlong   | Department of Civil Engineering, Chung Hsing University                                   | Director of Phoenix Co., Ltd.  | None  | None        | None           |
| Vice President           | Hong Maoyuan  | Department of Accounting, Fu Jen Catholic University                                      | None   | None  | None        | None           |
| Vice President           | Chen Junyuan  | Sun Yat-sen University Asset Management Office  | Civil engineer   | None  | None        | None           |
| Vice President           | Feng Shuqing  | Department of Accounting, Chung Yuan Christian University                                 | None   | None  | None        | None           |
| Vice President           | Chen Youqi    | Department of Architecture and Urban Planning, Chung Hua University                       | Director of Hong Ji Construction<br>Director of Feng Huang Investment<br>Director of Da Jin Investment | Chairman  | Chen Wucong | Father and son |
| Vice President           | Xie Yingxian  | Dept. of Civil Engineering, National Cheng Kung University                                | None   | None  | None        | None           |
| Assistant Vice President | Wu Yuwen      | Department of Civil Engineering, Kaohsiung University of Applied Sciences                 | None   | None  | None        | None           |
| Assistant Vice President | Wu Changxuan  | Department of Japanese, Soochow University  | Japan Corporation Feng Huang Director  | None  | None        | None           |
| Assistant Vice President | Feng Huizhong | Master of Construction Engineering, Cheng Shiu University                                 | None   | None  | None        | None           |
| Assistant Vice President | Su Bingan     | Department of Civil Engineering Technology, Pingtung University of Science and Technology | None   | None  | None        | None           |
| Assistant Vice President | Wu Yubin      | Department of Civil Engineering, Chung Hua University                                     | None   | Assistant Vice President                                  | Wu Yuwen    | brothers       |
| Assistant Vice President | Liu Rongkun   | Dept. of Civil Engineering, National Cheng Kung University                                | None   | None  | None        | None           |
| Assistant Vice President | Jiang Shiyang | Department of Soil and Water Conservation, Pingtung University of Science and Technology  | None   | None  | None        | None           |

Note 1: Xie Yingxian was promoted to deputy general manager on February 17, 2021

Note 2: Wu Yubin and Liu Rongkun were promoted to associates on February 17, 2021

Note 3: Jiang Shiyang retires on January 2, 2021

### III. Remuneration to Directors, President and Vice Presidents in the most recent year

#### (I) Director remuneration unit: NT\$ shares

| Title                | Name                | Director remuneration |                   |                           |                                     | Ratio of total remuneration (A+B+C+D) to net income (%) | Remuneration to concurrent employees |                   |                           |        |  | Ratio of total remuneration (A+B+C+D+E + F+G) to net income (%) | Remuneration paid to president and VP from reinvested companies other than subsidiary |                        |
|----------------------|---------------------|-----------------------|-------------------|---------------------------|-------------------------------------|---|--------------------------------------|-------------------|---------------------------|--------|--|---|---|------------------------|
|                      |                     | Remuneration (A)      | Severance pay (B) | Director remuneration (C) | Project implementation Expenses (D) |   | Salary, bonus and allowance (E)      | Severance pay (F) | Employee remuneration (G) |        | Exercisable employee stock options (H) |   |   | Restricted stock units |
|                      |                     |                       |                   |                           |                                     |   |                                      |                   | Cash                      | Stocks |  |   |   |                        |
| Chairman             | Chen Wucong         | 0                     | 0                 | 4,339,786                 | 120,000                             | 0.98%   | 7,530,000                            | 3,870,480         | 2,500,000                 | 0      | 0                                      | 0   | 4.05%   | None                   |
| Corporate director   | Da Jin Investment   | 0                     | 0                 | 4,339,787                 | 0                                   | 0.96%   | 0                                    | 0                 | 0                         | 0      | 0                                      | 0   | 0.96%   | None                   |
| Legal representative | Chen Youqi          | 0                     | 0                 | 0                         | 120,000                             | 0.03%   | 1,452,400                            | 63,072            | 500,000                   | 0      | 0                                      | 0   | 0.47%   | None                   |
| Corporate director   | One work investment | 0                     | 0                 | 4,339,787                 | 0                                   | 0.96%   | 0                                    | 0                 | 0                         | 0      | 0                                      | 0   | 0.96%   | None                   |
| Legal representative | Lin Zhefeng         | 0                     | 0                 | 0                         | 120,000                             | 0.03%   | 0                                    | 0                 | 0                         | 0      | 0                                      | 0   | 0.03%   | None                   |
| Director             | Zhang Jiayin        | 0                     | 0                 | 4,339,787                 | 120,000                             | 0.98%   | 0                                    | 0                 | 0                         | 0      | 0                                      | 0   | 0.98%   | None                   |
| Independent Director | Lin Xiangkai        | 0                     | 0                 | 0                         | 780,000                             | 0.17%   | 0                                    | 0                 | 0                         | 0      | 0                                      | 0   | 0.17%   | None                   |

|                      |                 |   |   |   |         |       |   |   |   |   |   |   |       |      |
|----------------------|-----------------|---|---|---|---------|-------|---|---|---|---|---|---|-------|------|
| Independent Director | Jiang Yongzheng | 0 | 0 | 0 | 780,000 | 0.17% | 0 | 0 | 0 | 0 | 0 | 0 | 0.17% | None |
| Independent Director | Lin Yaowen      | 0 | 0 | 0 | 720,000 | 0.16% | 0 | 0 | 0 | 0 | 0 | 0 | 0.16% | None |

The remuneration received by the directors of the Company for providing services to all companies in the financial report (such as serving as a consultant for non-employees, etc.) in the most recent year: None.

Note 1: The remuneration disclosed in the table is different from income as defined in the Income Tax Act. This table is therefore provided for disclosure only and is not used for taxation purposes.

Note 2: Employee remuneration is an estimate, not the actual amount

### Remuneration scale table

| Remuneration scale applicable to the Company's directors | Names of Directors   |  |  |  |
|--|--|--|--|--|
|  | Total of (A+B+C+D)   |  | Total of (A+B+C+D+E+F+G)                               |  |
|  | The Company  | All companies in the financial statements                          | The Company  | All companies in the financial statements              |
| Below NT\$1,000,000                                      | Lin Xiangkai, Jiang Yongzheng, Lin Yaowen, Chen Youqi, Lin Zhefeng | Lin Xiangkai, Jiang Yongzheng, Lin Yaowen, Chen Youqi, Lin Zhefeng | Lin Xiangkai, Jiang Yongzheng, Lin Yaowen, Lin Zhefeng | Lin Xiangkai, Jiang Yongzheng, Lin Yaowen, Lin Zhefeng |
| NT\$1,000,000 to NT\$2,000,000 (exclusive)               | None   | None   | None   | None   |
| NT\$2,000,000 to NT\$3,500,000 (exclusive)               | None   | None   | Chen Youqi   | Chen Youqi   |
| NT\$3,500,000 to NT\$5,000,000 (exclusive)               | Chen Wucong, Zhang Jiayin<br>Da Jin Investment, Yikung Investment  | Chen Wucong, Zhang Jiayin<br>Da Jin Investment, Yikung Investment  | Zhang Jiayin, Da Jin Investment, Yikung Investment     | Zhang Jiayin, Da Jin Investment, Yikung Investment     |



|   |      |      |             |             |
|---|------|------|-------------|-------------|
| NT\$5,000,000 ~ NT\$10,000,000<br>(exclusive)   | None | None | None        | None        |
| NT\$10,000,000 ~ NT\$15,000,000<br>(exclusive)  | None | None | None        | None        |
| NT\$15,000,000 ~ NT\$30,000,000<br>(exclusive)  | None | None | Chen Wucong | Chen Wucong |
| NT\$30,000,000 ~ NT\$50,000,000<br>(exclusive)  | None | None | None        | None        |
| NT\$50,000,000 ~ NT\$100,000,000<br>(exclusive) | None | None | None        | None        |
| NT\$100,000,000 or above                        | None | None | None        | None        |
| Total   | 9    | 9    | 9           | 9           |

(II) Scale of remuneration: President and VP unit: NT\$ shares

| Title          | Name         | Salary (A)  |   | Severance pay (B) |   | Bonuses, allowances, etc. (C) |   | Profit sharing-employee remuneration (D)          |       | Ratio of total remuneration (A+B+C+D) to net income (%) |   | Exercisable employee stock options |   | Number of restricted stock units |   | Remuneration paid to president and VP from reinvested companies other than subsidiary |
|----------------|--------------|-------------|---|-------------------|---|-------------------------------|---|---|-------|---|---|------------------------------------|---|----------------------------------|---|---|
|                |              | The Company | All companies in the financial statements | The Company       | All companies in the financial statements | The Company                   | All companies in the financial statements | All companies in the Company/financial statements |       | The Company   | All companies in the financial statements | The Company                        | All companies in the financial statements | The Company                      | All companies in the financial statements |   |
|                |              |             |   |                   |   |                               |   | Cash  | Stock |   |   |                                    |   |                                  |   |   |
| President      | Guo Hanlong  | 3,624,000   |   | 2,322,480         |   | 806,000                       |   | 1,000,000   | 0     | 1.71%   |   | None                               |   | None                             |   | None  |
| Vice President | Hong Maoyuan | 1,357,883   |   | 83,160            |   | 556,000                       |   | 850,000   | 0     | 0.63%   |   | None                               |   | None                             |   | None  |
| Vice President | Chen Junyuan | 1,256,513   |   | 76,032            |   | 456,000                       |   | 680,000   | 0     | 0.54%   |   | None                               |   | None                             |   | None  |
| Vice President | Feng Shuqing | 1,176,000   |   | 72,792            |   | 406,000                       |   | 550,000   | 0     | 0.49%   |   | None                               |   | None                             |   | None  |
| Vice President | Chen Youqi   | 1,046,400   |   | 63,072            |   | 406,000                       |   | 500,000   | 0     | 0.44%   |   | None                               |   | None                             |   | None  |
| Vice President | Xie Yingxian | 1,173,911   |   | 69,552            |   | 326,000                       |   | 480,000   | 0     | 0.45%   |   | None                               |   | None                             |   | None  |

Note 1: The remuneration disclosed in the table is different from income as defined in the Income Tax Act. This table is therefore provided for disclosure only and is not used for taxation purposes.

Note 2: Retirement pension is the amount calculated in the current year.

Note 3: Employee remuneration is an estimate, not the actual amount.

Remuneration scale table

| Bracket                                    | Names of President and VPs                            |   |
|--|---|---|
|  | The Company   | All companies in the financial statements             |
| Below NT\$1,000,000                        | None  | None  |
| NT\$1,000,000 to NT\$2,000,000 (exclusive) | None  | None  |
| NT\$2,000,000 to NT\$3,500,000 (exclusive) | Hong Maoyuan, Chen Junyuan, Feng Shuqing, Chen Youqi, | Hong Maoyuan, Chen Junyuan, Feng Shuqing, Chen Youqi, |

|  |              |              |
|--|--------------|--------------|
|  | Xie Yingxian | Xie Yingxian |
| NT\$3,500,000 to NT\$5,000,000 (exclusive)   | None         | None         |
| NT\$5,000,000 ~ NT\$10,000,000 (exclusive)   | Guo Hanlong  | Guo Hanlong  |
| NT\$10,000,000 ~ NT\$15,000,000 (exclusive)  | None         | None         |
| NT\$15,000,000 ~ NT\$30,000,000 (exclusive)  | None         | None         |
| NT\$30,000,000 ~ NT\$50,000,000 (exclusive)  | None         | None         |
| NT\$50,000,000 ~ NT\$100,000,000 (exclusive) | None         | None         |
| NT\$100,000,000 or above                     | None         | None         |
| Total  | 6            | 6            |

(III) Remuneration of the top five remuneration top executives

unit: NT\$ shares

| Title                    | Name         | Salary (A)  |   | Severance pay (B) |   | Bonuses, allowances, etc. (C) |   | Profit sharing-employee remuneration (D)          |       | Ratio of total remuneration (A+B+C+D) to net income (%) |   | Exercisable employee stock options |   | Number of restricted stock units |   | Remuneration paid to president and VP from reinvested companies other than subsidiary |
|--------------------------|--------------|-------------|---|-------------------|---|-------------------------------|---|---|-------|---|---|------------------------------------|---|----------------------------------|---|---|
|                          |              | The Company | All companies in the financial statements | The Company       | All companies in the financial statements | The Company                   | All companies in the financial statements | All companies in the Company/financial statements |       | The Company   | All companies in the financial statements | The Company                        | All companies in the financial statements | The Company                      | All companies in the financial statements |   |
|                          |              |             |   |                   |   |                               |   | Cash  | Stock |   |   |                                    |   |                                  |   |   |
| President                | Guo Hanlong  | 3,624,000   |   | 2,322,480         |   | 806,000                       |   | 1,000,000   | 0     | 1.71%   |   | None                               |   | None                             |   | None  |
| Vice President           | Hong Maoyuan | 1,357,883   |   | 83,160            |   | 556,000                       |   | 850,000   | 0     | 0.63%   |   | None                               |   | None                             |   | None  |
| Vice President           | Chen Junyuan | 1,256,513   |   | 76,032            |   | 456,000                       |   | 680,000   | 0     | 0.54%   |   | None                               |   | None                             |   | None  |
| Vice President           | Feng Shuqing | 1,176,000   |   | 72,792            |   | 406,000                       |   | 550,000   | 0     | 0.49%   |   | None                               |   | None                             |   | None  |
| Assistant Vice President | Wu Yuwen     | 1,117,711   |   | 66,312            |   | 456,000                       |   | 680,000   | 0     | 0.51%   |   | None                               |   | None                             |   | None  |

Note 1: The remuneration disclosed in the table is different from income as defined in the Income Tax Act. This table is therefore provided for disclosure only and is not used for taxation purposes.

Note 2: Retirement pension is the amount calculated in the current year.

Note 3: Employee remuneration is an estimate, not the actual amount.

(IV) Names of the managers who were distributed employee remuneration and the status of distribution

unit: NT\$

| Title                    | Name          | Stocks | Cash      | Total     | Ratio of total amount to net income (%) |
|--------------------------|---------------|--------|-----------|-----------|---|
| Chairman                 | Chen Wucong   | None   | 8,240,000 | 8,240,000 | 1.82%                                   |
| President                | Guo Hanlong   |        |           |           |   |
| Vice President           | Hong Maoyuan  |        |           |           |   |
| Vice President           | Chen Junyuan  |        |           |           |   |
| Vice President           | Feng Shuqing  |        |           |           |   |
| Vice President           | Chen Youqi    |        |           |           |   |
| Vice President           | Xie Yingxian  |        |           |           |   |
| Assistant Vice President | Wu Yuwen      |        |           |           |   |
| Assistant Vice President | Wu Changxuan  |        |           |           |   |
| Assistant Vice President | Feng Huizhong |        |           |           |   |
| Assistant Vice President | Su Bingan     |        |           |           |   |

Note 1: Passed by the Board of Directors on March 10, 2021, employee remuneration in 2020 was NT\$23,145,529

Note 2: The manager remuneration is an estimate, not the actual amount

(V) Comparative information about the total remuneration paid by the Company and by all companies included in the consolidated financial statements for the most recent two fiscal years to directors, president, and vice presidents of the Company.

1. The ratio of total remuneration paid to directors, supervisors, president, and vice presidents, to the net income.

| Item                         | 2019        |  | 2020        |  |
|------------------------------|-------------|--|-------------|--|
|                              | The Company | All companies in the consolidated financial statements | The Company | All companies in the consolidated financial statements |
| Director                     | 7.42%       |  | 7.96%       |  |
| President and vice president | 3.52%       |  | 4.26%       |  |

2. Policies, standards, and packages for payment of remuneration/compensation, as well as the procedures for determining remuneration/compensation, for directors, supervisors, president, and vice presidents and its linkage to business performance and future risk exposure.

(1) Directors, Supervisors

(a) Items not directly related to business performance

Salaries, transportation fees and other remunerations shall be paid in accordance with the Company's Articles of Incorporation, regardless of profit or loss at the usual level of the industry, and the amount shall be determined by the Board of Directors.

(b) Projects directly related to business performance

Directors' remuneration is calculated at the upper limit of the Company's Articles of Incorporation of 4%, and then distributed by the directors.

(2) President, vice president

(a) Items not directly related to business performance

Salaries and other remunerations are appointed or hired in accordance with the Company's Articles of Incorporation, and their salaries are reviewed in accordance with the contract and employee salary levels, and are determined by the remuneration committee and board meetings.

(b) Items directly related to business performance

The year-end bonus is in accordance with the employee's work rules and approved by the Board of Directors. Employee remuneration is calculated based on the

Company's articles of incorporation rate of 2% to 4%, and then allocated based on their rank and length of service.

(3) The remuneration of the directors of the Company shall be handled in accordance with the Company's Articles of Incorporation, and reasonable remuneration shall be given in consideration of the Company's operating results; The general manager and deputy general manager's remuneration policy still considers the salary level of the industry market, and its scope of rights and responsibilities and contribution within the Company. The procedure for determining remuneration also considers the Company's overall operating performance, future business risks and development trends of the industry, in order to seek the Company's sustainable operation.

#### IV. Implementation of Corporate Governance

##### (I) Board of Directors

The Company held a total of 6 board meetings in 2020 and as of April 8, 2021 (the 12th to the 17th meeting of the 15th session).

The attendance of the directors is as follows:

| Title                | Name   | Attendance in person | Attendance by proxy | Attendance rate (%) | Note |
|----------------------|--|----------------------|---------------------|---------------------|------|
| Chairman             | Chen Wucong  | 6                    | 0                   | 100                 |      |
| Director             | Lin Zhefeng<br>(Representative of Yikung Investment) | 6                    | 0                   | 100                 |      |
| Director             | Chen Youqi<br>(Representative of Da Jing Investment) | 6                    | 0                   | 100                 |      |
| Director             | Zhang Jiayin   | 6                    | 0                   | 100                 |      |
| Independent Director | Lin Xiangkai   | 6                    | 0                   | 100                 |      |
| Independent Director | Jiang Yongzheng                                      | 6                    | 0                   | 100                 |      |

| Title                | Name       | Attendance in person | Attendance by proxy | Attendance rate (%) | Note |
|----------------------|------------|----------------------|---------------------|---------------------|------|
| Independent Director | Lin Yaowen | 6                    | 0                   | 100                 |      |

Other details that need to be recorded in the meeting minutes:

1. The date of the Board meeting, the term, contents of the proposals, opinions of all Independent Directors, and the Company's handling of opinions of Independent Directors shall be recorded under the following circumstances in the operations of the Board of Directors meeting:

- (1) Concerning the provisions of Article 14-3 of the Securities and Exchange Act: Refer to the table for details.
- (2) Other board resolutions apart from the aforementioned matters with respect to objections or qualified opinions expressed by independent directors on record or in writing: Refer to the table for details.

| Session and date  | Key resolutions of the Board of Directors  | Matters listed in §14-3 of the Securities and Exchange Act | Independent directors who hold objections or reservations |
|---|--|--|---|
| 3/23/2020<br>12th meeting<br>of the 15th<br>Board of<br>Directors | I. Year-end bonus distribution for managers of the Company.  | ✓  |   |
|   | II. The Company's 2019 Statement of Internal Control System.   | ✓  |   |
|   | III. The Company's 2019 Business Report and Financial Statements.                                      | ✓  |   |
|   | IV. Relevant matters to convene the 2020 regular shareholders meeting.                                 | ✓  |   |
|   | V. It is proposed to appoint Ernst & Young to handle the 2020 financial and tax return matters.        | ✓  |   |
|   | VI. Set the base date for the conversion of corporate bonds into ordinary shares for capital increase. | ✓  |   |
|   | VII. Amended the Articles of Incorporation.  | ✓  |   |



| Session and date  | Key resolutions of the Board of Directors   | Matters listed in §14-3 of the Securities and Exchange Act | Independent directors who hold objections or reservations |
|---|---|--|---|
|   | VIII. Amended the Company's Shareholders' Meeting Rules and Director Election Rules   | ✓  |   |
|   | IX. Revise the internal control system for part of procedures for the project contract cycle.   | ✓  |   |
|   | X. Formulate and revise the internal control system management methods.   | ✓  |   |
|   | XI. Proposed donation to the "New Culture Foundation" case.   | ✓  |   |
|   | XII. Obtained 2 pieces of land, including "Land No. 53-2 and 53-3, Yuanwei Section, Fengshan District, Kaohsiung City".   | ✓  |   |
|   | XIII. It is proposed to apply to the Sanmin Branch of the Land Bank of Taiwan for construction financing.   |  |   |
|   | XIV. Apply to the Kaohsiung branch of the bank bills and bills to guarantee the issuance of commercial promissory notes for the financing extension.  |  |   |
|   | XV. The case for the extension of the financing line of the Kaohsiung Regional Center of the former China Trust Commercial Bank's Taiwan Legal Finance Business Headquarters.                               |  |   |
|   | XVI. The short-term loan limit originally applied to the Tokyo Branch and National Branch of China Trust Commercial Bank will expire on April 30, and it is proposed to apply for an extension of one year. |  |   |
|   | Opinions of Independent Directors: None   |  |   |
| The Company's handling of the opinions of independent directors: Not applicable |   |  |   |
| Resolution result: Passed by all attending directors.                           |   |  |   |
| 5/4/2020<br>13th meeting<br>of the 15th<br>Board of                             | I. The Company's 2019 director remuneration distribution and allocation.  | ✓  |   |
|   | II. The Company's 2019 appropriation of employee remuneration and manager's employee remuneration distribution plan.  | ✓  |   |
|   | III. During the epidemic prevention period (covid-19 virus), it is proposed to authorize  |  |   |

| Session and date         | Key resolutions of the Board of Directors  | Matters listed in §14-3 of the Securities and Exchange Act | Independent directors who hold objections or reservations |  |
|--------------------------|--|--|---|--|
| Directors                | the chairman of the board to temporarily change the location of the shareholders' meeting.   |  |   |  |
|                          | IV. The Company's 2019 earnings distribution.  | ✓  |   |  |
|                          | V. It is proposed to apply to the Qixian Branch of Shin Kong Bank for a comprehensive financing extension.   |  |   |  |
|                          | VI. It is proposed to apply to the Kaohsiung branch of Bangkok Bank of Thailand for the extension of the comprehensive financing case.               |  |   |  |
|                          | VII. It is proposed to apply to the Qianzhen Branch of Taiwan Business Bank for a financing extension.   |  |   |  |
|                          | VIII. It is proposed to apply to the Bank of Taiwan Lingya Branch for a financing extension.   |  |   |  |
|                          | IX. It is proposed to apply to Mega International Commercial Bank Fengshan Branch for a comprehensive financing extension.                           |  |   |  |
|                          | X. It is proposed to apply to Taichung Commercial Bank Kaohsiung Branch for a comprehensive financing extension.                                     |  |   |  |
|                          | XI. It is proposed to apply to the Land Bank of Taiwan Lingya Branch for a financing extension.  |  |   |  |
|                          | XII. It is proposed to apply to the Xinxing Branch of Chang Hwa Bank for an extension.   |  |   |  |
|                          | XIII. It is proposed to apply for a financing line from a financial institution.   |  |   |  |
|                          | Opinions of Independent Directors: None  |  |   |  |
|                          | The Company's handling of the opinions of independent directors: Not applicable  |  |   |  |
|                          | Resolution result: Passed by all attending directors.  |  |   |  |
| 8/3/2020<br>14th meeting | I. 7 joint land development projects, including "Land No. 5-7, 5-8, 5-36, 5-37, 5-38, 5-39, 5-50, Renai Section, Qianzhen District, Kaohsiung City". | ✓  |   |  |

| Session and date                                      | Key resolutions of the Board of Directors  | Matters listed in §14-3 of the Securities and Exchange Act | Independent directors who hold objections or reservations |  |
|---|--|--|---|--|
| of the 15th Board of Directors                        | II. Sale of the land for the land No. 169, Section 1, Passenger Transport Section, Dayuan City, Taoyuan City.                                      | ✓  |   |  |
|   | III. The proposed sale of the Company's "Phoenix Bay" premises to a related party.   | ✓  |   |  |
|   | IV. It is proposed to sell the entire housing land of the "Wave" construction project held by the Company to a joint venture company.              | ✓  |   |  |
|   | V. Set the Company's cash dividend payment base date proposal.   |  |   |  |
|   | VI. Apply to the First Commercial Bank Yancheng Branch for a financing line case.  |  |   |  |
|   | VII. Apply to China Trust Commercial Bank for financing line.  |  |   |  |
|   | VIII. The original Land Bank of Taiwan Toufen branch financing application extension case.   |  |   |  |
|   | IX. The former Kaohsiung Branch of Mega Bills applied for the extension of the financing line.   |  |   |  |
|   | X. The original Hua Nan Bank Sanmin Branch applied for the extension of the financing line.  |  |   |  |
|   | XI. The former Kaohsiung Payment Center of the Union Bank of Taiwan guaranteed the issuance of commercial promissory notes to apply for extension. |  |   |  |
|   | Opinions of Independent Directors: None  |  |   |  |
|   | The Company's handling of the opinions of independent directors: Not applicable  |  |   |  |
| Resolution result: Passed by all attending directors. |  |  |   |  |
| 11/4/2020 15th meeting of the 15th Board of Directors | I. The Company's 2021 audit plan.  | ✓  |   |  |
|   | II. Won the bid for a plot of land, "Land No. 43, Xinyi Section, Gangshan District, Kaohsiung City".   | ✓  |   |  |
|   | III. Obtained a total of 2 plots of land, "Land No. 512 and 513. Guanshui Section, Yanchao District, Kaohsiung City".                              | ✓  |   |  |
|   | IV. Plans to obtain 11 plots of land, "Land No.  | ✓  |   |  |

| Session and date          | Key resolutions of the Board of Directors  | Matters listed in §14-3 of the Securities and Exchange Act | Independent directors who hold objections or reservations |  |
|---------------------------|--|--|---|--|
|                           | 758, Sovereign Section, Hualien City”.   |  |   |  |
|                           | V. The proposed sale of the premises of the Company’s "Long Da Junwang" construction project to a related party.   | ✓  |   |  |
|                           | VI. Proposed to sell the premises of the Company’s "New Metropolis" construction project to a related party.   | ✓  |   |  |
|                           | VII. Plan to replace old company vehicles with new vehicles.   | ✓  |   |  |
|                           | VIII. Proposed amendments of the employee housing preferential measures.   | ✓  |   |  |
|                           | IX. It is proposed to apply to the Sanmin Branch of Hua Nan Bank for land financing.   |  |   |  |
|                           | X. It is proposed to apply to the Kaohsiung Branch of Taiwan Cooperative Bank for land financing.  |  |   |  |
|                           | XI. It is proposed to apply to the Qianzhen Branch of Taiwan Business Bank for land and building financing.  |  |   |  |
|                           | XII. China Bills Finance Corporation Kaohsiung branch financing case.  |  |   |  |
|                           | XIII. Proposed the application of financing extension from the Bank of Kaohsiung South Kaohsiung Branch.   |  |   |  |
|                           | XIV. It is proposed to apply to the Kaohsiung Branch of Taiwan Cooperative Bills Finance Corporation to guarantee the issuance of commercial promissory notes for the financing extension. |  |   |  |
|                           | XV. First Commercial Bank Yancheng Branch financing line increase.   |  |   |  |
|                           | Opinions of Independent Directors: None  |  |   |  |
|                           | The Company's handling of the opinions of independent directors: Not applicable  |  |   |  |
|                           | Resolution result: Passed by all attending directors.  |  |   |  |
| 3/10/2021<br>16th meeting | I. The Company’s 2020 director remuneration distribution and allocation.   |  |   |  |
|                           | II. Year-end bonus distribution for managers of the Company.   |  |   |  |

| Session and date               | Key resolutions of the Board of Directors  | Matters listed in §14-3 of the Securities and Exchange Act | Independent directors who hold objections or reservations |
|--------------------------------|--|--|---|
| of the 15th Board of Directors | III. Changes to the Company's manager Xie Yingxian and other three employees' salaries.  |  |   |
|                                | IV. The Company's 2020 Statement of Internal Control System.   | ✓  |   |
|                                | V. The Company's 2020 Business Report and Financial Statements.  | ✓  |   |
|                                | VI. It is proposed to appoint Ernst & Young to handle the 2021 financial and tax return matters.   | ✓  |   |
|                                | VII. Matters related to the convening the 2021 annual meeting of shareholders.   |  |   |
|                                | VIII. Amendments to the Articles of Incorporation.   | ✓  |   |
|                                | IX. Election of 16th term Directors.   |  |   |
|                                | X. Proposal of the release of the newly elected director from the non-competition restrictions   |  |   |
|                                | XI. Amend the Company's "Ethical Corporate Management Principles" and "Code of Conduct".   | ✓  |   |
|                                | XII. It is proposed to appoint Director Liu Xunwu as the Company's audit supervisor.   | ✓  |   |
|                                | XIII. Won the bid for the plot of land, "Land No. 102-1, Lantian West Section, Nanzi District, Kaohsiung City".  | ✓  |   |
|                                | XIV. Disposal of 56 land cases including "Land No. 1046, Datong Section, Zhunan Town, Miaoli County".  |  |   |
|                                | XV. It is proposed to apply to the Sanmin Branch of the Land Bank of Taiwan for land financing.  |  |   |
|                                | XVI. It is proposed to apply to Hwatai Bank Kaohsiung Branch for medium and long-term financing.   |  |   |
|                                | XVII. It is proposed to apply to the Yancheng Branch of the First Bank for financing renewal.  |  |   |
|                                | XVIII. It is proposed to apply to the Kaohsiung Regional Center of China Trust Commercial Bank's Taiwan Legal Finance Business Headquarters for the extension of the financing line. |  |   |

| Session and date   | Key resolutions of the Board of Directors   | Matters listed in §14-3 of the Securities and Exchange Act | Independent directors who hold objections or reservations |
|--|---|--|---|
|  | IXX. It is proposed to apply for a short-term loan extension to the Tokyo Branch and Minzu Branch of China Trust Commercial Bank. |  |   |
|  | Opinions of Independent Directors: None   |  |   |
|  | The Company's handling of the opinions of independent directors: Not applicable   |  |   |
|  | Resolution result: Passed by all attending directors.   |  |   |
| 4/8/2021<br>17th meeting<br>of the 15th<br>Board of<br>Directors | I. The Company's 2020 remuneration distribution proposal for managers.  |  |   |
|  | II. The Company's 2020 earnings distribution.   | ✓  |   |
|  | III. Request for approval of the nominated candidate list for directors (including independent directors).                        |  |   |
|  | IV. Review the list of directors (including independent directors) holding more than 1% of the shares nominated by shareholders   |  |   |
|  | V. Adjustments to matters related to the convening the 2021 annual meeting of shareholders.                                       |  |   |
|  | Opinions of Independent Directors: None   |  |   |
|  | The Company's handling of the opinions of independent directors: Not applicable   |  |   |
|  | Resolution result: Passed by all attending directors.   |  |   |
|  | Resolution result: Passed by all attending directors.   |  |   |

2. Recusal by directors from motions that involved conflicts of interest:

(1) The 12th meeting of the 15th Board of Directors on March 23,

2020:

- A. Agenda content: Year-end bonus distribution for managers of the Company.

Implementation status: Chairman Chen Wucong and Director Chen Youqi are managers of the Company. They were not allowed to participate in the discussion and voting to the avoid conflicts of interests. The acting chairman (independent director Lin Xiangkai) consulted the remaining directors present and passed the proposal without objection.

- B. Agenda content: Proposed donation to the "New Culture Foundation" case.

Implementation status: Independent director Lin Yaowen was not allowed to participate in the discussion and voting due to the avoidance of interests and interests. The proposal was passed without objection after the chairman consulted the other directors present.

- (2) The 13th meeting of the 15th Board of Directors on May 4, 2020:

- A. Agenda content: The Company's 2019 director remuneration distribution and allocation.

Implementation status: Chairman Chen Wucong, Director Chen Youqi, Director Lin Zhefeng and Director Zhang Jiayin were not allowed to participate in the discussion and voting due to the avoidance of interests and interests. The acting chairman (independent director Lin Xiangkai) consulted the remaining directors present and passed the proposal without objection.

- B. Agenda content: The Company's proposal for employee remuneration and manager remuneration allocation in 2019.

Implementation status: Chairman Chen Wucong and Director Chen Youqi were not allowed to participate in the discussion and voting to the avoid conflicts of interests. The acting chairman (independent director Lin Xiangkai) consulted the remaining directors present and passed the proposal without objection.

(3) The 15th meeting of the 15th Board of Directors on November 4, 2020:

A. Agenda content: The proposed sale of the premises of the Company's "Long Da Junwang" construction project to a related party.

Implementation status: Chairman Chen Wucong and Director Chen Youqi were not allowed to participate in the discussion and voting to the avoid conflicts of interests. The acting chairman (independent director Lin Xiangkai) consulted the remaining directors present and passed the proposal without objection.

B. Agenda content: Proposed to sell the premises of the Company's "New Metropolis" construction project to a related party.

Implementation status: Chairman Chen Wucong and Director Chen Youqi were not allowed to participate in the discussion and voting to the avoid conflicts of interests. The acting chairman (independent director Lin Xiangkai) consulted the remaining directors present and passed the proposal without objection.

C. Agenda content: Plan to replace old company vehicles with new vehicles.

Implementation status: Chairman Chen Wucong was not



allowed to participate in the discussion and voting due to the avoidance of interests and interests. After the acting chairman (independent director Lin Xiangkai) consulted the remaining directors present, the proposal was passed without objection.

(4) The 16th meeting of the 15th Board of Directors on March 10, 2021:

A. Agenda content: Year-end bonus case for managers.

Implementation status: Chairman Chen Wucong and Director Chen Youqi are managers of the Company. They were not allowed to participate in the discussion and voting to the avoid conflicts of interests. The acting chairman (independent director Lin Xiangkai) consulted the remaining directors present and passed the proposal without objection.

B. Agenda content: The Company's 2020 director remuneration distribution and allocation.

Implementation status: Chairman Chen Wucong, Director Chen Youqi, Director Lin Zhefeng and Director Zhang Jiayin were not allowed to participate in the discussion and voting due to the avoidance of interests and interests. The acting chairman (independent director Lin Xiangkai) consulted the remaining directors present and passed the proposal without objection.

(5) The 17th meeting of the 15th Board of Directors on April 8, 2021:

Agenda content: The Company's 2020 remuneration distribution proposal for managers.

Implementation status: Chairman Chen Wucong and Director Chen Youqi are managers of the Company. They were not

allowed to participate in the discussion and voting to the avoid conflicts of interests. The acting chairman (independent director Lin Xiangkai) consulted the remaining directors present and passed the proposal without objection.

3. The goals of improving the professional competencies of the Board of Directors (e.g., establishing the Audit Committee and improving the transparency of information) in the current year and recent years and assessment of implementation:

(1) In 2018, in accordance with the Company's business conditions and laws and regulations, an audit committee was established and the functions of the Board of Directors were strengthened. The Board of Directors of the Company is composed of 7 directors. In order to strengthen the professional functions of the Board of Directors, and to be in line with international standards, the Company has established a "remuneration committee" and in accordance with Article 14-4 of the Securities Exchange Act on June 13, 2018 Article set up an "audit committee" to replace the supervisor. The "Audit Committee" has assisted the Company's Board of Directors in making a number of important decisions based on its professional division of labor and independent and transcendent position. The "Remuneration Committee" has also formulated the performance evaluation and remuneration standards for the Company's directors and managers, and revised directors Provide professional advice and make important decisions on the salary and remuneration of managers. Effectively establish a remuneration and performance appraisal system for the Company's directors and managers in order to improve the Company's operational performance.

The members of the Company's Board of Directors are diverse, including different professional experience, work fields and backgrounds. In order to strengthen corporate governance and

promote the sound development of the composition and structure of the Board of Directors, the Company formulated the "Code of Practice on Corporate Governance" on November 1, 2016 and revised it on March 16, 2018. Article 19 of the Code of Practice on Corporate Governance Item 2 covers the "Policy on Diversification of Board Members". The relevant content and implementation status are as follows:

The composition of the Board of Directors shall be determined by taking diversity into consideration, except that the number of the Company's directors serving as managers should not exceed one third of the board, 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, without being limited to, the following two general standards:

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

Each board member shall have the necessary knowledge, skill, and experience to perform their duties. To achieve an ideal level of corporate governance, the Board of Directors should be equipped with the following abilities:

- A. Ability to make sound business judgments.
- B. Ability to perform accounting and financial analyses.
- C. Operation and management capabilities.
- D. Crisis management capabilities.
- E. Industry knowledge.
- F. An international market perspective.
- G. Leadership.
- H. Decision-making capacity.

The current Board of Directors of the Company consists of 7 directors, including 4 directors and 3 independent directors.

The members have rich experience and expertise in business, management, construction, law and other fields. In addition, the Company also pays attention to gender equality among board members. There are currently 7 directors, including 1 female director, with a ratio of approximately 14%.

The relevant implementation situation is as follows:

| Diversified core projects<br><br>Title and name |                 | Basic composition |          |          |             |   | Professional experience |                              |                        | Background      |         |          |     |                       |                      |
|---|-----------------|-------------------|----------|----------|-------------|---|-------------------------|------------------------------|------------------------|-----------------|---------|----------|-----|-----------------------|----------------------|
|   |                 | Gender            | Age      |          |             | Number of Years Acting as an Independent Director |                         | Construction and development | Bank Financial Control | Law and justice | Finance | building | Law | Public administration | Corporate management |
|   |                 |                   | 30 to 50 | 50 to 60 | 60 or above | Less than 3 years                                 | More than 3 years       |                              |                        |                 |         |          |     |                       |                      |
| Chairman  | Chen Wucong     | Male              |          |          | ✓           |   |                         |                              |                        |                 | ✓       |          |     | ✓                     |                      |
| Director  | Lin Zhefeng     | Male              | ✓        |          |             |   |                         |                              |                        |                 | ✓       |          |     | ✓                     |                      |
| Director  | Chen Youqi      | Male              | ✓        |          |             |   |                         |                              |                        |                 | ✓       |          |     | ✓                     |                      |
| Director  | Zhang Jiayin    | Female            | ✓        |          |             |   |                         |                              |                        |                 |         |          |     | ✓                     |                      |
| Independent Director                            | Lin Xiangkai    | Male              |          |          | ✓           | ✓   |                         | ✓                            |                        | ✓               |         |          | ✓   |                       |                      |
| Independent Director                            | Jiang Yongzheng | Male              |          |          | ✓           |   |                         |                              | ✓                      |                 |         | ✓        |     |                       |                      |
| Independent Director                            | Lin Yaowen      | Male              | ✓        |          |             | ✓   |                         |                              |                        |                 |         |          | ✓   |                       |                      |

(2) Information disclosure, online reporting and disclosure of corporate governance information.

A. The Company complies with the relevant laws and the regulations of the Taiwan Stock Exchange Corporation, and performs its duties related to information disclosure. Establish an online reporting system for information disclosure and assign designated personnel to be responsible for the collection and disclosure of data. A spokesperson shall be appointed to ensure that information which may have an impact on the decision-making processes of shareholders and stakeholders is disclosed in a timely and appropriate manner.

- B. The Company should take advantage of Internet resources and establish a website to provide financial data and information on corporate governance for shareholders and stakeholders. The aforesaid websites shall be maintained by designated personnel. The information contained therein shall be correct and sufficiently detailed and up-to-date to avoid potential misdirection.
- C. The Company holds legal person briefings in accordance with the provisions of the Stock Exchange and saves them in the form of audio or video recording. The financial and business information of the legal person briefing will be entered into the Internet information reporting system designated by the stock exchange, and inquiries will be provided through the Company's website.
- D. The Company discloses relevant information on corporate governance during the year in accordance with relevant laws and regulations and the requirements of the stock exchange. And depending on the actual implementation of corporate governance, adopt appropriate methods to disclose and improve specific plans and measures for corporate governance.

(II) Operating status of the Audit Committee

1. In 2020 and as of April 8, 2021, the Company convened 6 audit committees (the 9th from the 1st session to the 14th session of the 1st session). The attendance of independent directors is as follows:

| Title                   | Name         | Attendance<br>in person | Attendance<br>(%)<br>Seat rate (%) | Note |
|-------------------------|--------------|-------------------------|------------------------------------|------|
| Independent<br>Director | Lin Xiangkai | 6                       | 100                                |      |
| Independent             | Jiang        | 6                       | 100                                |      |

|                      |            |   |     |  |
|----------------------|------------|---|-----|--|
| Director             | Yongzheng  |   |     |  |
| Independent Director | Lin Yaowen | 6 | 100 |  |

2. The operation in 2020 is as follows:

| Period and date  | Material Resolutions of the Audit Committee  | Matters listed in §14-5 of the Securities and Exchange Act | Members who have objections or reservations |  |
|--|--|--|---|--|
| 3/23/2020<br>9th meeting<br>of the 1st   | I. The Company's 2019 Statement of Internal Control System.  | ✓  |   |  |
|  | II. The Company's 2019 Business Report and Financial Statements.   | ✓  |   |  |
|  | III. It is proposed to appoint Ernst & Young Joint Accounting Firm to handle the 2020 financial and tax visa matters.  | ✓  |   |  |
|  | IV. Amendments to the Articles of Incorporation.   | ✓  |   |  |
|  | V. Amendments to the Rules for Shareholders' Meeting.  | ✓  |   |  |
|  | VI. Amendment to the Directors' Election Act.  | ✓  |   |  |
|  | VII. Revise the internal control system for part of procedures for the project contract cycle.                         | ✓  |   |  |
|  | VIII. Formulate and revise the internal control system management methods.   | ✓  |   |  |
|  | IX. Obtained 2 pieces of land, including "Land No. 53-2 and 53-3, Yuanwei Section, Fengshan District, Kaohsiung City". | ✓  |   |  |
|  | Audit Committee Opinion: None  |  |   |  |
| Actions taken by the Company in response to the opinion of the Audit Committee: Not applicable |  |  |   |  |
| Resolution result: Passed by all attending directors.  |  |  |   |  |
| 5/4/2020<br>10th meeting<br>of the 1st   | I. The Company's 2019 earnings distribution.   | ✓  |   |  |
|  | II. From the first quarter of 2020, the Company's financial statement accountant replacement case.                     | ✓  |   |  |
|  | Audit Committee Opinion: None  |  |   |  |
|  | Actions taken by the Company in response to the opinion of the Audit Committee: Not applicable                         |  |   |  |

| Period and date                                       | Material Resolutions of the Audit Committee  | Matters listed in §14-5 of the Securities and Exchange Act | Members who have objections or reservations |
|---|--|--|---|
|   | Resolution result: Passed by all attending directors.  |  |   |
| 8/3/2020<br>11th meeting<br>of the 1st                | I. 7 joint land development projects, including "Land No. 5-7, 5-8, 5-36, 5-37, 5-38, 5-39, 5-50, Renai Section, Qianzhen District, Kaohsiung City". | ✓  |   |
|   | II. The proposed sale of the Company's "Phoenix Bay" premises to a related party.  | ✓  |   |
|   | III. It is proposed to sell the entire housing land of the "Wave" construction project held by the Company to a joint venture company.               | ✓  |   |
|   | Audit Committee Opinion: None  |  |   |
|   | Actions taken by the Company in response to the opinion of the Audit Committee: Not applicable   |  |   |
|   | Resolution result: Passed by all attending directors.  |  |   |
| 11/4/2020<br>12th meeting<br>of the 1st               | I. The Company's 2021 audit plan.  | ✓  |   |
|   | II. Won the bid for a plot of land, "Land No. 43, Xinyi Section, Gangshan District, Kaohsiung City".   | ✓  |   |
|   | III. Obtained a total of 2 plots of land, "Land No. 512 and 513. Guanshui Section, Yanchao District, Kaohsiung City".                                | ✓  |   |
|   | IV. Plans to obtain 11 plots of land, "Land No. 758, Sovereign Section, Hualien City".   | ✓  |   |
|   | V. The proposed sale of the premises of the Company's "Long Da Junwang" construction project to a related party.                                     | ✓  |   |
|   | VI. Proposed to sell the premises of the Company's "New Metropolis" construction project to a related party.   | ✓  |   |
|   | VII. Plan to replace old company vehicles with new vehicles.   | ✓  |   |
|   | VIII. Proposed amendments of the employee housing preferential measures.   | ✓  |   |
|   | Audit Committee Opinion: None  |  |   |
|   | Actions taken by the Company in response to the opinion of the Audit Committee: Not applicable   |  |   |
| Resolution result: Passed by all attending directors. |  |  |   |

| Period and date                                       | Material Resolutions of the Audit Committee   | Matters listed in §14-5 of the Securities and Exchange Act | Members who have objections or reservations |  |
|---|---|--|---|--|
| 3/10/2021<br>13th meeting<br>of the 1st               | I. The Company's 2020 Statement of Internal Control System.   | ✓  |   |  |
|   | II. The Company's 2020 Business Report and Financial Statements.  | ✓  |   |  |
|   | III. It is proposed to appoint Ernst & Young joint accounting firm to handle the 2021 financial and tax visa matters. | ✓  |   |  |
|   | IV. Amendments to the Articles of Incorporation.  | ✓  |   |  |
|   | V. Amendments to the Ethical Corporate Management Principles  | ✓  |   |  |
|   | VI. Amend the "Code of Conduct" case.   | ✓  |   |  |
|   | VII. Won the bid for the plot of land, "Land No. 102-1, Lantian West Section, Nanzi District, Kaohsiung City".        | ✓  |   |  |
|   | VIII. It is proposed to appoint Director Liu Xunwu as the Company's audit supervisor.                                 | ✓  |   |  |
|   | Audit Committee Opinion: None   |  |   |  |
|   | Actions taken by the Company in response to the opinion of the Audit Committee: Not applicable                        |  |   |  |
| Resolution result: Passed by all attending directors. |   |  |   |  |
| 4/8/2021<br>14th meeting<br>of the 1st                | I. The Company's 2020 earnings distribution.  | ✓  |   |  |
|   | Audit Committee Opinion: None   |  |   |  |
|   | Actions taken by the Company in response to the opinion of the Audit Committee: Not applicable                        |  |   |  |
|   | Resolution result: Passed by all attending directors.   |  |   |  |

3. Key focuses of the Audit Committee for the year:

Evaluate the effectiveness of the Company's internal control policies and procedures, and review the Company's audit office, certified accountants, and management-level periodic reports.

4. Other details that need to be recorded in the meeting minutes:



- (1) Items listed in Article 14-5 of the Securities and Exchange Act, any issues not agreed upon by the Audit Committee but passed by more than two-thirds of entire body of directors, and the handling of the Audit Committee's opinions by the Company: None.
- (2) Recusal by independent directors from motions that involved conflicts of interest and their participation in voting  
The 9th meeting of the 15th Board of Directors on March 23, 2020  
Agenda content: Proposed donation to "New Culture Foundation"  
Implementation status: The interested person (independent director Lin Yaowen) is requested to withdraw first, and the remaining voting members present after consultation by the chairman have no objections, and the proposal is passed as it is.
- (3) Communication between independent directors and internal auditors and accountants:
  - A. Communication between independent directors and internal auditors:
    - (a) The head of internal audit sends monthly audit reports to independent directors for review, explaining the status of internal audit implementation, and independent directors request additional information and submit reports to explain the situation as appropriate.
    - (b) In the quarterly audit committee meetings of independent directors and internal audit supervisors, the internal audit supervisor reports to the independent directors on the Company's internal audit implementation and internal control operations, and communicates with the independent directors about their audit results and follow-up report implementation.

(c) Summary of communication between independent directors and internal auditors is as follows:

| Meeting date                  | Agenda content   | Opinions of Independent Directors | Handling of opinions of independent directors |
|-------------------------------|--|-----------------------------------|---|
| 3/23/2020<br>Audit Committee  | The first implementation report of internal audit business in 2020<br>2019 Internal Control System Statement | Approved                          | Not applicable                                |
| 5/4/2020<br>Audit Committee   | The second implementation report of internal audit business in 2020  | Approved                          | Not applicable                                |
| 8/3/2020<br>Audit Committee   | The third internal audit business execution report in 2020   | Approved                          | Not applicable                                |
| 11/4/2020<br>Audit Committee  | The 4th Internal Audit Business Implementation Report in 2020<br>2021 Auditing Plan                          | Approved                          | Not applicable                                |
| 03/10/2021<br>Audit Committee | The internal auditor's report for 2021 Q1<br>2020 Internal Control System Statement                          | Approved                          | Not applicable                                |

B. Communication between independent directors and accountants:

(a) Independent directors and accountants have a smooth communication channel. They usually exchange opinions on the Company's financial and business conditions, interact well, and fully communicate whether the amendments to laws and regulations affect the accounting situation.

