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隆大營建事業股份有限公司

LONG DA CONSTRUCTION & DEVELOPMENT CORPORATION

2022 Annual Report

Date of printing: April 16, 2023

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Company website: <http://www.longda.com.tw>

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|------------------------------|------------------------------|
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Chapter 1. Letter to Shareholders

Dear Shareholders, the following items explain the Company's 2022 business results and 2023 business plan:

I. 2022 Business Results

(I) Implementation Results of Business Plan

The operating income of the Company's final accounts for 2022 was NT\$4,713,710,000, and the operating income of the final accounts for 2021 was NT\$4,740,980,000, representing a decrease of approximately NT\$27,270,000, or a decrease of 0.58%. The net profit after tax in the final accounts for 2022 is NT\$910,090,000, and the net profit after tax in the final accounts for 2021 is NT\$608,500,000, representing an increase of about NT\$301,590,000, or an increase of about 49.56%. The basic after-tax earnings per share based on the Company's profit in 2022 is NT\$4.13.

(II) Budget Implementation

The Company has not prepared a financial forecasts for 2022, so this item will not be analyzed.

(III) Financial Status and Profitability

Item		2022	2021
ROA %		8.50	6.49
ROE %		18.75	13.34
Issued capital ratio %	Operating profit	47.54	33.68
	Net profit before tax	47.46	33.79
Net profit ratio %		19.22	12.63
Current earnings per share (NT\$)		4.13	2.73

Earnings per share in 2022 were NT\$4.13, an increase of 1.4 from NT\$2.73 in 2021, mainly due to the increase in profit in good real estate sales.

(IV) Research and Development Work

1. Land development and contract research and development:
The 2022 land development strategy and development target will focus on the first purchase and exchange of residential products in the medium price range.
The 2022 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. 2023 Business Plan

(I) Business Policy

1. Negotiate the purchase of construction land and adjust the business scale.
2. Selectively undertake private and public 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 phase 3-1", "Phoenix Tianmu", "Ode to the Phoenix" and "Phoenix Crown" and other construction projects.

2. Main cases that have been contracted and entered into accounts include "Fuhe Section (Phoenix Blossom)", "Lindeguan Section (Guanghua Case)", "Prosperity Tieh Enterprise-No.4 Plating Plant and ARP Project", and "Lindeguan Section (Qixian Case)".

(III) Important Production and Marketing Policies

In terms of sales strategy in 2023, the primary goal is to stabilize product prices and achieve reasonable sales profits.

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

In terms of contracted cases, higher-profit private and public projects will be selected.

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 new law on “same floor draining system” has come into force on January 1, 2022. And with the new law in effect, the construction costs for construction companies that intend to adopt the “same floor draining system” will surely increase.

After the amendment to The Equalization of Land Rights Act was passed, the pre-sale real estate market has officially entered into a calm phase, and the overall real estate market will show four main phenomena: Diminishing price difference between pre-sale and existing real estate, diminishing transaction volume in the luxury real estate market, high-leverage constructing companies gradually withdrawing from the market, and capital flow towards hedging products. After the law amendment, the mode of proposals by constructing companies will shift from pre-sale to existing real estate projects. The core target of the amendment is to fight real estate speculation, at the same time, the law will guide the real estate market to return to the rigid market mechanism.

Judging from the number of reported construction ground-breakings, Kaohsiung City continues with the same proposal plan of 2022 in 2023, with major projects being 2-bedroom and 3-bedroom products, showing rigidity in the demand for products of first-time home buyers. These 2-bedroom and 3-bedroom products have become the focus in proposals in the market. What is worth noting is that individual residential buildings still have potential demands despite the high land prices in cities. Therefore, under the premise of little supply, the development of individual residential building still has a favorable basis.

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 cautious. 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 by joint construction or joint ventures. 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 hope to continue to provide support in the future. Finally, I wish you all good health and good luck!

Chairperson of the Board: Chen, Wu-Tsung

President: Hong, Mao-Yuan

Chapter 2. Company Profile

I. Company Profile

(I) Date of Establishment: April 30, 1982

(II) 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. 9 directors and 2 supervisors were re-elected, and Mr. Chen, Wu-Tsung was elected as the chairman of the board. 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. Obtained the international certification of ISO9002.
1999	Capital increase of NT\$36,000,000 through capitalization of earnings and capital reserves. 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. 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, Wu-Tsung as chairman. 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.

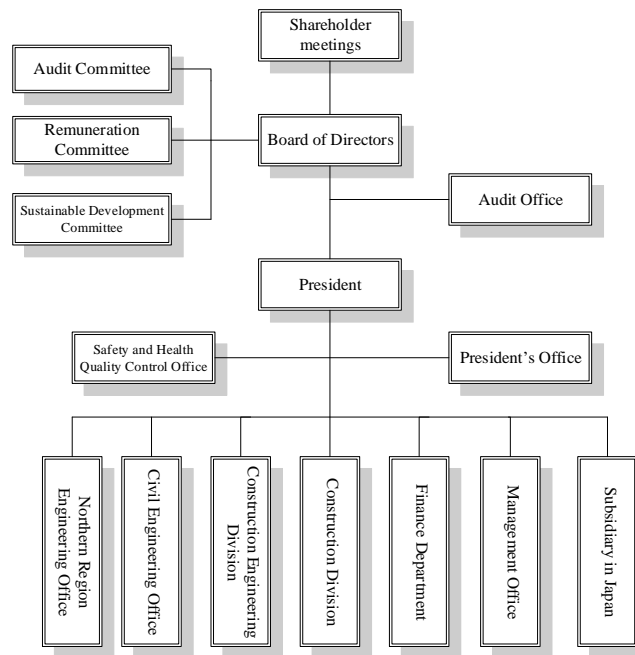
2002	Capital increase of NT\$7,500,000 through capitalization of earnings. Cooperated with Nissho Maeda Construction Industry Co., Ltd. to contract for the CO2 section of the Kaohsiung MRT Orange Line of Kaohsiung Express Co., Ltd.
2003	Capital increase of NT\$2,924,700 through capitalization of earnings. 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, Wu-Tsung was re-elected as chairman. 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, Wu-Tsung 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, Wu-Tsung 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. 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. The surplus was transferred to an increase of NT\$225,000,000, and the paid-in capital after the capital increase was NT\$1,725,000,000.
2015	The surplus was transferred to an 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, Wu-Tsung 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, Wu-Tsung 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\$2,191,971,800.</p> <p>The Company's Articles of Incorporation are changed, and directors (including independent directors) fully adopted a candidate nomination system.</p>
2021	<p>7 directors and 3 independent directors were re-elected, and Mr. Chen, Wu-Tsung was re-elected as Chairman.</p> <p>Vice Chairman of the Board of Directors was established, a position served by Mr. Chen Youqi.</p> <p>Issued the secured ordinary corporate bonds, worth NT\$499,000,000.</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 Office	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	Planning and management of human resources, planning and management of administrative affairs, maintenance and security monitoring of information systems, stock management, product design planning and 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 Division Civil Engineering Office Northern Region 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

(I) Director Information April 16, 2023

Title (Note 1)	Nationality or place of registration	Name	Gender Age	Elected Date	Term (Years)	Date First Elected (Note 2)	Shareholding when Elected		Current Shareholding		Spouse & Minor Shareholding		Shareholding by nominee arrangement		Experience (Education) (Note 3)	Positions Held at the Company or Other Companies	Executives or directors who are spouses or within two degrees of kinship		
							Shares	Percentage	Shares	Percentage	Shares	Percentage	Shares	Percentage			Title	Name	Relationship
Chairman	Taiwanese	Chen, Wu-Tsung	Male 61-70	2021/7/6	3	1997/7/20	1,024,407	0.467	1,024,407	0.467	6,338,321	2.892	None	None	Pingtung Wah Chau Commerce and Industry Senior High School	Chairman of Hong Ji Construction Chairman of Da Jin Investment Chairman of Wah Sheng Holdings Chairman of Feng Huang Investment Director of Phoenix Co., Ltd.	Vice Chairman	Chen Youqi	Father and son
Vice Chairman	Taiwanese	Chen Youqi	Male 31-40	2021/7/6	3	2011/8/5	557,495	0.254	557,495	0.254	393,192	0.179	None	None	Department of Architecture and Urban Planning, Chung Hua University	Director of Hong Ji Construction Director of Da Jin Investment Director of Feng Huang Investment The Company's Executive Vice President of the Construction Division Director of Phoenix Co., Ltd.	Chairman	Chen, Wu-Tsung	Father and son
Director	Taiwanese	Da Jing Investment Co. Ltd.	None	2021/7/6	3	1997/7/20	28,658,433	13.074	47,576,907	21.705	0	0	None	None	None	None	None	None	None
	Taiwanese	Designated representative: Guo Hanlong	Male 61-70	2021/7/6	3	2021/7/6	664,476	0.303	809,476	0.369	354,286	0.162	None	None	Department of Civil Engineering, National Chung Hsing University	Consultant of the Company	None	None	None
Director	Taiwanese	Yikung Investment Co., Ltd.	None	2021/7/6	3	2018/6/13	2,450,617	1.118	2,450,617	1.118	0	0	None	None	None	None	None	None	None

Title (Note 1)	Nationality or place of registration	Name	Gender Age	Elected Date	Term (Years)	Date First Elected (Note 2)	Shareholding when Elected		Current Shareholding		Spouse & Minor Shareholding		Shareholding by nominee arrangement		Experience (Education) (Note 3)	Positions Held at the Company or Other Companies	Executives or directors who are spouses or within two degrees of kinship		
							Shares	Percentage	Shares	Percentage	Shares	Percentage	Shares	Percentage			Title	Name	Relationship
	Taiwanese	Designated representative: Lin Zhefeng	Male 31-40	2021/7/6	3	2011/3/4	0	0	0	0	0	0	None	None	MBA of Sun Yat-sen University	Chairman of Shengong Construction Director of Yikung Construction Supervisor, Yikung Supervisor, Yikung Investment	None	None	None
Independent Director	Taiwanese	Lin Xiangkai	Male 61-70	2021/7/6	3	2018/6/13	0	0	0	0	0	0	None	None	Ph.D. in Economics, Carnegie Mellon University	Remuneration Committee Member Audit Member Sustainable Development Committee Member Consultant, Taiwan Cooperative Bills Finance Corporation	None	None	None
Independent Director	Taiwanese	Jiang Yongzheng	Male 61-70	2021/7/6	3	2015/6/16	0	0	0	0	0	0	None	None	School of Law, Soochow University	Lawyer, Zhengyang Law Firm Independent Director of Nanpao Resin Chemical Factory Company Remuneration Committee Member Audit Member Sustainable Development Committee Member Independent Director, Taiwan Secom Co., Ltd. Independent Director, Top High Image Co., Ltd.	None	None	None
Independent Director	Taiwanese	Chen Jinde	Male 61-70	2021/7/6	3	2021/7/6	0	0	0	0	0	0	None	None	Master's Degree Institute of Chemical Engineering, National Taiwan University	Remuneration Committee Member Audit Member Sustainable Development Committee Member	None	None	None

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: Please list your actual age expressed in intervals, such as 41-50 years old or 51-60 years old.

Note 3: 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 4: 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.

Note 5: Where the chairperson of the board of directors and the general manager or person of an equivalent post (the highest level manager) of a company are the same person, spouses, or relatives within the first degree of kinship, an explanation shall be given of the reason for, reasonableness, necessity thereof, and the measures adopted in response thereto (for instance, increasing the number of independent directors, and more than half of the directors should not concurrently be employees or managers).

Table 1: Main shareholders of corporate shareholders

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

Table 2: Major shareholders in the Table 1 who are institutional investors and their major shareholders

Name of corporate shareholders	Main shareholders of corporate shareholders
Hong Ji Construction Co., Ltd.	Chen, Wu-Tsung (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, Wu-Tsung (50%), Xu Mingyi (21.5%), Chen Youqi (10%), Chen Yongyu (10%), Chen Youzhen (4.25%) and Chen Yourong (4.25%)

1. Major shareholders

Name of major shareholder	Shareholding	Number of Shares	Shareholding ratio (%)
Da Jing Inv Co. Ltd.		47,576,907	21.71
Da Hong Inv Co. Ltd.		20,500,000	9.35
Yikung Construction Co., Ltd.		8,391,621	3.83
Xin Wang Investment Co. Ltd.		6,700,000	3.06
Hsu Mingyi		6,338,321	2.89
You Li Investment Co., Ltd.		3,500,000	1.60
Yikung Investment Co., Ltd.		2,450,617	1.12
Xinwei Investment Co., Ltd.		2,300,000	1.05
Chen Yourong		1,816,769	0.82
Chen Youzhen		1,805,000	0.82
Total		101,379,235	46.25

Note: Shareholders whose shareholding ratio is more than 5% are listed; if there are less than ten shareholders, disclose the names of the top ten shareholders with the shareholding ratios, the amounts, and proportions of shares held.

2. Disclosure of the Professional Qualifications of Directors and Independence of Independent Directors:

Name	Criteria	Professional qualifications and experience	Independence	Number of positions as an independent director in other public companies
Chairman Chen, Wu-Tsung		Chairman, Long Da Construction & Development Corporation Chairman, Hong Ji Construction Co., Ltd.	Not applicable (Note 3)	No concurrent positions
Vice Chairman Chen Youqi		Director, Long Da Construction & Development Corporation	Not applicable (Note 3)	No concurrent positions
Director Guo Hanlong (Note 1)		President, Long Da Construction & Development Corporation	Not applicable (Note 3)	No concurrent positions
Director Lin Zhefeng (Note 2)		Vice President, Yikung Construction	Not applicable (Note 3)	No concurrent positions
Independent Director Lin Xiangkai		Professor of Economics, National Taiwan University Chairman, Easycard Corporation Consultant, Taiwan Cooperative Bills Finance Corporation (Note 4)	Refer to page 15	No concurrent positions
Independent Director Jiang Yongzheng		Lawyer, Zhengyang United Law Firm Director, Nan He Industrial Co., Ltd. Director, Mingchali Metal Industry Co., Ltd. (Note 4)	Refer to page 15	3 concurrent positions at companies (Independent Director of Nanpao Resin Chemical Factory Company, Independent Director, Taiwan Secom Co., Ltd., Independent Director, Top High Image Co., Ltd.)
Independent Director Chen Jinde		Deputy Mayor, Kaohsiung City Government Chairman, CPC Corporation The 17th County Magistrate (acting) of Yilan County (Note 4)	Refer to page 15	No concurrent positions

Note 1: Director Guo Hanlong is the designated representative of Da Jing Inv Co. Ltd.

Note 2: Director Lin Zhefeng is the designated representative of Yikung Investment Co., Ltd.

Note 3: Ordinary directors are not required to state their independence.

Note 4: No condition defined in Article 30 of the Company Act has appeared.

3. Diversity of the Board and Independence:

- (1) Diversity of the Board: Refer to pages 35-37 of the annual report.
- (2) Independence of the Board: The company has 3 independent directors, accounting for 3/7 of the Board of Directors. The independence of individual independent directors is described as follows:

A. Independent Director Lin Xiangkai: In accordance with the relevant regulations set by the Securities and Futures Bureau of the Financial Supervisory Commission, Mr. Lin Xiangkai has provided relevant written information and a statement to the Company to confirm that his independence complies with Articles 2 – 4 of the Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies.

B. Independent Director Jiang Yongzheng: In accordance with the relevant regulations set by the Securities and Futures Bureau of the Financial Supervisory Commission, Mr. Jiang Yongzheng has provided relevant written information and a statement to the Company to confirm that his independence complies with Articles 2 – 4 of the Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies.

C. Independent Director Chen Jinde: In accordance with the relevant regulations set by the Securities and Futures Bureau of the Financial Supervisory Commission, Mr. Chen Jinde has provided relevant written information and a statement to the Company to confirm that his independence complies with Articles 2-4 of the Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies.

(II) 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	Hong, Mao-Yuan	2021/9/1	Male	40,216	0.02	0	0	0	0
Executive Vice President	Taiwanese	Chen Youqi	2021/9/1	Male	557,495	0.25	393,192	0.179	0	0
Vice President	Taiwanese	Chen Junyuan	2018/1/1	Male	3,331	0.002	8,277	0.004	0	0
Vice President	Taiwanese	Feng, Shu-Ching	2018/1/1	Female	22,536	0.01	6,108	0.003	0	0
Vice President	Taiwanese	Xie Yingxian	2021/2/17	Male	46,031	0.02	0	0	0	0
Vice President	Taiwanese	Wu Yuwen	2021/9/1	Male	31,217	0.01	0	0	0	0
Assistant Vice President	Taiwanese	Feng Huizhong	2018/1/1	Male	10,028	0.005	18	0	0	0
Assistant Vice President	Taiwanese	Su Bingan	2018/1/1	Male	16,220	0.007	205,000	0.093	0	0
Assistant Vice President	Taiwanese	Wu Yubin	2021/2/17	Male	18,573	0.008	0	0	0	0
Assistant Vice President	Taiwanese	Guo Xiuxiang	2023/3/1	Female	10,000	0.005	2,439	0.001	0	0

Title	Name	Experience (Education)	Positions Held at Other Companies	Managers who are spouses or within two degrees of kinship		
				Title	Name	Relations hip
President	Hong, Mao-Yuan	Department of Accounting, Fu Jen Catholic University	Supervisor of Phoenix Co., Ltd.	None	None	None
Executive Vice President	Chen Youqi	Department of Architecture and Urban Planning, Chung Hua University	Director of Hong Ji Construction Director of Feng Huang Investment Director of Da Jin Investment Director of Phoenix Co., Ltd.	Chairman	Chen, Wu-Tsung	Father and son
Vice President	Chen Junyuan	Sun Yat-sen University Asset Management Office	Civil engineer	None	None	None
Vice President	Feng, Shu-Ching	Department of Accounting, Chung Yuan Christian University	None	None	None	None
Vice President	Xie Yingxian	Dept. of Civil Engineering, National Cheng Kung University	None	None	None	None
Vice President	Wu Yuwen	Department of Civil Engineering, Kaohsiung University of Applied Sciences	None	Assistant Vice President	Wu Yubin	Brothers
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	Vice President	Wu Yuwen	Brothers
Assistant Vice President	Guo Xiuxiang	Department of Accountancy, National Cheng Kung University	None	None	None	None

Note 1: Guo Xiuxiang was promoted to Assistant Vice President on March 1, 2023.

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

(I) Unit of director remuneration: NT\$, shares

Title	Name	Director remuneration				Total remuneration (A+B+C+D) and its ratio to net income (%)	Remuneration to concurrent employees					Total remuneration (A+B+C+D+E + F+G) and its ratio 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				
Corporate director	Da Jin Investment	0	0	11,306,926	0	11,306,926 1.25%	0	0	0	0	0	0	11,306,926 1.25%	
Designated representative	Guo Hanlong	0	0	0	240,000	240,000 0.03%	0	0	0	0	0	0	240,000 0.03%	
Corporate director	Yikung Investment	0	0	11,306,926	0	11,306,926 1.25%	0	0	0	0	0	0	11,306,926 1.25%	
Designated representative	Lin Zhefeng	0	0	0	240,000	240,000 0.03%	0	0	0	0	0	0	240,000 0.03%	
Chairman	Chen, Wu-Tsung	0	0	22,613,850	480,000	23,093,850 2.55%	9,629,200	6,071,172	5,847,942	0	0	0	44,642,164 4.93%	
Vice Chairman	Chen Youqi													
Independent Director	Lin Xiangkai	0	0	0	2,580,000	2,580,000 0.28%	0	0	0	0	0	0	2,580,000 0.28%	
Independent Director	Jiang Yongzheng													
Independent Director	Chen Jinde													

In addition to those disclosed in the table above, the remuneration received by the directors of the Company in the most recent year for providing services (such as serving as non-employee consultants of the parent company/all companies listed in the financial report/investee companies, etc.): NT\$1,550,000.

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.

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, Chen Jinde, Lin Zhefeng, Guo Hanlong		Lin Xiangkai, Jiang Yongzheng, Chen Jinde, Lin Zhefeng, Guo Hanlong	
NT\$1,000,000 to NT\$2,000,000 (exclusive)	None		None	
NT\$2,000,000 to NT\$3,500,000 (exclusive)	None		None	
NT\$3,500,000 to NT\$5,000,000 (exclusive)	None		None	
NT\$5,000,000 to NT\$10,000,000 (exclusive)	None		None	
NT\$10,000,000 to NT\$15,000,000 (exclusive)	Chen, Wu-Tsung, Chen Youqi, Da Jin Investment, Yikung Investment		Chen Youqi, Da Jin Investment, Yikung Investment	
NT\$15,000,000 to NT\$30,000,000 (exclusive)	None		Chen, Wu-Tsung	
NT\$30,000,000 to NT\$50,000,000 (exclusive)	None		None	
NT\$50,000,000 to NT\$100,000,000 (exclusive)	None		None	
NT\$100,000,000 or above	None		None	
Total	9		9	

(II) Scale of remuneration: President and VP

unit: NT\$

Title	Name	Salary (A)		Severance pay (B)		Bonuses, allowances, etc. (C)		Profit sharing-employee remuneration (D)		Total remuneration (A+B+C+D) and its ratio to net income (%)		Remuneration from reinvestments other than subsidiaries or the parent company
		The Company	All companies in the 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		The Company	All companies in the financial statements	
								Cash	Stock			
President	Hong, Mao-Yuan	8,850,613		477,372		3,436,000	8,358,079	0	21,122,064 2.33%	None		
Executive Vice President	Chen Youqi											
Vice President	Chen Junyuan											
Vice President	Feng, Shu-Ching											
Vice President	Xie Yingxian											
Vice President	Wu Yuwen											

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.

Remuneration scale table

Bracket	Names of President and VPs	
	The Company	All companies in the financial statements
Below NT\$1,000,000	None	
NT\$1,000,000 to NT\$2,000,000 (exclusive)	None	
NT\$2,000,000 to NT\$3,500,000 (exclusive)	Wu Yuwen, Feng Shuqing, Xie Yingxian, Chen Youqi	
NT\$3,500,000 to NT\$5,000,000 (exclusive)	Hong, Mao-Yuan, Chen Junyuan	
NT\$5,000,000 to NT\$10,000,000 (exclusive)	None	
NT\$10,000,000 to NT\$15,000,000 (exclusive)	None	
NT\$15,000,000 to NT\$30,000,000 (exclusive)	None	
NT\$30,000,000 to NT\$50,000,000 (exclusive)	None	
NT\$50,000,000 to NT\$100,000,000 (exclusive)	None	
NT\$100,000,000 or above	None	
Total	6	

(III) 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, Wu-Tsung	None	16,096,539	16,096,539	1.78%
President	Hong, Mao-Yuan				
Executive Vice President	Chen Youqi				
Vice President	Chen Junyuan				
Vice President	Feng, Shu-Ching				
Vice President	Xie Yingxian				
Vice President	Wu Yuwen				
Assistant Vice President	Feng Huizhong				
Assistant Vice President	Wu Yubin				
Assistant Vice President	Su Bingan				

Note: Passed by the Board of Directors on February 23, 2023, employee remuneration in 2022 was NT\$45,227,702. Managers' employee remuneration was an estimate.

(IV) 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	2021		2022	
	The Company	All companies in the consolidated financial statements	The Company	All companies in the consolidated financial statements
Director	7.10%		7.76%	
President and vice president	3.19%		2.33%	

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 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 their 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 2022 and as of February 23, 2023 (the 6th to the 11th meeting of the 16th session).

The attendance of the directors is as follows:

Title	Name	Attendance in person	Attendance by proxy	Attendance rate (%)	Note
Chairman	Chen, Wu-Tsung	5	0	83%	
Vice Chairman	Chen Youqi	6	0	100%	
Director	Yikung Investment (Designated representative: Lin Zhefeng)	5	0	83%	
Director	Da Jin Investment (Designated representative: Guo Hanlong)	6	0	100%	
Independent Director	Lin Xiangkai	6	0	100%	
Independent Director	Jiang Yongzheng	6	0	100%	
Independent Director	Chen Jinde	5	0	83%	

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.

