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SAKURA DEVELOPMENT CO., LTD

2022

Annual Report

Printed on April 15 2023

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Message to Shareholders

Dear shareholders:

Welcome to this company's 2023 shareholders meeting. I would first like to express our tremendous gratitude to all shareholders of Sakura Development for their support and concern.

In 2022, in the full cooperation of all colleagues and partners, "Sakura Giant", "Sakura Kingdom - Oxford Garden", "Sakura Rain" has been handed over to the house. In 2023, a total of 615 units are scheduled to be completed, including "Sakura Just Perfect", "Sakura Museum", "Sakura Blossom", "Sakura Cluster- Academic Cluster" and "Sakura Cluster- Bountiful Cluster". Cases currently under construction, In Taichung area, there are "Sakura Kingdom - London Garden, Taiping District, ""Sakura of the City, Qingshui District," "Sakura of Xingda, Dali District," " Yuxian Section, Taiping District Phase VIII", "Dongguang Section, Beitun District," "Xinronghe Section,Wuri District Phase II, ""South Section, New Station, Wuri District Phase II," "Toujia Section, Tanzi District Phase I and II," " Zhiyong Section, Dajia District Phase I" ; In Changhua area, there are "Sakura of the Golden Horse, Changhua District," and " Zhongshan Section, Changhua District, " and in the north area, there are " Sakura Cluster-Ju Fu District " and " Touchongxi Section, Yangmei District,Taoyuan City Phase II , " with a total of 2,940 units. A total of 484 units are expected to be started this year: " Zhiyong Section, Dajia District Phase II , " in Taichung, "Pingdao Section, Yongkang District," in Tainan, in the south, and "Fengxing Section, Zhongli District, " in Taoyuan, in the north.

In 2022, the U.S. central bank initiated a cycle of interest rate hikes to curb inflation, and major economies around the world followed suit. The central bank of Taiwan has also raised interest rates four times in a row, and the cumulative increase for the year has reached 0.625 percentage points, and the mortgage rate floor has increased to 1.935%. Under the influence of the expected inflation psychology, the market will be dominated by the demand for the purchase of the property. To sum up the Year 2022 market performance of Taiwan's real estate market, the price continued to rise due to

inflation, and the transaction volume shrank due to the continuous interest rate rise. Looking ahead to 2023, the development of the real estate industry will face the dilemma of continued selective credit control measures of the central bank, the third reading of the regulation on equal land rights, rising raw materials, shortage of labor and other impacts, and the continuous rise of construction costs. On the demand side, the downward revision of the economic growth rate, the continuous interest rate hike, the increase of the house purchase tax and the increase of the housing price in the past two years have tested the purchasing power of the self-occupied customers. Therefore, it is expected that the whole Taiwan housing market will show a trend of "price flattening and contraction" in 2023. The company will adhere to the core concept of sustainable management, strive to enhance product competitiveness and brand value, return the support and recognition of shareholders.

Chairman Chen Cheng-Kang

I. 2022 business results

(I) Implementation of the annual business plan:

The Company's net operating income in 2022 amounted to NT\$6,263,951 thousand, an increase of NT\$1,989,636 thousand from that of NT\$4,274,315 thousand in 2021. The net profit after tax for 2022 was NT\$1,505,410 thousand, an increase of NT\$ 751,417 thousand from NT\$ 753,993 thousand in 2021. The whole business result is better than that of 2021.

(II) Budget implementation:

In accordance with the Regulations Governing the Publication of Financial Forecasts of Public Companies, the Company is not required to make a financial forecast in 2022.

(III) Financial status and profitability

1. Financial status

Unit: NT\$1,000

Item	2022	2021	YOY growth rate
Operating revenue	6,263,951	4,274,315	46.55%
Operating costs	3,997,951	2,915,205	37.14%
Gross operating profit	2,266,000	1,359,110	66.73%
Operating expenses	339,085	374,591	9.48%
Operating income	1,926,915	984,519	95.72%
Net income	1,505,410	753,993	99.66%

2. Profitability

Item	2022	2021
ROA (%)	7.18	3.87
ROE (%)	16.32	9.28
Pre-tax profit to paid-in capital ratio (%)	26.03	14.93
Profit ratio (%)	24.03	17.64
EPS (NT\$)	2.05	1.04

(IV) Research and development

1. Land development: Our professional land developers selected targets for development in areas with convenient transportation developmental potentials, such as parks, parkways, waterfronts, school neighborhoods.
2. Planning and design: We adhered to the "people-oriented" spirit in our design and planning according to the characteristics of the areas where projects are proposed, creating for customers functional and beautiful products that

- incorporate the concept of green building to meet market demand.
3. Construction management: We continued to strengthen construction quality management, effectively controlled the project progress and cost control, and ensured the construction safety of the construction site.
 4. Customer Service: We uphold the concept of sustainable management, listen to customers' voices and fulfill customer service.

II. 2023 Business Plan Summary

(I) Operating policy

1. The Company shall adopt the concept of sustainable management, implement the ethical governance in the Company, focus on the management and communication with the stakeholders, and maintain good interaction with the stakeholders.
2. After-sales service shall be highly valued in order to provide customers with the best quality service.
3. Making financial information transparent and implementing effective corporate governance.

(II) Projected sales volume and basis

1. "Sakura Just Perfect" is located in Taichung's Taiping District and is comprised of 178 units. Its total sales is around NT\$2.34 billion, and it will be predictably completed in the second quarter of 2023.
2. "Sakura Cluster- Bountiful Cluster " is located in Zhubei City, Hsinchu County, with a total number of 8 units and a total sales amount of about NT\$200 million yuan. It is expected to be completed in the third quarter of 2023
3. "Sakura Museum ", located in the western district of Taichung City, a total of 173 units, the total sales amount of about NT\$2.92 billion yuan, is expected to be completed in the third quarter of 2023.
4. "Sakura Cluster- Academic Cluster " is located in Zhubei City, Hsinchu County, the total number of 55 units, the total sales amount of about NT\$1.21 billion, is expected to be completed in the third quarter of 2023.
5. "Sakura Cluster- Ju Fu District", is located in Zhubei City, Hsinchu County, total number of 133 units, the total sales amount of about NT\$ 2.43 billion, is expected to be completed in the first quarter of 2024.
6. "Sakura Kingdom - London Garden" is located in Taichung's Taiping District and is comprised of 327 units. Its total sales is around of NT\$3.79 billion, and it will be predictably completed in the first quarter of 2024.

7. The "Sakura of the City" is located in the Qing Shui District of Taichung City, with a total of 461 units and a total sales amount of approximately NT\$4.19 billion, and is expected to be completed in the third quarter of 2024.
 8. "Sakura of Xingda" is located in Dali District, Taichung City, with a total number of 302 units and a total sales amount of about NT\$4.56 billion yuan. It is expected to be completed in the third quarter of 2024.
 9. "Sakura of the Golden Horse", is located in Changhua City, a total of 214 units, the total sales amount of about NT\$ 2.87 billion yuan, is expected to be completed in the third quarter of 2024.
 10. "Touchongxi Section Phase II", is located in Yangmei District, Taoyuan City, has a total number of 170 units and a total sales amount of about NT\$1.43 billion yuan. It is expected to be sold to the public in June, 2023 and completed in the fourth quarter of 2024.
 11. "Xinronghe Section II" is located in Wuri District, Taichung City, with a total number of 74 units and a total sales amount of about NT\$1.15 billion yuan. It is expected to be sold to the public in July ,2023 and completed in the fourth quarter of 2024.
 12. "Yuxian Section Phase VIII", located in Taiping District, Taichung City, a total of 459 units, the total sales amount of about NT\$ 6 billion, is expected to be public sales in July ,2023, completed in the first quarter of 2025.
 13. "Toujia Section Phase I" is located in Tanzi District, Taichung City, with a total number of 90 units and a total sales amount of about NT\$1.41 billion yuan. It is expected to be sold publicly in October, 2023 and completed in the third quarter of 2024.
 14. "Toujia Section Phase II" is located in Tanzi District, Taichung City, with a total number of 120 units and a total sales amount of about NT\$ 1.28 billion yuan. It is expected to be sold publicly in October, 2023 and completed in the third quarter of 2024.
- (III) Major construction and sales policies
1. Product plans call for thoughtfulness, value, and practicality.
 2. Implementing construction plans, ensuring project quality and cost control, and striving to achieve budgetary goals.
 3. Working with highly reputable sales agents, the Company has adopted a diversified sales strategy aimed at enhancing its completed transaction percentage.
 4. Emphasizing consumers' rights, the Company has been revising sales

contract content in accordance with legal amendments.

5. Continue to operate the enterprise brand, strengthen the customer service system, and provide customers with timely and thoughtful service.

III. Future Development Strategy:

- (I) Implement corporate governance and protect the rights and interests of shareholders and stakeholders.
- (II) Promote environmental sustainability and increase the proportion of green procurement and green building licensing applications.

IV. Effect of the competitive, regulatory, and macroeconomic environment

- (I) External competitive environment:

As the housing market is cooling down and the government's policy of speculation on real estate continues, the builders are faced with difficulties in obtaining land, shortage of labor, rising construction materials and other difficulties. The company has sufficient land inventory, and the customer management focuses on owner-occupied and first-time buyers. We will provide better products and services to consumers to cope with external competition.

- (II) Regulatory Environment:

1. The central bank has selective credit control, limiting loans to 40% for natural persons above the third household, and reducing land purchase loans to 50%. Construction should be started within a certain period of time, and financial institutions are required to include them in the focus of internal audit and inspection.
2. The third reading of the amendment to some provisions of the Average Land Rights Ordinance was passed. The main points of this amendment are: restricting the exchange of contracts for resale, imposing heavy penalties for speculation, establishing a reward system for reporting, controlling the purchase of houses by private legal persons, and reporting the registration of termination of contracts.

- (III) Overall operating environment:

The domestic housing market is facing unfavorable factors such as interest rate hikes, the passage of the average land rights ordinance and lower economic growth rate, investment customers continue to withdraw from the market, and owner-occupied customers tend to be conservative and wait for

a longer transaction period, which is expected to shrink the housing market supply and demand in the future.

Chapter 2. Company Profile

I. Date of Establishment: May 2 1987

II. Company History:

- May 1987 Chang Tzung-hsi and associates established the Sakura Development Co., Ltd. after assembling funding of NT\$20 million.
- June 1990 A cash capital increase of NT\$175 million, causing total capital to reach NT\$195 million.
- October 1990 The Company successively introduces the "Guizu Huaxia" 7-story elevator-equipped apartment building, "Huangjia Bieshu" 4-story luxury town houses, and the "Zuanshi Mingdian" 5-story town houses with shop fronts on Taichung's Yinghua Road.
- December 1991 Introduces the "Fuxing Jindian" 5-story town houses with shop fronts and "Mingmen Huaxia" 7-story elevator-equipped apartment building.
- March 1992 Completes the "Guizu Huaxia," "Huangjia Bieshu," and "Zuanshi Mingdian" projects.
- December 1992 Introduces the "Sakura Xingzuan" 13-story apartment suite and shopping center from B1 to 3F, and "Sakura Huangdi" overlapping luxury homes.
- June 1993 Introduces the "Yingcheng ABC Area," which is located on a 8,264m² site and is a multiple-use product containing shops, apartments, and suites.
- June 1993 Completion and hand-over of the "Fuxing Jindian" and "Mingmen Huaxia" projects.
- March 1994 As the Company's scale of operation grows increasingly large, in order to achieve sustainability and continuing growth, the Company resolves to increase capital by NT\$605 million in cash, which causes total capital to increase to NT\$800 million, to boost self-held capital and the financial structure on a sound footing.
- June 1994 The Securities & Exchange Commission, Ministry of Finance approves the Company's promotion to a public

company, which advances the Company's operations to a new level.

- December 1994 "Sakura Xingzuan" and "Sakura Huangdi" are completed and handed over.
- December 1994 Introduces the "Fengyuan Yinghuashi" project located in Taichung County's Dashe Section.
- July 1995 "Yingcheng ABC" is completed and handed over, making that part of Yinghua Road even more prosperous.
- October 1995 "Yingcheng ABC Area" (Sakura Yuandi) project introduced in June 1993 takes the "best construction quality award" in the 3rd Chinese Architectural Golden Stone Awards.
- January 1996 Conducts conversion of earnings to capital increase of NT\$100 million, causing capital to reach NT\$900 million.
- March 1996 "Yingcheng A Area" receives the "best construction quality award" in the Architecture Golden Awards of the R.O.C.
- July 1996 Conducts conversion of earnings to capital increase of NT\$108 million, increasing the capital amount to NT\$1,008,000,000.
- April 1996 "Fengyuan Yinghuashi" is completed and handed over.
- September 1996 Introduces the "Sakura Dacun" luxury town houses located in Taichung County's Daya area.
- March 1997 The Taiwan Stock Exchange's Review Committee approves the Company's stock listing application.
- June 1997 Completion of capital increase by recapitalization of earnings and employee bonuses, which increases capital to NT\$1,141,870,000.
- July 1997 Stock formally listed on the stock exchange.
- July 1997 Introduces the "Sakura European Village" community development project, which is located along Zongguan Road in Dacun, Yuanlin, occupies 42,975m², and was developed in conjunction with the Changhua County government and the Corporate Synergy Development

Center, Ministry of Economic Affairs.

- August 1997 Introduces the 14-story fiber optic-connected community "Sakura Modern Europe" located in the Fengjia Shopping District and featuring an advanced information concept design.
- September 1997 Conducts conversion of cash to capital increase of NT\$400 million, a premium of NT\$42 per share, increasing the capital amount to NT\$1,541,870,000.
- September 1997 Introduces the Yumaowu Living Circle located on Xiaoyang Road in Changhua; this project occupies 52,893m² and creates the "Sakura Europe Holiday" leisure and vacation living community in the greater Changhua area.
- December 1997 Passes ISO9002 certification.
- February 1998 Introduces the "Sakura Century" project located on Wuquan West Road and occupies 7,646m².
- April 1998 Conducts capital increase out of capital reserves and earnings (including employee bonuses), which increases capital to NT\$2,008,831,000.
- September 1999 Conducts capital increase out of capital reserves and earnings, which increases capital to NT\$2,209,714,100.
- March 2000 Introduces phase I of the 6,998m² "Sakura Dazhen" project in Caotun.
- November 2000 Reduction in capital and use of capital surplus to cover accumulated deficits, capital is reduced to NT\$1,104,857,050.
- October 2002 Reduction in capital and use of capital surplus to cover accumulated deficits, capital is reduced to NT\$276,000,000.
- October 2003 Reduction in capital and use of capital surplus to cover accumulated deficits, capital is reduced to NT\$98,550,000.
- December 2003 Holds extraordinary shareholders meeting to elect new directors and supervisors, Wu Liu-ho assumes position of chairman. Conducts cash capital increase by private

placement, which increases capital to NT\$198,550,000.

- February 2004 Conducts cash capital increase by private placement, which increases capital to NT\$500,000,000.
- March 2006 Conducts cash capital increase by private placement, which increases capital to NT\$800,000,000.
- February 2007 Introduces the "Sakura LV Holiday," which is located near Qingnian High School on Dali's Zhonghu Road.
- December 2007 Reduction in capital to cover accumulated deficits and cash capital increase by private placement, capital changes to NT\$520,000,000.
- April 2008 Conducts cash capital increase by private placement, which increases capital to NT\$1280,000,000.
- August 2008 Introduces the "European Chalet" project in Taichung's Northern District; this project consists of a shopping/residential building with 3 underground floors and 17 aboveground floors.
- March 2010 Introduces the "Sakura Caoyeji" project in the shopping district near China Medical University in Taichung's Northern District; this project consists of a shopping/residential building with 3 underground floors and 12 aboveground floors.
- October 2010 Conducts capital increase out of capital reserves, which increases capital to NT\$1,314,560,000.
- February 2011 Introduces the "Sakura Green River" project on the Taiyuan Road Greenway in Taichung's Northern District; this project consists of a shopping/residential building with 3 underground floors and 15 aboveground floors.
- June 2011 Introduces the "Sakura Qingchuanan" project located on Songzhu Fifth Road in Taichung's Beitun District; this project consists of a shopping/residential building with 3 underground floors and 15 aboveground floors.
- October 2011 Conducts capital increase out of capital reserves, which increases capital to NT\$1,470,285,390.
- February 2012 Introduces the "Sakura Canlan Gongxue" project located

on Gongxue Road in Taichung's Southern District; this project consists of a shopping/residential building with 3 underground floors and 15 aboveground floors.

- August 2012 Conducts capital increase out of capital reserves, which increases capital to NT\$1,655,541,340.
- September 2012 Introduces the "Sakura Cunshangsen" project in Taichung's Taiping District; this project consists of a shopping/residential building with 3 underground floors and 14 aboveground floors.
- October 2012 Introduces the "Sakura Yi-Zhan" project in Taichung's Wuri District; this project consists of a shopping/residential building with 2 underground floors and 12 aboveground floors.
- March 2013 Introduces the "Sakura Hanshe" project in Taichung's Beitun District; this project consists of a shopping/residential building with 4 underground floors and 15 aboveground floors.
- August 2013 Conducts capital increase out of capital reserves and earnings of 223,498,800, which increases capital to NT\$1,879,039,420.
- October 2013 Introduces the "Sakura Chengpin" project in Yangmei, Taoyuan County; this project consists of a shopping/residential building with 3 underground floors and 14 aboveground floors.
- November 2013 Introduces the "Sakura Zhenzhan" project in Taichung's Wuri District; this project consists of a shopping/residential building with 2 underground floors and 12 aboveground floors.
- December 2013 Introduces the "Sakura Xintiandi" project in New Taipei's Linkou District; this project consists of a shopping/residential building with 2 underground floors and 7 aboveground floors.
- March 2014 Introduces the "Sakura Jiazhan" project in Taichung's Wuri District; this project consists of a shopping/residential building with 2 underground floors and 12 aboveground floors.

- April 2014 Introduces the "Sakura Puxinhui" project in Pingzhen, Taoyuan County; this project consists of a shopping/residential building with 3 underground floors and 11 aboveground floors.
- August 2014 Conducts capital increase out of capital reserves of 507,340,640, which increases capital to NT\$2,386,380,060.
- January 2015 Introduces the "Sakura Jingzhan" project in Taichung's Wuri District; this project consists of a shopping/residential building with 2 underground floors and 12 aboveground floors.
- February 2015 Introduces the "Sakura Jiansen" project in Taichung's Beitun District; this project consists of a shopping/residential building with 2 underground floors and 12 aboveground floors.
- March 2015 Introduces the "Sakura Jingzhan" project in Taichung's Wuri District; this project consists of a shopping/residential building with 3 underground floors and 14 aboveground floors.
- July 2015 Introduces the "Sakura Shijia" project in New Taipei's Xinzhuang District; this project consists of a shopping/residential building with 4 underground floors and 15 aboveground floors.
- August 2015 Conducts capital increase out of capital reserves of 477,276,010, which increases capital to NT\$2,863,656,070.
- August 2015 Introduces the "Sakura Blooming Wonderful Life" project in Taichung's Wuri District; this project consists of a shopping/residential building with 3 underground floors and 14 aboveground floors.
- November 2015 Introduces the "Dajia Zhuyi" project in Taichung's Southern District; this project consists of a shopping/residential building with 3 underground floors and 12 aboveground floors.
- August 2016 Introduces the "Sakura Qingmai" project in Taichung's Taiping District; this project consists of a shopping/residential building with 3 underground floors

and 15 aboveground floors.

- August 2016 Conducts capital increase out of capital reserves of NT\$572,731,210, which increases capital to NT\$3,436,387,280.
- October 2016 Introduces the "Sakura Shidai" project in Taoyuan's Pingzhen District; this project consists of a shopping/residential building with 3 underground floors and 14 aboveground floors.
- July 2017 Introduces the "Sakura Muran" project in Taichung's Beitun District; this project consists of a shopping/residential building with 3 underground floors and 15 aboveground floors.
- July 2017 Introduces the "Sakura Bincheng" project in Taichung's Taiping District; this project consists of a shopping/residential building with 3 underground floors and 14 aboveground floors.
- July 2017 Introduces the "Huoli Shuian" project in Taichung's Beitun District; this project consists of a shopping/residential building with 3 underground floors and 13 aboveground floors.
- August 2017 Conducts capital increase out of capital reserves of NT\$343,638,730, which increases capital to NT\$3,780,026,010.
- May 2018 Introduces the "Sakura Child King" project in Taichung's Southern District; this project consists of a shopping/residential building with 3 underground floors and 15 aboveground floors.
- May 2018 Introduces the "Sakura Blossom" project in Taoyuan's Yangmei District; this project consists of a shopping/residential building with 2 underground floors and 15 aboveground floors.
- June 2018 Introduces the "Sakura Qingshangsen" project in Taichung's Taiping District; this project consists of a shopping/residential building with 2 underground floors and 15 aboveground floors.

- September 2018 Conducts capital increase out of capital reserves of NT\$ 302,402,080, which increases capital to NT\$4,082,428,090.
- September 2018 Introduces the "Sakura Dongshan No. 1" project in Taichung's Beitun District; this project consists of a shopping/residential building with 3 underground floors and 15 aboveground floors.
- September 2018 Issuance of first secured convertible bonds in Taiwan, NT\$200,000,000; Issuance of second unsecured convertible bonds in Taiwan, NT\$292,000,000.
- November 2018 Introduces the "Sakura School-Bo Xue District" project in New Taipei's Sanxia District; this project consists of a shopping/residential building with 2 underground floors and 13 aboveground floors.
- December 2018 Introduces the "Sakura School-Jia Xue District" project in New Taipei's Sanxia District; this project consists of a shopping/residential building with 3 underground floors and 13 aboveground floors.
- June 2019 Introduces the "Sakura School - Pin Xue District" project in New Taipei's Sanxia District; this project consists of a shopping/residential building with 3 underground floors and 15 aboveground floors.
- June 2019 Introduces the "Sakura Child King 2" project in Taichung's Southern District; this project consists of a shopping/residential building with 3 underground floors and 15 aboveground floors.
- August 2019 Conducts capital increase out of capital reserves and earnings of NT\$530,715,650, which increases capital to NT\$4,613,143,740.
- August 2019 Introduces the "Sakura Blooming Wonderful Life" project in Taichung's Wuri District; this project consists of a shopping/residential building with 2 underground floors and 13 aboveground floors.
- August 2019 Introduces the "Sakura Kingdom - Cambridge Garden" project in Taichung's Taiping District; this project consists of a shopping/residential building with 3 underground floors and 15 aboveground floors.

- November 2019 The second unsecured conversion of corporate bonds into common stock was completed in Taiwan to issue new shares of NT\$19,289,190, increasing the capital amount to NT \$4,632,432,930.
- February 2020 The second unsecured conversion of corporate bonds into common stock was completed in Taiwan to issue new shares of NT\$5,453,650, increasing the capital amount to NT \$ 4,637,886,580.
- February 2020 Introduces the "Sakura Gallery" project in Hsinchu's Northern District; this project consists of a shopping/residential building with 2 underground floors and 11 aboveground floors.
- March 2020 Introduces the "Sakura Heroes Association" project in Taichung's Beitun District; this project consists of a shopping/residential building with 3 underground floors and 15 aboveground floors.
- March 2020 Introduces the "Sakura Heroes Society" project in Taichung's Taiping District; this project consists of a shopping/residential building with 3 underground floors and 14 aboveground floors.
- April 2020 Introduces the "Sakura Giant" project in Taichung's Beitun District; this project consists of a shopping/residential building with 3 underground floors and 15 aboveground floors.
- May 2020 The second unsecured conversion of corporate bonds into common stock was completed in Taiwan to issue new shares of NT\$19,618,700, increasing the capital amount to NT \$4,657,505,280.
- June 2020 Introduces the "Sakura Kingdom - Oxford Garden" project in Taichung's Taiping District; this project consists of a shopping/residential building with 3 underground floors and 15 aboveground floors.
- September 2020 The conversion of surplus into capital increase and conversion of corporate bonds into common stock was completed to issue new shares of NT\$909,292,840, increasing the capital amount to NT \$5,566,798,120.

- October 2020 Introduces the "Sakura Rain" project in Taoyuan's Guishan District; this project consists of a shopping/residential building with 4 underground floors and 14 aboveground floors.
- October 2020 Introduces the "Sakura Blossom" project in Taoyuan's Zhongli District; this project consists of a shopping/residential building with 2 underground floors and 13 aboveground floors.
- November 2020 Conduct the conversion of corporate bonds into common stock was completed to issue new shares of NT\$18,028,560, increasing the capital amount to NT \$5,584,826,680.
- January 2021 Introduces the "Sakura Just Perfect" project in Taichung's Taiping District; this project consists of a shopping/residential building with 4 underground floors and 15 aboveground floors.
- January 2021 Introduces the "Sakura Kingdom - London Garden" project in Taichung's Taiping District; this project consists of a shopping/residential building with 3 underground floors and 15 aboveground floors.
- August 2021 Conduct the conversion of corporate bonds into common stock was completed to issue new shares of NT\$17,886,330, increasing the capital amount to NT \$5,602,713,010.
- October 2021 Conducts capital increase out of capital reserves of NT\$782,484,220, which increases capital to NT\$6,385,197,230.
- December 2021 Conduct the conversion of corporate bonds into common stock was completed to issue new shares of NT\$13,484,180, increasing the capital amount to NT \$6,398,681,410.
- March 2022 Conduct the conversion of corporate bonds into common stock was completed to issue new shares of NT\$11,771,680, increasing the capital amount to NT \$6,410,453,090.
- June 2022 Conduct the conversion of corporate bonds into common stock was completed to issue new shares of

NT\$36,205,070, increasing the capital amount to NT \$6,446,658,160.

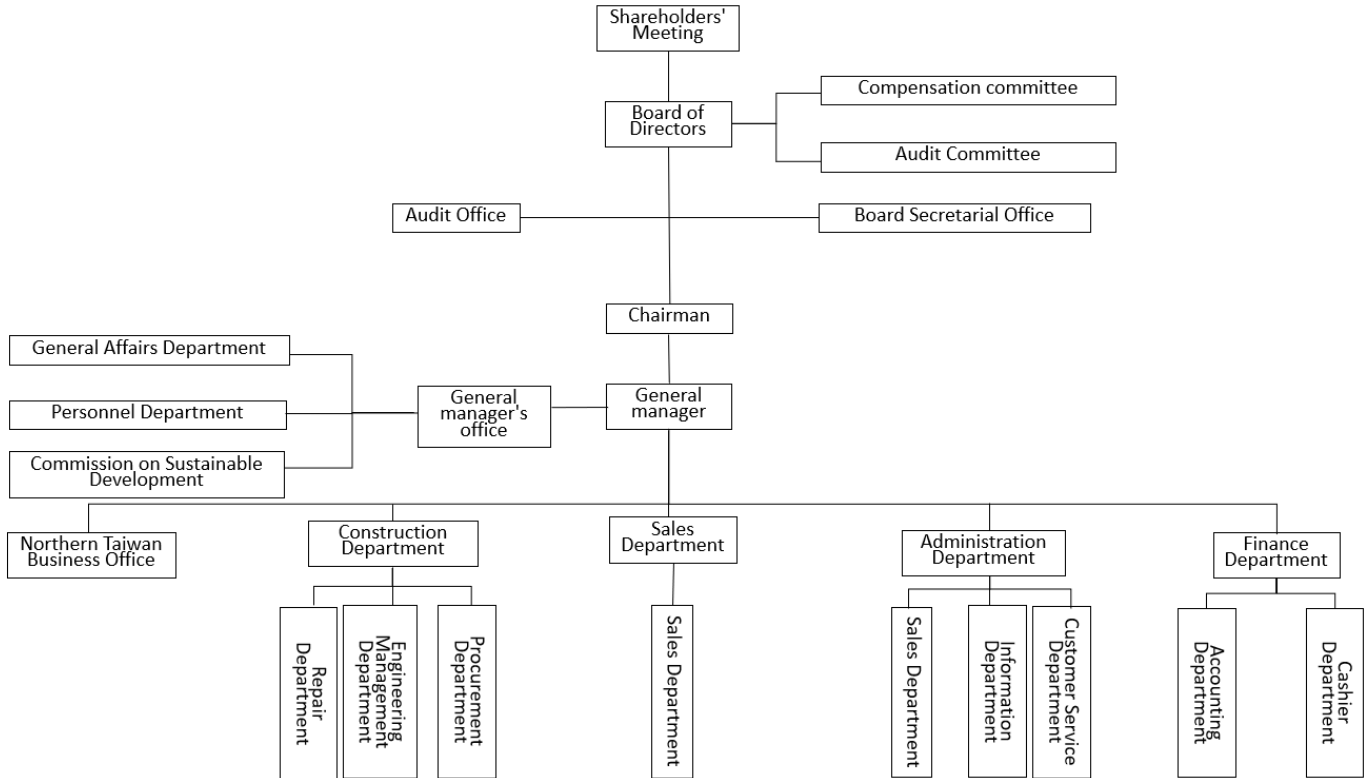
- September 2022 Introduces the "Sakura Cluster - Academic Cluster" project in Zhubei City, Hsinchu County; this project consists of a residential building with 3 underground floors and 15 aboveground floors.
- September 2022 Introduces the " Sakura Museum " project in Taichung's Western District; this project consists of a shopping/residential building with 5 underground floors and 15 aboveground floors.
- September 2022 The surplus, capital reserve, and conversion of corporate bonds into capital increase was completed to issue new shares of NT\$899,785,270, increasing the capital amount to NT \$7,346,443,430.
- November 2022 Conduct the conversion of corporate bonds into common stock was completed to issue new shares of NT\$3,963,830, increasing the capital amount to NT \$7,350,407,260.
- December 2022 Introduces the "Sakura Cluster - Bountiful Cluster" project in Zhubei City, Hsinchu County; this project consists of an amalgamated dwelling with 4 aboveground floors.
- December 2022 Introduces the "Sakura Cluster-Ju Fu District " project in Hsinchu County, Zhubei City; this project consists of a residential building with 2 underground floors and 15 aboveground floors.
- January 2023 Introduces the "Sakura of Xingda" project in Taichung's Dali District; this project consists of a shopping/residential building with 3 underground floors and 15 aboveground floors.
- February 2023 Conduct the conversion of corporate bonds into common stock was completed to issue new shares of NT\$5,959,090, increasing the capital amount to NT \$7,356,366,350.
- March 2023 Introduces the " Sakura of the Golden Horse" project in Changhua City; this project consists of a shopping/residential building with 3 underground floors and 15 aboveground floors.

- March 2023 Introduces the " Sakura of the City" project in Qing Shui District of Taichung City; this project consists of a shopping/residential building with 4 underground floors and 15 aboveground floors.

Chapter 3. Corporate Governance Report

I. Organizational system

(I) Organizational structure



(II) Functions of chief departments

Board Secretarial Office	1.Business connected with board of directors. 2.Business connected with shareholders meetings. 3.Liaison and handling of problems of directors and shareholders
Audit Office	1.Drafting, implementation, and tracking of audit plans. 2.Checking, assessment, and proposal of recommendations for improvement in connection with the Company's existing organizational systems, rules and regulations, plans, and policies. 3.Drafting, follow-up, review, organization, and reporting of internal control system self-inspection plans.

General manager's office	<ol style="list-style-type: none"> 1.Planning of the Company's operating strategies, business performance management, and integration of corporate resources. 2.Land development, assessment, and purchase & sale; contract signing, payment, and hand-over in joint land development projects. 3.Collection and analysis of information concerning the land market, Product positioning during the new product planning stage, budgets and assessment of implementation performance, and industry development trend research and economic forecasting. 4.Planning and finalization of corporate organizational system and departmental duties. 5.Human resources development responsibilities, including employee salaries and benefits, recruiting, selection, promotion, evaluation, education and training, and development.
Construction Department	Responsible for project construction plan and budget review tasks, project materials procurement and contracting tasks, and after-sales maintenance projects.
Sales Department	Responsible for home sales contract signing, pricing management, review of advertising budgets and literature, unsold home management, convening new community members' meetings, establishment of community committees and liaison, and handling of customer complaint cases.
Finance Department	Management and handling of the Company's financial, tax, management accounting, funds allocation, and account management tasks.
Administration Department	<ol style="list-style-type: none"> 1.Responsible for establishment and maintenance of computer hardware and software systems, and information security and maintenance matters. 2.Responsibility for general affairs and fixed asset management tasks, etc. 3.Enhancement of the Company's image and brand marketing matters.

