Stock Code 2524

King's Town Construction Co., Ltd.

2021 Annual Report

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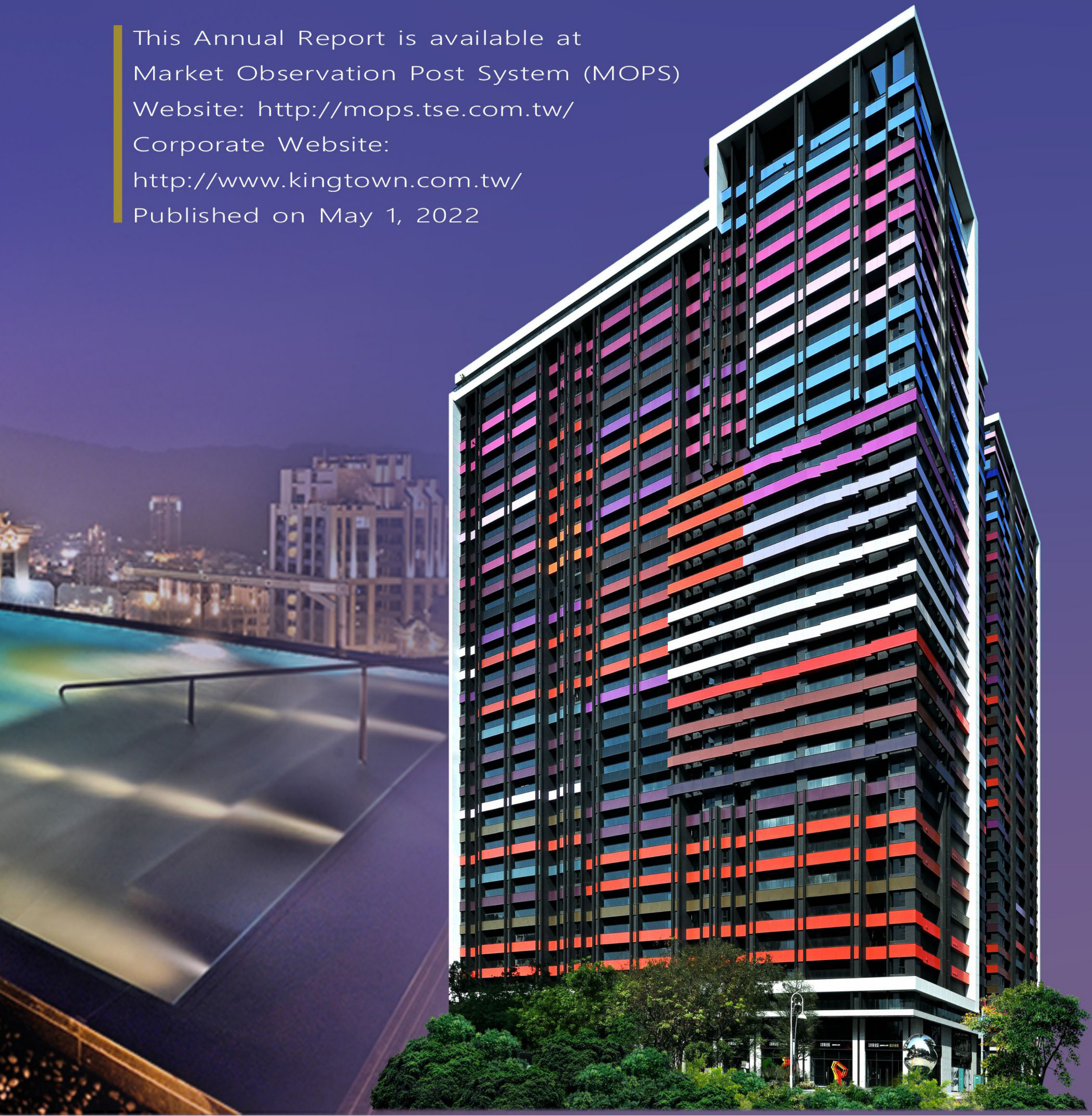

I. Contact Information of Spokesperson and Deputy Spokesperson:
   (I) Name: Jing-Heng Zhou, Jui-Li Chen
   (II) Title: Associate Manager, Manager
   (III) Tel No.: (07) 558-6368
   (IV) E-mail: bruce@kingtown.com.tw

II. Contact Information of Headquarters, Branches, and Plants
   (I) Headquarters Address: 12F., No. 150, Bo'ai 2nd Rd., Zuoying Dist., Kaohsiung City
   Headquarters Tel No.: (07) 558-6368
   (II) Branches: N/A
   (III) Plants: N/A

III. Contact Information of Stock Transfer Agency:
   (I) Name: The Stock Affairs Department of Taishin Securities Co., Ltd.
   (II) Address: B1F., No. 96, Sec. 1, Jianguo N. Rd., Zhongshan Dist., Taipei City
   (III) Website: https://www.tssco.com.tw/
   (IV) Tel No.: (02) 2504-8125

IV. Contact Information of the CPAs for the Latest Financial Statements:
   (I) Name: CPA Hielleen Chang and CPA Jackson Jwo
   (II) CPA Firm: ShineWing Taiwan
   (III) Address: 21F.-1, No. 91, Zhongshan 2nd Rd., Qianzhen Dist., Kaohsiung City
   (IV) Website: http://www.moorestephens.com.tw/
   (V) Tel No.: (07) 332-2003

V. Overseas Securities Exchange where Securities are Listed and Method of Inquiry:
   (I) Name of Overseas Securities Exchange: None.
   (II) Method of Inquiry: None.

VI. Corporate Website: http://www.kingtown.com.tw/

King's Town Construction Co., Ltd.

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Chapter 1. Letter to Shareholders

Dear Shareholders,

In 2021, COVID-19 continued to affect the world, and Taiwan was no exception. Confronting the pandemic, Taiwan had remained a cautious attitude, which put pressure on the catering, restaurant, tourism, and other service industries. Although the impact on the real estate industry was insignificant, it still affected people's willingness to house viewing and purchase. Yet, the real estate market in southern Taiwan was full of surprises in 2021, becoming the protagonist of the real estate market in Taiwan. Admittedly, it was the industrial movement effect caused by TSMC. Kaohsiung had also become the primary beneficiary area of this wave after TSMC announced the establishment of a factory in Nanzi. Most of the mainstream products of various builders were completely sold out, and the prices kept rising. It was an unprecedented market phenomenon in Kaohsiung. Yet, it also led to government intervention against real estate speculation and deterred real estate investors.

The number of housing transferred in Kaohsiung City in 2021 was 44,897, with an annual growth rate of 17.32%, setting a new high in Kaohsiung for more than a decade. Whereas land transactions were also booming, totaling 72,441 land deals, an annual growth rate of 20.96% also hit an eight-year high. The popularity of real estate was unprecedented in Kaohsiung. The speed of the construction companies' proposals had not increased due to the heat of the real estate market. Instead, because of soaring construction costs and the consideration of cost control, the willingness to pre-sale had been reduced, resulting in an immediate decline in the number of mainstream square feet products in the market. At present, the market is quite small in the first purchase or first replacement market. In 2022, the Company faces the same problem as well, and there is no mainstream square feet product available for sale.

After the government initiated a series of "opposing real estate speculation" policies, the trend of speculation dissipated in the 2022 real estate market. It is expected that the housing market will return to a healthy base for self-occupation, and the housing price and volume shall emerge to the state of " shrinking quantity and stable price." The pre-sale housing market is also expected to curb speculation, and the unreasonable price chasing behavior of buyers will be moderate. At present, under the central bank's policy of adopting credit control to avoid improper speculation and curb the soaring housing prices, there have been new credit control measures, mainly aimed at real estate speculators, and have no significant impact on self-residents. There is still a foundation for stable development in the future of the real estate.

The number of building transfers in Kaohsiung from January to April 2022 is 13,712, with an annual growth rate of 2.75%, and the enthusiasm has eased slightly. Nevertheless, there are still three variables in the housing market this year, including the current domestic policy of coexistence with the COVID-19, the financial turmoil triggered by the Ukraine war, and the government's housing market policy. At present, under the government's continuous suppression of short-term speculation, unreasonable price chasing behavior will be greatly reduced. Therefore, the next step is to observe the international situation and the effects caused by the pandemic. However, in the case of overflowing hot money and rising prices and construction costs, there is no reason for price correction at this stage, and the housing market should be expected to grow steadily this year.

As for the Company's project status this year, there will be no project completion in 2022, and the Company will rely on sales of unsold properties as the primary source of revenue.

(Source of the above data: Directorate General of Budget, Accounting and Statistics of the Executive Yuan, Construction and Planning Agency of Minister of the Interior, Land Administration Bureau of Kaohsiung City Government)

2021 Business Report and Summary of 2022 Business Plan are as follows:

I. 2021 Operating Results:

(I) 2021 Operating Results:

The net operating income of the Company's consolidated statement in 2021 was NT$6,657,244,000, a decrease of NT$2,010,605,000 compared with the net operating income of NT$8,667,849,000 in 2020. The net profit before tax was NT$1,926,719,000, with a net profit ratio before tax of 28.94%.

(II) Budget Implementation:

The Company has not disclosed its financial forecasts for 2022 and therefore does not make this analysis report.

(III) Analysis of Financial Revenue, Expenditure, and Profitability

Unit: NT$ thousands

Item			2021	2020	Rate of change (%)
Financial revenue and expenditure	Operating revenue		6,657,244	8,667,849	-23.20%
	Gross profit		2,686,606	2,983,725	-9.96%
	Operating income		2,073,955	2,174,701	-4.63%
	Finance costs		186,579	245,689	-24.06%
	Profit or loss before tax		1,926,719	1,932,924	-0.32%
	Profit or loss after tax		1,687,409	1,684,892	0.15%
	Total comprehensive income		1,684,107	1,684,676	-0.03%
Profitability	Return on assets (ROA) (%)		5.49	5.50	-0.18%
	Return on equity (ROE) (%)		10.88	12.00	-9.33%
	Ratio to paid-in capital	Operating income	55.79	58.59	-4.78%
		Pre-tax profit	51.83	52.07	-0.46%
	Net profit ratio (%)		25.35	19.45	30.33%
	Earnings per share (NT$)		4.54	4.48	1.34%

1. Financial revenue and expenditure

   As a result of bulk purchases of construction land in 2021, the amount of inventories increased significantly. The net cash outflow from operating activities was NT$157,603,000, the net cash inflow from investment activities was NT$42,177,000, and the net cash inflow from financing activities was NT$558,947,000. The total debt ratio decreased from 54.71% in 2020 to 52.57% in 2021. Interest expense in 2021 was NT$186,579,000, a decrease of NT$59,110,000 (-24.06%) from NT$245,689,000 in 2020, mainly due to the decrease in borrowing rates.

2. Profitability analysis:

   Operating profit in 2021 was NT$2,073,955,000, and the ratio of operating profit to paid-in capital was 55.79%, a decrease of NT$100,746,000 from NT$2,174,701,000 in 2020. The net income was NT$1,687,409,000, with a net profit ratio of 25.35%, an increase of NT$2,517,000 compared with NT$1,684,892,000 in 2020. The return on assets (ROA) decreased by 0.01%, and the return on equity (ROE) decreased by 1.12% compared with 2020.

(IV) Research and Development:

In terms of land development, the Company will develop professionally and aggressively, select areas with development potential, conduct data collection, land acquisition, etc. In addition, the Company's professional land developer will cooperate with architects and agents to respond to and study relevant laws and regulations at any time to cope with the unpredictable market movement. Currently, land development regions are concentrated in Kaohsiung City and Tainan City.

In respect of construction technology and residential quality, efforts will be made to improve the site management quality and build high value-added residential products so as to increase gross profit and create a better reputation, control and shorten the construction period to cope with the increasing cost. As for the software segment, it will be strengthened through cooperation with the building management company to improve the living quality of the building.

II. Summary of 2022 Business Plan:

(I) Business Policy

1. The main business policy is to maintain a stable project scale and carefully select building sites to launch project sales.
2. Improving the gross profit of each project and enhancing overall competitiveness have always been the Company's main policies.
3. Based on the Company's sense of a city, houses built should be integrated with the city to demonstrate the spirit of the city.
4. Increase the number of primary square feet products sold in the market to expand the operating revenue.

(II) Sales Volume Forecast and the Basis thereof:

The Company has not disclosed its financial forecasts for 2022, and there will be no completion of new projects launched in 2022.

(III) Key Production and Sales Policies:

1. Proactively integrate market information to explore potential areas with strong resilience, take the initiative in land development, and master the

buyer's advantages in the land transaction market to create maximum cost-effectiveness of land and product added value to cope with the impact of the market downturn.

2. Develop quality housing to enhance the added value and competitiveness of the Company's products in line with the current consumption trend and alleviate the depreciation correction for existing home prices.
3. Strengthen after-sales maintenance services and building management for projects, establish closer interaction with residents, and enhance the added value of the building management.

III. Future Development Strategy:

(I) Closely monitor the impact of the government's revised policy on the COVID-19 pandemic on Taiwan's political and economic environment and whether it will further affect the development of the real estate market.

(II) Focus on the land development near the Tainan area, North Kaohsiung Qiaotou Science Park, Nanzi and Kaohsiung University area, and the Multi-functional Commerce and Trade Park to drive project sales and increase profits through public construction and landscape.

(III) Optimistic about the demand for the factory in Tainan, focus on the development of Tainan Science Park.

IV. Effect of External Competition, the Legal Environment, and the Overall Business Environment:

(I) Effect of External Competition

The Company's main project area is the Greater Kaohsiung area, and external competitors are mostly small and medium-sized builders. Moreover, the Company has advantages in the main project areas, leading the market price and product trend. Therefore, the external competitive environment has little impact on the Company.

(II) Effect of the Legal Environment

House and Land Transactions version 2.0 and Actual Price Registration 2.0 had been launched in July 2021. It will be more open and transparent in the disclosure of real estate market information, and have an immediate effect on combating speculation. Although it will have an impact on the real estate market in the short term, there will be a healthy and positive impact on the market in the long run.

(III) Effect of the Overall Business Environment

According to the statistical data of the Directorate General of Budget, Accounting and Statistics, the annual growth rate of the domestic economy in

2021 was 6.45%, a substantial increase over 3.36% in 2020. Despite the continuous impact of the COVID-19 pandemic on everyone in 2021, Taiwan's economic growth rate remained high. It is expected that Taiwan's economic growth will not be too bad in 2022.

Although there will be no completion of new projects in 2022, the Company's revenue from January to April totaled NT$1,369,375,000, a decline of 32.45% over the same period last year. It is mainly due to the Company's inventory being mostly large flats with no market mainstream product house to sell, and the large square feet products are slow to sell. In 2022, the Company will still focus on sales of unsold properties with ten online sales projects, which will be the primary source of revenue in 2022. Most of the pre-sale cases are currently suspended. It is expected that even if the government keeps on suppressing the housing market in 2022, Kaohsiung's real estate market shall be able to enter a relatively stable growth due to the contextual factors that TSMC employees will be in place. Although the square feet of the Company's products sold online is slightly larger, we will continue to strengthen the online case sales to maintain the level of operating income. In 2022, as the preparation for coexistence with the pandemic is around the corner, the expected economic growth rate may still be up to 4.42%. Even though the central bank has begun to raise interest rates, it is expected that there will not be much action, and it is still beneficial to the real estate market on the whole. As the domestic pandemic and the international situation stabilize, normal economic activities are expected to resume substantially, which will have a decisive impact on the real estate market.

We hope the above report will be supported by our shareholders.

Wish you
good health and all the best.

Chairman and President: Tien-Tsan Tsai

Accounting Executive: Su-Ying Liang

Chapter 2. Company Profile

I. Company Profile

(I) Date of Incorporation: Sep. 13, 1985.

(II) Company History:

Year	Month	Important Chronicle
74	9	The Company was originally established at No. 23, Ln. 80, Linquan St., Lingya Dist., Kaohsiung City with a capital of NT$1,000,000. The main business was to commission contractors for the construction of public housing and commercial buildings for lease and sale.
74	10	Raised capital to NT$30,000,000 through a cash capital increase of NT$29,000,000 to improve financial status and expand business.
75	5	Relocated to 11F., No. 153, Guangzhou 1st St., Lingya Dist., Kaohsiung City due to business needs.
76	8	Relocated to 5F., No. 291, Qixian 1st Rd., Xinxing Dist., Kaohsiung City due to business needs.
77	6	Relocated to 13F.-2, No. 182, Zhongzheng 2nd Rd., Xinxing Dist., Kaohsiung City due to business needs.
79	4	Raised capital to NT$80,000,000 through a cash capital increase of NT$50,000,000.
79	5	Raised capital to NT$198,000,000 through a cash capital increase of NT$118,000,000.
79	5	Relocated to 10F., No. 391, Bo'ai 1st Rd., Sanmin Dist., Kaohsiung City due to business needs.
80	3	Renamed as Wei-Cheng Construction Co., Ltd.
80	4	Raised capital to NT$400,000,000 through capitalization of earnings of NT$30,000,000 and a cash capital increase of NT$172,000,000.
80	12	Raised capital to NT$450,160,000 through capitalization of earnings of NT$50,160,000.
81	5	Submitted the listing application to the Taiwan Stock Exchange (TWSE).
81	8	Raised capital to NT$515,433,200 through capitalization of earnings of NT$65,273,200.
82	4	The listing application was approved by TWSE's Listing Review Committee.
82	6	Raised capital to NT$658,195,370 through capitalization of earnings of NT$142,762,170.
83	6	The listing application was approved by the Securities and Futures Commission, Ministry of Finance (MOF).
83	7	Raised capital to NT$814,832,680 through capitalization of earnings of NT$156,637,310.
84	5	Raised capital to NT$999,832,680 through a cash capital increase of NT$185,000,000.
84	7	Raised capital to NT$1,351,477,740 through capitalization of earnings of NT$351,645,060.

Year	Month	Important Chronicle
85	10	Issued the first secured corporate bond of NT$400,000,000.
88	5	
88	6	Relocated to 16F.-2, No. 120, Zhongzheng 1st Rd., Lingya Dist., Kaohsiung City due to business needs.
88	10	Raised capital to NT$1,486,625,510 through capitalization of a capital surplus of NT$135,147,770.
89	06	Renamed as King's Town Construction Co., Ltd.
94	08	Raised capital to NT$2,237,601,260 through capitalization of earnings and employee bonus of NT$750,975,750.
95	10	Raised capital to NT$2,689,735,130 through capitalization of earnings and employee bonus of NT$452,133,870.
96	07	Raised capital to NT$2,961,481,580 through capitalization of earnings and employee bonus of NT$271,746,450.
97	02	Reduced capital to NT$2,911,631,580 after the cancellation of the second repurchase of treasury shares for a capital reduction of NT$49,850,000.
97	07	The former President Liang-Tian Zhou applied for retirement, and the new President Zhao-Sen Liu took office on July 1.
97	08	Raised capital to NT$3,208,496,330 through capitalization of earnings and employee bonus of NT$296,864,750.
97	12	Reduced capital to NT$3,108,496,330 after the cancellation of the third repurchase of treasury shares for a capital reduction of NT$100,000,000.
98	10	Reduced capital to NT$3,058,496,330 after the cancellation of the first repurchase of treasury shares for a capital reduction of NT$50,000,000.
99	09	Raised capital to NT$3,306,577,290 through capitalization of earnings and employee bonus of NT$248,080,096.
100	10	Raised capital to NT$3,577,272,620 through capitalization of earnings and employee bonus of NT$270,695,330.
101	09	Raised capital to NT$3,759,261,550 through capitalization of earnings and employee bonus of NT$181,988,930.
104	04	Established the subsidiary "H2O Hotel Co., Ltd." with a capital of NT$12,000,000.
104	09	Raised capital to NT$3,838,202,290 through capitalization of earnings and employee bonus of NT$78,940,740.
104	10	The former President Zhao-Sen Liu resigned, and the new President Tien-Chin Chen took office on October 14.
105	09	The subsidiary, H2O Hotel Co., Ltd., raised capital to NT$20,000,000 through a cash capital increase of NT$8,000,000.
106	07	Relocated to 12F., No. 150, Bo'ai 2nd Rd., Zuoying Dist., Kaohsiung City due to business needs.
107	01	The subsidiary H2O Hotel Co., Ltd. raised capital to NT$20,000,000 through a cash capital increase of NT$8,000,000.
108	01	The subsidiary H2O Hotel Co., Ltd. raised capital to NT$180,000,000 through a cash capital increase of NT$80,000,000.
109	01	The subsidiary H2O Hotel Co., Ltd. raised capital to NT$250,000,000 through a cash capital increase of NT$70,000,000.

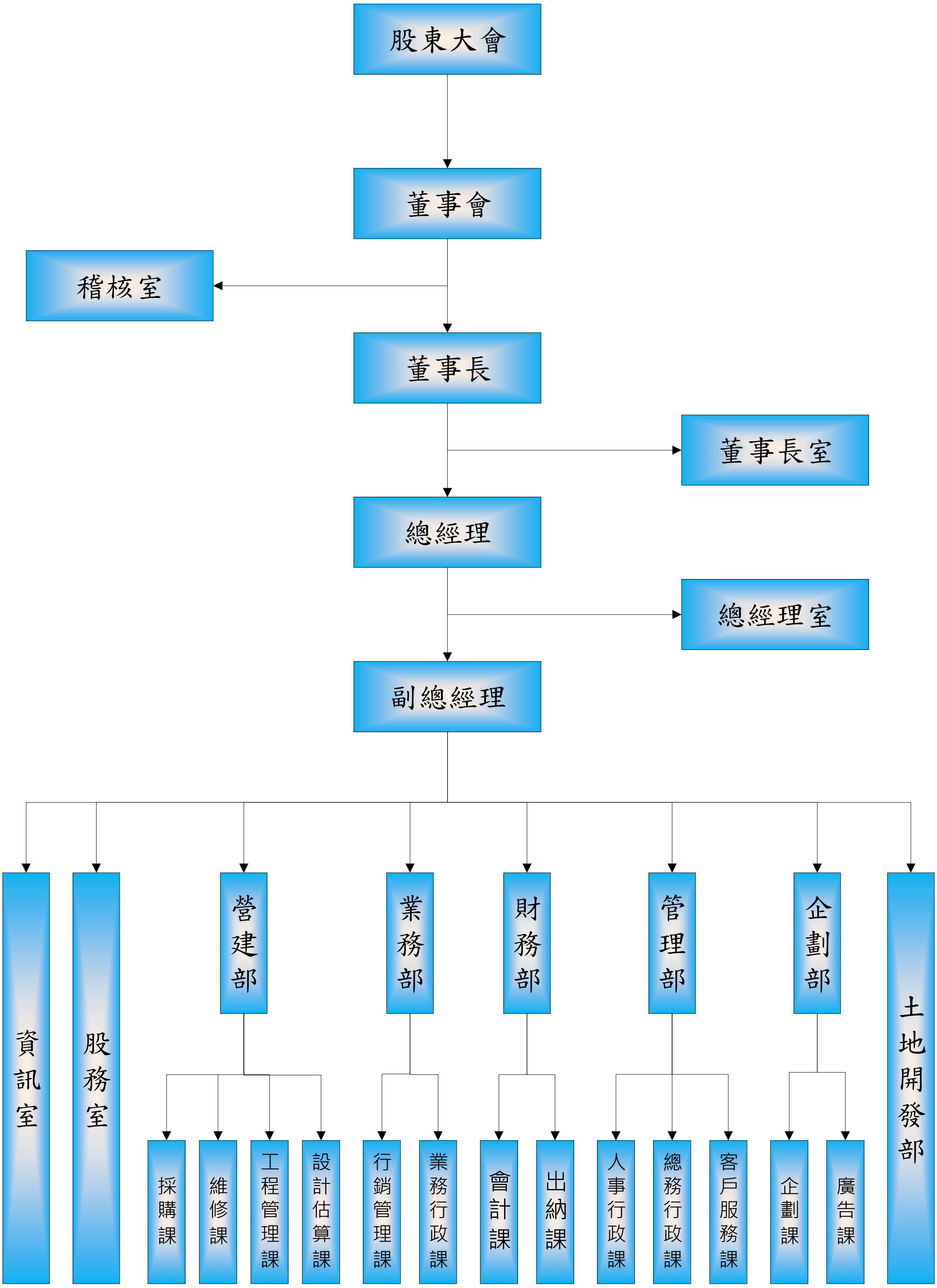
Year	Month	Important Chronicle
109	07	Reduced capital to NT$3,748,463,720 after the cancellation of the fourth repurchase of treasury shares for a capital reduction of NT$100,000,000.
109	10	Reduced capital to NT$370,657,372 after the cancellation of the fifth repurchase of treasury shares for a capital reduction of NT$41,890,000.
109	10	Raised capital to NT$3,711,930,980 through capitalization of employee compensation of NT$5,357,260.
109	12	The subsidiary H2O Hotel Co., Ltd. raised capital to NT$320,000,000 through a cash capital increase of NT$70,000,000.
110	09	Raised capital to NT$3,717,590,230 through capitalization of employee compensation of NT$5,659,250.
111	01	The subsidiary H2O Hotel Co., Ltd. raised capital to NT$390,000,000 through a cash capital increase of NT$70,000,000.
111	03	Tien-Chin Chen, the former President, passed away, and Chairman Tien-Tsan Tsai concurrently assumed the post of President, which took effect on March 23.

Chapter 3. Corporate Governance Report

I. Organizational System

(I) Organization Chart

◎ Organization Chart



(II) Department Functions:

Department	Functions	
President Office	Business analysis, market research, and product planning.	
Audit Office	Planning and execution of internal audits, conduction of non-routine audits, and supervision and tracking of self-evaluation of the internal control system.	
IT Office	Daily operation of computers, elimination of computer issues, and the planning and maintenance of information system of each business.	
Stock Affairs Office Investor Relations (IR)	General stock affairs, matters of convening the Board meeting and shareholders' meeting, daily business management of the listed company, affairs related to the capital increase, shareholder inquiries, or related stock affairs stipulated by the government agencies. Press releases and media relations. Matters related to investor relations, including the response and the handling of investment issues of juridical persons and general investors.	
Construction Department	Procurement Section	Outsourcing and procurement of various construction projects and building materials.
	Maintenance Section	After-sales services after the handover of the property, maintenance of unsold properties, and the collection and classification of the customer opinions and after-sales service items and submitting to the Construction Management Section for reference and improvement.
	Construction Management Section	The mastery of project quality and progress, and close coordination with the Procurement Section and the Design & Pricing Section.
	Design & Pricing Section	Confirmation of construction drawings and materials, and preparation of project budgets and financial accounts.
Sales Department	Marketing Management Section	Research and analysis of market products, formulation and implementation of marketing plans, filing and management of customer data, and management and sales of unsold properties.
	Business Administration Section	Completion of contracting procedures with customers, handling of bank loans on behalf of customers, house transfer affairs, handling and transmission of customer issues, handling of utility bills, and taxes matters of unsold properties.
Finance Department	Accounting Section	Review, logging, and preparation of accounting-related vouchers, bookkeeping, and statements, and filing of input and output VAT and profit-seeking enterprise income tax.
	Cashier Section	General petty cash payment, daily statement settlement of bank deposits, cash flows, bonds, and commercial papers, estimated balance of funds, cash receipts, check issuance and payment operations, and fund planning and scheduling.
Administration Department	Human Resources Section	The establishment, implementation, review, and improvement of the system, the planning and implementation of employee recruitment, appointment and dismissal, promotion, reward and punishment, leave, performance appraisal, attendance, educational training, etc., labor and health insurance and related insurances, employee salary processing, and other personnel management matters.

	General Affairs Section	Receipt, dispatch, sorting, and safekeeping of documents and newspapers, management and maintenance of communication, copying and other systems, convention and recording of company meetings, procurement of general supplies, and management and maintenance of corporate assets as well as the Company's new buildings. Handling of external affairs and legal issues.
	Customer Service Section	Customer service, customer complaint handling, and customer satisfaction survey.
Planning Department	Planning Section	Comprehensive housing sales planning business, promotion and supervision of the planning business of contracted advertising firms, implementation of advertising plan for unsold properties, and maintenance update of the corporate website.
	Advertising Section	Comprehensive housing sales advertising business, the establishment of sales centers, outsourcing of model houses, utilization, outsourcing, and production of advertising media, and the execution of SP activities.
Land Development Department	Assessment of land development value, formulation of acquisition and construction plans, calculation and allocation of sales square footage, and participation in land asset management and allocation of urban land consolidation. Research and analysis of new real estate projects and existing markets.	

II. Information on the Company's Directors, Supervisors, President, Vice Presidents, Associate Managers, and the Executives of All Divisions and Branch Units

(I) Directors and Supervisors (1):

Apr. 25, 2022

Title	Nationality/place of registration	Namr, gender, age	Date elected	Term	Date first elected	Shareholding when elected		Current shareholding		Spouse & minor shareholding		Experience (education)	Other positions concurrently held at the Company and other companies	Executives, directors, or supervisors who are spouses or within the second degree of kinship		
						Shares	Shareholding %	Shares	Shareholding %	Shares	Shareholding %			Title	Name	Relation
Director	Taiwan	Tian Lai Investment Co., Ltd.	06/24/2020	3 years		49,652,072	12.90%	49,652,072	13.36%	-	-	-	-	-	-	-
Chairman, Institutional Representative	Taiwan	Tien-Tsan Tsai (male, age of 72) (Institutional Representative of Tian Lai)	-	-	-	-	-	85,577,838	23.02%	20,209,951	5.44%	Senior high school	Institutional Representative, Chairman of Jing Cheng Construction Co., Ltd.	Representative of Corporate Director Special assistant of chairman	Mei-Yun Tsai-Hsueh Yao-Hung Tsai	Spouse First degree of kinship
Director, Institutional Representative	Taiwan	Mei-Yun Tsai-Hsueh (female, age of 69) (Institutional Representative of Tian Lai)	-	-	-	-	-	20,209,951	5.44%	85,577,838	23.02%	Senior high school	None	Representative of Corporate Director Special assistant of chairman	Tien-Tsan Tsai Yao-Hung Tsai	Spouse First degree of kinship
Director, Institutional Representative	Taiwan	Shih-Hsiung Li (male, age of 69) (Institutional Representative of Tian Lai)	-	-	-	-	-	65,743	0.02%	11,241	0.00%	Bachelor	Director, Chieh Chih Construction Co., Ltd.	-	-	-
Director, Institutional Representative	Taiwan	Chin-Hsing Chen (male, age of 57) (Institutional Representative of Tian Lai)	-	-	3/22/2022	-	-	24,147	0.01%	0	0.00%	Bachelor (incompletion)	-	-	-	-
Independent Director	Taiwan	Ming-Te Chang (male, age of 59)	06/24/2020	3 years	6/28/2017	1,386,582	0.36%	1,386,582	0.37%	0	0.00%	Senior high school	Hung Bau Construction Co., Ltd.	-	-	-
Independent Director	Taiwan	Yao-Kuo Wu (male, age of 53)	06/24/2020	3 years	6/22/2018	0	0.00%	0	0.00%	0	0.00%	Bachelor	-	-	-	-
Independent Director	Taiwan	Chi-Hsiung Chuang (male, age of 80)	8/12/2021	3 years	8/12/2021	0	0.00%	0	0.00%	0	0.00%	Bachelor	-	-	-	-

Note 1: The aforementioned directors, supervisors, president, vice presidents, associate managers, and the executives of all divisions and branch units do not have shareholdings by nominees.

Note 2: The Company does not have the following situations: The chairman and president or person of an equivalent post (the highest-level manager) are the same person, spouses, or relatives within the first degree of kinship.

Table I: Major Shareholders of Institutional Shareholders

May 1, 2022

Name of institutional shareholder	Major shareholders (shareholding over 10%)
Tian Lai Investment Co., Ltd.	Chen-Jung Li (33.00%), I-Ying Chen (32.35%), Opus One Capital Ltd. (30.93%)

Table II: Major Shareholders of Institutional Shareholders whose Major Shareholder is a Juristic Person in Table I

May 1, 2022

Name of institutional shareholder	Major shareholders (shareholding over 10%)
Opus One Capital Ltd.	Execorp Limited (100.00%)

(II) Directors and Supervisors (2)

1. Professional Qualifications of Directors and Supervisors and Independence Status of Independent Directors:

May 1, 2022

<table>
<tr><th>Qualification / Name</th><th>Professional qualifications and experience</th><th>Independence criteria</th><th>Number of other public companies where the individual concurrently serves as an independent director</th></tr>
<tr><td>Tien-Tsan Tsai</td><td rowspan="7">Has work experience in the areas of commerce, law, finance, or accounting, or otherwise necessary for the business of the Company and none of the circumstances in the subparagraphs of Article 30 of the Company Act apply.</td><td>Not more than half of the seats are held by directors who have a marital relationship or a relative within the second degree of kinship with any other director.</td><td>0</td></tr>
<tr><td>Mei-Yun Tsai-Hsueh</td><td>Not more than half of the seats are held by directors who have a marital relationship or a relative within the second degree of kinship with any other director.</td><td>0</td></tr>
<tr><td>Shih-Hsiung Li</td><td>Not a spouse or a relative within the second degree of kinship of any other director.</td><td>0</td></tr>
<tr><td>Chin-Hsing Chen</td><td>The Company’s vice president of the Land Development does not have a marital relationship or a relative within the second degree of kinship with any other director.</td><td>0</td></tr>
<tr><td>Ming-Te Chang (independent)</td><td rowspan="3">The Company is committed to continuously assessing the independence of directors, taking into account all relevant factors, including whether the relevant director can continue to raise constructive issues for management and other directors, express opinions independently of management or other directors, and behave appropriately on and off the board. The conduct of the Company's independent non-executive directors, where appropriate, meets expectations and demonstrates the above qualities. After considering all the circumstances set out in the above section, the Company believes that all independent directors are persons independent of the Company.</td><td>0</td></tr>
<tr><td>Yao-Kuo Wu (independent)</td><td>0</td></tr>
<tr><td>Chi-Hsiung Chuang (independent)</td><td>0</td></tr>
</table>

2. Diversity and Independence of the Board of Directors:

(1) Board diversity

The diversity policy includes, but is not limited to, the selection criteria for directors, the professional qualifications and experience that the Board of Directors should possess, the composition or ratio of gender, age, nationality, culture, etc. The diversity of the Company’s Board members, all of whom have a considerable degree of professional qualifications and experience in the real estate industry. Generally, gender and age have become pluralistic. In terms of nationality and culture, diversity has not yet been achieved.

(2) Board independence

The Company has three independent directors, with a seat ratio of 42.86%, held by external professionals. None of the Company's independent directors, their spouses, or relatives within the second degree of kinship serve as directors or employees of the Company or its affiliated enterprises. The number and proportion of the Company's shares held by the Company's independent directors, their spouses, and relatives within the second degree of kinship (or by nominees), except that Ming-Te Chang holds 0.37% of the Company's shares, other independent directors do not hold the Company's shares. The Company’s independent directors have not served as directors, supervisors, or employees of companies that have a specific relationship with the Company and have not received

remuneration for providing commerce, legal, finance, accounting, and other services to the Company or affiliated companies in the last two years.
The Company's Board of Directors is independent and does not have matters referred to in Article 26-3, paragraphs 1-3 of the Securities and Exchange Act.

(II) President, Vice Presidents, Associate Managers, and Executives of All Divisions and Branch Units

Apr. 25, 2022

Title	Nationality	Name (gender)	Date elected	Shareholding		Spouse & minor shareholding		Experience (education)	Other positions concurrently held at other companies	Managers who are spouses or within the second degree of kinship		
				Shares	Shareholding (%)	Shares	Shareholding (%)			Title	Name	Relation
President	Taiwan	Tien-Tsan Tsai	3/23/2022	85,577,838	23.02%	20,209,951	5.44%	Senior high school	Institutional Representative, Chairman of Jing Cheng Construction Co., Ltd.	Representative of Corporate Director Special assistant of chairman	Mei-Yun Tsai-Hsueh Yao-Hung Tsai	Spouse First degree of kinship
President	Taiwan	Tien-Chin Chen (male*) discharged	7/1/2011	-	-	-	-	-	-	-	-	-
Vice President	Taiwan	Chin-Hsing Chen (male)	7/1/2020	24,147	0.01%	0	0.00%	Bachelor (incompletion)	None	-	-	-
Associate Manager	Taiwan	Jui-Lung Kung (male)	2/5/2012	108,563	0.03%	0	0.00%	Master	None	-	-	-
Associate Manager	Taiwan	Chia-Hung Huang (male)	5/24/2018	103,384	0.03%	0	0.00%	Industrial senior high school	None	-	-	-
Associate Manager	Taiwan	Jing-Heng Zhou (male)	5/10/2019	2,317	0.00%	0	0.00%	Bachelor	None	-	-	-
Associate Manager	Taiwan	Kuo-Tai Wang (male)	7/6/2021	24,398	0.01%	0	0.00%	Bachelor	None	-	-	-
Financial Executive	Taiwan	Su-Ying Liang (female)	9/1/2011	92,595	0.02%	0	0.00%	Bachelor	None	-	-	-

Note 1: The aforementioned managerial officers do not have shareholdings by nominees.

(III) The Chairman and President or Person of an Equivalent Post (the highest-level manager) are the Same Person, Spouses, or Relatives within the First Degree of Kinship:

1. The former president of the Company passed away in March 2022 due to illness.
The Company's Board of Directors approved on Mar. 22, 2022, the chairman will concurrently serve as president.

III. Remuneration Paid during the Most Recent Fiscal Year to Directors, Supervisors, President, and Vice Presidents

(I) Remuneration to Directors and Independent Directors

Unit: NT$ thousands; Dec. 31, 2021

Title	Name (*discharged)	Remunerations: Base compensation (A): The Company	Remunerations: Base compensation (A): All companies in the consolidated financial statements	Remunerations: Severance pay and pension (B): The Company	Remunerations: Severance pay and pension (B): All companies in the consolidated financial statements	Remunerations: Director compensation (C): The Company	Remunerations: Director compensation (C): All companies in the consolidated financial statements	Remunerations: Business execution expenses (D): The Company	Remunerations: Business execution expenses (D): All companies in the consolidated financial statements	Ratio of total remuneration (A+B+C+D) to net income (%): The Company	Ratio of total remuneration (A+B+C+D) to net income (%): All companies in the consolidated financial statements	Relevant remuneration received by directors who are also employees: Salary, bonuses, and allowances (E): The Company	Relevant remuneration received by directors who are also employees: Salary, bonuses, and allowances (E): All companies in the consolidated financial statements	Relevant remuneration received by directors who are also employees: Severance pay and pension (F): The Company	Relevant remuneration received by directors who are also employees: Severance pay and pension (F): All companies in the consolidated financial statements	Relevant remuneration received by directors who are also employees: Employee compensation (G) (Note 1): The Company: Cash	Relevant remuneration received by directors who are also employees: Employee compensation (G) (Note 1): The Company: Stock	Relevant remuneration received by directors who are also employees: Employee compensation (G) (Note 1): All companies in the consolidated financial statements: Cash	Relevant remuneration received by directors who are also employees: Employee compensation (G) (Note 1): All companies in the consolidated financial statements: Stock	Ratio of total remuneration (A+B+C+D+E+F+G) to net income (%): The Company	Ratio of total remuneration (A+B+C+D+E+F+G) to net income (%): All companies in the consolidated financial statements	Compensation paid to directors from an invested company other than the Company's subsidiaries or the parent company
Director	Tian Lai Investment: Tien-Tsan Tsai, Mei-Yun Tsai-Hsueh, Tien-Chin Chen(*), Shih-Hsiung Li, and Chin-Hsing Chen		4,230		0		0		1,440		0.33%		3,467		0	0	948	0	948		0.60%	None
Independent Director	Ming-Te Chang		0		0		0		766		0.05%		-		-		-		-		0.05%	None
Independent Director	Yao-Kuo Wu																					
Independent Director	Chi-Hsiung Chuang																					

Note 1: Employee compensation for earnings distribution was the proposed amount of 2021 earnings distribution approved by the Board prior to the shareholders' meeting. The amount was calculated according to the Company's measures for employee dividend distribution.

Note 2: As the amounts of the Company and all companies in the consolidated financial statements are consistent, they are presented in a consolidated manner.

Note 3: Except as disclosed in the above table, received by directors for providing services to all companies in the consolidated financial statements in the most recent year: None.

<Range of Remuneration>

Unit: NT$ thousands; Dec. 31, 2021

Range of remuneration paid to directors	Name of directors			
	Total of (A+B+C+D)		Total of (A+B+C+D+E+F+G)	
	The Company	All companies in the consolidated financial statements	The Company	All companies in the consolidated financial statements
Under $1,000,000	Representative of Tian Lai Investment: Mei-Yun Tsai-Hsueh, Representative of Tian Lai Investment: Tien-Chin Chen (discharged), Representative of Tian Lai Investment: Shih-Hsiung Li, Representatives of Tian Lai Investment: Chin-Hsing Chen, Ming-Te Chang, Yao-Kuo Wu, and Chi-Hsiung Chuang		Representative of Tian Lai Investment: Mei-Yun Tsai-Hsueh, Representative of Tian Lai Investment: Shih-Hsiung Li, Representatives of Tian Lai Investment: Chin-Hsing Chen, Ming-Te Chang, Yao-Kuo Wu, and Chi-Hsiung Chuang	
$1,000,000 (inclusive) - $2,000,000	-		-	
$2,000,000 (inclusive) - $3,500,000	-		Representative of Tian Lai Investment: Tien-Chin Chen	
$3,500,000 (inclusive) - $5,000,000	Representative of Tian Lai Investment Co., Ltd.: Tien-Tsan Tsai		Representative of Tian Lai Investment Co., Ltd.: Tien-Tsan Tsai	
$5,000,000 (inclusive) - $10,000,000	-		-	
$10,000,000 (inclusive) - $15,000,000	-		-	
$15,000,000 (inclusive) - $30,000,000	-		-	
$30,000,000 (inclusive) - $50,000,000	-		-	
$50,000,000 (inclusive) - $100,000,000	-		-	
Over $100,000,000	-		-	
Total	6,436		10,851	

Note 1: As the amounts of the Company and all companies in the consolidated financial statements are consistent, they are presented in a consolidated manner.

(II) Remuneration to Supervisors: The Company has established an Audit Committee.

(III) Remuneration to the President and Vice Presidents

Unit: NT$ thousands; Dec. 31, 2021

Title	Name	Salary (A)		Severance pay and pension (B)		Bonuses and allowances (C)		Employee compensation (D) (Note 1)				Ratio of total remuneration (A+B+C+D) to net income (%)		Compensation paid to directors from an invested company other than the Company's subsidiaries or the parent company
		The Company	All companies in the consolidated financial statements	The Company	All companies in the consolidated financial statements	The Company	All companies in the consolidated financial statements	The Company		All companies in the consolidated financial statements		The Company	All companies in the consolidated financial statements	
								Cash	Stock	Cash	Stock			
President	Tien-Chin Chen (discharged)	3,467		0		0		0	948	0	948	0.56%		None
Vice President	Chin-Hsing Chen													

Note 1: Employee compensation was the proposed amount approved by the Board. The amount was calculated based on the closing price of $35.95 on the day (namely March 22) before the Board meeting according to the Company's measures for employee dividend distribution.

Note 2: As the amounts of the Company and all companies in the consolidated financial statements are consistent, they are presented in a consolidated manner.

<Range of Remuneration>

Unit: NT$ thousands; Dec. 31, 2021

Range of remuneration paid to the president and vice presidents	Name of president and vice president	
	The Company	All companies in the consolidated financial statements
Under $1,000,000	-	
$1,000,000 (inclusive) - $2,000,000	Chin-Hsing Chen	
$2,000,000 (inclusive) - $3,500,000	Tien-Chin Chen	
$3,500,000 (inclusive) - $5,000,000		
$5,000,000 (inclusive) - $10,000,000	-	
$10,000,000 (inclusive) - $15,000,000	-	
$15,000,000 (inclusive) - $30,000,000	-	
$30,000,000 (inclusive) - $50,000,000	-	
$50,000,000 (inclusive) - $100,000,000	-	
Over $100,000,000	-	
Total	4,415	

(IV) Remuneration to Managerial Officers:

Unit: NT$ thousands
May 1, 2022

	Title	Name	Stock	Cash	Total	Ratio of total remunerations to net income (%)
Managerial Officers	President	Tien-Chin Chen (discharged)	2,631	0	2,631	0.16%
	Vice President	Chin-Hsing Chen				
	Associate Manager	Jui-Lung Kung				
	Associate Manager	Chia-Hung Huang				
	Associate Manager	Jing-Heng Zhou				
	Associate Manager	Kuo-Tai Wang				
	Accounting Executive					

Note 1: Employee compensation was the proposed amount approved by the Board. The amount was calculated based on the closing price of $35.95 on the day (namely March 22) before the Board meeting according to the Company's measures for employee dividend distribution.

(V) Analysis of Total Remuneration, as a Percentage of Net Income Stated in the Parent Company-only Financial Reports or Individual Financial Reports, Paid by the Company and All Other Companies Included in the Consolidated Financial Statements during the Past Two Fiscal Years to Directors, Supervisors, the President, and Vice Presidents:

1. Except for travel expenses and allowances, the Company has not paid remuneration to directors and supervisors during the past two years.
2. Remunerations paid by the Company to directors, supervisors, president, and vice presidents during the past two years accounted for 0.60% and 0.46% of the net income stated on consolidated and parent company-only financial statements for 2021 and 2020, respectively, which has not changed much.

(VI) Remuneration Policies, Standards, and Packages, Procedure for Determining Remuneration, and Linkage Thereof to Operating Performance and Future Risk Exposure:

1. The remuneration paid by the Company to directors, supervisors, president, and vice presidents is determined according to the industry level. At present, the Company's directors and supervisors do not receive the remunerations but only travel expenses of NT$10,000 and allowances of NT$20,000 per month for each director and supervisor.
2. According to paragraph 2, Article 16 of the Company's Articles of Incorporation, the Board is authorized to determine the remuneration to

directors and supervisors based on the industry average. The amount of travel expenses for directors and supervisors are determined by the Board. The compensation for directors and supervisors in performing their duties shall be paid regardless of profit or loss. Thus, except for compensations for the performance of duties, the Company will not pay remunerations to directors and supervisors in case of an operating loss in the year.

IV. Implementation of Corporate Governance:

(I) Board of Directors

Operational Status of the Board

A total of ten Board meetings (the 13th term) were convened in the most recent fiscal year (2021). The attendance status of the directors and supervisors was as follows:

Title	Name	Attendance in person	By proxy	Attendance rate (%)	Remarks
Chairman	Tian Lai Investment Co., Ltd. Representative: Tien-Tsan Tsai	10	0	100.00%	10 meetings to attend
Director	Tian Lai Investment Co., Ltd. Representative: Mei-Yun Tsai-Hsueh	7	0	63.64%	10 meetings to attend
Director	Tian Lai Investment Co., Ltd. Representative: Tien-Chin Chen (discharged)	9	1	90.00%	10 meetings to attend
Director	Tian Lai Investment Co., Ltd. Representative: Shih-Hsiung Li	11	0	100.00%	10 meetings to attend
Director	Tian Lai Investment Co., Ltd. Representative: Chin-Hsing Chen (re-appointed in 2022)	0	0	0	0 meeting to attend
Independent Director	Ming-Te Chang	11	0	100.00%	10 meetings to attend
Independent Director	Yao-Kuo Wu	10	0	90.91%	10 meetings to attend
Independent Director	Chi-Hsiung Chuang (by-election in August 2021)	5	0	100.00%	5 meetings to attend

Other matters:

I. With regard to the Board operation, if any of the following circumstances occur, the dates, terms of the meetings, contents of motions, all independent directors' opinions, and the Company's handling of such opinions shall be specified:
   (I) Matters referred to in Article 14-3 of the Securities and Exchange Act.
   None.
   (II) Any recorded or written Board resolutions to which independent directors have objections or reservations are to be noted in addition to the above.
   None.

II. Regarding recusals of directors from voting due to conflicts of interests, the names of the directors, contents of motions, reasons for recusal, and results of the voting shall be specified.
   None.

III. TWSE/TPEx listed companies shall disclose the information on the evaluation frequency and period, evaluation scope, methods, and evaluation contents of the Board of Directors' self (or peer) evaluation, and fill in the attached Table II (2) "Implementation of Board of Directors Evaluation."
   The Company began to evaluate in 2020 and disclosed the implementation of the evaluation during the preparation of the annual report.

IV. Measures taken to strengthen the functionality of the Board e.g., establishing an Audit Committee and enhancing information transparency, etc.) in the current year and the most recent year and results thereof:
   The Company has established independent directors to improve the functions of the Board. In addition, an Audit Committee composed of independent directors shall replace the powers of supervisors to oversee the Company's operation with the organization and system of the Audit Committee.

Implementation of Board of Directors Evaluation

Dec. 31, 2021

Frequency	Period	Scope	Method	Content
Annually	Evaluate the Board performance from Jan. 1, 2021 to Dec. 31, 2021.	Entire Board Individual Board members Functional committees	Self-evaluation of the Board	(1) Performance evaluation of the Board: It shall at least include involvement in corporate operations, Board's decision quality, composition and structure of the Board, election and continuing education of directors, and internal control. (2) Performance evaluation of individual Board members: It shall at least include control over corporate goals and tasks, recognition of directors' duties, involvement in corporate operations, internal relationship management and communication, professional and continuing education of directors, and internal control. (3) Performance evaluation of functional committees: Involvement in corporate operations, recognition of functional committees' duties, functional committees' decision quality, the composition of functional committees and appointment of committee members, and internal control. **Rating on overall operation: Excellent**
		Individual Board members Functional committees	Self-evaluation of directors	(1) Performance evaluation of individual Board members: It shall at least include control over corporate goals and tasks, recognition of directors' duties, involvement in corporate operations, internal relationship management and communication, professional and continuing education of directors, and internal control. (2) Performance evaluation of functional committees: Involvement in corporate operations, recognition of functional committees' duties, functional committees' decision quality, the composition of functional committees and appointment of committee members, and internal control. **Rating on overall operation: Excellent**

(II) Audit Committee or the Supervisor's Involvement in the Board Operation:

Operational Status of the Audit Committee

A total of eight (A) Audit Committee meetings were convened in the most recent fiscal year. The attendance status of the independent directors was as follows:

Title	Name	Attendance in person (B)	By proxy	Attendance rate (%) (B/A) (Note)	Remarks
Independent Director a	Ming-Te Chang	8	0	100.00%	
Independent Director b	Yao-Kuo Wu	8	0	100.00%	
Independent Director c	Chi-Hsiung Chuang	6	0	100.00%	6 meetings to attend

Other matters:

I. Matters referred to in Article 14-5 of the Securities and Exchange Act, and other matters which were not approved by the Audit Committee but were approved by two-thirds or more of all directors, the dates, terms of the meetings, contents of motions, all Audit Committee resolutions, and the Company's handling of such resolutions shall be specified.

None.

II. Regarding recusals of independent directors from voting due to conflicts of interests, the names of the independent directors, contents of motions, reasons for recusal, and results of the voting shall be specified.

None.

III. Communications between the independent directors, the Company's chief internal auditor, and CPAs (e.g., matters, methods, and results of audits of corporate finance or operations, etc.).

The Company's independent directors maintain smooth communications with the chief internal auditor and CPAs. Opinions concerning finance and business are exchanged on a regular basis. Fine interaction is an essential mechanism in mastering the current status of the Company. In case of any abnormality, it will be reported to the Board immediately. Contacts and communications are mostly done via letters, e-communications, and emails.

Note:

* Where an independent director was relieved from duties before the end of the fiscal year, the discharge date shall be specified in the remark column. The attendance rate (%) shall be calculated based on the number of Audit Committee meetings and the actual number of attendances during the terms of office.
* Where there is the re-election of an independent director, before the end of the fiscal year, both the new and the former independent directors shall be listed and specified in the remark column if they are former, newly elected, or re-elected independent directors as well as the re-election date. The attendance rate (%) shall be calculated based on the number of Audit Committee meetings and the actual number of attendances during the terms of office. The attendance rate (%) shall be calculated on the basis of the number of Audit Committee meetings called the actual number of attendances.

(III) Corporate Governance Implementation Status and Deviations from the Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies and Reasons Thereof

Evaluation item	Implementation status			Deviations from the Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies and reasons thereof
	Yes	No	Description	
I. Does the Company establish and disclose its Corporate Governance Best Practice Principles based on the Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies?	✓		The Company has established its "Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies."	-
II. Shareholding structure & shareholders' rights (I) Does the Company establish internal operating procedures to deal with shareholders' suggestions, doubts, disputes, and litigations, and does the Company implement them in accordance with the procedures?	✓		The Company has established internal operating procedures to deal with shareholders' suggestions, doubts, disputes, and litigations. All shareholders' suggestions, doubts, and disputes are handled by the spokesperson and deputy spokesperson.	-
(II) Does the Company possess a list of its major shareholders with controlling power as well as the ultimate owners of those major shareholders?	✓		The Company has possessed a list of major shareholders and ultimate owners of those major shareholders.	
(III) Does the Company establish and execute a risk management and firewall system within its affiliated companies?	✓		Transactions between the Company and its affiliates are conducted in accordance with relevant regulations under proper risk control.	
(IV) Does the Company establish internal rules against insiders using undisclosed information to trade in securities?	✓		The Company has established internal rules against insiders using undisclosed information to trade in securities.	
III. Composition and responsibilities of the Board of Directors (I) Does the Board develop and implement a diversity policy for the composition of its members?		✓	The Company has yet to formulate a diversity policy for the composition of its Board members.	-
(II) In addition to the legally-required Remuneration Committee and Audit Committee, does the Company voluntarily establish other functional committees?		✓	It has yet to set up other functional committees voluntarily.	
(III) Does the Company establish standards to measure the performance of the Board and implement such annually, submit the results of the performance evaluations to the	✓		The Company has established the Performance Evaluation Method of the Board of Directors and the assessment methods and has completed the 2021 performance evaluation of the Board.	

Evaluation item	Implementation status			Deviations from the Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies and reasons thereof
	Yes	No	Description	
Board of Directors, and use them as a reference for individual directors' remuneration and the nomination for renewal? (IV) Does the Company regularly evaluate the independence of the CPAs?	✓		The Company regularly assesses the independence of the CPAs. At present, the Company's CPAs have met the independence criteria.	
IV. Does the TWSE/TPEx listed company establish a qualified and appropriate number of corporate governance personnel and appoint a corporate governance executive responsible for matters related to corporate governance (including but not limited to providing directors and supervisors with the information required for business execution, assisting directors and supervisors in compliance with laws and regulations, handling matters related to Board meetings and the shareholders' meetings following the regulations, producing minutes of Board meetings and the shareholders' meetings, etc.)?	✓		The Company has appointed a corporate governance executive in May 2021 and planned to establish the Corporate Governance Department with exclusively (or concurrently) dedicated personnel in charge of corporate governance-related matters.	-
V. Does the Company establish communication channels and a dedicated section on its website for stakeholders (including but not limited to shareholders, employees, customers, and suppliers) to respond to materially corporate social responsibility issues in a proper manner?	✓		The Company maintains an unimpeded communication channel with its stakeholders and respects and safeguards the rights and interests of both parties.	-
VI. Does the Company appoint a professional stock affairs agency to deal with the matters associated with the shareholders' meetings?	✓		The Company has appointed the Stock Affairs Department of Taishin Securities Co., Ltd. to handle the affairs of the shareholders' meeting.	-
VII. Information disclosure (I) Does the company have a website to disclose the financial operations and corporate governance status? (II) Does the Company have other information disclosure channels (e.g., setting up an English website, appointing designated people to handle information collection and disclosure, implementing a spokesperson system, and webcasting investor conferences)?	✓ ✓		The Company has established a website to disclose its financial operations and corporate governance status. Currently, the Company's Stock Affairs Office is responsible for the collection and disclosure of corporate information, implements the spokesperson system, and conducts investor conferences from time to time.	

Evaluation item	Implementation status			Deviations from the Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies and reasons thereof
	Yes	No	Description	
(III) Does the Company announce and file the annual financial report within two months after the end of the fiscal year, and announce and file the financial reports for the first, second, and third quarter and the operating conditions of each month before the specified period?		✓	At present, the Company has not been able to publicly announce and file its annual financial report within two months after the end of the fiscal year due to operations. However, the financial reports for the first, second, and third quarter and the operating conditions of each month are publicly announced and filed prior to the specified period.	In the future, the Company will accelerate the internal annual closing and the CPA auditing to facilitate the early announcement and filing of the annual financial reports.
VIII. Does the Company have any other important information to facilitate a better understanding of the Company's corporate governance practices (including but not limited to employee rights, employee wellness, investor relations, supplier relations, stakeholder rights, directors' and supervisors' training records, implementation of risk management policies and risk evaluation measures, implementation of customer policies, and take out a liability insurance policy for directors and supervisors)?	✓		Based on the Company's sense of mission to a city, the Company believes that buildings shall be integrated with the city and demonstrate the city's spirit, which is a due responsibility. Committed to green buildings and smart buildings, theme buildings, and aesthetic buildings are the Company's goals and contribute to the beauty of the city.	-
IX. Please explain the improvements made in response to the Corporate Governance Evaluation results released by the Taiwan Stock Exchange's Corporate Governance Center in the most recent fiscal year and provide the priorities and plans for improvement with items yet to be improved. (Leave blank if the Company is not included in the evaluation) None.				

(VI) Composition and Operation of the Remuneration Committee

1. Professional Qualifications and Independence Analysis of Remuneration Committee Members

May 1, 2022

Title (Note 1)	Qualification / Name	Professional qualifications and experience	Independence criteria	Number of other public companies where the individual concurrently serves as a Remuneration Committee member	Remarks
Convener Independent Director	Ming-Te Chang	Has work experience in the areas of commerce, law, finance, or accounting, or otherwise necessary for the business of the Company	The Company is committed to continuously assessing the independence of directors, taking into account all relevant factors, including whether the relevant director can continue to raise constructive issues for management and other directors, express opinions independently of management or other directors, and behave appropriately on and off the board. The conduct of the Company's independent non-executive directors, where appropriate, meets expectations and demonstrates the above qualities. After considering all the circumstances set out in the above section, the Company believes that all independent directors are persons independent of the Company.	None	
Independent Director	Yao-Kuo Wu			None	
Independent Director	Chi-Hsiung Chuang			None	

Note 1: For the title, please indicates as director, independent director, or others.

2. Operational Status of the Remuneration Committee

I. The Company's Remuneration Committee comprises three members.

II. Term of current Committee members: Jun. 24, 2020 to Jun. 23, 2023. The Remuneration Committee held two (A) meetings in the most recent year. The qualifications and attendance of the members are as follows:

Title	Name	Attendance in person (B)	By proxy	Attendance rate (%) (B/A) (Note)	Remarks
Convener	Ming-Te Chang	2	0	100.0%	
Member	Yao-Kuo Wu	2	0	100.0%	
Member	Chi-Hsiung Chuang	2	0	100.0%	

Other matters:

I. If the Board of Directors refuses to adopt or amend a recommendation of the Remuneration Committee, the date of the meeting, terms of the meetings, content of the motion, resolution by the Board of Directors, and the Company's response to the Remuneration Committee's opinion (e.g., if the remuneration passed by the Board exceeds the recommendation of the Remuneration Committee, the circumstances and cause for the difference shall be specified) shall be specified.
None.

II. If there were resolutions of the Remuneration Committee to which members objected or expressed reservations, and for which there is a record or declaration in writing, the date of the meeting, terms of the meetings, content of the motion, all members' opinions, and the response to members' opinion shall be specified.
None.

(V) Promotion Status of Sustainable Development and Deviations from the Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies, and Reasons Thereof

Promotion item	Implementation status			Deviations from the Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies and reasons thereof
	Yes	No	Description	
I. Does the Company establish a governance structure to promote sustainable development, set up exclusively (or concurrently) dedicated units to implement sustainable development, and authorize the Board of Directors to appoint senior executives to be responsible for and the supervision of the Board of Directors?	✓		At present, the Company's Administration Department is concurrently responsible for promoting sustainable development. The Board of Directors authorizes senior executives to take charge and report to the Board of Directors from time to time.	None
II. Does the Company conduct a risk assessment of environmental, social, or corporate governance (ESG) issues associated with its operations based on the principle of materiality and formulate relevant risk management policies or strategies?	✓		The Company has conducted a risk assessment of environmental, social, or corporate governance (ESG) issues associated with its operations based on the principle of materiality and formulated relevant risk management policies or strategies.	None
III. Environmental issues (I) Does the Company establish an appropriate environmental management system based on its industrial characteristics?	✓		The Company's industrial characteristics are relatively simple, where environmental management is undertaken by the construction company, and the current environmental management system still meets the requirements.	None
(II) Does the Company endeavor to utilize all resources more efficiently and use recycled materials that have a low impact on the environment?	✓		At present, the Company and downstream contractors utilize all resources more efficiently and adopt recycled materials which have a low environmental impact.	
(III) Does the Company evaluate the current and future potential risks and opportunities of climate change, and take countermeasures to respond to climate-related issues?	✓		Currently, the impact of climate change on the Company's operating activities remains insignificant. The Company regularly evaluates the current and future potential risks and opportunities of climate change.	
(IV) Does the Company conduct statistics on the greenhouse gas emissions, water consumption, and total waste weight for the past two years and correspondingly formulate management policies for energy saving and carbon reduction, greenhouse gas (GHG) reduction, water use reduction, or other wastes?	✓		The Company has promoted its policy on carbon reduction and GHG reductions with developments toward green buildings from time to time. It has yet to conduct statistics on GHG emissions, water consumption, and total waste weight for the past two years.	
IV. Social issues (I) Does the Company formulate			The Company has always complied	None

Promotion item	Implementation status			Deviations from the Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies and reasons thereof
	Yes	No	Description	
appropriate management policies and procedures according to relevant regulations and the International Bill of Human Rights?	✓		with relevant regulations and respected the international principles of basic labor rights, protecting employees' legitimate rights and interests and employment policies, established a welfare system, and has proper management approaches and procedures.	
(II) Does the Company formulate and implement reasonable employee benefit measures (including remuneration, vacation, and other benefits) and appropriately reflect operating performance or results in employee compensation?	✓		The Company has formulated and implemented reasonable employee welfare measures and regularly assessed employee performance which is reflected in employee compensation.	
(III) Does the Company provide a healthy and safe work environment and organize health and safety training for its employees on a regular basis?	✓		The Company has provided a healthy and safe work environment and carried out health and safety training for its employees from time to time.	
(IV) Does the Company establish effective career development and training plans for its employees?	✓		The Company has established effective career development and training programs for its employees and implemented them continuously.	
(V) Does the Company comply with relevant regulations and international standards in terms of customer health and safety, customer privacy, marketing and labeling of products and services, and formulate relevant consumer protection policies and complaint procedures?	✓		At the moment, there are no relevant regulations and international standards for the marketing and labeling of the Company's products and services. As for customer health and safety and customer privacy, the Company has always attached importance to and strengthened the requirements for the Company's products and services to meet various needs. Relevant consumer protection policies and grievance procedures have also been formulated.	
(VI) Does the Company formulate supplier management policies that require suppliers to comply with relevant regulations on environmental protection, occupational safety and health, or labor rights and their implementation?	✓		The contract between the Company and the supplier contains clauses where the Company may terminate or rescind the contract at any time if the supplier violates the corporate social responsibility policy and results in a significant negative impact on the environment and society.	
V. Does the Company compile the sustainability report following the internationally accepted standards or guidelines for the preparation of reports to disclose non-financial information of the Company? Has the aforesaid report received assurance or		✓	The Company has yet to compile the sustainability report following the internationally accepted standards or guidelines for the preparation of reports to disclose non-financial information of the Company.	In the near future, the Company will refer to internationally accepted standards or

Promotion item	Implementation status			Deviations from the Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies and reasons thereof
	Yes	No	Description	
certification opinion of the third-party accreditation institution?				guidelines for its preparation of a sustainability report for shareholders' reference.

VI. If the Company has established its sustainable development best practice principles based on the "Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies," describe the implementation and any deviations from the Principles:
The Company has established the "Corporate Social Responsibility Best Practice Principles" and will formulate the "Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies" and proceed accordingly with no deviation.

