Stock Code 2524

King's Town Construction Co., Ltd.

2023Annual Shareholders' Meeting . Meeting Handbook

Date: June 28, 2023
Venue: No. 366, Minghua Rd., Gushan Dist., Kaohsiung City (2/F, H2O Hotel)

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King's Town Construction Co., Ltd.

Agenda for the 2023 Annual Shareholders' Meeting

Time: 9: 00 a.m., Wednesday, June 28, 2022

Location: No. 366, Minghua Road, Gushan District, Kaohsiung City
(2/F, H2O Hotel)

Convening Method: Physical Shareholders' Meeting

I. Call the Meeting to Order (Report Number of Shares Present at the Meeting)

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Announcements

I. 2022 Business Report

Explanatory Note: For the Company's 2022 Business Report and Summary of the 2023 Business Plan, please refer to Attachment I on page 12 of this handbook.

II. Audit Committee's Review on the 2022 Financial Statements

Explanatory Note: For the Audit Committee's Review on the 2022 Financial Statements, please refer to Attachment II on page 18 of this handbook.

III. 2022 Employee and Director Remuneration Distribution Report

Explanatory Note:

(I) In accordance with the provisions of Article 25 of the Company's Articles of Incorporation and related regulations.

(II) The remuneration to employees is NTD11,713,879 and no remuneration to directors is paid.

(III) The employee compensation distribution of NTD11,713,879 was made by issuing new shares. The number of shares issued was calculated based on the closing price of NTD32.25 on March 29, the day ahead the Board of Directors resolved to issue new shares (March 28). 363,221 shares were issued, and the employee compensation of NTD**2** for each share was paid in cash.

IV. Report on Donations to Related Parties

Explanatory Note:

(I) The Company and SanDi Properties Co., Ltd. jointly invested in the construction of the Tainan Rende Smart Technology Park, located at 87 plots of land, including Land No. 820 in the northern section of kanjiao, Rende District, Tainan City. The progress of the development project has been affected by the unopened planned road (No. 4-11-12M) in front. Therefore, we have coordinated with the Tainan City Government to acquire the land for the road, and the funding for the land acquisition will be donated jointly by the participants of this investment project to the Tainan City Government, in order to facilitate the advancement of this development project.

(II) According to the "Document Fu-Gong-Xin-III-Zi No. 1120083935 issued by the Tainan City Government", the total funds obtained for land use are approximately NTD124,800 thousand (the actual amount will be discussed and resolved by the Tainan City Government Land Price Appraisal Committee).

(III) The funding for acquiring the aforementioned road land will be jointly contributed based on the land ownership ratio of this development project. The Company's donation amount is NTD62,400 thousand, and the donation installments will be separately agreed upon according to the municipal government's operational schedule.

V. Report on Sixth Repurchase of the Company's Shares

Explanatory Note:

(I) According to Article 28-2 of the Securities and Exchange Act, the Company repurchased 5,000,000 shares of the Company’s registered ordinary shares according to the resolution of the Board of Directors on July 8, 2022.

(II) The main contents of the shares repurchased are as follows:

1. Purpose of shares repurchased: To maintain company credibility and protect shareholders' interests.
2. Type of shares repurchased: Registered ordinary shares of the Company.
3. Number of shares repurchased: The number of shares repurchased this time is 3,244,000 shares, accounting for 0.87% of the total number of shares issued by the Company at that time.
4. Total amount of shares repurchased: NTD120,335,191.
5. Repurchase Period: July 11, 2022 to September 7, 2022.
6. Repurchase Price: The average price of the shares repurchased by the Company this time is NTD 37.09.
7. Impact Assessment: The total number of shares repurchased this time accounts for 0.87% of the total issued shares of the Company at that time, and the total amount of repurchased shares only accounts for 0.35% of the Company's current assets at the end of March 2023. The repurchased shares have taken into account the Company's financial situation and do not affect the maintenance of the Company's capital.
8. The repurchase of the Company’s shares this time was approved by the Ministry of Economic Affairs and completed the cancellation of shares on November 25, 2022.

Proposals

Item 1, Subject: Proposal of 2022 Business Report and Financial Statements.
(Proposed by Board of Directors)

Explanatory Note:

(I) The Company's 2022 Consolidated and Parent-Company Only Financial Statements: The balance sheet, statement of comprehensive income, statement of changes in equity and statement of cash flows were approved by the board of directors and audited by Chang, Jui-Ling, and Jackson Jwo, Certified Public Accountants/CPA, and a written audit report was issued and submitted to the Audit Committee for review and approval, together with the Business Report.

(II) For the 2022 Business Report, Certified Public Accountant / CPA's Audit Report, and the aforementioned financial statements, please refer to the Attachment I on page 12, Attachment III on page 19 and Attachment IV on page 29.

Resolution:

Item 2, Subject: Proposal of 2022 Earnings Distribution.
(Proposed by Board of Directors)

Explanatory Note:

(I) On March 29, 2023, the Board of Directors resolved not to distribute the Company's 2022 earnings, which were announced on the Market Observation Post System (MOPS).

(II) Please refer to the table below for 2022 Earnings Distribution.

King's Town Construction Co., Ltd.

Table of 2022 Earnings Distribution.

(Unit: NTD)

Item	Amount	
	Subtotal	Total
Unappropriated earnings at the beginning of the period		**10,926,076,386**
Net profit after tax in the current period	**1,009,674,105**	
Other comprehensive income, before tax, actuarial gains on defined benefit plans	**309,129**	
Incomes tax expense (gain) related to titles not subject to reclassification	**(61,826)**	
Total comprehensive income		**1,009,921,408**
Cancellation of treasury stock debited to retained earnings		**(59,849,636)**
Allowance items		
Legal reserve appropriated		**(100,992,141)**
Distributable earnings		**11,775,156,017**
Distribution items		
Distribution of cash dividends	**0**	**NTD0 per share**
Distribution of stock dividends	**0**	**NTD0 per share**
Total distribution items		**0**
Unappropriated earnings at the end of the period		**11,775,156,017**

Responsible person: Manager: Accounting Officer:

Resolution:

Discussions and Elections

Item 1, Proposal: Signing of a Construction Contract with the Related Party
(Proposed by Board of Directors)

Explanatory Note:

(I) The Company has signed construction contracts for three projects, including Land No. 191, Longzhong Section, Gushan District, Kaohsiung City, Land No. 879, Yuguang Section, Anping District, Tainan City, and Land No. 698-1, Fuhe Section, Lingya District, Kaohsiung City, with related parties of the Company, Baohong Construction Co., Ltd. and Chieh Chih Construction Co., Ltd.

(II) According to Article 15, Paragraphs 1 and 5 of the "Regulations Governing the Acquisition and Disposal of Assets by Public Companies" (hereinafter referred to as the "Regulations Governing the Acquisition and Disposal"), the following descriptions are submitted to the Board of Directors:

1. The purpose, necessity and anticipated benefit of the acquisition of assets：
   (1) Purpose: For the construction of residential buildings located at Land No. 191, Longzhong Section, Gushan District, Kaohsiung City, Land No. 879, Yuguang Section, Anping District, Tainan City, and Land No. 698-1, Fuhe Section, Lingya District, Kaohsiung City, construction contracts will be signed with Baihong Construction Co., Ltd. and Chieh Chih Construction Co., Ltd.
   (2) Necessity: To generate additional operating revenue and profit through the completion and sale of residential buildings.
   (3) Anticipated benefit : The reasonable contracting price has been evaluated and the construction contracts have been signed, which can effectively control cost expenditures.
2. The reasons for selecting the related party as the trading counterpart：

   To effectively control construction progress and ensure quality, and complete it on schedule.

3. In order to obtain the real estate or the right-of-use assets from the related parties, relevant information for evaluating the reasonableness of the proposed transaction terms in accordance with Articles 16 and 17 under the Regulations Governing the Acquisition and Disposal：

   Not applicable for this case.

4. The date and price at which the related party originally acquired the property, information of the trading counterpart, and its relation to the Company and the related party and any other relevant information.

   (1) Date and price at which the related party originally acquired the property: not applicable.

   (2) The trading counterpart, and its relation to the Company and the related party: Baihong Construction Co., Ltd., Chieh Chih Construction Co., Ltd., and the Company's affiliated enterprises.

5. Monthly cash flow forecasts for the year commencing from the anticipated month of signing of the contract, and evaluation of the necessity of the transaction, and reasonableness of the funds utilization.

   Monthly cash flow forecasts for the year commencing from the anticipated month of signing of the contract, please refer to the Attachment V on page 39. The establishment of this contract is deemed necessary for the construction and sale of residential buildings, and the utilization of funds is not deemed unreasonable.

6. An appraisal report from a professional appraiser or a CPA's opinion obtained in compliance with in accordance with Article 14 under the Regulations Governing the Acquisition and Disposal：

   The valuation report issued by a professional appraiser for the construction project of residential building at Land No. 698-1, Fuhe Section, Lingya District, Kaohsiung City. According to the report issued by Li Fu-shan, a real estate appraiser at Zhongcheng Real Estate Appraiser's Office, the reasonable estimated amount of construction cost for the building in this project is NTD4,875,178,420, approximately NTD217,000 per ping.

