King's Town Construction Co., Ltd. 2023 Annual Report

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Chapter 1 Letter to Shareholders

Dear Shareholders,

In 2023, global economic growth continued to slow down due to inflation, interest rate hikes, and the ongoing Russia-Ukraine conflict, which also affected end-demand. The export-oriented Taiwanese economy was impacted by a shift in consumer focus towards services, as well as a longer adjustment time for commodity inventories. As a result, net exports in the first and second quarters of 2023 contributed -5.44% and - 0.21%, respectively, to economic growth. Regarding domestic demand, with the unleashing of consumption momentum after the lifting of restrictions, and the government's universal cash incentives, various indicators of private consumption, including the retail industry, department stores, supermarkets, and the catering industry, have shown impressive performance. Thus, In the first and second quarters of 2023, domestic demand made up 2.57% and 1.67% of economic growth, respectively. Due to strong domestic demand, the overall economic growth rate is fairly positive. The GDP growth rate for the second quarter has rebounded from negative growth to 1.45%, and the annual GDP growth rate is expected to reach 4.93%.

Considering the recent international economic situation, the US economy has remained stable; the Federal Reserve has kept interest rates unchanged and raised the economic growth forecast for 2024. On the other hand, economic confidence in the Eurozone has slightly declined, with the European Central Bank pausing interest rate hikes for the fourth consecutive time, while also revising down the economic growth outlook for 2024. In Japan, due to the record-high wage increase and the depreciation of the yen, the Bank of Japan has raised interest rates for the first time in 17 years, ending its negative interest rate policy, showing clear signs of economic recovery.

Returning to Taiwan, an important issue highlighted in the 2024 presidential election was residential justice, and in July 2023, the Executive Yuan approved a new set of measures to strengthen the housing market. Such measures include changing the coverage of the non-self-use house tax from individual counties and cities to nationwide; increasing the tax rate for non-self-use residential properties from the current range of 1.5% to 3.6% to a range of 2% to 4.8%; implementing national registration of residential properties owned by individuals, and imposing higher tax rates to properties ineffectively utilized by their owners, in order to encourage property release and reduce vacancy rates, thus promoting fairness and justice. On December 19, 2023, the Legislative Yuan officially passed the revised draft of the Non-self-use House Tax 2.0; it is expected to be implemented in July 2024, with official collection starting in May 2025. However, it remains to be seen whether the goal of achieving residential justice or solving the issue of vacant properties may actually be realized.

Signs of economic recovery in the second half of 2023 include intensified government efforts to curb property speculation with the presidential election, and the

upcoming implementation of non-self-use house tax in July 2024. Yet the real estate market's early 2024 transfer numbers seem to be unaffected by such changes. In 2023, the number of building transfers in the Taiwanese real estate market was 306,971 households, a decrease of 3.50% compared to 318,101 households in 2022. Additionally, in the first two months of 2024, the number of building transfers nationwide was 51,111 households, showing a significant increase of 37.96% compared to 37,048 households during the same period in 2023.

In particular, the number of building transfers in Kaohsiung City in 2023 was 36,266 households, a decrease of 2.29% compared to 37,117 households in 2022. Kaohsiung City is the direct-controlled municipality with the smallest decline among the six municipalities. On the other hand, Tainan City is the only region among the six municipalities that shows positive growth in building transfers in 2023, with a growth rate of 8.04%, making it the most promising region among the six municipalities.

Although there has been considerable growth since 2024, mainly driven by the continuous rise of the stock market and TSMC's ongoing investment in Kaohsiung, the real estate market in Kaohsiung remains vibrant with a constant stream of visitors to sales sites. In recent years, the economic benefits brought to Kaohsiung by the influx of industries and concerts have gradually manifested in various sectors. Variables in the Kaohsiung housing market this year are expected to be rising house prices, the upcoming non-self-use house tax, and the new government's policies on the real estate industry, as well as any other measures aimed at suppressing the market. However, the consensus among consumers and industry players of real estate is that the market will experience a relatively moderate growth this year, and it is anticipated that there will be a slight increase in transaction volume and prices.

Regarding the Company's project outlook in 2024, the completion of the New World project is expected to be the primary sales offering and key source of revenue in 2024.

(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)

2023 Business Report and Summary of 2024 Business Plan are as follows:

- I. 2023 Operation Result:
 - (I) Implementation Results of 2023 Business Plan: The operating revenue of the Company in the consolidated statement for the year 2023 was NT\$2,553,746 thousand, representing a decrease of NT\$830,384 thousand as compared with the net operating income of NT\$3,384,130 thousand in 2022, a net profit before tax of NT\$494,774 thousand, and a net profit before tax rate of 19.38%.
 - (II) Implementation of forecast: The Company did not publicly disclose any financial forecasts for 2024 and therefore this analysis is not reported.

| | | 5 | 5 | Uı | nit: NT\$ thousand |
|---------------|----------------------------|------------------------------------|-----------|-----------|--------------------|
| | Iten | 1 | 2023 | 2022 | Rate of change (%) |
| | Operatin | g revenue | 2,553,746 | 3,384,130 | -24.54% |
| | Gross pr | ofit | 1,277,631 | 1,954,934 | -34.65% |
| Financial | Operatin (%) | g income to capital | 805,167 | 1,380,421 | -41.67% |
| receipts and | Finance | costs | 318,623 | 230,847 | 38.02% |
| expenditures | Profit or loss before tax | | 494,774 | 1,159,679 | -57.34% |
| | Profit or loss after tax | | 442,041 | 1,009,674 | -56.22% |
| | Total comprehensive income | | 441,275 | 1,009,921 | -56.31% |
| | Return on assets (%) | | 1.93 | 3.43 | -43.73% |
| | Return o (%) | n equity (ROE) | 2.53 | 6.00 | -57.83% |
| Profitability | As a % of paid- | Operating income to capital (%) | 21.80 | 37.40 | -41.71% |
| | in capital | Income before tax | 13.39 | 31.42 | -57.38% |
| | Net profit margin (%) | | 17.31 | 29.83 | -41.97% |
| | Earnings per share (NT\$) | | 1.20 | 2.73 | -56.04% |

(III) Financial Position and Profitability Analysis:

1. Financial receipts and expenditures

Due to the continuous purchases of operating land, road land, and investment in ongoing construction projects in 2023, there is a increase in the amount of inventory, net cash outflow from operating activities of NT\$1,381,764 thousand, net cash inflow from investing activities of NT\$38,496 thousand, net cash inflow from financing activities of NT\$1,373,747 thousand, total debt ratio increased from 50.73% in 2022 to 52.12% in 2023. The interest expense amounted to NT\$318,623 thousand in 2023, an increase of NT\$87,776 thousand (+38.02%) compared to NT\$230,847 thousand in 2022, mainly due to the increase in borrowing and rising interest rates.

2. Profitability Analysis:

In 2023, the operating profit was NT\$805,167 thousand, with an operating profit to paid-in capital ratio of 21.80%, a decrease of NT\$575,254 thousand compared to NT\$1,380,421 thousand in 2022. The net profit after tax was NT\$442,041 thousand, with a net profit margin of 17.31%, a decrease of NT\$567,633 thousand compared to NT\$1,009,674 in 2022. The return on assets decreased by 43.73% compared to 2022, and the return on equity decreased by 57.83%.

(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. Outline of 2024 Business Plan:
 - (I) Operating Guidelines:
 - 1. The main business policy is to maintain a stable project size and carefully select land for sales.
 - 2. Improving the gross profit of individual cases and enhancing overall competitiveness has always been an important direction of the Company.
 - 3. Based on the Company's mission to 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.
 - 5. Expand promotion area to enhance brand value and visibility.
 - (II) Sales Volume Forecast and Basis:

The Company has not published a financial forecast for the 2024, and therefore, we only provide a detailed analysis of the projects that the Company is expected to be completed and launched in 2024:

| Project Name | Land No. | Total Sales Amount (Thousand NT\$) | Sales Area(Ping) | Total Number of Households | Completion Date |
|--------------|--|---|---------------------|----------------------------------|--------------------|
| New World | Land No. 2747, 2748, 2760-2764, 2761-5, 2738-2, 2768-1 in the Aiqun Section, Qianzhen District, Kaohsiung City. | 6,759,901 | 16,899.75 | 533 | 2024/7/30 |
| Total | | 6,759,901 | 16,899.75 | 533 | |

(III)Key Production and Distribution 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 Strategies:
 - (I) TSMC's plant expansion across Taiwan not only enhances the economic strength and employment population in various regions, but also stimulates substantial growth in real estate demand. Thus, in response to this demand, the Company has formulated development and land acquisition goals to prepare for the potential surge in housing demand in the future.
 - (II) The Company focuses on developing land near the Tainan area, the North Kaohsiung Ciaotou Science Park, Nanzih 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) Impacts from 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) Impact of Regulatory Environment In recent years, the government has faced public grievances over high housing prices, and has implemented a series of measures to improve the real estate market. These include selective credit controls (loan restrictions), special goods and services taxes (luxury taxes), differential tax rates on housing (non-self-use house taxes), income tax on house and land transactions, Actual Price Registration 2.0, and Income Tax on House and Land Transactions 2.0. While the aim is to curb speculation and manipulation, these measure have limited effectiveness, and domestic housing prices remain high. The amendment draft of The Equalization of Land Rights Act was passed by the Executive Yuan in April 2022, and certain articles of the amendments to The Equalization of Land Rights Act was approved by the Legislative Yuan on January 10, 2023; the new law shall be implemented on July 1. Main provisions of the Act include restrictions on pre-sale housing, assignment or resale of newly built houses, heavy penalties for speculation, establishment of a reporting reward system, restrictions on corporate purchases of houses, and declaration of contract termination. The maximum penalty for real estate speculation is NT\$50 million, demonstrating the government's determination to curb property speculation.

(III)Impact of Overall Operation Environment

The global economic situation in 2024 continues to be influenced by geopolitical risks (such as the Ukraine-Russia war, US-China confrontation, and Israel–Hamas conflict) and monetary policies. Due to the prolonged duration and impact of the conflicts, there are still uncertainties regarding future economic trends. From the perspective of major countries, the United States' trend in 2023 was continuously affected by inflation, interest rate hikes, debt, and other factors, continuing its downward trend since the second half of 2022, which was longer than the duration of the financial storm and pandemic period, highlighting the severity of this wave of economic recession. However, the domestic stock market and housing market are not affected by the international financial situation. Not only is the stock market continuously reaching new highs, but the number of transactions in the housing market is also showing moderate growth. As a result, it is expected that the domestic economy will improve significantly compared to last year.

The Company completed the construction and sale of the New World project (Land project at Land No. 2747, Aiqun Section, Qianzhen District, Kaohsiung City, with a total sales amount of NT\$6,759,901,000 and 533 units) in 2024.

For the first three months of the year, the Company has accumulated a total revenue of NT\$892,174 thousand, demonstrating a significant growth of 129.97% compared to the same period last year. This growth can be attributed to two projects, namely Museum of Modern Art and King's Forest Fragrance, which are located in the popular areas of the Kaohsiung Museum Of Fine Arts and Jhongdu Wetland Park. The Company has only completed one project in 2024. This year, the main focus of revenue will depend on the progress of the remaining units of King Park, Museum of Modern Art, and King's Forest Fragrance, as well as the newly completed New World project. With the new government in power in 2024, it is unlikely that there will be a relaxation of housing market regulations and a decrease in interest rates. Therefore, the real estate market should be able to maintain its current moderate growth status.

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

Wish you

good health and all the best.

Chairman and President:

Tsai, Tien-Tsan



Accounting Officer:

Su-Ying Lyang



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. 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 toNT30,000,000through a cash capital increase of NT\$29,000,000to 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 13F2, 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 Commission, Ministry of Finance (MOF). | | | | |

| Year | Month | Major Events |
|------|-------|--|
| 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 | Relocated to 16F2, No. 120, Zhongzheng 1st Rd., Lingya Dist., Kaohsiung City 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. |
| 2012 | 09 | Raised capital to NT\$3,759,261,550 through capitalization of earnings and employee bonus of NT\$181,988,930. |

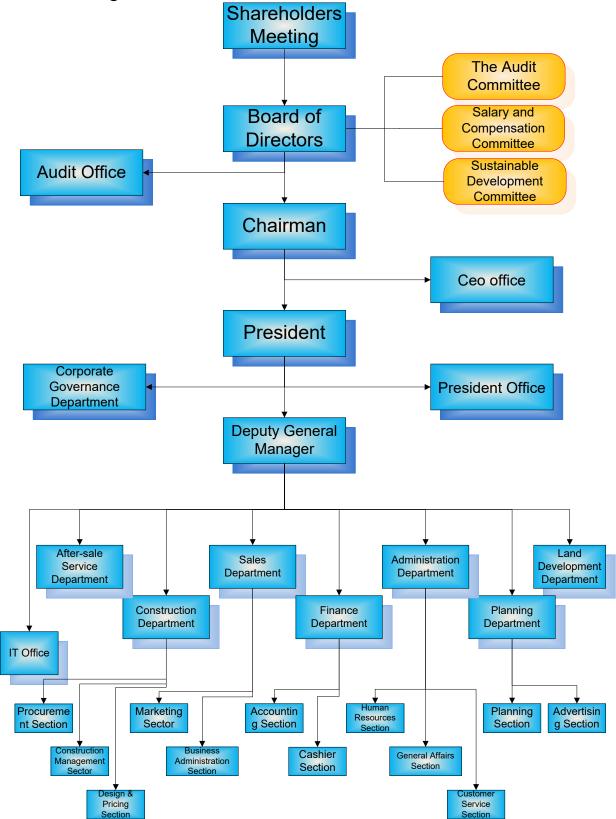
| Year | Month | Major Events | | | | | |
|------|---|---|--|--|--|--|--|
| 2015 | 04 | Established the subsidiary "H2O Hotel Co., Ltd." with a capital of NT\$12,000,000. | | | | | |
| 2015 | 09 | Raised capital to NT\$3,838,202,290 through capitalization of earnings and employee bonus of NT\$78,940,740. | | | | | |
| 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 cash capital increase of NT\$80,000,000. | | | | | |
| 2020 | 01 | The subsidiary "H2O Hotel Co., Ltd." raised capital to NT\$250,000,000 through 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 aftercanceling the fifth buyback of treasury sharesfor capital reduction of NT\$41,890,000. | | | | | |
| 2020 | 10 Raised capitalto NT\$3,711,930,980 through capitalization of em 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 | 09 Raised capital to NT\$3,717,590,230 through capitalization of employ 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. | | | | | |
| 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\$3,723,003,790 through capitalization of employee | | | | | |

| Year | Month | Major Events | | | | | |
|---|-------|--|--|--|--|--|--|
| | | 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. | | | | | |
| 2023 09 | | Raised capital to NT\$3,694,196,000 through capitalization of employee compensation of NT\$3,632,210. | | | | | |
| 202401The subsidiary "H2O Hotel Co., Ltd." raised capital to NT cash capital increase of NT\$50,000,000. | | The subsidiary "H2O Hotel Co., Ltd." raised capital to NT\$490,000,000 through a cash capital increase of NT\$50,000,000. | | | | | |

Chapter 3 Corporate Governance Report

I. Organizational System

- (I) Organization chart
 - Organizational Chart



(II) Department Functions:

| Department | | Functions | | | | |
|---------------------------------------|--|--|--|--|--|--|
| | Business analysis, market research analysis and product planning. | | | | | |
| | | xecution of internal audits, execution of non-routine audits, and | | | | |
| Audit Office | supervision and | l tracking of self-assessments on the internal control system. | | | | |
| Corporate Governance Department | other related b Board of Direct assisting independent Stock affairs: listed companie | Company governance affairs promotion: ESG sustainable development and ther related business planning and execution, handling matters related to board of Directors and shareholders' meetings in accordance with the law, ssisting independent directors and general directors in performing their duties. tock affairs: Regular general stock affairs, daily business management of sted companies, and company capital-related matters. | | | | |
| IT Office | Daily operation | Iedia: Press releases and media relationships. Investor Relations (IR). Paily operation of computers, elimination of computer issues, and the planning and maintenance of information system for each business. | | | | |
| After-sale Service Department | After-sales serv properties, and | vices after the handover of the property, maintenance of unsold delivery of customer opinions and feedback from after-sales ed and classified for the future improvement of the Construction | | | | |
| Construction | Procurement Section Construction Management Sector | Contracting and procurement relating to construction works and materials. Monitoring of construction quality and progress, and close collaboration with the Procurement Section and the Design & Pricing Section. | | | | |
| Department | | Confirmation of construction drawings and materials, and preparation of construction budgets and financial statements. | | | | |
| Sales | Marketing Sector | 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. | | | | |
| Department | Business Administration Section | 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. | | | | |
| Finance | Accounting Section | Review, maintenance and preparation of accounting-related documents, books and statements, and filing of input and output VAT and profit-seeking enterprise income tax. | | | | |
| Department | Cashier Section | 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. | | | | |
| Administration Department | Human Resources Section | 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. | | | | |

| | General Affairs Section | 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. |
|-----------------------------------|----------------------------------|---|
| | Customer Service Section | Customer service, customer complaint handling, and customer satisfaction survey. |
| Planning | 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. |
| Department | 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 | construction pl management ar | f land development value, formulation of acquisition and ans, calculation and allocation of areas, and participation in asset and allocation of land under urban land consolidation. and analysis of new real estate projects and existing markets. |

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

(I) Directors and Supervisors (1):

April 29, 2024

| | | | | | | l l |
|----------------|---|---|-------------------------------------|---|---|---|
| 124 | pervisors who cond Degree of | Relationship | I | Spouse First-degree relative | Spouse First-degree relative | I |
| Aprii 29, 2024 | rectors or Sup within the Sec Kinship | Name | I | Meiyun S. Tsai Yao-Hung Tsai | Tien-Tsan Tsai Yao-Hung Tsai | T |
| Ap | Executives, Directors or Supervisors who Are Spouses or within the Second Degree of Kinship | Designation | I | Representative of Corporate Director Special Assistant of the Chairman | Representative of Corporate Director Special Assistant of the Chairman | T |
| | Other Position Concurrently Held at the | Company and Other Companies | I | 5.47% School Gange Construction, S.47% Senior High Director of Tian Gange Investment, School Bai Hong Bai Hong Construction, Construction of Bai Hong Construction | CGS International, Inc. Chairman, Fugao Investment Limited Co. Director | Corporate Representative, Director of Chieh Chih Construction Co, Ltd. |
| | Major | - | I | Senior High School | 23.17% Senior High School | 0.00% Bachelor's degree |
| | Spouse & Minor Shareholding | Shareholding (%) | I | 5.47% | 23.17% | 0.00% |
| | Spouse Share | Shares | I. | 23.17% 20,209,951 | 5.47% 85,577,838 | 11,241 |
| | areholding | Shareholding (%) | 13.44% | 23.17% | 5.47% | 0.02% |
| | Current Shareholding | Shares | 49,652,072 | 85,577,838 | 20,209,951 | 65,743 |
| | When Elected | Shareholding (%) | 13.45% | I | I | T |
| | Shareholding When Elected | Shares | 49,652,072 | I | I | T |
| | Date First | Term Date First Elected 3 years 2008619 | | I | I | I |
| | E | | | I | I | I. |
| | Date | Elected | 2023/6/28 | T | T | I. |
| | Name, gender, | age | Tian Lai Investment Co., Ltd. | Tien-Tsan Tsai (Male, between 71-80, Corporate Representativ e of Tian Lai) | Meiyun S. Tsai (Female, between 71-80, Corporate Representativ e of Tian Lai) | Shih-Hsiung Li (Male, between 71-80, Corporate Representativ e of Tian Lai) |
| | Nationality/ Place of Registration | | R.O.C. | R.O.C. | R.O.C. | R.O.C. |
| | | Designation | Director | Carporate Representativ e. Chairman | Corporate Representativ e, Director | Corporate Representativ e, Director |

| I. | I | I | I. | I. |
|---|---|---|--|--|
| I. | I | I | I | I |
| I | I | I | I | I |
| King's Town Construction, Nanjing Construction Tian Lai Investment, Director of Xin Rui Investment | Chairman of Hung Bau Construction Co., Ltd. | I | I | I |
| University 0.00% (Undergrad uate) | 0.00% Senior High Hung Bau School Construction Co., Ltd. | 0.00% Bachelor's degree | 0.00% Bachelor's degree | 0.00% Bachelor's degree |
| 0.00% | 0.00% | 0.00% | 0.00% | 0.00% |
| 0 | 0 | 0 | 0 | 0 |
| 0.01% | 0.38% | 0.00% | | 0.00% |
| 43,338 | 1,386,582 | 0 | 0 | 0 |
| I. | 0.38% | 0.00% | 0.00% | 0.00% |
| I. | 1,386,582 | 0 | 0 | 0 |
| I | 2017/628 | 2018/622 | 2023/6/28 | 2023/628 |
| I. | 3 years | 3 years 3 years 3 years | | 3 years |
| 1 | 2023/6/28 | 2023/6/28 | 20236/28 3 years | 2023628 3 years |
| Chin-Hsing Chen (Male, between 51-60, Corporate Representativ e of Tian Lai) | Ming-Te Chang(Male, between 61-70) | Yao-Kuo Wu (Male, between 51-60) | Chung-Chang Tsai(Male, between 61-70) | Chin-Yu Chiu(Female, between 61-70) |
| R.O.C. | R.O.C. | R.O.C. | R.O.C. | R.O.C. |
| Corporate Representativ e, Director | Independent Director | Independent Director | Independent Director | । म्रिकेट्विट्विट्विट्य Director |

cii uiiis aia Ξ I he aforementioned Directors, Supervisors, Frestdent, Vice Frestdents, Assistant Vice Frestdents, and une exer not have shareholdings by nominees. The Chairman and President of the Company are the same person, please refer to the explanation on page 13. INDIG I.

Note 2:

| Table I: Major shareholders of corporate shareholders | eholders |
|---|---|
| | May 1, 2024 |
| Name of Corporate Shareholder | Major shareholders of corporate 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%) |
| reholo | reholders of corporate shareholders in Table 1 May 1, 2024 |
| | |

| Name of Corporate Shareholder | Major shareholders of corporate 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, 2024 |
|-----------------------------------|---|--|---|
| Qualification | 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 |
| Meiyun S. Tsai | Has work experience related to real property industry in the areas of commerce necessary for Meiyun S. Tsai 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 | 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 | 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 | 0 |

| | none of the circumstances in the subparagraphs of | none of the circumstances in the subparagraphs of independent directors are persons independent of the Company. | |
|----------------|---|---|---|
| | Article 30 of the Company Act apply. | • • • • | |
| | Has work experience related to real property | | |
| Chung-Chang | Chung-Chang industry in the areas of commerce and finance | | |
| Tsai | necessary for the business of the Company, and | | 0 |
| (Independent) | (Independent) none of the circumstances in the subparagraphs of | | |
| - | Article 30 of the Company Act apply. | | |
| | Has work experience related to real property | | |
| Chin_Vin_Chin | industry in the areas of commerce necessary for | | |
| | The business of the Company, and none of the | | 0 |
| (independenci) | (Independent) circumstances in the subparagraphs of Article 30 | | |
| | of the Company Act apply. | | |
| 2. Diver | Diversity and Independence of the Board of Directors: | f Directors: | |
| | | | |

(1) Board diversity:

members, all of whom have a considerable degree of professional qualifications and experience in the real estate industry. Generally, gender 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 and age have become pluralistic. In terms of nationality and culture, diversity has not yet been achieved.

(2) Board independence:

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 independent directors do not hold the Company's shares. The Company's independent directors have not served as directors, supervisors, or affiliated enterprises. The number and proportion of the Company's shares held by the Company's independent directors, their spouses, and independent directors, their spouses, or relatives within the second degree of kinship serve as directors or employees of the Company or its employees of companies that have a specific relationship with the Company and have not received remuneration for providing commerce, relatives within the second degree of kinship (or by nominees), except that Ming-Te Chang holds 0.38% of the Company's shares, other The Company has four independent directors, with a seat ratio of 50.00%, held by external professionals. None of the Company's legal, finance, accounting, and other services to the Company or affiliated companies in the last two years. Exchange Act. (II) Information on the Company's President, Vice Presidents, Assistant Vice Presidents, and Supervisors of All Divisions and Branch Units:

| , 2024 | Managerial Officers Who Are Spouses or within the Second Degree of Kinship | Relationship | Spouse First-degree relative | | | | | | |
|----------------|---|---|---|-------------------------------|--------------------------------|--------------------------------|--------------------------------|--------------------------------|---------------------------|
| April 29, 2024 | anagerial Officers Who Are Spouses within the Second Degree of Kinship | Name | Meiyun S. Tsai Yao-Hung Tsai | | I | l | l | | I |
| | Managerial (within the | Designation | Representati ve of Corporate Director Special Assistant of the Chairman | | | | | | |
| | Other Position | Concurrently Held at Other Companies | | None | None | None | None | None | None |
| | Maior | Experience (Education) | 5.47% Senior High School | 0.00% University ate) ate) | 0.00% Industrial High School | Bachelor's degree | Bachelor's degree | Bachelor's degree | Bachelor's degree |
| | Shareholding | Shareholding (%) | 5.47% | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% |
| | Spouse & Minor Shareholding | Shares | 20,209,951 | 0 | 0 | 0 | 0 | 825 | 0 |
| | | Shareholding (%) | 23.17% | 0.01% | 0.03% | 0.00% | 0.01% | 0.02% | 0.03% |
| | Shareholding | Shares | 85,577,838 | 43,338 | 119,689 | 17,643 | 30,990 | 83,128 | 107,063 |
| | Name (Gender) Date Elected | | 2022/3/23 | 2018/5/24 | 2018/5/24 | 2019/5/10 | 2021/7/6 | 2023/7/18 | 2011/9/1 |
| | | | Tien-Tsan Tsai | Chin-Hsing Chen (Male) | Chia-Hung Huang (Male) | Jing-Heng Zhou (Male) | Kuo-Tai Wang (Male) | Jui-Li Chen (Female) | Su-Ying Liang (female) |
| | | Nationality | R.O.C. | R.O.C. | R.O.C. | R.O.C. | R.O.C. | R.O.C. | R.O.C. |
| | | Designation | President | Vice President | Assistant Vice President | Assistant Vice President | Assistant Vice President | Assistant Vice President | Financial Executive |

- The former President of the Company passed away in March 2022 due to illness.
- The Company's Board of Directors approved on March 22, 2022, the Chairman will concurrently serve as President. 6.
- 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. .
 - 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. 4

- III. Remuneration Paid During the Most Recent Fiscal Year to Directors, Supervisors, President, and Vice Presidents:
- (I) Remuneration Paid to Directors and Independent Directors

Unit: NT\$ thousands; December 31, 2023

| | | | | R | Remuneration to Directors | to Directors | | | | Ratio | Ratio of Total | | Relevant I | Relevant Remuneration Received by Directors who Are Also Employees | Seceived by D | irectors who , | Are Also Emp | ployees | | Datio of Tatal | Dation of Total Documentian | |
|--------------------------------|--|---|----------------------------|----------------------------------|---------------------------|------------------------------|---|---------|---|-------------------------|--|---|---|--|---|----------------|--------------|--|---------------------------------|---------------------|--------------------------------------|---|
| | | Base Compensation (A) | sation (A) | Severance Pay and Pension (B) | | Director compensation (C) | npensation) | Allowa | Allowances (D) | Remu (A+B+C Incoi | Remuneration (A+B+C+D) to Net Income (%) | Salary, Bonus, and Allowances (E) | | Severance Pay and Pension (F) | and Pension | Employ | ee Compensi | Employee Compensation (G) (Note 1) | te 1) | (A+B+C+D+) Incon | (A+B+C+D+E+F+G) to Net Income (%) | R |
| Designation | Name | co The | All companies in the | | All companies in the | CC | All companies in the | The | All companies in the | The | All companies in the | The | All companies in the | All | All companies in the | The Company | ipany | All companies in the consolidated financial statements | ies in the financial ents | The | All companies in the | Invested Companies Other than Subsidiaries |
| | | Company consolidated financial statements | | ny fi str | | Company | Company consolidated Company consolidated financial financial statements statements | Company | consolidated financial statements | | consolidated financial statements | Company cc | consolidated C financial statements | Company col | consolidated financial statements | Cash | Stock | Cash | Stock | Company | financial statements | or the Parent Company |
| | Tian Lai Investment: Tien-Tsan Tsai | | 4,471 | | 0 | | 0 | | 360 | | 4,831 1.09% | | 0 | | 0 | 0 | 0 | 0 | 0 | | 4,831 1.09% | None |
| Ĺ | Tian Lai Investment: Meiyun S. Tsai | | 0 | | 0 | | 0 | | 360 | | 360 0.08% | | 0 | | 0 | 0 | 0 | 0 | 0 | | 360 0.08% | None |
| Director | Tian Lai Investment: Shih-Hsiung Li | | 0 | | 0 | | 0 | | 360 | | 360 0.08% | | 0 | | 0 | 0 | 0 | 0 | 0 | | 360 0.08% | None |
| | Tian Lai Investment: Chin-Hsing Chen | | 0 | | 0 | | 0 | | 360 | | 360 0.08% | | 1,498 | | 0 | III | 0 | 111 | 0 | | 1,969 0.45% | None |
| Independent Director | Ming-Te Chang | | 0 | | 0 | | 0 | | 360 | | 360 0.08% | | 0 | | 0 | 0 | 0 | 0 | 0 | | 360 0.08% | None |
| Not a content Since the sector | Yao-Kuo Wu | | 0 | | 0 | | 0 | | 360 | | 360 0.08% | | 0 | | 0 | 0 | 0 | 0 | 0 | | 360 0.08% | None |
| Independent Director | Chung-Chang Tsai | | 0 | | 0 | | 0 | | 122 | | 122 0.03% | | 0 | | 0 | 0 | 0 | 0 | 0 | | 122 0.03% | None |
| Independent Director | Chin-Yu Chiu | | 0 | | 0 | | 0 | | 122 | | 122 0.03% | | 0 | | 0 | 0 | 0 | 0 | 0 | | 122 0.03% | None |
| Independent Director | Chi-Hsiung Chuang (dismissed) | | 0 | | 0 | | 0 | | 119 | | 119 0.03% | | 0 | | 0 | 0 | 0 | 0 | 0 | | 119 0.03% | None |
| Z | Note 1: Employee compensation from earnings was the amount from 2023 | ovee com | pensatio | on from | earninos | s was th | e amoin | nt from | | rninos | distribu | earnings distribution monosal annewed by the Board nrior to the shareholders' meeting. The amount | ucsal and | woved hv | r the Boa | rd nrior | to the si | harehold | ers' me | etina Th | e amoinnt | |

ġ was calculated in accordance with the Company's rules on distribution of employee stock bonus.

- As the amounts of the Company and all companies in the consolidated financial statements are consistent, they are presented in a consolidated manner.
- 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 2: Note 3:
- 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 2023, therefore it is largely unrelated to the Company's operating performance and future risks. Note 4:
- (II) Remuneration to Supervisors: The Company has established an Audit Committee to replace Supervisors.
- (III) Remunerations to the President and Vice Presidents

Unit: NT\$ thousands; December 31, 2023

| Remuneration from Invested | Other than Subsidiaries or | company Company | None | None | he |
|--|--|--|----------------|-----------------------------------|--|
| Ratio of Total Remuneration (A+B+C+D) to Net Income (%) | All companies in the | consolidate d financial statements | 0.00% | 1,609 0.36% | cording to th |
| Ratio c Remun (A+B+C+ Incorr | The | Company | | | alculated ac |
| (Note 1) | All companies in the consolidated financial statements | Stock | 0 | 0 | e amount ca |
| Employee Compensation (D) (Note 1) | All comp. consolidat state | Cash | 0 | 111 | sed on the |
| yee Compe | The Company | Stock | 0 | 0 | bution, ba |
| Emplo | | | 0 | 111 | s for distri |
| Bonus and Allowance (C) | All companies in the | financial statements | 0 | 0 | l of Directors |
| Bonus and | The company control of the control o | | | | the Board |
| Severance Pay and Pension (B) | | | 0 | 0 | approved by tion scheme. |
| Severar Pen | n The Company | | | | sed and a k distribu |
| Salary (A) | The the the the the the the financial statements statements is the the the the the the the the the financial statements statements statements the | | 0 | 1,498 | ation is prope nus and stoc |
| Sal | The | Company | | | compensa ployee bo |
| | Name | | Tien-Tsan Tsai | Chin-Hsing Chen | Note 1: The employee compensation is proposed and approved by the Board of Directors for distribution, based on the amount calculated according to the company's employee bonus and stock distribution scheme. |
| | Designation | | President | Vice President Chin-Hsing Chen | Note 1: T |

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

Unit: NT\$ thousands: December 31, 2023

| | | | | | | | | | | | | UIII. IN I & IIIOUSAIIUS, DEVEIIIOUI JI, 2020 | | J1, 202J |
|-----------------------------|---|----------|-------------------------|------------------|---|-----------|--|-------------|------------------------------------|-----------------------------------|--|--|--|--|
| | | Sal | Salary (A) | Several | Severance Pay and Pension (B) | Bonus and | Bonus and Allowance (C) | Emplo | Employee Compensation (D) (Note 1) | ısation (D) (| Note 1) | Ratio of Total Remuneration (A+B+C+D) to Net Income (%) | of Total (eration -D) to Net ne (%) | Remuneration from Invested |
| Designation | Name | The | All companies in the | The | All companies in the | The | All companies in the | The Co | The Company | All compa consolidat state: | All companies in the consolidated financial statements | The | All companies in the | Companies Other than Subsidiaries or |
| | | Company | | Company | Company consolidated financial statements | Company | | Cash | Stock | Cash | Stock | Company | consolidate d financial statements | Company |
| Vice President | Chin-Hsing Chen | | 1,498 | ~~~ | 0 | | 0 | 111 | 0 | 111 | 0 | 1 | 1,609(0.36%) | None |
| Special Assistant | Yao-Hung Tsai | | 1,481 | | 0 | | 0 | 557 | 0 | 557 | 0 | 5 | 2,038(0.46%) | None |
| Assistant Vice President | Assistant Vice Jui-Lung Kung President (Retired) | | 740 | | 4,493 | | 0 | 59 | 0 | 29 | 0 | 5 | 5,292(1.20%) | None |
| Assistant Vice President | Chia-Hung Huang | | 1,459 | | 0 | | 0 | 94 | 0 | 94 | 0 | 1 | 1,553(0.35%) | None |
| Assistant Vice President | Kuo-Tai Wang | | 1,276 | | 0 | | 0 | 79 | 0 | 79 | 0 | 1 | 1,355(0.31%) | None |
| Note 1: 7 | Note 1: The employee compensation is proposed and approved by | compensa | ution is prope | sed and <i>i</i> | | | the Board of Directors for distribution, based on the amount calculated according to the | for distril | bution, ba | sed on the | amount ca | ilculated act | cording to t | he |

a company's employee bonus and stock distribution scheme. (V) Name and distribution of employee compensation to managerial officers: Unit: NT\$ thousand

| | | | | | | May 1, 2024 |
|----------|--------------------------------|--------------------|-------|---------|-------|---|
| | Designation | Name | Stock | Cash | Total | Ratio of Total Remunerations to Net Income (%) |
| | President | Tien-Tsan Tsai | | | | |
| | Vice President | Chin-Hsing Chen | | | | |
| | Assistant Vice | Jui-Lung Kung | | | | |
| | President | (Retired) | | | | |
| Managers | Assistant Vice President | Chia-Hung Huang | | | | |
| | Assistant Vice President | Jing-Heng Zhou | 0 | 607 | 607 | 0.14% |
| | Assistant Vice President | Kuo-Tai Wang | | | | |
| | Assistant Vice President | Jui-Li Chen | | | | |
| | Accounting Executive | Su-Ying Liang | | 11 .1 . | | |

Note 1: The employee compensation is proposed and approved by the Board of Directors for distribution, based on the amount calculated according to the company's employee bonus and stock distribution scheme.

- (VI) Analysis of remuneration paid to Directors, Supervisors, President and Vice Presidents by the Company and all consolidated entities in the past two fiscal years as a percentage of net income in the parent company only or individual financial statements:
 - 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 1.58% and 0.69% of the consolidated and parent company only net income for 2023 and 2022, respectively. There was no significant change in the percentages.

(VII)Remuneration policy, standards and composition, procedures and the correlation with operation performance and future risks:

- 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. Pursuant to Paragraph 2, Article 16 of the 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, remunerations are not paid to Directors and Supervisors when the Company made losses for the year.

IV. Implementation of Corporate Governance

(I) Board of Directors' Meeting status: <u>Board of Directors' Meeting Status</u>

A total of 13 Board meetings (the <u>13th</u> and 14 term) were convened in 2023. The attendance status of the Directors and Supervisors was as follows:

| Designatio | Name | Attendance | Attendance | Attendance Rate | Remarks |
|--------------------------|---|------------|------------|-----------------|--------------------------|
| n | T ' T ' | in Person | by Proxy | (%) | |
| Chairman | Tian Lai Investment Co., Ltd. Representative: Tien-Tsan Tsai | 13 | 0 | 100.00% | 13 meetings to attend |
| Director | Tian Lai Investment Co., Ltd. Representative: Mei-Yun Tsai-Hsueh | 7 | 0 | 53.85% | 13 meetings to attend |
| Director | Tian Lai Investment Co., Ltd. Representative: Shih-Hsiung Li | 13 | 0 | 100.00% | 13 meetings to attend |
| Director | Tian Lai Investment Co., Ltd. Representative: Chin-Hsing Chen | 12 | 0 | 92.31% | 13 meetings to attend |
| Independen t Director | Ming-Te Chang | 13 | 0 | 100.00% | 13 meetings to attend |
| Independen t Director | Yao-Kuo Wu | 12 | 0 | 92.31% | 13 meetings to attend |
| Independen t Director | Chi-Hsiung Chuang (dismissed) | 4 | 0 | 100.00% | 4 meetings to attend |
| Independen t Director | Chung-Chang Tsai (Newly Appointed Independent Director in 2023) | 8 | 0 | 88.90% | 9 meetings to attend |
| Independen t Director | Chin-Yu Chiu (Newly Appointed Independent Director in 2023) | 9 | 0 | 100.00% | 9 meetings to attend |

Other matters:

I.

With regard to the operation of the Board, 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 specified 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. For situations where Directors recuse themselves from any motion due to conflict of interest, the Directors' names, contents of motions, causes for the recusal, and participation in 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. Objectives of strengthening the functionality of the Board of Directors (e.g., to establish an Audit Committee, to enhance information transparency, etc.) in the current year and the most recent year and evaluation of the execution thereof.

The Company has created the position of Independent Director to improve the functions of the Board. In addition, Independent Directors are appointed to form the Audit Committee, which takes over the functions of Supervisors. The Company operates under the organization and system of the Audit Committee.

| Annually Evaluate the Board performance from January 1, 2023. Annually Annually Annually Evaluate the Board performance from January 1, 2023. Annually Evaluate the Board performance from January 1, 2023. | | December 31, | | | | | | |
|---|-----------|--|--|--|---|--|--|--|
| AnnuallyEvaluate the Board performance performance 2023.Entire Board Individual Board performance committeesIn our company, the internal evaluation of the Audit Department.In our composition and structure of the Board, election and continuing education of directors, and internal company, the internal evaluation of the Performance of Directors' duties, leve of participation in company, the internal evaluation of the Performance of Directors' duties, leve of participation in composition and sinternal relationship management and committees' of Directors, and interna control.AnnuallyEvaluate the Board performance performance tom January 1, 2023 to December 31, 2023.Entire Board Individual Board committeesIn our company, the internal evaluation of the Audit Department.(3) Performance assessment on functional committees' duties, quality of functional committees' duties, quality of functional committees' duties, quality of functional committees' duties, and interna control.Individual Board members performance control.The executing units for the internal committees' duties, tabil at least include command committees' duties, quality of functional committees' duties, and internal control.Individual Board members performance performance corporate operation performance assessment on individual Board members and internal control.Individual Board members performance performance performance performance performance performance performance performance performance performance performanc | Frequency | Period | Scope | Method | Details | | | |
| committees performance mission, understanding | Annually | Board performance from January 1, 2023 to December 31, | Individual Board members Functional committees | Company, the internal evaluation of the performance of the Board of Directors is carried out by the Audit Department. | 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 assessment on 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 assessment on functional committees: level of participation in corporate operations, understanding of functional committees' duties, quality of functional committees' duties, quality of functional committees' duties, and election of the functional committees and election of members, and internal control. (1) Performance assessment on individual Board members: it shall at least include command over corporate goals and | | | |

Implementation of the Board of Directors Evaluation

| | Functional Committees (Audit Committee, Compensation Committee, Sustainable Operations Committee) are the respective deliberation units of each committee. | (2) Rati | of participation in corporate operations, internal relationship management and communication, specialty and continuing education of Directors, and internal control. Performance assessment on functional committees: level of participation in corporate operations, understanding of functional committees' duties, quality of functional committees' duties, quality of functional committees' decisions, composition of the functional committees and election of members, and internal control. |
|--|---|-------------|---|
| | | | Excellent |

(II) Operation of the Audit Committee or the Supervisor's participation in the Board operation:

| Designation | Name | Attendance in Person (B) | Attendance by Proxy | Attendance Rate (%) (B/A)(Note) | Remarks |
|---------------------------|-------------------------------------|--------------------------------|------------------------|---------------------------------------|-----------------------|
| Independent Director a | Ming-Te Chang | 13 | 0 | 100.00% | 13 meetings to attend |
| Independent Director b | Yao-Kuo Wu | 12 | 0 | 92.31% | 13 meetings to attend |
| Independent Director c | Chi-Hsiung Chuang (dismissed) | 4 | 0 | 100.00% | 4 meetings to attend |
| Independent Director | Chung-Chan g Tsai | 8 | 0 | 88.90% | 9 meetings to attend |
| Independent Director | Chin-Yu Chiu | 9 | 0 | 100.00 | 9 meetings to attend |

Operational Status of the Audit Committee

A total of six (A) meetings were convened in 13. The attendance status of Independent Directors was as follows:

Other matters:

I. Matters specified in Article 14-5 of the Securities and Exchange Act, and resolutions which were not approved by the Audit Committee but were approved by two-thirds or more of all Directors, the date and session of the Board meeting, contents of motions, Committee resolution and actions taken concerning opinions of the Committee shall be specified. None.

- II. For situations where Independent Directors recuse themselves from any motion due to conflict of interest, the Independent Directors' names, contents of motions, causes for the recusal, and participation in voting shall be specified. None.
- III. Communications between the Independent Directors and the internal audit officer and CPAs (e.g., matters concerning the finance and business of the Company, and the means and outcomes of communication).