VII. Other important information that helps to understand the operation of corporate social responsibility:
None.

(VI) Ethical Corporate Management Status and Deviations from the Ethical Corporate Management Best Practice Principles for TWSE/TPEx Listed Companies and Reasons Thereof:

Evaluation item	Implementation status			Deviations from the Ethical Corporate Management Best Practice Principles for TWSE/TPEx-Listed Companies and reasons thereof
	Yes	No	Description	
I. Establishment of ethical corporate management policies and programs (I) Does the Company establish ethical corporate management policies passed by the Board of Directors and declare its ethical corporate management policies and procedures in its guidelines and external documents, and do the Board of Directors and senior management work proactively to implement their commitment to those management policies? (II) Does the Company establish a risk assessment mechanism for unethical conduct, periodically analyze and assess operating activities with high-potential unethical conduct in the business scope, and formulate precautionary measures against unethical conducts, which at least cover the precautionary measures stated in Article 7, paragraph 2 of "Ethical Corporate Management Best Practice Principles for TWSE/TPEx Listed Companies?" (III) Does the Company clearly define operating procedures, conduct guidelines, and punishment and grievance systems for violations in precautionary measures against unethical conduct, implement them, and regularly review the measures above?	✓ ✓ ✓		The Company has established ethical corporate management policies passed by the Board and clearly expressed its ethical corporate management policies and procedures and the commitment of the Board of Directors and senior management to implement the management policy actively in the annual report. The Company has established a risk assessment mechanism for unethical conduct, and periodically analyzed and assessed operating activities with high-potential unethical conduct within its business scope. As for conducts in Article 7, paragraph 2 of "Ethical Corporate Management Best Practice Principles for TWSE/TPEx Listed Companies," or other operating activities with high-potential unethical conduct in the business scope, there are precautionary provisions and designs in the internal control system. The Company has established Ethical Corporate Management Best Practice Principles, which clearly define operating procedures, conduct guidelines, and punishment and grievance systems for violations, and implemented them.	None
II. Implementation of ethical corporate management (I) Does the Company evaluate business partners' ethical records and include ethics-related clauses in the business contracts signed with the counterparties? (II) Does the Company establish an exclusively dedicated unit under the Board to implement ethical corporate management and report to the Board regularly (at least	✓ ✓		At present, the Company has avoided transactions with parties having records of unethical records in its business activities. Currently, The Audit Office of the Company serves as a concurrent dedicated unit to implement ethical corporate management and reports the operation status to the Board.	None

Evaluation item	Implementation status			Deviations from the Ethical Corporate Management Best Practice Principles for TWSE/TPEx-Listed Companies and reasons thereof
	Yes	No	Description	
once a year) about the ethical corporate management policies, precautionary measures against unethical conduct, as well as supervision of implementation status? (III) Does the Company establish policies to prevent conflicts of interest, provide appropriate communication channels, and implement them accordingly? (IV) Does the Company establish effective accounting systems and internal control systems to implement ethical corporate management and assign the internal audit unit to draw up relevant audit plans based on the assessment results of the unethical conduct risks and verify compliance with the precautionary measures against unethical conducts, or entrust CPAs to perform the audit? (V) Does the Company regularly hold internal and external educational training on ethical corporate management?	✓ ✓ ✓		The Company has established an internal control system for related party transactions to prevent conflicts of interest and provided appropriate communication channels. The Stock Affairs Office serves as the exclusively dedicated unit. The Company has established effective accounting and internal control systems to implement ethical corporate management. The current operations and audits are carried out according to regulations At the moment, the Company has regularly held internal and external education and training on ethical corporate management.	
III. Operation of the Company's whistleblowing system (I) Does the Company establish both a reward/whistleblowing system and convenient whistleblowing channels? Are appropriate personnel assigned to the accused party? (II) Does the Company establish standard operating procedures for the reported matters, follow-up measures to be taken after completing the investigation, and the relevant confidential mechanism? (III) Does the Company provide protection to whistleblowers against receiving improper treatment?	✓ ✓ ✓		The Company's whistleblowing channel is the responsibility of the Audit Office. For now, the punishment and grievance system for violations of ethical management is in good operation. The Company has established standard operating procedures for the reported matters and the relevant confidential mechanism. The Company has established measures to protect whistleblowers from receiving improper treatment.	None
IV. Enhanced disclosure of information (I) Does the Company disclose its ethical corporate management policies and the results of its	✓		The Company has set up a website and disclosed relevant information on ethical corporate management.	None

<table>
<tr><th rowspan="2">Evaluation item</th><th colspan="3">Implementation status</th><th rowspan="2">Deviations from the Ethical Corporate Management Best Practice Principles for TWSE/TPEx-Listed Companies and reasons thereof</th></tr>
<tr><th>Yes</th><th>No</th><th>Description</th></tr>
<tr><td>implementation on the company's website and MOPS?</td><td></td><td></td><td></td><td></td></tr>
<tr><td colspan="5">V. If the Company has established its own ethical corporate management principles based on the "Ethical Corporate Management Best Practice Principles for TWSE/TPEx Listed Companies," please describe the implementation and any deviations from the Principles:
The Company operates in no deviations from the ethical corporate management principles.</td></tr>
<tr><td colspan="5">VI. Other important information to facilitate a better understanding of the Company's ethical corporate management (e.g., review of and amendments to its ethical corporate management principles):
1. The Company belongs to the construction and development industry, always abides by government laws and regulations in trading with customers, and protects the rights and interests of customers. Ethical corporate management is an essential issue in the fundamentals of the industry.
2. In recent years, the government has been committed to promoting the safety of property transactions. Besides establishing the template for property contracts, it has made further progress for the Company in fulfilling its ethical corporate management. The Company will also make more efforts to implement ethical management and make consumers feel more at ease in the home purchase.</td></tr>
</table>

(VII) Where a company has formulated the corporate governance principles and related regulations, the inquiry method is available at the Company's website http://www.kingtown.com.tw/.

(VIII) Other important information that will provide a better understanding of the Company's implementation of corporate governance: None.

(IX) Status of Internal Control System:

1. Statement of internal control

King's Town Construction Co., Ltd.

Statement of Internal Control System

Date: Mar. 23, 2022

The Company hereby states the results of the self-evaluation of the internal control system for 2021 as follows:

I. The Company acknowledges that the establishment, implementation, and maintenance of an internal control system is the responsibility of the Board of Directors and managers, and the Company has established an internal control system. The internal control system is designed to provide reasonable assurance for the effectiveness and efficiency of the operations (including profitability, performance, and protection of assets), reliability, timeliness, and transparency of reporting, and compliance with applicable laws and regulations.

II. The internal control system has innate limitations. No matter how robust and effective the internal control system is, it can only provide reasonable assurance of the achievement of the foregoing three goals; in addition, the effectiveness of the internal control system may vary due to changes in the environment and conditions. However, the internal control system of the Company has self-monitoring mechanisms in place, and the Company will take corrective action against any defects identified.

III. The Company uses the assessment items specified in the "Regulations Governing Establishment of Internal Control Systems by Public Companies" (hereinafter referred to as the "Regulations") to determine whether the design and implementation of the internal control system are effective. Based on the process of control, the assessment items specified in the "Regulations" divide the internal control system into five constituent elements: 1. control environment; 2. risk assessment; 3. control activities; 4. information and communications; and 5. monitoring activities. Each constituent element includes a certain number of items. For more information on such items, please refer to the "Regulations."

IV. The Company has adopted the aforesaid assessment items for the internal control system to evaluate whether the design and implementation of the internal control system are effective.

V. Based on the results of the determination in the preceding paragraph, the Company is of the opinion that, as of Dec. 31, 2021, the internal control system (including the supervision and management of subsidiaries), including the design and implementation of the internal control system relating to the effectiveness and efficiency of the operations, reliability, timeliness, and transparency of reporting, and compliance with applicable laws and regulations, is effective and can reasonably assure the achievement of the foregoing goals.

VI. This statement will constitute the main content of the Company's annual report and the prospectus and will be disclosed to the public. Any falsehood or concealment with regard to the above contents will entail legal liability under Articles 20, 32, 171, and 174 of the Securities and Exchange Act.

VII. This statement was approved by the Board of Directors on Mar. 23, 2022, and out of the six directors in attendance, none objected to it, and all consented to the content expressed in this statement.

King's Town Construction Co., Ltd.

Chairman and President: (Signature)

2. Where a CPA has been hired to carry out a special audit of the internal control system: N/A.

(X) During the most recent fiscal year up to the publication date of the annual report, penalties imposed upon the Company and its employees in accordance with the law, penalties imposed by the Company upon its employees for the violation of the internal control system policy, and its punishment results might have a significant influence on shareholders' equity or price of securities, the punishment, main deficiencies, and improvements: None.

(XI) Major resolutions of a shareholders' meeting and a Board meeting during the most recent fiscal year and up to the publication date of the annual report:

Jan. 1, 2021 to May 1, 2022

Date	Major Resolutions
1/27/2021	2020 year-end bonus for the Company's managerial officers.
2/4/2021	Acquisition of Land Parcel No. 1, Longdong Section, Gushan District, Kaohsiung City from a related party.
3/24/2021	01. 2020 earnings distribution of remuneration to employees, directors, and supervisors. 02. Reviewed the list of nominees for the by-election of independent directors at the 2021 shareholders' meeting. 03. Matters related to the 2021 shareholders' meeting. 04. Amendment to articles of the Company's "Rules of Procedure for Shareholders' Meeting." 05. Amendment to articles of the Company's "Rules of Procedure for Board of Directors' Meetings." 06. Amendment to articles of the Company's "Audit Committee Charter." 07. Establishment of Methods for Performance Evaluation of the Board of Directors. 08. Acquisition of land in Kanjiao N. Section, Rende District, Tainan City from a non-related party.
5/12/2021	01. Replacement of CPAs. 02. Appointment of a corporate governance executive.
6/30/2021	01. The resolution of the alternative meeting date as the 2021 shareholders' meeting was postponed due to pandemics.
8/12/2021 (shareholders' meeting)	01. Earnings distribution for 2020. 02. Amendment to articles of the Company's "Rules of Procedure for Shareholders' Meeting." 03. By-election of an independent director.
8/12/2021	01. Amendment to measures for employee dividend distribution.
8/12/2021	No major resolutions.
9/28/2021	01. The Company and SanDi Properties Co., Ltd. signed a joint development project for 83 lands, including Land Parcel No. 820 in Kanjiao N. Section, Rende District, Tainan City, and 4 lands, including Land Parcel No. 32 in Kanjiao S. Section. 02. Amendment to the Company's "Operating Procedures of Endorsement and Guaranty." 03. Endorsement and guarantee proposal of NT$2,000,000,000 to Sandi Properties Co., Ltd.
11/10/2021	No major resolutions.
12/14/2021	01. Cash capital increase of the Company's subsidiary H2O Hotel Co., Ltd.
1/10/2022	01. Acquisition of Land No. 1167 and No. 1175, section 12, Xinzhuang Section, Zuoying District, Kaohsiung City from non-related parties
1/25/2022	No major resolutions.
3/1/2022	01. Salary adjustment of the Company's managers.
3/23/2022	01. Appointment of the Company's new president.

Date	Major Resolutions
	02. 2021 earnings distribution of remuneration to employees, directors, and supervisors. 03. Matters related to the 2022 shareholders' meeting. 04. Amendment to the Company's "Articles of Incorporation." 05. Amendment to the Company's "Procedures for Acquisition or Disposal of Assets."

(XII) Any dissenting opinion expressed by a director or supervisor with respect to a major resolution passed by the Board of Directors during the most recent fiscal year and up to the publication date of the annual report, where said dissenting opinion has been recorded or prepared as a written declaration and main content: None.

(XIII) A summary of resignations and dismissals of the chairperson, president, accounting executive financial executive, chief internal auditor, corporate governance executive, or research and development executive during the most recent fiscal year and up to the publication date of the annual report: Tien-Chin Chen, the former President, passed away in March 2022, and Chairman concurrently assumed the post of President.

V. Information on CPA Professional Fees:

The amount of both audit and non-audit public fees paid to the certified public accountant, to the accounting firm of the certified public accountant, and to any affiliated enterprise of such accounting firm, and details of non-audit services:

Information on CPA Professional Fees:

Amount unit: NT$ thousands

CPA Firm	Name of CPA	Audit period	Audit fee	Non-audit fee	Total	Remarks
ShineWing Taiwan	Hielleen Chang Jackson Jwo	01/01/2021 to 12/31/2021	1,650	326	1,976	-

1. Where the company changes its accounting firm and the audit fees paid for the fiscal year in which such change took place are lower than those for the previous fiscal year, the amount, proportion, and reason for the reduction of the audit fee: None.
2. Where the audit fees paid for the current fiscal year are lower than the previous fiscal year by ten percent or more, the amount, proportion, and reason for the reduction of the audit fee: None.

VI. Information on Replacement of CPAs: None.

VII. The Company's Chairperson, President, or Any Managerial Officer in Charge of Finance or Accounting Matters in the Most Recent Fiscal Year Holding a Position at the Company's CPA Firm or at an Affiliated Enterprise of Such Accounting Firm: None.

VIII. Any Transfer of Equity Interests and/or Pledge of or Change in Equity Interests during the Most Recent Fiscal Year and up to the Publication Date of the Annual Report by a Director, Supervisor, Managerial Officer, or Shareholder with a Stake of More than 10 Percent.

◎ Share Changes by Directors, Supervisors, Managerial Officers, and Major Shareholders

(Unit: Shares)

Title	Name	2021		As of Apr. 25, 2022	
		Shareholding **increase (decrease)**	Pledged share **increase (decrease)**	Shareholding **increase (decrease)**	Pledged share **increase (decrease)**
Director/Major shareholders with a stake of more than 10%	Representatives of Tian Lai Investment Co., Ltd.: Tien-Tsan Tsai, Mei-Yun Tsai-Hsueh, Tien-Chin Chen, and Shih-Hsiung Li (appointment date: Jun. 28, 2017)	0	0	0	0
Representative of Director/Major shareholders with a stake of more than 10%/President	Tien-Tsan Tsai	0	19,900,000	0	0
Representative of Director	Mei-Yun Tsai-Hsueh	0	4,659,000	0	0
Representative of Director/President	Tien-Chin Chen (dismissal date: 3/2/2022)	14,972	0	N/A	N/A
Representative of Director	Shih-Hsiung Li	0	0	0	0
Representative of Director/Vice President	Chin-Hsing Chen	0	0	0	0
Independent Director	Ming-Te Chang	0	0	0	0
Independent Director	Yao-Kuo Wu	0	0	0	0
Independent Director	Chi-Hsiung Chuang	0	0	0	0
Associate Manager	Jui-Lung Kung	486	0	0	0
Associate Manager	Chia-Hung Huang	10,580	0	0	0
Associate Manager	Jing-Heng Zhou	(33,067)	0	(1,000)	0
Associate Manager	Kuo-Tai Wang	8,786	0	0	0
Financial Accounting Executive		8,114	0	0	0
Shareholders with a stake of more than 10%	Tian Gang Investment Co., Ltd.	0	(3,500,000)	0	0

Note: There is no share transfer or pledge between related parties, so there is no information to disclose.

IX. Relationship among the Ten Largest Shareholders where One Is a Related Party, a Spouse, or a Relative within the Second Degree of Kinship of Another.

Relationships among the Company's Ten Largest Shareholders

Apr. 25, 2022

NAME	CURRENT SHAREHOLDING		SPOUSE & MINOR SHAREHOLDING		SHAREHOLDING BY NOMINEES		AMONG THE TEN LARGEST SHAREHOLDERS, NAME AND RELATIONSHIP WITH ANYONE WHO IS A RELATED PARTY OR A RELATIVE WITHIN THE SECOND DEGREE OF KINSHIP AS DEFINED IN INTERNATIONAL FINANCIAL REPORTING STANDARDS (IFRSS) NO. 6.		REMARKS
	Shares	Shareholding (%)	Shares	Shareholding (%)	Shares	Shareholding (%)	Name	Relation	
Tien-Tsan Tsai	85,577,838	23.02	20,209,951	5.44	-	-	Mei-Yun Tsai-Hsueh Mei-Hui Chen	Spouse First degree of kinship by consanguinity Second degree relative by affinity	Director, institutional representative of the Company, the major shareholder
Tian Gang Investment Co., Ltd.	63,328,801	17.03	-	-	-	-	Mei-Yun Tsai-Hsueh	Responsible person	Major shareholder
Tian Gang Investment Co., Ltd. Responsible person: Mei-Yun Tsai-Hsueh	20,209,951	5.44	85,577,838	23.02	-	-	Tien-Tsan Tsai Mei-Hui Chen	Spouse First degree of kinship by consanguinity Second degree of kinship by consanguinity	-
Tian Lai Investment Co., Ltd.	49,652,072	13.36	-	-	-	-	-	-	Director of the Company
Responsible person of Tian Lai Investment Co., Ltd.: I-Ying Chen	0	0.00	23,616,339	6.35	-	-	Tien-Tsan Tsai Mei-Yun Tsai-Hsueh 	First degree relative by affinity First degree relative by affinity Spouse	-
Chieh Chih Construction Co., Ltd.	31,651,513	8.51	-	-	-	-	-	-	Affiliate of the Company
Responsible person of Chieh Chih Construction Co., Ltd.: Hsien-Tsung Wang	589,635	0.16	11,533,354	3.10	-	-	-	-	-
Chiung-Ting Tsai	23,616,339	6.35	0	0.00	-	-	Tien-Tsan Tsai Mei-Yun Tsai-Hsueh	First degree of kinship by consanguinity First degree of kinship by consanguinity	The first degree of kinship to the director, institutional representative of the Company
Mei-Yun Tsai-Hsueh	20,209,951	5.44	85,577,838	23.02	-	-	Tien-Tsan Tsai 	Spouse First degree of kinship by consanguinity	Director, institutional representative of the Company
Xin Rui Investment Co., Ltd.	17,786,434	4.78	-	-	-	-	-	-	-
Responsible person of Xin Rui Investment Co., Ltd.: I-Li Chuang	0	0.00	-	-	-	-	-	-	-
Jin Cheng Construction Co., Ltd.	12,390,324	3.33	-	-	-	-	-	-	-
Responsible person of JJin Cheng Construction Co., Ltd.: Chun-Chun Chiu	310,210	0.08	-	-	-	-	-	-	-
Mei-Hui Chen	11,533,354	3.10	589,635	0.16	-	-	Tien-Tsan Tsai Mei-Yun Tsai-Hsueh	Second degree relative by affinity Second degree of kinship by consanguinity	The second degree of kinship to the director, institutional representative of the Company
Bing-Ze Huang	4,711,000	1.27	-	-	-	-	-	-	-

X. Total Number of Shares and Total Equity Stake Held in any Single Enterprise by the Company, Its Directors and Supervisors, Managerial Officers, and Any Companies Controlled Either Directly or Indirectly by the Company.

(Unit: Shares; %)

Invested company (Note)	Investment by the Company		Investment by directors, supervisors, managers, and by companies directly or indirectly controlled by the Company		Total investment	
	Shares	Shareholding (%)	Shares	Shareholding (%)	Shares	Shareholding (%)
H2O Hotel Co., Ltd.	39,000,000	100.00%	0	0.00	39,000,000	100.00%
Hua Zhi Venture Capital Co., Ltd.	8,152	1.63%	0	0.00%	8,152	1.63%
Yangmin International Catering Co., Ltd. (investment by subsidiary H2O)	800,000	40.00%	0	0.00%	800,000	40.00%

Note: Investments accounted for using the equity method.

Chapter 4. Capital and Shares

I. Sources of Capital:

Month/Year	Issue price	Authorized capital		Paid-in capital		Remarks		
		Number of shares (in shares)	Amount (in NT$ thousands)	Number of shares (in shares)	Amount (in NT$ thousands)	Source of capital	Capital Increase by assets other than cash	Others
09/1985	$10,000	100	1,000	100	1,000	Founding capital	None	
10/1985	$10,000	3,000	30,000	3,000	30,000	Cash capital increase of $29,000,000	None	
04/1990	$10,000	8,000	80,000	8,000	80,000	Cash capital increase of NT$50,000,000	None	
05/1990	$10	19,800,000	198,000	19,800,000	198,000	Cash capital increase of NT$118,000,000	None	
04/1991	$10	40,000,000	400,000	40,000,000	400,000	Capitalization of earnings of $30,000,000, Cash capital increase of $172,000,000	None	
12/1991	$10	45,016,000	450,160	45,016,000	450,160	Capitalization of earnings of $50,160,000	None	
08/1992	$10	70,000,000	700,000	51,543,320	515,433	Capitalization of earnings of $65,273,200	None	
06/1993	$10	70,000,000	700,000	65,819,537	658,195	Capitalization of earnings of $142,762,170	None	
07/1994	$10	100,000,000	1,000,000	81,483,268	814,833	Capitalization of earnings of $156,637,310	None	
05/1995	$10	200,000,000	2,000,000	99,983,268	999,833	Cash capital increase of NT$185,000,000	None	
07/1995	$10	200,000,000	2,000,000	135,147,774	1,351,478	Capitalization of earnings of $351,645,060	None	
10/1999	$10	200,000,000	2,000,000	148,662,551	1,486,626	Capitalization of a capital surplus of $135,147,770	None	
06/2005	$10	370,000,000	3,700,000	223,760,126	2,237,602	Capitalization of earnings of $750,975,750	None	
08/2006	$10	370,000,000	3,700,000	268,973,513	2,689,735	Capitalization of earnings of $452,133,870	None	
07/2007	$10	370,000,000	3,700,000	296,148,158	2,961,481	Capitalization of earnings of $271,746,450	None	
02/2008	$10	370,000,000	3,700,000	291,163,158	2,911,631	Capital reduction via treasury shares of $49,850,000	None	
08/2008	$10	370,000,000	3,700,000	320,849,633	3,208,496	Capitalization of earnings of $296,864,750	None	
12/2008	$10	370,000,000	3,700,000	310,849,633	3,108,496	Capital reduction via treasury shares of $100,000,000	None	
10/2009	$10	370,000,000	3,700,000	305,849,633	3,058,496	Capital reduction via treasury shares of $50,000,000	None	
09/2010	$10	370,000,000	3,700,000	330,657,729	3,306,577	Capitalization of earnings of $248,080,096	None	
10/2011	$10	450,000,000	4,500,000	357,727,262	3,577,273	Capitalization of	None	

Month/Year	Issue price	Authorized capital		Paid-in capital		Remarks		
		Number of shares (in shares)	Amount (in NT$ thousands)	Number of shares (in shares)	Amount (in NT$ thousands)	Source of capital	Capital Increase by assets other than cash	Others
						earnings of $270,695,330		
09/2012	$10	450,000,000	4,500,000	375,926,155	3,759,261	Capitalization of earnings of $181,988,930	None	
10/2015	$10	450,000,000	4,500,000	383,820,229	3,838,202	Capitalization of earnings of $78,940,740	None	Per the FSC Letter No. Jin-Guan-Zheng-Fa-Tze-1040029174 issued on Jul. 31, 2015
11/2016	$10	450,000,000	4,500,000	384,004,658	3,840,047	Capitalization of employee compensation of $1,844,290	None	-
09/2017	$10	450,000,000	4,500,000	384,270,732	3,842,707	Capitalization of employee compensation of $2,660,740	None	-
10/2018	$10	450,000,000	4,500,000	384,654,922	3,846,549	Capitalization of employee compensation of $3,841,900	None	-
08/2019	$10	450,000,000	4,500,000	384,846,372	3,848,464	Capitalization of employee compensation of $1,914,500	None	-
07/2020	$10	450,000,000	4,500,000	374,846,372	3,748,464	Capital reduction via treasury shares of $100,000,000	None	-
10/2020	$10	450,000,000	4,500,000	370,657,372	3,706,574	Capital reduction via treasury shares of $41,890,000	None	-
10/2020	$10	450,000,000	4,500,000	371,193,098	3,711,931	Capitalization of employee compensation of $5,357,260	None	-
09/2021	$10	450,000,000	4,500,000	371,759,023	3,717,590	Capitalization of employee compensation of $5,659,250	None	-

Share type	Authorized capital			Remarks
	Outstanding shares	Unissued shares	Total	
Registered common stock	371,759,023 shares	78,240,977 shares	450,000,000 shares	TWSE listed stock

Note: The Company has not offered nor issued securities by shelf registration and will not otherwise disclose such information.

II. Shareholder Structure:

Apr. 25, 2022

Structure / Item	Government agencies	Financial institutions	Other institutional shareholders	Domestic natural persons	Foreign institutions and natural persons	Total
Number of shareholders	0	5	24	7,658	49	7,736
Shareholding	0	76,759	177,963,099	190,468,393	3,250,772	371,759,023
Shareholding (%)	0.00%	0.02%	47.87%	51.23%	0.87%	100.00%

Note: The Company has no shares held by mainland China investors and will not otherwise disclose such information.

III. Shareholding Distribution Status:

Par value of NT$10 per share
Apr. 25, 2022

Range of shareholding	Number of shareholders	Shareholding	Shareholding (%)
1 - 999	4,381	974,834	0.26%
1,000 - 5,000	2,459	5,256,790	1.41%
5,001 - 10,000	401	2,843,558	0.76%
10,001 - 15,000	135	1,699,084	0.46%
15,001 - 20,000	81	1,406,921	0.38%
20,001 - 30,000	81	2,035,598	0.55%
30,001 - 40,000	42	1,462,818	0.39%
40,001 - 50,000	24	1,081,721	0.29%
50,001 - 100,000	49	3,511,213	0.94%
100,001 - 200,000	36	4,768,502	1.28%
200,001 - 400,000	21	5,656,801	1.52%
400,001 - 600,000	6	3,140,439	0.84%
600,001 - 800,000	3	2,050,072	0.55%
800,001 - 1,000,000	0	0	0.00%
Over 1,000,001	17	335,870,672	90.35%
Total	7,736	371,759,023	100.00%

Note: The Company has not issued any preferred shares and will not otherwise disclose such information.

IV. List of Major Shareholders:

Apr. 25, 2022

Shareholding / Name of major shareholders	Shareholding	Shareholding (%)
Tien-Tsan Tsai	85,577,838	23.02%
Tian Gang Investment Co., Ltd.	63,328,801	17.03%
Tian Lai Investment Co., Ltd.	49,652,072	13.36%
Chieh Chih Construction Co., Ltd.	31,651,513	8.51%
Chiung-Ting Tsai	23,616,339	6.35%
Mei-Yun Tsai-Hsueh	20,209,951	5.44%
Xin Rui Investment Co., Ltd.	17,786,434	4.78%
Jin Cheng Construction Co., Ltd.	12,390,324	3.33%
Mei-Hui Chen	11,533,354	3.10%
Bing-Ze Huang	4,711,000	1.27%

Note: Disclosure of top ten shareholders.

V. Market Price per Share, Net Worth per Share, Earnings per Share, Dividends per Share, and Related Information for the Last Two Fiscal Years:

Unit: NT$

Item \ Year			2021	2020	As of Mar. 31, 2022
Market price per share (Note 1)	Highest		51.90	43.00	41.40
	Lowest		31.90	24.90	34.70
	Average		36.81	35.01	37.30
Net worth per share (Note 2)	Before distribution		44.02	39.50	
	After distribution		44.02	39.50	
Earnings per share (EPS)	Weighted average shares		371,759,023	371,193,098	371,759,023
	EPS (Note 3)	Before adjustment	$4.54	$4.48	$
		After adjustment	$4.54	$4.48	$
Dividends per share	Cash dividends		-	-	-
	Stock dividends	Dividends from retained earnings	-	-	-
		Dividends from capital surplus	-	-	-
	Accumulated undistributed dividends (Note 4)		-	-	-
Return on investment	Price/earnings ratio (Note 5)		8.11	7.81	
	Price/dividend ratio (Note 6)		-	-	-
	Cash dividend yield rate (Note 7)		-	-	-

* In the case of stock dividends from capitalization of earnings or capital surplus, information on market price and cash dividends adjusted retrospectively by the number of shares distributed shall be disclosed.

Note 1: Please indicate the highest and the lowest market price of common stock each year and calculate the average market price of each year based on the trading value and volume of each year.

Note 2: Please provide the information based on the number of issued shares at the end of the year and with reference to distribution (including the capitalization of employee compensation) resolved by the shareholders' meeting in the following year.

Note 3: If retrospective adjustment is required due to stock dividends, the earnings per share before and after adjustment shall be presented.

Note 4: If the terms and conditions under which the equity securities are issued provided that the dividends retained in the year may be accumulated until the year in which there are earnings available for distribution, the accumulated undistributed dividends as of the end of the year shall be disclosed respectively.

Note 5: Price/earnings ratio = Average closing price per share for the year/Earnings per share.

Note 6: Price/dividend ratio = Average closing price per share for the year/Cash dividend per share.

Note 7: Cash dividend yield = Cash dividends per share/Average closing price per share for the current fiscal year.

Note 8: Net worth per share and earnings per share are the data audited (reviewed) by CPAs for the latest quarter up to the publication date of the annual report, and the remaining fields are the data for the year as of the publication date of the annual report.

VI. Company's Dividend Policy and Implementation Thereof:

◎ **Dividend policy:**

According to Article 25 of the Company's Articles of Incorporation, where there are earnings in the annual final accounts, it shall first pay taxes, make up for losses, and set aside legal and special reserves, employee bonus, and remuneration to directors and supervisors. In case there are still earnings to be distributed, the Board shall determine the amount of dividends. Whereas the amount of distributable earnings per share is less than NT$0.5, the Company may decide not to carry out the distribution.

The percentage of cash dividends in the aforementioned earnings distribution shall not be less than 10% of the total amount distributed. The percentage shall be determined by the Board in consideration of the Company's financial condition. However, where the debt ratio in the annual financial statements of the year exceeds 50%, cash dividends may not be distributed.

Where the resolution is not to distribute dividends, it is not subject to this provision.

◎ **Dividend distribution proposed at the most recent shareholders' meeting: The shareholders' meeting has resolved not to distribute dividends.**

◎ **Changes in dividend policy:**

The shareholders' meeting had not amended the Company's dividend policy. There is currently no plan to change such a policy.

VII. Effect upon Business Performance and Earnings per Share of any Stock Dividend Distribution Proposed or Adopted at the Most Recent Shareholders' Meeting.

Effect upon Business Performance, Earnings per Share, and Return on Investment of Stock Dividend Distribution

<table>
<tr><td colspan="3">Year
Item</td><td>2022
(Estimation)</td></tr>
<tr><td colspan="3">Paid-in capital at the beginning (in NT$ thousands)</td><td>3,717,590</td></tr>
<tr><td rowspan="3">Cash and stock dividend for the current year</td><td colspan="2">Cash dividend per share (NT$)</td><td>0.00</td></tr>
<tr><td colspan="2">Stock dividend per share from capitalized retained earnings (shares)</td><td>0.00 (Note 2)</td></tr>
<tr><td colspan="2">Stock dividend per share from capitalized capital surplus (shares)</td><td>0.00</td></tr>
<tr><td rowspan="7">Changes in operating performance</td><td colspan="2">Operating income (in NT$ thousands)</td><td rowspan="13">(Note 1)</td></tr>
<tr><td colspan="2">Increase (decrease) ratio of operating income year-over-year</td></tr>
<tr><td colspan="2">Net income after tax (in NT$ thousands)</td></tr>
<tr><td colspan="2">Increase (decrease) ratio of net income after tax year-over-year</td></tr>
<tr><td colspan="2">Earnings per share (NT$)</td></tr>
<tr><td colspan="2">Increase (decrease) ratio of EPS year-over-year</td></tr>
<tr><td colspan="2">Average annual return on investment (reciprocal of annual price/earnings ratio)</td></tr>
<tr><td rowspan="6">Pro forma EPS and price/earnings (PE) ratio</td><td rowspan="2">Where all capitalized earnings were distributed as cash dividends instead</td><td>Pro forma EPS</td></tr>
<tr><td>Pro forma average annual return on investment</td></tr>
<tr><td rowspan="2">Where capital surplus was not capitalized</td><td>Pro forma EPS</td></tr>
<tr><td>Pro forma average annual return on investment</td></tr>
<tr><td rowspan="2">Where capital surplus was not capitalized and capitalized earnings were distributed as cash dividends instead</td><td>Pro forma EPS</td></tr>
<tr><td>Pro forma average annual return on investment</td></tr>
</table>

Note:

1. Not applicable as the Company has not disclosed the complete financial forecasts for 2022.
2. The 2021 earnings distribution proposal is pending approval from the shareholders' meeting.
3. Where all capitalized earnings were distributed as cash dividends instead, Pro forma EPS = [Net income after tax – Imputed interest expense arising from cash dividends* x (1 - Tax rate)]/**[Total number of issued shares at the end of the current year - Number of stock dividends from retained earnings **]**

   Imputed interest expense arising from cash dividends* = Amount of capitalized earnings x Interest rate of one-year general loan

   Number of stock dividends from retained earnings**: The increased number of stock dividends from retained earnings of the previous year
4. Average PE ratio of the year = Average market price per share of the year/EPS in the annual financial report

VIII. Compensation of Employees, Directors, and Supervisors:

(I) The percentages or ranges with respect to the employee, director, and supervisor compensation, as set forth in the Company's Articles of Incorporation: According to Article 25 of the Company's Articles of Incorporation, if the Company makes a profit in the final accounts, it shall first pay taxes, make up for accumulated losses, then set aside 10% of such earnings as a legal reserve. However, when the legal reserve amounts to the authorized capital, this shall not apply. When necessary, after setting aside or reversing a special reserve according to the regulations, if there is a remaining balance, no less than 1% shall be appropriated as the employee bonus, and no more than 2% shall be appropriated as compensation to directors and supervisors.

(II) The basis for estimating the amount of employee, director, and supervisor compensation, calculating the number of shares to be distributed as employee compensation, and the accounting treatment of the discrepancy, if any, between the actual distributed amount and the estimated figure, for the current period.

1. The basis for estimating the amount of employee compensation for the current period is 1% of the pre-tax net profit, and no compensation for directors and supervisors is estimated.
2. The Company planned to issue new shares for employee bonuses of NT$19,461,751. The number of shares to be issued was calculated based on the closing price of NT$35.95 on the day before the Board's resolution on new share issuance (i.e., March 22). A total of 541,356 shares were issued. Amount less than one share was distributed in the form of cash.
3. There is no discrepancy between the proposed distribution amount of NT$19,461,751 and the estimated figure.

(III) Information on any approval by the Board of Directors of distribution of compensation.

1. The amount of any employee compensation distributed in cash or stocks and compensation for directors and supervisors. If there is any discrepancy between that amount and the estimated figure for the fiscal year these expenses are recognized, the discrepancy, its cause, and the status of treatment shall be disclosed.
   None.
2. The amount of employee compensation distributed in stock and the percentage to the sum of net income in parent company-only or individual financial reports for the current period and total employee compensation.
   The proposed amount of employee compensation distributed in stocks of NT$19,461,751 was 1.14% to the sum of net income in the parent company only or individual financial reports for the current period and total employee compensation.

(IV) The actual distribution of employee, director, and supervisor compensation for the previous fiscal year (with an indication of the number of shares, monetary amount, and the stock price of the shares distributed), and if there is any discrepancy between the actual distribution and the recognized employee, director, or supervisor compensation, the discrepancy, its cause, and the status of treatment:

1. In 2021, the Company did not distribute remuneration to directors and supervisors for the year 2020.
2. In 2021, the Company distributed 2020 employee compensation of NT$19,524,435. The number of shares issued was calculated based on the closing price of NT$34.00 on the day before the Board's resolution on new share issuance (i.e., Mar. 23, 2020). A total of 565,925 shares were issued. Amount less than one share was distributed in the form of cash.
3. There was no discrepancy with the recognized remuneration for employees, directors, and supervisors.

IX. Share Repurchases:

(I) Repurchase completed:

May 1, 2022

Batch number	Forth (Completed on 05/15/2020)	Fifth (Completed on 08/21/2020)	
Purpose	Maintain company credit and shareholders' rights	Maintain company credit and shareholders' rights	
Period	03/16/2020 to 05/15/2020	06/22/2020 to 08/21/2020	
Price range	Between NT$20.00 and NT$35.00 per share	Between NT$26.00 and NT$38.00 per share	
Type and quantity of shares repurchased	Registered common stock, 10,000,000 shares	Registered common stock, 4,189,000 shares	
Value of shares repurchased	NT$310,789,663	NT$152,968,949	
Ratio of shares repurchased to the scheduled amount to be repurchased (%)	100.00%	83.78%	
Number of shares retired or resold	10,000,000 shares	4,189,000 shares	
Quantity of total treasury stock holdings	0 share	0 share	
Ratio of total treasury stock holdings to total shares issued (%)	0.00%	0.00%	

(II) Ongoing repurchase: None.

X. Corporate Bonds (Including Overseas Corporate Bonds):

None.

XI. Preferred Shares:

None.

XII. Global Depository Receipts:

None.

XIII. Employee Stock Options and New Restricted Employee Shares:

None.

XIV. Issuance of New Shares in Connection with Mergers or Acquisitions or with Acquisitions of Shares of Other Companies (including Mergers, Acquisitions, and Demergers):

None.

XV. Implementation of the Company's Capital Allocation Plans

(I) Plan details: None.
(II) Implementation status: None.

Chapter 5. Operational Highlights

I. Business Activities:

(I) Business Scope

1. Major lines of business and the relative weight of each
   (1) Commission contractors for the construction of public housing and commercial buildings for lease or sale.
   (2) Specific area development.
   (3) General hotel business.
   (4) In terms of the operating income categories of the Company's consolidated financial report in 2021, the sales of residential buildings accounted for 96.73%, the tourism hotel business accounted for 2.85%, and others and rental income accounted for 0.42%.
2. Current products (services)
   (1) Construction of commercial buildings, residential buildings, and parking spaces for sale.
   (2) Construction of commercial buildings, and residential buildings for lease.
3. New products (services) planned for development.
   None.

(II) Industry Overview

1. Industry's current status and development:
   The real estate industry in Taiwan is an industry where it is difficult to obtain raw materials. As Taiwan is an island country with limited land area and a high population density, the real estate industry has always maintained stable domestic demand. The current situation has not changed much.
   Over the past two decades, with the continuous growth of national income, consumers' requirements for living quality have been raised, reflecting the demand for real estate. Whether it is a first-time home purchase or home replacement, the demand has risen with the recovery of consumers' real purchasing power.
   In recent years, the influence of the growing area and scale of Taiwan's science and technology industry leads to soaring real estate market prices. The phenomenon is quite evident, especially in Tainan and Kaohsiung in the past two years, and the trend will not change in the next five years.
   In the long run, under the premise that the domestic real estate market tends to grow steadily in the future, the market shall progress to a more mature phase.
2. Relationship amongst upstream, midstream, and downstream:
   The profit sources of the construction and development industry mainly come from the control of land and construction costs and the grasp of the pulsation of the real estate market. The land is the raw material of the

construction industry, namely the upstream of the construction industry. Then the land raw materials are handed over to the construction company for a construction contract, which has a midstream relationship with the construction industry. Both are key costs of the construction industry. Downstream of the real estate market mainly consists of the real estate agency and intermediaries. The construction investment industry and real estate agencies have had tight long-term business relationships in the past. Due to the advantages of multi-point outlet channels, the intermediary agency also cooperates closely with the project sales business.

3. Product development trend and competition:
Currently, the real estate market in Kaohsiung mainly lies in the residential market. As for the Company, the bulk of operating revenue stems from residential properties. In the near future, residential products will remain our product focus. Moreover, we will start to enter the office building and factory market.

(III) Technology and R&D Overview

1. R&D expenses during the most recent fiscal year and up to the publication date of the annual report: None.
2. Technology and products successfully developed during the most recent fiscal year and up to the publication date of the annual report: None.

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

1. Short-term business development plan:
Taking into account the Company's current capital scale, human resources conditions, rate of return on individual projects, and capital turnover efficiency, our short-term business focus will be on the investments in the construction and sales of residential projects in the real estate market in Greater Kaohsiung and Tainan. Besides optimizing operation efficiency, the Company can continue to grow steadily.
2. Long-term business development plan:
The Company will continue to launch residential products in the Greater Kaohsiung and Tainan area. Moreover, we will persistently explore development opportunities in the leisure real estate market and the tourist hotel business.

II. Overview of Market and Production and Sales

(I) Market Analysis:

1. Sales (supply) regions of main products (services):

The sales regions cover Kaohsiung City, Tainan County and Pingtung City/County.

At present, the geographical distribution of the Company's sales projects is as follows:

Region	Project	Product Type	Units
Kaohsiung City	King's Grand Tower	Residential-commercial building	122 units
	Le Dome	Residential building	156 units
	Lohas	Residential building	168 units
	The Peak	Residential building	53 units
	King's Park	Residential-commercial building	126 units
	King's Hanshin Online	Residential building	55 units
	Exquisite Palace	Residential-commercial building	366 units
	King's Mansion	Residential-commercial building	284 units
	Riverbank	Residential-commercial building	57 units
	Elegance	Residential building	106 units
	Exquisite Palace	Residential-commercial building	366 units
	Heart of World (pre-sale)	Residential-commercial building	533 units
	Forest Fragrance (pre-sale)	Residential-commercial building	133 units
	Kingdom of New Asia Bay (pre-sale)	Residential-commercial building	38 units

2. Market share

The Company has operated in the real estate market in southern Taiwan for many years and has accomplished considerable projects and masterpieces. We have also established a good reputation and enjoyed a relatively high market share.

3. Future supply, demand, and development potential of the market

(1) According to the monthly statistical reports of the Construction and Planning Administration, Kaohsiung City issued 18,018 residential building construction licenses in 2021, an increase of 3,936 units or 24.12% from 14,082 units in 2020. The total floor area of the residential building construction licenses issued in 2021 was 2,401,666 square meters, an increase of 24.12% over 1,935,000 square meters in 2020. According to the above data, although the number of residential building construction licenses has begun to increase with the market heat, the increase is not much.

In addition, 10,227 residential building occupation permits were issued in 2021, a significant decrease of 3,858 units or 27.39% from 14,085units in 2020. The total floor area of the residential building occupation permits issued in 2021 was 1,412,783 square meters, a drop of 39.73% from 2,344,125 square meters in 2020, reducing the supply of newly completed property in 2021. It is also why mainstream square feet products are currently out of stock in the market.

(2) The current government policy towards the coexistence of the COVID-19 shall be the last battle against the pandemic.

4. Competitive niche and favorable and unfavorable factors for future development and countermeasures:

(1) Competitive niche:

1) Reputation of long-term cultivation.
2) Professional after-sales service well received by customers.
3) With abundant resources and a strong and excellent third-party team, the Company has no worries about quality and progress control.
4) The Company has outstanding talents with a low turnover rate.

(2) Favorable factors of development prospect:

1) Public works drive regional prosperity:
Several major public works completed, under construction, or planned, such as the North City Plan in concert with TSMC’s plant establishment, Kaohsiung Music Center, Kaohsiung Port Cruise Terminal, Kaohsiung Circular Light Rail, KRTC Yellow Line, construction of Green Corridors after Railway Underground, the 205th Arsenal Development Project, and Special Trade III Development Project in Asia’s New Bay Area, will drive the real estate market in Greater Kaohsiung and facilitate the prosperity of the overall real estate industry.

2) Sufficient funds and low interest rates:
The Central Bank has begun to raise interest rates. However, it still maintains a low-interest rate monetary environment, so there will be no immediate impact on the real estate market.

(3) Unfavorable factors of development prospect:
Difficulties in acquiring essence land:
Land is the essential raw material for construction. The land in Taiwan is mainly hills or mountains, and the land available for development and construction has been limited. Furthermore, with years of development by the industry, the current land with development value is tighter.

(4) Countermeasures:

1) Explore suitable land:
Develop regions with good value-added potential and strong resilience in the metropolitan area to cope with the impact of market downturn risks and meet the environmental needs of customers' residential areas.

2) Master the timing of sales:
Maintain the sensitivity to market changes at any time, and master the timing of sales to avoid price-cutting competition with peers.

3) Design quality products:
There are popular items even in a bear market. As long as the Company can launch products that meet market demand and enhance the added value of the products, it can thrive in times of adversity.

4) Reduce operating costs:
Improve the quality of site management to shorten the construction period and boost gross profit.

5) Strengthen R&D work:
Conduct preliminary surveys and analyses on potential regions in the future to get a head start and stay aware of changes in markets other than the Greater Kaohsiung area.

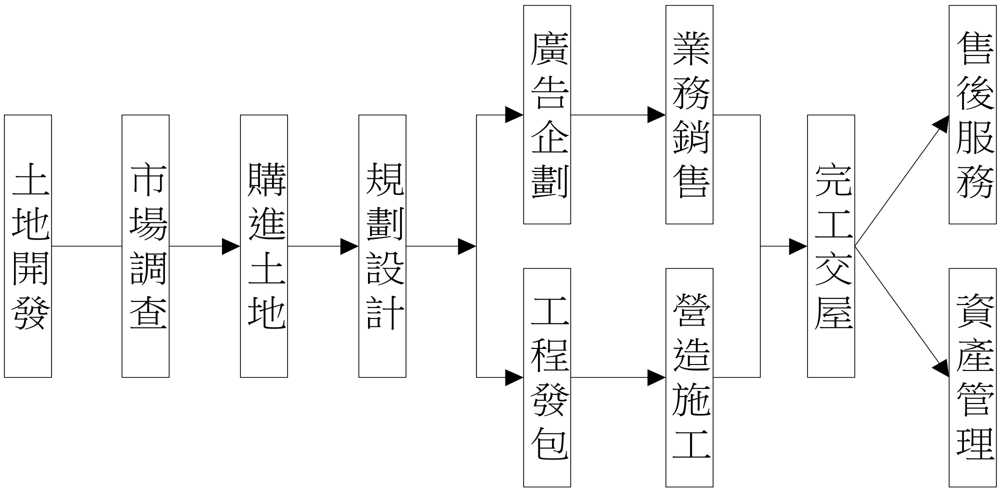
(II) Main Applications and Production Process of Major Products

1. Main applications:
The Company's primary products can be categorized into townhouses, residential buildings, and commercial buildings. They are built for sale or leased as residences, offices, or shops.

2. Production process:
The production process is rather complex. It involves a wide range of

industries, such as concrete, cement, reinforcement steel, bathroom equipment, water and electricity equipment, aluminum doors and windows, tiles, landscape design, and gardening. The contractor site manager is responsible for the construction planning and quality control of associated subcontractors. Moreover, the Company will assign employees to perform unscheduled inspections of the construction status to deliver the best construction quality.

The process is illustrated below:



(III) Supply of Major Raw Materials

1. Construction land:

The Company's projects are mainly in Kaohsiung City and Tainan City, which have a vast hinterland, abundant land resources, and the release of public land for auction, all of which are conducive to land acquisition.

2. Construction work:

The Company mostly commissions Chieh Chih Construction Co., Ltd., Bai Hong Construction Co., Ltd., and other construction companies for construction works. Chieh Chih Construction Co., Ltd. and Bai Hong Construction Co., Ltd. are Grade-A construction companies. The quality, progress, and source of materials for their construction work are assured.

◎The above major raw material suppliers are affiliates of the Company, with stable supply sources, and no significant changes are expected.

(IV) Names of any Suppliers (clients) Accounting for 10% or More of the Company's Total Procurement (sales) Amount in either of the Most Recent Two Fiscal Years, the Monetary Amount, and the Proportion of Such Procurements (sales) as a Percentage of Total Procurements (sales):

1. Names of any suppliers accounting for 10% or more of the Company's total procurement amount in the most recent two fiscal years, the monetary amount, and the proportion of such procurements as a percentage of total procurements:

May 1, 2022

Year / Name	2021		2020		As of the first quarter of 2022	
	Amount (in NT$ thousands)	Percentage of annual total procurement (%)	Amount (in NT$ thousands)	Percentage of annual total procurement (%)	Amount (in NT$ thousands)	Percentage of net procurement as of the first quarter of 2022 (%)
Chieh Chih Construction Co., Ltd. (concluded as having a controlling or subordinate relation)	328,598	5.41%	238,109	21.65%	114,290	25.33%
Bai Hong Construction Co., Ltd. ((concluded as having a controlling or subordinate relation)	276,217	4.57%	280,364	25.49%	47,624	10.56%
Others	5,456,642	90.02%	581,350	52.86%	289,223	64.11%
Net purchase	6,061,457	100.00%	1,099,823	100.00%	100.00%	100.00%

2. Names of any clients accounting for 10% or more of the Company's total sales amount in the most recent two fiscal years, the monetary amount, and the proportion of such ales as a percentage of total sales: None.

(V) Production Volume and Value in the Past Two Fiscal Years:

Dec. 31, 2021

Year / Main Products	2021			2020		
	Capacity	Production volume (ping)	Production value (in NT$ thousands)	Capacity	Production volume (ping)	Production value (in NT$ thousands)
Townhouse	-	-	-	-	-	-
Residential building	-	0	0	-	6,045.34	1,278,720
Total	-	0	0	-	6,045.34	1,278,720

(VI) Sales Volume and Value in the Past Two Fiscal Years:

Dec. 31, 2021

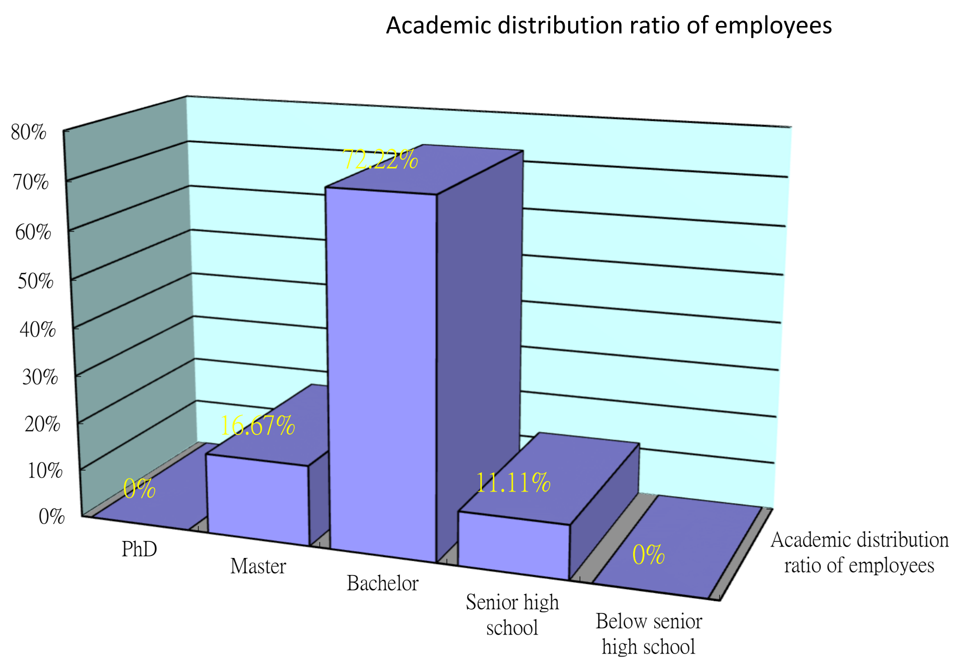
Year / Main Products	2021		2020	
	Sales volume (ping)	Sales value (in NT$ thousands)	Sales volume (ping)	Sales value (in NT$ thousands)
Townhouse	-	-	-	-
Residential building	23,179.10	6,439,849	32,598.70	8,420,604
Land	-	-	-	-
Rent revenue	-	27,891	-	23,689
Hospitality revenue	-	189,504	-	223,556
Total	2,317,910	6,657,244	32,598.70	8,667,849

III. Employees:

Employee's Information for the Most Recent Two Fiscal Years, and during the Current Fiscal Year up to the Publication Date of the Annual Report

May 1, 2022

Year		2021	2020	As of May 1, 2022
No. of Employees	General employees	34	32	36
	Engineering employees	2	2	2
	Total	36	34	38
Average age		51.42	50.56	51.03
Average year of services		18.53	18.63	17.60
Academic distribution ratio (%)	PhD	0%	0%	0%
	Master	16.67%	17.65%	18.42%
	Bachelor	72.22%	70.59%	71.05%
	Senior high school	11.11%	11.76%	10.53%
	Below senior high school	0%	0%	0%



IV. Environmental Protection Expenditure:

(I) Any losses during the most recent fiscal year and up to the publication date of the annual report due to environmental pollution incidents (including any compensation paid and any violations of environmental protection laws or regulations found in environmental protection inspection specifying the disposition dates, disposition reference numbers, the articles of law violated, and the content of the dispositions), and an estimate of possible expenses that could be incurred currently and in the future and measures being or to be taken: None.

(II) Future countermeasures (including improvement measures) and possible expenditures:
Strengthen environmental management and landscaping of the construction site.

V. Labor Relations:

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

1. Employee benefits, continuing education, and training and the implementation status thereof
On Jan. 17, 1992, the Labor Affairs Bureau of Kaohsiung City Government approved the establishment of the Employee Welfare Committee per Letter No. Gao-Shi-Lao-3-Tze-000494 (1992). In addition, the Company established the King Group's Joint Employee Welfare Committee (EWC) together with affiliates Jing Cheng Construction Co., Ltd., Nan Jing Construction Co., Ltd., Chieh Chih Construction Co., Ltd., and Bai Hong Construction Co., Ltd., on Jan. 20, 2006. And it was organized following the EWC Charter promulgated by the Ministry of the Interior. The main benefits under the EWC Charter are as follows:
(1) The Company appropriates 0.1% of sales and another 0.5% of employee salaries as the welfare fund every month.
(2) Welfare fund expenditure items include festival allowances, employee travel, wedding and funeral allowances, maternity subsidies, educational training, emergency relief, cultural and recreational activities, club activities, etc.
(3) The EWC draws up an annual activity plan and carries it out accordingly.
(4) A comprehensive vocation system.
(5) Measures for employee dividend and employee stock ownership.

2. Retirement system
The Company has formulated retirement measures in the Regulations Governing Personnel Management approved and recorded by the Labor Affairs Bureau of Kaohsiung City Government and has appropriated funds to the exclusive pension account every month to optimize employee protection.

The Company has always maintained harmonious labor relations, and there has been no loss due to labor disputes.

3. Labor-management agreement

The Company has always maintained harmonious labor relations, without labor disputes, so there is no labor-management agreement.

4. Measures to preserve the rights and interests of employees

EWC serves as the grievance channel for the rights and interests of employees. Shall the employee file a complaint, the EWC will hold a meeting for review. At the moment, it is in good operation.

(II) Any losses suffered by the Company in the most recent fiscal year and up to the publication date of the annual report due to labor disputes: None.

(III) An estimate of possible expenses that could incur currently or in the future and countermeasures being or to be taken

The Company currently has 36 employees, with harmonious labor relations and no labor disputes.

VI. Cyber Security Management:

(I) Describe the cyber security risk management framework, cyber security policies, concrete management programs, and investments in resources for cyber security management:

1. Cyber security risk management framework

(1) The Company will establish the Cyber Security Committee with the associate manager of the Administration Department as the cyber security executive and the IT supervisor as the cyber security personnel.

(2) It has formulated and issued cyber security management objectives and policies and personal data management policies and has regularly reviewed for amendment.

2. Cyber security policies

(1) Ensure the security of the Company's mainframe, network equipment, and network communications, effectively reducing the risk of theft, improper use, leakage, tampering, or destruction of information assets caused by human negligence, deliberate or natural disasters, etc., and establish cyber security management specifications.

(2) Ensure the confidentiality, integrity, and availability of the Company's business information.

Confidentiality:

Ensure that only authorized personnel have access to use the information.

Integrity:

Ensure that the information adopted is accurate and has not been tampered with.

Availability:

Ensure that authorized personnel has access to the required information.

3. Concrete management programs

(1) Make a periodic inventory of information assets and personal data, conduct risk management according to cyber security and personal data risk assessment, and implement various control measures.

(2) Outsourced manufacturers must sign a confidentiality agreement to ensure that those who use the information services provided by the Company or perform related information business have the responsibility and obligation to protect the Company's information assets acquired or used by them to prevent unauthorized access, alteration, destruction, or improper disclosure.

(3) An appropriate backup, spare, or monitoring mechanism has been established for essential information systems or equipment and drilled regularly to maintain their availability.

(4) All personal computers are installed with anti-virus software and regularly checked for virus pattern updates, and the use of unauthorized software is prohibited.

(5) It is required that the colleague's account number, password, and permission be carefully kept and used, and the password be changed periodically.
(6) Standard procedures for responding to and reporting cyber security incidents have been formulated. The cyber security emergency response team is responsible for handling cyber security incidents and appropriately managing cyber security incidents in real time to avoid the expansion of damage.
(7) Conduct internal audits regularly every year to ensure the effectiveness of cyber security and personal information protection management systems.

4. Investments in resources for cyber security management

(1) Currently, there is a workforce of three employees.
(2) Regularly formulate cyber security plans and perform internal audits.

(II) List any losses suffered by the Company in the most recent fiscal years and up to the annual report publication date due to significant cyber security incidents, the possible impacts therefrom, and measures being or to be taken. If a reasonable estimate cannot be made, an explanation of the facts of why it cannot be made shall be provided:

At present, the Company has not suffered any losses due to significant cyber security incidents.

VII. Important Contracts:

Nature of contracts	Counterparty	Term	Major contents	Restrictions
Structural work of Project "King's Hanshin Online"	Chieh Chih Construction Co., Ltd.	Signed on Feb. 1, 2016	Contract sum: $344,712,000 **Upon agreement, the contract sum was amended to $352,212,000 in March 2019**	Performance bond of 10% Five-year warranty
Structural work of Project "King's E SKY"	Bai Hong Construction Co., Ltd.	Signed on Aug. 1, 2016	Contract sum: $260,110,000	Performance bond of 10% Five-year warranty
Structural work of Project "Riverbank"	Chieh Chih Construction Co., Ltd.	Signed on Aug. 1, 2016	Contract sum: $136,128,000 **Upon agreement, the contract sum was amended to $148,127,500 in March 2019**	Performance bond of 10% Five-year warranty
Renovation work of Project "King's Hanshin Online"	Chieh Chih Construction Co., Ltd.	Signed on Mar. 24, 2017	Contract sum: $273,168,000 **Upon agreement, the contract sum was amended to $266,168,000 in March 2019**	Performance bond of 10% Five-year warranty
Renovation work of Project "King's E SKY"	Bai Hong Construction Co., Ltd.	Signed on Feb. 1, 2018	Contract sum: $205,350,000	Performance bond of 10% Five-year warranty
Renovation work of Project "Riverbank "	Chieh Chih Construction Co., Ltd.	Signed on Dec. 25, 2017	Contract sum: $120,113,000 **Upon agreement, the contract sum was amended to $126,812,500 in March 2019**	Performance bond of 10% Five-year warranty
Construction work of Project "Heart of World"	Chieh Chih Construction Co., Ltd.	Signed on Nov. 18, 2020	Contract sum: $2,014,000,000	Check for performance bond of 10% Five-year warranty
Construction work of Land Parcel No. 163, Xindu Section	Bai Hong Construction Co., Ltd.	Signed on Nov. 18, 2020	Contract sum: $880,200,000	Check for performance bond of 10% Five-year warranty

Note: Contracts above are still valid as of the publication date of the annual report and/or will expire in the most recent fiscal year.

Chapter 6. Financial Information

I. Condensed Balance Sheets and Statements of Comprehensive Income for the Past Five Fiscal Years:

(I) Condensed Balance Sheets

1. IFRSs (consolidated)

Unit: NT$ thousands

Item \ Year		Financial information for the past five fiscal years					as of Mar. 31, 2022 (Note 1) Financial information
		2021	2020	2019	2018	2017	
Current assets		33,464,187	31,278,021	34,845,997	32,137,827	31,422,477	33,285,134
Property, plant, and equipment		735,365	802,258	862,082	912,786	986,519	719,200
Intangible assets		164,667	169,290	173,523	177,349	181,627	163,504
Other assets		143,166	129,645	181,001	84,076	81,303	145,201
Total assets		34,507,385	32,379,214	36,062,603	33,312,038	32,671,926	34,313,039
Current liabilities	Before distribution	9,421,299	10,728,951	15,246,621	15,401,138	15,820,838	10,030,943
	After distribution	9,421,299	10,728,951	15,246,621	15,401,138	15,820,838	10,030,943
Non-current liabilities		8,720,240	6,988,048	7,393,196	6,149,410	4,827,420	7,677,862
Total liabilities	Before distribution	18,141,539	17,716,999	22,639,817	21,550,548	20,648,258	17,708,805
	After distribution	18,141,539	17,716,999	22,639,817	21,550,548	20,648,258	17,708,805
Equity attributable to owners of the parent company		16,365,846	14,662,215	13,422,786	11,761,490	12,023,668	16,604,234
Share capital		3,717,590	3,711,931	3,848,464	3,846,549	3,842,707	3,717,590
Capital surplus		13,865	0	40,015	36,474	31,614	13,865
Retained earnings	Before distribution	12,634,391	10,950,284	9,534,307	7,878,467	8,149,347	12,872,779
	After distribution	12,634,391	10,950,284	9,534,307	7,878,467	8,149,347	12,872,779
Other equity interest		0	0	0	0	0	0
Treasury stock		0	0	0	0	0	0
Non-controlling interest		0	0	0	0	0	0
Total equity	Before distribution	16,365,846	14,662,215	13,422,786	11,761,490	12,023,668	16,604,234
	After distribution	16,365,846	14,662,215	13,422,786	11,761,490	12,023,668	16,604,234

Note 1: Financial information for the first quarter of 2022 was reviewed by CPA Hielleen Chang and CPA Jackson Jwo of ShineWing Taiwan.

Note 2: The figures above after distribution were determined based on resolutions of the shareholders' meeting of the following year.

2. IFRSs (Parent company-only)

Unit: NT$ thousands

Item \ Year		Financial information for the past five fiscal years 2021	2020	2019	2018	2017	as of Mar. 31, 2021 (Note 1) Financial information
Current assets		33,341,946	31,179,718	34,751,912	32,031,785	31,319,833	-
Property, plant, and equipment		1,172	2,476	3,247	4,523	5,576	-
Intangible assets		162,456	166,676	170,714	175,171	179,163	-
Other assets		879,137	914,810	1,015,634	957,905	1,015,356	-
Total assets		34,384,711	32,263,680	35,941,507	33,169,384	32,519,928	-
Current liabilities	Before distribution	9,299,333	10,614,125	15,126,233	15,261,193	15,669,549	-
	After distribution	9,299,333	10,614,125	15,126,233	15,261,193	15,669,549	-
Non-current liabilities		8,719,532	6,987,340	7,392,488	6,146,701	4,826,711	-
Total liabilities	Before distribution	18,018,865	17,601,465	22,518,721	21,407,894	20,496,260	-
	After distribution	18,018,865	17,601,465	22,518,721	21,407,894	20,496,260	-
Equity attributable to owners of the parent company		16,365,846	14,662,215	13,422,786	11,761,490	12,023,668	-
Share capital		3,717,590	3,711,931	3,848,464	3,846,549	3,842,707	-
Capital surplus		13,865	0	40,015	36,474	31,614	-
Retained earnings	Before distribution	12,634,391	10,950,284	9,534,307	7,878,467	8,149,347	-
	After distribution	12,634,391	10,950,284	9,534,307	7,878,467	8,149,347	-
Other equity interest		0	0	0	0	0	-
Treasury stock		0	0	0	0	0	-
Non-controlling interest		0	0	0	0	0	-
Total equity	Before distribution	16,365,846	14,662,215	13,422,786	11,761,490	12,023,668	-
	After distribution	16,365,846	14,662,215	13,422,786	11,761,490	12,023,668	-

Note 1: The Company did not prepare parent company-only financial reports for the first quarter of 2022.

Note 2: The figures above after distribution were determined based on resolutions of the shareholders' meeting of the following year.

(II) Comprehensive Income Statements

1. IFRSs (consolidated)

Unit: NT$ thousands

Year / Item	Financial information for the past five fiscal years					as of Mar. 31, 2022 (Note 1) Financial information
	2021	2020	2019	2018	2017	
Operating revenue	6,657,244	8,667,849	5,990,199	3,297,861	4,184,936	985,265
Gross profit	2,686,606	2,983,725	2,591,376	1,179,447	1,572,625	463,194
Operating profit (loss)	2,073,955	2,174,701	1,944,932	662,903	989,070	306,505
Non-operating income and expenses	(147,236)	(241,777)	(141,698)	(115,923)	(132,600)	(46,223)
Net income before tax	1,926,719	1,932,924	1,803,234	546,980	856,470	260,282
from continuing operations Net income after tax	1,687,409	1,684,892	1,656,570	497,247	774,994	238,388
Loss from discontinued operations	0	0	0	0	0	0
Net income (loss)	1,687,409	1,684,892	1,656,570	497,247	774,994	238,388
Other comprehensive income (net, after tax)	(3,302)	(216)	(730)	414	1,855	0
Total comprehensive income	1,684,107	1,684,676	1,655,840	497,661	776,849	238,388
Net income attributable to owners of the parent company	1,684,107	1,684,676	1,655,840	497,661	776,849	238,388
Net income attributable to non-controlling interests	0	0	0	0	0	0
Total comprehensive income attributable to shareholders of the parent company	1,684,107	1,684,676	1,655,840	497,661	776,849	238,388
Total comprehensive income attributable to non-controlling interests	0	0	0	0	0	0
Earnings per share (EPS)	4.54	4.48	4.31	1.29	2.02	0.64

Note 1: Financial information for the first quarter of 2022 was reviewed by CPA Hielleen Chang and CPA Jackson Jwo of ShineWing Taiwan.

2. IFRSs (Parent company-only)

Unit: NT$ thousands

Item \ Year	Financial information for the past five fiscal years					as of Mar. 31, 2022 (Note 1) Financial information
	2021	2020	2019	2018	2017	
Operating revenue	6,502,887	8,488,200	5,5804,813	3,160,868	4,131,667	-
Gross profit	2,619,476	2,912,827	2,508,946	1,129,254	1,529,651	-
Operating profit (loss)	2,144,547	2,245,367	1,999,424	740,427	1,074,111	-
Non-operating income and expenses	(217,833)	(312,449)	(196,170)	(200,248)	(212,620)	-
Net income before tax	1,926,714	1,932,918	1,803,254	540,179	861,491	-
from continuing operations Net income after tax	1,687,409	1,684,892	1,656,570	497,247	774,994	-
Loss from discontinued operations	0	0	0	0	0	-
Net income (loss)	1,687,409	1,684,892	1,656,570	497,247	774,994	-
Other comprehensive income (net, after tax)	(3,302)	(216)	(730)	414	1,855	-
Total comprehensive income	1,684,107	1,684,676	1,655,840	497,661	776,849	-
Net income attributable to owners of the parent company	-	-	-	-	-	-
Net income attributable to non-controlling interests	-	-	-	-	-	-
Total comprehensive income attributable to shareholders of the parent company	-	-	-	-	-	-
Total comprehensive income attributable to non-controlling interests	-	-	-	-	-	-
Earnings per share (EPS)	4.54	4.48	4.31	1.29	2.02	-

Note 1: The Company did not prepare parent company-only financial reports for the first quarter of 2022.

