

King's Town Construction Co., Ltd.

Parent Company Only Financial Statements and Independent Auditors' Report 2023 and 2022

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For the convenience of readers, the independent auditors' report and the accompanying financial statements have been translated into English from the original Chinese version prepared and used in the Republic of China. If there is any conflict between the English version and the original Chinese version or any difference in the interpretation of the two versions, the Chinese-language independent auditors' report and financial statements shall prevail.

King's Town Construction Co., Ltd.

Table of Contents

Item	Page
I. Cover Page	1
II. Table of Contents	2
III. Independent Auditors' Report	3-8
IV. Parent Company Only Balance Sheets	9-10
V. Parent Company Only Statements of Comprehensive Income	11
VI. Parent Company Only Statements of Cash Flows	12
VII. Parent Company Only Statement of Cash Flows	13
VIII. Notes to Parent Company Only Financial Statements	
(I) Company History	14
(II) Approval Date and Procedures of the Financial Statements	14
(III) Application of New, Revised, and Amended Standards and Interpretations	14-15
(IV) Summary of Significant Accounting Policies	16-40
(V) Main Source of Significant Accounting Judgment, Estimation, and Assumption Uncertainties	40-41
(VI) Descriptions of Material Accounting Items	41-77
(VII) Related Party Transactions	78-85
(VIII) Pledged Assets	85
(IX) Significant Contingent Liabilities and Unrecognized Contract Commitments	86-89
(X) Significant Disaster Loss	89
(XI) Significant Subsequent Events	89
(XII) Others	89-97
(XIII) Supplementary Disclosure	
1. Information on significant transactions	97-101
2. Information on reinvestment	102
3. Information on Investments in Mainland China	102
4. Information on major shareholders	103
(XIV) Operating Segment Financial Information	103
IX. Statements of significant accounting subjects	104-124

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:

1. Identify and assess the risks of material misstatement of the Parent Company Only Financial Statements, whether due to fraud or error, design, and perform audit procedures responsive risks, and obtain evidence that is sufficient and appropriate to provide a basis of our opinion. The risk of not detecting a significant misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
2. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the internal control effective in King's Town Construction Co., Ltd. and its subsidiaries.

3. Evaluate the appropriateness of accounting policies used and the reasonability of accounting estimates and related disclosures made by the management
4. Conclude the appropriateness of the use of the going concern basis of accounting by the management, and based on the audit evidence obtained, whether a significant uncertainty exists related to events or conditions that may cast significant doubt on King's Town Construction Co., Ltd. and its ability to continue as a going concern. If we conclude that a significant uncertainty exists, we are required to draw attention in auditor's report to the related disclosures in the Parent Company Only Financial Statements or, if such disclosure are inappropriate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of the auditor's report. However, future events or conditions may cause King's Town Bank Co., Ltd. to cease to continue as a going concern.
5. Evaluate the overall expression, structure, and content of the Parent Company Only Financial Statements (including related notes) and whether the Parent Company Only Financial Statements include the relevant transactions and events expressed adequately.
6. Obtain sufficient and appropriate audit evidence for the parent company only financial information of the King's Town Construction Co. Ltd. to express an opinion on the Parent Company Only Financial Statements. We are responsible for guiding, supervising, and implementing of the group audit. We remain solely responsible for our opinion on the Parent Company Only Financial Statements.

We communicated matters with the governing body, including the planned scope and timing of the audit, as well as the material audit findings (including material deficiencies in internal control identified during our audit).

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

We use the matters communicated with the governance unit to decide the Key Audit Matters for the

audit of the 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

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



Unit: NT\$ thousand

Assets	Note	December 31, 2023		December 31, 2022	
		Amount	%	Amount	%
11XX Current assets					
1100 Cash and cash equivalents	VI.(I)	\$530,843	1.44	\$531,329	1.52
1150 Net notes receivable	VI.(III)	16,676	0.05	15,000	0.04
1170 Net trade receivables	VI.(III)	2,500	0.01	886	0.00
1200 Other receivables	VI.(IV)	7,964	0.02	2,609	0.01
1210 Other receivables - related parties	VI.(IV).VII	141	0.00	109	0.00
1320 Inventories	VI.(V), VIII	34,788,812	94.14	32,662,856	93.37
1410 Prepayments	VI.(VI)	451,904	1.22	571,681	1.63
1470 Other current assets	VI.(VII)	108,283	0.29	114,624	0.33
1476 Other financial assets - current	VI.(VIII), VIII	54,012	0.15	96,254	0.28
11XX Total current assets		<u>\$35,961,135</u>	<u>97.32</u>	<u>\$33,995,348</u>	<u>97.18</u>
15XX Non-current assets					
1510 Financial assets at fair value through profit and loss	VI.(II)	\$82	0.00	\$82	0.00
1550 Investments accounted for using the equity method	VI.(IX)	120,532	0.33	85,617	0.24
1600 Property, plant, and equipment	VI.(X)	15,934	0.04	4,047	0.01
1755 Net right-of-use assets	VI.(XI)	67,004	0.18	61,646	0.17
1760 Net investment properties	VI.(XII), VII, VIII	563,942	1.53	625,192	1.79
1780 Intangible assets	VI.(XIII)	154,443	0.42	158,626	0.45
1840 Deferred tax assets	VI.(XXXI)	18,352	0.05	19,770	0.06
1920 Refundable deposits	VIII	30,619	0.08	30,106	0.09
1930 Long-term notes and trade receivable	VI.(III)	20,000	0.05	2,785	0.01
15xx Total non-current assets		<u>\$990,908</u>	<u>2.68</u>	<u>\$987,871</u>	<u>2.82</u>
1xxx Total assets		<u><u>\$36,952,043</u></u>	<u><u>100.00</u></u>	<u><u>\$34,983,219</u></u>	<u><u>100.00</u></u>

(Continued)

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

Unit: NT\$ thousand

Liabilities and equity		Note	December 31, 2023		December 31, 2022	
			Amount	%	Amount	%
21XX	Current liabilities					
2100	Short-term borrowings	VI.(XIV), VII, VIII	\$3,756,950	10.17	\$4,401,950	12.58
2110	Short-term bills payable	VI.(XIV), VII, VIII	4,587,399	12.41	3,734,677	10.67
2130	Contract liabilities - current	VI.(XXIV)	679,814	1.84	586,417	1.68
2150	Notes payable		88,089	0.24	47,687	0.14
2160	Notes payable - related parties	VII	143,115	0.39	80,011	0.23
2170	Trade payables		2,690	0.01	26,381	0.08
2180	Trade payables - related parties	VII	85,714	0.23	0	0.00
2200	Other payables		41,473	0.11	40,744	0.12
2220	Other payables - related parties	VII	101	0.00	783	0.00
2230	Current tax liabilities		51,861	0.14	138,450	0.40
2250	Provisions - current	VI.(XV)	45,488	0.12	51,779	0.15
2280	Lease liabilities - current	VI.(XIX)	1,282	0.00	1,134	0.00
2322	Long-term borrowings due within one operating cycle	VI.(XVIII), VII, VIII	146,936	0.40	1,030,393	2.94
2335	Collection	VI.(XVI)	50,421	0.14	72,878	0.21
2399	Other current liabilities - others	VI.(XVII)	4,346	0.01	8,499	0.02
21XX	Total current liabilities		\$9,685,679	26.21	\$10,221,783	29.22
25XX	Non-current liabilities					
2540	Long-term borrowings	VI.(XVIII), VII, VIII	\$9,434,801	25.53	\$7,382,157	21.10
2570	Deferred tax liabilities	VI.(XXXI)	3,987	0.01	17,121	0.05
2580	Lease liabilities - non-current	VI.(XIX)	68,013	0.19	62,373	0.18
2611	Long-term notes payable	VI.(XX)	7,595	0.02	0	0.00
2640	Net defined benefit liabilities - non-current	VI.(XXIX)	18,757	0.05	19,557	0.06
2645	Deposits received		5,196	0.01	5,202	0.01
25xx	Total non-current liabilities		\$9,538,349	25.81	\$7,486,410	21.40
2XXX	Total liabilities		\$19,224,028	52.02	\$17,708,193	50.62
3XXX	Equity					
3110	Share capital - ordinary shares	VI.(XXI)	\$3,694,196	10.00	\$3,690,564	10.55
3211	Paid-in capital - ordinary shares premium	VI.(XXII)	8,082	0.02	0	0.00
3300	Retained earnings					
3310	Legal reserve	VI.(XXIII)	1,776,451	4.81	1,681,444	4.81
3350	Unappropriated earnings	VI.(XXIII)	12,249,286	33.15	11,903,018	34.02
3300	Total retained earnings		\$14,025,737	37.96	\$13,584,462	38.83
3XXX	Total equity		\$17,728,015	47.98	\$17,275,026	49.38
	Total liabilities and equity		\$36,952,043	100.00	\$34,983,219	100.00

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

Chairperson: Tianye Investment Co., Ltd.

