

**KEE TAI PROPERTIES CO., LTD.
PARENT COMPANY ONLY
FINANCIAL STATEMENTS
WITH REPORT OF INDEPENDENT AUDITORS
FOR THE YEARS ENDED
DECEMBER 31, 2022 AND 2021**

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The reader is advised that these parent company only financial statements have been prepared originally in Chinese. In the event of a conflict between these financial statements and the original Chinese version or difference in interpretation between the two versions, the Chinese language financial statements shall prevail.

English Translation of Auditors' Report Originally Issued in Chinese**Report of Independent Auditors**

To KEE TAI PROPERTIES CO., LTD.

Opinion

We have audited the accompanying parent company only balance sheets of Kee Tai Properties Co., Ltd. (the “Company”) as of December 31, 2022 and 2021, and the related parent company only statements of comprehensive income, changes in equity and cash flows for the years ended December 31, 2022 and 2021, and notes to the parent company only financial statements including a summary of significant accounting policies.

In our opinion, based on our audits and the reports of other auditors (please refer to the *Other Matter – Making Reference to the Audits of Component Auditors* section of our report), the parent company only financial statements referred to above present fairly, in all material respects, the financial position of the Company as of December 31, 2022 and 2021, and financial performance and its cash flows for the years ended December 31, 2022 and 2021, in conformity with the requirements of the Regulations Governing the Preparation of Financial Reports by Securities Issuers.

Basis for Opinion

We conducted our audits in accordance with the Regulations Governing Auditing and Attestation of Financial Statements by Certified Public Accountants and the Standards on Auditing of the Republic of China. Our responsibilities under those standards are further described in the *Auditors' Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Company in accordance with the Norm of Professional Ethics for Certified Public Accountant of the Republic of China (the “Norm”), and we have fulfilled our other ethical responsibilities in accordance with the Norm. Based on our audits and the reports of other auditors, we believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of 2022 parent company only financial statements. 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.

Assessment on Collectability of Long-term Accounts Receivable

As of December 31, 2022, the long-term accounts receivable of the Company amounted to NTD 142,752 thousand, which accounted for 1% of the parent company only total assets. Since the assessment on the collectability of long-term accounts receivable is subject to management's judgement and the accounting estimations would have significant influence over the balance of the long-term accounts receivable, we considered this a key audit matter.

For the assessment on the collectability of long-term accounts receivable, we have conducted audit procedures including but not limited to understanding management's procedures with regard to the assessment of the collectivity of long-term accounts receivable, obtaining related evaluation documentation to review its preservation measures; assessing if the collaterals obtained are sufficient in order to verify the appropriateness of management's assessment over the collectability and the loss allowance. We also considered the appropriateness of the relevant disclosure in respect of preserving long-term accounts receivable in Note 6 of the parent company only financial statements.

Valuation of Inventories

The inventories of Company consist principally of land held for construction site, construction in progress, and land and buildings held for sale. As of December 31, 2022, the net amount of the inventories was NTD 7,141,433 thousand, which accounted for 52% of the parent company only total assets and was considered material to the parent company only financial statements. In addition, the real estate development is subject to political influence, property tax system reforms and market prospect, which added to the difficulties and risks in management's assessment over the value of the inventories. As the valuation of inventories had significant impact on the parent company only financial statements, we considered this a key audit matter.

For the valuation of inventories, we have conducted audit procedures including but not limited to evaluating the appropriateness of the accounting policies with respect to inventory valuation; obtaining the valuation information concerning the net realizable value of inventories and analysis of the investment return of construction projects, the valuation information concerning net realizable value included the appraisal report issued by professional organizations, and we also evaluated the valuation method adopted the appropriateness of the key assumptions and inputs in the appraisal reports. In addition, we analyzed the appropriateness of the loss allowance recognized with reference to the most recent closing price and transaction price of similar construction projects in nearby areas (including public information from the Department of Land Administration, Ministry of Interior and real estate agents). We also considered the appropriateness of the disclosure in respect of valuation of inventories and relevant disclosure in Notes 5 and 6 of the parent company only financial statements.

Other Matter – Making Reference to the Audits of Component Auditors

We did not audit the financial statements of certain investments accounted for using equity method, which was prepared in accordance with the different financial reporting framework whose statements are based solely on the reports of other auditors.

We have implemented the necessary audit procedures for the adjustments made as a result of the conversion of the financial statements of certain investments accounted for using equity method into in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers, IFRSs, IAASs, IFRIC and SIC with are endorsed by the FSC.

Those financial statements were audited by other auditors, whose reports thereon have been furnished to us, and our opinions expressed herein are based solely on the audit reports of the other auditors.

These investments accounted for using equity method amounted to NTD 526,668 thousand and NTD 653,028 thousand, representing 4% and 5% of the parent company only total assets as of December 31, 2022 and 2021, respectively. The related shares of profit (loss) of the associates and joint ventures accounted for using equity method amounted to NTD (126,360) thousand and NTD 1,379 thousand, representing (66)% and (1) % of the parent company only net income before tax for the years ended December 31, 2022 and 2021, respectively, and the related shares of other comprehensive income of the associates and joint ventures accounted for using equity method amounted to NTD 0 thousand and NTD (16,383) thousand, representing 0% and 71% of the parent company only other comprehensive income for the years ended December 31, 2022 and 2021, respectively.

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

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

In preparing the parent company only financial statements, management is responsible for assessing the ability to continue as a going concern of the Company, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance, including audit committee or supervisors, are responsible for overseeing the financial reporting process of the Company.

Auditor's Responsibilities for the Audit of the Parent Company only Financial Statements

Our objectives are to obtain reasonable assurance about whether the parent company only financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's 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 Standards on Auditing of 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 parent company only financial statements.

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

1. Identify and assess the risks of material misstatement of the parent company only financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
2. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the internal control of the Company.
3. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
4. Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the ability to continue as a going concern of the Company. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the parent company only financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
5. Evaluate the overall presentation, structure and content of the parent company only financial statements, including the accompanying notes, and whether the parent company only financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

6. Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Company to express an opinion on the parent company only financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of 2022 the parent company only financial statements and are therefore the key audit matters. We describe these matters in our auditor's 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.

Lin, Su-Wen

Huang, Chien-Che

Ernst & Young, Taiwan
March 29, 2023

Taipei, Taiwan
Republic of China

Notice to Readers

The accompanying parent company only financial statements are intended only to present the financial position and results of operations and cash flows in accordance with accounting principles and practices generally accepted in the Republic of China and not those of any other jurisdictions. The standards, procedures and practices to audit such parent company only financial statements are those generally accepted and applied in the Republic of China.

Accordingly, the accompanying parent company only financial statements and report of independent auditors are not intended for use by those who are not informed about the accounting principles or auditing standards generally accepted in the Republic of China, and their applications in practice. As the financial statements are the responsibility of the management, Ernst & Young cannot accept any liability for the use of, or reliance on, the English translation or for any errors or misunderstandings that may derive from the translation.

English translation of parent company only financial statements originally issued in Chinese

KEE TAI PROPERTIES CO., LTD.

PARENT COMPANY ONLY BALANCE SHEETS

December 31, 2022 and December 31, 2021

(Expressed in Thousands of New Taiwan Dollars)

Assets	Notes	As of			
		December 31, 2022	%	December 31, 2021	%
Current assets					
Cash and cash equivalents	4,6	\$1,034,509	8	\$91,874	1
Current financial assets at fair value through profit or loss	4,6	53,238	-	22,590	-
Current financial assets at amortised cost	4,6,8	2,540,037	19	2,554,333	21
Notes receivable, net	6	988	-	55,104	-
Accounts receivable, net	4,6	1,862	-	4,877	-
Other receivables	4,6	28,925	-	21,472	-
Other receivables due from related parties	7	142,432	1	26,586	-
Inventories	4,6,8	7,141,433	52	6,903,304	56
Other current assets	4,6	420,782	3	234,063	2
Total current assets		11,364,206	83	9,914,203	80
Non-current assets					
Non-current financial assets at fair value through other comprehensive income	4,6	167,667	1	225,592	2
Investments accounted for using equity method	4,6	1,744,746	13	1,876,505	15
Property, plant and equipment	4,6	531	-	544	-
Right-of-use assets	4,6	13,769	-	7,074	-
Investment property, net	4,6,8	114,091	1	117,182	1
Other non-current assets, others	6,7	235,642	2	289,064	2
Total non-current assets		2,276,446	17	2,515,961	20
Total assets		\$13,640,652	100	\$12,430,164	100

The accompanying notes are an integral part of parent company only financial statements.

English translation of parent company only financial statements originally issued in Chinese

KEE TAI PROPERTIES CO., LTD.

PARENT COMPANY ONLY BALANCE SHEETS (CONTINUED)

December 31, 2022 and December 31, 2021

(Expressed in Thousands of New Taiwan Dollars)

Liabilities and Equity	Notes	As of			
		December 31, 2022	%	December 31, 2021	%
Current liabilities					
Current borrowings	4,6	\$4,445,300	33	\$2,942,200	24
Short-term notes and bills payable	4,6	1,156,003	8	1,756,700	14
Current contract liabilities	4,6	1,053,130	8	538,900	4
Notes payable		11,316	-	3,887	-
Accounts payable		388,920	3	374,599	3
Other payables		110,273	1	186,875	2
Other payables to related parties	7	355,123	2	425,123	3
Current lease liabilities	4,6	7,008	-	5,447	-
Advance receipts		171,453	1	171,510	1
Other current liabilities, others	6	91,568	1	90,116	1
Total current liabilities		7,790,094	57	6,495,357	52
Non-current liabilities					
Non-current lease liabilities	4,6	6,833	-	1,961	-
Net defined benefit liability, non-current	4,6	13,932	-	18,755	-
Other non-current liabilities, others		3,348	-	3,629	-
Total non-current liabilities		24,113	-	24,345	-
Total liabilities		7,814,207	57	6,519,702	52
Equity attributable to owners of parent	4,6				
Share capital					
Ordinary share		4,384,488	32	4,384,488	35
Capital surplus		58,479	1	58,479	1
Retained earnings					
Legal reserve		821,261	6	821,261	7
Special reserve		50,037	-	27,135	-
Unappropriated retained earnings		620,143	5	669,137	5
Total retained earnings		1,491,441	11	1,517,533	12
Total other equity interest		(107,963)	(1)	(50,038)	-
Total equity		5,826,445	43	5,910,462	48
Total liabilities and equity		\$13,640,652	100	\$12,430,164	100

The accompanying notes are an integral part of parent company only financial statements.

