Stock Code: 2520

Annual Report 2022

Kindom Development Co., Ltd.

KINDOM

Published date: April 30, 2023

This Annual Report can be accessed from: http://mops.twse.com.tw

I. Spokesperson or Acting Spokesperson of the company:
Spokesperson: Sheng-An Chang
Title: General Manager
E-mail: vchang@kindom.com.tw
Acting Spokesperson: Shu-Lian Chang
Title: Senior Assistant Manager
E-mail: schang@kindom.com.tw
Tel: (02) 2378-6789
Fax: (02) 2739-6710

II. Head Office, Branch Offices and Factories: No branch or factory
Address: No. 131, Sec. 3, Heping E. Rd., Da'an Dist., Taipei City 106, Taiwan (R.O.C.)
Tel: (02) 2378-6789
Fax: (02) 2739-6710

III. Share Transfer Agency
Name: CTBC Bank Transfer Agency
Address: 5F., No.83, Sec. 1, Chongqing S. Rd., Zhongzheng Dist., Taipei City 100, Taiwan (R.O.C.)
Tel: (02) 6636-5566
Website: http://www.ctbcbank.com

IV. Certified Public Accountants for the Most Recent Fiscal Year:
Name of Accounting Firm: KPMG Taiwan
Name of CPAs: I-Lien Han, Kuo-Yang Tseng
Address: 68F., No. 7, Sec. 5, Xinyi Rd., Xinyi Dist., Taipei City 110, Taiwan (R.O.C.)
Tel: (02) 8101-6666
Website: http://www.kpmg.com.tw

V. Information on Overseas Securities: None

VI. Company Website: http://www.kindom.com.tw

Table of Contents

Chapter 1 Letter to Shareholders

Dear Shareholders:

In 2022, the construction business, which accounted for nearly 36% of the Company's revenue, declined by 52% due to the cyclic interest rate hike of the Central Bank, tight housing policy of the government and the domestic economy not performing as expected. The building business, which accounted for 57% of the revenue, increased by 56% due to the increase in the external projects undertaken. The department store business, which accounted for nearly 7% of the revenue, increased by 29% due to the strong rebound in consumption after the lifting of the epidemic control. As a result of the above factors, the consolidated operating revenue decreased by 15% from NT$25.191 billion in 2021 to NT$21.506 billion. Net profit after tax attributable to the owners of the parent company in 2022 was NT$2.334 billion, decreasing by 33% than NT$3.508 billion in 2021; the after-tax earnings per share decreased from NT$6.47 to NT$4.31.

Some of the main construction projects in the development segment that have been completed, under construction or in the pre-sale process include the following: "Kindom Xinyi B", "Kindom Xinyi C", "Kindom Xinyi F", "Kindom Roosevelt", "Kindom Tai Ji", "Kindom Wen Hsin Chan", "Kindom Tien Yun", "Kindom Ta Chih Chan", and "Kindom Hsin Tien Hui". These projects have a combined number of about 508 total saleable households. The construction segment has been successful in securing contracts with more than 10 external customer projects. These mainly include construction for the government's transportation infrastructure, medical buildings of public hospitals and projects from electronics companies that are listed on the stock exchange, amounting to a total contract value of more than NT$36.5 billion. The department store segment manages the following two types of shopping centers. One of types is the independent full service shopping mall like: "Xinbei Zhonghe" and "Pingtung." The other one is the station associated shopping mall like: "Nangang Station", "Banqiao Station", "Taoyuan A8", "Linkou A9", "New Zuoying Station" and "Taoyuan A19". These eight shopping malls have a total business area of about 68,000 square feet. In the face of the changing lifestyle in the post-epidemic era, we will add the "Global Online" virtual platform and utilize the advantages of station transportation to provide members with more high-quality shopping services and maintain steady growth in overall sales.

In 2022, global inflationary pressure increased, international raw material prices rose, and the shortage of labor and materials continued, resulting in high building costs and supporting the housing prices. However, due to the monetary tightening policies implemented by central banks in various countries, overseas funds withdrew from Taiwan, the economic recovery slowed down, and domestic central bank also implemented interest rate hike policy, which affected mortgage burden, people took a wait-and-see attitude in purchasing houses and the housing market cooled down. 318,101 housing buildings were transferred across Taiwan, a decrease of 8.6% over the 348,194 buildings in 2021, which hit a record low of the past three years. In construction industry, despite the increase in demand due to Taiwanese businessmen to return home to expand factories and the government's policies to promote forward-looking infrastructure developments, the growth rate of private investment was relatively depressed due to the double increase in labor and material costs, thus slowing down the growth rate of project demand. In 2022, people gradually returned to normal life with the increase of vaccination rate and effective control of the epidemic, and the government launched various revitalization programs to enhance the consumption momentum of the people, so the business volume of the department store segment stabilized gradually. Looking into 2023, due to the rising mortgage interest rates and housing market measures such as the Regulation on Equalization of Land Ownership, the market's transaction will be restrained, the shortage of labor and soaring costs in the industry will not be alleviated, and consumer willingness and confidence will tend to be conservative. The construction and building industry will grow in a steady and conservative manner, while the department store industry will grow gradually with the easing of epidemic and policy.

The Kindom adheres to the business philosophy of “Integrity, Service, Innovation and Sustainability” to integrate real estate development, construction, shopping centers and foundation to develop a comprehensive real estate development team of “investment, construction, life and entertainment”, and continues to make steady progress with four critical operating principles: “strengthening of corporate governance”, “implementing internal control system”, “efficient resource allocation within the group,” and “participation in social welfare,” with the ambition to provide exemplary products and services, fulfill social responsibility, and response to the expectations of the environment and society. The Construction Department continues to work on developing quality sites, and actively obtains a number of public urban renewal projects in response to urban development, such as the "Nangang TPC North Power Storage Project", "TRA North Train E1E2 Project", and "Taipei City Line 2 & Line 3 Public Urban Renewal Projects". Develop complex projects combining residential, commercial office and commercial facilities, link the gateway axis and create urban landmarks, focus on customer needs, improve the service quality to enhance the added value of our products, and utilize digital tools and mass marketing to quickly sell products and enhance competitiveness. The construction segment aspires to secure high-tech and high-value added engineering bids, with a comprehensive supply chain management system in place, and strives to accurately manage the implementation schedule. This, along with regular review of the trends in supply and demand of bulk building materials, is performed to meet the schedule and cost estimates. We aim to provide high quality products and services, while keeping our suppliers and the customers satisfied. With thoughtful and innovative services, the department store segment provides both digital and physical scenes, introduces diverse and experiential brands, and develops the characteristics of each mall to meet the daily needs of customers.

As the world enters a critical state of climate change, the construction industry accounts for nearly 40% of global carbon emissions. According to the National Development Council's "Net Zero Transformation Path Plan", all new buildings and 85% of existing buildings will be required to become "near zero carbon buildings" by 2050. In order to realize low-carbon green home early, the Kindom has integrated Kindom Development, Kedge Construction and Global Mall, established the Sustainable Development Committee, and set up a five-year medium and long-term plan (2023-2027) with "Green Home", "Smart City", "Happy Home", "Integrity Enterprise" and "Collaborative Innovation" as the Kindom's sustainable strategy blueprint, in order to achieve the building of green home, responsible supply chain, talent cultivation and care for the disadvantaged. In 2022, we launched a greenhouse gas inventory to implement a science-based carbon reduction path, and worked with our downstream partners to gradually incorporate "low-carbon," "recycling," "health," and "smart" design plans into our products and services to build low-carbon sustainable home.

Looking into the future, the Kindom aims to achieve the goal of "leading brand of all-round real estate developer", and continue to develop the company's sustainable brand spirit, integrate the group's resources for diversified development, so as to realize low-carbon sustainable buildings by recycling and energy saving, and comprehensively improve quality and technology. We will also improve the quality of life through sustainable services, inherit the founder's philosophy, promote reading and advocate knowledge equality and care for local and disadvantaged people, and work with our suppliers, customers and employees to realize our vision of "implementing ESG, co-building sustainable cities and spreading the value of happy life".

Sincerely

Wish you and your family safe and all the best.

Kindom Development Co., Ltd.

Chairman: Mike Ma

Chapter 2 Company Profile

I. Company Introduction:

(I) Date of Incorporation: November 23, 1979

(II) Company History:

The Company was established in November of 1979 at No. 10, Ln. 165, Sec. 1, Xinsheng S. Rd., Da'an Dist., Taipei City 106, Taiwan (R.O.C.), with the registered capital and paid-in capital both in an amount of NT$ 1 million.

In 1982,	the Company was restructured and increased its capital to NT$ 30 million.
In March of 1984,	the Company increased its capital to NT$ 50 million.
In August of 1988,	the Company relocated to 1/12F, No.237, Sec. 1, Fuxing S. Rd., Taipei City (R.O.C.).
In June of 1989,	the Company increased its capital to NT$ 170 million.
In December of 1990,	the Company increased its capital to NT$ 390 million.
In October of 1991,	the Company increased its capital to NT$ 420 million.
In July of 1992,	the Company increased its capital to NT$ 525 million.
In April of 1993,	the Company relocated to No.131, Sec. 3, Heping E. Rd., Da'an Dist., Taipei City 106, Taiwan (R.O.C.).
In July of 1993,	the Company increased its capital to NT$ 656.25 million.
In October of 1993,	the Company had its shares officially listed for trading.
In April of 1994,	the Company increased its capital to NT$ 1 billion.
In July of 1994,	the Company increased its capital to NT$ 1.25 billion.
In September of 1995,	the Company increased its capital to NT$ 1,562,500,000.
In August of 1996,	the Company increased its capital to NT$ 1,953,125,000.
In August of 1997,	the Company increased its capital to NT$ 2,441,406,000.
In October of 1997,	the Company increased its capital to NT$ 2,741,406,000.
In July of 1998,	the Company increased its capital to NT$ 3,426,758,000.
In June of 1999,	the Company increased its capital to NT$ 4,283,447,000.
In June of 2000,	the Company increased its capital to NT$ 5,140,137,000.
In April of 2001,	the Company reduced its capital to NT$ 5,043,767,000.
In October of 2001,	the Company reduced its capital to NT$ 4,894,037,000.
In January of 2011,	the Company increased its capital to NT$ 4,922,736,000.
In April of 2011,	the Company increased its capital to NT$ 4,926,189,000.
In October of 2011,	the Company increased its capital to NT$ 4,933,453,000.
In July of 2012,	the Company increased its capital to NT$ 4,965,081,000.
In October of 2012,	the Company increased its capital to NT$ 4,987,221,000.
In April of 2013,	the Company increased its capital to NT$ 5,015,102,000.
In July of 2013,	the Company increased its capital to NT$ 5,037,910,000.

In September 2021, the Company increased its capital to NT$ 5,541,700,000.

(III) Events of merger & acquisition, reinvestment in related companies or restructuring in the most recent year as of the date of this Annual Report: None.

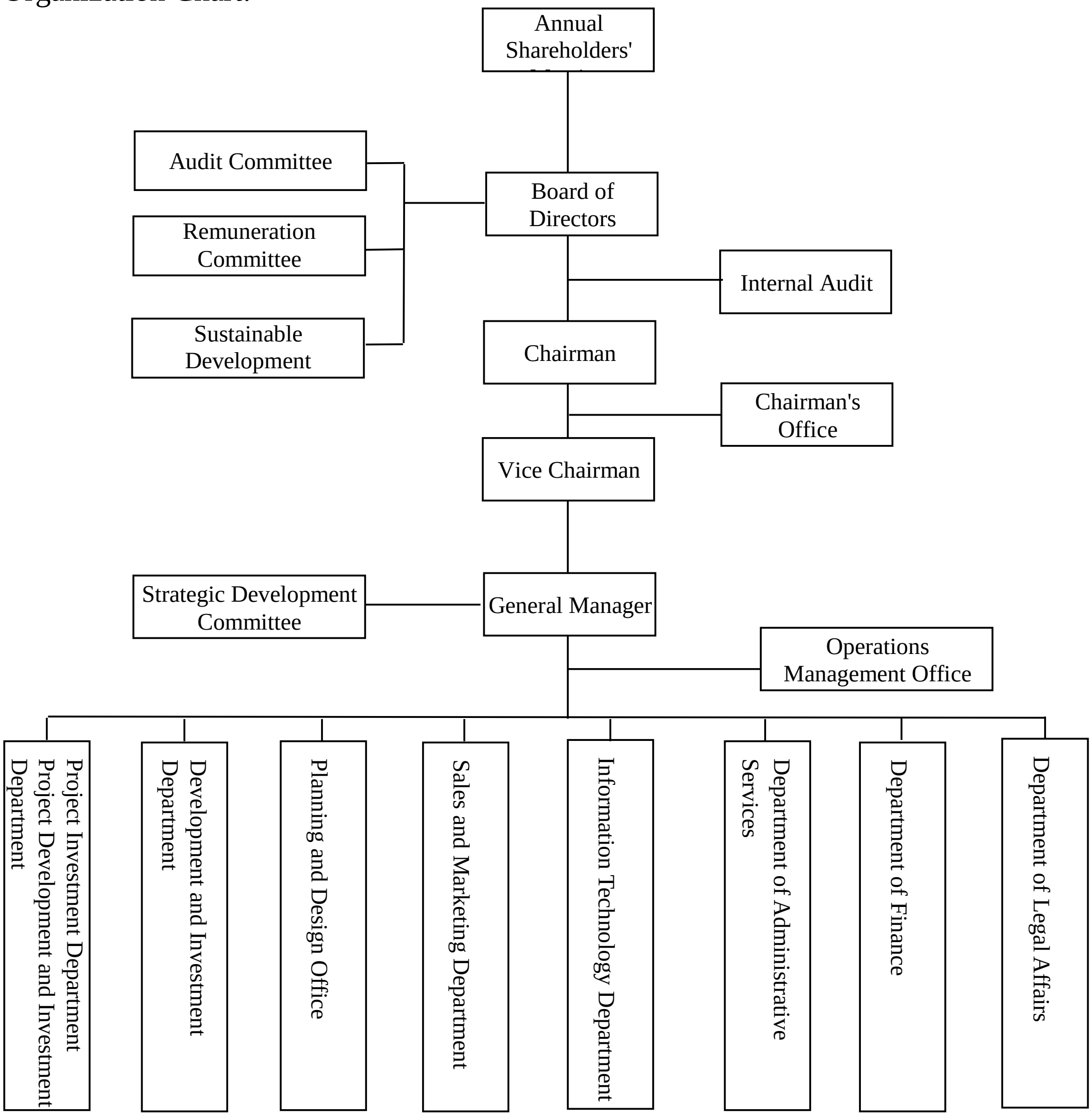
(IV) Events of major equity transfer or exchange involving directors, supervisors or major shareholders holding more than 10% of the Company's shares in the most recent year as of the date of this Annual Report: None.

(V) Changes in the right of management, material changes in the operating procedures or businesses, and other material events of significant impact on the shareholders' equity in the most recent year as of the date of this Annual Report and their implications for the Company: None.

Chapter 3 Corporate Governance Report

I. Organization:

(I) Organization Chart:

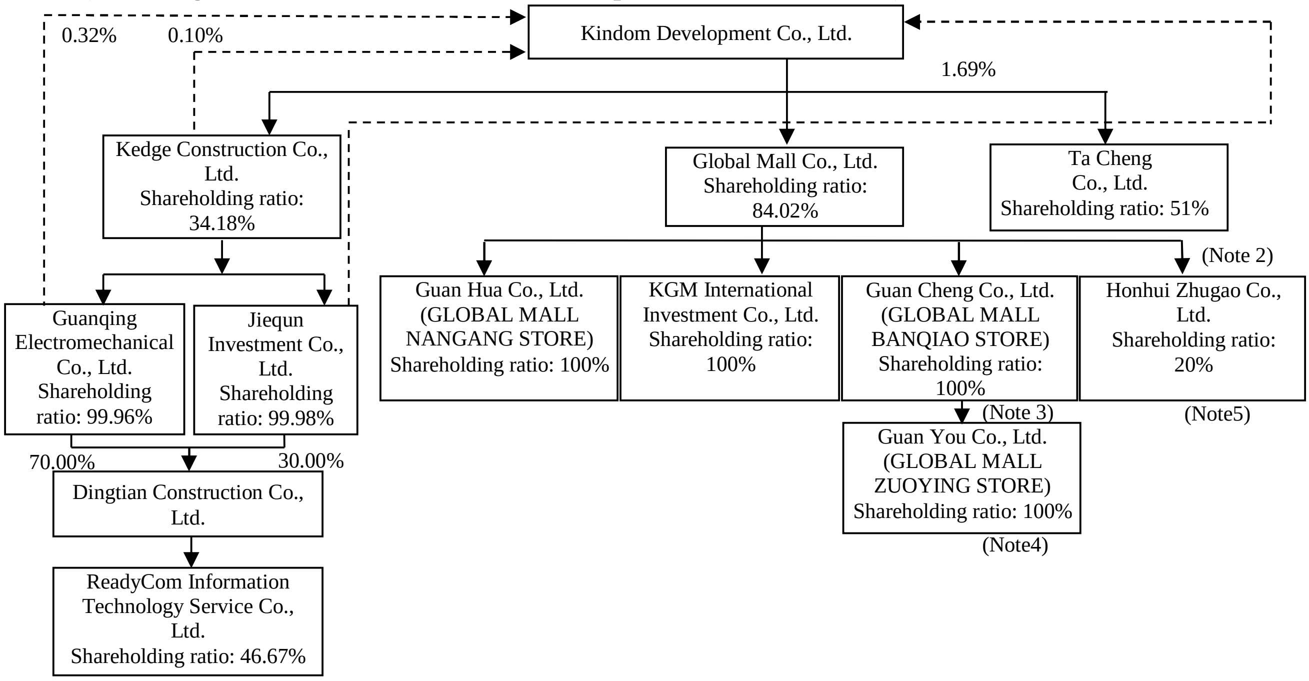


(II) Major Department Functions:

1. Auditing Office: Responsible for establishing and implementing the audit system, evaluating the business performance, inspecting and reviewing the internal control system of the Company and its subsidiaries and, in a timely manner, providing suggestions for improvement thereof.
2. Chairman's Office: Responsible for the research, analysis, planning and execution of the projects assigned by the chairman.
3. Operations Management Office: Responsible for management of the Company's operation-related matters, premise transfer and mortgage registration with the land registration department, land and building restoration, records preservation and other filing-related matters.
4. Project Investment Department: Responsible for supervising and executing new development related business.
5. Development and Investment Department: Responsible for land development, evaluation of new business undertakings, management of investment and shift in investment.

6. Planning and Design Department: Responsible for the planning and design in individual construction projects.
7. Sales and Marketing Department: Responsible for sales, AD planning, customer service and other related businesses.
8. Information Technology Department: Responsible for planning and promoting the Company's computerization, scheduling and maintaining the Company's computer hardware resources and supervising the information technology- related matters of the related companies.
9. Department of Administrative Services: Responsible for handling the Company's human resources and general affairs, and supervising the administrative affairs of the Group's related companies.
10. Department of Finance: Responsible for accounting, stock operations, planning and management of funds, as well as supervising the financial affairs of the Group's related companies.
11. Department of Legal Affairs: Responsible for the discussion on and development of various contracts for the Company, the review and management of both internal and external documents, profit risk control, overall enforcement in various litigation cases, compliance with laws and legal risk control, and supervision of the legal affairs of the Group's related companies.

(III) Organization Chart of Related Companies in Investment (Note 1):



Note 1: In accordance with Article 369-2 of the Company Act, it is presumed that a company holding the majority of the total number of the outstanding voting shares or the total amount of the capital stock of another company is considered the controlling company, while the other company is considered a subordinate company.

Note 2: The Company, Clevo Co. and Huatai Investment Co., Ltd. jointly participated in Taipei Station Special Area E1E2 Street Public Urban Regeneration Project, and Tua Tiann Co., Ltd. was established in August, 2022 in accordance with the terms of the joint venture agreement.

Note 3: In order to meet the Group's operational requirements, the Company sold 51% of stock equity in Guan Cheng Co., Ltd. to Global Mall Co., Ltd. in June 2022.

Note 4: In order to meet the Group's operational requirements, Global Mall Co., Ltd. sold 3.7% of stock equity in Guan You Co., Ltd. to Guan Cheng Co., Ltd. in April 2022.

Note 5: Global Mall acquired 20% stock equity of Hon Hui Zhu Gao Co., Ltd. in cash of NT$ 100,000,000 in December 2022.

II. Information on the Chairman, General Manager, Vice General Managers, Assistant Managers, and Supervisors of Divisions and Branch Units

(I) Information of Directors:

April 21, 2023 (unit: shares)

Title (Note 1)	Nationality/ place of registration	Name	Gender /Age	Date elected (taking office)	Term of office (years)	Date first elected	Shareholding when elected		Current shareholding		Current spouse & minor shareholding		Shareholding by nominee arrangement		Education and working experience	Other position concurrently held at the Company and other companies	Executives, Directors or Supervisors who Are Spouses or within the Second Degree of Kinship			Remarks
							Number of shares	Shareholding ratio	Number of shares	Shareholding ratio	Number of shares	Shareholding ratio	Number of shares	Shareholding ratio			Title	Name	Relationship	
Chairman	Republic of China	Representative of Yu-De Investment Co., Ltd.: Mike Ma	Male 46-50 years	2022.6.29	3 years	2016.06.28	105,935,137 9,900,000	19.12 1.79	105,935,137 10,809,090	19.12 1.95	- -	- -	- 6,040,599	- 1.09	Master of Statistics Department, Columbia University	Chairman of Global Mall Co., Ltd. Director of Kedge Construction Co., Ltd. Director of Yu-De Investment Co. Director of KGM International Investment Co., Ltd. Director of Guanqing Electromechanical Co., Ltd. Director of Jiequn Investment Co., Ltd. Director of Kindom Yu San Education Foundation, a corporate body	Director	Mei-Chu Liu	Mother and son	
Director	Republic of China	Representative of Yu-De Investment Co., Ltd.: Mei-Chu Liu	Female 80-85 years	2022.6.29	3 years	2017.12.22	105,935,137 67,215,292	19.12 12.13	105,935,137 66,306,202	19.12 11.96	- -	- -	- -	- -	Department of Chinese Language and Literature, Tamkang University	Chairman of Yu-De Investment Co. Director of Kedge Construction Co., Ltd.	Chairman	Mike Ma	Mother and son	
Director	Republic of China	Representative of Yu-De Investment Co., Ltd.: Chang-Jung Hsieh	Male 61-65 years	2023.1.19	3 years	2023.1.19	105,935,137 0	19.12 -	105,935,137 0	19.12 -	- -	- -	- -	- -	MBA, University of Iowa, USA	General Manager				(Note 2)
Director	Republic of China	Representative of Yu-De Investment Co., Ltd.: Sheng-An Chang	Male 56-60 years	2022.6.29	3 years	2017.09.30	105,935,137 8,764	19.12 -	105,935,137 8,764	19.12 -	- -	- -	- -	- -	Department of Land Management, Feng Chia University	General Manager Vice President of Kindom Yu San Education Foundation, a corporate body	-	-	-	
Director	Republic of China	Representative of Yu-De Investment Co., Ltd.: Chen-Tan Ho	Male 71-75 years	2022.6.29	3 years	2022.6.29	105,935,1370	19.12 -	105,935,137 0	19.12 -	- 2,000	- -	- -	- -	Master, Virginia State University	Independent Director of PChome	-	-	-	
Director	Republic of China	Representative of Yu-De Investment Co., Ltd.: Sui-Chang Liang	Male 65-70 years	2022.6.29	3 years	2022.6.29	105,935,1370	19.12 -	105,935,1370	19.12 -	- -	- -	- -	- -	College of Law, National Taiwan University	Director of Liang-Sui-Chang Law Firm Supervisor of Kindom Yu San Education Foundation, a corporate body	-	-	-	
Director	Republic of China	Representative of Yu-De Investment Co., Ltd.: Ching-Chin Hung	Male 56-60 years	2022.6.29	3 years	2004.06.25	96,304,670 144	19.12 -	105,935,137 158	19.12 -	- 52,093	- 0.01	- -	- -	Department of Civil Engineering, National Taipei University of Technology	General Manager	-	-	-	(Note 3)

Title (Note 1)	Nationality/ place of registration	Name	Gender /Age	Date elected (taking office)	Term of office (years)	Date first elected	Shareholding when elected		Current shareholding		Current spouse & minor shareholding		Shareholding by nominee arrangement		Education and working experience	Other position concurrently held at the Company and other companies	Executives, Directors or Supervisors who Are Spouses or within the Second Degree of Kinship			Remarks
							Number of shares	Shareholding ratio	Number of shares	Shareholding ratio	Number of shares	Shareholding ratio	Number of shares	Shareholding ratio			Title	Name	Relationship	
Director	Republic of China	Representative of Yu-De Investment Co., Ltd.: Ching-Fen, Chang	Female 56-60 years	2019.06.10	3 years	2019.06.10	96,304,670 31,000	19.12 0.01	105,935,137 34,100	19.12 0.01	- -	- -	- -	- -	Department of Economics, Soochow University	Director of the Chairman's Office and Manager of the Department of Administrative Services	-	-	-	(Note 4)
Director	Republic of China	Representative of Yu-De Investment Co., Ltd.: Ming Chen	Female 61-65 years	2019.06.10	3 years	2004.06.25	96,304,670 2,494,389	19.12 0.50	105,935,137 2,743,827	19.12 0.50	- -	- -	- -	- -	Department of Business Documents, Ming Chuan Commercial College	None	-	-	-	(Note 4)
Independent Director	Republic of China	Hung-Chin Huang	Male 56-60 years	2022.6.29	3 years	2016.06.28	-	-	-	-	-	-	-	-	Master of Professional Accounting, Shanghai University of Finance and Economics	CPA, Henghui Lianhe Accounting Firm Assistant professor in Department of Accounting, Fu Jen Catholic University Independent Director of Kedge Construction Co., Ltd.	-	-	-	
Independent Director	Republic of China	Shen-Yu Kung	Male 66-70 years	2022.6.29	3 years	2016.06.28	-	-	-	-	-	-	-	-	MBA, National Chengchi University	Chief Investment Officer of APP-China Independent Director of Kedge Construction Co., Ltd. Legal director representative of PharmaEssentia Independent Director of Ever Power IPP Co., Ltd.	-	-	-	
Independent Director	Republic of China	Kuo-Feng Lin	Male 66-70 years	2022.6.29	3 years	2019.06.10	-	-	-	-	-	-	-	-	Ph.D. in Civil Engineering, University of Pittsburgh	Distinguished professor from Department of Civil Engineering, National Taiwan University Independent Director of Kedge Construction Co., Ltd. Independent Director of Ruentex Engineering & Construction Co., Ltd. Independent Director of TaiMed Biologics	-	-	-	

Note 1: In the case of institutional shareholders, the names and representatives should be indicated respectively (for representatives, the names of institutional shareholders they represent should be indicated) and filled in the following table.

Note 2: Yu-De Investment Co., Ltd. reassigned Director Chang-Yung Hsieh as the legal director representative, which took effect since January 19, 2023.

Note 3: Director Ching-Chin Hung, legal director representative of Yu-De Investment Co., Ltd., resigned, which took effect since January 1, 2023

Note 4: The director left office after the 13th session of directors were elected at the Annual Meeting of Shareholders on June 29, 2022, and his/her shareholding was disclosed until the date of leaving office.

(II) Major Shareholders of the Institutional Shareholders:

April 21, 2023

Name of institutional shareholder (note 1)	Major shareholders of institutional shareholder (Note 2)
Yu-De Investment Co., Ltd.	Account Special for Estate under Trust with Cathay United Bank (43.70%), Mike Ma (29.92%), Shau-Ling Ma (13.19%) and Ming-Nai Ma (13.19%).

Note 1: If the Director or supervisor is a representative of an institutional shareholder, his/her name shall be specified.

Note 2: Please fill in the name and the shareholding percentage of the major shareholders of institutional shareholders (shareholders with the 10 highest shareholding percentage). If the major shareholders are legal entities, information shall be additionally provided in the following table.

Note 3: For corporate shareholders who are not under the organization of the Company, the name and shareholding of the shareholders shall be disclosed (i.e. name of the investor or donor and their investment or donation ratio).

(III) Major shareholders of institutional shareholders who are representative of institutional shareholders: None

(IV) Information on Professional Qualifications of Directors and Independence of Independent Directors:

Qualification / Name	Professional qualifications and experience (Note 1)	Independence criteria (Note 2)	Number of other public companies where the individual concurrently serves as an independent director
Chairman Mike Ma	(1) With work experience in the areas of commerce, law, finance, or accounting, or otherwise necessary for the business of the Company. (2) Current Chairman of the Company and Director of Kedge Construction. (3) Having served as the Director of the Company successively. (4) Not under any of the categories stated in Article 30 of the Company Act.	(Not Applicable)	None
Director Mei-Chu Liu	(1) With work experience in the areas of commerce, law, finance, or accounting, or otherwise necessary for the business of the Company. (2) Current Chairman of Yu-De Investment and Director of Kedge Construction. (3) Having served as the Director of the Company successively. (4) Not under any of the categories stated in Article 30 of the Company Act.	(Not Applicable)	None
Director Chang-Jung Hsieh	(1) With work experience in the areas of commerce, law, finance, or accounting, or otherwise necessary for the business of the	(Not Applicable)	None

Qualification / Name	Professional qualifications and experience (Note 1)	Independence criteria (Note 2)	Number of other public companies where the individual concurrently serves as an independent director
	Company. (2) Current General Manager of the Company. (3) Director of the Company. (4) Not under any of the categories stated in Article 30 of the Company Act.		
Director Sheng-An Chang	(1) With work experience in the areas of commerce, law, finance, or accounting, or otherwise necessary for the business of the Company. (2) Current Vice General Manager of the Company and Vice President of Kindom Yu San Education Foundation, a corporate body. (3) Having served as the Director of the Company successively. (4) Not under any of the categories stated in Article 30 of the Company Act.	(Not Applicable)	None
Director Chen-Tan Ho	(1) With work experience in the areas of commerce, law, finance, or accounting, or otherwise necessary for the business of the Company. (2) Director of the Company. (3) Not under any of the categories stated in Article 30 of the Company Act.	(Not Applicable)	1
Director Sui-Chang Liang	(1) With work experience in the areas of commerce, law, finance, or accounting, or otherwise necessary for the business of the Company. (2) Director of the Company. (3) Not under any of the categories stated in Article 30 of the Company Act.	(Not Applicable)	None
Independent Director Hung-Chin Huang	(1) With work experience in the areas of commerce, law, finance, or accounting, or otherwise necessary for the business of the Company. (2) Current Independent Director of Kindom Development and Independent Director of Kedge Construction. (3) Current assistant professor in Department of Accounting, Fu Jen Catholic University. (4) Not under any of the categories stated in Article 30 of the Company Act.	(1) The Independent Directors of the Company fulfill the criteria of independence. (2) No independent director, or his/her spouse, or relatives within the second degree of kinship are directors, supervisors or employees of the Company or other affiliated companies; and no director, supervisor or employee of companies with which the Company has a specific relationship, or which do not hold shares of the Company. (3) There were no remuneration for business, legal, financial, or	1

Qualification / Name	Professional qualifications and experience (Note 1)	Independence criteria (Note 2)	Number of other public companies where the individual concurrently serves as an independent director
		accounting services for the Company or other affiliated companies in the last two years.	
Independent Director Shen-Yu Kung	(1) With work experience in the areas of commerce, law, finance, or accounting, or otherwise necessary for the business of the Company. (2) Current Independent Director of Kindom Development, Chief Investment Officer of APP-China, Independent Director of Kedge Construction, legal director representative of PharmaEssentia, and Independent Director of Ever Power IPP. (3) Having served as the Independent Director of Donpon Precision Inc. successively. (4) Not under any of the categories stated in Article 30 of the Company Act.	(1) The Independent Directors of the Company fulfil the criteria of independence. (2) No independent director, or his/her spouse, or relatives within the second degree of kinship are directors, supervisors or employees of the Company or other affiliated companies; and no director, supervisor or employee of companies with which the Company has a specific relationship, or which do not hold shares of the Company. (3) There were no remuneration for business, legal, financial, or accounting services for the Company or other affiliated companies in the last two years.	1
Independent Director Kuo-Feng Lin	(1) With work experience in the areas of commerce, law, finance, or accounting, or otherwise necessary for the business of the Company. (2) Current Independent Director of Kindom Development, Independent Director of Kedge Construction, Independent Director of Ruentex Engineering & Construction Co., Ltd., and Independent Director of TaiMed Biologics. (3) Current distinguished professor from Department of Civil Engineering, National Taiwan University. (4) Not under any of the categories stated in Article 30 of the Company Act.	(1) The Independent Directors of the Company fulfill the criteria of independence. (2) No independent director, or his/her spouse, or relatives within the second degree of kinship are directors, supervisors or employees of the Company or other affiliated companies; and no director, supervisor or employee of companies with which the Company has a specific relationship, or which do not hold shares of the Company. (3) There were no remuneration for business, legal, financial, or accounting services for the Company or other affiliated companies in the last two years.	3

Note 1: Professional Qualifications and Experience: The professional qualifications and experience of individual directors and supervisors shall be described, and if they are members of the audit committee and have accounting or financial expertise, their accounting or financial background and work experience shall be described, and whether they are not covered by the circumstances in the subparagraphs of Article 30 of the Company Act.

Note 2: The independent director shall state the circumstances that qualify him/her to be independent, including but not limited to whether the independent director, his/her spouse or relatives within the second degree of kinship serve as directors, supervisors or employees of the Company or its affiliates; The number and weight of shares of the Company held by independent directors, his/her spouses, relatives within the second degree of kinship (or using the names of others); Whether they are directors, supervisors or employees of companies with specific relationships with the Company (refer to Article 3, Paragraph 1, Paragraphs 5~8 of the Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies); The amount of remuneration received for the provision of business, legal, financial and accounting services to the Company or its affiliated companies in the last two years.

(V) Diversity of the Board of Directors:

In accordance with the Company's diversification policy and to strengthen corporate governance and promote the development of a sound composition and structure of the Board of Directors, the Company adopts a candidate nomination system for the nomination of director candidates in accordance with the Company's Articles of Incorporation, evaluates the candidates' academic (experience) qualifications, measures their professional background, integrity or relevant professional qualifications, etc., and submits them to the shareholders' meeting for election after approval by the Board of Directors. The composition of the Board of Directors, except that the number of directors who are also managers of the Company shall not exceed one-third of the total number of directors, and shall formulate appropriate diversification policies with respect to its operation, business model and development needs, including but not limited to the following:

(1) Basic requirements and values: Gender, age, nationality and culture.

(2) Professional knowledge and skills: Business judgment, accounting and financial analysis, business management, crisis management, industrial knowledge, international market perspective, leadership and decision-making skills.

The current Board of Directors of the Company consists of nine directors, and the specific management objectives and achievements of the Board's diversity policy are as follows:

Management Objectives	Achievement
Number of independent directors exceeds one-third of the total number of directors	Achieved
The number of directors who are also managers of the Company shall not exceed one-third of the number of directors	Achieved
The term of office of independent directors does not exceed three terms	Achieved
Adequate diversity of professional knowledge and skills	Achieved

The composition of the Board of Directors is diversified, as shown in the following table:

Diversified Core Competences / Name of directors		Basic Composition			Professional Competence					Background						
		Nationality	Gender	Concurrently serving as an employee of the Company (Parent)	Business judgment	Business management	Industrial knowledge	Finance and accounting	Decision-making leadership	Business	Document processing	Civil engineering	Land administration	Law	Accounting	Business management
Director	Mike Ma	Republic of China	Male		✓	✓	✓	✓	✓	✓						
Director	Mei-Chu Liu	Republic of China	Female		✓	✓	✓	✓	✓	✓						
Director	Chen-Tan Ho	Republic of China	Male		✓	✓	✓	✓	✓	✓		✓				
Director	Sui-Chang Liang	Republic of China	Male		✓	✓	✓		✓					✓		
Director	Chang-Jung Hsieh	Republic of China	Male	✓	✓	✓	✓	✓	✓	✓					✓	✓
Director	Sheng-An Chang	Republic of China	Male	✓	✓	✓	✓		✓	✓			✓			
Independent Director	Hung-Chin Huang	Republic of China	Male		✓	✓	✓	✓	✓						✓	
Independent Director	Shen-Yu Kung	Republic of China	Male		✓	✓	✓	✓	✓							✓
Independent Director	Kuo-Feng Lin	Republic of China	Male		✓	✓	✓		✓			✓				

(VI) Independence of the Board of Directors:

The election process of all directors of the Company is open and fair and complies with the Company's Articles of Incorporation, the "Rules Governing the Election of Directors", the "Code of Corporate Governance Practices", the "Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies" and "Article 14-2 of the Securities and Exchange Act", etc. The Company currently has 9 directors, and their composition is as follows: Three independent directors (33%) meet the independence criteria and not subject to the provisions of Paragraphs 3&4, Article 26-3 of the Securities and Exchange Act; six non-independent directors (67%) are detailed in the "Information of Directors" on page 8.

The Board of Directors directs the Company's strategy, supervises the management, and is responsible to the Company and its shareholders. The Board of Directors exercises its authority in all operations and arrangements of the corporate governance system in accordance with the Company's Articles of Incorporation or resolutions of the shareholders' meeting. The Board of Directors of the Company emphasizes the function of independent operation and transparency, and the directors and independent directors are independent individuals who exercise their duties and responsibilities independently. Three independent directors, in accordance with the relevant laws and regulations, together with the authority of the Audit Committee, review the control of the Company's existing or potential risks, so as to ensure the effective implementation of the Company's internal controls, the selection (dismissal) and the independence of the CPAs, and proper preparation of the financial statements. The Company has established a performance evaluation system for the Board of Directors and performs internal self-evaluation of the Board of Directors and self-evaluation of the Board members once a year, the resolution made at the 4th meeting of the 13th Board of Directors on November 9, 2022 stipulates that the evaluation shall be conducted once every three years by an external professional and independent organization or a team of external experts and scholars, which shall be completed before the end of the first quarter of the following year, and the evaluation results shall be reported to the Board of Directors, and the evaluation results are disclosed in the Company's annual report and website after being reported to the Board of Directors.

(VII) Information of the General Manager, Vice General Manager, Assistant manager, Directors of Departments and Branches:

April 21, 2023

Title (Note 1)	Nationality	Name	Gender	Date elected (taking office)	Shareholding		Spouse & minor shareholding		Shareholding by nominee arrangement		Education and working experience (Note 2)	Other position concurrently held at other companies	If the spouse or any family member within the second degree of kinship also serves as manager			Remarks (Note 3)
					Number of shares	Shareholding ratio	Number of shares	Shareholding ratio	Number of shares	Shareholding ratio			Title	Name	Relationship	
General Manager	Republic of China	Ching-Chin, Hung	Male	2015.01.21	-	-	-	-	-	-	Department of Civil Engineering, National Taipei University of Technology	None	-	-	-	(Note 1)
General Manager	Republic of China	Sheng-An Chang	Male	2015.10.01	8,764	-	-	-	-	-	Department of Land Management, Feng Chia University	Vice President of Kindom Yu San Education Foundation, a corporate body	-	-	-	
General Manager	Republic of China	Chang-Jung Hsieh	Male	2023.01.01	-	-	-	-	-	-	MBA, University of Iowa, USA	None	-	-	-	
General Manager of Project	Republic of China	Ching-Yuan Lin	Male	2022.08.05	4,000	-	-	-	-	-	Research Institute, Cardiff University	Director of Global Mall Co., Ltd.	-	-	-	
Vice General Manager	Republic of China	Si-Han Chen	Male	2015.10.01	11,000	-	-	-	-	-	Department of Management, National Taiwan University	None	-	-	-	
Acting Vice General Manager	Republic of China	Peng-Lung Hua	Male	2019.04.01	-	-	-	-	-	-	Department of Architecture, Feng Chia University	None	-	-	-	
Senior Assistant Manager	Republic of China	Shu-Yuan Lin	Female	2016.03.01	-	-	-	-	-	-	Department of Business Administration, Tamkang University	Chairman of Jiequn Investment Co., Ltd.	-	-	-	
Senior Assistant Manager	Republic of China	Shu-Lian, Chang	Female	2016.09.01	5,636	-	-	-	-	-	Department of Accounting and Statistics, Chihlee University of Technology	Director of Guanqing Electromechanical Co., Ltd.	-	-	-	
Senior Assistant Manager	Republic of China	Qian-Fang Hwang	Male	2014.03.01	-	-	-	-	-	-	Institute of Architecture, Tamkang University	Director of Guanqing Electromechanical Co., Ltd.	-	-	-	
Senior Assistant Manager	Republic of China	Da-Gung Chou	Male	2015.08.03	-	-	-	-	-	-	Department of Architecture, George Vocational High School of Taipei	None	-	-	-	
Senior Assistant Manager	Republic of China	Hsiu-Hsia Chu	Female	2019.12.01	-	-	-	-	-	-	Department of Architecture, Cheng Shiu University	None	-	-	-	
Assistant Manager	Republic of China	Li-Jen Chou	Male	2020.01.01	8,800	-	-	-	-	-	Department of Land Administration, National Chengchi University	None	-	-	-	
Assistant	Republic of	Hsiao-	Male	2022.06.06	-	-	-	-	-	-	Department of Shipbuilding	None	-	-	-	

Title (Note 1)	Nationality	Name	Gender	Date elected (taking office)	Shareholding		Spouse & minor shareholding		Shareholding by nominee arrangement		Education and working experience (Note 2)	Other position concurrently held at other companies	If the spouse or any family member within the second degree of kinship also serves as manager			Remarks (Note 3)
					Number of shares	Shareholding ratio	Number of shares	Shareholding ratio	Number of shares	Shareholding ratio			Title	Name	Relationship	
Manager	China	Chiang Yuan									Engineering, National Taiwan Ocean University					
Acting Assistant Manager	Republic of China	Chuan-Hung Wu	Male	2017.08.01	-	-	-	-	-	-	Institute of Architecture and Urban Design, National Taipei University of Technology	None	-	-	-	
Acting Assistant Manager	Republic of China	Ta-Hsin Chou	Male	2018.06.01	-	-	3,300	-	-	-	Department of Public Relations, Shih Hsin University	None	-	-	-	
Acting Assistant Manager	Republic of China	Heng-Chia Chang	Male	2019.11.01	1,100	-	2,200	-	-	-	Department of Architecture, Chung Yuan Christian University	None	-	-	-	
Acting Assistant Manager	Republic of China	Chia-Ming Yang	Male	2022.09.15	-	-	1,000	-	-	-	Department of Finance, Feng Chia University	None				
Acting Assistant Manager	Republic of China	Wan-Ching Chen	Female	2022.10.24	-	-	-	-	-	-	Columbia University/statistic	None				
Assistant Manager of Project	Canada	En-Hui Yao	Female	2021.09.01	-	-	-	-	-	-	Department of Accounting, Financial Management and Economics, University of Sheffield, UK	None	-	-	-	
Chief Corporate Governance Officer	Republic of China	Chu-Chun Chang	Female	2022.07.15	-	-	-	-	-	-	School of Law, Soochow University	None	-	-	-	
Chief Auditor	Republic of China	Po-Chen Chiang Fan	Male	2022.08.05	-	-	-	-	-	-	Columbia University, New York/Industrial Engineering and Operations Research	Supervisor of Guan Cheng Co., Ltd.	-	-	-	

Note 1: General Manager Ching-Chin Hung resigned on December 31, 2022.

Note 2: Assistant Manager Da-Gung Chou resigned on October 31, 2022.

Note 3: Assistant Manager Li-Jen Chou is on leave without pay from January 1 to June 30, 2023.

III. Remuneration Paid during the Most Recent Fiscal Year to Directors, Supervisors, General Managers, and Vice General Managers:

(I) Remuneration to directors:

Unit: NT$ 1,000

Title	Name (Note 1)	Remuneration to directors: Remuneration (A) (Note 2)		Severance pay and pension (B)		Remuneration to directors (C) (Note 3)		Allowance for professional practice (D) (Note 4)		Total remuneration under items A, B, C and D as a percentage of net income after tax (Note 10)		Relevant remuneration received by directors who are also employees: Salaries, bonus and special expenses (E) (Note 5)		Severance pay and pension (F)		Employee remuneration (G) (Note 6)				Total remuneration under items A, B, C, D, E, F and G as a percentage of net income after tax (Note 10)		Any remuneration from ventures that are not subsidiaries of the Company or from the parent company (Note 11)
		The Company	All companies listed in this Financial Report (Note 7)	The Company	All companies listed in this Financial Report (Note 7)	The Company	All companies listed in this Financial Report (Note 7)	The Company	All companies listed in this Financial Report (Note 7)	The Company	All companies listed in this Financial Report (Note 7)	The Company	All companies listed in this Financial Report (Note 7)	The Company	All companies listed in this Financial Report (Note 7)	The Company		All companies listed in this Financial Report (Note 7)		The Company	All companies listed in this Financial Report (Note 7)	
																Amount in Cash	Amount in Stock	Amount in Cash	Amount in Stock			
Chairman	Representative of Yu-De Investment Co., Ltd.: Mike Ma	-	-	-	-	41,942	41,942	2,335	3,211	44,277 1.90%	45,153 1.93%	18,942	22,968	-	-	7,340	-	7,340	-	70,559 3.02%	75,641 3.24%	None
Director	Representative of Yu-De Investment Co., Ltd.: Mei-Chu Liu																					
Director	Representative of Yu-De Investment Co., Ltd.: Chen-Tan Ho																					
Director	Representative of Yu-De Investment Co., Ltd.: Sui-Chang Liang																					
Director	Representative of Yu-De Investment Co., Ltd.: Ching-Chin Hung																					
Director	Representative of Yu-De Investment Co., Ltd.: Sheng-An Chang																					
Director	Representative of Yu-De Investment Co., Ltd.: Ching-Fen, Chang																					
Director	Representative of Yu-De Investment Co., Ltd.: Ming Chen																					
Independent Director	Hung-Chin Huang	1,950	3,750	-	-	-	-	-	-	1,950 0.08%	3,750 0.16%	-	-	-	-	-	-	-	-	1,950 0.08%	3,750 0.16%	None
Independent Director	Shen-Yu Kung																					
Independent Director	Kuo-Feng Lin																					

1. Please state the policies, systems, standards, and structure for the remuneration of the Independent Directors, and state the correlation to the remuneration according to the responsibilities, risks time commitment and other factors: In accordance with the Articles of Incorporation, the Independent Directors shall receive remuneration on a monthly basis and shall not participate in the annual distribution of directors' remuneration.
2. Other than disclosure in the above table, Directors remunerations received by providing services (e.g. providing consulting services as a non-employee) to the Company and all consolidated entities in the financial statements of the most recent year: None.

Note： The Company provided Mike Ma, the Chairman, with a car at a monthly rent of NT$125,000 from January to October and NT$112,000 from November to December in 2022, and paid NT$661,000 to his driver in 2022. The Company provided Ching-Chin Hung, a director and the General Manager, a car at an original cost of NT$ 2,170,000. Ching-Chin Hung, legal director representative of Yu-De Investment Co., Ltd., resigned on December 31, 2022.

Range of remuneration

Range of remuneration paid to directors	Name of directors			
	Total of (A+B+C+D)		Total of (A+B+C+D+E+F+G)	
	The Company (Note 8)	All companies listed in this Financial Report (H) (Note 9)	The Company (Note 8)	All companies listed in this Financial Report (I) (Note 9)
Lower than NT$1,000,000	Mike Ma, Mei-Chu Liu, Chen-Tan Ho, Sui-Chang Liang, Ming Chen, Ching-Chin Hung, Sheng-An Chang, Ching-Fen Chang, Hung-Chin Huang, Shen-Yu Kung and Kuo-Feng Lin	Mike Ma, Mei-Chu Liu, Chen-Tan Ho, Sui-Chang Liang, Ming Chen, Ching-Chin Hung, Sheng-An Chang, Ching-Fen Chang, Hung-Chin Huang, Shen-Yu Kung and Kuo-Feng Lin	Mei-Chu, Liu, Chen-Tan Ho, Sui-Chang Liang, Ming Chen, Hung-Chin, Huang, Shen-Yu, Kung and Kuo-Feng, Lin	Mei-Chu, Liu, Chen-Tan Ho, Sui-Chang Liang, Ming Chen, Hung-Chin, Huang, Shen-Yu, Kung and Kuo-Feng, Lin
NT$1,000,000 (inclusive)～2,000,000 (exclusive)	-	-	-	-
NT$2,000,000 (inclusive)～3,500,000 (exclusive)	-	-	Ching-Fen, Chang	Ching-Fen, Chang
NT$3,500,000 (inclusive) ～ 5,000,000 (exclusive)			-	-
NT$5,000,000 (inclusive) ～ 10,000,000 (exclusive)	-	-	Mike Ma, Ching-Chin Hung, Sheng-An Chang	Ching-Chin Hung, Sheng-An Chang
NT$10,000,000 (inclusive)～15,000,000 (exclusive)	-	-	-	Mike Ma
NT$15,000,000 (inclusive) ～ 30,000,000 (exclusive)	-	-	-	-
NT$30,000,000 (inclusive) ～ 50,000,000 (exclusive)	Yu-De Investment Co., Ltd.	Yu-De Investment Co., Ltd.	Yu-De Investment Co., Ltd.	Yu-De Investment Co., Ltd.
NT 50,000,000 (inclusive)～100,000,000 (exclusive)	-	-	-	-
Over NT$100,000,000	-	-	-	-
Total	Legal representative: 6 Natural person: 3 Number of institutional shareholder(s) 1	Legal representative: 6 Natural person: 3 Number of institutional shareholder(s) 1	Legal representative: 6 Natural person: 3 Number of institutional shareholder(s) 1	Legal representative: 6 Natural person: 3 Number of institutional shareholder(s) 1

Note 1: The names of directors (names of institutional shareholders and representatives shall be listed separately) as well as the general directors and independent directors shall be listed separately and all payment amounts shall be disclosed as aggregate amounts. If a director concurrently serves as the general manager or vice general manager, his/her name and the amount of remuneration paid to him/her shall be listed in this table and Table (3-1) or (3-2) below. Please refer to P.16.

Note 2: The amount of the remuneration paid to directors in the most recent year (including director's salaries, allowances, severance, bonuses, and incentives, etc.).

Note 3: The amount of the remuneration paid to directors in the most recent year as approved by the Board of Directors shall be filled out.

Note 4: Allowances for professional practice paid out to directors in the most recent year (including transport, special expenses, various allowances, accommodation, vehicles, and provision of physical goods and services). If housing, vehicle or other means of transportation, or personal expenses are provided, the nature and cost of the asset provided, the rental calculated based on the actual cost or the fair market value, fuel, and other payments shall be disclosed. If a driver is assigned, disclose compensation paid to the driver in a note; however, do not include it as part of executive compensation.

Note 5: Salary, job-related allowances, separation pay, various bonuses, incentives, transportation allowance, special allowance, various allowances, accommodation allowance and driver allowance received by directors who concurrently serve as employees (including as General Manager, Vice General Manager, other managerial officer and an employee) in the most recent fiscal year. If housing, vehicle or other means of transportation, or personal expenses are provided, the nature and cost of the asset provided, the rental calculated based on the actual cost or the fair market value, fuel, and other payments shall be disclosed. If a driver is assigned, disclose compensation paid to the driver in a note; however, do not include it as part of executive compensation. In addition, any salary listed under "Share-Based Payment" of IFRS 2, including the warrants obtained by employees, new shares with restricted employee power and subscription of shares for cash capital increase, shall also be included in remuneration.

Note 6: For directors concurrently holding positions in the Company in the most recent fiscal year (including the General Manager, Vice General Manager, other managerial officers, or employees) and receiving the remuneration (including stock and cash), the employees' remuneration paid in the most recent fiscal year upon the approval of the Board of Directors shall be disclosed. If such remuneration cannot be estimated, the remuneration to be distributed in the most fiscal year shall be based on the proportion of the remuneration distributed last year and filled in Schedule 1-3. Please refer to P.18.

Note 7: Please disclose the aggregate amount of the remuneration to the Company's directors from the companies included in the consolidated financial statements (including the Company).

Note 8: When the aggregate amount of the remuneration to the Company's directors is disclosed, the name of the director shall also be disclosed in the relevant range.

Note 9: When the aggregate amount of the remuneration paid to the Company's directors from all companies in the consolidated financial statements (including the Company) is disclosed, the name of the Director shall also be disclosed in the relevant range.

Note 10: Net income after income tax refers to the one in the most recent year. Where IFRSs are adopted, net income after tax refers to the net income after income tax recorded in the entity's or individual financial statements.

Note 11:

a. The amount of remuneration received from investees other than subsidiaries by the company's directors should be listed clearly in this column.
b. If the directors of the Company receive remuneration from non-subsidiary companies invested by this Company or the parent company, the amount of remuneration received by the directors from non-subsidiary companies invested by this Company or the parent company shall be combined into column I of the Table of Remuneration Brackets and this column shall be renamed as "The Parent Company and All Invested Companies".
c. Remuneration refers to rewards, compensations (including compensation to company employees, directors or supervisors) and allowances for professional practice received by the Director from other non-subsidiary companies invested by this Company or the parent company for their services as directors, supervisors, or managers.

∗ The remuneration disclosed in this table is different from the concepts stipulated in the Income Tax Act. The purpose of this table is for information disclosure, not taxation

(II) Remuneration to General Managers and Vice General Managers:

Unit: NT$ 1,000

<table>
<tr><th rowspan="3">Title</th><th rowspan="3">Name</th><th colspan="2">Compensation (A) (Note 2)</th><th colspan="2">Severance pay and pension (B)</th><th colspan="2">Bonus and special expenses (C) (Note 3)</th><th colspan="4">Amount of employee rewards (D) (Note 4)</th><th colspan="2">Total remuneration under items A, B, C and D as a percentage of net income after tax (Note 8)</th><th rowspan="3">Any remuneration from ventures that are not subsidiaries of the Company or from the parent company (Note 9)</th></tr>
<tr><th rowspan="2">The Company</th><th rowspan="2">All companies listed in this Financial Report (Note 5)</th><th rowspan="2">The Company</th><th rowspan="2">All companies listed in this Financial Report (Note 5)</th><th rowspan="2">The Company</th><th rowspan="2">All companies listed in this Financial Report (Note 5)</th><th colspan="2">The Company</th><th colspan="2">All companies listed in this Financial Report (Note 5)</th><th rowspan="2">The Company</th><th rowspan="2">All companies listed in this Financial Report (Note 5)</th></tr>
<tr><th>Amount in Cash</th><th>Amount in Stock</th><th>Amount in Cash</th><th>Amount in Stock</th></tr>
<tr><td>General Manager</td><td>Ching-Chin Hung (Note 10)</td><td rowspan="5">7,935</td><td rowspan="5">7,935</td><td rowspan="5">-</td><td rowspan="5">-</td><td rowspan="5">7,245</td><td rowspan="5">7,365</td><td rowspan="5">13,652</td><td rowspan="5">-</td><td rowspan="5">13,652</td><td rowspan="5">-</td><td rowspan="5">28,832
1.23%</td><td rowspan="5">28,952
1.24%</td><td rowspan="5">None</td></tr>
<tr><td>General Manager of Project</td><td>Ching-Yuan Lin (Note 11)</td></tr>
<tr><td>Executive Vice General Manager</td><td>Sheng-An Chang (Note 12)</td></tr>
<tr><td>Vice General Manager</td><td>Si-Han Chen</td></tr>
<tr><td>Acting Vice General Manager</td><td>Peng-Lung Hua</td></tr>
</table>

Range of remuneration

Range of compensation paid to each general manager and vice general manager of the Company	Name of general managers and vice general managers	
	The Company (Note 6)	All companies listed in this Financial Report (E) (Note 7)
Lower than NT$1,000,000	-	-
NT$1,000,000 (inclusive)～ 2,000,000 (exclusive)	-	-
NT$2,000,000 (inclusive)～ 3,500,000 (exclusive)	Si-Han Chen, Peng-Lung Hua	Si-Han Chen, Peng-Lung Hua
NT$3,500,000 (inclusive) ～ 5,000,000 (exclusive)	-	-
NT$5,000,000 (inclusive) ～ 10,000,000 (exclusive)	Ching-Chin Hung, Ching-Yuan Lin, Sheng-An Chang	Ching-Chin Hung, Ching-Yuan Lin, Sheng-An Chang
NT$10,000,000 (inclusive)～ 15,000,000 (exclusive)	-	-
NT$15,000,000 (inclusive) ～ 30,000,000 (exclusive)	-	-
NT$30,000,000 (inclusive) ～ 50,000,000 (exclusive)	-	-
NT 50,000,000 (inclusive)～100,000,000 (exclusive)	-	-
Over NT$100,000,000	-	-
Total	5 persons	5 persons

Note 1: The names of the general managers and vice general managers shall be listed separately and all payment amounts shall be disclosed as aggregate amounts. If a director concurrently serves as a general manager or vice general manager, his/her name and the amount of remuneration paid to him/her shall be listed in this table and Table (1-1) or (1-2) above. See page 8-9 for details.

Note 2: Please specify the salaries, duty allowances and severance pay paid to the general managers and vice general managers in the most recent fiscal year.

Note 3: Cash and non-cash compensations to the general managers and vice general managers in the most recent year, including bonus, reward, reimbursement of expenses, special allowances, various subsidies, housing and use of vehicle. If housing, vehicle or other means of transportation, or personal expenses are provided, the nature and cost of the asset provided, the rental calculated based on the actual cost or the fair market value, fuel, and other payments shall be disclosed. If a driver is assigned, disclose compensation paid to the driver in a note; however, do not include it as part of executive compensation. In addition, any salary listed under "Share-Based Payment" of IFRS 2, including the warrants obtained by employees, new shares with restricted employee power and subscription of shares for cash capital increase, shall also be included in remuneration.

Note 4: Fill in the compensations to general managers and vice general managers (stock and cash) subject to approval of the Board of Directors in the most recent year; if such compensations cannot be estimated, an estimation for this year shall be calculated in proportion of the compensations paid last year and the amount shall be listed in Table 1-3. Please see page 23 for details. Net income after income tax refers to the one in the most recent year. Where IFRSs are adopted, net income after tax refers to the net income after income tax recorded in the parent company only or separate financial statements.

Note 5: Please disclose the aggregate amount of the remuneration to the Company's general managers and vice general managers from the companies included in the consolidated financial statements (including the Company).

Note 6: Total remuneration paid to each general manager and vice general manager by the Company shall be disclosed and the names of the General Managers and Deputy General Managers shall also be disclosed in the proper remuneration range.

Note 7: Total compensation of various items paid to every general manager and vice general manager of this Company by all companies (including this Company) listed in the consolidated statement shall be disclosed. The name of the general manager and vice general manager shall also be disclosed in the proper compensation range.

Note 8: Net income after income tax refers to the one in the most recent year. Where IFRSs are adopted, net income after tax refers to the net income after income tax recorded in the entity's or individual financial statements.

Note 9:

a. This field should clearly indicate the amount of remuneration received by the Company's general managers and vice general managers from a reinvested business other than a subsidiary or the parent company (if not, please fill in "None").
b. If the general managers and vice general managers of the Company receive remuneration from non-subsidiary companies invested by this Company or the parent company, the amount of remuneration received by the general manager or vice general manager from non-subsidiary companies invested by this Company or the parent company shall be combined into column I of the Table of Remuneration Brackets and this column shall be renamed as "The Parent Company and All Reinvested Companies".
c. Remuneration refers to rewards, compensations (including compensation to company employees, directors or supervisors) and allowances for professional practice received by general managers and vice general managers from other non-subsidiary companies invested by the Company or the parent company for their services as directors, supervisors, or managers.

＊ The remuneration disclosed in this table is different from the concepts stipulated in the Income Tax Act. The purpose of this table is for information disclosure, not taxation

Note10:Resigned on December 31, 2022.

Note11:Newly elected on August 5, 2022.

Note12:Promoted as General Manager on January 1, 2023.

(III) Names of Managers and the Allocation of Employee's Remuneration:

Unit: NT$ 1,000

<table>
<tr><th></th><th>Title (Note 1)</th><th>Name (Note 1)</th><th>Amount in Stock</th><th>Amount in Cash</th><th>Total</th><th>Total as a percentage of net income after tax (%)</th></tr>
<tr><td rowspan="20">Managerial Officer</td><td>General Manager</td><td>Ching-Chin Hung (Note 5)</td><td rowspan="20">-</td><td rowspan="20">22,226</td><td rowspan="20">22,226</td><td rowspan="20">0.95%</td></tr>
<tr><td>General Manager</td><td>Sheng-An Chang (Note 6)</td></tr>
<tr><td>General Manager</td><td>Chang-Jung Hsieh (Note 6)</td></tr>
<tr><td>General Manager of Project</td><td>Ching-Yuan Lin (Note 7)</td></tr>
<tr><td>Vice General Manager</td><td>Si-Han Chen</td></tr>
<tr><td>Acting Vice General Manager</td><td>Peng-Lung Hua</td></tr>
<tr><td>Senior Assistant Manager</td><td>Shu-Yuan Lin</td></tr>
<tr><td>Senior Assistant Manager</td><td>Shu-Lian, Chang</td></tr>
<tr><td>Senior Assistant Manager</td><td>Qian-Fang Hwang</td></tr>
<tr><td>Senior Assistant Manager</td><td>Da-Gung Chou (Note 8)</td></tr>
<tr><td>Senior Assistant Manager</td><td>Hsiu-Hsia Chu (Note 9)</td></tr>
<tr><td>Senior Assistant Manager</td><td>Li-Jen Chou (Note 10)</td></tr>
<tr><td>Assistant Manager</td><td>Hsiao-Chiang Yuan (Note 11)</td></tr>
<tr><td>Assistant Manager</td><td>Chuan-Hung Wu</td></tr>
<tr><td>Assistant Manager</td><td>Ta-Hsin Chou</td></tr>
<tr><td>Acting Assistant Manager</td><td>Heng-Chia Chang</td></tr>
<tr><td>Acting Assistant Manager</td><td>Chia-Ming Yang (Note 12)</td></tr>
<tr><td>Acting Assistant Manager</td><td>Wan-Ching Chen (Note 13)</td></tr>
<tr><td>Assistant Manager of Project</td><td>En-Hui Yao</td></tr>
<tr><td>Manager (Chief Corporate Governance Officer)</td><td>Chu-Chun Chang (Note 14)</td></tr>
<tr><td></td><td>Senior Manager (Chief Auditor)</td><td>Po-Chen Chiang Fan (Note 15)</td><td></td><td></td><td></td><td></td></tr>
</table>

Note 1: Individual name and title must be disclosed, but the profit sharing awarded may be shown as an aggregated number.

Note 2: Fill in the compensations to managers (stock and cash) subject to approval of the Board of Directors in the most recent year; if such compensations cannot be estimated, an estimation for this year shall be calculated in proportion of the compensations paid last year. Net income after income tax refers to the one in the most recent year. Where IFRSs are adopted, net income after tax refers to the net income after income tax recorded in the entity's or individual financial statements.

Note 3: Managers subject to the rewarding (per Letter TCZ-III-No.0920001301 of the Financial Supervisory Commission, Executive Yuan of the Taiwan Stock Exchange Corporation issued on March 27, 2003), its scope is as follows:
(1) General managers and their equivalents;
(2) Vice general manager and their equivalents;
(3) Assistant managers and their equivalents;
(4) Chief financial officer;
(5) Chief accounting officer; and
(6) other persons authorized to manage affairs and sign documents on behalf of a company.

Note 4: For directors, general managers and vice general managers who received employee remuneration (including stock and cash), this table must be filled out in addition to Table (VI) and Table 1 above.

Note 5: Resigned on December 31, 2022.

Note 6: Promoted on January 1, 2023.

Note 7: Promoted on August 5, 2022.

Note 8: Resigned on October 31, 2022.

Note 9: Promoted on April 1, 2022.

Note 10: On leave without pay from January 1 to June 30, 2023.

Note 11: Newly elected on June 6, 2022.

Note 12: Promoted on September 15, 2022.

Note 13: Promoted on October 27, 2022.

Note 14: Newly elected on July 15, 2022.

Note 15: Newly elected on August 5, 2022.

(IV) Separately compare and describe total remuneration, as a percentage of net income, as paid by the Company and by each other company included in the consolidated financial statements during the past 2 fiscal years to Directors, General Manager, and Vice General Managers, and analyze and describe remuneration policies, standards, and packages, the procedure for determining remuneration, and its linkage to operating performance and future risk exposure:

1. In accordance with Article 20 of the Company's Articles of Incorporation, the remuneration to directors shall be decided by the Board of Directors based on the involvement in and contribution to operations of the Company by such directors, The total amount of remuneration paid by the Company and all companies included in the consolidated financial statements to the Company's directors as percentages of the net income after tax were: 3.1% and 3.4% in 2022 and 2.56% and 2.75% in 2021, respectively.
2. The remuneration to the Company's general managers and vice general managers shall be verified by the chairman in accordance with the table of remuneration brackets, the calculation methods of business performance-based bonus and assessment methods, and submitted to the Remuneration Committee and Board of Directors for review. The total amount of remuneration paid by the Company and all companies included in the consolidated financial reports to the Company's General Manager and Vice General Managers as percentages of the net income after tax were: 1.23% and 1.24% in 2022 and 0.63% and 0.63% in 2021, respectively.
3. Correlation with future risk exposure: None.

IV. Implementation of Corporate Governance:

(I) Functionality of the Board of Directors:

A total of 10 meetings (A) of the Board of Directors were held in the most recent year. The attendance of director and supervisors was as follows:

Title	Name	Attendance in Person (B)	Attendance by Proxy	Attendance Rate (%) [B/A] (Note 1)	Remarks (Note 2)

Chairman	Representative of Yu-De Investment Co., Ltd.: Mike Ma	10	0	100.00%	Consecutively elected at the re-election on June 29, 2022
Director	Representative of Yu-De Investment Co., Ltd.: Mei-Chu Liu	1	9	10.00%	Consecutively elected at the re-election on June 29, 2022
Director	Representative of Yu-De Investment Co., Ltd.: Sheng-An Chang	10	0	100.00%	Consecutively elected at the re-election on June 29, 2022
Director	Representative of Yu-De Investment Co., Ltd.: Chen-Tan Ho	8	0	100.00%	Newly elected at the re-election on June 29, 2022
Director	Representative of Yu-De Investment Co., Ltd.: Sui-Chang Liang	7	1	87.50%	Newly elected at the re-election on June 29, 2022
Director	Representative of Yu-De Investment Co., Ltd.: Chang-Jung Hsieh	2	0	100.00%	Newly elected through the reassignment on January 19, 2023
Director	Representative of Yu-De Investment Co., Ltd.: Ching-Chin Hung	8	0	100.00%	Former director, resigned on January 1, 2023
Director	Representative of Yu-De Investment Co., Ltd.: Ching-Fen, Chang	2	0	100.00%	Former director, replaced at the re-election on June 29, 2022
Director	Representative of Yu-De Investment Co., Ltd.: Ming Chen	2	0	100.00%	Former director, replaced at the re-election on June 29, 2022
Independent Director	Hung-Chin Huang	10	0	100.00%	Consecutively elected at the re-election on June 29, 2022
Independent Director	Shen-Yu Kung	10	0	100.00%	Consecutively elected at the re-election on June 29, 2022
Independent Director	Kuo-Feng Lin	10	0	100.00%	Consecutively elected at the re-election on June 29, 2022

Other mentionable items:

I. With regard to the functionality of the Board of Directors, if any of the following circumstances arises, the dates of the meetings, sessions, contents of motion, all independent directors' opinions and the Company's response thereto shall be specified:
   (I) Items listed in Article 14-3 of the Securities and Exchange Act.
   (II) In addition to the preceding matter, other resolutions of the Board of Directors on which independent directors have dissenting opinions or qualified opinions, and that are documented or issued through written statements.

   The Company has set up an audit committee. Please refer to (II) Functionality of the Audit Committee for the items listed under Article 14-5 of the Securities and Exchange Act. As of the date of publication of this Annual Report, all matters resolved by the Board of Directors have been adopted by all present directors.

II. Where a Director recuses himself or herself from a proposal in which he/she has a personal interest, the name of the Director, the content of proposal, the reason for recusal and the results of the voting shall be stated:

(I) When discussing and voting on the proposal for the engagement of three members of the Remuneration Committee at the 1st meeting (interim) of the 13th Board of Directors on June 29, 2022, Hung-Chin, Huang and Kuo-Feng, Lin, independent directors, as interested parties, recused themselves. All the other directors present adopted with consents.

(II) When discussing and voting on the proposal for the remunerations to the members of the 13th Board of Directors, the 2nd Audit Committee and the 5th Remuneration Committee of the Company and the operating expenses, which have been approved by the Remuneration Committee, at the 2nd meeting of the 13th Board of Directors on July 15, 2022, as all directors were interested parties, the proposal was discussed and voted twice. Hung-Chin, Huang, Shen-Yu, Kung and Kuo-Feng, Lin, independent directors, recused themselves when the other five directors are discussing and voting. All the other directors present adopted with consents. Then, Chairman appointed Hung-Chin Huang, an independent director, to take the chair temporarily. Chairman Mike Ma and Directors Chen-Tan Ho, Sui-Chang Liang, Ching-Chin Hung, and Sheng-An Chang recused themselves when the three independent directors are discussing and voting. All the other directors present adopted with consents.

(III) When discussing and voting on the proposal for the appointment of the Company's General Manager adopted by the Remuneration Committee at the 3rd meeting of the 13th Board of Directors on August 5, 2022, Ching-Chin Hung, a director, as an interested party, recused himself. All the other directors present adopted with consents.

(IV) When discussing and voting on the proposal for the promotion and salary adjustment of the Company's managerial staff adopted by the Remuneration Committee at the 3rd meeting of the 13th Board of Directors on August 5, 2022, Sheng-An, Chang, a director, as an interested party, recused himself. All the other directors present adopted with consents.

(V) When discussing and voting on the proposal for the appointing double general managers, which has been adopted by the Remuneration Committee to implement double general manager system in the Company, at the 6th meeting of the 13th Board of Directors on December 23, 2022, Sheng-An, Chang, a director, as an interested party, recused himself. All the other directors present adopted with consents.

(VI) When discussing and voting on the proposal for a donation of NT$ 8 million only to Kindom Yu San Education Foundation, a corporate body, in 2023 at the 6th meeting of the 13th Board of Directors on December 23, 2022, Mike, Ma, the chairman, as a director of the Foundation, and Mei-Chu, Liu, a director, as a relative within the first-degree kinship to Chairman Ma, and Sheng-An, Chang, a director, as the vice president of the Foundation, recused themselves. Chairman Ma appointed Hung-Chin Huang, an independent director, to take the chair temporarily. All other directors present agree to adopt the proposal.

III. Execution of Board Performance Evaluation

Assessment cycle	Assessment duration	Scope of assessment	Assessment method	Assessment details
The evaluation shall be conducted on a yearly basis, completed before the end of the first quarter of the following year, and submitted to the Board of Directors for review and improvement.	From January 1 to December 31, 2022	It includes performance evaluation on the overall Board of Directors, individual directors and functional committees.	It includes performance evaluation by the board of directors, self-evaluation by board members, and performance evaluation by external professional organizations, experts or other appropriate means.	Evaluation items include: Degree of participation in the Company's operations; Improvement in the quality of decision-making of the Board of Directors; Composition and structure of the Board of Directors; Election and continuous education of Directors; Internal control, etc.
The evaluation is conducted once every three years	From January 1, 2019 to December 31, 2022	Composition and structure of the Board of	The Company entrusts Taiwan Corporate	The evaluation shall be conducted in accordance with

by an external professional and independent organization or a team of external experts and scholars.		Directors; Election and continuous education of Directors; Degree of participation of Board of Directors in the Company's operations; Improvement in the quality of decision-making of the Board of Directors; Internal control; Environmental, social and corporate governance; and value creation, etc.	Governance Association to conduct evaluation by “data review”, “online self-evaluation questionnaire”, and “on-site visit”, and prepare an external evaluation analysis report.	Article 7 of the "Board Performance Evaluation Measures" as revised by the Company on November 9, 2022.

IV. Enhancements to the functionality of the Board of Directors in the current and the most recent year (e.g. establishment of an Audit Committee, improvement of information transparency etc.), and the progress of such enhancements:

(I) The objective to improve the functions of the Board of Directors:
The Company has set up an audit committee and informed all directors and supervisors of the proposal details before the board meeting to ensure implementation. The opinions of all directors were fully taken into account when discussing the proposal and the minutes were sent to all directors and supervisors within the prescribed time limit from the meeting, representing effective and good functionality.

(II) Evaluation of functionality of the Board of Directors:
In accordance with the "Board Performance Evaluation Measures" adopted as revised at the board meeting on November 9, 2022, the overall functionality of the board, and the performance of individual directors and of the functional committees shall be evaluated and the evaluation shall be completed by the end of the first quarter of the following year. The Company's board performance evaluation in 2022 provided good results which were submitted to the Board of Directors and disclosed on the Company's website on March 14, 2023.

Note 1: Where the director or supervisor is an institution, the name of the institutional shareholder and the name of its representative shall be disclosed.

Note 2:

(1) Where directors or supervisors resign before the end of the year, the Notes column shall be annotated with the date of resignation. Actual attendance rate (%) shall be calculated using the number of board meetings convened and actual presence during the term of service.

(2) If any director or supervisor was re-elected before the end of the year, the incoming and former directors and supervisors shall be both listed in the table. In addition, please specify in the Remark column the re-election date and whether the director or supervisor are re-elected, newly elected, or Directors or Supervisors who won a by-election. Actual attendance rate (%) shall be calculated using the number of Board meetings convened and actual attendance during the term of office.