Representative: Tsai, Tien-Tsan

Manager: Tsai, Tien-Tsan

Accountant Officer: Liang, Su-Ying

King's Town Construction Co., Ltd.
Parent Company Only Statements of Comprehensive Income
January 1 to December 31, 2023 and 2022



Code	Account titles	Note	2023		Unit: NT\$ thousand 2022	
			Amount	%	Amount	%
4000	Operating revenue					
4110	Sales revenue		\$2,291,398	100.00	\$3,149,195	100.00
4190	Sales discounts and allowances		0	0.00	(90)	(0.00)
4100	Net sales	VI.(XXIV), VII	\$2,291,398	100.00	\$3,149,105	100.00
5000	Operating costs		1,159,708	50.61	1,316,516	41.81
5900	Gross profit		\$1,131,690	49.39	\$1,832,589	58.19
6000	Operating expenses	VI.(XXXII)				
6100	Selling and marketing expenses		191,066	8.34	293,070	9.31
6200	General and administrative expenses		115,543	5.04	123,507	3.92
6000	Total operating expenses		\$306,609	13.38	\$416,577	13.23
6900	Operating income		\$825,081	36.01	\$1,416,012	44.96
7000	Non-operating income and expenses					
7100	Interest income	VI.(XXV)	\$2,124	0.09	\$841	0.03
7010	Other income	VI.(XXVI)	872	0.04	2,520	0.08
7020	Other gains and losses	VI.(XXVII)	(25)	0.00	(160)	0.00
7050	Finance costs	VI.(XXVIII)	(318,198)	(13.89)	(230,056)	(7.31)
7070	Share of profit or loss of subsidiaries accounted for using the equity method	VI.(IX)	(15,085)	(0.66)	(29,483)	(0.94)
7000	Total non-operating income and expenses		(\$330,312)	(14.42)	(\$256,338)	(8.14)
7900	Income before tax		\$494,769	21.59	\$1,159,674	36.82
7950	Income tax expense	VI.(XXXI)	52,728	2.30	150,000	4.76
8200	Current net income		\$442,041	19.29	\$1,009,674	32.06
8300	Other comprehensive income					
8310	Items not reclassified to profit or loss					
8311	Remeasurements of defined benefit plans	VI.(XXIX)	(\$957)	(0.04)	\$309	0.01
8349	Incomes tax expense (gain) related to titles not subject to reclassification	VI.(XXXI)	(191)	(0.01)	62	0.00
8300	Other comprehensive income (after tax)		(\$766)	(0.03)	\$247	0.01
8500	Total comprehensive income		\$441,275	19.26	\$1,009,921	32.07
9750	Basic earnings per share (NT\$)	VI.(XXXIII)	\$1.20		\$2.73	
9850	Diluted earnings per share (NT\$)	VI.(XXXIII)	\$1.20		\$2.73	

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

Chairperson: Tianye Investment Co., Ltd.

Representative: Tsai, Tien-Tsan

Manager: Tsai, Tien-Tsan

Accountant Officer: Liang, Su-Ying



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

Unit: NT\$ thousand

Code	Account name Summary	Share capital	Capital surplus	Retained earnings			Treasury shares	Total equity
				Legal reserve	Unappropriated earnings	Total		
A1	Balance as of January 1, 2022	\$3,717,590	\$13,865	\$1,513,033	\$11,121,358	\$12,634,391	\$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	\$0	\$1,681,444	\$11,903,018	\$13,584,462	\$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	\$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	Other comprehensive income in 2023				(766)	(766)		(766)
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	\$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

King's Town Construction Co., Ltd. and subsidiaries
Parent Company Only Statement of Cash Flows
From January 1 to December 31, 2023 and 2022

Unit: NT\$ thousand

Code		January 1, 2023 to December 31, 2023	January 1, 2022 to December 31, 2022				
AAAA	Cash flow from operating activities:			BBBB	Cash flow from investing activities:		
A10000	Current year net profit before tax	\$494,769	\$1,159,674	B01800	Acquisition of investment accounted for using the equity method	(\$50,000)	(\$50,000)
A20000	Adjustment items:			B02700	Acquisition of property, plant, and equipment	(939)	(3,770)
A20010	Revenue, expense and loss that do not affect the cash flows:			B03700	Increase in refundable deposits	(705)	(2,745)
A20100	Depreciation expenses and other operating expenses	\$66,444	\$63,709	B03800	Decrease in refundable deposits	192	5,010
A20200	Amortization expenses	4,183	4,260	B04500	Acquisition of intangible assets	0	(430)
A20900	Interest expenses	318,198	230,056	B06500	(Increase) Decrease in other financial assets	42,242	(30,098)
A21200	Interest income	(2,124)	(841)	BBBB	Net cash outflow from investing activities	(\$9,210)	(\$82,033)
A21300	Dividend income	(24)	(179)				
A22300	Share of profit or loss of subsidiaries accounted for using the equity method	15,085	29,483				
A20010	Total revenue, expense and loss that do not affect the cash flows:	\$401,762	\$326,488				
A30000	Changes in operating assets and liabilities			CCCC	Cash flows from financing activities:		
A31000	Net changes in operating assets			C00100	Proceeds from short-term borrowing	\$29,500,650	\$13,324,150
A31130	Decrease (increase) in notes receivable	(\$18,891)	\$33,897	C00200	Repayments of short-term borrowings	(30,145,650)	(12,577,450)
A31150	(Increase) decrease in trade receivable	(1,614)	129,160	C00500	Proceeds from short-term bills payable	21,133,900	17,651,000
A31180	Increase in other receivables	(5,374)	(2,502)	C00600	Repayments of short-term bills payable	(20,283,200)	(17,812,600)
A31200	Increase in inventories	(2,140,534)	(1,164,092)	C01600	Proceeds from long-term borrowings	2,483,350	894,400
A31230	(Increase) decrease in prepayments	118,997	(28,777)	C01700	Repayments of long-term borrowings	(1,314,163)	(1,136,883)
A31240	(Increase) decrease in other current assets	6,341	(23,705)	C03000	Increase in deposits received	880	1,517
A31000	Total net changes in operating assets	(\$2,041,075)	(\$1,056,019)	C03100	Decrease in deposits received	(886)	(592)
A32000	Net change in operating liabilities			C04020	Repayment of the principal portion of lease	(1,134)	(1,115)
A32125	Increase in contract liabilities - current	\$93,397	\$24,849	C04800	Treasury stock repurchase cost	0	(120,203)
A32130	Gain (loss) in notes payable	111,101	(44,105)	CCCC	Net cash inflow from financing activities	\$1,373,747	\$222,224
A32150	Increase (decrease) in trade payable	62,023	(564,976)				
A32180	Increase in other payables	7,932	12,305				
A32200	Increase (decrease) in provisions	(6,291)	7,071				
A32230	Decrease in other current liabilities	(26,610)	(12,354)				
A32240	Decrease in net defined benefit liabilities	(1,757)	(2,541)	EEEE	Decrease in current cash and cash equivalent	(\$486)	(\$441,804)
A32000	Total net changes in operating liabilities	\$239,795	(\$579,751)	E00100	Cash and cash equivalent at the beginning of the period	531,329	973,133
A33000	Cash outflow from operating activities	(\$904,749)	(\$149,608)	E00200	Cash and cash equivalent at the end of the period	\$530,843	\$531,329
A33100	Interest received	2,111	836				
A33200	Dividend received	24	179				
A33300	Interest paid	(311,567)	(224,278)				
A33500	Income tax paid	(150,842)	(209,124)				
AAAA	Net cash outflows from operating activities	(\$1,365,023)	(\$581,995)				

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

Chairperson: Tianye Investment Co., Ltd.