English translation of parent company only financial statements originally issued in Chinese

KEE TAI PROPERTIES CO., LTD.

PARENT COMPANY ONLY STATEMENTS OF COMPREHENSIVE INCOME

For the years ended December 31, 2022 and 2021

(Expressed in Thousands of New Taiwan Dollars, Except for Earnings per Share)

Item	Notes	For the years ended			
		December 31, 2022	%	December 31, 2021	%
Operating revenue	4,6	\$101,025	100	\$56,307	100
Operating costs	4,6	(46,870)	(46)	(42,987)	(76)
Gross profit from operations		54,155	54	13,320	24
Operating expenses	4,6,7				
Selling expenses		(1,309)	(2)	(33,184)	(59)
Administrative expenses		(131,598)	(130)	(104,471)	(186)
Total operating expenses		(132,907)	(132)	(137,655)	(245)
Net operating loss		(78,752)	(78)	(124,335)	(221)
Non-operating income and expenses	4,6,7				
Interest income		39,719	39	24,795	44
Other income		126,770	125	100,793	179
Other gains and losses, net		277,132	275	(67,274)	(119)
Finance costs, net		(51,215)	(51)	(23,516)	(42)
Share of profit (loss) of associates and joint ventures accounted for using equity method, net		(121,469)	(120)	(46,911)	(83)
Total non-operating income and expenses		270,937	268	(12,113)	(21)
Loss before tax		192,185	190	(136,448)	(242)
Total tax expense	4,6	(1,004)	(1)	(627)	(1)
Loss		191,181	189	(137,075)	(243)
Other comprehensive income	4,6				
Components of other comprehensive income that will not be reclassified to profit or loss:					
Gains (losses) on remeasurements of defined benefit plans		1,952	2	(286)	(1)
Unrealised gains (losses) from investments in equity instruments measured at fair value through other comprehensive income		(57,925)	(57)	(6,520)	(11)
Income tax related to components of other comprehensive income that will not be reclassified to profit or loss		-	-	-	-
Components of other comprehensive income that will be reclassified to profit or loss:					
Share of other comprehensive income of associates and joint ventures accounted for using equity method, components of other comprehensive income that will be reclassified to profit or loss		-	-	(16,383)	(29)
Income tax related to components of other comprehensive income that will be reclassified to profit or loss		-	-	-	-
Total other comprehensive income		(55,973)	(55)	(23,189)	(41)
Total comprehensive income		\$135,208	134	\$(160,264)	(284)
Earnings per share (in dollars)	6				
Basic loss per share		\$0.44		\$(0.31)	

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English translation of parent company only financial statements originally issued in Chinese

KEE TAI PROPERTIES CO., LTD.

PARENT COMPANY ONLY STATEMENTS OF CHANGES IN EQUITY

For the years ended December 31, 2022 and 2021

(Expressed in Thousands of New Taiwan Dollars)

Item	Equity attributable to owners of parent							Total equity
	Share capital	Capital surplus	Retained earnings			Other equity interest		
			Legal reserve	Special reserve	Unappropriated retained earnings	Exchange differences on translation of foreign financial statements	Unrealised gains (losses) on financial assets measured at fair value through other comprehensive income	
Balance on January 1, 2021	\$4,384,488	\$58,479	\$821,261	\$-	\$1,052,858	\$(20,658)	\$(6,477)	\$6,289,951
Appropriation and distribution of retained earnings:								
Special reserve appropriated	-	-	-	27,135	(27,135)	-	-	-
Cash dividends of ordinary share	-	-	-	-	(219,225)	-	-	(219,225)
Loss for the year ended December 31, 2021	-	-	-	-	(137,075)	-	-	(137,075)
Other comprehensive income for the year ended December 31, 2021	-	-	-	-	(286)	(16,383)	(6,520)	(23,189)
Total comprehensive income for the year ended December 31, 2021	-	-	-	-	(137,361)	(16,383)	(6,520)	(160,264)
Balance on December 31, 2021	<u>\$4,384,488</u>	<u>\$58,479</u>	<u>\$821,261</u>	<u>\$27,135</u>	<u>\$669,137</u>	<u>\$(37,041)</u>	<u>\$(12,997)</u>	<u>\$5,910,462</u>
Balance on January 1, 2022	\$4,384,488	\$58,479	\$821,261	\$27,135	\$669,137	\$(37,041)	\$(12,997)	\$5,910,462
Appropriation and distribution of retained earnings:								
Special reserve appropriated	-	-	-	22,902	(22,902)	-	-	-
Cash dividends of ordinary share	-	-	-	-	(219,225)	-	-	(219,225)
Loss for the year ended December 31, 2022	-	-	-	-	191,181	-	-	191,181
Other comprehensive income for the year ended December 31, 2022	-	-	-	-	1,952	-	(57,925)	(55,973)
Total comprehensive income for the year ended December 31, 2022	-	-	-	-	193,133	-	(57,925)	135,208
Balance on December 31, 2022	<u>\$4,384,488</u>	<u>\$58,479</u>	<u>\$821,261</u>	<u>\$50,037</u>	<u>\$620,143</u>	<u>\$(37,041)</u>	<u>\$(70,922)</u>	<u>\$5,826,445</u>

The accompanying notes are an integral part of parent company only financial statements.

English translation of parent company only financial statements originally issued in Chinese

KEE TAI PROPERTIES CO., LTD.

PARENT COMPANY ONLY STATEMENTS OF CASH FLOWS

For the years ended December 31, 2022 and 2021

(Expressed in Thousands of New Taiwan Dollars)

Item	For the years ended	
	December 31, 2022	December 31, 2021
Cash flows from (used in) operating activities:		
Loss before tax	\$192,185	\$(136,448)
Adjustments:		
Adjustments to reconcile profit (loss):		
Depreciation expense	9,415	9,298
Loss on financial assets or liabilities at fair value through profit or loss	62	723
Interest expense	51,215	23,516
Interest income	(39,719)	(24,795)
Share of loss (profit) of associates and joint ventures accounted for using equity method	121,469	46,911
Gain (loss) on disposal of investment property	(730)	-
Changes in operating assets and liabilities:		
Decrease (increase) in financial assets at fair value through profit or loss, mandatorily measured at fair value	(30,710)	-
Decrease (increase) in notes receivable	54,116	42,958
Decrease (increase) in accounts receivable	3,015	(1,312)
Decrease (increase) in other receivables	(7,453)	(1,185)
Decrease (increase) in other receivable due from related parties	(115,846)	(7,713)
Decrease (increase) in inventories	(259,664)	(39,793)
Decrease (increase) in other current assets	(184,154)	(205,996)
Increase (decrease) in contract liabilities	514,230	415,414
Increase (decrease) in notes payable	7,429	(597)
Increase (decrease) in accounts payable	14,322	(105,939)
Increase (decrease) in other payables	(147,722)	(277,502)
Increase (decrease) in advance receipts	(57)	(112)
Increase (decrease) in other current liabilities, others	1,452	16,000
Increase (decrease) in net defined benefit liability	(2,871)	4
Cash inflow (outflow) generated from operations:	179,984	(246,568)
Interest received	3,700	13,075
Income taxes paid	2,929	6,431
Net cash flows from (used in) operating activities	186,613	(227,062)
Cash flows from (used in) investing activities:		
Acquisition of financial assets at amortised cost	-	(201,539)
Proceeds from disposal of financial assets at amortised cost	14,295	-
Proceeds from disposal of investment property	2,688	-
Decrease (increase) in other non-current assets, others	53,422	70,286
Interest received	29,522	11,585
Dividends received	10,290	-
Net cash flows from (used in) investing activities	110,217	(119,668)
Cash flows from (used in) financing activities:		
Increase in short-term loans	1,503,100	283,200
Increase in short-term notes and bills payable	(596,500)	200,200
Decrease (increase) in other receivable due from related parties	-	108,000
Repayments of lease liabilities	(8,724)	(8,642)
Decrease (increase) in other non-current liabilities, others	(281)	(675)
Cash dividends paid	(219,225)	(219,225)
Interest paid (including capitalized interests)	(32,565)	(43,124)
Net cash flows from (used in) financing activities	645,805	319,734
Net increase (decrease) in cash and cash equivalents	942,635	(26,996)
Cash and cash equivalents at the beginning of period	91,874	118,870
Cash and cash equivalents at the end of period	\$1,034,509	\$91,874

The accompanying notes are an integral part of parent company only financial statements.

English translation of parent company only financial statements originally issued in Chinese

KEE TAI PROPERTIES CO., LTD.

NOTES TO PARENT COMPANY ONLY FINANCIAL STATEMENTS

For the years ended December 31, 2022 and 2021

(Amounts are expressed in thousands of New Taiwan Dollars unless otherwise stated)

1. History and organization

Kee Tai Properties Co., Ltd. (the “Company”), was established in November 1979 under the Company Act of the Republic of China (“ROC”). In February 1990, the Company merged with Kee Tai Investment Co., Ltd. The Company was the surviving company, whereas Kee Tai Investment Co., Ltd. was dissolved. The Company became listed in August 1996 after the initial public offering application of the Company was accepted in February 1991. The Company merged with its subsidiaries, Sanyuan Development Co., Ltd., Miyoshi Development Co., Ltd., Sunrox Development Co., Ltd. in October 2001 and August 2005. Under the merger, the Company was the surviving company to generally assume all rights and obligations of the dissolved companies. The Company’s registered address and main operating site are located at 10F., No. 51, Hengyang Rd., Zhongzheng Dist., Taipei City.

The Company entrusts construction enterprises in the development of public housing and principally engages in the sales and leasing of residential and commercial buildings, and the clearance of construction waste.

2. Date and procedures of authorization of financial statements for issue

The parent company only financial statements of the Company for the years ended December 31, 2022 and 2021 were recommended and authorized for issue by the Board of Directors on March 29, 2023.

3. Newly issued or revised standards and interpretations

- (1) Changes in accounting policies resulting from applying for the first time certain standards and amendments

The Company applied for the first time the International Financial Reporting Standards, International Accounting Standards, and interpretations issued, revised or amended which are recognized by the Financial Supervisory Commission (“FSC”) and become effective for annual periods beginning on or after January 1, 2022. The aforementioned adoption of new standards and amendments had no material impact on the Company.

- (2) Standards or interpretations issued, revised or amended, by International Accounting Standards Board (“IASB”) which are endorsed by FSC, and not yet adopted by the Company as at the end of the reporting period are listed below.