(II) Audit Committee

A total of 9 meetings (A) of the audit committee were held in the most recent year. The attendance of independent directors was as follows

Title	Name (Note 1)	Attendance in Person	Attendance by Proxy	Attendance Rate (%)	Remarks

		(B)		[B/A] (Note 2)	
Independent Director	Hung-Chin Huang	9	0	100.00%	Consecutively elected at the re-election on June 29, 2022
Independent Director	Shen-Yu Kung	9	0	100.00%	Consecutively elected at the re-election on June 29, 2022
Independent Director	Kuo-Feng Lin	9	0	100.00%	Consecutively elected at the re-election on June 29, 2022

Other mentionable items:

I. The Company's Audit Committee is set up to assist the Board of Directors in fulfilling its supervision of the quality and integrity of the Company in the execution of accounting, auditing, financial reporting procedures and financial controls. The Audit Committee mainly considers the following items:
    1. Financial Statements.
    2. Audit and accounting policies and procedures.
    3. Internal control systems and related policies and procedures.
    4. Material transactions in assets or derivatives.
    5. Material loaning of funds, and endorsements/guarantees.
    6. Placement or issuance of securities.
    7. Derivatives and cash investments.
    8. Legal compliance.
    9. Related-party transactions and potential conflicts of interests involving managers and directors.
    10. Complaint report.
    11. Fraud prevention and investigation report.
    12. Information security.
    13. Corporate risk management.
    14. Evaluation of the qualifications, independence, and performance of the CPAs.
    15. Appointment, discharge or remuneration of CPAs.
    16. Appointment or discharge of a finance manager, accounting manager or chief internal auditor.
    17. Performance Self-evaluation Questionnaire of the Audit Committee, etc.

    If any of the following applies to the operations of the Audit Committee, the date and session of the Audit Committee's Meeting, the content of the motion, the content of the objections, reservations or material recommendations of the independent directors, as well as the resolutions of the Audit Committee and the Company's actions in response to the opinions of the Audit Committee shall be stated.

    (I) All conditions listed in Article 14-5 of the Securities and Exchange Act.
    (II) Aside from said circumstances, resolution(s) not adopted by the Audit Committee but receiving the consent of two-thirds of the Board of Directors: No such event was experienced through the year in functionality of the Audit Committee, so no disclosure is to be made.

Date and session of Audit Committee	Content of motion	Independent directors' objection, reservation or material recommendation	Resolution of the Audit Committee	Company's response to the Audit Committees' opinions:
The 16th meeting of the 1st term 2022.03.25	1. It was proposed to appoint Kedge Construction Co., Ltd. to construct "The Residential Building at Songchang Section in Taichung's Beitun District Project", a new project of the Company. 2. It was proposed to appoint Kedge Construction Co., Ltd. to construct "Taichung Sihwei Elementary School Station MRT Coconstruction Office Building Project", a new project of the Company. 3. It was proposed to draft the Company's "Statement on the Internal Control System" of 2021. 4. It was proposed to prepare the Company's operation report and financial statements of 2021. 5. It was proposed to develop the Company's "Earnings Distribution Plan" of 2021.	None	All the committee members present unanimously approved the proposal.	All the directors present unanimously approved the proposal.

	6. It was proposed to amend some articles of the Company's "Procedures for acquisition or disposal of assets" and "Code of Best Practice for Corporate Social Responsibility". 7. It was proposed to amend some articles of the Company's Articles of Incorporation. 8. It was proposed to amend some articles of the Company's “Code of Corporate Governance Practices” and “Standard Operating Procedures for Handling Directors' Requests”. 9. In accordance with the internal rotation of KPMG Taiwan, since the first quarter of 2022, it is proposed to engage I-Lien, Han and Kuo-Yang Tseng as contracted CPAs for financial statements of the Company. 10. Evaluated the independence and suitability of CPAs appointed by the Company.			
The 17th meeting of the 1st term 2022.05.06	1. The Company’s consolidated financial statements for the first quarter of 2022.	None	All the committee members present unanimously approved the proposal.	All the directors present unanimously approved the proposal.
The 1st meeting of the 2nd term 2022.07.15	1. The Company, Clevo Co. and Huatai Investment Co., Ltd. constituted a cooperation alliance to jointly bid for "Taipei Station Special Area E1E2 Street Public Urban Regeneration Project” and were selected as the best bidder to enter into the contract. 2. The Company intends to sign a joint venture contract with Clevo Co. and Huatai Investment Co., Ltd. for the "Taipei Station Special Area E1E2 Street Public Urban Regeneration Project" (the "Project"), establish a project company to sign and execute a capital contribution contract with Taipei Housing and Urban Regeneration Center for the Project.	None	All the committee members present unanimously approved the proposal.	All the directors present unanimously approved the proposal.
The 2nd meeting of the 2nd term 2022.08.05	1. The Company’s consolidated financial statements for the second quarter of 2022. 2. It was proposed to increase the construction fee of the "Wanda Line LG08 Project", which was entrusted with Kedge Construction Co., Ltd. by the Company. 3. It was proposed to increase the construction fee of the "Sanchong Dist. Erchong Bu Project", which was entrusted with Kedge Construction Co., Ltd. by the Company. 4. The Company signed a joint venture contract with the cooperation alliance members regarding the "Public Invitation of Contributors for Taipei Station Special Area E1E2 Street Public Urban Regeneration Project". 5. It was proposed to amend some articles of the Rules of Procedure for Board of Directors. 6. It was proposed to adjust the Company's internal chief auditor and auditing personnel. 7. It was proposed to amend some articles of the Company's Regulations Governing the Buyback of Shares and Transfer to Employees. 8. It was proposed to buy back the Company's shares from the centralized trading market for securities and transfer to employees.	None	All the committee members present unanimously approved the proposal.	All the directors present unanimously approved the proposal.

The 3rd meeting of the 2nd term 2022.11.09	1. The Company's consolidated financial statements for the third quarter of 2022. 2. On October 21, 2022, the Company acquired the rights of land at Huiguo Section, Xitun District, Taichung City (the "Land") for a total consideration of NT$921,681,458 (including tax). 3. It was proposed to increase the construction fee of the "New Taipei Circular Line Xiulang Bridge Station (Y8) Land Development Project", which was entrusted with Kedge Construction Co., Ltd. by the Company. 4. It was proposed to appoint Kedge Construction Co., Ltd. to construct "Chih-Hsing Section Project in Wanhua District", a new project of the Company. 5. Amendments to the quality manual and some procedures of the Company's internal control systems. 6. It was proposed to develop the Company's risk management policies and measures. 7. It was proposed to amend some articles of the Rules of Procedure for Board of Directors. 8. It was proposed to amend some articles of the Company's Regulations Governing the Buyback of Shares and Transfer to Employees.	None	All the committee members present unanimously approved the proposal.	All the directors present unanimously approved the proposal.
The 4th meeting of the 2nd term 2022.12.14	1. The Company intends to enter into a contract with the National Housing and Urban Regeneration Center for financing and assisting in the implementation of urban regeneration projects for "public urban regeneration projects in 46 parcels of land in Chenggong Section (including Lot 3, Subsection 3) and 43 parcels of land in Linyi Section (including Lot 487-2, Section 1), Zhongzheng District, Taipei City".	None	All the committee members present unanimously approved the proposal.	All the directors present unanimously approved the proposal.
The 5th meeting of the 2nd term 2022.12.23	1. It was proposed to draft the Company's 2023 Annual Audit Plan. 2. Evaluated the independence and suitability of CPAs appointed by the Company. 3. It was proposed to develop the general principles of the Company's pre-approval for non-confirmatory service policy. 4. It was proposed to amend some articles of the Company's "Internal Material Information Processing Procedures".	None	All the committee members present unanimously approved the proposal.	All the directors present unanimously approved the proposal.
The 6th meeting of the 2nd term 2023.02.16	1. The Company and Chung-Lu Development Co., Ltd. ("Chung-Lu Development") constituted a cooperation alliance to jointly bid for the "Land Development Project of the City Hall Station (G9-1) Wuri-Wenxin-Beitun Line of the Taichung Mass Rapid Transit" and were selected as the best bidder to enter into the contract.	None	All the committee members present unanimously approved the proposal.	All the directors present unanimously approved the proposal.
The 7th meeting of the 2nd term 2023.03.14	1. It was proposed to draft the Company's "Statement on the Internal Control System" of 2022. 2. It was proposed to prepare the Company's operation report and financial statements of 2022. 3. It was proposed to develop the Company's Earnings Distribution Plan of 2022. 4. It was proposed to amend some articles of the Company's the Rules of Procedure for Shareholders Meetings. 5. It was proposed to amend some articles of the Company's "Code of Corporate Governance Practices". 6. It was proposed to dispose of a portion of land wholly and partially owned by the Company located at Lots 68~75 (west of Erchong Floodway), Wuguwang Section, Sanchong District, New Taipei City.	None	All the committee members present unanimously approved the proposal.	All the directors present unanimously approved the proposal.

The 7th meeting of the 2nd term 2023.04.19	1. The Company proposed to terminate the Co-construction Contract of “Land Development Projects of 25 Parcels Located at No.125, Jiankang Rd., Zhonghe Dist., New Taipei City]” 2. It was proposed to amend some articles of the Company's Articles of Incorporation.	None	All the committee members present unanimously approved the proposal.	All the directors present unanimously approved the proposal.

II. Where an independent director recuses himself or herself from a proposal in which he/she has a personal interest, the name of the independent director, the content of proposal, the reason for recusal and the results of the voting shall be stated: None.

III. Communications between the independent directors, the Company's chief internal auditor and CPAs (shall include the material items, methods and results of audits of corporate finance or operations, etc.).

(I) The Company's chief auditor delivers the audit report (including the follow-up audit items) to all independent directors for inspection and communication on a regular basis in the following month, and attends the Audit Committee to discuss the audit proposal.

(II) The CPAs shall report the Company's financial position and audit results to the independent directors at least on the yearly basis, and communicate with them on major adjustments, amendments by law and suggestions on internal control.

Note：

(1) Where a specific independent director may be relieved from duties before the end of the fiscal year, specify the date of discharge in the "Remark" section. Actual attendance rate (%) was calculated based on the number of board meetings held during each director's term and the number of meetings actually attended by that director.

(2) If an independent director is elected before the end of the year, incoming and outgoing independent directors shall be listed accordingly, and the Remark column shall indicate whether the status of an independent director is "outgoing", "incoming" or "re-elected", and the date of election. Actual attendance rate (%) was calculated on the basis of the number of meetings held by the audit committee during each independent director’s term and the number of meetings actually attended by that independent director.

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

Evaluation Item	Implementation status			Deviations from the Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies and reasons thereof
	Yes	No	Summary	
I. Does the company establish and disclose the Corporate Governance Best-Practice Principles based on "Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies"?	✓		The Company and our subsidiaries (hereinafter referred to as "the Consolidated Company") have established the Code of Best Practice for Corporate Governance based on "Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies". The information has been disclosed and published in the Market Observation Post System (MOPS) and on the Company's website.	No difference
II. Shareholding structure & shareholders' rights				
(I) Does the company establish an internal operating procedure to deal with shareholders' suggestions, doubts, disputes and litigations, and implement based on the procedure?	✓		(I) The Consolidated Company has dedicated personnel from the accounting section of the Department of Finance to handle all stock affairs. The spokesman receives suggestions, doubts and disputes of shareholders and involves no litigation with shareholders.	No difference
(II) Does the company possess the list of its major shareholders as well as the ultimate owners of those shares?	✓		(II) The Consolidated Company maintains close ties with its major shareholders and keeps track of the shareholding status of and the ultimate controllers of the major shareholders through the register of shareholders provided by the stock affairs agency.	No difference
(III) Does the company establish and execute the risk management and firewall system within its conglomerate structure?	✓		(III) The Consolidated Company has developed "Operating Procedures for Loan of Funds to Others", "Endorsement and Guarantee Operating Procedures", "Handling Procedures for Acquiring or Disposing Real Estate, Equipment or Assets with Right to Use" and "Procedures for Supervision and Management of Subsidiaries"	No difference

Evaluation Item	Implementation status			Deviations from the Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies and reasons thereof
	Yes	No	Summary	
(IV) Does the company establish internal rules against insiders trading of securities with undisclosed information?	✓		and other procedures, establishing a control mechanism and firewall between itself and the related enterprises. (IV) In its internal major information processing procedures and the "Code of Best Practice for Corporate Governance", the Consolidated Company clearly stipulates that insiders are prohibited from buying and selling securities with unpublished information on the market. It also provides insiders with education and publicity information on relevant laws and regulations and restates the Code from time to time in accordance with the regulations.	No difference
III. Composition and Responsibilities of the Board of Directors (I) Does the Board develop a diversified policy, specific management objectives and implement them?	✓		(I) Article 20 of the "Code of Best Practice for Corporate Governance" of the Consolidated Company stipulates that the composition of the Board of Directors shall consider diversity. The current Board of Directors of the company consists of 9 directors, including 6 directors and 3 independent directors. The members have rich experience and expertise in the fields of finance, commerce and management.	No difference
(II) Is the Company, in addition to establishing the Remuneration Committee and audit committee, pursuant to laws, willing to voluntarily establish any other functional committees?	✓		(II) In addition to the Remuneration Committee and the Audit Committee as stipulated in the law, the Consolidated Company has also established the Sustainable Development Committee under the Board of Directors, whose terms of reference are to set corporate social responsibility, sustainable development	No difference

Evaluation Item	Implementation status			Deviations from the Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies and reasons thereof
	Yes	No	Summary	
			direction and goals, and to formulate relevant management policies and specific promotion plans as well as to track the implementation and effectiveness of sustainable development.	
(III) Has the Company established a set of policies and assessment tools for evaluating board performance, and conducted performance evaluation on a yearly basis? Are performance evaluation results reported to the Board of Directors and used as reference for compensation, remuneration and nomination decisions?	✓		(III)The Consolidated Company has decided on the 12th meeting of the 11th Board of Directors on March 26, 2018 to set out the performance evaluation method for the Board of Directors. On the 4th meeting of the 13th Board of Directors on November 9, 2022, it was revised in accordance with the latest resolution. Its evaluation indicators were revised in accordance with the laws and actual operation requirements. The evaluation shall be carried out every year, and an external evaluation shall be carried out at least once every three years according to the latest resolution and shall be completed before the end of the first quarter of the following year for the overall operation of the Board of Directors, the performance of individual directors and the performance of functional committees. The 2022 annual performance evaluation of the Board of Directors has been reported on the 21st meeting of the 12th Board of Directors on March 14, 2023 and disclosed on the Company's website. The operation of the Board of Directors of the merged company is in good condition. Please refer to Note 1 for details of the relevant evaluation results.	No difference
(IV) Does the Company conduct regular assessments regarding the independence of its	✓		(IV)In order to implement corporate governance and evaluate the independence and competency	No difference

Evaluation Item	Implementation status			Deviations from the Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies and reasons thereof
	Yes	No	Summary	
financial statement auditors?			of certified public accountants, the accounting section of the Department of Finance regularly evaluates the independence and competency of certified public accountants every year and makes written records. After the end of each year, the evaluation results are summarized and submitted to the audit Committee and the Board of Directors after being approved by the competent authority. The Consolidated Company submitted at the 5th meeting of the 2nd Audit Committee on December 23, 2022 and at the 6th meeting of the 13th Board of Directors on December 23, 2022 an assessment report on the independence and competency of the CPAs. With the consents of all the members and directors attended, CPAs I-Lien, Han and Kuo-Yang, Tseng from KPMG Taiwan were reappointed as the CPAs for 2023 of the Consolidated Company. Please refer to Note 2 for the evaluation results of their independence and competency.	
IV. Has the TWSE/TPEx listed Company allocated adequate number of competent corporate governance staff and appointed a Chief Corporate Governance Officer to oversee corporate governance affairs (including but not limited to providing directors/supervisors with the information needed to perform their duties, assisting directors/supervisors with compliance issues, convention of board meetings and shareholder meetings, and preparation of board/shareholder meeting minutes)?	✓		The accounting section of the Department of Finance of the merged company is responsible for the corporate governance related matters including: providing information required for Director/Independent Director's operations, convening board/shareholder's meetings in compliance with the law, producing meeting minutes of board/shareholder's meetings, and disclosing relevant information on corporate governance, stakeholders and corporate social responsibility on the Company websites. As adopted by resolution at the 1st meeting of the 5th Remuneration	No difference

<table>
<tr><th rowspan="2">Evaluation Item</th><th colspan="3">Implementation status</th><th rowspan="2">Deviations from the Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies and reasons thereof</th></tr>
<tr><th>Yes</th><th>No</th><th>Summary</th></tr>
<tr><td></td><td></td><td></td><td>Committee on July 12, 2022 and the 2nd meeting of the 13th Board of Directors on July 15, 2022, Chu-Chun Chang, Legal Supervisor of Kindom Development, was appointed as the Chief Corporate Governance Officer of the Company to protect shareholders' rights and interests and strengthen the functions of the Board of Directors. The annual implementation focus of corporate governance-related business and the training of Chief Corporate Governance Officer are disclosed on the Company's website, please refer tohttps: //www.kindom.com.tw/investor/%E5%85%AC%E5%8F%B8%E6%B2%BB%E7%90%86%E4%B8%BB%E7%AE%A1/.</td><td></td></tr>
<tr><td>V. Has Company provided proper communication channels and created dedicated sections on its website to address corporate social responsibility issues that are of significant concern to stakeholders (including but not limited to shareholders, employees, customers, etc.)?</td><td>✓</td><td></td><td>The Consolidated Company has a spokesman and a shareholder service agency to communicate with the stakeholders. In addition, "Corporate Social Responsibility Section" and "Investors and Stakeholders Section" are set up on the company's website to disclose the implementation of corporate social responsibility and give appropriate responses to important and relevant issues of concern to stakeholders.</td><td>No difference</td></tr>
<tr><td>VI. Does the Company appoint a professional shareholder service agency to deal with shareholder affairs?</td><td>✓</td><td></td><td>The Consolidated Company has appointed the agency department o Chinatrust Commercial Bank as the shareholder service agency to assist in handling all relevant affairs of the board of shareholders.</td><td>No difference</td></tr>
<tr><td>VII. Information disclosure
(I) Does the company have a corporate website to disclose both financial standings and the status of corporate governance?</td><td>✓</td><td></td><td>(I) The Company has built a website in accordance with the applicable laws and regulations to disclose information regarding the Company’s financials, business and corporate governance status, updates and maintains it on a regular</td><td>No difference</td></tr>
</table>

Evaluation Item	Implementation status			Deviations from the Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies and reasons thereof
	Yes	No	Summary	
			basis for the reference of all audiences.	
(II) Does the company have other information disclosure channels (e.g. building an English website, appointing designated people to handle information collection and disclosure, creating a spokesman system, webcasting investor conferences)?	✓		(II) In addition to having a person in charge of collecting and disclosing company information in the accounting section of the Department of Finance, the Consolidated Company has also designated its business and finance directors to act as spokesmen and deputy spokesmen respectively to implement the spokesmen system and to make immediate statements to the public. It also holds "Corporate Briefing" from time to time every year to achieve transparency of company information, and also discloses information about the corporate briefing in MOPS in accordance with the regulations of the stock exchange.	No difference
(III) Does the company publish and make official filing of annual financial reports within two months after the end of an accounting period, and publish/file Q1, Q2, and Q3 financial reports plus monthly business performance before the specified due dates? ☐	✓		(III) The Consolidated Company's annual financial report, the financial reports for the Q1, Q2 and Q3, and monthly operation reports are all announced and reported within the prescribed time limit.	No difference
VIII. Is there any other important information to facilitate a better understanding of the company’s corporate governance practices (e.g., including but not limited to employee rights, employee wellness, investor relations, supplier relations, rights of stakeholders, directors’ and supervisors’ training records, the implementation of risk management policies and risk evaluation measures, the implementation of customer relations policies, and	✓		Employee Rights and Interests and Employee Care: Please refer to the Labor Relations under "Chapter 5 Operational Highlights" of this Annual Report. Information on environmental protection expenses, labor-management relations and suppliers. Investor Relations: The Consolidated Company has an Investor Section on its website to fully disclose information and update it regularly for investors' reference. Supplier Relationship: On March	No difference

Evaluation Item	Implementation status			Deviations from the Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies and reasons thereof
	Yes	No	Summary	
purchasing insurance for directors and supervisors)?			26, 2021, the 11th meeting of the 1st Audit Committee and the 13th meeting of the 12th Board of Directors of the merged Company adopted the Ethical Corporate Management Procedures and Behavior Guidelines, to implement the ethical corporate management policy, actively guard against unethical practices, conduct transactions with suppliers in a fair and transparent manner, and ensure the performance of the contracts entered into. Continuing education of Directors and Supervisors: The merged company has regularly disclosed the information on continuing education of Directors and Supervisors and their attendance on the Board of Directors meetings on the Market Observation Post System. Implementation of risk management policy and risk measurement standard: Please refer to "Chapter 7 Review and Analysis of Financial Position and Operating Results, and Risk Management" of this Annual Report. Implementation of customer policy: The Consolidated Company has a customer service department to serve customers, and a dedicated person will handle customer complaints to maintain long-term stable and good relations with customers. The Company takes out liability insurance for its Directors and Supervisors: The merged company has taken out the liability insurance for its Directors and Managers on June 10, 2022, and has reported the insured amount, coverage, premium rate, and other major contents of the liability insurance at the 2nd meeting of the 13th Board of Directors on July 15, 2022. Link between performance	

Evaluation Item	Implementation status			Deviations from the Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies and reasons thereof
	Yes	No	Summary	
			evaluation and remuneration of directors and managers: The Company shall, in accordance with the Articles of Incorporation, set aside an annual profit not exceeding 2% for the remuneration of the directors, and authorize the Board of Directors to provide the remuneration of the directors according to the degree of participation in the operation of the Company and the value of their contribution, with reference to the industry standards. The remuneration to the Company's managers shall be verified by the chairman in accordance with the table of remuneration ranges, the calculation methods of business performance-based bonus and assessment methods, including financial indicators (such as the Company's revenue, the achievement rate of net profit before tax and net profit after tax) and non-financial indicators (such as significant failure of compliance and operational risk issues within the department), and submitted to the Remuneration Committee and Board of Directors for review. In the future, the rationality of the remuneration system will be reviewed in a timely manner based the actual operations and the salaries paid by peers, so as to strike a balance between the Company's sustainable operation and risk control.	

IX. Please provide information on the status of improvement regarding the results of Corporate Governance evaluation published by the TWSE Corporate Governance Center in the most recent year. For improvements that are yet to be implemented, state the areas and policies the Company has set as priority for improvement:

No.	Item	Improved or not	Description
1.15	Does the Company develop and disclose on the Company's website internal rules prohibiting insiders, such as directors or employees, from trading securities using undisclosed information, the content of which includes (but	Yes	The Company expects to formulate re rules in 2023.

Evaluation Item	Implementation status			Deviations from the Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies and reasons thereof
	Yes	No	Summary	

	is not limited to) that the directors shall not trade their share during the closed period of 30 days before the announcement of annual financial reports and 15 days before the announcement of quarterly financial reports? If yes, please state the implementation of these rules.		
2.9	Does the Company develop a succession plan for board members and key management personnel and disclose the operations on the Company's website or in the annual report?	No	It is under planning by the company.
2.27	Does the Company develop an intellectual property management plan that is linked to its operational objectives and disclose its implementation on the Company's website or in its annual report, and report to the Board of Directors at least once a year?	Yes	The Company expects to formulate the relevant management plan in 2023, disclose on the website report to the Board of Directors.
4.1	Does the Company set up an exclusively (or part-time) dedicated unit for promoting sustainable development, conduct risk assessment of environmental, social and corporate governance issues related to the Company's operations in accordance with the materiality principle, and formulate relevant risk management policies or strategies, authorize the Board of Directors to supervise the promotion of sustainable development, and disclose the information on the Company's website and in the annual report?	Yes	On July 15, 2022, the Company's Board of Directo approved the establishment of the rules of organiza of the Sustainable Development Committee, and subsequently formulated ESG risk assessments in accordance with the materiality principle, and discl them on the Company's website and in the annual report.
4.11	Does the Company disclose the amount of greenhouse gas emissions, water consumption and total weight of waste in the past two years?	Yes	It is expected to be disclosed by the Company in 20
4.18	Does the company disclose information on climate related risks and opportunities governance, strategies, risk management, indicators and targets in accordance with the framework of Task Force on Climate-Related Financial Disclosure (TCFD)?	Yes	It is expected to be disclosed by the Company in 20

Note 1: Please refer to the following table for the performance evaluation results of the Board of Directors and functional committees in 2022.

I. Evaluation by external professional and independent institution:

The "performance evaluation of the Board of Directors" for 2022 was carried out by Taiwan Association for Performance Improvement of Board of Directors (evaluation members and conveners: Yung-Chi Lai, Tai-Chang Wang, and Min-Chun Lin) by "data review", "self-evaluation questionnaire", and "site visit" on February 8, 2023. The scope of review included: Composition and structure of the Board of Directors; Election and continuous education of Directors; Degree of participation of Board of Directors in the Company's operations; Improvement in the quality of decision-making of the Board of Directors; Internal control;

Environmental, social and corporate governance; and value creation, etc.

Conclusions and Recommendations:

Overall, the governance and operations of the Company's Board of Directors have mostly complied with the standards set by the Taiwan Stock Exchange and the Taipei Exchange for corporate governance practices and board evaluations. Specifically, the governance strengths of the Board include:

(1) In recent years, the Company has been focusing on ESG issues. In addition to establishing the Sustainable Development Committee under the Board of Directors, the Company also promoted the "Kindom ESG Forum" to invite experts from various fields for in-depth discussions.

(2) The Board members has demonstrated professionalism and diversity, and nine directors have expertise in finance and accounting, law, civil engineering, land management and business management, respectively.

(3) The independent directors have fulfilled their responsibilities and attended all meetings of the Board of Directors and functional committees in 2022.

(4) The Board of Directors has set an example by conducting annual self-evaluation and entrusting an external independent organization to evaluate the performance of the Board of Directors, fully demonstrating the self-discipline and responsibility of the Board of Directors.

(5) In the past three years, the Company has achieved outstanding results in corporate governance and corporate sustainability, and has received many important awards at home and abroad.

(6) The Company has also created outstanding value; the net profit ratio and return on equity have been on a growth trend over the past five years and have significantly outperformed other companies in the industry.

However, it is recommended that the Company could improve the board governance in the following directions:

(1) The Company can arrange continuous education courses on ESG and medium- and long-term risk strategies in accordance with the recommendations put forward by the board performance evaluation and self-evaluation.

(2) The convener of the Company's Audit Committee should add reports on the communication with the chief internal auditor and the Company's CSR policy and plan at the shareholders' meeting.

(3) The whistleblower e-mail setting of the Company should be changed to that the independent directors can also receive the e-mail, and the telephone number, e-mail address and mailing address for whistleblower should also be listed on the Company's website.

(4) Additional communication between the CPAs and the independent directors at the meeting of Board of Directors or Audit Committee should be conducted separately for more than three times a year in different quarters.

II. Internal self-evaluation of Board of Directors:

(I) Overall Performance Evaluation Results of the Board of Directors:

Aspect	Number of questions	Results (5 points out of 5)
Degree of participation in the Company's operations	12	4.25
Improvement in the quality of decision-making of the Board of Directors	12	4.83
Composition and structure of the Board of Directors	7	4.43
Election and continuous education of Directors	7	4.29
Internal control	7	4.71
Total/average score	45	4.51

(II) Results of Directors' Self-evaluation:

Aspect	Number of questions	Results (5 points out of 5)
Control over the Company's Goals and Tasks	3	4.67
Understanding of Directors' Duties	3	4.85
Degree of participation in the Company's operations	8	4.72
Internal Relationship Management and Communication	3	4.67
Directors' Professional Skills and Continuing Education	3	4.63
Internal control	3	4.81
Total/average score	23	4.72

(III) Results of Performance Self-evaluation of Compensation Committee:

Aspect	Number of questions	Results (5 points out of 5)
Degree of participation in the Company's operations	4	5.00
Understanding of the responsibilities of a functional committee	5	5.00
Improvement in the quality of decision making by the functional committee.	7	5.00
The composition of the functional committee, and election and appointment of committee members.	3	5.00
Total/average score	19	5.00

(IV) Results of the Audit Committee's Self-evaluation of Performance:

Aspect	Number of questions	Results (5 points out of 5)
Degree of participation in the Company's operations	4	5.00
Understanding of the responsibilities of a functional committee	5	4.60
Improvement in the quality of decision making by the functional committee.	7	4.70
The composition of the functional committee, and election and appointment of committee members.	3	4.70
Internal control	3	4.70
Total/average score	22	4.70

Note 2: Please refer to the following table for the independence and suitability evaluation results of CPAs in 2023.

Item No.	Evaluation Item	Results	Are they independent/competent?
1	Does the CPA have a close business relationship and potential employment relationship with the company or related enterprises?	No	Yes
2	Does the CPA hold or broker shares or other securities issued by the Company or affiliated enterprises?	No	Yes
3	Does the CPA act as the defender or representative of the Company or related companies to resolve conflicts with other third parties?	No	Yes
4	Is the CPA a family member or relative of the Company's director, managerial officer or person holding another position that has significant influence on the audit?	No	Yes
5	Is the former CPA of the Company from the same firm of the current CPA, within a year after stepping down, not serving as the Company's director, manager or any position with significant impact on audit results?	No	Yes
6	Has the CPA provided audit services for the Company for 7 consecutive years?	No	Yes
7	Has the CPA complied with the Statements of the Code of Professional Ethics No.10 on independence?	Yes	Yes
8	Does the CPA and audit service team make appropriate suggestions and keep records on the company's management system and internal control system?	Yes	Yes
9	Does the CPA and audit service team take the initiative to provide the company with updated laws, revised information and courses?	Yes	Yes

(IV) Composition, Responsibilities and Functionality of the Remuneration Committee

1. Information of the Remuneration Committee Members

<table>
<tr><th>Identity (Note 1)</th><th>Name / Qualification</th><th>Professional qualifications and experience (Note 2)</th><th>Independence criteria (Note 3)</th><th>Number of other public companies where the individual concurrently serves as a remuneration committee member</th></tr>
<tr><td>Independent Director (Convener)</td><td>Hung-Chin Huang</td><td colspan="2" rowspan="2">Please refer to P.8 Information on Professional Qualifications of Directors and Independence of Independent Directors</td><td>1</td></tr>
<tr><td>Independent Director (Member)</td><td>Kuo-Feng Lin</td><td>1</td></tr>
<tr><td>Member</td><td>Tung-Hsuan Wan</td><td>(1)With work experience and professional qualifications of an instructor or higher position in a department of commerce, law, finance, accounting, or other academic department related to the business needs of the Company in a public or private junior college, college or university for more than five years.
(2)Assistant Professor, Department of Business Management, School of Management, Ming Chuan University, and CEO, Ming Chuan University Enterprise Service Center.
(3)With work experience and professional qualifications in the areas of commerce, law, finance, or accounting, or otherwise necessary for the business of the Company for more than five years: Member of Remuneration Committee of Kindom Development Co., Ltd., and Member of Remuneration Committee of Kedge Construction Co., Ltd.
(4)Not under any of the categories stated in Article 30 of the Company Act</td><td>(1)The member fulfills the independence criteria.
(2)No member, or his/her spouse, or relatives within the second degree of kinship are directors, supervisors or employees of the Company or other affiliated companies; and no director, supervisor or employee of companies with which the Company has a specific relationship, or which do not hold shares of the Company.
(3)There were no remuneration for business, legal, financial, or accounting services for the Company or other affiliated companies in the last two years.</td><td>1</td></tr>
</table>

Note 1: Please specify the relevant years of experience, professional qualifications and experience and independence of each member of the Remuneration Committee in the form. If independent director, please state the relevant contents in the Remarks according to Schedule 1 Information on Directors and Supervisors (I) on page 17. For the Identity column, please fill in Director, Independent Directors, or others (add a note if convener).

Note 2: Professional Qualifications and Experience: The professional qualifications and experience of individual member of the Remuneration Committee shall be stated.

Note 3: Independence criteria: The member of the Remuneration Committee shall state the circumstances that qualify him/her to be independent, including but not limited to whether the independent director, his/her spouse or relatives within the second degree of kinship serve as directors, supervisors or employees of the Company or its affiliates; The number and weight of shares of the Company held by independent directors, his/her spouses, relatives within the second degree of kinship (or using the names of others); Whether they are directors, supervisors or employees of companies with specific relationships with the Company (refer to Article 6, Paragraph 1, Paragraphs 5~8 of the Regulations Governing Establishment and Exercise of Authority of the Remuneration Committee of TWSE/TPEx Listed Companies); The amount of remuneration received for the provision of business, legal, financial and accounting services to the Company or its affiliated companies in the last two years.

2. Information concerning functionality of the Remuneration Committee:

(1) The Company's Remuneration Committee consists of 3 members.

(2) Term of these committee members: From June 29, 2022 to the date of reelecting directors in 2025. The Remuneration Committee held 4 (A) meetings in the most recent year; members' attendance records are as follows:

Title	Name	Attendance in person (B)	Attendance by Proxy	Actual attendance rate (%) [B/A] (Note)	Remarks
Convener	Hung-Chin Huang	4	0	100.00%	
Member	Kuo-Feng Lin	4	0	100.00%	
Member	Tung-Hsuan Wan	4	0	100.00%	

Other mentionable items:

I. If the Board of Directors does not adopt or amend the Remuneration Committee’s suggestions, please specify the meeting date, term, contents of motion, resolution of the Board of Directors, and the company’s handling of the remuneration committee’s opinions (if the remuneration approved by the Board of Directors is superior than that suggested by the remuneration committee, please specify the deviation and reason): None.

II. If a member has a dissenting or qualified opinion, if a member has a dissenting or qualified opinion, that a member has a record or reservation that is recorded or stated in a written statement, the date and session of the Remuneration Committee, the content of the proposal, all members' opinions, and the handling of the opinions of the member of the Remuneration Committee shall be stated: None.

III. Implementation:

Remuneration Committee	Content of motion and follow-up actions	Resolution	The Company’s response to opinions of the Remuneration Committee:
The 1st meeting of the 5th term 2022.07.12	1. The remunerations to the members of the 13th Board of Directors, the 2nd Audit Committee and the 5th Remuneration Committee of the Company and the operating expenses. 2. The Company's Sustainable Development Committee Charter. 3. It was proposed to appoint Manager Chu-Chun Chang, Legal Supervisor, as the Chief Corporate Governance Officer of Kindom Development Co., Ltd. 4. The Company salary adjustment for managers for 2022. 5. The appointment of the Company’s managers and the Assistant Manager of Information Technology Department.	All the committee members present unanimously approved the proposal.	Submitted to the Board of Directors and Adopted by all directors present.
The 2nd	1. The adjustment of the Company's range of remuneration.	All the	Submitted to

	meeting of the 5th term 2022.08.03	2. The appointment of the General Manager of the Company. 3. It was proposed to adjust the Company's internal chief auditor and auditing personnel. 4. Amendment to the Regulations Governing the Buyback of Shares and Transfer to Employees. 5. The adjustment of the Company's organization. 6. The Company's promotion and salary adjustment for managers.	committee members present unanimously approved the proposal.	the Board of Directors and Adopted by all directors present.
	The 3rd meeting of the 5th term 2022.11.03	1. The adjustment of the Company's organization. 2. The Company's promotion and salary adjustment and remuneration to managers. 3. It was proposed to amend the Company's performance evaluation method for the Board of Directors. 4. It was proposed to amend the Company's Regulations Governing the Buyback of Shares and Transfer to Employees. 5. It was proposed to amend the Company's evaluation method. 6. It was proposed to amend the Company's "Promotion and Salary Increase Management Measures".	All the committee members present unanimously approved the proposal.	Submitted to the Board of Directors and Adopted by all directors present.
	The 4th meeting of the 5th term 2022.12.20	1. Discussed the appointment of double general managers in order to implement the double general manager system in the Company. 2. It was proposed to develop the Company's human right policies. 3. It was proposed to develop the Company's Regulations Governing Performance Evaluation and Remuneration of Directors and Managers. 4. It was proposed to develop the Company's "Management and Operation Regulations of the General Management Office". 5. It was proposed to amend the Company's "Regulations on Payment of Sales Performance Bonus" and "Regulations on Payment of Sales Performance Bonus for Kindom Xinyi Projects".	All the committee members present unanimously approved the proposal.	Submitted to the Board of Directors and Adopted by all directors present.
	The 5th meeting of the 5th term 2023.03.10	1. It was proposed to amend the Company's Regulations Governing the Buyback of Shares and Transfer to Employees. 2. It was proposed to develop the Company's "Employee Stock Warrants and Special Incentive Plan". 3. Proposal of 2022 to fund and distribute compensation to employees and directors.	All the committee members present unanimously approved the proposal.	Submitted to the Board of Directors and Adopted by all directors present.

Note：

(1) Where members of the Remuneration Committee resign before the end of the year, the Notes column shall be annotated with the date of resignation. Actual attendance rate (%) shall be calculated using the number of Remuneration Committee meetings convened and attendance in person during the term of service.

(2) If any member was re-elected before the end of the year, incoming and outgoing members shall be listed accordingly, and the Remark column shall indicate whether the member's status is "Outgoing", "Incoming" or "Re-elected", and the date of re-election. For the remuneration to employees, a salary structure for employers is designed according to the evaluation of their functions and positions. There are various performance bonus methods and "promotion and salary adjustment management measures". The annual

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

Evaluation Item	Implementation status			Deviations from the Sustainable Development Best-Practice Principles for TWSE/TPEx Listed Companies and reasons thereof
	Yes	No	Summary	
I. Does the Company establish the governance framework to promote sustainable development and set up an exclusively (or part-time) dedicated unit for promoting sustainable development? Is the high management authorized by the Board of Directors to implement sustainable development activities and report the supervision to the Board of Directors?	✓		(I) The Company has established the "Sustainable Development Committee" under the Board of Directors, and the Operations Management Office is responsible for undertaking and implementing sustainable development strategies and promoting sustainability-related issues. (II) The Board of Directors holds meetings from time to time to strengthen the communication mechanism among various departments, and mobilizes internal and external resources to carry out project planning and management, in order to make continuous improvement, understand and grasp the long-term corporate sustainability aspects of the environment (E), social inclusion (S), and corporate governance (G) as the framework for practicing corporate sustainability, so as to meet the international trend of balancing environmental, social, and corporate governance development, take on the responsibility of corporate citizenship, enhance our contribution to the national economy, improve the quality of life of our employees, communities, and society, and promote the competitive advantage based on corporate responsibility.	No difference
II. Does the Company conduct risk assessment of environmental, social and corporate governance issues related to the Company's operations in accordance with the materiality principle, and formulate relevant risk management policies or strategies?	✓		The Board of Directors of the Consolidated Company approved the establishment of the "Risk Management Policies and Measures" on November 9, 2022. The Administrative Management Office, the Business Office and all operating units are responsible for formulating and implementing corporate social responsibility policies, regularly identifying stakeholders, collecting and examining issues of concern to stakeholders, ensuring that all major considerations are covered, reporting the implementation results to the chairman of the Board of Directors from time to time, identifying and examining the performance on environmental, social and corporate governance issues, and proposing strategic plans and taking measures based on performance evaluation. The Company's corporate sustainability responsibility implementation results and detailed contents are disclosed in the Company's annual corporate sustainability report and on the Company's website.	No difference
III. Environment issues (I) Does the company establish	✓		(I) The Consolidated Company is not a	No difference

Evaluation Item	Implementation status			Deviations from the Sustainable Development Best-Practice Principles for TWSE/TPEx Listed Companies and reasons thereof
	Yes	No	Summary	
proper environmental management systems based on the characteristics of their industries?			manufacturing company, verification by environmental management systems such as ISO14001 is not applicable. However, it is committed to promoting garbage classification and recycling of advertising and display products to reduce the amount of garbage. It also requires that the management of projects under construction be improved to reduce noise and air pollution, and greening operations be followed in the work area.	
(II) Does the company endeavor to improve the energy utilization efficiency and use renewable materials which have low impact on the environment?	✓		(II) The Consolidated Company has actively invested in green building design, used environmental-friendly building materials in individual projects, take rainwater recovery and water conservation measures in the base, and promoted e-filing operations, made full use of recycled paper and replaced power-consuming lamps to improve the efficiency of various resources.	No difference
(III) Does the company evaluate the potential risks and opportunities caused by climate change to the Company now and in the future, as well as taking corresponding measures?	✓		(III) The Consolidated Company pays close attention to the impact of global climate change on its operations. It includes climate change in major environmental issues for risk and opportunity assessment. In implementing the project plan, it takes into account the buffer time and the improvement of flood control standards to avoid disasters or delays caused by climate change.	No difference
(IV) Does the company add up the amount of greenhouse gas emissions, water consumption and total weight of waste in the past two years, and formulate policies on greenhouse gas reduction, water consumption reduction or other waste management?	✓		(IV) The Consolidated Company has made statistics on water and electricity consumption and total waste weight for more than two years, which are disclosed in the corporate social responsibility report. It has developed energy conservation plans and related management measures to reduce daily energy consumption, and regularly announce photocopy paper and water and electricity consumption to promote the concept of energy conservation; advocated public transportation to reduce greenhouse gas emissions; implemented garbage classification and reduced the use of disposable products; implemented energy-saving measures such as reducing power consumption and lighting in public spaces and timely adjusting air conditioners, promoted the concept of energy saving and carbon reduction in the organization and various activities, and regularly announced to remind colleagues to form the habit of energy saving, so as to achieve the goals of energy conservation, carbon reduction and greenhouse gas reduction.	No difference
IV. Social issues (I) Has the company developed appropriate management	✓		(I) The Consolidated Company abides by various labor laws and international human	No difference

Evaluation Item	Implementation status			Deviations from the Sustainable Development Best-Practice Principles for TWSE/TPEx Listed Companies and reasons thereof
	Yes	No	Summary	
policies and procedures according to relevant regulations and the International Bill of Human Rights?			rights principles, purchases labor insurance, health care insurance and group accident insurance for all employees, and provides pension to ensure the protection of their rights and interests, respects and treats employees fairly. In order to ensure that their daily operations conform to corporate ethics, the Consolidated Company has formulated such basic codes of conduct as "Code of Ethical Conducts" and "Code of Corporate Social Responsibility Best Practice".	
(II) Does the Company establish and implement reasonable employee benefits measures (including remuneration, leave and other benefits) and appropriately reflect the corporate business performance or achievements in the employee remuneration?	✓		(II) The Consolidated Company attaches great importance to employee benefits, employs professional consultants to analyze and investigate the market salary, welfare status and employment environment, formulates a reasonable employee salary and reward policy and sets up a Remuneration Committee to regularly review the performance and salary and reward standards of directors and managers, and allocates any profits in the year stipulated in the Articles of Incorporation. For the remuneration to employees, a salary structure for employers is designed according to the evaluation of their functions and positions. There are various performance bonus methods and "promotion and salary adjustment management measures". The annual performance bonus combines with key performance indicators to include the department's performance and achievement of objectives in the evaluation items. The evaluation results affect the bonus distribution ratio, grade promotion and salary adjustment range. In addition, it provides a vacation system that complies with laws and regulations, and a favorable employee welfare and insurance system.	No difference No difference
(III) Does the company provide a healthy and safe work environment, and does it organize health and safety training for its employees on a regular basis?	✓		(III) The Consolidated Company regularly organizes safety and health education and training for its employees, and conducts health examination for employees every year. At the same time, in order to create a friendly workplace environment, it fully decorates the office area of the building, updates relevant equipment, regularly carries out sterilization for the environment, holds fire drill, and sets up facilities such as nursing room, massage chair and refreshment table in the tea room, so as to meet the needs of employees in a considerate manner.	No difference
(IV) Has the company established effective career development and training	✓		(IV) The Human Resources Department of the Administrative Management Office of the Consolidated Company draws up an annual	No difference

Evaluation Item	Implementation status			Deviations from the Sustainable Development Best-Practice Principles for TWSE/TPEx Listed Companies and reasons thereof
	Yes	No	Summary	
plans for its employees?			training plan based on the needs of the Company and its employees, and conducts education and training according to the plan, and promotes online learning platform, so that learning is not limited by time and space, enabling the staff to enhance their professional knowledge and ability.	
(V) Has the company complied with relevant laws and regulations and international standards for its products and services respecting customer health and safety, customer privacy, marketing and labeling issues, and formulated relevant consumer or customer protection policies and grievance procedures?	✓		(V) The Consolidated Company abides by relevant laws and regulations regarding customer health and safety, customer privacy, marketing and labeling of products and services, and regularly reviews the legality. In case of problems such as customer response quality, the Company provides customer service hotline and CRM system management, complete the response within 24 hours in combination with LINE life circle, and provide immediate after-sales service.	No difference
(VI) Does the company formulate a supplier management policy that requires suppliers to follow relevant regulations on issues such as environmental protection, occupational safety and health, or labor rights? And, how well are those policies implemented?	✓		(VI) The Consolidated Company has listed the supplier's credit and social image as key items for selection, and has actively advocated the necessity of keeping up with issues such as environmental protection, occupational safety and health, or labor human rights, and has stated in the contract that suppliers that violate its major corporate social responsibility policies will terminate or rescind the contracts signed with them.	No difference
V. Does the company, following internationally recognized guidelines, prepare and publish reports such as its Corporate Social Responsibility report to disclose non-financial information of the company? Is this report verified or endorsed by a neutral third party?	✓		The Consolidated Company has compiled a corporate social responsibility report with reference to the Global Reporting Initiative (GRI) Standards, the United Nations Sustainable Development Goals (SDG) and the Corporate Social Responsibility Best Practice Principles for TWSE/TPEc-Listed Companies promulgated by the Taiwan Stock Exchange/GreTai Securities Market. The report has been verified by the British Standards Institute (BSI) and the verification results conform to GRI Standard-Core Options and the AA 1000 International Standard.	No difference
VI. Where the Company has stipulated its own Code of Sustainable Development according to the Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies, please describe any differences between the prescribed best practices and the actual activities taken by the Company: The Consolidated Company has developed its corporate social responsibility best practice principles in accordance with the "Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies" and its implementation is not significantly different from the Code.				
VII. Other important information to facilitate better understanding of the company's Corporate Social Responsibility practices: (I) Environmental protection, safety and health: The Consolidated Company's control over environmental protection and safety and health is implemented in accordance with laws and regulations. Please refer to "IV. Information of Environment Protection Expenses" under "Chapter 5 Operational Highlights" of this Annual Report. (II) Public Benefit:				

Evaluation Item	Implementation status			Deviations from the Sustainable Development Best-Practice Principles for TWSE/TPEx Listed Companies and reasons thereof
	Yes	No	Summary	

1. The Consolidated Company donated to set up the "Kindom Yu San Education Foundation" in 2014, which aims at organizing various educational activities, cultivating outstanding talents, deepening exchanges between industry and university, encouraging forward-looking thinking, improving reading atmosphere and promoting social progress. In 2022 the Consolidated Company donated a total of NT$20 million to the Foundation for its business promotion. In 2022 the Foundation organized and sponsored several public welfare activities, the details of which are as follows:

Activity	Description	Number of beneficiaries
Project of “Jushinji Reading Life Platform”	Through digital content platform and annual publication, we share with the public various imaginations, pursuits and details of life, no matter the topics of architecture, life, design, humanities and arts.	More than 190,000 visits to the website; 48,354 followers on the fan page
Reading Program of "Celebrity Study"	Through the concept of shared celebrities story book reading, which was broadcast on Universal News, Da Ai TV, Beautiful Life Television, MOMO TV, CTS Education & Culture Channel, Yahoo TV, iQiyi and YouTube channel of Celebrity Study, the audiences were inspired to improve reading atmosphere.	4 million views on internet platform
Reading Promotion Program of "Better Life Book Fair"	Regular thematic book exhibitions are held for corporate colleagues to read for free to enrich their learning and growth. The event was originally scheduled to coincide with the theme of each issue, but was cancelled this year due to the epidemic.	200
Program of Promoting Reading by “Kindom Book Date”	In memory of Yu-Shan Ma, the founder of Kindom, who upholds his belief that "knowledge is power" and carries out the Foundation's core philosophy of "promoting reading and building education". This year, we held the “Kindom Book Date” program with the theme of "Explore the Unknown World by Reading", including "Reading Salon", "Reading and Sharing" and "Book Collection for Charity” activities. The book collection activities were held in collaboration with SPBook second-hand bookstores in Kindom Building, 8 branches of Global Mall and 13 Kindom communities, which spread the seeds of reading in combination with knowledge circulation and charity.	A total of 4,480 books were collected (converted into 25,944 book purchase points), which were donated to schools in rural areas.
Reading Promotion Sponsorship Program of “Believing in Reading, Joint Action Plan for Generations”	We supported the "Believe in Reading, Joint Action Plan for Generations” initiated by Tianxia Culture and donated 21 sets (2,100 books) of good books to the Kindom Community Library.	4,378 households
"Grass Book House - Sanxia Headquarters” Rural Education Sponsorship	We held the "Inheritance of Wisdom for Generations" Master Video Forum, inviting international masters to give advice to the young generation from a global perspective.	300
"Grass Book House - Sanxia Headquarters” Rural Education Sponsorship	In order to care for the disadvantaged from rural areas and shorten the distance between urban and rural areas, the Company launched the Sponsorship Scheme for "Little Grass Bookstore" to provide academic learning, interest and talent development opportunity and establish a complete community support system for children living in adversity, enabling every child to grow up and achieve dreams in a stable learning environment.	34
"Grass Book House - Daxi Branch” Rural Education Sponsorship	The Daxi Branch of the Grass Book House was established in 2021 to accompany children from urban aboriginal, new aboriginal, economically disadvantaged, single parent, foster parent, and intergenerational families, and to serve as a support for children in the community. This sponsorship proposal is for dedicated funding.	17

Evaluation Item	Implementation status			Deviations from the Sustainable Development Best-Practice Principles for TWSE/TPEx Listed Companies and reasons thereof
	Yes	No	Summary	

Cooperation Plan for the Woodworking Program of Grass Vocational Academy	Development of young people's skills through the Woodworking Program of Grass Vocational Academy. In order to continue the sustainable cooperation between the Academy and the children, the woodworking class of the Academy, under the leadership of the master, made three pieces of community wood carving door signs, Kindom Tian Qing, Roosevelt and Wen Hsin Chan to give encouragement and open the children's vision to see more possibilities for themselves.	20
“Campus Charity and Other Book Donation” Sponsorship Program	We donated book funds to Micang Elementary School in New Taipei City, Kuihui Elementary School in Taoyuan City, and Chaonan Elementary School (Third Campus) in Pingtung County to expand the book collection.	Over 500 teachers and students from three schools are benefited
“Book Donation” Sponsorship	In the Foundation, the Celebrity Bookstore, and the Jiuxinzhi fan page, we give away celebrity recommended books and Jiuxinzhi annual magazines to the public, corporate colleagues, and the Kindom Community Library.	Donation of 3,221 books

2. The Consolidated Company regularly visits nursery homes, donates to ANDREW Association every year and participates in activities to care for the vulnerable.
3. The Company applied for a piece of organic rice field, inviting staff and their families to participate in rice transplanting and contribute their efforts to maintaining a beautiful natural environment.

(III) Consumer rights and interests:
The Consolidated Company has a customer service department, which will handle customer complaints and provide permanent after-sales service.

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

Evaluation Item	Implementation status			Deviations from the Ethical Corporate Management Best Practice Principles for TWSE/TPEx Listed Companies and reasons thereof
	Yes	No	Summary	
I. Establishment of ethical corporate management policies and programs				
(I) Does the company formulate its ethical corporate management policies that have been approved by the Board of Directors? Has the Company declared its ethical corporate management policies and procedures in its guidelines and external documents, and does the Board of Directors and management work proactively to implement their commitment to those management policies?	✓		(I) In order to implement the integrity management policy, the Consolidated Company has formulated the "Code of Best Practice for Corporate Governance", the "Code of Corporate Ethics Management" and the "Ethical Corporate Management Procedures and Behavior Guidelines" approved by the Board of Directors to regulate the standards that the directors and management of the Company should abide by when performing their duties, and actively publicized the code to employees and partners. The Code is also disclosed on the Company website for compliance.	No difference
(II) Does the company establish an assessment mechanism for unethical risks, according to which it analyzes and assesses operating activities with high potential unethical risks? Does the mechanism include any precautionary measures against all the conducts as stated under Paragraph 2, Article 7, of the Ethical Corporate Management Best Practice Principles for TWSE/TPEx Listed Companies?	✓		(II) The Consolidated Company establishes an effective internal control system. Employees are strictly prohibited from directly or indirectly demanding gifts, kickbacks, entertainment or other improper benefits from the company's customers and manufacturers, In addition, in the procurement contracts with the suppliers, we include provisions requiring the suppliers to comply with ethical corporate management responsibilities, confidentiality obligations, and prevention of infringement, as well as the termination of contracts and compensation for damages in the event of violations.and the audit office conducts regular or irregular checks on all departments.	No difference
(III) Has the Company established policies to prevent unethical conduct, with clear statements regarding relevant procedures, conduct guidelines, punishments for violation, and rules for appeal, and does the Company implement them accordingly, and regularly review and correct such measures?	✓		(III) The Consolidated Company has formulated on March 26, 2021 the "Ethical Corporate Management Procedures and Behavior Guidelines", which are applicable to directors, supervisors, managers, employees, nominees and persons with material control capacity of the Company and companies and organizations within the Group, formulated the "Rules for Reporting Violations of Ethical Corporate Management" in October 2021, prohibiting unethical conduct,	No difference

			such as offering bribes or receiving bribes, offering illegal political contributions, offering improper charitable donations or sponsorships, offering or accepting improper gifts, receptions, or other improper advantages, disclosure of the Company's trade secrets, the infringement of intellectual property rights, engaging in acts and services of unfair competition that harms consumers or other stakeholders. In addition to the Staff Working Rules and other personnel policies, which stipulate that employees shall not involve in unethical conduct, the Consolidated Company includes preventive operation procedures in the training courses for new employees or other personnel education and training.	
II. Ethical corporate management				
(I) Does the Company evaluate the ethical record of its business partners and set ethical conduct policies in the terms and conditions of its contracts with the clients?	✓		(I) When the Consolidated Company selects suppliers, not only is credit investigation conducted, but also the terms of good faith behavior are specified in the declaration statements.	No difference
(II) Has the Company set up a dedicated unit under the Board of Directors to promote ethical corporate management and regularly (at least once every year) report to the Board of Directors the implementation of the ethical corporate management policies and prevention programs against unethical conduct?	✓		(II) The Consolidated Company is composed of the Chief Corporate Governance Officer, the Department of Legal Affairs, the Auditing Office and the heads of each operating unit as the Integrity Management Task Force, which is responsible for assisting the Board of Directors and the management in formulating and monitoring the implementation of the Integrity Management Policy and Preventive Plan in accordance with the duties and responsibilities of each unit to ensure the implementation of the Integrity Management Code. and reported its implementation to the Board of Directors on December 23, 2022.	No difference
(III) Does the Company adopt policies for preventing conflicts of interest, provide proper statement channels and implement them?	✓		(III) The Consolidated Company has formulated on March 26, 2021 the "Ethical Corporate Management Procedures and Behavior Guidelines". The Audit Office, the Administrative Management Office and the Department of Finance jointly set up the ethical corporate management team, with the Human Resources Department of the Administrative Management Office as the personnel reporting window. The reporting matters will be submitted to the ethical corporate management team for discussion and implementation, and the team will regularly report to the Board of Directors.	No difference
(IV) Does the Company establish effective accounting systems and	✓		(IV) The Consolidated Company has established an accounting system and an internal control system to ensure the	No difference

internal control systems to implement ethical corporate management, with the internal audit unit being responsible for drawing up relevant audit plans based on the results of assessment of any unethical conduct risk, examining accordingly the compliance with the prevention programs for unethical conduct, or engaging a certified public accountant to carry out the audit?			effectiveness of the financial reporting process and internal control. The audit office draws up an audit plan based on the risk assessment results, and conducts regular or irregular audits of various business activities to ensure the effective implementation of various systems, and reports the audit results to the audit committee and the Board of Directors.	
(V) Does the Company organize internal or external trainings on ethical corporate management regularly?	✓		(V) The Human Resources Department of the Administrative Management Office of the Consolidated Company regularly organizes relevant education and training courses, and strengthens publicity and guidance in business meetings in order to implement them.	No difference
III. Status of enforcing whistle-blowing systems in the company				
(I) Has the company established a concrete whistleblowing and rewarding system, and set up accessible methods for whistleblowers, and designate appropriate and dedicated personnel to investigate the accused?	✓		(I) On October 29, 2021, the Board of Directors of the Consolidated Company approved the "Rules for Reporting Breach of Integrity in Management". The Consolidated Company has a complaint and report mailbox and a dedicated line. Human Resources Department of the Administrative Management Office is responsible for handling relevant affairs, complaints and punishments according to the Company's prescribed operating procedures, and the immediate top manager of the person to be reported shall act as the person responsible for handling the case.	No difference
(II) Has the company established standard operating procedures for the reported matters, the measures to be taken after investigation is completed, and the relevant confidential mechanism?	✓		(II) After accepting the report, the Human Resource Department of the Administrative Management Office of the Consolidated Company will immediately submit it to the Audit Office or the head of the responsible department for investigation. Both the receiver and the investigator are responsible for keeping confidential the personal information of the whistleblower and related information of such case.	No difference
(III) Does the company take any measures to protect whistleblowers so that they are safe from mishandling?	✓		(III) The Consolidated Company adopts anonymous treatment on the identity of informants, taking non-infringement of their rights and interests as the supreme principle.	No difference
IV. Enhanced disclosure of corporate social responsibility information Does the company disclose its	✓		The Consolidated Company will disclose the contents specified in the code of good faith operation in the CSR section of the	No difference

<table>
<tr><td>ethical corporate management policies and the results of its implementation on the Company’s website and MOPS?</td><td></td><td></td><td>company's website, and update the promotion results at any time. Relevant information will also be disclosed at the public information observatory.</td><td></td></tr>
<tr><td colspan="5">V. Where the Company has stipulated its own Code of Corporate Ethics Management according to the Ethical Corporate Management Best Practice Principles for TWSE/TPEx Listed Companies, please describe any differences between the prescribed best practices and the actual activities taken by the Company:
(I) In accordance with the Ethical Corporate Management Best Practice Principles for TWSE/TPEx Listed Companies, the Company adopted its Ethical Corporate Management Best Practice Principles at the 25th meeting of the 10th Board of Directors on March 24, 2016, and implemented accordingly. On March 26, 2021, the 11th meeting of the 1st Audit Committee and the 13th meeting of the 12th Board of Directors of the Company adopted the Ethical Corporate Management Procedures and Behavior Guidelines, to implement the ethical corporate management policy and actively guard against unethical practices. There is no significant difference between the Company's Practice Principles and the actual activities.
(II) The Company attaches great importance to ethical corporate management, and has organized educational and training courses related to ethical corporate management (such as new employee education and training on corporate culture and ethical management) in 2022, totaling 28 hours for 28 persons.</td></tr>
<tr><td colspan="5">VI. Other important information to facilitate a better understanding of the company's ethical corporate management policies: (e.g. review and amend its policies)
(I) The Consolidated Company abides by the Company Act, the Securities and Exchange Act, the Business Entity Accounting Act, the relevant regulations on TWSE/TPEx listing, or other relevant laws and regulations on commercial acts as the basic concept for the implementation of honest operation.
(II) The "Rules of Procedure of the Board of Directors" of the Consolidated Company includes a clause on withdrawal of directors' interests, stating that directors may state their opinions and answer inquiries on proposals that have an interest in themselves or their legal representatives and are harmful to the interests of the company, provided that they are not allowed to join and shall withdraw from discussions and voting, and shall not exercise their voting rights on behalf of other directors.
(III) The Consolidated Company has "Internal Material Information Processing Procedures", which stipulates that directors, supervisors, managers and employees shall not disclose the internal material information they know to others, shall not inquire or collect the Company's undisclosed internal material information unrelated to their personal positions from people who know the Company's internal material information, and shall not disclose the company's undisclosed internal material information to others if they do not know the company's undisclosed internal material information due to their business operations.
(IV) The Consolidated Company has a "Code of Corporate Ethics Management" which stipulates that directors, managers, employees, appointees or persons with substantial control shall not directly or indirectly offer, promise, demand or accept any illegal benefits or do other dishonest acts such as breach of good faith, illegality or breach of fiduciary duty in the course of engaging in business related to the company in order to obtain or maintain benefits.</td></tr>
</table>

(VII) Whether the company has formulated a corporate governance code and relevant regulations:

The Consolidated Company has formulated a "Code of Best Practice for Corporate Governance" and has disclosed it to the public information observatory and the investor and stakeholder section of the company's website for shareholders to inquire about.

(VIII) Other important information sufficient to enhance understanding of corporate governance operations: None.

(IX) Implementation of the internal control system:

1. Statement of internal control:

Kindom Development Co., Ltd.
Statement on the internal control system

Date: March 14, 2023

According to the self-evaluation results of internal control system by the Company in 2022, we hereby states as follows:

I. The Company fully understands that the establishment, implementation, and maintenance of Internal Control System (ICS) are the responsibilities of the Company's Board of Directors and managerial officers, and have established the said system accordingly The internal control system is designed to provide reasonable assurance for the effectiveness and efficiency of the operations (including profitability, performance and protection of assets), reliability, timeliness, and transparency of reporting, and compliance with applicable laws and regulations.

II. All ICSs are bound by natural limitations and regardless of the robustness of designs, effective ICS can only provide reasonable assurance for the three objectives listed above. Efficacy of the ICSs will also change with the changing environment or context. However, the internal control system of the Company has self-monitoring mechanisms in place, and the Company will take corrective action against any defects identified.

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

IV. The Company has used the above internal control system to judge the items and evaluate the effectiveness of the design and implementation of the internal control system.

V. The evaluation results indicated that the Company's internal control system (including supervision and management of subsidiaries) dated December 31, 2022 has effectively assured that the following objectives have been reasonably achieved during the assessing period: (a) The effectiveness and efficiency of business operation; (b) The reliability of the financial and related reports; (c) The compliance with relevant laws/regulations and company policies.

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

VII. The Company hereby declares that this statement had been approved by the Board of Directors on March 14, 2023. Among the 9 attending Directors, no one raised any objection and all consented to the content expressed in this statement.

Kindom Development Co., Ltd.

Chairman: Mike Ma Signature

General Manager: Chang-Jung Hsieh Signature

Sheng-An Chang Signature

2. Appointed dedicated CPAs to audit the internal control system: None.

(X) Any legal penalty levied on the Company and its personnel, or any penalty, major defects, and state of improvements enacted by the Company on its personnel for violating the rules of the ICS during the most recent year up to the publication date of this report: None.

(XI) Major Decisions of Shareholders' Meeting and Board Meetings in the most recent year as of the publication date of the Annual Report:

1. Important Resolutions at the Annual Meeting of Shareholders in 2022:

Date of meeting	Material matters to be resolved	Implementation
022.06.29	1. Adoption of the Company's 2021 Business Reports and Financial Statements.	The resolution has been followed.
	2. Adoption of the Company's Distribution Plan for Retained Earnings of 2021.	Distribution was to be made on August 26, 2022 at NT$2.5 cash dividends per share.
	3. Adoption of the amendment to the Company's "Articles of Incorporation".	The resolution has been followed.
	4. Adoption of the amendment to the Company's "Procedures for acquisition or disposal of assets".	The resolution has been followed.
	5. Adoption of the election of the 13th directors (including independent directors) of the Company.	The resolution has been followed.
	6. Adoption of the proposal to release the Company's new directors (including independent directors) from the restrictions on non-competition.	The resolution has been followed.

2. Important resolutions at board meetings:

Date of meeting	Meeting No.	Material matters to be resolved
2022.03.25	The 21st meeting of the 12th Board	1. The Remuneration Committee has adopted the proposal of organizational adjustment of the Company. 2. The Remuneration Committee has adopted the proposal of a promotion and salary adjustment for managers in the Company for 2022. 3. The Remuneration Committee adopted the Company's plan of 2021 to fund and distribute compensation to employees and directors. 4. The Remuneration Committee has adopted the Company's "Land Development Project Performance Bonus Method" and "Business Sales Performance Bonus Method". 5. The Audit Committee adopted the proposal to appoint Kedge Construction Co., Ltd. to construct "The Residential Building at Songchang Section in Taichung's Beitun District Project", a new project of the Company. 6. The Audit Committee adopted the proposal to appoint Kedge Construction Co., Ltd. to construct "Taichung Sihwei Elementary School Station MRT Coconstruction Office Building Project", a new project of the Company. 7. The Audit Committee adopted the proposal to draft the Company's "Statement on the Internal Control System" of 2021. 8. The Audit Committee adopted the proposal to prepare the Company's operation report and financial statements of 2021. 9. The Audit Committee adopted the proposal to develop the Company's "Earnings Distribution Plan" of 2021. 10. The Audit Committee adopted the proposal to amend some articles of the Company's "Procedures for acquisition or disposal of assets" and "Code of Best Practice for Corporate Social Responsibility". 11. The Audit Committee adopted the proposal to amend some articles of the Company's Articles of Incorporation. 12. The Audit Committee adopted the proposal to amend some articles of the Company's "Code of Corporate Governance Practices" and "Standard Operating Procedures for Handling Directors' Requests". 13. In accordance with the internal rotation of KPMG Taiwan, since the first

Date of meeting	Meeting No.	Material matters to be resolved
		quarter of 2022, the Audit Committee approved the proposal to engage I-Lien, Han and Kuo-Yang, Tseng as contracted CPAs for financial statements of the Company. 14. The Remuneration Committee adopted the evaluation of the independence and suitability of CPAs appointed by the Company. 15. Elect the 13th directors (including independent directors) of the Company. 16. Drew up the agenda of the Company's 2022 regular shareholders' meeting and other relevant matters. 17. For business purposes, it was proposed that the Company entered into financing contracts with financial institutions.
2022.05.06	The 22nd meeting of the 12th Board	1. The Audit Committee adopted the Company’s consolidated financial statements for the first quarter of 2022. 2. It was proposed to approve the nomination list of candidates for directors (including independent directors). 3. The proposal to release the Company's new directors (including independent directors) from the restrictions on non-competition. 4. It was proposed to add "Other Motions" of the Company's 2022 Annual Shareholders’ Meeting. 5. For business purposes, it was proposed that the Company entered into financing contracts with financial institutions.
2022.06.29	The 1st meeting of the 13th Board	1. Proposal on the election of the Company’s Chairman. 2. Proposal on the engagement of three members of Remuneration Committee.
2022.07.15	The 2nd meeting of the 13th Board	1. The Audit Committee adopted the proposal that the Company, Clevo Co. and Huatai Investment Co., Ltd. constituted a cooperation alliance to jointly bid for "Taipei Station Special Area E1E2 Street Public Urban Regeneration Project” and were selected as the best bidder to enter into the contract. 2. The Audit Committee adopted the proposal that the Company intends to sign a joint venture contract with Clevo Co. and Huatai Investment Co., Ltd. for the "Taipei Station Special Area E1E2 Street Public Urban Regeneration Project" (the "Project"), establish a project company to sign and execute a capital contribution contract with Taipei Housing and Urban Regeneration Center for the Project. 3. The Remuneration Committee adopted the proposal on the remunerations to the members of the 13th Board of Directors, the 2nd Audit Committee and the 5th Remuneration Committee of the Company and the operating expenses. 4. The Remuneration Committee adopted the Company's Sustainable Development Committee Charter. 5. The Remuneration Committee adopted the proposal to appoint Manager Chu-Chun Chang, Legal Supervisor, as the Chief Corporate Governance Officer of Kindom Development Co., Ltd. 6. The Remuneration Committee has ratified and approved the proposal of salary adjustment for managers in the Company for 2022. 7. The Remuneration Committee has ratified and approved the proposal of the appointment of the Company’s managers and the Assistant Manager of Information Technology Department. 8. It is proposed to set the base date of the Company's cash dividend allocation for 2021. 9. For business purposes, it was proposed that the Company entered into financing contracts with financial institutions.
2022.08.05	The 3rd meeting of the 13th Board	1. The Audit Committee adopted the Company’s consolidated financial statements for the second quarter of 2022. 2. The Audit Committee adopted the proposal to increase the construction fee of the "Wanda Line LG08 Project", which was entrusted with Kedge Construction Co., Ltd. by the Company. 3. The Audit Committee adopted the proposal to increase the construction fee of the "Sanchong Dist. Erchong Bu Project", which was entrusted with Kedge

Date of meeting	Meeting No.	Material matters to be resolved
		Construction Co., Ltd. by the Company. 4. The Audit Committee adopted the proposal that the Company signed a joint venture contract with the cooperation alliance members regarding the "Public Invitation of Contributors for Taipei Station Special Area E1E2 Street Public Urban Regeneration Project". 5. The Audit Committee adopted the proposal to amend some articles of the Rules of Procedure for Board of Directors. 6. The Remuneration Committee has adopted the proposal of the adjustment of the Company's range of remuneration. 7. The Remuneration Committee has adopted the proposal of the appointment of the General Manager of the Company. 8. The Remuneration Committee and the Audit Committee adopted the proposal to adjust the Company's internal chief auditor and auditing personnel. 9. The Remuneration Committee has adopted the proposal of organizational adjustment of the Company. 10. The Remuneration Committee has approved the proposal of a promotion and salary adjustment for managers in the Company. 11. The Remuneration Committee and the Audit Committee adopted the proposal to amend some articles of the Company's Regulations Governing the Buyback of Shares and Transfer to Employees. 12. The Audit Committee adopted the proposal to buy back the Company's shares from the centralized trading market for securities and transfer to employees. 13. For business purposes, it was proposed that the Company entered into financing contracts with financial institutions.
2022.11.09	The 4th meeting of the 13th Board	1. The Audit Committee adopted the Company’s consolidated financial statements for the third quarter of 2022. 2. The Audit Committee has ratified and approved the proposal that the Company acquired the rights of land at Huiguo Section, Xitun District, Taichung City (the “Land”) for a total consideration of NT$921,681,458 (including tax) on October 21, 2022. 3. The Audit Committee adopted the proposal to increase the construction fee of the "New Taipei Circular Line Xiulang Bridge Station (Y8) Land Development Project", which was entrusted with Kedge Construction Co., Ltd. by the Company. 4. It was proposed to appoint Kedge Construction Co., Ltd. to construct "Chih-Hsing Section Project in Wanhua District", a new project of the Company. 5. The Audit Committee adopted the amendments to the quality manual and some procedures of the Company's internal control systems. 6. The Audit Committee adopted the development of the Company’s risk management policies and measures 7. The Audit Committee adopted the proposal to amend some articles of the Rules of Procedure for Board of Directors 8. The Remuneration Committee and the Audit Committee adopted the proposal to amend some articles of the Company's Regulations Governing the Buyback of Shares and Transfer to Employees. 9. The Remuneration Committee has adopted the proposal of organizational adjustment of the Company. 10. The Remuneration Committee has ratified and approved the proposal of a promotion and salary adjustment for managers in the Company. 11. The Remuneration Committee has approved amendments to the Company's performance evaluation method for the Board of Directors. 12. The Remuneration Committee has approved amendments to the Company's assessment methods. 13. The Remuneration Committee has approved the amendment to the Company's "Promotion and Salary Increase Management Measures". 14. For business purposes, it was proposed that the Company entered into financing contracts with financial institutions. 15. First Commercial Bank Anhe Branch granted the Company a medium-term

Date of meeting	Meeting No.	Material matters to be resolved
		loan facility of NT$1,495 million for the "Chih-Hsing Section Project in Wanhua District" and a medium-term loan facility of NT$827 million for the "Zhonghe LG08 Joint Development Project", and intended to issue a "letter of undertaking" in accordance with the Bank's regulations on "Land Purchase Loan and Housing Construction Loan".
2022.12.14	The 5th meeting of the 13th Board	1. The Company intends to enter into a contract with the National Housing and Urban Regeneration Center for financing and assisting in the implementation of urban regeneration projects for "public urban regeneration projects in 46 parcels of land in Chenggong Section (including Lot 3, Subsection 3) and 43 parcels of land in Linyi Section (including Lot 487-2, Section 1), Zhongzheng District, Taipei City".
2022.12.23	The 6th meeting of the 13th Board	1. It was proposed to draft the Company's 2023 Annual Operational Plan. 2. It was proposed to draft the Company's 2023 Annual Audit Plan. 3. Evaluated the independence and suitability of CPAs appointed by the Company. 4. It was proposed to develop the general principles of the Company's pre-approval for non-confirmatory service policy. 5. It was proposed to amend some articles of the Company's "Internal Material Information Processing Procedures". 6. Discussed the appointment of double general managers in order to implement the double general manager system in the Company. 7. It was proposed to develop the Company's human right policies. 8. It was proposed to develop the Company's Regulations Governing Performance Evaluation and Remuneration of Directors and Managers. 9. It was proposed to develop the Company's "Management and Operation Regulations of the General Management Office". 10. It was proposed to amend the Company's "Regulations on Payment of Sales Performance Bonus". 11. It was proposed to amend the Company's "Regulations on Payment of Sales Performance Bonus for Kindom Xinyi Projects". 12. The Company proposed to donate NT$ (same below) 8 million to Kindom Yu San Education Foundation (the Foundation) in 2023. 13. For business purposes, it was proposed that the Company entered into financing contracts with financial institutions.
2023.02.16	The 7th meeting of the 13th Board	1. The Company and Chung-Lu Development Co., Ltd. ("Chung-Lu Development") constituted a cooperation alliance to jointly bid for the "Land Development Project of the City Hall Station (G9-1) Wuri-Wenxin-Beitun Line of the Taichung Mass Rapid Transit" and were selected as the best bidder to enter into the contract. 2. The proposal to release the Company's managers from the restrictions on non-competition.
2023.03.14	The 8th meeting of the 13th Board	1. It was proposed to amend some articles of the Company's "Code of Sustainable Development Practices". 2. It was proposed to draft the Company's "Statement on the Internal Control System" of 2022. 3. It was proposed to prepare the Company's operation report and financial statements of 2022. 4. It was proposed to develop the Company's Earnings Distribution Plan of 2022. 5. It was proposed to amend some articles of the Company's the Rules of Procedure for Shareholders Meetings. 6. It was proposed to amend some articles of the Company's "Code of Corporate Governance Practices". 7. It was proposed to dispose of land located at Lots 68~75 (west of Erchong Floodway), Wuguwang Section, Sanchong District, New Taipei City. 8. It was proposed to amend the Company's Regulations Governing the Buyback of Shares and Transfer to Employees. 9. It was proposed to develop the Company's "Employee Stock Warrants and Special Incentive Plan".