<p>Northern Taiwan Business Office</p>	<p>1.Responsible for land development, home sale management, and customer service, etc. in northern Taiwan.</p> <p>2.Responsible for project construction plan and budget review tasks, project materials procurement and contracting tasks, and after-sales maintenance projects in northern Taiwan.</p>
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II. Profiles of the directors (including independent directors), general manager, vice presidents, assistant vice presidents, and the heads of departments and branches

(I) Information on directors:

April 15, 2023

Title (Note 1)	Nationality or place of registration	Name	Gender and age (Note 2)	Date elected (assumed position)	Term	Date first appointed (Note 3)	Shareholding at time of appointment		Current shareholding		Current shareholdings of spouse and minor children		Shareholding in name of other persons		Chief experience & education (Note 4)	Positions currently held concurrently at the Company and other companies	Executives, Directors or Supervisors who are spouses or within two degrees of kinship			Notes (Note 5)
							No. of Shares	Percentage	No. of Shares	Percentage	No. of Shares	Percentage	No. of Shares	Percentage			Title	Name	Relation ship	
Chairman	Republic of China	Ho-Yang Management Consultant CO., Ltd.	Male 71-80	2020.06.10	3	2008.04.08	90,882,508	19.48%	140,159,703	19.01%	-	-	-	-	Degree in business administration, Shih Hsin College	SAKURA DEVELOPMENT CO., LTD Chairman	None	None	None	
		Representative: Chen Cheng-Kang					-	-	-	-	1,580,052	0.21%	-	-						
Directors	Republic of China	Ho-Yang Management Consultant CO., Ltd.	Female 51-60	2020.06.10	3	2008.04.08	90,882,508	19.48%	140,159,703	19.01%	-	-	-	-	Degree in accounting, National Taichung Institute of Technology	SAKURA DEVELOPMENT CO., LTD Manager, Finance Department	None	None	None	
		Representative: Shen Shu-Chen					89,327	0.02%	115,971	0.02%	-	-	-	-						
Directors	Republic of China	Chen Shin-Ying	Male 51-60	2020.06.10	3	2010.05.01	4,100,318	0.88%	4,373,768	0.59%	-	-	-	-	Dept. of Civil Engineering, Chung Hua University	SAKURA DEVELOPMENT CO., LTD General manager	None	None	None	
Directors	Republic of China	Pai Shu-Chen	Female 41-50	2020.06.10	3	2008.04.08	771,670	0.17%	1,190,074	0.16%	24,188	0.00%	-	-	Degree in accounting, Tamkang University	Director of Ho-Yang Management Consultant CO., Ltd., Jia Mao Development Co., Ltd., and Bao Xin Development Co., Ltd.	None	None	None	
Independent director	Republic of China	Hsu Chen-Hua	Female 51-60	2020.06.10	3	2017.06.16	-	-	-	-	-	-	-	-	Degree in accounting, Tamkang University	Vice president in charge of HR Dept.at Xie You Construction Co., Ltd., member of remuneration committee at SAKURA DEVELOPMENT CO.,	None	None	None	
Independent director	Republic of China	Wang Kuei-Yuan	Male 41-50	2020.06.10	3	2017.06.16	-	-	-	-	-	-	-	-	Ph.D., business administration, National Taiwan University of Science and Technology	Associate professor, Asia University Member of the Compensation Committee, SAKURA DEVELOPMENT CO., LTD.	None	None	None	

Title (Note 1)	Nationality or place of registration	Name	Gender and age (Note 2)	Date elected (assumed position)	Term	Date first appointed (Note 3)	Shareholding at time of appointment		Current shareholding		Current shareholdings of spouse and minor children		Shareholding in name of other persons		Chief experience & education (Note 4)	Positions currently held concurrently at the Company and other companies	Executives, Directors or Supervisors who are spouses or within two degrees of kinship			Notes (Note 5)
							No. of Shares	Percentage	No. of Shares	Percentage	No. of Shares	Percentage	No. of Shares	Percentage			Title	Name	Relation ship	
Independent director	Republic of China	Hung Ming-Tsung	Male 61-70	2020.06.10	3	2017.06.16	-	-	-	-	-	-	-	-	Dept. of Law, National Taiwan University	Director of PRO- HAWK CORPORATION	None	None	None	

Note1: For institutional shareholders, the name of the institutional shareholders and their delegates shall be listed separately, and the following table 1 shall be filled in.

Note2: Specify the actual ages, and express them in a range, such as 41~50 years old or 51~60 years old.

Note3: Specify the time when the director or supervisor first became a director or supervisor of the Company. If there is any suspension, a note shall be included for explanation.

Note4: With regard to experience connected with current positions, if the individual has had a position at the auditing CPA or an affiliate during aforementioned period, the individual's title and duties for which the individual was responsible must be stated.

Note5: If the board chairman or general manager or person with equivalent duties (highest manager) is the same person, or are spouses or relatives within the first degree of kinship, relevant information concerning the reasons, justifiability, necessity, and response measures (such as the addition of an independent directorship or requiring that a majority of directors are not concurrently employees or managers) for this must be explained.

Chief shareholders of institutional shareholders:

April 15, 2023

Name of institutional shareholder (Note 1)	Chief shareholders of institutional shareholder (Note 2)	Percentage
Ho-Yang Management Consultant CO., Ltd.	Lin Chen-Hai	18.875%
	Tzeng Shu-Chiung	31%

Note1: When directors or supervisors are delegates of juridical persons, the names of institutional shareholders shall be disclosed.

Note2: Specify The names of the top ten chief shareholders and their shareholding percentages of the institutional shareholder.

1. Disclosure of Professional Qualifications of Directors and Independence of Independent Directors.

Name	Professional qualifications and experience(note1)	Independence (note 2)	Number of other public companies in which the individual is concurrently serving as an independent director
Chairman Chen Cheng-Kang	Mr. Chen Cheng-kang, a graduate of newspaper administration department of Shih Hsin College, is the board chairman of the Company, and was formerly an associate of Cooperative Bank's audit division. He has nearly 42 years of banking experience, the business, finance credentials, and work experience that the Company's business needs. Moreover, he is well versed in the industry and possesses the leadership, decision-making, and management capabilities. He is not subject to any of the clauses of Article 30 of the Company Act.	Not applicable.	None
Directors Chen Shin-Ying	Mr. Chen Shin-Ying, a graduate of department of civil engineering, Chung Hua University, is the Company's president and has business, construction management credentials, and work experience that the Company's business needs. Besides, he possesses expertise in marketing, crisis management, operations management and strategic planning. He is not subject to any of the clauses of Article 30 of the Company Act.	Not applicable.	None
Directors Pai Shu-Chen	Ms. Pai Shu-Chen, a graduate of accounting department, Tamkang University, is current director of the Company, director of Ho-Yang Management Consultant CO., Ltd., Chia-Mao Construction Co., Ltd., and ,Pao-Hsin Construction Co., Ltd. She has business, finance, accounting credentials, the experience that the Company's business needs, and extensive industry experience. He is not subject to any of the clauses of Article 30 of the Company Act.	Not applicable.	None
Directors Shen Shu-Chen	Ms. Shen Shu-Chen, a graduate of accounting department of Taichung Institute of Technology, is the manager of finance division of the Company. She has business, finance, accounting credentials, and the experience that the Company's business needs He is not subject to any of the clauses of Article 30 of the Company Act.	Not applicable.	None

Name	Professional qualifications and experience(note1)	Independence (note 2)	Number of other public companies in which the individual is concurrently serving as an independent director
Independent director Hsu Chen-Hua	Ms. Hsu Chen-Hua, a graduate of accounting department, Tamkang University, is the convener of the remuneration committee and a member of audit committee of the Company. She is also the current vice president in charge of hr, general affairs, and services dept. at Xie You Construction Co., Ltd. She has business credentials and the experience that the Company's business needs. Furthermore, she specializes in the field of human resources management and assists the Company with professional consultation on remuneration policy management. He is not subject to any of the clauses of Article 30 of the Company Act.	She, her spouse, her relatives within the second degree of kinship are not directors, supervisors or employees of the Company or its affiliated companies. No shares of the company are held. She is not a director, supervisor or employee of a company with which the Company has a specific affiliation. She has not received any remuneration for providing commercial, legal, financial or accounting services to the Company or its affiliates in the last two years.	None
Independent director Wang Kuei-Yuan	Mr. Wang Kuei-Yuan, Ph.D. in management, National Taiwan University of Science and Technology, is the convener of the audit committee and a member of the remuneration committee of the company. He is currently an Associate Professor in the Department of Finance and Finance, School of Management, Asia University. He has expertise in accounting and finance and specializes in corporate management and financial planning. He is not subject to any of the clauses of Article 30 of the Company Act.	She, her spouse, her relatives within the second degree of kinship are not directors, supervisors or employees of the Company or its affiliated companies. No shares of the company are held. She is not a director, supervisor or employee of a company with which the Company has a specific affiliation.	None
Independent director Hung Ming-Tsung	Mr. Hung Ming-Tsung, a graduate of the department of law, National Taiwan University, is a member the Company's audit committee, and a director of PRO-HAWK CORPORATION currently. He used to be prosecutor and has a lawyer's certificate therefore specializes in legal affairs. He is not subject to any of the clauses of Article 30 of the Company Act.	She has not received any remuneration for providing commercial, legal, financial or accounting services to the Company or its affiliates in the last two years.	None

2.Board diversity:

According to Article 20 of the Company's "Corporate Governance Best Practice Principles," the composition of the board of directors shall be determined by taking diversity into consideration. It is advisable that directors concurrently serving as company officers not exceed one-third of the total number of the board members, and that an appropriate policy on diversity based on the company's business operations, operating dynamics, and development needs be formulated.

Each board member shall have the necessary knowledge, skill, and experience to

perform their duties. To achieve the ideals of corporate governance, the abilities that must be present in the board as a whole are as follows: 1. Operational judgment ability. 2. Accounting and financial analysis ability. 3. Business management ability. 4. Crisis management ability. 5. Knowledge of the industry. 6. An international market insight. 7. Leadership ability. 8. Decision-making ability. The Company currently has 7 board members, including 3 independent directors, whose professional background includes business, finance, accounting, law and construction engineering, etc. Details of the implementation for the diversity of all directors are listed in the attached table.

Core diversification items Name of director	Nationality	Gender	Concurrently an employee of the	Age				Tenure of independent directors			Law	Technology	Accounting and finance	Industry knowledge	Leadership decision-making	Business management	Risk management
				41 to 50	51 to 60	61 to 70	71 to 80	Less than 3 years	3 to 9 years	More than 9 years							
Chen Cheng-Kang	Republic of China	Male		2 persons	3 persons	1 person	1 person						✓	✓	✓	✓	✓
Shen Shu-Chen	Republic of China	Female	✓										✓	✓	✓	✓	✓
Chen Shin-Ying	Republic of China	Male	✓											✓	✓	✓	✓
Pai Shu-Chen	Republic of China	Female											✓	✓	✓	✓	✓
Hsu Chen-Hua	Republic of China	Female							✓				✓	✓	✓	✓	
Wang Kuei-Yuan	Republic of China	Male							✓			✓	✓			✓	
Hung Ming-Tsung	Republic of China	Male							✓		✓					✓	

Specific management objectives of the board's diversity policy and the achievement thereof

Management objectives	Achievement
It is advisable that directors concurrently serving as company officers not exceed one-third of the total number of the board members	Achieved
The board of directors shall include at least one female director	Achieved
The number of independent directors reaches at least one-third of the number of directors	Achieved

Note1: Professional qualifications and experience: Specify the professional qualifications and experience of individual directors and supervisors. If members of the audit committee have accounting or financial expertise, their accounting or financial background and work experience shall be stated, and whether they are not subject to article 30 of the Company Act shall be clarified .

Note 2: Independence criterion that the independent directors have met shall be stated—including but not limited to whether they, their spouse or their relatives within the second degree of kinship are directors, supervisors or employees of the Company or its affiliates; the number and proportion of shares held by them, their spouses, their relatives within the second degree of kinship or their nominee arrangement; whether they are directors, supervisors or employees of companies with specific relationships with the Company as stipulated in subparagraphs 5 to 8, paragraph 1 of Article 3 of the Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies; the amount of remuneration received for commercial, legal, financial and accounting services provided for the Company or its affiliates in the last two years.

(II) Information on the general manager, vice presidents, assistant vice presidents, and department and branch heads:

April 15, 2023

Title (Note 1)	Nationality	Name	Gender	Date assuming position	Number of shares held		Spouse & minor child shareholdings		Shareholding in name of other persons		Chief experience & education (Note 2)	Positions concurrently held at present at other companies	Manager who is a spouse or relative within the second degree of kinship			Notes (Note 3)
					No. of Shares	Percentage	No. of Shares	Percentage	No. of Shares	Percentage			Title	Name	Relationship	
General manager	Republic of China	Chen Shin-Ying	Male	2009.06.17	4,373,768	0.59%	—	—	—	—	Chung Hua University Department of civil engineering	None	None	None	None	
Manager, Finance Department	Republic of China	Shen Shu-Chen	Female	2003.12.31	115,971	0.02%	—	—	—	—	Department of accounting, National Taichung Institute of Technology	None	None	None	None	
Manager, Administration Department	Republic of China	Chiang Yao-Chun	Male	2010.09.01	403,357	0.05%	—	—	—	—	Dept. of civil engineering, China University of Technology	None	None	None	None	
Manager, Construction Department	Republic of China	Li Hui-Ping	Male	2022.07.01	357,472	0.05%	10,871	0.00%	—	—	Department of Architectural Engineering, United Industrial and Commercial College	None	None	None	None	
Manager, the Northern Taiwan business office	Republic of China	Lu Tzu-Liang	Male	2021.07.01	61,000	0.01%	96,057	0.01%	—	—	Tamkang University Department of civil engineering	None	None	None	None	
Audit Office Senior Officer	Republic of China	Hsiao Ya-Hui	Female	2011.07.18	—	—	—	—	—	—	Degree in accounting, Overseas Chinese University	None	None	None	None	

Note1: Must include information on the general manager, vice presidents, assistant vice presidents, and heads of departments and branches, and must in all cases disclose information on persons who hold positions equivalent to the general manager, vice president, or assistant vice president, regardless of their titles.

Note2: With regard to experience connected with current positions, if the individual has had a position at the auditing CPA or an affiliate during aforementioned period, the individual's title and duties for which the individual was responsible must be stated.

Note3: If the general manager or person with equivalent duties (highest manager) is the same person as the chairman, or are spouses or relatives within the first degree of kinship, relevant information concerning the reasons, justifiability, necessity, and response measures (such as the addition of an independent directorship or requiring that a majority of directors are not concurrently employees or managers) for this must be disclosed.

II. Remuneration to the directors, general manager, and vice presidents during the most recent year

(I) Individual disclosure of names and remuneration methods

1.Units of directors' (including independent directors) remuneration:

Unit: NT\$1,000

Title	Name	Directors' remuneration								Sum of items A, B, C, and D as a share of net profit after tax (%)		Relevant remuneration received by personnel in concurrent positions								The sum of the 7 items A, B, C, D, E, F, and G as a share of net profit after tax (%)		Has the individual received remuneration from an enterprise receiving reinvestment from the Company or its parent company (apart from subsidiaries of the Company)
		Compensation (A)		Severance pay and retirement pension (B)		Remuneration of directors (C)		Project implementation expenses (D)				Salary, bonus and allowances (E)		Severance pay and retirement pension (F)		Remuneration of employees (G)						
		The Company	All companies in financial statements	The Company	All companies in financial statements	The Company	All companies in financial statements	The Company	All companies in financial statements	The Company	All companies in financial statements	The Company	All companies in financial statements	The Company	All companies in financial statements	The Company		All companies in financial statements		The Company	All companies in financial statements	
																Cash amount	Amount in stock	Cash amount	Amount in stock			
Chairman	Ho-Yang Management Consultant CO., Ltd.	-	-	-	-	11,444	11,444	-	-	0.760	0.760	-	-	-	-	-	-	-	-	0.760	0.760	-
	Ho-Yang Management Consultant CO., Ltd. Representative: Chen Cheng-Kang	2,033	2,033	-	-	-	-	35	35	0.137	0.137	-	-	-	-	-	-	-	-	0.137	0.137	-
Directors	Ho-Yang Management Consultant CO., Ltd. Representative: Shen Shu-Chen	-	-	-	-	-	-	35	35	0.002	0.002	1,338	1,338	-	-	489	-	489	-	0.124	0.124	-
Directors	Chen Shin-Ying	-	-	-	-	4,578	4,578	35	35	0.306	0.306	5,079	5,079	-	-	1,943	-	1,943	-	0.773	0.773	-
Directors	Pai Shu-Chen	-	-	-	-	2,289	2,289	35	35	0.154	0.154	-	-	-	-	-	-	-	-	0.154	0.154	-
Independent Directors	Wang Kuei-Yuan	360	360	-	-	-	-	55	55	0.028	0.028	-	-	-	-	-	-	-	-	0.028	0.028	-
Independent Directors	Hung Ming-Tsung	360	360	-	-	-	-	35	35	0.026	0.026	-	-	-	-	-	-	-	-	0.026	0.026	-
Independent Directors	Hsu Chen-Hua	360	360	-	-	-	-	55	55	0.028	0.028	-	-	-	-	-	-	-	-	0.028	0.028	-

1.Please state independent directors' remuneration policy, system, standards, structure, and explain the connection between amount of remuneration and factors such as the duties and risk assumed, and the time requirements on the independent directors:

The Company's standards for remuneration of independent directors reflect the time the independent directors dedicate to the Company's operations and the duties and risk they assume, and also take the prevailing levels of remuneration in the industry into consideration. Regardless of whether the Company grants the independent directors a fixed percentage of profits, the independent directors shall not participate in the distribution of remuneration to directors pursuant to Article 28 of the Articles of Incorporation.

2.Apart from the amounts disclosed in the foregoing table, remuneration received by the Company's directors for services provided to all companies in financial statements (when serving as consultants and not as employees) during the most recent year: 0.

* The content of remuneration disclosed in the foregoing table has a different income concept than that in the Income Tax Act, which is because the purpose of this table is to disclose information, and not for assessment of taxes.

2. Remuneration of the general manager and vice presidents (individual disclosure of name and remuneration method). Please refer to the comparison table for the revision

Unit: NT\$1,000

Title	Name	Salary (A) (Note 1)		Severance pay and retirement pension (B)		Bonuses and allowances (C)		Remuneration of employees (D) (Note 2)				Sum of items A, B, C, and D as a share of net profit after tax (%)		Has the individual received remuneration from an enterprise receiving reinvestment from the Company or its parent company (apart from subsidiaries of the Company)
		The Company	All companies in financial statements	The Company	All companies in financial statements	The Company	All companies in financial statements	The Company		All companies in financial statements		The Company	All companies in financial statements	
								Cash amount	Amount in stock	Cash amount	Amount in stock			
General manager	Chen Shin-Ying	3,080	3,080	-	-	1,999	1,999	1,943	-	1,943	-	0.47	0.47	-

* Regardless of title, information concerning all persons with positions equivalent to those of general manager or vice president (such as CEO, executive director, director, etc.) must be disclosed.

* The content of remuneration disclosed in the foregoing table has a different income concept than that in the Income Tax Act, which is because the purpose of this table is to disclose information, and not for assessment of taxes.

Note1: Lists the salaries, differential pay, and severance pay of general manager and vice presidents during the most recent year.

Note2: List the employees' remuneration (including remuneration in the form of stock and cash) distributed to the general manager and vice presidents during the most recent year with the approval of the board of directors; if not possible to predict, please calculate this year's planned distribution amounts on a proportional basis using the amounts actually distributed during the past year, and fill out Attached Table 1-3. Net profit after tax refers to after-tax net profit during the most recent year; When international financial statement guidelines have been adopted, net profit after tax shall refer to the net profit after tax on the entity's or individual's financial statement.

3.Names of managers receiving employees' remuneration and state of distribution:

Unit: NT\$1,000

	Title (Note 1)	Name (Note 1)	Amount in stock	Cash amount	Total	Total as a share of net profit after tax (%)
Manager	General manager	Chen Shin-Ying	-	2,432	2,432	0.16
	Manager, Finance Department	Shen Shu-Chen				

Note1: Must disclose the individual's name and title, but may disclose information concerning the distribution of profits in summarized form.

Note2: Lists the employees' remuneration (including remuneration in the form of stock and cash) distributed during the most recent year with the approval of the board; if not possible to predict, please calculate this year's planned distribution amounts on a proportional basis using the amounts actually distributed during the past year. Net profit after tax refers to after-tax net profit during the most recent year; When international financial statement guidelines have been adopted, net profit after tax shall refer to the net profit after tax on the entity's or individual's financial statement.

Note3: The applicable scope of managers shall constitute the scope specified in this Commission's Letter Tai-Cai-Zheng-3-Zi No. 0920001301 of March 27, 2003, and is as follows:

- (1) General manager and persons at an equivalent level
- (2) Vice presidents and persons at an equivalent level
- (3) Assistant vice presidents and persons at an equivalent level
- (4) Executive of the finance department
- (5) Executive of the accounting department
- (6) Other persons with corporate management duties and signing rights

Note4: If directors, the general manager, and vice presidents have collected employees' remuneration (including stock and cash), apart from filling out Attached Table 1-2, this form must also be filled out.

(II) Provide analysis comparable to the explanation of remuneration paid to the Company's directors, supervisors, general manager, and vice presidents during the two most recent years as a share of net profit after tax on the individual financial statements and explain the Company's remuneration policy, standards and breakdown, procedures for determining remuneration, and linkage with business performance and future risk.

1. The Company's remuneration to directors, the general manager, and vice presidents during the two most recent years as a share of net profit after tax on the individual financial statements:

Title	Percentage of total remuneration as a share of net profit after tax in 2022	Percentage of total remuneration as a share of net profit after tax in 2021
Directors	1.44%	1.58%
General manager and vice presidents	0.47%	0.77%

2. Remuneration policy, standards and breakdown, procedures for determining remuneration, and linkage with business performance and future risk.

- (1) The Company's remuneration to directors is set on the basis of the Articles of Incorporation and reflects the prevailing industry standards; furthermore, after review and passage by the Remuneration Committee, remuneration to directors includes directors' remuneration, salaries, and service implementation expenses. Remuneration is set on the basis of Article 28 of the Articles of Incorporation; if there is the distribution of profits, directors' remuneration shall not exceed 2% of distributed profits. Salaries include wages and differential pay. Independent directors are given fixed monthly salaries, but do not participate in the distribution of remuneration to directors as specified in Article 28 of the Articles of Incorporation.
- (2) The remuneration of the general manager and vice presidents consists of salary, bonuses, and employees' remuneration, reflects industry standards, is justifiable on the basis of individual performance, the Company's business performance, and future

risk, and is implemented in accordance with the Company's "Manager Remuneration Regulations."

IV. State of corporate governance

(I). State of the board's functioning:

A total of 7 (A) meetings of the board of directors were held during 2022. The attendance of directors and supervisors was as follows:

Title	Name (Note 1)	Attendance in person (B)	Attendance by proxy	Attendance rate (%) [B/A] (Note 2)	Notes
Chairman	Ho-Yang Management Consultant CO., Ltd. Representative: Chen Cheng-Kang	7	0	100%	
Directors	Ho-Yang Management Consultant CO., Ltd. Representative: Shen Shu-Chen	7	0	100%	
Directors	Chen Shin-Ying	7	0	100%	
Directors	Pai Shu-Chen	7	0	100%	
Independent director	Hsu Chen-Hua	7	0	100%	
Independent director	Wang Kuei-Yuan	7	0	100%	
Independent director	Hung Ming-Tsung	7	0	100%	

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

I. When any of the following circumstances occur in connection with the functioning of the board, please state the meeting's date, period, content of motions, opinions of all independent directors, and the Company's handling of independent directors' opinions.

(I) Matters listed in Article 14-3 of the Securities and Exchange Act: The Company has established an audit committee and the provisions of Article 14-3 of the Securities and Exchange Act are not applicable.

(II) Except for the above matters, other matters resolved by the Board of Directors with objection or reservation made by any independent directors, with records or a written statement: None.

II. With regard to directors' recusal in motions involving conflicts of interest, state the names of the directors, content of the motions, reason(s) for recusal, and participation in voting concerning such motions:

(I) With regard to the discussion of the "2021 upper managerial employees' remuneration and year-end bonus" proposal at the January 26, 2022 board meeting, apart from attending directors Chen Cheng-kang, Chen Shin-Ying, and Shen Shu-chen directors, who were related parties and recused themselves from discussion and voting on this motion, the remaining directors passed the motion as proposed without objection.

(II) With regard to discussion of the "adjustment of salaries for the chairman and managers" proposal at the August 8, 2022 board meeting, apart from attending directors Chen Cheng-kang and Shen Shu-chen, who were related parties and recused themselves from discussion and voting on this motion, the remaining directors passed the motion as proposed without objection.

- (III) With regard to discussion of the "2021 directors remuneration distribution" proposal at the August 8, 2022 board meeting, apart from attending directors Chen Cheng-kang and Shen Shu-chen, who were representatives of the Ho-Yang Management Consultant CO., Ltd., and related parties Chen Shin-Ying and Pai Shu-chen, who recused themselves from discussion and voting on this motion, the remaining directors passed the motion as proposed without objection.
- (IV) With regard to discussion of the proposed signing of a land and real estate advance sale contract with related parties in the "Sakura of Sakura Cobo" project at the November 8, 2022 board meeting, since the director Chen Cheng-kang is an interested party, director Chen Cheng-kang recused himself from discussion and voting on this motion, and the remaining directors passed the motion as proposed without objection.

III. TWSE/GTSM-listed companies must disclose assessment cycles and times, assessment scope and method, and assessment content, etc. for board self- (or peer-) assessments.

State of board assessment implementation:

Assessment cycle	Assessment times	Assessment scope	Assessment method	Assessment content
Implemented once each year	January 1, 2022 to December 31, 2022	1.The board of directors as a whole 2.Individual irectors 3.Functional committees(including the Audit Committee and Remuneration Committee)	1.Internal self-assessment of the board. 2.Directors self-assessments. 3.Audit Committee self-assessment. 4.Remuneration Committee self-assessment.	(1) Board performance assessments include the five items of degree of participation in the Company's operations, enhancement of the board decision-making quality, board composition and structure, the appointment and continuing education directors, and internal control. Board meeting performance assessment results were extremely good in 2022. (2) Directors' performance assessments include the six items for corporate objectives and missions, knowledge of directors' duties, degree of participation in the Company's operations, management of internal relationships and communication, professional expertise and continuing education, and internal control. Directors' self-assessment results were extremely good in 2022. (3) Performance assessment of functional committees (including the audit and remuneration committees) includes the five items of degree of participation in the Company's operations, knowledge of the duties of functional committees,

					enhancement of functional committee decision-making quality, composition of functional committees and selection of members, and internal control.
<p>IV. Assessment of the current-year and recent-year goal of strengthening the functions of the board (such as through the establishment of the Audit Committee and enhancement of information transparency, etc.) and state of implementation:</p> <p>(I) The Company has established two functional committees, namely the Audit Committee and Remuneration Committee, under the board of directors; these committees serve to assist the board in fulfilling its supervisory duties. The Audit Committee is composed entirely of independent directors. The Remuneration Committee has three members, of whom two are independent directors. Provide a diversified board study programme , with each board member receiving 6 hours of study.</p> <p>(II) The board's operations are conducted in accordance with the "Board Rules of Procedure." In order to enhance information transparency, major board resolutions are announced on the Company website.</p> <p>(III) The January 25 2021 board meeting approved the establishment of a corporate governance manager, who assists the board in implementing corporate governance.</p>					

Note 1: When directors or supervisors are juridical persons, the names of institutional shareholders and their representatives must be disclosed.

Note 2: (1) If any directors or supervisors resigned before the end of the year, the date of resignation must be marked in the Notes field, and their actual attendance rate (%) shall be calculated on the basis of the number of board meetings during their term and their attendance in person.

(2) If any directors or supervisors are appointed before the end of the year, both new and old directors or supervisors must be filled in, and the dates of the directors' or supervisors' old terms, new terms, and dates of appointment or re-appointment marked in the Notes field. Actual attendance rate (%) shall be calculated on the basis of the number of board meetings during an individual's term and that person's attendance in person.

(II) State of Audit Committee operation:

The Audit Committee was convened 6 times (A) in 2022; attendance by independent directors was as follows:

Title	Name	Attendance in person (B)	Attendance by proxy	Attendance rate (%) (B/A) (Note 1, Note 2)	Notes
Independent director	Wang Kuei-Yuan	6	0	100%	
Independent director	Hung Ming-Tsung	6	0	100%	
Independent director	Hsu Chen-Hua	6	0	100%	
Other details that need to be recorded in the meeting minutes:					
I. When any of the following circumstances occur in connection with the Audit Committee, please state the meeting's date, period, content of motions, Independent directors' adverse opinions, qualified opinions or significant recommendations, opinions of the Audit Committee, and the Company's handling of the Audit Committee's opinions.					
(I) Matters listed in Article 14-5 of the Securities and Exchange Act:					
Date of Audit Committee meeting	Content of motions			Opinions and resolutions of the Audit Committee	
January 26 2022 (11th meeting of the 2nd session)	1. 2022 business plan.			All attending committee members passed the motion as proposed	
March 21, 2022 (12th meeting of the 2nd session)	1. 2021 Business report and financial statements. 2. Issuance of the 2021 "internal control system statement." 3. 2021 earnings distribution proposal. 4. Issuance of new shares through capitalization of the 2021 earnings and additional paid-in capital. 5. "Articles of Incorporation" revision proposal. 6. "Procedures for Election of Directors" revision proposal. 7. "Procedures for the Acquisition and Disposal of Assets" revision proposal.			All attending committee members passed the motion as proposed	
May 9, 2022 (13th meeting of the 2nd session)	1. Proposed the Company's 2022 first quarter individual financial statements.			All attending committee members passed the motion as proposed	
August 8 2022 (14th meeting of the 2nd session)	1. Reported the Company's 2022 second quarter individual financial statements.			All attending committee members passed the motion as proposed	
November 8, 2022 (15th meeting of the 2nd session)	1. Proposed the Company's 2022 third quarter individual financial statements. 2. Drafting of the Company's 2023 internal audit plan. 3. "Operational Procedures for Loaning of Company Funds" revision proposal. 4. "Board Rules of Procedure" revision proposal. 5. "Asset management regulations" revision proposal 6. The Company proposes to sign pre-sale house contract of "Sakurad Moseum" with related parties .			All attending committee members passed the motion as proposed	

December 19, 2022 (16th meeting of the 2nd session)	<div>1. Proposed appointment of a CPA to audit the 2023 financial statements and assessment of independence.</div> <div>2."Operational Procedures for Loaning of Company Funds" revision proposal.</div> <div>3. Formulate the Company's "Operating Procedures for the preparation and verification of Sustainable Reports".</div> <div>4. Formulate the Company’s "Corporate social responsibility best practice principles" proposal</div> <div>5. "Internal Handling Procedures for Material Information" revision proposal.</div>	All attending committee members passed the motion as proposed
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(II) Any issues apart from the aforementioned matters not passed by the Audit Committee but passed by more than two-thirds of entire body of the directors: Not applicable.

II. With regard to independent directors' recusal from conflicts of interest, state the names of the independent directors, details of the motions, reason(s) for recusal, and participation in voting: Not applicable.

III. Communication between independent directors and internal audit manager and CPA (with respect to the material matters, methods and results of the Company's business and financial status):

(I) Communication policy:

1. The independent directors must hold at least two regular meetings each year with the CPA. At these meetings, the CPA shall report to the independent directors concerning the Company's financial status, overall state of operations, and internal control audits, and discuss and communicate concerning questions asked by the personnel in attendance.

2. The audit manager and independent directors shall hold at least one regular meeting on each quarter.

(II) Summary of communication:

1. Summary of communication between independent directors and CPA:

Date	Explanation
March 21, 2022	The CPA provided an explanation of the results of audit of the 2021 financial statements.
August 8, 2022	The CPA provided an explanation of the results of audit of the 2022 Q2 financial statements.

2. Summary of communication between independent directors and the internal audit manager:

Date	Explanation
March 21, 2022	Reported on audit implementation during the fourth quarter of 2021.
May 9, 2022	Reported on audit implementation during the first quarter of 2022.
August 8, 2022	Reported on audit implementation during the second quarter of 2022.
November 8, 2022	Reported on audit implementation during the third quarter of 2022.

Note 1: If any independent directors resigned before the end of the year, the date of resignation must be marked in the Notes field, and their actual attendance rate (%) shall be calculated on the basis of the number of Audit Committee meetings during their term and their attendance in person.

Note 2: If any independent directors are appointed before the end of the year, both new and old directors or supervisors must be filled in, and the dates of the directors' or supervisors' old terms, new terms, and dates of appointment or re-appointment marked in the Notes field. The actual attendance rate (%) shall be calculated on the basis of the number of Audit Committee meetings during an individual's term and that person's attendance in person.

(III) State of corporate governance implementation and its deviations from the Corporate Governance Best-Practice

Principles for TSE/GTSM Listed Companies and reasons for such deviations.

