Stock Code 2524

King's Town Construction Co., Ltd.

2022 Annual Report

This Annual Report is available at
Market Observation Post System (MOPS)
Website: http://mops.tse.com.tw/
Corporate Website:
http://www.kingtown.com.tw/
Published on May 1, 2023

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(II) Branches: N/A

(III) Plants: N/A

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(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/

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Chapter 1. Letter to Shareholders

Dear Shareholders,

The real estate market in 2022 was a rather dramatic year with significant fluctuations. The first half of the year initially showed promising signs of prosperity. However, in the second half, factors such as selective credit controls imposed by the central bank, inflation, interest rate hikes, housing market policies, and the Russo-Ukrainian war caused a sudden downturn in market sentiment. Real estate industry players were caught off guard by this abrupt change and struggled to respond effectively.

The most significant impact is the amendments to The Equalization of Land Rights Act, which was preliminarily reviewed by the Internal Administration Committee on December 21. 2022 and completed the three-reading procedure This amendment imposes strict restrictions on the contract assignment and resale of pre-sale houses, and heavy penalties on speculative activities, leading to a considerable impact on the presale market. The highly controversial policy of restricting individual purchases of residential properties has also been approved in this amendment. The government's strong intervention in the free-market mechanism and healthy transactions through the exercise of public power undoubtedly casts a chilling effect on the real estate market. The targeted nature of these measures is highly pronounced, and their effects will be closely scrutinized. The real estate market is widely believed to remain sluggish throughout 2023 until the end of the year.

The nationwide number of buildings transfers in 2022 was 318,101 households, with an annual growth rate of -8.64% compared to 348,194 households in 2021. The number of building transfers in Kaohsiung City in 2022 was 37,117 households, with an annual growth rate of -17.33% compared to 44,897 households in 2021. Kaohsiung city experienced the largest decline among the six municipalities. Land transaction ownership transfers also declined, with a total of 61,128 land transfers, representing a year-on-year decrease of -15.62%. In addition to the impact of government policies on the real estate industry, the significant decline in the number of transactions in Kaohsiung is related to the prosperity of Kaohsiung's real estate industry in the previous two years. Another reason is that the pace of building construction has slowed down due to job shortages.

The number of building transfers in Kaohsiung City from January to April 2023 was 10,656 households, with an annual growth rate of -22.29%. The decline in 2023 is already as expected. This year, the real estate market still faces several variables, including government housing policies, interest rate hikes, the Taiwanese presidential election, and the risk of overall economic recession. It is difficult to determine the extent to which the current real estate market can withstand these risks. However, under the influence of government policies and interest rate adjustments, the real estate market has already undergone adjustments in terms of both transaction volume and prices. Speculative buyers have mostly exited the market, leading to a more balanced buyers' market driven by inelastic demand. Given the rising cost of living and construction expenses, it is expected that the real estate market will experience a decline in transaction volume and minor price adjustments this year.

Regarding the Company's project status for this year, in 2023, we will have the completion and sale of the "Fu+(Forest Fragrance)" project, which will be the main revenue-generating project for the year 2023.

(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)

2022 Business Report and Summary of 2023 Business Plan are as follows:

I. 2022 Operating Results:

(I) Implementation Results of 2022 Business Plan:

The operating revenue of the Company in the consolidated statement for the year 2022 was NT$3,384,130 thousand, representing a decrease of NT$3,273,114 thousand as compared with the net operating income of NT$6,657,244 thousand in 2021, a net profit before tax of NT$1,159,679 thousand, and a net profit before tax rate of 34.27%.

(II) Budget Implementation:

The Company did not publicly disclose any financial forecasts for 2023 and therefore this analysis is not reported.

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

Unit: NT$ thousand

Item			2022	2021	Rate of change (%)
Financial revenue and expenditures	Operating revenue		3,384,130	6,657,244	-49.17%
	Gross profit		1,954,934	2,686,606	-27.23%
	Operating income		1,380,421	2,073,955	-33.44%
	Finance costs		230,847	186,579	23.73%
	Profit or loss before tax		1,159,679	1,926,719	-39.81%
	Profit or loss after tax		1,009,674	1,687,409	-40.16%
	Total comprehensive income		1,009,921	1,684,107	-40.03%
Profitability	Return on assets (ROA) (%)		3.43	5.49	-37.52%
	Return on equity (ROE) (%)		6.00	10.88	-44.85%
	Ratio to paid-in capital	Operating income	37.40	55.79	-32.96%
		Income before tax	31.42	51.83	-39.38%
	Net profit margin (%)		29.83	25.35	17.67%
	Earnings per share (NT$)		2.73	4.54	-39.87%

1. Financial revenue and expenditures

   Due to the purchases of operating land, road land, and investment in ongoing construction projects in 2022, there is a increase in the amount of inventory, net cash outflow from operating activities of NT$610,893 thousand, net cash outflow from investing activities of NT$30,012 thousand, net cash inflow from financing activities of NT$176,224 thousand, total debt ratio decreased from 52.57% in 2021 to 50.73% in 2022. The interest expense amounted to NT$230,847 thousand in 2022, a decrease of NT$44,268 thousand (+23.73%) compared to NT$186,579 thousand in 2021, mainly due to the increase in borrowing and rising interest rates.

2. Profitability Analysis:

   The operating profit for the year 2022 was NT$1,380,421 thousand, the ratio of operating income to paid-in capital was 37.40%, representing a decrease of NT$693,534 thousand compared to NT$2,073,955 thousand in 2021; net profit after tax was NT$1,009,674 thousand, representing a net income margin of 29.83%, representing an decrease of NT$677,735 thousand compared to NT$1,687,409 thousand in 2021; the return on assets decreased by 37.52% compared to 2021, and the return on shareholders' equity decreased by 44.85% compared to 2021.

(IV) Research and Development:

In respect of land development, the Group will develop professionally and aggressively, select areas with potential for development, conduct data collection and land acquisition, etc., and the Company’s professional land developer will cooperate with architects and agents to respond to and study relevant laws and regulations at all times, so as to cope with changes in the market. Currently, the land development regions are concentrated in Kaohsiung City and Tainan City.

In terms of construction technology and residential quality, efforts will be made to improve the quality of site management and the construction of high-value-added residential products in order to improve gross profit and create a better reputation, and to control the construction period to meet the growing costs. The software segment will strengthen cooperation with building management companies to improve the quality of building residence.

II. Summary of 2023 Business Plan:

(I) Business Policy:

1. The main business policy is to maintain a stable project size and carefully select land for sales.
2. Improving the gross profit of each project and enhancing overall competitiveness has always been an important direction of the Company.
3. Based on the Company's sense of a city, houses built should be integrated with the city to show the spirit of the city.
4. Increase sales of products to expand operating revenue.

(II) Sales Volume Forecast and Basis thereof:

The Company has not published a financial forecast for 2023, and therefore, we only provide a detailed analysis of the projects that the Company is expected to be completed and launched in 2023：

Project Name	Land No.	Total Sales Amount (Thousand NT$)	Sales Area (Ping)	Total Number of Households	Completion Date
Fu+(Forest Fragrance)	Land No. 163.163-1.321.164.320, Xindu Section, Sanmin District, Kaohsiung City	3,520,765	8,801.91	133	2023/6/15
Total		3,520,765	8,801.91	133	

(III) Key Production and Sales Policy:

1. Consolidate market information to identify areas with potential and strong resistance to decline, and proactively carry out land development work, and grasp the advantages of buyers in the land transaction market to create maximum cost-effective of land and added value of products to cope with the impact of the market downturn.
2. Develop quality residential properties, enhance the added value and competitiveness of the Company's products, respond to current consumption trends and mitigate the extent of the depreciation of the house price.
3. Strengthen post-sales maintenance services and building management for projects, establish closer interaction with residents and enhance the added value of building management.

III. Future Development Strategy:

(I) As the era of post COVID-19 epidemic approaches, the government has begun to relax the epidemic prevention policies and reopen the doors to tourism to stimulate economic recovery. The Company's policies will be adjusted and the pace of project processed will be adapted accordingly, based on the strength of domestic economic revival.

(II) The Company focuses on developing land near the Tainan area, the North Kaohsiung Ciaotou Science Park, Nanzhi and Kaohsiung University areas, and the multi-functional economic and trade park to drive sales and increase profits through public construction and future industrial settlement benefits.

(III) Focusing on the demand of Tainan factory offices, the Company will develop the Tainan Smart Technology 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 most of the external competitors are small and medium-sized builders, and the Company has the advantage of leading the market price and product direction in the main project area, so the external competitive environment has little impact on the Company.

(II) Effect of the Legal Environment

The process from promoting amendments to “The Equalization of Land Rights Act” to completing legislation took less than a month, and the ruling party "quickly" pushed for the amendment to be passed, creating a strong wait-and-see atmosphere for buyers to purchase houses. The government's lack of a comprehensive housing policy to address the housing problem, instead resorting to implementing short-term measures during election periods to appease public discontent, is not beneficial for Taiwan as a whole and especially detrimental to the real estate market. Moreover, the controversial nature of these policies, along with their hasty implementation, will give rise to numerous issues within the housing market. Consequently, it appears unlikely that the housing market will experience a positive atmosphere or economic growth in the short term.

(III) Effect of Overall Business Environment

The global economic situation in 2023 continues to be affected by geopolitical risks (such as the Ukraine-Russia conflict, US-China confrontation, and Taiwan Strait crisis) as well as monetary policies, intensifying the downward trend due to the passage of time. From the perspective of major countries, the United States' trend in 2023 has been continuously affected by inflation, interest rate hikes, debt, and other factors, continuing its downward trend in the second half of 2022, which is longer than the duration of the financial storm and epidemic period. This highlights the severity of this wave of economic recession and further speculates that it may be difficult to be optimistic in the next year.

In 2023, the Company has completed the sales of the "Fu+" project (Land No. 163.163-1.321.164.320, Xindu Section, Sanmin District, Kaohsiung City, with a total sales amount of NT$3,520,765 thousand, 133 households).

The Company's revenue from January to April was NT$435,722 thousand, which was 68.18% less than the same period last year. This was mainly due to the fact that the Company currently has more inventories of big size houses. The majority of the mainstream products in the market are in short supply, and the market sentiment is sluggish. Although the Company completed one project in 2023, the small number of sold households did not make a significant contribution. It still depends on the Company's disposal of remaining properties, which will be included in the completed projects in 2023. There are 10 online sales projects, which are the main source of operating revenue in 2023. It is expected that the real estate market will enter a relatively long consolidation period in 2023 under the shadow of the government's continued suppression of the housing market, the presidential election, the increasing interest burden and inflation. Only when the market gradually regains confidence, the international economic situation improves, interest rates stop rising, and domestic elections have already been decided, will the real estate market recover a more optimistic trend in the future.

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

We wish you all good fortune and health.

Chairman and President: Tien-Tsan, Tsai

Accounting Officer: Su-Ying, Liang

Chapter 2. Company Profile

I. Company Profile

(I) Date of Incorporation: September 13, 1985

(II) Company History:

Year	Month	Major Events
1985	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.
1985	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.
1986	5	Moved to 11F., No. 153, Guangzhou 1st St., Lingya Dist., Kaohsiung City 802578, Taiwan (R.O.C.) due to business needs.
1987	8	Moved to 5F., No. 291, Qixian 1st Rd., Xinxing Dist., Kaohsiung City 800009, Taiwan (R.O.C.) due to business needs.
1988	6	Moved to 13F.-2, No. 182, Zhongzheng 2nd Rd., Xinxing Dist., Kaohsiung City 800206, Taiwan (R.O.C.) due to business needs.
1990	4	Raised capital to NT$80,000,000 through a cash capital increase of NT$50,000,000.
1990	5	Raised capital to NT$198,000,000 through a cash capital increase of NT$118,000,000.
1990	5	Moved to 10F., No. 391, Bo'ai 1st Rd., Sanmin Dist., Kaohsiung City 807353, Taiwan (R.O.C.) due to business needs.
1991	3	Renamed as Wei-Cheng Construction Co., Ltd.
1991	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.
1991	12	Raised capital to NT$450,160,000 through capitalization of earnings of NT$50,160,000.
1992	5	Submitted the listing application to the Taiwan Stock Exchange (TWSE).
1992	8	Raised capital to NT$515,433,200 through capitalization of earnings of NT$65,273,200.
1993	4	The listing application was approved by TWSE's Listing Review Committee.
1993	6	Raised capital to NT$658,195,370 through capitalization of earnings of NT$142,762,170.
1994	6	The listing application was approved by the Securities and Exchange

Year	Month	Major Events
		Commission, Ministry of Finance (MOF).
1994	7	Raised capital to NT$814,832,680 through capitalization of earnings of NT$156,637,310.
1995	5	Raised capital to NT$999,832,680 through a cash capital increase of NT$185,000,000.
1995	7	Raised capital to NT$1,351,477,740 through capitalization of earnings of NT$351,645,060.
1996	10	Issued the first secured corporate bond of NT$400,000,000.
1999	5	Mr. Tien-Tsan Tsai and Mr. Liang-Tian Zhou were elected the Chairman and the President of the Company at the Director and Supervisor election in annual shareholders' meeting on May 25, 1999, respectively.
1999	6	Moved to 16F.-2, No. 120, Zhongzheng 1st Rd., Lingya Dist., Kaohsiung City 802312, Taiwan (R.O.C.) due to business needs.
1999	10	Raised capital to NT$1,486,625,510 through capitalization of capital surplus of NT$135,147,770.
2000	06	Renamed as King's Town Construction Co., Ltd.
2005	08	Raised capital to NT$2,237,601,260 through capitalization of earnings and employee bonus of NT$750,975,750.
2006	10	Raised capital to NT$2,689,735,130 through capitalization of earnings and employee bonus of NT$452,133,870.
2007	07	Raised capital to NT$2,961,481,580 through capitalization of earnings and employee bonus of NT$271,746,450.
2008	02	Reduced capital to NT$2,911,631,580 after canceling the second buyback of treasury shares for capital reduction of NT$49,850,000.
2008	07	The former President Liang-Tian Zhou applied for retirement, and the new President Zhao-Sen Liu took office on July 1.
2008	08	Raised capital to NT$3,208,496,330 through capitalization of earnings and employee bonus of NT$296,864,750.
2008	12	Reduced capital to NT$3,108,496,330 after canceling the third buyback of treasury shares for capital reduction of NT$100,000,000.
2009	10	Reduced capital to NT$3,058,496,330 after canceling the first buyback of treasury shares for capital reduction of NT$50,000,000.
2010	09	Raised capital to NT$3,306,577,290 through capitalization of earnings and employee bonus of NT$248,080,096.
2011	10	Raised capital to NT$3,577,272,620 through capitalization of earnings and employee bonus of NT$270,695,330.

Year	Month	Major Events
2012	09	Raised capital to NT$3,759,261,550 through capitalization of earnings and employee bonus of NT$181,988,930.
2015	04	Established the subsidiary "H2O Hotel Co., Ltd." with a capital of NT$12,000,000.
2015	09	Raised capital to NT$3,838,202,290 through capitalization of earnings and employee bonus of NT$78,940,740.
2015	10	The former President Zhao-Sen Liu resigned, and the new President Tien-Chin Chen took office on October 14.
2016	09	The subsidiary "H2O Hotel Co., Ltd." raised capital to NT$20,000,000 through a cash capital increase of NT$8,000,000.
2017	07	Moved to 12F., No. 150, Bo'ai 2nd Rd., Zuoying Dist., Kaohsiung City 813017, Taiwan (R.O.C.) due to business needs.
2018	01	The subsidiary "H2O Hotel Co., Ltd." raised capital to NT$100,000,000 through a cash capital increase of NT$80,000,000.
2019	01	The subsidiary "H2O Hotel Co., Ltd." raised capital to NT$180,000,000 through a cash capital increase of NT$80,000,000.
2020	01	The subsidiary "H2O Hotel Co., Ltd." raised capital to NT$250,000,000 through a cash capital increase of NT$70,000,000.
2020	07	Reduced capital to NT$3,748,463,720 after canceling the fourth buyback of treasury shares for capital reduction of NT$100,000,000.
2020	10	Reduced capital to NT$3,706,573,720 after canceling the fifth buyback of treasury shares for capital reduction of NT$41,890,000.
2020	10	Raised capital to NT$3,711,930,980 through capitalization of employee compensation of NT$5,357,260.
2020	12	The subsidiary "H2O Hotel Co., Ltd." raised capital to NT$320,000,000 through a cash capital increase of NT$70,000,000.
2021	09	Raised capital to NT$3,717,590,230through capitalization of employee compensation of NT$5,659,250.
2022	01	The subsidiary "H2O Hotel Co., Ltd." raised capital to NT$390,000,000 through a cash capital increase of NT$70,000,000.

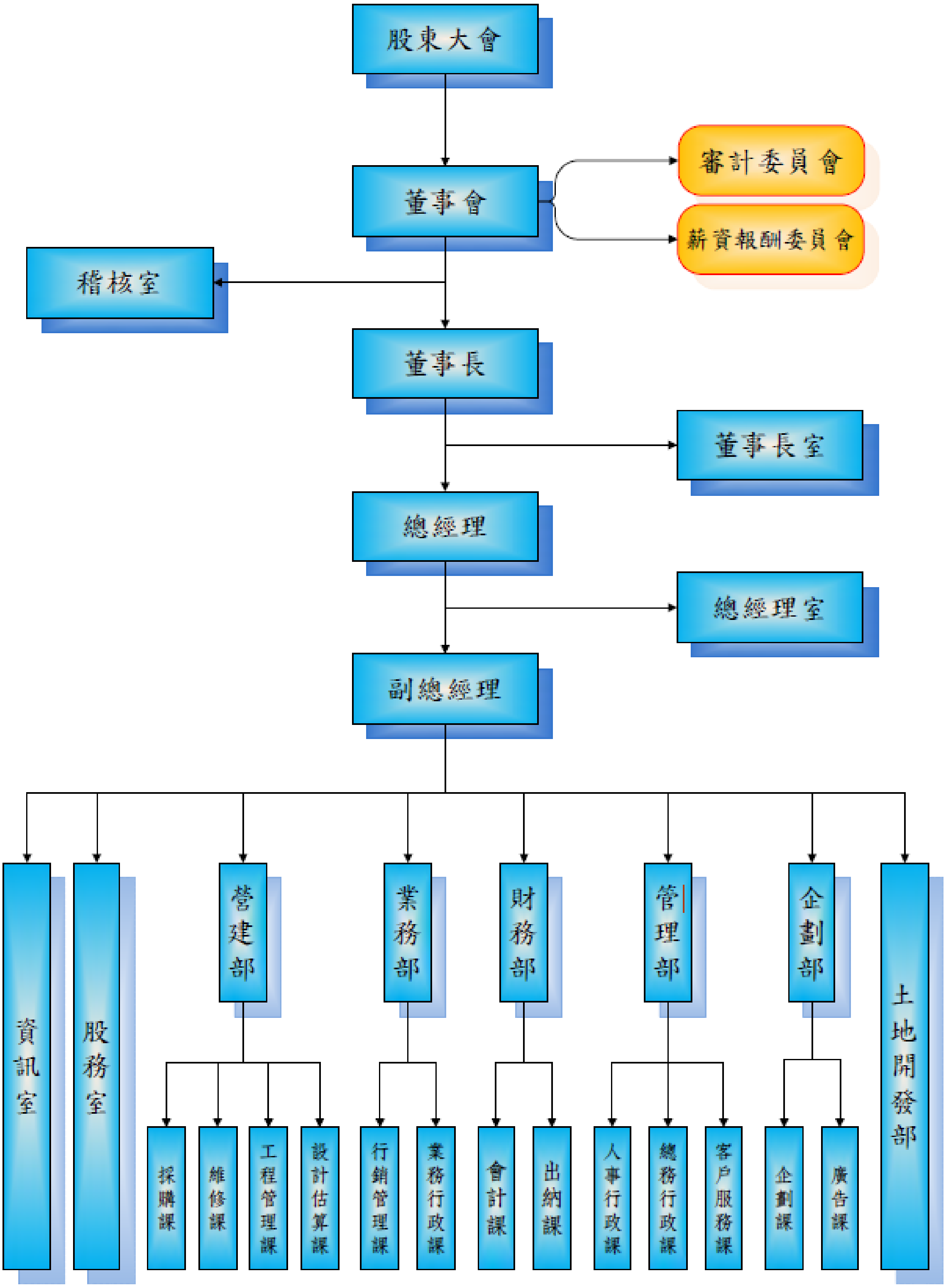
Year	Month	Major Events
2022	03	Tien-Chin Chen, the former President, passed away, and Chairman Tien-Tsan Tsai concurrently assumed the post of President, which took effect on March 23.
2022	09	Raised capital to NT$3,723,003,790through capitalization of employee compensation of NT$5,413,560.
2022	11	Reduced capital to NT$3,690,563,790 after canceling the Sixth buyback of treasury shares for capital reduction of NT$32,440,000.
2023	01	The subsidiary "H2O Hotel Co., Ltd." raised capital to NT$440,000,000 through a cash capital increase of NT$50,000,000.

Chapter 3. Corporate Governance Report

I. Organizational System

(I) Organization chart

◎Organization Chart



(II) Department Functions:

<table>
<tr><th>Department</th><th colspan="2">Functions</th></tr>
<tr><td>President Office</td><td colspan="2">Business analysis, market research and product planning.</td></tr>
<tr><td>Audit Office</td><td colspan="2">Planning and execution of internal audits, execution of non-routine audits, and supervision and tracking of self-assessments on the internal control system.</td></tr>
<tr><td>IT Office</td><td colspan="2">Daily operation of computers, elimination of computer issues, and the planning and maintenance of information system for each business.</td></tr>
<tr><td>Stock Affairs Office Corporate Governance and Investor Relations (IR)</td><td colspan="2">General stock affairs, organizations of the Board meeting and shareholders' meeting, management of daily operations of TWSE-listed company, affairs associated with capital increase, shareholders' inquiries or shareholders' affairs stipulated by the government agencies. Press releases and media relationships. Affairs associated with investor relations, including the responses and the handling of investment inquiries from juridical persons and general investors.</td></tr>
<tr><td rowspan="4">Construction Department</td><td>Procurement Section</td><td>Contracting and procurement relating to construction works and materials.</td></tr>
<tr><td>Maintenance Section</td><td>After-sales services after the handover of property, maintenance of unsold properties, and delivery of customers' opinions and feedbacks from after-sale services collected and classified for the future improvements of the Construction Management Sector.</td></tr>
<tr><td>Construction Management Section</td><td>Monitoring of construction quality and progress, and close collaboration with the Procurement Section and the Design & Pricing Section.</td></tr>
<tr><td>Design & Pricing Section</td><td>Confirmation of construction drawings and materials, and preparation of construction budgets and financial statements.</td></tr>
<tr><td rowspan="2">Sales Department</td><td>Marketing Management Section</td><td>Research and analysis of products in the market, formulation and implementation of marketing plans, filing and management of customer information, and management and sales of unsold properties.</td></tr>
<tr><td>Business Administration Section</td><td>Completion of contracting procedures with customers, handling of bank loans on behalf of customers, affairs associated with handover of properties, handling and delivery of customer inquiries, and processing of utility bills and taxes on unsold properties.</td></tr>
<tr><td rowspan="2">Finance Department</td><td>Accounting Section</td><td>Review, maintenance and preparation of accounting-related documents, books and statements, and filing of input and output VAT and profit-seeking enterprise income tax.</td></tr>
<tr><td>Cashier Section</td><td>Petty cash payments; preparation of daily statements of bank deposits, cashflows, bonds and commercial papers; projections and balances of funds available; operations of cash receipts, check issuance and payment, allocation of funds.</td></tr>
<tr><td rowspan="3">Administration Department</td><td>Human Resources Section</td><td>The establishment, implementation, review and improvement of the systems; the planning and implementation of employee recruitment, appointment, dismissal, promotion, reward and punishment, leaves, performance appraisal, attendance, education and training; labor and health insurance and related insurances; employee salary payments; other personnel management matters.</td></tr>
<tr><td>General Affairs Section</td><td>Receipt, sorting and keeping of newspapers and periodicals; management and maintenance of communication and photocopying systems, etc.; convention and recording of company meetings; procurement of general supplies; and management and maintenance of corporate assets as well as new buildings of the Company. Handling of external affairs and legal issues.</td></tr>
<tr><td>Customer Service Section</td><td>Customer service, customer complaint handling, and customer satisfaction survey.</td></tr>
</table>

Planning Department	Planning Section	Coordination of marketing planning for properties, promotion and supervision of marketing activities of contracted advertising firms, implementation of sales/advertisement planning of unsold houses, and maintenance of corporate website.
	Advertising Section	Coordination of sales/advertisement of properties, establishment of sales centers, contracting of model houses, utilization, contracting, use 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 areas, and participation in asset management and allocation of land under urban land consolidation. Investigation and analysis of new real estate projects and existing markets.	

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

(I) Directors and Supervisors (1):

April 30, 2023

Designation	Nationality/ Place of Registration	Namr, gender, age	Date Elected	Term	Date First Elected	Shareholding When Elected		Current Shareholding		Spouse & Minor Shareholding		Major Experience (Education)	Other Position 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 (%)			Designation	Name	Relationship
Director	R.O.C.	Tian Lai Investment Co., Ltd.	2020/6/24	3 years	2008/6/19	49,652,072	12.90%	49,652,072	13.45%	–	–	–	–	–	–	–
Corporate Representative, Chairman	R.O.C.	Tien-Tsan Tsai (male, age of 73) (Corporate Representative of Tian Lai)	–	–	–	–	–	85,577,838	23.19%	20,209,951	5.48%	Senior High School	Corporate 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 relative
Corporate Representative, Director	R.O.C.	Mei-Yun Tsai-Hsueh (female, age of 70) (Corporate Representative of Tian Lai)	–	–	–	–	–	20,209,951	5.48%	85,577,838	23.19%	Senior High School	None	Representative of Corporate Director Special Assistant of Chairman	Tien-Tsan Tsai Yao-Hung Tsai	Spouse First-degree relative
Corporate Representative, Director	R.O.C.	Shih-Hsiung Li (male, age of 70) (Corporate Representative of Tian Lai)	–	–	–	–	–	65,743	0.02%	11,241	0.00%	Bachelor's degree	Director of Chieh Chih Construction Co., Ltd.	–	–	–
Corporate Representative, Director	R.O.C.	Chin-Hsing Chen (male, age of 58) (Corporate Representative of Tian Lai)	–	–	–	–	–	35,624	0.01%	0	0.00%	University (Undergraduate)	–	–	–	–
Independent Director	R.O.C.	Ming-Te Chang (male, age of 60)	2020/6/24	3 years	2017/6/28	1,386,582	0.36%	1,386,582	0.38%	0	0.00%	Senior High School	Chairman of Hung Bau Construction Co., Ltd.	–	–	–
Independent Director	R.O.C.	Yao-Kuo Wu (male, age of 54)	2020/6/24	3 years	2018/6/22	0	0.00%	0	0.00%	0	0.00%	Bachelor's degree	–	–	–	–
Independent Director	R.O.C.	Chi-Hsiung Chuang (male, age of 81)	2021/8/12	3 years	2021/8/12	0	0.00%	0	0.00%	0	0.00%	Bachelor's degree	–	–	–	–

Note 1: The aforementioned Directors, Supervisors, President, Vice Presidents, Assistant Vice Presidents, and the executives of all divisions and branch units did not have shareholdings by nominees.

Note 2: The Chairman and President of the Company are the same person, please refer to the explanation on page 19.

Table I: Major Shareholders of Institutional Shareholders

May 1, 2023

Name of institutional shareholder	Major shareholders of institutional shareholders (top ten shareholding)
Tian Lai Investment Co., Ltd.	Chen-Jung Li (33.00%), I-Ying Chen (32.35%), Opus One Capital Ltd. (30.93%), Tien-Tsan Tsai (2.59%), Chiung-Ting Tsai(0.52%),Chia-Ling Tsai(0.48%), Hsin-I Tsai(0.13%)

Table II: Major shareholders of the Major shareholders of corporate shareholders in Table 1

May 1, 2023

Name of institutional shareholder	Major shareholders of institutional shareholders (top ten shareholding)
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, 2023

Qualification / Name	Professional qualifications and experience	Independence criteria	Number of Other Public Companies where the Individual Concurrently Serves as an Independent Director
Tien-Tsan Tsai	Has work experience related to real property industry in the areas of commerce necessary for the business of the Company, and none of the circumstances in the subparagraphs of Article 30 of the Company Act apply.	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.	0
Mei-Yun Tsai-Hsueh	Has work experience related to real property industry in the areas of commerce necessary for the business of the Company, and none of the circumstances in the subparagraphs of Article 30 of the Company Act apply.	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.	0
Shih-Hsiung Li	Has work experience related to real property industry in the areas of commerce necessary for the business of the Company, and none of the circumstances in the subparagraphs of Article 30 of the Company Act apply.	Not a spouse or a relative within the second degree of kinship of any other director.	0
Chin-Hsing Chen	Has work experience related to real property industry in the areas of commerce necessary for the business of the Company, and none of the circumstances in the subparagraphs of Article 30 of the Company Act apply.	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.	0
Ming-Te Chang (independent)	Has work experience related to real property industry in the areas of commerce necessary for the business of the Company, and none of the circumstances in the subparagraphs of Article 30 of the Company Act apply.	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.	0
Yao-Kuo Wu (independent)	Has work experience related to real property industry in the areas of commerce and finance necessary for the business of the Company, and none of the circumstances in the subparagraphs of Article 30 of the Company Act apply.		0
Chi-Hsiung Chuang (independent)	Has work experience related to real property industry in the areas of commerce necessary for the business of the Company, and none of the circumstances in the subparagraphs of Article 30 of the Company Act apply.		0

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 0.38% 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.

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

April 30, 2023

Designation	Nationality	Name (Gender)	Date Elected	Shareholding		Spouse & Minor Shareholding		Major Experience (Education)	Other Position Concurrently Held at Other Companies	Managerial Officers Who Are Spouses or within the Second Degree of Kinship		
				Shares	Shareholding (%)	Shares	Shareholding (%)			Designation	Name	Relationship
President	R.O.C.	Tien-Tsan Tsai	2022/3/23	85,577,838	23.19%	20,209,951	5.48%	Senior High School	Instititional 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 relative
Former President	R.O.C.	Tien-Chin Chen (male*) discharged	2011/7/1	-	-	-	-	-	-	-	-	-
Vice President	R.O.C.	Chin-Hsing Chen (Male)	2018/5/24	35,624	0.01%	0	0.00%	University (Undergraduate)	None	—	—	—
Assistant Vice President	R.O.C.	Jui-Lung Kung (Male)	2012/2/5	118,222	0.03%	0	0.00%	Master's degree	None	—	—	—
Assistant Vice President	R.O.C.	Chia-Hung Huang (Male)	2018/5/24	113,127	0.03%	0	0.00%	Industrial High School	None	—	—	—
Assistant Vice President	R.O.C.	Jing-Heng Zhou (Male)	2019/5/10	11,472	0.00%	0	0.00%	Bachelor's degree	None	—	—	—
Assistant Vice President	R.O.C.	Kuo-Tai Wang (male)	2021/7/6	32,512	0.01%	0	0.00%	Bachelor's degree	None	—	—	—
Financial Executive	R.O.C.	Su-Ying Liang (Female)	2011/9/1	100,614	0.03%	0	0.00%	Bachelor's degree	None	—	—	—

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

(IV) 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.
2. The Company's Board of Directors approved on March 22, 2022, the Chairman will concurrently serve as President.
3. The selection of the President is still in the process of consultation and selection, and it is reasonable and necessary for the Chairman to temporarily assume the role.
4. The Company will completely elect Directors in 2023 and simultaneously add one Independent Director, totaling four Independent Directors; And more than half of the Board of Directors of the Company have not concurrently served as employees or managers.

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$ thousand; December 31, 2022

Designation	Name (*Discharged)	Remuneration to Directors: Base Compensation (A): The Company	Base Compensation (A): All companies in the consolidated financial statements	Severance Pay and Pension (B): The Company	Severance Pay and Pension (B): All companies in the consolidated financial statements	Director compensation (C): The Company	Director compensation (C): All companies in the consolidated financial statements	Allowances (D): The Company	Allowances (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, Bonus, and Allowances (E): The Company	Salary, Bonus, and Allowances (E): All companies in the consolidated financial statements	Severance Pay and Pension (F): The Company	Severance Pay and Pension (F): All companies in the consolidated financial statements	Employee Compensation (G)(Note 1): The Company: Cash	Employee Compensation (G)(Note 1): The Company: Stock	Employee Compensation (G)(Note 1): All companies in the consolidated financial statements: Cash	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	Remuneration from Invested Companies Other than Subsidiaries or the Parent Company
Director	Tian Lai Investment: Tien-Tsan Tsai		4,456		0		0		360		4,816 0.48%		0		0	0	0	0	0		4,816 0.48%	None
Director	Tian Lai Investment: Mei-Yun Tsai-Hsueh		0		0		0		360		360 0.04%		0		0	0	0	0	0		360 0.04%	None
Director	Tian Lai Investment: Tien-Chin Chen(*)		0		0		0		62		62 0.01%		807		0	0	0	0	0		869 0.09%	None
Director	Tian Lai Investment: Shih-Hsiung Li		0		0		0		360		360 0.04%		0		0	0	0	0	0		360 0.04%	None
Director	Tian Lai Investment: Chin-Hsing Chen		0		0		0		278		278 0.03%		1,498		0	0	280	0	280		2,056 0.20%	None
Independent Director	Ming-Te Chang		0		0		0		360		360 0.04%		0		0	0	0	0	0		360 0.04%	None
Independent Director	Yao-Kuo Wu		0		0		0		360		360 0.04%		0		0	0	0	0	0		360 0.04%	None
Independent Director	Chi-Hsiung Chuang		0		0		0		360		360 0.04%		0		0	0	0	0	0		360 0.04%	None

Note 1: Employee compensation from earnings was the amount from 2022 earnings distribution proposal approved by the Board prior to the shareholders' meeting. The amount was calculated in accordance with the Company's rules on distribution of employee stock bonus.