Period and date	Key resolutions of the Board of Directors	Matters listed in §14-3 of the Securities and Exchange Act	Independent directors hold objections or reservations
2022/3/17 6th meeting of the 16th Board of Directors	I. The Company's 2021 Statement of Internal Control System.	✓	
	II. The Company's 2021 Business Report and Financial Statements.	✓	
	III. It is proposed to appoint Ernst & Young to handle the 2022 financial and tax return matters.	✓	
	IV. Proposal for changes in the Company's financial report CPAs.	✓	
	V. Year-end bonus distribution for managers of the Company.	✓	
	VI. The Company's 2021 director remuneration and employee remuneration distribution and allocation.	✓	
	VII. The Company's 2021 earnings distribution.	✓	
	VIII. Amendments to the Articles of Incorporation.	✓	
	IX. Proposal to amend the Procedures for Acquisition and Disposal of Assets	✓	
	X. Matters relating to the convention of the 2022 annual meeting of the shareholders.		
	XI. Proposal to acquire 2 pieces of land, including "Land No. 515 and 520, Dagong Section, Gangshan District, Kaohsiung	✓	

Period and date	Key resolutions of the Board of Directors	Matters listed in §14-3 of the Securities and Exchange Act	Independent directors hold objections or reservations
	City".		
2022/3/17 6th meeting of the 16th Board of Directors	XII. Proposal to acquire 4 lots of land, including "Land Nos. 1826, 1826-2, 1826-3, 1826-4, Daren Section, Gangshan District", and one lot of land "Land No. 286, Bixiu Section, Qiaotou District" for road use.		
	XIII. Proposal to acquire "Land No. 3953, Lindeguan 4 Sections, Lingya District, Kaohsiung City holding for road use".		
	XIV. It is proposed to apply to the Taiwan Cooperative Bank, Kaohsiung Branch for land financing.		
	XV. It is proposed to apply to the Taiwan Cooperative Bank, Kaohsiung Branch for land and building financing.		
	XVI. The land financing business of Land Bank of Taiwan, Nanzi Branch requires the revision of the letter of commitment.		
	XVII. It is proposed to apply for a short-term loan extension to the Tokyo Branch and Minzu Branch of China Trust Commercial Bank.		
	XVIII. It is proposed to apply to the CTBC Taiwan Kaohsiung area center of the corporate finance business headquarters for financing renewal.		
	XIX. It is proposed to apply to the First Commercial Bank, Yancheng Branch for financing renewal.		
	Opinions of Independent Directors: None		
The Company's handling of the opinions of independent directors: Not applicable			
Resolution result: Passed by all attending directors.			
2022/5/12 7th meeting of the 16th Board of Directors	I. Revised the operations for taking out insurance policies for real estate, factories and equipment cycles.	✓	
	II. Won bidding for "Land No. 6, Gaochang Section, Nanzi District, Kaohsiung City" of	✓	

Period and date	Key resolutions of the Board of Directors	Matters listed in §14-3 of the Securities and Exchange Act	Independent directors hold objections or reservations
	the Kaohsiung City Government Finance Bureau.		
	III. It is proposed to apply to the Xinxing Branch of Chang Hwa Bank for financing.		
	IV. It is proposed to apply to the Kaohsiung Branch of Taiwan Cooperative Bank for land financing.		
	V. Proposed to apply to the Kaohsiung branch of Bangkok Bank of Thailand for comprehensive financing extension.		
	VI. It is proposed to apply to the Qianzhen Branch of Taiwan Business Bank for financing extension.		
	VII. It is proposed to apply to the Land Bank of Taiwan, Taoyuan Branch for a land financing extension.		
	VIII. Proposed to apply to the Qixian Branch of Shin Kong Bank for a comprehensive financing extension.		
	IX. It is proposed to apply to Mega International Commercial Bank Fengshan Branch for comprehensive financing 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.		
2022/7/22 8th meeting of the 16th Board of Directors	I. Set the Company's cash dividend payment base date proposal.		
	II. It is proposed to apply to CTBC Bank for land financing.		
	Opinions of Independent Directors: None		
	The Company's handling of the opinions of independent directors: Not applicable		
Resolution result: Passed by all attending directors.			
2022/8/9 9th meeting of the 16th Board of Directors	I. It is proposed to revise the tender offer operations for procedures for the project contract cycle.	✓	
	II. Related party undertaking advertising and	✓	

Period and date	Key resolutions of the Board of Directors	Matters listed in §14-3 of the Securities and Exchange Act	Independent directors hold objections or reservations	
	sales of the Company's "Phoenix Crown" case.			
	III. It is proposed to apply to the Taiwan Cooperative Bank, Kaohsiung Branch for land financing.			
	IV. It is proposed to apply to the Sanmin Branch of the Land Bank of Taiwan for construction financing.			
	V. It is proposed to apply to the Taiwan Cooperative Bank, Danshui Branch for land financing.			
	VI. It is proposed to apply to Hua Nan Bank, Sanmin Branch for a financing extension and a new limit.			
	VII. It is proposed to apply to the Qianzhen Branch of Taiwan Business Bank for financing extension and a new limit.			
	VIII. It is proposed to apply to the Land Bank of Taiwan Lingya Branch for a financing extension.			
	IX. It is proposed to apply to the Xinxing Branch of Chang Hwa Bank for a financing extension.			
	X. It is proposed to apply to the Bank of Taiwan, Lingya Branch for a financing 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.				
	I. The Company's 2023 Auditing Plan.	✓		
	II. It is proposed to formulate the "Sustainable Development Committee Organizational Rules".	✓		
2022/11/8 10th meeting of the 16th Board of Directors	III. Amendments to some provisions of the "Procedures for Preventing Insider Trading".	✓		
	IV. Amendments to some provisions of the "Rules and Procedures for Board of	✓		

Period and date	Key resolutions of the Board of Directors	Matters listed in §14-3 of the Securities and Exchange Act	Independent directors hold objections or reservations
	Directors Meetings".		
	V. Amendments to some provisions of the "Rules of Procedure of Shareholders' Meetings"	✓	
	VI. Amendments to some provisions of the "Procedures for Handling Material Inside Information".	✓	
	VII. Related party undertaking advertising and sales of the Company's "Long Da Phoenix phase 3-1" case.	✓	
	VIII. It is proposed to apply to the Taiwan Cooperative Bank, Kaohsiung Branch for land financing.		
	IX. It is proposed to apply to the Sanmin Branch of Hua Nan Bank for 2 land financing extensions.		
	X. It is proposed to apply to the Bank of Kaohsiung, South Kaohsiung Branch for financing extension.		
	XI. It is proposed to apply to the Mega Bills, Kaohsiung Branch for an extension on the guaranteed margin for the issuance of commercial promissory notes.		
	XII. It is proposed to apply to the Kaohsiung Branch of Taiwan Cooperative Bills Finance Corporation for an extension on the guaranteed margin for the issuance of commercial promissory notes.		
	XIII. It is proposed to apply to Kaohsiung Payment Center of the Union Bank of Taiwan for an extension on the guaranteed margin for the issuance of commercial promissory notes.		
	XIV. It is proposed to apply to the China Bills Finance Corporation Kaohsiung Branch for an extension on the guaranteed margin for the issuance of commercial promissory notes.		
	XV. It is proposed to apply to Taichung Commercial Bank, Kaohsiung Branch for financing extension.		

Period and date	Key resolutions of the Board of Directors	Matters listed in §14-3 of the Securities and Exchange Act	Independent directors hold objections or reservations
	Opinions of Independent Directors: None		
	The Company's handling of the opinions of independent directors: Not applicable		
	Resolution result: Passed by all attending directors.		
2023/2/23 11th meeting of the 16th Board of Directors	I. The Company's 2022 Statement of Internal Control System.	✓	
	II. The Company's 2022 Business Report, Financial Statements and Earnings Distribution Table.	✓	
	III. It is proposed to appoint Ernst & Young to handle the 2023 financial and tax return matters.	✓	
	IV. Formulation of the Company's "General Principles on Pre-authorized Non-assurance Services Policy" and the non-assurance service items expected to be provided by certified public accounting firm.	✓	
2023/2/23 11th meeting of the 16th Board of Directors	V. It is proposed to acquire 55% of the shares of Phoenix Co., Ltd.	✓	
	VI. It is proposed to apply to the Land Bank of Taiwan, Taoyuan Branch for financing.		
	VII. It is proposed to apply to the CTBC Taiwan Kaohsiung area center of the corporate finance business headquarters for financing renewal.		
	VIII. Proposed to apply to the Kaohsiung branch of Bangkok Bank of Thailand for comprehensive financing extension.		
	IX. It is proposed to apply to the First Commercial Bank, Yancheng Branch for financing renewal.		
	X. It is proposed to apply for a short-term loan extension to the Tokyo Branch and Minzu Branch of China Trust Commercial Bank.		
	XI. Year-end bonus distribution for managers of the Company.	✓	
	XII. The Company's 2022 director remuneration and employee remuneration	✓	

Period and date	Key resolutions of the Board of Directors	Matters listed in §14-3 of the Securities and Exchange Act	Independent directors hold objections or reservations
	distribution and allocation.		
	XIII. The Company's 2022 earnings distribution.	✓	
	XIV. Salary adjustment of Chen Youqi, Executive Vice President of the Company.	✓	
	XV. Promotion of Guo Xiuxiang, Manager of the Company.	✓	
	XVI. Formulation of the "Guidelines for the Compilation and Management of the Sustainability Report".	✓	
	XVII. Amendments to some provisions of the Company's "Standard Operating Procedures for Handling the Requests of Directors".	✓	
	XVIII. Renaming the Company's "Corporate Social Responsibility Best Practice Principles" as "Sustainable Development Best Practice Principles" and amendments to some provisions therein.	✓	
	XIX. Matters relating to the convention of the 2023 annual meeting of the shareholders.		
	XX. Proposal of appointment of the 1st Sustainable Development Committee members.		
	XXI. Proposal of appointment of related parties to undertake the advertising and sales of the Company's "Land No. 1300, Xinzhuang Section, Qiaotou District" and "Land No. 43, Xinyi Section, Gangshan District" buildings.	✓	
	XXII. Acquisition of 40% share of the land "Land No. 54, Section 1, Passenger Transport Section, Dayuan District".	✓	
	Opinions of Independent Directors: None		
	The Company's handling of the opinions of independent directors: Not applicable		
	Resolution result: Passed by all attending directors.		

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

(1) 6th meeting of the 16th Board of Directors on March 17, 2022:

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

Implementation status: Chairman Chen, Wu-Tsung, Vice Chairman Chen Youqi, President Hong Maoyuan, Executive Vice President Feng Shuqing, and Vice President Xie Yingxian are managers of the Company. They were not allowed to participate in the discussion and voting to avoid conflicts of interests. The Acting Chair (Independent Director Lin Xiangkai) consulted the remaining directors present and passed the proposal without objection.

B. Agenda content: The Company's 2021 director remuneration distribution and allocation.

Implementation status: Chairman Chen, Wu-Tsung, Vice Chairman Chen Youqi, Director Lin Zhefeng, and Director Guo Hanlong were not allowed to participate in the discussion and voting to avoid conflicts of interests. The Acting Chair (Independent Director Lin Xiangkai) consulted the remaining directors present and passed the proposal without objection.

C. Agenda content: The Company's 2021 remuneration distribution proposal for managers.

Implementation status: Chairman Chen, Wu-Tsung, Vice Chairman Chen Youqi, President Hong Maoyuan, Executive Vice President Feng

Shuqing, and Vice President Xie Yingxian are managers of the Company. They were not allowed to participate in the discussion and voting to the avoid conflicts of interests. The Acting Chair (Independent Director Lin Xiangkai) consulted the remaining directors present and passed the proposal without objection.

(2) 9th meeting of the 16th Board of Directors on August 9, 2022:

A. Agenda content: Related party undertaking advertising and sales of the Company's "Phoenix Crown" case.

Implementation status: After the Stakeholder (Chairman Chen, Wu-Tsung being a kin within the second degree of the legal representative of Hao Jing Advertising Co., Ltd.) recused himself from the case, the Acting Chair (Independent Director Lin Xiangkai) consulted the remaining directors present and passed the proposal without objection.

(3) 10th meeting of the 16th Board of Directors on November 8, 2022:

A. Agenda content: Related party undertaking advertising and sales of the Company's "Long Da Phoenix phase 3-1" case.

Implementation status: Stakeholders (Chairman Chen, Wu-Tsung is a kin within the second degree of the legal representative of Hao Jing Advertising Co., Ltd.) recused himself from the case, the Acting Chair (Independent Director Lin Xiangkai) consulted the remaining directors present and passed the proposal without objection.

(4) 11th meeting of the 16th Board of Directors on February 23, 2023:

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

Implementation status:Chairman Chen, Wu-Tsung, Vice Chairman Chen Youqi, President Hong Maoyuan, Executive Vice President Feng Shuqing, and Vice President Xie Yingxian are managers of the Company. They were not allowed to participate in the discussion and voting to the avoid conflicts of interests. The Acting Chair (independent director Lin Xiangkai) consulted the remaining directors present and passed the proposal without objection.

B. Agenda content:The Company’s 2022 director remuneration distribution and allocation.

Implementation status:Chairman Chen, Wu-Tsung, Vice Chairman Chen Youqi, Director Lin Zhefeng, and Director Guo Hanlong were not allowed to participate in the discussion and voting to avoid conflicts of interests. The Acting Chair (Independent Director Lin Xiangkai) consulted the remaining directors present and passed the proposal without objection.

C. Agenda content:Salary adjustment of Chen Youqi, Executive Vice President of the Company.

Implementation status:After the stakeholders (Chairman Chen, Wu-Tsung, Vice Chairman Chen Youqi) recused themselves from the case, the Acting Chair (Independent Director Lin Xiangkai) consulted the remaining directors present and passed the proposal without objection.

D. Agenda content:Proposal of appointment of related parties to undertake the advertising and sales of the Company's "Land No. 1300, Xin Zhuang Section, Qiaotou District" and “Land No. 43, Xinyi Section, Gangshan District” buildings.

Implementation status:After the Stakeholder (Chairman Chen, Wu-Tsung being a kin within the second degree

of the legal representative of Hao Yang Advertising Co., Ltd.) recused himself from the case, the Acting Chair (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:

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

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:

- I.Ability to make sound business judgments.
- II.Ability to perform accounting and financial analyses.
- III.Operation and management capabilities.
- IV.Crisis management capabilities.
- V.Industry knowledge.
- VI.An international market perspective.
- VII.Leadership.
- VIII.Decision-making capacity.
- IX.Risk management knowledge and ability.

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.

The relevant implementation situation is as follows:

Diversified core projects 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, Wu-Tsung	Male			✓			✓			✓			✓	
Vice Chairman	Chen Youqi	Male	✓					✓			✓			✓	
Director	Guo Hanlong	Male			✓			✓			✓			✓	
Director	Lin Zhefeng	Male	✓					✓						✓	
Independent Director	Lin Xiangkai	Male			✓		✓		✓				✓		
Independent Director	Jiang Yongzheng	Male			✓		✓			✓		✓			
Independent Director	Chen Jinde	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 2022 and as of February 23, 2023, the Company convened 5 audit committees (the 4th from the 2nd session to the 8th session of the 2nd session). The attendance of independent directors is as follows:

Title	Name	Attendance in person	Attendance by proxy	Attendance rate (%)	Note
Independent Director	Lin Xiangkai	5	0	100%	
Independent Director	Jiang Yongzheng	5	0	100%	
Independent Director	Chen Jinde	4	0	80%	

2. The operation in 2022 is as follows:

Period and date	Material Resolutions of the Audit Committee	Matters listed in §14-5 of the Securities and Exchange Act	Members have objections or reservations	
2022/3/17 4th meeting of the 2nd	I. The Company's 2021 Statement of Internal Control System.	✓		
	II. The Company's 2021 Business Report and Financial Statements.	✓		
	III. It is proposed to appoint Ernst & Young to handle the 2022 financial and tax return matters.	✓		
	IV. Proposal for changes in the Company's financial report CPAs.	✓		
	V. The Company's 2021 earnings distribution.	✓		
	VI. Amendments to the Articles of Incorporation.	✓		
	VII. Proposal to amend the Procedures for Acquisition and Disposal of Assets	✓		
	VIII. Proposal to acquire 2 pieces of land, including "Land No. 515 and 520, Dagong Section, Gangshan District, Kaohsiung City".	✓		
	Opinion of the Audit Committee: None			
	Actions taken by the Company in response to the opinion of the Audit Committee: Not applicable			
Resolution result: Passed by all attending directors.				
2022/5/12 5th meeting of the 2nd	The Audit Committee meeting had no proposals, only matters to report.			
	Opinion of the Audit Committee: None			
	Actions taken by the Company in response to the opinion of the Audit Committee: Not applicable			
	Resolution result: Not applicable			
	I. It is proposed to revise the tender offer	✓		

Period and date	Material Resolutions of the Audit Committee	Matters listed in §14-5 of the Securities and Exchange Act	Members have objections or reservations	
2022/8/9 6th meeting of the 2nd	operations for procedures for the project contract cycle.			
	II. Related party undertaking advertising and sales of the Company's "Phoenix Crown" case.	✓		
	Opinion of the Audit Committee: None			
	Actions taken by the Company in response to the opinion of the Audit Committee: Not applicable			
	Resolution result: Passed by all attending directors.			
2022/11/8 7th meeting of the 2nd	I. The Company's 2023 Auditing Plan.	✓		
	II. It is proposed to formulate the “Sustainable Development Committee Organizational Rules”.	✓		
	III. Amendments to some provisions of the “Procedures for Preventing Insider Trading”.	✓		
	IV. Amendments to some provisions of the "Rules and Procedures for Board of Directors Meetings".	✓		
	V. Amendments to some provisions of the "Rules of Procedure of Shareholders' Meetings"	✓		
	VI. Amendments to some provisions of the “Procedures for Handling Material Inside Information”.	✓		
	VII. Related party undertaking advertising and sales of the Company's "Long Da Phoenix phase 3-1" case.	✓		
	Opinion of the Audit Committee: None			
Actions taken by the Company in response to the opinion of the Audit				

Period and date	Material Resolutions of the Audit Committee	Matters listed in §14-5 of the Securities and Exchange Act	Members have objections or reservations
	Committee: Not applicable		
	Resolution result: Passed by all attending directors.		
2023/2/23 8th Session of 2nd Audit Committee	I. The Company's 2022 Statement of Internal Control System.	✓	
	II. The Company's 2022 Business Report, Financial Statements and Earnings Distribution Table.	✓	
	III. It is proposed to appoint Ernst & Young to handle the 2023 financial and tax return matters.	✓	
	IV. Formulation of the Company's "General Principles on Pre-authorized Non-assurance Services Policy" and the non-assurance service items expected to be provided by certified public accounting firm.	✓	
	V. It is proposed to acquire 55% of the shares of Phoenix Co., Ltd.	✓	
	VI. The Company's 2022 earnings distribution.	✓	
	VII. Formulation of the "Guidelines for the Compilation and Management of the Sustainability Report".	✓	
	VIII. Amendments to some provisions of the Company's "Standard Operating Procedures for Handling the Requests of Directors".	✓	
	IX. Renaming the Company's "Corporate Social Responsibility Best Practice Principles" as "Sustainable Development Best Practice Principles" and amendments to some provisions therein.	✓	

Period and date	Material Resolutions of the Audit Committee	Matters listed in §14-5 of the Securities and Exchange Act	Members have objections or reservations
	X. Proposal of appointment of related parties to undertake the advertising and sales of the Company's "Land No. 1300, Xinzhuang Section, Qiaotou District" and "Land No. 43, Xinyi Section, Gangshan District" buildings.	✓	
	XI. Acquisition of 40% share of the land "Land No. 54, Section 1, Passenger Transport Section, Dayuan District".	✓	
	Opinion of the Audit Committee: 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: None.

(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
2022/3/17 Audit Committee	The first implementation report of internal audit business in 2022 2021 Statement of Internal Control System	Approved	Not applicable
2022/5/12 Audit Committee	2nd Internal Audit Report for 2022	Approved	Not applicable
2022/8/9 Audit Committee	3rd Internal Audit Report for 2022	Approved	Not applicable
2022/11/8 Audit Committee	4th Internal Audit Report for 2022	Approved	Not applicable
2023/2/23 Audit Committee	The first implementation report of internal audit business in 2023 2022 Statement of Internal Control System	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
2022/3/17 Audit Committee	Report on matters related to the audit of the 2021 financial statements The CPA explained the key audit matters for 2021.	No opinion expressed	Not applicable
2023/2/23 Audit Committee	Report on matters related to the audit of the 2022 financial statements The CPA explained the key audit matters for 2022.	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 (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. According to Article 25 of the Securities and Exchange Law, report to the stock exchange	No major discrepancies

Assessment Items	Implementation status			Discrepancy with industry standards in governance practices and reasons
	Yes	No	Brief description	
			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.	
(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
(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 (I) Has the Board of Directors drawn up policies on diversity of its members and implemented them?	✓		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.	No major discrepancies

Assessment Items	Implementation status			Discrepancy with industry standards in governance practices and reasons
	Yes	No	Brief description	
			Goals to strengthen the functionality of the Board of Directors and evaluation of implementation results in the current year and most recent year” on pages 35-36.	
(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 has set up the Sustainable Development Committee.	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 outsourcing of evaluation every three years . The 2022 director and functional committee member self-evaluation performance evaluation was completed in January 2023, and was reported to the Board of Directors in February of the same year.	No major discrepancies
(IV) Does the Company evaluate the independence of CPAs regularly?	✓		The certified public accountant did not serve as a director of the Company, nor did he have	No major discrepancies

Assessment Items	Implementation status			Discrepancy with industry standards in governance practices and reasons
	Yes	No	Brief description	
			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, please the accounting firm provided information and statement for evaluation. The evaluation results of the last two years were reported to the Board of Directors for approval on March 17, 2022 and February 23, 2023.	
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	✓		The Company has set up a Board of Directors meeting unit 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. A share affairs unit has been set up to handle the relevant matters of the	No major discrepancies

Assessment Items	Implementation status			Discrepancy with industry standards in governance practices and reasons
	Yes	No	Brief description	
and shareholders' meetings according to regulations, processing company registration and change of registration, and preparing minutes of board meetings and shareholders' meetings)?			<p>shareholders meeting and prepare the minutes of the shareholders meeting in accordance with the law. Appointment of Vice President Xie Yingxian as supervisor of corporate governance on May 11, 2021 to execute governance matters as follows:</p> <ol style="list-style-type: none"> 1. Handle matters related to meetings of the Board of Directors, Audit (Remuneration) Committee, Sustainable Development 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 Shareholders Meeting. 2. Prepare the minutes of the Board of Directors, audit committee, remuneration committee and shareholders' meetings. 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 	

Assessment Items	Implementation status			Discrepancy with industry standards in governance practices and reasons
	Yes	No	Brief description	
			regulations. 4. Arrange director appointments and further training courses. 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 (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
(III) Has the Company published and reported the annual financial reports within 2 months after the end of the accounting year and published and reported the first, second, and third quarter financial reports and monthly operating statuses within the regulated period?		✓	It has been announced and reported to the competent authority in accordance with the provisions of the Securities and Exchange Act: I. Within three months after the end of each fiscal year, an announcement and declaration is made with the signature or seal of the Chairman of the Board, the manager, and the chief internal auditor, and the annual financial report is submitted to the Board of Directors and approved by the Audit Committee after being reviewed and certified by the CPA.	No major discrepancies

Assessment Items	Implementation status			Discrepancy with industry standards in governance practices and reasons
	Yes	No	Brief description	
			<p>II. Within 45 days after the end of the Q1, Q2, and Q3 of each fiscal year, an announcement and report shall be signed or sealed by the Chairman of the board, the manager and the accounting supervisor, and the financial report is submitted to the Board of Directors and approved by the Audit Committee after being reviewed by the CPA.</p> <p>III. Announce and declare the operation situation of the previous month on the 10th day of each month.</p>	
VIII. Does the Company have other important information to facilitate better understanding of 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,	✓		<p>1. 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.</p> <p>2. In addition to the implementation of</p>	No major discrepancies

Assessment Items	Implementation status			Discrepancy with industry standards in governance practices and reasons
	Yes	No	Brief description	
the implementation of customer relations policies, and purchasing insurance for directors and supervisors)?			<p>employee welfare measures in accordance with laws and regulations stipulated by government agencies, the implementation of various welfare policies is also carried out by the establishment of an Employee Welfare Committee. Provide long-term and short-term training subsidies for employees and scholarships and stipends for formal schooling; employees are given official leave for participating in on-the-job training courses. (Please refer to page 143)</p> <p>3. Set up an “Investors” area on the Company's website to disclose various stock information and corporate governance operations for the reference of investors. (Please refer to page 55)</p> <p>4. Directors and management officers have completed the number of training hours for the current year required by regulations. (Please refer to page 55-58)</p> <p>5. During the term of office of directors, liability insurance is taken out for compensation liabilities for the legally</p>	

Assessment Items	Implementation status			Discrepancy with industry standards in governance practices and reasons
	Yes	No	Brief description	
			responsible scope of business.	
<p>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:</p> <ol style="list-style-type: none"> 1. Established an information security risk management framework, formulated Information Security Policy, detailed plan for information security management, and investment of resources in information security management, and disclosed them on the company's website or in the annual report. 2. Establish a dedicated (concurrent) department responsible for the establishment, supervision, and execution of ethical corporate management policies and prevention solutions, and explain the operation and implementation of the established unit on the Company's website and in its annual report. 3. Formulate and implement human rights protection policies and detailed management plans, and disclose them on the Company's website. 4. Disclose the preventive measures taken to ensure a safe working environment and maintain employee safety and implementation status on the Company's website. 5. Disclose the implementation results on the requirement to suppliers on observing relevant regulations on environmental protection, occupational safety and hygiene, or labor and human rights. 				

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 142.