7. Restrictive covenants and other important stipulations associated with the transaction：

   a. The construction project of Land No. 191, Longzhong Section, Gushan District, Kaohsiung City is undertaken by Baihong Construction Co., Ltd.

(1) Total Contract Price: NTD4,493,200 thousand (including taxes).
(2) Project Overview: The construction area is 22,466 ping with a 33-story above-ground and 6-story underground structure.
(3) Contract Unit Price: NTD200 thousand.
(4) Construction Purpose: For commercial sales.

b. The construction project of Land No. 879, Yuguang Section, Anping District, Tainan City is undertaken by Baihong Construction Co., Ltd.

(1) Total Contract Price: NTD1,377,360 thousand (including taxes).
(2) Project Overview: The construction area is 7,652 ping with a 20-story above-ground and 5-story underground structure.
(3) Contract Unit Price: NTD180 thousand.
(4) Construction Purpose: For commercial sales.

c. The construction project of Land No. 698-1, Fuhe Section, Lingya District, Kaohsiung City is undertaken by Chieh Chih Construction Co., Ltd.

(1) Total Contract Price: NTD4,493,200 thousand (including taxes).
(2) Project Overview: The construction area is 22,466 ping with a 33-story above-ground and 6-story underground structure.
(3) Contract Unit Price: NTD200 thousand.
(4) Construction Purpose: For commercial sales.

8. This proposal has been approved by the Audit Committee and resolved by the Board of Directors in accordance with Article 15, Paragraph 4 of the Regulations Governing the Acquisition and Disposal.

Resolution:

Item 2, Proposal: Comprehensive Director Election (Proposed by Board of Directors)

Explanatory Note:

(I) The term of the current director of the Company expires on June 23, 2023, and we will coincide with this annual shareholders' meeting to conduct a comprehensive election.

(II) According to Article 16 of the Company's articles of association, the election of directors adopts a candidate nomination system. There are 8 directors (including 4 independent directors) to be elected this time. Please refer to Attachment VI on page 40 of this handbook for the list of director candidates.

(III) The term of the newly appointed directors and independent directors is three years, starting from June 28, 2023 and ending on June 27, 2026. The term of the original directors shall expire upon the completion of this annual shareholders' meeting.

(IV) For the Rules for Election of Directors, please refer to Appendix III on page 57 of this handbook.

Election Results :

Item 3, Proposal: Lifting the Non-Competition Restriction on Newly Appointed Directors and Their Representatives (Proposed by Board of Directors)

Explanatory Note:

(I) According to Article 209 of Company Act, a director who does anything for himself or on behalf of another person that is within the scope of the company's business, shall explain to the meeting of shareholders the essential contents of such an act and secure its approval.

(II) In order to leverage the expertise and relevant experience of the Company's directors, we propose to request the approval from the annual shareholders' meeting to lift the non-competition restrictions on directors and their representatives elected at the 2023 annual shareholders' meeting.

(III) The details of the proposed lifting of non-competition restrictions on the newly appointed directors are as follows:

Name	Holding Concurrent Positions
Tianye Investment Co., Ltd. Representative: Tsai, Tien-Tsan	CGS International, Inc. Director King's Town Construction Co., Ltd. Chairman (Legal Representative), Baohong Construction Co., Ltd. Supervisor
Tianye Investment Co., Ltd. Representative: Meiyun S. Tsai	CGS International, Inc. Chairman, Fugao Investment Limited Co. Director
Tianye Investment Co., Ltd. Representative: Li, Shih-Hsiung	Chieh Chih Construction Co., Ltd. Director(Legal Representative)
Tianye Investment Co., Ltd. Representative: Chen, Chin-Hsing	Kingtown & Construction Co., Ltd. Director, Nanjing Construction Co., Ltd. Director(Legal Representative), Tianye Investment Co., Ltd. Director, Xinrui Investment Co., Ltd. Director
Tianye Investment Co., Ltd.	King's Town Construction Co., Ltd. Supervisor

Resolution:

Extempore Motions

Adjournment

Chapter 3
Attachments
Attachment 1: 2022 Business Report and Summary of 2023 Business Plan

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

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

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

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

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

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

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

I. 2022 Operation Result:

(I) Implementation Results of 2022 Business Plan:

The operating revenue of the Company in the consolidated statement for the year 2022 was NTD3,384,130 thousand, representing a decrease of NTD3,273,114 thousand as compared with the net operating income of NTD6,657,244 thousand in 2021, a net profit before tax of NTD1,159,679 thousand, and a net profit before tax rate of 34.27%.

(II) Implementation of forecast:

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

(III) Financial Position and Profitability Analysis:

Unit: NTD thousand

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

1. Financial receipts and expenditures
   Due to the purchases of operating land, road land, and investment in ongoing construction projects in 2022, there is a increase in the amount of inventory, net cash outflow from operating activities of NTD610,893 thousand, net cash outflow from investing activities of NTD30,012 thousand, net cash inflow from financing activities of NTD176,224 thousand, total debt ratio decreased from 52.57% in 2021 to 50.73% in 2022. The interest expense amounted to NT 230,847 thousand in 2022, a decrease of NTD44,268 thousand (+23.73%) compared to NTD186,579 thousand in 2021, mainly due to the increase in borrowing and rising interest rates.
2. Profitability Analysis:
   The operating profit for the year 2022 was NTD1,380,421 thousand, the ratio of operating income to paid-in capital was 37.40%, representing a decrease of NTD693,534 thousand compared to NTD2,073,955 thousand in 2021; net profit after tax was NTD1,009,674 thousand, representing a net income margin of 29.83%, representing an decrease of NTD677,735 thousand compared to NTD1,687,409 thousand in 2021; the return on assets decreased by 37.52% compared to 2021, and the return on shareholders' equity decreased by 44.85% compared to 2021.

(IV) Research and Development:

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

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

II. Outline of 2022 Business Plan:

(I) Operating Guidelines:

1. The main business policy is to maintain a stable project size and carefully select land for sales.
2. Improving the gross profit of individual cases and enhancing overall competitiveness has always been an important direction of the Company.
3. Based on the Company's mission to a city, houses built should be

integrated with the city to show the spirit of the city.

4. Increase sales of products to expand operating revenue.

(II) Sales Volume Forecast and Basis:

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

Project Name	Land No.	Total Sales Amount (Thousand NTD)	Sales Area(Ping)	Total Number of Households	Completion Date
Fu+(Forest Fragrance)	Land No. 163.163-1.321.164.320, Xindu Section, Sanmin District, Kaohsiung City	3,520,765	8,801.91	133	112/6/15
Total		3,520,765	8,801.91	133	

(III) Key Production and Distribution Policy:

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

III. Future Development Strategies:

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

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

(III) Focusing on the demand of Tainan factory offices, the Company will develop the Tainan Smart Technology Park.

IV. Effect of external competition, the legal environment, and the overall business environment:

(I) Impacts from External Competition

The Company's main project area is the Greater Kaohsiung area, and most of the external competitors are small and medium-sized builders, and the Company has the advantage of leading the market price and product direction in the main project area, so the external competitive environment has little impact on the Company.

(II) Impact of Regulatory Environment

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

(III) Impact of overall operation environment

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

In 2023, the Company has completed the sales of the "Fu+" project (Land No. 163.163-1.321.164.320, Xindu Section, Sanmin District, Kaohsiung City, with a total sales amount of NTD3,520,765 thousand, 133 households).

The Company's revenue from January to April was NTD1,369,375 thousand, which was 32.45% less than the same period last year. This was mainly due to the fact that the Company currently has more inventories of big size houses. The majority of the mainstream products in the market are in short supply, and the market sentiment is sluggish. Although the Company completed one project in 2023, the small number of sold households did not make a significant contribution. It still depends on the Company's disposal of remaining properties, which will be included in the completed projects in 2023. There are 10 online sales projects, which are the main source of operating revenue in 2023. It is expected that the real estate market will enter a relatively long consolidation period in 2023 under the shadow of the government's continued suppression of the housing market, the presidential election, the increasing interest burden and inflation. Only when the market gradually regains confidence, the international economic situation improves, interest rates stop rising, and domestic elections have already been decided, will the real estate market recover a more optimistic trend in the future.

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

We wish you all good fortune and health.
Good health, good luck.

Chairman and General Manager: Tsai, Tien-Tsan 

Accounting Officer: Liang, Su-Ying 

Attachment 2: Audit Committee's Review on the 2022 Financial Statements

Audit Committee's Review Report

The Board of Directors has prepared the Company's 2022 Business Report, Financial Statements and Proposal for Earnings Appropriation, among which the Financial Statements have been audited by Certified Public Accountant / CPA from ShineWing, Taiwan, by whom an audit report has been issued accordingly. The Business Report, Financial Statements and the proposed profit distribution have been reviewed by us, the Audit Committee of the Company. We have not found any inconsistencies with applicable laws in our review of the aforementioned documents. Therefore, we, the Audit Committee, hereby issue this report in compliance with Article 14-4 of the Securities and Exchange Act and Article 219 of the Company Act.