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 for information disclosed above, remuneration paid for services rendered by Directors of the Company to all companies in the consolidated financial statements in the most recent year: None.

Note 4: According to the Company's Articles of Association, the Company's net income before tax for the year before employees' and directors' remuneration shall set aside not less than 1% of employees' remuneration and no more than 2% of directors' remuneration.
The Company has not decided to distribute director's remuneration for 2022, therefore it is largely unrelated to the Company's operating performance and future risks.

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

(III) Remuneration to the President and Vice Presidents

Unit: NT$ thousand; December 31, 2022

Designation	Name	Salary (A)		Severance Pay and Pension (B)		Bonus and Allowance (C)		Employee Compensation (D)(Note 1)				Ratio of Total Remuneration (A+B+C+D) to Net Income (%)		Remuneration from Invested Companies Other than Subsidiaries or the Parent Company
		The Company	All companies in the consoli-dated financial statements	The Company	All companies in the consoli-dated financial statements	The Company	All companies in the consoli-dated financial statements	The Company		All companies in the consolidated financial statements		The Company	All companies in the consoli-dated financial statements	
								Cash	Stock	Cash	Stock			
President	Tien-Chin Chen (discharged)		807		0		0	0	0	0	0		807 0.08%	None
Vice President	Chin-Hsing Chen		1,498		0		0	0	280	0	280		1,778 0.18%	None

Note 1: Employee compensation was the amount of employee compensation approved by the Board. It was calculated pursuant to the Company's rules of employee stock bonus distribution where the closing price (NT$32.25) on the day immediately preceding the Board meeting (i.e., March 28) was used.

(IV)Remuneration to the top five highest-paid executives.

Unit: NT$ thousand; December 31, 2022

Designation	Name	Salary (A)		Severance Pay and Pension (B)		Bonus and Allowance (C)		Employee Compensation (D) (Note 1)				Ratio of Total Remuneration (A+B+C+D) to Net Income (%)		Remuneration from Invested Companies Other than 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			
Vice President	Chin-Hsing Chen		1,498		0		0	0	280	0	280		1,778(0.18%)	None
Assistant Vice President	Jui-Lung Kung		1,498		0		0	0	212	0	212		1,710(0.17%)	None
Special Assistant	Yao-Hung Tsai		1,481		0		0	0	1,300	0	1,300		2,781(0.28%)	None
Assistant Vice President	Chia-Hung Huang		1,462		0		0	0	213	0	213		1,675(0.17%)	None
Assistant Vice President	Kuo-Tai Wang		1,357		0		0	0	178	0	178		1,535(0.15%)	None

Note 1: Employee compensation was the amount of employee compensation approved by the Board. It was calculated pursuant to the Company's rules of employee stock bonus distribution where the closing price (NT$32.25) on the day immediately preceding the Board meeting (i.e., March 28) was used.

(V) Renumeration to Managerial Officers:

Unit: NT$ thousand
As of May 1, 2023

	Designation	Name	Stock	Cash	Total	Ratio of Total Remunerations to Net Income (%)
Managerial Officers	President	Tien-Chin Chen (discharged)	1,259	0	1,259	0.12%
	Vice President	Chin-Hsing Chen				
	Assistant Vice President	Jui-Lung Kung				
	Assistant Vice President	Chia-Hung Huang				
	Assistant Vice President	Jing-Heng Zhou				
	Assistant Vice President	Kuo-Tai Wang				
	Accounting Executive	Su-Ying Liang				

Note 1: Employee compensation was the amount of employee compensation approved by the Board. It was calculated pursuant to the Company's rules of employee stock bonus distribution where the closing price (NT$32.25) on the day immediately preceding the Board meeting (i.e., March 28) was used.

(VI)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 and special allowances, the Company did not pay remuneration to Directors and Supervisors during the past two years.
2. Remunerations paid to Directors, Supervisors, President, and Vice President accounted for 0.69% and 0.38% of the consolidated and parent company only net income for 2022 and 2021, respectively. There was no significant change in the percentages.

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

1. The remunerations paid by the Company to the Directors, Supervisors, President, and Vice President are determined based on the industry level. At present, remunerations are not paid to Directors and Supervisors. They are only entitled to monthly travel allowance of NT$10,000 and special allowance of NT$20,000 each.
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 allowances to Directors and Supervisors are determined by the Board. Compensations to Directors and Supervisors for their performance of duties shall be paid regardless of whether the Company has made profits. Thus, except for compensations for 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 13 Board meetings (the 13th-term) were convened in the most recent fiscal year (2022). The attendance status of the Directors and Supervisors was as follows:

Designation	Name	Attendance in Person	Attendance by Proxy	Attendance Rate (%)	Remarks
Chairman	Tian Lai Investment Co., Ltd. Representative: Tien-Tsan Tsai	12	1	92.31%	13 meetings to attend
Director	Tian Lai Investment Co., Ltd. Representative: Mei-Yun Tsai-Hsueh	8	0	61.54%	13 meetings to attend
Director	Tian Lai Investment Co., Ltd. Representative: Tien-Chin Chen (discharged)	3	0	100.00%	3 meetings to attend
Director	Tian Lai Investment Co., Ltd.	13	0	100.00%	13 meetings to attend

	Representative: Shih-Hsiung Li				
Director	Tian Lai Investment Co., Ltd. Representative: Chin-Hsing Chen (re-appointed in 2022)	10	0	100.00%	10 meetings to attend
Independent Director	Ming-Te Chang	12	0	92.31%	13 meetings to attend
Independent Director	Yao-Kuo Wu	12	0	92.31%	13 meetings to attend
Independent Director	Chi-Hsiung Chuang	11	0	84.62%	13 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., to establishing an Audit Committee, 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 the Board of Directors Evaluation

December 31, 2022

Frequency	Period	Scope	Method	Details
Annually	Evaluate the Board performance from January 1, 2022 to December 31, 2022.	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 command over corporate goals and mission,

				understanding of Directors' duties, level of participation in corporate operations, internal relationship management and communication, specialty and continuing education of Directors, and internal control. (3) Performance evaluation of functional committees: level of participation in corporate operations, understanding of functional committees' duties, quality of functional committees' decisions, composition of the functional committees and election of members, and internal control. **Rating on overall operation: Excellent**
		Individual Board members Functional committees	Self-evaluation of the Directors	(1) Performance evaluation of individual Board members: it shall at least include command over corporate goals and mission, understanding of Directors' duties, level of participation in corporate operations, internal relationship management and communication, specialty and continuing education of Directors, and internal control. (2) Performance evaluation of functional committees: level of participation in corporate operations, understanding of functional committees' duties, quality of functional committees' decisions, composition of the functional committees and election of 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 six (A) Audit Committee meetings were convened in the most recent fiscal year. The attendance status of Independent Directors was as follows:

Designation	Name	Attendance in Person (B)	Attendance by Proxy	Attendance Rate (%) (B/A) (Note)	Remarks
Independent Director a	Ming-Te Chang	6	0	100.00%	
Independent Director b	Yao-Kuo Wu	6	0	100.00%	
Independent Director c	Chi-Hsiung Chuang	5	0	83.33%	

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 internal audit officer and CPAs. Opinions concerning finance and business are exchanged on a regular basis. The fine interactions are important mechanisms in monitoring the current status of the Company. Irregularities identified would be reported immediately to the Board. 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 a 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 and 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? (II) Does the Company possess 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? (IV) Does the Company establish internal rules against insiders using undisclosed information to trade in securities?	✓ ✓ ✓ ✓		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. The Company has possessed a list of major shareholders and ultimate owners of those major shareholders. Transactions between the Company and its affiliates are conducted in accordance with relevant regulations under proper risk control. The Company has established internal rules against insiders using undisclosed information to trade in securities.	—
III. Composition and responsibilities of the Board (I) Does the Board develop and implement a diversity policy for the composition		✓	The Company has yet to formulate a diversity policy for the composition of its Board members.	The Company will establish Diversified

Evaluation Item	Implementation Status			Deviations from the Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies and Reasons Thereof
	Yes	No	Description	
of its members? (II) In addition to the legally-required Remuneration Committee and Audit Committee, does the Company voluntarily establish other functional committees? (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 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?	 ✓ ✓	✓	It has yet to set up other functional committees voluntarily. The Company has established the Performance Evaluation Method of the Board of Directors and the assessment methods and has completed the 2022 performance evaluation of the Board. The Company regularly assesses the independence of the CPAs. At present, the Company's CPAs have met the independence criteria.	policies for the composition of Board in the recent period. The Company will establish a Sustainability and Corporate Governance Committee in the recent period.
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	✓		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.	—

Evaluation Item	Implementation Status			Deviations from the Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies and Reasons Thereof
	Yes	No	Description	
following the regulations, producing minutes of Board meetings and the shareholders' meetings, etc.)?				
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?	✓		The Company has established a website to disclose its financial operations and corporate governance status.	
(II) Does the Company have other information disclosure channels (e.g., maintaining an English-language website, designating people to handle information collection and disclosure, appointing spokesperson, webcasting investor conference on the corporate website)?	✓		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.	
(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		✓	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	In the future, the Company will accelerate the internal annual closing process as well as the

<table>
<tr><th rowspan="2">Evaluation Item</th><th colspan="3">Implementation Status</th><th rowspan="2">Deviations from the Corporate Governance 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>first, second, and third quarter and the operating conditions of each month before the specified period?</td><td></td><td></td><td>for the first, second, and third quarter and the operating conditions of each month are publicly announced and filed prior to the specified period.</td><td>CPA audits for earlier announcement and filing of the annual financial reports.</td></tr>
<tr><td>VIII. Does the Company have other important information to facilitate a better understanding of the Company's corporate governance practices (including but not limited to rights and welfare of employees, investor relations, supplier relations, rights of stakeholders, continuing education of directors and supervisors, the implementation of risk management policies and risk evaluation measures, the implementation of customer policies, and liability insurance for directors and supervisors provided by the Company)?</td><td>✓</td><td></td><td>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.</td><td>—</td></tr>
<tr><td colspan="5">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.</td></tr>
</table>

(IV) Composition and Operation of the Remuneration Committee:

1. Professional Qualifications and Independence Analysis of the Remuneration Committee Members

May 1, 2023

Title (Note 1)	Qualification / Name	Professional qualifications and experience	Independence criteria	Number of Other Public Companies in Which the Individual is Concurrently Serving as a Remuneration Committee Member	Remarks
Convener Independent Director	Ming-Te Chang	Work Experience Related to Real Property Industry in the Areas of Commerce 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	Work Experience Related to Real Property Industry in the Areas of Commerce and Finance Necessary for the Business of the Company		None	
Independent Director	Chi-Hsiung Chuang	Work Experience Related to Real Property Industry in the Areas of Commerce Necessary for the Business of the Company		None	

Note 1: For the title, please fill in 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: June 24, 2020 to June 23, 2023. The Remuneration Committee held two (A) meetings in the most recent year. The qualifications and attendance of the members are as follows:

Designation	Name	Attendance in Person (B)	Attendance 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. The Board of Directors of the Company resolved the establishment of the operation procedures for the preparation and verification of sustainability reports on January 16, and reported the establishment of a project team to the Board on March 15.	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 risk assessments on environmental, social and corporate governance issues related to the Company's operations in accordance with the materiality principle, and formulated relevant risk management policies and strategies.	None.
III. Environmental issues (I) Does the Company establish an appropriate environmental management system based on its industrial characteristics? (II) Does the Company endeavor to utilize all resources more efficiently	✓ ✓		The Company is in a relatively simple industry where environmental management is undertaken by the downstream contractors. At present, the environmental management system complies with the requirements. The Company and downstream contractors utilize resources with efficiency and	None.

Promotion item	Implementation status			Deviations from the Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies and reasons thereof
	Yes	No	Description	
and use recycled materials that have a low impact on the environment? (III) Does the Company assess the present and future potential risks and opportunities of climate change for the entity, and takes countermeasures to respond to climate-related issues? (IV) Does the Company calculate its greenhouse gas (GHG) emissions, water consumption and total waste weight in the past two years, and formulate policies for energy conservation, reductions of carbon, GHG and water consumption, or other waste management?	✓ ✓		adopt recycled materials which have low environmental impact. The impact of climate change on the Company remains insignificant. The Company regularly assesses the potential risks and opportunities, at present and in the future, arising from climate change. The Company has from time to time promoted its policy on carbon and GHG reductions with developments towards green buildings. It has yet to calculate its GHG emissions, water consumption and total waste weight in the past two years.	
IV. Social issues (I) Has the Company formulated appropriate management policies and procedures according to relevant regulations and the International Bill of Human Rights? (II) Has the Company formulated and implemented reasonable employee welfare measures (including remuneration, leaves and other benefits), and properly reflected the operating performance or achievements in the employee remuneration? (III) Has the Company provided employees with a safe and healthy working environment with regular	✓ ✓ ✓		The Company abides by laws and regulations and acknowledges the international principles of basic labor rights to protect employees' legitimate rights and recruitment policy, establish the welfare system and adopt proper management approaches and procedures. The Company has formulated and implemented reasonable employee welfare measures and regularly assessed employee performance which is reflected in employee compensation. The Company has provided employees with a safe and healthy working environment with irregular safety and	None.

Promotion item	Implementation status			Deviations from the Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies and reasons thereof
	Yes	No	Description	
safety and health education?			health education. No occupational accidents occur.	
(IV) Has the Company established effective career development training programs for its employees?	✓		The Company has established effective career development training programs for its employees and implemented the programs continuously.	
(V) Has the Company complied with related regulations and international standards in terms of customer health and safety, customer privacy, marketing and labeling of products and services, and formulated relevant consumer protection policies and complaint procedures?	✓		There are relatively few regulations and international standards where the Company's marketing and labeling of products and services are concerned. As for customer health and safety and customer privacy, the Company has always stressed the importance that products and services shall meet all requirements and demanded full compliance thereof. Also, relevant consumer protection policies and complaint procedures have been formulated.	
(VI) Has the Company formulated supplier management policies that require suppliers to follow relevant regulations on issues such as environmental protection, occupational safety and health, or labor rights, and the implementation results?	✓		The Company's contracts with suppliers contain clauses where the Company is entitled to terminate or rescind the contracts at any time if the supplier has violated the CSR policy and the violation resulted 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? Have the aforementioned reports obtained a third-party assurance or verification statement?		✓	In this year, the Company will compile the sustainability report in reference to internationally accepted standards or guidelines for its preparation of a sustainability report.	In the near future, the Company will compile the sustainability report in reference to internationally accepted standards or guidelines for its preparation of a

Promotion item	Implementation status			Deviations from the Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies and reasons thereof
	Yes	No	Description	
				sustainability report.
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 to facilitate a better understanding of the Company's CSR practices: 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?	✓		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.	None.
(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?"	✓		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.	
(III) Does the Company clearly define operating procedures, conduct guidelines, and	✓		The Company has established Ethical Corporate Management Best Practice Principles, which clearly define operating	

Evaluation Item	Implementation Status			Deviations from the Ethical Corporate Management Best Practice Principles for TWSE/TPEx-Listed Companies and Reasons Thereof
	Yes	No	Description	
punishment and grievance systems for violations in precautionary measures against unethical conduct, implement them, and regularly review the measures above?			procedures, conduct guidelines, and punishment and grievance systems for violations, and implemented them.	
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?	✓		At present, the Company has avoided transactions with parties having records of unethical records in its business activities.	None.
(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 once a year) about the ethical corporate management policies, precautionary measures against unethical conduct, as well as supervision of implementation status?	✓		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.	
(III) Does the Company establish policies to prevent conflicts of interest, provide appropriate communication channels, and implement them accordingly?	✓		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.	
(IV) Does the Company establish effective accounting systems and internal control systems to implement ethical corporate management and assign the internal audit	✓		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	

Evaluation Item	Implementation Status			Deviations from the Ethical Corporate Management Best Practice Principles for TWSE/TPEx-Listed Companies and Reasons Thereof
	Yes	No	Description	
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?	✓		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 Does the Company disclose its ethical corporate management policies and the results of its implementation on the	✓		The Company has set up a website and disclosed relevant information on ethical corporate management.	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	
company’s website and MOPS?				
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.				
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.				

(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

京城建設股份有限公司

內部控制制度聲明書

日期：112年3月15日

本公司民國 111 年度之內部控制制度，依據自行評估的結果，謹聲明如下：

一、本公司確知建立、實施和維護內部控制制度係本公司董事會及經理人之責任，本公司業已建立此一制度。其目的係在對營運之效果及效率(含獲利、績效及保障資產安全等)、報導具可靠性、及時性、透明性及符合相關規範暨相關法令規章之遵循等目標的達成，提供合理的確保。

二、內部控制制度有其先天限制，不論設計如何完善，有效之內部控制制度亦僅能對上述三項目標之達成提供合理的確保；而且，由於環境、情況之改變，內部控制制度之有效性可能隨之改變。惟本公司之內部控制制度設有自我監督之機制，缺失一經辨認，本公司即採取更正之行動。

三、本公司係依據「公開發行公司建立內部控制制度處理準則」(以下簡稱「處理準則」)規定之內部控制制度有效性之判斷項目，判斷內部控制制度之設計及執行是否有效。該「處理準則」所採用之內部控制制度判斷項目，係為依管理控制之過程，將內部控制制度劃分為五個組成要素：1.控制環境，2.風險評估，3.控制作業，4.資訊與溝通，及5.監督作業。每個組成要素又包括若干項目。前述項目請參見「處理準則」之規定。

四、本公司業已採用上述內部控制制度判斷項目，評估內部控制制度之設計及執行的有效性。

五、本公司基於前項評估結果，認為本公司於民國111年12月31日的內部控制制度(含對子公司之監督與管理)，包括瞭解營運之效果及效率目標達成之程度、報導係屬可靠、及時、透明及符合相關規範暨相關法令規章之遵循有關的內部控制制度等之設計及執行係屬有效，其能合理確保上述目標之達成。

六、本聲明書將成為本公司年報及公開說明書之主要內容，並對外公開。上述公開之內容如有虛偽、隱匿等不法情事，將涉及證券交易法第二十條、第三十二條、第一百七十一條及第一百七十四條等之法律責任。

七、本聲明書業經本公司民國112年3月15日董事會通過，出席董事　人中，無人持反對意見，均同意本聲明書之內容，併此聲明。

京城建設股份有限公司

董事長兼總經理：(簽章)

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 shareholders' meeting and Board meetings during the most recent fiscal year and up to the date of publication of the annual report:

January 1, 2022 ~ May 1, 2023

Date	Major Resolutions
2022/01/10	Acquisition of Land No. 1167 and No. 1175, section 12, Xinzhuang Section, Zuoying District, Kaohsiung City from non-related parties.
2022/01/25	Discussed the 2021 year-end bonus of the managerial officers.
2022/03/01	Salary adjustment of the Company's managerial officers.
2022/3/23	01. 2021 Statement of Internal Control System. 02. Ratification of 2021 consolidated and parent company only financial statements. 03. Appointment of the Company's new President. 04. 2021 distribution of earnings, employee compensation and remunerations to Directors and Supervisors. 05. Matters related to the 2022 Annual Shareholders' Meeting. 06. Amendments to the Company's "Articles of Incorporation". 07. Amendments to the Company's “Procedures for Acquisition or Disposal of Assets”
2022/5/11	01. Discussed the 2022 Q1 financial statements of the Company. 02. Amendments to the Company's "Management of Loans to Others". 03. Adding the proposal for 2022 Annual Shareholders' Meeting.
2022/6/23	01. Amendments to the Company's "Internal Control System." 02. Greenhouse Gas Inventory and Verification Schedule Plan. 03. Change in organizational system
2022/07/08	In order to meet practical needs, the Company plans to carry out 6th buyback of treasury shares pursuant to Subparagraph 3, Paragraph 1, Article 28-2 of the Securities and Exchange Act and repurchased 5,000,000 registered common shares of the Company.
2022/8/11	01. Discussed the 2022 Q2 financial statements of the Company. 02. Greenhouse Gas Inventory and Verification Schedule Plan of the Company. 03. Determined the record date for the 2022 distribution of

Date	Major Resolutions
	employee stock bonuses and discussed the 2022 employee compensation to managerial officers. 04. Signed a construction contract (Kingdom of New Asia Bay) with the Company's related party, Chieh Chih Construction Co., Ltd., for the Land Parcel No. 1140, Bosiao Section, Qianjin District, Kaohsiung City.
2022/9/28	Amendments to the Company's "Corporate Governance Best-Practice Principles".
2022/10/24	Disposition of four storefronts from the "King's Park" to non-related parties, including the lands and buildings located at No. 81 Shennong Road and No. 77, 79, 81 Longwen Street, Gushan District, Kaohsiung City and etc.
2022/10/31	Purchased a total of 82 parcels of road land, including the land located at Land No.718, Zhongcuo Section, Rende District, Tainan City and etc., from the related party, Mr. Tsai, Tien-Tsan.
2022/11/10	01. Discussed the 2022 Q3 financial statements of the Company. 02. 2023 annual audit plan of the Company 03. Determined the record date capital reduction regarding the Sixth buyback of treasury shares for capital reduction. 04. Purchased a total of 174 parcels of road land, located at Land No. 1061, 3rd Subsection, Youchang Section, Nanzi District, Kaohsiung City and etc., from three related parties including Mr. Tien-Tsan Tsai.
2022/12/26	Cash capital increase of NT$50,000,000 for the Company's subsidiary "H2O Hotel Co., Ltd.".
2023/1/16	01. Amendments to the Company's "Rules and Procedures of Board of Directors' Meeting." 02. Amendment to the Company's Internal Major Information Processing Procedures. 03. Establishment of the operation procedures for the preparation and verification of sustainability reports. 04. Discussed 2022 year-end bonus of managerial officers.
2023/3/15	01. 2022 Statement of Internal Control System of the Company. 02. Ratification of 2022 consolidated and parent company only financial statements. 03. Acquisition of five parcels of land located at No. 25, Xinkang Section, Zuoying District, Kaohsiung City, from unrelated parties. 04. Designated donation of funds for the road construction in front of the obtained base, in order to promote the development of Rende Smart Technology Park. 05. Matters related to the 2023 Annual Shareholders' Meeting of the Company.
2023/03/29	01. Ratification of 2022 consolidated and parent company only financial statements of the Company audited by CPAs. 02. 2022 distribution of earnings, employee compensation and remunerations to Directors and Supervisors. 03. Reviewed the list of candidates for the election of Directors (including Independent Directors) in the 2023 shareholders'' meeting.

Date	Major Resolutions
	04. Released newly appointed Directors and their representatives from non-competition restrictions. 05. Signed a construction contract with the Company's related party, Bai Hong Construction Co., Ltd., for the Land located at Land No. 191,Longjhung Section, Gushan District, Kaohsiung City. 06. Signed a construction contract with the Company's related party, Bai Hong Construction Co., Ltd., for the Land located at Land No. 879, Yuguang Section, Anping District, Tainan City. 07. Signed a construction contract with the Company's related party, Bai Hong Construction Co., Ltd., for the Land located at Land No. 698-1, Fuhe Section, Lingya District, Kaohsiung City.

(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:

Summary table of resignation and discharge of related personnel within the Company

Designation	Name	Date of appointment	Dismissal date	Reasons of resignation or discharge
President	Tien-Chin Chen	2011/07/01	2022/3/3	Passed away due to illness

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

Unit: NT$ thousand

Name of CPA Firm	Name of CPA	Audit period	Audit Fees	Non-audit Fees	Total	Remarks
ShineWing Taiwan	Hielleen Chang Jackson Jwo	2022/01/01～2022/12/31	1,550	810	2,360	—

1. When the Company changes its accounting firm and the audit fees paid for the fiscal year in which such change took place are lower than those for the previous fiscal year, the reduction in the amount of audit fees, reduction percentage, and reason(s) thereof shall be disclosed: 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 Date of Publication 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)

Designation	Name	2022		As of Apr. 30, 2023	
		Shareholding (shares) increase (decrease)	Pledged share increase (decrease)	Shareholding (shares) increase (decrease)	Pledged share increase (decrease)
Director/ Major shareholders with 10% shareholdings or more	Tian Lai Investment Co., Ltd. Representative (Date of appointment 2017/6/28)	0	6,000,000	0	0
Representative of Chairman/Major shareholders with 10% shareholdings or more/President	Tien-Tsan Tsai	0	(107,000)	0	2,000,000
Representative of Director	Mei-Yun Tsai-Hsueh	0	0	0	0
Representative of Director/ Former President	Tien-Chin Chen (dismissal date:2022/3/2)	0	0	N/A	N/A
Representative of Director	Shih-Hsiung Li	0	0	0	0
Representative of Director/Vice President	Chin-Hsing Chen	11,477	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
Assistant Vice President	Jui-Lung Kung	9,659	0	0	0
Assistant Vice President	Chia-Hung Huang	9,743	0	0	0
Assistant Vice President	Jing-Heng Zhou	8,155	0	0	0
Assistant Vice President	Kuo-Tai Wang	8,114	0	0	0
Finance and Accounting Executive	Su-Ying Liang	8,019	0	0	0
Shareholders with 10% Shareholdings or More	Tian Gang Investment Co., Ltd.	0	0	0	0

◎Equity Transfer Information

Name	Reasons for equity transfer	Transaction date	Counterparty	Relationship between the counterparty and the Company, Directors, Supervisors, Managerial Officers, and shareholders with 10% shareholding or more.	Number of shares (In shares)	Transaction price (NT$)
Tien-Chin Chen	Inheritance	2022/06/02	Po-Wei Chen	First degree of kinship by consanguinity of the Company's former President	111,712	37.50

◎Equity pledge information

Name	Reasons for changes in pledged shares	Change date	Counterparty	Relationship between the counterparty and the Company, Directors, Supervisors, Managerial Officers, and shareholders with 10% shareholding or more.	Number of shares (In shares)	Shareholding (%)	Pledge ratio (%)	Pledge (redemption) amount
Tien-Tsan Tsai	Discharged	2022/12/05	Yuanta Commercial Bank Co., Ltd.	None	107,000	23.19	—	—
Tien-Tsan Tsai	Pledged	2023/01/09	Kaohsiung Branch of China Bills Finance Co., Ltd.	None	2,000,000	23.19	—	—
Tian Lai Investment Co., Ltd.	Pledged	2022/06/13	Great Chinese Bills Finance Corporation	None	6,000,000	13.45	—	—
Tian Lai Investment Co., Ltd.	Pledged	2022/06/13	Great Chinese Bills Finance Corporation	None	6,000,000	13.45	—	—

IX. Relationship Among the Company's 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

April 30, 2023

Name	Current Shareholding		Spouse & Minor Shareholding		Shareholding by Nominees		Names and Relationship of Top Ten Shareholders Who are Related Parties as Defined in No. 6 of the Statement of Financial Accounting Standards, Spouses or Within Second Degree of Kinship to Each Other		Remarks
	Shares	Shareholding (%)	Shares	Shareholding (%)	Shares	Shareholding (%)	Name	Relationship	
Tien-Tsan Tsai	85,577,838	23.19	20,209,951	5.48	–	–	Mei-Yun Tsai-Hsueh	Spouse	Corporate Representative - Director of the Company, major shareholder
							Chiung-Ting Tsai	First-degree relative by consanguinity	
							Mei-Hui Chen	Second-degree relative by affinity	
Tian Gang Investment Co., Ltd.	63,328,801	17.16	–	–	–	–	Mei-Yun Tsai-Hsueh	Responsible person	Major shareholder
Tian Gang Investment Co., Ltd. Responsible person: Mei-Yun Tsai-Hsueh	20,209,951	5.48	85,577,838	23.19	–	–	Tien-Tsan Tsai	Spouse	–
							Chiung-Ting Tsai	First-degree relative by consanguinity	
							Mei-Hui Chen	Second-degree relative by consanguinity	
Tian Lai Investment Co., Ltd.	49,652,072	13.45	–	–	–	–	–	–	Director of the Company
Responsible person of Tian Lai Investment Co., Ltd.: I-Ying Chen	0	0.00	23,616,339	6.40	–	–	Tien-Tsan Tsai	First-degree relative by affinity	–
							Mei-Yun Tsai-Hsueh	First-degree relative by affinity	
							Chiung-Ting Tsai	Spouse	
Chieh Chih Construction Co., Ltd.	31,651,513	8.58	–	–	–	–	–	–	Affiliate of the Company
Responsible person of Chieh Chih Construction Co., Ltd.: Hsien-Tsung Wang	589,635	0.16	11,533,354	3.13	–	–	–	–	–
Chiung-Ting Tsai	23,616,339	6.40	0	0.00	–	–	Tien-Tsan Tsai	First-degree relative by consanguinity	First-degree relative to corporate representative - Director of the Company
							Mei-Yun Tsai-Hsueh	First-degree relative by consanguinity	

Name	Current Shareholding		Spouse & Minor Shareholding		Shareholding by Nominees		Names and Relationship of Top Ten Shareholders Who are Related Parties as Defined in No. 6 of the Statement of Financial Accounting Standards, Spouses or Within Second Degree of Kinship to Each Other		Remarks
	Shares	Shareholding (%)	Shares	Shareholding (%)	Shares	Shareholding (%)	Name	Relationship	
Mei-Yun Tsai-Hsueh	20,209,951	5.48	85,577,838	23.19	–	–	Tien-Tsan Tsai	Spouse	Corporate Representative - Director of the Company
							Chiung-Ting Tsai	First-degree relative by consanguinity	
Xin Rui Investment Co., Ltd.	17,786,434	4.82	–	–	–	–	–	–	–
Responsible person of Xin Rui Investment Co., Ltd.: I-Li Chuang	0	0.00	–	–	–	–	–	–	–
Jin Cheng Construction Co., Ltd.	13,587,324	3.68	–	–	–	–	–	–	–
Responsible person of Jin Cheng Construction Co., Ltd.: Chun-Chun Chiu	324,845	0.09	–	–	–	–	–	–	–
Mei-Hui Chen	11,533,354	3.13	589,635	0.16	–	–	Tien-Tsan Tsai	Second-degree relative by affinity	Second-degree relative to corporate representative - Director of the Company
							Mei-Yun Tsai-Hsueh	Second-degree relative by consanguinity	
Bing-Ze Huang	4,545,000	1.23	–	–	–	–	–	–	–

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; %)

Investee(Note)	Investment by the Company		Investments of the Directors, Supervisors, Managerial Officers, and Any Companies Controlled Either Directly or Indirectly by the Company		Total	
	Shares	Shareholding (%)	Shares	Shareholding (%)	Shares	Shareholding (%)
H2O Hotel Co., Ltd.	44,000,000	100.00%	0	0.00	44,000,000	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 under the equity method.