(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, Wu-Tsung	2022/5/4	Taiwan Stock Exchange and Taiwan Corporate Governance Association	International Twin Summit Online Forum	2
		2022/5/9	The Institute of Internal Auditors - Chinese Taiwan	Matters of Attention and Practical Analysis on Shareholders Meeting and the Company Act	6

Title	Name	Advanced study date	Organizer	Course name	Advanced study hours
Vice Chairman	Chen Youqi	2022/4/26	Taiwan Corporate Governance Association	Labor Dispute Prevention and Corporate Governance	3
		2022/5/20	Taiwan Securities and Futures Institute	2022 Insider Trading Prevention Awareness Conference	3
Director	Guo Hanlong	2022/5/4	Taiwan Stock Exchange and Taiwan Corporate Governance Association	International Twin Summit Online Forum	2
		2022/5/20	Taiwan Securities and Futures Institute	2022 Insider Trading Prevention Awareness Conference	3
		2022/5/23	Accounting Research and Development Foundation of the Republic of China	Legal Responsibilities and Practical Case Studies on the Protection of Trade Secrets	3
Director	Lin Zhefeng	2022/5/20	Taiwan Securities and Futures Institute	2022 Insider Trading Prevention Awareness Conference	3
		2022/10/12	Taiwan Securities and Futures Institute	2022 Insider Equity Transaction Legal	3

Title	Name	Advanced study date	Organizer	Course name	Advanced study hours
				Compliance Awareness Briefing	
Independent Director	Lin Xiangkai	2022/5/4	Taiwan Stock Exchange and Taiwan Corporate Governance Association	International Twin Summit Online Forum	2
		2022/10/26	Taiwan Securities and Futures Institute	2022 Insider Equity Transaction Legal Compliance Awareness Briefing	3
		2022/11/14	Cathay Financial Holdings and Subsidiaries and the Taiwan Stock Exchange	2022 Cathay Sustainable Finance and Climate Change Summit	6
Independent Director	Jiang Yongzheng	2022/2/25	Taiwan Investor Relations Institute (TIRI)	Certified Courses for Director and Supervisor Credits - Courses on Corporate Governance	6
Independent Director	Chen Jinde	2022/3/23	Taiwan Academy of Banking and Finance	Corporate, Director and Supervisor's Responsibilities and	3

Title	Name	Advanced study date	Organizer	Course name	Advanced study hours
				Obligation Based on the Securities and Exchange Act	
		2022/10/26	Taiwan Securities and Futures Institute	2022 Insider Equity Transaction Legal Compliance Awareness Briefing	3

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

Title	Name	Advanced study date	Organizer	Course name	Advanced study hours
Vice President	Feng, Shu-Ching	2022/9/19-2022/9/20	Accounting Research and Development Foundation of the Republic of China	IFRS Q&A of the Most Recent Year	3
				Practical Studies on Corporate Finance and Taxation: Prevention and Solution of Debit Dispute Arising from Cross-country Transactions	3
				Case Studies and Legal Responsibility Analysis on Intellectual Property Infringement	3
				Exploration of Corporate Governance via Case Studies of Fights for Management	3

Title	Name	Advanced study date	Organizer	Course name	Advanced study hours
				Rights	
Vice President	Xie Yingxian	2022/4/11	Accounting Research and Development Foundation of the Republic of China	Relevant Legal Responsibilities and Case Studies on Fights for Management Rights	3
		2022/5/23	Accounting Research and Development Foundation of the Republic of China	Legal Responsibilities and Practical Case Studies on the Protection of Trade Secrets	3
		2022/8/10	The Institute of Internal Auditors - Chinese Taiwan	Matters of Attention and Practical Analysis on Shareholders Meeting and the Company Act	6

(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

Evaluation cycle	Evaluation period	Evaluation scope	Evaluation method	Evaluation content
Implemented once a year	2022/1/1-2022/12/31	Board of Directors, Individual Board Members, audit and remuneration functional committees	Internal board self-evaluation, board member self-evaluation, peer evaluation	<p>(1) Board of Directors performance evaluation Level of participation in the Company's operations, quality of board decision-making, board composition and structure, appointment of directors and their continuing studies, and internal controls.</p> <p>(2) Individual board member performance evaluation: Familiarity with the goals and missions of the Company, awareness of the duties of a director, participation in the operations of the Company, management of internal relationship and communication, director's professionalism and continuing education, and internal control system, etc.</p> <p>(3) Functional Committee Performance Evaluation: Participation in the Company's operations, awareness of the responsibilities of the functional committees, decision-making quality of the functional committees, composition of the functional committees and selection of their members, internal control, etc.</p>

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 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. The Board of Directors reported the evaluation on February 23, 2023.

(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.

(XII) Intellectual Property Management

In order to effectively manage the Company's intellectual property and allow the Company's acquisition, maintenance, and use of intellectual property to comply with the requirements of laws and regulations such as Patent Act, Trademark Act, Copyright Act, and Trade Secrets Act, and thereby reduce operational risk while improving operational efficiency. The intellectual property management plan is expected to comprehensively enhance the Company employee awareness and understanding of intellectual

property protection. And continue to maintain the Company's intellectual property and various rights, check the rationality and legality of management measures through relevant laws and regulations, and improve the overall management plan based on laws, systems, and implementation results.

1. Intellectual Property Management Strategy

1.1 Dedicated unit for intellectual property management:

The intellectual property of the Company is managed respectively by the responsible units.

1.2 Intellectual property management target:

The Company's intellectual property management targets are the protection of patents, trademarks, copyrights and trade secrets, as well as the management and control of personal data.

2. Intellectual property management target:

The Company's intellectual property management targets are the protection of patents, trademarks, copyrights and trade secrets, as well as the management and control of personal data.

3. Intellectual property management measures:

3.1 Establish an intellectual property management system and strengthen the supervising function of the Board of Directors

The Company established an intellectual property management plan linked to its operational objectives, and discloses the implementation status on its website.

3.2 Trademark, patent and copyright protection

Assistance with trademark, patent and copyright protection of the Company can be entrusted to a professional intellectual property firm when necessary.

3.3 Protection of trade secrets

In the management of trade secrets, the Company has a security mechanism for maintaining and using personal information and trade secrets.

3.4 Enhancing training and education

In order to ensure the protection of trade secrets such as customer information, all employees must receive education

and training on compliance with personal information protection, information security and trade secret laws, cultivate an awareness of personal information protection, and implement the concepts of information security and personal information protection in their daily operations.

4. Internal management and auditing:

Employees are required to fulfill their obligations for confidentiality and custody, implement internal management, gradually build an audit trace and record tracking system, and incorporate the information security audit and inspection mechanisms into the annual information security inspection and internal control self-assessment operations. Inspections in various aspects are used to enhance the awareness and behavior with respect to trade secret protection and legal compliance.

5. Execution of intellectual property management:

5.1 Intellectual property inventory

All departments should complete their respective responsibilities before December each year, such as: Inventory of patents, trademarks, copyrights, and trade secrets. The inventory list is attached. After the inventory is completed, it will be submitted to the Management Department for compilation. According to the compilation results, relevant departments convene management meetings from time to time. The implementation status is disclosed on the Company's website and reported to the board once per year.

5.2 Intellectual property audit

5.2.1 In accordance with the internal audit mechanism of the Company, the Audit Office will review the implementation status of the Company's intellectual property management and related measures.

5.2.2 To ensure effective management, in addition to implementing internal audits, external third-party verification audits may also be conducted when necessary.

6. Implementation status for 2022:

6.1 Formulated the Company's intellectual property management plan: Reduce intellectual property risks in operations, enhance competitive advantage, and build brand value.

6.2 Intellectual property inventory:

The current count of valid intellectual property of the Company as of October 27, 2022 is as follows:

Department	Trademark	Trade secret	Copyright
Management Office	8	-	1
Construction Division	-	4	-
Construction Engineering Division	-	4	-
Total	8	8	1

6.3 The Company has submitted matters related to intellectual property to the 10th meeting of the 16th session of the Board of Directors (on November 8, 2022) for reporting.

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

1. Profile of Remuneration Committee members

Identity	Criteria	Professional qualifications and experience	Independence	Number of other public companies in which the committee member also serves as a remuneration committee member
	Name			
Independent Director	Lin Xiangkai (Note 1)	Note 2	Note 2	0
Independent Director	Jiang Yongzheng	Note 2	Note 2	3
Independent Director	Chen Jinde	Note 2	Note 2	0

Note 1: Mr. Lin Xiangkai is the convener of the Remuneration Committee.

2: For the professional qualifications, experience, and independence of the Remuneration Committee, please refer to page 14-15. Disclosure of the professional qualifications of directors and supervisors and independence of independent directors.

2. Operation of Remuneration Committee

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

(2) The term for the current Committee members is from July 6, 2021 to July 5, 2024, the Remuneration Committee held 2 meetings in 2022 and as of February 23, 2023. The attendance of the committee members is as follows:

Title	Name	Attendance in person	Attendance by proxy	Attendance rate (%)	Note
Convener	Lin Xiangkai	2	0	100%	
Committee member	Jiang Yongzheng	2	0	100%	
Committee member	Chen Jinde	2	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:
2022/3/17 2nd meeting of the 5th	I. Year-end bonus distribution for managers of the Company. II. The Company's 2021 director remuneration and employee remuneration distribution and allocation.	Passed by all members of the committee	Presented in the board meeting and passed by all attending directors as proposed.

Meeting date	Agenda content	Resolution result	Actions taken by the Company in response to the opinion of the Committee:
2023/2/23 3rd meeting of the 5th	<p>I. Year-end bonus distribution for managers of the Company.</p> <p>II. The Company's 2022 director remuneration and employee remuneration distribution and allocation.</p> <p>III. Salary adjustment of Chen Youqi, Executive Vice President of the Company.</p> <p>IV. Promotion of Guo Xiuxiang, Manager of the Company.</p>	Passed by all members of the committee	Presented in the board meeting and passed by all attending directors as proposed.

(V) Implementation status of sustainable development promotion and deviations from the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies and reasons

Promotion item	Implementation status:			Deviations from the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies and reasons
	Yes	No	Brief description	
<p>I. Has the Company established a governance structure to promote sustainable development, and has it set up a unit which specializes (or is involved) in promoting sustainable development and run by senior managerial officers authorized by the Board of Directors, and does the Board of Directors supervise its implementation status? (TWSE/TPEX Listed companies shall fill out the implementation status, which is not classified as compliance or explanation.)</p>	✓		<p>In order to realize the promotion of CSR and corporate sustainable operation and management, the Company established the Sustainable Development Committee Organizational Rules in accordance with the Company's Code of Practice for Corporate Governance and Corporate Social Responsibility Code of Practice, which was reported to the Board of Directors on November 8, 2022. The members of the Committee are appointed by the Board of Directors. The Committee has set up task units based on the relevant operations, regularly evaluates the Company's CSR and sustainability plan implementation results, and reports the annual implementation results to the Board</p>	<p>No major discrepancies</p>

Promotion item	Implementation status:			Deviations from the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies and reasons
	Yes	No	Brief description	
			of Directors each year. A report was made to the Board of Directors on February 23, 2023.	
II. 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? (TWSE/TPEX Listed companies shall fill out the implementation status, which is not classified as compliance or explanation.)	✓		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 President on the implementation of the relevant strategies. A report was also made in the expanded supervisor meeting on June 30, 2022. 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	No major discrepancies

Promotion item	Implementation status:			Deviations from the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies and reasons
	Yes	No	Brief description	
			<p>following five implementation priorities:</p> <ol style="list-style-type: none"> 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. 2. Regularly review the effectiveness of the implementation of various corporate social responsibility measures. 3. Expose the Company's environmental, social, and governance practices to the outside world. 4. Supervise the disclosure of social responsibility matters on the Company's official website. 5. Assist and coordinate various obstacles and difficulties. A report was also made in the Sustainability Report initiation 	

Promotion item	Implementation status:			Deviations from the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies and reasons
	Yes	No	Brief description	
			meeting on June 30, 2022. The implementation status can be found in the corporate governance section on the Long Da website and in the Sustainability Report scheduled for disclosure on the Market Observation Post System in 2023.	
<p>III. Environmental issues</p> <p>(I) Does the Company have proper environmental management systems based on the characteristics of their industries in place?</p>	✓		<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</p>	No major discrepancies

Promotion item	Implementation status:			Deviations from the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies and reasons
	Yes	No	Brief description	
			<p>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 environmental self-management, Actively promote practical environmental protection activities such as energy saving and carbon reduction, and fulfill the social responsibilities of enterprises. Investigate the Scope 1 and Scope 2 greenhouse gas of the Company based on</p>	

Promotion item	Implementation status:			Deviations from the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies and reasons
	Yes	No	Brief description	
			the Company's greenhouse gas inventory and investigation schedules and plan subsequent investigations by reference of relevant regulations.	
(II) Does the Company endeavor to utilize all resources more efficiently and use renewable materials which have a low impact on the environment?	✓		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: 1. The lighting adopts energy-saving T5 and LED lamps. 2. Set up a rainwater recovery system, and use water-saving toilets, faucets and other appliances. 3. Install energy-saving photosensitive control and solar power generation equipment.	No major discrepancies

Promotion item	Implementation status:			Deviations from the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies and reasons
	Yes	No	Brief description	
			<p>4. The traditional ballast is replaced by an electronic energy-saving ballast.</p> <p>5. Architectural planning adds windows and light guides.</p> <p>6. The equipment is planned to increase ventilation and convection, and use natural ventilation for heat dissipation.</p> <p>7. Air-conditioning equipment uses frequency conversion energy-saving host.</p> <p>8. Planting and greening design of roof and garden.</p> <p>9. The interior and exterior decorations are given priority consideration by using green building materials labels.</p> <p>10. The new construction of the building aims to obtain a green building certificate.</p> <p>11. Environmental maintenance on</p>	

Promotion item	Implementation status:			Deviations from the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies and reasons
	Yes	No	Brief description	
			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.	
(III) Does the company evaluate the potential risks and opportunities in climate change with regard to the present and future of its business, and take appropriate action 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	✓		1. The Company's construction projects all	No major

Promotion item	Implementation status:			Deviations from the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies and reasons
	Yes	No	Brief description	
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>count the total amount of waste on a monthly basis and complete the declaration on the EPA website. Greenhouse gas emissions and water consumption are reported to the Company on a monthly basis.</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 "Green Building Autonomy Regulations", relevant energy-saving measures are handled.</p> <p>(2) Control the usage of paper and</p>	discrepancies

Promotion item	Implementation status:			Deviations from the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies and reasons
	Yes	No	Brief description	
			<p>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>The Human Rights Protection Policy was formulated on June 26, 2022 in accordance with the domestic labor laws such as the Labor Standards Act, Act of Gender</p>	<p>No major discrepancies</p>

Promotion item	Implementation status:			Deviations from the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies and reasons
	Yes	No	Brief description	
			<p>Equality in Employment, Occupational Safety and Health Act. The Company recognizes and supports internationally recognized human rights standards such as the United Nations Universal Declaration of Human Rights and International Labor Organization (ILO) Declaration on Fundamental Principles and Rights at Work, and establishes its human rights policy accordingly in order to eliminate violations of human rights and to ensure that the colleagues receive reasonable and dignified treatment.</p> <p>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</p>	

Promotion item	Implementation status:			Deviations from the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies and reasons
	Yes	No	Brief description	
			are handled in accordance with the Labor Standards Law, the Employment Security Service Law, and the Gender Work Equality Law. 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 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	✓		The Company has an employee welfare committee and formulates complete	No major discrepancies

Promotion item	Implementation status:			Deviations from the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies and reasons
	Yes	No	Brief description	
benefits (including remuneration, leave, and other benefits), and ensure business performance or results are reflected adequately in employee compensation?			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". 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".	
(III) Does the Company provide its employees with safe and healthy workplaces, and organize training on safety and health for its	✓		1. The Company inspects the office and construction site working environment from time to time every year, and installs air cleaners, drinking water	No major discrepancies

Promotion item	Implementation status:			Deviations from the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies and reasons
	Yes	No	Brief description	
employees on a regular basis?			<p>equipment, etc., and has provided employees with a high-quality and good working environment.</p> <p>2. The Company regularly arranges employees to conduct health inspections, allowing employees to take preventive and tracking improvement measures based on the inspection reports.</p> <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</p>	

Promotion item	Implementation status:			Deviations from the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies and reasons
	Yes	No	Brief description	
			<p>and health education and training courses for new employees and general employees.</p> <p>6. The Company's construction sites are all equipped with safety and hygiene facilities.</p> <p>7. It is obligatory for staff entering construction sites to wear personal protection equipment (such as helmet and safety belts).</p> <p>8. Dedicated personnel is stationed on construction sites to implement labor safety and environmental protection tasks and realize automatic inspection.</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	No major discrepancies

Promotion item	Implementation status:			Deviations from the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies and reasons
	Yes	No	Brief description	
			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.	
(V) Do the Company's products and services comply with relevant laws and international standards in relation to issues such as customer health and safety, customer privacy, and marketing and labeling of products and services, and are relevant consumer or customer protection and grievance procedure policies implemented?	✓		The Company belongs to the building materials construction industry, and the marketing of products and services follows relevant laws and international standards. In order to protect the privacy of customers, the Company signs a consent form for the use of personal data with customers in accordance with company regulations. And formulate and announce consumer appeal procedures and related information on the Company's official website.	No major discrepancies
(VI) Does the Company establish supplier management policies,	✓		The contract between the Company and the contractor contains additional site	No major discrepancies

Promotion item	Implementation status:			Deviations from the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies and reasons
	Yes	No	Brief description	
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?			<p>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 and below 5% in labor safety and environmental protection (10%) can be disqualified and not allowed to undertake various projects of the Company.</p> <p>(1). Actual evaluation items: Labor safety and environmental protection (10%)</p> <ol style="list-style-type: none"> 1. Whether there is dedicated personnel on construction sites to implement labor safety and environmental protection tasks 2. Whether construction sites are clean and organized (including the storage of materials) and whether the passages are clear 	

Promotion item	Implementation status:			Deviations from the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies and reasons
	Yes	No	Brief description	
			<p>3. Whether it is obligatory for staff entering construction sites to wear personal protection equipment (such as helmet and safety belts)</p> <p>4. Whether automatic inspection is realized on construction sites</p> <p>5. Whether there have been occupational hazards or environmental protection tickets in construction sites</p> <p>After the procurement department rigorously evaluated the 34 manufacturers in 2022, none of the manufacturers was classified as D-level, and 90% of the manufacturers scored 10% in labor safety and hygiene.</p> <p>(2).Evaluation results:</p> <p>1. Price inquiry and pricing for engineering contracts were conducted in the order of A-level, B-level and C-level.</p> <p>2. Manufacturers rated as D-level and below 5% in labor safety and environmental protection (10%)</p>	

Promotion item	Implementation status:			Deviations from the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies and reasons
	Yes	No	Brief description	
			were discontinued.	
V. Does the company prepare sustainability reports and other reports that disclose non-financial information by following international reporting standards or guidelines? 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 the planning for the compilation of the corporate social responsibility report has started in the second half of 2022. The Company referenced the GRI Standards issued by the Global Reporting Initiative (GRI), industry standards and standards in major aspects for the compilation of the 2022 Sustainability Report, and disclosed the major aspects in economy, environment and society identified by the Company as well as their impacts, items for disclosure and their reporting requirements. The information will be disclosed on the Market Observation Post System in accordance with the required schedule.	No major discrepancies

Promotion item	Implementation status:			Deviations from the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies and reasons
	Yes	No	Brief description	
<p>VI. If the company has established corporate social responsibility principles based on "Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies", please describe any difference between the principles and their implementation: Discrepancies.</p>				
<p>VII. Other important information to facilitate a better understanding of the company's implementation of sustainable development:</p> <p>(I) Environmental protection</p> <p>The works offices cooperate with the environmental protection bureaus of counties and cities to implement various environmental 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</p>				

Promotion item	Implementation status:			Deviations from the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies and reasons
	Yes	No	Brief description	
			<p>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 Awarded certificates of appreciation by the municipal government or the school for enthusiastically participating in community or academic activities. In addition, the Company made donations to the Shoushan Zoo, KHCPFA, Keelung City Police Bureau, BOK Social Welfare and Charity Foundation, Pingdeng Elementary School of Taichung City, Heping District, Kaohsiung Municipal Library, Hwanshan Catholic Church of the Second Deanery of the Catholic Taichung Diocese, Taichung City Heping District Hwanshan Community Development Association, Kaohsiung City Volunteer Criminal Investigation Corps, and the House of the Little Angels Kaohsiung, etc.</p> <p>(III) Please refer to "V. Operation Overview V. Labor Relations" (VI) Corporate Responsibility and Ethical Behavior, page 145.</p>	

Note 1: If implementation status has been checked as “yes”, please explain the important policies, strategies, measures, and execution implemented. If implementation status has been checked as “no”, please explain the deviation and reasons, and detail future related policies, strategies, and measures. However, for promotion items 1 and 2, TWSE/TPEX Listed companies shall explain the sustainable governance and supervisory framework, including but not limited to the management guidelines, formulation of strategies and goals, and review measures. In addition, the companies shall explain their risk management policies or strategies on the environmental, social, and corporate governance issues relevant to their business activities as well as the evaluation results.

Note 2: The principle of materiality refers to those who have a significant impact on the Company's investors and other stakeholders in relation to environmental, social, and corporate governance issues.

(VI) Implementation of ethical corporate management and measures and departure from Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies and reasons

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	✓		According to the relevant regulations of the Company's "Ethical Corporate Management Principles",	No major discrepancies

Assessment Items	Implementation status			Discrepancy with industry standards in governance practices and reasons
	Yes	No	Brief description	
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?			<p>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:</p> <ol style="list-style-type: none"> 1. Providing or Accepting improper gains is prohibited. 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. 3. The provision of legitimate charitable donations or sponsorships shall be submitted for approval in accordance with the approval authority form and handled in accordance with the law. 4. Should be avoided when conflicts of 	

Assessment Items	Implementation status			Discrepancy with industry standards in governance practices and reasons
	Yes	No	Brief description	
			<p>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</p>	

Assessment Items	Implementation status			Discrepancy with industry standards in governance practices and reasons
	Yes	No	Brief description	
			Company.	
(III) Has the Company established operating procedures, behavioral guidelines, disciplinary actions, and complaint systems against unethical conduct, and are these measures enforced?	✓		<p>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 rights, acts of unfair competition, products and services that harm consumers or other interested parties, and other dishonest acts.</p> <p>Implementation status:</p> <ol style="list-style-type: none"> 1. No political contributions in 2022. 2. There was 1 lawsuit with clients in 2022 (the price decrease incident). 	<p>No major discrepancies</p> <p>No major discrepancies</p>

Assessment Items	Implementation status			Discrepancy with industry standards in governance practices and reasons
	Yes	No	Brief description	
<p>II.Implementation of ethical corporate management</p> <p>(—)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> <p>1. When any party knows that someone</p>	No major discrepancies

Assessment Items	Implementation status			Discrepancy with industry standards in governance practices and reasons
	Yes	No	Brief description	
			<p>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.</p> <p>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 the termination or termination of the contract.</p>	
(II)Has the Company established a Corporate Integrity Management Unit, which will report to the Board	✓		The management department of the Company is a part-time unit responsible for promoting the integrity of the business.	No major discrepancies

Assessment Items	Implementation status			Discrepancy with industry standards in governance practices and reasons
	Yes	No	Brief description	
of Directors and regularly (at least once a year) report the status of the prevention of dishonest behavior solution and supervision implementation?			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, and meets at the executive meeting for discussion. The Company regularly expresses the concept of 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. The Company regularly reports to the Board of Directors on the	

Assessment Items	Implementation status			Discrepancy with industry standards in governance practices and reasons
	Yes	No	Brief description	
			<p>implementation status, measures adopted and promotion results.</p> <p>A report was made to the Board of Directors on February 23, 2023 to explain the Company's ethical corporate management implementation results in 2022.</p> <p>The promotion results are detailed in the evaluation items and summaries on operating status in the table.</p>	
(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?	✓		<p>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</p>	No major discrepancies

Assessment Items	Implementation status			Discrepancy with industry standards in governance practices and reasons
	Yes	No	Brief description	
			<p>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.</p> <p>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:</p> <ol style="list-style-type: none"> 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 directors or managers are unable to handle official duties in an objective and efficient manner due to specific transactions. 	

Assessment Items	Implementation status			Discrepancy with industry standards in governance practices and reasons
	Yes	No	Brief description	
			<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</p>	

Assessment Items	Implementation status			Discrepancy with industry standards in governance practices and reasons
	Yes	No	Brief description	
			communication channels are smooth and can be reached directly or through official documents.	
(IV) Does the Company have effective accounting and internal control systems in place to uphold business integrity? Does the internal audit unit follow the results of risk evaluations for unethical behavior and devise plans to audit the systems accordingly to prevent unethical conduct, or hire accountants to conduct the audits?	✓		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 external educational	✓		The Company regularly expresses the concept of integrity management in	No major discrepancies

Assessment Items	Implementation status			Discrepancy with industry standards in governance practices and reasons
	Yes	No	Brief description	
trainings periodically to help enforce honest operations?			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. Implementation status: The Company handled relevant integrity management education and training on 2022.9.05: Seminars on laws and case studies of false advertising in 2022, for a total of 6 hours.	
III.Implementation status of the Company's reporting system (I) Does the Company have a substantial reporting and reward	✓		Colleagues of the Company can directly report or appeal to the chairman of the	No major discrepancies

Assessment Items	Implementation status			Discrepancy with industry standards in governance practices and reasons
	Yes	No	Brief description	
system as well as a convenient reporting channel in place with appropriate personnel to be assigned to assist the party being reported on?			board by email or through the head of the unit, and assign appropriate personnel to handle it. Whistleblower reporting mailbox: audit@longda.com.tw	
(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?	✓		1.The Company has a chairman's mailbox to accept various reports. 2.The reported matters are handled by dedicated personnel appointed by the Company, and the whistleblowers' personal data are protected.	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	✓		The Company has disclosed relevant	No major

Assessment Items	Implementation status			Discrepancy with industry standards in governance practices and reasons
	Yes	No	Brief description	
integrity principles and progress onto its website and MOPS?			information on its website and public information observatory.	discrepancies
<p>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 implementation: Relevant operations implemented in accordance with the Principles and no major discrepancies exist.</p>				
<p>VI. Other key information useful for explaining status of ethical management practices: (Such as the Company reviews and revises its ethical business codes, etc.)</p> <p>(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.</p> <p>(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.</p> <p>(III) The Company's house construction and sales business has obtained the Integrity Construction trademark</p>				

Assessment Items	Implementation status			Discrepancy with industry standards in governance practices and reasons
	Yes	No	Brief description	
<p>seal and is committed to perfect after-sales service.</p> <p>(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.</p>				

(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 Market Observation Post System(<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: February 23, 2023

The Company's internal control system for 2022, 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. Internal control regulations possess inherent shortcomings. Regardless of its design, an effective internal control system can only provide reasonable assurance of the three objectives as mentioned above. Furthermore, its effectiveness may change due to changes in the Company's environment and circumstances. 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, 2022 (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 February 23, 2023 in the presence of 7 directors, who concurred unanimously.