Note 2: The amount of capitalized interest each year is as follows:

Year	Amount (in NT$ thousands)
106	175,627
107	185,924
108	139,955
109	42,182
110	52,524

(III) Name of CPAs and Audit Opinions for the Past Five Years

Year	CPA Firm	CPA	Audit opinion
2017	Tiaoho & Co.	Angela Chuang, Hielleen Chang	Unqualified opinion
2018	ShineWing Taiwan (Note 2)	Angela Chuang, Hielleen Chang	Unqualified opinion
2019	ShineWing Taiwan	Angela Chuang, Hielleen Chang	Unqualified opinion
2020	ShineWing Taiwan	Angela Chuang, Hielleen Chang	Unqualified opinion
2021	ShineWing Taiwan (Note 1)	Hielleen Chang and Jackson Jwo	Unqualified opinion

Note 1: The replacement of CPAs was due to administrative adjustments within the CPA firm.

Note 2: The former CPA of the Company joined ShineWing Taiwan, resulting in the change of the CPA firm to ShineWing Taiwan.

II. Financial Analyses for the Past Five Fiscal Years:

(I) Financial Analyses:

1.IFRSs (consolidated)

Item	Year	Financial analyses for the past five fiscal years					As of Mar. 31, 2022
		2021	2020	2019	2018	2017	
Financial structure (%)	Debt ratio	52.57	54.72	62.78	64.69	63.20	51.61
	Ratio of long-term capital to property, plant, and equipment	3,396.18	2,682.96	2,379.92	1,935.86	1,640.10	3,361.09
Debt service ability (%)	Current ratio	355.20	291.53	228.55	208.67	198.61	331.82
	Quick ratio	14.96	15.18	3.99	1.73	2.55	12.15
	Times interest earned ratio	8.84	7.57	5.84	2.12	3.07	4.88
Operating ability	Accounts receivable turnover rate (times)	42.29	55.78	68.73	225.74	196.52	9.80
	Average days for cash receipts	8.63	6.54	5.31	1.62	1.86	37.24
	Inventory turnover rate (times)	0.13	0.18	0.10	0.07	0.09	0.02
	Payables turnover rate (times)	4.39	4.32	2.36	1.63	1.74	0.64
	Average days for sale of goods	2807.69	2,027.77	3,650.00	5,214.28	4,055.55	21,400.38
	Turnover rate for property, plant, and equipment (times)	8.66	10.42	6.75	3.42	4.74	1.31
	Total asset turnover rate (times)	0.19	0.25	0.17	0.10	0.13	0.03
Profitability	Return on Assets (%)	5.49	5.50	5.25	1.84	2.80	0.84
	Return on Equity (%)	10.88	12.00	13.16	4.18	6.66	1.51
	Ratio of income before tax to paid-in capital (%)	51.83	52.07	46.86	14.22	22.29	7.00
	Net profit ratio (%)	25.35	19.44	27.65	15.08	18.52	24.20
	Earnings per share ($)	4.54	4.48	4.31	1.29	2.02	0.64
Cash flows	Cash flow ratio (%)	Note 2	47.78	0.36	Note 2	Note 2	4.38
	Cash flow sufficiency ratio (%)	71.74	84.60	0.67	Note 2	Note 2	269.29
	Cash reinvestment ratio (%)	Note 2	23.48	0.26	Note 2	Note 2	1.79
Leverage	Operating leverage	1.07	1.07	1.09	1.26	1.23	1.43
	Financial leverage	1.10	1.13	1.12	1.26	1.18	1.19

Reasons for significant changes in financial ratios over the past two fiscal years:

01. Ratio of long-term capital to property, plant, and equipment: It was 3,396% in 2021, an increase of 26.58% compared with 2682% in 2020, mainly due to the increase in shareholders' equity and long-term funds in 2021 compared with 2020.
02. Quick ratio: It was 355.20% in 2021, an increase of 21.84% compared with 291.53% in 2020, mainly due to the increase in current assets in 2021 compared with 2020.
03. Accounts receivable turnover rate: There were 42.29 times In 2021, a decrease of 24.18% compared with 55.78 times in 2020, mainly due to the 23.20% decrease in net sales in 2021 compared with 2020.
04. Average days for cash receipts: It was 8.63 days in 2021, an increase of 31.96% compared with 6.54 days in 2020, for the same reason as the accounts receivables turnover rate.
05. Inventory turnover rate: It was 0.13 times in 2021, a decrease of 27.78% compared with 0.18 times in 2020, mainly due to the 30.15% decrease in the cost of goods sold in 2021 compared with 2020.
06. Average days for sale of goods: It was 2807 days in 2021, an increase of 38.46% compared with 2027 days in 2020, mainly due to the decline in inventory turnover rate.
07. Total asset turnover rate: It was 0.19 times in 2021, a decrease of 24.00% compared with 0.25 times in 2020, mainly due to the 23.20% decrease in net sales in 2021 compared with 2020.
08. Net profit ratio: It was 25.35% in 2021, an increase of 30.40% compared with 19.44% in 2020, mainly due to the gross profit level of sales projects in 2021 being higher than that in 2020.

Note 1: Financial information for each year has been audited by CPAs.
Note 2: Net cash flows from operating activities were a negative figure, so the ratio was not calculated.

2. IFRSs (Parent company-only)

Item	Year	Financial analyses for the past five fiscal years 2021	2020	2019	2018	2017	As of Mar. 31, 2021 (Note 3)
Financial structure (%)	Debt ratio	52.40	54.56	62.65	64.54	63.03	-
	Ratio of long-term capital to property, plant, and equipment	3,632.03	2,869.26	2,521.84	2,020.73	1,710.30	-
Debt service ability (%)	Current ratio	358.54	293.76	229.75	209.89	199.88	-
	Quick ratio	13.95	14.51	3.47	1.12	2.00	-
	Times interest earned ratio	8.85	7.60	5.87	2.10	3.09	-
Operating ability	Accounts receivable turnover rate (times)	42.17	56.47	72.39	399.45	220.73	-
	Average days for cash receipts	8.66	6.46	5.04	0.91	1.65	-
	Inventory turnover rate (times)	0.13	0.18	0.10	0.07	0.09	-
	Payables turnover rate (times)	4.38	4.29	2.31	1.58	1.74	-
	Average days for sale of goods	2,807.69	2,027.77	3,650.00	5,214.28	4,055.55	-
	Turnover rate for property, plant, and equipment (times)	9.05	10.86	6.88	3.42	4.82	-
	Total asset turnover rate (times)	0.19	0.25	0.16	0.10	0.13	-
Profitability	Return on Assets (%)	5.51	5.51	5.26	1.85	2.80	-
	Return on Equity (%)	10.88	12.00	13.16	4.18	6.66	-
	Ratio of income before tax to paid-in capital (%)	51.83	52.07	46.86	14.04	22.42	
	Net profit ratio (%)	25.95	19.85	28.54	15.73	18.76	-
	Earnings per share ($)	4.54	4.48	4.31	1.29	2.02	-
Cash flows	Cash flow ratio (%)	Note 2	48.74	0.62	Note 2	Note 2	-
	Cash flow sufficiency ratio (%)	73.73	87.14	1.15	Note 2	Note 2	-
	Cash reinvestment ratio (%)	Note 2	23.71	0.47	Note 2	Note 2	-
Leverage	Operating leverage	1.06	1.06	1.08	1.20	1.14	-
	Financial leverage	1.10	1.12	1.11	1.23	1.17	-

Reasons for significant changes in financial ratios over the past two fiscal years:

01. Ratio of long-term capital to property, plant, and equipment: It was 3,632% in 2021, an increase of 26.58% compared with 2869% in 2020, mainly due to the increase in shareholders' equity and long-term funds in 2021 compared with 2020.
02. Quick ratio: It was 358.54% in 2021, an increase of 22.05% compared with 293.76% in 2020, mainly due to the increase in current assets in 2021 compared with 2020.
03. Accounts receivable turnover rate: There were 42.17 times In 2021, a decrease of 25.32% compared with 56.47 times in 2020, mainly due to the 23.39% decrease in net sales in 2021 compared with 2020.
04. Average days for cash receipts: It was 8.66 days in 2021, an increase of 34.06% compared with 6.46 days in 2020, for the same reason as the accounts receivables turnover rate.
05. Inventory turnover rate: It was 0.13 times in 2021, a decrease of 27.78% compared with 0.18 times in 2020, mainly due to the 30.35% decrease in the cost of goods sold in 2021 compared with 2020.
06. Average days for sale of goods: It was 2807 days in 2021, an increase of 38.46% compared with 2027 days in 2020, mainly due to the decline in inventory turnover rate.
07. Total asset turnover rate: It was 0.19 times in 2021, a decrease of 26.92% compared with 0.26 times in 2020, mainly due to the 23.39% decrease in net sales in 2021 compared with 2020.
08. Net profit ratio: It was 25.95% in 2021, an increase of 30.73% compared with 19.85% in 2020, mainly due to the gross profit level of sales projects in 2021 being higher than that in 2020.

Note 1: Financial information for each year has been audited by CPAs.
Note 2: Net cash flows from operating activities were a negative figure, so the ratio was not calculated.
Note 3: The Company did not prepare parent company-only financial reports for the first quarter of 2021 but only made financial analysis on the consolidated financial reports.

(II) Formulas for Financial Ratios

＊IFRSs

1. Financial structure

(1) Debt ratio = Total liabilities/Total assets.
(2) Ratio of long-term capital to property, plant, and equipment = (Total equity + Non-current liabilities)/Net property, plant, and equipment.

2. Debt service ability

(1) Current ratio = Current assets/Current liabilities.
(2) Quick ratio = (Current assets - Inventory - Prepaid expenses)/Current liabilities.
(3) Times interest earned ratio = Earnings before interest and taxes/Interest expenses.

3. Operating ability

(1) Accounts receivable turnover rate (including accounts receivable and bills receivable from business activities) = Net sales/Balance of average accounts receivable in each period (including accounts receivable and bills receivable from business activities).
(2) Average days for cash receipts = 365/Accounts receivable turnover.
(3) Inventory turnover rate= Cost of sales/Average inventory.
(4) Payables turnover rate (including accounts payable and bills payable from business activities) = Cost of sales/Balance of average accounts payable in each period (including accounts payable and bills payable from business activities).
(5) Average days for sale of goods = 365/Inventory turnover.
(6) Turnover rate for property, plant, and equipment = Net sales/Average net property, plant, and equipment.
(7) Total asset turnover rate = Net sales/Average total assets.

4. Profitability

(1) Return on assets = [Profit or loss after tax + Interest expenses × (1 - Tax rate)]/Average total assets.
(2) Return on equity = Profit or loss after tax/Average total equity.
(3) Net profit ratio = Profit or loss after tax/Net sales.
(4) Earnings per share = (Income attributable to owners of parent company - Preferred shares dividends)/Weighted average number of shares issued.

5. Cash flow

(1) Cash flow ratio = Net cash flows from operating activities/Current liabilities.
(2) Cash flow sufficiency ratio = Net cash flow from operating activities for the most recent five years/(Capital expenditures + Inventory increment + Cash dividends) for the most recent five years.
(3) Cash reinvestment ratio = (Net cash flow from operating activities - Cash dividends)/(Gross property, plant, and equipment + Long-term investment + Other non-current assets + Working capital).

6. Leverage

(1) Operating leverage = (Net operating revenue - Variable operating costs and expenses)/Operating income.
(2) Financial leverage = Operating income/(Operating income - Interest expenses).

III. Supervisor or Audit Committee's Review Report for the Most Recent Fiscal Year's Financial Statement:

Audit Committee's Review Report

The Board of Directors has prepared the Company's 2021 business report, financial statements, and earnings distribution proposal. The financial statements have been audited by ShineWing Taiwan, by whom an audit report has been issued accordingly. The aforementioned business report, financial statements, and earnings distribution proposal have been reviewed by the Audit Committee. All members believe that there is no discrepancy. Therefore, in accordance with the provisions of Article 14-4 of the Securities and Exchange Act and Article 219 of the Company Act, the above report is submitted for your verification.

To

2021 Annual Shareholders' Meeting of

King's Town Construction Co., Ltd.

Convener of the Audit Committee: Ming-Te Chang

Mar. 23, 2022

IV. Financial Statements for the Most Recent Fiscal Year:

Statement on Consolidated Financial Statements of Affiliates

In 2021 (from January 1 to December 31, 2021), pursuant to "Criteria Governing Preparation of Affiliation Reports, Consolidated Business Reports and Consolidated Financial Statements of Affiliated Enterprises," the Company's entities that shall be included in preparing the Consolidated Financial Statements of Affiliates and the Parent-Subsidiary Consolidated Financial Statements for International Financial Reporting Standards (IFRS) 10 are the same. Moreover, the disclosure information required for the Consolidated Financial Statements of Affiliates has been fully disclosed in the aforementioned Parent-Subsidiary Consolidated Financial Statements; hence, a separate Consolidated Financial Statements of Affiliates will not be prepared.

Sincerely,

King's Town Construction Co., Ltd.

Responsible person: Tsai, Tien-Tsan

Republic of China March 23, 2022

Independent Auditors' Report

Republic of China March 23, 2022

(2022) ShineWing Taiwan Audit Report No. 017

To: King's Town Construction Co., Ltd.

Audit opinion

We have audited the accompanying consolidated balance sheet of King's Town Construction Co., Ltd. and its subsidiaries as of December 31, 2021 and 2020, and the related consolidated statements of comprehensive income, changes in shareholders equity, cash flows for the years then ended, and notes of the consolidated financial statements (including a summary of significant accounting policies).

In our opinion, based on our audits and other auditors' reports (please refer to the Other Matters section), the Consolidated Financial Statements mentioned above have been prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers, as well as the International Financial Reporting Standards (IFRSs), International Accounting Standards (IAS), law and regulation reviews and their announcements recognized and announced by the Financial Supervisory Commission in all material aspects, and are considered to have fair presented the consolidated financial conditions of King's Town Construction Co., Ltd. and its subsidiaries as of December 31, 2021 and 2020, as well as the consolidated financial performance and consolidated cash flows from January 1 to December 31, 2021 and 2020.

Basis for Opinions

We conducted our audits in accordance with the Rules Governing the Audit of Financial Statements by Certified Public Accountants and auditing standards generally accepted in the Republic of China. Those rules and standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement. We are independent of King's Town Construction Co., Ltd. and its subsidiaries in accordance with the Norm of Professional Ethics for Certified Public Accountants of the Republic of China, and we have fulfilled our other ethical responsibilities in accordance with the Norm. Based on our audits and the reports of the other auditors, we believed that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion. Based on our audits and the reports of the other auditors, we believed that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the Consolidated Financial Statements of King's Town Construction Co., Ltd. and its subsidiaries for the year ended December 31, 2021. These matters were addressed in the context of our audit of the Consolidated 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 Consolidated Financial Statements of King's Town Construction Co., Ltd. and its subsidiaries for the year ended December 31, 2021 are stated as follows:

Inventory evaluation

Refer to Note IV(X) to the consolidated financial statements for accounting policies regarding inventory valuation; Note V(I) for the uncertainty of accounting estimates and assumptions regarding inventory valuation; and Note VI(V) for details of inventory accounting subjects.

The inventories of King's Town Construction Co., Ltd. and its subsidiaries are material to the consolidated balance sheet. Inventories are evaluated in accordance with IFRS, IAS, and IFRIC Interpretations, and SIC Interpretations as endorse by the Financial Supervisory Commission. Inventories are stated at the lower of cost or net realizable value. The net realizable value of the real estate may be lower than cost because of factors such as supply and demand in the domestic real estate market, natural disasters, government policies and economic conditions. Therefore, we have identified inventory evaluation as one of the key audit matters for the year.

Our auditing procedures include, but are not limited to, considering the vulnerability of sales prices to changes in external market factors, premises for sale, land under construction and engineering are reviewed and tested for net realized value based on recent transaction prices, the real price login query near the transaction price or the investment return analysis form to extract and verify whether the net realized value is appropriate, and the construction land is entrusted with the appraisal report provided by the external real estate appraiser to understand and inquire about the valuation method, and test the input values of multiple indicators used in the appraisal report, and whether the disclosure of the relevant information is appropriate. It also confirms the time point at which the expert completes the conclusion of the work, and considers whether there are changes in economic conditions that may affect conclusions after the period.

Recognition of revenue from the sale of real estate

Refer to Note IV (XIX) for the accounting policies on revenue and cost recognition and Note VI (XXI) to the consolidated financial statements for the details of revenue recognition.

Revenue from the sale of real estate in the construction industry is recognized when the transfer of title to the real estate is completed and the actual delivery of the real estate is made. The appropriateness of the timing of revenue recognition is material to the financial statements as a whole. Since there are many parties involved in the sale of real estate, and considering that many people are involved in the interdepartmental aggregation and transmission of transfer and delivery information and that there may be gaps in the periods, we have recognized the revenue from the sale of real estate of King's Town Construction Co., Ltd. and its subsidiaries as one of the key audit matters for the year.

We conducted our audits to test the effectiveness of the design and implementation of internal control systems over the revenue and collection processes of King's Town Construction Co. Ltd. and its subsidiaries. We also reviewed the appropriateness of the vesting period of the proceeds from the sale of real estates for the period immediately preceding and following the period end date to ensure that the proceeds from the sale of premises meet the criteria for revenue recognition.

Other Matters - Consolidated financial statements

King's Town Construction Co. Ltd. has also compiled Individual Financial Statements for 2021 and 2020, and they have also received an unqualified audit opinion from our CPA for your reference.

Other Matters - Adoption of other independent accountants

The financial reports for some of the investees listed in King's Town Construction Co. Ltd. and its subsidiaries' Consolidated Financial Statements pursuant to the equity method have not been audited by this CPA and were inspected by other CPAs. Therefore, the opinions on the consolidated financial statements listed above concerning the amount listed in the financial statements of such companies and the relevant information disclosed in Note XIII are based on the audit reports of the other CPAs. The investment amounts under the equity method adopted for the aforementioned companies on December 31, 2021 and 2020 were NTD13,888 thousand and NTD15,566 thousand, respectively, accounting for 0.04% and 0.05% of the total consolidated assets, respectively. The comprehensive profit or loss recognized for the aforementioned companies in 2021 and 2020 was NTD3,522 thousand and NTD5,777 thousand, accounting for 0.21% and 0.34% of the consolidated comprehensive profit or loss, respectively.

Responsibilities of Management and the Governing Body for the Consolidated Financial Statements

The Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers, and IFRS, IAS, IFRIC Interpretations, and SIC Interpretations as endorsed by the Financial Supervisory Commission, and for such internal control as the management determines is necessary to enable the preparation of the consolidated financial statements to be free from significant misstatement whether due to fraud or error.

In preparing the consolidated financial statements, the management is responsible for assessing the ability of King's Town Construction Co. Ltd. and its subsidiaries as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the management either intends to liquidate King's Town Construction Co. Ltd. and its subsidiaries or to create operations, or has no realistic alternative but to do so.

The governance unit of King's Town Construction Co. Ltd. and its subsidiaries (including the Audit Committee or supervisors) is responsible for supervising the financial reporting process.

The Certified Public Accountant' Responsibilities in the Audit of the Consolidated Financial Statements

The objective of the audit on the Consolidated Financial Statements is to attain a reasonable assurance as to whether the Consolidated Financial Statements as a whole are free from material misstatements, whether due to fraud or error, and to issue an Audit Report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the auditing standards generally accepted in the Republic of China will always detect a material misstatement when it exists. Misstatements can arise from fraud or error If it could be reasonably anticipated that the misstated individual amounts or aggregated sums could reasonably have influence on the economic decisions made by the users of the Consolidated Financial Statements, they shall be deemed as material.

As part of an audit in accordance with the GAAS, we exercise professional judgment and maintain professional skepticism throughout the audit. We have also executed the following tasks:

1. Identify and evaluate the risk of material misstatements in the Consolidated Financial Statements due to fraud or error; design and carry out appropriate countermeasures on the evaluated risk; and obtain sufficient and appropriate evidence as the basis for the audit opinion. The risk of not detecting a significant 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 internal control effective in King's Town Construction Co., Ltd. and its subsidiaries.
3. Evaluate the appropriateness of accounting policies used and the reasonability of accounting estimates and related disclosures made by the management.
4. Conclude the appropriateness of the use of the going concern basis of accounting by the management, and based on the audit evidence obtained, whether a significant uncertainty exists related to events or conditions that may cast significant doubt on King's Town Construction Co., Ltd. and its subsidiaries and its ability to continue as a going concern. If the Certified Public Accountant is of the opinion that a material uncertainty exists, the users of the Consolidated Financial Statements should be reminded to pay attention to the relevant disclosures in the Consolidated Financial Statements, or modify the audit opinion when the disclosures are inappropriate. The Certified Public Accountant's conclusions are based on the audit evidence obtained as of the date of the audit report. However, future events or conditions may cause King's Town Bank Co., Ltd. and its subsidiaries to cease to continue as a going concern.
5. Evaluate the overall expression, structure, and content of the consolidated financial statements (including related notes) and whether the consolidated financial statements include the relevant transactions and events expressed adequately.
6. Obtain sufficient and appropriate audit evidence for the consolidated financial information of the

King's Town Construction Co. Ltd. and its subsidiaries to express an opinion on the consolidated financial statements. The Certified Public Accountant is responsible for the guidance, supervision, and execution of the audit on the Airmate Group and is responsible for forming audit opinions on the Airmate Group.

The matters communicated with the governing bodies include the planned scope and timing of the audit, as well as the significant audit findings (including any significant deficiencies in internal control identified during the audit).

We also provide a statement to the governance unit that the personnel of the CPA Firm who are subject to the regulation of independence are indeed complying with the independence requirements in accordance with the Code of Professional Ethics. Also, they communicate to the governance unit all relationships and matters (including related protective measures) that may be considered as affecting our independence.

We use the matters communicated with the governance body to decide the Key Audit Matters for the audit of the 2021 consolidated financial statements of King’s Town Construction Co., Ltd., and its subsidiaries. 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.

ShineWing Taiwan

CPA: Hielleen Chang

Financial Supervisory Commission Approval No.

FSC Letter Jin-Guan-Zheng-Shen No. 1070345892

Accountant: Jackson Jwo

Financial Supervisory Commission Approval No.

FSC Letter Jin-Guan-Zheng-Shen No. 1070345892

King's Town Construction Co., Ltd.
Consolidated Balance Sheet
As of 31 December 2021 and 2020

Unit: NT$ thousand

	Assets	Note	December 31, 2021 Amount	%	December 31, 2020 Amount	%
11XX	Current assets					
1100	Cash and cash equivalents	IV, VI(I)	$1,068,430	3.10	$624,909	1.93
1110	Financial assets measured at fair value through profit or loss - current	IV, VI(II)	0	0.00	89,930	0.28
1150	Net notes receivable	IV, VI(III)	36,682	0.11	40,159	0.12
1170	Net trade receivables	IV, VI(III)	131,978	0.38	105,997	0.33
1180	Net accounts receivables - related parties	IV, VI(III), VII	0	0.00	2	0.00
1200	Other receivables	IV, VI(IV)	83	0.00	750,063	2.32
1210	Other receivables - related parties	IV, VI(IV), VII	215	0.00	277	0.00
1220	Current tax assets	IV, VI(XXX)	0	0.00	2,556	0.01
1320	Inventories	IV, VI(V), VIII	31,503,467	91.30	29,186,432	90.13
1410	Prepayments	VI(VI)	551,336	1.60	462,620	1.43
1470	Other current assets	VI(VII)	91,084	0.26	8,597	0.03
1476	Other financial assets - current	VI(VII), VIII	80,912	0.23	6,479	0.02
11XX	Total current assets		$33,464,187	96.98	$31,278,021	96.60
15XX	Non-current assets					
1510	Financial assets at fair value through profit or loss - non-current	IV, VI(II)	$82	0.00	$82	0.00
1550	Investments accounted for using the equity method	IV, VI(IX)	13,888	0.04	15,566	0.05
1600	Property, plant and equipment	IV, VI(X)	735,365	2.13	802,258	2.48
1755	Net right-of-use assets	IV, VI(XI)	61,216	0.18	62,731	0.19
1780	Intangible assets	IV, VI(XII)	164,667	0.48	169,290	0.52
1840	Deferred tax assets	IV, VI(XXX)	18,935	0.05	16,959	0.05
1920	Refundable deposits	VIII	34,045	0.10	34,307	0.11
1930	Long-term notes and accounts receivable	IV, VI(III)	15,000	0.04	0	0.00
15xx	Total non-current assets		$1,043,198	3.02	$1,101,193	3.40
1xxx	Total assets		$34,507,385	100.00	$32,379,214	100.00

(Continued)

King's Town Construction Co., Ltd.
Consolidated Balance Sheet
As of 31 December 2021 and 2020

Unit: NT$ thousand

	Liabilities and equity	Note	December 31, 2021 Amount	%	December 31, 2020 Amount	%
21XX	Current liabilities					
2100	Short-term borrowings	IV, VI(XIII), VII, VIII	$3,655,250	10.59	$4,488,806	13.86
2110	Short-term bills payable	VI(XIII), VII, VIII	3,942,965	11.43	4,208,307	13.00
2130	Contract liabilities - current	VI(XXIII), VII	590,873	1.71	515,086	1.59
2150	Notes payable	IV	81,979	0.24	80,309	0.25
2160	Notes payable - related parties	IV, VII	90,004	0.26	120,006	0.37
2170	Trade payables	IV	35,179	0.10	40,901	0.13
2180	Trade payables - related parties	IV, VII	574,791	1.67	784,797	2.42
2200	Other payables		71,167	0.21	72,930	0.23
2220	Other payables - related parties	VII	398	0.00	208	0.00
2230	Current tax liabilities	IV	190,965	0.55	156,680	0.48
2250	Provisions - current	IV, VI(XIV)	44,708	0.13	35,817	0.11
2280	Lease liabilities - current	VI(XVIII)	1,080	0.00	1,062	0.00
2322	Long-term borrowings due within one operating cycle	VI(XVII), VII, VIII	46,558	0.13	135,833	0.42
2335	Collection	VI(XV), VII	67,364	0.20	87,243	0.27
2399	Other current liabilities - others	VI(XVI)	28,018	0.08	966	0.00
21XX	Total current liabilities		$9,421,299	27.30	$10,728,951	33.13
25XX	Non-current liabilities					
2540	Long-term borrowings	VI(XVII), VII, VIII	$8,608,475	24.95	$6,862,034	21.19
2570	Deferred tax liabilities	VI(XXX)	22,825	0.07	38,408	0.12
2580	Lease liabilities - non-current	VI(XVIII)	61,548	0.18	62,628	0.19
2640	Net defined benefit liabilities - non-current	IV, VI(XXVIII)	22,407	0.06	21,392	0.07
2645	Deposits received	IV, VI(XIX), VII	4,985	0.01	3,586	0.01
25xx	Total non-current liabilities		$8,720,240	25.27	$6,988,048	21.58
2XXX	Total liabilities		$18,141,539	52.57	$17,716,999	54.71
3XXX	Equity					
3110	Share capital - ordinary shares	VI(XX)	$3,717,590	10.77	$3,711,931	11.46
3211	Paid-in capital - ordinary shares premium	VI(XXI)	13,865	0.04	0	0.00
3300	Retained earnings					
3310	Legal reserve	VI(XXII)	1,539,903	4.46	1,371,436	4.24
3350	Unappropriated earnings	VI(XXIX)	11,094,488	32.16	9,578,848	29.59
3300	Total retained earnings		$12,634,391	36.62	$10,950,284	33.83
3XXX	Total equity		$16,365,846	47.43	$14,662,215	45.29
	Total liabilities and equity		$34,507,385	100.00	$32,379,214	100.00

(Please refer to the accompanying notes in the financial report)

Chairperson: Tianye Investment Co., Ltd. Representative: Tsai, Tien-Tsan Manager: Tsai, Tien-Tsan Accountant Officer: Liang, Su-Ying

King's Town Construction Co., Ltd.
Consolidated Statements of Comprehensive Income
As of 31 December 2021 and 2020

Unit: NT$ thousand

Code	Account titles	Note	2021 Amount	2021 %	2020 Amount	2020 %
4000	Operating revenue					
4110	Sales revenue		$6,657,417	100.00	$8,669,611	100.02
4170	Sales returns		0	0.00	-1,762	-0.02
4190	Sales discounts and allowances		-173	-0.00	0	0.00
4100	Net sales	VI(XXIII)	$6,657,244	100.00	$8,667,849	100.00
5000	Cost of revenue		3,970,638	59.64	5,684,124	65.58
5900	Gross profit		$2,686,606	40.36	$2,983,725	34.42
6000	Operating expenses	VI(XXXI)				
6100	Selling and marketing expenses		461,318	6.93	657,796	7.59
6200	General and administrative expenses		151,333	2.28	151,228	1.74
6000	Total operating expenses		$612,651	9.21	$809,024	9.33
6900	Operating income to capital (%)		$2,073,955	31.15	$2,174,701	25.09
7000	Non-operating income and expenses					
7100	Interest income	VI(XXIV)	$239	0.00	$218	0.00
7010	Other income	VI(XXV)	10,367	0.16	16,426	0.19
7020	Other gains and losses	VI(XXVI)	25,215	0.38	-18,509	-0.21
7050	Finance costs	VI(XXVII)	-186,579	-2.80	-245,689	-2.83
7060	Share of profit or loss of affiliates and joint ventures accounted for using the equity method	VI(IX)	3,522	0.05	5,777	0.07
7000	Total non-operating income and expenses		($147,236)	-2.21	($241,777)	-2.78
7900	Net income before tax		$1,926,719	28.94	$1,932,924	22.31
7950	Income tax expense	IV, VI(XXX)	239,310	3.59	248,032	2.86
8200	Net income after tax		$1,687,409	25.35	$1,684,892	19.45
8300	Other comprehensive income					
8310	Items not reclassified to profit or loss					
8311	Remeasurement of defined benefit plans	IV, VI(XXVIII)	($4,127)	-0.06	($270)	0.00
8349	Income tax relating to items that will not be reclassified subsequently to profit or loss	IV, VI(XXX)	-825	-0.01	-54	0.00
8300	Other comprehensive income (after tax)		($3,302)	-0.05	($216)	0.00
8500	Total comprehensive income		$1,684,107	25.30	$1,684,676	19.45
9750	Basic earnings per share (NT$)	IV, VI(XXXII)	$4.54		$4.48	
9850	Diluted earnings per share (NT$)	IV, VI(XXXII)	$4.54		$4.48	

(Please refer to the accompanying notes in the financial report)

Chairperson: Tianye Investment Co., Ltd. Representative: Tsai, Tien-Tsan Manager: Tsai, Tien-Tsan Accountant Officer: Liang, Su-Ying

King's Town Construction Co., Ltd.
Consolidated Statement of Changes in Equity
From January 1 to December 31, 2021 and 2020

Unit: NT$ thousand

Code	Summary \ Ledger Account	Share capital	Capital surplus	Retained earnings			Total equity
				Legal reserve	Unappropriated earnings	Total	
A1	Balance as of January 1, 2020	$3,848,464	$40,015	$1,205,778	$8,328,529	$9,534,307	$13,422,786
B1	Legal reserve			165,658	-165,658	0	0
B9	Employee compensation to capital increase	5,357	12,858			0	18,215
D1	Net income in 2020				1,684,892	1,684,892	1,684,892
D3	Other comprehensive income in 2020				-216	-216	-216
D5	Total comprehensive income in 2020				$1,684,676	$1,684,676	$1,684,676
L1	Treasury stock repurchase						
L3	Cancellation of treasury shares	-141,890	-52,873		-268,699	-268,699	-463,462
Z1	Balance as of December 31, 2020	$3,711,931	$0	$1,371,436	$9,578,848	$10,950,284	$14,662,215
A1	Balance as of January 1, 2021	$3,711,931	$0	$1,371,436	$9,578,848	$10,950,284	$14,662,215
B1	Legal reserve			168,467	-168,467	0	0
B9	Employee compensation to capital increase	5,659	13,865			0	19,524
D1	Net Income in 2021				1,687,409	1,687,409	1,687,409
D3	Other comprehensive income/(loss) in 2021				-3,302	-3,302	-3,302
D5	Total comprehensive income/(loss) in 2021				$1,684,107	$1,684,107	$1,684,107
Z1	Balance as of December 31, 2021	$3,717,590	$13,865	$1,539,903	$11,094,488	$12,634,391	$16,365,846

Note: Employee compensation of NT$19,462 thousand and NT$19,524 thousand for 2021 and 2020, respectively, have been deducted from statements of comprehensive income.

(Please refer to the accompanying notes in the financial report)

Chairperson: Tianye Investment Co., Ltd. Representative: Tsai, Tien-Tsan Manager: Tsai, Tien-Tsan Accountant Officer: Liang, Su-Ying

King's Town Construction Co., Ltd. and subsidiaries
Consolidated Statement of Cash Flows
From January 1 to December 31, 2021 and 2020

Unit: NT$ thousand

Code		January 1, 2021 to December 31	January 1, 2020 to December 31
AAAA	Cash flow from operating activities:		
A10000	Current year net profit before tax	$1,926,719	$1,932,924
A20000	Adjustment items:		
A20010	Revenue, expense and loss that do not affect the cash flows:		
A20100	Depreciation expenses	70,252	69,482
A20200	Amortization expenses	4,763	4,770
A20400	Net loss (gain) on financial assets at fair value through profit or loss	(21,357)	7,599
A20900	Interest expenses	186,579	245,689
A21200	Interest income	(239)	(218)
A21300	Dividend income	0	(710)
A22300	Share of profit or loss of affiliates accounted for using the equity method	(3,522)	(5,777)
A22500	Loss on disposal of property, plant, and equipment	1,129	1,471
A22600	Reclassification of property, plant and equipment to expenses	236	0
A23100	(Gain) Loss on disposal of investments	(3,896)	10,365
A20010	Total revenue, expense and loss that do not affect the cash flows:	$233,945	$332,671
A30000	Changes in operating assets and liabilities		
A31000	Net changes in operating assets		
A31130	Repayments of short-term borrowings	($11,523)	$68,551
A31150	Increase in trade receivables	(25,979)	(50,114)
A31180	Decrease (increase) in other receivables	750,042	(749,919)
A31200	Decrease (increase) in inventories	(2,317,035)	4,485,875
A31230	(Increase) decrease in prepayments	(88,716)	102,712
A31240	(Increase) decrease in other current assets	(82,487)	2,637
A31000	Total net changes in operating assets	($1,775,698)	$3,859,742
A32000	Net change in operating liabilities		
A32125	Increase in contract liabilities - current	$75,787	$24,690
A32130	Gain (loss) in notes payable	(28,332)	64,622
A32150	Decrease in accounts payable	(215,728)	(644,860)
A32180	Increase in other payables	19,583	16,513
A32200	Increase in provisions	8,891	4,313
A32230	Increase (decrease) in other current liabilities	7,173	(1,573)
A32240	Decrease in net defined benefit liabilities	(3,112)	(3,510)
A32000	Total net changes in operating liabilities	($135,738)	($539,805)
A30000	Total net changes in operating assets and liabilities	($1,911,436)	$3,319,937
A33000	Cash inflow (outflow) from operating activities	$249,228	$5,585,532
A33100	Interest received	239	218
A33200	Dividend received	0	710
A33300	Interest paid	(187,867)	(252,078)
A33500	Income tax return	2,556	0
A33500	Income tax paid	(221,759)	(208,375)
AAAA	Net cash inflow (outflow) from operating activities	($157,603)	$5,126,007

Code		January 1, 2021 to December 31	January 1, 2020 to December 31
BBBB	Cash flow from investing activities:		
B00100	Acquisition of financial assets at fair value through profit or loss	$0	($183,079)
B00200	Disposal of financial assets at fair value through profit or loss	115,183	162,585
B02700	Acquisition of property, plant, and equipment	(3,895)	(17,037)
B03700	Increase in refundable deposits	(208,988)	(4,584)
B03800	Decrease in refundable deposits	209,250	8,871
B04500	Acquisition of intangible assets	(140)	(477)
B06500	Increase in other financial assets	(74,433)	(4,410)
B07600	Cash dividend of profit or loss of subsidiaries accounted for using the equity method	5,200	4,997
BBBB	Net cash inflow (outflow) from investing activities	$42,177	($33,134)
CCCC	Cash flows from financing activities:		
C00100	Proceeds from short-term borrowings	$16,720,520	$24,334,940
C00200	Proceeds from short-term bills payable	(17,554,076)	(24,801,914)
C00500	Proceeds from short-term bills payable	14,902,000	28,279,200
C00600	Repayments of short-term bills payable	(15,167,000)	(28,346,200)
C01600	Proceeds from long-term loans	1,990,518	3,962,000
C01700	Proceeds from long-term borrowings	(333,352)	(7,692,188)
C03000	Increase in deposits received	2,739	0
C03100	Decrease in deposits received	(1,340)	(133,958)
C04020	Repayment of the principal portion of lease liabilities	(1,062)	(1,044)
C04900	Treasury stock buy-back cost	0	(463,462)
CCCC	Cash inflows (outflow) from financing activities:	$558,947	($4,862,626)
EEEE	Increase in current cash and cash equivalent	$443,521	$230,247
E00100	Cash and cash equivalent at the beginning of the period	624,909	394,662
E00200	Cash and cash equivalent at the end of the period	$1,068,430	$624,909

(Please refer to the accompanying notes in the financial report)

Chairperson: Tianye Investment Co., Ltd. Representative: Tsai, Tien-Tsan Manager: Tsai, Tien-Tsan Accountant Officer: Liang, Su-Ying

King's Town Construction Co., Ltd.

Notes to Consolidated Financial Statements

2021 and 2020

(In Thousands of New Taiwan Dollars, unless otherwise specified)

I. Company History

King's Town Construction Co., Ltd (hereinafter referred to as the "Company") was incorporated in 1985. The place of registration are located at 12F., No. 150, Bo'ai 2nd Rd., Zuoying Dist., Kaohsiung City/ The Company started trading on Taiwan Stock Exchange Corporation on October 18, 1994. The Company's consolidated financial statements consist of the Company and the Company's subsidiaries (hereinafter collectively referred to as the "Consolidated Company"), which are mainly engaged in residential and building development, lease and sale, development of specific professional areas, zoning and rezoning agency business, and tourist hotel business.

II. Approval Date and Procedures of the Financial Statements

The consolidated financial statements were approved for publication by the Board of Directors on March 23, 2022.

III. Application of Newly Issued and Revised Standards and Their Interpretations

(I) Effect of the adoption of new issuances of or amendments to International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), IFRIC Interpretations (IFRIC), and SIC Interpretations (SIC) as endorsed by the Financial Supervisory Commission (“FSC”) are as follows:

International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), IFRIC Interpretations (IFRIC), and SIC Interpretations applicable endorsed by the FSC in 2021:

New Standards, Interpretations and Amendments	Major Amendments	Effective Date of Issuance by the IASB
• Amendments to IFRS 4 "Temporary Exemption from Applying IFRS 9"Use this segment	IFRS 9 governs the accounting for financial instruments and is effective after January 1, 2018. However, for insurers that are primarily engaged in insurance activities and have not previously applied any version of IFRS 9, IFRS 4 provides a temporary exemption that allows, but does not require, insurers to apply IAS 39 "Financial Instruments: Recognition and Measuremen"t, instead of IFRS 9 before January 1, 2023.	January 1, 2021

New Standards, Interpretations and Amendments	Major Amendments	Effective Date of Issuance by the IASB
• Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16 "Interest Rate Benchmark Reform - Phase II"	The impacts of Interest Rate Benchmark Reform - Phase II on the financial statements include: A. Regarding cash flows of financial instruments, the carrying amounts thereof will not be derecognized or adjusted due to the changes in the reform. Instead, changes result directly from interbank offered rates (IBORs) will be accounted for by updating the effective interest rates. B. If a hedging relationship is subject to hedging accounting, the hedging relationship will still be subject to hedging accounting regardless of changes in the requirements of the reform; and C. The Company is required to disclose the risks arise from the reform and the Consolidated Company’s risk management in the transition.	January 1, 2021
• Amendment to IFRS 16 “COVID-19-Related Rent Concessions after June 30, 2021”	This amendment extends the Amendment to IFRS 16 made in May 2020 and provides lessees with the option to be exempted from the assessment on that whether the rent reduction associated with COVID-19 is a lease amendment, and lessees may choose to deal with it as a rent payment change other than a lease amendment, and it shall apply until any deduction in rent payment only affects the payment due before June 30, 2022 and there is no substantial change in other conditions of the lease.	April 1, 2021 (Note)

Note: The FSC allows the application as early on January 1, 2021.

The Consolidated Company assessed the effects of adopting the aforementioned standards and interpretations, and has found no significant effects on the Company's financial position and financial performance.

(II) Effects of not yet applying the newly-announced and revised IFRSs endorsed by FSC:

1. New, revised, and amended standards and interpretations of IFRSs endorsed by the FSC and are applicable in 2022:

New Standards, Interpretations and Amendments	Major Amendments	Effective Date of Issuance by the IASB
• Amendments to IFRS 3 "A Reference to the Conceptual Framework"	The amendments updated IFRS 3 by replacing a reference to an old version of the Conceptual Framework for Financial Reporting with a reference to the latest version, which was issued in March 2018. The amendments also added an exception to the recognition principle of IFRS 3 to avoid the issue of potential "day 2" gains or losses arising for liabilities and contingent liabilities. Besides, the amendments clarify existing guidance in IFRS 3 for contingent assets that would not be affected by replacing the reference to the Conceptual Framework.	January 1, 2022
• Amendments to IAS 16 "Property, Plant and Equipment: Proceeds before Intended Use"	The amendments prohibit an enterprise from deducting the expenses from selling the items produced while its assets meet intended use status from the costs of property, plant, and equipment. Instead, an enterprise shall recognize such sales expenses and related costs in profit or loss.	January 1, 2022
• Amendments to IAS 37 "Onerous Contracts - Cost of Fulfilling a Contract"	The amendments clarify what costs a company should include as the cost of fulfilling a contract when assessing whether a contract is onerous. The "cost of fulfilling a contract" includes the incremental cost of performance and the apportionment of other costs directly related to fulfill a contract.	January 1, 2022
• Annual Improvements to IFRS Standards 2018 - 2020	Amendment to IFRS 1 The amendment simplifies the application of IFRS 1 by a subsidiary that becomes a first-time adopter after its parent in relation to the measurement of cumulative translation differences. Amendment to IFRS 9 Financial Instruments The amendment clarifies the fees a company includes when assessing whether the terms of a new or modified financial liability are substantially different from the terms of the original financial liability. Amendment to IFRS 16 Lease	January 1, 2022

New Standards, Interpretations and Amendments	Major Amendments	Effective Date of Issuance by the IASB
	The amendment to Illustrative Example 13 accompanying IFRS 16 modifies the treatment of lease incentives relating to lessee's leasehold improvements. Amendment to IAS 41 The amendment removes a requirement to exclude cash flows from taxation when measuring fair value thereby aligning the fair value measurement requirements in IAS 41 with those in other IFRS Standards.	

2. The Consolidated Company assessed the effects of adopting the aforementioned standards and interpretations, and has found no significant effects on the Company's financial position and financial performance.

(III) Effects of IFRSs issued by IASB but not yet endorsed by FSC:

1. The following new, amended, revised standards and interpretation of IFRSs that have been issued by IASB but not yet endorsed by the FSC:

New Standards, Interpretations and Amendments	Major Amendments	Effective Date of Issuance by the IASB
• Amendments to IFRS 10 and IAS 28 - Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	This project addresses the acknowledged inconsistency between the requirements in IFRS 10 Consolidated Financial Statements and IAS 28 Investments in Affiliates and Joint Ventures, in dealing with the loss of control of a subsidiary that is contributed to an associate or joint venture. IAS 28 states that when non-monetary assets are contributed in exchange for an interest in an associate or a joint venture, the share of gains or losses shall be eliminated in accordance with the treatments of a downstream transaction. However, IFRS 10 requires a full recognition of gains or losses arising from the loss of control of a subsidiary. These amendments prohibit the aforementioned regulations from IAS 28; when the loss of control of a business, as defined in IFRS 3 occurs, a full gain or loss should be recognized. IFRS 10 was also amended so that the gains or loss resulting from the	To be determined by IASB

New Standards, Interpretations and Amendments	Major Amendments	Effective Date of Issuance by the IASB
	sale or contribution of a subsidiary that does not constitute a business as defined in IFRS 3 between an investor and its associate or joint venture is recognized only to the extent of the unrelated investors' interests in the associate or joint venture.	
• IFRS 17 "Insurance Contracts" and amendments to IFRS 17 "Insurance Contracts"	This standard provides a comprehensive model to insurance contracts, including all accounting treatment (recognition, measurement, expression, and disclosure principle). The core of the standard is general, and under this model, initial recognition measures the insurance contract group by the combination of the cash flow from performance obligation and contract service margin, wherein the performance obligation cash flow includes: Estimated future cash flow; Adjustments that reflect the time value of money and the financial risks (within the estimation range of the future cash flow that does not include financial risk) associated with future cash flows; and Adjustment of non-financial risks. The carrying amount of the insurance contracts at the ending date of each reporting period was the sum of the remaining coverage liability and the liabilities occurred due to claim settlement. In addition to the general model, the standard also provides specific applicable methods with contracts characterized by direct participation (variable fee method) and simplified short-term contract method (premium allocation approach). IFRS 17 was issued in May 2017 and it was amended in June 2020. The amendments include deferral of the date of initial application of IFRS 17 by two years to annual beginning on or after 1 January 2023 (from the original effective date of 1 January 2021); provide additional transition reliefs; simplify some requirements to reduce the costs of applying IFRS 17 and revise some requirements to	January 1, 2023

New Standards, Interpretations and Amendments	Major Amendments	Effective Date of Issuance by the IASB
	make the results easier to explain. IFRS 17 will replace the interim standard (i.e. IFRS 4 Insurance Contracts) from the effectiveness of IFRS 17.	
• Amendments to IFRS 17 - Initial Application of IFRS 17 and IFRS 9 - Comparative Information	These amendments allow an enterprise to choose applicable classification coverage approach upon initial application of the various comparative periods specified in IFRS 17. This option allows an entity to classify all financial assets, including those held through activities that are not linked to contracts within the scope of IFRS 17, on an instrument-by-instrument basis, based on how it expects to classify such assets when IFRS 9 is initially applied during the comparative period. Enterprises that have already applied IFRS 9 or will initially apply both IFRS 9 and IFRS 17 may choose to apply the classification coverage method.	January 1, 2023
• Amendments to IAS 1 "Liabilities classified as current or non-current"	This amendment targets sections 69-76 in IAS 1 - Presentation of Financial Statements concerning the classification of liability as either current or non-current.	January 1, 2023
• Amendments to IAS 1 "Liabilities classified as current or non-current"	This amendment targets sections 69-76 in IAS 1 - Presentation of Financial Statements concerning the classification of liability as either current or non-current.	January 1, 2023
• Amendments to IAS 1 "Disclosure of Accounting Policies"	These amendments apply the significant concepts to disclosure of accounting policies, and enterprises shall refer to the definition of significance to disclose significant accounting policy information; and also clarify that the accounting policy information related to non-significant transactions, other events or circumstance is not significant, and enterprises are not required to disclose such information; and clarify that all accounting policy information not related to significant transactions, other events or circumstances is significant to the company's financial statements.	January 1, 2023
• Amendments to IAS 8 "Definition of Accounting	The amendment introduces a new definition of an accounting estimate	January 1, 2023

New Standards, Interpretations and Amendments	Major Amendments	Effective Date of Issuance by the IASB
Estimates"	that clarifies that an accounting estimate is a monetary amount in the financial statements that is subject to measurement uncertainty. The amendment also clarifies the relationship between accounting policies and accounting estimates by specifying that a company is required to establish accounting estimates for the purposes of the accounting policies it applies.	
• Amendments to IAS 12 "Deferred Tax Related to Assets and Liabilities Arising from a Single Transaction"	These amendments reduce the scope of the exemption from recognition of deferred income tax specified in paragraphs 15 and 24 of IAS 12 "Income Tax", so that the exemption does not apply to the payable taxes with the same amount occurred upon original recognition and the transactions for which temporary differences may be deducted.	January 1, 2023

2. The Consolidated Company has continued to assess the effects of amendments to other standards and interpretations on its financial conditions and performance. Related impacts will be disclosed upon completion of the assessment.

IV. Summary of Important Accounting Policies

The significant accounting policies applied in the preparation of these Consolidated Financial Statements are set out below. Unless otherwise specified, the policies shall be applicable to all reporting periods presented.

(I) Compliance Statement

The Consolidated Financial Statements are prepared in accordance with the "Regulations Governing the Preparation of Financial Reports by Securities Issuers," IFRS, IAS, and IFRIC Interpretations, and SIC Interpretations as endorse by the FSC.

(II) Basis of Preparation

1. Except for the following important items, these Consolidated Financial Statements have been prepared based on historical costs; Historical costs are generally determined based on the fair value of the consideration paid for purchase of assets.

(1) Financial assets and liabilities at fair value through profit or loss are measured at fair value.

(2) Defined benefit liability derived from retirement plan assets less the present value of net defined benefit obligation.

2. Preparation of the financial statements in compliance with the IFRS recognized by FSC requires use of some important accounting estimates, and management also shall use its judgment during the course of applying the company's accounting policies, which involve the items requiring high judgment or with complexity, or involve the significant assumptions and estimation items in Consolidated Financial Statements. Please refer to Note 5 for details.

3. Functional currency and presentation currency

   The Consolidated Company takes the currency of the main economic environment in which each business operates as its functional currency. The Consolidated Financial Statements are presented in New Taiwan dollars, the Consolidated Company's functional currency. All financial information presented in New Taiwan dollars has been rounded to the nearest thousand.

(III) Basis of Consolidation

1. Principles in the preparation of the Consolidated Financial Statements

   (1) All subsidiaries are included in the Consolidated Company's consolidated financial statements. Subsidiaries refer to all entities controlled by the Consolidated Company. The Consolidated Company controls an entity when the Consolidated Company is exposed, or has rights, to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Consolidation of subsidiaries begins from the date the Consolidated Company obtains control of the subsidiaries and ceases when the Consolidated Company loses control of the subsidiaries.

   (2) Inter-company transactions, balances and unrealized gains or losses on transactions between companies within the Consolidated Company are eliminated. Accounting policies of subsidiaries have been adjusted where necessary to ensure consistency with the policies adopted by the Consolidated Company.

   (3) Changes in a parent's ownership interest in a subsidiary that do not result in the parent losing control of the subsidiary (transactions with non-controlling interests) are accounted for as equity transactions, namely transactions with owners in their capacity as owners. The difference between the adjustment amount of non-controlling interests and the fair value of consideration paid or collected shall be directly recognized in equity.

   (4) When the Consolidated Company loses control over its subsidiary, the remaining

investments in its former subsidiary shall be remeasured at fair value, and are treated as the fair value of the financial assets at initial recognition or the cost of investment in affiliates or joint ventures at initial recognition. The difference between fair value and carrying amount is recognized in current profit or loss. The Consolidated Company shall account for all amounts recognized in other comprehensive income in relation to that subsidiary on the same basis as would be required if the Consolidated Company had directly disposed of the related assets or liabilities. If a gain or loss previously recognized in other comprehensive income would be reclassified to profit or loss on the disposal of the related assets or liabilities, the Consolidated Company reclassifies the gain or loss from equity to profit or loss when it loses control of the subsidiary.

2. Subsidiaries included in the consolidated financial statements:

Name of Investor	Name of Subsidiary	Principal Business Operation	Business Location	Percentage of shareholding (%)	
				December 31, 2021	December 31, 2020
The Company	H2O Hotel Co., Ltd. (H2O Hotel)	Hotel business, restaurant business	Kaohsiung City Taiwan	100%	100%

3. Subsidiaries not included in the consolidated financial statements: None.
4. Adjustments for subsidiaries with different balance sheet dates: None.
5. If the subsidiary's ability to transfer capital to the parent company is materially restricted, the nature and extent of the restriction: None.
6. Contents of subsidiaries' holding of securities issued by the parent company: None.
7. Subsidiaries that have non-controlling interests that are material to the Consolidated Company: None.

(IV) Foreign Currency Trading

1. Foreign currency transactions are translated into the functional currency using the exchange rates prevailing on the dates of the transactions or valuation where items are remeasured. Foreign exchange gains and losses resulting from the settlement of such transactions are recognized in profit or loss in the period in which they arise.
2. Monetary assets and liabilities denominated in foreign currencies at the period end are re-translated at the exchange rates prevailing at the end of the reporting period. Exchange differences arising upon re-translation on the balance sheet date are recognized in profit or loss.
3. The balances of non-monetary assets and liabilities denominated in foreign currencies

are adjusted at the exchange rates prevailing at the end of the reporting period. If the balances are measured at fair value through profit or loss, the resulting exchange differences are recognized in profit or loss; if the balances are measured at fair value through profit or loss, the resulting exchange differences are recognized in other comprehensive income items; if the balances are not measured at fair value, they are measured at the historical exchange rates at the dates of initial transactions.

4. All exchange gains and losses are presented in the “Other gains and losses” in the Statement of Income.

(V) Standards for Assets and Liabilities Classified as Current and Non-current

The Consolidated Company is engaged in the construction of houses for sale by contractors, and its business cycle is longer than one year. As such, assets and liabilities related to the construction business are classified as current or non-current by reference to its normal operating cycle; the operating cycle is based on a three-year period. In addition to the above paragraph:

1.Assets that meet one of the following criteria are classified as current assets:

(1)Assets that are expected to be realized, or are intended to be sold or consumed within the normal operating cycle.

(2)Assets held primarily for trading purposes.

(3)Assets that are expected to be realized within 12 months after the end of the reporting period.

(4) Cash and cash equivalents, excluding restricted cash and cash equivalents and those that are to be exchanged or used to settle liabilities more than twelve months after the end of the reporting period. The Consolidated Company classifies all the assets that do not meet the above-mentioned criteria as non-current.

2. Liabilities that meet one of the following criteria are classified as current liabilities:

(1) Liabilities that are expected to be settled within the normal operating cycle.

(2) Assets held primarily for trading purposes.

(3) Payment is expected to be due within 12 months after the end date of the reporting period.

(4) Liabilities with a repayment schedule that cannot be unconditionally deferred till at least 12 months after the end date of the reporting period. The terms of a liability which may result in the settlement of an equity instrument at the option of the counterparty will not affect its classification. The Consolidated Company classifies

all liabilities that do not meet the above conditions as non-current.

(VI) Cash and Cash Equivalents

Cash includes inventory cash and bank deposit. Cash equivalents refer to the short-term and highly liquidity investment that can be converted into quota cash at any time with little risk of value change. Time deposits that meet the definition above and are held for the purpose of meeting short-term cash commitments in operations are classified as cash equivalents.

(VII) Financial Instruments

Financial assets and liabilities will be recognized in the consolidated balance sheets when the Consolidated Company becomes a party to the contract of the financial instrument.

When showing the original financial assets and liabilities, if their fair value was not assessed based on profit or loss, it is the fair value plus the cost of transaction, that is, of its acquisition or issuance of the financial assets or financial liabilities. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognized immediately in profit or loss.

(VIII) Financial Liabilities

Where the purchase or sale of financial assets is in line with conventional trading practices, the accounting treatment of all purchases and sales of financial assets classified in the same way by the Consolidated Company shall be consistently on the trade date or the settlement date.

1.Types of measurement

Financial assets held by the Consolidated Company are classified as financial assets measured at fair value through profit or loss, financial assets at amortized cost, and investments in equity instruments at fair value through other comprehensive income.

A.Financial assets at fair value through profit or loss

Financial assets measured at fair value through profit or loss include financial assets compulsively measured at fair value through profit or loss and financial assets designated as at fair value through profit or loss. Financial assets compulsively measured at fair value through profit or loss include equity instrument investments not designated by the Consolidated Company to be measured at fair value through other comprehensive income, and debt instrument investments not subject to classification as measured at amortized cost or to be measured at fair value through other comprehensive income.

Financial assets measured at fair value through profit or loss are measured at fair value; any re-measurement profit or loss (including any dividends or interests derived from such financial assets) is recognized in profit or loss. Please refer to Note XII for the determination of fair value.

B.Financial assets at amortized cost

When the Consolidated Company's investments in financial assets satisfy the following two conditions simultaneously and they are not designated as at fair value through profit or loss, they are classified as financial assets at amortized cost:

a. Financial assets held based on the business model of collecting contract cash flow.
b. The terms of the contract of the financial assets generate a cash flow on a specified date that is solely for the payment of interest on the principal and the amount of principal outstanding.

Subsequent to initial recognition, such financial assets (including cash and cash equivalents, notes receivable, accounts receivable (including long-term notes receivables and accounts receivable), other receivables (including related parties) and refundable deposits) that are measured at amortized costs) are measured at originally recognized amount plus or minus accumulatively amortized amount and the amortized costs by using effective interest method after adjustment to any allowance for loss; any interest income, foreign exchange gain or loss and impairment loss are recognized in profit or loss. When de-recognition, gain or loss is recognized in profit and loss.

Interest income is calculated at the value of effective interest rate times the gross carrying amount of financial assets.

C.Financial assets at fair value through other comprehensive income

A debt investment is measured at fair value through other comprehensive income/(loss) if it meets both of the following conditions and is not designated as at fair value through profit or loss:

a. The objective of the Consolidated Company’s business model is achieved both by collecting contractual cash flows and selling financial assets.

b. The terms of the contract of the financial assets generate a cash flow on a specified date that is solely for the payment of interest on the principal and the amount of principal outstanding.

The Consolidated Company may, at initial recognition, make an irrevocable decision to designate an equity instrument that is neither held for trading to be measured at fair value through other comprehensive income. Subsequent changes in fair value are reported in other comprehensive income. The preceding selection is made on an instrument-by-instrument basis.

They are recognized initially at fair value plus directly attributable transaction costs and subsequently measured at fair value. Foreign currency translation profit and loss on investments in debt instruments, interest income and impairment losses calculated using the effective interest method, and dividend income from investment in equity instruments (except those expressly specified as recovery of parts of the investment cost) are recognized in profit or loss. Changes in the other carrying amount are recognized based on the unrealized profits and losses on financial assets measured at fair value through other comprehensive profit and loss. When performing derecognition, the cumulative profit or loss of investments in debt instruments are reclassified from equity to profit or loss; the cumulative profit or loss of investments in equity instruments are reclassified from equity to retained earnings and not to profit or loss.

The dividend income of equity investment shall be recognized on the date when the Consolidated Company is entitled to receive dividends (usually the ex-dividend date).

2.Impairment of financial assets

The Consolidated Company evaluates credit losses based on expected credit loss at the end of each reporting period for financial assets (including cash and cash equivalents, notes receivable and accounts receivable (including long-term notes receivable and accounts receivable), other receivables (including related parties) and refundable deposits, investments in debt instruments at fair value through other comprehensive income, and expected credit losses of contract assets recognized as the allowance for loss.

Allowances shall be appropriated for notes receivable, accounts receivable, and other receivables for expected credit losses for the duration of their existence.

Financial assets at amortized cost and investments in debt instruments measured at fair value through other comprehensive income/(loss) are first evaluated to determine whether there is a significant increase in credit risk since original recognition. If there is no significant increase, an allowance for loss is recognized based on the expected credit losses for the 12 months following the reporting date, and if there is a significant increase, an allowance for loss is recognized based on the expected credit losses arising from all probable defaults during existence period.

Upon determining that whether credit risks have increased significantly after original recognition, the Consolidated Company shall consider reasonable and corroborative information (which can be obtained without excessive cost or investment), including qualitative and quantitative information, and make analysis based on the Consolidated Company's history experience, credit evaluation and forward-looking information.

Expected credit losses are the weighted estimates of the probability of credit losses over the expected duration of a financial instrument. Credit losses are measured at the present value of all cash shortages, i.e. the difference between the cash flows that the Consolidated Company can receive under contracts and the cash flows that the Consolidated Company expects to receive. Expected credit losses are discounted at the effective interest rate on the financial asset. The 12-month expected credit losses represent the expected credit losses arising from the possible default of the financial instrument in the 12 months after the reporting date, and the expected credit losses during the lifetime represent the expected credit losses arising from all possible defaults of the financial instrument during the expected existence period.

At the end of each reporting period, the Consolidated Company assesses whether there is a credit impairment on financial assets measured at amortized cost and on investments in debt instruments measured at fair value through other comprehensive income/(loss). When there is one or more events arising that will bring unfavorable influence to expected future cash flow, there is already credit impairment to the financial asset. The evidence for credit impairment of financial assets includes the observable data for the following events:

(1) Material financial hardship for borrower or issuer;

(2) Default, such as arrearage or delinquency for more than 365 days;

(3) Compromise made by Consolidated Company to borrower that would not be

considered before, because of economic or contract reason related to borrower's financial difficulty;

(4) The borrower is most likely to file for bankruptcy or conduct other financial arrangement; or

(5) Disappearance of active market for the financial asset due to financial difficulty.

The loss allowance for all financial assets shall be reduced from the carrying amount of the asset, provided that, the loss allowance for the debt instrument investments measured at fair value through other comprehensive income shall be recognized in other comprehensive income, which does not reduce their carrying amounts.

If the Consolidated Company cannot reasonably expect to recover financial assets fully or partially, it may directly reduce the total carrying amount of its financial assets. The Consolidated Company individually analyzes the time for and amount of write-off based on that whether they are reasonably expected to be recoverable. The Consolidated Company expects that there will be no material reverse of written-off amounts. However, written-off financial assets can still be enforced to comply with the Consolidated Company ‘s procedures for recovering expected amount.

3.De-recognition of financial assets

The Consolidated Company de-recognizes the financial assets when the contractual rights to the cash inflow from the asset expire or when the company transfers all the risks and rewards of ownership of the financial assets to other enterprises substantially, or when almost all the risks and rewards of ownership are not transferred nor kept and the control over the financial assets is not kept.

On de-recognition of a financial asset measured at amortized cost, the difference between the asset's carrying amount and the sum of the consideration received is recognized in profit or loss. On de-recognition of an equity instrument measured at fair value through other comprehensive income/(loss), the cumulative gain or loss is transferred directly to retained earnings and is not reclassified to profit or loss.

(IX) Classification Tools for Financial Liabilities and Equity

1.Financial liabilities and equity instruments

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

2.Equity instruments

Equity instruments refer to any contracts containing the consolidated company's residual interest after subtracting liabilities from assets.

Equity instruments issued by the Consolidated Company are recognized based on the price obtained less direct issuance costs.

The repurchase of equity instruments issued by the Consolidated Company is recognized in equity as a deduction. The purchase, sale, issuance, or write-off of the consolidated company's equity instruments are not recognized in profit or loss.

3.Financial liabilities

Financial liabilities are classified as amortized costs or the fair value measurement through profit or loss. Financial liabilities, if held for trading, derivatives or designated at the time of initial recognition, are classified as the fair value measurement through profit or loss. Financial liabilities at fair value through profit or loss are measured at fair value, and the related net gains and losses, including any interest expense, are recognized in profit or loss.

Other financial liabilities are subsequently measured at amortized cost using the effective interest method. Interest income and foreign currency profit or loss are recognized as profit or loss. Any profit or loss at the time of derecognize is also recognized in profit and loss.

4.Derecognition of financial liabilities

The Consolidated Company derecognizes financial liabilities when the contractual obligations have been fulfilled, canceled or matured. When the terms of financial liabilities are modified and there is a significant difference in the cash flow of the revised liabilities, the original financial liabilities will be derecognized and new financial liabilities will be recognized at fair value based on the revised terms.

When financial liabilities are derecognized, the difference between their carrying amount and the paid consideration (including any transferred non-cash assets or liabilities assumed) shall be recognized in profit or loss.

5.Offsetting of financial assets and liabilities

The Consolidated Company presents financial assets and liabilities on a net basis when the Consolidated Company has the legally enforceable right to offset and intends to settle such financial assets and liabilities on a net basis or to realize the assets and settle the liabilities simultaneously.

(X) Inventories

1.Construction Inventories

Inventories consist of land and construction in progress, properties held for sale, construction sites and prepaid land. Prepaid land is transferred to construction sites upon transfer of ownership, and construction sites are transferred to land and buildings under construction upon active development. Upon completion of the construction, the sold portion is transferred to operating costs and the unsold portion is transferred to land held for sale, using the construction area ratio, when revenue is recognized from the sale of the premises.

Inventories are measured at the lower of cost or net realizable value and are compared on a line-by-line basis to determine the lower of cost or net realizable value. The cost includes all necessary expenditures and capitalized borrowing costs to get an asset in place and in conditions ready for use.

The net realizable value is the estimated selling price in the ordinary course of business less the estimated cost of completion and the estimated cost necessary to make the sale. The measurement of net realizable value is as follows:

(1) Construction sites: The net realizable value is calculated on the basis of the expected selling price judged by the management based on the current market conditions, less cost of construction completion and selling expenses, or the most recent estimated market value (based on land development analysis approach or comparison approach).

(2) Construction-in-progress: The net realizable value is calculated on the basis of the expected selling price (based on the current market conditions) less cost of construction completion and selling costs.

(3) Buildings and land held for sale: The NRV is the estimated selling price (with reference to the management authority's estimation based on prevailing market conditions) less estimated costs to be incurred in selling the properties and selling expenses.

2.Hotel and restaurant inventories

Inventory is measured by the lower of cost and net realizable value. The cost is the weighted average of all costs necessary to get an asset in place and in conditions ready for use. When comparing the comparative cost and the net realizable price to determine which is lower, the item-by-item comparison method is adopted. The net realizable value refers to the balance of the estimated selling price in the normal course of business less the selling expenses.