Assessment items	State of implementation (Note)			Deviations from Corporate Governance Best-Practice Principles for TSE/GTSM Listed Companies and reasons
	Yes	No	Brief description	
I. Does the Company abide by the Corporate Governance Best Practice Principles for TWSE/GTSM Listed Companies when drafting and disclosing its Corporate Governance Code of Practice?	V		The Company has drafted a "Corporate Governance Code of Practice," which is disclosed on the Company's website and Market Observation Post System.	No deviation
II. Company's equity structure and shareholders equity				
(I) Does the Company have internal operating procedures for handling shareholders' suggestions, questions, disputes, and legal actions, and does it comply with such procedures?	V		(I) The Company has established a spokesperson and deputy spokesperson to handle shareholders' suggestions, questions, and disputes, etc.	No difference
(II) Does the Company possess a list of major shareholders controlling the Company and a list of ultimate controllers of these major shareholders?	V		(II) The Company has set personnel to handle shareholder affairs, together with the facilitation of shareholders service agent "agency department, CTBC Bank's," thereby, keeping track of the list of major shareholders.	
(III) Has the Company established and implemented risk management and firewall mechanisms with its affiliates?	V		(III) The Company has formulated relevant control measures as part of the internal control system.	
(IV) Does the Company have internal regulations in place to prevent its internal personnel from trading securities based on information not yet disclosed the public?	V		(IV) Governed by internal handling procedures for material information.	
III. Composition and responsibilities of the Board of Directors				
(I) Has the board of directors formulated a diversity policy and specific management objectives? and are they being implemented?	V		(I) Diversity policy: Please refer to pages 25-27 of this annual report.	No deviation
(II) Apart from a Remuneration Committee and the Audit Committee established in accordance with law, has the Company established other types of functional committees on its own initiative?		V	(II) No other functional committees have been established.	
(III) Has the Company drafted Board Rules of Procedure and its assessment methods? Does it conduct regular annual performance assessments? Are the results of performance assessments reported to the board, and are such results used as a reference for determination of individual	V		(III) The company has formulated the "Performance Evaluation Method of the Board of Directors" and the evaluation method. The performance evaluation of the Board of directors in 2023 was completed in the first quarter of 2023, and the evaluation results were submitted to the Board of directors on March 10,	

Assessment items	State of implementation (Note)			Deviations from Corporate Governance Best-Practice Principles for TSE/GTSM Listed Companies and reasons
	Yes	No	Brief description	
<p>directors' salary remuneration and nomination for re-appointment?</p> <p>(IV) Does the Company regularly assess the auditing CPA's independence?</p>	V		<p>2023, as detailed in page 36-37 of this annual report.</p> <p>(IV) Every year, the company will gloat by evaluating the independence of its visa accountants in terms of its financial interests, investment shares, monetary loans, receiving major gifts and rotation of accountants. On Dec.19, 2022, the Board of Directors examined and approved the independence assessment of its visa accountants, as detailed in Schedule I on page 45 of this annual report.</p>	
IV. Has the TWSE/GTSM-listed company assigned an appropriate number of competent corporate governance personnel, and directed the corporate governance manager to bear responsibility for corporate governance-related matters (including but not limited to providing directors and supervisors information needed for the performance of their duties, assisting legal compliance by directors and supervisors, conducting matters connected with board meetings and shareholders meetings in accordance with law, and producing board meeting and shareholders meeting minutes, etc.)?	V		The Company designated the manager of the Finance Department as the corporate governance manager. The corporate governance manager bears responsibility for conducting matters connected with board meetings and shareholders meetings, helping directors to assume their positions and engage in continuing education, providing directors with information needed for performance of their duties, assisting legal compliance by directors, and other matters specified in the Articles of Incorporation or contract.	No deviation
V. Has the Company established channels for communication with stakeholders (including but not limited to shareholders, employees, customers, and suppliers), established a stakeholder section of the company website, adequately responded to corporate social responsibility topics of great concern to stakeholders?	V		Depending on the business functions, all stakeholders can currently communicate with the Company via the Company's relevant service windows, including the corporate network, telephone, and fax, etc.	No deviation
VI. Has the Company hired a professional stock agency to handle matters connected with shareholders meetings?	V		The Company has hired the agency department of ChinaTrust Commercial Bank to handle matters connected with shareholders meetings.	No deviation
<p>VII. Information disclosure</p> <p>(I) Has the company established a website to disclose financial business and corporate governance information?</p> <p>(II) Has the company adopted other information disclosure methods (such as establishing an English website, assigning specific personnel to bear responsibility for</p>	V V		<p>(I) The Company's established website</p> <p>(II) Website: (https://www.sakurad.com.tw) Financial operations and corporate governance information are disclosed on a regular basis.</p>	No deviation

Assessment items	State of implementation (Note)			Deviations from Corporate Governance Best-Practice Principles for TSE/GTSM Listed Companies and reasons
	Yes	No	Brief description	
<p>collection and disclosure of corporate information, institution of a spokesperson system, and posting of the proceedings of investor conferences on the Company's website)?</p> <p>(III) Has the company announced and reported its annual financial statements within two months after the end of the accounting year? Has the company announced and reported financial statements for the first, second, and third quarters and its monthly operating status prior to the statutory deadlines?</p>		V	(III) The Company has established spokesperson and deputy spokesperson to speak on behalf of the Company in order to strengthen information disclosure; investor conference information and relevant video files have been posted on the Company website.	
VIII. Does the company have any other material information aiding in understanding of its state of corporate governance implementation (including but not limited to employees' rights, employee concern, investor relations, supplier relations, stakeholders' rights, state of directors' continuing education, state of implementation of risk management policy and risk assessment standards, state of implementation of customer policies, and the Company's purchase of liability insurance for directors, etc.)?	V		<p>(I) Employees' rights and concern for employees: In accordance with the Labor Standards Act, the company protects the legal rights and interests of its employees and has established an employee welfare committee to handle all employee benefits. In addition, the Company conducts regular employee health checkups and occasional internal or external educational training and takes out group insurance for its employees.</p> <p>(II) Investor relations: The Company has assigned a specific person to handle shareholders' matters and regularly discloses operating information on the Market Observation Post System.</p> <p>(III) Supplier relations: The Company maintains good supply-and-demand relationships with suppliers.</p> <p>(IV) Stakeholders' rights: In keeping with their due lawful rights, stakeholders may communicate with the Company or provide their opinions at any time.</p> <p>(V) State of directors' continuing education: The Company directors already take part in classes held by such training organizations as the Securities & Futures Institute and Taiwan Corporate Governance Association. Relevant information is regularly disclosed on the Market Observation Post System.</p> <p>(VI) State of implementation of risk management policy and risk</p>	No deviation

Assessment items	State of implementation (Note)			Deviations from Corporate Governance Best-Practice Principles for TSE/GTSM Listed Companies and reasons
	Yes	No	Brief description	
			<p>assessment standards: The Company has established an internal control system in accordance with the "Regulations Governing Establishment of Internal Control Systems by Public Companies." This internal control system has been effectively implemented, and is reviewed as needed in response to changes in the Company's internal and external environment, and to ensure that the system's design and implementation continue to be effective.</p> <p>(VII) State of customer policy implementation: The general manager's office and Sales Department at the Company provide customers with relevant services.</p> <p>(VIII))State of purchase of liability insurance by the company for directors: The Company purchase liability insurance for their directors every year.</p>	

Please describe state of improvement in accordance with the most recently announced corporate governance assessment results from the Taiwan Stock Exchange Corporation's Corporate Governance Center, and state items and measures that will be strengthened as a first priority when improvements have not yet been made.

Evaluation indicators	Improved or not	Explanation for failure to improve
1.15 Has the Company established and disclosed on the company website internal regulations prohibiting directors, employees and other insiders from trading in securities using undisclosed information in the market, including (but not limited to) directors from trading in their stocks during the closed period of 30 days prior to the announcement of annual financial reports and 15 days prior to the announcement of quarterly financial reports, and explaining the implementation?	No	Under planning
2.9 Does the Company have a succession plan for the members of the board of Directors and key management and disclose its operation on the company's website or annual report?	No	Under planning
2.15 Does the Company disclose on its website the individual communications between the independent directors and the internal auditors and accountants (e.g., the manner, matters and results of communications regarding the Company's financial reports and financial operations)?	Yes	

Evaluation indicators	Improved or not	Explanation for failure to improve
2.23 Has the Company's Board performance evaluation system been approved by the Board of Directors, stipulating that external evaluation will be performed at least once every three years, that the evaluation has been performed in the year under review or in the past two years, and that the performance and evaluation results will be disclosed on the company's website or annual report?	No	reassessment
3.14 Does the company's annual report disclose the correlation between directors' and managers' performance evaluation and remuneration?	No	Improvements will be completed in 2023.
3.18 Does the company have a company website in English that contains finance, business and corporate governance related information?	No	No plan yet.
4.1 Does the company set up a dedicated (concurrent) unit to promote corporate social responsibility, conduct risk assessment on environmental, social or corporate governance issues related to the company's operations based on the principle of materiality, formulate relevant risk management policies or strategies, and disclose them on the company's website and annual report?	Yes	
4.2 Has the company set up a dedicated (concurrent) unit to promote Ethical Corporate Management and to be responsible for the formulation and supervision of the implementation of the Ethical Corporate Management Policy and Prevention Plan? Has the operation and implementation of the unit been explained on the company's website and in the annual report and reported to the board of directors at least once a year?	Yes	
4.5 Has the Corporate Social Responsibility Report prepared by the company been verified by a third party?	No	Under planning
4.7 Does the Company upload the English version of the Perpetuity Report on the Open Information Observatory and the Company website?	No	Under planning
4.10 Whether the company's website and annual report disclose the protection measures for employees' personal safety and working environment and their implementation?	No	Improvements will be completed in 2023.
4.12 Does the Company have a greenhouse gas reduction, water reduction or other waste management policy, including reduction targets, promotion measures and achievement circumstances?	No	Under planning
4.14 Does the company website or annual report reveal the identity of the stakeholders identified, the issues of concern, communication channels and response methods?	No	Improvements will be completed in 2023.
4.15 Does the company's website or annual report disclose the ethical corporate management policy approved by the board of directors, which specifies specific practices and plans to prevent unethical behavior?	Yes	
4.17 Has the company's website or corporate social responsibility report disclosed the supplier management policy that requires suppliers to follow relevant regulations on environmental protection, occupational safety and health or labor human rights, and explain the implementation status? Has the implementation status been explained?	Yes	

Attached Table I

Evaluation Table of Independence and Competence of Attesting CPA in 2023

I. Evaluation description: According to Article 29 of “Corporate Governance Basic Practice Principles for TWSE/TPEX Listed Company”, publicly quoted entity shall select professional, responsible and independent attesting CPAs, and shall periodically (at least once a year) evaluate the independence of the appointed certified public accountants.

II. Evaluating object:

Name of accounting firm:	BDO Taiwan	Name of CPA:	Wang, Mu-Fan Chang, Yi-Chun
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III. Evaluation content: With reference to Article 47 of the Certified Public Accountant Act and Bulletin No. 10 of the CPA professional and ethical guidelines:

Item	Assessment items	Evaluating results	Whether to meet the independence
1	Whether the attesting CPA has a direct or significant indirect financial interest with the Company	No	Yes
2	Whether the attesting CPA has financing or warranties with the Company or its directors	No	Yes
3	Whether the attesting CPA have a close business relationship and potential employment relationship with the Company	No	Yes
4	Whether the attesting CPA receives any contingent fees in connection with the audit case of the Company	No	Yes
5	Whether the attesting CPA and members of the audit service team are related to the directors, managers or persons whose duties have significant influence on the audit case of the Company	No	Yes
6	Whether the attesting CPAs accept gifts of great value from the Company or the directors and managers of the Company	No	Yes
7	Whether the attesting CPAs provide audit services for the Company for seven consecutive years	No	Yes
8	Whether the attesting CPAs hold shares of the Company	No	Yes
9	The attesting CPAs have met the independence standard of the Bulletin No. 10 of the CPA professional and ethical guidelines, and obtained the "Statement of Independence" issued by the attesting CPAs and the Audit Quality Index (AQI).	Yes	Yes

IV. Work performance and achievement

1. Completed the Company's 2022 certified financial statements as scheduled.
2. Provided financial and tax consulting services for the Company from time to time.

V. Evaluation results:

For the financial statements of this year, the Company has appointed accountants Wang, Mu-Fan and Chang, Yi-Chun of BDO Taiwan. The independence and competence of the two accountants both meet the standard after evaluation.

(IV) If the Company has established a Remuneration Committee, it must disclose the committee's composition, duties, and state of operation:

1. Information concerning Remuneration Committee members

Identity (Note 1)	Criteria	Has at least 5 years of work experience and has the following professional qualifications	Meet the independence criterion	Number of other public companies in which the committee member also serves as a remuneration committee member	Notes
	Name				
Independent director (Convener)	Hsu Chen-Hua	Please refer to page 25–27 of the annual report for relevant information.		0	
Independent director	Wang Kuei-Yuan			0	
Others	Huang Tzu-Ling	Huang Tzu-ling, a graduate of department of labor relations of Chinese Culture University, is currently the associate manager of human resources and general services office of Cheng-Chia Construction Co., Ltd and has at least 5 years of commercial and corporate experience.	Note 2	0	

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

Note 2: Two years before the election and during the term of office, the following conditions were met.

- (1) Not an employee of the Company or any of its affiliates.
- (2) A director or supervisor not at the Company or its affiliates (this restriction does not apply, however, when concurrently serving as an independent director at the Company and its parent company or subsidiary or the subsidiaries of the same parent company when such positions have been established in accordance with this Act or the law of the country where the companies are located).
- (3) Not a natural-person shareholder who holds shares, together with those held by the person's spouse, minor children, or held by the person under others' names, in an aggregate amount of 1% or more of the total number

- of outstanding shares of the Company or ranking in the top 10 in holdings.
- (4) A spouse, relative within the second degree of kinship, or lineal relative within the third degree of kinship, if not the manager in subparagraph (1) or any of the persons listed in subparagraphs (2) and (3).
 - (5) Not a director, supervisor, or employee directly holding 5% or more of the outstanding shares of the Company, or ranking in the top 5 in holdings, or serving as a director or supervisor of a institutional shareholder as a designated deputy in accordance with Article 27, paragraphs 1 or 2 of the Company Act (this restriction shall not apply, however, when concurrently serving as an independent director at the Company and its parent company or subsidiary or the subsidiaries of the same parent company when such positions have been established in accordance with this Act or the law of the country where the companies are located).
 - (6) Not a director, supervisor, or employee who individually holds a majority of shares with voting rights or corporate directorships (this restriction shall not apply, however, when concurrently serving as an independent director at the Company and its parent company or subsidiary or the subsidiaries of the same parent company when such positions have been established in accordance with this Act or the law of the country where the companies are located).
 - (7) Not a director, supervisor, or employee of another company or organization when such a person or their spouse is the chairman, general manager, or person with equivalent duties at the Company (this restriction shall not apply, however, when concurrently serving as an independent director at the Company and its parent company or subsidiary or the subsidiaries of the same parent company when such positions have been established in accordance with this Act or the law of the country where the companies are located).
 - (8) Not the director, supervisor, manager, or shareholder holding 5% or more of outstanding shares of a specific company or organization with financial or business dealings with the Company (this restriction shall not apply, however, if the specific company or organization holds 20% or more, but no more than 50% of the outstanding shares of the Company and the individual is concurrently serving as an independent director of the Company and its parent company or subsidiary, or a subsidiaries of the same parent company in accordance with this Act or the law of the country where the companies are located).
 - (9) Not a sole proprietor, partner, or owner, partner, director, supervisor, manager at a company or organization, where that business, company, or organization provides audit services to the Company or an affiliate or has obtained cumulative remuneration not exceeding NT\$500,000 during the most recent two years, where such an individual is a professional in an area such as business, law, finance, or accounting, or the spouse of such an

individual. However, this restriction shall not apply in the case of the member of a remuneration committee, open acquisition deliberation committee, or M&A special committee performing duties in accordance with Securities and Exchange Act or Enterprises Mergers and Acquisitions Act, etc.

(10) Not a person specified in any of the clauses of Article 30 of the Company Law.

2. Information concerning the functioning of the Remuneration Committee

- (1) The Company's Remuneration Committee consists of 3 members.
- (2) Terms of the current committee members: July 6, 2020 to June 9, 2023; the Remuneration Committee met 2 times (A) during the most recent year (2022). Member qualifications and attendance are as follows:

Title	Name	Attendance in person (B)	Attendance by proxy	Attendance rate (%) (B/A)Note	Notes
Convenor	Hsu Chen-Hua	2	0	100%	
Committee member	Wang Kuei-Yuan	2	0	100%	
Committee member	Huang Tzu-Ling	2	0	100%	

Date (period) of meetings during 2022, content of motions, results of resolutions, and the Company's handling of the Remuneration Committee's opinions:

Date (period)	Content of motions	Opinions of all members and handling of members' opinions
January 26 2022 (6th meeting of the 4th session)	1. Review of the Company's 2021 employees' and directors' remuneration appropriation proposal. 2. Review of the Company's 2021 upper managerial employees' remuneration and year-end bonus proposal.	All attending committee members passed the motion as proposed
August 8 2022 (7th meeting of the 4th session)	1. Review of the Company's proposed adjustment of salaries for the chairman and managers. 2. Reviewed the 2021 directors remuneration distribution proposal.	All attending committee members passed the motion as proposed

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

- I. If the Board adopts or revises the suggestions of the Remuneration Committee, please state the board meeting date, period, content of motions, results of board resolutions, and the Company's handling of the Remuneration Committee's opinions: Not applicable.
- II. If any members of the Remuneration Committee resign before the end of the year, please state the date of the individual's resignation in the Notes field, and the attendance rate (%) should be calculated on the basis of number of Remuneration Committee meetings and the individual's attendance in person. Not applicable.

Note:

- (1) If any members of the Remuneration Committee resign before the end of the year, please state the date of the individual's resignation in the Notes field, and the attendance rate (%) should be calculated on the basis of number of Remuneration Committee meetings and the individual's

attendance in person.

- (2) If any independent directors are appointed before the end of the year, both new and old directors or supervisors must be filled in, and the dates of the directors' or supervisors' old terms, new terms, and dates of appointment or re-appointment marked in the Notes field. The actual attendance rate (%) shall be calculated on the basis of the number of Remuneration Committee meetings during an individual's term and that person's attendance in person.

(V) State of promotion of sustainable development implementation and any deviations from sustainable Development

Best Practice Principles for TWSE/GTSM-Listed Companies and reasons:

Promotional Items	State of implementation (Note 1)			Deviations from Sustainable Development Best-Practice Principles for TSE/GTSM Listed Companies and reasons
	Yes	No	Brief description	
I. Has the Company established a governance structure to promote sustainable development and set up a special (concurrent) unit for the promotion of sustainable development? Has the board of directors authorized the senior management to handle such matters? How does the board of directors supervise such matters?		V	A Sustainable Development committee has been established on Dec.19,2022. As of the publication date of the annual report, the implementation status has not been reported to the board.	No major deviations from Best Practice Principles
II. Does the Company perform risk assessment of corporate operating environment, society, and corporate governance issues in accordance with the materiality principle, and has it determined risk management policies or strategies?	V		In accordance with the Code of Practice for Sustainable Development, the Company implements corporate governance, conducts risk assessment on environmental, social and corporate governance issues related to the company, and establishes relevant risk management strategies and measures for major issues.	No deviation
III. Environmental issues				
(I) Has the Company established a suitable environmental management system reflecting its industry characteristics?	V		(I) The Company's worksite wastes are recovered and disposed of by a professional, licensed environmental company. Apart from the use of an electronic form system to reduce paper use in the offices, personnel are requested to classify trash and turn off lights when not in use in order to conserve energy.	No deviation
(II) Has the Company striven to enhance the efficiency of its use of energy, and sought to use renewable materials with lower environmental load or impact?	V		(II) The Company values environmental protection and uses water-saving, energy-saving, green building materials and environmental labeled products when procuring building materials. Besides, regarding construction projects, rainwater recycling system is provided for community planting and watering.	

Promotional Items	State of implementation (Note 1)			Deviations from Sustainable Development Best-Practice Principles for TSE/GTSM Listed Companies and reasons
	Yes	No	Brief description	
<p>(III) Does the company assess the potential risks and opportunities of climate change on its present and future operation, and take measures to respond to climate-related issues?</p> <p>(IV) Does the company conduct assessment on greenhouse gas, water consumption and waste for the last two years, and establish strategies for energy conservation and carbon reduction, greenhouse gas reduction, water saving and waste management?</p>	V		<p>(III) The major potential risks of climate change were assessed as uncertainty over new regulations on green building and energy efficiency.</p> <p>(IV) The greenhouse gas emissions of our sites in 2021 and 2022 were 2486.34 tonnes and 2622.41 tonnes respectively. This is due to the increase in the number of sites, which requires groundwater pumping, resulting in an increase in electricity charges. Some of our sites have adopted electricity saving measures.</p>	
IV. Social issues				
<p>(I) Does the company comply with relevant human rights laws, regulations, and internationally recognized covenants, and have related management policies and procedures been determined?</p> <p>(II) Has the Company drafted and implemented reasonable employee welfare measures (including measures concerning compensation, vacation time, and other benefits, etc.), and appropriately base employee compensation on the Company's operating performance or results?</p> <p>(III) Does the company provide its employees with safe and healthy workplaces, and organize training on safety and health for its employees on a regular basis?</p>	V		<p>(I) The Company's management policies and procedures are drafted in compliance with the principles of relevant laws and international human rights conventions.</p> <p>(II) The Company has drafted management regulations protecting employees' lawful rights in accordance with the Labor Standards Law, Gender Equality in Employment Act, and Employment Service Act, and has established an Employee Welfare Committee to conduct employee welfare matters. In addition, after regularly assessing employee performance on the basis of employee evaluation regulations, the Company adjusts employees' salaries.</p> <p>(III) All worksite employees must use basic safety gear, including such personal protective equipment as safety helmets, face masks, and safety belts. The Company conducts health and safety training as needed, and provides employees with regular health checkups on an annual basis.</p>	No deviation

Promotional Items	State of implementation (Note 1)			Deviations from Sustainable Development Best-Practice Principles for TSE/GTSM Listed Companies and reasons
	Yes	No	Brief description	
<p>(IV) Does the Company offer its employees effective occupational development training plans?</p> <p>(V) Does the Company uphold relevant laws, regulations, and international guidelines concerning the health and safety of the customers of its products and services, and has the Company drafted relevant consumer rights policies and grievance procedures?</p> <p>(VI) Has the Company drafted a supplier management policy, and does it ask that suppliers comply with relevant environmental, occupational health and safety, and labor rights standards? What is the state of implementation?</p>	<p>V</p> <p>V</p>	<p>V</p>	<p>(IV) The Company provides employees with subsidies for continuing education intended to increase their professional skills and knowledge.</p> <p>(V) The Company has a dedicated unit bearing responsibility for providing after-sales service and maintaining consumers' rights. The Company upholds relevant laws and regulations with regard to the marketing and marketing of products and services in all cases, and has drafted customer complaint handling procedures. Furthermore, an online repair request system has been established on the Company's website, and information on contact and customer grievance or advice procedures are provided in the stakeholders' area of the website.</p> <p>(VI) Every year, the Company conducts supplier evaluations on professional skills, construction quality, construction schedule control, environmental protection, and safety and health management, and any unqualified supplier will be dismissed.</p>	
V. Does the Company comply with internationally-accepted report production guidelines or principles when compiling non-financial information reports, such as sustainable development reports? Have the foregoing reports obtained confirmatory or assurance opinions from a third-party certification unit?		V	<p>The company follows</p> <ol style="list-style-type: none"> 1.The latest edition of the GRI Standards (GRI Standards 2021 Edition) issued by the Global Reporting Initiative (GRI). 2.Sustainability Accounting Standards Board, SASB 3.Task Force on Climate-related Financial Disclosures, TCFD 4.Prepare the 2022 Sakura ESG Report. This report has not been verified by a third party. 	No deviation
<p>VI. If the company has its own code of conduct for sustainable development in accordance with the "Code of Conduct for Sustainable Development of Listed Companies", please describe the differences between its operation and the code: The company has formulated a Code of practice on corporate social responsibility, which was adopted by the Board of Directors on Dec. 19, 2022 with the amendment of the Act. The name was changed to the Code of Practice on Sustainable Development, and the implementation situation is not</p>				

Promotional Items	State of implementation (Note 1)			Deviations from Sustainable Development Best-Practice Principles for TSE/GTSM Listed Companies and reasons
	Yes	No	Brief description	
materially different from the Code.				
VII. Other important information to facilitate better understanding of the company's corporate social responsibility practices: Social Welfare: The company attaches great importance to public welfare care for vulnerable groups, and sponsors various school activities, In 2022 it has sponsored the Smiling Angel Association of the Republic of China, the Taiwan Fund for Children and Families, the Chinese Childrenhome & Shelter Association, the own Syndrome Foundation R.O.C, the Digital Humanitarian Association's remote health promotion public welfare program, the Education UK Middle School enriching equipment and top-ranking Support program, the Wind Band of Shun-Tien Junior High School, and the Co-creation of quality school program of Sichangli National High School, etc. The donation amount is NT \$1,257 thousand.				

Note 1: If "Yes" is checked on the state of implementation, Please specify the major policies, strategies and measures adopted and the state of implementation; If "No" is checked on the state of implementation, Please explain the deviations and reasons on the column of “the reasons for the differences in the deviations from Corporate Governance Best-Practice Principles for TSE/GTSM Listed Companies and reasons” specify the policies, strategies and measures that will be adopted in the future.

Note 2: The materiality principle refers to whether relevant environmental, social, and corporate governance issues have a major impact on the Company's investors and other stakeholders.

(VI) State of performance of ethical management and deviations from Ethical Corporate Management Best Practice

Principles for TWSE/GTSM Listed Companies and reasons:

Assessment items	State of implementation (Note 1)			Deviations from Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies and reasons
	Yes	No	Brief description	
I. Establishment of ethical corporate management policies and methods				
(I) Has the Company drafted ethical management policies that have been passed by the board, and are ethical management policies, methods, and pledges from the board and upper management to actively implement such policies clearly noted in corporate rules and documents intended for external publication?	V		(I) The Company's November 9 2020 board meeting passed the revised "Ethical Corporate Management Best Practice Principles," which are posted in the investors' area of the Company's website. The Board and management are promoting compliance with the Principles by personal example.	No deviation
(II) Has the Company established a mechanism for assessment of unethical practice risk, and does it regularly analyze and assess operating activities with relatively great unethical practice risk within the scope of its business operations? Has the Company determined preventive measures targeting at least the conduct specified in the various subparagraphs of Paragraph 2, Article 7 of the "Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies" in order to prevent unethical conduct?	V		(II) While performing their duties, the Company's personnel may not directly or indirectly provides, pledge, request, or accept illicit benefits in any form, and must comply with regulations restricting and prohibiting partisan or political activities.	
(III) Does the Company clearly state operating procedures, code of conduct, punishments for violations, and a complaint system in its unethical conduct prevention plan? Has it implemented this plan, and does it perform regular review and correction of the plan?	V		(III) The Company's "Ethical Conduct Guidelines," "Ethical Corporate Management Guidelines," "Ethical Corporate Management Best Practice Principles Operating Procedures and Code of Conduct," and "Management Regulations" prohibit unethical conduct, and a violation reporting hotline and email address are provided on the Company's website.	

Assessment items	State of implementation (Note 1)			Deviations from Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies and reasons
	Yes	No	Brief description	
II. Implementation of ethical corporate management				
(I) Does the company evaluate credit records of its counterparties and specify good faith terms and conditions in the contracts entered into?	V		(I) The Company regularly evaluates its business partners and stipulates the terms of integrity in the contracts with the business partners.	No deviation
(II) Has the Company established a dedicated unit subordinate to the board for promotion of ethical management? Does the Company report its ethical management policies, plans for prevention of unethical conduct, and state of supervision and implementation to the board on a regular basis (at least once each year)?	V		(II) The Company's president's office is responsible for formulating and supervising the implementation of the ethical management policy; on November 8, 2022, it reported to the board of directors the ethical management policy, the program for preventing unethical behavior and the supervision of its implementation: In 2022, the Company did not receive any reports of unethical behavior or misconduct, and there were no legal cases of corruption either.	
(III) Has the Company determined a policy for prevention of conflicts of interest, and does it provide appropriate channels for complaints? What is the state of implementation?	V		(III) In its "Ethical Conduct Guidelines," the Company specifies that directors, managers, and all employees must prevent conflicts of interest. The Company encourages employees who suspect or have discovered illegalities to report such incidents to the board, managers, internal auditors, or other appropriate personnel, and the Company will take confidentiality and protective measures to shield such whistleblowers and investigative personnel.	
(IV) Has the Company established an effective accounting system and internal control system to promote ethical management? Has the internal audit unit drafted an audit plan on the basis of unethical conduct risk assessment results, and has this plan been used to investigate compliance with the unethical conduct	V		(IV) The Company has established effective accounting system and internal control system, internal auditors in accordance with the audit plan to carry out audit activities.	

Assessment items	State of implementation (Note 1)			Deviations from Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies and reasons
	Yes	No	Brief description	
<p>prevention plan, or has a CPA been hired to perform such investigation?</p> <p>(V) Does the Company organize internal and external educational training periodically to help promote ethical management?</p>	V		(I) The Company holds honest operation education training for new employees (about 0.5 hours each time). Besides, in 2022, a total of 74 employees received "moral code of conduct, honest operation code, honest operation procedures and behavior guide promotion" education training, totaling 148 hours.	
<p>III. State of implementation of the Company's violation reporting system</p> <p>(I) Does the Company have a substantial reporting and reward system as well as a convenient reporting channels in place with appropriate personnel assigned to assist the party being reported on?</p> <p>(II) Has the Company determined standard operating procedures for investigation of reported incidents, confidentiality mechanisms, and follow-up measures to be taken after investigations have been completed?</p>	V		<p>(I) The Company encourages internal and external personnel to report unethical conduct and improper behavior. In accordance with the severity of the reported behavior, the reporting personnel will be granted bonuses. The Company's website contains a reporting email address and hotline to the Board Secretarial Office.</p> <p>(II) The Broad Secretariat shall observe the following procedure in handling whistleblowing matters:</p> <ol style="list-style-type: none"> 1. An information shall be reported to the department head if involving the rank and file and to an independent director or supervisor if involving a director or a senior executive. 2. The department head or personnel being reported to in the preceding subparagraph shall immediately verify the facts and, where necessary, with the assistance of the legal compliance or other related department. 	No deviation

Assessment items	State of implementation (Note 1)			Deviations from Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies and reasons
	Yes	No	Brief description	
(III) Has the Company adopted measures to prevent whistleblowers from receiving improper treatment?	V		<p>3.If a person being informed of is confirmed to have indeed violated the applicable laws and regulations or the Company's policy and regulations of ethical management, the Company shall immediately require the violator to cease the conduct and shall make an appropriate disposition. When necessary, the Company will report to the competent authority, refer said person to judicial authority for investigation, or institute legal proceedings and seek damages to safeguard its reputation and its rights and interests.</p> <p>4.With respect to a confirmed information, the Company shall charge relevant units with the task of reviewing the internal control system and relevant procedures and proposing corrective measures to prevent recurrence.</p> <p>5.The Board Secretariat shall submit a report on the whistleblowing case, actions taken, and follow-up reviews and corrective measures, to the Board of Directors.</p> <p>(III) Personnel of the Company handling whistleblowing matters shall represent in writing they will keep the whistleblowers' identity and contents of information confidential. The Company also undertakes to protect the whistleblowers from improper treatment due to their whistleblowing.</p>	
<p>IV. Improving Information Disclosure</p> <p>Does the Company disclose the content of its Ethical Corporate Management Guidelines and results of promotion on its website and via the Market Observation</p>	V		The company has important internal regulations to disclose the code of integrity under the investors section of the company website.	No deviation

Assessment items	State of implementation (Note 1)			Deviations from Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies and reasons
	Yes	No	Brief description	
Post System?				
V. If the company has determined its own Ethical Corporate Management Guidelines on the basis of the "Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies," please state any deviations in their functioning or principles: None.				
VI. Other important information to help understand the integrity of the company's operations: The "Rules of Procedure of the Board of Directors" of the Company stipulates that any director who has an interest in the matters of the meeting with himself or the legal person he represents shall not participate in the discussion and voting when the board of directors explains the important content of his interest, if it is harmful to the interests of the company, and shall withdraw from the discussion and voting. And shall not exercise his voting rights on behalf of other directors.				

- (VII) If the Company has established corporate governance principles and related guidelines, the means of accessing this information should be disclosed: The Company has determined "Ethical Conduct Guidelines," "Ethical Corporate Management Guidelines," "Procedures for Ethical Corporate Management Best Practice Principles," "Corporate Governance Code of Practice," "Standard Operating Procedures of Handling Directors' Requests," "Rules and Procedures for Shareholders' Meetings," "Board Meeting Rules of Procedure," and "Handling Procedures for Important Internal Information," which are announced on the investors area of the Company's website: <https://www.sakurad.com.tw>.
- (VIII) Other significant information that may improve the understanding of its corporate governance at the Company: None.

(IX) State of implementation of the internal control system:

1. Internal control system statement:

SAKURA DEVELOPMENT CO., LTD
Statement of Internal Control System

Date: March 10, 2023

Based on the findings of a self-assessment, Sakura Development Co., Ltd. (the Company) states the following with regard to its internal control system during the year 2022:

1. The Company's board of directors and management understand their responsibilities of developing, implementing and maintaining the Company's internal control system, and such system has been established by the Company. Our internal control is designed to provide reasonable assurance over the effectiveness and efficiency of our operation (including profitability, performance and safeguard of asset), reliability, timeliness, transparency of our reporting and compliance with applicable laws and regulations.
2. Some limitations are inherent in all internal control systems. No matter how perfect the design is, an effective internal control system can only provide a reasonable assurance regarding the achievement of the above three intended objectives; moreover, due to changes in the environment and circumstances, the effectiveness of the internal control system may change accordingly. Nevertheless, our internal control system contains self-monitoring mechanisms, and the Company takes immediate remedial actions in response to any identified deficiencies.
3. The evaluation of effectiveness of the internal control system design and implementation is made in accordance with the "Regulations Governing Establishment of Internal Control Systems by Public Companies" (the Regulations). The Regulations are made to examine the following five factors during the management and control process: (1) control environment, (2) risk assessment, (3) control activities, (4) information and communication, and (5) monitoring. Each factor also includes several items. Please refer to the regulations for details of the aforesaid items.
4. The Company has evaluated the design and operating effectiveness of its internal control system according to the aforesaid regulations.
5. Based on the findings of the aforesaid evaluation, the Company believes that, on December 31, 2022, it has maintained an effective internal control system(that includes the supervision and management of its subsidiaries) to provide reasonable assurance over our operational effectiveness and efficiency, reliability, timeliest, transparency of reporting, and compliance with applicable laws and regulations.
6. This statement is an integral part of the Company's annual report and prospectus available to the general public. If it contains false information or omits any material content, the Company is in violation of Article 20, Article 32, Article 171 and Article 174 set forth in the Securities and Exchange Act.