Long Da Construction & Development Corporation

Chairperson of the Board: Chen,
Wu-Tsung

President: Hong, Mao-Yuan

2. Company which consigns accountants to audit its internal control system shall disclose the examination report by accountants: None.

(X) 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 141 of this annual report (IV. Expenditures on Environmental Protection).

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 2022 shareholders meeting was held on June 7, 2022. 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 94.91%, and the resolution was passed. It was announced on the Company's website on June 7, 2022 and was handled in accordance with the revised procedures.

(2) Amendment to parts of the "Acquisition or Disposal of Assets Processing Procedures"

Implementation status: At the time of the vote, the voting ratio was 92.80%, and the resolution was passed. It was announced on the Company's website on June 7, 2022 and was handled in accordance with the revised procedures.

(3) 2021 Business Report and Financial Report.

Implementation status: At the time of the vote, the voting ratio was 94.84%, and the resolution was passed.

(4) Approved the earnings distribution for 2021

Implementation status: At the time of the vote, the voting ratio was 94.92%, and the resolution was passed.

The ex-dividend base date is August 14, 2022, and the distribution has been completed on September 6, 2022 according to this distribution plan.

2. Key resolutions passed in board meetings: Details on the operation of the Board of Directors on pages 25 to 31.
- (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: As of the publication date of this report, there has been no resignation or dismissal of the relevant persons in the Company.

Note: This refers to the Company's chairperson, president, accounting manager, financial manager, chief internal auditor, and corporate governance officer.

V. Information of Fees to CPA

unit: NT\$ thousand

Name of accounting firm	Name of accountant	Accountant's duration of audit	Audit fee	Non-audit fee	Total	Note
Ernst & Young	Fang-Wen Lee Calvin Chen	January 2022 to December 2022	2,680	40	2,720	-

VI. Information on Accountant Change: There was no change of accountants in 2022.

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	2022		Up to April 16 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, Wu-Tsung	0	0	0	0
Vice Chairman	Chen Youqi	0	0	0	0
Director	Da Jing Investment Co. Ltd. Designated representative: Guo Hanlong	940,000	(7,000,000)	0	0
		0	0	0	0
Director	Yikung Investment Co., Ltd. Designated representative: Lin Zhefeng	0	(300,000)	0	(2,000,000)
		0	0	0	0
Independent Director	Lin Xiangkai	0	0	0	0
Independent Director	Jiang Yongzheng	0	0	0	0
Independent Director	Chen Jinde	0	0	0	0
President	Hong, Mao-Yuan	0	0	0	0
Vice President	Chen Junyuan	0	0	0	0
Vice President	Feng, Shu-Ching	0	0	0	0
Vice President	Xie Yingxian	(5,000)	0	0	0
Vice President	Wu Yuwen	10,000	0	0	0
Assistant Vice President	Feng Huizhong	10,000	0	0	0
Assistant Vice President	Su Bingan	0	0	0	0
Assistant Vice President	Wu Yubin	11,000	0	0	0
Assistant Vice President	Guo Xiuxiang	Not applicable	Not applicable	0	0

Note 1: Guo Xiuxiang was promoted to Assistant Vice President on March 1, 2023.

(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

April 16, 2023

Name (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 3)		Note
	Shares	Shareholding ratio (%)	Shares	Shareholding ratio (%)	Shares	Shareholding ratio (%)	Title (or name)	Relationship	
Da Jing Investment Co. Ltd. Representative: Chen, Wu-Tsung	47,576,907	21.71	Not applicable	Not applicable	0	0	Hsu Mingyi Chen Yourong Chen Youzhen	Representative's spouse Representative's child Representative's child	None
Da Hong Investment Co. Ltd. Representative: Lai Mei	20,500,000	9.35	Not applicable	Not applicable	0	0	None	None	None
Yikung Construction Co., Ltd. Representative: Lin Weiqi	8,391,621	3.83	Not applicable	Not applicable	0	0	Yikung Investment	Same as the Representative	None
Xin Wang Investment Co. Ltd. Representative: Hong Yijing	6,700,000	3.06	Not applicable	Not applicable	0	0	None	None	None
Hsu Mingyi	6,338,321	2.89	1,024,407	0.47%	0	0	Da Jing Investment Co. Ltd. Representative: Chen, Wu-Tsung Chen Yourong Chen Youzhen	Spouse Child Child	None
You Li Investment Co., Ltd. Representative: Hong Yihua	3,500,000	1.60	Not applicable	Not applicable	0	0	None	None	None
Yikung Investment Co., Ltd. Representative: Lin Weiqi	2,450,617	1.12	Not applicable	Not applicable	0	0	Yikung Construction	Same as the Representative	None
Xinwei Investment Co., Ltd. Representative: Hong Yiru	2,300,000	1.05	Not applicable	Not applicable	0	0	None	None	None
Chen Yourong	1,816,769	0.82	Not applicable	Not applicable	0	0	Da Jing Investment Co. Ltd. Representative: Chen, Wu-Tsung Hsu Mingyi Chen Youzhen	Father Mother Brothers	None
Chen Youzhen	1,805,000	0.82	Not applicable	Not applicable	0	0	Da Jing Investment Co. Ltd. Representative: Chen, Wu-Tsung Hsu Mingyi Chen Yourong	Father Mother Brothers	None

Note 1: The top ten shareholders shall all be listed. For corporate shareholders, the shareholders' names and the representatives' names shall both be listed.

Note 2: The calculation of shareholding ratio refers to the separate calculation of shareholding ratio under one's own name, the spouses' name, the underage children's name or a third party's name. Rounded to the second decimal place.

Note 3: The relationships for the above-listed shareholders, including corporate shareholders and natural persons shall be disclosed in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers.

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

April 16, 2023, 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.	1,200	100%	0	0	1,200	100%

Chapter 4. Status of capital raising

I. Capital & Shares

(I) Source of capital

1. Equity formation process

unit: Thousand shares; thousand NTD

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 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 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

Month/ Year	Value per share (NT\$)	Authorized capital		Paid-in Shares		Note	
		Shares	Amount	Shares	Amount	Source of capital	Effective document number
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
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

Month/ Year	Value per share (NT\$)	Authorized capital		Paid-in Shares		Note	
		Shares	Amount	Shares	Amount	Source of capital	Effective document number
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

April 16, 2023

Shareholder structure Quantity	Governmental agencies	Financial institutions	Other legal entities	Individuals	Foreign institutions and foreigners	Total
Number of shareholders	0	6	41	14,879	53	14,979
Number of Shares	0	366,441	97,686,550	114,106,951	7,037,238	219,197,180
Shareholding ratio%	0	0.17	44.56	52.06	3.21	100.00

(III) Shareholding Distribution Status

April 16, 2023

Class of shareholding	No. of shareholders	Number of Shares	Shareholding ratio%
1 to 999	2,848	469,878	0.21
1,000 to 5000	9,338	18,840,098	8.60
5,001 to 10,000	1,436	11,619,832	5.30
10,001 to 15,000	376	4,754,162	2.17
15,001 to 20,000	261	4,847,495	2.21
20,001 to 30,000	239	6,006,616	2.74
30,001 to 40,000	105	3,732,343	1.70
40,001 to 50,000	71	3,254,522	1.48
50,001 to 100,000	129	9,288,824	4.24
100,001 to 200,000	69	9,649,606	4.40
200,001 to 400,000	56	15,946,932	7.28
400,001 to 600,000	22	10,607,068	4.84
600,001 to 800,000	7	4,553,851	2.08
800,001 to 1,000,000	4	3,395,677	1.55
1,000,001 or above	18	112,230,276	51.20
Total	14,979	219,197,180	100.00

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

Date: April 16, 2023

Name of major shareholder	Number of Shares	Shareholding ratio (%)
Da Jing Inv Co. Ltd.	47,576,907	21.71
Da Hong Inv Co. Ltd.	20,500,000	9.35
Yikung Construction Co., Ltd.	8,391,621	3.83
Xin Wang Investment Co. Ltd.	6,700,000	3.06
Hsu Mingyi	6,338,321	2.89
You Li Investment Co., Ltd.	3,500,000	1.60
Yikung Investment Co., Ltd.	2,450,617	1.12
Xinwei Investment Co., Ltd.	2,300,000	1.05
Chen Yourong	1,816,769	0.82
Chen Youzhen	1,805,000	0.82
Total	101,379,235	46.25

Note:Those with more than 5% are less than 10 shareholders, so the top ten shareholders by equity ratio should be disclosed.

(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			
		2021	2022	Up to March 31 of this year	
Market price per share	Highest	25.75	25.35	24.35	
	Lowest	14.20	20.35	23.4	
	Average	20.36	22.30	23.93	
Net worth per share	Before distribution	20.96	23.11	-	
	After distribution (Note 1)	18.96	21.01	-	
Earnings per share	Weighted average shares	219,197,180	219,197,180	-	
	Earnings per share	2.73	4.13	-	
Dividend per share	Cash dividends		2	2.1	-
	Stock dividend	Earnings	0	0	-
		Additional paid-in capital (APIC)	0	0	-
	Accumulated undistributed dividends		0	0	-
Return on investment	Price-to-earning ratio	7.46	5.40	-	
	Price-dividend ratio	10.18	10.62	-	
	Cash dividend yield rate	9.82	9.42	-	

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 Board of Directors or 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 February 23, 2023, the Board of Directors resolved the stock dividend for 2022. NT\$2.1 will be paid in cash for each share. The matter will be reported to the shareholders' meeting on June 14, 2023.

(VII) Implementation of the resolutions of the shareholders meeting

The Company's general meeting of shareholders on June 7, 2022 passed and implemented the following matters:

1. The Company's 2021 business report
2. The Audit Committee's review report on the Company's statements for 2021
3. Distribution of employee remunerations and director remunerations in 2021

(1) Employee remunerations 4%: NT\$31,860,113, distributed in cash.

- (2) Director remunerations 3%: NT\$23,895,085, distributed in cash.
4. Business report and financial statements for 2021
5. Earning distribution for 2021
Implementation status: The Company's 2021 surplus was allocated with a cash dividend of NT\$2. The ex-dividend base date was August 14, 2022, and the dividend was paid on September 6, 2022.
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 "Acquisition or Disposal of Assets Processing Procedures"
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 is 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 February 23, 2023, 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	
45,227,702	0	45,227,702

(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 Directors 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	31,860,113	0	23,895,085
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):

(I) secured ordinary corporate bonds

1. Long Da Construction & Development Corporation first secured ordinary corporate bonds issuance in 2021

Item	P11 Long-Da 1 (Bond Code: B85702)	
Date of issuance (processing)	January 12, 2022	
Face value of issuance	NT\$1,000,000	
Place of issuance and trading (Note 2)	Not applicable	
Price of issuance	Issued in full according to face value	
Total amount	NT\$499,000,000	
Interest rate	Fixed annual interest rate of 0.68%	
Term	Maturity date for 5-year term: January 12, 2027	
Guarantee institution	Mega International Commercial Bank Co., Ltd.	
Trustee	Taipei Fubon Commercial Bank Co., Ltd.	
Underwriting institution	Taiwan Cooperative Securities Co. Ltd.	
Certifying attorney	Attorney Ya-wen Chiu of Far East Law Offices	
Certified accountants	Ernst & Young CPA Calvin Chen	
Repayment method	One-time repayment on maturity	
Outstanding principal	NT\$499,000,000	
Terms of redemption or early repayment	Not applicable	
Restrictive clauses (Note 3)	None	
The credit rating institution's name, date of rating, and corporate bond rating results	Not applicable	
Other rights attached	Amount converted to ordinary (exchange or subscription) shares, global depository receipts, or other marketable securities as of the date of this annual report	Not applicable
	Issuance and conversion (exchange or subscription) method	Not applicable
Issuance and conversion, exchange or subscription methods, and the condition of issuance that may dilute share equity and affect equity rights for the existing shareholders	Not applicable	
Name of the commissioned custodian institution for the exchange bid	None	

Note 1: Information current as of April 16, 2023.

Note 2: Entered in if foreign government bonds

Note 3: Such as restricting the distribution of cash dividends, foreign investment, or requiring the maintenance of a certain proportion of assets, etc.

(II) Convertible bond data: 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

(I) First secured ordinary corporate bonds in 2021

1. Content of plan:

(1) Date and document number of approval issued by the competent authority of the industry: Zheng-Gui-Zhai-Zi No. 11000145331 of the Taipei Exchange dated January 5, 2022.

(2) Total funding requirement of the plan: NT\$499,000 thousand

(3) Source of funds: The Company issued its first secured ordinary corporate bonds with a resolution of the Board of Directors, with a total issuance amount of NT\$499,000 thousand, each with a face value of RMB 1,000 thousand, an issuance period of 5 years, and a coupon rate of 0.68%; the total issuance was NT\$499,000 thousand. The issue price is based on the par value.

2. Project planning, application progress unit: Thousand NT\$

Plan item	Expected completion date	Total amount of capital required	Expected capital spending schedule
			2022
			First quarter
Repayment to financial institutions	First Quarter of 2022	499,000	499,000
Total		499,000	499,000

3. Anticipated benefits

The total amount of funds raised in this project is NT\$499,000 thousand, which is mainly used to repay bank loans. If the interest rate of bank loans to be repaid is calculated at 1.50%-1.73%, it is estimated that interest expenses that can be saved every year in 2022 and in the future are about NT\$3,389 thousand and NT\$ 4,519 thousand. In addition to reducing the risk of increasing interest expenses of the Company due to rising interest rates in the future, this can also reduce the Company's current liabilities, ease short-term debt repayment pressures, and reduce the amount of bank borrowing to retain flexibility in the use of funds, and thereby increase the adaptability of the Company's operations and reduce financial risk of corporate operations.

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 2022

Item	Weight (%)
Income from building construction	92.05
Construction project income:	7.95
Rental income	0

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: Hong Ji Construction Guanghua Case
New Building Project of Collective Residential Building
Prosperity Tieh Enterprise-No.4 Plating Plant
and ARP Project

(2) Construction business:

- A. Kaohsiung:

- "New Metropolitan Hall (North Case)" residential complex (sale stage)
- "Phoenix Times" residential complex (sale stage)
- "Phoenix Tianmu" phase 1 individual residential building (sale stage)
- "Phoenix Crown" residential complex (sale stage)
- "Ode to the Phoenix" residential complex (construction stage)
- "Long Da Phoenix" phase 3-1 (Building D) individual residential building (sale stage)
- Xinyi Section, Gangshan District residential complex (construction stage)
- Xinzhuang Section, Qiaotou District residential complex (construction stage)
- Lantian West Section, Nanzi District residential complex (construction stage)
- Residential complex in the Houjin Section, Qianjin District (construction stage)
- Guanshui Section, Yanchao District residential complex (construction stage)
- Renai Section, Qianzhen District residential complex (construction stage)
- Land No. 91- 94, Kongfeng Section, Xiaogang District individual residential building (construction stage)
- No. 80 and 81, Kongfeng Section, Xiaogang District (under planning)
- Dagong Section, Gangshan residential complex (under planning)
- Land No. 6, Gaochang Section, Nanzi District, Kaohsiung City (under planning)
- B. Taoyuan: Number 54 of Passenger Transport Section in Dayuan District (under planning)
- C. Huadong area: Zuchuan Section, Hualien City (under

planning)

(II) Industry Overview

1. The present and the future of the industry

(1) 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 and community housing, 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.

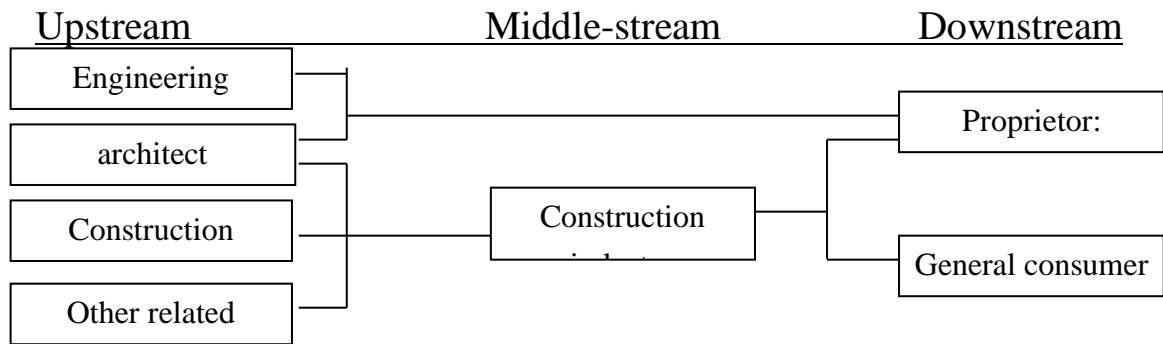
(2) Industry status and development of construction business

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, the entire real estate market The transaction 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
 - (9) Import and application of aluminum formwork sheet
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	2020		2021		2022	
	Amount	%	Amount	%	Amount	%
Government authorities	153,304	4.49	169,081	3.57	15,153	0.32
Private sector	646,709	18.97	188,373	3.97	359,600	7.63
Building sales	2,599,761	76.24	4,383,529	92.46	4,338,952	92.05
Rental income	10,206	0.30	0	0	0	0
Total	3,409,980	100.00	4,740,983	100.00	4,713,705	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 building start-ups in 2022 was 15,867. Compared with 2021, the number of start-ups has increased by 2,165, an increase of about 15.8%. Continuing with the same proposal plan of 2021, proposals still focused on 2-bedroom and 3-bedroom products, which accounted for approximately 84% of all proposals, while 4-bedroom products accounted for 7% of all proposals, showing rigidity in the demand for products of first-time home buyers. One-bedroom planning stayed in a small amount of 6%. These 2-bedroom and 3-bedroom products have become the focus in proposals in the market. In addition, the number of start-ups in individual residential buildings was 1,162, with a small increase of 161 units, or 16% as compared to 2021. The increase mainly occurred in the original Kaohsiung County, with proposals concentrating in Renwu District, Ziguan District and Daliao District. As compared to 2021, the proposals of individual residential buildings in the original Kaohsiung City also had a small increase of 161 units. What is worth noting is that individual residential buildings still have potential demands despite the high land prices in cities. Therefore, under the premise of little supply, the development of individual residential building still has a favorable basis.

B. Demand side

According to Cathay Pacific Construction's 2022 real estate index quarterly report, in 2022, the national real estate market showed rising transaction prices and stable transaction volume, with the market being relatively active, and the trend was more active than that in 2021. The number of proposed cases increased by 23.1% compared with 2021, reaching 1.6002 trillion, and the overall market showed a healthy pattern of stable price increase and volume. In the real estate sector of Kaohsiung City, the total amount of proposals in 2022 was NT\$185,700,000,000, a drastic increase of NT\$67,400,000,000 from 2021, and the 30-day sales rate

dropped slightly in each quarter, starting from Q1, down 5.77% from 2021. The annual turnover index increased by 0.79% compared with last year. On the whole, the newly launched market in Kaohsiung City in 2022 shows a trend of higher prices and tighter supply. Compared with 2021, the possible transaction price showed a significant upward trend, with a growth rate of 33.4%, while the transaction volume maintains a stable pattern.

On the whole, the market in Kaohsiung City this year has seen rising prices all year long, and the number of proposals increased significantly. However, affected by factors such as delays in TSMC new plant and unfavorable market conditions, sales volume started to decrease drastically, especially in Q4, when the real estate market has entered into a volume decrease situation. The subsequent market trends still require continual observation.

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 has 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 strength 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.
- (i) TSMC has decided to set up a factory in Nanzi, which is expected to bring employment opportunities and a large influx of people; it may possibly replicate the effects of the Hsinchu Science Park or Tainan Science Park, and drive surrounding development.

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) Interest rate increases in international markets have caused domestic interest rates to increase as well. In addition, consecutive interest rate increases within a short duration have caused stress and increased mortgage burdens to the general public, causing postponements in plans to buy homes.
- (e) In 2022, the epidemic, inflation and Russia-Ukrainian War have caused the overall economic environment and

market to slow down, which affected consumers' confidence, and in turn, their willingness to buy homes.

- (f) The government continues to take action on the real estate market; recently introduced selective credit controls will affect supply and demand of the new housing market and subsequent sales.

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. 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\$

2021					2022				First Quarter of 2023			
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	Kaohsiung City Government Land Administration Bureau	808,289	19.72	None	Xin Jun Investment Co., Ltd.	400,000	11.78	None	-	-	-	-
2	Xu XXX	437,277	10.67	None	Other	2,995,129	88.22	None	-	-	-	-
3	Other	2,853,854	69.61	None	-	-	-	-	-	-	-	-
Net purchase		4,099,420	100	-	Net purchase	3,395,129	100	-	Net purchase	-	-	-

Description of reasons for changes:

The Company's purchases are mainly contracts for construction projects and land purchases. The purchase amount in project constructions changes with the contracting of constructions. Due to the fact that the Company's own construction products are not consecutive or in mass, and the fact that land cannot be increased, moved or replaced, the Company's acquisition of construction land depends on the location of the planned project. Counterparties are not specific.

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

unit: Thousand NT\$

2021					2022				First Quarter of 2023			
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	4,740,983	100	None	Other	4,713,705	100	None	-	-	-	-
	Net sales	4,740,983	100		Net sales	4,713,705	100		Net sales	-	-	

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 Company's main business items are construction activities such as development and real estate sales. Clients are unspecific persons or companies with low repetition. Therefore, there is no customer who accounts for more than 10% of total sales.

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

Unit: Thousand NT\$

Year Output quantity and value Primary product	2021				2022			
	Domestic sales		International sales		Domestic sales		International sales	
	Amount	Value	Amount	Value	Amount	Value	Amount	Value
Building construction	-	300,599	-	0	-	353,886	-	0
Building sales	-	3,339,906	-	0	-	2,896,689	-	0
Lease costs	-	0	-	17,365	-	17,054	-	0
Total	-	3,640,505	-	17,365	-	3,267,629	-	0

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

Unit: Thousand NT\$

Year Quantity and value of sales Primary product	2021				2022			
	Domestic sales		International sales		Domestic sales		International sales	
	Amount	Value	Amount	Value	Amount	Value	Amount	Value
Building construction	-	357,454	-	0	-	374,754	-	0
Building sales	-	4,383,529	-	0	-	4,338,951	-	0
Rental income	-	0	-	10,206	-	0	-	0
Total	-	4,740,983	-	10,206	-	4,713,705	-	0

III. Employee Information

Item	Year	2021	2022	As of March 31, 2023
	Employee count	Internal business staff	41	40
External business staff		47	57	57
Total		93	97	98
Average age		43.19	43.22	42.25
Average years of service		12.45	12.62	12.77
Education distribution	Masters	10.53%	10.31%	10.20%
	University	62.11%	64.95%	65.31%
	College	20.00%	17.53%	17.35%
	High school/Vocational high school	7.37%	7.22%	7.14%

IV. Expenditures on Environmental Protection

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

unit: Thousand NT\$

Item	2022	2023 (As of April 15, 2023)
Fines for waste disposal law violations	0	0
Air pollution	0	0
Violation of the Noise Control Act	0	3

(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. During transportation, vehicles are covered 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.

6. Greenhouse gas inventory

Greenhouse gas inventory facilitates the grasping of exact emission and the discovery of room and opportunity for reduction. Greenhouse gas inventory is the basis for promoting reduction. It is also the first step in self-management of greenhouse gases.

The Scope 1 and Scope 2 greenhouse gas of the Company has been investigated based on the Company's greenhouse gas inventory and investigation schedules, and subsequent investigations have been planned by reference of relevant regulations.

(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 long-term and short-term training subsidies for employees and scholarships and stipends for formal schooling; employees are given official leave for participating in on-the-job training courses.
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	Management position	Non-Management position	Total
Time (Hours)	46	1,417	1,463
Cost (NT\$)	66,458	105,892	172,350

Note: Management position refers to positions of Assistant Vice President and above.

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 Law" 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 Law, 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.

VI. Information security management

(I) Information security risk management framework:

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 adopts the PDCA cycle management mode to ensure 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. Comply with the information security system
Comply with laws and regulations and formulate relevant information security management regulations.
2. Install 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. Enhance 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 manufacturer 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) Detailed management solutions

1. Access management
 - (1) Personnel account permissions management and review.
 - (2) Regular checks of staff account permissions.
2. Access control
 - (1) Internal/external access control measures for personnel.
 - (2) Data transmission and operation behavior tracking records.
3. External threats
 - (1) Host/computer vulnerability detection and updating 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 mechanisms.
 - (4) Regular disaster recovery drills.