Sincerely

2023 Annual Shareholders' Meeting

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

March 29, 2023

Attachment 3: 2022 Certified Public Accountant / CPA Report

Independent Auditors' Report

March 29, 2023

(2023) ShineWing Taiwan Audit Report No. 007

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

Audit opinion

We have audited the accompanying consolidated balance sheet of King's Town Construction Co., Ltd. and its subsidiaries as of December 31, 2022 and 2021, and the related consolidated statements of comprehensive income, changes in shareholders equity, cash flows for the years then ended, and notes of the consolidated financial statements (including a summary of significant accounting policies).

In our opinion, based on our audits and other auditors' reports (please refer to the Other Matters section), the Consolidated Financial Statements mentioned above have been prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers, as well as the International Financial Reporting Standards (IFRSs), International Accounting Standards (IAS), law and regulation reviews and their announcements recognized and announced by the Financial Supervisory Commission in all material aspects, and are considered to have reasonably expressed the consolidated financial conditions of King s Town Construction Co., Ltd. and its subsidiaries as of December 31, 2022 and 2021, as well as the consolidated financial performance and consolidated cash flows from January 1 to December 31, 2022 and 2021.

Basis for Opinions

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

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the Consolidated Financial Statements of King's Town Construction Co., Ltd. and its subsidiaries for the year ended December 31, 2022. These matters were addressed in the context of our audit of the Consolidated Financial Statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matters for the Consolidated Financial Statements of King's Town Construction Co., Ltd. and its subsidiaries for the year ended December 31, 2022 are as follows:

Inventory evaluation

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

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

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

Recognition of revenue from the sale of real estate

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

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

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

Other Matters - Parent company only financial statements

King's Town Construction Co. Ltd. has also compiled Parent company only Financial Statements for 2022 and 2021, and they have also received an unqualified audit opinion from our CPA for your reference.

Other Matters - Adoption of other independent accountants

The financial reports for some of the investees listed in King's Town Construction Co. Ltd. and its subsidiaries' Consolidated Financial Statements pursuant to the equity method have not been audited by this CPA and were inspected by other CPAs. Therefore, the opinions on the consolidated financial statements listed above concerning the amount listed in the financial statements of such companies and the relevant information disclosed in Note XIII are based on the audit reports of the other CPAs. The amounts of investment accounted for using the equity method in the aforementioned companies are NTD16,683 thousand and NTD13,888 thousand as of December 31, 2022, and 2021, which constitute 0.05% and 0.04% of consolidated total assets, respectively. For the aforementioned companies, the recognized comprehensive income are NTD5,964 thousand and NTD3,522 thousand for the years ended December 31, 2022, and 2021, which constitute 0.59% and 0.21% of consolidated total comprehensive income, respectively.

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

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

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

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

Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

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

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

1. Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design, and perform audit procedures responsive risks, and obtain evidence that is sufficient and appropriate to provide a basis of our opinion. The risk of not detecting a significant misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

2. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the internal control effective in King's Town Construction Co., Ltd. and its subsidiaries.

3. Evaluate the appropriateness of accounting policies used and the reasonability of accounting estimates and related disclosures made by the management.

4. Conclude the appropriateness of the use of the going concern basis of accounting by the management, and based on the audit evidence obtained, whether a significant uncertainty exists related to events or conditions that may cast significant doubt on King's Town Construction Co., Ltd. and its subsidiaries and its ability to continue as a going concern. If we conclude that a significant uncertainty exists, we are required to draw attention in auditor's

report to the related disclosures in the consolidated financial statements or, if such disclosure are inappropriate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of the auditor's report. However, future events or conditions may cause King's Town Bank Co., Ltd. and its subsidiaries to cease to continue as a going concern.

5. Evaluate the overall expression, structure, and content of the consolidated financial statements (including related notes) and whether the consolidated financial statements include the relevant transactions and events expressed adequately.

6. Obtain sufficient and appropriate audit evidence for the consolidated financial information of the King's Town Construction Co. Ltd. and its subsidiaries to express an opinion on the consolidated financial statements. We are responsible for guiding, supervising, and implementing of the group audit. We remain solely responsible for our opinion on the Group's Financial Statements.

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

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

We use the matters communicated with the governance unit to decide the Key Audit Matters for the audit of the 2022 consolidated financial statements of King’s Town Construction Co., Ltd., and its subsidiaries. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

ShineWing Taiwan

CPA: Chang, Jui-Ling

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

Accountant: Jackson Jwo

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

Independent Auditors' Report

March 29, 2023

(2023) ShineWing Taiwan Audit Report No. 006

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

Audit opinion

We have audited the accompanying Parent Company Only Balance Sheet of King's Town Construction Co., Ltd. as of December 31, 2022 and 2021, and its Parent Company Only Statement of Comprehensive Income, Parent Company Only Statement of Changes in Equity, Parent Company Only Statement of Cash Flows and Notes to Parent Company Only Financial Statements (including a summary of significant accounting policies) for the periods from January 1 to December 31, 2022 and 2021.

In our opinion, the Parent Company Only Financial Statements mentioned above have been prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers in all material aspects, and are considered to have reasonably expressed the parent company only financial conditions of King's Town Construction Co., Ltd. as of December 31, 2022 and 2021, as well as the parent company only financial performance and parent company only cash flows for the periods from January 1 to December 31, 2022 and 2021.

Basis for Opinions

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

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the Parent Company Only Financial Statements of King's Town Construction Co., Ltd. for the year ended December 31, 2022. These matters were addressed in the context of our audit of the Parent Company Only Financial Statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matters for the Parent Company Only Financial Statements of King's Town Construction Co., Ltd. for the year ended December 31, 2022 are stated as follows:

Inventory evaluation

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

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

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

Recognition of revenue from the sale of real estate

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

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

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

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

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

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

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

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

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

1. Identify and assess the risks of material misstatement of the parent company only financial statements, whether due to fraud or error, design, and perform audit procedures responsive risks, and obtain evidence that is sufficient and appropriate to provide a basis of our opinion. The risk of not detecting a significant misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

2. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an

opinion on the effectiveness of the internal control effective in King's Town Construction Co., Ltd. and its subsidiaries.

3. Evaluate the appropriateness of accounting policies used and the reasonability of accounting estimates and related disclosures made by the management

4. Conclude the appropriateness of the use of the going concern basis of accounting by the management, and based on the audit evidence obtained, whether a significant uncertainty exists related to events or conditions that may cast significant doubt on King's Town Construction Co., Ltd. and its ability to continue as a going concern. If we conclude that a significant uncertainty exists, we are required to draw attention in auditor's report to the related disclosures in the parent company only financial statements or, if such disclosure are inappropriate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of the auditor's report. However, future events or conditions may cause King's Town Bank Co., Ltd. to cease to continue as a going concern.

5. Evaluate the overall expression, structure, and content of the parent company only financial statements (including related notes) and whether the parent company only financial statements include the relevant transactions and events expressed adequately.

6. Obtain sufficient and appropriate audit evidence for the parent company only financial information of the King's Town Construction Co. Ltd. to express an opinion on the parent company only financial statements. We are responsible for guiding, supervising, and implementing of the group audit. We remain solely responsible for our opinion on the parent company only financial statements.

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

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

We use the matters communicated with the governance unit to decide the Key Audit Matters for the audit of the 2022 parent company only financial statements of King's Town Construction Co., Ltd. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

ShineWing Taiwan
CPA: Chang, Jui-Ling

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

Accountant: Jackson Jwo

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

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

Unit: NT$ thousand

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

(Continued)

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

Unit: NT$ thousand

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

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

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

King's Town Construction Co., Ltd.
Consolidated Statements of Comprehensive Income
From January 1 to December 31, 2022 and 2021

Unit: NT$ thousand

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

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

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

King's Town Construction Co., Ltd.
Consolidated Statements of Changes in Equity
From January 1 to December 31, 2022 and 2021

Unit: NT$ thousand

Code	Summary / Account name	Share capital	Capital surplus	Retained earnings			Treasury shares	Total equity
				Legal reserve	Unappropriated earnings	Total		
A1	Balance as of January 1, 2021	$3,711,931	$0	$1,371,436	$9,578,848	$10,950,284	$0	$14,662,215
B1	Legal reserve			168,467	(168,467)	0		0
B9	Employee compensation to capital increase	5,659	13,865			0		19,524
D1	Net income in 2021				1,687,409	1,687,409		1,687,409
D3	Other comprehensive income in 2021				(3,302)	(3,302)		(3,302)
D5	Total comprehensive income in 2021				1,684,107	1,684,107		$1,684,107
Z1	Balance as of December 31, 2021	$3,717,590	$13,865	$1,539,903	$11,094,488	$12,634,391	$0	$16,365,846
A1	Balance as of January 1, 2022	$3,717,590	$13,865	$1,539,903	$11,094,488	$12,634,391	$0	$16,365,846
B1	Legal reserve			168,411	(168,411)	0		0
B9	Employee compensation to capital increase	5,414	14,048			0		19,462
D1	Net income in 2022				1,009,674	1,009,674		1,009,674
D3	Other comprehensive income in 2022				247	247		247
D5	Total comprehensive income in 2022				1,009,921	1,009,921	0	1,009,921
L1	Treasury stock repurchase						(120,203)	(120,203)
L3	Cancellation of treasury shares	(32,440)	(27,913)		(59,850)	(59,850)	120,203	0
Z1	Balance as of December 31, 2022	$3,690,564	$0	$1,708,314	$11,876,148	$13,584,462	$0	$17,275,026

Note: Employee compensation of NT$11,714 thousand and NT$19,462 thousand for 2022 and 2021, respectively, have been deducted from statements of comprehensive income.