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 date of his/her discharge shall be specified in the "Remarks" column. His/her attendance rate (%) shall be calculated on the basis of the number of meetings called and the actual number of meetings he/she attended, during his/her term of office.
- * Where an election is held to fill the vacancies of Independent Directors before the end of the fiscal year, please list both the incoming and the outgoing Independent Directors and specify if they are former, newly elected, or re-elected Independent Directors as well as the by-election date. The attendance rate (%) shall be calculated on the basis of the number of meetings called and the actual number of meetings attended.

| Companies and reasons thereof Deviations | | | | | | | |
|--|--|-----------------------|----|---|--|--|--|
| | | Implementation Status | | | | | |
| | Evaluation Item | | No | Description | Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies and Reasons Thereof | | |
| I. | the Company established and disclosed its code of practice on corporate governance based on the "Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies"? | ✓ | | The Company has formulated the "Corporate Governance Best-Practice Principles". | _ | | |
| Ш. | Ownership 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 these major shareholders? (III) Does the Company build and execute risk management and firewall mechanism between itself and affiliates? (IV) Does the Company have internal rules to prevent insiders from using undisclosed information to trade securities? | ✓ ✓ ✓ | | The Company has established internal operation procedures to handle shareholders' suggestions, concerns, disputes and litigations. All shareholders' suggestions, concerns, and disputes are handled by the spokesperson and deputy spokesperson. The Company possesses a list of major shareholders and ultimate owners of these major shareholders. Transactions between the Company and its affiliates are conducted in accordance with relevant regulations under proper risk management. The Company has established internal rules to prevent insiders from using undisclosed information to trade securities. | | | |
| III. | Composition and responsibilities of the Board (I) Has the Company established a diversification policy for | | ✓ | The gender of our Company's Board members and the number of directors who also | The Company will establish | | |

(III) Corporate governance implementation status and deviations from the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies and reasons thereof

| | Implementation Status Deviations | | | | | | | |
|----------|--|---|----|---|--------------------------|--|--|--|
| | | | | from the | | | | |
| | | | | | Corporate | | | |
| | | | | | Governance | | | |
| | | | | | Best-Practice | | | |
| | Evaluation Item | | | | Principles for | | | |
| | | | No | Description | TWSE/TPEx | | | |
| | | | | | Listed | | | |
| | | | | | Companies and Reasons | | | |
| | | | | | Thereof | | | |
| <u> </u> | the composition of its | | | serve as company managers | diversified | | | |
| | Board of Directors and | | | | policies for | | | |
| | has it been implemented | | | the total number of directors in | the | | | |
| | accordingly? | | | order to achieve gender | composition | | | |
| | 27 | | | diversity. However, a policy for | | | | |
| | | | | diversifying the composition of | | | | |
| | | | | the Board of Directors has not | period. | | | |
| | | | | yet been formulated. | | | | |
| | | | | The Company has established | | | | |
| | | | | the Sustainable Development | | | | |
| 1 | | | | Committee | | | | |
| | | | | | | | | |
| | (II) Other than Remuneration | ✓ | | | | | | |
| | and Audit Committees | | | | | | | |
| | which are required by | | | | | | | |
| | laws, does the Company | | | | | | | |
| | plan to set up other | | | | | | | |
| | Functional Committees? | | | | | | | |
| | | | | | | | | |
| | (III) Doog the Commonly | ✓ | | The Commony has established | | | | |
| | (III) Does the Company establish standards to | • | | The Company has established the Methods for Performance | | | | |
| | measure the performance | | | Assessment of the Board of | | | | |
| | of the Board and | | | Directors and the assessment | | | | |
| | implement such annually, | | | methods thereof. The 2023 | | | | |
| | submit the results of the | | | performance assessment of the | | | | |
| | performance evaluations | | | Board has been completed. | | | | |
| | to the Board of Directors, | | | 1 I | | | | |
| 1 | and use them as a | | | | | | | |
| | reference for individual | | | | | | | |
| | directors' remuneration | | | | | | | |
| 1 | and the nomination for | | | | | | | |
| 1 | renewal? | ✓ | | The Company recularies | | | | |
| 1 | (IV) Has the Company periodically evaluated the | • | | The Company regularly assesses the independence of | | | | |
| 1 | independence of its CPAs? | | | the CPAs. At present, the | | | | |
| 1 | independence of its CIAS: | | | Company's CPAs have met the | | | | |
| | | | | independence criteria. | | | | |
| IV. | Has the TWSE/TPEx company | ✓ | | The Company has created the | | | | |
| | allocated a sufficient number of | | | position of chief corporate | | | | |
| | qualified corporate governance | | | governance officer in May | _ | | | |
| 1 | staff and appointed a chief | | | 2021 and plans to establish the | | | | |
| 1 | corporate governance office to | | | Corporate Governance | | | | |
| | take charge of affairs related to | | | Department in May, 2024 with | | | | |

| | | | 1 | mplementation Status | Deviations |
|------|-----------------------------------|--------------|----|---------------------------------|----------------|
| | | | | implementation Status | from the |
| | | | | | Corporate |
| | | | | | Governance |
| | | | | | Best-Practice |
| | Evaluation Item | | | | Principles for |
| | | Yes | No | Description | TWSE/TPEx |
| | | | | 1 | Listed |
| | | | | | Companies |
| | | | | | and Reasons |
| | | | | | Thereof |
| | corporate governance | | | exclusively (or concurrently) | |
| | (including but not limited to | | | dedicated personnel in charge | |
| | providing information required | | | of corporate governance related | |
| | for Directors and Supervisors | | | matters. | |
| | to perform their functions, | | | matters. | |
| | | | | | |
| | assisting Directors and | | | | |
| | Supervisors in regulatory | | | | |
| | compliance, handling matters | | | | |
| | related to Board and | | | | |
| | shareholders' meetings | | | | |
| | according to the law, and | | | | |
| | producing minutes of the Board | | | | |
| | and shareholders' meetings)? | | | | |
| | Has the Company established | ✓ | | The Company maintains an | |
| | communication channels and | | | open communication channel | |
| | set up a dedicated section on its | | | with stakeholders of the | |
| | website for stakeholders | | | Company and respects and | |
| | (including but not limited to | | | protects the interests of both | |
| | shareholders, employees, | | | parties. | |
| | customers, and suppliers)? Has | | | | |
| | the Company responded to | | | | |
| | concerns of stakeholders | | | | |
| | regarding important corporate | | | | |
| | social responsibility (CSR) | | | | |
| | issues in a proper manner? | | | | |
| | Has the Company appointed a | \checkmark | | The Company has appointed | |
| | professional shareholder | | | the Stock Affairs Department | |
| | service agency to handle | | | of Taishin Securities Co., Ltd. | — |
| | matters associated with | | | to handle the affairs of the | |
| | shareholders' meetings? | | | shareholders' meeting. | |
| VII. | Information disclosure | | | | |
| 1 | (I) Has the Company | \checkmark | | The Company has established a | |
| 1 | established a corporate | | | corporate website disclosing | |
| 1 | website to disclose | | | information regarding the | |
| 1 | information regarding the | | | Company's finance, business | |
| 1 | Company's finance, | | | and corporate governance. | |
| 1 | business and corporate | | | corporate go comuneo. | |
| 1 | governance status? | | | | |
| 1 | (II) Does the Company have | ✓ | | Shareholder Services Office is | |
| 1 | other information | • | | | |
| 1 | | | | currently responsible for the | |
| 1 | disclosure channels (e.g., | | | collection and disclosure of | |
| 1 | maintaining an | | | corporate information and has | |
| 1 | English-language website, | | | implemented the spokesperson | |
| | designating people to | | | system. Investor conferences | |

| | |] | Implementation Status | Deviations from the |
|--|-------|--------|---|---|
| Evaluation Item | Yes | No | Description | Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies and Reasons Thereof |
| handle information collection and disclosure, appointing spokesperson, webcasting investor conference on the corporate website)? (III) Does the Company announce and file the annual financial report within two months after the end of the fiscal year, and announce and file the financial reports for the first, second, and third quarter and the operating conditions of each month before the specified period? | | • | are held when the need arises. 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 financial year due to operations. However, the financial reports of the first three quarters as well as the operational status of each month are publicly announced and filed prior to the prescribed deadlines. | In the future, the Company will accelerate the internal annual closing process as well as the CPA audits for earlier announcement and filing of annual financial statements. |
| 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)? IX. Improvements made in the most governance avaluation conducto | | | | |
| governance evaluation conducte Stock Exchange, and improvement applicable for the excluded component | ent m | easure | | |

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(IV) The composition and operations of the Remuneration Committee:

1. <u>Professional Qualifications and Independence Analysis of the Remuneration</u> Committee Members

| | | <u> </u> | ommittee Members | May 1, 20 | 024 |
|-------------------------------------|-------------------------------------|---|--|--|---------|
| Title (Note 1) | Qualification | 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 | | 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 | The Company is committed to continuously assessing the independence of directors, taking into account all relevant factors, including | None | |
| Independent Director | Chi-Hsiung Chuang (dismissed) | Work Experience Related to Real Property Industry in the Areas of Commerce Necessary for the Business of the Company | 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 off the server the appropriate of the constrates the above server the s | None | |
| Independent Director | Chung-Chang Tsai | Work Experience Related to Real Property Industry in | 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 | Chin-Yu Chiu | Work Experience Related to Real Property Industry in the Areas of Commerce Necessary for the Business of the Company | endent director, or others | None | |

Note 1: For the title, please fill in director, independent director, or others.

2. **Operation of the Remuneration Committee**

- I. The Company's Remuneration Committee comprises four members.
- II. Term of current Committee members: June 28, 2023 to June 27, 2026. 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 | 100.00% | 2 meetings to attend |
| Member | Yao-Kuo Wu | 1 | 0 | 50.00% | 2 meetings to attend |
| Member | Chi-Hsiung Chuang(dismissed) | 1 | 0 | 100.00% | 1 meeting to attend |
| Member | Chung-Chang Tsai | 1 | 0 | 100.00% | 1 meeting to attend |
| Member | Chin-Yu Chiu | 1 | 0 | 100.00% | 1 meeting to attend |

Other matters:

I. If the Board declines to adopt or modify a recommendation of the Remuneration Committee, the date and session of the Board meeting, contents of motions, resolution and actions taken by the Company regarding the Committee's opinions shall be specified (if the compensation package approved by the Board is better than the recommendation made by the Committee, please specify the discrepancy and its reason).

None.

II. As to the resolutions of the Remuneration Committee, if a member expresses any objection or reservation, either by a recorded statement or in writing, the date and session of the committee meeting, contents of motions, all members' opinions and actions taken regarding the opinions shall be specified. None.

| | Companies, and Reasons T | nerec |)I: | | |
|------|---|-----------------------|-----|--|--|
| | | | | Deviations from the | |
| | Promotion item | Yes | No | Description | Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies and reasons thereof |
| 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 Corporate Governance 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. On September 28, 2023, our Company newly established the "Sustainable Development Best Practice Principles" and formed the Sustainable Development Committee, as well as revised the "Organizational Regulations of the Sustainable Development Committee." | None |
| II. | Has the Company conducted risk assessments on environmental, social and corporate governance issues related to the Company's operations in accordance with the materiality principle, 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 and use recycled materials that have a low impact on the environment? | ✓ | | 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 adopt recycled materials which have low | None |

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

| | | | Implementation status | Deviations from the |
|---|--------|----|--|--|
| Promotion item | Yes | No | Description | Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies and reasons thereof |
| | | | environmental impact. | reasons thereof |
| (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? | ✓ ✓ | | 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 conducted a carbon inventory in 2023 and set that as the baseline year. The direct greenhouse gas emissions in 2023 were 17.939 mt CO2e, and the indirect greenhouse gas emissions were 798.879 mt CO2e. In 2012, KTC water consumption was 42,555 liters, and the amount of waste generated was 2,606 kilograms. In the future, regular carbon inventories will be conducted annually and policies will be developed to promote energy conservation, greenhouse gas reduction, water conservation, and waste management. | |
| 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 | ✓ ✓ | | 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 | None |

| | | | Implementation status | Deviations from the |
|---|----------|----|---|--|
| Promotion item | Yes | No | Description | Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies and reasons thereof |
| other benefits), and properly reflected the operating performance or achievements in the employee remuneration? (III) Has the Company provided employees with | ✓ | | employee performance which is reflected in employee compensation. The Company has provided employees with a safe and | |
| a safe and healthy working environment with regular safety and health education? | | | healthy working environment with irregular safety and 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 | ✓ | | Last year, the Company produced a sustainability report based on the guidelines of the | The 2023 Sustainability Report will be |

| _ | | | | | Deviations | | |
|------|--|-----------------------|--------|-----------------------------------|-----------------|--|--|
| | | Implementation status | | | | | |
| | | | | | Sustainable | | |
| | | | | | Development | | |
| | | | | | Best Practice | | |
| | Promotion item | | | — · · | Principles for | | |
| | | Yes | No | Description | TWSE/TPEx | | |
| | | | | | Listed | | |
| | | | | | Companies and | | |
| | | | | | reasons thereof | | |
| | standards or guidelines for the | | | Global Reporting Initiative | prepared in | | |
| | preparation of reports to | | | (GRI). | accordance | | |
| | disclose non-financial | | | | with GRI and | | |
| | information of the Company? | | | | Sustainability | | |
| | Have the aforementioned | | | | Accounting | | |
| | reports obtained a third-party | | | | Standards | | |
| | assurance or verification | | | | Board | | |
| | statement? | | | | (SASB) | | |
| | | | | | standards. | | |
| VI. | If the Company has established | its sus | staina | ble development best practice pr | inciples based | | |
| | on the "Sustainable Developmen | nt Bes | t Prac | tice Principles for TWSE/TPEx | Listed | | |
| | Companies," describe the imple | | | | | | |
| | The Company has established th | ie "Co | orpora | te Social Responsibility Best Pra | actice | | |
| | Principles" and will formulate th | | | | | | |
| | TWSE/TPEx Listed Companies" and proceed accordingly with no deviation. | | | | | | |
| VII. | Other important information to f | | | | | | |
| | practices: | | | | - | | |
| | None. | | | | | | |
| | | | | | | | |

| Companies and Reasons Thereof: | | | | | | | |
|---|-----------------------|----|--|--|--|--|--|
| | Implementation Status | | | | | | |
| Evaluation Item | Yes | No | Description | Corporate Management Best Practice Principles for TWSE/TPEx-Lis ted Companies and Reasons Thereof | | | |
| I. Establishment of ethical | | | | | | | |
| corporate management policies | ✓ | | The Company has formulated | | | | |
| and schemes | | | ethical corporate management | | | | |
| (I) Has the Company | | | policies approved by the Board | | | | |
| formulated ethical | | | and clearly expressed relevant | | | | |
| corporate management | | | policies and actions as well as | | | | |
| policies approved by the | | | the Board and senior | | | | |
| Board of Directors and | | | management's commitment to | | | | |
| clearly expressed relevant | | | implement these policies in the | | | | |
| policies and actions as | | | annual report. | | | | |
| well as the Board and | | | | | | | |
| senior management's commitment to implement | | | | | | | |
| these policies in the | | | | | | | |
| Company's internal rules | | | | | | | |
| and external documents? | | | | | | | |
| (II) Does the Company | ✓ | | The Company has established | | | | |
| establish a risk assessment | | | an assessment mechanism for | | | | |
| mechanism for unethical | | | risk arising from unethical | | | | |
| conduct, periodically | | | conducts, regularly analyzed | | | | |
| analyze and assess | | | and assessed operating | None | | | |
| operating activities with | | | activities with higher risks of | | | | |
| high-potential unethical | | | unethical conduct within its | | | | |
| conduct in the business | | | business. For conducts set forth | | | | |
| scope, and formulate | | | in Paragraph 2, Article 7 of the | | | | |
| precautionary measures | | | "Ethical Corporate | | | | |
| against unethical | | | Management Best Practice | | | | |
| conducts, which at least | | | Principles for TWSE/TPEx | | | | |
| cover the precautionary measures stated in Article | | | Listed Companies" and operating activities with higher | | | | |
| 7, paragraph 2 of "Ethical | | | risks of unethical conducts, we | | | | |
| Corporate Management | | | have preventive rules and | | | | |
| Best Practice Principles | | | designs in the internal control | | | | |
| for TWSE/TPEx Listed | | | system. | | | | |
| Companies?" | | | | | | | |
| (III) Has the Company had | ✓ | | The Company has established | | | | |
| clear statements regarding | | | the Principles of Business | | | | |
| relevant procedures, | | | Ethics with clear statements | | | | |
| conduct guidelines, | | | regarding relevant procedures, | | | | |
| disciplinary measures and | | | conduct guidelines, disciplinary | | | | |
| compliant system in the | | | measures and compliant system | | | | |

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

| Γ | | | | Implementation Status | Deviations from the Ethical |
|----|--|-----------------------|----|---|--|
| | Evaluation Item | Yes | No | Description | Corporate Management Best Practice Principles for TWSE/TPEx-Lis ted Companies and Reasons Thereof |
| | preventive schemes, and has the Company implemented them accordingly and regularly review the above schemes? | | | and proceeded accordingly. | |
| Π. | Implementation of ethical corporate management (I) Does the Company review the counterparty's history of ethical conduct and include the compliance of business ethics as a clause in the contract? (II) Has the Company established an exclusively dedicated department under the Board of Directors to promote ethical conducts and report regularly (at least | ✓ ✓ | | The Company avoids transacting with parties having records of unethical conduct. The Audit Office is designated to promote ethical conduct concurrently and reports its operation to the Board. | |
| | (III) Has the Company established effective and thoroughly implemented the policies? (IV) Has the Company established policies to prevent conflicts of interest, provided appropriate communication channels and thoroughly implemented the policies? | ✓ | | The Company has established an internal control system for related party transactions to prevent conflicts of interest and provided appropriate communication channels. The Shareholder Services Office is the exclusively dedicated unit. The Company has established effective accounting and internal control systems for the implementation of ethical corporate management. Their operations and audits are carried out pursuant to relevant | None |
| | and had the internal audit unit formulating relevant audit plans based on the | | | rules. | |

| | | |] | mplementation Status | Deviations from the Ethical |
|------|--|--------|----|--|--|
| | Evaluation Item | Yes | No | Description | Corporate Management Best Practice Principles for TWSE/TPEx-Lis ted Companies and Reasons Thereof |
| | assessment outcome of risk associated with unethical conducts? Has the Company then performed audits on the compliance with the preventive schemes for unethical conducts accordingly, or entrust the CPAs to conduct the audits? (V) Has the Company regularly held internal and external education and training sessions on ethical corporate management? | ✓ | | The Company has irregularly held internal and external education and training sessions on ethical corporate management. | |
| III. | Implementation of the whistle-blowing system (I) Has the Company established specific whistle-blowing and reward systems, set up conveniently accessible whistle-blowing channels, and assigned appropriate and dedicated individuals for the accused party? | ~ | | The whistle-blowing channels are under the supervision of the Audit Office. The disciplinary measures and compliant system have operated smoothly at present. | |
| | (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? | ✓ ✓ | | The Company has established standard operating procedures and confidentiality mechanisms for investigating the reported incidents. | None |
| IV. | (III) Has the Company established measures to protect whistleblowers from retaliation? Enhancement on information | v | | The Company has established measures to protect whistleblowers from improper treatment. | |
| | disclosure Has the Company disclosed its Principles of Business Ethics | ✓ | | The Company has set up the corporate website and disclosed | None |

| | | - | Deviations from the Ethical | | | | |
|---|--|-----|-----------------------------------|----------------|--|--|--|
| | | | | Corporate | | | |
| | | | | Management | | | |
| Evaluation Item | | | | Best Practice | | | |
| | Yes | No | Description | Principles for | | | |
| | 105 | INO | Description | TWSE/TPEx-Lis | | | |
| | | | | ted Companies | | | |
| | | | | and Reasons | | | |
| | | | | Thereof | | | |
| and the results of its | | | relevant information on ethical | | | | |
| implementation on the | | | corporate management. | | | | |
| corporate website and MOPS? | | | | | | | |
| V. If the Company has established | 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 | | | | | | | |
| | | | tation and any deviations from th | | | | |

The Company operates in accordance with its "Principles of Business Ethics."

- VI. Other important information to facilitate a better understanding of the Company's ethical corporate management (e.g., the Company reviews and revises its Principles of Business Ethics, etc.):
 - 1. The Company belongs to the building industry. Our transactions with customers have always complied with government laws and regulations and protected the customers' rights and interests. Ethical corporate management is an important issue to 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 moves forward towards ethical corporate management. The Company will follow suit to ease consumers' concerns in property acquisition.

(VII)

The Company's Corporate Governance Best-Practice Principles and relevant rules are available at the corporate 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



日期:113年3月14日

本公司民國 112 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112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113年3月14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: 人人人人人资章

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- 2. Where a CPA has been hired to carry out a special audit of the internal control system: N/A.
- (X) Any penalties imposed upon the Company or internal personnel by laws, or punishment imposed by the Company on internal personnel for violation of the Company's internal control system regulations, details on the punishment if it might have a significant impact on the shareholders' equity or security prices, major defects and corrective action thereof during the most recent fiscal year and up to the date of publication of the annual report: 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, 2023 - May 1, 2024 |
|------------|---|
| Date | Major Resolutions |
| 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 | Ratification of 2022 consolidated and parent company only financial statements of the Company audited by CPAs. 2022 distribution of earnings, employee compensation and remunerations to Directors and Supervisors. Reviewed the list of candidates for the election of Directors (including Independent Directors) in the 2023 shareholders" meeting. Released newly appointed Directors and their representatives from non-competition restrictions. 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. 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. |

| Date | Major Resolutions |
|------------|--|
| | 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. |
| 2023/05/12 | 01. Discussed the 2023 Q1 financial statements of the Company. 02. Modification of the construction contract for the land located at No. 698-1, Fuhe Section, Lingya District signed with related parties of the Company. 03. Addition of the agenda for the 2023 shareholders' meeting - Signing a Construction Contract with the Related Party |
| 2023/06/28 | Election of the new Chairman of the 13th Board of Directors of our Company |
| 2023/08/10 | 01. Discussed the 2023 Q2 financial statements of the Company. 02. Appointed members of the 5th-term Remuneration Committee. 03. Determined the record date for the 2023 distribution of employee stock bonuses and discussed the 2023 employee compensation to managerial officers. |
| 2023/08/24 | 01. The Company intends to bid for land in the Chenggong section of Lingya District, Kaohsiung City, from First Commercial Bank. 02. Replacement of CPAs. |
| 2023/09/28 | 01. Amendments to the Company's "Procedures for Acquisition or Disposal of Assets". 02. The Company has established the "Sustainable Development Best-Practice Principles." 03. Established the Sustainable Development Committee and drafted the "Organizational Regulations of the Sustainable Development Committee." 04. The Company amended Article B of the "Organizational Regulations of the Remuneration Committee." |
| 2023/11/10 | 01. Discussed the 2023 Q3 financial statements of the Company. 02. 2024 annual audit plan of the Company 03. The Company has newly established the "Regulations on Financial Business Operations between Related Parties" Article B. 04. Tables of 2020-2022 Earnings Distribution before and after revision |
| 2023/12/27 | 01. Cash capital increase of NT\$50,000 thousand for the Company's subsidiary "H2O Hotel Co., Ltd.". 02. Agreement with the Company's related party, Bai Hong Construction Co., Ltd., to modify the construction contract content of the Land lot at No. 163, Xindu Section, Sanmin District, Kaohsiung City. |
| 2024/03/14 | 01. In 2023, our Company conducted an assessment of the effectiveness of the internal control system and prepared a statement on the internal control system. 02. Ratification of 2023 consolidated and parent company only financial statements. 03. 2023 distribution of earnings, employee compensation and remunerations to Directors and Supervisors. |

| Date | Major Resolutions |
|------------|---|
| | 04. Matters related to the 2024 Annual Shareholders' Meeting of |
| | the Company. |
| | 05. Acquired the fourth Land lot at No. 565, Qinghai Section, |
| | Gushan District, Kaohsiung City from a non related party. |
| 2024/04/11 | New endorsement and guarantee proposal of NT\$1,000,000 |
| 2024/04/11 | thousand to Sandi Properties Co., Ltd. |
| | 01. Discussed the 2024 Q1 financial statements of the Company. |
| 2024/05/10 | 02. The discussion on executive and employee compensation for |
| 2024/03/10 | 2023 of our Company |
| | 03. Organizational restructuring of our Company. |

- (XII) Details of dissenting opinion expressed by a Director or Supervisor, either by a recorded statement or in writing, with respect to a major resolution passed by the Board during the most recent fiscal year and up to the date of publication of the annual report: None.
- (XIII)A summary of resignation or discharge of Chairman, President and officers of accounting, finance, internal audit, corporate governance and research and development during the most recent fiscal year and up to the date of publication of the annual report:None.

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:

| | | | | | Unit: NT | Γ\$ thousand |
|---------------------|------------------------------------|---------------------------|------------|-------------------|----------|--------------|
| Name of CPA Firm | Name of CPA | Audit period | Audit Fees | Non-audit Fees | Total | Remarks |
| ShineWing Taiwan | Angela Chuang Jackson Jwo | 2023/01/01-2023 /12/31 | 1,550 | 461 | 2,011 | |

Information on CPA Professional Fees

- 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 Chairman, President, or Any Managerial Officer in Charge of Finance or Accounting Matters Holding a Position at the Company's CPA Firm or at an Affiliated Enterprise of Such Firm during the Most Recent Fiscal Year: 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

| \bigcirc | Changes in Equity Interests of Directors, Supervisors, Managerial | Officers |
|------------|---|--------------|
| | and Major Shareholders | |
| | | Unit. Shares |

| | | | | | Unit: Shares |
|---------------------|----------------------|-------------------|--------------|-------------------|--------------|
| | | 202 | 3 | As of Apr | 29, 2022 |
| Designation | Name | Shareholding | Pledge share | Shareholding | Pledge share |
| Designation | Indiffe | (shares) increase | increase | (shares) increase | increase |
| | | (decrease) | (decrease) | (decrease) | (decrease) |
| Director/Major | Tian Lai Investment | | | | |
| shareholders with a | Co., Ltd. | | | | |
| stake of more than | Representative (Date | 0 | 0 | 0 | 0 |
| 10% | of appointment | | | | |
| | 2017/6/28) | | | | |
| Representative of | | | | | |
| Chairman/Major | | | | | |
| shareholders with | | 0 | 12,440,000 | 0 | 0 |
| 10% shareholdings | | | | | |
| or more/President | | | | | |
| Representative of | Meiyun S. Tsai | 0 | 10,800,000 | 0 | 0 |
| Director | Wieryuli S. Isal | 0 | 10,800,000 | 0 | 0 |
| Representative of | Shih-Hsiung Li | 0 | 0 | 0 | 0 |
| Director | Shin-Hslung Li | 0 | 0 | 0 | 0 |
| Representative of | | | | | |
| Director/Vice | Chin-Hsing Chen | 7,714 | 0 | 0 | 0 |
| President | _ | | | | |
| Independent | Mine Te Chenn | 0 | 0 | 0 | 0 |
| Director | Ming-Te Chang | 0 | 0 | 0 | 0 |
| Independent | Yao-Kuo Wu | 0 | 0 | 0 | 0 |
| Director | rao-Kuo wu | 0 | 0 | 0 | 0 |
| Independent | Chi-Hsiung | | | N/A | N/A |
| Director | Chuang(dismissed) | | | IN/A | IN/A |
| Independent | Churre Charles Testi | 0 | 0 | 0 | 0 |
| Director | Chung-Chang Tsai | 0 | 0 | 0 | 0 |
| Independent | Chin-Yu Chiu | | | | |
| Director | Chini-Tu Chiu | | | | |
| Assistant Vice | Jui-Lung | 6 506 | 0 | N/A | N/A |
| President | Kung(Retired) | 6,506 | 0 | IN/A | IN/A |
| Assistant Vice | Chia Harra Harra | (5() | 0 | 0 | 0 |
| President | Chia-Hung Huang | 6,562 | 0 | 0 | 0 |
| Assistant Vice | Ling Hong They | 6 171 | 0 | 0 | 0 |
| President | Jing-Heng Zhou | 6,171 | 0 | 0 | 0 |
| Assistant Vice | Kua Tai Wana | 5,478 | 0 | (7,000) | 0 |
| President | Kuo-Tai Wang | 3,478 | 0 | (7,000) | 0 |
| Assistant Vice | Jui-Li Chen | 5 750 | 0 | 0 | 0 |
| President | Jui-Li Ulien | 5,750 | 0 | 0 | 0 |
| Finance and | | | | | |
| Accounting | Su-Ying Liang | 6,449 | 0 | 0 | 0 |
| Executive | | | | | |
| Shareholders with | | | | | |
| 10% | Tiangang Investment | • | • | • | ~ |
| Shareholdings or | Co., Ltd. | 0 | 0 | 0 | 0 |
| More | | | | | |

Equity transfer information:None. Equity pledge information \bigcirc

| 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 | Pledged | 2023/01/09 | Kaohsiung Branch of Mega Bills Finance Co., Ltd. | None | 2,000,000 | 23.17 | | _ |
| Tien-Tsan Tsai | Pledged | 2023/07/13 | Kaohsiung Branch of China Bills Finance Co., Ltd. | None | 2,900,000 | 23.17 | | _ |
| Tien-Tsan Tsai | Pledged | 2023/07/14 | Kaohsiung Branch of China Bills Finance Co., Ltd. | None | 400,000 | 23.17 | | _ |
| Tien-Tsan Tsai | Pledged | 2023/07/14 | Kaohsiung Branch of China Bills Finance Co., Ltd. | None | 4,640,000 | 23.17 | _ | — |
| Tien-Tsan Tsai | Pledged | 2023/07/18 | Taiwan Corporative Bills Finance Corporation | None | 2,500,000 | 23.17 | _ | _ |

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

| | | | | | | | | Apr | il 29, 2024 | |
|---|----------------------|----------------------|--------------------------------|----------------------|-----------------------------|----------------------|--|---|---|--|
| 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 | Sharehol ding (%) | Shares | Sharehol ding (%) | Shares | Sharehol ding (%) | Name | Relationship | | |
| | | | | | | | Meiyun S. Tsai | Spouse | Corporate | |
| Tien-Tsan Tsai | 85,577,838 | 23.17 | 20,209,951 | 5.47 | _ | - | Chiung-Ting Tsai | First-degree relative by consanguinity Second-degree | Representativ e - Director of the Company, major | |
| | | | | | | | Mei-Hui Chen | relative by affinity | shareholder | |
| Tian Gang Investment Co., Ltd. | 63,328,801 | 17.14 | - | — | _ | - | Meiyun S. Tsai | Responsible person | Major shareholder | |
| Tian Gang | | | | | | | Tien-Tsan Tsai | Spouse | | |
| Investment Co., Ltd. Responsible | 20,209,951 | 5.47 | 85,577,838 | 23.17 | _ | _ | Chiung-Ting Tsai | First-degree relative by consanguinity | - | |
| person: Mei-Yun Tsai-Hsueh | | | | | | | Mei-Hui Chen | Second-degree relative by consanguinity | | |
| Tian Lai Investment Co., Ltd. | 49,652,072 | 13.44 | — | — | _ | - | - | _ | Director of the Company | |
| Responsible | | | | | | | Tien-Tsan Tsai | First-degree relative by affinity | | |
| person of Tian Lai Investment Co., Ltd.: I-Ying Chen | 0 | 0.00 | 23,616,339 | 6.39 | _ | _ | Meiyun S. Tsai | First-degree relative by affinity | - | |
| | | | | | | | Chiung-Ting Tsai | Spouse | | |
| Chieh Chih Construction Co., Ltd. | 31,651,513 | 8.57 | — | _ | — | _ | _ | — | Affiliate of the Company | |
| Responsible person of Chieh Chih Construction Co., Ltd.: Hsien-Tsung Wang | 589,635 | 0.16 | 11,533,354 | 3.12 | _ | _ | - | _ | _ | |
| Chiung-Ting Tsai | 23,616,339 | 6.39 | 0 | 0.00 | | | Tien-Tsan Tsai | First-degree relative by consanguinity | First-degree relative to corporate | |
| Chiung-ring Isa | 23,010,339 | 0.39 | U | 0.00 | | | Meiyun S. Tsai | First-degree relative by consanguinity | representative - Director of the Company | |
| | | | | | | | Tien-Tsan Tsai | Spouse | Corporate Representativ | |
| Meiyun S. Tsai | 20,209,951 | 5.47 | 85,577,838 | 23.17 | _ | _ | Chiung-Ting Tsai | First-degree relative by consanguinity | e - Director of the Company | |
| Xin Rui Investment Co., Ltd. | 17,786,434 | 4.81 | _ | _ | _ | _ | _ | _ | - | |
| Responsible person of Xin Rui Investment Co., Ltd.: I-Li Chuang | 0 | 0.00 | _ | _ | _ | _ | - | _ | _ | |

Relationships among the Company's Ten Largest Shareholders April 29, 2024

| Jin Cheng Construction Co., Ltd. | 14,872,180 | 4.03 | — | _ | _ | _ | — | — | — |
|---|------------|------|---------|------|---|---|-------------------|---|--|
| Responsible person of Jin Cheng Construction Co., Ltd.: Chun-Chun Chiu | 331,336 | 0.09 | _ | _ | _ | _ | _ | - | _ |
| Mei-Hui Chen | 11,533,354 | 3.12 | 589,635 | 0.16 | — | _ | Tien-Tsan Tsai | Second-degree relative by affinity Second-degree | Second-degre e relative to corporate representative |
| | | | | | | | Meiyun S. Tsai | relative by consanguinity | - Director of the Company |
| Chi-Fang Weng | 4,682,000 | 1.27 | _ | _ | _ | _ | _ | _ | _ |

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

| | | | | | Unit | : Shares; % |
|--|---------------|---------------------|---|---|------------|----------------------|
| Investee (Note) | Investment by | the Company | Directors, S Managerial Any Co Controlle | nts of the Supervisors, Officers, and mpanies ed Either Indirectly by mpany | Tot | al |
| | Shares | Shareholding (%) | Shares | Shareholdin g (%) | Shares | Shareholdin g (%) |
| H2O Hotel Co., Ltd. | 49,000,000 | 100.00% | 0 | 0.00 | 49,000,000 | 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: Except for the subsidiary H2O Hotel, all other investments are accounted for using the equity method.

Chapter 4 Capital and Shares

I. Sources of Capital

| | | Authorize | d Capital | Paid-in | Capital | ŀ | Remarks | |
|------------|-----------------|------------------------------------|----------------------------------|----------------------|----------------------------------|---|--|--|
| Year/Month | Issued Price | Number of shares (In shares) | Amount (in NT\$ thousands) | Number of shares (In | 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 of NT\$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 |

| | | Authorize | d Capital | Paid-in | Capital | I | Remarks | |
|------------|-----------------|------------------------------------|----------------------------------|------------------------------------|----------------------------------|---|--|---|
| Year/Month | Issued Price | 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 |
| | | | | | | | | on July 19, 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 6, 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 | None | |
| 2020/07 | NT\$10 | 450,000,000 | 4,500,000 | 374,846,372 | 3,748,464 | | None | _ |

| | | Authorize | d Capital | Paid-in (| Capital | Remai | | |
|------------|-----------------|------------------------------------|----------------------------------|------------------------------------|----------------------------------|---|--|--------|
| Year/Month | Issued Price | 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 |
| | | | | | | reduction via 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 | _ |
| 2023/09 | NT\$10 | 500,000,000 | 5,000,000 | 369,419,600 | 3,694,196 | Capitalization of employee bonus of NT\$3,632,210 | None | |

| | 1 | | | | |
|-----------------------------|-----------------------|--------------------|--------------------|---------------|--|
| Share Type | Outstanding Shares | Unissued Shares | Total | Remarks | |
| Registered common shares | 369,419,600 shares | 130,580,400 shares | 500,000,000 shares | 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 29, 2024

| | | | | | | / |
|--------------------------|------------------------|---------------------------|--|--------------------------------|---|-------------|
| Structure Number | Government Agencies | Financial Institutions | Other institutional shareholders | Domestic Natural Persons | Foreign Institutions and Natural Persons | Total |
| Number of shareholders | 1 | 4 | 26 | 7,765 | 47 | 7,843 |
| Shareholding (shares) | 1,342 | 181,157 | 180,443,965 | 185,863,325 | 2,929,811 | 369,419,600 |
| Shareholding (%) | 0.00% | 0.05% | 48.85% | 50.31% | 0.79% | 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 29, 2024

| Range of Shareholding | Number of Shareholders | Shareholding (shares) | Shareholding (%) |
|-----------------------|---------------------------|-----------------------|------------------|
| 1 - 999 | 4,238 | 916,987 | 0.25% |
| 1,000 - 5,000 | 2,788 | 5,691,909 | 1.54% |
| 5,001 - 10,000 | 378 | 2,829,182 | 0.77% |
| 10,001 - 15,000 | 128 | 1,633,314 | 0.44% |
| 15,001 - 20,000 | 69 | 1,221,674 | 0.33% |
| 20,001 - 30,000 | 66 | 1,664,855 | 0.45% |
| 30,001 - 40,000 | 22 | 775,010 | 0.21% |
| 40,001 - 50,000 | 32 | 1,427,717 | 0.39% |
| 50,001 - 100,000 | 52 | 3,713,160 | 1.01% |
| 100,001 - 200,000 | 29 | 4,217,182 | 1.14% |
| 200,001 - 400,000 | 16 | 4,334,958 | 1.17% |
| 400,001 - 600,000 | 7 | 3,507,509 | 0.95% |
| 600,001 - 800,000 | 1 | 659,887 | 0.18% |
| 800,001 - 1,000,000 | 1 | 833,615 | 0.23% |
| Over 1,000,001 | 16 | 335,992,641 | 90.95% |
| Total | 7,843 | 369,419,600 | 100.00% |

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

IV. List of Major Shareholders:

April 29, 2024

| Shareholding Name of Major Shareholders | Shareholding (shares) | Shareholding (%) |
|--|-----------------------|------------------|
| Tien-Tsan Tsai | 85,577,838 | 23.17% |
| Tian Gang Investment Co., Ltd. | 63,328,801 | 17.14% |
| Tianye Investment Co., Ltd. | 49,652,072 | 13.44% |
| Chieh Chih Construction Co., Ltd. | 31,651,513 | 8.57% |
| Chiung-Ting Tsai | 23,616,339 | 6.39% |
| Meiyun S. Tsai | 20,209,951 | 5.47% |
| Xin Rui Investment Co., Ltd. | 17,786,434 | 4.81% |

| Jin Cheng Construction Co., Ltd. | 14,872,180 | 4.03% |
|----------------------------------|------------|-------|
| Mei-Hui Chen | 11,533,354 | 3.12% |
| Chi-Fang Weng | 4,682,000 | 1.27% |

Note: Disclosure of top ten shareholders.

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

| | | | | | | Unit: NT\$ |
|-----------------------|--|---|----------------------|---------|---------|-------------------------|
| Item | | | Year | 2023 | 2022 | As of March 31, 2024 |
| Market | Highest | | | 35.45 | 41.40 | 56.30 |
| Price per | Lowest | | | 30.0 | 30.90 | 30.95 |
| Share (Note 1) | Average | | | 31.88 | 35.25 | 44.44 |
| Net Worth | Before dist | tribut | ion | 47.99 | 46.73 | 48.53 |
| per Share (Note 2) | After distri | ibutic | 'n | 47.99 | 46.73 | 48.53 |
| · · · · · · | Weighted average no. of shares (thousand shares) | | | 369,577 | 370,044 | 369,577 |
| Earnings per share | | 2) | Before adjustment | \$1.20 | \$2.73 | \$0.54 |
| (EPS) | EPS (Note 3) | | After adjustment | \$1.20 | \$2.73 | \$0.54 |
| | Cash dividends | | | — | _ | |
| Dividends | Stock dividends | Stock dividends from retained earnings Stock dividends from capital surplus | | _ | _ | - |
| per Share | aividends | | | _ | _ | — |
| | Accumulated undistributed dividends (Note 4) | | | _ | _ | _ |
| | Price/earnings ratio (Note 5) | | | 26.57 | 12.91 | 82.30 |
| Return on | Price/dividend ratio (Note 6) | | | | | |
| Investment | 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:

O 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 distribution proposal shall not be less than 10% of the total amount distributed. The percentage shall be determined by the Board after considering the financial condition of the Company. However, no cash dividend shall be paid when the debt ratio in the annual financial statements of the year exceeds 50%. The resolution against dividend distribution is not subject to this provision.

O Dividend distribution proposal: The shareholders' meeting had resolved not to distribute dividends.

O Changes to 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

| Item | | Year | 2024 (Estimation) | |
|--------------------------------|---|---|----------------------|--|
| Paid-in capital | 3,694,196 | | | |
| Cash and | Cash dividend per share () | 0.00 | | |
| stock dividend | Stock dividend from capit | calized retained earnings (shares) | 0.00 (Note 2) | |
| in 2023 | Stock dividend from capit | alized capital surplus (shares) | 0.00 | |
| | Operating income (in thou | usands of NT\$) | | |
| | Ratio of increase (decreas | e) in operating income year-over-year | | |
| | Net income after tax (in th | | | |
| Changes in operating | Ratio of increase (decreas year | | | |
| performance | Earnings per share (NT\$) | | | |
| | Ratio of increase (decreas | | | |
| | Average annual return on price/earnings ratio) | | | |
| | Where capitalized | Pro forma EPS | (Note 1) | |
| | earnings were distributed as cash dividends instead | Pro forma average annual return on investment | | |
| Proforma EPS | Where capital surplus | Pro forma EPS | | |
| and price/earnings ratio | was not capitalized | Pro forma average annual return on investment | | |
| | Where capital surplus was not capitalized and | Pro forma EPS | | |
| | capitalized earnings were distributed as cash dividends instead | Pro forma average annual return on investment | | |

Effect upon Business Performance, EPS and Return on Equity of Stock Dividend Distribution

Note:

- 1. Not applicable as the Company did not disclose the complete financial forecasts for 2024.
- 2. The 2023 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. Employee bonus of NT\$4,997,669, distributed in cash.
 - 3. The proposed distribution amount of NT\$4,997,669 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\$4,997,669 was 1.12% 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 payment 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. The Company did not distribute 2022 remuneration to Directors and Supervisors in 2023.

- 2. In 2023, the Company distributed 2022 compensation to employees of NT\$11,713,879. The number of shares 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, 2023). A total of 363,221 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: There have been no repurchases of the Company's shares in the most recent fiscal year.
 - (II) Ongoing repurchase: None.
- X. Corporate Bonds:

None.

XI. Preferred Shares:

None.

XII. Global Depository Shares:

None.

XIII.Employee Stock Options :

None.

XIV.Issuance of New Shares in Connection with Mergers or Acquisitions or with Transfer 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. Principal business and sales proportion
 - (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 2023, the sales of residential buildings accounted for 86.48%, the tourism hotel business accounted for 11.09%, and others and rental income accounted for 1.62%.
 - 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) underway 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, under the backdrop of continued government intervention policies suppressing the domestic real estate market, the market is expected to enter a phase of more mature growth.

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
 - 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. Analysis of the Market as well as Production and Sales Situation

- (I) Market analysis:
 - Sales distribution of main products (services) by region: The sales regions cover Kaohsiung City, Tainan County and Pingtung

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 |
|----------------|---------------------------------------|---------------------------------|-----------|
| | 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 Park | Residential-commercial building | 126 units |
| | King's Hanshin Online | Private residence | 55 units |
| | Exquisite Palace | Residential-commercial building | 366 units |
| Kaohsiung City | 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 |
| | Luxury Forest | Residential-commercial building | 133 units |
| | Heart of World (pre-sale) | Residential-commercial building | 533 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 market supply and demand and prospect:
 - (1) According to the monthly statistical reports of the Construction and Planning Administration, Kaohsiung City issued 17,854 residential building construction licenses in 2023, a decrease of 1,135 licenses compared to the 18,989 units in 2022, representing a year-on-year change of -5.98%. The total floor area of residential building construction licenses issued in 2023 was 2,299,961 square meters, a decrease of 3.32% or 2,378,883 square meters compared to the same period in 2022. Based on the above data, the number of residential building construction permits issued did not increase with the market demand.

Moreover, the residential building usage licenses were issued for

16,440 units in 2023, an increase of 1,364 units or 9.05% compared to the 15,076 units in 2022. The total floor area covered by the licenses issued was 2,373,349 square meters in 2023, an increase of 10.43% compared to the 2,149,155 square meters in 2022. The supply of newly completed property soared in 2023, and it is within a reasonable range of growth.

- (2) In the face of many major companies establishing branch offices and factories in Kaohsiung, it is expected that the demand for office space will also increase. Therefore, immediate changes should be made to product planning to meet market demands.
- 4. Competitive advantage and favorable, unfavorable factors for longterm development and countermeasures:
 - (1) Competitive advantage:
 - 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 for long-term development:
 - 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, Nanzih Freeway Interchange Project, 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, it will likely be positioned at a high level. In addition, 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.

- 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 for long-term development: 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.

- Seize the selling opportunities: Monitor changes in the market constantly and seize selling opportunities to avoid price competitions with its peers.
- 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.
- 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 key 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 key 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.

- O 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:

| | | | | | Γ | May 1, 2024 |
|--------------|----------------------------------|---|----------------------------------|---|----------------------------------|---|
| V | 2023 | | 20 |)22 | As of the first quarter of 2024 | |
| Year Name | Amount (in NT\$ thousands) | Percentage of annual net purchase amount (%) | Amount (in NT\$ thousands) | Percentage of annual net purchase amount (%) | Amount (in NT\$ thousands) | Percentage to Net Purchase in the First Quarter of 2024 (%) |

| Chieh Chih Construction Co., Ltd. (Concluded as having controlling or subordinate relation) | 566,728 | 19.49% | 547,645 | 24.03% | 166,679 | 35.21% |
|--|-----------|---------|-----------|---------|---------|---------|
| Bai Hong Construction Co., Ltd. (Concluded as having controlling or subordinate relation) | 333,457 | 11.47% | 180,992 | 7.94% | 66,675 | 14.08% |
| Others | 2,007,156 | 69.04% | 1,550,271 | 68.03% | 240,067 | 50.71% |
| Net purchase | 2,907,341 | 100.00% | 2,278,908 | 100.00% | 473,421 | 100.00% |

- 2. In the past two years, customers who accounted for more than 10% of the total sales in terms of their names, sales amount, and percentage: The Company has not had any customers who accounted for more than 10% of the total sales in the past two years.
- (V) Production output and value in the past two fiscal years:

May 1, 2024

1 21 2022

Б

| | | | | | | Widy 1, 2024 | |
|-------------------------|----------|-----------------------|--|----------|-----------------------|--|--|
| Year | | 2023 | | | 2022 | | |
| Main Products | Capacity | Output Area (Ping) | Output Value (in NT\$ thousands) | Capacity | Output Area (Ping) | Output Value (in NT\$ thousands) | |
| Townhouse | — | — | — | _ | — | — | |
| Residential building | _ | 8,770.93 | 1,771,992 | — | | _ | |
| Total | _ | 8,770.93 | 1,771,992 | _ | | _ | |

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

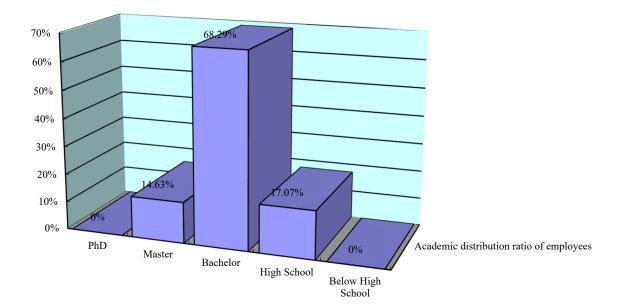
| December 31, 202 | | | | | | | | | |
|------------------------|---------------------|----------------------|---------------------|-----------------|--|--|--|--|--|
| Year | 20 | 23 | 2022 | | | | | | |
| Main Products | Sales Volume (Ping) | Sales value (in NT\$ | Sales Volume (Ping) | Sales value (in | | | | | |
| | | thousands) | | NT\$ thousands) | | | | | |
| Townhouse | _ | _ | — | — | | | | | |
| Residential building | 5,925.19 | 2,208,478 | 7,292.74 | 3,081,725 | | | | | |
| Land | — | — | — | — | | | | | |
| Lease revenue | — | 41,370 | — | 33,320 | | | | | |
| Hospitality revenue | _ | 303,898 | — | 269,085 | | | | | |
| Total | 5,925.19 | 2,553,746 | 7,292.74 | 3,384,130 | | | | | |

III. Employees:

| | | | <u></u> | May 1, 2024 |
|----------------|-----------------------------|--------|---------|-------------------|
| | Year | 2023 | 2022 | As of May 1, 2024 |
| No. of | General employees | 38 | 35 | 38 |
| Emplo yees | Engineering employees | 1 | 2 | 3 |
| | Total | 39 | 37 | 41 |
| A | verage age | 49.31 | 50.14 | 49.61 |
| Avera | ge year of services | 16.62 | 18.38 | 16.29 |
| | PhD | 0% | 0% | 0% |
| Acade | Master | 15.38% | 16.22% | 14.63% |
| mic distrib | Bachelor | 66.67% | 64.86% | 68.29% |
| ution ratio | Senior high school | 17.95% | 18.92% | 17.07% |
| (%) | Below senior high school | 0% | 0% | 0% |

Employees Information in the Past Two Fiscal Years and up to the Date of Publication of the Annual Report

Academic distribution ratio of employees



IV. Environmental Protection Expenditure:

- (I) 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 environmental pollution incidents (including any compensation paid and any violations of environmental protection laws or regulations found in environmental audits, of which the disposition dates, disposition reference numbers, the articles and details of law violated, and the content of the dispositions shall be specified), and disclosures on an estimate of possible expenses that could incur currently or in the future and countermeasures being or to be taken: None.
- (II) Action plans (including improvement measures) and expected spending: Strengthen environment management at and landscape the construction site.
- V. Labor Relations:
 - (I) Employee welfare and benefits, continuing education, training, and retirement plans and the implementation status thereof, agreements between labor and management, and measures taken to safeguard employee rights:
 - 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., Golden Town 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:
 - 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.