(b) Communication between independent directors and

accountants is as follows:

| Meeting date                 | Agenda content   | Opinions of Independent Directors | Handling of opinions of independent directors |
|------------------------------|--|-----------------------------------|---|
| 3/23/2020<br>Audit Committee | Report on matters related to the audit of the 2019 financial statements<br>The CPA explained the key audit matters for 2019. | No opinion expressed              | Not applicable                                |
| 3/10/2021<br>Audit Committee | Report on matters related to the audit of the 2020 financial statements<br>The CPA explained the key audit matters for 2020. | No opinion expressed              | Not applicable                                |

**(III)Corporate Governance Execution Status and Deviations from Corporate Governance Best-Practice Principles  
for TWSE/GTSM Listed Companies.**

| Assessment items   | Implementation status |    |  | Discrepancy with industry standards in governance practices and reasons |
|--|-----------------------|----|--|---|
|  | Yes                   | No | Brief description  |   |
| I. Does the Company abide by the Corporate Governance Best Practice Principles for TWSE/GTSM Listed Companies when establishing and disclosing its corporate governance code of conduct?                               | ✓                     |    | On November 1, 2016, the Board of Directors approved the formulation of the "Code of Practice for Corporate Governance for Listed OTC Companies" and disclosed it on the public information observatory and the Company's website.   | No major discrepancies  |
| II. Shareholding Structure & Shareholders' Rights<br>(I) Does the Company have the internal operating procedure for handling shareholders' suggestions, questions, disputes, or legal action in place and abide by it? | ✓                     |    | The Company has formulated the internal operating procedure for handling shareholders' suggestions, questions, disputes, or legal action and abides by it. And the spokesperson and the stock affairs unit are responsible for the summary processing.   | No major discrepancies  |
| (II) Does the Company possess a list of major shareholders and a list of ultimate owners of these major shareholders?  | ✓                     |    | The Company keeps abreast of the shareholding status of directors, managers and major shareholders holding more than 10% of the shares.<br>According to Article 25 of the Securities and Exchange Act, report to the stock exchange the information on the equity changes of major shareholders, and check whether the shareholder register and the declared information match each time the transfer is closed, so as to keep abreast of the major shareholders' shareholding status. | No major discrepancies  |
| (III) Does the Company have a risk management mechanism and "firewall" against its affiliates in place or implement it?  | ✓                     |    | The Company has established group enterprise specific company and related party financial business operations and monitoring operations for subsidiaries.  | No major discrepancies  |

| Assessment items   | Implementation status |    |   | Discrepancy with industry standards in governance practices and reasons |
|--|-----------------------|----|---|---|
|  | Yes                   | No | Brief description   |   |
| (IV) Does the Company have internal regulations in place to prevent its people from trading securities based on information yet to be public on the market?  | ✓                     |    | It has established a Code of Conduct, operating procedures for handling important internal information, and procedures for preventing insider trading, and preventing and prohibiting the control of insider trading.   | No major discrepancies  |
| III. Composition and Responsibilities of the Board of Directors<br>(I) Does the Board of Directors establish and consolidate the diversification policy for its composition?   | ✓                     |    | The Company has not yet formulated a policy for diversification of board members, but the board members have considered and covered gender, professional background or work field, which is positively beneficial to the Company's operations. Please refer to "3. Goals to strengthen the functionality of the Board of Directors and assessment of implementation results in the current year and most recent year" on page 28. | No major discrepancies  |
| (II) Besides the Remuneration Committee and the Audit Committee set up according to law, does the Company have other types of functional committees in place that it spontaneously set up?   |                       | ✓  | In addition to the remuneration committee and audit committee established in accordance with the law, the Company will set up functional committees as needed.  | No major discrepancies  |
| (III) Has the Company established and implemented methods for assessing the performance of the Board of Directors, conducted performance evaluation annually, presented the performance evaluation results to the Board of Directors, and used the results as reference for individual director remuneration and re-election nomination? | ✓                     |    | On March 23, 2020, the Board of Directors passed the "Board of Directors and Functional Committee Performance Evaluation Measures" and conducts regular annual performance evaluations and evaluation outsourcing every three years. The 2020 functional director and committee self-assessment performance evaluation was completed in January 2021.   | No major discrepancies  |
| (IV) Does the Company evaluate the   | ✓                     |    | The certified public accountant did not serve as a director   | No major discrepancies  |

| Assessment items  | Implementation status |    |   | Discrepancy with industry standards in governance practices and reasons |
|---|-----------------------|----|---|---|
|   | Yes                   | No | Brief description   |   |
| independence of CPAs regularly?   |                       |    | of the Company, nor did he have any salary in the Company. The Company assesses the independence and competence of the certified public accountant once a year, with regard to the scale and reputation of the accounting firm, direct or indirect financial interests, business relations, employment relations, continuous provision of audit services and non-audit business and other indicators, the accounting firm is requested to provide information and statements for evaluation. The evaluation results of the last two years were reported to the Board of Directors for approval on March 23, 2020 and March 10, 2021.  | discrepancies   |
| IV. Has the Company set up a dedicated unit with a suitable number of personnel or appointed designated personnel and supervisor to be in charge of corporate governance related affairs (including but not limited to providing information requested by Directors, assisting directors to comply with law, convening board meetings and shareholders' meetings according to regulations, processing company registration and change of registration, and preparing minutes of board meetings and shareholders' meetings)? | ✓                     |    | The Company has set up a Board of Directors meeting units to provide directors with the necessary materials to perform their business, handle board meetings in accordance with the law, and prepare board minutes; The management department handles company registration and change registration operations; Set up a share affairs unit to handle the relevant matters of the shareholders meeting and prepare the minutes of the shareholders meeting in accordance with the law. The establishment of the corporate governance officer shall be completed before June 2021. The corporate governance director shall perform governance matters as follows:<br>1. Handle matters related to meetings of the Board of Directors, audit (remuneration) committee and shareholders meeting in accordance with the law, and assist the Company in complying with relevant laws and regulations of the Board of Directors, audit, remuneration committee and | No major discrepancies  |

| Assessment items  | Implementation status |    |   | Discrepancy with industry standards in governance practices and reasons |
|---|-----------------------|----|---|---|
|   | Yes                   | No | Brief description   |   |
|   |                       |    | shareholders meeting.<br>2. Prepare the minutes of the Board of Directors, audit committee, remuneration committee and shareholders' meetings.<br>3. Provide information necessary for directors to perform their business and the latest developments in laws and regulations related to operating the Company to assist directors in complying with laws and regulations.<br>4. Arrange director appointments and further training courses.<br>5. Other duties pursuant to the Articles of Incorporation. |   |
| V. Does the Company have a communication channel in place with stakeholders (including but not limited to shareholders, employees, customers, and suppliers) and set up a stakeholders only section on its website to properly address stakeholders' concerns such important corporate social responsibilities? | ✓                     |    | The Company attaches great importance to interested parties, and in accordance with regulations, sets up a special area for interested parties and an e-mail box on the Company's website for the interested parties to provide feedback.   | No major discrepancies  |
| VI. Does the Company hire professional stock agencies to take care of shareholders' meetings-related affairs?   | ✓                     |    | The Company has authorized SinoPac Securities to handle affairs of shareholders' meetings.  | No major discrepancies  |
| VII. Information Disclosure<br>(I) Has the Company established a corporate website to disclose information regarding the Company's financial, business and corporate governance status?   | ✓                     |    | The Company has established a corporate website to disclose financial information and corporate governance information according to regulations.  | No major discrepancies  |

| Assessment items  | Implementation status |    |   | Discrepancy with industry standards in governance practices and reasons |
|---|-----------------------|----|---|---|
|   | Yes                   | No | Brief description   |   |
| (II) Does the Company use other information disclosure channels (e.g., maintaining an English-language website, appointing responsible people to handle information collection and disclosure, appointing spokespersons, webcasting investors conference)?  | ✓                     |    | The Company has set up a Chinese company website, and the content is designated by each department according to their duties to handle the collection and disclosure of the Company's information. The Company implements the spokesperson system, which is appointed by a dedicated person, and speaks to the outside world under the instructions of the chairman or general manager. | No major discrepancies  |
| VIII. Does the Company have other important information to facilitate better understanding of the its corporate governance practices (including without limitation employee rights, employee wellness, investor relations, supplier relations, rights of stakeholders, directors' and supervisors' training records, the implementation of risk management policies and risk evaluation measures, the implementation of customer relations policies, and purchasing insurance for directors and supervisors)?   | ✓                     |    | Please refer to page 41   | No major discrepancies  |
| IX. Please describe the improvement status and provide the items and measures that shall be prioritized for improvement with regard to the corporate governance evaluation results issued by the Corporate Governance Center of Taiwan Stock Exchange in the most recent year. Upload the meeting notice (Chinese version and English version) 30 days before the shareholders meeting, upload the annual report (Chinese version and English version) 14 days before the shareholders meeting, strengthen the content of the Company's website, adopt a case-by-case vote for the shareholders meeting, and formulate relevant measures, etc. Measures are gradually improved to improve corporate governance. |                       |    |   |   |



VIII. Does the Company have other key information to facilitate a better understanding of its corporate governance practices

(I) Employee Rights and (II) Employee Care, etc., please refer to "V. Operation Overview V. Labor Relations" on page 93.

(III) Investor relations

1. Legal convention of shareholders' meetings
2. Disclose related information on the Market Observation Post System
3. Set up a spokesperson (deputy spokesperson) to speak to the outside world and communicate in real time by phone and e-mail.

(IV) Supplier relationships

The Company cooperates with suppliers, trusts and benefits each other, and safeguards the rights and obligations of both parties and maintains a good supply-demand relationship. In terms of interaction with purchasing vendors/third-party vendors, the procurement process is open and fair, and the Company is committed to fair procurement.

(V) Status of directors' advanced study

| Title    | Name         | Advanced study date | Organizer                               | Course name  | Advanced study hours |
|----------|--------------|---------------------|---|--|----------------------|
| Chairman | Chen Wucong  | 12/2/2020           | Taiwan Corporate Governance Association | The 16th Corporate Governance Summit Forum   | 6                    |
| Director | Chen Youqi   | 12/2/2020           | Taiwan Corporate Governance Association | The 16th Corporate Governance Summit Forum   | 6                    |
| Director | Zhang Jiayin | 11/5/2020           | Taiwan Corporate Governance Association | Ten Required Courses of Corporate Governance   | 3                    |
|          |              | 11/16/2020          | Taiwan Stock Exchange                   | 2020 Corporate Governance and Corporate Integrity Directors and Supervisors Promotion Conference | 3                    |

| Title                | Name            | Advanced study date | Organizer                               | Course name  | Advanced study hours |
|----------------------|-----------------|---------------------|---|--|----------------------|
| Director             | Lin Zhefen g    | 3/6/2020            | Taiwan Listed Company Association       | Eastern Leaders Lecture-Talking about Environmental Protection in my country                         | 2                    |
|                      |                 | 6/16/2020           | Taiwan Listed Company Association       | Eastern Leaders Lecture-Taiwan National Governance in the Post-epidemic Era                          | 2                    |
|                      |                 | 9/3/2020            | Taiwan Listed Company Association       | Eastern Leaders Lecture-Challenges and Opportunities of Taiwan under the New International Situation | 2                    |
| Independent Director | Lin Xiangkai    | 12/2/2020           | Taiwan Corporate Governance Association | The 16th Corporate Governance Summit Forum   | 6                    |
| Independent Director | Jiang Yongzheng | 6/5/2020            | Taiwan Institute of Directors           | Board of Directors and Supervisors-Challenges and vitality of enterprises under the cusp of changes  | 6                    |
| Independent Director | Lin Yaowen      | 8/11/2020           | Taiwan Securities and Futures Institute | Analysis of Practical Cases of Breach of Trust and Special Crimes of Breach of Trust                 | 3                    |
|                      |                 | 11/10/2020          | Taiwan Securities and Futures Institute | Strategy and Management of Enterprise Upgrade and Transformation-Choice of M&A and Alliance          | 3                    |

(VI) Managers’ participation in related corporate governance studies:

| Title          | Name         | Advanced study date            | Organizer   | Course name   | Advanced study hours |
|----------------|--------------|--------------------------------|---|---|----------------------|
| Vice President | Feng Shuqing | 07/09/2020<br>to<br>07/10/2020 | Accounting Research and Development Foundation of the Republic of China | The latest development trend of corporate social responsibility (CSR) reports and analysis of relevant corporate governance practices       | 3                    |
|                |              |                                |   | Financial Accounting and Evaluation Practice of Enterprise Mergers and Acquisitions   | 3                    |
|                |              |                                |   | The latest development of my country's IFRS policy and analysis of practical issues in compliance with financial reporting supervision laws | 3                    |
|                |              |                                |   | Analysis of "Fake Foreign Capital Illegal Securities Trading" Case Analysis and Discussion of Legal Liability                               | 3                    |

(VII) Status of risk management policies, practices, and risk assessment standards: Please refer to "6. Evaluation of Risks in the Most Recent Year and Up to the Publication Date of Annual Report" in Chapter 7, Review of Financial Status and Operating Results and Risks.

(VIII) The implementation of customer relations policies

The Company has a dedicated customer service line and dedicated customer service personnel who are responsible for handling customer-related issues.

(IX) Status of purchase of liability insurance for directors

The Company purchases liability insurance for Directors every year.

(X) Board of Directors and Functional Committee Performance Evaluation

The Company has passed the “Rules for Evaluating Board of Directors and Functional Committee Performance” on March 23, 2020.

The performance evaluation of the Board of Directors of the Company shall be conducted by an external professional independent institution

or external experts and scholars at least once every three years.

The above-mentioned external evaluation unit, handling schedule, evaluation method and other matters shall be authorized by the chairman of the board for approval. Those who have been outsourced to conduct performance evaluation in the current year are exempt from internal performance evaluation.

The Company shall take into consideration its condition and needs when establishing the criteria for evaluating the performance of the Board of Directors and functional committees, which should cover, at a minimum, the following five aspects:

1. Participation in the operation of the Company.
2. Improvements in the quality of decision-making by the Board of Directors/functional committees
3. Composition and structure of the Board of Directors/functional committees.
4. Election and continuing education of the directors/functional committee members.
5. Internal control.

The criteria for evaluating the performance of the board members, should cover, at a minimum, the following six aspects:

1. Familiarity with the goals and missions of the Company.
2. Awareness of the duties of a director.
3. Participation in the operation of the Company.
4. Management of internal relationship and communication.
5. The director's professionalism and continuing education.
6. Internal control.

The indexes of Board of Directors and Functional Committee performance evaluation shall be determined based on the operation and needs of the Company and suitable and appropriate for evaluations by the Company.

Scoring criteria may be modified and adjusted based on the Company's needs. The weighted scoring method may be adopted based on the aspects of evaluation.

(XI) The link between director performance evaluation and salary

## remuneration

The remuneration of the directors of the Company is in accordance with the Company's Articles of Incorporation. If the Company makes a profit during the year, it shall first make up for its losses. If there is still a surplus, no more than 4% shall be allocated as the director's remuneration. The Company's contribution to performance and reasonable remuneration.

(IV) If the Company has a remuneration committee, it should disclose its composition, responsibilities and operating conditions:

1. Profile of Remuneration Committee members

| Identity<br>(Note 1) | Name            | Criteria  |  |  |
|----------------------|-----------------|---|--|--|
|                      |                 | Has at least 5 years of work experience and meet one of the following professional qualifications | Lecturer (or above) of commerce, law, finance, accounting, or any subject relevant to the Company's operations in a public or private tertiary institution | A judge, public prosecutor, attorney, accountant, or other professional or technical specialist related to the needs of the Company who has passed a national examination and received a certificate therefore |
| Independent Director | Lin Xiangkai    | ✓   |  | ✓  |
| Independent Director | Jiang Yongzheng |   | ✓  | ✓  |
| Other                | Zhao Jiaguang   |   | ✓  | ✓  |

| Identity<br>(Note 1) | Name            | Meet the independence criteria |   |   |   |   |   |   |   |   |    | Number of other public companies in which the committee member also serves as a remuneration committee member | Note |
|----------------------|-----------------|--------------------------------|---|---|---|---|---|---|---|---|----|---|------|
|                      |                 | 1                              | 2 | 3 | 4 | 5 | 6 | 7 | 8 | 9 | 10 |   |      |
| Independent Director | Lin Xiangkai    | ✓                              | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓  | None  |      |
| Independent Director | Jiang Yongzheng | ✓                              | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓  | None  |      |
| Other                | Zhao Jiaguang   | ✓                              | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓  | None  |      |

Note 1: Please fill in as director, independent director or others.

Note 2: Please tick the corresponding boxes if the members have been any of the following during the two years prior to being elected or during the term of office

“ ”.

- (1) Not an employee of the Company or any of its affiliates.
- (2) Directors and supervisors who are not part of the Company or its affiliated companies (except if the Company and its parent company, subsidiary, or subsidiary of the same parent company are independent directors set up in accordance with this law or local laws and regulations).
- (3) Not a natural-person shareholder who holds shares, together with those held by the person's spouse, minor children, or held by the person under others' names, in an aggregate amount of 1% or more of the total number of outstanding shares of the Company or ranking in the top 10 in holdings.
- (4) Not a manager listed in (1) or spouse, relative within the second degree of kinship, or direct blood relative within the third degree of kinship to any person listed in (2) and (3).
- (5) Directors, supervisors or legal shareholders who do not directly hold more than 5% of the total issued shares of the Company, in the top five for shareholdings, or appointed a representative as a director or supervisor of the Company in accordance with Paragraph 1 or 2, Article 27 of the Company Act (except for those who concurrently serve as independent directors established by the Company and its parent company, subsidiary, or subsidiary of the same parent company in accordance with this law or local laws and regulations).
- (6) More than half of the non-company directors or voting shares are directors, supervisors or employees of other companies controlled by the same person (but concurrent independent directors of the Company or its parent company, subsidiary or subsidiary of the same parent company as established by this law or local laws and regulations are not limited by this).
- (7) Directors, supervisors or employees of other companies or institutions that are not the same person or spouse as the chairman, general manager or equivalent positions of the Company (but concurrent independent directors of the Company or its parent company, subsidiary or subsidiary of the same parent company as established by this law or local laws and regulations are not limited by this).
- (8) Directors, supervisors, managers, or shareholders holding more than 5% of shares of a specific company or organization that is not in financial or business dealings with the Company (but if a specific company or organization holds more than 20% but less than 50% of the Company's total issued shares, and the concurrent independent directors of the Company or its parent company, subsidiary or subsidiary of the same parent company as established by this law or local laws and regulations are not limited by this).
- (9) Not a professional individual who, or an owner, partner, director, supervisor, or president of a sole proprietorship, partnership, company, or institution that, provides auditing and commercial, legal, financial, accounting services or consultation that does not exceed NT\$500,000 in remuneration over the last two years to the Company or to any affiliate of the Company, or a spouse thereof. However, this does not apply to members of the Remuneration Committee, Public Acquisition Review Committee, or Mergers and Acquisitions Special Committee who perform their duties in accordance with the relevant laws and regulations of the Securities and Exchange Act or the Corporate Mergers and Acquisitions Act.

(10) Not been a person of any conditions defined in Article 30 of the Company Act.

## 2. Operation of Remuneration Committee

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

(2) Term of the current committee members: From July 4, 2018 to June 12, 2021, the Remuneration Committee held 4 meetings in 2020 and as of April 8, 2021. The attendance of the committee members is as follows:

| Title            | Name            | Attendance in person | Attendance by proxy | Attendance rate (%) | Note |
|------------------|-----------------|----------------------|---------------------|---------------------|------|
| Convener         | Lin Xiangkai    | 4                    | 0                   | 100                 |      |
| Committee member | Jiang Yongzheng | 4                    | 0                   | 100                 |      |
| Committee member | Zhao Jianguang  | 4                    | 0                   | 100                 |      |

Other details that need to be recorded in the meeting minutes:

I. If the Board of Directors does not adopt or amend the recommendations of the Remuneration Committee, it shall state the date of the Board of Directors, the date, the content of the proposal, the results of the resolutions of the Board of Directors and the Company's handling of the opinions of the Remuneration Committee (if the remuneration and remuneration approved by the Board of Directors are better than the recommendations of the Remuneration Committee, The differences and reasons should be stated):  
None.

II. For the resolutions of the Remuneration Committee, if members have objections or reservations and have records or written statements, the Remuneration Committee's date, period, proposal content, all members' opinions, and the handling of their opinions should be stated: None.

III. Terms of reference of the salary committee

(I) Stipulates and reviews regularly the compensation policies, systems, standards and structures, and performance of directors and managers.

(II) Regularly reviews and adjusts directors' and managers' remuneration.



(3) The operations of the Remuneration Committee are as follows:

| Meeting date                        | Agenda content   | Resolution result  | Actions taken by the Company in response to the opinion of the Committee:         |
|-------------------------------------|--|--|---|
| 1/18/2020<br>4th meeting of the 4th | I. Year-end bonus distribution for managers of the Company   | Passed by all members of the committee   | Presented in the board meeting and passed by all attending directors as proposed. |
| 5/4/2020<br>5th meeting of the 5th  | I. The Company's 2019 director remuneration distribution and allocation<br>II. The Company's 2019 employee remuneration and manager remuneration distribution plan   | Passed by all members of the committee   | Presented in the board meeting and passed by all attending directors as proposed. |
| 3/10/2021<br>6th meeting of the 4th | I. Year-end bonus distribution for managers of the Company<br>II. Year-end bonus distribution plan for company managers<br>III. Promote the Company manager Xie Yingxian, Wu Yubin, Liu Rongkun and others | Passed by all members of the committee   | Presented in the board meeting and passed by all attending directors as proposed. |
| 4/8/2021<br>7th meeting of the 4th  | I. Directors' transportation fee adjustment proposal<br>II. The Company's 2020 remuneration distribution proposal for managers.  | Proposal 1:<br>The adjustment of directors' transportation allowances will be discussed after the new directors take office (16th Board of Directors)<br><br>Proposal 2:<br>Passed by all members of the committee | Presented in the board meeting and passed by all attending directors as proposed. |

(V) Fulfillment of social responsibilities and discrepancies with corporate social responsibility codes of practice of listed companies and their causes

| Assessment items   | Implementation status |    |  | Discrepancy with industry standards in governance practices and reasons |
|--|-----------------------|----|--|---|
|  | Yes                   | No | Brief description  |   |
| <p>I. Exercising Corporate Governance - 1</p> <p>(I) Does the Company perform risk assessments in environmental, social, and corporate governance issues relevant to its business activities according to the materiality principle and devise risk management policies and strategies accordingly</p> | ✓                     |    | <p>The environmental, social and corporate governance issues related to the Company's operations will be individually assessed by each department based on the nature of their business and reported to the general manager on the implementation of the relevant strategies. From 2021, the Company's corporate governance director will assist each department in accordance with the principle of materiality. Risk assessment and management of related topics and formulate management policies, and handle them in accordance with the following five implementation priorities:</p> <ol style="list-style-type: none"> <li>1. In response to international trends, concerns of stakeholders, and issues of operating regions, we will discuss the Company's overall corporate social responsibility strategy, formulate policies, and adjust them in due course.</li> <li>2. Regularly review the effectiveness of the implementation of various corporate social responsibility measures.</li> <li>3. Expose the Company's environmental, social, and governance practices to the outside world.</li> <li>4. Supervise the disclosure of social responsibility matters on the Company's official website.</li> <li>5. Assist and coordinate various obstacles and difficulties.</li> </ol> | No major discrepancies  |

| Assessment items   | Implementation status |    |  | Discrepancy with industry standards in governance practices and reasons |
|--|-----------------------|----|--|---|
|  | Yes                   | No | Brief description  |   |
| (II) Does the Company hold social responsibility educational training  | ✓                     |    | Corporate social responsibility is an important part of the Company's policy management. The Company plans to organize social responsibility education and training from time to time in coordination with operation management and employee education and training.   | No major discrepancies  |
| II. Exercising Corporate Governance - 2  |                       |    |  |   |
| (I) Does the Company have exclusively (or concurrently) dedicated units to be in charge of proposing and enforcing corporate social responsibilities and let the Board of Directors entrust the high-ranking management with the implementation and the latter will report to the Board of Directors on the implementation status? | ✓                     |    | The Company authorizes the handling by high-level management. Although there is no dedicated unit, the main executive part-time unit is the management department, but each department still promotes corporate social responsibility based on the nature of its business, and plans to report the handling to the Board of Directors every six months.  | No major discrepancies  |
| (II) Does the Company have a reasonable remuneration policy in place that combines the employee performance evaluation system with the corporate social responsibility and also have an explicit and effective reward and discipline system in place?  | ✓                     |    | The directors, managers and employees of the Company have established reasonable salary and remuneration policies, and have a complete performance appraisal system. In combination with social responsibility, the relevant "Ethical Corporate Management Principles", "Code of Conduct". and related social welfare have been formulated and implemented. The effectiveness of which should be considered as a whole.<br>Another company has a clear and effective reward and punishment system. | No major discrepancies  |

| Assessment items   | Implementation status |    |   | Discrepancy with industry standards in governance practices and reasons |
|--|-----------------------|----|---|---|
|  | Yes                   | No | Brief description   |   |
| (III) Does the Company formulate policies to appropriately reflect operating performance or results in employee salaries and disclose them in the annual report or company website | ✓                     |    | According to the Company's Articles of Incorporation, if the Company makes a profit during the year, it should first make up for its losses. If there are still surplus earnings, it should allocate 2% to 4% for employee remuneration and no more than 4% for directors' remuneration. In addition, each year is calculated and issued in accordance with the calculation method of employee remuneration and year-end bonus, as well as the calculation of individual job evaluation and performance.  | No major discrepancies  |
| III. Environmental issues<br>(I) Does the Company have proper environmental management systems based on the characteristics of their industries in place?                          | ✓                     |    | <p>The Company recognizes that environmental protection is an important issue that humans around the world must work together, and face up to the importance of global warming on the ecological impact and environmental protection.</p> <p>The Company is a construction investment industry and has the qualification for construction factories. The Company provides related environmental management plans for the construction part and according to the characteristics of various projects, such as: Formulate runoff wastewater plans, waste management plans, remaining earthwork removal plans, etc., and require the site to implement 5S reorganization and rectification operations. In addition to complying with environmental protection regulations, the Company also has related audit systems to maintain and implement site</p> | No major discrepancies  |

| Assessment items   | Implementation status |    |   | Discrepancy with industry standards in governance practices and reasons |
|--|-----------------------|----|---|---|
|  | Yes                   | No | Brief description   |   |
|  |                       |    | environmental self-management, actively promote practical environmental protection activities such as energy saving and carbon reduction, and fulfill the social responsibilities of enterprises.   |   |
| (II) Does the Company endeavor to utilize all resources more efficiently and use renewable materials which have a low impact on the environment? | ✓                     |    | <p>In order to maintain the environment, each project of the Company prioritizes the use of building materials and equipment with less environmental load. The main energy-saving building materials and equipment and plans of the project are explained as follows:</p> <ol style="list-style-type: none"> <li>1. The lighting adopts energy-saving T5 and LED lamps.</li> <li>2. Set up a rainwater recovery system, and use water-saving toilets, faucets and other appliances.</li> <li>3. Install energy-saving photosensitive control and solar power generation equipment.</li> <li>4. The traditional ballast is replaced by an electronic energy-saving ballast.</li> <li>5. Architectural planning adds windows and light guides.</li> <li>6. The equipment is planned to increase ventilation and convection, and use natural ventilation for heat dissipation.</li> <li>7. Air-conditioning equipment uses frequency conversion energy-saving host.</li> <li>8. Planting and greening design of roof and garden.</li> <li>9. The interior and exterior decorations are given priority consideration by using green building materials labels.</li> <li>10. The new construction of the building aims to</li> </ol> | No major discrepancies  |

| Assessment items  | Implementation status |    |   | Discrepancy with industry standards in governance practices and reasons |
|---|-----------------------|----|---|---|
|   | Yes                   | No | Brief description   |   |
|   |                       |    | <p>obtain a green building certificate. The Company has obtained candidate certificates or seals for many construction projects.</p> <p>11. Environmental maintenance on construction sites includes various prevention and control operations such as waste, noise, waste water, and air pollution. Effectively reduce and reduce the negative impact of the construction site on the environment.</p>   |   |
| (III) Does the Company pay attention to the potential risks and opportunities brought on by climate change with regard to the present and future of its business, and take appropriate measures to counter climate change issues?   | ✓                     |    | The impact of climate change is becoming more and more obvious and important. In the face of this extreme climate-related issue, the Company not only pays close attention to the impact of climate change on operating activities, and discusses the effects of extreme weather (high temperature, heavy rainfall, storms, etc.) Under the circumstances, the Company's architectural planning and various adjustment measures for building construction.  | No major discrepancies  |
| (IV) Does the Company take inventory of its greenhouse gas emissions, water consumption, and total weight of waste in the last two years, and implement policies on energy efficiency and carbon reduction, greenhouse gas reduction, water reduction, or waste management? | ✓                     |    | <p>1. The Company's construction projects all count the total amount of waste on a monthly basis and complete the declaration on the EPA website.</p> <p>2. The Company formulates company energy saving and carbon reduction and greenhouse gas reduction policies according to the characteristics of the construction industry:</p> <p>(1) In accordance with Kaohsiung City's "Environmental Maintenance Autonomy Regulations", "Promotion of Industrial Development Autonomy Regulations", and</p> | No major discrepancies  |

| Assessment items   | Implementation status |    |   | Discrepancy with industry standards in governance practices and reasons |
|--|-----------------------|----|---|---|
|  | Yes                   | No | Brief description   |   |
|  |                       |    | <p>"Green Building Autonomy Regulations", relevant energy-saving measures are handled.</p> <p>(2) Control the usage of paper and various printed materials, and implement paperless measures.</p> <p>(3) The office air-conditioning temperature is set at 26 °C.</p> <p>(4) Equipped with an automatic power saving controller.</p>  |   |
| <p>IV. Social issues</p> <p>(I) Does the Company comply with relevant laws and regulations and internationally recognized covenants on human rights, and have related management policies and procedures in place?</p> | ✓                     |    | <p>The Company abides by relevant labor laws and regulations, protects the legitimate rights and interests of employees, and formulates relevant management policies. The publicity of company policies and the understanding of employees' opinions are conducted in an open two-way communication method.</p> <p>In order to protect the legitimate rights and interests of employees and respect the internationally recognized basic labor human rights (such as the rights of persons with disabilities), the employment, working hours and other labor conditions are handled in accordance with the Labor Standards Act, the Employment Security Service Act, and the Gender Work Equality Act. Such as the formulation of rules for the management of extended working hours for employees, complaints and disciplinary measures for prevention and treatment of sexual harassment, occupational safety and health management plans and work rules To ensure that personnel will not be</p> | No major discrepancies  |

| Assessment items  | Implementation status |    |   | Discrepancy with industry standards in governance practices and reasons |
|---|-----------------------|----|---|---|
|   | Yes                   | No | Brief description   |   |
|   |                       |    | treated differently due to gender, age and other conditions, and to hold labor-management meetings on a quarterly basis in accordance with the law to conduct labor-management consultations to ensure the rights of both parties.  |   |
| (II) Does the Company establish and implement reasonable employee benefits (including remuneration, leave, and other benefits), and ensure business performance or results are reflected adequately in employee compensation? | ✓                     |    | The Company has an employee welfare committee and formulates complete welfare measures. It handles employee travel, employee health checks, three-section bonuses, and year-end bonuses every year. In order to ensure the living and life of employees, there is another "employee preferential house purchase method".<br>The Company also stated in the "Articles of Incorporation" that if the Company makes annual profits, it should allocate 2% to 4% for employee remuneration, etc., and reflect the Company's operating performance results in a timely manner according to the Company's "employee remuneration calculation method". | No major discrepancies  |
| (III) Does the Company provide its employees with safe and healthy workplaces, and organize training on safety and health for its employees on a regular basis?   | ✓                     |    | 1. The Company inspects the office and construction site working environment from time to time every year, and installs air cleaners, drinking water equipment, etc., and has provided employees with a high-quality and good working environment.<br>2. The Company regularly arranges employees to conduct health inspections, allowing employees to take preventive and tracking improvement measures based on the inspection reports.   | No major discrepancies  |



| Assessment items  | Implementation status |    |  | Discrepancy with industry standards in governance practices and reasons |
|---|-----------------------|----|--|---|
|   | Yes                   | No | Brief description  |   |
|   |                       |    | <p>3. All public works vehicles are maintained and automatically inspected to ensure the safety of employees in use.</p> <p>4. The Company's office premises are equipped with general standing medicines and related first-aid equipment.</p> <p>5. The Company does arrange appropriate security personnel at each construction site according to law, and handles safety and health education and training courses for new employees and general employees.</p> <p>6. There will be no occupational accidents in our company in 2020.</p> |   |
| (IV) Does the Company offer its employees effective occupational empowerment training programs?   | ✓                     |    | The Company has long-term plans for the core functions of employees, and each department schedules employee education and training programs every year. The management department integrates and announces, through internal and external training methods, to strengthen the professional capabilities of employees, and has a plan to cultivate employees' company careers. development of.  | No major discrepancies  |
| (V) Does the Company comply with relevant laws and international standards in relation to customer health and safety, customer privacy, marketing, and labeling of products and services, and does it establish relevant consumer protection policies and grievance procedures? | ✓                     |    | <p>The Company belongs to the building materials construction industry, and the marketing of products and services follows relevant laws and international standards.</p> <p>In order to protect the privacy of customers, the Company signs a consent form for the use of personal</p>  | No major discrepancies  |

| Assessment items   | Implementation status |    |  | Discrepancy with industry standards in governance practices and reasons |
|--|-----------------------|----|--|---|
|  | Yes                   | No | Brief description  |   |
|  |                       |    | data with customers in accordance with company regulations. And formulate and announce consumer appeal procedures and related information on the Company's official website.   |   |
| (VI) Does the Company establish supplier management policies, which require suppliers to observe relevant regulations on environmental protection, occupational safety and hygiene, or labor and human rights? If so, describe the implementation results?   | ✓                     |    | The contract between the Company and the contractor contains additional site safety and environmental protection conventions, which clearly stipulate that the contractor shall insure each employee's labor insurance and commercial insurance to protect the basic work-related rights and interests of the workers. All are evaluated. Manufacturers rated as D-level can be disqualified and not allowed to undertake various projects of the Company. | No major discrepancies  |
| V. Does the Company adopt internationally widely recognized standards or guidelines when producing corporate social responsibility reports and reports disclosing the Company's non-financial information? Does the Company obtain a third-party assurance or verification for such reports?   |                       | ✓  | At present, corporate social responsibility related information has not been disclosed, but it is planned to start the compilation of the corporate social responsibility report in the second half of 2022.   | Planned schedule  |
| VI. If the Company has established corporate social responsibility principles based on "Corporate Social Responsibility Best Practice Principles for TWSE/GTSM Listed Companies", please describe any discrepancy between the principles and their implementation: The Company's Board of Directors passed the formulation of the "Corporate Social Responsibility Code" on November 12, 2013, which was handled in accordance with the code without any difference. |                       |    |  |   |
| VII. Other important information to facilitate better understanding of the Company's corporate social responsibility practices:<br>(I) Environmental protection<br>The works offices cooperate with the environmental protection bureaus of counties and cities to implement various environmental   |                       |    |  |   |

| Assessment items   | Implementation status |    |                   | Discrepancy with industry standards in governance practices and reasons |
|--|-----------------------|----|-------------------|---|
|  | Yes                   | No | Brief description |   |
| <p>monitoring and management such as noise control, runoff wastewater pollution reduction plan, and prevention of air pollution, and spare no effort to implement environmental protection and avoid disturbing neighbors, and minimize the impact on the environment during the construction period. The impact of the actual implementation of the measures is summarized as follows:</p> <p>(1) Implement environmental monitoring of noise, air pollution and running water to assess and control the impact of construction activities on the surrounding environment.</p> <p>(2) When construction vehicles leave the work area, they will pass through a car washing station or high-pressure washing equipment to clean the tires and chassis to avoid road pollution.</p> <p>(3) Remaining land or construction waste shall be handled by qualified professional industrial waste treatment manufacturers, and shall be reported online in accordance with regulations.</p> <p>(4) A dust-proof net is installed on the outer frame of the construction site and an additional layer is added on the side of the neighboring house to effectively prevent dust from falling on the construction site and avoid affecting the environment.</p> <p>(II) Social services<br/>Awarded certificates of appreciation by the municipal government or the school for enthusiastically participating in community or academic activities. In addition, donations were made to the Eden Foundation, Volunteer Police Force, Kaohsiung Drug Prevention Foundation, Kaohsiung Municipal Library, New Culture Foundation, House of the Little Angels Kaohsiung, etc.</p> <p>(III) Please refer to Wu, Operation Overview V. Labor Relations (VI) Corporate Responsibility and Ethical Behavior, page 95.</p> |                       |    |                   |   |
| <p>VII. If the products or corporate social responsibility reports have received assurance from external institutions, they should state so below:<br/>None.</p>   |                       |    |                   |   |

(VI) The Company's implementation of ethical corporate management and adopted measures:

| Assessment items  | Implementation status |    |   | Discrepancy with industry standards in governance practices and reasons |
|---|-----------------------|----|---|---|
|   | Yes                   | No | Brief description   |   |
| I. Establishment of ethical corporate management policy and approaches  |                       |    |   |   |
| (I) Has the Company implemented a board-approved business integrity policy and stated in its regulations and external correspondence its business integrity policy and practices, as well as the active commitment of the Board of Directors and management towards enforcement of such policy?   | ✓                     |    | In order to establish a corporate culture of integrity and sound development of the Company, and implement good corporate governance and risk control mechanisms, the Company has formulated the "Ethical Corporate Management Principles" on November 12, 2013 and the second time on March 10, 2021 Revise and submit to the shareholders meeting report.   | No major discrepancies  |
| (II) Does the Company have mechanisms in place to assess the risk of unethical conduct and perform regular analysis and assessment of business activities with a higher risk of unethical conduct within the scope of business? Does the Company implement programs to prevent unethical conduct based on the above and ensure the programs cover at least the matters described in Paragraph 2, Article 7 of the Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies? | ✓                     |    | According to the relevant regulations of the Company's "Ethical Corporate Management Principles",<br>Specifically regulate the matters that directors, managers, employees and substantive controllers should pay attention to in the execution of their business, and the content covers the following matters:<br>1. Providing or Accepting improper gains is prohibited.<br>2. The provision of political contributions shall be submitted for approval in accordance with the approval authority form and handled in accordance with the law.<br>3. The provision of legitimate charitable donations or sponsorships shall be submitted for approval in | No major discrepancies  |

| Assessment items   | Implementation status |    |  | Discrepancy with industry standards in governance practices and reasons |
|--|-----------------------|----|--|---|
|  | Yes                   | No | Brief description  |   |
|  |                       |    | <p>accordance with the approval authority form and handled in accordance with the law.</p> <p>4. Should be avoided when conflicts of interest arise with the position.</p> <p>5. The confidential and commercially sensitive information obtained in business shall be kept confidential.</p> <p>6. It is forbidden to deal with dishonest suppliers and customers.</p> <p>7. Violators of this code shall be punished in accordance with personnel management regulations.</p> <p>The Company should provide legitimate reporting and appeal channels and keep the identity of the reporter and the contents of the report confidential, and stipulate the punishment for violations in the personnel management regulations. The title and name of the violating person, the date of the violation, details of the violation, and the status of the handling process should be announced immediately within the Company.</p> |   |
| (III) Has the Company established operating procedures, behavioral guidelines, disciplinary actions, and complaint systems against unethical conduct, and are these measures enforced? | ✓                     |    | The Company has established a Code of Conduct and a code of integrity management, and prohibits bribery, illegal political donation, improper charitable donation or sponsorship, provision or acceptance of the directors, managers, employees and the actual control of the Company. Unreasonable gift reception or other improper interests, leakage of the Company's trade secrets, infringement of intellectual property  | No major discrepancies  |

| Assessment items   | Implementation status |    |  | Discrepancy with industry standards in governance practices and reasons |
|--|-----------------------|----|--|---|
|  | Yes                   | No | Brief description  |   |
|  |                       |    | rights, acts of unfair competition, products and services that harm consumers or other interested parties, and other dishonest acts.   |   |
| <p>II. Implementation of ethical corporate management</p> <p>(I) Does the Company evaluate credit records of its counterparts and specify good faith terms and conditions in the contracts entered into?</p> | ✓                     |    | <p>The Company engages in commercial activities in a fair and transparent manner based on the principle of ethical management.</p> <p>Prior to any commercial transactions, the Company shall take into consideration the legality of its agents, suppliers, clients, or other trading counterparties and whether any of them are involved in unethical conduct, and shall avoid any dealings with persons so involved.</p> <p>All contracts signed between the Company and its agents, suppliers, customers or other business transaction pairs, including the integrity clauses are as follows:</p> <ol style="list-style-type: none"> <li>1. When any party knows that someone has received commissions, rebates or other illegitimate benefits, it shall immediately inform the other party according to the facts and provide relevant evidence to cooperate with the other party's investigation. When one party suffers damages as a result, it shall be deducted from the price payable in the contract.</li> <li>2. If either party is involved in dishonesty in the performance of the contract, the other party may terminate or rescind the contract at any time, and does not need to be liable for damages arising from</li> </ol> | No major discrepancies  |

| Assessment items   | Implementation status |    |  | Discrepancy with industry standards in governance practices and reasons |
|--|-----------------------|----|--|---|
|  | Yes                   | No | Brief description  |   |
|  |                       |    | the termination or termination of the contract.  |   |
| (II) Does the Company have a dedicated (concurrent) department responsible for promoting ethical corporate management in place that reports periodically to the Board of Directors on the implementation status? | ✓                     |    | In order to prevent dishonest behaviors, the Company has separately established employee work rules and ethical behavior standards. It checks whether there are any dishonest incidents within the Company from time to time every year, meets at the executive meeting for discussion, and reports to the Board of Directors.<br>The management department of the Company is a part-time unit responsible for promoting the integrity of the business.  | No major discrepancies  |
| (III) Does the Company have policies that help prevent against conflict of interests and appropriate channels for filing related complaints in place and precisely enforce them?                                 | ✓                     |    | According to the Company's "Ethical Corporate Management Best Practice", the Company's director shall uphold a high level of discipline and state the important aspects of the relationship of interest at the given board meeting. If his or her participation is likely to prejudice the interest of the Company, the concerned person may not participate in discussion of or voting on the proposal and shall recuse himself or herself from the discussion or the voting, and may not exercise voting rights as proxy for another director.<br>In addition, in accordance with the Company's "Code of Ethics", company directors and managers, etc., in order to prevent conflicts of interest should be handled in the following ways:<br>1. When personal interests intervene or may intervene in the overall interests of the Company, conflicts of interest arise and should be avoided. For example, when company directors, independent | No major discrepancies  |

| Assessment items  | Implementation status |    |   | Discrepancy with industry standards in governance practices and reasons |
|---|-----------------------|----|---|---|
|   | Yes                   | No | Brief description   |   |
|   |                       |    | <p>directors or managers are unable to handle official duties in an objective and efficient manner due to specific transactions.</p> <p>2. The person shall recuse themselves if they, their spouse, and relatives within the second degree of kinship obtain illegal gains based on the position held by the person in the Company.</p> <p>3. The related enterprises to which the above-mentioned personnel belong and the Company have fund loans or provide guarantees, major asset transactions, and purchases (sales) of goods shall still be handled in accordance with the Company's internal control system. If necessary, the director or manager involved in the relevant transaction should be asked to take the initiative to provide a written statement on whether there is a potential conflict of interest with the Company.</p> <p>The Company's meetings and internal communication channels are smooth and can be reached directly or through official documents.</p> |   |
| (IV) Does the Company have an effective accounting system and internal control system in place to enforce honest operations and let the internal audit unit perform periodic inspections or authorize a CPA to perform the inspections? | ✓                     |    | To ensure honesty in management practices as well as establish a sound accounting system and internal controls, internal auditors regularly review all business activities and report their findings to the Board.  | No major discrepancies  |
| (V) Does the Company organize internal and  | ✓                     |    | The Company regularly expresses the concept of  | No major discrepancies  |



| Assessment items  | Implementation status |    |   | Discrepancy with industry standards in governance practices and reasons |
|---|-----------------------|----|---|---|
|   | Yes                   | No | Brief description   |   |
| external educational trainings periodically to help enforce honest operations?  |                       |    | integrity management in meetings. All supervisors provide education and training to their employees in accordance with the "Ethical Corporate Management Principles" formulated by the Company, and strengthen relevant propaganda at the expanded supervisor meeting every six months, and plan for relevant education training. |   |
| III. Implementation status of the Company's reporting system  |                       |    |   |   |
| (I) Does the Company have a substantial reporting and reward system as well as a convenient reporting channel in place with appropriate personnel to be assigned to assist the party being reported on?   | ✓                     |    | Colleagues of the Company can directly report or appeal to the chairman of the board by email or through the head of the unit, and assign appropriate personnel to handle it.   | No major discrepancies  |
| (II) Has the Company established standard operating procedures for investigating and processing reports, as well as follow-up actions and relevant post-investigation confidentiality measures?   | ✓                     |    | Although the relevant procedures and confidentiality mechanism have not been established at present, the Company has a chairman's mailbox to accept various reports, and relatively has a confidentiality mechanism.  | No major discrepancies  |
| (III) Does the Company adopt measures to prevent reporters from improper treatment for filing the report?   | ✓                     |    | The Company has adopted measures to prevent reporters from improper treatment for filing the report.  | No major discrepancies  |
| IV. Improving Information Disclosure  |                       |    |   |   |
| (I) Has the Company disclosed its integrity principles and progress onto its website and MOPS?  | ✓                     |    | The Company has disclosed relevant information on its website and public information observatory.   | No major discrepancies  |
| V. If the Company has established Ethical Corporate Management Principles in accordance with "Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies", please describe any discrepancy between the principles and their |                       |    |   |   |

| Assessment items  | Implementation status |    |                   | Discrepancy with industry standards in governance practices and reasons |
|---|-----------------------|----|-------------------|---|
|   | Yes                   | No | Brief description |   |
| implementation: Relevant operations implemented in accordance with the Principles and no major discrepancies exist. |                       |    |                   |   |

VI. Other key information useful for explaining status of ethical management practices: (Such as the Company reviews and revises its ethical business codes, etc.)

(I) The Company shall comply with the Company Act, Securities and Exchange Act, Business Entity Accounting Act, TWSE/GTSM listing rules, or other related laws or regulations, as the underlying basic premise to facilitate ethical corporate management.

(II) The Company has formulated conflicts of interest avoidance practices for directors in the Board of Directors Meeting Rules. A director may offer his opinion and answer related questions but is prohibited from participating in discussion of or voting on any proposal of a board of director's meeting where the director or any institution that the director represents is an interested party, and such participation is likely to prejudice the interests of the Company; neither shall a director vote on such proposal as proxy for any other director in such circumstances.

(III) The Company's house construction and sales business has obtained the Integrity Construction trademark seal and is committed to perfect after-sales service.

(IV) When personnel at all levels of the Company perform related businesses in accordance with their duties, they are required to promote to the manufacturer, and must not engage in acts that violate integrity, illegality, or breach of fiduciary obligations, and explain to the manufacturer that the Company strictly requires personnel at all levels not to directly or indirectly request or accept Any illegitimate interests to show the Company's determination to operate in good faith.

(VII) If the Company has established corporate governance principles and related guidelines, the means of accessing this information should be disclosed:

The Company formulates relevant regulations and measures in accordance with the "Code of Practice for Corporate Governance for Listed Companies", which are disclosed on the Public Information Observatory (<http://mops.twse.com.tw>), and the Company's website (<http://www.longda.com.tw>).

(VIII) Other significant information that may improve the understanding of the Company's governance and operation: None.

(IX) Status of implementation of internal control system

1. Statement of Declaration on Internal Control System

Long Da Construction & Development Corporation  
Statement of Declaration on Internal Control System

Date: March 10, 2021

The Company's internal control system for 2020, based on the results of self-assessment, is hereby declared as follows:

- I. The Company acknowledges and understands that the establishment, implementation and maintenance of the internal control system are the responsibility of the Board and managerial officers, and that the Company has already established such a system. The purpose is to provide reasonable assurance to the effectiveness and efficiency of business operations (including profitability, performance and security of assets), reliability, timeliness, and transparency of reporting and compliance with relevant regulatory requirements.
- II. There are inherent limitations to even the most well-designed internal control system. As such, an effective internal control system can only reasonably ensure the achievement of the aforementioned goals. Moreover, due to changes in the environment and circumstances, the effectiveness of the internal control system may change accordingly. The internal control system of the Company features a self-monitoring mechanism. Once identified, any deficiency will be rectified immediately.
- III. The Company determines the effectiveness of the internal control system in design and implementation in accordance with the "Regulations Governing Establishment of Internal Control Systems by Public Companies" (hereinafter referred to as "the Regulations"). The Regulations are instituted for judging the effectiveness of the design and implementation of the internal control system. There are five components of effective internal control as specified in the Regulations with which the procedure for effective internal control is measured, namely: (1) Control environment; (2) Risk assessment; (3) Control activities; (4) Information and communications; and (5) Monitoring activities. Each of the elements in turn contains certain audit items. Refer to the Regulations for details.
- IV. The Company has adopted the aforementioned internal control system for an internal audit on the effectiveness of the design and enforcement of the internal control system.
- V. Based on the aforementioned audit findings, the Company holds that it has reasonably preserved the achievement of the aforementioned with the internal control system as of December 31, 2012 (including the monitoring over the subsidiaries), including the effectiveness and

efficiency in operation, reliability in financial reporting and compliance with relevant regulatory requirements, and that the design and enforcement of internal control are effective, reasonably ensuring the achievement of the aforementioned goals.