Date of meeting	Meeting No.	Material matters to be resolved
		10. Proposal of 2022 to fund and distribute compensation to employees and directors. 11. Drew up the agenda of the Company's 2023 regular shareholders' meeting and other relevant matters. 12. For business purposes, it was proposed that the Company entered into financing contracts with financial institutions.
2023.04.19	The 9th meeting of the 13th Board	1. The Company proposed to terminate the Co-construction Contract of "Land Development Projects of 25 Parcels Located at No.125, Jiankang Rd., Zhonghe Dist., New Taipei City]" 2. It was proposed to amend some articles of the Company's Articles of Incorporation. 3. It was proposed to add motions of the Company's 2023 Annual Shareholders' Meeting.

(XII) In the most recent year as of the date of this Annual Report, directors or supervisors showed different opinions on important resolutions adopted by the Board of Directors with records or written statements: None.

(XIII) Summary of resignations and dismissals of persons related to financial reports (including the Chairman, General Manager, Accounting Supervisor and chief internal auditor, etc.) during the most recent fiscal year or during the current fiscal year up to the date of publication of the annual report:

Title	Name	Date of assuming office:	Date of leaving office:	Reason for resignation or dismissal
Chief internal auditor	Jung-Chun Hou	2016.11.09	2022.08.05	ADJUSTMENT OF POSISTION
General manager	Ching-Chin Hung	2019.12.30	2022.12.31	RESIGNATION

V. CPAs Professional Fees:

(I) CPAs Professional Fees:

Amount Unit: NT$ 1,000

Accounting firm	Audit period	Name of cpas	Audit fee	Non-audit fee	Total	Remarks
Kpmg taiwan	January 1 to December 31, 2022	I-Lien, Han Kuo-Yang Tseng	2,510	810	3,320	Non-audit fee: 1. Tax certification of nt$ 690 thousand 2. Review of "full-time salary information checklist for non-supervisory employees" of nt$ 30 thousand 3. Reasonable opinion on the buyback price of treasury stock of nt$50 thousand 4. Review of "declaration for correction of undistributed earnings" of nt$30 thousand 5. Sealing and printing fees of cpas of nt$10 thousand

(II) Non-audit fees paid to the CPAs, accounting firm of the CPAs and its affiliated companies in an amount more than one quarter of the audit fees: The non-audit fee of NT$ 690 thousand for tax certification is more than one quarter of the audit fee.

(III) Replacement of CPA firm and the annual audit expenses are less than that of the year prior to the change: None.

(IV) Audit expenses have decreased by 10% or more from the previous year: None.

VI. Replacement of CPAs:

(I) About the former CPAs:

<table>
<tr><td>Date of replacement:</td><td colspan="4">Approved by a resolution of the board meeting on march 25, 2022</td></tr>
<tr><td>Reason for replacement and description</td><td colspan="4">In accordance with the internal duty rotation of the accounting firm, since the first quarter of 2022, the former cpas i-lien, han and ti-nuan, chien were replaced with i-lien, han and kuo-yang tseng.</td></tr>
<tr><td rowspan="3">State whether such replacement is due to the termination or non-acceptance of the appointment by the client or the cpa</td><td colspan="2">Parties
Circumstance</td><td>Cpa</td><td>Client</td></tr>
<tr><td colspan="2">Active termination of appointment</td><td>Not applicable</td><td>Not applicable</td></tr>
<tr><td colspan="2">Non-acceptance (discontinuance) of the appointment</td><td>Not applicable</td><td>Not applicable</td></tr>
<tr><td>Opinions in audit report other than unqualified opinions issued within the last two years and the reasons therefor</td><td colspan="4">None</td></tr>
<tr><td rowspan="6">Dissenting opinion with the issuer</td><td rowspan="4">Yes</td><td></td><td colspan="2">Accounting principles and practices</td></tr>
<tr><td></td><td colspan="2">Disclosure of financial statements</td></tr>
<tr><td></td><td colspan="2">Audit scope or procedures</td></tr>
<tr><td></td><td colspan="2">Others</td></tr>
<tr><td>None</td><td colspan="3">✓</td></tr>
<tr><td colspan="4">Description: none.</td></tr>
<tr><td>Other disclosures</td><td colspan="4">None</td></tr>
</table>

(II) About the succession CPAs:

Name of accounting firm	Kpmg taiwan
Name of cpas	Cpas i-lien han and kuo-yang tseng
Date of appointment	Approved by a resolution of the board meeting on march 25, 2022
Matters and results of consultation on the accounting treatment methods or accounting principles for specific transactions and on the possible issuance of opinions on financial statements before the appointment	None
Written opinion of the successor accountant on matters on which the former cpa has different opinions	None

VII. Has any of the Company’s Chairman, General Manager, or managers responsible for finance or accounting duties served in the Company’s CPA firm or its affiliated Company within the most recent year: None.

VIII. Share equity transfer and changes in equity pledge among the Chairman, Board supervisors, managers, and shareholders who hold more than 10% of shares, from the past year up to the date printed on the Annual Report:

(I) Changes in equity of directors, supervisors, managers and substantial shareholders in the most recent year and as of the date of this Annual Report:

(Unit: shares)

Title (Note 1)	Name	2022		Current Fiscal Year (2023) up to April 21, 2023	
		Net Change in Shareholding	Net Change in Shares Pledged	Net Change in Shareholding	Net Change in Shares Pledged
Chairman	Yu-De Investment Co. Representative: Mike Ma	909,090	-	-	-
Director	Yu-De Investment Co. Representative: Mei-Chu Liu	(909,090)	-	-	-
Director	Yu-De Investment Co. Representative: Chang-Jung Hsieh	-	-	-	-
Director	Yu-De Investment Co. Representative: Sheng-An Chang	-	-	-	-
Director	Yu-De Investment Co. Representative: Chen-Tan Ho	-	-	-	-
Director	Yu-De Investment Co. Representative: Sui-Chang Liang	-	-	-	-
Independent Director	Hung-Chin Huang	-	-	-	-
Independent Director	Shen-Yu Kung	-	-	-	-
Independent Director	Kuo-Feng Lin	-	-	-	-
General Manager	Ching-Chin Hung (Note 2)	-	-	-	-
General Manager	Sheng-An Chang (Note 3)	-	-	-	-
General Manager	Chang-Jung Hsieh (Note 3)	-	-	-	-
General Manager of Project	Ching-Yuan Lin (Note 4)	4,000			
Vice General Manager	Si-Han Chen	-	-	-	-
Acting Vice General Manager	Peng-Lung Hua	-	-	-	-
Senior Assistant Manager	Shu-Yuan Lin	-	-	-	-
Senior Assistant Manager	Shu-Lian, Chang	-	-	-	-
Senior Assistant Manager	Qian-Fang Hwang	-	-	-	-
Senior Assistant Manager	Da-Gung Chou (Note 5)	-	-	-	-
Senior Assistant Manager	Hsiu-Hsia Chu (Note 6)	-	-	-	-
Senior Assistant Manager	Li-Jen Chou (Note 7)	-	-	-	-
Assistant Manager	Hsiao-Chiang Yuan (Note 8)	4,000	-	(4,000)	-
Assistant Manager	Chuan-Hung Wu	-	-	-	-
Assistant Manager	Ta-Hsin Chou	-	-	-	-
Acting Assistant Manager	Heng-Chia Chang	-			
Acting Assistant Manager	Chia-Ming Yang (Note 9)	-	-	-	-
Acting Assistant Manager	Wan-Ching Chen (Note 10)	-	-	-	-

Title (Note 1)	Name	2022		Current Fiscal Year (2023) up to April 21, 2023	
		Net Change in Shareholding	Net Change in Shares Pledged	Net Change in Shareholding	Net Change in Shares Pledged
Assistant Manager of Project	En-Hui Yao		-	-	-
Chief Corporate Governance Officer	Chu-Chun Chang (Note 11)	-	-	-	-
Chief Auditor	Po-Chen Chiang Fan (Note 12)	-	-	-	-
Substantial shareholder	Yu-De Investment Co., Ltd.	-	-	-	-
Substantial shareholder	Mei-Chu Liu	(909,090)	-	-	-

Note 1: Shareholders holding more than 10% of the Company's total shares shall be designated as substantial shareholders and listed separately.
Note 2: Resigned on December 31, 2022.
Note 3: Promoted on January 1, 2023.
Note 4: Promoted on August 5, 2022.
Note 5: Resigned on October 31, 2022.
Note 6: Promoted on April 1, 2022.
Note 7: On leave without pay from January 1 to June 30, 2023.
Note 8: Newly elected on June 6, 2022.
Note 9: Promoted on September 15, 2022.
Note 10: Promoted on October 27, 2022.
Note 11: Newly elected on July 15, 2022.
Note 12: Newly elected on August 5, 2022.

(II) Transfer in equity of directors, supervisors, managers and substantial shareholders in the most recent year and as of the date of this Annual Report:

Name	Reason for equity transfer	Date of transaction	Counterparty	Relationship between the counterparty and the Company's directors, supervisors, managers and shareholders holding more than 10 percent of the shares	Number of shares	Transaction Price
Mei-Chu Liu	Bestowal	2022.12.28	Mike Ma	Relative within first-degree kinship	909,090	27.50

(III) Information on equity pledge: None.

IX. Information of the top ten shareholders who are of related parties, spouse, relative within second-degree kinship to each other:

April 21, 2023 (Unit: shares)

Name (Note 1)	Shares held by themselves		Spouse & minor shareholding		Total Shareholding by nominee arrangement		Names and the relationship among the top ten shareholders in the relationship of related parties within the meaning of “Statements of Financial Accounting Standards (SFAS) No.6”or spouses, blood relatives within the second degree of kinship (Note 3)		Remarks
	Number of shares	Shareholding ratio (Note 2)	Number of shares	Shareholding ratio (Note 2)	Number of shares	Shareholding ratio (Note 2)	Name	Relationship	
Representative of Yu-De Investment Co., Ltd.: Mei-Chu Liu	105,935,137	19.12%	-	-	-	-	Mei-Chu Liu	The Company's chairman	
							Mike Ma	Relative within first-degree kinship of the Company's chairman	
							Billions Finance Co., Ltd.	The Company's chairman as a relative within first-degree kinship to the chairman of Billions Finance Co., Ltd.	
							Shau-Ling Ma	Relative within first-degree kinship of the Company's chairman	
Mei-Chu Liu	66,306,202	11.96%	-	-	-	-	Yu-De Investment Co.	The Company's chairman	
							Mike Ma	Relative within first-degree kinship	
							Billions Finance Co., Ltd.	A relative within first-degree kinship is the Chairman of Billions Finance Co., Ltd.	
							Shau-Ling Ma	Relative within first-degree kinship	
Representative of Guanyi Investment Co., Ltd.: Kun-Chih, Li	18,303,658	3.30%	-	-	-	-	-	-	
Mike Ma	10,809,090	1.95%	-	-	-	-	Yu-De Investment Co.	The chairman of Yu-De Investment Co.as a relative within first-degree kinship	
							Mei-Chu Liu	Relative within first-degree kinship	
							Billions Finance Co., Ltd.	The Company's chairman	
							Shau-Ling Ma	Second degree of kinship	
Representative of Jiequn Investment Co., Ltd.: Shu-Yuan Lin	9,373,084	1.69%	-	-	-	-	-	-	
Representative of Billions Finance Co., Ltd.: Mike Ma	6,040,599	1.09%	-	-	-	-	Yu-De Investment Co.	The Company's chairman as a relative within second-degree kinship to the chairman of Yu-De Investment Co.	
							Mei-Chu Liu	Relative within first-degree kinship of the Company's chairman	
							Mike Ma	The Company's chairman	
							Shau-Ling Ma	Relative within second-degree kinship of the Company's chairman	
Lu-Min Chen	5,803,237	1.05%	-	-	-	-	-	-	
Shau-Ling Ma	5,617,558	1.01%	-	-	-	-	Yu-De Investment Co.	The chairman of Yu-De Investment Co.as a	

Name (Note 1)	Shares held by themselves		Spouse & minor shareholding		Total Shareholding by nominee arrangement		Names and the relationship among the top ten shareholders in the relationship of related parties within the meaning of "Statements of Financial Accounting Standards (SFAS) No.6"or spouses, blood relatives within the second degree of kinship (Note 3)		Remarks
	Number of shares	Shareholding ratio (Note 2)	Number of shares	Shareholding ratio (Note 2)	Number of shares	Shareholding ratio (Note 2)	Name	Relationship	
								relative within first-degree kinship	
							Mei-Chu Liu	Relative within first-degree kinship	
							Mike Ma	Second degree of kinship	
							Billions Finance Co., Ltd.	A relative within second-degree kinship is the Chairman of Billions Finance Co., Ltd.	
I-Mou Chen	5,345,000	0.96%	-	-	-	-	-	-	
Van Gard Emerging Markets Equity Index Fund Investment Account of the Managers of Van Gard Group custodied by JPMorgan Chase Bank, Taipei Branch	4,771,600	0.86%	-	-	-	-	-	-	

Note 1: All top ten shareholders should be enumerated in full. In case of juristic (corporate) person shareholders, the names of all such juristic (corporate) person shareholders and their representatives should be enumerated respectively.

Note 2: Shareholding percentage is calculated separately based on the percentage of shares held in the name of the person, his/her spouse, minor children, or others.

Note 3: Relationships between the aforementioned shareholders, including juristic person shareholders and natural person shareholders shall be disclosed based on the financial reporting standards used by the issuer.

X. Number of shares held and percentage of stake of investment in other companies by the company, the company's director, supervisor, managerial officer, or an entity directly or indirectly controlled by the company, and calculations for the consolidated shareholding percentage of the above categories.

April 21, 2023 (Unit: Shares; %)

Reinvestment in business (Note)	Investment by the Company		Directors, supervisors, managers, and entities either directly or indirectly controlled by the Company		Comprehensive investment	
	Number of shares	Shareholding ratio	Number of shares	Shareholding ratio	Number of shares	Shareholding ratio
Kedge Construction Co., Ltd.	39,872,544	34.18	14,851,124	12.73	54,723,668	46.91
Global Mall Co., Ltd.	320,104,900	84.02	-	-	320,104,900	84.02
Ta Cheng Co., Ltd.	102,000,000	51.00	-	-	102,000,000	51.00

Note：It is an invested company by the Company using the equity method.

Chapter 4　Funding Status

I. Capital and Shares:

(I) Sources of capital:

Unit: share; NT$

Year/Month	Issue price	Authorized capital		Paid-in capital		Remarks		
		Number of shares	Amount	Number of shares	Amount	Capital source	Capital increase by assets other than cash	Others
1979.11	10	100,000	1,000,000	100,000	1,000,000	Incorporation	None	
1982	10	3,000,000	30,000,000	3,000,000	30,000,000	Cash capital increase of NT$29,000,000	None	
1984.03	10	5,000,000	50,000,000	5,000,000	50,000,000	Cash capital increase of NT$20,000,000	None	
1989.06	10	17,000,000	170,000,000	17,000,000	170,000,000	Cash capital increase of NT$120,000,000	None	
1990.12	10	39,000,000	390,000,000	39,000,000	390,000,000	Cash capital increase of NT$200,000,000 Capitalization of retained earnings in an amount of NT$20,000,000	None	
1991.10	10	42,000,000	420,000,000	42,000,000	420,000,000	Capitalization of retained earnings in an amount of NT$30,000,000	None	
1992.07	10	52,500,000	525,000,000	52,500,000	525,000,000	Capitalization of retained earnings in an amount of NT$105,000,000	None	
1993.07	10	100,000,000	1,000,000,000	65,625,000	656,250,000	Capitalization of retained earnings in an amount of NT$131,250,000	None	
1994.04	10	100,000,000	1,000,000,000	100,000,000	1,000,000,000	Cash capital increase of NT$343,750,000	None	
1994.07	10	200,000,000	2,000,000,000	125,000,000	1,250,000,000	Capitalization of retained earnings in an amount of NT$250,000,000	None	
1995.07	10	200,000,000	2,000,000,000	156,250,000	1,562,500,000	Capitalization of retained earnings in an amount of NT$125,000,000 Capitalization of capital reserves in the amount of NT$187,500,000	None	
1996.08	10	200,000,000	2,000,000,000	195,312,500	1,953,125,000	Capitalization of retained earnings in an amount of NT$156,250,000 Capitalization of capital reserves in an amount of NT$234,375,000	None	
1997.08	10	370,000,000	3,700,000,000	244,140,625	2,441,406,250	Capitalization of retained earnings in an amount of NT$273,437,500 Capitalization of capital reserves in the amount of NT$214,843,750	None	
1997.10	10	370,000,000	3,700,000,000	274,140,625	2,741,406,250	Cash capital increase of NT$300,000,000	None	
1998.07	10	370,000,000	3,700,000,000	342,675,781	3,426,757,810	Capitalization of retained earnings in an amount of NT$356,382,810 Capitalization of capital reserves in the amount of NT$328,968,750	None	
1999.06	10	650,000,000	6,500,000,000	428,344,726	4,283,447,260	Capitalization of retained earnings in an amount of NT$411,210,937 Capitalization of capital	None	

Year/Month	Issue price	Authorized capital		Paid-in capital		Remarks		
		Number of shares	Amount	Number of shares	Amount	Capital source	Capital increase by assets other than cash	Others
						reserves in the number of 445,478,513 shares		
2000.06	10	650,000,000	6,500,000,000	514,013,671	5,140,136,710	Capitalization of retained earnings in an amount of NT$428,344,724 Capitalization of capital reserves in the amount of NT$428,344,726	None	
2001.04	10	650,000,000	6,500,000,000	504,376,671	5,043,766,710	De-capitalization in the amount of NT$96,370,000	None	
2001.10	10	650,000,000	6,500,000,000	489,403,671	4,894,036,710	De-capitalization in the amount of NT$149,730,000	None	
2011.01	10	650,000,000	6,500,000,000	492,273,604	4,922,736,040	Corporate bond conversion: 28,699,330	None	
2011.04	10	650,000,000	6,500,000,000	492,618,884	4,926,188,840	Corporate bond conversion: 3,452,800	None	
2011.10	10	650,000,000	6,500,000,000	493,345,324	4,933,453,240	Corporate bond conversion: 7,264,400	None	
2012.07	10	650,000,000	6,500,000,000	496,508,113	4,965,081,130	Corporate bond conversion: 31,627,890	None	
2012.10	10	650,000,000	6,500,000,000	498,722,065	4,987,220,650	Corporate bond conversion: 22,139,520	None	
2013.04	10	650,000,000	6,500,000,000	501,510,221	5,015,102,210	Corporate bond conversion: 27,881,560	None	
2013.07	10	650,000,000	6,500,000,000	503,791,000	5,037,910,000	Corporate bond conversion: 22,807,790	None	
2021.09	10	650,000,000	6,500,000,000	554,170,100	5,541,701,000	Capitalization of retained earnings in an amount of NT$503,791,000	None	

April 21, 2023

Share category	Authorized capital			Remarks
	Outstanding shares	Unissued Shares	Total	
Common stocks	554,701,100	95,298,900	650,000,000	Listed stocks

Information About Shelf Registration System

Category of securities	Intended issue amount		Issued amount		The purpose and expected benefits of the issued shares	Scheduled issuing period for the unissued shares	Remarks
	Total number of shares	Approved amount	Number of shares	Price			
None							

(II) Composition of shareholders:

April 21, 2023

Structure	Government agencies	Financial institutions	Other institutional shareholders	Foreign institutions and foreign natural persons	Domestic natural persons	Treasury stock	Total
Number of shareholders	-	4	261	221	48,309	1	48,796
No. of shares held	-	1,827,330	158,212,837	87,969,857	305,160,076	1,000,000	554,170,100
Shareholding ratio (%)	-	0.33%	28.55%	15.87%	55.07%	0.18%	100.00%

Note: An initial TWSE/TPEx-listed company or an emerging stock company shall disclose the shareholding percentage of the company's shares held by companies in Mainland China; companies in Mainland China refers to companies invested by people, juridical persons, organizations, and other institutions in Mainland China or investments made in third regions by Mainlanders as stipulated in Article 3 of The Rules Governing Permits for People from Mainland China Investing in Taiwan.

(III) Equity dispersion

April 21, 2023

Shareholding range	Number of shareholders	No. of shares held	Shareholding ratio %
1-999	25,760	1,124,135	0.20%
1,000-5,000	16,296	34,116,742	6.16%
5,001-10,000	3,214	23,263,365	4.20%
10,001-15,000	1,244	15,030,670	2.71%
15,001-20,000	545	9,743,437	1.76%
20,001-30,000	612	15,155,783	2.73%
30,001-40,000	303	10,721,236	1.93%
40,001-50,000	145	6,662,128	1.20%
50,001-100,000	315	22,258,923	4.02%
100,001-200,000	161	22,671,784	4.09%
200,001-400,000	92	26,723,225	4.82%
400,001-600,000	20	9,763,655	1.76%
600,001-800,000	15	9,936,084	1.79%
800,001-1,000,000	11	9,738,722	1.76%
More than 1,000,001 shares	63	337,260,211	60.87%
Total	48,796	554,170,100	100.00%

Note：The Company does not issue preferred shares.

(IV) List of substantial shareholders： Shareholders with shareholding of 5% or more or top 10 shareholders:

April 21, 2023

Name of substantial shareholders / Shareholding	No. of shares held	Shareholding ratio
Yu-De Investment Co.	105,935,137	19.12%
Mei-Chu Liu	66,306,202	11.96%
Guanyi Investment Co., Ltd	18,303,658	3.30%
Mike Ma	10,809,090	1.95%
Jiequn Investment Co., Ltd.	9,373,084	1.69%
Billions Finance Co., Ltd.	6,040,599	1.09%
Lu-Min Chen	5,803,237	1.05%
Shau-Ling Ma	5,617,558	1.01%
I-Mou Chen	5,345,000	0.96%
Van Gard Emerging Markets Equity Index Fund Investment Account of the Managers of Van Gard Group custodied by JPMorgan Chase Bank, Taipei Branch	4,771,600	0.86%

(V) Market price, net worth, earnings, dividends and other information in the most recent two fiscal years:

Unit: NT$

Item / Year			2021	2022	Current Fiscal Year up to March 31, 2023 (Note 8)
Market value per share (Note 1)	Highest		44.6	39.20	30.65
	Lowest		31.5	23.55	28.05
	Average		38.6	31.40	29.20
Net worth per share (Note 2)	Before distribution		31.69	33.41	34.28
	After distribution		29.19	(Note 9)	-
Earnings per share	Weighted average number of shares		542,479,316	542,097,650	541,479,316
	Earnings per share (Note 3)		6.47	4.31	0.89
Dividend per share	Cash dividends		2.5	1.75 (Note9)	-
	Free allotment	Dividends from retained earnings	-	-	-
		Dividends from capital reserves	-	-	-
	Accumulated unpaid dividend (Note 4)		-	-	-
Return on investment	Price-earnings (P/E) ratio (Note 5)		5.97	7.29	-
	Price-dividend (P/D) ratio (Note 6)		15.44	17.94 (Note 9)	-
	Cash dividend yield (Note 7)		6.48%	5.57% (Note 9)	-

＊ If retained earnings or capital reserves were used for capital increase, market prices and cash dividends that were retroactively adjusted based on the number of shares after distribution should be disclosed.

Note 1: The annual highest and lowest market value of common stock shall be listed. The annual average market value is calculated based on each year's transaction value and quantity.

Note 2: The quantity of shares issued at the end of the year shall be used as the reference and please fill in the table according to the distribution amount as resolved by the shareholders' meeting held in the following year.

Note 3: Where retroactive adjustment is necessary due to issuance of bonus shares, earnings per share before and after the adjustment shall be listed.

Note 4: If the terms of equity securities issuance allow unpaid dividends to be accumulated to the subsequent years in which there is profit, the Company shall disclose the accumulated unpaid dividends respectively up to that year.

Note 5: P/E ratio = Average closing price for each share in the year/Earnings Per Share

Note 6: Price/D ratio = Average closing price per share in the year/cash dividends per share

Note 7: Cash dividend yield = Cash dividends per share/current year average closing price per share.

Note 8: The net worth per share and earnings per share should be filled up to the quarter nearest to the date of the printing of the annual report to be audited (reviewed) by accountant; the remaining column should be filled with the annual data up to the printing date of the annual report.

Note 9: Earnings per share were retroactively adjusted for the no-compensation stock allotment. Earnings per share before adjustment was NT$6.80 and after adjustment was NT$6.18.

Note 10: The Board of Directors decided to distribute cash dividends at NT$1.75 per share for 2022, but this earnings distribution plan has not been approved at the shareholders' meeting.

(VI) The Company's dividend policy and implementation status:

1. Dividend policy stipulated in the Articles of Incorporation:

   As a capital-intensive industry, the Company will develop towards diversified investment, striving for growth and innovation. In order to continuously expand the appropriate amount of capital and take into account the needs of shareholders for cash, the Company's dividend policy stipulated in the Articles of Incorporation is "The future cash dividend ratio shall be at least 20% of the total amount of cash and stock dividends issued in the current year."

2. The proposed dividend distribution at this shareholders' meeting:

   The Board of Directors decided to distribute cash dividends at NT$1.75 per share for 2022, but this earnings distribution plan has not been approved at the shareholders' meeting.

3. Material changes expected in dividend policy: None.

(VII) Effect of any proposed stock dividends distribution on business performance and earnings per share: None.

(VIII) Compensation to employees, Directors and Supervisors:

1. The percentages or ranges with respect to the remuneration of the employee and Directors, as set forth in the Company's Articles of Incorporation:

   In accordance with Article 23 of the Articles of Incorporation of the Company, if the Company makes profits in the year, at least 0.5% thereof shall be distributed as remuneration for employees and at most 2% thereof as remuneration for directors. If, however, the Company has accumulated losses, profit shall first be used to offset accumulated losses.

2. Accounting process adopted where there is a discrepancy between the estimated amount and the estimation base for this quarter's estimated remuneration to employees and directors, shares calculation base for issued stocks and remuneration shares, and actual issued amount:

   In the current period, 1.48% of the annual profit is allocated to pay employees and 1.48% to pay directors. If there is any difference between the actual allotment amount and the estimated amount, it shall be handled in accordance with the changes in accounting estimates and shall be adjusted for accounting based on a resolution of the shareholders' meeting.

3. Information on the proposed allocation of employee remuneration approved by the Board of Directors:

(1) The Company's remuneration proposal for employees and directors in 2022 was approved by the Board of Directors on March 14, 2023. It is planned to allocate NT$41,942,310 to pay employees and NT$41,942,310 to pay directors, all of which will be paid in cash.

(2) The amount of stock bonus to be distributed to employees and its proportion to the total amount of net income after tax and employee bonus in the current period: None.

(3) The calculated earnings per share after considering the proposed allocation of employee remuneration and directors' remuneration is NT$4.31.

4. Actual allocation of employee dividends and directors' and supervisors' remuneration in the previous year:

Unit: NT$

	Approved by a resolution of the board meeting on March 25, 2022	Actual payout
Employee remuneration (paid in cash)	53,929,349	53,929,349
Remuneration to directors and supervisors	53,929,349	53,929,349
Total	107,858,698	107,858,698

(IX) Share Buyback by the Company:

Buyback issue	The 4th issue
Purpose of Buyback	Transfer of shares to employees
Buyback Period	From August 10, 2022 to October 6, 2022
Buyback price range	\$21 ~ \$38 (The Company will continue to buy back shares if the share price is below the lower limit of the price range)
Type and number of shares bought back	1,000,000 common shares
Amount of shares bought back	NT\$27,519,931 / Average buyback cost per share NT\$27.52
Number of shares bought back as a percentage of the number of shares scheduled to be bought back (%)	100%
Number of shares canceled and transferred	-
Cumulative number of the Company's shares held	1,000,000 common shares
Cumulative number of the Company's shares held as a percentage of total number of issued shares (%)	0.18%

II. Handling of corporate bonds, special stocks, overseas depository receipts, employee stock option certificates and the issuance of new shares through M&A or accepting transfer of shares from other companies, and the implementation of capital application plans:

(I) Handling of corporate bonds and the implementation of capital application plans:

1. Issuance of common corporate bonds:

<table>
<tr><th colspan="2">Corporate bond category</th><th>First secured corporate bond of 2018</th><th>First secured corporate bond of 2019</th><th>First secured corporate bond of 2020</th></tr>
<tr><td colspan="2">Issue date</td><td>2018.10.15</td><td>2019.12.12</td><td>2020.10.07</td></tr>
<tr><td colspan="2">Par value</td><td>NT$1 million</td><td>NT$1 million</td><td>NT$1 million</td></tr>
<tr><td colspan="2">Place of issuance and transaction</td><td>Republic of China</td><td>Republic of China</td><td>Republic of China</td></tr>
<tr><td colspan="2">Issue price</td><td>Issued at par value</td><td>Issued at par value</td><td>Issued at par value</td></tr>
<tr><td colspan="2">Total issued</td><td>NT$ 1 billion only</td><td>NT$ 1 billion only</td><td>NT$ 1 billion only</td></tr>
<tr><td colspan="2">Coupon rate</td><td>0.88%</td><td>0.80%</td><td>0.60%</td></tr>
<tr><td colspan="2">Duration</td><td>2018.10.15~2023.10.15</td><td>2019.12.12~2024.12.12</td><td>2020.10.07~2025.10.07</td></tr>
<tr><td colspan="2">Guarantor</td><td>Taiwan Cooperative Bank, Ltd.</td><td>First Commercial Bank</td><td>Chang Hwa Commercial Bank, Ltd.</td></tr>
<tr><td colspan="2">Trustee</td><td>JihSun International Commercial Bank Co., Ltd.</td><td>Land Bank of Taiwan</td><td>JihSun International Commercial Bank Co., Ltd.</td></tr>
<tr><td colspan="2">Underwriter</td><td>Taiwan Cooperative Securities Ltd.</td><td>First Securities Inc.</td><td>Chang Hwa Commercial Bank, Ltd.</td></tr>
<tr><td colspan="2">Certified attorney</td><td>Ya-Wen Chiu, Attorney at law</td><td>Ya-Wen Chiu, Attorney at law</td><td>Ya-Wen Chiu, Attorney at law</td></tr>
<tr><td colspan="2">Independent Auditor</td><td>Di-Nuan Chien, CPA</td><td>Di-Nuan Chien, CPA</td><td>I-Lien Han, CPA</td></tr>
<tr><td colspan="2">Loan principal repayment</td><td>Repayment in lump sum upon maturity</td><td>Repayment in lump sum upon maturity</td><td>Repayment in lump sum upon maturity</td></tr>
<tr><td colspan="2">Terms of Redemption of Early Settlement</td><td>None</td><td>None</td><td>None</td></tr>
<tr><td colspan="2">Restrictions</td><td>None</td><td>None</td><td>None</td></tr>
<tr><td colspan="2">Name of Credit Rating Agency, Rating Date and the results of Corporate Bond Ratings</td><td>Not Applicable</td><td>Not Applicable</td><td>Not Applicable</td></tr>
<tr><td rowspan="2">Other rights</td><td>Amount of ordinary shares converted</td><td>Not Applicable</td><td>Not Applicable</td><td>Not Applicable</td></tr>
<tr><td>Regulations for issuance and conversion</td><td>Not Applicable</td><td>Not Applicable</td><td>Not Applicable</td></tr>
<tr><td colspan="2">Potential Dilution of Equity and Impact on</td><td>Not Applicable</td><td>Not Applicable</td><td>Not Applicable</td></tr>
</table>

Corporate bond category	First secured corporate bond of 2018	First secured corporate bond of 2019	First secured corporate bond of 2020
Shareholders' Equity			
Name of the commissioned custodian of exchangeable underlying	None	None	None

2. Information on issued convertible corporate bonds: None.

(II) Handling of preferred shares: None.

(III) Handling of overseas depository receipts: None.

(IV) Handling of employee stock option certificates: None.

(V) Issuing of new shares by M&A of or accepting transfer of shares from other companies: None.

(VI) The implementation of capital application plans:

1. Plan details:

As of the quarter before the date of this Annual Report, the previous issuance or private placement of securities had not been completed or completed within the last three years and the planned benefits have not yet been shown: None.

2. Implementation:

(1) In order to repay the bank loans and reduce the financial burden, the Company issued the first secured common corporate bonds for 2018 in the amount of NT$ 1 billion on October 15, 2018. The funds raised were fully applied in the fourth quarter of 2018 as planned.

(2) In order to repay the bank loans and reduce the financial burden, the Company issued the first secured common corporate bonds for 2019 in the amount of NT$ 1 billion on December 12, 2019. The funds raised were fully applied in the fourth quarter of 2019 as planned.

(3) In order to repay the bank loans and reduce the financial burden, the Company issued the first secured common corporate bonds for 2020 in the amount of NT$1 billion on October 7, 2020. The funds raised were fully applied in the fourth quarter of 2020 as planned.

(VII) Restrictions on employees' rights to subscribe for new shares: None.

(VIII)The name, acquisition status and subscription of the managers who obtained the employee stock option certificate and the top ten employees who obtained the stock option certificate and could subscribe for shares: None.

(IX) The names and acquisition status of the managers who acquired the new shares restricting the rights of employees and the top 10 employees: None.

Chapter 5 Operational Highlights

I. Businesses:

(I) Scope of business:

In order to achieve sustainable development, Kindom Development continues to expand and integrate its businesses and services, and integrates Kindom Development, Kedge Construction, and Global Mall Co., Ltd. to meet the needs in full life cycle of the building projects from development, planning and design, construction, to operation management.

1. Existing goods (services) items and new goods (services) planned to be developed: Development, construction, leasing, and sale of residential and commercial real estate, ranging from residential and metro joint development projects to complex development projects that are constructed according to the requirements for urban renovation and sustainable urban development. All residential, commercial real estate and parking spaces are sold in domestic market.

The future plan is to actively develop new products and provide services as follows:

Item	Refinement of core products	Refinement of related services	Business diversification
Contents	1. Building premium residential products to meet the needs of various groups 2. Construction of various office, mixed residential and commercial or complex development projects 3. Participate in the MRT joint development, development of public metropolitan and urban complexes	1. Introduce the low-carbon, green, smart and sustainable design planning 2. Build smart building equipment 3. Building community libraries 4. Customized services 5. Permanent after-sales service	1. Invest in construction 2. Invest in IT 3. Invest in commercial real estate 4. Invest in retail department stores

(1) Building operation segment:

The low interest rate has been the greatest catalyst for the booming housing market in the past few years. Although the annual growth rate of the Consumer Price Index has been fluctuating over the past few decades, the government has used interest rate hikes and monetary policies to regulate the market, coupled with abundant capital in the market, slight increase in interest rates has limited impact on the housing purchase trend. However, in 2022, Taiwan's overall economy was affected by the repeated and changing COVID-19 epidemic, the Ukraine-Russia war, and global inflationary pressure, and the monetary policies in various countries became tighter and tighter. Taiwan's annual economic growth rate was 2.45%, a record low since 2017, and private investment saw the first negative growth in past six years, coupled with the influence of policy in Taiwan, the overall performance of the domestic residential market was conservative.

In 2022, 318,101 housing buildings were transferred across Taiwan, a decrease of 8.6% over the 348,194 buildings in 2021, which hit a record low of the past three years. The main reason is in the second half of the year, continuous negative news in the general environment disturbed the housing market confidence, causing investors to continue to withdraw and self-use occupants to extend their assessment time to purchase real estate. Therefore, the housing market is relatively conservative in the next six months. On the other hand, the demand for land and commercial office buildings in industrial areas increased in the past. In the context of global monetary easing policies and ultra-low interest rates, hot money was flooding into the financial market and pushing up the stock market to a record high, while the housing market was active with favorable factors, such as the expectation of low interest rates and inflation, and funds continued to transfer to the housing market. In order to avoid overheating and eliminate speculation in the housing market, the government has announced multiple regulation policies since the second half of 2022, and expects to improve the housing market transaction mechanism, which is conducive to curbing housing price speculation and protect the rights and interests of self-use occupants with rigid demand. However, with the significant increase in construction costs and expected inflation, the housing market will fluctuate in a short term and is expected to show a "decreasing volume and stable price" trend.

(2) Department store segment: Operating shopping center business, self-operated counters and counters sell all goods for domestic sale.

Item	Existing goods (services)	Future plans to actively develop goods (services)
Contents	1. Retail of department store commodities 2. Food and beverage 3. Cinemas 4. Parent-child entertainment, parent-child experience workshop 5. Theme sports experience 6. Parking lot service 7. Rental of shopping malls 8. Global Mall online retail	1. Continuously evaluating the setup of new business sites domestically 2. Continuously building a database for big data analysis 3. Introducing famous brands at home and abroad to set up counters 4. Develop the digital sales model

2. Main businesses and business proportion:

Department	Construction	Building	Department stores
Proportion	35.61%	57.45%	6.94%

(II) Industrial overview:

1. Industry status and development:

(1) Construction:

In 2022, the whole market was fickle due to the COVID-19 epidemic, which has affected the speed of global economic recovery and domestic consumption. However, the market has abundant capital momentum, mortgage interest rates are still low, and the stock market has been robust, resulting in continued growth in housing transactions. Real estate investment has both consumer and investment properties, and the contribution of private fixed investment to domestic capital formation has been growing year by year, indicating that the construction industry has an important position in our economy. In addition, the industrial connection effect derived from the development and use of buildings is quite significant, and real estate is the most important subject of creditor's rights guarantee in the financial market. Therefore, the boom and bust of the construction industry and its sound development are important factors affecting the domestic economy and financial system.

In 2022, 318,101 housing buildings were transferred across Taiwan, a decrease of 8.6% over the 348,194 buildings in 2021, which hit a record low of the past three years. The main reason is in the second half of the year, continuous negative news in the general environment disturbed the housing market confidence, causing investors to continue to withdraw and self-use occupants to extend their assessment time to purchase real estate. Therefore, the housing market is relatively conservative in the next six months.

The demand for land and commercial office buildings in industrial areas has increased. In the context of global monetary easing policies and ultra-low interest rates, hot money is flooding into the financial market and pushing up the stock market to a record high, while the housing market is active with favorable factors, such as the expectation of low interest rates and inflation, and funds continued to transfer to the housing market. In order to avoid overheating and eliminate speculation in the housing market, the government adjusts the policy dynamically and establishes a mechanism to improve the housing market in the medium and long term, which is conducive to curbing housing price speculation and protect the rights and interests of self-use occupants with rigid demand. However, with the significant increase in construction costs and expected inflation, the housing market will continue to show a "stable volume and price" trend.

(2) Building:

The total budget for public construction projects in 2023 is NT$172.5 billion, plus a special budget of NT$83.2 billion for forward-looking infrastructure projects (Phase IV) and operating and non-operating special funds of NT$341.5 billion, for a total of NT$597.2 billion, an increase of NT$145.7 billion, or 32.3%, over the same basis in 2022.

In the overall budget arrangement, the principle of priority allocation will be continued for the current policy priorities, including expanding public construction, enhancing technological development, promoting net zero transformation, improving labor and health insurance finance, implementing countermeasures for sub-replacement fertility, stabilizing power supply, epidemic control, and military preparation. The government will continue to support domestic public construction investments and balance the funds required for regional infrastructure, in order to build up national economic strength, strengthen key infrastructure, build up national economic potential, and enhance Taiwan's international competitiveness.

The project committee has proposed various countermeasures to deal with the rising prices. Ready-mixed concrete is one of the most important materials for various projects. In order to stabilize the price of concrete, we control the source and coordinate with the Water Resources Department of the Ministry of Economic Affairs to actively dredge the rivers to fully supply the required sand and gravel, so as to achieve sufficient quantity and stable price; in addition, the price of cement process has increased due to the increase in the prices of coal and sea transportation, the Executive Yuan has already reduced the cement goods tax by half to help the industry share the operating cost. For steel bars and sections, the project committee also held meetings to coordinate the integration of steel supply, demand and price issues and continued to pay attention to the price of steel bars. In addition, the model project procurement contract of the Committee has adopted a three-tier price adjustment mechanism according to individual items, mid-category items (including materials and labor), and the total index increase or decrease, so as to reduce the risk of price fluctuations to vendors during the contract performance stage, and ensure the smooth progress of various projects.

(3) Department stores:

In 2022, the turnover of department stores and shopping malls in Taiwan was NT$394.6 billion, up 15.18% over NT$342.6 billion in last year, and the restaurant industry grew by 18.9%; internet sales were about NT$310.3 billion, up 8.72% compared to last year, and the growth of internet sales slowed down after double-digit growth for two consecutive years, but its proportion in total retail sales increased by 1%. Due to the proper control of the epidemic in Taiwan, the active domestic consumption has promoted local consumption, which can bring energy to operation recovery. It is expected that the marketing of the department stores will show a moderate growth trend in 2023.

2. The industrial connections between the upper, middle and lower reaches:

(1) Construction:

The construction industry is made up of many related industries with different professional degrees, mainly including construction development, construction finance related industries, real estate brokerage, construction, management consulting, professional sales service and building materials industries, etc. The products and services provided by various industries include buildings and various professional services to support the investment, production and management of buildings. The demand for the former is mainly from the general consumers, while for the latter is from building developers. In addition, the development and operation of buildings is a long-term undertaking. In practice, it must be divided into many relatively short-term supply-demand relationships according to the division of labor between the market intervention stage and the specialty, and combined into a market activity system of the overall construction industry.

If the four levels of investment, production, trading and use are used to distinguish the connection between the upper, middle and lower reaches of the services provided by the construction industry, the investment stage is the most critical part of the construction industry, with the construction investment industry as the core. Related industries provide different professional information of the construction development industry, such as land brokers, financial institutions and consulting industries, from the order of the product life cycle.

Economic activities in the production phase include product positioning, building planning, building financing, construction and engineering management, etc. Among them, product positioning and building design are between investment and production. Generally, architects, consultants and consignment agencies provide relevant professional consulting and services. Other parts include financial institutions, construction management companies, construction factories and other operators to provide relevant services.

Economic activities in the transaction stage are mainly planning, advertising and sales. Traditionally, most of the services are provided by consignment companies or handled by construction developers themselves. As for the economic activities in the use phase, there are mainly two items: product warranty and operation management. The former is mostly borne by the construction developers themselves, while the latter is provided with relevant services by property management companies or related consultants.

(2) Building:

The upper reaches of the construction industry are mainly mechanical and electrical industry, architect industry, engineering consultancy industry, ready-mixed concrete industry, steel industry, cement industry, sandstone industry and other building materials industry, providing professional services and building materials such as engineering construction and technical consultancy management. Construction firms in the middle reaches of the river will contract out to upstream firms after undertaking downstream client projects such as government units, public and private organizations and private construction companies.

(3) Department stores:

The upper reaches of the department store industry are those that provide goods and services or set up counters, the middle reaches are those that provide business premises and manage marketing, and the lower reaches are those that come to purchase goods or services. Site conditions of stores, quality and types of goods or services provided, consumer crowds and purchasing intentions are all related to the success or failure of the department store industry.

3. Development trends and competition status of products

(1) Construction:

Taipei is a national political, cultural, economic and medical center with excellent employment and living environment. Its position is difficult to be replaced. It is the first choice for middle-class and rich people to purchase property. Coupled with the decrease of land supply year by year and the return of a large number of Taiwanese businessmen, the demand for fine houses and luxury houses will still increase. New Taipei City, on the other hand, due to the gradual improvement of transportation construction and the convenience of living functions, has gradually developed its rezoning areas and gradually formed its sub-capital living circle, attracting many residents from other counties and cities to move in and driving the real estate market transaction to heat up.

Real estate market in both cities is relatively hot, which can be roughly divided into luxury residential areas, areas along the MRT line and rezoning areas.

In recent years, small and medium-sized residential buildings have become the most popular products. The rent of residential buildings increases. Some stable property-buying customers have entered the market. Residential buildings along the MRT line and in the rezoning areas are most popular with owner-occupiers and investors. Among them, refined suites developed jointly by the MRT stations are the most popular. The rezoning areas are mainly made up of ordinary residential buildings with two to three rooms and a small flat number. With the trend of Taiwanese businessmen returning to Taiwan, the demand for land and offices in industrial areas is on the rise, and commercial real estate transactions are booming.

(2) Building:

In recent years, as the construction industry continues to move towards large-scale, exquisite design and high-tech standards, large-scale construction plants will be more competitive in bidding qualifications and conditions. The building operation segment of the Consolidated Company is a Class A construction firm with outstanding reputation. It has accumulated various project achievements in the industry, including residential commercial office, civil bridge, public building, medical building and science and technology factory office. It has won the recognition of the owners in controlling the quality and progress. It has a sound financial constitution, and its profitability is better than the average level of its peers. It has great development potential.

(3) Department stores:

As hypermarkets, convenience stores and virtual channels continue to join the competition, the growth space of department store industry is gradually being compressed. As hypermarkets, convenience stores and virtual channels continue to join the competition, the growth space of department store industry is gradually being compressed. In response to changes in consumer channels, the department store segment of the Consolidated Company has actively adopted strategies such as investing in the transportation hub to set up station-type shopping malls, carefully selecting and setting up cabinet businesses, introducing special catering and horizontal alliances, etc. It has also developed its own APP, invested in big data analysis, increased the cooperative marketing strategy of third-party payment tools and international card issuing organizations, and constructed online shopping platforms and intelligent shopping malls, providing fast-pick, delivery and meal reservation services, etc. to fully meet consumer needs, thus reducing the impact of the epidemic on operating performance and profitability.

(III) Technology and R&D Overview:

1. Construction operation segment:

In order to build exquisite houses and create a high-quality corporate image, the segment has been actively involved in research on design and materials in line with the green, low carbon, recycling and regeneration, and commissioned reputable construction plants to undertake the construction, in addition to employing well-known construction-related professional team to carry out planning, design and supervision, and introducing construction methods for earthquake prevention and earthquake resistance of buildings. Customer service is based on the promise of "permanent after-sales service", and we plan multiple community services and provide customers with more real-time and convenient interaction channels through our communication software service platform, and carry out regular tracking management to improve customer satisfaction.

2. Building operation segment:

In line with the needs of rapid business development and changes in market competition, the department is now actively developing its business objectives of improving the construction quality of construction projects, reducing construction costs and improving technical standards. Successful technologies are as follows:

Item No.	2021	2022	Implementation results and description
1	ERP System Innovation Plan-1	ERP System Innovation Plan-1	1.Engineering Management System - Cloud Platform (Cloud ERP). 2.Construction of Engineering Management and Financial Accounting.
2	ERP System Innovation Plan-2	ERP System Innovation Plan-2	1.Team Cloud Collaboration System - Communication Platform (MS TEAMS). 2.Team Cloud Collaboration System - Operation Platform (MS OFFICE 365).
3	Construction Management System App Mobilization	Construction Management System App Mobilization	1.Autonomous Quality Check. 2.Quality Control Checking System. 3.Occupational Safety and Health System.
4	Facial recognition access control system		In 2022, it entered the phase of project application.

Item No.	2021	2022	Implementation results and description
5	AI-assisted Occupational Safety and Health Management System		In 2022, it entered the phase of project application.
6	Research on BIM-assisted project quantity output - tekla software system		In 2022, it entered the phase of project application.
7	Introduction of conversion of UAV aerial images into numerical terrain data into research on BIM mapping data		In 2022, it entered the phase of project application.
8	Import of BIM Collaboration Platform		In 2022, it entered the phase of project application.
9	Research and development on quantity output of BIM-aided engineering - revit software system	Research and development on quantity output of BIM-aided engineering - revit software system	Deepening self-developed BIM structure quantity calculation APP, which can capture the quantity of key engineering project in the model.
10	Graphing output of construction drawings by BIM general modeling software Revit	Graphing output of construction drawings by BIM general modeling software Revit	Ongoing development and promotion of the key feature of paper-based BIM construction drawings - automated tagging.
11	Introduction of CIM (Civil Information Modeling) for Civil Engineering Information System	Introduction of CIM (Civil Information Modeling) for Civil Engineering Information System	Ongoing introduction of multiple applications of CIM.
12	Research and introduction of the BIM maintenance platform	Research and introduction of the BIM maintenance platform	1. Build an interactive data graphical platform architecture. 2. Use the residential project as the implementation of the standard version of the maintenance platform.
13	BIM, Game Engine, MR Glasses	BIM, Game Engine, MR Glasses	Combined with game engine and MR glasses, BIM is now used to develop the application of steel structure lifting process simulation at the project site.
14		Research and development of BIM combined with greenhouse gas inventory	1. Research on BIM model and database linkage technology. 2. Research on BIM model and data visualization interactive interface.
15		Research and implementation of circular economy	1. Start the project with sustainable workshop. 2. Take obtaining BS 8001 certification as the implementation direction.

3. Department store segment:

In cooperation with professional consultant teams at home and abroad, the department not only innovates the business concept of the store, adjusts the business structure of the store, improves the consumption line, actively strengthens the store's operation and management capabilities and strengthens the store's management, but also conducts professional education and training to help employees improve their work capabilities, encourages employees to apply the learning gains in their daily work, and hopes to shape the core values of customers' life through natural interaction with consumers and the business environment, thus creating a high-quality corporate image. We are committed to developing OMO Digital's new retail intelligence service platform, integrating online and offline consumption behaviors, accurately marketing and providing customers' favorite commodities by members, creating an appropriate consumption atmosphere, advancing with new thinking, and gradually implementing the hottest new concept of retail channel into our operations.

(IV) Long-term and short-term business development plans:

1. Construction operation segment:

(1) Short-term plan:

A. To accelerate the sale of existing land assets in stock.

B. To continuously evaluate high-quality lands in prime areas.

C. Take an active part in the competitive bidding of urban complex and public projects.

D. To understand the boom fluctuation, create sales value and company profits.

E. To utilize marketing digital tools to realize diversified communication channels.

F. To improve customer services, shorten case processing time and improve customer satisfaction.

G. To accelerate the removal of surplus housing, recover the accumulated funds and improve the financial structure.

(2) Long-term plan:

A. To strive for complex development projects with urban management as the core concept.

B. To focus on the development of high-quality lands in the prime areas of the six metropolitan areas and appropriately expand the business scale.

C. To invest in sustainable, forward-looking and long-term profitable industries and diversify.

D. Develop customer-oriented and market-oriented sustainable product plans to enhance added value.

E. To enhance the Company's brand value and develop its competitive advantages.

F. To integrate the upstream and downstream relations between production and marketing, create and maintain product quality and after-sales service.

2. Building operation segment:

(1) Short-term plan:

A. Cooperate with domestic excellent construction owners to build high-quality and exquisite houses, establish the corporate image of a good manufacturer.

B. Take an active part in the government's most advantageous bidding and turnkey cases, get rid of the low bid mode and obtain the best profit.

C. Strive for public works and construction projects with indicators to maintain competitive advantages, road and bridge projects to sustain business growth, rail projects to expand career areas, shield and tunnel projects to create new performance.

D. Combine with Japanese construction team to enhance construction strength.

E. Participate in competition for special index projects.

F. Actively strive for urban renovation construction projects.

G. Actively participate in green energy construction projects.

(2) Long-term plan:

A. To integrate relevant industries such as architectural planning and design, mechanical and electrical engineering, material production and supply, and engineering consultants to form a strong bidding team.

B. Technical cooperation with well-known foreign manufacturers to enhance technical capabilities and move towards internationalization.

C. Long-term investment in R&D.

D. Train design talents and provide overall customer service in combination with well-known domestic design teams.

E. Actively strive for large scale most favorable, turnkey projects and other policy plans to improve the overall customer service.

F. Engage in land development and creating company performance growth.

G. Develop into one of the top five construction firms in china.

H. Enter the overseas markets

I. Establish brand image.

3. Department store segment:

(1) Short-term plan:

A. Optimize the business fundamentals of each mall, and continue to introduce new products and brands.

B. Continuously optimize online meal reservation and delivery services.

C. Enhance the competitiveness of existing business locations and strengthen the core value of shopping centers.

D. Optimize mobile APP and continuously introduce more third-party payment tools to improve the convenience of shopping and payment.

E. Combine the use of diversified digital tools to quickly provide consumers with comfortable shopping services.

F. Use big data technology to collect information, accurately communicate with target customers, reduce resource waste, and strengthen core competitiveness.

(2) Long-term plan:

A. Continuously evaluating additional shopping malls at domestic transportation hubs.

B. Provide customers and manufacturers with all-round digital integration platform services.

C. Develop all-round big data, accurately communicate with target customers, and explore potential business opportunities.

D. Continue to introduce high quality, sustainable and innovative brands at home and abroad to create differentiation in the market.

E. Engage domestic and foreign well-known enterprise consultants to carry out organizational changes and business type adjustments.

F. Consolidate the OMO digital new retail intelligent service platform, develop the ecosystem and maintain the loyalty of members.

II. An Overview of the Market, Production and Marketing:

(I) Market analysis:

1. Goods and services are mainly sold and offered to:

(1) Construction operation segment:

This segment mainly builds high-end residential and commercial buildings, office buildings and shopping malls, which are distributed in major metropolitan areas such as Taipei City, Xinbei City, Taoyuan City and Taichung City. For land development, the location with convenient transportation, complete living functions and potential for future development is preferred, and its sales are in good condition.

(2) Building operation segment:

At present, the segment is mainly engaged in residential construction projects, civil and bridge projects and hospital plant projects in Taiwan's island region.

(3) Department store segment:

The department has eight shopping centers, including all-passenger shopping centers "Xinbei Zhonghe" and "Pingdong" and station shopping centers "Nangang Station", "Banqiao Station", "Taoyuan A8", "Linkou A9”, "Xinzuoying Station” and "Taoyuan A19", with a total area of more than 67,000 square meters.

2. Market share:

Department	Construction	Building	Department stores
Market share	0.27%	0.39%	2.52%

Note：

1. The market share of the building operation segment and the construction operation segment is calculated according to the ratio of operating income to the overall turnover of the industry in 2022.
2. The market share of the department store segment is based on the ratio of the invoiced turnover in 2022 to the overall turnover of the industry.

3. Future supply and demand, and growth of the market:

(1) Construction:

A. Supply side:

After the overflow of hot money caused by unlimited QE bailouts by central banks during the COVID-19 epidemic, the country is facing the adverse effects of credit control and phased interest rate increase by central banks, as well as the amendment of the real estate transaction law by the Ministry of Interior of the Executive Yuan from this year. In the international market, the FED is going to carry out reduction and the variables of geopolitical conflicts in Europe and Asia, all of which will sow variables for the future housing market. With the uncertainty of the future and the rising cost of materials, builders will choose to wait and see if there is no capital demand and pressure to launch new projects.

B. Demand side:

(2) The domestic real estate industry is driven by the establishment of TSMC and its supply chain related technology plants, resulting in a booming market in Hsinchu, Taichung and Tainan. However, with the impacts of increasing interest rates and inflationary

pressures, and the rapid changes of industry information, the buyers' wait-and-see atmosphere is thick in short term, the market growth slows down in some regions, but the demand for urban prime location and the rigid demand for self-occupation still exist, and the housing market is expected to become conservative gradually in the short term.

A. Supply side:

According to the Bureau of Construction of the Ministry of the Interior, as of the third quarter of 2022, there are 19,509 construction companies at all levels in the country, including 3,122 Grade A construction companies. According to the statistics, the number of construction companies at all levels in China has increased by 243 compared to 2021, while the number of Grade A integrated manufacturing companies has increased by 71 compared to 2021.

B. Demand side:

According to the government's overall public construction projection of NT$459.6 billion in 2022, the government continues to consolidate the key infrastructure to maintain economic growth and expand domestic demand, and will continue to implement the "Forward- looking Infrastructure Plan" (Phase IV), promote eight forward-looking and strategic infrastructure projects, including railways, water environment, green energy, digital and urban and rural development, accelerate public construction investment and expand infrastructure promotion.

(3) Department stores:

The industry was still affected by COVID-19 epidemic throughout the year, but in the second half of the year, the global epidemic was gradually relieved, Taiwan's livelihood control measures were also adjusted continuously, and consumers' willingness to watch movies, dine out and go shopping gradually increased, resulting in a gradual rebound of the turnover of department stores in the fourth quarter of 2022. However, in the context of the rapid changes in the overall consumer market and the purchasing trend, businesses should continuously strengthen marketing strategies such as “membership operation”, "consumer orientation", "composite diversity", "locational convenience", "digitalization", "precision marketing" and "quick response", establish a unique style through diversified operations, attract the approval of target groups, and enhance consumers' willingness to come to the store.

4. Competitive niche:

(1) Construction operation segment:

Under the epidemic, the government's policy of property speculation and international disputes, there are many changes in the domestic business environment in the short term. Therefore, the financial status, brand reputation, product planning, construction quality and after-sales service of the builders are increasingly valued by home buyers. As the construction operation segment of the Consolidated Company have the above competitive niches, as well as stable and conservative operation and adherence to the construction of high-quality and exquisite residential buildings, the overall corporate image has won wide public recognition and will have more competitive advantages in this future.

(2) Building operation segment:

The segment has an experienced management team, a sound financial structure and a good corporate image. In addition to being qualified as a Class A construction factory and having obtained ISO9001 and ISO45001 certification, it has also won numerous awards from government agencies and the Engineering Society. It is of great help in contracting private enterprises to build residential and factory buildings and other construction projects. It also has a competitive advantage in bidding for public projects.

(3) Department store segment:

The department can still maintain the momentum of operation and growth due to the establishment of shopping malls in excellent areas of transportation hubs, the convenience of providing consumers with ONE-STOP SHOPPING, and the establishment of a full-customer shopping center in the sub-capital to meet customers' all-round needs such as shopping, feasting, entertainment and leisure, as well as various competitive niches such as spacious and elegant shopping environment, convenient parking, commodities meeting local consumption needs and rapid adjustment of the configuration of cabinet-based businesses.

5. Advantages and Disadvantages for Development Vision and Countermeasures;

(1) Construction operation segment:

A. Advantages:

(A) Land transactions are very popular and house prices are highly supportive.

(B) The government actively promotes urban renewal and public construction.

(C) Return of overseas funds and abundant domestic funds.

(D) Mortgage interest rates remain low.

(E) Major construction continues to promote the benefits of the surrounding area, shaping a convenient living area.

(F) The major technology companies entered the six cities (namely Taipei City, New Taipei City, Taoyuan City, Taichung City, Tainan City and Kaohsiung City), driving the purchase willingness of the real estate market with rigid demand in the region.

B. Disadvantages:

(A) The government promotes the equal rights policy, which drives the exit of investors.

(B) The attitude of banks in handling loans will be conservative.

(C) As a result of the government's real estate speculation policy, the buyer's market turns to wait-and-see and tends to be conservative.

(D) Urban land is scarce, land prices continue to rise and the difficulty of acquiring land has increased.

(E) Construction costs have risen significantly.

(F) International political and economic conflicts are increasingly frequent.

C. Countermeasures:

(A) Construction of residential and commercial buildings for sale in the prime areas of the six metropolis areas.

(B) Integration of multiple development modes such as sale or joint construction, urban renewal, rapid transit joint development and urban complex.

(C) Maintain appropriate land inventory.

(D) Regulate the cost of cases and the total number of cases pushed.

(E) Enhance the brand value of the Company.

(F) Plan product design and services to meet consumer needs.

(2) Building operation segment:

A. Advantages:

(A) We have been awarded by the owners of various domestic projects for many years, and have rich engineering experience and good corporate image.

(B) A complete construction supply chain system to keep abreast of construction price trends and create profits.

(C) Excellent professional and technical talents in engineering, finance, legal affairs and management.

(D) We construct the information system network to enhance the work efficiency and promote the e-build of construction, obtained the British Standards Institute (BSI) PAS 1192-2 standard verification and the international standard ISO 19650 Building Information Modeling (BIM) verification, and become the first company in Taiwan to obtain BIM dual verification, enhancing interface integration and reducing management costs.

(E) By introducing the concept of circular economy into the project and changing the traditional linear mindset, we became the first construction company in Taiwan to obtain BS 8001 certification, which is conducive to enhancing the company's competitiveness.

(F) Standardized (ISO) operations and comprehensive e-solutions, institutionalized project management, third-party management, and bulk material procurement have significantly reduced construction labor costs and effectively controlled the impact of price fluctuations, and is the first factory in Taiwan to receive the BIM international standard certification, which is highly beneficial to competitiveness.

(G) Introduced and obtained ISO 45001 Taiwan Occupational Safety and Health Management System Standard Certification to reduce occupational safety management risks and establish a quality health and safety work environment.

(H) Institutionalize construction management (Q.C.D.S.E) and aim at high quality, low cost, fast construction and zero disaster.

(I) To promote total quality management (TQM) activities, with full participation, continuous improvement and innovation breakthroughs.

(J) The government's implementation of the most favorable tenders, turnkey projects and BOT cases has stimulated the recovery of the economy and continued to improve the efficiency of project execution, giving a higher competitive advantage to large construction plants with scale and proven track records.

(K) The government drives the development of innovative industrial models and technologies for green energy and carbon reduction, which helps to promote the implementation and application of public construction projects such as smart green buildings.

B. Disadvantages:

(A) The situation of price cutting bidding still exists.

(B) The prices of steel bars, ready-mixed concrete, sand and gravel, metal building materials and other building materials are easily affected by the international market of raw materials and transportation costs, thus profit is vulnerable to compression.

(C) International construction plants have entered the country, making the construction market more competitive.

(D) The severe weather makes it difficult to control the construction schedule, which increases the difficulty of contract performance and the risk to the life and safety of workers.

(E) The significant lack of human resources due to the aging population poses a cost risk.

(F) The lack of sand and gravel materials brings the risk of unstable concrete supply and uncontrollable cost and schedule, plus the impact of the COVID-19 in China, which makes the shortage of sand and gravel even bigger and the price even harder to control.

(G) The trade war between the U.S. and China and the shifting decisions of U.S. national leaders have caused confusion in market movements, affecting business strategies and increasing uncertainty in bid risk.

C. Countermeasures:

(A) Consolidate long-term cooperative relations with excellent domestic construction companies.

(B) Cultivate talents to enhance the management ability of the most favorable bids and turnkey bids, so as to get rid of the low price bidding mode and obtain the best profit.

(C) Establish a team of excellent collaborative suppliers and strengthen supply chain relationships and management.

(D) Grasp the fluctuation trend of bulk materials and formulate risk control measures.

(E) Learn the advantages of international construction plants, and strengthen the international outlook of the Company.

(F) Introduce foreign workers to major projects to increase labor resources.

(3) Department store segment:

A. Advantages:

(A) The store is located in a densely populated and transportation hub area with stable growth.

(B) The owned commercial real estate is located in the prime area of the city and has potential for asset appreciation.

(C) With an excellent management team.

(D) The management style is steady and conservative.

(E) The domestic economic boom has returned to warm, and private consumption is expected to increase.

(F) The government has introduced several measures to boost consumption and investment.

B. Disadvantages:

(A) OUTLET MALL joined the market and competition became increasingly fierce.

(B) The turnover rate of grass-roots employees is on the high side.

(C) The average national income is still difficult to increase significantly.

(D) Commercial real estate prices and rents remain high, making it difficult to set up new business locations.

(E) Virtual retail channels compete strongly.

(F) Unpredictable changes in the global epidemic.

C. Countermeasures:

(A) Use big data technology, accurately communicate with target customers, and strengthen core competitiveness.

(B) Through the application of digital tools such as APP, provide diversified and rapid shopping services to consumers.

(C) Provide online reservation, meal reservation and delivery services, and construct an e-commerce platform to improve performance.

(D) Introduce OMO Digital's new retail intelligence service platform, consolidate the loyalty of members, increase the member number and develop the life circle.

(E) Strengthen the ability of risk control.

(F) Improve organizational efficiency and implement management and control of marketing expenses.

(G) Duly adjust the structure of the counter-based business structure.

(H) Pay attention to store environment management and after-sales service, and actively build peace-of-mind stores.

(I) Enhance the brand value of the Company.

(II) Major purposes and production processes of key products

1. Construction operation segment:

(1) Major purpose:

A. Residential property: for people to live in.

B. Commercial real estate: used for commercial activities.

(2) Production process:

Acquiring land → appointing an architect to design → applying for building license → appointing a construction firm to build → completing the project → applying for use license → handing over the property.

2. Building operation segment:

(1) Major purpose:

A. Construction engineering:

According to the refinement and traffic convenience of the domestic building development, meeting the needs and designs of owners and design units, integrating various types of professional contractors and technicians, and properly planning and preparing various building materials. Through the construction management methods of time schedule, cost and quality, various types of building structures and decoration works are constructed according to the design and construction for residential and office buildings.

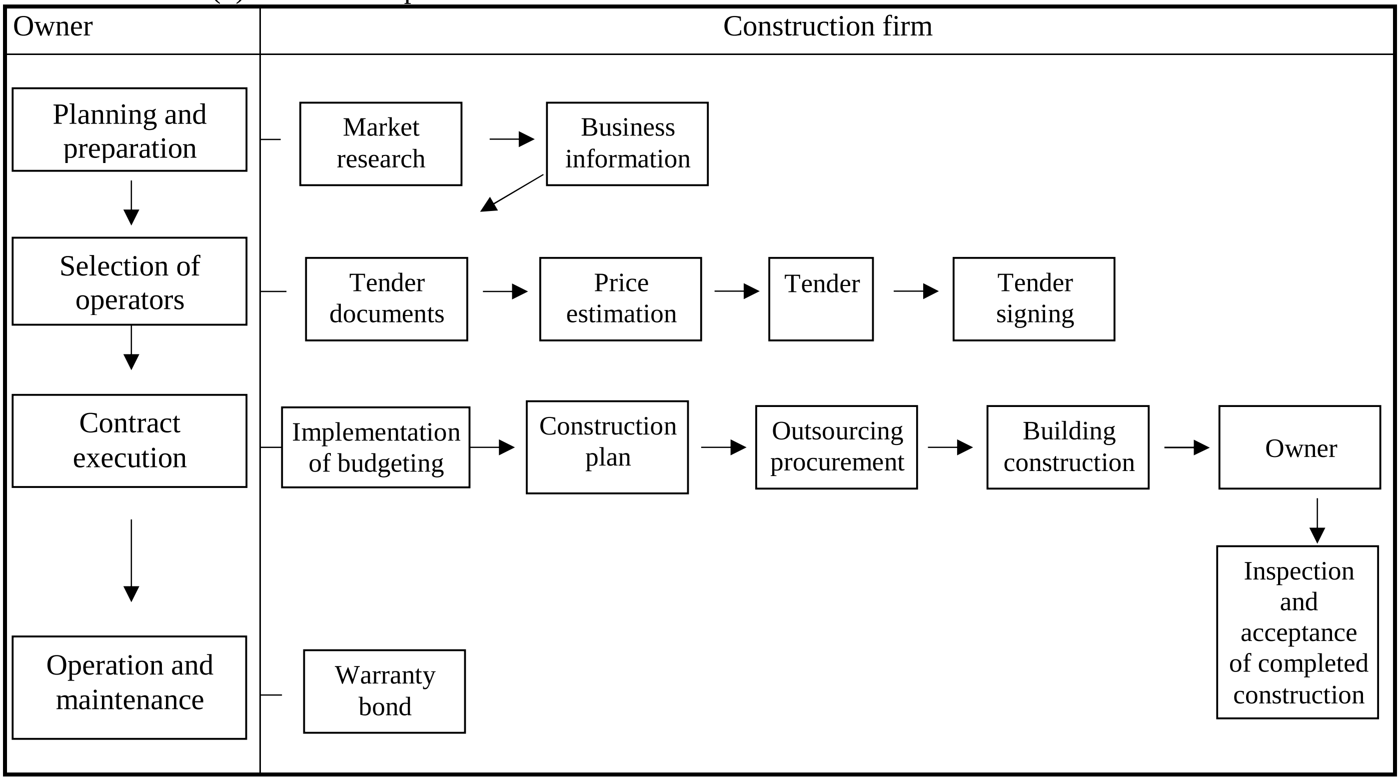
B. Civil engineering:

Cooperate with the government's major construction and private investment development plans, properly plan the implementation of the overall project, give priority to public interests, effectively integrate professional contractors and other technicians through construction management, prepare all kinds of construction materials, and complete all kinds of major public projects with professional technologies.

C. Plant engineering:

In response to the trend of technology development, and in line with the demand for high- tech factory construction in Taiwan such as 5G, IOT, Internet of Things, and cloud demand, and the trend of returning Taiwanese businessmen, we have been able to unite professional construction contractors and material suppliers to build professional factories within the most efficient construction period.

(2) Production process:



3. Department store segment:

The segment mainly sells goods from general department stores, combines bookshops, beauty salons, massage, cooking classrooms, pet grooming and other living facilities, and provides catering, entertainment, sports and supermarket services.

(III) The supply of major raw materials:

1. Construction operation segment:

(1) Land acquisition:

Construction on owned land, joint construction and sub-housing, joint construction and sub-sale, joint development, urban land rezoning, urban renewal and section expropriation.

(2) Location selection:

The locations of projects are concentrated in the metropolitan areas of greater Taipei. We continue to evaluate the land in potential areas based on factors such as transportation, major construction, and urban renewal. We do not stick to the conventional development pattern, but combine the collective effects to develop the land value in an innovative mode, pay attention to the real estate development in central and southern Taiwan, explore development opportunities in low-base areas, reduce land raw material acquisition costs, and expand business opportunities when appropriate.

(3) District choice:

A. Close to the city center.

B. Close to excellent school districts and institutions.

C. Access to parks, squares and greenbelts.

D. Neighboring to markets or supermarkets.

E. Quiet living environment.

F. Convenient location can be connected to the urban mobile axis trunk road.

C. Adjacent to stations and MRT stations.

D. Close to parking facilities, convenient parking.

E. Neighboring to business circles.

F. Excellent landscape and vision.

G. Good living function.

H. No installation causing danger or inconvenience

I. Proximity to libraries or community activity centers.

2. Building operation segment:

3. The main raw materials required are steel, cement, ready-mixed concrete, tiles, aluminum windows, steel structures, etc., except for the contract specifications by the owner to supply, the rest are self-purchased, according to the actual needs of the various construction projects contracted, respectively, before the start of construction and suppliers to sign procurement contracts to clarify project needs and clarify the relevant responsibilities, in order to control the supply of goods. In the procurement of steel bars, steel sheet and other key materials, we first compare with domestic inventory prices to determine the timing of bulk purchases, bulk materials to be combined with the contract (centralized purchase) as one of the raw material fluctuations to ensure excellent quality and reasonable prices of raw materials, the rest of the raw materials are referred to the international economic dynamics and fluctuations, every six months to propose the second half of the bulk materials and labor market forecasts, as a new project bidding and cost control. We carefully select material suppliers and construction subcontractors, pay attention to their engineering experience and professional quality, and establish a good cooperative relationship based on the principle of integrity management. In addition, we regularly evaluate and manage our suppliers in accordance with ISO procedures to establish a complete, high-quality and stable supply chain.

4. Department store segment: Not Applicable.

(IV) The names of customers who accounted for more than 10% of the total amount of goods imported (sold) in any of the last two years, the amount and proportion of goods imported (sold), and the reasons for their increase or decrease:

1. List of major trade creditors:

Unit: NT$ 1,000

Item	2021				2022				Current Fiscal Year (2023) up to March 31, 2023 (Note 1)			
	Name (Note 2)	Amount	Proportion to net purchases of goods for the entire year (%)	Relationship with the issuer	Name (Note 2)	Amount	Proportion to net purchases of goods for the entire year (%)	Relationship with the issuer	Name (Note 2)	Amount	Proportion to net purchases of goods for the entire year (%)	Relationship with the issuer
	Others	11,062,739	100	None	Others	14,630,988	100	None	Others	3,395,034	100	None

Note 1: The financial data as of March 31, 2023 has been reviewed by the CPAs.

Note 2: During this period, there was no single supplier accounting for more than 10% of the total purchase amount.

2. List of major export counterpaties:

Unit: NT$ 1,000

Item	2021				2022				Current Fiscal Year (2023) up to March 31, 2023 (Note 1)			
	Name	Amount	Proportion to net sales of goods for the entire year (%)	Relationship with the issuer	Name	Amount	Proportion to net sales of goods for the entire year (%)	Relationship with the issuer	Name	Amount	Proportion to net sales of goods for the entire year (%)	Relationship with the issuer
1	E.Sun Commercial Bank, Ltd.	6,157,524	24.44	None	Taiwan Semiconductor Manufacturing Co., Ltd.	7,861,189	36.55	None	Taiwan Semiconductor Manufacturing Co., Ltd.	1,433,866	31.92	None
2	Taiwan Semiconductor Manufacturing Co., Ltd.	2,778,721	11.03	None	Others	13,644,913	64.45	None	Railway Reconstruction Bureau, MOTC	540,663	12.03	None
3	Others	16,254,893	64.53	None	-	-	-	-	Others	2,518,136	56.05	None

Note 1: The financial data as of March 31, 2023 has been reviewed by the CPAs.

Note 2: The building operation segment of the Consolidated Company will focus on some customers in a certain period of time due to the large amount of projects involved and the duration of the project is 1-3 years, and the total contract amount of some projects is relatively large. This is due to the nature of the industry. However, the engineering project of the building operation segment of the Consolidated Company are all obtained through competitive bidding or negotiation, and the major customers change with the construction and completion of the construction cases. Therefore, in the medium and long term, the Consolidated Company should have no centralized risk of general manufacturing sales.