- Measures taken to safeguard employee rights 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 has 41 employees. We have maintained harmonious labor relations and have 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 Manager of the Administration Department as the cyber security executive and the IT supervisor as the cyber security personnel.
 - (2) It has formulated and issued cyber security management objectives and policies and personal data management policies and has regularly reviewed for amendment.
 - 2. Cyber security policies
 - (1) Ensure the security of the Company's mainframe, network equipment, and network communications, effectively reducing the risk of theft, improper use, leakage, tampering, or destruction of information assets caused by human negligence, deliberate or natural disasters, etc., and establish cyber security management specifications.
 - (2) Ensure the confidentiality, integrity, and availability of the Company's business information.Confidentiality: Ensure that only authorized personnel have access to use the information.Integrity: Ensure that the information adopted is accurate and has

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
 - 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 two 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 | Counterparty | Duration | Major Contents | Restrictions |
|---|--------------|----------|---------------------------------------|---|
| Structural work of Project "King's E SKY" | | 0 | Contract sum: NT\$260 110 thousand | Performance bond of 10% Five-year |

| Nature | Nature Counterparty | | Major Contents | Restrictions |
|---|---|------------------------------------|---|--|
| | | | | warranty |
| Renovation work of Project "King's E SKY" | | Signed on February 1, 2018 | Contract sum: NT\$205,350 thousand | Performance bond of 10% Five-year warranty |
| Construction work of Project "Heart of World" | | 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 "Luxury Forest" | <u> </u> | Signed on November 18, 2020 | Contract sum: NT\$970,200 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 |
| Construction work of Land Parcel No. 879, etc., Yuguang Section | Construction Co., | Signed on September 30, 2023 | Contract sum: NT\$1,377,360 thousand | Check for performance bond of 10% Five-year warranty |
| Construction work of Land Parcel No. 191, Lungchung Section | | Signed on September 30, 2023 | Contract sum: NT\$1,072,320 thousand | Check for performance bond of 10% Five-year warranty |
| Building Structural Engineering of Land Parcel No. 698-1, Fuho Section | | Signed on September 30, 2023 | Contract sum: NT\$2,006,214 thousand | Check for performance bond of 10% Five-year warranty |
| Renovation work of Land Parcel No. 698- 1, Fuho Section | | Signed on September 30, 2023 | Contract sum: NT\$2,486,986 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

1. IFRSs (Consolidated)

Unit: NT\$ thousand

| | | D' ' 1 | As of Marsh 21 | | | | |
|------------------------------------|----------------------------|---------------|----------------|--------------|--------------|------------|---------------------------------|
| | Year | Financial | Informatio | n for the Pa | ist Five Fis | cal Years | As of March 31, 2024, Financial |
| Item | | 2023 | 2022 | 2021 | 2020 | 2019 | information (Note 1) |
| Current | assets | 36,098,066 | 34,095,734 | 33,464,187 | 31,278,021 | 34,845,997 | 36,337,501 |
| Property, j equip | | 621,170 | 675,298 | 735,365 | 802,258 | 862,082 | 596,078 |
| Intangibl | e assets | 156,065 | 160,498 | 164,667 | 169,290 | 173,523 | 154,813 |
| Other a | assets | 153,883 | 132,261 | 143,166 | 129,645 | 181,001 | 162,094 |
| Total a | | 37,029,184 | 35,063,791 | 34,507,385 | 32,379,214 | 36,062,603 | 37,250,486 |
| Current | Before distribution | 9,762,112 | 10,301,647 | 9,421,299 | 10,728,951 | 15,246,621 | 10,061,019 |
| liabilities | After distribution | 9,762,112 | 10,301,647 | 9,421,299 | 10,728,951 | 15,246,621 | 10,061,049 |
| Non-cu liabil | | 9,539,057 | 7,487,118 | 8,720,240 | 6,988,048 | 7,393,196 | 9,263,180 |
| Total | Before distribution | 19,301,169 | 17,788,765 | 18,141,539 | 17,716,999 | 22,639,817 | 19,324,229 |
| liabilities | After distribution | 19,301,169 | 17,788,765 | 18,141,539 | 17,716,999 | 22,639,817 | 19,324,229 |
| Equity att to shareho the pa | olders of | 17,728,015 | 17,275,026 | 16,365,846 | 14,662,215 | 13,422,786 | 17,926,257 |
| Share c | | 3,694,196 | 3,690,564 | 3,717,590 | 3,711,931 | 3,848,464 | 3,694,196 |
| Capital | - | 8,082 | 0 | 13,865 | 0 | 40,015 | 8,082 |
| Retained | Before distribution | 14,025,737 | 13,584,462 | 12,634,391 | 10,950,284 | 9,534,307 | 14,223,979 |
| earnings | After distribution | 14,025,737 | 13,584,462 | 12,634,391 | 10,950,284 | 9,534,307 | 14,223,979 |
| Other e inter | | 0 | 0 | 0 | 0 | 0 | 0 |
| Treasury | y stock | 0 | 0 | 0 | 0 | 0 | 0 |
| Non-con inter | U | 0 | 0 | 0 | 0 | 0 | 0 |
| Total equity | Before distributio n | 17,728,015 | 17,275,026 | 16,365,846 | 14,662,215 | 13,422,786 | 17,926,257 |
| | After distributio n | 17,728,015 | 17,275,026 | 16,365,846 | 14,662,215 | 13,422,786 | 17,926,257 |
| | | | | | | | |

Note 1: Financial information for the three months ended March 31, 2024, was reviewed by CPAs, Angela Chuang and Jackson Jwo, of ShineWing Taiwan.

Note 2: Numbers after distribution in the table above were determined based on resolutions of the shareholders' meeting of the following year.

| | Unit: NT\$ thousand | | | | | | | |
|------------------------------------|------------------------|------------|------------|-------------|--------------|------------|--------------------------------------|--|
| | Year | Financial | Informatio | n for the P | ast Five Fis | scal Years | As of March 31, | |
| Item | | 2023 | 2022 | 2021 | 2020 | 2019 | 2024, Financial information (Note 1) | |
| Current | assets | 35,961,135 | 33,995,348 | 33,341,946 | 31,179,718 | 34,751,912 | | |
| Property, j equip | L | 15,934 | 4,047 | 1,172 | 2,476 | 3,247 | _ | |
| Intangibl | e assets | 154,443 | 158,626 | 162,456 | 166,676 | 170,714 | — | |
| Other a | assets | 820,603 | 825,198 | 879,137 | 914,810 | 1,015,634 | — | |
| Total a | assets | 36,952,043 | 34,983,219 | 34,384,711 | 32,263,680 | 35,941,507 | — | |
| Current | Before distribution | 9,685,679 | 10,221,783 | 9,299,333 | 10,614,125 | 15,126,233 | _ | |
| liabilities | After distribution | 9,685,679 | 10,221,783 | 9,299,333 | 10,614,125 | 15,126,233 | | |
| Non-cı liabil | ities | 9,538,349 | 7,486,410 | 8,719,532 | 6,987,340 | 7,392,488 | _ | |
| Total | Before distribution | 19,224,028 | 17,708,193 | 18,018,865 | 17,601,465 | 22,518,721 | _ | |
| liabilities | After distribution | 19,224,028 | 17,708,193 | 18,018,865 | 17,601,465 | 22,518,721 | _ | |
| Equity att to shareho the pa | olders of | 17,728,015 | 17,275,026 | 16,365,846 | 14,662,215 | 13,422,786 | _ | |
| Share c | capital | 3,694,196 | 3,690,564 | 3,717,590 | 3,711,931 | 3,848,464 | — | |
| Capital | surplus | 8,082 | 0 | 13,865 | 0 | 40,015 | — | |
| Retained | Before distribution | 14,025,737 | 13,584,462 | 12,634,391 | 10,950,284 | 9,534,307 | _ | |
| earnings | After distribution | 14,025,737 | 13,584,462 | 12,634,391 | 10,950,284 | 9,534,307 | | |
| Other of inter | | 0 | 0 | 0 | 0 | 0 | _ | |
| Treasur | y stock | 0 | 0 | 0 | 0 | 0 | — | |
| Non-con inter | 0 | 0 | 0 | 0 | 0 | 0 | _ | |
| Total equity | Before distribution | 17,728,015 | 17,275,026 | 16,365,846 | 14,662,215 | 13,422,786 | _ | |
| 1 J | After distribution | 17,728,015 | 17,275,026 | 16,365,846 | 14,662,215 | 13,422,786 | — | |
| | | 1.1 | | | | | | |

2. IFRSs (Parent company only)

Unit: NT\$ thousand

Note 1: The Company did not prepare parent company only financial statements for the first quarter of 2024.

Note 2: Numbers after distribution in the table above 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

| | | | | | UI | it: NI\$ thousand | |
|---|-----------|--|-----------|-----------|-----------|----------------------|--|
| Year | Financial | Financial Information for the Past Five Fiscal Years | | | | | |
| Item | 2023 | 2022 | 2021 | 2020 | 2019 | information (Note 1) | |
| Operating revenue | 2,553,746 | 3,384,130 | 6,657,244 | 8,667,849 | 5,990,199 | 892,174 | |
| Gross profit | 1,277,631 | 1,954,934 | 2,686,606 | 2,983,725 | 2,591,376 | 414,818 | |
| Operating income | 805,167 | 1,380,421 | 2,073,955 | 2,174,701 | 1,944,932 | 315,564 | |
| Non-operating income and expenses | (310,393) | (220,742) | (147,236) | (241,777) | (141,698) | (92,888) | |
| Net income (loss) before tax | 494,774 | 1,159,679 | 1,926,719 | 1,932,924 | 1,803,234 | 222,676 | |
| Net income after tax from continuing operations | 442,041 | 1,009,674 | 1,687,409 | 1,684,892 | 1,656,570 | 198,242 | |
| Loss from discontinued operations | 0 | 0 | 0 | 0 | 0 | 0 | |
| Net income (loss) | 442,041 | 1,009,674 | 1,687,409 | 1,684,892 | 1,656,570 | 198,242 | |
| Other comprehensive income (after tax) | (766) | 247 | (3,302) | (216) | (730) | 0 | |
| Total comprehensive income | 441,275 | 1,009,921 | 1,684,107 | 1,684,676 | 1,655,840 | 198,242 | |
| Net income attributable to shareholders of the parent | 442,041 | 1,009,674 | 1,687,409 | 1,684,892 | 1,656,570 | 198,242 | |
| Net income attributable to non- controlling interests | 0 | 0 | 0 | 0 | 0 | 0 | |
| Total comprehensive income attributable to shareholders of the parent | 441,275 | 1,009,921 | 1,684,107 | 1,684,676 | 1,655,840 | 198,242 | |
| Total comprehensive income attributable to non-controlling interests | 0 | 0 | 0 | 0 | 0 | 0 | |
| Earnings per share (EPS) | 1.20 | 2.73 | 4.54 | 4.48 | 4.31 | 0.54 | |

Note 1: Financial information for the three months ended March 31, 2024, was reviewed by CPAs, Angela Chuang and Jackson Jwo, of ShineWing Taiwan.

| <u>~ ~ ~ ~ ~ ~ ~ ~ ~ ~ ~ ~ ~ ~ ~ ~ ~ ~ ~ </u> | Unit: N1\$ thousand | | | | | | | | | | | | | |
|--|---------------------|----------------|----------------|-----------------|------------|------------------------------------|--|--|--|--|--|--|--|--|
| Year | Finan | cial Informati | on for the Pas | t Five Fiscal Y | lears | As of March 31, 2024, Financial | | | | | | | | |
| Item | 2023 | 2022 | 2021 | 2020 | 2019 | information (Note 1) | | | | | | | | |
| Operating revenue | 2,291,398 | 3,149,105 | 6,502,887 | 8,488,200 | 5,5804,813 | — | | | | | | | | |
| Gross profit | 1,131,690 | 1,832,589 | 2,619,476 | 2,912,827 | 2,508,946 | — | | | | | | | | |
| Operating income | 825,081 | 1,416,012 | 2,144,547 | 2,245,367 | 1,999,424 | — | | | | | | | | |
| Non-operating income and expenses | (330,312) | (256,338) | (217,833) | (312,449) | (196,170) | — | | | | | | | | |
| Net income (loss) before tax | 494,769 | 1,159,674 | 1,926,714 | 1,932,918 | 1,803,254 | — | | | | | | | | |
| Net income after tax from continuing operations | 442,041 | 1,009,674 | 1,687,409 | 1,684,892 | 1,656,570 | _ | | | | | | | | |
| Loss from discontinued operations | 0 | 0 | 0 | 0 | 0 | _ | | | | | | | | |
| Net income (loss) | 442,041 | 1,009,674 | 1,687,409 | 1,684,892 | 1,656,570 | — | | | | | | | | |
| Other comprehensive income (after tax) | (766) | 247 | (3,302) | (216) | (730) | _ | | | | | | | | |
| Total comprehensive income | 441,275 | 1,009,921 | 1,684,107 | 1,684,676 | 1,655,840 | _ | | | | | | | | |
| 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) | 1.20 | 2.73 | 4.54 | 4.48 | 4.31 | _ | | | | | | | | |

2. IFRSs (Parent company only)

Note 1: The Company did not prepare parent company only financial statements for the first quarter of 2024.

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

| Year | Amount (In Thousands |
|------|----------------------|
| | <u>of NT\$)</u> |
| 2019 | 139,955 |
| 2020 | 42,182 |
| 2021 | 52,524 |
| 2022 | 81,087 |
| 2023 | 122,630 |

Unit: NT\$ thousand

| Year | Name of CPA Firm | CPA | Audit Opinion |
|------|---------------------------|-----------------------------------|---------------------|
| 2019 | ShineWing Taiwan | Angela Chuang, Hielleen Chang | Unqualified opinion |
| 2020 | | 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 |
| 2023 | ShineWing Taiwan (Note 1) | Angela Chuang, Jackson Jwo | Unqualified opinion |

(III) Names of CPAs and audit opinions for the past five fiscal years:

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

Financial Analyses for the Past Five Fiscal Years: II.

(I)

Financial analyses: 1. IFRSs (Consolidated)

| | Year | Financi | e Fiscal | As of | | | |
|----------------------------|--|------------|------------|----------|----------|----------|-----------|
| Item | | | | Years | | | March 31, |
| Item | | 2023 | 2022 | 2021 | 2020 | 2019 | 2024 |
| | Debt Ratio | 52.12 | 50.73 | 52.57 | 54.72 | 62.78 | 51.88 |
| Financial Structure (%) | Ratio of Long-term Capital to Property, Plant, and Equipment | 3,947.09 | 3,345.87 | 3,135.19 | 2,682.96 | 2,379.92 | 4,089.94 |
| | Current Ratio | 369.78 | 330.97 | 355.20 | 291.53 | 228.55 | 361.17 |
| Solvency % | Quick Ratio | 8.67 | 8.25 | 14.96 | 15.18 | 3.99 | 9.36 |
| | Times Interest Earned | 1.84 | 4.46 | 8.84 | 7.57 | 5.84 | 2.62 |
| | Average Collection Turnover (Times) | 70.17 | 32.38 | 40.36 | 55.78 | 68.73 | 13.84 |
| | Days Sales Outstanding | 5.20 | 11.27 | 9.04 | 6.54 | 5.31 | 26.37 |
| | Inventory Turnover (Times) | 0.04 | 0.04 | 0.13 | 0.18 | 0.10 | 0.01 |
| Operating Performance | Average Payment Turnover (Times) | 5.00 | 2.99 | 4.39 | 4.32 | 2.36 | 1.47 |
| | Average Inventory Turnover Days | 9,125.00 | 9,125.00 | 2807.69 | 2,027.77 | 3,650.00 | 36,500.00 |
| | Property, Plant and Equipment Turnover (Times) | 3.58 | 4.41 | 8.66 | 10.42 | 6.75 | 1.42 |
| | Total Assets Turnover (Times) | 0.07 | 0.10 | 0.20 | 0.25 | 0.17 | 0.02 |
| | Return on Assets (%) | 1.93 | 3.43 | 5.49 | 5.50 | 5.25 | 0.73 |
| | Return on Equity (%) | 2.53 | 6.00 | 10.88 | 12.00 | 13.16 | 1.12 |
| | Ratio of Net Income Before Tax to Paid-in Capital (%) | 13.39 | 31.42 | 51.83 | 52.07 | 46.86 | 6.03 |
| | Net Margin (%) | 17.31 | 29.84 | 25.35 | 19.45 | 27.65 | 22.22 |
| | Earnings per share (\$) | 1.20 | 2.73 | 4.54 | 4.48 | 4.31 | 0.54 |
| | Cash Flow Ratio (%) | 註2 | 註2 | 註2 | 47.78 | 0.36 | 30.2 |
| Cash Flows | Cash Flow Adequacy Ratio (%) | 62.58 | 66.93 | 71.74 | 84.60 | 0.67 | 228.62 |
| | Cash Reinvestment Ratio (%) | See note 2 | See note 2 | 註2 | 23.48 | 0.26 | 1.10 |
| т | Operating Leverage | 1.17 | 1.11 | 1.07 | 1.07 | 1.09 | 1.08 |
| Leverage | Financial Leverage | 1.65 | 1.20 | 1.10 | 1.13 | 1.12 | 1.37 |

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

01. Times Interest Earned: It was 1.84 in 2023, compared to 4.46 in 2022, representing a decrease of 58.74%, mainly due to an increase in interest expenses in 2023 compared to 2022, coupled with a decrease in profits in 2023 compared to 2022.

02. Average Collection Turnover (Times): It was 70.17 in 2023, an increase of 116.71% compared to 32.38 in 2022. This is mainly due to a decrease in average accounts receivable in 2023 compared to 2022.

03. Days Sales Outstanding: It was 5.20 days in 2023, compared to 11.27 days in 2022, a decrease of 53.86%. The main reason for an increase in average collection turnover in 2023. 04. Average Payment Turnover: It was 5.00 times in 2023, an increase of 67.22 compared to 2.99 times in 2022. This is mainly due to a decrease in average accounts receivable

in 2023. 05. Total Assets Turnover: It was 0.07 times in 2023, a decrease of 30.00% compared to 0.10 times in 2022, mainly due to the decline in operating revenue in 2023 compared to

2022

06. Return on Assets: It was 1.93% in 2023, a decrease of 43.73% compared to 3.43% in 2022, mainly due to the decrease in net income after tax in 2023 compared to 2022. 07. Return on Equity: It was 2.53% in 2023, a decrease of 57.83% compared to 6.00% in 2022, mainly due to the decrease in net income after tax in 2023 compared to 2022. 08. Ratio of Net Income Before Tax to Paid-in Capital: It was 13.39% in 2023, a decrease of 57.38% compared to 31.42% in 2022, mainly due to the decrease in net income before tax in 2023 compared to 2022.

09.Net Margin: It was 17.31% in 2023, a decrease of 41.99% compared to 29.84% in 2022, mainly due to an increase in operating expenses rate in 2023 compared to 2022. 10. Earnings per share: It was NT\$1.20 in 2023, a decrease of 56.04% compared to NT\$2.73 in 2022, mainly due to the decline in operating revenue in 2023 compared to 2022. 11. Financial leverage: It was 1.65 in 2023, an increase of 37.50% compared to 1.20 in 2022. This increase is primarily due to the higher interest expenses in 2023 compared to 2022. 2022

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

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

| | 2. IFRSs (Parent C | Financia | As of March 31, | | | | |
|----------------------------|--|-----------|--------------------|---------------|----------|----------|------------------|
| Item | | 2023 | 2022 | Years 2021 | 2020 | 2019 | 2024 (Note 3) |
| | Debt Ratio | 52.02 | 50.62 | 52.40 | 54.56 | 62.65 | — |
| Financial Structure (%) | Ratio of Long-term Capital to Property, Plant, and Equipment | 4,199.05 | 3,568.93 | 3,335.11 | 2,869.26 | 2,521.84 | _ |
| | Current Ratio | 371.28 | 332.58 | 358.54 | 293.76 | 229.75 | — |
| Solvency % | Quick Ratio | 7.44 | 7.44 | 13.95 | 14.51 | 3.47 | — |
| | Times Interest Earned | 1.84 | 4.47 | 8.85 | 7.60 | 5.87 | — |
| | Average Collection Turnover (Times) | 79.19 | 31.42 | 40.21 | 56.47 | 72.39 | — |
| | Days Sales Outstanding | 4.61 | 11.62 | 9.08 | 6.46 | 5.04 | — |
| | Inventory Turnover (Times) | 0.03 | 0.04 | 0.13 | 0.18 | 0.10 | — |
| Operating Performance | Average Payment Turnover (Times) | 4.82 | 2.87 | 4.38 | 4.29 | 2.31 | — |
| Performance | Average Inventory Turnover Days | 12,166.66 | 9,125.00 | 2,807.69 | 2,027.77 | 3,650.00 | _ |
| | Property, Plant and Equipment Turnover (Times) | 3.79 | 4.37 | 9.05 | 10.86 | 6.88 | _ |
| | Total Assets Turnover (Times) | 0.06 | 0.09 | 0.20 | 0.25 | 0.16 | — |
| | Return on Assets (%) | 1.94 | 3.44 | 5.51 | 5.51 | 5.26 | — |
| | Return on Equity (%) | 2.53 | 6.00 | 10.88 | 12.00 | 13.16 | — |
| Profitability | Ratio of Net Income Before Tax to Paid-in Capital (%) | 13.39 | 31.42 | 51.83 | 52.07 | 46.86 | |
| | Net Margin (%) | 19.29 | 32.06 | 25.95 | 19.85 | 28.54 | — |
| | Earnings per share (\$) | 1.20 | 2.73 | 4.54 | 4.48 | 4.31 | — |
| | Cash Flow Ratio (%) | Note 2 | Note 2 | Note 2 | 48.74 | 0.62 | — |
| Cash Flows | Cash Flow Adequacy Ratio (%) | 63.92 | 68.39 | 73.73 | 87.14 | 1.15 | — |
| | Cash Reinvestment Ratio (%) | Note 2 | Note 2 | Note 2 | 23.71 | 0.47 | _ |
| Τ | Operating Leverage | 1.14 | 1.09 | 1.06 | 1.06 | 1.08 | — |
| Leverage | Financial Leverage | 1.63 | 1.19 | 1.10 | 1.12 | 1.11 | — |

2. IFRSs (Parent company only)

Reasons for significant changes in financial ratios in the past two fiscal years:
01. Times Interest Earned: It was 1.84 in 2023, compared to 4.47 in 2022, representing a decrease of 58.84%, mainly due to an increase in interest expenses in 2023 compared to 2022, coupled with a decrease in profits in 2023 compared to 2022.
02. Average Collection Turnover: It was 79.19 times in 2023, an increase of 152.04% compared to 31.42 times in 2022. This is mainly due to a decrease in average accounts receivable in 2023 compared to 2022.
03. Days Sales Outstanding: It was 4.61 days in 2023, compared to 11.62 days in 2022, a decrease of 60.33%. The main reason for an increase in average collection turnover in 2023.
04. Inventory turnover rate: It was 0.03 times in 2023, a decrease of 25.00% compared with 0.04 times in 2022, mainly due to the decrease in the cost of goods sold in 2023 compared to 2022.
05. Average Payment Turnover: It was 4.82 times in 2023 compared to 2.87 times in 2022, a decrease of 67.94%, for the same reason as inventory turnover.
06. Average days for sale of goods: It was 12,166.66 days in 2023, an increase of 33.33% compared to 0.09 times in 2022, mainly due to the decline in inventory turnover rate.
07. Total Assets Turnover: It was 1.94% in 2023, a decrease of 33.33% compared to 0.09 times in 2022, mainly due to the decline in operating revenue in 2023 compared to 2022.
08. Return on Assets: It was 1.94% in 2023, a decrease of 57.83% compared to 3.44% in 2022, mainly due to the decline in income after tax in 2023 compared to 2022.
09. Return on Equity: It was 2.53% in 2023, a decrease of 57.83% compared to 6.00% in 2022, mainly due to the decrease in net income after tax in 2023 compared to 2022.
09. Return on Equity: It was 1.94% in 2023, a decrease of 57.83% compared to 6.00% in 2022, mainly due to the decline after tax in 2023 compared to 2022.
10. Ratio of Net Income Before Tax to Paid-in

11. Net Margin: It was 19.29% in 2023, a decrease of 39.83% compared to 32.06% in 2022, mainly due to an increase in operating expenses rate in 2023 compared to 2022. 12. Earnings per share: It was NT\$1.20 in 2023, a decrease of 56.04% compared to NT\$2.73 in 2022, mainly due to the decline in net income after tax in 2023 compared to 2022. 13. Financial leverage: It was 1.63 in 2023, an increase of 36.97% compared to 1.19 in 2022. This increase is primarily due to the higher interest expenses in 2023 compared to 2022.

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 2024 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 = (Total 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

- 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 2023 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

2024 Annual Shareholders' Meeting

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

AS WITH

March 14, 2024

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IV. Financial Statements for the Most Recent Fiscal Year:

Declaration of Consolidated Financial Statements of Affiliates

In 2023 (from January 1 to December 31, 2023), 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.

King's Town Construction Co., Ltd.

Responsible person: Tsai, Tien-Tsan

March 14, 2024

Independent Auditors' Report

March 14, 2024

(2024) ShineWing Taiwan Audit Report No. 012

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, 2023 and 2022, 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, 2023 and 2022, as well as the consolidated financial performance and consolidated cash flows from January 1 to December 31, 2023 and 2022.

Basis for Opinions

We conducted our audits in accordance with the Regulation Governing the Auditing and Attestation 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, 2023. 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, 2023 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, IFRIC Interpretations, and SIC Interpretations as endorsed by the Financial Supervisory Commission. Inventories include properties held for sale, land, projects under development, construction sites, and prepaid land payments, and are stated at the lower of cost or net realizable value. An incorrect assessment of the net realizable value may result in a misrepresentation in the financial statements. 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 impact of changes in external market factors on the sales prices. The properties held for sale are evaluated based on the comparison with recent nearby transaction conditions or the contract prices of sales made recently by King's Town Construction Co., Ltd. Due to the high uncertainty of future input costs and the difficulty in obtaining comparable sales prices for lands and projects under construction, an

investment return analysis form for each case is sampled and selected for review and compared with market conditions to assess if the net realizable value is reasonable. With regard to construction sites, they are entrusted with the appraisal reports 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. 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 Individual Financial Statements for 2023 and 2022, 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 opinion expressed by our CPA on the aforementioned consolidated financial statements, regarding the amounts listed in those financial statements of the companies and the related information disclosed in Note XIII, is based on the audit reports of other CPAs. The amounts of investment accounted for using the equity method in the aforementioned companies are NT\$16,642 thousand and NT\$16,683 thousand as of December 31, 2023, and 2022, which constitute 0.04% and 0.05% of consolidated total assets, respectively. For the aforementioned companies, the recognized comprehensive income are NT\$5,327 thousand and NT\$5,964 thousand for the years ended December 31, 2023, and 2022, which constitute 1.21% and 0.59% 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.
- 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 112 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: Chuang, Shu-



Financial Supervisory Commission Approval No. FSC Letter Jin-Guan-Zheng-Shen No. 1070345892

Yuan CPA: Jackson Jwo

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Financial Supervisory Commission Approval No. FSC Letter Jin-Guan-Zheng-Shen No. 1070345892

| Unit: NT\$ thousand | 2022 | % | | 1.72 | 0.04 | 0.02 | 0.00 | 0.01 | 0.00 | 0.00 | 93.17 | 1.65 | 0.33 | 0.30 | 97.24 | | | 0.00 | 0.05 | 1.93 | 0.18 | 0.45 | 0.05 | 0.09 | 0.01 | 2.76 | 100.00 | |
|---------------------|-------------------|--------|----------------|---------------------------|----------------------|-----------------------|---|-------------------|-------------------------------------|--------------------|--------------|-------------|----------------------|----------------------------------|----------------------|------|--------------------|--|---|--------------------------------|-------------------------|-------------------|---------------------|---------------------|--------------------------------------|--------------------------|--------------|--------------------|
| Unit: NT\$ | December 31, 2022 | Amount | | \$603,749 | 15,000 | 7,503 | 10 | 2,609 | 201 | 0 | 32,667,885 | 577,732 | 114,750 | 106,295 | \$34,095,734 | | | \$82 | 16,683 | 675,298 | 61,646 | 160,498 | 19,775 | 31,290 | 2,785 | \$968,057 | \$35,063,791 | |
| | 023 | % | | 1.72 | 0.05 | 0.03 | 0.00 | 0.02 | 0.00 | 0.00 | 93.96 | 1.24 | 0.29 | 0.18 | 97.49 | | | 0.00 | 0.04 | 1.68 | 0.18 | 0.42 | 0.05 | 0.09 | 0.05 | 2.51 | 100.00 | |
| | December 31, 2023 | Amount | | \$634,228 | 16,676 | 10,793 | 2 | 7,964 | 219 | 22 | 34,793,111 | 458,631 | 108,348 | 68,072 | \$36,098,066 | | | \$82 | 16,642 | 621,170 | 67,004 | 156,065 | 18,352 | 31,803 | 20,000 | \$931,118 | \$37,029,184 | |
| | | Note | | VI.(I) | VI.(III) | VI.(III) | VI.(III), VII | VI.(IV) | VI.(IV).VII | | VI.(V), VIII | VI(VI) | VI.(VII) | VI.(VIII), VIII | | | | VI.(II) | VI.(IX) | VI.(X) | VI.(XI) | VI.(XII) | VI.(XXX) | IIIA | VI.(III) | | | (Continued) King's |
| | | Assets | Current assets | Cash and cash equivalents | Net notes receivable | Net trade receivables | Net trade receivables - related parties | Other receivables | Other receivables - related parties | Current tax assets | Inventories | Prepayments | Other current assets | Other financial assets - current | Total current assets | N | Non-current assets | Financial assets at fair value through profit and loss | Investments accounted for using the equity method | Property, plant, and equipment | Net right-of-use assets | Intangible assets | Deferred tax assets | Refundable deposits | Long-term notes and trade receivable | Total non-current assets | Total assets | 5) |
| | | | 11XX | 1100 | 1150 | 1170 | 1180 | 1200 | 1210 | 1220 | 1320 | 1410 | 1470 | 1476 | 11XX | 1511 | XXCI | 1510 | 1550 | 1600 | 1755 | 1780 | 1840 | 1920 | 1930 | 15xx | 1 xxx | |

King's Town Construction Co., Ltd. As of December 31, 2023 and 2022 **Consolidated Balance Sheets**

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| | \$ t] | % | $\begin{array}{c} 12.55\\ 1.75\\ 1.75\\ 1.75\\ 0.14\\ 0.13\\ 0.00\\ 0.00\\ 0.16\\ 0.00$ | $\frac{50.73}{10.53}$ | 0.00 | 33.95 38.74 49.27 | 100.00 1g, Su-Ying |
|--|-------------------------------|------------------------|---|--|---|---|--|
| | Unit: NT December 31, 2022 | Amount | $\begin{array}{c} \$4,401,950\\ 3,734,677\\ 614,192\\ 47,687\\ 80,011\\ 47,687\\ 80,011\\ 47,142\\ 0\\ 71,172\\ 1,138\\ 138,450\\ 51,779\\ 1,138\\ 1,3337\\ 9,585\\ 9,585\\ 9,585\\ 9,585\\ 9,585\\ 77,382,157\\ 9,585\\ 9,585\\ 9,585\\ 9,585\\ 9,585\\ 9,585\\ 9,585\\ 9,585\\ 9,585\\ 9,582\\ 9,585\\ 9$ | \$17,788,765 \$3,690.564 | 1.681.444 | $\begin{array}{c} 11,903,018\\ \underline{\$13,584,462}\\ \underline{\$17,275,026}\\ \end{array}$ | 835,063,791 100.00 Accountant Officer: Liang, Su-Ying |
| | | % | $\begin{array}{c ccccccccccccccccccccccccccccccccccc$ | <u>52.12</u> 9.98 | 0.02 | 33.08 37.88 47.88 | 100.00 |
| o., Ltd. : Sheets 3 and 2022 | December 31, 2023 | Amount | $\begin{array}{c} 83,756,950\\ 4,587,399\\ 707,850\\ 88,089\\ 88,089\\ 143,115\\ 18,705\\ 85,714\\ 71,935\\ 85,714\\ 71,935\\ 15,061\\ 51,861\\ 71,935\\ 85,714\\ 12,82\\ 146,936\\ 50,819\\ 5,009\\ 5,004\\ 8,013\\ 7,595\\ 18,757\\ 68,013\\ 7,595\\ 18,757\\ 5,904\\ 8,013\\ 7,595\\ 18,757\\ 5,904\\ 8,013\\ 7,595\\ 18,757\\ 5,904\\ 8,013\\ 7,595\\ 18,757\\ 5,904\\ 8,013\\ 7,595\\ 18,757\\ 68,013\\ 7,595\\ 18,757\\ 5,904\\ 8,013\\ 7,595\\ 18,757\\ 5,904\\ 8,013\\ 7,595\\ 18,757\\ 5,904\\ 8,013\\ 7,595\\ 18,757\\ 5,904\\ 8,013\\ 7,595\\ 18,757\\ 5,904\\ 8,013\\ 7,595\\ 18,757\\ 5,904\\ 12,85\\ 18,757\\ 5,904\\ 12,85\\ 18,757\\ 12,85\\ 1$ | $\frac{1000}{53000}$ | 8,082 8,082 | 12,249,286 814,025,737 817,728,015 | <u>\$37,029,184</u> is in the financial report) Manager: Tsai, Tien-Tsan |
| Town Construction Co., Ltd. Consolidated Balance Sheets As of December 31, 2023 and 2022 | | Note | VI.(XIII) VII, VIII VI.(XIII) VII, VIII VI.(XXIII), VII VII VII VII VII VII VII VII VII VII | - (XX) | VI.(XXI) VI.(XXII) | VI.(XXII) | 537,029,18 fer to the accompanying notes in the financial report) sai, Tien-Tsan Manager: Tsai, Tien- |
| | | Liabilities and equity | Short-term borrowings Short-term bills payable Contract liabilities - current Notes payable - related parties Trade payables - related parties Trade payables - related parties Other payables - related parties Other payables - related parties Current tax liabilities Provisions - current Lease liabilities - current Long-term borrowings due within one operating cycle Collection Other current liabilities - others Total current liabilities Non-current liabilities Non-current liabilities Deferred tax liabilities Non-current liabilities Total current liabilities Deferred tax liabilities Deferred tax liabilities Deferred tax liabilities Total non-current liabilities Deferred tax liabilities - non-current Deferred tax liabilities Deferred benefit liabilities Deferred benefit liabilities Deferred benefit liabilities Deferred benefit liabilities Deferred benefit liabilities | Total liabilities Equity Share capital - ordinary shares | Paid-in capital - ordinary shares premium Retained carnings Leval reserve | Unappropriated carnings Total retained carnings Total equity | Total Itabilities and equity (Please refer Chairperson: Tianye Investment Co., Ltd. Representative: Tsai |
| | | 111110 | 25540 25540 25540 25540 25540 25540 25540 25540 25540 25540 25540 25540 25540 25540 25540 255700 255700 255700 255700 25570000000000 | 2XXX 3XXX 3110 | 3211 3300 3310 | 3350 3300 3XXX | Chairpe |

Unit: NT\$ thousand

| % 2022 % Amount % | $\begin{array}{c ccccccccccccccccccccccccccccccccccc$ | 428,094 428,094 146,419 \$574,513 \$1,380,421 | $\begin{array}{cccccccccccccccccccccccccccccccccccc$ | \$1,159,679 150,005 \$1,009,674 | $\begin{array}{c ccccccccccccccccccccccccccccccccccc$ | \$2.73 \$2.73 Accountant Officer: Liang, Su-Ying |
|-------------------|--|---|---|---|--|--|
| 2023 Amount | \$2,553,746 \$2,553,746 \$2,553,746 1,276,115 \$1,777,631 | 333,112 333,112 139,352 \$472,464 \$805,167 | $\begin{array}{c} \$2,483\\1,215\\1,215\\(795)\\(318,623)\\5,327\\5,327\\(\$310,393)\end{array}$ | \$494,774 \$494,774 \$2,733 \$442,041 | $(191) \\ (191) \\ (8766) \\ 8441,275$ | \$1.20 \$1.20 port) ien-Tsan |
| Note | VI.(XXIII) | VI.(XXXI) | VI.(XXIV) VI.(XXV) VI.(XXVI) VI.(XXVII) VI.(XX) VI.(IX) | VI.(XXX) | VI.(XXVIII) VI.(XXX) | VI.(XXXII) VI.(XXXII) n the financial report) Manager: Tsai, Tien-Tsan |
| Account titles | | 8 | Ion-operating income and expenses Interest income Other income Finance costs Share of profit or loss of associates and joint ventures accounted for using the equity method otal non-operating income and expenses | | cerns not reclassified to profit or loss Remeasurements of defined benefit plans Incomes tax expense (gain) related to titles not subject to reclassification other comprehensive income (after tax) otal comprehensive income | VI.(XXXII) VI.(XXXII) (Please refer to the accompanying notes in the financial report) Representative: Tsai, Tien-Tsan Manager: Tsai, Tien- |
| | Operating revenue Sales revenue Sales discounts and allowances Net sales Operating costs Gross wrofft | Operating expenses Operating expenses Selling and marketing expenses General and administrative expenses Total operating expenses Operating income | Non-operating income and expenses Interest income Other income Other gains and losses Finance costs Share of profit or loss of associates and j Total non-onerating income and expenses | Income before tax Income tax expense Current net income Other comprehensive income | Remeasurements of defined benefit plans Remeasurements of defined benefit plans Incomes tax expense (gain) related to titles Other comprehensive income (after tax) Total comprehensive income | 9750 Basic earnings per share (NT\$) 9850 Diluted earnings per share (NT\$) Chairperson: Tianye Investment Co., Ltd. |
| Code | 4000 4110 4190 5000 5000 | 6000 6000 6000 6000 6000 | 7000 7100 7010 7020 7060 7060 | 7900 8200 8300 | 8310 8311 8349 8300 8500 | 9750 9850 Chairp |

From January 1 to December 31, 2023 and 2022 Consolidated Statements of Changes in Equity King's Town Construction Co., Ltd.

Unit: NT\$ thousand

19,462 1,009,674\$17,275,026 11,714 441,275 \$17,728,015 \$16,365,846 247 \$17,275,026 442,041 (166) (120, 203)\$1,009,921 Total equity Treasury shares 120,203 \$0 80 So \$0 \$0 (120, 203)441,275 247 442,041 (766) 1,009,674\$11,903,018 \$13,584,462 \$11,903,018 \$13,584,462 \$11,121,358 \$12,634,391 1,009,921 (59,850) \$12,249,286 \$14,025,737 Total 1,009,674247 Unappropriated earnings (59, 850)1,009,921 442,041(166) 441,275 (95,007)(168, 411)Retained earnings \$1,513,033 \$1,681,444 \$1,681,444 95,007 \$1,776,451 168,411 Legal reserve Account name Share capital Capital surplus \$13,865 14,0488,082 \$0 \$0 \$8,082 (27, 913)5,4143,632 \$3,694,196 (32, 440)\$3,690,564 \$3,717,590 \$3,690,564 Profit appropriation and distribution in 2022 Profit appropriation and distribution in 2021 Employee compensation to capital increase Employee compensation to capital increase Other comprehensive income in 2022 Fotal comprehensive income in 2022 Other comprehensive income in 112 Total comprehensive income in 112 Balance as of December 31, 2022 Balance as of December 31, 2023 Cancellation of treasury shares Balance as of January 1, 2022 Balance as of January 1, 2023 Treasury stock repurchase Net income in 2022 Net income in 112 Summary Code , $\mathbf{B9}$ D3 D5 $\mathbf{B9}$ D5 A1 B1 DI Ξ D1 D3 Z Ľ A1 B1 Z

Note: Employee compensation of NT\$4,998 thousand and NT\$11,714 thousand for 2023 and 2022, respectively, have been deducted from statements of comprehensive income.

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

Chairperson: Tianye Investment Co., Ltd.

Manager: Tsai, Tien-Tsan Representative: 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, 2023 and 2022 |
|---|---------------------------------------|--|
|---|---------------------------------------|--|

\$72,193 4,483 318,623

\$494,774

(2,483) (24)

(5, 327)

2,501 151 \$390,117

Unit: NT\$ thousand

| (| | | | |
|--------------------|------------------|---|----------------|------------------|
| \$1,159,679 | BBBB B02700 | Cash flow from investing activities: Acquisition of property, plant, and equipment | (\$4,493) | (\$10,123) |
| | B03700 B03800 | Increase in refundable deposits Decrease in refundable denosits | (705) 192 | (2,745) 5 500 |
| \$69,632 | B04500 | Acquisition of intangible assets | (89) | (430) |
| 4,038 | nncong | (Increase) Decrease in other information assets | 58,225 | (686,62) |
| 230,847 | B07600 | Cash dividends received from investments accounted for using the equity method | 5,368 | 3,169 |
| (870) (179) | BBBB | Net cash inflow (outflow) from investing activities | \$38,496 | (\$30,012) |
| (5,964) | | | | |
| 1,638 1.179 | CCCC | Cash flows from financing activities: | | |
| \$300,921 | C00100 | Proceeds from short-term borrowing | \$29,500,650 | \$13,324,150 |
| | C00200 | Repayments of short-term borrowings | (30, 145, 650) | (12, 577, 450) |
| | C00500 | Proceeds from short-term bills payable | 21,133,900 | 17,659,000 |
| \$33,897 | C00600 | Repayments of short-term bills payable | (20,283,200) | (17, 866, 600) |
| 124,465 | C01600 | Proceeds from long-term borrowings | 2,483,350 | 894,400 |
| (2,508) | C01700 | Repayments of long-term borrowings | (1,314,163) | (1,136,883) |
| $(1,104,41\delta)$ | CU2000 | | 000 | (10) |
| (73,666) | C03100 | Decrease in deposits received Renavment of the miniminal mortion of lease | (1 134) | (265) |
| (\$1.061.757) | C04900 | Treasury stock repurchase cost | (1,21,1) | (120.203) |
| | CCCC | Net cash inflow from financing activities | \$1,373,747 | \$176,224 |
| \$23,319 | |) | N | |
| (44, 285) | | | | |
| (562, 828) | | | | |
| 15,133 | EEEE | Increase (decrease) in current cash and cash equivalent | \$30,479 | (\$464,681) |
| 7,071 | E00100 | Cash and cash equivalent at the beginning of the period | 603,749 | 1,068,430 |
| (12,460) | E00200 | Cash and cash equivalent at the end of the period | \$634,228 | \$603,749 |
| (2,541) | | | | |
| (\$576, 591) | | | | |
| (\$1, 638, 348) | | | | |
| (\$177,748) | | | | |
| 866 | | | | |
| 6/1 (775 066) | | | | |
| (209, 124) | | | | |
| (\$610, 893) | | | | |
| | | | | |

January 1 to December 31, 2023 January 1 to December 31, 2022 ed for using the equity uipment uipment affect the cash flows: t the cash flows: expenses bilities

 $\begin{array}{c} (\$18,891)\\ (\$2,282)\\ (\$2,359)\\ (\$2,139,804)\\ 118,321\\ 6,402\\ (\$2,042,613)\end{array}$

24 (311,992) (150,864) (\$1,381,764)

 $\begin{array}{c} \$93,658\\111,101\\57,277\\8,627\\8,627\\(6,291)\\(6,291)\\(26,294)\\(1,757)\\(26,294)\\(1,757)\\(5,21,401)\\(\$921,401)\\(\$921,401)\\(\$921,401)\end{array}$

| | Cash flow from operating activities: Current year net profit before tax | Adjustment items: Derivation evolutions and loss that do not offect the | Depreciation expenses and other operating ext | Amortization expenses | Interest expenses | Interest income | Dividend income | Share of profit or loss of associates accounted method | Loss in disposal of property, plant, and equipn | Reclassification of property, plant, and equipm | Total revenue, expense and loss that do not affe | Changes in operating assets and liabilities Not changes in operating assets | Decrease (increase) in notes receivable | (Increase) decrease in trade receivable | Increase in other receivables | Increase in inventories | (Increase) decrease in prepayments | (Increase) decrease in other current assets | Total net changes in operating assets | Net change in operating liabilities | Increase in contract liabilities - current | Gain (loss) in notes payable | Increase (decrease) in trade payable | Increase in other payables | Decrease in other current liabilities | Decrease in net defined benefit liabilities | Total net changes in operating liabilities | Total net changes in operating assets and liabili | Cash outflow from operating activities | Interest received | Dividend received | Interest paid | Income tax paid | Net cash outflows from operating activities | |
|------|--|--|---|-----------------------|-------------------|-----------------|-----------------|--|---|---|--|--|---|---|-------------------------------|-------------------------|------------------------------------|---|---------------------------------------|-------------------------------------|--|------------------------------|--------------------------------------|----------------------------|---------------------------------------|---|--|---|--|-------------------|-------------------|---------------|-----------------|---|--|
| Code | AAAA A10000 | A20000 | A20100 | A20200 | A20900 | A21200 | A21300 | A22300 | A22500 | A22600 | A20010 | A30000 A31000 | A31130 | A31150 | A31180 | A31200 | A31230 | A31240 | A31000 | A32000 | A32125 | A32130 | A32150 | A32180 | A32230 | A32240 | A32000 | A30000 | A33000 | A33100 | A33200 | A33300 | A33500 | AAAA | |

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King's Town Construction Co., Ltd.