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

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

King's Town Construction Co., Ltd. and subsidiaries
Consolidated Statements of Cash Flows
From January 1 to December 31, 2022 and 2021

Unit: NT$ thousand

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

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

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

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

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

Unit: NT$ thousand

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

(Continued)

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

Unit: NT$ thousand

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

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

Chairperson: Tianye Investment Co., Ltd. Representative: Tsai, Tien-Tsan

Manager: Tsai, Tien-Tsan

Accountant Officer: Liang, Su-Ying

King's Town Construction Co., Ltd.
Parent Company Only Statements of Comprehensive Income
From January 1 to December 31, 2022 and 2021

Unit: NT$ thousand

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

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

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

King's Town Construction Co., Ltd.
Parent Company Only Statements of Changes in Equity
From January 1 to December 31, 2022 and 2021

Unit: NT$ thousand

Code	Account name / Summary	Share capital	Capital surplus	Retained earnings			Treasury shares	Total equity
				Legal reserve	Unappropriated earnings	Total		
A1	Balance as of January 1, 2021	$3,711,931	$0	$1,371,436	$9,578,848	$10,950,284	$0	$14,662,215
B1	Legal reserve			168,467	(168,467)	0		0
B9	Employee compensation to capital increase	5,659	13,865			0		19,524
D1	Net income in 2021				1,687,409	1,687,409		1,687,409
D3	Other comprehensive income in 2021				(3,302)	(3,302)		(3,302)
D5	Total comprehensive income in 2021				1,684,107	1,684,107		$1,684,107
Z1	Balance as of December 31, 2021	$3,717,590	$13,865	$1,539,903	$11,094,488	$12,634,391	$0	$16,365,846
A1	Balance as of January 1, 2022	$3,717,590	$13,865	$1,539,903	$11,094,488	$12,634,391	$0	$16,365,846
B1	Legal reserve			168,411	(168,411)	0		0
B9	Employee compensation to capital increase	5,414	14,048			0		19,462
D1	Net income in 2022				1,009,674	1,009,674		1,009,674
D3	Other comprehensive income in 2022				247	247		247
D5	Total comprehensive income in 2022				1,009,921	1,009,921	0	1,009,921
L1	Treasury stock repurchase						(120,203)	(120,203)
L3	Cancellation of treasury shares	(32,440)	(27,913)		(59,850)	(59,850)	120,203	0
Z1	Balance as of December 31, 2022	$3,690,564	$0	$1,708,314	$11,876,148	$13,584,462	$0	$17,275,026

Note: Employee compensation of NT$11,714 thousand and NT$19,462 thousand for 2022 and 2021, respectively, have been deducted from statements of comprehensive income.

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

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

King's Town Construction Co., Ltd. and subsidiaries
Parent Company Only Statement of Cash Flows
From January 1 to December 31, 2022 and 2021

Unit: NT$ thousand

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

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

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

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

Attachment 5: Monthly cash flow forecasts in the next year

King's Town Construction Co.,LTD.

Monthly cash flow forecasts

項目 / 月份	112/7月	112/8月	112/9月	112/10月	112/11月	112/12月	113/1月	113/2月	113/3月	113/4月	113/5月	113/6月
Cash and cash equivalent at the beginning of the period	215,462	252,829	306,039	258,422	330,210	354,452	416,122	358,605	339,193	329,913	271,085	196,971
ADD: Unfinanced income (2)												
Decrease (increase) in notes receivable												
Advance receipt of real estate payment	255,888	375,417	359,213	356,166	340,082	359,417	349,213	346,166	360,012	305,505	327,998	344,106
Other income	5,046	5,109	5,178	5,906	5,801	5,909	4,578	4,806	4,901	5,567	5,456	5,678
Total	260,934	380,526	364,391	362,072	345,883	365,326	353,791	350,972	364,913	311,072	333,454	349,784
Minus: Unfinanced expenses (3)												
Loss in notes payable	16,018	23,115	25,368	21,089	17,667	24,015	27,668	21,189	17,667	16,002	19,778	17,856
Decrease in trade payable	190,642	183,855	199,480	186,334	157,399	197,855	194,480	268,334	269,399	265,840	260,840	265,499
Operating expenses paid in cash	45,847	49,829	57,828	51,259	55,939	49,829	57,828	51,259	55,939	58,123	59,888	49,969
Interest expense	28,749	29,357	29,332	31,602	30,188	31,957	31,332	29,602	31,188	29,935	31,616	30,815
Taxes					60,448						85,446	
Land payment	342,311	41,160	200,000									
Other expenses												
Total	623,567	327,316	512,008	290,284	321,641	303,656	311,308	370,384	374,193	369,900	457,568	364,139
Minimum cash balance required (4)												
Total funding required (5=3+4)	623,567	327,316	512,008	290,284	321,641	303,656	311,308	370,384	374,193	369,900	457,568	364,139
Available cash balance before financing	(147,171)	306,039	158,422	330,210	354,452	416,122	458,605	339,193	329,913	271,085	146,971	182,616
(Funding gap) 6=1+2-5	(147,171)	306,039	158,422	330,210	354,452	416,122	458,605	339,193	329,913	271,085	146,971	182,616
Cash flows from financing activities (7)												
Issuance of new shares												
issue corporate bonds												
Loan	400,000		100,000								50,000	
Debt repayment - repaying corporate debt												
Repayments of borrowings							100,000					
Total	400,000	0	100,000	0	0	0	(100,000)	0	0	0	50,000	0
Cash and cash equivalent at the end of the period (8=1+2-	252,829	306,039	258,422	330,210	354,452	416,122	358,605	339,193	329,913	271,085	196,971	182,616

Attachment 6: List of candidates for Directors

Designation	Name	Academic Experience	Experience	Current Position	Shareholding (Unit:shares)	Name of the Government or Corporation represented
Director	Tsai, Tien-Tsan	National Sinying Senior High School	King's Town Construction Chairman	King's Town Construction Chairman	49,652,072	Tianye Investment Co., Ltd.
Director	Meiyun S. Tsai	Senior High School	King's Town Construction Director	King's Town Construction Director	49,652,072	Tianye Investment Co., Ltd.
Director	Li, Shih-Hsiung	Bachelor of Architecture, Chinese Culture University	Chieh Chih Construction Co., Ltd. Vice President King's Town Bank Director	Chieh Chih Construction Co., Ltd. Vice President Chieh Chih Construction Co., Ltd. Director	49,652,072	Tianye Investment Co., Ltd.
Director	Chen, Chin-Hsing	University (Undergraduate)	King's Town Construction Vice President	King's Town Construction Vice President	49,652,072	Tianye Investment Co., Ltd.
Independent Director	Ming-Te Chang	Department of Arts and crafts, Fu-Hsin Trade & Arts School	Chuanmen Interior Design Vice President Chuanben Construction Development General Manager Hongbao Construction Development Chairman	Hongbao Construction Development Co. , Ltd. Chairman, Hungbau Construction Co., Ltd. Chairman	1,386,582	None
Independent Director	Yao-Kuo Wu	Department of Accounting and Statistics, Shih Chien College	King's Town Bank Senior Manager	King's Town Construction Independent Director	0	None
Independent Director	Tsai, Chung-Chang	Master of Public Administration Program at University of Southern California	Min Da High School Principal Shih Hsin University Lecturer National Open University Lecturer	Min Da High School Principal R.O.C. Private Education Association Managing Supervisor Sheen Chuen-Chi Cultural & Education Foundation Director	0	None
Independent Director	Chiu, Chin-Yu	Master of Management and Research, Shu-Te University	Hong Hsin Hardware Co. Responsible person Senior Assessor of China Vocational Assessment China Level 1 Enterprise Trainer	Tian Shui Lan Complete Aesthetics Founder	0	None

Chapter 4
Appendices
Appendix I

King's Town Construction Co., Ltd.
Rules of Procedure for Shareholders' Meeting

Article I The rules of procedure for shareholders' meeting of the Company shall follow these rules, unless otherwise stipulated by law or Articles of Association.