Items	New, Revised or Amended Standards and Interpretations	Effective Date issued by IASB
a	Disclosure Initiative – Accounting Policies – Amendments to IAS 1	January 1, 2023
b	Definition of Accounting Estimates – Amendments to IAS 8	January 1, 2023
c	Deferred Tax related to Assets and Liabilities arising from a Single Transaction – Amendments to IAS 12	January 1, 2023

(a) Disclosure Initiative - Accounting Policies – Amendments to IAS 1

The amendments improve accounting policy disclosures that to provide more useful information to investors and other primary users of the financial statements.

(b) Definition of Accounting Estimates – Amendments to IAS 8

The amendments introduce the definition of accounting estimates and included other amendments to IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors to help companies distinguish changes in accounting estimates from changes in accounting policies.

(c) Deferred Tax related to Assets and Liabilities arising from a Single Transaction – Amendments to IAS 12

The amendments narrow the scope of the recognition exemption in paragraphs 15 and 24 of IAS 12 so that it no longer applies to transactions that, on initial recognition, give rise to equal taxable and deductible temporary differences.

The abovementioned standards and interpretations were issued by IASB and endorsed by FSC so that they are applicable for annual periods beginning on or after January 1, 2023. The remaining standards and interpretations have no material impact on the Company.

- (3) Standards or interpretations issued, revised or amended, by IASB which are not endorsed by FSC, and not yet adopted by the Company as at the end of the reporting period are listed below.

Items	New, Revised or Amended Standards and Interpretations	Effective Date issued by IASB
a	IFRS 10 “Consolidated Financial Statements” and IAS 28 “Investments in Associates and Joint Ventures” – Sale or Contribution of Assets between an Investor and its Associate or Joint Ventures	To be determined by IASB
b	IFRS 17 “Insurance Contracts”	January 1, 2023
c	Classification of Liabilities as Current or Non-current – Amendments to IAS 1	January 1, 2024
d	Lease Liability in a Sale and Leaseback – Amendments to IFRS 16	January 1, 2024
e	Non-current Liabilities with Covenants – Amendments to IAS 1	January 1, 2024

- (a) IFRS 10 “Consolidated Financial Statements” and IAS 28 “Investments in Associates and Joint Ventures” — Sale or Contribution of Assets between an Investor and its Associate or Joint Ventures

The amendments address the inconsistency between the requirements in IFRS 10 *Consolidated Financial Statements* and IAS 28 *Investments in Associates and Joint Ventures*, in dealing with the loss of control of a subsidiary that is contributed to an associate or a joint venture. IAS 28 restricts gains and losses arising from contributions of non-monetary assets to an associate or a joint venture to the extent of the interest attributable to the other equity holders in the associate or joint ventures. IFRS 10 requires full profit or loss recognition on the loss of control of the subsidiary. IAS 28 was amended so that the gain or loss resulting from the sale or contribution of assets that constitute a business as defined in IFRS 3 between an investor and its associate or joint venture is recognized in full.

IFRS 10 was also amended so that the gains or loss resulting from the sale or contribution of a subsidiary that does not constitute a business as defined in IFRS 3 between an investor and its associate or joint venture is recognized only to the extent of the unrelated investors’ interests in the associate or joint venture.

- (b) IFRS 17 “Insurance Contracts”

IFRS 17 provides a comprehensive model for insurance contracts, covering all relevant accounting aspects (including recognition, measurement, presentation and disclosure requirements). The core of IFRS 17 is the General (building block) Model, under this model, on initial recognition, an entity shall measure a group of insurance contracts at the total of the fulfilment cash flows and the contractual service margin. The carrying amount of a group of insurance contracts at the end of each reporting period shall be the sum of the liability for remaining coverage and the liability for incurred claims.

Other than the General Model, the standard also provides a specific adaptation for contracts with direct participation features (the Variable Fee Approach) and a simplified approach (Premium Allocation Approach) mainly for short-duration contracts.

IFRS 17 was issued in May 2017 and it was amended in 2020 and 2021. The amendments include deferral of the date of initial application of IFRS 17 by two years to annual beginning on or after January 1, 2023 (from the original effective date of January 1, 2021); provide additional transition reliefs; simplify some requirements to reduce the costs of applying IFRS 17 and revise some requirements to make the results easier to explain. IFRS 17 replaces an interim Standard – IFRS 4 Insurance Contracts – from annual reporting periods beginning on or after January 1, 2023.

- (c) Classification of Liabilities as Current or Non-current – Amendments to IAS 1

These are the amendments to paragraphs 69-76 of IAS 1 Presentation of Financial statements and the amended paragraphs related to the classification of liabilities as current or non-current.

(d) Lease Liability in a Sale and Leaseback – Amendments to IFRS 16

The amendments add seller-lessees additional requirements for the sale and leaseback transactions in IFRS 16, thereby supporting the consistent application of the standard.

(e) Non-current Liabilities with Covenants – Amendments to IAS 1

The amendments improved the information companies provide about long-term debt with covenants. The amendments specify that covenants to be complied within twelve months after the reporting period do not affect the classification of debt as current or non-current at the end of the reporting period.

The abovementioned standards and interpretations issued by IASB have not yet endorsed by FSC at the date when the Group's financial statements were authorized for issue, the local effective dates are to be determined by FSC. The abovementioned new or amended standards and interpretations have no material impact on the Company.

4. Summary of Significant Accounting Policies

(1) Statement of compliance

The parent company only financial statements of the Company for the years ended December 31, 2022 and 2021 have been prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers ("the Regulations").

(2) Basis of preparation

The Company prepared parent company only financial statements in accordance with Article 21 of the Regulations, which provided that the profit or loss and other comprehensive income for the period presented in the parent company only financial statements shall be the same as the profit or loss and other comprehensive income attributable to stockholders of the parent presented in the consolidated financial statements for the period, and the total equity presented in the parent company only financial statements shall be the same as the equity attributable to the parent company presented in the consolidated financial statements. Therefore, the Company accounted for its investments in subsidiaries using equity method and, accordingly, made necessary adjustments.

The parent company only financial statements have been prepared on a historical cost basis, except for financial instruments that have been measured at fair value. The financial statements are expressed in thousands of New Taiwan Dollars ("NTD") unless otherwise stated.

(3) Foreign currencies

The Company's parent company only financial statements are presented in NTD, which is also the Company's functional currency.

Transactions in foreign currencies are initially recorded at functional currency rates prevailing at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency closing rate of exchange ruling at the reporting date. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value is determined. Non-monetary items that are measured at historical cost in a foreign currency are translated using the exchange rates as of the dates of the initial transactions.

All exchange differences arising on the settlement of monetary items or on translating monetary items are taken to profit or loss in the period in which they arise except for the following:

- A. Exchange differences arising from foreign currency borrowings for an acquisition of a qualifying asset to the extent that they are regarded as an adjustment to interest costs are included in the borrowing costs that are eligible for capitalization.
- B. Foreign currency items within the scope of *IFRS 9 Financial Instruments* are accounted for based on the accounting policy for financial instruments.
- C. Exchange differences arising on a monetary item that forms part of a reporting entity's net investment in a foreign operation is recognized initially in other comprehensive income and reclassified from equity to profit or loss on disposal of the net investment.

When a gain or loss on a non-monetary item is recognized in other comprehensive income, any exchange component of that gain or loss is recognized in other comprehensive income. When a gain or loss on a non-monetary item is recognized in profit or loss, any exchange component of that gain or loss is recognized in profit or loss.

(4) Current and non-current distinction

An asset is classified as current when:

- A. The Company expects to realize the asset, or intends to sell or consume it, in its normal operating cycle
- B. The Company holds the asset primarily for the purpose of trading
- C. The Company expects to realize the asset within twelve months after the reporting period
- D. The asset is cash or cash equivalent unless the asset is restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

All other assets are classified as non-current.

A liability is classified as current when:

- A. The Company expects to settle the liability in its normal operating cycle
- B. The Company holds the liability primarily for the purpose of trading
- C. The liability is due to be settled within twelve months after the reporting period
- D. The Company does not have an unconditional right to defer settlement of the liability for at least twelve months after the reporting period. Terms of a liability that could, at the option of the counterparty, result in its settlement by the issue of equity instruments do not affect its classification.

The Company engages in the development of public housings by commissioning construction enterprises and the sales of residential and commercial buildings. The business cycle is longer than 1 year (generally 3~4 years). Therefore, the classification of current and non-current assets and liabilities related to construction business is based on business cycle.

All other liabilities are classified as non-current.

(5) Cash and cash equivalents

Cash and cash equivalents comprises cash on hand, demand deposits and short-term, highly liquid time deposits (including ones that have maturity within 12 months) or investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

(6) Financial instruments

Financial assets and financial liabilities are recognized when the Company becomes a party to the contractual provisions of the instrument.

Financial assets and financial liabilities within the scope of *IFRS 9 Financial Instruments* are recognized initially at fair value plus or minus, in the case of investments not at fair value through profit or loss, directly attributable transaction costs.

A. Financial assets: Recognition and Measurement

The Company accounts for regular way purchase or sales of financial assets on the trade date.

The Company classified financial assets as subsequently measured at amortized cost, fair value through other comprehensive income or fair value through profit or loss considering both factors below:

- (a) The Company's business model for managing the financial assets and
- (b) The contractual cash flow characteristics of the financial asset.

Financial assets at amortized cost

A financial asset is measured at amortized cost if both of the following conditions are met and presented as notes receivable, accounts receivable, financial assets at amortized cost and other receivables etc., on balance sheet as of the reporting date:

- (a) The financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows and
- (b) The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Such financial assets are subsequently measured at amortized cost (the amount at which the financial asset is measured at initial recognition minus the principal repayments, plus or minus the cumulative amortization using the effective interest method of any difference between the initial amount and the maturity amount and adjusted for any loss allowance) and is not part of a hedging relationship. A gain or loss is recognized in profit or loss when the financial asset is derecognized, through the amortization process or in order to recognize the impairment gains or losses.

Interest revenue is calculated by using the effective interest method. This is calculated by applying the effective interest rate to the gross carrying amount of a financial asset except for:

- (a) Purchased or originated credit-impaired financial assets. For those financial assets, the Company applies the credit-adjusted effective interest rate to the amortized cost of the financial asset from initial recognition.
- (b) Financial assets that are not purchased or originated credit-impaired financial assets but subsequently have become credit-impaired financial assets. For those financial assets, the Company applies the effective interest rate to the amortized cost of the financial asset in subsequent reporting periods.