(V) Table of production volume and value in the last two years:

Unit: NT$ 1,000

Production volume and value / Year / Category	2021			2022		
	Capacity	Volume	Value	Capacity	Volume	Value
Real estate	-	219	11,536,161	-	184	4,910,864
Project contract	-	-	6,633,011	-	-	10,666,857
Goods, services and others	-	-	4,611	-	-	4,611
Total	-	-	18,173,783	-	-	1,582,332

Note:

1. The real estate production is calculated based on the number of households completed in the current year.
2. The production value is calculated based on the total operating cost for the current year.

(VI) Table of sales volume in recent two years:

Unit: NT$ 1,000

Sales volume and value / Year / Category	2021				2022			
	Domestic Sales		Foreign Sales		Domestic Sales		Foreign Sales	
	Volume	Value	Volume	Value	Volume	Value	Volume	Value
Real estate	298	15,886,329	-	-	219	7,498,364	-	-
Project contract	-	8,123,899	-	-	-	12,493,599	-	-
Goods, services and	-	1,180,910	-	-	-	1,514,139	-	-
Total	-	25,191,138	-	-	-	21,506,102	-	-

Note:

1. The sales volume of real estate is calculated based on the number of households spent in that year.
2. The sales value is calculated according to the operating income for the current year.

III. Information on Employees in the Last Two Years as of the Date of this Annual Report

Year		2021	2022	Current Fiscal Year (2023) up to March 31, 2023
Number of employees	Engineering personnel	410	460	448
	Administrative personnel	509	565	534
	Total	919	1,025	982
Average Age		38.78	39.52	38.71
Average Service Year		4.83	5.5	5.09
Highest education attainment ratio	PhD	0.00%	0.00%	0.00%
	Master's	17.52%	17.96%	18.20%
	Bachelor's	78.78%	74.85%	75.46%
	High school	3.70%	5.19%	5.67%
	Below high school	0.00%	0.00%	0.00%

IV. Information of Environment Protection Expenses:

(I) The losses incurred due to environmental pollution in the most recent year and up to the date of publication of the annual report: None

(II) The estimated amount of losses that may occur at present and in the future and the corresponding measures:

1. Future countermeasures:

Based on the concept of sustainable environmental management, the Consolidated Company has considered pollution prevention and environmental protection as its business responsibility. In the process of construction, the provisions of relevant environmental protection laws and regulations are followed to strictly require contractors to do a good job in environmental protection in order to reduce pollution penalties. To ensure the engineering environmental quality and maintain public health, in addition to adding pollution prevention equipment, the following specific measures are implemented:

(1) Implementation of environmental protection facilities for construction projects, such as site fences, sound-proof canvas, dust-proof nets, canvas, sloping hedges, garbage ducts, dust spill prevention and waste removal by legal environmental protection companies.

(2) Regularly and irregularly maintain the existing drainage system around the construction project and actively consult with environmental protection agencies to maintain the roads around the construction project and maintain them.

(3) Actively select and introduce low-noise and low-pollution machinery and work methods to reduce the impact on the surrounding environment and neighboring houses of the construction. Control the working hours of vehicles and heavy machinery to reduce noise and avoid nuisance to neighboring residents.

(4) Noise, waste and water prevention and control clauses are explicitly required in the contracts for professional manufacturers.

(5) Establish site environmental protection specific practices and assign personnel responsible for environmental protection operations.

(III) Environmental improvement measures, preventive measures and resources input:

(1) In line with the needs of the project organizers/owners, the building planning and construction period can comply with nine major indicators, including greenery, water conservation, water resources, daily energy saving, carbon dioxide reduction, waste reduction, sewage and waste improvement, biodiversity and indoor environment, with the goal of environmental sustainability and construction towards "ecology, energy saving, waste reduction and health".

(2)According to the needs of the project organizers/owners, priority is given to products that have less impact on the environment, so that the materials used in the construction should conform to recyclable, low-pollution, and resource-saving products as much as possible.

(3)In line with the government's new energy policy of "Initiating Energy Transformation and Electricity Reform" to promote energy conservation and improve energy efficiency, we are gradually replacing the old traditional luminaires and fluorescent lamps and procuring more durable and energy-efficient LED lamps and tubes with higher costs, and using area lighting plans in the corridor area and adequate lighting configurations in the office area (desk). According to the area and the actual needs of lighting division, in order to achieve energy- saving purposes.

(IV) ESG goals and plans:

(1) In line with the government's "National Action Plan for Climate Change" to respond to the policy direction of climate change, we intend to include the carbon dioxide emissions generated during the five stages of the construction lifecycle, including the production and transportation of building materials, construction, building use, repair and renewal, and demolition and disposal, into the calculation and evaluation of the carbon footprint of buildings. To achieve the goal of carbon reduction, the company is able to diagnose the hot spots of carbon labeling and carbon emission, and to achieve the goal of "carbon reduction" with the production of new building materials, the development of new methods and the reduction of transportation and consumption.

(2) We will integrate the ESG goals set by various departments, promote paperless and building information modeling to reduce carbon emissions, develop and prioritize the use of supply chain vendors that participate in ESG, incorporate E&M planning and training courses into green energy analysis training or seminars, continue to promote the construction project to build a face recognition access control system to ensure employee eligibility and safety, and actively promote workplace wellness by hiring nursing staff and contracted professional physicians to provide health care for our employees.

2. Possible future expenditures: None.

V. Labor Relations:

(I) The Company's various employee welfare measures, continuing education, training, retirement system and its implementation, as well as the agreements with employees as an employer and various employee rights protection measures:

1. Staff welfare measures:

   The Consolidated Company has a staff welfare committee, which is responsible for the planning and implementation of various staff welfare programs. The main welfare measures and implementation are as follows:

   (1) Gifts for Dragon Boat Festival, Mid-Autumn Festival, birthday, marriage and childbearing.

   (2) Payment of subsidies for bereavement, injury, hospitalization and major disasters, etc.

   (3) Provision of health check-up, group insurance and preferential housing purchase benefits.

   (4) Organizing various activities such as sports games.

   (5) Planning travel subsidy scheme.

   (6) Allocate and distribute remuneration to employees according to the Articles of Incorporation.

   (7) Provide energy refreshments in the pantry, set up electric massage chairs and energy refill bars (vending machines) to revitalize the friendly workplace.

2. Staff further education and training system:

   The Human Resources Department of the Administrative Department of the Consolidated Company formulates an education and training plan every year according to business development and staff career needs. Each employee needs to attend at least 12 hours of training courses each year. The overall training type is divided into internal and external training, and the training scope is summarized as new recruits, general knowledge, management knowledge and ability, professional skills training and further training subsidies, etc. The implementation situation is as follows:

   (1) Internal training: Senior or specially trained staff will serve as lecturers to impart their own experience and professional knowledge.

   (2) External training: Participate in professional courses offered by business management consulting companies, educational training institutions and government agencies, and provide employees with subsidies for external training in accordance with regulations every year.

   (3) Training for new recruits: Introduce the organization and system, work rules and duties, explain the operation rules and procedures, and conduct regular assessment and supervise the new recruits to write a report after the probation period expires.

   (4) General training: Training courses are available to all staff, such as "Writing of Document and Signature", "Talk on 'Three Highs' and Metabolic Syndrome", "Talk on Toxicity in Life and Easy Life without Toxicity" and "Talk on New Trends in Smart Living Space in Post-epidemic World".

(5) Management knowledge and ability training: Professional training courses are offered for middle and high-level employees from time to time.

(6) Professional skill training: In order to enhance the overall strength, employees are encouraged to attend professional skill training courses and obtain professional certificates, and return to training regularly.

(7) Continuing education subsidy: Select and send outstanding employees to study in domestic universities, and the Company will subsidize their tuition and miscellaneous fees according to regulations.

3. Code of Conduct and Ethics for Employees:

All employees of the Consolidated Company shall abide by laws and regulations and the company's internal control system when handling the company's affairs, and adhere to personal integrity and social ethics standards in order to safeguard the company's assets, rights and image. Its scope covers the following items:

(1) Protection of Confidential Information: Each employee of the Consolidated Company is required to sign a "Staff Security Statement" upon arrival, promising not to disclose the company's business secrets in any form during his tenure or after leaving office.

(2) No attempt to gain personal interest: Each employee of the Consolidated Company shall not attempt to gain personal gain through the use of the company's property, information or by taking advantage of his/her position, and shall not run the company's similar businesses for himself/herself or for others.

(3) Not to ask for improper benefits: Each employee of the Consolidated Company is not allowed to ask for gifts, kickbacks, entertainment or other improper benefits from the company's customers, nor is the supervisor allowed to accept any form of gifts from his subordinates.

(4) Fair Trading Standard: Each employee of the Consolidated Company shall treat the company's incoming (outgoing) customers, competitors and employees fairly.

(5) Insider trading is strictly prohibited: Each employee of the Consolidated Company is not allowed to use insider information obtained from the execution of the business to profit others or seek personal gain. The Company's financial and business information shall not be published without permission or disclosure, so as not to affect the rights and interests of other shareholders.

4. Retirement system:

The Consolidated Company has retirement rules for formally employed employees. The retirement conditions, pension payments and calculation methods of employees shall be handled in accordance with the Labor Standards Law, Labor Pension Regulations and relevant laws and regulations.

The new pension system under the "Labor Pension Act" is a defined contribution system. The pension shall be paid by the Consolidated Company at a monthly rate of not less than 6% of the employee's monthly salary and stored in the special personal pension account of the Labor Insurance Bureau.

The old pension system of the "Labor Standards Act" is a defined benefit system. At the time of approval of retirement, two bases will be given for each full year of the employee's working experience, but for more than 15 years of working experience, one base will be given for each full year, with a total of up to 45 bases. The pension payment is calculated by multiplying the above base standard by the average monthly salary for the six months prior to the approved retirement date. At present, the Consolidated Company allocates employee retirement reserve at 2% of the total monthly salary of employees, and supplements the retirement reserve in accordance with Item 2 of Article 56 of the Labor Standard Act. The special account is stored in the Bank of Taiwan.

5. Work environment and personal safety protection measures for employees:

The Consolidated Company is committed to providing employees with a safe, healthy and comfortable working environment. In addition to continuing to handle various safety and health education and training, publicity and drills, the Consolidated Company also provides group insurance, labor insurance, national health insurance and health examination for all employees. Relevant measures are as follows:

(1) Abide by safety and health-related laws and other requirements, regularly carry out office or work environment tests, and participate in relevant activities organized by the North District Labor Inspection Bureau of the Labor Committee.

(2) Set up fire fighting equipment and firefighter organizations that meet the regulations and standards, regularly check the equipment status, and report the annual fire fighting equipment safety inspection report on time.

(3) Carry out labor safety and health education and training, propaganda and drills from time to time, and encourage employees to obtain labor safety and health and fire control related certificates.

(4) Provide staff with a health check-up every year at the company's expense.

(5) In line with the requirements of labor health protection rules, the building operation segment continued to promote the occupational health of employees. On December 2, 2018, the building operation segment was certified for "ISO 45001 Occupational Safety and Health Management" by the international certification authority SGS.

(II) Agreements with employees and employer:

The labor relations of the Consolidated Company have always been harmonious and harmonious. There is no labor dispute, so there is no labor agreement.

(III) Losses suffered as a result of labor disputes in the latest year and up to the date of publication of the annual report, and the estimated amount of losses that may occur at present and in the future and the corresponding measures:

The Consolidated Company has no labor disputes, so this subparagraph is not applicable.

VI. Important contracts:

March 31, 2023

Contract nature	Parties	Starting and Ending Dates of Contracts	Main contents	Restrictions
Lease	Pingdong Water Conservancy Association of Taiwan Province	40 years (From 2000 to 2040)	Address: Sub-sec. 3, Gongyuan Sec., Pingtung County 900, Taiwan (R.O.C.) Annual rent: calculated at 10% of the declared land price Royalties: NT$63,000,000	None
Co-built shared house	6 people including Mr. Huang	Expected year of completion: 2023	Project ID: 104A Address: Wuguwang Sec., Sanchong Dist., New Taipei City 241, Taiwan (R.O.C.) Bond: NT$20,000,000	None
Urban renovation	Taipei City Government	Expected year of completion: 2023	Project ID: 106B Address: Rui'an Sec., Da'an Dist., Taipei City 106, Taiwan (R.O.C.) Bank Guarantee Letter: NT$300,000,000	None
Jointly developed and invested	1st Engineering Office, Department of Rapid Transit Systems, Taipei City Government	Expected year of completion: 2024	Project ID: 108A Address: Guodao Sec., Zhonghe Dist., New Taipei City 235, Taiwan (R.O.C.) Bank Guarantee Letter: NT$55,990,000	None
Urban renovation	Taipei City Urban Regeneration Center, a corporate body	Expected year of completion: 2025	Project ID: 108B Address: Dunhua Sec., Songshan Dist., Taipei City 105, Taiwan (R.O.C.) Bank Guarantee Letter: NT$300,000,000	None
Co-built shared house	43 people including A.B.C. Machinery Industrial Co., Ltd.	Expected year of completion: 2027	Project ID: 108C Address: Chih-Hsing Sec., Wanhua Dist., Taipei City 105, Taiwan (R.O.C.)	None
Jointly developed and invested	Department of Rapid Transit Systems, New Taipei City	Expected year of completion: 2024	Project ID: 109A Address: Xiulangqiao Station, New Taipei Ring Line Bond: NT$6,838,000 Bank Guarantee Letter: NT$68,381,000	None
Co-built shared house	Dong An Asset Development and Management Co. Ltd.	Expected year of completion: 2028	Project ID: 110A Address: Hongfu Sec., Xinzhuang Dist., New Taipei City 235, Taiwan (R.O.C.) Bond: NT$350,000,000	None
Jointly developed and invested	Taichung City Government	Expected year of completion: 2025	Project ID: 110B Address: Dongshan Sec., Beitun Dist., Taichung City 407, Taiwan (R.O.C.) Bond: NT$51,361,000	None
Urban renovation	New Taipei City Government	Expected year of completion: 2028	Project ID: 110C Address: Fuzhong Sec., Banqiao Dist., New Taipei City, Taiwan (R.O.C.) Bond: NT$5,000,000 Bank Guarantee Letter: NT$20,000,000	None

Contract nature	Parties	Starting and Ending Dates of Contracts	Main contents	Restrictions
Urban renovation	Taiwan Power Company Limited	Expected year of completion: 2028	Project ID: 110D Address: Yucheng Sec., Nangang Dist., Taipei City, Taiwan (R.O.C.) Bank Guarantee Letter: NT$350,000,000	None
Jointly developed and invested	Taichung City Public Transportation and Mass Rapid Transit Engineering Department	Expected year of completion: 2029	Project ID: 111B Address: Taichung Mass Rapid Transit Green Line City Hall Station Bank Guarantee Letter: NT$319,638,000	None
Urban renovation	National Housing and Urban Regeneration Center	Expected year of completion: 2030	Project ID: 111C Address: Chenggong Sec. and Linyi Sec., Zhongzheng Dist., Taipei City 100, Taiwan (R.O.C.) Bank Guarantee Letter: NT$200,000 thousand	None
Project contract	New Construction Office, Public Works Department, Taipei City Government	Expected year of completion: 2023	Turnkey project of Nanmen Market and Nanhu Elementary Sports Center	None
Project contract	Central Engineering Office of Railway Bureau, MOTC	Expected year of completion: 2025	C212 Standard Tainan Station Underground Project	None
Project contract	New Construction Office, Taoyuan City Government	Expected year of completion: 2023	Turnkey Project of Taoyuan Convention and Exhibition Center	None
Project contract	Northern Engineering Office of Railway Bureau, MOTC	Expected year of completion: 2026	Chiayi Plan Railway Viaduct and Planar Road Project under Bridge of Bid C611	None
Project contract	National Housing and Urban Regeneration Center	Expected year of completion: 2025	Turnkey Project of new Social Housing (Phase I) and National Army Duty Dormitory in Zhongshan Section, Taishan, New Taipei City	None
Project contract	TSMC	Expected year of completion: 2023	New construction of TSMC Zero Waste Center	None
Project contract	TSMC	Expected year of completion: 2023	New construction of TSMC F18P8 CUP	None
Project contract	General Bureau of Highways, Ministry of Transportation and Communications	Expected year of completion: 2025	Reconstruction of Houlong Guanhai Bridge and Xihuxi Bridge of Taichung Line 61	None
Project contract	Central Engineering Office of Railway Bureau, MOTC	Expected year of completion: 2026	Construction of Chiapei Elevated Station, Chiayi Elevated Station and Tropic of Cancer Station under Chiayi Urban Railway Elevation Project C612	None
Project contract	TSMC	Expected year of completion: 2023	New construction of TSMC Zhunan Advanced Assembly and Testing Plant VI Phase II (FAB)	None

Contract nature	Parties	Starting and Ending Dates of Contracts	Main contents	Restrictions
Project contract	TSMC	Expected year of completion: 2023	New construction of TSMC Zhunan Advanced Assembly and Testing Plant VI Phase II (CUP)	None
Project contract	TSMC	Expected year of completion: 2023	New construction of TSMC F18P7 Office	None
Project contract	Taoyuan Aerotropolis Co., Ltd.	Expected year of completion: 2027	New construction of Asia Silicon Valley Innovation and R&D Center	None
Project contract	TSMC	Expected year of completion: 2025	Lease of AP6B parking lot	None
Lease	Yasuo Development Co., Ltd.	20 years from the date of operation commencement (from 2015 to 2035)	Address: No. 8 (Shopping Mall), Fuxing 1st Rd., Guishan Dist., Taoyuan City 333, Taiwan (R.O.C.) Bank Guarantee Letter: NT$50,000,000	None
Lease	Taiwan Bureau of Railway, Ministry of Transport	Term of operation: 15 years (From 2009 to 2025)	Address: The commercial space from 1F underground to 2F on the ground and on 24F and 25F of the shopping mall in Banqiao Station Building on both east and west sides. Bank Guarantee Letter: NT$61,550,000	None
Lease	Taiwan Bureau of Railway, Ministry of Transport	Term of operation: 12 years (From 2011 to 2023)	Address: The commercial space from 1F underground to 4F on the ground of the shopping mall in Xinzuoying Station Building on both east and west sides Bank Guarantee Letter: NT$3,000,000	None
Lease	High-speed Railway Engineering Bureau, Ministry of Transport	20 years from the date of contracting (From 2016 to 2036)	Address: 1F-4F on the ground in Linkou Station Gongkai Building for the Rapid Transit System outside Taoyuan International Airport Bank Guarantee Letter: NT$29,000,000	None
Lease	Taiwan Bureau of Railway, Ministry of Transport	Term of operation: 15 years (From 2015 to 2030)	Address: No. 313, Sec. 1, Nangang Rd., Nangang Dist., Taipei City 115, Taiwan (R.O.C.) Bank Guarantee Letter: NT$20,000,000	None
Lease	High-speed Railway Engineering Bureau, Ministry of Transport	20 years from the date of contracting (From 2020 to 2040)	Address: Shopping Mall, A19 Station, MRT System, Taoyuan International Airport, Taiwan (R.O.C.) Bank Guarantee Letter: NT$60,000,000	None
Co-construction Contract	Clevo Co. and HUA TAI INVESTMENT CORPORATION	2022.08.10 (Execution Date)	Pursuant to the Co-construction Contract, Tua Tiann Co., Ltd. was jointly established to engage in the “Taipei Railway Station Designated Area E1/E2 Street Corridor Government-sponsored Urban Renewal Project”	None
Co-construction Contract	EPOQUE CORPORATION	2022.12.14 (Execution Date)	Pursuant to the Co-construction Contract, Hon Hui Zhu Gao Co., Ltd. was jointly established to engage in	None

Contract nature	Parties	Starting and Ending Dates of Contracts	Main contents	Restrictions
			the "Development and Operation Project of Business Development Land in the Special-Use Zone of HSR Hsinchu Station”	

VII. Information security:

(I) The information security risk management framework, information security policies, specific management plans and resources invested in information security management shall be stated:

1. Information security risk management framework:

(1) The Company's information security responsible unit is the Information Technology Department, which is an independent operating unit. It has a full-time information supervisor and an information security supervisor and dedicated information security engineers, who will be responsible for planning and executing information security operations and promoting and implementing information security policies, and regularly reporting to the Board of Directors on the implementation of information security every year. The information security risk management of the Company is carried out in accordance with the "Group Information Service Emergency Response Management Regulations" promulgated by the General Management Office of Kindom. In case of information security event, the head of the Information Technology Department is the convener of the response team and responsible for disaster control, damage assessment, centralized reporting window, and disaster recovery operation command of the information system.

(2) The Auditing Office of the Company will include "control of information security inspection" in the annual audit plan and conduct audit operations. If deficiencies, existing or potential risks are found, the inspected unit and collaborating units will be asked to conduct reviews, propose specific improvement plans and schedules, and regularly track the progress of improvements in order to implement the Company's information security policy.

2. Information security policy:

The Company's information security policy follows the "Group Information Security Policy" promulgated by the General Management Office of Kindom to protect the security of its information resources in accordance with the identified relevant risks and security regulations. The Company's information security policy applies to all information and data stored in electronic form, including all information created, received, stored, printed or generated by input, as well as information applications and systems that create, use, manage and store information and data. This policy covers the following areas and is posted on the internal employee portal website and is to be understood and followed by all employees at all levels of the Company:

(1) Information security principles

(2) Information management roles and responsibilities

(3) Information security management mechanism

(4) Information security management measures

The Company’s information security operation mode is managed by PDCA (Plan-Do-Check-Act) to ensure consistency with

the objectives of the information security policy, and that they are truly achieved and continuously improved.

3. Information security management program:

The Company's information security management program follows the "Group Information Security Management Guidelines" promulgated by the General Management Office of Kindom. The Information Technology Department will plan for various information security operation procedures and job duties, and assign the personnel to execute such procedures and duties, and the head of Information Technology Department will supervise the implementation results. The information security management mechanism of the Company consists of the following four aspects:

(1) Information Security Protection (Protection): In order to prevent various external information security threats, in addition to the multi-layer network architecture design, we have built various information security protection systems to enhance the security of the overall information environment. In order to protect information resources from virus or other malware intrusion attacks, all information systems must be monitored for potential security vulnerabilities, and external professional information security consultants are hired annually to conduct information security vulnerability scans of information equipment and penetration tests of information services in accordance with the Group's information security policy, and truly fix the information security vulnerabilities.

(2) Information Security Response (Response): In order to improve the Company's response speed and recovery ability in case of information security event, the Company has set up an information security anomaly monitoring system so that information security personnel can immediately receive anomaly alarms and grasp relevant threat information. A complete backup plan has been established for all information systems, services and databases. The relevant backup data is also stored in a credible cloud service platform for remote backup management. Disaster recovery drills are conducted annually for main services to ensure the ability to recover from information security events.

(3) Systems and Regulations (Governance): Internal information security regulations and systems are established to regulate the information security behavior of all personnel, and the related systems are reviewed annually for compliance with laws and regulations and changes in the operating environment, and are reviewed and revised according to the implementation situation and needs.

(4) Personnel Training (Education): Information security education and training courses are held every year, which are mandatory for new employees. Along with social engineering drill, continuously strengthen employees' awareness of information security and personal information protection, and implement the Company's information security policy.

4. Resources invested in information security management

The Company actively promotes information application and digital transformation, and attaches great importance to the protection of information security and personal information. In 2022, the Company included a budget of approximately NT$3 million (NT$30,000 per employee on average) for information security-related hardware and software building and information security enhancement services, including but not limited to the following items:

(1) Firewall equipment for head office and field offices

(2) Computer anti-virus software and endpoint protection system (EDR)

(3) Computer hardware equipment management system

(4) Multi-factor identity authentication mechanism for users

(5) Web Application Firewall (WAF) building

(6) Email security gateway and email protection system

(7) Annual social engineering drill

(8) Introduction of privileged access management system to users' computers

(9) SSL VPN building

(10) Annual outsourced vulnerability detection and penetration testing of information systems

(11) Data Leakage Prevention (DLP) software for confidential information

(12) Annual disaster recovery drill for main information services

(II) List the losses suffered by the Company due to major information security events in the most recent year and as of the date of the annual report, possible effects and countermeasures. If the losses cannot be reasonably estimated, the fact that a reasonable estimate cannot be made shall be stated: The Company has not suffered any loss due to major information security events in the most recent year and as of the date of the annual report.

Chapter 6 Financial Highlights

I. Condensed Balance Sheet, Income Statement and CPA's Auditing Opinions for the Last Five Years:

(I) Condensed Balance Sheet:

1. Consolidated financial statements:

Unit: NT$ 1,000

Item \ Year		Financial Data for the Most Recent Five Fiscal Years (Note 1)					Current Fiscal Year (2023) up to March 31, 2023 (Note 2)
		2018	2019	2020	2021	2022	
Current assets		43,341,299	45,563,542	46,414,826	43,223,807	44,519,444	43,331,691
Property, plant and equipment		6,979,157	6,703,794	6,586,166	6,503,236	6,379,227	6,343,748
Intangible assets		52,212	42,830	49,236	54,404	53,874	51,667
Other assets		790,640	3,514,799	4,326,813	4,066,996	4,910,312	4,848,680
Total assets		51,163,308	55,824,965	57,377,041	53,848,443	55,862,857	54,575,786
Current liabilities	Before distribution	30,898,165	31,849,885	30,183,305	24,544,862	27,621,505	25,871,646
	After distribution	31,401,956	32,605,572	31,392,403	25,930,287	Note 3	-
Non-current liabilities		6,697,580	9,562,171	9,828,179	9,307,948	6,675,904	6,532,441
Total liabilities	Before distribution	37,595,745	41,412,056	40,011,484	33,852,810	34,297,409	32,404,087
	After distribution	38,099,536	42,167,743	41,220,582	35,238,235	Note 3	-
Equity attributable to owners of the parent company		11,836,993	12,627,504	15,237,901	17,562,761	18,516,479	18,997,165
Equity capital		5,037,910	5,037,910	5,037,910	5,541,701	5,541,701	5,541,701
Capital surplus		1,368,865	1,379,873	1,396,097	1,421,924	1,451,569	1,451,905
Retained earnings	Before distribution	5,526,960	6,306,721	8,902,937	10,697,059	11,648,455	12,129,043
	After distribution	5,023,169	5,551,034	7,693,839	9,311,634	Note 3	-
Other equity interest		(25,546)	(25,804)	(27,847)	(26,727)	(26,544)	(26,782)
Treasury stock		(71,196)	(71,196)	(71,196)	(71,196)	(98,702)	(98,702)
Non-controlling interests		1,730,570	1,785,405	2,127,656	2,432,872	3,048,969	3,174,534
Total equity	Before distribution	13,567,563	14,412,909	17,365,557	19,995,633	21,565,448	22,171,699
	After distribution	13,063,772	13,657,222	16,156,459	18,610,208	Note 3	-

Note 1: All financial data from 2018 to 2022 have been audited and attested by the CPAs.

Note 2: The financial data as of March 31, 2023 has been reviewed by the CPAs.

Note 3: The earnings distribution plan for the year 2022 has not been resolved and adopted by the shareholders' meeting.

2. Individual financial statements:

Unit: NT$ 1,000

Item / Year		Financial Data for the Most Recent Five Fiscal Years (Note 1)					Current Fiscal Year (2023) up to March 31, 2023
		2018	2019	2020	2021	2022	
Current assets		38,078,347	38,504,920	37,752,737	33,051,282	31,574,173	-
Property, plant and equipment		288,059	280,822	280,130	283,095	283,330	-
Intangible assets		162	2,274	1,334	474	-	-
Other assets		4,746,771	5,040,808	5,511,223	5,718,576	7,227,725	-
Total assets		43,113,339	43,828,824	43,545,424	39,053,427	39,085,228	-
Current liabilities	Before distribution	27,699,081	26,662,559	24,269,349	17,457,855	18,534,267	-
	After distribution	28,202,872	27,418,246	25,478,447	18,843,280	Note 2	-
Non-current liabilities		3,577,265	4,538,761	4,038,174	4,032,811	2,034,482	-
Total liabilities	Before distribution	31,276,346	31,201,320	28,307,523	21,490,666	20,568,749	-
	After distribution	31,780,137	31,957,007	29,516,621	22,876,091	Note 2	-
Equity attributable to owners of the parent company		11,836,993	12,627,504	15,237,901	17,562,761	18,516,479	-
Equity capital		5,037,910	5,037,910	5,037,910	5,541,701	5,541,701	-
Capital surplus		1,368,865	1,379,873	1,396,097	1,421,924	1,451,569	-
Retained earnings	Before distribution	5,526,960	6,306,721	8,902,937	10,697,059	11,648,455	-
	After distribution	5,023,169	5,551,034	7,693,839	9,311,634	Note 2	-
Other equity interest		(25,546)	(25,804)	(27,847)	(26,727)	(26,544)	-
Treasury stock		(71,196)	(71,196)	(71,196)	(71,196)	(98,702)	-
Non-controlling interests		-	-	-	-	-	-
Total equity	Before distribution	11,836,993	12,627,504	15,237,901	17,562,761	18,516,479	-
	After distribution	11,333,202	11,871,817	14,028,803	16,177,336	Note 2	-

Note 1: All financial data from 2018 to 2022 have been audited and attested by the CPAs.

Note 2: The earnings distribution plan for the year 2022 has not been resolved and adopted by the shareholders' meeting.

(II) Brief Statement of Comprehensive Income

1. Consolidated financial statements:

Unit: NT$ 1,000

Item \ Year	Financial Data for the Most Recent Five Fiscal Years (Note 1)					Current Fiscal Year (2023) up to March 31, 2023 (Note 2)
	2018	2019	2020	2021	2022	
Operating revenue	14,435,680	15,326,899	27,345,405	25,191,138	21,506,102	4,492,665
Gross profit from operations	3,999,126	4,028,294	7,110,611	7,017,355	5,923,770	1,255,481
Operating benefits	1,909,901	2,198,729	5,168,832	5,164,397	4,028,384	799,124
Non-operating income and expenditure	(829,483)	(384,465)	(280,033)	(185,711)	(188,472)	(35,196)
Net income before tax	1,080,418	1,814,264	4,888,799	4,978,686	3,839,912	763,928
Profit of continuing operations	673,313	1,546,223	3,905,137	4,077,333	3,129,697	606,665
Loss on closed operations	-	-	-	-	-	-
Current net gains (losses)	673,313	1,546,223	3,905,137	4,077,333	3,129,697	606,665
Other comprehensive loss (net of taxes)	8,791	1,185	(3,768)	(691)	5,026	(812)
Total comprehensive income (loss) for the years	682,104	1,547,408	3,901,369	4,076,642	3,134,723	605,853
Net profit attributable to owners of the parent company	507,248	1,283,526	3,353,971	3,508,103	233,896	480,588
Net profit attributable to non-controlling equity interests	166,065	262,697	551,166	569,230	795,801	126,077
Total comprehensive gains/losses attributable to owners of the parent company	515,347	1,283,294	3,349,860	3,508,131	2,337,004	480,350
Total comprehensive gains/losses attributable to non-controlling equity interests	166,757	264,114	551,509	568,511	797,719	125,503
Earnings per share (NT$)	1.03	2.60	6.18 (Note 3)	6.47	4.31	0.89

Note 1: All financial data from 2018 to 2022 have been audited and attested by the CPAs.

Note 2: The financial data as of March 31, 2023 has been reviewed by the CPAs.

Note 3: Earnings per share were retroactively adjusted for the no-compensation stock allotment. Earnings per share before adjustment was NT$6.80 and after adjustment was NT$6.18.

2. Individual financial statements:

Unit: NT$ 1,000

Item / Year	Financial Data for the Most Recent Five Fiscal Years (Note 1)					Current Fiscal Year (2023) up to March 31, 2023
	2018	2019	2020	2021	2022	
Operating revenue	7,502,772	8,117,436	17,185,011	16,105,554	7,664,805	-
Gross profit from operations	1,961,809	2,032,247	4,583,383	4,569,393	2,753,856	-
Operating benefits	1,179,315	1,329,758	3,771,698	3,949,085	2,177,814	-
Non-operating income and expenditure	(476,396)	131,028	365,537	247,706	570,886	-
Net income before tax	702,919	1,460,786	4,137,235	4,196,791	2,748,700	-
Profit of continuing operations	507,248	1,283,526	3,353,971	3,508,103	2,333,896	-
Loss on closed operations	-	-	-	-	-	-
Profit	507,248	1,283,526	3,353,971	3,508,103	2,333,896	-
Other comprehensive income (loss) (net of taxes)	8,099	(232)	(4,111)	28	3,108	-
Total comprehensive income (loss) for the years	515,347	1,283,294	3,349,860	3,508,131	2,337,004	-
Net profit attributable to owners of the parent company	507,248	1,283,526	3,353,971	3,508,103	2,333,896	-
Net profit attributable to non-controlling equity interests	-	-	-	-	-	-
Total comprehensive gains/losses attributable to owners of the parent company	515,347	1,283,294	3,349,860	3,508,131	2,337,004	-
Total comprehensive gains/losses attributable to non-controlling equity interests	-	-	-	-	-	-
Earnings per share (NT$)	1.03	2.60	6.18(Note 2)	6.47	4.31	-

Note 1: All financial data from 2018 to 2022 have been audited and attested by the CPAs.

Note 2: Earnings per share were retroactively adjusted for the no-compensation stock allotment. Earnings per share before adjustment was NT$6.80 and after adjustment was NT$6.18.

(III) Name and Auditing Opinions of the CPAs for the Last Five Years:

Year	Independent Auditor	Audit Opinion
2018	Di-Nuan, Chien and Shu-Ying	No unqualified opinion
2019	Di-Nuan, Chien and Shu-Ying	No unqualified opinion
2020	I-Lien, Han and Ti-Nuan,	No unqualified opinion
2021	I-Lien, Han and Ti-Nuan,	No unqualified opinion
2022	I-Lien Han and Kuo-Yang	No unqualified opinion

II. Financial Analysis for the Last Five Years:

(I) Consolidated financial statements:

Item	Year	Financial Analysis for the Most Recent Five Years (Note 1) 2018	2019	2020	2021	2022	Current Fiscal Year (2023) up to March 31, 2023 (Note 2)
Financial structure	Debt to asset ratio (%)	73.48	74.18	69.73	62.87	61.40	59.37
	Ratio of long-term funds to property, plant and equipment (%)	290.37	357.63	412.89	450.60	442.71	452.48
Solvency	Current ratio (%)	140.27	143.06	153.78	176.10	161.18	167.49
	Quick ratio (%)	30.96	36.08	53.95	81.01	77.97	79.40
	Interest coverage ratio (multiples)	3.48	5.03	14.33	16.80	13.68	11.58
Operating ability	Receivables turnover rate (times)	8.30	10.78	15.01	14.48	12.64	8.01
	Average days for cash collection	43.98	33.86	24.32	25.21	28.88	45.57
	Inventory turnover rate (Times)	0.33	0.34	0.63	0.68	0.68	0.57
	Payables turnover rate (Times)	2.42	2.32	3.72	3.12	2.51	2.20
	Average days for sale of goods	1,106.06	1,073.53	579.37	536.77	536.77	640.35
	Property, plant and equipment turnover (times)	1.96	2.24	4.12	3.85	3.34	2.82
	Total assets turnover rate (times)	0.29	0.29	0.48	0.45	0.39	0.33
Profitability	Return on assets (%)	2.02	3.56	7.42	7.78	6.15	4.81
	Return on equity (%)	5.06	11.05	24.58	21.83	15.06	11.10
	Net income before tax to paid-in capital ratio (%) (Note 7)	21.45	36.01	97.04	89.84	69.29	55.14
	Net profit ratio (%)	4.66	10.09	14.28	16.19	14.55	13.50
	Earnings per share (NT$)	1.03	2.60	6.18(Note 8)	6.47	4.31	0.89
Cash flows	Cash flow ratio (%)	6.30	10.04	32.75	36.82	10.00	1.51
	Cash flow sufficiency ratio (%)	58.26	88.96	167.54	247.47	368.10	543.05
	Cash re-investment ratio (%)	7.40	10.23	30.66	24.42	4.49	1.27
Leverage	Operating leverage	1.85	1.65	1.29	1.31	1.42	1.05
	Financial leverage	1.30	1.26	1.08	1.06	1.08	1.10

In the last two years, the financial ratios increased or decreased by 20% or more due to the following reasons: 1.Return on assets: Mainly due to the decrease of net income after tax. 2.Return on equity: Mainly due to the decrease of net income after tax. 3.Net income before tax to paid-in capital ratio: Mainly due to the decrease of net income before tax. 4.Earnings per share: Mainly due to the decrease of net income after tax. 5.Cash flow ratio: Mainly due to decreased net cash inflow from operating activities. 6.Cash flow sufficiency ratio: Mainly due to the increase in net cash inflow from operating activities and the increase in investments accounted for using the equity method as a result of the successful destocking in the last five years. 7.Cash re-investment ratio: Mainly due to the decrease in net cash inflow from operating activities and the increase in investments accounted for using the equity method.

Note 1:All financial data from 2018 to 2022 have been audited and attested by the CPAs.

Note 2:The financial data as of March 31, 2023 has been reviewed by the CPAs.

Note 3:As the operating activities generated net cash outflows, the relevant ratio is not calculated.

Note 4: The calculation formula is as follows:

1. Financial structure
   (1) Ratio of liabilities to assets = Total liabilities/total assets.
   (2) Ratio of long-term funds to property, plant and equipment = (Total equity + non-current liabilities)/net property, plant and equipment.
2. Solvency
   (1) Current ratio = Current assets/current liabilities.
   (2) Quick ratio = (Current assets - inventory - advances)/current liabilities.
   (3) Interest coverage multiple = Net profit before Income tax and interest expenses/interest expenses in current period
3. Operating ability
   (1) Turnover rate of receivables (including accounts and notes receivable arising from operations) = Net sales/average receivable balance (including accounts and notes receivable arising from operations) in each period.
   (2) Average days for cash collection = 365/Turnover rate of receivables
   (3) Inventory turnover rate = Cost of goods sold/average inventory.
   (4) Turnover Rate of Payables (Including Accounts and Notes Payable Arising from Operations) = Cost of Goods Sold/Average Payables (Including Accounts and Notes payable Arising from Business) in Each Period.
   (5) Average days for sale = 365/Inventory turnover rate.
   (6) Turnover rate of property, plant and equipment = Net sales/Average net property, plant and equipment.
   (7) Total assets turnover ratio = Net sales/Average total assets.
4. Profitability
   (1) Return on assets =(After-tax profit/Loss+interest expense × (1-tax rate))/average total assets.
   (2) Return on equity = After-tax profit or loss/average total equity.
   (3) Net profit rate = After-tax profit or loss/Net sales
   (4) Earnings per share = (Profit or loss attributable to owners of the parent company - preferred share dividends)/Weighted average number of shares issued. (Note 5)
5. Cash flows
   (1) Cash flow ratio = Net cash flow from operating activities/Current liabilities.
   (2) Net Cash Flow Adequacy Ratio = Net Cash Flow from Operating Activities in the Last Five Years/(Capital expenses + Inventory Increase+ Cash Dividends) for the Last Five Years
   (3) Cash Reinvestment Ratio = (Net Cash Flow from Operating Activities-Cash

Dividends)/(Gross Value of Immovable Property, Plant and Equipment+Long-term investment+ Other Non-current Assets + Working Capital (Note 6)

6. Leverage
   (1) Operating leverage = (Net operating Income - variable operating costs and expenses)/operating benefits (Note 7).
   (2) Financial leverage = Operating benefits/(operating benefits - interest expenses).

Note 5: In the above formula for calculating earnings per share, special attention shall be paid to the following when measuring:

1. The weighted average number of common shares shall prevail instead of the number of shares issued at the end of the year.
2. For cash capital increase or treasury stock transactions, the weighted average number of shares shall be calculated considering the circulation period.
3. In capitalization of earnings or capital increase through capital reserves, the calculation of earnings per share for the previous year and half year shall be adjusted retroactively according to the proportion of capital increase, without considering the issue period for the capital increase.
4. If the preferred shares are non-convertible cumulative preferred shares, the dividends (whether paid or not) for the current year shall be deducted or increased from the net income after tax or increased net loss after tax. If the preferred shares are non-cumulative in nature, the dividend of the preferred shares shall be deducted from the net income after tax if there is net income after tax. If it is a loss, no adjustment is necessary.

Note 6:In cash flow analysis, special attention shall be paid to the following matters when measuring:

1. Net cash flow from operating activities refers to the net cash inflow from operating activities in the cash flow statement.
2. Capital expenditure refers to the cash outflow of capital investment every year.
3. The increase in inventory will only be counted when the ending balance is greater than the opening balance. If the inventory decreases at the end of the year, it will be counted as zero.
4. Cash dividends include cash dividends of common shares and preferred shares.
5. Gross amount of property, plant and equipment refers to the total amount of property, plant and equipment before deducting accumulated depreciation.

Note 7: The Issuer shall classify various operating costs and operating expenses as fixed and variable according to their nature. In case of estimation or subjective judgment, the Issuer shall pay attention to their rationality and maintain consistency.

Note 8: If the Company's shares have no par value or the par value of each share is not NT$ 10, the ratio of paid-in capital previously calculated shall be changed to the ratio of equity attributable to the owner of the parent company in the balance sheet.

Note 9: Earnings per share were retroactively adjusted for the no-compensation stock allotment. Earnings per share before adjustment was NT$6.80 and after adjustment was NT$6.18.

(II) Individual financial statements:

Item	Year	Financial Analysis for the Most Recent Five Years (Note 1) 2018	2019	2020	2021	2022	Current Fiscal Year (2023) up to March 31, 2023
Financial structure	Debt to asset ratio (%)	72.54	71.19	65.01	55.30	52.62	-
	Ratio of long-term funds to property, plant and equipment (%)	5,351.08	6,112.86	6,881.12	7,628.38	7,253.37	-
Solvency	Current ratio (%)	137.47	144.42	155.56	189.32	170.36	-
	Quick ratio (%)	17.72	21.63	36.50	66.98	55.99	-
	Interest coverage ratio (multiples)	2.96	5.26	17.02	20.53	14.24	-
Operating ability	Receivables Turnover Rate (%)	16.89	22.07	23.42	23.81	64.61	-
	Average days for cash collection	21.61	16.54	15.59	15.33	5.65	-
	Inventory turnover rate (Times)	0.18	0.19	0.41	0.46	0.23	-
	Payables turnover rate (Times)	2.12	2.16	5.04	5.80	3.95	-
	Average days for sale of goods	2,027.78	1,921.05	890.24	793.48	1,586.96	-
	Property, plant and equipment turnover (times)	25.78	28.54	61.27	57.19	27.06	-
	Total assets turnover rate (times)	0.18	0.19	0.39	0.39	0.20	-
Profitability	Return on assets (%)	1.91	3.58	8.15	8.91	6.40	-
	Return on equity (%)	4.38	10.49	24.07	21.39	12.94	-
	Net income before tax to paid-in capital ratio (%) (Note 8)	13.95	29.00	82.12	75.73	49.60	-
	Net profit ratio (%)	6.76	15.81	19.52	21.78	30.45	-
	Earnings per share (NT$)	1.03	2.60	6.18(Note 8)	6.47	4.31	-
Cash flows	Cash flow ratio (%)	5.79	3.87	28.51	47.42	5.03	-
	Cash flow sufficiency ratio (%)	36.51	51.26	113.78	194.72	265.02	-
	Cash re-investment ratio (%)	8.69	3.05	31.74	32.51	Note 2	-
Leverage	Operating leverage	1.26	1.23	1.10	1.09	1.17	-
	Financial leverage	1.44	1.35	1.07	1.06	1.11	-

In the last two years, the financial ratios increased or decreased by 20% or more due to the following reasons:

1. Interest coverage ratio: Mainly due to the decrease of net profit before tax.
2. Receivables Turnover Rate: Mainly due to the decrease in net sales.
3. Average days for cash collection: Mainly due to the increase in the turnover rate of

receivables.
4. Inventory turnover rate: Mainly due to the decrease of Cost of Goods Sold.
5. Payables turnover rate: Mainly due to the decrease of Cost of Goods Sold.
6. Average days for sale of goods: Mainly due to the decrease in the inventory turnover rate.
7. Property, plant and equipment turnover: Mainly due to the decrease in net sales.
8. Total assets turnover rate: Mainly due to the decrease in net sales.
9. Return on assets: Mainly due to the decrease of net profit before tax.
10. Return on equity: Mainly due to the decrease of net profit after tax.
11. Net income before tax to paid-in capital ratio: Mainly due to the decrease of net profit before tax.
12. Net profit ratio: Mainly due to the decrease in net sales.
13. Earnings per share: Mainly due to the decrease of net income after tax.
14. Cash flow ratio: Mainly due to decreased net cash inflow from operating activities.
15. Cash flow sufficiency ratio: Mainly due to decrease of (capital expenditures + increase in inventories + cash dividends) in the last five years.
16. Cash re-investment ratio: Mainly due to net cash flow from operating activities changed to outflow.

Note 1: All financial data from 2018 to 2022 have been audited and attested by the CPAs.

Note 2: Since the numerator is negative, it is not counted.

Note 3: The calculation formula is as follows:

1. Financial structure
   (1) Ratio of liabilities to assets = Total liabilities/total assets.
   (2) Ratio of long-term funds to property, plant and equipment = (Total equity + non-current liabilities) /net property, plant and equipment.
2. Solvency
   (1) Current ratio = Current assets/current liabilities.
   (2) Quick ratio = (Current assets - inventory - advances)/current liabilities.
   (3) Interest coverage multiple = Net profit before Income tax and interest expenses/interest expenses in current period
3. Operating ability
   (1) Turnover rate of receivables (including accounts and notes receivable arising from operations) = Net sales/average receivable balance (including accounts and notes receivable arising from operations) in each period.
   (4) Average days for cash collection = 365/Turnover rate of receivables
   (5) Inventory turnover rate = Cost of goods sold/average inventory.
   (6) Turnover Rate of Payables (Including Accounts and Notes Payable Arising from Operations) = Cost of Goods Sold/Average Payables (Including Accounts and Notes payable Arising from Business) in Each Period.
   (7) Average days for sale = 365/Inventory turnover rate.
   (8) Turnover rate of property, plant and equipment = Net sales/Average net property, plant and equipment.
   (9) Total assets turnover ratio = Net sales/Average total assets.
4. Profitability
   (1) Return on assets =(After-tax profit/Loss+interest expense × (1-tax rate))/average total assets.
   (2) Return on equity = After-tax profit or loss/average total equity.
   (3) Net profit rate = After-tax profit or loss/Net sales
   (4) Earnings per share = (Profit or loss attributable to owners of the parent company - preferred share dividends)/Weighted average number of shares issued. (Note 5)
5. Cash flows
   (1) Cash flow ratio = Net cash flow from operating activities/Current liabilities.
   (2) Net Cash Flow Adequacy Ratio = Net Cash Flow from Operating Activities in the Last Five

Years/(Capital expenses + Inventory Increase+ Cash Dividends) for the Last Five Years

(3) Cash Reinvestment Ratio = (Net Cash Flow from Operating Activities-Cash Dividends)/(Gross Value of Immovable Property, Plant and Equipment+Long-term investment+ Other Non-current Assets + Working Capital (Note 6)

6. Leverage
   (1) Operating leverage = (Net operating Income - variable operating costs and expenses)/operating benefits (Note 7).
   (2) Financial leverage = Operating benefits/(operating benefits - interest expenses).

Note 4: In the above formula for calculating earnings per share, special attention shall be paid to the following when measuring:

1. The weighted average number of common shares shall prevail instead of the number of shares issued at the end of the year.
2. For cash capital increase or treasury stock transactions, the weighted average number of shares shall be calculated considering the circulation period.
3. In capitalization of earnings or capital increase through capital reserves, the calculation of earnings per share for the previous year and half year shall be adjusted retroactively according to the proportion of capital increase, without considering the issue period for the capital increase.
4. If the preferred shares are non-convertible cumulative preferred shares, the dividends (whether paid or not) for the current year shall be deducted or increased from the net income after tax or increased net loss after tax. If the preferred shares are non-cumulative in nature, the dividend of the preferred shares shall be deducted from the net income after tax if there is net income after tax. If it is a loss, no adjustment is necessary.

Note 5: In cash flow analysis, special attention shall be paid to the following matters when measuring:

1. Net cash flow from operating activities refers to the net cash inflow from operating activities in the cash flow statement.
2. Capital expenditure refers to the cash outflow of capital investment every year.
3. The increase in inventory will only be counted when the ending balance is greater than the opening balance. If the inventory decreases at the end of the year, it will be counted as zero.
4. Cash dividends include cash dividends of common shares and preferred shares.
5. Gross amount of property, plant and equipment refers to the total amount of property, plant and equipment before deducting accumulated depreciation.

Note 6: The Issuer shall classify various operating costs and operating expenses as fixed and variable according to their nature. In case of estimation or subjective judgment, the Issuer shall pay attention to their rationality and maintain consistency.

Note 7: If the Company's shares have no par value or the par value of each share is not NT$ 10, the ratio of paid-in capital previously calculated shall be changed to the ratio of equity attributable to the owner of the parent company in the balance sheet.

Note 8: Earnings per share were retroactively adjusted for the no-compensation stock allotment. Earnings per share before adjustment was NT$6.80 and after adjustment was NT$6.18.

III. Auditors' Report of 2022 from the Audit Committee:

The Audit Committee's Review Report for Kindom Development Co., Ltd.

Approval for

The Board of Director submitted the financial statements of the Company for the year 2022, and these statements were audited by KPMG Taiwan through the CPAs, I-Lien, Han and Kuo-Yang Tseng. The aforementioned financial statements, together with the Business Report and Earnings Distribution Table, have been reviewed by the Audit Committee and no discrepancies were found. A report has been prepared in accordance with Article 14-4 of the Securities & Exchange Act and Article 219 of the Company Act , we hereby submit this report.

Yours faithfully,

2023 Annual General Shareholders' Meeting of Kindom Development Co., Ltd.

Convener of the Audit Committee: Hung-Chin Huang

March 14, 2023

IV. Consolidated Financial Report of 2022:

Statement of Declaration

The entities that are required to be included in the consolidated financial statements of Kindom Development Co., Ltd. as of and for the year ended December 31, 2022, under the Criteria Governing the Preparation of Affiliation Reports, Consolidated Business Reports, and Consolidated Financial Statements of Affiliated Enterprises are the same as those included in the consolidated financial statements prepared in conformity with International Financial Reporting Standards No. 10 by the Financial Supervisory Commission, "Consolidated Financial Statements." In addition, the information required to be disclosed in the consolidated financial statements is included in the consolidated financial statements. Consequently, Kindom Development Co., Ltd. and Subsidiaries do not prepare a separate set of consolidated financial statements.

Hereby declared,

Kindom Development Co., Ltd.

Chairman: Chih-Kang, Ma

Date: March 14, 2023

Independent Auditors' Report

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

Opinion

We have audited the Consolidated Balance Sheets of Kindom Development Co., Ltd. and its subsidiaries as of December 31, 2022, and 2021, as well as the Consolidated Statements of Comprehensive Income, Consolidated Statements of Changes in Equity, Consolidated Statements of Cash Flows, and Notes to Consolidated Financial Statements (including Summary of Significant Accounting Policies) for the annual period from January 1 to December 31, 2022, and 2021.

In our opinion, the aforementioned Consolidated Financial Statements present fairly, in all material respects, the consolidated financial position of the Group as of December 31, 2022, and 2021, and its consolidated financial performance and consolidated cash flows for the annual periods ended December 31, 2022, and 2021 in conformity with the "Regulations Governing the Preparation of Financial Reports by Securities Issuers," as well as International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), IFRIC Interpretations (IFRIC), and SIC Interpretations (SIC) endorsed and effected by the Financial Supervisory Commission.

Basis for Opinion

We conducted our audit in accordance with the "Regulations Governing Auditing and Attestation of Financial Statements by Certified Public Accountants" and auditing standards in the Republic of China. Our responsibilities under those standards are further described in the "Auditors' Responsibilities for the Audit of the Consolidated Financial Statements" section of our report. We are independent of the Group in accordance with the Norm of Professional Ethics for Certified Public Accountant of the Republic of China, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis 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 2022 consolidated financial statements of the Group. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. In our judgment, key audit matters for the Company's Parent Company Only Financial Statements for the year ended December 31, 2019 are stated as follows:

1. Revenue recognition of real estate sales

Refer to Note 4(17) for the accounting policies on recognizing revenue and Note 6(22) for details of related disclosure.

Description of key audit matters:

The Group engaged primarily in the sales and development of real estate. Real estate sales are easily subject to changes in overall economic conditions, tax reforms, market demands of properties and lands, and other factors. In response to the aforementioned changes, the governing authority has established relevant controls over revenue recognition and installment payments. The revenue of real estate sales amounts to NT$7,498,364 thousand in 2022, which is material to the fair presentation of consolidated financial statements. Consequently, the Group's revenue recognition has been identified as one of the key audit matters.

Our audit procedures performed in respect of the above area included the following:

In relation to the key audit matter above, we have performed certain audit procedures including, among others, understanding the design and effectiveness of the Group’s internal controls over the recognition of revenue and the accrual of receivables; performing sample testing to inspect the real estate sales contracts, tables of the receivables, bank transactions, transfers of property rights, closing checklists and others. In addition, it also includes performing sample testing on sales transactions taking place before and after the balance sheet date as well as confirming relevant transaction records and documentations to ensure that revenue was fairly presented in the appropriate period.

2. Construction contracts

Refer to Note 4(17) for the accounting policies on construction contracts; Note 5(1) for the uncertainty of accounting estimations and assumptions for total construction costs; and Note 6(22) for details of revenue recognition of customer contracts.

Description of key audit matters:

The evaluation of total costs and changes in the estimated total costs of a construction contract requires the Group's management judgments to a great extent. Errors in the evaluation of construction costs may cause significant changes to the profit and loss for the reporting period and therefore are a source of audit risk. The Group applies the percentage of completion accounting method to accounts for revenue and costs of a contract, and the percentage of completion is based on the percentage of construction projects completed as of the end of the reporting period out of the total estimated construction costs of the contract. The errors mentioned above may cause significant misrepresentation in the timing and the valuation of profit or loss of a contract for the year.

Our audit procedures performed in respect of the above area included the following:

In relation to the key audit matter above, we have performed certain audit procedures including, among others, testing the design and effectiveness of the Group's internal controls over the outsourcing of construction projects and the accrual of receivables; obtaining the tables containing all details of changes in the total construction costs; performing sample testing to confirm construction contracts, agreements, and external documentations of communications with property purchasers and meeting minutes with construction crew; performing sample testing on construction bills and payments from closed property purchasers in each periods; performing sample testing to evaluate the management's budgeting procedures of a construction and to test effectiveness of the implementation of the Group's internal controls; performing sample testing to confirm the external documentations of construction bills, contracts, daily reports, receipts, and budgets and comparing these documents with original construction budgets to verify the fair presentation and correct classifications of construction costs; performing sample testing on the pricing of building materials in each periods and recalculating the percentage of completion; and performing sample testing to evaluate the cutoff of construction projects taking place before and after the balance sheet date.

3. Inventory valuation

Refer to Note 4(8) for the accounting policies on inventory valuation, Note 5(2) for the uncertainty of accounting estimations and assumptions for inventory valuation, and Note 6(5) for details of inventory valuation.

Description of key audit matters:

As of December 31, 2022, the Group’s inventory amounts to NT$21,094,871 thousand and accounts for 38% of total assets. The cost or net realizable value is presented as the inventory amount, whichever is the lowest. that is the price of real estate market with highly subject to large capital investment and long payback period and greatly subject to political, overall economic conditions, and real estate tax reforms. The future investment costs for land held for construction and construction in progress and the Company’s net realizable value depends on the subjective judgment or estimation of the management. Therefore, inventory evaluation of land held for construction and construction in progress is one of the important evaluation items in the accountant’s auditing on the financial review of the Group.

Our audit procedures performed in respect of the above area included the following:

In relation to the key audit matter above, we have performed certain audit procedures including understanding the Group’s internal procedures and accounting processes over land held for construction and construction in progress, and obtaining the net realizable value of the Company’s land held for construction and construction in progress as of the end of the reporting period; inspecting and comparing the market price in the content mentioned above with the sales prices of the transactions in the neighborhood, registered sales prices of real estate published by contract prices of recent sales of the Company’s developments, or the registered price with the Ministry of the Interior, or confirming and recalculating the investment return analysis of each developments, to evaluate if the net realizable value of land held for construction and construction in progress is fairly presented.

Other Matters

Kindom Development Co., Ltd. has compiled the Parent-Company-Only Financial Statements for 2022 and 2021, and they have also received an unqualified audit opinion from our CPAs for your reference.

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

The management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with the "Regulations Governing the Preparation of Financial Reports by Securities Issuers," and International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), IFRIC Interpretations (IFRIC), and SIC Interpretations (SIC) endorsed and issued into effect by the FSC of the Republic of China. The management has determined that such internal control is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

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

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

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the auditing standards in the Republic of China will always detect a material misstatement when it exists. Misstatements may be caused by fraud or errors. The misstated amounts are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the Consolidated Financial Statements.

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

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

estimates and related disclosures made by the management.

4. Conclude on the appropriateness of the management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group to cease to continue as a going concern.
5. Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
6. Obtain sufficient and appropriate audit evidence regarding the financial information of entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision, and performance of the group audit. We remain solely responsible for our audit opinion.

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

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

From the matters communicated with those charged with governance, we determined the key audit matters of the consolidated financial statements of the Group of 2022. 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.

KPMG Taiwan

CPA:

Securities Competent Authority Approval No. : Jin-Guan-Zheng-Shen-Zi No. 1090332798
Jin-Guan-Zheng-Liu-Zi No. 0940129108

March 14, 2023

Notices to Readers

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

The standards, procedures and practices to audit such consolidated financial statements are those generally applied in the Republic of China.

KINDOM DEVELOPMENT CO., LTD. and Subsidiaries

Consolidated Balance Sheets

As of December 31, 2022, and 2021

Expressed in thousands of New Taiwan Dollars

Code	Assets	2022.12.31 Amount	%	2021.12.31 Amount	%
	Current assets:				
1100	Cash and cash equivalents (Note 6(1) and (25))	$ 15,522,920	28	16,080,562	30
1110	Financial assets measured at fair value through profit or loss - current (Note 6(2) and (25))	97,466	-	124,600	-
1140	Contract assets - current (Note 6(22))	1,675,939	3	1,975,776	4
1170	Note receivable and net accounts (Note 6(4), (22), (25))	2,149,847	4	1,253,113	2
1220	Current tax assets	48	-	28	-
1300	Inventories - trading (Note 6(5))	12,977	-	9,789	-
1320	Inventories - construction (Notes 6(5) & 8)	21,094,871	38	21,231,255	40
1410	Prepayments	199,044	-	124,164	-
1476	Other financial assets - current (Notes 6(12), (22), (25), and 8)	3,675,772	7	2,303,584	4
1479	Other current assets - others	80,582	-	70,039	-
1480	Incremental costs of obtaining a contract - current (Note 6(12))	9,978	-	50,897	-
		44,519,444	80	43,223,807	80
	Non-current assets:				
1517	Financial assets measured at fair value through other gain or loss - non-current (Note 6(3) and (25))	12,509	-	12,464	-
1550	Investments accounted for using the equity method (Note 6(6))	1,136,118	2	15,120	-
1600	Property, plant and equipment (Note 6(8) and 8)	6,379,227	11	6,503,236	13
1755	Right-of-use assets (Note 6(9))	3,098,436	6	3,336,729	6
1760	Investment property (Note 6(10) and 8)	462,365	1	501,662	1
1780	Intangible assets (Note 6(11))	53,874	-	54,404	-
1840	Deferred tax assets (Note 6(19))	57,161	-	66,996	-
1975	Defined benefit assets, net - non-current	5,820	-	2,438	-
1980	Other non-current financial assets (Note 6(25) and 8)	73,566	-	79,142	-
1995	Other non-current assets - others	64,337	-	52,445	-
		11,343,413	20	10,624,636	20
	Total assets	$ 55,862,857	100	53,848,443	100

Code	Liabilities and Equity	2022.12.31 Amount	%	2021.12.31 Amount	%
	Current liabilities:				
2100	Short-term loans (Note 6(13) and (25))	$ 15,025,856	27	14,479,725	27
2130	Contract liabilities - current (Note 6(22))	2,045,805	4	1,608,656	3
2150	Notes payable (Note 6(25))	392,662	1	327,149	1
2170	Accounts payable (Note 6(25))	5,955,906	11	5,729,916	11
2200	Other payables (Note 6(25) and 7)	908,607	2	954,084	2
2230	Current tax liabilities	652,771	1	693,349	1
2250	Current provisions (Note 6(16))	183,236	-	181,626	-
2251	Current provisions for employee benefit (Note 6(18))	20,174	-	21,907	-
2280	Current lease liabilities (Note 6(15) and (25))	191,062	-	181,149	-
2321	Current portion of convertible corporate bond due within one year or one operating period (Note 6(14) and (25))	2,000,000	3	-	-
2322	Current portion of long-term loans due within one year or one operating period (Note 6(13) and (25))	204,640	-	283,680	1
2399	Other current liabilities- others (Note 6(25))	40,786	-	83,621	-
		27,621,505	49	24,544,862	46
	Non-current liabilities:				
2530	Corporate bonds payable (Note 6(14) and (25))	2,000,000	3	4,000,000	7
2540	Long-term loans (Note 6(13) and (25))	1,438,200	3	1,833,560	3
2573	Deferred tax liabilities－ Others (Note 6(19))	921	-	-	-
2580	Non-current lease liabilities (Note 6(15) and (25))	3,123,422	6	3,340,967	6
2640	Defined benefit liabilities, net - non-current (Note 6(18))	821	-	2,935	-
2645	Refundable deposits (Note 6(25))	96,204	-	97,814	-
2670	Other non-current liabilities- others (Note 6(25))	16,336	-	32,672	-
		6,675,904	12	9,307,948	16
	Total liabilities	34,297,409	61	33,852,810	62
	Equity attributable to owners of the parent company (Note 6(20))				
3100	Share capital	5,541,701	10	5,541,701	10
3200	Capital reserve	1,451,569	3	1,421,924	3
3300	Retained earnings	11,648,455	20	10,697,059	20
3400	Other equity interest	(26,544)	-	(26,727)	-
3500	Treasury stock	(98,702)	-	(71,196)	-
	Total equity attributable to owners of the parent company	18,516,479	33	17,562,761	33
36XX	Non-controlling interests (Note 6(7))	3,048,969	6	2,432,872	5
	Total equity	21,565,448	39	19,995,633	38
	Total liabilities and equity	$ 55,862,857	100	53,848,443	100

(Refer to the subsequent Notes to the Consolidated Financial Statements)

Chairman: Chih-Kang, Ma **General Manager: Chang-Jung, Hsieh Sheng-An, Chang** **Chief Accounting Officer: Shu-Lien, Chang**

KINDOM DEVELOPMENT CO., LTD. and Subsidiaries

Consolidated Statements of Comprehensive Income

January 1 to December 31, 2022, and 2021

Unit: NT$ thousand

		2022		2021	
		Amount	**%**	**Amount**	**%**
4000	**Operating income (Note 6 (17) and (22))**	$ 21,506,102	100	25,191,138	100
5000	**Operating costs (Note 6(5) and(18))**	15,582,332	72	18,173,783	72
	Gross profit	5,923,770	28	7,017,355	28
	Operating expenses:				
6100	Selling and marketing expenses (Note 6(18))	219,758	1	255,126	1
6200	General and administrative expenses (Note 6(18))	1,677,024	8	1,584,947	6
6450	Expected credit (gain) loss (Note 6(4))	(1,396)	-	12,885	-
		1,895,386	9	1,852,958	7
	Net operating income	4,028,384	19	5,164,397	21
	Non-operating income and expenses:				
7100	Interest income (Note 6(24))	71,821	-	25,436	-
7010	Other income (Note 6(24))	7,330	-	4,763	-
7020	Other gains and losses (Note 6(24))	34,244	-	104,594	-
7050	Financial cost (Note 6(24))	(302,865)	(1)	(315,117)	(1)
7060	Share of profit and loss of associates and joint ventures accounted for using the equity method (Note 6(6))	998	-	(5,387)	-
		(188,472)	(1)	(185,711)	(1)
	Profit before tax from continuing operating department	3,839,912	18	4,978,686	20
7950	**Less: Income tax expenses (Note 6(19))**	710,215	3	901,353	4
	Net income	3,129,697	15	4,077,333	16
8300	**Other comprehensive income:**				
8310	**Items that will not be reclassified subsequently to profit or loss:**				
8311	Remeasurements of defined benefit plans	4,792	-	(2,128)	-
8316	Unrealized gains (losses) from investments in equity instruments measured at fair value through other comprehensive income	45	-	2,784	-
8360	**Items that may be reclassified subsequently to profit or loss:**				
8361	Exchange differences on translation of financial statements of foreign operations	189	-	(1,347)	-
8300	**Other comprehensive income (loss)(net of taxes)**	5,026	-	(691)	-
	Total comprehensive income for the year	**$ 3,134,723**	**15**	**4,076,642**	**16**
	Net profit attributable to:				
8610	Owners of the parent company	$ 2,333,896	11	3,508,103	14
8620	Non-controlling interests	795,801	4	569,230	2
		$ 3,129,697	**15**	**4,077,333**	**16**
	Total comprehensive income attributable to:				
8710	Owners of the parent company	$ 2,337,004	11	3,508,131	14
8720	Non-controlling interests	797,719	4	568,511	2
		$ 3,134,723	**15**	**4,076,642**	**16**
9750	**Basic earnings per share (in NT$) (Note 6(21))**	**$**	**4.31**		**6.47**
9850	**Diluted earnings per share (in NT$) (Note 6(21))**	**$**	**4.29**		**6.44**

(Refer to the subsequent Notes to the Consolidated Financial Statements)

Chairman: Chih-Kang, Ma **General Manager: Chang-Jung, Hsieh** **Chief Accounting Officer:**
Sheng-An, Chang **Shu-Lien, Chang**

KINDOM DEVELOPMENT CO., LTD. and Subsidiaries
Consolidated Statements of Changes in Equity
January 1 to December 31, 2022, and 2021

Expressed in thousands of New Taiwan Dollars

	Equity attributable to owners of parent											
	Share capital		Retained earnings				Other equity					
	Share capital of common stocks	Capital reserve	Legal reserve	Special reserve	Unappropriated earnings	Total	Exchange differences on translation of financial statements of foreign operations	Unrealized gains (losses) from financial assets measured at fair value through other comprehensive income	Treasury stock	Total equity attributable to owners of the parent company	Non-controlling interests	Total equity
Balance as of January 1, 2021	$ 5,037,910	1,396,097	1,816,778	25,804	7,060,355	8,902,937	(28,521)	674	(71,196)	15,237,901	2,127,656	17,365,557
Net income	-	-	-	-	3,508,103	3,508,103	-	-	-	3,508,103	569,230	4,077,333
Other comprehensive income for the period	-	-	-	-	(1,092)	(1,092)	(1,131)	2,251	-	28	(719)	(691)
Total comprehensive income for the year	-	-	-	-	3,507,011	3,507,011	(1,131)	2,251	-	3,508,131	568,511	4,076,642
Appropriation of earnings:												
Legal reserve appropriated	-	-	335,191	-	(335,191)	-	-	-	-	-	-	-
Special reserve appropriated	-	-	-	2,043	(2,043)	-	-	-	-	-	-	-
Cash dividends of ordinary share	-	-	-	-	(1,209,098)	(1,209,098)	-	-	-	(1,209,098)	-	(1,209,098)
Share dividends of common stocks	503,791	-	-	-	(503,791)	(503,791)	-	-	-	-	-	-
Changes in equity of associates and joint ventures accounted for under the equity method	-	37	-	-	-	-	-	-	-	37	-	37
Changes in capital reserve from dividends paid to subsidiaries	-	25,501	-	-	-	-	-	-	-	25,501	-	25,501
Unclaimed dividends after effective period	-	289	-	-	-	-	-	-	-	289	71	360
Changes in non-controlling interests	-	-	-	-	-	-	-	-	-	-	(263,366)	(263,366)
Balance as of December 31, 2021	5,541,701	1,421,924	2,151,969	27,847	8,517,243	10,697,059	(29,652)	2,925	(71,196)	17,562,761	2,432,872	19,995,633
Net income	-	-	-	-	2,333,896	2,333,896	-	-	-	2,333,896	795,801	3,129,697
Other comprehensive income for the period	-	-	-	-	2,925	2,925	159	24	-	3,108	1,918	5,026
Total comprehensive income for the year	-	-	-	-	2,336,821	2,336,821	159	24	-	2,337,004	797,719	3,134,723
Appropriation of earnings:												
Legal reserve appropriated	-	-	350,701	-	(350,701)	-	-	-	-	-	-	-
Special reserve reversed	-	-	-	(1,120)	1,120	-	-	-	-	-	-	-
Cash dividends of ordinary share	-	-	-	-	(1,385,425)	(1,385,425)	-	-	-	(1,385,425)	-	(1,385,425)
Changes in equity of associates and joint ventures accounted for under the equity method	-	(216)	-	-	-	-	-	-	-	(216)	(333)	(549)
Buyback treasury stock	-	-	-	-	-	-	-	-	(27,506)	(27,506)	-	(27,506)
Changes in capital reserve from dividends paid to subsidiaries	-	29,227	-	-	-	-	-	-	-	29,227	-	29,227
Unclaimed dividends after effective period	-	634	-	-	-	-	-	-	-	634	93	727
Changes in non-controlling interests	-	-	-	-	-	-	-	-	-	-	(181,382)	(181,382)
Balance as of December 31, 2022	$ 5,541,701	1,451,569	2,502,670	26,727	9,119,058	11,648,455	(29,493)	2,949	(98,702)	18,516,479	3,048,969	21,565,448

(Refer to the subsequent Notes to the Consolidated Financial Statements)

Chairman: Chih-Kang, Ma **General Manager: Chang-Jung, Hsieh Sheng-An, Chang** **Chief Accounting Officer: Shu-Lien, Chang**

KINDOM DEVELOPMENT CO., LTD. and Subsidiaries

Consolidated Statements of Cash Flows

January 1 to December 31, 2022, and 2021

Unit: NT$ thousand

		2022	2021
Cash flows from operating activities:			
Income before income tax	$	3,839,912	4,978,686
Adjustments:			
Adjustments to reconcile profit (loss)			
Depreciation		416,556	424,270
Amortization		10,690	9,779
Expected credit losses (reversal)		(1,396)	12,885
Net loss (gain) on financial assets and liabilities measured at fair value through profit or loss		27,134	(53,805)
Interest expenses		302,865	315,117
Interest income		(71,821)	(25,436)
Dividend income		(7,330)	(4,763)
Share of (gains) loss of associates and joint ventures accounted for using equity method		(998)	5,387
Gains on disposal of property, plant and equipment		-	(28)
Impairment loss		300	24,618
Gains from lease modifications		-	(58)
Total adjustments to reconcile profit (loss)		676,000	707,966
Changes in operating assets and liabilities:			
Changes in operating assets:			
Increase in financial assets at fair value through profit or loss		-	(3,134)
Decrease (increase) in contract assets		299,837	(304,209)
(Increase) decrease in note receivable and accounts		(895,338)	974,346
Decrease in inventory		280,504	7,185,817
Decrease (increase) in prepayments		(75,666)	30,767
Increase in other current assets		(10,543)	(8,554)
Increase in other financial assets - current		(1,367,885)	(41,812)
Decrease in the incremental costs to obtain contract with customers		40,919	70,141
Decrease (increase) in defined benefit assets - non-current		(3,382)	962
Increase in other non-current assets		(41)	(48)
Total changes in operating assets		(1,731,595)	7,904,276
Total changes in operating liabilities:			
Increase (decrease) in contract liabilities		437,149	(3,976,991)
Increase (decrease) in notes payable		65,513	(62,722)
Increase in accounts payable		226,436	523,216
Increase (decrease) in other payables		44,439	(209,783)
Decrease in employee benefit liabilities - current		(1,733)	(371)
Increase in provisions - current		1,610	31,263
Increase (decrease) in other current liabilities		(42,835)	14,641
Increase (decrease) in net defined benefit liabilities		2,678	(5,172)
Decrease in other non-current liabilities		(16,336)	(16,336)
Total changes in operating liabilities		716,921	(3,702,255)
Total changes in operating assets and liabilities		(1,014,674)	4,202,021
Total adjustments		(338,674)	4,909,987
Cash flows generated from operations		3,501,238	9,888,673
Income taxes paid		(740,057)	(851,421)
Net cash flows from operating activities		2,761,181	9,037,252

KINDOM DEVELOPMENT CO., LTD. and Subsidiaries

Consolidated Statements of Cash Flows (continued)

January 1 to December 31, 2022, and 2021

Unit: NT$ thousand

	2022	2021
Cash flows from investing activities:		
Obtained financial assets at fair value through other comprehensive income	-	(1,941)
Payment returned on capital reduction of financial assets at fair value through other comprehensive income	-	992
Obtained investments accounted for using equity method	(1,120,000)	-
Acquisition of property, plant, and equipment	(135,490)	(108,747)
Disposal of property, plant and equipment	-	76
Acquisition of intangible assets	(10,070)	(14,488)
Increase in prepayments for business facilities	5,576	53,138
Increase in other non-current assets	(11,851)	(187)
Interest received	67,518	25,779
Dividends received	7,330	4,763
Others investment activities	(549)	-
Net cash flows used in investing activities	(1,197,536)	(40,615)
Cash flows from financing activities:		
Increase in short-term loans	5,087,369	4,671,600
Decrease in short-term loans	(4,541,238)	(5,293,226)
Increase in short-term notes and bills payable	110,000	480,000
Decrease in short-term notes and bills payable	(110,000)	(480,000)
Redemption of convertible corporate bonds	-	(1,500,000)
Proceeds from long-term debt	5,000	200,000
Repayments of long-term loans	(479,400)	(457,760)
Increase in guarantee deposits received	(1,610)	3,395
Repayments of lease principal	(177,345)	(158,485)
Cash dividends distributed	(1,356,198)	(1,183,597)
Cost of buying back treasury stocks	(27,506)	-
Interest paid	(449,166)	(444,038)
Changes in non-controlling interests	(181,382)	(263,366)
Net cash flows used in financing activities	(2,121,476)	(4,425,477)
Effects of exchange rate changes on the balance of cash and cash equivalents	189	(1,347)
Net increase (decrease) in cash and cash equivalents	(557,642)	4,569,813
Cash and cash equivalents at beginning of the period	16,080,562	11,510,749
Cash and cash equivalents at end of the period	$ **15,522,920**	**16,080,562**

(Refer to the subsequent Notes to the Consolidated Financial Statements)

Chairman: Chih-Kang, Ma **General Manager: Chang-Jung, Hsieh Sheng-An, Chang** **Chief Accounting Officer: Shu-Lien, Chang**

KINDOM DEVELOPMENT CO., LTD. and Subsidiaries
Notes to the Consolidated Financial Statements
For 2022 and 2021
(In Thousands of New Taiwan Dollars, unless otherwise specified)

1. Company Overview

Kindom Development Co., Ltd. (hereinafter referred to as "the company") was incorporated in November 1979, located at 2F., No. 131, Sec. 3, Heping E. Rd., Da'an Dist., Taipei City, Taiwan. The company and its subsidiaries (hereinafter referred to as the “Group”) primarily engages in the development of residential properties, the leases or sales of commercial buildings, comprehensive constructions, department stores, supermarkets, and international trading.