Chapter 4. Capital and Shares

I. Sources of Capital

Year/ Month	Issued 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
1985/09	NT$10,000	100	1,000	100	1,000	Initial capital	None	
1985/10	NT$10,000	3,000	30,000	3,000	30,000	Cash capital increase of NT$29,000,000	None	
1990/04	NT$10,000	8,000	80,000	8,000	80,000	Cash capital increase of NT$50,000,000	None	
1990/05	NT$10	19,800,000	198,000	19,800,000	198,000	Cash capital increase of NT$118,000,000	None	
1991/04	NT$10	40,000,000	400,000	40,000,000	400,000	Capitalization of earnings of NT$30,000,000, Cash capital increase ofNT$172,000,000	None	
1991/12	NT$10	45,016,000	450,160	45,016,000	450,160	Capitalization of earnings of NT$50,160,000	None	
1992/08	NT$10	70,000,000	700,000	51,543,320	515,433	Capitalization of earnings of NT$65,273,200	None	
1993/06	NT$10	70,000,000	700,000	65,819,537	658,195	Capitalization of earnings of NT$142,762,170	None	
1994/07	NT$10	100,000,000	1,000,000	81,483,268	814,833	Capitalization of earnings of NT$156,637,310	None	
1995/05	NT$10	200,000,000	2,000,000	99,983,268	999,833	Cash capital increase of NT$185,000,000	None	
1995/07	NT$10	200,000,000	2,000,000	135,147,774	1,351,478	Capitalization of earnings of NT$351,645,060	None	
1999/10	NT$10	200,000,000	2,000,000	148,662,551	1,486,626	Capitalization of capital surplus of NT$135,147,770	None	
2005/06	NT$10	370,000,000	3,700,000	223,760,126	2,237,602	Capitalization of earnings of NT$750,975,750	None	Approved by Jin-Guan-Zheng-I-Zi No. 0940002934 on June 30, 2005
2006/08	NT$10	370,000,000	3,700,000	268,973,513	2,689,735	Capitalization of earnings of NT$452,133,870	None	Approved by Jin-Guan-Zheng-I-Zi No. 0950137780 on August 25, 2006
2007/07	NT$10	370,000,000	3,700,000	296,148,158	2,961,481	Capitalization of earnings of NT$271,746,450	None	Approved by Jin-Guan-Zheng-I-Zi No. 0960037710 on July 19,

Year/ Month	Issued 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
								2007
2008/02	NT$10	370,000,000	3,700,000	291,163,158	2,911,631	Capital reduction via treasury shares of NT$49,850,000	None	
2008/08	NT$10	370,000,000	3,700,000	320,849,633	3,208,496	Capitalization of earnings of NT$296,864,750	None	Approved by Jin-Guan-Zheng-I-Zi No. 0970039602 on August 06, 2008
2008/12	NT$10	370,000,000	3,700,000	310,849,633	3,108,496	Capital reduction via treasury shares of NT$100,000,000	None	
2009/10	NT$10	370,000,000	3,700,000	305,849,633	3,058,496	Capital reduction via treasury shares of NT$50,000,000	None	
2010/09	NT$10	370,000,000	3,700,000	330,657,729	3,306,577	Capitalization of earnings of NT$248,080,096	None	Approved by Jin-Guan-Zheng-Fa-Zi No. 0990037059 on July 16, 2010
2011/10	NT$10	450,000,000	4,500,000	357,727,262	3,577,273	Capitalization of earnings of NT$270,695,330	None	Approved by Jin-Guan-Zheng-Fa-Zi No. 1000032122 on July 12, 2011
2012/09	NT$10	450,000,000	4,500,000	375,926,155	3,759,261	Capitalization of earnings of NT$181,988,930	None	Approved by Jin-Guan-Zheng-Fa-Zi No. 1010033076 on July 25, 2012
2015/10	NT$10	450,000,000	4,500,000	383,820,229	3,838,202	Capitalization of earnings of NT$78,940,740	None	Approved by Jin-Guan-Zheng-Fa-Zi No. 1040029174 on July 31, 2015
2016/11	NT$10	450,000,000	4,500,000	384,004,658	3,840,047	Capitalization of employee bonus of NT$1,844,290	None	—
2017/09	NT$10	450,000,000	4,500,000	384,270,732	3,842,707	Capitalization of employee bonus of NT$2,660,740	None	—
2018/10	NT$10	450,000,000	4,500,000	384,654,922	3,846,549	Capitalization of employee bonus of NT$3,841,900	None	—
2019/08	NT$10	450,000,000	4,500,000	384,846,372	3,848,464	Capitalization of employee bonus of NT$1,914,500	None	—
2020/07	NT$10	450,000,000	4,500,000	374,846,372	3,748,464	Capital reduction via	None	—

Year/ Month	Issued 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
						treasury shares of NT$100,000,000		
2020/10	NT$10	450,000,000	4,500,000	370,657,372	3,706,574	Capital reduction via treasury shares of NT$41,890,000	None	—
2020/10	NT$10	450,000,000	4,500,000	371,193,098	3,711,931	Capitalization of employee bonus of NT$5,357,260	None	—
2021/09	NT$10	450,000,000	4,500,000	371,759,023	3,717,590	Capitalization of employee compensation of $5,659,250	None	—
2022/09	NT$10	500,000,000	5,000,000	372,300,379	3,723,004	Capitalization of employee bonus of NT$5,413,560	None	
2022/11	NT$10	500,000,000	5,000,000	369,056,379	3,690,564	Capital reduction via treasury shares of NT$32,440,000	None	—

Share Type	Authorized Capital			Remarks
	Outstanding Shares	Unissued Shares	Total	
Registered common shares	369,056,379 shares	130,943,621 shares	500,000,000 shares	TWSE listed shares

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

II. Shareholder Structure

April 30, 2023

Structure / Number	Government Agencies	Financial Institutions	Other institutional shareholders	Domestic Natural Persons	Foreign Institutions and Natural Persons	Total
Number of shareholders	0	4	20	7,182	48	7,254
Shareholding (shares)	0	1,589,659	179,093,099	185,425,584	2,948,037	369,056,379
Shareholding (%)	0.00%	0.43%	48.53%	50.24%	0.80%	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
April 30, 2023

Range of Shareholding	Number of Shareholders	Shareholding (shares)	Shareholding (%)
1 - 999	4,273	936,391	0.26%
1,000 - 5,000	2,170	4,661,087	1.26%
5,001 - 10,000	371	2,631,814	0.71%
10,001 - 15,000	113	1,414,290	0.38%
15,001 - 20,000	79	1,373,872	0.37%
20,001 - 30,000	62	1,526,624	0.42%
30,001 - 40,000	37	1,309,198	0.35%
40,001 - 50,000	22	986,472	0.27%
50,001 - 100,000	50	3,517,449	0.95%
100,001 - 200,000	36	4,881,815	1.32%
200,001 - 400,000	16	4,583,228	1.24%
400,001 - 600,000	5	2,576,439	0.70%
600,001 - 800,000	2	1,453,028	0.40%
800,001 - 1,000,000	0	0	0.00%
Over 1,000,001	18	337,204,672	91.37%
Total	7,254	369,056,379	100.00%

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

IV. List of Major Shareholders:

April 30, 2023

Shareholding / Name of Major Shareholders	Shareholding (shares)	Shareholding (%)
Tien-Tsan Tsai	85,577,838	23.19%
Tian Gang Investment Co., Ltd.	63,328,801	17.16%
Tian Lai Investment Co., Ltd.	49,652,072	13.45%
Chieh Chih Construction Co., Ltd.	31,651,513	8.58%
Chiung-Ting Tsai	23,616,339	6.40%
Mei-Yun Tsai-Hsueh	20,209,951	5.48%
Xin Rui Investment Co., Ltd.	17,786,434	4.82%
Jin Cheng Construction Co., Ltd.	13,587,324	3.68%
Mei-Hui Chen	11,533,354	3.13%
Bing-Ze Huang	4,545,000	1.23%

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			2022	2021	As of March 31, 2023
Market Price per Share (Note 1)	Highest		41.40	51.90	35.45
	Lowest		30.90	31.90	31.40
	Average		35.25	36.81	32.98
Net Worth per Share (Note 2)	Before distribution		46.81	44.02	46.97
	After distribution		46.81	44.02	46.97
Earnings per share (EPS)	Weighted average no. of shares (thousand shares)		369,680	371,407	369,056
	Earnings per share (EPS)(Note 3)	Before adjustment	$2.73	$4.54	$0.17
		After adjustment	$2.73	$4.54	$0.17
Dividends per Share	Cash dividends		–	–	–
	Stock dividends	Stock dividends from retained earnings	–	–	–
		Stock dividends from capital surplus	–	–	–
	Accumulated undistributed dividends (Note 4)		–	–	–
Return on Investment	Price/earnings ratio (Note 5)		12.91	8.11	194.00
	Price/dividend ratio (Note 6)		–	–	–
	Cash dividend yield rate (Note 7)		–	–	–

* In the case of stock dividends from capitalized retained 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 identify the highest and the lowest market price of common share 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 bonus) resolved in the shareholders' meeting of the following year.

Note 3: If it is necessary to make retrospective adjustments due to stock dividends, EPS before and after the adjustment shall be disclosed.

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.

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

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 year.

Note 8: Please identify the net worth per share and EPS available in the latest quarterly financial information audited (reviewed) by CPAs before the date of publication of the Annual Report, and the information available until the date of publication of the annual report in the other sections.

VI. Company's Dividend Policy and Implementation Thereof:

◎Dividend policy:

In accordance with Article 25 of the Articles of Incorporation, annual earnings of the Company, if any, shall be appropriated for tax payment, accumulated loss compensation, legal and special reserves, employee bonus and remuneration to Directors and Supervisors. The Board shall determine the amount of dividends based on the remaining balance, if any, together with undistributed earnings of prior years. If the distributable earnings per share are 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 decided not to distribute dividends, it is not subject to this provision.

◎Dividend distribution proposal: 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 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, EPS and Return on Equity of Stock Dividend Distribution

<table>
<tr><td colspan="3">Year
Item</td><td>2023
(Estimation)</td></tr>
<tr><td colspan="3">Paid-in capital at the beginning (in thousands of NT$)</td><td>3,690,564</td></tr>
<tr><td rowspan="3">Cash and stock dividend in 2022</td><td colspan="2">Cash dividend per share (NT$)</td><td>0.00</td></tr>
<tr><td colspan="2">Stock dividend from capitalized retained earnings (shares)</td><td>0.00 (Note 2)</td></tr>
<tr><td colspan="2">Stock dividend 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 thousands of NT$)</td><td rowspan="13">(Note 1)</td></tr>
<tr><td colspan="2">Ratio of increase (decrease) in operating income year-over-year</td></tr>
<tr><td colspan="2">Net income after tax (in thousands of NT$)</td></tr>
<tr><td colspan="2">Ratio of increase (decrease) in net income after tax year-over-year</td></tr>
<tr><td colspan="2">Earnings per share (NT$)</td></tr>
<tr><td colspan="2">Ratio of increase (decrease) in 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 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 did not disclose the complete financial forecasts for 2023.
2. The 2022 earnings distribution proposal is pending approval from the shareholders' meeting.
3. Where capitalized earnings were distributed as cash dividends instead, Pro forma EPS
   = [Net income after tax-Imputed interest expense arising from cash dividends*×(1-tax rate)]/**[Total number of issued shares at the end of that year-shares of 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 shares from earnings appropriation**: The increase in number of shares after the earnings appropriation of the previous year
4. Average price/earnings ratio of the year = Average market price per share of the year / EPS in the annual financial statements

VIII. Compensation of Employees, Directors, and Supervisors

(I) The percentages or ranges of compensation to employee, Directors and Supervisors as set forth in the Company's Articles of Incorporation:
Pursuant to Article 25 of the Articles of Incorporation, annual earnings of the Company, if any, shall be first appropriated to pay taxes and offset losses of prior years before allocating 10% of the remaining earnings to legal reserve until the accumulated legal reserve has equaled the Company's paid-in capital. Next, the special reserve shall be appropriated or reversed based on the Company's needs and pursuant to applicable laws and regulations. The remaining balance, if any, shall be appropriated for employee bonus at a percentage not lower than 1% and for remuneration to Directors and Supervisors at a percentage not exceeding 2%.

(II) The accrual basis of compensation to employees and remuneration to Directors and Supervisors, the calculation basis for number of shares distributed as employee compensation and the accounting treatments for difference between the amount actually paid and accrued:

1. Compensation to employees was accrued at 1% of the net income before tax and remuneration to Directors and Supervisors was not accrued for in 2021.
2. The Company planned to issue new shares for employee bonuses of NT$11,713,879. The number of shares to be issued was calculated based on the closing price of NT$32.25 on the day immediately preceding the Board's resolution on new share issuance (i.e., March 28). A total of 363,221 shares were issued. Amount less than one share was distributed in the form of cash.
3. The proposed distribution amount of NT$11,713,879 was not different from the accrued amount.

(III) Information on the Board's resolution concerning remuneration:

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 stocks, and as a percentage of the sum of net income in the parent company only or individual financial statements for the current period and total employee compensation.
   The proposed amount of employee compensation distributed in stocks of NT$11,713,879 was 1.15% to the sum of net income in the parent company only or individual financial statements for the current period and total employee compensation.

(IV)The actual distribution of compensation to employees and remuneration to Directors and Supervisors in the previous fiscal year (including the number of shares, amount and share price) and the difference, its causes and actions taken where the amount is different from the one recognized in the financial statements:

1. In 2022, The Company did not distribute remuneration to Directors and Supervisors for the year 2021.
2. In 2022, the Company distributed 2021 compensation to employees of NT$19,461,751. The number of shares issued was calculated based on the closing price of NT$35.95 on the day immediately preceding the Board's resolution on new share issuance (i.e., March 22, 2022). A total of 541,356 shares were issued. Amount less than one share was distributed in the form of cash.
3. The amount was the same as the one recognized in the financial statement.

IX. Share Repurchases：

(I) Repurchase completed:

May 1, 2023

Batch Number	Forth (Transactions completed on May 15, 2020)	Fifth (Transactions completed on August 21, 2020)	Sixth (Transactions completed on September 7, 2022)
Purpose	Maintain company credit and shareholders' rights	Maintain company credit and shareholders' rights	Maintain company credit and shareholders' rights
Period	2020/03/16 to 2020/05/15	2020/06/22 to 2020/08/21	2022/07/11 to 2022/09/07
Price range	Between NT$20.00 and NT$35.00 per share	Between NT$26.00 and NT$38.00 per share	Between NT$22.90 and NT$50.60 per share
Type and quantity of shares repurchased	10,000,000 registered common shares	4,189,000 registered common shares	3,244,000 registered common shares
Value of shares repurchased	NT$310,789,663	NT$152,968,949	NT$120,335,191
Ratio of shares repurchased to the scheduled amount to be repurchased (%)	100.00%	83.78%	64.88%
Number of shares retired or resold	10,000,000 shares	4,189,000 shares	3,244,000 shares
Quantity of total treasury stock holdings	0 share	0 share	0 share
Ratio of total treasury stock holdings to total shares issued (%)	0.00%	0.00%	0.00%

(II) Ongoing repurchase: None.

X. 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:

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 to build 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 statements in 2022, the sales of residential buildings accounted for 91.06%, the tourism hotel business accounted for 7.95%, and others and rental income accounted for 0.99%
2. Major 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 status and development:

In Taiwan, the real estate industry is one with less access to raw materials. As the nation is located on an island with limited area and a high population density, the industry has always enjoyed stable demand. The current status has not changed much.

For more than two decades, as national income continues to grow, consumers' demand for residential quality has increased, which is evidenced by the demand for real estate. Both first-time home buyer and replacement demand have risen as the real purchasing power recovers.

In recent years, the expansion of the technology industry in area and scale leads to soaring property prices. The phenomenon is quite obvious especially in Tainan and Kaohsiung during the past two years. The trend will continue for the next five years.

In the long run, as the growth of the domestic property market gradually stabilizes, the market shall progress to a more mature phase.

2. Relationship amongst upstream, midstream, and downstream:

   Profits of the building industry mainly come from controls over land and construction costs, and the level of understanding of the economic fluctuations in the property market. As the raw material, land is categorized as upstream. It is given to and utilized by the contractors, which is the midstream. Both are key costs in the building industry. Downstream of the property market mainly consists of real estate marketing agencies and broking agencies. The building investment industry and real estate marketing agencies used to have tight long-term business relationships in the past. As for broking agencies, with the advantages of multiple stores, they have also worked closely with the property market on project sales.

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 date of publication of the annual report: None.
2. Technology and products successfully developed during the most recent fiscal year and up to the date of publication 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 capital size, human resources conditions, rate of return on individual projects, and capital turnover efficiency, our short-term business focus will be on the investments of residential constructions at the Greater Kaohsiung and Tainan area. Besides optimizing operation efficiency, the Company can enjoy stable growth.

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 of Sales

(I) Market Analysis:

1. Sales distribution of main products (services) by region:

   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:

Area	Project	Product Type	Units
Kaohsiung City	King's Grand Tower	Residential-commercial building	122 units
	Le Dome	Private residence	156 units
	Lohas	Private residence	168 units
	The Peak	Private residence	53 units
	King's Park	Residential-commercial building	126 units
	King's Hanshin Online	Private residence	55 units
	Exquisite Palace	Residential-commercial building	366 units
	King's Mansion	Residential-commercial building	284 units
	Riverbank	Residential-commercial building	57 units
	Elegance	Private residence	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 property market of 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 18,989 residential building construction licenses in 2022, an increase of 971 units or 5.39% from 18,018 units in 2021. The total area of the residential building construction licenses issued in 2022 was 2,378,883 square meters, an decrease of 0.95% over 2,401,666 square meters in 2021. 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 at present.

Moreover, the residential building usage licenses were issued for 15,076 units in 2022, a significant increase of 4,849 units (47.41%) compared to the 10,227 units in 2021. The total floor area covered by the licenses issued was 2,149,155 square meters in 2022, a surge of 52.12% compared to the 1,412,783 square meters in 2021. The supply of newly completed property soared in 2022, which should be attributed to the effect of TSMC's announcement to build a factory in Kaohsiung.

(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, 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 team of subcontractors, the Company needs not worry about quality and progress control.

4) The Company has outstanding talents with low turnover rate.

(2) Favorable factors of development prospect:

1) Public works and industrial settlements promote regional prosperity:

Currently, there are several major public construction projects that have been completed, under construction, or planned, such as the Nanzih North City Project, Cruise Terminal, Kaohsiung Circular light rail (fully completed), Kaohsiung Metro Yellow Line, and the launch of the Specific Trade Zone (III) of Asia's New Bay Area Development Project . For TSMC's subsequent construction plan, although TSMC only mentioned upgrading the manufacturing process of the Kaohsiung plant and did not specify a timetable, other industries continue to set foot in Kaohsiung. These factors will drive the real estate market in the Greater Kaohsiung region and contribute to the overall development of the real estate market.

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 prime land:

Land is the fundamental material for construction. Taiwan has limited land for development as the majority of land area consists of hills or high mountains. Moreover, after years of development, land available becomes even more scarce.

(4) Countermeasures:

1) Explore suitable land:

Initiate projects at regions with potential for value enhancement and resistance to price erosion in the metropolitan areas to cope with the impact of market downturn and meet the customers' demand concerning the living environment.

2) Seize the selling opportunities:

Monitor changes in the market constantly and seize selling opportunities to avoid price competitions with its 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 worksite management in order to shorten the construction period and increase the 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

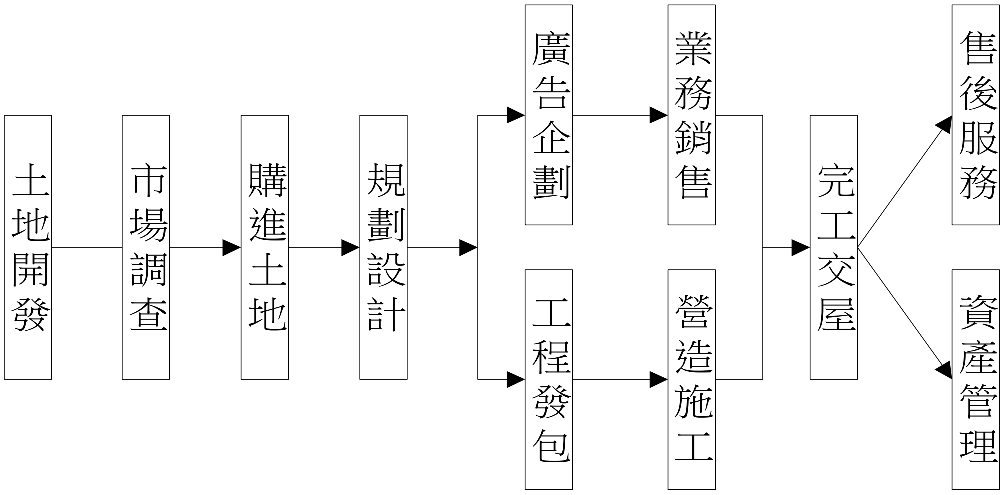
1. Main applications:

Key products of the Company 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, sanitary facilities, utility devices, aluminum doors and windows, tiles, landscape design and gardening. The site manager of the contractor is responsible for the construction planning and quality control of associated subcontractors. The Company would assign employees to perform unscheduled inspections on the construction status to deliver the best quality.

The process is illustrated below:



(III)Supply of Major Raw Materials

1. Construction sites:

The Company's projects are mostly in Kaohsiung City and Tainan City, which have a relatively large area for construction purposes. Thus, we have sufficient land resources. Moreover, the release of public land for bidding is favorable 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 of their construction work are assured.

◎The above suppliers of key raw material are affiliates of the Company. The source of supply is stable and we do not expect major changes.

(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, 2023

Name \ Year	2022		2021		As of the first quarter of 2023	
	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 2023 (%)
Chieh Chih Construction Co., Ltd. (Concluded as having controlling or subordinate relation)	547,645	24.03%	328,598	5.42%	190,484	33.10%
Bai Hong Construction Co., Ltd. (Concluded as having controlling or subordinate relation)	180,992	7.94%	276,217	4.55%	40,007	6.95%
Others	1,550,271	68.03%	5,459,537	90.03%	344,970	59.95%
Net purchase	2,278,908	100.00%	6,064,352	100.00%	575,461	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:

May 1, 2023

Name \ Year	2022		2021		As of the first quarter of 2023	
	Amount (in NT$ thousands)	Percentage of annual total sales (%)	Amount (in NT$ thousands)	Percentage of annual total sales (%)	Amount (in NT$ thousands)	Percentage of sales as of the first quarter of 2023 (%)
The buyer,who is not related to the company.	721,617	21.32%	0	0%	0	0%
Others	2,662,513	78.68%	6,657,244	100.00%	387,950	100.00%
Net purchase	3,384,130	100.00%	6,657,244	100.00%	387,950	100.00%

(V) Production Volume and Value in the Past Two Fiscal Years: In the past two fiscal years, our company has not completed any construction projects and has no production value.

(VI)Sales volume and value in the past two fiscal years:

December 31, 2022

Main Products \ Year	2022		2021	
	Sales Volume (ping)	Sales value (in NT$ thousands)	Sales Volume (ping)	Sales value (in NT$ thousands)
Townhouse	–	–	–	–
Residential building	7,292.74	3,081,725	23,179.10	6,439,849
Land	–	–	–	–
Lease revenue	–	33,320	–	27,891
Hospitality revenue	–	269,085	–	189,504
Total	7,292.74	3,384,130	23,179.10	6,657,244

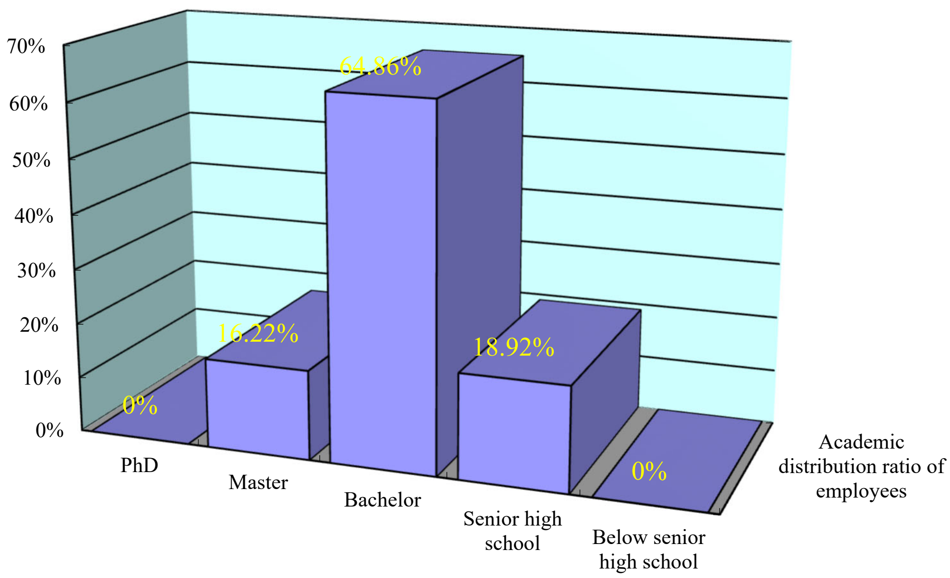
III. Employees:

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, 2023

Year		2022	2021	As of May 1, 2023
No. of Employees	General employees	35	34	36
	Engineering employees	2	2	1
	Total	37	36	37
Average age		50.14	51.42	49.68
Average year of services		18.38	18.53	18.21
Academic distribution ratio (%)	PhD	0%	0%	0
	Master's degree	16.22%	16.67%	16.22%
	Bachelor's degree	64.86%	72.22%	67.57%
	Senior High School	18.92%	11.11%	16.22%
	Below senior high school	0%	0%	0%

Academic distribution ratio of employees



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 environment management and landscaping at 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 welfare and 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) Employee bonus scheme and employee stock purchase plan.

2. Retirement system

Retirement rules are stipulated in the personnel management rules and approved by the Labor Affairs Bureau of Kaohsiung City Government. The Company makes monthly contributions to the designated retirement account to optimize employee protection. The Company has maintained a harmonious labor relation and has not had any loss incurred due to labor disputes.

3. Labor-management agreement

The Company has maintained a harmonious labor relation and has not had labor disputes. Thus, there has been no labor-management agreement.

4. Measures to preserve the rights and interests of employees

EWC is the complaint channel for issues concerning employee rights. Complaints raised by employees are reviewed in EWC meetings. The operation has been smooth.

(II) Any losses suffered by the Company in the most recent fiscal year and up to the date of publication of the annual report due to industrial 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 Assistant Vice President 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	Duration	Major Contents	Restrictions
Structural work of Project "King's Hanshin Online"	Chieh Chih Construction Co., Ltd.	Signed on February 1, 2016	Contract sum: NT$344,712 thousand **Upon agreement, the contract sum was amended to NT$352,212 thousand 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 August 1, 2016	Contract sum: NT$260,110 thousand	Performance bond of 10% Five-year warranty
Structural work of Project "Riverbank"	Chieh Chih Construction Co., Ltd.	Signed on August 1, 2016	Contract sum: NT$136,128 thousand **Upon agreement, the contract sum was amended to NT$148,127.5 thousand 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 March 24, 2017	Contract sum: NT$273,168,000 **Upon agreement, the contract sum was amended to NT$266,168 thousand 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 February 1, 2018	Contract sum: NT$205,350 thousand	Performance bond of 10% Five-year warranty
Renovation work of Project "Riverbank "	Chieh Chih Construction Co., Ltd.	Signed on December 25, 2017	Contract sum: NT$120,113 thousand **Upon agreement, the contract sum was amended to NT$126,812.5 thousand in March 2019**	Performance bond of 10% Five-year warranty
Construction work of Project "Heart of World"	Chieh Chih Construction Co., Ltd.	Signed on November 18, 2020	Contract sum: NT$2,014,000 thousand	Check for performance bond of 10% Five-year warranty
Construction work of Project "Forest Fragrance"	Bai Hong Construction Co., Ltd.	Signed on November 18, 2020	Contract sum: NT$80,200 thousand	Check for performance bond of 10% Five-year warranty
Construction work of Project “Kingdom of New Asia Bay”	Chieh Chih Construction Co., Ltd.	Signed on August 25, 2022	Contract sum: NT$1,405,500 thousand	Check for performance bond of 10% Five-year warranty

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

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$ thousand

Item \ Year		Financial Information for the Past Five Fiscal Years					As of Mar. 31, 2023 Financial information (Note 1)
		2022	2021	2020	2019	2018	
Current assets		34,095,734	33,464,187	31,278,021	34,845,997	32,137,827	34,489,925
Property, plant and equipment		675,298	735,365	802,258	862,082	912,786	658,080
Intangible assets		160,498	164,667	169,290	173,523	177,349	159,377
Other assets		132,261	143,166	129,645	181,001	84,076	131,745
Total assets		35,063,791	34,507,385	32,379,214	36,062,603	33,312,038	35,439,127
Current liabilities	Before distribution	10,301,647	9,421,299	10,728,951	15,246,621	15,401,138	10,426,733
	After distribution	10,301,647	9,421,299	10,728,951	15,246,621	15,401,138	10,426,733
Non-current liabilities		7,487,118	8,720,240	6,988,048	7,393,196	6,149,410	7,676,319
Total liabilities	Before distribution	17,788,765	18,141,539	17,716,999	22,639,817	21,550,548	18,103,052
	After distribution	17,788,765	18,141,539	17,716,999	22,639,817	21,550,548	18,103,052
Equity attributable to shareholders of the parent		17,275,026	16,365,846	14,662,215	13,422,786	11,761,490	17,336,075
Share capital		3,690,564	3,717,590	3,711,931	3,848,464	3,846,549	3,690,564
Capital surplus		0	13,865	0	40,015	36,474	0
Retained Earnings	Before distribution	13,584,462	12,634,391	10,950,284	9,534,307	7,878,467	13,645,511
	After distribution	13,584,462	12,634,391	10,950,284	9,534,307	7,878,467	13,645,511
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
Equity Total	Before distribution	17,275,026	16,365,846	14,662,215	13,422,786	11,761,490	17,336,075
	After distribution	17,275,026	16,365,846	14,662,215	13,422,786	11,761,490	17,336,075

Note 1: Financial information for the three months ended March 31, 2023 was reviewed by CPAs, Hielleen Chang and 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$ thousand

Item \ Year		2022	2021	2020	2019	2018	As of Mar. 31, 2023 Financial information (Note 1)
		Financial Information for the Past Five Fiscal Years					
Current assets		33,995,348	33,341,946	31,179,718	34,751,912	32,031,785	—
Property, plant and equipment		4,047	1,172	2,476	3,247	4,523	—
Intangible assets		158,626	162,456	166,676	170,714	175,171	—
Other assets		825,198	879,137	914,810	1,015,634	957,905	—
Total assets		34,983,219	34,384,711	32,263,680	35,941,507	33,169,384	—
Current liabilities	Before distribution	10,221,783	9,299,333	10,614,125	15,126,233	15,261,193	—
	After distribution	10,221,783	9,299,333	10,614,125	15,126,233	15,261,193	—
Non-current liabilities		7,486,410	8,719,532	6,987,340	7,392,488	6,146,701	—
Total liabilities	Before distribution	17,708,193	18,018,865	17,601,465	22,518,721	21,407,894	—
	After distribution	17,708,193	18,018,865	17,601,465	22,518,721	21,407,894	—
Equity attributable to shareholders of the parent		17,275,026	16,365,846	14,662,215	13,422,786	11,761,490	—
Share capital		3,690,564	3,717,590	3,711,931	3,848,464	3,846,549	—
Capital surplus		0	13,865	0	40,015	36,474	—
Retained earnings	Before distribution	13,584,462	12,634,391	10,950,284	9,534,307	7,878,467	—
	After distribution	13,584,462	12,634,391	10,950,284	9,534,307	7,878,467	—
Other equity interest		0	0	0	0	0	—
Treasury stock		0	0	0	0	0	—
Non-controlling interest		0	0	0	0	0	—
Equity Total	Before distribution	17,275,026	16,365,846	14,662,215	13,422,786	11,761,490	—
	After distribution	17,275,026	16,365,846	14,662,215	13,422,786	11,761,490	—

Note 1: The Company did not prepare parent company only financial statements for the first quarter of 2023.

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

(II) Condensed Statements of Comprehensive Income

1. IFRSs (Consolidated)

Unit: NT$ thousand

Item \ Year	Financial Information for the Past Five Fiscal Years					As of Mar. 31, 2023 Financial Information (Note 1)
	2022	2021	2020	2019	2018	
Operating revenue	3,384,130	6,657,244	8,667,849	5,990,199	3,297,861	387,950
Gross profit	1,954,934	2,686,606	2,983,725	2,591,376	1,179,447	207,238
Operating income	1,380,421	2,073,955	2,174,701	1,944,932	662,903	122,369
Non-operating income and expenses	(220,742)	(147,236)	(241,777)	(141,698)	(115,923)	(57,982)
Net income (loss) before tax	1,159,679	1,926,719	1,932,924	1,803,234	546,980	64,387
from continuing operations Net income after tax	1,009,674	1,687,409	1,684,892	1,656,570	497,247	61,049
Loss from discontinued operations	0	0	0	0	0	0
Net income (loss)	1,009,674	1,687,409	1,684,892	1,656,570	497,247	61,049
Other comprehensive income (after tax)	247	(3,302)	(216)	(730)	414	0
Total comprehensive income	1,009,921	1,684,107	1,684,676	1,655,840	497,661	61,049
Net income attributable to shareholders of the parent	1,009,674	1,687,409	1,684,892	1,656,570	497,247	61,049
Net income attributable to non-controlling interests	0	0	0	0	0	0
Total comprehensive income attributable to shareholders of the parent	1,009,921	1,684,107	1,684,676	1,655,840	497,661	61,049
Total comprehensive income attributable to non-controlling interests	0	0	0	0	0	0
Earnings per share (EPS)	2.73	4.54	4.48	4.31	1.29	0.17

Note 1: Financial information for the three months ended March 31, 2023 was reviewed by CPAs, Hielleen Chang and Jackson Jwo, of ShineWing Taiwan.

2. IFRSs (Parent company only)

Unit: NT$ thousand

Item \ Year	Financial Information for the Past Five Fiscal Years					As of Mar. 31, 2023 Financial information (Note 1)
	2022	2021	2020	2019	2018	
Operating revenue	3,149,105	6,502,887	8,488,200	5,5804,813	3,160,868	—
Gross profit	1,832,589	2,619,476	2,912,827	2,508,946	1,129,254	—
Operating income	1,416,012	2,144,547	2,245,367	1,999,424	740,427	—
Non-operating income and expenses	(256,338)	(217,833)	(312,449)	(196,170)	(200,248)	—
Net income (loss) before tax	1,159,674	1,926,714	1,932,918	1,803,254	540,179	—
from continuing operations Net income after tax	1,009,674	1,687,409	1,684,892	1,656,570	497,247	—
Loss from discontinued operations	0	0	0	0	0	—
Net income (loss)	1,009,674	1,687,409	1,684,892	1,656,570	497,247	—
Other comprehensive income (after tax)	247	(3,302)	(216)	(730)	414	—
Total comprehensive income	1,009,921	1,684,107	1,684,676	1,655,840	497,661	—
Net income attributable to shareholders of the parent	—	—	—	—	—	—
Net income attributable to non-controlling interests	—	—	—	—	—	—
Total comprehensive income attributable to shareholders of the parent	—	—	—	—	—	—
Total comprehensive income attributable to non-controlling interests	—	—	—	—	—	—
Earnings per share (EPS)	2.73	4.54	4.48	4.31	1.29	—

Note 1: The Company did not prepare parent company only financial statements for the first quarter of 2023.

Note 2: The amounts of capitalized interest each year are as follows:

Year	Amount (In Thousands of NT$)
2018	185,924
2019	139,955
2020	42,182
2021	52,524
2022	81,087

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

Year	Name of CPA Firm	CPA	Audit Opinion
2018	ShineWing Taiwan	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
2022	ShineWing Taiwan	Hielleen Chang and Jackson Jwo	Unqualified Opinion

Note 1: The CPA was changed due to administrative adjustments within the CPA firm.