Financial asset measured at fair value through other comprehensive income

A financial asset is measured at fair value through other comprehensive income if both of the following conditions are met:

- (a) The financial asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets and
- (b) The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Recognition of gain or loss on a financial asset measured at fair value through other comprehensive income are described as follows:

- (a) A gain or loss on a financial asset measured at fair value through other comprehensive income recognized in other comprehensive income, except for impairment gains or losses and foreign exchange gains and losses, until the financial asset is derecognized or reclassified.
- (b) When the financial asset is derecognized the cumulative gain or loss previously recognized in other comprehensive income is reclassified from equity to profit or loss as a reclassification adjustment.
- (c) Interest revenue is calculated by using the effective interest method. This is calculated by applying the effective interest rate to the gross carrying amount of a financial asset except for:
 - (i) Purchased or originated credit-impaired financial assets. For those financial assets, the Company applies the credit-adjusted effective interest rate to the amortized cost of the financial asset from initial recognition.
 - (ii) Financial assets that are not purchased or originated credit-impaired financial assets but subsequently have become credit-impaired financial assets. For those financial assets, the Company applies the effective interest rate to the amortized cost of the financial asset in subsequent reporting periods.

Besides, for certain equity investments within the scope of IFRS 9 that is neither held for trading nor contingent consideration recognized by an acquirer in a business combination to which IFRS 3 applies, the Company made an irrevocable election to present the changes of the fair value in other comprehensive income at initial recognition. Amounts presented in other comprehensive income shall not be subsequently transferred to profit or loss (when disposal of such equity instrument, its cumulated amount included in other components of equity is transferred directly to the retained earnings) and these investments should be presented as financial assets measured at fair value through other comprehensive income on the balance sheet. Dividends on such investment are recognized in profit or loss unless the dividends clearly represents a recovery of part of the cost of investment.

Financial assets at fair value through profit or loss

Financial assets were classified as measured at amortized cost or measured at fair value through other comprehensive income based on aforementioned criteria. All other financial assets were measured at fair value through profit or loss and presented on the balance sheet as financial assets measured at fair value through profit or loss.

Such financial assets are measured at fair value, the gains or losses resulting from remeasurement is recognized in profit or loss which includes any dividend or interest received on such financial assets.

B. Impairment of financial assets

The Company recognizes a loss allowance for expected credit loss on debt instrument investments measured at fair value through other comprehensive income and financial assets at amortized cost. The loss allowance on debt instrument investments measured at fair value through other comprehensive income is recognized in other comprehensive income and not reduce the carrying amount in the statement of financial position.

The Company measures expected credit loss of a financial instrument in a way that reflects:

- (a) An unbiased and probability-weighted amount that is determined by evaluating a range of possible outcomes;
- (b) The time value of money; and
- (c) Reasonable and supportable information that is available without undue cost or effort at the reporting date about past events, current conditions and forecasts of future economic conditions.

The loss allowance is measures as follows:

- (a) At an amount equal to 12-month expected credit loss: the credit risk on a financial asset has not increased significantly since initial recognition or the financial asset is determined to have low credit risk at the reporting date. In addition, the Company measures the loss allowance at an amount equal to lifetime expected credit loss in the previous reporting period, but determines at the current reporting date that the credit risk on a financial asset has increased significantly since initial recognition is no longer met.
- (b) At an amount equal to the lifetime expected credit loss: the credit risk on a financial asset has increased significantly since initial recognition or financial asset that is purchased or originated credit-impaired financial asset.
- (c) For accounts receivable or contract assets arising from transactions within the scope of IFRS 15, the Company measures the loss allowance at an amount equal to lifetime expected credit loss.
- (d) For lease receivables arising from transactions within the scope of IFRS 16 the Company measures the loss allowance at an amount equal to lifetime expected credit losses.

At each reporting date, the Company needs to assess whether the credit risk on a financial asset has increased significantly since initial recognition by comparing the risk of a default occurring at the reporting date and the risk of default occurring at initial recognition. Please refer to Note 12 for further details on credit risk.

C. Derecognition of financial assets

A financial asset is derecognized when:

- (a) The rights to receive cash flows from the asset have expired
- (b) The Company has transferred the asset and substantially all the risks and rewards of the asset have been transferred
- (c) The Company has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

On derecognition of a financial asset in its entirety, the difference between the carrying amount and the consideration received or receivable including any cumulative gain or loss that had been recognized in other comprehensive income, is recognized in profit or loss.

D. Financial liabilities and equity

Classification between liabilities or equity

The Company classifies the instrument issued as a financial liability or an equity instrument in accordance with the substance of the contractual arrangement and the definitions of a financial liability, and an equity instrument.

Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. The transaction costs of an equity transaction are accounted for as a deduction from equity (net of any related income tax benefit) to the extent they are incremental costs directly attributable to the equity transaction that otherwise would have been avoided.

Compound instruments

The Company evaluates the terms of the convertible bonds issued to determine whether it contains both a liability and an equity component. Furthermore, the Company assesses if the economic characteristics and risks of the put and call options contained in the convertible bonds are closely related to the economic characteristics and risk of the host contract before separating the equity element.

For the liability component excluding the derivatives, its fair value is determined based on the rate of interest applied at that time by the market to instruments of comparable credit status. The liability component is classified as a financial liability measured at amortized cost before the instrument is converted or settled. For the embedded derivative that is not closely related to the host contract (for example, if the exercise price of the embedded call or put option is not approximately equal on each exercise date to the amortized cost of the host debt instrument), it is classified as a liability component and subsequently measured at fair value through profit or loss unless it qualifies for an equity component. The equity component is assigned the residual amount after deducting from the fair value of the instrument as a whole the amount separately determined for the liability component. Its carrying amount is not remeasured in the subsequent accounting periods. If the convertible bond issued does not have an equity component, it is accounted for as a hybrid instrument in accordance with the requirements under IFRS 9 *Financial Instruments*.

Transaction costs are apportioned between the liability and equity components of the convertible bond based on the allocation of proceeds to the liability and equity components when the instruments are initially recognized.

On conversion of a convertible bond before maturity, the carrying amount of the liability component being the amortized cost at the date of conversion is transferred to equity.

Financial liabilities

Financial liabilities within the scope of *IFRS 9 Financial Instruments* are classified as financial liabilities at fair value through profit or loss or financial liabilities measured at amortized cost upon initial recognition.

Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss.

A financial liability is classified as held for trading if:

- (a) it is acquired or incurred principally for the purpose of selling or repurchasing it in the near term;
- (b) on initial recognition it is part of a portfolio of identified financial instruments that are managed together and for which there is evidence of a recent actual pattern of short-term profit-taking; or
- (c) it is a derivative (except for a derivative that is a financial guarantee contract or a designated and effective hedging instrument).

If a contract contains one or more embedded derivatives, the entire hybrid (combined) contract may be designated as a financial liability at fair value through profit or loss; or a financial liability may be designated as at fair value through profit or loss when doing so results in more relevant information, because either:

- (a) it eliminates or significantly reduces a measurement or recognition inconsistency; or
- (b) a group of financial assets, financial liabilities or both is managed and its performance is evaluated on a fair value basis, in accordance with a documented risk management or investment strategy, and information about the Company is provided internally on that basis to the key management personnel.

Gains or losses on the subsequent measurement of liabilities at fair value through profit or loss including interest paid are recognized in profit or loss.

Financial liabilities at amortized cost

Financial liabilities measured at amortized cost include interest bearing loans and borrowings that are subsequently measured using the effective interest rate method after initial recognition. Gains and losses are recognized in profit or loss when the liabilities are derecognized as well as through the effective interest rate method amortization process.

Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or transaction costs.

Derecognition of financial liabilities

A financial liability is derecognized when the obligation under the liability is discharged or cancelled or expires.

When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified (whether or not attributable to the financial difficulty of the debtor), such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognized in profit or loss.

E. Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount reported in the balance sheet if, and only if, there is a currently enforceable legal right to offset the recognized amounts and there is an intention to settle on a net basis, or to realize the assets and settle the liabilities simultaneously.

(7) Fair value measurement

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- A. In the principal market for the asset or liability, or
- B. In the absence of a principal market, in the most advantageous market for the asset or liability

The principal or the most advantageous market must be accessible to by the Company.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Company uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximizing the use of relevant observable inputs and minimizing the use of unobservable inputs.

(8) Inventories

Inventories are stated at acquisition or construction costs. The allocation of construction cost to land and buildings sold and unsold is based on relative price or size of land. The interests paid prior to the completion of construction projects are capitalized as cost of inventories in accordance with IFRS 23, *Borrowing Costs*.

Inventories are valued at lower of cost and net realizable value. Inventory write-downs are made item by item, except where it may be appropriate to group similar or related items. Abnormal spoilage of inventories, losses on inventory valuation and obsolescence, and gains from price recovery should be recognized in the period incurred. Net realizable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and the estimated costs necessary to make the sale.

The Company acquires specific rights of superficies and land-use rights for its future development on lands. These rights on land meet the definitions of inventories in Paragraph 6 and Paragraph 8 in IAS2, Inventories. Therefore, the royalties for registration of superficies are recognized as construction costs and will be transferred to operating cost based on the ratio of area sold to total area when lands and buildings are sold. The rent expenses after registration of superficies, are deemed as necessary expenses incurred for the registrations and shall be recognized as expenses in the period incurred, no matter they are incurred in the construction periods or operation periods.

(9) Investments accounted for using the equity method

The Company accounted for its investments in subsidiaries using equity method and made necessary adjustments in accordance with Article 21 of the Regulations, which provided that the profit or loss and other comprehensive income for the period presented in the parent company only financial statements shall be the same as the profit or loss and other comprehensive income attributable to stockholders of the parent presented in the financial statements for the period, and the total equity presented in the parent company only financial statements shall be the same as the equity attributable to the parent company presented in the consolidated financial statements. The Company made such adjustments by debiting or crediting accounts such as investments accounted for using equity method, share of profit (loss) of associates and joint ventures accounted for using equity method, or share of other comprehensive income of associates and joint ventures accounted for using equity method, unrealized gains (losses), considering the accounting method used for the investments in subsidiaries in the consolidated financial statements in accordance with IFRS 10 Consolidated Financial Statements and the differences of application of IFRS between different consolidated entities.

The Company's investment in its associate is accounted for using the equity method other than those that meet the criteria to be classified as held for sale. An associate is an entity over which the Company has significant influence. A joint venture is a type of joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the joint venture.

Under the equity method, the investment in the associate or an investment in a joint venture is carried in the balance sheet at cost and adjusted thereafter for the post-acquisition change in the Company's share of net assets of the associate or joint venture. After the interest in the associate or joint venture is reduced to zero, additional losses are provided for, and a liability is recognized, only to the extent that the Company has incurred legal or constructive obligations or made payments on behalf of the associate or joint venture. Unrealized gains and losses resulting from transactions between the Company and the associate or joint venture are eliminated to the extent of the Company's related interest in the associate or joint venture.