- VI. This statement shall form an integral part of the annual report and prospectus of the Company and will be publicly announced. Any illegal misrepresentation or omission relating to the public statement above is subject to the legal consequences under Articles 20, 32, 171, and 174 of the Securities and Exchange Act.
- VII. This statement of declaration was approved by the Board on March 10, 2021 in the presence of 7 directors, who concurred unanimously.

Long Da Construction & Development  
Corporation

Chairperson of the Board: Chen Wucong

President: Guo Hanlong

2. Company which consigns accountants to audit its internal control system shall disclose the examination report by accountants: None.
- (X) (10) Penalty on the Company and its personnel, punishment imposed by the Company on personnel in violation of internal control system regulations, major deficiencies and improvement in the most recent year and during the current fiscal year up to the date of publication of the annual report: None.
1. The Company and its internal personnel were punished in accordance with the law: Please refer to page 92 of this annual report (IV. Environmental protection expenditure information).
  2. Punishment imposed by the Company on personnel in violation of internal control system regulations, major deficiencies and improvement: None.
- (XI) Important resolutions of the Shareholders Meeting and the Board of Directors this year and up to the printing date of the annual report
1. Important Resolutions of the Shareholders' Meeting  
The Company's 2020 shareholders meeting was held on June 17, 2020. The shareholders' resolutions and implementation status at the meeting were as follows:
    - (1) Revising parts of the "Articles of Incorporation"  
Implementation status: At the time of the vote, the voting ratio was 98.63%, and the resolution was passed. It was announced on the Company's website on June 17, 2020 and was handled in accordance with the revised procedures.
    - (2) Amendments to some provisions of the "Rules of Procedure of Shareholders' Meetings"  
Implementation status: At the time of the vote, the voting ratio was 98.63%, and the resolution was passed. It was announced on the Company's website on June 17, 2020 and was handled in accordance with the

revised procedures.

- (3) Amend some provisions of the "Director Election Measures"

Implementation status: At the time of the vote, the voting ratio was 98.63%, and the resolution was passed. It was announced on the Company's website on June 17, 2020 and was handled in accordance with the revised procedures.

- (4) 2019 Business Report and Financial Report.

Implementation status: At the time of the vote, the voting ratio was 98.56%, and the resolution was passed.

- (5) Approved the earnings distribution for 2019

Implementation status: At the time of the vote, the voting ratio was 98.42%, and the resolution was passed. The ex-dividend base date is September 13, 2020, and the distribution has been completed on October 8, 2020 according to this distribution plan.

2. Key resolutions passed in board meetings: Details on the operation of the Board of Directors on pages 22 to 29.

(XII) Main content of recorded or written opinions from directors or supervisors on passed important resolutions by the Board of Directors (including independent directors) in the most recent year and during the current fiscal year up to the date of publication of the annual report: None.

(XIII) Resignation and dismissal of Company chairman, president, chief accounting manager, chief internal auditor and chief R&D officer in the most recent year and during the current fiscal year up to the date of publication of the annual report: The former internal audit supervisor retired on February 28, 2021.

## V. Information of Fees to CPA

### (I) Information of Fees

| Name of | Name of accountant | Duration of | Note |
|---------|--------------------|-------------|------|
|---------|--------------------|-------------|------|

|                 |             |         |                               |  |
|-----------------|-------------|---------|-------------------------------|--|
| accounting firm |             |         | audit                         |  |
| Ernst & Young   | Calvin Chen | Mink Hu | January 2020 to December 2020 |  |

unit: NT\$ thousand

| Amount brackets | Fee category                    | Audit fee | Non-audit fee | Total |
|-----------------|---------------------------------|-----------|---------------|-------|
| 1               | Below NT\$2,000,000             |           | 30            | 30    |
| 2               | NT\$2,000,000 to NT\$4,000,000  | 2,630     |               | 2,630 |
| 3               | NT\$4,000,000 to NT\$6,000,000  |           |               |       |
| 4               | NT\$6,000,000 to NT\$8,000,000  |           |               |       |
| 5               | NT\$8,000,000 to NT\$10,000,000 |           |               |       |
| 6               | NT\$10,000,000 or above         |           |               |       |

1. When non-audit fees paid to the certified public accountant, to the accounting firm of the certified public accountant, and/or to any affiliated enterprise of such accounting firm are equivalent to one quarter or more of the audit fees paid thereto, the amounts of both audit and non-audit fees as well as details of non-audit services shall be disclosed:

unit: NT\$ thousand

| Name of accounting firm | Name of accountant     | Audit fee | Non-audit fee |        |                       |                 |       | Subtotal | Accountant's duration of audit |
|-------------------------|------------------------|-----------|---------------|--------|-----------------------|-----------------|-------|----------|--------------------------------|
|                         |                        |           | System        | Design | Business registration | Human Resources | Other |          |                                |
| Ernst & Young           | Calvin Chen<br>Mink Hu | 2,630     | 0             | 0      | 30                    | 0               | 0     | 2,660    | January 2020 to December 2020  |

Note: Non-audit public expenses are mainly public expenses for the conversion of corporate bonds to equity and change capital.

2. The former accountant sequentially disclosed the amount of audit and non-audit public fees paid and the content of non-audit services: Not applicable.
- (I) If accounting firm was replaced and if the audit fees paid for the fiscal year in which such replacement took place are lower than those for the previous year, the reduction in the amount of audit

fees, percentage of reduction and the reason(s) should be disclosed: The Company has not changed its accounting firm in 2020, so it is not applicable.

- (II) If the audit fees paid for the current year are lower than those for the previous fiscal year by 15 percent or more, the reduction in the amount of audit fees, reduction percentage, and reason(s) should be disclosed: The Company's audited public expenses in 2020 will not be reduced by more than 15% compared with 2019.

## VI. Information on Accountant Change: None.

VII. The Company's Directors, General Managers, Managerial Officers in charge of finance or accounting who have served in the CPA firm or its affiliated companies in the most recent year: None.

VIII. Equity transfer or changes to equity pledge of directors, managerial officers, and shareholders holding more than 10% of company shares during the year prior to the publication date of this report

- (I) Changes in Shareholding of Directors, Supervisors, Presidents and Major Shareholders

| Title                            | Name   | 2020                               |                                       | Up to April 30 of this year        |                                       |
|----------------------------------|--|------------------------------------|---------------------------------------|------------------------------------|---------------------------------------|
|                                  |  | Increase (decrease) in shares held | Increase (decrease) in pledged shares | Increase (decrease) in shares held | Increase (decrease) in pledged shares |
| Chairman                         | Chen Wucong  | 0                                  | 0                                     | 0                                  | 0                                     |
| Director                         | Yikung Investment Co., Ltd.<br>Representative: Lin Zhefeng | 0                                  | 1,950,000                             | 0                                  | (1,650,000)                           |
| Director<br>Major<br>shareholder | Da Jing Investment Co. Ltd.<br>Representative: Chen Youqi  | 0                                  | 0                                     | 19,492,474                         | 24,000,000                            |
| Director                         | Zhang Jiayin   | 0                                  | 0                                     | 0                                  | 0                                     |
| Independent<br>Director          | Lin Xiangkai   | 0                                  | 0                                     | 0                                  | 0                                     |
| Independent<br>Director          | Jiang Yongzheng  | 0                                  | 0                                     | 0                                  | 0                                     |
| Independent<br>Director          | Lin Yaowen   | 0                                  | 0                                     | 0                                  | 0                                     |
| President                        | Guo Hanlong  | 0                                  | 0                                     | 0                                  | 0                                     |



| Title                    | Name          | 2020                               |                                       | Up to April 30 of this year        |                                       |
|--------------------------|---------------|------------------------------------|---------------------------------------|------------------------------------|---------------------------------------|
|                          |               | Increase (decrease) in shares held | Increase (decrease) in pledged shares | Increase (decrease) in shares held | Increase (decrease) in pledged shares |
| Vice President           | Hong Maoyuan  | 0                                  | 0                                     | 0                                  | 0                                     |
| Vice President           | Chen Junyuan  | 0                                  | 0                                     | 0                                  | 0                                     |
| Vice President           | Feng Shuqing  | 0                                  | 0                                     | 0                                  | 0                                     |
| Vice President           | Xie Yingxian  | 0                                  | 0                                     | 0                                  | 0                                     |
| Assistant Vice President | Wu Yuwen      | 0                                  | 0                                     | 0                                  | 0                                     |
| Assistant Vice President | Wu Changxuan  | (80,000)                           | 0                                     | 0                                  | 0                                     |
| Assistant Vice President | Feng Huizhong | 0                                  | 0                                     | 0                                  | 0                                     |
| Assistant Vice President | Su Bingan     | 0                                  | 0                                     | 0                                  | 0                                     |
| Assistant Vice President | Wu Yubin      | Not applicable                     | Not applicable                        | 0                                  | 0                                     |
| Assistant Vice President | Liu Rongkun   | Not applicable                     | Not applicable                        | 0                                  | 0                                     |
| Assistant Vice President | Wu Yubin      | Not applicable                     | Not applicable                        | 0                                  | 0                                     |
| Assistant Vice President | Liu Rongkun   | Not applicable                     | Not applicable                        | 0                                  | 0                                     |
| Assistant Vice President | Jiang Shiyang | 0                                  | 0                                     | Not applicable                     | Not applicable                        |

Note 1: Xie Yingxian was promoted to deputy general manager on February 27, 2021

Note 2: Wu Yubin and Liu Rongkun were promoted to Associate on February 27, 2021

Note 3: Jiang Shiyang retires on January 2, 2021

(II) Equity transfer and pledge information: Not applicable (the counterparties of equity transfer and equity pledge are not related parties).

**IX. Information disclosing the relationship between any of the top ten shareholders**

March 27, 2021

| Name<br>(Note 1)   | Shares Held by the Person |                    | Shares Held by Spouse & Minors |                    | Total Shares Held by Nominee Arrangement |                    | Title and Relationships of Top 10 Shareholders with Relationships, Spousal Relationships, or Kinship within the Second Degree |                     | Note |
|--|---------------------------|--------------------|--------------------------------|--------------------|--|--------------------|---|---------------------|------|
|  | Shares                    | Shareholding ratio | Shares                         | Shareholding ratio | Shares                                   | Shareholding ratio | Title (or name)   | Relationship        |      |
| Da Jing Investment Co. Ltd.<br>Representative: Chen Wucong     | 28,658,433                | 13.07%             | NA                             | NA                 | 0  | 0                  | Hong Ji Construction  | Person in charge    | None |
| Da Yang Investment Co. Ltd.<br>Representative: Zhang Bomin     | 17,978,474                | 8.20%              | NA                             | NA                 | 0  | 0                  | None  | None                | None |
| Yikung Construction Co., Ltd.<br>Representative: Lin Weiqi     | 15,493,621                | 7.07%              | NA                             | NA                 | 0  | 0                  | Yikung Investment   | Person in charge    | None |
| Da Hong Investment Co. Ltd.<br>Representative: Lai Mei         | 7,630,000                 | 3.48%              | NA                             | NA                 | 0  | 0                  | Xin Wang Investment   | Supervisor Director | None |
| Hsu Mingyi   | 6,078,321                 | 2.77%              | 1,024,407                      | 0.47%              | 0  | 0                  | Chen Wucong   | Spouse              | None |
| Huang Shiyu  | 5,319,000                 | 2.43%              | 0                              | 0                  | 0  | 0                  | 0   | 0                   | 0    |
| Shen Yang Construction Co., Ltd.<br>Representative: Lin Zikuan | 3,030,000                 | 1.38%              | NA                             | NA                 | 0  | 0                  | None  | None                | None |
| Xin Wang Investment Co. Ltd.<br>Representative: Hong Yijing    | 2,810,000                 | 1.28%              | NA                             | NA                 | 0  | 0                  | Da Hong Investment  | Supervisor Director | None |
| Yikung Investment Co., Ltd.<br>Representative: Lin Weiqi       | 2,450,617                 | 1.12%              | NA                             | NA                 | 0  | 0                  | Yikung Construction   | Person in charge    | None |
| Hong Ji Construction Co., Ltd.<br>Representative: Chen Wucong  | 2,341,201                 | 1.07%              | NA                             | NA                 | 0  | 0                  | Da Jin Investment   | Person in charge    | None |

Note: Rounded to the second decimal place.

X. The Shareholding of the Company, Director, Supervisor, President and the Business that is Controlled by the Company Directly or Indirectly on the Invested Company

On December 31, 2020, the unit: Shares %

| Reinvested entities | Investment by the Company |                    | Investments by directors, supervisors, presidents and directly or indirectly controlled enterprises |                    | Total investment |                    |
|---------------------|---------------------------|--------------------|---|--------------------|------------------|--------------------|
|                     | Shares                    | Shareholding ratio | Shares  | Shareholding ratio | Shares           | Shareholding ratio |
| Phoenix Co., Ltd.   | 540                       | 45%                | 0   | 0                  | 540              | 45%                |

## Chapter 4. Status of Capital Raising

### I. Capital & Shares

#### (I) Source of capital

##### 1. Equity formation process

unit: Thousand shares; Thousand NT\$

| Month/Year | Value per share (NT\$) | Authorized capital |           | Paid-in Shares |           | Note                                     |   |
|------------|------------------------|--------------------|-----------|----------------|-----------|--|---|
|            |                        | Shares             | Amount    | Shares         | Amount    | Source of capital                        | Effective document number                                   |
| 1982.04    | 10                     | 900                | 9,000     | 900            | 9,000     | Cash 9,000                               |   |
| 1991.11    | 10                     | 2,800              | 28,000    | 2,800          | 28,000    | Cash 19,000                              |   |
| 1993.04    | 10                     | 5,000              | 50,000    | 5,000          | 50,000    | Cash 22,000                              |   |
| 1997.10    | 10                     | 30,000             | 300,000   | 17,000         | 170,000   | Cash 100,000<br>Earnings 20,000          |   |
| 1998.05    | 10                     | 30,000             | 300,000   | 20,000         | 200,000   | Earnings 30,000                          | (87) Tai-Cai Certificate (I) No. 32922 dated April 27, 1998 |
| 1999.07    | 10                     | 30,000             | 300,000   | 23,600         | 236,000   | Earnings 30,000<br>Capital surplus 6,000 | (88) Tai-Cai Certificate (I) No. 61435 dated July 6, 1999   |
| 2000.07    | 10                     | 30,000             | 300,000   | 27,140         | 271,400   | Earnings 35,400                          | (89) Tai-Cai Certificate (I) No. 49935 dated June 9, 2000   |
| 2001.10    | 10                     | 30,000             | 300,000   | 28,497         | 284,970   | Earnings 13,570                          | (90) Tai-Cai Certificate (I) No. 144257 dated July 10, 2001 |
| 2002.11    | 10                     | 30,000             | 300,000   | 29,247         | 292,470   | Earnings 7,500                           | Tai-Cai Certificate I No. 0910139827 dated July 17, 2002    |
| 2003.11    | 10                     | 30,000             | 300,000   | 29,539.47      | 295,394.7 | Earnings 2,924.7                         | Tai-Cai Certificate I No. 0920132493 dated July 21, 2003    |
| 2005.07    | 10                     | 32,500             | 325,000   | 32,500         | 325,000   | Earnings 29,605.3                        | Tai-Cai Certificate I No. 0940130725 dated July 28, 2005    |
| 2006.07    | 10                     | 42,500             | 425,000   | 42,500         | 425,000   | Earnings 100,000                         | FSC Certificate I No. 0950131361 dated July 19, 2006        |
| 2007.07    | 10                     | 51,000             | 510,000   | 51,000         | 510,000   | Earnings 85,000                          | FSC Certificate I No. 0960036717 dated July 16, 2007        |
| 2008.06    | 10                     | 120,000            | 1,200,000 | 61,000         | 610,000   | Earnings 100,000                         | FSC Certificate I No. 097002914 dated June 4, 2008          |
| 2009.08    | 10                     | 120,000            | 1,200,000 | 65,880         | 658,800   | Earnings 48,800                          | FSC Certificate No. 0980039654 dated August 10, 2009        |

| Month/Year | Value per share (NT\$) | Authorized capital |           | Paid-in Shares |           | Note                            |   |
|------------|------------------------|--------------------|-----------|----------------|-----------|---------------------------------|---|
|            |                        | Shares             | Amount    | Shares         | Amount    | Source of capital               | Effective document number                                   |
| 2010.07    | 10                     | 120,000            | 1,200,000 | 70,000         | 700,000   | Earnings 41,200                 | FSC Certificate No. 0990037979 dated July 21, 2010          |
| 2011.7     | 10                     | 120,000            | 1,200,000 | 88,800         | 888,000   | Earnings 188,000                | FSC Certificate No. 1000034653 dated July 26, 2011          |
| 2012.8     | 10                     | 160,000            | 1,600,000 | 120,000        | 1,200,000 | Earnings 312,000                | FSC Certificate No. 1010035963 dated August 15, 2012        |
| 2013.7     | 10                     | 160,000            | 1,600,000 | 150,000        | 1,500,000 | Earnings 300,000                | FSC Certificate No. 1020026619 dated July 9, 2013           |
| 2014.7     | 10                     | 300,000            | 3,000,000 | 172,500        | 1,725,000 | Earnings 225,000                | FSC Certificate No. 1030026389 dated July 11, 2014          |
| 2015.10    | 10                     | 300,000            | 3,000,000 | 183,000        | 1,830,000 | Earnings 105,000                | FSC Certificate No. 1040027196 dated July 20, 2015          |
| 2016.02    | 10                     | 300,000            | 3,000,000 | 183,063        | 1,830,634 | Converted corporate bond 634    | Jing-Shou-Shang-Zi No. 10501026290 dated February 4, 2016   |
| 2018.08    | 10                     | 300,000            | 3,000,000 | 184,221        | 1,842,212 | Converted corporate bond 11,578 | Jing-Shou-Shang-Zi No. 10701092650 dated August 16, 2018    |
| 2019.02    | 10                     | 300,000            | 3,000,000 | 186,419        | 1,864,187 | Converted corporate bond 2,197  | Jing-Shou-Shang-Zi No. 10801014620 dated February 21, 2019  |
| 2019.05    | 10                     | 300,000            | 3,000,000 | 194,408        | 1,944,080 | Converted corporate bond 7,989  | Jing-Shou-Shang-Zi No. 10801061370 dated May 29, 2019       |
| 2019.09    | 10                     | 300,000            | 3,000,000 | 203,758        | 2,037,584 | Converted corporate bond 9,350  | Jing-Shou-Shang-Zi No. 10801123910 dated September 12, 2019 |
| 2019.12    | 10                     | 300,000            | 3,000,000 | 208,905        | 2,089,050 | Converted corporate bond 5,146  | Jing-Shou-Shang-Zi No. 10801178590 dated December 12, 2019  |
| 2020.04    | 10                     | 300,000            | 3,000,000 | 219,197        | 2,191,972 | Converted corporate bond 10,292 | Jing-Shou-Shang-Zi No. 10901060990 dated April 23, 2020     |

## 2.Shareholding type

| Shareholding type | Authorized capital            |                        |                    | Note          |
|-------------------|-------------------------------|------------------------|--------------------|---------------|
|                   | Shares issued and outstanding | Un-issued shares Total | Total              |               |
| Common shares     | 219,197,180 shares            | 80,802,820 shares      | 300,000,000 shares | Listed stocks |

## (II) Shareholder structure

March 27, 2021

| Shareholder structure \ Quantity | Governmental agencies | Financial institutions | Other legal entities | Individuals | Foreign institutions and foreigners | Total       |
|----------------------------------|-----------------------|------------------------|----------------------|-------------|-------------------------------------|-------------|
| Number of shareholders           | 0                     | 4                      | 46                   | 9,041       | 37                                  | 9,128       |
| Number of Shares                 | 0                     | 82,000                 | 100,523,601          | 114,123,486 | 4,468,093                           | 219,197,180 |
| Shareholding ratio               | 0                     | 0.04                   | 45.86                | 52.06       | 2.04                                | 100.00      |

## (III) Shareholding Distribution Status

March 27, 2021

| Class of shareholding | No. of shareholders | Number of Shares | Shareholding ratio |
|-----------------------|---------------------|------------------|--------------------|
| 1 to 999              | 2,221               | 403,109          | 0.18               |
| 1,000 to 5000         | 4,466               | 9,947,455        | 4.54               |
| 5,001 to 10,000       | 1,002               | 7,951,930        | 3.63               |
| 10,001 to 15,000      | 366                 | 4,647,167        | 2.12               |
| 15,001 to 20,000      | 262                 | 4,866,030        | 2.22               |
| 20,001 to 30,000      | 247                 | 6,298,924        | 2.87               |
| 30,001 to 50,000      | 211                 | 8,474,026        | 3.87               |
| 50,001 to 100,000     | 152                 | 10,809,470       | 4.93               |
| 100,001 to 200,000    | 94                  | 13,222,658       | 6.03               |
| 200,001 to 400,000    | 46                  | 13,237,902       | 6.04               |
| 400,001 to 600,000    | 17                  | 8,125,567        | 3.71               |
| 600,001 to 800,000    | 14                  | 9,413,423        | 4.29               |
| 800,001 to 1,000,000  | 1                   | 847,662          | 0.39               |
| 1,000,001 or above    | 29                  | 120,951,857      | 55.18              |
| Total                 | 9,128               | 219,197,180      | 100                |

(IV) List of major shareholders (5% or above)

Date: March 27, 2021

| Shareholding<br>Name of shareholder | Number of<br>Shares | Shareholding ratio |
|-------------------------------------|---------------------|--------------------|
| Da Jing Inv Co. Ltd.                | 28,658,433 shares   | 13.07%             |
| Da Yang Inv Co. Ltd.                | 17,978,474 shares   | 8.20%              |
| Yikung Construction Co.,<br>Ltd.    | 15,493,621 shares   | 7.07%              |

(V) Share prices for the past two fiscal years, together with the Company's net worth per share, earnings per share, dividends per share, and related information

| Item                   |                                     | Year | 2019        | 2020        | Up to April 30<br>of this year |
|------------------------|-------------------------------------|------|-------------|-------------|--------------------------------|
| Market price per share | Highest                             |      | 18.1        | 17.15       | ?                              |
|                        | Lowest                              |      | 11.6        | 10.1        | ?                              |
|                        | Average                             |      | 15.46       | 14.98       | ?                              |
| Net worth per share    | Before distribution                 |      | 19.34       | 19.98       | —                              |
|                        | After distribution (Note 1)         |      | 17.98       | 19.98       | —                              |
| Earnings per share     | Weighted average shares             |      | 201,265,443 | 219,148,298 |                                |
|                        | Earnings per share                  |      | 2.43        | 2.07        | —                              |
| Dividend per share     | Cash dividends                      |      | 1.35        | 1.8         | —                              |
|                        | Stock dividend                      | 0    | 0           | 0           | —                              |
|                        |                                     | 0    | 0           | 0           | —                              |
|                        | Accumulated undistributed dividends |      | —           | —           | —                              |
| Return on investment   | Price-to-earnings ratio             |      | 6.36        | 7.24        | —                              |
|                        | Price-dividend ratio                |      | 11.45       | 8.32        | —                              |
|                        | Cash dividend yield rate            |      | 8.73%       | 12.02%      | —                              |

Note 1: The number of issued shares at the end of the year shall be used and shall be listed

according to the resolution of the shareholders meeting related to distribution in the following year

Note 2: Price-earnings (P/E) ratio = Average market price / Earnings per share

Note 3: Price-dividend (P/D) ratio = Average market price / Cash dividends per share

Note 4: Cash dividend yield rate = Cash dividend per share / Average market price



## (VI) Company's Dividend Policy and Implementation

### 1. Dividend policy of the Company

The Company is engaged in comprehensive construction activities and develops leasing and sales of houses and buildings. In order to maintain the funds required for diversified operations and appropriately expanding the scale and enhancing the competitiveness needed for sustainable development, it is advisable to adopt flexible distribution rates and flexible cash distribution rates. The distributable surplus of the current year shall be allocated as not less than 5% of the total dividends. The distribution of surplus shall be given priority to cash dividends, and may also be distributed in the form of stock dividends. The cash dividends shall not be less than 10% of the total dividends. However, if the total dividend per share is less than or equal to NT\$0.5 per share, based on economic principles, it may consist of only stock dividends, only cash dividends or distribution can be reserved.

### 2. Current year dividend distribution proposal to the shareholders' meeting

On April 8, 2021, the Board of Directors resolved the stock dividend for 2020. NT\$1.8 will be paid in cash for each share. The matter will be reported to the shareholders' meeting on May 25, 2021, for approval.

## (VII) Implementation of the resolutions of the shareholders meeting

The Company's general meeting of shareholders on June 17, 2020 passed and implemented the following matters:

1. The Company's 2019 business report
2. The Audit Committee's review report on the Company's statements for 2019
3. Distribution of employee remunerations and director remunerations in 2019
  - (1) Employee remunerations 4%: NT\$23,618,917, distributed in cash.

(2) Director remunerations 3%: NT\$17,714,187, distributed in cash.

4. Status of conversion of convertible bonds in Taiwan

5. Business report and financial statements for 2019

6. Earning distribution for 2019

Implementation status: The Company's 2019 surplus was allocated with a cash dividend of NT\$295,916,193. The ex-dividend base date was September 13, 2020, and the dividend was paid on October 8, 2020.

7. Passed the amendments to the Company's Articles of Incorporation.

Implementation status: Handled according to the revised procedures.

8. Passed the amendments to the Company's Shareholders' Meeting Policy.

Implementation status: Handled according to the revised procedures.

9. Passed the amendment to the Company's Rules Governing the Election of Directors and Supervisors

Implementation status: Handled according to the revised procedures.

(VIII) Effect of free-gratis dividend proposed in the current shareholders' meeting on Company's business performance and earnings per share: Not applicable.

(IX) Employees' remuneration and directors' remuneration

1. Percentages or ranges of remunerations for employees and directors under the Articles of Incorporation

If the Company makes a profit during the year, it should first make up for its losses. If there are still surplus earnings, it should allocate 2% to 4% for employee remuneration and no more than 4% for directors' remuneration.

2. Basis for estimating the amount of remuneration of employees and directors, basis for calculating the number of shares to be

distributed as employee remuneration, and the accounting treatment of the discrepancy, if any, between the actual distributed amount and the estimated amount, for the current period: Not applicable.

### 3. Remuneration proposals passed by the Board of Directors

The Board of Directors of the Company passed the proposal on March 10, 2021, and the relevant employee compensation and director compensation are as follows:

- (1) Distribution of employees' remuneration and directors' remuneration

unit: NT\$

| Employee remuneration |        | Director remuneration |
|-----------------------|--------|-----------------------|
| Cash                  | Stocks |                       |
| 23,145,259            | 0      | 17,359,147            |

- (2) The proposed distribution of employee stock remuneration amount and its proportion to the total net profit after tax and total employee remuneration for the current period: Not applicable.

- (3) Calculated earnings per share after considering allotment of employee remuneration and directors' remuneration: Not applicable.

4. Discrepancies, if any, between actual distribution of employee and director remuneration (including the number of shares distributed, amount and stock price) and the recognized remuneration of employees and directors and disclosure of the differences, reasons and responses:

unit: NT\$

| Item        | Employee remuneration   |        | Director remuneration |
|-------------|---|--------|-----------------------|
|             | Cash  | Stocks |                       |
| Amount      | 23,618,917  | 0      | 17,714,187            |
| Description | There is no difference between the number drawn on the account and the proposed allotment amount approved by the Board of Directors |        |                       |

- (X) Buyback of the Company's stock: None.

- II. The handling of corporate bonds (including overseas corporate bonds):  
None.
- III. Issuance of special shares: None.
- IV. Issuance of foreign depositary receipts: None.
- V. Issuance of employee stock options: None.
- VI. Issuance of new restricted employee shares: None.
- VII. The managers who obtained the new shares that restricted the rights of employees, and the names of the top ten employees, and the circumstances of their acquisition: None.
- VIII. Issuance of New Shares for Merger or Acquisition: None.
- IX. Financing Plans and Implementation None.

## Chapter 5. Business Activities

### I. Business Scope

#### (I) Business Scope

1. The business scope of the Company is as follows:
  - (1) Comprehensive Construction Activities
  - (2) Residence and Buildings Lease Construction and Development
  - (3) Industrial Factory Buildings Lease Construction and Development
  - (4) Public Works Construction and Investment
  - (5) Wholesale Building Materials
  - (6) All business items that are not prohibited or restricted by law, in addition to those within the permitted scope
2. Proportion of the Company's main products in 2020

| Item                              | Weight (%) |
|-----------------------------------|------------|
| Income from building construction | 76.24      |
| Construction project income:      | 23.46      |
| Rental income                     | 0.30       |

3. The Company's current product projects and new products planned to be developed

The Company's current product projects mainly focus on investing in new elevator buildings and contracting civil engineering projects:

- (1) Contract business:
  - A. Civil engineering: New construction of Ten Drum Cultural Hotel  
Fengqi Postpartum Nursing Institution New Project  
New construction of Platinum

Hotel

Hong Ji's new construction of multi-housing in Fuhe section  
Hong Ji Construction Guanghua Case New Building Project of Collective Residential Building

- B. Public construction: Turnkey project of old school building renovation of Hengchun Elementary School in Hengchun Township, Pingtung County  
Turnkey project of old school building renovation of Qiaoyong Elementary School in Hengchun Township, Pingtung County

(2) Construction business:

- A. Kaohsiung: "New Metropolitan Hall (North Case)" Residential Building (Sales Stage)  
"Phoenix Times" Collective Housing (Sales Stage)  
"Atmospheric" Individual Residential Building (Sales Stage)  
"Phoenix Crown" collective housing (pre-sale stage and construction stage)  
"Phoenix Zhongzheng" collective housing (pre-sale stage and construction stage)  
"Love City" collective housing (pre-sale stage and construction stage)  
"Long Da Phoenix" Individual Residential Building (pre-sale stage and construction stage)  
"Ode of the Phoenix" multi-housing (pre-sale stage and construction stage)  
"Phoenix Tianmu" Individual Residential Building (pre-sale stage and construction stage)  
Residential complexes in the Houjin section of Qianjin District (under planning)  
Gangshan Xinyi Section Residential

Building (under planning)  
Residential complexes in Guanshui  
section of Yanchao District (under  
planning)  
Collective housing in the west section of  
Lantian, Nanzi District (under planning)  
Zuchuan Section, Hualien City (under  
planning)

- C. Taoyuan: "Zhufeng Qingting" Multi-House (Sales  
Stage)  
Number 54 of Passenger Transport Section  
in Dayuan District (under planning)
- D. Taipei: "Long Da Junwang" collective housing (sales  
stage)

## (II) Industry Overview

1. The present and the future of the industry
  - (1) Industry status and development of construction  
business
  - (2) Industry status and development of construction  
business

As the government's public engineering budget mainly focuses on transportation construction such as rails and highways, followed by agricultural construction, the Company's engineering expertise and low-cost bidding for public works are being considered; With meager profits, the Company's construction business will focus on hotels, factory-run projects, and large-scale private construction projects at this stage.

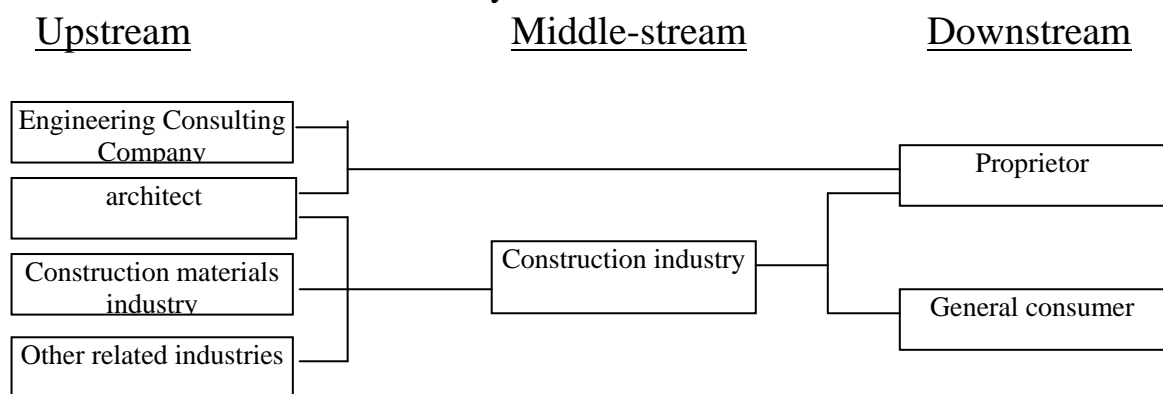
With the successive launches of sound government policies on the real estate market, the self-resident market with rigid demand has formed a trend. In recent years, investors who have been rampant in the market have almost completely withdrawn from the market. Under the effective control of the government, transactions in the entire real estate market formed a stable pattern of price increase and volume. The biggest problem currently facing is the rise in construction-related costs and severe

shortage of labor, which will cause a substantial increase in housing prices in the future. How to effectively manage costs will be the key to success for builders in the future.

## 2. Relationships with suppliers in the construction industry's supply chain

The business sources of the construction industry are mainly public projects of government agencies and projects contracted by private enterprises, construction companies, and general consumers. Its upstream industries include engineering consulting companies, architects, construction materials, and construction machinery. The description of its relevance is as follows:

Relation diagram of the upper, middle and lower streams of the construction system



## 3. Upstream industry

### (1) Engineering consultants and architects

A. Engineering consulting company: Responsible for the engineering design of buildings, bridges, roads and factories, as well as the research and development of technology and construction methods.

B. Architect: Responsible for the project design supervision of the building.

### (2) Construction materials industry

A. Steel and Iron Industry: Supply of raw materials such as steel bars and steel frames for civil engineering and construction engineering structures.

B. Cement industry and sand and gravel industry: Supply



of cement, concrete and other raw materials for civil engineering and construction engineering structures.

C. Mechanical and electrical industry: Cooperate with the construction of the building structure to configure water and electricity pipelines, and install elevators and other facilities after the structure is completed.

D. Other building materials industry: After the building structure is completed, it will supply related building materials such as tiles, glass, sanitary ware, kitchenware, doors and windows, and wood.

(3) Construction machinery industry: Provide construction tools, machinery and equipment required for construction projects.

(4) Other professional engineering industry: In the construction process, it provides foundation pile engineering, formwork combination, scaffolding combination, steel bar binding, masonry and other related professional engineering industries.

4. Downstream industry: Banking, insurance, intermediary, sales, advertising, landscape, etc.

5. Various development trends of the product

(1) Building brand

With the improvement of people's living standards, consumers have gradually improved their detailed requirements for building facades, layout planning, construction quality, etc. Therefore, having excellent customer service and building a brand image in the minds of consumers will become important for future product sales. The essential.

(2) Design Optimization

Due to changes in consumer demand patterns, it is the future trend to strengthen product health, technology, environmental protection, safety, leisure, comfort, high-quality and other additional functions, and to consider future development and enhance the value of

buildings.

(3) Eco-friendly economy

In the era of rising raw materials, both construction quality and environmental protection will become the focus of high-quality buildings in the future.

(4) Complete life function

The integrity of the living functions of the newly-built community, in addition to general preservation measures, such as fitness, catering, conferences, leisure and entertainment, etc., are all required living functions in the community.

6. Competition

The product design of the real estate market must incorporate local characteristics, and the differences in regional cases must respond to changes in market demand, quickly and timely adjust product types, expand the Company's operating scale with diversified products, and cooperate with sound financial planning, in a solid construction Driven by the team, it has become the Company's competitive niche.

(III) Technology and R&D Overview

1. Integrate the records of the construction process of each site and establish standardized operations.
2. Study the overall construction of an automated management information system, from land development to after-sales service and other overall information management.
3. Construction technology
  - (1) Control of construction costs
  - (2) Discussion on construction standard time limit
  - (3) Discussion on Construction Laws and Construction Products
  - (4) Discussion on Building Construction Code
  - (5) Discussion on Green Building Design
  - (6) Discussion on Intelligent Building Equipment
  - (7) Discussion on Earthquake-resistant Building

- (8) Discussion on energy-saving and carbon-reducing equipment
4. No R&D investments have been made in the recent year up to the date of publication of the annual report

(IV) Short- and Long-Term Business Development Plans

1. Long-term business development plans

- (1) Continue to develop in the direction of medium and large projects.
- (2) Develop diversified land acquisition sources or develop various "joint construction" and "joint venture" models to facilitate the development of construction business.
- (3) For the construction business projects of the Company's core expertise or the construction projects contracted abroad, the Company will strive towards more professional, more refined, higher quality and more innovative directions.
- (4) Strengthen the customer service team and improve the concept, practice and scope of after-sales service.

2. Short-term business development plans

- (1) The effectiveness of construction management is gradually presented, and the owner's approval is obtained with substantive management performance.
- (2) Prioritize safety, health, and environmental protection, and focus on engineering quality. Through comprehensive construction management methods, the Company will gain recognition from owners and increase the visibility of Long Da's brand.
- (3) Actively develop existing land cases, plan products that are in line with the market, and combine the rich team experience of the construction business to expand the development market.
- (4) Combine architects and electromechanical manufacturers to integrate and expand the business of new factories in various industries.

## II. Market and Sales Overview

### (I) Market Analysis

#### 1. Sales target and region of main products

##### (1) Main sales objects in the last three years

unit: Thousand NT\$

| Type \ Year            | 2018      |        | 2019      |        | 2020      |        |
|------------------------|-----------|--------|-----------|--------|-----------|--------|
|                        | Amount    | %      | Amount    | %      | Amount    | %      |
| Government authorities | 0         | 0      | 15,659    | 0.35   | 153,304   | 4.49   |
| Private sector         | 634,434   | 24.61  | 658,992   | 15.00  | 646,709   | 18.97  |
| Building sales         | 1,899,122 | 73.68  | 3,674,331 | 83.61  | 2,599,761 | 76.24  |
| Rental income          | 43,964    | 1.71   | 45,639    | 1.04   | 10,206    | 0.30   |
| Total                  | 2,577,520 | 100.00 | 4,394,621 | 100.00 | 3,409,980 | 100.00 |

##### (2) Distribution area of projects in the last three years

###### A. Construction business

The Company's contract areas have covered the northern, central and southern regions, and actively establish a regional professional third-party team, and strive to deepen the basic upstream manufacturers.

###### B. Building business

The Company's current self-construction projects are mainly in Kaohsiung, and it has been gradually extended to the northern and eastern regions.

#### 2. Future Market Supply and Demand and Future Growth

##### (1) Construction business

###### A. Supply side

Since there is still a certain demand for first-time buyers and house swaps, the demand for housing has not decreased, resulting in an increasing trend for large-scale builders to promote projects.

Nowadays, local governments vigorously promote characteristic tourism and encourage enterprises to invest in the development of industries with local characteristics. Therefore, there is an increasing trend of newly built hotels

and restaurants in combination with local characteristics.

#### B. Demand side

- (a) The renewal of the industrial zone in the southern region and the development of its related industries will drive the development of the real estate industry and increase the demand for renovation and new construction of factory buildings.
- (b) The aging trend has also increased opportunities for the construction of medical care buildings for the elderly in the medical system.
- (c) The construction industry is enthusiastic about proposals, and the number of cases of collective housing construction has increased, and the Company's overall assessment is provided to serve the industry.

#### (2) Building business

##### A. Supply side

In terms of the number of declared start-ups, Kaohsiung City's number of start-ups in 2020 will be 11,046. Compared with 2019, the number of start-ups has increased by 952, an increase of about 10%. Continuation of the 2019 proposal plan, still focusing on 2-bedroom and 3-bedroom products, accounted for about 75% of the total number of cases recommended. Among them, 1-bedroom products began to appear, accounting for 10% of the number of cases recommended, showing rigidity in the demand for products by first-time buyers, which has become a major market trend since 2017. In the future, the planning of 2 and 3 bedrooms will become the norm, and 1-bedroom products will gradually appear in city centers.

##### B. Demand side

According to Cathay Pacific Construction's 2020 real estate index quarterly report, in 2020, the national real estate market showed an increase in transaction prices and a stable transaction volume. The number of cases proposed increased by 4.12% compared with 2019, reaching 1,324.9

billion. The overall market showed a healthy pattern of stable price increases and stable volume. In the real estate sector of Kaohsiung City, the total amount of proposals in 2020 was NT\$194,300,000,000, a decrease of NT\$11,700,000,000 from 2019, and the 30-day sales rate rose slightly, up 2.84% from 2019; The annual turnover index increased by 8.86% compared with last year. On the whole, the newly launched market in Kaohsiung City is similar to that of 2019. It continues to show a pattern of stable price increase and volume. Compared with 2019, the transaction price may show a slight upward trend, with a growth rate of 4.89%, while the transaction volume maintains a stable pattern. The market conditions are relatively good.

On the whole, in the Kaohsiung City market this year, prices have risen throughout the year, sales rate has increased, and the number of cases introduced has decreased slightly. The transaction volume is also at a high-end level, which is equivalent to 2019. In the future, it is necessary to pay attention to short-term overheating.

### 3. Competitive edge and favorable and adverse factors for long-term growth

#### (1) Construction business

##### A. Favorable factors

(a) The government has introduced fair and just system policies, such as an arbitration system and a complaint mediation system, so that contractors and owners can stand on a fair and reasonable basis and reduce the risks of construction plants.

(b) The urban renewal incentive policy helps to invigorate the construction industry market, and the government strives to make urban renewal regulations more reasonable and pragmatic.

(c) The Company pays attention to engineering quality control, and is more sophisticated and award-winning in

the control of construction period and safety and health management, which has been well received by the industry.

(d) Continue to promote reorganization activities to establish high-quality construction management results.

(e) Engineers have excellent professional abilities; the management team has a complete experience and a clear division of labor.

(f) A sound financial structure, sufficient working capital and creditworthiness are good.

#### B. Unfavorable factors

(a) Domestic market is saturated

Major government constructions are affected by the rising awareness of environmental protection and the infrastructure has been completed. As a result, the budget for public projects has been limited, and competition in the industry is fierce. The living space of the industry has been increasingly compressed.

(b) Lack of labor drives up wages

Due to the flexibility of private construction projects and the lack of sources of construction workers, it has a great impact on the cases where foreign workers cannot be applied for projects under construction, and it will be more difficult to grasp the source of labor for future projects, resulting in project schedule control and site management risks.

(c) Natural disaster

Due to the global warming, the continuous emergence of extreme climates and the epidemic of COVID-19 (new coronavirus) in 2020 have brought greater challenges to the construction of the project, and the risks to the construction period and construction safety have been greatly increased.

#### C. Countermeasures

Expand capital and operating scale, enhance competitiveness,

maintain good relationships with third-party vendors (customers), ensure bidding and performance capabilities, and continue to use strategic alliances to obtain more business volume, and cut back to make up for the benefits of economic scale, improve engineering capabilities, and establish engineering performance.

For projects with high construction risks, a risk-avoidance evaluation mechanism is established to respond through engineering insurance and improving self-construction capabilities.

(2) Construction business

A. Favorable factors

(a) The "New Bay Area of Asia" is Kaohsiung's largest and most significant municipal construction investment in recent years. Currently, the Kaohsiung World Trade and Exhibition Center, the Marine Culture and Pop Music Center, the Port Transportation Center and the Municipal Library Main Building have been completed and opened. It will attract a considerable influx of tourists every year, and form an industrial cluster, and enterprises will invest in it. The Gaoshifu light rail system project is also in full swing. It will connect the existing red and orange lines of the MRT across the entire line to create a rail network for a livable city.

(b) South Kaohsiung's housing market has shown a stable pattern. In recent years, both the volume of projects and transactions have increased slightly, and the price part has also shown a slight increase. If developers can effectively control the volume of projects, the housing market will have a relatively stable performance.

(c) The feasibility of extending the central government to Luzhu via the MRT red line and adding the MRT yellow line will make the Greater Kaohsiung transportation network more complete and accelerate the development and prosperity of the city.



- (d) After the completion of the underground railway and rapid transit project of the Taiwan Railways, new business opportunities and economic development along the railways will be promoted, and the quality of life will be improved.
  - (e) Idle land in the public sector is integrated, activated and re-developed to enhance the value of urban land use and economic activity.
  - (f) The establishment of the Kaohsiung Qiaotou Science Park is expected to increase a large number of employment opportunities, drive the development of local industries in Qiaotou, Nanzi, and Okayama, which will bring greater benefits to the overall economy.
  - (g) A good image of the Company helps to support and create housing prices.
  - (h) The first phase of the Renwu Industrial Park has officially started on November 19, 2020. In the future, it will attract NT\$21,300,000,000 of investment and create about 6,300 job opportunities.
- B. Unfavorable factors
- (a) The main factors affecting the real estate boom include: Political situation, economy, market supply and demand, interest rates, policies, etc., to assess the trend of the housing market this year, strictly speaking, it is in a low-end circling situation, of which government policies are the biggest factor affecting private enterprises.
  - (b) Due to the steadily increasing land prices and the recovery of real estate, construction workers are in short supply. In addition to the implementation of the one-by-one policy of wage increases, basic materials such as cement, sand and building materials are all increasing construction costs. How to obtain pipelines and costs on the land Controlling effective management and improving profitability is a major issue.
  - (c) The housing price is too high, which is beyond the range

that ordinary home buyers can afford, causing home buyers to wait and see and investors to leave the market, which makes buyers passivated.

- (d) There is too much hot money in the international hot money, and actively looking for market targets. After international funds enter the real estate, it will affect the real estate order in the short term. Moreover, while the market still maintains low interest rates, real estate is prone to be hyped by hot money and is prone to bubble risks in the future.
- (e) The impact of the new coronavirus in 2020 has caused the growth of the entire economic environment and the market to stagnate, but it has not directly affected the willingness of home buyers to see the house.

### C. Countermeasures

- (a) Adopt a "dispersed area" strategy: Land purchase proposals should not be overly concentrated in order to diversify risks, including product planning should not be too homogenous with competition cases in the region, and strict adherence to the principle of "total volume control" can achieve the set goals.
- (b) Adopt "regional deep plowing" strategy: If there are sufficient number of people in the area with a wide range of customer sources, and smooth sales, the Company will continue to recommend the proposal to build a reputation in the area to gain the trust of local consumers and get used to the type and quality of the Company's proposal, and to gain a superior position in the local area.
- (c) Product development strategy: Fully understand the market demand situation in the area, and launch products that meet their special needs in response to different needs in the market (such as products for the needs of house changers), maintain a high degree of sensitivity to the market, and make appropriate products Planning is the best business strategy.

- (d) For the construction of high-quality locations in the urban area, a pre-sale system is adopted to provide consumers with the Company's brand image to purchase.
- (e) Continue to grasp the innovative business model and create a competitive advantage of economic scale through JV cooperative development.

(II) Important applications and manufacturing processes of major products:

1. Important Applications of Major Products

- (1) Building construction: Collective housing, factory and office buildings, medical buildings and school projects.
- (2) civil Engineering: Tunnels, roads, bridges, MRT and other projects.

2. Production process

(1) Construction project

Cooperate with the design drawings, develop construction plans, quality control plans, and safety and health plans, and arrange project schedules to efficiently and orderly pick and release operations, to coordinate with the owner's changes in requirements, to gradually complete the relevant project plans, and to deliver them to the owner through the acceptance process.

(2) House building and sales process

According to land development, product planning, planning and design, marketing preparation, sales operations, construction and construction, house delivery and after-sales service procedures are completed.

(III) Supply Status of Main Materials

Most of the main raw materials for construction projects such as steel bars, concrete, sand and cement, etc. are purchased by the Company itself. When purchasing raw materials, in addition to scheduling the procurement schedule according to the project schedule, and referring to the changes in market prices, the procurement time is determined as such. In addition, the Company has contacted a number of material manufacturers to purchase cheaper engineering materials to ensure ample and stable sources and reasonable prices. Although prices have gradually increased, long-term cooperating manufacturers are still willing to continue to supply materials. The cost of the contract cases has been estimated to reduce the risk.