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 March 31, 2023
		2022	2021	2020	2019	2018	
Financial Structure (%)	Debt Ratio	50.73	52.57	54.72	62.78	64.69	51.08
	Ratio of Long-term Capital to Property, Plant, and Equipment	3,345.87	3,135.19	2,682.96	2,379.92	1,935.86	3,785.28
Solvency %	Current Ratio	330.97	355.20	291.53	228.55	208.67	330.78
	Quick Ratio	8.25	14.96	15.18	3.99	1.73	7.30
	Times Interest Earned	4.46	8.84	7.57	5.84	2.12	1.31
Operating Performance	Average Collection Turnover (Times)	32.38	40.36	55.78	68.73	225.74	8.41
	Days Sales Outstanding	11.27	9.04	6.54	5.31	1.62	43.40
	Inventory Turnover (Times)	0.04	0.13	0.18	0.10	0.07	0.01
	Average Payment Turnover (Times)	2.99	4.39	4.32	2.36	1.63	0.32
	Average Inventory Turnover Days	9,125.00	2807.69	2,027.77	3,650.00	5,214.28	65,240.54
	Property, Plant and Equipment Turnover (Times)	4.41	8.66	10.42	6.75	3.42	0.56
	Total Assets Turnover (Times)	0.10	0.20	0.25	0.17	0.10	0.01
Profitability	Return on Assets (%)	3.43	5.49	5.50	5.25	1.84	0.34
	Return on Equity (%)	6.00	10.88	12.00	13.16	4.18	0.36
	Ratio of Net Income Before Tax to Paid-in Capital (%)	31.42	51.83	52.07	46.86	14.22	1.74
	Net Margin (%)	29.84	25.35	19.45	27.65	15.08	15.74
	Earnings per share ($)	2.73	4.54	4.48	4.31	1.29	0.17
Cash Flows	Cash Flow Ratio (%)	Note 2	Note 2	47.78	0.36	Note 2	Note 2
	Cash Flow Adequacy Ratio (%)	66.93	71.74	84.60	0.67	Note 2	Note 2
	Cash Reinvestment Ratio (%)	Note 2	Note 2	23.48	0.26	Note 2	Note 2

Leverage	Operating Leverage	1.11	1.07	1.07	1.09	1.26	1.51
	Financial Leverage	1.20	1.10	1.13	1.12	1.26	2.38

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

01. Quick ratio: It was 8.25% in 2022, a decrease of 44.85% compared with 14.96% in 2021, mainly due to an increase of 9.34% in current assets in 2022 compared with 2021.
02. Times Interest Earned: It was 4.46 in 2022, compared to 8.84 in 2021, representing a decrease of 49.55%, mainly due to an increase in interest expenses in 2022 compared to 2021, coupled with a decrease in profits in 2022 compared to 2021.
03. Days Sales Outstanding: It was 11.27 days in 2022, an increase of 24.67% compared with 9.04 days in 2021, mainly due to a decrease in operating revenue in 2022 compared to 2021.
04. Inventory turnover rate: It was 0.04 times in 2022, a decrease of 69.23% compared with 0.13 times in 2021, mainly due to the 64.01% decrease in the cost of goods sold in 2022 compared to 2021.
05. Average Payment Turnover: It was 2.99 times in 2022 compared to 4.39 times in 2021, a decrease of 31.89%, for the same reason as inventory turnover.
06. Average days for sale of goods: It was 9,125 days in 2022, an increase of 225.00% compared to 2,807 days in 2021, mainly due to the decline in inventory turnover rate.
07. Property, Plant and Equipment Turnover: The increase of 49.08% from 8.66 times in 2021 to 4.41 times in 2022, mainly due to the decline in operating revenue in 2022 compared to 2021.
08. Total Assets Turnover: It was 0.10 times in 2022, a decrease of 50.00% compared to 0.20 times in 201, mainly due to the decline in operating revenue in 2022 compared to 2021.
09. Return on Assets : It was 3.43% in 2022, a decrease of 37.52% compared to 5.49% in 2021, mainly due to the 40.16% decrease in net income after tax in 2022 compared to 2021.
10. Return on Equity : It was 6.00% in 2022, a decrease of 44.85% compared to 10.88% in 2021, mainly due to the 40.16% decrease in net income after tax in 2022 compared to 2021.
11. Ratio of Net Income Before Tax to Paid-in Capital: It was 31.42% in 2022, a decrease of 39.38% compared to 51.83% in 2021, mainly due to the 39.81% decrease in net income before tax in 2022 compared to 2021.
12. Earnings per share: It decreased by 39.87%from $2.73 in 2022 compared to $4.54 in 2021, mainly due to a 40.16% decrease in equity attributable to shareholders of the parent in 2022 compared to 2021.

Note 1: The financial information above has been audited by CPAs.

Note 2: As net cash provided by operating activities was a negative number, the ratio was not calculated.

2. IFRSs (Parent company only)

Item	Year	Financial Analyses for the Past Five Fiscal Years					As of March 31, 2023 (Note 3)
		2022	2021	2020	2019	2018	
Financial Structure (%)	Debt Ratio	50.62	52.40	54.56	62.65	64.54	—
	Ratio of Long-term Capital to Property, Plant, and Equipment	3,568.93	3,335.11	2,869.26	2,521.84	2,020.73	—
Solvency %	Current Ratio	332.58	358.54	293.76	229.75	209.89	—
	Quick Ratio	7.44	13.95	14.51	3.47	1.12	—
	Times Interest Earned	4.47	8.85	7.60	5.87	2.10	—
Operating Performance	Average Collection Turnover (Times)	31.42	40.21	56.47	72.39	399.45	—
	Days Sales Outstanding	11.62	9.08	6.46	5.04	0.91	—
	Inventory Turnover (Times)	0.04	0.13	0.18	0.10	0.07	—
	Average Payment Turnover (Times)	2.87	4.38	4.29	2.31	1.58	—
	Average Inventory Turnover Days	9,125.00	2,807.69	2,027.77	3,650.00	5,214.28	—
	Property, Plant and Equipment Turnover (Times)	4.37	9.05	10.86	6.88	3.42	—
	Total Assets Turnover (Times)	0.09	0.20	0.25	0.16	0.10	—
Profitability	Return on Assets (%)	3.44	5.51	5.51	5.26	1.85	—
	Return on Equity (%)	6.00	10.88	12.00	13.16	4.18	—
	Ratio of Net Income Before Tax to Paid-in Capital (%)	31.42	51.83	52.07	46.86	14.04	
	Net Margin (%)	32.06	25.95	19.85	28.54	15.73	—
	Earnings per share ($)	2.73	4.54	4.48	4.31	1.29	—
Cash Flows	Cash Flow Ratio (%)	Note 2	Note 2	48.74	0.62	Note 2	—
	Cash Flow Adequacy Ratio (%)	68.39	73.73	87.14	1.15	Note 2	—
	Cash Reinvestment Ratio (%)	Note 2	Note 2	23.71	0.47	Note 2	—
Leverage	Operating Leverage	1.09	1.06	1.06	1.08	1.20	—
	Financial Leverage	1.19	1.10	1.12	1.11	1.23	—

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

01. Quick ratio: It was 7.44% in 2022, a decrease of 46.67% compared with 13.95% in 2021, mainly due to an increase of 9.92% in current assets in 2022 compared with 2021.
02. Times Interest Earned: It was 4.47 in 2022, compared to 8.85 in 2021, representing a decrease of 49.49%, mainly due to an increase in interest expenses in 2022 compared to 2021, coupled with a decrease in profits in 2022 compared to 2021.
03. Average Collection Turnover: There were 31.42 times in 2022, a decrease of 21.86% compared to 40.21 times in 2021, mainly due to the decline in operating revenue in 2022 compared to 2021.
04. Days Sales Outstanding: It was 11.62 days in 2022, an increase of 27.97% compared with 9.08 days in 2021, mainly due to a decrease in operating revenue in 2022 compared to 2021.
05. Inventory turnover rate: It was 0.04 times in 2022, a decrease of 69.23% compared with 0.13 times in 2021, mainly due to the 66.10% decrease in the cost of goods sold in 2022 compared to 2021.
06. Average Payment Turnover: It was 2.87 times in 2022 compared to 4.38 times in 2021, a decrease of 34.47%, for the same reason as inventory turnover.
07. Average days for sale of goods: It was 9,125 days in 2022, an increase of 225.00% compared to 2,807 days in 2021, mainly due to the decline in inventory turnover rate.
08. Property, Plant and Equipment Turnover: a decrease of 51.71% from 9.05 times in 2021 to 4.37 times in 2022, mainly due to the decline in operating revenue in 2022 compared to 2021.
09. Total Assets Turnover: It was 0.09 times in 2022, a decrease of 55.00% compared to 0.20 times in 201, mainly due to the decline in operating revenue in 2022 compared to 2021.
10. Return on Assets : It was 3.44% in 2022, a decrease of 37.57% compared to 5.51% in 2021, mainly due to the 40.16% decrease in net income after tax in 2022 compared to 2021.
11. Return on Equity: It was 6.00% in 2022, a decrease of 44.85% compared to 10.88% in 2021, mainly due to the 40.16% decrease in net income after tax in 2022 compared to 2021.
12. Ratio of Net Income Before Tax to Paid-in Capital: It was 31.42% in 2022, a decrease of 39.38% compared to 51.83% in 2021, mainly due to the 39.38% decrease in net income before tax in 2022 compared to 2021.
13. Net profit ratio: It was 32.06% in 2022, an increase of 23.55% compared to 25.95% in 2021, mainly due to the average gross margin of the sales projects increased by 44.46% in 2022 compared with that in 2021.
14. Earnings per share: It decreased by 39.87%from $2.73 in 2022 compared to $4.54 in 2021, mainly due to a 40.16% decrease in net profit after tax in 2022 compared to 2021.

Note 1: The financial information above has been audited by CPAs.

Note 2: As net cash provided by operating activities was a negative number, the ratio was not calculated.

Note 3: The Company did not prepare parent company-only financial statements for the first quarter of 2022 but only made financial analysis on the consolidated financial statements.

(III)Formulas of financial analysis

＊IFRSs

1. **Financial Structure %**
   (1) Debt Ratio = Total Liabilities / Total Assets
   (2) Long-term Fund to Property, Plant and Equipment Ratio = (Equity+ Non-current Liabilities) / Net Property, Plant and Equipment
2. **Solvency %**
   (1) Current Ratio = Current Assets / Current Liabilities
   (2) Quick Ratio = (Current Assets - Inventories - Prepaid Expenses) / Current Liabilities
   (3) Times Interest Earned = Income before Interest and Taxes / Interest Expenses
3. **Operating Performance**
   (1) Average Collection Turnover (includes accounts receivable and notes receivable from operations) = Net Revenue / Average Trade Receivables (includes accounts receivable and notes receivable from operations)
   (2) Days Sales Outstanding = 365 / Average Collection Turnover
   (3) Inventory Turnover = Cost of Revenue / Average Inventory
   (4) Average Payment Turnover (includes accounts payable and notes payable from operations) = Cost of Revenue / Average Trade Payables (includes accounts payable and notes payable from operations)
   (5) Average Inventory Turnover Days = 365 / Inventory Turnover
   (6) Property, Plant and Equipment Turnover = Net Revenue / Average Net Property, Plant and Equipment
   (7) Total Assets Turnover = Net Revenue / 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 Equity
   (3) Net Margin = Profit or Loss After Tax / Net Revenue
   (4) EPS = (Net Income Attributable to Owners of the Parent Company - Preferred Stock Dividend) / Weighted Average Number of Issued Shares
5. **Cash Flows**
   (1) Cash Flow Ratio = Net Cash Provided by Operating Activities / Current Liabilities
   (2) Cash Flow Adequacy Ratio = Five-year Sum of Cash from Operations / Five-year Sum of Capital Expenditures, Inventory Additions, and Cash Dividend
   (3) Cash Reinvestment Ratio = (Net Cash Provided by Operating Activities - Cash Dividends) / (Gross Property, Plant and Equipment + Long-term Investments + Other Non-current Assets + Working Capital)
6. **Leverage**
   (1) Operating Leverage = (Net Operating Revenue - Variable Cost) / 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 2022 Business Report, Financial Statements and Proposal for Earnings Appropriation, among which the Financial Statements have been audited by Certified Public Accountant / CPA from ShineWing, Taiwan, by whom an audit report has been issued accordingly. The Business Report, Financial Statements and the proposed profit distribution have been reviewed by us, the Audit Committee of the Company. We have not found any inconsistencies with applicable laws in our review of the aforementioned documents. Therefore, we, the Audit Committee, hereby issue this report in compliance with Article 14-4 of the Securities and Exchange Act and Article 219 of the Company Act.

Sincerely

2023 Annual Shareholders' Meeting

King's Town Construction Co., Ltd.
Audit Committee Convenor: Ming-Te Chang

March 29, 2023

IV. Financial Statements for the Most Recent Fiscal Year

Statement on Consolidated Financial Statements of Affiliates

In 2022 (from January 1 to December 31, 2022), 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

March 29, 2023

Independent Auditors' Report

March 29, 2023

(2023) ShineWing Taiwan Audit Report No. 007

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, 2022 and 2021, 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 reasonably expressed the consolidated financial conditions of King s Town Construction Co., Ltd. and its subsidiaries as of December 31, 2022 and 2021, as well as the consolidated financial performance and consolidated cash flows from January 1 to December 31, 2022 and 2021.

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 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.

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, 2022. 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, 2022 are 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(XVIII) for the accounting policies on revenue and cost recognition and Note VI(XXII) 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. 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 Revenue the criteria for revenue recognition.

Other Matters - Parent company only financial statements

King's Town Construction Co. Ltd. has also compiled Parent company only Financial Statements for 2022 and 2021, 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 amounts of investment accounted for using the equity method in the aforementioned companies are NT$16,683 thousand and NT$13,888 thousand as of December 31, 2022, and 2021, which constitute 0.05% and 0.04% of consolidated total assets, respectively. For the aforementioned companies, the recognized comprehensive income are NT$5,964 thousand and NT$3,522 thousand for the years ended December 31, 2022, and 2021, which constitute 0.59% and 0.21% of consolidated total comprehensive income, respectively.

Responsibilities of Management and Those Charged with Governance 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.

Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the Consolidated Financial Statements as a whole are free from material 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 in the Republic of China will always detect a material misstatement when it exists. Misstatements can arise from fraud or error If fraud or errors are considered significant, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

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

1. Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design, and perform audit procedures responsive 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. 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 we conclude that a significant uncertainty exists, we are required to draw attention in auditor’s report to the related disclosures in the consolidated 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 the auditor’s 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. We are responsible for guiding, supervising, and implementing of the group audit. We remain solely responsible for our opinion on the Group's Financial Statements.

We communicate the following events with the governance unit, including the planned scope and audit time, as well as major audit findings (including significant deficiencies of internal control identified during the audit process).

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 2022 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: Chang, Jui-Ling

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 Sheets
As of December 31, 2022 and 2021

Unit: NT$ thousand

	Assets	Note	December 31, 2022		December 31, 2021	
			Amount	%	Amount	%
11XX	Current assets					
1100	Cash and cash equivalents	IV, VI.(I)	$603,749	1.72	$1,068,430	3.10
1150	Net notes receivable	IV, VI.(III)	15,000	0.04	36,682	0.11
1170	Net trade receivables	IV, VI.(III)	7,503	0.02	131,978	0.38
1180	Net trade receivables - related parties	IV, VI.(III), VII	10	0.00	0	0.00
1200	Other receivables	IV, VI.(IV)	2,609	0.01	83	0.00
1210	Other receivables - related parties	IV, VI.(IV), VII	201	0.00	215	0.00
1320	Inventories	IV, VI.(V), VIII	32,667,885	93.17	31,503,467	91.30
1410	Prepayments	VI(VI)	577,732	1.65	551,336	1.60
1470	Other current assets	VI.(VII)	114,750	0.33	91,084	0.26
1476	Other financial assets - current	VI.(VIII), VIII	106,295	0.30	80,912	0.23
11XX	Total current assets		$34,095,734	97.24	$33,464,187	96.98
15XX	Non-current assets					
1510	Financial assets at fair value through profit and loss	IV, VI.(II)	$82	0.00	$82	0.00
1550	Investments accounted for using the equity method	IV, VI.(IX)	16,683	0.05	13,888	0.04
1600	Property, plant, and equipment	IV, VI.(X)	675,298	1.93	735,365	2.13
1755	Net right-of-use assets	IV, VI.(XI)	61,646	0.18	61,216	0.18
1780	Intangible assets	IV, VI.(XII)	160,498	0.45	164,667	0.48
1840	Deferred tax assets	IV, VI.(XXIX)	19,775	0.05	18,935	0.05
1920	Refundable deposits	VIII	31,290	0.09	34,045	0.10
1930	Long-term notes and trade receivable	IV, VI.(III)	2,785	0.01	15,000	0.04
15xx	Total non-current assets		$968,057	2.76	$1,043,198	3.02
1xxx	Total assets		$35,063,791	100.00	$34,507,385	100.00

(Continued)

King's Town Construction Co., Ltd.
Consolidated Balance Sheets
As of December 31, 2022 and 2021

Unit: NT$ thousand

Code	Liabilities and equity	Note	December 31, 2022 Amount	%	December 31, 2021 Amount	%
21XX	Current liabilities					
2100	Short-term borrowings	IV, VI.(XIII), VII, VIII	$4,401,950	12.55	$3,655,250	10.59
2110	Short-term bills payable	VI.(XIII) VII, VIII	3,734,677	10.65	3,942,965	11.43
2130	Contract liabilities - current	VI.(XXII), VII	614,192	1.75	590,873	1.71
2150	Notes payable	IV	47,687	0.14	81,979	0.24
2160	Notes payable - related parties	IV, VII	80,011	0.23	90,004	0.26
2170	Trade payables	IV	47,142	0.13	35,179	0.10
2180	Trade payables - related parties	IV, VII	0	0.00	574,791	1.67
2200	Other payables		71,172	0.20	71,167	0.21
2220	Other payables - related parties	VII	138	0.00	398	0.00
2230	Current tax liabilities	IV	138,450	0.40	190,965	0.55
2250	Provisions - current	IV, VI.(XIV)	51,779	0.15	44,708	0.13
2280	Lease liabilities - current	VI.(XVIII)	1,134	0.00	1,080	0.00
2322	Long-term borrowings due within one operating cycle	VI.(XVII), VII, VIII	1,030,393	2.94	46,558	0.13
2335	Collection	VI.(XV)	73,337	0.21	67,364	0.20
2399	Other current liabilities - others	VI.(XVI)	9,585	0.03	28,018	0.08
21XX	Total current liabilities		$10,301,647	29.38	$9,421,299	27.30
25XX	Non-current liabilities					
2540	Long-term borrowings	VI.(XVII), VII, VIII	$7,382,157	21.05	$8,608,475	24.95
2570	Deferred tax liabilities	VI.(XXIX)	17,121	0.05	22,825	0.07
2580	Lease liabilities - non-current	VI.(XVIII)	62,373	0.18	61,548	0.18
2640	Net defined benefit liabilities - non-current	IV, VI.(XXVII)	19,557	0.05	22,407	0.06
2645	Deposits received	IV, VII	5,910	0.02	4,985	0.01
25xx	Total non-current liabilities		$7,487,118	21.35	$8,720,240	25.27
2XXX	Total liabilities		$17,788,765	50.73	$18,141,539	52.57
3XXX	Equity					
3110	Share capital - ordinary shares	VI.(XIX)	$3,690,564	10.53	$3,717,590	10.77
3211	Paid-in capital - ordinary shares premium	VI.(XX)	0	0.00	13,865	0.04
3300	Retained earnings					
3310	Legal reserve	VI.(XXI)	1,708,314	4.87	1,539,903	4.46
3350	Unappropriated earnings	VI.(XXI)	11,876,148	33.87	11,094,488	32.16
3300	Total retained earnings		$13,584,462	38.74	$12,634,391	36.62
3XXX	Total equity		$17,275,026	49.27	$16,365,846	47.43
	Total liabilities and equity		$35,063,791	100.00	$34,507,385	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
From January 1 to December 31, 2022 and 2021

Unit: NT$ thousand

Code	Account titles	Note	2022 Amount	2022 %	2021 Amount	2021 %
4000	Operating revenue					
4110	Sales revenue		$3,384,220	100.00	$6,657,417	100.00
4190	Sales discounts and allowances		(90)	(0.00)	(173)	(0.00)
4100	Net sales	VI.(XXII)	$3,384,130	100.00	$6,657,244	100.00
5000	Operating costs		1,429,196	42.23	3,970,638	59.64
5900	Gross profit		$1,954,934	57.77	$2,686,606	40.36
6000	Operating expenses	VI.(XXX)				
6100	Selling and marketing expenses		428,094	12.65	461,318	6.93
6200	General and administrative expenses		146,419	4.33	151,333	2.28
6000	Total operating expenses		$574,513	16.98	$612,651	9.21
6900	Operating income		$1,380,421	40.79	$2,073,955	31.15
7000	Non-operating income and expenses					
7100	Interest income	VI.(XXIII)	$870	0.03	$239	0.00
7010	Other income	VI.(XXIV)	3,432	0.10	10,367	0.16
7020	Other gains and losses	VI.(XXV)	(161)	0.00	25,215	0.38
7050	Finance costs	VI.(XXVI)	(230,847)	(6.83)	(186,579)	(2.80)
7060	Share of profit or loss of associates and joint ventures accounted for using the equity method	VI.(IX)	5,964	0.18	3,522	0.05
7000	Total non-operating income and expenses		($220,742)	(6.52)	($147,236)	(2.21)
7900	Income before tax		$1,159,679	34.27	$1,926,719	28.94
7950	Income tax expense	IV, VI.(XXIX)	150,005	4.44	239,310	3.59
8200	Current net income		$1,009,674	29.83	$1,687,409	25.35
8300	Other comprehensive income					
8310	Items not reclassified to profit or loss					
8311	Remeasurements of defined benefit plans	IV, VI.(XXVII)	$309	0.01	($4,127)	(0.06)
8349	Incomes tax expense (gain) related to titles not subject to reclassification	IV, VI.(XXIX)	62	0.00	(825)	(0.01)
8300	Other comprehensive income (after tax)		$247	0.01	($3,302)	(0.05)
8500	Total comprehensive income		$1,009,921	29.84	$1,684,107	25.30
9750	Basic earnings per share (NT$)	IV, VI.(XXXI)	$2.73		$4.54	
9850	Diluted earnings per share (NT$)	IV, VI.(XXXI)	$2.73		$4.54	

(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 Changes in Equity
From January 1 to December 31, 2022 and 2021

Unit: NT$ thousand

Code	Summary / Account name	Share capital	Capital surplus	Retained earnings			Treasury shares	Total equity
				Legal reserve	Unappropriated earnings	Total		
A1	Balance as of January 1, 2021	$3,711,931	$0	$1,371,436	$9,578,848	$10,950,284	$0	$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 in 2021				(3,302)	(3,302)		(3,302)
D5	Total comprehensive income 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	$0	$16,365,846
A1	Balance as of January 1, 2022	$3,717,590	$13,865	$1,539,903	$11,094,488	$12,634,391	$0	$16,365,846
B1	Legal reserve			168,411	(168,411)	0		0
B9	Employee compensation to capital increase	5,414	14,048			0		19,462
D1	Net income in 2022				1,009,674	1,009,674		1,009,674
D3	Other comprehensive income in 2022				247	247		247
D5	Total comprehensive income in 2022				1,009,921	1,009,921	0	1,009,921
L1	Treasury stock repurchase						(120,203)	(120,203)
L3	Cancellation of treasury shares	(32,440)	(27,913)		(59,850)	(59,850)	120,203	0
Z1	Balance as of December 31, 2022	$3,690,564	$0	$1,708,314	$11,876,148	$13,584,462	$0	$17,275,026

Note: Employee compensation of NT$11,714 thousand and NT$19,462 thousand for 2022 and 2021, 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 Statements of Cash Flows
From January 1 to December 31, 2022 and 2021

Unit: NT$ thousand

Code		January 1 to December 31, 2022	January 1 to December 31, 2021
AAAA	Cash flow from operating activities:		
A10000	Current year net profit before tax	$1,159,679	$1,926,719
A20000	Adjustment items:		
A20010	Revenue, expense and loss that do not affect the cash flows:		
A20100	Depreciation expenses	$69,632	$70,252
A20200	Amortization expenses	4,638	4,763
A20400	Net gain on financial assets at fair value through profit or loss	0	(21,357)
A20900	Interest expenses	230,847	186,579
A21200	Interest income	(870)	(239)
A21300	Dividend income	(179)	0
A22300	Share of profit or loss of associates accounted for using the equity method	(5,964)	(3,522)
A22500	Loss in disposal of property, plant, and equipment	1,638	1,129
A22600	Reclassification of property, plant, and equipment	1,179	236
A23100	Gain on disposal of investments	0	(3,896)
A20010	Total revenue, expense and loss that do not affect the cash flows:	$300,921	$233,945
A30000	Changes in operating assets and liabilities		
A31000	Net changes in operating assets		
A31130	Decrease (increase) in notes receivable	$33,897	($11,523)
A31150	(Increase) decrease in trade receivable	124,465	(25,979)
A31180	Decrease (increase) in other receivables	(2,508)	750,042
A31200	Increase in inventories	(1,164,418)	(2,317,035)
A31230	Increase in prepayments	(29,527)	(88,716)
A31240	Increase in other current assets	(23,666)	(82,487)
A31000	Total net changes in operating assets	($1,061,757)	($1,775,698)
A32000	Net change in operating liabilities		
A32125	Increase in contract liabilities - current	$23,319	$75,787
A32130	Loss in notes payable	(44,285)	(28,332)
A32150	Decrease in trade payable	(562,828)	(215,728)
A32180	Increase in other payables	15,133	19,583
A32200	Increase in provisions	7,071	8,891
A32230	Increase (decrease) in other current liabilities	(12,460)	7,173
A32240	Decrease in net defined benefit liabilities	(2,541)	(3,112)
A32000	Total net changes in operating liabilities	($576,591)	($135,738)
A30000	Total net changes in operating assets and liabilities	($1,638,348)	($1,911,436)
A33000	Cash inflow (outflow) from operating activities	($177,748)	$249,228
A33100	Interest received	866	239
A33200	Dividend received	179	0
A33300	Interest paid	(225,066)	(187,867)
A33500	Income tax received	0	2,556
A33500	Income tax paid	(209,124)	(221,759)
AAAA	Net cash outflows from operating activities	($610,893)	($157,603)

Code		2022	2021
BBBB	Cash flow from investing activities:		
B00200	Disposal of financial assets at fair value through profit or loss	$0	$115,183
B02700	Acquisition of property, plant, and equipment	(10,123)	(3,895)
B03700	Increase in refundable deposits	(2,745)	(208,988)
B03800	Decrease in refundable deposits	5,500	209,250
B04500	Acquisition of intangible assets	(430)	(140)
B06500	Increase in other financial assets	(25,383)	(74,433)
B07600	Cash dividends received from investments accounted for using the equity method	3,169	5,200
BBBB	Net cash inflow (outflow) from investing activities	($30,012)	$42,177
CCCC	Cash flows from financing activities:		
C00100	Proceeds from short-term borrowing	$13,324,150	$16,720,520
C00200	Repayments of short-term borrowings	(12,577,450)	(17,554,076)
C00500	Proceeds from short-term bills payable	17,659,000	14,902,000
C00600	Repayments of short-term bills payable	(17,866,600)	(15,167,000)
C01600	Proceeds from long-term borrowings	894,400	1,990,518
C01700	Repayments of long-term borrowings	(1,136,883)	(333,352)
C03000	Increase in deposits received	1,517	2,739
C03100	Decrease in deposits received	(592)	(1,340)
C04020	Repayment of the principal portion of lease	(1,115)	(1,062)
C04900	Treasury stock repurchase cost	(120,203)	0
CCCC	Net cash inflow from financing activities	$176,224	$558,947
EEEE	Increase (decrease) in current cash and cash equivalent	($464,681)	$443,521
E00100	Cash and cash equivalent at the beginning of the period	1,068,430	624,909
E00200	Cash and cash equivalent at the end of the period	$603,749	$1,068,430

(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

2022 and 2021

(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 29, 2023.

III. Application of New, Revised, and Amended Standards and 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 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 while the company is preparing the asset for its intended use. Instead, a company will recognize such sales proceeds 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 other costs directly related to fulfilling 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. Amendment to Illustrative Examples Accompanying 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 41The 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

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 2023:

New Standards, Interpretations and Amendments	Major Amendments	Effective Date of Issuance by the IASB
· Amendments to IAS 1 - Disclosure Initiative- Accounting Policies	The major amendments to IAS 1 include: Require companies to disclose their significant accounting policies rather than their material accounting policies; clarify that accounting policy information related to transactions, other events or circumstances that are not material and do not require disclosure of 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 amendment introduces 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 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.	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 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 Associates 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 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.	To be determined by IASB
‧Amendment to IFRS 16 "Lease Liabilities in Sale and Leaseback"	This is a consistent application of IFRS 16 "Leases" for sellers and lessees to add additional accounting treatment to sale and leaseback transactions.	January 1, 2024
‧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	January 1, 2024

New Standards, Interpretations and Amendments	Major Amendments	Effective Date of Issuance by the IASB
	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 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 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 make the results easier to explain. IFRS 17 replaces an interim standard - IFRS 4 Insurance Contracts - from annual reporting periods beginning on or after 1 January 2023.	
‧ Amendments to IFRS 17 - Initial Application of	These amendments allow an enterprise to choose applicable classification coverage approach	January 1, 2023

New Standards, Interpretations and Amendments	Major Amendments	Effective Date of Issuance by the IASB
IFRS 17 and IFRS 9 - Comparative Information	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.	
‧ Amendment to IAS 1 - Classification of Liabilities 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, 2024
‧ Amendment to IAS 1 Non-current Liabilities with Contractual Provisions	This amendment adds information about long-term debt contracts provided by enterprises. It clarifies that contractual obligations that are subject to 12 months after the reporting period do not affect the classification of these liabilities as current or non-current as of the end of the reporting period.	January 1, 2024

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 Significant 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. 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 Consolidated Financial Statements.
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. 1. 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 associates 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, 2022	Percentage of shareholding (%) December 31, 2021
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 assets

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 at fair value through profit or loss, financial assets at amortized cost, and investments in equity instruments at fair value through other comprehensive income. The Consolidated Company reclassifies all affected financial assets from the first day of the next reporting period only when there is a change in the operating model for managing financial assets.

   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 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 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 derecognition, 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 recognizes 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 as the allowance for loss.

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.

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. Derecognition 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 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.

(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 Using the 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 associates are accounted for using the equity method and are initially recognized at cost.
2. The Consolidated Company's share of its associates' 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 associates are eliminated to the extent of the Consolidated Company's interest in the associates. Unrealized losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of associates 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 associates 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 associates of the Consolidated Company, including the cash flows generated by the associates 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 associates 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 associates, 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
Transportation Equipment	5 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; and

(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 rights:	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) 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 contracts

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.

(XIX) 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.

(XX) 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 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.

(XXI) 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.

(XXII) 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. If the employees' compensation is paid in the form of stock, it is classified as potential ordinary shares. If the potential ordinary shares are dilutive, diluted earnings per share is disclosed in addition to simple earnings per share. Diluted earnings per share assumes that all dilutive potential ordinary shares are outstanding during the period, so the current net income and the number of outstanding ordinary shares are adjusted for the effect of dilutive potential ordinary shares.

(XXIII) 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.

(XXIV)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.

(XXV) 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.

(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 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) Inventory evaluation

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 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 equivalents

Item	December 31, 2022	December 31, 2021
Cash on hand and petty cash	$849	$919
Demand deposits	602,873	1,067,320
Checking deposits	27	191
Total	$603,749	$1,068,430

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. The Consolidated Company' pre-sale construction project trust funds and other portions with restriction on use are classified as Other financial assets – current. Please refer to Note VI(VIII) and Note XIII for details.
3. 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, 2022	December 31, 2021
Non-current		
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 gain of NT$0 in 2022 and NT$21,357 thousand in 2021, plus a gain of NT$0 in 2022 and NT$3,896 thousand in 2021 from disposal of financial assets 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, 2022	December 31, 2021
Notes receivable		
Less than 1 year	$15,000	$36,682
Over 1 year	2,785	15,000
Total	$17,785	$51,682
Trade receivables		
Less than 1 year	$7,503	$131,978
Over 1 year	22	22
Less: Allowance for doubtful accounts - Trade receivables	(22)	(22)
Total	$7,503	$131,978
Trade receivables - related parties		
Less than 1 year	$10	$0

1. The Consolidated Company's long-term notes receivable of more than one year are classified as non-current assets.
2. 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.
3. The Consolidated 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 accounts receivable of the Consolidated Company is as follows:

	December 31, 2022		
	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	$25,298	0%	$0
Less than 60 days	0	0%	0
Over 365 days	22	100%	22
Total	$25,320		$22

	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	$183,660	0%	$0
Less than 60 days	0	0%	0
Over 365 days	22	100%	22
Total	$183,682		$22

4. The changes in the allowance for losses on notes and trade receivables of the Consolidated Company were as follows

	December 31, 2022	December 31, 2021
Beginning balance	$22	$22
Increase in the current period	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, 2022	December 31, 2021
Other receivables	$2,609	$83
Other receivables - related parties	201	215
Total	$2,810	$298

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, 2022	December 31, 2021
Buildings held for sale	$4,586,949	$5,353,441
Land held for sale	1,473,555	1,798,448
Land under construction	2,703,979	2,048,692
Construction in progress	2,249,500	1,363,468
Land held for construction	20,847,402	20,618,705
Prepayment for land	801,638	316,552
Other inventories (Food & Beverage, etc.)	5,029	4,703
Less: Provision for loss of inventory	(167)	(542)
Total	$32,667,885	$31,503,467

Item	December 31, 2022	December 31, 2021
1. Buildings held for sale		
Mandala (Ji Jing)	$0	$10,628
King's Town	1,860,268	2,023,746
King's Town Hyatt	612,673	722,615
Hua Shang	114,478	114,478
Yiwen Court	190,091	355,342
Ju Dan	135,930	135,930
Tian Feng	145,518	145,518
Shi Shang King's Town	20,360	78,028
Mei Shu Huang Ju	1,243,664	1,287,130
King's Town Garden	216,641	419,136
Xiang King's Town	4,194	4,194
Yue He Di	42,965	56,293
Other projects	167	403
Total	$4,586,949	$5,353,441
Less: Provision for loss of inventory	(167)	(403)
Net	$4,586,782	$5,353,038

Item	December 31, 2022	December 31, 2021
2. Land held for sale		
Mandala (Ji Jing)	$0	$8,353
King's Town	194,590	216,559
King's Town Hyatt	44,598	53,542
Yiwen Court	99,233	188,971
Ju Dan	83,855	83,855
Tian Feng	62,443	62,443
Shi Shang King's Town	13,423	50,268
Mei Shu Huang Ju	831,196	881,111
King's Town Garden	98,095	194,101
Xiang King's Town	4,269	4,269
Yue He Di	41,853	54,837
Other projects	0	139
Total	$1,473,555	$1,798,448
Less: Provision for loss of inventory	0	(139)
Net	$1,473,555	$1,798,309

Item	December 31, 2022		
3. Land under construction and construction in progress	Land under construction	Construction in progress	Total
Fuhe Section No. 698-1	$353,729	$121,525	$475,254
Ai Qun No. 2748 (King's Town World of Heart)	1,001,698	1,305,230	2,306,928
Xindu Section No. 163 (Fu+)	693,265	766,252	1,459,517
Bohsiao Section No. 1140 (Jing Wu Tong)	655,287	56,493	711,780
Total	$2,703,979	$2,249,500	$4,953,479

Item	December 31, 2021		
4. 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. 163 (Fu+)	693,265	557,346	1,250,611
Total	$2,048,692	$1,363,468	$3,412,160

Item	December 31, 2022	December 31, 2021
5. Land held for construction		
Kaohsiung Chenggong Section No. 84 and others	$862,995	$661,292
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 Qinghai No. 229	4,278,594	4,278,594
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	0	655,287
Kaohsiung Lantian Middle Section No. 30-2	757,742	757,742
Kaohsiung Xingnan Section No. 11	259,585	259,585

Item	December 31, 2022	December 31, 2021
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, 4 in total	435,469	435,469
Kaohsiung Qiaotou Shixing Section No. 924	14,055	14,055
Kaohsiung Shixing Section 925, 2 in total	112,196	112,196
Kaohsiung Shixing Section 927, 3 in total	84,625	84,625
Kaohsiung Shixing Section 928, 3 in total	107,554	107,554
Kaohsiung Qiaotou Shixing Section No. 967	$6,640	$6,640
Kaohsiung Qiaotou Shixing Section No. 968	42,794	42,794
Kaohsiung Longdong Section No. 1	513,991	513,991
Tainan Kanjiao North Section No. 820	3,385,666	3,385,666
Kaohsiung Xindu Section No. 49	46,653	46,653
Kaohsiung Xinzhuang 12 Sub-section No. 1167 and 1175	614,152	0
Tainan Kanjiao North Section No. 913	13,130	0
Transferable land and deformed land	1,215,917	1,160,918
Total	$20,847,402	$20,618,705

6. Prepayment for land

Kaohsiung Chenggong Section No. 60-1, 62-64	$0	$117,699
Tainan Anan District, Caohu Phase I	201,677	197,853
Kaohsiung Qiaotou Shixing Section No. 935-1	0	1,000
Tainan Rende Zhongcuo Section No. 718, etc.	230,092	0
Kaohsiung Youchang Three Subsections No. 1061, etc.	306,883	0
Tainan Rende Taizi Section No. 600, etc.	31,062	0

Item	December 31, 2022	December 31, 2021
Tainan Rende Kanjiao North Section No. 1491, etc.	31,924	0
Subtotal	$801,638	$316,552
7. Other inventories		
Food	$3,474	$3,147
Beverage	1,555	1,556
Subtotal	$5,029	$4,703

8. The above-listed premises under construction are residential buildings built in Kaohsiung City. The amount of interest capitalized in construction in progress was NT$73,456 thousand and NT$44,227 thousand in 2022 and 2021, respectively.
9. 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$7,631 thousand and NT$8,297 thousand in 2022 and 2021, respectively.
10. Please refer to Note VIII to the financial statements for the pledge of premises for sale, premises under construction and construction sites.
11. Cost of goods sold related to inventories amounted to NT$1,309,910 thousand and NT$3,855,904 thousand in 2022 and 2021, respectively; in addition, there were NT$375 thousand and NT$0 of inventory write-down benefit, respectively.