Article II Unless otherwise provided by law or regulation, the Company's shareholders' meetings shall be convened by the board of directors.

Thirty days before the Company convenes a general shareholders' meeting or 15 days before an extraordinary shareholders' meeting, the Company shall prepare electronic files of the meeting notice, proxy form, information on proposals for ratification, matters for discussion, election or dismissal of directors, and other matters on the shareholders' meeting agenda and upload them to the Market Observation Post System (MOPS). and shall, 21 days prior to the convening of the Annual Shareholders' Meeting or 15 days prior to the convening of the Extraordinary Shareholders' Meeting, prepare electronic files of the manual for Shareholders' Meeting proceedings and the supplementary materials for the meeting and send these files to the Market Observation Post System. In addition, before 15 days before the date of the shareholders meeting, this Corporation shall also have prepared the shareholders meeting agenda and supplemental meeting materials and made them available for review by shareholders at any time. The meeting agenda and supplemental materials shall also be displayed at this Corporation and the professional shareholder services agent designated thereby as well as being distributed on-site at the meeting place.

The reasons for convening a shareholders meeting shall be specified in the meeting notice and public announcement. With the consent of the addressee, the meeting notice may be given in electronic form.
Election or dismissal of directors, amendments to the articles of incorporation, reduction of capital, application for the approval of ceasing its status as a public company, approval of competing with the company by directors, surplus profit distributed in the form of new shares, reserve distributed in the form of new shares, the dissolution, merger, or demerger of the corporation, or any matter under Article 185, paragraph 1 of the Company Act, Articles 26-1 and 43-6 of the Securities Exchange Act, Articles 56-1 and 60-2 of the Regulations Governing the Offering and Issuance of Securities by Securities Issuers shall be set out and the essential contents explained in the notice of the reasons for convening the shareholders meeting. None of the above matters may be raised by an extempore motion. Its main content can be placed on the website designated by the competent securities authority or the Company; such a website shall

be stated in the notice.
Where re-election of all directors as well as their inauguration date is stated in the notice of the reasons for convening the shareholders' meeting, after the completion of the re-election in said meeting, such inauguration date may not be altered by any extempore motion or otherwise in the same meeting.
A shareholder holding 1% or more of the total number of issued shares may submit to the Company a written proposal for discussion at annual Shareholders' Meeting. The number of items so proposed is limited to one only, and no proposal containing more than one item will be included in the meeting agenda. When the circumstances of any subparagraph of Article 172-1, paragraph 4 of the Company Act apply to a proposal put forward by a shareholder, the board of directors may exclude it from the agenda. Shareholders may submit proposals to urge the Company to promote public interests or fulfill its social responsibilities. Only one matter shall be allowed in each proposal pursuant to Article 172-1 of the Company Act. Where a proposal contains more than one matter, such proposal would not be included in the agenda.
Prior to the book closure date before a regular shareholders meeting is held, this Corporation shall publicly announce that it will receive shareholder proposals, and the location and time period for their submission; the period for submission of shareholder proposals may not be less than 10 days.
Shareholder-submitted proposals are limited to 300 words, and no proposal containing more than 300 words will be included in the meeting agenda. The shareholder making the proposal shall be present in person or by proxy at the regular shareholders meeting and take part in discussion of the proposal.
The Company shall, prior to preparing and delivering the notice of convening the Shareholders' Meeting, inform, by a notice, all the proposal submitting Shareholders of the proposal screening results, and shall list in the notice of convening the Shareholders' Meeting the proposals conforming to the requirements set out in this Article. At the shareholders' meeting, the board of directors shall specify the reasons for excluding any shareholders' proposals from the meeting agenda.

Article III A shareholder may appoint a proxy to attend a shareholders' meeting on his/her behalf by submitting a proxy form printed by the Company stating therein the scope of power authorized to the proxy.

A shareholder shall only submit one (1) proxy form, and appoint one (1) person as his/her proxy, which shall be delivered to the Company five days prior to the shareholders' meeting, and in the event of duplicate proxies, the first be delivered shall prevail. However, a declaration made to cancel the previous proxy appointment is not subject to the aforementioned rule.
After a proxy form has been delivered to this Corporation, if the shareholder intends to attend the meeting in person or to exercise voting rights by correspondence or electronically, a written notice of proxy cancellation shall be submitted to this Corporation before two business days before the meeting date. If the cancellation notice is submitted after that time, votes cast at the meeting by the proxy shall prevail.

Article IV A Shareholders' Meeting shall be held at a place where the Company is located or a place that is convenient for shareholders to attend and suitable for the convening of the Shareholders' Meeting. The meeting shall not commence earlier than 9:00 a.m. or later than 3:00 p.m., and the opinions of Independent Directors on the venue and time of the convening of the meeting shall be fully taken into consideration.

Article V The Company shall specify in its shareholders' meeting notices the time during which shareholder attendance registrations will be accepted, the place to register for attendance, and other matters for attention.

The time during which shareholder attendance registrations will be accepted, as stated in the preceding paragraph, shall be at least 30 minutes prior to the time the meeting commences. The place at which attendance registrations are accepted shall be clearly marked and a sufficient number of suitable personnel assigned to handle the registrations.

Shareholders and their proxies (collectively, "shareholders") shall attend shareholders meetings based on attendance cards, sign-in cards, or other certificates of attendance. This Corporation may not arbitrarily add requirements for other documents beyond those showing eligibility to attend presented by shareholders. Solicitors soliciting proxy forms shall also bring identification documents for verification.

When the government or a legal person is a shareholder, its proxy present at the Shareholders' Meeting shall not be limited to one person. When a legal person is entrusted to attend the Shareholders' Meeting, it can only assign one proxy to attend.

Article VI If the shareholder's meeting is convened by the board of directors, then the chairperson shall be acted upon by the chairman. If the chairman asks for leave or cannot execute his duty, vice chairman comes for replacement. If there is no vice chairman or the vice chairman asks for leave or cannot execute his duty, the chairman can designate one executive director as replacement; if there is no executive director, the chairman can designate one director as replacement; if the chairman does not designate, the executive director or director will recommend one as replacement.

If the above mentioned chairperson is to be acted upon by executive director or director as replacement, it shall be an executive director or director working at the position for more than six months, and who has obtained full understanding of the financial status of the Company. It is the same case when the chairperson is representative of legal person director.

It is advisable that shareholders meetings convened by the board of directors be chaired by the chairperson of the board in person and attended by a majority of the directors, at least one independent director in person, and at least one member of each functional committee on behalf of the committee. The attendance shall be recorded in the meeting minutes.

If a shareholders meeting is convened by a party with power to convene but other than the board of directors, the convening party shall chair the meeting. When there are two or more such convening parties, they shall mutually select a chair from among themselves.

This Corporation may appoint its attorneys, certified public accountants, or related persons retained by it to attend a shareholders meeting in a non-voting capacity.

Article VII The Company shall conduct continuous taping or video recording of the shareholders report process, meeting process, voting and counting process.

The aforementioned audio-visual materials shall be kept for at least one year. If, however, a shareholder files a lawsuit pursuant to Article 189 of the Companies Act, the aforementioned recording shall be kept until the conclusion of the litigation.

Article VIII The attendance at shareholders' meeting shall take shares as the calculation basis. The number of shares present shall be calculated by addition of the number of shares registered in the attendance list for sign-in or submitted sign-in card, and the number of shares exercising voting rights in writing or by electronic means.

The chair shall call the meeting to order at the appointed meeting time and disclose information concerning the number of nonvoting shares and number of shares represented by shareholders attending the meeting. However, if no shareholders representing more than half of the total number of issued shares are present, the Chairman may announce a postponement of the meeting, provided that no more than two such postponements, for a combined total of no more than one hour, may be made. If there are still not enough Shareholders representing more than one-third of the total number of issued shares present after two rounds of postponement, the Chairman shall announce adjournment of the meeting.

If the quorum is still not present after two rounds of the postponement as stipulated in the foregoing but Shareholders representing more than one-third of the total number of issued shares are present, a tentative resolution may be made in accordance with the provisions of Article 175, Item 1 of the Company Act, and each shareholder shall be notified of the said tentative resolution to resume a Shareholders' Meeting within one month

When, prior to conclusion of the meeting, the attending shareholders represent a majority of the total number of issued shares, the chair may resubmit the tentative resolution for a vote by the shareholders meeting pursuant to Article 174 of the Company Act.

Article IX If a shareholders' meeting is called by the Board of Directors, the agenda shall be determined by the Board of Directors, relevant motions (including provisional motions and amendments to original motions) shall be voted on a case-by-case basis, and the meeting shall proceed in accordance with the scheduled agenda, which shall not be changed without a resolution passed by the shareholders' meeting.

The provisions of the preceding paragraph apply to a shareholders' meeting called by a party with the power to convene that is not the Board of Directors.