Notes to Consolidated Financial Statements

2023 and 2022

(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 14, 2024.
- III. Application of New, Revised, and Amended Standards and Interpretations
 - (I) Effect of the adoption of new issuance of or amendments to International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), IFRIC Interpretations (IFRIC), and SIC Interpretations (SIC) as endorsed and issued 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 112:

| Item | New, Revised, and Amended Standards and | Effective Date of |
|------|---|----------------------|
| | Interpretations | Issuance by the IASB |
| 1 | Amendments to IAS 1 - Disclosure Initiative- | January 1, 2023 |
| | Accounting Policies | |
| 2 | Amendments to IAS 8 - Definition of | January 1, 2023 |
| | Accounting Estimates | |
| 3 | Amendments to IAS 12 - Deferred Tax related | January 1, 2023 |
| | to Assets and Liabilities arising from a Single | |
| | Transaction | |
| 4 | Amendments to IAS 12 - International Tax | May 23, 2023 |
| | Reform — Pillar Two Model Rules | |

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 IFRS endorsed by FSC:
 - 1. New, revised, and amended standards and interpretations of IFRS and IAS endorsed by the FSC and are applicable in 2024:

| Item | New, Revised, and Amended Standards and Interpretations | Effective Date of Issuance by the IASB |
|------|---|---|
| 1 | Amendments to IAS 16 - Lease liability in a sale and leaseback | January 1, 2024 |
| 2 | Amendment to IAS 1 - Classification of Liabilities as Current or Non-current | January 1, 2024 |
| 3 | Amendment to IAS 1 -Non-current Liabilities with Covenants | January 1, 2024 |
| 4 | Amendment to IAS 7 and IFRS 7 - Supplier Finance Arrangements | January 1, 2024 |

- 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:

| Item | New, Revised, and Amended Standards and | Effective Date of |
|------|--|----------------------|
| | Interpretations | Issuance by the IASB |
| 1 | Amendments to IFRS 10 and IAS 28 "Sale | Currently awaiting a |
| | or Contribution of Assets between an | decision by the IASB |
| | Investor and Its Associate or Joint Venture" | |
| 2 | IFRS 17 Insurance Contracts | January 1, 2023 |
| 3 | Amendment to IFRS 17 - Insurance | January 1, 2023 |
| | Contracts | |
| 4 | Amendments to IFRS 17 - Initial | January 1, 2023 |
| | Application of IFRS 17 and IFRS 9 - | |
| | Comparative Information | |
| 5 | Amendment to IAS 21 - Lack of | January 1, 2025 |
| | Exchangeability | |

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.

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
 - 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 consolidated financial report in compliance with International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), interpretations, and explanatory announcements 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:

| | | | | | Percen | tage of |
|---|----------|----------------|--------------------|-------------|----------|----------|
| | | | | | sharehol | ding(%) |
| | Name of | Name of | Principal Business | Business | December | December |
| _ | Investor | Subsidiary | Operation | Location | 31, 2023 | 31, 2022 |
| - | The | H2O Hotel Co., | Hotels and Motels, | Kaohsiung | 100% | 100% |
| | Company | Ltd. (H2O | Restaurants | City Taiwan | | |
| | | Hotel) | | | | |
| | | | | | | |

- 3. Subsidiaries not included in the consolidated financial statements: None.
- 4. Adjustments for subsidiaries with different balance sheet dates: None.
- Significant restrictions on the ability to acquire, utilize assets, and discharge liabilities: None.
- 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
 - 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.
 - 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.

- All other 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:
 - 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) Liabilities that are expected to be settled within 12 months after the end 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 shortterm 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 measured at fair value through profit or loss are those not measured at amortized cost or at fair value through other comprehensive income. Upon initial recognition, the Consolidated Company may irrevocably designate financial assets that meet the criteria for measurement at amortized cost or at fair value through other comprehensive income as measured at fair value through profit or loss, to eliminate or significantly reduce an accounting mismatch.

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:

- (1)Financial assets held based on the business model of collecting contract cash flow.
- (2)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:

- (1)The objective of the Consolidated Company's business model is achieved both by collecting contractual cash flows and selling financial assets.
- (2)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 12month 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.

Financial liabilities measured at amortized cost include account payables and borrowings, which, after initial recognition, are subsequently measured 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 estimated by real estate appraisers, where for non-road use land, the published land current value appreciation ratio by land administration authorities is adopted as the objective basis for land price adjustment and the criterion for present value assessment. For land designated for road use, the overall value is assessed using the comparative method of valuation.
- (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 (based on the current market conditions) minus the costs and selling expenses incurred during the sale of the property.

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 estimated selling expenses.

- (XI) Investment/ Associates Accounted for Using The Equity Method
 - Associates 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 investment ratio decreases, in addition to the aforementioned adjustments, gains or losses previously recognized in other comprehensive income related to the reduction in ownership interest are reclassified to profit or loss in proportion to the decrease. The capital reserve recognized previously, when the associate is subsequently disposed of, is reclassified to profit or loss in accordance with the proportion of disposal.

- 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 39 Financial Instruments: Recognition and Measurement. 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. 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.

3. 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 | $5 \sim 45$ years |
|--|-------------------|
| Machinery | $2 \sim 10$ years |
| Office Equipment | $3 \sim 10$ years |
| Other Equipment | $2 \sim 20$ years |
| Transportation Equipment (Business facilities adopt Inventory Method) | 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.

(XIII) Lease

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 shortterm leases applicable to recognition exemption are recognized as expenses on a straight-line basis during the lease period, other leases are recognized as right-ofuse 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:

- 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 lowvalue object assets, the Consolidated Company chooses not to recognize right-ofuse 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 sublease transactions separately, and use the right-of-use assets generated by the main lease to evaluate the classification of the sub-lease transactions. If the main lease is a short-term lease and the recognition exemption applies, the sublease transaction should be classified as an operating lease.

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

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

(XIV) Intangible assets

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

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

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

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

Computer software: $3 \sim 10$ 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 cashgenerating 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. However, the Consolidated Company gains an enforceable right to payments for completed performance obligations when the legal ownership of the property is transferred to the customer, and the property has been physically delivered. Therefore, the Consolidated Company recognizes revenue at the point in time when the legal ownership of the property is transferred to the customer and the property has been physically delivered. However, revenue is also recognized if only one of these conditions is met within 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.

- 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

 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 straightline 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.

- 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 measured 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 if market selling prices are lower than costs at the end of the reporting period, and writes down the cost of inventories to the net realizable value. This inventory valuation is primarily based on the nature of inventory, the actual selling prices of neighboring regions inquired, the selling prices of units sold, the return on investment analysis form or the valuation report provided by an external real property appraiser, and is therefore subject to significant changes.

(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.

- VI. Descriptions of Material Accounting Items
 - (I) Cash and cash equivalents

| Item | December 31, 2023 | December 31, 2022 |
|-----------------------------|-------------------|-------------------|
| Cash on hand and petty cash | \$1,074 | \$849 |
| Demand deposits | 633,053 | 602,873 |
| Checking deposits | 101 | 27 |
| Total | \$634,228 | \$603,749 |

- 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.
- The Consolidated Company's pre-sale construction project trust funds and other portions with restriction on use are classified under Other financial assets – current. Please refer to Note VI(VIII) and Note XIII for details.
- 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, 2023 | December 31, 2022 |
|---|-------------------|-------------------|
| 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.
- The Consolidated Company's financial assets measured at fair value through profit or loss recognized no valuation gains in both 2023 and 2022, amounting to NT\$0 thousand. Additionally, there were no disposals of these assets in 2023 and 2022.
- 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, 2023 | December 31, 2022 |
|-------------------------------------|-------------------|-------------------|
| Notes receivable | | |
| Less than 1 year | \$16,676 | \$15,000 |
| Over 1 year | 20,000 | 2,785 |
| Total | \$36,676 | \$17,785 |
| Trade receivables | | |
| Less than 1 year | \$10,793 | \$7,503 |
| Over 1 year | 0 | 22 |
| Less: Allowance for losses | 0 | (22) |
| Total | \$10,793 | \$7,503 |
| Trade receivables - related parties | | |
| Less than 1 year | \$2 | \$10 |

- Long-term notes receivable of the Consolidated Company that are due in more than one year are classified under non-current assets as long-term notes receivable and other receivables.
- 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, 2023 | | |
|--|---|--|
| 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 |
| \$47,393 | 0% | \$0 |
| 35 | 0% | 0 |
| 43 | 0% | 0 |
| 0 | 100% | 0 |
| \$47,471 | | \$0 |
| | Carrying amount of notes receivable (including long- term notes receivable) and trade receivables \$47,393 35 43 0 | Carrying amount of notes receivable (including long- term notes receivable) and trade receivablesWeighted average expected credit loss ratio\$47,3930%350%430%0100% |

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 90 days | 0 | 0% | 0 |
| Overdue 91 ~ 150 days | 0 | 0% | 0 |
| Over 365 days | 22 | 100% | 22 |
| Total | \$25,320 | | \$22 |

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

| | December 31, 2023 | December 31, 2022 |
|--------------------------------|-------------------|----------------------|
| Beginning balance | \$22 | \$22 |
| Decrease in the current period | (22) | 0 |
| Ending balance | \$0 | \$22 |

- 4. The decrease in the current period is due to the collection of overdue accounts receivable
- 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. Prepayments for decorations involve customers issuing long-term notes receivable that are contingent on design and construction; revenue is recognized only after the decoration is completed and inspected. 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, 2023 | December 31, 2022 |
|-------------------------------------|-------------------|-------------------|
| Other receivables | \$7,964 | \$2,609 |
| Other receivables - related parties | 219 | 201 |
| Total | \$8,183 | \$2,810 |

- 1. Other receivables related parties consist of sales expenses to be shared with landlords and payments due from related parties for sold gift boxes.
- 2. The Consolidated Company's other receivables were assessed not to be impaired and were not past due.

(V) Inventories

| Item | December 31, 2023 | December 31, 2022 |
|--|-------------------|-------------------|
| Buildings held for sale | \$5,042,191 | \$4,586,949 |
| Land held for sale | 1,837,571 | 1,473,555 |
| Land under construction | 2,821,180 | 2,703,979 |
| Construction in progress | 2,401,690 | 2,249,500 |
| Land held for construction | 21,900,303 | 20,847,402 |
| Prepayment for land | 786,044 | 801,638 |
| Other inventories (Food & Beverage, etc.) | 4,299 | 5,029 |
| Less: Allowance for reduction to valuation | (167) | (167) |
| Total | \$34,793,111 | \$32,667,885 |

| | Item | December 31, 2023 | December 31, 2022 |
|----|--|-------------------|-------------------|
| 1. | Buildings held for sale | | |
| | King's Town | \$1,754,647 | \$1,860,268 |
| | King's Town Hyatt | 614,839 | 612,673 |
| | Hua Shang | 114,478 | 114,478 |
| | Yiwen Court | 59,364 | 190,091 |
| | Ju Dan | 105,137 | 135,930 |
| | Tian Feng | 145,518 | 145,518 |
| | Shi Shang King's Town | 13,569 | 20,360 |
| | Mei Shu Huang Ju | 1,187,493 | 1,243,664 |
| | King's Town Garden | 119,870 | 216,641 |
| | Xiang King's Town | 0 | 4,194 |
| | Yue He Di | 42,965 | 42,965 |
| | Fu + | 884,144 | 0 |
| | Other projects | 167 | 167 |
| | Total | \$5,042,191 | \$4,586,949 |
| | Less: Allowance for reduction to valuation | (167) | (167) |
| | Net | \$5,042,024 | \$4,586,782 |

| _ | Item | December 31, 2023 | December 31, 2022 |
|----|-----------------------|-------------------|-------------------|
| 2. | Land held for sale | | |
| | King's Town | \$178,947 | \$194,590 |
| | King's Town Hyatt | 44,555 | 44,598 |
| | Yiwen Court | 32,094 | 99,233 |
| | Ju Dan | 62,663 | 83,855 |
| | Tian Feng | 62,443 | 62,443 |
| | Shi Shang King's Town | 8,946 | 13,423 |
| | Mei Shu Huang Ju | 783,810 | 831,196 |
| | King's Town Garden | 54,048 | 98,095 |
| | Xiang King's Town | 0 | 4,269 |
| | Yue He Di | 41,853 | 41,853 |
| | Fu + | 568,212 | 0 |
| | Total | \$1,837,571 | \$1,473,555 |

| | Item | | December 31, 202 | 3 |
|----|--|-------------------------|--------------------------|-------------|
| 3. | Land under construction and construction in progress | Land under construction | Construction in progress | Total |
| | Kaohsiung Fuhe Section No. 698-1 | \$358,073 | \$136,210 | \$494,283 |
| | Kaohsiung Longzhong Section No. 191 | 370,653 | 186,598 | 557,251 |
| | Kaohsiung Ai Qun No. 2748 (King's Town World of Heart) | 1,001,698 | 1,775,817 | 2,777,515 |
| | Kaohsiung Bohsiao Section No. 1140 (Jing Wu Tong) | 655,287 | 245,852 | 901,139 |
| | Tainan Yuguang Section No. 880, 4 in total | 435,469 | 57,213 | 492,682 |
| | Total | \$2,821,180 | \$2,401,690 | \$5,222,870 |

| Item | | December 31, 2022 | | 2 |
|--|-------|-------------------------|-----------------------------|-------------|
| 4. Land under construction construction in progress | | Land under construction | Construction in progress | Total |
| Kaohsiung Fuhe Section 698-1 | n No. | \$353,729 | \$121,525 | \$475,254 |
| Kaohsiung Ai Qun No. (King's Town World Heart) | | 1,001,698 | 1,305,230 | 2,306,928 |
| Kaohsiung Shindu Secti 163 (Fu +) | on | 693,265 | 766,252 | 1,459,517 |
| Kaohsiung Bohsiao Sec No. 1140 (Jing Wu T | | 655,287 | 56,493 | 711,780 |
| Total | | \$2,703,979 | \$2,249,500 | \$4,953,479 |

| | Item | December 31, 2023 | December 31, 2022 |
|----|---|----------------------|-------------------|
| 5. | Land held for construction | | |
| | Kaohsiung Chenggong Section No. 60-1, 62~64 and others | \$864,273 | \$862,995 |
| | Kaohsiung Longzhong Section No. 191 | 0 | 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 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 | 0 | 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 | 3,398,920 | 3,385,666 |
| | Kaohsiung Xindu Section No. 49 | 46,653 | 46,653 |
| | Kaohsiung Xinzhuang 12 Sub-section No. 1167 and 1175 | 617,961 | 614,152 |
| | Tainan Kanjiao North Section No. 913 | 0 | 13,130 |
| | Kaohsiung Shinkang Section No. 25 and 29 | 188,458 | 0 |
| | Kaohsiung Shinkang Section No. 25-1 and 29-1 | 188,548 | 0 |
| | Kaohsiung Shinkang Section No. 26 | 34,123 | 0 |
| | Kaohsiung Shinkang Section No. 30 | 59,256 | 0 |
| | Kaohsiung Shinkang Section No. 31 | 12,058 | 0 |
| | Transferable land and deformed land | 2,587,286 | 1,215,917 |
| | Total | \$21,900,303 | \$20,847,402 |

| | Item | December 31, 2023 | December 31, 2022 |
|----|---------------------------------------|----------------------|----------------------|
| 6. | Prepayment for land | | |
| | Tainan Anan District, Caohu Phase I | \$201,677 | \$201,677 |
| | Kaohsiung Chenggong Section No. 65.66 | 335,361 | 0 |
| | Tainan Kanjiaonan No. 19-1 and others | 4,995 | 0 |
| | Transferable land and deformed land | 244,011 | 599,961 |
| | Total | \$786,044 | \$801,638 |
| | Item | December 31, 2023 | December 31, 2022 |
| 7. | Other inventories | | |
| | Food | \$3,016 | \$3,474 |
| | Beverage | 1,283 | 1,555 |

8. The information related to interest capitalization is as follows:

| | December 31, 2023 | December 31, 2022 |
|------------------------------------|-------------------|-------------------|
| The amount of capitalized interest | \$122,630 | \$81,087 |

\$4,299

\$5,029

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.

- 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\$1,149,589 thousand and NT\$1,309,910 thousand in 2023 and 2022, respectively; in addition, there were NT\$0 thousand and NT\$375 thousand of inventory write-down benefit, respectively.
- (VI) Prepayments

Subtotal

| December 31, 2023 | December 31, 2022 |
|-------------------|---------------------------|
| \$452,756 | \$572,460 |
| 5,740 | 5,133 |
| 135 | 139 |
| \$458,631 | \$577,732 |
| | \$452,756 5,740 135 |

- 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, 2023 | December 31, 2022 |
|--|-------------------|-------------------|
| Payments on behalf of others | \$1,446 | \$4,522 |
| Incremental costs of obtaining contracts | 106,902 | 110,228 |
| Total | \$108,348 | \$114,750 |

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. These costs are recognized as assets and amortized over the period when the revenue from the sale of the properties is recognized. In 2023 and 2022, amortization expenses of NT\$17,861 thousand and NT\$0 thousand, respectively, were recognized under selling expenses.

(VIII) Other financial assets - current

| Item | December 31, 2023 | December 31, 2022 |
|--------------------------|-------------------|-------------------|
| Restricted bank deposits | \$68,072 | \$106,295 |

Other financial assets - current for the consolidated company include trust funds for presale construction projects, issued gift vouchers, performance trusts for construction prepayments, and contingency accounts, which are secured by pledged bank deposits. Please refer to Note VIII.

(IX) Investments accounted for using the equity method

| | December 31, 2023 | | December 31, 2022 | |
|---|-------------------|--------------|-------------------|--------------|
| Name of Investee | Amount | Shareholding | Amount | Shareholding |
| Associate | | | | |
| Yangmin International Catering Co., Ltd. | \$16,642 | 40% | \$16,683 | 40% |

 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 restaurant operations. 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, 2023 and 2022, the balance of investments amounted to NT\$16,642 thousand and NT\$16,683 thousand, representing 0.04% and 0.05% of the total consolidated assets, respectively. The share of interest in affiliates recognized under the equity method amounted to NT\$5,327 thousand and NT\$5,964 thousand for 2023 and 2022, respectively, accounting for 1.21% and 0.59% of the consolidated profit or loss respectively.

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

| | | | 0/0 |) |
|---|-----------------------------|---------------------------------|-------------------|-------------------|
| Name of Investee | Main Operation Locations | Principal Business Operation | December 31, 2023 | December 31, 2022 |
| 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, 2023 December 31, 202 | | |
| Current assets | \$45,657 \$54,9 | | |
| Non-current assets | 10,604 | 4,552 | |
| Current liabilities | (14,656) | (17,783) | |
| Non-current liabilities | 0 | 0 | |
| Net assets | \$41,605 | | |

Comprehensive Income Statement

| | Yangmin International Catering Co., Ltd. | |
|--|--|-------------------|
| | December 31, 2023 | December 31, 2022 |
| Net Operating Revenue | \$93,911 | \$85,813 |
| Gross profit | \$44,326 | \$41,983 |
| Current net income | \$13,317 | \$14,911 |
| Other comprehensive income/(loss) (after tax) | \$0 | \$0 |
| Total comprehensive income | \$13,317 | \$14,911 |
| Dividends received from the associates | \$5,368 | \$3,169 |

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

| (11) 110per | ry, prant, and | a equipilier | 10 | | | | |
|------------------------------------|--------------------------|----------------|-----------------------------|---------------------|--------------------|---------------------|-------------|
| | Housing and Construction | Machinery | Transportation Equipment | Office Equipment | Other Equipment | Operating equipment | Total |
| Cost | | | | | | | |
| 2023/01/01 | \$972,736 | \$7,868 | \$3,770 | \$3,109 | \$46,111 | \$16,310 | \$1,049,904 |
| Increase | 1,585 | 82 | 939 | 55 | 566 | 1,348 | 4,575 |
| Disposal and obsolescence | 0 | 0 | 0 | (118) | (1,719) | (1,749) | (3,586) |
| Re- classification | 0 | 0 | 0 | 0 | 14,578 | 0 | 14,578 |
| Others | 0 | 0 | 0 | 0 | 0 | (151) | (151) |
| 2023/12/31 | \$974,321 | \$7,950 | \$4,709 | \$3,046 | \$59,536 | \$15,758 | \$1,065,320 |
| 2022/01/01 | \$972,573 | \$7,868 | \$0 | \$7,686 | \$44,176 | \$15,052 | \$1,047,355 |
| Increase | 163 | 0 | 3,770 | 328 | 2,482 | 4,075 | 10,818 |
| Disposal and obsolescence | 0 | 0 | 0 | (4,905) | (547) | (1,638) | (7,090) |
| Others | 0 | 0 | 0 | 0 | 0 | (1, 179) | (1,179) |
| 2022/12/31 | \$972,736 | \$7,868 | \$3,770 | \$3,109 | \$46,111 | \$16,310 | \$1,049,904 |
| Accumulated depreciation and | | | | | | | |
| impairment 2023/01/01 | \$346,667 | \$2,635 | \$52 | \$2,294 | \$22,958 | \$0 | \$374,606 |
| Depreciation | 61,458 | \$2,033 789 | 702 | \$2,294 | \$22,938 7,451 | \$0 0 | 70,629 |
| Disposal and | | | | | <i>,</i> | | - |
| obsolescence | 0 | 0 | 0 | (118) | (967) | 0 | (1,085) |
| 2023/12/31 | \$408,125 | \$3,424 | \$754 | \$2,405 | \$29,442 | \$0 | \$444,150 |
| 2022/01/01 | \$285,275 | \$1,781 | \$0 | \$6,258 | \$18,676 | \$0 | \$311,990 |
| Depreciation | 61,392 | 854 | 52 | 941 | 4,829 | 0 | 68,068 |
| Disposal and obsolescence | 0 | 0 | 0 | (4,905) | (547) | 0 | (5,452) |
| 2022/12/31 | \$346,667 | \$2,635 | \$52 | \$2,294 | \$22,958 | \$0 | \$374,606 |
| Net carrying amount | <u> </u> | i | | <u>.</u> | | | <u> </u> |
| 2023/12/31 | \$566,196 | \$4,526 | \$3,955 | \$641 | \$30,094 | \$15,758 | \$621,170 |
| 2022/12/31 | \$626,069 | \$5,233 | \$3,718 | \$815 | \$23,153 | \$16,310 | \$675,298 |
| 2022/01/01 | \$687,298 | \$6,087 | \$0 | \$1,428 | \$25,500 | \$15,052 | \$735,365 |
| | | | | | | | |

(X) Property, plant, and equipment

- (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 2023 and 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, 2023 | \$67,754 |
| Remeasurement | 6,922 |
| Balance as of December 31, 2023 | \$74,676 |
| Balance as of January 1, 2022 | \$65,760 |
| Remeasurement | 1,994 |
| Balance as of December 31, 2022 | \$67,754 |
| Depreciation of right-of-use assets | |
| Balance as of January 1, 2023 | \$6,108 |
| Current depreciation | 1,564 |
| Balance as of December 31, 2023 | \$7,672 |
| Balance as of January 1, 2022 | \$4,544 |
| Current depreciation | 1,564 |
| Balance as of December 31, 2022 | \$6,108 |
| Carrying amount | |
| December 31, 2023 | \$67,004 |
| December 31, 2022 | \$61,646 |

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

Cost

| Land use | Other intangible | Total |
|----------|------------------|-------|
| rights | assets | Total |
| | | |

| Balance as of January 1, 2023 | \$200,020 | \$6,052 | \$206,072 |
|---------------------------------|-----------|---------|-----------|
| Increase | 0 | 50 | 50 |
| Balance as of December 31, 2023 | \$200,020 | \$6,102 | \$206,122 |
| 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 |
| | | | |
| Accumulated amortization | | | |
| Balance as of January 1, 2023 | \$42,003 | \$3,571 | \$45,574 |
| Amortization | 4,001 | 482 | 4,483 |
| Balance as of December 31, 2023 | \$46,004 | \$4,053 | \$50,057 |
| 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 |
| Net carrying amount | | | |
| | \$154.016 | \$2.040 | \$156.065 |
| Balance as of December 31, 2023 | \$154,016 | \$2,049 | \$156,065 |
| Balance as of December 31, 2022 | \$158,017 | \$2,481 | \$160,498 |
| Balance as of January 1, 2022 | \$162,017 | \$2,650 | \$164,667 |
| | | | |

Other intangible assets include computer software and systems.

1. Amortization expense for the Consolidated Company's intangible assets for 2023

and 2022 is reported in the following items

| Item | 2023 | 2022 |
|-------------------------|---------|---------|
| Manufacturing overheads | \$2,800 | \$2,800 |
| Operating expenses | 1,683 | 1,838 |
| Total | \$4,483 | \$4,638 |

- 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, 2023 | December 31, 2022 |
|-----|--|------------------------------|--------------------------------|
| 1. | Bank borrowings | | |
| | Secured loans | \$3,756,950 | \$4,401,950 |
| | Unused limit | \$997,050 | \$592,050 |
| | Interest rate range | 2.55%~2.89% | 2.233%~2.85% |
| | Repayment period | 2024/01/19~2027/05/16 | 2023/02/09~2024/11/25 |
| 2. | Short-term bills payable | \$4,591,100 | \$3,740,400 |
| | Less: Discount on short-term bills payable | (3,701) | (5,723) |
| | Net | \$4,587,399 | \$3,734,677 |
| | Interest rate range | 1.558%~2.838% | 1.468%~2.743% |
| | Unused limit | \$2,918,550 | \$1,417,845 |
| The | e Consolidated Company p | ledged its own assets and re | elated parties' real estate 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, 2023 | \$51,779 |
| Reduced liability provision for the period | (6,291) |
| Balance as of December 31, 2023 | \$45,488 |
| | |
| Balance as of January 1, 2022 | \$44,708 |
| Increased liability provision for the period | 7,071 |
| Balance as of December 31, 2022 | \$51,779 |

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 3 | 1, 2023 | Dec | ember 31, 2022 |
|------------------------------|---|---|-------------|--------|-------------------|
| Land collections | 5 | | \$10,236 | | \$19,790 |
| Building collections | | | 18,356 | | 32,686 |
| Decoration colle | ections | | 14,094 | | 14,094 |
| Collections - oth | ners | | 8,133 | | 6,767 |
| Total | | | \$50,819 | | \$73,337 |
| (XVI) Other current liab | ilities - others | | | | |
| Item | | December 3 | 1, 2023 | Dec | ember 31, 2022 |
| Tax payable | | | \$5,809 | | \$9,585 |
| (XVII) Long-term borrow | vings | | | | |
| Nature of borrowings | Borrowing period method and inte | | December 31 | , 2023 | December 31, 2022 |
| Long-term bank borrowings | | | | | |
| Secured borrowings | From March 2020 (2028, interest is in a lump sum at floating interest and 2.405% as o 2023 and 2022, 1 | payable monthly maturity with rates of 2.73% f December 31, | \$1,591,25 | 50 | \$1,675,000 |
| Secured borrowings | From June 2019 to interest is payabl lump sum at mat floating interest 2.325% as of De and 2022, respec | le monthly in a urity with rates of 2.7% and cember 31, 2023 | 547,200 |) | 576,000 |
| Secured borrowings | The borrowing peri- from July 2017 t (including a grac years). Interest is monthly during t and the principal the end of the gra- interest method w interest rate of 2. on December 31 respectively. Bor within one year f were NT\$46,936 NT\$46,393 thou December 31, 20 respectively. | o July 2032 be period of 2 s payable the grace period l is repayable at ace period by the with a floating .24% and 2.00% , 2023 and 2022, rrowings due rerecognized thousand and sand as of | 439,207 | , | 485,150 |

| Nature of borrowings | Borrowing period, repayment method and interest rate range | December 31, 2023 | December 31, 2022 |
|----------------------|---|-------------------|-------------------|
| Secured borrowings | From January 2022 to January 2027, interest is payable monthly in a lump sum at maturity with floating interest rates of 2.50% and 2.25% as of December 31, 2023 and 2022, respectively. | 184,395 | 194,100 |
| Secured borrowings | From January 2022 to January 2027, interest is payable monthly in a lump sum at maturity with floating interest rates of 2.50% and 2.25% as of December 31, 2023 and 2022, respectively. | 176,035 | 185,300 |
| Secured borrowings | Interest is payable on a monthly basis from October 2021 to October 2026. There is a grace period of three years from the initial drawdown date, and starting from the 37th month, \$100,000 thousand is repaid every six months, with the remainder due in a lump sum payment at maturity. The floating interest rates are 2.55% and 2.425% as of December 31, 2023 and 2022, respectively. Borrowings due within one year were NT\$100,000 thousand and NT\$0 as of December 31, 2023 and 2022, respectively. | 2,000,000 | 2,000,000 |
| Secured borrowings | From December 2022 to December 2027, interest is payable monthly in a lump sum at a floating rate of 2.46% and 2.335% as of December 31, 2023 and 2022, respectively. | \$415,000 | \$415,000 |
| Secured borrowings | From May 2023 to May 2026, interest is payable monthly in a lump sum at maturity with a floating rate of 2.2438% as of December 31, 2023. | 1,200,700 | 0 |
| Secured borrowings | From May 2023 to May 2026, interest is payable monthly in a lump sum at maturity with a floating rate of 2.2438% as of December 31, 2023. | 50,000 | 0 |
| Secured borrowings | From June 2023 to June 2025, interest is payable monthly in a lump sum at maturity with a floating rate of 2.688985% as of December 31, 2023. | 627,300 | 0 |

| Nature of borrowings | Borrowing period, repayment method and interest rate range | December 31, 2023 | December 31, 2022 |
|---|---|-------------------|-------------------|
| Secured borrowings | From December 2023 to July 2027, interest is payable monthly in a lump sum at maturity with a floating rate of 2.602% as of December 31, 2023. | 181,200 | 0 |
| Secured borrowings | From March 2023 to September 2027, interest is payable monthly in a lump sum at maturity with a floating rate of 3.002% as of December 31, 2023. | 139,900 | 0 |
| Secured borrowings | From March 2020 to March 2025, interest is payable monthly in a lump sum at maturity with floating interest rates of 2.27% and 2.035% as of December 31, 2023 and 2022, respectively. | 1,240,000 | 1,280,000 |
| Secured borrowings | From July 2023 to July 2028, interest is payable monthly in a lump sum at maturity with a floating rate of 3.05% as of December 31, 2023. | \$191,550 | \$0 |
| 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 2.675% and 2.055%~2.425% as of December 31, 2023 and 2022, respectively. Borrowings due within one year were transferred to NT\$474,000 thousand as of December 31, 2022. | 598,000 | 1,092,000 |
| Secured borrowings | From May 2019 to November 2023, interest is payable monthly in a lump sum at maturity with a floating rate of 2.035% as of December 31, 2023. On December 31, 2022, loans maturing within one year were reclassified and amounted to NT\$510,000 thousand. In June 2023, as the collateral construction land was committed to an ongoing project, it was reclassified by nature as a short- term loan. | 0 | 510,000 |
| Total | | \$9,581,737 | \$8,412,550 |
| Less: Net long-term l operating cycle Us | borrowings due within one year or one this segment | (146,936) | (1,030,393) |
| Net | C | \$9,434,801 | \$7,382,157 |
| Unused limit | | \$7,360,170 | \$3,798,600 |

Long-term bank borrowings were secured by the Consolidated Company's own assets and real estate 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, 2023 | December 31, 2022 |
|-------------|-------------------|-------------------|
| Current | \$1,282 | \$1,134 |
| Non-current | \$68,013 | \$62,373 |

Please refer to Note XII for maturity analysis.

The Consolidated Company remeasured its lease liabilities due to changes in the consumer price index, adjusting the lease consideration accordingly during the period of January 1 to December 31 of 2022 and 2023. There were no significant issuance, repurchases, or repayments of lease liabilities caused by new or terminated leases.

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

| | 2023 | 2022 |
|---|---------|----------|
| Interest expense – lease obligations payable | \$419 | \$771 |
| | \$3,614 | \$7,642 |
| Expense on leases with low-value underlying assets | \$1,185 | \$1,186 |
| Total cash flows on lease | \$6,308 | \$10,118 |

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.

- 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 fixed lease payments and rent income dependent on index or rate changes under operating lease agreements (recorded as operating income) of NT\$41,370 thousand and NT\$33,320 thousand for the years from January 1 to December 31, 2023 and 2022, 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, 2023 | December 31, 2022 |
|---|-------------------|-------------------|
| Within 1 year | \$27,222 | \$24,486 |
| 1 to 2 years | 26,291 | 24,579 |
| 2 to 3 years | 22,552 | 25,576 |
| 3 to 5 years | 20,004 | 34,152 |
| Over 5 years | 7,843 | 16,131 |
| Non-discounted future cash flows of lease | \$103,912 | \$124,924 |

- (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 7 to 15 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) Long-term notes payable

| | December 31, 2023 | December 31, 2022 |
|---|-------------------|-------------------|
| Long-term notes payable | \$7,595 | \$0 |
| Less: Discount on long-term notes payable | 0 | 0 |
| Total | \$7,595 | \$0 |

As of December 31, year 2023, the long-term notes payable were issued for the gas piping projects of construction works in progress, with maturity dates in July 2026 and January 2027, respectively.

- (XX) Share capital
 - As of December 31, 2023 and December 31, 2022, the Company's total authorized share capital was both NT\$5,000,000 thousand, with a par value of NT\$10, and its paid-in capital were NT\$3,694,196 thousand and NT\$3,690,564 thousand, respectively, with 369,419 thousand and 369,056 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)

| | 2023 | 2022 |
|--|---------|---------|
| Number of shares outstanding at the beginning of the period (in thousands) | 369,056 | 371,759 |
| Cancellation of repurchase treasury shares (in thousands) | 0 | (3,244) |
| Employee compensation to capital increase (in thousands) | 363 | 541 |
| Number of shares outstanding at the end of the period (in thousands) | 369,419 | 369,056 |

2. On March 29, 2023, the Board of Directors of the Company resolved to distribute NT\$11,714 thousand in employee compensation for 2022 through the issuance of shares. The number of shares to be distributed was calculated based on the closing price of NT\$32.25 per share on the day before the Board's resolution, resulting in the issuance of 363,221 new shares. This capital increase was filed with the Financial Supervisory Commission on July 6, 2023, and was approved in a Board of Directors meeting on August 10, 2023, with the same date set as the capital

increase record date. The registration of this transaction with the Ministry of Economic Affairs was completed on September 4, 2023.

- 3. On March 23, 2022, the Board of Directors of the Company resolved to distribute NT\$19,462 thousand in employee compensation for 2021 through the issuance of shares. The number of shares to be distributed was calculated based on the closing price of NT\$35.95 per share on the day before the Board's resolution, resulting in the issuance of 541,356 new shares. This capital increase was filed with the Financial Supervisory Commission on August 1, 2022, and was approved in a Board of Directors meeting on August 11, 2022, with August 15, 2022, set as the capital increase record date. The registration of this transaction with the Ministry of Economic Affairs was completed on September 12, 2022.
- 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 10, 2022 as the base date for the capital reduction, which involved canceling 3,244 thousand treasury shares. The changes were registered with the Ministry of Economic Affairs on November 25, 2022.
- 5. Treasury shares
 - (1) 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\$120,217 thousand.
 - (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.

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.

- (3) Treasury shares held by the Company may be neither pledged nor assigned rights in accordance with the Securities and Exchange Act
- (4) On November 10, 2022, the Company's Board of Directors resolved to retire 3,244 thousand treasury shares previously repurchased, with an original total amount of NT\$120,217 thousand. After deducting NT\$14 thousand for handling fees, the net amount was NT\$120,203 thousand. The record date for the capital reduction was set as November 10, 2022, resulting in the retirement of 3,244 thousand issued shares. Upon retirement, the face value of the shares is first offset against the capital stock, and any difference between the book value of the treasury shares and their face value is adjusted in the capital reserves in proportion to the retirement ratio. Any shortfall is then offset against retained earnings.

(XXI) Capital surplus

| | December 31, 2023 | December 31, 2022 |
|----------------|-------------------|-------------------|
| Shares premium | \$8,082 | \$0 |

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 funds can be used to offset company losses. When there are no losses, the distribution of new shares or cash can be decided by a shareholder meeting resolution, based on the proportion of the shareholders' existing shares. However, the distribution of new shares or cash is limited to the portion of the reserve that exceeds 25% of the paid-in capital amount.

2. Dividend distribution

The Company held its annual general shareholders' meetings on June 28, 2023, and June 23, 2022, during which the distribution of profits for 2022 and 2021 was approved, respectively. It was resolved to allocate the statutory reserve as required, with no distribution of the remaining profits.

3. The Company's Board of Directors approved the profit distribution proposal for 2023, which has yet to be presented to the shareholders' meeting. The proposal includes the allocation of the statutory reserve, with no distribution of the remaining profits.

(XXIII) Operating revenue

| | 2023 | 2022 |
|--|-------------|-------------|
| Land revenue | \$1,101,511 | \$1,497,063 |
| Building revenue | 1,106,967 | 1,584,752 |
| Rental revenue | 41,370 | 33,320 |
| Accommodation service revenue | 164,845 | 143,110 |
| Catering service revenue | 139,053 | 125,975 |
| Discount of premises revenue | 0 | (90) |
| Total | \$2,553,746 | \$3,384,130 |
| 1. Revenue breakdown | | |
| | 2023 | 2022 |
| Major regional markets | | |
| Taiwan | \$2,553,746 | \$3,384,130 |
| | 2023 | 2022 |
| Major products/ service | | |
| Sales of premises | \$2,208,478 | \$3,081,725 |
| Rental revenue | 41,370 | 33,320 |
| Accommodation service revenue | 164,845 | 143,110 |
| Catering service revenue | 139,053 | 125,975 |
| Total | \$2,553,746 | \$3,384,130 |
| | 2023 | 2022 |
| Timing of revenue recognition: | | |
| At a fixed point in time | \$2,347,531 | \$3,207,700 |
| Performance obligations fulfilled over time | 206,215 | 176,430 |
| | | |

2. Contract balance

| | December 31, 2023 | December 31, 2022 | January 1, 2022 |
|---|----------------------|----------------------|-----------------|
| Notes receivable | \$16,676 | \$15,000 | \$36,682 |
| Long-term notes receivable | 20,000 | 2,785 | 15,000 |
| Trade receivables | 10,715 | 7,525 | 132,000 |
| Less: Allowance for losses | 0 | (22) | (22) |
| Total | \$47,391 | \$25,288 | \$183,660 |
| Contract liabilities - Sale of premise | \$678,540 | \$585,115 | \$560,581 |
| Contract liabilities - Advances from rent | 1,274 | 1,302 | 987 |
| Contractual Liabilities - Rooms and catering services | 10,918 | 12,315 | 11,791 |
| Contract liabilities - Advances from gift card | 17,118 | 15,416 | 17,485 |
| Contract liabilities - Advances from baking | 0 | 44 | 29 |
| Total | \$707,850 | \$614,192 | \$590,873 |

- The amount from the opening contract liabilities recognized in operating income was NT\$147,369 thousand and NT\$199,842 thousand from January 1 to December 31, 2023 and 2022, respectively.
- (2) The changes in contract liabilities primarily arise from the differences between the timing of the Consolidated Company transferring goods or services and fulfilling performance obligations, and the timing of customer payments.
- (3) 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.

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(XXIV)Interest income

| | 2023 | 2022 |
|---|---------|-------|
| Interest on bank deposits | \$2,445 | \$834 |
| Interest income from corporate bond investments | 34 | 0 |
| Other interest income | 4 | 36 |
| Total interest income | \$2,483 | \$870 |

The Consolidated Company designated its investments in domestic corporate bonds as financial assets measured at fair value through profit or loss. These were disposed of by December 31, 2023, resulting in a balance of zero at the end of the period.

(XXV) Other income

| | 2023 | 2022 |
|----------------------------------|-----------|-----------|
| Dividend income | \$24 | \$179 |
| Other income - others | 1,191 | 3,253 |
| Total | \$1,215 | \$3,432 |
| (XXVI)Other gains and losses | | |
| | 2023 | 2022 |
| Exchange gains | \$9 | \$0 |
| Others | (804) | (161) |
| Total | (\$795) | (\$161) |
| (XXVII) Finance costs | | |
| | 2023 | 2022 |
| Interest expenses | | |
| Bank borrowings | \$440,834 | \$311,163 |
| Lease liabilities | 419 | 771 |
| Less: Capitalization of interest | (122,630) | (81,087) |
| Finance costs | \$318,623 | \$230,847 |

(XXVIII)Post-retirement benefit plans

1. Defined contribution plans

Since July 1, 2005, the Consolidated Company has adopted a defined contribution retirement plan in accordance with the Labor Pension Act. Regarding the portion of the retirement pension system prescribed by the "Labor Pension Act" applicable to employee, 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\$6,587 thousand and NT\$6,454 thousand in the consolidated statements of comprehensive income in 2023 and 2022, respectively.

| | 2023 | 2022 |
|---|---------|---------|
| Selling and marketing expenses - Retirement benefits expenses | \$2,650 | \$2,674 |
| General and administrative expenses - Retirement benefits expenses | \$2,112 | \$1,996 |
| Operating costs - Retirement benefits expenses | \$1,825 | \$1,784 |

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.

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

| | 2023 | 2022 |
|---|----------------|--------------------|
| Service costs for the current period | \$139 | \$147 |
| Net interest on defined benefit liabilities (assets) | 291 | 112 |
| Recognized in profit or loss | \$430 | \$259 |
| Remeasurements | | |
| Compensation on plan assets (excluding net interest on net defined benefit liabilities (assets)) Actuarial losses (gains) - experience | (\$270) 955 | (\$2,131) 1,921 |
| adjustments Actuarial losses (gains) - changes in financial assumptions | 272 | (99) |
| Recognized in other comprehensive income | \$957 | (\$309) |

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

| | 2023 | 2022 |
|-------------------------------------|-------|-------|
| Selling and marketing expenses | \$42 | \$24 |
| General and administrative expenses | 388 | 235 |
| Total | \$430 | \$259 |

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

| | December 31, 2023 | December 31, 2022 |
|---|-------------------|----------------------|
| Present value of defined benefit obligation | \$46,209 | \$48,912 |
| Fair value of plan assets | (27,452) | (29,355) |
| Net defined benefit liabilities | \$18,757 | \$19,557 |

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

| | 2023 | 2022 |
|--|----------|----------|
| Beginning balance | \$48,912 | \$46,737 |
| Service costs for the current period | 139 | 147 |
| Interest expenses | 639 | 206 |
| Remeasurements | | |
| Actuarial losses (gains) - experience adjustments | 955 | 1,921 |
| Actuarial losses (gains) - changes in financial assumptions | 272 | (99) |
| Benefits paid on plan assets | (4,708) | 0 |
| Ending balance | \$46,209 | \$48,912 |
| | | |

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

| | 2023 | 2022 |
|---|----------|----------|
| Fair value of plan assets at the beginning of the period | \$29,355 | \$24,330 |
| Expected return on plan assets | 348 | 94 |
| Remeasurements of plan assets (excluding net interest included in net defined benefit liabilities (assets)) | 270 | 2,131 |
| Contribution by the employer | 2,187 | 2,800 |
| Actual payment of employee benefits | (4,708) | 0 |
| Fair value of plan assets at the end of the period | \$27,452 | \$29,355 |

(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, 2023, and 2022, please refer to the various labor pension utilization reports issued by the government.

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

| December 31, 2023 | December 31, 2022 |
|-------------------|-------------------|
| \$27,452 | \$29,355 |

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

| | December 31, 2023 | December 31, 2022 |
|------------------------------|-------------------|-------------------|
| Discount rate | 1.375% | 1.500% |
| Growth rate of future salary | 3.000% | 3.000% |

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, 2023 | December 31, 2022 |
|-------------------------------|-------------------|----------------------|
| Discount rate | | |
| Increase by 0.25% | (\$541) | (\$593) |
| Decrease by 0.25% | \$554 | \$590 |
| Expected salary increase rate | | |
| Increase by 0.25% | \$530 | \$584 |
| Decrease by 0.25% | (\$520) | (\$570) |

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\$287 thousand to the defined benefit plans for the one year period after the reporting date of 2023.

The weighted average period of the defined benefit plan is 8.67 years.