(VI) Prepayments

Item	December 31, 2022	December 31, 2021
Prepaid expenses	$572,460	$547,056
Supplies inventories	5,133	4,245
Input tax	139	35
Total	$577,732	$551,336

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, 2022	December 31, 2021
Payments on behalf of others	$4,522	$3,131
Incremental costs of obtaining contracts	110,228	87,953
Total	$114,750	$91,084

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, 2022	December 31, 2021
Restricted bank deposits	$106,295	$80,912

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

Name of Investee	December 31, 2022 Amount	Shareholding	December 31, 2021 Amount	Shareholding
Associate				
Yangmin International Catering Co., Ltd.	$16,683	40%	$13,888	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, 2022 and 2021, the balance of investments amounted to NT$16,683 thousand and NT$13,888 thousand, representing 0.05% and 0.04% of the total consolidated assets, respectively. The share of interest in affiliates recognized under the equity method amounted to NT$5,964 thousand and NT$3,522 thousand for 2022 and 2021, respectively, accounting for 0.59% and 0.21% of the consolidated profit or loss respectively.

2. Associate

   (1) The basic information of the Consolidated Company's associates is as follows.

Name of Investee	Main Operation Locations	Principal Business Operation	% December 31, 2022	% December 31, 2021
Yangmin International Catering Co., Ltd.	Taiwan	Catering business	40%	40%

   (2) Aggregate financial information of the Consolidated Company's associates is as follows.

   Balance Sheet

	Yangmin International Catering Co., Ltd. December 31, 2022	Yangmin International Catering Co., Ltd. December 31, 2021
Current assets	$54,939	$41,621
Non-current assets	4,552	6,847
Current liabilities	(17,783)	(13,747)
Non-current liabilities	0	0
Net assets	$41,708	$34,721

Comprehensive Income Statement

	Yangmin International Catering Co., Ltd.	
	December 31, 2022	December 31, 2021
Net Operating Revenue	$85,813	$74,237
Gross profit	$41,983	$34,540
Net Income	$14,911	$8,805
Other comprehensive income/(loss) (after tax)	$0	$0
Total comprehensive income	$14,911	$8,805
Dividends received from the associates	$3,169	$5,200

(3) The Consolidated Company's investments accounted for under the equity method are not pledged as collateral.

(X) Property, plant, and equipment

	Housing and Construction	Machinery	Transportation Equipment	Office Equipment	Other Equipment	Operating equipment	Prepayments for equipment and outstanding work	Total
Cost								
2022.01.01	$972,573	$7,868	$0	$7,686	$44,176	$15,052	$0	$1,047,355
Increase	163	0	3,770	328	2,482	4,075	0	10,818
Disposal and obsolescence	0	0	0	(4,905)	(547)	(1,638)	0	(7,090)
Others	0	0	0	0	0	(1,179)	0	(1,179)
2022.12.31	$972,736	$7,868	$3,770	$3,109	$46,111	$16,310	$0	$1,049,904
2021.01.01	$971,871	$7,563	$0	$7,901	$43,251	$14,700	$588	$1,045,874
Increase	702	305	0	148	306	1,717	31	3,209
Disposal and obsolescence	0	0	0	(363)	0	(1,129)	0	(1,492)
Re-classification	0	0	0	0	619	0	(619)	0
Others	0	0	0	0	0	(236)	0	(236)
2021.12.31	$972,573	$7,868	$0	$7,686	$44,176	$15,052	$0	$1,047,355
Accumulated depreciation and impairment								
2022.01.01	$285,275	$1,781	$0	$6,258	$18,676	$0	$0	$311,990
Depreciation	61,392	854	52	941	4,829	0	0	68,068
Disposal and obsolescence	0	0	0	(4,905)	(547)	0	0	(5,452)
2022.12.31	$346,667	$2,635	$52	$2,294	$22,958	$0	$0	$374,606
2021.01.01	$223,954	$874	$0	$5,123	$13,665	$0	$0	$243,616
Depreciation	61,321	907	0	1,498	5,011	0	0	68,737
Disposal and obsolescence	0	0	0	(363)	0	0	0	(363)
2021.12.31	$285,275	$1,781	$0	$6,258	$18,676	$0	$0	$311,990
Net carrying amount								
2022.12.31	$626,069	$5,233	$3,718	$815	$23,153	$16,310	$0	$675,298
2021.12.31	$687,298	$6,087	$0	$1,428	$25,500	$15,052	$0	$735,365
2021.01.01	$747,917	$6,689	$0	$2,778	$29,586	$14,700	$588	$802,258

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

(3) 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 Temporary differences the leased land. It was remeasured in 2022 to be in line with an increase in price index.

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, 2022	$65,760
Remeasurement	1,994
Balance as of December 31, 2022	$67,754
Balance as of January 1, 2021	$65,760
Balance as of December 31, 2021	$65,760
Depreciation of right-of-use assets	
Balance as of January 1, 2022	$4,544
Current depreciation	1,564
Balance as of December 31, 2022	$6,108
Balance as of January 1, 2021	$3,029
Current depreciation	1,515
Balance as of December 31, 2021	$4,544
Carrying amount	
December 31, 2022	$61,646
December 31, 2021	$61,216

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, 2022	$200,020	$5,583	$205,603
Increase	0	469	469
Balance as of December 31, 2022	$200,020	$6,052	$206,072
Balance as of January 1, 2021	$200,020	$5,662	$205,682
Increase	0	140	140
Derecognition maturity	0	(219)	(219)
Balance as of December 31, 2021	$200,020	$5,583	$205,603
Accumulated amortization			
Balance as of January 1, 2022	$38,003	$2,933	$40,936
Amortization	4,000	638	4,638
Balance as of December 31, 2022	$42,003	$3,571	$45,574
Balance as of January 1, 2021	$34,003	$2,389	$36,392
Amortization	4,000	763	4,763
Derecognition maturity	0	(219)	(219)
Balance as of December 31, 2021	$38,003	$2,933	$40,936
Net carrying amount			
Balance as of December 31, 2022	$158,017	$2,481	$160,498
Balance as of December 31, 2021	$162,017	$2,650	$164,667
Balance as of January 1, 2021	$166,017	$3,273	$169,290

1. Amortization expense for the Consolidated Company's intangible assets for 2022 and 2021 is reported in the following items

Item	2022	2021
Manufacturing overheads	$2,800	$2,800
Operating expenses	1,838	1,963
Total	$4,638	$4,763

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, 2022	December 31, 2021
1. Short-term borrowings		
Secured loans	$4,401,950	$3,655,250
Interest rate range Secured loans	2.233%~2.85%	1.55%~1.80%
Repayment period	2023.02.09~2024.11.25	2022.01.26~2023.05.05
2. Short-term bills payable	$3,740,400	$3,948,000
Less: Discount on short-term bills payable	(5,723)	(5,035)
Net	$3,734,677	$3,942,965
Interest rate range Financing commercial promissory note	1.468%~2.743%	0.478%~1.8%
Unused limit	$2,059,895	$5,528,995

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) Provisions - current

	Warranty provision
Balance as of January 1, 2022	$44,708
Newly increased liability provision for the period	7,071
Balance as of December 31, 2022	$51,779
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

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, 2022	December 31, 2021
Land collections	$19,790	$8,086
Building collections	32,686	15,130
Decoration collections	14,094	16,094
Collections - others	6,767	28,054
Total	$73,337	$67,364

(XVI) Other current liabilities - others

Item	December 31, 2022	December 31, 2021
Tax payable	$9,585	$28,018

(XVII) Long-term borrowings

Nature of borrowings	Borrowing period, repayment method and interest rate range	December 31, 2022	December 31, 2021
Long-term bank borrowings			
Secured borrowings	From March 2020 to December 2028, interest is payable monthly in a lump sum at maturity with floating interest rates of 2.405% and 1.73% as of December 31, 2022 and 2021, respectively.	$1,675,000	$1,765,000
Secured borrowings	From June 2019 to June 2026, interest is payable monthly in a lump sum at maturity with floating interest rates of 2.325% and 1.7% as of December 31, 2022 and 2021, respectively.	576,000	607,000
Secured borrowings	The borrowing period is 15 years from July 2017 to July 2032 (including a	485,150	531,033

Nature of borrowings	Borrowing period, repayment method and interest rate range	December 31, 2022	December 31, 2021
	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 2.00% and 1.54% on December 31, 2022 and 2021, respectively. Borrowings due within one year rerecognized were NT$46,393 thousand and NT$46,558 thousand as of December 31, 2022 and 2021, respectively.		
Secured borrowings	From January 2022 to January 2027, interest is payable monthly in a lump sum at a floating rate of 2.25% as of December 31, 2022.	194,100	0
Secured borrowings	From January 2022 to January 2027, interest is payable monthly in a lump sum at a floating rate of 2.25% as of December 31, 2022.	185,300	0
Secured borrowings	Interest is payable on a monthly basis from October 2021 to October 2026, with at least NT$100,000 thousand repayable on 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 floating interest rates of 2.425% and 1.80% as of December 31, 2022 and 2021, respectively.	2,000,000	1,900,000
Secured borrowings	From December 2022 to December 2027, interest is payable monthly in a lump sum at a floating rate of 2.335% as of December 31, 2022, respectively.	$415,000	$0
Secured borrowings	From March 2020 to March 2025, interest is payable monthly in a lump sum at maturity with floating interest rates of 2.035% and 1.45% as of December 31, 2022 and 2021, respectively.	1,280,000	1,300,000
Secured borrowings	From May 2019 to November 2023, interest is payable monthly in a lump sum at maturity with floating interest rates of 2.035% and 1.45% as of December 31, 2022 and 2021, respectively. Borrowings due within one year were transferred to NT$510,000 thousand as of December 31, 2022.	510,000	510,000
Secured borrowings	From October 2019 to January 2023, then extended to October 2025, with NT$158 million repaid every four months from October 2022 to October 2023 and the rest payable monthly in a lump sum at maturity with floating interest rates of 2.055%~2.425% and 1.43% as of December 31, 2022 and 2021, respectively. Borrowings due within one year were transferred to NT$474,000 thousand as of December 31, 2022.	1,092,000	1,270,000

Nature of borrowings	Borrowing period, repayment method and interest rate range	December 31, 2022	December 31, 2021
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 monthly, in one lump sum at maturity with floating interest rates of 0% and 1.54% as of December 31, 2022 and 2021. It was fully repaid in February, 2022.	0	272,000
Secured borrowings	From June 2020 to June 2023, interest is payable monthly in a lump sum at maturity with floating interest rates of 0% and 1.606881% as of December 31, 2022 and 2021, respectively. It was fully repaid in March, 2022.	$0	$500,000
Total		$8,412,550	$8,655,033
Less: Net long-term borrowings due within one year or one operating cycle Use this segment		(1,030,393)	(46,558)
Net		$7,382,157	$8,608,475
Unused limit		$3,798,600	$4,310,000

Long-term bank borrowings were secured by the Consolidated Company's own assets and real estate and stocks provided by related parties; please refer to Notes VII and VIII for details.

(XVIII) Lease agreements

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

	December 31, 2022	December 31, 2021
Current	$1,134	$1,080
Non-current	$62,373	$61,548

Please refer to Note XII for maturity analysis.

The Consolidated Company has no material issuance, repurchase or repayment of lease liabilities due to the addition or release of leases except for the remeasurement of lease liabilities as a result of adjustments to lease consideration due to a change in price index from January 1 to December 31, 2022 and 2021.

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

	2022	2021
Interest expense – lease obligations payable	$771	$231
Short-term lease expenses	$7,642	$8,702
Expense on leases with low-value underlying assets	$1,186	$965
Total cash flows on lease	$10,118	$10,453

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 from January 1 to June 30, 2022 and from January 1 to December 31, 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$33,320 thousand and NT$27,891 thousand for the years from January 1, to December 31, 2022 and 2021, respectively.

(3) The maturity analysis of lease payments under operating leases of the Consolidated Company to report the total undiscounted lease payments to be received in the future is presented as follows:

	December 31, 2022	December 31, 2021
Within 1 year	$24,486	$20,628
1 to 5 years	84,307	78,942
Over 5 years	16,131	20,767
Non-discounted future cash flows of lease	$124,924	$120,337

(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 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.

(XIX) Share capital

1. As of December 31, 2022 and December 31, 2021, the Company's total authorized share capital was NT$5,000,000 thousand and NT$4,500,000 thousand, respectively, with a par value of NT$10, and its paid-in capital were NT$3,690,564 thousand and NT$3,717,590 thousand, respectively, with 369,056 thousand and 371,759 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)

	2022	2021
January 1	371,759	371,193
Cancellation of repurchase treasury shares	(3,244)	0
Employee compensation to capital increase	541	566
December 31	369,056	371,759

2. On June 23, 2022, the Company resolved by the shareholders' meeting to issue 541,356 new shares by transferring employees' remuneration of NT$19,462 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 1, 2022, and the Board of Directors resolved on August 11, 2022, that the base date for the capital increase is August 15, 2022.
3. 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 16, 2021.
4. On July 8, 2022, 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 3,244 thousand, and on November 10, 2022, the Board of Directors resolved to set November 11, 2022 as the base date for the capital reduction, and the change was registered on November 25, 2022.

5. Treasury shares

(1) The reason for share re-acquisition and movements in the number of treasury stock are as follows:

			December 31, 2022	
Year of repurchase	Name of the Company holding the shares	Reason for share re-acquisition	Thousand shares	Carrying amount
Sixth	The Company	Maintain the Company's credit and shareholders' rights and interests, and handle the cancellation of shares	3,244	$120,203
			(3,244)	(120,203)
	Total		0	$0

There was no such situation on December 31, 2021.

(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 July 8, 2022, 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. 3,244 thousand shares were repurchased from July 11 to September 7, 2022, at an average purchase price of NT$37.06 per share and repurchase costs of NT$120,203 thousand. Based on March 31, 2022, the maximum number of shares that the Company may repurchase is 37,175.9 thousand shares and the maximum amount of shares to be purchased is NT$12,886,644 thousand.

(5) On November 10, 2022, the Company's Board of Directors resolved to cancel 3,244 thousand shares of treasury shares repurchased, reducing capital by NT$120,203 thousand, respectively, with the base dates of November 10, 2022, and after the cancellation of 3,244 thousand shares issued, the number of common shares outstanding was 369,056 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.

(XX) Capital surplus

	December 31, 2022	December 31, 2021
Capital premium from employee compensation	$27,913	$13,865
Cancellation of treasury shares transactions	(27,913)	0
Net	$0	$13,865

In accordance with the Company Act, capital surplus must first be used to cover losses before new shares or cash can be issued in proportion to the shareholders' original shares. The realized capital surplus referred to in the preceding paragraph includes the proceeds from the issuance of shares in excess of par value and the proceeds from the receipt of gifts. In accordance with the Regulations Governing the Offering and Issuance of Securities by Securities Issuers, capital surplus may be capitalized in an amount not exceeding 10% of the paid-in capital each year.

(XXI) 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(XXVIII) 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) Dividend distribution

The shareholders' meetings approved the distribution of earnings for years ended December 31, 2021 and 2020 on June 23, 2022 and August 12, 2021 as follows:

	Earnings distribution		Dividends per share (NT$)	
	2021	2020	2021	2020
Legal reserve	$168,411	$168,467	—	—
Cash dividend	0	0	$0	$0

(3) The proposal of distribution of earnings for 2022 was approved by the Company's Board of Directors on March 29, 2023, but has not yet been resolved by the shareholders' meeting; the proposal is as follows:

	2022	
	Amount	Dividends per share (NT$)
Legal reserve	$100,992	
Cash dividend	0	$0

(XXII) Operating revenue

	2022	2021
Land revenue	$1,497,063	$3,052,029
Building revenue	1,584,752	3,387,993
Lease revenue	33,320	27,891
Accommodation service revenue	143,110	89,433
Catering service revenue	125,975	100,071
Discount of premises revenue	(90)	(173)
Total	$3,384,130	$6,657,244

(1) Revenue breakdown

	2022	2021
Major regional markets		
Taiwan	$3,384,130	$6,657,244
Major products/ service		
Premises revenue	$3,081,725	$6,439,849
Lease revenue	33,320	27,891
Accommodation service revenue	143,110	89,433
Catering service revenue	125,975	100,071
Total	$3,384,130	$6,657,244

	2022	2021
Timing of revenue recognition:		
At a fixed point in time	$3,207,700	$6,539,920
Performance obligations fulfilled over time	176,430	117,324
Total	$3,384,130	$6,657,244

(2) Contract liabilities - current

	December 31, 2022	December 31, 2021
Sale of premises	$585,115	$560,581
Rental premises	1,302	987
Room and catering services	12,315	11,791
Advances from gift card	15,416	17,485
Advances from baking	44	29
Total	$614,192	$590,873

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$199,842 thousand and NT$328,841 thousand from January 1 to December 31, 2022 and 2021, respectively.

(XXIII) Interest income

	2022	2021
Interest on bank deposits	$834	$206
Other interest income	36	33
Total interest income	$870	$239

(XXIV) Other income

	2022	2021
Dividend income	$179	$0
Government subsidy income	0	7,560
Other income - others	3,253	2,807
Total	$3,432	$10,367

(XXV) Other gains and losses

	2022	2021
Exchange gains	$0	$1
Disposal of financial assets measured at fair value through profit or loss	0	3,896
Valuation gain (loss) on financial assets measured at fair value through profit or loss	0	21,357
Others	(161)	(39)
Total	($161)	$25,215

(XXVI) Finance costs

	2022	2021
Interest expenses		
Bank borrowings	$311,163	$238,872
Lease liabilities	771	231
Less: Capitalization of interest	(81,087)	(52,524)
Finance costs	$230,847	$186,579

(XXVII) 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 agreed obligation to make additional contributions after making fixed contributions to the Bureau of Labor Insurance. The Consolidated Company recognized an expense of NT$6,454 thousand and NT$6,059 thousand in the consolidated statements of comprehensive income in 2022 and 2021, respectively.

	2022	2021
Selling and marketing expenses - Retirement benefits expenses	$2,674	$2,346
General and administrative expenses - Retirement benefits expenses	$1,996	$1,944
Operating costs - Retirement benefits expenses	$1,784	$1,769

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 Consolidated 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:

	2022	2021
Service costs for the current period	$147	$377
Net interest on defined benefit liabilities (assets)	112	133
Recognized in profit or loss	$259	$510
Remeasurements		
Compensation on plan assets (excluding net interest on net defined benefit liabilities (assets))	($2,131)	($345)
Actuarial losses (gains) - experience adjustments	1,921	3,504
Actuarial losses (gains) - changes in financial assumptions	(99)	328
Actuarial losses (gains) - changes in population assumptions	0	640
Recognized in other comprehensive income	($309)	$4,127

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

	2022	2021
Selling and marketing expenses	$24	$47
General and administrative expenses	235	463
Total	$259	$510

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

	December 31, 2022	December 31, 2021
Present value of defined benefit obligation	$48,912	$46,737
Fair value of plan assets	(29,355)	(24,330)
Net defined benefit liabilities	$19,557	$22,407

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

	2022	2021
Beginning balance	$46,737	$45,532
Service costs for the current period	147	377
Interest expenses	206	252
Remeasurements		
Actuarial losses (gains) - experience adjustments	1,921	3,504
Actuarial losses (gains) - changes in financial assumptions	(99)	328
Actuarial losses (gains) - changes in population assumptions	0	640
Benefits paid on plan assets	0	(3,896)
Ending balance	$48,912	$46,737

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

	2022	2021
Fair value of plan assets at the beginning of the period	$24,330	$24,140
Expected return on plan assets	94	119
Remeasurements of plan assets (excluding net interest included in net defined benefit liabilities (assets))	2,131	345
Contribution by the employer	2,800	3,622
Actual payment of employee benefits	0	(3,896)
Fair value of plan assets at the end of the period	$29,355	$24,330

(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, 2022, and 2021, please refer to the various labor pension utilization reports issued by the government.

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

December 31, 2022	December 31, 2021
$29,355	$24,330

(8) 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, 2022	December 31, 2021
Discount rate	1.500%	0.500%
Growth rate of future salary	3.000%	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, 2022	December 31, 2021
Discount rate		
Increase by 0.25%	($593)	($654)

Decrease by 0.25%	$590	$680
Expected salary increase rate		
Increase by 0.25%	$584	$651
Decrease by 0.25%	($570)	($633)

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$295 thousand to the defined benefit plans for the one year period after the reporting date of 2022.

The weighted average period of the defined benefit plan is 9.12 years.

The maturity analysis of the pension payments is as follows:

Under 1 year	$12,660
1 to 2 years	5,064
2 to 5 years	9,712
Over 5 years	16,068
	$43,504

(XXVIII)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 shall be reported to the shareholders' meeting.

The amounts provided for employee compensation were NT$11,714 thousand and NT$19,462 thousand for 2022 and 2021, and the amounts provided for directors' compensation were both NT$0, 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 and was reported as operating expenses for the period.

On March 29, 2023, the Board of Directors resolved to distribute NT$11,714 thousand for employee compensation and NT$0 for director's remuneration for 2022, and on March 23, 2022, the Board of Directors resolved to distribute NT$19,462 thousand for employee compensation and NT$0 for director compensation for 2021. There was no difference from the amounts recognized as expenses in 2022 and 2021.

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".

(XXIX) Income Tax

1. Income tax expense

Major components of income tax expenses were as follows:

	2022	2021
Current income tax expenses		
Incurred this year		
Income Tax	$62,902	$115,155
Land value increment tax	18,112	65,079
Unappropriated earnings	75,596	75,810
Deferred tax		
Occurrence and reversal of temporary differences	(6,605)	(16,734)
Income tax expense	$150,005	$239,310

2. Reconciliation of income tax expense to accounting profit.

	2022	2021
Accounting profit	$1,159,679	$1,926,719
Tax at the applicable tax rate	$231,935	$385,343
Effect of income tax adjustment items		
Items to be increased (decreased) when determining taxable income	4,399	2,889
Valuation gain on financial assets	0	(4,271)
Tax-exempt proceeds from land	(174,847)	(267,054)
Tax-exempt income from marketable securities	0	(3,530)
Warranty provision	1,414	1,778
Occurrence and reversal of temporary differences	(6,605)	(16,734)
5% levy on unappropriated earnings	75,596	75,810
Other income taxes (land value increment tax)	18,112	65,079
Income tax expense	$150,005	$239,310

3. Income tax recognized in other comprehensive income

	2022	2021
Deferred income tax gains (expense)		
Related to defined benefit plan remeasurement	$62	($825)

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, 2022				
A. Deferred tax assets				
Prepayments	$5,503	$0	$0	$5,503
Warranty provision payable	8,942	1,414	0	10,356
Net defined benefit liabilities - non-current	4,481	(508)	(62)	3,911
Differences in employee benefit tax recognition	9	(4)	0	5
Total deferred tax assets	$18,935	$902	($62)	$19,775
B. Deferred tax liabilities				
Inventories	$22,825	($5,704)	$0	$17,121
(2) 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 benefit tax recognition	14	(5)	0	9
Total deferred tax assets	$16,959	$1,151	$825	$18,935
B. Deferred tax liabilities				
Inventories	$38,408	($15,583)	$0	$22,825

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

	December 31, 2022	December 31, 2021
Loss carryforwards	$58,248	$51,428

6. The Consolidated Company's business income tax settlement and declaration up until 2020 have been approved.

7. As of December 31, 2022, 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
2022	34,101	0	34,101	2032
合計	$404,527	($113,285)	$291,242	

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

By function / By nature	2022			2021		
	Operation costs	Operation expenses	Total	Operation costs	Operation expenses	Total
Employee benefit expenses						
Salary expenses	34,042	114,598	148,640	33,089	114,148	147,237
Labor and health insurance expenses	3,795	10,224	14,019	3,770	9,541	13,311
Retirement benefits expenses	1,784	4,929	6,713	1,769	4,800	6,569
Remuneration to Directors	0	2,500	2,500	0	2,299	2,299
Other employee benefits	1,441	7,143	8,584	1,065	9,734	10,799
Depreciation expenses	46,275	23,357	69,632	46,424	23,828	70,252
Depletion expenses	0	0	0	0	0	0
Amortization expenses	2,800	1,838	4,638	2,800	1,963	4,763

The numbers of employees of the Consolidated Company for the years ended December 31, 2022 and 2021 were 230 and 233, respectively. Among which the numbers of directors who were not part-time employees were 7 in both years.

(XXXI) Earnings per share

	2022	2021
Basic earnings per share (Unit: NT$)	$2.73	$4.54
Diluted earnings per share (Unit: NT$)	$2.73	$4.54

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

	2022	2021
Profit attributable to the holders of ordinary shares of the Company	$1,009,674	$1,687,409

	2022	2021
Weighted average number of ordinary shares outstanding used for calculation of diluted earnings per share (in thousands)	369,680	371,407
Effect of potentially dilutive ordinary shares:		
Employee Remuneration	364	477
Weighted average number of ordinary shares outstanding used for calculation of diluted earnings per share (in thousands)	370,044	371,884

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 at the Board of Directors' meeting in the following year.

(XXXII) Additional information regarding cash flows

	2022	2021
Increase in property, plant, and equipment	$10,818	$3,209
Net decrease (increase) in other payables	(695)	686
Cash paid during the year	$10,123	$3,895

	2022	2021
Increase in intangible assets	$469	$0
Increase in other payables	(39)	0
Cash paid during the year	$430	$0

(XXXIII)Changes in liabilities from financing activities

Reconciliation of liabilities from financing activities was as follows:

	2022.1.1	Cash flows	Non-cash changes	2022.12.31
Short-term borrowings	$3,655,250	$746,700	$0	$4,401,950
Face value of short-term bills payable	3,948,000	(207,600)	0	3,740,400
Long-term borrowings	8,655,033	(242,483)	0	8,412,550
Deposits received	4,985	925	0	5,910
Lease liabilities	62,628	(1,115)	1,994	63,507
Liabilities from the financing activities	$16,325,896	$296,427	$1,994	$16,624,317

	2021.1.1	Cash flows	Non-cash changes	2021.12.31
Short-term borrowings	$4,488,806	($833,556)	$0	$3,655,250
Face value of short-term bills payable	4,213,000	(265,000)	0	3,948,000
Long-term borrowings	6,997,867	1,657,166	0	8,655,033
Deposits received	3,586	1,399	0	4,985
Lease liabilities	63,690	(1,062)	0	62,628
Liabilities from the financing activities	$15,766,949	$558,947	$0	$16,325,896

VII. Related Party Transactions

(I) Names of related parties and their relationship

Name	Relationship with the Consolidated 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
Yangmin International Catering Co., Ltd.	Associate of the Company
Tsai, Tien-Tsan	Chairman of the Company
Meiyun S. Tsai	Spouse of the chairman of the Company

(II) Significant transactions with related parties

1. Sales

Name	2022 Amount	2022 Percentage of sales of the Consolidated Company	2021 Amount	2021 Percentage of sales of the Consolidated Company
Chieh Chih Construction Co., Ltd.	$22	0.00%	$75	0.00%
Baihong Construction Co., Ltd.	37	0.00%	97	0.00%
Yangmin International Catering Co., Ltd.	4,461	0.14%	3,379	0.05%
Other related parties	160	0.00%	249	0.00%
Total	$4,680	0.14%	$3,800	0.05%

Sales to related parties are made at normal market prices, and the collection period is 30 to 90 days.

2. Rental revenue

The related party Yangmin International Catering Co., Ltd. entered into leases with the Consolidated Company in 2022 and 2021 as follows.

The lease details are as follows:

Lessee	Lease subject	Lease period	Rent and collection methods	Rental revenue
January 1 to December 31, 2022				
Yangmin International Catering Co., Ltd.	1F., No. 366, Minghua Rd., Gushan Dist., Kaohsiung City (Restaurant)	2022/01/01 ～ 2026/12/31	The monthly rental income of NT$389 thousand (including business tax) is calculated on a monthly basis and is collected by bank remittance, including the refundable deposits interest.	$4,456

Lessee	Lease subject	Lease period	Rent and collection methods	Rental revenue
January 1 to December 31, 2021				
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 collected by bank remittance, including the refundable deposits interest.	$3,379

3. Contracting work (Purchases)

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 2022 and 2021, the Consolidated Company entrusted Chien-Chih Construction Co., Ltd. to contract for various construction sites, accounting for 24.03% and 5.42% of the Consolidated Company's total contracted work amount, respectively, and the contract prices and current shipments were as follows:

Site name	Contract price (including tax)	Purchases 2022	Purchases 2021
Aiqun 2748 (World of Heart)	$2,014,000	$538,121	$328,598
Bohsiao Section No. 1140, 7 in total (Jing Wu Tong)	$1,405,500	9,524	0
Total		$547,645	$328,598

(2) In 2022 and 2021, the Consolidated Company entrusted EPILEDS Construction Co., Ltd. with the contracted construction projects, accounting for 7.94% and 4.55% of the total contracted construction amount of the Consolidated Company, respectively. The contract price and the current purchase price were as follows:

Site name	Contract price (including tax)	Purchases 2022	Purchases 2021
Xindu Section No. 163 (Fu+)	$880,200	$180,992	$276,217

4. The Company purchased construction land from related parties, Tsai, Tien-Tsan, Meiyun S. Tsai and other related parties.

Land No.	Total Contract Price	Price payment in 2022
Rende Zhongcuo Section No. 718, etc., 82 in total	$230,772	$229,427
Youchang Three Subsections No. 1061, etc., 174 in total	$305,995	305,995
Total		$535,422

(1) The contract for the Rende Zhongcuo Section No. 718, etc., 82 in total was signed on November 1, 2022. The total purchase and sale contract price was based on the related party's transaction price plus interest on necessary capital, and payment was made in accordance with the contract. As of December 31, 2022, no transfers had been completed.

(2) The contract for the Youchang Three Subsections No. 1061, etc., 174 in total was signed on November 11, 2022. The total purchase and sale contract price was based on the related party's transaction price plus interest on necessary capital, and payment was made in accordance with the contract. As of December 31, 2022, no transfers had been completed.

5. Accounts receivable, other receivables, note payables, accounts payables, other payables, contract liabilities-current, and deposits received.

	December 31, 2022		December 31, 2021	
Name of project and related party	Balance	Percentage	Balance	Percentage
(1) Trade receivables				
Baihong Construction Co., Ltd.	$10	0.13%	$0	0.00%
(2) Other receivables				
Meiyun S. Tsai	$109	3.88%	$128	42.95%
Yangmin International Catering Co., Ltd.	92	3.27%	87	29.20%
Total	$201	7.15%	$215	72.15%

Other receivables represent receivables from landlords' share of selling expenses and payments on behalf of associates.