7. This statement was passed by the board of directors in their meeting held on March 10, 2023 with none of the 7 attending directors expressing dissenting opinions, and the reminder all affirming the content of this statement.

SAKURA DEVELOPMENT CO., LTD

Chairman: Chen Cheng-Kang

President: Chen Shin-Ying

2. When a CPA has been hired to audit the internal control system, the CPA's audit report must be disclosed: None.

(X) Penalties to the Company and its internal personnel during the most recent year to the date of printing of this Annual Report, the Company's punishment of internal personnel for violations of the internal control system, and chief deficiencies and state of improvement: None.

(XI) Important resolutions of the shareholders meeting and board meeting during the most recent year to the date of printing of this Annual Report:

1. Important resolutions of the shareholders meeting:

Date	Motion	State of implementation and review
June 16, 2022	1. Acknowledgment of the 2021 earnings distribution proposal. 2. Issuance of new shares through capitalization of the earnings and additional paid-in capital.	Distribution of cash dividends of NT\$0.2 and stock dividends of NT\$1.1 per share, issued on October 5 2022. Approved by the Ministry of Economic Affairs on September 23, 2022.

2. Important board resolutions:

Date	Important resolutions
January 26, 2022	1. Passed the 2022 business plan. 2. Passed the Company's proposed appropriation of remuneration for employees and directors for 2021. 3. Passed the proposed 2021 employees' remuneration and year-end bonuses for upper managers. 4. Passed the Company's proposed application to KGI Commercial Bank for a line of financing to meet business needs. 5. Passed the proposed new shares issuance base date for the Company's conversion of convertible bonds to common stock.
March 21, 2022	1. Passed the 2021 business report and financial report. 2. Passed the 2021 "internal control system statement." 3. Passed the 2021 earnings distribution proposal. 4. Passed the Issuance of new shares through capitalization of the 2021 earnings and additional paid-in capital. 5. Passed the revised "Articles of Incorporation." 6. Passed the amendment to the "Procedures for Election of Directors"

Date	Important resolutions
March 21, 2022	<ul style="list-style-type: none"> 7. Passed that the Company shall not engage in derivative transactions, and the relevant operational procedures are deleted. 8. Passed the amendments to the "Procedures for the Acquisition and Disposal of Assets" 9. Passed matters relating to the holding of the 2022 shareholders meeting. 10. Passed the Company's proposed application to securities companies for renewal of commercial paper issuance in order to meet business needs.
May 9, 2022	<ul style="list-style-type: none"> 1. Passed the Company's 2022 first quarter individual financial statements. 2. Passed the proposed new shares issuance base date for the Company's conversion of convertible bonds to common stock in the first quarter of 2022. 3. Passed the Company's proposed application to international securities companies for renewal of commercial paper issuance in order to meet business needs.
July 18, 2022	<ul style="list-style-type: none"> 1. Passed the determination of base date for issuing new shares by the Company's conversion of surplus and capital reserve into capital increase in 2021 and other relevant matters. 2. Passed the proposed new shares issuance base date for the Company's conversion of convertible bonds to common stock.
July 18, 2022	<ul style="list-style-type: none"> 1. Passed the Company's cash dividend distribution related matters in 2022. 2. Passed the proposed application to Taiwan Cooperative Bank for short-term revolving credit in order to meet business needs.
August 8, 2022	<ul style="list-style-type: none"> 1. Passed the Company's 2022 second quarter individual financial statements. 2. Passed Company's proposed adjustment of salaries for the chairman and managers. 3. Passed the 2021 directors remuneration distribution proposal. 4. Passed the Company's proposed application to a financial institution for a line of credit in order to meet business needs.
November 8, 2022	<ul style="list-style-type: none"> 1. Passed the Company's 2022 third quarter individual financial statements. 2. Passed the Company's 2023 internal audit plan proposal. 3. Passed review and amendment to the Operational Procedures for Loaning of Company Funds 4. Passed the revised "Board Rules of Procedure." 5. Passed the revised "asset management regulations." 6. Passed the proposed signing of a land and real estate advance sale contract with related parties in the "Sakura of Sakura Cobo" project.

Date	Important resolutions
November 8, 2022	<ol style="list-style-type: none"> 7. Passed the Company's proposed application to the First Commercial Bank for a line of financing to meet business needs. 8. Passed the proposed new shares issuance base date for the Company's conversion of convertible bonds to common stock.
December 19, 2022	<ol style="list-style-type: none"> 1. Approved the proposed appointment of a CPA to audit the 2023 financial statements and assessment of independence. 2. Passed review and amendment to the Operational Procedures for Loaning of Company Funds. 3. Passed formulating the Company's "Operating Procedures for the preparation and verification of Sustainable Reports". 4. Passed formulating "Corporate social responsibility best practice principles" proposal. 5. Passed revising "Internal Handling Procedures for Material Information" proposal. 6. Acknowledged the Company's proposed application to a financial institution for a line of credit in order to meet business needs.
January 16, 2023	<ol style="list-style-type: none"> 1. Passed the 2023 business plan. 2. Passed the revised internal control system's "procurement and payment collection cycle." 3. Passed the Company's proposed appropriation of remuneration for employees and directors for 2022. 4. Passed the proposed 2022 employees' remuneration and year-end bonuses for upper managers. 5. Passed the proposed new shares issuance base date for the Company's conversion of convertible bonds to common stock.
March 10, 2023	<ol style="list-style-type: none"> 1. Passed the 2022 business report and financial report. 2. Passed the 2022 "internal control system statement." 3. Passed the 2022 earnings distribution proposal. 4. Passed the 2022 proposed capital increase by earnings recapitalization and issuance of new shares. 5. Passed the revised "Rules and Procedures for Shareholders' Meetings." 6. Passed the proposal to revise the "Corporate Governance Code of Practice." 7. Passed the proposal to formulate the "Organization Rules for the Commission on Sustainable Development." 8. Passed matters relating to the holding of the 2023 shareholders meeting. 9. Passed the Company's comprehensive re-election of directors and nominated director candidates. 10. Passed matters relating to acceptance of lists of director candidates from shareholders. 11. Passed the lifting of non-compete restrictions on newly-appointed directors. 12. Passed the Company's proposed application to securities companies for renewal of commercial paper issuance in order to meet business needs.

(XII) Main content of recorded or written dissenting opinions from directors or supervisors on passed important resolutions by the Board

of Directors during the most recent year up to the date of publication of the annual report. Main content: None.

(XIII) Summary of resignation and dismissal of relevant Company personnel (including chairman, general manager, chief accounting officer, financial manager, internal audit manager, and chief R&D officer) during most recent year up to the date of publication of this Annual Report: None.

V. Information of Fees to CPA

Monetary units: NT\$1,000

Name of accounting firm	Name of CPA	Period of Independent Auditor's Report	Audit fee	Non-audit fee	Total	Notes
BDO Taiwan	Chang Yi-Chun	2022.01.01 -2022.12.31	1,320	339	1,659	Note 1
	TengHsin-Shan					

Note 1: Services for non-audit fees: Commercial registration, review on remuneration information of full-time employees who do not hold executive positions, review on stock dividend distribution, report on performance of value trust and English financial report.

Note 2: If the Company changed the CPA or accounting firm during the year, please list their audit periods individually, and explain the reason for the change in the Notes field. In addition, the audit and non-audit fees paid shall be disclosed in order. Regarding non-audit fees, the contents of the services shall be described in the note.

(I) If the accounting firm was replaced and if the audit fees paid for the fiscal year in which such replacement took place were lower than those for the previous year, the reduction in the amount of audit fees and the reason(s) must be disclosed: Not applicable.

(II) If the audit fees paid for the current year are lower than those for the previous fiscal year by 15% or more, the reduction in the amount of audit fees, reduction percentage, and reason(s) must be disclosed: Not applicable.

VI. Information on change of CPA: None.

VII. The names, titles, and period at the auditing accounting firm or its affiliate of the president, general manager, or any managers responsible for financial or accounting matters who have been employed by the auditing accounting firm or its affiliates during the most recent year: Not applicable.

VIII. Transfer of equity or changes in the pledge of equity by the directors, supervisors, managers, and shareholders holding more than 10% of shares in the most recent year to the date of printing of this Annual Report:

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

Title	Name	2022		2023 as of April 15th	
		Increase (decrease) in shares held	Increase (decrease) in pledged shares	Increase (decrease) in shares held	Increase (decrease) in pledged shares
Directors	Ho-Yang Management Consultant CO., Ltd. Representative: Chen Cheng-Kang	17,119,076	-	-	-
Directors	Ho-Yang Management Consultant CO., Ltd. Representative: Shen Shu-Chen				
Shareholders holding more than 10% of outstanding shares	Ho-Yang Management Consultant CO., Ltd.				
Director & general manager	Chen Shin-Ying	534,211 (800,000)	-	-	-
Directors	Pai Shu-Chen	145,355	-	-	-
Independent director	Hsu Chen-Hua	-	-	-	-
Independent director	Wang Kuei-Yuan	-	-	-	-
Independent director	Hung Ming-Tsung	-	-	-	-
Financial accounting manager	Shen Shu-Chen	15,874 (8,000)	-	(6,000)	-
Major Shareholders	Lin Chen-Hai	19,578,974	-	-	-
Major Shareholders	Tzeng Shu-Chiung	19,657,431	-	-	-

Note 1: Those shareholders holding more than 10% of the Company's outstanding shares must be noted as major shareholders, and must be listed separately.

Note 2: The following form must be filled out when the counterparties in equity transfers or equity pledges are related parties.

(II) Equity transfer information: Not applicable.

(III) Equity pledge information: Not applicable.

IX. Any of the top 10 shareholders by their holdings who are related parties or spouses, or relatives within the second degree of kinship, and their mutual relationships

April 15, 2023

Name (Note 1)	Shareholder		Spouse & minor child shareholdings		Combination of shares by nominee arrangement		Titles, Names and Relationships of Top 10 Shareholders with Relationships, Spousal Relationships, or Kinship within the Second Degree (Note 3)		Notes
	No. of Shares	Percentage	No. of Shares	Percentage	No. of Shares	Percentage	Name	Relationship	
Tzeng Shu-Chiung	160,942,078	21.83%	160,299,724	21.74%	-	-	Lin Chen-hai	Spouse	
Lin Chen-Hai	160,299,724	21.74%	160,942,078	21.83%	-	-	Tzeng Shu-chiung	Spouse	
Ho-Yang Management Consultant CO., Ltd. Responsible person: Lin Chen-Hai	140,159,703	19.01%	-	-	-	-	-	-	
Jinjue Development Co., Ltd. Representative: Hsieh Yin-Lien	24,302,246	3.30%			-	-	-	-	
Jinlin International Investment Co., Ltd. Representative: Tseng Tsung-Lin	19,718,266	2.67%	-	-	-	-	-	-	
Hsieh Yin-Lien	13,762,364	1.87%	10,571	0.00%	-	-	-	-	
Lai Fu-Min	9,243,946	1.25%	-	-	-	-	-	-	
Chen Ming-Sheng	6,902,040	0.94%	-	-	-	-	-	-	
Peng Shu-Ying	6,013,169	0.82%	-	-	-	-	-	-	
Tseng Tsung-Lin	5,987,136	0.81%	4,811,269	0.65%	-	-	-	-	

Note 1: The top 10 shareholders must all be listed; the names of any institutional shareholders and their representatives must both be listed.

Note 2: Calculation of shareholdings shall be based on the percentage of shares held in the person's own name, by the person's spouse, and in the name of other persons.

Note 3: The mutual relationships between the shareholders listed above, including institutional and natural person shareholders must be disclosed in accordance with the Guidelines Governing the Preparation of Financial Reports by Issuers.

X. The Shareholding of the Company, Director, Supervisor and the Business that is Controlled by the Company Directly or Indirectly on the Invested Company: None.

Chapter 4. Information on Fund-raising

I. Capital & Shares

(I) Source of capital stock

Unit: NT\$: Shares

Month/Year	Issue price	Authorized capital		Paid-in capital		Notes		
		No. of Shares	Amount	No. of Shares	Amount	Source of capital stock	Capital increased by assets other than cash	Others
March 1987	10	2,000,000	20,000,000	2,000,000	20,000,000	Founded in	—	Note 1
June 1990	10	19,500,000	195,000,000	19,500,000	195,000,000	Cash capital increase of 175,000,000	—	Note 2
July 1994	10	80,000,000	800,000,000	80,000,000	800,000,000	Cash capital increase of 605,000,000	—	Note 3
January 1996	10	90,000,000	900,000,000	90,000,000	900,000,000	Capital increase by earnings recapitalization of 100,000,000	—	Note 4
July 1996	10	100,800,000	1,008,000,000	100,800,000	1,008,000,000	Capital increase by earnings recapitalization of 108,000,000	—	Note 5
June 1997	10	154,348,000	1,543,480,000	114,187,000	1,141,870,000	Capital increase by recapitalization of earnings and employee bonuses of 133,870,000	—	Note 6
September 1997	10	154,348,000	1,543,480,000	154,187,000	1,541,870,000	Cash capital increase of 400,000,000	—	Note 7
March 1998	10	440,000,000	4,400,000,000	200,883,100	2,008,831,000	Capital increase by recapitalization of earnings and employee bonuses of 235,680,500 Capital increase out of capital reserves 231,280,500	—	Note 8
August 1999	10	440,000,000	4,400,000,000	220,971,410	2,209,714,100	Capital increase by earnings recapitalization of 100,441,550 Capital increase out of capital reserves 100,441,550	—	Note 9
November 2000	10	440,000,000	4,400,000,000	110,485,705	1,104,857,050	Capital reduction of 1,104,857,050	—	Note 10
October 2002	10	310,000,000	3,100,000,000	27,600,000	276,000,000	Capital reduction of 828,857,050	—	Note 11

Month/Year	Issue price	Authorized capital		Paid-in capital		Notes		
		No. of Shares	Amount	No. of Shares	Amount	Source of capital stock	Capital increased by assets other than cash	Others
September 2003	10	310,000,000	3,100,000,000	9,855,000	98,550,000	Capital reduction of 177,450,000	—	Note 12
December 2003	5	310,000,000	3,100,000,000	19,855,000	198,550,000	Cash capital increase by private placement of 100,000,000	—	Note 13
February 2004	5	310,000,000	3,100,000,000	50,000,000	500,000,000	Cash capital increase by private placement of 301,450,000	—	Note 14
March 2006	2.41	310,000,000	3,100,000,000	80,000,000	800,000,000	Cash capital increase by private placement of 300,000,000	—	Note 15
January 2008	11.83	310,000,000	3,100,000,000	52,000,000	520,000,000	Capital reduction of 580,000,000 Cash capital increase by private placement of 300,000,000	—	Note 16
April 2008	12	310,000,000	3,100,000,000	128,000,000	1,280,000,000	Cash capital increase by private placement of 760,000,000	—	Note 17
October 2010	10	310,000,000	3,100,000,000	131,456,000	1,314,560,000	Capital increase by earnings recapitalization of 34,560,000	—	Note 18
October 2011	10	310,000,000	3,100,000,000	147,028,539	1,470,285,390	Capital increase by earnings recapitalization of 153,803,520 Capital increase by recapitalization of employee bonuses of 1,921,870	—	Note 19
August 2012	10	310,000,000	3,100,000,000	165,554,134	1,655,541,340	Capital increase by earnings recapitalization of 185,255,950	—	Note 20
August 2013	10	310,000,000	3,100,000,000	187,903,942	1,879,039,420	Capital increase by earnings recapitalization of 115,887,890 Capital increase out of capital reserves 107,610,190	—	Note 21
August 2014	10	310,000,000	3,100,000,000	238,638,006	2,386,380,060	Capital increase by earnings recapitalization of 507,340,640	—	Note 22

Month/Year	Issue price	Authorized capital		Paid-in capital		Notes		
		No. of Shares	Amount	No. of Shares	Amount	Source of capital stock	Capital increased by assets other than cash	Others
August 2015	10	310,000,000	3,100,000,000	286,365,607	2,863,656,070	Capital increase by earnings recapitalization of 477,276,010	—	Note 23
August 2016	10	420,000,000	4,200,000,000	343,638,728	3,436,387,280	Capital increase by earnings recapitalization of 572,731,210	—	Note 24
August 2017	10	420,000,000	4,200,000,000	378,002,601	3,780,026,010	Capital increase by earnings recapitalization of 343,638,730	—	Note 25
September 2018	10	420,000,000	4,200,000,000	408,242,809	4,082,428,090	Capital increase by earnings recapitalization of 302,402,080	—	Note 26
August 2019	10	600,000,000	6,000,000,000	461,314,374	4,613,143,740	Capital increase by earnings recapitalization of 489,891,370 Capital increase out of capital reserves 40,824,280	—	Note 27
November 2019	10	600,000,000	6,000,000,000	463,243,293	4,632,432,930	Conversion of convertible bonds to capital of 19,289,190	—	Note 28
February 2020	10	600,000,000	6,000,000,000	463,788,658	4,637,886,580	Conversion of convertible bonds to capital of 5,453,650	—	Note 29
May 2020	10	600,000,000	6,000,000,000	465,750,528	4,657,505,280	Conversion of convertible bonds to capital of 19,618,700	—	Note 30
September 2020	10	600,000,000	6,000,000,000	556,679,812	5,566,798,120	Conversion of convertible bonds to capital of 28,094,390 Capital increase by earnings recapitalization of 881,198,450	—	Note 31
November 2020	10	600,000,000	6,000,000,000	558,482,668	5,584,826,680	Conversion of convertible bonds to capital of 18,028,560	—	Note 32
February 2021	10	600,000,000	6,000,000,000	558,917,303	5,589,173,030	Conversion of convertible bonds to capital of 4,346,350	—	Note 33

Month/Year	Issue price	Authorized capital		Paid-in capital		Notes		
		No. of Shares	Amount	No. of Shares	Amount	Source of capital stock	Capital increased by assets other than cash	Others
May 2021	10	600,000,000	6,000,000,000	559,609,031	5,596,090,310	Conversion of convertible bonds to capital of 6,917,280	—	Note 34
August 2021	10	900,000,000	9,000,000,000	560,271,301	5,602,713,010	Conversion of convertible bonds to capital of 6,622,700	—	Note 35
October 2021	10	900,000,000	9,000,000,000	638,519,723	6,385,197,230	Capital increase by earnings recapitalization of 782,484,220	—	Note 36
December 2021	10	900,000,000	9,000,000,000	639,868,141	6,398,681,410	Conversion of convertible bonds to capital of 13,484,180	—	Note 37
March 2022	10	900,000,000	9,000,000,000	641,045,309	6,410,453,090	Conversion of convertible bonds to capital of 11,771,680	—	Note 38
June 2022	10	900,000,000	9,000,000,000	644,665,816	6,446,658,160	Conversion of convertible bonds to capital of 36,205,070	—	Note 39
September 2022	10	900,000,000	9,000,000,000	734,644,343	7,346,443,430	Surplus, capital reserves and conversion of convertible debentures into share capital 899,785,270	—	Note 40
November 2022	10	900,000,000	9,000,000,000	735,040,726	7,350,407,260	Conversion of convertible bonds to capital of 3,963,830	—	Note 41
February 2023	10	900,000,000	9,000,000,000	735,636,635	7,356,366,350	Conversion of convertible bonds to capital of 5,959,090	—	Note 42
April 2023	10	900,000,000	9,000,000,000	737,344,919	7,373,449,190	Convertible corporate share capital converted from debts 17,082,840 shares whose registration has not been changed	—	Note 43

Shareholding type	Authorized capital			Notes
	Outstanding shares (on the market)	Un-issued shares	Total	
Common shares	737,344,919	162,655,081	Common shares	

Note: Please note whether the shares constitute listed or OTC traded stock (please note if the stock is subject to restricted stock exchange or OTC trading).

Information for shelf registration: None

Note 1: Approved in Letter Jian-3-Bing-Zi No. 181943 of May 2 1987

Note 2: Approved in Letter Jing-(79)-Shang No. 118301 of August 31 1990.

Note 3: Approved in Letter (83) Tai-Cai-Zheng-(1) No. 19078 of June 7 1994.

Note 4: Approved in Letter (84) Tai-Cai-Zheng-(1) No. 62302 of December 1 1995.

Note 5: Approved in Letter (85) Tai-Cai-Zheng-(1) No. 41477 of July 2 1996.

Note 6: Approved in Letter (86) Tai-Cai-Zheng-(1) No. 36166 of May 6 1997.

Note 7: Approved in Letter (86) Tai-Cai-Zheng-(1) No. 70260 of September 26 1997.

Note 8: Approved in Letter (87) Tai-Cai-Zheng-(1) No. 28336 of March 24 1998.

Note 9: Approved in Letter (88) Tai-Cai-Zheng-(1) No. 73001 of August 7 1999.

Note 10: Approved in Letter (89) Tai-Cai-Zheng-(1) No. 86993 of November 17 2000.

Note 11: Approved in Letter Tai-Cai-Zheng-Yi-Zi No. 0910153135 of October 22 2002.

Note 12: Approved in Letter Tai-Cai-Zheng-Yi-Zi No. 0920132313 of September 24 2003.

Note 13: Approved in Letter Jing-Shou-Zhong-Zi No. 09331526090 of January 12 2004.

Note 14: Approved in Letter Jing-Shou-Shang-Zi No. 09301050900 of March 25 2004.

Note 15: Approved in Letter Jing-Shou-Shang-Zi No. 09501069030 of April 21 2006.

Note 16: Approved in Letter Jing-Shou-Shang-Zi No. 09701014560 of January 18 2008.

Note 17: Approved in Letter Jing-Shou-Shang-Zi No. 09701097450 of April 24 2008.

Note 18: Approved in Letter Jing-Shou-Shang-Zi No. 09901220220 of October 1 2010.

Note 19: Approved in Letter Jing-Shou-Shang-Zi No. 10001240520 of October 20 2011.

Note 20: Approved in Letter Jing-Shou-Shang-Zi No. 10101165340 of August 13 2012.

Note 21: Approved in Letter Jing-Shou-Shang-Zi No. 10201167520 of August 19 2013.

Note 22: Approved in Letter Jing-Shou-Shang-Zi No. 10301169870 of August 18 2014.

Note 23: Approved in Letter Jing-Shou-Shang-Zi No. 10401173320 of August 21 2015.

Note 24: Approved in Letter Jing-Shou-Shang-Zi No. 10501215790 of August 31 2016.

Note 25: Approved in Letter Jing-Shou-Shang-Zi No. 10601121870 of August 28 2017.

Note 26: Approved in Letter Jing-Shou-Shang-Zi No. 10701121710 of September 27 2018.

Note 27: Approved in Letter Jing-Shou-Shang-Zi No. 10801116980 of August 29 2019.

Note 28: Approved in Letter Jing-Shou-Shang-Zi No. 10801169850 of November 28 2019.

Note 29: Approved in Letter Jing-Shou-Shang-Zi No. 10901019630 of February 26 2020.

Note 30: Approved in Letter Jing-Shou-Shang-Zi No. 10901082840 of May 22 2020.

Note 31: Approved in Letter Jing-Shou-Shang-Zi No. 10901170310 of September 17 2020.

Note 32: Approved in Letter Jing-Shou-Shang-Zi No. 10901217690 of November 27 2020.

Note 33: Approved in Letter Jing-Shou-Shang-Zi No. 11001021300 of February 23 2021.

Note 34: Approved in Letter Jing-Shou-Shang-Zi No. 11001088230 of May 28 2021.

Note 35: Approved in Letter Jing-Shou-Shang-Zi No. 11001129410 of August 12 2021.

Note 36: Approved in Letter Jing-Shou-Shang-Zi No. 11001185990 of October 19 2021.

Note 37: Approved in Letter Jing-Shou-Shang-Zi No. 11001213600 of December 3 2021.

Note 38: Approved in Letter Jing-Shou-Shang-Zi No. 11101024300 of March 2, 2022.

Note 39: Approved in Letter Jing-Shou-Shang-Zi No. 11101084110 of June 1, 2022.

Note 40: Approved in Letter Jing-Shou-Shang-Zi No. 11101185850 of September 23, 2022.

Note 41: Approved in Letter Jing-Shou-Shang-Zi No. 11101218460 of November 25, 2022.

Note 42: Approved in Letter Jing-Shou-Shang-Zi No. 11230017180 of February 10, 2023.

Note 43: Change registration has not yet been performed for conversions already performed from January 1 to April 15 of 2023.

(II) Shareholder structure

April 15, 2023

Shareholder structure Number	Government agencies	Financial institution	Other legal entities	Foreign institutions & natural persons	Domestic natural persons	Total
No. of shareholders	1	5	42	66	10,879	10,993
Number of shares held	29	5,381,480	201,593,168	7,770,903	522,599,339	737,344,919
Percentage (%)	0.00%	0.73%	27.34%	1.05%	70.88%	100.00%

(III) Shareholding distribution status

Common shares

April 15, 2023

Class of shareholding	No. of shareholders	Number of shares held	Percentage
1-999	4,848	924,697	0.13%
1,000-5,000	3,840	8,114,088	1.10%
5,001-10,000	807	5,823,848	0.79%
10,001-15,000	380	4,646,101	0.63%
15,001-20,000	201	3,525,207	0.48%
20,001-30,000	252	6,247,769	0.85%
30,001-40,000	132	4,582,741	0.62%
40,001-50,000	83	3,708,796	0.50%
50,001-100,000	179	12,332,797	1.67%
100,001-200,000	115	16,116,713	2.19%
200,001-400,000	70	19,661,161	2.67%
400,001-600,000	21	10,343,625	1.40%
600,001-800,000	10	6,679,820	0.91%
800,001-1,000,000	7	6,474,139	0.88%
1,000,001 and above	48	628,163,417	85.18%
Total	10,993	737,344,919	100.00%

Note: Preferred stock not yet issued by the Company.

(IV) Names of major shareholders:

Shareholders with over 5% of equity or in the top 10 by equity percentage

April 15, 2023

Share Name of major shareholder	Number of shares held	Percentage
Tzeng Shu-Chiung	160,942,078	21.83%
Lin Chen-Hai	160,299,724	21.74%
Ho-Yang Management Consultant CO., Ltd.	140,159,703	19.01%
Jin Jue Development Co., Ltd.	24,302,246	3.30%
Jin Lin International Co., Ltd.	19,718,266	2.67%
Hsieh Yin-Lien	13,762,364	1.87%
Lai Fu-Min	9,243,946	1.25%
Chen Ming-Sheng	6,902,040	0.94%
Li Hsiang-Chin	6,013,169	0.82%
Tzeng Tsung-Lin	5,987,136	0.81%

(V) Market price, net value, earnings, and capital bonus per share during the most recent two years

Unit: 1,000 shares; NT\$

Item		Year	2021	2022	Current fiscal year up to March 31, 2023
Market price per share (Note 1)	Highest		35.10	35.75	37.45
	Lowest		29.80	30.30	31.75
	Average		31.80	32.13	34.69
Net value per share (Note 2)	Before distribution		13.24	13.54	Note 8
	After distribution		13.04	Note 2	-
Earnings per Share (EPS) (Note 3)	Weighted average shares		638,538	734,209	Note 8
	EPS after tax		1.18	2.05	Note 8
	Weighted average shares (adjusted retroactively)		727,381	Note 2	-
	Earnings per share (adjusted retroactively)		1.04	Note 2	-
Dividend per share	Cash dividends		0.20	0.2 (Note 2)	-
	Stock dividend	Surplus earnings	1.09	1.6 (Note 2)	-
		Capital surplus	0.30	-	-
	Accumulated undistributed dividends (Note 4)		-	-	-
Return on investment	PE ratio (Note 5)		26.95	15.67	-
	Price-dividend ratio (Note 6)		159.99	160.65	-
	Cash dividend yield rate (Note 7)		0.0063	0.0062	-

* In the case of stock dividends from capital increase out of capital reserves

or earnings, the information must be disclosed after retroactive adjustment of market price and cash dividends in accordance with the number of issued shares.

Note 1: List the highest and lowest market price for common stock during each year, and calculate the average market price for each year using trading value and volume for that year.

Note 2: The decision of the Company's March 10, 2023 board meeting to convert cash distribution from earnings in 2022 to a capital increase in the form of new shares will be presented for approval at the shareholders meeting on June 13, 2023. Relevant information can be queried via the Market Observation Post System after the meeting has been held.

Note 3: If it is necessary to perform retroactive adjustment due to stock grants, please list EPS before and after adjustment.

Note 4: If equity security issuance terms specify that stock dividends not issued during the current year may accumulate until they can be issued in a year with earnings, in which case cumulative unpaid stock dividends to the current year must be disclosed.

Note 5: Price-earnings (P/E) ratio = Average market price / Earnings per share

Note 6: Price-dividend (P/D) ratio = Average market price / Cash dividends per share

Note 7: Cash dividend yield rate = Cash dividend per share / Average market price

Note 8: As of the printing date of the annual report, the CPA had not yet issued audited financial information up to March 31, 2023.

(VI) The Company's stock dividend policy and state of implementation:

1. Stock dividend policy:

(1) According to Article 28-1 of the Company's Articles of Incorporation, if the Company has earnings after the close of the accounting year, apart from paying taxes in full in accordance with law, the Company shall first make good losses from previous years, and then allocate 10% of the balance to a statutory reserve, and special reserve or reversal special reserve according to statute and when required; if earnings remain, an amount of earnings including the amount of undistributed earnings from previous years may be distributed. The board shall draft a distribution motion, and distribution shall be implemented after approval by the shareholders meeting.

(2) With regard to the Company's stock dividend policy, the

Company shall distribute at least 70% of distributable earnings in the form of shareholders dividends each year.

2. Planned current year dividend distribution proposal to the shareholders meeting:

The 2022 earnings distribution proposal has already been passed by the March 10, 2023 board meeting, and calls for the distribution of stock dividends of NT\$1.6 per share, totaling NT\$1,177,018,620, with a face value of NT\$10 per share. A total of 117,701,862 new shares and cash dividends of NT\$0.2 per share, totaling NT\$147,127,327, will consequently be distributed. Accordingly, after approval by a resolution of the shareholders meeting on June 13, 2023, the board shall set a base date for the distribution of stock and dividends.

- (VII) Effect of stock grants to be proposed in the current shareholders' meeting on Company's business performance and earnings per share: None.

- (VIII) Remuneration of employees and directors:

1. Percentages or ranges of remuneration of employees and directors under the Articles of Incorporation:

Article 28 of the Articles of Incorporation: If the Company has profit for the year, no less than 0.5 percent shall be allocated for employee compensation and no more than 2 percent shall be allocated for director remuneration. However, if the Company has accumulated losses, the Company shall set aside a part of the surplus profit first for making up the losses. The determination of the distribution ratios for employee compensation and director remuneration, and whether employees' compensation shall be distributed in the form of shares or cash, shall be resolved by the majority of the directors at a board meeting at which over two-thirds of the directors are present and reported to the shareholders' meeting.

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: 2022 employees' remuneration is estimated to be NT\$10,056,870, and directors' remuneration is estimated to be NT\$18,311,007. These estimated amounts have been obtained by multiplying net profit before tax and before the subtraction of remuneration to employees and directors by the employees' and directors' remuneration percentages specified in the Company's Articles of Incorporation. However, if a decision of the board subsequently causes the actual distributed amounts to differ from the estimated amounts, the difference shall be stated as the board meeting's annual loss or gain.

3. Remuneration proposals passed by the board of directors:

(1) Amount of employees' remuneration and directors' remuneration distributed in the form of cash or stock: If there are any differences from the estimated amount for the recognized expense year, the differences, their reasons for their existence, and their state of resolution must be disclosed:

The January 16, 2023 board meeting passed the cash distribution of employees' remuneration totaling NT\$10,056,870 and directors' remuneration totaling \$18,311,007, which is consistent with the recognized amounts on 2022 financial statements.

(2) Amount of employees' remuneration distributed in the form of stock and share of the sum of net profit after tax and total employees' remuneration on consolidated or individual financial statements for the period: No employees' remuneration is currently to be distributed as stock.

4. Actual distribution of employees' and directors' remuneration during the previous year:

Unit: NT\$1,000		
2021	Actual distributed amount	Amount determined by the board
Employees' remuneration	5,061	5,061
Directors' remuneration	8,618	8,618

Difference from the estimated amount for the recognized expense year: None.

(IX) Buyback of the Company's stock: Not applicable.