(IV) List of contributions accounting for more than 10% of the total purchases (sales) in one of the most recent two years

1. Suppliers who have accounted for more than 10% of total purchases in one of the most recent two years

unit: Thousand NT\$

| 2019 |                             |           |  |                          | 2020   |           |  |                          | First Quarter of 2021                                |           |  |                          |
|------|-----------------------------|-----------|--|--------------------------|--|-----------|--|--------------------------|--|-----------|--|--------------------------|
| Item | Name                        | Amount    | As a percentage of annual net purchase (%) | Relationship with issuer | Name   | Amount    | As a percentage of annual net purchase (%) | Relationship with issuer | Name   | Amount    | As a percentage of annual net purchase (%) | Relationship with issuer |
| 1    | Cheng Yi Paper Co., Ltd.    | 1,141,361 | 21.97                                      | None                     | Kaohsiung City Government Land Administration Bureau | 521,680   | 17.61                                      | None                     | Kaohsiung City Government Land Administration Bureau | 331,900   | 25.34                                      | None                     |
| 2    | Nan He Industrial Co., Ltd. | 642,171   | 12.36                                      | None                     | Hsu ○ ○ ○  | 307,347   | 10.38                                      | None                     | Other  | 977,809   | 74.66                                      | None                     |
|      | Other                       | 3,410,557 | 65.67                                      | None                     | Other  | 2,132,836 | 72.01                                      | None                     |  |           |  | None                     |
|      | Net purchase                | 5,194,089 | 100  |                          | Net purchase   | 2,961,863 | 100  |                          | Net purchase   | 1,309,709 | 100  |                          |

Description of reasons for changes: The company issues payments for the project in proportion to the progress of the project.

2. Customers who have accounted for more than 10% of total sales in one of the last two years

unit: Thousand NT\$

| 2019 |           |           |   |                          | 2020                          |           |   |                          | First Quarter of 2021 |         |   |                          |
|------|-----------|-----------|---|--------------------------|-------------------------------|-----------|---|--------------------------|-----------------------|---------|---|--------------------------|
| Item | Name      | Amount    | As a percentage of annual net sales (%) | Relationship with issuer | Name                          | Amount    | As a percentage of annual net sales (%) | Relationship with issuer | Name                  | Amount  | As a percentage of annual net sales (%) | Relationship with issuer |
| 1    | Other     | 4,394,621 | 100                                     | None                     | FULY Construction Corporation | 727,711   | 21.34                                   | None                     | Other                 | 580,419 | 100                                     | None                     |
| 2    |           |           |   | None                     | Other                         | 2,682,269 | 78.66                                   | None                     |                       |         |   | None                     |
|      | Net sales | 4,394,621 | 100                                     |                          | Net sales                     | 3,409,980 | 100                                     |                          | Net sales             | 580,419 | 100                                     |                          |

Description of reasons for changes:

- A. The Company's construction revenue recognition is handled in accordance with International Accounting Standards No. 15 "Revenue from Customer Contracts ". The completion ratio method is used to measure the completion ratio based on the input cost to the estimated total cost, and recognizing the project revenue.
- B. The above changes are due to changes in the completion ratio.

## (V) Production Volumes and Values for the Most Recent Two Years

unit: Thousand NT\$

| Year<br>Output<br>quantity and<br>value<br>Primary<br>product | 2019           |           |                     |        | 2020           |           |                     |        |
|---|----------------|-----------|---------------------|--------|----------------|-----------|---------------------|--------|
|   | Domestic sales |           | International sales |        | Domestic sales |           | International sales |        |
|   | Amount         | Value     | Amount              | Value  | Amount         | Value     | Amount              | Value  |
| Building construction   | —              | 620,123   | 0                   | 0      | —              | 731,583   | 0                   | 0      |
| Building sales  | —              | 2,956,648 | 0                   | 0      | —              | 1,958,432 | 0                   | 0      |
| Lease costs   | —              | 0         | 0                   | 18,165 | —              | 0         | 0                   | 17,804 |
| Total   | —              | 3,576,771 | 0                   | 18,165 | —              | 2,690,015 | 0                   | 17,804 |

## (VI) Sales Volumes and Values for the Most Recent Two Years

unit: Thousand NT\$

| Year<br>Quantity<br>and value of<br>sales<br>Primary<br>product | 2019           |           |                     |        | 2020           |           |                     |        |
|---|----------------|-----------|---------------------|--------|----------------|-----------|---------------------|--------|
|   | Domestic sales |           | International sales |        | Domestic sales |           | International sales |        |
|   | Amount         | Value     | Amount              | Value  | Amount         | Value     | Amount              | Value  |
| Building construction   | —              | 674,651   | 0                   | 0      | —              | 800,013   | 0                   | 0      |
| Building sales  | —              | 3,674,331 | 0                   | 0      | —              | 2,599,761 | 0                   | 0      |
| Rental income   | —              | 0         | —                   | 45,639 | —              | 0         | —                   | 10,206 |
| Total   | —              | 4,348,982 | 0                   | 45,639 | —              | 3,399,774 | 0                   | 10,206 |

## III. Employee Information

| Item | Year | 2019           | 2020                    | As of March 31, 2021 |
|------|------|----------------|-------------------------|----------------------|
|      |      | Employee count | Internal business staff | 39                   |

|                          |                                    |                 |                 |                 |
|--------------------------|------------------------------------|-----------------|-----------------|-----------------|
|                          | External business staff            | 52              | 47              | 47              |
|                          | Total                              | 91              | 93              | 93              |
| Average age              |                                    | 41.46 years old | 43.13 years old | 42.94 years old |
| Average years of service |                                    | 12.64 years     | 12.32 years     | 12.10 years     |
| Education distribution   | Masters                            | 9.89%           | 10.20%          | 10.20%          |
|                          | University                         | 59.34%          | 61.22%          | 61.22%          |
|                          | College                            | 23.08%          | 20.41%          | 20.41%          |
|                          | High school/Vocational high school | 7.69%           | 8.16%           | 8.16%           |

#### IV. Expenditures on Environmental Protection

##### (I) Losses in the most recent year due to environmental pollution

unit: Thousand NT\$

| Item                                    | 2020 | As of 3/31/2021 |
|---|------|-----------------|
| Fines for waste disposal law violations | 14   | 0               |
| Air pollution                           | 0    | 0               |

##### (II) Future countermeasures

In order to implement environmental protection work, the Company has adopted various control measures, and has achieved significant results in air pollution, water pollution, noise control, waste and waste soil control, especially for strengthening the environmental protection concept and implementation of third-party manufacturers. The actual countermeasures are as follows:

###### 1. Waste disposal

Contracting professional waste removal and transportation companies, and clarify the material lifting and management



removal responsibilities in the contract, and specify the waste removal and transportation clauses to reduce waste generation. When the vehicle is transported, cover it with canvas to avoid scattering or polluting the ground; Special personnel and washing equipment are set up at the entrance and exit of the construction site to clean the car body and wheels, and an exclusive closed cleaning and transportation pipeline is set up, which are stacked on the first floor. The environmental protection room is equipped with sub-cars to handle the construction site domestic waste to distinguish the construction waste.

2. Air pollution treatment

Fences are set around the construction site, scaffolds and dust-proof nets are set around the building, and canvases are installed on the side of adjacent houses to prevent dust from flying.

3. Water pollution treatment

Environment-friendly temporary toilets are set up on the construction site, which are regularly cleaned by professional manufacturers, and no sewage is discharged.

4. Training and education

The Company regularly inculcates the concept of environmental protection to the construction personnel on the construction site, reduces stone-flooding and heavy work, strengthens pre-planning operations, and cooperates with government agencies to promote and send personnel to participate.

5. Third-party management

(1) Set up labor rest areas to provide a place to rest at noon.

(2) Regularly invite manufacturers to hold meetings to establish a clean and tidy environment.

(III) Because the Company belongs to the construction industry, there is no future response to the European Union Restriction of Hazardous Substances (RoHS).

## V.Labor relations

(I) Employee benefits measures

In addition to the implementation of employee welfare measures in accordance with the laws and regulations prescribed by government

agencies, various welfare policies are also implemented, and an employee welfare committee has also been established to implement them. The main welfare measures are as follows:

1. New Year's consolation
2. Dragon Boat Festival and Mid-Autumn Festival bonus
3. Birthday gift
4. Labor Day bonus
5. Weddings and funerals and various emergency relief
6. Organize employee tours every year
7. Regular provision of health exams for employees.
8. Organize a year-end dinner for employees
9. Establish various cultural and recreational societies

(II) Education and training for employees

1. Provide employees with long-term and short-term advancement assistance and scholarships for formal school system advancement. Employees participating in on-the-job training courses are all given public leave.
2. The Company prepares a budget for employee education and training every year to cultivate and enhance employees' professional knowledge and skills. The progress of the training and training is as follows:

| Item              | Number of classes | Number of attendees | Total hours | Total cost (NT\$) |
|-------------------|-------------------|---------------------|-------------|-------------------|
| Internal training | 4                 | 63                  | 99          | 23,117            |
| Outside training  | 23                | 33                  | 147         | 60,587            |
| Total             | 27                | 96                  | 246         | 83,703            |

3. The Company's personnel related to financial information transparency have obtained relevant licenses designated by the competent authority as follows:
  - (1) International Certified Internal Auditor: None.
  - (2) The basic ability test of internal control of enterprises organized by the SEC: None.

- (3) Certification for Internal Auditors, R.O.C.: None
- (4) Republic of China Accountant: None.

(III) Retirement scheme

1. Retirement system and its implementation

In accordance with the "Labor Standards Act" and the "Labor Pension Regulations", the Company formulates employee retirement methods. The Company has a sound financial system to ensure that employees have a stable pension allocation and payment.

2. Labor-management agreement and employee rights protection situation

In terms of safeguarding the rights and interests of employees, in addition to various welfare measures, the Company also provides preferential measures for employees to purchase houses to stabilize and take care of employees' lives.

3. Important labor agreement: None.

(IV) Preventive measures taken to ensure a safe working environment and maintain employee safety:

The Company's office premises are designed in accordance with relevant building regulations and occupational safety and health regulations. The relevant measures are as follows:

1. In accordance with the provisions of Article 34 of the Occupational Safety and Health Act, the Company's safety and health work rules are formulated to prevent occupational disasters and ensure the safety and health of employees.
2. The Company will take the initiative to assist employees who have encountered natural disasters and sudden major accidents in their families in emergency rescue, helping them to overcome difficulties and overcome difficulties.
3. The Company has an emergency response plan for major accidents and has established an emergency response team to take emergency and necessary measures for casualties and major accidents to minimize injuries.
4. The daily security maintenance and building management of the office are handled by the building security management company. The security personnel of the construction site shall be on guard

and be on-line with the police security unit in a timely manner.

5. In order to protect the rights and interests of employees at work, to ensure the physical and mental health of female colleagues during pregnancy, after childbirth and breastfeeding, and to prevent employees from being physically or mentally harassed by others' actions due to their duties, the Company has established relevant measures to eliminate gender discrimination and maintain equal rights at work for both sexes, prevent employees from being sexually harassed, workplace violence, and achieve maternal health protection, and avoid working environments where employees may cause diseases due to abnormal workload or repetitive work.

(V) Employee conduct or ethical principles

In order to regulate employees' compliance with the consistent code of conduct, the Company's relevant internal control measures clearly stipulate that employees should abide by laws and regulations, strictly abide by disciplines, be loyal to their duties, and must not use their positions to engage in improper acquisitions or transactions, or to benefit themselves or others. behavior.

The management rules also clearly stipulate reward and punishment measures to encourage high-performing employees or those who have contributed to the advantages and disadvantages; And punish those who violate discipline and neglect their duties.

Accordingly, the communication between management and employees has a consensus basis, which is beneficial to the promotion of the Company's business and the management of the organization.

(VI) Corporate responsibility and ethical behavior

The society is the land on which an enterprise depends for growth. The success of an enterprise depends on a stable society. The enterprise should take practical actions to care for the society and fulfill its social functions and responsibilities. Therefore, since the Company was founded, it has been adhering to the concept of "take from society and use it for society" to operate the enterprise with the heart of giving back to the society, and to multiply the value of the enterprise. The Company sponsors various charity activities, donations for disaster relief, etc.

(VII) List any loss sustained as a result of labor disputes in the most recent year up to the date of publication of the annual report, disclose an estimate of losses incurred to date or likely to be incurred in the future, and indicate mitigation measures being or to be taken.

The Company upholds the spirit of labor-management harmony, and has not suffered any losses due to labor disputes. In the future, the Company will continue to actively promote labor-management harmony and strengthen communication between labor and management and improve welfare measures. There should be no losses due to labor disputes.

## Important Contracts

Date: April 30, 2021

| Contract type         | Parties                                   | Contract period          | Main businesses   | Restrictions Terms |
|-----------------------|---|--------------------------|---|--------------------|
| Loan contract         | Land Bank of Taiwan Taoyuan Branch        | 2014/07 to 2022/07       | Land financing  | None               |
| Loan contract         | Land Bank of Taiwan Kaohsiung Branch      | 2017/09 to 2022/09       | Land financing, building financing  | None               |
| Loan contract         | Land Bank of Taiwan Lingya Branch         | 2018/10 to 2023/02       | Land financing, building financing  | None               |
| Loan contract         | Land Bank of Taiwan Sanmin Branch         | 2018/10 to 2026/03       | Land financing, building financing  | None               |
| Loan contract         | CITIC Bank                                | 2019/06 to 2022/06       | Land financing, building financing  | None               |
| Loan contract         | First Bank Yancheng Branch                | 2020/04 to 2023/10       | Engineering working capital, construction financing   | None               |
| Loan contract         | Hua Nan Bank Sanmin Branch                | 2020/10 to 2023/12       | Comprehensive quota working capital, land financing   | None               |
| Loan contract         | Taiwan Cooperative Bank Kaohsiung Branch  | 2019/12 to 2025/10       | Land financing  | None               |
| Loan contract         | Taiwan Business Bank Qianzhen Branch      | 2020/06 to 2026/03       | Working capital, land financing   | None               |
| Loan contract         | Bangkok Bank Kaohsiung Branch             | 1 year from start of use | Comprehensive quota working capital   | None               |
| Loan contract         | Mega Bills Kaohsiung Branch               | 1 year from start of use | Issuance of commercial paper guarantee  | None               |
| Construction contract | Samiling Resort Co., Ltd.                 | 2016/05 to 2020/12       | New construction of Sizhongxi Dingli Hotel  | None               |
| Construction contract | Ten Drum Cultural Tourism (Stock) Company | 2018/07 to 2021/03       | New construction of Ten Drum Cultural Hotel   | None               |
| Construction contract | Feng Tiao Co., Ltd.                       | 2018/11 to 2021/05       | New construction of postpartum nursing institution in the only section of Gushan District   | None               |
| Construction contract | Pingtung County Government                | 2019/02 to 2021/08       | Turnkey project involving the renovation of the old school building of Hengchun Elementary School in Hengchun Township, Pingtung County | None               |
| Construction contract | Pingtung County Government                | 2019/02 to 2021/06       | Turnkey project involving the renovation of the old school building of Qiaoyong Elementary School in                                    | None               |

| Contract type               | Parties                         | Contract period | Main businesses   | Restrictions Terms |
|-----------------------------|---------------------------------|-----------------|---|--------------------|
|                             |                                 |                 | Hengchun Township, Pingtung County  |                    |
| Joint construction contract | Taiwan Sugar Corporation        | 2020/03/05      | Joint construction contract for Land No. 53-2, 53-3, Yuanwei Section, Fengshan District, Kaohsiung City         | None               |
| Land contract               | Kaohsiung City Government       | 2020/9/16       | Won the bid for a plot of land, "Land No. 43, Xinyi Section, Gangshan District, Kaohsiung City"                 | None               |
| Land contract               | Natural person                  | 2020/10/8       | Obtained a total of 2 plots of land, "Land No. 512 and 513. Guanshui Section, Yanchao District, Kaohsiung City" | None               |
| Land contract               | Natural person                  | 2020/10/20      | Obtained 11 plots of land, "Land No. 758, Sovereign Section, Hualien City"                                      | None               |
| Land contract               | Kaohsiung City Government       | 2020/12/16      | Won the bid for the plot of land, "Land No. 102-1, Lantian West Section, Nanzi District, Kaohsiung City".       | None               |
| Land contract               | Natural person                  | 2020/10/20      | Obtained 11 plots of land, "Land No. 758, Sovereign Section, Hualien City"                                      | None               |
| Building and land contract  | Natural person                  | 2020/10/21      | Obtained the lots "Land No. 758 and 761-1, Zuchuan Section, Hualien City" (including buildings on the land)     | None               |
| Land contract               | Excellence Optoelectronics Inc. | 2021/1/28       | Land No. 1046, Datong Section, Zhunan Town, Miaoli County   | None               |



## Chapter 6. Financial Information

### I. Summarized financial information for the last five years.

#### (I) Condensed balance sheet and consolidated income statement information

##### 1. Condensed Individual Balance Sheet

unit: Thousand NT\$

| Item   | Year                | Financial information for the last five years. |      |      |           |           |
|--|---------------------|--|------|------|-----------|-----------|
|  |                     | 2015 years                                     | 2016 | 2017 | 2019      | 2020      |
| Current assets                                     |                     |  |      |      | 7,885,368 | 8,570,874 |
| Real estate, factories and equipment               |                     |  |      |      | 50,856    | 48,686    |
| Intangible assets                                  |                     |  |      |      | 450       | 722       |
| Other assets                                       |                     |  |      |      | 663,442   | 693,351   |
| Total assets                                       |                     |  |      |      | 8,600,116 | 9,313,633 |
| Current liabilities                                | Before distribution |  |      |      | 1,681,578 | 1,555,657 |
|  | After distribution  |  |      |      | 1,977,494 | 1,555,657 |
| Non-current liabilities                            |                     |  |      |      | 2,714,090 | 3,377,910 |
| Total liabilities                                  | Before distribution |  |      |      | 4,395,668 | 4,933,567 |
|  | After distribution  |  |      |      | 4,691,584 | 4,933,567 |
| Equity attributable to parent company shareholders |                     |  |      |      | 4,204,448 | 4,380,066 |
| Capital Stock                                      |                     |  |      |      | 2,173,405 | 2,191,972 |
| Capital surplus                                    |                     |  |      |      | 51,357    | 50,614    |
| Retained earnings                                  | Before distribution |  |      |      | 1,977,013 | 2,134,258 |
|  | After distribution  |  |      |      | 1,681,097 | 2,134,258 |
| Other equity                                       |                     |  |      |      | 2,673     | 3,222     |
| Treasury Stock                                     |                     |  |      |      | 0         | 0         |
| Non-controlling interests                          |                     |  |      |      | 0         | 0         |
| Total shareholder equity                           | Before distribution |  |      |      | 4,204,448 | 4,380,066 |
|  | After distribution  |  |      |      | 3,908,532 | 4,380,066 |

Note 1: The above financial statements for each year have been audited or reviewed by the auditors.

Note 2: The 2020 surplus has not been distributed by the resolution of the shareholders meeting, so the

amount after the distribution continues to be the amount before the distribution.

## 2. Condensed Consolidated Balance Sheet

unit: Thousand NT\$

| Item   |                     | Year | Financial information for the last five years. |           |           |                |                |
|--|---------------------|------|--|-----------|-----------|----------------|----------------|
|  |                     |      | 2016   | 2017      | 2018      | 2019           | 2020           |
| Current assets                                     |                     |      | 6,618,270                                      | 7,113,774 | 7,378,112 | Not applicable | Not applicable |
| Real estate, factories and equipment               |                     |      | 89,807   | 54,916    | 51,123    |                |                |
| Intangible assets                                  |                     |      | 2,707  | 1,675     | 898       |                |                |
| Other assets                                       |                     |      | 807,496  | 798,069   | 816,313   |                |                |
| Total assets                                       |                     |      | 7,518,280                                      | 7,968,434 | 8,246,446 |                |                |
| Current liabilities                                | Before distribution |      | 1,959,543                                      | 2,281,041 | 2,461,889 |                |                |
|  | After distribution  |      | 2,051,075                                      | 2,354,730 | 2,660,434 |                |                |
| Non-current liabilities                            |                     |      | 2,519,224                                      | 2,503,432 | 2,198,986 |                |                |
| Total liabilities                                  | Before distribution |      | 4,478,767                                      | 4,784,473 | 4,660,875 |                |                |
|  | After distribution  |      | 4,570,299                                      | 4,858,162 | 4,859,420 |                |                |
| Equity attributable to parent company shareholders |                     |      | 3,039,513                                      | 3,183,961 | 3,585,571 |                |                |
| Capital Stock                                      |                     |      | 1,830,635                                      | 1,830,635 | 1,864,188 |                |                |
| Capital surplus                                    |                     |      | 12,566   | 29,808    | 32,655    |                |                |
| Retained earnings                                  | Before distribution |      | 1,195,217                                      | 1,319,767 | 1,687,017 |                |                |
|  | After distribution  |      | 1,103,685                                      | 1,246,078 | 1,488,472 |                |                |
| Other equity                                       |                     |      | 1,095  | 3,751     | 1,711     |                |                |
| Treasury Stock                                     |                     |      | 0  | 0         | 0         |                |                |
| Non-controlling interests                          |                     |      | 0  | 0         | 0         |                |                |
| Total sharehol                                     | Before distribution |      | 3,039,513                                      | 3,183,961 | 3,585,571 |                |                |
|  | After distribution  |      | 3,039,513                                      | 3,183,961 | 3,585,571 |                |                |

|            |                    |           |           |           |  |  |
|------------|--------------------|-----------|-----------|-----------|--|--|
| der equity | After distribution | 2,947,981 | 3,110,272 | 3,387,026 |  |  |
|------------|--------------------|-----------|-----------|-----------|--|--|

Note: The above financial statements for each year have been audited or reviewed by the auditors.

### 3. Condensed Individual Balance Sheet

unit: Thousand NT\$

| Item   | Year                | Financial information for the last five years. |           |           |                |                |
|--|---------------------|--|-----------|-----------|----------------|----------------|
|  |                     | 2016   | 2017      | 2018      | 2019           | 2020           |
| Current assets                                     |                     | 6,618,270                                      | 7,113,774 | 7,378,112 |                |                |
| Real estate, factories and equipment               |                     | 89,807   | 54,916    | 51,123    |                |                |
| Intangible assets                                  |                     | 2,707  | 1,675     | 898       |                |                |
| Other assets                                       |                     | 807,496  | 798,069   | 816,313   |                |                |
| Total assets                                       |                     | 7,518,280                                      | 7,968,434 | 8,246,446 |                |                |
| Current liabilities                                | Before distribution | 1,959,543                                      | 2,281,041 | 2,461,889 |                |                |
|  | After distribution  | 2,051,075                                      | 2,354,730 | 2,660,434 |                |                |
| Non-current liabilities                            |                     | 2,519,224                                      | 2,503,432 | 2,198,986 |                |                |
| Total liabilities                                  | Before distribution | 4,478,767                                      | 4,784,473 | 4,660,875 | Not applicable | Not applicable |
|  | After distribution  | 4,570,299                                      | 4,858,162 | 4,859,420 |                |                |
| Equity attributable to parent company shareholders |                     | 3,039,513                                      | 3,183,961 | 3,585,571 |                |                |
| Capital Stock                                      |                     | 1,830,635                                      | 1,830,635 | 1,864,188 |                |                |
| Capital surplus                                    |                     | 12,566   | 29,808    | 32,655    |                |                |
| Retained earnings                                  | Before distribution | 1,195,217                                      | 1,319,767 | 1,687,017 |                |                |
|  | After distribution  | 1,103,685                                      | 1,246,078 | 1,488,472 |                |                |
| Other equity                                       |                     | 1,095  | 3,751     | 1,711     |                |                |

|                           |                     |           |           |           |  |  |
|---------------------------|---------------------|-----------|-----------|-----------|--|--|
| Treasury Stock            |                     | 0         | 0         | 0         |  |  |
| Non-controlling interests |                     | 0         | 0         | 0         |  |  |
| Total shareholder equity  | Before distribution | 3,039,513 | 3,183,961 | 3,585,571 |  |  |
|                           | After distribution  | 2,947,981 | 3,110,272 | 3,377,026 |  |  |

Note: The above financial statements for each year have been audited or reviewed by the auditors.

#### 4. Condensed Consolidated Individual Income Statement

unit: Thousand NT\$

| Item  | Year | Financial information for the last five years. |                |           |           |           |
|---|------|--|----------------|-----------|-----------|-----------|
|   |      | 2016   | 2017           | 2018      | 2019      | 2020      |
| Operating revenue   |      |  |                | 2,577,520 | 4,394,621 | 3,409,980 |
| Gross profit  |      |  |                | 648,361   | 799,685   | 702,161   |
| Operating profit and loss   |      |  |                | 460,886   | 535,999   | 515,407   |
| Non-operating income and expenses                                       |      |  |                | 13,968    | 13,141    | 22,727    |
| Net income from continuing operations                                   |      |  |                | 443,086   | 489,267   | 453,059   |
| Loss from discontinued operations                                       |      |  |                | 0         | 0         | 0         |
| Net Income (loss)   |      |  | Not applicable | 443,086   | 489,267   | 453,059   |
| Other comprehensive income in the current period (net income after tax) |      |  |                | (4,188)   | 236       | 651       |
| Total comprehensive income  |      |  |                | 438,898   | 489,503   | 453,710   |
| Net income belongs to parent company                                    |      |  |                | 443,086   | 489,267   | 453,059   |
| Net income belongs to non-controlling interests                         |      |  |                | 0         | 0         | 0         |
| Total comprehensive income (loss) attributable to parent company        |      |  |                | 438,898   | 489,503   | 453,710   |

|  |  |   |   |   |
|--|--|---|---|---|
| Total comprehensive income (loss) attributable to non-controlling interest |  | 0 | 0 | 0 |
|--|--|---|---|---|

Note: The above financial statements for each year have been audited or reviewed by the auditors.

## 5. Condensed Consolidated Income Statement

unit: Thousand NT\$

| Item  | Year | Financial information for the last five years. |           |           |                |                |
|---|------|--|-----------|-----------|----------------|----------------|
|   |      | 2016   | 2017      | 2018      | 2019           | 2020           |
| Operating revenue   |      | 1,834,590                                      | 1,973,718 | 2,577,520 | Not applicable | Not applicable |
| Gross profit  |      | 404,674  | 323,587   | 648,361   |                |                |
| Operating profit and loss   |      | 224,374  | 178,506   | 460,886   |                |                |
| Non-operating income and expenses                                       |      | 36,112   | 75,066    | 13,968    |                |                |
| Net income from continuing operations                                   |      | 237,104  | 218,503   | 443,086   |                |                |
| Loss from discontinued operations                                       |      | 0  | 0         | 0         |                |                |
| Net Income (loss)   |      | 237,104  | 218,503   | 443,086   |                |                |
| Other comprehensive income in the current period (net income after tax) |      | (2,457)  | 234       | (4,188)   |                |                |
| Total comprehensive income  |      | 234,647  | 218,737   | 438,898   |                |                |
| Net income belongs to parent company                                    |      | 237,104  | 218,503   | 443,086   |                |                |
| Net income belongs to non-controlling interests                         |      | 0  | 0         | 0         |                |                |

|  |         |         |         |  |  |
|--|---------|---------|---------|--|--|
| Total comprehensive income (loss) attributable to parent company           | 234,647 | 218,737 | 438,898 |  |  |
| Total comprehensive income (loss) attributable to non-controlling interest | 0       | 0       | 0       |  |  |

Note: The above financial statements for each year have been audited or reviewed by the auditors.

## 6. Condensed Consolidated Individual Income Statement

unit: Thousand NT\$

| Item \ Year  | Financial information for the last five years. |           |           |                |                |
|--|--|-----------|-----------|----------------|----------------|
|  | 2016   | 2017      | 2018      | 2019           | 2020           |
| Operating revenue  | 1,834,590                                      | 1,973,718 | 2,577,520 |                |                |
| Gross profit   | 404,674  | 323,587   | 648,361   |                |                |
| Operating profit and loss  | 224,388  | 178,506   | 460,886   |                |                |
| Non-operating income and expenses  | 36,098   | 75,066    | 13,968    |                |                |
| Net income from continuing operations                                      | 237,104  | 218,503   | 443,086   |                |                |
| Loss from discontinued operations  | 0  | 0         | 0         |                |                |
| Net Income (loss)  | 237,104  | 218,503   | 443,086   |                |                |
| Other comprehensive income in the current period (net income after tax)    | (2,457)  | 234       | (4,188)   | Not applicable | Not applicable |
| Total comprehensive income   | 234,647  | 218,737   | 438,898   |                |                |
| Net income belongs to parent company                                       | 237,104  | 218,503   | 443,086   |                |                |
| Net income belongs to non-controlling interests                            | 0  | 0         | 0         |                |                |
| Total comprehensive income (loss) attributable to parent company           | 234,647  | 218,737   | 438,898   |                |                |
| Total comprehensive income (loss) attributable to non-controlling interest | 0  | 0         | 0         |                |                |

Note: The above financial statements for each year have been audited or reviewed by the auditors.

(II) Names of auditors and audit opinions

1. Names of auditors and audit opinions

| Year | Certified accountants  | Auditor's opinion |
|------|--|-------------------|
| 2016 | Ernst & Young<br>Accountant Li Fangwen,<br>Accountant Lin Hongguang    | No reservations   |
| 2017 | Ernst & Young<br>Accountant Li Fangwen,<br>Accountant Lin Hongguang    | No reservations   |
| 2018 | Ernst & Young<br>Accountant Li Fangwen,<br>Accountant Lin Hongguang    | No reservations   |
| 2019 | Ernst & Young<br>Accountant Chen Zhengchu,<br>Accountant Lin Hongguang | No reservations   |
| 2020 | Ernst & Young<br>Accountant Chen Zhengchu,<br>Accountant Huo Ren       | No reservations   |

2. If there is any change of accountant in the last five years:  
In order to cope with the internal organization adjustment of Ernst & Young, the accountants Chen Zhengchu and Lin Hongguang were originally appointed to apply for the financial statement visas. From the first quarter of 2020, the financial statement visas have been replaced by accountants Chen Zhengchu and Hu Yan.

3. Financial Analysis-Individual



| Analysis Item       |   | Year                  | Financial Analysis of the last five years.<br>(Note) |          |          |          |       |
|---------------------|---|-----------------------|--|----------|----------|----------|-------|
|                     |   | 2016                  | 2017   | 2018     | 2019     | 2020     |       |
| Financial structure | Ratio of liabilities to assets (%)  |                       |  | 57       | 51       | 53       |       |
|                     | Ratio of long-term capital to real estate properties, factories and equipment (%) |                       |  | 11314.98 | 13604.17 | 15934.72 |       |
| Solvency            | Current Ratio (%)   |                       |  | 299.69   | 468.93   | 550.95   |       |
|                     | Quick Ratio (%)   |                       |  | 39.61    | 50.26    | 54       |       |
|                     | Interest Protection Multiples (times)   |                       |  | 694.68   | 942.73   | 1019.51  |       |
| Operating ability   | Receivable turnover (times)   |                       |  | 10.88    | 20.73    | 24.05    |       |
|                     | Average collection period   |                       |  | 34.00    | 18.00    | 15       |       |
|                     | Inventory turnover (times)  |                       |  | 0.3      | 0.13     | 0.09     |       |
|                     | Payable turnover (times)  |                       |  | 2.64     | 4.73     | 3.72     |       |
|                     | Average days in sales   |                       |  | 1217     | 2808     | 4056     |       |
|                     | Turnover (times) of real estate properties, factories and equipment               | Not applicable        |  | 48.61    | 86.19    | 68.51    |       |
|                     | Total assets turnover (times)   |                       |  | 0.32     | 0.52     | 0.38     |       |
| Profitability       | ROA (%)   |                       |  | 6.25     | 6.43     | 5.58     |       |
|                     | ROE (%)   |                       |  | 13.09    | 12.56    | 10.56    |       |
|                     | Paid-in capital ratio   | Operating profit      |  |          | 25.02    | 25.66    | 23.51 |
|                     |   | Net profit before tax |  |          | 25.78    | 26.29    | 24.55 |
|                     | Profit ratio (%)  |                       |  | 17.19    | 11.13    | 13.29    |       |
|                     | Earnings per share (NT\$)   |                       |  | 2.41     | 2.43     | 2.07     |       |
| Cash flow           | Cash flow ratio (%)   |                       |  | 20.31    | (7.39)   | 16.47    |       |
|                     | Cash flow adequacy ratio (%)  |                       |  | (17.58)  | (0.07)   | 0.30     |       |
|                     | Cash reinvestment ratio (%)   |                       |  | 8.16     | (5.06)   | (0.55)   |       |
| Leverage            | Operational Leverage  |                       |  | 4.02     | 2.35     | 2.58     |       |
|                     | Financial Leverage  |                       |  | 1.21     | 1.14     | 1.13     |       |

Please describe the reasons for changes in financial ratios in recent two years. (If the increase or decrease does not reach 20%, the analysis will be exempted)

Inventory turnover rate (times): It is mainly due to the purchase of land for construction and construction in 2020, so the increase in inventory compared with the same period last year has led to a decrease in the inventory turnover rate of the current period.

Payable turnover (times): Mainly due to the decrease in operating income relative to the decrease in operating costs, which resulted in a decrease in the turnover rate of payables.

Inventory turnover rate (times): The main reason is the decrease in inventory turnover rate caused by the purchase of additional construction land.

Average days in sales: Mainly due to the decrease in inventory turnover rate.

Turnover (times) of real estate properties, factories and equipment (times): Mainly due to the decrease in operating revenue.

Total assets turnover (times): Mainly due to the decrease in operating revenue.

Cash flow ratio (%): Mainly due to the increase in contract liabilities received from the sales of real estate in the current period, which resulted in net cash inflow from operating activities in the current period.

Cash flow adequacy ratio (%): This was mainly due to the increase in contract liabilities received from the sales of real estate in the current period, which resulted in an increase in the net cash inflow from operating activities in the last five years compared with the same period last year, which resulted in an increase in the cash flow fair ratio for the current period.

Cash reinvestment ratio (%): This was mainly due to the increase in contract liabilities received from the sales of real estate in the current period, which resulted in an increase in net cash inflow from operating activities in the last five years compared with the same period last year, resulting in an increase in the cash reinvestment ratio for the current period compared with the same period last year.

Note: Annual financial report verified by an accountant

#### 4. Consolidated Financial Analysis

| Analysis Item       |   | Year                  | Financial Analysis of the last five years.<br>(Note) |          |                |                |
|---------------------|---|-----------------------|--|----------|----------------|----------------|
|                     |   | 2017                  | 2018   | 2019     | 2020           | 2021           |
| Financial structure | Ratio of liabilities to assets (%)  | 60                    | 60   | 57       | Not applicable | Not applicable |
|                     | Ratio of long-term capital to real estate properties, factories and equipment (%) | 6189.65               | 10356.53   | 11314.98 |                |                |
| Solvency            | Current Ratio (%)   | 337.75                | 311.87   | 299.69   |                |                |
|                     | Quick Ratio (%)   | 38.22                 | 30.33  | 39.61    |                |                |
|                     | Interest Protection Multiples (times)   | 439.79                | 472.06   | 694.68   |                |                |
| Operating ability   | Receivable turnover (times)   | 7.66                  | 8.60   | 10.88    |                |                |
|                     | Average collection period   | 48.00                 | 42.00  | 34.00    |                |                |
|                     | Inventory turnover (times)  | 0.25                  | 0.27   | 0.3      |                |                |
|                     | Payable turnover (times)  | 2.27                  | 2.62   | 2.64     |                |                |
|                     | Average days in sales   | 1460                  | 1352   | 1217     |                |                |
|                     | Turnover (times) of real estate properties, factories and equipment               | 19.90                 | 27.28  | 48.61    |                |                |
|                     | Total assets turnover (times)   | 0.25                  | 0.25   | 0.32     |                |                |
| Profitability       | ROA (%)   | 4.02                  | 3.55   | 6.25     |                |                |
|                     | ROE (%)   | 7.96                  | 7.02   | 13.09    |                |                |
|                     | Paid-in capital ratio   | Operating profit      | 12.26  | 9.75     | 25.02          |                |
|                     |   | Net profit before tax | 14.23  | 13.85    | 25.78          |                |
|                     | Profit ratio (%)  | 12.92                 | 11.07  | 17.19    |                |                |
|                     | Earnings per share (NT\$)   | 1.3                   | 1.19   | 2.41     |                |                |
| Cash flow           | Cash flow ratio (%)   | 16.08                 | (9.61)   | 20.31    |                |                |
|                     | Cash flow adequacy ratio (%)  | (682.56)              | (40.23)  | (17.58)  |                |                |
|                     | Cash reinvestment ratio (%)   | 4.14                  | (6.09)   | 8.16     |                |                |
| Leverage            | Operational Leverage  | 3.94                  | 5.21   | 4.02     |                |                |
|                     | Financial Leverage  | 1.52                  | 1.62   | 1.21     |                |                |

Note: The latest certified financial statements certified by the accountant

## 5. Individual Financial Analysis

| Analysis Item       |   | Year  |          |          |                |                |       |
|---------------------|---|---|----------|----------|----------------|----------------|-------|
|                     |   | Financial Analysis of the last five years. (Note) |          |          |                |                |       |
|                     |   | 2016  | 2017     | 2018     | 2019           | 2020           |       |
| Financial structure | Ratio of liabilities to assets (%)  | 60  | 60       | 57       | Not applicable | Not applicable |       |
|                     | Ratio of long-term capital to real estate properties, factories and equipment (%) | 6189.65   | 10356.53 | 11314.98 |                |                |       |
| Solvency            | Current Ratio (%)   | 337.75  | 311.87   | 299.69   |                |                |       |
|                     | Quick Ratio (%)   | 38.22   | 30.33    | 39.61    |                |                |       |
|                     | Interest Protection Multiples (times)   | 439.79  | 472.06   | 694.68   |                |                |       |
| Operating ability   | Receivable turnover (times)   | 7.66  | 8.60     | 10.88    |                |                |       |
|                     | Average collection period   | 48.00   | 42.00    | 34.00    |                |                |       |
|                     | Inventory turnover (times)  | 0.25  | 0.27     | 0.3      |                |                |       |
|                     | Payable turnover (times)  | 2.27  | 2.62     | 2.64     |                |                |       |
|                     | Average days in sales   | 1460  | 1352     | 1217     |                |                |       |
|                     | Turnover (times) of real estate properties, factories and equipment               | 19.90   | 27.28    | 48.61    |                |                |       |
|                     | Total assets turnover (times)   | 0.25  | 0.25     | 0.32     |                |                |       |
| Profitability       | ROA (%)   | 4.02  | 3.55     | 6.25     |                |                |       |
|                     | ROE (%)   | 7.96  | 7.02     | 13.09    |                |                |       |
|                     | Paid-in capital ratio   | Operating profit                                  | 12.26    | 9.75     |                |                | 25.02 |
|                     |   | Net profit before tax                             | 14.23    | 13.85    |                |                | 25.78 |
|                     | Profit ratio (%)  | 12.92   | 11.07    | 17.19    |                |                |       |
|                     | Earnings per share (NT\$)   | 1.3   | 1.19     | 2.41     |                |                |       |
| Cash flow           | Cash flow ratio (%)   | 16.08   | (9.61)   | 20.31    |                |                |       |
|                     | Cash flow adequacy ratio (%)  | (682.56)  | (40.23)  | (17.58)  |                |                |       |
|                     | Cash reinvestment ratio (%)   | 4.14  | (6.09)   | 8.16     |                |                |       |
| Leverage            | Operational Leverage  | 3.94  | 5.21     | 4.02     |                |                |       |
|                     | Financial Leverage  | 1.52  | 1.62     | 1.21     |                |                |       |

Note 1: Financial reports audited by the accountant.

Note 2: At the end of this form in the annual report, the following calculation

formula should be listed:

1. Financial structure

(1) Ratio of liabilities to assets = Total liabilities/Total assets.

(2) Ratio of long-term capital to real estate properties, factories and equipment = (Total equity + Non-current liabilities)/net amount of real estate properties, factories and equipment

2. Solvency

(1) Current ratio=Current assets/Current liabilities

(2) Quick Ratio=(Current assets-Inventories-Prepaid expenses)/Current liabilities

(3) Interest Protection Multiples= PBIT/Interest expenses for this period

3. Operating ability

(1) Receivable turnover (including accounts receivable and notes receivable generated from operation) = net sales/remaining sum of average receivables (including accounts payable and notes payable generated from operation) for every period.

(2) Average collection period = 365/receivables turnover.

(3) Inventory turnover = cost of sales/average inventory

(4) Payable turnover (including accounts payable and notes payable generated from operation) = cost of sales/remaining sum of average payables (including accounts payable and notes payable generated from operation) for every period.

(5) Average days in sales = 365/Inventory turnover.

(6) Turnover of real estate properties, factories and equipment = net sales/average net amount of real estate properties, factories and equipment

(7) Total assets turnover = net sales/average total assets

4. Profitability

(1) ROA = [income after tax + interest expense x (1-tax rate)]/average total assets.

(2) ROE = income after tax/net average equity

(3) Net profit ratio = income after tax/net sales.

(4) EPS = (income belonging to parent company - stock dividend of preferred stocks)/weighted average number of issued shares. (Note 4)

5. Cash flow

(1) Cash flow ratio = net cash flow of operating activities/current liabilities.

(2) Net cash flow adequacy ratio = net cash flow of operating activities in the last 5 years/(capital expenditure + addendum of inventory + cash dividend) in the last 5 years.

(3) Cash reinvestment ratio = (net cash flow of operating activities - cash dividend)/(gross amount of real estate properties, factories and equipment + long-term investment + other non-current assets + operating capital) (Note 5)

6. Leverage:

(1) Operating leverage = (net operating income - current operating cost and expense)/operating profit (note 6).

(2) Financial leverage = operating profit/(operating profit - interest expense).

Note 3: When using the formula for calculating the earnings per share stated above, the following matters when measuring should be noted:

1. It is based on the weighted average number of common shares, not based on the

number of issued shares at the end of the year.

2. For those who have cash capital increase or treasury stock trading, the weighted average number of shares should be calculated considering the period of circulation.
3. Where there is a capital increase from surplus or a capital increase from capital reserves, when calculating the earnings per share of previous years and half-years, retrospective adjustments should be made based on the capital increase ratio, regardless of the period of the issuance of the capital increase.
4. If the special shares are non-convertible cumulative special shares, the dividends for the current year (whether paid or not) should be deducted from the net profit after tax, or net loss after tax increased. If the special stock is non-cumulative, in the case of net profit after tax, the dividend of the special stock shall be deducted from the net profit after tax; If it is a loss, no adjustment is necessary.

Note 4: Special attention should be paid to the following items when measuring cash flow analysis:

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

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

Note 6: The ratio of paid-up capital to foreign companies previously opened will be calculated based on the ratio of net worth.

## II. Audit Committee's Report on the Financial Statements in the Most Recent Year

### Audit Committee's Review Report

The Board of Directors has prepared and submitted the 2020 Business Report, Financial Statements, and various documents, of which the financial statements have been audited by the CPAs Calvin Chen and Mink Hu of Ernst & Young and an Audit Report is submitted. The above-mentioned business report, financial statement and earnings distribution proposal have been checked by the Audit Committee and found that there is no discrepancy. The report is prepared in accordance with Article 14-4 and Article 36 of the Securities and Exchange Act and Article 219 of the Company Act.

To  
Long Da Construction & Development Corporation Annual Meeting of Shareholders

Long Da Construction & Development Corporation  
Audit Committee convener:  
Lin Xiangkai

March 10, 2021

III. Audit Committee's report and the financial statements in the most recent year: See page 121 for details.

IV. Financial difficulties occurred to the Company and its affiliated enterprises and their effects in the most recent year and as of the publication date of this report, which is April 30, 2021: None.



## Chapter 7. Review and Analysis of Financial Conditions, Operating Results, and Risk Related Matters

### I. Financial Condition

unit: Thousand NT\$

| Item \ Year   | 2020             | 2019             | Variance       |              |
|---|------------------|------------------|----------------|--------------|
|   |                  |                  | Amount         | %            |
| Current assets  | 8,570,874        | 7,885,368        | 685,506        | 8.69         |
| Real estate, factories and equipment  | 48,686           | 50,856           | (2,170)        | (4.27)       |
| Other assets (including intangible assets)  | 694,073          | 663,892          | 30,181         | 4.55         |
| <b>Total assets</b>   | <b>9,313,633</b> | <b>8,600,116</b> | <b>713,517</b> | <b>8.30</b>  |
| Current liabilities   | 1,555,657        | 1,681,578        | (125,921)      | (7.49)       |
| Long-term liabilities   | 3,377,910        | 2,714,090        | 663,820        | 24.46        |
| <b>Total liabilities</b>  | <b>4,933,567</b> | <b>4,395,668</b> | <b>537,899</b> | <b>12.24</b> |
| Capital Stock   | 2,191,972        | 2,173,405        | 18,567         | 0.85         |
| Capital surplus   | 50,614           | 51,357           | (743)          | (1.45)       |
| Retained earnings   | 2,134,258        | 1,977,013        | 157,245        | 7.95         |
| Other equity  | 3,222            | 2,673            | 549            | 20.54        |
| <b>Total shareholder equity</b>   | <b>4,380,066</b> | <b>4,204,448</b> | <b>175,618</b> | <b>4.18</b>  |
| <p>Details are as follows:</p> <ol style="list-style-type: none"> <li>1. Long-term liabilities: Mainly due to the purchase of construction land and the increase in land financing.</li> <li>2. Other equity: Mainly exchange differences arising from the translation of the financial statements of foreign operations</li> </ol> |                  |                  |                |              |

## II. Operation Results

### (I) Comparative Analysis Table for Business Results

unit: Thousand NT\$

| Item \ Year   | 2020      | 2019      | Variance  |         |
|---|-----------|-----------|-----------|---------|
|   |           |           | Amount    | %       |
| Operating revenue   | 3,409,980 | 4,394,621 | (984,641) | (22.41) |
| Operating cost  | 2,707,819 | 3,594,936 | (887,117) | (24.68) |
| Gross profit  | 702,161   | 799,685   | (97,524)  | (12.20) |
| Operating expenses  | 186,754   | 263,686   | (76,932)  | (29.18) |
| Operating profit and loss   | 515,407   | 535,999   | (20,592)  | (3.84)  |
| Non-operating income and expenses                                       | 22,727    | 13,141    | 9,586     | 72.95   |
| Net income from continuing operations                                   | 453,059   | 489,267   | (36,208)  | (7.40)  |
| Other comprehensive income in the current period (net income after tax) | 651       | 236       | 415       | 175.85  |
| Total comprehensive income  | 453,710   | 489,503   | (35,793)  | (7.31)  |

Details are as follows:

Operating Revenue: Mainly due to the sale of construction land during the same period last year.

Operating cost: Mainly due to the sale of construction land during the same period last year.

Operating expenses: It was mainly due to the sale of the remaining houses of J35-1 to the joint venture company in the current period without sales expenses, which resulted in a decrease in the management and sales of the current period compared with the same period last year.

Other comprehensive income for the period: Mainly the increase of exchange differences arising from the translation of the financial statements of foreign operations

- (II) Expected volume of sales and its basis, and the possible impact on the Company's future financial operations and response plan: The sales volume is estimated based on the industry profile and the future supply and demand of the market, and there has been no major change, which will not have a significant impact on the future financial business.

(III) Analysis of Changes in Operating Gross Profit

unit: Thousand NT\$

| Item  | The number of changes in the early and late periods | Reasons for differences |                |          |                     |
|---|---|-------------------------|----------------|----------|---------------------|
|   |   | Construction Project    | Building sales | Lease    | Quantity difference |
| Gross profit  | (97,524)  | 13,903                  | (76,355)       | (35,072) | 0                   |
| Description:  |   |                         |                |          |                     |
| Building sales: The decrease in gross profit from house construction sales was mainly due to the higher profit from the sale of construction land J23 in the same period last year. |   |                         |                |          |                     |
| Lease: It was due to COVID-19 that the lessee suspended the lease of the Company's investment real estate, resulting in a decrease in the lease gross profit.                       |   |                         |                |          |                     |

III. Cash flow analysis

(I) Liquidity analysis of the most recent year unit: Thousand NT\$

| Cash balance at beginning of period | Net cash inflow from operating activities | Net cash inflow from investment and financing activities throughout the year | Cash balance (insufficient) (December 31, 2020) | Capital resources for inadequate cash |                  |
|-------------------------------------|---|--|---|---------------------------------------|------------------|
|                                     |   |  |   | Investment Plan                       | Fundraising plan |
|                                     |   |  |   |                                       |                  |

|   |         |           |         |   |   |
|---|---------|-----------|---------|---|---|
| 384,794   | 257,074 | (181,383) | 460,485 | - | - |
| Description:  |         |           |         |   |   |
| 1. Operating activities: Mainly inventory.  |         |           |         |   |   |
| 2. Investment and financing activities: It is mainly due to the net cash outflow caused by the repayment of ordinary corporate bonds that are due to raise funds. |         |           |         |   |   |
| 3. Replenishment measures for insufficient cash and liquidity analysis: There is no cash shortage.  |         |           |         |   |   |

(II) Cash flow analysis for the coming year: It is expected that the cash outflow from operating activities in the coming year will mainly be the purchase of construction land and payment for construction projects, etc., which will be financed by financing methods such as self-owned funds or bank borrowings.

IV. Impact of major capital expenditures on corporate finances and business in the most recent year: None.

V. Investment policy, main causes for profits or losses, improvement plans and the investment plans for the coming year: None.