5. Legality of use

- (1) Private installation of peer-to-peer file sharing software and unauthorized software is prohibited.
- (2) Create a software asset control list (application software, system software, development tools, packaged software, and computer operating systems...etc.).

(IV) Information security risk assessment

1. Set up a remote backup host that is run by two independent server hosts at the same time, to ensure that the server host service is not interrupted.
2. In the event of damage to the information system, business can be restored smoothly as soon as possible. In accordance with the planned data backup mechanism, weekly full system backups and daily differential backups are performed, and the backup media are sent to external institutions for safekeeping and storage.
3. The operating system is regularly updated to prevent information system holes; and antivirus software is installed on all computers to ensure security.
4. Emergency drills are performed so that in case of host failure or sudden power failure, the off-site backup host can immediately activate and restore data to ensure the normal operation and data preservation of the information system.

(V) Investment of resources in information security management

The Company belongs to the construction industry, but it also attaches great importance to information security. The Company has deployed information security personnel for many years, and it has more than 10 years of information security experience. The Company also conducts information security awareness, updates protection software, and conducts education and training. In addition, the Company's system, network, program development, information security testing, etc., are all commissioned by professional manufacturers.

(VI) Major information security incidents and damages

In recent years and as of April 16, 2023, the date of publication of the annual report, there have been no significant damages from information security incidents.

VII.Important Contracts

Date: April 16, 2023

Contract type	Parties	Contract period	Main businesses	Restrictive clauses
Loan contract	Land Bank of Taiwan Taoyuan Branch	2014.7-2025.3	Land financing	None
Loan contract	Land Bank of Taiwan Sanmin Branch	2019.7-2028.1	Land financing, building financing	None
Loan contract	Land Bank of Taiwan Nanzi Branch	2022.3-2027.3	Land financing	None
Loan contract	CTBC Corporate Finance Center	2019.6-2027.2	Working capital, land financing, building financing	None
Loan contract	Hua Nan Bank Sanmin Branch	2020.12-2026.1	Comprehensive limit, land financing, building financing	None
Loan contract	Taiwan Cooperative Bank Kaohsiung Branch	2019.12-2027.6	Land financing, building financing	None
Loan contract	Taiwan Cooperative Bank Danshui Branch	2022.9-2025.8	Land financing	None
Loan contract	Taiwan Business Bank Qianzhen Branch	2021.3-2028.3	Working capital, land financing, guarantee	None
Loan contract	Bangkok Bank of Thailand, Kaohsiung Branch	2022.4-2025.4	Comprehensive quota medium/long-term working capital	None
Construction contract	Platinum Hot Springs Co., Ltd.	2019.10-2023.5	Platinum Hot Springs Co., Ltd.	None
Construction contract	Hong Ji Construction Co., Ltd.	2020.2-2022.8	New construction of the Fuhe Section building	None
Construction contract	Hong Ji Construction Co., Ltd.	2021.2-2025.2	New construction of building in Lingya Guanghua case	None
Construction contract	Prosperity Tieh Enterprise Co., Ltd.	2022.1-2023.12	Prosperity Tieh Enterprise-No.4 Plating Plant, plant and equipment basic civil engineering (1FL and below)	None

Contract type	Parties	Contract period	Main businesses	Restrictive clauses
Construction contract	Prosperity Tieh Enterprise Co., Ltd.	2023.3-2023.12	Prosperity Tieh ARP automatic plant and fire tank civil engineering basic structure	None
Construction contract	Hong Ji Construction Co., Ltd.	2022.12-2026.2	New construction of building in Lingya Qixian case	None
Land contract	Natural person	2020/6/3	Acquired 7 plots of land, including "Land Nos. 5-7, 5-8, 5-50, 5-36, 5-37, 5-38, 5-39, Renai Section, Qianzhen 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	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	Acquired 6 lots "Land No. 823, 824, 821-2, 755-8, 758, and 761-1, Zuchuan Section, Hualien City" (including buildings on the land)	None
Land contract	Kaohsiung City Government	2021/1/13	Won bidding for 4 lots of land, including "Land Nos. 1826, 1826-2, 1826-3, 1826-4, Daren Section, Gangshan District" for	None

Contract type	Parties	Contract period	Main businesses	Restrictive clauses
			road use.	
Land contract	Kaohsiung City Government	2021/1/13	Won bidding for "Land No. 286, Bixiu Section, Qiaotou District" for road use	None
Land contract	Natural person	2021/5/5	Acquiring 8 plots of land, including "Land Nos. 258, 258-1, 259, 259-1, 262-1, 262-2, 267, 267-1, Houjin Section, Qianjin District, Kaohsiung City".	None
Land contract	Natural person	2021/5/15	Acquired 6 plots of land, including "Land Nos. 1300, 1303, 1304, 1306, 1307, 1308, Xinzhuang Section, Qiaotou District, Kaohsiung City	None
Land contract	Kaohsiung City Government	2021/9/15	Won bidding for a total of 4 plots of land, including "Land Nos. 91, 92, 93, 94, Kongfeng Section, Xiaogang District, Kaohsiung City	None
Land contract	Kaohsiung City Government	2021/12/15	Won bidding total of 2 plots of land, including "Land Nos .80 and 81, Kongfeng Section, Xiaogang District, Kaohsiung City	None
Land contract	Natural person	2021/12/15	Proposal to acquire 1/2 of "Land No. 86, Renai Section, Danshui District, New Taipei City".	None
Land contract	Natural person	2022/1/5	Acquired 2 pieces of land, "Land No. 515 and 520, Dagong Section, Gangshan	None

Contract type	Parties	Contract period	Main businesses	Restrictive clauses
			District, Kaohsiung City".	
Land contract	Natural person	2022/2/25	Acquired Land No. 3953, Lindeguan 4 Sections, Lingya District, Kaohsiung City holding for road use”	None
Land contract	Kaohsiung City Government Finance Bureau	2022/3/31	Won bidding for "Land No. 6, Gaochang Section, Nanzi District, Kaohsiung City".	None
Land contract	Natural person	2022/7/7	Proposal to acquire 1/2 of "Land No. 87, Renai Section, Danshui District, New Taipei City".	None
Land contract	Natural person	2023/2/15	Acquired a 40% share of the land "Land No. 54, Section 1, Passenger Transport Section, Dayuan District, Taoyuan City".	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.				
			2018	2019	2020	2021	2022
Current assets				7,885,368	8,570,874	10,375,474	11,433,320
Real estate, factories and equipment				50,856	48,686	59,094	55,820
Intangible assets				450	722	564	797
Other assets				663,442	693,351	634,935	586,545
Total assets				8,600,116	9,313,633	11,070,067	12,076,482
Current liabilities	Before distribution			1,681,578	1,555,657	2,947,152	2,845,624
	After distribution			1,977,494	1,950,212	3,385,546	3,305,938
Non-current liabilities				2,714,090	3,377,910	3,528,909	4,165,158
Total liabilities	Before distribution			4,395,668	4,933,567	6,476,061	7,010,782
	After distribution			4,691,584	5,328,122	6,914,455	7,471,096
Equity attributable to parent company shareholders			Not applicable	4,204,448	4,380,066	4,594,006	5,065,700
Capital Stock				2,173,405	2,191,972	2,191,972	2,191,972
Capital surplus				51,357	50,614	50,614	50,614
Retained earnings	Before distribution			1,977,013	2,134,258	2,338,183	2,807,989
	After distribution			1,681,097	1,739,703	1,899,789	2,347,675
Other equity				2,673	3,222	13,237	15,125
Treasury Stock				0	0	0	0
Non-controlling interests				0	0	0	0
Total shareholder equity	Before distribution			4,204,448	4,380,066	4,594,006	5,065,700
	After distribution			3,908,532	3,985,511	4,155,612	4,605,386

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

Note 2: The above-mentioned numbers after distribution are listed according to the resolution of the Board of Directors or the shareholders meeting related to distribution in the following year.

2. Condensed consolidated balance sheet

unit: Thousand NT\$

Item	Year	Financial information for the last five years.				
		2018	2019	2020	2021	2022
Current assets		7,378,112				
Real estate, factories and equipment		51,123				
Intangible assets		898				
Other assets		816,313				
Total assets		8,246,446				
Current liabilities	Before distribution	2,461,889				
	After distribution	2,660,434				
Non-current liabilities		2,198,986				
Total liabilities	Before distribution	4,660,875				
	After distribution	4,859,420				
Equity attributable to parent company shareholders		3,585,571	Not applicable	Not applicable	Not applicable	Not applicable
Capital Stock		1,864,188				
Capital surplus		32,655				
Retained earnings	Before distribution	1,687,017				
	After distribution	1,488,472				
Other equity		1,711				
Treasury Stock		0				
Non-controlling interests		0				
Total shareholder equity	Before distribution	3,585,571				
	After distribution	3,387,026				

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

3. Condensed standalone balance sheet

unit: Thousand NT\$

Item	Year	Financial information for the last five years.				
		2018	2019	2020	2021	2022
Current assets		7,378,112				
Real estate, factories and equipment		51,123				
Intangible assets		898				
Other assets		816,313				
Total assets		8,246,446				
Current liabilities	Before distribution	2,461,889				
	After distribution	2,660,434				
Non-current liabilities		2,198,986				
Total liabilities	Before distribution	4,660,875				
	After distribution	4,859,420				
Equity attributable to parent company shareholders		3,585,571	Not applicable	Not applicable	Not applicable	Not applicable
Capital Stock		1,864,188				
Capital surplus		32,655				
Retained earnings	Before distribution	1,687,017				
	After distribution	1,488,472				
Other equity		1,711				
Treasury Stock		0				
Non-controlling interests		0				
Total shareholder equity	Before distribution	3,585,571				
	After distribution	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.				
	2018	2019	2020	2021	2022
Operating revenue	2,577,520	4,394,621	3,409,980	4,740,983	4,713,705
Gross profit	648,361	799,685	702,161	1,083,113	1,446,076
Operating profit and loss	460,886	535,999	515,407	738,332	1,042,071
Non-operating income and expenses	13,968	13,141	22,727	2,416	(1,834)
Net income from continuing operations	443,086	489,267	453,059	598,707	905,830
Loss from discontinued operations	0	0	0	0	0
Net Income (loss)	443,086	489,267	453,059	598,707	905,830
Other comprehensive income in the current period (net income after tax)	(4,188)	236	651	9,788	4,258
Total comprehensive income	438,898	489,503	453,710	608,495	910,088
Net income belongs to parent company	443,086	489,267	453,059	598,707	905,830
Net income belongs to non-controlling interests	0	0	0	0	0
Total comprehensive income (loss) attributable to parent company	438,898	489,503	453,710	608,495	910,088
Total comprehensive income (loss) attributable to non-controlling interest	0	0	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.				
	2018	2019	2020	2021	2022
Operating revenue	2,577,520				
Gross profit	648,361				
Operating profit and loss	460,886				
Non-operating income and expenses	13,968				
Net income from continuing operations	443,086				
Loss from discontinued operations	0				
Net Income (loss)	443,086				
Other comprehensive income in the current period (net income after tax)	(4,188)	Not applicable	Not applicable	Not applicable	Not applicable
Total comprehensive income	438,898				
Net income belongs to parent company	443,086				
Net income belongs to non-controlling interests	0				
Total comprehensive income (loss) attributable to parent company	438,898				
Total comprehensive income (loss) attributable to non-controlling interest	0				

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

6. Condensed Consolidated Standalone Income Statement

unit: Thousand NT\$

Item \ Year	Financial information for the last five years.				
	2018	2019	2020	2021	2022
Operating revenue	2,577,520				
Gross profit	648,361				
Operating profit and loss	460,886				
Non-operating income and expenses	13,968				
Net income from continuing operations	443,086				
Loss from discontinued operations	0				
Net Income (loss)	443,086				
Other comprehensive income in the current period (net income after tax)	(4,188)	Not applicable	Not applicable	Not applicable	Not applicable
Total comprehensive income	438,898				
Net income belongs to parent company	443,086				
Net income belongs to non-controlling interests	0				
Total comprehensive income (loss) attributable to parent company	438,898				
Total comprehensive income (loss) attributable to non-controlling interest	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
2018	Ernst & Young Accountant Fang-Wen Lee, Accountant Lin Hongguang	No reservations
2019	Ernst & Young Accountant Chen Zhengchu, Accountant Lin Hongguang	No reservations
2020	Ernst & Young CPAs Calvin Chen and Mink Hu	No reservations
2021	Ernst & Young CPAs Calvin Chen and Mink Hu	No reservations
2022	Ernst & Young Accountant Fang-Wen Lee, Accountant Calvin Chen	No reservations

2. If there is any change of accountant in the last five years:

- (1) 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.
- (2) In order to cooperate with the internal organizational adjustments of Ernst & Young, CPAs Calvin Chen and Mink Hu who were originally appointed to handle financial statement certification from the first quarter of 2020, were replaced for financial statement certification by CPAs Fang-Wen Lee and Calvin Chen from the first quarter of 2022.

3. Financial Analysis - Individual

Analysis Item		Year	Financial Analysis of the last five years. (Note)				
		2018	2019	2020	2021	2022	
Financial structure	Ratio of liabilities to assets (%)	57	51	53	58.50	58.00	
	Ratio of long-term capital to real estate properties, factories and equipment (%)	11314.98	13604.17	15934.72	13745.75	16536.83	
Solvency	Current Ratio (%)	299.69	468.93	550.95	352.05	401.79	
	Quick Ratio (%)	39.61	50.26	54	40.45	70.31	
	Interest Protection Multiples (times)	694.68	942.73	1019.51	1040.58	1163.37	
Operating ability	Receivables turnover (times)	10.88	20.73	24.05	36.02	33.64	
	Average collection period	34.00	18.00	15.00	10.00	10.85	
	Inventory turnover (times)	0.3	0.13	0.09	0.11	0.09	
	Payables turnover (times)	2.64	4.73	3.72	4.81	3.39	
	Average days in sales	1217	2808	4056	3318	4055.55	
	Turnover (times) of real estate properties, factories and equipment	48.61	86.19	68.51	87.98	82.04	
	Total assets turnover (times)	0.32	0.52	0.38	0.47	0.41	
Profitability	ROA (%)	6.25	6.43	5.58	6.49	8.50	
	ROE (%)	13.09	12.56	10.56	13.34	18.75	
	Paid-in capital ratio	Operating profit	25.66	23.51	23.51	33.68	47.54
		Net profit before tax	26.29	24.55	24.55	33.79	47.46
	Profit ratio (%)	17.19	11.13	13.29	12.63	19.22	
	Earnings per share (NT\$)	2.41	2.43	2.07	2.73	4.13	
Cash flow	Cash flow ratio (%)	20.31	(7.39)	16.47	(23.37)	34.87	
	Cash flow adequacy ratio (%)	(17.58)	(0.07)	0.30	(0.08)	0.24	
	Cash reinvestment ratio (%)	8.16	(5.06)	(0.55)	(14.42)	6.35	
Leverage	Operational Leverage	4.02	2.35	2.58	1.57	1.48	
	Financial Leverage	1.21	1.14	1.13	1.12	1.10	

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)

Ratio of long-term capital to real estate properties, factories and equipment (%): Mainly due to the increase in issued ordinary corporate bonds and the increased retained earnings as compared to last year.

Quick Ratio (%): Mainly due to the increase in current assets being larger than that in current liabilities, resulting in an increase in the quick ratio.

Average collection period: Mainly due to the increase in the turnover rate of receivables.

Inventory turnover rate (times): Mainly due to the starting of construction of the Company's own construction projects, resulting in an increase in average inventory as compared with the same period last year, leading to a decrease in the inventory turnover.

Payables turnover (times): Mainly due to the starting of construction of the Company's own construction projects, resulting in an increase in payables as compared with the same period last year, leading to a decrease in the turnover rate of payables.

ROA (%): Mainly due to the increase in profit in the current period.

ROE (%): Mainly due to the increase in profit in the current period.

Ratio of operating income to paid-in capital (%): Mainly due to the increase in profit in the current period.

Ratio of pre-tax income to share capital%: Mainly due to the increase in profit in the current period.

Earnings per share (NT\$): Mainly due to the increase in profit in the current period.

Cash flow ratio (%): Mainly due to the increase in profits in the current period, which resulted in net cash inflow from operating activities in the current period.

Cash flow adequacy ratio (%): Mainly due to the increase in profits in the current period, which resulted in net cash inflow from operating activities in the current period.

Cash reinvestment ratio (%): Mainly due to the increase in profits in the current period, which resulted in net cash inflow from operating activities in the current period.

Note: Annual financial report verified by an accountant

4. Consolidated Financial Analysis

Analysis Item		Year	Financial Analysis of the last five years (Note)			
		2018	2019	2020	2021	2022
Financial structure	Ratio of liabilities to assets (%)	60	57	Not applicable	Not applicable	Not applicable
	Ratio of long-term capital to real estate properties, factories and equipment (%)	10356.53	11314.98			
Solvency	Current Ratio (%)	311.87	299.69			
	Quick Ratio (%)	30.33	39.61			
	Interest Protection Multiples (times)	472.06	694.68			
Operating ability	Receivables turnover (times)	8.60	10.88			
	Average collection period	42.00	34.00			
	Inventory turnover (times)	0.27	0.3			
	Payables turnover (times)	2.62	2.64			
	Average days in sales	1352	1217			
	Turnover (times) of real estate properties, factories and equipment	27.28	48.61			
	Total assets turnover (times)	0.25	0.32			
Profitability	ROA (%)	3.55	6.25			
	ROE (%)	7.02	13.09			
	Paid-in capital ratio	Operating profit	9.75	25.02		
		Net profit before tax	13.85	25.78		
	Profit ratio (%)	11.07	17.19			
	Earnings per share (NT\$)	1.19	2.41			
Cash flow	Cash flow ratio (%)	(9.61)	20.31			
	Cash flow adequacy ratio (%)	(40.23)	(17.58)			
	Cash reinvestment ratio (%)	(6.09)	8.16			
Leverage	Operational Leverage	5.21	4.02			
	Financial Leverage	1.62	1.21			

Note: The latest certified financial statements certified by the accountant

5. Standalone Financial Analysis

Analysis Item		Year	Financial Analysis of the last five years.				
			(Note)				
			2018	2019	2020	2021	2022
Financial structure	Ratio of liabilities to assets (%)		57				
	Ratio of long-term capital to real estate properties, factories and equipment (%)		11314.98				
Solvency	Current Ratio (%)		299.69				
	Quick Ratio (%)		39.61				
	Interest Protection Multiples (times)		694.68				
Operating ability	Receivables turnover (times)		10.88				
	Average collection period		34.00				
	Inventory turnover (times)		0.3				
	Payables turnover (times)		2.64				
	Average days in sales		1217				
	Turnover (times) of real estate properties, factories and equipment		48.61	Not applicable	Not applicable	Not applicable	Not applicable
	Total assets turnover (times)		0.32				
Profitability	ROA (%)		6.25				
	ROE (%)		13.09				
	Paid-in capital ratio	Operating profit		25.02			
		Net profit before tax		25.78			
	Profit ratio (%)		17.19				
	Earnings per share (NT\$)		2.41				
Cash flow	Cash flow ratio (%)		20.31				
	Cash flow adequacy ratio (%)		(17.58)				
	Cash reinvestment ratio (%)		8.16				
Leverage	Operational Leverage		4.02				
	Financial Leverage		1.21				

Note 1: Financia 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) Receivables 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) Payables 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 2022 Business Report, Financial Statements, and various documents, of which the financial statements have been audited by the CPAs Fang-Wen Lee and Calvin Chen 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 no discrepancies have been found. The report is prepared in accordance with the Securities and Exchange Act and the Company Act.

Long Da Construction & Development Corporation

Audit Committee convener:

Lin Xiangkai

February 23, 2023

III. Audit Committee's report and the financial statements in the most recent year: See page 176 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: None.

Chapter 7. Review and analysis of financial conditions, operating results, and risk related matters

I. Financial Condition

unit: Thousand NT\$

Item \ Year	2022	2021	Variance	
			Amount	%
Current assets	11,433,320	10,375,474	1,057,846	10.20
Real estate, factories and equipment	55,820	59,094	(3,274)	(5.54)
Other assets (including intangible assets)	587,342	635,499	(48,157)	(7.58)
Total assets	12,076,482	11,070,067	1,006,415	9.09
Current liabilities	2,845,624	2,947,152	(101,528)	(3.44)
Long-term liabilities	4,165,158	3,528,909	636,249	18.03
Total liabilities	7,010,782	6,476,061	534,721	8.26
Capital Stock	2,191,972	2,191,972	0	0
Capital surplus	50,614	50,614	0	0
Retained earnings	2,807,989	2,338,183	469,806	20.09
Other equity	15,125	13,237	1,888	14.26
Total shareholder equity	5,065,700	4,594,006	471,694	10.27
Explanations (Changes of 20% or more):				
1. Retained earnings: Mainly due to the increase in profit from good sales.				

II. Operation Results

(I) Comparative Analysis Table for Business Results

unit: Thousand NT\$

Item \ Year	2022	2021	Variance	
			Amount	%
Operating revenue	4,713,705	4,740,983	(27,278)	(0.58)
Operating cost	3,267,629	3,657,870	(390,241)	(10.67)
Gross profit	1,446,076	1,083,113	362,963	33.51
Operating expenses	404,005	344,781	59,224	17.18
Operating profit and loss	1,042,071	738,332	303,739	41.14
Non-operating income and expenses	(1,834)	2,416	(4,250)	175.91
Continuing business units Net profit	905,830	598,707	307,123	51.30
Other comprehensive income in the current period (net income after tax)	4,258	9,788	(5,530)	(56.05)
Total comprehensive income	910,088	608,495	301,593	49.56

Explanations (Changes of 20% or more):

Gross profit: Mainly due to the completion and recognition of the Company's own construction projects J36, J49-2 and J51-1 in the building sales department, which resulted in an increase in profits.

Operating profit and loss: Mainly due to the completion and recognition of the Company's own construction projects J36, J49-2 and J51-1 in the building sales department, which resulted in an increase in profits.

Non-operating income and expenses: Mainly due to increased interest expenses.

Net income from continuing operations: Mainly due to the completion and recognition of the Company's own construction projects J36, J49-2 and J51-1 in the building sales department, which resulted in an increase in profits.

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

Total comprehensive income: Mainly due to the completion and recognition of the Company's own construction projects J36, J49-2 and J51-1 in the building sales department, which resulted in an increase in profits.

(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	362,963	(35,988)	398,640	311	0
Description: Building sales: Mainly due to the completion and recognition of the Company's own construction projects J36, J49-2 and J51-1 in the building sales department, which resulted in an increase in profits.					

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, 2022)	Capital resources for inadequate cash	
				Investment Plan	Fundraising plan
798,403	992,309	(228,305)	1,562,407	-	-
Description: 1. Operating activities: Mainly due to the increase in profit from good sales in the current period. 2. Investment and financing activities: Mainly due to the repayment of land financing and building financing with the good sales in the current period. 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

(1) 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) Due to the fact that the Company's own construction products are not consecutive or in mass, and the fact that land cannot be increased, moved or replaced, the Company's acquisition of construction land depends on the location of the planned project. Counterparties are not specific. Therefore, there is no risk related to excessive concentration of purchasing sources.

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 the phenomenon of concentration 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: None.

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.Has a significant impact 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 This Report: None.

Independent auditor's report

To Long Da Construction & Development Corporation:

Auditor's opinion

I 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 my opinion, based on my review, 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 as well as International Financial Reporting Standards, International Accounting Standards, International Financial Reporting Interpretations and Interpretation Announcements approved by the Financial Regulatory Commission and presented a fair view of the financial position of Long Da Construction & Development Corporation on December 31, 2022 and 2021, and individual business performance and cash flows for the periods January 1 to December 31, 2021 and 2022.