Representative: Tsai, Tien-Tsan



Manager: Tsai, Tien-Tsan



Accountant Officer: Liang, Su-Ying



King's Town Construction Co., Ltd.

Notes to Parent Company Only Financial Statements

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:

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

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:

Item	New, Revised, and Amended Standards and Interpretations	Effective Date of Issuance by the IASB
1	Amendmentsto 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. 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:

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

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

1. Except for the following significant items, these Parent Company Only Financial Statements have been prepared on the historical cost basis: Historical costs are usually determined by the fair value of consideration paid for assets acquired.
 - (1) Financial assets and liabilities at fair value through profit or loss are measured at fair value.
 - (2) Defined benefit liability derived from retirement plan assets less the present value of net defined benefit obligation.
2. The preparation of 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

1. Foreign currency transactions are translated into the functional currency using the exchange rates prevailing on the dates of the transactions or valuation where items are remeasured. Foreign exchange gains and losses resulting from the settlement of such transactions are recognized in profit or loss in the period in which they arise.
2. Monetary assets and liabilities denominated in foreign currencies at the period end are re-translated at the exchange rates prevailing at the end of the reporting period. Exchange differences arising upon re-translation on the balance sheet date are recognized in profit or loss.
3. The balances of non-monetary assets and liabilities denominated in foreign currencies are adjusted at the exchange rates prevailing at the end of the reporting period. If the balances are measured at fair value through profit or loss, the resulting exchange differences are recognized in profit or loss; if the balances are measured at fair value through other comprehensive profit or loss, the resulting exchange differences are recognized in other comprehensive income items; if the balances are not measured at fair value, they are measured at the historical exchange rates at the dates of initial transactions.
4. All 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:

- (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 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 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 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 of the Parent Company Only Financial Reports is the same as the owner's equity attributable to the owners of the parent company in the financial reports prepared on the consolidated basis.

Under the equity method, the investment is initially recognized at cost. The carrying amount of investment is adjusted thereafter for the post-acquisition changes in the Company's share of profit or loss and other comprehensive income and profit distribution of the subsidiaries. In addition, the Company also recognizes changes in other interests in subsidiaries in proportion to the Company's ownership.

When a change in the Company's ownership interests in a subsidiary does not cause it

to lose control of the subsidiary, it shall be accounted for as an equity transaction. The difference between the carrying amount of the investments and the fair value of the consideration paid or received is recognized directly in equity.

When the Company loses control over a subsidiary, it recognizes the investment retained in the former subsidiary at its fair value at the date of loss of control, and takes it as the initially recognized fair value of the financial asset or the initially recognized cost of the investments in associates or joint ventures. The difference between the fair value of the retained investment plus any consideration received and the carrying amount of the previous investment at the date when control is lost is recognized as a gain or loss in profit or loss. The Company accounted for all amounts recognized in other comprehensive income in relation to the subsidiary on the same basis as would be required if the Company had directly disposed of the related assets and liabilities.

When the Company's share of losses of a subsidiary exceeds its equity in said subsidiary (which includes any carrying amount of the investment accounted for by the equity method and long-term equity that, in substance, forms part of the Company's net investment in said subsidiary), the Company continues recognizing its share of further losses.

The unrealized profit or loss in downstream transactions between the Company and the subsidiary shall be eliminated in the Parent Company Only Financial Statements. The gains and losses arising from the countercurrent and side current transactions between the Company and its subsidiaries shall be recognized in the Parent Company Only Financial Statements only to the extent not related to the Company's equity in the subsidiaries.

(XI) Property, plant, and equipment

1. Recognition and measurement

Property, plant and equipment are recognized and measured at cost, less accumulated depreciation and accumulated impairment. Cost includes expenditure that is directly attributed to the acquisition of the asset. The cost of self-constructed

assets includes raw materials and direct labor, any other directly attributable costs to bring the asset to a serviceable condition for its intended use, the cost of dismantling and removing the item and restoring the site, and the cost of borrowings to capitalize the eligible assets.

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

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

2. 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:

- (1) rights to nearly all economic benefits of the identified asset have been received;
and
- (2) the control over the right to use the identified asset.

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

2. Where the Company is a lessee:

Except that the lease payments of the low value subject-matter assets and

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

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

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

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

The lease payments comprise as follows:

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

The lease liability subsequently accrues interest with the effective interest method,

and its amount is measured when the following occurs:

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

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

The changes in (iv) and (v) decreases the scope of a lease. When a lease modification decreases the scope of a lease, the carrying value of the right-of-use asset is decreased to reflect partial or 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 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 comprehensive income and included in retained earnings, and is not recycled to profit or loss in subsequent periods, costs related to prior service costs are recognized immediately in profit or loss.

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

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

3. Employees' compensation and remuneration of directors

Employees compensation and remuneration to directors shall be recognized as expenses and liabilities where there are legal or constructive obligations and the amounts can be reasonably estimated. Any difference between the resolved amounts and the subsequently actual distributed amounts is accounted for as changes in estimates. In addition, if employees compensation is issued in stock, the number of shares shall be calculated based on the closing price of the day prior to the resolution of the board of directors.

(XXI) Income Tax

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

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

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

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

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

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

1. The entity has the legal right to settle tax assets and liabilities on a net basis; and
2. The taxing of deferred tax assets and liabilities fulfils one of the scenarios below;

- (1) Levied by the same taxing authority; or
- (2) Levied by different taxing authorities, but where each such authority intends to settle tax assets and liabilities (where such amounts are significant) on a net basis every year of the period of expected asset realization or debt liquidation, or where the timing of asset realization and debt liquidation is matched.

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

(XXII) Segment information

An operating segment is a component of the Company that engages in business activities from which it may earn revenues and incur expenses.

(XXIII) Earnings per share

The Company presents the basic and diluted earnings per share of shareholders of common stock equity. The basic earnings per share are calculated based on the profit attributable to the ordinary shareholder of the Company divided by the weighted average number of ordinary shares outstanding. The diluted earnings per share is calculated based on the profit attributable to ordinary shareholders of the Company, divided by the weighted average number of ordinary shares outstanding after adjustment for the effects of all dilutive potential ordinary shares. If the employees' compensation is paid in the form of stock, it is classified as potential ordinary shares. If the potential ordinary shares are dilutive, diluted earnings per share is disclosed in addition to simple earnings per share. Diluted earnings per share assumes that all dilutive potential ordinary shares are outstanding during the period, so the current net income and the number of outstanding ordinary shares are adjusted for the effect of dilutive potential ordinary shares.

(XXIV) Dividend distribution

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

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 based on the nature of inventory, the actual selling

prices of neighboring regions inquired, the selling prices of units sold, the return on investment analysis form or the valuation report provided by an external real property appraiser, and is therefore subject to significant changes.

(III) Provisions

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

These estimates are primarily based on economic outflows over the future warranty period and are subject to change.

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	<u>\$530,843</u>	<u>\$531,329</u>

1. The Company possesses good credit with financial institutions, and contacts with several financial institutions to diversify credit risk, anticipated possibility of default is very low, the exposure cash amount on maximum credit risks at the end of the reporting period is same as cash equivalents
2. The Company's pre-sale construction project trust funds and other portions with restriction on use are classified 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.
2. 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

1. 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	<u>\$39,176</u>		<u>\$0</u>

	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	<u>\$18,693</u>		<u>\$22</u>

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

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Beginning balance	\$22	\$22
Decrease in the current period	(22)	0
Ending balance	<u>\$0</u>	<u>\$22</u>

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

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

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 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	<u>\$34,788,812</u>	<u>\$32,662,856</u>

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	<u>\$5,042,191</u>	<u>\$4,586,949</u>
Less: Allowance for reduction to valuation	<u>(167)</u>	<u>(167)</u>
Net	<u>\$5,042,024</u>	<u>\$4,586,782</u>

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	<u>\$1,837,571</u>	<u>\$1,473,555</u>

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	<u>\$2,821,180</u>	<u>\$2,401,690</u>	<u>\$5,222,870</u>

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	<u>\$2,703,979</u>	<u>\$2,249,500</u>	<u>\$4,953,479</u>

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	<u>\$21,900,303</u>	<u>\$20,847,402</u>

Item	December 31, 2023	December 31, 2022
5. 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	<u>\$786,044</u>	<u>\$801,638</u>

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

	December 31, 2023	December 31, 2022
The amount of capitalized interest	<u>\$122,630</u>	<u>\$81,087</u>

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	<u>\$451,904</u>	<u>\$571,681</u>

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	<u>\$108,283</u>	<u>\$114,624</u>

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	<u>\$54,012</u>	<u>\$96,254</u>

Other financial assets - current are the pre-sale project construction trust funds, advance payment performance trust and reserve account the Company, which are pledged as collateral for bank deposits. Please refer to Note VIII for details.