VI. Risk related matters:

(I) Effects of changes in interest rate, exchange rate, and inflation on the company's finance, and future response measures:

1. In terms of interest rates: Maintain the decentralization of financing banks in order to strive for more favorable interest rates.

2. Exchange rate and inflation: Pay attention to the international price trends of important materials and enter into long- and short-term supply contracts, and reduce adverse effects through measures such as trade associations and competition for price index subsidies.

(II) Policies for engaging in high-risk, high-leverage investments, loans to others, endorsements, and derivative commodity transactions, and the main reasons for profit or loss, and future response measures:

The Company prohibits any high-risk or highly leveraged investments. Regarding capital loans to others, endorsement

guarantees, and derivative commodity transactions, they are all handled in accordance with the relevant regulations set by the Company.

(III) Future Research and Development Projects and Corresponding budget:

The Company does not have a dedicated research and development department. Since the construction industry and the manufacturing or high-tech industries require different R&D and design of new products, the Company does not have relevant R&D expenses.

(IV) Effects of and response to changes in domestic and foreign policies and laws relating to corporate finance and sales:

The Company has taken appropriate measures to respond to important domestic and foreign policy and legal changes in the most recent years, and has not yet had a significant impact on the Company's financial business.

(V) Effects of and response to changes in technology and in the industry relating to corporate finance and sales:

The Company's main business is contracting projects and building and selling houses. The Company continues to grasp industry trends and inter-industry market information to evaluate its impact on the Company's operations and make corresponding adjustments. It also maintains a prudent financial management strategy to maintain market competitiveness.

(VI) The impact of changes in corporate image on corporate risk management, and the Company's response measures:

The Company establishes and promotes the belief that everyone is responsible for creating the Company's brand from employee education and training or project activities and specific implementation methods. The Company has no corporate image change.

(VII) Expected benefits from, risk relating to and response to merger and acquisition Plans:

As of the publication date of the annual report, there is no plan for mergers and acquisitions. However, if there is a merger plan in the

future, the Company will follow the Company's acquisition or disposal of assets processing procedures, uphold a cautious assessment attitude, consider whether the merger can bring specific performance to the Company, so as to ensure the Company's interests and shareholders' rights.

(VIII) Expected benefits from, risk relating to and response to factory expansion plans: The Company does not have a factory.

(IX) Risks relating to and response to excessive concentration of purchasing or sales sources:

1. Procurements

Although the Company has not signed long-term cooperation contracts with major third-party vendors, there is a long-term cooperative relationship with each of the professional third-party vendors, and they can fully cooperate with each other in terms of project progress and construction quality. The annual change of subcontracting to third-party vendors mainly changes with the construction progress and nature of the project. When the amount of a certain project is large, the amount of subcontracting will increase relatively, so it is easy to show the phenomenon of concentration of subcontractors in the current year. Therefore, the change should be reasonable.

2. Sales

(1) The Company's construction business is mainly engaged in construction business. Because the contracted construction period can range from 1 to 4 years, if the total amount of certain construction contracts is large, and due to the recognition of the completion ratio or the full completion method, there will be a period of focus on a certain customer for a period of time, so the Company has no abnormal changes in centralized sales.

(2) The Company's construction business, because its housing sales target is the general public, and the source of customers is extremely scattered, so the ratio of a single customer to the total sales value is small

(X) Effects of and risks relating to large share transfers or changes in

shareholdings of directors, supervisors, or shareholders with shareholdings of over 10%: Up to now, there has not been a substantial transfer or replacement of the equity of the above-mentioned personnel.

(XI) Effects of and risks relating to changes in control over the Company: The equity of the Company's shareholders and directors is stable, and the risk of management rights changes is low.

(XII) Litigation or non-litigation situation

1. Major litigation, non-litigation or administrative litigation that the Company has determined in the most recent year or is currently in the department, the results of which may have a significant impact on shareholder rights or securities prices: None.

2. The Company's directors, supervisors, general managers, major shareholders holding more than 10% of the shares, and affiliated companies have been determined in the most recent year or are currently in litigation, non-litigation or administrative litigation. Circumstances that have a significant impact on shareholder equity or securities prices: None.

(XIII) Other significant risks and response measures None.

VII. Other important matters:

Description of company information security matters

(I) Information security management structure:

1. In order to improve information security management, the Company has established a dedicated unit information team responsible for planning and implementing various management issues to promote information security, and teaching every employee to implement the concept of information security protection.
2. The Company's audit office is an information security review unit that checks the Company's information security implementation status from time to time. When there is information security risk doubt, it discusses with the implementation unit how to modify and improve and track

follow-up results.

3. The organization operation adopts PDCA cycle management mode to ensure the achievement of information security goals and continuous improvement.

## (II) Information Security Policy

In order to ensure the effective operation and implementation of various information management systems of the Company, the confidentiality, integrity and availability of important information systems are maintained. The Company handles it in accordance with the following key points of the information security policy:

1. Compliance with information security system

Comply with laws and regulations and formulate relevant information security management regulations.

2. Build information security emergency response equipment

Evaluate the impact of various man-made and natural disasters on information security, and formulate relevant countermeasures and recovery plans to ensure the continuous operation of the Company's various businesses.

3. Strengthen information security education

Establish information security awareness of "information security, everyone is responsible", and enhance the Company's personnel's awareness of information security.

4. Implement vendor information security management

Manufacturers connected to the Company's computer systems should truly abide by the Company's information security regulations, and any violations shall be handled according to the severity of the circumstances.

## (III) Management solutions

1. Access management

- (1) Personnel account authority management and review.

- (2) Regular inventory of personnel account permissions.

2. Access control

- (1) Internal/external access control measures for personnel.

- (2) Data transmission and operation behavior track record.

3. External threats



- (1) Host/computer vulnerability detection and update measures.
  - (2) Virus protection and malware detection
4. System availability
- (1) System/network availability status monitoring and notification mechanism.
  - (2) Contingency measures for service interruption.
  - (3) Information backup measures, local/remote backup mechanism.
  - (4) Regular disaster recovery drills.
- (IV) Information security risk assessment
1. Establish a remote backup host, run by two independent server hosts at the same time, to ensure that the server host services are not interrupted.
  2. When damage to the information system occurs, operations can be restored as quickly as possible. According to the planned data backup mechanism, complete system backups and daily differential backups will be performed every week, and the backup media will be sent to external institutions for storage.
  3. The operating system is updated regularly to prevent information system vulnerabilities, and anti-virus software is built on all computers to ensure security.
  4. In emergency drills, if the host fails to operate or suddenly loses power, the remote backup host can immediately activate and restore data to ensure the normal operation of the information system and data preservation.

## Chapter 8. Special Disclosures

- I. Summary of affiliated companies: None.
- II. Private placement of securities in the most recent year as of the publication date of this report: None.
- III. Securities acquired, disposed of, or held by subsidiaries in the most recent year as of the publication date of this report: None.
- IV. Other supplementary matters: None.

## Chapter 9. Significant Impacts on Shareholders or the Price of Securities

Events with major impacts on shareholder equity or share value described in Subparagraph 2, Paragraph 3, Article 36 of the Securities and Exchange Act in the most recent year as of the publication Date of the Report: None.

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**Long Da Construction & Development  
Corporation  
Individual Financial Report  
2020 and 2019**

Company Address: 18F-1, No. 380, Mincuan 2nd Road,  
Qianzhen District, Kaohsiung City

Company Phone No. (07)336-7041

## Individual Financial Report

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## Independent auditor's report

To Long Da Construction & Development Corporation:

### **Auditor's opinion**

We have audited the individual balance sheets of Long Da Construction & Development Corporation as at December 31, 2020 and 2019, and the individual statements of comprehensive income, the individual statements of changes in equity, and the individual cash flow statements from January 1 to December 31, 2020 and 2019.

In our opinion, all material disclosures of the individual financial statements mentioned above were prepared in compliance with Regulations Governing the Preparation of Financial Reports by Securities Issuers, and presented a fair view of the financial position of Long Da Construction & Development Corporation as at December 31, 2020 and 2019, and individual business performance and cash flows for the periods January 1 to December 31, 2019 and 2020.

### **Basis of auditor's opinion**

We conducted our audits in accordance with the Regulations Governing Auditing and Attestation of Financial Statements by Certified Public Accountants and generally accepted auditing standards. The accountant's responsibilities under these standards will be further explained in the accountant's responsibility section for reviewing individual financial statements. In accordance with the professional ethics of accountants, the personnel subject to independence regulations of the accountant's accounting firm have maintained independence from Long Da Construction & Development Corporation and performed the other responsibilities stipulated by the regulations. The accountant believes that sufficient and appropriate audit evidence has been obtained as a basis for expressing the auditor's opinions.

### **Key audit items**

Key audit items refer to the most important items in the audit of Long Da Construction & Development Corporation's 2020 individual financial statements based on the professional judgment of the accountant. These matters have been responded to in the process of auditing individual financial statements as a whole and forming auditor's opinions. The accountant does not express opinions on the individual matters separately. The key audit items are as follows:

## Evaluation of inventories

Long Da Construction & Development Corporation has a net inventory of NT\$7,465,467,000 as of December 31, 2020, accounting for approximately 80% of total assets, which is significant to the financial statements. Inventories are mainly composed of land for construction, buildings under construction, and buildings for sale. Due to the characteristics of the industry, these products are unique, regional, and immovable, and are vulnerable to changes to government policies, government promotion of public project plans and regulations. The impact of changes may cause inventory prices to fluctuate easily, and it is not easy to determine the net realizable value. Therefore, the accountant decided to include this as a key audit item.

The audit procedures of the accountant include (but are not limited to), considering that the sales price is easily affected by changes in external market factors, and inquiring about the selling price of neighboring areas or the selling price of sold units to assess whether there is a price drop. The reduction of inventory value is evaluated based on the comparison between the actual sales price and the original inventory cost of buildings and land for sale. Review the market analysis and comparative information of newly acquired land for development to assess whether the net realizable value of the inventory is fairly expressed.

The accountant also considers the appropriateness of the disclosure of inventories in Note 5 and Note 6.5 of the individual financial statements.

## **Responsibilities of management and governance units towards individual financial statements**

The management's responsibility is to prepare individual financial statements that are properly expressed in accordance with the securities issuer's financial report preparation standards, and to maintain the necessary internal controls related to the preparation of individual financial statements to ensure that individual financial statements do not include false expressions due to fraud or errors.

When preparing individual financial statements, the management's responsibilities also include assessing the ability of Long Da Construction & Development Corporation to continue operations, disclose related matters, and continue the adoption of the accounting basis for operations, unless the management intends to liquidate Long Da Construction & Development Corporation or cease operations, or if there is no practical and feasible plan other than liquidation or suspension of operations.

The governance unit (including the audit committee) of Long Da Construction & Development Corporation is responsible for supervising the financial reporting process.

## **The accountant's responsibility for auditing individual financial statements**

The purpose of this accountant's audit of individual financial statements is to obtain reasonable assurance as to whether the individual financial statements as a whole contain any material misrepresentations due to fraud or errors, and to issue an audit report. Reasonable certainty is a high degree of certainty, but the audit carried out in accordance with generally accepted auditing standards cannot guarantee that misrepresentations in individual financial statements will be detected. Misrepresentation may result from fraud or errors. If the individual amounts or total amounts that are falsely expressed can reasonably be expected to affect the economic decisions made by the users of individual financial statements, they are considered to be significant.

The accountant uses professional judgment and maintains professional suspicion when conducting audits in accordance with generally accepted auditing standards. The accountant also performs the following tasks:

1. Identify and evaluate the risks of material misrepresentation of individual financial statements due to fraud or errors. Design and implement appropriate countermeasures for the assessed risks. Obtain sufficient and appropriate audit evidence as a basis for expressing the auditor's opinions. Because fraud may involve collusion, forgery, deliberate omission, false statements or violations of internal control, the risk of not detecting a major false expression caused by fraud is higher than that caused by error.
2. To obtain the necessary understanding of the internal controls related to the audit, in order to design the appropriate audit procedures under the circumstances. However, the purpose is not to express an opinion on the effectiveness of the internal controls of Long Da Construction & Development Corporation.
3. Evaluate the suitability of the accounting policies adopted by the management and the reasonableness of accounting estimates and related disclosures.

4. Based on the obtained audit evidence, the conclusion is drawn on the suitability of the management's use of the continuing operation accounting basis and whether there is a significant uncertainty in the event or situation that may cause major doubts related to the ability of Long Da Construction & Development Corporation to continue its operation. If the accountant believes that there are significant uncertainties in these events or circumstances, they must remind the users of individual financial statements in the audit report to pay attention to the relevant disclosures in the individual financial statements, or amend the audit opinions when such disclosures are inappropriate. The accountant's conclusion is based on the audit evidence obtained as of the date of the audit report. However, future events or circumstances may cause Long Da Construction & Development Corporation to no longer have the ability to continue operations.
5. Evaluate the overall expression, structure and content of individual financial statements (including relevant notes), and whether individual financial statements are appropriate to express relevant transactions and events.

The matters communicated between the accountant and the governance unit include the planned audit scope and time, as well as major audit findings (including significant deficiencies in internal controls identified during the audit process).

The accountant also provides the governance unit with a statement that the personnel of the accountant's affiliated firm subject to independence regulations have complied with the statement of independence of the accountant's professional ethics, and communicates with the governance unit all relationships that may be considered to affect the independence of the accountant and other matters (including related protective measures).

Based on the matters communicated with the governance unit, the accountant decided the key audit items for the review of the 2020 individual financial statements of Long Da Construction & Development Corporation. The accountant has stated these matters in the audit report, unless the law does not allow specific matters to be disclosed publicly, or in very rare cases, the accountant decides not to communicate specific matters in the audit report, because the negative effects of this communication can be reasonably expected to be greater than the benefits to public interest.

Ernst & Young

The competent authority approves the publishing of the company's financial report

Audit Document No.: FSC Certificate VI No. 0970038990

FSC Review No. 1010045851

Calvin Chen



Accountant:

Mink Hu

March 10, 2021

Long Da Construction & Development Corporation  
Individual balance sheet  
December 31, 2019 and 2020

unit: NT\$ thousand

| Assets                         |   |              | December 31, 2020        |     | December 31, 2019        |     |
|--------------------------------|---|--------------|--------------------------|-----|--------------------------|-----|
| Code                           | Accounting item   | Notes        | Amount                   | %   | Amount                   | %   |
| <b>Current assets</b>          |   |              |                          |     |                          |     |
| 1100                           | Cash and cash equivalents                               | IV/VI.1      | \$460,485                | 5   | \$384,794                | 5   |
| 1110                           | Financial assets at fair value through profit or loss - | IV/VI.2      | —                        | —   | 33                       | 0   |
| 1140                           | Contract assets - current                               | IV/VI.19     | 133,176                  | 2   | 104,331                  | 1   |
| 1150                           | Net notes receivable                                    | IV/VI.3      | 1,209                    | 0   | 83                       | 0   |
| 1170                           | Net accounts receivable                                 | IV/VI.4      | 110,711                  | 1   | 157,830                  | 2   |
| 1180                           | Accounts receivable - net amount for related parties    | IV/VI.4/VII  | 4,957                    | 0   | 3,401                    | 0   |
| 1320                           | Inventory   | IV/VI.5/VIII | 7,465,467                | 80  | 7,034,335                | 82  |
| 1410                           | Advance payments  | VI.6         | 265,392                  | 3   | 5,829                    | 0   |
| 1476                           | Other financial assets                                  | VIII         | 18,812                   | 0   | 82,382                   | 1   |
| 1479                           | Other current assets                                    |              | 110,665                  | 1   | 112,350                  | 1   |
| 11xx                           | Total current assets                                    |              | 8,570,874                | 92  | 7,885,368                | 92  |
| <b>Non-current assets</b>      |   |              |                          |     |                          |     |
| 1550                           | Investments recognized under the equity method          | IV/VI.7      | 13,186                   | 0   | 26,108                   | 0   |
| 1600                           | Real estate, factories and equipment                    | IV/VI.8/VIII | 48,686                   | 1   | 50,856                   | 0   |
| 1755                           | Right-of-use assets                                     | IV/VI.21     | 101                      | 0   | 504                      | 0   |
| 1760                           | Net amount of investment real estate                    | IV/VI.9/VIII | 552,934                  | 6   | 570,307                  | 7   |
| 1801                           | Intangible assets                                       | IV/VI.10     | 722                      | 0   | 450                      | 0   |
| 1840                           | Deferred income tax assets                              | IV/VI.25     | 8,820                    | 0   | 8,433                    | 0   |
| 1900                           | Other non-current assets                                | IV/VI.11     | 118,310                  | 1   | 58,090                   | 1   |
| 15xx                           | Total non-current assets                                |              | 742,759                  | 8   | 714,748                  | 8   |
| 1xxx                           | Total assets  |              | \$9,313,633              | 100 | \$8,600,116              | 100 |
| <b>Liabilities and equity</b>  |   |              | <b>December 31, 2020</b> |     | <b>December 31, 2019</b> |     |
| Code                           | Accounting item   | Notes        | Amount                   | %   | Amount                   | %   |
| <b>Current liabilities</b>     |   |              |                          |     |                          |     |
| 2100                           | Short-term borrowings                                   | IV/VI.12     | \$210,000                | 2   | \$150,000                | 2   |
| 2110                           | Short-term notes and bills payable                      | IV/VI.13     | —                        | —   | 167,539                  | 2   |
| 2130                           | Contract liabilities - current                          | IV/VI.19     | 366,034                  | 4   | 132,498                  | 2   |
| 2150                           | Notes payable   |              | 91,474                   | 1   | 65,332                   | 1   |
| 2170                           | Accounts payable  |              | 660,449                  | 7   | 635,602                  | 7   |
| 2180                           | Accounts payable - related parties                      | VII          | 720                      | 0   | 2,314                    | 0   |
| 2200                           | Other accounts payable                                  |              | 71,990                   | 1   | 79,353                   | 1   |
| 2230                           | Current income tax liabilities                          | IV           | 61,478                   | 1   | 18,714                   | 0   |
| 2250                           | Liability provisions - current                          | IV/VI.14     | 11,253                   | 0   | 14,502                   | 0   |
| 2280                           | Lease liabilities - current                             | IV/VI.21     | 103                      | 0   | 406                      | 0   |
| 2300                           | Other current liabilities                               |              | 16,248                   | 0   | 15,234                   | 0   |
| 2321                           | Corporate bonds due or executed within one year or      | IV/VI.15     | —                        | —   | 319,018                  | 4   |
| 2322                           | Current portion of long-term borrowings                 | IV/VI.16     | 65,908                   | 1   | 81,066                   | 1   |
| 21xx                           | Total current liabilities                               |              | 1,555,657                | 17  | 1,681,578                | 20  |
| <b>Non-current liabilities</b> |   |              |                          |     |                          |     |
| 2527                           | Contract liabilities - non-current                      | IV/VI.19     | 141,538                  | 1   | 69,993                   | 1   |
| 2540                           | Long-term bank borrowings                               | IV/VI.16     | 3,221,802                | 35  | 2,621,959                | 30  |
| 2570                           | Deferred income tax liabilities                         | IV/VI.25     | 1,144                    | 0   | 3,716                    | 0   |
| 2580                           | Lease liabilities - non-current                         | IV/VI.21     | —                        | —   | 103                      | 0   |
| 2600                           | Other non-current liabilities                           |              | 13,426                   | 0   | 18,319                   | 0   |
| 25xx                           | Total non-current liabilities                           |              | 3,377,910                | 36  | 2,714,090                | 31  |
| 2xxx                           | Total liabilities                                       |              | 4,933,567                | 53  | 4,395,668                | 51  |
| <b>Equity</b>                  |   |              |                          |     |                          |     |
| 3100                           | Capital Stock   |              |                          |     |                          |     |
| 3110                           | Ordinary share capital                                  | IV/VI.18     | 2,191,972                | 24  | 2,089,051                | 24  |
| 3130                           | Certificates of bond-to-stock conversion                |              | —                        | —   | 84,354                   | 1   |
| 3200                           | Capital surplus   |              | 50,614                   | 0   | 51,357                   | 1   |
| 3300                           | Retained earnings                                       |              |                          |     |                          |     |
| 3310                           | Legal reserve   |              | 510,591                  | 6   | 461,664                  | 5   |
| 3350                           | Undistributed earnings                                  |              | 1,623,667                | 17  | 1,515,349                | 18  |
|                                | Total retained earnings                                 |              | 2,134,258                | 23  | 1,977,013                | 23  |
| 3400                           | Other equity  |              | 3,222                    | 0   | 2,673                    | 0   |
| 3xxx                           | Total equity  |              | 4,380,066                | 47  | 4,204,448                | 49  |
|                                | Total liabilities and equity                            |              | \$9,313,633              | 100 | \$8,600,116              | 100 |

(Please refer to the appendix in individual financial statements)

Chairperson of the Board:

Manager:

Head of Accounting:

Long Da Construction & Development Corporation  
Statement of Individual Comprehensive Income  
January 1 to December 31, 2019 and 2020

unit: NT\$ thousand

| Code | Accounting item   | Notes    | 2020        |      | 2019        |      |
|------|---|----------|-------------|------|-------------|------|
|      |   |          | Amount      | %    | Amount      | %    |
| 4000 | Operating revenue   | IV/VI.19 | \$3,409,980 | 100  | \$4,394,621 | 100  |
| 5000 | Operating cost  | IV/VI.22 | (2,707,819) | (80) | (3,594,936) | (82) |
| 5900 | Gross profit  |          | 702,161     | 20   | 799,685     | 18   |
| 6000 | Operating expenses  | IV/VI.22 |             |      |             |      |
| 6100 | Promotion expenses  |          | (68,352)    | (2)  | (136,573)   | (3)  |
| 6200 | Management expenses   |          | (118,402)   | (3)  | (127,113)   | (3)  |
|      | Total operating expenses  |          | (186,754)   | (5)  | (263,686)   | (6)  |
| 6900 | Operating profit  |          | 515,407     | 15   | 535,999     | 12   |
| 7000 | Non-operating income and expenses   | IV/VI.23 |             |      |             |      |
| 7100 | Interest income   |          | 174         | 0    | 351         | 0    |
| 7010 | Other income  |          | 38,322      | 1    | 4,871       | 0    |
| 7020 | Other profits and losses  |          | (133)       | (0)  | 8,159       | 0    |
| 7050 | Financial costs   |          | (2,777)     | (0)  | (2,844)     | (0)  |
| 7060 | Share of profits/losses on equity-accounted associated companies                                    | IV/VI.7  | (12,859)    | (0)  | 2,604       | 0    |
|      | Total non-operating income and expenses   |          | 22,727      | 1    | 13,141      | 0    |
| 7900 | Net profit before tax   |          | 538,134     | 16   | 549,140     | 12   |
| 7950 | Income tax (expense)  | IV/VI.25 | (85,075)    | (3)  | (59,873)    | (1)  |
| 8000 | Net profit from continuing operations   |          | 453,059     | 13   | 489,267     | 11   |
| 8200 | Net profit  |          | 453,059     | 13   | 489,267     | 11   |
| 8300 | Other comprehensive income  | VI24     |             |      |             |      |
| 8310 | Items that will not be reclassified to profit or loss   |          |             |      |             |      |
| 8311 | Number of remeasurements of defined benefit plans   |          | 128         | 0    | (908)       | (0)  |
| 8349 | Income tax related to items that will not be reclassified   |          | (26)        | (0)  | 182         | 0    |
| 8360 | Items that may be reclassified to profit or loss  |          |             |      |             |      |
| 8361 | Exchange differences arising from the translation of the financial statements of foreign operations |          | 686         | 0    | 1,203       | 0    |
| 8399 | Income tax related to items that may be reclassified to profit or loss                              |          | (137)       | (0)  | (241)       | (0)  |
|      | Other comprehensive income (net income after tax)   |          | 651         | 0    | 236         | 0    |
| 8500 | Total comprehensive income  |          | \$453,710   | 13   | \$489,503   | 11   |
|      | Earnings per share (NT\$)   |          |             |      |             |      |
| 9750 | Basic earnings per share  | IV/VI.26 | \$2.07      |      | \$2.43      |      |
| 9850 | Diluted earnings per share  |          | \$2.05      |      | \$2.22      |      |

(Please refer to the appendix in individual financial statements)

Chairperson of the Board:

Manager:

Head of Accounting:

Long Da Construction & Development Corporation  
Statement of changes in individual equities  
January 1 to December 31, 2019 and 2020

unit: NT\$ thousand

| Code | Item  | Capital Stock          |  | Capital surplus | Retained earnings |                        | Other equity items  | Total equity |
|------|---|------------------------|--|-----------------|-------------------|------------------------|---|--------------|
|      |   | Ordinary share capital | Certificates of bond-to-stock conversion |                 | Legal reserve     | Undistributed earnings | Exchange differences arising from the translation of the financial statements of foreign operations |              |
|      |   | 3100                   | 3130                                     | 3200            | 3310              | 3350                   | 3410  | 3XXX         |
| A1   | Balance as of January 1, 2019   | \$1,842,213            | 21,975                                   | \$32,655        | \$417,355         | \$1,269,662            | \$1,711   | \$3,585,571  |
|      | Earning distribution for 2018   |                        |  |                 |                   |                        |   |              |
| B1   | Allocation to legal reserve   | —                      | —  | —               | 44,309            | (44,309)               | —   | —            |
| B5   | Cash dividends of common stock  | —                      | —  | —               | —                 | (198,545)              | —   | (198,545)    |
|      | Changes in other capital surplus produced by the issuance of convertible corporate bonds to recognize equity components-stock options | —                      | —  | (14,657)        | —                 | —                      | —   | (14,657)     |
| D1   | Profits from January 1 to December 31, 2019   | —                      | —  | —               | —                 | 489,267                | —   | 489,267      |
| D3   | Other comprehensive income from January 1 to December 31, 2019  | —                      | —  | —               | —                 | (726)                  | 962   | 236          |
| D5   | Total comprehensive income  | —                      | —  | —               | —                 | 488,541                | 962   | 489,503      |
| I1   | Conversion of convertible bonds   | 246,838                | 62,379                                   | 33,359          | —                 | —                      | —   | 342,576      |
| Z1   | Balance as of December 31, 2019   | \$2,089,051            | \$84,354                                 | \$51,357        | \$461,664         | \$1,515,349            | \$2,673   | \$4,204,448  |
| A1   | Balance as of January 1, 2020   | \$2,089,051            | \$84,354                                 | \$51,357        | \$461,664         | \$1,515,349            | \$2,673   | \$4,204,448  |
|      | Earning distribution for 2019   |                        |  |                 |                   |                        |   |              |
| B1   | Allocation to legal reserve   | —                      | —  | —               | 48,927            | (48,927)               | —   | —            |
| B5   | Cash dividends of common stock  | —                      | —  | —               | —                 | (295,916)              | —   | (295,916)    |
|      | Changes in other capital surplus Produced by the issuance of convertible corporate bonds to recognize equity components-stock options | —                      | —  | (663)           | —                 | —                      | —   | (663)        |
| D1   | Profits from January 1 to December 31, 2020   | —                      | —  | —               | —                 | 453,059                | —   | 453,059      |
| D3   | Other comprehensive income from January 1 to December 31, 2020  | —                      | —  | —               | —                 | 102                    | 549   | 651          |
| D5   | Total comprehensive income  | —                      | —  | —               | —                 | 453,161                | 549   | 453,710      |
| I1   | Conversion of convertible bonds   | 102,921                | (84,354)                                 | (80)            | —                 | —                      | —   | 18,487       |
| Z1   | Balance as of Thursday, December 31, 2020   | \$2,191,972            | \$—                                      | \$50,614        | \$510,591         | \$1,623,667            | \$3,222   | \$4,380,066  |

(Please refer to the appendix in individual financial statements)

Chairperson of the Board:

Manager:

Head of  
Accounting:

Long Da Construction & Development Corporation  
Individual cash flow statement  
January 1 to December 31, 2019 and 2020

unit: NT\$ thousand

| Code   | Item  | 2020      | 2019      | Code   | Item  | 2020      | 2019        |
|--------|---|-----------|-----------|--------|---|-----------|-------------|
|        |   | Amount    | Amount    |        |   | Amount    | Amount      |
| AAAA   | Cash flow of operating activities:  |           |           | BBBB   | Cash flow of investing activities:                                      |           |             |
| A10000 | Profit before tax of this period  | \$538,134 | \$549,140 | B02700 | Acquisition of real estate, factories and equipment                     | (586)     | (3,786)     |
| A20000 | Adjusted items:   |           |           | B02800 | Disposal of real estate, factories and equipment                        | 9         | -           |
| A20010 | Revenues and expenses:  |           |           | B04500 | Acquisition of intangible assets  | (766)     | (384)       |
| A20100 | Depreciation  | 20,946    | 22,622    | B05400 | Acquisition of investment properties                                    | (431)     | (11,077)    |
| A20200 | Amortized expenses  | 7,766     | 1,937     | B06600 | Reduction of other financial assets                                     | 63,570    | 87,594      |
| A20400 | Net income (profit) from financial assets and liabilities at fair value through profit and loss | (1,163)   | (278)     | B06700 | Increase of other non-current assets                                    | (60,220)  | -           |
| A20900 | Interest expenses   | 2,777     | 2,844     | B06800 | Decrease of other non-current assets                                    | -         | 134,232     |
| A21200 | Interest income   | (174)     | (351)     | BBBB   | Net cash inflow from investing activities                               | 1,576     | 206,579     |
| A22300 | Share of profits/losses on equity-accounted associated companies                                | 12,859    | (2,604)   |        |   |           |             |
| A22500 | Loss from disposal and write-offs of real estate, factories and equipment                       | 8         | -         |        |   |           |             |
| A30000 | Changes in operating activities related assets/liabilities:                                     |           |           | CCCC   | Cash flow from financing activities:                                    |           |             |
| A31130 | Decrease (increase) in notes receivable   | (1,126)   | 52,286    | C00100 | Increase in short-term borrowings                                       | 60,000    | -           |
| A31150 | Decrease in accounts receivable   | 47,119    | 45,894    | C00200 | Decrease in short-term borrowings                                       | -         | (372,160)   |
| A31160 | Accounts receivable - related parties (increase)  | (1,556)   | (2,307)   | C00600 | Decrease in short-term notes and bills payable                          | (167,539) | (112,049)   |
| A31125 | Contract assets (increase)  | (28,845)  | (2,314)   | C01300 | Repayment of corporate bonds  | (300,000) | -           |
| A31200 | Inventory (increase)  | (375,385) | (576,267) | C01600 | Borrowing long-term borrowings  | 1,233,576 | 1,859,220   |
| A31230 | Decrease (increase) in advance payments   | (266,835) | 303       | C01700 | Repayment of long-term borrowings                                       | (648,891) | (1,241,008) |
| A31240 | Decrease (increase) in other current assets   | 1,685     | (95,933)  | C04020 | Repayment of lease principal  | (411)     | (411)       |
| A32125 | Increase in contract liabilities  | 305,081   | 60,851    | C04400 | Decrease in other non-current liabilities                               | (745)     | (1,116)     |
| A32130 | Increase in notes payable   | 26,142    | 28,747    | C04500 | Distribution of cash dividends  | (295,916) | (198,545)   |
| A32150 | Increase (decrease) in accounts payable   | 24,847    | (141,929) | C05600 | Interest paid   | (63,033)  | (61,501)    |
| A32160 | Accounts payable - related parties (decrease)   | (1,594)   | (410)     | CCCC   | Net cash flow (out) from financing activities                           | (182,959) | (127,570)   |
| A32180 | Increase (decrease) in other sums payables  | (2,847)   | 24,414    |        |   |           |             |
| A32230 | Other current liabilities (decrease)  | (2,235)   | (48,712)  | DDDD   | Effects of exchange rate fluctuations on cash and cash equivalents      | 906       | 578         |
| A32240 | Net defined benefit liabilities (decrease)  | (4,020)   | (7)       |        |   |           |             |
| A33000 | Cash inflow (outflow) generated from operations   | 301,584   | (82,074)  | EEEE   | Increase (decrease) in cash and cash equivalents for the current period | 75,691    | (44,734)    |
| A33100 | Interest received   | 174       | 351       | E00100 | Opening balance of cash and cash equivalents                            | 384,794   | 429,528     |
| A33500 | Income tax paid   | (45,590)  | (42,598)  | E00200 | Closing balance of cash and cash equivalents                            | \$460,485 | \$384,794   |
| AAAA   | Net cash inflow (outflow) from operating activities   | 256,168   | (124,321) |        |   |           |             |

(Please refer to the appendix in individual financial statements)

Chairperson of the Board:

Manager:

Head of Accounting:

Long Da Construction & Development Corporation  
Notes to the Individual Financial Statements  
2020 and 2019  
(Amounts are in NT\$ thousand unless otherwise specified)

(I) Company history and description of business scope

The company was established on April 30, 1982, and its business address is located at 18F-1, No. 380, Minquan 2nd Road, Qianzhen District, Kaohsiung City. It is mainly engaged in the integrated construction business of construction and civil engineering, as well as the development, leasing and sale of residential housing and buildings.

The company's shares were listed for trading at the Taipei Exchange on October 7, 1999. Since February 10, 2014, it has been listed on the Taiwan Stock Exchange Corporation for trading. The company was formerly known as Longda Construction Corporation and was renamed Long Da Construction & Development Corporation on June 16, 2009 through a resolution of the shareholders' meeting, and was approved and registered by the competent authority on July 9, 2009. In addition, the company established a subsidiary in Japan on May 8, 2014, which is mainly engaged in real estate leasing and general hotel business.

(II) Date and procedures of approval of the financial statements

The company's individual financial reports for 2020 and 2019 were approved and released by the Board of Directors on March 10, 2021.

(III) Application of new standards, amendments, and interpretations

1. Changes in accounting policies resulting from the first application of International Financial Reporting Standards

The company has adopted the International Financial Reporting Standards, International Accounting Standards, International Financial Reporting Interpretations or Interpretation Announcements, and new standards that have been approved by the Financial Supervisory Commission (hereinafter referred to as the FSC) and applicable for fiscal years beginning after January 1, 2020, and the first application of the amendment had no significant impact on the company.

2. The company has not yet adopted the following newly issued, revisions and revised standards or interpretations that have been issued by the International Accounting Standards

Notes to individual financial statements of Long Da Construction & Development Corporation  
(Continued)  
(Amounts are in NT\$ thousand unless otherwise specified)

Board and approved by the FSC:

| Item No. | New/Revised/Amended Standards and Interpretations   | Effective date by International Accounting Standards Board |
|----------|---|--|
| 1        | Amendments to IFRS 9, IFRS 39, IFRS 7, IFRS 4, and IAS 16, 'Interest Rate Benchmark Reform' - Phase 2 | January 1, 2021  |

(1) Amendments to IFRS 9, IFRS 39, IFRS 7, IFRS 4, and IAS 16, 'Interest Rate Benchmark Reform' - Phase 2

The revisions in this final stage mainly focus on the impact of changes in interest rate indicators on corporate financial statements, including:

- A. For changes in the basis for determining the contractual cash flow of financial instruments that are required by the reform in interest rate indicators, the book amount of financial instruments will not be delisted or adjusted, and the effective interest rate will be updated to reflect changes in the alternative indicator interest rate.
- B. When hedging still meets the requirements of hedging accounting, the application of hedging accounting will not cease just because of the changes required by the reform. And
- C. disclosure information is required for new risks arising from the reform and the method to manage the transition to an alternative indicator interest rate.

The company assessed that the above amendments applicable to the fiscal year beginning after January 1, 2021 will not have a significant impact on the company.

3. As of the date of publishing of the financial report, the company has not yet adopted the following newly issued, revisions and revised standards or interpretations that have been issued by the International Accounting Standards Board but not yet approved by the FSC:

| Item No. | New/Revised/Amended Standards and Interpretations  | Effective date by International Accounting Standards Board |
|----------|--|--|
| 1        | Amendments to IFRS 10, "Consolidated Financial Statements", and IAS 28, "Investment Related Enterprise and Joint Venture", 'Sale or contribution of assets between an investor and its associate or joint venture' | To be determined by the IASB                               |
| 2        | IFRS 17, 'Insurance contracts'   | January 1, 2023  |

Notes to individual financial statements of Long Da Construction & Development Corporation  
(Continued)  
(Amounts are in NT\$ thousand unless otherwise specified)

|   |   |                 |
|---|---|-----------------|
| 3 | Amendments to IFRS 1 'Classification of Liabilities as Current or Non-current'  | January 1, 2023 |
| 4 | Amendments of a limited scope to the International Financial Reporting Standards, including amendments to International Financial Reporting Standards No. 3, International Accounting Standards No. 16, and International Accounting Standards No. 37, as well as annual improvements | January 1, 2022 |
| 5 | Disclosure Initiative - Accounting Policy (Amendment to International Accounting Standard No. 1)  | January 1, 2023 |
| 6 | Definition of accounting estimates (Amendment to International Accounting Standard No. 8)   | January 1, 2023 |

- (1) Amendments to IFRS 10, “Consolidated Financial Statements”, and IAS 28, “Investment Related Enterprise and Joint Venture”, ‘Sale or contribution of assets between an investor and its associate or joint venture’

This plan is formulated to reconcile the inconsistencies between International Financial Reporting Standard No. 10 "Consolidated Financial Statements" and International Accounting Standard No. 28 "Investment in Associated Enterprises and Joint Ventures" regarding the loss of control by investing in affiliated enterprises or joint ventures at the price of subsidiaries. International Accounting Standard No. 28 stipulates that when non-monetary assets are invested in exchange for equity in affiliated enterprises or joint ventures, the share of profits or losses incurred shall be eliminated in accordance with downstream transactions. International Financial Reporting Standard No. 10 stipulates that all benefits or losses at the time of loss of control of a subsidiary shall be listed. This amendment restricts the aforementioned provisions of International Accounting Standard No. 28. When assets that constitute a business as defined by IFRS No. 3 are sold or invested, the profits or losses incurred shall be fully listed.

This amendment also modifies IFRS No. 10 so that when investors and their affiliates or joint ventures sell or invest in subsidiaries that do not constitute businesses defined in IFRS No. 3, the benefits or losses incurred are only recognized within the scope of shares enjoyed by non-investors.

- (2) IFRS 17, ‘Insurance contracts’

This standard provides a comprehensive model of insurance contracts, including all accounting-related parts (recognition, measurement, expression and disclosure principles). The core of the standard is a general model. Under this model, the fulfilment of cash flows and contract services are recognized and the sum of the two margins measures the group of insurance contracts, where the fulfilment cash flows include:



Notes to individual financial statements of Long Da Construction & Development Corporation  
(Continued)

(Amounts are in NT\$ thousand unless otherwise specified)

- A. Estimated value of future cash flows
- B. Discount rate: Reflects the adjustment of the time value of the currency and the financial risks associated with future cash flows (when financial risks are not included in the estimated value of future cash flows). And
- C. Risk adjustments for non-financial risks

The book value of the insurance contract group at the end of each reporting period is the sum of the remaining coverage liabilities and the incurred claims liabilities.

In addition to the general model, it also provides:

- A. Specific applicable methods for contracts with direct participation characteristics (variable fee method)
- B. Simplified method for short-term contracts (premium sharing method)

After the standard was issued in May 2017, another amendment was issued in June 2020. This amendment extended the effective date of the transitional clause by 2 years (that is, the original deadline, January 1, 2021, is extended to January 1, 2023) and provide additional exemptions, reduce the cost of adopting this standard by simplifying some regulations, and modify some regulations to make some situations easier to explain. This standard will replace the transitional standard (IFRS 4, 'Insurance contracts')

(3) Amendments to IFRS 1 'Classification of Liabilities as Current or Non-current'

This is to modify the classification of liabilities as current or non-current in paragraphs 69 to 76 of Accounting Standard No. 1 "Expression of Financial Statements".

(4) Amendments of a limited scope to the International Financial Reporting Standards, including amendments to International Financial Reporting Standards No. 3, International Accounting Standards No. 16, and International Accounting Standards No. 37, as well as annual improvements

A. Update the indexing of conceptual frameworks (Amendments to IFRS 3)

This amendment replaces the old version of the index on the conceptual framework of financial reporting and updates IFRS No. 3 with the latest version of the index published in March 2018. An exception to the recognition principle has been added to avoid possible "Day 2" gains or losses due to liabilities and contingent liabilities. In addition, clarify existing guidelines for contingent assets that are not affected by the replacement structure index.

B. Real estate, factories and equipment: Earnings before intended use (Amendment to

Notes to individual financial statements of Long Da Construction & Development Corporation  
(Continued)

(Amounts are in NT\$ thousand unless otherwise specified)

International Accounting Standard No. 16)

This amendment is to prohibit the company from deducting the sale amount from the cost of real estate, plants and equipment in relation to the items generated when the company prepares assets for its intended use. On the other hand, the company recognizes such sales revenue and related costs in profit and loss.

C. Onerous contracts - the cost of fulfilling the contract (Amendment to IAS 37)

This amendment clarifies the cost that should be included in the company's assessment of whether the contract is loss-making.

D. Improvements to 2018 - 2020 International Financial Reporting Standards

Amendments to IFRS 1

This amendment simplifies the measurement of cumulative conversion adjustments for applying IFRS No. 1 when the subsidiary becomes the first applicable party after the parent company.

Amendments to IFRS 9 'Financial Instruments'

This amendment clarifies the expenses involved when the company evaluates whether the new contract terms or the revised terms of the financial liabilities are significantly different from the original financial liabilities.

Amendments to IFRS 16, 'Leases'

This is to revise the lease incentives related to the improvement of the lessee's rights in Example 13.

Amendments to IFRS 41

This amendment removes the requirement that cash flow is not included in tax when measuring fair value, so that the fair value measurement requirements of International Accounting Standard No. 41 are consistent with the relevant requirements of other international financial reporting standards.

(5) Disclosure Initiative - Accounting Policy (Amendment to International Accounting Standard No. 1)

This amendment is to improve the disclosure of accounting policies to provide investors and other major users of financial statements with more useful information.

(6) Definition of accounting estimates (Amendment to International Accounting Standard No. 8)

Notes to individual financial statements of Long Da Construction & Development Corporation  
(Continued)  
(Amounts are in NT\$ thousand unless otherwise specified)

This amendment directly defines accounting estimates and makes other amendments to Accounting Standards No. 8 "Accounting Policies, Changes in Accounting Estimates and Errors" to help companies distinguish between changes in accounting policies and changes in accounting estimates.

For the above standards or interpretations that have been issued by the International Accounting Standards Board but not yet endorsed by the FSC, their actual application date shall be subject to the provisions of the FSC. The above-mentioned new or revised standards or interpretations have no significant impact on the company.

(IV) Summary of significant accounting policies

1. Compliance statement

The company's individual financial reports for 2020 and 2019 are prepared in accordance with the standards for the preparation of financial reports for securities issuers and the International Financial Reporting Standards, International Accounting Standards, International Financial Reporting Interpretations and Interpretation Announcements approved by the Financial Regulatory Commission.

2. Basis of preparation

Except for financial instruments measured by fair value, individual financial statements are prepared on the basis of historical cost. All amounts in the individual financial statements are in New Taiwan Dollars unless otherwise specified

3. FCY Transactions

The company's individual financial statements are expressed in the company's functional currency, New Taiwan Dollars.

Foreign currencies are converted into functional currency at prevailing rates of exchange on the dates of the transactions for record purposes. On the end of each reporting period, monetary items in foreign currencies are converted at the closing exchange rate on that day. Non-monetary items in foreign currencies are measured by fair value and converted at the exchange rate on the day when the fair value is determined. Foreign currency-denominated non-monetary items carried at historical costs are converted at the exchange rate on the

Notes to individual financial statements of Long Da Construction & Development Corporation  
(Continued)  
(Amounts are in NT\$ thousand unless otherwise specified)

original transaction date.

Except for the following, the exchange difference arising from the delivery or conversion of monetary items is recognized as profit and loss in the current period:

- (1) If the foreign currency borrowing incurred to obtain a qualified asset, if the exchange difference incurred is regarded as an adjustment to the interest cost, it is part of the borrowing cost and capitalized as the cost of the asset.
- (2) Foreign currency items applicable to International Accounting Standard No. 9 "Financial Instruments" shall be handled in accordance with the accounting policies of financial instruments.
- (3) For monetary items that form part of the reported net investment in foreign operating institutions, the resulting exchange differences were originally recognized as other comprehensive profits and losses, and were reclassified from equity to profits and losses when disposing of the net investment.

When the profit or loss of a non-monetary item is recognized as other comprehensive profit or loss, any conversion component of the profit or loss is recognized as other comprehensive profit or loss. When the profit or loss of a non-monetary item is recognized as profit or loss, any conversion component of the profit or loss is recognized as profit or loss.

#### 4. Classification of current and non-current assets and liabilities

If there is one of the following conditions, it is classified as current assets, and non-current assets are classified as non-current assets:

- (1) Assets arising from operating activities are expected to be realized, or are intended to be sold or consumed within the normal operating cycle;
- (2) The assets are held mainly for trading purposes.
- (3) The assets are expected to be realized within 12 months after the reporting period.
- (4) Cash and cash equivalents, excluding restricted cash and cash equivalents and those that are to be exchanged or used to pay off liabilities more than twelve months after the reporting period.

Those with one of the following conditions are classified as current liabilities, and non-current liabilities are classified as non-current liabilities:

- (1) The liabilities are expected to be repaid over the Company's normal business cycle.
- (2) The liabilities are held mainly for trading purposes.

Notes to individual financial statements of Long Da Construction & Development Corporation  
(Continued)

(Amounts are in NT\$ thousand unless otherwise specified)

- (3) The liabilities are expected to be repaid within 12 months after the end of the reporting period.
- (4) Liabilities for which the repayment term cannot be extended unconditionally beyond 12 months after the reporting period. Terms of a liability that could, at the option of the counterparty, result in its settlement by the issue of equity instruments do not affect its classification.

5. Cash and cash equivalents

Cash and cash equivalents refer to cash on hand, demand deposits, and highly liquid time deposits or investments kept for the purpose of meeting short-term commitments, and are readily convertible into known amounts of cash and are prone to insignificant risk of changes in value.

6. Financial instruments

Financial assets and financial liabilities are recognized when the company becomes a party to the contractual terms of the financial instrument.

Financial assets and financial liabilities that meet the scope of application of IFRS No. 9 "Financial Instruments" are measured at fair value at the time of initial recognition and are directly attributable to financial assets and financial liabilities (except for those classified as fair value through profit and loss). The transaction cost of acquisition or issuance, other than financial assets and financial liabilities measured by value, is added to or subtracted from the fair value of the financial assets and financial liabilities.

(1) Recognition and measurement of financial assets

Regular transactions of financial assets are recognized on or removed from balance sheet using trade date accounting.

The company classifies financial assets as financial assets that are subsequently measured at amortized cost, measured at fair value through other comprehensive gains and losses, or measured at fair value through profit and loss based on the following two items:

- A. The business model for managing financial assets.
- B. Contractual cash flow characteristics of financial assets.

Financial assets at amortized cost

Financial assets that meet the following two conditions at the same time are measured at

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amortized cost, and listed on the balance sheet in terms of bills receivable, accounts receivable, financial assets measured at amortized cost, and other receivables:

- A. The management model for managing financial assets: Holding financial assets to collect contractual cash flows.
- B. Contractual cash flow characteristics of financial assets: Cash flows that are solely payments of principal and interest on the principal amount outstanding.

These financial assets (excluding those involved in a hedging relationship) are subsequently amortized at the cost [the amount measured at the time of original recognition, minus the principal paid, plus or minus the difference between the original amount and the maturity amount Accumulated amortization (using the effective interest method), and adjust the allowance for loss] measurement. When delisting, through amortization procedures, or recognizing detrimental benefits or losses, the benefits or losses are recognized in profit or loss.

The interest calculated by the effective interest rate method (multiplying the effective interest rate by the total book value of financial assets) or the following conditions is listed in income:

- A. For purchased or created credit loss financial assets, the effective interest rate after credit adjustment is multiplied by the amortized cost of the financial asset.
- B. If it is not the former, but subsequently becomes credit impairment, the effective interest rate is multiplied by the amortized cost of financial assets.

Financial assets at fair value through other comprehensive income

Financial assets that meet the following two conditions at the same time are measured at fair value through other comprehensive gains and losses, and listed on the balance sheet as financial assets measured at fair value through other comprehensive gains and losses:

- A. The management model for managing financial assets: Collecting contractual cash flows and selling financial assets.
- B. Contractual cash flow characteristics of financial assets: Cash flows that are solely payments of principal and interest on the principal amount outstanding.

The explanation of the recognition of such financial assets-related gains and losses is as follows:

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- A. Before listing or reclassification, in addition to the derogation benefit or loss and the foreign currency exchange gains and losses are recognized in the profit and loss, the benefit or loss is recognized in the other comprehensive profit and loss.
- B. When the asset is removed, all cumulative gains/losses previously recognized through other comprehensive income are reclassified from equity to profit or loss and treated as a reclassification adjustment.
- C. The interest calculated by the effective interest rate method (multiplying the effective interest rate by the total book value of financial assets) or the following conditions is listed in income:
  - (a) For purchased or created credit loss financial assets, the effective interest rate after credit adjustment is multiplied by the amortized cost of the financial asset.
  - (b) Those who do not belong to the former, but become credit impairment after continuing, multiply the effective interest rate by the amortized cost of financial assets.