The maturity analysis of the pension payments is as follows:

| Under 1 year | \$12,420 |
|--------------|----------|
| 1 to 2 years | 4,476 |
| 2 to 5 years | 10,640 |
| Over 5 years | 13,195 |
| | \$40,731 |

(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. However, when the Company has accumulated losses, it should reserve an amount in advance to offset these losses. 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\$4,998 thousand and NT\$11,714 thousand for 2023 and 2022, 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 14, 2024, the Board of Directors resolved to distribute NT\$4,998 thousand for employee compensation and NT\$0 for director's remuneration for 2023, and on March 29, 2023, the Board of Directors resolved to distribute NT\$11,714 thousand for employee compensation and NT\$0 for director compensation for 2022. There was no difference from the amounts recognized as expenses in 2023 and 2022.

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
 - (1) Major components of income tax expenses were as follows:

| | 2023 | 2022 |
|---|----------|-----------|
| Current income tax expenses | | |
| Incurred this year | | |
| Income Tax | \$9,279 | \$62,902 |
| Land value increment tax | 12,221 | 18,112 |
| Unappropriated earnings | 42,753 | 75,596 |
| Deferred tax | | |
| Occurrence and reversal of temporary differences | (11,520) | (6,605) |
| Income tax expense | \$52,733 | \$150,005 |

(2) Income tax recognized in other comprehensive income

| | 2023 | 2022 |
|--|---------|------|
| Deferred income tax gains (expense) | | |
| Remeasurements of defined benefit obligations | (\$191) | \$62 |

2. Reconciliation of income tax expense to accounting profit.

| | 2023 | 2022 |
|---|-----------|-------------|
| Income before tax | \$494,774 | \$1,159,679 |
| Income tax calculated at the statutory tax rate applicable to the Company | \$98,955 | \$231,935 |
| Tax-exempt proceeds from land transactions | (101,111) | (174,847) |
| Losses recognized under the equity method | 3,017 | 5,897 |
| Impact of income tax adjustments according to tax laws | 8,418 | (83) |
| Occurrence and reversal of temporary differences | (11,520) | (6,605) |
| 5% levy on unappropriated earnings | 42,753 | 75,596 |
| Land value increment tax | 12,221 | 18,112 |
| Income tax expense | \$52,733 | \$150,005 |

| | Balance on January 1 | Recognized in profit or loss | Recogniz othe comprehe incon | er ensive | Balance on December 31 |
|--|-------------------------|------------------------------------|---------------------------------------|--------------|------------------------------|
| (1) January 1 to December 31, 2023 | | | | | |
| A. Deferred tax assets | | | | | |
| Prepayments | \$5,503 | \$0 | | \$0 | \$5,503 |
| Warranty provision payable | 10,356 | (1,258) | | 0 | 9,098 |
| Net defined benefit liabilities - non-current | 3,911 | (351) | | 191 | 3,751 |
| Differences in employee benefit tax recognition | 5 | (5) | | 0 | 0 |
| Total deferred tax assets | \$19,775 | (\$1,614) | | \$191 | \$18,352 |
| B. Deferred tax liabilities Inventories | \$17,121 | (\$13,134) | | \$0 | \$3,987 |
| (2) 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 - current | | 4,481 | (508) | (62) | 3,911 |
| Differences in employee benef recognition | fit tax | 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 |
| mventories | = | ψ22,023 | (#3,704) | φU | φ1/,121 |

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

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

| | December 31, 2023 | December 31, 2022 |
|--------------------|-------------------|-------------------|
| Loss carryforwards | \$62,438 | \$58,248 |

5. The Consolidated Company's business income tax settlement and declaration up until 110 have been approved.

| 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 | 121 |
| 112 | 20,947 | 0 | 20,947 | 122 |
| Total | \$425,474 | (\$113,285) | \$312,189 | |

6. As of December 31, 2023, the Consolidated Company's undeducted loss carryforwards and final deductible year are shown below:

(XXXI) The summary of employee benefits, depreciation, and amortization expenses by function is as follows:

| By function | | 2023 | | | 2022 | | |
|--|--------------------|--------------------|---------|--------------------|--------------------|---------|--|
| By nature | Operation costs | Operation expenses | Total | Operation costs | Operation expenses | Total | |
| Employee benefit expenses | | | | | | | |
| Salary expenses | 35,417 | 109,475 | 144,892 | 34,042 | 114,598 | 148,640 | |
| Labor and health insurance expenses | 3,957 | 11,301 | 15,258 | 3,795 | 10,224 | 14,019 | |
| Retirement benefits expenses | 1,825 | 5,192 | 7,017 | 1,784 | 4,929 | 6,713 | |
| Remuneration to Directors | 0 | 2,704 | 2,704 | 0 | 2,500 | 2,500 | |
| Other employee benefits | 1,717 | 7,036 | 8,753 | 1,441 | 7,143 | 8,584 | |
| Depreciation expenses | 48,865 | 23,328 | 72,193 | 46,275 | 23,357 | 69,632 | |
| Amortization expenses | 2,800 | 1,683 | 4,483 | 2,800 | 1,838 | 4,638 | |

(XXXII) Earnings per share

2.

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

1. Basic earnings per share

| | 2023 | 2022 |
|---|-----------|-------------|
| Profit attributable to the holders of ordinary shares of the Company | \$442,041 | \$1,009,674 |
| calculation of diluted earnings per share (in thousands) | 369,333 | 369,680 |
| Basic earnings per share | \$1.20 | \$2.73 |
| | | |
| . Diluted earnings per share | | |
| | 2023 | 2022 |
| Attributable to the ordinary shares of the Company | | |
| Profit attributable to holders (diluted) | \$442,041 | \$1,009,674 |
| calculation of diluted earnings per share (in thousands) | 369,333 | 369,680 |
| Effect of potentially dilutive ordinary shares: | | |
| Impact on employee remuneration | 244 | 364 |
| Weighted average number of ordinary shares outstanding used for | | |
| calculation of diluted earnings per share (in thousands) | 369,577 | 370,044 |
| Diluted earnings per share | \$1.20 | \$2.73 |

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.

(XXXIII)Additional information regarding cash flows

| 2023 | 2022 |
|---------|--|
| \$4,575 | \$10,818 |
| (82) | (695) |
| \$4,493 | \$10,123 |
| | |
| 2023 | 2022 |
| \$50 | \$469 |
| 39 | (39) |
| \$89 | \$430 |
| | \$4,575 (82) \$4,493 2023 \$50 39 |

(XXXIV)Changes in liabilities from financing activities

Reconciliation of liabilities from financing activities was as follows:

| | 2023/01/01 | Cash flows | sh flows Non-cash changes | |
|--|--------------|-------------|---------------------------|--------------|
| Short-term borrowings | \$4,401,950 | (\$645,000) | \$0 | \$3,756,950 |
| Face value of short- term bills payable | 3,740,400 | 850,700 | 0 | 4,591,100 |
| Long-term borrowings | 8,412,550 | 1,169,187 | 0 | 9,581,737 |
| Deposits received | 5,910 | (6) | 0 | 5,904 |
| Lease liabilities | 63,507 | (1,134) | 6,922 | 69,295 |
| Liabilities from the financing activities | \$16,624,317 | \$1,373,747 | \$6,922 | \$18,004,986 |

| | 2022/01/01 | 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 |

VII. Related Party Transactions

(I) Names of related parties and their relationship

| Name | Relationship with the Consolidated Company |
|-----------------------------|--|
| Chieh Chih | Relative within the second degree of kinship of the |
| Construction Co., | Chairman of the Company is the Chairman of such |
| Ltd. | company. |
| Baihong Construction | The Company's Chairman is the supervisor of such |
| Co., Ltd. | company |
| King's Town | The Company's Chairman is the chairman of such company |
| Construction Co., | |
| Ltd. | |
| Yangmin International | Associate of the Company |
| Catering Co., Ltd. | |
| Tsai, Tien-Tsan | Chairman of the Company |
| Meiyun S. Tsai | The spouse of the Chairman of the Company and a director of the Company. |

(II) Significant transactions with related parties

1. Operating revenue

| | 2023 | | 2 | 022 |
|---|---------|----------------------------------|---------|----------------------------------|
| Name | Amount | Percentage of sales of the | Amount | Percentage of sales of the |
| Iname | Amount | Consolidated Company | Amount | Consolidated Company |
| Chieh Chih Construction Co., Ltd. | \$455 | 0.02% | \$22 | 0.00% |
| Baihong Construction Co., Ltd. | 200 | 0.01% | 37 | 0.00% |
| Yangmin International Catering Co., Ltd. | 4,456 | 0.17% | 4,461 | 0.14% |
| King's Town Construction Co., Ltd. | 451 | 0.02% | 4 | 0.00% |
| Other related parties | 178 | 0.00% | 156 | 0.00% |
| Total | \$5,740 | 0.22% | \$4,680 | 0.14% |

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 2023 and 2022 as follows.

The lease details are as follows:

| Lessee | Lease subject | Lease period | Rent collection status | Rental revenue |
|---|--|---------------------------|--|----------------|
| January 1 to Dec | cember 31, 2023 | | | |
| Yangmin International Catering Co., Ltd. | 1F., No. 366, Minghua Rd., Gushan Dist.,Kaohsiung City (Restaurant) | 2022/01/01~ 2026/12/31 | The monthly rent is NT\$389 thousand (including business tax), which is determined based on the rental market rates of the nearby area. Rent is collected monthly via bank transfer, and includes interest calculated on the deposit. | \$4,456 |
| January 1 to Dec | cember 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 rent is NT\$389 thousand (including business tax), which is determined based on the rental market rates of the nearby area. Rent is collected monthly via bank transfer, and includes interest calculated on the deposit. | \$4,456 |

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 2023 and 2022, the Consolidated Company entrusted Chien-Chih Construction Co., Ltd. to contract for various construction sites, accounting for 19.49% and 24.03% of the Consolidated Company's total contracted work amount, respectively, and the contract prices and current shipments were as follows:

| | | Purch | ases |
|---|--------------------------------|-----------|-----------|
| Site name | Contract price (including tax) | 2023 | 2022 |
| Kaohsiung Fuhe Section No. 698-1 | \$2,486,986 | \$0 | \$0 |
| Renovation Kaohsiung Ai Qun No. 2748 (World of | \$2,014,000 | 407,652 | 538,121 |
| Heart) Kaohsiung Bohsiao Section No. 1140 (Jing Wu Tong) | \$1,405,500 | 159,076 | 9,524 |
| Total | - | \$566,728 | \$547,645 |

(2) In 2023 and 2022, the Consolidated Company entrusted EPILEDS Construction Co., Ltd. with the contracted construction projects, accounting for 11.47% and 7.94% of the total contracted construction amount of the Consolidated Company, respectively. The contract price and the current purchase price were as follows:

| | | Purch | ases |
|--|--------------------------------|-----------|-----------|
| Site name | Contract price (including tax) | 2023 | 2022 |
| Kaohsiung Fuhe Section No. 698-1 Structural Engineering | \$2,006,214 | \$0 | \$0 |
| Kaohsiung Longzhong Section No. 191 | \$1,072,320 | 57,146 | 0 |
| Kaohsiung Shindu Section 163 (Fu +) | \$970,200 | 276,311 | 180,992 |
| Tainan Yuguang Section No. 880, 3 in total | \$1,377,360 | 0 | 0 |
| Total | | \$333,457 | \$180,992 |

- 4. Land held for construction
 - The Consolidated Company purchased 82 plots of road-use land from related party Tsai, Tian-Tsan, located at Ren De Zhong Cuo Section, plot no. 718, among others. The contract was signed on November 1, 2022, with an

original total contract price of NT\$230,772 thousand. This price included the transaction price with a related party plus the necessary interest on capital, with payments made according to the contract terms. Due to some of the land being occupied, a refund of NT\$1,452 thousand was processed, resulting in a net payment of NT\$229,320 thousand for the land. The transfer of ownership was completed in January, 2023.

- (2) The Consolidated Company purchased 174 plots of road-use land from related parties Tsai, Tian-Tsan, Meiyun S. Tsai, and other related parties, located at You Chang Section, Third Subsection 1061 and other plots. The contract was signed on November 11, 2022, with a total contract price of NT\$305,995 thousand. This price was determined based on the transaction price with related parties plus the necessary interest on capital, with payments made according to the contract terms. The transfer of ownership was completed in March 2023.
- 5. Accounts receivable, other receivables, note payables, accounts payables, other payables, contract liabilities-current, and deposits received.

| | | December 31, 2023 | | December | 31, 2022 |
|-----|--|-------------------|------------|----------|------------|
| | Name of project and related party | Balance | Percentage | Balance | Percentage |
| (1) | Trade receivables | | | | |
| | Baihong Construction Co., Ltd. | \$2 | 0.02% | \$10 | 0.13% |
| | | | | | |
| (2) | Other receivables | | | | |
| | Meiyun S. Tsai | \$109 | 1.33% | \$109 | 3.88% |
| | King's Town Construction Co., Ltd. | 25 | 0.31% | 0 | 0.00% |
| | Yangmin International Catering Co., Ltd. | 78 | 0.95% | 92 | 3.27% |
| | Other related parties | 7 | 0.09% | 0 | 0.00% |
| | Total | \$219 | 2.68% | \$201 | 7.15% |
| | | | | | |

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

| (3) Notes payable | | | | | |
|---------------------------------------|----------|--------|-------------|----------|-------------|
| Chieh Chih Construction Co., Ltd. | \$40,01 | 1 | 17.31% | \$65,003 | 50.90% |
| Baihong Construction Co., Ltd. | 103,10 | 4 | 44.59% | 15,008 | 11.75% |
| Total | \$143,11 | 5 | 61.90% | \$80,011 | 62.65% |
| | Г | lecemb | er 31, 2023 | Decemb | er 31, 2022 |
| Name of project and related party | | lance | Percentage | Balance | Percentage |
| (4) Trade payables | | | | | |
| Baihong Construction Co., Ltd. | \$8 | 35,714 | 82.09% | \$0 | 0.00% |
| (5) Other payables | | | | | |
| Yangmin International Catering Co., I | _td. | \$160 | 0.22% | \$138 | 0.19% |
| (6) Contract liabilities - current | | | | | |
| Chieh Chih Construction Co., Ltd. | | \$23 | 0.01% | \$34 | 0.01% |
| Baihong Construction Co., Ltd. | | 11 | 0.00% | 12 | 0.00% |
| King's Town Construction Co., Ltd. | | 8 | 0.00% | 11 | 0.00% |
| Other related parties | | 72 | 0.01% | 81 | 0.01% |
| Total | | \$114 | 0.02% | \$138 | 0.02% |
| (7) Deposits received | | | | | |
| Yangmin International Catering Co., I | _td. | \$708 | 11.99% | \$708 | 11.98% |
| Lease expenses | | | | | |

| | Price payment | | |
|------------------------------------|---------------|---------|--|
| Lease expenses | 2023 | 2022 | |
| King's Town Construction Co., Ltd. | \$1,029 | \$1,029 | |

The lease details are as follows:

| Lessor | Lease subjects | Lease period | Rent payment status | 2023 | 2022 |
|---|--|---|--|---------|---------|
| King's Town Constructio n Co., Ltd. | 12F., No. 150, Bo'ai 2nd Rd., Zuoying Dist., Kaohsiung City | 2021/07/01~ 2022/06/30 2022/07/01~ 2023/06/30 2023/07/01~ 2024/06/30 | The monthly rent is NT\$90 thousand (including business tax), which is determined based on the rental market rates of the nearby area. Rent is paid monthly via bank transfer. Rent. | \$1,029 | \$1,029 |

7. Others

6.

- (1) The Chairman of the Consolidated Company and Director Meiyun S. Tsai provided the Consolidated Company with loans from banks secured by their own assets, land plots no. 551 and 554 in the Shi Jia Section, amounting to NT\$1,000,000 thousand as of December 31, 2023 and 2022, respectively.
- (2) Director Meiyun S. Tsai of the Consolidated Company and other related parties provided their own assets, land at Guo Tian Zi Section 687 and other plots, as collateral for the Consolidated Company to issue commercial paper through a bills finance company. As of December 31 in 2023 and 2022, the amounts of commercial paper issued were NT\$350,000 thousand and NT\$450,000 thousand, respectively.
- (3) The Chairman of the Consolidated Company and Director Meiyun S. Tsai provided land at Qinghai Lot No. 216 and the Consolidated Company's construction site, Qinghai Lot No. 229, as joint collateral for loans from the bank and the issuance of commercial paper. As of December 31 in 2023 and 2022, the loan amounts were NT\$1,591,250 thousand and NT\$1,675,000 thousand, respectively, with the amount of commercial paper issued being NT\$1,675,000 thousand for both years.
- (4) The Consolidated Company's investment in affiliates is described in Note VI(IX).
- (5) In 2023 and 2022, the Consolidated Company collected water and garbage removal fees from a related party, Yangmin International Catering Co. The decrease in utilities was NT\$343 thousand and NT\$336 thousand, the decrease in garbage collection was both NT\$142 thousand, and collection of meal charges from tenants were NT\$718 thousand and NT\$411 thousand, respectively.
- (6) In 2023 and 2022, 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\$0 thousand and NT\$1,239 thousand, respectively.

- (7) The Consolidated Company's related party, Chien-Chih Construction Co., Ltd., provided guaranteed promissory notes for the construction work, which were recorded as NT\$678,061 thousand and NT\$429,362 thousand as of December 31, 2023, and 2022, respectively.
- (8) The Consolidated Company's related party, Baihong Construction Co., Ltd., provided guaranteed promissory notes for the projects, which were recorded as NT\$580,155 thousand and NT\$134,566 thousand as of December 31, 2023, and 2022, respectively.
- 8. Information on remuneration to the management

| | 2023 | 2022 | |
|------------------------------|----------|----------|--|
| Short-term employee benefits | \$25,149 | \$27,558 | |

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, 2023 | December 31, 2022 |
|-------------------------------------|--|-------------------|-------------------|
| Buildings and land held for sale | Collateralized borrowing and issuance of commercial promissory notes | \$5,565,214 | \$4,129,718 |
| Construction in progress | Collateralized borrowing and issuance of commercial promissory notes | 5,222,870 | 4,953,479 |
| Land held for construction | Collateralized borrowing and issuance of commercial promissory notes | 19,266,364 | 17,098,597 |
| Housing and Construction | Secured borrowings | 563,942 | 625,192 |
| Other financial assets - current | Pre-sold project trust and performance trust | 68,072 | 106,295 |
| Refundable deposits | Disaster management guarantee | 27,046 | 27,019 |
| Total | | \$30,713,508 | \$26,940,300 |

- IX. Significant Contingent Liabilities and Unrecognized Contract Commitments
 - As of December 31, 2023, the total contract value (including tax) of the construction contracts that had been signed was NT\$10,362,380 thousand, with an outstanding payment amount of NT\$8,537,243 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 (Case Number: 2022 Shang Zi No. 62). 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: 2023 Chong Shang Zi No. 27). 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 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\$700 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) was ruled by the Kaohsiung branch of Taiwan High Court on August 23, 2023, as not eligible for appeal.
- 6. 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.

- 7. 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.
- 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, 2023 and 2022, the financing endorsement and guarantee of the Consolidated Company are as follows:

| Endorser/Guarantor | Endorsee/Guarantee | December 31, 2023 | December 31, 2022 | Guarantee purpose |
|---------------------------------------|-------------------------------|----------------------|----------------------|---------------------------------|
| King's Town Construction Co., Ltd. | SanDi Properties Co., Ltd. | \$2,000,000 | \$2,000,000 | Loan financing credit guarantee |

- 9. As of December 31, 2023 and December 31, 2022, 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
 - Since the carrying amounts of the Consolidated Company's financial instruments not measured at fair value (including cash and cash equivalents, notes and account receivables, other receivables, other financial assets, refundable deposits, longterm 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, detailed information on financial instruments measured at fair value can be found in Note VI(II) and Note XII(II)3.(4)C, D. Detailed information on these financial instruments has been disclosed in their respective individual notes.

| | December 31, 2023 | December 31, 2022 |
|---|-------------------|-------------------|
| 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 | \$634,228 | \$603,749 |
| Net notes receivable and trade receivables (including related parties) | 27,471 | 22,513 |
| Other receivables (including related parties) | 8,183 | 2,810 |
| Other financial assets (including current and non- current) | 68,072 | 106,295 |
| Refundable deposits | 31,803 | 31,290 |
| Long-term notes and trade receivable | 20,000 | 2,785 |
| Subtotal | \$789,757 | \$769,442 |
| Total | \$789,839 | \$769,524 |
| Financial liabilities | | |
| Measured at amortized cost | | |
| Short-term borrowings | \$3,756,950 | \$4,401,950 |
| Short-term bills payable | 4,587,399 | 3,734,677 |
| Notes payable and trade payables (including related parties) | 335,623 | 174,840 |
| Other payables (including related parties) | 72,095 | 71,310 |
| Long-term borrowings (including long-term borrowing due within one operating cycle) | 9,581,737 | 8,412,550 |
| Lease liabilities (including current) | 69,295 | 63,507 |
| Long-term notes payable | 7,595 | 0 |
| Deposits received | 5,904 | 5,910 |
| Total | \$18,416,598 | \$16,864,744 |
| | | |

2. Financial risk management policy

(1) The Consolidated Company's daily operations are subject to a number of financial risks, including market risk (including interest rate risk and price risk), credit risk and liquidity risk. The Consolidated Company's overall risk management program focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on the Consolidated Company's financial position and financial performance.

- (2) Financial risk management of the Consolidated Company is carried out by its finance department based on the policies approved by the Board of Directors. Through cooperation with the Consolidated Company's operating units, the finance department is responsible for identifying, evaluating and hedging financial risks.
- (3) The Consolidated Company does not undertake derivatives for hedging financial risks.
- 3. Significant financial risks and degrees of financial risks
 - (1) Market risks
 - A. Price risks

The Consolidated Company invests mainly in domestic unlisted equity instruments (venture capital funds). 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, 2023 and 2022, 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 1% shift would be a maximum increase or decrease of NT\$99,383 thousand and NT\$96,372 thousand for 2023 and 2022, 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. The banks and financial institutions with which transactions are conducted are all of good credit standing, therefore, the credit risk associated with deposits held at these financial institutions is considered limited.
 - B. The Consolidated Company primarily engages in the business of renting and selling residential properties and land. Revenue from the sale of properties is recognized when the full contract price is received, the transfer of ownership is completed, and the property is physically handed over. Consequently, the amount of receivables arising from property sales should be minimal, and the likelihood of non-recovery is low. In addition, 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 were not significant for the period from January 1 to

December 31 in both 2023 and 2022.

- C. No written-off debts with recourse existed as of December 31, 2023 and 2022.
- (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, 2023 | | | | |
| Short-term borrowings | \$2,714,466 | \$560,414 | \$26,010 | \$514,894 |
| Short-term bills payable | 4,591,100 | 0 | 0 | 0 |
| Notes and accounts receivable (Including amounts to related parties) | 335,499 | 0 | 3,255 | 4,464 |
| Other payables | 67,081 | 5,013 | 0 | 1 |
| (Including amounts to related parties) | | | | |
| Provisions - current | 7,650 | 4,500 | 18,400 | 17,850 |
| Long-term borrowings (including that due within one | 145,618 | 245,158 | 6,603,699 | 3,309,194 |
| operating cycle) Lease liabilities (including current) | 1,233 | 1,233 | 4,932 | 87,335 |
| Non-derivative financial liabilities | Within 6 months | 6 to 12 months | 1 to3 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 | 71,310 | 0 | 0 | 0 |
| (Including amounts to related parties) | | | | |
| 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 |

- 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.

| | Investments in equity instruments without an |
|---|--|
| | active market |
| December 31, 2023 (i.e. January 1,2023) | \$82 |
| December 31, 2022 (i.e. January 1,2022) | \$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 financial assets held by the Consolidated Company are equity instruments without an active market, designated as financial assets current measured at fair value through profit or loss. Due to their minimal amount, they are valued at cost, which corresponds to Level 3 of the fair value hierarchy. However, if the net asset value method is used as the valuation technique for fair value, there is no impairment.
- 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, 2023 and 2022:

| | December 31, 2023 | | | |
|--|-------------------|----------|----------|-------|
| | Level 1 | Level 2 | Level 3 | Total |
| Assets | | | | |
| Repetitive fair value | | | | |
| Valuation gain (loss) on financial assets measured | | | | |
| Financial assets - non-current | | | | |
| Domestic unlisted stocks (Venture Capital Fund) | \$0 | \$0 | \$82 | \$82 |
| | | | | |
| | | December | 31, 2022 | |
| | Level 1 | Level 2 | Level 3 | Total |
| Assets | | | | |
| Repetitive fair value | | | | |
| Valuation gain (loss) on financial assets measured | | | | |
| Financial assets - non-current | | | | |
| Domestic unlisted stocks (Venture Capital Fund) | \$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 3).
 - (3) In 2023 and 2022, the Company did not experience any transfers between Level 1 and Level 2 of the fair value hierarchy.
 - (4) In 2023 and 2022, there was no transfers into or out of Level 3.

XIII. Supplementary Disclosure

| (I |) Infor | mation 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. | Table II |
| 4 | Cumulative amount of the stock of the same marketable securities purchased or sold totaling NT\$300 million or more than 20% of the paid-in capital. | None |
| 5 | Acquisition of real estate totaling NT\$300 million or more than 20% of the paid-in capital: | Table III |
| 6 | Disposal of real estate totaling NT\$300 million or more than 20% of the paid-in capital. | None |
| 7 | Purchases or sales with related parties totaling NT\$100 million or more than 20% of the paid-in capital. | Table IV |
| 8 | Receivables from related party totaling NT\$100 million or more than 20% of the paid-in capital. | None |
| 9 | Engaging in derivatives trading. | None |
| 10 | Business relationships and significant intercompany transactions. | Table V |

Table I

Details on endorsements/guarantees to others. King's Town Construction Co., Ltd. December 31, 2023

Unit: NT\$ thousand

| Amount of Maximum Ending Amount of Endorsements/ Aggregate | Relationship (Note 2) (Note 3) | ies 5 5,318,405 2,000,000 2,000,000 2,000,000 0 11.28% 8,864,008 N N N | ae number column: |
|--|---|--|--|
| Amount of Maximum | Enterprise (Note 3) | 2,000,000 | er column: |
| UDJect OI Endorsements/ Guarantees | No. Name of (Note Endorser/ 1) Guarantor Name of Rela Company (N | King's TownSanDiConstructionPropertiesCo., Ltd.Co., Ltd. | Note1: Instructions for the number column: |
| | Γ) (Ν Στ | 1 | 86 — |

- (1) The Company is 0.0
- The investee companies are numbered in order starting from "1". 5

Listed below are the 7 types of companies to which the Company may provide endorsement/guarantee: Note2:

- (1) A company with which it does business.
- A company in which the Company directly and indirectly holds more than 50 percent of the voting shares.
- A company that directly and indirectly holds more than 50 percent of the voting shares in the Company. <u>®</u>
- A company in which the Company directly and indirectly holds more than 90 percent of the voting shares 4
 - A company for which the peers or co-constructors guarantee mutually as agreed in the contract.
- A company that is endorsed and guaranteed by all shareholders based on their shareholding ratio due to the joint investment relationship. S 9 5
- 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.

Note3:

- 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. 0 E
- 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 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 equity interest.

Table II

King's Town Construction Co., Ltd. Marketable securities held (excluding investments in subsidiaries) December 31, 2023 Unit: NT\$ thousand

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

Hua Chih Venture Capital, due to its lack of significance, is valued at cost as its fair value. However, even when using the net asset value method as the valuation technique for *

fair value, there is no impairment observed.

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

| Other agreements | | | |
|---|---|---|--|
| Purpose of acquisition and usage status | | Land held for construction for business operations | Land held for construction for business operations |
| Basis or reference for price setting | | Real estate valuation report by professional valuation firm | Real estate valuation report by professional valuation firm |
| if the | Amount | I | I |
| transactior is related | Transfer date | l | I |
| Information on prior transaction if the counterparty is related | Relationship with the issuer | l | I |
| Informa | Owner | l | I |
| Relationship | kelationship with the Company None | | None |
| | F Counterparty Natural person Chung, Chun | | First Commercial Bank Ltd. |
| Payment | status | \$395,000 payment of NT\$195,000 | \$334,410 Actual NT\$334,410 |
| Transaction | amount | \$395,000 | \$334,410 |
| Date of | | | 2023/08/29 |
| Name of property Cost equivalent land in the rezoning of self- administered municipal land at Caohu, Annan District, Tainan City (I) | | Kaohsiung City, Lingya District, Chenggong Section, Land Plots No. 65 and 66. | |
| Acquirer of | real estate | King's Town Construction 86 Co., Ltd. | King's Town Construction Co., Ltd. |

The transfer of the above cost equivalent land in the rezoning of self-administered municipal land at Caohu, Annan District, Tainan City (I) and land plots No. 65 and 66 at Chenggong Section, Lingya Disctrict, Kaohsiung City, is not yet completed by the end of December 2023, therefore they were recorded as land prepayments. Table IV

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

| Remark | | | | | |
|--|--|--|--|----------------------------|-----------------------------------|
| Notes and trade receivable (payable) | Percentage of total notes/ trade receivable (payable) | 17.31% | 0.00% | 44.59% | 82.09% |
| Notes and tra (pay | Balance | Notes payable \$40,011 | Trade payables \$0 | Notes payable \$103,104 | Trade payables \$85,714 |
| Transaction with erms different from others | Payment term | | l | | |
| Transaction with terms different from others | Unit price | | | | |
| | Payment term | Subject to | contract | Subject to contract | |
| n details | Percentage of total purchase/ (sales) | 19.49% | | | 11.4/% |
| Transaction details | Amount | \$566,728 | | | 104,0000 |
| | Purchase (sale) | Purchases | | - | rurcnases |
| Relationship | | Relative within the second degree of kinship of the | Chairman of the Company is the Chairman of such company. | The Company's Chairman is | ure supervisor of such company |
| Counterparty | | Chieh Chih | Construction Co., Ltd. | Baihong | Construction Co., Ltd. |
| Name of | company | King's Town | Construction Co., Ltd. | King's Town | Co., Ltd. |

| Unit: NT\$ thousand | | Percentage of the consolidated net revenue or total assets | 1.80% | s 0.04% | s 0.01% | 4.08% | s 0.05% |
|--------------------------------|---------------------------|--|---------------------------------------|---|---|--|--|
| | Intercompany transactions | Trading terms | Monthly contractual payments | Under the same terms as ordinary transactions. | Under the same terms as ordinary transactions. | Monthly contractual payments | Under the same terms as ordinary transactions. |
| 23 | Interco | Amount | \$46,006 | 908 | 143 | 1,509,009 | 1,051 |
| January I to December 31, 2023 | | Account name | Sales revenue | Entertainment expense | Miscellaneous expenses | Right-of-use assets | Sales revenue |
| January | | Nature of relationship | Parent to subsidiary | Parent to subsidiary | Parent to subsidiary | Subsidiary to parent | Subsidiary to parent |
| | | Name of counterparty | H2O Hotel Co., Ltd. (H2O Hotel) | H2O Hotel Co., Ltd. (H2O Hotel) | H2O Hotel Co., Ltd. (H2O Hotel) | King's Town Construction Co., Ltd. | King's Town Construction Co., Ltd. |
| | | Name of Company | King's Town Construction Co., Ltd. | King's Town Construction Co., Ltd. | King's Town Construction Co., Ltd. | H2O Hotel Co., Ltd. (H2O Hotel) | H2O Hotel Co., Ltd. (H2O Hotel) |

Business relationships and significant intercompany transactions King's Town Construction Co., Ltd.

January 1 to December 31, 2023

Table V

(II) Information on reinvestment:

| | Remark | Ι | |
|------------------------------|---|---|--|
| | Investment profit (loss) recognized | (\$15,085) | \$5,327 |
| Profit (Loss) of | ·= | 100% \$120,532 (\$41,476) | \$13,317 |
| e | Carrying amount | \$120,532 | \$16,642 |
| Ending balance | Percentage (%) | 100% | 40% |
| E | Shares (in Percentag thousand) (%) | 49,000 | 800 |
| /estment unt | EndingEndingbalance forEnd of lastShares (inthe currentyearthousand)(%)period | \$440,000 | \$8,000 |
| Initial investment amount | Ending balance for the current period | \$490,000 | \$8,000 |
| | Main business activities | Hotel and restaurant | Restaurants |
| | Location | No. 366, Minghua Rd., Gushan Dist., Kaohsiung City | 2F., No. 51, Ln. 69, Jingye 2nd Rd., Zhongshan Dist., Taipei City |
| | Name of Investor Name of Investee | H2O Hotel Co., Ltd. | Yangmin International Catering Co. Ltd. |
| | Name of Investor | King's Town Construction Co., Ltd. | H2O Hotel Co., Ltd. (H2O Hotel) |

- the leasing subsidiary was classified as a right-of-use asset and lease liability under IFRS 16 as of January 1, 2019, while King's Town Construction Co., Ltd., classified it as an operating lease, resulting in a difference in profit or loss recognition. This difference impacted the share of profits recognized by King's Town Construction Co., The Company recognized a loss share of NT\$41,476 thousand in the investee company. In addition, due to the lease of real estate to a subsidiary, H2O Hotel Co., Ltd., Ltd. using the equity method, amounting to NT\$26,391 thousand. Note1:
- (III) Disclosure of information on investments in Mainland China:

None.

| Name of major shareholders | Shareholding (shares) | Shareholding |
|-----------------------------------|--------------------------|--------------|
| Tsai, Tien-Tsan | 85,577,838 | 23.16% |
| Tiangang Investment Co., Ltd. | 63,328,801 | 17.14% |
| Tianye Investment Co., Ltd. | 49,652,072 | 13.44% |
| Chien-Chih Construction Co., Ltd. | 31,651,513 | 8.56% |
| Tsai | 23,616,339 | 6.39% |
| Meiyun S. Tsai | 20,209,951 | 5.47% |

(IV) Information on major shareholders:

- (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:

| | | 20 | 023 | |
|--|--------------|---------------|-----------------|-------------|
| | Construction | Accommodation | Adjustments and | Total |
| | Department | Department | elimination | Total |
| Revenue | | | | |
| Net revenue from external customers | \$2,245,392 | \$303,898 | \$4,456 | \$2,553,746 |
| Net intersegment revenue | 46,006 | 1,051 | (47,057) | 0 |
| Total revenue | \$2,291,398 | \$304,949 | (\$42,601) | \$2,553,746 |
| Interest income | \$2,124 | \$359 | \$0 | \$2,483 |
| Interest expenses | 318,198 | 22,632 | (22,207) | 318,623 |
| Depreciation and amortization | 3,812 | 55,454 | 17,410 | 76,676 |
| Investment profit or loss recognized under the equity method | (15,085) | 5,327 | 15,085 | 5,327 |
| Significant revenue, expense and loss: | | | | |
| Other income | 872 | 4,799 | (4,456) | 1,215 |
| Reportable segment profit or loss | \$442,041 | (\$41,476) | \$41,476 | \$442,041 |

| | | 20 | 22 | |
|---|----------------------------|-----------------------------|-----------------------------|-------------|
| | 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 |

| | | 20 | 022 | |
|--------------------------------------|--------------|---------------|-----------------|--------------|
| | Construction | Accommodation | Adjustments and | Total |
| | Department | Department | elimination | |
| Reportable segment profit or loss | \$1,009,674 | (\$58,757) | \$58,757 | \$1,009,674 |
| Reportable segment assets | | | | |
| December 31, 2023 | \$36,952,043 | \$1,706,687 | (\$1,629,546) | \$37,029,184 |
| December 31, 2022 | \$34,983,219 | \$2,423,636 | (\$2,343,064) | \$35,063,791 |
| Reportable segment | | | | |
| liabilities | | | | |
| December 31, 2023 | \$19,224,028 | \$1,680,837 | (\$1,603,696) | \$19,301,169 |
| December 31, 2022 | \$17,708,194 | \$2,406,310 | (\$2,325,739) | \$17,788,765 |

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

(IV) Product information

| Products and service | 2023 | 2022 |
|----------------------|-------------|-------------|
| Land revenue | \$1,101,511 | \$1,497,026 |
| Building revenue | 1,106,967 | 1,584,699 |
| Rental revenue | 41,370 | 33,320 |
| Room revenue | 164,845 | 143,110 |
| Catering revenue | 139,053 | 125,975 |
| Total | \$2,553,746 | \$3,384,130 |

(V) Important customer information:

The Consolidated Company's sales to an individual customer accounted for more than 10% of net operating revenues in 2023 and 2022:

None.

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

Independent Auditors' Report

March 14, 2024 (2024) ShineWing Taiwan Audit Report No. 011

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, 2023 and 2022, 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, 2023 and 2022.

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, 2023 and 2022, as well as the parent company only financial performance and parent company only cash flows for the periods from January 1 to December 31, 2023 and 2022.

Basis for Opinions

We conducted our audits in accordance with the Regulations Governing Auditing and Attestation 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, 2023. 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, 2023 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, IFRIC Interpretations, and SIC Interpretations as endorsed by the Financial Supervisory Commission. Inventories include properties held for sale, land, projects under development, construction sites, and prepaid land payments, and are stated at the lower of cost or net realizable value. An incorrect assessment of the net realizable value may result in a misrepresentation in the financial statements. 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 impact of changes in external market factors on the sales prices. The properties held for sale are evaluated based on the comparison with recent nearby transaction conditions or the contract prices of sales made recently by King's Town Construction Co., Ltd. Due to the high uncertainty of future input costs and the difficulty in obtaining comparable sales prices for lands and projects under construction, an investment return analysis form for each case is sampled and selected for review and compared with market conditions to assess if the net realizable value is reasonable. With regard to construction sites, they are entrusted with the appraisal reports 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(XXIV) to the Parent Company Only Financial Statements for the details of revenue recognition.

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

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

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

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

In preparing the Parent Company Only Financial Statements, the management is responsible for assessing the ability of King's Town Construction Co. Ltd. as a going concern, disclosing, as

applicable, matters related to going concern and using the going concern basis of accounting unless the management either intends to liquidate King's Town Construction Co. Ltd. or to create operations, or has no realistic alternative but to do so.

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

Auditors' Responsibilities for the Audit of the Parent Company Only Financial Statements

Our objectives are to obtain reasonable assurance about whether the Parent Company Only Financial Statements as a whole are free from material misstatements, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the auditing standards 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:

- 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.
- 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.
- 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 2023 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: Chuang, Shu-Yuan

CPA:Jackson Jwo

Financial Supervisory Commission Approval No. FSC Letter Jin-Guan-Zheng-Shen No. 1070345892 FSC Letter Jin-Guan-Zheng-Shen No. 1070345892

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Financial Supervisory Commission Approval No.

| Unit: NT\$ tl ber 31, 2022 | Amount % | | \$531,329 1.52 | 15,000 0.04 | 886 0.00 | 2,609 0.01 | | 32,662,856 93.37 | 571,681 1.63 | | 96,254 0.28 | \$33,995,348 97.18 | | \$82 0.00 | 85,617 0.24 | 4,047 0.01 | | 625,192 1.79 | | | | 2,785 0.01 | \$987,871 2.82 | \$34,983,219 100.00 | |
|-------------------------------|----------|---------------------|--------------------------------|---------------------------|----------------------------|------------------------|--|------------------|------------------|---------------------------|---------------------------------------|---------------------------|-------------------------|---|--|-------------------------------------|------------------------------|--------------------------------|------------------------|--------------------------|--------------------------|---|-------------------------------|---------------------|-------------|
| | | | 1.44 | 0.05 | 0.01 | 0.02 | 0.00 | 94.14 | 1.22 | 0.29 | 0.15 | 97.32 | | 0.00 | 0.33 | 0.04 | 0.18 | 1.53 | 0.42 | 0.05 | 0.08 | 0.05 | 2.68 | 100.00 | |
| December 31, 2023 | Amount | | \$530,843 | 16,676 | 2,500 | 7,964 | 141 | 34,788,812 | 451,904 | 108,283 | 54,012 | \$35,961,135 | | \$82 | 120,532 | 15,934 | 67,004 | 563,942 | 154,443 | 18,352 | 30,619 | 20,000 | \$990,908 | \$36,952,043 | |
| ; | Note | | VI.(I) | VI.(III) | VI.(III) | VI.(IV) | VI.(IV).VII | VI.(V), VIII | VI(VI) | VI.(VII) | VI (VIII), VIII | | | VI.(II) | VI.(IX) | VI.(X) | VI.(XI) | VI.(XII), VII, VIII | VI.(XIII) | VI.(XXXI) | VIII | VI.(III) | | | (Continued) |
| | Assets | 11XX Current assets | 1100 Cash and cash equivalents | 1150 Net notes receivable | 1170 Net trade receivables | 1200 Other receivables | 1210 Other receivables - related parties | 1320 Inventories | 1410 Prepayments | 1470 Other current assets | 1476 Other financial assets - current | 11XX Total current assets | 15XX Non-current assets | 1510 Financial assets at fair value through profit and loss | 1550 Investments accounted for using the equity method | 1600 Property, plant, and equipment | 1755 Net right-of-use assets | 1760 Net investment properties | 1780 Intangible assets | 1840 Deferred tax assets | 1920 Refundable deposits | 1930 Long-term notes and trade receivable | 15xx Total non-current assets | 1xxx Total assets | |

King's Town Construction Co., Ltd. Parent Company Only Balance Sheets December 31, 2023 and 2022