2. Approval Date and Procedures of the Financial Statements

The consolidated financial statements were published upon approval by the Board of Directors on March 14, 2023.

3. Application of New, Amended, and Revised Standards and Interpretations

(1) Impact of adoption of new, revised or amended standards and interpretations endorsed by the Financial Supervisory Commission.

The group has adopted the newly revised International Financial Reporting Standards ("IFRSs") specified above since January 1, 2022, and assessed that the adoption will not have a material impact on the consolidated financial statements.

- Amendments to IAS 16 "Property, Plant and Equipment - Proceeds before Intended Use"
- Amendments to IAS 37 "Onerous Contracts - Cost of Fulfilling a Contract"
- Annual Improvements to IFRSs 2018-2020 Cycle
- Amendments to IFRS 3 "Reference to the Conceptual Framework"

(2) Impact of IFRSs endorsed by the FSC but yet to come into effect

The Group has assessed that the application of the following newly revised IFRSs, effective on January 1, 2023, will not have a material impact on the consolidated financial statements.

- Amendments to IAS 1 "Disclosure of Accounting Policies"
- Amendments to IAS 8 "Definition of Accounting Estimates"
- Amendments to IAS 12 "Deferred Tax Related to Assets and Liabilities Arising from a Single Transaction"

(3) Impact of IFRSs issued by the IASB but yet to be endorsed by the FSC

The table below lists the impact of IFRSs issued by the IASB but yet to be endorsed by the FSC:

New, revised or amended standards and interpretations	Main amendments	Effective date released by the IASB
Amendments to IAS 1 "Classify Liabilities as Current or Non-current"	Based on the current regulations of IAS 1, the corporate liabilities whose settlement can be deterred unconditionally for at least twelve months after the reporting period should be classified as current liabilities. The revised Article deletes the regulations that the rights should be unconditional instead provides that the rights must exist as of the end of the reporting period and must be substantive. The revised Article clarifies how corporates should classify liabilities settled by issuing their own equity instruments (such as convertible corporate bonds).	January 1, 2024
Amendments to IAS 1 "Non-current Liabilities with Covenants”	After re-consideration of certain aspects of the amendments of 2020 IAS 1, the newly amended Articles clarify that only contract terms that were in place on the reporting date or were complied with before will affect the classification of a liability as either current or non-current. Contract terms (i.e. future terms) that corporates are required to comply with after the reporting date do not affect the classification of liabilities as of that date. However, when non-current liabilities are limited by future contract terms, corporates are required to disclose information to assist financial statement users in understanding the risk that these liabilities may be settled within the next twelve months following the reporting date.	January 1, 2024

The Group is in the process of evaluating the impact on the consolidated financial position and performance of the adoption of the standards and interpretations mentioned above, and the Group will disclose relevant impacts when the evaluation is completed.

The group anticipates that the application of the following other newly published and amended but recognized IFRSs will not have a material impact on the consolidated financial statements.

- Amendment to IFRS 10 and IAS 28 "Sale or Contribution of Assets between an Investor and its Associate or Joint Venture"

· IFRS 17 “Insurance Contracts” and Amendments to IFRS 17

· Amendments to IFRS 17, "Comparative Information for Initial Application of IFRS 17 and IFRS 9"

· Amendments to IFRS 16 "Lease Liability in a Sale and Leaseback"

4. Summary of Significant Accounting Policies

The summary of material accounting policies adopted in the consolidated financial statements is as follows. The following accounting policies have been consistently applied to all stated periods in the Consolidated Financial Statements.

(1) Compliance statement

The Group's consolidated financial statements have been prepared in accordance with the "Regulations Governing the Preparation of Financial Reports by Securities Issuers" (the "Regulations") and the IFRS, IAS, IFRIC Interpretations, and SIC Interpretations endorsed by the FSC (collectively as the "IFRSs approved by FSC").

(2) Basis of Preparation

1. Basis of measurement

The consolidated financial statements have been prepared on a historical cost basis except for the following significant accounts:

(1) Financial assets measured at fair value through profit or loss;

(2) Financial assets measured at fair value through other comprehensive income; and

(3) Net defined benefit liability (or asset) measured at the fair value of plan assets less present value of defined benefit obligation, and the limits disclosed in Note 4(19).

2. Functional and presentation currency

Every individual entity of the Group takes the currency of the economic environment its operation domiciles are in as the functional currency. The consolidated financial statements were expressed in New Taiwan Dollars, the Company's functional currency. All financial information presented in New Taiwan Dollars has been rounded to the nearest thousand.

(3) Basis of consolidation

1. Principle of preparation of the consolidated financial statements

The preparation subjects of the consolidated financial statements include the Company and individuals controlled by the Company (i.e. subsidiaries.) The Company controls an individual entity when it is exposed to, or has rights to, variable remuneration from its participation in that individual and can influence that remuneration through its power over that individual.

From the date of attaining control over the subsidiary, its financial statements shall be included in the consolidated financial statements until the date of losing control. The transactions, balances and, any unrealized income and expenses between the consolidated companies have been eliminated in full at the time of preparing the consolidated financial statements. The total comprehensive income of subsidiaries is attributable to the owners and non-controlling interests of the Company, even if the non-controlling interests become the deficit balance.

Financial statements of subsidiaries are adjusted to ensure consistency with the accounting policies adopted by the Group.

If the change of ownership equity to subsidiaries by the Group does not cause lost control over them, it will be considered equity transaction between shareholders. The difference between the adjustment amount of non-controlling interests and the fair value of the consideration paid or received shall be directly recognized in equity attributable to the owners of the Company.

2. Subsidiaries included in the consolidated financial statements:

			Percentage of ownership		
Name of Investor	**Subsidiary name**	**Main business and products**	**2022.12.31**	**2021.12.31**	**Explanation**
The company	Kedge Construction Co., Ltd. (Kedge Construction)	The comprehensive construction industry, etc.	34.18%	34.18%	The company has more than half of the company's director seats
〃	Global Mall Co., Ltd. (Global Mall)	Supermarkets, department stores, international trading, wholesales of medical equipment, and retails	84.02%	84.02%	The subsidiary in which the company's voting share exceeds more than 50% of the subsidiary's issued shares.
〃	Guan Cheng Co., Ltd. (Guan Cheng) (Note 1)	Department stores, supermarkets, and non-store retailing	- %	51.00%	The subsidiary in which the group's voting share exceeds more than 50% of the subsidiary's issued shares.
Kedge Construction	Jiequn Investment Co., Ltd. (Jiequn Investment)	Investment	99.98%	99.98%	The subsidiary in which Kedge Construction's voting share exceeds more than 50% of the subsidiary's issued shares.
〃	Guanqing Electromechanical Co., Ltd. (Guanqing Electromechanical)	Installation and engineering of electrical and fire safety equipment	99.96%	99.96%	The subsidiary in which Kedge Construction's voting share exceeds more than 50% of the subsidiary's issued shares.
Jointly held by Guanqing Electromechanical and Jiequn Investment	Dingtian Construction Co., Ltd. (Dingtian Construction)	The comprehensive construction industry, etc.	100.00%	100.00%	The subsidiary in which the group's voting share exceeds more than 50% of the subsidiary's issued shares.

Name of Investor	Subsidiary name	Main business and products	Percentage of ownership 2022.12.31	Percentage of ownership 2021.12.31	Explanation
Global Mall	KGM International Investment Co., Ltd. (KGM) (Note 2)	Investment and operation of shopping mall in mainland China, including master planning, supporting engineering consulting, and leasing planning and consulting	100.00%	100.00%	The subsidiary in which Global Mall's voting share exceeds more than 50% of the subsidiary's issued shares.
〃	Guan Hua Co., Ltd. (Guan Hua)	Department stores, supermarkets, and non-store retailing	100.00%	100.00%	The subsidiary in which Global Mall's voting share exceeds more than 50% of the subsidiary's issued shares.
〃	Guan Cheng (Note 1)	Department stores, supermarkets, and non-store retailing	100.00%	49.00%	The subsidiary in which Global Mall's voting share exceeds more than 50% of the subsidiary's issued shares.
〃	Guan You Co., Ltd. (GLOBAL MALL ZUOYING STORE) (Guan You) (Note 3)	Department stores, supermarkets, and non-store retailing	- %	3.70%	The subsidiary in which the group's voting share exceeds more than 50% of the subsidiary's issued shares.
Guan Cheng	Guan You (Note 3)	Department stores, supermarkets, and non-store retailing	100.00%	96.30%	The subsidiary in which Guan Cheng's voting share exceeds more than 50% of the subsidiary's issued shares.

Note 1: In line with the Group's operational needs, the Company sold 51% of its shares of Guan Cheng to Global Mall in June 2022.

Note 2: On December 24, 2021, the KGM Board of Directors decided to reduce capital by HK$41,644,000 to make up for the loss and reduce capital by cash by HK$12,400,000 (NT$44,054,000). The aforementioned transactions has been filed with the Investment Review Committee for review.

Note 3: In line with the Group's operational needs, Global Mall sold 3.7% of its shares of Guan You to Guan Cheng in April 2022.

3. List of subsidiaries which are excluded from the consolidated financial statements: None

(4) Foreign Currency

1. Foreign currency transactions

Transactions in foreign currency are translated into the functional currency at exchange rates prevailing at the transaction dates. Monetary assets and liabilities denominated in foreign currencies at the end of the period (the "reporting date") are retranslated to the functional currency at the exchange rate at the reporting date. Non-monetary assets and liabilities denominated in foreign currencies that are measured at fair value are retranslated to the functional currency at the exchange rate prevailing at the date when the fair value was determined. Non-monetary assets and liabilities in a foreign currency that are measured at historical cost are retranslated using the exchange rates prevailing at the transaction dates. Foreign operations

The assets and liabilities of foreign operations, including goodwill and fair value adjustments arising from acquisition, are translated into NT$ at the exchange rates at the reporting date. The income and expenses of foreign operations are translated into NT$ at the average exchange rates for the period. All resulting exchange differences are recognized in other comprehensive income.

When the disposal of foreign operation leads to loss of control, joint control or material influence, the cumulative exchange difference amount related to them will be re-classified into profit or loss. When partially disposing of subsidiaries containing foreign operation, the cumulative exchange difference amount will be re-attached to non-controlling equity according to proportion. When partially disposing of affiliated enterprises or joint investments containing foreign operation, the cumulative exchange difference amount will be re-classified into profit or loss according to proportion.

When the settlement of a monetary receivable from or payable to a foreign operation is neither planned nor likely to occur in the foreseeable future, the related foreign exchange gains and losses are a part of net investment in that foreign operation and thereon are recognized as other comprehensive income.

(5) Classification of Current and Non-current Assets and Liabilities

An asset is classified as current when one of the following criteria is met; all other assets are classified as non-current assets:

1. It is expected to be realized, or intended to be sold or consumed in the normal operating cycle;
2. It is held primarily for the purpose of trading;
3. It is expected to be realized within twelve months after the reporting period; or
4. The asset is cash or a cash equivalent unless the asset is restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

A liability is classified as current when one of the following criteria is met; all other liabilities are classified as non-current liabilities:"

1. It is expected to be settled in the normal operating cycle;
2. It is held primarily for the purpose of trading;
3. It is due to be settled within twelve months after the reporting period; or
4. Liabilities whose settlement can be deterred unconditionally for at least twelve months after the reporting period. The liabilities provisions may be settled by issuing equity instruments at the option of the counterparty, and will not impact its classification.

(6) Cash and cash equivalents

Cash includes inventory cash and current 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 are classified as cash equivalents only when they satisfy the aforementioned definition, and the purpose of holding is to meet the short-term cash commitments rather than investment or other purposes.

(7) Financial Instruments

The accounts receivable and debt securities issued were originally recognized when they were generated. All other financial assets and financial liabilities were originally recognized when the Group became a party to the terms of a financial instrument contract. Financial assets not measured at fair value through profit or loss (other than accounts receivable excluding material financial components) or financial liabilities primitively at fair value may be measured directly attributable to the transaction cost of the acquisition or issuance. The accounts receivable that do not contain a significant financing component are measured at transaction prices.

1. Financial assets

All financial assets that are purchased or sold in ordinary business transactions are recognized and derecognized on a trade-date basis.

Upon initial recognition, financial assets are classified following categories: measured at amortized cost, fair value through other comprehensive income ("FVTOCI"), and fair value through profit or loss ("FVTPL"). Only upon changes in the Group's management of financial assets, the affected assets are reclassified at the beginning of the next reporting period.

(1) Financial assets at amortized cost

A financial asset is measured at amortized cost if it meets both of the following conditions and is not designated as at FVTPL:

- It is held within a business model whose objective is to hold financial assets to collect contractual cash flows.
- Its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

These assets are subsequently accrued based on the original recognized amount plus or minus the effective interest method, and adjusted for the amortized cost of any allowance losses. Interest income, foreign exchange profit or loss, and impairment loss are recognized in profit and loss. When derecognition, gain or loss is recognized in profit and loss.

(2) Financial assets at fair value through other comprehensive income

At the time of initial recognition, the Group may make an irrevocable choice and report the subsequent changes at the fair value of equity instrument investment not held for trading to other comprehensive income. This election is made on an instrument-by-instrument basis.

Equity instrument investors shall be measured at fair value subsequently. Dividend income (unless it clearly represents the recovery of part of the investment cost) is recognized in profit and loss. The remaining net profit or loss is recognized as other comprehensive income and is not reclassified to profit and loss.

Dividend income derived from equity investments is recognized on the date that the Group's right to receive the dividends is established (usually the ex-dividend date).

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

Financial assets not measured at the aforementioned amortized cost or fair value through other comprehensive income as decribed above are measured at fair value through profit or loss, including derivative financial assets. On initial recognition, the Group may irrevocably designate a financial asset, which meets the requirements to be measured at amortized cost or measured at fair value through other comprehensive income, as at fair value through profit and loss if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

These assets are subsequently measured at fair value, and net gains and losses (including dividend and interest incomes) are recognized in profit or loss.

(4) Impairment of financial assets

Regarding the financial assets measured through amortized cost (including cash and equivalent cash, financial assets measured by amortized cost, notes receivable and accounts receivable, other receivables, refundable deposits, and other financial assets, etc.) and contract assets, the Group shall recognize loss allowance for expected credit losses.

The Company measures its loss allowances at an amount equal to lifetime ECL), except for the following which are measured as 12-month ECL：

- debt securities that are determined to have low credit risk at the reporting date; and
- other debt securities and bank balances for which credit risk (i.e., the risk of default occurring over the expected life of the financial instrument) has not increased significantly since initial recognition.

Loss allowance for trade receivables and contract assets are always measured at an amount equal to lifetime ECL.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition, the Group considers reasonable and supportable information that is relevant and available without undue cost or effort. The information includes both quantitative and qualitative information and analysis based on the Group' s historical experience, credit assessment, as well as forward-looking information.

Expected credit loss refers to the weighted estimate of credit loss probability during the expected survival period of financial instruments. The credit loss is measured by the present value of all cash shortfall, namely the difference between the cash flow that the Group can collect according to the contract and the expected cash flow that the Group will receive. Expected credit loss is discounted at the effective interest rate of financial assets.

On each reporting date, the Group assesses whether there is credit impairment on financial assets measured at amortized cost and debt securities measured at fair value through other comprehensive income. 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 evidences for credit impairment of financial assets include the observable data for the following events:

- significant financial difficulty of the borrower or issuer;
- a breach of contract such as a default or being overdue more than one year;
- the lender of the borrower, for economic or contractual reasons relating to the borrower's financial difficulty, having granted to the borrower a concession that the lender would not otherwise consider;
- it is probable that the borrower will enter bankruptcy or other financial reorganization; or
- the disappearance of an active market for a security because of financial difficulties.

The loss allowance of financial assets measured through amortized cost is deducted from the carrying amount of assets. The loss allowance of debt instrument investment measured at fair value through other comprehensive income is adjusted profit and loss and recognized in other comprehensive income (without reducing the carrying amount of assets).

When the Group fails to carry out a reasonable expectation of recovery of financial assets in part or whole, the total carrying amount of the financial assets directly decreases. For companies, the Group analyzes the timing and amount of write-offs individually based on whether it is reasonably expected to be recoverable. The Group expects that the written off amount will not be materially reversed. However, the written-off financial assets can still be enforced to comply with the procedures for the Group to recover the overdue amount.

(5) Derecognition of financial assets

Financial assets are derecognized when the contractual rights to the cash flows from the assets expire, when the Group transfers substantially all the risks and rewards of ownership of the financial assets to other enterprises, or when the Group neither retain nor transfer substantial risks and rewards of the ownership, and does not retain control of the asset.

Even when it transfers the financial assets, if it retains all or some the risks and rewards of ownership of the assets, the Group continue to recognize the assets in the balance sheets.

2. Financial liabilities and equity instruments

(1) Classification of debt or equity

Debt and equity instruments issued by the Group are classified separately as financial liabilities and equity in accordance with the substance of contractual arrangements.

(2) Equity instruments

Equity instruments refer to any contracts containing the Group's residual interest after subtracting liabilities from assets. The equity instrument issued by the Group shall be recognized by the payment net of the direct cost of issuance.

(3) Treasury stock

When buying back the equity instruments recognized by the Company, the consideration paid (including directly attributable costs) is recognized as a decrease in equity. The repurchased shares are classified as treasury stocks. For subsequent sales or re-issuance of treasury stocks, the amount received is recognized as an increase in equity, and the remaining or loss generated by the transaction is recognized as a capital reserve or retained surplus (if the capital reserve is insufficient for the offsetting).

(4) 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 measured at fair value through profit or loss are measured at fair value and the related net gains and losses, including any interest expense, are recognized in profit or loss.

Other financial liabilities are subsequently assessed at amortized cost employing an 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.

(5) Derecognition of financial liabilities

The Group 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.

The difference between the carrying amount of a financial liability derecognized and the consideration paid (including any non-cash assets transferred or liabilities assumed) is recognized in profit or loss and included in non-operating income and loss.

(6) Offsetting of financial assets and liabilities

Financial assets and liabilities are presented on a net basis only when the Group 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.

(7) Financial guarantee contract

A financial guarantee contract ("FGC") is a contract that requires the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payments when due in accordance with the terms of a debt instrument.

Upon the issuance, a FGC that is not designated as measured at FVTPL is initially recognized at fair value less any direct issue cost and subsequently measured as the greater of (a) the IFRS 9 Expected Credit Loss allowance, and (b) the amount initially recognized, when appropriate, less any cumulative amount of income recognized.

(8) Inventories

Construction

Inventory is measured by the lower of cost and NRV. The cost includes all necessary expenditures and capitalized borrowing costs to get an asset in place and in conditions ready for use.

The NRV is the expected selling price in the ordinary course of business, less the estimated cost of construction completion and the estimated costs necessary to make the sale. The measurement of NRV is as follows:

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

2. Construction in progress

   The NRV 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 calculated on the basis of the expected selling price (based on the current market conditions) less the estimated selling costs.

<u>Trading</u>

Inventory is measured by the lower of cost and NRV. The cost is the weighted average of all costs necessary to get an asset in place and in conditions ready for use.

The NRV is the expected selling price in the ordinary course of business, less the estimated cost to get the inventory ready for use and selling costs.

(9) Investments in associates

An associate is an entity over which the Group has significant influence to participate in the entity's financial and operating policies but is not in control or joint control over those policies.

The Group adopts the equity method for handling the equity of associates. Under the equity method, the initial acquisition is recognized according to the cost, and the investment cost includes the transaction cost. The carrying amount of invested associates includes the goodwill recognized at the time of initial investment less any accumulative impairment loss.

The consolidated financial statements include the amount of profit and loss and other comprehensive profit and loss of each invested associate recognized by the Group according to the proportionate interest after the adjustment of the consistency with the accounting policies of the Group from the date of attaining a material influence to the date of losing such influence. When associates undergo non-equity or other comprehensive income equity changes without influencing the shareholding proportion of the Group, the Group will recognize the equity change in the share of affiliated enterprises attributable to it as capital reserve according to shareholding proportion.

Only when the transactions are neither upstream nor downstream transactions, unrealized profits and losses resulting from transactions between the Group and an associate are recognized in the associate's financial statements.

If the Group's share of losses of an associate equals or exceeds its proportionate interest, the Group discontinues recognizing its share of further losses. After the Group's proportionate interest is reduced to zero, additional losses are recognized as a provision (liability) only to the extent that the investor has incurred legal or constructive obligations or made payments on behalf of the associate.

(10) Joint Arrangements

A joint arrangement is an arrangement of which two or more parties have joint control. Joint arrangements include joint operation and joint venture, and has the following characteristics: (a) The parties are bound by a contractual arrangement; (b) The contractual arrangement gives at least two parties joint control of the arrangement. IFRS 11 Joint Arrangements define joint control as contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities (i.e. activities that significantly affect the returns of the arrangement) require the unanimous consent of the parties sharing control.

Joint Ventures

Joint venture is a type of joint arrangement in which the parties (i.e. joint venturers) that have joint control of the arrangement have rights to the net assets of the arrangement, rather than rights to assets and obligations for the liabilities. A joint venturer shall recognize its interest in a joint venture as an investment and shall account for that investment using the equity method in accordance with IAS 28 unless the entity is exempted from applying the equity method as specified in that standard.

Joint operation is a type of joint arrangement in which the parties (i.e. joint operators) that have joint control of the arrangement have rights to the assets, and obligations for the liabilities, relating to the arrangement. A joint operator shall recognize and measure the assets and liabilities (and recognize the related revenues and expenses) in relation to its interest in the arrangement in accordance with relevant IFRSs applicable to the particular assets, liabilities, revenues and expenses.

When classifying joint arrangements evaluated by the Group, the structure of the agreement, the legal form of the separate vehicle, the conditions of the contractual arrangement, and other facts and circumstances are considered. When there is a change in facts and circumstances, the Group will reevaluate whether the type of joint arrangement it is involved in has changed.

(11) Investment property

Investment property refers to property held for earning rent or asset appreciation or both, rather than for normal business sale, production, provision of goods or services, or administrative purposes. Investment property is initially measured by cost and subsequently measured by cost minus accumulated depreciation and accumulated impairment. Its depreciation method, service life, and residual value are treated following the provisions of property, plant, and equipment.

Gain or loss on disposal of investment property (i.e. the difference between net proceed and the carrying amount) is recognized in profit or loss.

Rental income from investment property is recognized in operating revenue on a straight-line basis during the lease term. The lease incentive is recognized as part of the lease income during the lease term.

(12) Property, Plant, and Equipment

1. Recognition and measurement

   Property, plant, and equipment are measured at cost (including the capitalized borrowing costs) less accumulated depreciation and accumulated impairment losses.

   Each part of an item of property, plant, and equipment with a useful life that is different in relation to the total useful life of the item shall be depreciated separately.

   The gain or loss arising from the disposal of an item of property, plant, and equipment is recognized as non-operating income and loss.

2. Subsequent costs

   Subsequent expenditure is capitalized only when it is probable that future economic benefits associated with the expenditure will flow to the Group.

3. Depreciation

   Depreciation is calculated on the cost of an asset less its residual value and is recognized in profit or loss on a straight-line basis over the estimated useful lives of each component of an item of property, plant, and equipment.

   Land is not depreciable.

   The estimated useful lives of property, plant, and equipment for the current and comparative periods are as follows:

(1)	Buildings	3~55 years
(2)	Transportation, office and others	1 to 30 years
(3)	Leasehold improvements	2 to 20 years

   Depreciation methods, useful lives, and residual values are reviewed at each reporting date, with the effect of any changes in estimate accounted for on a prospective basis.

(13) Lease

At the contract commencement date, the Group determined whether it is or contains a lease. A sublease containing the right to direct the use of an identified asset for a period of time in exchange for consideration is also identified as a lease.

1. The Company as lessee

   At the lease commencement date, the Group recognizes a right-of-use asset and a lease liability. The right-of-use asset is initially measured, using a cost model, at the original amount of the lease liability, plus lease payments at or before lease commencement, any initial direct costs, and an estimate of costs to be incurred by the lessee in dismantling and removing the underlying asset, restoring the site on which it is located or restoring the underlying asset to the condition required by the terms and conditions of the lease, and less lease incentives.

The right-of-use asset is subsequently depreciated using the straight-line method from the 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 Group 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.

The lease liability is measured at the present value of the lease payments that are not paid at the commencement date. If the interest rate implicit in the lease is easy to determine, the discount rate shall be the interest rate; if it is not easy to determine, the incremental borrowing rate of interest of the Group shall be used. Generally, the Group uses its incremental borrowing rate as the discount rate.

The lease payments comprise as follows:

(1) fixed payments, including in-substance fixed lease payments;

(2) variable lease payments that depend on an index or a rate and initially measured at the index or rate at the lease commencement date;

(3) amounts expected to be payable by the lessee under residual value guarantees;

(4) an option to purchase the underlying asset if it is reasonably certain to be exercised, and penalty payments for terminating the lease.

The lease liability is subsequently measured on an amortized cost basis, using an effective interest method, and remeasured to reflect the following conditions:

(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.

The remeasurements made under (i), (ii) and (iii) are treated as adjustments to the right-of-use asset. When the carrying amount is reduced to zero, any further reduction is recognized immediately in profit or loss.

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

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

The Group elects not to recognize short-term assets of office equipment and other low-value assets as right-of-use assets and lease liabilities, but instead recognizes payments of these leases as expenses on a straight-line basis over the lease term.

The Group chooses to apply the practical expedient to its rent concessions that fit all the following criteria without assessing if they are lease modifications:

(1) Rent concessions occurring as a direct consequence of the covid-19 pandemic;

(2) The change in lease payments results in revised consideration for the lease that is substantially the same as, or less than, the consideration for the lease immediately preceding the change;

(3) Any reduction in lease payments affects only payments originally due on or before June 30, 2022; and

(4) There is no substantive change to other terms and conditions of the lease.

With the application of practical expedient, the amount of changes in lease payments that arise from rent concessions are recognized in profit or loss for the reporting period.

2. The Company as lessor

When the Group acts as a lessor, it determines at lease commencement date whether each lease is a finance lease or an operating lease. To classify each lease, the Group makes an overall assessment of whether the lease transfers to the lessee substantially all of the risks and rewards of ownership incidental to ownership of the underlying asset. If this is the case, then the lease is a finance lease; if not, then the lease is an operating lease. At the time of evaluation, the Group's considerations include relevant specific indicators, such as whether it covers the main component of the economic life of the underlying asset during the lease term.

If the Group 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.

If the sublease includes lease and non-lease components, the consideration is allocated in accordance with IFRS 15.

(14) Intangible assets

1. Recognition and measurement

Intangible assets that are acquired by the Group are measured at cost, less accumulated amortization and any accumulated impairment losses.

2. Subsequent expenses

Subsequent expenditures are capitalized only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure, including expenditure on internally generated goodwill and brands, is recognized in profit or loss as incurred.

3.Amortization

The amortizable amount is the cost of an asset, less, its residual value. Except for goodwill and intangible assets with indefinite useful lives, amortization is recognized in profit or loss on a straight-line basis over the estimated useful lives of intangible assets from the date that they are available for use.

The estimated useful lives of property, plant, and equipment for the current and comparative periods are as follows:

(1) Patents and trademarks: 10 years

(2) Service concessions: 16 years

(3) Computer software: 2～5 years

The amortization method, amortization period, and residual value are reviewed at each reporting date, with the effect of any changes in estimate accounted for on a prospective basis.

(15) Impairments of Non-financial Assets

The Group assesses on each reporting date whether there is any indication that the carrying amount of non-financial assets (other than inventory, contractual assets, and deferred income tax assets) may be impaired. If there is any sign, an estimate is made of its recoverable amount.

For the impairment test, a group of assets whose cash inflows are largely independent of the cash inflows of other individual assets or asset groups is regarded as the smallest identifiable asset group.

The recoverable amount for an individual asset or a cash-generating unit is the higher of its fair value, less costs to sell, 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.

When the recoverable amount of an individual asset or a CGU is less than its carrying amount, an impairment loss is recognized.

(16) Provisions

The recognition of liability provision means current obligation for past events, so that in the future the Group is most likely to outflow resources with economic benefits to settle it, and the amount of the obligation can be reliably estimated. The provision is discounted at a pre-tax discount rate that reflects the current market's assessment of the time value of money and the specific risk of liabilities. The amortization of the discount is recognized as interest expense.

A provision for warranties is recognized upon the completion of construction. This provision reflects the historical warranty claim rate and the weighting of all possible outcomes against their associated probabilities.

(17) Revenue Recognition

1. Revenue of Customer Contract

   The revenue is measured by the consideration expected to be entitled to for the transfer of goods or services. The Group recognizes the revenue when the control over goods or services is transferred to the client, and the performance obligations are met. The accounting policies for the Group's main types of revenue are explained below:

   (1) Development of land and buildings

   The Group develops and sells residential property, and often pre-sells property during or before construction. The Group recognizes the income upon transfer of control over property asset. Due to contractual restrictions, the property usually has no other use for the Group. Therefore, if the Group transfers the legal ownership of the property to the client, and the date of the actual delivery of the property shall prevail. However, if only one item is completed before the reporting date, but the other item is actually completed during the subsequent period, it is also recognized as income.

   Revenue is measured based on the transaction price of the contractual agreement. When sales happen after construction is completed, in most cases, consideration is made upon transfer of legal ownership; however, in some cases, consideration is deferred for less than twelve months per contract terms. Consequently, no adjustment in the transaction price for the effect of financing component of the contract. When sales happen before construction is completed, consideration is payable in installments during the period from singing 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 in balance sheet, and discounts reflecting the effect of time value of money are recognized as interest expenses in profit or loss. The accumulated contract liabilities are reclassified as revenue upon the transfer of legal ownership.

(2) Customer loyalty program

The Group provides a customer loyalty program to retail customers, and the points obtained by customers' product purchase give customers the right to purchase products at a discount or exchange for gifts from the Group in the future. The Group believes that these points provide important rights that customers would not be able to obtain if they did not sign the contract, so the commitment to provide points to customers is a performance of obligation. The Group allocates the transaction price to the product and these points based on the relative stand-alone selling price. Based on past experience, the management estimates the stand-alone selling price of each point based on the discount given when the points are redeemed and the possibility of redemption; the retail price of the product is used as the basis to estimate the stand-alone price at the time of sale. The Group recognizes contract liabilities on the above-mentioned basis when selling products, and transfers revenue when these points are converted or lapsed.

(3) Consulting and management services

The Group provides business consulting and management services and recognizes the relevant revenue during the financial reporting period of providing labor services. Fixed-price contracts recognize the revenue based on the proportion of actual services provided to the total services as of the reporting date, which is determined by the proportion of costs incurred to the estimated total costs of services.

Estimates of revenues, costs, or extent of progress toward completion, are revised if circumstances change. Any resulting increases or decreases in estimated revenues or costs are reflected in profit or loss in the period when the circumstances that give rise to the revision become known by the management.

Under a fixed-price contract, the client pays a fixed amount of money according to the agreed schedule. When the service provided exceeds the payment, the contract assets shall be recognized. When the payment exceeds the service provided, the contract liabilities shall be recognized.

(4) Construction contracts

The Group is engaged in the contracting business of residential property and public construction. Since the assets are under the control of clients at the time of construction, the revenue is gradually recognized over time based on the proportion of the construction costs incurred to date to the estimated total contract costs. The contract includes fixed and variable consideration. The client pays a fixed amount of money according to the agreed schedule. Some variable consideration (such as penalty and price adjustment calculated based on overdue days) is estimated by the expected value based on the accumulated experience in the past. The Group recognizes revenue only within the range where the accumulated income is highly unlikely to have a material reversal. If the amount of recognized revenue has not yet been claimed, it shall be recognized as a contract asset. When there is an unconditional right to the consideration, the contract asset shall be transferred to the accounts receivable.

When the Company is unable to measure the stage of completion of a contractual performance obligations, revenue is recognized only to the extent that contract costs incurred are expected to be recoverable.

When the Group estimates that the cost to complete a contract's performance obligations exceeds the expected economic benefits from the contract, a liability provision is recognized for the loss.

Estimates of revenues, costs, or extent of progress toward completion, are revised if circumstances change. Any resulting increases or decreases in estimated revenues or costs are reflected in profit or loss in the period when the circumstances that give rise to the revision become known by the management.

The Group grants standard warranties on residential real estate and public construction according to contract agreements and recognizes this obligation as provisions - warranty. Refer to Note 6(16) for more details.

(5) Commission income

In the department store business, when the Group acts as agent and not principal in an transaction, it recognizes commission revenue, on a net basis.

(6) Rental income

Rental incomes from investment property are recognized in revenue on a straight-line basis during a lease term. Lease incentives, as a part of economic benefits from the lease, are recognized as a reduction to rental incomes on a straight-line basis during a lease term. Incomes from sublet properties are recognized as an operating income.

(7) Financing components

The Group does not expect to have any contracts where the period between the transfer of the promised goods or services to the customer and the payment by the customer exceeds one year, or where financing components have significant impact on individual contacts. Consequently, the Group does not adjust any of the transaction prices for the time value of money.

2. Contract costs

(1) Incremental costs of obtaining a contract

If the Group 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.

(2) Costs of fulfilling a contract

If the costs incurred in fulfilling a contract with a customer are not within the scope of another Standard (for example, IAS 2 Inventories, IAS 16 Property, Plant and Equipment or IAS 38 Intangible Assets), the Group recognizes an asset from the costs incurred to fulfill a contract only if those costs meet all of the following criteria: the costs relate directly to a contract or to an anticipated contract that the Group can specifically identify; the costs generate or enhance resources of the Group that will be used in satisfying (or in continuing to satisfy) performance obligations in the future; and the costs are expected to be recovered.

For general and administrative costs, costs of wasted materials, labor or other resources to fulfill the contract that were not reflected in the price of the contract, costs that relate to satisfied performance obligations (or partially satisfied performance obligations), and costs for which the Group cannot distinguish whether the costs relate to unsatisfied performance obligations or to satisfied performance obligations(or partially satisfied performance obligations), the Group recognizes these costs as expenses when incurred.

(18) Government subsidies

The Group recognized COVID-19 related government grants with no conditions attached as other income when the grants became receivable. For other asset-related grants, the Group recognizes the deferred revenue at fair value when there is reasonable assurance that the grant will be received and all attaching conditions will be complied with. The deferred revenue is recognized as other income of depreciation expense over the useful life of the asset on a systematic basis. Government grants intended to compensate expenses incurred or losses of the Group were recognized in profit or loss in the same period as relevant expenses on a systematic basis.

(19) Employee benefits

1. Defined contribution plans

Obligations for contributions to defined contribution pension plans are expensed during the year in which employees render services.

2. Defined benefit plans

The net obligation of the Group to determine the benefit plan is calculated by converting the future benefit amount earned by the employee in the current period or the previous period into the present value and deducting any fair value of any plan assets.

The defined benefit obligation is calculated annually by a qualified actuary using the projected unit credit method. When the calculation result may be beneficial to the Group, the recognized assets shall be limited to the present value of any economic benefits available in the form of refunding the contribution from the plan or reducing the future contribution to the plan. When calculating the present value of economic benefits, any minimum funding requirements are considered.

The remeasurement of net defined benefit liabilities, including actuarial gains and losses, plan asset returns (excluding interest), and any changes in the impact of the asset ceiling (excluding interest), are immediately recognized in other comprehensive income and accumulated in retained earnings. The net interest expense (income) of the net defined benefit liabilities (assets) determined by the Group is the net defined benefit liabilities (assets) and the discount rate determined at the beginning of the annual reporting period. The net interest paid and other expenses of the benefit plan are recognized in profit and loss.

When the plan is revised or reduced, the number of changes in benefits related to the past service costs or reduced benefits or losses is immediately recognized as profit or loss. When the settlement occurs, the Group shall recognize the settlement profit and loss of the defined benefit plan.

3. Short-term employee benefits

Short-term employee benefit obligations are recognized as expenses when services are provided. If the Group has current legal or constructive payment obligations due to the past services provided by employees and the obligations can be estimated reliably, the amount shall be recognized as liabilities.

(20) Income tax

Income taxes include current and deferred income taxes. 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 income tax includes the estimated income tax payable or tax refund receivable calculated based on the taxable income (loss) of the current year, and any adjustments to income tax payable or tax refund receivable in previous years. The amount is the best estimate of the expected payment or receipt based on the legal tax rate or substantively enacted tax rate on the reporting date.

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. Temporary arising from the initial recognition of an asset/liability other than in a business merger which, at the time of the transaction, does not affect either the accounting or the taxable profit;

2. Temporary differences arising from investments in subsidiaries, associates, and joint ventures to the extent that the Group is able to control the timing of the reversal of the temporary differences, and it is probable that the differences will not reverse in the foreseeable future; and

3. Temporary differences arising from initial recognition of goodwill.

For unused tax losses and unused income tax deduction at the later stage of the transfer and deductible temporary differences, they are recognized as deferred income tax assets to the extent that there is likely to be future taxable income available for use. Such unused tax credits and deductible temporary differences shall also be re-evaluated every year on the financial reporting date, and adjusted based on the probability that future taxable profit will be available against which the unused tax credits and deductible temporary differences can be utilized.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realized or the liability is settled, based on tax rates and laws that have been enacted or substantively enacted by the end of the reporting period.

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 amounts of deferred tax assets and liabilities are:
   (1) Levied by the same taxing authority; or
   (2) Levied by different entities that intend to realize the asset and settle the liability at the same time.

(21) Earnings per Share

The Group presents the basic and diluted earnings per share of shareholders of common stock equity. The consolidation's basic earnings per share signifies that the profit and loss of the common shareholders of the Company divided by the weighted average number of common shares outstanding during the period. The diluted earnings per share is calculated by adjusting the influence of all potential diluted common shares with profit or loss of the Company's common stock holders and weighted average number of common shares outstanding.

(22) Segment Information

The operation department, as part of the Group, is engaged in operating activities for gaining income or incurring expenses (including income and expense related to the transaction with other departments in the Group). The operation results of all operation departments are regularly re-checked by major operation decision-makers of the Group, to make decisions on resources allocation and assess the performance. Every operation segment has its independent financial information.

5. Significant Accounting Judgments and Major Sources of Estimation and Assumption Uncertainty

When adopting accounting policies, the Group must make judgments, estimates, and assumptions based on historical experience and other relevant factors for information that cannot be easily obtained from other sources. Actual results may differ from these estimates.

The management will continue to review estimates and basic assumptions. If amendment of the estimations only affects the current period, it will be recognized in the period of amendment. If the amendment of the accounting estimations affects both the current and future periods, it will be recognized in the current and future periods.

Major Sources of Estimation and Assumption Uncertainty:

(1) Construction contracts

The recognition of the profit and loss of the construction contract of the Group refers to the recognition of the revenue and the cost respectively according to the complete degree of the contractual activities and the degree of completion is measured by the performance obligations fulfilled specified in the contract. As the estimation of total cost and contract projects are evaluated and judged by management based on the nature of different constructions, estimated contract, project duration, construction process, and construction methods, it may affect the calculation of the percentage of completion and the profit and loss of the construction.

(2) Inventory valuation

As inventory shall be measured based on the cost or realizable value, whichever is lower; if on the Group's evaluation report date, the inventory has no market value, the inventory cost shall be offset to net realizable value. The net realizable value of the inventory is mainly determined based on the current market conditions. However, due to political, economic and real estate tax reforms, the above estimation may have a significant change. See Note 6(5) for details of inventory valuation.

6. Explanation of Significant Accounts

(1) Cash and cash equivalents

		2022.12.31	2021.12.31
Petty cash and cash on hand	$	12,016	12,051
Bank deposits			
Check deposits		3,667,802	3,070,313
Demand deposits		1,341,239	7,657,754
Time deposits		8,412,390	-
Cash equivalents		2,089,473	5,340,444
	$	**15,522,920**	**16,080,562**

These cash equivalents expire in January to February 2023, and 2022, respectively; interest rate of these cash equivalents are 0.98%～1.02% and 0.25%～0.27%.

Disclosure of interest rate risk and sensitivity analysis of our financial assets and liabilities of the Group is detailed in Note 6(25).

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

		2022.12.31	2021.12.31
Financial assets mandatorily measured at fair value through profit or loss:			
TWSE (or TPEx) listed company shares	$	97,466	124,600

1. For the gains or losses on remeasurement at fair value, please refer to Note 6(24).
2. For the non-derivative financial assets mandatorily measured at fair value through profit or loss, the dividend incomes recognized by the Group in 2022 and 2021 were NT$5,728 thousand and NT$4,335 thousand.
3. As of December 31, 2022, and 2021, none of the financial assets of the Group was pledged as collateral.

(3) Financial assets at fair value through other comprehensive income

		2022.12.31	2021.12.31
Equity investments measured at FVTOCI:			
Listed stock－Fubon Financial Holding Preferred Shares C	$	1,783	1,944
Listed stock - Clientron Corp.		655	973
Unlisted stock - Everterminal Co. Ltd.		3,305	2,914
Unlisted stock－Commonwealth Publishing Group		6,766	6,633
Unlisted stock－Huei Ding Computer		-	-
Total	$	12,509	12,464

1. The Group designated the aforementioned investments as financial assets at FVTOCI because these equity instruments are held for long-term strategic purposes and not for trading.
2. For the equity instrument investment designated as measured at fair value through other comprehensive income, the dividend incomes recognized by the Group in 2022 and 2021 were NT$1,602 thousand and NT$428 thousand.
3. The Group did not dispose of strategic investment in 2022 and 2021, and accumulated profit and loss during that period were not transferred within the equity.
4. For credit risk (including impairment of debt instrument investment) and market risk information, please refer to Note 6(25).
5. None of the aforementioned financial assets has been pledged as collateral.

(4) Notes and accounts receivable

	2022.12.31	2021.12.31
Notes receivable	$ 352	275
Accounts receivable	2,157,591	1,265,714
Less: Loss allowance	(8,096)	(12,876)
	$ 2,149,847	1,253,113

The Group applies the simplified approach on the estimation of expected credit losses, that is, a loss allowance is recognized based on lifetime of expected credit losses. To measure the expected credit losses, notes and accounts receivables were based on shared characteristics of credit risk on remaining payments before due date, and forward looking information was incorporated as well. The analysis on the expected credit loss of notes receivable and accounts receivable of the group is as follows:

	2022.12.31		
	Carrying amount	**Weighted average loss rate**	**Loss allowance for expected credit impairment of the period**
Not past due	$ 2,149,847	-	-
Past due more than 90 days	8,096	100%	8,096
	$ 2,157,943		8,096

	2021.12.31		
	Carrying amount	**Weighted average loss rate**	**Loss allowance for expected credit impairment of the period**
Not past due	$ 1,253,113	-	-
Past due more than 90 days	12,876	100%	12,876
	$ 1,265,989		12,876

The changes of loss allowance of notes receivable and accounts receivable of the Group is as follows:

	2022	2021
Beginning balance	$ 12,876	-
Impairment losses recognized	2,161	12,885
Reversal of impairment loss	(3,557)	-
Amounts written off as uncollectible during the year	(3,384)	(9)
Ending balance	$ 8,096	12,876

As of December 31, 2022, and 2021, none of the receivables of the Group were pledged as collateral.

(5) Inventories

	2022.12.31	2021.12.31
Inventory - trading	$ 12,977	9,789
Inventory - construction		
Prepayment for buildings and land	4,235	4,235
Land held for construction	2,899,060	2,609,060
Construction in progress	11,056,039	8,519,284
Buildings and land held for sale	7,135,537	10,098,676
Subtotal	21,094,871	21,231,255
Total	**$ 21,107,848**	**21,241,044**

1. The amounts of the reversal of allowance for valuation loss written down due to sales of inventories was NT$2,536 thousand for 2022.
2. For the years ended December 31, 2022 and 2021, the inventory valuation losses recognized due to inventories written down to net realizable value both amounted to NT$14,593 thousand and NT$6,667 thousand, respectively, and is recognized as cost of goods sold.
3. For the years ended December 31, 2022 and 2021, the capitalization rates applied in the calculation of construction in progress were 1.922% and 1.756%. Refer to Note 6(24) for details on the amounts of capitalization.
4. As of December 31, 2022, and 2021, the Group entrusted the statutory parking spaces held for sale to other parties, which amounted to NT$13,796 thousand and NT$16,332 thousand, respectively.
5. See Note 8 for details about the provision of inventories of the Group as the pledge guarantee as of December 31, 2022, and 2021.

(6) Investments accounted for using equity method

Investments of the Group under equity method at reporting date are listed below:

	2022.12.31	2021.12.31
Associates	$ 114,347	15,120
Joint Ventures	1,021,771	-
	$ 1,136,118	**15,120**

1. Associates

The relevant information on significant associates for the Group is as follows:

Name of Associates	The nature of the relations with the company	Principal places of business／Country of registration	Proportion of ownership interest and voting right 2022.12.31	2021.12.31
Hon Hui Zhu Gao Co., Ltd. (Note 1)	Department stores, supermarkets, and non-store retailing	Taiwan	20%	- %

Note 1: The Group acquired 20% of the equity of Hon Hui Zhu Gao Co., Ltd. for NT$100,000 thousand in cash in December 2022.

The summarized financial information for significant associates to the Group is as follows. Such financial information has been adjusted to reflect any adjustments to the fair value at the date of acquisition of associates' equity and adjustments to accounting policy differences included in the financial statements in conformity with the International Financial Reporting Standards of each associate.

The summary of the Hon Hui Zhu Gao Co., Ltd. financial information:

	2022.12.31
Current assets	$ 299,875
Non-current assets	200,000
Current liabilities	(100)
Net assets	**$ 499,775**
Net assets attributable to the Group	**$ 99,955**

	2022
Operating revenue	**$ -**
Net loss of units in continuing operations	$ (225)
Total comprehensive income	**$ (225)**
Total comprehensive income attributable to the Group	**$ (45)**

The Group's associates accounted for using the equity method are individually insignificant, and the summarized financial information is as follows. Such financial information is the amount included in the consolidated financial statements of the Group:

	2022.12.31	2021.12.31
The book value of equity of individual insignificant associates is summarized.	**$ 14,392**	**15,120**

	2022	2021
Shares attributable to the Group		
Net loss of units in continuing operations	$ (728)	(5,387)
Total comprehensive income	**$ (728)**	**(5,387)**

2. Joint Ventures

The Group, Clevo Co., and Hua Tai Investment Corporation jointly participated in the Public Office and Urban Regeneration Investment Project regarding E1E2 Block of the Specific Dedicated Area at the Taipei Station. According to the joint venture agreement, the three companies establish a joint venture Tua Tiann Co., Ltd. As of December 31, 2022, the shareholding ratios were 51%, 24.5%, and 24.5%, respectively, and total investments of NT$1,020,000 thousand, NT$490,000 thousand, and NT$490,000 thousand, respectively.

In September 2022, the joint venture signed the "Public Office and Urban Regeneration Investment Project regarding E1E2 Block of the Specific Dedicated Area at the Taipei Station" contract with the Taipei Housing and Urban Regeneration Center. According to the contract, the joint venture is required to sign the “Lease Agreement for Shopping Malls at Highly Developed Zones” and “Lease Agreement for Low Developed Zones,” respectively, with the Taiwan Railway Administration within one month after the transfer of ownership of the commercial facilities of the project building and within three months after the completion of the restoration and reuse plan for special reserved areas’ open spaces. The lease term is 20 years.

The following table summarizes the financial information of Tua Tiann Co., Ltd and adjust the fair value adjustments at the time of acquisition and accounting policy differences. This table is intended to summarize the financial information to adjust the carrying amount of the Group's equity in Tua Tiann Co., Ltd.

	2022.12.31
Proportion of ownership interest right	51%
Current assets	$ 2,004,350
Non-current assets	202
Current liabilities	939
Non-current liabilities	141
Net assets	$ 2,003,472
Cash and cash equivalents	$ 208,931
Share of net assets obtained by the Group	$ 1,021,771
Book value of interest in joint ventures	$ 1,021,771

	2022
Operating revenue	$ -
Net income of units in continuing operations	$ 3,473
Total comprehensive income	$ 3,473
Operating expenses	$ 695
Interest income	$ 5,038
Interest expenses	$ 2
Income tax expense	$ 868

	2022
Total comprehensive income obtained by the Group	$ 1,771

3. Collateral

As of December 31, 2022, and 2021, the investments under the equity method of the Group were not pledged as collateral.

(7) Subsidiary with material non-controlling interests

Subsidiaries with material non-controlling interests to the Group were as follows:

Subsidiary name	Principal places of business / Country of registration	Proportion of ownership interest and voting right of non-controlling interests 2022.12.31	2021.12.31
Kedge Construction Co., Ltd. and subsidiaries	Taiwan	65.82%	65.82%

The following combined financial information, prepared in conformity with the Regulations and IFRSs approved by the FSC, reflects any adjustments to the fair value at the acquisition date and adjustments to accounting policy differences. The amount of inter-company transactions before elimination are as follows:

Combined financial information on Kedge Construction Co., Ltd. and subsidiaries:

	2022.12.31	2021.12.31
Current assets	$ 11,146,094	8,531,294
Non-current assets	652,598	746,449
Current liabilities	(7,416,157)	(5,576,580)
Non-current liabilities	(196,104)	(190,024)
Net assets	**$ 4,186,431**	**3,511,139**
Carrying amount of non-controlling interests	**$ 2,195,666**	**1,642,010**

	2022	2021
Operating revenue	**$ 14,204,563**	**10,772,322**
Net income	$ 1,047,936	740,492
Other comprehensive income	(97,090)	82,990
Total comprehensive income	**$ 950,846**	**823,482**
Net profit attributable to non-controlling interests in this period	**$ 733,055**	**550,639**
Total comprehensive income attributable to non-controlling interests	**$ 734,940**	**550,137**
Cash flows from operating activities	$ 929,487	267,343
Cash flows from investing activities	(14,236)	(16,219)
Cash flows from financing activities	7,534	(334,404)
Net increase in cash and cash equivalents	**$ 922,785**	**(83,280)**
Dividends paid to non-controlling interests	**$ 181,449**	**251,236**

(8) Property, Plant, and Equipment

The changes in the cost, depreciation and impairment losses of property, plant and equipment in 2022 and 2021 of the Group are as follows:

	Land	Buildings	Leasehold improvements	Other equipment (including	Construction in progress	Total

				transportation equipment, office equipment, machinery, other equipment and leased assets)		
Cost or deemed cost:						
Balance as of January 1, 2022	$ 3,567,078	4,355,494	1,047,652	391,669	3,452	9,365,345
Addition	-	23,319	6,869	44,037	8,471	82,696
Transfer from prepayments	-	339	-	357	-	696
Disposal and scrap	-	(21,345)	-	(4,407)	-	(25,752)
Adjustment of decoration works	-	(5,060)	(29,267)	377	(3,452)	(37,402)
Reclassifications	40,401	14,818	-	(811)	-	54,408
Balance as of December 31, 2022	**$ 3,607,479**	**4,367,565**	**1,025,254**	**431,222**	**8,471**	**9,439,991**
Balance as of January 1, 2021	$ 3,567,078	4,302,115	995,377	344,728	9,492	9,218,790
Addition	-	25,847	29,791	39,042	68,314	162,994
Transfer into (out of) construction in progress	-	31,358	33,035	9,803	(74,354)	(158)
Reclassifications	-	-	-	189	-	189
Disposal and scrap	-	-	(870)	(2,093)	-	(2,963)
Leasehold improvement paid by retailers	-	(3,826)	(9,681)	-	-	(13,507)
Balance as of December 31, 2021	**$ 3,567,078**	**4,355,494**	**1,047,652**	**391,669**	**3,452**	**9,365,345**
Depreciation and impairment Losses						
Balance as of January 1, 2022	$ -	1,857,836	755,840	248,433	-	2,862,109
Depreciation for the year	-	111,244	49,254	43,797	-	204,295
Disposal and scrap	-	(21,345)	-	(4,407)	-	(25,752)
Impairment loss	-	-	300	-	-	300
Reclassifications	14,000	6,177	-	(365)	-	19,812
Balance as of December 31, 2022	**$ 14,000**	**1,953,912**	**805,394**	**287,458**	**-**	**3,060,764**
Balance as of January 1, 2021	$ -	1,730,573	692,172	209,879	-	2,632,624
Depreciation for the year	-	111,610	58,702	37,470	-	207,782
Disposal and scrap	-	-	(1,034)	(1,881)	-	(2,915)
Impairment loss	-	15,653	6,000	2,965	-	24,618
Balance as of December 31, 2021	**$ -**	**1,857,836**	**755,840**	**248,433**	**-**	**2,862,109**
Carrying amount:						
December 31, 2022	**$ 3,593,479**	**2,413,653**	**219,860**	**143,764**	**8,471**	**6,379,227**
January 1, 2021	**$ 3,567,078**	**2,571,542**	**303,205**	**134,849**	**9,492**	**6,586,166**
December 31, 2021	**$ 3,567,078**	**2,497,658**	**291,812**	**143,236**	**3,452**	**6,503,236**

1. Impairment loss

   In 2022 and 2021, the Group recognized impairment losses of NT$300 thousand and NT$24,618 thousand, respectively, for related properties, plants, and equipment, which were recognized as other gains and losses. Please refer to Note 6(24) for details.

2. Collateral

   Please refer to Note 8 for details of collateral for the financing line as of December 31, 2022, and 2021.

(9) Right-of-use assets

Details of changes in cost and depreciation of leased land, houses, buildings and transport equipment of the Group are as follows:

	Land	Buildings	Transportation equipment	Total
Cost of right-of-use assets:				
Balance as of January 1, 2022	$ -	3,884,636	16,789	3,901,425
Addition	2,302	6,543	10,860	19,705
Lease modifications	-	(49,992)	-	(49,992)
Transfer out - Lease expires	-	-	(2,281)	(2,281)
Balance as of December 31, 2022	$ 2,302	3,841,187	25,368	3,868,857
Balance as of January 1, 2021	$ -	3,890,784	13,394	3,904,178
Addition	-	-	3,395	3,395
Lease modifications	-	(6,148)	-	(6,148)
Balance as of December 31, 2021	$ -	$ 3,884,636	16,789	3,901,425
Depreciation and impairment losses of the right-of-use assets:				
Balance as of January 1, 2022	$ -	555,481	9,215	564,696
Depreciation for the period	-	202,462	5,544	208,006
Transfer out - Lease expires	-	-	(2,281)	(2,281)
Balance as of December 31, 2022	$ -	757,943	12,478	770,421
Balance as of January 1, 2021	$ -	351,108	4,072	355,180
Depreciation for the period	-	206,832	5,143	211,975
Lease modifications	-	(2,459)	-	(2,459)
Balance as of December 31, 2021	$ -	555,481	9,215	564,696
Carrying amount:				
December 31, 2022	$ 2,302	3,083,244	12,890	3,098,436
January 1, 2021	$ -	3,539,676	9,322	3,548,998
December 31, 2021	$ -	3,329,155	7,574	3,336,729

(10) Investment property

Details of the Group's investment property are as follows:

		Land and improvements	Buildings	Total
Cost or deemed cost:				
Balance as of January 1, 2022	$	335,287	216,663	551,950
Property, Plant, and Equipment		(53,200)	(2,019)	(55,219)
Reclassifications		-	(830)	(830)
Balance as of December 31, 2022	$	282,087	213,814	495,901
Balance as of January 1, 2021	$	335,287	216,663	551,950
Balance as of December 31, 2021	$	335,287	216,663	551,950
Depreciation and impairment Losses				
Balance as of January 1, 2022	$	-	50,288	50,288
Depreciation for the year		-	4,255	4,255
Property, Plant, and Equipment		-	(20,177)	(20,177)
Reclassifications		-	(830)	(830)
Balance as of December 31, 2022	$	-	33,536	33,536
Balance as of January 1, 2021	$	-	45,775	45,775
Depreciation for the year		-	4,513	4,513
Balance as of December 31, 2021	$	-	50,288	50,288
Carrying amount:				
December 31, 2022	$	282,087	180,278	462,365
January 1, 2021	$	335,287	170,888	506,175
December 31, 2021	$	335,287	166,375	501,662
Fair value:				
December 31, 2022				$ 591,998
December 31, 2021				$ 673,652

Investment properties are commercial real estates leased to third parties. Refer to Note 6(17) for details.

Fair value of investment properties is determined by the valuation of an independent appraiser (licensed in related professions and currently experienced in appraising similar properties) or by the Company's self-assessment (referring to the sales price of similar real estate transactions in the neighborhood). These inputs used in the fair value measurement were classified to Level 3.

The fair value measurement is assessed using the market approach and income approach. When quoted prices in an active market are not available, fair value of investment properties is determined by the present value of total future cash flows generate over the property's lifetime, discount at rates reflecting special risks of such cash flows. The discount rate applied for the years ended December 31, 2022, and 2021, ranged at 1.55% and 1.18%～1.55%.

See Note 8 for details about the provision of investment property of the Group as the pledge guarantee as of December 31, 2022, and 2021.

(11) Intangible assets

The changes of cost, and amortization of the intangible assets of the Group for 2022 and 2021 are as follows:

		Franchise	Trademarks and patents	Computer software and others	Total
Cost:					
Balance as of January 1, 2022	$	54,199	500	127,972	182,671
Capitalized R&D		-	-	10,070	10,070
Transfer from prepayments		-	-	90	90
Disposal		-	-	(591)	(591)
Balance as of December 31, 2022	**$**	**54,199**	**500**	**137,541**	**192,240**
Balance as of January 1, 2021	$	54,199	500	113,025	167,724
Capitalized R&D		-	-	14,488	14,488
Transfer from prepayments		-	-	459	459
Balance as of December 31, 2021	**$**	**54,199**	**500**	**127,972**	**182,671**
Amortization and impairment loss:					
Balance as of January 1, 2022	$	33,147	500	94,620	128,267
Amortization for the year		3,475	-	7,215	10,690
Disposal		-	-	(591)	(591)
Balance as of December 31, 2022	**$**	**36,622**	**500**	**101,244**	**138,366**
Balance as of January 1, 2021	$	29,674	500	88,314	118,488
Amortization for the year		3,473	-	6,306	9,779
Balance as of December 31, 2021	**$**	**33,147**	**500**	**94,620**	**128,267**
Carrying amount:					
December 31, 2022	**$**	**17,577**	**-**	**36,297**	**53,874**
January 1, 2021	**$**	**24,525**	**-**	**24,711**	**49,236**
December 31, 2021	**$**	**21,052**	**-**	**33,352**	**54,404**

1. For the amount of amortization of intangible assets included in the consolidated statements of comprehensive income for the years ended December 31, 2022, and 2021, please refer to Note 12.
2. As of December 31, 2022, and 2021, the Group did not provide any collaterals.

(12) Other financial assets - current and incremental costs of obtaining a contract

		2022.12.31	2021.12.31
Other financial assets - current	$	3,675,772	2,303,584
Incremental costs of obtaining a contract		9,978	50,897
	$	**3,685,750**	**2,354,481**

1. Other financial assets – current

For details on collateral pledged on restricted assets (loans and reserve accounts and trust), refundable deposits on constructions, time deposits, and bank accounts that do not meet the definition of cash equivalents, please refer to Note 8.

2. Incremental costs of obtaining a contract - current

The Group expected to recover the commissions paid to the third-party real estate agent and bonus paid to the internal sales department and thus recognized these costs as assets. These costs are amortized upon revenue recognition of real estate sales. For the years ended on December 31, 2022 and 2021, the amount of incremental costs were NT$50,897 thousand and NT$110,885 thousand, respectively.

(13) Short-term and long-term loans/long-term loans due within one year or one operating cycle

The details, conditions, and terms for short-term and long-term loans of the Group are as follows:

	2022.12.31			
	Currency	**Interest rate collars**	**Maturity year**	**Amount**
Secured bank loans	NTD	1.79%~2.56%	112~116	$ 12,223,318
Unsecured bank loans	NTD	1.57%~2.44%	112~113	4,445,378
Total				**$ 16,668,696**
Current				$ 15,230,496
Non-current				1,438,200
Total				**$ 16,668,696**

	2021.12.31			
	Currency	**Interest rate collars**	**Maturity year**	**Amount**
Secured bank loans	NTD	1.41%～1.90%	111~116	$ 11,983,298
Unsecured bank loans	NTD	1.05%～2.44%	111~112	4,613,667
Total				**$ 16,596,965**
Current				$ 14,763,405
Non-current				1,833,560
Total				**$ 16,596,965**

1. Issuance and repayment of loans

In 2022 and 2021, the increases in loans were NT$5,092,369 thousand and NT$4,871,600 thousand, respectively; the amounts of repayments were NT$5,020,638 thousand and NT$5,750,986 thousand, respectively.

2. Collateral

For details on the group's assets used as collateral for bank loans, please refer to Note 8.

(14) Bonds payable and convertible corporate bond due within one year or one operating cycle, and current portion of convertible corporate bond

Details on corporate bonds payable are as follows:

		2022.12.31	2021.12.31
Secured ordinary corporate bonds - current	$	2,000,000	-
Secured ordinary corporate bonds - non-current		2,000,000	4,000,000
Total	$	4,000,000	4,000,000

1. In the year 2022 and 2021, the Group did not issue, repurchase or repay corporate bonds payable.
2. For details on the aforementioned secured ordinary corporate bonds, please refer to Note 8.

(15) Lease liabilities

The carrying amount of lease liability is as follows:

		2022.12.31	2021.12.31
Current	$	191,062	181,149
Non-current	$	3,123,422	3,340,967

For maturity analysis, please refer to Note 6(25) Financial Instruments.

The amount of lease liabilities recognized in income is as follows:

		2022	2021
Interest expense on lease liability	$	59,318	63,969
Expenses relating to short-term leases and low-value asset leases	$	11,057	12,344
Lease subsidies related to COVID-19 (other income)	$	21,553	42,785

The amount of lease liabilities recognized in statements of cash flows is as follows:

		2022	2021
Variable lease payments not accounted for in lease liability	$	83,867	80,387
Total cash used in lease	$	331,587	315,185

1. Lease of buildings and constructions

   (1) The land on Gongyuan Road in Pingtung City is leased by Pingtung Irrigation Association. The lease term was twenty years, and according to the contract, the lease payment was for a certain percentage of the land assessed by the government. In the second half of 2011, the lease was extended for another ten years. A loyalty fee of NT$16,000 thousand was paid to obtain the right of first refusal in the two years prior to the lease expiration date and to renew the lease with pre-negotiated terms and conditions.

(2) The mall in Nangang HSR station is leased from Taiwan Railways Administration, MOTC under a service concession contract. The lease term is sixteen years (including a year for leasehold improvement), and the lease payment, or the annual concession fee, includes both a flat amount and a percentage of retail sales revenue.

(3) The mall and parking lot in Linkou A8 Chang Gung Memorial Hospital Station of MRT Taoyuan Airport Line is leased from Asia Pacific Development Co. The lease term is twenty years starting from the first date of operation, and the lease payment on the mall is the greater of a flat fee or a percentage of retail sales revenue.

(4) The mall in A9 Linkou Station of MRT Taoyuan Airport Line is leased from the Bureau of High Speed Rail and the Railway Bureau, MOTC under the "Lease Contract of Shopping Mall at Linkou Station of the Taiwan Taoyuan International Airport Access MRT System" and "Lease Contract of Shopping Mall at A19 Station of the Taiwan Taoyuan International Airport Access MRT System", respectively. The lease term is twenty years starting from the contract commencement date, and the lease payment is the greater of the flat concession fee committed in the contract or a variable concession fee. The variable concession fee is a percentage of retail sales revenue and non-operating income of actual operation, plus lease payments on the land and buildings.

(5) The mall in Banqiao HSR station is leased from Taiwan Railways Administration under a service concession contract to be used as offices and stores. The lease term is sixteen years and the lease payment, or the annual concession fee, is a fixed loyalty fee for the first four years with a 3% increment each year after. In addition to paying an annual concession fee, both a flat amount and a percentage of retail sales revenue shall be paid.

(6) The Group signed an operating and investment contract, “Zuoying HSR station Building,” with the Taiwan Railways Administration, MOTC (referred to as "TRA" below). TRA provides the east and west commercial spaces from 1F to 4F of the shopping mall in the Zuoying HSR station Building. The Group is authorized to renovate (for one year) and operate (for 12 years). The operation will be handed over to Taiwan Railways Administration at the lease expiration date. The lease payment, or the annual concession fee, includes both a flat amount and a percentage of retail sales revenue.

2. Other leases

The Group leases transportation equipment and the lease period is three years. In addition, the Group leases office equipment, outdoor fixed-spot advertising, and reception center. These leases are for short-term and low-value items, and the Group chooses to apply the exemption recognition requirement instead of recognizing their right-of-use assets and lease liabilities.

(16) Provisions

		Warranties
Balance as of January 1, 2022	$	181,626
Additions		19,636
Reclassifications		3,907
Used		(20,933)
Reversal liability provision for the period		(1,000)
Balance as of December 31, 2022	**$**	**183,236**
Balance as of January 1, 2021	$	150,363
Additions		37,076
Used		(5,813)
Balance as of December 31, 2021	**$**	**181,626**

In 2022 and 2021, the warranty provisions of the Group are mainly related to construction contracting. The warranty provisions are estimated based on the historical warranty data of various constructions. The Group expects that the liability will occur mostly one year after the construction acceptance.

(17) Operating lease (lessor)

The Group leases its investment properties and recognizes the leases that do not transfer of the substantial risks and rewards incident to ownership of an underlying asset under as operating leases. Refer to Note 6(10) for details.

The maturity analysis of the lease payment is listed as follows according to the non-discounted future cash flows of lease receivable after the reporting date:

		2022.12.31	2021.12.31
Less than 1 year	$	9,726	5,789
1~2 years		9,726	5,726
2~3 years		9,726	5,726
3~4 years		9,726	5,726
4~5 years		9,726	5,726
Above 5 years		29,316	18,768
Non-discounted future cash flows of lease	**$**	**77,946**	**47,461**

For the years ended December 31, 2022,and 2021, the rental income from investment property amounted to NT$7,623 thousand and NT$11,443 thousand, respectively; no significant repair and maintenance expenses were recognized.

(18) Employee benefits

1. Defined benefit plans

The reconciliation between the present value of defined benefit obligations and the fair value of plan assets for defined benefit plans was as follows:

		2022.12.31	2021.12.31
Present value of defined benefit obligations	$	23,413	31,567
Fair value of plan assets		(28,412)	(31,070)
Net defined benefit (assets) liabilities	**$**	**(4,999)**	**497**

Details on employee benefit liabilities were as follows:

		2022.12.31	2021.12.31
Short-term compensated absences liabilities	**$**	**20,174**	**21,907**

The Group makes defined benefit plan contributions to the pension fund account at the Bank of Taiwan that provides pensions for employees upon retirement. The plans covered by the Labor Standards Act entitle a retired employee to receive retirement benefits based on years of service and average salary for the six months prior to retirement.

(1) Composition of plan assets

The Group allocates pension funds in accordance with the "Regulations for Revenues, Expenditures, Safeguard and Utilization of the Labor Retirement Fund," and such funds are managed by the Bureau of Labor Funds, Ministry of Labor. With regard to the utilization of the funds, minimum earnings shall be no less than the earnings attainable from two-year time deposits with interest rates offered by local banks.

The Group's contributions to the pension funds were deposited with Bank of Taiwan, which amounted to NT$29,682 thousand as of the end of the reporting period. For information on the utilization of the labor pension fund assets, including the asset allocation and yield of the fund, please refer to the website of the Bureau of Labor Funds, Ministry of Labor.

(2) Movements in present value of the defined benefit obligations

The changes in the present value of defined benefit obligations of the Group in 2022 and 2021 are as follows:

		2022	2021
Defined benefit obligations at January 1	$	31,567	34,797
Current service costs and interest cost (income)		174	278
Remeasurement on the net defined benefit liabilities (assets)			
— Actuarial loss (gain) arising from changes in financial assumption		(1,437)	722
—Experience adjustments		(1,107)	(172)
Benefits paid by the plan		(5,784)	(4,058)
Fair value of plan assets at December 31	**$**	**23,413**	**31,567**

(3) Movements in fair value of plan assets

Changes in fair value of defined benefit plan assets of the Group in 2022 and 2021 are as follows:

		2022	2021
Fair value of plan assets at January 1	$	31,070	32,218
Interest income		183	261
Remeasurement on the net defined benefit liabilities (assets)			
－ Return on plan assets (excluding amounts included in net interest expense)		2,248	(1,577)
Contributions paid by the employer		695	4,226
Benefits paid by the plan		(5,784)	(4,058)
Fair value of plan assets at December 31	**$**	**28,412**	**31,070**

(4) The Group had no upper limit impact on defined benefit plan assets in 2022 and 2021.

(5) Expenses recognized in profit or loss

Details of expenses of the Company reported in 2022 and 2021 are as follows:

		2022	2021
Current service costs	$	55	101
Net interest of net defined benefit liabilities (assets)		(64)	(84)
	$	**(9)**	**17**
Operating costs	$	(15)	(30)
General and administrative expenses		6	47
	$	**(9)**	**17**

(6) Remeasurement of the net defined benefit liabilities (assets) recognized in other comprehensive income

The re-measurement amount of the net defined benefit liabilities (assets) recognized as other consolidated benefit and losses in 2022 and 2021 of the Group is as follows:

		2022	2021
Cumulative balance as of January 1	$	(10,896)	(8,768)
Recognized for the year		4,792	(2,128)
Cumulative Balance as of December 31	**$**	**(6,104)**	**(10,896)**

(7) Actuarial assumptions

The principal assumptions of the actuarial valuation were as follows:

	2022.12.31	**2021.12.31**
Discount rate	1.25%	0.55%
Future salary increases rate	1.75%~2.00%	1.75%

Based on the actuarial report, the Group is expected to make a contribution payment of NT$696 thousand to the defined benefit plans for the one-year period after the reporting date of 2022.

The weighted average survival period of defined benefit plan is 7.8 to 10.5 years.

(8) Sensitivity analysis

The impact of changes in the main actuarial assumptions to be adopted on December 31, 2022, and 2021 on the present value of defined benefit obligations is as follows:

	The impact on the defined benefit obligation	
	Increase by 0.25%	**Decrease by 0.25%**
December 31, 2022		
Discount rate (change by 0.25%)	(483)	499
Future salary increases rate (change by 1%)	2,075	(1,864)
December 31, 2021		
Discount rate (change by 0.25%)	(722)	746
Future salary increases rate (change by 1%)	3,083	(2,758)

Reasonably possible changes to one of the relevant actuarial assumptions, holding other assumptions remain constant, would have affected the defined benefit obligation by the amounts shown above. This analysis shows the isolated effect of changing one individual assumption, but in fact, many assumptions are correlated. There were no changes in the method and assumptions used in the preparation of sensitivity analysis for the current period and for the prior periods.

There were no changes in the method and assumptions used in the preparation of sensitivity analysis for the prior periods.

2. Defined contribution plans

The Group allocates 6% of each employee's monthly wages to the labor pension personal account at the Bureau of Labor Insurance in accordance with the provisions of the Labor Pension Act. Under these defined contribution plans, the Group allocates a fixed amount to the Bureau of Labor Insurance without additional legal or constructive obligation.

The cost of the pension contributions to the Bureau of Labor Insurance for the years ended December 31, 2022, and 2021 amounted to NT$41,720 thousand and NT$37,055 thousand, respectively.

(19) Income tax

1. Income tax expense

Details of expenses of the Group in 2022 and 2021 are as follows:

		2022	2021
Current tax expenses			
Accrued in current period	$	529,333	570,574
Surtax on unappropriated earnings		108,659	84,484
Adjustments to income tax expenses of previous period		(3,402)	(3,001)
Land value increment tax		64,870	261,779
		699,460	913,836
Deferred income tax expenses			
Reversal of tax loss recognized for the prior periods		-	1,500
Occurrence and reversal of temporary differences		10,755	(13,983)
		10,755	(12,483)
Income tax expenses on units in continuing operation	$	**710,215**	**901,353**

For 2022,and 2021, no income tax expenses of the Group are recognized in equity or other comprehensive income.