In addition, for equity instruments that fall within the scope of IFRS 9 and the equity instruments are neither held for trading, nor recognized or recognized by the acquirer in a business combination under IFRS 3 If there is consideration, at the time of initial recognition, choose (irrevocably) to report its subsequent fair value changes in other comprehensive profit and loss. The amount reported in other comprehensive profits and losses shall not subsequently be transferred to profit and loss (when disposing of these equity instruments, it will be included in the cumulative amount of other equity items and directly transferred to retained earnings), and the financial assets shall be measured at fair value through other comprehensive profits and losses and listed on the balance sheet. Investment dividends are recognized in profit or loss, unless the dividend clearly represents part of the recovery of investment costs.

Financial assets at fair value through profit and loss

Except for those that meet specific conditions and are measured at amortized cost or at fair value through other comprehensive gains and losses, financial assets are measured at fair value through profit and loss, and financial assets that are measured at fair value through profit and loss are reported in assets and liabilities. table.

Such financial assets are measured at fair value, and the benefits or losses resulting from re-measurement are recognized as profit or loss. The benefits or losses recognized as profit or loss include any dividends or interest received by the financial asset.

(2) Impairment of financial assets

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The company's investment in debt instruments measured at fair value through other comprehensive gains and losses and financial assets measured at amortized cost are recognized and measured by expected credit losses. The debt instrument investment measured at fair value through other comprehensive gains and losses is to recognize the allowance loss in other comprehensive gains and losses without reducing the carrying amount of the investment.

The company measures expected credit losses by reflecting the following:

- A. An unbiased and probability-weighted amount determined by evaluating each possible outcome.
- B. The time value of money.
- C. Reasonable and verifiable information related to past events, current conditions and forecasts of future economic conditions (that can be obtained without excessive costs or investment on the balance sheet date).

The method of measuring the allowance loss is explained as follows:

- A. Measured by the amount of 12-month expected credit losses: Including financial assets that have not significantly increased in credit risk since initial recognition, or those that are judged to be low in credit risk on the balance sheet date. In addition, it also includes those who measured the allowance loss based on the amount of expected credit losses during the duration of the previous reporting period, but no longer met the conditions for a significant increase in credit risk since the initial recognition on the balance sheet date of the current period.
- B. The amount of expected credit loss measured during the duration: Including financial assets that have significantly increased credit risk since initial recognition, or are purchased or created credit-impaired financial assets.
- C. For accounts receivable or contract assets arising from transactions within the scope of International Financial Reporting Standard No. 15, the company uses the amount of expected credit losses during the lifetime to measure the allowance loss.
- D. For lease receivables arising from transactions within the scope of International Financial Reporting Standard No. 16, the company uses the amount of expected credit losses during the lifetime to measure the allowance loss.

On each balance sheet date, the company compares the changes in the default risk of financial instruments on the balance sheet date and the original recognition date to assess whether the credit risk of the financial instruments has increased significantly after the original recognition. Please refer to Note XII for relevant credit risk information.



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(3) Removal of financial assets

Financial assets held by the company are delisted when one of the following conditions is met:

- (A) The contractual rights from the cash flows of financial assets terminate.
- (B) The financial assets have been transferred and almost all the risks and rewards of the ownership of the assets have been transferred to others.
- (C) Almost all risks and rewards of asset ownership have not been transferred nor retained, but control of assets has been transferred.

When a financial asset is delisted as a whole, the difference between its book value and the received or receivable consideration plus any cumulative gains or losses recognized in other comprehensive gains and losses is recognized in profit and loss.

(4) Financial liabilities and equity instruments

Classification of liabilities or equity

Liability and equity instruments issued by the Company are classified into financial liabilities and equities based on the contractual terms and definitions of the respective instruments.

Compound tool

The company recognizes the financial liabilities and equity components of the convertible corporate bonds issued in accordance with its contractual terms. In addition, for the converted corporate bonds issued, it is evaluated whether the economic characteristics and risks of the embedded buying and selling rights are closely related to the main debt product before distinguishing the equity elements.

The liability part that does not involve derivatives, the fair value of which is equivalent to the market interest rate assessment of bonds with no conversion characteristics. Before conversion or redemption and settlement, the amount of this part is classified as financial liabilities measured at amortized cost. As for other embedded derivatives that are not closely related to the risks of the economic characteristics of the main contract (for example, the execution price of the embedded buy-back and redemption rights cannot be almost equal to the amortized cost of the debt goods on each execution day), Except for the equity components, they are classified as liability components and measured at fair value through profit or loss in subsequent periods. The amount of the equity element is determined based on the fair value of the converted corporate bond minus the component of the liability, and the book amount will not be remeasured in the subsequent accounting

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period. If the converted corporate bonds issued do not have equity elements, they shall be processed in accordance with the IFRS 9 Hybrid Instrument.

Transaction costs are allocated to the liabilities and equity components in accordance with the proportion of the originally recognized convertible corporate bonds allocated to the liabilities and equity components.

When the holder of the converted corporate bond requests to exercise the right of conversion before the expiry of the converted corporate bond, the book value of the component elements of the liability is adjusted to the book value that should be at the time of the conversion as the accounting basis for the issuance of ordinary shares.

Financial liabilities

Financial liabilities that meet the scope of application of IFRS 9 are classified as financial liabilities measured at fair value through profit or loss or financial liabilities measured at amortized cost at the time of initial recognition.

Financial liabilities at fair value through profit and loss

Financial liabilities measured at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated to be measured at fair value through profit or loss.

When one of the following conditions is met, it is classified as held for trading:

- A. The main purpose of its acquisition is to sell in a short period of time.
- B. At the time of initial recognition, it is part of the portfolio of identifiable financial instruments managed by the merger, and there is evidence that the portfolio is a short-term profitable operation pattern in the near future. or
- C. Derivatives (except for financial guarantee contracts or derivatives that are designated and effective hedging instruments).

For contracts containing one or more embedded derivatives, the overall hybrid (combined) contract can be designated as a financial liability measured at fair value through profit and loss. When one of the following factors can provide more relevant information, it is designated as fair value through profit and loss at the time of initial recognition:

- A. This designation can eliminate or significantly reduce inconsistencies in measurement or recognition. or
- B. A group of financial liabilities or a group of financial assets and financial liabilities

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are managed and evaluated on a fair value basis based on written risk management or investment strategies, and the information on the investment portfolio provided to the management within the consolidated company is also based on fair value.

The benefits or losses arising from the re-measurement of such financial liabilities are recognized as profits and losses, and the benefits or losses recognized as profits and losses include any interest paid by the financial liabilities.

Financial liabilities at amortized cost

Financial liabilities measured at amortized cost include accounts payable and borrowings, etc., which are measured by the effective interest method after initial recognition. When financial liabilities are delisted and amortized through the effective interest rate method, their related profit and loss and amortization amount are recognized in profit and loss.

The calculation of the amortized cost considers the discount or premium at the time of acquisition and transaction costs.

Removal of financial liabilities

When the obligation of a financial liability is discharged, cancelled or lapsed, the financial liability is delisted.

When the company and creditors exchange debt instruments with materially different terms, or make major changes to all or part of the terms of existing financial liabilities (regardless of whether due to financial difficulties), the method of dividing the original liabilities and recognizing new liabilities. In processing, when delisting financial liabilities, the difference between its book value and the total consideration paid or payable (including transferred non-cash assets or liabilities assumed) is recognized in profit and loss.

(5) Offset between financial assets and liabilities

Financial assets and financial liabilities are only legally exercisable when the recognized amount is currently offset and there is an intention to settle on a net amount.

Only when the assets are realised or the liabilities are settled at the same time can they be offset and listed on the balance sheet as a net amount.

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7. Fair value

Fair value refers to the price that can be received for the sale of an asset or paid for the transfer of a liability in an orderly transaction between market participants on the measurement date. The fair value measurement assumes that the sale of assets or transfer of liabilities takes place in one of the following markets:

- (1) The main market for the asset or liability, or
- (2) If there is no major market, the most favorable market for the asset or liability

The main or most advantageous market must be accessible to the company for trading.

The fair value of assets or liabilities is measured by using assumptions that market participants will use when pricing assets or liabilities, and it is assumed that these market participants act in their economic best interests.

The fair value measurement of non-financial assets takes into account market participants by using the asset for its highest and best use or by selling the asset to another market participant who will use the asset for its highest and best use, in order to generate economic benefits.

The company uses evaluation techniques that are appropriate under relevant circumstances and have sufficient information available to measure fair value, maximize the use of relevant observable input values and minimize the use of unobservable input values.

8. Inventory

Including land for construction, land under construction, and land for sale, etc., based on the acquisition cost. Land for construction is the land under active development. If it is to be developed, it is transferred to non-current assets.

The accounting treatment of the building (land) under construction is based on the construction cost or acquisition cost. Upon completion, the cost is carried forward to houses (land) for sale. Inventory is graded at the lower of cost or net realizable value. And in addition to the same category of inventory, compare them item by item. Net realizable value refers to the balance of the estimated selling price minus the costs and sales expenses that need to be invested in completion of the project under normal circumstances.

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The provision of labor services is handled in accordance with the provisions of International Financial Reporting Standards No. 15, and is not in the scope of inventory.

9. Investments recognized under the equity method

The company's investments in related companies are treated with the equity method, except for assets classified as assets for sale. An associated company is an organization in which the Company has significant influence.

Under the equity method, the investment in an affiliated company is listed in the balance sheet, which is the amount recognized by the company based on the shareholding ratio of the change in the net assets of the affiliated company after the cost plus acquisition. After the book value of investment in related companies and other related long-term interests are reduced to zero using the equity method, additional losses and liabilities are recognized within the scope of statutory obligations, constructive obligations, or payments made on behalf of related companies. Unrealized gains and losses arising from transactions between the company and affiliated companies shall be eliminated according to the proportion of their equity in the affiliated companies.

When the equity changes of the affiliated company do not occur due to profit and loss and other comprehensive profit and loss items and do not affect the company's shareholding ratio, the company recognizes the related ownership and equity changes based on the shareholding ratio. Therefore, the recognized capital reserve is transferred to the profit and loss according to the disposal ratio when the affiliated company is subsequently disposed of.

When an affiliated company issues new shares, the company's failure to subscribe according to the shareholding ratio results in a change in the investment ratio, thereby increasing or decreasing the company's equity holdings in the affiliated company's net assets, as "capital reserve" and "adopted equity "Investment in Law" adjusts the increase or decrease. When the investment ratio changes to a decrease, the related items that have been previously recognized in other comprehensive profit and loss are also reclassified to profit and loss or other appropriate subjects according to the reduction ratio. The aforementioned capital reserve recognized in the subsequent disposal of the affiliated company shall be transferred to the profit and loss according to the disposal ratio.

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The financial statements of related companies are prepared for the same reporting period as the company, and adjusted to make their accounting policies consistent with the company's accounting policies.

At the end of each reporting period, the company adopts International Accounting Standards No. 28 "Investment in Affiliated Enterprises and Joint Ventures" to confirm whether there is objective evidence showing that the investment in related companies has been impaired. If there is objective evidence of impairment, the company shall According to International Accounting Standard No. 36 "Asset Impairment", the amount of impairment is calculated based on the difference between the recoverable amount of the affiliated company and the book value, and the amount is recognized in the profits and losses of the affiliated company. If the aforementioned recoverable amount adopts the use value of the investment, the company will determine the relevant use value based on the following estimates:

- (1) The company's share of the present value of the estimated future cash flow generated by the affiliated company, including the cash flow generated by the affiliated company due to operations and the final disposal of the investment. or
- (2) The company expects to receive dividends from the investment and finally dispose of the present value of the estimated future cash flows generated by the investment.

Since the goodwill component items that constitute the book value of the investment related enterprise are not separately recognized, there is no need to apply the provisions of the IAS 36 "Asset Impairment" goodwill impairment test.

When the significant impact on the affiliated company is lost, the company measures and recognizes the retained investment portion by fair value. When a significant impact is lost, the difference between the book value of the investment related company and the fair value of the retained investment plus the proceeds from the disposal is recognized as profit or loss.

10. Real estate, factories and equipment

Real estate, plant and equipment are recognized on the basis of acquisition cost, and are listed after deducting accumulated depreciation and accumulated impairment. The aforementioned cost includes the cost of dismantling, removing and restoring the real estate, plant and equipment at their location and the cost of unfinished construction. Necessary interest expenses incurred. Each part of an item of property, plant, and equipment with a cost that is

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significant in relation to the total cost of the item must be depreciated separately. When a major component item of real property, plant and equipment needs to be replaced regularly, the company treats the item as an individual asset and recognizes it separately with a specific service life and depreciation method, and in accordance with International Accounting Standard No. 16 "Real Property, Plant and "Equipment" shall be excluded. If the major maintenance cost meets the recognition conditions, it is regarded as replacement cost and recognized as part of the book value of plant and equipment, and other repair and maintenance expenses are recognized in profit and loss.

Depreciation is provided on a straight-line basis based on the estimated useful lives shown as follows:

|                                   |               |
|-----------------------------------|---------------|
| Buildings and structures          | 43 - 50 years |
| Machinery and equipment           | 6 - 8 years   |
| Transportation equipment          | 3 - 5 years   |
| Office equipment                  | 3 - 8 years   |
| Right-of-use assets/leased assets | 2 - 3 years   |

After initial recognition, items of real property, plant and equipment or any important component are delisted and recognized as profit or loss if they are disposed of or are not expected to have an inflow of economic benefits due to use or disposal in the future.

The residual value, service life and depreciation method of real estate, plant and equipment are assessed at the end of each financial year. If the expected value is different from the previous estimate, the change is regarded as a change in accounting estimates.

#### 11. Investment properties

The company's own investment real estate is measured at the original cost and includes the transaction cost of acquiring the asset. The book value of investment real estate includes the cost of repairing or adding new investment real estate under the condition that the cost is recognizable. However, the maintenance expenses incurred on a daily basis are not part of its cost. After initial recognition, the investment, except for those that meet the criteria for classification as pending sale (or included in the subgroup classified as pending sale) in accordance with IFRS 5 "Non-current assets and discontinued units for sale" The measurement of sexual real estate is based on the cost model, which is dealt with in accordance with the provisions of International Accounting Standard No. 16 "Real Estate, Plant and Equipment" on this model, but if it is held by the lessee as a right-of-use asset and is in accordance with the International Financial Reporting Standards The provisions of No. 5 are not for sale, and are handled in accordance with the provisions of No. 16 International Financial Reporting Standards.

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Depreciation is provided on a straight-line basis based on the estimated useful lives shown as follows:

|           |               |
|-----------|---------------|
| Buildings | 10 - 47 years |
|-----------|---------------|

Investment real estate is delisted and recognized as profit and loss when it is disposed of, or is no longer used forever, and it is expected that future economic benefits cannot be generated from the disposal.

The company decides to transfer in or out of investment real estate based on the actual use of the assets.

When the real property meets or no longer meets the definition of investment real property and there is evidence that the use has changed, the company classifies the real property as investment real property or transfers it out from investment real property.

## 12. Lease

The company assesses whether the contract is (or includes) a lease on the date of contract establishment. If a contract transfers control over the use of an identified asset for a period of time in exchange for consideration, the contract is (or includes) a lease. In order to assess whether the contract transfers control over the use of the identified asset for a period of time, the company assesses whether it has both of the following during the entire period of use:

- (1) Obtain the right to almost all economic benefits from the use of identified assets. And
- (2) The right to direct the use of identified assets.

For the contract that belongs to (or includes) a lease, the company treats each lease component in the contract as a separate lease and treats it separately from the non-lease component in the contract. If the contract contains one lease component and one or more additional lease or non-lease components, the company uses the relative individual price of each lease component and the aggregate individual price of the non-lease components as the basis to amortize the cost to the corresponding lease component. The relative stand-alone prices of lease and non-lease components are determined on the basis of the prices charged by the lessor (or similar suppliers) for the components (or similar components). If the observable stand-alone price is not readily available, the company maximizes the use of observable information to estimate the stand-alone price.

### Where the Company is the lessee

In addition to meeting and selecting short-term leases or leases of low-value target assets,



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when the company is the lessee of the lease contract, the right-of-use assets and lease liabilities are recognized for all leases.

The company measures the lease liability on the inception date based on the present value of the lease payments not yet paid on that date. If the implicit interest rate of the lease is easy to determine, the lease payment is discounted using that interest rate. If the interest rate is not easy to determine, use the lessee's incremental borrowing interest rate. On the starting date, the lease payments included in the lease liability include the following payments related to the right to use the underlying asset during the lease period and not yet paid on that date:

- (1) Fixed benefits (including substantive fixed benefits), minus any lease incentives that can be collected.
- (2) Lease payments depend on changes in a certain index or rate (using the original index or rate on the starting date to measure).
- (3) The amount expected to be paid by the lessee under the residual value guarantee.
- (4) The exercise price of the purchase option, if the company can reasonably determine that the option will be exercised. And
- (5) The penalty payable for the termination of the lease, if the lease period reflects that the lessee will exercise the option of termination of the lease.

After the commencement date, the company measures the lease liability on the basis of amortized cost, and increases the book value of the lease liability using the effective interest rate method to reflect the interest on the lease liability. The payment of lease benefits reduces the book value of the lease liability.

On the starting date, the company measures the right-of-use asset based on cost. The cost of the right-of-use asset includes:

- (1) The original measured amount of the lease liability.
- (2) Any lease payments paid on or before the start date, minus any lease incentives received.
- (3) Any original direct costs incurred by the lessee. And
- (4) The estimated cost for the lessee to dismantle, remove the subject asset and restore its location, or restore the subject asset to the state required by the lease terms and conditions.

Subsequent measurement of the right-of-use asset is presented after the cost minus the accumulated depreciation and accumulated impairment loss, that is, the cost model is applied to measure the right-of-use asset.

If the ownership of the underlying asset is transferred to the company when the lease period expires, or if the cost of the right-of-use asset reflects that the company will exercise the purchase option, the right-of-use asset will be depreciated from the start date to the end of the useful life of the underlying asset. Otherwise, the Company depreciates the right-of-use assets

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from the start date to the earlier of the right-of-use assets' useful life or the end of lease term.

The company applies International Accounting Standard No. 36 "Asset Impairment" to determine whether the right-of-use asset is impaired and to deal with any identified impairment loss.

In addition to meeting and selecting short-term leases or leases of low-value target assets, the company presents right-of-use assets and lease liabilities in the balance sheet, and separately presents lease-related depreciation expenses and interest expenses in the consolidated income statement.

For short-term leases and leases of low-value target assets, the company chooses to use a straight-line basis or another systematic basis to recognize the lease payments related to these leases as expenses during the lease period.

Where the Company is the lessor

The company classifies each of its leases as operating leases or finance leases on the date of contract establishment. Leasing, such as the transfer of almost all risks and rewards attached to the ownership of the underlying asset, is classified as a financial lease. If it is not transferred, it is classified as an operating lease. On the starting date, the company recognizes the assets held under the finance lease in the balance sheet and expresses them as finance lease receivables based on the net lease investment.

For contracts that include lease components and non-lease components, the company applies IFRS 15 to allocate the consideration in the contract.

The company recognizes lease payments from operating leases as rental income on a straight-line basis or another systematic basis. For operating leases, lease payments that are not dependent on a certain index or rate change are recognized as rental income when they occur.

13. Intangible assets

Assets classified as individually acquired intangible assets were initially measured at cost. After initial recognition of intangible assets, the book value is the amount of its cost minus accumulated amortization and accumulated impairment losses. Internally generated intangible assets that do not meet the recognition conditions shall not be capitalized, but shall be

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recognized in profit or loss when they occur.

The service life of intangible assets is divided into limited and non-determined service life.

Intangible assets with a limited useful life are amortized over their useful life, and an impairment test is performed when there are signs of impairment. The amortization period and amortization method of intangible assets with limited useful life are reviewed at least at the end of each financial year. If the estimated useful life of the asset is different from the previous estimate or the expected pattern of future economic benefit consumption has changed, the amortization method or amortization period will be adjusted and considered as a change in accounting estimates.

Intangible assets with a non-determined useful life are not amortized, but impairment tests are conducted at the level of individual assets or cash-generating units in each year. Intangible assets with indefinite useful life are assessed in each period whether there are events and circumstances that continue to support that the asset's useful life is still uncertain. If the service life is changed from non-determined to limited service life, the application will be postponed.

The profit or loss arising from the delisting of intangible assets is recognized as profit and loss.

Computer software

The following is the Company's intangible asset accounting policies:

|   | <u>Computer software</u>   |
|---|--|
| durability                                  | Limited (1 - 5 years)  |
| Amortization method used                    | Amortized by the straight-line method<br>over the estimated benefit life |
| Internally generated or externally acquired | Externally acquired  |
| externally acquired                         |  |

14. Impairment of non-financial assets

At the end of each reporting period, the company assesses whether there are signs of impairment for all assets that are applicable to IAS 36 "Asset Impairment". If there are signs of impairment or a periodic impairment test is required for an asset every year, the company will conduct the test on the basis of the individual asset or the cash-generating unit to which the asset belongs. As a result of the impairment test, if the carrying amount of the asset or the cash-generating unit to which the asset belongs is greater than its recoverable amount, the

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impairment loss is recognized. The recoverable amount is the higher of net fair value or use value.

At the end of each reporting period, the company assesses whether there is any indication that the previously recognized impairment loss may no longer exist or decrease for assets other than goodwill. If there are such signs, the company estimates the recoverable amount of the asset or cash-generating unit. If the recoverable amount increases due to changes in the estimated service potential of the asset, the impairment will be reversed. However, the book value after the reversion does not exceed the book value of the asset after depreciation or amortization is deducted if the impairment loss is not recognized.

For a cash-generating unit or group, whether they show signs of impairment, the amount of goodwill allocated to the unit will be subject to impairment test. If the result of the impairment test needs to be recognized as an impairment loss, the goodwill will be deducted first, and the deducted amount will be allocated to other assets other than goodwill based on the relative proportion of the book value. Once the impairment of goodwill is recognized, it shall not be reversed for any reason thereafter.

The impairment loss and the number of revolutions of continuing business units are recognized in profit and loss.

15. Liability provisions

The recognition condition of the liability reserve is the current obligation (statutory obligation or constructive obligation) arising from past events. When the obligation is cleared, it is likely that resources with economic benefits need to flow out, and the amount of the obligation can be estimated reliably. When the company expects that some or all of the liability reserves can be reimbursed, only when the reimbursement is almost completely certain, it is recognized as a separate asset. If the time value of money has a significant impact, the liability reserve is discounted at the current pre-tax interest rate that can appropriately reflect the specific risks of the liability. When debt is discounted, the increase in the amount of debt due to the passage of time is recognized as borrowing cost.

Liability provisions for warranties

The liability reserve for the warranty is estimated in accordance with the contract agreement of

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the project and the management's best estimate of the future outflow of economic benefits (based on the historical warranty experience) caused by the maintenance and warranty obligation of the project.

16. Revenue recognition

The company's revenue from contracts with customers mainly includes sales of premises and construction projects. The accounting treatments are explained as follows:

Income from the sale of premises

The company builds and sells premises. The company recognizes income when the transfer of assets is completed and the transfer is completed and the actual house is delivered. These contracts are fixed consideration, and the customer pays a fixed amount according to the agreed schedule. The company's obligation to transfer goods or services to customers because it has received (or can already receive) consideration from customers is recognized as a contract liability.

If the payment timing of the contract agreement explicitly or implicitly provides the customer or the company with significant financial benefits for the transfer of goods or services, the company adjusts the promised amount of consideration to reflect the time value of money. For sales contracts where the time between the expected transfer of goods or services to the customer at the beginning of the contract and the time the customer pays for the goods or services does not exceed one year, the company does not adjust the promised amount of consideration.

Construction project contractual income:

The company is engaged in the contracting business of construction projects. Since the assets are controlled by the customer at the time of construction, the income is gradually recognized over time based on the proportion of the construction costs incurred so far. The contract includes fixed and variable consideration. The customer pays a fixed amount of money according to the agreed schedule. Certain changes in consideration (such as fines calculated on the basis of overdue days, price adjustment subsidies) are estimated based on the expected value based on accumulated experience in the past. The company only recognizes income within the range where the accumulated income is highly likely to not undergo a major turnaround. The company's right to the consideration that has been transferred due to the transfer of goods or services to customers shall be recognized as contract assets. When there is

Notes to individual financial statements of Long Da Construction & Development Corporation  
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an unconditional right to the consideration, the contract assets are transferred to accounts receivable. However, in some contracts, the customer will be charged part of the consideration when the contract is requested. The company assumes the obligation to provide construction projects after the renewal, so it is recognized as a contract liability.

If it is impossible to reasonably measure the degree of completion of the performance obligations of the construction contract, the contract revenue is only recognized within the range of expected recoverable costs.

If the situation changes, the estimates of revenue, cost and completion will be revised, and the resulting increase or decrease will be reflected in the profit and loss during the period when the management is aware of the change of the situation and make corrections.

The company expects that the time between the transfer of goods or services to customers in all engineering contracts and the time between the customers' payment for the goods or services will not exceed one year. Therefore, the company does not adjust the promised amount of consideration.

The company provides a standard warranty in accordance with the agreed specifications for the construction of the project, and it shall be dealt with in accordance with the provisions of International Accounting Standard No. 37.

17. Borrowing costs

The borrowing cost directly attributable to the acquisition, construction or production of qualified assets shall be capitalized as part of the cost of the asset. All other borrowing costs are recognized as expenses during the period in which they are incurred. Borrowing costs include interest and other costs incurred in connection with borrowed funds.

18. Post-employment benefit plan

The company's employee retirement method is applicable to all employees who are officially appointed. The employee retirement fund is fully deposited in the management of the Labor Retirement Reserve Supervision Committee and deposited into a special retirement fund account. Because the above-mentioned retirement funds are deposited in the name of the retirement reserve supervision committee, it is completely separate from the company, so it is not included in the individual financial statements mentioned above.

For post-employment benefit plans that are definite allocation plans, the company's monthly employee pension allocation rate shall not be less than 6% of the employee's monthly salary,

Notes to individual financial statements of Long Da Construction & Development Corporation  
(Continued)  
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and the amount allocated shall be recognized as a current expense.

For post-employment welfare plans that are definite welfare plans, they are presented as actuarial reports on the end of the annual reporting period in accordance with the expected unit welfare law. The remeasurement of net definite benefit liabilities (assets) includes any changes in the planned asset return and the impact of the asset ceiling, minus the amount of net interest included in the net definite benefit liabilities (assets), and actuarial gains and losses. When remeasurements arise on net defined benefit liabilities (assets), it shall be listed in other comprehensive incomes and is recorded as retained earnings immediately.

The upfront service cost is the amount of change in the present value of the determined benefit obligation caused by the planned revision or reduction, and is recognized as an expense on the earlier date of the following two:

- (1) When plan amendments or reductions occur. And
- (2) When the company recognizes related restructuring costs or resignation benefits.

The net interest of the net definite benefit liabilities (assets) is determined by multiplying the net definite benefit liabilities (assets) by the discount rate, both of which are determined at the beginning of the annual reporting period, and then the net definite benefit liabilities (assets) during the period are taken into account due to the appropriation Any changes in financial and welfare payments.

## 19. Income tax

Income tax expense (benefits) refers to the aggregate amount related to current income tax and deferred income tax included in the current profit and loss decision.

### Current income tax

Income tax assets/liabilities of the current or previous period are measured at the statutory tax rate applicable at the end of the reporting period. For current income tax is and listed in other total income or items listed in equities, it shall be listed in other total profit or loss or equities and not income.

The undistributed surplus plus the income tax part of profit-making enterprises shall be listed as income tax expense on the day when the shareholders' meeting decides to distribute the surplus.

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Deferred income tax

Deferred income tax is listed using the balance sheet liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated balance sheet.

Except for the following two, all taxable temporary differences are recognized as deferred income tax liabilities:

- (1) The original recognition of goodwill. Or it is not generated by a business combination transaction and does not affect the accounting profit or taxable income (loss) of the original recognition of assets or liabilities at the time of the transaction.
- (2) Taxable temporary differences arising from investments in subsidiaries, affiliated companies and joint venture interests whose timing of reversal is controllable and is likely not to revert in the foreseeable future.

Except for the following two, deductible temporary differences, unused taxable losses and deferred income tax assets arising from unused tax deductions are recognized within the range of possible future taxable income:

- (1) Relating to deductible temporary differences arising from the original recognition of assets or liabilities that are not a business combination transaction that does not affect accounting profits or taxable income (loss) at the time of the transaction.
- (2) Related to deductible temporary differences arising from investment in subsidiaries, affiliates, and joint venture equity, which are only likely to be reversed in the foreseeable future and return to the extent that there is sufficient taxable income for the temporary difference at the time Recognize.

Deferred income tax assets and liabilities are measured by the tax rate for the current period of expected asset realization or debt settlement, and the tax rate is based on the tax rate and tax law that has been legislated or substantively legislated at the end of the reporting period. The measurement of deferred income tax assets and liabilities reflects the tax consequences arising from the method of expected asset recovery or settlement of the book value of liabilities at the end of the reporting period.

Deferred income tax and items that are not listed in profit or loss are also not recognized in profit or loss, but are recognized in other comprehensive profit or loss or directly recognized in equity based on their related transactions. Deferred income tax assets are re-assessed and adjusted at the end of each reporting period.



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Deferred income tax assets and liabilities can only be granted when the current income tax assets and current income tax liabilities have the statutory enforcement power, and the deferred income tax belongs to the same taxpayer and is related to the income tax levied by the same tax authority. Offset.

(V) Significant accounting judgments, estimates and main uncertainty assumptions

When the company prepares individual financial statements, the management must make judgments, estimates and assumptions at the end of the reporting period, which will affect the reported amounts of revenue, expenses, assets and liabilities, and the disclosure of contingent liabilities. However, the uncertainties in these major assumptions and estimates may result in significant adjustments to the carrying amount of assets or liabilities in future periods.

1. Determination

In the process of adopting the company's accounting policies, the management made the following judgments that have the most significant impact on the recognition of individual financial statements:

Project contract revenue recognition

The company's revenue recognition from construction contracts uses the input method to measure the degree of completion. The degree of completion estimation is based on the ratio of the project contract costs incurred so far to the estimated total contract costs to determine the degree of completion of the contract.

2. Estimates and assumptions

Main sources of uncertainty to the assumptions and estimates made in this report on the end date of the reporting period may cause significant adjustments to the book value of assets and liabilities in the following financial year. Details are as follows:

Evaluation of inventories

As inventories are stated at lower cost and net realizable value, the Company must determine the net realizable value of inventories at the end date of the reporting period

Notes to individual financial statements of Long Da Construction & Development Corporation  
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(Amounts are in NT\$ thousand unless otherwise specified)

using judgments and estimates. This inventory evaluation is mainly based on inventory characteristics, inquiries about the selling prices of neighboring areas or the selling prices of units sold as the basis for estimation. Please note 6 for details.

(VI) Details of significant accounts

1. Cash and cash equivalents

|               | 2020.12.31       | 2019.12.31       |
|---------------|------------------|------------------|
| Cash          | \$409            | \$406            |
| Cash in banks | 460,076          | 384,388          |
| Total         | <u>\$460,485</u> | <u>\$384,794</u> |

2. Financial assets at fair value through profit or loss - current

|   | 2020.12.31 | 2019.12.31  |
|---|------------|-------------|
| Specified as through financial liabilities at fair value through profit and loss: |            |             |
| Conversion of embedded derivative financial assets of corporate bonds             | <u>\$-</u> | <u>\$33</u> |

The Company does not provide collateral for financial assets at fair value through profit or loss.

3. Net notes receivable

|                        | 2020.12.31     | 2019.12.31  |
|------------------------|----------------|-------------|
| Notes receivable       | \$1,209        | \$83        |
| Minus: Loss provisions | -              | -           |
| Net notes receivable   | <u>\$1,209</u> | <u>\$83</u> |

The company's bills receivable are all due to business and no pledge is provided.

The company assesses impairment in accordance with International Financial Reporting

Notes to individual financial statements of Long Da Construction & Development Corporation  
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Standards No. 9 and provides detailed information on allowances for losses. Please refer to Note VI.20 for details. Please refer to Note XII for information on credit risk.

4. Accounts receivable - net amount for related parties

|                                       | 2020.12.31       | 2019.12.31       |
|---------------------------------------|------------------|------------------|
| Accounts receivable                   | \$113,421        | \$160,540        |
| Minus: Loss provisions                | (2,710)          | (2,710)          |
| Subtotal                              | 110,711          | 157,830          |
| Accounts receivable - related parties | 4,957            | 3,401            |
| Minus: Loss provisions                | -                | -                |
| Subtotal                              | 4,957            | 3,401            |
| Total                                 | <u>\$115,668</u> | <u>\$161,231</u> |

The company's accounts receivable are not pledged.

The company's credit period to customers is usually 30 days to 90 days. As of December 31, 2020 and December 31, 2019, the total book value is NT\$118,378,000 and NT\$163,941,000, respectively. For 2020 and from January 1 to December 31, 2019, the relevant information of the loss allowance is detailed in note VI.20. Please refer to Note XII for information on credit risk.

5. Net inventory

|                              | 2020.12.31         | 2019.12.31         |
|------------------------------|--------------------|--------------------|
| Construction land            | \$2,278,284        | \$3,483,908        |
| Land for sale                | 347,867            | 674,512            |
| Buildings for sale           | 442,705            | 1,021,750          |
| Land under construction      | 2,943,725          | 1,249,566          |
| Buildings under construction | 1,452,886          | 604,599            |
| Total                        | <u>\$7,465,467</u> | <u>\$7,034,335</u> |

Houses under construction, land under construction and related information are as follows:

2020.12.31.

Notes to individual financial statements of Long Da Construction & Development Corporation  
(Continued)  
(Amounts are in NT\$ thousand unless otherwise specified)

| Project type               | Buildings under construction | Land under construction | Estimated year of completion | Note                 |
|----------------------------|------------------------------|-------------------------|------------------------------|----------------------|
| J36 Construction project   | \$398,364                    | \$291,946               | 2022                         | Self-built           |
| J44 Construction project   | 233,288                      | 279,410                 | 2021                         | Self-built           |
| J46 Construction project   | 173,792                      | 415,623                 | 2021                         | Self-built           |
| J48 Construction project   | 75,532                       | 757,348                 | 2023                         | Self-built           |
| J49 Construction project   | 304,424                      | 414,332                 | 2021                         | Self-built           |
| J49-1 Construction project | 60,391                       | 139,325                 | 2021                         | Self-built           |
| J49-2 Construction project | 35,198                       | 645,741                 | 2022                         | Self-built           |
| J51 Construction project   | 142,989                      | -                       | 2021                         | Co-built sub-housing |
| J51-1 Construction project | 28,908                       | -                       | 2021                         | Co-built sub-housing |
| Total                      | <u>\$1,452,886</u>           | <u>\$2,943,725</u>      |                              |                      |
| 2019.12.31                 |                              |                         |                              |                      |
| Project type               | Buildings under construction | Land under construction | Estimated year of completion | Note                 |
| J36 Construction project   | \$164,575                    | \$290,678               | 2021                         | Co-built sub-housing |
| J42 Construction project   | 126,265                      | -                       | 2020                         | Co-built sub-housing |
| J43 Construction project   | 129,687                      | 266,762                 | 2020                         | Self-built           |
| J44 Construction project   | 99,184                       | 278,209                 | 2021                         | Self-built           |
| J46 Construction project   | 84,888                       | 413,917                 | 2021                         | Self-built           |

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(Continued)  
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|       |                  |                    |
|-------|------------------|--------------------|
| Total | <u>\$604,599</u> | <u>\$1,249,566</u> |
|-------|------------------|--------------------|

Houses for sale, land for sale and related information are as follows:

| Project type                  | 2020.12.31.        |                  |  |
|-------------------------------|--------------------|------------------|--|
|                               | Buildings for sale | Land for sale    | Advance payment<br>for buildings and<br>land |
| J15 Construction project      | \$95,816           | \$2,685          | \$-  |
| J24 Construction project      | 22,862             | 8,828            | -  |
| J25 Construction project      | 2,788              | 770              | -  |
| J27 Construction project      | 7,104              | 4,394            | -  |
| J28 Construction project      | 120,584            | 74,742           | -  |
| J31 Construction project      | 55,972             | 80,770           | -  |
| J34 Construction project      | 30,067             | 27,386           | -  |
| J35 Construction project      | 14,668             | 12,258           | -  |
| J36 Construction project      | -                  | -                | 103,747                                      |
| J39 Construction project      | 48,656             | 84,297           | 1,635  |
| J42 Construction project      | 10,916             | 16,663           | -  |
| J43 Construction project      | 33,272             | 35,074           | 13,305                                       |
| J44 Construction project      | -                  | -                | 92,629                                       |
| J46 Construction project      | -                  | -                | 45,990                                       |
| J48 Construction project      | -                  | -                | 37,791                                       |
| J49 Construction project      | -                  | -                | 84,914                                       |
| J49-1 Construction<br>project | -                  | -                | 38,971                                       |
| J51 Construction project      | -                  | -                | 3,848  |
| J51-1 Construction<br>project | -                  | -                | 3,695  |
| Total                         | <u>\$442,705</u>   | <u>\$347,867</u> | <u>\$426,525</u>                             |

| Project type | 2019.12.31         |               |                 |
|--------------|--------------------|---------------|-----------------|
|              | Buildings for sale | Land for sale | Advance payment |

Notes to individual financial statements of Long Da Construction & Development Corporation  
(Continued)  
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|                               |             |           | for buildings and<br>land |
|-------------------------------|-------------|-----------|---------------------------|
| J15 Construction project      | \$100,915   | \$2,685   | \$1,771                   |
| J24 Construction project      | 22,862      | 8,828     | -                         |
| J25 Construction project      | 2,788       | 770       | -                         |
| J27 Construction project      | 7,104       | 4,394     | -                         |
| J28 Construction project      | 125,021     | 78,336    | -                         |
| J31 Construction project      | 87,663      | 82,127    | 3,096                     |
| J34 Construction project      | 35,265      | 32,446    | -                         |
| J35 Construction project      | 477,034     | 248,246   | 20,961                    |
| J36 Construction project      | -           | -         | 38,125                    |
| J39 Construction project      | 124,511     | 184,673   | 14,707                    |
| J39-1 Construction<br>project | 10,085      | 9,753     | -                         |
| J40 Construction project      | 28,502      | 22,254    | 3,173                     |
| J43 Construction project      | -           | -         | 53,795                    |
| J44 Construction project      | -           | -         | 13,802                    |
| J46 Construction project      | -           | -         | 18,066                    |
| Total                         | \$1,021,750 | \$674,512 | \$167,496                 |

The amount of interest capitalized during the construction period in 2020 and 2019 was RMB26,932,000 and RMB20,429,000, respectively. In addition, the amount of interest capitalized due to the purchase of construction land was RMB28,518,000 and RMB34,447,000, respectively. The total interest before interest capitalization was 58,227 thousand and 58,017 thousand respectively.

The real estate under construction, construction land and part of the real estate for sale have been mortgaged. Note VIII for details of the mortgage situation.

As of December 31, 2020 and December 31, 2019, the accident insurance coverage of inventory insured projects was RMB70,000,000 and RMB57,000,000, and the insurance coverage of inventory insurance construction comprehensive insurance was RMB3,524,700,000 and RMB2,442,303,000, respectively.

6. Advance payments

|  | 2020.12.31 | 2019.12.31 |
|--|------------|------------|
|--|------------|------------|

Notes to individual financial statements of Long Da Construction & Development Corporation  
(Continued)  
(Amounts are in NT\$ thousand unless otherwise specified)

|   |                  |                |
|---|------------------|----------------|
| Advance payments for buildings and land | \$245,557        | \$323          |
| Advance insurance premiums              | 1,857            | 2,215          |
| Other advance payments                  | 13,594           | 3,291          |
| Excess business tax paid                | 4,384            | -              |
| Total                                   | <u>\$265,392</u> | <u>\$5,829</u> |

7. Investments recognized under the equity method

Statement of equity-accounted investments used by the Company is as follows:

| Investee                      | 2020.12.31      |                    | 2019.12.31      |                    |
|-------------------------------|-----------------|--------------------|-----------------|--------------------|
|                               | Amount          | Shareholding ratio | Amount          | Shareholding ratio |
| Investment related companies: |                 |                    |                 |                    |
| Phoenix Co., Ltd. (Note)      | <u>\$13,186</u> | 45.00%             | <u>\$26,108</u> | 45.00%             |

(Note): The company newly invested in Phoenix Co., Ltd. in 2014, with an investment cost of NT\$1,335,000 (4,500,000 Yen), mainly operating hotel business. In the first quarter of 2015, Phoenix Co., Ltd. handled a cash capital increase. The company contributed capital based on the original shareholding ratio. The investment cost was NT\$6,067,000 (22,500,000 Yen).

The company's investment in Phoenix Co., Ltd. is not material to the company. The summary financial information of the company's investment in Phoenix Co., Ltd. is listed as follows according to the total share:

|   | 2020              | 2019           |
|---|-------------------|----------------|
| Net profit (loss) from continuing operations in the current period      | (\$12,859)        | \$2,604        |
| Other comprehensive income in the current period (net income after tax) | -                 | -              |
| Total comprehensive income  | <u>(\$12,859)</u> | <u>\$2,604</u> |

The aforementioned investment related companies had no contingent liabilities or capital commitments on December 31, 2020 and December 31, 2019, nor did they provide

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guarantees.

8. Real estate, factories and equipment

|  | 2020.12.31 |                          | 2019.12.31              |                          |                  |          |
|--|------------|--------------------------|-------------------------|--------------------------|------------------|----------|
| Real estate, plants and equipment for self-use | \$48,686   |                          | \$50,856                |                          |                  |          |
|  | Land       | Buildings and structures | Machinery and equipment | Transportation equipment | Office equipment | Total    |
| Costs:   |            |                          |                         |                          |                  |          |
| 2020.1.1                                       | \$22,885   | \$36,641                 | \$1,568                 | \$17,602                 | \$20,042         | \$98,738 |
| Addition                                       | -          | -                        | 17                      | -                        | 569              | 586      |
| Disposal                                       | -          | -                        | -                       | -                        | (219)            | (219)    |
| 2020.12.31                                     | \$22,885   | \$36,641                 | \$1,585                 | \$17,602                 | \$20,392         | \$99,105 |
| 2019.1.1                                       | \$22,885   | \$36,641                 | \$1,568                 | \$17,026                 | \$18,920         | \$97,040 |
| Addition                                       | -          | -                        | -                       | 2,244                    | 1,542            | 3,786    |
| Disposal                                       | -          | -                        | -                       | (1,668)                  | (420)            | (2,088)  |
| 2019.12.31                                     | \$22,885   | \$36,641                 | \$1,568                 | \$17,602                 | \$20,042         | \$98,738 |
| Depreciation and impairment                    |            |                          |                         |                          |                  |          |
| 2020.1.1                                       | \$-        | \$13,770                 | \$1,541                 | \$14,647                 | \$17,924         | \$47,882 |
| Depreciation                                   | -          | 734                      | 9                       | 1,147                    | 849              | 2,739    |
| Disposal                                       | -          | -                        | -                       | -                        | (202)            | (202)    |
| 2020.12.31                                     | \$-        | \$14,504                 | \$1,550                 | \$15,794                 | \$18,571         | \$50,419 |
| 2019.1.1                                       | \$-        | \$13,037                 | \$1,518                 | \$13,875                 | \$17,487         | \$45,917 |
| Depreciation                                   | -          | 733                      | 23                      | 2,440                    | 857              | 4,053    |
| Disposal                                       | -          | -                        | -                       | (1,668)                  | (420)            | (2,088)  |
| 2019.12.31                                     | \$-        | \$13,770                 | \$1,541                 | \$14,647                 | \$17,924         | \$47,882 |
| Net book value:                                |            |                          |                         |                          |                  |          |
| 2020.12.31                                     | \$22,885   | \$22,137                 | \$35                    | \$1,808                  | \$1,821          | \$48,686 |
| 2019.12.31                                     | \$22,885   | \$22,871                 | \$27                    | \$2,955                  | \$2,118          | \$50,856 |

For details on security for real estate, plants and equipment, please see note VIII.



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9. Investment properties

Investment real estate includes the company's own investment real estate. The company signs a commercial property lease contract for its own investment real estate, and the lease period is between 1 and 20 years.

|  | Land             | Buildings        | Total            |
|--|------------------|------------------|------------------|
| Costs:                                   |                  |                  |                  |
| 2020.1.1                                 | \$167,400        | \$477,912        | \$645,312        |
| Addition - from purchase                 | -                | 431              | 431              |
| Disposal                                 | -                | -                | -                |
| 2020.12.31                               | <u>\$167,400</u> | <u>\$478,343</u> | <u>\$645,743</u> |
| 2019.1.1                                 | \$157,635        | \$476,600        | \$634,235        |
| Addition - from purchase                 | 9,765            | 1,312            | 11,077           |
| Disposal                                 | -                | -                | -                |
| 2019.12.31                               | <u>\$167,400</u> | <u>\$477,912</u> | <u>\$645,312</u> |
| Depreciation and impairment              |                  |                  |                  |
| 2020.1.1                                 | \$-              | \$75,005         | \$75,005         |
| Current depreciation                     | -                | 17,804           | 17,804           |
| Impairment losses                        | -                | -                | -                |
| 2020.12.31                               | <u>\$-</u>       | <u>\$92,809</u>  | <u>\$92,809</u>  |
| 2019.1.1                                 | \$-              | \$56,839         | \$56,839         |
| Current depreciation                     | -                | 18,166           | 18,166           |
| Impairment losses                        | -                | -                | -                |
| 2019.12.31                               | <u>\$-</u>       | <u>\$75,005</u>  | <u>\$75,005</u>  |
| Net carrying amount:                     |                  |                  |                  |
| 2020.12.31                               | <u>\$167,400</u> | <u>\$385,534</u> | <u>\$552,934</u> |
| 2019.12.31                               | <u>\$167,400</u> | <u>\$402,907</u> | <u>\$570,307</u> |
| Rental income from investment properties |                  | <u>2020</u>      | <u>2019</u>      |
|  |                  | \$10,206         | \$45,639         |

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(Continued)

(Amounts are in NT\$ thousand unless otherwise specified)

|  |                |                 |
|--|----------------|-----------------|
| Minus: Direct operating expenses incurred by investment<br>real estate that generates rental income in the<br>current period | (17,804)       | (18,165)        |
| Total  | <u>(7,598)</u> | <u>\$27,474</u> |

As of December 31, 2020 and December 31, 2019, the sums of fire insurance and earthquake insurance for investment real estate were RMB451,198,000 and RMB450,708,000, respectively.

Please refer to Note VIII for details of the mortgage of the investment real estate of the company.

The investment real estate held by the company is not measured at fair value, but only reveals information on its fair value, and its fair value hierarchy is in the third level. The fair value of the investment real estate held by the company as of December 31, 2020 and December 31, 2019 was NT\$699,992,000 and NT\$702,400,000, respectively. The aforementioned fair value is based on the announcement of land prices and real estate prices in neighboring areas. Evaluation with the appointment of independent external appraisal experts.

10. Intangible assets

|                                | <u>Computer Software Cost</u> |
|--------------------------------|-------------------------------|
| Original cost                  |                               |
| 2020.1.1                       | \$6,797                       |
| Addition - obtained separately | 766                           |
| 2020.12.31                     | <u>\$7,563</u>                |
| 2019.1.1                       | <u>\$6,413</u>                |
| Addition - obtained separately | 384                           |
| 2019.12.31                     | <u>\$6,797</u>                |
| Amortization and impairment    |                               |
| 2020.1.1                       | (\$6,347)                     |
| Amortization                   | (494)                         |
| 2020.12.31                     | <u>(\$6,841)</u>              |
| 2019.1.1                       | <u>(\$5,515)</u>              |
| Amortization                   | (832)                         |
| 2019.12.31                     | <u>(\$6,347)</u>              |

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(Continued)  
(Amounts are in NT\$ thousand unless otherwise specified)

|                     | <u>Computer Software Cost</u> |
|---------------------|-------------------------------|
| Net carrying amount |                               |
| 2020.12.31          | \$722                         |
| 2019.12.31          | \$450                         |

11. Other non-current assets

|                          | <u>2020.12.31</u> | <u>2019.12.31</u> |
|--------------------------|-------------------|-------------------|
| Refundable deposits      | \$48,625          | \$10,477          |
| Construction land        | 23,875            | 23,730            |
| Other non-current assets | 45,810            | 23,883            |
| Total                    | \$118,310         | \$58,090          |

Land for construction is land that has yet to be planned and developed, and is classified as current assets when it is actively developed.