The chair may not declare the meeting adjourned prior to completion of deliberation on the meeting agenda of the preceding two paragraphs (including extempore motions), except by a resolution of the shareholders' meeting. If the chair declares the meeting adjourned in violation of these rules, the other members of the Board of Directors shall promptly assist the attending shareholders in electing a new chair in accordance with statutory procedures, by agreement of a majority of the votes represented by the attending shareholders, and then continue the meeting.
The chair shall allow ample opportunity during the meeting for explanation and discussion of proposals and of amendments or extempore motions put forward by the shareholders; when the chair is of the opinion that a proposal has been discussed sufficiently to put it to a vote, the chair may announce the discussion closed, call for a vote, and schedule sufficient time for voting.

Article X Before speaking, an attending shareholder must specify on a speaker's slip the subject of the speech, his/her shareholder account number (or attendance card number), and account name. The order in which shareholders speak will be set by the chair.

A shareholder in attendance who has submitted a speaker's slip but does not actually speak shall be deemed to have not spoken. When the content of the speech does not correspond to the subject stated on the speaker's slip, the content of the speech shall prevail.
Except with the consent of the Chairman, a Shareholder may not speak more than twice on the same proposal, and a single speech may not exceed five minutes. If the Shareholder's speech violates the rules or exceeds the scope of the agenda item, the Chairman may terminate the speech.
When a Shareholder in attendance is speaking, other Shareholders may not speak or interrupt unless they have sought and obtained the consent of the Chairman and the Shareholder who is speaking; the Chairman shall stop any violation.
When a legal person shareholder appoints two or more representatives to attend a Shareholders' Meeting, only one of the representatives so appointed may speak on the same proposal.
After a Shareholder in attendance has spoken, the Chairman may respond in person or direct relevant personnel to respond.

Article XI The decision by vote at the shareholders' meeting shall take the shares as the calculation basis.

For the resolutions at the shareholders' meeting, the number of shares of shareholders with no voting power shall not be included into the total number of issued shares.
When a shareholder is an interested party in relation to an agenda item, and there is the likelihood that such a relationship would prejudice the interests of the Company, that shareholder may not vote on that item, and may not exercise voting rights as proxy for any other shareholder.

The number of shares for which voting rights may not be exercised under the preceding paragraph shall not be counted toward the voting rights represented by attending shareholders.
With the exception of a trust enterprise or a shareholder services agent approved by the competent authority in charge of securities affairs, when a person is concurrently appointed as a proxy by two or more shareholders, the voting rights represented by the proxy may not exceed three percent of the voting rights represented by the total number of issued shares. If the aforesaid percentage is exceeded, the voting rights in excess of the aforesaid percentage shall not be included in the calculation.

Article XII Shareholders have one voting power for every share; however, those limited or without voting power according to paragraph 2 of Article 179 of the Company Act are not subject to the provision.

When the Company holds a Shareholders' Meeting, it may allow the Shareholders to exercise voting rights by correspondence or electronic means. When voting rights are exercised by correspondence or electronic means, the method of exercise shall be specified in the notice of convening the Shareholders Meeting. A shareholder exercising voting rights by correspondence or electronic means shall be deemed to have attended the Shareholders' Meeting in person, but to have waived his/her rights with respect to the extemporary motions and amendments to original proposals of that Shareholders' Meeting; it is therefore advisable that the Company shall avoid the submission of extemporary motions and amendments to original proposals.
A Shareholder intending to exercise voting rights by correspondence or electronic means under the preceding paragraph shall serve a written declaration of intent to the Company two days before the date of the Shareholders' Meeting. When duplicate declarations of intent are delivered, the one received earliest shall prevail. except when a declaration is made to cancel the earlier declaration of intent.
After a Shareholder has exercised voting rights by correspondence or electronic means, in the event the Shareholder intends to attend the Shareholders' Meeting in person, a written declaration of intent to retract the voting rights already exercised under the preceding paragraph shall be made known to the Company, by the same means by which the voting rights were exercised, two days before the date of the Shareholders' Meeting. If the notice of retraction is submitted after that time, the voting rights already exercised by correspondence or electronic means shall prevail. When a Shareholder has exercised voting rights both by correspondence or electronic means and by appointing a proxy to attend a Shareholders' Meeting, the voting rights exercised by the proxy in the meeting shall prevail.
Except as otherwise provided in the Company Act and in the Articles of Incorporation of the Company, the approval of a proposal shall require an affirmative vote of a majority of the voting rights represented by the Shareholders in attendance. At the time of a vote, for each proposal, the Chairman or a person designated by the Chairman shall first announce the

total number of voting rights represented by the Shareholders in attendance, followed by a poll of the Shareholders. After the conclusion of the Shareholders' Meeting, on the same day it is held, the results for each proposal, based on the numbers of votes for and against and the number of abstentions, shall be entered into the Market Observation Post System.
When there is an amendment or an alternative to a proposal, the Chairman shall present the amended or alternative proposal together with the original proposal and decide the order in which they will be put to a vote. When any one among them is passed, the other proposals will then be deemed rejected, and no further voting shall be required.

Vote monitoring and counting personnel for the voting on a proposal shall be appointed by the chair, provided that all monitoring personnel shall be shareholders of Aurora.
Vote counting for shareholders meeting proposals or elections shall be conducted in public at the place of the shareholders meeting. Immediately after vote counting has been completed, the results of the voting, including the statistical tallies of the numbers of votes, shall be announced on-site at the meeting, and a record made of the vote.

Article XIII The election of directors at a shareholders meeting shall be held in accordance with the applicable election and appointment rules adopted by this Company, and the voting results shall be announced on-site immediately, including the names of those elected as directors and supervisors and the numbers of votes with which they were elected, and the names of directors and supervisors not elected and number of votes they received.

The election ballots for the aforementioned election shall be sealed and signed by the personnels who monitored the voting procedure and be kept safely for at least one year. If, however, a shareholder files a lawsuit pursuant to Article 189 of the Companies Act, the aforementioned recording shall be kept until the conclusion of the litigation.

Article XIV The resolution matters at shareholders' meeting shall be prepared into minute book to be signed or stamped by the chairperson and then distributed to shareholders within 20 days after the meeting. The meeting minutes may be produced and distributed in electronic form.

The Company may distribute the meeting minutes of the preceding paragraph by means of a public announcement made through the Market Observation Post System.
The meeting minutes shall accurately record the year, month, day, and place of the meeting, the chair's full name, the methods by which resolutions were adopted, and a summary of the deliberations and their voting results (including the number of voting rights), and disclose the number of voting rights won by each candidate in the event of an election of directors or supervisors. The minutes shall be retained for the duration of the existence of this Corporation.

Article XV The number of shares obtained by the solicitor and the number of shares represented by the entrusted agent shall be clearly disclosed by the Company on the floor of the shareholders' meeting in the statistical table fabricated in accordance with the prescribed format on the day when the shareholders' meeting is held.

If matters put to a resolution at a shareholders meeting constitute material information under applicable laws or regulations or under Taiwan Stock Exchange Corporation regulations, this Corporation shall upload the content of such resolution to the MOPS within the prescribed time period.

Article XVI The meeting staff for preparing shareholders' meeting shall wear identification certificate or armband.

The chair may direct the proctors or security personnel to help maintain order at the meeting place. When proctors or security personnel help maintain order at the meeting venue, they shall wear an identification card or armband bearing the word "Proctor."
At the venue of a shareholders' meeting, if a shareholder attempts to speak through any device other than the public address equipment set up by the Company, the chair may prevent the shareholder from so doing.
When a shareholder violates the rules of procedure and defies the chair's correction, obstructing the proceedings and refusing to heed calls to stop, the chair may direct the proctors or security personnel to escort the shareholder from the meeting.

Article XVII During the meeting, the chairperson can at his own discretion announce adjournment; in the case of any events of force majeure, the chairperson can decide to suspend the meeting temporarily and announce the time for continuing with meeting depending on the circumstances.

If the meeting venue is no longer available for continued use and not all of the items (including extempore motions) on the meeting agenda have been addressed, the shareholders meeting may adopt a resolution to resume the meeting at another venue.
A resolution may be adopted at a shareholders meeting to defer or resume the meeting within five days in accordance with Article 182 of the Company Act.

Article XVIII These Rules, and any amendments hereto, shall be implemented after adoption by shareholders' meetings.

Appendix II

Articles of Incorporation of King's Town Construction Co., Ltd.

Chapter 1 General Principles

Article I The Company shall be incorporated, as a company limited by shares, under the Company Act of the Republic of China, and its name is "King's Town Construction Co., Ltd."