(XI) Investment/ Affiliates Accounted for by Using Equity Method

1. Affiliates are all entities over which the Consolidated Company has significant influence but no control. In general, it is presumed that an investor has significant influence if the investor holds directly or indirectly 20% or more of the voting power of the investee. Investments in affiliates are accounted for using the equity method and are initially recognized at cost.
2. The Consolidated Company’s share of its affiliates’ post-acquisition profits or losses is recognized in profit or loss, and its share of post-acquisition movements in other comprehensive income is recognized in other comprehensive income. When the Consolidated Company’s share of losses in an associate equals or exceeds its interest in the associate (including any other unsecured receivables) the Company does not recognize further losses, unless it has incurred legal or constructive obligations or made payments on behalf of the associate.
3. When changes in an associate's equity do not arise from profit or loss or other comprehensive income of the associate and such changes do not affect the Company’s shareholding percentage of the associate, the Consolidated Company recognizes change in ownership interests in the associate in "capital surplus" in proportion to its shareholding.
4. Unrealized gains or losses on transactions between the Consolidated Company and its affiliates are eliminated to the extent of the Consolidated Company’s interest in the affiliates. Unrealized losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of affiliates are adjusted, when necessary, to remain consistent with those of the Consolidated Company.
5. If the Consolidated Company does not subscribe to new shares issued by an associate in proportion to its shareholding percentage in the associate and results in a change in its investment percentage (while still maintains significant influence), the changes in net equity would be adjusted through “capital surplus” and “investments accounted for

under the equity method". If the above condition causes a decrease in the Consolidated Company's ownership percentage of the associate, in addition to the above adjustment, the amounts previously recognized in other comprehensive income in relation to the associate are reclassified to profit or loss proportionately on the same basis as would be required if the relevant assets or liabilities were disposed of.

6. When the change in the equity of the affiliates is not due to profit or loss and other comprehensive profit or loss items, and does not affect the Company's shareholding ratio, the Company will recognize the change in the relevant ownership interest based on the shareholding ratio. Therefore, the recognized additional paid-in capital will be transferred to profit or loss proportionally to the disposal amount when the associate is subsequently disposed.
7. When the Consolidated Company disposes its investment in an associate and loses significant influence over this associate, the accounting treatment for amounts previously recognized in other comprehensive income in relation to the associate are the same as the one required if the relevant assets or liabilities were directly disposed of. That is, if gain/loss previously recognized in other comprehensive income will be reclassified to profit or loss upon disposal of relevant assets or liabilities, such gain/loss will be reclassified from equity to profit or loss when the Company loses significant influence over the associate. If it retains significant influence over this associate, the amounts previously recognized in other comprehensive income in relation to the associate are reclassified to profit or loss proportionately in accordance with the aforementioned approach.
8. The Consolidated Company determines at each reporting date whether there is any objective evidence that the investment in the associate is impaired in accordance with IAS 28 - Investment in Related Companies and Joint Ventures. If this is the case the Company calculates the amount of impairment as the difference between the recoverable amount of the associate and its carrying value and recognizes the amount in the "share of profit or loss of an associate" in the statement of comprehensive income in accordance with IAS 36 - Impairment of Assets. In case the aforementioned recoverable amount adopts the useful value of the investment, the Consolidated Company will determine the relevant useful value based on the following estimates:
   (1) The share of the present value of the estimated cash flows generated by the affiliates of the Consolidated Company, including the cash flows generated by the

affiliates due to the operation and the final disposal of the investment; or

(2) The present value of the expected dividends and future cash flows generated from the investment disposed ultimately.

Since goodwill component item that construes the carrying amount of the investment in affiliates is not separately recognized; hence, the Company is not required to undertake the test for goodwill impairment as stipulated in IFRS 36 - Impairment of Assets.

Upon the loss of significant impact on affiliates, the Consolidated Company has the retained investment amount measured and recognized at fair value. Upon the loss of significant impact, the difference between the book value of the investment in associate and the fair value of the retained investment plus the proceeds from the disposal is recognized as profit or loss.

(XII) Property, Plant and Equipment

1. Recognition and measurement

Property, plant and equipment are recognized and measured at cost, less accumulated depreciation and accumulated impairment. Cost includes expenditure that is directly attributed to the acquisition of the asset. The cost of self-constructed assets includes raw materials and direct labor, any other directly attributable costs to bring the asset to a serviceable condition for its intended use, the cost of dismantling and removing the item and restoring the site, and the cost of borrowings to capitalize the eligible assets.

When property, plant and equipment contain different components, and it is more appropriate to adopt different depreciation rate or method when it is significant when compared with the total cost, they are deemed as independent items (main components) for treatment.

The gain or loss arising from the derecognition of an item of property, plant and equipment shall be determined as the difference between the net disposal proceeds, if any, and the carrying amount of the item, and it shall be recognized as profit or loss.

2.Reclassification to investment property

When real estate for self-use meets the definition of investment real estate and there is evidence of change in use, the real estate should be reclassified as investment real estate at the carrying amount at the time of the change in use, and the mere change in management's intent to use the real estate is not evidence of change in use.

3.Subsequent costs

Subsequent expenditure for property, plant and equipment is capitalized only when it is probable that the future economic benefits associated with the expenditure will flow to the Company. The carrying amount of those parts that are replaced is derecognized. Ongoing repairs and maintenance for property, plant and equipment are expensed as incurred.

4.Depreciation

The depreciation is calculated in straight-line method by capital cost less scrap value based on service years, and evaluated according to individual material components. If the service years of one component are different from other parts, this part will be separately recognized as depreciation. The depreciation charge for each period shall be recognized in profit or loss.

The useful lives of the Consolidated Company's major assets are as follows

Housing and Construction	5 ~ 45 years
Machinery	2 ~ 10 years
Office Equipment	3 ~ 10 years
Other Equipment	2 ~ 20 years
(Business facilities adopt Inventory Method)	

Depreciation methods, useful lives, and residual values are audited at each reporting date. If expectations differ from the previous estimates, the change is accounted for as a change in accounting estimate.

(XIII) Leases

1. Identifying a lease

The Consolidated Company assesses whether the contract is (or includes) a lease on the date of its establishment. If a contract is signed to have the control over the use of identified assets transferred for a period of time in exchange for a consideration, it is (or includes) a lease. In order to assess whether a contract is signed to have the control over the use of identified assets transferred for a period of time, the Consolidated Company assesses whether there are the following two factors throughout the period of use:

(1)rights to nearly all economic benefits of the identified asset have been received;

and

(2)the control over the right to use the identified asset.

For contracts that are (or include) leases, the Consolidated Company will treat each lease component in the contract individually, and to separately treat them from the non-lease components in the contracts. Where a contract includes a lease component and one or more additional lease or non-lease components, the Consolidated Company allocates the consideration in the contract to the lease component on the basis of the relative separate price of each lease component and the aggregate separate price of non-lease components. The comparison single unit price of the lease and non-lease components will be decided upon the prices separately received by the lessor (or supplier) for such components. If observable single unit prices are not readily available, the Consolidated Company will maximize the use of observable information to estimate their respective single unit prices.

2. Where the Consolidated Company is a lessee:

Except that the lease payments of the low value subject-matter assets and short-term leases applicable to recognition exemption are recognized as expenses on a straight-line basis during the lease period, other leases are recognized as right-of-use assets and lease liabilities on the lease commencement date.

The right-of-use asset is initially measured at cost, which includes the initial measured amount of the lease liability, adjusts any lease benefits paid on or before the inception of the lease, and adds the initial direct cost incurred and the estimated cost of dismantling, removing the underlying asset and restoring its location or underlying asset, and deducting any leasing incentives received.

Right-of-use assets are subsequently depreciated on a straight-line basis from the lease commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. In addition, the Consolidated Company regularly assesses whether the right-of-use asset is impaired and treats any impairment loss that has occurred, as well as cooperating to adjust the right-of-use asset when the lease liability is remeasured.

Lease liabilities are measured at the present value of the lease payments outstanding at the inception date of the lease. If the implicit interest rate of lease is easy to determine, the interest rate is used to discount the lease payment. If the interest rate is not easy to determine, the Consolidated Company's incremental borrowing rate shall be used.

The lease payments comprise as follows:

(1) fixed payments, including in-substance fixed lease payments;
(2) Variable lease payments dependent upon certain indicators or rates are measured by the indicators or rates used at the inception of the lease;
(3) amounts expected to be payable by the lessee under residual value guarantees;
(4) an option to purchase the underlying asset if it is reasonably certain to be exercised, and penalty payments for terminating the lease.

The lease liability subsequently accrues interest with the effective interest method, and its amount is measured when the following occurs:

(1) changes in future lease payments resulting from changes in an index or a rate used to determine those payments;
(2) changes in the amounts expected to be payable under a residual value guarantee;
(3) changes in the assessment of the purchase option;
(4) change in the assessment of the lease term resulting from extension or termination of the exercise of the purchase option; or
(5) lease modifications of the underlying asset, scope, and other terms and conditions.

When the lease liability is remeasured due to the aforementioned changes in the index or rate used to determine lease payments, changes in the residual value guarantee amount, and changes in the evaluation of purchase, extension or termination options, the carrying amount of the right-of-use asset shall be adjusted accordingly, and when the carrying amount of the right-of-use asset is reduced to zero, the remaining remeasured amount is recognized in profit or loss.

The changes in (iv) and (v) decreases the scope of a lease. When a lease modification decreases the scope of a lease, the carrying value of the right-of-use asset is decreased to reflect partial of full termination of the lease liability, and any gain or loss resulting from the aforementioned derecognition is immediately recognized in profit or loss.

The Consolidated Company records right-of-use assets and lease liabilities defined as not investment properties in a single line item in the consolidated balance sheets.

For the short-term leasing of transportation equipment and the leasing of low-value object assets, the Consolidated Company chooses not to recognize right-of-use assets and lease liabilities, but recognize related payment for lease as expenses on a straight-line basis during lease period.

3. Where the Consolidated Company is a lessor:

A lease is classified as a finance lease when the terms of the lease transfer substantially all the risks and rewards incidental to the ownership of the subject asset to the lessee; otherwise, it is classified as an operating lease.

If the Consolidated Company is a sublessor, it will handle the main lease and sub-lease transactions separately, and use the right-of-use assets generated by the main lease to evaluate the classification of the sub-lease transactions. If the main lease is a short-term lease and the recognition exemption applies, the sublease transaction should be classified as an operating lease.

Under finance leases, lease payments include fixed payment, substantially fixed payment and variable lease payment depending on index or rate. Net investment in leases is measured at the present value of lease receivables plus original direct costs and expressed as finance lease receivables. Financing income is allocated to each accounting period to reflect the fixed rate of return on the unexpired net lease investment of the Consolidated Company in each period.

Under operating leases, lease payments after deducting lease incentives are recognized as revenue on a straight-line basis over the relevant lease term. The initial direct costs arising from acquisition of operating leases is added to the carrying amount of the underlying assets; and an expense is recognized for the lease on a straight-line basis over the lease term.

(XIV) Intangible Assets

The intangible assets acquired by the Consolidated Company are measured at cost less accumulated amortization and accumulated impairment.

Subsequent expenditure is capitalized only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenses are recognized as profit or loss upon occurrence.

Intangible assets are amortized on a straight-line basis according to the following estimated benefit years from the time they reach a serviceable condition:

Land use right: 50 years (according to the contract)

Computer software: 3 ~ 10 years

Image design: 15 years

The residual value, amortization period, and amortization method for an intangible asset with a finite useful life shall be audited at least annually at each fiscal year-end. Any change shall be accounted for as a change in accounting estimate.

(XV) Impairment of Non-financial Assets

The Consolidated Company assesses at the end of each reporting period whether there is any indication that the carrying amount of non-financial assets (other than inventories and deferred income tax assets) may be impaired. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss.

The purpose of the impairment test, a group of assets whose cash inflow is mostly independent of other individual assets or asset groups, is regarded as the smallest identifiable asset group.

The recoverable amount is the higher of the fair value of an individual asset or cash-generating unit, less costs to dispose, and its value in use. When evaluating the value in use, the estimated future cash flow is converted to the present value at a pre-tax discount rate, which should reflect the current market assessment of the time value of money and the specific risks for the asset or cash-generating unit.

If the recoverable amount of individual asset or the cash-generating unit is lower than its carrying amount, the carrying amount of the asset or the cash-generating unit shall be reduced to the recoverable amount and the impairment loss shall be recognized immediately in loss for the year.

If an impairment loss is reversed subsequently, the carrying amount of the individual asset or cash generating unit is raised to its recoverable amount, provided that the increased carrying amount shall not exceed the carrying amount that would have been determined had no impairment loss been recognized in prior years. The reversed impairment loss is recognized immediately in profit or loss for the year.

(XVI) Trade and Notes Payables

Trade and notes payables are obligations to be paid for raw materials, goods or services obtained from suppliers in the normal course of business. They are measured at fair value on initial recognition and subsequently measured at amortized cost using the effective interest method, except for short-term accounts payable and notes that are unpaid interest, which are subsequently measured at the original invoice amount because the effect of discounting is immaterial.

(XVII) Provisions

Provisions are recognized when the Consolidated Company has a present legal or constructive obligation as a result of past events, and it is probable that the Company will be required to settle the obligation and the amount of the obligation can be reliably estimated.

Provisions are measured at the best estimate including risks and uncertainties of the expenditure required to settle the obligation on the last day of the reporting period. If provisions are measured at the estimated cash flows to settle the present obligation, the carrying amount of such provisions is equivalent to the present value of such cash flows.

The provision for warranty is estimated based on the contractual agreements and management's best estimate (based on historical warranty experience) of future economic outflows resulting from the project maintenance and warranty obligations.

(XVIII) Deposits Received

The deposits received by the Consolidated Company are mainly project performance bond and lease bond. Project performance bond is received for the purpose of ensuring the performance of construction contracts under the construction contracts. Deposits received are recognized as deposits when cash is received and are refunded when the guarantee contract is fulfilled.

(XIX) Revenue and cost recognition

1.Sales of premises

The Consolidated Company is principally engaged in the construction and sales of property, and the recognition of revenue is based on the transferring of property ownership. For the contracted sales of residential units, due to contract restrictions, the Consolidated Company usually does not apply the piece of real estate to other purposes. Consequently, revenue is recognized upon either transfer of legal ownership or delivery of the piece of real estate to customers, whichever occurs first in the reporting period, despite that the other occurs in the subsequent period.

Revenue is measured based on the transaction price of the contractual agreements. When sales happen after construction is completed, in most cases, consideration is made upon transfer of legal ownership; however, in some cases, payment of accounts may be deferred under contractual agreements, and if a material financial component is included, the transaction price is adjusted to reflect the impact of the material financial component. When sales happen before construction is completed, consideration is payable in installments during the period from signing a contract to transfer of legal ownership of the real property. If a significant financing component is included in the contract, the installments are discounted at the interest rate of the construction loan to reflect the effect of time value of money. Prepayments are recognized as a contract liability, and discounts reflecting the effect of time value of money are recognized as interest expenses and contract liabilities. The accumulated contract liabilities are reclassified as revenue upon the transfer of legal ownership.

2. Accommodation and hospitality revenue

The Consolidated Company provides hospitality services and accommodations, etc. If services provided by the Consolidated Company exceed a customer's payables, a contract asset is recognized. If the customer's payables exceed the services rendered, a contract liability is recognized.

(1) Hospitality services are recognized when the product is sold to customers. Payment of transaction price is due immediately when the products are purchased by customers.

(2) Accommodation is recognized as revenue in the reporting period in which the services are rendered to customers. The customer pays the contract price according to the agreed payment schedule.

3. Financial composition

The Consolidated Company's sales contract of pre-sale homes contains provisions for advance payment from customers, and the time between advance receipt and commodity ownership transfer is longer than one year. According to IFRS 15, if the Consolidated Company judges that there are significant financing components in an individual pre-sale home contract, it shall adjust the amount of the commitment consideration and recognize the interest cost. In addition, IFRS 15 states that companies should determine the significance of the financing component only at the contract level, rather than the financial level at the portfolio level.

4. Rental revenue

Revenue from lease is recognized when an asset is actually used in lease, provided that it is probable the economic benefits will flow to the Consolidated Company and the amount of revenue can be measured reliably. The related costs are recognized in line with revenues.

5. Incremental costs of obtaining a contract

If the Consolidated Company expects to recover the incremental cost for acquiring the customer contract, the cost will be recognized as asset. The incremental cost of acquiring contract is cost that will arise in acquiring customer contract and will not arise otherwise. The contract acquisition cost no matter the contract will happen or not is recognized as expense, unless the cost is explicitly collectable from customer no matter the contract is acquired or not.

If the increment cost of acquiring contract is recognized by asset and the asset amortization period is within one year by Consolidated Company using practical expediency method, the incremental cost will be recognized as expense upon occurrence.

(XX) Borrowing costs

(1) Borrowing costs directly attributable to the acquisition or construction of a qualifying asset are included as part of the cost of the asset until substantially all of the activities necessary to bring the asset to its intended state of use have been completed.
Special loans, such as investment income from temporary investments prior to capitalization, are deducted from the cost of loans eligible for capitalization.
Except for the above, other borrowing costs are recognized in profit and loss in the year they are incurred.

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

(XXI) Employee Benefit

1.Defined contribution plans

Obligations for contributions to defined contribution pension plan are recognized as an employee benefit expense in profit or loss in the periods during which services are rendered by employees.

2.Defined benefit plans

A defined benefit plan is a post-employment benefit plan other than a defined contribution plan. The Consolidated Company's net obligation in respect of a defined benefit pension plan is calculated separately for each plan by estimating the amount discounted to present value of the future benefit that employees have earned in return for their service in the current and prior periods. The fair value of any plan assets are deducted. The calculation is performed annually by a qualified actuary using the projected unit credit method. The discount rate is the yield on the reporting date on corporate bonds or government bonds that have maturity dates approximating the terms of the Consolidated Company's obligations and are denominated in the same currency in which the benefits are expected to be paid.

The costs of defined benefits under the defined benefit pension plan include service cost, net interest, and the re-measurement amount. The cost of services (including the cost of services of the current period) and the net interest of the net defined benefit liabilities (assets) are recognized as employee benefit expenses. Remeasurement (comprising actuarial gains and losses, and return on plan assets net of interests) is recognized in other comprehensive income and included in retained earnings, and is not recycled to profit or loss in subsequent periods, costs related to prior service costs are recognized immediately in profit or loss.

Net defined benefit liabilities (assets) are the deficit of the contribution made according to the defined benefit pension plan. A net defined benefit asset shall not exceed the present value of the contributions to be refunded from the plan, or the reductions in future contributions.

When the benefits of a plan are improved, the portion of the increased benefit relating to past service by employees is recognized in profit or loss on a straight-line basis over the average period until the benefits become vested. To the extent that the benefits vest immediately, the expense is recognized immediately in profit or loss.

3.Employees' compensation and remuneration of directors

Employees compensation and remuneration to directors shall be recognized as expenses and liabilities where there are legal or constructive obligations and the amounts can be reasonably estimated. Any difference between the resolved amounts and the subsequently actual distributed amounts is accounted for as changes in estimates. In addition, if employees remuneration is paid by shares, the basis for calculating the number of shares is their closing price on the day immediately before resolution was made by the Board of Directors.

(XXII) Income Tax

Income tax expenses include the tax in the current year and deferred income tax. Except for expenses related to business combinations or recognized directly in equity or other comprehensive income, all current and deferred taxes shall be recognized in profit or loss.

Current taxes include tax payables and tax deduction receivables on taxable income (deficits) for the year calculated using the statutory tax rate on the reporting date or the actual legislative tax rate, as well as adjustments to the payable income tax or receivable tax rebate of prior years. The additional business income tax levied on the undistributed earnings is recognized as income tax expense on the date when the distribution of earnings is resolved in the Shareholders' Meeting.

Deferred taxes arise due to temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and their respective tax bases. The temporary difference for the following conditions will not be recognized as deferred income tax:

1. Assets and liabilities that are initially recognized but are not related to a business combination which have no effect on net income or taxable gains (losses) at the time of the transaction.
2. Temporary differences arising from equity investments in subsidiaries, affiliates or joint ventures, the time for reverse of which may be controlled by the Consolidated Company and where there is a high probability that such temporary differences will not be reversed.
3. Initial recognition of goodwill.

Deferred income tax is measured at the tax rate at the time of reversal of expected temporary differences based on the statutory or substantive legislative tax rate at the reporting date.

Deferred tax assets and liabilities may be offset against each other if the following criteria are met:

1. The entity has the legal right to settle tax assets and liabilities on a net basis; and
2. The taxing of deferred tax assets and liabilities fulfils one of the scenarios below:
   (1)Levied by the same taxing authority; or
   (2) Levied by different taxing authorities, but where each such authority intends to settle tax assets and liabilities (where such amounts are significant) on a net basis every year of the period of expected asset realization or debt liquidation, or where

the timing of asset realization and debt liquidation is matched.

Unused tax losses, unused income tax credits transferred in later period and deductible temporary differences are recognized as deferred income tax assets to the extent that future tax income is likely to be available, and are reassessed at each reporting date and reduced to the extent that the relevant income tax benefit is not likely to be realized, or reversed on the amount originally reduced to the extent that there is likely to be sufficient taxable income.

(XXIII) Earnings per share

The Consolidated Company presents the basic and diluted earnings per share of shareholders of common stock equity. The basic earnings per share are calculated based on the profit attributable to the ordinary shareholder of the Consolidated Company divided by the weighted average number of ordinary shares outstanding. The diluted earnings per share is calculated based on the profit attributable to ordinary shareholders of the Consolidated Company, divided by the weighted average number of ordinary shares outstanding after adjustment for the effects of all dilutive potential ordinary shares. The Consolidated Company's employee bonus allotment shares, which have not been approved by the shareholders' meeting and may be issued in shares, are potential common shares.

(XXIV) Government grants

Government grants are recognized at their fair value only when there is reasonable assurance that the Company will comply with any conditions attached to the grants and the grants will be received. Government grants to compensate the Consolidated Company’s expense are recognized as profit or loss on a systematic basis when the expense occurs.

(XXV) Segment information

An operating segment is a component of the Consolidated Company that engages in business activities from which it may earn revenues and incur expenses. Operating results of the operating segment are regularly reviewed by the Consolidated Company's chief operating decision-maker to make decisions about resources to be allocated to the segment and to assess its performance. Each operating segment consists of standalone financial information.

(XXVI) Dividend distribution

Dividends are recorded in the Consolidated Company’s financial statements in the period in which they are approved by the Consolidated Company's shareholders. Cash dividends are recorded as liabilities. Stock dividends are recorded as stock dividends to be distributed and reclassified to ordinary shares on the base date of new share issuance.

(XXVII) Treasury shares

Issued shares bought back by the company are recognized in "treasury stock" as a deduction to equity based on the amount of consideration paid during share buyback (including directly attributable costs). If the disposal price of treasury stock is higher than the carrying amount, the difference is recognized as capital reserve-treasury stock transaction; if the disposal price is lower than the carrying amount, the difference will offset the capital reserve arising out of transaction of the same type of treasury stock; if insufficient, the retained earnings will be debited. The carrying amount of treasury stock is calculated by weighted averaging according to reason of recovery.

In writing off treasury stock, the capital reserve will be debited according to equity ratio-for shares issuance premium and capital, if the carrying amount is higher than the sum of face value and shares issuance premium, the difference will offset the capital reserve arising out of the same type of treasury stock; if insufficient, the retained earnings will be offset; if the carrying amount is lower than the sum of face value and shares issuance premium, the capital reserve arising out of transaction of the same type of treasury stock will be credited.

V.Major Sources of Significant Accounting Judgments, Estimates, and Assumed Uncertainties

The preparation of the Consolidated Financial Statements requires management to make critical judgments for applying the Consolidated Company's accounting policies with critical assumptions and estimates concerning future events. If there is any difference between any significant accounting estimates and assumption made and actual results, the historical experience and other factors will be taken into account in order to continue assessment and adjustment. 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. Please see below for the description of significant accounting judgments, estimation and assumption uncertainties.

(I)Valuation of inventories

As inventories are stated at the lower of cost and net realizable value, the Consolidated Company shall determine the net realizable value of inventories at the end of the reporting period using judgments and estimates.

The Consolidated Company evaluates the amounts of normal inventory consumption, obsolete inventories or inventories without market selling value at the end of the reporting period, and writes down the cost of inventories to the net realizable value. This inventory valuation is made mainly based on the nature of inventories, inquiries about the transaction prices in neighboring regions, the recent transaction prices of sold units, investment return analysis table or the appraisal report provided by external real estate appraiser, therefore, it may subject to significant changes.

(II)Impairment assessment of assets

In the process of evaluating the potential impairment of tangible and intangible assets other than goodwill, the Consolidated Company is required to make subjective judgments in determining the independent cash flows, useful lives, expected future income, and expenses related to the specific asset groups considering of the nature of the industry. Any changes in these estimates based on changed economic conditions or business strategies and could result in significant impairment charges.

(III)Provisions

Provisions are provisions for post-sale warranty liabilities, which are the present value of the Consolidated Company's management's best estimate of future economic outflows resulting from warranty obligations. The estimates are based on contractual agreements and management's historical warranty experience, and are subject to adjustment due to construction materials, construction methods or other events that affect product quality. These estimates are primarily based on economic outflows over the future warranty period and are subject to change.

(IV)Income Tax

The uncertainty of income tax exists in the interpretation of complex tax regulations, the amount of future tax income and the point in time. The provision for income tax is estimated reasonably based on the possible results of the audit conducted by the tax authority in the place where the Company operates. The amounts are withdrawn based on different factors, such as previous tax audit experience and the differences in the interpretation on tax regulations made by taxable subject and tax authority.

Unused tax losses, unused income tax credits transferred in later period and deductible temporary differences are recognized as deferred income tax assets to the extent that there is likely taxable income or taxable temporary differences in the future The amount of deferred tax assets that can be recognized is determined on the basis of estimates of the time point and level at which taxable income and taxable temporary differences may occur in the future and based on future tax planning strategies

VI. Description of Important Accounting Items

(I) Cash and cash equivalent

Item	December 31, 2021	December 31, 2020
Cash on hand and petty cash	$919	$2,039
Demand deposits	1,067,320	572,746
Checking deposits	191	50,124
Total	$1,068,430	$624,909

1. The Consolidated Company possesses good credit with financial institutions, and contacts with several financial institutions to diversify credit risk, anticipated possibility of default is very low, the exposure cash amount on maximum credit risks at the end of the reporting period is same as cash equivalents.
2. For the disclosed information on the interest rate risk and sensitivity analysis of the financial assets and liabilities of the Consolidated Company, please refer to Note XII.

(II) Financial assets at fair value through profit or loss

Item	December 31, 2021	December 31, 2020
Current		
Domestic listed stocks	$0	$89,930
Non-current	December 31, 2021	December 31, 2020
Domestic unlisted stocks (venture capital)	$82	$82

1. The Consolidated Company's investment in domestic unlisted stocks has been designated as investments at fair value through profit or loss.
2. The Consolidated Company recognized a valuation income of NT$21,357 thousand in 2021 and a valuation loss of NT$7,599 thousand in 2020, plus an income of NT$3,896 thousand in 2021 and a loss of NT$10,365 thousand in 2020 from disposal of financial assets measured at fair value through profit or loss.
3. The Consolidated Company has disclosed the credit and interest rate risks associated with financial instruments in Note XII.
4. None of the financial assets of the Consolidated Company has been pledged as collateral.

(III) Receivables

Item	December 31, 2021	December 31, 2020
Notes receivable		
Measured at amortized cost		
Less than 1 year	$36,682	$40,159
Over 1 year	15,000	0
Total	$51,682	$40,159
Accounts receivable		
Measured at amortized cost		
Less than 1 year	$131,978	$105,997
Over 1 year	22	22
Less: Allowance for doubtful accounts - Accounts receivable	(22)	(22)
Total	$131,978	$105,997
Accounts receivable - related parties		
Measured at amortized cost		
Less than 1 year	$0	$2

1. The Consolidated Company's long-term notes receivable and long-term installment receivable of more than one year are classified as non-current assets.

2. The installment receivables from the Consolidated Company provide customers with installment payments for the final payment of their homes over a period of approximately one to three years, and a second mortgage is created on each of the homes as security for the payments.
3. The Consolidated Company's long-term notes receivable of more than one year represent advance payments from customers for decoration work. The period of one to three years is due to the time required for design and construction for the purchase of the rough housing units, and revenue is recognized upon completion and acceptance of the decoration.
4. The Consolidated Company applies the simplified approach on the estimation of expected credit losses for all notes receivable (including long-term notes receivable) and accounts receivable, that is, a loss allowance is recognized based on the lifetime of expected credit losses. To measure the expected credit losses, notes and accounts receivables were grouped based on shared characteristics of credit risk on remaining payments before due date, and forward-looking information was incorporated as well. The expected credit loss of notes receivable (including long-term notes receivable) and accounts receivable of the Consolidated Company is as follows:

	December 31, 2021		
	Carrying amount of notes receivable (including long-term notes receivable) and accounts receivable	Weighted average expected credit loss ratio	Allowance for expected credit losses during the period
Not overdue	$183,660	0%	$0
Less than 60 days	0	0%	0
Over 365 days	22	100%	22
Total	$183,682		$22

	December 31, 2020		
	Carrying amount of notes receivable (including long-term notes receivable) and accounts receivable	Weighted average expected credit loss ratio	Allowance for expected credit losses during the period
Not overdue	$146,158	0%	$0
Less than 60 days	0	0%	0
Over 365 days	22	100%	22
Total	$146,180		$22

The changes in the allowance for losses on notes and accounts receivable of the Consolidated Company were as follows

	December 31, 2021	December 31, 2020
Beginning balance	$22	$22
Current increase	0	0
Ending balance	$22	$22

5. The majority of the credit period of the Consolidated Company's receivables is the date of transfer of ownership of the premises to the bank, or the date of credit card payment for the premises and credit card payment for food and beverage services and room accommodations to the bank. The Consolidated Company is in the construction and tourism industry and has a large and unrelated customer base, so the concentration of credit risk is limited. Please refer to Note XII for related credit risk information.
6. The Consolidated Company's notes receivable (including long-term notes receivable) and accounts receivable were not discounted or provided as collaterals.

(IV)Other receivables

Item	December 31, 2021	December 31, 2020
Other receivables	$83	$750,063
Other receivables - related parties	$215	$277
Total	$298	$750,340

1. Other receivables - related parties are the receivables from landlords for their share of sales and related parties for their share of expenses.
2. The Consolidated Company's other receivables were assessed not to be impaired and were not past due.

(V)Inventories

Item	December 31, 2021	December 31, 2020
Buildings held for sale	$5,353,441	$7,612,198
Land held for sale	1,798,448	3,067,455
Land under construction	2,048,692	2,018,413
Construction in progress	1,363,468	694,670
Land held for construction	20,618,705	15,648,922
Prepayment for land	316,552	140,281
Other inventories (Food & Beverage, etc.)	4,703	5,035
Less: Provision for loss of inventory	(542)	(542)
Total	$31,503,467	$29,186,432

Item	December 31, 2021	December 31, 2020
1. Buildings held for sale		
Mandala (Ji Jing)	$10,628	$21,194
King's Town	2,023,746	2,233,297
Xiande Section No. 826	0	15,262
King's Town Hyatt	722,615	801,104
Hua Shang	114,478	114,478
Yiwen Court	355,342	614,443
Ju Dan	135,930	323,529
Tian Feng	145,518	145,518
King's Hanshin Online	78,028	249,997
Mei Shu Huang Ju	1,287,130	1,953,523
King's Town Garden	419,136	1,003,595
Xiang King's Town	4,194	4,194
Yue He Di	56,293	131,661
Other projects	403	403
Total	$5,353,441	$7,612,198
Less: Provision for loss of inventory	(403)	(403)
Net amount	$5,353,038	$7,611,795

Item	December 31, 2021	December 31, 2020
2. Land held for sale		
Mandala (Ji Jing)	$8,353	$16,657
King's Town	216,559	235,794
Xiande Section No. 826	0	6,247
King's Town Hyatt	53,542	58,510

Yiwen Court	188,971	332,401
Ju Dan	83,855	194,866
Tian Feng	62,443	62,443
King's Hanshin Online	50,268	164,196
Mei Shu Huang Ju	881,111	1,341,896
King's Town Garden	194,101	521,512
Xiang King's Town	4,269	4,269
Yue He Di	54,837	128,525
Other projects	139	139
Total	$1,798,448	$3,067,455
Less: Provision for loss of inventory	(139)	(139)
Net amount	$1,798,309	$3,067,316

Item	December 31, 2021		
3. Land under construction and construction in progress	Land under construction	Construction in progress	Total
Fuhe Section No. 698-1	$353,729	$84,468	$438,197
Ai Qun No. 2748 (King's Town World of Heart)	1,001,698	721,654	1,723,352
Xindu Section No. 321, 163-1, 164 (fu +)	693,265	557,346	1,250,611
Total	$2,048,692	$1,363,468	$3,412,160

Item	December 31, 2020		
4. Land under construction and construction in progress	Land under construction	Construction in progress	Total
Fuhe Section No. 698-1	$353,729	$76,007	$429,736
Ai Qun No. 2748. 5 in total (King's Town World of Heart)	971,419	359,819	1,331,238
Xindu Section No. 321, 163-1, 164 (fu +)	693,265	258,844	952,109
Total	$2,018,413	$694,670	$2,713,083

Item	December 31, 2021	December 31, 2020
5. Land held for construction		
Kaohsiung Chenggong Section No. 84	$14,533	$14,533
Kaohsiung Chenggong Section No. 60-1, 62-64	540,267	540,267
Kaohsiung Longzhong Section No. 191	370,653	370,653
Kaohsiung Longzhong Section No. 129-3, 129-4	1,610,110	1,610,110
Kaohsiung Longzhong Section No. 128-4, etc, 3 in total	716,926	716,926

Kaohsiung Chenggong Section No. 74, 78	28,397	28,397
Kaohsiung Chenggong Section No. 70	13,805	13,805
Kaohsiung Chenggong Section No. 83	19,016	19,016
Kaohsiung Qinghai No. 229	4,278,594	4,278,594
Kaohsiung Aiqun No. 2738-2	0	30,279
Kaohsiung Qinghai No. 126	685,719	685,719
Kaohsiung Qinghai No. 127	662,012	662,012
Kaohsiung Qinghai No. 128	379,145	379,145
Kaohsiung Longzhong Section No. 128-3	52,266	52,266
Kaohsiung Bohsiao Section No. 1140, 7 in total	655,287	655,287
Kaohsiung Lantian Middle Section No. 30-2	$757,742	$757,742
Kaohsiung Xingnan Section No. 11	259,585	259,585
Kaohsiung Longzhong Section No. 22	1,998,033	1,998,033
Kaohsiung Xinmin No. 160	792,708	792,708
Kaohsiung Xinmin No. 159	828,072	828,072
Tainan Yuguang Section No. 880, 3 in total	$348,825	$0
Kaohsiung Chenggong Section No. 73	19,183	0
Kaohsiung Shixing Section No. 924	14,055	0
Kaohsiung Shixing Section 925, 3 in total	112,196	0
Kaohsiung Shixing Section 927, 3 in total	84,625	0
Kaohsiung Shixing Section 928, 3 in total	107,554	0
Kaohsiung Qiaotou Shixing Section No. 967	6,640	0
Kaohsiung Qiaotou Shixing Section No. 968	42,794	0
Kaohsiung Chenggong Section No. 79	26,091	0
Tainan Yuguang Section No. 879	86,644	0
Kaohsiung Longdong Section No. 1	513,991	0
Tainan Kanjiao North Section No. 820	3,385,666	0
Xindu Section No. 49	46,653	0
Transferable land and deformed land	1,160,918	955,773
Total	$20,618,705	$15,648,922

Item	December 31, 2021	December 31, 2020
5. Prepayment for land		
Kaohsiung Chenggong Section No. 60-1, 62-64	$117,699	$0
Tainan Anan District, Caohu Phase I	197,853	50,033
Tainan Yuguang Section No. 880, 3 in total	0	35,023
Kaohsiung Chenggong Section No. 73	0	8,880
Kaohsiung Qiaotou Shixing Section No. 924	0	1,400

Kaohsiung Qiaotou Shixing Section 925, 3 in total	0	10,000
Kaohsiung Qiaotou Shixing Section 927, 3 in total	0	9,250
Kaohsiung Qiaotou Shixing Section 928, 3 in total	0	11,495
Kaohsiung Qiaotou Shixing Section No. 967	0	660
Kaohsiung Qiaotou Shixing Section No. 968	0	4,260
Kaohsiung Chenggong Section No. 79	0	8,880
Kaohsiung Qiaotou Shixing Section No. 867	0	400
Kaohsiung Shixing Section No. 935-1	1,000	0
Subtotal	$316,552	$140,281

6. Other inventories

Item	December 31, 2021	December 31, 2020
Food	$3,147	$3,378
Beverage	1,556	1,657
Subtotal	$4,703	$5,035

7. The above-listed premises under construction are residential buildings and translucent houses built in Kaohsiung City. The amount of interest capitalized in construction in progress was NT$44,227 thousand and NT$42,126 thousand in 2021 and 2020, respectively.
8. The land purchased or sold in Kaohsiung City and Tainan City is recorded as prepaid land at the time of signing the contract and paying for each installment and is transferred to the land for future construction after the transfer. The amount of interest capitalized for operating sites and prepaid land was NT$8,297 thousand and NT$56 thousand in 2021 and 2020, respectively.
9. Please refer to Note VIII to the financial statements for the pledge of premises for sale, premises under construction and construction sites.
10. Cost of goods sold related to inventories amounted to NT$3,855,904 thousand and NT$5,580,329 thousand in 2021 and 2020, respectively; neither of which included NT$0 thousand and NT$12,291 thousand of inventory write-down benefit in 2021 and 2020, respectively.

(VI)Prepayments

Item	December 31, 2021	December 31, 2020
Prepaid expenses	$547,056	$431,977
Supplies inventories	4,245	4,211
Input tax	35	513
Tax overpaid retained for offsetting the future tax payable	0	25,919
Total	$551,336	$462,620

1. Prepaid expenses consist of prepayments for various services, costs related to construction in progress and insurance premiums.
2. Supplies inventory is the balance of supplies used in guest rooms and restaurants.

(VII)Other current assets

Item	December 31, 2021	December 31, 2020
Payments on behalf of others	$3,131	$8,583
Incremental costs for obtaining a contract	87,953	0
Tax refunds	0	14
Total	$91,084	$8,597

The incremental costs for obtaining a contract are the commission paid by the Consolidated Company to agencies for obtaining real estate sales and purchase contracts which is expected to be recovered, and thus they are recognized as assets.

(VIII) Other financial assets - current

Item	December 31, 2021	December 31, 2020
Restricted bank deposits	$80,912	$6,479

Other financial assets-current are pledged by the Consolidated Company as collateral for bank deposits in the form of a pre-sold project trust, performance trust for prepayment of gift certificates issued by the Consolidated Company and reimbursement account, please refer to Note VIII.

(IX)Investments accounted for using the equity method

	December 31, 2021		December 31, 2020	
Name of Investee	Amount	Shareholding	Amount	Shareholding
Associate				
Yangmin International Catering Co., Ltd.	$13,888	40%	$15,566	40%

1. In 2016, the Consolidated Company invested in Yangmin International Catering Co., Ltd. at a cost of NT$8,000 thousand, which is mainly engaged in the operation of Chinese and Western restaurants. Investments accounted for using the equity method are recognized on the basis of the investee's share of the financial statements audited by other accountants during the same period. As of December 31, 2021 and 2020, the balance of investments amounted to NT$13,888 thousand and NT$15,566 thousand, representing 0.04% and 0.05% of the total consolidated assets, respectively. The share of interest in affiliates recognized under the equity method amounted to NT$3,522 thousand and NT$5,777 thousand for 2021 and 2020, respectively, accounting for 0.21% and 0.34% of the consolidated profit or loss respectively.
2. Affiliates
   (1) The basic information of the Consolidated Company's affiliates is as follows.

			Shareholding	
Name of Investee	Main Operation Locations	Principal Business Operation	December 31, 2021	December 31, 2020
Yangmin International Catering Co., Ltd.	Taiwan	Catering business	40%	40%

   (2) General financial information of the Consolidated Company's affiliates is as follows.

Balance Sheet

	Yangmin International Catering Co., Ltd.	
	December 31, 2021	December 31, 2020
Current assets	$41,621	$40,814

Non-current assets	6,847	11,105
Current liabilities	(13,747)	(13,004)
Non-current liabilities	0	0
Net assets	$34,721	$38,915

Comprehensive Income Statement

	Yangmin International Catering Co., Ltd.	
	December 31, 2021	December 31, 2020
Net Operating Revenue	$74,237	$86,295
Gross profit	$34,540	$42,992
Net Income	$8,805	$14,443
Other comprehensive income/(loss) (after tax)	$0	$0
Total comprehensive income in the current period	$8,805	$14,443
Dividends received from the affiliates	$5,199	$4,997

(X) Property, Plant and Equipment

	Housing and Construction	Machinery	Office Equipment	Other Equipment	Operating equipment	Prepayments for equipment and outstanding work	Total
Cost							
2021.01.01	$971,871	$7,563	$7,901	$43,251	$14,700	$588	$1,045,874
Increase	702	305	148	306	1,717	31	3,209
Disposal and obsolescence	0	0	(363)	0	(1,129)	0	(1,492)
Re-classification	0	0	0	619	0	(619)	0
Other	0	0	0	0	(236)	0	(236)
2021.12.31	$972,573	$7,868	$7,686	$44,176	$15,052	$0	$1,047,355
2020.01.01	$973,094	$1,266	$8,130	$33,017	$13,644	$9,235	$1,038,386
Increase	1,461	1,355	264	6,366	2,511	402	12,359
Disposal and obsolescence	0	0	(493)	(163)	(1,194)	0	(1,850)
Re-classification	0	4,942	0	4,031	2	(9,049)	(74)
Other	(2,684)	0	0	0	(263)	0	(2,947)
2020.12.31	$971,871	$7,563	$7,901	$43,251	$14,700	$588	$1,045,874
Accumulated depreciation and impairment							
2021.01.01	$223,954	$874	$5,123	$13,665	$0	$0	$243,616
Depreciation	61,321	907	1,498	5,011	0	0	68,737
Disposal and obsolescence	0	0	(363)	0	0	0	(363)
2021.12.31	$285,275	$1,781	$6,258	$18,676	$0	$0	$311,990
2020.01.01	$162,774	$304	$3,998	$9,228	$0	$0	$176,304
Depreciation	61,180	570	1,618	4,600	0	0	67,968
Disposal and obsolescence	0	0	(493)	(163)	0	0	(656)
2020.12.31	$223,954	$874	$5,123	$13,665	$0	$0	$243,616
Net carrying amount							
2021.12.31	$687,298	$6,087	$1,428	$25,500	$15,052	$0	$735,365

2020.12.31	$747,917	$6,689	$2,778	$29,586	$14,700	$588	$802,258
2020.01.01	$810,320	$962	$4,132	$23,789	$13,644	$9,235	$862,082

(1) In July 2012, the Consolidated Company entered into a land right deed with the Kaohsiung City Government for the establishment of land rights at Lot 22, Longbei Section, Kaohsiung City for a period of 50 years for the construction of a tourist hotel, which was completed in May 2017. The building was classified as investment property in the Company's individual financial statements and a lease agreement was signed with a subsidiary on January 18, 2017 for the operation of the tourist hotel business by the subsidiary, which is the property, plant and equipment of the Consolidated Company.

(2) Prepayments for equipment and outstanding work from January 1 to December 31, 2020 were separately reclassified to intangible assets of NT$60 thousand and reclassified to expense of NT$14 thousand.

(3) Please refer to Note VIII to the financial statements for the guarantees provided by property, plant and equipment.

(4) Please refer to Note VI(XVIII) for information on property, plant and equipment and land and premises for sale held by the Consolidated Company that are leased to others under operating leases.

(XI) Right-of-use assets

1. Major lease activities and terms

(1) The Consolidated Company acquired the land right of the Kaohsiung Municipal Government located at No. 22, Longbei Section, Gushan District for the construction of a tourist hotel for a period of 50 years and agreed that the Consolidated Company shall not assign, mortgage, lease or lend the land to others for construction use except with the prior consent of the Kaohsiung Municipal Government, and upon the termination of the continuance period, the Consolidated Company shall have no contractual preferential rights to acquire all the leased land.

2. Below is the carrying amounts of right-of-use assets and their recognized depreciation expenses:

	Land
Cost of right-of-use assets	
Balance as of January 1, 2021	$65,760
Balance as of December 31, 2021	$65,760
Balance as of January 1, 2020	$65,760
Balance as of December 31, 2020	$65,760
Depreciation of right-of-use assets	
Balance as of January 1, 2021	$3,029
Current depreciation	1,515
Balance as of December 31, 2021	$4,544
Balance as of January 1, 2020	$1,515
Current depreciation	1,514
Balance as of December 31, 2020	$3,029
Carrying amount	

December 31, 2021	$61,216
December 31, 2020	$62,731

3. Please refer to Note VI(XVIII) for the description of lease liabilities.

(XII) Intangible Assets

	Land use rights	Other intangible assets	Total
Cost			
Balance as of January 1, 2021	$200,020	$5,662	$205,682
Increase	0	140	140
De-recognition upon maturity	0	(219)	(219)
Balance as of December 31, 2021	$200,020	$5,583	$205,603
Balance as of January 1, 2020	$200,020	$5,891	$205,911
Increase	0	477	477
Re-classification	0	60	60
De-recognition upon maturity	0	(766)	(766)
Balance as of December 31, 2020	$200,020	$5,662	$205,682
Accumulated amortization			
Balance as of January 1, 2021	$34,003	$2,389	$36,392
Amortization	4,000	763	4,763
De-recognition upon maturity	0	(219)	(219)
Balance as of December 31, 2021	$38,003	$2,933	$40,936
Balance as of January 1, 2020	$30,002	$2,386	$32,388
Amortization	4,001	769	4,770
De-recognition upon maturity	0	(766)	(766)
Balance as of December 31, 2020	$34,003	$2,389	$36,392
Net carrying amount			
Balance as of December 31, 2021	$162,017	$2,650	$164,667
Balance as of December 31, 2020	$166,017	$3,273	$169,290
Balance as of January 1, 2020	$170,018	$3,505	$173,523

1. Amortization expense for the Consolidated Company's intangible assets for 2021 and 2020 is reported in the following items

Item	2021	2020
Manufacturing overheads	$2,800	$2,801
Operating expenses	1,963	1,969
Total	$4,763	$4,770

2. In July 2012, the Consolidated Company entered into a land right deed with the Kaohsiung City Government for the establishment of the land at Lot 22, Sec. 22, Longbei, Kaohsiung City, with a royalty amount of $200,020 thousand for the period from July 2012 to July 2062 for the operation of a tourist hotel.

3. As of the end of each reporting period, none of the intangible assets of the Consolidated Company has been pledged as collateral.

(XIII) Short-term borrowings/ Short-term bills payable

	December 31, 2021	December 31, 2020
1.Short-term borrowings		
Secured loans	$3,655,250	$4,488,806
Interest rate range		
Secured loans	1.55%~1.80%	1.387%~1.585%
Repayment period	01.26.2022 ~ 05.05.2023	01.01.2021 ~ 05.25.2023
2.Short-term bills payable	$3,948,000	$4,213,000
Less: Discount on short-term bills payable	(5,035)	(4,693)
Net amount	$3,942,965	$4,208,307
Interest rate range		
Financing commercial promissory note	0.478%~1.8%	1.498%~1.82%
Unused limit	$5,528,995	$4,431,854

The Consolidated Company pledged its own assets and related parties' real estate and stocks as collateral for bank loans and commercial paper, please refer to Notes VII and VIII.

(XIV) liability reserve - current

	Warranty provision
Balance as of January 1, 2021	$35,817
Newly increased liability provision for current period	8,891
Balance as of December 31, 2021	$44,708
Balance as of January 1, 2020	$31,504
Newly increased liability provision for current period	4,313
Balance as of December 31, 2020	$35,817

Warranty provision represents post-sale warranty expenses. The provision for warranty is based on historical experience and management's judgment of the present value of estimated future economic outflows, which are expected to be incurred within five years after the completion of the housing units.

(XV) Collection

Item	December 31, 2021	December 31, 2020
Land collections	$8,086	$9,045
Building collections	15,130	20,960
Decoration collections	16,094	26,400

Collections - others	28,054	30,838
Total	$67,364	$87,243

(XVI)Other current liabilities - other

Item	December 31, 2021	December 31, 2020
Payable taxes	$28,018	$966

(XVII) Long-term borrowings

Nature of borrowings	Borrowing period, repayment method and interest rate range	December 31, 2021	December 31, 2020
Long-term bank borrowings			
Secured borrowings	From March 2020 to December 2028, interest is payable on monthly basis, by lump sum on due date, at a rate of 1.73% as of December 31, 2021 and December 31, 2020.	$1,765,000	$1,765,000
Secured borrowings	In the 6 months from June 2019 to June 2026, interest is payable on monthly basis, by lump sum on due date, with a floating interest rates of 1.7% and 1.7% to 1.75% as of December 31, 2021 and 2020 respectively.	607,000	694,000
Secured borrowings	Original from January 3, 2012 to January 3, 2016, then extended to January 3, 2020, then extended to January 3, 2024, interest is payable on monthly basis, by lump sum on due date, with a floating interest rate of 1.54% as of December 31, 2021 and 2020.	272,000	272,000
Secured borrowings	The borrowing period is 15 years from July 2017 to July 2032 (including a grace period of 2 years). Interest is payable on monthly basis during the grace period and the principal is repayable at the end of the grace period by the interest method with a floating interest rate of 1.54% as of December 31, 2021 and 2020, respectively. Borrowings due within one year were NT$46,558 thousand and NT$45,847 thousand as of December 31, 2021 and 2020, respectively.	531,033	576,881
Secured borrowings	From May 2019 to November 2023, interest is payable on monthly basis, by lump sum on due date, with a floating interest rate of 1.45% as of December 31, 2021 and 2020, respectively.	510,000	530,000
Secured borrowings	From March 2020 to March 2025, interest is payable on monthly basis, by lump sum on due date, with a floating interest rate of 1.45% as of December 31, 2021 and 2020 respectively.	$1,300,000	$1,300,000
Secured borrowings	From October 2019 to October 2022, interest is payable on monthly basis, by lump sum on due date, with a floating interest rate of 1.43% as of December 31, 2021 and 2020, respectively.	550,000	550,000
Secured borrowings	From November 2019 to November 2022, interest is payable on monthly basis, by lump	50,000	50,000

Nature of borrowings	Borrowing period, repayment method and interest rate range	December 31, 2021	December 31, 2020
	sum on due date, with a floating interest rate of 1.43% as of December 31, 2021 and 2020, respectively.		
Secured borrowings	From January 2020 to January 2023, interest is payable on monthly basis, by lump sum on due date, with a floating interest rate of 1.43% as of December 31, 2021 and 2020 respectively.	75,000	75,000
Secured borrowings	From November 2019 to November 2022, interest is payable on monthly basis, by lump sum on due date, with a floating interest rate of 1.43% as of December 31, 2021 and 2020, respectively.	545,000	545,000
Secured borrowings	From January 2020 to January 2023, interest is payable on monthly basis, by lump sum on due date, with a floating interest rate of 1.43% as of December 31, 2021 and 2020.	50,000	50,000
Secured borrowings	From June 2020 to June 2023, interest is payable on monthly basis, by lump sum on due date, with floating interest rate of 1.606881% and 1.606649% as of December 31, 2021 and 2020, respectively.	500,000	$500,000
Secured borrowings	Interest is payable on a monthly basis from October 2021 to October 2026, with NT$100,000 thousand repayable each half a year from the date when it reaches three years from the date of initial drawdown and the remaining amount to be repaid on due date by lump sum, at a floating interest rate of 1.8% as of December 31, 2021.	$1,900,000	$0
Secured borrowings	Interest is payable on a monthly basis from July 2019 to July 2021, with at least NT$50,000 thousand repayable on the date when it reaches one year from the date of initial drawdown and the remaining amount to be repaid on due date by lump sum, at floating interest rates of 0% and 1.55% as of December 31, 2021 and 2020, respectively. Borrowings due within one year were NT$89,986 thousand as of December 31, 2020, which have been paid off on February 2021.	0	89,986
Total		$8,655,033	$6,997,867
Less: Net long-term borrowings due within one year or one operating cycleUse this segment		(46,558)	(135,833)
Net amount		$8,608,475	$6,862,034
Unused limit		$4,310,000	$1,560,000

(XVIII) Lease agreements

1. The Consolidated Company's lease liabilities are as follows:

	December 31, 2021	December 31, 2020
Current	$1,080	$1,062

Non-current	$61,548	$62,628

Please refer to Note XII for maturity analysis.

The Consolidated Company has no material issuance, buy-back or repayment of lease liabilities due to the addition or release of leases in 2020 and from January 1 to December 31, 2021 and 2020.

The amount of leases recognized in profit or loss was as follows

	2021	2020
Interest expense – lease obligations payable	$231	$1,110
Short-term lease expenses	$8,702	$9,846
Expense on leases with low-value underlying assets	$965	$791
Total cash flows on lease	$10,453	$12,738

The Consolidated Company selects to apply recognition exemptions to leases of vehicles and low-value business machines that qualify as short-term leases, and does not recognize the related right-of-use assets and lease liabilities for the said leases.

The Consolidated Company adopted the practical method of "COVID-19-Related Rent Concessions", and recognized the changes in rent payment occurred due to rent concession as deduction of interest expenses of lease liabilities in 2021.

2. Lessor lease (recorded as operating income)
   (1) The Consolidated Company leases, premises for sale and construction sites, which are classified as operating leases because almost all the risks and remuneration attached to the ownership of the underlying assets have not been transferred.
   (2) The Consolidated Company recognized rental income based on operating lease contracts (recorded as operating income) of NT$27,891 thousand and NT$23,689 thousand for the years from January 1, to December 31, 2021 and 2020.
   (3) The maturity analysis of lease payments under operating leases of the Consolidated Company to report the total un-discounted lease payments to be received in the future is presented as follows:

	December 31, 2021	December 31, 2020
Within 1 year	$20,628	$14,208
1 to 5 years	78,942	20,536
Over 5 years	20,767	11,198
Non-discounted future cash flows of lease	$120,337	$45,942

   (4) The Consolidated Company has one signed lease that is not included in the above table. The lease for the period from October 1, 2019 to February 28, 2035 is currently in litigation with the lessee as described in Note IX, therefore, this lease has been collected since it was signed and thus is not included in the above table.
   (5) The Consolidated Company's partial lands held for construction were provided for leasing and being used as parking lot for a period from 5 to 10 years. 73%-75% of the operating income from lease objects was charged as rent, and monthly operating income was calculated based on the actual number of vehicles parked and actual time of parking, which are of a variable nature, therefore, it was not included in the above non-discounted future cash flows of lease.

(XIX) Deposits Received

	December 31, 2021	December 31, 2020

Lease deposits	$4,985	$3,586

(XX)Share capital

1. As of December 31, 2021 and December 31, 2020, the Consolidated Company's total authorized share capital was NT$4,500,000 thousand, with a par value of NT$10 per share, and its paid-in capital were NT$3,717,590 thousand and NT$3,711,931 thousand, respectively, with 371,759 thousand and 371,193 thousand common shares issued, respectively, and payments for all issued shares have been received. Quantities of the Consolidated Company's outstanding ordinary shares at the beginning and end of the periods were deemed reconciled as follows: (Unit: thousand shares)

	2021	2020
January 1	371,193	384,846
Cancellation of bought-back treasury shares	0	(14,189)
Capital increase by employee bonus	566	536
December 31	371,759	371,193

2. On August 12, 2021, the Company resolved, by its Shareholders' Meeting, to issue 565,925 new shares by transferring employees' remuneration of $19,524 thousand, and the number of shares issued was calculated based on the closing price on the day before the board of directors' resolution. This capital increase was reported to the Financial Supervisory Commission on August 2, 2021, and the Board of Directors resolved on August 12, 2021, that the base date for the capital increase is August 15, 2021.
3. On June 24, 2020, the Company resolved, by its Shareholders' Meeting, to issue 535,736 new shares by transferring employees' remuneration of $18,215 thousand, and the number of shares issued was calculated based on the closing price on the day before the board of directors' resolution. This capital increase was reported to the Financial Supervisory Commission on September 14, 2020, and the board of directors resolved on September 24, 2020, that the base date for the capital increase is September 25, 2020.
4. On March 13, 2020, the Company resolved, by its Board of Directors, to buy back 10,000 thousand shares of the Company's ordinary shares. The bought-back shares will be canceled, and on June 19, 2020, the Board of Directors resolved to set June 29, 2020 as the base date for the capital reduction, and the change of registration was completed on July 23, 2020.
5. On June 19, 2020, the Company resolved, by its Board of Directors, to buy back 5,000 thousand shares of the Company's common stock. The bought-back shares will be canceled and the actual number of bought-back shares is 4,189 thousand, and on September 24, 2020, the board of directors resolved to set September 25, 2020 as the base date for the capital reduction, and the change was registered on October 21, 2020.
6. Treasury shares
   (1) The reason for share re-acquisition and movements in the number of treasury stock are as follows:
   There was no such situation on December 31, 2021.

Year of repurchase	Name of the Company holding the shares	Reason for share re-acquisition	December 31, 2020	
			Thousand shares	Carrying amount
The 4th time	The Company	Maintain the Company's credit and shareholders'	10,000	$310,543

		rights and interests, and handle the cancellation of shares		
The 5th time	The Company	Maintain the Company's credit and shareholders' rights and interests, and handle the cancellation of shares	4,189	152,919
		Cancel	(14,189)	(463,462)
	Total		0	$0

(2) According to the Securities and Exchange Act, the number of shares outstanding bought back by the Company shall not exceed 10% of the number of issued shares, and the total amount bought back shall not exceed the sum of the Company’s retained earnings, share premium, and realized capital surplus.

(3) Treasury shares held by the Consolidated Company may be neither pledged nor assigned rights in accordance with the Securities and Exchange Act

(4) On June 19, 2020, the Consolidated Company resolved, by its Board of Directors, to buy back 5,000 thousand shares of treasury shares in accordance with Article 28-2 of the Securities and Exchange Act to protect the Company's credit and shareholders' rights. 4,189 thousand shares were actually bought back from June 22 to August 21, 2020, at an average purchase price of NT$36.52 per share. On September 24, 2020, the Board of Directors resolved to cancel 4,189 thousand shares of treasury shares bought back at a cost of NT$152,919 thousand, using September 25, 2020 as the base date for capital reduction. Based on March 31, 2020, the maximum number of shares that the Consolidated Company may buy back is 37,484.6 thousand shares and the maximum amount of shares to be purchased is NT$9,987,685 thousand.

(5) On March 13, 2020, the Consolidated Company resolved, by its Board of Directors, to buy back 10,000 thousand shares of treasury stock in accordance with Article 28-2 of the Securities and Exchange Act to protect the Company's credit and shareholders' rights, and the buy-back was executed in full from March 16 to May 15, 2020, at an average purchase price of NT$31.05 per share. On June 19, 2020, the board of directors resolved to cancel 10,000 thousand shares of treasury shares bought back at a cost of NT$310,543 thousand, using June 29, 2020 as the base date for capital reduction. Based on the calculation as of September 30, 2019, the maximum number of shares of the Company that the Consolidated Company may buys back is 38,484.6 thousand shares and the maximum amount of shares to be purchased is NT$9,102,770 thousand.

(6) On June 19, 2020 and September 24, 2020, the Consolidated Company resolved, by its Board of Directors, to cancel 10,000 thousand and 4,189 thousand shares of treasury shares bought back, reducing capital by NT$100,000 thousand and NTNT$41,890 thousand, respectively, with the base dates of June 29, 2020 and September 25, 2020, respectively, and after the cancellation of 10,000 thousand and 4,189 thousand shares issued, the number of common shares outstanding was 371,193 thousand. The difference between the carrying amount and the par value of treasury shares is adjusted to the capital surplus in proportion to the cancellation, and any deficit is then transferred to retained earnings.

(XXI) Capital surplus

	December 31, 2021	December 31, 2020
Shares premium	$0	$40,015

Capital premium from previous year's employee bonuses	13,865	12,858
Cancellation of treasury shares transactions	0	(52,873)
Net amount	$13,865	$0

According to the Company Act, additional paid-in capital including the income derived from issuing shares at a premium and from endowments, in addition to being used to covering deficit, where there is no accumulated deficit in a company, shall be distributed by issuing new shares to shareholders in proportion to the number of shares being held or by cash. In addition, according to relevant provisions of the Securities Exchange Act, when allocating capital from the aforementioned additional paid-in capital, the combined capitalized amount each year shall not exceed 10 percent of the paid-up capital. A company shall not use the additional paid-in capital to make good its capital loss, unless the surplus reserve is insufficient to make good such loss.

(XXII) Retained earnings

Based on the Articles of Incorporation, the annual earnings of the Company shall be first appropriated to pay taxes and offset accumulated losses before allocating 10% of the remaining earning to the legal reserve (not applicable where accumulated legal reserve has reached the amount required by law and regulations) and a special reserve in accordance to CMP's operating needs and pursuant to the applicable law and regulations. Any retained earnings available for distribution together with accumulated undistributed retained earnings may be proposed by the Board of Directors to appropriate and be resolved at the Annual General Meeting. The percentage of cash dividends shall not be less than 10% of the total amount distributed, and the percentage shall be determined by the Board of Directors, taking into account the Company's financial condition. However, when the debt ratio in the annual financial statements exceeds 50%, no cash dividends shall be paid. The ratio of stock dividends and cash dividends mentioned in the preceding paragraph shall be adjusted according to the relevant laws and regulations and regulations. The adjustment shall be proposed by the Board of Directors and submitted to the shareholders' meeting for resolution. Please refer to Note VI(XXV) for the employee compensation distribution policy set forth in the Articles of Incorporation.

(1) Legal reserve

According to the Company Act, after-tax surplus profits shall first set aside 10% of said profits as legal reserve, unless legal reserve equals to the paid-in capital. Legal reserve may be used to offset deficit. The legal reserve shall be exclusively used to cover accumulated deficit, to issue new stocks or distribute cash to shareholders in proportion to their share ownership. The use of legal reserve for the issuance of stocks or cash dividends to shareholders in proportion to their share ownership is permitted provided that the balance of such reserve exceeds 25% of the Corporation’s paid-in capital.

(2) Earning distribution

The Shareholders' Meetings approved the distribution of earnings for years ended 2020 and 2019 on August 12, 2021 and June 24, 2020 as follows:

(3) The proposal of distribution of earnings for 2021 was approved by the Company's board of directors on March 23, 2022, but has not yet been resolved by the shareholders' meeting; the proposal is as follows:

	2021	
	Amount	Dividends per share (NT$)
Legal reserve	$168,411	
Cash dividend	0	$0

(XXIII) Operating revenue

2021	2020

Land revenue	$3,052,029	$4,208,689
Building revenue	3,387,993	4,213,677
Lease revenue	27,891	23,689
Accommodation service revenue	89,433	88,606
Catering service revenue	100,071	134,950
Return and discount of premises revenue	(173)	(1,762)
Total	$6,657,244	$8,667,849

(1) Revenue breakdown

	2021	2020
Major regional markets		
Taiwan	$6,657,244	$8,667,849
Major products/ service		
Premises revenue	$6,439,849	$8,420,604
Lease revenue	27,891	23,689
Accommodation service revenue	89,433	88,606
Catering service revenue	100,071	134,950
Total	$6,657,244	$8,667,849

	2021	2020
Timing of revenue recognition:		
At a fixed point in time	$6,539,920	$8,556,986
Performance obligations fulfilled over time	117,324	110,863
Total	$6,657,244	$8,667,849

(2) Contract liabilities - current

	December 31, 2021	December 31, 2020
Sale of premises	$560,581	$494,825
Rental premises	987	878
Room and catering services	11,791	8,454
Advances from gift card	17,485	10,929
Advances from baking	29	0

Total	$590,873	$515,086

Changes in contract liabilities are mainly due to timing difference between performance obligations and customer payment.
The Consolidated Company's contracts for the sale of pre-sale premises and advances from gift cards contain provisions for pre-receipt of payments from customers, and the time interval between the pre-receipt and the transfer of merchandise control is longer than one year. According to IFRS 15, contract liabilities related to sales of pre-sale of premises and advances from gift cards contracts were recognized.
The amount from the opening contract liabilities recognized in operating income was NT$328,841 thousand and NT$374,657 thousand from January 1 to December 31, 2021 and 2020, respectively.

(XIV) Interest income

	2021	2020
Interest on bank deposits	$206	$151
Other interest income	33	67
Total interest income	$239	$218

(XV) Other income

	2021	2020
Dividend income	$0	$710
Government subsidy income	7,560	9,016
Other income - other	2,807	6,700
Total	$10,367	$16,426

(XVI) Other gains and losses

	2021	2020
Exchange gains	$1	$3
Disposal of financial assets measured at fair value through profit or loss	3,896	(10,365)
Valuation gain (loss) on financial assets measured at fair value through profit or loss	21,357	(7,599)
Other	(39)	(548)
Total	$25,215	($18,509)

(XVII) Finance costs

	2021	2020
Interest expenses		
Bank borrowings	$238,872	$286,761
Lease liabilities	231	1,110
Less: Capitalization of interest	(52,524)	(42,182)
Finance costs	$186,579	$245,689

(XVIII) Post-retirement benefit plans
1. Defined contribution plans

The Consolidated Company's retirement plan under the Labor Pension Act is a defined contribution retirement plan. The Consolidated Company contributes 6% of employees' monthly salaries to the individual accounts of the Bureau of Labor Insurance. Under the plan, the Consolidated Company has no legal or constructive obligation to make additional financial contributions after making fixed contributions to the Bureau of Labor Insurance. The Consolidated Company recognized an expense of NT$6,060 thousand and NT$5,701 thousand in the consolidated statements of comprehensive income in 2021 and 2020, respectively.