II. Information on corporate bonds:

April 15, 2023

Categories of corporate bonds	First secured convertible domestic corporate bonds	Second unsecured convertible domestic corporate bonds
Date of issue	September 3, 2018	September 4, 2018
Face value	NT\$100,000	NT\$100,000
Issue and transaction location	Republic of China	Republic of China
Issue price	NT\$103.6	NT\$100.5
Total amount	NT\$200,000,000	NT\$292,000,000
Coupon rate	0%	0%
Term	5 years, maturity date: September 3, 2023	5 years, maturity date: September 4, 2023
Guaranteeing organization	Taiwan Cooperative Bank Co., Ltd.	None
Trustee	Taipei Fubon Commercial Bank Co., Ltd.	Taipei Fubon Commercial Bank Co., Ltd.
Underwriting organization	Taiwan Cooperative Securities Co., Ltd.	Taiwan Cooperative Securities Co., Ltd.
Attesting attorney	Shen Chih-Cheng, attorney	Shen Chih-Cheng, attorney
Attesting CPA	BDO Taiwan Wang Mu-fan, Teng Hsin-Shan, CPA	BDO Taiwan Wang Mu-fan, Teng Hsin-Shan, CPA
Redemption method	The Company shall repay bondholders' convertible bonds in cash at a rate of 100.75% of face value upon maturity, except in the case of the following: the bond holder converts his/her bonds into the Company's ordinary shares in accordance with Article 10 of these Guidelines or the Company repurchases the bond in advance in accordance with Article 18 of this Guidelines, or the Company repurchases cancelled stocks from the business location of a stock exchange.	The Company shall repay the bond holders' converted corporate bond in cash upon maturity according to the face value of the bond, except in the case of the following: the bond holder converts his/her bonds into the Company's ordinary shares in accordance with Article 10 of these Guidelines or exercises his/her right to sell in accordance with Article 19 of these Guidelines, or the Company repurchases the bond in advance in accordance with Article 18 of these Guidelines, or the Company repurchases cancelled stocks from the business location of a stock exchange.
Outstanding principal balance	NT\$28,600,000	NT\$8,000,000
Redemption or early repayment terms	In accordance with Article 18 of the convertible bonds issuance and conversion regulations	In accordance with Article 18 of the convertible bonds issuance and conversion regulations
Restrictive clauses	Please refer to the Company's issuance and conversion regulations	Please refer to the Company's issuance and conversion regulations
Name of credit rating institution, rating date, outcome of corporate bond rating	None	None

Categories of corporate bonds		First secured convertible domestic corporate bonds	Second unsecured convertible domestic corporate bonds
Additional rights	Value of common shares, depository receipts, or other securities that are converted (exchanged or subscribed) as of the date the annual report is printed	Up to April 15, 2023 Applied amount of convertible bonds NT\$171,400,000	Up to April 15, 2023 Applied amount of convertible bonds NT\$284,000,000
	Issuance and conversion (swapping or subscription) regulations	Please refer to the Company's issuance and conversion regulations	Please refer to the Company's issuance and conversion regulations
Possible dilution of equity and impact on existing shareholders equity		This issuance of convertible bonds has a term of 5 years, and creditors' request for conversion will be at different times. This will have a delaying effect on dilution of equity, and the impact of dilution will be small. Dilution will not have a major impact on existing shareholders equity.	This issuance of convertible bonds has a term of 5 years, and creditors' request for conversion will be at different times. This will have a delaying effect on dilution of equity, and the impact of dilution will be small. Dilution will not have a major impact on existing shareholders equity.
Name of swap target custodial institution		Not applicable.	Not applicable.

Note 1: State of corporate bonds including corporate bonds being offered through public and private placement. The current public offering of bonds refers to bonds already approved by this authority; The current private offering of bonds refers to bonds already approved by the board meeting.

Note 2: In the case of conversion bonds, exchange bonds, all-inclusive declaration and issuance of bonds or bonds with warrants, information on conversion bonds, exchange bonds, all-inclusive declaration and issuance of bonds and bonds with warrants shall be disclosed according to their nature and in the format of a table

Information on convertible bonds

Categories of corporate bonds		First secured convertible domestic corporate bonds					
Item	Year	2018	2019	2020	2021	2022	Current fiscal year up to Apr.15, 2023
Market value of convertible corporate bond	Highest	109.00	112.00	139.00	157.00	184.00	-
	Lowest	102.25	103.00	108.50	132.00	151.00	-
	Average	107.10	107.71	120.60	150.25	157.84	-
Conversion price		31.61 107/09/13	27.97 108/08/13	22.87 109/08/25	20.07 110/09/28	17.62 111/09/06	17.62
Issuance (implementation) date and conversion price at the time of issuance		Date of issue: September 3, 2018 Conversion price at time of issuance: 35.94					
Methods of fulfilling conversion obligations		Issuance of new shares					

Categories of corporate bonds		Second unsecured convertible domestic corporate bonds					
Item	Year	2018	2019	2020	2021	2022	Current fiscal year up to Apr.15, 2023
Market value of convertible corporate bond	Highest	99.50	107.70	142.40	161.00	157.00	-
	Lowest	91.05	91.30	106.00	135.80	156.00	-
	Average	95.48	102.05	116.76	147.74	156.88	-
Conversion price		30.87 107/9/13	27.32 108/8/13	22.34 109/8/25	19.60 110/9/28	17.21 111/9/06	17.21
Issuance (implementation) date and conversion price at the time of issuance		Date of issue: September 4, 2018 Conversion price at time of issuance: 35.10					
Methods of fulfilling conversion obligations		Issuance of new shares					

- III. Information on preferred shares: Not applicable.**
- IV. Information on overseas depository receipts: Not applicable.**
- V. Information on employee stock options and restricted stock awards: Not applicable.**
- VI. Information on merger and acquisition or acceptance of shares assigned by other companies for issuing new shares: Not applicable.**
- VII. Financing Plans and Implementation: Completed during the third quarter of 2018**

Chapter 5. Business Activities

I. Content of business

(I) Business Scope:

1. Main content:

- A. F111090 wholesale of building materials.
- B. F113010 wholesale of machinery.
- C. H701010 Residence and building development and leasing.
- D. H701020 industrial plant development and leasing.
- E. H701030 Funeral facility development and leasing.
- F. H701040 Specialized field construction and development
- G. H701050 Public Works Construction and Investment
- H. H701060 New County and Community Construction and Investment
- I. H701070 Land Levy and Delimit
- J. H701080 Urban Renewal Reconstruction.
- K. H702010 Construction management
- L. H703090 Real Estate Commerce
- M. H703100 Real Estate Rental and Leasing
- N. I102010 Investment Consulting
- O. I503010 landscape and interior designing.
- P. F401010 International Trade
- Q. ZZ99999 All business items that are not prohibited or restricted by law, except those subject to special approval.

2. Proportion of business:

The Company is mainly involved in the leasing and selling of multi-family residential buildings built by contracted construction companies, and chiefly targets the domestic market, which accounts for 100% of the Company's operating revenue.

3. Current products: Residential buildings include units and shops.

4. Future Products and Services Currently Being Planned

Construction chiefly consists of residential buildings needed by first-time home buyers and persons who wish to move to a new home. These buildings feature user-friendly, environmental designs, and the residential environment has excellent amenities

and leisure features.

(II) Industry Overview

1. Current state of the industry and future development

- (1) In 2022, the real estate market performance price continued to rise and the transaction volume shrank, the annual transaction transfer of several years decreased by 8.6% to 318,000 units, still higher than the average annual average of 308,000 units in the recent decade. It shows that market demand is still there, and the number of transferred buildings is expected to remain around the average for the whole year.
- (2) Wage growth has not kept pace with inflation in the past two years, and central bank interest rate hikes have affected people's purchasing power and willingness to buy homes.
- (3) The rising cost of construction materials, the continued aging of the employment population in the construction industry, and the serious shortage of labor in the overall industry have led to the rise of construction costs and the rise of housing prices.

2. Connection with upstream, midstream, and downstream segments of the industry

The Company is in the development industry. In the building materials and construction industry chain, development companies play a coordinating and integrating role. Upstream: Chiefly consists of land and construction -related material suppliers. Midstream: After acquiring land, development companies must perform planning and design, hire a specialized construction company, perform sale, and hand over the completed buildings. Downstream: Includes the sales industry, real estate brokerage industry, financial industry, property management, homebuyers, and decorating industry

3. Product Trends and Competition

- (1) The 2-bedroom house type has jumped to the mainstream of the market, and all metropolitan areas account for more than 50% of the transactions. The supply of future projects is bound to increase, and the supply of house pads will be highly overlapping, requiring differentiation and diversification in planning and design.
- (2) Owner-occupied customers have become the main market

demand, but the purchasing power is limited by the problem of self-provided funds, coupled with the slowing down of construction, there will be a longer period of pre-sale phenomenon.

- (3) With regard to owner-use home buyers, price is not the most important deciding factor. Instead, factors such as location, environment, product planning, building materials, and brand must often meet requirements before a price is set. As a consequence, the Company will strive to boost product competitiveness and brand reputation as it confronts a growing number of new competitors in the future.

(III) Technology and R&D Overview

The Company chiefly engages in real estate investment and development, and contracts construction projects to qualified builders. As a consequence, the Company has not established a dedicated production technology and R&D department. The Company collaborates with prominent architects and landscape design teams when conducting product planning. With regard to project construction, the Company has worked hard to improve the earthquake resistance of buildings, and strives to provide customers with high-quality products.

(IV) Short and Long Term Business Development Plans

1. Short-term Business Development Plans

2023 Sales Projects:

"Sakura Kingdom - London Garden", "Sakura Museum", "Sakura Cluster- Academic Cluster", "Sakura Cluster-Ju Fu District", "Sakura of Xingda", "Sakura of the City", "Sakura of the Golden Horse", "Tou Chong Xi Section Phase II", "Xin Ronghe Section Phase II", "Yuxian Section Phase VIII", "Toujia Section Phase I", "Toujia Section Phase II".

2. Long-term Business Development Plans

- (1) Professional land developers will look for parks, parkways, waterfront, near schools, convenient transportation or potential development areas.

- (2) Strengthening construction management and after-sales service quality, enhancing the Company's brand image.
- (3) Responding to the smart, green building trend, the Company is establishing energy-efficient, low-carbon communities

II. Overview of market, supply, and demand:

(I) Market analysis:

1. Chief product sale areas:

In recent years, the company has been building residential buildings mainly in the Greater Taichung area, while 2–3 projects per year are maintained in northern Taiwan.

2. Market share and future market supply and demand and growth:

(1) Market share:

A. The Company's market share has been calculated on the basis of the Company's completed units from 2018 to 2022:

Year	Project name	Number of units	Taichung City Number of units issued use licenses	Market share
2018	Sakura Bincheng	150	13,208	3.78%
	Sakura Huoli Shuiian	175		
	Sakura Muran	174		
2019	Sakura Child King	230	13,869	4.30%
	Sakura Qingshangsen	279		
	Sakura Dongshan No. 1	88		
2020	Sakura Child King 2	208	18,097	1.46%
	Sakura Blooming Wonderful Life	56		
2021	Sakura Kingdom - Cambridge Garden	251	15,738	3.17%
	Sakura Heroes Association	87		
	Sakura Heroes Society	161		
2022	Sakura Giant	309	21,933	2.59%
	Sakura Kingdom - Oxford Garden	260		

B. The Company's market share has been calculated on the basis of the Company's completed units from 2018 to 2022

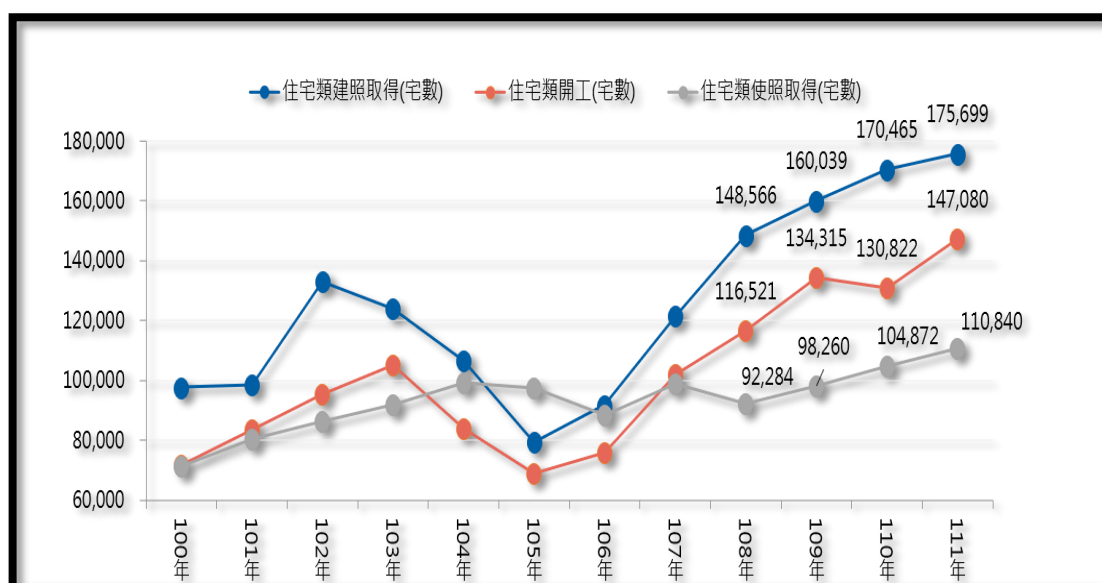
and the number of units in northern Taiwan issued use licenses:

Year	Project name	Number of units	Area	Number of units issued use licenses	Market share
2018	Sakura Blossom	233	Taoyuan City	12,006	1.94%
	Sakura School - Bo Xue District	37	New Taipei City	22,722	0.33%
	Sakura School - Jia Xue District	38			
2019	Sakura School - Pin Xue District	72	New Taipei City	21,048	0.34%
2020	Sakura Gallery	61	Hsinchu City	14,220	0.43%
2022	Sakura Rain	108	Taoyuan City	16,864	1.83%
	Sakura Blossom	201			

(2) Future Market Supply and Demand

A. Supply side:

According to the statistics Department of the Ministry of the Interior, the number of housing construction licenses obtained and the number of housing construction started in 2022 has exceeded the annual average for four consecutive years.



住宅類建造取得 (宅數)	Residential construction acquisition (number of houses)	住宅類開工 (宅數)	Housing starts (number of houses)	住宅類使用照取得 (宅數)	Residential construction acquisition (number of houses)
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B.Demand side:

In the first half of 2022, the real estate market was in hot demand, and the demand for investment, property purchase, first purchase and house exchange continued to be released. The overall market confidence was strong. At present, the housing market policy will significantly slow down the investment demand, and the market demand will turn to rigid demand and property purchase. The company has been deeply engaged in the greater Taichung area for a long time. Taichung city has considerable development potential due to the three advantages of population migration, industrial upgrading and transportation construction. By the end of 111, the total population of Taichung City has reached 2.81 million people, and the population growth rate is the third among the six cities.

3.Competitive niche, favorable and unfavorable factors, and response measures:

(1)Advantageous factors:

- A.Under the inflationary expectations influence, Real estates are still preferable investment .
- B.The overall real purchasing power has not been improved. The company's supply for sale is located in the area with good traffic conditions, good living function and development topic, which is more in line with the demand of target customers, and the sales are relatively safe.
- C.The Company's product positioning is in line with market demand. Although the sales speed is slowing down, it is still selling smoothly.
- D.Compared with other projects in the same areas, the Company's brand and quality possess good competitiveness.

(2)Unfavorable factors:

- A.The construction cost increased due to the shortage of workers and the rising cost of construction materials. The interest rate increase in the past year also increased the cost of capital, and the stacking of various costs indirectly pushed up the increase of housing price.
- B.High-end branded construction companies have started to

C. Policy regulation and media opinion are not conducive to the recent real estate management.

A. The company adheres to the belief of customer first, improves customer service, creates brand value, and creates new customer demand through purchased customers.

C.Launch small and medium-sized products for the first purchase market, in line with market purchasing power.

F. Expand development areas, disperse business risks, and increase opportunities for market sales.

1. The Company's chief product consists of the construction of general multi-family residential buildings.

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graph LR; A[Land envelopment] --> B[Planning & design]; B --> C[Commissioned construction]; C --> D[ ]; D --> E[Sales planning]; E --> F[After-sales service];
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The Company acquires land mainly through land agents' recommendations, and the principle of land evaluation is based on locations with development potential, or areas near parks, waterfronts, schools and amenities.

In 2022, the construction industry is still facing the problem of labor shortage. The company cooperates with excellent construction

manufacturers and has set strict construction specifications. The contractors mainly cooperate with each other for a long time.

3. Materials:

In 2022, the price of various materials continued to rise, reinforcement, concrete, tile and other materials were purchased from long-term cooperative suppliers, and the supply of materials was stable. For other materials, contract and order materials in advance to avoid the occurrence of material shortage affecting the construction period.

(IV) Names of customers who contributed to more than 10% of total purchase (or sales) amount in one of the most recent two years and the corresponding purchase (or sales) amounts and percentages, as well as reasons for changes:

1. Detailed breakdown of customers who contributed to more than 10% of total sales amount during the most recent two years:

The Company chiefly sells units to members of the general public, and has no customers contributing more than 10% to annual sales.

2. Detailed breakdown of vendors that provided more than 10% of total purchase amount during the most recent two years:

Information on chief suppliers during the most recent two years:

Unit: NT\$1,000

	2021				2022				Year to the previous quarter (Note 2)			
Item	Name	Amount	As a share of net purchases during year (%)	Relationship with issuer	Name	Amount	As a share of net purchases during year (%)	Relationship with issuer	Name	Amount	As a share of net purchases during year to the previous quarter (%)	Relationship with issuer
1	Guo Cheng Construction Ltd.	758,805	13.63	None	Guo Cheng Construction Ltd.	1,016,736	23.36	None	As of the printing date of the annual report, the CPA had not yet issued audited financial information up to March 31, 2023.			
2	A	641,224	11.51	None	-	-	-	-				
3	B	616,277	11.07	None	-	-	-	-				
4	Others	3,551,498	63.79	None	Others	3,335,285	76.64	None				
	Net purchase	5,567,804	100.00		Net purchase	4,352,021	100.00					

Note 1. List the names of suppliers providing more than 10% of total purchase amount during the most recent two years, and

their purchasing amounts and percentages. However, in the case of suppliers whose names may not be disclosed in accordance with contractual requirements or transaction counterparties consisting of individuals who are not related parties, code names may be used in place of names.

Note 2. If, to the date of printing of the annual report, any listed companies or companies whose stock is traded at securities dealers premises have any CPA-attested or –audited financial information from the most recent period, such information must also be disclosed.

Note 3. Reasons for changes: Due to the characteristics of its industry, the Company has no fixed suppliers or sources of land available for purchase.

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

Unit: NT\$1,000

Production volume and value Chief products	Year	2021		2022	
		Quantity produced	Value produced	Quantity produced (Note 1)	Value produced (Note 2)
Units		499	2,818,377	677	3,996,535
Total		499	2,818,377	677	3,996,535

Note 1: Production quantity refers to the number of completed projects during the year.

Note 2: Value produced refers to the total cost of projects completed during the year.

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

Unit: NT\$1,000

Quantity and value of sales Chief products	Year	2021		2022	
		Quantity of sales (Note 1)	Value of sales	Quantity of sales (Note 1)	Value of sales
Rent		-	2,576	-	-
Units		513	4,271,739	677	6,254,112
Others		-	-	-	9,839
Total		513	4,274,315	677	6,263,951

Note 1: Sales quantity refers to the number of units transferred during the year.

III Number of employees, average years of service, average age, and distribution of educational level during the last 2 years to the date this report was printed

Year		2021	2022	Current fiscal year up to March 31, 2023
Number of employees	Staff	64 persons	73 persons	77 persons
	Total	64 persons	73 persons	77 persons
Average age		34.92 years	34.62 years	34.97 years old
Average years of service		4.04	4.44	4.20 years
Distribution of educational level	Ph.D.	0.00%	0.00%	0.00%
	Masters	9.38%	8.22%	9.09%
	Bachelor's	85.94%	89.04%	88.31%
	Senior high school	4.68%	2.74%	2.60%
	Below senior high school	0.00%	0.00%	0.00%

IV. Information on environmental protection expenditures

Regarding the construction site environment maintenance, the Company complies with the relevant environmental protection regulations and requires the contractors to prevent noise and environmental mess. During construction, the site fences are decorated with greenery, and protective nets are placed around the site to keep gravel from falling and dust from flying, and to minimize noise and vibration. In 2022, the company had 4 cases of violation of the noise Control Law. In the future, it will continue to require the contractor to avoid overtime construction at night.

V. Labor-management Relations

(I) Employee welfare measures, continuing education, training and retirement systems and their implementation, as well as agreements between employers and employees and measures to protect the rights and interests of employees:

1. Employee welfare measures:

(1) In order to encourage work morale, improve work efficiency, gather staff centripetal force and establish a stable working environment, the company established the "Employee Welfare

Committee of Sakura Construction Co., LTD." in September ,1984, to promote a number of employee welfare measures, such as birthday party, Dragon Boat Festival, Mid-Autumn Festival gift money, birthday gift certificate, and provide various community subsidies. Encourage like-minded people to form clubs together and enhance emotional communication through participating in leisure and entertainment activities during rest; Hospitalization medical subsidies are also provided for colleagues and immediate family members; Since 2021, to promote the physical and mental health of employees, we have carried out biweekly healthy meals and irregularly held mental health lectures.

- (2) Maternity, marriage, bereavement, housewarming and injury subsidies To encourage maternity, marriage, bereavement, housewarming and injury subsidies, the company In 2022, the maternity bonus will be increased to 54,000 yuan for the first child, 74,000 yuan for the second child and 94,000 yuan for the third child (in 2023, the benefit will be increased to 74,000 yuan for the first child, 94,000 yuan for the second child and 114,000 yuan for the third child).
- (3) Subsidies for continuing education and uniform .
- (4) Year-end bonus
- (5) Employee discount on housing purchase.
- (6) Overseas business trip.
- (7) The Company holds regular health checkups for employees and cares about their health.
- (8) Employees are insured by group insurance.
- (9) Child care allowance was added from 2023

The rest of the welfare measures are processed in accordance with the provisions of the Labor Standards Act.

2. Employee education and training system and its implementation.

In-house and outsourced education and training are conducted from time to time in accordance with the "employee education and training regulations" so as to enhance their expertise and techniques. In 2022, 2,566 hours of training have been received, and the training cost is NT\$185,000.

3. Retirement system and implementation status.

The Company's employees who joined the Company before July 1, 2005 have chosen the new system in accordance with the Labor Pension Act, and all employees are now subject to the new system. The Company pays a monthly pension of 6% in accordance with the Labor Pension Act, which is deposited in a personal pension account set up by the Bureau of Labor Insurance.

4. Agreements between employers and employees and measures to protect employees' rights and interests:

The Company's measures regarding labor relations have been well conducted in accordance with the relevant laws and regulations; therefore, no disputes have yet occurred.

(II) Losses caused by labor disputes from the most recent year to the date of publication of the annual report, and disclosure of the estimated amount of current and potential future losses and the measures to respond to them.

1. Losses incurred by labor disputes: The Company's labor relations are harmonious. Therefore, no labor disputes have occurred, and no losses have been incurred as a result of labor disputes.

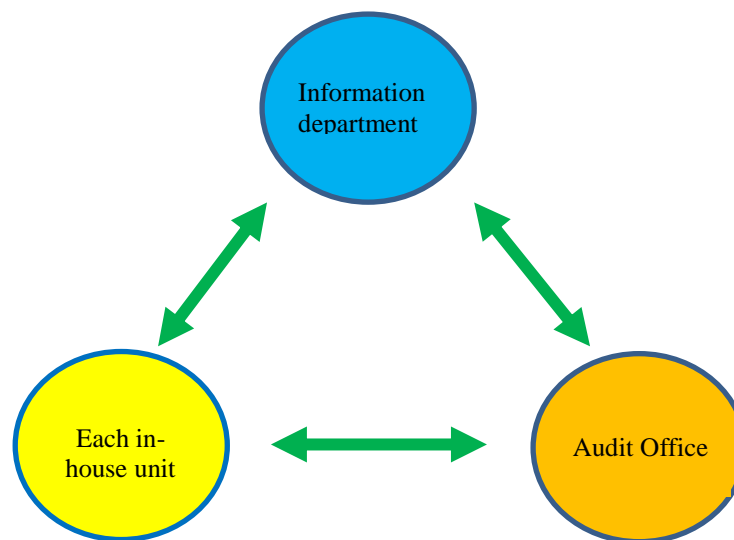
2. Losses caused by labor disputes from the most recent year to the date of publication of the annual report, and disclosure of the estimated amount of current and potential future losses and measures to respond to them.

VI. Information security management:

(I) Information security risk management framework

The information security department of management division of the Company is responsible for establishing internal information security systems, planning and implementing information security operations and promoting, and implementing information security policies with timely adjustments based on requirements.

The internal auditors are responsible for reviewing the status of internal information security implementation, and they conduct audits once a year.



(II) Information security policy

In order to fulfill the effective operation and execution of the Company's information management system, the confidentiality, completeness, and usability of major information systems are maintained so as to ensure the safe operation of information systems, thereby achieving the goal of sustainable management. Therefore, the Company's information security policy includes the following three aspects.

1. System regulation: The Company regularly reviews the relevant system every year to ensure that it is in conformity with laws and regulations and changes in the operating environment, and makes timely adjustments according to demand.
2. Installation of information security system: In order to prevent various external information security threats, in addition to the N-Tier Architecture design, various information security systems are built to enhance the security of the overall information environment.
3. Personnel information security awareness training: In order to reduce the impact of in-house human factors on information security, the

information department regularly conducts information security education and training for employees in order to raise their awareness and knowledge of information security.

(III) Management programs and invested resources

1. Computer equipment safety management

- (1) The Company's computer hosts, application servers and other equipment are located in a dedicated computer room, which is locked in order to prevent unauthorized personnel from entering.
- (2) The computer room is equipped with separate air conditioning to maintain the computer equipment in a proper temperature environment, and pharmacological fire extinguishers are placed for fires caused by Ordinary combustibles or electrical appliances.
- (3) The mainframe in the computer room is equipped with uninterruptible power supply and voltage stabilization equipment to avoid system crashes caused by Taipower's unexpected transient power failure and to ensure that the operation of computer applications will not be interrupted during outages.

2. Network security management

- (1) The entrance to the external network is installed with an enterprise-grade firewall to block hackers from breaking in.
- (2) The Taichung office is connected to the Northern Taiwan Business Office and each site by VPN connection in order to strengthen the security of the network and avoid illegal access.
- (3) Internet behavior management and blocking applications are installed to control Internet access, enhance network security, prevent bandwidth resources from being misused.

3. Virus protection and management

- (1) Endpoint protection software is installed on the server and colleague terminal equipment, and its virus codes are automatically updated to ensure that the latest viruses are blocked. Meanwhile, It also detects and prevents the installation of potential threatening systems via executable files. Meanwhile, it can also detect and prevent the installation of executable files that are potential threatening systems.
- (2) The email server is installed with email anti-virus program and

spam filtering system to prevent viruses or spam emails from accessing users' PCs.

4. System access control

(1) Regarding the employee's access to each application system, through the company's internal system authority application procedure and with the approval of the responsible supervisor, the information department will create a system account, and the system administrators will authorize access according to the requested functions.

(2) When employees handle the resignation procedures, they must contact the information department to delete their accounts from each system.

5. Ensuring the sustainable operation of the system

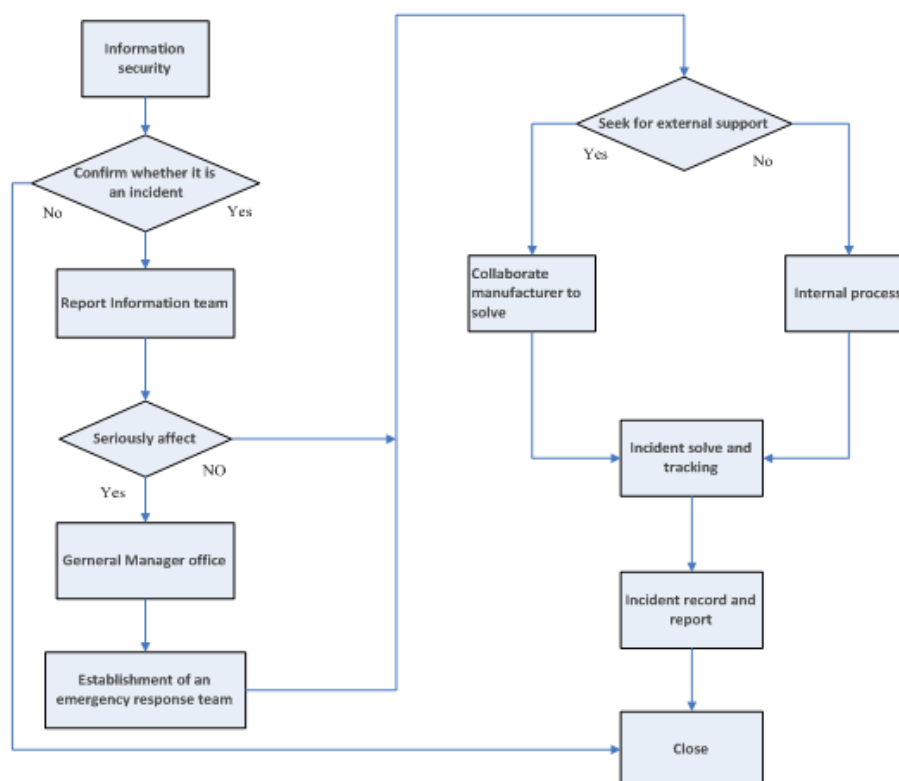
(1) System backup: A backup management system is set up, and a daily backup mechanism is adopted. There are two copies of backup data, one is kept in the computer room and the other is stored in a safety deposit box in a bank (off-site).

(2) In the past year, the Company has already invested in relevant information security equipment, and the Company is expected to become a member of twcertcc this year. Furthermore, information security courses are arranged for related personnel.

(IV) Losses caused by major information and communications security incidents.

The Company pays attention to information security and provides comprehensive vulnerability protection. Therefore, no significant information security incidents occurred from the most recent year to the date of publication of the annual report.

(V) Notification procedures for information security incidents:



The Company's information security notification procedures are as follows. the notification and handling of information security incidents are subject to the norms of these procedures.