Article II The Company's operations are as follows:

(1)	H701010	Rental and sale of residences and buildings.
(2)	H701040	Specific area development.
(3)	H701070	Process Zone Expropriation and Urban Land Readjustment Agency.
(4)	I503010	Landscape and Interior Designing.
(5)	J701020	Amusement Parks.
(6)	J701040	Recreational Activities Venue.
(7)	E605010	Computer Equipment Installation.
(8)	I103060	Management Consulting.
(9)	I301010	Software Design Services.
(10)	I301020	Data Processing Services.
(11)	I301030	Electronic Information Supply Services.
(12)	F113050	Wholesale of Computers and Clerical Machinery Equipment.
(13)	F301010	Department Stores.
(14)	F301020	Supermarket.
(15)	H703090	Real Estate Commerce.
(16)	E801010	Indoor Decoration.
(17)	F105050	Wholesale of Furniture, Bedding Kitchen Utensils and Fixtures.
(18)	F111090	Wholesale of Building Materials.
(19)	ZZ99999	All business items that are not prohibited or restricted by law, except those that are subject to special approval

Article III The Company has its headquarters in Kaohsiung City and may establish domestic and overseas branches as required through board of directors resolutions.

Article IV The Company's public announcements shall be handled in accordance with Article 28 of the Company Act.

Article V The Company may provide endorsement and guarantee and act as a guarantor approved by board of directors.

Article VI Unless otherwise specified by law, the Company's reinvestment shall be exempted from the restriction specified in Article 13 of the Company Act, in which the total reinvestment amount is capped at 40% of an entity's paid-in capital. Reinvestment and related affairs shall require resolution from the meeting of the Board of Directors.

Chapter 2 Shares

Article VII The total capital of the Company is NTD5.0 billion, divided into 500 million shares, each with an amount of NTD10, which are issued in installments. The Board of Directors authorized the issuance of unissued shares is required to resolve on the issuance of shares.

The capital amount of NTD200,000,000 in the preceding paragraph shall be reserved for issuance of employee share option warrants, totaling 20,000,000 shares with NTD10 per share, which may be issued in installments according to the resolution of the Board of Directors.

If the stock option price of the employee share options issued by the Company is lower than the closing price of the Company's common share on the date of issuance, the share options shall be issued only after a shareholders' meeting attended by a majority of the total number of shares issued and approved by two-thirds or more of the shareholders present.

Article VII-1 The Company may acquire shares of the Company by resolution of the Board of Directors in accordance with Article 167-1 of the Company Act and Article 28-2 of the Securities and Exchange Act.

The Company may only repurchase shares at prices lower than fair value and transfers the shares to the employees upon resolution from two-thirds of the shareholders present, representing a majority of the total number of issued shares, at the most recent shareholders meeting.

Article VIII The Company may issue shares without printing share certificate(s), but they should be registered at centralized securities depository enterprise.

Article IX No registration of transfer of shares shall be made within sixty days (60) prior to an annual shareholder meeting, nor within thirty days (30) prior to a special (extraordinary) shareholder meeting, nor within five (5) days prior to the day on which dividend, bonus or other benefits is scheduled to be paid by the Company.

Article X All transfer of stocks, pledge of rights, loss, succession, gift, loss of seal, amendment of the seal, change of address or similar stock transaction conducted by shareholders of the company shall follow the "Regulations Governing the Administration of Shareholder Services of Public Companies" unless specified otherwise by law and securities regulations.

Chapter 3 Shareholders' Meeting

Article XI There are two types of shareholders' meetings, annual general meeting and extraordinary general meeting. Annual general meetings shall be convened once a year, within six (6) months after the end of each fiscal year, by the board of directors, and extraordinary general meetings shall be convened when necessary in accordance with the law. The procedures for convening a shareholders' meeting shall be in accordance with the provisions of the Company Act.

The shareholders' meeting notice shall state the meeting date, venue and reasons for convening the meeting.

Unless otherwise provided by law or regulation, this shareholders meetings shall be convened by the board of directors.

Article XII Shareholder who is unable to attend the shareholders' meeting may authorize another person to attend as proxy using the form provided by the Company affixed with the seal that such shareholder left in the Company's safekeeping, which sets forth the scope of the authorization. However, the voting rights of a person authorized by more than two shareholders at the same time must not exceed three percent (3%) of the total voting rights of issued shares. Voting rights in excess of this limit are not counted.

The proxy process is governed by the Company Act and the "Regulations Governing the Use of Proxies for Attendance at Shareholder Meetings of Public Companies" prescribed by the competent authority.

Article XIII All shareholders are entitled to one vote for each share held, except the special circumstances stipulated in Article 179 of the Company Act.

Article XIV The resolution of the shareholders' meeting shall, except as otherwise provided by the Companies Act, be made by the consent of the majority of the shareholders present at the meeting representing more than half of the total number of issued shares.

Shareholders of the Company may exercise voting rights by electronic means. Shareholders exercising voting rights by electronic means shall be deemed to attend in person, and relevant matters shall be handled in accordance with the laws and regulations.

When the Shareholders' Meeting of the Company is held, it may be announced by video-conference or in other manner as may be announced by the Ministry of Economic Affairs.

Article XV Shareholders meetings shall be chaired by the Chairman of the Board. When the Chairman is unable to attend the meeting, the Chairman shall appoint one of the Directors to act as chairman, or, where the Chairman does not make such a designation, the Directors shall select from among themselves one person to serve as chairman.

Article XV-1 Resolutions of the shareholders' meeting shall be recorded in the minutes in accordance with Article 183 of the Company Act.

Chapter 4 Directors, Supervisors and Audit Committee

Article XVI The Company has established five to nine Director seats with a 3-year office term; a nomination system is adopted. The Directors are elected at the shareholders' meeting among those with legal capacity and may continue in office if successfully re-elected.

When a shareholder elects a director, each share has the same voting rights as the number of directors to be elected, and one person may be selected for election or may be allocated a number of elections. The resulting ballot paper represents a person with more voting rights and is elected as a director.

In the aforesaid quota of the Company's directors, independent directors shall be at least three, representing one fifth or more of all directors.

The restrictions on professional qualifications, share ownership, concurrent positions held, the manner of nomination, the election of the independent directors, and other related matters shall comply with applicable laws and regulations prescribed by the competent authority.

Remuneration of directors of the Company shall be determined by the Board of Directors with authorization and may be paid at such level as generally adopted by the enterprises of the same industry. Directors may be paid honorarium, and the sum of which shall be approved by the Board of Directors. Directors’ compensation for performance of their duties shall be paid irrespective of any surplus or deficit.

The Company may purchase liability insurance for Directors to protect them against potential liabilities arising from exercising their duties during their tenure.

The total inscribed shares held by the directors may not be less than the percentage stipulated by the securities authority.

Article XVII If the directors' tenure has expired and an election fails to take place, their tenure shall be extended until the newly elected directors assume office.

Article XVIII When the number of vacancies in the Board of Directors equals to one-third of the total number of directors, a by-election shall be held immediately and the term of office shall be limited to fulfill the unexposed term of office of the predecessor.

Article XIX The Board of Directors shall be formed by the Directors. The Chairman shall be elected by a majority of votes in a meeting attended by over two-thirds of the Directors. The Board of Directors shall execute all matters of the Company in accordance with applicable laws, regulations, these Articles of Incorporation, and resolutions adopted at shareholders' meeting and by the Board of Directors.

Article XIX-1 The duties of the Board of Directors are as follows:

01. Review and adopt rules of the Company.
02. Decide on the business directions of the Company.
03. Review of the budgets and financial statements.
04. Proposals of profit allotment or loss coverage.
05. Proposals of capital increase or reduction.
06. Appoint and remove key personnel of the Company.
07. Enforce the decisions resolved in the shareholder meeting.
08. Resolutions for external investments.
09. Other powers and duties conferred by the Company Act or by the shareholders at the shareholders' meeting.

Except for the matters set out in the preceding paragraph and the Companies Act which shall be resolved by the shareholders' meeting, all matters shall be resolved by the Board of Directors.

Article XX Except as otherwise provided by the Company Act, resolutions of the Board of Directors shall be adopted by at least a majority of the directors present at a meeting attended by at least a majority of the directors holding office. Minutes of the Board meetings shall be signed by or affixed with seals of the chairperson and the secretary for the meeting.

If a director is unable to attend a board meeting for any reason, he/she may issue a proxy form, listing the scope of authority of why says meeting is convened, and then entrust another director to attend said board meeting by proxy, subject to the restriction that only one trustee is entrusted by one person.

Board meetings shall be notified seven days in advance and seven days in case of emergency.

The aforementioned meeting notice shall be in writing, by e-mail or by fax, stating the reason for the meeting.

If participation by means of video conferencing is made available at a meeting, directors who participate in the meeting by such means shall be deemed to have attended such meeting in person.

Upon the Chairperson's leave or unavailability for performance of duties, the delegation shall be duly handled at the meeting in accordance with Article 208 of the Company Act.

Article XXI In accordance with Article 14-4 of the Securities and Exchange Act, the Company has established an Audit Committee consisting of all independent directors, one of whom is the convener and at least one of whom has accounting or financial expertise; the Audit Committee shall exercise its powers and functions and other matters to be complied with in accordance with the provisions of relevant laws and regulations or the Company's bylaws, except as provided in these Articles of Incorporation.

Chapter 5 Managers

Article XXII The company shall have one president and several vice presidents, assistant vice presidents and managers. The appointment, discharge and remuneration shall be done in accordance with Article 29 of the Company Act.