	2021	2020
Selling and marketing expenses - Retirement benefits expenses	$2,346	$2,150
General and administrative expenses - Retirement benefits expenses	$1,944	$1,797
Operating costs - Retirement benefits expenses	$1,769	$1,754

2. Defined benefit plans

In compliance with the requirements set forth in the Labor Standards Act, the Company has stipulated a defined benefit pension plan, which is applicable to the years of service rendered by regular employees prior to, and after (if employees elect to continue to apply the Labor Standards Act), the implementation of the Labor Pension Act on July 1, 2005. Under the defined benefit pension plan, two units are accrued for each year of service for the first 15 years and one unit for each additional year thereafter, subject to a maximum of 45 units. Pension benefits are based on the number of units accrued and the average monthly salaries and wages of the last 6 months prior to retirement. The Consolidated Company sets aside 2% of the employee's total salary each month as pension funds and deposit it to the designated account under the name of the Labor Pension Funds Supervisory Committee at the Bank of Taiwan. Before the end of each year, the Consolidated Company shall assess the balance in the designated account. If the total available amount of the appropriation is less than the amount required for the payment of pensions to all the employees who are eligible to retire in the following year, calculated according to the above method, the Consolidated Company will make up the deficiency in one single appropriation before the end of March in the following year. The designated account shall be accepted by the agency determined by the central competent authority, so the Company has no right to participate in the use of pension fund.

(1) The amount of retirement benefits expenses recognized in the consolidated statement of income for the defined benefit plans were as followed:

	2021	2020
Service costs for the current period	$377	$534
Net interest on defined benefit liabilities (assets)	133	245
Recognized in profit or loss	$510	$779
Re-measurements		
Compensation on plan assets (excluding net interest on net defined benefit liabilities (assets))	($345)	($814)

Actuarial losses (gains) - experience adjustments	3,504	18
Actuarial losses (gains) - changes in financial assumptions	328	1,066
Actuarial losses (gains) - changes in population assumptions	640	0
Recognized in other comprehensive income	$4,127	$270

(2) Retirement benefits expenses recognized in profit or loss for the aforementioned defined benefit plans were included as follows:

	2021	2020
Selling and marketing expenses	$47	$65
General and administrative expenses	463	714
Total	$510	$779

(3) The amounts recognized in the consolidated balance sheet for obligations from defined benefit plans were as follows:

	December 31, 2021	December 31, 2020
Present value of defined benefit obligation	$46,737	$45,532
Fair value of plan assets	(24,330)	(24,140)
Net defined benefit liabilities	$22,407	$21,392

(4) The changes in the present value of the defined benefit obligation were as follows:

	2021	2020
Beginning balance	$45,532	$49,528
Service costs for the current period	377	534
Interest expenses	252	416
Re-measurements		
Actuarial losses (gains) - experience adjustments	3,504	18
Actuarial losses (gains) - changes in financial assumptions	328	1,066
Actuarial losses (gains) - changes in population assumptions	640	0
Benefits paid on plan assets	(3,896)	(6,030)
Ending balance	$46,737	$45,532

(5) Change in fair value of plan assets were as follows:

	2021	2020
Fair value of plan assets at the beginning of the period	$24,140	$24,896
Expected return on plan assets	119	171
Re-measurements of plan assets (excluding	345	814

net interest included in net defined benefit liabilities (assets))		
Contribution by the employer	3,622	3,351
Actual payment of employee benefits	(3,896)	(5,092)
Fair value of plan assets at the end of the period	$24,330	$24,140

(6) The fund asset of the Consolidated Company's defined benefit pension plan (hereinafter referred to as the "Fund") is entrusted to the Bank of Taiwan, which manages, or entrusts others to manage, the Fund in accordance with entrusted items enumerated in Article 6 of the "Regulations for Revenues, Expenditures, Safeguard and Utilization of the Labor Retirement Fund" (i.e. deposit in domestic or foreign institutions, investment in domestic or foreign listed, over-the-counter, or private placement equity securities, and investment in domestic or foreign real estate and its securitization products) to the extent of limitations on investment percentage and amount as stipulated in the Fund's annual utilization plan. The status of utilization of the Fund is subject to supervision by the Labor Pension Fund Supervisory Committee. With regard to utilization of the Fund, the minimum earnings in the annual distributions on the final financial statement shall not be less than the earnings attainable from the amounts accrued from two-year time deposits with the interest rates offered by local banks. In case any deficiency in the earnings arises, Treasury Funds can be used to cover the deficits after the approval of the competent authority. As the Consolidated Company is not entitled to participate in the operation and management of the fund, it is not possible to disclose the classification of the fair value of the plan assets in accordance with paragraph 142 of IAS 19. For the composition of the fair value of the fund in total as of the years ended December 31, 2021, and 2020, please refer to the various labor pension utilization reports issued by the government.

The Consolidated Company's contributions to the pension funds were deposited with Bank of Taiwan, were as follows:

December 31, 2021	December 31, 2020
$24,330	$24,140

(7) The present value of the Consolidated Company's defined benefit obligations is calculated by certified actuaries. The major assumptions on the assessment date were as follows:

	December 31, 2021	December 31, 2020
Discount rate	0.500%	0.625%
Growth rate of future salary	2.000%	2.000%

If changes occur in major actuarial assumptions with other assumptions unchanged, the present value of defined benefit obligations will increase (decrease) as follows:

	December 31, 2021	December 31, 2020
Discount rate		
Increase by 0.25%	($654)	($716)
Decrease by 0.25%	$680	$734
Expected salary increase rate		
Increase by 0.25%	$651	$702
Decrease by 0.25%	($633)	($692)

With other assumptions unchanged, above sensitivity analysis analyzes effects of changes in single assumption. In practice, many changes in assumptions may be linked together. The sensitivity analysis is consistent with the methodology used to calculate the net pension liability on the balance sheet.

The Consolidated Company is expected to make a contribution payment of NT$278 thousand to the defined benefit plans for the one year period after the reporting date of 2021.

The weighted average period of the defined benefit plan is 9.56 years.

The maturity analysis of the pension payments is as follows:

Under 1 year	$11,177
1 to 2 years	1,575
2 to 5 years	11,546
Over 5 Years	13,929
	$38,227

(XIX)Employee bonus and remuneration to directors

The Company's Articles of Incorporation stipulates that, after annual earnings first offset against any deficit, a minimum of 1% shall be allocated as employee compensation and a maximum of 2% as directors' remuneration. When there are accumulated losses (including adjustments to unappropriated earnings), the Company shall offset the appropriate amounts before remuneration. The distribution can be made in the form of cash or stocks for employees. The Board of Directors shall resolve to distribute in the form of shares or cash to employees who meet specific criteria, and the distribution of employee compensation and remuneration to directors and supervisors shall be reported to the shareholders' meeting.

The amounts provided for employee compensation were NT$19,462 thousand and NT$19,524 thousand for 2021 and 2020, and the amounts provided for directors' compensation were both NT$0 thousand, which were estimated by multiplying the Company's net income before income taxes for the period before employee and directors' compensation by one percent of employee compensation as specified in the Company's Articles of Incorporation, and remuneration to directors was NT$0 thousand and was reported as operating expenses for the period.

On March 23, 2022, the Board of Directors resolved to distribute NT$19,462 thousand for employee compensation and $0 for director's remuneration for 2021, and on August 12, 2021, the Board of Directors resolved to distribute NT$19,524 thousand for employee compensation and NT$0 for director compensation for 2020. There was no difference from the amounts recognized as expenses in 2021 and 2020.

The aforementioned amounts are distributed in shares and the number of shares is calculated based on the closing price on the day before the Board of Directors' resolution.

For information on the Company's remunerations for employees and directors as resolved by the Board of Directors, please visit the "Market Observation Post System".

(XXX) Income Tax

1. Income tax expense

   Major components of income tax expenses were as follows:

	2021	2020
Current income tax expenses		
Incurred this year		
Income Tax	$115,155	$107,967
Land value increment tax	65,079	108,590
Unappropriated earnings	75,810	74,509

Tax refunds from previous years	0	(2,556)
Deferred tax		
Occurrence and reversal of temporary differences	(16,734)	(40,478)
Income tax expense	$239,310	$248,032

2. Reconciliation of income tax expense to accounting profit.

	2021	2020
Accounting profit	$1,926,718	$1,932,924
Tax at the applicable tax rate	$385,343	$386,584
Effect of income tax adjustment items		
Items to be increased (decreased) when determining taxable income	2,889	(11,193)
Valuation loss (gain) on financial assets	(4,271)	1,520
Tax-exempt proceeds from land	(267,054)	(276,296)
Tax-exempt income from marketable securities	(3,530)	2,073
Deferred selling and marketing expenses	0	5,455
Warranty provision	1,778	863
Loss deduction credit for the first ten years	0	(1,039)
Occurrence and reversal of temporary differences	(16,734)	(40,478)
5% levy on unappropriated earnings	75,810	74,509
Other income taxes (land value increment tax)	65,079	108,590
Tax refunds from previous years	0	(2,556)
Income tax expense	$239,310	$248,032

3. Income tax recognized in other comprehensive income

	2021	2020
Deferred income tax gains (expense)		
Related to defined benefit plan re-measurement	($825)	($54)

4. The breakdown of deferred income tax assets and liabilities was as follows:

	Balance on January 1	Recognized in profit or loss	Recognized in other comprehensive income	Balance as of December 31
(1) January 1 to December 31, 2021				
A. Deferred tax assets				
Prepayments	$5,503	$0	$0	$5,503
Warranty provision payable	7,164	1,778	0	8,942
Net defined benefit liabilities - non-current	4,278	(622)	825	4,481
Differences in employee	14	(5)	0	9

benefit tax recognition				
Total deferred tax assets	$16,959	$1,151	$825	$18,935
B. Deferred tax liabilities				
Inventories	$38,408	($15,583)	$0	$22,825

(2) January 1 to December 31, 2020

A. Deferred tax assets				
Prepayments	$47	$5,456	$0	$5,503
Warranty provision payable	6,301	863	0	7,164
Net defined benefit liabilities - non-current	4,926	(702)	54	4,278
Differences in employee benefit tax recognition	20	(6)	0	14
Total deferred tax assets	$11,294	$5,611	$54	$16,959
B. Deferred tax liabilities				
Inventories	$73,275	($34,867)	$0	$38,408

5. Items regarding deductible temporary differences not recognized as deferred tax assets, unused tax losses, and unused tax credits:

	December 31, 2021	December 31, 2020
Loss carryforwards	$51,428	$41,649

6. The Company's business income tax settlement and declaration up until 2019 have been approved.
7. As of December 31, 2021, the Consolidated Company's undeducted loss carryforwards and final deductible year are shown below.

Year of occurrence	Loss amount	Deducted amount	Undeducted balance	Final year tax credits are due
2015	$2,230	$0	$2,230	2025
2016	19,239	(11,003)	8,236	2026
2017	122,462	(51,872)	70,590	2027
2018	96,004	(50,410)	45,594	2028
2019	34,666	0	34,666	2029
2020	46,928	0	46,928	2030
2021	48,897	0	48,897	2031
Total	$370,426	($113,285)	$257,141	

(XXXI) Summary of employment, depreciation, operating costs, depletion and amortization expenses incurred during the period by function

By function / By nature	2021			2020		
	Operation costs	Operation expenses	Total	Operation costs	Operation expenses	Total
Employee benefit expenses						
Salary expenses	33,089	114,148	147,237	34,972	113,871	148,843
Labor and health insurance expenses	3,770	9,541	13,311	3,579	9,436	13,015
Retirement benefits expenses	1,769	4,800	6,569	1,754	4,726	6,480

Remuneration to Directors	0	2,299	2,299	0	1,760	1,760
Other employee benefits	1,065	9,734	10,799	1,656	11,816	13,472
Depreciation expenses	46,424	23,828	70,252	46,116	23,366	69,482
Depletion expenses	0	0	0	0	0	0
Amortization expenses	2,800	1,963	4,763	2,801	1,969	4,770

The numbers of employees of the Consolidated Company for the years ended December 31, 2021, and 2020 were 233 and 231, respectively. Among which the numbers of directors who were not part-time employees were 7 and 4, respectively.

(XXXII) Earnings per share

	2021	2020
Basic earnings per share (Unit: NT$)	$4.54	$4.48
Diluted earnings per share (Unit: NT$)	$4.54	$4.48

The calculation of earnings per share and the weighted-average number of common shares outstanding were as follows:

	2021	2020
Profit attributable to the holders of ordinary shares of the Company	$1,687,409	$1,684,892

	2021	2020
Weighted average number of ordinary shares outstanding used for calculation of diluted earnings per share (in thousands)	371,407	375,895
Effect of potentially dilutive ordinary shares:		
Employee Remuneration	477	496
Weighted average number of ordinary shares outstanding used for calculation of diluted earnings per share (in thousands)	371,884	376,391

If the Consolidated Company chooses to offer employee compensation or share profits in the form of cash or stock, while calculating diluted earnings per share, and assuming that the compensation is paid in the form of stock, the dilutive potential common shares will be included in the weighted average number of outstanding shares to calculate diluted earnings per share. Weighted average number of ordinary shares outstanding used for calculation of diluted earnings per share (thousand shares) The dilutive effect of such potential common shares shall continue to be considered when calculating diluted earnings per share before the number of shares to be distributed as employee compensation is approved in the following year.

For the calculation of basic earnings per share, the number of shares is included in the weighted-average number of common shares outstanding for the year resolved at the stockholders' meeting when the number of shares issued as compensation to employees for the previous year is determined. Moreover, since the employee compensation transfer is no longer a gratuitous stock allotment, no retroactive adjustment is made in the calculation of basic and diluted earnings per share.

(XXXIII) Additional information regarding cash flows

	2021	2020
Increase in property, plant, and equipment	$3,209	$12,359
Net decrease in payables for equipment construction	686	4,678
Cash paid during the year	$3,895	$17,037

(XXXIV) Changes in liabilities from financing activities

Reconciliation of liabilities from financing activities was as follows:

	2021.1.1	Cash flows	2021.12.31
Short-term borrowings	$4,488,806	($833,556)	$3,655,250
Face value of short-term bills payable	4,213,000	(265,000)	3,948,000
Long-term borrowings	6,997,867	1,657,166	8,655,033
Deposits received	3,586	1,399	4,985
Lease liabilities	63,690	(1,062)	62,628
Liabilities from the financing activities	$15,766,949	$558,947	$16,325,896

	2020.1.1	Cash flows	2020.12.31
Short-term borrowings	$4,955,779	($466,973)	$4,488,806
Face value of short-term bills payable	4,280,000	(67,000)	4,213,000
Long-term borrowings	10,728,055	(3,730,188)	6,997,867
Deposits received	137,544	(133,958)	3,586
Lease liabilities	64,734	(1,044)	63,690
Liabilities from the financing activities	$20,166,112	($4,399,163)	$15,766,949

VII. Related Party Transactions

(I) Names of related parties and their relationship

Name	Relationship with the Consolidated Company
Chieh Chih Construction Co., Ltd.	The company's chairman is the relative within the second degree of kinship of the Company's Chairman.
Baihong Construction Co., Ltd.	The Company's Chairman is the supervisor of such company
Meiyun S. Tsai	Spouse of the Company's Chairman
Yangmin International Catering Co., Ltd.	The Company's affiliate

(II) Significant transactions with related parties:

1. Sale

	2021		2020	
Name	Amount	Proportion to the sales of the Consolidated Company	Amount	Proportion to the sales of the Consolidated Company
Chieh Chih Construction Co., Ltd.	$75	0.00%	$551	0.01%
Baihong Construction Co., Ltd.	97	0.00%	571	0.01%

Yangmin International Catering Co., Ltd.	3,379	0.05%	4,072	0.05%
Other related parties	249	0.00%	15,027	0.17%
Total	$3,800	0.05%	$20,221	0.24%

The sales of premises to related parties were made at normal market prices. The sales of premises to other related parties in 2021 and 2020 amounted to NT$0 thousand and NT$14,306 thousand, respectively, which were paid upon the transfer of the properties, and the remaining catering revenues were collected within 30 to 90 days.

2. Lease revenue
The related party Yangmin International Catering Co., Ltd. entered into leases with the Consolidated Company in 2021 and 2020 as follows.

The lease details are as follows:

Lessee	Lease subject	Lease period	Rental charged per lease term	2021	2020
Yangmin International Catering Co., Ltd.	1F., No. 366, Minghua Rd., Gushan Dist., Kaohsiung City (Restaurant)	2016/08/09 ~ 2021/12/31	The monthly rental income of NT$354 thousand (including business tax) is calculated on a monthly basis and is paid by bank remittance. Interest on deposit is NT$7.	$3,379	$4,053

3. Contracting work (Purchase)
Chieh Chih Construction Co., Ltd. and Baihong Construction Co., Ltd. are related parties of the Consolidated Company, and the Consolidated Company's projects are contracted by these two companies. The contract price is based on the cost of the two companies plus appropriate profit, and the payment terms are similar to those of a general contractor, but the actual date of cashing the notes is subject to the Company's capital situation.
(1) In 2021 and 2020, the Consolidated Company entrusted Chien-Chih Construction Co., Ltd. to contract for various construction sites, accounting for 5.42% and 21.65% of the Consolidated Company's total contracted work amount, respectively, and the contract prices and current shipments were as follows:

		Purchase	
Site name	Contract price (including tax)	2021	2020
Ai Qun No. 2748. 5 in total (King's Town World of Heart)	2,014,000	$328,598	$238,109

(2) In 2021 and 2020, the Consolidated Company entrusted EPILEDS Construction Co., Ltd. with the contracted construction projects, accounting for 4.55% and 25.49% of the total contracted construction amount of the Consolidated Company, respectively. The contract price and the current purchase price were as follows:

	Purchases		
Site name	Contract price (including tax)	2021	2020

Xin Zhuang Section No. 92, 95 (Xiang King's Town)	521,460	$0	$89,884
Xin Du Section No. 321.163 - 1.164 (fu +)	880,200	276,217	190,480
Total		$276,217	$280,364

4. Accounts receivable, other receivables, note payables, accounts payables, other payables, contract liabilities-current, premises payment collection, and deposits received.

	December 31, 2021		December 31, 2020	
Name of project and related party	Balance	Percentage	Balance	Percentage
(1) Accounts receivable				
Baihong Construction Co., Ltd.	$0	0.00%	$2	0.00%
(2) Other receivables				
Meiyun S. Tsai	$128	42.95%	$240	0.03%
Yangmin International Catering Co., Ltd.	87	29.20%	37	0.01%
Total	$215	72.15%	$277	0.04%
Other receivables represent receivables from landlords' share of selling expenses and payments on behalf of affiliates.				
(3) Notes payable				
Chieh Chih Construction Co., Ltd.	$55,002	31.98%	$75,004	37.44%
Baihong Construction Co., Ltd.	35,002	20.35%	45,002	22.47%
Total	$90,004	52.33%	$120,006	59.91%
(4) Accounts payables				
Chieh Chih Construction Co., Ltd.	$298,857	49.00%	$398,863	48.31%
Baihong Construction Co., Ltd.	275,934	45.24%	385,934	46.74%
Total	$574,791	94.24%	$784,797	95.05%
(5) Other payables				
Yangmin International Catering Co., Ltd.	$398	0.56%	$208	0.28%
(6) Contract liabilities - current				
Chieh Chih Construction Co., Ltd.	$35	0.01%	$35	0.01%
Baihong Construction Co., Ltd.	15	0.00%	19	0.00%
Other related parties	91	0.02%	117	0.02%
Total	$141	0.030%	$171	0.03%
(7) Building collections				
Chieh Chih Construction Co., Ltd.	$0	0.00%	$5,360	6.14%
(8) Land collections				

Chieh Chih Construction Co., Ltd.	$0	0.00%	$3,285	3.77%
(9) Deposits received				
Yangmin International Catering Co., Ltd.	$708	14.20%	$708	19.74%

Deposits received represent construction contract performance deposits and lease deposits.

5. Lease expenses

Rental expenses	Price payment 2021	2020
Other related parties	$1,029	$1,029

Lessor	Lease subjects	Lease period	Rental charged per lease term	2021	2020
Other related parties	12F., No. 150, Bo'ai 2nd Rd., Zuoying Dist., Kaohsiung City	07/01/2017～06/30/2020 07/01/2020～06/30/2023	The monthly rental income of NT$90 thousand (including business tax) is calculated on a monthly basis and is paid by bank remittance.	$1,029	$1,029

6. Other
   (1) The Chairman of the Consolidated Company and other related parties provided the Company with loans from banks secured by their own assets, amounting to NT$1,312,000 thousand and NT$1,672,146 thousand as of December 31, 2021 and 2020, respectively.
   (2) The Chairman of the Consolidated Company and other related parties provided the Company with their own assets to issue commercial paper to Bills Finance Corporation in the amount of NT$750,000 thousand and NT$970,000 thousand as of December 31, 2021 and 2020, respectively.
   (3) The Chairman and his spouse of the Consolidated Company provided land at Qinghai Lot No. 216 and the Consolidated Company's construction site, Qinghai Lot No. 229, as joint mortgages to banks and issued commercial promissory notes for NT$1,765,000, and commercial promissory notes for NT$1,765,000, as of December 31, 2021 and December 31, 2020.
   (4) The Consolidated Company's investment in affiliates is described in Note VI(IX).
   (5) In 2021 and 2020, the Consolidated Company collected water and garbage removal fees from a related party, Yangmin International Catering Co. The decrease in utilities was NT$305 thousand and $293 thousand, the decrease in garbage collection was NT$119 thousand and NT$123 thousand, and collection of meal charges from tenants were NT$463 thousand and NT$575 thousand, respectively.
   (6) The Consolidated Company's related party, Baihong Construction Co., Ltd. provided guaranteed promissory notes for the projects, which was recorded as NT$134,566 in 2021 and 2020, respectively.
   (7) The Consolidated Company's related party, Chieh Chih Construction Co., Ltd. provided guaranteed promissory notes for the construction work, which were recorded as NT$288,812 thousand and NT$0 thousand in 2021 and 2020, respectively.
7. Information on remuneration to the management

	2021	2020
Short-term employee benefits	$29485	$30982

VIII. Pledged Assets

The carrying values of the Consolidated Company's assets pledged as collateral for loans and short-term notes issued were as follows:

Name of assets	Secured subject	December 31, 2021	December 31, 2020

Buildings and land held for sale	Collateralized borrowing and issuance of commercial promissory notes	$2,240,305	$2,987,486
Construction in progress	Collateralized borrowing and issuance of commercial promissory notes	3,412,160	2,283,347
Land held for construction	Collateralized borrowing and issuance of commercial promissory notes	19,313,594	14,534,853
Housing and Construction	Secured borrowings	686,442	747,691
Other financial assets - current	Pre-sold project trust and performance bond	80,912	6,479
Refundable deposits	Disaster management guarantee	24,977	24,977
Total		$25,758,390	$20,584,833

IX.Significant Contingent Liabilities and Unrecognized Contract Commitments

1. As of December 31, 2021, the Consolidated Company's construction-in-progress contracts are described in detail in VII. Related Party Transactions (II) Purchase; the amount paid for the contracts (including tax) was NT$1,085,074 thousand and the amount outstanding was NT$1,809,126 thousand.
2. In 2019, the Consolidated Company leased the premises for sale on first basement level and the first and second level of Hua Shang Building to a fitness company, which caused dissatisfaction of the residents and convened the 2019 second temporary meeting of the sub-owners, and amended its management regulations to prohibit the establishment of specific industries, including gymnasiums. The Consolidated Company believes that it has infringed upon the Company's right to use its assets; therefore, it filed a civil lawsuit against the "Hua Shang Building Management Committee" to confirm that the resolution shown by the defendant "Hua Shang Building Management Committee" at the 2019 second temporary meeting of the owners of the Hua Shang Building on November 23, 2019 is invalid. The first instance of the case was conducted by the District Court in Qiaotou, Taiwan and, based on 2020 Su Zi No. 1202 document, the Consolidated Company was judged as winning in the lawsuit partially, and the defendant "Hua Shang Building Management Committee" submitted an appeal within the statutory period. The result of the case is still pending in court.
3. In 2019, the Consolidated Company leased premises for sale on the first basement level and the first and second level of Hua Shang Building to World Fitness Asia Limited (H.K.) Taiwan Branch. As a result, the Taiwan branch of Hong Kong Business World Fitness Co., Ltd. was unable to operate due to a dispute arising from the residents' dissatisfaction with the Company's act of leasing the land to the fitness company. The company filed a lawsuit against the Consolidated Company for damages in the amount of NT$39,632 thousand, including NT$18,367 thousand, NT$720 thousand for the refund of the deposit and NT$20,545 thousand for the loss of the member who failed to fulfill the membership agreement. The case (Case number: 2021 Shen Zhong Su No. 57) is currently being heard by the Kaohsiung District Court in Taiwan, and the result of the case is still pending.
4. In 2020, the Consolidated Company leased premises for sale on the first basement level and the first and second level of Hua Shang Building to World Fitness Asia Limited (H.K.) Taiwan Branch. As a result, the Taiwan branch of Hong Kong Business World Fitness Co., Ltd. was unable to operate due to a dispute arising from the residents' dissatisfaction with the Company's act of leasing the land to the fitness company. Therefore, a lawsuit was filed against World Fitness Asia Limited (H.K.) Taiwan Branch, seeking NT$1,045 thousand in

rent and NT$3,150 thousand in restitution damages, totaling NT$4,195 thousand. The case (Case number: 2021 Su Zi No. 780) is currently being heard by the Kaohsiung District Court in Taiwan, and the result of the case is still pending.

5. The Consolidated Company leased premises for sale on the first basement level and the first and second level of Hua Shang Building to a fitness company. As a result, the residents were dissatisfied that the Consolidated Company was failed to lease the land to the fitness company in accordance with the original market use.. The management committee of the Hua Shang Building filed an administrative lawsuit against the Kaohsiung City Government. Requesting the Kaohsiung City Government to revoke the decision to approve the letter of change of commercial use of the second floor of the Hua Shang Building as approved by the Kaohsiung City Government Letter No. 1073664122 issued on January 4, 2019 and the appeal inadmissible. If an unfavorable decision is obtained, it may affect the right to use the assets of the Company. The case (formerly known as Case No. 118 of 2020) is currently under review by the Supreme Administrative Court and the outcome is still pending in the court.
6. The Consolidated Company was the litigation agent for the first trial of a lawsuit for damages for repair of building damage between Kaicheng Construction Co., Ltd. and Wujia Ruichun Community Management Committee. The management committee requested NT$1,000 thousand for damages against the Company. The case (Case number: Shen Su Zi No. 1126 of 2020) has been rejected and closed, and civil judgment has been issued, by Kaohsiung District Court in Taiwan. The Management Committee appealed again, and the case (Case number: Shang Yi Zi No. 7 of 2022) is currently being heard by Kaohsiung branch Taiwan High Court, and the result is still pending in the court.
7. In 2016, “Xinianlai Building Management Committee” claimed that damage is caused to residents' assets due to the inclination of Xinianlai Building resulting from construction of the Consolidated Company's construction project, and thus filed a lawsuit for damages against the Consolidated Company, requesting for repairing the damage to Xinianlai Building, such as repair of the main seat of elevator, repair and strengthening of structure, and restoring Xinianlai Building in terms of the inclination, and for removing the underground sewage treatment pipes under No. 1133 land in Lindeguan section and returning such land, and for paying NT$33,903 thousand of repair fees and NT$2,669 thousand of interest, i.e. NT$36,572 thousand in total. The case (Case number: Su Zi No. 1977 of 2016) is currently being heard by the Kaohsiung District Court in Taiwan, and the result of the case is still pending.
8. The Consolidated Company signed the Contract for Cooperative Development of Tainan Rende Smart Technology Park with SanDi Properties Co., Ltd. to develop 83 lands such as Land Parcel No. 820 at Kanjiao N. Section, Rende District, Tainan City etc. and 4 lands such as the Land Parcel No. 32 at Kanjiao S. Section, with a total area of 111,797.54 square meters, in the way of jioint investment and construction, with each party making 50% of investment for construction and undertaking this project-related planning, construction, sale and other income and losses and risks based on their respective investment ratios. The Consolidated Company acts as a “major business operator” for this project to deal with and execute the matters related to this project as a representative to the external.
9. The Consolidated Company signed the Contract for Cooperative Development of Tainan Rende Smart Technology Park with SanDi Properties Co., Ltd., and acts as joint constructors with SanDi Properties Co., Ltd., and they provide guarantee to each other for financing.

As of December 31, 2021 and 2020, the financing endorsement and guarantee of the Consolidated Company are as follows:

Endorser/Guarantor	Endorsee/Guarantee	December 31, 2021	December 31, 2020	Use of guarantee
King's Town Construction	SanDi Properties			loan and financing

Co., Ltd.	Co., Ltd.	$2,000,000	$0	Guarantee

10. The Consolidated Company signed trust contract with entrusted financial institution for the construction in progress. As of December 31, 2021, the names of relevant projects and trust banks are as follows:

Project	Trust Bank
Fu +	CTBC Bank Co., Ltd.

The above-mentioned prices collected for the construction projects have been delivered to the financial institution that undertakes the trust.

X.Significant Disaster Loss

There is no such condition occurred to the Consolidated Company.

XI.Significant Subsequent Events

There is no such condition occurred to the Consolidated Company.

XII.Other

(I) Capital Risk Management

The objective of the Consolidated Company's capital management is to ensure that the Consolidated Company can continue as a going concern, that an optimal capital structure is maintained to lower the cost of capital, and that returns are provided to stockholders. In order to maintain or adjust the capital structure, the Consolidated Company may adjust the amount of dividends paid to shareholders, issue new shares or sell assets to reduce debt. The Consolidated Company regulates the borrowing amount based on the progress of the project and the funds required for the operation.

(II)Financial instruments

1. The carrying amounts of the Consolidated Company's financial instruments not measured at fair value (including cash and cash equivalents, notes receivables, accounts receivable, other receivables, other financial assets, refundable deposits, bank borrowings, short-term bills payable, notes payable, accounts payables, other payables, leasing liabilities and deposits received) are the reasonable approximation of fair value. For a fair value of financial instruments measured at fair value, please refer to Note VI(II) and Note XII 3.(4)D. Details of the financial instruments are disclosed in each of the individual notes.

	December 31, 2020	December 31, 2019
Financial assets		
Financial assets measured at fair value through profit or loss		
Domestic listed stocks	$0	$89,930
Domestic unlisted stocks	$82	$82
Financial assets at amortized cost		
Cash and cash equivalents	$1,068,430	$624,909
Net notes receivable and accounts receivable (including related parties)	168,660	146,158
Other receivables (including related parties)	298	750,340
Other financial assets (including current and non-current)	80,912	6,479
Refundable deposits	34,045	34,307
Long-term notes and accounts receivable	15,000	0
Net notes receivable and accounts receivable (including related parties)	$1,367,345	$1,562,193
Subtotal	$1,367,427	$1,652,205
Total	$1,068,430	$624,909

Financial liabilities

Measured at amortized cost		
Short-term borrowings	$3,655,250	$4,488,806
Short-term bills payable	3,942,965	4,208,307
Notes payable and accounts payables (including related parties)	781,953	1,026,013
Other payables (including related parties)	71,565	73,138
Long-term borrowings (including long-term borrowing due within one operating cycle)	8,655,033	6,997,867
Lease liabilities (including current)	62,628	63,690
Deposits received	4,985	3,586
Total	$17,174,379	$16,861,407

2. Financial risk management policy
   (1) The Consolidated Company's daily operations are subject to a number of financial risks, including market risk (including interest rate risk and price risk), credit risk and liquidity risk. The Consolidated Company's overall risk management program focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on the Consolidated Company's financial position and financial performance.
   (2) Financial risk management of the Consolidated Company is carried out by its finance department based on the policies approved by the Board of Directors. Through cooperation with the Consolidated Company's operating units, the finance department is responsible for identifying, evaluating and hedging financial risks.
   (3) The Consolidated Company does not undertake derivatives for hedging financial risks.

3. Significant financial risks and degrees of financial risks
   (1) Market risks
      A. Price risks

      The Consolidated Company is exposed to the price risk of equity instruments because the investments held by the Consolidated Company are classified as financial assets measured at fair value through profit or loss in the Company's balance sheet. The Company is not exposed to price risks from products. To manage the price risk of investments in equity instruments, the Consolidated Company diversifies its portfolio with its diversification method based on limits set by the Consolidated Company.

      The Consolidated Company’s investments in equity securities comprise foreign and domestic listed stocks. The prices of equity securities change due to the change in the future value of investee companies. If the price of these equity instruments had increased or decreased by 10%, with all other factors held constant, the increase or decrease in net income after tax for 2021 and 2020 would have been NT$0 thousand and NT$8,993 thousand, respectively, from the gain or loss on equity instruments measured at fair value through profit or loss.

      B. Interest risks

      The Consolidated Company's interest rate risks come from short-term borrowings, financing commercial paper and long-term borrowings. Loans with floating interest rates expose the Consolidated Company to cash flow interest rate risks, of which a portion is offset by the cash held with floating interest rates. Borrowings issued at fixed rates exposed the Consolidated Company to fair value interest rate risk. During the years ended December 31, 2021 and 2020, the Consolidated Company's borrowings at floating interest rate were denominated in the NTD.

The Consolidated Company simulates a number of scenarios and analyzes interest rate risk, including consideration of refinancing, extending contracts of existing positions, and other available financings to calculate the impact of changes in specific interest rates on profit or loss.

Based on the simulations performed, the impact on post-tax profit of a 0.01% shift would be a maximum increase or decrease of NT$966 thousand and NT$1,196 thousand for 2021 and 2020, respectively. The simulation is done on a quarterly basis to verify that the maximum loss potential is within the limit given by the management.

(2) Credit risks

A. Credit risk refers to the risk of financial loss of the Consolidated Company arising from default by clients or counterparties of financial instruments on the contractual obligations. Credit risk mainly derives from cash and cash equivalents, derivative financial instruments, and deposits within banks and financial institutions, as well as accounts receivable not yet collected in cash and committed transactions. Only banks and financial institutions with an independent credit rating of at least "A" can be accepted for trading by the Consolidated Company.

B. The Consolidated Company's accounts receivable mainly consist of amounts due from customers before the handover of properties. The Consolidated Company has assessed no significant credit risk because these amounts are due before the handover of properties. The other part is due from customers for providing accommodation and catering-related services. The credit quality of this part is evaluated by taking into account the customer's financial position, past experience and other factors.

C. The Consolidated Company classifies customers' accounts receivable and installment receivable based on customer characteristics. Using the simplified approach of preparation matrix, the Company estimates the expected credit loss and adjusts the loss rate established by historical and current information during a specific period to assess the allowance loss of installments receivable. The Company's assessed credit impairment losses on December 31, 2021 and 2020 were not significant.

D. No written-off debts with recourse existed as of December 31, 2021 and 2020.

(3) Liquidity risks

A. The cash flow forecast is performed by each operating entity of the Consolidated Company and compiled by the Consolidated Company’s finance department. The Consolidated Company's finance department monitors rolling forecasts of the Consolidated 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 Consolidated Company does not breach borrowing limits or covenants (where applicable) on any of its borrowing facilities.

B. The following table presents the Consolidated Company's non-derivative financial liabilities grouped by the relevant maturity dates, which are analyzed based on the remaining period from the end of the reporting period to the contractual maturity date. The contractual cash flow amounts disclosed in the table below are undiscounted amounts.

Non-derivative financial liabilities	Within 6 months	6 to 12 months	1 to 3 years	Over 3 Years
December 31, 2021				
Short-term borrowings	$1,400,450	$1,774,800	$480,000	$0

Short-term bills payable	3,942,965	0	0	0
Notes and accounts receivable (Including amounts to related parties)	201,344	5,694	574,791	124
Other payables	71,343	0	206	16
Provisions - current	7,980	3,650	15,810	17,268
Long-term borrowings (including that due within one operating cycle)	23,189	1,168,369	1,602,294	5,861,181
Lease liabilities (including current)	538	542	2,218	59,330
December 31, 2020				
Short-term borrowings	$1,824,660	$2,184,146	$480,000	$0
Short-term bills payable	4,208,307	0	0	0
Notes and accounts receivable (Including amounts to related parties)	439,649	22,112	564,252	0
Other payables	72,496	40	546	56
Provisions - current	3,390	3,086	13,233	16,108
Long-term borrowings (including that due within one operating cycle)	22,835	112,998	2,393,839	4,468,195
Lease liabilities (including current)	529	533	2,180	60,448

C. The Consolidated Company does not expect that the time for analyzing cash flows on the maturity date will be advanced significantly, or that actual amount will become significantly different.

(4) Information on fair value

A. The different levels of inputs used in the valuation techniques for measuring the fair value of financial and non-financial instruments have been defined as follows:

Level 1: The quoted price in an active market for identical assets or liabilities available to the enterprise at the measurement date. A market is regarded as active where transactions for the asset or liability take place with sufficient frequency and volume to provide pricing information on an ongoing basis. The fair value of the Consolidated Company's investments in listed stocks, beneficiary certificates, and derivatives with quoted prices in an active market are all Level 1 inputs.

Level 2: The inputs are observable for the asset or liability, either directly or indirectly, excluding quoted prices included within Level 1. The fair values of certain derivative instruments and equity instruments invested by the Consolidated Company are all Level 2 inputs.

Level 3: The unobservable input value of an asset or liability. The Consolidated Company's investments in certain derivative instruments and investments in equity instruments with no active market are all level 3 inputs.

Equity instruments without

	public quotes
December 31, 2021 (i.e. January 1, 2021)	$82
December 31, 2020 (i.e. January 1, 2020)	$82

B. For financial instruments with active markets, their fair value is measured at the market quoted prices on balance sheet date. When quoted prices can be obtained immediately and regularly from stock exchanges and regulatory agencies, and such quoted prices represent actual and regular market transactions under normal conditions, the markets are deemed active markets. The quoted market prices of financial assets held by the Consolidated Company are the closing price or net asset value, and these instruments are included in Level 1. Level 1 instruments mainly include equity instruments, which are classified as Financial assets measured at fair value through profit or loss - current.

C. Below states the information on the Consolidated Company's financial instruments measured at fair value that have been classified in accordance with the nature, characteristics, risks and fair values of assets or liabilities as of December 31, 2021 and 2020:

	December 31, 2021			
	Level 1	Level 2	Level 3	Total
Assets				
<u>Repetitive fair value</u>				
Financial assets measured at fair value through profit or loss - current				
Domestic listed stocks	$0	$0	$0	$0
Financial assets measured at fair value through profit or loss - non-current				
Domestic unlisted stocks (Venture Capital Fund)	0	0	82	82
Total	$0	$0	$82	$82

	December 31, 2020			
	Level 1	Level 2	Level 3	Total
Assets				
<u>Repetitive fair value</u>				
Financial assets measured at fair value through profit or loss - current				
Domestic listed stocks	$89,930	$0	$0	$89,930
Financial assets measured at fair value through profit or loss - non-current				
Domestic unlisted stocks (Venture Capital Fund)	0	0	82	82
Total	$89,930	$0	$82	$90,012

D. The methods and assumptions used by the Consolidated Company to measure fair value are explained as follows:

(1) The fair value of the Consolidated Company's domestic listed stocks and

beneficiary certificates are input based on the closing price and net value of the market price, respectively (i.e. Level 1).

(2) In addition to the aforementioned financial instruments with an active market, the fair value of other financial instruments is acquired by valuation technique or by reference to the counterparty quotes. The current fair value of financial instruments obtained through valuation techniques, discounted cash flow method or other valuation techniques, including the use of models based on market information available at the end of the reporting period (i.e. Level 2).

(3) In addition to the financial instruments in Level 1 and Level 2 mentioned above, the acquisition cost of the financial instruments is used as an input (i.e., Level 3).

(4) In 2021 and 2020, there was no transfer between Level 1 and Level 2 fair value measurement.

(5) In 2021 and 2020, there was no transfer into or out of Level 3.

(II) Other matters

Due to the outbreak of COVID-19 in January 2020 and declined number of tourists visiting Taiwan caused by the spread of the epidemic, the house occupancy rate of the Consolidated Company's Hotel and Lodging Department was affected to a certain extent, but the Consolidated Company pro-actively took relevant countermeasures and adjusted its operation strategies, including wearing masks in its operation area and measuring body temperature at the entrance and exit of the operation area, adjusting staff shifts, saving various expenditures and applying for subsidies, etc., and strengthened staff health management and continued to pay attention to the development of the epidemic, in order to maintain the Company's normal operation. In addition, the Company made cooperation in the various anti-epidemic measures promoted by the government. The Consolidated Company's various departments operated normally due to the Consolidated Company's sufficient operation funds and normal receipt from sale of construction projects under the restrictions on the number of persons (the completed properties for sale continued to be sold and delivered, the construction progress of the construction in progress and the pre-sale of individual projects continued). As evaluated, COVID-19 had no significant impact on the Consolidated Company's financial position and financial performance in the fourth quarter of 2021.

XIII. Supplementary Disclosure

(I) Information on significant transactions was as follow:

No.	Summary	Description
1	Loaning to others.	None
2	Endorsements/guarantees for others.	Table I
3	Marketable securities held at the end of the period. (Excluding investment in Subsidiaries and Affiliates)	Table II
4	Cumulative amount of the stock of the same marketable securities purchased or sold totaling NT$300 million or more than 20% of the paid-in capital.	None
5	Acquisition of real estate totaling NT$300 million or more than 20% of the paid-in capital.	Table III
6	Disposal of real estate totaling NT$300 million or more than 20% of the paid-in capital.	None
7	Purchases or sales with related parties totaling NT$100 million or more than 20% of the paid-in capital.	Table IV
8	Receivables from related party totaling NT$100 million or more than 20% of the paid-in capital.	None

9	Engaging in derivatives trading.	None
10	Business relationships and significant intercompany transactions.	Table V

(Table I)
Unit: NT$ thousand

Endorsements/guarantees for others:

Securities holding company	Type and name of securities	Relationship with issuer of securities	Ledger account	Ending balance				Remarks
				Number of shares (shares)	Carrying amount	Shareholding Ratio (%)	Fair value	
King's Town Construction Co., Ltd.	Tatung - shares (ordinary shares)	None	Financial assets measured at fair value through profit or loss - current	3,400,000	$89,930	0.145%	$89,930	
	Huazhi Venture Capital	None	Financial assets measured at fair value through profit and loss	8,152	$82	1.63%	*	

Number (Note 1)	Name of Endorser/Guarantor	Object of Endorsements/Guarantees		Limit on endorsement or guarantee for a single enterprise (Note 3)	The maximum balance of current endorsement or guarantee (Note 4)	Ending balance of endorsement or guarantee (Note 5)	Actual expenses (Note 6)	Amount of endorsement or guarantee offered by properties	The ratio of cumulative endorsement or guarantee amount to the net worth of the financial statements of the most recent period	The maximum limit on endorsement or guarantee (Note 3)	Endorsement or guarantee offered by parent company for subsidiary (Note 7)	Endorsement or guarantee offered by subsidiary for parent company (Note 7)	Endorsement or guarantee offered for the enterprise in Mainland China (Note 7)
		Name of company	Relation (Note 2)										
0	King's Town Construction Co., Ltd.	SanDi Properties Co., Ltd.	5	4,909,754	2,000,000	2,000,000	2,000,000	0	12.22%	8,182,923	N	N	N

Note 1: Description about numbers are stated below:
(1) “0” shall be filled in if it is a issuer.
(2) Investees are numbered in order starting with the Arabic numeral 1 based on type of company.

Note 2: There are the following seven types of relationships between endorsement providers and endorsement objects, and the type shall be indicated:
(1) Companies with business dealings.
(2) A company in which another company directly or indirectly holds more than 50% of voting shares.
(3) A company that directly or indirectly holds more than 50% of voting shares in another company.
(4) Companies in which another company directly or indirectly holds more than 90% of voting shares.
(5) Companies providing insurance to each other as specified in contracts in the same industry or in joint construction due to the needs for contracting projects.
(6) A company for which endorsement or guarantee is provided by all shareholders based on their shareholding ratios due to their joint investment relationship.
(7) The companies in the same industry which assume joint and several guarantee for performance of the sales contract of pre-sale houses in accordance with the Consumer Protection Act.

Note 3: (1) The total amount of the endorsement guarantees of the Company and its subsidiaries as a whole is limited to less than 50% of the net value of the Company.
(2) When the Company and its subsidiaries as a whole endorse a single enterprise, the maximum amount shall not exceed thirty percent of the net value of the Company, and shall not exceed fifty percent of the paid-up capital of the enterprise. With the exception of a subsidiary of the Company which holds 100% of the equity interest.

Note 4: The maximum endorsement or guarantee provided for others.

Note 5: It is the amount resolved by the Board of Directors.

Note 6: Such actual amount of expenditures within the range of the endorsed or guaranteed balance as used by the company for which endorsement or guarantee is provided shall be filled out.

Note 7: Y always must be filled in, if endorsement or guarantee is provided by a listed parent company to a subsidiary, or by a subsidiary to a listed parent company, or provided to a company of Mainland China.

(Table II)

King's Town Construction Co., Ltd.
Marketable securities held (excluding investments in subsidiaries)
December 31, 2021

Unit: NT$ thousand

Securities holding company	Type and name of securities	Relationship with issuer of securities	Ledger account	Ending balance				Remarks
				Number of shares (shares)	Carrying amount	Shareholding Ratio (%)	Fair value	
King's Town Construction Co., Ltd.	Huazhi Venture Capital	None	Financial assets measured at fair value through profit and loss	8,152	$82	1.63%	*	

*Huazhi Venture Capital was not fair valued because the amount was not material.

(Table III)

King's Town Construction Co., Ltd.

Acquisition of real estate totaling NT$300 million or more than 20% of the paid-in capital:

Unit: NT$ thousand

Acquirer of real estate	Name of property	Date of occurrence	Transaction amount	Payment status	Transaction counter-party	Relationship with the Company	Information on prior transaction if the counterparty is related				Basis or reference for price setting	Purpose of acquisition and usage status	Other agreements
							Owner	Relationship with the issuer	Transfer date	Amount			
King's Town Construction Co., Ltd.	Cost equivalent land in the rezoning of self-administered municipal land at Caohu, Annan District, Tainan City (I)	12.17.2020	$395,000	Actual payment $195,000	Natural person Chung, Chun	None	-	-	-	-	Real estate valuation report by professional valuation firm	Land held for construction for business operations	
King's Town Construction Co., Ltd.	Yuguang Section No. 880, 895, 897, etc., Anping District, Tainan City	12.17.2020	$348,090	Actual payment $348,090	Natural person Chung, Chun	None	-	-	-	-	Real estate valuation report by professional valuation firm	Land held for construction for business operations	
King's Town Construction Co., Ltd.	Land Parcel No. 1, Longdong Section, Gushan District, Kaohsiung City	3.6.2021	$495,305	Actual payment $495,305	8 natural persons including Mr. Yu,	None	-	-	-	-	Real estate valuation report by professional valuation firm	Land held for construction for business operations	
King's Town Construction Co., Ltd.	Land Parcel No. 820 at Kanjiao N. Section, Rende District, Tainan City	3.25.2021	$3,381,875	Actual payment $3,381,875	Natural persons Mr. Chung and Mr. Hsu	None	-	-	-	-	Real estate valuation report by professional valuation firm	Land held for construction for business operations	

The transfer of the above cost equivalent land in the rezoning of self-administered municipal land at Caohu, Annan District, Tainan City (I) is not yet completed by the end of December 2021, therefore, recorded as land prepayment, and the rest transfer are listed as land held for construction.

(Table IV)

Purchases or sales with related parties totaling NT$100 million or more than 20% of the paid-in capital:

Unit: NT$ thousand

Name of company	Counterparty	Relationship	Transaction details				Transaction with terms different from others		Notes and accounts receivable (payable)		Remarks
			Purchase (sale)	Amount	Percentage of total purchase/ (sales)	Payment term	Unit price	Payment term	Balance	Percentage of total notes/ accounts receivable (payable)	
King's Town Construction Co., Ltd.	Chieh Chih Construction Co., Ltd.	The company's chairman is the relative within the second degree of kinship of the Company's Chairman.	Purchases	$328,598	5.42%	Subject to contract	-	-	Notes payable $55,022 Accounts payables $298,857	31.98% 49.00%	
King's Town Construction Co., Ltd.	Baihong Construction Co., Ltd.	The Company's Chairman is the supervisor of such company	Purchases	$276,217	4.55%	Subject to contract	-	-	Notes payable $35,002 Accounts payables $275,934	20.35% 45.24%	

(Table V)

King's Town Construction Co., Ltd.

Business relationships and significant intercompany transactions

January 1 to December 31, 2021

Unit: NT$ thousand

Name of Company	Name of counterparty	Nature of relationship	Intercompany transactions			
			Item	Amount	Trading terms	Percentage of the consolidated net revenue or total assets
King's Town Construction Co., Ltd.	H2O Hotel Co., Ltd.	Parent to subsidiary	Sales revenue	$38,526	Monthly contractual payments	0.58%
H2O Hotel Co., Ltd.	King's Town Construction Co., Ltd.	Subsidiary to parent	Right-of-use assets	$2,373,000	Monthly contractual payments	6.88%

(II)Information on investee

Name of Investor	Name of Investee	Location	Main business activities	Initial investment amount		Ending balance			Profit (Loss) of investee for the period	Investment profit (loss) recognized	Remarks
				Ending balance for the current period	End of last year	Shares (in thousand)	Percentage (%)	Carrying amount			
The Company	H2O Hotel Co., Ltd.	No. 366, Minghua Rd., Gushan Dist., Kaohsiung City	Hotel Restaurants	$390,000	$320,000	39,000	100%	$65,100	($72,267)	($59,470)	I
H2O Hotel Co., Ltd.	Yangmin International Catering Co., Ltd.	2F., No. 51, Ln. 69, Jingye 2nd Rd., Zhongshan Dist., Taipei City	Restaurants	$8,000	$8,000	800	40%	$13,888	$8,805	$3,522	

Note I: The Company recognized a loss share of NT$72,267thousand in the investee company. In addition, due to the lease of real estate to a subsidiary, H2O Hotel Co., Ltd., the leasing subsidiary was classified as a right-of-use asset and lease liability under IFRS 16 as of January 1, 2019, while the Consolidated Company was classified as an operating lease, resulting in a difference in profit or loss recognition, which affected the Consolidated Company's share of profit recognized using the equity method. The difference affected the Consolidated Company's share of benefit recognized under the equity method by NT$12,797 thousand.

(III) Disclosure of information on investments in Mainland China:

The Consolidated Company has no investment in Mainland China.

(IV) Information on major shareholders

Name of major shareholders	Shareholding (shares)	Shareholding
Tsai, Tien-Tsan	85,577,838	23.01%
Tiangang Investment Co., Ltd.	63,328,801	17.03%
Tianye Investment Co., Ltd.	49,652,072	13.35%
Chien-Chih Construction Co., Ltd.	31,651,513	8.51%
Tsai, Chiung-Ting	23,616,339	6.35%
Meiyun S. Tsai	20,209,951	5.43%

(1) The major shareholders in this table are shareholders holding more than 5% of the common and preference shares that have completed delivery of non-physical registration (including treasury shares) on the last business day of each quarter calculated by the Taiwan Depository & Clearing Corporation. However, the share capital recorded in the Company's financial report and the number of shares actually delivered by the company without physical registration may differ due to calculation basis.

(2) For the above are shares entrusted by the shareholders, the information thereto shall base on the shares disclosed by the individual trust account of opened by the trustees. For information on shareholders, who declare to be insiders holding more than 10% of shares in accordance with the Securities and Exchange Act, and their shareholdings include their shareholdings plus their delivery of trust and shares with the right to make decisions on trust property, please refer to MOPS.

XIV. Operating Segment Financial Information

(I) Operating segment

The management of the Consolidated Company evaluates performance and allocates resources on a company-wide basis and identifies the Company and its subsidiaries as the respective reportable segments.

The information is provided to the main business decision-makers to allocate resources and to evaluate the performance of each department, focusing on the category of product or service delivered or provided. In accordance with IFRS 8, "Operating Segments," the Company is only a single division that sells housing and land; H2O Hotel, a subsidiary established on April 16, 2015, is engaged in hotel and restaurant operations, and the accounting policies of the operating segments are all the same as those described in the Summary of Important Accounting Policies in Note IV.

(II) The amounts of the Consolidated Company's reportable segments' revenues, gains and losses, assets and liabilities and the reconciliation to the Consolidated Company's corresponding amounts are summarized as follows:

	2021			
	Construction Department	Accommodation Department	Adjustments and elimination	Total
Revenue				
Net revenue from external customers	$6,464,361	$189,504	$3,379	$6,657,244
Net inter-department revenue	38,526	1,117	(39,643)	0
Total revenue	$6,502,887	$190,621	($36,264)	$6,657,244
Interest income	$233	$6	$0	$239
Interest expenses	186,150	28,237	(27,808)	186,579
Depreciation (including manufacturing)	68,388	66,704	(60,077)	75,015
Investment profit or loss recognized under the equity method	(59,470)	3,522	59,470	3,522
Significant revenue, expense and loss:				
Gain (loss) on the financial assets measured at fair value through profit or loss	21,357	0	0	21,357
Profit from sale of marketable securities	3,896	0	0	3,896
Government subsidy income	0	7,560	0	7,560
Other income	2,332	37,618	(37,143)	2,807
Reportable segment profit or loss	$1,687,409	($72,267)	$72,267	$1,687,409

	2020			
	Construction Department	Accommodation Department	Adjustments and elimination	Total
Revenue				
Net revenue from external customers	$8,440,239	$223,555	$4,055	$8,667,849
Net inter-department revenue	47,961	2,372	(50,333)	0
Total revenue	$8,488,200	$225,927	($46,278)	$8,667,849
Interest income	$208	$10	$0	$218
Interest expenses	244,175	28,991	(27,477)	245,689
Depreciation and amortization	64,064	65,383	(59,965)	69,482
Investment profit or loss recognized under the equity method	(56,115)	5,777	56,115	5,777
Loss on the financial assets measured at fair value through profit or loss	(7,599)	0	0	(7,599)
Loss on sale of marketable securities	(10,365)	0	0	(10,365)
Dividend income	710	0	0	710
Government subsidy income	0	9,016	0	9,016
Other income	5,382	29,175	(27,857)	6,700
Reportable segment profit or loss	$1,684,892	($69,215)	$69,215	$1,684,892
Reportable segment assets				
December 31, 2021	$34,384,711	$2,564,337	($2,441,663)	$34,507,385
December 31, 2020	$32,263,680	$2,603,544	($2,488,010)	$32,379,214

(III) Regional information: The main operating region is Taiwan, so there is no geographical information to disclose.

(IV) Product information

Name of products and service	2021	2020
Land revenue	$3,051,958	$4,207,699
Building revenue	3,387,891	4,212,905
Lease revenue	27,891	23,689
Room revenue	89,433	88,606
Catering revenue	100,071	134,950
Total	$6,657,244	$8,667,849

(V) Important customer information:

The Consolidated Company's sales to an individual customer accounted for more than 10% of net operating revenues in 2021 and 2020:

None

V. Parent Company-Only Financial Statements for the Most Recent Fiscal Year, Certified by the CPA:

Independent Auditors' Report

Republic of China March 23, 2022

(III)ShineWing Taiwan Audit Report No. 014

To: King's Town Construction Co., Ltd.

Audit Opinion

We have audited the accompanying Parent Company Only Balance Sheet of King's Town Construction Co., Ltd. as of December 31, 2021 and 2020, and its Parent Company Only Statement of Comprehensive Income, Parent Company Only Statement of Changes in Equity, Parent Company Only Statement of Cash Flows and Notes to Parent Company Only Financial Statements (including a summary of significant accounting policies) for the periods from January 1 to December 31, 2021 and 2020.

In our opinion, the Parent Company Only Financial Statements mentioned above have been prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers in all material aspects, and are considered to have reasonably expressed the parent company only financial conditions of King's Town Construction Co., Ltd. as of December 31, 2021 and 2020, as well as the parent company only financial performance and parent company only cash flows for the periods from January 1 to December 31, 2021 and 2020.

Basis for Opinions

We conducted our audits in accordance with the Rules Governing the Audit of Financial Statements by Certified Public Accountants and auditing standards generally accepted in the Republic of China.

Those rules and standards require that we plan and perform the audit to obtain reasonable assurance about whether the Parent Company Only Financial Statements are free of material misstatement. We are independent of King's Town Construction Co., Ltd. in accordance with the Norm of Professional Ethics for Certified Public Accountants of the Republic of China, and we have fulfilled our other ethical responsibilities in accordance with the Norm. We believed that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the Parent Company Only Financial Statements of King's Town Construction Co., Ltd. for the year ended December 31, 2021. These matters were addressed in the context of our audit of the Parent Company Only 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 Parent Company Only Financial Statements of King's Town Construction Co., Ltd. for the year ended December 31, 2021 are stated as follows:

Inventory evaluation

Refer to Note IV (IX) to the parent company only financial statements for accounting policies regarding inventory valuation; Note V (II) for the uncertainty of accounting estimates and assumptions regarding inventory valuation; and Note VI(V) for details of inventory accounting subjects.

The inventories of King's Town Construction Co., Ltd. are material to the Parent Company Only Balance Sheet. Inventories are evaluated in accordance with IFRS, IAS, and IFRIC Interpretations, and SIC Interpretations as endorse by the Financial Supervisory Commission. Inventories are stated at the lower of cost or net realizable value. The net realizable value of the real estate may be lower than cost because of factors such as supply and demand in the domestic real estate market, natural disasters, government policies and economic conditions. Therefore, we have identified inventory evaluation as one of the key audit matters for the year.

Our auditing procedures include, but are not limited to, considering the vulnerability of sales prices to changes in external market factors, premises for sale, land under construction and engineering are reviewed and tested for net realized value based on recent transaction prices, the real price login query near the transaction price or the investment return analysis form to extract and verify whether the net realized value is appropriate, and the construction land is entrusted with the appraisal report provided by the external real estate appraiser to understand and inquire about the valuation method, and test the input values of multiple indicators used in the appraisal report, and whether the disclosure of the relevant information is appropriate. It also confirms the time point at which the expert completes the conclusion of the work, and considers whether there are changes in economic conditions that may affect conclusions after the period.

Recognition of revenue from the sale of real estate

Refer to Note IV (XIX) for the accounting policies on revenue and cost recognition and Note VI (XXIV) to the parent company only financial statements for the details of revenue recognition.

Revenue from the sale of real estate in the construction industry is recognized when the transfer of title to the real estate is completed and the actual delivery of the real estate is made. The appropriateness of the timing of revenue recognition is material to the financial statements as a whole. Since there are many parties involved in the sale of real estate, and considering that many people are involved in the interdepartmental aggregation and transmission of transfer and delivery information and that there may be gaps in the periods, we have recognized the revenue from the sale of real estate of King's Town Construction Co., Ltd. as one of the key audit matters for the year.

We conducted our audits to test the effectiveness of the design and implementation of internal control systems over the revenue and collection processes of King's Town Construction Co. Ltd. We also reviewed the appropriateness of the vesting period of the proceeds from the sale of real estates for the period immediately preceding and following the period end date to ensure that the proceeds from the sale of premises meet the criteria for revenue recognition.

Responsibilities of Management and Those Charged with Governance for the Parent Company Only Financial Statements

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

In preparing the parent company only financial statements, the management is responsible for assessing the ability of King's Town Construction Co. Ltd. as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the management either intends to liquidate King's Town Construction Co. Ltd. or to create operations, or has no realistic alternative but to do so.

The governance unit of King's Town Construction Co. Ltd. (including the Audit Committee or supervisors) is responsible for supervising the financial reporting process.

Auditors' Responsibilities for the Audit of the Parent Company Only Financial Statements

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

As part of an audit in accordance with the GAAS, we exercise professional judgment and maintain professional skepticism throughout the audit. We have also executed the following tasks:

1. Identify and assess the risks of material misstatement of the parent company only financial statements, whether due to fraud or error, design, and perform audit procedures responsive risks, and obtain evidence that is sufficient and appropriate to provide a basis of our opinion. The risk of not detecting a significant 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 internal control effective in King's Town Construction Co., Ltd.
3. Evaluate the appropriateness of accounting policies used and the reasonability of accounting estimates and related disclosures made by the management
4. Conclude the appropriateness of the use of the going concern basis of accounting by the management, and based on the audit evidence obtained, whether a significant uncertainty exists related to events or conditions that may cast significant doubt on King's Town Construction Co., Ltd. and its ability to continue as a going concern. If we conclude that a significant uncertainty exists, we are required to draw

attention in auditor's report to the related disclosures in the parent company only financial statements or, if such disclosure are inappropriate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause King's Town Bank Co., Ltd. to cease to continue as a going concern.

5. Evaluate the overall expression, structure, and content of the parent company only financial statements (including related notes) and whether the parent company only financial statements include the relevant transactions and events expressed adequately.
6. Obtain sufficient and appropriate audit evidence for the parent company only financial information of the King's Town Construction Co. Ltd. to express an opinion on the parent company only financial statements. We are responsible for guiding, supervising, and implementing of the group audit. We remain solely responsible for our opinion.

We communicated matters with the governing body, including the planned scope and timing of the audit, as well as the material audit findings (including material deficiencies in internal control identified during our audit).

We also provide a statement to the governance unit that the personnel of the CPA Firm who are subject to the regulation of independence are indeed complying with the independence requirements in accordance with the Code of Professional Ethics. Also, they communicate to the governance unit all relationships and matters (including related protective measures) that may be considered as affecting our independence.

We use the matters communicated with the governance unit to decide the Key Audit Matters for the audit of the 2021 parent company only financial statements of King's Town Construction Co., Ltd. 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.

ShineWing Taiwan

CPA: Hielleen Chang

Accountant: Jackson Jwo

Financial Supervisory Commission Approval No.	Financial Supervisory Commission Approval No.
FSC Letter Jin-Guan-Zheng-Shen No.	FSC Letter Jin-Guan-Zheng-Shen No.