(3) Notes payable

Chieh Chih Construction Co., Ltd.	$65,003	50.90%	$55,002	31.98%
Baihong Construction Co., Ltd.	15,008	11.75%	35,002	20.35%
Total	$80,011	62.65%	$90,004	52.33%

(4) Trade payables

Chieh Chih Construction Co., Ltd.	$0	0.00%	$298,857	49.00%
Baihong Construction Co., Ltd.	0	0.00%	275,934	45.24%
Total		0.00%	$574,791	94.24%

(5) Other payables

Yangmin International Catering Co., Ltd.	$138	0.19%	$398	0.56%

(6) Contract liabilities - current

Chieh Chih Construction Co., Ltd.	$34	0.01%	$35	0.01%
Baihong Construction Co., Ltd.	12	0.00%	15	0.00%
Other related parties	92	0.01%	91	0.02%
Total	$138	0.02%	$141	0.03%

(7) Deposits received

Yangmin International Catering Co., Ltd.	$708	11.98%	$708	14.20%

Deposits received represent lease deposits.

6. Lease expenses

	Price payment	
Rental expenses	2022	2021
Other related parties	$1,029	$1,029

The lease details are as follows:

Lessor	Lease subjects	Lease period	Rental charged per lease term	2022	2021
Other related parties	12F., No. 150, Bo'ai 2nd Rd., Zuoying Dist., Kaohsiung City	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

7. Others

(1) The Chairman of the Consolidated Company and other related parties provided the Consolidated Company with loans from banks secured by their own assets, amounting to NT$1,000,000 thousand and NT$1,312,000 thousand as of December 31, 2022 and 2021, respectively.

(2) The Chairman of the Consolidated Company and other related parties provided the Consolidated Company with their own assets to issue commercial paper to Bills Finance Corporation in the amount of NT$450,000 thousand and NT$750,000 thousand as of December 31, 2022 and 2021, 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$1,675,000 thousand and NT$1,765,000 thousand, respectively, and commercial promissory notes for NT$1,675,000 thousand and NT$1,765,000 thousand, respectively, as of December 31, 2022 and December 31, 2021.

(4) The Consolidated Company's investment in affiliates is described in Note VI(IX).

(5) In 2022 and 2021, the Consolidated Company collected water and garbage removal fees from a related party, Yangmin International Catering Co. The decrease in utilities was NT$336 thousand and NT$305 thousand, the decrease in garbage collection was NT$142 thousand and NT$119 thousand, and collection of meal charges from tenants were NT$411 thousand and NT$463 thousand, respectively.

(6) In 2022 and 2021, the Consolidated Company paid compensation to the Consolidated Company's Chairman, spouse and other related parties for the demolition of buildings, which was recorded as construction in progress - miscellaneous expenses of NT$1,239 thousand and NT$0 thousand, respectively.

(7) 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 2022 and 2021, respectively.

(8) The Consolidated Company's related party, Chien-Chih Construction Co., Ltd. provided guaranteed promissory notes for the construction work, which were recorded as NT$429,362 thousand and NT$288,812 thousand in 2022 and 2021, respectively.

8. Information on remuneration to the management

	2022	2021
Short-term employee benefits	$27,558	$29,485

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, 2022	December 31, 2021
Buildings and land held for sale	Collateralized borrowing and issuance of commercial promissory notes	$4,129,718	$2,240,305
Construction in progress	Collateralized borrowing and issuance of commercial promissory notes	4,953,479	3,412,160
Land held for construction	Collateralized borrowing and issuance of commercial promissory notes	17,098,597	19,313,594
Housing and Construction	Secured borrowings	625,192	686,442
Other financial assets - current	Pre-sold project trust and performance trust	106,295	80,912
Refundable deposits	Disaster management guarantee	27,019	24,977
Total		$26,940,300	$25,758,390

IX. Significant Contingent Liabilities and Unrecognized Contract Commitments

1. As of December 31, 2022, 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$1,850,143 thousand and the amount outstanding was NT$2,449,557 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 Consolidated 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$27,710 thousand, including NT$6,591 thousand, NT$574 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. On November 28, 2022, the Kaohsiung District Court ruled that the Company should pay NT$3,137 thousand plus interest to the plaintiff for the case (Case number: 2021 Shen Zhong Su No. 57). The Consolidated Company has filed an appeal during the legal period, 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. On May 12, 2022, the Taiwan Kaohsiung District Court denied the Consolidated Company’s request for the case (Case number: 2021 Su Zi No. 780). The Consolidated Company has filed an appeal (Case number: 2022 Shang Zi No. 200) during the legal period, 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 of January 4, 2019 to approve the letter of change of commercial use of the second floor of the Hua Shang Building and the appeal inadmissible. If an unfavorable decision is obtained, it may affect the right to use the assets of the Consolidated Company. On December 29, 2022, the Supreme Administrative Court denied the request for appeal by the Hua Shang Building Management Committee for the case (formerly known as Case No. 118 of 2020).

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, 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 Consolidated Company's project construction. Therefore, it filed a lawsuit for damages against the Consolidated 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 Consolidated 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 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, 2022 and 2021, the financing endorsement and guarantee of the Consolidated Company are as follows: ：

Endorser/Guarantor	Endorsee/Guarantee	December 31, 2022	December 31, 2021	Guarantee purpose
King's Town Construction Co., Ltd.	SanDi Properties Co., Ltd.	$2,000,000	$2,000,000	Loan financing credit guarantee

10. The Consolidated Company signed trust contract with entrusted financial institution for the construction in progress. As of December 31, 2022, the names of relevant projects and trust banks are 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.

11. As of December 31, 2022 and December 31, 2021, the Consolidated Company had entrusted banks to issue price performance guarantee for the pre-sale cases with a guarantee amount of NT$18,580.

X. Significant Disaster Loss

None.

XI. Significant Subsequent Events

None.

XII. Others

(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, long-term notes receivable and accounts receivable, 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, 2022	December 31, 2021
Financial assets		
Financial assets at fair value through profit or loss		
Domestic unlisted stocks	$82	$82
Financial assets at amortized cost		
Cash and cash equivalents	$603,749	$1,068,430
Net notes receivable and trade receivables (including related parties)	22,513	168,660
Other receivables (including related parties)	2,810	298
Other financial assets (including current and non-current)	106,295	80,912
Refundable deposits	31,290	34,045
Long-term notes and trade receivable	2,785	15,000

	December 31, 2022	December 31, 2021
Subtotal	$769,442	$1,367,345
Total	$769,524	$1,367,427
Financial liabilities		
Measured at amortized cost		
Short-term borrowings	$4,401,950	$3,655,250
Short-term bills payable	3,734,677	3,942,965
Notes payable and trade payables (including related parties)	174,840	781,953
Other payables (including related parties)	71,310	71,565
Long-term borrowings (including long-term borrowing due within one operating cycle)	8,412,550	8,655,033
Lease liabilities (including current)	63,507	62,628
Deposits received	5,910	4,985
Total	$16,864,744	$17,174,379

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 opinions of the Board of Directors. Through cooperation with the Consolidated Company's each operating unit, 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 invests mainly in domestic listed equity instruments. These equity instruments are classified as financial assets at fair value through profit or loss in the balance sheet. The Consolidated Company is not exposed to price risk of equity instruments as the amount of its investment is not material. The Consolidated Company is not exposed to commodity price risk. The Company is not exposed to price risks from products.

B. Cash flow and fair value interest rate risk

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, 2022 and 2021, 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$964 thousand and NT$966 thousand for 2022 and 2021, 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 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 Consolidated Company.

B. The Consolidated Company's trade receivables 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' 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, 2022 and 2021 were not significant.

D. The Consolidated 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, 2022 and 2021 were not significant.

(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, 2022				
Short-term borrowings	$3,321,950	$600,000	$480,000	$0
Short-term bills payable	3,734,677	0	0	0
Notes and accounts receivable (Including amounts to related parties)	174,565	151	0	124
Other payables (Including amounts to related parties)	71,310	0	0	0
Provisions - current	14,331	3,973	16,884	16,591
Long-term borrowings (including that due within one operating cycle)	339,081	691,312	2,293,615	5,088,542
Lease liabilities (including current)	565	569	2,328	60,045
December 31, 2021				

Non-derivative financial liabilities	Within 6 months	6 to 12 months	1 to 3 years	Over 3 years
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

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, 2022 (i.e. January 1,2022)	$82
December 31, 2021 (i.e. January 1,2021)	$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 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, 2022 and 2021:

	December 31, 2022			
	Level 1	Level 2	Level 3	Total
Assets				
Repetitive fair value				
Valuation gain (loss) on financial assets measured Financial assets - current				
Domestic listed stocks	$0	$0	$0	$0
Valuation gain (loss) on financial assets measured Financial assets - non-current				
Domestic unlisted stocks (Venture Capital Fund)	0	0	82	82
Total	$0	$0	$82	$82

	December 31, 2021			
	Level 1	Level 2	Level 3	Total
Assets				
Repetitive fair value				
Valuation gain (loss) on financial assets measured Financial assets - current				
Domestic listed stocks	$0	$0	$0	$0
Valuation gain (loss) on financial assets measured Financial assets - non-current				
Domestic unlisted stocks (Venture Capital Fund)	0	0	82	82
Total	$0	$0	$82	$82

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 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).

(4) In 2022 and 2021, there was no transfer between Level 1 and Level 2 fair value measurement.

(5) In 2022 and 2021, 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.	Table IV
7	Purchases or sales with related parties totaling NT$100 million or more than 20% of the paid-in capital.	Table V
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 VI

(Table I)

King's Town Construction Co., Ltd.
Details on endorsements/guarantees to others.
December 31, 2022

Unit: NT$ thousand

Endorsements/guarantees for 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	5,182,508	2,000,000	2,000,000	2,000,000	0	11.58%	8,637,513	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, 2022

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 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 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 Chung, Chun	None	—	—	—	—	Real estate valuation report by professional valuation firm	Land held for construction for business operations	
King's Town Construction Co., Ltd.	No. 1167 and 1175, Xinzhuang 12 Sub-section, Zuoying Dist., Kaohsiung City	2022.1.10	$609,810	Actual payment $609,810	Natural person Mr. Tseng	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 2022, therefore, recorded as land prepayment, and the rest transfer are listed as land held for construction.

(Table IV)

King's Town Construction Co., Ltd.

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

Unit: NT$ thousand

Others

Disposal of property	Name of property	Date of occurrence	Original acquisition date	Carrying amount	Transactio n amount	Payment collection status	Profit or loss on disposal	Counterparty	Relationship	Purpose of Disposal	Basis or reference for price setting	Agreements
King's Town Construction Co., Ltd.	Inventories-Buildings and land held for sale	2022.10	Sale of inventories, not applicable	N/A	$737,060	Received an amount of $737,060 in accordance with the contract	N/A	HanHuang Co., Ltd.	None	Obtaining benefits	Amounts appraised by Chung Cheng Real Estate Appraisers: $733,078	None

(Table V)

King's Town Construction Co., Ltd.

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	$547,645	24.03%	Subject to contract	—	—	Notes payable $65,003 Trade payables $0	50.90% 0.00%	
King's Town Construction Co., Ltd.	Baihong Construction Co., Ltd.	The Company's Chairman is the supervisor of such company	Purchases	$180,992	7.94%	Subject to contract	—	—	Notes payable $15,008 Trade payables $0	11.75% 0.00%	
King's Town Construction Co., Ltd.	Tsai, Tien-Tsan	Chairman of the Company	Purchases	$229,427	10.07%	Subject to contract	—	—	Notes payable $0 Trade payables $0	0.00% 0.00%	
King's Town Construction Co., Ltd.	Tsai, Tien-Tsan	Chairman of the Company	Purchases	$193,741	8.50%	Subject to contract	—	—	Notes payable $0 Trade payables $0	0.00% 0.00%	

(Table VI)

King's Town Construction Co., Ltd.
Business relationships and significant intercompany transactions
January 1 to December 31, 2022

Unit: NT$ thousand

Name of Company	Name of counterparty	Nature of relationship	Intercompany transactions			
			Account name	Amount	Trading terms	Percentage of the consolidated net revenue or total assets
King's Town Construction Co., Ltd.	H2O Hotel Co., Ltd. (H2O Hotel)	Parent to subsidiary	Sales revenue	$38,516	Monthly contractual payments	1.14%
H2O Hotel Co., Ltd. (H2O Hotel)	King's Town Construction Co., Ltd.	Subsidiary to parent	Right-of-use assets	$2,256,699	Monthly contractual payments	6.44%

(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 Restaurants	$440,000	$390,000	44,000	100%	$85,617	($58,757)	($29,483)	I
H2O Hotel Co., Ltd. (H2O Hotel)	Yangmin International Catering Co., Ltd.	2F., No. 51, Ln. 69, Jingye 2nd Rd., Zhongshan Dist., Taipei City	Restaurants	$8,000	$8,000	800	40%	$16,683	$14,911	$5,964	

Note 1. The Company recognized a loss share of NT$58,757 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 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$29,274 thousand.

(III) 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	23.18%
Tiangang Investment Co., Ltd.	63,328,801	17.15%
Tianye Investment Co., Ltd.	49,652,072	13.45%
Chien-Chih Construction Co., Ltd.	31,651,513	8.57%
Tsai	23,616,339	6.39%
Meiyun S. Tsai	20,209,951	5.47%

(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 significant 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:

	2022			
	Construction Department	Accommodation Department	Adjustments and elimination	Total
Revenue				
Net revenue from external customers	$3,110,589	$269,085	$4,456	$3,384,130
Net intersegment revenue	38,516	975	(39,491)	0
Total revenue	$3,149,105	$270,060	($35,035)	$3,384,130
Interest income	$841	$29	$0	$870
Interest expenses	230,056	27,215	(26,424)	230,847
Depreciation and amortization	1,155	65,548	7,567	74,270
Investment profit or loss recognized under the equity method	(29,483)	5,964	29,483	5,964
Significant revenue, expense and loss:				
Other income	2,341	19,930	(19,018)	3,253
Reportable segment profit or loss	$1,009,674	($58,757)	$58,757	$1,009,674

	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 intersegment 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 and amortization	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 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

	2021			
	Construction Department	Accommodation Department	Adjustments and elimination	Total
Reportable segment profit or loss	$1,687,409	($72,267)	$72,267	$1,687,409
Reportable segment assets				
December 31, 2022	$34,983,219	$2,423,636	($2,343,064)	$35,063,791
December 31, 2021	$34,384,711	$2,564,337	($2,441,663)	$34,507,385

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

(IV) Product information

Products and service	2022	2021
Land revenue	$1,497,026	$3,051,958
Building revenue	1,584,699	3,387,891
Lease revenue	33,320	27,891
Room revenue	143,110	89,433
Catering revenue	125,975	100,071
Total	$3,384,130	$6,657,244

(V) Important customer information:

The Consolidated Company's sales to an individual customer accounted for more than 10% of net operating revenues in 2022 and 2021:

None.

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

Independent Auditors' Report

March 29, 2023
(2023) ShineWing Taiwan Audit Report No. 006

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, 2022 and 2021, 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, 2022 and 2021.

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, 2022 and 2021, as well as the parent company only financial performance and parent company only cash flows for the periods from January 1 to December 31, 2022 and 2021.

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 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, 2022. 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, 2022 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(XVIII) for the accounting policies on revenue and cost recognition and Note VI(XXIII) 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 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 auditing standards in the Republic of China, we exercise professional judgment and professional skepticism throughout the audit. We also perform the following works:

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. 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 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 the 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 on the parent company only financial statements.

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 2022 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: Chang, Jui-Ling	Accountant: Jackson Jwo
Financial Supervisory Commission Approval No.	Financial Supervisory Commission Approval No.
FSC Letter Jin-Guan-Zheng-Shen No. 1070345892	FSC Letter Jin-Guan-Zheng-Shen No. 1070345892

King's Town Construction Co., Ltd.
Parent Company Only Balance Sheets
As of December 31, 2022 and 2021

Unit: NT$ thousand

Assets		Note	December 31, 2022 Amount	%	December 31, 2021 Amount	%
11XX	Current assets					
1100	Cash and cash equivalents	IV, VI.(I)	$531,329	1.52	$973,133	2.83
1150	Net notes receivable	IV, VI.(III)	15,000	0.04	36,682	0.11
1170	Net trade receivables	IV, VI.(III)	886	0.00	126,675	0.37
1180	Trade receivables - related parties - net	IV, VI.(III), VII	0	0.00	3,371	0.01
1200	Other receivables	IV, VI.(IV)	2,609	0.01	83	0.00
1210	Other receivables - related parties	IV, VI.(IV), VII	109	0.00	128	0.00
1320	Inventories	IV, VI.(V), VIII	32,662,856	93.37	31,498,764	91.61
1410	Prepayments	IV, VI(VI)	571,681	1.63	546,035	1.59
1470	Other current assets	IV, VI.(VII)	114,624	0.33	90,919	0.26
1476	Other financial assets - current	IV, VI.(VIII), VIII	96,254	0.28	66,156	0.19
11XX	Total current assets		$33,995,348	97.18	$33,341,946	96.97
15XX	Non-current assets					
1510	Financial assets at fair value through profit and loss	IV, VI.(II)	$82	0.00	$82	0.00
1550	Investments accounted for using the equity method	IV, VI.(IX)	85,617	0.24	65,100	0.19
1600	Property, plant, and equipment	IV, VI.(X)	4,047	0.01	1,172	0.00
1755	Net right-of-use assets	IV, VI.(XI)	61,646	0.17	61,216	0.18
1760	Net investment properties	IV, VI.(XII), VII, VIII	625,192	1.79	686,442	2.00
1780	Intangible assets	IV, VI.(XIII)	158,626	0.45	162,456	0.47
1840	Deferred tax assets	IV, VI.(XXX)	19,770	0.06	18,926	0.06
1920	Refundable deposits	VIII	30,106	0.09	32,371	0.09
1930	Long-term notes and trade receivable	IV, VI.(III)	2,785	0.01	15,000	0.04
15xx	Total non-current assets		$987,871	2.82	$1,042,765	3.03
1xxx	Total assets		$34,983,219	100.00	$34,384,711	100.00

(Continued)

King's Town Construction Co., Ltd.
Parent Company Only Balance Sheets
As of December 31, 2022 and 2021

Unit: NT$ thousand

Code	Liabilities and equity	Note	December 31, 2022 Amount	%	December 31, 2021 Amount	%
21XX	Current liabilities					
2100	Short-term borrowings	IV, VI.(XIV), VII, VIII	$4,401,950	12.58	$3,655,250	10.63
2110	Short-term bills payable	VI.(XIV), VII, VIII	3,734,677	10.67	3,896,969	11.33
2130	Contract liabilities - current	VI(XXIII)	586,417	1.68	561,568	1.63
2150	Notes payable	IV	47,687	0.14	81,799	0.24
2160	Notes payable - related parties	IV, VII	80,011	0.23	90,004	0.26
2170	Trade payables	IV	26,381	0.08	16,566	0.05
2180	Trade payables - related parties	IV, VII	0	0.00	574,791	1.67
2200	Other payables		40,744	0.12	45,019	0.13
2220	Other payables - related parties	VII	783	0.00	325	0.00
2230	Current tax liabilities	IV	138,450	0.40	190,965	0.56
2250	Provisions - current	IV, VI.(XV)	51,779	0.15	44,708	0.13
2280	Lease liabilities - current	IV, VI.(XIX)	1,134	0.00	1,080	0.00
2322	Long-term borrowings due within one operating cycle	VI.(XVIII), VII, VIII	1,030,393	2.94	46,558	0.14
2335	Collection	VI.(XVI)	72,878	0.21	66,979	0.19
2399	Other current liabilities - others	VI.(XVII)	8,499	0.02	26,752	0.08
21XX	Total current liabilities		$10,221,783	29.22	$9,299,333	27.04
25XX	Non-current liabilities					
2540	Long-term borrowings	VI.(XVIII), VII, VIII	$7,382,157	21.10	$8,608,475	25.04
2570	Deferred tax liabilities	VI.(XXX)	17,121	0.05	22,825	0.07
2580	Lease liabilities - non-current	IV, VI.(XIX)	62,373	0.18	61,548	0.18
2640	Net defined benefit liabilities - non-current	IV, VI.(XXVIII)	19,557	0.06	22,407	0.06
2645	Deposits received		5,202	0.01	4,277	0.01
25xx	Total non-current liabilities		$7,486,410	21.40	$8,719,532	25.36
2XXX	Total liabilities		$17,708,193	50.62	$18,018,865	52.40
3XXX	Equity					
3110	Share capital - ordinary shares	VI.(XX)	$3,690,564	10.55	$3,717,590	10.81
3211	Paid-in capital - ordinary shares premium	VI.(XXI)	0	0.00	13,865	0.04
3300	Retained earnings					
3310	Legal reserve	VI.(XXII)	1,708,314	4.88	1,539,903	4.48
3350	Unappropriated earnings	VI.(XXII)	11,876,148	33.95	11,094,488	32.27
3300	Total retained earnings		$13,584,462	38.83	$12,634,391	36.75
3XXX	Total equity		$17,275,026	49.38	$16,365,846	47.60
	Total liabilities and equity		$34,983,219	100.00	$34,384,711	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 Statements of Comprehensive Income
From January 1 to December 31, 2022 and 2021

Unit: NT$ thousand

Code	Account titles	Note	2022 Amount	2022 %	2021 Amount	2021 %
4000	Operating revenue					
4110	Sales revenue		$3,149,195	100.00	$6,503,060	100.00
4190	Sales discounts and allowances		(90)	(0.00)	(173)	(0.00)
4100	Net sales	VI.(XXIII).VII	$3,149,105	100.00	$6,502,887	100.00
5000	Operating costs		1,316,516	41.81	3,883,411	59.72
5900	Gross profit		$1,832,589	58.19	$2,619,476	40.28
6000	Operating expenses	VI.(XXXI)				
6100	Selling and marketing expenses		293,070	9.31	346,818	5.33
6200	General and administrative expenses		123,507	3.92	128,111	1.98
6000	Total operating expenses		$416,577	13.23	$474,929	7.31
6900	Operating income		$1,416,012	44.96	$2,144,547	32.97
7000	Non-operating income and expenses					
7100	Interest income	VI.(XXIV)	$841	0.03	$233	0.00
7010	Other income	VI.(XXV)	2,520	0.08	2,332	0.04
7020	Other gains and losses	VI.(XXVI)	(160)	0.00	25,222	0.39
7050	Finance costs	VI.(XXVII)	(230,056)	(7.31)	(186,150)	(2.86)
7070	Share of profit or loss of subsidiaries accounted for using the equity method	VI.(IX)	(29,483)	(0.94)	(59,470)	(0.91)
7000	Total non-operating income and expenses		($256,338)	(8.14)	($217,833)	(3.34)
7900	Income before tax		$1,159,674	36.82	$1,926,714	29.63
7950	Income tax expense	IV, VI.(XXX)	150,000	4.76	239,305	3.68
8200	Current net income		$1,009,674	32.06	$1,687,409	25.95
8300	Other comprehensive income					
8310	Items not reclassified to profit or loss					
8311	Remeasurements of defined benefit plans	IV, VI.(XXVIII)	$309	0.01	($4,127)	(0.06)
8349	Incomes tax expense (gain) related to titles not subject to reclassification	IV, VI.(XXX)	62	0.00	(825)	(0.01)
8300	Other comprehensive income (after tax)		$247	0.01	($3,302)	(0.08)
8500	Total comprehensive income		$1,009,921	32.07	$1,684,107	25.89
9750	Basic earnings per share (NT$)	IV, VI.(XXXII)	$2.73		$4.54	
9850	Diluted earnings per share (NT$)	IV, VI.(XXXII)	$2.73		$4.54	

(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 Statements of Changes in Equity
From January 1 to December 31, 2022 and 2021

Unit: NT$ thousand

Code	Account name / Summary	Share capital	Capital surplus	Retained earnings			Treasury shares	Total equity
				Legal reserve	Unappropriated earnings	Total		
A1	Balance as of January 1, 2021	$3,711,931	$0	$1,371,436	$9,578,848	$10,950,284	$0	$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 in 2021				(3,302)	(3,302)		(3,302)
D5	Total comprehensive income 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	$0	$16,365,846
A1	Balance as of January 1, 2022	$3,717,590	$13,865	$1,539,903	$11,094,488	$12,634,391	$0	$16,365,846
B1	Legal reserve			168,411	(168,411)	0		0
B9	Employee compensation to capital increase	5,414	14,048			0		19,462
D1	Net income in 2022				1,009,674	1,009,674		1,009,674
D3	Other comprehensive income in 2022				247	247		247
D5	Total comprehensive income in 2022				1,009,921	1,009,921	0	1,009,921
L1	Treasury stock repurchase						(120,203)	(120,203)
L3	Cancellation of treasury shares	(32,440)	(27,913)		(59,850)	(59,850)	120,203	0
Z1	Balance as of December 31, 2022	$3,690,564	$0	$1,708,314	$11,876,148	$13,584,462	$0	$17,275,026

Note: Employee compensation of NT$11,714 thousand and NT$19,462 thousand for 2022 and 2021, 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, 2022 and 2021

Unit: NT$ thousand

Code		January 1 to December 31, 2022	January 1 to December 31, 2021
AAAA	Cash flow from operating activities:		
A10000	Current year net profit before tax	$1,159,674	$1,926,714
A20000	Adjustment items:		
A20010	Revenue, expense and loss that do not affect the cash flows:		
A20100	Depreciation expenses	$63,709	$64,068
A20200	Amortization expenses	4,260	4,320
A20400	Gain on financial assets at fair value through profit or loss	0	(21,357)
A20900	Interest expenses	230,056	186,150
A21200	Interest income	(841)	(233)
A21300	Dividend income	(179)	0
A22300	Share of profit or loss of subsidiaries accounted for using the equity method	29,483	59,470
A23100	Gain on disposal of investments	0	(3,896)
A20010	Total revenue, expense and loss that do not affect the cash flows:	$326,488	$288,522
A30000	Changes in operating assets and liabilities		
A31000	Net changes in operating assets		
A31130	Decrease (increase) in notes receivable	$33,897	($11,523)
A31150	(Increase) decrease in trade receivable	129,160	(28,529)
A31180	Decrease (increase) in other receivables	(2,502)	750,092
A31200	Increase in inventories	(1,164,092)	(2,317,367)
A31230	Increase in prepayments	(28,777)	(88,156)
A31240	Increase in other current assets	(23,705)	(82,340)
A31000	Total net changes in operating assets	($1,056,019)	($1,777,823)
A32000	Net change in operating liabilities		
A32125	Increase in contract liabilities - current	$24,849	$65,865
A32130	Loss in notes payable	(44,105)	(28,427)
A32150	Decrease in trade payable	(564,976)	(218,326)
A32180	Increase in other payables	12,305	16,734
A32200	Increase in provisions	7,071	8,891
A32230	Increase (decrease) in other current liabilities	(12,354)	6,822
A32240	Decrease in net defined benefit liabilities	(2,541)	(3,112)
A32000	Total net changes in operating liabilities	($579,751)	($151,553)
A33000	Cash inflow (outflow) from operating activities	($149,608)	$285,860
A33100	Interest received	836	233
A33200	Dividend received	179	0
A33300	Interest paid	(224,278)	(187,449)
A33500	Income tax received	0	2,556
A33500	Income tax paid	(209,124)	(221,759)
AAAA	Net cash outflows from operating activities	($581,995)	($120,559)

Code		January 1 to December 31, 2022	January 1 to December 31, 2021
BBBB	Cash flow from investing activities:		
B00200	Disposal of financial assets at fair value through profit or loss	$0	$115,183
B01800	Acquisition of investment accounted for using the equity method	(50,000)	(70,000)
B02700	Acquisition of property, plant, and equipment	(3,770)	0
B03700	Increase in refundable deposits	(2,745)	(208,640)
B03800	Decrease in refundable deposits	5,010	209,060
B04500	Acquisition of intangible assets	(430)	(100)
B06500	Increase in other financial assets	(30,098)	(66,156)
BBBB	Net cash outflow from investing activities	($82,033)	($20,653)
CCCC	Cash flows from financing activities:		
C00100	Proceeds from short-term borrowing	$13,324,150	$16,716,020
C00200	Repayments of short-term borrowings	(12,577,450)	(17,549,576)
C00500	Proceeds from short-term bills payable	17,651,000	14,730,000
C00600	Repayments of short-term bills payable	(17,812,600)	(14,987,000)
C01600	Proceeds from long-term borrowings	894,400	1,990,518
C01700	Repayments of long-term borrowings	(1,136,883)	(333,352)
C03000	Increase in deposits received	1,517	2,739
C03100	Decrease in deposits received	(592)	(1,340)
C04020	Repayment of the principal portion of lease	(1,115)	(1,062)
C04800	Treasury stock repurchase cost	(120,203)	0
CCCC	Net cash inflow from financing activities	$222,224	$566,947
EEEE	Increase (decrease) in current cash and cash equivalent	($441,804)	$425,735
E00100	Cash and cash equivalent at the beginning of the period	973,133	547,398
E00200	Cash and cash equivalent at the end of the period	$531,329	$973,133

(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

2022 and 2021

(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 is 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 29, 2023.

III. Application of New, Revised, and Amended Standards and 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 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	January 1, 2022

New Standards, Interpretations and Amendments	Major Amendments	Effective Date of Issuance by the IASB
	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.	
‧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 while the company is preparing the asset for its intended use. Instead, a company will recognize such sales proceeds 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 other costs directly related to fulfilling 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	January 1, 2022

New Standards, Interpretations and Amendments	Major Amendments	Effective Date of Issuance by the IASB
	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.	

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 2023:

New Standards, Interpretations and Amendments	Major Amendments	Effective Date of Issuance by the IASB
‧Amendments to IAS 1 - Disclosure Initiative-Accounting Policies	The major amendments to IAS 1 include: Require companies to disclose their significant accounting policies rather than their material accounting policies; clarify that accounting policy information related to transactions, other events or circumstances that are not material and do not require disclosure of such information; and clarify that all accounting policy information that is not related to a transaction, other	January 1, 2023

New Standards, Interpretations and Amendments	Major Amendments	Effective Date of Issuance by the IASB
	event or circumstance that is material is material to the company's financial statements.	
・Amendments to IAS 8 - Definition of Accounting Estimates	The amendment introduces 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 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.	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 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	This project addresses the acknowledged inconsistency between the requirements in IFRS 10 Consolidated Financial Statements and	To be determined by IASB

New Standards, Interpretations and Amendments	Major Amendments	Effective Date of Issuance by the IASB
its Associate or Joint Venture		
	IAS 28 Investments in Associates 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 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.	
· Amendment to IFRS 16 "Lease Liabilities in Sale and Leaseback"	This is a consistent application of IFRS 16 "Leases" for sellers and lessees to add additional accounting treatment to sale and leaseback transactions.	January 1, 2024
· 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	January 1, 2024

New Standards, Interpretations and Amendments	Major Amendments	Effective Date of Issuance by the IASB
	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 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 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 make the results easier to explain. IFRS 17 replaces an	

New Standards, Interpretations and Amendments	Major Amendments	Effective Date of Issuance by the IASB
	interim standard - IFRS 4 Insurance Contracts - from annual reporting periods beginning on or after 1 January 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 method.	January 1, 2023
・Amendment to IAS 1 - Classification of Liabilities 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, 2024
・Amendment to IAS 1 Non-current Liabilities with Contractual Provisions	This amendment adds information about long-term debt contracts provided by enterprises. It clarifies that contractual obligations that are subject to 12 months after the reporting period do not affect the classification of these liabilities as current or non-current as of the end of the reporting period.	January 1, 2024

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 other comprehensive 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. 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 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 assets

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.

The Company reclassifies all affected financial assets from the first day of the next reporting period only when there is a change in the operating model for managing financial assets.

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 derecognition, 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 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 recognizes 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 as the allowance for loss.

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 financial 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) Investments 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

Transportation Equipment	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) Lease

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; and

(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	:	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) 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 contracts

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.

(XIX) 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.

(XX) 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 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 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.

(XXI) 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 equity investments in subsidiaries, affiliates or joint ventures, the time for reverse of which may be controlled by the 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.

(XXII) 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.

(XXIII) 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. If the employees' compensation is paid in the form of stock, it is classified as potential ordinary shares. If the potential ordinary shares are dilutive, diluted earnings per share is disclosed in addition to simple earnings per share. Diluted earnings per share assumes that all dilutive potential ordinary shares are outstanding during the period, so the current net income and the number of outstanding ordinary shares are adjusted for the effect of dilutive potential ordinary shares.

(XXIV) 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.

(XXV) 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) Valuation 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) Inventory evaluation

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 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.