When changes in the net assets of an associate or a joint venture occur and not those that are recognized in profit or loss or other comprehensive income and do not affect the Company's percentage of ownership interests in the associate or joint venture, the Company recognizes such changes in equity based on its percentage of ownership interests. The resulting capital surplus recognized will be reclassified to profit or loss at the time of disposing the associate or joint venture on a pro-rata basis.

When the associate or joint venture issues new stock, and the Company's interest in an associate or a joint venture is reduced or increased as the Company fails to acquire shares newly issued in the associate or joint venture proportionately to its original ownership interest, the increase or decrease in the interest in the associate or joint venture is recognized in Additional Paid in Capital and Investment accounted for using the equity method. When the interest in the associate or joint venture is reduced, the cumulative amounts previously recognized in other comprehensive income are reclassified to profit or loss or other appropriate items. The aforementioned capital surplus recognized is reclassified to profit or loss on a pro rata basis when the Company disposes the associate or joint venture.

The financial statements of the associate or joint venture are prepared for the same reporting period as the Company. Where necessary, adjustments are made to bring the accounting policies in line with those of the Company.

The Company determines at each reporting date whether there is any objective evidence that the investment in the associate or an investment in a joint venture is impaired in accordance with *IAS 28 Investments in Associates and Joint Ventures*. If this is the case the Company calculates the amount of impairment as the difference between the recoverable amount of the associate or joint venture and its carrying value and recognizes the amount in the 'share of profit or loss of an associate' in the statement of comprehensive income in accordance with *IAS 36 Impairment of Assets*. In determining the value in use of the investment, the Company estimates:

- A. Its share of the present value of the estimated future cash flows expected to be generated by the associate or joint venture, including the cash flows from the operations of the associate and the proceeds on the ultimate disposal of the investment; or
- B. The present value of the estimated future cash flows expected to arise from dividends to be received from the investment and from its ultimate disposal.

Because goodwill that forms part of the carrying amount of an investment in an associate or an investment in a joint venture is not separately recognized, it is not tested for impairment separately by applying the requirements for impairment testing goodwill in *IAS 36 Impairment of Assets*.

Upon loss of significant influence over the associate or joint venture, the Company measures and recognizes any retaining investment at its fair value. Any difference between the carrying amount of the associate or joint venture upon loss of significant influence and the fair value of the retaining investment and proceeds from disposal is recognized in profit or loss. Furthermore, if an investment in an associate becomes an investment in a joint venture or an investment in a joint venture becomes an investment in an associate, the entity continues to apply the equity method and does not remeasure the retained interest.

(10) Property, plant and equipment

Property, plant and equipment is stated at cost, net of accumulated depreciation and accumulated impairment losses, if any. Such cost includes the cost of dismantling and removing the item and restoring the site on which it is located and borrowing costs for construction in progress if the recognition criteria are met. Each part of an item of property, plant and equipment with a cost that is significant in relation to the total cost of the item is depreciated separately. When significant parts of property, plant and equipment are required to be replaced in intervals, the Company recognized such parts as individual assets with specific useful lives and depreciation, respectively. The carrying amount of those parts that are replaced is derecognized in accordance with the derecognition provisions of *IAS 16 Property, plant and equipment*. When a major inspection is performed, its cost is recognized in the carrying amount of the plant and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognized in profit or loss as incurred.

Depreciation is calculated on a straight-line basis over the estimated economic lives of the following assets:

Buildings	50 years
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An item of property, plant and equipment and any significant part initially recognized is derecognized upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset is recognized in profit or loss.

The assets' residual values, useful lives and methods of depreciation are reviewed at each financial year end and adjusted prospectively, if appropriate.

(11) Investment property

The Company's owned investment properties are measured initially at cost, including transaction costs. The carrying amount includes the cost of replacing part of an existing investment property at the time that cost is incurred if the recognition criteria are met and excludes the costs of day-to-day servicing of an investment property. Subsequent to initial recognition, other than those that meet the criteria to be classified as held for sale (or are included in a disposal group that is classified as held for sale) in accordance with *IFRS 5 Non-current Assets Held for Sale and Discontinued Operations*, investment properties are measured using the cost model in accordance with the requirements of *IAS 16 Property, plant and equipment* for that model. If investment properties are held by a lessee as right-of-use assets and is not held for sale in accordance with IFRS 5, investment properties are measured in accordance with the requirements of IFRS 16.

Depreciation is calculated on a straight-line basis over the estimated economic lives of the following assets:

Buildings	50 years
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Investment properties are derecognized when either they have been disposed of or when the investment property is permanently withdrawn from use and no future economic benefit is expected from its disposal. The difference between the net disposal proceeds and the carrying amount of the asset is recognized in profit or loss in the period of derecognition.

The Company transfers to or from investment properties when there is a change in use for these assets.

Properties are transferred to or from investment properties when the properties meet, or cease to meet, the definition of investment property and there is evidence of the change in use.

(12) Leases

The Company assesses whether the contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset for a period of time, the Company assesses whether, throughout the period of use, has both of the following:

- A. the right to obtain substantially all of the economic benefits from use of the identified asset; and
- B. the right to direct the use of the identified asset.

For a contract that is, or contains, a lease, the Company accounts for each lease component within the contract as a lease separately from non-lease components of the contract. For a contract that contains a lease component and one or more additional lease or non-lease components, the Company allocates the consideration in the contract to each lease component on the basis of the relative stand-alone price of the lease component and the aggregate stand-alone price of the non-lease components. The relative stand-alone price of lease and non-lease components shall be determined on the basis of the price the lessor, or a similar supplier, would charge the Company for that component, or a similar component, separately. If an observable stand-alone price is not readily available, the Company estimates the stand-alone price, maximizing the use of observable information.

Company as a lessee

Except for leases that meet and elect short-term leases or leases of low-value assets, the Company recognizes right-of-use asset and lease liability for all leases which the Company is the lessee of those lease contracts.

At the commencement date, the Company measures the lease liability at the present value of the lease payments that are not paid at that date. The lease payments are discounted using the interest rate implicit in the lease, if that rate can be readily determined. If that rate cannot be readily determined, the Company uses its incremental borrowing rate. At the commencement date, the lease payments included in the measurement of the lease liability comprise the following payments for the right to use the underlying asset during the lease term that are not paid at the commencement date:

- A. fixed payments (including in-substance fixed payments), less any lease incentives receivable;
- B. variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
- C. amounts expected to be payable by the lessee under residual value guarantees;
- D. the exercise price of a purchase option if the Company is reasonably certain to exercise that option; and
- E. payments of penalties for terminating the lease, if the lease term reflects the lessee exercising an option to terminate the lease.

After the commencement date, the Company measures the lease liability on an amortized cost basis, which increases the carrying amount to reflect interest on the lease liability by using an effective interest method; and reduces the carrying amount to reflect the lease payments made.

At the commencement date, the Company measures the right-of-use asset at cost. The cost of the right-of-use asset comprises:

- A. the amount of the initial measurement of the lease liability;
- B. any lease payments made at or before the commencement date, less any lease incentives received;
- C. any initial direct costs incurred by the lessee; and
- D. an estimate of costs to be incurred by the lessee in dismantling and removing the underlying asset, restoring the site on which it is located or restoring the underlying asset to the condition required by the terms and conditions of the lease.

For subsequent measurement of the right-of-use asset, the Company measures the right-of-use asset at cost less any accumulated depreciation and any accumulated impairment losses. That is, the Company measures the right-of-use applying a cost model.

If the lease transfers ownership of the underlying asset to the Company by the end of the lease term or if the cost of the right-of-use asset reflects that the Company will exercise a purchase option, the Company depreciates the right-of-use asset from the commencement date to the end of the useful life of the underlying asset. Otherwise, the Company depreciates the right-of-use asset from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term.

The Company applies IAS 36 “Impairment of Assets” to determine whether the right-of-use asset is impaired and to account for any impairment loss identified.

Except for those leases that the Company accounted for as short-term leases or leases of low-value assets, the Company presents right-of-use assets and lease liabilities in the balance sheet and separately presents lease-related interest expense and depreciation charge in the statements comprehensive income.

For short-term leases or leases of low-value assets, the Company elects to recognize the lease payments associated with those leases as an expense on either a straight-line basis over the lease term or another systematic basis.

Company as a lessor

At inception of a contract, the Company classifies each of its leases as either an operating lease or a finance lease. A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to ownership of an underlying asset. A lease is classified as an operating lease if it does not transfer substantially all the risks and rewards incidental to ownership of an underlying asset. At the commencement date, the Company recognizes assets held under a finance lease in its balance sheet and present them as a receivable at an amount equal to the net investment in the lease.

For a contract that contains lease components and non-lease components, the Company allocates the consideration in the contract applying IFRS 15.

The Company recognizes lease payments from operating leases as rental income on either a straight-line basis or another systematic basis. Variable lease payments for operating leases that do not depend on an index or a rate are recognized as rental income when incurred.

(13) Impairment of non-financial assets

The Company assesses at the end of each reporting period whether there is any indication that an asset in the scope of *IAS 36 Impairment of Assets* may be impaired. If any such indication exists, or when annual impairment testing for an asset is required, the Company estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash-generating unit's ("CGU") fair value less costs to sell and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. Where the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

For assets excluding goodwill, an assessment is made at each reporting date as to whether there is any indication that previously recognized impairment losses may no longer exist or may have decreased. If such indication exists, the Company estimates the asset's or cash-generating unit's recoverable amount. A previously recognized impairment loss is reversed only if there has been an increase in the estimated service potential of an asset which in turn increases the recoverable amount. However, the reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognized for the asset in prior years.

An impairment loss of continuing operations or a reversal of such impairment loss is recognized in profit or loss.

(14) Revenue recognition

The Company's revenue arising from contracts with customers are primarily related to sale of land and buildings. The accounting policies are explained as follows:

The Company constructs and sells residential and commercial buildings by presales. Sales are recognized when control of the assets is transferred to the customers. The assets, subject to the restrictions prescribed in the presale contracts, are not under control of the Company. However, the Company has the legally enforceable right to payment only after the transfer of the ownerships to the customers. Therefore, the Company recognizes revenue when the transfer of the ownerships is completed and receive payments from customers based on the contract terms specified in the abovementioned presales contracts. Consideration received from customers prior to the Company having satisfied its performance obligations are accounted for as contract liabilities which are transferred to revenue after the performance obligations are satisfied.