Basis of auditor's opinion

The accountant conducted audits in accordance with the Regulations Governing Auditing and Attestation of Financial Statements by Certified Public Accountants and 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 2022 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\$9,404,341,000 as of December 31, 2022, accounting for approximately 78% 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 accountant's audit procedures 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; comparing the actual sales price and the original inventory cost of real estate for sale in order to evaluate the recovery of inventory value, and reviewing 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 4 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 compliance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers as well as International Financial Reporting Standards, International Accounting Standards, International Financial Reporting Interpretations and Interpretation Announcements approved by the Financial Regulatory Commission, 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 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 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, and 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 2022 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.: Order No. Financial-Supervisory-
Securities-Auditing-1010045851
FSC Certificate VI No. 0970038990

Fang-Wen Lee

Accountant:

Calvin Chen

February 23, 2023

Long Da Construction & Development Corporation
Individual balance sheet
December 31, 2021 and 2022

unit: NTS thousand

Assets			December 31, 2022		December 31, 2021	
Code	Accounting item	Notes	Amount	%	Amount	%
Current assets						
1100	Cash and cash equivalents	IV/VI.1	\$1,562,407	13	\$798,403	7
1140	Contract assets - current	IV/VI. 18, 19	51,134	1	78,761	1
1150	Net notes receivable	IV/VI. 2, 19	26	0	950	0
1170	Net accounts receivable	IV/VI. 3, 19	128,293	1	130,875	1
1180	Accounts receivable - net amount for related parties	IV/VI. 3, 19/ VII	5,588	0	9,124	0
1320	Inventory	IV/VI. 4/ VIII	9,404,341	78	8,758,071	79
1410	Advance payments	VI. 5	28,355	0	425,154	4
1476	Other financial assets	VIII	141,518	1	16,858	0
1479	Other current assets	VI. 18	111,658	1	157,278	2
11xx	Total current assets		11,433,320	95	10,375,474	94
Non-current assets						
1550	Investments recognized under the equity method	IV/VI. 6	7,815	0	10,346	0
1600	Real estate, factories and equipment	IV/VI. 7/ VIII	55,820	0	59,094	0
1755	Right-of-use assets	IV/VI. 20	1,452	0	501	0
1760	Net amount of investment real estate	IV/VI. 8/ VIII	559,078	5	553,161	5
1801	Intangible assets	IV/VI. 9	797	0	564	0
1840	Deferred income tax assets	IV/VI. 24	6,069	0	5,797	0
1900	Other non-current assets	IV/VI. 6, 10	12,131	0	65,130	1
15xx	Total non-current assets		643,162	5	694,593	6
1xxx	Total assets		\$12,076,482	100	\$11,070,067	100
Liabilities and equity			December 31, 2022		December 31, 2021	
Code	Accounting item	Notes	Amount	%	Amount	%
Current liabilities						
2100	Short-term borrowings	IV/VI. 11	\$833,025	7	\$650,000	6
2110	Short-term notes and bills payable	IV/VI. 12	49,988	1	229,873	2
2130	Contract liabilities - current	IV/VI. 18	275,388	2	375,249	3
2150	Notes payable		94,757	1	35,974	0
2170	Accounts payable		1,052,409	9	732,165	7
2180	Accounts payable - related parties	VII	8,884	0	1,269	0
2200	Other accounts payable		147,011	1	100,015	1
2230	Current income tax liabilities	IV/VI. 24	67,182	1	116,507	1
2250	Liability provisions - current	IV/VI. 13	15,555	0	15,645	0
2280	Lease liabilities - current	IV/VI. 20	604	0	406	0
2300	Other current liabilities		15,220	0	24,528	0
2322	Current portion of long-term borrowings	IV/VI. 15	285,601	2	665,521	6
21xx	Total current liabilities		2,845,624	24	2,947,152	26
Non-current liabilities						
2527	Contract Liabilities - non-current	IV/VI. 18	-	-	131,468	1
2530	Corporate bonds payable	IV/VI. 14	499,000	4	-	-
2540	Long-term bank borrowings	IV/VI. 15	3,664,732	30	3,394,868	31
2570	Deferred income tax liabilities	IV/VI. 24	79	0	576	0
2580	Lease liabilities - non-current	IV/VI. 20	861	0	103	0
2600	Other non-current liabilities		486	0	1,894	0
25xx	Total non-current liabilities		4,165,158	34	3,528,909	32
2xxx	Total liabilities		7,010,782	58	6,476,061	58
Equity						
3100	Capital Stock					
3110	Ordinary share capital	IV/VI. 17	2,191,972	18	2,191,972	20
3200	Capital surplus		50,614	1	50,614	0
3300	Retained earnings					
3310	Legal reserve		615,755	5	555,907	5
3350	Undistributed earnings		2,192,234	18	1,782,276	17
	Total retained earnings		2,807,989	23	2,338,183	22
3400	Other equity		15,125	0	13,237	0
3xxx	Total equity		5,065,700	42	4,594,006	42
	Total liabilities and equity		\$12,076,482	100	\$11,070,067	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
From January 1 to December 31, 2021 and 2022

unit: NT\$ thousand

Code	Accounting item	Notes	2022		2021	
			Amount	%	Amount	%
4000	Operating revenue	IV/VI. 18/VII	\$4,713,705	100	\$4,740,983	100
5000	Operating cost	IV/VI. 21	(3,267,629)	(69)	(3,657,870)	(77)
5900	Gross profit		1,446,076	31	1,083,113	23
6000	Operating expenses	IV/VI. 21				
6100	Promotion expenses		(237,545)	(5)	(205,766)	(4)
6200	Management expenses		(166,460)	(4)	(139,015)	(3)
	Total operating expenses		(404,005)	(9)	(344,781)	(7)
6900	Operating profit		1,042,071	22	738,332	16
7000	Non-operating income and expenses	IV/VI. 22				
7100	Interest income		1,785	0	192	0
7010	Other income		7,389	0	7,222	0
7020	Other profits and losses		(6,659)	(0)	154	0
7050	Financial costs		(1,865)	(0)	(2,311)	(0)
7060	Share of profits/losses on equity-accounted associated companies	IV/VI. 6	(2,484)	(0)	(2,841)	(0)
	Total non-operating income and expenses		(1,834)	(0)	2,416	0
7900	Net profit before tax		1,040,237	22	740,748	16
7950	Income tax (expense)	IV/VI. 24	(134,407)	(3)	(142,041)	(3)
8000	Net income from continuing operations		905,830	19	598,707	13
8200	Net profit		905,830	19	598,707	13
8300	Other comprehensive income	VI. 23				
8310	Items that will not be reclassified to profit or loss					
8311	Number of remeasurements of defined benefit plans		2,963	0	(283)	(0)
8349	Income tax related to items that will not be reclassified		(593)	0	56	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		2,360	0	12,519	0
8399	Income tax related to items that may be reclassified to profit or loss		(472)	0	(2,504)	(0)
	Other comprehensive income (net income after tax)		4,258	0	9,788	0
8500	Total comprehensive income		\$910,088	19	\$608,495	13
	Earnings per share (NT\$)					
9750	Basic earnings per share	IV/VI. 25	\$4.13		\$2.73	
9850	Diluted earnings per share		\$4.09		\$2.71	

(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
From January 1 to December 31, 2021 and 2022

unit: NT\$ thousand

Code	Item	Capital Stock		Retained earnings		Other equity items	Total equity
		Ordinary share capital 3100	Capital surplus 3200	Legal reserve 3310	Undistributed earnings 3350	Exchange differences arising from the translation of the financial statements of foreign operations 3410	
A1	Balance as of January 1, 2021	\$2,191,972	\$50,614	\$510,591	\$1,623,667	\$3,222	4,380,066
	Earning distribution for 2020						
B1	Allocation to legal reserve	—	—	45,316	(45,316)	—	—
B5	Cash dividends of common stock	—	—	—	(394,555)	—	(394,555)
D1	Profits from January 1 to December 31, 2021	—	—	—	598,707	—	598,707
D3	Other comprehensive income from January 1 to December 31, 2021	—	—	—	(227)	10,015	9,788
D5	Total comprehensive income	—	—	—	598,480	10,015	608,495
Z1	Balance as of December 31, 2021	\$2,191,972	\$50,614	\$555,907	\$1,782,276	\$13,237	4,594,006
A1	Balance as of January 1, 2022	\$2,191,972	\$50,614	\$555,907	\$1,782,276	\$13,237	4,594,006
	Earning distribution for 2021						
B1	Allocation to legal reserve	—	—	59,848	(59,848)	—	—
B5	Cash dividends of common stock	—	—	—	(438,394)	—	(438,394)
D1	Profits from January 1 to December 31, 2022	—	—	—	905,830	—	905,830
D3	Other comprehensive income from January 1 to December 31, 2022	—	—	—	2,370	1,888	4,258
D5	Total comprehensive income	—	—	—	908,200	1,888	910,088
Z1	Balance as of December 31, 2022	\$2,191,972	\$50,614	\$615,755	\$2,192,234	\$15,125	5,065,700

(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
From January 1 to December 31, 2021 and 2022

unit: NT\$ thousand

Code	Item	2022	2021	Code	Item	2022	2021
		Amount	Amount			Amount	Amount
AAAA	Cash flow of operating activities:			BBBB	Cash flow of investing activities:		
A10000	Profit before tax of this period	\$1,040,237	\$740,748	B02700	Acquisition of real estate, factories and equipment	(680)	(13,456)
A20000	Adjusted items:			B02800	Disposal of real estate, factories and equipment	76	342
A20010	Revenues and expenses:			B04500	Acquisition of intangible assets	(673)	(230)
A20100	Depreciation	21,580	20,634	B05400	Acquisition of investment properties	(19,098)	—
A20200	Amortized expenses	1,116	6,774	B06500	Increase of other financial assets	(124,660)	—
A20900	Interest expenses	1,865	2,311	B06600	Reduction of other financial assets	—	1,954
A21200	Interest income	(1,785)	(192)	B06800	Decrease of other non-current assets	55,962	53,180
A22300	Shares of other comprehensive income of associates and joint ventures accounted for using equity method	2,484	2,841	BBBB	Net cash inflow (outflow) from investing activities	(89,073)	41,790
A22500	Gains from disposal and write offs of real estate, factories and equipment	(73)	(154)				
A29900	Other items	133	—				
A30000	Changes in operating activities related asses/liabilities:			CCCC	Cash flow from financing activities:		
A31130	Decrease in notes receivable	924	259	C00100	Increase in short-term borrowings	1,615,600	1,786,000
A31150	Decrease in accounts receivable	2,582	(20,164)	C00200	Decrease in short-term borrowings	(1,410,575)	(1,346,000)
A31160	Decrease (Increase) in accounts receivable - related parties	3,536	(4,167)	C00500	Increase in short-term notes and bills payable	—	229,873
A31125	Decrease in contract assets	27,627	54,415	C00600	Decrease in short-term notes and bills payable	(179,885)	—
A31200	Inventory (increase)	(554,316)	(1,233,772)	C01200	Issuance of corporate bonds	499,000	—
A31230	Decrease (increase) in advance payments	396,123	(166,148)	C01600	Borrowing long-term borrowings	468,860	1,536,868
A31240	Decrease (increase) in other current assets	45,628	(46,613)	C01700	Repayment of long-term borrowings	(600,916)	(764,189)
A32125	Decrease in contract liabilities	(231,329)	(855)	C04020	Repayment of lease principal	(586)	(411)
A32130	Increase (decrease) in notes payable	58,783	(55,500)	C04300	Increase in other non-current liabilities	—	1,092
A32150	Increase in accounts payable	320,244	71,716	C04400	Decrease in other non-current liabilities	(1,408)	—
A32160	Increase in accounts payable - related parties	7,615	549	C04500	Distribution of cash dividends	(438,394)	(394,555)
A32180	Increase in other payables	42,522	26,846	C05600	Interest paid	(93,335)	(77,548)
A32230	Increase (decrease) in other current liabilities	(9,398)	12,672	CCCC	Net cash inflow (outflow) from financing activities	(141,639)	971,130
A32240	Net defined benefit liabilities (decrease)	—	(12,907)				
A33000	Cash inflow (outflow) generated from operations	1,176,098	(600,707)	DDDD	Effects of exchange rate fluctuations on cash and cash equivalents	2,407	13,821
A33100	Interest received	1,785	192	EEEE	Net increase in cash and cash equivalents	764,004	337,918
A33500	Income tax paid	(185,574)	(88,308)	E00100	Opening balance of cash and cash equivalents	798,403	460,485
AAAA	Net cash inflow (outflow) from operating activities	992,309	(688,823)	E00200	Closing balance of cash and cash equivalents	\$1,562,407	\$798,403

(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
2022 and 2021
(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, Minguan 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 statements for 2022 and 2021 were approved and released by the Board of Directors on February 23, 2023.

(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 (IFRS), International Accounting Standards (IAS), and standards or interpretations that have been issued by the International Financial Reporting Standards that have been approved by the Financial Supervisory Commission (hereinafter referred to as the FSC) and are applicable to fiscal years after January 1, 2022; and the first application of the new standards and amendment had no significant impact on the Company.

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

Item No.	New/Revised/Amended Standards and Interpretations	Effective date by International Accounting Standards Board
1	Disclosure Initiative - Accounting Policies (Amendment to IAS No. 1)	January 1, 2023
2	Definition of accounting estimates (Amendment to IAS No. 8)	January 1, 2023
3	Deferred income tax relating to assets and liabilities arising from a single transaction (amendment to IAS 12)	January 1, 2023

(1) Disclosure Initiative - Accounting Policies (Amendment to IAS 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.

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

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

(2) Definition of accounting estimates (Amendment to IAS No. 8)

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.

(3) Deferred income tax relating to assets and liabilities arising from a single transaction (amendment to IAS 12)

This amendment narrows the initial recognition exemption in paragraphs 15 and 24 of IAS 12 so that it would not apply to transactions that give rise to both taxable and deductible temporary differences, to the extent the amounts recognized for the temporary differences are the same.

The above new or revised standards or interpretations are those that have been issued by the International Accounting Standards Board and have been approved by the FSC and are applicable to fiscal years after January 1, 2023, and have no 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
3	Amendments to IFRS 1 'Classification of Liabilities as Current or Non-current'	January 1, 2024
4	Sale and leaseback lease liabilities (amendment to IFRS 16)	January 1, 2024
5	Non-current liabilities with covenants (Amendments to IAS 1)	January 1, 2024

- (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 IFRS No. 10 "Consolidated Financial Statements" and IAS 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. IAS 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. On the other hand, IFRS No. 10 stipulates that all benefits or losses at the time of loss of control of a subsidiary shall be listed. This amendment restricts

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

the aforementioned provisions of IAS 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 fulfillment of cash flows and contract services are recognized and the sum of the two margins measures the group of insurance contracts. The book value 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 specific applicable methods for contracts with direct participation characteristics (variable fee method), and the simplified method for short-term contracts (premium sharing method).

After the standard was issued in May 2017, another amendment was issued in 2020 and 2021. 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 IAS 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 through 76 of IAS No. 1 "Presentation of Financial Statements".

(4) Sale and leaseback lease liabilities Amendment to IFRS 16)

This is to add additional accounting processes by a seller-lessee in sale and leaseback transactions in order to enhance the applicability of the standard.

(5) Non-current liabilities with covenants (Amendments to IAS 1)

This amendment aims to improve the information companies provide on long-term liability contracts. It explains that the terms of a covenant to be complied with in the 12 months after the reporting period should not affect the classification of liabilities as current or non-current at the end of a reporting period.

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 Company has evaluated that the above-mentioned new or revised standards or interpretations have no significant impact on the Company.

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

(IV) Summary of significant accounting policies

1. Compliance statement

The Company's individual financial reports for 2022 and 2021 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 functional currency, New Taiwan Dollars.

The Company's 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 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 IFRS 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.

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

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.
- (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 liabilities which may be liquidated by the issuance of equity instruments at the option of the counterparty do not affect their 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.

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

(1) Recognition and measurement of financial assets

Regular transactions of financial assets are recognized or derecognized from the 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 income, 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 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 derecognizing, using amortization procedures, or recognizing detrimental benefits or losses, the benefits or losses are recognized in profit and 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. For those which do not belong to the former, but subsequently become credit loss, multiply the effective interest rate 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 income, and listed on the balance sheet as financial assets measured at fair value through other comprehensive income:

- 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.

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

The explanation of the recognition of such financial assets-related income is as follows:

- A. Before derecognition or reclassification, in addition to the derogation benefit or loss and the foreign currency exchange benefit and losses being recognized in the profit and loss, the benefit or loss is recognized in the other comprehensive income.
- B. When the asset is derecognized, 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 equity instruments that are neither held for trading, nor recognized by acquirer in a business combination under IFRS 3 or has a consideration, at the time of initial recognition, choose (irrevocably) to report its subsequent fair value changes in other comprehensive income. 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 income, 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 income, 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 the balance sheet.

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

(2) Impairment of financial assets

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

The Company measures expected credit losses in a manner that reflects:

- A. An unbiased evaluation of a range of possible outcomes and their probabilities of occurrence.
- B. The time value of money.

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

C. Reasonable and supportable information (obtainable at the balance sheet date without undue cost or commitment) that is available without undue cost or effort at the reporting date about past events, current conditions and forecasts of future economic conditions.

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 IFRS 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 IFRS 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.

(3) Derecognition of financial assets

Financial assets held by the Company are derecognized 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 derecognized in its entirety, the difference between its book value and the received or receivable consideration plus any cumulative gains or losses recognized in other comprehensive income is recognized in comprehensive income.

(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.

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

Equity instruments

Equity instruments are any contract that recognizes the Company's remaining equity after assets minus all liabilities. Equity instruments issued by the Company are recognized at the price amount obtained less the direct flotation costs.

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

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

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

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 designated financial guarantee contracts or derivatives 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 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 subsequently measured by the effective interest method after initial recognition. When financial liabilities are derecognized and amortized through the effective interest rate method, their related profit and loss and amortization amount are recognized in income.

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

Derecognition of financial liabilities

When the obligation of a financial liability is removed, cancelled, or voided, the financial liability is derecognized.

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 derecognizing the original liabilities and recognizing new liabilities is used; when derecognizing financial liabilities, the difference between its book value and the total consideration paid or payable (including transferred non-cash assets or assumed liabilities) is recognized in income.

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

(5) Offset between financial assets and liabilities

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

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.

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 buildings (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.

The provision of labor services is handled in accordance with the provisions of IFRS 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. A joint venture refers to a company that has rights to the net assets of the joint agreement (with joint controllers).

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

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 or joint venture 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 or joint ventures. Unrealized gains and losses arising from transactions between the Company and its affiliates or joint ventures shall be eliminated in proportion to its equity in the affiliates or joint ventures.

When changes in the equity of affiliated companies or joint ventures are not caused by profit or loss and other comprehensive income items and do not affect the Company's shareholding ratio, the Company recognizes the relevant ownership changes according to the shareholding ratio. Therefore, the recognized capital reserve is transferred to the profit and loss according to the disposal ratio when the affiliated company or joint venture is subsequently disposed of.

When an affiliated company or joint venture 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 or joint venture'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 income 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 or joint venture shall be transferred to the profit and loss according to the disposal ratio.

The financial statements of related companies or joint ventures 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 "Investments in Associates 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 IAS No. 36 "Impairment of Assets", the amount of impairment is calculated based on the difference between the recoverable amount of the affiliated company or joint venture and the book value, and the amount is recognized in the profits and losses of the affiliated company or joint venture. 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 or joint venture, including the cash flow generated by the affiliated company or joint venture 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 "Impairment of Assets" goodwill impairment test.

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

When there is loss of significant influence over affiliates or joint control over joint ventures, the Company measures and recognizes the retained investment portion by fair value. When a significant impact or joint control is lost, the difference between the book value of the investment related company or joint venture and the fair value of the retained investment plus the proceeds from the disposal is recognized as profit or loss. However, the Company will continue to account an investee using the equity method if the transaction changes the investee's status from associated company to joint venture, or from joint venture to associated company. The Company continues to apply the equity method without re-measurement of reserved equity.

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 significant in relation to the total cost of the item must be depreciated separately. When a major component item of real estate, factory, and equipment needs to be replaced regularly, the Company treats the item as an individual asset and recognizes it separately with a specific useful life and depreciation method, and derecognizes in accordance with IAS No. 16 "Property, Plant and Equipment". 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:

<u>Asset category</u>	<u>Useful life</u>
Buildings and structures	41-50 years
Machinery and equipment	6-8 years
Transportation equipment	5 years
Office equipment	3-8 years
Right-of-use assets	2-3 years

After initial recognition, items of real estate, factory and equipment or any important component are derecognized 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, useful 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, except for those that meet the criteria for classification as pending sale (or included in the subgroup classified as disposals pending sale) in accordance

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

with IFRS 5 "Non-current Assets Held for Sale and Discontinued Operations", the measurement of investment properties is based on the cost model, which is dealt with in accordance with the provisions of IAS No. 16 "Real Estate, Plant and Equipment" on this model; however, if it is held by the lessee as a right-of-use asset and is in accordance with the provisions of IFRS No. 5 and are not pending sale, it is handled in accordance with the provisions of IFRS No. 16.

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

<u>Asset category</u>	<u>Useful life</u>
Buildings	10-47 years

Investment real estate is derecognized and recognized as income when it is disposed of, will no longer be used, and it is expected that future economic benefits cannot be generated from the disposal.

The Company decides to transfer into 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 property and there is evidence that the use has changed, the Company classifies the real property as investment property or transfers it out from investment 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 components 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 underlying assets, 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 rate. On the starting date, the lease payments included in the lease liability include the following payments related to the right of use of 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.

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 accumulated depreciation and accumulated impairment loss have been subtracted from the cost; 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 from the start date to the earlier of the right-of-use assets' useful life or the end of lease term.

The Company applies IAS No. 36 "Impairment of Assets" to determine whether the right-of-use asset is impaired and to deal with any identified impairment loss.

In addition to satisfying and selecting short-term leases or leases of low-value underlying 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

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

consolidated income statement.

For short-term leases and leases of low-value underlying 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 financial 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 financial lease in the balance sheet and expresses them as financial 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 lease 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 lease 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 recognized in profit or loss when they occur.

The useful life of intangible assets is divided into definite and indefinite useful life.

Intangible assets with a definite 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 definite 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 indefinite 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 as to whether there are events and circumstances that continue to support that the asset's useful life remaining uncertain. If the useful life is changed from non-determined to definite useful life, the application will be postponed.

The profit or loss arising from derecognized intangible assets is recognized as income.

Computer software

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

	<u>Computer software</u>
Useful life	Limited (1-5 years)
Amortization method used	Amortized using the straight-line method over the estimated beneficial life
Internally generated or 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 "Impairment of Assets". 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 book value of the asset or the cash-generating unit to which the asset belongs is greater than its recoverable amount, the 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 provision is the current obligation (statutory obligation or constructive obligation) arising from past events. When the obligation is paid, 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 provisions can be reimbursed, only when the reimbursement is almost completely certain is it recognized as a separate asset. If the time value of money has a significant impact, the liability provision 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 costs.

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

Liability provisions for warranties

The liability provision for the warranty is estimated in accordance with the contract agreement of the project and the management's best estimate of the future outflow of economic benefits (based on historical warranty experience) caused by the warranty obligation of the project.

16. Revenue recognition

The Company's revenue from contracts with customers mainly includes sales of premises and construction projects. Accounting treatment is explained as follows:

Income from the sale of premises

The Company builds and sells premises. The Company recognizes income when the transfer of control of assets and the transaction are completed and the actual premises 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 thus 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 reversal. 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 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 makes corrections.

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

The Company expects that the time between the transfer of goods or services to customers in all engineering contracts and the time of 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 project, which is handled in accordance with the provisions of IAS No. 37.

17. Borrowing costs

Borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset form part of the cost of that asset. All other borrowing costs are recognized as an expense. Borrowing costs are interest and other costs that an entity incurs in connection with the borrowing of 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, 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 fees 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.

The pension cost during the interim period is calculated at the pension cost rate determined by actuarial calculation on the closing date of the preceding year based on the beginning of the year to the end of the current period. If there are major market changes and major reductions, liquidations or other major one-off events after the closing date, adjustments will be made and relevant information will be disclosed.

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

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 of the decision to distribute the surplus.

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 book values in the consolidated balance sheet.

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

- (1) Initial 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 recognized when likely to be reversed in the foreseeable future and returned to the extent that there is sufficient taxable income for the temporary difference at the time.

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 income 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.

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

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

The income tax expense for the interim period is calculated and disclosed by applying the applicable tax rate for the expected total surplus for the current year, i.e. the estimated average effective tax rate for the year to the pre-tax profit and loss for the interim period. The estimate for the average effective tax rate for the year only includes income tax expenses of the current period. Deferred income tax was equal to that listed in the annual financial report, and was recognized and measured in accordance to IFRS 12 “income tax.” When there are interim tax rate changes, the effect of the tax rate changes on deferred income tax is recognized immediately in profit or loss, other comprehensive income or directly in equity.

(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 book value 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 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 see note 6 for details.

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

(VI) Details of significant accounts

1. Cash and cash equivalents

	<u>2022.12.31</u>	<u>2021.12.31</u>
Cash	\$413	\$371
Cash in banks	1,561,994	798,032
Total	<u>\$1,562,407</u>	<u>\$798,403</u>

2. Net notes receivable

	<u>2022.12.31</u>	<u>2021.12.31</u>
Notes receivable	\$26	\$950
Minus: Loss provisions	-	-
Total	<u>\$26</u>	<u>\$950</u>

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

The Company assesses impairment in accordance with IFRS No. 9 and provides detailed information on allowances for losses. Please refer to Note VI.19 for details. Please refer to Note XII for information on credit risk.

3. Accounts receivable - net amount for related parties

	<u>2022.12.31</u>	<u>2021.12.31</u>
Accounts receivable	\$131,003	\$133,585
Minus: Loss provisions	(2,710)	(2,710)
Subtotal	<u>128,293</u>	<u>130,875</u>
Accounts receivable - related parties	5,588	9,124
Minus: Loss provisions	-	-
Subtotal	<u>5,588</u>	<u>9,124</u>
Total	<u>\$133,881</u>	<u>\$139,999</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 2022 and January 1 to December 31, 2021, the total book value is NT\$136,591 thousand and NT\$142,709 thousand, respectively. For 2022 and from January 1 to December 31, 2021, the relevant information of the loss allowance is detailed in note VI.19. Please refer to Note XII for information on credit risk.