(IX) Investments accounted for using the equity method

Name of Investee	December 31, 2023		December 31, 2022	
	Amount	Shareholding	Amount	Shareholding
H2O Hotel Co., Ltd. (H2O Hotel)	<u>\$120,532</u>	100%	<u>\$85,617</u>	100%

(1) 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, 2022
Net assets	\$25,850	\$17,326

Comprehensive Income Statement

	H2O Hotel Co., Ltd. (H2O Hotel)	
	December 31, 2023	December 31, 2022
Net Operating Revenue	\$304,949	\$270,060
Gross profit	\$128,783	\$89,971
Net Income	(\$41,476)	(\$58,757)
Other comprehensive income/(loss) (after tax)	\$0	\$0
Total comprehensive income	(\$41,476)	(\$58,757)

- (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	<u>\$4,709</u>	<u>\$0</u>	<u>\$15,291</u>	<u>\$20,000</u>
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	<u>\$3,770</u>	<u>\$0</u>	<u>\$713</u>	<u>\$4,483</u>
Accumulated depreciation and impairment				
2023/01/01	\$52	\$0	\$384	\$436
Depreciation	702	0	2,928	3,630
2023/12/31	<u>\$754</u>	<u>\$0</u>	<u>\$3,312</u>	<u>\$4,066</u>
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	<u>\$52</u>	<u>\$0</u>	<u>\$384</u>	<u>\$436</u>
Net carrying amount				
2023/12/31	<u>\$3,955</u>	<u>\$0</u>	<u>\$11,979</u>	<u>\$15,934</u>
2022/12/31	<u>\$3,718</u>	<u>\$0</u>	<u>\$329</u>	<u>\$4,047</u>
2022/01/01	<u>\$0</u>	<u>\$653</u>	<u>\$519</u>	<u>\$1,172</u>

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

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

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.
3. Please refer to Note VIII to the financial statements for the guarantees provided by investment properties.
4. Please refer to Note VI(XIX) for information on investment properties and land held by the Company for construction and premises for sale that are leased to others under operating leases.

(XIII) Intangible assets

	Land use rights	Other intangible assets	Total
Cost			
Balance as of January 1, 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

2. In July 2012, the Company entered into a land right deed with the Kaohsiung City Government for the establishment of the land at Lot 22, Sec. 22, Longbei, Kaohsiung City, with a royalty amount of \$200,020 thousand for the period from July 2012 to July 2062 for the operation of a tourist hotel.
3. As of the end of each reporting period, none of the intangible assets of the Company has been pledged as collateral.

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

1. 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	<u>\$45,488</u>
Balance as of January 1, 2022	\$44,708
Increased liability provision for the period	7,071
Balance as of December 31, 2022	<u>\$51,779</u>

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	<u>\$50,421</u>	<u>\$72,878</u>

(XVII) Other current liabilities - others

Item	December 31, 2023	December 31, 2022
Tax payable	<u>\$4,346</u>	<u>\$8,499</u>

(XVIII) Long-term borrowings

Nature of borrowings	Borrowing period, repayment method and interest rate range	December 31, 2023	December 31, 2022
Long-term bank borrowings			
Secured borrowings	From March 2020 to December 2028, interest is payable monthly in a lump sum at maturity with floating interest rates of 2.73% and 2.405% as of December 31, 2023 and 2022, respectively.	\$1,591,250	\$1,675,000
Secured borrowings	From June 2019 to June 2026, interest is payable monthly in a lump sum at maturity with floating interest rates of 2.7% and 2.325% as of December 31, 2023 and 2022, respectively.	547,200	576,000
Secured borrowings	The borrowing period is 15 years from July 2017 to July 2032 (including a grace period of 2 years). Interest is payable monthly during the grace period and the principal is repayable at the end of the grace period by the interest method with a floating interest rate of 2.24% 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.	439,207	485,150
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

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 December 31, 2022.	598,000	1,092,000
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 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
Less: Net long-term borrowings due within one year or one operating cycle Use this segment		(146,936)	(1,030,393)
Net		<u>\$9,434,801</u>	<u>\$7,382,157</u>
Unused limit		<u>\$7,360,170</u>	<u>\$3,798,600</u>

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
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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

1. 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 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.

(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

	2023	2022

Land revenue	\$1,101,511	\$1,497,063
Building revenue	1,106,967	1,584,752
Rental revenue	82,920	67,380
Return and discount of premises revenue	0	(90)
Total	<u>\$2,291,398</u>	<u>\$3,149,105</u>

1. Revenue breakdown

	<u>2023</u>	<u>2022</u>
Major regional markets Taiwan	<u>\$2,291,398</u>	<u>\$3,149,105</u>

	<u>2023</u>	<u>2022</u>
Major products/service		
Sales of premises	\$2,208,478	\$3,081,725
Rental revenue	82,920	67,380
Total	<u>\$2,291,398</u>	<u>\$3,149,105</u>

	<u>2023</u>	<u>2022</u>
Timing of revenue recognition:		
At a fixed point in time	\$2,208,478	\$3,081,725
Performance obligations fulfilled over time	82,920	67,380
Total	<u>\$2,291,398</u>	<u>\$3,149,105</u>

2. Contract balance

	<u>December 31, 2023</u>	<u>December 31, 2022</u>	<u>January 1, 2022</u>
Notes receivable	\$16,676	\$15,000	\$36,682
Long-term notes receivable	20,000	2,785	15,000
Trade receivables	2,422	908	130,068
Less: Allowance for losses	0	(22)	(22)
Total	<u>\$39,098</u>	<u>\$18,671</u>	<u>\$181,728</u>
Contract liabilities - Sale of premise	\$678,540	\$585,115	\$560,581
Contract liabilities - Advances from rent	1,274	1,302	987
Total	<u>\$679,814</u>	<u>\$586,417</u>	<u>\$561,568</u>

- (1) 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	<u>\$2,124</u>	<u>\$841</u>

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	<u>\$872</u>	<u>\$2,520</u>

(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	\$261	\$250
- Retirement benefits expenses		
General and administrative expenses	\$1,300	\$1,200
- Retirement benefits expenses		

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	<u>\$430</u>	<u>\$259</u>
Remeasurements		
Compensation on plan assets (excluding net interest on net defined benefit liabilities (assets))	(\$270)	(\$2,131)
Actuarial losses (gains) - experience adjustments	955	1,921
Actuarial losses (gains) - changes in financial assumptions	272	(99)
Recognized in other comprehensive income	<u>\$957</u>	<u>(\$309)</u>

- (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	<u>\$430</u>	<u>\$259</u>

- (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	<u>(27,452)</u>	<u>(29,355)</u>
Net defined benefit liabilities	<u>\$18,757</u>	<u>\$19,557</u>

- (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	<u>(4,708)</u>	<u>0</u>
Ending balance	<u>\$46,209</u>	<u>\$48,912</u>

- (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	<u>(4,708)</u>	<u>0</u>
Fair value of plan assets at the end of the period	<u>\$27,452</u>	<u>\$29,355</u>

(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:

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
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:

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

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	<u>13,195</u>
	<u>\$40,731</u>

(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 differences	(11,525)	(6,610)
Income tax expense	<u>\$52,728</u>	<u>\$150,000</u>

(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	<u>\$494,769</u>	<u>\$1,159,674</u>
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	(11,525)	(6,610)
5% levy on unappropriated earnings	42,753	75,596
Land value increment tax	<u>12,221</u>	<u>18,112</u>
Income tax expense	<u>\$52,728</u>	<u>\$150,000</u>