— 201 —

| | th | % | | 12.58 | 1.68 | 0.14 | 0.23 | 0.00 | 0.12 | 0.00 | 0.40 | 0.15 | 0.00 | 2.94 0.21 | 0.02 | 29.22 | | 21.10 | 0.18 | 0.00 | 0.06 | 0.01 | 21.40 | 70.02 | 10.55 | 0.00 | 4.81 | 34.02 | 38.83 | 49.38 | 100.00 | ang, Su-Ying |
|--|---------------------------------|----------|---------------------|--|--------------------------------|---------------|---------------------------------|--|-----------------------------------|----------------------------------|-------------------------|----------------------|----------|--|------------------------------------|---------------------------|-------------------------|--------------------------------------|--|-------------------------|---|---------------------|-----------------------------|-------------|---------------------------------|--|---------------|-------------------------|-------------------------|---------------|------------------------------|--|
| | Unit: NT\$ December 31, 2022 | Amount | | 24,401,950 | 586.417 | 47,687 | 80,011 | 20,381 0 | 40.744 | 783 | 138,450 | 51,779 | 1,134 | 1,020,293 | 8.499 | \$10,221,783 | | \$7,382,157 | 17,121 | 0 | 19,557 | 5,202 #7 497 410 | \$1,480,410 \$17 708 102 | 001,000 | \$3,690,564 | 0 | 1,681,444 | 11,903,018 | \$13,584,462 | \$1/,2/3,026 | \$34,983,219 | Accountant Officer: Liang, Su-Ying |
| | | % | | 10.17 | 1.84 | 0.24 | 0.39 | 0.01 | 0.11 | 0.00 | 0.14 | 0.12 | 0.00 | 0.40 0.14 | 0.01 | 26.21 | 1 | 25.53 | 0.19 | 0.02 | 0.05 | 0.01 | 10.02 | 70.70 | 10.00 | 0.02 | 4.81 | 33.15 | <u>37.96</u> | 41.98 | 100.00 | |
| ı Co., Ltd. ınce Sheets d 2022 | December 31, 2023 | Amount | | 45,/20,900 1587 200 | 679,814 | 88,089 | 143,115 | 2,090 | 41.473 | 101 | 51,861 | 45,488 | 1,46,026 | 140,930 | 4.346 | \$9,685,679 | | \$9,434,801 | 5,901 | 7,595 | 18,757 | 5,196 #0 528 240 | <u>\$10,774,078</u> | 010,127,010 | \$3,694,196 | 8,082 | 1,776,451 | 12,249,286 | <u>\$14,025,737</u> | \$17,728,015 | \$36,952,043 | to the accompanying notes in the financial report) : Tsai, Tien-Tsan Manager: Tsai, Tien-Tsan |
| King's Town Construction Co., Ltd. Parent Company Only Balance Sheets December 31, 2023 and 2022 | | Note | | VI.(XIV), VII, VIII VI (VIV) VII VIII | 2 M | ~ | ΠΛ | VШ | | ΝII | | VI.(XV) | | VI.(AVIII), VII, VIII VI (XVI) | VI.(XVII) | | | VI.(XVIII), VII, VIII VII.(XVVII) | VI(XIX) VI | VI.(XX) | VI.(XXIX) | I | 1 | | VI.(XXI) | VI.(XXII) | VI.(XXIII) | VI.(XXIII) | I | Ι | Ι | o the accompanying not Tsai, Tien-Tsan |
| | | | | | | | | | | | | | | nin one operating cycle | | | | | | | non-current | | | | | s premium | | | | | | (Please refer to Representative: ⁷ |
| | | <u> </u> | Current liabilities | Short-term borrowings Short term bills neverble | Contract liabilities - current | Notes payable | Notes payable - related parties | Trade payables Trade novables related norties | Other payables - related partices | Other payables - related parties | Current tax liabilities | Provisions - current | r | Long-term borrowings are within one operating cycl Collection | Other current liabilities - others | Total current liabilities | Non-current liabilities | Long-term borrowings | Ueterred tax nabilities Lease lighilities - non-current | Long-term notes payable | Net defined benefit liabilities - non-current | Deposits received | I otal non-current manufes | Equity | Share capital - ordinary shares | Paid-in capital - ordinary shares premium Retained earninos | Legal reserve | Unappropriated earnings | Total retained earnings | I otal equity | Total liabilities and equity | Chairperson: Tianye Investment Co., Ltd. |
| | | | 21XX | 2100 | 2130 | 2150 | 2160 | 2180 | 2200 | 2220 | 2230 | 2250 | 0077 | 2252 | 2399 | 21XX | 25XX | 2540 2570 | 2580 | 2611 | 2640 | 2645 | XXC7 | 3XXX | 3110 | 3211 3300 | 3310 | 3350 | 3300 | 3777 | | Chairpei |

| $ \begin{array}{c c c c c c c c c c c c c c c c c c c $ | | | | | | | Unit [•] NT ² | Unit: NT\$ thousand |
|---|---|--------------------------------------|--|------------------------------|-------------------------|---------|-------------------------------------|---------------------|
| itles Note Amount $\frac{6}{32,291,398}$ 100.00 $\frac{100}{690}$ $\frac{11}{31,49,105}$ 1 $\frac{11}{1,19,708}$ $\frac{11}{1,19,109}$ | | | | | 2023 | | 2022 | ninenoin |
| $ \begin{array}{c} & & & & & \\ & & & & & & \\ & & & & & & $ | | Accou | int titles | Note | Amount | % | Amount | % |
| $ \begin{array}{c} \begin{array}{c} & \mbox{S1}2,291,308 & 100,00 & 83,149,105 & 1\\ & \mbox{V1}(XXYI) & \mbox{S2}291,308 & 100,00 & 83,149,105 & 1\\ & \mbox{S1}1,15,690 & 49,39 & 51,832,589 & \\ & \mbox{V1}(XXYII) & 191,066 & 8,34 & 293,070 & \\ & \mbox{S3}0,6,09 & 113,38 & 5,04 & 123,507 & \\ & \mbox{S3}0,6,09 & 115,543 & 5,04 & 123,507 & \\ & \mbox{S3}0,6,09 & 115,543 & 5,04 & 123,507 & \\ & \mbox{V1}(XXYII) & \mbox{S2}0,11 & 2,520 & \\ & \mbox{V1}(XXYII) & \mbox{S2}0,11 & 2,520 & \\ & \mbox{V1}(XXYII) & \mbox{S2}1,2124 & 0,09 & 8841 & \\ & \mbox{V1}(XXYII) & \mbox{S3}1,2124 & 0,09 & 8841 & \\ & \mbox{V1}(XXYII) & \mbox{S3}1,2124 & 0,09 & 8841 & \\ & \mbox{V1}(XXYII) & \mbox{S3}1,2124 & 0,00 & \mbox{S3}1,16,617 & \\ & \mbox{V1}(XXYII) & \mbox{S2}1,2124 & 0,09 & \mbox{S4}1,215 & \\ & \mbox{V1}(XXYII) & \mbox{S4}1,212 & \mbox{S4}1,213 & \mbox{S4}1,215 & \mbox{S2}1,159,674 & \mbox{S4}2,128 & \mbox{S4}1,215 & \mbox$ | Operating revenue | revenue | | | | | | |
| $ \begin{array}{ccccc} & & & & & & & & & & & & & & & & &$ | Sales revenue | nue | | | \$2,291,398 | 100.00 | \$3,149,195 | 100.00 |
| $ \begin{array}{c} \text{VL}(\text{XXIV}), \text{VII} & \begin{array}{c} \text{S2.291,398} & 100.00 & \begin{array}{c} \text{S3.149,105} & 1\\ 1.199,708 & \begin{array}{c} \text{S0.61} & 1.316,516 & 1\\ 3.1,131,690 & 49.39 & S1,832,589 & \\ \text{VII}(\text{XXXII}) & 191,066 & \begin{array}{c} \text{S3.4} & 293,070 & \\ 115,543 & 5.04 & 123,507 & \\ 115,543 & 5.04 & 123,507 & \\ \text{S326,609} & 13.38 & 5.04 & 123,507 & \\ \text{S326,609} & 13.38 & 5.04 & 123,507 & \\ \text{VI}(\text{XXVII}) & 115,543 & 36.01 & \begin{array}{c} \text{S1.416,012} & \\ \text{S1.416,012} & \\ \text{VI}(\text{XXVII}) & (15,085) & (0.06) & \\ \text{VI}(\text{XXVII}) & (15,085) & (0.06) & (29,483) & \\ \text{VI}(\text{XXVII}) & (15,085) & (0.66) & (29,483) & \\ \text{VI}(\text{XXVII}) & (15,085) & (0.66) & (29,483) & \\ \text{VI}(\text{XXVII}) & (15,085) & (0.66) & (29,483) & \\ \text{VI}(\text{XXVII}) & (15,085) & (0.66) & (29,483) & \\ \text{VI}(\text{XXVII}) & (15,085) & (0.66) & (29,483) & \\ \text{VI}(\text{XXVII}) & (15,085) & (0.66) & (29,483) & \\ \text{VI}(\text{XXVII}) & (15,085) & (0.66) & (29,483) & \\ \text{VI}(\text{XXVII}) & (15,085) & (0.66) & (29,483) & \\ \text{VI}(\text{XXVII}) & (15,085) & (0.66) & (29,483) & \\ \text{VI}(\text{XXVII}) & (15,085) & (0.66) & (29,483) & \\ \text{VI}(\text{XXVII}) & (15,085) & (0.66) & (29,483) & \\ \text{VI}(\text{XXVII}) & (15,085) & (0.66) & (29,483) & \\ \text{VI}(\text{XXII}) & (15,085) & (0.66) & (29,483) & \\ \text{VI}(\text{XXII}) & (15,085) & (0.66) & (29,483) & \\ \text{VI}(\text{XXII}) & (15,085) & (0.04) & (25,5338) & \\ \text{VI}(\text{XXIII}) & (19,10) & (0,01) & \\ \end{array} \right)$ | Sales disc | Sales discounts and allowances | | | 0 | 0.00 | (06) | (0.00) |
| $ \begin{array}{c} 1,159,708 & 50.61 & 1,316,516 \\ 8,1,131,690 & 49.39 & 51,832,589 \\ \hline 8,1,131,690 & 49.39 & 51,832,589 \\ \hline 8,1,131,690 & 13,38 & 5104 & 123,607 \\ \hline 8,2,124 & 0.09 & 5841 \\ 115,543 & 5004 & 123,507 \\ \hline 8,2,124 & 0.09 & 5841 \\ 115,819 & 0.00 & 0.1600 \\ 0,1,(XXVII) & 872 & 0.04 & 2,520 \\ 0,100 & 0,160 & 0.150056 \\ \hline 0,138,908 & 0.15000 & 5841 \\ \hline 0,11,5,543 & 0.00 & 0.15000 \\ \hline 0,11,55,513 & 0.000 & 0.15000 \\ \hline 0,011 & 0,011 & 0.01 \\ \hline 0,011 & 0,011 & 0.01 \\ \hline 0,011 & 0,011 & 0.02 \\ \hline 0,012 & 0.00991 \\ \hline 0,012 & 0.00991 \\ \hline 0,011 & 0.011 & 0.01 \\ \hline 0,011 & 0.01 & 0.02 \\ \hline 0,012 & 0.0191 & 0.01 \\ \hline 0,011 & 0.01 & 0.02 \\ \hline 0,012 & 0.0191 & 0.01 \\ \hline 0,011 & 0.01 & 0.02 \\ \hline 0,012 & 0.0191 & 0.01 \\ \hline 0,011 & 0.01 \\ \hline 0,011 & 0.01 \\ \hline 0,01 & 0.01 \\ \hline$ | Net sales | | | VI.(XXIV), VII | \$2,291,398 | 100.00 | \$3,149,105 | 100.00 |
| $ \begin{array}{cccccccccccccccccccccccccccccccccccc$ | Operating costs | costs | | | 1,159,708 | 50.61 | 1,316,516 | 41.81 |
| $ \begin{array}{c} \text{VI.(XXII)} \\ \text{VI.(XXII)} \\ \text{II}5,543 & 5.04 \\ \underline{83306,609} & \underline{13.38} & \underline{8416,577} \\ \underline{83306,609} & \underline{13.38} & \underline{8416,577} \\ \underline{8825,081} & \underline{36.01} & \underline{3146,012} \\ \underline{8825,081} & \underline{36.01} & \underline{3146,012} \\ \underline{81416,012} & \underline{81416,012} \\ \underline{8141,276} & \underline{811,09} & \underline{811,096,01} \\ \underline{811,19,060} & \underline{811,199,674} \\ \underline{811,19,09} & \underline{811,199,674} \\ \underline{811,199,674} & \underline{811,09} & \underline{811,096,01} \\ \underline{811,19,09} & \underline{811,096,01} \\ \underline{8141,276} & \underline{19,26} & \underline{811,096,01} \\ \underline{8141,275} & \underline{19,26} & \underline{811,096,01} \\ \underline{8141,275} & \underline{19,26} & \underline{811,096,021} \\ \underline{811,09,674} & \underline{82,77} \\ \underline{811,09,674} & \underline{82,77} \\ \underline{811,09,674} & \underline{82,77} \\ \underline{811,09,09,01} & \underline{82,77} \\ \underline{811,09,921} & \underline{82,77} \\ \underline{811,07} & \underline{81,00} \\ \underline{811,07} & \underline{81,07} \\ \underline{81,00} & \underline{81,07} \\ \underline{81,00} & \underline{81,07} \\ \underline{81,00} & \underline{81,07} \\ \underline{81,00} & \underline{81,07} \\ \underline{81,07} & \underline{81,07} $ | Gross profit | fit | | 1 | \$1,131,690 | 49.39 | \$1,832,589 | 58.19 |
| $ \begin{array}{c} 191,066 & 8.34 & 293,070 \\ \hline 115,543 & 5.04 & 123,507 \\ \hline 8825,081 & 36.01 & 31.34 & 293,070 \\ \hline 8825,081 & 36.01 & 31.416,012 \\ \hline 8825,081 & 36.01 & 31.416,012 \\ \hline 8825,081 & 36.01 & 872 & 0.04 & 2,520 \\ \hline \\ V1,(XXVIII) & (15,085) & (0.06) & (230,056) \\ \hline \\ V1,(XXVIII) & (15,085) & (13.89) & (230,056) \\ \hline \\ V1,(XXVII) & (318,198) & (13.89) & (230,056) \\ \hline \\ V1,(XXVII) & (318,198) & (13.89) & (230,056) \\ \hline \\ V1,(XXVII) & (318,198) & (13.89) & (230,056) \\ \hline \\ V1,(XXVII) & (318,198) & (13.89) & (230,056) \\ \hline \\ V1,(XXIII) & (318,198) & (13.89) & (230,056) \\ \hline \\ V1,(XXIII) & (318,198) & (13.89) & (230,056) \\ \hline \\ \\ \\ \end{array} $ | Operating | expenses | | VI.(XXXII) | | | | |
| $ \begin{array}{c} 115,543 \\ \hline & 5.04 \\ \hline & 5.04 \\ \hline & 5.01 \\ \hline & 5.06,609 \\ \hline & 5.01 \\ \hline & 5.06,609 \\ \hline & 5.01 \\ \hline & 5.06,609 \\ \hline & 5.01 \\ \hline & 5.115 \\ \hline & 0.00 \\ \hline & 0.01 \\ \hline & 5.006,60 \\ \hline & 5.00 $ | Selling | Selling and marketing expenses | | ~ | 191,066 | 8.34 | 293,070 | 9.31 |
| $ \begin{array}{c ccccccccccccccccccccccccccccccccccc$ | Genera | l and administrative expense | S | | 115,543 | 5.04 | 123,507 | 3.92 |
| | Total ope | rating expenses | | 1 | \$306,609 | 13.38 | \$416,577 | 13.23 |
| $ \begin{array}{c} \text{VI.(XXVI)} \\ \text{vi.(XXVII)} \\ \text{vi.(XXI)} \\ \text{vi.(XXI)} \\ \text{vi.(XXI)} \\ \text{vi.(XXI)} \\ \text{vi.(XXII)} \\ \text{vi.(XXII)} \\ \text{vi.(XXII)} \\ \text{vi.(XXIII)} \\ \text{vi.(XIII)} \\ \text{vi.(XXIII)} \\ \text{vi.(XIII)} \\ \text{vi.(XXIII)} \\ \text{vi.(XXIII)} \\ \text{vi.(XXIII)} \\ \text{vi.(XXIII)} \\ \text{vi.(XXIII)} \\ \text{vi.(XIII)} \\ vi.(XIII)$ | Operating income | gincome | | 1 | \$825,081 | 36.01 | \$1,416,012 | 44.96 |
| $ \begin{array}{c} \text{VI.(XXV)} \\ \text{VI.(XXVI)} \\ \text{VI.(XXVII)} \\ \text{VI.(XXVI)} \\ \text{VI.(XXI)} \\ \text{VI.(XXII)} \\ \text{VI.(XXIII)} \\ VI.(XXII$ | Non-oper | ating income and expenses | | 1 | | | | |
| $ \begin{array}{c} \text{VI.(XXVI)} \\ \text{vi.(XXVII)} \\ \text{vi.(XXVI)} \\ \text{vi.(XXVI)} \\ \text{vi.(XXI)} \\ \text{vi.(XXII)} \\ \text{vi.(XXII)} \\ \text{vi.(XXII)} \\ \text{vi.(XXII)} \\ \text{vi.(XXIII)} \\ \text{vi.(XXIII)}$ | Interest | Interest income | | VI.(XXV) | \$2,124 | 0.09 | \$841 | 0.03 |
| $ \begin{array}{c} \text{vn.(XXVII)} \\ \text{counted for using the equity method} \\ \text{vn.(XXVIII)} \\ \text{vn.(XXVIII)} \\ \text{vn.(XXVIII)} \\ \text{vn.(XXVII)} \\ \text{vn.(XXVIII)} \\ \text{vn.(XXVIII)} \\ \text{vn.(XXVIII)} \\ \text{vn.(XXVIII)} \\ \text{vn.(XXVIII)} \\ \text{vn.(XXXIII)} \\ \text{vn.(XXIII)} \\ \text{vn.(XXXIII)} \\ \text{vn.(XXXIII)} \\ vn.(XXXI$ | Other income | ncome | | VI.(XXVI) | 872 | 0.04 | 2,520 | 0.08 |
| $ \begin{array}{c} \text{counted for using the equity method} \\ \text{vl.(XXVIII)} \\ \text{counted for using the equity method} \\ \text{vl.(XXI)} \\ \text{vl.(XXI)} \\ \text{vl.(XXI)} \\ \text{vl.(XXI)} \\ \text{vl.(XXII)} \\ \text{vl.(XXII)} \\ \text{vl.(XXIII)} \\ \text{vl.(XXXIII)} \\ vl.(XXXIII)$ | Other g | ains and losses | | VI.(XXVII) | (25) | 0.00 | (160) | 0.00 |
| $ \begin{array}{c} \text{counted for using the equity method} \\ \text{counted for using the equity method} \\ \text{VI.(XXXI)} \\ \text{VI.(XXXI)} \\ \text{VI.(XXXI)} \\ \text{VI.(XXXI)} \\ \text{VI.(XXII)} \\ \text{UI.(XXIX)} \\ \text{UI.(XXII)} \\ \text{UI.(XXII)} \\ \text{UI.(XXII)} \\ \text{UI.(XXIII)} \\ \text{VI.(XXIII)} \\ \text{VI.(XXIIII)} \\ \text{VI.(XXIII)} \\ \text{VI.(XXIIII)} \\ $ | Finance costs | : costs | | VI.(XXVIII) | (318, 198) | (13.89) | (230,056) | (7.31) |
| $ \begin{array}{c} (\$330,312) & (14,42) & (\$256,338) & 0\\ \$494,769 & 21.59 & \$1,159,674 & \\ \$494,769 & 21.59 & \$1,50,000 & \\ \$442,041 & 19.29 & \$1,009,674 & \\ \hline \$442,041 & 19.29 & \$1,009,674 & \\ \hline \$442,041 & 19.29 & \$1,009,674 & \\ \hline \$441,275 & 19.26 & \$1,009,921 & \\ \hline \$1.00 & \$1,20 & \\ \hline \$1.00 & \$1.20 & \\ \hline \$1.20 & \$1.20 & \\ \hline \$2.73 & \\ \hline \end{aligned} $ | Share o | f profit or loss of subsidiarie | is accounted for using the equity method | VI.(IX) | (15,085) | (0.66) | (29,483) | (0.94) |
| $ \begin{array}{c} \begin{array}{c} & \$ 94,769 & 21.59 & \$1,159,674 \\ \hline & 52,728 & 2.30 & 150,000 \\ \hline & $52,728 & 2.30 & 150,009,674 \\ \hline & $52,728 & 2.30 & 150,009,674 \\ \hline & $5442,041 & 19.29 & \$1,009,674 \\ \hline & $1,009,674 & 190,000 & 100,000 \\ \hline & $1,009,021 & 0000 & 0000 \\ \hline & $541,275 & 19.26 & \$1,009,921 \\ \hline & $11.00 & \$1,20 & \$2.73 \\ \hline & $11.00 & \$1.20 & \$2.73 \\ \hline & $11.00 & \$2.73 & 0 \\ \hline \end{array} $ | Total non- | -operating income and expen | ISES | | (\$330, 312) | (14.42) | (\$256, 338) | (8.14) |
| $ \begin{array}{c cccc} & & & & & & & & & & & & & & & & & $ | Income before tax | efore tax | | | \$494,769 | 21.59 | \$1,159,674 | 36.82 |
| $ \begin{array}{c cccc} & & & & & & & & & & & & & & & & & $ | Income ta | Income tax expense | | VI.(XXXI) | 52,728 | 2.30 | 150,000 | 4.76 |
| $ \begin{array}{c} \mbox{lans} \\ \mbox{itles not subject to reclassification} \\ \mbox{vl.(XXII)} \\ \mbox{vl.(XXII)} \\ \mbox{vl.(XXII)} \\ \mbox{vl.(XXIII)} \\ $ | Current no | Current net income | | | \$442,041 | 19.29 | \$1,009,674 | 32.06 |
| $ \begin{array}{c} \text{lans} \\ \text{it tles not subject to reclassification} \\ \text{vI.(XXXI)} \\ \text{vI.(XXXI)} \\ \text{vI.(XXXII)} \\ \text{vI.(XXXIII)} \\$ | Other con | Other comprehensive income | | | | | | |
| $\begin{array}{c} \text{Ians} \\ \text{it tles not subject to reclassification} \\ \text{vI.(XXXI)} \\ \text{vI.(XXXI)} \\ \text{vI.(XXXII)} \\ \text{vI.(XXXII)} \\ \text{vI.(XXXII)} \\ \text{vI.(XXXIII)} \\ $ | ltems not | reclassified to profit or loss | | | | | () () () | |
| $ \begin{array}{c} \text{titles not subject to reclassification} & \text{VI.(XXII)} & (191) & (0.01) & 62 \\ \hline & (5766) & (0.03) & $247 \\ \hline & $8441,275 & 19.26 & $1,009,921 & 3 \\ \hline & $81.20 & $82.73 \\ \hline & $82.73 & $82.$ | Kemeas | surements of defined benefit | | VI.(XXIX) | (1.56%) | (0.04) | \$309 | 0.01 |
| (\$766) (0.03) $$247$ $$441,275$ 19.26 $$1,009,921$ $VI.(XXXIII)$ $$1.20$ $$2.73$ $VI.(XXXIII)$ $$1.20$ $$2.73$ | Income | s tax expense (gain) related t | | VI.(XXXI) | (191) | (0.01) | 62 | 0.00 |
| VI.(XXXIII) 8441,275 19.26 81,00 VI.(XXXIII) 81.20 VI.(XXXIII) 81.20 | Other con | prehensive income (after tax | x) | | (\$766) | (0.03) | \$247 | 0.01 |
| VI.(XXXIII) \$1.20 VI.(XXXIII) \$1.20 | Total com | Total comprehensive income | | | \$441,275 | 19.26 | \$1,009,921 | 32.07 |
| VI.(XXXIII) \$1.20 | Basic earr | Basic earnings per share (NT\$) | | VI.(XXXIII) | \$1.20 | | \$2.73 | |
| | Diluted ea | Diluted earnings per share (NT\$) | | VI.(XXXIII) | \$1.20 | | \$2.73 | |
| | 1 I I I I I I I I I I I I I I I I I I I | опапреізон. тлануе шусзанен со., ьм. | Nepresentauve. 1 sal, 1 lon-1 sal | IVIAIIAGUI. ISAI, IIUI-ISAII | , 11 7 11-1 3411 | manu | Accountant Ollicel. Liang, 3u- 1 mg | , Ju- 1 IIIS |

King's Town Construction Co., Ltd. Parent Company Only Statements of Cash Flows January 1 to December 31, 2023 and 2022 Unit: NT\$ thousand

| | Account name | | | | Retained earnings | | | |
|------|---|---------------|-----------------|---------------|---------------------------------------|--------------|-----------------|------------------------------|
| Code | Summary | Share capital | Capital surplus | Legal reserve | Legal reserve Unappropriated earnings | Total | Treasury shares | Freasury shares Total equity |
| A1 | Balance as of January 1, 2022 | \$3,717,590 | \$13,865 | \$1,513,033 | \$11,121,358 | \$12,634,391 | 0\$ | \$0 \$16,365,846 |
| B1 | Profit appropriation and distribution in 2021 | | | 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 | 80 | \$1,681,444 | \$11,903,018 | \$13,584,462 | 80 | \$0 \$17,275,026 |
| A1 | Balance as of January 1, 2023 | \$3,690,564 | \$0 | \$1,681,444 | \$11,903,018 | \$13,584,462 | \$0 | \$0 \$17,275,026 |
| B1 | Profit appropriation and distribution in 2022 | | | 95,007 | (95,007) | 0 | | 0 |
| B9 | Employee compensation to capital increase | 3,632 | 8,082 | | | 0 | | 11,714 |
| D1 | Net income in 2023 | | | | 442,041 | 442,041 | | 442,041 |
| D3 | D3 Other comprehensive income in 2023 | | | | (766) | (766) | | (766) |
| D5 | D5 Total comprehensive income in 2023 | | | | 441,275 | 441,275 | 0 | 441,275 |
| Z1 | Balance as of December 31, 2023 | \$3,694,196 | \$8,082 | \$1,776,451 | \$12,249,286 | \$14,025,737 | 80 | \$0 \$17,728,015 |

(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

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| | | Parent Company Only Statement of Cash Flow | atement of C | ash Flows | | |
|-------------------------------|---|--|------------------|---|------------------|------------------------------------|
| | [| From January 1 to December 31, 2023 and 2022 | ber 31, 202 | 3 and 2022 | - | IInit: NTC thousand |
| | January 1, 2023 to December 31, 2023 | January 1, 2022 to December 31, 2022 | | | | |
| | \$494,769 | \$1,159,674 | BBBB B01800 | Cash flow from investing activities: Acquisition of investment accounted for using the equity method | (\$50,000) | (\$50,000) |
| t affact the coch flower | | | B02700 B03700 | Acquisition of property, plant, and equipment | (939) | (3,770) |
| t attect the cash nows. | \$66.444 | \$63.709 | B03800 | Decrease in refundable deposits | (201) | 5.010 |
| | 4,183 | 4,260 | B04500 | Acquisition of intangible assets | 0 | (430) |
| | 318,198 | 230,056 | B06500 | (Increase) Decrease in other financial assets | 42,242 | (30,098) |
| | (2,124) | (841) | BBBB | Net cash outflow from investing activities | (\$9,210) | (\$82,033) |
| | (24) | (179) | | | | |
| es accounted for using the | 15,085 | 29,483 | | | | |
| to not affect the cash flows: | \$401,762 | \$326,488 | | | | |
| ities | | | CCCC | Cash flows from financing activities: | | |
| | | | C00100 | Proceeds from short-term borrowing | \$29,500,650 | \$13,324,150 |
| sivable | (\$18,891) | \$33,897 | | Repayments of short-term borrowings | (30, 145, 650) | (12, 577, 450) |
| ivable | (1,614) | 129,160 | | Proceeds from short-term bills payable | 21,133,900 | 17,651,000 |
| | (5,374) | (2,502) | C00600 | Repayments of short-term bills payable | (20, 283, 200) | (17, 812, 600) |
| | (2, 140, 534) | (1, 164, 092) | C01600 | Proceeds from long-term borrowings | 2,483,350 | 894,400 |
| nts | 118,997 | (28,777) | C01700 | Repayments of long-term borrowings | (1, 314, 163) | (1, 136, 883) |
| ent assets | 6,341 | (23,705) | C03000 | Increase in deposits received | 880 | 1,517 |
| ts | (\$2,041,075) | (\$1,056,019) | C03100 | Decrease in deposits received | (886) | (592) |
| | | | C04020 | Repayment of the principal portion of lease | (1, 134) | (1,115) |
| urrent | \$93,397 | \$24,849 | C04800 | Treasury stock repurchase cost | 0 | (120, 203) |
| | 111,101 | (44,105) | CCCC | Net cash inflow from financing activities | \$1,373,747 | \$222,224 |
| ıble | 62,023 | (564,976) | | | | |
| | 7,932 | 12,305 | | | | |
| | (6,291) | 7,071 | | | | |
| ies | (26,610) | (12,354) | | | | |
| iabilities | (1,757) | (2,541) | EEEE | Decrease in current cash and cash equivalent | (\$486) | (\$441,804) |
| llities | \$239,795 | (\$579,751) | E00100 | Cash and cash equivalent at the beginning of the period | 531,329 | 973,133 |
| S | (\$904, 749) | (\$149,608) | E00200 | Cash and cash equivalent at the end of the period | \$530,843 | \$531,329 |
| | 2,111 | 836 | | | | |
| | 24 | 179 | | | | |
| | (311,567) | (224,278) | | | | |
| | (150,842) | (209,124) | | | | |
| ivities | (\$1,365,023) | (\$581,995) | | | | |
| | (Please refe | (Please refer to the accompanying notes in the financial report) | g notes in | the financial report) | | |
| | i - - - | ł | | | 55 | |
| | Representative: Tsai, Tien-Tsan | en-Tsan | | Manager: Tsai, Tien-Tsan | Accountant Uttic | Accountant Officer: Liang, Su-Ying |

King's Town Construction Co., Ltd. and subsidiaries

| Net cash outflows from operating activities | estment Co., Ltd. |
|---|--|
| | Chairperson: Tianye Investment Co., Ltd. |
| AAAA | Chairp |

| Code | |
|---------|--|
| AAAA | - Cash flow from operating activities: |
| A10000 | Current year net profit before tax |
| A20000 | Adjustment items: |
| A20010 | Revenue, expense and loss that do not affect |
| A20100 | Depreciation expenses and other operating |
| A20200 | Amortization expenses |
| A20900 | Interest expenses |
| A21200 | Interest income |
| A21300 | Dividend income |
| A22300 | Share of profit or loss of subsidiaries accol equity method |
| A20010 | Total revenue, expense and loss that do not a |
| A30000 | Changes in operating assets and liabilities |
| A31000 | Net changes in operating assets |
| A31130 | Decrease (increase) in notes receivable |
| A31150 | (Increase) decrease in trade receivable |
| A31180 | Increase in other receivables |
| A31200 | Increase in inventories |
| A31230 | (Increase) decrease in prepayments |
| A31240 | (Increase) decrease in other current asse |
| A31000 | Total net changes in operating assets |
| A32000 | Net change in operating liabilities |
| A32125 | Increase in contract liabilities - current |
| A32130 | Gain (loss) in notes payable |
| A32150 | Increase (decrease) in trade payable |
| A32180 | Increase in other payables |
| A32200 | Increase (decrease) in provisions |
| A32230 | Decrease in other current liabilities |
| A32240 | Decrease in net defined benefit liabilitie |
| A32000 | Total net changes in operating liabilities |
| A33000 | Cash outflow from operating activities |
| A33100 | Interest received |
| A33200 | Dividend received |
| A33300 | Interest paid |
| A33500 | Income tax paid |
| ~ ~ ~ ~ | Mark and and and and and a second and the second se |

King's Town Construction Co., Ltd.

Notes to Parent Company Only Financial Statements

2023 and 2022

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

I. Company History

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

- II. Approval Date and Procedures of the Financial Statements
 The Parent Company Only financial statements were approved for publication by the Board of
 Directors on March 14, 2024.
- 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 2023:

| | New, Revised, and Amended Standards and | Effective Date of |
|------|--|----------------------|
| Item | Interpretations | Issuance by the IASB |
| 1 | Amendments to IAS 1 - Disclosure | January 1, 2023 |
| | Initiative-Accounting Policies | |
| 2 | Amendments to IAS 8 - Definition of | January 1, 2023 |
| | Accounting Estimates | |
| 3 | Amendments to IAS 12 - Deferred Tax related to | January 1, 2023 |
| | Assets and Liabilities arising from a Single | |
| | Transaction | |
| 4 | Amendments to IAS 12 - International Tax | May 23, 2023 |
| | Reform - Pillar Two Model Rules | |

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.

- (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 113:

| | New, Revised, and Amended Standards and | Effective Date of |
|------|---|----------------------|
| Item | Interpretations | Issuance by the IASB |
| 1 | Amendmentsto IAS 16 - Lease liability in a | January 1, 2024 |
| | sale and leaseback | |
| 2 | Amendment to IAS 1 - Classification of | January 1, 2024 |
| | Liabilities as Current or Non-current | |
| 3 | Amendment to IAS 1 -Non-current Liabilities | January 1, 2024 |
| | with Covenants | |
| 4 | Amendment to IAS 7 and IFRS 7 - Supplier | January 1, 2024 |
| | Finance Arrangements | |

- TheCompanyassessed 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, Revised, and Amended Standards and | Effective Date of |
|------|---|----------------------|
| Item | Interpretations | Issuance by the IASB |
| 1 | Amendments to IFRS 10 and IAS 28 "Sale or | Currently awaiting a |
| | Contribution of Assets between an Investor | decision by the IASB |
| | and Its Associate or Joint Venture" | |
| 2 | IFRS 17 Insurance Contracts | January 1, 2023 |
| 3 | Amendment to IFRS 17 - Insurance Contracts | January 1, 2023 |
| 4 | Amendments to IFRS 17 - Initial Application | January 1, 2023 |
| | of IFRS 17 and IFRS 9 - Comparative | |
| | Information | |
| 5 | Amendment to IAS 21 - Lack of | January 1, 2025 |
| | Exchangeability | |

2. The Company has continued to assess the effects of the above standards and interpretations on its financial position and performance, and will disclose 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
 - 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 Parent Company Only Financial Report in compliance with International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), interpretations, and explanatory announcements 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
 - 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.
 - 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 other 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 thereportingperiod.

- (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 thereportingperiod.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) Liabilities that are expected to be settled within 12 months after the end of thereportingperiod.
 - (4) Liabilities with a repayment schedule that cannot be unconditionally deferred till at least 12months after the end date of the reportingperiod. 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 only 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 measured at fair value through profit or loss are those not measured at amortized cost or at fair value through other comprehensive income. Upon initial recognition, the Company may irrevocably designate financial assets that meet the criteria for measurement at amortized cost or at fair value through other comprehensive income as measured at fair value through profit or loss, to eliminate or significantly reduce an accounting mismatch.

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:

- (1) Financial assets held based on the business model of collecting contract cash flow.
- (2) 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:

- The objective of the Consolidated Company's business model is achieved both by collecting contractual cash flows and selling financial assets.
- (2) 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 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 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.

Financial liabilities measured at amortized cost include account payables and

borrowings, which, after initial recognition, are subsequently measured 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 ornet 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 estimated by real estate appraisers, where for non-road use land, the published land current value appreciation ratio by land administration authorities is adopted as the objective basis for land price adjustment and the criterion for present value assessment. For land designated for road use, the overall value is assessed using the comparative method of valuation.
- (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 (based on the current market conditions) minus the estimated costs and selling expenses incurred during the sale of the property.
- (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 attributable to the owners of the parent company only Financial Reports of the parent company in the financial reports prepared on a consolidated basis, and 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. 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.

3. 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 | 3~5 years |
|--------------------------|-----------|
| Other Equipment | 3~6 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:

- 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:

- 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. However, the Company gains an enforceable right to payments for completed performance obligations when the legal ownership of the property is transferred to the customer, and the property has been physically delivered. Therefore, the Company recognizes revenue at the point in time when the legal ownership of the property is transferred to the customer and the property has been physically delivered. However, revenue is also recognized if only one of these conditions is met within 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 comprehensiveincome and included in retained earnings, andis not recycled to profit or loss insubsequent 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.
- 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 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.

- 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) Measurement of fair value for investment properties

When assessing the fair value of investment properties, the Company adopts the income approach, which involves calculating the rental income based on the existing lease contracts and the duration of use. The amount is then discounted using the Company's incremental borrowing rate as the valuation basis. Any changes in market or economic conditions that result in changes in rental income or interest rates may lead to future fluctuations.

(II) Inventory evaluation

As inventories are measured 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 if market selling prices are lower than costs at the end of the reporting period, and writes down the cost of inventories to the net realizable value. This inventory valuation is primarily basedon the nature of inventory, the actual selling prices of neighboring regions inquired, the selling prices of units sold, the return on investment analysis form or the valuation report provided by an external real property appraiser, and is therefore subject to significant changes.

(III) Provisions

Provisions are provisions for post-sale warranty liabilities, which are the present value of the Company's management's best estimate of future economic outflows resulting from warranty obligations. The estimates are based oncontractual 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.

- VI. Descriptions of Material Accounting Items
 - (I) Cash and cash equivalents

| Item | December 31, 2023 | December 31, 2022 |
|-----------------------------|-------------------|-------------------|
| Cash on hand and petty cash | \$70 | \$58 |
| Demand deposits | 530,672 | 531,244 |
| Checking deposits | 101 | 27 |
| Total | \$530,843 | \$531,329 |

- 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
- The Company's pre-sale construction project trust funds and other portions with restriction on use are classified under Other financial assets – current. Please refer to Note VI(VIII) and Note VIII 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, 2023 | December 31, 2022 |
|--|-------------------|-------------------|
| 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.
- The Company's financial assets measured at fair value through profit or loss recognized no valuation gains in both 2023 and 2022, amounting to NT\$0 thousand. Additionally, there were no disposals of these assets in 2023 and 2022.
- 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, 2023 | December 31, 2022 |
|----------------------------|-------------------|-------------------|
| Notes receivable | | |
| Less than 1 year | \$16,676 | \$15,000 |
| Over 1 year | 20,000 | 2,785 |
| Total | \$36,676 | \$17,785 |
| Trade receivables | | |
| Less than 1 year | \$2,500 | \$886 |
| Over 1 year | 0 | 22 |
| Less: Allowance for losses | 0 | (22) |
| Total | \$2,500 | \$886 |

- Long-term notes receivable of the Company that are due in more than one year are classified under non-current assets as long-term notes receivable and other receivables.
- 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, 2023 | | |
|-----------------------|---|---|---|
| | 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 | \$39,098 | 0% | \$0 |
| Less than 90 days | 35 | 0% | 0 |
| Overdue 91 ~ 150 days | 43 | 0% | 0 |
| Over 365 days | 0 | 100% | 0 |
| Total | \$39,176 | - | \$0 |

| | 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 90 days | 0 | 0% | 0 |
| Overdue 91 ~ 150 days | 0 | 0% | 0 |
| Over 365 days | 22 | 100% | 22 |
| Total | \$18,693 | = | \$22 |

| Company were as follows | | |
|--------------------------------|-------------------|-------------------|
| | December 31, 2023 | December 31, 2022 |
| Beginning balance | \$22 | \$22 |
| Decrease in the current period | (22) | 0 |
| Ending balance | \$0 | \$22 |

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

- 4. The decrease in the current period is due to the collection of overdue receivable loans.
- 5. The majority of the credit period of the Company's receivables is the date of transfer of ownership of the premises to the bank, or the date of credit card payment for the premises to the bank. Prepayments for decorations involve customers issuing long-term notes receivable that are contingent on design and construction; revenue is recognized only after the decoration is completed and inspected. The Company is in the construction industry and has a large and unrelated customer base, so the concentration of credit risk is limited. Please refer to Note XII for related credit risk information.
- 6. The Company's notes receivable (including long-term notes receivable) and accounts receivable were not discounted or provided as collaterals.
- (IV) Other receivables

| Item | December 31, 2023 | December 31, 2022 |
|---|-------------------|-------------------|
| Other receivables | \$7,964 | \$2,609 |
| Other receivables - related parties: | 141 | 109 |
| Total | \$8,105 | \$2,718 |

- 1. Other receivables related parties consist of sales expenses to be shared with landlords and payments due from related parties for sold gift boxes.
- The Company's other receivables were assessed not to be impaired and were not past due.

(V) Inventories

| Item | December 31, 2023 | December 31, 2022 |
|--|-------------------|-------------------|
| Buildings held for sale | \$5,042,191 | \$4,586,949 |
| Land held for sale | 1,837,571 | 1,473,555 |
| Land under construction | 2,821,180 | 2,703,979 |
| Construction in progress | 2,401,690 | 2,249,500 |
| Land held for construction | 21,900,303 | 20,847,402 |
| Prepayment for land | 786,044 | 801,638 |
| Less: Allowance for reduction to valuation | (167) | (167) |
| Total | \$34,788,812 | \$32,662,856 |
| | | |

| Item | December 31, 2023 | December 31, 2022 |
|--|-------------------|-------------------|
| 1. Buildings held for sale | | |
| King's Town | \$1,754,647 | \$1,860,268 |
| King's Town Hyatt | 614,839 | 612,673 |
| Hua Shang | 114,478 | 114,478 |
| Yiwen Court | 59,364 | 190,091 |
| Ju Dan | 105,137 | 135,930 |
| Tian Feng | 145,518 | 145,518 |
| Shi Shang King's Town | 13,569 | 20,360 |
| Mei Shu Huang Ju | 1,187,493 | 1,243,664 |
| King's Town Garden | 119,870 | 216,641 |
| Xiang King's Town | 0 | 4,194 |
| Yue He Di | 42,965 | 42,965 |
| Fu+ | 884,144 | 0 |
| Other projects | 167 | 167 |
| Total | \$5,042,191 | \$4,586,949 |
| Less: Allowance for reduction to valuation | (167) | (167) |
| Net | \$5,042,024 | \$4,586,782 |

| Item | December 31, 2023 | December 31, 2022 |
|--------------------------|-------------------|-------------------|
| 2. Land held for sale | | |
| King's Town | \$178,947 | \$194,590 |
| King's Town Hyatt | 44,555 | 44,598 |
| Yiwen Court | 32,094 | 99,233 |
| Ju Dan | 62,663 | 83,855 |
| Tian Feng | 62,443 | 62,443 |
| Shi Shang King's Town | 8,946 | 13,423 |
| Mei Shu Huang Ju | 783,810 | 831,196 |
| King's Town Garden | 54,048 | 98,095 |
| Xiang King's Town | 0 | 4,269 |
| Yue He Di | 41,853 | 41,853 |
| Fu+ | 568,212 | 0 |
| Total | \$1,837,571 | \$1,473,555 |

| Item | December 31, 2023 | | |
|---|-------------------------|--------------------------|-------------|
| 3. Land under construction and construction in progress | Land under construction | Construction in progress | Total |
| Kaohsiung Fuhe Section No. 698-1 | \$358,073 | \$136,210 | \$494,283 |
| Kaohsiung Longzhong Section No. 191 | 370,653 | 186,598 | 557,251 |
| Kaohsiung Ai Qun No.2748 (King's Town World of Heart) | 1,001,698 | 1,775,817 | 2,777,515 |
| Kaohsiung Bohsiao Section No.1140 (Jing Wu Tong) | 655,287 | 245,852 | 901,139 |
| Tainan Yuguang Section No. 880, 4 in total | 435,469 | 57,213 | 492,682 |
| Total | \$2,821,180 | \$2,401,690 | \$5,222,870 |

| Item | December 31, 2022 | | |
|---|-------------------------|--------------------------|-------------|
| 3. Land under construction and construction in progress | Land under construction | Construction in progress | Total |
| Kaohsiung Fuhe Section No. 698-1 | \$353,729 | \$121,525 | \$475,254 |
| Kaohsiung Ai Qun No.2748 (King's Town World of Heart) | 1,001,698 | 1,305,230 | 2,306,928 |
| Kaohsiung Xindu Section 163 (Fu +) | 693,265 | 766,252 | 1,459,517 |
| Kaohsiung 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, 2023 | December 31, 2022 |
|---|-------------------|-------------------|
| 4. Land held for construction | | |
| Kaohsiung Chenggong Section No. 60-1, 62-64 and others | \$864,273 | \$862,995 |
| Kaohsiung Longzhong Section No. 191 | 0 | 370,653 |
| Kaohsiung Longzhong Section No.129-3,129-4 | 1,610,110 | 1,610,110 |
| Kaohsiung Longzhong Section No.128-4, etc,3in 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 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 | 0 | 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 Section927,3in 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 | 3,398,920 | 3,385,666 |
| Kaohsiung Xindu Section No.49 | 46,653 | 46,653 |
| Kaohsiung Xinzhuang12Sub-section No.1167and1175 | 617,961 | 614,152 |
| Tainan Kanjiao North Section No.913 | 0 | 13,130 |
| Kaohsiung Shinkang Section No.25 and 29 | 188,458 | 0 |
| Kaohsiung Shinkang Section No. 25-1 and 29-1 | 188,548 | 0 |
| Kaohsiung Shinkang Section No. 26 | 34,123 | 0 |
| Kaohsiung Shinkang Section No. 30 | 59,256 | 0 |
| Kaohsiung Shinkang Section No. 31 | 12,058 | 0 |
| Transferable land and deformed land | 2,587,286 | 1,215,917 |
| Total | \$21,900,303 | \$20,847,402 |

| December 31, 2023 | December 31, 2022 | |
|----------------------|--|--|
| | | |
| \$201,677 | \$201,677 | |
| 335,361 | 0 | |
| 4,995 | 0 | |
| 244,011 | 599,961 | |
| \$786,044 | \$801,638 | |
| | 2023 \$201,677 335,361 4,995 244,011 | |

6. The information related to interest capitalization is as follows:

| | December 31, 2023 | December 31, 2022 |
|------------------------------------|-------------------|-------------------|
| The amount of capitalized interest | \$122,630 | \$81,087 |

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.

- 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\$1,080,517 thousand and NT\$1,240,485 thousand in 2023 and 2022, respectively; neither of which included NT\$0 thousand and NT\$375 thousand of inventory write-down benefit in 2023 and 2022, respectively.

(VI) Prepayments

| Item | December 31, 2023 | December 31, 2022 |
|------------------|-------------------|-------------------|
| Prepaid expenses | \$451,769 | \$571,542 |
| Input tax | 135 | 139 |
| Total | \$451,904 | \$571,681 |

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

(VII) Other current assets

| Item | December 31, 2023 | December 31, 2022 |
|--|-------------------|-------------------|
| Payments on behalf of others | \$1,381 | \$4,396 |
| Incremental costs of obtaining contracts | 106,902 | 110,228 |
| Total | \$108,283 | \$114,624 |

The incremental costs for obtaining a contract are the commission paid by the Company to agencies for obtaining real estate sales and purchase contracts which is expected to be recovered. These costs are recognized as assets and amortized over the period when the revenue from the sale of the properties is recognized. In 2023 and 2022, amortization expenses of NT\$17,861 thousand and NT\$0 thousand, respectively, were recognized under selling expenses.

(VIII) Other financial assets - current

| Item | December 31, 2023 | December 31, 2022 | |
|---|-------------------|-------------------|--|
| Restricted bank deposits | \$54,012 | \$96,254 | |
| 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, 2023 | | December | : 31, 2022 |
|------------------------------------|-------------------|--------------|----------|--------------|
| Name of Investee | Amount | Shareholding | Amount | Shareholding |
| H2O Hotel Co., Ltd. (H2O Hotel) | \$120,532 | 100% | \$85,617 | 100% |

- For information about the Company's subsidiaries, please refer to the 2023 Consolidated Financial Statements of the Company.
- (2) Aggregate financial information of the Company's associates is as follows.

| | H2O Hotel Co., Ltd. (H2O Hotel) | | |
|-------------------------|---------------------------------|-------------------|--|
| | December 31, 2023 | December 31, 2022 | |
| Current assets | \$136,936 | \$101,137 | |
| Non-current assets | 1,569,751 | 2,322,499 | |
| Current liabilities | (111,420) | (92,000) | |
| Non-current liabilities | (1,569,417) | (2,314,310) | |

| H2O Hotel Co., Ltd. (H2O Hotel) | | |
|-----------------------------------|--|--|
| December 31, 2023 December 31, 20 | | |
| \$25,850 | \$17,326 | |
| | | |
| H2O Hotel Co., Ltd. (H2O Hotel) | | |
| December 31, 2023 | December 31, 2022 | |
| \$304,949 | \$270,060 | |
| \$128,783 | \$89,971 | |
| (\$41,476) | (\$58,757) | |
| \$0 | \$0 | |
| (\$41,476) | (\$58,757) | |
| | December 31, 2023 \$25,850 H2O Hotel Co., December 31, 2023 \$304,949 \$128,783 (\$41,476) \$0 | |

- (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 2023 and December 2022, H2O Hotel Co., Ltd. increased its capital by cash in the amount of NT\$50,000 thousand in both years, all of which was invested by the Company. The investment cost of the investment in H2O Hotel Co., Ltd. was NT\$490,000 thousand and NT\$440,000 thousand as of December 31, 2023 and 2022, respectively. The share of loss recognized for the subsidiary was NT\$41,476 thousand and NT\$58,757 thousand in 2023 and 2022, 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 2023 and 2022, respectively The difference affects the Company's share of benefit recognized under the equity method by NT\$26,391 thousand and NT\$29,274 thousand in 2023 and 2022, respectively.

(5) There is no provision of guarantees by the invested subsidiary.