4. Net inventory

	<u>2022.12.31</u>	<u>2021.12.31</u>
Construction land	\$2,185,544	\$4,286,497
Land for sale	331,442	541,418
Buildings for sale	877,722	536,519
Land under construction	4,171,924	1,690,603
Buildings under construction	1,837,709	1,703,034
Total	<u>\$9,404,341</u>	<u>\$8,758,071</u>

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

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

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

Project type	2022.12.31			Note
	Buildings under construction	Land under construction	Estimated year of completion	
J48 construction project	\$701,818	\$764,939	2023	Self-built
J49-3 construction project	218,666	270,751	2023	Self-built
J50 construction project	70,626	587,253	2026	Self-built
J52 construction project	192,938	543,269	2024	Self-built
J53 construction project	53,553	201,051	2025	Self-built
J54 construction project	158,403	318,509	2025	Self-built
J56 construction project	125,170	342,344	2025	Self-built
J57 construction project	197,784	659,949	2024	Self-built
J58 construction project	118,751	483,859	2024	Self-built
Total	<u>\$1,837,709</u>	<u>\$4,171,924</u>		

Project type	2021.12.31			Note
	Buildings under construction	Land under construction	Estimated year of completion	
J36 construction project	\$940,772	\$293,198	2022	Self-built
J48 construction project	258,367	761,117	2023	Self-built
J49-2 construction project	235,517	366,311	2022	Self-built
J49-3 construction project	62,767	269,977	2023	Self-built
J51-1 construction project	205,611	—	2022	Co-built sub-housing
Total	<u>\$1,703,034</u>	<u>\$1,690,603</u>		

Buildings for sale, land for sale, and related information are as follows:

Project type	2022.12.31		
	Buildings for sale	Land for sale	Advance payment for buildings and land
J15 construction project	\$91,851	2,685	\$-
J24 construction project	22,862	8,828	-
J25 construction project	2,788	770	-
J28 construction project	43,705	26,981	-
J36 construction project	638,087	142,014	23,888
J39 construction project	46,303	110,548	-
J48 construction project	-	-	228,686
J51 construction project	32,126	39,616	4,476
Total	<u>\$877,722</u>	<u>\$331,442</u>	<u>\$257,050</u>
	2021.12.31		

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

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

Project type	Buildings for sale	Land for sale	Advance payment for buildings and land
J15 construction project	\$92,417	\$2,685	\$-
J24 construction project	22,862	8,828	-
J25 construction project	2,788	770	-
J27 construction project	7,104	4,394	209
J28 construction project	64,060	39,170	-
J31 construction project	16,397	23,800	10,052
J36 construction project	-	-	107,058
J39 construction project	46,303	110,549	-
J44 construction project	14,771	14,421	8,721
J46 construction project	30,607	42,436	27,981
J48 construction project	-	-	131,468
J49 construction project	6,528	7,486	95
J49-2 construction project	-	-	86,105
J51 construction project	232,682	286,879	56,315
J51-1 construction project	-	-	77,467
Total	<u>\$536,519</u>	<u>\$541,418</u>	<u>\$505,471</u>

The amount of interest capitalized during the construction period in 2022 and 2021 was NT\$44,344 thousand and NT\$42,080 thousand, respectively. In addition, the amount of interest capitalized due to the purchase of construction land was NT\$51,616 thousand and NT\$34,343 thousand, respectively. The total interest before interest capitalization amounted to \$97,825 thousand and \$78,734 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 2022 and December 31, 2021, the accident insurance coverage of inventory insured projects was NT\$60,000 thousand and NT\$60,000 thousand, and the insurance coverage of inventory insurance construction comprehensive insurance was NT\$7,969,660 thousand and NT\$3,709,900 thousand, respectively.

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

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

5. Advance payments

	<u>2022.12.31</u>	<u>2021.12.31</u>
Advance payments for buildings and land (note)	\$-	\$412,064
Advance insurance premiums	3,040	1,321
Other advance payments	3,682	1,681
Excess business tax paid	21,633	10,088
Total	<u>\$28,355</u>	<u>\$425,154</u>

(Note): Including cooperating with Taiwan Sugar Co., Ltd. (hereinafter referred to as "Taisugar") to build housing; the land will be provided by Taisugar, and the Company will provide funds and buy back the land allocated by Taisugar according to the agreement period. As of 2022 and December 31, 2021, the prepaid real estate payment by the Company to Taiwan Sugar was NT\$0 and NT\$366,655 thousand, respectively.

6. Investments recognized under the equity method

Statement of equity-accounted investments used by the Company is as follows:

<u>Investee</u>	<u>2022.12.31</u>		<u>2021.12.31</u>	
	Amount	Shareholding ratio%	Amount	Shareholding ratio%
Investment in affiliated companies:				
Phoenix Co., Ltd.	<u>\$7,815</u>	45.00%	<u>\$10,346</u>	45.00%

(Note): The Company newly invested in Phoenix Co., Ltd. in 2014, with an investment cost of NT\$1,335 thousand (4,500 thousand JPY), 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 thousand (22,500 thousand JPY).

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 shares:

	<u>2022</u>	<u>2021</u>
Net (loss) from continuing operations in the current period	(\$2,484)	(\$2,841)
Other comprehensive income in the current period (net income after tax)	-	-
Total comprehensive income	<u>(\$2,484)</u>	<u>(\$2,841)</u>

The aforementioned investment related companies had no contingent liabilities or capital commitments as of 2022 and December 31, 2021, nor did they provide guarantees.

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

7. Real estate, factories and equipment

	2022.12.31		2021.12.31			
Real estate, plants and equipment for self-use	\$55,820		\$59,094			
	Land	Buildings and structures	Machinery and equipment	Transportation equipment	Office equipment	Total
Costs:						
2021.1.1	\$22,885	\$36,641	\$1,585	\$17,602	\$20,392	\$99,105
Addition	-	529	-	12,170	757	13,456
Disposal	(64)	(143)	(423)	-	(353)	(983)
2021.12.31	22,821	37,027	1,162	29,772	20,796	111,578
Addition	-	-	18	-	662	680
Disposal	-	-	-	(480)	(288)	(768)
2022.12.31	\$22,821	\$37,027	\$1,180	\$29,292	\$21,170	\$111,490
Depreciation and impairment:						
2021.1.1	\$-	\$14,504	\$1,550	\$15,794	\$18,571	\$50,419
Depreciation	-	738	9	1,388	725	2,860
Disposal	-	(34)	(423)	-	(338)	(795)
2021.12.31	-	15,208	1,136	17,182	18,958	52,484
Depreciation	-	753	8	2,403	787	3,951
Disposal	-	-	-	(480)	(285)	(765)
2022.12.31	\$-	\$15,961	\$1,144	\$19,105	\$19,460	\$55,670
Net book value:						
2022.12.31	\$22,821	\$21,066	\$36	\$10,187	\$1,710	\$55,820
2021.12.31	\$22,821	\$21,819	\$26	\$12,590	\$1,838	\$59,094

For details on security for real estate, factory, and equipment, see note VIII.

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

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

8. 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.

	<u>Land</u>	<u>Buildings</u>	<u>Total</u>
Costs:			
2021.1.1	\$167,400	\$478,343	\$645,743
Addition - from purchase	-	-	-
Disposal	-	-	-
Other changes	17,591	-	17,591
2021.12.31	184,991	478,343	663,334
Addition - from purchase	17,202	1,896	19,098
Disposal	-	-	-
Other changes	3,873	-	3,873
2022.12.31	<u>\$206,066</u>	<u>\$480,239</u>	<u>\$686,305</u>
Depreciation and impairment:			
2021.1.1	\$-	\$92,809	\$92,809
Current depreciation	-	17,364	17,364
2021.12.31	-	110,173	110,173
Current depreciation	-	17,054	17,054
2022.12.31	<u>\$-</u>	<u>\$127,227</u>	<u>\$127,227</u>
Net book value:			
2022.12.31	<u>\$206,066</u>	<u>\$353,012</u>	<u>\$559,078</u>
2021.12.31	<u>\$184,991</u>	<u>\$368,170</u>	<u>\$553,161</u>
	<u>2022</u>	<u>2021</u>	
Lease income from investment properties	\$-	\$-	
Minus: Direct operating expenses incurred by investment real estate that generates lease income in the current period	(17,054)	(17,364)	
Total	<u>(\$17,054)</u>	<u>(\$17,364)</u>	

As of 2022 and December 31, 2021, the sums of fire insurance and earthquake insurance for investment real estate were NT\$386,481 thousand and NT\$392,737 thousand, 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 information is only disclosed on its fair value, and its fair value level is in the third level. The fair value of the investment real estate held by the Company as of 2022 and December 31, 2021 was NT\$758,205 thousand and NT\$626,931 thousand, 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.

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

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

9. Intangible assets

	Computer Software Cost
Original cost	
2021.1.1	\$7,563
Addition - obtained separately	230
2021.12.31	7,793
Addition - obtained separately	673
2022.12.31	<u>\$8,466</u>
Amortization and impairment	
2021.1.1	(\$6,841)
Amortization	(388)
2021.12.31	(7,229)
Amortization	(440)
2022.12.31	<u>(\$7,669)</u>
Net book value	
2022.12.31	<u>\$797</u>
2021.12.31	<u>\$564</u>

The recognized amounts of amortization of intangible assets are as follows:

	2022	2021
Operating expenses	<u>\$440</u>	<u>\$318</u>

10. Other non-current assets

	2022.12.31	2021.12.31
Refundable deposits	\$8,945	\$7,268
Construction land (Note)	-	23,859
Net defined benefit assets	3,186	365
Other non-current assets	-	33,638
Total	<u>\$12,131</u>	<u>\$65,130</u>

(Note): Land for construction is land that has yet to be planned and developed, and is classified as current assets when it is actively under development.

11. Short-term borrowings

	2022.12.31	2021.12.31
Unsecured bank borrowings	<u>\$833,025</u>	<u>\$650,000</u>

The interest rate ranges and maturity dates are as follows:

	2022.12.31	2021.12.31
Annual interest rate range	1.870%-2.490%	1.500%-1.730%
Maturity date	2023.1.9- 2023.11.17	2022.1.26- 2022.8.27

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

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

The unused loan amount is as follows:

	2022.12.31	2021.12.31
Unused loan amount	\$250,000	\$80,000
Unused loan amount	JPY 450,000	JPY 450,000

12. Net value of short-term notes and bills payable

	2022.12.31	2021.12.31
Short-term notes and bills payable	\$50,000	\$230,000
(minus): Discounts for short-term notes and bills payable	(12)	(127)
Net amount	<u>\$49,988</u>	<u>\$229,873</u>

The interest rate ranges and maturity dates are as follows:

	2022.12.31	2021.12.31
Annual interest rate range	1.800%	0.360%-1.190%
Maturity date	2023.1.5	2022.1.5- 2022.2.18

The above short-term notes and bills payable are secured in part by land for sale. Please see note 8 for details.

13. Liability provisions - current

	Warranty
2021.1.1	\$11,253
Addition in the current period	10,683
Currently used	(6,291)
2021.12.31	15,645
Addition in the current period	14,653
Currently used	(14,743)
2022.12.31	<u>\$15,555</u>

This liability provision is based on historical experience, and it is estimated that product warranty may occur in the future.

14. Corporate bonds payable

	2022.12.31	2021.12.31
Domestic secured ordinary corporate bonds payable	<u>\$499,000</u>	<u>\$-</u>

(1) Domestic secured ordinary corporate bonds payable:

	2022.12.31	2021.12.31
Denomination of domestic secured corporate bonds payable	\$499,000	\$-
Discount on domestic secured ordinary corporate bonds payable	-	-
Subtotal	499,000	-
Minus: Current portion	-	-
Net amount	<u>\$499,000</u>	<u>\$-</u>

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

The company issued the first domestic secured ordinary corporate bonds with a total face value of NT\$499,000,000 on January 12, 2022. The period of issuance is five years, and it is repaid in one lump sum upon maturity.

The interest for the corporate bond starting from the issue date shall be paid in a fixed simple interest of 0.68% and paid once a year.

15. Long-term borrowings

Type of borrowings	2022.12.31	2021.12.31
Mortgage loan	3,784,333	\$3,998,389
Capital loans	166,000	62,000
Subtotal	3,950,333	4,060,389
Minus: Current portion	(285,601)	(665,521)
Net amount	<u>\$3,664,732</u>	<u>\$3,394,868</u>

The interest rate ranges and maturity dates are as follows:

	2022.12.31	2021.12.31
Annual interest rate range	1.98%-2.80%	1.70%-2.05%
Maturity date	2023.6.9-2027.6.30	2022.6.21- 2026.3.16

The above loans are secured in part by construction land, land under construction, and houses. Please see note 8 for details.

16. Post-employment benefit plan

(1) Defined contribution plans

The Company's employee retirement measures set forth in the "Labor Pension Act" 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 employee salary is transferred to the individual retirement account of the Bureau of Labor Insurance every month.

The amount of expenses recognized by the Company in 2022 and 2021 for the definitive allocation plan is NT\$3,832 thousand and NT\$3,658 thousand, respectively.

(2) Defined benefit plan

The Company's employee retirement pension method established by the "Labor Standards Act" is a defined 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 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

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

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

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 uses self-management and entrusted management methods, and adopts both active and passive management in 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 IAS No. 19. As of December 31, 2022, the Company's defined benefit plan is expected to allocate NT\$124 thousand in the next year.

As of 2022 and December 31, 2021, the Company's defined benefit plan is expected to expire in 7 and 10 years.

The following table summarizes and determines the cost of the benefit plan recognized to profit and loss:

	<u>2022</u>	<u>2021</u>
Current service cost	\$199	\$500
Net interest on net confirmed benefit liabilities (assets)	(3)	37
Upfront fees	-	-
Pay off	-	-
Total	<u>\$196</u>	<u>\$537</u>

The adjustments to determine the present value of welfare obligations and the fair value of project assets are as follows:

	<u>2022.12.31</u>	<u>2021.12.31</u>	<u>2021.1.1</u>
Determine the present value of benefit obligations	\$34,929	\$36,511	\$49,891
Fair value of plan assets	(38,115)	(36,876)	(37,267)
Other non-current liabilities - net confirmed benefit liabilities (assets)	<u>(\$3,186)</u>	<u>(\$365)</u>	<u>\$12,624</u>

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

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

Adjustment of net definite benefit liabilities (assets):

	Defined benefit Present value of obligations	Plan assets Fair value	Net defined benefit liabilities (assets)
2021.1.1	\$49,891	\$37,267	\$12,624
Current service cost	500	-	500
Interest expenses (income)	145	108	37
Upfront fees and liquidation profit and loss	(13,590)	-	(13,590)
Subtotal	36,946	37,375	(429)
Determine the number of benefit liabilities/assets to be remeasured:			
Actuarial profits and losses arising from changes in demographic assumptions	39	-	39
Actuarial profits and losses arising from changes in financial assumptions	(1,825)	-	(1,825)
Experience adjustment	2,701	-	2,701
Determine the number of benefit liabilities/assets to be remeasured	-	632	(632)
Subtotal	37,861	38,007	(146)
Benefits paid	(1,350)	(1,350)	-
Amount paid by employer	-	219	(219)
2021.12.31	36,511	36,876	(365)
Current service cost	199	-	199
Interest expenses (income)	256	258	(2)
Upfront fees and liquidation profit and loss	-	-	-
Subtotal	36,966	37,134	(168)
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	(1,280)	-	(1,280)
Experience adjustment	1,105	-	1,105
Determine the number of benefit liabilities/assets to be remeasured	-	2,789	(2,789)
Subtotal	36,791	39,923	(3,132)
Benefits paid	(1,862)	(1,862)	-
Amount paid by employer	-	54	(54)
2022.12.31	\$34,929	\$38,115	(\$3,186)

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

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

The following main assumptions are used to determine the Company's definite benefit plan:

	<u>2022.12.31</u>	<u>2021.12.31</u>
Discount rate	1.23%	0.70%
Expected salary increase rate	1.00%	1.00%

Sensitivity analysis of each major actuarial assumptions:

	<u>2022</u>		<u>2021</u>	
	Determine the increase in welfare obligations	Determine the decrease in benefit obligations	Determine the increase in welfare obligations	Determine the decrease in benefit obligations
The discount rate increased by 0.5%	\$-	\$1,103	\$-	\$1,307
The discount rate is reduced by 0.5%	\$1,204	\$-	\$2,271	\$-
Expected salary increase of 0.5%	\$1,201	\$-	\$2,252	\$-
Expected salary decrease by 0.5%	\$-	\$1,111	\$-	\$1,309

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.

17. Equity

(1) Common stock and certificates of bond-to-stock conversion

As of 2022 and December 31, 2021, the Company's rated share capital was NT\$3,000,000 thousand, the issued share capital was NT\$2,191,972 thousand, and the denomination of each share was NT\$10, with 2,191,972 thousand shares total. Each share is entitled to one voting right and the right to receive dividends.

(2) Capital surplus

	<u>2022.12.31</u>	<u>2021.12.31</u>
Convertible bond equities	\$12,560	\$12,560
Conversion of convertible bonds to overpriced bonds	38,054	38,054
Total	<u>\$50,614</u>	<u>\$50,614</u>

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

(3) Earnings distribution and dividend policy

According to the Company's Articles of Incorporation, 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 legal reserve.
- D. Other special surplus 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 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\$50 per share, based on economic principles, it may consist of only stock dividends, only cash dividends or distribution can be reserved.

According to the provisions of the Company Act, the legal reserve shall be appropriated until its total amount reaches the paid-in capital. Legal reserve for offset of accumulated losses When the Company has no losses, it may issue new shares or cash in proportion to the shareholders' original shares when the legal reserve exceeds 25% of its paid-in capital.

When the Company distributes distributable surplus, in accordance with laws and regulations, 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. When the net amount of other equity deductions is subsequently reversed, the reversed part of the net amount of other equity deductions may be reversed and distributed to the special surplus reserve.

In accordance with the decree of Jin-Guan-Zheng-Fa-Zi No. 1090150022 issued by the Financial Supervisory Commission on March 31, 2021, when first adopting IFRS, the Company's recorded unrealized revaluation gains and accumulated translation adjustments (benefits) on the conversion date, due to the selection of the exempted items of IFRS 1 "First-time Adoption of IFRS," the retained earnings are transferred to the special surplus reserve. Afterwards, when the Company uses, disposes, or reclassifies relevant assets, it may reverse the distribution of the surplus based on the proportion originally set aside as the special surplus reserve. As of 2022 and December 31, 2021, the amounts of special surplus reserve adopted for the first time are both NT\$0 thousand.

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(continued)

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

The Company's board meetings on February 23, 2023 and March 17, 2022 respectively resolved the 2022 and 2021 earnings allocation and distribution proposals and the dividend per share, which are listed as follows:

	Dividend distribution proposal		Dividends per share (New Taiwan dollars)	
	2022	2021	2022	2021
Legal reserve	\$90,820	\$59,848	\$-	\$-
Cash dividends of common stock	\$460,314	\$438,394	\$2.10	\$2.00

Regarding the basis and listed amounts for employees' remuneration and directors' remuneration. Please refer to Note VI.21.

18. Operating revenue

	2022	2021
Revenue from contracts with customers		
Construction project income:	\$374,754	\$357,454
Income from the sale of premises	4,338,951	4,383,529
Total	<u>\$4,713,705</u>	<u>\$4,740,983</u>

Long Da Construction & Development Corporation
Notes to the individual financial statements
2022 and 2021
(Amounts are in NT\$ thousand unless otherwise specified)

Information about the Company's revenue from contracts with customers in 2022 and 2021 is as follows:

(1) Income details

2022

	Construction project department	Building sales department	Total
Building and land sales	\$-	\$4,338,951	\$4,338,951
Construction project	374,754	-	374,754
Total	<u>\$374,754</u>	<u>\$4,338,951</u>	<u>\$4,713,705</u>
	Construction project department	Building sales department	Total
Revenue recognition time:			
At some point in time	\$-	\$4,338,951	\$4,338,951
Gradually met over time	374,754	-	374,754
Total	<u>\$374,754</u>	<u>\$4,338,951</u>	<u>\$4,713,705</u>

2021

	Construction project department	Building sales department	Total
Building and land sales	\$-	\$4,383,529	\$4,383,529
Construction project	357,454	-	357,454
Total	<u>\$357,454</u>	<u>\$4,383,529</u>	<u>\$4,740,983</u>
	Construction project department	Building sales department	Total
Revenue recognition time:			
At some point in time	\$-	\$4,383,529	\$4,383,529
Gradually met over time	357,454	-	357,454
Total	<u>\$357,454</u>	<u>\$4,383,529</u>	<u>\$4,740,983</u>

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

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

(2) Contract balance

A. Contract assets - current

	<u>2022.12.31</u>	<u>2021.12.31</u>
Construction project	\$51,134	\$78,761
Minus: Loss provisions	-	-
Total	<u>\$51,134</u>	<u>\$78,761</u>

An explanation of the significant changes in the Company's contract asset balances for 2022 and 2021 is as follows:

	<u>2022</u>	<u>2021</u>
The beginning balance is transferred to accounts receivable in the current period	\$12,877	\$133,176

B. Contract liabilities - current and non-current

	<u>2022.12.31</u>	<u>2021.12.31</u>
Building and land sales	\$257,050	\$505,472
Construction project	18,338	1,245
Total	<u>\$275,388</u>	<u>\$506,717</u>

An explanation of the significant changes in the Company's contract liability balance from 2022 and January 1 to December 31, 2021 is as follows:

	<u>2022</u>	<u>2021</u>
The beginning balance of the current period is transferred to income	(\$380,428)	(\$447,559)
Increase in advance receipts in the current period (deduct and transfer income in the current period)	\$149,099	\$446,703

(3) The transaction price allocated to the outstanding performance obligations

As of December 31, 2022, the transaction price allocated by the Company's performance obligations that have not yet been met (including partly not met) totals NT\$97,899 thousand. These projects are expected to be completed in the next 1 to 28 months.

(4) Assets recognized from the cost of obtaining or fulfilling customer contracts

	<u>Opening amount</u>	<u>Closing amount</u>	<u>Variance</u>
Incremental cost of obtaining the contract	\$126,898	\$80,268	(\$46,630)

The Company expects to recover the relevant expenses paid to the advertising company for the sale of the J48 construction project, so it is recognized as an asset and recognized for sale. The income of the construction projects is amortized, but the construction project J48 has not been completed, so the related expenses have not been amortized.

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

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

19. Expected credit impairment loss (profit)

	2022	2021
Operating expenses - expected credit impairment loss (profit)		
Contract assets	\$-	\$-
Notes receivable	-	-
Accounts receivable	-	-
Total	<u>\$-</u>	<u>\$-</u>

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 2022 and December 31, 2021. The relevant description of the amount of loss is as follows:

- (1) The historical experience of credit loss of contract assets shows that different customer groups do not have significantly different loss patterns. Therefore, the expected credit loss rate is used to measure the amount of allowance loss without distinguishing between groups. Relevant information is as follows:

	2022.12.31	2021.12.31
Total book value	\$51,134	\$78,761
Expected credit loss rate	0%	0%
Loss provisions	-	-
Total	<u>\$51,134</u>	<u>\$78,761</u>

- (2) The historical experience of credit loss of company receivables shows that different customer groups do not have significantly different loss patterns. Therefore, the expected credit loss rate is used to measure the amount of allowance loss without distinguishing between groups. Relevant information is as follows:

2022.12.31

	Not past due (Note 2)	Days overdue			Total
		Within 90 days	91 - 120 days	More than 121 days	
Total book value	\$136,617	\$-	\$-	\$-	\$136,617
Loss rate:	0%	-	-	-	(Note 1)
Expected credit loss within the certificate duration	-	-	-	-	2,710
Carrying amount	<u>\$136,617</u>	<u>\$-</u>	<u>\$-</u>	<u>\$-</u>	<u>\$133,907</u>

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

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

2021.12.31

	Not past due (Note 2)	Days overdue			Total
		Within 90 days	91 - 120 days	More than 121 days	
Total book value	\$143,659	\$-	\$-	\$-	\$143,659
Loss rate:	0%	-	-	-	(Note 1)
Expected credit loss within the certificate duration	-	-	-	-	2,710
Carrying amount	\$143,659	\$-	\$-	\$-	\$140,949

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 of 2021 and 2022 are as follows:

	Contract assets	Notes receivable	Accounts receivable
2021.1.1	\$-	\$-	\$2,710
Increase (reverse) amount in the current period	-	-	-
2021.12.31	-	-	2,710
Increase (reverse) amount in the current period	-	-	-
2022.12.31	\$-	\$-	\$2,710

20. Lease

(1) Where the Company is the lessee

The Company leases transportation equipment. The lease period of the contract is until 2023.

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

	2022.12.31	2021.12.31
Transportation equipment	\$1,452	\$501

(b) Lease liabilities

	2022.12.31	2021.12.31
Lease liabilities	\$1,465	\$509
Current	\$604	\$406
Non-current	\$861	\$103

Please refer to Note VI. 22(4) Financial Costs for the interest expenses of the

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

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

Company's lease liabilities for 2022 and January 1 to December 31, 2021. Please refer to Note XII Liquidity Risk Management for the analysis of the maturity of lease liabilities for 2022 and on December 31, 2021.

B. Recognized amount on the Statement of Comprehensive Income

Depreciation of right-of-use assets

	2022	2021
Transportation equipment	<u>\$575</u>	<u>\$410</u>

C. Lessee's income and expenses related to leasing activities

	2022	2021
Expenses of short-term leases	<u>\$2,616</u>	<u>\$2,966</u>

D. Lessee's cash outflows related to leasing activities

The total cash outflows of the Company's leases in 2022 and 2021 were NT\$3,202 thousand and NT\$3,377 thousand, respectively.