The relationship between the income tax expense and the profit before tax of the Group in 2022 and 2021 is adjusted as follows:

		2022	2021
Net income before tax	$	3,839,912	4,978,686
Income tax using the Company's domestic tax rate	$	767,982	995,737
Non-deductible expenses		852	-
Non-taxable incomes		(151,092)	(312,863)
Deferred tax on interest expenses		(9,436)	(2,550)
Deferred tax on interest expenses		(2,650)	(8,009)
Domestic investment gain accounted for using equity method		(200)	-
Valuation loss (gain) on financial assets measured at fair value through profit or loss		5,427	(3,824)
Changes in temporary differences are not recognized		(2,076)	-
Changes in recognized temporary differences		-	(4)
Timing differences		-	(51,221)
Tax loss of unrecognized deferred tax assets for the current period		3,854	22,489
Loss carryforward		(51,478)	-
Overestimation in the previous period		(3,401)	(3,001)
Land value increment tax		64,870	261,779
Total land price increase		(16,437)	(26,176)
Surtax on unappropriated earnings		108,659	84,484
Realized investment loss		(19,259)	(34,491)
Others		14,600	(20,997)
	$	**710,215**	**901,353**

2. Deferred tax assets and liabilities

(1) Unrecognized deferred tax assets

The Group's unrecognized deferred tax assets were as follows:

	2022.12.31	2021.12.31
Deductible temporary differences	$ 803	8,251
Tax losses	51,410	99,580
	$ 52,213	**107,831**

Tax losses are permitted by Income Tax Act, according to which, operating losses for the prior ten periods can be deducted from operating profits for the respective period before the calculation of income tax, so long as the operating losses are assessed by tax collection agencies. Instead of recognized as a deferred income tax asset, the tax losses is recognized as temporary differences, for the Group expects sufficient future taxable profits to offset the tax losses.

As of December 31, 2022, the deduction period for the tax loss of deferred income tax assets recognized and those not recognized by the Group is as follows:

Year of operating loss	Amount of deductible losses	Expiration year
Assessed operating losses for fiscal year 2013	$ 41,055	2023
Assessed operating losses for fiscal year 2014	17,243	2024
Assessed operating losses for fiscal year 2015	34,098	2025
Assessed operating losses for fiscal year 2016	29,999	2026
Assessed operating losses for fiscal year 2017	20,447	2027
Assessed operating losses for fiscal year 2018	17,364	2028
Assessed operating losses for fiscal year 2019	16,776	2029
Assessed operating losses for fiscal year 2020	15,141	2030
Loss declared in 2021	45,655	2031
Loss estimated in 2022	$ 19,271	2032
	$ 257,049	

(2) Recognized deferred tax assets and liabilities

The changes in deferred income tax assets for the year 2022 and 2021 are as follows

Deferred tax assets:

		Defined benefit plans	Provisions	Loss carryforward	Others	Total
January 1, 2022	$	1,002	36,321	183	29,490	66,996
Credit (debit) on income statements		30	321	(183)	(10,003)	(9,835)
December 31, 2022	**$**	**1,032**	**36,642**	**-**	**19,487**	**57,161**
January 1, 2021	$	829	30,068	1,895	21,720	54,512
Credit (debit) on income statements		173	6,253	(1,712)	7,770	12,484
December 31, 2021	**$**	**1,002**	**36,321**	**183**	**29,490**	**66,996**

Deferred tax liabilities:

		Unrealized gains on foreign exchange
Balance as of January 1, 2022	$	-
Credit on income statements		921
Balance as of December 31, 2022	**$**	**921**
Balance as of January 1, 2021 (i.e. Balance as of December 31, 2021)	**$**	**-**

3. The Group's business income tax declaration has been approved by the collection authority until 2020.

(20) Capital and other equity interest

As of December 31, 2022 and 2021, the total value of nominal common stocks both amounted to NT$6,500,000 thousand, with a par value of NT$10 per share, consisting of 650,000 thousand shares issued. The aforementioned nominal common stocks are all ordinary shares. There was 554,170 thousand shares of ordinary shares already issued. All the funds of the issued shares has been collected.

1. Issuance of common shares

The company was approved by the shareholders’ meeting on July 2, 2021 to increase capital by surplus amounted to NT$503,791 thousand with a par value of NT$10 per share, totaling 50,379 thousand shares; the Board of Directors resolved on July 23, 2021 that the base date for the capital increase was set on August 15, 2021, and the relevant statutory registration procedures have been completed.

2. Capital reserve

The details of capital reserve were as follows:

	2022.12.31	2021.12.31
Shares premium	$ 827,906	827,906
Premium on conversion of corporate bonds	236,408	236,408
Treasury stock transactions	325,201	295,974
Gains on disposal of assets	34,912	34,912
Others	27,142	26,724
	$ 1,451,569	**1,421,924**

In accordance with the Company Act, realized capital surplus can only be distributed to shareholders based on their original shareholding percentage as new shares or cash dividends after offsetting losses. The aforementioned realized capital reserve includes capital reserve resulting from premium on issuance of capital stock and earnings from donated assets received. In accordance with the processing standards regarding issuers' collection and issuance of negotiable securities, the capital reserve for capital has to be appropriated, and the total amount of appropriation every year shall not exceed 10% of the paid-in capital.

3. Retained earnings

The company's Articles of Incorporation stipulate that the company's earnings should first be used to offset the prior years' deficits, if any, before paying any income taxes. Of the remaining balance, 10% is to be appropriated as legal reserve, and a special reserve shall be set aside in accordance with applicable laws and regulations. The remaining balance, if any, can be distributed to the shareholders as bonus dividends according to the distribution plan proposed by the Board of Directors and submitted to the shareholders' meeting for approval.

(1) Legal reserve

When there is no loss in the company, the legal reserve will be used to issue new shares or cash dividends upon resolution by the Shareholders' Meeting, to the limit of the part of the reserve that has exceeded 25% of the paid-in capital.

(2) Special reserve

According to the FSC regulations, a portion of current-period earnings and undistributed prior-period earnings shall be reclassified as special reserve appropriated during earnings distribution. The amount to be reclassified should equal the current-period total net reduction of other shareholders' equity. Similarly, the amount of the after-tax net profit for the period, plus items other than after-tax net profit for the period, are included in the undistributed earnings of the period, and a portion of undistributed prior-period earnings shall be reclassified as special earnings reserve (and does not qualify for earnings distribution) to account for cumulative changes to other shareholders' equity pertaining to prior periods. If the amount debited to the other shareholders' equity is reversed subsequently, the reversed amount may be distributed. As of December 31, 2022, the balance of special reserve was NT$26,727 thousand.

(3) Earnings distribution

The 2021 and 2020 distributions of earnings were resolved at the shareholders' meetings on June 29 2022 and July 2, 2021, respectively. The dividends distributed to owners are as follows:

	2021		2020	
	Dividend rate (NT$)	**Amount**	**Dividend rate (NT$)**	**Amount**
Dividends to common shareholders:				
Cash	$ 2.50	1,385,425	2.40	1,209,098
Stock	-	-	1.00	503,791
		$ 1,385,425		**1,712,889**

The 2022 distributions of earnings were proposed by the Board meetings on March 14, 2023. The dividends distributed to owners are as follows:

	2022	
	Dividend rate (NT$)	**Amount**
Dividends to common shareholders:		
Cash	$ 1.75	969,798
		$ 969,798

4. Treasury stock

(1) On August 5, 2022, the Company's Board of Directors decided to buy back 1,000 thousand treasury stocks for the purpose of transferring shares to employees. The repurchase period was from August 8 to October 7, 2022. As of December 31, 2022, the Group had repurchased all its shares at a total repurchase amount of NT$27,506 thousand. On December 31, 2022, there were a total of 1,000 thousand uncancelled shares.

(2) As of December 31, 2022 and 2021, the Company's common stock held by the Group was as follows:

Unit: thousands shares

	2022.12.31			2021.12.31		
Subsidiary name	**Number of shares**	**Carrying amount (Note)**	**Market value**	**Number of shares**	**Carrying amount (Note)**	**Market value**
Kedge Construction	550	$ 1,222	16,060	550	1,222	20,763
Jiequn Investment Co., Ltd.	9,373	55,384	273,694	9,373	55,384	353,834
Guanqing Electromechanical	1,768	14,590	51,617	1,768	14,590	66,731
	11,691	**$ 71,196**	**341,371**	**11,691**	**71,196**	**441,328**

Note: In addition, the total amount attributable to non-controlling interests was NT$137,036 thousand.

5. Other equity items (net of tax)

	Exchange differences on translation of financial statements of foreign operations	**Unrealized gains (losses) from financial assets measured at fair value through other comprehensive income**	**Non-controlling interests**	**Total**
Balance as of January 1, 2022	$ (29,652)	2,925	(5,223)	(31,950)
The exchange differences yielded by net assets of overseas operating institutions	159	-	30	189
Unrealized gains (losses) from financial assets measured at fair value through other comprehensive income	-	24	21	45
Balance as of December 31, 2022	**$ (29,493)**	**2,949**	**(5,172)**	**(31,716)**
Balance as of January 1, 2021	$ (28,521)	674	(5,540)	(33,387)
The exchange differences yielded by net assets of overseas operating institutions	(1,131)	-	(216)	(1,347)
Unrealized gains (losses) from financial assets measured at fair value through other comprehensive income	-	2,251	533	2,784
Balance as of December 31, 2021	**$ (29,652)**	**2,925**	**(5,223)**	**(31,950)**

(22) Earnings per Share

The basic and diluted earnings per share of the Group in 2022 and 2021 are calculated as follows:

1. Basic earnings per share

(1) Net income attributable to the holders of common shares of the company

	2022	2021
Net income attributable to the holders of common shares of the company	**$ 2,333,896**	**3,508,103**

(2) Weighted average number of ordinary shares outstanding

	2022	2021
Number of ordinary shares issued as of January 1	554,170	503,791
Effects of treasury stocks	(12,072)	(11,691)
Influence of' share dividends	-	50,379
Weighted-average number of outstanding ordinary shares as of December 31	**542,098**	**542,479**
Basic earnings per share	**$ 4.31**	**6.47**

2. Diluted earnings per share

(1) Net income attributable to the holders of common shares of the company (diluted)

	2022	2021
Net income attributable to the shareholders of common stocks of the company (diluted)	**$ 2,333,896**	**3,508,103**

(2) Weighted-average number of outstanding ordinary shares (diluted)

	2022	2021
Weighted-average number of outstanding common stocks (basic) as of December 31	542,098	542,479
Influence of employees' share bonus	1,785	1,874
Weighted-average number of outstanding common stocks (diluted) as of December 31	**543,883**	**544,353**
Diluted earnings per share	**$ 4.29**	**6.44**

(23) Revenue of Customer Contract

1. Disaggregation of revenue

	2022			
	Development business unit	**Construction**	**Shopping mall**	**Total**
Main regional markets:				
Taiwan	**$ 7,658,037**	**12,355,600**	**1,492,465**	**21,506,102**
Main products/services:				
Sales of real estate developments	$ 7,498,364	-	-	7,498,364
Sales of construction contracts	137,988	12,355,611	-	12,493,599
Sales commission from department store retailers	-	-	1,203,276	1,203,276
Service revenue	13,234	-	27,947	41,181
Rental income	8,451	(11)	126,548	134,988
Other income	-	-	134,694	134,694
	$ 7,658,037	**12,355,600**	**1,492,465**	**21,506,102**
Timing of revenue recognition:				
Transfer of products upon a point in time	$ 7,511,598	-	1,346,755	8,858,353
Gradually transferred revenue over time	8,451	(11)	145,710	154,150
Gradually transferred construction over time	137,988	12,355,611	-	12,493,599
	$ 7,658,037	**12,355,600**	**1,492,465**	**21,506,102**

	2021			
	Development business unit	**Construction**	**Shopping mall**	**Total**
Main regional markets:				
Taiwan	**$ 16,098,786**	**7,939,091**	**1,153,261**	**25,191,138**
Main products/services:				
Sales of real estate developments	$ 15,886,329	-	-	15,886,329
Sales of construction contracts	187,440	7,936,459	-	8,123,899
Sales commission from department store retailers	-	-	949,519	949,519
Service revenue	2,659	-	17,709	20,368
Rental income	10,232	2,632	79,055	91,919
Other income	12,126	-	106,978	119,104
	$ 16,098,786	**7,939,091**	**1,153,261**	**25,191,138**
Timing of revenue recognition:				
Transfer of products upon a point in time	$ 15,901,114	-	1,096,903	16,998,017
Gradually transferred revenue over time	10,232	2,632	56,358	69,222
Gradually transferred construction over time	187,440	7,936,459	-	8,123,899
	$ 16,098,786	**7,939,091**	**1,153,261**	**25,191,138**

2. Contract balances

		2022.12.31	2021.12.31	2021.1.1
Accounts receivable	$	2,157,591	1,265,714	2,225,979
Less: Loss allowance		(8,096)	(12,876)	-
Total	$	2,149,495	1,252,838	2,225,979
Contract assets - construction	$	1,675,939	1,975,776	1,671,567
Less: Loss allowance		-	-	-
Total	$	1,675,939	1,975,776	1,671,567
Contract liabilities - construction	$	1,635,353	454,424	1,247,902
Contract liabilities - buildings		306,601	1,045,946	4,257,365
Contract liabilities - gym		12,011	11,584	10,243
Contract liabilities - customer loyalty points		17,009	26,516	11,927
Contract liabilities - vouchers		74,831	70,186	58,210
Total	$	2,045,805	1,608,656	5,585,647

For details of accounts receivable and their impairments, please refer to Note 6(4).

The beginning balance of contract liability on January 1, 2022, and 2021, were NT$980,194 thousand and NT$4,049,760 thousand, respectively.

The changes in contract assets and contract liabilities are mainly due to the difference between the time when the Group transfers commodities or services to clients to meet the performance obligations and the time when clients pay. For the years ended December 31, 2022, and 2021, no material changes were recognized.

As of December 31, 2022, the the Group’s prepayments of real estate pre-sales and the related interests were retained in trust accounts of identified banks and recognized as other financial assets - current in the amounts of NT$164,602 thousand. Details on the trust accounts were as follows:

Project code		2022.12.31
104A	$	139,038
101A		25,564
	$	164,602

(24) Remunerations to employees and directors

The company’s Articles of Incorporation stipulate that, after annual earnings first offset against any deficit, a minimum of 0.5% shall be allocated as employee compensation and a maximum of 2% as directors' remuneration. However, profits must first be taken to offset cumulative losses if any.

In 2022 and 2021, the Company's employee bonus was set aside for NT$41,942 thousand and NT$53,929 thousand respectively, and the Director's remuneration was set aside for NT$41,942 thousand and NT$53,929 thousand, which are estimated on the basis of the Company's pre-tax net profit before deducting the bonus of employees and Directors in each period multiplied by the distribution percentage of the bonus of employees and Directors stipulated in the Articles of Incorporation of the Company, and reported as the operating expenses of 2022 and 2021. If the actual distribution is different from the estimation, the difference will be accounted for as changes in accounting estimates and recognized in profit or loss for the following year. If remuneration to employees is resolved to be distributed in stock, the number of shares is determined by dividing the amount of remuneration by the closing price of the shares on the day prior to the Board of Directors' meeting.

(25) Non-operating income and expenses

1. Interest income

Details of interest income in 2022 and 2021 are as follows:

	2022	2021
Bank deposits (including short-term securities)	$ 69,696	22,775
Loans and receivables	435	388
Construction refundable deposits (including deposits)	584	177
Other interest income	1,106	2,096
	$ 71,821	**25,436**

2. Other income

Details of other income in 2022 and 2021 are as follows:

	2022	2021
Dividend income	**$ 7,330**	**4,763**

3. Other gains or losses

Details of other gains and losses of the Group in 2022 and 2021 are as follows:

	2022	2021
Gains on foreign exchange	$ 4,290	1,163
Profit (loss) on financial assets measured at fair value through profit or loss	(27,134)	53,805
Proceeds from disposals of property, plant and equipment	-	28
Impairment loss	(300)	(24,618)
Government grant income	21,825	51,864
Rental income	665	784
Other income	59,033	45,511
Others	(24,135)	(24,001)
Gains from lease modifications	-	58
	$ 34,244	**104,594**

4. Finance costs

Details of financial costs of the Group in 2022 and 2021 are as follows:

		2022	2021
Interest expenses			
Bank loans	$	319,902	290,604
Interests on deposits in advance for public land development		62	86
Transaction fees and interests on corporate bonds		69,916	81,550
Lease liabilities		59,318	63,969
Others		975	2,015
Less: Capitalization of interest		(147,308)	(123,107)
	$	**302,865**	**315,117**

(26) Financial Instruments

1. Credit risk

(1) Credit risk exposure

The carrying amount of financial assets represents the maximum amount exposed to credit risk.

(2) Concentration of credit risk

The Group's clientele is mainly public works and the vast majority of consumers. The accounts receivable of the Group's shopping mall business unit is receivables from financial institutions, generated by credit card transactions, that of the construction business unit receivables of construction projects under contracts, and that of the Development business unit receivables of real estate sales. The receivables from financial institutions are directly wired into the Group's bank accounts, and the receivables of real estate sales are paid by individual consumers through wire transfers, cashier's or certified checks and mortgage. Consequently, the credit risks in relations to these receivables are estimated to be minimal and hence can be effectively managed and controlled.

2. Liquidity risk

The following table shows the contractual maturities of financial liabilities, including estimated interest payments but excluding the impact of netting agreements.

	Book value	Contractual cash flows	Less than 1 year	1 - 3 years	3 - 5 years	Over 5 years
December 31, 2022						
Non-derivative financial liabilities						
Long-/short-term loans (including current portion due within one year)	$ 16,668,696	17,134,531	10,927,881	4,413,182	1,793,468	-
Ordinary corporate bonds (including within one year)	4,000,000	4,039,600	2,007,375	2,032,225	-	-
Notes, accounts and other payables	7,257,175	7,257,175	5,373,925	1,883,250	-	-
Guarantee deposits received	96,204	96,204	-	96,204	-	-
Other current and non-current liabilities (long-term liabilities)	32,672	32,892	16,490	16,402	-	-
Lease liabilities (including current portion)	3,314,484	3,845,738	245,058	470,844	464,549	2,665,287
	$ 31,369,231	32,406,140	18,570,729	8,912,107	2,258,017	2,665,287
December 31, 2021						
Non-derivative financial liabilities						
Long-/short-term loans (including current portion due within one year)	$ 16,596,965	17,029,145	8,219,855	7,510,881	597,787	700,622
Ordinary corporate bonds (including within one year)	4,000,000	4,072,900	-	3,050,281	1,022,619	-
Notes, accounts and other payables	7,011,149	7,011,149	5,044,435	1,966,714	-	-
Guarantee deposits received	97,814	97,814	-	97,814	-	-
Other current and non-current liabilities (long-term liabilities)	49,008	49,471	16,579	32,892	-	-
Lease liabilities (including current portion)	3,522,116	4,121,432	240,754	480,964	468,854	2,930,860
	$ 31,277,052	32,381,911	13,521,623	13,139,546	2,089,260	3,631,482

The Group does not expect that the occurrence timing of cash flows analyzed on due date would arrive significantly earlier, or the actual amount would significantly vary.

3. Interest rate analysis

The interest rate risk exposure of financial assets and financial liabilities of the Group is described in the liquidity risk management of this Note.

The following sensitivity analysis is based on the interest rate exposure of derivatives and non-derivatives on the reporting date. Regarding liabilities with variable interest rates, the analysis is based on the assumption that the amount of liabilities outstanding at the reporting date was outstanding throughout the year. The interest rate fluctuation of 1% increase or decrease is used internally for reporting the interest rate to management and is the assessment by management regarding the reasonable and possible changes in interest rates.

If the interest rate increases or decreases by 1% on the, while other factors remained unchanged, the Group's profit before tax in 2022 and 2021 would decrease or increase by NT$166,687 thousand and NT$165,970 thousand, respectively; net profit before tax will decrease or increase by NT$112,143 thousand and NT$119,345 thousand, respectively, after capitalization of interest. This is mainly because the Group has floating rate loans.

4. Other price risk

If the equity securities price changes on the reporting date (the same basis is adopted for the analysis for both periods, with the assumption that other variable factors remain unchanged), the impacts on the comprehensive gains or losses are as follows:

	2022		2021	
Securities price on the reporting date	**Other comprehensive income after tax**	**Net profit after tax**	**Other comprehensive income after tax**	**Net profit after tax**
Increase by 10%	$ 1,251	9,747	1,246	12,460
Decrease by 10%	$ (1,251)	(9,747)	(1,246)	(12,460)

5. Fair value information

(1) Type and fair value of financial instruments

Financial assets at fair value through profit or loss and financial assets at fair value through other comprehensive income are measured on a recurring basis. The carrying amount and fair value of various financial assets and financial liabilities (including fair value level information; the carrying amount of financial instruments not measured at fair value is the reasonable approximation of fair value and the lease liabilities do not have to be revealed according to provisions) are listed as follows:

	2022.12.31				
		Fair value			
	Book value	**Level 1**	**Level 2**	**Level 3**	**Total**
Financial assets at fair value through profit or loss					
Non-derivative financial assets mandatorily measured at fair value through profit or loss	$ 97,466	97,466	-	-	97,466
Financial assets at fair value through other comprehensive income	$ 12,509	2,438	-	10,071	12,509
Financial assets at amortized cost					
Cash and cash equivalents	$ 15,522,920	-	-	-	-
Notes and accounts receivable	2,149,847	-	-	-	-
Other financial assets-current	3,675,772	-	-	-	-
Other financial assets-non-current	73,566	-	-	-	-
Subtotal	21,422,105	-	-	-	-
Total	$ 21,532,080	99,904	-	10,071	109,975
Financial liabilities measured at amortized costs					
Long-/short-term loans (including current portion due within one year)	$ 16,668,696	-	-	-	-
Notes, accounts and other payables	7,257,175	-	-	-	-
Corporate bonds payable (including current portion)	4,000,000	-	-	-	-
Other current liabilities (long-term payables)	16,336	-	-	-	-
Other non-current liabilities (long-term payables)	16,336	-	-	-	-
Lease liabilities (including current portion)	3,314,484	-	-	-	-
Guarantee deposits received	96,204	-	-	-	-
Total	$ 31,369,231	-	-	-	-

2021.12.31

	Book value	Fair value Level 1	Level 2	Level 3	Total
Financial assets at fair value through profit or loss					
Non-derivative financial assets mandatorily measured at fair value through profit or loss	$ 124,600	124,600	-	-	124,600
Financial assets at fair value through other comprehensive income	$ 12,464	2,917	-	9,547	12,464

	2021.12.31				
		Fair value			
	Book value	Level 1	Level 2	Level 3	Total
Financial assets at amortized cost					
Cash and cash equivalents	$ 16,080,562	-	-	-	-
Notes and accounts receivable	1,253,113	-	-	-	-
Other financial assets-current	2,303,584	-	-	-	-
Other financial assets-non-current	79,142	-	-	-	-
Subtotal	19,716,401	-	-	-	-
Total	**$ 19,853,465**	**127,517**	**-**	**9,547**	**137,064**
Financial liabilities measured at amortized costs					
Long-/short-term loans (including current portion due within one year)	$ 16,596,965	-	-	-	-
Notes, accounts and other payables	7,011,149	-	-	-	-
Corporate bonds payable (including current portion)	4,000,000	-	-	-	-
Other current liabilities (long-term payables)	16,336	-	-	-	-
Other non-current liabilities (long-term payables)	32,672	-	-	-	-
Lease liabilities (including current portion)	3,522,116	-	-	-	-
Guarantee deposits received	97,814	-	-	-	-
Total	**$ 31,277,052**	**-**	**-**	**-**	**-**

(2) Valuation techniques of financial instruments measured at fair value

Non-derivative financial instruments

Financial instruments traded in active markets are based on quoted market prices. A quoted price of a financial instrument obtained from main exchanges and on-the-run bonds from Taipei Exchange can be used as a basis to determine the fair value of the listed companies' equity and debt instruments, as it is a quoted price in an active market.

If a quoted price of a financial instrument can be obtained in time and often from exchanges, brokers, underwriters, industrial unions, pricing agencies, or governing authorities, and such price can actually reflect those traded frequently in the market, then the financial instrument is considered to have a quoted price in an active market. If a financial instrument is not in accordance with the definition mentioned above, then it is considered to be without a quoted price in an active market. In general, low trading volumes and high or increasing bid-ask spreads are indications that a market is not active.

The categories and characteristics of fair value measurement for the financial instruments with active markets are as follows:

• The fair value of financial instruments that have active markets and standard terms and conditions are determined with reference to quoted market prices (e.g., publicly traded stocks).

The categories and characteristics of fair value measurement for the financial instruments without active markets are as follows:

• Equity instruments without active market quotes: the fair value is derived from comparable companies in the market and is determined by multiplying the investee's EBITDA with P/E ratio of comparable companies listed in the market. The calculation is then discounted for lack of marketability.

(3) Changes in Level 3 financial assets

	Measured at fair value through other comprehensive income
	Equity instruments without public quotes
January 1, 2022	$ 9,547
December 31, 2022	$ 10,071
January 1, 2021	$ 8,236
December 31, 2021	$ 9,547

The aforementioned total gains or losses were included in "unrealized gain (loss) from financial assets measured at FVTOCI." Among them, the assets still held on December 31, 2022 and 2021 are as follows:

	2022	**2021**
Total profit or loss		
Recognized in other comprehensive income (reported in "Unrealized gain (loss) on valuation of financial assets at fair value through other comprehensive income")	$ 524	2,303

(27) Financial risk management

1. Overview

The Group is exposed to the following risks from its financial instruments:

(1) Credit risk

(2) Liquidity risk

(3) Market risk

This note presents information about the Group's exposure to each of the above risks, the Group's objectives, policies and processes for measuring and managing risk. For more details, please refer to the related notes to parent company only financial statements.

2. Structure of risk management

(1) Risk management policy

Enterprises often encounter many uncertainties that may threaten their operations. In order to find and control them as early as possible and reduce the losses caused by risks, good risk management policies are required. The Board of Directors of the Group establishes the overall risk management policy in line with the operating strategy, operating environment and department plan. Its main subjects include the aspects of the environment, internal and external operational flow, and strategic decision-making, etc. In addition, the Board of Directors shall submit risk management reports on various risk management resolutions, delivery matters, supervision and follow-up implementation, so that when future operation and management face similar or identical problems, they can refer to past experience and propose better solutions.

(2) Organization structure of risk management

Every level in the organization structure or every department in the Group has responsibility for risk management. A discovery of any risk shall be reported to the internal audit and senior management, who then shall take related actions in the first place.

The organization structure of risk management is as follows:

Organization name	Responsibilities
Board of Directors	Establish risk management policy Ensure effective operation of and sufficient resources allocated to risk management
Senior management	Execute risk management policy determined by Board of Directors Coordinate cross-functional risk control activities
Internal Audit	Perform routine audits on risk control Monitor risk control activities and report them to Board of Directors and Audit Committee
Others	Compiling results of risk control activities Perform routine activities on risk control Evaluate risk types based on circumstances and propose corresponding action plans

4. Credit risk

Credit risk is the risk of financial losses resulting, when the Group's customers or counter-parties of its financial instruments fail to meet their contractual obligations, principally from the Group's receivables from clients and investment securities.

(1) Accounts receivable and other receivables

The credit risk exposure of the Group is primarily affected by the individual circumstances of each client. The management also considers the statistical data on the basis of Group customers, including the default risk of industry and country, because these factors can also influence credit risk. The Group’s revenues in both 2022 and 2021 were derived from sales to domestic customers. The accounts receivable of the Group’s shopping mall business unit is receivables from financial institutions, generated by credit card transactions, that of the construction business unit receivables of construction projects under contracts and that of the development business unit receivables of real estate sales. The receivables from financial institutions are directly wired into the Group’s bank accounts, the project receivable requires the other party to provide a guarantee or assurance when necessary, and the receivables of real estate sales are paid by individual consumers through wire transfers, cashier’s or certified checks and mortgage. Consequently, the credit risks in relations to these receivables are estimated to be minimal.

The Group sets up an allowance doubtful debts account to reflect the estimated incurred cost in accounts receivable and other receivables and investment. The allowance account consists of two components; the main component refers specific losses associated with individual significant exposure to credit risks; and the other component refers to a portfolio of already occurred but yet to have identified losses of a group of similar assets. The portfolio of loss allowance account is determined by historical statistics on payments eventually received for similar financial assets.

(2) Investments

The exposure to credit risk in relation to bank deposits, fixed income investments, and other financial instruments, is measured and monitored by the Group's finance department. Since the Group only deals with banks with good credit rating as well as financial institutions, corporations, and government agencies with investment-grade credit ratings, no concerns on the fulfillment of its counterparty's obligations and no significant exposure to credit risk were recognized.

(3) Guarantees

Policies of the Group stipulates that financial guarantee can be made available to counter-parties with whom the Group has business. As of December 31, 2022, and 2021, the Group provides no endorsements/guarantees mentioned above.

5. Liquidity risk

Liquidity risk is the risk of unfulfilled obligations occurring when the Group cannot settle its financial liabilities with cash or another financial asset. The Group's approach to managing liquidity is to always ensure that it has sufficient liquid assets to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking its reputation.

6. Market risk

Market risk is the risk of changes in the Group's profits or value of its financial instruments resulting from changes in market factors, such as foreign exchange rates, interest rates, and prices of equity instruments. The Group's objective of market risk management is to control its market risk exposure within a bearable range while optimizing the investment return.

(1) Interest rate risk

The Group adopts the most cost-effective strategy in maintaining an appropriate portfolio of fixed and floating interest rates and conducting such assessment regularly.

(2) Other market price risk

The Group is exposed to the risk of market price fluctuation in its equity instruments held for sale with the intention to cover the unfunded portion of the defined benefit obligations. The Group's management adjusts the ratio of equity to debt in its investment portfolio according to fluctuation in market price index. Any material investment in the portfolio is managed separately.

(28) Capital management

The Group's objectives of capital management is to ensure its capacity in operation continuity, to return profits to its shareholders and other stakeholders, and to optimize its capital structure to reduce cost of capital.

In maintaining or adjusting the capital structure, the Group may settle liabilities through adjustments in dividend payment or capital return to its shareholders, issuance of new shares, or disposal of assets.

The Group, like its peer companies, control capital management on the basis of debt-to-capital ratio, which is net debt divided by total capital. The net debt is the total liabilities less cash and cash equivalents. The total capital is total equity (including share capital, capital reserve, retained earnings, other equity, and non-controlling equity) plus net debt.

For the years ended December 31, 2022 and 2021, the Group had the same policy on capital management and maintained the debt-to-capital ratio between 40% to 60% to ensure reasonable cost of capital. The debt-to-capital ratios on December 31 of 2022 and 2021 are as follows:

		2022.12.31	2021.12.31
Total liabilities	$	34,297,409	33,852,810
Less: cash and cash equivalents		(15,522,920)	(16,080,562)
Net liability		18,774,489	17,772,248
Total equity		21,565,448	19,995,633
Capital after adjustment	**$**	**40,339,937**	**37,767,881**
Debt-to-capital ratio		**46.54%**	**47.06%**

(29) Investment and financing activities for non-cash transaction

The statement of non-cash transaction investments and financing activities of the Group in 2022 and 2021.

1. For details right-of-use assets obtained by lease, please refer to Note 6(9).

2. Acquisition of property, plant, and equipment are as follow：

		2022	2021
Purchase of Property, Plant, and Equipment	$	82,696	162,994
Add: Equipment payable in the beginning of period		80,080	25,833
Less: Equipment payable in the end of period		(27,286)	(80,080)
	$	**135,490**	**108,747**

7. Related-Party Transactions

(1) Name of related parties and relations

The affiliates which have trading with the Group within the period of the consolidated financial statements are as follows:

Name of related party	Relationship with the Group
Kindom Yu San Education Foundation	The entity's chairman is the second-degree relative of the company's chairman.
Tua Tiann Co., Ltd.	A joint venture of the Group.
ReadyCom eServices Co. Ltd.	Associates

(2) Transactions with related parties

1. For the years ended December 31, 2022 and 2021, donations made to the related party in the amounts of NT$20,000 thousand and NT$15,000 thousand are for the purpose of promoting the Foundation's services.

2. Part of the Group's office building was leased to its related parties and joint venture in a lease term of one year and three years with a rent in the amount of NT$84 thousand and NT$57 thousand, respectively, for years ended December 31, 2022, and 2021.

3. The Group signed an information project consulting service contract with associates in December 2021. The total value of the contract is NT$50 thousand per month, and the information project consulting service fee for the 2022 was NT$600 thousand.

4. Debt situation

The details of Debt of between the Party the Group are as follows:

Accounting Subject	Category and Name of Related Party	2022.12.31	2021.12.31
Other payables	Associates	$ 150	-

(3) Key management personnel transactions

Remuneration to major management personnel includes:

	2022	2021
Short-term employee benefits	$ 218,332	164,592
Benefits after retirement	271	325
	$ 218,603	164,917

8. Pledged Assets

The details of the carrying value of collateral pledged on restricted assets provided by the Group are as follows:

Name of assets	Pledge guarantee object	2022.12.31	2021.12.31
Buildings and land held for sale	Bank loans	$ 6,150,657	7,011,933
Land held for construction	〃	1,724,867	1,709,071
Construction in progress	〃	8,876,318	8,196,964
Investment properties and net value of property, plant, and equipment	Bank loans and corporate bonds payable	6,309,937	6,386,755
Other financial assets-current	Bank loans, pre-sales payments in trust accounts, guarantees, and bonds payable, and restricted assets	2,541,820	1,268,914
Other financial assets - non-current	Guarantees and pre-sales payments in trust accounts	50,802	50,595
		$ 25,654,401	24,624,232

Note: The shares pledged as collateral for the subsidiary's bank borrowings amounted to 223,414 thousand shares in December 31, 2022 and 2021.

9. Significant Contingent Liabilities and Unrecognized Contract Commitments

(1) Significant unrecognized contract commitments:

1. The total amount of significant construction contracts is as follows:

	2022.12.31	2021.12.31
Amount of construction contracts	$ 42,465,890	40,826,050
Amount of payments received	$ 14,488,226	5,372,426

2. The total amount of sales contracts signed before and after the completion of construction is as follows:

	2022.12.31	2021.12.31
Amount of sales contracts signed	$ 3,166,981	4,427,490
Amount of payments received per contracts	$ 306,601	1,045,946

3. For details on lease agreements of the Group's business in shopping mall management as of December 31, 2022, and 2021, please refer to Note 6(15). Details of the performance bond in relation to obligations under these agreements are as follows:

	2022.12.31	2021.12.31
Refundable notes	$ 232,550	232,550

4. Details on refundable deposits and notes paid for co-developments with land owners and third party developers as follows:

	2022.12.31	2021.12.31
Refundable deposits	$ 686,090	531,160
Guarantees	$ 1,552,737	1,438,635

5. As of December 31, 2022, and 2021, the Group issued performance bond for construction projects, which amounted to NT$57,992 thousand and NT$401,342 thousand, respectively.
6. As of December 31, 2022, and 2021, the Group issued bank guarantee for construction warranty's guarantee and advance payment guarantee, which amounted to NT$4,279,154 thousand and NT$2,701,314 thousand, respectively.
7. In September 2015, the Group entered into a lease agreement with Chang Xin Co., Ltd. for the building and parking lot on Jiankang Road in Zhonghe District of New Taipei City. The lease payments consist of both a monthly flat amount and a percentage of retail sales revenue.
8. It is passed by the Group's Board Meeting in December 2022, and 2021, that the promised to donate NT$18,000 thousand and NT$20,000 thousand in 2023 and 2022, respectively, to Kindom Yu San Education Foundation for the promotion of foundation affairs.

9. In November 2021, the Group signed a contract with Taiwan Power Company (Taipower) for the urban renewal project of the former site of Nangang (AR-1-2) of the Taipower northern storage and transportation center. According to the contract, the Group is required to lease back all the commercial facilities (including parking spaces) that Taipower participated in the rights transformation and distribution, with a lease term of ten years and a renewal of ten years, and the lease contract for the relevant commercial facilities and premises is signed one year before the license is obtained.

10. As stated in Note 6(6), in September 2022, the Company's joint venture (Tua Tiann Co., Ltd) signed the "Public Office and Urban Regeneration Investment Project regarding E1E2 Block of the Specific Dedicated Area at the Taipei Station" contract with the Taipei Housing and Urban Regeneration Center. The Company bears a joint liability for the compensation and performance obligations.

11. In December 2022, the Group signed the "Phase 2 and Phase 3 Public Solicitation of Investors Investment Project in Taipei City" contract with the National Housing and Urban Regeneration Center. The Group is required to lease back the commercial facilities affiliated with the administrative office building, with a lease term of 20 years.

10. Significant Disaster Loss: None

11. Significant Events after the End of the Financial Reporting Period: None

12. Others

The employee benefits, depreciation, depletion, and amortization expenses are summarized by function as follows:

Function / Nature	2022			2021		
	Operating costs	**Operating Expenses**	**Total**	**Operating costs**	**Operating Expenses**	**Total**
Employee benefit expenses						
Salaries and wages	528,547	655,153	1,183,700	459,506	629,446	1,088,952
Labor insurance and national health insurance	43,153	44,416	87,569	36,251	40,476	76,727
Pension expenses	18,532	23,179	41,711	16,388	20,684	37,072
Other employee benefits expenses	14,765	39,334	54,099	11,023	36,156	47,179
Depreciation	9,239	407,317	416,556	9,655	414,615	424,270
Amortization	-	10,690	10,690	-	9,779	9,779

13. Disclosure Notes

(1) Information on significant transactions

In 2022, under Regulations Governing the Preparation of Financial Reports by Securities Issuers, information related to material transactions should be disclosed by the Group is as the following:

1. Loans provided for others: None.

2. Endorsements/Guarantees Provided for Others:

Expressed in thousands of New Taiwan Dollars

No.	Name of endorsement/ guarantee provider	Subject of endorsements/guarantees		Limit on endorsements/ guarantees provided for a single party	Maximum balance for this period	Closing balance of endorsement/ guarantees	Actual amount used	Amount of endorsement /guarantees collateralized with assets	Ratio of accumulated endorsement/ guarantees to net equity per latest financial statements	Maximum endorsement/ guarantee amount	Endorsement /guarantees provided by parent company to subsidiaries	Endorsement /guarantees provided by subsidiaries to parent company	Endorsement /guarantee provided to subsidiary in China
		Name of Company	Relationship (Note 1)										
1	Kedge Construction	Kindom Development	Parent company and subsidiary	$ 8,372,491	14,192	14,192	14,192	-	0.34%	8,372,491	N	Y	N
2	Dingtian Construction	Kindom Development	Parent company and subsidiary	47,780	14,192	14,192	14,192	-	29.70%	47,780	N	Y	N
2	〃	Kedge Construction	Parent company and subsidiary	7,166,999	1,376,500	1,376,500	1,376,500	-	2,880.91%	14,333,998	N	Y	N
3	Global Mall	Guan Hua	2	3,203,295	110,000	110,000	20,000	-	2.06%	6,406,591	Y	N	N
3	〃	Guan Cheng	2	3,203,295	61,550	61,550	61,550	-	1.15%	6,406,591	Y	N	N
3	〃	Guan You	2	3,203,295	180,000	180,000	-	-	3.37%	6,406,591	Y	N	N

Note 1: Types of relationship that the endorsement/guarantee provider has with the guaranteed party:

(1) An entity with which it does business.

(2) A company in which the company directly or indirectly holds more than 50% of the voting shares.

(3) A company that directly or indirectly holds more than 50% of the voting shares in the company.

(4) Between the companies in which the company directly or indirectly holds more than 90% of the voting shares.

(5) A company fulfills its contractual obligations by providing mutual endorsement/guarantee for another company in the same industry or for joint builders for purposes of undertaking a construction project.

(6) All capital contributing shareholders make endorsements/guarantees for their jointly invested company in proportion to their shareholding percentages.

(7) Companies in the same industry provide among themselves joint and security for a performance guarantee of a sales contract for pre-construction homes pursuant to the Consumer Protection Act for each other.

Note 2: Taipei City Government requested the Company to provide joint and several security, so Kedge Construction, approved by the Board on March 21, 2002 and March 25, 2010, provided endorsements/guarantees for the Company.

Note 3: Per Kedge Construction's policies and procedures on endorsements/guarantees, the maximum aggregate amount allowable for endorsements/guarantees to third parties shall not exceed 200% of its net equity as stated in its latest financial statement, and limits on endorsements/guarantees provided to a single entity shall not exceed 200% of its net equity as stated in its latest financial statement. The aggregate amount of endorsements/guarantees on all construction projects shall not exceed 10 times of its net equity as stated in its latest financial statement, and the aggregate amount of endorsements/guarantees on a single construction project shall not exceed 5 times of its net equity as stated in its latest financial statement.

Note 4: Per Dingtian's policies and procedures on endorsements/guarantees, the maximum aggregate amount allowable for endorsements/guarantees to third parties shall not exceed 100% of its net equity as stated in its latest financial statement, and limits on endorsements/guarantees provided to a single entity shall not exceed 100% of its net equity as stated in its latest financial statement. The aggregate amount of endorsements/guarantees on all construction projects shall not exceed 300 times of its net equity as stated in its latest financial statement, and the aggregate amount of endorsements/guarantees on a single construction project shall not exceed 150 times of its net equity as stated in its latest financial statements.

Note 5: Per Global Mall's policies and procedures on endorsements/guarantees, the maximum aggregate amount allowable for endorsements/guarantees to third parties shall not exceed 120% of its net equity as stated in its latest financial statement, and limits on endorsements/guarantees provided to a single entity shall not exceed 60% of its net equity as stated in its latest financial statements.

Note 6: the above transactions had been written off in preparing the consolidated financial report.

3. Marketable securities (excluding equity investments in subsidiaries, associates, and joint ventures) held at the reporting date:

Unit: NT$ thousand/ thousand shares

Investing Company	Type and name of securities	Relationship with the securities issuer	Account title in book	End of period				Highest Percentage of Ownership period Or Capital Invested during the period	Remark
				Number of shares	Book value	Percentage of shareholding	Fair value (Note)		
Kindom Development	Stock - Fubon Financial Holding Co Ltd. Preferred Shares C	-	Financial assets at fair value through profit or loss - current	604	33,995	- %	33,995	- %	
〃	Stock - Everterminal Co. Ltd.	-	Financial assets measured at FVTOCI - non-current	99	3,305	0.20 %	3,305	0.20%	
〃	Stock - Clientron Corp.	-	〃	29	655	0.05 %	655	0.05%	
〃	Stock - Fubon Financial Holding Co Ltd.	-	〃	12	645	- %	645	- %	
Jiequn Investment Co., Ltd.	Stock - Fubon Financial Holding Co Ltd. Preferred Shares C	-	Financial assets at fair value through profit or loss - current	563	31,723	- %	31,723	- %	
〃	Stock - SinoPac Securities Corporation	-	〃	213	3,572	- %	3,572	- %	
〃	Stock - Fubon Financial Holding Co Ltd.	-	Financial assets measured at FVTOCI - non-current	11	603	- %	603	- %	
〃	Stock - Huei Ding Computer	-	〃	405	-	0.78 %	-	0.78%	
Guanqing Electromechanical	Stock - Fubon Financial Holding Co Ltd. Preferred Shares C	-	Financial assets at fair value through profit or loss - current	500	28,176	- %	28,176	- %	
〃	Stock - Fubon Financial Holding Co Ltd.	-	Financial assets measured at FVTOCI - non-current	10	535	- %	535	- %	
〃	Stock - Commonwealth Publishing Group	-	〃	160	6,766	0.59 %	6,766	0.59%	

Note: If the market price is not available, the carrying amount of the security at the reporting date is determined as the market price.

4. Accumulated to buy or sell the same marketable securities amount to NT$ 300 million or more than 20% of the paid-up capital:

Unit: NT$ thousand/ thousand shares

The company that purchases and sells	Marketable securities Type and name	Account title in book	Transaction counterparty	Relationship	Beginning of period		Purchase		Sell				End of period	
					Number of shares	Amount	Number of shares	Amount	Number of shares	Selling price	Book value	Gains (Losses) on Disposal	Number of shares	Amount
The company	Stock	Investments accounted for using equity method	Da Cheng	Joint venture	-	-	102,000	1,020,000	-	-	-	-	102,000	1,021,771

Note: The amount at the end of the period includes investment gains.

5. Acquisition of individual real estate properties at costs of at least NT$ 300 million or 20% of the paid-in capital:

Expressed in thousands of New Taiwan Dollars

Acquiring company	Property Name	Date of transaction or event	Transaction amount	Payment collection status	Transaction counterparty	Relationship	For related parties, the information on previous transaction				Reference for price determination	Purpose of Acquisition and Status in Use	Other stipulations of the transaction
							Possessor	Relationship with the issuer	Date of transfer	Amount			
Kindom Development	Land rights of Hui Guo section in Xitun District	2022.10	927,681	927,681	C-J Construction and Development LTD	Non-related party	-	-	-	-	Valuation	Planning and construction	None

6. Disposal of real estate at prices exceeding NT$ 300 million or 20% of the paid-in capital:

Expressed in thousands of New Taiwan Dollars

Disposing Company	Asset title	Date of event	Date of acquisition	Carrying amount	Transaction amount	Payment collection status	Gain or loss on disposal	Transaction counterparty	Relationship	Purpose of disposal	Reference for price determination	Other stipulations of the transaction
Kindom Development	Inventories - buildings and land held for sale	2022.09~2022.12	Not applicable: inventories sold, not acquired	N/A	1,232,933	404,810	N/A	More than one third party	Non-related party	Selling inventories	Reference based on market price	None

Note 1:The amounts above are expressed before taxes.

7. Related-party transactions for purchases and sales with amounts exceeding NT$100 million or 20% of the paid-in capital:

Expressed in thousands of New Taiwan Dollars

Companies involved in purchases (Sales)	Name of transaction counterparty	Relationship	Transaction Situation				Transactions with Terms Different from Others		Notes/accounts receivable (or payable)		Remark
			Purchases (Sales)	Amount (Note 1)	Percentage of total purchases (sales)	Loan period	Unit price	Loan period	Balance	Percentage of total notes/accounts receivable (or payable)	
Kindom Development	Kedge Construction	Investees valued under equity method	Contracting	1,886,595	41.39%	50% due immediately and 50% due in 60 days or 100% due immediately and 100% due in 90 days	Equivalent to other transactions	Slightly longer than normal	(614,624)	(57.81)%	Note 2
Kedge Construction	Kindom Development	Investor in which Kedge Construction is accounted for using equity method	Contracting	1,886,595	(12.44)%	Receive payment by installment per contract and slightly longer than a normal transaction	〃	〃	614,624	20.27%	〃

Note 1: Refers to the valuation amount for current period

Note 2: The above-mentioned transactions have been written off at the preparation of the consolidated financial statements.

8. Receivables from related parties with amounts exceeding NT$100 million or 20% of the paid-in capital:

Expressed in thousands of New Taiwan Dollars

The companies that record such transactions as receivables	Transaction counterparty	Relationship	Balance of receivables from related parties	Turnover Rate	Receivable Overdue		Amounts received in subsequent periods	Allowance for losses appropriated
					Amount	Action taken		
Kedge Construction	Kindom Development	Investor in which Kedge Construction is accounted for using equity method	614,624	2.51	-	-	62,780	-

Note: The above-mentioned transactions have been written off at the preparation of the consolidated financial statements.

9. Derivative financial instrument transactions: None.

10. Business relationships and significant interCompany transactions among parent and subsidiaries:

No.	Company name	Transaction counterparty	Relationship with trader	Transactions			
				Ledger Account	Amount	Terms and conditions	As a percentage of consolidated revenue or total assets
0	The company	Kedge Construction	1	Cost of construction	1,822,037	50% due immediately and 50% due in 60 days or 100% due immediately and 100% due in 90 days	8.47%
0	The company	Kedge Construction	1	Buildings and land held for sale	103,178	50% due immediately and 50% due in 90 days/100% due immediately and 100% due in 90 days	0.18%
0	The company	Kedge Construction	1	Construction in progress	111,054	50% due immediately and 50% due in 90 days/100% due immediately and 100% due in 90 days	0.20%
0	The company	Kedge Construction	1	Notes and accounts payable-related parties	614,624	50% due immediately and 50% due in 60 days or 100% due immediately and 100% due in 90 days	1.10%
0	The company	Kedge Construction	1	Operating revenue	6,572	Pay once a quarter	0.03%
0	The company	Kedge Construction	1	Operating expenses	3,360	Once a quarter	0.02%
0	The company	Dingtian Construction	1	Cost of construction	22,636	50% due immediately and 50% due in 60 days	0.11%
0	The company	Dingtian Construction	1	Construction in progress	1,048	50% due immediately and 50% due in 60 days	-%
0	The company	Dingtian Construction	1	Notes and accounts payable-related parties	5,499	50% due immediately and 50% due in 60 days	0.01%
0	The company	Dingtian Construction	1	Operating revenue	98	Pay once a quarter	-%
0	The company	Dingtian Construction	1	Operating expenses	930	100% due immediately	-%
0	The company	Guanqing Electromechanical	1	Operating revenue	98	Pay once a quarter	-%
0	The company	Global Mall	1	Operating expenses	190	100% due immediately	-%
1	Kedge Construction	The company	2	Operating revenue	1,822,037	50% due immediately and 50% due in 60 days or 100% due immediately and 100% due in 90 days	8.47%
1	Kedge	The company	2	Operating costs	214,232	50% due immediately and 50% due in 60 days or 100% due immediately and 100% due in 90	1.00%

No.	Company name	Transaction counterparty	Relationship with trader	Transactions			
				Ledger Account	Amount	Terms and conditions	As a percentage of consolidated revenue or total assets
	Construction					days	
1	Kedge Construction	The company	2	Notes and accounts receivable-related parties, contract assets	614,624	50% due immediately and 50% due in 60 days or 100% due immediately and 100% due in 90 days	1.10%
1	Kedge Construction	The company	2	Operating revenue	3,360	Pay once a quarter	0.02%
1	Kedge Construction	The company	2	Operating expenses	6,572	Pay once a quarter	0.03%
2	Dingtian Construction	The company	2	Operating revenue	22,636	50% due immediately and 50% due in 60 days	0.11%
2	Dingtian Construction	The company	2	Operating costs	1,048	50% due immediately and 50% due in 60 days	-%
2	Dingtian Construction	The company	2	Operating revenue	930	100% due immediately	-%
2	Dingtian Construction	The company	2	Operating expenses	98	Pay once a quarter	-%
2	Dingtian Construction	The company	2	Notes and accounts receivable-related parties	5,499	50% due immediately and 50% due in 60 days	0.01%
3	Guanqing Electromechanical	The company	2	Operating expenses	98	Once a quarter	-%
4	Global Mall	The company	2	Operating revenue	190	100% due immediately	-%
4	Global Mall	Guan Cheng	3	Accounts receivable-related parties	52,513	Collect once a year and settled every 30 days	0.09%
4	Global Mall	Guan Cheng	3	Operating revenue	44,453	Collect once a year	0.21%
4	Global Mall	Guan Hua	3	Accounts receivable-related parties	14,822	Collect once a year and settled every 30 days	0.03%
4	Global Mall	Guan Hua	3	Operating revenue	14,127	Collect once a year	0.07%
4	Global Mall	Guan You	3	Accounts receivable-related parties	3,740	Collect once a year and settled every 30 days	0.01%
4	Global Mall	Guan You	3	Operating revenue	3,215	Collect once a year	0.01%
5	Guan Cheng	Global Mall	3	Other payables-related parties	52,513	Paid once a year and settled every 30 days	0.09%
5	Guan Cheng	Global Mall	3	Operating expenses	44,453	Once a year	0.21%
6	Guan Hua	Global Mall	3	Other payables-related parties	14,822	Paid once a year and settled every 30 days	0.03%
6	Guan Hua	Global Mall	3	Operating expenses	14,127	Once a year	0.07%
7	Guan You	Global Mall	3	Other payables-related parties	3,740	Paid once a year and settled every 30 days	0.01%
7	Guan You	Global Mall	3	Operating expenses	3,215	Once a year	0.01%

Note 1: Instruction for numbering.

1. The parent company is numbered 0.
2. Subsidiaries are sorted in a numerical order starting from 1.

Note 2: The type of relations with transaction party is marked as follows:

1. The parent company to subsidiaries.
2. Subsidiary to parent company.
3. Subsidiary to subsidiary.

Note 3: The above-mentioned transactions have been written off at the preparation of the consolidated financial statements.

(2) Information on Invested Companies:

The information on the enterprises by the venture capital of Group in 2022 is as follows:

Unit: NT$ thousand/ thousand shares

Name of Investor	Name of investee	Location	Principal business	Original investment amount		Ending shareholding			Highest Percentage of Ownership or Capital Invested during the period	Net income (loss) of the investee	Share of profit/loss of investee	Remark
				End of the period	End of last year	Number of shares	Percentage	Book value				
Kindom Development	Kedge Construction	Taiwan	The comprehensive construction industry, etc.	374,353	374,353	39,873	34.18%	1,221,298	34.18%	1,047,933	380,748	Subsidiary
〃	Global Mall	Taiwan	Supermarkets, department stores, international trading, wholesales of medical equipment, and retails	3,209,395	3,209,395	320,105	84.02%	4,510,534	84.02%	392,562	329,818	〃
〃	Guan Cheng (Note 1)	Taiwan	Department stores, supermarkets, and non-store retailing	-	102,000	-	- %	-	- %	116,761	23,516	Sub-subsidiary
〃	Da Cheng (Note 2)	Taiwan	Commercial real estate development industry	1,020,000	-	102,000	51.00%	1,021,771	51.00%	3,473	1,771	Investments accounted for using equity method
Kedge Construction	Jiequn Investment Co., Ltd.	Taiwan	Investment	163,935	163,935	16,396	99.98%	434,730	99.98%	14,466	14,463	Sub-subsidiary
〃	Guanqing Electromechanical	Taiwan	Installation and engineering of electrical and fire safety equipment	81,326	81,326	7,747	99.96%	228,533	99.96%	(759)	(759)	〃
Jiequn Investment Co., Ltd.	Dingtian Construction	Taiwan	The comprehensive construction industry, etc.	16,500	16,500	-	30.00%	14,334	30.00%	(293)	(88)	Third-tier subsidiary
Guanqing Electromechanical	Dingtian Construction	Taiwan	The comprehensive construction industry, etc.	11,105	11,105	-	70.00%	33,446	70.00%	(293)	(205)	〃
Dingtian Construction	ReadyCom Information Technology Service	Taiwan	Information software services and management consultants, etc.	15,000	15,000	1,400	46.67%	14,392	46.67%	(1,560)	(728)	Investments accounted for using equity method
Global Mall	Guan Cheng (Note 1)	Taiwan	Department stores, supermarkets, and non-store retailing	280,886	98,000	20,000	100.00%	365,850	100.00%	116,761	93,245	Sub-subsidiary
〃	Guan You (Note 3)	Taiwan	Department stores, supermarkets, and non-store retailing	-	5,000	-	- %	-	- %	(10,545)	(101)	Third-tier subsidiary
〃	Guan Hua	Taiwan	Department stores, supermarkets, and non-store retailing	140,000	140,000	14,000	100.00%	146,766	100.00%	5,871	5,871	Sub-subsidiary
〃	KGM	Hong Kong	Investment and operation of shopping mall in mainland China, including master planning, supporting engineering consulting, and leasing planning and consulting	9,339 (HKD390千元)	9,339 (HKD390千元)	- (有限公司)	100.00%	1,799	100.00%	(167)	(167)	〃
Global Mall	Hon Hui Zhu Gao	Taiwan	Department stores, supermarkets, and non-store retailing	100,000	-	10,000	20.00%	99,955	20.00%	(225)	(45)	Investments accounted for using equity method
Guan Cheng	Guan You (Note 3)	Taiwan	Department stores, supermarkets, and non-store retailing	230,006	130,000	13,500	100.00%	92,017	100.00%	(10,545)	(10,444)	Third-tier subsidiary

Note 1: In line with the Group's operational needs, the Company sold 51% of its equity of Guan Cheng to Global Mall in June 2022.

Note 2: In accordance with the conditions of the development contract, the Company invested and established Tua Tiann Co., Ltd. in August 2022. For further details, please refer to Note 6(6).

Note 3: In line with the Group's operational needs, Global Mall sold 3.7% of its equity of Guan You to Guan Cheng in April 2022.

(3) Information on Investments in Mainland China:

1. Relevant information, including names and principal business, on investees in China: None.

2. Limitation on investment in mainland China:

Unit: Thousands of USD/RMB/NTD

Cumulative investment remitted from Taiwan to Mainland China at end of the year	Amount of investment approved by the Investment Commission, M.O.E.A.	Limit on amount of investment stipulated by the Investment Commission, M.O.E.A.
1,076,350 (CNY 227,649) (Note 1)	USD 38,738	11,109,887 (Note 2)

Note 1: Contains the investment amount from the dissolved company Global Mall (Tianjin) Co., Ltd., which has completed the cancellation registration on April 19, 2021, and remitted the remaining amount of NT$44,054 thousand (HK$12,400 thousand) through its parent company KGM to Global Mall in December of the same year.

Note 2: The limited amount is capped at 60% of the parent company's net equity.

3. Significant transactions with investees in mainland China: None

(4) Information on Major Shareholders:

Expressed in shares

Shareholding Name of substantial shareholders	No. of shares held	Shareholding ratio
Yu-De Investment Co.	105,935,137	19.12%
Mei-Chu Liu	67,215,292	12.13%

14. Segment Information

(1) General information

The Group's reportable segments comprise of development business unit, construction business unit, and shopping mall business unit. The market nature and marketing strategies of each business unit are not identical and hence are explained as follows:

Development segment: Commissions construction companies to develop residential and commercial real estate for rental or sales.

Construction segment: Comprehensively organizes all works involved in constructions, including building and management, as a general contractor.

Shopping mall segment: Manages operations of shopping malls, supermarkets, and businesses in international trading.

(2) Information involving profit or loss, asset, liability and measurement basis and adjustment of reportable segments

The management's resource allocation and performance evaluation are based on the unit's profit before tax (excluding extraordinary profit or loss and exchange gain or loss) in the internal governance report reviewed by the chief operating decision-maker of the Group. As tax expenses (income), extraordinary profit or loss and exchange gain or loss are recognized on the Group level, the Group does not allocate tax expenses (income), extraordinary profit or loss and exchange gain or loss to the reportable segments. Thus, not every reportable segment includes material non-monetary items besides depreciation and amortization in the profit or loss. The reported amounts are in line with the amounts in the reports for operating decision makers.

Except that the pension expenses of each unit are paid in cash to pension plans, the accounting policies of the operating department are the same as the "Summary of Significant Accounting Policies" described in Note 4.

The Group deems the inter-unit sales and transfer as third-party transactions. And such transactions are measured at the current market price.

The information and adjustments to operating units of the Group are as follows:

	2022					
		Development business unit	**Construction**	**Shopping mall**	**Adjustments and elimination**	**Total**
Revenue:						
Revenues from external customers	$	7,658,037	12,355,600	1,492,465	-	21,506,102
Inter-segment income		6,768	1,848,963	190	(1,855,921)	-
Interest income		40,566	22,872	8,383	-	71,821
Total revenue	$	7,705,371	14,227,435	1,501,038	(1,855,921)	21,577,923
Interest expenses	$	207,558	4,223	91,084	-	302,865
Depreciation and amortization		20,285	17,435	396,777	(7,251)	427,246
Share of profits (losses) of associates accounted for using equity method		735,853	(728)	(45)	(734,082)	998
Reportable segment profits or loss	**$**	**2,748,700**	**1,325,771**	**433,652**	**(668,211)**	**3,839,912**
Asset:						
Investment accounted for using equity method	$	6,753,603	14,392	99,955	(5,731,832)	1,136,118
Capital expenditure on non-current asset		12,634	21,109	59,023	-	92,766
Assets of reportable segments	**$**	**39,085,228**	**11,798,692**	**12,108,433**	**(7,129,496)**	**55,862,857**
Reportable segment liabilities	**$**	**20,568,749**	**7,612,261**	**6,769,607**	**(653,208)**	**34,297,409**

	2021				
	Development business unit	Construction	Shopping mall	Adjustments and elimination	Total
Revenue:					
Revenues from external customers	$ 16,098,786	7,939,091	1,153,261	-	25,191,138
Inter-segment income	6,768	2,833,231	40,791	(2,880,790)	-
Interest income	12,117	10,035	3,284	-	25,436
Total revenue	$ 16,117,671	10,782,357	1,197,336	(2,880,790)	25,216,574
Interest expenses	$ 214,898	1,457	98,762	-	315,117
Depreciation and amortization	18,962	19,694	402,644	(7,251)	434,049
Share of profits (losses) of associates accounted for using equity method	417,232	(5,387)	9,104	(426,336)	(5,387)
Reportable segment profits or loss	**$ 4,196,791**	**923,047**	**189,018**	**(330,170)**	**4,978,686**
Asset:					
Investment accounted for using equity method	$ 5,244,133	15,120	153,679	(5,397,812)	15,120
Capital expenditure on non-current asset	14,393	3,875	159,214	-	177,482
Assets of reportable segments	**$ 39,053,427**	**9,277,743**	**12,773,455**	**(7,256,182)**	**53,848,443**
Reportable segment liabilities	**$ 21,490,666**	**5,766,604**	**7,514,330**	**(918,790)**	**33,852,810**

Significant reconciliation items of reportable segments are as follows:

In the years of 2022 and 2021, the total amount of reportable segment revenue shall deduct the inter-segment revenue of NT$1,855,921 thousand and NT$2,880,790 thousand, respectively.

(3) Product and service information

Refer to Note 6(22) for details on the Group's product and service information.

(4) Geographic information

There is no export transaction in the Group, and therefore information by geographical distribution will not be disclosed.

(5) Major customers

The Group is engaged in the development of real estate, comprehensive construction, and operation of shopping malls. Its clientele is mainly the vast majority of consumers and public works, no significant key accounts.

V. Parent Company Only Financial Report of 2022:

Independent Auditors' Report

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

Audit Opinion

We have audited the parent company only Balance Sheets of Kindom Development Co., Ltd. as of December 31, 2022, and 2021, the Statements of Comprehensive Income, Statements of Changes in Equity, Statements of Cash Flows, and Notes to Parent Company Only Financial Statements (including Summary of Significant Accounting Policies) for the annual periods from January 1 to December 31, 2022, and 2021.

In our opinion, the aforementioned Parent Company Only Financial Statements present fairly, in all material respects, the financial position of Kindom Development Co., Ltd. as of December 31, 2022, and 2021, and its financial performance and cash flows for the annual periods ended December 31, 2022, and 2021, in conformity with the “Regulations Governing the Preparation of Financial Reports by Securities Issuers.”

Basis for Opinion

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

Key Audit Matters

Key audit key matters refer to those most material key matters for the audit on the Parent Company Only Financial Statements of the year 2022 of Kindom Development Co., Ltd., based on the professional judgment of the accountant. 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. In our judgment, key audit matters for the Company's Parent Company Only Financial Statements for the year ended December 31, 2019 are stated as follows:

1. Revenue recognition

   Refer to Note 4(15) for the accounting policies on recognizing revenue and Note 6(20) for details of related disclosure.

   Description of key audit matters:

   Kindom Development Co., Ltd. engages primarily in the sales and development of real estate. Real estate sales are easily subject to changes in overall economic conditions, tax reforms, market demands of properties and lands, and other factors. In response to the aforementioned changes, the governing authority has established relevant controls over revenue recognition and installment payments. The revenue from real estate sales amounts to 98% of the company’s total revenue in 2022, which is material to the fair presentation of Parent Company Only Financial Statements. Consequently, the Kindom Development Co., Ltd.’s revenue recognition has been identified as one of the key audit matters.

Our audit procedures performed in respect of the above area included the following:

In relation to the key audit matter above, we have performed certain audit procedures including, among others, understanding the design and effectiveness of the Company's internal controls over the recognition of revenue and the accrual of receivables; performing sample testing to inspect the real estate sales contracts, tables of the receivables, bank transactions, transfers of property rights, closing checklists and others. In addition, it also includes performing sample testing on sales transactions taking place before and after the balance sheet date as well as confirming relevant transaction records and documentations to ensure that revenue was fairly presented in the appropriate period.

2. Inventory valuation

Refer to Note 4(7) for the accounting policies on inventory valuation, Note 5 for the uncertainty of accounting estimations and assumptions for inventory valuation, and Note 6(5) for details of inventory valuation.

Description of key audit matters:

As of December 31, 2022, Kindom Development Co., Ltd.'s inventory amounts to NT$21,099,622 thousand and accounts for 54% of total assets. The cost or net realizable value is presented as the inventory amount, whichever is the lowest. that is the price of real estate market with highly subject to large capital investment and long payback period and greatly subject to political,overall economic conditions, and real estate tax reforms. The uncertainty of future investment costs for land held for construction and construction in progress, the Company's net realizable value depends on the subjective judgment or estimation of the management. Therefore, inventory evaluation of land held for construction and construction in progress is one of the important evaluation items in the accountant's auditing on the financial review of the Kindom Development Co., Ltd.

Our audit procedures performed in respect of the above area included the following:

In relation to the key audit matter above, we have performed certain audit procedures including understanding the Kindom Development Co., Ltd.'s internal procedures and accounting processes over land held for construction and construction in progress, and obtaining the net realizable value of the Company's land held for construction and construction in progress as of the end of the reporting period; inspecting and comparing the market price in the content mentioned above with the sales prices of the transactions in the neighborhood, registered sales prices of real estate published by contract prices of recent sales of the Company's developments, or the registered price with the Ministry of the Interior, or confirming and recalculating the investment return analysis of each developments, to evaluate if the net realizable value of land held for construction and construction in progress is fairly presented.

Responsibilities of the Management and Those Charged with Governance for the Consolidated 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 management determines is necessary to enable the preparation of Parent Company Only Financial Statements that are free from material misstatement, whether due to fraud or error.

In preparing the Parent Company Only Financial Statements, the management is responsible for assessing the Kindom Development Co., Ltd.'s ability to continue as a going concern, disclose matters related to going concern, and use the going concern basis of accounting unless the management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance, including the Audit Committee, are responsible for overseeing the Company's 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 misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the auditing standards in the Republic of China will always detect a material misstatement when it exists. Misstatements may be caused by fraud or errors. The misstated amounts are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the Parent Company Only 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:

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 to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
2. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
3. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the management.
4. Conclude on the appropriateness of the management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the Parent Company Only Financial Statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Company to cease to continue as a going concern.
5. Evaluate the overall presentation, structure and content of the Parent Company Only Financial Statements, including the disclosures, and whether the Parent Company Only Financial Statements represent the underlying transactions and events in a manner that achieves fair presentation.
6. Obtain sufficient and appropriate audit evidence regarding the financial information on the investment in other entities accounted for using the equity method in order to express an opinion on the Parent Company Only Financial Statements. We are responsible for the direction, supervision and performance of the audit. We remain solely responsible for our audit opinion.

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

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

From the matters communicated with those charged with governance, we determined the key audit matters of the Parent Company Only Financial Statements of Kindom Development Co., Ltd. for 2022. 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.

KPMG Taiwan

CPA:

Securities Competent Authority Approval No.	:	Jin-Guan-Zheng-Shen-Zi No. 1090332798 Jin-Guan-Zheng-Liu-Zi No. 0940129108

March 14, 2023

<u>*Notices to Readers*</u>

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

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 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.