Article XXIII The Company may employ consultants or key employees with the approval of the Board of Directors.

Chapter 6 Accounting

Article XXIV The Company's fiscal year shall be from January 1 to December 31 of each year. At the end of each fiscal year, the following statements shall be prepared and approved by the Board of Directors, submitted to the shareholders' meeting for recognition in accordance with legal procedures, and submitted to the supervisor authorities for approval:

(1) Business Report
(2) Financial Statements
(3) Proposal for distribution of earnings to shareholders or recovery of prior year losses.

Article XXV The Company's net income before income tax for the year before employees' and directors' remuneration shall set aside 1% of the balance as remuneration to the employees and no greater than 2% of the balance as remuneration to directors. When there are accumulated losses (including adjustments to unappropriated earnings), the Company shall offset the appropriate amounts before remuneration. The distribution can be made in the form of cash or stocks for employees.

The aforementioned employees include all employees of the Company and all employees of subordinate companies meet certain conditions. Subordinate companies specified in these Regulations shall be defined by the Article 369-2 and Article 369-3 of Company Act.

Proposals of distributions to employees, directors and supervisors shall be taken to the shareholders' meeting for approval after the resolution is reached by a majority of the Board with two thirds in attendance.

Before the establishment of the Company's Audit Committee, the remuneration for Supervisors shall be distributed together with the remuneration for Directors in accordance with the ratio of the first paragraph of the preceding paragraph.

Article XXVI If there is any after-tax profit for the current period, the Company shall first make up the accumulated deficit (including adjustment of undistributed earnings) and then set aside 10% of the legal reserve, except when the legal reserve has reached the total paid-in capital, and then set aside or reverse the special reserve as required by law, regulations of the supervisor authorities and the Company's operating needs. The Board of Directors shall prepare a proposal for the appropriation of earnings if there is any unappropriated earnings (including adjustments to the amount of unappropriated earnings), and submit it to the shareholders' meeting for resolution.

The percentage of cash dividends in the aforementioned distribution proposal shall not be less than 10% of the total amount distributed. The percentage shall be determined by the Board after considering the financial condition of the Company. However, no cash dividend shall be paid when the debt ratio in the annual financial statements of the year exceeds 50%. The ratio of stock dividends and cash dividends mentioned in the preceding paragraph shall be adjusted according to the relevant laws and regulations and regulations. The adjustment shall be proposed by the Board of Directors and submitted to the shareholders' meeting for resolution.

The resolution against dividend distribution is not subject to this provision.

Chapter 7 Supplementary Provisions

Article XXVII The organizational charter and by-laws of the Company shall be separately adopted by the Board of Directors.

Article XXVIII Any matters inadequately provided for herein shall be subject to provisions concerned set forth in the Company Law and relevant laws and regulations.

Article XXIX These Articles of Incorporation were established on September 3, 1985.

The first amendment was made on September 24, 1985.
The second amendment was made on March 20, 1990.
The third amendment was made on May 21, 1990.
The fourth amendment was made on June 30, 1990.
The fifth amendment was made on December 26, 1990.

The sixth amendment was made on January 22, 1991.
The seventh amendment was made on June 8, 1991.
The eighth amendment was made on April 13, 1992.
The ninth amendment was made on April 9, 1993.
The tenth amendment was made on December 24, 1993.
The eleventh amendment was made on June 16, 1995.
The twelfth amendment was made on May 29, 1996.
The thirteenth amendment was made on June 21, 1997.
The fourteenth amendment was made on May 25, 1999.
The fifteenth amendment was made on May 30, 2000.
The sixteenth amendment was made on May 22, 2001.
The seventeenth amendment was made on June 26, 2002.
The eighteenth amendment was made on May 26, 2005.
The nineteenth amendment was made on June 14, 2006.
The twentieth amendment was made on June 13, 2007.
The twenty-first amendment was made on June 19, 2008.
The twenty-second amendment was made on June 25, 2010.
The twenty-third amendment was made on June 9, 2011.
The twenty-fourth amendment was made on June 22, 2012.
The twenty-fifth amendment was made on June 24, 2016.
The twenty-sixth amendment was made on June 28, 2017.
The twenty-seventh amendment shall be made on June 23, 2022.

Appendix III

King's Town Construction Co., Ltd.

Rules for Election of Directors

Amended on June 26, 2002.
Amended on June 28, 2017.

Article I The election of directors of the Company shall be conducted in accordance with the provisions of the Rules.

Article II In the election of directors of the Company, the names of the electors may be replaced by the attendance number printed on the ballot paper. When a shareholder elects a director, each share has the same voting rights as the number of directors to be elected, and one person may be selected for election or may be allocated a number of elections.

Article III The directors of the Company are appointed by the shareholders' meeting from among individuals with legal capacity, in accordance with the quota specified in the Company's Articles of Incorporation. Those receiving a higher number of votes shall be elected as directors in sequential order. In the event that two or more individuals receive an equal number of votes that exceeds the designated quota, a draw will be conducted among those individuals to determine the outcome. If any individual is absent, the chairman will conduct the draw on their behalf.

If the elected director's personal information is confirmed to be ineligible for election or is deemed ineligible in accordance with relevant laws and regulations, the vacancy shall be filled by the candidate who received the next highest number of votes in the original election.

Article IV Before the election begins, the chairman shall designate several scrutineers and ballot counters each to perform various relevant duties.

Article V The Board of Directors should prepare an election ballot with the same number of directors to be elected and filling in the voting weights, distributing it to the shareholders attending the shareholders' meeting.

For director elections, the Board of Directors sets up a ballot box, and prior to voting, the scrutineer publicly verifies its contents.

Article VI If the candidate is a shareholder, the voter must fill in the "Candidate" column of the ballot paper with the candidate's account name and shareholder account number; If the candidate is not a shareholder, the voter must fill in the name and unified business No. of the candidate in the "Candidate" column of the ballot. However, if the candidate is a government or a legal entity shareholder, the candidate's account name column on the ballot shall indicate the name of the government or legal person. It is also permissible to indicate the name of the government or legal person along with the name of its representative. If there are multiple representatives, their names shall be separately filled in.

Article VII An election ballot is deemed invalid if it falls under any of the following circumstances:

I. Not using ballots prescribed by the Rules.
II. Those who cast blank ballots into the ballot box.
III. Those whose handwriting is illegible or altered.
IV. If the candidate filled in is a shareholder, their account name or shareholder account number does not match the shareholder registry; If the name and unified business No. of the candidate who is not a shareholder do not match after verification.
V. Except for the account name of the candidate (name), shareholder account number (unified business No.), and voting rights, other words are included.
VI. Any missing or altered item in the account name (name), shareholder account number (unified business No.), and voting rights of the candidate filled in.
VII. Fill in two or more candidates on the same ballot.

Article VIII After the voting is completed, the ballots will be counted on the spot, and the results will be announced by the chairman immediately.

Article IX (Deleted).

Article X Any matters not specified in the rules shall be handled in accordance with the Company Act, the Articles of Incorporation of the Company, and relevant laws and regulations.

Article XI The Rules, and any amendments hereto, shall be implemented after adoption by shareholders' meetings.

Appendix IV

Shareholding by Directors and Supervisors

I. The minimum numbers of shares required to be held by the entire bodies of directors and the numbers of shares held by the directors individually and by the entire bodies thereof respectively as recorded in the shareholders' register as of the book closure date for that shareholders' meeting:

Date for suspension of share transfer : April 30, 2023

Designation	Name	Date elected	Shareholding while elected			Shares held as of the closure of the shareholders' register			Remarks
			Type	Shares	Shareholding while elected%	Type	Shares	Shareholding while elected%	
Chairman	Tianye Investment Co., Ltd. Representative: Tsai, Tien-Tsan	2020/06/24	Common shares	49,652,072	12.90%	Common shares	49,652,072	13.45%	
Director	Tianye Investment Co., Ltd. Representative: Meiyun S. Tsai								
Director	Tianye Investment Co., Ltd. Representative: Li, Shih-Hsiung								
Director	Tianye Investment Co., Ltd. Representative: Chen, Chin-Hsing								
Independent Director	Ming-Te Chang		Common shares	1,386,582	0.36%	Common shares	1,386,582	0.38%	
Independent Director	Yao-Kuo Wu		Common shares	0	0.00%	Common shares	0	0.00%	
Independent Director	Chuang, Chi-Hsiung		Common shares	0	0.00%	Common shares	0	0.00%	
Total			Common shares	51,038,654	13.26%	Common shares	51,038,654	13.83%	

Statutory minimum number of shares to be held by the entire bodies of directors: **15,393,854** shares

Number of shares to be held by the entire bodies of directors: **51,038,654** shares

II. Total number of shares issued on April 30, 2023: **369,056,379** shares and total number of shares issued on June 24, 2020: **384,846,372** shares.

III. Chen, Chin-Hsing was reappointed as the legal representative by Tianye Investment Co., Ltd. on March 22, 2022. due to the death of the original representative Chen, Tien-Chin on March 2, 2022.

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