(X) Property, plant, and equipment

| | Transportation Equipment | Office Equipment | Other Equipment | Total |
|---|-----------------------------|---------------------|--------------------|----------|
| Cost | | | | |
| 2023/01/01 | \$3,770 | \$0 | \$713 | \$4,483 |
| Increase | 939 | 0 | 0 | 939 |
| Re-classification | 0 | 0 | 14,578 | 14,578 |
| 2023/12/31 | \$4,709 | \$0 | \$15,291 | \$20,000 |
| 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 |
| Accumulated depreciation and impairment | | | | |
| 2023/01/01 | \$52 | \$0 | \$384 | \$436 |
| Depreciation | 702 | 0 | 2,928 | 3,630 |
| 2023/12/31 | \$754 | \$0 | \$3,312 | \$4,066 |
| 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 |
| Net carrying amount | | | | |
| 2023/12/31 | \$3,955 | \$0 | \$11,979 | \$15,934 |
| 2022/12/31 | \$3,718 | \$0 | \$329 | \$4,047 |
| 2022/01/01 | \$0 | \$653 | \$519 | \$1,172 |
| | | | | |

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. In 2023 and 2022, adjustments were made in accordance with changes in the consumer 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, 2023 | \$67,754 |
| Remeasurement | 6,922 |
| Balance as of December 31, 2023 | \$74,676 |
| Balance as of January 1, 2022 | \$65,760 |
| Remeasurement | 1,994 |
| Balance as of December 31, 2022 | \$67,754 |
| Depreciation of right-of-use assets | |
| Balance as of January 1, 2023 | \$6,108 |
| Current depreciation | 1,564 |
| Balance as of December 31, 2023 | \$7,672 |
| Balance as of January 1, 2022 | \$4,544 |
| Current depreciation | 1,564 |
| Balance as of December 31, 2022 | \$6,108 |
| Carrying amount | |
| Balance as of December 31, 2023 | \$67,004 |
| Balance as of December 31, 2022 | \$61,646 |

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

(XII) Investment properties

| | Buildings |
|--------------------------|-----------|
| Cost | |
| 2023/01/01 | \$971,633 |
| 2023/12/31 | \$971,633 |
| 2022/01/01 | \$971,633 |
| 2022/12/31 | \$971,633 |
| Accumulated depreciation | |
| 2023/01/01 | \$346,441 |
| Current depreciation | 61,250 |
| 2023/12/31 | \$407,691 |
| 2022/01/01 | \$285,191 |
| Current depreciation | 61,250 |
| 2022/12/31 | \$346,441 |
| Net carrying amount | |
| 2023/12/31 | \$563,942 |
| 2022/12/31 | \$625,192 |
| 2022/01/01 | \$686,442 |
| | |

1. Investment real estate 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, 2023 | January 1 to December 31, 2022 |
|---|-----------------------------------|-----------------------------------|
| Rental income from investment properties(recorded as operating income) | \$44,286 | \$37,143 |
| Direct operating expenses from investment properties that generate rental income in the current period | 75,815 | 76,026 |

- 2. The fair value of investment properties as of December 31, 2023 and 2022 was NT\$1,258,489 thousand and NT\$2,023,410 thousand, respectively. These valuations were determined by the Company's management using the rental income from lease contracts signed in each respective year, discounted at the incremental borrowing rate. These amounts are categorized as Level 3 fair values.
- Please refer to Note VIII to the financial statements for the guarantees provided by investment properties.
- 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

| U | Land use rights | Other intangible assets | Total |
|---|-----------------|-------------------------|-----------|
| Cost | | | |
| Balance as of January 1, 2023 | \$200,020 | \$1,940 | \$201,960 |
| Balance as of December 31, 2023 | \$200,020 | \$1,940 | \$201,960 |
| 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 |
| Accumulated amortization and impairment | | | |
| Balance as of January 1, 2023 | \$42,003 | \$1,331 | \$43,334 |
| Amortization | 4,001 | 182 | 4,183 |
| Balance as of December | \$46,004 | \$1,513 | \$47,517 |
| | | | |

| | Land use rights | Other intangible assets | Total |
|---------------------------------|-----------------|-------------------------|-----------|
| 31, 2023 | | | |
| 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 |
| Net carrying amount | | | |
| Balance as of December 31, 2023 | \$154,016 | \$427 | \$154,443 |
| Balance as of December 31, 2022 | \$158,017 | \$609 | \$158,626 |
| Balance as of January 1, 2022 | \$162,017 | \$439 | \$162,456 |

Other intangible assets include computer software and systems.

1. Amortization expense for the Company's intangible assets for 2023 and 2022 is reported in the following items

| Item | 2023 | 2022 |
|-----------------------|---------|---------|
| Other operating costs | \$4,001 | \$4,000 |
| Operating expenses | 182 | 260 |
| Total | \$4,183 | \$4,260 |

- 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. Bank borrowings | December 31, 2023 | December 31, 2022 |
|---|-----------------------|-----------------------|
| Secured loans | \$3,756,950 | \$4,401,950 |
| Unused limit | \$997,050 | \$592,050 |
| Interest rate range | 2.55%~2.89% | 2.233%~2.85% |
| Repayment period | 2024/01/19~2027/05/16 | 2023/02/09~2024/11/25 |
| 2. Short-term bills payable | \$4,591,100 | \$3,740,400 |
| Less: Discount on short-term bills payable | (3,701) | (5,723) |
| Net | \$4,587,399 | \$3,734,677 |
| Interest rate range | 1.558%~2.838% | 1.468%~2.743% |
| Unused limit | \$2,918,550 | \$1,417,845 |

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, 2023 | \$51,779 |
| Reduced liability provision for the period | (6,291) |
| Balance as of December 31, 2023 | \$45,488 |
| | |
| Balance as of January 1, 2022 | \$44,708 |
| Increased liability provision for the period | 7,071 |
| Balance as of December 31, 2022 | \$51,779 |

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, 2023 | December 31, 2022 |
|---|-------------------|-------------------|
| Land collections | \$10,236 | \$19,790 |
| Building collections | 18,356 | 32,686 |
| Decoration collections | 14,094 | 14,094 |
| Collections - others | 7,735 | 6,308 |
| Total | \$50,421 | \$72,878 |
| (XVII) Other current liabilities - others | | |
| Item | December 31, 2023 | December 31, 2022 |
| Tax payable | \$4,346 | \$8,499 |

Nature of Borrowing period, repayment method December 31, December 31, 2022 borrowings and interest rate range 2023 Long-term bank borrowings From March 2020 to December 2028, interest is payable monthly in a lump sum at maturity with Secured borrowings \$1,591,250 \$1,675,000 floating interest rates of 2.73% and 2.405% as of December 31, 2023 and 2022, respectively. From June 2019 to June 2026, interest is payable monthly in a lump sum at maturity with floating 576,000 Secured borrowings 547,200 interest rates of 2.7% and 2.325% as of December 31, 2023 and 2022, respectively. 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 Secured borrowings method with a floating interest rate 439,207 485,150 of 2.24% and 2.00% on December 31, 2023 and 2022, respectively. Borrowings due within one year recognized were NT\$46,936 thousand and NT\$46,393 thousand as of December 31, 2023 and 2022, respectively. From January 2022 to January 2027, interest is payable monthly in a lump sum at maturity with floating 184,395 194,100 Secured borrowings interest rates of 2.50% and 2.25% as of December 31, 2023 and 2022, respectively. From January 2022 to January 2027, interest is payable monthly in a lump sum at maturity with floating Secured borrowings 176,035 185,300 interest rates of 2.50% and 2.25% as of December 31, 2023 and 2022, respectively.

(XVIII)Long-term borrowings

| Nature of borrowings | Borrowing period, repayment method and interest rate range | December 31, 2023 | December 31, 2022 |
|----------------------|--|----------------------|-------------------|
| Secured borrowings | Interest is payable on a monthly basis from October 2021 to October 2026. There is a grace period of three years from the initial drawdown date, and starting from the 37th month, \$100,000 thousand of principal is repaid every six months, with the remainder due in a lump sum payment at maturity. The floating interest rates are 2.55% and 2.425% as of December 31, 2023 and 2022, respectively. Borrowings due within one year were NT\$100,000 thousand and NT\$0 as of December 31, 2023 and 2022, respectively. | 2,000,000 | 2,000,000 |
| Secured borrowings | From December 2022 to December 2027, interest is payable monthly in a lump sum at a floating rate of 2.46% and 2.335% as of December 31, 2023 and 2022, respectively. | \$415,000 | \$415,000 |
| Secured borrowings | From May 2023 to May 2026, interest is payable monthly in a lump sum at maturity with a floating rate of 2.2438% as of December 31, 2023. | 1,200,700 | 0 |
| Secured borrowings | From May 2023 to May 2026, interest is payable monthly in a lump sum at maturity with a floating rate of 2.2438% as of December 31, 2023. | 50,000 | 0 |
| Secured borrowings | From June 2023 to June 2025, interest is payable monthly in a lump sum at maturity with a floating rate of 2.688985% as of December 31, 2023. | 627,300 | 0 |
| Secured borrowings | From December 2023 to July 2027, interest is payable monthly in a lump sum at maturity with a floating rate of 2.602% as of December 31, 2023. | 181,200 | 0 |
| Secured borrowings | From March 2023 to September 2027, interest is payable monthly in a lump sum at maturity with a floating rate of 3.002% as of December 31, 2023. | 139,900 | 0 |

| Nature of borrowings | Borrowing period, repayment method and interest rate range | December 31, 2023 | December 31, 2022 |
|----------------------|--|-------------------|-------------------|
| Secured borrowings | From March 2020 to March 2025, interest is payable monthly in a lump sum at maturity with floating interest rates of 2.27% and 2.035% as of December 31, 2023 and 2022, respectively. | 1,240,000 | 1,280,000 |
| 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 2.675% and 2.055%-2.425% as of December 31, 2023 and 2022, respectively. Borrowings due within one year were transferred to NT\$474,000 thousand as of | 598,000 | 1,092,000 |
| Secured borrowings | December 31, 2022. From July 2023 to July 2028, interest is payable monthly in a lump sum at maturity with a floating rate of | \$191,550 | \$0 |
| Secured borrowings | 3.05% as of December 31, 2023. From May 2019 to November 2023, interest is payable monthly in a lump sum at maturity with floating interest rates of 2.035% as of December 31, 2022, respectively. Borrowings due within one year were transferred to NT\$510,000 thousand as of December 31, 2022. In June of 2023, due to the investment in construction projects for collateralized land, it was reclassified as short-term borrowing based on its nature. | 0 | 510,000 |
| Total | | \$9,581,737 | \$8,412,550 |
| • | n borrowings due within one year or cle Use this segment | (146,936) | (1,030,393) |
| Net | | \$9,434,801 | \$7,382,157 |
| Unused limit | | \$7,360,170 | \$3,798,600 |

Long-term bank borrowings were secured by the Company's own assets and real estate

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, 2023 December 31, 2022

| Current | \$1,282 | \$1,134 |
|-------------|----------|----------|
| Non-current | \$68,013 | \$62,373 |

Please refer to Note XII for maturity analysis.

The Company remeasured its lease liabilities due to changes in the consumer price index, adjusting the lease consideration accordingly during the period of January 1 to December 31 of 2022 and 2023. There were no significant issuance, repurchases, or repayments of lease liabilities caused by new or terminated leases.

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

| | 2023 | 2022 |
|--|---------|---------|
| Interest expense – lease obligations payable | \$419 | \$771 |
| Short-term lease expenses | \$1,418 | \$5,092 |
| Expense on leases with low-value underlying assets | \$224 | \$217 |
| Total cash flows on lease | \$3,177 | \$7,029 |

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.

- 3. 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 fixed lease payments and rent income dependent on index or rate changes under operating lease agreements (recorded as operating income) of NT\$82,920 thousand and NT\$67,380 thousand for the years from January 1 to December 31, 2023 and 2022, 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, 2023 | December 31, 2022 |
|---|-------------------|-------------------|
| Within 1 year | \$74,866 | \$58,446 |
| 1 to 2 years | 26,156 | 96,584 |
| 2 to 3 years | 18,101 | 29,152 |
| 3 to 5 years | 20,004 | 32,711 |
| Over 5 years | 7,843 | 16,131 |
| Non-discounted future cash flows of lease | \$146,970 | \$233,024 |

- (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 7 to 15 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) Long-term notes payable

| | December 31, 2023 | December 31, 2022 |
|---|-------------------|-------------------|
| Long-term notes payable | \$7,595 | \$0 |
| Less: Discount on long-term notes payable | 0 | 0 |
| Total | \$7,595 | \$0 |

As of December 31, year 2023, the long-term notes payable were issued for the gas piping projects of construction works in progress, with maturity dates in July 2026 and January 2027, respectively.

(XXI) Share capital

 As of December 31, 2023 and December 31, 2022, the Company's total authorized share capital was both NT\$5,000,000 thousand, with a par value of NT\$10, and its paid-in capital were NT\$3,694,196 thousand and NT\$3,690,564 thousand, respectively, with 369,419 thousand and 369,056 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)

| | 2023 | 2022 |
|--|---------|---------|
| Number of shares outstanding at the beginning of the period (in thousands) | 369,056 | 371,759 |
| Cancellation of repurchase treasury shares (in thousands) | 0 | (3,244) |
| Employee compensation to capital increase (in thousands) | 363 | 541 |
| Number of shares outstanding at the beginning of the period (in thousands) | 369,419 | 369,056 |

- 2. On March 29, 2023, the Board of Directors of the Company resolved to distribute NT\$11,714 thousand in employee compensation for 2022 through the issuance of shares. The number of shares to be distributed was calculated based on the closing price of NT\$32.25 per share on the day before the Board's resolution, resulting in the issuance of 363,221 new shares. This capital increase was filed with the Financial Supervisory Commission on July 6, 2023, and was approved in a Board of Directors meeting on August 10, 2023, with the same date set as the capital increase record date. The registration of this transaction with the Ministry of Economic Affairs was completed on September 4, 2023.
- 3. On March 23, 2022, the Board of Directors of the Company resolved to distribute NT\$19,462 thousand in employee compensation for 2021 through the issuance of shares. The number of shares to be distributed was calculated based on the closing price of NT\$35.95 per share on the day before the Board's resolution, resulting in the issuance of 541,356 new shares. This capital increase was filed with the Financial Supervisory Commission on August 1, 2022, and was approved in a

Board of Directors meeting on August 11, 2022, with August 15, 2022, set as the capital increase record date. The registration of this transaction with the Ministry of Economic Affairs was completed on September 12, 2022.

- 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 retired and the actual number of repurchased shares is 3,244 thousand, and on November 10, 2022, the Board of Directors resolved to set November 10, 2022 as the base date for the capital reduction, which involved canceling 3,244 thousand treasury shares. The changes were registered with the Ministry of Economic Affairs on November 25, 2022.
- 5. Treasury shares
 - (1) 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\$120,217 thousand.
 - (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. 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.
 - (3) Treasury shares held by the Company may be neither pledged nor assigned rights in accordance with the Securities and Exchange Act
 - (4) On November 10, 2022, the Company's Board of Directors resolved to retire3,244 thousand treasury shares previously repurchased, with an original total

amount of NT\$120,217 thousand. After deducting NT\$14 thousand for handling fees, the net amount was NT\$120,203 thousand. The record date for the capital reduction was set as November 10, 2022, resulting in the retirement of 3,244 thousand issued shares. Upon retirement, the face value of the shares is first offset against the capital stock, and any difference between the book value of the treasury shares and their face value is adjusted in the capital reserves in proportion to the retirement ratio. Any shortfall is then offset against retained earnings.

(XXII) Capital surplus

| | December 31, 2023 | December 31, 2022 |
|----------------|-------------------|-------------------|
| Shares premium | \$8,082 | \$0 |

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.

(XXIII) Retained earnings

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

1. Legal reserve

According to the Company Act, after-tax surplus profits shall first set aside 10% of said profits as legal reserve, unless legal reserve equals to the paid-in capital. Legal reserve funds can be used to offset company losses. When there are no losses, the distribution of new shares or cash can be decided by a shareholder meeting resolution, based on the proportion of the shareholders' existing shares. However, the distribution of new shares or cash is limited to the portion of the reserve that exceeds 25% of the paid-in capital amount.

2. Dividend distribution

The Company held its annual general shareholders' meetings on June 28, 2023, and June 23, 2022, during which the distribution of profits for 2022 and 2021 was approved, respectively. It was resolved to allocate the statutory reserve as required, with no distribution of the remaining profits.

3. The proposal of distribution of earnings for 2023 was approved by the Company's board of directors on March 14, 2024, but has not yet been resolved by the shareholders' meeting; the proposal is as follows:

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

(XXIV) Operating revenue

| L | and revenue | \$ | 1,101, | 511 | | \$1,497,063 |
|------------------|---|------------------|-----------|---------------------|-------|-----------------------|
| Building revenue | | | 1,106,967 | | | 1,584,752 |
| R | ental revenue | | 82, | 920 | | 67,380 |
| R | eturn and discount of premises revenue | | | 0 | | (90) |
| Т | otal | \$2 | 2,291, | 398 | | \$3,149,105 |
| 1. | Revenue breakdown | | | | | |
| | | | | 2023 | | 2022 |
| | Major regional markets Taiwan | | | \$2,291,39 | 98 | \$3,149,105 |
| | | | | 2023 | | 2022 |
| | Major products/service Sales of premises Rental revenue | | | \$2,208,47 82,92 | | \$3,081,725 67,380 |
| | Total | | | \$2,291,39 | | \$3,149,105 |
| | | | | 2023 | | 2022 |
| | Timing of revenue recognit | tion: | | | | |
| | At a fixed point in time | | | \$2,208,47 | 78 | \$3,081,725 |
| | Performance obligations over time | fulfilled | | 82,92 | 20 | 67,380 |
| | Total | | | \$2,291,39 | 98 | \$3,149,105 |
| 2. | Contract balance | | | | | |
| | | December 2023 | 31, | December 2022 | 31, | January 1, 2022 |
| | Notes receivable | \$16 | ,676 | \$15 | 5,000 | \$36,682 |
| | Long-term notes receivable | 20 | ,000 | 2 | 2,785 | 15,000 |
| | Trade receivables | 2 | ,422 | | 908 | 130,068 |
| | Less: Allowance for losses | | 0 | | (22) | (22) |
| | Total | \$39 | ,098 | \$18 | 3,671 | \$181,728 |
| | Contract liabilities - Sale of premise | \$678 | 3,540 | \$585 | 5,115 | \$560,581 |
| | Contract liabilities - Advances from rent | 1 | ,274 | 1 | ,302 | 987 |
| | Total | \$679 | ,814 | \$586 | 5,417 | \$561,568 |
| | | | | | | |

- The amount from the opening contract liabilities recognized in operating income was NT\$130,693 thousand and NT\$181,939 thousand from January 1 to December 31, 2023 and 2022, respectively.
- (2) The changes in contract liabilities primarily arise from the differences between the timing of the Company transferring goods or services and fulfilling performance obligations, and the timing of customer payments.
- (3) 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.

(XXV) Interest income

| | 2023 | 2022 |
|---|---------|-------|
| Interest on bank deposits | \$2,086 | \$808 |
| Interest income from corporate bond investments | 34 | 0 |
| Other interest income | 4 | 33 |
| Total interest income | \$2,124 | \$841 |

The Company designated its investments in domestic corporate bonds as financial assets measured at fair value through profit or loss. These were disposed of by December 31, 2023, resulting in a balance of zero at the end of the period.

(XXVI) Other income

| | 2023 | 2022 |
|---------------------|-------|---------|
| Dividend income | \$24 | \$179 |
| Other income-others | 848 | 2,341 |
| Total | \$872 | \$2,520 |

(XXVII) Other gains and losses

| | 2023 | 2022 |
|----------------------------------|-----------|-----------|
| Miscellaneous Expenses | (\$25) | (\$160) |
| (XXVIII)Finance costs | | |
| | 2023 | 2022 |
| Interest expenses | | |
| Bank borrowings | \$440,828 | \$311,143 |
| Less: Capitalization of interest | (122,630) | (81,087) |
| Finance costs | \$318,198 | \$230,056 |
| | | |

(XXIX) Post-retirement benefit plans

1. Defined contribution plans

Since July 1, 2005, the Company has adopted a defined contribution retirement plan in accordance with the Labor Pension Act. Regarding the portion of the retirement pension system prescribed by the "Labor Pension Act" applicable to employee, 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 agreed obligation to make additional contributions after making fixed contributions to the Bureau of Labor Insurance. The Company recognized an expense of NT\$1,561 thousand and NT\$1,450 thousand in the parent company only statements of comprehensive income in 2023 and 2022, respectively.

| | 2023 | 2022 |
|---|---------|---------|
| Selling and marketing expenses - Retirement benefits expenses | \$261 | \$250 |
| General and administrative expenses - Retirement benefits expenses | \$1,300 | \$1,200 |

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:

| | 2023 | 2022 |
|---|---------|-----------|
| Service costs for the current period | \$139 | \$147 |
| Net interest on defined benefit liabilities (assets) | 291 | 112 |
| Recognized in profit or loss | \$430 | \$259 |
| Remeasurements Compensation on plan assets (excluding net interest on net defined benefit lightlitics (assets)) | (\$270) | (\$2,131) |
| liabilities (assets)) Actuarial losses (gains) - experience adjustments | 955 | 1,921 |
| Actuarial losses (gains) - changes in financial assumptions | 272 | (99) |
| Recognized in other comprehensive income | \$957 | (\$309) |

(2) Retirement benefits expenses recognized in profit or loss for the aforementioned

defined benefit plans were included as follows:

| | 2023 | 2022 |
|-------------------------------------|-------|-------|
| Selling and marketing expenses | \$42 | \$24 |
| General and administrative expenses | 388 | 235 |
| Total | \$430 | \$259 |

(3) The amounts recognized in the parent company only balance sheet for obligations

from defined benefit plans were as follows:

| | December 31, 2023 | December 31, 2022 |
|---|----------------------|----------------------|
| Present value of defined benefit obligation | \$46,209 | \$48,912 |
| Fair value of plan assets | (27,452) | (29,355) |
| Net defined benefit liabilities | \$18,757 | \$19,557 |
| | | |

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

follows:

| | 2023 | 2022 |
|--|----------|----------|
| Beginning balance | \$48,912 | \$46,737 |
| Service costs for the current period | 139 | 147 |
| Interest expenses | 639 | 206 |
| Remeasurements | | |
| Actuarial losses(gains) -experience adjustments | 955 | 1,921 |
| Actuarial losses (gains) - changes in population assumptions | 272 | (99) |
| Benefits paid on plan assets | (4,708) | 0 |
| Ending balance | \$46,209 | \$48,912 |

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

| | 2023 | 2022 |
|--|----------|----------|
| Fair value of plan assets at the beginning of the period | \$29,355 | \$24,330 |
| Expected return on plan assets | 348 | 94 |
| Remeasurements of plan assets (excluding net interest included in net defined benefit liabilities (assets)) | 270 | 2,131 |
| Contribution by the employer | 2,187 | 2,800 |
| Actual payment of employee benefits | (4,708) | 0 |
| Fair value of plan assets at the end of the period | \$27,452 | \$29,355 |

(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, 2023 and 2022, 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, 2023 | December 31, 2022 |
|-------------------|-------------------|
| \$27,452 | \$29,355 |

(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, 2023 | December 31, 2022 |
|------------------------------|-------------------|-------------------|
| Discount rate | 1.375% | 1.500% |
| Growth rate of future salary | 3.000% | 3.000% |

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, 2023 | December 31, 2022 |
|-------------------------------|-------------------|-------------------|
| Discount rate | | |
| Increase by 0.25% | (\$541) | (\$593) |
| Decrease by 0.25% | \$554 | \$590 |
| Expected salary increase rate | | |
| Increase by 0.25% | \$530 | \$584 |
| Decrease by 0.25% | (\$520) | (\$570) |

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\$287 thousand to the defined benefit plans for the one year period after the reporting date of 2023.

The weighted average period of the defined benefit plan is 8.67 years.

The maturity analysis of the pension payments is as follows:

| Under 1 year | \$12,420 |
|--------------|----------|
| 1 to 2 years | 4,476 |
| 2 to 5 years | 10,640 |
| Over 5 years | 13,195 |
| | \$40,731 |

(XXX) Employee bonus and remuneration to directors

The Company's Articles of Incorporation stipulates that, after annual earnings first offset against any deficit, a minimum of 1% shall be allocated as employee compensation and a maximum of 2% as directors' remuneration. However, when the Company has accumulated losses, it should reserve an amount in advance to offset these losses. 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\$4,998 thousand and NT\$11,714 thousand for 2023 and 2022, 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 14, 2024, the Board of Directors resolved to distribute NT\$4,998 thousand for employee compensation and NT\$0 for director's remuneration for 2023, and on March 29, 2023, the Board of Directors resolved to distribute NT\$11,714 thousand for employee compensation and NT\$0 for director compensation for 2022. There was no difference from the amounts recognized as expenses in 2023 and 2022.

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

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

(XXXI) Income Tax

- 1. Income tax expense
 - (1) Major components of income tax expenses were as follows:

| | | 2023 | 2022 |
|----|--|--|--|
| | Current income tax expenses | | |
| | Incurred this year | | |
| | Income Tax | \$9,279 | \$62,902 |
| | Land value increment tax | 12,221 | 18,112 |
| | Unappropriated earnings | 42,753 | 75,596 |
| | Deferred tax | | |
| | Occurrence and reversal of temporary | (11 525) | (6, 610) |
| | differences | (11,525) | (6,610) |
| | Income tax expense | \$52,728 | \$150,000 |
| | (2) Income tax recognized in other comprehen- | sive income | |
| | | 2023 | 2022 |
| | Deferred income tax gains (expense) Remeasurements of defined benefit obligations | (\$191) | \$62 |
| 2. | Reconciliation of income tax expense to accourt | nting profit. | |
| | | 2022 | |
| | | 2023 | 2022 |
| | Income before tax | | <u>2022</u> \$1,159,674 |
| | Income before tax Income tax calculated at the statutory tax rate applicable to the Company | \$494,769 \$98,955 | |
| | Income tax calculated at the statutory tax rate | \$494,769 | \$1,159,674 |
| | Income tax calculated at the statutory tax rate applicable to the Company Tax-exempt proceeds from land | \$494,769 \$98,955 | \$1,159,674 \$231,935 |
| | Income tax calculated at the statutory tax rate applicable to the Company Tax-exempt proceeds from land transactions | \$494,769 \$98,955 (101,111) | \$1,159,674 \$231,935 (174,847) |
| | Income tax calculated at the statutory tax rate applicable to the Company Tax-exempt proceeds from land transactions Losses recognized under the equity method Impact of income tax adjustments | \$494,769 \$98,955 (101,111) 3,017 | \$1,159,674 \$231,935 (174,847) 5,897 |
| | Income tax calculated at the statutory tax rate applicable to the Company Tax-exempt proceeds from land transactions Losses recognized under the equity method Impact of income tax adjustments according to tax laws Occurrence and reversal of temporary differences | \$494,769 \$98,955 (101,111) 3,017 8,418 (11,525) | \$1,159,674 \$231,935 (174,847) 5,897 (83) (6,610) |
| | Income tax calculated at the statutory tax rate applicable to the Company Tax-exempt proceeds from land transactions Losses recognized under the equity method Impact of income tax adjustments according to tax laws Occurrence and reversal of temporary | \$494,769 \$98,955 (101,111) 3,017 8,418 (11,525) 42,753 | \$1,159,674 \$231,935 (174,847) 5,897 (83) (6,610) 75,596 |
| | Income tax calculated at the statutory tax rate applicable to the Company Tax-exempt proceeds from land transactions Losses recognized under the equity method Impact of income tax adjustments according to tax laws Occurrence and reversal of temporary differences 5% levy on unappropriated earnings | \$494,769 \$98,955 (101,111) 3,017 8,418 (11,525) | \$1,159,674 \$231,935 (174,847) 5,897 (83) (6,610) |
| 3. | Income tax calculated at the statutory tax rate applicable to the Company Tax-exempt proceeds from land transactions Losses recognized under the equity method Impact of income tax adjustments according to tax laws Occurrence and reversal of temporary differences 5% levy on unappropriated earnings Land value increment tax | \$494,769 \$98,955 (101,111) 3,017 8,418 (11,525) 42,753 12,221 \$52,728 | \$1,159,674 \$231,935 (174,847) 5,897 (83) (6,610) 75,596 18,112 \$150,000 |

| | January 1 | profit or loss | other comprehensive income | December 31 |
|--|-----------|----------------|----------------------------------|----------------|
| (1) January 1 to December 31, 2 | 2023 | | | |
| A. Deferred tax assets | | | | |
| Prepayments | \$5,503 | \$0 | \$0 | \$5,503 |
| Warranty provision payable | 10,356 | (1,258) | 0 | 9,098 |
| Net defined benefit liabilities - non-current | 3,911 | (351) | 191 | 3,751 |
| Total deferred tax assets | \$19,770 | (\$1,609) | \$191 | \$18,352 |

| | Balance on January 1 | Recognized in profit or loss | Recognized in other comprehensive income | Balance on December 31 |
|--|-------------------------|------------------------------|---|------------------------------|
| B. Deferred tax liabilities Inventories | \$17,121 | (\$13,134) | \$0 | \$3,987 |
| (2) January 1 to December 31, 2A. Deferred tax assets | 2022 | | | |
| 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. Deferred tax liabilities | ¢ 7 7 8 7 5 | (\$5.704) | 0.2 | \$17 1 <u>0</u> 1 |
| Inventories | \$22,825 | (\$5,704) | \$0 | \$17,121 |

4. The Company's business income tax settlement and declaration up until 110 have been approved.

(XXXII) The summary of employee benefits, depreciation, and amortization expenses by

function is as follows:

| By function | 2023 | | | 2022 | | | |
|--|--------|-----------------------|--------|--------------------|-----------------------|--------|--|
| By nature | | Operation expenses | Total | Operation costs | Operation expenses | Total | |
| Employee benefit expenses | | | | | | | |
| Salary expenses | 0 | 46,507 | 46,507 | 0 | 52,286 | 52,286 | |
| Labor and health insurance expenses | 0 | 4,349 | 4,349 | 0 | 3,495 | 3,495 | |
| Retirement benefits expenses | 0 | 1,991 | 1,991 | 0 | 1,709 | 1,709 | |
| Remuneration to Directors | 0 | 2,704 | 2,704 | 0 | 2,500 | 2,500 | |
| Other employee benefits | 0 | 3,741 | 3,741 | 0 | 4,497 | 4,497 | |
| Depreciation expenses | 65,600 | 844 | 66,444 | 62,814 | 895 | 63,709 | |
| Amortization expenses | 4,001 | 182 | 4,183 | 4,000 | 260 | 4,260 | |

 Additional information on the number of employees and employee benefit expenses for 2023 and 2022 is as follows:

| | 2023 | 2022 |
|---|---------|---------|
| Number of employees | 48 | 44 |
| Number of directors who do not serve as employees | 6 | 5 |
| Average employee benefit expenses | \$1,347 | \$1,589 |
| Average employee salary expenses | \$1,107 | \$1,341 |
| Average adjustment of employee salary expenses | -17.45% | -16.08% |

- 2. The Company has established the Audit Committee to replace the supervisors in accordance with the regulations.
- 3. Remuneration policy for directors and executives:
 - (1) The remuneration policy for the Directors of the Company is as follows:

The main components include remuneration and transportation expenses for attending various meetings. According to Article 16 of the Company's bylaws, the Directors are entitled to receive remuneration for the performance of their duties, regardless of the Company's profitability. The amount of such compensation shall be determined by the Board of Directors in accordance with the customary levels within the industry. The amount of transportation expenses shall be determined by the Board of Directors.

(2) The remuneration policy for executives is as follows:

The remuneration for executives is determined based on the position held and the responsibilities undertaken, referencing industry standards. It also takes into account factors such as the individual's education, experience, work performance, work evaluations, market salary levels, years of service, and the specific position held. Additionally, remuneration is flexibly adjusted based on operational conditions, and annual salary adjustments are determined according to each executive's rank and performance evaluation, with specific salary adjustment items and amounts formulated accordingly.

4. The remuneration policy for employees is as follows:

The remuneration for employees is determined based on the position held and the responsibilities undertaken, referencing industry standards. It also takes into account factors such as the individual's education, experience, work performance, work evaluations, market salary levels, years of service, and the specific position held. Additionally, remuneration is flexibly adjusted based on operational conditions, and annual salary adjustments are determined according to each executive's rank and performance evaluation, with specific salary adjustment items and amounts formulated accordingly.

(XXXIII) Earnings per share

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

1. Basic earnings per share

| | | 2023 | 2022 |
|----|--|-----------|-------------|
| | Profit attributable to the holders of ordinary shares of the Company | \$442,041 | \$1,009,674 |
| | calculation of diluted earnings per share (in thousands) | 369,333 | 369,680 |
| | Basic earnings per share (NT\$) | \$1.20 | \$2.73 |
| 2. | Diluted earnings per share | | |
| | - | 2023 | 2022 |
| | Attributable to the ordinary shares of the Company Profit attributable to holders (diluted) | \$442,041 | \$1,009,674 |
| | calculation of diluted earnings per share (in thousands) | 369,333 | 369,680 |
| | Effect of potentially dilutive ordinary shares: Impact on employee remuneration | 244 | 364 |
| | Weighted average number of ordinary shares outstanding used for | | |
| | calculation of diluted earnings per share (in thousands) | 369,577 | 370,044 |
| | Diluted earnings per share | \$1.20 | \$2.73 |
| | — | | |

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.

(XXXIV) Changes in liabilities from financing activities

| | 2023/01/01 | Cash flows | Non-cash changes | 2023/12/31 |
|--|---------------------------------------|-------------------------------------|--------------------------|---------------------------------------|
| Short-term borrowings | \$4,401,950 | (\$645,000) | \$0 | \$3,756,950 |
| Face value of short-term bills payable | 3,740,400 | 850,700 | 0 | 4,591,100 |
| Long-term borrowings | 8,412,550 | 1,169,187 | 0 | 9,581,737 |
| Deposits received | 5,202 | (6) | 0 | 5,196 |
| Lease liabilities | 63,507 | (1,134) | 6,922 | 69,295 |
| Liabilities from the financing activities | \$16,623,609 | \$1,373,747 | \$6,922 | \$18,004,278 |
| | | | | |
| | 2022/01/01 | Cash flows | Non-cash changes | 2022/12/31 |
| Short-term borrowings | 2022/01/01 \$3,655,250 | Cash flows \$746,700 | | 2022/12/31 \$4,401,950 |
| Short-term borrowings Face value of short-term bills payable | | | changes | |
| Face value of short-term | \$3,655,250 | \$746,700 | changes \$0 | \$4,401,950 |
| Face value of short-term bills payable | \$3,655,250 3,902,000 | \$746,700 (161,600) | changes \$0 0 | \$4,401,950 3,740,400 |
| Face value of short-term bills payable Long-term borrowings | \$3,655,250 3,902,000 8,655,033 | \$746,700 (161,600) (242,483) | changes \$0 0 0 | \$4,401,950 3,740,400 8,412,550 |

Reconciliation of liabilities from financing activities was as follows:

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 |
| King's Town Construction Co., Ltd. | The Company's Chairman is the chairman 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 | The spouse of the Chairman of the Company and the directors of the Company |

(II) Significant transactions with related parties

1. Rental revenue

| | 20 | 23 | 2022 | |
|------------------------------------|----------|---|----------|---|
| Name | Amount | Percentage of sales of the Company | Amount | Percentage of sales of the Company |
| H2O Hotel Co., Ltd. (H2O Hotel) | \$46,006 | 2.00% | \$38,517 | 1.22% |

(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.

| Lessee | Lease subject | Lease period | Rent Collection Status | 2023 | 2022 |
|--|--|-------------------------------|--|----------|----------|
| 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 collected by bank transfer on a monthly basis. Due to the pandemic, the rent was reduced by half from January to June, 2023 and from January to December, 2022. Starting from July, 2023, the rent has been changed to NT\$4,500 thousand with reference to the rental market in nearby areas. | \$44,286 | \$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 rent is NT\$32 thousand (including business tax), which is determined based on the rental market rates of the nearby area. Rent is collected monthly via bank transfer. | \$366 | \$366 |
| H2O Hotel Co., Ltd. (H2O Hotel) | No. 620, Meishu E. 2nd Rd., Gushan Dist., Kaohsiung City (Mei Shu Huang Ju) | 2019/09/ 01~2027/ 08/31 | The rent will be calculated from November 1, 2019 at NT\$158 thousand per month (including business tax). The rent is determined | 1,354 | 903 |

(2) The lease details are as follows:

| Lessee | Lease subject | Lease period | Rent Collection Status | 2023 | 2022 |
|--|--|--|--|------|------|
| 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 | based on the rental market rates of the nearby area, and is collected monthly via bank transfer. Due to the pandemic, the rent was reduced by half from January to June, 2023, and from January to December, 2022. The monthly rent is NT\$10 thousand (including business tax), which is determined based on the rental market rates of the nearby area. Rent is collected monthly via bank transfer. | 0 | 105 |

Total

\$46,006 \$38,517

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 2023 and 2022, the Company entrusted Chien-Chih Construction Co., Ltd. to contract for various construction sites, accounting for 19.49% and 24.03% of the Company's total contracted work amount, respectively, and the contract prices and current shipments were as follows:

| | | Purch | ases |
|---|-------------------------------------|-----------|-----------|
| Site name | Contract price(including tax) | 2023 | 2022 |
| Kaohsiung Fuhe Section No. 698-1 Renovation | \$2,486,986 | \$0 | \$0 |
| Kaohsiung Ai Qun No. 2748 (King's Town World of Heart) | \$2,014,000 | 407,652 | 538,121 |
| Kaohsiung Bohsiao Section No. 1140 (Jing Wu Tong) | \$1,405,500 | 159,076 | 9,524 |
| Total | | \$566,728 | \$547,645 |

(2) In 2023 and 2022, the Company entrusted EPILEDS Construction Co., Ltd. with the contracted construction projects, accounting for 11.47% and 7.94% of the total contracted construction amount of the Company, respectively. The contract price and the current purchase price were as follows:

| | | Purch | ases |
|--|-------------------------------------|-----------|-----------|
| Site name | Contract price(including tax) | 2023 | 2022 |
| Kaohsiung Fuhe Section No. 698-1 Structural Engineering | \$2,006,214 | \$0 | \$0 |
| Kaohsiung Longzhong Section No. 191 | \$1,072,320 | 57,146 | 0 |
| Kaohsiung Xindu Section 163 (Fu +) | \$970,200 | 276,311 | 180,992 |
| Tainan Yuguang Section No.880,3in total | \$1,377,360 | 0 | 0 |
| Total | | \$333,457 | \$180,992 |

- 3. Land held for construction
 - (1) The Company purchased 82 plots of road-use land from related party Tsai, Tian-Tsan, located at Ren De Zhong Cuo Section, plot no. 718, among others. The contract was signed on November 1, 2022, with an original total contract price of NT\$230,772 thousand. This price included the transaction price with a related party plus the necessary interest on capital, with payments made according to the contract terms. Due to some of the land being occupied, a refund of NT\$1,452 thousand was processed, resulting in a net payment of NT\$229,320 thousand for the land. The transfer of ownership was completed in January, 2023.
 - (2) The Company purchased 174 plots of road-use land from related parties Tsai, Tian-Tsan, Meiyun S. Tsai, and other related parties, located at You Chang Section, Third Subsection 1061 and other plots. The contract was signed on November 11, 2022, with a total contract price of NT\$305,995 thousand. This price was determined based on the transaction price with related parties plus the necessary interest on capital, with payments made according to the contract terms. The transfer of ownership was completed in March 2023.
- 4. The following is a summary of the receivables and payables between the Company and related parties:

| | Decembe | r 31, 2023 | December 31, 2022 | |
|---------------------------------------|---------|------------|-------------------|------------|
| Name of project and related party | Balance | Percentage | Balance | Percentage |
| (1) Other receivables | | | | |
| Meiyun S. Tsai | \$109 | 1.34% | \$109 | 4.01% |
| King's Town Construction Co., Ltd. | 25 | 0.31% | 0 | 0.00% |
| Other related parties | 7 | 0.09% | 0 | 0.00% |
| Total | \$141 | 1.74% | \$109 | 4.01% |

Other receivables represent receivables from landlords for their share of sales costs.

(2) Notes payable

| | December 31, 2023 | | December 31, 2022 | |
|--|-------------------|------------|-------------------|------------|
| Name of project and related party | Balance | Percentage | Balance | Percentage |
| Chieh Chih Construction Co., Ltd. | \$40,011 | 17.31% | \$65,003 | 50.90% |
| Baihong Construction Co., Ltd. | 103,104 | 44.59% | 15,008 | 11.75% |
| Total | \$143,115 | 61.90% | \$80,011 | 62.65% |
| (3) Trade payables | | | | |
| Baihong Construction Co., Ltd. | \$85,714 | 96.96% | \$0 | 0.00% |
| (4) Other payablesH2O Hotel Co., Ltd. (H2O Hotel) | \$4 | 0.01% | \$749 | 1.80% |
| Yangmin International Catering Co., Ltd. | 97 | 0.23% | 34 | 0.08% |
| Total | \$101 | 0.24% | \$783 | 1.88% |

5. Lease expenses

| | Price payment 2023 2022 | | | |
|---------------------------------------|---|---------|--|--|
| Lease expenses | | | | |
| King's Town Construction Co., Ltd. | \$1,029 | \$1,029 | | |

The lease expenses are as follows:

| Lessor | Lease subjects | Lease period | Rent payment status | 2023 | 2022 |
|--|---|---|--|---------|---------|
| King's Town Construction Co., Ltd. | 12F., No. 150, Bo'ai 2nd Rd., Zuoying Dist., Kaohsiung City | 2021/07/01 ~ 2022/06/30 2022/07/01 ~ 2023/06/30 2023/07/01 ~ 2024/06/30 | The monthly rent is NT\$90 thousand (including business tax), which is determined based on the rental market rates of the nearby area. Rent is paid monthly via bank transfer. | \$1,029 | \$1,029 |

6. Others

- (1) The Chairman of the Company and Director Meiyun S. Tsai provided the Company with loans from banks secured by their own assets, land plots no. 551 and 554 in the Shi Jia Section, amounting to NT\$1,000,000 thousand as of December 31, 2023 and 2022, respectively.
- (2) Director Meiyun S. Tsai of the Company and other related parties provided their own assets, land at Guo Tian Zi Section 687 and other plots, as collateral for the Company to issue commercial paper through a bills finance company. As of December 31 in 2023 and 2022, the amounts of commercial paper issued were NT\$350,000 thousand and NT\$450,000 thousand, respectively.
- (3) The Chairman of the Company and Director Meiyun S. Tsai provided land at Qinghai Lot No. 216 and the Company's construction site, Qinghai Lot No. 229, as joint collateral for loans from the bank and the issuance of commercial paper. As of December 31 in 2023 and 2022, the loan amounts were NT\$1,591,250 thousand and NT\$1,675,000 thousand, respectively, with the amount of commercial paper issued being NT\$1,675,000 thousand for both years.
- (4) The Company's investment in subsidiaries is described in Note VI(IX).
- (5) In 2023 and 2022, the Company paid the related party, H2O Hotel Co., Ltd., expenses such as hospitality and venue fees, which were recorded as NT\$953 thousand and NT\$1,009 thousand for social networking, and NT\$150 thousand and NT\$15 thousand for miscellaneous expenses, respectively.
- (6) In 2023 and 2022, 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\$0 thousand and NT\$1,239 thousand, respectively.
- (7) The Company's related party, Chien-Chih Construction Co., Ltd., provided guaranteed promissory notes for the construction work, which were recorded

as NT\$678,061 thousand and NT\$429,362 thousand as of December 31, 2023, and 2022, respectively.

- (8) The Company's related party, Baihong Construction Co., Ltd., provided guaranteed promissory notes for the projects, which were recorded as NT\$580,155 thousand and NT\$134,566 thousand as of December 31, 2023, and 2022, respectively.
- 7. Information on remuneration to the management

| | 2023 | 2022 | |
|------------------------------------|----------|----------|--|
| Short-term employee benefits | \$19,050 | \$21,969 | |

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, 2023 | December 31, 2022 |
|-------------------------------------|--|----------------------|-------------------|
| Buildings and land held for sale | Collateralized borrowing and issuance of commercial promissory notes | \$5,565,214 | \$4,129,718 |
| Construction in progress | Collateralized borrowing and issuance of commercial promissory notes | 5,222,870 | 4,953,479 |
| Land held for construction | Collateralized borrowing and issuance of commercial promissory notes | 19,266,364 | 17,098,597 |
| Investment properties | Secured borrowings | 563,942 | 625,192 |
| Other financial assets - current | Advances from construction project trust funds and performance bond | 54,012 | 96,254 |
| Refundable deposits | Disaster management guarantee | 27,046 | 27,019 |
| Total | | \$30,699,448 | \$26,930,259 |

- IX. Significant Contingent Liabilities and Unrecognized Contract Commitments
 - As of December 31, 2023, the total contract value (including tax) of the construction contracts that had been signed was NT\$10,362,380 thousand, with an outstanding payment amount of NT\$8,537,243 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" 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 (Case Number: 2022 Shang Zi No. 62). 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 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: 2023 Chong

Shang Zi No. 27). 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 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 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\$1000 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) was ruled by the Kaohsiung branch of Taiwan High Court on August 23, 2023, as not eligible for appeal.
- 6. 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.