Where the contract explicitly or implicitly contains a financing component which provided a significant financial benefit to the Company, the Company adjusts the transaction price to reflect the time value of money. For contracts where the period between the payment and the transfer of the promised goods or services is one year or less, the transaction price is not adjusted for the effects of a significant financing component.

The Company recognizes the incremental costs (mainly comprised of sales commissions) of obtaining a contract with a customer as an asset if the Company expects to recover those costs. The assets are amortized on a systematic basis that is consistent with the Company's revenue recognition. The Company recognizes an impairment loss to the extent that the carrying amount of the assets exceeds the remaining amount of consideration that the Company expects to receive less the cost that have not been recognized as expenses. The incremental costs of obtaining a contract can be recognized as an expense when incurred if the amortization period of the assets is less than one year.

(15) Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalized as part of the cost of the respective assets. All other borrowing costs are expensed in the period they occur. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

(16) Post-employment benefits

All regular employees of the Company are entitled to a pension plan that is managed by an independently administered pension fund committee. Fund assets are deposited under the committee's name in the specific bank account and hence, not associated with the Company. Therefore, fund assets are not included in the Company's parent company only financial statements.

For the defined contribution plan, the Company will make a monthly contribution of no less than 6% of the monthly wages of the employees subject to the plan. The Company recognizes expenses for the defined contribution plan in the period in which the contribution becomes due.

Post-employment benefit plan that is classified as a defined benefit plan uses the Projected Unit Credit Method to measure its obligations and costs based on actuarial assumptions. Re-measurements, comprising of the effect of the actuarial gains and losses, the effect of the asset ceiling (excluding net interest) and the return on plan assets, excluding net interest, are recognized as other comprehensive income with a corresponding debit or credit to retained earnings in the period in which they occur. Past service costs are recognized in profit or loss on the earlier of:

- A. the date of the plan amendment or curtailment, and
- B. the date that the Company recognizes restructuring-related costs

Net interest is calculated by applying the discount rate to the net defined benefit liability or asset, both as determined at the start of the annual reporting period, taking account of any changes in the net defined benefit liability (asset) during the period as a result of contribution and benefit payment.

(17) Income taxes

Income tax expense (income) is the aggregate amount included in the determination of profit or loss for the period in respect of current tax and deferred tax.

Current income tax

Current income tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities, using the tax rates and tax laws that have been enacted or substantively enacted by the end of the reporting period. Current income tax relating to items recognized in other comprehensive income or directly in equity is recognized in other comprehensive income or equity and not in profit or loss.

The surtax on undistributed retained earnings is recognized as income tax expense in the subsequent year when the distribution proposal is approved by the Shareholders' meeting.

Deferred tax

Deferred tax is provided on temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax liabilities are recognized for all taxable temporary differences, except:

- A. Where the deferred tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss
- B. In respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in joint arrangements, where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognized for all deductible temporary differences, carry forward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilized, except:

- A. Where the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss

- B. In respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in joint arrangements, deferred tax assets are recognized only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilized.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realized or the liability is settled, based on tax rates and tax laws that have been enacted or substantively enacted at the reporting date. The measurement of deferred tax assets and deferred tax liabilities reflects the tax consequences that would follow from the manner in which the Company expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities. Deferred tax relating to items recognized outside profit or loss is recognized outside profit or loss. Deferred tax items are recognized in correlation to the underlying transaction either in other comprehensive income or directly in equity. Deferred tax assets are reassessed at each reporting date and are recognized accordingly.

Deferred tax assets and deferred tax liabilities are offset, if a legally enforceable right exists to set off current income tax assets against current income tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

5. Significant accounting judgments, estimates and assumptions

The preparation of the Company's parent company only financial statements require management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities, at the end of the reporting period. However, uncertainty about these assumption and estimate could result in outcomes that require a material adjustment to the carrying amount of the asset or liability affected in future periods.

(1) Judgment

In the process of applying the Company's accounting policies, management has made the following judgments, which have the most significant effect on the amounts recognized in the financial statements:

A. Investment properties

Certain properties of the Company comprise a portion that is held to earn rentals or for capital appreciation and another portion that is owner-occupied. If these portions could be sold separately, the Company accounts for the portions separately as investment properties and property, plant and equipment. If the portions could not be sold separately, the property is classified as investment property in its entirety only if the portion that is owner-occupied is under 10% of the total property. The Company leases some properties for rental income to compensate daily maintenance expenses before the properties are being sold to customers. As the properties are not held for capital appreciation, they are still recognized as inventories.

B. Operating lease commitment — Company as the lessor

The Company has entered into commercial property leases on its investment property portfolio. The Company has determined, based on an evaluation of the terms and conditions of the arrangements, that it retains all the significant risks and rewards of ownership of these properties and accounts for the contracts as operating leases.

(2) Estimates and assumptions

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

A. Accounts receivable and other receivables (including long-term accounts receivable) – estimation of impairment loss

The Company estimates the impairment loss of accounts receivable and other receivables (including long-term accounts receivable) when there is objective evidence of impairment, and after the assessment of the collectability. Where the actual future cash flows are lower than originally estimates, a material impairment loss may arise. Please refer to Note 6 for more details.

B. Valuation of inventory

Inventories are stated at the lower of cost or net realizable value, and the Company uses judgment and estimates to determine the net realizable value of inventory at the end of each reporting period. The Company estimates the net realizable value of inventory for obsolescence and unmarketable items at the end of reporting period and then writes down the cost of inventories to net realizable value. The net realizable value of the inventory is mainly determined based on assumption of future demand within a specific time horizon and therefore could result in significant changes. Please refer to Note 6 for more details.

C. Fair value of financial instruments

Where the fair value of financial assets and financial liabilities recorded in the balance sheet cannot be derived from active markets, they are determined using valuation techniques including the income approach (for example the discounted cash flows model) or market approach. Changes in assumptions about these factors could affect the reported fair value of the financial instruments. Please refer to Note 12 for more details.

D. Post-employment benefits

The cost of post-employment benefit and the present value of the pension obligation under defined benefit pension plans are determined using actuarial valuations. An actuarial valuation involves making various assumptions. These include the determination of the discount rate, future salary increases, mortality rates and future pension increases. Please refer to Note 6 for more details.

E. Income tax

Uncertainties exist with respect to the interpretation of complex tax regulations and the amount and timing of future taxable income. Given the wide range of international business relationships and the long-term nature and complexity of existing contractual agreements, differences arising between the actual results and the assumptions made, or future changes to such assumptions, could necessitate future adjustments to tax income and expense already recorded. The Company establishes provisions, based on reasonable estimates, for possible consequences of audits by the tax authorities of the respective countries in which it operates. The amount of such provisions is based on various factors, such as experience of previous tax audits and differing interpretations of tax regulations by the taxable entity and the responsible tax authority. Such differences of interpretation may arise on a wide variety of issues depending on the conditions prevailing in the respective company's domicile.

Deferred tax assets are recognized for all carryforward of unused tax losses and unused tax credits and deductible temporary differences to the extent that it is probable that taxable profit will be available or there are sufficient taxable temporary differences against which the unused tax losses, unused tax credits or deductible temporary differences can be utilized. The amount of deferred tax assets determined to be recognized is based upon the likely timing and the level of future taxable profits and taxable temporary differences together with future tax planning strategies. Please refer to Note 6 for disclosure on unrecognized deferred tax asset of the Company as of December 31, 2022.

6. Contents of significant accounts

(1) Cash and cash equivalents

	As of December 31,	
	2022	2021
Cash on hand	\$175	\$165
Demand and check deposits	28,862	43,245
Time deposit	1,005,472	48,464
Total	<u>\$1,034,509</u>	<u>\$91,874</u>

Please refer to Note 12 for more details on credit risk.

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

	As of December 31,	
	2022	2021
Mandatorily measured at fair value through profit or loss		
— current:		
Open-end funds	\$22,528	\$22,590
Fixed income securities	30,710	-
Total	<u>\$53,238</u>	<u>\$22,590</u>

Financial assets at fair value through profit or loss were not pledged.

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

	As of December 31,	
	2022	2021
Equity instrument investments measured at fair value through other comprehensive income – non-current:		
Unlisted stocks	\$167,667	\$225,592

Financial assets at fair value through other comprehensive income were not pledged.

(4) Financial assets at amortized cost

	As of December 31,	
	2022	2021
Demand deposit	\$651,642	\$315,746
Time deposit	1,888,395	2,238,587
Less: loss allowance	-	-
Total	\$2,540,037	\$2,554,333

A. Please refer to Note 12 for more details on credit risk.

B. Financial assets at amortized cost were deposits from presold housings and lands in trust accounts and deposits under pledge for bank loans. Please refer to Note 8 for more details on financial assets measured at amortized cost under pledge.

(5) Notes Receivable and Accounts Receivable

	As of December 31,	
	2022	2021
Notes receivable	\$988	\$55,104
Accounts receivable	7,547	10,597
Lease payments receivable	2,141	2,106
Subtotal (total carrying amount)	10,676	67,807
Less: loss allowance	(7,826)	(7,826)
Total	\$2,850	\$59,981

A. Accounts receivable were not pledged.

B. Accounts receivable are generally on 30~365 day terms. The total carrying amount as of December 31, 2022 and 2021 were \$10,676 thousand and \$67,807 thousand. Please refer to Note 6(17) for more details on loss allowance and Note 12 for more details on credit risk management.

(6) Inventories

	As of December 31,	
	2022	2021
Land held for construction site	\$1,898,310	\$1,964,972
Land and Buildings held for sale	2,224,343	2,268,634
Construction in progress	2,928,982	2,579,802
Others	9,000	9,000
Prepayment for land purchases	80,798	80,896
Total	<u>\$7,141,433</u>	<u>\$6,903,304</u>

A. Details of Land held for construction site were as follows:

Construction Projects	As of December 31,	
	2022	2021
KT005	\$173,797	\$173,797
KT007	324,643	321,643
KT016	634,654	634,653
KT036	324,146	324,146
KT043	305,182	305,182
Others (Note)	135,888	205,551
Total	<u>\$1,898,310</u>	<u>\$1,964,972</u>

Note: Individual amount not exceeded \$100,000 thousand were aggregated as others.

To successfully construct buildings and housings, the Company has established deed of trust with non-related third parties to buy land held for construction site, KT005, KT016, KT036, KT043, and KT065, as of December 31, 2022. The land rights of the properties were registered under the trustees, with subsequent transfers of beneficiary rights to the Company for safeguarding the rights and interest of the Company.