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

	Balance on January 1	Recognized in profit or loss	Recognized in other comprehensive income	Balance on December 31
(1) January 1 to December 31, 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	3,911	(351)	191	3,751
- non-current				
Total deferred tax assets	<u>\$19,770</u>	<u>(\$1,609)</u>	<u>\$191</u>	<u>\$18,352</u>

	Balance on January 1	Recognized in profit or loss	Recognized in other comprehensive income	Balance on December 31
B. Deferred tax liabilities				
Inventories	<u>\$17,121</u>	<u>(\$13,134)</u>	<u>\$0</u>	<u>\$3,987</u>

(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 - non-current	4,481	(508)	(62)	3,911
Total deferred tax assets	<u>\$18,926</u>	<u>\$906</u>	<u>(\$62)</u>	<u>\$19,770</u>

B. Deferred tax liabilities

Inventories	<u>\$22,825</u>	<u>(\$5,704)</u>	<u>\$0</u>	<u>\$17,121</u>
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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 nature \ By function	2023			2022		
	Operation costs	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

1. 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

Reconciliation of liabilities from financing activities was as follows:

	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	<u>\$16,623,609</u>	<u>\$1,373,747</u>	<u>\$6,922</u>	<u>\$18,004,278</u>
	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	3,902,000	(161,600)	0	3,740,400
Long-term borrowings	8,655,033	(242,483)	0	8,412,550
Deposits received	4,277	925	0	5,202
Lease liabilities	62,628	(1,115)	1,994	63,507
Liabilities from the financing activities	<u>\$16,279,188</u>	<u>\$342,427</u>	<u>\$1,994</u>	<u>\$16,623,609</u>

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

Name	2023		2022	
	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.

(2) The lease details are as follows:

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

Lessee	Lease subject	Lease period	Rent Collection Status	2023	2022
			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.		
H2O Hotel Co., Ltd. (H2O Hotel)	No. 623, Mengzi Rd., Zuoying Dist., Kaohsiung City (King's Town Garden)	2020/09/01~2027/08/31 contract terminated on 2022/12/1	The monthly 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:

Site name	Contract price(including tax)	Purchases	
		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		<u>\$566,728</u>	<u>\$547,645</u>

- (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:

Site name	Contract price(including tax)	Purchases	
		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		<u>\$333,457</u>	<u>\$180,992</u>

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:

Name of project and related party	December 31, 2023		December 31, 2022	
	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	<u>\$141</u>	<u>1.74%</u>	<u>\$109</u>	<u>4.01%</u>

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

- (2) Notes payable

Name of project and related party	December 31, 2023		December 31, 2022	
	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	<u>\$143,115</u>	<u>61.90%</u>	<u>\$80,011</u>	<u>62.65%</u>
(3) Trade payables				
Baihong Construction Co., Ltd.	<u>\$85,714</u>	<u>96.96%</u>	<u>\$0</u>	<u>0.00%</u>
(4) Other payables				
H2O Hotel Co., Ltd. (H2O Hotel)	\$4	0.01%	\$749	1.80%
Yangmin International Catering Co., Ltd.	97	0.23%	34	0.08%
Total	<u>\$101</u>	<u>0.24%</u>	<u>\$783</u>	<u>1.88%</u>

5. Lease expenses

Lease expenses	Price payment	
	2023	2022
King's Town Construction Co., Ltd.	<u>\$1,029</u>	<u>\$1,029</u>

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.	<u>\$1,029</u>	<u>\$1,029</u>

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

1. 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" to confirm that the resolution shown by the defendant "Hua Shang Building Management Committee" at the 2019 second temporary meeting of the owners of the Hua Shang Building on November 23, 2019 is invalid. The first instance of the case was conducted by the District Court in Qiaotou, Taiwan and, based on 2020 Su Zi No. 1202 document, the Company was judged as winning in the lawsuit partially, and the defendant "Hua Shang Building Management Committee" submitted an appeal within the statutory period (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

9. 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.

	December 31, 2023	December 31, 2022
<u>Financial assets</u>		
Financial assets at fair value through profit or loss		
Domestic unlisted stocks	\$82	\$82
Financial assets at amortized cost		
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
<u>Financial liabilities</u>		
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)	319,608	154,079
Other 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
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)	145,618	245,158	6,603,699	3,309,194
Lease liabilities (including current)	1,233	1,233	4,932	87,335

<u>Non-derivative financial liabilities</u>	<u>Within 6 months</u>	<u>6 to 12 months</u>	<u>1 to 3 years</u>	<u>Over 3 years</u>
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)	339,081	691,312	2,293,615	5,088,542
Lease liabilities (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				
<u>Repetitive fair value</u>				
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				
<u>Repetitive fair value</u>				
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

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

Unit: NT\$ thousand

No. (Note 1)	Name of Endorser/ Guarantor	Object of Endorsements/Guarantees		Amount of Endorsements/ Guarantees for a Single Enterprise (Note 3)	Maximum Balance of Endorsements/ Guarantees in Current Period	Ending Balance of Endorsements/ Guarantees	Actual Drawdown	Amount of Endorsements/ Guarantees by Property	Ratio of Accumulated Endorsements/ Guarantees to the Net Worth of the Most Recent Financial Statement	Aggregate Endorsement/ Guarantee Limit (Note 3)	Guarantee Provided by Parent Company to a Subsidiary	Guarantee Provided by a Subsidiary to Parent Company	Guarantee Provided to Subsidiaries in Mainland China
		Name of Company	Relationship (Note 2)										
0	King's Town Construction Co., Ltd.	SanDi Properties Co., Ltd.	5	5,318,405	2,000,000	2,000,000	2,000,000	0	11.28%	8,864,008	N	N	N

Note1: Instructions for the number column:

- (1) The Company is "0".
- (2) The investee companies are numbered in order starting from "1".

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

- (1) A company with which it does business.
- (2) A company in which the Company directly and indirectly holds more than 50 percent of the voting shares.
- (3) A company that directly and indirectly holds more than 50 percent of the voting shares in the Company.
- (4) A company in which the Company directly and indirectly holds more than 90 percent of the voting shares.
- (5) A company for which the peers or co-constructors guarantee mutually as agreed in the contract.
- (6) A company that is endorsed and guaranteed by all shareholders based on their shareholding ratio due to the joint investment relationship.
- (7) The joint and several guarantee for the performance of the pre-sale house sales contract between the peers in accordance with the Consumer Protection Act.

Note3:

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

Table II

King's Town Construction Co., Ltd.
Marketable securities held (excluding investments in subsidiaries and associates)
December 31, 2023

Unit: NT\$ thousand

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

* 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

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

The transfer of the above cost equivalent land in the rezoning of self-administered municipal land at Caohu, Annan District, Tainan City (I) 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

King's Town Construction Co., Ltd.

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

Unit: NT\$ thousand

Name of company	Counterparty	Relationship	Transaction details				Transaction with terms different from others		Notes and trade receivable (payable)		Remark
			Purchase (sale)	Amount	Percentage of total purchase/ (sales)	Payment term			Balance	Percentage of total notes/ trade receivable (payable)	
							Unit price	Payment term			
King’s Town Construction Co., Ltd.	Chieh Chih Construction Co., Ltd.	Relative within the second degree of kinship of the Chairman of the Company is the Chairman of such company.	Purchases	\$566,728	19.49%	Subject to contract	—	—	Notes payable NT\$40,011	17.31%	
									Account payable NT\$0	0.00%	
King’s Town Construction Co., Ltd.	Baihong Construction Co., Ltd.	The Company’s Chairman is the supervisor of such company	Purchases	\$333,457	11.47%	Subject to contract	—	—	Notes payable NT\$103,104	44.59%	
									Account payable NT\$85,714	96.96%	

(II) Information on reinvestment:

Name of Investor	Name of Investee	Location	Main business activities	Initial investment amount		Ending balance			Profit (Loss) of investee for the period	Investment profit (loss) recognized	Remark
				Ending balance for the current period	End of last year	Shares (in thousand)	Percentage (%)	Carrying amount			
King's Town Construction Co., Ltd.	H2O Hotel Co., Ltd.	No. 366, Minghua Rd., Gushan Dist., Kaohsiung City	Hotel and restaurant	\$490,000	\$440,000	49,000	100%	\$120,532	(\$41,476)	(\$15,085)	I

Note1: 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., the leasing subsidiary was classified as a right-of-use asset and lease liability under IFRS 16 as of January 1, 2019, while the Consolidated Company was classified as an operating lease, resulting in a difference in profit or loss recognition, which affected the Company's share of profit recognized using the equity method. The difference affected the Company's share of benefit recognized under the equity method by NT\$26,391 thousand.