Kindom Development Co., Ltd.
Parent Company Only Balance Sheets
As of December 31, 2022, and 2021

Expressed in thousands of New Taiwan Dollars

		2022.12.31		2021.12.31	
	Assets	**Amount**	**%**	**Amount**	**%**
	Current assets:				
1100	Cash and cash equivalents (Note 6(1) and (23))	$ 8,563,299	22	9,855,789	25
1110	Financial assets measured at fair value through profit or loss - current (Note 6(2) and (23))	33,995	-	43,878	-
1141	Contract assets - current (Note 6(20))	50,864	-	39,235	-
1170	Net accounts receivable (Note 6(4), (20), (23), and 7)	117,096	-	120,179	-
1320	Inventories - construction (Notes 6(5) & 8)	21,099,622	54	21,328,692	56
1410	Prepayments	46,973	-	28,786	-
1476	Other financial assets - current (Notes 6(11), (20), (23), and 8)	1,629,826	5	1,565,806	4
1479	Other current assets - others	22,520	-	18,020	-
1480	Incremental costs of obtaining a contract - current (Note 6(11))	9,978	-	50,897	-
		31,574,173	81	33,051,282	85
	Non-current assets:				
1517	Financial assets measured at fair value through other gain or loss - non-current (Note 6(3) and (23))	4,605	-	4,591	-
1550	Investments accounted for using the equity method (Note 6(6) and 8)	6,753,603	17	5,244,133	13
1600	Property, plant and equipment (Notes 6(7) & 8)	283,330	1	283,095	1
1755	Right-of-use assets (Note 6(8))	5,116	-	3,294	-
1760	Investment-based real estate (Note 6(9), (15) and 8)	462,365	1	466,558	1
1780	Intangible assets (Note 6(10))	-	-	474	-
1915	Prepayments for equipment	2,036	-	-	-
		7,511,055	19	6,002,145	15
	Total assets	**$ 39,085,228**	**100**	**39,053,427**	**100**

		2022.12.31		2021.12.31	
	Liabilities and Equity	**Amount**	**%**	**Amount**	**%**
	Current liabilities:				
2100	Short-term loans (Note 6(12) and (23))	$ 14,540,856	38	14,279,725	37
2130	Contract liabilities - current (Note 6(20))	408,379	1	1,055,713	3
2150	Notes payable (Note 6(23))	49,304	-	43,258	-
2160	Notes payable - related parties (Note 6(23) and 7)	155,777	-	176,942	-
2170	Accounts payable (Note 6(23))	393,731	1	536,877	1
2181	Accounts receivables - related parties (Note 6 (23) and 7)	464,346	2	659,813	2
2200	Other payables (Note 6(23))	150,838	-	225,469	1
2230	Current tax liabilities	347,513	1	428,952	1
2251	Employee benefit liability reserve - non-current (Note 6(16))	3,141	-	2,884	-
2280	Lease liabilities - current (Note 6(14) and (23))	5,142	-	3,344	-
2321	Bonds Payable or Put Option Execution - Current Portion (Note 6(13) and (23))	2,000,000	5	-	-
2399	Other current liabilities - others	15,240	-	44,878	-
		18,534,267	48	17,457,855	45
	Non-current liabilities:				
2530	Corporate bonds payable (Note 6(13) and (23))	2,000,000	5	4,000,000	10
2640	Net Defined Benefit Liability - Non-current (Note 6(16))	821	-	2,935	-
2645	Refundable deposits (Note 6(23))	4,742	-	1,042	-
2670	Other non-current liabilities - others	28,919	-	28,834	-
		2,034,482	5	4,032,811	10
	Total liabilities	20,568,749	53	21,490,666	55
	Equity (Note 6(18)):				
3100	Share capital	5,541,701	14	5,541,701	14
3200	Capital reserve	1,451,569	3	1,421,924	4
3300	Retained earnings	11,648,455	30	10,697,059	27
3400	Other equity interest	(26,544)	-	(26,727)	-
3500	Treasury stock	(98,702)	-	(71,196)	-
	Total equity	18,516,479	47	17,562,761	45
	Total liabilities and equity	**$ 39,085,228**	**100**	**39,053,427**	**100**

(Refer to the subsequent Notes to Parent Company Only Financial Statements)

Chairman: Chih-Kang, Ma **General Manager: Chang-Jung, Hsieh Sheng-An, Chang** **Chief Accounting Officer: Shu-Lien, Chang**

Kindom Development Co., Ltd.
Parent Company Only Statements of Comprehensive Income
January 1 to December 31, 2022, and 2021

Unit: NT$ thousand

Code	Item	2022 Amount	2022 %	2021 Amount	2021 %
4000	**Operating income (Note 6 (15) and (20))**	$ 7,664,805	100	16,105,554	100
5000	**Operating costs (Note 6(5))**	4,910,864	64	11,536,161	72
	Gross profit	2,753,941	36	4,569,393	28
5920	Less: Realized profit or loss on sales	85	-	85	-
	Gross profit	2,753,856	36	4,569,308	28
	Operating costs (Notes 6(21) and 7):				
6100	Selling and marketing expenses	219,758	3	255,126	2
6200	General and administrative expenses	356,284	5	365,097	2
		576,042	8	620,223	4
	Net operating income	2,177,814	28	3,949,085	24
	Non-operating income and expenses:				
7100	Interest income (Note 6(22))	40,566	-	12,117	-
7010	Other income (Note 6(22))	3,245	-	1,680	-
7020	Other benefits and losses (Note 6(22) and 7)	(1,220)	-	31,575	-
7050	Financial cost (Note 6(22))	(207,558)	(3)	(214,898)	(1)
7070	Share of the profit of subsidiaries, associates, and joint ventures accounted for using the equity method	735,853	10	417,232	3
		570,886	7	247,706	2
	Profit before tax from continuing operating department	2,748,700	35	4,196,791	26
7950	**Less: Income tax expense (Note 6(17))**	414,804	5	688,688	4
	Net income	2,333,896	30	3,508,103	22
8300	**Other comprehensive income:**				
8310	**Items that will not be reclassified subsequently to profit or loss:**				
8311	Remeasurements of defined benefit plans	1,956	-	(553)	-
8316	Unrealized gains (losses) from investments in equity instruments measured at fair value through other comprehensive income	14	-	1,974	-
8330	Shares of other comprehensive income of subsidiaries, associates, and joint ventures accounted for using equity method - components of other comprehensive income that will not be reclassified subsequently to profit or loss	979	-	(262)	-
8360	**Items that may be reclassified subsequently to profit or loss:**				
8380	Shares of other comprehensive income of subsidiaries, associates, and joint ventures accounted for using equity method -components of other comprehensive income that may be reclassified subsequently to profit or loss	159	-	(1,131)	-
8300	**Other comprehensive income (loss)(net of taxes)**	3,108	-	28	-
	Total comprehensive income for the year	**$ 2,337,004**	**30**	**3,508,131**	**22**
	Earnings per share (Note 6(19))				
9750	**Basic Earnings Per Share (NT$)**	**$**	**4.31**		**6.47**
9850	**Diluted Earnings Per Share (NT$)**	**$**	**4.29**		**6.44**

(Refer to the subsequent Notes to Parent Company Only Financial Statements)

Chairman: Chih-Kang, Ma **General Manager: Chang-Jung, Hsieh Sheng-An, Chang** **Chief Accounting Officer: Shu-Lien, Chang**

Kindom Development Co., Ltd.
Parent Company Only Statements of Changes in Equity
January 1 to December 31, 2022, and 2021

Expressed in thousands of New Taiwan Dollars

	Share capital		Retained earnings				Other equity			
	Share capital of common stocks	Capital reserve	Legal reserve	Special reserve	Unappropriated earnings	Total	Exchange differences on translation of financial statements of foreign operations	Unrealized gains (losses) from financial assets measured at fair value through other comprehensive income	Treasury stock	Total equity
Balance as of January 1, 2021	$ 5,037,910	1,396,097	1,816,778	25,804	7,060,355	8,902,937	(28,521)	674	(71,196)	15,237,901
Net income	-	-	-	-	3,508,103	3,508,103	-	-	-	3,508,103
Other comprehensive income for the period	-	-	-	-	(1,092)	(1,092)	(1,131)	2,251	-	28
Total comprehensive income for the year	-	-	-	-	3,507,011	3,507,011	(1,131)	2,251	-	3,508,131
Appropriation of earnings:										
Legal reserve appropriated	-	-	335,191	-	(335,191)	-	-	-	-	-
Special reserve appropriated	-	-	-	2,043	(2,043)	-	-	-	-	-
Cash dividends of ordinary share	-	-	-	-	(1,209,098)	(1,209,098)	-	-	-	(1,209,098)
Share dividends of common stocks	503,791	-	-	-	(503,791)	(503,791)	-	-	-	-
Changes in equity of associates and joint ventures accounted for under the equity method	-	37	-	-	-	-	-	-	-	37
Changes in capital reserve from dividends paid to subsidiaries	-	25,501	-	-	-	-	-	-	-	25,501
Unclaimed dividends after effective period	-	289	-	-	-	-	-	-	-	289
Balance as of December 31, 2021	5,541,701	1,421,924	2,151,969	27,847	8,517,243	10,697,059	(29,652)	2,925	(71,196)	17,562,761
Net income	-	-	-	-	2,333,896	2,333,896	-	-	-	2,333,896
Other comprehensive income for the period	-	-	-	-	2,925	2,925	159	24	-	3,108
Total comprehensive income for the year	-	-	-	-	2,336,821	2,336,821	159	24	-	2,337,004
Appropriation of earnings:										
Legal reserve appropriated	-	-	350,701	-	(350,701)	-	-	-	-	-
Special reserve reversed	-	-	-	(1,120)	1,120	-	-	-	-	-
Cash dividends of ordinary share	-	-	-	-	(1,385,425)	(1,385,425)	-	-	-	(1,385,425)
Changes in equity of associates and joint ventures accounted for under the equity method	-	(216)	-	-	-	-	-	-	-	(216)
Buyback treasury stock	-	-	-	-	-	-	-	-	(27,506)	(27,506)
Changes in capital reserve from dividends paid to subsidiaries	-	29,227	-	-	-	-	-	-	-	29,227
Unclaimed dividends after effective period	-	634	-	-	-	-	-	-	-	634
Balance as of December 31, 2022	**$ 5,541,701**	**1,451,569**	**2,502,670**	**26,727**	**9,119,058**	**11,648,455**	**(29,493)**	**2,949**	**(98,702)**	**18,516,479**

(Refer to the subsequent Notes to Parent Company Only Financial Statements)

Chairman: Chih-Kang, Ma **General Manager: Chang-Jung, Hsieh Sheng-An, Chang** **Chief Accounting Officer: Shu-Lien, Chang**

Kindom Development Co., Ltd.
Parent Company Only Statements of Cash Flows
January 1 to December 31, 2022, and 2021

Unit: NT$ thousand

		2022	2021
Cash flows from operating activities:			
Income before income tax	$	2,748,700	4,196,791
Adjustments:			
Adjustments to reconcile profit (loss)			
Depreciation		19,811	18,102
Amortization		474	860
Net gain (loss) on financial assets and liabilities measured at fair value through profit or loss		9,883	(19,121)
Interest expenses		207,558	214,898
Interest income		(40,566)	(12,117)
Dividend income		(3,245)	(1,680)
Share of profit of subsidiaries, associates and joint ventures using equity method recognition		(735,853)	(417,232)
Total adjustments to reconcile profit (loss)		(541,938)	(216,290)
Changes in operating assets and liabilities:			
Changes in operating assets:			
Decrease (increase) in contract assets		(11,629)	355,398
Decrease in notes receivable		-	355
Decrease in accounts receivable		3,083	1,111,875
Decrease in inventory		376,378	7,645,798
Decrease (increase) in prepayments		(18,187)	14,958
(Increase) decrease in other financial assets - current		(64,020)	429,587
(Increase) decrease in other current assets		(4,500)	4,179
Decrease in the incremental costs to obtain contract with customers		40,919	70,141
Total changes in operating assets		322,044	9,632,291
Total changes in operating liabilities:			
Decrease in contract liabilities		(647,334)	(3,208,355)
Increase (decrease) in notes payable		6,046	(11,367)
Decrease in notes payable - related parties		(21,165)	(942,654)
Decrease in accounts payable		(143,146)	(58,220)
Decrease in accounts payable to related parties		(195,467)	(129,221)
Decrease in other payables		(74,103)	(224,215)
Increase in provisions for employee benefit - current		257	35
Increase (decrease) in guarantee deposits received		3,700	(2,405)
Increase (decrease) in other current liabilities		(29,638)	1,824
Decrease in net defined benefit liability		(158)	(3,597)
Increase in other non-current liabilities		85	86
Total changes in operating liabilities		(1,100,923)	(4,578,089)
Total changes in operating assets and liabilities		(778,879)	5,054,202
Total adjustments		(1,320,817)	4,837,912
Cash flows generated from operations		1,427,883	9,034,703
Income taxes paid		(496,244)	(756,437)
Net cash flows from operating activities		931,639	8,278,266

Kindom Development Co., Ltd.
Parent Company Only Statements of Cash Flows (continued)
January 1 to December 31, 2022, and 2021

Unit: NT$ thousand

	2022	2021
Cash flows from investing activities:		
Obtained investments accounted for using equity method	(1,020,000)	-
Disposal of investments accounted for using equity method	182,337	-
Obtained financial assets at fair value through other comprehensive income	-	(703)
Payment returned on capital reduction of financial assets at fair value through other comprehensive income	-	992
Obtained financial assets at fair value through profit or loss	-	(1,135)
Acquisition of property, plant, and equipment	(12,634)	(14,393)
Increase in prepayments for equipment	(2,459)	-
Interest received	40,566	12,117
Dividends received	97,489	232,607
Net Cash Generated from (Used in) Investing Activities	(714,701)	229,485
Cash flows from financing activities:		
Increase in short-term loans	4,092,369	4,176,600
Decrease in short-term loans	(3,831,238)	(4,838,226)
Increase in short-term notes and bills payable	60,000	220,000
Decrease in short-term notes and bills payable	(60,000)	(220,000)
Redemption of convertible corporate bonds	-	(1,500,000)
Cost of buying back treasury stocks	(27,506)	-
Repayments of lease principal	(2,820)	(2,472)
Cash dividends distributed	(1,385,425)	(1,209,098)
Interest paid	(354,808)	(347,082)
Net cash flows used in financing activities	(1,509,428)	(3,720,278)
Net increase (decrease) in cash and cash equivalents	(1,292,490)	4,787,473
Cash and cash equivalents at beginning of the period	9,855,789	5,068,316
Cash and cash equivalents at end of the period	$ **8,563,299**	**9,855,789**

(Refer to the subsequent Notes to Parent Company Only Financial Statements)

Chairman: Chih-Kang, Ma **General Manager: Chang-Jung, Hsieh Sheng-An, Chang** **Chief Accounting Officer: Shu-Lien, Chang**

Kindom Development Co., Ltd.
Notes to the Parent Company Only Financial Statements
For 2022 and 2021
(In Thousands of New Taiwan Dollars, unless otherwise specified)

1. Company Overview

Kindom Development Co., Ltd. (hereinafter referred to as "the company") was incorporated in November 1979, located at 2F., No. 131, Sec. 3, Heping E. Rd., Da'an Dist., Taipei City, Taiwan. The Company primarily engages in the development of residential properties and the leases or sales of commercial buildings.

2. Approval Date and Procedures of the Financial Statements

The Parent Company Only Financial Statements were published upon approval by the Board of Directors on March 14, 2023.

3. Application of New, Amended, and Revised Standards and Interpretations

(1) Impact of adoption of new, revised or amended standards and interpretations endorsed by the Financial Supervisory Commission.

The Company has adopted the following newly amended IFRSs starting from January 1, 2022, which have not had a material impact on the Parent Company Only Financial Statements.

- Amendments to IAS 16 "Property, Plant and Equipment - Proceeds before Intended Use"
- Amendments to IAS 37 "Onerous Contracts - Cost of Fulfilling a Contract"
- Annual Improvements to IFRSs 2018-2020 Cycle
- Amendments to IFRS 3 "Reference to the Conceptual Framework"

(2) Impact of IFRSs endorsed by the FSC but yet to come into effect

The Company has assessed that the application of the above newly endorsed IFRS, effective on January 1, 2023, will not result in a material impact on the parent company only financial statements.

- Amendments to IAS 1 "Disclosure of Accounting Policies"
- Amendments to IAS 8 "Definition of Accounting Estimates"
- Amendments to IAS 12 "Deferred Tax Related to Assets and Liabilities Arising from a Single Transaction"

(3) Impact of IFRSs issued by the IASB but yet to be endorsed by the FSC

For IFRSs issued by IASB but not yet endorsed by the FSC, the impact on the Company are as follows:

New, revised or amended standards and interpretations	Main amendments	Effective date released by the IASB
Amendments to IAS 1 "Classify Liabilities as Current or Non-current"	Based on the current regulations of IAS 1, the corporate liabilities whose settlement can be deterred unconditionally for at least twelve months after the reporting period should be classified as current liabilities. The revised Article deletes the regulations that the rights should be unconditional instead provides that the rights must exist as of the end of the reporting period and must be substantive. The revised Article clarifies how corporates should classify liabilities settled by issuing their own equity instruments (such as convertible corporate bonds).	January 1, 2024
Amendments to IAS 1 "Non-current Liabilities with Covenants”	After re-consideration of certain aspects of the amendments of 2020 IAS 1, the newly amended Articles clarify that only contract terms that were in place on the reporting date or were complied with before will affect the classification of a liability as either current or non-current. Contract terms (i.e. future terms) that corporates are required to comply with after the reporting date do not affect the classification of liabilities as of that date. However, when non-current liabilities are limited by future contract terms, corporates are required to disclose information to assist financial statement users in understanding the risk that these liabilities may be settled within the next twelve months following the reporting date.	January 1, 2024

The Company is currently evaluating the impact on its parent-company-only financial position and parent-company-only financial performance upon the initial adoption of the aforementioned standards and interpretations. The results thereof will be disclosed when the Company completes its evaluation.

The Company expects that the following newly published and amended IFRS unendorsed will not result in a material impact on the Parent Company Only Financial Statements.

- Amendment to IFRS 10 and IAS 28 "Sale or Contribution of Assets between an Investor and its Associate or Joint Venture"
- IFRS 17 “Insurance Contracts” and Amendments to IFRS 17
- Amendments to IFRS 17, "Comparative Information for Initial Application of IFRS 17 and IFRS 9"
- Amendments to IFRS 16 "Lease Liability in a Sale and Leaseback"

4. Summary of Significant Accounting Policies

The summary of material accounting policies adopted in the parent company only financial statements is as follows. The following accounting policies have been consistently applied to all stated periods in the Parent Company Only Financial Statements.

(1) Compliance statement

The Company's Parent Company Only Financial Statements have been prepared in accordance with the "Regulations Governing the Preparation of Financial Reports by Securities Issuers" (the "Regulations").

(2) Basis of Preparation

1. Basis of measurement

The Parent Company Only Financial Statements have been prepared on a historical cost basis except for the following significant accounts:

(1) Financial assets measured at fair value through profit or loss;

(2) Financial assets measured at fair value through other comprehensive income; and

(3) Net defined benefit liabilities are measured by the fair value of pension fund assets minus the present value of the defined benefit obligations and the cap effects measurement mentioned in Note 4(16).

2. Functional 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 expressed in New Taiwan Dollars, the Company's functional currency. All financial information presented in New Taiwan Dollars has been rounded to the nearest thousand.

(3) Foreign Currency

1. Foreign currency transactions

   Transactions in foreign currency are translated into the functional currency at exchange rates prevailing at the transaction dates. Monetary assets and liabilities denominated in foreign currencies at the end of the period (the "reporting date") are retranslated to the functional currency at the exchange rate at the reporting date. Non-monetary assets and liabilities denominated in foreign currencies that are measured at fair value are retranslated to the functional currency at the exchange rate prevailing at the date when the fair value was determined. Non-monetary assets and liabilities in a foreign currency that are measured at historical cost are retranslated using the exchange rates prevailing at the transaction dates.

2. Foreign operations

   The assets and liabilities of foreign operations, including goodwill and fair value adjustments arising from acquisition, are translated into NT$ at the exchange rates at the reporting date. The income and expenses of foreign operations are translated into NT$ at the average exchange rates for the period. All resulting exchange differences are recognized in other comprehensive income.

   When the settlement of a monetary receivable from or payable to a foreign operation is neither planned nor likely to occur in the foreseeable future, the related foreign exchange gains and losses are a part of net investment in that foreign operation and thereon are recognized as other comprehensive income.

(4) Classification of Current and Non-current Assets and Liabilities

An asset is classified as current when one of the following criteria is met; all other assets are classified as non-current assets:

1. It is expected to be realized, or intended to be sold or consumed in the normal operating cycle;
2. It is held primarily for the purpose of trading;
3. It is expected to be realized within twelve months after the reporting period; or
4. The asset is cash or a cash equivalent unless the asset is restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

A liability is classified as current when one of the following criteria is met; all other liabilities are classified as non-current liabilities:"

1. It is expected to be settled in the normal operating cycle;
2. It is held primarily for the purpose of trading;
3. It is due to be settled within twelve months after the reporting period; or

4. Liabilities whose settlement can be deterred unconditionally for at least twelve months after the reporting period. The liabilities provisions may be settled by issuing equity instruments at the option of the counterparty, and will not impact its classification.

(5) Cash and cash equivalents

Cash includes inventory cash and current 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 are classified as cash equivalents only when they satisfy the aforementioned definition, and the purpose of holding is to meet the short-term cash commitments rather than investment or other purposes.

(6) Financial Instruments

The accounts receivable and debt securities issued were originally recognized when they were generated. All other financial assets and financial liabilities were recognized when the Company became a party to the financial instrument contract. Financial assets not measured at fair value through profit or loss (other than accounts receivable excluding material financial components) or financial liabilities primitively at fair value may be measured directly attributable to the transaction cost of the acquisition or issuance. The accounts receivable that do not contain a significant financing component are measured at transaction prices.

1. Financial assets

All financial assets that are purchased or sold in ordinary business transactions are recognized and derecognized on a trade-date basis.

Upon initial recognition, financial assets are classified following categories: measured at amortized cost, fair value through other comprehensive income ("FVTOCI"), and fair value through profit or loss ("FVTPL"). Only upon changes in the company's management of financial assets, the affected assets are reclassified at the beginning of the next reporting period.

(1) Financial assets at amortized cost

A financial asset is measured at amortized cost if it meets both of the following conditions and is not designated as at FVTPL:

- It is held within a business model whose objective is to hold financial assets to collect contractual cash flows.
- Its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

These assets are subsequently accrued based on the original recognized amount plus or minus the effective interest method, and adjusted for the amortized cost of any allowance losses. Interest income, foreign exchange profit or loss, and impairment loss are recognized in profit and loss. When derecognition, gain or loss is recognized in profit and loss.

Financial assets at fair value through other comprehensive income

On initial recognition of an equity investment that is not held for trading, the Company may irrevocably elect to present subsequent changes in the investment's fair value in other comprehensive income. This election is made on an instrument-by-instrument basis.

Equity instrument investors shall be measured at fair value subsequently. Dividend income (unless it clearly represents the recovery of part of the investment cost) is recognized in profit and loss. The remaining net profit or loss is recognized as other comprehensive income and is not reclassified to profit and loss.

Dividend income derived from equity investments is recognized on the date that the Company's right to receive the dividends is established (usually the ex-dividend date).

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

Financial assets not measured at the aforementioned amortized cost or fair value through other comprehensive income as decribed above are measured at fair value through profit or loss, including derivative financial assets. On initial recognition, the Company may irrevocably designate a financial asset, which meets the requirements to be measured at amortized cost or measured at fair value through other comprehensive income, as at fair value through profit and loss if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

These assets are subsequently measured at fair value, and net gains and losses (including dividend and interest incomes) are recognized in profit or loss.

(3) Impairment of financial assets

Regarding the financial assets measured through amortized cost (including cash and equivalent cash, financial assets measured by amortized cost, notes receivable and accounts receivable, other receivables, refundable deposits, and other financial assets, etc.) and contract assets, the Company shall recognize loss allowance for expected credit losses.

The Company measures its loss allowances at an amount equal to lifetime ECL), except for the following which are measured as 12-month ECL：

- debt securities that are determined to have low credit risk at the reporting date; and
- other debt securities and bank balances for which credit risk (i.e., the risk of default occurring over the expected life of the financial instrument) has not increased significantly since initial recognition.

Loss allowance for trade receivables and contract assets are always measured at an amount equal to lifetime ECL.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition, the company considers reasonable and supportable information that is relevant and available without undue cost or effort. The information includes both quantitative and qualitative information and analysis based on the Company' s historical experience and credit assessment, as well as forward-looking information.

Expected credit loss refers to the weighted estimate of credit loss probability during the expected survival period of financial instruments. The credit loss is measured by the present value of all cash shortfall, namely the difference between the cash flow that the Company can collect according to the contract and the expected cash flow that the Company will receive. Expected credit loss is discounted at the effective interest rate of financial assets.

On each reporting date, the Company assesses whether there is credit impairment on financial assets measured at amortized cost and debt securities measured at fair value through other comprehensive income. 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 evidences for credit impairment of financial assets include the observable data for the following events:

- significant financial difficulty of the borrower or issuer;
- a breach of contract such as a default or being overdue more than one year;
- the lender of the borrower, for economic or contractual reasons relating to the borrower's financial difficulty, having granted to the borrower a concession that the lender would not otherwise consider;
- it is probable that the borrower will enter bankruptcy or other financial reorganization; or
- the disappearance of an active market for a security because of financial difficulties.

The loss allowance of financial assets measured through amortized cost is deducted from the carrying amount of assets. The loss allowance of debt instrument investment measured at fair value through other comprehensive income is adjusted profit and loss and recognized in other comprehensive income (without reducing the carrying amount of assets).

When the Company cannot reasonably expect the whole or part of the recovered financial assets, it directly reduces the total carrying amount of its financial assets. For companies, the Company analyzes the timing and amount of write-offs individually based on whether it is reasonably expected to be recoverable. The Company expects that the amount written off will not be materially reversed. However, the written-off financial assets can still be enforced to comply with the procedures for the Company to recover the overdue amount.

(4) Derecognition of financial assets

Financial assets are derecognized when the contractual rights to the cash flows from the assets expire, when the company transfers substantially all the risks and rewards of ownership of the financial assets to other enterprises, or when the company neither retain nor transfer substantial risks and rewards of the ownership, and does not retain control of the asset.

Even when it transfers the financial assets, if it retains all or some the risks and rewards of ownership of the assets, the Company continues to recognize the assets in the balance sheets.

2. Financial liabilities and equity instruments

(1) Classification of debt or equity

Debt and equity instruments issued by the Company are classified separately as financial liabilities and equity in accordance with the substance of contractual arrangements.

(2) Equity instruments

Equity instruments refer to surplus equities of the assets after the deduction of all the debts for any contracts. The equity instrument issued by the Company shall be recognized by the payment net of the direct cost of issuance.

(3) Treasury stock

When buying back the equity instruments recognized by the Company, the consideration paid (including directly attributable costs) is recognized as a decrease in equity. The repurchased shares are classified as treasury stocks. For subsequent sales or re-issuance of treasury stocks, the amount received is recognized as an increase in equity, and the remaining or loss generated by the transaction is recognized as a capital reserve or retained surplus (if the capital reserve is insufficient for the offsetting).

(4) 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 measured at fair value through profit or loss are measured at fair value and the related net gains and losses, including any interest expense, are recognized in profit or loss.

Other financial liabilities are subsequently assessed at amortized cost employing an 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.

(5) Derecognition of financial liabilities

The company derecognizes financial liabilities when, and only when, the Company's obligations are discharged, cancelled or they expire. 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.

The difference between the carrying amount of a financial liability derecognized and the consideration paid (including any non-cash assets transferred or liabilities assumed) is recognized in profit or loss and included in non-operating income and loss.

(6) Offsetting of financial assets and liabilities

Financial assets and liabilities are presented on a net basis only 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.

(7) Financial guarantee contract

A financial guarantee contract ("FGC") is a contract that requires the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payments when due in accordance with the terms of a debt instrument.

Upon the issuance, a FGC that is not designated as measured at FVTPL is initially recognized at fair value less any direct issue cost and subsequently measured as the greater of (a) the IFRS 9 Expected Credit Loss allowance, and (b) the amount initially recognized, when appropriate, less any cumulative amount of income recognized.

(7) Inventories

Inventory is measured by the lower of cost and NRV. The cost includes all necessary expenditures and capitalized borrowing costs to get an asset in place and in conditions ready for use.

The NRV is the expected selling price in the ordinary course of business, less the estimated cost of construction completion and the estimated costs necessary to make the sale. The measurement of NRV is as follows:

1. Land held for construction

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

2. Construction in progress

   The NRV 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 calculated on the basis of the expected selling price (based on the current market conditions) less the estimated selling costs.

(8) Investment in Subsidiaries

The subsidiaries in which the company holds controlling interest are accounted for under equity method in the parent company only financial statements. Under equity method, the net income, other comprehensive income, and equity in the parent company only financial statements are the same as those attributable to controlling interest in the consolidated financial statements.

If change of ownership in the Company's subsidiaries does not lead to loss of control, the change is considered equity transaction between shareholders.

(9) Joint Arrangements

A joint arrangement is an arrangement of which two or more parties have joint control. Joint arrangements include joint operation and joint venture, and has the following characteristics: (a) The parties are bound by a contractual arrangement; (b) The contractual arrangement gives at least two parties joint control of the arrangement. IFRS 11 Joint Arrangements define joint control as contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities (i.e. activities that significantly affect the returns of the arrangement) require the unanimous consent of the parties sharing control.

Joint Ventures

Joint venture is a type of joint arrangement in which the parties (i.e. joint venturers) that have joint control of the arrangement have rights to the net assets of the arrangement, rather than rights to assets and obligations for the liabilities. A joint venturer shall recognize its interest in a joint venture as an investment and shall account for that investment using the equity method in accordance with IAS 28 unless the entity is exempted from applying the equity method as specified in that standard.

Joint operation is a type of joint arrangement in which the parties (i.e. joint operators) that have joint control of the arrangement have rights to the assets, and obligations for the liabilities, relating to the arrangement. A joint operator shall recognize and measure the assets and liabilities (and recognize the related revenues and expenses) in relation to its interest in the arrangement in accordance with relevant IFRSs applicable to the particular assets, liabilities, revenues and expenses.

When classifying joint arrangements evaluated by the Group, the structure of the agreement, the legal form of the separate vehicle, the conditions of the contractual arrangement, and other facts and circumstances are considered. When there is a change in facts and circumstances, the Group will reevaluate whether the type of joint arrangement it is involved in has changed.

(10) Investment property

Investment property refers to property held for earning rent or asset appreciation or both, rather than for normal business sale, production, provision of goods or services, or administrative purposes. Investment property is initially measured by cost and subsequently measured by cost minus accumulated depreciation and accumulated impairment. Its depreciation method, service life, and residual value are treated following the provisions of property, plant, and equipment.

Gain or loss on disposal of investment property (i.e. the difference between net proceed and the carrying amount) is recognized in profit or loss.

Rental income from investment property is recognized in operating revenue on a straight-line basis during the lease term. The lease incentive is recognized as part of the lease income during the lease term.

(11) Property, Plant, and Equipment

1. Recognition and measurement

   Property, plant, and equipment are measured at cost (including the capitalized borrowing costs) less accumulated depreciation and accumulated impairment losses.

   Each part of an item of property, plant, and equipment with a useful life that is different in relation to the total useful life of the item shall be depreciated separately.

   The gain or loss arising from the disposal of an item of property, plant, and equipment is recognized as non-operating income and loss.

2. Subsequent costs

   Subsequent expenditure is capitalized only when it is probable that future economic benefits associated with the expenditure will flow to the company.

3. Depreciation

   Depreciation is calculated on the cost of an asset less its residual value and is recognized in profit or loss on a straight-line basis over the estimated useful lives of each component of an item of property, plant, and equipment.

   Land is not depreciable.

The estimated useful lives of property, plant, and equipment for the current and comparative periods are as follows:

(1)	Buildings	3~55 years
(2)	Transportation, office and others	3~5 years
(3)	Leasehold improvements	2 to 3 years

Depreciation methods, useful lives, and residual values are reviewed at each reporting date, with the effect of any changes in estimate accounted for on a prospective basis.

(12) Lease

At the contract commencement date, the Company determines whether it is or contains a lease. A sublease containing the right to direct the use of an identified asset for a period of time in exchange for consideration is also identified as a lease.

1. The Company as lessee

At the lease commencement date, the Company recognizes a right-of-use asset and a lease liability. The right-of-use asset is initially measured, using a cost model, at the original amount of the lease liability, plus lease payments at or before lease commencement, any initial direct costs, and an estimate of costs to be incurred by the lessee in dismantling and removing the underlying asset, restoring the site on which it is located or restoring the underlying asset to the condition required by the terms and conditions of the lease, and less lease incentives.

The right-of-use asset is subsequently depreciated using the straight-line method from the 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.

The lease liability is measured at the present value of the lease payments that are not paid at the commencement date. If the implicit interest rate of the lease is easy to determine, it is applied as the discount rate. If it is not easy to determine, the incremental borrowing rate of the consolidated company is used. Generally speaking, the Company uses its incremental borrowing rate of interest as the discount rate.

The lease payments comprise as follows:

(1) fixed payments, including in-substance fixed lease payments;

(2) variable lease payments that depend on an index or a rate and initially measured at the index or rate at the lease commencement date;

(3) amounts expected to be payable by the lessee under residual value guarantees;

(4) an option to purchase the underlying asset if it is reasonably certain to be exercised, and penalty payments for terminating the lease.

The lease liability is subsequently measured on an amortized cost basis, using an effective interest method, and remeasured to reflect the following conditions:

(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.

The remeasurements made under (i), (ii) and (iii) are treated as adjustments to the right-of-use asset. When the carrying amount is reduced to zero, any further reduction is recognized immediately in profit or loss.

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

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

The company elects not to recognize short-term assets of office equipment and other low-value assets as right-of-use assets and lease liabilities, but instead recognizes payments of these leases as expenses on a straight-line basis over the lease term.

2. The Company as lessor

For transactions in which the Company is the lessor, it is to classify the tenancy agreement according to whether it transfers almost all risks and remuneration attached to the ownership of the underlying asset on the lease establishment date. If so, it is classified as a financial lease, otherwise, it is classified as an operating lease. At the time of evaluation, the Company's considerations include relevant specific indicators, such as whether it covers the main component of the economic life of the underlying asset during the lease term.

If the Company is a sublease lessor, the main lease and sublease transactions are processed separately, and the classification of the sublease transaction is evaluated by the right-of-use asset generated by the main lease. If the main lease is a short-term lease and the recognition exemption applies, the sublease transaction should be classified as an operating lease.

If the sublease includes lease and non-lease components, the consideration is allocated in accordance with IFRS 15.

(13) Intangible assets

1. Recognition and measurement

Intangible assets that are acquired by the Company are measured at cost, less accumulated amortization and any accumulated impairment losses.

2. Subsequent expenses

Subsequent expenditures are capitalized only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure, including expenditure on internally generated goodwill and brands, is recognized in profit or loss as incurred.

3. Amortization

The amortizable amount is the cost of an asset, less, its residual value. The intangible assets with indefinite useful lives, amortization is recognized in profit or loss on a straight-line basis over the estimated useful lives of intangible assets from the date that they are available for use.

The estimated useful lives of property, plant, and equipment for the current and comparative periods are as follows:

Computer software 3 years

The amortization method, amortization period, and residual value are reviewed at each reporting date, with the effect of any changes in estimate accounted for on a prospective basis.

(14) Impairments of Non-financial Assets

The Company assesses on each reporting date whether there is any indication that the carrying amount of non-financial assets (other than inventory, contractual assets, deferred income tax assets) may be impaired. If there is any sign, an estimate is made of its recoverable amount.

For the impairment test, a group of assets whose cash inflows are largely independent of the cash inflows of other individual assets or asset groups is regarded as the smallest identifiable asset group.

When the recoverable amount of an individual asset or a CGU is less than its carrying amount, an impairment loss is recognized.

(15) Revenue Recognition

1. Revenue of Customer Contract

The revenue is measured by the consideration expected to be entitled to for the transfer of goods or services. The Company recognizes the revenue when the control over goods or services is transferred to the client, and the performance obligations are met. The accounting policies for the Company's main types of revenue are explained below:

(1) Development of land and buildings

The Company develops and sells residential property, and often pre-sells property during or before construction. The Company recognizes the income upon transfer of control over property asset. Due to contractual restrictions, the property usually has no other use for the Company. Therefore, if the Company transfers the legal ownership of the property to the client, and the date of the actual delivery of the property shall prevail. However, if only one item is completed before the reporting date, but the other item is actually completed during the subsequent period, it is also recognized as income.

Revenue is measured based on the transaction price of the contractual agreement. When sales happen after construction is completed, in most cases, consideration is made upon transfer of legal ownership; however, in some cases, consideration is deferred for less than twelve months per contract terms. Consequently, no adjustment in the transaction price for the effect of financing component of the contract. When sales happen before construction is completed, consideration is payable in installments during the period from singing 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 in balance sheet, and discounts reflecting the effect of time value of money are recognized as interest expenses in profit or loss. The accumulated contract liabilities are reclassified as revenue upon the transfer of legal ownership.

(2) Construction contracts

The Company is engaged in the development of residential real estate and public construction. Because assets are controlled by customers at the time of construction, revenue is recognized on the basis of stage of completion of contract activity (i.e. cost of construction completed in proportion to total construction costs). The contract includes fixed and variable consideration. The client pays a fixed amount of money according to the agreed schedule. Some variable consideration (such as penalty and price adjustment calculated based on overdue days) is estimated by the expected value based on the accumulated experience in the past. The Company recognizes revenue only within the range where the accumulated income is highly unlikely to have a material reversal. If the amount of recognized revenue has not yet been claimed, it shall be recognized as a contract asset. When there is an unconditional right to the consideration, the contract asset shall be transferred to the accounts receivable.

When the Company is unable to measure the stage of completion of a contractual performance obligations, revenue is recognized only to the extent that contract costs incurred are expected to be recoverable.

When the Company estimates that the cost to complete a contract's performance obligations exceeds the expected economic benefits from the contract, a liability provision is recognized for the loss.

Estimates of revenues, costs, or extent of progress toward completion, are revised if circumstances change. Any resulting increases or decreases in estimated revenues or costs are reflected in profit or loss in the period when the circumstances that give rise to the revision become known by the management.

(3) Rental income

Rental incomes from investment property are recognized in revenue on a straight-line basis during a lease term. Lease incentives, as a part of economic benefits from the lease, are recognized as a reduction to rental incomes on a straight-line basis during a lease term. Incomes from sublet properties are recognized as an operating income.

(4) Financing components

The company does not expect to have any contracts where the period between the transfer of the promised goods or services to the customer and the payment by the customer exceeds one year, or where financing components have significant impact on individual contacts. Consequently, the company does not adjust any of the transaction prices for the time value of money.

2. Cost of customer contracts-Incremental costs of obtaining a contract

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

(16) Employee benefits

1. Defined contribution plans

Obligations for contributions to defined contribution pension plans are expensed during the year in which employees render services.

2. Defined benefit plans

The net obligation of the Company to determine the benefit plan is calculated by converting the future benefit amount earned by the employee in the current period or the previous period into the present value and deducting the fair value of any plan assets.

The defined benefit obligation is calculated annually by a qualified actuary using the projected unit credit method. When the calculation result may be beneficial to the Company, the recognized assets shall be limited to the present value of any economic benefits available in the form of refunding the contribution from the plan or reducing the future contribution to the plan. When calculating the present value of economic benefits, any minimum funding requirements are considered.

The remeasurement of net defined benefit liabilities, including actuarial gains and losses, plan asset returns (excluding interest), and any changes in the impact of the asset ceiling (excluding interest), are immediately recognized in other comprehensive income and accumulated in retained earnings. The net interest expense (income) of the net defined benefit liabilities (assets) determined by the Company is the net defined benefit liabilities (assets) and the discount rate determined at the beginning of the annual reporting period. The net interest paid and other expenses of the benefit plan are recognized in profit and loss.

When the plan is revised or reduced, the number of changes in benefits related to the past service costs or reduced benefits or losses is immediately recognized as profit or loss. When the settlement occurs, the Company shall recognize the settlement profit and loss of the defined benefit plan.

3. Short-term employee benefits

Short-term employee benefit obligations are recognized as expenses when services are provided. If the Company has current legal or constructive payment obligations due to the past services provided by employees and the obligations can be estimated reliably, the amount shall be recognized as liabilities.

(17) Income tax

Income taxes include current and deferred income taxes. 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 income tax includes the estimated income tax payable or tax refund receivable calculated based on the taxable income (loss) of the current year, and any adjustments to income tax payable or tax refund receivable in previous years. The amount is the best estimate of the expected payment or receipt based on the legal tax rate or substantively enacted tax rate on the reporting date.

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. Temporary arising from the initial recognition of an asset/liability other than in a business merger which, at the time of the transaction, does not affect either the accounting or the taxable profit;

2. Temporary differences arising from investments in subsidiaries, associates and joint ventures to the extent that the company is able to control the timing of the reversal of the temporary differences, and it is probable that the differences will not reverse in the foreseeable future; and

3. Temporary differences arising from initial recognition of goodwill.

For unused tax losses and unused income tax deduction at the later stage of the transfer and deductible temporary differences, they are recognized as deferred income tax assets to the extent that there is likely to be future taxable income available for use. Such unused tax credits and deductible temporary differences shall also be re-evaluated every year on the financial reporting date, and adjusted based on the probability that future taxable profit will be available against which the unused tax credits and deductible temporary differences can be utilized.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realized or the liability is settled, based on tax rates and laws that have been enacted or substantively enacted by the end of the reporting period.

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 amounts of deferred tax assets and liabilities are:

   (1) Levied by the same taxing authority; or

   (2) Levied by different entities that intend to realize the asset and settle the liability at the same time.

(18) Earnings per Share

The Company presents the basic and diluted earnings per share attributable to the Company's common equity holders. The calculation of basic earnings per share is based on the profit attributable to the ordinary shareholders of the Company divided by the weighted-average number of ordinary shares outstanding. The diluted earnings per share is calculated by adjusting the influence of all potential diluted common shares with profit or loss of the Company's common stock holders and weighted average number of common shares outstanding.

(19) Segment Information

The company has disclosed information on operating segments in its consolidated financial statements; hence, no further information is disclosed in the parent-company-only financial statements.

5. Significant Accounting Judgments and Major Sources of Estimation and Assumption Uncertainty

When adopting accounting policies, the Company must make judgments, estimates, and assumptions based on historical experience and other relevant factors for information that cannot be easily obtained from other sources. Actual results may differ from these estimates.

The management will continue to review estimates and basic assumptions. If amendment of the estimations only affects the current period, it will be recognized in the period of amendment. If the amendment of the accounting estimations affects both the current and future periods, it will be recognized in the current and future periods.

Major Sources of Estimation and Assumption Uncertainty:

Inventory valuation

As inventory shall be measured based on the cost or realizable value, whichever is lower; if on the Company's evaluation report date, the inventory has an amount in which the market price is lower than the cost, the inventory cost shall be offset to net realizable value. The net realizable value of the inventory is mainly determined based on the selling price of the current market conditions. See Note 6(5) for details of inventory valuation.

6. Explanation of Significant Accounts

(1) Cash and cash equivalents

	2022.12.31	2021.12.31
Petty cash and cash on hand	$ 357	302
Bank deposits		
Check deposits	1,887,859	1,989,270
Demand deposits	14,859	4,045,309
Time deposits	5,700,000	-
Cash equivalents	960,224	3,820,908
Cash and cash equivalents in the parent company only statements of cash flows	**$ 8,563,299**	**9,855,789**

These cash equivalents are short-term notes expiring in January 2023 and February 2022, respectively; interest rate of these cash equivalents are 0.98%~1.02% and 0.25%~0.27%.

Disclosure of interest rate risk and sensitivity analysis of our financial assets and liabilities of the Company is detailed in Note 6(23).

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

		2022.12.31	2021.12.31
Financial assets mandatorily measured at fair value through profit or loss:			
TWSE (or TPEx) listed company shares	$	33,995	43,878

1. For the gains or losses on remeasurement at fair value, please refer to Note 6(23).
2. For the non-derivative financial assets mandatorily measured at fair value through profit or loss, the dividend incomes recognized by the Company in 2022 and 2021 were NT$2,013 thousand and NT$1,516 thousand.
3. As of December 31, 2022, and 2021, none of the financial assets of the Company was pledged as collateral.

(3) Financial assets at fair value through other comprehensive income

		2022.12.31	2021.12.31
Equity investments measured at FVTOCI:			
Listed stock－Fubon Financial Holding Preferred Shares C	$	645	704
Listed stock - Clientron Corp.		655	973
Unlisted stock - Everterminal Co. Ltd.		3,305	2,914
Total	$	4,605	4,591

1. The company designated the aforementioned investments as financial assets at FVTOCI because these equity instruments are held for long-term strategic purposes and not for trading.
2. For the equity instrument investment designated as measured at fair value through other comprehensive income, the dividend incomes recognized by the Company in 2022 and 2021 were NT$1,232 thousand and NT$164 thousand.
3. The Company did not dispose of strategic investment in 2022 and 2021, and accumulated profit and loss during that period were not transferred within the equity.
4. For credit risk (including impairment of debt instrument investment) and market risk information, please refer to Note 6(23).
5. None of the aforementioned financial assets has been pledged as collateral.

(4) Accounts receivable

	2022.12.31	2021.12.31
Accounts receivable	$ 117,096	120,179

The Company adopted a simplified method to estimate expected credit loss for accounts receivable, namely measurement through lifetime expected credit loss. For this purpose of measurement, the accounts receivable are grouped by the joint credit risk characteristics of the ability to pay the due amount according to the contract terms of representative customers, and incorporated into prospective information. The analysis of expected credit losses on accounts receivable in Taiwan was as follows:

	2022.12.31		
	Carrying amount of the accounts receivable	**Weighted average loss rate**	**Loss allowance for expected credit impairment of the period**
Not past due	$ 117,096	-	-

	2021.12.31		
	Carrying amount of the accounts receivable	**Weighted average loss rate**	**Loss allowance for expected credit impairment of the period**
Not past due	$ 120,179	-	-

For the years ended December 31, 2022 and 2021, no loss allowance on doubtful accounts and reversal of receivables written down were recognized.

(5) Inventories

	2022.12.31	2021.12.31
Prepayment for buildings and land	$ 4,235	4,235
Land held for construction	2,899,060	2,609,060
Construction in progress	10,957,612	8,420,374
Buildings and land held for sale	7,238,715	10,295,023
Total	$ 21,099,622	21,328,692

1. The amounts of the reversal of allowance for valuation loss written down due to sales of inventories was NT$2,536 thousand for 2022.

2. For the years ended December 31, 2022 and 2021, the inventory valuation losses recognized due to inventories written down to net realizable value both amounted to NT$14,593 thousand and NT$6,667 thousand, respectively, and is recognized as cost of goods sold.

3. For the years ended December 31, 2022 and 2021, the capitalization rates applied in the calculation of construction in progress were 1.922% and 1.756%. Refer to Note 6(22) for details on the amounts of capitalization.
4. See Note 8 for details about the provision of inventories of the Company as the pledge guarantee as of December 31, 2022, and 2021.
5. As of December 31, 2022, and 2021, the Company entrusted the statutory parking spaces held for sale to other parties, which amounted to NT$13,796 thousand and NT$16,332 thousand, respectively.

(6) Investments accounted for using equity method

Investments of the company under equity method at reporting date are listed below:

		2022.12.31	2021.12.31
Subsidiary	$	5,731,832	5,244,133
Joint Ventures		1,021,771	-
	$	**6,753,603**	**5,244,133**

1. Subsidiary

Please refer to the 2022 Consolidated Financial Statements.

Due to the adjustment of the Group’s organizational structure, the Company completed a cash settlement on June 21, 2022. Guancheng Life Co. Ltd. disposed 51% of its equity to Global Mall Co., Ltd. Please refer to Note 7 for details.

2. Joint Ventures

The Company, Clevo Co., and Hua Tai Investment Corporation jointly participated in the Public Office and Urban Regeneration Investment Project regarding E1E2 Block of the Specific Dedicated Area at the Taipei Station. According to the joint venture agreement, the three companies establish a joint venture Tua Tiann Co., Ltd, with shareholding ratios of 51%, 24.5%, and 24.5%, respectively, and total investments of NT$1,020,000 thousand, NT$490,000 thousand, and NT$490,000 thousand, respectively.

In September 2022, the joint venture signed the "Public Office and Urban Regeneration Investment Project regarding E1E2 Block of the Specific Dedicated Area at the Taipei Station" contract with the Taipei Housing and Urban Regeneration Center. According to the contract, the joint venture is required to sign the “Lease Agreement for Shopping Malls at Highly Developed Zones” and “Lease Agreement for Low Developed Zones,” respectively, with the Taiwan Railway Administration within one month after the transfer of ownership of the commercial facilities of the project building and within three months after the completion of the restoration and reuse plan for special reserved areas’ open spaces. The lease term is 20 years.

The following table summarizes the financial information of Tua Tiann Co., Ltd and adjust the fair value adjustments at the time of acquisition and accounting policy differences. This table is intended to summarize the financial information to adjust the carrying amount of the Company's equity in Tua Tiann Co., Ltd.

	2022.12.31
Proportion of ownership interest right	**51%**
Current assets	$ 2,004,350
Non-current assets	202
Current liabilities	939
Non-current liabilities	141
Net assets	**$ 2,003,472**
Cash and cash equivalents	**$ 208,931**
Share of net assets obtained by the Company	**$ 1,021,771**
Book value of interest in joint ventures	**$ 1,021,771**

	2022
Operating revenue	**$ -**
Net income of units in continuing operations	$ 3,473
Total comprehensive income	**$ 3,473**
Operating expenses	**$ 695**
Interest income	**$ 5,038**
Interest expenses	**$ 2**
Income tax expense	**868**
Total comprehensive income obtained by the Group	**$ 1,771**

3. Collateral

   As of December 31, 2022, and 2021, please refer to Note 8 for the investments under the equity method of the Company was pledged as collateral.

4. The sub-subsidiary of Global Mall Co. Ltd., whose investments accounted for using the equity method, Global Mall (Tianjin) Co. Ltd., completed the cancellation registration on April 19, 2021, and remitted the remaining shares to its parent company KGM in December of the same year.

(7) Property, Plant, and Equipment

The changes in the cost, depreciation and impairment losses of property, plant and equipment in 2022 and 2021 of the Company are as follows:

	Land	Buildings	Leasehold improvements	Other equipment (including transportation and other equipment)	Total
Cost or deemed cost:					
Balance as of January 1, 2022	$ 138,488	287,244	1,117	5,846	432,695
Addition	-	11,489	-	1,145	12,634
Transfer into	-	339	-	84	423
Balance as of December 31, 2022	**$ 138,488**	**299,072**	**1,117**	**7,075**	**445,752**
Balance as of January 1, 2021	$ 138,488	272,967	1,687	5,730	418,872
Addition	-	14,277	-	116	14,393
Disposal	-	-	(570)	-	(570)
Balance as of December 31, 2021	**$ 138,488**	**287,244**	**1,117**	**5,846**	**432,695**
Depreciation and impairment Losses					
Balance as of January 1, 2022	$ -	143,522	863	5,215	149,600
Depreciation for the year	-	12,219	170	433	12,822
Balance as of December 31, 2022	**$ -**	**155,741**	**1,033**	**5,648**	**162,422**
Balance as of January 1, 2021	$ -	132,843	1,264	4,635	138,742
Depreciation for the year	-	10,679	169	580	11,428
Disposal	-	-	(570)	-	(570)
Balance as of December 31, 2021	**$ -**	**143,522**	**863**	**5,215**	**149,600**
Carrying amount:					
December 31, 2022	**$ 138,488**	**143,331**	**84**	**1,427**	**283,330**
December 31, 2021	**$ 138,488**	**143,722**	**254**	**631**	**283,095**

Please refer to Note 8 for details of collateral for the financing line as of December 31, 2022, and 2021.

(8) Right-of-use assets

The cost and depreciation of leased transportation equipment were as follows:

	Transportation equipment
Cost of right-of-use assets:	
Balance as of January 1, 2022	$ 7,762
Addition	4,618
Balance as of December 31, 2022	$ 12,380
Balance as of January 1, 2021	$ 5,870
Addition	1,892
Balance as of December 31, 2021	$ 7,762
Depreciation and impairment losses of the right-of-use assets:	
Balance as of January 1, 2022	$ 4,468
Depreciation	2,796
Balance as of December 31, 2022	$ 7,264
Balance as of January 1, 2021	$ 1,986
Depreciation for the period	2,482
Balance as of December 31, 2021	$ 4,468
Carrying amount:	
December 31, 2022	$ 5,116
December 31, 2021	$ 3,294

(9) Investment property

	Land and improvements	Buildings	Total
Cost or deemed cost:			
Balance as of January 1, 2022	$ 282,087	213,814	495,901
Balance as of December 31, 2022	$ 282,087	213,814	495,901
Balance as of January 1, 2021	$ 282,087	213,814	495,901
Balance as of December 31, 2021	$ 282,087	213,814	495,901
Depreciation and impairment Losses			
Balance as of January 1, 2022	$ -	29,343	29,343
Depreciation for the year	-	4,193	4,193
Balance as of December 31, 2022	$ -	33,536	33,536
Balance as of January 1, 2021	$ -	25,151	25,151
Depreciation for the year	-	4,192	4,192
Balance as of December 31, 2021	$ -	29,343	29,343
Carrying amount:			
December 31, 2022	$ 282,087	180,278	462,365
December 31, 2021	$ 282,087	184,471	466,558
Fair value:			
December 31, 2022			$ 591,998
December 31, 2021			$ 596,191

Investment properties are commercial real estates leased to third parties. Refer to Note 6(15) for details.

Fair value of investment properties is determined by the valuation of an independent appraiser (licensed in related professions and currently experienced in appraising similar properties) or by the company's self-assessment (referring to the sales price of similar real estate transactions in the neighborhood). These inputs used in the fair value measurement were classified to Level 3.

The fair value measurement is assessed using the market approach and income approach. When quoted prices in an active market are not available, fair value of investment properties is determined by the present value of total future cash flows generate over the property's lifetime, discount at rates reflecting special risks of such cash flows. The discount rate applied for 2022 and 2021 was 1.55%.

See Note 8 for details about the provision of investment property of the Company as the pledge guarantee as of December 31, 2022, and 2021.

(10) Intangible assets

The changes of cost, amortization, and impairment loss of the intangible assets of the Company for 2022 and 2021 are as follows:

		Computer software
Cost:		
Balance as of January 1, 2022	**$**	**11,098**
Balance as of December 31, 2022	**$**	**11,098**
Balance as of January 1, 2021	**$**	**11,098**
Balance as of December 31, 2021	**$**	**11,098**
Amortization and impairment loss:		
Balance as of January 1, 2022	$	10,624
Amortization for the year		474
Balance as of December 31, 2022	**$**	**11,098**
Balance as of January 1, 2021	$	9,764
Amortization for the year		860
Balance as of December 31, 2021	**$**	**10,624**
Carrying amount:		
Balance as of December 31, 2022	**$**	**-**
Balance as of December 31, 2021	**$**	**474**

Amortization

Intangible assets amortization expenses for 2022 and 2021 are presented in the income statement under the following items:

		2022	2021
Operating expenses	**$**	**474**	**860**

(12) Other financial assets - current and incremental costs of obtaining a contract

		2022.12.31	2021.12.31
Other financial assets - current	$	1,629,826	1,565,806
Incremental costs of obtaining a contract		9,978	50,897
	$	1,639,804	1,616,703

1. Other financial assets

   For details on collateral pledged on restricted assets (reserve accounts and trust) and construction refundable deposits, please refer to Note 8.

2. Incremental costs of obtaining a contract - current

   The Company expected to recover the commissions paid to third-party real estate agent and bonus paid to internal sales department and recognized these costs as assets. These costs are amortized upon revenue recognition of real estate sales. For the years ended on December 31, 2022 and 2021, the amount of incremental costs were NT$50,897 thousand and NT$110,885 thousand, respectively.

(13) Short-term loans

Details of the company's short-term borrowings were as follows:

		2022.12.31	2021.12.31
Unsecured bank loans	$	3,960,378	4,413,667
Secured bank loans		10,580,478	9,866,058
Total	$	14,540,856	14,279,725
Interest rate collars		1.58%~2.56%	1.05%~2.44%

Refer to Note 8 for details on assets pledged as collateral for secured bank borrowings.

(14) Bonds payable and convertible corporate bond due within one year or one operating cycle, and current portion of convertible corporate bond

Details on bonds payable were as follows:

		2022.12.31	2021.12.31
Secured ordinary corporate bonds - current	$	2,000,000	-
Secured ordinary corporate bonds - non-current		2,000,000	4,000,000
Total	$	4,000,000	4,000,000

1. In the year 2022 and 2021, the Company did not issue, repurchase or repay corporate bonds payable.

2. For details on the aforementioned secured ordinary corporate bonds, please refer to Note 8.

(15) Lease liabilities

The carrying amount of lease liability is as follows:

		2022.12.31	2021.12.31
Current	$	5,142	3,344

For maturity analysis, please refer to Note 6(23) Financial Instruments.

The amount of lease liabilities recognized in income is as follows:

		2022	2021
Interest expense on lease liability	$	59	90
Expenses relating to short-term leases and low-value asset leases	$	9,551	12,344

The amount of lease liabilities recognized in statements of cash flows is as follows:

		2022	2021
Total cash used in lease	$	12,431	14,906

The Company leases transportation equipment and the lease period is 3 years. The Company leases outdoor fixed-spot advertising and reception center. These leases are for short term and low-value items, and the Company chooses to apply the exemption recognition requirement instead of recognizing their right-of-use assets and lease liabilities.

(16) Operation lease

Lessor lease

The Company leased its investment properties and recognizes the leases that do not transfer of the substantial risks and rewards incident to ownership of an underlying asset under as operating leases. Refer to Note 6(9) for details.

The maturity analysis of the lease payment is listed as follows according to the non-discounted future cash flows of lease receivable after the reporting date:

		2022.12.31	2021.12.31
Less than 1 year	$	9,726	5,789
1~2 years		9,726	5,726
2~3 years		9,726	5,726
3~4 years		9,726	5,726
4~5 years		9,726	5,726
Above 5 years		29,316	18,768
Non-discounted future cash flows of lease	$	77,946	47,461

For the years ended December 31, 2022,and 2021, the rental income from investment property amounted to NT$7,623 thousand and NT$8,811 thousand, respectively; no significant repair and maintenance expenses were recognized.

(17) Employee benefits

1. Defined benefit plans

The reconciliation between the present value of defined benefit obligations and the fair value of plan assets for defined benefit plans was as follows:

	2022.12.31	2021.12.31
Present value of defined benefit obligations	$ 6,526	9,982
Fair value of plan assets	(5,705)	(7,047)
Net defined benefit (assets) liabilities	$ 821	2,935

Details on employee benefit liabilities were as follows:

	2022.12.31	2021.12.31
Short-term compensated absences liabilities	$ 3,141	2,884

The Company makes defined benefit plan contributions to the pension fund account at the Bank of Taiwan that provides pensions for employees upon retirement. The plans covered by the Labor Standards Act entitle a retired employee to receive retirement benefits based on years of service and average salary for the six months prior to retirement.

(1) Composition of plan assets

The Company allocates pension funds in accordance with the "Regulations for Revenues, Expenditures, Safeguard and Utilization of the Labor Retirement Fund," and such funds are managed by the Bureau of Labor Funds, Ministry of Labor. With regard to the utilization of the funds, minimum earnings shall be no less than the earnings attainable from two-year time deposits with interest rates offered by local banks.

The Company's contributions to the pension funds were deposited with Bank of Taiwan, which amounted to NT$5,705 thousand on the reporting date. For information on the utilization of the labor pension fund assets, including the asset allocation and yield of the fund, please refer to the website of the Bureau of Labor Funds, Ministry of Labor.

(2) Movements in present value of the defined benefit obligations

The changes in the present value of defined benefit obligations of the Company in 2022 and 2021 are as follows:

	2022	2021
Defined benefit obligations at January 1	$ 9,982	12,649
Current service costs and interest cost (income)	55	101
Remeasurement on the net defined benefit liabilities (assets)		
－Actuarial loss (gain) arising from changes in financial assumption	(253)	152
－Experience adjustments	(1,054)	486
Benefits paid by the plan	(2,204)	(3,406)
Fair value of plan assets at December 31	$ 6,526	9,982

(3) Movements in fair value of plan assets

Changes in fair value of defined benefit plan assets of the Company in 2022 and 2021 are as follows:

	2022	2021
Fair value of plan assets at January 1	$ 7,047	6,670
Interest income	49	54
Remeasurement on the net defined benefit liabilities (assets)		
－ Return on plan assets (excluding amounts included in net interest expense)	649	85
Contributions paid by the employer	164	3,644
Benefits paid by the plan	(2,204)	(3,406)
Fair value of plan assets at December 31	**$ 5,705**	**7,047**

(4) The Company had no upper limit impact on defined benefit plan assets in 2022 and 2021.

(5) Expenses recognized in profit or loss

The expenses recognized as profit and loss of the Company in 2022 and 2021 are as follows:

	2022	2021
Interest costs of defined benefit obligations	$ 55	101
Net interest of net defined benefit liabilities (assets)	(49)	(54)
	$ 6	**47**

(6) Remeasurement of the net defined benefit liabilities (assets) recognized in other comprehensive income

The Company's remeasurements of the net defined benefit liability recognized in other comprehensive income were as follows:

	2022	2021
Cumulative balance as of January 1	$ (13,224)	(12,671)
Recognized for the year	1,956	(553)
Cumulative Balance as of December 31	**$ (11,268)**	**(13,224)**

(7) Actuarial assumptions

The principal assumptions of the actuarial valuation were as follows:

	2022.12.31	**2021.12.31**
Discount rate	1.25%	0.55%
Future salary increases rate	1.75%	1.75%

Based on the actuarial report, the Company is expected to make a contribution payment of NT$165 thousand to the defined benefit plans for the one-year period after the reporting date of 2022.

The weighted average survival period of defined benefit plan is 7.8 years.

(8) Sensitivity analysis

The impact of changes in the main actuarial assumptions to be adopted on December 31, 2022, and 2021 on the present value of defined benefit obligations is as follows:

	The impact on the defined benefit obligation	
	Increase by 0.25%	**Decrease by 0.25%**
December 31, 2022		
Discount rate (change by 0.25%)	(86)	88
Future salary increases rate (change by 1%)	362	(331)
December 31, 2021		
Discount rate (change by 0.25%)	(152)	157
Future salary increases rate (change by 1%)	642	(587)

Reasonably possible changes to one of the relevant actuarial assumptions, holding other assumptions remain constant, would have affected the defined benefit obligation by the amounts shown above. This analysis shows the isolated effect of changing one individual assumption, but in fact, many assumptions are correlated. There were no changes in the method and assumptions used in the preparation of sensitivity analysis for the current period and for the prior periods.

There were no changes in the method and assumptions used in the preparation of sensitivity analysis for the prior periods.

2. Defined contribution plans

The Company's defined contribution plan contributes 6% of the worker's monthly wage to the individual labor pension accounts at the Bureau of Labor Insurance per the provisions of the Labor Pension Act. Under these defined contribution plans, the company allocates a fixed amount to the Bureau of Labor Insurance without additional legal or constructive obligation.

The cost of the pension contributions to the Bureau of Labor Insurance for the years ended December 31, 2022, and 2021 amounted to NT$4,564 thousand and NT$4,383 thousand, respectively.

(18) Income tax

1. Income tax expense

Details of expenses of the Company in 2022 and 2021 are as follows:

		2022	2021
Current tax expenses			
Accrued in current period	$	263,431	365,051
Surtax on unappropriated earnings		87,968	65,089
Adjustments to income tax expenses of previous period		(1,465)	(3,231)
Land value increment tax		64,870	261,779
Income tax expense	**$**	**414,804**	**688,688**

For 2022, and 2021, no income tax expenses of the Company are recognized in equity or other comprehensive income.

The relationship between the income tax expense and the profit before tax of the Company in 2022 and 2021 is adjusted as follows:

		2022	2021
Net income before tax	$	2,748,700	4,196,791
Income tax using the Company's domestic tax rate	$	549,740	839,358
Non-taxable incomes on land		(140,259)	(299,352)
Timing differences on recognition of income and cost		-	(51,221)
Deferred tax on interest expenses		(9,436)	(2,550)
Domestic investment gain accounted for using equity method		(147,171)	(83,446)
Valuation loss (gain) on financial assets measured at fair value through profit or loss		1,977	(3,824)
Deferred tax on interest expenses		(2,650)	(8,009)
Total land price increase		(16,437)	(26,176)
Under (over) provision for the prior periods		(1,465)	(3,231)
Land value increment tax		64,870	261,779
Surtax on unappropriated earnings		87,968	65,089
Others		27,667	271
	$	**414,804**	**688,688**

3. The Company's business income tax declaration has been approved by the collection authority until 2020.

(19) Capital and other equity interest

As of December 31, 2022 and 2021, the total value of nominal common stocks both amounted to NT$6,500,000 thousand, with a par value of NT$10 per share, both consisting of 650,000 thousand shares issued. The aforementioned nominal common stocks are all ordinary shares. There was 554,170 thousand shares of ordinary shares already issued. All the funds of the issued shares has been collected.

1. Issuance of common shares

   The company was approved by the shareholders' meeting on July 2, 2021 to increase capital by surplus amounted to NT$503,791 thousand with a par value of NT$10 per share, totaling 50,379 thousand shares; the Board of Directors resolved on July 23, 2021 that the base date for the capital increase was set on August 15, 2021, and the relevant statutory registration procedures have been completed.

2. Capital reserve

   The details of capital reserve were as follows:

		2022.12.31	**2021.12.31**
Shares premium	$	827,906	827,906
Premium on conversion of corporate bonds		236,408	236,408
Treasury stock transactions		325,201	295,974
Gains on disposal of assets		34,912	34,912
Others		27,142	26,724
	$	**1,451,569**	**1,421,924**

   In accordance with the Company Act, realized capital surplus can only be distributed to shareholders based on their original shareholding percentage as new shares or cash dividends after offsetting losses. The aforementioned realized capital reserve includes capital reserve resulting from premium on issuance of capital stock and earnings from donated assets received. In accordance with the processing standards regarding issuers' collection and issuance of negotiable securities, the capital reserve for capital has to be appropriated, and the total amount of appropriation every year shall not exceed 10% of the paid-in capital.

3. Retained earnings

The company's Articles of Incorporation stipulate that the company's earnings should first be used to offset the prior years' deficits, if any, before paying any income taxes. Of the remaining balance, 10% is to be appropriated as legal reserve, and a special reserve shall be set aside in accordance with applicable laws and regulations. The remaining balance, if any, can be distributed to the shareholders as bonus dividends according to the distribution plan proposed by the Board of Directors and submitted to the shareholders' meeting for approval.

(1) Legal reserve

When there is no loss in the company, the legal reserve will be used to issue new shares or cash dividends upon resolution by the Shareholders' Meeting, to the limit of the part of the reserve that has exceeded 25% of the paid-in capital.

(2) Special reserve

According to the FSC regulations, a portion of current-period earnings and undistributed prior-period earnings shall be reclassified as special reserve appropriated during earnings distribution. The amount to be reclassified should equal the current-period total net reduction of other shareholders' equity. Similarly, the amount of the after-tax net profit for the period, plus items other than after-tax net profit for the period, are included in the undistributed earnings of the period, and a portion of undistributed prior-period earnings shall be reclassified as special earnings reserve (and does not qualify for earnings distribution) to account for cumulative changes to other shareholders' equity pertaining to prior periods. If the amount debited to the other shareholders' equity is reversed subsequently, the reversed amount may be distributed. As of December 31, 2022, the balance of special reserve was NT$26,727 thousand.

(3) Earnings distribution

The 2021 and 2020 distributions of earnings were resolved at the shareholders' meetings on June 29 2022 and July 2, 2021, respectively. The dividends distributed to owners are as follows:

	2021		**2020**	
	Dividend rate (NT$)	**Amount**	**Dividend rate (NT$)**	**Amount**
Dividends to common shareholders:				
Cash	$ 2.50	1,385,425	2.40	1,209,098
Stock	-	-	1.00	503,791
Total		$ 1,385,425		1,712,889

The 2022 distributions of earnings were proposed by the Board meetings on March 14, 2023. The dividends distributed to owners are as follows:

	2022	
	Dividend rate (NT$)	**Amount**
Dividends to common shareholders:		
Cash	$ 1.75	**969,798**

4. Treasury stock

(1) On August 5, 2022, the Company's Board of Directors decided to buy back 1,000 thousand treasury stocks for the purpose of transferring shares to employees. The repurchase period was from August 8 to October 7, 2022. As of December 31, 2022, the Company had repurchased all its shares at a total repurchase amount of NT$27,506 thousand. On December 31, 2022, there were a total of 1,000 thousand uncancelled shares.

(2) As of December 31, 2022, and 2021, the details of shares of the Company held by the Company's subsidiaries are as follows:

Unit: thousands shares

	2022.12.31			2021.12.31		
Subsidiary name	**Number of shares**	**Carrying amount**	**Market value**	**Number of shares**	**Carrying amount**	**Market value**
Kedge Construction	550	$ 1,222	16,060	550	1,222	20,763
Jiequn Investment Co., Ltd.	9,373	55,384	273,694	9,373	55,384	353,834
Guanqing Electromechanical	1,768	14,590	51,617	1,768	14,590	66,731
	11,691	**$ 71,196**	**341,371**	**11,691**	**71,196**	**441,328**

Note: In addition, the total amount attributable to non-controlling interests was NT$137,036 thousand.

5. Other equity items (net of tax)

	Exchange differences on translation of financial statements of foreign operations	Unrealized gains (losses) from financial assets measured at fair value through other comprehensive income	Total
Balance as of January 1, 2022	$ (29,652)	2,925	(26,727)
The exchange differences yielded by net assets of overseas operating institutions	159	-	159
Shares of unrealized gain (loss) from financial assets measured at FVTOCI	-	24	24
Balance as of December 31, 2022	**$ (29,493)**	**2,949**	**(26,544)**
Balance as of January 1, 2021	$ (28,521)	674	(27,847)
The exchange differences yielded by net assets of overseas operating institutions	(1,131)	-	(1,131)
Shares of unrealized gain (loss) from financial assets measured at FVTOCI	-	2,251	2,251
Balance as of December 31, 2021	**$ (29,652)**	**2,925**	**(26,727)**

(20) Earnings per Share

The basic and diluted earnings per share of the Company in 2022 and 2021 are calculated as follows:

1. Basic earnings per share

(1) Net income attributable to the holders of common shares of the company

	2022	2021
	Units in continuing operations	Units in continuing operations
Net income attributable to the holders of common shares of the company	**$ 2,333,896**	**3,508,103**

(2) Weighted average number of ordinary shares outstanding

	2022	2021
Number of ordinary shares issued as of January 1	554,170	503,791
Effects of treasury stocks	(12,072)	(11,691)
Influence of' share dividends	-	50,379
Weighted-average number of outstanding ordinary shares as of December 31	**542,098**	**542,479**
Basic earnings per share	**$ 4.31**	**6.47**

3. Diluted earnings per share

(1) Net income attributable to the holders of common shares of the company (diluted)

		2022	2021
		Units in continuing operations	**Units in continuing operations**
Net income attributable to the shareholders of common stocks of the company (diluted)	$	**2,333,896**	**3,508,103**

(2) Weighted-average number of outstanding ordinary shares (diluted)

		2022	2021
Weighted-average number of outstanding common stocks (basic) as of December 31		542,098	542,479
Influence of employees' share bonus		1,785	1,874
Weighted-average number of outstanding common stocks (diluted) as of December 31		**543,883**	**544,353**
Diluted earnings per share	$	**4.29**	**6.44**

(21) Revenue of Customer Contract

1. Disaggregation of revenue

Details of income in 2022 and 2021 are as follows:

		2022	2021
Revenue from contracts with customers	$	7,649,586	16,088,554
Rental income		15,219	17,000
	$	**7,664,805**	**16,105,554**

2. Disaggregation of revenue from contracts with customers

		2022	2021
Main regional markets:			
Taiwan	$	**7,664,805**	**16,105,554**
Main products/services:			
Sales of real estate developments	$	7,498,364	15,886,329
Sales of construction contracts		137,988	187,440
Service revenue		13,234	2,659
Other income		15,219	29,126
	$	**7,664,805**	**16,105,554**
Timing of revenue recognition:			
Transfer of products upon a point in time	$	7,511,598	15,901,114
Gradually transferred construction over time		137,988	187,440
Gradually transferred revenue over time		15,219	17,000
Total	$	**7,664,805**	**16,105,554**

3. Contract balances

		2022.12.31	2021.12.31	2021.1.1
Accounts receivable	$	117,096	120,179	1,232,054
Less: Loss allowance		-	-	-
Total	**$**	**117,096**	**120,179**	**1,232,054**
Contract assets - construction	$	50,864	39,235	394,633
Less: Loss allowance		-	-	-
Total	**$**	**50,864**	**39,235**	**394,633**
Contract liabilities - construction	$	101,778	9,767	6,703
Contract liabilities - buildings		306,601	1,045,946	4,257,365
Total	**$**	**408,379**	**1,055,713**	**4,264,068**

For details of accounts receivable and their impairments, please refer to Note 6(4).

The beginning balance of contract liability on January 1, 2022, and 2021, were NT$980,194 thousand and NT$4,049,760 thousand, respectively.

Changes in contract assets and liabilities were mainly driven by the timing difference between when the transfer of products and services rendered were completed and when client's payments were received. For the years ended on December 31, 2022, and 2021, no material changes were recognized.

As of December 31, 2022, the the Company's prepayments of real estate pre-sales and the related interests were retained in trust accounts of identified banks and recognized as other financial assets - current in the amounts of NT$164,602 thousand. Details on the trust accounts were as follows:

Project code		**2022.12.31**
104A	$	139,038
101A		25,564
	$	**164,602**

(22) Remunerations to employees and directors

The company's Articles of Incorporation stipulate that, after annual earnings first offset against any deficit, a minimum of 0.5% shall be allocated as employee compensation and a maximum of 2% as directors' remuneration. However, profits must first be taken to offset cumulative losses if any.

In 2022 and 2021, the Company's employee bonus was set aside for NT$41,942 thousand and NT$53,929 thousand respectively, and the Director's remuneration was set aside for NT$41,942 thousand and NT$53,929 thousand, which are estimated on the basis of the Company's pre-tax net profit before deducting the bonus of employees and Directors in each period multiplied by the distribution percentage of the bonus of employees and Directors stipulated in the Articles of Incorporation of the Company, and reported as the operating expenses of 2022 and 2021. When an issuance of common stocks for employee compensation is resolved by a Board meeting, the number of shares issued for the stock-based compensation is calculated based on the closing stock price at the date before the Board meeting. Related information is disclosed on Market Observation Post System of TWSE. The aforementioned amounts of employee compensation and Directors' remuneration, as stated in the parent company only financial statements, are identical to those of the actual distributions for 2022 and 2021.

(23) Non-operating income and expenses

1. Interest income

Details of interest income in 2022 and 2021 are as follows:

		2022	2021
Bank deposits (including short-term securities)	$	38,997	11,946
Discounted construction refundable deposits (including deposits)		568	162
Others		1,001	9
	$	**40,566**	**12,117**

2. Other income

Details of other income in 2022 and 2021 are as follows:

		2022	2021
Dividend income	**$**	**3,245**	**1,680**

3. Other gains or losses

Details of other gains and losses of the Company in 2022 and 2021 are as follows:

		2022	2021
Profit (loss) on financial assets measured at fair value through profit or loss	$	(9,883)	19,121
Other income		30,818	28,410
Others		(22,155)	(15,956)
	$	**(1,220)**	**31,575**

4. Finance costs

Details of financial costs of the Company in 2022 and 2021 are as follows:

		2022	2021
Interest expenses			
Interests on bank loans and deposits	$	284,723	255,355
Transaction fees and interests on corporate bonds		69,916	81,550
Lease liabilities		59	90
Other financing costs		168	1,010
Less: Capitalization of interest		(147,308)	(123,107)
	$	207,558	214,898

(24) Financial Instruments

1. Credit risk

(1) Credit risk exposure

The carrying amount of financial assets represents the maximum amount exposed to credit risk.

(2) Concentration of credit risk

The Company is engaged in the development and sales of real estate. Its clientele is primarily the vast majority of individual consumers and is not concentrated on single key accounts or in particular regions. Consequently, the credit risks in relations to these receivables are determined to have no significant concentration concerns.

2. Liquidity risk

The following table shows the contractual maturities of financial liabilities, including estimated interest payments but excluding the impact of netting agreements.

		Book value	Contractual cash flows	Less than 1 year	1 - 3 years	3 - 5 years
December 31, 2022						
Non-derivative financial liabilities						
Secured bank loans	$	10,580,478	10,888,578	6,824,226	3,318,620	745,732
Unsecured bank loans		3,960,378	4,022,083	3,380,657	641,426	-
Notes and accounts payable and other payables (including related parties)		1,213,996	1,213,996	1,213,996	-	-
Ordinary bond (including current portion due within one year)		4,000,000	4,039,600	2,007,375	2,032,225	-
Lease liabilities		5,142	5,244	3,117	2,127	-
Guarantee deposits received		4,742	4,742	-	4,742	-
	$	19,764,736	20,174,243	13,429,371	5,999,140	745,732
December 31, 2021						
Non-derivative financial liabilities						
Secured bank loans	$	9,866,058	10,115,187	4,387,746	5,727,441	-
Unsecured bank loans		4,413,667	4,486,203	3,317,911	1,168,292	-
Notes and accounts payable and other payables (including related parties)		1,642,359	1,642,359	1,642,359	-	-
Ordinary bond (including current portion due within one year)		4,000,000	4,072,900	-	3,050,281	1,022,619
Lease liabilities		3,344	3,397	2,421	976	-
Guarantee deposits received		1,042	1,042	-	1,042	-
	$	19,926,470	20,321,088	9,350,437	9,948,032	1,022,619

The Company did not expect the cash flows included in the maturity analysis to occur significantly earlier or at significantly different amounts.

3. Interest rate analysis

Refer to the note on liquidity risk management and the interest rate exposure of the Company's financial assets and liabilities.

The following sensitivity analysis is based on the interest rate exposure of derivatives and non-derivatives on the reporting date. Regarding liabilities with variable interest rates, the analysis is based on the assumption that the amount of liabilities outstanding at the reporting date was outstanding throughout the year. The expected changes in interest rates at plus or minus 1%, is reasonably assessed by the company's management and also used in internal reporting.

If the interest rate increases or decreases by 1% on the reporting date, while other factors remained unchanged, the Company's profit before tax in 2022 and 2021 would decrease or increase by NT$145,409 thousand and NT$142,797 thousand, respectively; net profit before tax will decrease or increase by NT$85,048 thousand and NT$90,788 thousand, respectively, after capitalization of interest. This is mainly because the Company has floating rate loans.

4. Other price risk

If the equity securities price changes on the reporting date (the same basis is adopted for the analysis for both periods, with the assumption that other variable factors remain unchanged), the impacts on the comprehensive gains or losses are as follows:

	2022		2021	
Securities price on the reporting date	**Other comprehensive income after tax**	**Net profit after tax**	**Other comprehensive income after tax**	**Net profit after tax**
Increase by 10%	$ 461	3,400	459	4,388
Decrease by 10%	$ (461)	(3,400)	(459)	(4,388)

5. Fair value information

(1) Type and fair value of financial instruments

The fair value of financial assets measured at FVTPL and FVTOCI is measured on a recurring basis. Shown below are the book value and fair value of the Company’s financial assets and liabilities, including the information on fair value hierarchy, but excluding lease liabilities and financial instruments that are not measured at fair value but the book value of which is reasonably closely to its fair value (disclosure not required):

	2022.12.31				
		Fair value			
	Book value	**Level 1**	**Level 2**	**Level 3**	**Total**
Financial assets at fair value through profit or loss					
Non-derivative financial assets mandatorily measured at fair value through profit or loss	$ 33,995	33,995	-	-	33,995
Financial assets measured at FVTOCI - non-current	$ 4,605	1,300	-	3,305	4,605
Financial assets at amortized cost					
Cash and cash equivalents	$ 8,563,299	-	-	-	-
Notes and accounts receivable	117,096	-	-	-	-
Other financial assets-current	1,629,826	-	-	-	-
Subtotal	10,310,221	-	-	-	-
Total	$ 10,348,821	35,295	-	3,305	38,600
Financial liabilities measured at amortized costs					
Short-term loans	$ 14,540,856	-	-	-	-
Notes and accounts payable and other payables (including related parties)	1,213,996	-	-	-	-
Bonds payable (including current portion due within one year)	4,000,000	-	-	-	-
Lease liabilities	5,142	-	-	-	-
Guarantee deposits received	4,742	-	-	-	-
Total	$ 19,764,736	-	-	-	-

	2021.12.31				
		Fair value			
	Book value	**Level 1**	**Level 2**	**Level 3**	**Total**
Financial assets at fair value through profit or loss					
Non-derivative financial assets mandatorily measured at fair value through profit or loss	$ 43,878	43,878	-	-	43,878
Financial assets measured at FVTOCI - non-current	$ 4,591	1,677	-	2,914	4,591
Financial assets at amortized cost					
Cash and cash equivalents	$ 9,855,789	-	-	-	-
Notes and accounts receivable	120,179	-	-	-	-
Other financial assets-current	1,565,806	-	-	-	-
Subtotal	11,541,774	-	-	-	-
Total	$ 11,590,243	45,555	-	2,914	48,469
Financial liabilities measured at amortized costs					
Short-term loans	$ 14,279,725	-	-	-	-
Notes and accounts payable and other payables (including related parties)	1,642,359	-	-	-	-
Bonds payable (including current portion due within one year)	4,000,000	-	-	-	-
Lease liabilities	3,344	-	-	-	-
Guarantee deposits received	1,042	-	-	-	-
Total	$ 19,926,470	-	-	-	-

(2) Valuation techniques of financial instruments measured at fair value

(2.1) Non-derivative financial instruments

Financial instruments traded in active markets are based on quoted market prices. A quoted price of a financial instrument obtained from main exchanges and on-the-run bonds from Taipei Exchange can be used as a basis to determine the fair value of the listed companies' equity and debt instruments, as it is a quoted price in an active market.