B. Details of Buildings and land held for sale were as follows:

Item	As of December 31,					
	2022			2021		
	Land held for sale	Buildings held for sale	Total	Land held for sale	Buildings held for sale	Total
KT024	\$58,105	\$80,481	\$138,586	\$58,105	\$80,481	\$138,586
KT028	186,133	585,803	771,936	186,133	585,803	771,936
KT029	95,537	5,964	101,501	95,537	5,964	101,501
KT031	691,244	306,824	998,068	693,015	307,610	1,000,625
Others(Note)	141,574	72,678	214,252	161,747	94,239	255,986
Total	<u>\$1,172,593</u>	<u>\$1,051,750</u>	<u>\$2,224,343</u>	<u>\$1,194,537</u>	<u>\$1,074,097</u>	<u>\$2,268,634</u>

Note: Individual amount not exceeded \$100,000 thousand were aggregated as others.

- (a) In 2017, the Group signed an agreement to sell KT017 with transaction price amounting to \$278,030 thousand. In 2018 and 2019, the Group filed actions and appealed to the second instance court to demand the purchaser pay for the disputed amount of \$124,209 thousand. Considering the fact that the litigation remained unsettled in 2018 and 2019 and the revenue recognition requirement was not met, the Group reclassified those inventories in the amount of \$218,250 thousand for which the transfer of property rights has completed to other receivables. As of December 31, 2019, the aforementioned reclassified amount was recognized under notes receivable in the amount of \$10,000 thousand, other receivables in the amount of \$143,821 thousand, and long-term accounts receivable in the amount of \$64,429 thousand. In addition, the Group recognized 100% expected credit impairment loss for the long-term accounts receivable amounting to \$64,429 thousand as a result of the second instance judgment in 2019.

The Supreme Court dismissed the second instance appeal filed by the Group in November 2021, where the judgment that the buyer was not obligated to pay was maintained. As the focus of the dispute was the payment method of KT017, rather than the payment itself, while the sale has occurred and the title has been transferred in 2017, the Group recognized sales revenue in the amount of \$264,790 thousand; the amount of inventories whose property rights were transferred and related construction prepayment totaling \$225,851 thousand was reclassified as cost of goods sold. In addition, the amount of \$124,209 thousand for which the court ruled not necessary to pay and loss allowance reversal in the amount of \$64,429 thousand was recognized under selling expenses.

Additionally, as the financial capability of the transaction counterparty was affected by Covid-19, the Company agreed with the counterparty during July, 2020 that the \$153,821 thousand payment outstanding can be repaid by installment in three years. As of December 31, 2022, all of the amounts were collected.

C. Details of Construction in progress were as follows:

Item	Detail	As of December 31,		Construction Method
		2022	2021	
KT025	Cost of Land	\$613,247	\$613,247	Self-construction
	Cost of Construction	311,268	251,696	
KT057	Cost of Land	214,026	214,026	Self-construction & Commissioned construction
	Cost of Construction	133,934	89,752	
KT068	Cost of Land	479,270	479,270	Self-construction
	Cost of Construction	142,310	117,818	
KT073	Cost of Construction	328,907	297,447	Self-construction (Superficies)
KT074	Cost of Land	347,803	347,803	Self-construction
	Cost of Construction	208,041	113,648	
Others	Cost of Land	76,837	-	(Note)
	Cost of Construction	73,339	55,095	(Note)
Total		<u>\$2,928,982</u>	<u>\$2,579,802</u>	

Note: Individual amount not exceeded \$100,000 thousand were aggregated as others.

- (a) The Construction in progress have been insured with engineering insurance by the construction enterprises.
- (b) The Company entered into an agreement with the Northern Region Branch, National Property Administration, MOF in January 2014 for registration of superficieses on the public lands for non-public purposes. The terms and conditions of the agreement were as follows:
- i. Duration of Superficies: the term of the superficieses is effective from January 15, 2014 to January 14, 2084, with total durations of 70 years. The purchaser may not request for extension on whatever grounds
 - ii. The Payment of Royalties of Superficies and Land rent:
Royalties of Superficies: \$270,000 thousand
Land rent: Monthly payment of \$128 thousand following the execution of the agreement.
 - iii. The transfer of Superficies and Property ownership:
No transfer of superficieses or part or all of fixtures and corresponding portion of superficieses shall be made without prior written consent of the Northern Region Branch, National Property Administration, MOF.
- (c) Capitalized interests of Construction in progress were as follows:

	As of December 31,	
	2022	2021
Capitalized interests	\$21,534	\$21,048
Interest rate	1.50%~2.26%	0.75%~1.79%

- (d) The Company sold KT006 to its subsidiaries Chun Hui Developing Co., Ltd. and Ching Hui Developing Co., Ltd. in October 2012 and the transfer of ownership was completed in the same year. The gains on sale \$991,313 was considered unrealized and was accounted for as the deduction of investments accounted for using equity method as of December 31, 2022.

D. Details of Prepayment for land purchases were as follows:

	As of December 31,	
	2022	2021
Others (Note)	\$80,798	\$80,896

Note: Individual amount not exceeded \$100,000 thousand were aggregated as others.

E. Cost incurred on inventories for the years ended December 31, 2022 and 2021 were as follows:

	For the years ended December 31,	
	2022	2021
Cost of selling land and buildings	\$44,291	\$40,452
Cost of rental business	2,579	2,533
Other operating cost	-	2
Total	<u>\$46,870</u>	<u>\$42,987</u>

F. Please refer to Note 8 for more details on inventories pledged as loan guarantee.

G. The advance payments received by the Company due to pre-sale of real estate as of the end of each financial report are detailed in Note 6(16).

H. Please refer to Note 9 for more details on contingencies related to inventories.

(7) Other current assets

	As of December 31,	
	2022	2021
Income tax refund receivable	\$2,740	\$6,673
Excess business tax paid (or Net Input VAT)	48,232	35,575
Incremental cost of acquiring the contract	227,187	102,174
Temporary debits, prepayment, and others	142,623	89,641
Total	<u>\$420,782</u>	<u>\$234,063</u>

A. The Company entered into an agreement to delegate a non-related third party to purchase KT007 from the landowner and to sign a trust contract for security of real estate transactions with the bank in the name of the Company. As of December 31, 2022 and 2021, \$70,549 thousand received for the sale of real estate was recognized as temporary debts as the contracts and the transfer of land ownerships have not yet been completed.

B. The incremental cost of acquiring the contract is expected to be recovered through the sales of real estate, which will be expensed when recognizing the revenue (or gain).

C. Some of the receivables from transactions of the Company were settled by the counterparties in mainland China with RMB, with a total amount of NT\$106,937 thousand. The Company entrusted a third party to act as the payee for asset preservation and protection of the Company's rights and interests. The necessary information for the bank account and account operation for the entrusted payment is controlled and entrusted by a dedicated person appointed by the Group. The Group reclassified the aforementioned deposit from cash and cash equivalents to other non-current assets - others at the end of 2022.

(8) Investments accounted for using equity method

A. Investments accounted for using equity method consisted of the following:

Investee companies	As of December 31,			
	2022		2021	
	Carrying amount	% of ownership	Carrying amount	% of ownership
<u>Subsidiaries</u>				
Chun Hui Developing Co., Ltd.	\$410,835	100.00%	\$375,042	100.00%
Ching Hui Developing Co., Ltd.	345,504	100.00%	341,385	100.00%
Apex Development Corporation	7,440	100.00%	6,826	100.00%
Wei Sheng International Development Co., Ltd.	454,299	55.00%	500,224	55.00%
Subtotal	1,218,078		1,223,477	
<u>Associates</u>				
Ge Mei Investment Limited.	517,344	44.00%	643,714	44.00%
Fawn Keetai Inc.	9,324	40.00%	9,314	40.00%
Subtotal	526,668		653,028	
Total	\$1,744,746		\$1,876,505	

B. Investments in subsidiaries is represented as “Investments accounted for using equity method” and adjusted for the valuation if necessary.

The Company has entered into an agreement in September 2015 to sell 20% of shares of Wei Sheng International Development Co., Ltd. (the “Wei Sheng International Development”) to a non-related third party. Although the buyer has paid \$163,900 thousand as of December 31, 2022, the transfer of shares was not yet completed as of December 31, 2022. The receipt of payment was recognized as advance receipts. As in 2022 Wei Sheng International Development signed a sales contract for selling its property, which is the major asset owned by the company, the Company expected that the likelihood of completing the transaction by transferring the shares to the buyer is high. Thus, the Company recognized its equity interest in Wei Sheng International Development in 2022 based on a percentage after taking account of deducting the sold 20% equity interest.

C. Investments in associates

(a) Information on the material associate of the Company:

Company name: Ge Mei Investment Limited.

Nature of the relationship with the associate: Ge Mei Investment Limited is in business of general investment. The Company invested in Ge Mei Investment Limited for the purpose of reinvesting in the investee in Mainland China.

Principal place of business (country of incorporation): Samoan Islands.

Reconciliation of the associate's summarized financial information presented to the carrying amount of the Company's interest in the associate:

	As of December 31,	
	2022	2021(Note 1)
Current assets	\$296,108	\$1,023,114
Non-current assets	1,315,018	599,741
Current liabilities	(45,535)	(22,007)
Non-current liabilities	(118,538)	(133,165)
Equity	1,447,053	1,467,683
Proportion of the Company's ownership	44.00%	44.00%
Subtotal	636,703	645,781
Other adjustments (Note 2)	(119,359)	(2,067)
Carrying amount of the investment	<u>\$517,344</u>	<u>\$643,714</u>

	For the years ended December 31,	
	2022	2021
Operating revenue	\$19,402	\$62,074
Profit (loss) from continuing operations	(50,904)	12,237
Other comprehensive income, net	(17,609)	(37,233) (Note A)
Total comprehensive income	(68,513)	(24,996) (Note A)

(Note A: The disclosed numbers include the cumulative translation adjustment effect of converting Ge Mei Investment Limited.'s financial statements into the functional currency of the Company. After excluding such impact, Ge Mei Investment Limited.'s other comprehensive income (net of tax) and total comprehensive income for the year ended 2021 were \$4,784 thousand and \$17,021 thousand, respectively.)

Note 1: (A) According to the audited financial statements of Ge Mei Investment Limited. for the year ended 2022, the comparative financial statements for the year ended 2021 have been restated. The restated equity amount is \$98,888 thousand lower than the equity amount disclosed in the audited financial statements for the year ended 2021, resulting in a net impact of \$(26,106) thousand to the Company for the year, which was computed after excluding the interest of 8,800 thousand shares of Ge Mei Investment Limited that the Company expects to sell to others (refer to Note 5 for details). The Company has recognized the aforementioned net impact under equity method investment in the year ended 2022.