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

None.

(IV) Information on major shareholders:

Name of major shareholders	Shareholding (shares)	Shareholding
Tsai, Tien-Tsan	85,577,838	23.16%
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%

- (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

King's Town Construction Co., Ltd.

Statements of Accounting Items

2023

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

Statements of significant accounting subjects

Item	Number/Index
Statements of assets, liabilities and equity Items	
Statement s of cash and cash equivalents	Statement I
Statement of financial assets at fair value through profit or loss - non-current	Statement II
Statement of buildings and land held for sale	Statement III
Statement of changes in construction in progress	Statement IV
Statement of changes in land held for construction	Statement V
Statement of prepaid premises	Statement VI
Statement of prepayments, other current assets and other financial assets - current	Statement VII
Statement of change in long-term equity investments accounted for using the equity method	Statement VIII
Statement of change in property, plant and equipment	Note VI.(X)
Statement of change in property, plant and equipment	Note VI.(X)
Statement of change in right-of-use assets	Note VI.(XI)
Statement of change in accumulated depreciation and accumulated impairment of right-of-use assets	Note VI.(XI)
Statement of change in investment properties	Note VI.(XII)
Statement of change in accumulated depreciation of investment properties	Note VI.(XII)
Statement of change in intangible assets	Note VI.(XIII)
Statement of change in accumulated depreciation of intangible assets	Note VI.(XIII)
Statement of short-term loans	Statement IX
Statement of short-term bills payable	Statement X
Statement of contract liabilities - current	Statement XI
Statement of other payables	Statement XII
Statement of provisions	Note VI.(XV)
Statement of collections	Note VI.(XVI)
Statement of long-term borrowings	Statement XIII
Statement of lease liabilities	Statement XIV
Statement of profit or loss items	
Statement of operating revenue	Statement XV
Statement of operating costs	Statement XVI
Statement of selling and marketing expenses	Statement XVII
Statement of general and administrative expenses	Statement XVIII

King's Town Construction Co., Ltd.
Statement s of cash and cash equivalents
December 31, 2023

Item	Summary	Amount	Remark
Cash	Cash on hand and petty cash	\$70	
Bank deposits	Demand deposits	530,672	
	Checking deposits	101	
Total		<u>\$530,843</u>	

King's Town Construction Co., Ltd.
Statement of change in financial assets at fair value through profit or loss - non-current
December 31, 2023

Investee	Beginning balance		Increase in the current period		Decrease in the current period		Ending balance				Guarantee or pledge
	Number of shares	Amount	Number of shares	Amount	Number of shares	Amount	Category	Number of shares	Shareholding	Amount	
Huazhi Venture Capital Co., Ltd.	8,152	\$82	0	\$0	0	\$0	Ordinary shares	8,152	1.63%	\$82	None

King's Town Construction Co., Ltd.
Statement of buildings and land held for sale
December 31, 2023

Item	Summary	Amount		Remark
		Cost	Net realizable value	
King's Town		\$1,933,594	\$6,940,487	Pledged to financial institutions
King's Town Hyatt		659,394	853,932	None
Hua Shang		114,478	343,104	None
Yiwen Court		91,458	158,127	None
Ju Dan		167,800	336,447	None
Tian Feng		207,961	431,849	Pledged to financial institutions
Shi Shang King's Town		22,515	52,686	None
Mei Shu Huang Ju		1,971,303	3,718,300	Pledged to financial institutions
King's Town Garden		173,918	345,715	None
Yue He Di		84,818	135,079	None
Fu +		1,452,356	1,975,027	Pledged to financial institutions
Other projects		167	0	None
Subtotal		\$6,879,762	\$15,290,753	
Less: Allowance for reduction to valuation		(167)		
Net		\$6,879,595		

King's Town Construction Co., Ltd.
Statement of changes in construction in progress
December 31, 2023

Construction name	Beginning balance	Current increase			Current decrease	Ending balance	Remark
		Land under construction	Construction costs	Capitalized interest	Completion and transfer out		
Kaohsiung Fuhe Section No. 698-1	\$475,254	\$4,344	\$2,250	\$12,435	\$0	\$494,283	Pledged to financial institutions
Kaohsiung Longzhong Section No. 191	0	370,653	182,775	3,823	0	557,251	Pledged to financial institutions
Kaohsiung Ai Qun No. 2748 (King's Town World of Heart)	2,306,928	0	415,840	54,747	0	2,777,515	Pledged to financial institutions
Kaohsiung Shindu Section 163 (Fu +)	1,459,517	0	201,870	24,805	(1,686,192)	0	Pledged to financial institutions
Kaohsiung Bohsiao Section No. 1140 (Jing Wu Tong)	711,780	0	168,749	20,610	0	901,139	Pledged to financial institutions
Tainan Yuguang Section No. 880, 4 in total	0	435,469	53,494	3,719	0	492,682	Pledged to financial institutions
Total	\$4,953,479	\$810,466	\$1,024,978	\$120,139	(\$1,686,192)	\$5,222,870	

Statement V

King's Town Construction Co., Ltd.
Statement of changes in land held for construction
December 31, 2023

Construction name	Beginning balance	Current increase			Current decrease			Ending balance	Remark
		Land costs	Capitalized interest	Re-classification	Transferred to construction in progress	For Sale	Re-classification		
Kaohsiung Chenggong Section No. 60-1, 62-64 and others	\$862,995	\$1,278	\$0	\$0	\$0	\$0	\$0	\$864,273	Pledged to financial institutions
Kaohsiung Longzhong Section No. 191	370,653	0	0	0	370,653	0	0	0	None
Kaohsiung Longzhong Section No. 129-3, 129-4	1,610,110	0	0	0	0	0	0	1,610,110	Pledged to financial institutions
Kaohsiung Longzhong Section No. 128-4, etc, 3 in total	716,926	0	0	0	0	0	0	716,926	Pledged to financial institutions
Kaohsiung Qinghai No. 229	4,278,594	0	0	0	0	0	0	4,278,594	Pledged to financial institutions
Kaohsiung Qinghai Section No. 126	685,719	0	0	0	0	0	0	685,719	Pledged to financial institutions
Kaohsiung Qinghai Section No. 127	662,012	0	0	0	0	0	0	662,012	Pledged to financial institutions
Kaohsiung Qinghai Section No. 128	379,145	0	0	0	0	0	0	379,145	Pledged to financial institutions
Kaohsiung Longzhong Section No. 128-3	52,266	0	0	0	0	0	0	52,266	Pledged to financial institutions
Kaohsiung Lantian Middle Section No. 30-2	757,742	0	0	0	0	0	0	757,742	Pledged to financial institutions
Kaohsiung Xingnan Section No. 11	259,585	0	0	0	0	0	0	259,585	Pledged to financial institutions
Kaohsiung Longzhong Section No. 22	1,998,033	0	0	0	0	0	0	1,998,033	Pledged to financial institutions
Kaohsiung Xinmin Section No. 160	792,708	0	0	0	0	0	0	792,708	Pledged to financial institutions
Kaohsiung Xinmin Section No. 159	828,072	0	0	0	0	0	0	828,072	Pledged to financial institutions
Tainan Yuguang Section No.880, 4 in total	435,469	0	0	0	435,469	0	0	0	None
Kaohsiung Qiaotou Shixing Section No. 924	14,055	0	0	0	0	0	0	14,055	Pledged to financial institutions

Statement V

King's Town Construction Co., Ltd.
Statement of changes in land held for construction (Continued)
December 31, 2023