King's Town Construction Co., Ltd.
Parent Company Only Balance Sheet
As of 31 December 2021 and 2020

Unit: NT$ thousand

	Assets	Note	December 31, 2021 Amount	%	December 31, 2020 Amount	%
11XX	Current assets					
1100	Cash and cash equivalents	IV, VI(I)	$973,133	2.83	$547,398	1.70
1110	Financial assets at fair value through profit or loss - current	IV, VI(II)	0	0.00	89,930	0.28
1150	Net notes receivable	IV, VI(III)	36,682	0.11	40,159	0.12
1170	Net trade receivables	IV, VI(III)	126,675	0.37	101,517	0.31
1180	Net trade receivables - related parties	IV, VI(III), VII	3,371	0.01	0	0.00
1200	Other receivables	IV, VI(IV)	83	0.00	750,063	2.32
1210	Other receivables - related parties	IV, VI(IV), VII	128	0.00	240	0.00
1220	Current tax assets	IV, VI(XXX)	0	0.00	2,556	0.01
1320	Inventories	IV, VI(IV)	31,498,764	91.61	29,181,397	90.45
1410	Prepayments	IV, VI(VI)	546,035	1.59	457,879	1.42
1470	Other current assets	IV, VI(VII)	90,919	0.26	8,579	0.03
1476	Other financial assets - current	IV, VI(VIII), VIII	66,156	0.19	0	0.00
11XX	Total current assets		$33,341,946	96.97	$31,179,718	96.64
15XX	Non-current assets					
1510	Financial assets at fair value through profit or loss - non-current	IV, VI(II)	$82	0.00	$82	0.00
1550	Investments accounted for using the equity method	IV, VI(IX)	65,100	0.19	54,570	0.17
1600	Property, plant and equipment	IV, VI(X)	1,172	0.00	2,476	0.01
1755	Net right-of-use assets	IV, VI(XI)	61,216	0.18	62,731	0.19
1760	Net investment properties	IV, VI(XII), VII, VIII	686,442	2.00	747,691	2.32
1780	Intangible assets	IV, VI(XIII)	162,456	0.47	166,676	0.52
1840	Deferred tax assets	IV, VI(XXXI)	18,926	0.06	16,945	0.05
1920	Refundable deposits		32,371	0.09	32,791	0.10
1930	Long-term notes and trade receivable	IV, VI(III)	15,000	0.04	0	0.00
15xx	Total non-current assets		$1,042,765	3.03	$1,083,962	3.36
1xxx	Total assets		$34,384,711	100.00	$32,263,680	100.00

(Continued)

King's Town Construction Co., Ltd.
Parent Company Only Balance Sheet
As of 31 December 2021 and 2020

Unit: NT$ thousand

	Liabilities and equity	Note	December 31, 2021 Amount	%	December 31, 2020 Amount	%
21XX	Current liabilities					
2100	Short-term borrowings	IV, VI(XIV), VII, VIII	$3,655,250	10.63	$4,488,806	13.91
2110	Short-term bills payable	VI(XIV), VII, VIII	3,896,969	11.33	4,154,322	12.88
2130	Contract liabilities - current	VI(XXIV)	561,568	1.63	495,703	1.54
2150	Notes payable	IV	81,799	0.24	80,224	0.25
2160	Notes payable - related parties	IV, VII	90,004	0.26	120,006	0.37
2170	Trade payables	IV	16,566	0.05	24,886	0.08
2180	Trade payables - related parties	IV, VII	574,791	1.67	784,797	2.43
2200	Other payables		45,019	0.13	48,658	0.15
2220	Other payables - related parties	VII	325	0.00	422	0.00
2230	Current tax liabilities	IV	190,965	0.56	156,680	0.49
2250	Provisions - current	IV, VI(XV)	44,708	0.13	35,817	0.11
2280	Lease liabilities - current	VI(XIX)	1,080	0.00	1,062	0.00
2322	Long-term borrowings due within one operating cycle	VI(XVIII), VII, VIII	46,558	0.14	135,833	0.42
2335	Collection	VI(XVI), VII	66,979	0.19	86,909	0.27
2399	Other current liabilities - others	VI(XVII)	26,752	0.08	0	0.00
21XX	Total current liabilities		$9,299,333	27.04	$10,614,125	32.90
25XX	Non-current liabilities					
2540	Long-term borrowings	VI(XVIII), VII, VIII	$8,608,475	25.04	$6,862,034	21.27
2570	Deferred tax liabilities	VI(XXXI)	22,825	0.07	38,408	0.12
2580	Lease liabilities - non-current	VI(XIX)	61,548	0.18	62,628	0.19
2640	Net defined benefit liabilities - non-current	IV, VI(XXIX)	22,407	0.06	21,392	0.07
2645	Deposits received	VI(XX)	4,277	0.01	2,878	0.01
25xx	Total non-current liabilities		$8,719,532	25.36	$6,987,340	21.66
2XXX	Total liabilities		$18,018,865	52.40	$17,601,465	54.56
3XXX	Equity					
3110	Share capital - ordinary shares	VI(XXI)	$3,717,590	10.81	$3,711,931	11.50
3211	Paid-in capital - ordinary shares premium	VI(XXII)	13,865	0.04	0	0.00
3300	Retained earnings					
3310	Legal reserve	VI(XXIII)	1,539,903	4.48	1,371,436	4.25
3350	Unappropriated earnings	VI(XXIII)	11,094,488	32.27	9,578,848	29.69
3300	Total retained earnings		$12,634,391	36.75	$10,950,284	33.94
3XXX	Total equity		$16,365,846	47.60	$14,662,215	45.44
	Total liabilities and equity		$34,384,711	100.00	$32,263,680	100.00

(Please refer to the accompanying notes in the financial report)

Chairperson: Tianye Investment Co., Ltd. Representative: Tsai, Tien-Tsan Manager: Tsai, Tien-Tsan Accountant Officer: Liang, Su-Ying

King's Town Construction Co., Ltd.
Parent Company Only Statement of Comprehensive Income
As of 31 December 2021 and 2020

Unit: NT$ thousand

Code	Account titles	Note	2021 Amount	2021 %	2020 Amount	2020 %
4000	Operating revenue					
4110	Sales revenue		$6,503,060	100.00	$8,489,962	100.02
4170	Sales returns		0	0.00	-1,762	-0.02
4190	Sales discounts and allowances		-173	-0.00	0	0.00
4100	Net sales	VI(XXIV)	$6,502,887	100.00	$8,488,200	100.00
5000	Cost of revenue		3,883,411	59.72	5,575,373	65.68
5900	Gross profit		$2,619,476	40.28	$2,912,827	34.32
6000	Operating expenses	VI(XXXII)				
6100	Selling and marketing expenses		346,818	5.33	538,200	6.34
6200	General and administrative expenses		128,111	1.97	129,260	1.53
6000	Total operating expenses		$474,929	7.30	$667,460	7.87
6900	Operating income to capital (%)		$2,144,547	32.98	$2,245,367	26.45
7000	Non-operating income and expenses					
7100	Interest income	VI(XXV)	$233	0.00	$207	0.00
7010	Other income	(XXVI)	2,332	0.04	6,092	0.07
7020	Other gains and losses	VI(XXVII)	25,222	0.39	-18,458	-0.22
7050	Finance costs	VI(XXVIII)	-186,150	-2.86	-244,175	-2.88
7070	Share of profit or loss of subsidiaries, associates, and joint ventures accounted for using the equity method	VI(IX)	-59,470	-0.92	-56,115	-0.66
7000	Total non-operating income and expenses		($217,833)	-3.35	($312,449)	-3.69
7900	Net income before tax		$1,926,714	29.63	$1,932,918	22.76
7950	Income tax expense	IV, VI(XXXI)	239,305	3.68	248,026	2.92
8200	Net income after tax		$1,687,409	25.95	$1,684,892	19.84
8300	Other comprehensive income					
8310	Items not reclassified to profit or loss					
8311	Remeasurement of defined benefit plans	IV, VI(XXIX)	($4,127)	-0.06	($270)	-0.00
8349	Income tax relating to items that will not be reclassified subsequently to profit or loss	IV, VI(XXXI)	-825	-0.01	-54	-0.00
8300	Other comprehensive income (after tax)		($3,302)	-0.05	($216)	-0.00
8500	Total comprehensive income		$1,684,107	25.90	$1,684,676	19.84
9750	Basic earnings per share (NT$)	IV, VI(XXII)	$4.54		$4.48	
9850	Diluted earnings per share (NT$)	IV, VI(XXII)	$4.54		$4.48	

(Please refer to the accompanying notes in the financial report)

Chairperson: Tianye Investment Co., Ltd. Representative: Tsai, Tien-Tsan Manager: Tsai, Tien-Tsan Accountant Officer: Liang, Su-Ying

King's Town Construction Co., Ltd.
Parent Company Only Statement of Changes in Equity
From January 1 to December 31, 2021 and 2020

Unit: NT$ thousand

Code	Ledger Account / Summary	Share capital	Capital surplus	Retained earnings			Total equity
				Legal reserve	Unappropriated earnings	Total	
A1	Balance as of January 1, 2020	$3,848,464	$40,015	$1,205,778	$8,328,529	$9,534,307	$13,422,786
B1	Legal reserve			165,658	-165,658	0	0
B9	Employee compensation to capital increase	5,357	12,858			0	18,215
D1	Net income in 2020				1,684,892	1,684,892	1,684,892
D3	Other comprehensive income in 2020				-216	-216	-216
D5	Total comprehensive income in 2020				$1,684,676	$1,684,676	$1,684,676
L1	Treasury stock repurchase						0
L3	Cancellation of treasury shares	-141,890	-52,873		-268,699	-268,699	-463,462
Z1	Balance as of December 31, 2020	$3,711,931	$0	$1,371,436	$9,578,848	$10,950,284	$14,662,215
A1	Balance as of January 1, 2021	$3,711,931	$0	$1,371,436	$9,578,848	$10,950,284	$14,662,215
B1	Legal reserve			168,467	-168,467	0	0
B9	Employee compensation to capital increase	5,659	13,865			0	19,524
D1	Net income in 2021				1,687,409	1,687,409	1,687,409
D3	Other comprehensive income/(loss) in 2021				-3,302	-3,302	-3,302
D5	Total comprehensive income/(loss) in 2021				$1,684,107	$1,684,107	$1,684,107
Z1	Balance as of December 31, 2021	$3,717,590	$13,865	$1,539,903	$11,094,488	$12,634,391	$16,365,846

Note: Employee compensation of NT$19,462 thousand and NT$19,524 thousand for 2021 and 2020, respectively, have been deducted from statements of comprehensive income.

(Please refer to the accompanying notes in the financial report)

Chairperson: Tianye Investment Co., Ltd. Representative: Tsai, Tien-Tsan Manager: Tsai, Tien-Tsan Accountant Officer: Liang, Su-Ying

King's Town Construction Co., Ltd. and subsidiaries
Parent Company Only Statement of Cash Flows
From January 1 to December 31, 2021 and 2020

Unit: NT$ thousand

Code		January 1, 2021 to December 31	January 1, 2020 to December 31
AAAA	Cash flow from operating activities:		
A10000	Current year net profit before tax	$1,926,714	$1,932,918
A20000	Adjustment items:		
A20010	Revenue, expense and loss that do not affect the cash flows:		
A20100	Depreciation expenses	64,068	64,064
A20200	Amortization expenses	4,320	4,317
A20400	Net loss (gain) on financial assets at fair value through profit or loss	(21,357)	7,599
A20900	Interest expenses	186,150	244,175
A21200	Interest income	(233)	(207)
A21300	Dividend income	0	(710)
A22300	Share of profit or loss of associates accounted for using the equity method	59,470	56,115
A23100	(Gain) Loss on disposal of investments	(3,896)	10,365
A20010	Total revenue, expense and loss that do not affect the cash flows:	$288,522	$385,718
A30000	Changes in operating assets and liabilities		
A31000	Net changes in operating assets		
A31130	Repayments of short-term borrowings	($11,523)	$68,551
A31150	Increase in trade receivables	(28,529)	(51,318)
A31180	Decrease (increase) in other receivables	750,092	(749,952)
A31200	Decrease (increase) in inventories	(2,317,367)	4,485,957
A31230	(Increase) decrease in prepayments	(88,156)	102,490
A31240	(Increase) decrease in other current assets	(82,340)	2,580
A31000	Total net changes in operating assets	($1,777,823)	$3,858,308
A32000	Net change in operating liabilities		
A32125	Increase in contract liabilities - current	$65,865	$19,973
	Gain (loss) in notes payable	(28,427)	64,638
A32130	Decrease in accounts payable	(218,326)	(644,221)
A32150	Increase in other payables	16,734	15,423
A32180	Increase in provisions	8,891	4,313
A32200	Increase (decrease) in other current liabilities	6,822	(2,463)
A32230	Decrease in net defined benefit liabilities	(3,112)	(3,509)
A32240	Total net changes in operating liabilities	($151,553)	($545,846)
A32000	Cash inflow (outflow) from operating activities	$285,860	$5,631,098
A33000	Interest received	233	208
A33100	Dividend received	0	710
A33200	Interest paid	(187,449)	(250,572)
A33300	Income tax return	2,556	0
A33500	Income tax paid	(221,759)	(208,375)
A33500	Net cash inflow (outflow) from operating activities	($120,559)	$5,173,069
AAAA			

Code		January 1, 2021 to December 31	January 1, 2020 to December 31
BBBB	Cash flow from investing activities:		
B00100	Acquisition of financial assets at fair value through profit or loss	$0	($183,079)
B00200	Disposal of financial assets at fair value through profit or loss	115,183	162,585
B01800	Acquisition of investment accounted for using the equity method	(70,000)	(70,000)
B02700	Acquisition of property, plant, and equipment	0	(611)
B03700	Increase in refundable deposits	(208,640)	(4,634)
B03800	Decrease in refundable deposits	209,060	8,871
B04500	Acquisition of intangible assets	(100)	(279)
B05400	Acquisition of investment properties	0	(1,268)
B06500	Increase in other financial assets	(66,156)	0
BBBB	Net cash outflow from investing activities	($20,653)	($88,415)
CCCC	Cash flows from financing activities:		
C00100	Proceeds from short-term borrowings	$16,716,020	$24,334,940
C00200	Proceeds from short-term bills payable	(17,549,576)	(24,800,914)
C00500	Proceeds from short-term bills payable	14,730,000	28,057,200
C00600	Repayments of short-term bills payable	(14,987,000)	(28,120,200)
C01600	Proceeds from long-term loans	1,990,518	3,962,000
C01700	Proceeds from long-term borrowings	(333,352)	(7,690,188)
C03000	Increase in deposits received	2,739	0
C03100	Decrease in deposits received	(1,340)	(133,958)
C04020	Repayment of the principal portion of lease liabilities	(1,062)	(1,044)
C04900	Treasury stock repurchase cost	0	(463,462)
CCCC	Cash inflows (outflow) from financing activities:	$566,947	($4,855,626)
EEEE	Increase in current cash and cash equivalent	$425,735	$229,028
E00100	Cash and cash equivalent at the beginning of the period	547,398	318,370
E00200	Cash and cash equivalent at the end of the period	$973,133	$547,398

(Please refer to the accompanying notes in the financial report)

Chairperson: Tianye Investment Co., Ltd. Representative: Tsai, Tien-Tsan Manager: Tsai, Tien-Tsan Accountant Officer: Liang, Su-Ying

King's Town Construction Co., Ltd.

Notes to Parent Company Only Financial Statements

2021 and 2020

(In Thousands of New Taiwan Dollars, unless otherwise specified)

I.Company History

King's Town Construction Co., Ltd (hereinafter referred to as the "Company") was incorporated in 1985. The place of registration are located at 12F., No. 150, Bo'ai 2nd Rd., Zuoying Dist., Kaohsiung City/ The Company started trading on Taiwan Stock Exchange Corporation on October 18, 1994. The Company mainly engages in residential and building development, lease and sale, development of specific professional areas and zoning and rezoning agency business.

II.Approval Date and Procedures of the Financial Statements

The parent company only financial statements were approved for publication by the Board of Directors on March 23, 2022.

III.Application of New, Revised, and Amended Standards and Interpretations

(I) Effect of the application of new and amended International Financial Reporting Standards ("IFRS"), International Accounting Standards ("IAS"), IFRIC Interpretations ("IFRIC"), and SIC Interpretations ("SIC" collectively, "IFRSs") as endorsed by the Financial Supervisory Commission ("FSC"):

International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), IFRIC Interpretations (IFRIC), and SIC Interpretations applicable endorsed by the FSC in 2021:

New Standards, Interpretations and Amendments	Major Amendments	Effective Date of Issuance by the IASB
• Amendments to IFRS 4 - Extension of the Temporary Exemption from Applying IFRS 9	IFRS 9 governs the accounting for financial instruments and is effective after January 1, 2018. However, for insurers that are primarily engaged in insurance activities and have not previously applied any version of IFRS 9, IFRS 4 provides a temporary exemption that allows, but does not require, insurers to apply IAS 39 "Financial Instruments:	January 1, 2021

New Standards, Interpretations and Amendments	Major Amendments	Effective Date of Issuance by the IASB
	Recognition and Measuremen"t, instead of IFRS 9 before January 1, 2023.	
• Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16 "Interest Rate Benchmark Reform - Phase II"	The impacts of Interest Rate Benchmark Reform - Phase II on the financial statements include: A. Regarding cash flows of financial instruments, the carrying amounts thereof will not be derecognized or adjusted due to the changes in the reform. Instead, changes result directly from interbank offered rates (IBORs) will be accounted for by updating the effective interest rates. B. If a hedging relationship is subject to hedging accounting, the hedging relationship will still be subject to hedging accounting regardless of changes in the requirements of the reform; and C. The Company is required to disclose the risks arise from the reform and the Company's risk management in the transition.	January 1, 2021
• Amendments to IFRS 16 - COVID-19 – Related Rent Concessions After June 30, 2021	This amendment extends IFRS 16 dated May 2020 to provide lessees with a practical expediency for the option to be exempted from the assessment of whether the rent reduction associated with the COVID-19 is a lease modification, and lessees may elect to be treated as a lease payment change other than a lease modification, until any reduction in lease payment affects only the payment originally due before June 30, 2022, and there have been no material changes to the other terms and conditions of the lease.	April 1, 2021 (Note)

Note: The FSC allows the application as early on January 1, 2021.

The Company assessed the effects of application and interpretation of the aforementioned standards and interpretations, and has found no significant effects on the Company's financial position and financial performance.

(II) Effects of not yet applying the newly-announced and revised IFRSs endorsed by FSC:

1. New, revised, and amended standards and interpretations of IFRSs endorsed by the FSC and are applicable in 2022:

New Standards, Interpretations and Amendments	Major Amendments	Effective Date of Issuance by the IASB
• Amendments to IFRS 3 - Reference to the Conceptual Framework	The amendments updated IFRS 3 by replacing a reference to an old version of the Conceptual Framework for Financial Reporting with a reference to the latest version, which was issued in March 2018. The amendments also added an exception to the recognition principle of IFRS 3 to avoid the issue of potential "day 2" gains or losses arising for liabilities and contingent liabilities. Besides, the amendments clarify existing guidance in IFRS 3 for contingent assets that would not be affected by replacing the reference to the Conceptual Framework.	January 1, 2022
• Amendments to IAS 16 - Property, Plant and Equipment - Proceeds before Intended Use	The amendments prohibit a company from deducting from the cost of property, plant, and equipment amounts received from selling items produced when the Company realize the asset for its intended stated of use. Instead, a company will recognize such selling price and related cost in profit or loss.	January 1, 2022
• Amendments to IAS 37 - Onerous Contracts - Cost of Fulfilling a Contract	The amendments clarify what costs a company should include as the cost of fulfilling a contract when assessing whether a contract is onerous. The "cost of fulfilling a contract" includes the incremental cost of performance and the apportionment of other costs directly related to fulfill a contract.	January 1, 2022

New Standards, Interpretations and Amendments	Major Amendments	Effective Date of Issuance by the IASB
• Annual Improvements to IFRS Standards 2018-2020	Amendment to IFRS 1 The amendment simplifies the application of IFRS 1 by a subsidiary that becomes a first-time adopter after its parent in relation to the measurement of cumulative translation differences. Amendment to IFRS 9 - Financial instruments The amendment clarifies the fees a company includes when assessing whether the terms of a new or modified financial liability are substantially different from the terms of the original financial liability. Amendments to IFRS 16 - Leases The amendment to Illustrative Example 13 accompanying IFRS 16 modifies the treatment of lease incentives relating to lessee's leasehold improvements. Amendment to IAS 41 The amendment removes a requirement to exclude cash flows from taxation When measuring fair value thereby aligning the fair value measurement requirements in IAS 41 with those in other IFRS Standards.	January 1, 2022

2. The Company assessed the above standards and interpretations and there is no significant impact to the Company's financial position and financial performance.

(III) Effects of IFRSs issued by IASB but not yet endorsed by FSC:

1. The following new, amended, revised standards and interpretation of IFRSs that have been issued by IASB but not yet endorsed by the FSC:

New Standards, Interpretations and Amendments	Major Amendments	Effective Date of Issuance by the IASB
• Amendments to IFRS 10 and IAS 28 - Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	This project addresses the acknowledged inconsistency between the requirements in IFRS 10 Consolidated Financial Statements and IAS 28 Investments in Associates and Joint Ventures, in dealing with the loss of control of a subsidiary that	To be determined by IASB

New Standards, Interpretations and Amendments	Major Amendments	Effective Date of Issuance by the IASB
	is contributed to an associate or joint venture. IAS 28 states that when non-monetary assets are contributed in exchange for an interest in an associate or a joint venture, the share of gains or losses shall be eliminated in accordance with the treatments of a downstream transaction. However, IFRS 10 requires a full recognition of gains or losses arising from the loss of control of a subsidiary. The amendments prohibit the aforementioned regulations from IAS 28; when the loss of control of a business, as defined in IFRS 3 occurs, a full gain or loss should be recognized. IFRS 10 was also amended so that the gains or loss resulting from the sale or contribution of a subsidiary that does not constitute a business as defined in IFRS 3 between an investor and its associate or joint venture is recognized only to the extent of the unrelated investors' interests in the associate or joint venture.	
• IFRS 17 "Insurance Contracts" and amendments to IFRS 17 "Insurance Contracts"	This standard provides a comprehensive model to insurance contracts, including all accounting treatment (recognition, measurement, expression, and disclosure principle). The core of the standard is general, and under this model, initial recognition measures the insurance contract group by the combination of the cash flow from performance obligation and contract service margin, wherein the performance obligation cash flow includes: Estimated future cash flow; Adjustments that reflect the time value of money and the financial risks (within the estimation range of the future cash flow that does not include financial risk) associated with future cash flows; and Adjustment of non-financial risks. The carrying amount of the	January 1, 2023

New Standards, Interpretations and Amendments	Major Amendments	Effective Date of Issuance by the IASB
	insurance contract group at the end of each reporting period is the sum of the remaining security liabilities and the claims liabilities incurred. In addition to the general model, the standard also provides specific applicable methods with contracts characterized by direct participation (variable fee method) and simplified short-term contract method (premium allocation approach). IFRS 17 was issued in May 2017 and it was amended in June 2020. The amendments include deferral of the date of initial application of IFRS 17 by two years to annual beginning on or after January 1, 2023 (from the original effective date of January 1, 2021); provide additional transition reliefs; simplify some requirements to reduce the costs of applying IFRS 17 and revise some requirements to make the results easier to explain. IFRS 17 replaces an interim standard - IFRS 4 Insurance Contracts - from annual reporting periods beginning on or after January 1, 2023.	
• Amendments to IFRS 17 - Initial Application of IFRS 17 and IFRS 9 - Comparative Information	These amendments allow an enterprise to choose applicable classification coverage approach upon initial application of the various comparative periods specified in IFRS 17. This option allows an entity to classify all financial assets, including those held through activities that are not linked to contracts within the scope of IFRS 17, on an instrument-by-instrument basis, based on how it expects to classify such assets when IFRS 9 is initially applied during the comparative period. Enterprises that have already applied IFRS 9 or will initially apply both IFRS 9 and IFRS 17 may choose to apply the classification coverage	January 1, 2023

New Standards, Interpretations and Amendments	Major Amendments	Effective Date of Issuance by the IASB
	method.	
• Amendment to IAS 1 - Classification of Liabilities as Current or Non-current	The amendments target sections 69-76 in IAS 1 - Presentation of Financial Statements concerning the classification of liability as either current or non-current.	January 1, 2023
• Amendments to IAS 1 - Disclosure Initiative-Accounting Policies	The amendments apply the concept of material to the disclosure of accounting policies. Enterprises should refer to the definition of material to disclose information of material accounting policies; clarify that accounting policy information related to transactions, other events or circumstances that are not material and that a company is not required to disclose such information; and clarify that all accounting policy information that is not related to a transaction, other event or circumstance that is material is material to the Company's financial statements.	January 1, 2023
• Amendments to IAS 8 - Definition of Accounting Estimates	The amendments introduce a new definition of an accounting estimate that clarifies that an accounting estimate is a monetary amount in the financial statements that is subject to measurement uncertainty. The amendments also clarify the relationship between accounting policies and accounting estimates by specifying that a company is required to establish accounting estimates for the purposes of the accounting policies it applies.	January 1, 2023
• Amendments to IAS 12 - Deferred Tax related to Assets and Liabilities arising from a Single Transaction	The amendments narrow the scope of the exemption for the recognition of deferred income tax in paragraphs 15 and 24 of IAS12 "Income tax", so that the exemption does not apply to transactions which result in the same taxable amount and deductible temporary differences at the time of original recognition.	January 1, 2023

2. The Company has continued to assess the effects of the above standards and interpretations on its financial position and performance, and will disclos related impacts upon completion of the assessment.

IV.Summary of Significant Accounting Policies

The significant accounting policies applied in the preparation of these parent company only financial statements are set out below. Unless otherwise specified, the policies shall be applicable to all reporting periods presented.

(I) Compliance Statement

The parent company only financial statements are prepared in accordance with the "Regulations Governing the Preparation of Financial Reports by Securities Issuers"

(II) Basis of Preparation

1. Except for the following significant items, these parent company only financial statements have been prepared on the historical cost basis: Historical costs are usually determined by the fair value of consideration paid for assets acquired.

(1)Financial assets and liabilities at fair value through profit or loss are measured at fair value.

(2)Defined benefit liability derived from retirement plan assets less the present value of net defined benefit obligation.

2. The preparation of financial report in compliance with International Financial Reporting Standards (IFRS) endorsed by the FSC requires the use of certain significant accounting estimates. It also requires management to exercise its judgment in the process of applying the Company's accounting policies. Please refer to Note V for items involving in a higher degree of judgment or complexity or items involving in significant assumptions and estimates to the parent Company Only Financial Statements.

3. Functional currency and presentation currency

The Company takes the currency of the main economic environment in which each business operates as its functional currency. The Parent Company Only Financial Statements are presented in the New Taiwan dollar, the Company's functional currency. All financial information presented in New Taiwan dollars has been rounded to the nearest thousand.

(III) Foreign Currency Trading

1. Foreign currency transactions are translated into the functional currency using the exchange rates prevailing on the dates of the transactions or valuation where items are remeasured. Foreign exchange gains and losses resulting from the settlement of such transactions are recognized in profit or loss in the period in which they arise.

2. Monetary assets and liabilities denominated in foreign currencies at the period end are re-translated at the exchange rates prevailing at the end of the reporting period. Exchange differences arising upon re-translation on the balance sheet date are recognized in profit or loss.
3. The balances of non-monetary assets and liabilities denominated in foreign currencies are adjusted at the exchange rates prevailing at the end of the reporting period. If the balances are measured at fair value through profit or loss, the resulting exchange differences are recognized in profit or loss; if the balances are measured at fair value through profit or loss, the resulting exchange differences are recognized in other comprehensive income items; if the balances are not measured at fair value, they are measured at the historical exchange rates at the dates of initial transactions.
4. All exchange gains and losses shall be presented under "Other gains and losses" in the Income Statement.

(IV) Standards for Assets and Liabilities Classified as Current and Non-current

The Company is engaged in the construction of houses for sale by contractors, and its business cycle is longer than one year. As such, assets and liabilities related to the construction business are classified as current or non-current by reference to its normal operating cycle; the operating cycle is based on a three-year period. In addition to the above paragraph:

1. An asset that meets any of the following conditions shall be classified as current asset:
   (1) Assets that are expected to be realized, or are intended to be sold or consumed within the normal operating cycle.
   (2) Assets held primarily for trading purposes.
   (3) Assets that are expected to be realized within 12 months after the end of the reporting period.
   (4) Cash and cash equivalents, excluding restricted cash and cash equivalents and those that are to be exchanged or used to settle liabilities more than twelve months after the end of the reporting period. The Company classifies all the assets that do not meet the above-mentioned criteria as non-current.
2. Liabilities that meet one of the following criteria are classified as current liabilities:
   (1) Liabilities that are expected to be settled within the normal operating cycle.
   (2) Assets held primarily for trading purposes.
   (3) Payment is expected to be due within 12 months after the end date of the reporting

period.

(4) Liabilities with a repayment schedule that cannot be unconditionally deferred till at least 12 months after the end date of the reporting period. The terms of a liability which may result in the settlement of an equity instrument at the option of the counterparty will not affect its classification. The Company classifies all liabilities that do not meet the above conditions as non-current.

(V) Cash and Cash Equivalents

Cash includes inventory cash and bank deposit. Cash equivalents refer to the short-term and highly liquidity investment that can be converted into quota cash at any time with little risk of value change. Time deposits that meet the definition above and are held for the purpose of meeting short-term cash commitments in operations are classified as cash equivalents.

(VI) Financial Instruments

Financial assets and liabilities will be recognized in the parent company onlyd balance sheets when the Company becomes a party to the contract of the financial instrument.

When showing the original financial assets and liabilities, if their fair value was not assessed based on profit or loss, it is the fair value plus the cost of transaction, that is, of its acquisition or issuance of the financial assets or financial liabilities. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognized immediately in profit or loss.

(VII) Financial Liabilities

Where the purchase or sale of financial assets is in line with conventional trading practices, the accounting treatment of all purchases and sales of financial assets classified in the same way by the Company shall be consistently on the trade date or the settlement date.

1.Types of measurement

Financial assets held by the Company are classified as financial assets at fair value through profit or loss, financial assets at amortized cost, and investments in equity instruments at fair value through other comprehensive income.

A.Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss include financial assets mandatorily measured at fair value through profit or loss and financial assets designated as at fair value through profit or loss. Financial assets mandatorily measured at fair value through profit or loss include equity instrument investments not designated by the Company to be measured at fair value through other comprehensive income, and debt instrument investments not subject to classification as measured at amortized cost or to be measured at fair value through other comprehensive income.

Financial assets at fair value through profit or loss are measured at fair value; any re-measurement profit or loss (including any dividends or interests derived from such financial assets) is recognized in profit or loss. Please refer to Note XII for the determination of fair value.

B.Financial assets at amortized cost

When the Company's investments in financial assets satisfy the following two conditions simultaneously and they are not designated as at fair value through profit or loss, they are classified as financial assets at amortized cost:

a. Financial assets held based on the business model of collecting contract cash flow.

b. The terms of the contract of the financial assets generate a cash flow on a specified date that is solely for the payment of interest on the principal and the amount of principal outstanding.

Subsequent to initial recognition, financial assets at amortized cost (including cash and cash equivalents, notes receivable and trade receivable), other receivables (including related parties) and refundable deposits), are subsequently measured at amortized cost where the initially recognized amount plus or minus the accumulated amortization calculated by the effective rate method and is adjusted for any loss allowance. Any interest income, foreign currency exchange gains and losses and impairment losses are recognized in profit and loss. When derecognizing, gain or loss is recognized in profit and loss.

Interest income is calculated at the value of effective interest rate times the gross carrying amount of financial assets.

C.Financial assets at fair value through other comprehensive income

A debt investment is measured at fair value through other comprehensive income/(loss) if it meets both of the following conditions and is not designated as at fair value through profit or loss:

a. The objective of the Company's business model is achieved both by collecting contractual cash flows and selling financial assets.

b. The terms of the contract of the financial assets generate a cash flow on a specified date that is solely for the payment of interest on the principal and the amount of principal outstanding.

The Company may, at initial recognition, make an irrevocable decision to designate an equity instrument that is neither held for trading to be measured at fair value through other comprehensive income. Subsequent changes in fair value are reported in other comprehensive income. The preceding selection is made on an instrument-by-instrument basis.

They are recognized initially at fair value plus directly attributable transaction costs and subsequently measured at fair value. Foreign currency translation profit and loss on investments in debt instruments, interest income and impairment losses calculated using the effective interest method, and dividend income from investment in equity instruments (except those expressly specified as recovery of parts of the investment cost) are recognized in profit or loss. Changes in the other carrying amount are recognized based on the unrealized profits and losses on financial assets measured at fair value through other comprehensive profit and loss. When performing derecognition, the cumulative profit or loss of investments in debt instruments are reclassified from equity to profit or loss; the cumulative profit or loss of investments in equity instruments are reclassified from equity to retained earnings and not to profit or loss.

The dividend income of equity investment shall be recognized on the date when the Company is entitled to receive dividends (usually the ex-dividend date).

2.Impairment of financial assets

The Company evaluates credit losses based on expected credit loss at the end of each reporting period for financial assets (including cash and cash equivalents, notes receivable and trade receivable (including long-term notes receivable and trade receivable), other receivables (including related parties) and refundable deposits, investments in debt instruments at fair value through other comprehensive income, and expected credit losses on contract assets, and recognizes the allowance for losses.

Allowances shall be appropriated for notes receivable, trade receivables, and other receivables for expected credit losses for the duration of their existence. Financial assets at amortized cost and investments in debt instruments measured at fair value through other comprehensive income/(loss) are first evaluated to determine whether there is a significant increase in credit risk since original recognition. If there is no significant increase, an allowance for loss is recognized based on the expected credit losses for the 12 months following the reporting date, and if there is a significant increase, an allowance for loss is recognized based on the expected credit losses arising from all probable defaults during existence period. In determining whether the credit risk of a financial asset has increased significantly since the initial recognition, the Company considers reasonable and verifiable information which is available without excessive cost or effort, including qualitative and quantitative information, as well as analysis based on the Company's historical experience, credit assessments and forward-looking information.

Expected credit losses are the weighted estimates of the probability of credit losses over the expected duration of a financial instrument. The credit loss is measured by the present value of all cash shortfall, that is, the difference between the cash flows that the Company can collect under the contract and the cash flows that the Company expects to receive. Expected credit losses are discounted at the effective interest rate on financial assets.

The 12-month expected credit losses represent the expected credit losses arising from the possible default of the financial instrument in the 12 months after the reporting date, and the expected credit losses during the lifetime represent the expected credit losses arising from all possible defaults of the financial instrument during the expected existence period.

At the end of each reporting period, the Company assesses whether there is a credit impairment on financial assets measured at amortized cost and on investments in debt instruments measured at fair value through other comprehensive income/(loss). When there is one or more events arising that will bring unfavorable influence to expected future cash flow, there is already credit impairment to the financial asset. The evidence for credit impairment of financial assets includes the observable data for the following events:

(1) Material financial hardship for borrower or issuer;
(2) Default, such as arrearage or delinquency for more than 365 days;
(3) Compromise made by the Company to borrower that would not be considered before, because of economic or contract reason related to borrower's financial difficulty;
(4) The borrower is most likely to file for bankruptcy or conduct other financial arrangement; or
(5) Disappearance of active market for the financial asset due to financial difficulty.

The loss allowance for all financial assets shall be reduced from the carrying amount of the asset, provided that, the loss allowance for the debt instrument investments measured at fair value through other comprehensive income shall be recognized in other comprehensive income, which does not reduce their carrying amounts.

When the Company cannot reasonably anticipate the recovery of financial assets in whole or in part, it directly reduces the total carrying amount of its financial assets. The Company analyzes the timing and amount of the write-off on the basis of whether it is reasonably expected to be recovered. The Company expects that the amount written off will not be materially reversed. However, the written-off AMOUNT assets may still be enforced to comply with the procedures for the Company to recover the overdue amount.

3.Derecognition of financial assets

The Company derecognizes a financial asset only when the contractual rights derived from the cash flows of the financial asset are invalid, or it has transferred a financial asset and virtually has transferred all the risks and rewards of the ownership of the asset to another enterprise, or virtually has neither transferred nor retained the ownership of all of the risks and rewards and nor retained the control of the financial asset.

On derecognition of a financial asset measured at amortized cost, the difference between the asset's carrying amount and the sum of the consideration received is recognized in profit or loss. On derecognition of an equity instrument measured at fair value through other comprehensive income/(loss), the cumulative gain or loss is transferred directly to retained earnings and is not reclassified to profit or loss.

(VIII) Classification Tools for Financial Liabilities and Equity

1.Financial liabilities and equity instruments

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

2.Equity instruments

Equity instruments refer to any contracts containing the Company's residual interest after subtracting liabilities from assets.

Equity instruments issued by the Company are recognized based on the price obtained less direct issuance costs.

The repurchase of equity instruments issued by the Company is recognized in equity as a deduction. The purchase, sale, issuance, or write-off of the Company's equity instruments are not recognized in profit or loss.

3.Financial liabilities

Financial liabilities are classified as amortized costs or the fair value measurement through profit or loss. Financial liabilities, if held for trading, derivatives or designated at the time of initial recognition, are classified as the fair value measurement through profit or loss. Financial liabilities at fair value through profit or loss are measured at fair value, and the related net gains and losses, including any interest expense, are recognized in profit or loss.

Other financial liabilities are subsequently measured at amortized cost using the effective interest method. Interest income and foreign currency profit or loss are recognized as profit or loss. Any profit or loss at the time of derecognize is also recognized in profit and loss.

4.Derecognition of financial liabilities

The Company derecognizes financial liabilities when the contractual obligations have been fulfilled, canceled or matured. When the terms of financial liabilities are modified and there is a significant difference in the cash flow of the revised liabilities, the original financial liabilities will be derecognized and new financial liabilities will be recognized at fair value based on the revised terms.

When financial liabilities are derecognized, the difference between their carrying amount and the paid consideration (including any transferred non-cash assets or liabilities assumed) shall be recognized in profit or loss.

5.Offsetting of financial assets and liabilities

The Company presents financial assets and liabilities on a net basis when the Company has the legally enforceable right to offset and intends to settle such financial assets and liabilities on a net basis or to realize the assets and settle the liabilities simultaneously.

(IX) Inventories

Inventories consist of land and construction in progress, properties held for sale, construction sites and prepaid land. Prepaid land is transferred to construction sites upon transfer of ownership, and construction sites are transferred to land and buildings under construction upon active development. Upon completion of the construction, the sold portion is transferred to operating costs and the unsold portion is transferred to land held for sale, using the construction area ratio, when revenue is recognized from the sale of the premises.

Inventories are measured at the lower of cost or net realizable value and are compared on a line-by-line basis to determine the lower of cost or net realizable value. The cost includes all necessary expenditures and capitalized borrowing costs to get an asset in place and in conditions ready for use.

The net realizable value is the estimated selling price in the ordinary course of business less the estimated cost of completion and the estimated cost necessary to make the sale. The measurement of net realizable value is as follows:

(1) Construction sites: The net realizable value is calculated on the basis of the expected selling price judged by the management based on the current market conditions, less cost of construction completion and selling expenses, or the most recent estimated market value (based on land development analysis approach or comparison approach).

(2) Construction-in-progress: The net realizable value is calculated on the basis of the expected selling price (based on the current market conditions) less cost of construction completion and selling costs.

(3) Buildings and land held for sale: The NRV is the estimated selling price (with

reference to the management authority's estimation based on prevailing market conditions) less estimated costs to be incurred in selling the properties and selling expenses.

(X) Investment Accounted for Using The Equity Method

The Company has adopted the equity method for investments in subsidiaries. Subsidiaries refer to entities controlled by the Company.

The Company's investments in subsidiaries is expressed as "investment using the equity method" and evaluated and adjusted as necessary in accordance with Article 21 of the "Regulations Governing the Preparation of Financial Reports by Securities Issuers", so that the current profit and loss and other comprehensive profit and loss of the Parent Company Only Financial Reports are the same as the apportionment of the current profit and loss and other comprehensive income attributable to the owners of the parent company in the financial reports prepared on a consolidated basis, and the owner's equity of the Parent Company Only Financial Reports is the same as the owner's equity attributable to the owners of the parent company in the financial reports prepared on the consolidated basis.

Under the equity method, the investment is initially recognized at cost. The carrying amount of investment is adjusted thereafter for the post-acquisition changes in the Company's share of profit or loss and other comprehensive income and profit distribution of the subsidiaries. In addition, the Company also recognizes changes in other interests in subsidiaries in proportion to the Company's ownership.

When a change in the Company's ownership interests in a subsidiary does not cause it to lose control of the subsidiary, it shall be accounted for as an equity transaction. The difference between the carrying amount of the investments and the fair value of the consideration paid or received is recognized directly in equity.

When the Company loses control over a subsidiary, it recognizes the investment retained in the former subsidiary at its fair value at the date of loss of control, and takes it as the initially recognized fair value of the financial asset or the initially recognized cost of the investments in associates or joint ventures. The difference between the fair value of the retained investment plus any consideration received and the carrying amount of the previous investment at the date when control is lost is recognized as a gain or loss in profit or loss. The Company accounted for all amounts recognized in other comprehensive income in relation to the subsidiary on the same basis as would be required if the Company had directly disposed of the related assets and liabilities.

When the Company's share of losses of a subsidiary exceeds its equity in said subsidiary (which includes any carrying amount of the investment accounted for by the equity method and long-term equity that, in substance, forms part of the Company's net investment in said subsidiary), the Company continues recognizing its share of further losses.

The unrealized profit or loss in downstream transactions between the Company and the subsidiary shall be eliminated in the parent company only financial statements. The gains and losses arising from the countercurrent and side current transactions between the Company and its subsidiaries shall be recognized in the parent company only financial statements only to the extent not related to the Company's equity in the subsidiaries.

(XI) Property, Plant and Equipment

1. Recognition and measurement

Property, plant and equipment are recognized and measured at cost, less accumulated depreciation and accumulated impairment. Cost includes expenditure that is directly attributed to the acquisition of the asset. The cost of self-constructed assets includes raw materials and direct labor, any other directly attributable costs to bring the asset to a serviceable condition for its intended use, the cost of dismantling and removing the item and restoring the site, and the cost of borrowings to capitalize the eligible assets.

When property, plant and equipment contain different components, and it is more appropriate to adopt different depreciation rate or method when it is significant when compared with the total cost, they are deemed as independent items (main components) for treatment.

The gain or loss arising from the derecognition of an item of property, plant and equipment shall be determined as the difference between the net disposal proceeds, if any, and the carrying amount of the item, and it shall be recognized as profit or loss.

2. Reclassification to investment property

When real estate for self-use meets the definition of investment real estate and there is evidence of change in use, the real estate should be reclassified as investment real estate at the carrying amount at the time of the change in use, and the mere change in management's intent to use the real estate is not evidence of change in use.

3. Subsequent costs

Subsequent expenditure for property, plant and equipment is capitalized only when it is probable that the future economic benefits associated with the expenditure will flow to the Company. The carrying amount of those parts that are replaced is derecognized. Ongoing repairs and maintenance for property, plant and equipment are expensed as incurred.

4. Depreciation

The depreciation is calculated in straight-line method by capital cost less scrap value based on service years, and evaluated according to individual material components. If the service years of one component are different from other parts, this part will be separately recognized as depreciation. The depreciation charge for each period shall be recognized in profit or loss.

The useful lives of the Company's major assets are as follows

Office Equipment	3 ~ 5 years
Other Equipment	5 years

Depreciation methods, useful lives, and residual values are audited at each reporting date. If expectations differ from the previous estimates, the change is accounted for as a change in accounting estimate.

(XII) Leases

1. Identifying a lease

The Company assesses whether the contract is (or includes) a lease on the date of its establishment. If a contract is signed to have the control over the use of identified assets transferred for a period of time in exchange for a consideration, it is (or includes) a lease. In order to assess whether a contract is signed to have the control over the use of identified assets transferred for a period of time, the Company assesses whether there are the following two factors throughout the period of use:

(1)rights to nearly all economic benefits of the identified asset have been received; and

(2)the control over the right to use the identified asset.

For contracts that are (or include) leases, the Company will treat each lease component in the contract individually, and to separately treat them from the non-lease components in the contracts. Where a contract includes a lease component and one or more additional lease or non-lease components, the Company allocates the consideration in the contract to the lease component on the basis of the relative separate price of each lease component and the aggregate separate price of non-lease components. The comparison single unit price of the lease and non-lease components will be decided upon the prices separately received by the lessor (or supplier) for such components. If observable single unit prices are not readily available, the Company will maximize the use of observable information to estimate their respective single unit prices.

2. Where the Company is a lessee:

Except that the lease payments of the low value subject-matter assets and short-term leases applicable to recognition exemption are recognized as expenses on a straight-line basis during the lease period, other leases are recognized as right-of-use assets and lease liabilities on the lease commencement date.

The right-of-use asset is initially measured at cost, which includes the initial measured amount of the lease liability, adjusts any lease benefits paid on or before the inception of the lease, and adds the initial direct cost incurred and the estimated cost of dismantling, removing the underlying asset and restoring its location or underlying asset, and deducting any leasing incentives received.

Right-of-use assets are subsequently depreciated on a straight-line basis from the lease commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. In addition, the Company regularly assesses whether the right-of-use asset is impaired and treats any impairment loss that has occurred, as well as cooperating to adjust the right-of-use asset when the lease liability is remeasured.

Lease liabilities are measured at the present value of the lease payments outstanding at the inception date of the lease. If the implicit interest rate of lease is easy to determine, the interest rate is used to discount the lease payment. If the interest rate is not easy to determine, the Company's incremental borrowing rate shall be used.

The lease payments comprise as follows:

(1) fixed payments, including in-substance fixed lease payments;

(2) Variable lease payments dependent upon certain indicators or rates are measured by the indicators or rates used at the inception of the lease;

(3) amounts expected to be payable by the lessee under residual value guarantees;

(4) an option to purchase the underlying asset if it is reasonably certain to be exercised, and penalty payments for terminating the lease.

The lease liability subsequently accrues interest with the effective interest method, and its amount is measured when the following occurs:

(1) changes in future lease payments resulting from changes in an index or a rate used to determine those payments;

(2) changes in the amounts expected to be payable under a residual value guarantee;

(3) changes in the assessment of the purchase option;

(4) change in the assessment of the lease term resulting from extension or termination of the exercise of the purchase option; or

(5) lease modifications of the underlying asset, scope, and other terms and conditions.

When the lease liability is remeasured due to the aforementioned changes in the index or rate used to determine lease payments, changes in the residual value guarantee amount, and changes in the evaluation of purchase, extension or termination options, the carrying amount of the right-of-use asset shall be adjusted accordingly, and when the carrying amount of the right-of-use asset is reduced to zero, the remaining remeasured amount is recognized in profit or loss.

The changes in (iv) and (v) decreases the scope of a lease. When a lease modification decreases the scope of a lease, the carrying value of the right-of-use asset is decreased to reflect partial of full termination of the lease liability, and any gain or loss resulting from the aforementioned derecognition is immediately recognized in profit or loss.

The Company records right-of-use assets and lease liabilities defined as not investment properties in a single line item in the balance sheets.

For the short-term lease of transportation equipment and the lease of low-value underlying assets, the Company chooses not to recognize the right-of-use assets and lease liabilities, but recognizes the relevant lease payments as expenses on a straight line basis during the lease term in instead.

3. Where the Company is a lessor:

A lease is classified as a finance lease when the terms of the lease transfer substantially all the risks and rewards incidental to the ownership of the subject asset to the lessee; otherwise, it is classified as an operating lease.

If the Company is a sublessor, it will handle the main lease and sub-lease transactions separately, and use the right-of-use assets generated by the main lease to evaluate the classification of the sub-lease transactions. If the main lease is a short-term lease and the recognition exemption applies, the sublease transaction should be classified as an operating lease.

Under finance leases, lease payments include fixed payment, substantially fixed payment and variable lease payment depending on index or rate. Net investment in leases is measured at the present value of lease receivables plus original direct costs and expressed as finance lease receivables. Financing income is allocated to each accounting period to reflect the fixed rate of return on the unexpired net lease investment of the Company in each period.

Under operating leases, lease payments after deducting lease incentives are recognized as revenue on a straight-line basis over the relevant lease term. The initial direct costs arising from acquisition of operating leases is added to the carrying amount of the underlying assets; and an expense is recognized for the lease on a straight-line basis over the lease term.

(XIII) Investment Properties

Investment property is real estate held for rent or for capital appreciation or both (including real estate under construction for such purposes). Investment property also includes land that has not yet been determined for future use. and is considered to be held for capital appreciation.

Investment property is initially measured at costs (including transaction costs) and is subsequently measured at costs less accumulated depreciation and accumulated impairment losses.

The Company provides depreciation on a straight-line basis, which is the balance of the asset cost less the residual value over the estimated useful life of the investment real estate. The useful life of investment property buildings and construction is 5 to 45 years.

The cost of self-constructed investment property includes the cost of raw materials and construction, any other costs directly attributable to bringing the investment property to a serviceable condition, and the capitalized cost of borrowings.

Investment property is derecognized when it is disposed of or permanently ceased to be used and no future economic benefits are expected from the disposal. The amount of gain or loss arising from the derecognition of investment property is the difference between the net disposal price and the carrying amount of the asset and is recognized in profit or loss for the period.

When the use of investment property is changed, the reclassification is based on the carrying amount of the property at the time of the change of use.

(XIV) Intangible Assets

The intangible assets acquired by the Company with limited useful life are measured at cost less accumulated amortization and accumulated impairment.

Subsequent expenditure is capitalized only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenses are recognized as profit or loss upon occurrence.

Intangible assets are amortized on a straight-line basis according to the following estimated benefit years from the time they reach a serviceable condition:

Land use rights:	50 years (subject to contract)
Computer software:	3 ~ 5 years

The residual value, amortization period, and amortization method for an intangible asset with a finite useful life shall be audited at least annually at each fiscal year-end. Any change shall be accounted for as a change in accounting estimate.

(XV) Impairment of Non-financial Assets

The Company assesses at the end of each reporting period whether there is any indication that the carrying amount of non-financial assets (other than inventories and deferred income tax assets) may be impaired. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss.

The purpose of the impairment test, a group of assets whose cash inflow is mostly independent of other individual assets or asset groups, is regarded as the smallest identifiable asset group.

The recoverable amount is the higher of the fair value of an individual asset or cash-generating unit, less costs to dispose, and its value in use. When evaluating the value in use, the estimated future cash flow is converted to the present value at a pre-tax discount rate, which should reflect the current market assessment of the time value of money and the specific risks for the asset or cash-generating unit.

If the recoverable amount of individual asset or the cash-generating unit is lower than its carrying amount, the carrying amount of the asset or the cash-generating unit shall be reduced to the recoverable amount and the impairment loss shall be recognized immediately in loss for the year.

If an impairment loss is reversed subsequently, the carrying amount of the individual asset or cash generating unit is raised to its recoverable amount, provided that the increased carrying amount shall not exceed the carrying amount that would have been determined had no impairment loss been recognized in prior years. The reversed impairment loss is recognized immediately in profit or loss for the year.

(XVI) Trade and Notes Payables

Trade and notes payables are obligations to be paid for raw materials, goods or services obtained from suppliers in the normal course of business. They are measured at fair value on initial recognition and subsequently measured at amortized cost using the effective interest method, except for short-term accounts payable and notes that are unpaid interest, which are subsequently measured at the original invoice amount because the effect of discounting is immaterial.

(XVII) Provisions

Provisions are recognized when the Company has a present legal or constructive obligation as a result of past events, and it is probable that the Company will be required to settle the obligation and the amount of the obligation can be reliably estimated.

Provisions are measured at the best estimate including risks and uncertainties of the expenditure required to settle the obligation on the last day of the reporting period. If provisions are measured at the estimated cash flows to settle the present obligation, the carrying amount of such provisions is equivalent to the present value of such cash flows.

The provision for warranty is estimated based on the contractual agreements and management's best estimate (based on historical warranty experience) of future economic outflows resulting from the project maintenance and warranty obligations.

(XVIII) Deposits Received

The guarantee deposits of the Company mainly include engineering performance bond and lease deposit, of which the engineering performance bond is the bond collected by the Company under the construction contract to ensure the performance of the construction. Deposits received are recognized as deposits when cash is received and are refunded when the guarantee contract is fulfilled.

(XIX) Revenue and cost recognition

1. Sales of premises

The Company is principally engaged in the construction and sales of property, and the recognition of revenue is based on the transferring of property ownership. For the contracted sales of residential units, due to contract restrictions, the Company usually does not apply the piece of real estate to other purposes. Consequently, revenue is recognized upon either transfer of legal ownership or delivery of the piece of real estate to customers, whichever occurs first in the reporting period, despite that the other occurs in the subsequent period.

Revenue is measured based on the transaction price of the contractual agreements. When sales happen after construction is completed, in most cases, consideration is made upon transfer of legal ownership; however, in some cases, payment of accounts may be deferred under contractual agreements, and if a material financial component is included, the transaction price is adjusted to reflect the impact of the material financial component. When sales happen before construction is completed, consideration is payable in installments during the period from signing a contract to transfer of legal ownership of the real property. If a significant financing component is included in the contract, the installments are discounted at the interest rate of the construction loan to reflect the effect of time value of money. Prepayments are recognized as a contract liability, and discounts reflecting the effect of time value of money are recognized as interest expenses and contract liabilities. The accumulated contract liabilities are reclassified as revenue upon the transfer of legal ownership.

2. Financial composition

The Company's sales contract of pre-sale homes contains provisions for advance payment from customers, and the time between advance receipt and commodity ownership transfer is longer than one year. According to IFRS 15, if the Company judges that there are significant financing components in an individual pre-sale home contract, it shall adjust the amount of the commitment consideration and recognize the interest cost. In addition, IFRS 15 states that companies should determine the significance of the financing component only at the contract level, rather than the financial level at the portfolio level.

3. Rental revenue

Revenue from lease is recognized when an asset is actually used in lease, provided that it is probable the economic benefits will flow to the Company and the amount of revenue can be measured reliably. The related costs are recognized in line with revenues.

4. Incremental costs of obtaining a contract

If the Company expects to recover the incremental cost for acquiring the customer contract, the cost will be recognized as asset. The incremental cost of acquiring contract is cost that will arise in acquiring customer contract and will not arise otherwise. The contract acquisition cost no matter the contract will happen or not is recognized as expense, unless the cost is explicitly collectable from customer no matter the contract is acquired or not.

If the increment cost of acquiring contract is recognized by asset and the asset amortization period is within one year by Company using practical expediency method, the incremental cost will be recognized as expense upon occurrence.

(XX) Borrowing costs

(1) Borrowing costs directly attributable to the acquisition or construction of a qualifying asset are included as part of the cost of the asset until substantially all of the activities necessary to bring the asset to its intended state of use have been completed.
Special loans, such as investment income from temporary investments prior to capitalization, are deducted from the cost of loans eligible for capitalization.
Except for the above, other borrowing costs are recognized in profit and loss in the year they are incurred.

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

(XXI) Employee Benefit

1.Defined contribution plans

Obligations for contributions to defined contribution pension plan are recognized as an employee benefit expense in profit or loss in the periods during which services are rendered by employees.

2.Defined benefit plans

A defined benefit plan is a post-employment benefit plan other than a defined contribution plan. The Company's net obligation in respect of a defined benefit pension plan is calculated separately for each plan by estimating the amount discounted to present value of the future benefit that employees have earned in return for their service in the current and prior periods. The fair value of any plan assets are deducted. The calculation is performed annually by a qualified actuary using the projected unit credit method. The discount rate is the yield on the reporting date on corporate bonds or government bonds that have maturity dates approximating the terms of the Company's obligations and are denominated in the same currency in which the benefits are expected to be paid.

The costs of defined benefits under the defined benefit pension plan include service cost, net interest, and the remeasurement amount. The cost of services (including the cost of services of the current period) and the net interest of the net defined benefit liabilities (assets) are recognized as employee benefit expenses. Remeasurement (comprising actuarial gains and losses, and return on plan assets net of interests) is recognized in other comprehensive income and included in retained earnings, and is not recycled to profit or loss in subsequent periods, costs related to prior service costs are recognized immediately in profit or loss.

Net defined benefit liabilities (assets) are the deficit of the contribution made according to the defined benefit pension plan. A net defined benefit asset shall not exceed the present value of the contributions to be refunded from the plan, or the reductions in future contributions.

When the benefits of a plan are improved, the portion of the increased benefit relating to past service by employees is recognized in profit or loss on a straight-line basis over the average period until the benefits become vested. To the extent that the benefits vest immediately, the expense is recognized immediately in profit or loss.

3.Employees' compensation and remuneration of directors

Employees compensation and remuneration to directors shall be recognized as expenses and liabilities where there are legal or constructive obligations and the amounts can be reasonably estimated. Any difference between the resolved amounts and the subsequently actual distributed amounts is accounted for as changes in estimates. In addition, if employees compensation is issued in stock, the number of shares shall be calculated based on the closing price of the day prior to the resolution of the board of directors.

(XXII) Income Tax

Income tax expenses include the tax in the current year and deferred income tax. Except for expenses related to business combinations or recognized directly in equity or other comprehensive income, all current and deferred taxes shall be recognized in profit or loss.

Current taxes include tax payables and tax deduction receivables on taxable income (deficits) for the year calculated using the statutory tax rate on the reporting date or the actual legislative tax rate, as well as adjustments of income tax payable or tax refund receivable for prior years. The additional business income tax levied on the undistributed earnings is recognized as income tax expense on the date when the distribution of earnings is resolved in the Shareholders' Meeting.

Deferred taxes arise due to temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and their respective tax bases. The temporary difference for the following conditions will not be recognized as deferred income tax:

1. Assets and liabilities that are initially recognized but are not related to a business combination which have no effect on net income or taxable gains (losses) at the time of the transaction.
2. Temporary differences arising from investment in subsidiaries, affiliates and joint venture equity, of which the Company can control the timing and which are unlikely to reverse in the foreseeable future; and
3. Initial recognition of goodwill.

Deferred income tax is measured at the tax rate at the time of reversal of expected temporary differences based on the statutory or substantive legislative tax rate at the reporting date.

Deferred tax assets and liabilities may be offset against each other if the following criteria are met:

1. The entity has the legal right to settle tax assets and liabilities on a net basis; and
2. The taxing of deferred tax assets and liabilities fulfils one of the scenarios below:
   (1) Levied by the same taxing authority; or

(2) Levied by different taxing authorities, but where each such authority intends to settle tax assets and liabilities (where such amounts are significant) on a net basis every year of the period of expected asset realization or debt liquidation, or where the timing of asset realization and debt liquidation is matched.

Unused tax losses, unused income tax credits transferred in later period and deductible temporary differences are recognized as deferred income tax assets to the extent that future tax income is likely to be available, and are reassessed at each reporting date and reduced to the extent that the relevant income tax benefit is not likely to be realized, or reversed on the amount originally reduced to the extent that there is likely to be sufficient taxable income.

(XXIII) Segment information

An operating segment is a component of the Company that engages in business activities from which it may earn revenues and incur expenses.

(XXIV) Earnings per share

The Company presents the basic and diluted earnings per share of shareholders of common stock equity. The basic earnings per share are calculated based on the profit attributable to the ordinary shareholder of the Company divided by the weighted average number of ordinary shares outstanding. The diluted earnings per share is calculated based on the profit attributable to ordinary shareholders of the Company, divided by the weighted average number of ordinary shares outstanding after adjustment for the effects of all dilutive potential ordinary shares. The Company's employee bonus allotment shares, which have not been approved by the shareholders' meeting and may be issued in shares, are potential common shares.

(XXV) Dividend distribution

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

(XXVI) Treasury shares

Issued shares repurchased by the Company are recognized in "treasury stock" as a deduction to equity based on the amount of consideration paid during share buyback (including directly attributable costs). If the disposal price of treasury stock is higher than the carrying amount, the difference is recognized as capital reserve-treasury stock transaction; if the disposal price is lower than the carrying amount, the difference will offset the capital reserve arising out of transaction of the same type of treasury stock; if insufficient, the retained earnings will be debited. The carrying amount of treasury stock is calculated by weighted averaging according to reason of recovery.

In writing off treasury stock, the capital reserve will be debited according to equity ratio-for shares issuance premium and capital, if the carrying amount is higher than the sum of face value and shares issuance premium, the difference will offset the capital reserve arising out of the same type of treasury stock; if insufficient, the retained earnings will be offset; if the carrying amount is lower than the sum of face value and shares issuance premium, the capital reserve arising out of transaction of the same type of treasury stock will be credited.

V.Main Source of Significant Accounting Judgment, Estimation, and Assumption Uncertainties

The preparation of these parent company only financial statements requires management to make critical judgments for applying the Company's accounting policies with critical assumptions and estimates concerning future events. If there is any difference between any significant accounting estimates and assumption made and actual results, the historical experience and other factors will be taken into account in order to continue assessment and adjustment. 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. Please see below for the description of significant accounting judgments, estimation and assumption uncertainties.

(I)Impairment assessment of investment properties

In evaluating the impairment of investment properties, the Company uses the income method of the valuation method to calculate rents based on the useful life of the property and uses the discount factor to capitalize the real estate price as the basis for evaluation. Any changes in the market, changes in economic conditions, obsolescence, physical damage, interest rates, etc., may cause changes in the future.

(II)Valuation of inventories

As inventories are stated at the lower of cost and net realizable value, the Company shall determine the net realizable value of inventories at the end of the reporting period using judgments and estimates.

The Company evaluates the amounts of normal inventory consumption, obsolete inventories or inventories without market selling value at the end of the reporting period, and writes down the cost of inventories to the net realizable value. This inventory valuation is primarily based on the nature of inventory, the actual selling prices of neighboring regions inquired, the selling prices of units sold, the return on investment analysis form or the valuation report provided by an external real property appraiser, and is therefore subject to significant changes.

(III)Provisions

Provisions are provisions for post-sale warranty liabilities, which are the present value of the Company's management's best estimate of future economic outflows resulting from warranty obligations. The estimates are based on contractual agreements and management's historical warranty experience, and are subject to adjustment due to construction materials, construction methods or other events that affect product quality. These estimates are primarily based on economic outflows over the future warranty period and are subject to change.

(IV)Income tax

The uncertainty of income tax exists in the interpretation of complex tax regulations, the amount of future tax income and the point in time. The provision for income tax is a reasonable estimate based on the possible audit results by the tax authority where the Company operates. The provision amount is based on different factors, such as past tax audit experience and differences in the interpretation of tax laws by the taxable subject and the tax authority.

Unused tax losses, unused income tax credits transferred in later period and deductible temporary differences are recognized as deferred income tax assets to the extent that there is likely taxable income or taxable temporary differences in the future. The amount of deferred tax assets that can be recognized is determined on the basis of estimates of the time point and level at which taxable income and taxable temporary differences may occur in the future and based on future tax planning strategies.

VI. Descriptions of Material Accounting Items

(I) Cash and cash equivalent

Item	December 31, 2021	December 31, 2020
Cash on hand and petty cash	$78	$78
Demand deposits	972,864	497,196
Checking deposits	191	50,124
Total	$973,133	$547,398

1. The Company possesses good credit with financial institutions, and contacts with several financial institutions to diversify credit risk, anticipated possibility of default is very low, the exposure cash amount on maximum credit risks at the end of the reporting period is same as cash equivalents
2. For the Company' pre-sale construction project trust funds and other portions with restriction on use, please refer to Note XIII.
3. For the disclosed information on the interest rate risk and sensitivity analysis of the financial assets and liabilities of the Company, please refer to Note XII.

(II)Financial assets at fair value through profit or loss

Item	December 31, 2021	December 31, 2020
Current		
Domestic listed stocks	$0	$89,930
Non-current	December 31, 2021	December 31, 2020
Domestic unlisted stocks (venture capital)	$82	$82

1. The Company's investment in domestic unlisted stocks has been designated as investments at fair value through profit or loss.
2. The Company recognized a valuation gain of NT$21,357 thousand in 2021 and a valuation loss of NT$7,599 thousand in 2020, a disposal gain of NT$3,896 thousand in 2021 and a disposal loss of NT$10,365 thousand in 2020 for financial assets at fair value through profit or loss.
3. The Company has disclosed the credit and interest rate risks associated with financial instruments in Note XII.
4. None of the financial assets of the Company has been pledged as collateral.

(III)Receivables

Item	December 31, 2021	December 31, 2020
Notes receivable		
Measured at amortized cost		
Less than 1 year	$36,682	$40,159
Over 1 year	15,000	0
Total	$51,682	$40,159
Trade receivables		
Measured at amortized cost		
Less than 1 year	$130,046	$101,517
Over 1 year	22	22
Less: Allowance for doubtful accounts - Trade receivables	(22)	(22)
Total	$130,046	$101,517

1. The Company's long-term notes receivable and long-term installment receivable of more than one year are classified as non-current assets.
2. The installment receivables from the Company provide customers with installment payments for the final payment of their homes over a period of approximately one to three years, and a second mortgage is created on each of the homes as security for the payments.

3. The Company's long-term notes receivable of more than one year represent advance payments from customers for decoration work. The period of one to three years is due to the time required for design and construction for the purchase of the rough housing units, and revenue is recognized upon completion and acceptance of the decoration.
4. The Company applies the simplified approach on the estimation of expected credit losses for all notes receivable (including long-term notes receivable) and trade receivables, that is, a loss allowance is recognized based on the lifetime of expected credit losses. To measure the expected credit losses, notes and accounts receivables were grouped based on shared characteristics of credit risk on remaining payments before due date, and forward-looking information was incorporated as well. The expected credit loss of notes receivable (including long-term notes receivable) and trade receivables of the Company is as follows:

	December 31, 2021		
	Carrying amount of notes receivable (including long-term notes receivable) and trade receivables	Weighted average expected credit loss ratio	Allowance for expected credit losses during the period
Not overdue	$181,728	0%	$0
Less than 60 days	0	0%	0
Over 365 days	22	100%	22
Total	$181,750		$22

	December 31, 2020		
	Carrying amount of notes receivable (including long-term notes receivable) and trade receivables	Weighted average expected credit loss ratio	Allowance for expected credit losses during the period
Not overdue	$141,676	0%	$0
Less than 60 days	0	0%	0
Over 365 days	22	100%	22
Total	$146,180		$22

The changes in the allowance for losses on notes and trade receivables of the Company were as follows:

	December 31, 2021	December 31, 2020
Beginning balance	$22	$22
Increase in the current period	0	0
Ending balance	$22	$22

5. The majority of the credit period of the Company's receivables is the date of transfer of ownership of the premises to the bank, or the date of credit card payment for the premises and credit card payment for food and beverage services and room accommodations to the bank. The Company is in the construction and tourism industry and has a large and unrelated customer base, so the concentration of credit risk is limited. Please refer to Note XII for related credit risk information.
6. The Company's notes receivable (including long-term notes receivable) and trade receivables (including installment receivables) were not discounted or provided as collaterals.

(IV)Other receivables

Item	December 31, 2021	December 31, 2020
Other receivables	$83	$750,063
Other receivables - related parties	128	240
Total	$211	$750,303

1. Other receivables - related parties are the receivables from landlords for their share of sales and related parties for their share of expenses.
2. The Company's other receivables were assessed not to be impaired and were not past due.