VII. Major contracts up to the date of publication of the annual report.

Contract type	Parties	Commencement date/expiration date	Main businesses	Restrictive clauses
Construction project contracting	Guo Cheng Construction Ltd.	2020.01.03	Contracting of structural project at Lot 105, Yuxian Section, Taiping District, Taichung City	None
Construction project contracting	Guo Cheng Construction Ltd.	2020.02.11	Contracting of structural project at Lot 200, Qingping Section, Zhongli District, Taoyuan City	None
Construction project contracting	Guo Cheng Construction Ltd.	2020.05.29	Contracting of structural project at five lots including Lot 220-2, Houlong Subsection, Western District, Taichung City	None
Construction project contracting	Guo Cheng Construction Ltd.	2021.01.04	Contracting of structural project at Lot 227, Yuxian Section, Taiping District, Taichung City	None

Contract type	Parties	Commencement date/expiration date	Main businesses	Restrictive clauses
Construction project contracting	Guo Cheng Construction Ltd.	2021.02.18	Contracting of structural project at Lot 223-2, Niuqiu Subsection, Changhua City	None
Construction project contracting	Guo Cheng Construction Ltd.	2021.04.23	Contracting of structural project at five lots including Lot 45, Shizhen North Section, Qingshui District, Taichung City	None
Construction project contracting	Guo Cheng Construction Ltd.	2021.05.13	Contracting of structural project at Lot 819-1, Xinguo Section, Zhubei City, Hsinchu County	None
Construction project contracting	Guo Cheng Construction Ltd.	2021.06.16	Contracting of structural project at 2 lots including Lot 1054, Beixin Section, Dali Dist., Taichung City	None
Construction project contracting	Guo Cheng Construction Ltd.	2021.09.01	Contracting of structural project at Lot 739, Xinguo Section, Zhubei City, Hsinchu County	None
Construction project contracting	Guo Cheng Construction Ltd.	2022.01.03	Contracting of structural project at Lot 135, Xinronghe Section, Wuri District, Taichung City	None
Construction project contracting	Guo Cheng Construction Ltd.	2022.03.31	Contracting of structural project at 12 lots, including Lot 341, Toujia Section, Tanzi District, Taichung City	None
Construction project contracting	Guo Cheng Construction Ltd.	2022.04.21	Contracting of structural project at Lot 181, Yuxian Section, Taiping District, Taichung City	None
Construction project contracting	Guo Cheng Construction Ltd.	2022.04.26	Lot 759 contracting of structure project, Xinguo Section, Zhubei City, Hsinchu County	None
Construction project contracting	Guo Cheng Construction Ltd.	2022.06.06	Contracting of structural project at Lot 310, Toujia Section, Tanzi District, Taichung City	None
Construction project contracting	Guo Cheng Construction Ltd.	2022.06.20	Contracting of structural project at 9 lots, including Lot 278, Zhongshan Section, Changhua City	None
Construction project contracting	Guo Cheng Construction Ltd.	2022.08.05	Contracting of structural project at Lot 202-14, Touchongxi Section, Yangmei District, Taoyuan County	None
Construction project contracting	Guo Cheng Construction Ltd.	2022.09.30	Contracting of structural project at 12 lots, including Lot 122, Dongguang Section, Beitun District, Taichung City	None
Construction project contracting	Guo Cheng Construction Ltd.	2022.10.05	Contracting of structural project at 2 lots, including Lot 15, Xinzhan South Section, Wuri District, Taichung City	None
Construction project contracting	Guo Cheng Construction Ltd.	2022.12.01	Contracting of structural project at 5 lots, including Lot 967, Zhiyong Section, Dajia District, Taichung City	None
Construction project contracting	Guo Cheng Construction Ltd.	2023.03.28	Contracting of structural project at Lot 202, Touchongxi Section, Yangmei District, Taoyuan County	None

Contract type	Parties	Commencement date/expiration date	Main businesses	Restrictive clauses
Loan contract	Bank of Taiwan Changhua Branch	2019.05.28-2023.05.24	"Niuchou Subsection" construction land and under-construction project	None
Loan contract	Shin Kong Bank Zhonggang Branch	2019.06.26-2023.06.03	"Zhongshan Section" construction land	None
Loan contract	Agriculture Banking Taichung Branch	2019.09.10-2025.09.10	"Shizhen North Section" construction land and under-construction project	None
Loan contract	Chinatrust Commercial Bank Shizheng Branch	2019.10.28-2024.10.28	"Yuxian Section Phase VIII" construction land and under-construction project	None
Loan contract	Taiwan Cooperative Bank Jiancheng Branch	2020.01.17-2023.12.31	"Beixin Section" construction land and under-construction project	None
Loan contract	Agriculture Banking Hsinchu Branch	2020.09.28-2025.09.28	"Xinguo Section Phase I" construction land and under-construction project	None
Loan contract	First Bank Taichung Branch	2020.10.07-2025.10.07	"Toujia Section Phase I" construction land and under-construction project	None
Loan contract	Agriculture Banking Hsinchu Branch	2020.11.25-2024.11.25	"Xinguo Section Phase II" construction land and under-construction project	None
Loan contract	Taishin Bank	2021.01.05-2025.01.05	"Xinguo Section Phase III" construction land and under-construction project	None
Loan contract	Taiwan Cooperative Bank Wuquan Branch	2021.03.23-2024.12.31	"Xinronghe Section Phase II" construction land and under-construction project	None
Loan contract	Agriculture Banking Taichung Branch	2021.04.22-2026.04.22	"Xinronghe Section Phase III" construction land and under-construction project	None
Loan contract	Land Bank of Taiwan South Taichung Branch	2021.05.19-2026.05.19	"South Section, New Station Phase II" construction land	None
Loan contract	Taiwan Cooperative Bank Huilong Branch	2021.05.20-2024.06.30	"Touchongxi Section Phase II and III" construction land	None
Loan contract	Taishin Bank	2021.08.19-2025.08.19	"Longmujing Section" construction land and under-construction project	None
Loan contract	Taiwan Cooperative Bank Xitun Branch	2021.08.25-2026.06.30	"Dongguang Section" construction land and under-construction project	None

Contract type	Parties	Commencement date/expiration date	Main businesses	Restrictive clauses
Loan contract	Mega International Commercial Bank Middle Taichung Branch	2021.09.18-2023.06.30	"Yuxian Section Phase VI" mid-term secured loan	None
Loan contract	Ta Ching Bills Finance Corporation Taichung Subsidiary	2022.04.07-2023.04.06	"Zhìyong Section" construction land	None
Loan contract	International Bills Finance Corporation Taichung Subsidiary	2022.07.04-2023.07.03	"Yuxian Section Phase VII" construction land and under-construction project	None
Loan contract	Taiwan Cooperative Bank Taichung Branch	2022.09.30-2023.09.30	Short-term working funds loans	None
Loan contract	KGI Commercial Bank	2022.12.13-2026.06.13	"Fengxing Section" construction land and under-construction project	None
Loan contract	First Bank Taichung Branch	2022.12.23-2026.12.23	"Fuyi Section" construction land	None
Loan contract	First Bank Taichung Branch	2023.01.07-2025.10.07	"Toujia Section Phase II" construction land and under-construction project	None
Loan contract	Far Eastern International Bank	2023.01.09-2024.03.05	"Houlong Subsection" construction land and under-construction project	None
Loan contract	KGI Commercial Bank	2023.02.24-2026.08.24	"Pingdao Section" construction land and under-construction project	None

Chapter 6. Financial overview

I. Condensed balance sheet, comprehensive income statement, name of CPA, and audit opinions during the last five years

(I) Condensed Individual Balance Sheet

Unit: NT\$1,000

Year Item		Financial information for the most recent five years (Note 1)					Financial information for current year to March 31, 2023
		2018	2019	2020	2021	2022	
Current asset		12,435,454	13,533,527	18,034,512	20,890,060	20,858,659	As of the printing date of the annual report, the CPA had not yet issued audited financial information up to March 31, 2023.
Property, Plant and Equipment		57,185	54,345	52,222	55,643	52,431	
Intangible Assets		-	178	400	1,997	1,093	
Other assets		63,185	65,160	55,711	60,429	47,305	
Total assets		12,555,824	13,653,210	18,142,845	21,008,129	20,959,488	
Current liabilities	Before distribution	5,436,673	4,647,033	6,801,651	8,563,613	7,932,785	
	After distribution	5,518,322	5,110,822	6,913,435	8,691,822	Note 2	
Non-current liabilities		1,357,407	1,772,977	3,574,033	3,955,235	3,065,902	
Total liabilities	Before distribution	6,794,080	6,420,010	10,375,684	12,518,848	10,998,687	
	After distribution	6,875,729	6,883,799	10,487,468	12,647,057	Note 2	
Owner's equity attributable to parent company		5,761,744	7,233,200	7,767,161	8,489,281	9,960,801	
Share capital		4,082,428	4,637,887	5,589,173	6,410,453	7,356,366	
Additional paid-in capital		66,910	65,943	171,465	212,580	66,136	
Retained earnings	Before distribution	1,612,406	2,529,370	2,006,523	1,866,248	2,538,299	
	After distribution	1,530,757	2,065,581	1,894,739	1,738,039	Note 2	
Other Equity		-	-	-	-	-	
Treasury Stock		-	-	-	-	-	
Non-controlling interest		-	-	-	-	-	
Total equity	Before distribution	5,761,744	7,233,200	7,767,161	8,489,281	9,960,801	
	After distribution	5,680,095	6,769,411	7,655,377	8,361,072	Note 2	

Note 1: Financial information for the most recent five years has been checked and attested by the CPA.

Note 2: The shareholders meeting has not yet made a resolution concerning the 2022 distribution of earnings.

(II) Condensed Individual and Consolidated Income Statement

Unit: NT\$1,000

Item \ Year	Financial information for the most recent five years (Note 1)					Financial information for current year to March 31, 2023
	2018	2019	2020	2021	2022	
Operating revenue	3,792,103	7,431,114	4,616,492	4,274,315	6,263,951	As of the printing date of the annual report, the CPA had not yet issued audited financial information up to March 31, 2023.
Gross operating profit	870,151	2,136,555	1,507,817	1,359,110	2,266,000	
Operating income	529,015	1,651,707	1,051,119	984,519	1,926,915	
Non-operating revenue and expenses	(12,320)	(18,173)	(18,463)	(27,494)	(12,146)	
Net profit before tax	516,695	1,633,534	1,032,656	957,025	1,914,769	
Net profit from continuing operations	450,294	1,488,505	822,140	753,993	1,505,410	
Losses from discontinued units	-	-	-	-	-	
Net income (loss) for this period	450,294	1,488,505	822,140	753,993	1,505,410	
Other comprehensive income for this period (net of tax)	450,294	1,488,505	822,140	753,993	1,505,410	
Total comprehensive income for this period	450,294	1,488,505	822,140	753,993	1,505,410	
Net profit attributable to the parent company's owner	450,294	1,488,505	822,140	753,993	1,505,410	
Net income belonging to non-controlling interests	-	-	-	-	-	
Total comprehensive income attributable to the parent company's owner	450,294	1,488,505	822,140	753,993	1,505,410	
Total comprehensive income attributable to non-controlling interests	-	-	-	-	-	
Earnings per Share (EPS)	0.98	2.71	1.30	1.04	2.05	

Note 1: Financial information for the most recent five years has been checked and attested by the CPA.

(III) Name of attesting CPA name and audit opinions for the most recent five years

Year	Name of accounting firm	Name of CPA	CPA's audit opinion
2018	BDO Taiwan	Chang Yi-chun, Teng Hsin-shan	Unqualified opinion
2019	BDO Taiwan	Chang Yi-chun, Teng Hsin-shan	Unqualified opinion
2020	BDO Taiwan	Chang Yi-chun, Teng Hsin-shan	Unqualified opinion
2021	BDO Taiwan	Chang Yi-chun, Teng Hsin-shan	Unqualified opinion
2022	BDO Taiwan	Chang Yi-chun, Teng Hsin-shan	Unqualified opinion

II. Financial Analysis of the last five years.

(I) Financial analysis

Analysis item \ Year		Financial analysis for the last five years (Note 1)					Current fiscal year up to March 31, 2023
		2018	2019	2020	2021	2022	
Financial Structure %	Ratio of liabilities to assets	54.11	47.02	57.19	59.59	52.48	As of the printing date of the annual report, the CPA had not yet issued audited financial information up to March 31, 2023.
	Long-term funds as a share of real estate, plant, and equipment	12,449.33	16,572.23	21,717.27	22,364.93	24,845.42	
Solvency %	Current Ratio	228.73	291.23	265.15	243.94	262.94	
	Quick Ratio	13.2	30.89	24.39	21.78	18.14	
	Interest Protection Multiples	5.56	16.09	10.88	6.88	11.35	
Operating ability	Receivables turnover (times)	615.70	103.53	53.66	252.79	498.92	
	Average collection period	0.59	3.52	6.80	1.44	0.73	
	Inventory turnover (times)	0.26	0.44	0.22	0.16	0.21	
	Payables turnover (times)	8.5	13.51	6.52	5.89	7.67	
	Average days in sales	1,403.84	829.54	1,659.09	2,281.25	1,738.09	
	Real estate, plant, and equipment turnover rate (times)	66.31	136.74	88.40	76.82	119.47	
	Total assets turnover (times)	0.30	0.54	0.25	0.20	0.30	
Profitability	ROA (%)	3.81	11.38	5.18	3.87	7.18	
	ROE (%)	7.75	22.91	10.96	9.28	16.32	
	Pre-tax profit to paid-in capital ratio (%)	12.66	35.22	18.48	14.93	26.03	
	Profit ratio (%)	11.87	20.03	17.81	17.64	24.03	
	EPS (NT\$)	0.98	2.71	1.30	1.18	2.05	
Cash flows	Cash flow ratio (%)	Note 2	32.20	Note 2	Note 2	14.30	
	Cash flow adequacy ratio (%)	9.38	30.69	21.72	11.78	27.57	
	Cash reinvestment ratio (%)	Note 2	15.69	Note 2	Note 2	7.71	
Leverage	Operational Leverage	1.01	1.00	1.00	1.01	1.00	
	Financial Leverage	1.00	1.00	1.00	1.00	1.00	

	<p>Please explain the reasons for changes in financial ratios during the most recent five years (analysis is not required in the case of changes of less than 20%)</p> <p>1、Increase in interest protection multiples: This was chiefly attributable to the fact that net profit before tax in 2022 was NT\$957,744,000 more than in 2021.</p> <p>2、Increase in accounts receivable turnover ratio and decrease in collection period: Due to increase in net sales in 2022.</p> <p>3、Increase in inventory turnover and decrease in days in sales: This was chiefly attributable to the increased cost of sales in 2022.</p> <p>4、Increase in property, plant and equipment turnover and total assets turnover: This was chiefly attributable to the increase in net sales in 2022.</p> <p>5、The increase in return on assets, return on equity, ratio of pre-tax net profit to paid-in capital, net profit ratio and earnings per share: This was chiefly attributable to the increase in net profit after tax this year compared with last year.</p> <p>6、Increase in cash flow and cash flow adequacy ratio: This was chiefly attributable to the increase in net cash flow from operating activities.</p>
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Note 1: Financial information for the most recent five years has been checked and attested by the CPA.

Note 2: If net cash flow from operating activities is an outflow, it does not need to be calculated.

Note 3: Calculation formulas for financial ratios are listed below:

1. Financial Structure

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

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

2. Solvency

(1) Current ratio = Current assets / Current liabilities

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

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

3. Operating ability

(1) Receivables (including accounts receivable and bills receivable due to operations) turnover rate = net sales / average balance of receivables during period (including the accounts receivable and bills receivable due to operations).

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

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

(4) Payables (including accounts payable and bills payable due to operations) turnover rate = sales costs / average balance of payables (including accounts payable and bills payable due to operations).

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

(6) Real estate, plant, and equipment turnover rate = net sales / average net value of real estate, plant, and equipment.

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

4. Profitability

(1) ROA = [profit/loss after tax + interest expenses x (1 - tax rate)] / average total assets.

(2) ROE = profit/loss after tax/average total equity.

(3) Net profit rate = profit/loss after tax/net sales.

(4) EPS = (profit/loss attributable to parent company's owner - preferred stock dividends) / weighted average issued shares.

5. Cash Flow

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

(2) Net cash flow adequacy ratio = net cash flow from operating activities during most recent five years / (capital expenditures + increase in inventory value + cash dividends) during most recent five years.

(3) Cash reinvestment ratio = (net cash flow from operating activities flow - cash dividends) / (gross value of real estate, plant, and equipment + long-term investment + other non-current assets + working capital).

6. Leverage:

(1) Operating leverage = (net operating income - variable operating costs and expenses) / operating profit.

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

III. Financial statement audit reports of the Audit Committee for the most recent year

SAKURA DEVELOPMENT CO., LTD Audit Committee's Report

The Company's individual financial statements, business report, and earnings distribution proposal for the year 2022 have been approved by the Audit Committee and passed by the Board of Directors. In particular, the Company's individual financial statements in 2022 have been audited by auditor Yi-Chun Chang and auditor Hsin-Shan Teng of BDO Taiwan, who have also issued an audit report containing an unqualified opinion.

The Audit Committee is responsible for supervising the Company's financial reporting processes.

The auditors verified the Company's individual financial statements for 2022 and communicated with the Audit Committee on the following matters:

1. There are currently no major issues found within the scope and period of the matters being audited.
2. The auditors have also provided a statement that the personnel from the accounting firm to which they are affiliated who are regulated by regulations of independence have maintained independence as provided in the Professional Ethics Standards, and they have not found any relations that may affect the auditors' independence and other matters.
3. During the communication between the auditors and the Audit Committee on the key audit items, the following two points were determined as the key audit items that shall be communicated in the audit report:
 - (1) Real estate is a main source of operating income for the Company and the risk of material misstatements lies in the authenticity of revenue recognition. Because operating revenue involves business performance, it is possible that the management failed to follow relevant regulations and performed early or deferred recognition to reach expected net income, which may in turn lead to material misstatements of profit and loss. Therefore, the testing of revenue recognition is one of the key items for assessment in our audit of the Company's individual financial statements, and is thus included in the key audit items.
 - (2) The inventories of the Company are an important asset for its operations, and their amount accounts for 92.40% of the Company's total assets. Whether the prices and procedures of inventories (lands held for construction sites) comply with relevant laws and regulations will affect the rights and interests of shareholders in individual financial statements. In addition, inventory valuation is handled in accordance with the International Accounting Standards No. 2. Any improper valuation of net realizable value will lead to misstatements in individual financial statements. Therefore, the testing of inventory acquisition and revaluation is an important item for our audit of individual financial statements by the Company and is thus included as a key

audit item.

The Company's 2022 individual financial statements, business reports, and earnings distribution proposals approved by the Audit Committee and passed by the Board of Directors are in compliance with applicable laws and regulations, and are reported in accordance with Article 14-4 of the Securities and Exchange Act and Article 219 of the Company Act as above.

Please review and approve.

Best regards

2023 Annual Shareholders' Meeting of Sakura Development Co., Ltd

SAKURA DEVELOPMENT CO., LTD

Audit Committee convener: Wang Kuei-Yuan

March 10, 2023

IV. Annual financial reports for the most recent year

Independent Auditors' Report

To the Board of Directors of Sakura Development Co., Ltd:

Opinions

We have audited the financial statements of Sakura Development Co., Ltd (“the Company”), which comprise the balance sheets as of December 31, 2022 and 2021, the statements of comprehensive income, changes in equity and cash flows for the years then ended, and notes to the individual financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the financial position of the Company as of December 31, 2022 and 2021, and its financial performance and its cash flows for the years then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Financial Reporting Standards, International Accounting Standards, Interpretations developed by the International Financial Reporting Interpretations Committee or the former Standing Interpretations Committee as endorsed by Financial Supervisory Commission of the Republic of China.

Basis for Opinion

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

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significant in our audit of the financial statements of current period. These matters were addressed in the context of our audit of the individual financial statements as a whole and, in forming our opinion thereon, and we do not provide a separate opinion on these matters. Key audit matters for the Company's individual financial statements of the current period are stated as follows:

Revenue recognition

For the accounting policies relating to income recognition, please refer to Note 4 (16). For the details of revenue, please refer to Note 6 (18).

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

Our principal audit procedures including:

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

Acquisition and valuation of Inventory

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

Inventory is significant asset for operating for the Company, which account for 92.40% of total assets. The legality of acquisition price and procedures of inventory (construction land) might affect the interest of shareholders. Besides, the valuation of inventory shall be in accordance with IAS 2. If the Company values its inventory inappropriately, it might lead to significant misstatement of financial statement. Therefore, the acquisition and valuation of inventory is one of the most important issue in performing our audit procedures and has been identified as one of the key audit matters.

Our principal audit procedures including:

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

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

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

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

Those charged with governance, including audit Committee, are responsible for overseeing the Company's financial reporting process.

Auditors' Responsibilities for the Audit of the Financial Statements

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

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

1. Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
2. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
3. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

4. Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Company to cease to continue as a going concern.
5. Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the parent company financial statements for the year ended December 31, 2022 and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Chang, Yi-Chun
Teng, Hsin-Shan
BDO Taiwan
March 10, 2023

Notice to Readers

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

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

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

SAKURA DEVELOPMENT CO., LTD

Individual Balance Sheet

December 31, 2022 and 2021

(Expressed in thousands of New Taiwan Dollars)

Code	Assets	Notes	December 31, 2022		December 31, 2021		Code	Liabilities	Notes	December 31, 2022		December 31, 2021	
			Amount	%	Amount	%				Amount	%	Amount	%
1100	Cash and cash equivalents	4. 6(1)	\$102,824	0.49	\$165,735	0.79	2100	Current liabilities					
1150	Notes receivables, net	4. 6(2)	23,683	0.11	-	-	2110	Short-term borrowings	4. 6(10)	\$1,349,000	6.44	\$1,594,900	7.59
1170	Account receivables, net	4. 6(2)	-	-	1,427	0.01	2120	Short-term notes payables	4. 6(11)	324,885	1.55	1,059,178	5.04
1200	Other receivables		2	-	-	-		Financial liabilities at fair value through profit or loss- current	6(12)	278	-	-	-
130x	Inventories	4. 6(3). 8	19,366,116	92.40	19,012,046	90.50	2130	Contract liabilities - current	4. 6(18)	1,191,971	5.69	1,576,139	7.50
1410	Prepayments	4. 6(4)	53,188	0.25	13,001	0.06	2150	Notes payables		4,068	0.02	824	-
1476	Other current financial assets	4. 6(5). 8	1,089,089	5.20	1,339,310	6.38	2170	Accounts payables		559,552	2.67	478,434	2.28
1479	Other current assets	4. 6(6)(18)	223,757	1.07	358,541	1.70	2200	Other payables		386,812	1.84	493,108	2.35
11xx	Total current assets		<u>20,858,659</u>	<u>99.52</u>	<u>20,890,060</u>	<u>99.44</u>	2230	Current income tax liabilities	4. 6(21)	271,562	1.30	199,833	0.95
	Non-current assets						2250	Provisions		1,567	0.01	1,844	0.01
1600	Property, plant and equipment	4. 6(7). 8	52,431	0.25	55,643	0.26	2280	Lease liabilities – current	4. 6(8)	353	-	347	-
1755	Right-of-use assets	4. 6(8)	376	-	723	-	2321	Bonds payable– current portion	4. 6(12)	66,569	0.32	-	-
1760	Investment property, net	4. 6(9)	23,420	0.11	23,420	0.11	2322	Long-term liabilities – current portion	4. 6(13)	3,728,600	17.79	3,100,000	14.76
1780	Intangible assets	4	1,093	0.01	1,997	0.01	2399	Other current liabilities		47,568	0.23	59,006	0.28
1840	Deferred income tax assets	4. 6(21)	161	-	1,788	0.01	21xx	Total current liabilities		<u>7,932,785</u>	<u>37.86</u>	<u>8,563,613</u>	<u>40.76</u>
1920	Refundable deposits		23,348	0.11	34,498	0.17		Non-current liabilities					
15xx	Total non-current assets		<u>100,829</u>	<u>0.48</u>	<u>118,069</u>	<u>0.56</u>	2500	Financial liabilities at fair value through profit or loss – non-current	6(12)	-	-	278	-
							2530	Bonds payable	4. 6(12)	-	-	160,472	0.77
							2540	Long-term borrowings	4. 6(13)	3,064,000	14.62	3,789,200	18.04
							2580	Lease liabilities – non-current	4. 6(8)	30	-	383	-
							2645	Deposits received		1,872	0.01	4,902	0.02
							25xx	Total non-current liabilities		<u>3,065,902</u>	<u>14.63</u>	<u>3,955,235</u>	<u>18.83</u>
							2xxx	Total liabilities		<u>10,998,687</u>	<u>52.49</u>	<u>12,518,848</u>	<u>59.59</u>
								Equity					
							3100	Capital stock					
							3110	Common stock	6(15)	7,350,407	35.07	6,398,681	30.46
							3130	Bond conversion entitlement certificates	6(15)	5,959	0.03	11,772	0.06
							3200	Capital surplus	6(16)	66,136	0.31	212,580	1.01
							3300	Retained earnings	6(17)				
							3310	Legal reserve		917,090	4.37	841,691	4.01
							3350	Unappropriated earnings		1,621,209	7.73	1,024,557	4.87
							3xxx	Total equity		<u>9,960,801</u>	<u>47.51</u>	<u>8,489,281</u>	<u>40.41</u>
1xxx	Total assets		<u>\$20,959,488</u>	<u>100.00</u>	<u>\$21,008,129</u>	<u>100.00</u>		Total liabilities and equity		<u>\$20,959,488</u>	<u>100.00</u>	<u>\$21,008,129</u>	<u>100.00</u>

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

Chairman: Chen, Cheng-Kang

President: Chen, Shin-Ying

Accounting Supervisor: Shen, Shu-Chen

SAKURA DEVELOPMENT CO., LTD**Individual Statements of Comprehensive Income****For the years ended December 31, 2022 and 2021**

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

Code	Item	Notes	2022		2021	
			Amount	%	Amount	%
4000	Operating revenue	4. 6(18). 7(2)	\$6,263,951	100.00	\$4,274,315	100.00
5000	Operating costs	6(14)(20)	(3,997,951)	(63.82)	(2,915,205)	(68.20)
5900	Operating margin		2,266,000	36.18	1,359,110	31.80
5950	Net operating margin		2,266,000	36.18	1,359,110	31.80
	Operating expenses	6(14)(20)(21)				
6100	Selling expenses		(234,167)	(3.74)	(283,252)	(6.63)
6200	Administrative expenses		(104,918)	(1.68)	(91,339)	(2.14)
6000	Total operating expenses		(339,085)	(5.42)	(374,591)	(8.77)
6900	Net operating income		1,926,915	30.76	984,519	23.03
	Non-operating income and expenses	6(19)				
7100	Interest income		2,197	0.04	477	0.01
7010	Other income		1,120	0.01	1,848	0.04
7020	Other gains and losses, net		(1,517)	(0.02)	(607)	(0.01)
7050	Finance costs, net		(13,946)	(0.22)	(29,212)	(0.68)
7000	Total non-operating income and expenses		(12,146)	(0.19)	(27,494)	(0.64)
7900	Profit before income tax		1,914,769	30.57	957,025	22.39
7950	Income tax expenses	4. 6(21)	(409,359)	(6.54)	(203,032)	(4.75)
8200	Profit for the period		1,505,410	24.03	753,993	17.64
8500	Total comprehensive income for the period		\$1,505,410	24.03	\$753,993	17.64
	Earnings per share (in dollars):	4. 6(22)				
9750	Basic earnings per share		\$2.05		\$1.04	
9850	Diluted earnings per share		\$2.04		\$1.02	

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

Chairman: Chen, Cheng-Kang

President: Chen, Shin-Ying

Accounting Supervisor: Shen, Shu-Chen

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

SAKURA DEVELOPMENT CO., LTD
Individual Statements of Changes In Equity
For the years ended December 31, 2022 and 2021

(Expressed in thousands of New Taiwan Dollars)

	Capital stock			Retained earnings		Total equity
	Common stock	Bond conversion entitlement certificates	Capital surplus	Legal reserve	Unappropriated earnings	
Balance at January 1, 2021	\$5,584,827	\$4,346	\$171,465	\$759,477	\$1,247,046	\$7,767,161
Appropriation and distribution of retained earnings:						
Legal reserve	-	-	-	82,214	(82,214)	-
Cash dividends	-	-	-	-	(111,784)	(111,784)
Stock dividends	782,484	-	-	-	(782,484)	-
Conversion of Bond conversion entitlement certificates	4,346	(4,346)	-	-	-	-
Conversion of convertible bonds	27,024	11,772	41,067	-	-	79,863
Unclaimed cash dividends transferred to capital surplus	-	-	48	-	-	48
Net income in 2021	-	-	-	-	753,993	753,993
Total comprehensive income in 2021	-	-	-	-	753,993	753,993
Balance at December 31, 2021	\$6,398,681	\$11,772	\$212,580	\$841,691	\$1,024,557	\$8,489,281
Balance at January 1, 2022	\$6,398,681	\$11,772	\$212,580	\$841,691	\$1,024,557	\$8,489,281
Appropriation and distribution of retained earnings:						
Legal reserve	-	-	-	75,399	(75,399)	-
Cash dividends	-	-	-	-	(128,209)	(128,209)
Stock dividends	705,150	-	-	-	(705,150)	-
Capital reserve distribution of stock dividends	192,313	-	(192,313)	-	-	-
Conversion of Bond conversion entitlement certificates	11,772	(11,772)	-	-	-	-
Conversion of convertible bonds	42,491	5,959	45,720	-	-	94,170
Unclaimed cash dividends transferred to capital surplus	-	-	149	-	-	149
Net income in 2022	-	-	-	-	1,505,410	1,505,410
Total comprehensive income in 2022	-	-	-	-	1,505,410	1,505,410
Balance at December 31, 2022	\$7,350,407	\$5,959	\$66,136	\$917,090	\$1,621,209	\$9,960,801

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

Chairman: Chen, Cheng-Kang

President: Chen, Shin-Ying

Accounting Supervisor: Shen, Shu-Chen

SAKURA DEVELOPMENT CO., LTD**Individual Statements of Cash Flows****For the years ended December 31, 2022 and 2021**

(Expressed in thousands of New Taiwan Dollars)

Item	2022	2021
Cash flow from operating activities:		
Profit (losses) before income tax for the period	\$1,914,769	\$957,025
Adjustments for:		
Depreciation expense	4,043	5,049
Amortization expense	997	811
Net (gains) losses on financial assets and liabilities at fair value through profit and loss	-	25
Losses on disposal of property, plant and equipment	-	45
Interest expense	13,946	29,212
Interest income	(2,197)	(477)
Subtotal	16,789	34,665
Change in operating assets and liabilities:		
Change in operating assets		
Decrease (increase) in notes receivable	(23,683)	174
Decrease (increase) in accounts receivable	1,427	30,789
Decrease (increase) in other receivables	(2)	-
Decrease (increase) in inventories(construction-in-progress)	(186,647)	(2,516,677)
Decrease (increase) in prepayments	(40,187)	3,446
Decrease (increase) in other current financial assets	250,221	(214,297)
Decrease (increase) in other current assets	134,784	(12,818)
Total net change in operating assets	135,913	(2,709,383)
Change in operating liabilities		
Increase (decrease) in notes payable	3,244	(6,809)
Increase (decrease) in accounts payable	81,118	3,929
Increase (decrease) in accounts payable from related parties	-	(27,953)
Increase (decrease) in other payables	(107,271)	63,354
Increase (decrease) in provisions	(277)	1,016
Increase (decrease) in contract liabilities	(384,168)	457,187
Increase (decrease) in other current liabilities	(11,438)	40,005
Total net change in operating assets and liabilities	(418,792)	530,729
Total net change in operating assets and liabilities	(282,879)	(2,178,654)
Total adjustments	(266,090)	(2,143,989)
Cash generated from operating activities	1,648,679	(1,186,964)
Interests received	2,197	477
Interests paid (including interest capitalization)	(180,116)	(162,097)
Income tax return (paid)	(336,003)	(213,147)
Net cash provided by (used in) operating activities	1,134,757	(1,561,731)
Cash flow from investing activities:		
Acquisition of property, plant and equipment	(484)	(6,853)
Acquisition of intangible assets	(93)	(2,408)
Decrease (increase) in refundable deposits	11,150	(5,280)
Net cash provided by (used in) investing activities	10,573	(14,541)
Cash flow from financing activities:		
Increase in short-term borrowings	557,000	140,300
Decrease in short-term borrowings	(578,000)	-
Increase in short-term notes payables	682,594	959,144
Decrease in short-term notes payables	(1,416,887)	(2,253,117)
Increase in long-term borrowings	403,900	3,146,100
Repayment of long-term borrowings	(725,400)	(296,900)
Payment of lease liabilities	(358)	(1,716)
Increase (decrease) in deposits received	(3,030)	4,440
Cash dividends paid	(128,209)	(111,784)
Unclaimed cash dividends transferred to capital surplus	149	48
Net cash provided by (used in) financing activities	(1,208,241)	1,586,515
Net increase (decrease) in cash and cash equivalents	(62,911)	10,243
Cash and cash equivalents at the beginning of the year	165,735	155,492
Cash and cash equivalents at the end of the year	\$102,824	\$165,735

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

Chairman: Chen, Cheng-Kang

President: Chen, Shin-Ying

Accounting Supervisor: Shen, Shu-Chen

SAKURA DEVELOPMENT CO., LTD
NOTES TO FINANCIAL STATEMENTS

Period: 2022 and 2021

(Expressed in thousands of New Taiwan dollars, unless otherwise indicated)

1. History and Organization

Sakura Development Co., Ltd. (the “Company”) was incorporated on 2 May, 1987 in accordance with the Company Act of The Republic of China. The Company primarily engages in the business of construction of public housing, selling and leasing of residential and commercial buildings, gardening and consulting of real estate investment. The Company's common shares were listed on the Taiwan Stock Exchange (TWSE) in July 1997.

2. Approval date and procedures of the financial statements

The financial statements were authorized for issuance by the Board of Directors on March 10, 2023.

3. New standards, amendments and interpretations adopted

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

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

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

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

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

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

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

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

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

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

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

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

4. Summary of significant accounting policies

The principal accounting policies applied in the preparation of these individual financial statements are set out below. These policies have been consistently applied to all the periods presented, unless otherwise stated.

(1) Statement of compliance

The individual financial statements of the Company have been prepared in accordance with the “Regulations Governing the Preparation of Financial Reports by Securities Issuers”, International Financial Reporting Standards, International Accounting Standards, IFRIC Interpretations, and SIC Interpretations as endorsed by the FSC (collectively referred herein as the “IFRSs”).

(2) Basis of preparation

- A. This individual financial statement was prepared based on historical cost except for financial assets and liabilities at fair value through profit and loss.
- B. The preparation of financial statements in conformity with IFRSs requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Company’s accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the individual financial statements are disclosed in Note 5.

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

- A. Assets that meet one of the following criteria are classified as current assets; otherwise they are classified as non-current assets:
 - (a) Assets arising from operating activities that are expected to be realized, or are intended to be sold or consumed within the normal operating cycle;
 - (b) Assets held mainly for trading purposes;
 - (c) Assets that are expected to be realized within 12 months from the end of the financial reporting period;
 - (d) 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 12 months after the end of the financial reporting period.

- B. Liabilities that meet one of the following criteria are classified as current liabilities; otherwise they are classified as non-current liabilities:
- (a) Liabilities that are expected to be settled within the normal operating cycle;
 - (b) Liabilities arising mainly from trading activities;
 - (c) Liabilities that are to be settled within twelve months from the balance sheet date;
 - (d) Liabilities for which the repayment date cannot be extended unconditionally to more than twelve months after the balance sheet date. Terms of a liability that could, at the option of the counterparty, result in its settlement by the issue of equity instruments do not affect its classification.
- C. Due to the operating cycle of construction and selling buildings is usually longer than 1 year, the basis of classification of current and non-current assets and liabilities related to construction and selling buildings is the operating cycle (2 years, normally).

(4) Cash and cash equivalents

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

(5) Financial instruments

A. Financial assets

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

Accounts and notes receivable

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

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

B. Impairment on financial assets

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

C. Derecognition of financial assets

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

D. Financial liabilities and equity instruments

Borrowings

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

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

Notes and accounts payable

Accounts payable are liabilities for purchases of raw materials, goods or services and notes payable are those resulting from operating and non-operating activities.