(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 equivalents

Item	December 31, 2022	December 31, 2021
Cash on hand and petty cash	$58	$78
Demand deposits	531,244	972,864
Checking deposits	27	191
Total	$531,329	$973,133

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. The Company's pre-sale construction project trust funds and other portions with restriction on use are classified as Other financial assets – current. Please refer to Note VI(VIII) and Note XIII for details.
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, 2022	December 31, 2021
Non-current		
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$0 in 2022 and NT$21,357 thousand in 2021, plus a gain of NT$0 in 2022 and NT$3,896 thousand in 2021 from disposal of 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) Note and trade receivables

Item	December 31, 2022	December 31, 2021
Notes receivable		
Measured at amortized cost		
Less than 1 year	$15,000	$36,682
Over 1 year	2,785	15,000
Total	$17,785	$51,682
Trade receivables		
Measured at amortized cost		
Less than 1 year	$886	$126,675
Over 1 year	22	22
Less: Allowance for doubtful accounts - Trade receivables	(22)	(22)
Total	$886	$126,675
Trade receivables - related parties		
Less than 1 year	$0	$3,371

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

2. 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.
3. 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, 2022		
	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	$18,671	0%	$0
Less than 60 days	0	0%	0
Over 365 days	22	100%	22
Total	$18,693		$22

	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

The changes in the allowance for losses on notes and trade receivables of the Company were as follows

	December 31, 2022	December 31, 2021
Beginning balance	$22	$22
Increase in the current period	0	0
Ending balance	$22	$22

4. 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.
5. The 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, 2022	December 31, 2021
Other receivables	$2,609	$83
Other receivables - related parties	109	128
Total	$2,718	$211

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, 2022	December 31, 2021
Buildings held for sale	$4,586,949	$5,353,441
Land held for sale	1,473,555	1,798,448
Land under construction	2,703,979	2,048,692
Construction in progress	2,249,500	1,363,468
Land held for construction	20,847,402	20,618,705
Prepayment for land	801,638	316,552
Less: Provision for loss of inventory	(167)	(542)
Total	$32,662,856	$31,498,764

Item	December 31, 2022	December 31, 2021
1. Buildings held for sale		
Mandala (Ji Jing)	$0	$10,628
King's Town	1,860,268	2,023,746
King's Town Hyatt	612,673	722,615
Hua Shang	114,478	114,478
Yiwen Court	190,091	355,342
Ju Dan	135,930	135,930
Tian Feng	145,518	145,518
Shi Shang King's Town	20,360	78,028

Item	December 31, 2022	December 31, 2021
Mei Shu Huang Ju	1,243,664	1,287,130
King's Town Garden	216,641	419,136
Xiang King's Town	4,194	4,194
Yue He Di	42,965	56,293
Other projects	167	403
Total	$4,586,949	$5,353,441
Less: Provision for loss of inventory	(167)	(403)
Net	$4,586,782	$5,353,038
2. Land held for sale		
Mandala (Ji Jing)	$0	$8,353
King's Town	194,590	216,559
King's Town Hyatt	44,598	53,542
Yiwen Court	99,233	188,971
Ju Dan	83,855	83,855
Tian Feng	62,443	62,443
Shi Shang King's Town	13,423	50,268
Mei Shu Huang Ju	831,196	881,111
King's Town Garden	98,095	194,101
Xiang King's Town	4,269	4,269
Yue He Di	41,853	54,837
Other projects	0	139
Total	$1,473,555	$1,798,448
Less: Provision for loss of inventory	0	(139)
Net	$1,473,555	$1,798,309
3. Land under construction and construction in progress	Construction in progress	Total
Fuhe Section No. 698-1	$121,525	$475,254
Ai Qun No. 2748 (King's Town World of Heart)	1,305,230	2,306,928
Xindu Section No. 163 (Fu+)	766,252	1,459,517
Bohsiao Section No. 1140 (Jing Wu Tong)	56,493	711,780
Total	$2,249,500	$4,953,479

Item	December 31, 2021		
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. 163 (Fu+)	693,265	557,346	1,250,611
Total	$2,048,692	$1,363,468	$3,412,160

Item	December 31, 2022	December 31, 2021
4. Land held for construction		
Kaohsiung Chenggong Section No. 84 and others	$862,995	$661,292

Item	December 31, 2022	December 31, 2021
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 Qinghai No. 229	4,278,594	4,278,594
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	0	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, 4 in total	435,469	435,469
Kaohsiung Qiaotou Shixing Section No. 924	14,055	14,055
Kaohsiung Shixing Section 925, 2 in total	112,196	112,196
Kaohsiung Shixing Section 927, 3 in total	84,625	84,625
Kaohsiung Shixing Section 928, 3 in total	$107,554	$107,554
Kaohsiung Qiaotou Shixing Section No. 967	6,640	6,640
Kaohsiung Qiaotou Shixing Section No. 968	42,794	42,794
Kaohsiung Longdong Section No. 1	513,991	513,991
Tainan Kanjiao North Section No. 820	3,385,666	3,385,666
Kaohsiung Xindu Section No. 49	46,653	46,653
Kaohsiung Xinzhuang 12 Sub-section No. 1167 and 1175	614,152	0
Tainan Kanjiao North Section No. 913	13,130	0
Transferable land and deformed land	1,215,917	1,160,918
Total	$20,847,402	$20,618,705

5. Prepayment for land

Item	December 31, 2022	December 31, 2021
Kaohsiung Chenggong Section No. 60-1, 62-64	$0	$117,699
Tainan Anan District, Caohu Phase I	201,677	197,853
Kaohsiung Qiaotou Shixing Section No. 935-1	0	1,000
Tainan Rende Zhongcuo Section No. 718, etc.	230,092	0
Kaohsiung Youchang Three Subsections No. 1061, etc.	306,883	0
Tainan Rende Taizi Section No. 600, etc.	31,062	0
Tainan Rende Kanjiao North Section No. 1491, etc.	31,924	0
Subtotal	$801,638	$316,552

6. The above-listed premises under construction are residential buildings built in Kaohsiung City. The amount of interest capitalized in construction in progress was NT$73,456 thousand and NT$44,227 thousand in 2022 and 2021, 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$7,631 thousand and NT$8,297 thousand in 2022 and 2021, respectively.
8. Please refer to Note VIII to the financial statements for the pledge of premises for sale, premises under construction and construction sites.
9. Cost of goods sold related to inventories amounted to NT$1,240,485 thousand and NT$3,804,333 thousand in 2022 and 2021, respectively; neither of which included NT$375 thousand and NT$0 thousand of inventory write-down benefit in 2022 and 2021, respectively.

(VI) Prepayments

Item	December 31, 2022	December 31, 2021
Prepaid expenses	$571,542	$546,000
Input tax	139	35
Total	$571,681	$546,035

Prepaid expenses consist of prepayments for various services, costs related to construction in progress and insurance premiums.

(VII) Other current assets

Item	December 31, 2022	December 31, 2021
Payments on behalf of others	$4,396	$2,966
Incremental costs of obtaining contracts	110,228	87,953
Total	$114,624	$90,919

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, 2022	December 31, 2021
Restricted bank deposits	$96,254	$66,156

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

	December 31, 2022		December 31, 2021	
Name of Investee	Amount	Shareholding	Amount	Shareholding
H2O Hotel Co., Ltd. (H2O Hotel)	$85,617	100%	$65,100	100%

(1) For information about the Company's subsidiaries, please refer to the 2022 Consolidated Financial Statements of the Company.

(2) Aggregate financial information of the Company's associates is as follows.

Balance Sheet

	H2O Hotel Co., Ltd. (H2O Hotel)	
	December 31, 2022	December 31, 2021
Current assets	$101,137	$125,804
Non-current assets	2,322,499	2,438,533
Current liabilities	(92,000)	(174,239)
Non-current liabilities	(2,314,310)	(2,364,016)
Net assets	$17,326	$26,082

Comprehensive Income Statement

	H2O Hotel Co., Ltd. (H2O Hotel)	
	December 31, 2022	December 31, 2021
Net Operating Revenue	$270,060	$190,621
Gross profit	$89,971	$35,352
Net Income	($58,757)	($72,267)
Other comprehensive income/(loss) (after tax)	$0	$0
Total comprehensive income	($58,757)	($72,267)

(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 2022 and December 2021, H2O Hotel Co., Ltd. increased its capital by cash in the amount of NT$50,000 thousand and 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$440,000 thousand and NT$390,000 thousand as of December 31, 2022 and 2021, respectively. The share of loss recognized for the subsidiary was NT$58,757 thousand and NT$72,267 thousand in 2022 and 2021, 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 in 2022 and 2021, respectively The difference affects the Company's share of benefit recognized

under the equity method by NT$29,274 thousand and NT$12,797 thousand in 2022 and 2021, respectively.

(X) Property, plant, and equipment

	Transportation Equipment	Office Equipment	Other Equipment	Total
Cost				
2022.01.01	$0	$4,892	$1,231	$6,123
Increase	3,770	0	0	3,770
Disposal and obsolescence	0	(4,892)	(518)	(5,410)
2022.12.31	$3,770	$0	$713	$4,483
2021.01.01	$0	$5,255	$1,231	$6,486
Disposal and obsolescence	0	(363)	0	(363)
2021.12.31	$0	$4,892	$1,231	$6,123
Accumulated depreciation and impairment				
2022.01.01	$0	$4,239	$712	$4,951
Depreciation	52	653	190	895
Disposal and obsolescence	0	(4,892)	(518)	(5,410)
2022.12.31	$52	$0	$384	$436
2021.01.01	$0	$3,545	$465	$4,010
Depreciation	0	1,057	247	1,304
Disposal and obsolescence	0	(363)	0	(363)
2021.12.31	$0	$4,239	$712	$4,951
Net carrying amount				
2022.12.31	$3,718	$0	$329	$4,047
2021.12.31	$0	$653	$519	$1,172
2021.01.01	$0	$1,710	$766	$2,476

The Company didn’t pledge any property, plant and equipment as collateral.

(XI) 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. It was remeasured in 2022 to be in line with an increase in price index.

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, 2022	$65,760
Remeasurement	1,994
Balance as of December 31, 2022	$67,754
Balance as of January 1, 2021	$65,760
Balance as of December 31, 2021	$65,760
Depreciation of right-of-use assets	
Balance as of January 1, 2022	$4,544
Current depreciation	1,564
Balance as of December 31, 2022	$6,108
Balance as of January 1, 2021	$3,029
Current depreciation	1,515
Balance as of December 31, 2021	$4,544
Carrying amount	
Balance as of December 31, 2022	$61,646
Balance as of December 31, 2021	$61,216

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

(XII) Investment properties

	Buildings
Cost	
2022.01.01	$971,633
2022.12.31	$971,633
2021.01.01	$971,633
2021.12.31	$971,633
Accumulated depreciation	
2022.01.01	$285,191
Current depreciation	61,250
2022.12.31	$346,441
2021.01.01	$223,942
Current depreciation	61,249
2021.12.31	$285,191
Net carrying amount	
2022.12.31	$625,192
2021.12.31	$686,442
2021.01.01	$747,691

1. Investment real estate - 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, 2022	January 1 to December 31, 2021
Rental income from investment properties (recorded as operating income)	$37,143	$37,143
Direct operating expenses from investment properties that generate rental income in the current period	76,026	76,121

2. The fair value of investment properties - buildings as of December 31, 2022 and 2021 was NT$2,023,410 thousand and NT$2,219,399 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, 2022	$200,020	$1,510	$201,530
Increase	0	430	430
Balance as of December 31, 2022	$200,020	$1,940	$201,960
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
Accumulated amortization and impairment			
Balance as of January 1, 2022	$38,003	$1,071	$39,074
Amortization	4,000	260	4,260
Balance as of December 31, 2022	$42,003	$1,331	$43,334
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
Net carrying amount			
Balance as of December 31, 2022	$158,017	$609	$158,626
Balance as of December 31, 2021	$162,017	$439	$162,456
Balance as of January 1, 2021	$166,017	$659	$166,676

1. Amortization expense for the Company's intangible assets for 2022 and 2021 is reported in the following items

Item	2022	2021
Other operating costs	$4,000	$4,000
Operating expenses	260	320
Total	$4,260	$4,320

2. In July 2012, the 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 Company has been pledged as collateral.

(XIV) Short-term borrowings/short-term bills payable

1. Short-term borrowings	December 31, 2022	December 31, 2021
Secured loans	$4,401,950	$3,655,250
Interest rate range		
Secured loans	2.233%~2.85%	1.55%~1.80%
Repayment period	2023.02.09~113.11.25	2022.01.26~2023.05.25
2. Short-term bills payable	$3,740,400	$3,902,000
Less: Discount on short-term bills payable	(5,723)	(5,031)
Net	$3,734,677	$3,896,969
Interest rate range		
Financing commercial promissory note	1.468%~2.743%	0.478%~1.538%
Unused limit	$2,009,895	$5,424,995

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, 2022	$44,708
Newly increased liability provision for the period	7,071
Balance as of December 31, 2022	$51,779
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

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, 2022	December 31, 2021
Land collections	$19,790	$8,086
Building collections	32,686	15,130
Decoration collections	14,094	16,094
Collections - others	6,308	27,669
Total	$72,878	$66,979

(XVII) Other current liabilities - others

Item	December 31, 2022	December 31, 2021

Tax payable	$8,499	$26,752

(XVIII)

Nature of borrowings	Borrowing period, repayment method and interest rate range	December 31, 2022	December 31, 2021
Long-term bank borrowings			
Secured borrowings	From March 2020 to December 2028, interest is payable monthly in a lump sum at maturity with floating interest rates of 2.405% and 1.73% as of December 31, 2022 and 2021, respectively.	$1,675,000	$1,765,000
Secured borrowings	From June 2019 to June 2026, interest is payable monthly in a lump sum at maturity with floating interest rates of 2.325% and 1.7% as of December 31, 2022 and 2021, respectively.	576,000	607,000
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 2.00% and 1.54% on December 31, 2022 and 2021, respectively. Borrowings due within one year rerecognized were NT$46,393 thousand and NT$46,558 thousand as of December 31, 2022 and 2021, respectively.	485,150	531,033
Secured borrowings	From January 2022 to January 2027, interest is payable monthly in a lump sum at a floating rate of 2.25% as of December 31, 2022.	194,100	0
Secured borrowings	From January 2022 to January 2027, interest is payable monthly in a lump sum at a floating rate of 2.25% as of December 31, 2022.	185,300	0
Secured borrowings	Interest is payable on a monthly basis from October 2021 to October 2026, with at least NT$100,000 thousand repayable on 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 floating interest rates of 2.425% and 1.80% as of December 31, 2022 and 2021, respectively.	2,000,000	1,900,000
Secured borrowings	From December 2022 to December 2027, interest is payable monthly in a lump sum at a floating rate of 2.335% as of December 31, 2022, respectively.	$415,000	$0
Secured borrowings	From March 2020 to March 2025, interest is payable monthly in a lump sum at maturity with floating interest rates of 2.035% and 1.45% as of December 31, 2022 and 2021, respectively.	1,280,000	1,300,000
Secured borrowings	From May 2019 to November 2023, interest is payable monthly in a lump sum at maturity with floating interest rates of 2.035% and 1.45% as of December 31, 2022 and 2021, respectively. Borrowings due within one year were transferred to NT$510,000 thousand as of December 31, 2022.	510,000	510,000
Secured borrowings	From October 2019 to January 2023, then extended to October 2025, with NT$158 million repaid every four months from October 2022 to October 2023 and the rest payable monthly in a lump sum at maturity with floating interest rates of 2.055%~2.425% and 1.43% as of December 31, 2022 and 2021, respectively. Borrowings due within one year were transferred to NT$474,000 thousand as of December 31, 2022.	1,092,000	1,270,000
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 monthly, in one lump sum at maturity with floating interest rates of 0% and 1.54% as of December 31, 2022 and 2021. It was fully repaid in February, 2022.	0	272,000

Nature of borrowings	Borrowing period, repayment method and interest rate range	December 31, 2022	December 31, 2021
Secured borrowings	From June 2020 to June 2023, interest is payable monthly in a lump sum at maturity with floating interest rates of 0% and 1.606881% as of December 31, 2022 and 2021, respectively. It was fully repaid in March, 2022.	$0	$500,000
Total		$8,412,550	$8,655,033
Less: Net long-term borrowings due within one year or one operating cycle Use this segment		(1,030,393)	(46,558)
Net		$7,382,157	$8,608,475
Unused limit		$3,798,600	$4,310,000

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, 2022	December 31, 2021
Current	$1,134	$1,080
Non-current	$62,373	$61,548

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 except for the remeasurement of lease liabilities as a result of adjustments to lease consideration due to a change in price index from January 1 to December 31, 2022 and 2021.

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

	2022	2021
Interest expense – lease obligations payable	$771	$231
Short-term lease expenses	$5,092	$6,587
Expense on leases with low-value underlying assets	$217	$215
Total cash flows on lease	$7,029	$8,112

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 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 from January 1 to June 30, 2022 and from January 1 to December 31, 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$67,380 thousand and NT$63,038 thousand for the years from January 1, to December 31, 2022 and 2021, respectively.

(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, 2022	December 31, 2021
Within 1 year	$58,446	$92,296
1 to 5 years	158,447	224,342
Over 5 years	16,131	22,047
Non-discounted future cash flows of lease	$233,024	$338,685

(4) The 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 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) Share capital

1. As of December 31, 2022 and December 31, 2021, the Company's total authorized share capital was NT$5,000,000 thousand and NT$4,500,000 thousand, respectively, with a par value of NT$10, and its paid-in capital were NT$3,690,564 thousand and NT$3,717,590 thousand, respectively, with 369,056 thousand and 371,759 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)

	2022	2021
January 1	371,759	371,193
Cancellation of repurchase treasury shares	(3,244)	0
Employee compensation to capital increase	541	566
December 31	369,056	371,759

2. On June 23, 2022, the Company resolved by the shareholders' meeting to issue 541,356 new shares by transferring employees' remuneration of NT$19,462 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 1, 2022, and the board of directors resolved on August 11, 2022, that the base date for the capital increase is August 15, 2022.

3. 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 16, 2021.

4. On July 8, 2022, 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 3,244 thousand, and on November 10, 2022, the board of directors resolved to set November 11, 2022 as the base date for the capital reduction, and the change was registered on November 25, 2022.

5. Treasury shares

(1) The reason for share re-acquisition and movements in the number of treasury stock are as follows:

			December 31, 2022	
Year of repurchase	Name of the Company holding the shares	Reason for share re-acquisition	Thousand shares	Carrying amount
Sixth	The Company	Maintain the Company's credit and shareholders' rights and interests, and handle the cancellation of shares	$3,244	$120,203
		Cancel	(3,244)	(120,203)
	Total		0	$0

There was no such situation on December 31, 2021.

(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 July 8, 2022, 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. 3,244 thousand shares were repurchased from July 11 to

September 7, 2022, at an average purchase price of NT$37.06 per share and repurchase costs of NT$120,203 thousand. Based on March 31, 2022, the maximum number of shares that the Company may repurchase is 37,175.9 thousand shares and the maximum amount of shares to be purchased is NT$12,886,644 thousand.

(5) On November 10, 2022, the Company's board of directors resolved to cancel 3,244 thousand shares of treasury shares repurchased, reducing capital by NT$120,203 thousand, respectively, with the base dates of November 10, 2022, and after the cancellation of 3,244 thousand shares issued, the number of common shares outstanding was 369,056 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, 2022	December 31, 2021
Capital premium from employee compensation	$27,913	$13,865
Cancellation of treasury shares transactions	(27,913)	0
Net	$0	$13,865

In accordance with the Company Act, capital surplus must first be used to cover losses before new shares or cash can be issued in proportion to the shareholders' original shares. The realized capital surplus referred to in the preceding paragraph includes the proceeds from the issuance of shares in excess of par value and the proceeds from the receipt of gifts. In accordance with the Regulations Governing the Offering and Issuance of Securities by Securities Issuers, capital surplus may be capitalized in an amount not exceeding 10% of the paid-in capital each year.

(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. 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(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) Dividend distribution

The shareholders' meetings approved the distribution of earnings for years ended December 31, 2021 and 2020 on June 23, 2022 and August 12, 2021 as follows:

	Earnings distribution		Dividends per share	
	2021	2020	2021	2020
Legal reserve	$168,411	$168,467	-	-
Cash dividend	0	0	$0	$0

(3) The proposal of distribution of earnings for 2022 was approved by the Company's board of directors on March 29, 2023, but has not yet been resolved by the shareholders' meeting; the proposal is as follows:

	2022	
	Amount	Dividends per share (NT$)
Legal reserve	$100,992	-
Cash dividend	0	$0

For related information, please visit the Market Observation Post System or other channels.

(XXIII) Operating revenue

	2022	2021
Land revenue	$1,497,063	$3,052,029
Building revenue	1,584,752	3,387,993
Lease revenue	67,380	63,038
Return and discount of premises revenue	(90)	(173)
Total	$3,149,105	$6,502,887

(1) Revenue breakdown

	2022	2021
Major regional markets		
Taiwan	$3,149,105	$6,502,887

	2022	2021
Major products/ service		
Premises revenue	$3,081,725	$6,439,849
Lease revenue	67,380	63,038
Total	$3,149,105	$6,502,887

	2022	2021
Timing of revenue recognition:		
At a fixed point in time	$3,081,725	$6,439,849
Performance obligations fulfilled over time	67,380	63,038
Total	$3,149,105	$6,502,887

(2) Contract liabilities - current

	2022	2021
Sale of premises	$585,115	$560,581
Rental premises	1,302	987
Total	$586,417	$561,568

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$181,939 thousand and NT$318,557 thousand from January 1 to December 31, 2022 and 2021, respectively.

(XXIV) Interest income

	2022	2021
Interest on bank deposits	$808	$203
Other interest income	33	30
Total interest income	$841	$233

(XXV) Other income

	2022	2021
Dividend income	$179	$0
Other income - others	2,341	2,332
Total	$2,520	$2,332

(XXVI) Other gains and losses

	2022	2021
Gain (loss) on disposal of financial assets at fair value through profit or loss	$0	$3,896
Valuation gain (loss) on financial assets measured at fair value through profit or loss	0	21,357
Miscellaneous income (expense)	(160)	(31)
Total	($160)	$25,222

(XXVII) Finance costs

	2022	2021
Interest expenses		
Bank borrowings	$311,143	$238,674
Less: Capitalization of interest	(81,087)	(52,524)
Finance costs	$230,056	$186,150

(XXVIII)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$1,450 thousand and NT$1,331 thousand in the parent company only statements of comprehensive income in 2022 and 2021, respectively.

	2022	2021
Selling and marketing expenses - Retirement benefits expenses	$250	$246
General and administrative expenses - Retirement benefits expenses	$1,200	$1,085

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. 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 parent company only statement of income for the defined benefit plans were as followed:

	2022	2021
Service costs for the current period	$147	$377
Net interest on defined benefit liabilities (assets)	112	133
Recognized in profit or loss	$259	$510
Remeasurements		
Compensation on plan assets (excluding net interest on net defined benefit liabilities (assets))	($2,131)	($345)
Actuarial losses (gains) - experience adjustments	1,921	3,504
Actuarial losses (gains) - changes in financial assumptions	(99)	328
Actuarial losses (gains) - changes in population assumptions	0	640
Recognized in other comprehensive income	($309)	$4,127

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

	2022	2021
Selling and marketing expenses	$24	$47
General and administrative expenses	235	463
Total	$259	$510

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

	December 31, 2022	December 31, 2021
Present value of defined benefit obligation	$48,912	$46,737
Fair value of plan assets	(29,355)	(24,330)
Net defined benefit liabilities	$19,557	$22,407

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

	2022	2021
Beginning balance	$46,737	$45,532
Service costs for the current period	147	377
Interest expenses	206	252
Remeasurements		
Actuarial losses (gains) - experience adjustments	1,921	3,504
Actuarial losses (gains) - changes in financial assumptions	(99)	328
Actuarial losses (gains) - changes in population assumptions	0	640
Benefits paid on plan assets	0	(3,896)
Ending balance	$48,912	$46,737

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

	2022	2021
Fair value of plan assets at the beginning of the period	$24,330	$24,140
Expected return on plan assets	94	119
Remeasurements of plan assets (excluding net interest included in net defined benefit liabilities (assets))	2,131	345
Contribution by the employer	2,800	3,622
Actual payment of employee benefits	0	(3,896)
Fair value of plan assets at the end of the period	$29,355	$24,330

(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, 2022 and 2021, 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, 2022	December 31, 2021
$29,355	$24,330

(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, 2022	December 31, 2021
Discount rate	1.500%	0.500%
Growth rate of future salary	3.000%	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, 2022	December 31, 2021
Discount rate		
Increase by 0.25%	($593)	($654)
Decrease by 0.25%	$590	$680
Expected salary increase rate		
Increase by 0.25%	$584	$651
Decrease by 0.25%	($570)	($633)

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$295 thousand to the defined benefit plans for the one year period after the reporting date of 2022.

The weighted average period of the defined benefit plan is 9.12 years.

The maturity analysis of the pension payments is as follows:

Under 1 year	$12,660
1 to 2 years	5,064
2 to 5 years	9,712
Over 5 years	16,068
	43,504

(XXIX) 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 shall be reported to the shareholders' meeting.

The amounts provided for employee compensation were NT$11,714 thousand and NT$19,462 thousand for 2022 and 2021, and the amounts provided for directors' compensation were both NT$0, 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 29, 2023, the Board of Directors resolved to distribute NT$11,714 thousand for employee compensation and NT$0 for director's remuneration for 2022, and on March 23, 2022, the Board of Directors resolved to distribute NT$19,462 thousand for employee compensation and NT$0 for director compensation for 2021. There was no difference from the amounts recognized as expenses in 2022 and 2021.

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:

	2022	2021
Current income tax expenses		
Incurred this year		
Income Tax	$62,902	$115,155
Land value increment tax	18,112	65,079
Unappropriated earnings	75,596	75,810
Deferred tax		
Occurrence and reversal of temporary differences	(6,610)	(16,739)
Income tax expense	$150,000	$239,305

2. Reconciliation of income tax expense to accounting profit.

	2022	2021
Accounting profit	$1,159,674	$1,926,714
Tax at the applicable tax rate	$231,935	$385,343
Effect of income tax adjustment items		
Items to be increased (decreased) when determining taxable income	(1,497)	(9,005)
Valuation loss (gain) on financial assets	0	(4,271)
Tax-exempt proceeds from land	(174,847)	(267,054)
Tax-exempt income from marketable securities	0	(3,530)
Losses recognized under the equity method	5,897	11,894
Warranty provision	1,414	1,778
Occurrence and reversal of temporary differences	(6,610)	(16,739)
5% levy on unappropriated earnings	75,596	75,810
Other income taxes (land value increment tax)	18,112	65,079
Income tax expense	$150,000	$239,305

3. Income tax recognized in other comprehensive income

	2022	2021
Deferred income tax gains (expense)		
Related to defined benefit plan remeasurement	$62	($825)

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, 2022				
A. Deferred tax assets				
Prepayments	$5,503	$0	$0	$5,503
Warranty provision payable	8,942	1,414	0	10,356
Net defined benefit liabilities - non-current	4,481	(508)	(62)	3,911
Total deferred tax assets	$18,926	$906	($62)	$19,770
B. B. Deferred tax liabilities				
Inventories	$22,825	($5,704)	$0	$17,121
(2) 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

5. The Company's business income tax settlement and declaration up until 2020 have been approved.

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

By function / By nature	2022			2021		
	Operation costs	Operation expenses	Total	Operation costs	Operation expenses	Total
Employee benefit expenses						
Salary expenses	0	52,286	52,286	0	59,137	59,137
Labor and health insurance expenses	0	3,495	3,495	0	3,325	3,325
Retirement benefits expenses	0	1,709	1,709	0	1,841	1,841
Remuneration to Directors	0	2,500	2,500	0	2,299	2,299
Other employee benefits	0	4,497	4,497	0	7,807	7,807
Depreciation expenses	62,814	895	63,709	62,764	1,304	64,068
Depletion expenses	0	0	0	0	0	0
Amortization expenses	4,000	260	4,260	4,000	320	4,320

(1) Additional information on the number of employees and employee benefit expenses for 2022 and 2021 is as follows:

	2022	2021
Number of employees	44	42
Number of directors who do not serve as employees	5	5
Average employee benefit expenses	$1,589	$1,949
Average employee salary expenses	$1,341	$1,598
Average adjustment of employee salary expenses	-16.08%	-0.62%

(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

	2022	2021
Basic earnings per share (Unit: NT$)	$2.73	$4.54
Diluted earnings per share (Unit: NT$)	$2.73	$4.54

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

	2022	2021
Profit attributable to the holders of ordinary shares of the Company	$1,009,674	$1,687,409
Weighted average number of ordinary shares outstanding used for calculation of diluted earnings per share (in thousands)	369,680	371,407
Effect of potentially dilutive ordinary shares: Employee Remuneration	364	477
Weighted average number of ordinary shares outstanding used for calculation of diluted earnings per share (in thousands)	370,044	371,884

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 at the Board of Directors' meeting in the following year.

(XXXIII)Changes in liabilities from financing activities

Reconciliation of liabilities from financing activities was as follows:

	2022.1.1	Cash flows	Non-cash changes	2022.12.31
Short-term borrowings	$3,655,250	$746,700	$0	$4,401,950
Face value of short-term bills payable	3,902,000	(161,600)	0	3,740,400
Long-term borrowings	8,655,033	(242,483)	0	8,412,550
Deposits received	4,277	925	0	5,202
Lease liabilities	62,628	(1,115)	1,994	63,507
Liabilities from the financing activities	$16,279,188	$342,427	$1,994	$16,623,609
Short-term borrowings	$4,488,806	($833,556)	$0	$3,655,250
Face value of short-term bills payable	4,159,000	(257,000)	0	3,902,000
Long-term borrowings	6,997,867	1,657,166	0	8,655,033
Deposits received	2,878	1,399	0	4,277
Lease liabilities	63,690	(1,062)	0	62,628
Liabilities from the financing activities	$15,712,241	$566,947	$0	$16,279,188

VII. Related Party Transactions

(I) 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
H2O Hotel Co., Ltd. (H2O Hotel)	Subsidiary of the Company
Yangmin International Catering Co., Ltd.	Associate of the Company
Tsai, Tien-Tsan	Chairman of the Company
Meiyun S. Tsai	Spouse of the chairman of the Company

(II) Significant transactions with related parties

1. Rental revenue

	2022		2021	
Name	Amount	Percentage of sales of the Company	Amount	Percentage of sales of the Company
H2O Hotel Co., Ltd. (H2O Hotel)	$38,517	1.22%	$38,526	0.59%

(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	2022	2021
H2O Hotel Co., Ltd. (H2O Hotel)	1F., No. 366, Minghua Rd., Gushan Dist., Kaohsiung City (Longbei Section No. 22)	2019/02/01~2025/01/31	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 2022 and 2021 due to the epidemic)	$37,143	$37,143
H2O Hotel Co., Ltd. (H2O Hotel)	8 levels at No. 300, Funong Rd., Gushan Dist., Kaohsiung City, 1 building in total (Longzhong Section No. 128-3)	2019/02/01~2025/01/31	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
	No. 620, Meishu E. 2nd Rd., Gushan	2019/09/01~2027/08/31	The rent will be calculated from November 1, 2019 at	903	903

Lessee	Lease subject	Lease period	Rental charged per lease term	2022	2021
H2O Hotel Co., Ltd. (H2O Hotel)	Dist., Kaohsiung City (Mei Shu Huang Ju)		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 2022 and 2021 due to the epidemic)		
H2O Hotel Co., Ltd. (H2O Hotel)	No. 623, Mengzi Rd., Zuoying Dist., Kaohsiung City (King's Town Garden)	2020/09/01~2027/08/31 contract terminated on 2022/12/1	The monthly rental income of NT$10 thousand (including business tax) is calculated on a monthly basis and is collected by bank remittance.	105	114
Total				$38,517	$38,526

2. 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 2022 and 2021, the Company entrusted Chien-Chih Construction Co., Ltd. to contract for various construction sites, accounting for 24.03% and 5.42% 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	
		2022	2021
Aiqun Section No. 2748 (King's Park World of Heart)	$2,014,000	$538,121	$328,598
Bohsiao Section No. 1140, 7 in total (Jing Wu Tong)	$1,405,500	9,524	0
Total		$547,645	$328,598

(2) In 2022 and 2021, the Company entrusted EPILEDS Construction Co., Ltd. with the contracted construction projects, accounting for 7.94% and 4.55% of the total contracted construction amount of the Company, respectively. The contract price and the current purchase price were as follows:

Site name	Contract price (including tax)	Purchases 2022	Purchases 2021
Xindu Section No. 163 (Fu+)	$880,200	180,992	276,217

3. The Company purchased construction land from related parties, Tsai, Tien-Tsan, Meiyun S. Tsai and other related parties.

Land No.	Total Contract Price	Price payment 2022
Rende Zhongcuo Section No. 718, etc., 82 in total	$230,772	$229,427
Youchang Three Subsections No. 1061, etc., 174 in total	305,995	305,995
Total		$535,422

(1) The contract for the Rende Zhongcuo Section No. 718, etc., 82 in total was signed on November 1, 2022. The total purchase and sale contract price was based on the related party's transaction price plus interest on necessary capital, and payment was made in accordance with the contract. As of December 31, 2022, no transfers had been completed.

(2) The contract for the Youchang Three Subsections No. 1061, etc., 174 in total was signed on November 11, 2022. The total purchase and sale contract price was based on the related party's transaction price plus interest on necessary capital, and payment was made in accordance with the contract. As of December 31, 2022, no transfers had been completed.

4. Accounts receivable, other receivables, note payables, accounts payables, and other payables.

Name of project and related party	December 31, 2022 Balance	December 31, 2022 Percentage	December 31, 2021 Balance	December 31, 2021 Percentage
(1) Trade receivables				
H2O Hotel Co., Ltd. (H2O Hotel)	$0	0.00%	$3,371	2.59%
(2) Other receivables				
Meiyun S. Tsai	$109	4.01%	$128	60.66%
Other receivables represent receivables from landlords for their share of sales costs.				
(3) Notes payable				
Chieh Chih Construction Co., Ltd.	$65,003	50.90%	$55,002	32.01%
Baihong Construction Co., Ltd.	15,008	11.75%	35,002	20.37%
Total	$80,011	62.65%	$90,004	52.38%
(4) Trade payables				
Chieh Chih Construction Co., Ltd.	$0	0.00%	$298,857	50.54%
Baihong Construction Co., Ltd.	0	0.00%	275,934	46.66%
Total	$0	0.00%	$574,791	97.20%
(5) Other payables				
H2O Hotel Co., Ltd. (H2O Hotel)	$749	1.80%	$192	0.42%
Yangmin International Catering Co., Ltd.	34	0.08%	133	0.30%
Total	$783	1.88%	$325	0.72%

5. Lease expenses

Rental expenses	Price payment 2022	Price payment 2021
Other related parties	$1,029	$1,029

The lease expenses are as follows:

Lessor	Lease subjects	Lease period	Rental charged per lease term	2022	2021
Other related parties	12F., No. 150, Bo'ai 2nd Rd., Zuoying Dist., Kaohsiung City	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$1,000,000 thousand and NT$1,312,000 thousand as of December 31, 2022 and 2021, 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$450,000 thousand and NT$750,000 thousand as of December 31, 2022 and 2021, respectively.