(V)Inventories

Item	December 31, 2021	December 31, 2020
Buildings held for sale	$5,353,441	$7,612,198
Land held for sale	1,798,448	3,067,455
Land under construction	2,048,692	2,018,413
Construction in progress	1,363,468	694,670
Land held for construction	20,618,705	15,648,922
Prepayment for land	316,552	140,281
Less: Provision for loss of inventory	(542)	(542)
Total	$31,498,764	$29,181,397

Item	December 31, 2021	December 31, 2020
1. Buildings held for sale		
Mandala (Ji Jing)	$10,628	$21,194
King's Town	2,023,746	2,233,297
Xiande Section No. 826	0	15,262
King's Town Hyatt	722,615	801,104
Hua Shang	114,478	114,478
Yiwen Court	355,342	614,443
Ju Dan	135,930	323,529
Tian Feng	145,518	145,518
King's Hanshin Online	78,028	249,997
Mei Shu Huang Ju	1,287,130	1,953,523
King's Town Garden	419,136	1,003,595
Xiang King's Town	4,194	4,194
Yue He Di	56,293	131,661
Other projects	403	403
Total	$5,353,441	$7,612,198
Less: Provision for loss of inventory	(403)	(403)
Net	$5,353,038	$7,611,795

Item	December 31, 2021	December 31, 2020
2. Land held for sale		
Mandala (Ji Jing)	$8,353	$16,657
King's Town	216,559	235,794
Xiande Section No. 826	0	6,247
King's Town Hyatt	53,542	58,510
Yiwen Court	188,971	332,401
Ju Dan	83,855	194,866

Tian Feng	62,443	62,443
King's Hanshin Online	50,268	164,196
Mei Shu Huang Ju	881,111	1,341,896
King's Town Garden	194,101	521,512
Xiang King's Town	4,269	4,269
Yue He Di	54,837	128,525
Other projects	139	139
Total	$1,798,448	$3,067,455
Less: Provision for loss of inventory	(139)	(139)
Net	$1,798,309	$3,067,316

Item	December 31, 2021		
3. Land under construction and construction in progress	Land under construction	Construction in progress	Total
Fuhe Section No. 698-1	$353,729	$84,468	$438,197
Aiqun No. 248, 5 in total (King's Town World of Heart)	1,001,698	721,654	1,723,352
Xindu Section No. 321, 163-1, 164 (Fu+)	693,265	557,346	1,250,611
Total	$2,048,692	$1,363,468	$3,412,160

Item	December 31, 2020		
3. Land under construction and construction in progress	Land under construction	Construction in progress	Total
Fuhe Section No. 698-1	$353,729	$76,007	$429,736
Aiqun No. 2748, 5 in total (King's Town World of Heart)	971,419	359,819	1,331,238
Xindu Section No. 321, 163-1, 164	693,265	258,844	952,109
Total	$2,018,413	$694,670	$2,713,083

Item	December 31, 2021	December 31, 2020
4. Land held for construction		
Kaohsiung Chenggong Section No. 84	$14,533	$14,533
Kaohsiung Chenggong Section No. 60-1, 62-64	540,267	540,267
Kaohsiung Longzhong Section No. 191	370,653	370,653
Kaohsiung Longzhong Section No. 129-3, 129-4	1,610,110	1,610,110
Kaohsiung Longzhong Section No. 128-4, etc, 3 in total	716,926	716,926
Kaohsiung Chenggong Section No. 74, 78	28,397	28,397
Kaohsiung Chenggong Section No. 70	13,805	13,805
Kaohsiung Chenggong Section No. 83	19,016	19,016
Kaohsiung Qinghai No. 229	4,278,594	4,278,594
Kaohsiung Aiqun No. 2738-2	0	30,279

Kaohsiung Qinghai No. 126	685,719	685,719
Kaohsiung Qinghai No. 127	662,012	662,012
Kaohsiung Qinghai No. 128	379,145	379,145
Kaohsiung Longzhong Section No. 128-3	52,266	52,266
Kaohsiung Bohsiao Section No. 1140, 7 in total	655,287	655,287
Kaohsiung Lantian Middle Section No. 30-2	$757,742	$757,742
Kaohsiung Xingnan Section No. 11	259,585	259,585
Kaohsiung Longzhong Section No. 22	1,998,033	1,998,033
Kaohsiung Xinmin No. 160	792,708	792,708
Kaohsiung Xinmin No. 159	828,072	828,072
Tainan Yuguang Section No. 880, 3 in total	$348,825	$0
Kaohsiung Chenggong Section No. 73	19,183	0
Kaohsiung Qiaotou Shixing Section No. 924	14,055	0
Kaohsiung Shixing Section 925, 3 in total	112,196	0
Kaohsiung Shixing Section 927, 3 in total	84,625	0
Kaohsiung Shixing Section 928, 3 in total	107,554	0
Kaohsiung Qiaotou Shixing Section No. 967	6,640	0
Kaohsiung Qiaotou Shixing Section No. 968	42,794	0
Kaohsiung Chenggong Section No. 79	26,091	0
Tainan Yuguang Section No. 879	86,644	0
Kaohsiung Longdong Section No. 1	513,991	0
Tainan Kanjiao North Section No. 820	3,385,666	0
Xindu Section No. 49	46,653	0
Transferable land and deformed land	1,160,918	955,773
Total	$20,618,705	$15,648,922

Item	December 31, 2021	December 31, 2020
5. Prepayment for land		
Kaohsiung Chenggong Section No. 60-1, 62-64	$117,699	$0
Tainan Anan District, Caohu Phase I	197,853	50,033
Tainan Yuguang Section No. 880, 3 in total	0	35,023
Kaohsiung Chenggong Section No. 73	0	8,880
Kaohsiung Qiaotou Shixing Section No. 924	0	1,400
Kaohsiung Qiaotou Shixing Section 925, 3 in total	0	10,000
Kaohsiung Qiaotou Shixing Section 927, 3 in total	0	9,250
Kaohsiung Qiaotou Shixing Section 928, 3 in total	0	11,495
Kaohsiung Qiaotou Shixing Section No. 967	0	660
Kaohsiung Qiaotou Shixing Section No. 968	0	4,260
Kaohsiung Chenggong Section No. 79	0	8,880
Kaohsiung Qiaotou Shixing Section No. 867	0	400
Kaohsiung Qiaotou Shixing Section No. 935-1	1,000	0
Subtotal	$316,552	$140,281

6. The above-listed construction in progress are residential buildings and translucent houses built in Kaohsiung City. The amount of interest capitalized in construction in progress was NT$44,227 thousand and NT$42,126 thousand in 2021 and 2020, respectively.
7. The land purchased or sold in Kaohsiung City and Tainan City is recorded as prepaid land at the time of signing the contract and paying for each installment and is transferred to the land for future construction after the transfer. The amount of interest capitalized for construction sites and prepaid land was NT$8,297 thousand and NT$56 thousand in 2021 and 2020, respectively.

8. Please refer to Note VIII to the financial statements for the pledge of premises for sale, construction in progress and construction sites.
9. Cost of goods sold related to inventories amounted to NT$3,804,333 thousand and NT$5,511,598 thousand in 2021 and 2020, respectively; neither of which included NT$0 thousand and NT$12,291 thousand of inventory write-down benefit in 2021 and 2020, respectively.

(VI) Prepayments

Item	December 31, 2021	December 31, 2020
Prepaid expenses	$546,000	$431,447
Input tax	35	513
Tax overpaid retained for offsetting the future tax payable	0	25,919
Total	$546,035	$457,879

Prepaid expenses consist of prepayments for various services, costs related to construction in progress and insurance premiums.

(VII) Other current assets

Item	December 31, 2021	December 31, 2020
Tax refunds	$0	$14
Payments on behalf of others	2,966	8,565
Incremental costs of obtaining contracts	87,953	0
Total	$90,919	$8,579

Incremental cost of obtaining a contract is the commission paid to the agent for obtaining the agreement for sale and purchase of premises which the Company expects to recover and is therefor recognized as an asset.

(VIII) Other financial assets - current

Item	December 31, 2021	December 31, 2020
Restricted bank deposits	$66,156	$0

Other financial assets - current are the pre-sale project construction trust funds, advance payment performance trust and reserve account the Company, which are pledged as collateral for bank deposits. Please refer to Note VIII for details.

(IX)Investments accounted for using the equity method

Name of Investee	December 31, 2021		December 31, 2020	
	Amount	Shareholding	Amount	Shareholding
H2O Hotel Co., Ltd.	$65,100	100%	$54,570	100%

(1) For information about the Company's subsidiaries, please refer to the 2021 Consolidated Financial Statements of the Company.

(2) Aggregate financial information of the Company's associates is as follows.

Balance Sheet

	H2O Hotel Co., Ltd.	
	December 31, 2021	December 31, 2020
Current assets	$125,804	$98,650
Non-current assets	2,438,533	2,504,894
Current liabilities	(174,239)	(162,438)

Non-current liabilities	(2,364,016)	(2,412,742)
Net assets	$26,082	$28,364

Comprehensive Income Statement

	H2O Hotel Co., Ltd.	
	December 31, 2021	December 31, 2020
Net Operating Revenue	$190,621	$225,927
Gross profit	$35,352	$49,273
Net Income	($72,267)	($69,215)
Other comprehensive income/(loss) (after tax)	$0	$0
Total comprehensive income in the current period	($72,267)	($69,215)

(3) The investment income or loss recognized under the equity method is based on the financial statements of the subsidiaries for the same period audited by a certified public accountant, and the share of investment income or loss is recognized based on the holding period. In December 2021 and December 2020, H2O Hotel Co., Ltd. increased its capital by cash in the amount of NT$70,000 thousand, all of which was invested by the Company. The investment cost of the investment in H2O Hotel Co., Ltd. was NT$390,000 thousand and NT$320,000 thousand as of December 31, 2021 and 2020, respectively. The share of loss recognized for the subsidiary was NT$72,267 thousand and NT$69,215 thousand in 2021 and 2020, respectively.

(4) The Company leases real estate to its subsidiary, H2O Hotel Co., Ltd. which is classified as a right-of-use asset and lease liability under IFRS 16 as of January 1, 2019, while the Company is classified as an operating lease, resulting in a difference in profit or loss recognition, the amount of which affects the Company's share of benefit recognized using the equity method by NT$12,797 thousand and NT$13,100 thousand in 2021 and 2020, respectively.

(XII) Property, plant and equipment

	Office Equipment	Other Equipment	Total
Cost			
2021.01.01	$5,255	$1,231	$6,486
Disposal and obsolescence	(363)	0	(363)
2021.12.31	$4,892	$1,231	$6,123
2020.01.01	$5,748	$783	6,531
Increase	0	611	611
Disposal and obsolescence	(493)	(163)	(656)
2020.12.31	$5,255	$1,231	$6,486
Accumulated depreciation and impairment			
2021.01.01	$3,545	$465	$4,010
Depreciation	1,057	247	1,304
Disposal and obsolescence	(363)	0	(363)
2021.12.31	$4,239	$712	$4,951

2020.01.01	$2,861	$423	$3,284
Depreciation	1,177	205	1,382
Disposal and obsolescence	(493)	(163)	(656)
2020.12.31	$3,545	$465	$4,010
Net carrying amount			
2021.12.31	$653	$519	$1,172
2020.12.31	$1,710	$766	$2,476
2020.01.01	$2,887	$360	$3,247

The Company didn't pledge any property, plant and equipment as collateral.

(X) Right-of-use assets

1. Major lease activities and terms

(1) The Company acquired the land right of the Kaohsiung Municipal Government located at No. 22, Longbei Section, Gushan District for the construction of a tourist hotel for a period of 50 years and agreed that the Company shall not assign, mortgage, lease or lend the land to others for construction use except with the prior consent of the Kaohsiung Municipal Government, and upon the termination of the continuance period, the Company shall have no contractual preferential rights to acquire all the leased land.

2. Below is the carrying amounts of right-of-use assets and their recognized depreciation expenses:

	Land
Cost of right-of-use assets	
Balance as of January 1, 2021	$65,760
Balance as of December 31, 2021	$65,760
Balance as of January 1, 2020	$65,760
Balance as of December 31, 2020	$65,760
Depreciation of right-of-use assets	
Balance as of January 1, 2021	$3,029
Current depreciation	1,515
Balance as of December 31, 2021	$4,544
Balance as of January 1, 2020	$1,515
Current depreciation	1,514
Balance as of December 31, 2020	$3,029
Carrying amount	
December 31, 2021	$61,216
December 31, 2020	$62,731

3. Please refer to Note VI (XIX) for the description of lease liabilities.

(XII) Investment properties

	Buildings
Cost	
2021.01.01	$971,633

2021.12.31	$971,633
2020.01.01	$973,094
Purchase	1,223
Reversal with other payables	(2,684)
2020.12.31	$971,633
Accumulated depreciation	
2021.01.01	$223,942
Current depreciation	61,249
2021.12.31	$285,191
2020.01.01	$162,774
Current depreciation	61,168
2020.12.31	$223,942
Net carrying amount	
2021.12.31	$686,442
2020.12.31	$747,691
2020.01.01	$810,320

1. Investment properties - buildings were acquired from the Kaohsiung City Government for the construction of a tourist hotel at Longbei Section No. 22, and leased to a subsidiary upon completion. The rental income from investment real estate and direct operating expenses were as follows:

	January 1 to December 31, 2021	January 1 to December 31, 2020
Rental income from investment properties (recorded as operating income)	$2,800	$2,801
Direct operating expenses from investment properties that generate rental income in the current period	1,963	1,969

2. The fair value of investment properties - buildings as of December 31, 2021 and 2020 was NT$2,219,399 thousand and NT$2,203,554 thousand, respectively, which was derived from the amount discounted by the management of the Company from the rental income of investment properties, and was a level 3 fair value.
3. Please refer to Note VIII to the financial statements for the guarantees provided by investment properties.
4. Please refer to Note VI (XIX) for information on investment properties and land held by the Company for construction and premises for sale that are leased to others under operating leases.

(XIII) Intangible assets

	Land use rights	Other intangible assets	Total
Cost			
Balance as of January 1, 2021	$200,020	$1,629	$201,649

Increase	0	100	100
Derecognition maturity	0	(219)	(219)
Balance as of December 31, 2021	$200,020	$1,510	$201,530
Balance as of January 1, 2020	$200,020	$2,116	$202,136
Increase	0	279	279
Re-classification	0	(766)	(766)
Derecognition maturity	$200,020	$1,629	$201,649
Balance as of December 31, 2020	$200,020	$1,629	$201,649
Accumulated amortization and impairment			
Balance as of January 1, 2021	$34,003	$970	$34,973
Amortization	4,000	320	4,320
Derecognition maturity	0	(219)	(219)
Balance as of December 31, 2021	$38,003	$1,071	$39,074
Balance as of January 1, 2020	$30,002	$1,420	$31,422
Amortization	4,001	316	4,317
Derecognition maturity	0	(766)	(766)
Balance as of December 31, 2020	$34,003	$970	$34,973
Net carrying amount			
Balance as of December 31, 2021	$162,017	$439	$162,456
Balance as of December 31, 2020	$166,017	$659	$166,676
Balance as of January 1, 2020	$170,018	$696	$170,714

1. Amortization expense for the Company's intangible assets for 2021 and 2020 is reported in the following items

Item	2021	2020
Manufacturing overheads	$4,000	$4,001
Operating expenses	320	316
Total	$4,320	$4,317

2. In July 2012, the Company entered into a land right deed with the Kaohsiung City Government for the establishment of the land at Plot No. 22, Longbei Section, Kaohsiung City, with a royalty amount of NT$200,020 thousand for the period from July 2012 to July 2062 for the operation of a tourist hotel.
3. As of the end of each reporting period, none of the intangible assets of the Company has been pledged as collateral.

(XIV) Short-term borrowings/ Short-term bills payable

	December 31, 2021	December 31, 2020
1.Short-term borrowings		
Secured loans	$3,655,250	$4,488,806
Interest rate range		
Secured loans	1.55%~1.80%	1.387%~1.585%

Repayment period	2022.01, 26~2023.05.05	2021.01.01~2023.05.25
2.Short-term bills payable	$3,902,000	$4,159,000
Less: Discount on short-term bills payable	(5,031)	(4,678)
Net	$3,896,969	$4,154,322
Interest rate range		
Short-term bills payable	0.478%~1.538%	1.498%~1.623%
Unused limit	$5,424,995	$4,285,854

The Company pledged its own assets and related parties' real estate and stocks as collateral for bank loans and commercial paper, please refer to Notes VII and VIII.

(XV) Provisions - current

	Warranty provision
Balance as of January 1, 2021	$35,817
Newly increased liability provision for the period	8,891
Balance as of December 31, 2021	$44,708
Balance as of January 1, 2020	$31,504
Newly increased liability provision for the period	4,313
Balance as of December 31, 2020	$35,817

Provisions represents post-sale warranty expenses. The provision for warranty is based on historical experience and management's judgment of the present value of estimated future economic outflows, which are expected to be incurred within five years after the completion of the housing units.

(XVI) Collection

Item	December 31, 2021	December 31, 2020
Land collections	$8,086	$9,045
Building collections	15,130	20,960
Decoration collections	16,094	26,400
Collections - others	27,669	30,504
Total	$66,979	$86,909

(XVII) Other current liabilities - others

Item	December 31, 2021	December 31, 2020
Tax payable	$26,752	$0

(XVIII) Long-term borrowings

Nature of borrowings	Borrowing period, repayment method and interest rate range	December 31, 2021	December 31, 2020
Long-term bank borrowings			

Nature of borrowings	Borrowing period, repayment method and interest rate range	December 31, 2021	December 31, 2020
Secured borrowings	From March 2020 to December 2028, interest is payable monthly, in one lump sum at maturity, at a floating rate of 1.73% as of December 31, 2021 and 2020.	$1,765,000	$1,765,000
Secured borrowings	From June 2019 to June 2026, interest is payable monthly, in one lump sum at maturity, at a floating rate of 1.7% and floating rate ranging from 1.7% to 1.75% as of December 31, 2021 and 2020 respectively.	607,000	694,000
Secured borrowings	Originally from January 3, 2012 to January 3, 2016, then extended to January 3, 2020, then extended to January 3, 2024, interest is payable monthly, in one lump sum at maturity with floating interest rate of 1.54% as of December 31, 2021 and 2020.	272,000	272,000
Secured borrowings	The borrowing period is 15 years from July 2017 to July 2032 (including a grace period of 2 years). Interest is payable monthly during the grace period and the principal is repayable at the end of the grace period by the interest method with a floating interest rate of 1.54% as of December 31, 2021 and 2020, respectively. Borrowings due within one year recognized were NT$46,558 thousand and NT$45,847 thousand as of December 31, 2021 and 2020, respectively.	531,033	576,881
Secured borrowings	From May 2019 to November 2023, interest is payable monthly, in one lump sum at maturity, at a floating rate of 1.45% as of December 31, 2021 and 2020.	510,000	530,000
Secured borrowings	From March 2020 to March 2025,, interest is payable monthly, in one lump sum at maturity, at a floating rate of 1.45% as of December 31, 2021 and 2020.	$1,300,000	$1,300,000
Secured borrowings	From October 2019 to October 2022, interest is payable monthly, in one lump sum at maturity, at a floating rate of 1.43% as of December 31, 2021 and 2020.	550,000	550,000
Secured borrowings	From November 2019 to November 2022, interest is payable monthly, in one lump sum at maturity, at a floating rate of 1.43% as of December 31, 2021 and 2020.	50,000	50,000
Secured borrowings	From January 2020 to January 2023, interest is payable monthly, in one lump sum at maturity, at a floating rate of 1.43% as of December 31, 2021 and 2020.	75,000	75,000
Secured borrowings	From November 2019 to November 2022, interest is payable monthly, in one lump sum at maturity, at a floating rate of 1.43% as of December 31, 2021 and 2020.	545,000	545,000

Nature of borrowings	Borrowing period, repayment method and interest rate range	December 31, 2021	December 31, 2020
Secured borrowings	From January 2020 to January 2023, interest is payable monthly, in one lump sum at maturity, at a floating rate of 1.43% as of December 31, 2021 and 2020.	50,000	50,000
Secured borrowings	From June 2020 to June 2023, interest is payable monthly in a lump sum at maturity with floating interest rates of 1.606881% and 1.606649% as of December 31, 2021 and 2020, respectively.	500,000	$500,000
Secured borrowings	From October 2021 to October 2026, interest is paid on a monthly basis, the principal of NT$100,000 thousand shall be repaid every six months after three years from the date of initial drawdown, and the remainder shall be repaid in a lump sum when due, at a floating rate of 1.80% as of December 31, 2021.	$1,900,000	$0
Secured borrowings	From July 2019 to July 2021, interest is paid on a monthly basis, the principal of NT$50,000 thousand shall be repaid after one year from the date of initial drawdown, and the remainder shall be repaid in a lump sum when due, at floating interest rates of 1.55% and 1.7% as of December 31, 2020 and 2019, respectively. Borrowings due within one year recognized were NT$89,986 thousand as of December 31, 2020, which was paid off in February 2021.	0	89,986
Total		$8,655,033	$6,997,867
Less: Net long-term borrowings due within one year or one operating cycleUse this segment		(46,558)	(135,833)
Net		$8,608,475	$6,862,034
Unused limit		$4,310,000	$1,560,000

Long-term bank borrowings were secured by the Company's own assets and real estate and stocks provided by related parties; please refer to Notes VII and VIII for details.

(XIX) Lease agreements

1. The Company's lease liabilities are as follows:

	December 31, 2021	December 31, 2020
Current	$1,080	$1,062
Non-current	$61,548	$62,628

Please refer to Note XII for maturity analysis.

The Company has no material issuance, repurchase or repayment of lease liabilities due to the addition or release of leases from January 1 to December 31, 2021 and 2020.

The amount of leases recognized in profit or loss was as follows

	2021	2020
Interest expense – lease obligations payable	$231	$1,110
Short-term lease expenses	$6,587	$7,491

Expense on leases with low-value underlying assets	$215	$215
Total cash flows on lease	$8,112	$9,779

The Company selects to apply recognition exemptions to leases of vehicles and low-value business machines that qualify as short-term leases, and does not recognize the related right-of-use assets and lease liabilities for the said leases.

The Company adopted the practical expedient method of "COVID-19-Related Rent Concessions", and recognized the gains and losses on changes in lease payments arising from rent concessions as a deduction of interest expenses on lease liabilities in 2021.

2. Lessor lease (recorded as operating income)
   (1) The Company leases investment properties, premises for sale and construction sites, which are classified as operating leases because almost all the risks and remuneration attached to the ownership of the underlying assets have not been transferred.
   (2) The Company recognized rental income based on operating lease contracts (recorded as operating income) of NT$63,038 thousand and NT$67,596 thousand for the years ended December 31, 2021 and 2020.
   (3) The maturity analysis of lease payments under operating leases of the Company to report the total undiscounted lease payments to be received in the future is presented as follows:

	December 31, 2021	December 31, 2020
Within 1 year	$92,296	$71,305
1 to 5 years	224,342	34,437
Over 5 years	22,047	14,398
Non-discounted future cash flows of lease	$338,685	$120,140

   (4) The Company has one signed lease that are not included in the above table. The lease for the period from October 1, 2019 to February 28, 2035 is currently in litigation with the lessee as described in Note IX; therefore, such lease has not been collected since it was signed and thus is not included in the above table.
   (5) The Company holds lands for construction provided for lease as a parking lot for a period ranging from 5 to 10 years. The rent is charged at 73% to 75% of the operating income of the leased property, which is not included in the above undiscounted rental payment since the monthly revenue is calculated according to the actual number and time of parking and is variable.

(XX)Deposits received

	December 31, 2021	December 31, 2020
Lease deposits	$4,277	$2,878

(XXI)Share capital

1. As of December 31, 2021 and 2020, the Company's total authorized share capital was NT$4,500,000 thousand, with a par value of NT$10 per share, and its paid-in capital were NT$3,717,590 thousand and NT$3,711,931 thousand, respectively, with 371,759 thousand and 371,193 thousand common shares issued, respectively, and payments for all issued shares have been received. Quantities of the Company's outstanding ordinary shares at the beginning and end of the periods were deemed reconciled as follows: (Unit: thousand shares)

	2021	2020
January 1	371,193	384,846
Cancellation of repurchase treasury	0	(14,189)

shares		
Capital increase by employee bonus	566	536
December 31	371,759	371,193

2. On August 12, 2021, the Company resolved by the shareholders' meeting to issue 565,925 new shares by transferring employees' remuneration of NT$19,524 thousand, and the number of shares issued was calculated based on the closing price on the day before the board of directors' resolution. This capital increase was reported to the Financial Supervisory Commission on August 2, 2021, and the board of directors resolved on August 12, 2021, that the base date for the capital increase is August 15, 2021.
3. On June 24, 2020, the Company's Board of Directors resolved to issue 535,736 new shares by transferring employees' remuneration of NT$18,215 thousand, and the number of shares issued was calculated based on the closing price on the day before the board of directors' resolution. This capital increase was reported to the Financial Supervisory Commission on September 14, 2020, and the board of directors resolved on September 24, 2020, that the base date for the capital increase is September 25, 2020.
4. On March 13, 2020, the Company's Board of Directors resolved to repurchase 10,000 thousand shares of the Company's ordinary shares. The repurchased shares will be canceled, and on June 19, 2020, the Board of Directors resolved to set June 29, 2020 as the base date for the capital reduction, and the change of registration was completed on July 23, 2020.
5. On June 19, 2020, the Company's Board of Directors resolved to repurchase 5,000 thousand shares of the Company's common stock. The repurchased shares will be canceled and the actual number of repurchased shares is 4,189 thousand, and on September 24, 2020, the board of directors resolved to set September 25, 2020 as the base date for the capital reduction, and the change was registered on October 21, 2020.
6. Treasury shares
   (1) The reason for share re-acquisition and movements in the number of treasury stock are as follows:
   There was no such situation on December 31, 2021.

Year of repurchase	Name of the Company holding the shares	Reason for share re-acquisition	December 31, 2020	
			Thousand shares	Carrying amount
4th time	The Company	Maintain the Company's credit and shareholders' rights and interests, and handle the cancellation of shares	10,000	$310,543
5th time	The Company	Maintain the Company's credit and shareholders' rights and interests, and handle the cancellation of shares	4,189	152,919
		Cancel	(14,189)	(463,462)
	Total		0	$0

(2) According to the Securities and Exchange Act, the number of shares outstanding repurchased by the Company shall not exceed 10% of the number of issued shares, and the total amount repurchased shall not exceed the sum of the Company's retained earnings, share premium, and realized capital surplus.
(3) Treasury shares held by the Company may be neither pledged nor assigned rights in accordance with the Securities and Exchange Act.
(4) On June 19, 2020, the Company's Board of Directors resolved to repurchase 5,000 thousand shares of treasury shares in accordance with Article 28-2 of the Securities and Exchange Act to protect the Company's credit and shareholders' rights. 4,189 thousand shares were actually repurchased from June 22 to August 21, 2020, at an average purchase price of NT$36.52 per share. On September 24, 2020, the Board of Directors resolved to cancel 4,189 thousand shares of treasury shares repurchased at a cost of NT$152,919 thousand, using September 25, 2020 as the base date for capital reduction. Based on March 31, 2020, the maximum number of shares that the Company may repurchase is 37,484.6 thousand shares and the maximum amount of shares to be purchased is NT$9,987,685 thousand.
(5) On March 13, 2020, the Company's Board of Directors resolved to repurchase 10,000 thousand shares of treasury stock in accordance with Article 28-2 of the Securities and Exchange Act to protect the Company's credit and shareholders' rights, and the repurchase was executed in full from March 16 to May 15, 2020, at an average purchase price of NT$31.05 per share. On June 19, 2020, the board of directors resolved to cancel 10,000 thousand shares of treasury shares repurchased at a cost of NT$310,543 thousand, using June 29, 2020 as the base date for capital reduction. Based on the calculation as of September 30, 2019, the maximum number of shares of the Company that the Company may repurchase is 38,484.6 thousand shares and the maximum amount of shares to be purchased is NT$9,102,770 thousand.
(6) On June 19, 2020 and September 24, 2020, the Company's board of directors resolved to cancel 10,000 thousand and 4,189 thousand shares of treasury shares repurchased, reducing capital by NT$100,000 thousand and NTNT$41,890 thousand, respectively, with the base dates of June 29, 2020 and September 25, 2020, respectively, and after the cancellation of 10,000 thousand and 4,189 thousand shares issued, the number of common shares outstanding was 371,193 thousand. The difference between the carrying amount and the par value of treasury shares is adjusted to the capital surplus in proportion to the cancellation, and any deficit is then transferred to retained earnings.

(XXI) Capital surplus

	December 31, 2021	December 31, 2020
Shares premium	$0	$40,015
Capital premium from previous year's employee bonuses	13,865	12,858
Cancellation of treasury shares transactions	0	(52,873)
Net	$13,865	$0

According to the Company Act, additional paid-in capital including the income derived from issuing shares at a premium and from endowments, in addition to being used to covering deficit, where there is no accumulated deficit in a company, shall be distributed by issuing new shares to shareholders in proportion to the number of shares being held or by cash. In addition, according to relevant provisions of the Securities Exchange Act, when allocating capital from the aforementioned additional paid-in capital, the combined capitalized amount each year shall not exceed 10 percent of the paid-up capital. A company shall not use the additional paid-in capital to make good its capital loss, unless the surplus reserve is insufficient to make good such loss.

(XXIII)Retained earnings

Based on the Articles of Incorporation, the annual earnings of the Company shall be first appropriated to pay taxes and offset accumulated losses before allocating 10% of the remaining earning to the legal reserve (not applicable where accumulated legal reserve has reached the amount required by law and regulations) and a special reserve in accordance to CMP's operating needs and pursuant to the applicable law and regulations. Any retained earnings available for distribution together with accumulated undistributed retained earnings may be proposed by the Board of Directors to appropriate and be resolved at the Annual General Meeting. The percentage of cash dividends shall not be less than 10% of the total amount distributed. The percentage shall be determined by the board of directors after considering the financial condition of the Company, except that no cash dividends may be paid when the debt ratio in the annual financial statements exceeds 50%. The ratio of stock dividends and cash dividends mentioned in the preceding paragraph shall be adjusted according to the relevant laws and regulations and regulations. The adjustment shall be proposed by the Board of Directors and submitted to the shareholders' meeting for resolution. Please refer to Note VI(XXX) for the employee compensation distribution policy set forth in the Articles of Incorporation.

(1) Legal reserve
According to the Company Act, after-tax surplus profits shall first set aside 10% of said profits as legal reserve, unless legal reserve equals to the paid-in capital. Legal reserve may be used to offset deficit. The legal reserve shall be exclusively used to cover accumulated deficit, to issue new stocks or distribute cash to shareholders in proportion to their share ownership. The use of legal reserve for the issuance of stocks or cash dividends to shareholders in proportion to their share ownership is permitted provided that the balance of such reserve exceeds 25% of the Corporation's paid-in capital.

(2) Earning distribution
The shareholders' meetings approved the distribution of earnings for years ended December 31, 2020 and 2019 on August 12, 2021 and June 24, 2020 as follows:

(3) The proposal of distribution of earnings for 2021 was approved by the Company's board of directors on March 23, 2022, but has not yet been resolved by the shareholders' meeting; the proposal is as follows:

	2021	
	Amount	Dividends per share (NT$)
Legal reserve	$168,411	
Cash dividend	0	$0

(XXIV) Operating revenue

	2021	2020
Land revenue	$3,052,029	$4,208,689
Building revenue	3,387,993	4,213,677
Lease revenue	63,038	67,596
Return and discount of premises revenue	(173)	(1,762)
Total	$6,502,887	$8,488,200

(1) Revenue breakdown

	2021	2020
Major regional markets		
Taiwan	$6,502,887	$8,488,200

Major products/ service		
Premises revenue	$6,439,849	$8,420,604
Lease revenue	63,038	67,596
Total	$6,502,887	$8,488,200

	2021	2020
Timing of revenue recognition:		
At a fixed point in time	$6,439,849	$8,420,604
Performance obligations fulfilled over time	63,038	67,596
Total	$6,502,887	$8,488,200

(2) Contract liabilities - current

	December 31, 2021	December 31, 2020
Sale of premises	$560,581	$494,825
Rental premises	987	878
Total	$561,568	$495,703

Changes in contract liabilities are mainly due to timing difference between performance obligations and customer payment.

The Company's contracts for the sale of pre-sale premises and advances from gift cards contain provisions for pre-receipt of payments from customers, and the time interval between the pre-receipt and the transfer of merchandise control is longer than one year. According to IFRS 15, contract liabilities related to sales of pre-sale of premises and advances from gift cards contracts were recognized.

The amount from the opening contract liabilities recognized in operating income was NT$318,557 thousand and NT$365,871 thousand from January 1 to December 31, 2021 and 2020, respectively.

(XXV)Interest income

	2021	2020
Interest on bank deposits	$203	$145
Other interest income	30	62
Total interest income	$233	$207

(XXVI)Other income

	2021	2020
Dividend income	$0	$710
Other income - others	2,332	5,382
Total	$2,332	$6,092

(XXVII)Other gains and losses

	2021	2020
Gain (loss) on disposal of	$3,896	($10,365)

financial assets at fair value through profit or loss		
Gain (loss) on valuation of financial assets at fair value through profit or loss	21,357	(7,599)
Others	(31)	(494)
Total	$25,222	($18,458)

(XXVIII)Finance costs

	2021	2020
Interest expenses		
Bank borrowings	$238,674	$286,357
Less: Capitalization of interest	(52,524)	(42,182)
Finance costs	$186,150	$244,175

(XXIX)Post-retirement benefit plans

1. Defined contribution plans

   The Company's retirement plan under the Labor Pension Act is a defined contribution retirement plan. The Company contributes 6% of employees' monthly salaries to the individual accounts of the Bureau of Labor Insurance. Under the plan, the Company has no legal or constructive obligation to make additional financial contributions after making fixed contributions to the Bureau of Labor Insurance. The Company recognized an expense of NT$1,331 thousand and NT$1,141 thousand in the parent company only statements of comprehensive income in 2021 and 2020, respectively.

	2021	2020
Selling and marketing expenses - Retirement benefits expenses	$246	$170
General and administrative expenses - Retirement benefits expenses	$1,085	$971

2. Defined benefit plans

   In compliance with the requirements set forth in the Labor Standards Act, the Company has stipulated a defined benefit pension plan, which is applicable to the years of service rendered by regular employees prior to, and after (if employees elect to continue to apply the Labor Standards Act), the implementation of the Labor Pension Act on July 1, 2005.

   Under the defined benefit pension plan, two units are accrued for each year of service for the first 15 years and one unit for each additional year thereafter, subject to a maximum of 45 units. Pension benefits are based on the number of units accrued and the average monthly salaries and wages of the last 6 months prior to retirement. The Company sets aside 2% of the employee's total salary each month as pension funds and deposit it to the designated account under the name of the Labor Pension Funds Supervisory Committee at the Bank of Taiwan. Before the end of each year, the Company shall assess the balance in the designated account. If the total available amount of the appropriation is less than the amount required for the payment of pensions to all the employees who are eligible to retire in the following year, calculated according to the above method, the Company will make up the deficiency in one single appropriation before the end of March in the following year.

(2) The amount of retirement benefits expenses recognized in the parent company only statement of income for the defined benefit plans were as followed:

	2021	2020
Service costs for the current period	$377	$534
Net interest on defined benefit liabilities (assets)	133	245
Recognized in profit or loss	$510	$779
Remeasurements		
Compensation on plan assets (excluding net interest on net defined benefit liabilities (assets))	($345)	($814)
Actuarial losses (gains) - experience adjustments	3,504	18
Actuarial losses (gains) - changes in financial assumptions	328	1,066
Actuarial losses (gains) - changes in population assumptions	640	0
Recognized in other comprehensive income	$4,127	$270

(2) Retirement benefits expenses recognized in profit or loss for the aforementioned defined benefit plans were included as follows:

	2021	2020
Selling and marketing expenses	$47	$65
General and administrative expenses	463	714
Total	$510	$779

(3) The amounts recognized in the parent company only balance sheet for obligations from defined benefit plans were as follows:

	December 31, 2021	December 31, 2020
Present value of defined benefit obligation	$46,737	$45,532
Fair value of plan assets	(24,330)	(24,140)
Net defined benefit liabilities	$22,407	$21,392

(4) The changes in the present value of the defined benefit obligation were as follows:

	2021	2020
Beginning balance	$45,532	$49,528
Service costs for the current period	377	534
Interest expenses	252	416
Remeasurements		
Payment		
Actuarial losses (gains) - experience adjustments	3,504	18

Actuarial losses (gains) - changes in financial assumptions	328	1,066
Actuarial losses (gains) - changes in population assumptions	640	0
Benefits paid on plan assets	(3,896)	(6,030)
Ending balance	$46,737	$45,532

(5) Change in fair value of plan assets were as follows:

	2021	2020
Fair value of plan assets at the beginning of the period	$24,140	$24,896
Expected return on plan assets	119	171
Remeasurements of plan assets (excluding net interest included in net defined benefit liabilities (assets))	345	814
Contribution by the employer	3,622	3,351
Actual payment of employee benefits	(3,896)	(5,092)
Fair value of plan assets at the end of the period	$24,330	$24,140

(6) The fund asset of the Company's defined benefit pension plan (hereinafter referred to as the "Fund") is entrusted to the Bank of Taiwan, which manages, or entrusts others to manage, the Fund in accordance with entrusted items enumerated in Article 6 of the "Regulations for Revenues, Expenditures, Safeguard and Utilization of the Labor Retirement Fund" (i.e. deposit in domestic or foreign institutions, investment in domestic or foreign listed, over-the-counter, or private placement equity securities, and investment in domestic or foreign real estate and its securitization products) to the extent of limitations on investment percentage and amount as stipulated in the Fund's annual utilization plan. The status of utilization of the Fund is subject to supervision by the Labor Pension Fund Supervisory Committee. With regard to utilization of the Fund, the minimum earnings in the annual distributions on the final financial statement shall not be less than the earnings attainable from the amounts accrued from two-year time deposits with the interest rates offered by local banks. In case any deficiency in the earnings arises, Treasury Funds can be used to cover the deficits after the approval of the competent authority. As the Company is not entitled to participate in the operation and management of the fund, it is not possible to disclose the classification of the fair value of the plan assets in accordance with paragraph 142 of IAS 19. For the composition of the fair value of the fund in total as of the years ended December 31, 2021 and 2020, please refer to the various labor pension utilization reports issued by the government.

The Company's contributions to the pension funds were deposited with Bank of Taiwan, were as follows:

December 31, 2021	December 31, 2020
$24,330	$24,140

(7) The present value of the Company's defined benefit obligations is calculated by certified actuaries. The major assumptions on the assessment date were as follows:

December 31, 2021	December 31, 2020

Discount rate	0.500%	0.625%
Growth rate of future salary	2.000%	2.000%

If changes occur in major actuarial assumptions with other assumptions unchanged, the present value of defined benefit obligations will increase (decrease) as follows:

	December 31, 2021	December 31, 2020
Discount rate		
Increase by 0.25%	($654)	($716)
Decrease by 0.25%	$680	$734
Expected salary increase rate		
Increase by 0.25%	$651	$702
Decrease by 0.25%	($633)	($692)

With other assumptions unchanged, above sensitivity analysis analyzes effects of changes in single assumption. In practice, many changes in assumptions may be linked together. The sensitivity analysis is consistent with the methodology used to calculate the net pension liability on the balance sheet.

The Company is expected to make a contribution payment of NT$278 thousand to the defined benefit plans for the one year period after the reporting date of 2021.

The weighted average period of the defined benefit plan is 9.56 years.

The maturity analysis of the pension payments is as follows:

Under 1 year	$11,177
1 to 2 years	1,575
2 to 5 years	11,546
Over 5 Years	13,929
	$38,227

(XXX)Employee bonus and remuneration to directors

The Company's Articles of Incorporation stipulates that, after annual earnings first offset against any deficit, a minimum of 1% shall be allocated as employee compensation and a maximum of 2% as directors' remuneration. When there are accumulated losses (including adjustments to unappropriated earnings), the Company shall offset the appropriate amounts before remuneration. The distribution can be made in the form of cash or stocks for employees. The Board of Directors shall resolve to distribute in the form of shares or cash to employees who meet specific criteria, and the distribution of employee compensation and remuneration to directors and supervisors shall be reported to the shareholders' meeting. The amounts provided for employee compensation were NT$19,462 thousand and NT$19,524 thousand for 2021 and 2020,

and the amounts provided for directors' compensation were both NT$0 thousand, which were estimated by multiplying the Company's net income before income taxes for the period before employee and directors' compensation by one percent of employee compensation as specified in the Company's Articles of Incorporation, and remuneration to directors was NT$0 thousand and was reported as operating expenses for the period.

On March 23, 2022, the Board of Directors resolved to distribute NT$19,462 thousand for employee compensation and $0 for director's remuneration for 2021,

and on August 12, 2021, the Board of Directors resolved to distribute NT$19,524 thousand for employee compensation and NT$0 for director compensation for 2020. There was no difference from the amounts recognized as expenses in 2021 and 2020.
The aforementioned amounts are distributed in shares and the number of shares is calculated based on the closing price on the day before the Board of Directors' resolution.

For information on the Company's remunerations for employees and directors as resolved by the Board of Directors, please visit the "Market Observation Post System".
(XXXI)Income tax
1. Income tax expense
   Major components of income tax expenses were as follows:

	2021	2020
Current income tax expenses		
Incurred this year		
Income Tax	$115,155	$107,967
Land value increment tax	65,079	108,590
Unappropriated earnings	75,810	74,509
Tax refunds from previous years	0	(2,556)
Deferred tax		
Occurrence and reversal of temporary differences	(16,734)	(40,478)
Income tax expense	$239,310	$248,032

2. Reconciliation of income tax expense to accounting profit

	2021	2020
Accounting profit	$1,926,713	$1,932,918
Tax at the applicable tax rate	$385,343	$386,584
Effect of income tax adjustment items		
Items to be increased (decreased) when determining taxable income	(9,005)	(22,416)
Valuation loss (gain) on financial assets	(4,271)	1,520
Tax-exempt proceeds from land	(267,054)	(276,296)
Tax-exempt income from marketable securities	(3,530)	2,073
Deferred selling and marketing expenses	0	5,455
Losses recognized under the equity method	11,894	11,223
Warranty provision	1,778	863
Losses deferred in future years and (offset)	0	(1,039)
Occurrence and reversal of temporary differences	(16,739)	(40,484)
5% levy on unappropriated earnings	75,810	74,509

Other income taxes (land value increment tax)	65,079	108,590
Tax refunds from previous years	0	(2,556)
Income tax expense	$239,305	$248,026

3. Income tax recognized in other comprehensive income

	2021	2020
Deferred income tax gains (expense)		
Related to defined benefit plan remeasurement	($825)	($54)

4. The breakdown of deferred income tax assets and liabilities was as follows:

	Balance on January 1	Recognized in profit or loss	Recognized in other comprehensive income	Balance on December 31
(1) January 1 to December 31, 2021				
A.Deferred tax assets				
Prepayments	$5,503	$0	$0	$5,503
Warranty provision payable	7,164	1,778	0	8,942
Net defined benefit liabilities - non-current	4,278	(622)	825	4,481
Total deferred tax assets	$16,945	$1,156	$825	$18,926
B.Deferred tax liabilities				
Inventories	$38,408	($15,583)	$0	$22,825
(2) January 1 to December 31, 2020				
A.Deferred tax assets				
Prepayments	$47	$5,456	$0	$5,503
Warranty provision payable	6,301	863	0	7,164
Net defined benefit liabilities - non-current	4,926	(702)	54	4,278
Total deferred tax assets	$11,274	$5,617	$54	$16,945
B.Deferred tax liabilities				
Inventories	$73,275	($34,867)	$0	$38,408

5. The Company's business income tax settlement and declaration up until 2019 have been approved.

(XXXII) Summary of employment, depreciation, operating costs, depletion and amortization expenses incurred during the period by function

By function / By nature	2021			2020		
	Operation costs	Operation expenses	Total	Operation costs	Operation expenses	Total
Employee benefit expenses						
Salary expenses	0	59,137	59,137	0	56,281	56,281
Labor and health insurance expenses	0	3,325	3,325	0	3,498	3,498
Retirement benefits expenses	0	1,841	1,841	0	1,920	1,920
Remuneration to Directors	0	2,299	2,299	0	1,760	1,760

Other employee benefits	0	7,807	7,807	0	9,764	9,764
Depreciation expenses	62,764	1,304	64,068	62,682	1,382	64,064
Depletion expenses	0	0	0	0	0	0
Amortization expenses	4,000	320	4,320	4,001	316	4,317

(1) Additional information on the number of employees and employee benefit expenses for 2021 and 2020 is as follows:

	2021	2020
Number of employees	42	39
Number of directors who do not serve as employees	5	4
Average employee benefit expenses	$1,949	$2,042
Average employee salary expenses	$1,598	$1,608
Average adjustment of employee salary expenses	-0.62%	5.79%

(2) The Company has established the Audit Committee to replace the supervisors in accordance with the regulations, therefore, no supervisors' remuneration has been recognized.

(3) Compensation policy of the Company: Directors and managers are remunerated according to their business performance, risk-taking and contribution level, with reference to the usual industry standard; the salaries of the Company's employees are based on their academic background, professional knowledge and skills, professional experience, and personal performance, and are flexibly varied according to operational conditions to motivate and retain outstanding employees; the annual salary adjustment is based on the employee's value and accumulation, and the salary adjustment items and amounts are prepared respectively.

(XXXII) Earnings per share

	2021	2020
Basic earnings per share (Unit: NT$)	$4.54	$4.48
Diluted earnings per share (Unit: NT$)	$4.54	$4.48

The calculation of earnings per share and the weighted-average number of common shares outstanding were as follows:

	2021	2020
Profit attributable to the holders of ordinary shares of the Company	$1,687,409	$1,684,892

	2021	2020
Weighted average number of ordinary shares outstanding used for calculation of basic earnings per share (in thousands)	371,407	375,895
Effect of potentially dilutive ordinary shares:		
Employee Remuneration	477	496
Weighted average number of ordinary shares outstanding used for calculation of diluted earnings per share (in thousands)	371,884	376,391

If the Company chooses to offer employee compensation or share profits in the form of cash or stock, while calculating diluted earnings per share, and assuming that the compensation is paid in the form of stock, the dilutive potential common shares will be included in the weighted average number of outstanding shares to calculate diluted earnings per share. Weighted average number of ordinary shares outstanding used for calculation of diluted earnings per share (thousand shares) The dilutive effect of such potential common shares shall continue to be considered when calculating diluted earnings per share before the number of shares to be distributed as employee compensation is approved in the following year.
For the calculation of basic earnings per share, the number of shares is included in the weighted-average number of common shares outstanding for the year resolved at the stockholders' meeting when the number of shares issued as compensation to employees for the previous year is determined. Moreover, since the employee compensation transfer is no longer a gratuitous stock allotment, no retroactive adjustment is made in the calculation of basic and diluted earnings per share.

(XXXIV)Additional information regarding cash flows

Investment activities with only partial cash payment:

	2021	2020
Increase in investment properties	$0	$1,223
Net decrease in payables for construction	0	45
Cash paid during the year	$0	$1,268

(XXXV)Changes in liabilities from financing activities

Reconciliation of liabilities from financing activities was as follows:

	2021.1.1	Cash Flows	2021.12.31
Short-term borrowings	$4,488,806	($833,556)	$3,655,250
Face value of short-term bills payable	4,159,000	(257,000)	3,902,000
Long-term borrowings	6,997,867	1,657,166	8,655,033
Deposits received	2,878	1,399	4,277
Lease liabilities	63,690	(1,062)	62,628
Liabilities from the financing activities	$15,712,241	$566,947	$16,279,188

	2020.1.1	Cash Flows	2020.12.31
Short-term borrowings	$4,954,780	($465,974)	$4,488,806
Face value of short-term bills payable	4,222,000	(63,000)	4,159,000
Long-term borrowings	10,726,055	(3,728,188)	6,997,867
Deposits received	136,836	(133,958)	2,878
Lease liabilities	64,734	(1,044)	63,690
Liabilities from the financing activities	$20,104,405	($4,392,164)	$15,712,241

VII.Related Party Transactions

(1)Names of related parties and their relationship

Name	Relationship with the Company
Chieh Chih Construction Co., Ltd.	Relative within the second degree of kinship of the Chairman of the Company is the Chairman of such company.
Baihong Construction Co., Ltd.	The Company's Chairman is the supervisor of such

	company
Meiyun S. Tsai	Spouse of the chairman of the Company
H2O Hotel Co., Ltd.	Subsidiary of the Company
Yangmin International Catering Co., Ltd.	Associate of the Company

(II)Significant transactions with related parties:

1.Sales

Name	2021 Amount	2021 Percentage of sales of the Company	2020 Amount	2020 Percentage of sales of the Company
Sale of premises				
Other related parties	$0	0.00%	$14,306	0.17%

The sales of premises to related parties were made at normal market prices. The sales of premises to other related parties in 2021 and 2020 amounted to NT$0 thousand and NT$14,306 thousand, respectively, which were paid upon the transfer of the properties, and the remaining catering revenues were collected within 30 to 90 days.

2.Lease revenue

H2O Hotel Co., Ltd.	$38,526	0.59%	$47,961	0.57%

(1) The Company and H2O Hotel Co., Ltd. entered into a lease agreement for the use of investment properties, premises for sale and construction sites for the business and staff quarters of H2O Hotel Co., Ltd.

(2) The lease details are as follows

Lessee	Lease subject	Lease period	Rental charged per lease term	2021	2020
H2O Hotel Co., Ltd.	1F., No. 366, Minghua Rd., Gushan Dist., Kaohsiung City,1 building and 163 units in total (Longbei Section No. 22)	2019/02/01~2022/01/31	The monthly rental income of NT$6,500 thousand (including business tax) is calculated on a monthly basis and is collected by bank remittance. (Rent will be reduced by half from January to December in 2021, and from April to December in 2020 due to the epidemic)	$37,143	$46,429
H2O Hotel Co., Ltd.	8 levels at No. 300, Funong Rd., Gushan Dist., Kaohsiung City, 1 building in total (Longzhong Section No. 128-3)	2019/02/01~2022/01/31	The monthly rental income of NT$32 thousand (including business tax) is calculated on a monthly basis and is collected by bank remittance.	366	366
H2O Hotel Co., Ltd.	No. 620, Meishu E. 2nd Rd., Gushan Dist., Kaohsiung City (Mei Shu Huang Ju)	2019/09/01~2027/08/31 (2019/09/01~2019/10/31 free during decoration period)	The rent will be calculated from November 1, 2019 at NT$158 thousand per month (including business tax) and the rental income will be calculated on a monthly basis, all of which will be collected by bank remittance. (Rent will be reduced by half from January to December in	903	1,128

H2O Hotel Co., Ltd.	No. 623, Mengzi Rd., Zuoying Dist., Kaohsiung City (King's Town Garden)	2020/09/01~2027/08/31	2021 due to the epidemic) The monthly rental income of NT$10 thousand (including business tax) is calculated on a monthly basis and is collected by bank remittance.	114	38
Total				$38,526	$47,961

3. Contracting work (purchases)
Chieh Chih Construction Co., Ltd. and Baihong Construction Co., Ltd. are related parties of the Company, and the Company's projects are contracted by these two companies. The contract price is based on the cost of the two companies plus appropriate profit, and the payment terms are similar to those of a general contractor, but the actual date of cashing the notes is subject to the Company's capital situation.
(1) In 2021 and 2020, the Company entrusted Chien-Chih Construction Co., Ltd. to contract for various construction sites, accounting for 5.42% and 21.65% of the Company's total contracted work amount, respectively, and the contract prices and current shipments were as follows:

Site name	Contract price (including tax)	Purchases	
		2021	2020
Aiqun 2747 (World of Heart)	2,014,000	$328,598	$238,109

(2) In 2021 and 2020, the Company entrusted EPILEDS Construction Co., Ltd. with the contracted construction projects, accounting for 4.55% and 25.49% of the total contracted construction amount of the Company, respectively. The contract price and the current purchase price were as follows:

Site name	Purchases		
	Contract price (including tax)	2021	2020
Xinzhuang No. 92 (Xiang King's Town)	521,460	$0	$89,884
Xin Du Section No. 321.163 - 1.164 (Fu+)	880,200	276,217	190,480
Total		$276,217	$280,364

4. Trade receivables, other receivables, note payables, trade payables, other payables, premises payment collection, and land payment collection.

Name of project and related party	December 31, 2021		December 31, 2020	
	Balance	Percentage	Balance	Percentage
(1) Trade receivables				
H2O Hotel Co., Ltd.	$3,371	2.59%	$0	0.00%
(2) Other receivables				
Meiyun S. Tsai	$128	60.66%	$240	0.03%

Other receivables represent receivables from landlords for their share of sales costs.

(3) Notes payable				
Chieh Chih Construction Co., Ltd.	$55,002	32.01%	$75,004	37.46%

Baihong Construction Co., Ltd.	35,002	20.37%	45,002	22.48%
Total	$90,004	52.38%	$120,006	59.94%
(4) Trade payables				
Chieh Chih Construction Co., Ltd.	$298,857	50.54%	$398,863	49.26%
Baihong Construction Co., Ltd.	275,934	46.66%	385,934	47.66%
Total	$574,791	97.20%	$784,797	96.92%
(5) Other payables				
H2O Hotel Co., Ltd.	$192	0.42%	$348	0.71%
Yangmin International Catering Co., Ltd.	133	0.30%	74	0.15%
Total	$325	0.72%	$422	0.86%
(6) Building collections				
Chieh Chih Construction Co., Ltd.	$0	0.00%	$5,360	9.95%
(7) Land collections				
Chieh Chih Construction Co., Ltd.	$0	0.00%	$3,285	3.78%

Deposits received represent construction contract performance deposits.

5. Lease expenses

Rental expenses	Price payment 2021	2020
Other related parties	$1,029	$1,029

The lease expenses are as follows:

Lessor	Lease subjects	Lease period	Rental charged per lease term	2021	2020
King's Town Construction Co., Ltd.	12F., No. 150, Bo'ai 2nd Rd., Zuoying Dist., Kaohsiung City	2017/07/01～2020/06/30 2020/07/01～2023/06/30	The monthly rental income of NT$90 thousand (including business tax) is calculated on a monthly basis and is paid by bank remittance.	$1,029	$1,029

6. Others
   (1) The Chairman of the Company and other related parties provided the Company with loans from banks secured by their own assets, amounting to NT$1,312,000 thousand and NT$1,672,146 thousand as of December 31, 2021 and 2020, respectively.
   (2) The Chairman of the Company and other related parties provided the Company with their own assets to issue commercial paper to Bills Finance Corporation in the amount of NT$750,000 thousand and NT$970,000 thousand as of December 31, 2021 and 2020, respectively.
   (3) The Chairman and his spouse of the Company provided land at Qinghai Lot No. 216 and the Company's construction site, Qinghai Lot No. 229, as joint mortgages to banks and issued commercial promissory notes for NT$1,765,000 and NT$1,765,000, respectively, as of December 31, 2021 and 2020.
   (4) The Company's investment in associates is described in Note VI (IX).
   (5) In 2021 and 2020, the Company paid the related party, H2O Hotel Co., Ltd., expenses such as hospitality and venue fees, which were recorded as NT$0 thousand and NT$134 thousand for advertising, NT$949 thousand and NT$2,320 thousand for social networking, and NT$223 thousand and NT$35 thousand for miscellaneous expenses, respectively.
   (6) The Company's related party, Baihong Construction Co., Ltd. provided guaranteed promissory notes for the projects, which were recorded as NT$134,566 thousand in both 2021 and 2020.
   (7) The Company's related party, Chien-Chih Construction Co., Ltd. provided guaranteed promissory notes for the construction work, which were recorded as NT$288,812 thousand in both 2021 and 2020.
7. Information on remuneration to the management

	2021	2020
Short-term employee benefits	$23,998	$25,150

VIII.Pledged Assets

The carrying values of the Company's assets pledged as collateral for loans and short-term notes issued were as follows:

Name of assets	Secured subject	December 31, 2021	December 31, 2020
Buildings and land held for sale	Collateralized borrowing and issuance of commercial promissory notes	$2,240,305	$2,987,486
Construction in progress	Collateralized borrowing and issuance of commercial promissory notes	3,412,160	2,283,347
Land held for construction	Collateralized borrowing and issuance of commercial promissory notes	19,313,594	14,534,853
Investment properties	Secured borrowings	686,442	747,691
Other financial assets - current	Advances from construction project trust funds and performance bond	66,156	0
Refundable deposits	Disaster management guarantee	24,977	24,977
Total		$25,743,634	$20,578,354

IX.Significant Contingent Liabilities and Unrecognized Contract Commitments

1. As of December 31, 2021, the Company's construction-in-progress contracts are described in detail in VII. Related Party Transactions (II) Purchase; the amount paid for the contracts (including tax) was NT$1,085,074 thousand and the amount outstanding was NT$1,809,126 thousand.
2. In 2019, the Company leased the premises for sale on first basement level and the first and second level of Hua Shang Building to a fitness company, which caused dissatisfaction of the residents and convened the 2019 second temporary meeting of the sub-owners, and amended its management regulations to prohibit the establishment of specific industries, including gymnasiums. The Company believes that it has infringed upon the Company's right to use its assets; therefore, it filed a civil lawsuit against the "Hua Shang Building Management Committee" to confirm that the resolution shown by the defendant "Hua Shang Building Management Committee" at the 2019 second temporary meeting of the owners of the Hua Shang Building on November 23, 2019 is invalid. The case (Case No. 1202 of 2020) has been heard by the District Court in Qiaotou, Taiwan to rule that the Company won partially. The defendant, Hua Shang Building Management Committee, has lodged an appeal within the statutory period. The outcome of the case is still pending in court.
3. In 2019, the Company leased premises for sale on the first basement level and the first and second level of Hua Shang Building to World Fitness Asia Limited (H.K.) Taiwan Branch. As a result, the Taiwan branch of Hong Kong Business World Fitness Co., Ltd. was unable to operate due to a dispute arising from the residents' dissatisfaction with the Company's failure to lease the land to the fitness company. The Company filed a lawsuit against the Company for damages in the amount of NT$39,632 thousand, including NT$18,367 thousand, NT$720 thousand for the refund of the deposit and NT$20,545 thousand for the loss of the member who failed to fulfill the membership agreement. The case (Case No. 57 of 2021) is currently being heard by the Kaohsiung District Court in Taiwan, and the outcome of the case is still pending.
4. In 2020, the Company leased premises for sale on the first basement level and the first and second level of Hua Shang Building to World Fitness Asia Limited (H.K.) Taiwan Branch. As a result, the Taiwan branch of Hong Kong Business World Fitness Co., Ltd. was unable

to operate due to a dispute arising from the residents' dissatisfaction with the Company's failure to lease the land to the fitness company. Therefore, a lawsuit was filed against World Fitness Asia Limited (H.K.) Taiwan Branch, seeking NT$1,045 thousand in rent and NT$3,150 thousand in restitution damages, totaling NT$4,195 thousand. The case (Case No. 780 of 2021) is currently being heard by the Kaohsiung District Court in Taiwan, and the outcome of the case is still pending.

5. The Company leased premises for sale on the first basement level and the first and second level of Hua Shang Building to a fitness company. As a result, the residents were dissatisfied that the Company was failed to lease the land to the fitness company in accordance with the original market use. The management committee of the Hua Shang Building filed an administrative lawsuit against the Kaohsiung City Government, Requesting the Kaohsiung City Government to revoke the decision to approve the letter of change of commercial use of the second floor of the Hua Shang Building as approved by the Kaohsiung City Government Letter No. 1073664122 issued on January 4, 2019 and the appeal inadmissible. If an unfavorable decision is obtained, it may affect the right to use the assets of the Company. The case (formerly known as Case No. 118 of 2020) is currently under review by the Supreme Administrative Court and the outcome is still pending in the court.
6. The Company was the litigation agent for the first trial of a lawsuit for damages for repair of building damage between Kaicheng Construction Co., Ltd. and Wujia Ruichun Community Management Committee. The management committee requested NT$1,000 thousand for damages against the Company. The case (Case No. Shen Su Zi No. 1126 of 2020) has been rejected by the civil judgment of the Kaohsiung District Court in Taiwan, and the Committee has lodged an appeal. The case (Case No. Shang Yi Zi No. 7 of 2022) is currently being tried by Kaohsiung Branch of Taiwan High Court and a court session has not yet been opened. The outcome of the case is pending in the court.
7. In 2016, the "Xi Nian Lai Building Management Committee" claimed that the residents' assets were damaged due to the tilting of the Xi Nian Lai Building resulting from the Company's project construction. Therefore, it filed a lawsuit for damages against the Company, requesting to repair the damage to the Xi Nian Lai Building, such as the renovation and repair of the main elevator engine bed, structural reinforcement and restoration of the tilting state of the Xi Nian Lai Building, to remove the underground sewage treatment pipe diameter of the land No. 1133 at the Lindeguan Section and return the land, and to pay the restoration costs of NT$33,903 thousand plus interest of NT$2,669 thousand, totaling NT$36,572 thousand. The case (Case No. Shen Su Zi No. 1977 of 2016) is currently being heard by the Kaohsiung District Court in Taiwan, and the outcome of the case is still pending.
8. The Company has signed the Tainan Rende Smart Technology Park Cooperative Development Project with SanDi Properties Co., Ltd., to develop in the way of "joint investment and construction" for 83 parcels of land including Plot No. 820 at Kanjiao North Section, Rende District, Tainan City, and 4 parcels of land including Plot No. 32 at Kanjiao Southern Section, Rende District, Tainan City, covering an area of 111,797.54 square meters. Both parties shall invest in the construction and bear the profits and losses and risks related to the planning, construction and sales of the project in proportion of 50% as joint venture. The Company acted as the "host operator" of this project to handle and represent externally for the execution of this joint venture project.
9. The Company has signed the Tainan Rende Smart Technology Park Cooperative Development Project with SanDi Properties Co., Ltd., and both parties acted as joint-constructors for mutual guarantee of co-financing amount.

As of the years ended December 31, 2021 and 2020, the Company's financing endorsement/guarantee is as follows:

Endorser/Guarantor	Endorsee/Guarantee	December 31, 2021	December 31, 2020	Guarantee purpose
King's Town Construction Co., Ltd.	SanDi Properties Co., Ltd.	$2,000,000	$0	Loan financing Credit guarantee

10. The Company has signed trust agreements with the entrusted financial institutions for projects of its construction in progress. The names of relevant projects and trust banks as of December 31, 2021 were as follows:

Project	Trust Bank
Fu +	CTBC Bank Co., Ltd.

The prices received for the above-mentioned construction projects have been delivered to the financial institutions undertaking the trust.

X.Significant Disaster Loss

None.

XI.Significant Subsequent Events

None.

XII.Others

(I)Capital Risk Management

The objective of the Company's capital management is to ensure that the Company can continue as a going concern, that an optimal capital structure is maintained to lower the cost of capital, and that returns are provided to stockholders. In order to maintain or adjust the capital structure, the Company may adjust the amount of dividends paid to shareholders, issue new shares or sell assets to reduce debt. The Company regulates the borrowing amount based on the progress of the project and the funds required for the operation.

(II)Financial instruments

1. The carrying amounts of the Company's financial instruments not measured at fair value (including cash and cash equivalents, notes receivables, trade receivables, other receivables, other financial assets, refundable deposits, bank borrowings, short-term bills payable, notes payable, trade payables, other payables, leasing liabilities and deposits received) are the reasonable approximation of fair value. For a fair value of financial instruments measured at fair value, please refer to Note VI (II). Details of the financial instruments are disclosed in each of the individual notes.

	December 31, 2020	December 31, 2019
Financial assets		
Financial assets at fair value through profit or loss		
Domestic listed stocks	$0	$89,930
Domestic unlisted stocks	$82	$82
Financial assets at amortized cost		
Cash and cash equivalents	$973,133	$547,398
Net notes receivable and trade receivables (including related parties)	166,728	141,676
Other receivables (including related parties)	211	750,303
Refundable deposits	32,371	32,791
Long-term notes and trade receivable	15,000	0
Subtotal	$1,187,443	$1,472,168

Total	$1,187,525	$1,562,180

Financial liabilities		
Measured at amortized cost		
Short-term borrowings	$3,655,250	$4,488,806
Short-term bills payable	3,896,969	4,154,322
Notes payable and trade payables (including related parties)	763,160	1,009,913
Other payables (including related parties)	45,344	49,080
Long-term borrowings (including long-term borrowing due within one operating cycle)	8,655,033	6,997,867
Lease liabilities (including current)	62,628	63,690
Deposits received	4,277	2,878
Total	$17,082,661	$16,766,556

2. Financial risk management policy
   (1) The Company's daily operations are subject to a number of financial risks, including market risk (including interest rate risk and price risk), credit risk and liquidity risk. The Company's overall risk management program focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on the Company's financial position and financial performance.
   (2) Financial risk management of the Company is carried out by its finance department based on the policies approved by the Board of Directors. Through cooperation with the Company's operating units, the finance department is responsible for identifying, evaluating and hedging financial risks.
   (3) The Company does not undertake derivatives for hedging financial risks.
3. Significant financial risks and degrees of financial risks
   (1) Market risks
      A. Price risks

      The Company is exposed to the price risk of equity instruments because the investments held by the Company are classified as financial assets at fair value through profit or loss in the Company's balance sheet. The Company is not exposed to price risks from products. To manage the price risk of investments in equity instruments, the Company diversifies its portfolio with its diversification method based on limits set by the Company.

      The Company's investments in equity securities comprise foreign and domestic listed stocks. The prices of equity securities change due to the change in the future value of investee companies. If the price of these equity instruments had increased or decreased by 10%, with all other factors held constant, the increase or decrease in net income after tax for 2021 and 2020 would have been NT$0 thousand and NT$8,993 thousand, respectively, from the gain or loss on equity instruments measured at fair value through profit or loss.

      B. Interest risks

      The Company's interest rate risks come from short-term borrowings, financing commercial paper and long-term borrowings. Loans with floating interest rates expose the Company to cash flow interest rate risks, of which a portion is offset by the cash held with floating interest rates. Borrowings issued at fixed rates exposed the Company to fair value interest rate risk. During the years ended December 31, 2021 and 2020, the Company's borrowings at floating interest rate were denominated in the NTD.

Based on the simulations performed, the impact on post-tax profit of a 0.01% shift would be a maximum increase or decrease of NT$963 thousand and NT$1,188 thousand for 2021 and 2020, respectively. The simulation is done on a quarterly basis to verify that the maximum loss potential is within the limit given by the management.

(2) Credit risks

A. Credit risk refers to the risk of financial loss of the Company arising from default by clients or counterparties of financial instruments on the contractual obligations. Credit risk mainly derives from cash and cash equivalents, derivative financial instruments, and deposits within banks and financial institutions, as well as trade receivables not yet collected in cash and committed transactions. Only banks and financial institutions with an independent credit rating of at least "A" can be accepted for trading by the Company.

B. The Company's trade receivables mainly consist of amounts due from customers before the handover of properties. The Company has assessed no significant credit risk because these amounts are due before the handover of properties. The Company classifies customers' trade receivables and installment receivable based on customer characteristics. Using the simplified approach of preparation matrix, the Company estimates the expected credit loss and adjusts the loss rate established by historical and current information during a specific period to assess the allowance loss of installments receivable. The Company's assessed credit impairment losses on December 31, 2021 and 2020 were not significant.

C. No written-off debts with recourse existed as of December 31, 2021 and 2020.

(3) Liquidity risks

A. The cash flow forecast is performed by each operating entity of the Company and compiled by the Company's finance department. The Company's finance department 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.

B. The following table presents the Company's non-derivative financial liabilities grouped by the relevant maturity dates, which are analyzed based on the remaining period from the end of the reporting period to the contractual maturity date. The contractual cash flow amounts disclosed in the table below are undiscounted amounts.

Non-derivative financial liabilities	Within 6 months	6 to 12 months	1 to 3 years	Over 3 Years
December 31, 2021				
Short-term borrowings	$1,400,450	$1,774,800	$480,000	$0
Short-term bills payable	3,902,000	0	0	0
Notes payable and trade payables (including related parties)	182,551	5,694	574,791	124
Other payables	45,122	0	206	16
Provisions - current	7,980	3,650	15,810	17,268
Long-term borrowings (including long-term borrowing due within one operating cycle)	23,189	1,168,369	1,602,294	5,861,181
Lease liabilities	538	542	2,218	59,330

(including current)

December 31, 2020				
Short-term borrowings	$1,824,660	$2,184,146	$480,000	$0
Short-term bills payable	4,154,322	0	0	0
Notes payable and trade payables (including related parties)	423,550	22,112	564,251	0
Other payables	48,439	40	545	56
Provisions - current	3,390	3,086	13,233	16,108
Long-term borrowings (including long-term borrowing due within one operating cycle)	22,835	112,998	2,393,839	4,468,195
Lease liabilities (including current)	529	533	2,180	60,448

C. The Company does not expect that the cash flows for the maturity analysis will occur at a significantly earlier time point or that actual amounts will be significantly different.