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

Convertible bonds payable

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

- (a) The embedded call options and put options are recognised initially at net fair value as "financial assets or financial liabilities at fair value through profit or loss". They are subsequently remeasured and stated at fair value on each balance sheet date; the gain or loss is recognised as "gain or loss on valuation of financial assets or financial liabilities at fair value through profit or loss".
- (b) The host contracts of bonds are initially recognised at fair value. Any difference between the initial recognition and the redemption value is accounted for as the premium or discount on bonds payable and subsequently is amortised in profit or loss as an adjustment to "finance costs" over the period of circulation using the effective interest method.
- (c) The embedded conversion options which meet the definition of an equity instrument are initially recognised in "capital surplus—share options" at the residual amount of total issuance price less the amount of financial assets or financial liabilities at fair value through profit or loss and bonds payable as stated above. Conversion options are not subsequently remeasured.
- (d) Any transaction costs directly attributable to the issuance are allocated to each liability or equity component in proportion to the initial carrying amount of each abovementioned item.
- (e) When bondholders exercise conversion options, the liability component of the bonds (including "bonds payable" and "financial assets or financial liabilities at fair value through profit or loss") shall be remeasured on the conversion date. The issuance cost of converted common shares is the total book value of the abovementioned liability component and "capital surplus—share options".

E. Derecognition of financial liabilities

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

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

F. Offsetting financial instruments

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

(6) Inventories

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

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

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

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

(7) Property, plant and equipment

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

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

Buildings	5~25 years
Office equipment	3~6 years
Other equipment	3~6 years
Leasehold improvements	5 years

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

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

(8) Leasing agreement – Right-of-use assets/lease liabilities

The Company as a lessee

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

B. Lease liabilities include the net present value of the remaining lease payments at the commencement date, discounted using the incremental borrowing interest rate. Lease payments are comprised of the following:

- (a) Fixed payments, less any lease incentives receivable;
- (b) Variable lease payments that depend on an index or a rate;
- (c) Amounts expected to be payable by the lessee under residual value guarantees;
- (d) The exercise price of a purchase option, if the lessee is reasonably certain to exercise that option; and
- (e) Payments of penalties for terminating the lease, if the lease term reflects the lessee exercising that option.

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

C. At the commencement date, the right-of-use asset is stated at cost comprising the following:

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

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

(9) Borrowing costs

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

(10) Investment properties

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

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

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

(11) Intangible assets

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

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

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

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

Gains or losses arising from derecognition of an intangible asset are recognized in profit or loss when the asset is derecognized.

Computer software

The cost of computer software is amortized on a straight-line basis over the estimated useful life (3 years).

(12) Impairment of non-financial assets

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

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

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

(13) Provisions

Provisions (including warranties, decommissioning, restructuring, onerous contracts, and contingent liabilities from business combinations, etc.) are recognised when the Group has a present legal or constructive obligation as a result of past events, and it is probable that an outflow of economic resources will be required to settle the obligation and the amount of the obligation can be reliably estimated. Provisions are measured at the present value of the expenditures expected to be required to settle the obligation on the balance sheet date, which is discounted using a pre-tax discount rate that reflects the current market assessments of the time value of money and the risks specific to the obligation. When discounting is used, the increase in the provision due to passage of time is recognised as interest expense. Provisions are not recognised for future operating losses.

(14) Employee benefits

A. Short-term employee benefits

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

B. Pensions

Defined contribution plans

For the defined contribution plan, the Company will make a monthly contribution of no less than 6% of the monthly wages of the employee's subject to the plan. The Company recognizes expenses for the defined contribution plan in the period in which the contribution becomes due.

C. Termination benefits

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

D. Employees' compensation and directors' remuneration

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

(15) Dividends

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

(16) Revenue recognition

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

A. Land development and sale of real estate

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

The revenue is measured at the transaction price agreed under the contract. The consideration is due when legal title of a property has been transferred. While deferred payment terms may be agreed in rare circumstances, the deferral usually not exceeds twelve months. The transaction price is therefore not adjusted for the effects of a significant financing component.

B. Incremental costs of obtaining a contract

The Company recognises an asset (shown as 'other non-current assets') the incremental costs (mainly comprised of sales commissions) of obtaining a contract with a customer if the Company expects to recover those costs. The recognised asset is amortised on a systematic basis that is consistent with the transfers to the customer of the goods or services to which the asset relates.

In subsequent periods, the Company recognises an impairment loss to the extent that the carrying amount of the asset exceeds the remaining amount of consideration that the Company expects to receive less the costs that have not been recognised as expenses.

(17) Income taxes

- A. The tax expense for the period comprises current and deferred tax. Tax is recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income or items recognised directly in equity, in which cases the tax is recognised in other comprehensive income or equity.
- B. The current income tax expense is calculated on the basis of the tax laws enacted or substantively enacted at the balance sheet date in the countries where the Company and its subsidiaries operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in accordance with applicable tax regulations. It establishes provisions where appropriate based on the amounts expected to be paid to the tax authorities. An additional tax is levied on the unappropriated retained earnings and is recorded as income tax expense in the year the stockholders resolve to retain the earnings.
- C. Deferred tax is recognised, using the balance sheet liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated balance sheet. However, the deferred tax is not accounted for if it arises from initial recognition of goodwill or of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the balance sheet date and are expected to apply when the related deferred tax asset is realised or the deferred tax liability is settled.

- D. Deferred tax assets are recognised only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised. At each balance sheet date, unrecognised and recognised deferred tax assets are reassessed.
- E. Current income tax assets and liabilities are offset and the net amount reported in the balance sheet when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously. Deferred tax assets and liabilities are offset on the balance sheet when the entity has the legally enforceable right to offset current tax assets against current tax liabilities and they are levied by the same taxation authority on either the same entity or different entities that intend to settle on a net basis or realise the asset and settle the liability simultaneously.

(18) Earnings per share

The Company disclose the Company's basic and diluted earnings per share attributable to ordinary shareholders of the Company. The basic earnings per share is calculated based on the profit attributable to the ordinary shareholders of the Company divided by weighted average number of ordinary shares outstanding. Ordinary shares outstanding increased as a result of retain earnings or capital surplus transferred to common stock shall be adjusted retrospectively for to periods. The diluted earnings per share is calculated based on the profit attributable to ordinary shareholders of the Company, divided by weighted average number of ordinary shares outstanding after adjustment for the effects of all potentially dilutive ordinary shares, such as remuneration of employees and employee dividends.

(19) Operating segments

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

5. Critical Accounting Judgements, Estimates and Key Sources of Assumption Uncertainty

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

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

Investment property

Some of the real estate properties are held by the Company for rental income and capital gain, whereas others are held for self-occupation. Any parts that can be sold individually are separated between investment property and property, plant and equipment.

(2) Critical accounting estimates and assumptions

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

A. Income taxes

Uncertainties exist with respect to the interpretation of complex tax regulations and the amount and timing of future taxable income. Given the wide range of international business relationships and the long-term nature and complexity of existing contractual agreements, differences arising between the actual results and the assumptions made, or future changes to such assumptions, could necessitate future adjustments to tax income and expense already recorded. The Company establishes provisions, based on reasonable estimates, for possible consequences of audits by the tax authorities of the respective countries in which it operates. The amount of such provisions is based on various factors, such as experience of previous tax audits and differing interpretations of tax regulations by the taxable entity and the responsible tax authority. Such differences of interpretation may arise on a wide variety of issues depending on the conditions prevailing in the respective Company's domicile.

Deferred tax assets are recognized for all carry forward of unused tax losses and unused tax credits and deductible temporary differences to the extent that it is probable that taxable profit will be available or there are sufficient taxable temporary differences against which the unused tax losses, unused tax credits or deductible temporary differences can be utilized. The amount of deferred tax assets determined to be recognized is based upon the likely timing and the level of future taxable profits and taxable temporary differences together with future tax planning strategies. As of December 31, 2022, the deferred income tax assets that the Company has recognized, please refer to Note 6 (21) for more details.

B. Valuation of inventory

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

6. Explanation of significant accounts

(1) Cash and cash equivalents

	December 31, 2022	December 31, 2021
Petty cash	\$40	\$40
Cash in banks	102,784	165,695
Total	<u>\$102,824</u>	<u>\$165,735</u>

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

B. Please refer to note 12(2) for the disclosure of the Company's financial assets and liabilities interest risk and sensitivity analysis.

(2) Notes and accounts receivables

	December 31, 2022	December 31, 2021
Notes receivables	\$23,683	\$-
Allowance for doubtful notes receivables	-	-
Total	<u>\$23,683</u>	<u>\$-</u>
Accounts receivables	\$-	\$1,427
Installment accounts receivables	-	-
Allowance for doubtful accounts receivables	-	-
Total	<u>\$-</u>	<u>\$1,427</u>

A. The ageing analysis of accounts receivable and notes receivable which were past due but not impaired is as follows:

	December 31, 2022		December 31, 2021	
	Notes receivables	Accounts receivables	Notes receivables	Accounts receivables
Not past due	\$23,683	\$-	\$-	\$1,427
Up to 180 days	-	-	-	-
181 to 365 days	-	-	-	-
Over 1 year	-	-	-	-
Total	<u>\$23,683</u>	<u>\$-</u>	<u>\$-</u>	<u>\$1,427</u>

The above ageing analysis was based on past due date.

- B. Without taking into account any collateral held or other credit enhancements, the maximum exposure to credit risk in respect of the amount is the carrying amount. Please refer to note 12 (2) for credit risk information.

(3) Inventories

- A. The detail of inventories as below:

	December 31, 2022	December 31, 2021
Lands held for construction	\$438,022	\$681,392
Construction-in-progress	18,865,349	17,897,424
Land held for building bulk transfer	61,637	304,931
Prepayment for land purchased	1,108	128,299
Total	<u>\$19,366,116</u>	<u>\$19,012,046</u>

- B. Partial of inventories had been pledged as collateral for bank borrowings, please refer to note 8.

- C. Supplement disclosure for significant construction projects as below:

Construction projects	Lands of Construction - in - progress	Building of Construction - in - progress
Yu Xian Section 6 th phase	\$835,367	\$568,788
Yu Xian Section 7 th phase	627,394	531,850
Hou Long Zi Section	455,344	570,139
Niu Chou Zi Section	511,673	282,440
Zhong Shan Section	600,224	98,017
Shi Zhen Bei Section	478,267	357,777
Qing Ping Section	699,049	620,109
Yu Xian Section 8 th phase	1,309,727	283,924
Bei Xin Section	1,362,414	380,585
Xin Guo Section 1 st phase	396,895	232,248
Xin Guo Section 2 nd phase	43,767	18,345
Xin Guo Section 3 rd phase	177,423	177,549
Tou Jia Section 1 st phase	338,210	32,168
Tou Jia Section 2 nd phase	303,364	26,146
Dong Guang Section	1,046,592	37,491
Zhi Yong Section 1 st phase	123,348	4,525
Zhi Yong Section 2 nd phase	217,909	4,345
Xin Rong He Section 2 nd phase	279,671	148,251
Xin Rong He Section 3 rd phase	1,325,363	361,052
Tou Zhong Xi Section 2 nd phase	261,814	19,247
Tou Zhong Xi Section 3 rd phase	360,599	11,916
Xin Zhan Nan Section 2 nd phase	390,784	55,300
Zhong She Section	380,310	7,166
Feng Xing Section	529,881	127,746
Ping Dao Section	800,517	51,956
Fu Yi Section	-	363
Total	<u>\$13,855,906</u>	<u>\$5,009,443</u>

D. The total interest capitalizes of the inventories mentioned above was found to be \$167,423 thousand and \$135,922 thousand, and the interest rate of capitalized loan for inventories were 1.00%~2.99% and 0.69%~1.83% for the years ended December 31, 2022 and 2021, respectively.

E. The cost of inventories recognized as expenses (including the loss or gain of inventory price falling or reversal) amounts to were both 0 for the years ended December 31, 2022 and 2021, respectively.

(4) Prepayments

	December 31, 2022	December 31, 2021
Prepaid rents	\$499	\$351
Other prepaid expenses	3,275	2,496
Prepaid VAT	-	3
Over paid VAT	49,414	10,151
Total	<u>\$53,188</u>	<u>\$13,001</u>

(5) Other current financial assets

	December 31, 2022	December 31, 2021
Other restricted asstes	<u>\$1,089,089</u>	<u>\$1,339,310</u>

A. Other restricted assets are pre-selling real estate escrow payments which deposits in specified bank accounts in accordance with relevant laws and regulations published by the Ministry of the Interior. The pre-selling real estate escrow payments are deposited in specified bank accounts. The financial institutions provides pre-selling real estate value trust and price return guarantee. Please refer to note 8 for details.

B. The Company had signed pre-selling escrow trust specified account contracts with financial institutions. The drawn down amount from the trust account shall not be exceeded the 50% of pre-selling consideration paid by customers. For the years ended December 31, 2022 and 2021, for paying construction costs, the the Company had drawn down \$0 thousand and \$271,500 thousand, respectively. Please refer to note 9 for details.

(6) Other current assets

	December 31, 2022	December 31, 2021
Incremental cost of obtaining the contract (deferred marketing expenses)	\$213,432	\$324,521
Temporary payments	7,200	31,394
Payment on behalf of others	3,125	2,626
Total	<u>\$223,757</u>	<u>\$358,541</u>

The cost occurred for the acquisition of the customer's contract is the incremental cost of the contract. The incremental cost of the contract fulfills its obligation when the house hand over the the customers, and the incremental cost of the contract is amortized. Please refer to note 6 (18) for details.

(7) Property, plant and equipment

	Lands and land improvements	Buildings	Office equipment	Lease improvement	Other equipment	Total
Cost:						
Balance on January 1, 2022	\$31,885	\$30,097	\$4,947	\$2,646	\$3,903	\$73,478
Additions	-	-	-	-	484	484
Disposals	-	-	-	-	-	-
Balance on December 31, 2022	<u>\$31,885</u>	<u>\$30,097</u>	<u>\$4,947</u>	<u>\$2,646</u>	<u>\$4,387</u>	<u>\$73,962</u>
Balance on January 1, 2021	\$31,885	\$26,288	\$2,934	\$2,646	\$3,128	\$66,881
Additions	-	3,809	2,060	-	984	6,853
Disposals	-	-	(47)	-	(209)	(256)
Balance on December 31, 2021	<u>\$31,885</u>	<u>\$30,097</u>	<u>\$4,947</u>	<u>\$2,646</u>	<u>\$3,903</u>	<u>\$73,478</u>
Depreciation and impairment:						
Balance on January 1, 2022	\$-	\$10,067	\$2,805	\$2,646	\$2,317	\$17,835
Depreciation	-	2,485	418	-	793	3,696
Disposals	-	-	-	-	-	-
Balance on December 31, 2022	<u>\$-</u>	<u>\$12,552</u>	<u>\$3,223</u>	<u>\$2,646</u>	<u>\$3,110</u>	<u>\$21,531</u>
Balance on January 1, 2021	\$-	\$8,050	\$2,563	\$2,162	\$1,884	\$14,659
Depreciation	-	2,017	281	484	605	3,387
Disposals	-	-	(39)	-	(172)	(211)
Balance on December 31, 2021	<u>\$-</u>	<u>\$10,067</u>	<u>\$2,805</u>	<u>\$2,646</u>	<u>\$2,317</u>	<u>\$17,835</u>
Carrying amounts:						
Balance on December 31, 2022	<u>\$31,885</u>	<u>\$17,545</u>	<u>\$1,724</u>	<u>\$-</u>	<u>\$1,277</u>	<u>\$52,431</u>
Balance on December 31, 2021	<u>\$31,885</u>	<u>\$20,030</u>	<u>\$2,142</u>	<u>\$-</u>	<u>\$1,586</u>	<u>\$55,643</u>

A. As of December 31, 2022 and 2021, property, plant and equipment were not impaired. Impairment assessment was based on external independent appraiser's assessment report.

B. Partial of property, plant and equipment were pledged as collateral of convertible bonds. Please refer to note 8.

(8) Lease – as a lessee

A. The Company leases various assets including office, praking space and other equipment. Rental contract are typically made for periods of 1 to 5 years. Lease terms are negotiated on individual basis and contain a wide range of different terms and conditions. The lease agreements do not impose any covenants.

B. The carrying amount of right-of-use assets and depreciation charged are as follows:

	Buildings	Transportation equipment	Total
Cost:			
Balance on January 1, 2022	\$-	\$1,041	\$1,041
Additions	-	-	-
Disposals	-	-	-
Balance on December 31, 2022	<u>\$-</u>	<u>\$1,041</u>	<u>\$1,041</u>
Balance on January 1, 2021	\$4,277	\$-	\$4,277
Additions	-	1,041	1,041
Disposals	(4,277)	-	(4,277)
Balance on December 31, 2021	<u>\$-</u>	<u>\$1,041</u>	<u>\$1,041</u>
Depreciation and impairment:			
Balance on January 1, 2022	\$-	\$318	\$318
Depreciation	-	347	347
Disposals	-	-	-
Balance on December 31, 2022	<u>\$-</u>	<u>\$665</u>	<u>\$665</u>
Balance on January 1, 2021	\$2,933	\$-	\$2,933
Depreciation	1,344	318	1,662
Disposals	(4,277)	-	(4,277)
Balance on December 31, 2021	<u>\$-</u>	<u>\$318</u>	<u>\$318</u>
Carrying amounts:			
Balance on December 31, 2022	<u>\$-</u>	<u>\$376</u>	<u>\$376</u>
Balance on December 31, 2021	<u>\$-</u>	<u>\$723</u>	<u>\$723</u>

C. Lease liabilities

	December 31, 2022	December 31, 2021
Carrying amount of lease liabilities		
Current	\$353	\$347
Non-current	30	383
Total	<u>\$383</u>	<u>\$730</u>

(a) The information on profit and loss accounts relating to lease contracts is as follows:

Item	For the year ended December 31, 2022	For the year ended December 31, 2021
Interest expense on lease liabilities	\$11	\$31
Expense on short-term lease contracts	\$1,989	\$496
Expense on leases of low-value assets	\$79	\$84

(b) For the years ended December 31, 2022 and 2021, the total cash outflow for leases were \$358 thousands and \$1,716 thousands, respectively.

- (c) Leases for copy machine 、 office and parking spaces were less than 12 months or low-value , the Company had elected not to recognize right-of-use assets and lease liabilities for these short-term leases.

(9) Investment property

	December 31, 2022	December 31, 2021
Cost (Land):		
Zhen An Section (farming and grazing land)	\$44,298	\$44,298
Hui Lai Cuo Section	2,340	2,340
Yunlin Bei Tang Section(original Bei Gang Section)	1,260	1,260
Total	<u>\$47,898</u>	<u>\$47,898</u>
Depreciation and impairment (Land):		
Zhen An Section (farming and grazing land)	\$23,570	\$23,570
Hui Lai Cuo Section	93	93
Yunlin Bei Tang Section(original Bei Gang Section)	815	815
Total	<u>\$24,478</u>	<u>\$24,478</u>
Carrying amount	<u>\$23,420</u>	<u>\$23,420</u>

- A. As of December 31, 2022 and 2021, the accumulated impairment loss on investment property were both \$24,478 thousand. Impairment assessment was based on external independent appraiser's assessment report.
- B. The investment properties held by the Company were not measured at fair value. The fair value information were only for disclosure purpose. As of December 31, 2022 and 2021, based on the external independent appraiser's report, the fair value of investment properties held by the Company were \$38,908 thousands and \$35,808 thousands. The investment property located at Hui Lai Cuo Section and Yunlin Bei Tang Section was appraised by sales comparison approach and land development analysis method. For the investment property located at Zhen An Section, the fair value was appraised by sales comparison approach and cost approach.
- C. Due to the restriction of regulations and laws, the legal ownership of farming and grazing land located at Zhen An Section was registered under other person's name. The legal ownership of the land will be transferred to the Company once the regulations and laws amended. To ensure the Company's right on the land, the first mortgage of the land was designated to the Company. The trustee also entered into an agreement of consent of unconditional transferring of the land to the Company.

(10) Short-term borrowings

	December 31, 2022	December 31, 2021
Secured loans	\$1,247,000	\$1,505,900
Credit loans	102,000	89,000
Total	<u>\$1,349,000</u>	<u>\$1,594,900</u>
Range of interest rates	<u>1.61%~2.62%</u>	<u>1.30%~1.80%</u>

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

(11) Short-term notes payables

	December 31, 2022	December 31, 2021
Notes payables	\$325,100	\$1,060,100
Discount of notes payables	(215)	(922)
Total	<u>\$324,885</u>	<u>\$1,059,178</u>
Range of interest rates	<u>2.012%~2.19%</u>	<u>0.692%~1.152%</u>

Lands held for construction were pledged as collateral for the short-term notes payable, please refer to note 8 for more details.

(12) Corporate bonds payables

	December 31, 2022	December 31, 2021
First domestic secured convertible bonds	\$200,000	\$200,000
Discount on bonds payable-unamortized amount	(61)	(350)
Accumulated convertible amount	(141,300)	(65,400)
Subtotal	58,639	134,250
Less: current portion	(58,639)	-
Domestic secured convertible bonds	-	134,250
Second domestic unsecured convertible bonds	292,000	292,000
Discount on bonds payable-unamortized amount	(70)	(578)
Accumulated convertible amount	(284,000)	(265,200)
Subtotal	7,930	26,222
Less: current portion	(7,930)	-
Domestic unsecured convertible bonds	-	26,222
Total	<u>\$-</u>	<u>\$160,472</u>

A. In September 2018, the Company issued a secured 5-year convertible bond with zero interest for \$207,200 thousands with the following conditions:

- (a) The conversion price was \$35.94 per share, when it comes to adjusting conversion price of subsidiary's common share, it should adhere to the Company's conversion rules. The conversion price change with formula within issuance details. The secured convertible bond does not have reset feature.

- (b) At any time within three months after the issuance date till 40 days before maturity date, the subsidiary would repurchase the bond at the face value if the close of the subsidiary's ordinary share price exceeded 130% of the bond's conversion price for successive 30 days, or the outstanding value of the bond was lower than 10% of the total issuance value.
 - (c) Unless the bond has been redeemed before maturity and cancelled or converted, the bond will be redeemed by the Company on the maturity date at 100.75% of the principal amount of the bond (the real yield is 0.15%).
- B. In September 2018, the Company issued a unsecured 5-year convertible bond with zero interest for \$293,460 thousands with the following conditions:
- (a) The conversion price was \$35.10 per share, when it comes to adjusting conversion price of subsidiary's common share, it should adhere to the Company's conversion rules. The conversion price change with formula within issuance details. The unsecured convertible bond does not have reset feature.
 - (b) At any time within three months after the issuance date till 40 days before maturity date, the subsidiary would repurchase the bond at the face value if the close of the subsidiary's ordinary share price exceeded 130% of the bond's conversion price for successive 30 days, or the outstanding value of the bond was lower than 10% of the total issuance value.
 - (c) The bondholders can execute put options after three years from the issuance date, the redemption value is 1.5075% of the bonds value (the real yield is 0.50%).
 - (d) Unless the bond has been redeemed before maturity, repurchased and cancelled or converted, the bond will be redeemed by the Company on the maturity date of the principal amount of the bond.
- C. Partial of property, plant and equipment was pledged as collateral of convertible bonds. Please refer to note 8.

(13) Long-term borrowings

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

Nature	Lender	Contract term	December 31, 2022	December 31, 2021
Secured	Taiwan Cooperative Bank, Jian Cheng Branch	From January 2020 to December 2023	\$950,000	\$950,000
Secured	Taiwan Cooperative Bank, Wu Cyuan Branch	From March 2021 to December 2024	159,000	153,000
Secured	Taiwan Cooperative Bank, Huei Long Branch	From May 2021 to June 2024	400,000	338,000
Secured	Taiwan Cooperative Bank, Si Tun Branch	From August 2021 to April 2025	707,900	707,900
Secured	Land Bank of Taiwan, Nan Taichung Branch	From May 2021 to May 2026	212,300	212,300
Secured	CTBC Bank, Shizheng Branch	From May 2018 to March 2024	-	690,400
Secured	CTBC Bank, Shizheng Branch	From October 2019 to October 2024	910,000	910,000
Secured	Bank of Taiwan, Changhua Branch	From May 2019 to May 2023	354,000	354,000
Secured	Agriculture Bank of Taiwan, Taichung Branch	From September 2019 to September 2025	283,000	280,000
Secured	Agriculture Bank of Taiwan, Taichung Branch	From April 2021 to April 2026	665,000	700,000
Secured	Agriculture Bank of Taiwan, Xinzhu Branch	From September 2020 to September 2025	275,000	275,000
Secured	Agriculture Bank of Taiwan, Xinzhu Branch	From November 2020 to November 2024	30,000	30,000
Secured	First Commercial Bank, Taichung Branch	From October 2020 to October 2025 (Note 1)	463,000	463,000
Secured	First Commercial Bank, Taichung Branch	From December 2022 to December 2026	172,600	-
Secured	Far Eastern International Bank	From August 2019 to March 2023	300,000	300,000
Secured	Mega International Commercial Bank, Zhong Taichung Branch	From September 2021 to June 2023	625,600	525,600
Secured	KGI Bank	From December 2022 to June 2026	224,900	-
Credit	KGI Bank	From December 2022 to June 2026	60,300	-
Current portion			(3,728,600)	(3,100,000)
Total			<u>\$3,064,000</u>	<u>\$3,789,200</u>
Interest rate			<u>1.89%~2.99%</u>	<u>1.35%~1.83%</u>

Note 1: The maturity period of the loan was extended from the original October 2024 to October 2025.

B. Interest was paid monthly, the principal of borrowings will be repaid at the earlier of due date or the completion date of construction-in-progress.

C. Construction-in-progress had been pledged as collateral for long-term bank borrowings,

please refer to note 8 for details.

(14) Pensions

Defined contribution plan

- A. The defined contribution plan of the Company's Employee Retirement Plan is regulated according to the provisions of the Labor Pension Act. In accordance with the Act, contributions made by the employer cannot be lower than 6% of the participant's monthly wages. Therefore, The Company makes 6% contributions of the monthly wages to the Labor Pension personal account of the Bureau of the Labor Insurance on a regular basis.
- B. For the year ended December 31, 2022 and 2021, the pension expenses related to defined contribution plan amounted to \$2,430 thousand and \$1,907 thousand, respectively.

(15) Capital stock and capital increase

- A. As of December 31, 2022 and 2021, total value of authorized ordinary shares were both \$9,000,000 thousand, with par value of \$10 per share. Total authorized ordinary shares were both 900,000 thousands shares. The paid-in capital were \$7,350,407 thousand and \$6,398,681 thousand, respectively. Common stocks outstanding were 735,040 thousands shares and 639,868 thousands shares, respectively.
- B. The details of capital increasing as below:

Base date of capital increase	Nature	Increased amount	Shares (thousands shares)	Number of competent authority's approval
January 26, 2021	Conversion of convertible bonds	\$4,346	434	Jing-Shou-Shang No.11001021300
May 11, 2021	Conversion of convertible bonds	\$6,917	692	Jing-Shou-Shang No.11001088230
July 14, 2021	Conversion of convertible bonds	\$6,623	662	Jing-Shou-Shang No.11001129410
September 28, 2021	Stock dividends	\$782,484	78,249	Jing-Shou-Shang No.11001185990
November 9, 2021	Conversion of convertible bonds	\$13,484	1,348	Jing-Shou-Shang No.11001213600
March 2, 2022	Conversion of convertible bonds	\$11,772	1,177	Jing-Shou-Shang No.11101024300
June 1, 2022	Conversion of convertible bonds	\$36,205	3,621	Jing-Shou-Shang No.11101084110
September 6, 2022	Stock dividends	\$897,463	89,746	Jing-Shou-Shang No.11101185850
September 23, 2022	Conversion of convertible bonds	\$2,322	232	Jing-Shou-Shang No.11101185850
November 25, 2022	Conversion of	\$3,964	396	Jing-Shou-Shang

C. For the year ended December 31, 2022, the convertible bonds holders exercised the convert option, the Company issuance 4,845 thousands new shares which was increased paid-in capital amounting to \$48,450 thousands. Among the 5,959 thousands shares had not performed registration and accounted on “Bond conversion entitlement certificates”. In addition, capital surplus - premium from convertible bond were increased amounting to \$48,764 thousands and capital surplus - convertible bond option were written-off amounting to \$3,044 thousands.

(16) Capital surplus

	December 31, 2022	December 31, 2021
A premium issuance of common shares for cash	\$-	\$9,079
Conversion premium of convertible bonds	63,709	198,179
Other (Unclaimed cash dividends)	313	164
Convertible bonds options (Note 6(12))	2,114	5,158
Total	\$66,136	\$212,580

Pursuant to the R.O.C. Company Act, capital surplus arising from paid-in capital in excess of par value on issuance of common stocks and donations can be used to cover accumulated deficit or to issue new stocks or cash to shareholders in proportion to their share ownership, provided that the Company has no accumulated deficit. Further, the R.O.C. Securities and Exchange Act requires that the amount of capital surplus to be capitalised mentioned above should not exceed 10% of the paid-in capital each year. Capital surplus should not be used to cover accumulated deficit unless the legal reserve is insufficient.

(17) Retained earnings

A. Legal reserve

According to the Company Act, the Company needs to set aside amount to legal reserve unless where such legal reserve amounts to the total authorized capital. The legal reserve can be used to make good the deficit of the Company. When the Company incurs no loss, it may distribute the portion of legal serve which exceeds 25% of the paid-in capital by issuing new shares or by cash in proportion to the number of shares being held by each of the shareholders.

B. Unappropriated retained earnings

According to Article 28-1 of the Company’s Articles of Incorporation, the provisions regarding surplus appropriation is described below:

After paying the income taxes, the Company's net earnings should first be used to offset the prior years' deficits. Of the remaining balance, 10% is to be appropriated as legal reserve, which in accordance with the regulations of the competent authority or reversal appropriated retained earnings. And then any remaining profit, together with any undistributed retained earnings, shall be distributed as shareholders' dividends proposed by the Board of Directors to be submitted to the stockholders' meeting for approval.

C. Dividend policy

The dividend policy of the Company is determined based on Article 28-1 of the Company's Articles of Incorporation. The company operates in a capital-intensive industry and projects for material investment and financial improvement plans in the coming years, which growth period could not be identified yet. The cash dividends should not be less than 10% of the total dividends. In the event cash dividend per share is below \$0.1, all dividends may be distributed in stock dividend.

D. Earnings distribution

- (a) For the years ended December 31, 2021 and 2020, the details of earnings distribution and dividends per share were resolved by the Board of Directors on March 21, 2022 and March 22, 2021. The above earnings distribution were resolved by the shareholder's meeting on June 16, 2022 and July 13, 2021. The resolution allocation is the same as the proposed allocation.

	<u>For the year ended December 31, 2021</u>		<u>For the year ended December 31, 2020</u>	
	<u>Amount</u>	<u>Dividends per share (NT\$)</u>	<u>Amount</u>	<u>Dividends per share (NT\$)</u>
Legal reserve	\$75,399		\$82,214	
Cash dividend	128,209	\$0.2	111,784	\$0.2
Stock dividend	705,150	1.1	782,484	1.4
Total	<u>\$908,758</u>	<u>\$1.3</u>	<u>\$976,482</u>	<u>\$1.6</u>

- (b) The board of directors of the company had resolved to distribute \$192,313 thousand of capital reserve in the form of new shares, at \$0.3 per share.

The appropriation of 2021 earnings were resolved by the shareholder's meeting on June 16, 2022.

- (c) The appropriation of 2022 earnings had been proposed by the Board of Directors on March 10, 2023, is distributed as follows:

	For the year ended December 31, 2022	
	Earnings appropriation plan	Dividends per share (NT\$)
Legal reserve	\$150,541	
Cash dividend	147,127	\$0.2
Stock dividend	1,177,019	1.6
	<u>\$1,474,687</u>	<u>\$1.8</u>

The appropriation of 2022 earnings were be resolved by the shareholder's meeting on June 13, 2023.

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

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

(18) Operating revenue

	For the year ended December 31, 2022	For the year ended December 31, 2021
Revenue from contracts with customers		
Sales of real estate	\$6,254,112	\$4,271,739
Rental revenue	-	2,576
Other operating income	9,839	-
Total	<u>\$6,263,951</u>	<u>\$4,274,315</u>

A. Revenue from contracts with customers

	For the year ended December 31, 2022	For the year ended December 31, 2021
Primary geographical markets:		
Taiwan	<u>\$6,263,951</u>	<u>\$4,274,315</u>
Major products/services lines:		
Sales of real estate	\$6,254,112	\$4,271,739
Rental revenue	-	2,576
Other operating income	9,839	-
Total	<u>\$6,263,951</u>	<u>\$4,274,315</u>
Timing of revenue recognition:		
Revenue transferred at a point in time	\$6,263,951	\$4,271,739
Products and services transferred over time	-	2,576
Total	<u>\$6,263,951</u>	<u>\$4,274,315</u>

B. Contract balance

	December 31, 2022	December 31, 2021
Contract liabilities-current	<u>\$1,191,971</u>	<u>\$1,576,139</u>

(a) Significant changes of contract liabilities

The major change in the balance of contract assets and liabilities is the difference between the time frame in the performance obligation to be satisfied and the payment to be received. There were no other significant changes for the years ended December 31, 2022 and 2021.

(b) Contract liability balance at the beginning of the period and the amount of revenue recognized

The amount of revenue recognized for the years ended December 31, 2022 and 2021 that was included in the contract liability balance at the beginning of the period were \$950,182 thousand and \$449,890 thousand, respectively.