(3) The Chairman and his spouse of the 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$1,675,000 thousand and NT$1,765,000 thousand, respectively, and commercial promissory notes for NT$1,675,000 thousand and NT$1,765,000 thousand, respectively, as of December 31, 2022 and December 31, 2021.

(4) The Company's investment in subsidiaries is described in Note VI(IX).

(5) In 2022 and 2021, the Company paid the related party, H2O Hotel Co., Ltd., expenses such as hospitality and venue fees, which were recorded as NT$1,009 thousand and NT$949 thousand for social networking, and NT$15 thousand and NT$223 thousand for miscellaneous expenses, respectively.

(6) In 2022 and 2021, the Company paid compensation to related parties Tsai, Tien-Tsan, Meiyun S. Tsai and other related parties for the demolition of buildings, which was recorded as construction in progress - miscellaneous expenses of NT$1,239 thousand and NT$0 thousand, respectively.

(7) The Company's related party, Baihong Construction Co., Ltd. provided guaranteed promissory notes for the projects, which was recorded as NT$134,566 in 2022 and 2021, respectively.

(8) The Company's related party, Chien-Chih Construction Co., Ltd. provided guaranteed promissory notes for the construction work, which were recorded as NT$429,362 thousand and NT$288,812 thousand in 2022 and 2021, respectively.

7. Information on remuneration to the management

	2022	2021
Short-term employee benefits	$21,969	$23,998

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, 2022	December 31, 2021
Buildings and land held for sale	Collateralized borrowing and issuance of commercial promissory notes	$4,129,718	$2,240,305
Construction in progress	Collateralized borrowing and issuance of commercial promissory notes	4,953,479	3,412,160
Land held for construction	Collateralized borrowing and issuance of commercial promissory notes	17,098,597	19,313,594
Investment properties	Secured borrowings	625,192	686,442
Other financial assets - current	Advances from construction project trust funds and performance bond	96,254	66,156
Refundable deposits	Disaster management guarantee	27,019	24,977
Total		$26,930,259	$25,743,634

IX. Significant Contingent Liabilities and Unrecognized Contract Commitments

1. As of December 31, 2022, 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$1,850,143 thousand and the amount outstanding was NT$2,449,557 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 first instance of the case was conducted by the District Court in Qiaotou, Taiwan and, based on 2020 Su Zi No. 1202 document, the 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 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 Company for damages in the amount of NT$27,710 thousand, including NT$6,591 thousand, NT$574 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. On November 28, 2022, the Kaohsiung District Court ruled that the Company should pay NT$3,137 thousand plus interest to the plaintiff for the case (Case number: 2021 Shen Zhong Su No. 57). The Company has filed an appeal during the legal period, and the result 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 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. On May 12, 2022, the Taiwan Kaohsiung District Court denied the Company’s request for the case (Case number: 2021 Su Zi No. 780). The Consolidated Company has filed an appeal (Case

number: 2022 Shang Zi No. 200) during the legal period, and the result 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 of January 4, 2019 to approve the letter of change of commercial use of the second floor of the Hua Shang Building and the appeal inadmissible. If an unfavorable decision is obtained, it may affect the right to use the assets of the Company. On December 29, 2022, the Supreme Administrative Court denied the request for appeal by the Hua Shang Building Management Committee for the case (formerly known as Case No. 118 of 2020).
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 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, 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 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 the years ended December 31, 2022 and 2021, the Company's financing endorsement/guarantee is as follows: ：

Endorser/ Guarantor	Endorsee/Guarantee	December 31, 2022	December 31, 2021	Guarantee purpose
King's Town Construction Co., Ltd.	SanDi Properties Co., Ltd.	$2,000,000	$2,000,000	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, 2022 were as follows:

Project	Trust Bank

The prices received for the above-mentioned construction projects have been delivered to the financial institutions undertaking the trust.

11. As of December 31, 2022 and 2021, the Company had entrusted banks to issue price performance guarantee for the pre-sale cases with a guarantee amount of NT$18,580.

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 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 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, accounts receivable, other receivables, other financial assets, refundable deposits, long-term notes receivable and accounts receivable, 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). Details of the financial instruments are disclosed in each of the individual notes.

	December 31, 2022	December 31, 2021
Financial assets		
Financial assets at fair value through profit or loss		
Domestic unlisted stocks	$82	$82
Financial assets at amortized cost		
Cash and cash equivalents	$531,329	$973,133
Net notes receivable and trade receivables (including related parties)	15,886	166,728
Other receivables (including related parties)	2,718	211
Other financial assets (including current and non-current)	96,254	66,156
Refundable deposits	30,106	32,371
Long-term notes and trade receivable	2,785	15,000
Subtotal	$679,078	$1,253,599
Total	$679,160	$1,253,681
Financial liabilities		
Measured at amortized cost		
Short-term borrowings	$4,401,950	$3,655,250
Short-term bills payable	3,734,677	3,896,969
Notes payable and trade payables (including related parties)	154,079	763,160
Other payables (including related parties)	41,527	45,344
Long-term borrowings (including long-term borrowing due within one operating cycle)	8,412,550	8,655,033
Lease liabilities (including current)	63,507	62,628
Deposits received	5,202	4,277
Total	$16,813,492	$17,082,661

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 opinions of the Board of Directors. Through

cooperation with the Company's each operating unit, 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 invests mainly in domestic non-listed equity instruments. These equity instruments are classified as financial assets at fair value through profit or loss in the balance sheet. The Company is not exposed to price risk of equity instruments as the amount of its investment is not material. The Company is not exposed to commodity price risk. The Company is not exposed to price risks from products.

B. Cash flow and fair value interest rate risk

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, 2022 and 2021, 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$960 thousand and NT$963 thousand for 2022 and 2021, 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 Consolidated 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, 2022 and 2021 were not significant.

C. No written-off debts with recourse existed as of December 31, 2022 and 2021.

(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, 2022				
Short-term borrowings	$3,321,950	$600,000	$480,000	$0
Short-term bills payable	3,734,677	0	0	0
Notes and accounts receivable (Including amounts to related parties)	153,804	151	0	124
Other payables (Including amounts to related parties)	41,527	0	0	0
Provisions - current	14,331	3,973	16,884	16,591
Long-term borrowings (including that due within one operating cycle)	339,081	691,312	2,293,615	5,088,542
Lease liabilities (including current)	565	569	2,328	60,045
December 31, 2021				
Short-term borrowings	$1,400,450	$1,774,800	$480,000	$0
Short-term bills payable	3,896,969	0	0	0
Notes and accounts receivable (Including amounts to 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 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

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 1I: 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, 2022 (i.e. January 1,2022)	$82
December 31, 2021 (i.e. January 1,2021)	$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, 2022 and 2021:

	December 31, 2022			
	Level 1	Level 2	Level 3	Total
Assets				
Repetitive fair value				
Valuation gain (loss) on financial assets measured				
Financial assets - current				
Domestic listed stocks	$0	$0	$0	$0
Valuation gain (loss) on financial assets measured				
Financial assets - non-current				
Domestic unlisted stocks (Venture Capital Fund)	0	0	82	82
Total	$0	$0	$82	$82

	December 31, 2021			
	Level 1	Level 2	Level 3	Total
Assets				
Repetitive fair value				
Valuation gain (loss) on financial assets measured Financial assets				
Domestic listed stocks	$0	$0	$0	$0
Valuation gain (loss) on financial assets measured Financial assets - non-current				
Domestic unlisted stocks (Venture Capital Fund)	0	0	82	82
Total	$0	$0	$82	$82

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 2022 and 2021, there was no transfer between Level 1 and Level 2 fair value measurement.

(5) In 2022 and 2021, 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.	Table IV
7	Purchases or sales with related parties totaling NT$100 million or more than 20% of the paid-in capital.	Table V
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)

King's Town Construction Co., Ltd.
Details on endorsements/guarantees to others.
December 31, 2022

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	5,182,508	2,000,000	2,000,000	2,000,000	0	11.58%	8,637,513	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 and associates)
December 31, 2022
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 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 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 Chung, Chun	None	—	—	—	—	Real estate valuation report by professional valuation firm	Land held for construction for business operations	
King's Town Construction Co., Ltd.	No. 1167 and 1175, Xinzhuang 12 Sub-section, Zuoying Dist., Kaohsiung City	2022.1.10	$609,810	Actual payment $609,810	Natural person Mr. Tseng	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 2022, therefore, recorded as land prepayment, and the rest transfer are listed as land held for construction.

(Table IV)

King's Town Construction Co., Ltd.
Disposal of real estate totaling NT$300 million or more than 20% of the paid-in capital.

Unit: NT$ thousand

Others

Disposal of property	Name of property	Date of occurrence	Original acquisition date	Carrying amount	Transaction amount	Payment collection status	Profit or loss on disposal	Counterparty	Relationship	Purpose of Disposal	Basis or reference for price setting	Agreements
King's Town Construction Co., Ltd.	Inventories-Buildings and land held for sale	2022.10	Sale of inventories, not applicable	N/A	$737,060	Received an amount of $737,060 in accordance with the contract	N/A	HanHuang Co., Ltd.	None	Obtaining benefits	Amounts appraised by Chung Cheng Real Estate Appraisers: $733,078	None

(Table V)

King's Town Construction Co., Ltd.

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	$547,645	24.03%	Subject to contract	—	—	Notes payable $65,003 Trade payables $0	50.90% 0.00%	
King's Town Construction Co., Ltd.	Baihong Construction Co., Ltd.	The Company's Chairman is the supervisor of such company	Purchases	$180,992	7.94%	Subject to contract	—	—	Notes payable $15,008 Trade payables $0	11.75% 0.00%	
King's Town Construction Co., Ltd.	Tsai, Tien-Tsan	Chairman of the Company	Purchases	$229,427	10.07%	Subject to contract	—	—	Notes payable $0 Trade payables $0	0.00% 0.00%	
King's Town Construction Co., Ltd.	Tsai, Tien-Tsan	Chairman of the Company	Purchases	$193,741	8.50%	Subject to contract	—	—	Notes payable $0 Trade payables $0	0.00% 0.00%	

(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.	Hotel Restaurants	$440,000	$390,000	44,000	100%	$85,617	($58,757)	($29,483)	I

Note 1. The Company recognized a loss share of NT$58,757 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 Consolidated 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$29,274 thousand.

(III) 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	23.18%
Tiangang Investment Co., Ltd.	63,328,801	17.15%
Tianye Investment Co., Ltd.	49,652,072	13.45%
Chien-Chih Construction Co., Ltd.	31,651,513	8.57%
Tsai	23,616,339	6.39%
Meiyun S. Tsai	20,209,951	5.47%

(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

N/A

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: None.

Chapter 7. Review and Analysis of the Company's Financial Position and Financial Performance, and Listing of Risks

I. Financial Position:

Review and Analysis on Financial Position

Comparative Analysis on Financial Position

Unit: NT$ thousand

Item \ Year	2022	2021	Difference	
			Amount	%
Current assets	34,095,734	33,464,187	631,547	1.89%
Financial assets at fair value through profit or loss - non-current	82	82	0	-
Financial assets measured at cost - non-current	0	0	0	—
Investments accounted for using the equity method	16,683	13,888	2,795	20.13%
Property. plant and equipment	675,298	735,365	-60,067	-8.17%
Net right-of-use assets	61,646	61,216	430	0.70%
Intangible assets	160,498	164,667	-4,169	-2.53%
Other assets	53,850	67,980	-14,130	-20.79%
Total assets	35,063,791	34,507,385	556,406	1.61%
Current liabilities	10,301,647	9,421,299	880,348	9.34%
Non-current liabilities	7,487,118	8,720,240	-1,233,122	-14.14%
Total liabilities	17,788,765	18,141,539	-352,774	-1.94%
Share capital	3,690,564	3,717,590	-27,026	-0.73%
Capital surplus	0	13,865	-13,865	-100.00%
Retained earnings	13,584,462	12,634,391	950,071	7.52%
Total equity	17,275,026	16,365,846	909,180	5.56%

Explanations on the analysis:

Reasons and impact of significant changes in asset, liability and equity in the past two fiscal years, and countermeasures:

(1) The investment using the equity method in 2022 increased by NT$2,795 thousand (+20.13%) compared to 2021, mainly due to the increase in the investment balance of the affiliated enterprise Yangmin International Catering Co., Ltd. invested by the Company's subsidiary in 2022

(2) Other assets in 2022 decreased NT$14,130 thousand (-20.79%) compared to 2021,mainly due to the decrease in notes from customers of renovation work in 2022 compared to the previous year.

Countermeasures: As the aforementioned changes arose from normal operations, the Company did not have to take any actions.

II. Financial Performance:

Review and Analysis on Financial Performance

Comparative Analysis on Financial Performance

Unit: NT$ thousand

Item \ Year	2022	2021	Increase (Decrease)	Changes (%)
Total operating revenue	3,384,220	6,657,417	-3,273,197	-49.17%
Less: Sales return and discount	(90)	(173)	83	—
Net operating revenue	3,384,130	6,657,244	-3,273,114	-49.17%
Cost of revenue	1,429,196	3,970,638	-2,541,442	-64.01%
Gross profit	1,954,934	2,686,606	-731,672	-27.23%
Operating expenses	574,513	612,651	-38,138	-6.23%
Operating income	1,380,421	2,073,955	-693,534	-33.44%
Non-operating income and expenses	(220,742)	(147,236)	-73,506	49.92%
Net income before tax from continuing operations	1,159,679	1,926,719	-767,040	-39.81%
Income tax expense	150,005	239,310	-89,305	-37.32%
Net income from continuing operations	1,009,674	1,687,409	(677,735)	-40.16%
Other comprehensive income	247	(3,302)	3,549	-107.48%
Total comprehensive income	1,009,921	1,684,107	(674,186)	-40.03%

Explanations on the analysis:

1. Analysis on variance in the past two fiscal years:
   (1) The net operating revenue in 2022 decreased by NT$3,273,114 thousand (-49.17%), mainly due to the sluggish real estate market in 2022 caused by government policies, resulting in a decline in operating revenue in 2022 compared to 2021.
   (2) The cost of revenue in 2022 decreased by $2,541,442 thousand (-64.01%), compared with that in 2021, for the same reason as in item (1).
   (3) The Gross profit in 2022 decreased by $731,672 thousand (-27.23%), compared with that in 2021, for the same reason as in item (1).
   (4) The operating income in 2022 decreased by $1693,534 thousand (-33.44%), compared with that in 2021, for the same reason as in item (1).
   (5) Non-operating income and expenses in 2022 decrease by $73,506 thousand (+49.92%) compared to 2021, mainly due to the increase in financial costs in 2022 compared to 2021.
2. Sales volume forecast and the basis thereof: The Company did not compile financial forecasts for 2023. Please refer to page 2.
3. Possible impact on the Company's finance and business in the future and countermeasures: No Impact.

III. Cash Flows:

Review and Analysis on Cash Flows

Cash Flows Analysis

Unit: NT$ thousand

Cash, Beginning of Year	Net Cash Flows from Operating Activities	Cash Flows	Cash Surplus (Shortage)	Remedies for Cash Shortage	
				Investment Plan	Financing Plan
$1,068,430	($610,893)	($464,681)	$603,749	($30,012)	176,224

I. Analysis on cash flow movements for the current year:

1. Operating activities: As the increase in inventory in 2022, the net cash outflow from operating activities for the year was NT$610,893 thousand.
2. Investing activities: Due to an increase in the acquisition of real property, plant and equipment in 2022 compared to 2021, cash outflows from investment activities for the year amounted to NT$30,012 thousand.
3. Financing activities: Due to the increase in borrowings in 2022, the cash inflow from financing activities for the year was $176,224 thousand.

II. Improvement plans for liquidity shortage: None.

III. Liquidity analysis in the coming year:

The Company expects that the net cash flow from operating activities will remain stable 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 major capital expenditures during the most recent fiscal year.

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 the individual amount of the Company's reinvestment cases did not exceed 5% of the Company's paid-in capital, analysis was not conducted.

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, central banks have been gradually raising interest rates due to global currency inflation. However, the average interest rate on the Company's average borrowing rate is still low, and the increase in borrowing costs for the Company has been relatively small, without posing a significant impact.

2. As the Company targets the domestic market, changes in foreign exchange rates did not have a significant impact on the Company.
3. The current inflation at home and abroad is quite severe, but it does not pose a threat to the Company’s real estate business 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, high-leverage investments, lending funds to others, or derivative transactions during the recent fiscal year. The Company endorsed and guaranteed SanDi Properties Co., Ltd. based on our collaborative development relationship. Currently, the financing and endorsement guarantee arrangement is still being maintained without any issues.

(III) Future R&D plans and expected R&D expenditure: None.

(IV) Impact of domestic and international policy and legal changes on company's financial operations and corresponding measures: Currently, the domestic sentiment of curbing property speculation remains high, and the real estate market continues to be sluggish. Many developers are responding to the market situation by extending construction deadlines or slowing down construction schedules.

(V) Impact of technological and industrial changes (including cyber security risk) on the Company's financial business and countermeasures: None.

(VI) Impacts of changes in corporate image on corporate risk management and associated action plans: None.

(VII) Expected benefits and risks relating to merger and acquisition and associated action plans: None.

(VIII) Expected benefits and risks relating to plant expansion and associated action plans: None.

(IX) Risks relating to concentrated sources of sales or purchases and associated action plans: Purchases of the Company concentrated on the two construction companies: Chieh Chih Construction Co., Ltd. and Bai Hong Construction Co., Ltd. However, these two companies are affiliates of the Company, i.e., they are controlled by the Company. They both operate well at present and there is no purchase concentration risk. The Company did not have sales concentration.

(X) Impact and risk of sale or transfer of a significant number of shares by the Directors, Supervisors or shareholders with over 10% of shareholding and associated action plans: None.

(XI) Impact and risk of change in management and associated action plans: None.

(XII) Litigations or non-litigations:

1. "The Management Committee of Xi Nian Lai Building" in 2016 claimed that the Company's construction work caused the tilting of "Xi Nian Lai Building," resulting in damage to the residents' assets. They have filed a lawsuit seeking compensation for the damages and requesting the restoration of the building, including the replacement and repair of the elevator mainframe, structural reinforcement, and the restoration of the building's tilted state. They also demanded the removal of the underground sewage treatment pipeline on Land No. 1133 in Lindeguan Section and the return of that land. They are seeking payment of the repair costs totaling NT$33,903 thousand, plus interest of NT$2,669 thousand, amounting to a total claim of NT$36,572 thousand. The litigation (105 Su Tze No.1977) is currently under review by the Taiwan Kaohsiung District Court, and the outcome is pending the court's decision.
2. The Company represents the Kaicheng Construction Co., Ltd. (a dissolved company) as the litigation agent in the first-instance trial of the lawsuit involving compensation for damages caused by building destruction and repairs between Kaicheng Construction Co., Ltd. and the Wujia Ruichun Management Committee. The committee is seeking compensation of NT$1,000 thousand from the merged company. The litigation (109 shen zhong Tze No.1126) has been dismissed and concluded by the civil judgment of Taiwan Kaohsiung District Court. The committee has filed an appeal, and the litigation (111 Shang Yi Tze No.7) is currently being heard by the Taiwan High Court Kaohsiung Branch Court. The trial has not yet commenced, and the outcome is pending the court's decision.
3. The Company rented out the unsold properties on the first floor underground and the first and second floors above ground of the Flower View Building to the World Fitness Asia Limited (H.K.) Taiwan Branch in 2019. Due to dissatisfaction among residents regarding the rental to the fitness company, protests arose, resulting in the inability of the World Fitness Asia Limited (H.K.) Taiwan Branch to operate. As a result, the World Fitness Asia Limited (H.K.) Taiwan Branch filed a lawsuit against the Company claiming damages totaling NT$27,710 thousand, including incurred expenses of NT$6,591 thousand due to inability of operation, the refund of a security deposit of NT$574 thousand, and losses due to unfulfilled membership contracts amounting to NT$20,545 thousand. The litigation (110 Shen Zhong Su Tze No. 57) was ruled by the Kaohsiung District Court in Taiwan on November 28, 2022, stating that the Company should pay the plaintiff NT$3,137 thousand plus interest. The merged company has appealed within the legal timeframe, and the outcome is pending further court proceedings.

(XIII) Other important risks and countermeasures to be taken: None.

VII. Other Important Matters: None.

Chapter 8. Special Disclosure

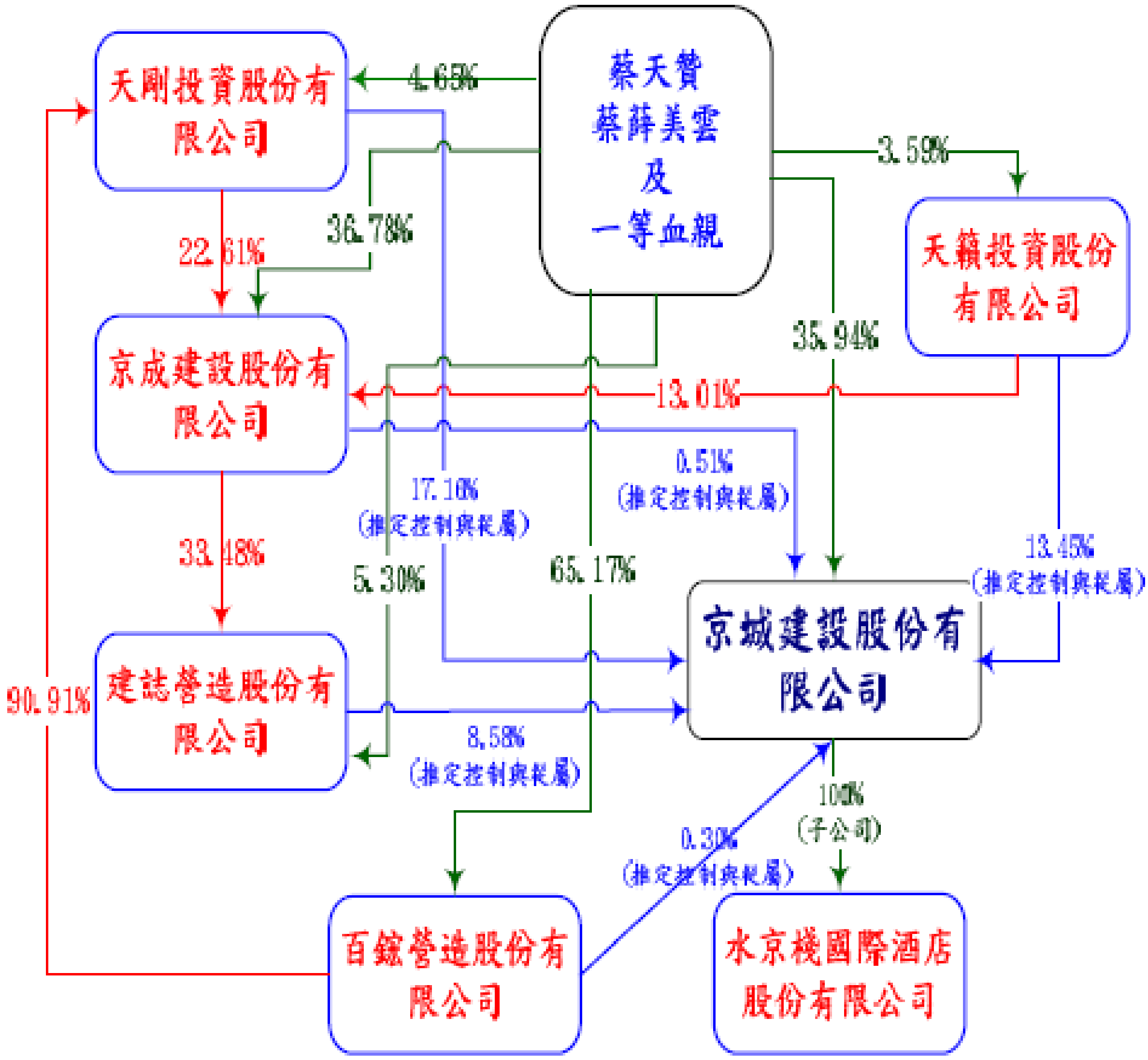
I. Information on the Company's Affiliates:

(I) Consolidated Business Report of the Affiliates:

1. Affiliates overview:

(1) Affiliate company structures:

Tian Gang Investment Co., Ltd. (had 17.16%stake in the Company and 22.61%stake in Jing Cheng Construction Co., Ltd.); Tian Lai Investment Co., Ltd. (had 13.45% stake in the Company and 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. were concluded as having controlling or subordinate relation with the Company (pursuant to Article 369-3 of the Company Act.).



(2) Basic information on affiliates:

May 1, 2023; Unit: NT$ thousand

Name	Date of Incorporation	Address	Paid-in Capital	Main Business / Products
Tian Gang Investment Co., Ltd.	1998/09/02	12F., No. 150, Bo'ai 2nd Rd., Zuoying Dist., Kaohsiung City 813017, Taiwan (R.O.C.)	220,000	H201010 Investment
Tian Lai Investment Co., Ltd.	1998/08/26	12F., No. 150, Bo'ai 2nd Rd., Zuoying Dist., Kaohsiung City 813017, Taiwan (R.O.C.)	323,200	H201010 Investment
Jing Cheng Construction Co., Ltd.	1992/05/28	12F., No. 150, Bo'ai 2nd Rd., Zuoying Dist., Kaohsiung City 813017, Taiwan (R.O.C.)	201,000	H701010 Housing and Building Development and Rental
Chieh Chih Construction Co., Ltd.	1981/12/24	12F., No. 150, Bo'ai 2nd Rd., Zuoying Dist., Kaohsiung City 813017, Taiwan (R.O.C.)	330,000	Contractors of civil and architectural engineering
Bai Hong Construction Co., Ltd.	1993/03/12	12F., No. 150, Bo'ai 2nd Rd., Zuoying Dist., Kaohsiung City 813017, Taiwan (R.O.C.)	201,000	Contractors of civil and architectural engineering
H2O Hotel Co., Ltd.	2015/04/16	No. 366, Minghua Rd., Gushan Dist., Kaohsiung City 804059, Taiwan (R.O.C.)	440,000	Hotel and restaurants

(3) Information on the same shareholders of those concluded as the existence of the controlling and subordinate relation:

As of May 1, 2023 (NT$ thousands, Shares, %)

Reason	Name	Shareholding		Date of Incorporation	Address	Paid-in Capital	Main Business Activities
		Shareholding	Shareholding (%)				
Concluded pursuant to Article 369-3 of the Company Act	Tian Gang Investment Co., Ltd.	63,328,801	17.16%	1998/09/02	12F., No. 150, Bo'ai 2nd Rd., Zuoying Dist., Kaohsiung City 813017, Taiwan (R.O.C.)	220,000	H201010 Investment
Concluded pursuant to Article 369-3 of the Company Act	Tian Lai Investment Co., Ltd.	49,652,072	13.45%	1998/08/26	12F., No. 150, Bo'ai 2nd Rd., Zuoying Dist., Kaohsiung City 813017, Taiwan (R.O.C.)	323,200	H201010 Investment
Concluded pursuant to Article 369-3 of the Company Act	Tien-Tsan Tsai	85,577,838	23.19%	—	—	—	—
Concluded pursuant to Article 369-3 of the Company Act	Mei-Yun Tsai-Hsueh	20,209,951	5.48%	—	—	—	—

(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.	Rental and sale of residences and buildings	None	Similar business activities with the Company but at a different region and with different target groups
Chieh Chih Construction Co., Ltd.	Contractors of civil and architectural engineering	Yes	Mainly undertakes commissioned building construction works for the Company and Jing Cheng Construction Co., Ltd.
Bai Hong Construction Co., Ltd.	Contractors of civil and architectural engineering	Yes	Mainly undertakes commissioned building construction works for 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$ thousand; Shares; %

Name	Designation	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	Chun-Chun Chiu	0	0.00%
	Director	Chin-Hsing Chen	0	0.00%
	Supervisor	Chia-Ling Tsai	155,800	0.48%
Jing Cheng Construction Co., Ltd.	Chairman	Representative of Xin Rui Investment Co., Ltd.: Tien-Tsan Tsai	4,919,569	24.48%
	Director	Representative of Xin Rui Investment Co., Ltd.: Yao-Hung Tsai	4,919,569	24.48%
	Director	Representative of Xin Rui Investment Co., Ltd.: 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	Representative of Jing Cheng Construction Co., Ltd.: Chia-Ling Tsai	11,050,000	33.48%
	Director	Representative of Jing Cheng Construction Co., Ltd.: 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	Representative of King's Town Construction Co., Ltd.: Mei-Yun Tsai-Hsueh	44,000,000	100.00%
	Director	Representative of King's Town Construction Co., Ltd.: Chiung-Ting Tsai	44,000,000	100.00%

	Director	Representative of King's Town Construction Co., Ltd.: I-Ying Chen	44,000,000	100.00%
	Supervisor	Representative of King's Town Construction Co., Ltd.: Chia-Ling Tsai	44,000,000	100.00%

2. Operational highlights of affiliates:

Data year: 2022

Dec. 31. 2022; Unit: NT$ thousand

Name	Capital	Total Assets	Total liabilities	Net Worth	Operating revenue	Operating income	Net Income (after-tax)	EPS (NT$) (after-tax)
Tian Gang Investment Co., Ltd.	220,000	7,698,415	4,413,527	3,284,888	163,068	79,840	66,149	3.01
Tian Lai Investment Co., Ltd.	323,200	2,873,996	102,722	2,771,274	73,446	71,744	69,036	2.14
Jing Cheng Construction Co., Ltd.	201,000	19,329,403	19,005,557	323,846	1,311,843	110,385	(63,742)	(3.17)
Chieh Chih Construction Co., Ltd.	330,000	4,550,689	3,701,069	849,620	1,572,373	20,609	(12,132)	(0.37)
Bai Hong Construction Co., Ltd.	201,000	5,570,516	2,098,670	3,471,846	954,030	4,876	70,283	3.50

Note: Financial information above has been audited by CPAs.

(II) Affiliation reports:

Declaration:

It is hereby declared that the affiliation report of King's Town Construction Co., Ltd. (the “Company”) for the year ended Dec. 31, 2022 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, 2023

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 2022 affiliation report is reasonable in all material respects.

Explanation: The Company’s 2022 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 2022 financial reports.

In our opinion, the declaration issued by the Company's management for the 2022 affiliation reports is reasonable in all material respects.

ShineWing Taiwan

CPA: Hielleen Chang

CPA: Jackson Jwo

March 29, 2023

1. Relationship between subordinate and controlling companies:

(Unit: Shares)
April 30, 2023

Name of Controlling Company	Basis for the Control	Shareholding and Pledged Shares of Controlling Company			Directors, Supervisors or Managerial Officers Appointed by the Controlling Company	
		Shareholding (shares)	Shareholding (%)	Pledged Shares	Designation	Name
King's Town Construction Co., Ltd.	Concluded as having controlling or subordinate relation pursuant 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 having controlling or subordinate relation pursuant to Article 369-3 of the Company Act.	63,328,801	17.16%	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 having controlling or subordinate relation pursuant to Article 369-3 of the Company Act.	49,652,072	13.45%	6,000,000	Chairman Director Director Supervisor	I-Ying Chen Chun-Chun Chiu Chin-Hsing Chen Chia-Ling Tsai
Jing Cheng Construction Co., Ltd.	Concluded as having controlling or subordinate relation pursuant 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 having controlling or subordinate relation pursuant to Article 369-3 of the Company Act.	31,651,513	8.58%	0	Chairman Director Director Supervisor	Hsien-Tsung Wang Jing Cheng Construction: Chia-Ling Tsai Jing Cheng Construction: Shih-Hsiung Li Chen-Jung Li
Bai Hong Construction Co., Ltd.	Concluded as having controlling or subordinate relation pursuant 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 of 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$ thousand; %

Transaction with Controlling Company				Terms with Controlling Company		General Trading Terms		Reason for Deviation	Accounts/Notes Payable		Overdue Accounts Receivables			Remarks
Purchases (Sales)	Amount	% to Total Purchases	Gross Profit	Unit Price (NT$)	Credit Term	Unit Price (NT$)	Credit Term		Ending Balance	% to Total Accounts/Notes Receivable (Payable)	Amount	Action Taken	Allowance for Doubtful Accounts	
Purchases	547,645	24.03%	—	—	Subject to contract	—	—	—	Notes payable $65,003 Accounts payable $0	50.90% 0.00%	0	—	0	Chieh Chih Construction Co., Ltd.
Purchases	180,992	7.94%	—	—	Subject to contract	—	—	—	Notes payable $15,008 Accounts payable $0	11.75% 0.00%	0	—	0	Bai Hong Construction Co., Ltd.
Purchases	229,427	10.07%	—	—	Subject to contract	—	—	—	Notes payable $0 Accounts payable $0	0.00% 0.00%	0	—	0	Tien-Tsan Tsai
Purchases	193,741	8.50%	—	—	Subject to contract	—	—	—	Notes payable $0 Accounts payable $0	0.00% 0.00%	0	—	0	Tien-Tsan Tsai

Note 1: In case of advance receipts (prepayments), the reasons, contractual terms, amount and difference from the general trading terms shall be stated in the Remarks column.

Note 2: If the listed accounts are not applicable, please adjust accordingly. Where accounts are not available due to industry characteristics, the company 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 significant transactions: None.

II. Private Placement of Securities During the Most Recent Fiscal Year and up to the Date of Publication of the Annual Report: The Company did not engage in private placement of securities during the most recent fiscal year and up to the date of publication of the annual report.

III. Holding or Disposal of Shares in the Company by the Company's Subsidiaries During the Most Recent Fiscal Year and up to the Date of Publication of the Annual Report: The Company does not have subsidiaries holding or disposing of shares in the Company at present.

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: None.

King's Town Construction Co., Ltd.

Chairman:

領創城市名宅 · 建築無限生活
Building infinity life

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