12. Short-term borrowings

|                           | <u>2020.12.31</u> | <u>2019.12.31</u> |
|---------------------------|-------------------|-------------------|
| Unsecured bank borrowings | \$210,000         | \$150,000         |

The interest rate ranges and maturity dates are as follows:

|                            | <u>2020.12.31</u> | <u>2019.12.31</u> |
|----------------------------|-------------------|-------------------|
| Annual interest rate range | 1.500%~1.512%     | 1.700%~1.750%     |
| Maturity date              | 110.1.22~110.8.14 | 109.3.12~109.8.15 |

The unused loan amount is as follows:

|                    | <u>2020.12.31</u> | <u>2019.12.31</u> |
|--------------------|-------------------|-------------------|
| Unused loan amount | \$659,220         | \$684,000         |
| Unused loan amount | JPY 450,000       | JPY 450,000       |

13. Net value of short-term notes and bills payable

|   | <u>2020.12.31</u> | <u>2019.12.31</u> |
|---|-------------------|-------------------|
| Short-term notes and bills payable      | \$-               | \$168,000         |
| (minus): Discounts for short-term notes | -                 | (461)             |

Notes to individual financial statements of Long Da Construction & Development Corporation  
(Continued)  
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|                   |     |           |
|-------------------|-----|-----------|
| and bills payable |     |           |
| Net amount        | \$- | \$167,539 |

The interest rate ranges and maturity dates are as follows:

|                            |            |            |
|----------------------------|------------|------------|
|                            | 2020.12.31 | 2019.12.31 |
| Annual interest rate range | -          | 1.30%      |
| Maturity date              | -          | 109.3.17   |

14. Liability provisions - current

|                                |          |
|--------------------------------|----------|
|                                | Warranty |
| 2020.1.1                       | \$14,502 |
| Addition in the current period | 3,680    |
| Currently used                 | (6,929)  |
| 2020.12.31                     | \$11,253 |
| 2019.1.1                       | \$8,509  |
| Addition in the current period | 10,612   |
| Currently used                 | (4,619)  |
| 2019.12.31                     | \$14,502 |

This liability provision is based on historical experience, and it is estimated that the product warranty may occur in the future.

15. Corporate bonds payable

|   |            |            |
|---|------------|------------|
|   | 2020.12.31 | 2019.12.31 |
| Domestic secured bonds payable                              | \$-        | \$300,000  |
| Third secured convertible corporate bond in Taiwan payable  | -          | 7,727      |
| Fourth secured convertible corporate bond in Taiwan payable | -          | 11,291     |
| Subtotal  | -          | 319,018    |
| Minus: Current portion                                      | -          | (319,018)  |
| Net amount  | \$-        | \$-        |

(1) Domestic secured bonds payable:

|            |            |
|------------|------------|
| 2020.12.31 | 2019.12.31 |
|------------|------------|

Notes to individual financial statements of Long Da Construction & Development Corporation  
(Continued)  
(Amounts are in NT\$ thousand unless otherwise specified)

|  |     |           |
|--|-----|-----------|
| Denomination of domestic secured corporate bonds payable | \$- | \$300,000 |
| Discount on domestic secured bonds payable               | -   | -         |
| Subtotal   | -   | 300,000   |
| Minus: Current portion                                   | -   | (300,000) |
| Net amount   | \$- | \$-       |

The company issued the first domestic guaranteed corporate bonds with a total face value of NT\$300,000,000 on July 23, 2015. The period of issuance is five years, and it is repaid in one lump sum upon maturity.

The interest for the Company's bond starting from the issue date shall be paid in a fixed simple interest of 1.6% and paid once a year.

(2) Third secured convertible corporate bond in Taiwan payable:

|  | 2020.12.31 | 2019.12.31 |
|--|------------|------------|
| Liability elements:  |            |            |
| Denomination of domestic secured convertible corporate bonds payable | \$-        | \$8,000    |
| Discount on secured convertible corporate bonds payable              | -          | (273)      |
| Subtotal   | -          | 7,727      |
| Minus: Current portion   | -          | (7,727)    |
| Net amount   | \$-        | \$-        |
| Embedded derivative financial instruments                            | \$-        | (\$13)     |
| Equity elements  | \$-        | \$380      |

The company issued domestic secured convertible corporate bonds with a coupon rate of 0% on September 18, 2017. The convertible corporate bonds were analyzed in accordance with the terms of the contract and the elements include: Main bonds, embedded derivative financial instruments (the issuer's redeemable option and the holder's option to request the issuer to redeem) and equity elements (the holder can request the option to be converted into the issuer's common stock), the main release terms are as follows:

Total monetary amount of issued bonds: NT\$200,000,000

Period of issue: From September 18, 2017 to September 18, 2022

Notes to individual financial statements of Long Da Construction & Development Corporation  
(Continued)  
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Important redemption clauses:

- A. From the day following the date three months from the issuance date (December 19, 2017) to the date forty day before the expiration of the issuance period (August 9, 2022), when the closing price of the Company's common stock for 30 consecutive business days exceeds 30% (inclusive) of the conversion price of the convertible bond, the company may notify within 30 business days the recovery of the converted corporate bond out of circulation in cash based on the bond denomination.
- B. When the amount of the outstanding bonds of the Company is less than 10% of the total amount of the original issuance, the Company may recover the outstanding convertible corporate bonds in cash according to the denomination of the bonds.
- C. Bondholders can request the company to add interest compensation based on the face value on September 18, 2020, and redeem all or part of the Company's bonds.

Conversion method:

- A. Conversion target: The Company's common stock.
- B. Conversion period: From December 19, 2017 to September 18, 2022, bondholders can request conversion into the Company's common shares in lieu of the Company's cash payment.
- C. Conversion price and adjustments: The conversion price was set at NT\$11.66 per share at the time of issuance. In the event of an adjustment of the conversion price of the Company's common shares in compliance with the terms of issuance, the conversion price shall be adjusted in accordance with the formula stipulated in the terms of issuance.
- D. Redemption on maturity date: When the company's debt is due but has not been settled, it will be redeemed at face value.
- E. As of December 31, 2020, holders of 80 corporate bonds have requested conversion, with a face value of NT\$8,000,000. A total of 754 thousand common shares were converted, resulting in a capital reserve of (NT\$408,000). All secured convertible corporate bonds have been fully converted.

(3) Fourth secured convertible corporate bond in Taiwan payable:

|  | 2020.12.31 | 2019.12.31 |
|--|------------|------------|
| Liability elements:  |            |            |
| Denomination of domestic secured convertible corporate bonds payable | \$-        | \$11,700   |
| Discount on secured convertible corporate bonds payable              | -          | (409)      |
| Subtotal   | -          | 11,291     |
| Minus: Current portion   | -          | (11,291)   |
| Net amount   | \$-        | \$-        |
| Embedded derivative financial instruments                            | \$-        | (\$20)     |

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(Amounts are in NT\$ thousand unless otherwise specified)

|                 |     |       |
|-----------------|-----|-------|
| Equity elements | \$- | \$533 |
|-----------------|-----|-------|

The company issued domestic secured convertible corporate bonds with a coupon rate of 0% on Tuesday, September 19, 2017. The convertible corporate bonds were analyzed in accordance with the terms of the contract and the elements include: Main bonds, embedded derivative financial instruments (the issuer's redeemable option and the holder's option to request the issuer to redeem) and equity elements (the holder can request the option to be converted into the issuer's common stock), the main release terms are as follows:

Total monetary amount of issued bonds: NT\$200,000,000

Period of issue: From Tuesday, September 19, 2017 to Monday, September 19, 2022

Important redemption clauses:

- A. From the day following the date three months from the issuance date (Wednesday, December 20, 2017) to the date forty day before the expiration of the issuance period (Wednesday, August 10, 2022), when the closing price of the Company's common stock for 30 consecutive business days exceeds 30% (inclusive) of the conversion price of the convertible bond, the company may notify within 30 business days the recovery of the converted corporate bond out of circulation in cash based on the bond denomination.
- B. When the amount of the outstanding bonds of the Company is less than 10% of the total amount of the original issuance, the Company may recover the outstanding convertible corporate bonds in cash according to the denomination of the bonds.
- C. Bondholders can request the company to add interest compensation based on the face value on Saturday, September 19, 2020, and redeem all or part of the Company's bonds.

Conversion method:

- A. Conversion target: The Company's common stock.
- B. Conversion period: From Wednesday, December 20, 2017 to Monday, September 19, 2022, bondholders can request conversion into the Company's common shares in lieu of the Company's cash payment.
- C. Conversion price and adjustments: The conversion price was set at NT\$11.66 per share at the time of issuance. In the event of an adjustment of the conversion price of the Company's common shares in compliance with the terms of issuance, the conversion price shall be adjusted in accordance with the formula stipulated in the terms of issuance.
- D. Redemption on maturity date: When the company's debt is due but has not been settled, it will be redeemed at face value.
- E. As of December 31, 2020, holders of 117 corporate bonds have requested conversion, with a face value of NT\$11,700,000, and a total of 1,103 thousand ordinary shares were converted, resulting in a capital reserve of NT\$328,000. All secured convertible corporate bonds have been fully converted.

Notes to individual financial statements of Long Da Construction & Development Corporation  
(Continued)  
(Amounts are in NT\$ thousand unless otherwise specified)

16. Long-term bank borrowings

Details are as follows:

| Type of borrowings     | 2020.12.31  | 2019.12.31  |
|------------------------|-------------|-------------|
| Mortgage loan          | \$3,220,710 | \$2,610,025 |
| Capital loans          | 67,000      | 93,000      |
| Total                  | 3,287,710   | 2,703,025   |
| Minus: Current portion | (65,908)    | (81,066)    |
| Net amount             | \$3,221,802 | \$2,621,959 |

The interest rate ranges and maturity dates are as follows:

|                            | 2020.12.31         | 2019.12.31          |
|----------------------------|--------------------|---------------------|
| Annual interest rate range | 1.70%~2.33%        | 1.90%~2.35%         |
| Maturity date              | 111.5.17~114.10.31 | 109.10.29~113.10.31 |

The above loans have been secured by part of the construction land, land under construction, and houses, etc., please note 8 for details.

17. Post-employment benefit plan

(1) Defined contribution plans

The company's employee retirement measures set forth in the "Labor Pension Regulations" are definite allocation plans. According to the regulation, the Company shall make monthly pension contributions equal to no less than 6% of the employee's monthly salary. The company has established the employee retirement method in accordance with the regulations, and 6% of the employee's salary is transferred to the individual retirement account of the Labor Insurance Bureau every month.

The amount of expenses recognized by the company in 2020 and 2019 for the definitive allocation plan is RMB3,412,000 and RMB3,099,000, respectively.

(2) Defined benefit plan

The company's employee retirement pension method established by the "Labor Standards Law" is a definite benefit plan. The payment of employee retirement pension is calculated based on the base number of years of service and the average salary of one month at the time of approval of retirement. Two bases are given for one year of service within 15 years (inclusive), and one base is given for each full year of service over 15 years, but the



Notes to individual financial statements of Long Da Construction & Development Corporation  
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cumulative base is limited to 45 bases. The Company contributes monthly an amount equal to 2% of the employees' monthly salaries and wages to the retirement fund deposited with Bank of Taiwan, the trustee, under the name of the independent Supervisory Committee of Labor Retirement Reserve Fund (the 'Fund') according to the Labor Standards Act.

Before the end of each year, the Company assesses the balance in the aforementioned Fund. If the balance in the Fund is inadequate to pay the retirement benefits of employees who are eligible for retirement in the following year by the aforementioned method, the Company is required to fund the deficit in one appropriation before the end of next March.

The Ministry of Labor conducts asset allocation in accordance with the methods for the safekeeping and use of the income and expenditure of the labor retirement fund. The investment of the fund is invested by self-management and entrusted management, and adopts both active and passive management medium and long-term investment strategies. Taking into account risks such as market, credit, and liquidity, the Ministry of Labor sets fund risk limits and control plans to make it flexible enough to achieve target returns without over-taking risks. For the use of the fund, the minimum income allocated in its annual final accounts shall not be lower than the income calculated based on the two-year fixed deposit of the local bank. If there is any deficiency, it shall be replenished by the national treasury after approval by the competent authority. Since the company does not have the right to participate in the operation and management of the fund, it cannot disclose the fair value of the project assets in accordance with paragraph 142 of the International Accounting Standard No. 19. As of December 31, 2020, the company's defined benefit plan is expected to allocate NT\$537,000 in the next year.

As of December 31, 2020 and December 31, 2019, the company's defined benefit plan is expected to expire in 9 and 8 years.

The following table summarizes and determines the cost of the benefit plan recognized to profit and loss:

|   | 2020         | 2019         |
|---|--------------|--------------|
| Current service cost                              | \$654        | \$638        |
| Net interest on net confirmed benefit liabilities | 111          | 128          |
| Upfront service cost                              | -            | -            |
| Pay off   | -            | -            |
| Total   | <u>\$765</u> | <u>\$766</u> |

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The adjustments to determine the present value of welfare obligations and the fair value of project assets are as follows:

|   | 2020.12.31 | 2019.12.31 | 2019.1.1 |
|---|------------|------------|----------|
| Determine the present value of benefit obligations              | \$49,891   | \$54,838   | \$51,686 |
| Fair value of plan assets                                       | (37,267)   | (38,066)   | (35,815) |
| Other non-current liabilities-net confirmed benefit liabilities | \$12,624   | \$16,772   | \$15,871 |

Adjustment of net definite benefit liabilities:

|   | Determine<br>the present<br>value of<br>benefit<br>obligations | Fair value of<br>plan assets | Net defined<br>benefit<br>liabilities |
|---|--|------------------------------|---------------------------------------|
| 2019.1.1  | \$51,686   | \$35,815                     | \$15,871                              |
| Current service cost                                | 638  | -                            | 638                                   |
| Interest expenses (income)                          | 418  | 290                          | 128                                   |
| Early service costs and liquidation profit and loss | -  | -                            | -                                     |
| Subtotal  | 52,742   | 36,105                       | 16,637                                |

Determine the number of benefit liabilities/assets to be remeasured:

|  |        |        |         |
|--|--------|--------|---------|
| Actuarial profits and losses arising from changes in demographic assumptions | 234    | -      | 234     |
| Actuarial profits and losses arising from changes in financial assumptions   | 471    | -      | 471     |
| Experience adjustment  | 1,391  | -      | 1,391   |
| Determine the number of benefit liabilities/assets to be remeasured          | -      | 1,188  | (1,188) |
| Subtotal   | 54,838 | 37,293 | 17,545  |
| Benefits paid  | -      | -      | -       |
| Amount paid by employer  | -      | 773    | (773)   |
| Effect of exchange rate fluctuations   | -      | -      | -       |

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|  | Determine<br>the present<br>value of<br>benefit<br>obligations | Fair value of<br>plan assets | Net defined<br>benefit<br>liabilities |
|--|--|------------------------------|---------------------------------------|
| 2019.12.31   | 54,838   | 38,066                       | 16,772                                |
| Current service cost   | 654  | -                            | 654                                   |
| Interest expenses (income)   | 362  | 251                          | 111                                   |
| Early service costs and liquidation profit and loss                          | -  | -                            | -                                     |
| Subtotal   | 55,854   | 38,317                       | 17,537                                |
| Determine the number of benefit liabilities/assets to be remeasured:         |  |                              |                                       |
| Actuarial profits and losses arising from changes in demographic assumptions | -  | -                            | -                                     |
| Actuarial profits and losses arising from changes in financial assumptions   | 1,429  | -                            | 1,429                                 |
| Experience adjustment  | (230)  | -                            | (230)                                 |
| Determine the number of benefit liabilities/assets to be remeasured          | -  | 1,327                        | (1,327)                               |
| Subtotal   | 57,053   | 39,644                       | 17,409                                |
| Benefits paid  | (7,162)  | (7,162)                      | -                                     |
| Amount paid by employer  | -  | 4,785                        | (4,785)                               |
| Effect of exchange rate fluctuations   | -  | -                            | -                                     |
| 2020.12.31   | \$49,891   | \$37,267                     | \$12,624                              |

The following main assumptions are used to determine the company's definite benefit plan:

|                               | 2020.12.31 | 2019.12.31 |
|-------------------------------|------------|------------|
| Discount rate                 | 0.29%      | 0.66%      |
| Expected salary increase rate | 1.00%      | 1.00%      |

Sensitivity analysis of each major actuarial hypothesis:

|  | 2020 | 2019 |
|--|------|------|
|--|------|------|

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|                                      | Determine<br>the increase<br>in welfare<br>obligations | Determine<br>the decrease<br>in benefit<br>obligations | Determine<br>the increase<br>in welfare<br>obligations | Determine<br>the decrease<br>in benefit<br>obligations |
|--------------------------------------|--|--|--|--|
| The discount rate increased by 0.5%  | \$-  | \$1,790  | \$-  | \$1,534  |
| The discount rate is reduced by 0.5% | 2,629  | -  | 2,626  | -  |
| Expected salary increase of 0.5%     | 2,596  | -  | 2,599  | -  |
| Expected salary decrease by 0.5%     | -  | 1,787  | -  | 1,537  |

The aforementioned sensitivity analysis is based on the assumption that other assumptions remain unchanged, a single actuarial assumption (for example: When there is a reasonably possible change in the discount rate or expected salary), an analysis of the possible impact of determining the welfare obligation is carried out. Since some actuarial assumptions are related to each other, in practice, only a single actuarial assumption changes, so this analysis has its limitations.

The methods and assumptions used in the sensitivity analysis of this period are the same as those used in the previous period.

## 18. Equity

### (1) Common stock and certificates of bond-to-stock conversion

A As of December 31, 2020 and December 31, 2019, the company's rated share capital was NT\$3,000,000,000, the issued share capital was NT\$2,191,972,000 and NT\$2,089,051,000, and the denomination of each share was NT\$10, 219,197,000 shares respectively and 208,905,000 shares. Each share is entitled to one voting right and the right to receive dividends.

B The company's third domestic guaranteed conversion of corporate bonds was converted from 75.4 thousand shares from January 1 to December 31, 2020. As of December 31, 2020, all changes have been registered.

C The company's fourth domestic guaranteed conversion of corporate bonds was

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converted from 1,103 thousand shares from January 1 to December 31, 2020. As of December 31, 2020, all changes have been registered.

(2) Capital surplus

|   | 2020.12.31 | 2019.12.31 |
|---|------------|------------|
| Convertible bond equities                           | \$12,560   | \$13,223   |
| Conversion of convertible bonds to overpriced bonds | 38,054     | 38,134     |
| Total   | \$50,614   | \$51,357   |

(3) Earnings distribution and dividend policy

According to the company's articles of association, if there is a surplus in the annual final accounts, it shall be distributed in the following order:

- A. Withholding taxes.
- B. Compensation for losses.
- C. Ten percent of the deposit is the statutory surplus reserve.
- D. Other special reserves listed or reversed in accordance with the law or regulatory requirements.
- E The rest will be prepared by the Board of Directors in accordance with the dividend policy and submitted to the shareholders meeting.

The company is a comprehensive construction industry and develops leasing and sales of houses and buildings. In order to cope with the relevant diversified operations and appropriately expand the scale and enhance the competitiveness of the funds required for sustainable development, it is advisable to adopt flexible distribution rates and flexible cash distribution rates. The distributable surplus of the current year shall be allocated not less than 5% of the total dividends. The distribution of surplus shall be given priority to cash dividends, and may also be distributed in the form of stock dividends. The cash dividends shall not be less than the total number of dividends. Ten percent. However, if the total dividend per share is less than NT\$50 per share (inclusive), based on economic principles, it may be replaced with a full share dividend or cash dividend or remain undistributed.

After the adoption of the International Financial Reporting Standards, in accordance with the Financial Reporting Standards issued by the Financial Management Committee on April 6, 2012, the Financial Reporting Standard No. 1010012865 issued by the company, when the IFRS was first adopted, the accounts did not realize revaluation appreciation and cumulative conversion. The adjustment benefit is transferred to the retained surplus due to the selection of exempt items from IFRS No. 1 "First Application of IFRS" on the

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conversion date, and the same amount of special surplus reserve is provided. After starting to adopt IFRS to prepare financial reports, when distributing the distributable surplus, the difference between the balance of the special surplus reserve provided for the first time when the IFRS is adopted and the net deduction of other equity is added to the special surplus reserve. product. When the deduction balance of other shareholders' equity is reversed thereafter, the surplus may be distributed on the reversed part. As of December 31, 2020 and December 31, 2019, the amount of special surplus reserve adopted for the first time is both RMB0.

The company's regular shareholders' meetings on June 17, 2020 and June 19, 2019 respectively resolved the 2019 and 107 earnings allocation and distribution proposals and the dividend per share, which are listed as follows:

|                                   | Dividend distribution<br>proposal |          | Dividends per share (New<br>Taiwan dollars) |        |
|-----------------------------------|-----------------------------------|----------|---|--------|
|                                   | 2019                              | 2018     | 2019  | 2018   |
| Legal reserve                     | \$48,927                          | \$44,309 | -   | -      |
| Cash dividends of common<br>stock | 295,916                           | 198,545  | \$1.35                                      | \$1.00 |

Regarding the basis and listed amounts for employees' remuneration and directors' remuneration, please refer to Note VI.22.

19. Operating revenue

|  | 2020               | 2019               |
|--|--------------------|--------------------|
| Revenue from contracts<br>with customers |                    |                    |
| Construction project<br>income:          | \$800,013          | \$674,651          |
| Income from the sale of<br>land          | 1,507,082          | 2,431,563          |
| Income from the sale of<br>houses        | 1,092,679          | 1,242,768          |
| Rental income                            | 10,206             | 45,639             |
| Total                                    | <u>\$3,409,980</u> | <u>\$4,394,621</u> |

Information about the company's revenue from contracts with customers in 2020 and 2019 is as follows:

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(1) Income details

2020

|                         | Construction<br>project<br>department | Building sales<br>department | Other<br>departments | Total              |
|-------------------------|---------------------------------------|------------------------------|----------------------|--------------------|
| Building and land sales | \$-                                   | \$2,599,761                  | \$-                  | \$2,599,761        |
| Construction project    | 800,013                               | -                            | -                    | 800,013            |
| Other income            | -                                     | -                            | 10,206               | 10,206             |
| Total                   | <u>\$800,013</u>                      | <u>\$2,599,761</u>           | <u>\$10,206</u>      | <u>\$3,409,980</u> |

Revenue recognition time:

|                         |                  |                    |                 |                    |
|-------------------------|------------------|--------------------|-----------------|--------------------|
| At some point in time   | \$-              | \$2,599,761        | \$-             | \$2,599,761        |
| Gradually met over time | 800,013          | -                  | 10,206          | 810,219            |
| Total                   | <u>\$800,013</u> | <u>\$2,599,761</u> | <u>\$10,206</u> | <u>\$3,409,980</u> |

2019

|                         | Construction<br>project<br>department | Building sales<br>department | Other<br>departments | Total              |
|-------------------------|---------------------------------------|------------------------------|----------------------|--------------------|
| Building and land sales | \$-                                   | \$3,674,331                  | \$-                  | \$3,674,331        |
| Construction project    | 674,651                               | -                            | -                    | 674,651            |
| Other income            | -                                     | -                            | 45,639               | 45,639             |
| Total                   | <u>\$674,651</u>                      | <u>\$3,674,331</u>           | <u>\$45,639</u>      | <u>\$4,394,621</u> |

Revenue recognition time:

|                         |                  |                    |                 |                    |
|-------------------------|------------------|--------------------|-----------------|--------------------|
| At some point in time   | \$-              | \$3,674,331        | \$-             | \$3,674,331        |
| Gradually met over time | 674,651          | -                  | 45,639          | 720,290            |
| Total                   | <u>\$674,651</u> | <u>\$3,674,331</u> | <u>\$45,639</u> | <u>\$4,394,621</u> |

(2) Contract balance

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(Continued)  
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A. Contract assets - current

|                        | 2020.12.31       | 2019.12.31       | 2019.1.1         |
|------------------------|------------------|------------------|------------------|
| Construction project   | \$133,176        | \$104,331        | \$102,017        |
| Minus: Loss provisions | -                | -                | -                |
| Total                  | <u>\$133,176</u> | <u>\$104,331</u> | <u>\$102,017</u> |

An explanation of the significant changes in the company's contract asset balances for 2020 and 2019 is as follows:

|   | 2020             | 2019             |
|---|------------------|------------------|
| The beginning balance is transferred to accounts receivable in the current period | <u>\$104,331</u> | <u>\$102,017</u> |

B. Contract liabilities-current and non-current

|                         | 2020.12.31       | 2019.12.31       | 2019.1.1         |
|-------------------------|------------------|------------------|------------------|
| Building and land sales | \$426,525        | \$167,496        | \$128,069        |
| Construction project    | 81,047           | 34,995           | 13,571           |
| Total                   | <u>\$507,572</u> | <u>\$202,491</u> | <u>\$141,640</u> |

An explanation of the significant changes in the company's contract liability balance from January 1 to December 31, 2020 and 2019 is as follows:

|   | 2020               | 2019               |
|---|--------------------|--------------------|
| The beginning balance of the current period is transferred to income                                  | <u>(\$129,809)</u> | <u>(\$115,262)</u> |
| Increase in advance receipts in the current period (deduct and transfer income in the current period) | \$434,889          | \$176,113          |

(3) The transaction price allocated to the outstanding performance obligations

As of December 31, 2020, the transaction price allocated by the company's performance obligations that have not yet been met (including partly not met) totals NT\$1,202,826,000. These projects are expected to be completed in the next 1 to 33 months.

(4) Assets recognized from the cost of obtaining or fulfilling customer contracts

| <u>Opening amount</u> | <u>Closing amount</u> | <u>Variance</u> |
|-----------------------|-----------------------|-----------------|
|-----------------------|-----------------------|-----------------|



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(Continued)  
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|  |          |           |          |
|--|----------|-----------|----------|
| Incremental cost of obtaining the contract | \$54,774 | \$119,773 | \$64,999 |
|--|----------|-----------|----------|

The company expects to recover the relevant expenses paid to the advertising company for the sale of the J36, J44, J46, J48, J49, J49-1, J51 and J51-1 construction projects, so it is recognized as an asset and recognized for sale. The income of the construction projects is amortized, but the construction projects J36, J44, J46, J48, J49, J49-1, J51 and J51-1 have not been completed, so the related expenses have not been amortized.

20. Expected credit impairment loss (profit)

|   | 2020 | 2019 |
|---|------|------|
| Operating expenses-expected credit impairment loss (profit) |      |      |
| Contract assets   | \$-  | \$-  |
| Notes receivable  | -    | -    |
| Accounts receivable   | -    | -    |
| Total   | \$-  | \$-  |

Please refer to Note XII for relevant credit risk information.

The company's contract assets and accounts receivable (including bills receivable and accounts receivable) are measured by the amount of expected credit loss during the duration of the allowance loss, which is assessed on December 31, 2020 and December 31, 2019. The relevant description of the amount of loss is as follows:

- (1) Contract assets use the expected credit loss rate to measure the amount of allowance loss. The relevant information is as follows:

|                           | 2020.12.31 | 2019.12.31 |
|---------------------------|------------|------------|
| Total book value          | \$133,176  | \$104,331  |
| Expected credit loss rate | 0%         | 0%         |
| Loss provisions           | -          | -          |
| Total                     | \$133,176  | \$104,331  |

- (2) Receivables are divided into groups based on factors such as the counterparty's credit rating, region, and industry, and a reserve matrix is used to measure the allowance loss. The relevant information is as follows:

2020.12.31

|              |              |
|--------------|--------------|
| Not past due | Days overdue |
|--------------|--------------|

Notes to individual financial statements of Long Da Construction & Development Corporation  
(Continued)  
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|  | (Note 2)  | Within 90 days | 91 - 120 days | More than 121 days | Total     |
|--|-----------|----------------|---------------|--------------------|-----------|
| Total book value                                     | \$119,587 | \$-            | \$-           | \$-                | \$119,587 |
| Loss rate:   | 0%        | 0%             | 0%            | 0%                 | (Note 1)  |
| Expected credit loss within the certificate duration | -         | -              | -             | -                  | 2,710     |
| Carrying amount                                      | \$119,587 | -              | -             | -                  | \$116,877 |

2019.12.31

|  | Not past due |                | Days overdue  |                    |           | Total |
|--|--------------|----------------|---------------|--------------------|-----------|-------|
|  | (Note 2)     | Within 90 days | 91 - 120 days | More than 121 days |           |       |
| Total book value                                     | \$164,024    | \$-            | \$-           | \$-                | \$164,024 |       |
| Loss rate:   | 0%           | 0%             | 0%            | 0%                 | (Note 1)  |       |
| Expected credit loss within the certificate duration | -            | -              | -             | -                  | 2,710     |       |
| Carrying amount                                      | \$164,024    | -              | -             | -                  | \$161,314 |       |

Note 1: The management of the company considers past historical experience. When the economic situation is poor, the loss rate may increase, and the future economic conditions are considered to estimate future expected credit losses.

Note 2: All of the company's bills receivable are not overdue.

The company's contract assets, notes receivable and accounts receivable from January 1 to December 31 in 2020 and 2019 are as follows:

|   | Contract assets | Notes receivable | Accounts receivable |
|---|-----------------|------------------|---------------------|
| 2020.1.1  | \$-             | \$-              | \$2,710             |
| Increase (reverse) amount in the current period | -               | -                | -                   |
| 2020.12.31                                      | \$-             | \$-              | \$2,710             |
| 2019.1.1  | -               | -                | \$2,710             |
| Increase (reverse) amount in the current period | -               | -                | -                   |
| 2019.12.31                                      | \$-             | \$-              | \$2,710             |

Notes to individual financial statements of Long Da Construction & Development Corporation  
(Continued)  
(Amounts are in NT\$ thousand unless otherwise specified)

21. Lease

(1) Where the Company is the lessee

The company leases transportation equipment. The lease period of the contract is between 107 and 2021.

The impact of leasing on the company's financial status, financial performance and cash flow is explained as follows:

A. Amount recognized in the balance sheet

(a) Right-of-use assets

| Book value of right-of-use assets | 2020.12.31 | 2019.12.31 |
|-----------------------------------|------------|------------|
| Transportation equipment          | \$101      | \$504      |

(b) Lease liabilities

|                   | 2020.12.31 | 2019.12.31 |
|-------------------|------------|------------|
| Lease liabilities | \$103      | \$509      |
| Current           | \$103      | \$406      |
| Non-current       | \$-        | \$103      |

Please refer to Note VI. 23(3) Financial Costs for the interest expenses of the company's 2020 lease liabilities. Please refer to Note XII Liquidity Risk Management for the analysis of the maturity of lease liabilities on December 31, 2020.

B. Recognized amount on the Statement of Comprehensive Income

Depreciation of right-of-use assets

|                          | 2020  | 2019  |
|--------------------------|-------|-------|
| Transportation equipment | \$403 | \$403 |

Notes to individual financial statements of Long Da Construction & Development Corporation  
(Continued)  
(Amounts are in NT\$ thousand unless otherwise specified)

C. Lessee's income and expenses related to leasing activities

|                               | <u>2020</u>    | <u>2019</u>    |
|-------------------------------|----------------|----------------|
| Expenses of short-term leases | <u>\$3,971</u> | <u>\$3,640</u> |

D. Lessee's cash outflows related to leasing activities

The total cash outflows of the company's leases in 2020 and 2019 were RMB4,382,000 and RMB4,051,000, respectively.

(2) Where the Company is the lessor

Please refer to Note VI.9 for the disclosure of the company's own investment real estate. Owned investment real estates are classified as operating leases because they have not transferred almost all the risks and rewards attached to the ownership of the underlying assets.

|  | <u>2020</u>     | <u>2019</u>     |
|--|-----------------|-----------------|
| Lease income recognized by operating lease | <u>\$10,206</u> | <u>\$45,638</u> |

The company applies International Accounting Standards No. 16 to the disclosure of investment real estate belonging to operating leases, please refer to Note VI. 9. The company has signed an operating lease contract. The undiscounted lease payments and the total amount for the remaining years that will be received on December 31, 2020 and December 31, 2019 are as follows:

|                              | <u>2020.12.31</u> | <u>2019.12.31</u> |
|------------------------------|-------------------|-------------------|
|                              | (Note)            |                   |
| Within one year              | \$-               | \$42,369          |
| Between one and two years    | -                 | 42,369            |
| Between two and three years  | -                 | 42,369            |
| Between three and four years | -                 | 42,369            |
| Between four and five years  | -                 | 42,369            |
| More than five years         | -                 | 452,427           |
| Total                        | <u>\$-</u>        | <u>\$664,272</u>  |

Notes to individual financial statements of Long Da Construction & Development Corporation  
(Continued)  
(Amounts are in NT\$ thousand unless otherwise specified)

(Note): The company is affected by the new coronavirus epidemic, the lessee has suspended leases since April 1, 2020, and the lessee will resume the lease when the impact of the epidemic slows down. The lease has not been resumed as of the financial report date.

22. The summary table of the functions of employee benefits, depreciation and amortization expenses is as follows

| By function<br>By type           | 2020                                     |                                  |           | 2019                                     |                                  |           |
|----------------------------------|--|----------------------------------|-----------|--|----------------------------------|-----------|
|                                  | Classified as construction project costs | Classified as operating expenses | Total     | Classified as construction project costs | Classified as operating expenses | Total     |
| Employee benefits expenses       |  |                                  |           |  |                                  |           |
| Salary expenses                  | \$68,942                                 | \$39,994                         | \$108,936 | \$57,719                                 | \$46,913                         | \$104,632 |
| Labor and health insurance fees  | 4,274                                    | 1,773                            | 6,047     | 3,786                                    | 2,564                            | 6,350     |
| Pension expenses                 | 2,612                                    | 7,681                            | 10,293    | 2,242                                    | 7,726                            | 9,968     |
| Director remuneration            | -  | 20,119                           | 20,119    | -  | 20,594                           | 20,594    |
| Other employee benefits expenses | 3,683                                    | 2,184                            | 5,867     | 3,163                                    | 2,338                            | 5,501     |
| Depreciation                     | 17,965                                   | 2,981                            | 20,946    | 18,382                                   | 4,240                            | 22,622    |
| Amortized expenses               | 7,352                                    | 414                              | 7,766     | 1,177                                    | 760                              | 1,937     |

The average number of employees of the company in 2020 and 2019 is 95 and 93 respectively, of which 5 directors are not part-time employees.

Companies whose stocks have been listed on the stock exchange or listed on the stock exchange trading center should increase the disclosure of the following information:

- (1) The average employee welfare expense for the year is NT\$1,457,000 ("Total employee benefits for the year-Total directors' remuneration"/"Number of employees for the year-Number of directors who are not part-time employees"). The average employee welfare expense of the previous year was NT\$1,437,000 ("Total employee benefits of the previous year-Total directors' remuneration" / "Number of employees in the previous year-Number of directors who were not part-time employees").
- (2) The average employee salary of the current year is NT\$1,210,000 (the total salary cost of the year / "the number of employees this year-the number of directors who are not part-time employees"). The average employee salary cost of the previous year is NT\$1,189,000 (the total salary cost of the previous year / "the number of employees in the previous year-the number of directors who are not part-time employees").
- (3) The average employee salary cost adjustment change situation is 2% ("the average employee salary cost of the current year-the average employee salary cost of the previous year" / the average employee salary cost of the previous year).
- (4) The company has set up an audit committee to replace the supervisor in accordance

Notes to individual financial statements of Long Da Construction & Development Corporation  
(Continued)

(Amounts are in NT\$ thousand unless otherwise specified)

with the regulations, so the supervisor's remuneration has not been recognized.

- (5) The company's employee remuneration includes monthly salary (including principal salary, food/traffic allowance, professional allowance, etc.), employee remuneration and year-end bonus. Salary is mainly based on market salaries, company operations and overall economic conditions, as well as formulating a competitive salary system taking into account the company's competitiveness, internal fairness and legality. Employee remuneration is based on the company's business performance and the assessment of individual performance of employees to be issued to reward their contributions and encourage employees to continue to work hard. Year-end bonuses are distributed based on the company's annual profitability.

If the company makes a profit in the year according to the articles of association, it shall allocate 2% to 4% for employee remuneration, and 2% to 4% for directors' remuneration. However, in the event of sustained cumulative losses, a proportion of profit shall be reserved in advance for compensation purposes. The aforesaid employee remuneration is in stock or cash, and the Board of Directors shall make a resolution with more than two-thirds of the directors present and a resolution approved by more than half of the directors, and report to the shareholders meeting. For information on employees' remuneration and directors' remuneration of the Company as resolved by the Board of Directors, please visit the 'Market Observation Post System' at the website of the Taiwan Stock Exchange.

In 2020, the company will estimate the remuneration of employees and directors at 4% and 3%, respectively, based on profitability, and recognize that the amounts of employee remuneration and directors' remuneration are NT\$23,146,000 and NT\$17,359,000, respectively, which are accounted for under salary expenses. If the Board of Directors decides to pay employee compensation in stocks, the closing price on the day before the Board of Directors resolution is used as the basis for calculating the number of allotted shares. If there is a difference between the estimated number and the actual amount allotted by the board, it will be listed as the profit and loss of the following year.

The company's actual employee compensation and director compensation for 2019 were NT\$23,619,000 and NT\$17,714,000, respectively, and there was no significant difference between the amounts recorded as expenses in the 2019 financial report.

23. Non-operating income and expenses

(1) Interest income

|                             | 2020  | 2019  |
|-----------------------------|-------|-------|
| Interest from cash in banks | \$174 | \$351 |

(2) Other income

|                       | 2020     | 2019    |
|-----------------------|----------|---------|
| Lease revenue         | \$2,299  | \$1,516 |
| Other income - others | 36,023   | 3,355   |
| Total                 | \$38,322 | \$4,871 |

Notes to individual financial statements of Long Da Construction & Development Corporation  
(Continued)  
(Amounts are in NT\$ thousand unless otherwise specified)

(2) Other profits and losses

|   | 2020           | 2019           |
|---|----------------|----------------|
| Disposal of real estate, plants and equipment (loss)        | (\$8)          | \$-            |
| Net foreign exchange gains                                  | -              | 8,020          |
| Financial liabilities at fair value through profit and loss | (125)          | 176            |
| Other profits (losses)                                      | -              | (37)           |
| Total   | <u>(\$133)</u> | <u>\$8,159</u> |

(3) Financial costs

|                               | 2020           | 2019           |
|-------------------------------|----------------|----------------|
| Interest of bank borrowings   | \$2,772        | \$2,832        |
| Interest of lease liabilities | 5              | 12             |
| Total                         | <u>\$2,777</u> | <u>\$2,844</u> |

24. Components of other comprehensive income

The components of other comprehensive income in 2020 are as follows:

|   | Current       |                    |                    |                   |              |
|---|---------------|--------------------|--------------------|-------------------|--------------|
|   | Produced in   | reclassificati     | Other              | Income tax        | Amount       |
|   | the current   | on                 | comprehen          | benefits          | after tax    |
|   | <u>period</u> | <u>adjustments</u> | <u>sive income</u> | <u>(expenses)</u> |              |
| Items that will not be reclassified to profit or loss:  |               |                    |                    |                   |              |
| Number of remeasurements of defined benefit plans   | \$128         | -                  | \$128              | (\$26)            | \$102        |
| Items that may be reclassified to profit or loss:   |               |                    |                    |                   |              |
| Exchange differences arising from the translation of the financial statements of foreign operations | 686           | -                  | 686                | (137)             | 549          |
| Total   | <u>\$814</u>  | <u>-</u>           | <u>\$814</u>       | <u>(\$163)</u>    | <u>\$651</u> |

The components of other comprehensive income in 2019 are as follows:

|  | Current       |                    | Other         |                   |           |
|--|---------------|--------------------|---------------|-------------------|-----------|
|  | Produced in   | reclassificati     | comprehen     | Income tax        | Amount    |
|  | the current   | on                 | sive          | benefits          | after tax |
|  | <u>period</u> | <u>adjustments</u> | <u>income</u> | <u>(expenses)</u> |           |
| Items that will not be reclassified to profit or loss: |               |                    |               |                   |           |
| Number of remeasurements of defined benefit plans      | (\$908)       | -                  | (\$908)       | \$182             | (\$726)   |

Notes to individual financial statements of Long Da Construction & Development Corporation  
(Continued)  
(Amounts are in NT\$ thousand unless otherwise specified)

Items that may be reclassified to profit or loss:

|  |              |          |              |               |              |
|--|--------------|----------|--------------|---------------|--------------|
| Exchange differences arising<br>from the translation of the<br>financial statements of foreign<br>operations | 1,203        | -        | 1,203        | (241)         | 962          |
| Total  | <u>\$295</u> | <u>-</u> | <u>\$295</u> | <u>(\$59)</u> | <u>\$236</u> |

25. Income tax

(1) The main components of income tax expenses for 2020 and 2019 are as follows:

Income tax recognized in profit or loss

|   | <u>2020</u>     | <u>2019</u>     |
|---|-----------------|-----------------|
| Income tax expenses of the current period:  |                 |                 |
| Current income tax  | \$63,225        | \$57,049        |
| Land value increment tax paid in the current period                               | 26,199          | 25,016          |
| Adjustments in the current period to income tax<br>recognized in previous years   | (1,038)         | (208)           |
| Deferred income tax expenses (benefits):  |                 |                 |
| Deferment related to the origination and reversal of<br>temporary differences     | (3,279)         | (15,618)        |
| Income tax expense (benefit)  |                 |                 |
| Deferred income tax related to changes in tax rates<br>or levies of new tax items | -               | -               |
| Other   | (32)            | (6,366)         |
| Income tax expense  | <u>\$85,075</u> | <u>\$59,873</u> |

Income tax recognized in other comprehensive income

|  | <u>2020</u>  | <u>2019</u> |
|--|--------------|-------------|
| Deferred income tax expense (benefit)  |              |             |
| Exchange differences arising from the translation of<br>the financial statements of foreign operations | \$137        | \$241       |
| Actuarial profits and losses on defined benefits plans   | 26           | (182)       |
| Income tax related to other comprehensive income and<br>losses   | <u>\$163</u> | <u>\$59</u> |



Notes to individual financial statements of Long Da Construction & Development Corporation  
(Continued)  
(Amounts are in NT\$ thousand unless otherwise specified)

(2) The amount of income tax expense and accounting profit multiplied by the applicable income tax rate is adjusted as follows:

|   | 2020      | 2019      |
|---|-----------|-----------|
| Pre-tax profit from continuing operations   | \$538,134 | \$549,140 |
| The tax amount calculated at the domestic tax rate applicable to income in the relevant country | \$109,206 | \$115,820 |
| Income tax impact of tax-free income  | (56,595)  | (77,817)  |
| Income tax impact of non-deductible expenses on tax returns                                     | 150       | 828       |
| Effect on income tax from deferred income tax assets/liabilities                                | -         | (17,650)  |
| Additional tax on undistributed earnings  | 7,185     | 9,904     |
| Land value increment tax paid in the current period   | 26,199    | 25,016    |
| Adjustments to income tax recognized in the current years                                       | (1,038)   | (208)     |
| Other income tax impacts adjusted in accordance with tax law                                    | (32)      | 3,980     |
| Total income tax expenses recognized in profit or loss  | \$85,075  | \$59,873  |

(3) The balance of deferred income tax assets (liabilities) related to the following items:

|  | 2020            |                  |  |                |
|--|-----------------|------------------|--|----------------|
|  | Opening balance | Listed in income | Recognized in other comprehensive income | Ending balance |
| Temporary difference                           |                 |                  |  |                |
| Warranty provisions                            | \$2,900         | (\$650)          | \$-                                      | \$2,250        |
| Investments recognized under the equity method | (3,795)         | 2,415            | (137)                                    | (1,517)        |
| Asset impairment                               | 760             | -                | -  | 760            |
| Net defined benefit liabilities - non-current  | 4,717           | 1,303            | (26)                                     | 5,994          |

Notes to individual financial statements of Long Da Construction & Development Corporation  
(Continued)  
(Amounts are in NT\$ thousand unless otherwise specified)

|  | Opening<br>balance | Listed in<br>income | Recognized in<br>other<br>comprehensiv<br>e income | Ending<br>balance |
|--|--------------------|---------------------|--|-------------------|
| Other  | 135                | 54                  | -  | 189               |
| Deferred income tax<br>(expenses)/(benefits)                     |                    | \$3,122             | (\$163)  |                   |
| Deferred income tax<br>assets/(liabilities) net amount           | \$4,717            |                     |  | \$7,676           |
| The information expressed on<br>the balance sheet is as follows: |                    |                     |  |                   |
| Deferred income tax assets                                       | \$8,433            |                     |  | \$8,820           |
| Deferred income tax liabilities                                  | (\$3,716)          |                     |  | (\$1,144)         |

2019

|  | Opening<br>balance | Listed in<br>income | Recognized in<br>other<br>comprehensiv<br>e income | Ending<br>balance |
|--|--------------------|---------------------|--|-------------------|
| Temporary difference   |                    |                     |  |                   |
| Warranty provisions  | \$1,702            | \$1,198             | \$-  | \$2,900           |
| Investments recognized<br>under the equity method                | (3,623)            | 69                  | (241)  | (3,795)           |
| Asset impairment   | 760                | -                   | -  | 760               |
| Net defined benefit<br>liabilities - non-current                 | 3,316              | 1,219               | 182  | 4,717             |
| Other  | -                  | 135                 | -  | 135               |
| Unused taxable loss  | 17,650             | (17,650)            | -  | -                 |
| Deferred income tax<br>(expenses)/ (benefits)                    |                    | (\$15,029)          | (\$59)   |                   |
| Deferred income tax<br>assets/(liabilities) net amount           | \$19,805           |                     |  | \$4,717           |
| The information expressed on<br>the balance sheet is as follows: |                    |                     |  |                   |

Notes to individual financial statements of Long Da Construction & Development Corporation  
(Continued)  
(Amounts are in NT\$ thousand unless otherwise specified)

|                                 |           |           |
|---------------------------------|-----------|-----------|
| Deferred income tax assets      | \$23,000  | \$8,433   |
| Deferred income tax liabilities | (\$3,195) | (\$3,716) |

(4) Approval status of income tax declaration

As of December 31, 2020, the company's income tax declaration and approval status are as follows:

|             |  |
|-------------|--|
|             | Approval status of income<br>tax declaration |
| The Company | approved to 2018                             |

26. Earnings per share

The basic earnings per share is calculated by dividing the net profit attributable to holders of ordinary shares of the company by the weighted average number of ordinary shares outstanding for the period.

The amount of diluted earnings per share is calculated by dividing the net profit attributable to holders of ordinary shares of the company (after adjusting the interest on convertible corporate bonds) by the weighted average number of ordinary shares outstanding in the current period plus all the weighted average number of ordinary shares to be issued when the dilutive potential ordinary shares are converted into ordinary shares.

|  | 2020      | 2019      |
|--|-----------|-----------|
| (1) Basic earnings per share   |           |           |
| Current net profit (NT\$ thousand)   | \$453,059 | \$489,267 |
| Weighted average number of ordinary shares of basic earnings per share (thousand shares) | 219,148   | 201,265   |
| Basic earnings per share (NT\$)  | \$2.07    | \$2.43    |
| (2) Diluted earnings per share   |           |           |
| Current net profit (NT\$ thousand)   | \$453,059 | \$489,267 |
| Weighted average number of ordinary shares of basic earnings per share (thousand shares) | 219,148   | 201,265   |
| Dilution effect:   |           |           |
| Employee compensation-stocks (thousand shares)   | 2,204     | 1,657     |
| Convertible corporate bonds (thousand shares)  | -         | 17,342    |

Notes to individual financial statements of Long Da Construction & Development Corporation  
(Continued)  
(Amounts are in NT\$ thousand unless otherwise specified)

|  | 2020    | 2019    |
|--|---------|---------|
| Weighted average number of ordinary shares after adjusting the dilution effect (thousand shares) | 221,352 | 220,264 |
| Diluted earnings per share (NT\$)  | \$2.05  | \$2.22  |

After the reporting period and before the financial statements were approved for release, there were no other transactions that materially changed the number of common shares outstanding or the number of potential common shares at the end of the period.

(VII) Related-party transactions

The persons involved in transactions with the company during the financial reporting period are as follows:

Name and relationship of related parties

| Names of related parties                               | Relationship with the Company           |
|--|---|
| Hong Ji Construction Co., Ltd.                         | Other related parties                   |
| Da Jing Inv Co. Ltd.                                   | Other related parties                   |
| Wah Sheng Investment Holdings Co., Ltd.                | Other related parties                   |
| Hao Yang Advertising Co., Ltd.                         | Other related parties                   |
| Feng Huang Investment Co., Ltd.                        | Other related parties                   |
| Hsu Mingyi, Lin Wanling, Xu Xiuling, Chen Yourong      | Other related parties                   |
| Chen Wucong and 16 others, Yikung Investment Co., Ltd. | Key management personnel of the company |
| Phoenix Co., Ltd.                                      | Affiliated companies of the company     |

1. Sales

(1) Project income

|                                | 2020    | 2019 |
|--------------------------------|---------|------|
| Affiliated enterprise          |         |      |
| Hong Ji Construction Co., Ltd. | \$7,469 | \$-  |

The contract price of the project between the company and related parties and the terms of collection of accounts receivable are equivalent to those of non-related parties.