(c) Assets recognized from the revenue from contracts with customers

	December 31, 2022	December 31, 2021
Incremental costs of obtaining a contract	\$213,432	\$324,521

The amortized amount of the incremental cost of the Company's acquisition of the contract for the years ended December 31, 2022 and 2021 were \$172,565 thousand and \$122,645 thousand.

(19) Non-operating income and expenses

A. Interest incomes

	For the year ended December 31, 2022	For the year ended December 31, 2021
Interest incomes -bank deposit	\$2,017	\$475
Interest incomes-other	180	2
Total	\$2,197	\$477

B. Other incomes

	For the year ended December 31, 2022	For the year ended December 31, 2021
Other incomes-others	\$1,120	\$1,848

C. Other profits and losses

	For the year ended December 31, 2022	For the year ended December 31, 2021
Gains (losses) on financial liabilities at fair value through profit or loss	\$-	\$(25)
Other losses(including compensation)	(1,517)	(537)
Losses on disposal of property, plant and equipment	-	(45)
Total	\$(1,517)	\$(607)

D. Financial cost

	For the year ended December 31, 2022	For the year ended December 31, 2021
Interest expense :		
Interest of bank borrowings	\$168,584	\$138,615
Interest of bonds payable	267	1,017
Interest on lease liability	11	31
Others	12,507	25,471
Subtotal	181,369	165,134
Less: assets capitalization	(167,423)	(135,922)
Total financial cost	\$13,946	\$29,212

(20) Employee benefit expenses

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

Function Nature	For the year ended December 31, 2022			For the year ended December 31, 2021		
	Operating costs	Operating expenses	Total	Operating costs	Operating expenses	Total
Employee benefit expenses						
Salary expenses	\$39,293	\$26,602	\$65,895	\$29,181	\$22,877	\$52,058
Labor and medical insurance premiums	3,139	2,148	5,287	2,349	1,977	4,326
Pension expenses	1,544	886	2,430	1,126	781	1,907
Remuneration to Director	-	21,709	21,709	-	11,895	11,895
Other employee benefit expenses	1,258	3,982	5,240	1,011	2,902	3,913
Depreciation	-	4,043	4,043	-	5,049	5,049
Amortization	-	997	997	-	811	811

- A. The employees of the Company were 74 and 63 for the years ended 2022 and 2021, respectively, both number of directors who have not served as employees is 4. In addition, the Company had established an audit committee in lieu of supervisors.
- B. The average employees' benefit expense were \$1,126 thousands and \$1,054 thousands for the years ended December 31, 2022 and 2021, respectively. And the average employees' payroll expense were \$941 thousands and \$882 thousands for the years ended December 31, 2022 and 2021, respectively. The fluctuation rate was 6.69%.

- C. Company's Compensation Policy: Apart from base salary, the Company may reward employees with incentives to appropriately stimulate the morale and retain distinguished employees according to the operating conditions. The annual increase is determined by the ranking and merits of employees with the proposal of adjustments and amount of salary. Additionally, according to Article 23-1 of the Company's Articles of Incorporation, the compensation for Company directors is determined by their involvement and value of contribution to corporate operations and participation, with reference to peer standards. The Board of Directors is authorized to determine such compensation at the meeting. The compensation for directors and salary for managers shall be proposed by the Salary Committee and submitted to the Board of Directors with suggestions for approval.
- D. According to the Company's Articles of Incorporation, the Company shall reserve at least 0.5% and no more than 2% of annual net profit, if any, for employee compensation and director compensation respectively. However, if the company has earnings after the close of the fiscal year, it shall set aside the sum for accumulated losses. The determination of distribution ratio for employee compensation and director compensation and the distribution of stock or cash for employee compensation shall be resolved by the Board of Directors, with two-third of directors attending the meeting and the consent of the majority of attending directors. The resolution shall be reported to the Shareholder's Meeting.
- E. For the years ended December 31, 2022 and 2021, the Company estimated the amount of employee compensation are \$10,057 thousands and \$5,061 thousands respectively; the estimated amount of director compensation are \$18,311 thousands and \$8,618 thousands respectively. The foregoing amounts are an estimation based on the profit before tax before deducting compensations of the current year distributed to employees and directors, multiplied by the appropriation percentage of employee and director compensation specified in the Company's Articles of Incorporation. The said amounts are also recognized as the inventory costs and operating expenses for the years ended December 31, 2022 and 2021 respectively. However, any discretion between the actual distributed amount and estimated amount as resolved by the Board of Director Meetings shall be recognized as the annual loss of the Board of Director meeting.
- F. The amounts for the year ended December 31, 2021 employee compensation and director compensation resolved by the Board of Directors are in conformity with the amounts recognized in the 2021 financial report. As of December 31, 2022, the distribution for employee compensation and director compensation from the previous year has been realized.
- G. Information regarding employee and director remuneration resolved by the board of directors and reported in the shareholder meeting can be found on "Market Observation Post System".

(21) Income tax

A. Components of income tax expenses:

(a) Income tax recognized as current profit and loss

	For the year ended December 31, 2022	For the year ended December 31, 2021
Current income tax expenses:		
Income tax from current income	\$271,752	\$199,854
Land value increment tax	135,980	255
Undervalued income tax for the preceding year	-	2,982
Surtax on undistributed earnings	-	-
Deferred income tax expenses:		
Generation and reversal of temporary difference	-	-
Written-off of deferred tax assets (prior reversed written-off)	1,627	(59)
Income tax expenses	<u>\$409,359</u>	<u>\$203,032</u>

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

B. Amount of deferred income tax assets/liabilities from temporary difference were as follows:

For the year ended December 31, 2022					
	January 1	Recognition into (loss) gain	Recognition into other comprehensive (loss) gain	Recognition into equity	December 31
Deferred Income Tax Assets					
Recognition of warranty provision	\$184	\$(27)	\$-	\$-	\$157
Allowance of doubtful debts overruns the limit of tax law	1,604	(1,600)	-	-	4
Total	<u>\$1,788</u>	<u>\$(1,627)</u>	<u>\$-</u>	<u>\$-</u>	<u>\$161</u>
For the year ended December 31, 2021					
	January 1	Recognition into (loss) gain	Recognition into other comprehensive (loss) gain	Recognition into equity	December 31
Deferred Income Tax Assets					
Recognition of warranty provision	\$83	\$101	\$-	\$-	\$184
Allowance of doubtful debts overruns the limit of tax law	1,607	(3)	-	-	1,604
Others	39	(39)	-	-	-
Total	<u>\$1,729</u>	<u>\$59</u>	<u>\$-</u>	<u>\$-</u>	<u>\$1,788</u>

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

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

D. As of December 31, 2022 and 2021, current tax liabilities were \$271,562 thousands and \$199,833 thousands, respectively, which were the estimation of corporate income tax payable to the national treasury.

E. The Company's income tax return had been assessed and approved by the tax authorities till 2020.

(22) Earnings per share

	For the year ended December 31, 2022	For the year ended December 31, 2021
Basic earnings per share		
Net income attributable to common shareholders of the Company	\$1,505,410	\$753,993
Weighted average outstanding common shares	734,209	727,381
Basic earnings per share (unit: NTD)	\$2.05	\$1.04
Diluted earnings per share		
Net income attributable to common shareholders of the Company	\$1,505,410	\$753,993
Dilutive effect of potential common shares - convertible bonds	214	813
Net income attributable to common share holders of the Company	\$1,505,624	\$754,806
Weighted average outstanding common shares	734,209	727,381
Dilutive effect of potential common shares		
Effects of employee remuneration	328	176
Effects of Conversion of convertible bonds	4,679	9,487
Weighted average outstanding common shares	739,216	737,044
Diluted earnings per share (unit: NTD)	\$2.04	\$1.02

The number of weighted average outstanding shares in 2021 was 638,538 thousands shares. For comparison purpose, the number of outstanding shares of 2021 has been adjusted retrospectively due to the stock dividends in September 2022.

7. Related party transactions

(1) Names and relations of related parties

<u>Name of related party</u>	<u>Relationship with the Company</u>
Chen-Jing Ping	Other related parties
Chen-Yan Ling	Other related parties

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

<u>Name</u>	<u>Construction</u>	<u>Signing Date</u>	<u>Revenue</u>		<u>Contract liabilities</u>	
			<u>For the year ended December 31, 2022</u>	<u>For the year ended December 31, 2021</u>	<u>December 31, 2022</u>	<u>December 31, 2021</u>
Chen-Jing Ping	Sakura Rain	For the year ended December 31, 2020	\$9,427	\$-	\$-	\$929
Chen-Yan Ling	Sakura Museum	For the year ended December 31, 2022	-	-	1,481	-

Total	<u>\$9,427</u>	<u>\$-</u>	<u>\$1,481</u>	<u>\$929</u>
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The above transaction is subject to the general terms of sale (i.e. market prevailing price), and there is no significant transaction price or transaction term differences from the transaction with non-related parties.

(3) Compensation of key management staff

Key management compensation comprised as below:

	For the year ended December 31, 2022	For the year ended December 31, 2021
Salary and other short-term employee benefits	<u>\$30,557</u>	<u>\$19,394</u>

8. Pledged assets

The Company provides the following assets as collaterals for borrowings, short-term notes payables and convertible bonds.

	December 31, 2022	December 31, 2021
Lands held for construction	\$-	\$529,880
Construction-in-progress	18,310,585	17,659,364
Property, plant and equipment - land	31,885	31,885
Property, plant and equipment - buildings	17,545	20,030
Other financial assets - current	1,089,089	1,339,310
Total	<u>\$19,449,104</u>	<u>\$19,580,469</u>

Pledged assets are presented at book value.

9. Major contingent liabilities and unrecognized contractual commitments

- (1) The carrying amount of the farming and grazing land located at Zhen An Section was \$20,728 thousand, the carrying amount was the original cost less impairment. Due to the restriction of law, the land was registered under other person's name. To ensure the Company's right on the land, the first mortgage of the land was designated to the Company. The both parties also entered into an agreement of consent of unconditional transferring of the land to the Company. In addition, partial of the lands were expropriated in 2005 and the compensation for expropriation was \$1,900 thousand, which was recognized under other receivables. Due to the financial problems of the third person, the expropriation compensation was restricted by the bank. The Company has started pressing for payment and recognize allowance for the doubtful debts.

- (2) The unrecovered guarantee notes issued by the Company from the purchase of lands held for construction and bank financing is described below:

	December 31, 2022	December 31, 2021
Guarantee notes submitted	\$8,534,400	\$8,886,600

- (3) As of December 31, 2022, the total contract price of the construction contracts signed by the Company and non-related parties was \$4,616,611 thousand, and the total amount of \$1,360,183 thousand was paid.
- (4) The Company signed the contract for drawing from specified escrow account with financial institutions. The contract stated that if the Company fails to fulfill the contract with customer and the customer requests the financial institution for performance of guarantee responsibility, the financial institution shall exercise the right of set-off and deduct the balance of the deposits in the specified escrow account for advanced payment, after returning the principal and interests deposited in the specified escrow account. The financial institution may claim for compensation for the insufficient fund with accrued interest from the Company. For the years ended December 31, 2022 and 2021, for paying construction costs, the the Company had drawn down \$0 thousand and \$271,500 thousand, respectively. Please refer to Note 6(5) for the description on “Other current financial assets”.

10. Losses from major disasters: None.

11. Subsequent events: None.

12. Others

(1) Capital management

The Company’s objectives when managing capital are to safeguard the Company’s ability to continue as a going concern in order to provide returns for shareholders and to maintain an optimal capital structure to reduce the cost of capital. In order to maintain or adjust the capital structure, the Company may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt. The company adjusts the company's loan amount according to the construction progress and the funds required for operation.

(2) Financial instrument

A. Types of financial instrument

<u>Financial assets</u>	<u>December 31, 2022</u>	<u>December 31, 2021</u>
Financial assets at amortised cost		
Cash and cash equivalents (excluding cash on hand and petty cash)	\$102,784	\$165,695
Notes receivables, net	23,683	-
Account receivables, net	-	1,427
Other receivables	2	-
Other current financial assets	1,089,089	1,339,310
Refundable deposits	23,348	34,498
Total	<u>\$1,238,906</u>	<u>\$1,540,930</u>
<u>Financial liabilities</u>	<u>December 31, 2022</u>	<u>December 31, 2021</u>
Financial liabilities at fair value through profit or loss	<u>\$278</u>	<u>\$278</u>
Financial liabilities at amortised cost		
Short-term borrowings	\$1,349,000	\$1,594,900
Short-term bills payables	324,885	1,059,178
Notes payables	4,068	824
Accounts payables(including related parties)	559,552	478,434
Other payables	386,812	493,108
Bonds payable (including Current portion of bonds payable)	66,569	160,472
Long-term borrowings (including Current portion of long-term borrowings)	6,792,600	6,889,200
Deposits received	1,872	4,902
Total	<u>\$9,485,358</u>	<u>\$10,681,018</u>
Lease liabilities (including current and non-current portion)	<u>\$383</u>	<u>\$730</u>

B. Risk management policy

- (a) The Company's activities expose it to a variety of financial risks: market risk (including interest rate risk), credit risk and liquidity risk.
- (b) Risk management is carried out by a central treasury department (Group treasury) under policies approved by the Board of Directors. Group treasury identifies, evaluates and hedges financial risks in close co-operation with the Group's operating units. The Board provides written principles for overall risk management, as well as written policies covering specific areas and matters, such as foreign exchange risk, interest rate risk, credit risk, use of derivative financial instruments and non-derivative financial instruments, and investment of excess liquidity.

C. Significant financial risks and degrees of financial risks

(a) Market risk

Cash flow and fair value risk of interest rate

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

The Company's borrowings are measured at amortised cost. The borrowings are periodically contractually repriced and to that extent are also exposed to the risk of future changes in market interest rates.

If the borrowing interest rate had increased/decreased by 1% with all other variables held constant, profit, net of tax for the years ended December 31, 2022 and 2021 would have increased/decreased by \$84,665 thousand and \$95,433 thousand respectively. The main factor is that changes in interest expense result in floating-rate borrowings.

(b) Credit risk management

Credit risk is the risk that a counterparty will not meet its obligations under a contract, leading to a financial loss. The Company is exposed to credit risk from operating activities (primarily for accounts receivable and notes receivable) and from its financing activities, including bank deposits and other financial instruments.

Customer credit risk is managed by each business unit subject to the Company's established policy, procedures and control relating to credit risk management. Credit limits are established for all counter parties based on their financial position, rating from credit rating agencies, historical experience, prevailing economic condition and the Company's internal rating criteria etc. Certain counter parties' credit risk will also be managed by taking credit enhancing procedures, such as requesting for prepayment or insurance.

As of December 31, 2022 and 2021, accounts receivable from top ten customers represented low percentage of the total accounts receivable of the Company. The credit concentration risk of other accounts receivable is insignificant.

Credit risk from balances with banks, fixed income securities and other financial instruments is managed by the Company's treasury department in accordance with the Company's policy. The Company only transacts with counterparties approved by the internal control procedures, which are banks and financial institutions, companies and government entities with good credit rating and no material default risk. Therefore, there is no significant credit risk for these counterparties.

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

December 31, 2022	Current	Overdue				Total
		Within 30 days	31-60 days	61-90 days	91 days and above	
Expected losses	-%	-%	-%	-%	-%	-%
Total book value	\$23,683	\$-	\$-	\$-	\$-	\$23,683
Loss provisions	\$-	\$-	\$-	\$-	\$-	\$-

December 31, 2021	Current	Overdue				Total
		Within 30 days	31-60 days	61-90 days	91 days and above	
Expected losses	-%	-%	-%	-%	-%	-%
Total book value	\$1,427	\$-	\$-	\$-	\$-	\$1,427
Loss provisions	\$-	\$-	\$-	\$-	\$-	\$-

The Company belongs to the construction industry and sells products by collecting down payments on the real estates in advance. The buyer pays for the remaining payment of real estate through a mortgage from the bank. Based on experience, there is no expected credit loss from notes receivables and accounts receivables.

Change of loss provisions on receivables:

	For the year ended December 31, 2022	For the year ended December 31, 2021
Opening balance	\$-	\$-
Recognize impairment loss from accounts receivables	-	-
Written-off unrecoverable debts	-	-
Closing balance	\$-	\$-

(c) Liquidity risk

Cash flow forecasting is performed in the operating entities of the Company and aggregated by Company treasury. Company treasury monitors rolling forecasts of the Company's liquidity requirements to ensure it has sufficient cash to meet operational needs while maintaining sufficient headroom on its undrawn committed borrowing facilities at all times so that the Company does not breach borrowing limits or covenants (where applicable) on any of its borrowing facilities.

The table below analyses the Company's non-derivative financial liabilities into relevant maturity groupings based on the remaining period at the balance sheet date to the contractual maturity date.

	Less than 1 year	2 to 3 years	4 to 5 years	5 years and above	Total
December 31, 2022					
Short-term borrowings	\$1,349,000	\$-	\$-	\$-	\$1,349,000
Short-term notes payables	324,885	-	-	-	324,885
Financial liabilities at fair value through profit or loss- non-current	278	-	-	-	278
Accounts payables (included other payables)	950,432	-	-	-	950,432
Lease liabilities (including portions due within 1 year or 1 business cycle)	353	30	-	-	383
Bonds payable (including portions due within 1 year or 1 business cycle)	66,569	-	-	-	66,569
Long-term borrowings (including portions due within 1 year or 1 business cycle)	2,229,600	3,227,900	1,335,100	-	6,792,600
Guarantee deposit received	1,872	-	-	-	1,872
	Less than 1 year	2 to 3 years	4 to 5 years	5 years and above	Total
December 31, 2021					
Short-term borrowings	\$1,594,900	\$-	\$-	\$-	\$1,594,900
Short-term notes payables	1,059,178	-	-	-	1,059,178
Financial liabilities at fair value through profit or loss- non-current	-	278	-	-	278
Accounts payables (included other payables)	972,366	-	-	-	972,366
Lease liabilities (including portions due within 1 year or 1 business cycle)	730	-	-	-	730
Bonds payable (including portions due within 1 year or 1 business cycle)	-	160,472	-	-	160,472
Long-term borrowings (including portions due within 1 year or 1 business cycle)	690,400	4,303,600	1,895,200	-	6,889,200
Guarantee deposit received	4,902	-	-	-	4,902

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

(3) Fair value information

A. The different levels that the inputs to valuation techniques are used to measure fair value of financial and non-financial instruments have been defined as follows:

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date. A market is regarded as active where a market in which transactions for the asset or liability take place with sufficient frequency and volume to provide pricing information on an ongoing basis.

Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.

Level 3: Unobservable inputs for the asset or liability.

B. Fair value information of investment property at cost is provided in Note 6(9).

C. Financial instruments not measured at fair value

(a) Except for the items listed below, the carrying amounts of other accounts including cash and cash equivalents, notes receivable, accounts receivable, other current financial assets, refundable deposits, short-term borrowings, short-term notes payable, notes payable, accounts payable, other payables and deposit received are approximate to their fair values.

	Book value	Fair value		
		Level 1	Level 2	Level 3
December 31, 2022				
Financial liabilities :				
Bonds payable				
(including portions due within 1 year or 1 business cycle)	\$66,569	\$-	\$69,398	\$-
Long-term borrowings				
(including portions due within 1 year or 1 business cycle)	6,792,600	-	6,792,600	-
Total	<u>\$6,859,169</u>	<u>\$-</u>	<u>\$6,861,998</u>	<u>\$-</u>
December 31, 2021				
Financial liabilities :				
Bonds payable				
(including portions due within 1 year or 1 business cycle)	\$160,472	\$-	\$167,256	\$-
Long-term borrowings				
(including portions due within 1 year or 1 business cycle)	6,889,200	-	6,889,200	-
Total	<u>\$7,049,672</u>	<u>\$-</u>	<u>\$7,056,456</u>	<u>\$-</u>

(b) The methods and assumptions of fair value estimate are as follows:

- i. Long-term borrowing (including current portion) values the fair value based on the book value shown on the balance sheets. The Company adopts floating rate for long-term borrowing which were adjusted in accordance with market conditions. Moreover, the Company does not impose special borrowing criteria on the mortgage contract, hence the borrowing rate of the Company should be similar to the market interest rate. The present discounted value of expected cash flow is estimated for the fair value, which is equivalent to the book value.
- ii. Bonds payable: They are measured at present value, which is calculated based on the cash flow expected to be paid and discounted using a market rate prevailing at balance sheet date.

D. The related information of financial and non-financial instruments measured at fair value by level on the basis of the nature, characteristics and risks of the assets and liabilities is as follows:

	Level 1	Level 2	Level 3	Total
December 31, 2022				
Liabilities				
<u>Recurring fair value measurements</u>				
Financial liabilities at fair value through profit or loss				
Derivative	\$-	\$278	\$-	\$278
December 31, 2021				
Liabilities				
<u>Recurring fair value measurements</u>				
Financial liabilities at fair value through profit or loss				
Derivative	\$-	\$278	\$-	\$278

E. The methods and assumptions the Company used to measure fair value are as follows:

- (a) Instruments using market quotation as fair value input (i.e. level 2), distinguished by characteristics:

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

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

F. For the years ended December 31, 2022 and 2021, there was no transfer between Level 1 and Level 2.

(4) Effect of COVID-19

The evaluations show that the Company's ability to continue as a going concern, impairment of asset, and financing risk is not impacted by the COVID-19 pandemic.

13. Supplementary Disclosures

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

Serial No.	Item	Attachments
A	Financing provided	None
B	Endorsements and guarantees provided	None
C	Marketable securities held at the end of period (excluding investments in subsidiaries, associates and joint ventures)	None
D	Marketable securities acquired and disposed of at costs or prices of at least \$300 million or 20% of the paid-in capital	None
E	Acquisition of real estate properties at costs of at least \$300 million or 20% of the paid-in capital:	Table 1
F	Disposal of real estate properties at prices of at least \$300 million or 20% of the paid-in capital:	None
G	Total purchases from or sales to related parties of at least \$100 million or 20% of the paid-in capital	None
H	Receivables from related parties amounting to at least \$100 million or 20% of the paid-in capital	None
I	Trading in derivative instruments undertaken during the reporting period	None
J	Intercompany relationships and significant intercompany transactions	None

(2) Investments in the Mainland

Serial No.	Item	Attachments
A	Information on investments in mainland China	None
B	Significant transactions, either directly or indirectly through a third area, with investee companies in China	None

(3) Major shareholders information: Table 2

14. Segment Information

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

Table 1 - Acquisition of real estate properties at costs of at least \$300 million or 20% of the paid-in capital:

Type of Property	Transaction date	Transaction amount	Status of payment	Counterparty	Nature of Relationship	Where Counterparty is a Related Party, Details of Prior Transaction				Price Reference	Purpose of Acquisition	Other
						Former Holder of Property	Former Holder	Transfer Date	Amount			
Ping Dao Section No.299 and other 3 properties, Yongkang Dist, Tainan city	September 24, 2021	\$792,680	Paid in accordance with contract	Tsai,Chun-Sheng and other 1 person	Non related parties	-	-	-	-	Negotiated with seller and refer to appraisal report issued by external appraisers.	For construction and operating purpose.	None
Fu Yi Section No.5 and other 4 properties, Taiping Dist, Taichung city	August 25, 2022	\$433,778	Paid in accordance with contract	Li,Hsiu-Chu and other 4 person	Non related parties	-	-	-	-	Negotiated with seller and refer to appraisal report issued by external appraisers.	For construction and operating purpose.	None

Table 2 - Major shareholders information

Major shareholder name	Number of shares	Ownership (%)
Tseng, Shu-Chiung	160,942,078	21.87%
Lin, Chen-Hai	160,299,724	21.79%
Ho-Yang Management Consultant Co., Ltd	140,159,703	19.05%

Note 1: This table is calculated by Taiwan Depository & Clearing Corporation, using total number of ordinary shares and preferred shares held by the shareholders who have completed the company's non-physical registration and delivery (including treasury shares) is more than 5% on the last business day at the end of each quarter. As for the share capital recorded in the company's financial report and the number of shares which the company has completed the non-physical registration and delivery, may be different from computational basis.

Note 2: Above information if belongs to shareholders delivering the shares to the trust, will be disclosed by the principal individual account of the trustee opened the trust account. As for shareholders who handle the declaration of insider equity holding more than 10% of their shares in accordance with the Securities and Exchange Act, their shareholdings include their shareholdings plus their delivery of trust and shares with the right to make decisions on trust property, etc. Please refer to the information on the MOPS for insider equity declaration.

V. CPA audited individual financial statements covering the most recent year:
Not applicable.

VI. If there were any solvency issues of the Company and its affiliates during the most recent year and to the date of printing, specify in detail its effect on the financial status of the Company: Not applicable.

Chapter 7. Review and analysis of financial status and financial performance and risk items

I. Financial Condition: Main reasons and impact of any material change in the company's assets, liabilities, or equity during the past two fiscal years, and explanation of future response plans in the case of any changes with material impact

Unit: NT\$1,000

Year Item	2022	2021	Difference		
			Amount	%	
Current asset	20,858,659	20,890,060	(31,401)	(0.15)	
non-current assets	100,829	118,069	(17,240)	(14.60)	
Total assets	20,959,488	21,008,129	(48,641)	(0.23)	
Current liabilities	7,932,785	8,563,613	(630,828)	(7.37)	
Non-current liabilities	3,065,902	3,955,235	(889,333)	(22.48)	Note 1
Total liabilities	10,998,687	12,518,848	(1,520,161)	(12.14)	
Share capital	7,356,366	6,410,453	945,913	14.76	
Additional paid-in capital	66,136	212,580	(146,444)	(68.89)	Note 2
Retained earnings	2,538,299	1,866,248	672,051	36.01	Note 3
Total shareholders equity	9,960,801	8,489,281	1,471,520	17.33	

(I) Analysis and explanation of increases or decreases exceeding 20% during the most recent two years:

Note 1. Decrease in non-current liabilities: This was chiefly attributable to decrease in long-term borrowings.

Note 2. Decrease of capital reserve: This was chiefly attributable to issuance of new shares by the conversion of capital reserve into capital increase in 2022.

Note 3. Increase in retained earnings: This was chiefly attributable to the increase in net profit in 2022 compared with 2021.

(II) The foregoing changes had no material impact on the Company's financial status, and major operating content had no major changes or change plans.

II. Financial performance: Main reasons for the major changes to operating income, net operating profit and Net PBIT over the last two years, expected volume of sales and its basis, and response plans to address the possible impact on the Company's future financial operations.

Unit: NT\$1,000

Item \ Year	2022	2021	Amount of increase (decrease)	Ratio of change %	
Total operating revenue	6,267,638	4,276,662	1,990,976	46.55	Note 1
Subtract: Sales returns and allowances	3,687	2,347	1,340	57.09	Note 2
Net operating revenues	6,263,951	4,274,315	1,989,636	46.55	Note 1
Operating costs	3,997,951	2,915,205	1,082,746	37.14	Note 1
Gross operating profit	2,266,000	1,359,110	906,890	66.73	Note 1
Operating expenses	339,085	374,591	(35,506)	(9.48)	
Operating net profit (loss)	1,926,915	984,519	942,396	95.72	Note 1
Non-operating revenue and expenses	(12,146)	(27,494)	15,348	(55.82)	Note 3
Net profit (loss) before tax of departments with continued operation	1,914,769	957,025	957,744	100.08	Note 1
income tax expense	409,359	203,032	206,327	101.62	Note 4
After-tax net profit (loss) for the current period	1,505,410	753,993	751,417	99.66	Note 1

(I) Analysis and explanation of increases or decreases exceeding 20% during the most recent two years:

Note 1: Increase in operating income, operating costs, gross operating profit, net operating profit, profit before tax, and net profit after tax: Because the number of recognized income-generating units in 2022 was more than in 2021 by 164 units, operating income and operating costs were higher than in 2021.

Note 2: Increase in sales allowances: This was due to the discounted interest

on mortgage loans before handover of houses.

Note 3: Decrease in non-operating expenses: due to the decrease in the amount of coupons issued in 2022 compared with 2021.

Note 4: Increase in income tax expense: This was chiefly attributable to the increase in land tax payable for the transfer of completed construction projects in the current period and the increase in profit before tax.

- (II) The reasons for the foregoing changes had no material impact on the Company's financial status, and major operating content had no major changes or change plans.

III. Cash flow:

- (I) Analysis and explanation of changes in cash flow during the most recent year

Analysis of liquidity during the most recent two years:

Item \ Year	2022	2021	Ratio of increase (decrease) %
Cash flow ratio (%)	14.30	-	100%
Cash flow adequacy ratio (%)	27.57	11.78	134.04%
Cash reinvestment ratio (%)	7.71	-	100%

Analysis and explanation of increases or decreases exceeding 20% during the most recent two years:

- 1.Cash flow ratio: Mainly due to the increase of net cash inflow from operating activities in 2022, so the cash flow ratio increased.
- 2.Cash flow adequacy ratio: mainly due to the increase of cash flow from operating activities in the recent five years compared to the previous period, so the cash flow adequacy ratio increased.
- 3.Cash reinvestment ratio: Mainly refers to the net cash inflow from operating activities during the current period, resulting in an increase in the cash reinvestment ratio.

- (II) Remedial plan for insufficient liquidity: None.

(III) Analysis of cash liquidity during the coming year

Unit: NT\$1,000

Cash balance at beginning of period (1)	Expected net cash flow (outflow) from operating activities throughout year (2)	Estimated cash flow for the full year (3)	Expected cash balance (shortfall) (1)+(2)+(3)	Remedial measures to be taken for expected cash shortfall	
				Investment plans	Financing plans
106,654	(209,094)	356,160	253,720	—	—

IV. Effect of major capital expenditures on financial operations during most recent year: None.

V. Investment Policy, Main Causes for Profits or Losses for the most recent year, Improvement Plans and Investment Plans for the Coming Year: None.

VI. Risk items in the most recent year to the date of printing of this Annual Report requiring analysis and assessment include the following items:

- (I) The impact of interest rate, exchange rate changes and inflation on the company's profit and loss and future countermeasures: The company's working capital financing mainly comes from bank loans. The current interest rate range is 1.926%~3.135%, and the possibility of a significant increase in interest rate in the future is not high. Moreover, the company has a good credit, and will continue to strive for the maximum preferential interest rate with banks to reduce operating costs. In terms of purchasing, domestic manufacturers are mainly sold to domestic people, so exchange rate fluctuations and domestic inflation will not have too much impact on the company.
- (II) Policies, Main Causes of Gain or Loss and Future Response Measures with Respect to High-risk, High-leveraged Investments, Lending or Endorsement Guarantees, and Derivatives: Currently the Company does not possess any high-risk or highly leveraged investments: and does not engage in the trading of derivatives; With regard to funds loans, third-party matters, and endorsement guarantees, the Company has drafted funds loan, third-party matter, and endorsement guarantee operating procedures in accordance with the competent authority's regulations.
- (III) Future Research and Development Projects and expected R&D budget: None.

- (IV) Effects of and Response to Changes in Policies and Regulations Relating to Corporate Finance and Sales: The Company pays constant attention to relevant policy and law information and announcements, and complies with implementation. The impact on the Company's financial business is not great.
- (V) Effects of and Response to Changes in Technology (including information security risk) and in Industry Relating to Corporate Finance and Sales: Technology changes and industry changes during the most recent year had no impact on the Company's financial business.
- (VI) The Impact of Changes in Corporate Image on the Corporate Risk Management, and the Company's Response Measures: None.
- (VII) Expected Benefits from, Risk Relating to and Response to Merger and Acquisition Plans: None.
- (VIII) Expected Benefits from, Risk Relating to and Response to Factory Expansion Plans: None.
- (IX) Risks Relating to and Response to Excessive Concentration of Purchasing Sources and Excessive Sales Concentration: The Company's purchasing chiefly consists of the acquisition of land and contracting of projects to builders, and there is consequently no excessive concentration of purchasing; Since sales targets consist of members of the general public, there is no excessive concentration of sales.
- (X) Effects of, Risks Relating to and Response to Large Share Transfer or Changes in Shareholdings by Directors, Supervisors, or Shareholders with Shareholding of over 10%: None.
- (XI) Effects of, Risks Relating to and Response to Changes in Control over the Company's Management: Not applicable.
- (XII) In the case of any litigation or non-contentious matters, please list any major litigation, non-contentious matters, or administrative suits, including both those with confirmed decisions and still proceeding, involving the Company and the Company's directors, supervisors, general manager, actual responsible persons, major shareholders holding more than 10% of the Company's outstanding shares; when the results of such cases may have a major impact on shareholders equity or stock prices, the matter at issue, target amount, date of start of litigation, chief parties involved, and the state of handling of the case of the printing date of the annual report must be disclosed: Not applicable.

(XIII) Other Major Risks and Response Measures: There were no other major risks as of the printing date of the annual report.

VII. Other material matters: None.

Chapter 8. Special Disclosures

I. Information on affiliates: There are no affiliates.

II. Private placement of securities in the most recent year to the date of printing of this Annual Report: Not applicable.

III. Shares in the Company Held or Disposed by Subsidiaries in the most recent year to the date of printing of this Annual Report:

The Company has no subsidiaries, so this item is not applicable.

IV. Other necessary explanations: None.

V. Matters that significantly affected shareholders equity or the stock price of the Company as specified in Subparagraph 2, Paragraph 3 of Article 36 of the Security soon Exchange Act during the most recent year to the date of printing of this Annual Report: Not applicable.

SAKURA DEVELOPMENT CO., LTD

Chairman: Chen Cheng-Kang