Construction name	Beginning balance	Current increase			Current decrease			Ending balance	Remark
		Land costs	Capitalized interest	Re-classification	Transferred to construction in progress	For Sale	Re-classification		
Kaohsiung Shixing Section 925, 2 in total	112,196	0	0	0	0	0	0	112,196	Pledged to financial institutions
Kaohsiung Shixing Section 927, 3 in total	84,625	0	0	0	0	0	0	84,625	Pledged to financial institutions
Kaohsiung Shixing Section 928, 3 in total	107,554	0	0	0	0	0	0	107,554	Pledged to financial institutions
Kaohsiung Qiaotou Shixing Section No. 967	6,640	0	0	0	0	0	0	6,640	Pledged to financial institutions
Kaohsiung Qiaotou Shixing Section No. 968	42,794	0	0	0	0	0	0	42,794	Pledged to financial institutions
Kaohsiung Longdong Section No. 1	513,991	0	0	0	0	0	0	513,991	Pledged to financial institutions
Tainan Kanjiao North Section No. 820	3,385,666	0	0	13,254	0	0	0	3,398,920	Pledged to financial institutions
Kaohsiung Xindu Section No. 49	46,653	0	0	0	0	0	0	46,653	None
Kaohsiung Xinzhuang 12 Sub-section No. 1167 and 1175	614,152	3,809	0	0	0	0	0	617,961	Pledged to financial institutions
Tainan Kanjiao North Section No. 913	13,130	124	0	0	0	0	13,254	0	None
Kaohsiung Shinkang Section No.25 and 29	0	187,844	614	0	0	0	0	188,458	Pledged to financial institutions
Kaohsiung Shinkang Section No. 25-1 and 29-1	0	187,853	695	0	0	0	0	188,548	Pledged to financial institutions
Kaohsiung Shinkang Section No. 26	0	34,034	89	0	0	0	0	34,123	Pledged to financial institutions
Kaohsiung Shinkang Section No. 30	0	59,114	142	0	0	0	0	59,256	Pledged to financial institutions
Kaohsiung Shinkang Section No. 31	0	12,058	0	0	0	0	0	12,058	Pledged to financial institutions
Transferable land and deformed land	1,215,917	1,379,437	1,553	0	0	9,621	0	2,587,286	None
	<u>\$20,847,402</u>	<u>\$1,865,551</u>	<u>\$3,093</u>	<u>\$13,254</u>	<u>\$806,122</u>	<u>\$9,621</u>	<u>\$13,254</u>	<u>\$21,900,303</u>	

King's Town Construction Co., Ltd.
Statement of change in prepaid premises
December 31, 2023

Name of project/construction	Beginning balance	Current increase		Current decrease	Ending balance
		Cost	Capitalized interest	Transfer of land held for construction	
Tainan Anan District, Caohu Phase I	\$201,677	\$0	\$0	\$0	\$201,677
Kaohsiung Shinkang Section No. 25.29	0	187,845	323	188,168	0
Kaohsiung Shinkang Section No. 25-1 and 29-1	0	187,852	394	188,246	0
Kaohsiung Shinkang Section No. 26	0	34,034	4	34,038	0
Kaohsiung Shinkang Section No. 30	0	59,114	0	59,114	0
Kaohsiung Shinkang Section No. 31	0	12,058	0	12,058	0
Kaohsiung Chenggong Section No. 65.66	0	334,410	951	0	335,361
Tainan Kanjiaonan No. 19-1 and others	0	4,995	0	0	4,995
Transferable land and deformed land	599,961	1,024,830	2,926	1,383,706	244,011
Subtotal	\$801,638	\$1,845,138	\$4,598	\$1,865,330	\$786,044

King's Town Construction Co., Ltd.
Statement of prepayments, other current assets and other financial assets - current
December 31, 2023

Item	Summary	Amount	Remark
Prepaid expenses	Prepaid construction expenses	\$446,621	
	Others	5,148	
Subtotal		\$451,769	
Input tax	Business tax not yet filed at the end of December 2023	\$135	
Toto prepayments		\$451,904	
Payments on behalf of others	Management fees and payments on behalf	\$1,381	
Incremental costs of obtaining contracts	Commission paid to the agent for obtaining the agreement for sale and purchase of premises which the Company expects to recover	106,902	
Total other current assets		\$108,283	
Other financial assets - current	Advances from construction project trust funds and performance bond	\$54,012	

Statement VIII

King's Town Construction Co., Ltd.
Long-term equity investments accounted for using the equity method
December 31, 2023

Investee	Beginning balance		Increase in the current period			Decrease in the current period (Note 1)		Ending balance			Net equity		Guarantee or pledge	Remark
	Shares (in thousand)	Amount	Shares (in thousand)	Amount	Share of profit or loss recognized using the equity method in accordance with IFRS 16	Shares (in thousand)	Amount	Shares (in thousand)	Shareholding	Amount	Total	Unit price (Dollar)		
H2O Hotel Co., Ltd. (H2O Hotel)	44,000	<u>\$85,617</u>	5,000	<u>\$50,000</u>	<u>\$26,391</u>	0	<u>(\$41,476)</u>	49,000	100.00%	<u>\$120,532</u>	<u>\$25,850</u>	0.53	None	

Note1: The decrease in this period is due to the recognition of investment losses under the equity method.

King's Town Construction Co., Ltd.
Statement of short-term loans
December 31, 2023

Type of Loans	Summary	Ending balance	Contract period	Interest rate range	Line of credit	Pledge or guarantee
Secured borrowings	Financial institution borrowings	\$550,000	2023//11/15 ~2024/10/09	2.59378%	\$800,000	Buildings held for sale: King's Town
Secured borrowings	Financial institution borrowings	1,283,500	2023/12/20~ 2024/01/09	2.79%~2.89%	1,365,000	Construction in progress: King's Town World of Heart
Secured borrowings	Financial institution borrowings	1,000,000	2023/12/20~ 2024/01/09	2.79%	1,260,000	Land provided by related parties
Secured borrowings	Financial institution borrowings	413,450	2023/12/20~ 2024/01/09	2.79%	489,000	Land held for construction: Lantian Middle Section No. 30-2
Secured borrowings	Financial institution borrowings	510,000	2019/05/16~ 2027/05/16	2.55%	840,000	Construction in progress: Jing Wu Tong
Total		<u>\$3,756,950</u>			<u>\$4,754,000</u>	

King's Town Construction Co., Ltd.
Statement of short-term bills payable
December 31, 2023

Item	Guarantor/accepting institution	Contract period	Interest rate range	Issued amount	Unamortized discount on short-term bills payable	Carrying amount	Pledge or guarantee
Issuance of commercial paper	Mega Bank - Lingyarong Co., Ltd.	2023/09/08~2024/01/16	2.50%	\$1,675,000	\$1,096	\$1,673,904	Land held for construction - Qinghai Section No. 229 and private land provided by related parties
Issuance of commercial paper	Mega Bank - Lingyarong Co., Ltd.	2023/09/08~2024/01/16	2.35%	576,000	377	575,623	Land held for construction - Longzhong Section No. 22
Issuance of commercial paper	China Bills Finance Corp.	2023/12/26~2024/02/05	2.838%	350,000	500	349,500	Private land provided by related parties
Issuance of commercial paper	China Bills Finance Corp.	2023/12/12~2024/02/05	2.728%	350,700	494	350,206	Buildings and land held for sale: Mei Shu Huang Ju
Issuance of commercial paper	DBS BANK	2023/11/02~2024/01/26	1.558%	282,400	286	282,114	Construction in progress - Yuguang Section No. 880, 4 in total
Issuance of commercial paper	DBS BANK	2023/11/02~2024/01/26	1.558%	368,000	372	367,628	Construction in progress - Longzhong Section 191
Issuance of commercial paper	Grand Bills Finance Corp.	2023/12/12~2024/01/11	2.828%	95,000	72	94,928	Land held for construction - Xingnan Section No. 11
Issuance of commercial paper	Grand Bills Finance Corp.	2023/12/12~2024/01/11	2.778%	205,000	154	204,846	Buildings and land held for sale - Tian Feng
Issuance of commercial paper	Taiwan Finance Corporation	2023/10/11~2024/01/09	2.688%	399,000	207	398,793	Buildings and land held for sale: Mei Shu Huang Ju
Issuance of commercial paper	Taiwan Finance Corporation	2023/11/23~2024/01/09	2.638%	290,000	143	289,857	Buildings and land held for sale - Fu +
Total				<u>\$4,591,100</u>	<u>\$3,701</u>	<u>\$4,587,399</u>	

King's Town Construction Co., Ltd.
Statement of contract liabilities - current
December 31, 2023