(2) Lease revenue

|                       | 2020 | 2019 |
|-----------------------|------|------|
| Affiliated enterprise |      |      |

Notes to individual financial statements of Long Da Construction & Development Corporation  
(Continued)  
(Amounts are in NT\$ thousand unless otherwise specified)

|                          |                 |                 |
|--------------------------|-----------------|-----------------|
| Phoenix Co., Ltd.        | <u>\$9,962</u>  | <u>\$45,639</u> |
| (3) Construction revenue |                 |                 |
|                          | <u>2020</u>     | <u>2019</u>     |
| Other related parties    |                 |                 |
| Lin Wanling              | \$-             | \$4,222         |
| Hsu Xiuling              | -               | 6,044           |
| Chen Yourong             | 18,229          | -               |
| Key management personnel |                 |                 |
| Hong Maoyuan             | <u>11,431</u>   | <u>-</u>        |
|                          | <u>\$29,660</u> | <u>\$10,266</u> |

The company's payment terms for sales to related parties are equivalent to those of ordinary manufacturers.

2. Accounts receivable - related parties

|                                |                   |                   |
|--------------------------------|-------------------|-------------------|
|                                | <u>2020.12.31</u> | <u>2019.12.31</u> |
| Other related parties          |                   |                   |
| Hong Ji Construction Co., Ltd. | \$4,957           | \$3,367           |
| Hao Yang Advertising Co., Ltd. | -                 | 34                |
| Total                          | <u>\$4,957</u>    | <u>\$3,401</u>    |

3. Accounts payable - related parties

|                                |                   |                   |
|--------------------------------|-------------------|-------------------|
|                                | <u>2020.12.31</u> | <u>2019.12.31</u> |
| Other related parties          |                   |                   |
| Hao Yang Advertising Co., Ltd. | \$679             | \$2,314           |
| Chen Yourong                   | 41                | -                 |
| Total                          | <u>\$720</u>      | <u>\$2,314</u>    |

4. Remuneration of the company's main management

|                              |                 |                 |
|------------------------------|-----------------|-----------------|
|                              | <u>2020</u>     | <u>2019</u>     |
| Short-term employee benefits | \$55,180        | \$50,662        |
| Post-employment benefits     | <u>6,834</u>    | <u>5,116</u>    |
| Total                        | <u>\$62,014</u> | <u>\$55,778</u> |

5. In 2020, the company's advertising fee for other related parties (Hao Yang Advertising) was NT\$4,523,000.

6. As of December 31, 2020 and December 31, 2019, part of the main management is the joint guarantor of the company's loans from financial institutions.

7. In 2012, the company and other related parties (Acer Construction) jointly established a joint venture with Taiwan Sugar Co., Ltd. to build the Houbitian section of the housing project.

Notes to individual financial statements of Long Da Construction & Development Corporation  
(Continued)

(Amounts are in NT\$ thousand unless otherwise specified)

The company and other related parties are responsible for 80% and 20% of the construction respectively in the joint venture agreement. Engineering and profit and loss.

8. Starting from 2019, the company has established a joint venture with other related parties (Hsu Mingyi) and other related parties (Hong Ji Construction) to build in the Dagang Section. The company and other related parties are responsible for 40% and 20% of the construction projects and profit and loss respectively in the joint venture agreement.

(VIII) Pledged assets

The company has the following assets as collateral:

| Asset items                        | Book value  |             | Guaranteed debt content                     |
|------------------------------------|-------------|-------------|---|
|                                    | 2020.12.31  | 2019.12.31  |   |
| Other financial assets             | \$18,812    | \$82,382    | Performance guarantee, long-term borrowings |
| Inventory-construction land        | 2,278,284   | 3,483,908   | Long-term borrowings                        |
| Inventory-land under construction  | 2,943,725   | 1,249,566   | Long-term borrowings                        |
| Inventory-land for sale            | 74,742      | 326,582     | Short-term notes, long-term borrowings      |
| Inventory-Houses for Sale          | 120,584     | 602,055     | Short-term notes, long-term borrowings      |
| Buildings and structures           | 9,358       | 9,713       | Short-term borrowings                       |
| Investment properties - land       | 118,443     | 118,443     | Short-term borrowings, Long-term borrowings |
| Investment properties - structures | 338,078     | 349,467     | Short-term borrowings, Long-term borrowings |
| Total                              | \$5,902,026 | \$6,222,116 |   |

(IX) Significant contingent liabilities and unrecognized contractual commitments

As of December 31, 2020, the following commitments and contingent liabilities were not included in the financial statements above:

Notes to individual financial statements of Long Da Construction & Development Corporation  
(Continued)

(Amounts are in NT\$ thousand unless otherwise specified)

1. The guarantee bill issued due to the engineering warranty is NT\$924,000.
2. Due to the contracted project and the project warranty, the guarantee bill issued by the manufacturer was NT\$62,407,000.
3. Due to the contracted work case, the performance bond issued by the bank was NT\$94,154,000 in total.
4. The performance and warranty guarantor for the company's contract for the reconstruction of the deep-water highland distribution pool of Taiwan Water Corporation for the same industry. During the period from April 28, 2016 to November 30, 2022, the guarantee amount was NT\$155,152,000.
5. The company and its peer Ju Fa Development Co., Ltd. jointly purchased the land in Dayuan District, Taoyuan City. Both parties used the land held as collateral for the borrowing of the other party. The period is from July 25, 2014 to the completion of the endorsement of the company's debt. The guaranteed amount is NT\$266,300,000.
6. The company is the performance and warranty guarantor of the company's Shenghong Electrical and Plumbing Engineering Co., Ltd. for the deep-water highland distribution pool reconstruction project of Taiwan Water Corporation. The period is from April 28, 2016 to November 30, 2022, with a guaranteed amount of NT\$38,788,000.
7. On May 6, 2019, the company and China Trust Commercial Bank Co., Ltd. signed the pre-sale house purchase and sale price trust contract for the development of "Buildings on the land at No. 355, Houbitian Section, Qiaotou District, Kaohsiung City". The amount that the company should deliver to the trust on the base date (December 31, 2020) is consistent with the amount actually delivered to the trust, and the price collected from the buyer, and there is no delay in the delivery of the trust.
8. On May 16, 2019, the company and Sunny Bank Ltd. signed the pre-sale house purchase and sale price trust contract for the development of "Development and Construction of Collective Residential Buildings on the Land of Linde Official Section, Lingya District, Kaohsiung City". The amount that should be delivered to the trust on the base date (December 31, 2020) is consistent with the amount actually delivered to the trust, and the payment is received from the buyer, and there is no delay in the delivery of the trust.
9. On August 12, 2019, the company and China Trust Commercial Bank Co., Ltd. signed the pre-sale house purchase and sale price trust contract for the development of the "Development and Construction of Collective Residential Buildings on Land Nos. 3546

Notes to individual financial statements of Long Da Construction & Development Corporation  
(Continued)  
(Amounts are in NT\$ thousand unless otherwise specified)

and 3549 in Dagang Section, Sanmin District, Kaohsiung City". The amount that the company should deliver to the trust on the base date (December 31, 2020) is consistent with the amount actually delivered to the trust, the payment is collected from the buyer, and there is no delay in the delivery of the trust.

10. On January 15, 2020, the company and Land Bank of Taiwan signed the pre-sale house purchase and sale price trust contract for the development of "34 lots of land No. 1298 in Rende Section, Renwu District". The company is on the base date. (December 31, 2020) The amount that should be delivered to the trust is consistent with the amount actually delivered to the trust. The payment is received from the buyer, and there is no delay in delivering the trust.
11. On July 31, 2020, the company and China Trust Commercial Bank Co., Ltd. signed the pre-sale housing development project of "Buildings on 3 lots of land numbers 2476, 2477, 2478-1, Wukucuo Section, Lingya District, etc." For the purchase and sale price trust agreement, the amount that the company should deliver to the trust on the base date (December 31, 2020) is consistent with the amount actually delivered to the trust, and the payment is collected from the buyer, and there is no delay in the delivery of the trust.
12. On September 30, 2020, the company and China Trust Commercial Bank Co., Ltd. signed the pre-sale house purchase and sale price trust contract for the development of "Buildings on the 53-2, 53-3, Yuanwei Section, Fengshan District". The amount that the company should deliver to the trust on the base date (December 31, 2020) is consistent with the amount actually delivered to the trust, and the price collected from the buyer, and there is no delay in the delivery of the trust.

(X) Significant disaster losses

Option not available.

(XI) Major subsequent events

Option not available.



Notes to individual financial statements of Long Da Construction & Development Corporation  
(Continued)  
(Amounts are in NT\$ thousand unless otherwise specified)

(XII) Other

1. Financial instruments by category

Financial assets

|   | 2020.12.31 | 2019.12.31 |
|---|------------|------------|
| Financial assets at fair value through profit and loss: |            |            |
| Embedded derivative financial instruments               | \$-        | \$33       |
| Financial assets at amortized cost (Note)               | 596,174    | 628,490    |
| Total   | \$596,174  | \$628,523  |

Financial liabilities

|   | 2020.12.31  | 2019.12.31  |
|---|-------------|-------------|
| Financial liabilities measured at amortized cost                        |             |             |
| Short-term borrowings   | \$210,000   | \$150,000   |
| Short-term notes and bills payable                                      | -           | 167,539     |
| Payables and other payables   | 824,633     | 782,601     |
| Corporate bonds payable (including due within one year)                 | -           | 319,018     |
| Long-term borrowings (including long-term borrowings due within a year) | 3,287,710   | 2,703,025   |
| Lease liabilities   | 103         | 509         |
| Total   | \$4,322,446 | \$4,122,692 |

Note: Including cash and cash equivalents, notes receivable, accounts receivable, other receivables and other financial assets.

2. Financial risk management purpose and policies

The company's financial risk management objectives are mainly to manage market risks, credit risks and liquidity risks related to operating activities. The company conducts the identification, measurement and management of the aforementioned risks in accordance with the company's policies and risk preferences.

The company has established appropriate policies, procedures and internal controls for the aforementioned financial risk management in accordance with relevant regulations.

Notes to individual financial statements of Long Da Construction & Development Corporation  
(Continued)  
(Amounts are in NT\$ thousand unless otherwise specified)

Important financial activities must be reviewed by the Board of Directors in accordance with relevant regulations and internal control systems. During the execution of financial management activities, the company must actually comply with the stipulated financial risk management regulations.

3. Market risks

The company's market risk is the risk of financial instruments that fluctuate in their fair value or cash flow due to changes in market prices. The market risk is mainly interest rate risk.

In practice, it is rare that a single risk variable changes independently, and the changes of each risk variable are usually related, but the sensitivity analysis of each risk below does not consider the interactive impact of related risk variables.

Interest rate risks

Interest rate risk is the risk of fluctuations in the fair value or future cash flow of financial instruments due to changes in market interest rates. The company's interest rate risk mainly comes from fixed-rate borrowings and floating-rate borrowings.

The sensitivity analysis of interest rate risk is mainly for the interest rate risk insurance project at the end of the financial reporting period. It is a floating interest rate loan. It is assumed to be held for an accounting year. When the interest rate rises/falls by 1%, it is important for the company's 2020 and 2019 years. Profit and loss will decrease/increase (29,704) thousand and (25,442) thousand respectively.

4. Management of credit risks

Credit risks refer to the risk of counterparty being unable to fulfill its agreed obligation, which causes risk of financial loss. The company's credit risk is due to business activities (mainly contract assets, accounts receivable and bills) and financial activities (mainly bank deposits and various financial instruments).

All units of the company follow credit risk policies, procedures and controls to manage credit risk. The credit risk assessment of all counterparties is based on a comprehensive consideration of such factors as the counterparty's financial status, credit rating agencies, past historical transaction experience, current economic environment, and the company's internal rating standards. The company also uses certain credit enhancement tools (such as advance payment and insurance, etc.) at appropriate times to reduce the credit risk of specific counterparties.

As of December 31, 2020 and December 31, 2019, the top ten customer contract assets and receivables accounted for 73% and 50% of the company's total contract assets and

Notes to individual financial statements of Long Da Construction & Development Corporation  
(Continued)  
(Amounts are in NT\$ thousand unless otherwise specified)

receivables, respectively. The credit concentration risk of the remaining contract assets and receivables is relatively insignificant.

The company's finance department manages the credit risk of bank deposits and other financial instruments in accordance with company policies. Since the company's trading partners are determined by internal control procedures and are well-credited banks and corporate organizations, there is no significant credit risk.

5. Management of liquidity risks

The company maintains financial flexibility through contracts such as cash, cash equivalents, and bank loans. The following table summarizes the maturity of the payment contained in the contract of the company's financial liabilities. It is compiled based on the earliest possible date for repayment and based on its undiscounted cash flow. The amount listed also includes the agreed interest. For interest cash flows paid at floating interest rates, the undiscounted amount of interest is derived from the yield curve at the end of the reporting period.

Non-derivative financial instruments

|                                       | Less than<br>one year | Two to three<br>years | Four to five<br>years | Over 5 years | Total       |
|---------------------------------------|-----------------------|-----------------------|-----------------------|--------------|-------------|
| 2020.12.31                            |                       |                       |                       |              |             |
| Loans                                 | \$332,822             | \$1,492,126           | \$1,729,676           | \$-          | \$3,554,624 |
| Payables                              | 824,634               | -                     | -                     | -            | 824,634     |
| Lease liabilities                     | 103                   | -                     | -                     | -            | 103         |
| 2019.12.31                            |                       |                       |                       |              |             |
| Loans                                 | \$413,846             | \$1,555,559           | \$1,066,400           | \$-          | \$3,035,805 |
| Short-term notes and<br>bills payable | 168,000               | -                     | -                     | -            | 168,000     |
| Payables                              | 782,601               | -                     | -                     | -            | 782,601     |
| Corporate bonds<br>payable            | 319,891               | -                     | -                     | -            | 319,891     |
| Lease liabilities                     | 411                   | 103                   | -                     | -            | 514         |

6. Changes in liabilities from financing activities

Information on the adjustment of liabilities from January 1 to December 31, 2020:

Notes to individual financial statements of Long Da Construction & Development Corporation  
(Continued)  
(Amounts are in NT\$ thousand unless otherwise specified)

|                   | Short-term borrowings | Long-term borrowings | Short-term notes payable | Lease liabilities | Deposits received | Total liabilities from financing activities |
|-------------------|-----------------------|----------------------|--------------------------|-------------------|-------------------|---|
| 2020.1.1          | \$150,000             | \$2,703,025          | \$167,539                | \$509             | \$1,547           | \$3,022,620                                 |
| Cash flow         | 60,000                | 584,685              | (167,539)                | (411)             | (745)             | 475,990                                     |
| Non-cash changes  |                       |                      |                          |                   |                   |   |
| Interest expenses | -                     | -                    | -                        | 5                 | -                 | 5   |
| 2020.12.31        | \$210,000             | \$3,287,710          | \$-                      | \$103             | \$802             | \$3,498,615                                 |

Information on the adjustment of liabilities from January 1 to December 31, 2019:

|                   | Short-term borrowings | Long-term borrowings | Short-term notes payable | Lease liabilities | Deposits received | Total liabilities from financing activities |
|-------------------|-----------------------|----------------------|--------------------------|-------------------|-------------------|---|
| 2019.1.1          | \$522,160             | \$2,084,813          | \$279,588                | \$908             | \$2,663           | \$2,890,132                                 |
| Cash flow         | (372,160)             | 618,212              | (112,049)                | (411)             | (1,116)           | 132,476                                     |
| Non-cash changes  |                       |                      |                          |                   |                   |   |
| Interest expenses | -                     | -                    | -                        | 12                | -                 | 12  |
| 2019.12.31        | \$150,000             | \$2,703,025          | \$167,539                | \$509             | \$1,547           | \$3,022,620                                 |

## 7. Fair value of financial instruments

### (1) Evaluation techniques and assumptions used to measure fair value

Fair value refers to the price that can be received to sell assets or paid to transfer liabilities in an orderly transaction between market participants on the measurement date. The methods and assumptions used by the company to measure or disclose the fair value of financial assets and financial liabilities are as follows:

- A. The book amounts of cash and cash equivalents, accounts receivable, accounts payable and other current liabilities are a reasonable approximation of the fair value, which is mainly due to the short maturity period of such instruments.
- B. The fair value of financial assets and financial liabilities that are traded in an active market with standard terms and conditions is determined by reference to market

Notes to individual financial statements of Long Da Construction & Development Corporation  
(Continued)

(Amounts are in NT\$ thousand unless otherwise specified)

quotes (for example, listed counter stocks, beneficiary certificates, bonds and futures, etc.).

- C. Equity instruments without active market transactions (for example, privately placed stocks in the listed counter, public company shares without active markets, and shares of undisclosed companies) are estimated to be fair value based on the market method, which are generated by market transactions of the same or comparable company equity instruments. The price and other relevant information (such as lack of liquidity discount factor, similar company stock price-to-earning ratio, similar company stock price-to-net value ratio and other input values) estimate the fair value.
- D. For investment in debt instruments, bank borrowings, corporate bonds payable and other non-current liabilities without active market quotations, the fair value is determined based on the counterparty's quotation or evaluation technology. The evaluation technology is determined on the basis of discounted cash flow analysis. The interest rate and Assumptions such as discount rate are mainly based on information related to similar tools (for example, the counter buying center refers to the yield curve, the average quotation of the Reuters commercial promissory note interest rate, and credit risk information).
- E. Derivative financial instruments without active market quotations, among which are non-option derivative financial instruments, use the counterparty quotation or the applicable yield curve during the duration to calculate the fair value by discounted cash flow analysis. For option-derived financial instruments, the fair value is calculated using counterparty quotations, appropriate option pricing models (such as Black-Scholes model) or other evaluation methods (such as Monte Carlo Simulation).

(2) Measure the fair value of financial instruments by amortized cost

Among the financial instruments measured by the company at amortized cost, except for cash and cash equivalents, receivables, payables and other current liabilities, the book value is a reasonable approximation of the fair value, and the rest are measured at amortized cost. The fair value of financial liabilities is listed as follows:

|  | Carrying amount |             |
|--|-----------------|-------------|
|  | 2020.12.31      | 2019.12.31  |
| Financial liabilities                                      |                 |             |
| Long-term borrowings (including loans due within one year) | \$3,287,710     | \$2,703,025 |
| Corporate bonds payable                                    | \$-             | \$319,018   |

Notes to individual financial statements of Long Da Construction & Development Corporation  
(Continued)  
(Amounts are in NT\$ thousand unless otherwise specified)

|  | Fair value  |             |
|--|-------------|-------------|
|  | 2020.12.31  | 2019.12.31  |
| Financial liabilities                                      |             |             |
| Long-term borrowings (including loans due within one year) | \$3,287,710 | \$2,703,025 |
| Corporate bonds payable                                    | \$-         | \$330,237   |

(3) Information on fair value estimation levels for financial instruments

For information on the fair value level of the company's financial instruments, please refer to 12 and 9.

8. Derivatives

Embedded derivative instruments

The embedded derivatives identified by the company as a result of the issuance and conversion of corporate bonds have been separated from the main contract and processed by the method of fair value measurement through profit and loss. Please refer to Note VI for contract information about this transaction.

9. Fair value level

(1) Fair value level definitions

All assets and liabilities measured or disclosed by fair value are entered at the lowest level of importance to the overall fair value measurement, and are classified into the fair value level to which they belong. The input values for each level are as follows:

- Level 1: Inputs that are quoted prices (unadjusted) in active markets for identical assets or liabilities on valuation date.
- Level 2: The observable input value of an asset or liability directly or indirectly, except for those included in the quotation of the first level.
- Level 3: Unobservable input value of an asset or liability.

For assets and liabilities recognized in the financial statements on a repetitive basis, their classification is reassessed at the end of each reporting period to determine whether there is a transfer between the levels of the fair value hierarchy.

(2) Information on fair value estimation levels

Notes to individual financial statements of Long Da Construction & Development Corporation  
(Continued)  
(Amounts are in NT\$ thousand unless otherwise specified)

The company does not have non-repetitive assets measured at fair value. The fair value level information of repetitive assets and liabilities is listed below:

December 31, 2020

|  | <u>Level 1</u> | <u>Level 2</u> | <u>Level 3</u> | <u>Total</u> |
|--|----------------|----------------|----------------|--------------|
| Financial assets measured at fair value                |                |                |                |              |
| Financial assets at fair value through profit and loss |                |                |                |              |
| Convertible corporate bonds                            | -              | -              | \$-            | \$-          |

December 31, 2019

|  | <u>Level 1</u> | <u>Level 2</u> | <u>Level 3</u> | <u>Total</u> |
|--|----------------|----------------|----------------|--------------|
| Financial assets measured at fair value                |                |                |                |              |
| Financial assets at fair value through profit and loss |                |                |                |              |
| Convertible corporate bonds                            | -              | -              | \$33           | \$33         |

Transfer between the first level and the second level of the fair value hierarchy

From January 1 to December 31, 2020 and 2019, the company's repetitive fair value measurement assets and liabilities did not transfer between the first and second levels of fair value measurement.

Details of changes in the third level of the repetitive fair value hierarchy

If the company's assets and liabilities measured by repetitive fair value are in the third level of the fair value hierarchy, the adjustment of the balance from the beginning to the end of the period is listed as follows:

|   | Assets                                       |
|---|--|
|   | <u>At fair value through profit and loss</u> |
|   | <u>Derivative financial instruments</u>      |
| 2020.1.1                                    | (\$33)                                       |
| Total loss recognized in the current period | 16   |
| Write offs in the current period            | 17   |
| 2020.12.31                                  | \$-  |
| 2019.1.1                                    | (\$127)                                      |

Notes to individual financial statements of Long Da Construction & Development Corporation  
(Continued)  
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|   |             |
|---|-------------|
| Total loss recognized in the current period | (176)       |
| Write offs in the current period            | 270         |
| 2019.12.31                                  | <u>(33)</u> |

Among the total losses recognized in the profit and loss, the gains (losses) related to the derivative financial instruments held in 2020 and 2019 are NT\$16,000 and NT\$176,000, respectively.

Significant unobservable input information of the third level of the fair value hierarchy:

The significant unobservable input values used for the fair value measurement of the repetitive fair value measurement assets of the third level of the fair value hierarchy of the company are listed in the following table:

December 31, 2020: Option not available.

December 31, 2019:

|                                       | Valuation technique                           | Significant unobservable input | Quantitative Information | Relationship of inputs to fair value                          | Sensitivity analysis of value relationship for the relationship of inputs to fair value  |
|---------------------------------------|---|--------------------------------|--------------------------|---|--|
| Financial assets:                     |   |                                |                          |   |  |
| At fair value through profit and loss |   |                                |                          |   |  |
| Embedded derivative instruments       | Binary Tree Convertible Bond Evaluation Model | Volatility                     | 24.97%                   | The higher the volatility, the higher the fair value estimate | When the volatility increases (decreases) by 5%, the profit or loss to the company will increase/decrease by NT\$140,000/NT\$80,000 respectively |
| Embedded derivative instruments       | Binary Tree Convertible Bond Evaluation Model | Volatility                     | 24.97%                   | The higher the volatility, the higher the fair value estimate | When the volatility increases (decreases) 5%, the profit and loss to the company will increase/decrease by 140 thousand                          |



Notes to individual financial statements of Long Da Construction & Development Corporation  
(Continued)  
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yuan/100 thousand  
yuan respectively

The evaluation process of the third-level fair value measurement:

The company's financial department is responsible for fair value verification, using independent sources of information to bring the evaluation results closer to the market, confirming that the source of the information is independent, reliable, consistent with other resources, and representing executable prices, and is required in accordance with the company's accounting policies on each reporting day. Analyze changes in the value of assets and liabilities that are remeasured or reassessed to ensure that the evaluation results are reasonable.

(3) Level information that is not measured by fair value but must disclose fair value

December 31, 2020:

|   | <u>Level 1</u> | <u>Level 2</u> | <u>Level 3</u> | <u>Total</u> |
|---|----------------|----------------|----------------|--------------|
| Only assets with fair value are disclosed:        |                |                |                |              |
| Investment properties (see note VI.9 for details) | \$-            | \$-            | \$552,934      | \$552,934    |

December 31, 2019:

|   | <u>Level 1</u> | <u>Level 2</u> | <u>Level 3</u> | <u>Total</u> |
|---|----------------|----------------|----------------|--------------|
| Only assets with fair value are disclosed:        |                |                |                |              |
| Investment properties (see note VI.9 for details) | \$-            | \$-            | \$570,307      | \$570,307    |
| Only disclose fair value liabilities:             |                |                |                |              |
| Corporate bonds payable                           | \$30,237       | \$-            | \$-            | \$30,237     |

10. Other

(1) The details of important construction projects in 2020 and 2019 are as follows:

| Name of project | Scheduled (or actual) year of | Project contract | Estimated (or actual) | 2020                   |                    |
|-----------------|-------------------------------|------------------|-----------------------|------------------------|--------------------|
|                 |                               |                  |                       | Recognized accumulated | Ratio of completed |
|                 |                               |                  |                       |                        |                    |

Notes to individual financial statements of Long Da Construction & Development Corporation  
(Continued)  
(Amounts are in NT\$ thousand unless otherwise specified)

|     | completion | price       | total cost  | profit (loss) | projects |
|-----|------------|-------------|-------------|---------------|----------|
| K05 | 2021       | \$1,459,543 | \$1,402,306 | \$22,218      | 38.82%   |
| FH9 | 2020       | 314,286     | 296,551     | 17,735        | 100%     |
| K06 | 2020       | 254,561     | 251,957     | 2,604         | 100%     |
| FK4 | 2021       | 470,362     | 443,738     | 24,442        | 91.80%   |
| FJ7 | 2021       | 359,714     | 342,826     | 16,049        | 95.03%   |
| H40 | 2021       | 219,412     | 211,000     | 3,719         | 44.20%   |
| H41 | 2021       | 121,411     | 116,756     | 2,760         | 59.28%   |

| Name of project | Scheduled (or actual) year of completion | Project contract price | Estimated (or actual) total cost | 2019                                 |                             |
|-----------------|--|------------------------|----------------------------------|--------------------------------------|-----------------------------|
|                 |  |                        |                                  | Recognized accumulated profit (loss) | Ratio of completed projects |
| K05             | 2020                                     | \$1,459,543            | \$1,402,306                      | \$22,218                             | 38.82%                      |
| FH6             | 2019                                     | 1,470,356              | 1,359,594                        | 110,762                              | 100%                        |
| FH9             | 2020                                     | 271,905                | 262,969                          | 8,776                                | 98.21%                      |
| K06             | 2020                                     | 233,840                | 231,034                          | 1,809                                | 64.48%                      |
| FK4             | 2020                                     | 470,362                | 443,738                          | 9,420                                | 35.38%                      |
| FJ7             | 2020                                     | 359,714                | 342,826                          | 10,519                               | 62.29%                      |
| H40             | 2022                                     | 219,412                | 211,000                          | 222                                  | 2.64%                       |
| H41             | 2022                                     | 121,411                | 116,756                          | 379                                  | 8.14%                       |

11. Significantly influencing foreign currency financial assets and liabilities information

The company's significant foreign currency financial assets and liabilities are as follows:

|                              | 2020.12.31       |               |           |
|------------------------------|------------------|---------------|-----------|
|                              | Foreign currency | Exchange rate | TWD       |
| <u>Financial assets</u>      |                  |               |           |
| Monetary items:              |                  |               |           |
| JPY                          | \$131,881        | 0.2763        | \$36,439  |
| <u>Financial liabilities</u> |                  |               |           |
| Monetary items:              |                  |               |           |
| JPY                          | \$481,333        | 0.2763        | \$132,992 |

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|                              | 2019.12.31       |               |           |
|------------------------------|------------------|---------------|-----------|
|                              | Foreign currency | Exchange rate | TWD       |
| <u>Financial assets</u>      |                  |               |           |
| Monetary items:              |                  |               |           |
| JPY                          | \$203,199        | 0.2760        | \$56,083  |
| <u>Financial liabilities</u> |                  |               |           |
| Monetary items:              |                  |               |           |
| JPY                          | \$582,667        | 0.2760        | \$160,816 |

The above information is disclosed on the basis of the foreign currency book value (which has been converted to functional currency).

The company's currency financial assets and financial liabilities conversion (profit) loss in 2020 and 2019 is RMB0 and RMB8,020.

## 12. Capital management

The main goal of the company's capital management is to confirm the maintenance of a sound credit rating and a good capital ratio to support the operation of the company and the maximization of shareholders' equity. The company manages and adjusts the capital structure based on economic conditions, and may maintain and adjust the capital structure by adjusting dividend payments, returning capital, or issuing new shares.

## (XIII) Supplementary disclosures

### 1. Significant transactions information

As of December 31, 2020, the disclosed information on major transactions is as follows:

- (1) Financing for others: None.
- (2) Provision of endorsements and guarantees to others: Please refer to table 1.
- (3) Status of held securities at the end of the period: Please refer to table 2.
- (4) Acquisition or sale of the same security with the accumulated cost exceeding NT\$300,000,000 or 20% of paid-in capital or more: None.
- (5) Acquisition of real estate reaching NT\$300 million or 20% of paid-in capital or more: Please refer to table 3.
- (6) Disposal of real estate reaching NT\$300,000,000 or 20% of paid-in capital or more: Please refer to table 4.
- (7) Purchase or sale of goods from or to related parties reaching NT\$100,000,000 or 20% of paid-in capital or more: None.
- (8) Receivables from related parties reaching NT\$100,000,000 or 20% of paid-in capital

Notes to individual financial statements of Long Da Construction & Development Corporation  
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or more: None.

(9) Trading derivative financial instruments: None.

2. Information on investees:

(1) Those who directly or indirectly have significant influence or control over the invested company shall disclose its name, location, main business items, original investment amount, ending stock holdings, current profit and loss, and recognized investment profit and loss: Please refer to table 5.

(2) If the investee company has direct or indirect control over the investee company, it is necessary to disclose the relevant information about the investee company's transactions in items 1 to 9 of the preceding paragraph. Ten percent of the amount, or those who directly or indirectly control their personnel, finances or business, may only disclose relevant information about the first to fourth items: None.

3. Information on investments in Mainland China: None.

4. Information on major shareholders: Please refer to table 6.

(XIV) Department information

For management purposes, the company divides operating units according to different businesses and divides them into the following two reporting operating departments:

Construction project department: This department is responsible for the integrated construction business of construction and civil engineering.

Building sales department: This department is responsible for residential and building development, leasing and sales, etc.

The management individually monitors the operating results of its business units to make decisions on resource allocation and performance evaluation. The performance of the department is evaluated based on the operating profit and loss, and measured in a manner consistent with the operating profit and loss in the individual financial statements. However, the income tax of individual financial statements is managed on a company basis and is not allocated to the operating department.

2020

|        | Construction<br>project<br>department | Building<br>sales<br>department | Reportable<br>department<br>subtotal | Other<br>departments | Adjustment<br>and<br>reduction | Total |
|--------|---------------------------------------|---------------------------------|--------------------------------------|----------------------|--------------------------------|-------|
| Income |                                       |                                 |                                      |                      |                                |       |

Notes to individual financial statements of Long Da Construction & Development Corporation  
(Continued)

(Amounts are in NT\$ thousand unless otherwise specified)

|                                | Construction<br>project<br>department | Building<br>sales<br>department | Reportable<br>department<br>subtotal | Other<br>departments | Adjustment<br>and<br>reduction | Total       |
|--------------------------------|---------------------------------------|---------------------------------|--------------------------------------|----------------------|--------------------------------|-------------|
| Income from external customers | \$800,013                             | \$2,599,761                     | \$3,399,774                          | \$10,206             | -                              | \$3,409,980 |
| Department revenues            | -                                     | -                               | -                                    | -                    | -                              | -           |
| Total income                   | \$800,013                             | \$2,599,761                     | \$3,399,774                          | \$10,206             | -                              | \$3,409,980 |
| Department profit and loss     | \$42,483                              | \$524,842                       | \$567,325                            | (\$29,191)           | -                              | \$538,134   |

2019

|                                | Construction<br>project<br>department | Building<br>sales<br>department | Reportable<br>department<br>subtotal | Other<br>departments | Adjustment<br>and<br>reduction | Total       |
|--------------------------------|---------------------------------------|---------------------------------|--------------------------------------|----------------------|--------------------------------|-------------|
| Income                         |                                       |                                 |                                      |                      |                                |             |
| Income from external customers | \$674,651                             | \$3,674,331                     | \$4,348,982                          | \$45,639             | -                              | \$4,394,621 |
| Department revenues            | -                                     | -                               | -                                    | -                    | -                              | -           |
| Total income                   | \$674,651                             | \$3,674,331                     | \$4,348,982                          | \$45,639             | -                              | \$4,394,621 |
| Department profit and loss     | \$37,418                              | \$491,497                       | \$528,915                            | \$20,225             | -                              | \$549,140   |

Since the management did not use the amount of assets as a basis for making operational decisions, the measured amount of assets in the operating department on December 31, 2020 and December 31, 2019 is zero.

2. Regional information:

Income from external customers

|        | 2020        | 2019        |
|--------|-------------|-------------|
| Taiwan | \$3,399,774 | \$4,348,982 |
| Japan  | 10,206      | 45,639      |
| Total  | \$3,409,980 | \$4,394,621 |

Notes to individual financial statements of Long Da Construction & Development Corporation  
(Continued)  
(Amounts are in NT\$ thousand unless otherwise specified)

3. Important customer information:

(1) For customers who accounted for more than 10% of the revenue on the income statement of the Company in 2020, the details are as follows:

| Name of customer              | Amount    | Proportion of operating revenue |
|-------------------------------|-----------|---------------------------------|
| FULY Construction Corporation | \$727,711 | 21.34%                          |

(2) For customers who accounted for more than 10% of the revenue on the income statement of the Company in 2019, the details are as follows:

None.

## Notes to individual financial statements of Long Da Construction &amp; Development Corporation (Continued)

(Amounts are in NTS thousand unless otherwise specified)

Table 1

Provider of endorsements and guarantees to others:

| No.<br>(Note 1) | Name of company of endorsement guarantor       | Entity for which the endorsement/guarantee is made    |                       | Limit on endorsements/guarantees to a single enterprise<br>(Note 3) | Maximum outstanding balance of endorsements/guarantees during the current period<br>(Note 4) | Ending balance of endorsements/guarantees<br>(Note 5) | Actual amount drawn<br>(Note 6) | Endorsed/Guaranteed amount with property as collateral | Cumulative endorsed/guaranteed amount as a percentage of the net value in the most recent financial statements | Maximum endorsed/guaranteed amount<br>(Note 3) | Guarantee from parent company to subsidiary<br>(Note 7) | Guarantee from subsidiary to parent company<br>(Note 7) | Guarantee to China<br>(Note 7) |
|-----------------|--|---|-----------------------|---|--|---|---------------------------------|--|--|--|---|---|--------------------------------|
|                 |  | Company Name  | Relationship (Note 2) |   |  |   |                                 |  |  |  |   |   |                                |
| 0               | Long Da Construction & Development Corporation | Yikung Construction Co., Ltd.                         | 5                     | \$10,959,860<br>(5 times paid-in capital)                           | \$155,152  | \$155,152   | \$155,152                       | —  | 3.54%  | \$32,879,580<br>(15 times paid-in capital)     | N   | N   | N                              |
| 0               | Long Da Construction & Development Corporation | Truefull Construction Co., Ltd.                       | 5                     | \$10,959,860<br>(5 times paid-in capital)                           | \$205,900  | —   | —                               | —  | —  | \$32,879,580<br>(15 times paid-in capital)     | N   | N   | N                              |
| 0               | Long Da Construction & Development Corporation | Ju Fa Development Co., Ltd.                           | 5                     | \$10,959,860<br>(5 times paid-in capital)                           | \$540,800  | \$266,300   | \$202,680                       | \$266,300  | 6.08%  | \$32,879,580<br>(15 times paid-in capital)     | N   | N   | N                              |
| 0               | Long Da Construction & Development Corporation | Chun-Hsin Construction Co., Ltd.                      | 5                     | \$10,959,860<br>(5 times paid-in capital)                           | \$137,200  | —   | —                               | —  | —  | \$32,879,580<br>(15 times paid-in capital)     | N   | N   | N                              |
| 0               | Long Da Construction & Development Corporation | Shenghong Plumbing & Electrical Engineering Co., Ltd. | 5                     | \$10,959,860<br>(5 times paid-in capital)                           | \$38,788   | \$38,788  | \$38,788                        | —  | 0.89%  | \$32,879,580<br>(15 times paid-in capital)     | N   | N   | N                              |

Note 1: The explanation for numbers is as follows:

- (1) Issuer is 0.
- (2) Investees are numbered in order starting from '1'.

Note 2: Relationships between endorser/guarantor and the entity for which the endorsement/guarantee is made are classified into the following seven categories (simply specify the respective category):

- (1) Companies with business dealings with the Company.
- (2) Subsidiaries directly or indirectly held by the Company (holding more than 50% voting interest).
- (3) To subsidiaries directly or indirectly held by the Company (holding more than 50% voting interest).
- (4) Between companies in which the company directly or indirectly holds more than 90% of the voting shares.
- (5) Companies providing mutual endorsements/guarantees for industry peers or co-builders for purposes of undertaking a construction project.
- (6) Companies where all capital-contributing shareholders make endorsements/guarantees for their jointly invested company in proportion to their shareholding percentages.
- (7) The same industry is engaged in joint and several guarantees for the performance of the pre-sale buildings sales contract in accordance with the Consumer Protection Law

Note 3: The total amount of the company's endorsement and guarantee liability shall not exceed 150% of the company's paid-in capital, and the endorsement guarantee for a single enterprise shall not exceed 50% of the company's paid-in capital. The Company's contracts for projects and co-development with others or engagement in pre-sale buildings sales contracts in accordance shall be in based on the consumer protection law and the performance guarantee and collateral needs between companies in the same industry, according to the contract, credit conditions or the consumer protection insurance law. For (mutual) insurance, the total amount of inter-bank guarantees shall not exceed 15 times the paid-in capital, and the guarantee amount for a single inter-bank shall not exceed five times the paid-in capital.

Note 4: Highest balance of endorsements/guarantees to others for the year.

Note 5: The amount approved by the Board of Directors should be entered. However, if the Board of Directors authorizes the chairman of the board to make decisions in accordance with Article 12, Paragraph 8 of the Guidelines for the Handling of Public Offering of Company Funds and Endorsements, this refers to the amount decided by the chairman of the board.

Note 6: The actual amount drawn down by the companies for which the endorsements/guarantees are made within the range of endorsement/guarantee balance shall be entered.

Note 7: Endorsements/guarantees made by TWSE/TPEX listed parent company for subsidiary, endorsements/guarantees made by subsidiary for TWSE/TPEX listed parent company, and endorsements/guarantees made in Mainland China must be indicated with 'Y'.



Notes to individual financial statements of Long Da Construction & Development Corporation (Continued)

(Amounts are in NT\$ thousand unless otherwise specified)

Table 2

Status of held securities at the end of the period: (Excluding investment in subsidiaries, associates and joint ventures):

| Securities held by                             | Name of securities                                  | Type of securities | Relationship with securities issuer      | General ledger account  | End of period |                 |            |            | Note     |
|--|---|--------------------|--|---|---------------|-----------------|------------|------------|----------|
|  |   |                    |  |   | Shares        | Carrying amount | Percentage | Fair value |          |
| Long Da Construction & Development Corporation | Yizhaibian Maintenance Technology Service Co., Ltd. | Stocks             | The Company is a director of the company | Financial assets at fair value through profit or loss - non-current | 200,000       | (Note 2)<br>\$— | 13.33%     | \$—        | (Note 1) |

(Note 1): The listed securities are not provided with guarantees, pledged loans, or other situations where their use is restricted in accordance with the agreement.

(Note 2): The original investment cost was NT\$2,000,000, and the impairment loss of Yizhaibian Maintenance Technology Service Co., Ltd. was recognized in 2006 as NT\$1,250,000. Loss of financial assets at fair value through profit or loss in 2018 was NT\$750,000.

Notes to the individual financial statements of Long Da Construction & Development Corporation (continued)

(Amounts are in NT\$ thousand unless otherwise specified)

Table 3

Acquisition of real estate reaching NT\$300 million or 20% of paid-in capital or more:

| Real estate acquired by                        | Name of property  | Date of occurrence    | Transaction amount | Amount paid  | Counterparty   | Relationship      | Previous transfer, if the counterparty is a related party |                          |               |        | Pricing basis     | Purpose of acquisition and utilization             | Other provisions |
|--|---|-----------------------|--------------------|--|--|-------------------|---|--------------------------|---------------|--------|-------------------|--|------------------|
|  |   |                       |                    |  |  |                   | Owner   | Relationship with issuer | Transfer date | Amount |                   |  |                  |
| Long Da Construction & Development Corporation | Buildings and land<br><br>(Land No. 53-2, 53-3, Yuanwei Section, Fengshan District, Kaohsiung City) | 2020.1.21             | \$803,900          | Payment in five installments<br><br>NT\$40,195,000 paid in the first installment<br>NT\$80,390,000 paid in the second installment<br>NT\$80,390,000 paid in the third installment<br>NT\$120,585,000 thousand yuan paid in the fourth<br>NT\$482,340,000 paid in the fifth installment | Taiwan Sugar Corporation                             | Non-related party | —   | —                        | —             | —      | Submit bids       | Co-construction of residential housing for sale    | (Note)           |
| Long Da Construction & Development Corporation | Land<br><br>(Xinyi Section, Gangshan District, Kaohsiung City<br>Land No. 43)                       | 2020.9.16             | \$521,680          | Payment in three installments<br><br>NT\$156,504,000 paid in the first installment<br>NT\$182,588,000 paid in the second installment<br>NT\$182,588,000 paid in the third installment  | Kaohsiung City Government Land Administration Bureau | Non-related party | —   | —                        | —             | —      | Submit bids       | Development and construction of buildings for sale | (Note 1)         |
| Long Da Construction & Development Corporation | Land<br><br>(Land No. 512, 513, Guanshui Section, Yanchao District, Kaohsiung City)                 | 2020.10.8             | \$307,348          | Payment in three installments<br><br>NT\$30,735,000 paid in the first installment<br>NT\$30,735,000 paid in the second installment<br>NT\$245,878,000 paid in the third installment  | Natural person                                       | Non-related party | —   | —                        | —             | —      | Price negotiation | Development and construction of buildings for sale | (Note 2)         |
| Long Da Construction & Development Corporation | Land<br><br>(Land No. 758, 761-1, 821-2, 823, 824, Zuchuan Section, Hualien City)                   | 2020.10.20-2020.10.21 | \$446,804          | Payment in three installments<br><br>NT\$63,117,000 paid in the first installment<br>NT\$75,466,000 paid in the second installment<br>NT\$308,221,000 paid in the third installment  | Natural person                                       | Non-related party | —   | —                        | —             | —      | Price negotiation | Development and construction of buildings for sale | (Note 3)         |
| Long Da Construction & Development Corporation | Land<br><br>(Land No. 102-1, Lantian West Section, Nanzi District, Kaohsiung City)                  | 2020.12.16            | \$331,900          | Payment in four installments<br><br>NT\$22,453,000 paid in the first installment<br>NT\$77,117,000 paid in the second installment<br>NT\$116,165,000 paid in the third installment<br>NT\$116,165,000 paid in the fourth installment   | Kaohsiung City Government Land Administration Bureau | Non-related party | —   | —                        | —             | —      | Submit bids       | Development and construction of buildings for sale | (Note 4)         |

(Note): The real estate deal is a cooperative construction of housing with Taiwan Sugar Corporation. Taiwan Sugar provides all the land and the Company provides the funds and buys back the real estate allocated by Taiwan Sugar, and the Company is responsible for entrusting the design, contracting, construction and sales, delivery, warranty, etc. As of December 31, 1991, the company has paid NT\$120,617,000 for the buildings and land.

(Note 1): The land was obtained by the Company from the Kaohsiung City Government Land Administration Bureau through a tender. As of December 31, 2020, the Company has paid NT\$521,680,000 for the land, and the related ownership transfer has been completed.

(Note 2): The land was acquired by the Company through bargaining with natural persons. As of December 31, 2020, the Company has paid NT\$307,348,000 for the land, and the related ownership transfer has been completed.

(Note 3): The land was acquired by the Company through bargaining with natural persons. As of December 31, 2020, the Company has paid NT\$101,234,000 for the land, and the related ownership transfer has not yet been completed.

(Note 4): The land was obtained by the Company from the Kaohsiung City Government Land Administration Bureau through a tender. As of December 31, 2020, the Company has paid NT\$22,453,000 for the land, and the related ownership transfer has not yet been completed.

Notes to individual financial statements of Long Da Construction & Development Corporation (Continued)

(Amounts are in NT\$ thousand unless otherwise specified)

Table 4

Disposal of real estate reaching NT\$300 million or 20% of paid-in capital or more:

| Real estate disposed by                        | Name of property  | Date of occurrence | Original acquisition date | Carrying amount | Transaction amount | Payment collection status  | Profit and loss from disposal | Counterparty                  | Relationship      | Previous transfer, if the counterparty is a related party |                          |               |        | Pricing basis     | Purpose of disposal                           | Other provisions |
|--|---|--------------------|---------------------------|-----------------|--------------------|--|-------------------------------|-------------------------------|-------------------|---|--------------------------|---------------|--------|-------------------|---|------------------|
|  |   |                    |                           |                 |                    |  |                               |                               |                   | Owner   | Relationship with issuer | Transfer date | Amount |                   |   |                  |
| Long Da Construction & Development Corporation | Buildings and land<br>(84 households and 186 parking spaces at No. 96 and 98, Guoping South Road, Anping District, Tainan City, etc.) | 2020.8.3           | 2018.8.22<br>(Note 1)     | \$566,935       | \$727,711          | Collection in three installments<br>NT\$221,173,000 collected in the first installment<br>NT\$442,347,000 collected in the second installment<br>NT\$73,724,000 collected in the third installment | \$160,776                     | FULY Construction Corporation | Non-related party | —   | —                        | —             | —      | Price negotiation | Increase operating profit and working capital | (Note)           |

(Note): As of December 31, 2020, the company has collected NT\$727,711,000 (tax included) for the property, and the related ownership transfer has been completed.

(Note 1): The real estate deal is a joint venture between the company and FULY Construction Corporation. The license for construction was obtained on August 22, 2018.

Notes to individual financial statements of Long Da Construction & Development Corporation (Continued)

(Amounts are in NT\$ thousand unless otherwise specified)

Table 5

Those who directly or indirectly have significant influence or control over the investee:

| Name of Investor                               | Investee          | Location | Main business items                                      | Initial investment amount |                          | Shares held as of the end of period |            |                 | Net income (loss) of the investee for the current period | Investment income (loss) recognized by the Company | Note |
|--|-------------------|----------|--|---------------------------|--------------------------|-------------------------------------|------------|-----------------|--|--|------|
|  |                   |          |  | End of current period     | End of the previous year | Shares (thousand shares)            | Percentage | Carrying amount |  |  |      |
| Long Da Construction & Development Corporation | Phoenix Co., Ltd. | Japan    | Food and beverage, tourism, hotels, and other businesses | \$7,402                   | \$7,402                  | 540 (strains)                       | 45.00%     | \$13,186        | (\$28,575)   | (\$12,859)   | —    |
|  |                   |          |  | JPY 27,000                | JPY 27,000               |                                     |            |                 | (JPY 102,848)  | (JPY 46,281)                                       |      |

Notes to the individual financial statements of Long Da Construction & Development Corporation (continued)

(Amounts are in NT\$ thousand unless otherwise specified)

Table 6

Information on major shareholders:

unit: shares

| Name of major shareholder     | Shareholding     |                    |
|-------------------------------|------------------|--------------------|
|                               | Number of Shares | Shareholding ratio |
| Da Jing Inv Co. Ltd.          | 25,944,433       | 11.83%             |
| Da Yang Inv Co. Ltd.          | 17,978,474       | 8.20%              |
| Yikung Construction Co., Ltd. | 15,841,621       | 7.22%              |

Note 1: The information of major shareholders in this table is based on the last business day of the end of each quarter by TDCC, and calculates that shareholders hold more than 5% of the company's ordinary shares and special shares that have completed unregistered delivery (including treasury shares). As for the share capital recorded in the Company's financial report and the Company's actual number of shares delivered without physical registration, there may be differences or differences due to different calculation bases.

Note 2: In the case of the above information, if the shareholder delivers the shares to a trust, it is disclosed as individual accounts of trustees who opened the trust account. As for the shareholder's declaration of insider's equity of more than 10% of the shares held in accordance with the Securities and Exchange Act, their shareholding includes their own shareholding plus the shares delivered to the trust and the right to use the trust property, etc., please refer to the insider's equity declaration public information system.