21. The summary table of the functions of employee benefits, depreciation and amortization expenses is as follows

By function By type	2022			2021		
	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	\$83,606	\$49,372	\$132,978	\$66,113	\$52,982	\$119,095
Labor and health insurance fees	\$4,708	\$2,102	\$6,810	\$4,150	\$2,215	\$6,365
Pension expenses	\$2,813	\$7,276	\$10,089	\$2,413	\$7,782	\$10,195
Director remuneration	\$-	\$48,768	\$48,768	\$-	\$27,333	\$27,333
Other employee benefits expenses	\$4,645	\$2,636	\$7,281	\$4,169	\$2,689	\$6,858
Depreciation	\$17,218	\$4,362	\$21,580	\$17,499	\$3,135	\$20,634
Amortized expenses	\$682	\$434	\$1,116	\$6,392	\$382	\$6,774

The average number of employees of the company in 2022 and 2021 is 98 and 95 respectively, of which 5 directors are not part-time employees.

Companies whose stocks have been listed on the stock exchange or listed on the trading center should increase the disclosure of the following information:

- (1) The average employee welfare expense of the current year was NT\$1,690 thousand. The average employee welfare expense of the previous year was NT\$1,583 thousand.
- (2) The average employee salary expense of the current year was NT\$1,430 thousand. The average employee salary expense of the previous year was NT\$1,323 thousand.

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

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

- (3) The average employee salary cost adjustment change situation is 8.1%.
- (4) The Company has set up an audit committee to replace the supervisor in accordance with the regulations, so the supervisor's remuneration has not been recognized.
- (5) The Company's employee remuneration includes monthly salary (including basic salary, food/transportation 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 reward them for 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 Incorporation, it shall allocate 2% to 4% for employee remuneration and no more than 4% for director 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 2022, the Company will estimate the remuneration of employees and directors at 4% for both, based on profitability, and recognized the amounts of employee remuneration and directors' remuneration are NT\$45,228 thousand and NT\$45,228 thousand, respectively, which are accounted 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 2021 were NT\$31,860 thousand and NT\$23,895 thousand, respectively, and there was no significant difference between the amounts recorded as expenses in the 2021 financial report.

22. Non-operating income and expenses

(1) Interest income

	2022	2021
Interest from cash in banks	<u>\$1,785</u>	<u>\$192</u>

(2) Other income

	2022	2021
Lease revenue	<u>\$5,998</u>	<u>\$6,253</u>
Other income - others	<u>1,391</u>	<u>969</u>
Total	<u>\$7,389</u>	<u>\$7,222</u>

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

(3) Other profits and losses

	2022	2021
Gains on disposal of property, plant and equipment	\$73	\$154
Other Losses - others	(6,732)	-
Total	<u>(\$6,659)</u>	<u>\$154</u>

(4) Financial costs

	2022	2021
Interest of bank borrowings	\$1,849	\$2,305
Interest of lease liabilities	16	6
Total	<u>\$1,865</u>	<u>\$2,311</u>

23. Components of other comprehensive income

The components of other comprehensive income in 2022 are as follows:

	Produced in the current period	Current reclassification adjustments	Other comprehensive income	Income tax benefits (expenses)	Amount after tax
Items that will not be reclassified to profit or loss:					
Number of remeasurements of defined benefit plans	\$2,963	\$-	\$2,963	(\$593)	\$2,370
Items that may be reclassified to profit or loss:					
Exchange differences arising from the translation of the financial statements of foreign operations	2,360	-	2,360	(472)	1,888
Total	<u>\$5,323</u>	<u>\$-</u>	<u>\$5,323</u>	<u>(\$1,065)</u>	<u>\$4,258</u>

The components of other comprehensive income in 2021 are as follows:

	Produced in the current period	Current reclassification adjustments	Other comprehensive income	Income tax benefits (expenses)	Amount after tax
Items that will not be reclassified to profit or loss:					
Number of remeasurements of defined benefit plans	(\$283)	\$-	(\$283)	\$56	(\$227)
Items that may be reclassified to profit or loss:					
Exchange differences arising from the translation of the financial statements of foreign operations	12,519	-	12,519	(2,504)	10,015
Total	<u>\$12,236</u>	<u>\$-</u>	<u>\$12,236</u>	<u>(\$2,448)</u>	<u>\$9,788</u>

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

24. Income tax

(1) The main components of income tax expenses for 2022 and 2021 are as follows:

Income tax recognized in profit or loss

	<u>2022</u>	<u>2021</u>
Income tax expenses of the current period:		
Current income tax	\$132,528	\$138,980
Adjustments in the current period to income tax recognized in previous years	294	(1,220)
Land value increment tax paid in the current period	3,425	4,358
Other	(6)	(84)
Deferred income tax expenses (benefits):		
Deferred income tax expenses (benefits) related to the origination and reversal of temporary differences	(1,834)	7
Income tax expense	<u>\$134,407</u>	<u>\$142,041</u>

Income tax recognized in other comprehensive income

	<u>2022</u>	<u>2021</u>
Deferred income tax expense (benefit)		
Exchange differences arising from the translation of the financial statements of foreign operations	\$472	\$2,504
Actuarial profits and losses on defined benefits plans	593	(56)
Income tax related to other comprehensive income and losses	<u>\$1,065</u>	<u>\$2,448</u>

(2) The amount of income tax expense and accounting profit multiplied by the applicable income tax rate are adjusted as follows:

	<u>2022</u>	<u>2021</u>
Pre-tax profit from continuing operations	\$1,040,237	\$740,748
The tax amount calculated at the domestic tax rate applicable to income in the relevant country	\$208,047	\$148,150
Income tax impact of tax-free income	(83,162)	(9,988)
Income tax impact of non-deductible expenses on tax returns	323	161
Effect of income tax from deferred income tax assets/liabilities	(114)	-
Additional tax on undistributed earnings	5,012	664
Land value increment tax paid in the current period	3,425	4,358
House and Land Transactions Income Tax paid in the current period	295	-
Effect of different tax rates for entities operating in other taxation jurisdictions	293	-
Adjustments to income tax recognized in the current years	294	(1,220)
Other income tax impacts adjusted in accordance with tax law	(6)	(84)
Total income tax expenses recognized in profit or loss	<u>\$134,407</u>	<u>\$142,041</u>

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

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

(3) The balance of deferred income tax assets (liabilities) related to the following items:

2022

	Opening balance	Listed in income	Recognized in other comprehens ive income	Ending balance
Temporary difference				
Warranty provisions	\$3,129	(\$18)	\$-	\$3,111
Investments recognized under the equity method	(3,453)	497	(472)	(3,428)
Asset impairment	760	-	-	760
Net defined benefit liabilities - non-current	3,714	41	(593)	3,162
Pension expenses	882	1,200	-	2,082
Other	189	114	-	303
Deferred income tax (expenses)/ (benefits)		\$1,834	(\$1,065)	
Deferred income tax assets/(liabilities) net amount	\$5,221			\$5,990
The information expressed on the balance sheet is as follows:				
Deferred income tax assets	\$5,797			\$6,069
Deferred income tax liabilities	(\$576)			(\$79)

2021

	Opening balance	Listed in income	Recognized in other comprehens ive income	Ending balance
Temporary difference				
Warranty provisions	\$2,250	\$879	\$-	\$3,129
Investments recognized under the equity method	(1,517)	568	(2,504)	(3,453)
Asset impairment	760	-	-	760
Net defined benefit liabilities - non-current	3,594	64	56	3,714
Pension expenses	2,400	(1,518)	-	882
Other	189	-	-	189
Deferred income tax (expenses)/ (benefits)		(\$7)	(\$2,448)	
Deferred income tax assets/(liabilities) net amount	\$7,676			\$5,221
The information expressed on the balance sheet is as follows:				
Deferred income tax assets	\$8,820			\$5,797
Deferred income tax liabilities	(\$1,144)			(\$576)

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

(4) Approval status of income tax declaration

As of December 31, 2022, the Company's filing of income tax is as follows:

	Approval status of income tax declaration
The Company	approved to 2020

25. 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.

	<u>2022</u>	<u>2021</u>
(1)Basic earnings per share		
Current net profit (NT\$ thousand)	<u>\$905,830</u>	<u>\$598,707</u>
Weighted average number of ordinary shares of basic earnings per share (thousand shares)	<u>219,197</u>	<u>219,197</u>
Basic earnings per share (NT\$)	<u>\$4.13</u>	<u>\$2.73</u>
(2)Diluted earnings per share		
Current net profit (NT\$ thousand)	<u>\$905,830</u>	<u>\$598,707</u>
Weighted average number of ordinary shares of basic earnings per share (thousand shares)	<u>219,197</u>	<u>219,197</u>
Dilution effect:		
Employee compensation - stocks (thousand shares)	<u>2,019</u>	<u>1,720</u>
Weighted average number of ordinary shares after adjusting the dilution effect (thousand shares)	<u>221,216</u>	<u>220,917</u>
Diluted earnings per share (NT\$)	<u>\$4.09</u>	<u>\$2.71</u>

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.

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

(VII) Related-party transactions

The related parties 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
Hao Jing Advertising Co., Ltd.	Other related parties
Chen Youzhen, Zeng Mingfu	Other related parties
13 persons including Chen, Wu-Tsung	Key management personnel of the Company
Guo Hanlong	The Company's corporate director's representative

1. Sales

(1) Project income

	2022	2021
Other related parties		
Hong Ji Construction Co., Ltd.	<u>\$57,746</u>	<u>\$33,392</u>

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) Construction revenue

	2022	2021
Other related parties		
Chen Youzhen	\$-	\$6,720
Zeng Mingfu	-	14,790
Total	<u>\$-</u>	<u>\$21,510</u>

The Company's payment terms for sales to related parties are equivalent to those of non-related parties.

2. Accounts receivable - related parties

	2022.12.31	2021.12.31
Other related parties		
Hong Ji Construction Co., Ltd.	<u>\$5,588</u>	<u>\$9,124</u>

3. Accounts payable - related parties

	2022.12.31	2021.12.31
Other related parties		
Hao Jing Advertising Co., Ltd.	<u>\$8,884</u>	<u>\$1,269</u>

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

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

4. Remuneration of the Company's main management

	2022	2021
Short-term employee benefits	\$90,052	\$67,203
Post-employment benefits	6,122	4,560
Total	<u>\$96,174</u>	<u>\$71,763</u>

5. In 2022, the Company's advertising fee for other related parties (Hao Jing Advertising) was NT\$31,125 thousand.

6. As of 2022 and December 31, 2021, 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. The Company and other related parties are responsible for 80% and 20% of the construction profit and loss, respectively, in the joint venture agreement.

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
	2022.12.31	2021.12.31	
Other financial assets	\$141,518	\$16,858	Corporate bonds payable, long-term borrowings, warranties and guarantees
Inventory-construction land	2,185,544	4,260,233	Long-term borrowings
Inventory-land under construction	4,171,924	1,690,603	Long-term borrowings, short-term notes
Inventory-land for sale	-	326,050	Short-term notes, long-term borrowings
Inventory-buildings for sale	-	296,742	Short-term notes, long-term borrowings
Buildings and structures	8,980	9,349	Short-term borrowings
Investment properties - land	118,443	118,443	Short-term borrowings, Long-term borrowings
Investment properties - structures	314,424	326,251	Short-term borrowings, Long-term borrowings
Total	<u>\$6,940,833</u>	<u>\$7,044,529</u>	

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

(IX) Significant contingent liabilities and unrecognized contractual commitments

As of December 31, 2022, the following commitments and contingent liabilities were not included in the financial statements above:

1. The guarantee bill issued for deposits for contracted work cases is NT\$113,843 thousand.
2. Due to the contracted project and the project warranty, the guarantee bill issued by the manufacturer was NT\$42,157 thousand.
3. Due to the contracted work case, the performance bond issued by the bank was NT\$7,608 thousand in total.
4. Due to the issuance of ordinary corporate bonds, the performance bond issued by the bank was NT\$502,393 thousand in total.
5. 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 January 31, 2024, the guarantee amount was NT\$155,152 thousand.
6. 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.
7. 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 January 31, 2024, with a guaranteed amount of NT\$38,788 thousand.
8. 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, 2022) 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.
9. 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, 2022) 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.
10. 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, 2022) 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.

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

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

11. 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, 2022) 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

Not applicable.

(XI) Major subsequent events

Not applicable

(XII) Other

1. Financial instruments by category

Financial assets

	2022.12.31	2021.12.31
Financial assets at fair value through profit and loss:		
Cash and cash equivalents (excluding cash on hand)	\$1,561,994	\$798,302
Notes receivable	26	950
Accounts receivable (including from related parties)	133,881	139,999
Other financial assets	141,518	16,858
Total	<u>\$1,837,419</u>	<u>\$956,109</u>

Financial liabilities

	2022.12.31	2021.12.31
Financial liabilities measured at amortized cost:		
Short-term borrowings	\$833,025	\$650,000
Short-term notes and bills payable	49,988	229,873
Payables	1,303,061	869,423
Corporate bonds payable	499,000	-
Long-term borrowings (including long-term borrowings due within a year)	3,950,333	4,060,390
Lease liabilities	1,465	509
Total	<u>\$6,636,872</u>	<u>\$5,810,195</u>

2. Financial risk management purpose and policies

The Company's financial risk management objectives are mainly to manage market risk, credit risk, and liquidity risk related to operating activities. The Company conducts 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. 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; however, 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%, profit and loss for the Company in 2022 and 2021 decreased by NT\$36,214 thousand and NT\$38,884 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, historical transaction experience, the 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 2022 and December 31, 2021, the top ten customer contract assets and receivables accounted for 42% and 16% of the Company's total contract assets and receivables, respectively. The credit concentration risk of the remaining contract assets and receivables is

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

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

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 amounts listed also include 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 1 year	2 to 3 years	4 to 5 years	Over 5 years	Total
2022.12.31					
Loans	\$1,231,185	\$2,852,132	\$812,600	\$-	\$4,895,917
Short-term notes and bills payable	\$49,988	\$-	\$-	\$-	\$49,988
Payables	\$1,303,061	\$-	\$-	\$-	\$1,303,061
Corporate bonds payable	\$-	\$-	\$499,000	\$-	\$499,000
Lease liabilities	\$663	\$876	\$-	\$-	\$1,539
2021.12.31					
Loans	\$1,403,491	\$2,053,069	\$1,341,800	\$-	\$4,798,360
Short-term notes and bills payable	\$229,873	\$-	\$-	\$-	\$229,873
Payables	\$869,423	\$-	\$-	\$-	\$869,423
Lease liabilities	\$411	\$103	\$-	\$-	\$514

6. Changes in liabilities from financing activities

Information on the adjustment of liabilities from January 1 to December 31, 2022:

	Short-term borrowings	Long-term borrowings	Short-term notes payable	Lease liabilities	Deposits received	Corporate bonds payable	From Financing activities Total liabilities
2022.1.1	\$650,000	\$4,060,389	\$229,873	\$509	\$1,894	\$-	\$4,942,665
Cash flow	205,025	(132,056)	(179,885)	(586)	(1,408)	499,000	390,090
Non-cash changes	(22,000)	22,000	-	1,542	-	-	1,542
2022.12.31	<u>\$833,025</u>	<u>\$3,950,333</u>	<u>\$49,988</u>	<u>\$1,465</u>	<u>\$486</u>	<u>\$499,000</u>	<u>\$5,334,297</u>

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

Information on the adjustment of liabilities from January 1 to December 31, 2021:

	Short-term borrowings	Long-term borrowings	Short-term notes payable	Lease liabilities	Deposits received	From Financing activities Total liabilities
2021.1.1	\$210,000	\$3,287,710	\$-	\$103	\$802	\$3,498,615
Cash flow	440,000	772,679	229,873	(411)	1,092	1,443,233
Non-cash changes	-	-	-	817	-	817
2021.12.31	\$650,000	\$4,060,389	\$229,873	\$509	\$1,894	\$4,942,665

7. Fair value of financial instruments

(1) Evaluation techniques and assumptions used to measure fair value

Fair value refers to the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at 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 quotes (for example, listed stocks, beneficiary certificates, bonds and futures, etc.).
- C. Equity instruments without active market transactions (for example, privately placed listed stocks, public company-issued shares without active markets, and un-issued shares of companies) are estimated to be fair value based on the market method, where the price and other relevant information generated by market transactions of the same or comparable company equity instruments (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) are used to estimate 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. Assumptions such as the interest rate and discount rate are mainly based on information related to similar tools (for example, the exchange center refers to the yield curve, Reuters average quotation of 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).

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

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

(2) Measuring fair value of financial instruments by amortized cost

The Company's book values of financial assets and financial liabilities measured at amortized cost are a reasonable approximation of those at fair value.

(3) Information on fair value estimation levels for financial instruments

For information on the fair value levels of the Company's financial instruments, please refer to XII.8.

8. 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: Inputs other than quoted market prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.

Level 3: Inputs are unobservable inputs for the 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 fair value levels.

(2) Information on fair value estimation levels

The Company had no non-repetitive assets measured at fair value as of 2022 and December 31, 2021. The fair value level information of repetitive assets and liabilities is as follows:

Transfer between the Level 1 and the Level 2 of fair value levels

From 2022 and January 1 to December 31, 2021, the Company's repetitive fair value measurement assets and liabilities did not transfer between the Level 1 and Level 2 of fair value measurement.

(3) Level information that is not measured by fair value but must disclose fair value

December 31, 2022:

	<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.8 for details)	\$-	\$-	\$559,078	\$559,078

December 31, 2021:

	<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.8 for details)	\$-	\$-	\$553,161	\$553,161

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

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

9. Other

(1) Details of major construction projects in 2022 and 2021 are as follows:

Name of project	Scheduled (or actual) year of completion	Constructi on contract Price	Estimated (or actual) Total Cost	2022	
				Recognized accumulated profit (loss)	Ratio of completed projects
H40	2022	\$227,339	\$215,294	\$12,045	100.00%
H41	2022	\$125,859	\$119,934	\$5,925	100.00%
FL2	2023	\$361,407	\$328,552	\$25,773	78.45%

Name of project	Scheduled (or actual) year of completion	Constructi on contract Price	Estimated (or actual) Total Cost	2021	
				Recognized accumulated profit (loss)	Ratio of completed projects
K05	2021	\$557,027	\$543,466	\$13,561	100.00%
FK4	2021	\$559,034	\$474,541	\$84,493	100.00%
FJ7	2021	\$346,513	\$334,566	\$11,947	100.00%
H40	2022	\$219,412	\$211,000	\$8,248	98.04%
H41	2022	\$125,876	\$121,053	\$4,710	97.66%

10. Significant foreign currency financial assets and liabilities information

The Company's significant foreign currency financial assets and liabilities are as follows:

	2022.12.31		
	Foreign currency	Exchange rate	TWD
<u>Financial assets</u>			
Monetary items:			
JPY	\$36,587	0.2324	\$8,503
<u>Financial liabilities</u>			
Monetary items:			
JPY	\$430,667	0.2324	\$100,087

	2021.12.31		
	Foreign currency	Exchange rate	TWD
<u>Financial assets</u>			
Monetary items:			
JPY	\$135,355	0.2405	\$32,553
<u>Financial liabilities</u>			
Monetary items:			
JPY	\$430,667	0.2405	\$103,575

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

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 2022 and 2021 are both NT\$0 thousand.

11. 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 operations of the Company and the maximization of shareholders' equity. The Company manages and adjusts its capital structure based on economic conditions, and may maintain and adjust the capital structure by adjusting dividend payments, return of capital, or issuing new shares.

(XIII) Supplementary disclosures

1. Significant transactions information

Disclosure information of major transactions as of December 31, 2022 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: None.
- (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 2.
- (6) Disposal of real estate reaching NT\$300,000,000 or 20% of paid-in capital or more: None.
- (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 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 investee company shall disclose the name, location, main business items, original investment amount, closing stock holdings, current profit and loss, and recognized investment profit and loss: Please refer to table 3.
- (2) If there is 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 through 9 of the preceding paragraph. However, if the total assets or operating income of the investee company does not reach 10% of the respective amounts of the issuer, or those who directly or indirectly control the personnel, finances, or business, may only disclose relevant information in items 1 through 4: Not applicable.

3. Information on investments in Mainland China: None.

4. Information on major shareholders: Please refer to Table 4.

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

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

(XIV) Department information

- For management purposes, the Company divides operating units according to business and divides them into the following two reporting operating departments:

Construction project department: This department is responsible for the construction business that integrates 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 the basis of the company and is not allocated to the operating department.

2022

		Constructio n project department	Building sales department	Reportable department subtotal	Other department s	Adjustment and reduction	Total
Income							
Income	from	\$374,754	\$4,338,951	\$4,713,705	\$-		\$4,713,705
external customers						\$-	
Department revenues		-	-	-	-	-	-
Total income		\$374,754	\$4,338,951	\$4,713,705	\$-	\$-	\$4,713,705
Department	profit	\$8,163	\$1,059,910	\$1,068,073	(\$27,836)	\$-	\$1,040,237
and loss							

2021

		Constructio n project department	Building sales department	Reportable department subtotal	Other department s	Adjustment and reduction	Total
Income							
Income	from	\$357,454	\$4,383,529	\$4,740,983	\$-	\$-	\$4,740,983
external customers							
Department revenues		-	-	-	-	-	-
Total income		\$357,454	\$4,383,529	\$4,740,983	\$-	\$-	\$4,740,983
Department	profit	\$46,806	\$721,585	\$768,391	(\$27,643)	\$-	\$740,748
and loss							

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

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

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, 2022 and December 31, 2021 is zero.

2. Regional information:

Income from external customers

	<u>2022</u>	<u>2021</u>
Taiwan	<u>\$4,713,705</u>	<u>\$4,740,983</u>

3. Important customer information:

There were no customers who accounted for more than 10% of the revenue on the income statement of the Company in 2022 and 2021.

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

Table 1
Provision of endorsements and guarantees to others:

No. (Note 1)	Name of company of endorsement guarantor	Entity for which the endorsement/guarantee is made		Limit on endorsements/guarantees to a single enterprise (Note 3)	Maximum outstanding balance of endorsements/guarantees during the current period (Note 4)	Ending balance of endorsements/guarantees (Note 5)	Actual amount drawn (Note 6)	Endorsed/Guaranteed amount with property as collateral (Note 7)	Cumulative endorsed/guaranteed amount as a percentage of the net value in the most recent financial statements	Maximum endorsed/guaranteed amount (Note 3)	Guarantee from parent company to subsidiary (Note 8)	Guarantee from subsidiary to parent company (Note 8)	Guarantee to China (Note 8)
		Company Name	Relationship (Note 2)										
0	Long Da Construction & Development Corporation	Shenghong Plumbing & Electrical Engineering Co., Ltd.	5	\$10,959,860 (5 times paid-in capital)	\$38,788	\$38,788	\$38,788	-	0.77%	\$32,879,580 (15 times paid-in capital)	N	N	N
0	Long Da Construction & Development Corporation	Yikung Construction Co., Ltd.	5	\$10,959,860 (5 times paid-in capital)	\$155,152	\$155,152	\$155,152	-	3.06%	\$32,879,580 (15 times paid-in capital)	N	N	N
0	Long Da Construction & Development Corporation	Ju Fa Development Co., Ltd.	5	\$10,959,860 (5 times paid-in capital)	\$266,300	\$266,300	\$202,680	\$266,300	5.26%	\$32,879,580 (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: Amount drawn for the endorsed/guaranteed amount with property as collateral.

Note 8: 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 the individual financial statements of Long Da Construction & Development Corporation (continued)
(Amounts are in NT\$ thousand unless otherwise specified)

Table 2

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 (Land No. 53-2, 53-3, Yuanwei Section, Fengshan District, Kaohsiung City)	2020.1.21	\$803,900	Payment in five installments NT\$40,195,000 paid in the first installment NT\$80,390,000 paid in the second installment NT\$80,390,000 paid in the third installment NT\$120,585,000 thousand yuan paid in the fourth installment 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 1)
Long Da Construction & Development Corporation	Land (Land No. 0515, 0520, Dagong Section, Gangshan District, Kaohsiung City)	2022.1.5	\$400,000	Payment in four installments NT\$40,000 thousand paid in the first installment NT\$40,000 thousand paid in the second installment NT\$280,000 thousand paid in the third installment NT\$40,000 thousand paid in the fourth installment	Legal entities	Non-related party	-	-	-	-	Price negotiation	Development and construction of buildings for sale	(Note 2)

(Note 1): 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, 2022, the Company has paid NT\$803,900 thousand for the buildings and land.

(Note 2): The land was acquired by the Company through bargaining with legal persons. As of December 31, 2022, the Company has paid NT\$400,000,000 for the land, and the related ownership transfer has been completed.

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

Table 3

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	45.00%	\$7,815	(\$5,520)	(\$2,484)	-
				JPY 27,000	JPY 27,000				(JPY 24,559)	(JPY 11,051)	

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

Table 4
Information on major shareholders:

Name of major shareholder	Shareholding	
	Number of Shares	Shareholding ratio%
Da Jing Inv Co. Ltd.	47,576,907	21.70%
Da Hong Inv Co. Ltd.	20,500,000	9.35%

unit: shares

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.