If a quoted price of a financial instrument can be obtained in time and often from exchanges, brokers, underwriters, industrial unions, pricing agencies, or governing authorities, and such price can actually reflect those traded frequently in the market, then the financial instrument is considered to have a quoted price in an active market. If a financial instrument is not in accordance with the definition mentioned above, then it is considered to be without a quoted price in an active market. In general, low trading volumes and high or increasing bid-ask spreads are indications that a market is not active.

The categories and characteristics of fair value measurement for the financial instruments with active markets were as follows:

- The fair value of financial instruments that have active markets and standard terms and conditions are determined with reference to quoted market prices (e.g., publicly traded stocks).

The categories and characteristics of fair value measurement for the financial instruments without active markets were as follows:

- Equity instruments without active market quotes: the fair value is derived from comparable companies in the market and is determined by multiplying the investee's EBITDA with P/E ratio of comparable companies listed in the market. The calculation is then discounted for lack of marketability.

(3) Changes in Level 3 financial assets

	Measured at fair value through other comprehensive income
	Equity instruments without public quotes
January 1, 2022	$ 2,914
December 31, 2022	$ 3,305
January 1, 2021	$ 2,411
December 31, 2021	$ 2,914

The aforementioned total gains or losses were included in "unrealized gain (loss) from financial assets measured at FVTOCI." Among them, the assets still held on December 31, 2022 and 2021 are as follows:

	2022	2021
Total profit or loss		
Recognized in other comprehensive income (reported in "Unrealized gain (loss) on valuation of financial assets at fair value through other comprehensive income")	$ 391	1,495

(25) Financial risk management

1. Overview

The company has exposure to the following risks arising from financial instruments:

(1) Credit risk

(2) Liquidity risk

(3) Market risk

The company has disclosed the information on exposure to the aforementioned risks in the previous section; the information on objectives, policies and procedures of risk measurement and management of the aforementioned risks are disclosed below. For more details, please refer to the related notes to parent company only financial statements.

2. Structure of risk management

(1) Risk management policy

Enterprises often encounter many uncertainties that may threaten their operations. In order to find and control them as early as possible and reduce the losses caused by risks, good risk management policies are required. Considering operation strategy, business environment and planning of each business units, the Company's Board of Directors established risk management policies in relation to business environment, to design and procedures of internal and external controls, and to strategy decision-making. In addition, the Board of Directors shall submit risk management reports on various risk management resolutions, delivery matters, supervision and follow-up implementation, so that when future operation and management face similar or identical problems, they can refer to past experience and propose better solutions.

(2) Organization structure of risk management

Every level in the organization structure or every department in the company has responsibility for risk management. A discovery of any risk shall be reported to the internal audit and senior management, who then shall take related actions in the first place.

The organization structure of risk management is as follows:

Organization name	Responsibilities
Board of Directors	Establish risk management policy Ensure effective operation of and sufficient resources allocated to risk management
Senior management	Execute risk management policy determined by Board of Directors Coordinate cross-functional risk control activities
Internal Audit	Perform routine audits on risk control Monitor risk control activities and report them to Board of Directors and Audit Committee
Others	Compiling results of risk control activities Perform routine activities on risk control Evaluate risk types based on circumstances and propose corresponding action plans

3. Credit risk

Credit risk is the risk of financial losses resulting, when the Company's customers or counter-parties of its financial instruments fail to meet their contractual obligations, principally from the Company’s receivables from clients and investment securities.

(1) Accounts receivable and other receivables

The Company's exposure to credit risk varies among individual clients. Taken into considerations are client related information including, among others, the industry and nature of the client's business, country risks, and other factors that the management believes would affect the Company's exposure to credit risk. The Company’s revenue for the years ended December 31, 2022, and 2021, were solely from domestic consumers. The company is engaged in the development and sales of real estate. The receivables arisen from real estate sales are paid by individual consumers through wire transfers, cashier’s or certified checks and mortgages. Consequently, the credit risks in relations to these receivables are estimated to be minimal.

The Company also recognized losses allowance for bad debts to reflect the estimated losses of its accounts receivable, other receivables and investments. The allowance account consists of two components; the main component refers specific losses associated with individual significant exposure to credit risks; and the other component refers to a portfolio of already occurred but yet to have identified losses of a group of similar assets. The portfolio of loss allowance account is determined by historical statistics on payments eventually received for similar financial assets.

(2) Investments

The exposure to credit risk in relation to bank deposits, fixed income investments, and other financial instruments, is measured and monitored by the Company’s finance department. Since the company only deals with banks with good credit rating as well as financial institutions, corporations, and government agencies with investment-grade credit ratings, no concerns on the fulfillment of its counterparty's obligations and no significant exposure to credit risk were recognized.

(3) Guarantees

Policies of the Company stipulate that guarantees can be made available to subsidiaries and counterparties of whom the Company owns more than 50% of shares. As of December 31, 2022, and 2021, the Company provides no endorsements/guarantees mentioned above.

4. Liquidity risk

Liquidity risk is the risk of unfulfilled obligations occurring when the company cannot settle its financial liabilities with cash or another financial asset. The Company's approach to managing liquidity is to monitor its capital demands through cash flow forecasting, maintain sufficient non-disbursable loan commitments at all times, and always ensure that it has sufficient liquid assets to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking its reputation.

5. Market risk

Market risk is the risk of changes in the company's profits or value of its financial instruments resulting from changes in market factors, such as foreign exchange rates, interest rates, and prices of equity instruments. The Company's objective of market risk management is to control its market risk exposure within a bearable range while optimizing the investment return.

(1) Interest rate risk

The Company adopts the most cost-effective strategy in maintaining an appropriate portfolio of fixed and floating interest rates and conducting such assessment regularly.

(2) Other market price risk

The Company is exposed to the risk of market price fluctuation in its equity instruments held for sale with the intention to cover the unfunded portion of its defined benefit obligations. The Company's management adjusts the ratio of equity to debt in its investment portfolio according to fluctuation in market price index. Any material investment in the portfolio is managed separately.

(26) Capital management

The Company’s objectives of capital management is to ensure its capacity in operation continuity, to return profits to its shareholders and other stakeholders, and to optimize its capital structure to reduce cost of capital.

In maintaining or adjusting the capital structure, the Company may settle liabilities through adjustments in dividend payment or capital return to its shareholders, issuance of new shares, or disposal of assets.

The Company, like its peer companies, control capital management on the basis of debt-to-capital ratio, which is net debt divided by total capital. The net debt is the total liabilities less cash and cash equivalents. The total capital is total equity (including share capital, capital reserve, retained earnings, other equity and non-controlling equity) plus net debt.

For the years ended December 31, 2022 and 2021, the Company had the same policy on capital management and maintained the debt-to-capital ratio between 39% to 60% to ensure reasonable cost of capital. The debt-to-capital ratios on December 31 of 2022 and 2021 are as follows:

	2022.12.31	**2021.12.31**
Total liabilities	$ 20,568,749	21,490,666
Less: cash and cash equivalents	(8,563,299)	(9,855,789)
Net liability	12,005,450	11,634,877
Total equity	18,516,479	17,562,761
Capital after adjustment	**$ 30,521,929**	**29,197,638**
Debt-to-capital ratio	**39%**	**40%**

(27) Investment and financing activities for non-cash transaction

The Company’s non-cash investing and financing activities for the year ended on December 31, 2022, and 2021, are to acquire right-of-use assets through leases. Refer to Note 6(8) for details.

7. Related-Party Transactions

(1) Name of related parties and relations

Related parties that had transactions with the company during the reporting periods were as follows:

Name of related party	Relations with the company
Kedge Construction Co., Ltd (the "Kedge Construction")	Subsidiary
Global Mall Co., Ltd. (the "Global Mall")	Subsidiary
Guan Cheng Co., Ltd. (GLOBAL MALL BANQIAO STORE) (the "Guan Cheng")	Subsidiary
Jiequn Investment Co., Ltd. (the "Jiequn Investment")	Subsidiary
Dingtian Construction Co., Ltd. (Dingtian Construction)	Subsidiary
Guanqing Electromechanical Co., Ltd. (the "Guanqing Electromechanical")	Subsidiary
KGM International Investment Co., Ltd. (HK) (the "KGM")	Subsidiary
Guan Hua Co., Ltd. (GLOBAL MALL NANGANG STORE) (the "Guan Hua")	Subsidiary
Guan You Co., Ltd. (GLOBAL MALL ZUOYING STORE) (the "Guan You")	Subsidiary
Tua Tiann Co., Ltd. (the “Da Cheng)	Joint venture of the Company
ReadyCom eServices Co. Ltd.	Associates
Hon Hui Zhu Gao Co., Ltd. (on Hui Zhu Gao)	Associates
Retrieving data. Wait a few seconds and try to cut or copy again.	The entity’s chairman is the second-degree relative of the company's chairman.

(2) Significant related-party transactions

1. Purchases

Detail of the company's significant purchases with its related parties were as follows:

2022	Total Contract Amount (before tax)	Purchase (Current Price)	Cumulative Amount
Subsidiary - Kedge Construction	$ 13,491,658	1,886,595	4,286,047
Subsidiary - Dingtian	187,732	16,974	16,974
Total	**$ 13,679,390**	**1,903,569**	**4,303,021**

2021	Total Contract Amount (before tax)	Purchase (Current Price)	Cumulative Amount
Subsidiary - Kedge Construction	**$ 10,935,738**	**2,444,757**	**7,358,430**

The construction projects contracted to the related parties by the Company was in accordance with related party's contracting regulations, according to which, the contract price is calculated on the basis of construction budgets plus reasonable management expenses and profits and, after price comparison and negotiation processes, approved by the management.

The payment term of related-party transactions is either 50% due immediately or in 60 days, or 100% due immediately or in 90 days.

2. Purchases of services from related parties

	Purchases	
	2022	**2021**
Subsidiary - Dingtian	$ 930	1,010
Subsidiary - Global Mall	190	-
	$ 1,120	**1,010**

3. Receivables from related parties

Detail of the Company's significant accounts receivables with its related parties were as follows:

Accounting Subject	**Category and Name of Related Party**	**2022.12.31**	**2021.12.31**
Accounts receivable	Subsidiary - Kedge Construction	**$ 111**	**-**

4. Payables to related parties

Detail of the company's significant accounts payable with its related parties were as follows:

Accounting Subject	**Category and Name of Related Party**	**2022.12.31**	**2021.12.31**
Notes payable - related parties	Subsidiary - Kedge Construction	$ 151,348	176,942
Notes payable - related parties	Subsidiary - Dingtian	4,429	-
Accounts Payable - Related Party	Subsidiary - Kedge Construction	463,276	659,813
Accounts Payable - Related Party	Subsidiary - Dingtian	1,070	-
		$ 620,123	**836,755**

5. Endorsements/guarantees

Detail of the Company's endorsements/guarantees provided to its related parties were as follows:

Name of related party	2022.12.31	2021.12.31
Subsidiary	$ 28,384	28,384

6. Lease

(1) Leasing from related parties

The Company leased office buildings and parking lots from subsidiaries in a lease term of one year. The rental incomes for the years ended on December 31, 2022, and 2021, were both NT$ 3,360 thousand.

(2) Leasing to related parties

Part of the Company’s office building was leased to its subsidiaries and the related parties in a lease term of one year and five years with a rent in the amount of NT$6,852 thousand and NT$6,825, respectively, for years ended December 31, 2022, and 2021.

7. Others

(1) The Company signed an agreement for the surface right to a land in Pingtung in the second half of the year 2011 for a period of thirty years. According to the contract, the subsidiary has undertaken the contract for the surface right to a land signed between the Company and the Pingtung County Government according to the agreement.

(2) In 2022 and 2021, the Company donated NT$9,000 thousand and NT$6,000 thousand to Yu San Foundation, a syndicate legal entity, for the promotion of the foundation's business.

(3) In June 2022, the Company sold 10,200 thousand ordinary stocks of Guan Cheng to Global Mall at a transaction price of NT$182,337 thousand. The gain on disposal of NT$1,543 thousand is considered an equity transaction between shareholders. As of December 31, 2022, the amount has been received and the equity transfer has been completed.

(4) In 2021, the Company received a service fee of NT$929,000 for providing plans for the shopping mall and consulting services to the subsidiary, which was recognized as other gains and losses.

(3) Key management personnel transactions

Remuneration to major management personnel includes:

	2022	2021
Short-term employee benefits	$ 40,915	42,860
Benefits after retirement	30	79
	$ 40,945	42,939

8. Pledged Assets

Carrying values of pledged assets were as follow:

Name of assets	Pledge guarantee object	2022.12.31	2021.12.31
Buildings and land held for sale	Bank loans	$ 6,212,894	7,091,204
Land held for construction	〃	1,724,867	1,709,071
Construction in progress	〃	8,810,762	8,098,053
Investment properties and net value of property, plant, and equipment	〃	744,184	748,768
Other financial assets-current	Bank loans, pre-sales payments in trust accounts, guarantees, and bonds payable	943,242	1,034,608
Long-term equity instruments accounted for using equity method	Bank loans and guarantees	3,130,030	2,902,148
		$ 21,565,979	21,583,852

9. Significant Contingent Liabilities and Unrecognized Contract Commitments

(1) Significant unrecognized contract commitments:

1. The total amount of contract construction contracts signed by the company was as follows:

	2022.12.31	2021.12.31
Total amount of contract construction	$ 649,451	189,714
Amount of payments received	$ 248,273	29,925

2. Total amount of sales contracts signed before and after the completion of construction were as follows:

	2022.12.31	2021.12.31
Amount of sales contracts signed	$ 3,166,981	4,427,490
Amount of payments received per contracts	$ 306,601	1,045,946

3. Details on refundable deposits and notes paid for co-developments with land owners and third-party developers as follows:

	2022.12.31	2021.12.31
Refundable deposits	$ 686,090	531,160
Refundable notes	$ 1,552,737	1,438,635

4. It is passed by the Board Meeting in December 2022, and 2021, that the Company promised to donate NT$8,000 thousand and NT$9,000 thousand in 2023 and 2022, respectively, to Kindom Yu San Education Foundation for the promotion of foundation affairs.
5. In November 2021, the Company signed a contract with Taiwan Power Company (Taipower) for the urban renewal project of the former site of Nangang (AR-1-2) of the Taipower northern storage and transportation center. According to the contract, the Company is required to lease back all the commercial facilities (including parking spaces) that Taipower participated in the rights transformation and distribution, with a lease term of ten years and a renewal of ten years, and the lease contract for the relevant commercial facilities and premises is signed one year before the license is obtained.
6. In September 2022, the Company’s joint venture (Tua Tiann Co., Ltd) signed the “Public Office and Urban Regeneration Investment Project at the Taipei Station” contract with the Taipei Housing and Urban Regeneration Center. The Company bears a joint liability for the compensation and performance obligations.
7. In December 2022, the Company signed the “Phase 2 and Phase 3 Public Solicitation of Investors Investment Project in Taipei City” contract with the National Housing and Urban Regeneration Center. The Company is required to lease back the commercial facilities affiliated with the administrative office building, with a lease term of 20 years.

10. Significant Disaster Loss: None

11. Significant Events after the End of the Financial Reporting Period: None

12. Others

The employee benefits, depreciation, depletion, and amortization expenses are summarized by function as follows:

Function / Nature	2022			2021		
	Operating costs	**Operating Expenses**	**Total**	**Operating costs**	**Operating Expenses**	**Total**
Employee benefit expenses						
Salaries and wages	-	165,303	165,303	-	170,771	170,771
Labor insurance and national health insurance	-	9,987	9,987	-	9,593	9,593
Pension expenses	-	4,570	4,570	-	4,430	4,430
Directors' remuneration	-	46,197	46,197	-	57,410	57,410
Other employee benefits expenses	-	7,837	7,837	-	10,536	10,536
Depreciation	4,611	15,200	19,811	4,611	13,491	18,102
Amortization	-	474	474	-	860	860

The Company's employee number and employee benefit expenses in 2022 and 2021 are as follows:

	2022	**2021**
Number of employees	98	97
Number of Board members who are not employee	5	5
Average employee benefit expense	$ 2,018	2,123
Average salary expense	$ 1,717	1,856
Average salary adjustment	(4.26)%	(10.85)%
Remuneration to supervisors	$ -	-

The Company's salary and remuneration policy (including directors, managers, and employees) is as follows:

(1) Directors (including Independent Directors and other Directors):

1. The Board of Directors is authorized to determine the salary for the Directors, taking into account the extent and value of the services provided for the management of the Company and the standards of the industry within Taiwan (R.O.C.). Remuneration for Independent Directors is paid on a monthly basis and is not involved in the annual director remuneration distribution.
2. If the Company has a profit for the year, no more than 2% shall be set aside as Directors' compensation. However, if the Company has accumulated losses, the amount shall first be reserved in advance.

(2) Company employees (including managers and general employees):

1. Fixed salary (basic salary and various fixed allowances)
2. Bonuses (such as development bonuses, business sales bonuses, etc.)
3. Employee compensation: According to the Company's Articles of Incorporation, if there is

a profit, no less than 0.5% should be allocated as employee compensation, but when the company still has accumulated losses, it should reserve the loss recover amount in advance.

4. Others (compensation items provided based on special projects or special reasons, such as substitute supervisor allowance, transportation allowance, etc.)

13. Disclosure Notes

(1) Information on significant transactions

In 2022, under Regulations Governing the Preparation of Financial Reports by Securities Issuers, information related to material transactions should be disclosed by the Company is as the following:

1. Loans provided for others: None.

2. Endorsements/Guarantees Provided for Others:

Expressed in thousands of New Taiwan Dollars

No.	Name of endorsement/ guarantee provider	Subject of endorsements/ guarantees		Limit on endorsements/ guarantees provided for a single party	Maximum balance for this period	Closing balance of endorsement/ guarantees	Actual amount used	Amount of endorsement/ guarantees collateralized with assets	Ratio of accumulated endorsement/ guarantees to net equity per latest financial statements	Maximum endorsement/ guarantee amount	Endorsement /guarantees provided by parent company to subsidiaries	Endorsement /guarantees provided by subsidiaries to parent company	Endorsement /guarantee provided to subsidiary in China
		Name of Company	Relationship (Note 1)										
1	Kedge Construction	Kindom Development	Parent company and subsidiary	$ 8,372,491	14,192	14,192	14,192	-	0.34%	8,372,491	N	Y	N
2	Dingtian Construction	Kindom Development	Parent company and subsidiary	47,780	14,192	14,192	14,192	-	29.70%	47,780	N	Y	N
2	〃	Kedge Construction	Parent company and subsidiary	7,166,999	1,376,500	1,376,500	1,376,500	-	2,880.91%	14,333,998	N	Y	N
3	Global Mall	Guan Hua	2	3,203,295	110,000	110,000	20,000	-	2.06%	6,406,591	Y	N	N
3	〃	Guan Cheng	2	3,203,295	61,550	61,550	61,550	-	1.15%	6,406,591	Y	N	N
3	〃	Guan You	2	3,203,295	180,000	180,000	-	-	3.37%	6,406,591	Y	N	N

Note 1:Types of relationship that the endorsement/guarantee provider has with the guaranteed party:

(1) An entity with which it does business.

(2) A company in which the company directly or indirectly holds more than 50% of the voting shares.

(3) A company that directly or indirectly holds more than 50% of the voting shares in the company.

(4) Between the companies in which the company directly or indirectly holds more than 90% of the voting shares.

(5) A company fulfills its contractual obligations by providing mutual endorsement/guarantee for another company in the same industry or for joint builders for purposes of undertaking a construction project.

(6) All capital contributing shareholders make endorsements/guarantees for their jointly invested company in proportion to their shareholding percentages.

(7) Companies in the same industry provide among themselves joint and security for a performance guarantee of a sales contract for pre-construction homes pursuant to the Consumer Protection Act for each other.

Note 2: Taipei City Government requested the Company to provide joint and several security, so Kedge Construction, approved by the Board on March 21, 2002 and March 25, 2010, provided endorsements/guarantees for the Company.

Note 3: Per Kedge Construction's policies and procedures on endorsements/guarantees, the maximum aggregate amount allowable for endorsements/guarantees to third parties shall not exceed 200% of its net equity as stated in its latest financial statement, and limits on endorsements/guarantees provided to a single entity shall not exceed 200% of its net equity as stated in its latest financial statement. The aggregate amount of endorsements/guarantees on all construction projects shall not exceed 10 times of its net equity as stated in its latest financial statement, and the aggregate amount of endorsements/guarantees on a single construction project shall not exceed 5 times of its net equity as stated in its latest financial statement.

Note 4: Per Dingtian's policies and procedures on endorsements/guarantees, the maximum aggregate amount allowable for endorsements/guarantees to third parties shall not exceed 100% of its net equity as stated in its latest financial statement, and limits on endorsements/guarantees provided to a single entity shall not exceed 100% of its net equity as stated in its latest financial statement. The aggregate amount of endorsements/guarantees on all construction projects shall not exceed 300 times of its net equity as stated in its latest financial statement, and the aggregate amount of endorsements/guarantees on a single construction project shall not exceed 150 times of its net equity as stated in its latest financial statements.

Note 5: Per Global Mall's policies and procedures on endorsements/guarantees, the maximum aggregate amount allowable for endorsements/guarantees to third parties shall not exceed 120% of its net equity as stated in its latest financial statement, and limits on endorsements/guarantees provided to a single entity shall not exceed 60% of its net equity as stated in its latest financial statements.

3. Marketable securities (excluding equity investments in subsidiaries, associates, and joint ventures) held at the reporting date:

Unit: NT$ thousand/ thousand shares

Investing Company	Type and name of securities	Relationship with the securities issuer	Account title in book	End of period				Remark
				Number of shares	Book value	Percentage of shareholding	Fair value (Note)	
The company	Stock - Fubon Financial Holding Co Ltd. Preferred Shares C	-	Financial assets at fair value through profit or loss - current	604	33,995	- %	33,995	
〃	Stock - Everterminal Co. Ltd.	-	Financial assets measured at FVTOCI - non-current	99	3,305	0.20 %	3,305	
〃	Stock - Clientron Corp.	-	〃	29	655	0.05 %	655	
〃	Stock - Fubon Financial Holding Co Ltd.	-	〃	12	645	- %	645	
Jiequn Investment	Stock - Fubon Financial Holding Co Ltd. Preferred Shares C	-	Financial assets at fair value through profit or loss - current	563	31,723	- %	31,723	
〃	Stock - SinoPac Securities Corporation	-	〃	213	3,572	- %	3,572	
〃	Stock - Fubon Financial Holding Co Ltd.	-	Financial assets measured at FVTOCI - non-current	11	603	- %	603	
〃	Stock - Huei Ding Computer	-	〃	405	-	0.78 %	-	
Guanqing Electromechanical	Stock - Fubon Financial Holding Co Ltd. Preferred Shares C	-	Financial assets at fair value through profit or loss - current	500	28,176	- %	28,176	
〃	Stock - Fubon Financial Holding Co Ltd.	-	Financial assets measured at FVTOCI - non-current	10	535	- %	535	
〃	Stock - Commonwealth Publishing Group	-	〃	160	6,766	0.59 %	6,766	

Note: If the market price is not available, the carrying amount of the security at the reporting date is determined as the market price.

4. Accumulated to buy or sell the same marketable securities amount to NT$ 300 million or more than 20% of the paid-up capital:

Unit: NT$ thousand/thousand shares

The company that purchases and sells	Marketable securities Type and name	Recognition Ledger Account	Transaction Counterparty	Relationship	Beginning of period Number of shares	Beginning of period Amount	Purchase Number of shares	Purchase Amount	Sell Number of shares	Sell Selling price	Sell Book value	Sell Gains (Losses) on Disposal	End of period Number of shares	End of period Amount
The company	Stock	Investments accounted for using equity method	Da Cheng	Joint venture	-	-	102,000	1,020,000	-	-	-	-	102,000	1,021,771

Note: The amount at the end of the period includes investment gains.

5. Acquisition of individual real estate properties at costs of at least NT$ 300 million or 20% of the paid-in capital:

Expressed in thousands of New Taiwan Dollars

Acquiring company	Property Name	Date of transaction or event	Transaction amount	Payment collection status	Transaction counterparty	Relationship	For related parties, the information on previous transaction: Possessor	Relationship with the issuer	Date of transfer	Amount	Reference for price determination	Purpose of Acquisition and Status in Use	Other stipulations of the transaction
Kindom Development	Land rights of Hui Guo section in Xitun District	2022.10	927,681	927,681	C-J Construction and Development LTD	Non-related party	-	-	-	-	Valuation	Planning and construction	None

6. Disposal of real estate at prices exceeding NT$ 300 million or 20% of the paid-in capital:

Expressed in thousands of New Taiwan Dollars

Disposing Company	Asset title	Date of event	Date of acquisition	Carrying amount	Transaction amount	Payment collection status	Gain or loss on disposal	Transaction counterparty	Relationship	Purpose of disposal	Reference for price determination	Other stipulations of the transaction
Kindom Development	Inventories - buildings and land held for sale	2022.09~2022.12	Not applicable: inventories sold, not acquired	N/A	1,232,933	404,810	N/A	More than one third party	Non-related party	Selling inventories	Reference based on market price	None

Note 1: The amounts above are expressed before taxes.

7. Related-party transactions for purchases and sales with amounts exceeding NT$100 million or 20% of the paid-in capital:

Expressed in thousands of New Taiwan Dollars

Companies involved in purchases (Sales)	Name of transaction counterparty	Relationship	Transaction Situation: Purchases (Sales)	Amount (Note)	Percentage of total purchases (sales)	Loan period	Transactions with Terms Different from Others: Unit price	Loan period	Notes/accounts receivable (or payable): Balance	Percentage of total notes/accounts receivable (or payable)	Remark
The company	Kedge Construction	Investees valued under equity method	Contracting	1,886,595	41.39%	50% due immediately and 50% due in 60 days or 100% due immediately and 100% due in 90 days	Equivalent to other transactions	Slightly longer than normal	(614,624)	(57.81)%	
Kedge Construction	Kindom Development	Investor in which Kedge Construction is accounted for using equity method	Contracting	(1,886,595)	(12.44)%	Receive payment by installment per contract or slightly longer than a normal transaction	〃	〃	614,624	20.27%	

Note: Refers to the valuation amount for the current period.

8. Receivables from related parties with amounts exceeding NT$100 million or 20% of the paid-in capital:

Expressed in thousands of New Taiwan Dollars

The companies that record such transactions as receivables	Transaction counterparty	Relationship	Balance of receivables from related parties	Turnover Rate	Receivable Overdue		Amounts received in subsequent periods	Allowance for losses appropriated
					Amount	Action taken		
Kedge Construction	Kindom Development	Investor in which Kedge Construction is accounted for using equity method	614,624	2.51	-	-	62,780	-

9. Derivative financial instrument transactions: None.

(2) Information on Invested Companies:

The information on the enterprises by the venture capital of merged companies in 2022 is as follows:

Unit: NT$ thousand/ thousand shares

Name of Investor	Name of investee	Location	Principal business	Original investment amount		Ending shareholding			Net income (loss) of the investee	Share of profit/loss of investee	Remark
				End of the period	End of last year	Number of shares	Percentage	Book value			
Kindom Development	Kedge Construction	Taiwan	The comprehensive construction industry, etc.	374,353	374,353	39,873	34.18%	1,221,298	1,047,933	380,748	Subsidiary
〃	Global Mall	Taiwan	Supermarkets, department stores, international trading, wholesales of medical equipment, and retails	3,209,395	3,209,395	320,105	84.02%	4,510,534	392,562	329,818	〃
〃	Guan Cheng (Note 1)	Taiwan	Department stores, supermarkets, and non-store retailing	-	102,000	-	- %	-	116,761	23,516	Sub-subsidiary
Kindom Development	Da Cheng (Note 2)	Taiwan	Commercial real estate development industry	1,020,000	-	102,000	51.00%	1,021,771	3,473	1,771	Investments accounted for using equity method
Kedge Construction	Jiequn Investment Co., Ltd.	Taiwan	Investment	163,935	163,935	16,396	99.98%	434,730	14,466	14,463	Sub-subsidiary
〃	Guanqing Electromechanical	Taiwan	Installation and engineering of electrical and fire safety equipment	81,326	81,326	7,747	99.96%	228,533	(759)	(759)	〃
Jiequn Investment Co., Ltd.	Dingtian Construction	Taiwan	The comprehensive construction industry, etc.	16,500	16,500	-	30.00%	14,334	(293)	(88)	Third-tier subsidiary
Guanqing Electromechanical	Dingtian Construction	Taiwan	The comprehensive construction industry, etc.	11,105	11,105	-	70.00%	33,446	(293)	(205)	〃
Dingtian Construction	ReadyCom Information Technology Service	Taiwan	Information software services and management consultants, etc.	15,000	15,000	1,400	46.67%	14,392	(1,560)	(728)	Investments accounted for using equity method
Global Mall	Guan Cheng (Note 1)	Taiwan	Department stores, supermarkets, and non-store retailing	280,886	98,000	20,000	100.00%	365,850	116,761	93,245	Sub-subsidiary

Name of Investor	Name of investee	Location	Principal business	Original investment amount		Ending shareholding			Net income (loss) of the investee	Share of profit/loss of investee	Remark
				End of the period	End of last year	Number of shares	Percentage	Book value			
〃	Guan You (Note 3)	Taiwan	Department stores, supermarkets, and non-store retailing	-	5,000	-	- %	-	(10,545)	(101)	Third-tier subsidiary
〃	Guan Hua	Taiwan	Department stores, supermarkets, and non-store retailing	140,000	140,000	14,000	100.00%	146,766	5,871	5,871	Sub-subsidiary
〃	KGM	Hong Kong	Investment and operation of shopping mall in mainland China, including master planning, supporting engineering consulting, and leasing planning and consulting	9,339 (HKD390 thousand)	9,339 (HKD390 thousand)	- (Limited company)	100.00%	1,799	(167)	(167)	〃
〃	Hon Hui Zhu Gao	Taiwan	Department stores, supermarkets, and non-store retailing	100,000	-	10,000	20.00%	99,975	(225)	(45)	Investments accounted for using equity method
Guan Cheng	Guan You (Note 3)	Taiwan	Department stores, supermarkets, and non-store retailing	230,006	130,000	13,500	100.00%	92,017	(10,545)	(10,444)	Third-tier subsidiary

Note 1: In line with the Group's operational needs, the Company sold 51% of its equity of Guan Cheng to Global Mall in June 2022. For further details, please refer to Note 6(6) and 7.

Note 2: In accordance with the conditions of the development contract, the Company invested and established Tua Tiann Co., Ltd. in August 2022. For further details, please refer to Note 6(6).

Note 3: In line with the Group's operational needs, Global Mall sold 3.7% of its equity of Guan You to Guan Cheng in April 2022.

(3) Information on Investments in Mainland China:

1. Relevant information, including names and principal business, on investees in China: None.
2. Limitation on investment in mainland China:

Unit: Thousands of USD/RMB/NTD

Cumulative investment remitted from Taiwan to Mainland China at end of the year	Amount of investment approved by the Investment Commission, M.O.E.A.	Limit on amount of investment stipulated by the Investment Commission, M.O.E.A.
1,076,350 CNY227,649 (Note 1)	USD 38,738	11,109,887 (Note 2)

Note 1: Contains the investment amount from the dissolved company Global Mall (Tianjin) Co., Ltd., which has completed the cancellation registration on April 19, 2021, and remitted the remaining amount of NT$44,054 thousand (HK$12,400 thousand) through its parent company KGM to Global Mall in December of the same year.

Note 2: The limited amount is capped at 60% of the parent company's net equity.

3. Significant transactions with investees in mainland China: None

(4) Information on Major Shareholders:

Expressed in shares

Shareholding Name of substantial shareholders	No. of shares held	Shareholding ratio
Yu-De Investment Co.	105,935,137	19.12%
Mei-Chu Liu	67,215,292	12.13%

14. Segment Information

Please refer to the 2022 Consolidated Financial Statements.

VI. Any Financial Difficulties Experienced by the Company or its Affiliated Enterprises and Effects during the Most Recent Fiscal Year as of the Date of this Annual Report: None.

Chapter 7 Review and Analysis of Financial Position and Operating Results, and Risk Management

I. Financial position:

Comparative analysis on the Consolidated Financial Position

Unit: NT$ 1,000

Item \ Year	2021	2022	Difference	
			Amount	%
Current assets	43,223,807	44,519,444	1,295,637	3.00
Property, plant and equipment	6,503,236	6,379,227	(124,009)	(1.91)
Other assets	4,121,400	4,964,186	842,786	20.45
Total assets	53,848,443	55,862,857	2,014,414	3.74
Current liabilities	24,544,862	27,621,505	3,076,643	12.53
Non-current liabilities	9,307,948	6,675,904	(2,632,044)	(28.28)
Total liabilities	33,852,810	34,297,409	444,599	1.31
Equity capital	5,541,701	5,541,701	0	0.00
Capital surplus	1,421,924	1,451,569	29,645	2.08
Retained earnings	10,697,059	11,648,455	951,396	8.89
Other equity interest	(26,727)	(26,544)	183	(0.68)
Treasury stock	(71,196)	(98,702)	(27,506)	38.63
Non-controlling interests	2,432,872	3,048,969	616,097	25.32
Total shareholder's equity	19,995,633	21,565,448	1,569,815	7.85

Cause of an increase or decrease of 20% or more:
Other assets: Mainly due to the increase in investments accounted for using the equity method.
Non-current liabilities: Mainly due to the transfer of NT$2 billion of bonds payable due within one year under Current Liabilities.
Treasury stock: Mainly due to the transfer of shares to employees and the buyback of 1,000 thousand shares of treasury stock.
Non-controlling interests: Mainly due to the increase in net income of subsidiaries.

II. Financial performance:

(I) Comparative analysis on the consolidated income statement:

Unit: NT$ 1,000

Item \ Year	2021	2022	Increase (decrease)	Change as percentage
Operating revenue	25,191,138	21,506,102	(3,685,036)	(14.63)
Operating costs	18,173,783	15,582,332	(2,591,451)	(14.26)
Gross profit from operations	7,017,355	5,923,770	(1,093,585)	(15.58)
Operating expenses	1,852,958	1,895,386	42,428	2.29
Operating benefits	5,164,397	4,028,384	(1,136,013)	(22.00)
Non-operating income and expenditure	(185,711)	(188,472)	(2,761)	1.49
Net income before tax from continuing operating department	4,978,686	3,839,912	(1,138,774)	(22.87)
Less: Income tax expenses	901,353	710,215	(191,138)	(21.21)
Add: Cumulative implications of changes to GAAP	-	-	-	-
After-tax net profit of continuing operations	4,077,333	3,129,697	(947,636)	(23.24)
Cause of an increase or decrease of 20% or more: Operating benefits: Mainly due to the decrease in gross operating profit and increase in operating expenses. Net income before tax from continuing operating department: Mainly due to the decrease in operating profits. Income tax expenses: Mainly due to the decrease in net income before tax from continuing operating department. Net profit after tax of continuing operations: Mainly due to the decrease in operating income and slight increase in operating expenses.				

(II) Analysis on the change in gross operating profit

Unit: NT$ 1,000

	Increase or decrease in the previous or subsequent periods	Cause of the difference			
		Selling price difference	Cost difference	Sales portfolio variance	Quantity variance
Gross profit from operations	(1,093,585)	-	-	-	-
Analysis description: Analysis shows that such a variance was resulted from a decrease in the operating income of the building operation segment, the construction and operation segment and the department store segment.					

(III) Estimated sales volume in the coming year and its basis:

Some of the main construction projects in the development segment that have been completed, under construction or in the pre-sale process include the following: "Kindom Xinyi B", "Kindom Xinyi C", "Kindom Xinyi F", "Kindom Roosevelt", "Kindom Tai Ji", "Kindom Wen Hsin Chan", "Kindom Tien Yun", "Kindom Ta Chih Chan", and "Kindom Hsin Tien Hui". These projects have a combined number of about 508 total saleable households. The construction segment has been successful in securing contracts with more than 10 external customer projects. These mainly include construction for the government's transportation infrastructure, medical buildings of public hospitals and projects from electronics companies that are listed on the stock exchange, amounting to a total contract value of more than NT$36.5 billion. The department store segment manages the following two types of shopping centers. One of types is the independent full service shopping mall like: "Xinbei Zhonghe" and "Pingtung." The other one is the station associated shopping mall like: "Nangang Station", "Banqiao Station", "Taoyuan A8", "Linkou A9”, "New Zuoying Station" and “Taoyuan A19”. These eight shopping malls have a total business area of about 68,000 square feet. In the face of the changing lifestyle in the post-epidemic era, we will add the "Global Online" virtual platform and utilize the advantages of station transportation to provide members with more high-quality shopping services and maintain steady growth in overall sales.

III. Cash Flows:

(I) Analysis of liquidity for the last two years:

Item / Year	2021	2022	Increase (decrease) as percentage
Cash flow ratio (%)	36.82	10.00	(72.85)
Cash flow sufficiency ratio (%)	247.47	368.10	48.74
Cash re-investment ratio (%)	24.42	4.49	(81.62)

Cause of a material increase or decrease:

1. Cash flow ratio : Mainly due to decreased net cash inflow from operating activities.
2. Cash flow sufficiency ratio: Mainly due to the increase in net cash inflow from operating activities and the increase in investments accounted for using the equity method as a result of the successful destocking in the last five years.
3. Cash re-investment ratio: Mainly due to the decrease in net cash inflow from operating activities and the increase in investments accounted for using the equity method.

(II) Corrective measures to be taken in response to illiquidity:

The consolidated cash outflow for 2022 was NT$557,642 thousand and the ending cash balance was NT$15,522,920 thousand, indicating normal liquidity.

(III) Cash liquidity analysis for the following year:

Unit: NT$ 1,000

Beginning cash balance(1)	Estimated Net Cash Flow from Operating Activities for the Year (2)	Estimated annual cash outflows(3)	Estimated cash surplus (shortage) (1)+(2)-(3)	Remedies for estimated cash shortage	
				Investment plans	Wealth management plans
15,522,920	7,671,612	9,911,788	13,282,744	-	-

Analysis of changes in cash flow in the coming year:

1. Operating activities: It is expected that the new projects, construction in progress or pre-sale projects will be completed successively in the coming year, resulting in net cash inflow generated from operating activities.
2. Cash outflows for the year: We mainly consider the impact of repayment of loans, corporate bonds, and issuance of cash dividends in this respect.

IV. The Implications of Major Capital Expenditures to Finance and Business in the Most Recent Year:

(I) Application of the Major Capital Expenditures and Capital Source:

More than NT$101,748 thousand required by the department stores to carry out renovation works in 2022 was financed by bank loans and funds generated from operations.

(II) Estimated potential benefits:

After a shopping mall renovation and introduction of new brands, the department store segment will provide consumers with more diversified goods, services and visual experience, and their operating income and profit growth can be expected.

V. The Latest Annual Reinvestment Policies, the Main Reasons for a Profit or Loss, Improvement Plans and Investment Plans for the Coming Year:

(I) The Company's reinvestments include an investment in Global Mall Co., Ltd., Guan Cheng Co., Ltd., Kedge Construction Co., Ltd. and Ta Cheng Co., Ltd. In 2022, for which the Company recognized the investment benefits respectively in the amount of NT$329,818,000, NT$23,516,000, NT$380,748,000 and 1,771,000 in proportion to the Company's shareholding therein.

VI. Risk Issues in the Most Recent Year as of the Date of this Annual Report and an Analysis and Evaluation thereof:

(I) The impact of interest rate, exchange rate changes and inflation on the company's profits and losses and future countermeasures:

The Consolidated Company's risk exposure to interest rate changes is mainly from bank deposits and floating rate borrowings. Due to the U.S. interest rate increase and inflation, our central bank raised interest rates by a total of 0.625% in 2022, and the increase in interest rates has slowed down. The banking industry continues to be cautious about the construction industry, but the construction industry is stable but healthy. In the future, the Consolidated Company will continue to maintain good credit extension relationships with correspondent banks to strive for preferential credit terms. In response to changes in interest rates, the Consolidated Company will pay close attention to the trend of interest rates, make timely adjustments to its borrowing structure, and retain flexible and safe cash positions to hedge risks. In addition, as the world is attaching importance to ESG, we will use sustainability report, carbon emission reduction and other indicators to strive for interest rate reductions from financial institutions in order to reduce the cost of capital.

The Consolidated Company is in the domestic demand industry, therefore, the changes in exchange rates have no significant impact on the consolidated gains or losses.

With the recovery of the global economy and the rampant impact of COVID-19, international raw material prices are rising and inflationary pressure is gradually increasing. The Consolidated Company has long-standing and good relations with the suppliers, real estate has been regarded as a hedging asset and the sales are returning to normal, so inflation should have no significant impact on the Consolidated Company.

(II) Policies for engaging in high-risk, high-leverage investments, loan of funds to others, endorsement and guarantee, and derivatives trading, main reasons for profits or losses, and future countermeasures:

The Consolidated Company is committed to the development of the industry and has not engaged in high-risk, highly leveraged investments, loan of funds to others and derivatives transactions. In addition, the Consolidated Company shall, depending on the business needs, handle external endorsement and guarantee in accordance with the "Endorsement and Guarantee Procedures" and the regulations of the competent authority. The target mainly includes related companies, joint partners and companies with business contacts. Its operation and financial conditions are normal, and its performance capacity and solvency is not at risk.

(III) Future R&D plans and estimated R&D expenditures:

The Consolidated Company does not have a dedicated research and development department, but the technical research department or planning and design department is responsible for the planning and design of construction products, and the planning department and development department are responsible for the collection and development of market information.

In recent years, the building operation segment of the Consolidated Company has not only introduced the public works management system for site management, but also actively developed or introduced new construction methods and improved construction technologies to achieve the goals of shortening construction period, reducing pollution and improving efficiency. In order to improve competitiveness, it is estimated that NT$1,120,000 will be invested in the following projects in the coming year:

Item No.	Research planning in recent years
1	Application development and equipment for project information system integration
2	Construction Management System App Mobilization
3	Use AI technology to assist occupational safety and health projects with high risk
4	Development of IoT control system for construction personnel positioning
5	Research and development on quantity output of BIM-aided engineering
6	Introduction of conversion of UAV aerial images into numerical terrain data into research on BIM mapping data
7	Import of BIM Collaboration Platform
8	Graphing output of construction drawings by BIM software
9	Introduction of civil engineering CIM (Civil 3D / Infraworks)
10	Research and introduction of the BIM maintenance platform
11	Research on BIM, Game Engine and MR Glasses
12	Research and development of BIM combined with greenhouse gas inventory

In addition, since the construction industry and department store industry do not require R&D and design of new products for general manufacturing or high-tech industries, there is no related research and development cost incurred.

(IV) The impact of major policies and legal changes at home and abroad on the Company's finance and business and the countermeasures :

The management department of the Consolidated Company attaches great importance to information on political and economic developments and legal changes at home and abroad, and has a proper response capability. It has always abided by the relevant laws and regulations promulgated by the government and adheres to the principle of prudent operation to maintain sustainable development. Significant policy and legal changes at home and abroad in the recent year have not had a significant impact on the finance and business of the Consolidated Company.

(V) The impact of technological and industrial changes on the company's finance and business and countermeasures:

In response to technological and industrial changes, the Consolidated Company keeps abreast of market changes and actively obtains industrial information through various means to expand its business. At present, the Consolidated Company has not experienced any significant impact on the company's finance and business due to technological or industrial changes.

(VI) Impact of Corporate Image Change on Corporate Crisis Management and Countermeasures:

Since its establishment, the Consolidated Company has been committed to the business philosophy of "integrity, service, innovation and sustainability" to create a high-quality corporate image. The Consolidated Company has witnessed no change in its corporate image.

(VII) Expected benefit and possible risks from M&A and countermeasures: None.

(VIII) Expected benefit and possible risks from plant expansion and countermeasures: None.

(IX) Risks from centralized purchase and sale and countermeasures:

Due to the industrial characteristics and the need to control the quality of new construction projects, the construction operation segment appoints related company to undertake construction projects. Its construction technology level and financial condition are good. The construction and construction segment only needs to strengthen the control on its construction quality to avoid the risk of centralized purchase In addition, the sales target of construction projects is the general public and firms, so there is no centralized sales.

The building operation segment carefully evaluates the reputation, technical level and financial status of contractors and building materials suppliers. When necessary, it also contracts or supplies relatively large quantities of projects or building materials to several manufacturers to ensure the smooth progress of the project. In addition, the building operation segment will conduct a credit investigation on the owners before undertaking the project, and the owners are mainly government agencies, well-known electronic technology manufacturers and the parent company Guande Construction. There is no risk of centralized sales.

The department store segment rents stores to hundreds of manufacturers to operate general merchandise , catering and entertainment. There is no centralized purchase and sales.

(X) Effect upon and Risk to the Company in the Event a Major Quantity of Shares Belonging to a Director, Supervisor, or Shareholder Holding Greater than a 10 Percent Stake in the Company has been Transferred or has otherwise Changed Hands, and Mitigation Measures being or to be Taken: None.

(XI) Effect upon and risk to the Company associated with any change in the right of management, and countermeasures being or to be taken: None.

(XII) Litigious and non-litigious matters. List major litigious, non-litigious or administrative events that: (1) involve the company and/or any company Director, any company supervisor, the General Manager, any person with actual responsibility for the firm, any major shareholder holding a stake of greater than 10 percent, and any company or companies controlled by the company; and (2) have been concluded by means of a final and unappealable judgment, or are still under litigation. Where such a dispute could materially affect shareholders' equity or the prices of the company's securities, the annual report shall disclose the facts of the dispute, amount of money at stake in the dispute, the date of litigation commencement, the main parties to the dispute, and the status of the dispute as of the date of publication of the annual report.

1. Major pending litigation, non-litigation or administrative proceedings involved the

Consolidated Company:

Subject matter	Cause and current status	Impact on the Company's Financial Operation
980K	Due to a house purchase dispute over caused by different understanding of parking space registration method, Huang XX, a customer, claimed for defect and incomplete payment, and requested for a compensation of NT$20,254,777 from the Company. The Company won the first trial, but the customer appealed the second trial. The case is currently under trial in the Court of Second Instance.	There should be no significant implications.

2. If a Director, Supervisor, General manager, substantive person-in-charge, major shareholders holding more than 10% of the shares and affiliated companies involves a major decided or pending litigation, non-litigation or administrative proceeding, and the results may have a significant impact on shareholders' rights or securities prices, the facts of the dispute, the amount of the subject matter, the date of commencement of the litigation, the major parties involved in the litigation, and the handling status up to the date of publication of this Annual Report shall be disclosed: None.

(XIII) Other significant Risks and Countermeasures:

1. Risk management policies:

   Enterprises often encounter many uncertainties that may threaten their operations. In order to find and control them as early as possible and reduce the losses caused by risks, good risk management policies are required. The Board of Directors of the Consolidated Company formulates the overall risk management policy in accordance with the operating strategy, operating environment and departmental plans, the main contents of which include the environmental aspect, internal and external operation process aspect and strategic decision-making aspect, etc. In addition, the Board of Directors shall submit risk management reports on various risk management resolutions, delivery matters, supervision and follow-up implementation, so that when future operation and management face similar or identical problems, they can refer to past experience and propose better solutions.

2. Organizational structure for risk management:

   Every level or department of the Consolidated Company is responsible for risk management. Once any risk is discovered, it shall be promptly reported the audit office or senior management and seek solutions as soon as possible. The decision makers shall also take actions in the shortest possible time.

   The organizational structure for risk management of the Consolidated Company is as follows:

Organization name	Responsibilities
Board of Directors	To develop risk management policies. To ensure the effective operation of the risk management mechanism and the allocation of resources.
Senior	To implement the risk management decision of the Board of

Organization name	Responsibilities
management	Directors. To coordinate in cross-departmental risk management.
Internal Audit	To conduct inspect the day-to-day risk management. To supervise risk management activities, and report the implementation status to the Board of Directors and the Audit Committee.
Others	To sort out the results of risk management activities. To perform day-to-day risk management. To determine the risk categories and draw up a commitment plan based on the changes in the environment.

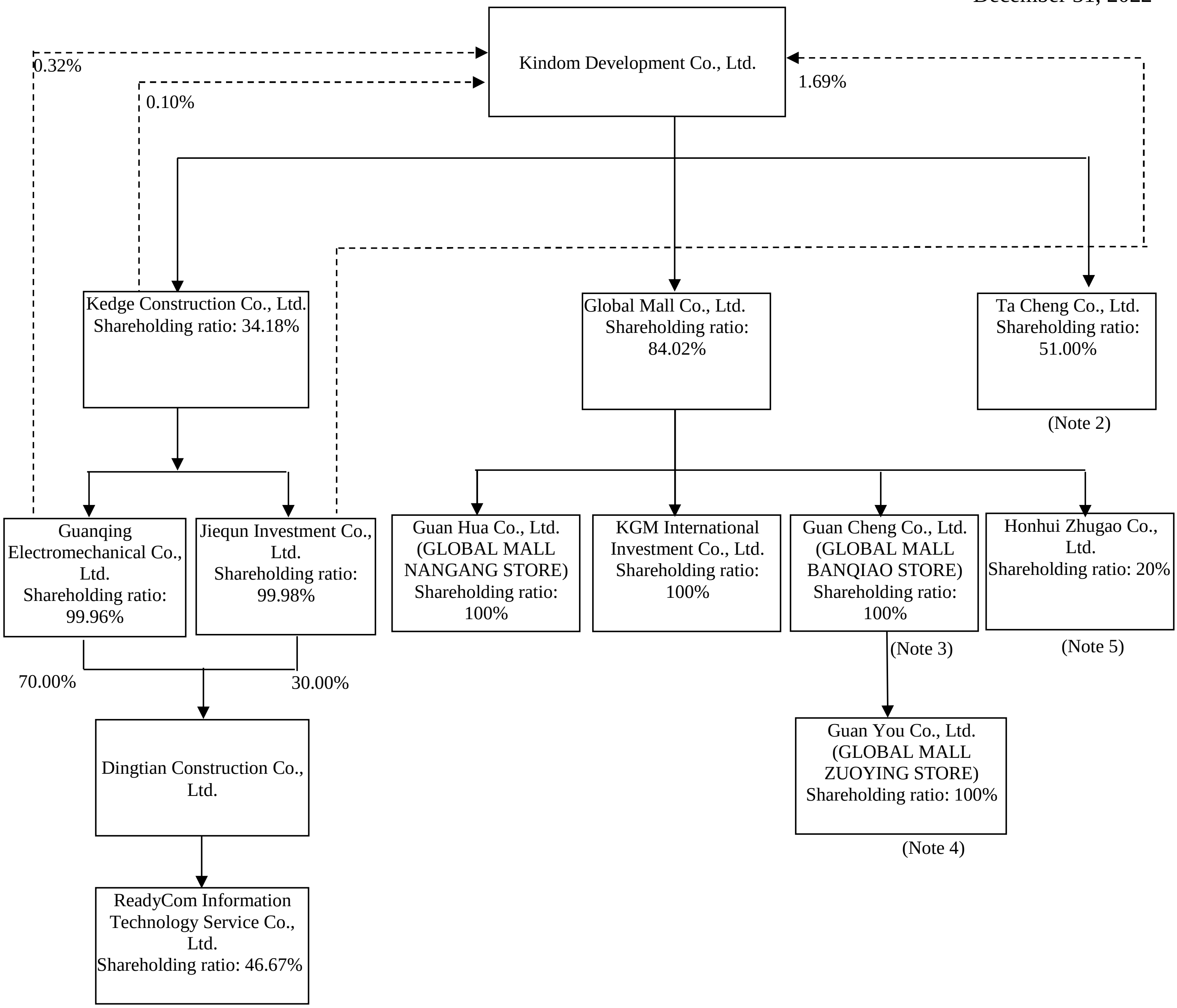
VII. Other important matters: None.

Chapter 8 Special Disclosure

I. Information of Affiliated Companies:

(I) Organization Chart of Related Companies (Note 1):

December 31, 2022



Note 1: In accordance with Article 369-2 of the Company Act, it is presumed that a company holding the majority of the total number of the outstanding voting shares or the total amount of the capital stock of another company is considered the controlling company, while the other company is considered a subordinate company.

Note 2: The Consolidated Company, Clevo Co. and Huatai Investment Co., Ltd. jointly participated in Taipei Station Special Area E1E2 Street Public Urban Regeneration Project, and Tua Tiann Co., Ltd. was established in August, 2022 in accordance with the terms of the joint venture agreement.

Note 3: In order to meet the Group's operational requirements, the Company sold 51% of stock equity in Guan Cheng Co., Ltd. to Global Mall Co., Ltd. in June 2022.

Note 4: In order to meet the Group's operational requirements, Global Mall Co., Ltd. sold 3.7% of stock equity in Guan You Co., Ltd. to Guan Cheng Co., Ltd. in April 2022.

Note 5: Global Mall acquired 20% stock equity of Hon Hui Zhu Gao Co., Ltd. in cash of NT$ 100,000,000 in December 2022.

(II) Basic information of affiliated companies:

December 31, 2022 (Unit: NT$ 1,000)

Company name	Date of incorporation	Address	Paid-in capital	Principal business
Kindom Development Co., Ltd.	1979.11	2F., No. 131, Sec. 3, Heping E. Rd., Da'an Dist., Taipei City 106, Taiwan (R.O.C.)	5,541,701	1.Housing and building development, lease and sale. 2.Investment in public construction. 3.Section acquisition and rezoning of municipal land. 4.Sale of immovable property. 5.Lease of immovable property.
Kedge Construction Co., Ltd.	1982.04	6F., No. 131, Sec. 3, Heping E. Rd., Da'an Dist., Taipei City 106, Taiwan (R.O.C.)	1,166,392	comprehensive construction etc.
Guanqing Electromechanical Co., Ltd.	1997.12	3F, No.131, Sec. 3, Heping East Rd, Taipei City (R.O.C.)	77,500	electrical equipment installation and fire safety equipment installation, etc.
Jiequn Investment Co., Ltd.	1998.01	3F, No.131, Sec. 3, Heping East Rd, Taipei City (R.O.C.)	164,000	general investment etc.
Dingtian Construction Co., Ltd.	1983.07	8F., No. 131, Sec. 3, Heping E. Rd., Da'an Dist., Taipei City 106, Taiwan (R.O.C.)	23,000	comprehensive construction etc.
ReadyCom Information Technology Service Co., Ltd.	2008.05	6F.-1, No. 207, Dunhua N. Rd., Songshan Dist., Taipei City 105, Taiwan (R.O.C.)	30,000	information, software services and management consulting etc.
Global Mall Co., Ltd.	2002.11	8F., No. 131, Sec. 3, Heping E. Rd., Da'an Dist., Taipei City 106, Taiwan (R.O.C.)	3,810,000	Supermarket, department store, international trade, wholesale and retails of medical equipment, etc.
Guan Cheng Co., Ltd. (GLOBAL MALL BANQIAO STORE)	2009.03	-1F, 1F, 2F, 24F and 25F, No. 7, Sec. 2, Xianmin Blvd., Banqiao Dist., New Taipei City 220, Taiwan (R.O.C.)	200,000	Department stores, supermarkets and retail without stores, etc.

Company name	Date of incorporation	Address	Paid-in capital	Principal business
Guan You Co., Ltd. (GLOBAL MALL ZUOYING STORE)	2011.10	F24, No. 7, Sec. 2, Xianmin Blvd., Banqiao Dist., New Taipei City 220, Taiwan (R.O.C.)	135,000	Department stores, supermarkets and retail without stores, etc.
Guan Hua Co., Ltd. (GLOBAL MALL NANGANG STORE)	2015.07	8F., No. 131, Sec. 3, Heping E. Rd., Da'an Dist., Taipei City 106, Taiwan (R.O.C.)	140,000	Department stores, supermarkets and retail without stores, etc.
KGM International Investment Co., Ltd.	2011.10	Unit 1502,15/F,Jubilee Centre,46 GloucesterRoad,Wan Chai,Hong Kong	9,339	Overall planning for investment in and operation of shopping malls in mainland China, supporting project consulting, shopping mall rental planning and consulting, etc.
Ta Cheng Co., Ltd.	2022.08	8F., No. 131, Sec. 3, Heping E. Rd., Da'an Dist., Taipei City 106, Taiwan (R.O.C.)	2,000,000	Department stores, supermarkets and retail without stores, etc.
Honhui Zhugao Co., Ltd.	2022.12	37F, No. 555, Siyuan Rd., Changping Village, Xinzhuang Dist., New Taipei City 242, Taiwan (R.O.C.)	500,000	Housing and building development, lease and sale, department store, and supermarket

(III) Information of shareholders determined to be in controlling and subordinating relations with the Company:

Unit: NT$ 1,000

Presumed reason	Name	Shareholding		Date of incorporation	Address	Paid-in capital	Principal business
		Number of shares	Shareholding ratio				
None							

(IV) Industries covered by business of affiliates:

1. Generally, the business of affiliates is dominated by housing and building development, lease and sale, comprehensive construction and shopping center.
2. Most construction projects of Kindom Development Co., Ltd. are undertaken by Kedge Construction Co., Ltd. and Dingtian construction Co., Ltd.

(V) Information on directors, supervisors and general managers of the affiliates:

December 31, 2023 (unit: NT$ 1,000; shares thousand; %)

Company name	Title	Name or representative	Number of Shares Held/Capital Contribution	
			Number of shares/capital contribution	Shareholding/capital contribution ratio
Kindom Development Co., Ltd.	Chairman	Yu-De Investment Co. Legal representative: Mike Ma	105,935 10,809	19.12% 1.95%
	Director	Legal representative of Yu-De Investment Co., Ltd.: Mei-Chu Liu	105,935 66,306	19.12% 11.96%
	Director and General Manager	Yu-De Investment Co., Ltd. Legal representative: Chen-Tan Ho	105,935 -	19.12% -
	Director	Yu-De Investment Co., Ltd. Legal representative: Sui-Chang Liang	105,935 -	19.12% -
	Director and General Manager	Yu-De Investment Co., Ltd. Legal representative: Ching-Chin Hung	105,935 -	19.12% -
	Director and Vice General Manager	Yu-De Investment Co., Ltd. Legal representative: Sheng-An Chang	105,935 9	19.12% -
	Independent Director	Shen-Yu Kung	-	-
	Independent Director	Hung-Chin Huang	-	-
	Independent Director	Kuo-Feng Lin	-	-
Kedge Construction Co., Ltd.	Chairman	Legal representative of Kindom Development Co., Ltd.: Ai-Wei Yuan	36,248 -	34.18% -
	Director	Legal representative of Kindom Development Co., Ltd.: Mike Ma	39,873 2,014	34.18% 1.73%
	Director	Legal representative of Kindom Development Co., Ltd.: Mei-Chu Liu	39,873 3,107	34.18% 2.66%
	Director	Legal representative of Kindom Development Co., Ltd.: Ching-Sung Tseng	39,873 -	34.18% -
	Director and General Manager	Legal representative of Kindom Development Co., Ltd.: Yi-Fang, Huang	39,873 -	34.18% -
	Director and General Manager	Legal representative of Kindom Development Co., Ltd.: Shih-Hsuan Chou	39,873 81	34.18% 0.07%

Company name	Title	Name or representative	Number of Shares Held/Capital Contribution	
			Number of shares/capital contribution	Shareholding/capital contribution ratio
	Independent Director	Shen-Yu Kung	-	-
	Independent Director	Hung-Chin Huang	-	-
	Independent Director	Kuo-Feng Lin	-	-
Guanqing Electromechanical Co., Ltd.	Chairman	Legal representative of Kedge Construction Co., Ltd.: Chin-Hua Fan	7,747 -	99.96% -
	Director	Legal representative of Kedge Construction Co., Ltd.: Mike Ma	7,747 -	99.96% -
	Director	Legal representative of Kedge Construction Co., Ltd.: Jung-Tai Chen	7,747 -	99.96% -
	Director	Legal representative of Kedge Construction Co., Ltd.: Qian-Fang, Hwang	7,747 -	99.96% -
	Director	Legal representative of Kedge Construction Co., Ltd.: Shu-Lian, Chang	7,747 -	99.96% -
	Supervisor	Ming-Nai Ma	-	-
Global Mall Co., Ltd.	Chairman	Legal representative of Kindom Development Co., Ltd.: Mike Ma	320,105 -	84.02% -
	Director	Legal representative of Kindom Development Co., Ltd.: Chin-Hua Fan	320,105 -	84.02% -
	Director	Legal representative of Kindom Development Co., Ltd.: Chun-Ming Chen	320,105 -	84.02% -
	Director	Legal representative of Kindom Development Co., Ltd.: Ching-Yuan Lin	320,105 -	84.02% -
	Director	Legal representative of Kindom Development Co., Ltd.: Yun-Chih Tao	320,105 -	84.02% -
	Director	Legal representative of Kindom Development Co., Ltd.: Jie-Ting Liu	320,105 -	84.02% -
	Director	Legal representative of Qilu Enterprise Co., Ltd.: Chang-Jung Huang	54,095 -	14.20% -
	Supervisor	Jung-Tai Chen	-	-
	Supervisor	Qiyang Development Co., Ltd. Legal representative: Kuo-Ping	(Note) -	- -

Company name	Title	Name or representative	Number of Shares Held/Capital Contribution	
			Number of shares/capital contribution	Shareholding/capital contribution ratio
		Chen		

Note：Holding 100 shares.

Company name	Title	Name or representative	Number of Shares Held/Capital Contribution	
			Number of shares/capital contribution	Shareholding/capital contribution ratio
Jiequn Investment Co., Ltd.	Chairman	Legal representative of Kedge Construction Co., Ltd.: Shu-Yuan Lin	16,396 -	99.98% -
	Director	Legal representative of Kedge Construction Co., Ltd.: Mike Ma	16,396 -	99.98% -
	Director	Legal representative of Kedge Construction Co., Ltd.: Ming-Nai Ma	16,396 -	99.98% -
	Director	Legal representative of Kedge Construction Co., Ltd.: Chun-Ming Chen	16,396 -	99.98% -
	Director	Legal representative of Kedge Construction Co., Ltd.: Wen-Yen Lin (Note 1)	16,396 -	99.98% -
	Supervisor	Ko-Hou Kuo	-	-
	Supervisor	Wen-Hsiung Chou	-	-
Dingtian Construction Co., Ltd.	Chairman	Guanqing Electromechanical Co., Ltd. Legal representative: Shih-Hsuan Chou	1,610 -	70.00% -
ReadyCom Information Technology Service Co., Ltd.	Chairman	Yu-Chang Li	-	-
	Director	Ming-Nai Ma	-	-
	Director	Ta-Lung Ho	-	-
	Supervisor	Dingtian Construction Co., Ltd. Legal representative: Shau-Ling Ma	1,400 -	46.67% -
Guan Cheng Co., Ltd. (GLOBAL MALL BANQIAO STORE)	Chairman	Global Mall Co., Ltd. Legal representative: Yi-Hwa Chen	20,000 -	100% -
	Supervisor	Legal representative of Global Mall Co., Ltd.: Shu-Yuan Lin	20,000 -	100% -
Guan You Co., Ltd.	Chairman	Legal representative of Guan Cheng Co., Ltd. (GLOBAL	13,500 -	100% -

Company name	Title	Name or representative	Number of Shares Held/Capital Contribution	
			Number of shares/capital contribution	Shareholding/capital contribution ratio
(GLOBAL MALL ZUOYING STORE)		MALL BANQIAO STORE): Yi-Hwa Chen		
	Supervisor	Legal representative of Guan Cheng Co., Ltd. (GLOBAL MALL BANQIAO STORE): Po-Chen Chiang Fan	13,500 -	100% -
Guan Hua Co., Ltd. (GLOBAL MALL NANGANG STORE)	Chairman	Global Mall Co., Ltd. Legal representative: Yi-Hwa Chen	14,000 -	100% -
	Supervisor	Global Mall Co., Ltd. Legal representative: Shu-Lian, Chang	14,000 -	100% -
KGM International Investment Co., Ltd.	Director	Global Mall Co., Ltd. Legal representative: Mike Ma	9,339(Note 2) -	100% -
	Director	Ta-Sung Liu	-	-

Note 1:Wen-Yen Lin, legal director representative of Jiequn Investment Co., Ltd. resigned on February 25, 2022, and the vacancy of his position is to be filled.

Note 2:The amount represents the capital contribution.

Company name	Title	Name or representative	Number of Shares Held/Capital Contribution	
			Number of shares/capital contribution	Shareholding/capital contribution ratio
Ta Cheng Co., Ltd.	Chairman	Huatai Investment Co., Ltd. Legal representative: Kun-Tai Hsu	49,000 -	24.5% -
	Director	Kindom Development Co., Ltd. Legal representative: Ching-Sung Tseng	102,000 -	51% -
	Director	Kindom Development Co., Ltd. Legal representative: Ching-Yuan Lin	102,000 -	51% -
	Supervisor	Clevo Co. Legal representative: Mai Wu	49,000 -	24.5% -
Honhui Zhugao Co., Ltd.	Chairman	Honhui Co., Ltd. Legal representative: Kun-Tai Hsu	40,000 -	80% -
	Director	Honhui Co., Ltd. Legal representative: Yueh-Yuan Hsu	40,000 -	80% -
	Director	Global Mall Co., Ltd. Legal representative: Shih-Hsuan Chou	10,000 -	20% -
	Supervisor	Kun-Yuan Hsu	-	-
	Supervisor	Po-Chen Chiang Fan	-	-

(VI) An overview of the operations of each affiliate

December 31, 2022 (Unit: NT$ 1,000) (except for earnings per share)

Company name	Capital	Total assets	Total liabilities	Net	Operating revenue	Operating (losses) profits	Gain or loss in current period (After tax)	Earnings per share (NT$) (After tax)
Kindom Development Co., Ltd.	5,541,701	39,085,228	20,568,749	18,516,479	7,664,805	2,177,814	2,333,896	4.31
Kedge Construction Co., Ltd.	1,166,392	11,798,692	7,612,261	4,186,431	14,204,563	1,282,072	1,047,936	8.98
Guanqing Electromechanical Co., Ltd.	77,500	287,790	59,168	228,622	68,183	2,167	(759)	(0.10)
Jiequn Investment Co., Ltd.	164,000	436,944	2,117	434,827	16,818	16,277	14,466	0.88
Dingtian Construction Co., Ltd.	23,000	126,806	79,026	47,780	125,479	566	(293)	(Note 1)
ReadyCom Information Technology Service Co., Ltd.	30,000	40,557	9,717	30,840	24,331	3	-	-
Global Mall Co., Ltd.	3,810,000	10,669,486	5,330,661	5,338,826	1,087,627	332,829	416,077	1.09
Guan Cheng Co., Ltd. (GLOBAL MALL BANQIAO STORE)	200,000	1,220,958	855,108	365,850	326,475	137,648	116,761	5.84
Guan You Co., Ltd. (GLOBAL MALL ZUOYING STORE)	135,000	172,523	80,506	92,017	40,440	(10,876)	(10,545)	(0.78)
Guan Hua Co., Ltd. (GLOBAL MALL NANGANG STORE)	140,000	729,892	583,126	146,766	104,398	13,977	5,871	0.42
KGM International Investment Co., Ltd.	9,339	1,800	0	1,800	-	(178)	(167)	(Note 1)
Tua Tiann Co., Ltd. (Note 2)	2,000,000	2,004,553	1,080	2,003,473	-	(695)	3,473	0.02
Honhui Zhugao Co., Ltd. (Note 3)	100,000	499,875	100	499,775	-	(225)	(225)	(Note 4)

Note 1: It is a limited liability company.

Note 2: The Consolidated Company, Clevo Co. and Huatai Investment Co., Ltd. jointly participated in Taipei Station Special Area E1E2 Street Public Urban Regeneration Project, and Tua Tiann Co., Ltd. was established in August, 2022 in accordance with the terms of the joint venture agreement.

Note 3: Global Mall acquired 20% stock equity of Hon Hui Zhu Gao Co., Ltd. in cash of NT$ 100,000,000 in December 2022.

Note 4: It was newly established in December 2022, and the self-prepared financial statements have not been audited by CPAs.

(VII) Consolidated financial statements of related companies: The same as the Company's consolidated financial statements, so there is no need to repeat the preparation work.

(VIII)Related Company Report

Statement of Declaration

It is hereby declared that the Company's 2022 Affiliation Report (from January 1, 2022 to December 31, 2022) has been prepared in accordance with the Criteria Governing Preparation of Affiliation Reports, Consolidated Business Reports and Consolidated Financial Statements of Affiliated Enterprises. No material inconsistency has been found between the information disclosed and the relevant information disclosed in the notes to the financial statements for the aforementioned period.

Hereby declared,

Company name: Kindom Development Co., Ltd.

Chairman: Mike Ma

Date: March 14, 2023

Kindom Development Co., Ltd.

1. Organizational chart of related companies

Yu-De Investment Co.

↓ 19.12%

Kindom Development Co.,

2. Summary of relations between subsidiaries and controlling companies:

December 31, 2022 (Unit: Shares; %)

Name of controlling company	Reason	Shareholding and share pledge of controlling company			Directors, Supervisor or managers appointed by the controlling company	
		No. of shares held	Shareholding ratio	Number of shares subject to pledge	Title	Name
Yu-De Investment Co.	Directors in the Company appointed by the controlling company	105,935,137	19.12%	-	Chairman	Mike Ma
					Director	Mei-Chu Liu
					Director	Chen-Tan Ho
					Director	Sui-Chang Liang
					Director and General Manager	Ching-Chin Hung
					Director and Vice General Manager	Sheng-An Chang

3. Transactions:
   (1) Purchase and sale of goods: None.
   (2) Property transaction: None.
   (3) Capital financing: None.
   (4) Asset leasing: None.
   (5) Other significant transactions: None.
4. Endorsement and guarantee: None.
5. Other Matters with a Significant Effect on Finances and Business: None.
6. Private placement of securities in the most recent year as of the date of this Annual Report: None.
7. Holding or disposal of the Company's stocks by a subsidiary in the most recent year as of the date of this Annual Report: None.
8. Other Necessary Supplements: None.
9. Events of significant impact on shareholders' equity or on prices of securities as specified under Subparagraph 2, Paragraph 2 of Article 36 of the Securities and Exchange Act in the Most Recent Year as of the Date of this Annual Report: None.

II. Private placement of securities in the most recent year as of the date of this Annual Report: None.

III. Holding or disposal of the Company's stocks by a subsidiary in the most recent year as of the date of this Annual Report:

March 31, 2023 (Unit: NT$ 1,000; shares; %)

Subsidiary name (Note 1)	Paid-in capital	Capital source	The Company's shareholding ratio	Date of acquisition or disposal	Number and amount of shares acquired (Note 2)	Number and amount of shares disposed (Note 2)	Gain (loss) from investment	Number and amount of shares held as of the end of the year or the publication date of the prospectus (Note 3)	Pledges	Endorsed amount for the subsidiary	Amount loaned to the subsidiary
Guanqing Electromechanical Co., Ltd.	77,500	Cash	34.17%	2022	- Shares - NT$ 1,000	- Shares - NT$ 1,000	-	1,767,700 shares NT$51,617,000	None	-	-
				The current year as of the date of this Annual Report	- Shares - NT$ 1,000	- Shares - NT$ 1,000	-	1,767,700 shares NT$53,031,000	None	-	-
Kedge Construction Co., Ltd.	1,166,392	Cash	34.18%	2022	- Shares - NT$ 1,000	- Shares - NT$ 1,000	-	550,000 shares NT$16,060,000	None	-	-
				The current year as of the date of this Annual Report	- Shares - NT$ 1,000	- Shares - NT$ 1,000	-	550,000 shares NT$16,500,000	None	-	-
Jiequn Investment Co., Ltd.	164,000	Cash	34.17%	2022	- Shares - NT$ 1,000	- Shares - NT$ 1,000	-	9,373,084 shares NT$273,694,000	None	-	-
				The current year as of the date of this Annual Report	- Shares - NT$ 1,000	- Shares - NT$ 1,000	-	9,373,084 shares NT$281,193,000	None	-	-

Note 1: Please list separately according to the category of the subsidiary.

Note 2: The amount herein refers to the amount actually received or disposed.

Note 3: Holding and disposal shall be listed separately, including the final adjustment upon evaluation.

IV. Other Necessary Supplements: None.

Chapter 9 Events of Significant Impact on Shareholders' Equity or Securities Prices in the most recent year as of the date of this Annual Report: None.