Item	Summary	Amount	Remark
Sale of premises	King's Town	\$47,409	
	King's Town Hyatt	37,235	
	Yiwen Court	9,257	
	Mei Shu Huang Ju	93,922	
	King's Town Garden	9,933	
	World of Heart	454,011	
	Fu +	8,635	
	Jing Wu Tong	18,138	
	Subtotal	<u>\$678,540</u>	
Advance Rent	American Institute in Taiwan	\$770	
	Li Yu Chu Co., Ltd.	86	
	Shih Yu Food And Drink Co., Ltd.	45	
	Jingzhi Yuehe	68	
	Bao Sheng Parking	305	
	Subtotal	<u>\$1,274</u>	
	Total	<u><u>\$679,814</u></u>	

King's Town Construction Co., Ltd.
Statement of other payables
December 31, 2023

Item	Summary	Amount	Remark
Salary payable	December salary and year-end bonus	\$9,879	
Bonuses payable to employees	Employee compensation accruals for 2023	4,998	
Interest expense payable	December interest expense	15,653	
Others	Labor costs, labor and health insurance premiums, labor pension, welfare payments, and rent expense, etc.	11,044	(Including trade payable from other related parties of NT\$101 thousand)
Total		<u>\$41,574</u>	

Statement XIII

King's Town Construction Co., Ltd.

Statement of long-term borrowings

December 31, 2023

Type of Loans	Summary	Amount			Contract period	Interest rate range	Line of credit	Pledge or guarantee
		Due within one operating cycle	Due over one operating cycle	Total				
Secured borrowings	Financial institution borrowings	\$0	\$1,591,250	\$1,591,250	2020/03/11-2028/12/31	2.73%	\$1,591,250	Land held for construction - Qinghai Section No. 229 and private land provided by related parties
Secured borrowings	Financial institution borrowings	0	547,200	547,200	2019/06/28-2026/06/30	2.70%	1,022,200	Land held for construction - Longzhong Section No. 22
Secured borrowings	Financial institution borrowings	0	0	0	2021/07/15-2027/06/30	-	4,235,000	Construction in progress - Fuhe Section No. 698-1
Secured borrowings	Financial institution borrowings	46,936	392,271	439,207	2017/07/17-2032/07/17	2.24%	439,207	Investment properties Longbei Section No. 22
Secured borrowings	Financial institution borrowings	0	184,395	184,395	2022/01/10-2027/01/10	2.50%	230,000	Land held for construction - Section 924, 9 in total
Secured borrowings	Financial institution borrowings	0	176,035	176,035	2022/01/10-2027/01/10	2.50%	220,000	Land held for construction - Longdong Section No. 1
Secured borrowings	Financial institution borrowings	100,000	1,900,000	2,000,000	2021/10/26-2026/10/26	2.55%	2,000,000	Land held for construction - Kanjiao North Section No. 820
Secured borrowings	Financial institution borrowings	0	415,000	415,000	2022/12/06-2027/12/06	2.46%	570,000	Land held for construction - Longzhong Section No. 128-3, etc, 4 in total
Secured borrowings	Financial institution borrowings	0	1,200,700	1,200,700	2023/05/16-2026/05/16	2.2438%	2,000,000	Land held for construction - Longzhong Section No. 129-3, etc, 2 in total
Secured borrowings	Financial institution borrowings	0	50,000	50,000	2023/05/16-2026/05/16	2.2438%	1,361,450	Buildings and land held for sale: King's Town
Secured borrowings	Financial institution borrowings	0	627,300	627,300	2023/06/30-2025/06/30	2.688985%	627,300	Buildings and land held for sale: Mei Shu Huang Ju
Secured borrowings	Financial institution borrowings	0	181,200	181,200	2022/12/11-2027/07/31	2.602%	393,000	Land held for construction - Xinzhuang 12 Sub-section No. 1175
Secured borrowings	Financial institution borrowings	0	139,900	139,900	2023/03/01-2027/09/30	3.002%	175,000	Land held for construction - Xinzhuang 12 Sub-section No. 1167
Secured borrowings	Financial institution borrowings	0	1,240,000	1,240,000	2020/03/12-2025/03/12	2.270%	1,240,000	Land held for construction - Qinghai Section No. 126~128
Secured borrowings	Financial institution borrowings	0	598,000	598,000	2019/10/17-2025/10/17	2.675%	598,000	Land held for construction - Xinmin Section No. 159, 160
Secured borrowings	Financial institution borrowings	0	191,550	191,550	2023/07/17-2028/07/17	3.050%	239,500	Land held for construction - Shinkang Section No. 25, etc, 7 in total
Total		\$146,936	\$9,434,801	\$9,581,737			\$16,941,907	

King's Town Construction Co., Ltd.
Statement of lease liabilities
December 31, 2023

Item	Amount			Contract period	Discount rate
	Due within one year	Due over one year	Total		
Land	\$1,282	\$68,013	\$69,295	Land leased from Kaohsiung City Finance Bureau for NT\$2,466 thousand per year for the lease period of 2012/8/7 to 2062/6/7.	1.73%

King's Town Construction Co., Ltd.
Statement of operating revenue
December 31, 2023

Item	Summary	Land	Building	Total
Construction Revenue	King's Town	\$306,829	\$265,039	\$571,868
	King's Town Hyatt	480	3,543	4,023
	Yiwen Court	142,824	230,320	373,144
	Ju Dan	84,816	53,851	138,667
	Shi Shang King's Town	14,100	13,429	27,529
	Mei Shu Huang Ju	119,697	118,650	238,347
	King's Town Garden	147,933	192,769	340,702
	Xiang King's Town	7,579	5,906	13,485
	Fu +	234,633	223,460	458,093
	Others	42,620	0	42,620
	Subtotal	\$1,101,511	\$1,106,967	\$2,208,478
Other operating revenue	Rental income			82,920
				<u>\$2,291,398</u>

King's Town Construction Co., Ltd.

Statement of operating costs

December 31, 2023

Subject name	Summary	Amount	Remark
Prepayment for land and buildings at the beginning of the period		\$801,638	
Purchase of land and buildings during the period		1,849,736	
Prepayment for land and buildings at the end of the period		(786,044)	
Transfer to land held for construction		\$1,865,330	
Land held for construction at the beginning of the period		20,847,402	
Add: Purchase of land held for construction in the current period		3,315	
Land held for construction at the end of the period		(21,900,303)	
Less: Cost of sales for construction land		(9,622)	
Construction in progress - Land held for construction		\$806,122	
Construction project		831,074	
Construction expenses		314,042	
Construction costs		\$1,951,238	
Construction in Progress at the beginning of the period		4,953,479	
Construction in Progress at the end of the period		(5,222,870)	
Add: Others		4,344	
Building costs		\$1,686,191	
Buildings and land held for sale at the beginning of the period		6,060,504	
Buildings and land held for sale at the end of the period		(6,879,762)	
Add: Increase in renovation work during the period		101,969	
Additional project funds and maintenance expenses for remaining properties		116,903	
Cost of sales for construction land		9,622	
Less: Reclassification of Renovation Project		(14,578)	
Construction costs		\$1,080,849	
Other operating costs		\$78,859	
Operating costs		\$1,159,708	

King's Town Construction Co., Ltd.
Statement of selling and marketing expenses
December 31, 2023

Subject name	Summary	Amount	Remark
Salary expenses		\$7,019	
Repairs and maintenance expense		8,005	
Advertising fee		84,526	
Utility fee		5,762	
Tax expense		47,822	
Miscellaneous expenses		35,765	
Others (Note)		2,167	
Total		<u>\$191,066</u>	

Note : Amounts for each item did not reach NT\$1,000 thousand.

King's Town Construction Co., Ltd.
Statement of general and administrative expenses
December 31, 2023

Subject name	Summary	Amount	Remark
Salary expenses		\$42,192	
Rental expenses		1,642	
Stationery		1,253	
Repairs and maintenance expense		1,042	
Insurance fee		4,418	
Entertainment expense		4,442	
Tax expense		38,555	
Employee benefits		2,291	
Service fees		2,667	
Retirement benefit		1,688	
Miscellaneous expenses		10,753	
Others (Note)		4,600	
Total		<u>\$115,543</u>	

Note : Amounts for each item did not reach NT\$1,000 thousand.