(4) Information on fair value

A. The different levels of inputs used in the valuation techniques for measuring the fair value of financial and non-financial instruments have been defined as follows:

Level 1: The quoted price in an active market for identical assets or liabilities available to the enterprise at the measurement date. A market is regarded as active where transactions for the asset or liability take place with sufficient frequency and volume to provide pricing information on an ongoing basis. The fair value of the Company's investments in listed stocks, beneficiary certificates, and derivatives with quoted prices in an active market are all Level 1 inputs.

Level 2: The inputs are observable for the asset or liability, either directly or indirectly, excluding quoted prices included within Level 1. The fair values of certain derivative instruments and equity instruments invested by the Company are all Level 2 inputs.

Level 3: The unobservable input value of an asset or liability. The Company's investments in certain derivative instruments and investments in equity instruments with no active market are all level 3 inputs.

Details of changes in Level 3 fair value hierarchy

	Equity instruments without public quotes
December 31, 2021 (i.e. January 1,2021)	$82
December 31, 2020 (i.e. January 1, 2020)	$82

B. For information on the fair value of investment properties measured at cost, please refer to Note VI (XII).

C. For financial instruments with active markets, their fair value is measured at the market quoted prices on balance sheet date. When quoted prices can be obtained immediately and regularly from stock exchanges and regulatory agencies, and such quoted prices represent actual and regular market transactions under normal conditions, the markets are deemed active markets. The quoted market prices of financial assets held by the Company are the closing price or net asset value, and these instruments are included in Level 1. Level 1 instruments mainly include equity instruments, which are classified as Financial assets at fair value through profit or loss - current.

D. Below states the information on the Company's financial instruments measured at fair value that have been classified in accordance with the nature, characteristics, risks and fair values of assets or liabilities as of December 31, 2021 and 2020:

	December 31, 2021			
	Level 1	Level 2	Level 3	Total
Assets				
Repetitive fair value				
Financial assets at fair value through profit or loss - current				
Domestic listed stocks	$0	$0	$0	$0
Financial assets at fair value through profit or loss - non-current				
Domestic unlisted stocks (Venture Capital Fund)	0	0	82	82
Total	$0	$0	$82	$82

	December 31, 2020			
	Level 1	Level 2	Level 3	Total
Assets				
Repetitive fair value				
Financial assets at fair value through profit or loss - current				
Domestic listed stocks	$89,930	$0	$0	$89,930
Financial assets at fair value through profit or loss - non-current				
Domestic unlisted stocks (Venture Capital Fund)	0	0	82	82
Total	$89,930	$0	$82	$90,012

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

(1) The fair value of the Company's domestic listed stocks and beneficiary certificates are input based on the closing price and net value of the market price, respectively (i.e. Level 1).

(2) In addition to the aforementioned financial instruments with an active market, the fair value of other financial instruments is acquired by valuation technique or by reference to the counterparty quotes. The current fair value of financial instruments obtained through valuation techniques, discounted cash flow method or other valuation techniques, including the use of models based on market information available at the end of the reporting period (i.e. Level 2).

(3) In addition to the financial instruments in Level 1 and Level 2 mentioned above, the acquisition cost of the financial instruments is used as an input (i.e., Level 3).

(4) In 2021 and 2020, there was no transfer between Level 1 and Level 2 fair value measurement.

(5) In 2021 and 2020, there was no transfers into or out of Level 3.

XIII.Supplementary Disclosure

(I)Information on significant transactions was as follow:

No.	Summary	Description
1	Loaning to others.	None
2	Endorsements/guarantees to others.	Table I
3	Marketable securities held at the end of the period. (Excluding investment in Subsidiaries and Associates)	Table II
4	Cumulative amount of the stock of the same marketable securities purchased or sold totaling NT$300 million or more than 20% of the paid-in capital.	None
5	Acquisition of real estate totaling NT$300 million or more than 20% of the paid-in capital:	Table III
6	Disposal of real estate totaling NT$300 million or more than 20% of the paid-in capital.	None
7	Purchases or sales with related parties totaling NT$100 million or more than 20% of the paid-in capital.	Table IV
8	Receivables from related party totaling NT$100 million or more than 20% of the paid-in capital.	None
9	Engaging in derivatives trading.	None

(Table I)
Unit: NT$ thousand

Endorsements/guarantees to others.

No. (Note 1)	Name of Endorser/Guarantor	Object of Endorsements/Guarantees		Amount of Endorsements/Guarantees for a Single Enterprise (Note 3)	Maximum Balance of Endorsements/Guarantees in Current Period (Note 4)	Ending Balance of Endorsements/Guarantees (Note 5)	Actual Drawdown (Note 6)	Amount of Endorsements/Guarantees by Property	Ratio of Accumulated Endorsements/Guarantees to the Net Worth of the Most Recent Financial Statement	Aggregate Endorsement/Guarantee Limit (Note 3)	Guarantee Provided by Parent Company to a Subsidiary (Note 7)	Guarantee Provided by a Subsidiary to Parent Company (Note 7)	Guarantee Provided to Subsidiaries in Mainland China (Note 7)
		Name of Company	Relationship (Note 2)										
0	King's Town Construction Co., Ltd.	SanDi Properties Co., Ltd.	5	4,909,754	2,000,000	2,000,000	2,000,000	0	12.22%	8,182,923	N	N	N

Note 1: Instructions for the number column:
(1) The Company is "0".
(2) The investee companies are numbered in order starting from "1".

Note 2: Listed below are the 7 types of companies to which the Company may provide endorsement/guarantee:
(1) A company with which it does business.
(2) A company in which the Company directly and indirectly holds more than 50 percent of the voting shares.
(3) A company that directly and indirectly holds more than 50 percent of the voting shares in the Company.
(4) A company in which the Company directly and indirectly holds more than 90 percent of the voting shares.
(5) A company for which the peers or co-constructors guarantee mutually as agreed in the contract.
(6) A company that is endorsed and guaranteed by all shareholders based on their shareholding ratio due to the joint investment relationship.
(7) The joint and several guarantee for the performance of the pre-sale house sales contract between the peers in accordance with the Consumer Protection Act.

Note 3: (1) The total amount of the endorsement guarantees of the Company and its subsidiaries as a whole is limited to less than 50% of the net value of the Company.
(2) When the Company and its subsidiaries as a whole endorse a single enterprise, the maximum amount shall not exceed thirty percent of the net value of the Company, and shall not exceed fifty percent of the paid-up capital of the enterprise. With the exception of a subsidiary of the Company which holds 100% of the equity interest.

Note 4: Maximum balance of endorsement guarantee for others in the current year.

Note 5: It is the amount resolved by the Board of Directors.

Note 6: The actual drawdown amount by the endorsee/guarantee within the balance of the endorsement/guarantee shall be entered.

Note 7: "Y" must be filled in only for the listed OTC parent company's endorsement/guarantee for its subsidiaries, a subsidiary's endorsement/guarantee for its listed OTC parent company, and the endorsement/guarantee in Mainland China.

(Table II)

King's Town Construction Co., Ltd.
Marketable securities held (excluding investments in subsidiaries)
December 31, 2021

Unit: NT$ thousand

Securities holding company	Type and name of securities	Relationship with issuer of securities	Ledger account	Ending balance				Remark
				Number of shares (shares)	Carrying amount	Shareholding Ratio (%)	Fair value	
King's Town Construction Co., Ltd.	Huazhi Venture Capital	None	Financial assets at fair value through profit or loss - non-current	8,152	$82	1.63%	*	

*Huazhi Venture Capital was not fair valued because the amount was not material.

(Table III)

King's Town Construction Co., Ltd.

Acquisition of real estate totaling NT$300 million or more than 20% of the paid-in capital:

Unit: NT$ thousand

Acquirer of real estate	Name of property	Date of occurrence	Transaction amount	Payment collection status	Counterparty	Relationship with the Company	Information on prior transaction if the counterparty is related				Basis or reference for price setting	Purpose of acquisition and usage status	Other agreements
							Owner	Relationship with the issuer	Transfer date	Amount			
King's Town Construction Co., Ltd.	Cost equivalent land in the rezoning of self-administered municipal land at Caohu, Annan District, Tainan City (I)	2020.12.17	$395,000	Actual payment $195,000	Natural person Mr. Chung	None	-	-	-	-	Real estate valuation report by professional valuation firm	Land held for construction for business operations	
King's Town Construction Co., Ltd.	Yuguang Section No. 880, 895, 897, etc., Anping District, Tainan City	2020.12.17	$348,090	Actual payment $348,090	Natural person Mr. Chung	None	-	-	-	-	Real estate valuation report by professional valuation firm	Land held for construction for business operations	
King's Town Construction Co., Ltd.	Parcel No. 1, Longdong Section, Gushan District, Kaohsiung City	2021.3.6	$495,305	Actual payment $495,305	8 natural persons including Mr. Yu,	None	-	-	-	-	Real estate valuation report by professional valuation firm	Land held for construction for business operations	
King's Town Construction Co., Ltd.	Plot No. 820 at Kanjiao North Section, Rende District, Tainan City	2021.3.25	$3,381,875	Actual payment $3,381,875	Natural persons Mr. Chung and Mr. Hsu	None	-	-	-	-	Real estate valuation report by professional valuation firm	Land held for construction for business operations	

The transfer of the above cost equivalent land in the rezoning of self-administered municipal land at Caohu, Annan District, Tainan City (I) is not yet completed by the end of December 2021, therefore, recorded as land prepayment, and the rest transfer are listed as land held for construction.

(Table IV)

Purchases or sales with related parties totaling NT$100 million or more than 20% of the paid-in capital:

Unit: NT$ thousand

Name of company	Counterparty	Relationship	Transaction details				Transaction with terms different from others		Notes and trade receivable (payable)		Remark
			Purchase (sale)	Amount	Percentage of total purchase/(sales)	Payment term	Unit price	Payment term	Balance	Percentage of total notes/ trade receivable (payable)	
King's Town Construction Co., Ltd.	Chieh Chih Construction Co., Ltd.	Relative within the second degree of kinship of the Chairman of the Company is the Chairman of such company.	Purchases	$328,598	5.42%	Subject to contract	-	-	Notes payable $55,022 Trade payables $298,857	32.01% 50.54%	
King's Town Construction Co., Ltd.	Baihong Construction Co., Ltd.	The Company's Chairman is the supervisor of such company	Purchases	$276,217	4.55%	Subject to contract	-	-	Notes payable $35,002 Trade payables $275,934	20.37% 46.66%	

(II)Information on reinvestment:

Name of Investor	Name of Investee	Location	Main business activities	Initial investment amount		Ending balance			Profit (Loss) of investee for the period	Investment profit (loss) recognized	Remark
				Ending balance for the current period	End of last year	Shares (in thousand)	Percentage (%)	Carrying amount			
The Company	H2O Hotel Co., Ltd.	No. 366, Minghua Rd., Gushan Dist., Kaohsiung City	Hotel and restaurant	$390,000	$320,000	39,000	100%	$65,100	($72,267)	($59,470)	I

Note I: The Company recognized a loss share of NT$72,267 thousand in the investee company. In addition, due to the lease of real estate to a subsidiary, H2O Hotel Co., Ltd., the leasing subsidiary was classified as a right-of-use asset and lease liability under IFRS 16 as of January 1, 2019, while the Company was classified as an operating lease, resulting in a difference in profit or loss recognition, which affected the Company's share of profit recognized using the equity method. The difference affected the Company's share of benefit recognized under the equity method by NT$12,797thousand.

(III)Disclosure of information on investments in Mainland China:

None.

(IV) Information on major shareholders

Name of major shareholders	Shareholding (shares)	Shareholding
Tsai, Tien-Tsan	85,577,838	23.01%
Tiangang Investment Co., Ltd.	63,328,801	17.03%
Tianye Investment Co., Ltd.	49,652,072	13.35%
Chien-Chih Construction Co., Ltd.	31,651,513	8.51%
Tsai, Chiung-Ting	23,616,339	6.35%
Meiyun S. Tsai	20,209,951	5.43%

(1) The major shareholders in this table are shareholders holding more than 5% of the common and preference shares that have completed delivery of non-physical registration (including treasury shares) on the last business day of each quarter calculated by the Taiwan Depository & Clearing Corporation. However, the share capital recorded in the Company's financial report and the number of shares actually delivered by the Company without physical registration may differ due to calculation basis.

(2) For the above are shares entrusted by the shareholders, the information thereto shall base on the shares disclosed by the individual trust account of opened by the trustees. For information on shareholders, who declare to be insiders holding more than 10% of shares in accordance with the Securities and Exchange Act, and their shareholdings include their shareholdings plus their delivery of trust and shares with the right to make decisions on trust property, please refer to MOPS.

XIV.Operating Segment Financial Information

(I)Operating segment

N/A

King's Town Construction Co., Ltd.

Statements of Accounting Items

2021

(In Thousands of New Taiwan Dollars, unless otherwise specified)

Statements of significant accounting subjects

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Statement of other receivables and other receivables from related parties	Statement V
Statement of buildings and land held for sale	Statement VI
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Statement of changes in land held for construction	Statement VIII
Statement of prepaid premises	Statement IX
Statement of prepayments, other current assets and other financial assets - current	Statement X
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Statement I

King's Town Construction Co., Ltd.
Statement s of cash and cash equivalents
As of December 31, 2021

Item	Summary	Amount	Remark
Cash	Cash on hand and petty cash	$78	
Bank deposits	Demand deposits	972,864	
	Checking deposits	191	
Total		$973,133	

Statement II

King's Town Construction Co., Ltd.
Statement of change in financial assets at fair value through profit or loss - non-cureent
As of December 31, 2021

Investee	Beginning balance		Increase in the current period		Decrease in the current period		Ending balance				Guarantee or pledge
	Number of shares	Amount	Number of Shares	Amount	Number of Shares	Amount	Category	Number of Shares	Shareholding	Amount	
Huazhi Venture Capital Co,, Ltd.	-	$82	-	$0	-	$0	Ordinary shares	0		$82	None

Statement III

King's Town Construction Co., Ltd.
Statement of notes receivables
As of December 31, 2021

Name of client	Summary	Amount	Remark
(1)Notes receivable:			
Non-related party			
Mr. Chien and Mr. Tsai	Operation	$10,438	
Mr. Wang	Operation	8,280	
Mr. Mai	Operation	5,000	
Mr. Tsai (King's Town)	Operation	6,500	
Mr. Yeh and Mr. Tsai (King's Town Hyatt)	Operation	3,214	
Mr. Sun	Operation	3,250	
Subtotal		$36,682	
Less: Allowance for doubtful accounts		0	
Net notes receivable		$36,682	
(2)Long-term notes receivable:			
Non-related party			
Mr. Lai	Operation	$15,000	
Less: Long-term notes receivable due within one year		0	
Long-term notes receivable - non-current		$15,000	

Statement IV

King's Town Construction Co., Ltd.

Statement of net trade receivables and receivables from related parties

As of December 31, 2021

Name of client	Summary	Amount	Remark
(1)Trade receivables:			
Non-related party			
Mr. Yeh	Operation	$22	
Mr. Leung	Operation	3,900	
Mr. Leung	Operation	6,900	
Mr. Wang	Operation	17,130	
Mr. Chen	Operation	17,800	
Mr. Chuang	Operation	19,020	
Mr. Lin	Operation	20,000	
Mr. Tseng	Operation	100	
Mr. Tseng	Operation	100	
Mr. Chen and Mr. Fung	Operation	24,880	
Mr. Chang	Operation	15,870	
Youting System	Rental income from Chenggong Section No. 60-1, 62~64	275	
Tongguli Engineering	Rental income from Longzhong Section No. 191	96	
Bao Sheng Parking	Rental income from Qinghai No. 229, Xinmin No. 160, Lan Tian Middle Section No. 30-2 and Xingnan Section No. 11 , Xindu Section No. 49 and Longzhong Section No. 22, etc.	260	
Ting Wang Technology	Rental income from Longzhong Section No. 128-4	66	
Tingyi Technology	Rental income from Longzhong Section No. 129-3~4 and Qinghai Section No. 126~128	278	
Subtotal		$126,697	
Less: Allowance for doubtful accounts		(22)	
Net trade receivables		$126,675	
(2)Trade receivables - related parties - net			
H2O Hotel	Rental income from Mei Shu Huang Ju, King's Town Garden and Longbei Section No. 22 and Longzhong Section No. 128-3, etc.	$3,371	

Statement V

King's Town Construction Co., Ltd.

Statement of other receivables and other receivables from related parties

As of December 31, 2021

Item	Summary	Amount	Remark
(1)Other receivables			
Taiwan Power Company	Photovoltaic revenue receivables	$17	
SanDi Properties Co., Ltd.	Receivables of apportionment engineering, personnel and administrative expenses	24	
Sun Young International	Display board receivables	38	
Others	Interest receivable on fixed deposits	4	
Total		$83	
(2)Other receivables - related parties:			
Meiyun S. Tsai	Receivables of apportionment decoration projects from landlord, salaries, Incidental expenses, etc.	$128	

Statement VI

King's Town Construction Co., Ltd.
Statement of buildings and land held for sale
As of December 31, 2021

Item	Summary	Amount		Guarantee or pledge
		Cost	Net realizable value	
Mandala		$18,981	$57,627	None
King's Town		2,240,305	7,719,100	Short-term borrowings
King's Town Hyatt		776,157	864,597	None
Hua Shang		114,478	282,238	None
Yiwen Court		544,313	843,162	None
Ju Dan		219,785	419,603	None
Tian Feng		207,961	329,574	None
King's Hanshin Online		128,296	245,371	None
Mei Shu Huang Ju		2,168,241	3,442,902	None
King's Town Garden		613,237	1,257,750	None
Xiang King's Town		8,463	10,000	None
Yue He Di		111,130	136,498	None
Other projects		542	0	None
Subtotal		$7,151,889	$15,608,422	
Less: Allowance for reduction to market		(542)		
Net		$7,151,347		

King's Town Construction Co., Ltd.

Statement of changes in land held for construction

As of December 31, 2021

Construction name	Beginning balance	Current increase			Current decrease	Ending balance	Guarantee or pledge
		Land under construction	Construction costs	Capitalized interest	Completion and transfer out		
Fuhe Section No. 698-1	$429,736	$0	$1,756	$6,705	$0	$438,197	Long-term borrowings
Aiqun No. 2748, 5 in total (King's Town World of Heart)	1,331,238	30,279	341,250	20,585	0	1,723,352	Short-term borrowings
Xin Du Section No. 321.163-1.164.320	952,109	0	281,565	16,937	0	1,250,611	Short-term borrowings
Total	$2,713,083	$30,279	$624,571	$44,227	$0	$3,412,160	

Statement VIII

King's Town Construction Co., Ltd.
Statement of changes in land held for construction
As of December 31, 2021

Construction name	Beginning balance	Current increase		Current decrease		Ending balance	Guarantee or pledge
		Land costs	Capitalized interest	Transferred to construction in progress	Volume transfer		
Kaohsiung Chenggong Section No. 84	$14,533	$0	$0	$0	$0	$14,533	Short-term bills payable
Kaohsiung Chenggong Section No. 60-1, 62~64	540,267	0	0	0	0	540,267	Short-term borrowings and short-term bills payable
Kaohsiung Longzhong Section No. 191	370,653	0	0	0	0	370,653	Short-term bills payable
Kaohsiung Longzhong Section No. 129-3, 129-4	1,610,110	0	0	0	0	1,610,110	Short-term borrowings
Kaohsiung Longzhong Section No. 128-4, etc, 3 in total	716,926	0	0	0	0	716,926	Short-term bills payable
Kaohsiung Chenggong Section No. 74, 78	28,397	0	0	0	0	28,397	Short-term bills payable
Kaohsiung Chenggong Section No. 70	13,805	0	0	0	0	13,805	Short-term bills payable
Kaohsiung Chenggong Section No. 83	19,016	0	0	0	0	19,016	Short-term bills payable
Kaohsiung Qinghai No. 229	4,278,594	0	0	0	0	4,278,594	Long-term borrowings and short-term bills payable
Kaohsiung Aiqun No. 2738-2	30,279	0	0	30,279	0	0	None

Statement VIII

King's Town Construction Co., Ltd.
Statement of changes in land held for construction (Continued)
As of December 31, 2021

Construction name	Beginning balance	Current increase		Current decrease		Ending balance	Guarantee or pledge
		Land costs	Capitalized interest	Transferred to construction in progress	Volume transfer		
Kaohsiung Qinghai Section No. 126	$685,719	$0	$0	$0	$0	$685,719	Long-term borrowings
Kaohsiung Qinghai Section No. 127	662,012	0	0	0	0	662,012	Long-term borrowings
Kaohsiung Qinghai Section No. 128	379,145	0	0	0	0	379,145	Long-term borrowings
Kaohsiung Longzhong Section No. 128-3	52,266	0	0	0	0	52,266	None
Kaohsiung Bohsiao Section No. 1140, 7 in total	655,287	0	0	0	0	655,287	Long-term borrowings
Kaohsiung Lantian Middle Section No. 30-2	757,742	0	0	0	0	757,742	Short-term borrowings
Kaohsiung Xingnan Section No. 11	259,585	0	0	0	0	259,585	Short-term bills payable
Kaohsiung Longzhong Section No. 22	1,998,033	0	0	0	0	1,998,033	Long-term borrowings and short-term bills payable
Kaohsiung Xinmin Section No. 160	792,708	0	0	0	0	792,708	Long-term borrowings
Kaohsiung Xinmin Section No. 159	828,072	0	0	0	0	828,072	Long-term borrowings

King's Town Construction Co., Ltd.
Statement of changes in land held for construction (Continued)
As of December 31, 2021

Construction name	Beginning balance	Current increase: Land costs	Current increase: Capitalized interest	Current decrease: Transferred to construction in progress	Current decrease: Volume transfer	Ending balance	Guarantee or pledge
Tainan Yuguang Section No. 880, 3 in total (895 & 897)	$0	348,175	$650	$0	$0	$348,825	Short-term borrowings
Kaohsiung Chenggong Section No. 73	0	18,992	191	0	0	19,183	None
Kaohsiung Qiaotou Shixing Section No. 924	0	14,055	0	0	0	14,055	Long-term borrowings
Kaohsiung Qiaotou Shixing Section 925, 2 in total (932)	0	112,046	150	0	0	112,196	Long-term borrowings
Kaohsiung Qiaotou Shixing Section 927, 3 in total (931 & 933)	0	84,500	125	0	0	84,625	Long-term borrowings
Kaohsiung Qiaotou Shixing Section 928, 3 in total (930 & 934)	0	107,399	155	0	0	107,554	Long-term borrowings
Kaohsiung Qiaotou Shixing Section No. 967	0	6,640	0	0	0	6,640	Long-term borrowings
Kaohsiung Qiaotou Shixing Section No. 968	0	42,794	0	0	0	42,794	Long-term borrowings
Kaohsiung Chenggong Section No. 79	0	26,091	0	0	0	26,091	None
Tainan Yuguang Section No. 879	0	86,490	154	0	0	86,644	Short-term borrowings
Kaohsiung Longdong Section No. 1	0	513,584	407	0	0	513,991	Long-term borrowings
Tainan Kanjiao North Section No. 820	0	3,382,509	3,157	0	0	3,385,666	Long-term borrowings
Kaohsiung Xindu Section No. 49	0	46,545	108	0	0	46,653	None
Transferable land and deformed land	955,773	208,156	135	0	3,146	1,160,918	None
Total	$15,648,922	$4,997,976	$5,232	$30,279	$3,146	$20,618,705	

King's Town Construction Co., Ltd.
Statement of change in prepaid premises
As of December 31, 2021

Name of project/construction	Beginning balance	Current increase		Current decrease				Ending balance
		Cost	Capitalized interest	Transfer of held for construction	Transfer of land under construction	Transaction cancellation refund	Transfer of land held for construction	
Kaohsiung Chenggong Section No. 60-1, 62-64	$0	$117,430	$269	$0	$0	$0	$0	$117,699
Tainan Anan District, Caohu Phase I	50,033	145,000	2,820	0	0	0	0	197,853
Tainan Yuguang Section No. 880, 3 in total	35,023	313,090	627	0	0	0	348,740	0
Kaohsiung Chenggong Section No. 73	8,880	5,112	171	0	0	0	14,163	0
Kaohsiung Qiaotou Shixing Section No. 924	1,400	12,576	0	0	0	0	13,976	0
Kaohsiung Qiaotou Shixing Section 925, 3 in total	10,000	103,096	150	0	0	0	113,246	0
Kaohsiung Qiaotou Shixing Section 927, 3 in total	9,250	83,252	125	0	0	0	92,627	0
Kaohsiung Qiaotou Shixing Section 928, 3 in total	11,495	103,454	155	0	0	0	115,104	0
Kaohsiung Qiaotou Shixing Section No. 967	660	5,940	0	0	0	0	6,600	0
Kaohsiung Qiaotou Shixing Section No. 968	4,260	38,315	0	0	0	0	42,575	0
Kaohsiung Chenggong Section No. 79	8,880	17,000	0	0	0	0	25,880	0
Tainan Yuguang Section No. 879	0	86,464	154	0	0	0	86,618	0
Tainan Dagang Section No. 129	0	43,185	0	0	0	0	43,185	0
Tainan Xiaobei Section No. 1181, 15 in total	0	81,805	130	0	0	0	81,935	0
Kaohsiung Qiaotou Shixing Section No. 867	400	3,512	5	0	0	0	3,917	0
Kaohsiung Longdong Section No. 1	0	495,305	407	0	0	0	495,712	0
Tainan Kanjiao North Section No. 820	0	3,381,875	3,157	0	0	0	3,385,032	0
Kaohsiung Xingshu Section No. 221	0	2,278	0	0	0	0	2,278	0
Tainan Xiqian Section No. 1220-1	0	37,815	0	0	0	0	37,815	0
Kaohsiung Xindu Section No. 49	0	46,297	108	0	0	0	46,405	0
Kaohsiung Yanchao Sea Section No. 799	0	2,411	0	0	0	0	2,411	0
Tainan Rende Zhongcuo Section No. 109-1	0	17,944	0	0	0	0	17,944	0
Kaohsiung Qiaotou Shixing Section No. 935-1	0	1,000	0	0	0	0	0	1,000
Subtotal	$140,281	$5,144,156	$8,278	$0	$0	$0	$4,976,163	$316,552

Statement X

King's Town Construction Co., Ltd.
Statement of prepayments, other current assets and other financial assets - current
As of December 31, 2021

Item	Summary	Amount	Remark
Prepaid expenses	Prepaid insurance premiums for buildings, group insurance, etc.	$385	
	Prepaid rent	207	
	Prepaid construction expenses	535,235	
	Prepaid network fee, permanent legal advisor fee and security service fee, etc.	10,173	
Subtotal		$546,000	
Input tax	Business tax not yet filed at the end of December 2021	$35	
Toto prepayments		$546,035	
Payments on behalf of others	Taxes, donations, etc. payments on behalf	$2,966	
Incremental costs of obtaining a contract	Incremental cost of obtaining a contract Commission paid to the agent for obtaining the agreement for sale and purchase of premises which the Company expects to recover	87,953	
Total other current assets		$90,919	
Other financial assets - current	Advances from construction project trust funds and performance bond	$66,156	

Statement XI

King's Town Construction Co., Ltd.
Long-term equity investments accounted for using the equity method
As of December 31, 2021

	Beginning balance		Increase in the current period			Decrease in the current period			Ending balance				Net equity			
Investee	Number of shares (in thousands)	Amount	Number of shares (in thousands)	Amount	Share of profit or loss recognized using the equity method in accordance with IFRS 16	Number of shares (in thousands)	Amount	Investment (loss) gain	Category	Number of shares (in thousands)	Shareholding	Amount	Total	Unit price (Dollar)	Valuation basis	Guarantee or pledge
H2O Hotel Co., Ltd.	32,000	$54,570	7,000	$70,000	$12,797	0	$0	($72,267)	Ordinary shares	39,000	100.00%	$65,100	$26,082	0.67	Equity method	None

King's Town Construction Co., Ltd.
Statement of short-term loans
As of December 31, 2021

Type of Loans	Summary	Ending balance	Contract period	Interest rate range	Line of credit	Pledge or guarantee
Secured borrowings	Financial institution borrowings	$874,800	2021/07/29 ~ 2022/07/29	1.80%	$1,194,000	Land held for construction: Longzhong Section No. 129-3, 129-4
Secured borrowings	Financial institution borrowings	900,000	2021/11/19 ~ 2022/11/15	1.59078%	900,000	Buildings held for sale: Longzhong Section No. 27 (King's Town)
Secured borrowings	Financial institution borrowings	447,000	2021/12/27 ~ 2022/01/26	1.55%	1,365,000	Construction in progress: Aiqun Section No. 2748 (King's Park World of Heart)
Secured borrowings	Financial institution borrowings	540,000	2021/12/27 ~ 2022/01/26	1.55%	1,260,000	Premises provided by related parties
Secured borrowings	Financial institution borrowings	0	-	-	100,000	Marketable securities provided by related parties
Secured borrowings	Financial institution borrowings	413,450	2021/12/27~2022/01/26	1.55%	489,000	Land held for construction: Lantian Middle Section No. 30-2
Secured borrowings	Financial institution borrowings	480,000	2020/06/15～2023/05/25	1.585%	480,000	Construction in progress: Xindu Section No. 321, 163-1, 164 (Fu+)
Secured borrowings	Financial institution borrowings	0	-	-	1,004,245	Land held for construction: Tainan Yuguang Section No. 880, 3 in total, and Yuguang Section No. 879, 1 in total
Total		$3,655,250			$6,792,245	

King's Town Construction Co., Ltd.

Statement of short-term bills payable

As of December 31, 2021

Item	Guarantor/accepting institution	Contract period	Interest rate range	Issued amount	Unamortized discount on short-term bills payable	Carrying amount	Pledge or guarantee
Issuance of commercial paper	China Bills Finance Corp. (Guaranteed by O-Bank)	Less than 1 year	0.548%	$400,000	$915	$399,085	Private land provided by related parties
Issuance of commercial paper	Mega Bank - Lingyarong Co., Ltd.	Within 1 year	1.480%	1,765,000	2,973	1,762,027	Land held for construction - Qinghai Section No. 216 & 229
Issuance of commercial paper	Mega Bank - Lingyarong Co., Ltd.	Within 1 year	1.480%	607,000	1,023	605,977	Land held for construction - Longzhong Section No. 22
Issuance of commercial paper	Ta Ching Bills Finance Corporation (Guaranteed by Shin Kong Commercial Bank)	Less than 1 year	0.478%	200,000	49	199,951	Land held for construction - Chenggong Section No. 60-1, etc., 9 in total
Issuance of commercial paper	China Bills Finance Corp.	Less than 1 year	1.50%	350,000	23	349,977	Private land provided by related parties
Issuance of commercial paper	Grand Bills Finance Corp.	Less than 1 year	1.538%	400,000	33	399,967	Land held for construction - Longzhong Section No. 191
Issuance of commercial paper	Grand Bills Finance Corp.	Within 1 year	1.538%	180,000	15	$179,985	Land held for construction - Xingnan Section No. 11
Total				$3,902,000	$5,031	$3,896,969	

Statement XIV

King's Town Construction Co., Ltd.
Statement of contract liabilities - current
As of December 31, 2021

Item	Summary	Amount	Remark
Sale of premises	King's Town	$47,236	
	King's Town Hyatt	43,706	
	Yiwen Court	34,326	
	King's Hanshin Online	41,979	
	Mei Shu Huang Ju	17,222	
	King's Town Garden	52,771	
	World of Heart	250,984	
	Yue He Di	8,260	
	Fu +	45,959	
	Jing Wu Tong	18,138	
	Subtotal	$560,581	
Rental premises	Shih Yu Food And Drink Co., Ltd.	$45	
	Li Xin Technology Industrial Co., Ltd.	14	
	Bao Sheng Parking	158	
	American Institute in Taiwan	770	
	Subtotal	$987	
	Total	$561,568	

Statement XV

King's Town Construction Co., Ltd.
Statement of notes payable
As of December 31, 2021

Name of client	Summary	Amount	Remark
Related parties: Operation			
Chieh Chih Construction Co., Ltd.	Construction	$55,002	
Baihong Construction Co., Ltd.	Construction	35,002	
Subtotal		$90,004	
Non-related parties: Operation			
Fu Zhu Advertising and Marketing Co., Ltd.	Sales commission	$8,816	
SunYoung International	Sales commission	18,874	
Shang Wang Development Co., Ltd.	Sales commission	9,224	
Yin Shui Zhuang Business Co., Ltd.	Sales commission	4,197	
Qiao Mu Interior Design Co., Ltd.	Mock-up decoration project	9,040	
Others		31,648	(Note)
Subtotal		$81,799	
Total		$171,803	

Note: The balance of each account did not exceed the amount of NT$4,000 thousand.

Statement XVI

King's Town Construction Co., Ltd.

Statement of trade payables

As of December 31, 2021

Name of client	Summary	Amount	Remark
Related parties: Operation			
Chieh Chih Construction Co., Ltd.	Construction	$298,857	
Baihong Construction Co., Ltd.	Construction	275,934	
Subtotal		$574,791	
Non-related parties: Operation			
Hsin-kao Gas	Gas engineering	$4,940	
Mr. Chen	Land payment	5,000	
Others		6,626	(Note)
Subtotal		$16,566	
Total		$591,357	

Note: The balance of each account did not exceed the amount of NT$3,500 thousand.

Statement XVII

King's Town Construction Co., Ltd.
Statement of other payables
As of December 31, 2021

Item	Summary	Amount	Remark
Salary payable	December salary and year-end bonus	$10,297	
Bonuses payable to employees	Employee compensation accruals for 2021	19,462	
Retirement benefits expenses payable	December retirement benefits	119	
Interest expense payable	December interest expense	8,485	
Rental expenses payable	Photocopier rental	25	
Others	Labor costs, labor and health insurance premiums, welfare payments, security fees, repair and maintenance fees, management fees, advertising fees and transportation costs, etc.	6,803	(Including trade payable from other related parties of NT$325 thousand)
Subtotal		$45,191	
Other payables - other	Refund of settlement due and refund	$153	
Subtotal		$153	
Total		$45,344	

King's Town Construction Co., Ltd.
Statement of long-term borrowings
As of December 31, 2021

Type of Loans	Summary	Amount: Due within one operating cycle	Amount: Due over one operating cycle	Amount: Total	Contract period	Interest rate range	Line of credit	Pledge or guarantee
Secured borrowings	Financial institution borrowings	$0	$1,765,000	$1,765,000	2020.03.11-2028.12.31	1.73%	$2,000,000	Land held for construction - Qinghai Section No. 229 and private land provided by related parties
Secured borrowings	Financial institution borrowings	0	607,000	607,000	2019.06.28~2026.06.30	1.70%	1,082,000	Land held for construction - Longzhong Section No. 22
Secured borrowings	Financial institution borrowings	0	0	0	-	-	2,200,000	Construction in process - Fuhe Section No. 698-1
Secured borrowings	Financial institution borrowings	$0	272,000	272,000	2012.01.03-2024.01.03	1.54%	272,000	Private land provided by related parties
Secured borrowings	Financial institution borrowings	46,558	484,475	531,033	2017.07.17~2032.07.17	1.54%	531,033	Investment properties Longbei Section No. 22
Secured borrowings	Financial institution borrowings	0	510,000	510,000	2019.05.16~2023.11.16	1.45%	860,000	Land held for construction - Bohsiao Section No. 1140
Secured borrowings	Financial institution borrowings	0	1,300,000	1,300,000	2020.03.12-2025.03.12	1.45%	1,300,000	Land held for construction - Qinghai Section No. 126~128
Secured borrowings	Financial institution borrowings	0	550,000	550,000	2019.10.17~2022.10.17		635,000	Land held for construction - Xinmin No. 160
Secured borrowings	Financial institution borrowings	0	50,000	50,000	2019.11.19~2022.11.19			
Secured borrowings	Financial institution borrowings	0	75,000	75,000	2020.01.13~2023.01.13	1.43%		
Secured borrowings	Financial institution borrowings	0	545,000	545,000	2019.11.01~2022.11.01			
Secured borrowings	Financial institution borrowings	0	50,000	50,000	2020.01.02~2023.01.02		635,000	Land held for construction - Xinmin No. 159
Secured borrowings	Financial institution borrowings	0	500,000	500,000	2020.06.10-2023.06.10	1.606881%	1,000,000	Private land provided by related parties
Secured borrowings	Financial institution borrowings	0	0		-	-	230,000	Land held for construction - Section 924, 9 in total
Secured borrowings	Financial institution borrowings	0	0		-	-	220,000	Land held for construction - Longdong Section No. 1
Secured borrowings	Financial institution borrowings	0	1,900,000	1,900,000	2021.10.26~2026.10.26	1.80%	2,000,000	Land held for construction - Kanjiao North Section No. 820
Total		$46,558	$8,608,475	$8,655,033			$12,965,033	
Less: Long-term borrowings due within one operating cycle				($46,558)				
Net long-term borrowings				$8,608,475				

Statement XIX

King's Town Construction Co., Ltd.
Statement of lease liabilities
As of December 31, 2021

Item	Amount			Contract period	Interest
	Due within one year	Due over one year	Total		
Land	$1,080	$61,548	$62,628	Land leased from Kaohsiung City Finance Bureau for NT$2,154 thousand per year and NT$180 thousand per month for the lease period of 2012.8.7 to 2062.6.7	1.73% per annum

Statement XX

King's Town Construction Co., Ltd.
Statement of operating revenue
As of December 31, 2021

Item	Summary	Amount	Remark
Land revenue	Mandala	$36,000	
	King's Town	333,885	
	Xiande Section No. 826	23,100	
	King's Town Hyatt	37,296	
	Yiwen Court	257,348	
	Ju Dan	312,107	
	King's Hanshin Online	263,725	
	Mei Shu Huang Ju	931,474	
	King's Town Garden	745,875	
	Yue He Di	111,219	
	Subtotal	$3,052,029	
Sales returns and discounts	Land for sale	(71)	
		$3,051,958	

King's Town Construction Co., Ltd.
Statement of operating revenue (Continued)
As of December 31, 2021

Item	Summary	Amount	Remark
Building revenue	Mandala	$22,857	
	King's Town	339,930	
	Xiande Section No. 826	35,895	
	King's Town Hyatt	90,443	
	Yiwen Court	394,288	
	Ju Dan	216,830	
	King's Hanshin Online	266,100	
	Mei Shu Huang Ju	940,349	
	King's Town Garden	993,014	
	Yue He Di	88,287	
	Subtotal	$3,387,993	
Sales returns and discounts	Premises for sale	(102)	
		$3,387,891	
Other operating revenue	Rental income	$63,038	

Statement XXI

King's Town Construction Co., Ltd.
Statement of operating costs
As of December 31, 2021

Subject name	Summary	Amount	Remark
Prepayment for land and buildings at the beginning of the period		$140,281	
Purchase of land and buildings during the period		5,152,434	
Prepayment for land and buildings at the end of the period		(316,552)	
Transfer to land held for construction		$4,976,163	
Land held for construction at the beginning of the period		15,648,922	
Add: Purchase of land held for construction in the current period		27,045	
Land held for construction at the end of the period		(20,618,705)	
Less: Volume transfer of land held for construction		(3,146)	
Construction in progress - Land held for construction		$30,279	
Construction project		608,303	
Construction expenses		60,495	
Construction costs		$699,077	
Construction in Progress at the beginning of the period		2,713,083	
Construction in Progress at the end of the period		(3,412,160)	
Building costs		$0	
Buildings and land held for sale at the beginning of the period		10,679,653	
Buildings and land held for sale at the endg of the period		(7,151,889)	
Add: Increase in renovation work during the period		269,066	
Payment for construction work and repairs, etc.		4,330	
Home appliances gift for customers		3,173	
Construction costs		$3,804,333	
Other operating costs		$79,078	
Operating costs		$3,883,411	

Statement XXII

King's Town Construction Co., Ltd.
Statement of selling and marketing expenses
As of December 31, 2021

Subject name	Summary	Amount	Remark
Salary expenses		$9,098	
Postage & Telegram charge		50	
Repairs and maintenance expense		20,385	
Advertising fee		162,422	
Utility fee		12,782	
Insurance fee		688	
Tax expense		71,874	
Food expenses		173	
Commission expenses		2,801	
Miscellaneous expenses		66,222	
Service fees		30	
Retirement benefit		293	
Total		$346,818	

Statement XXIII

King's Town Construction Co., Ltd.
Statement of general and administrative expenses
As of December 31, 2021

Subject name	Summary	Amount	Remark
Salary expenses		$52,338	
Rental expenses		6,802	
Stationery		1,168	
Travel expense		56	
Delivery expense		25	
Postage & Telegram charge		801	
Repairs and maintenance expense		654	
Advertising fee		412	
Utility fee		1	
Insurance fee		3,329	
Entertainment expense		9,458	
Tax expense		35,023	
Depreciation		1,304	
Amortization expense		320	
Overtime allowance expense		165	
Food expenses		825	
Employee benefits		6,503	
Training fee		100	
Transportation fee		567	
Sundry purchases		278	
Service fees		2,725	
Retirement benefit		1,548	
Book fee		43	
Miscellaneous expenses		3,666	
Total		$128,111	

VI. In the Most Recent Fiscal Year and up to the Publication Date of the Annual Report, Any Financial Difficulties Experienced by the Company or Its Affiliates and the Impact on the Company's Financial Position

Chapter 7. Review and Analysis of the Company's Financial Position and Financial Performance, and Listing of Risks

I. Financial Position:

Review and Analysis of Financial Position

Analysis of Financial Position

Unit: NT$ thousands

Item \ Year	2021	2020	Difference	
			Amount	%
Current assets	33,464,187	31,278,021	2,186,166	6.99%
Financial assets at fair value through profit or loss - non-current	82	82	0	-
Financial assets at cost - non-current	0	0	0	-
Investments accounted for using the equity method	13,888	15,566	-1,678	-10.78%
Property, plant, and equipment	735,365	802,258	-66,893	-8.34%
Net right-of-use assets	61,216	62,731	-1,515	-2.42%
Intangible assets	164,667	169,290	-4,623	-2.73%
Other assets	67,980	51,266	16,714	32.60%
Total assets	34,507,385	32,379,214	2,128,171	6.57%
Current liabilities	9,421,299	10,728,951	-1,307,652	-12.19%
Non-current liabilities	8,720,240	6,988,048	1,732,192	24.79%
Total liabilities	18,141,539	17,716,999	424,540	2.40%
Share capital	3,717,590	3,711,931	5,659	0.15%
Capital surplus	13,865	0	13,865	
Retained earnings	12,634,391	10,950,284	1,684,107	15.38%
Total equity	16,365,846	14,662,215	1,703,631	11.62%

Explanations:

The main reasons for any material change in assets, liabilities, or equity in the past two fiscal years, and describe the effect and countermeasures thereof:

(1) Other assets in 2021 increased by $16,714,000 (+32.60%) compared with 2020, mainly due to the increase in notes from customer renovation work in 2021 compared with last year.

(2) Non-current liabilities in 2021 increased by $1,732,192,000 (+24.79%) compared with 2020, mainly due to the increase in long-term borrowings in 2021 compared with last year.

Countermeasures: The above are changes arising from normal operations, and no countermeasure is required.

II. Financial Performance:

Review and Analysis of Financial Performance

Analysis of Financial Performance

Unit: $ thousands

Item \ Year	2021	2020	Increase (decrease) amount	Changes (%)
Total operating revenue	6,657,417	8,669,611	-2,012,194	-23.21%
Less: Sales returns and discounts	(173)	(1,762)	1,589	-
Net operating revenue	6,657,244	8,667,849	-2,010,605	-23.20%
Operating costs	3,970,638	5,684,124	-1,713,486	-30.15%
Gross profit	2,686,606	2,983,725	-297,119	-9.96%
Operating expenses	612,651	809,024	-196,373	-24.27%
Operating income	2,073,955	2,174,701	-100,746	-4.63%
Non-operating income and expenses	(147,236)	(241,777)	94,541	-39.10%
Net income before income tax from continuing operations	1,926,719	1,932,924	-6,205	-0.32%
Income tax expenses	239,310	248,032	-8,722	-3.52%
Net income from continuing operations	1,687,409	1,684,892	2,517	0.15%
Other comprehensive income	(3,302)	(216)	-3,086	1428.70%
Total comprehensive income	1,684,107	1,684,676	(569)	-0.03%

Explanations:

1. Analysis of the changes in the increase and decrease ratios in the last two years:
   (1) Net operating revenue in 2021 decreased by $ 2,012,194,000 (-23.20%) compared with 2020, mainly because the Company’s downstream sales products in 2021 were more than those in 2020, and the operating revenue in 2021 was not as good as in 2020.
   (2) The operating cost in 2021 decreased by $1,713,486,000 (-30.15%) compared with that in 2020, for the same reason as in item (1).
   (3) The operating expenses in 2021 decreased by $196,373,000 (--24.27%) compared with that in 2020, for the same reason as in item (1).
   (4) Non-operating income and expenses in 2021 increased by $94,541,000 (-39.10%) compared with 2020, mainly due to the decrease in financial costs in 2021 compared with 2020.
2. Sales volume forecast and the basis thereof: The Company did not compile financial forecasts for 2021. Please refer to page 2.
3. Possible impact on the Company's future financial business and countermeasures: None.

III. Cash Flows:

Review and Analysis of Cash Flows

Cash Flows Analysis

Unit: NT$ thousands

Beginning cash balance	Net cash flows from operating activities	Cash flows	Cash surplus (shortage)	Remedies for cash shortage	
				Investment plan	Financing plan
$624,909	($157,603)	$443,521	$1,068,430	$42,177	558,947

I. Cash flow analysis for the current year:

1. Operating activities:
   As the increase in inventory in 2021 exceeded the sale of goods, the net cash outflow from operating activities for the year was $157,603,000.
2. Investing activities:
   As the refundable deposit in 2021 was lower than that in 2020, the cash inflow from investing activities for the year was $42,177,000.
3. Financing activities:
   Due to the increase in borrowings in 2021, the cash inflow from financing activities for the year was $558,947,000.

II. Enhancement plan for insufficient liquidity: None.

III. Analysis of cash liquidity in the coming year:
The Company expects that the net cash flow from operating activities will increase in the coming year, and the capital demand for construction in progress will slow down.

IV. Effect upon Financial Operations of Any Major Capital Expenditures during the Most Recent Fiscal Year: None.

V. Reinvestment Policy for the Most Recent Fiscal Year, Main Reasons for Profits/Losses Generated Thereby, Plan for Improving Re-investment Profitability, and Investment Plans for Coming Year: As there was no case where the amount of reinvestment exceeded 5% of the Company's paid-in capital for the most recent fiscal year, therefore, therefore no analysis was made.

VI. Risk Analysis and Assessment:

(I) Effect upon the Company's profits (losses) of interest and exchange rate fluctuations and changes in the inflation rate, and future countermeasures:

1. Recently, the interest rate has been at a low level, so the Company's average borrowing rates remain low for now. As a result, the Company's borrowing costs are not subject to significant changes and burdens.
2. The Company is a domestic demand industry, and exchange rate changes have little impact on the Company.
3. The current inflation at home and abroad is quite severe, which will not pose a threat to the real estate industry to which the Company belongs and nor affect the Company’s operation.

(II) Policies for engaging in high-risk, highly leveraged investments, loans to other parties, endorsements, guarantees, and derivatives transactions, the main reasons for profit or loss, and future countermeasures:

The Company has not engaged in high-risk, highly-leveraged investments, loans to others, and derivative trading in recent years.

(III) R&D plans to be carried out in the future, and further expenditures expected for R&D: None.

(IV) Impact of important domestic and foreign policy and legal changes on the Company's financial business and countermeasures: None.

(V) Impact of technological and industrial changes on the Company's financial business and countermeasures: None.

(VI) Impact of corporate image change on corporate crisis management and countermeasures: None.

(VII) Expected benefits and possible risks associated with any merger and acquisitions, and countermeasures: N/A.

(VIII) Expected benefits and possible risks associated with any plant expansion and countermeasures: N/A.

(IX) Risks associated with any concentration of sales or purchasing operations and countermeasures: Although the Company's purchases are concentrated in two construction companies, namely Chieh Chih Construction Co., Ltd. and Bai Hong Construction Co., Ltd., these two construction companies are the Company's affiliates, controlled by the Company, and operate well currently. There is no risk of over concentration of purchase. The Company does not have a concentration of sales.

(X) The impact, risks, and countermeasures of a substantial transfer or replacement of shares by directors, supervisors, or major shareholders with a stake of more than 10%: N/A.

(XI) The impact and risks of the change in management rights on the ｃompany and countermeasures: N/A.

(XII) Litigious or non-litigious matters: None.

(XIII) Other important risks and countermeasures: None.

VII. Other Important Matters: None.

Chapter 8.　Special Disclosure

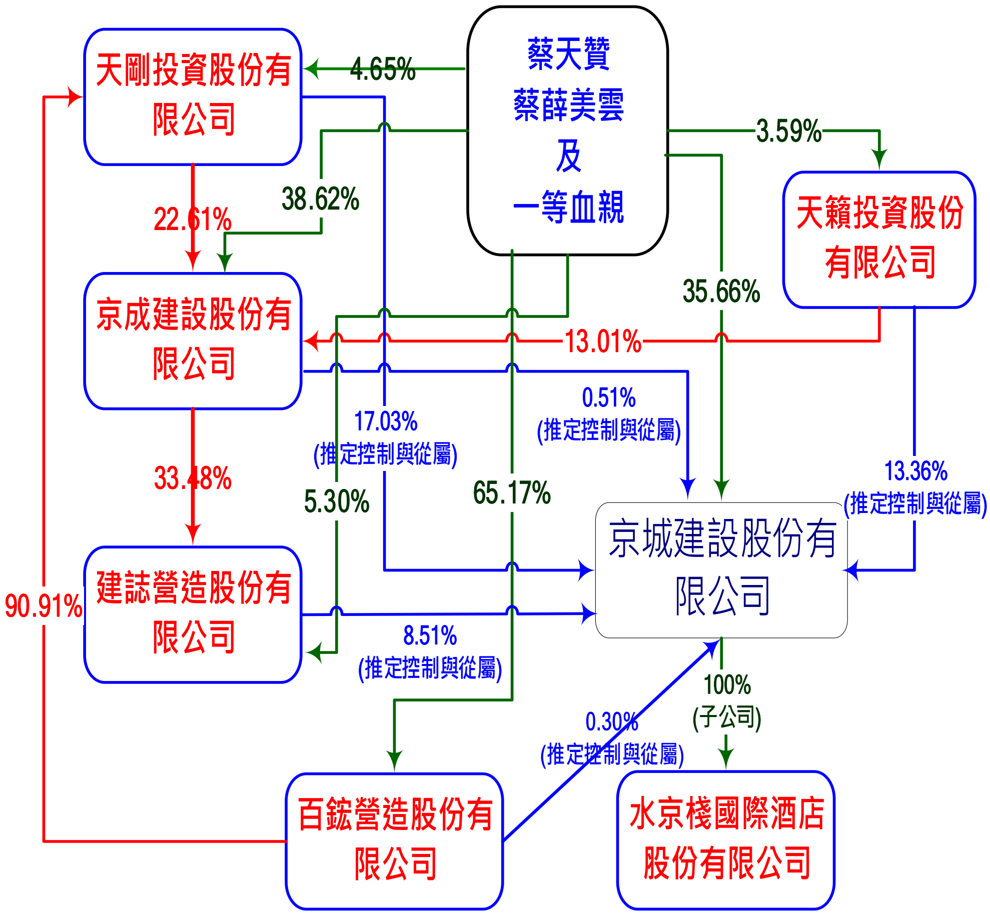
I. Information on the Company's Affiliates:

(I) Consolidated Business Report:

1. Affiliates overview:

(1) Affiliate company structures:

Tian Gang Investment Co., Ltd. (had a 17.03% stake in the Company and a 22.61% stake in Jing Cheng Construction Co., Ltd.), Tian Lai Investment Co., Ltd. (had a 13.36% stake in the Company and a 13.01% stake in Jing Cheng Construction Co., Ltd.), Jing Cheng Construction Co., Ltd., Chieh Chih Construction Co., Ltd., and Bai Hong Construction Co., Ltd. was concluded as the existence of the controlling and subordinate relationship with the Company (according to Article 369-3 of the Company Act).



(2) Basic information on affiliates:

May 1, 2022; Unit: NT$ thousands

Name	Date of Incorporation	Address	Paid-in capital	Main business or production items
Tian Gang Investment Co., Ltd.		12F., No. 150, Bo'ai 2nd Rd., Zuoying Dist., Kaohsiung City	220,000	H201010 Investment
Tian Lai Investment Co., Ltd.		12F., No. 150, Bo'ai 2nd Rd., Zuoying Dist., Kaohsiung City	323,200	H201010 Investment
Jing Cheng Construction Co., Ltd.		12F., No. 150, Bo'ai 2nd Rd., Zuoying Dist., Kaohsiung City	201,000	H701010 Housing and Building Development and Rental
Chieh Chih Construction Co., Ltd.		12F., No. 150, Bo'ai 2nd Rd., Zuoying Dist., Kaohsiung City	330,000	Contracting of civil and architectural engineering
Bai Hong Construction Co., Ltd.		12F., No. 150, Bo'ai 2nd Rd., Zuoying Dist., Kaohsiung City	201,000	Contracting of civil and architectural engineering
H2O Hotel Co., Ltd.	04/16/2015	No. 366, Minghua Rd., Gushan Dist., Kaohsiung City	390,000	Hotel and restaurants

(3) Information on the same shareholders of those concluded as the existence of the controlling and subordinate relation:

May 1, 2022; Unit: NT$ thousands; Shares; %

Reason	Name	Shareholding		Date of Incorporation	Address	Paid-in capital	Main business activities
		Shareholding	Shareholding (%)				
Concluded according to Article 369-3 of the Company Act.	Tian Gang Investment Co., Ltd.	63,328,801	17.03%		12F., No. 150, Bo'ai 2nd Rd., Zuoying Dist., Kaohsiung City	220,000	H201010 Investment
Concluded according to Article 369-3 of the Company Act.	Tian Lai Investment Co., Ltd.	49,652,072	13.36%		12F., No. 150, Bo'ai 2nd Rd., Zuoying Dist., Kaohsiung City	323,200	H201010 Investment
Concluded according to Article 369-3 of the Company Act.	Tien-Tsan Tsai	85,577,838	23.02%	-	-	-	-
Concluded according to Article 369-3 of the Company Act.	Mei-Yun Tsai-Hsueh	20,209,951	5.44%	-	-	-	-

(4) The industries covered by the business of the overall affiliates and the division of labor:

Name of affiliate	Industry of affiliate	Business relation	Division of labor
Tian Gang Investment Co., Ltd.	Investment	None	-
Tian Lai Investment Co., Ltd.	Investment	None	-
Jing Cheng Construction Co., Ltd.	Housing and Building Development and Rental	None	Same business activities with the Company but in a different region and with dissimilar target groups
Chieh Chih Construction Co., Ltd.	Contracting of civil and architectural engineering	Yes	Mainly contracted the housing construction projects of the company and Jing Cheng Construction Co., Ltd.
Bai Hong Construction Co., Ltd.	Contracting of civil and architectural engineering	Yes	Mainly contracted the housing construction projects of the company and Jing Cheng Construction Co., Ltd.
H2O Hotel Co., Ltd.	Hotel and restaurants	None	-

(5) Information on directors, supervisors, and presidents of affiliates:

Unit: NT$ thousands; Shares; %

Name	Title	Name or representative	Shareholding	
			Shares	Shareholding (%)
Tian Gang Investment Co., Ltd.	Chairman	Mei-Yun Tsai-Hsueh	380,000	1.73%
	Director	Tien-Tsan Tsai	620,000	2.82%
	Director	Mei-Hui Chen	0	0.00%
	Supervisor	Yao-Hung Tsai	0	0.00%
Tian Lai Investment Co., Ltd.	Chairman	I-Ying Chen	10,455,200	32.35%
	Director		0	0.00%
	Director	Chin-Hsing Chen	0	0.00%
	Supervisor	Chia-Ling Tsai	155,800	0.48%
Jing Cheng Construction Co., Ltd.	Chairman	Xin Rui Investment Co., Ltd.: Representative Tien-Tsan Tsai	4,919,569	24.48%
	Director	Xin Rui Investment Co., Ltd.: Representative Yao-Hung Tsai	4,919,569	24.48%
	Director	Xin Rui Investment Co., Ltd.: Representative I-Ying Chen	4,919,569	24.48%
	Supervisor	Representative of Tian Lai Investment Co., Ltd.: Ching-Shun Ou	2,615,236	13.01%
Chieh Chih Construction Co., Ltd.	Chairman	Hsien-Tsung Wang	20,200,000	61.21%
	Director	Jing Cheng Construction Co., Ltd.: Representative Chia-Ling Tsai	11,050,000	33.48%
	Director	Jing Cheng Construction Co., Ltd.: Representative Shih-Hsiung Li	11,050,000	33.48%
	Supervisor	Chen-Jung Li	0	0.00%
Bai Hong Construction Co., Ltd.	Chairman	Ching-Shun Ou	0	0.00%
	Director	Hsien-Tsung Wang	0	0.00%
	Director	Yao-Hung Tsai	0	0.00%
	Supervisor	Tien-Tsan Tsai	6,100,000	30.35%
H2O Hotel Co., Ltd.	Chairman	King's Town Construction Co., Ltd.: Representative Mei-Yun Tsai-Hsueh	39,000,000	100.00%
	Director	King's Town Construction Co., Ltd.: Representative Chiung-Ting Tsai	39,000,000	100.00%
	Director	King's Town Construction Co., Ltd.: Representative I-Ying Chen	39,000,000	100.00%
	Supervisor	King's Town Construction Co., Ltd.: Representative Chia-Ling Tsai	39,000,000	100.00%

2. Operational highlights of affiliates:
Data year: 2021

Dec. 31. 2021; Unit: NT$ thousands

Name	Capital	Total assets	Total liabilities	Net worth	Operating revenue	Operating income	Net income (after-tax)	EPS ($) (after-tax)
Tian Gang Investment Co., Ltd.	220,000	6,409,786	2,356,807	4,052,979	157,254	108,048	111,373	5.06
Tian Lai Investment Co., Ltd.	323,200	3,468,868	106,449	3,362,419	62,443	61,378	59,159	1.83
Jing Cheng Construction Co., Ltd.	201,000	17,003,265	16,507,584	495,681	984,616	187,951	78,754	3.92
Chieh Chih Construction Co., Ltd.	330,000	4,915,528	3,779,991	1,135,537	1,064,104	4,241	23,290	0.71
Bai Hong Construction Co., Ltd.	201,000	8,433,625	4,201,832	4,231,793	1,200,522	13,603	101,820	5.07

Note: Financial information above has been audited by CPAs.

(II) Affiliation Reports:
Declaration:

Declaration

It is hereby declared that the affiliation report of King's Town Construction Co., Ltd. (the "Company") for the year ended Dec. 31, 2021 is prepared by the Company in accordance with "Criteria Governing Preparation of Affiliation Reports, Consolidated Business Reports and Consolidated Financial Statements of Affiliated Enterprises," and the information disclosed within is not materially inconsistent with relevant information disclosed in the notes to the financial reports for the above period.

Sincerely,

Company name: King's Town Construction Co., Ltd.

Responsible person: Tien-Tsan Tsai

May 1, 2022

CPA's review opinion:

Letter

Addressee: King's Town Construction Co., Ltd. (the Company)

Subject: Opinions on whether the declaration issued by the Company's management for the 2021 affiliation report is reasonable in all material respects.

Explanation: The Company's 2021 affiliation report has been prepared by its management with a declaration issued, stating that the said report is prepared according to the "Criteria Governing Preparation of Affiliation Reports, Consolidated Business Reports and Consolidated Financial Statements of Affiliated Enterprises," and the information disclosed within is not materially inconsistent with relevant information disclosed in the notes to the 2021 financial reports.

In our opinion, the declaration issued by the Company's management for the 2021 affiliation reports is reasonable in all material respects.

ShineWing Taiwan

CPA: Hielleen Chang

CPA: Jackson Jwo

Mar. 23, 2022

1. Relationship between subordinate and controlling companies:

(Unit: Shares)
Apr. 25, 2022

Name of controlling company	Basis for the control	Shareholding and share pledging of the controlling company			Directors, supervisors, or managerial officers appointed by the controlling company	
		Shareholding	Shareholding (%)	Pledged shares	Title	Name
King's Town Construction Co., Ltd.	Concluded as the existence of the controlling and subordinate relation according to Article 369-3 of the Company Act.	-	-	-	Chairman Director Director Director Independent Director Independent Director Independent Director	Tian Lai Investment: Tien-Tsan Tsai Tian Lai Investment: Mei-Yun Tsai-Hsueh Tian Lai Investment: Shih-Hsiung Li Tian Lai Investment: Chin-Hsing Chen Ming-Te Chang Yao-Kuo Wu Chi-Hsiung Chuang
Tian Gang Investment Co., Ltd.	Concluded as the existence of the controlling and subordinate relation according to Article 369-3 of the Company Act.	63,328,801	17.03%	53,800,000	Chairman Director Director Supervisor	Mei-Yun Tsai-Hsueh Tien-Tsan Tsai Mei-Hui Chen Yao-Hung Tsai
Tian Lai Investment Co., Ltd.	Concluded as the existence of the controlling and subordinate relation according to Article 369-3 of the Company Act.	49,652,072	13.36%	0	Chairman Director Director Supervisor	I-Ying Chen Chun-Chun Chiu Chin-Hsing Chen Chia-Ling Tsai
Jing Cheng Construction Co., Ltd.	Concluded as the existence of the controlling and subordinate relation according to Article 369-3 of the Company Act.	1,899,268	0.51%	0	Chairman Director Director Supervisor	Xin Rui Investment: Tien-Tsan Tsai Xin Rui Investment: Yao-Hung Tsai Xin Rui Investment: I-Ying Chen Tian Lai Investment: Ching-Shun Ou
Chieh Chih Construction Co., Ltd.	Concluded as the existence of the controlling and subordinate relation according to Article 369-3 of the Company Act.	31,651,513	8.51%	0	Chairman Director Director Supervisor	Hsien-Tsung Wang Jing Cheng Construction Co., Ltd.: Chia-Ling Tsai Jing Cheng Construction Co., Ltd.: Shih-Hsiung Li Chen-Jung Li
Bai Hong Construction Co., Ltd.	Concluded as the existence of the controlling and subordinate relation according to Article 369-3 of the Company Act.	1,109,863	0.30%	0	Chairman Director Director Supervisor	Ching-Shun Ou Hsien-Tsung Wang Yao-Hung Tsai Tien-Tsan Tsai
H2O Hotel Co., Ltd.	Subsidiary of the Company	0	0.00%	0	Chairman Director Director Supervisor	King's Town Construction: Mei-Yun Tsai-Hsueh King's Town Construction: Chiung-Ting Tsai King's Town Construction: I-Ying Chen King's Town Construction: Chia-Ling Tsai

Note:When the controlling company of the subordinate company is a subordinate company of another company, relevant information about the latter company shall also be provided. The same rule applies where the latter company is the subordinate company of a different company, and so on.

2. Sales and purchases:

Unit: NT$ thousands; %

Transaction with controlling company				Terms with controlling company		General trading terms		Reason for deviation	Accounts/notes payable		Overdue accounts receivables			Remarks
Purchases (sales)	Amount	% of total purchases	Gross margin	Unit price ($)	Credit period	Unit price ($)	Credit period		Ending Balance	% of total accounts/notes receivable (payable)	Amount	Action taken	Allowance for doubtful accounts	
Purchases	328,598	5.42%	-	-	Subject to contract	-	-	-	Notes payable $55,002 Accounts payable $298,857	31.98% 49.00%	0	-	0	Chieh Chih Construction Co., Ltd.
Purchases	276,217	4.56%	-	-	Subject to contract	-	-	-	Notes payable $35,002 Accounts payable $275,934	20.35% 45.24%	0	-	0	Bai Hong Construction

Note 1:In cases of advance receipts (prepayments), the reasons, contractual terms, amount, and difference from the general trading terms shall be stated in the remark column.

Note 2:If the listed accounts are not applicable, please adjust accordingly. Where accounts are not available due to industry characteristics, it is exempted from providing the information.

3. Property transactions: None.

4. Financing of funds: None.

5. Lease of assets: None.

6. Endorsements and guarantees: None.

7. Other material transactions: None.

II. Private Placement of Securities during the Most Recent Fiscal Year and up to the Publication Date of the Annual Report: None.

III. Holding or Disposal of Shares in the Company by the Company's Subsidiaries during the Most Recent Fiscal Year and up to the Publication Date of the Annual Report: None.

IV. Other Supplementary Information: None.

V. During the Most Recent Year and up to Publication Date of Annual Report, the Occurrence of an Event Listed in Article 36, Paragraph 2, Subparagraph 2 of the Securities and Exchange Act, which Might Materially Affect Shareholders' Equity or the Price of the Company's Securities: N/A.

King's Town Construction Co., Ltd.

Chairman:

領創城市名宅 · 建築無限生活

Building infinity life

King's Town Construction Co., Ltd.

16F., No.150, Bo-ai 2nd Rd.,Kaohsiung City 813, Taiwan (R.O.C.)

TEL:+886-7-558-6368 FAX:+886-7-557-2111