- 7. 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.
- 8. 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, 2023 and 2022, the Company's financing endorsement/guarantee is as follows:

| Endorser/Guarantor | Endorsee/Guarantee | December 31, 2023 | December 31, 2022 | Guarantee purpose |
|--|-------------------------------|----------------------|----------------------|---------------------------------|
| King's Town Construction Co., Ltd. | SanDi Properties Co., Ltd. | \$2,000,000 | \$2,000,000 | Loan financing credit guarantee |

- As of December 31, 2023 and December 31, 2022, 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. Since the carrying amounts of the Company's financial instruments not measured at fair value (including cash and cash equivalents, notes and account receivables, 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, detailed information on financial instruments measured at fair value can be found in Note VI(II) and Note XII(II)3.(4)D, E. Detailed information on these financial instruments has been disclosed in their respective individual notes.

| Financial assets at fair value through profit or lossDomestic unlisted stocks\$82\$82Financial assets at amortized cost\$530,843\$531,329Net notes receivable and trade receivables (including related parties)19,17615,886Other receivables (including current and non-current)\$4,01296,254Refundable deposits30,61930,1062,718Subtotal\$662,755\$679,078\$679,106Financial liabilities\$662,837\$679,160\$662,837Measured at amortized cost\$3,756,950\$4,401,950Short-term borrowings\$3,756,950\$4,401,950Short-term borrowings (including related parties)41,57741,527Long-term notes quick (including related parties)41,57441,527Short-term borrowings\$3,756,950\$4,401,950Short-term borrowings\$3,756,950\$4,401,950Short-term borrowings (including related parties)41,57741,527Long-term borrowings (including long-term borrowing 9,581,737\$4,412,550Lease liabilities (including current)69,29563,507Long-term notes payable7,5950Deposits received5,1965,202Total\$18,369,334\$16,813,492 | | December 31, 2023 | December 31, 2022 |
|--|---|-------------------|----------------------|
| Domestic unlisted stocks\$82\$82Financial assets at amortized costCash and cash equivalents\$530,843\$531,329Net notes receivable and trade receivables (including related parties)19,17615,886Other receivables (including related parties)8,1052,718Other financial assets (including current and non-current)54,01296,254Refundable deposits30,61930,106Long-term notes and trade receivable20,0002,785Subtotal\$662,755\$679,078Total\$662,837\$679,160Financial liabilities\$3,756,950\$4,401,950Measured at amortized cost\$19,608154,079Short-term borrowings\$3,756,950\$4,401,950Short-term borrowings (including related parties)41,57441,527Long-term borrowings (including long-term borrowing due within one operating cycle)9,581,7378,412,550Lease liabilities (including current)69,29563,507Long-term notes payable7,5950Deposits received5,1965,202 | Financial assets | | |
| Financial assets at amortized costS530,843\$531,329Net notes receivable and trade receivables (including related parties)19,17615,886Other receivables (including related parties)8,1052,718Other financial assets (including current and non-current)54,01296,254Refundable deposits30,61930,106Long-term notes and trade receivable20,0002,785Subtotal\$662,755\$679,078Total\$662,837\$679,160Financial liabilities\$3,756,950\$4,401,950Short-term borrowings\$3,756,950\$4,401,950Short-term bills payable4,587,3993,734,677Notes payable and trade parties)41,57441,527Long-term borrowings (including related parties)41,57441,527Long-term borrowings (including current)69,29563,507Lease liabilities (including current)69,29563,507Long-term notes payable7,5950Deposits received5,1965,202 | Financial assets at fair value through profit or loss | | |
| Cash and cash equivalents $\$530,843$ $\$531,329$ Net notes receivable and trade receivables (including related parties) $19,176$ $15,886$ Other receivables (including related parties) $8,105$ $2,718$ Other financial assets (including current and non-current) $54,012$ $96,254$ Refundable deposits $30,619$ $30,106$ Long-term notes and trade receivable $20,000$ $2,785$ Subtotal $\$662,755$ $\$679,078$ Total $\$662,837$ $\$679,160$ Financial liabilities $\$662,837$ $\$679,160$ Measured at amortized cost $\$3,756,950$ $\$4,401,950$ Short-term borrowings $\$3,756,950$ $\$4,401,950$ Short-term bills payable $4,587,399$ $3,734,677$ Notes payable and trade payables (including related parties) $41,574$ $41,527$ Long-term borrowings (including long-term borrowing $9,581,737$ $8,412,550$ Lease liabilities (including current) $69,295$ $63,507$ Long-term notes payable $7,595$ 0 Deposits received $5,196$ $5,202$ | Domestic unlisted stocks | \$82 | \$82 |
| Net notes receivable and trade receivables (including related parties)19,17615,886Other receivables (including related parties)8,1052,718Other financial assets (including current and non-current)54,01296,254Refundable deposits30,61930,106Long-term notes and trade receivable20,0002,785Subtotal\$662,755\$679,078Total\$662,837\$679,160Financial liabilities\$3,756,950\$4,401,950Measured at amortized cost\$3,756,950\$4,401,950Short-term borrowings\$3,756,950\$4,401,950Short-term borrowings\$3,756,950\$4,401,950Other payable and trade payables (including related parties)319,608154,079Other payables (including long-term borrowing due within one operating cycle)41,57441,527Long-term notes payable7,5950Deposits received5,1965,202 | Financial assets at amortized cost | | |
| related parties)19,17613,686Other receivables (including related parties)8,1052,718Other financial assets (including current and non-current)54,01296,254Refundable deposits30,61930,106Long-term notes and trade receivable20,0002,785Subtotal\$662,755\$679,078Total\$662,837\$679,160Financial liabilities\$3,756,950\$4,401,950Measured at amortized cost\$3,756,950\$4,401,950Short-term borrowings\$3,756,950\$4,401,950Short-term bills payable4,587,3993,734,677Notes payable and trade payables (including related parties)319,608154,079Other payables (including related parties)41,57441,527Long-term borrowings (including long-term borrowing due within one operating cycle)9,581,7378,412,550Lease liabilities (including current)69,29563,507Long-term notes payable7,5950Deposits received5,1965,202 | Cash and cash equivalents | \$530,843 | \$531,329 |
| Other financial assets (including current and non-current) $54,012$ $96,254$ Refundable deposits $30,619$ $30,106$ Long-term notes and trade receivable $20,000$ $2,785$ Subtotal $\$662,755$ $\$679,078$ Total $\$662,837$ $\$679,160$ Financial liabilities $\$662,837$ $\$679,160$ Measured at amortized cost $\$3,756,950$ $\$4,401,950$ Short-term borrowings $\$3,756,950$ $\$4,401,950$ Short-term bills payable $4,587,399$ $3,734,677$ Notes payable and trade payables (including related parties) $41,574$ $41,527$ Long-term borrowings (including long-term borrowing due within one operating cycle) $9,581,737$ $8,412,550$ Lease liabilities (including current) $69,295$ $63,507$ Long-term notes payable $7,595$ 0 Deposits received $5,196$ $5,202$ | | 19,176 | 15,886 |
| non-current) $54,012$ $96,254$ Refundable deposits $30,619$ $30,106$ Long-term notes and trade receivable $20,000$ $2,785$ Subtotal $\$662,755$ $\$679,078$ Total $\$662,837$ $\$679,160$ Financial liabilities $\$662,837$ $\$679,160$ Measured at amortized cost $\$3,756,950$ $\$4,401,950$ Short-term borrowings $\$3,756,950$ $\$4,401,950$ Short-term bills payable $4,587,399$ $3,734,677$ Notes payable and trade payables (including related parties) $41,574$ $41,527$ Long-term borrowings (including long-term borrowing due within one operating cycle) $9,581,737$ $8,412,550$ Lease liabilities (including current) $69,295$ $63,507$ Long-term notes payable $7,595$ 0 Deposits received $5,196$ $5,202$ | Other receivables (including related parties) | 8,105 | 2,718 |
| Long-term notes and trade receivable20,0002,785Subtotal\$662,755\$679,078Total\$662,837\$679,160Financial liabilitiesMeasured at amortized costShort-term borrowings\$3,756,950\$4,401,950Short-term bills payable4,587,3993,734,677Notes payable and trade payables (including related parties)319,608154,079Other payables (including related parties)41,57441,527Long-term borrowings (including long-term borrowing due within one operating cycle)9,581,7378,412,550Lease liabilities (including current)69,29563,507Long-term notes payable7,5950Deposits received5,1965,202 | ι ε | 54,012 | 96,254 |
| Subtotal\$662,755\$679,078Total\$662,837\$679,160Financial liabilitiesMeasured at amortized costShort-term borrowings\$3,756,950\$4,401,950Short-term bills payable4,587,3993,734,677Notes payable and trade payables (including related parties)41,57441,527Other payables (including long-term borrowing due within one operating cycle)9,581,7378,412,550Lease liabilities (including current)69,29563,507Long-term notes payable7,5950Deposits received5,1965,202 | Refundable deposits | 30,619 | 30,106 |
| Total\$662,837\$679,160Financial liabilitiesMeasured at amortized costShort-term borrowings\$3,756,950\$4,401,950Short-term bills payable4,587,3993,734,677Notes payable and trade payables (including related parties)319,608154,079Other payables (including related parties)41,57441,527Long-term borrowings (including long-term borrowing due within one operating cycle)9,581,7378,412,550Lease liabilities (including current)69,29563,507Long-term notes payable7,5950Deposits received5,1965,202 | Long-term notes and trade receivable | 20,000 | 2,785 |
| Financial liabilitiesMeasured at amortized costShort-term borrowings\$3,756,950Short-term bills payable4,587,399Short-term bills payable and trade payables (including related parties)319,608Other payables (including related parties)41,574Long-term borrowings (including long-term borrowing due within one operating cycle)9,581,737Lease liabilities (including current)69,295Cong-term notes payable7,595Other payables5,196 | Subtotal | \$662,755 | \$679,078 |
| Measured at amortized costShort-term borrowings\$3,756,950\$4,401,950Short-term bills payable4,587,3993,734,677Notes payable and trade payables (including related parties)319,608154,079Other payables (including related parties)41,57441,527Long-term borrowings (including long-term borrowing due within one operating cycle)9,581,7378,412,550Lease liabilities (including current)69,29563,507Long-term notes payable7,5950Deposits received5,1965,202 | Total | \$662,837 | \$679,160 |
| Short-term borrowings\$3,756,950\$4,401,950Short-term bills payable4,587,3993,734,677Notes payable and trade payables (including related parties)319,608154,079Other payables (including related parties)41,57441,527Long-term borrowings (including long-term borrowing due within one operating cycle)9,581,7378,412,550Lease liabilities (including current)69,29563,507Long-term notes payable7,5950Deposits received5,1965,202 | Financial liabilities | | |
| Short-term bills payable4,587,3993,734,677Notes payable and trade payables (including related parties)319,608154,079Other payables (including related parties)41,57441,527Long-term borrowings (including long-term borrowing due within one operating cycle)9,581,7378,412,550Lease liabilities (including current)69,29563,507Long-term notes payable7,5950Deposits received5,1965,202 | Measured at amortized cost | | |
| Notes payable and trade payables (including related parties)319,608154,079Other payables (including related parties)41,57441,527Long-term borrowings (including long-term borrowing due within one operating cycle)9,581,7378,412,550Lease liabilities (including current)69,29563,507Long-term notes payable7,5950Deposits received5,1965,202 | Short-term borrowings | \$3,756,950 | \$4,401,950 |
| parties)319,608134,079Other payables (including related parties)41,57441,527Long-term borrowings (including long-term borrowing due within one operating cycle)9,581,7378,412,550Lease liabilities (including current)69,29563,507Long-term notes payable7,5950Deposits received5,1965,202 | Short-term bills payable | 4,587,399 | 3,734,677 |
| Long-term borrowings (including long-term borrowing due within one operating cycle)9,581,7378,412,550Lease liabilities (including current)69,29563,507Long-term notes payable7,5950Deposits received5,1965,202 | | 319,608 | 154,079 |
| due within one operating cycle)9,381,7378,412,530Lease liabilities (including current)69,29563,507Long-term notes payable7,5950Deposits received5,1965,202 | Other payables (including related parties) | 41,574 | 41,527 |
| Long-term notes payable7,5950Deposits received5,1965,202 | | 9,581,737 | 8,412,550 |
| Deposits received 5,196 5,202 | Lease liabilities (including current) | 69,295 | 63,507 |
| | Long-term notes payable | 7,595 | 0 |
| Total \$18,369,354 \$16,813,492 | Deposits received | 5,196 | 5,202 |
| | Total | \$18,369,354 | \$16,813,492 |

2. Financial risk management policy

- (1) The Company's daily operations are subject to a number of financial risks, including market risk (including interest rate risk and price risk), credit risk and liquidity risk. The Company's overall risk management program focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on the Company's financial position and financial performance.
- (2) Financial risk management of the Company is carried out by its finance department based on the policies approved by the Board of Directors. Through

cooperation with the Company's operating units, the finance department is responsible for identifying, evaluating and hedging financial risks.

- (3) The Company does not undertake derivatives for hedging financial risks.
- 3. Significant financial risks and degrees of financial risks
 - (1) Market risks
 - A. Price risks

The Company invests mainly in domestic unlisted equity instruments (venture capital funds). 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 2023 and 2022, the Company's borrowings at floating interest rate were denominated in the NTD.

The Company simulates a number of scenarios and analyzes interest rate risk, including consideration of refinancing, extending contracts of existing positions, and other available financing options 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 1% shift would be a maximum increase or decrease of NT\$99,251 thousand and NT\$96,042 thousand for 2023 and 2022, 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. The banks and financial institutions with which transactions are conducted are all of good credit standing, therefore, the credit risk associated with deposits held at these financial institutions is considered limited.
 - B. The Company primarily engages in the business of renting and selling residential properties and land. Revenue from the sale of properties is recognized when the full contract price is received, the transfer of ownership is completed, and the property is physically handed over. Consequently, the amount of receivables arising from property sales should be minimal, and the likelihood of non-recovery is low. 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, 2023 and 2022 were not significant.
 - C. No written-off debts with recourse existed as of December 31, 2023 and 2022.

- (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, 2023 | | | | |
| Short-term borrowings | \$2,714,466 | \$560,414 | \$26,010 | \$514,894 |
| Short-term bills payable | 4,591,100 | 0 | 0 | 0 |
| Notes payable and trade payables (including related parties) | 319,484 | 0 | 3,255 | 4,464 |
| Other payables | 36,560 | 5,013 | 0 | 1 |
| Provisions - current | 7,650 | 4,500 | 18,400 | 17,850 |
| Long-term borrowings (including long-term borrowing due within one operating cycle) Lease liabilities | 145,618 | 245,158 | 6,603,699 | 3,309,194 |
| (including current) | 1,233 | 1,233 | 4,932 | 87,335 |

| 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 payable and trade payables (including related parties) | 153,804 | 151 | 0 | 124 |
| Other payables (including amounts due to related parties) | 41,527 | 0 | 0 | 0 |
| Provisions - current | 14,331 | 3,973 | 16,884 | 16,591 |
| Long-term borrowings (including long-term borrowing due within one operating cycle) Lease liabilities | 339,081 | 691,312 | 2,293,615 | 5,088,542 |
| (including current) | 565 | 569 | 2,328 | 60,045 |

- C. The Company does not expect that the cash flows for the maturity analysis will occur at a significantly earlier time point or that actual amounts will be significantly different.
- (4) Information on fair value
 - A. The different levels of inputs used in the valuation techniques for measuring the fair value of financial and non-financial instruments have been defined as follows:
 - Level 1: The quoted price in an active market for identical assets or liabilities available to the enterprise at the measurement date. A market is regarded as active where transactions for the asset or liability take place with sufficient frequency and volume to

provide pricing information on an ongoing basis. The fair value of the Company's investments in listed stocks, beneficiary certificates, and derivatives with quoted prices in an active market are all Level 1 inputs.

- Level 2: The inputs are observable for the asset or liability, either directly or indirectly, excluding quoted prices included within Level 1. The fair values of certain derivative instruments and equity instruments invested by the Company are all Level 2 inputs.
- Level 3: The unobservable input value of an asset or liability. The Company's investments in certain derivative instruments and investments in equity instruments with no active market are all level 3 inputs. Details of changes in Level 3 fair value hierarchy

| | Investments in equity instruments |
|---|-----------------------------------|
| | without an active |
| | market |
| December 31, 2023 (i.e., January 1, 2023) | \$82 |
| December 31, 2022 (i.e., January 1, 2022) | \$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 financial assets held by the Company are equity instruments without an active market, designated as financial assets current measured at fair value through profit or loss. Due to their minimal amount, they are valued at cost, which corresponds to Level 3 of the fair

value hierarchy. However, if the net asset value method is used as the valuation technique for fair value, there is no impairment.

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, 2023 and 2022:

| | | December | 31, 2023 | |
|--|---------|----------|----------|-------|
| | Level 1 | Level 2 | Level 3 | Total |
| Assets | | | | |
| Repetitive fair value | | | | |
| Valuation gain (loss) on financial assets measured | | | | |
| Financial assets - non-current | | | | |
| Domestic unlisted stocks (Venture Capital Fund) | \$0 | \$0 | \$82 | \$82 |
| | | December | 31, 2022 | |
| | Level 1 | Level 2 | Level 3 | Total |
| Assets | | | | |
| Repetitive fair value | | | | |
| Valuation gain (loss) on financial assets measured | | | | |
| Financial assets - non-current | | | | |
| Domestic unlisted stocks (Venture Capital Fund) | \$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 3).

- (3) In 2023 and 2022, the Company did not experience any transfers between Level 1 and Level 2 of the fair value hierarchy.
- (4) In 2023 and 2022, there was no transfers into or out of Level 3.

XIII. Supplementary Disclosure

(I) Information on significant transactions was as follow:

| No. | Summary | Description |
|-----|--|-------------|
| 1 | Loaning to others. | None |
| 2 | Endorsements/guarantees to others. | Table I |
| 3 | Marketable securities held at the end of the period. (Excluding investment in Subsidiaries and Associates) | Table II |
| 4 | Cumulative amount of the stock of the same marketable securities purchased or sold totaling NT\$300 million or more than 20% of the paid-in capital. | None |
| 5 | Acquisition of real estate totaling NT\$300 million or more than 20% of the paid-in capital: | Table III |
| 6 | Disposal of real estate totaling NT\$300 million or more than 20% of the paid-in capital. | None |
| 7 | Purchases or sales with related parties totaling NT\$100 million or more than 20% of the paid-in capital. | Table IV |
| 8 | Receivables from related party totaling NT\$100 million or more than 20% of the paid-in capital. | None |
| 9 | Engaging in derivatives trading. | None |

Table I

Details on endorsements/guarantees to others. King's Town Construction Co., Ltd. December 31, 2023

| | | Guarantee Provided to Subsidiaries in Mainland China | z |
|---------------------|--------------------------------------|---|---------------------|
| Unit: NT\$ thousand | ootaan C | Provided Provided by Parent by a Company Subsidiary to a to Parent Subsidiary Company | Ν |
| Unit: NT | Guandad | Provided Provided by Parent by a Company Subsidiary to a to Parent Subsidiary Company | Z |
| | | Aggregate Endorsement/ Guarantee Limit (Note 3) | 8,864,008 |
| | Ratio of Accumulated | Ending Balance of Balance of ActualAmount of ActualEndorsements/ Guarantees to Bendorsements/Aggregate ProvidedOutatance ProvidedGuarantee Brovided to by ParentOutatantee by Parent by a by a | 11.28% |
| | | Amount of Endorsements/ Guarantees by Property | 0 |
| | | Actual Drawdown | 2,000,000 2,000,000 |
| | | 2,000,000 | |
| | | 2,000,000 | |
| | A monut of | 5,318,405 | |
| | Object of Endorsements/Guarantees | 5 | |
| | Obj6 Endorsement | SanDi Properties Co., Ltd. | |
| | | King's Town SanDi Construction Properties Co., Ltd. Co., Ltd. | |
| | | No. (Note 1) | 0 |

Instructions for the number column: Note1:

- The Company is "0"
- The investee companies are numbered in order starting from "1".
- Listed below are the 7 types of companies to which the Company may provide endorsement/guarantee: Note2:
 - A company with which it does business.
- A company in which the Company directly and indirectly holds more than 50 percent of the voting shares.
- A company that directly and indirectly holds more than 50 percent of the voting shares in the Company. $\overline{\mathfrak{O}}$
- A company in which the Company directly and indirectly holds more than 90 percent of the voting shares. A company for which the peers or co-constructors guarantee mutually as agreed in the contract. $\overline{400}$
- A company that is endorsed and guaranteed by all shareholders based on their shareholding ratio due to the joint investment relationship.
- 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. 6
 - Note3:
- 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. Ξ
 - 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 fiffy 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 5

Table II

King's Town Construction Co., Ltd. Marketable securities held (excluding investments in subsidiaries and associates) December 31, 2023 Unit: NT\$ thousand

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

Hua Chih Venture Capital, due to its lack of significance, is valued at cost as its fair value. However, even when using the net asset value *

method as the valuation technique for fair value, there is no impairment observed.

Table III

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

Unit: NT\$ thousand

| Other agreements | | | |
|---|------------------------------------|--|---|
| Purpose of acquisition and usage agr status | | Land held for construction for business operations | Land held for construction for business operations |
| Basis or reference for price setting | | Real estate valuation report by professional valuation firm | Real estate valuation report by professional valuation firm |
| if the | Amount | I | I |
| ransaction s related | Transfer date | l | I |
| Information on prior transaction if the counterparty is related | Relationship with the issuer | - | I |
| Informa | Owner | l | I |
| Relations hip with | the Company | None | None |
| | Counterparty | Natural person Chung, Chun | First Commercial Bank Ltd. |
| Payment | collection status | \$395,000 payment of NT\$195,000 | \$334,410 Actual NT\$334,410 |
| Transaction | amount | \$395,000 | \$334,410 |
| Date of occurrence | | 2020/12/17 | 2023/08/29 |
| Name of property | | Cost equivalent land in the rezoning of self-administe red municipal land at Caohu, Annan District, Tainan City (1) | Kaohsiung City, Lingya District, Chenggong Section, Land Plots No. 65 and 66. |
| Acquirer of real estate | | King's Town Construction Co., Ltd. | King's Town Construction Co., Ltd. |

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The transfer of the above cost equivalent land in the rezoning of self-administered municipal land at Caohu, Annan District, Tainan City (I) and land plots No. 65 and 66 at Chenggong Section, Lingya District, Kaohsiung City, is not yet completed by the end of December 2023, therefore they were recorded as land prepayments. Table IV

Purchases or sales with related parties totaling NT\$100 million or more than 20% of the paid-in capital King's Town Construction Co., Ltd.

Unit: NT\$ thousand

| Remark | | | | | | | | |
|--|--|--|---|----------------------------------|----------------------------------|------------------------------|--------------------|------------|
| de receivable able) | Notes and trade receivable (payable) Percentage of total notes/ trade receivable (payable) | | 17.31% | 0.00% | | 44.59% | | 96.96% |
| Notes and tra (pay | | Balance | Notes payable NT\$40,011 | Account payable NT\$0 | N T 4 | Notes payable NT\$103,104 | Account payable | NT\$85,714 |
| Transaction with terms different from others Unit Payment price term | | | | | | | | |
| Transac terms c from Unit price | | | I | | | | | |
| Payment term | | Subject to contract | | | Subject to | | | |
| Transaction details | on details Percentage of total purchase/ (sales) | | 19.49% | | | 11.47% | | |
| Transact | Transacti Amount | | \$566,728 | | | \$333,457 | | |
| Purchase (sale) | | Purchases | | | Purchases | | | |
| Relationship | | Relative within the second degree of | Chairman of Chairman of the Company is the Chairman of such | company. | The Company's Chairman is the | supervisor of such company | | |
| Counterparty | | Chieh Chih | Constructi on Co., Ltd. | | Baihong Constructi | on Co., Ltd. | | |
| | Name of | company | | Constr uction Co., Ltd. | King's | - 5 | uction Co., | Ltd. |

| (II) | | Information on reinvestment: | vestment: | | | | | | | | | |
|------|--|------------------------------|--|-------------------------|---|---------------------|----------------------|---|-----------------|----------------------------------|------------------------------------|----------|
| | | | | Main | Initial investment amount | ient amount | Eı | Ending balance | | Profit (Loss) | Invoctment | |
| | Name of Investor | Name of Investee | Location | business activities | Ending balance for the current period | | Shares (in thousand) | End of last Shares (in Percentage thousand) (%) | Carrying amount | of investee for the period | profit (loss) Remark recognized | Remark |
| | King's Town Construction Co., Ltd. | H2O Hotel Co., Ltd. | H2O Hotel No. 366, Minghua Co., Ltd. Kaohsiung City | Hotel and restaurant | \$490,000 | \$490,000 \$440,000 | 49,000 | 100% | 100% \$120,532 | (\$41,476) | (\$15,085) | П |
| | Note1: | The Com | The Company recognized a loss share of NT\$41,476 thousand in the investee company. In addition, due to the lease of | loss share | of NT\$41,4 | 76 thousan | d in the ir | ivestee cor | npany. In | addition, d | lue to the l | ease of |
| | | real estate | real estate to a subsidiary, H2O Hotel Co., Ltd., the leasing subsidiary was classified as a right-of-use asset and lease | 120 Hote | l Co., Ltd., t | he leasing | subsidiary | r was class | ified as a | right-of-u | se asset an | d lease |
| | | liability u | liability under IFRS 16 as of | of January | January 1, 2019, while the Consolidated Company was classified as an operating lease, | nile the Co | nsolidated | Company | was clas | sified as a | n operating | , lease, |
| | | resulting | resulting in a difference in profit or loss recognition, which affected the Company's share of profit recognized using the | rofit or lo | ss recognitio | n, which af | ffected the | : Company | 's share c | f profit rec | ognized us | ing the |
| | | equity m | equity method. The difference affected the Company's share of benefit recognized under the equity method by | nce affec | ted the Con | npany's sh | are of be | enefit reco | gnized u | nder the e | quity metl | tod by |
| | | NT\$26,35 | NT\$26,391 thousand. | | | | | | | | | |
| | | | | | | | | | | | | |

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

None.

| Name of major shareholders | Shareholding (shares) | Shareholding |
|-----------------------------------|-----------------------|--------------|
| Tsai, Tien-Tsan | 85,577,838 | 23.16% |
| Tiangang Investment Co., Ltd. | 63,328,801 | 17.14% |
| Tianye Investment Co., Ltd. | 49,652,072 | 13.44% |
| Chien-Chih Construction Co., Ltd. | 31,651,513 | 8.56% |
| Tsai | 23,616,339 | 6.39% |
| Meiyun S. Tsai | 20,209,951 | 5.47% |

(IV) Information on major shareholders:

- (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: N | IT\$ thousand |
|---|------------|------------|-----------|---------------|
| Year | 2023 | 2022 | Differe | ence |
| Item | | | Amount | % |
| Current assets | 36,098,066 | 34,095,734 | 2,002,332 | 5.87% |
| Financial assets at fair value through profit or loss - non-current | 82 | 82 | 0 | - |
| Investments accounted for using the equity method | 16,642 | 16,683 | -41 | -0.25% |
| Property, plant, and equipment | 621,170 | 675,298 | -54,128 | -8.02% |
| Net right-of-use assets | 67,004 | 61,646 | 5,358 | 8.69% |
| Intangible assets | 156,065 | 160,498 | -4,433 | -2.76% |
| Other assets | 70,155 | 53,850 | 16,305 | 30.28% |
| Total assets | 37,029,184 | 35,063,791 | 1,965,393 | 5.61% |
| Current liabilities | 9,762,112 | 10,301,647 | -539,535 | -5.24% |
| Non-current | 9,539,057 | 7,487,118 | 2,051,939 | 27.41% |
| liabilities | | | | |
| Total liabilities | 19,301,169 | 17,788,765 | 1,512,404 | 8.50% |
| Share capital | 3,694,196 | 3,690,564 | 3,632 | 0.10% |
| Capital surplus | 8,082 | 0 | 8,082 | |
| Retained earnings | 14,025,737 | 13,584,462 | 441,275 | 3.25% |
| Total equity | 17,728,015 | 17,275,026 | 452,989 | 2.62% |
| Explanations on the analysis. | | | | |

Explanations on the analysis:

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

- (1) Other assets in 2023 increased by NT\$16,305 thousand (+30.28%) compared with 2022, mainly due to the increase in notes from customer renovation work in 2023 compared with last year.
- (2) Non-current liabilities in 2023 increased by NT\$2,051,939 thousand (+27.41%) compared with 2022, mainly due to the increase in long-term borrowings in 2023 compared with last 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

| Year Item | 2023 | 2022 | Increase (Decrease) | Changes (%) | |
|--|-----------|-----------|------------------------|-------------|--|
| Total operating revenue | 2,553,746 | 3,384,220 | -830,474 | -24.54% | |
| Less: Sales return and discount | 0 | (90) | 90 | | |
| Net operating revenue | 2,553,746 | 3,384,130 | -830,384 | -24.54% | |
| Cost of revenue | 1,276,115 | 1,429,196 | -153,081 | -10.71% | |
| Gross profit | 1,277,631 | 1,954,934 | -677,303 | -34.65% | |
| Operating expenses | 472,464 | 574,513 | -102,049 | -17.76% | |
| Operating income | 805,167 | 1,380,421 | -575,254 | -41.67% | |
| Non-operating income | | | | | |
| and expenses | (310,393) | (220,742) | -89,651 | 40.61% | |
| Net income before tax from continuing operations | 494,774 | 1,159,679 | -664,905 | -57.34% | |
| Income tax expense | 52,733 | 150,005 | -97,272 | -64.85% | |
| Net income after tax from continuing operations | 442,041 | 1,009,674 | (567,633) | -56.22% | |
| Other comprehensive | | | | | |
| income | (766) | 247 | -1,013 | -410.12% | |
| Total comprehensive income | 441,275 | 1,009,921 | (568,646) | -56.31% | |

Explanations on the analysis:

1.

Analysis on variance in the past two fiscal years:

(1) The net operating revenue in 2023 decreased by NT\$830,474 thousand (-24.54%), mainly due to the sluggish real estate market in 2023 caused by government policies, resulting in a decline in operating revenue in 2023 compared to 2022.

- (2) The gross profit in 2023 decreased by NT\$677,303 thousand (-34.65%), compared with that in 2022, for the same reason as in item (1).
- (3) The operating income in 2023 decreased by NT\$575,254 thousand (-41.67%), compared with that in 2022, for the same reason as in item (1).
- (4) Non-operating income and expenses in 2023 decreased by NT\$89,651 thousand (+40.61%) compared to 2022, mainly due to the increase in financial costs in 2023 compared to 2022.
- (5) The decrease in net profit before tax and after tax in 2023 compared to 2022 is due to the same reason as stated in item (1).
- 2. Sales volume forecast and the basis thereof: The Company did not compile financial forecasts for 2024. 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, | Net Cash | | | Remedies for Cash Shortage | |
|------|--------------------|---------------------------------------|---|----------------------------|-------------------------------|-------------------|
| Be | ginning of Year | Flows from Operating Activities | Cash Flows | Cash Surplus (Shortage) | Investment Plan | Financing Plan |
| | \$603,749 | (\$1,381,764) | \$30,479 | \$634,228 | \$38,496 | 1,373,747 |
| I. | Analysis on | cash flow mover | nents for the curr | ent year: | | |
| | 1. Opera | ting activities: As | s the increase in i | inventory for ong | oing projects in | n 2023, the net |
| | cash o | outflow from oper | ating activities fo | r the year was N7 | [\$1,381,764 tho | usand. |
| | 2. Invest | ment activities: [| Oue to a decrease | in other financial | assets in 2023 (| including trust |
| | | | | ce of gift certifica | | |
| | · · · · · | | · · · · · · · · · · · · · · · · · · · | payments for cons | | |
| | | | A 1 (1) A 1 | d to 2022, there | was a net cas | h inflow from |
| | | ment activities of | | • | | |
| | | 0 | | e in borrowings i | 1 | sh inflow from |
| | | • | · · · · · · · · · · · · · · · · · · · | 51,373,747 thousa | nd. | |
| II. | | nt plans for liquic | | ne. | | |
| III. | Liquidity an | nalysis in the com | ing year: | | | |
| | The Compa | iny expects a sign | ificant increase in | n operating incom | ne in the next ye | ear, which may |
| | lead to a de | crease in net cash | outflow from op | erating activities. | | |

- 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. Company Reinvestment Policy for the Most Recent Fiscal Year, Main Reasons for Profits/Losses Generated Thereby, Plan for Improving Reinvestment 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) Impacts of fluctuations in interest rates and foreign exchange rates and inflation on the Company's profitability and associated action plans:
 - 1. Recently, central banks have been 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) The impact of important domestic and international policy and legal changes on the company's financial operations and the corresponding measures: Currently, the domestic housing market remains tense, and the new government's policy on the real estate market is still unclear. Although the real estate market is currently active, it is still necessary to be prepared for possible measures by the government to cool down the market.
- (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. In 2019, the Company leased the premises for sale on the first basement level and the first and second level of Hua Shang Building to a fitness company, which caused dissatisfaction of the residents convened the 2019 second temporary meeting of the sub-owners, and amended its management regulations to prohibit the establishment of specific industries, including gymnasiums. The Company believes that it has infringed upon the Company's right to use its assets; therefore, it filed a civil lawsuit against the "Hua Shang Building Management Committee" to confirm that the resolution shown by the defendant "Hua Shang Building Management Committee"

at the 2019 second temporary meeting of the owners of the Hua Shang Building on November 23, 2019, is invalid. The case has been ruled partially in our favor by the Taiwan Ciaotou District Court in the first instance, Su-Zi No. 1202 in 2020. The defendant "Hua Shang Building Management Committee" has appealed within the statutory period (Shang-Zi No. 62 in 2022). The outcome is pending court review.

- In 2019, the Company leased premises for sale on the first basement level and the 2. 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 lease of 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. The case (Shen-Chong-Su No. 57 of 2021) was ruled by the Taiwan Kaohsiung District Court on November 28, 2022, that the Company should pay the plaintiff NT\$3,137 thousand plus interest. The Company has filed an appeal within the statutory period (Chong-Shang-Zi No. 27 of 2023), In March 2013, the second-instance civil claim was submitted to the court for transfer to mediation, and the mediation was completed at the Kaohsiung Branch of the Taiwan High Court on April 30, 2013.
- 3. In 2020, the Company leased premises for sale on the first basement level and the first and second level of Hua Shang Building to World Fitness Asia Limited (H.K.) Taiwan Branch. As a result, the Taiwan branch of Hong Kong Business World Fitness Co., Ltd. was unable to operate due to a dispute arising from the residents' dissatisfaction with the Company's failure to lease the land to the fitness company. Therefore, a lawsuit was filed against World Fitness Asia Limited (H.K.) Taiwan Branch, seeking NT\$1,045 thousand in rent and NT\$3,150 thousand in restitution damages, totaling NT\$4,195 thousand. The case (Su-Zi No. 780 of 2021), the Taiwan Kaohsiung District Court dismissed the Company's claim on May 12, 2022. The Company has filed an appeal within the statutory period (Shang-Zi No. 200 of 2022), In March 2013, the second-instance civil claim was submitted to the court for transfer to mediation, and the mediation was completed at the Kaohsiung Branch of the Taiwan High Court on April 30, 2013.
- 4. 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\$700 thousand from the Company. The litigation (Shen-Su-Zi No. 1126 of 2020) has been dismissed and concluded by the civil judgment of Taiwan Kaohsiung District Court. The committee has filed an appeal, and the litigation (Shang-Yi-Zi No. 7 of 2022) was ruled non-appealable by the Taiwan High Court Kaohsiung Branch Court on August 23, 2023.
- 5. "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 the 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 (Su-Zi No. 1977 of 2016) is currently under

review by the Taiwan Kaohsiung District Court, and the outcome is pending the court's decision.

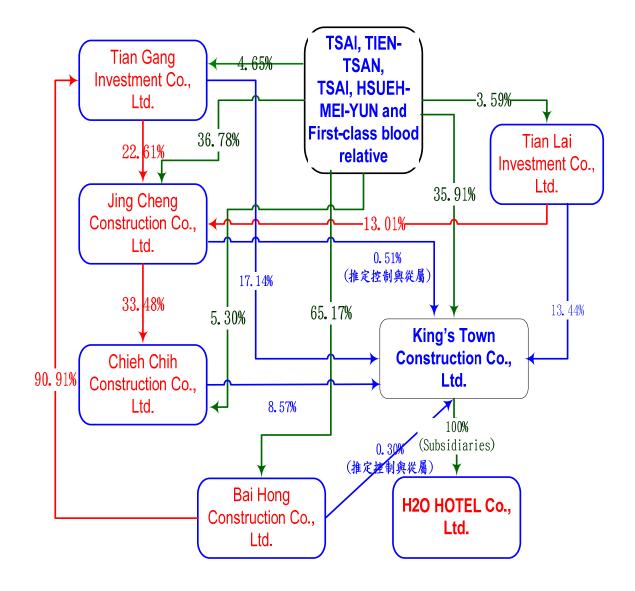
(XIII)Other important risks and countermeasures to be taken: None.

VII. Other Important Matters: None.

Chapter 8. Special Disclosure

- I. Information on the Company's Affiliates:
 - (I) Consolidated business report of the affiliates:
 - 1. Overview of the affiliates:
 - (1) Chart of the affiliates:

Tian Gang Investment Co., Ltd. (had 17.14% stake in the Company and 22.61% stake in Jing Cheng Construction Co., Ltd.); Tian Lai Investment Co., Ltd. (had 13.44% 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.).



| Name | Date of Incorporation | Address | | 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.) | 490.000 | Hotel and restaurants |

(2) Basic information on affiliates:

May 1, 2024; Unit: NT\$ thousand

(3) Information on common shareholders of entities concluded as having controlling or subordinate relation:

| | | Share | holding | Date of | | Paid-in | Main |
|--------|--------------------------------------|------------|---------------------|---------------|---|---------|------------------------|
| Reason | Name | Shares | Shareholding (%) | Incorporation | Address | Capital | Business Activities |
| | Tian Gang Investment Co., Ltd. | 63,328,801 | 17.14% | 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. | 49,652,072 | 13.44% | 1998/08/26 | 12F., No. 150, Bo'ai 2nd Rd., Zuoying Dist., Kaohsiung City 813017, Taiwan (R.O.C.) | 323,200 | H201010 Investment |

As of May 1, 2024 (NT\$ thousand, Shares, %)

| Concluded pursuant to Article 369-3 of the Company Act | Tien-Tsan Tsai | 85,577,838 | 23.17% | — | — | — | — |
|--|-----------------------|------------|--------|---|---|---|---|
| Concluded pursuant to Article 369-3 of the Company Act | Mei-Yun Tsai-Hsueh | 20,209,951 | 5.47% | _ | _ | _ | _ |

(4) Industries in which the affiliates operate and 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 | _ |

| | | | | nousand; Shares; % |
|----------------------------------|-------------|--|------------|--------------------|
| Name | Designation | Name or | Shareh | |
| | | Representative | Shares | Shareholding (%) |
| | Chairman | Mei-Yun Tsai-Hsueh | 380,000 | 1.73% |
| Tian Gang_ | Director | Tien-Tsan Tsai | 620,000 | 2.82% |
| Investment Co., Ltd. | Director | Mei-Hui Chen | 0 | 0.00% |
| | Supervisor | Yao-Hung Tsai | 0 | 0.00% |
| | Chairman | I-Ying Chen | 10,455,200 | 32.35% |
| Tian Lai Investment Co., Ltd. | Director | Chun-Chun Chiu | 0 | 0.00% |
| | Director | Chin-Hsing Chen | 0 | 0.00% |
| | Supervisor | Chia-Ling Tsai | 155,800 | 0.48% |
| | Chairman | Representative of Xin Rui Investment Co., Ltd.: Tien-Tsan Tsai | 4,919,569 | 24.48% |
| Jing Cheng | Director | Representative of Xin Rui Investment Co., Ltd.: Yao-Hung Tsai | 4,919,569 | 24.48% |
| Construction Co.,— Ltd. | 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% |
| | Chairman | Hsien-Tsung Wang | 20,200,000 | 61.21% |
| Chieh Chih | Director | Representative of Jing Cheng Construction Co., Ltd.: Chia-Ling Tsai | 11,050,000 | 33.48% |
| Construction Co., Ltd. | Director | Representative of Jing Cheng Construction Co., Ltd.: Shih-Hsiung Li | 11,050,000 | 33.48% |
| | Supervisor | Chen-Jung Li | 0 | 0.00% |
| Datur | Chairman | Ching-Shun Ou | 0 | 0.00% |
| Bai Hong | Director | Hsien-Tsung Wang | 0 | 0.00% |
| Construction Co., Ltd. | Director | Yao-Hung Tsai | 0 | 0.00% |
| | Supervisor | Tien-Tsan Tsai | 6,100,000 | 30.35% |
| | Chairman | Representative of King's Town Construction Co., Ltd.: Mei-Yun Tsai-Hsueh | 49,000,000 | 100.00% |
| H2O Hotel Co., Ltd. – | Director | Representative of King's Town Construction Co., Ltd.: Chiung-Ting Tsai | 49,000,000 | 100.00% |

(5) Information on Directors, Supervisors, and Presidents of affiliates: Unit: NT\$ thousand; Shares; %

| Director | Representative of King's Town Construction Co., Ltd.: I-Ying Chen | 49,000,000 | 100.00% |
|------------|---|------------|---------|
| Supervisor | Representative of King's Town Construction Co., Ltd.: Chia-Ling Tsai | 49,000,000 | 100.00% |

2. Operational highlights of affiliates: Data year: 2023

| | | | | | December 3 | 1,2023; 0 | Juit: N13 | 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. | | 8,005,431 | 4,523,138 | 3,482,293 | 76,432 | 48,141 | (7,882) | (\$0.36) |
| Tian Lai Investment Co., Ltd. | | 3,092,939 | 102,819 | 2,990,120 | 45,510 | 37,602 | 33,795 | \$1.05 |
| Jing Cheng Construction Co., Ltd. | | 20,225,387 | 19,778,048 | 447,339 | 2,961,455 | 420,839 | 129,741 | \$6.45 |
| Chieh Chih Construction Co., Ltd. | 330,000 | 7,825,999 | 7,014,894 | 811,105 | 1,734,156 | 35,309 | (22,689) | (\$0.69) |
| Bai Hong Construction Co., Ltd. | 201,000 | | | | 1,027,366 | 21,421 | (4,495) | (\$0.22) |

December 31, 2023; Unit: NT\$ thousand

Note: Numbers above were 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 December 31, 2023, 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, 2024

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 2023 affiliation report is reasonable in all material respects.
- Explanation: The Company's 2023 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 2023 financial reports.

In our opinion, the declaration issued by the Company's management for the 2023 affiliation reports is reasonable in all material respects.

ShineWing Taiwan CPA: Angela Chuang



CPA: Jackson Jwo

× 1. ×



March 14, 2024

| 1. | Relationship between | subordinate and | controlling | companies: |
|----|----------------------|-----------------|-------------|------------|
| | | | | Un |

| Unit | : Shares | |
|---------|----------|--|
| April 2 | 9, 2024 | |

| | | | | | | Unit: Shares April 29, 2024 |
|--|--|-----------------------|------------------------------------|--|--|---|
| Name of Controlling | Basis for the Control | | ing and Pledged ntrolling Compa | Directors, Supervisors or Managerial Officers Appointed by the Controllin Company | | |
| 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 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 Chung-Chang Tsai Chin-Yu Chiu |
| Tian Gang Investment Co., Ltd. | Concluded as having controlling or subordinate relation pursuant to Article 369-3 of the Company Act. | 63,328,801 | 17.14% | 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 | 13.44% | 6,000,000 | 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 | 8.57% | 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. | | 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.

Sales and Purchases: ы.

Unit: NT\$ thousand; %

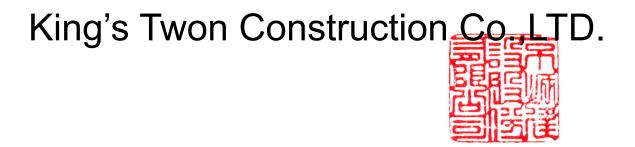
| | Remarks | Chieh Chih Construction Co., Ltd. | Bai Hong Construction Co., Ltd. | |
|--------------------------------------|--|---|---|--|
| | Rem | Chieh Constı Co., | Bai l Constı Co., | |
| Overdue Accounts Receivables | Allowance for Doubtful Accounts | 0 | 0 | |
| | Action Taken | I | I | |
| | Amount | 0 | 0 | |
| Accounts/Notes Payable | % to Total Accounts/Notes Receivable (Payable) | 17.31% 0.00% | 44.59% 82.09% | |
| Accounts/N | Ending Balance | Notes payable \$40,011 Accounts payable \$0 | Notes payable \$103,104 Accounts payable \$85,714 | |
| U | for Deviation | I | I | |
| General Trading Terms | Credit Term | I | I | |
| | Unit Price (NT\$) | I | I | |
| Terms with Controlling Company | % to Total Gross Unit Price Credit Unit Price Purchases Profit (NT\$) Term (NT\$) | Subject to contract | Subject to contract | |
| | Unit Price (NT\$) | I | I | |
| Transaction with Controlling Company | Gross Profit | I | I | |
| | % to Total Gross Unit Price Purchases Profit (NT\$) | 19.49% | 11.47% | |
| | Amount | 566,728 | 333,457 | |
| Transacti | Purchases (Sales) | Purchases | Purchases | |

stated in the Remarks column. If the listed accounts are not applicable, please adjust accordingly. Where accounts are not available due to industry characteristics, the Note 1: In case of advance receipts (prepayments), the reasons, contractual terms, amount and difference from the general trading terms shall be

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. Note 2:

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. Any Events in the Most Recent Year and as of the Date of this Annual Report that had Significant Impacts on Shareholders' Right or Security Prices as Stated in Subparagraph 2, Paragraph 3, Article 36 of the Securities and Exchange Act: None.





King's Town Construction Co., Ltd.

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