(B) According to the audited financial statements of Ge Mei Investment Limited. for the year ended 2022, the reason for the restatement of the year ended 2021 is to reverse the previously recognized financial assets return on investment and related accumulated impairment losses. The related adjustment amounts are as follows:

As of December 31, 2021		
	(Before restated)	(After restated)
	Adjustment	
Current Assets	\$1,023,114	\$(98,888)
Equity	\$1,467,683	\$(98,888)
		\$924,226
		\$1,368,795

For the years ended December 31, 2021		
	(Before restated g)	(After restated)
	Adjustment	
Operating revenue	\$62,074	\$(43,541)
Profit (loss) from continuing operations	12,237	(82)
Other comprehensive income, net	4,784	-
Total comprehensive income	17,021	(82)
		16,939

Note 2: After considering the future plan that the Company might make for disposing its investment in Ge Mei Investment Limited, the Company increased the recognition of losses resulting in an adjustment to equity.

(c) The Company's investment in Fawn Keetai Inc. is not significant. As of December 31, 2022 and 2021, the Company's aggregate carrying amount of the investment in the aforementioned company was \$9,324 thousand and \$9,314 thousand, respectively. For the year ended December 31, 2022 and 2021, the share of profit (loss) recognized under the equity method from the investee company's associated enterprise and joint venture was \$10 thousand and \$(1,853) thousand, respectively.

D. In August 2015, the Board of Directors approved an investment in Ge Mei Investment Limited for 49% of ownership in the company. The purchase agreement with a non-related third party was signed in August 2015, and the terms and conditions were as follows:

(a) Total price was \$804,000 thousand, 20% shall be paid within 30 days following execution of the agreement and 80% after the day of equity transfer.

(b) The seller may cancel the agreement within 1 year after the execution of the agreement.

The Company signed the supplemental agreement with the seller in 2016, entitling the Company the right of contract cancellation and the automatic extension of the right for one year. In addition, both parties agreed to entrust the sales price and underlying asset to a guarantor, who is entitled to manage trust properties and to carry out the transaction based on trust method. As of December 31, 2017, the Company has remitted \$321,600 thousand to the trust, and recognized it under prepayments for investments, non-current.

In view of risk control, the Company decided to perform contract cancellation in June 2018. The payments the Company had already paid deducting the temporary payment, \$54,269 thousand, should be returned to the Company without interest in three years. Additionally, to protect the Company's interest, the underlying assets was put under custody of a guarantor with a trust agreement. The Company delegated a non-related third party to receive payment of \$50,000 thousand repatriated from China in February 2019 in the name of the Company. The bank account and the operation of the account was fully managed by a specific individual of the Company. In addition, the Company recognized impairment loss, in the amount of \$217,331 thousand, in non-operating expenses with respect to said payment due to the uncertainty of China's economic prospect during 2019.

- E. The Company signed the contract to sell 8,800 thousand shares of Ge Mei Investment Limited. for \$285,200 thousand. As of December 31, 2022, the seller has paid \$61,689 thousand which was recognized under other current liabilities as the transfer of the equity has not be completed.
- F. The Company does not have any liabilities or capital commitments towards the aforementioned investment associates as of December 31, 2022 and 2021. Furthermore, there have been no instances of providing guarantees.
- G. Because the Company's ownership in Fawn Keetai Inc. is less than that of other top three shareholders, the Company's material operation and development will be determined the top three shareholders, which indicated that there the Company has only significant influence but no controlling power over Fawn Keetai Inc.

(9) Property, plant and equipment

- A. There were no significant movement on Property, plant and equipment for the years ended 31 December, 2022 and 2021. Depreciation expense recognized for the years ended December 31, 2022 and 2021 were all \$13 thousand.

- B. Property, plant and equipment were not pledged.

(10) Investment property

- A. The Company's investment properties were self-owned investment properties. The Company has entered into commercial property leases on its owned investment properties with remaining lease terms of 2 days to 1 year. Some leases arrangements are adjusted according to Consumer Price Index.

B. The information on investment property held by the Company is as follows:

	Land	Buildings	Total
Cost:			
As of January 1, 2022	\$78,686	\$57,786	\$136,472
Disposal	(1,527)	(666)	(2,193)
As of December 31, 2022	<u>\$77,159</u>	<u>\$57,120</u>	<u>\$134,279</u>
As of January 1, 2021	\$78,686	\$57,786	\$136,472
Disposal	-	-	-
As of December 31, 2021	<u>\$78,686</u>	<u>\$57,786</u>	<u>\$136,472</u>
Depreciation and impairment:			
As of January 1, 2022	\$-	\$19,290	\$19,290
Depreciation	-	1,133	1,133
Disposals	-	(235)	(235)
As of December 31, 2022	<u>\$-</u>	<u>\$20,188</u>	<u>\$20,188</u>
As of January 1, 2021	\$-	\$18,157	\$18,157
Depreciation	-	1,133	1,133
As of December 31, 2021	<u>\$-</u>	<u>\$19,290</u>	<u>\$19,290</u>
	Land	Buildings	Total
Net carrying amount as of:			
December 31, 2022	<u>\$77,159</u>	<u>\$36,932</u>	<u>\$114,091</u>
December 31, 2021	<u>\$78,686</u>	<u>\$38,496</u>	<u>\$117,182</u>

- C. Investment properties held by the Company generated rental income in the amount of \$5,437 thousand and \$4,786 thousand in 2022 and 2021 respectively. In addition, no other significant operating expenses incurred with respect to investment properties held by the Company in 2022 and 2021 other than those depreciation expenses recognized.
- D. Please refer to Note 8 for details of investment properties provided as loan guarantee at the report date.
- E. Investment properties held by the Company were not measured at fair value but for which the fair value is disclosed. The fair value measurements of the investment properties were categorized within Level 3. The fair values of investment properties held by the Company were \$129,900 thousand and \$125,400 thousand as of December 31, 2022 and 2021, respectively. The aforementioned fair values were determined based on the fair value evaluation recognized by the independent external appraiser, with reference to most recent closing price and transaction price of similar construction projects in nearby areas (including public information from the Department of Land Administration, Ministry of Interior and real estate agents).

(11) Other non-current assets-other

	As of December 31,	
	2022	2021
Refundable deposits	\$82,483	\$87,251
Long-term notes	-	46,000
Long-term accounts	142,752	144,302
Other non-current assets, other	10,407	11,511
Total	<u>\$235,642</u>	<u>\$289,064</u>

- A. The company had long-term notes in the amount of \$0 thousand and \$46,000 thousand as of December 31, 2022 and 2021, respectively, with respect to sale of KT017 real estate. For details, please refer to Note 6(6).
- B. As the domestic real estate industry was facing uncertainty, the Company approved at a board meeting held in March 2018 to invest US\$5,000 thousand in Fa Ti Company Limited, an offshore company engaging in wedding photography, for the purpose of capital management. The investment was made with full guarantee from one of the board directors, the guarantor, and the Company recognized the investment as financial assets measured at fair value through profit or loss. However, as Fa Ti Company Limited's business operation was significantly influenced by the US-China trade war and the COVID-19 pandemic, the Company has asked the undersigned guarantor to assist with recollection of the investment. As of the report date, the Company has obtained a full payment promissory note from the guarantor and has requested for enforcement procedures over the promissory note with the court. The financial abilities of the guarantor were also evaluated to make sure the rights and interests of the Company were fully protected. In addition, the guarantor has continued to demand sufficient collateral from Fa Ti Company Limited to secure the investment. Therefore, the Company reclassified the investment in the amount of \$142,752 thousand to long-term accounts receivable under other non-current assets as of December 31, 2021. At the time, between May and December 2022, the guarantor and the substantial head of Fa Ti Company Limited have entered into a master agreement and a supplementary agreement promising to provide other full equity pledges and have the financial veto right to sell shares, with an intention to buy back the shares held by the Company for US\$5,000 thousand.
- C. The employee stock options issued by the Company in 2007 matured on December 31, 2014. The Company's employees exercised employee stock options in 2010, totaling 5,562 units. The Company transferred 5,562 thousand shares of treasury stock. However, the subscription monies were paid in the form of employee debits. As of December 31, 2022 and 2021, the outstanding employee debits (accounted for as other non-current assets - others) were \$10,407 thousand and \$11,511 thousand, respectively.

(12) Current borrowings

	As of December 31,	
	2022	2021
Unsecured bank loans	\$239,000	\$199,000
Secured bank loans	4,206,300	2,743,200
Total	<u>\$4,445,300</u>	<u>\$2,942,200</u>
Unused amount	<u>\$3,774,423</u>	<u>\$5,739,400</u>
Interest rate	<u>1.50%~2.58%</u>	<u>0.75%~1.79%</u>

A. The Company and its subsidiaries, Chun Hui Developing Co., Ltd. and Ching Hui Developing Co., Ltd., had syndicated loans from seven of the banks, including Bank of Taiwan, with the amount up to \$7,600 million, which are effective for 5 years, respectively, from the first drawdown. The Company's credit among the \$7,600 million is \$2,600 million. The Company had current borrowings \$2,180,000 thousand and \$780,000 thousand as of December 31, 2022 and 2021, respectively. Interest payment is due monthly, and the principals are repaid when the loans are due. The Company classified these borrowings as current borrowings based on the purposes of the financings and the business cycle.

B. Please refer to Note 8 for more details on assets pledged as security for current borrowings.

(13) Short-term notes and bills payable

	As of December 31,	
	2022	2021
Short-term notes	\$1,160,200	\$1,756,700
Discount of short-term notes	(4,197)	-
Total	<u>\$1,156,003</u>	<u>\$1,756,700</u>
Unused amount	<u>\$144,800</u>	<u>\$677,400</u>
Interest rate	<u>2.11%~2.46%</u>	<u>0.97%~1.37%</u>

Please refer to Note 8 for more details on assets pledged as security for short-term notes and bills payable.

(14) Post-employment benefits

Defined contribution plan

The defined contribution plan of the Company's Employee Retirement Plan is regulated according to the provisions of Labor Pension Act. In accordance with the Act, contributions made by the employer cannot be lower than 6% of the participants' monthly wages. Therefore, the Company makes 6% contributions of the monthly wages to the Labor Pension account of Bureau of the Labor Insurance on a regular basis.

For the years ended December 31, 2022 and 2021, the expenses related to defined contribution plan (including construction expenses incurred that were recognized in Construction in Progress) amounted to \$372 thousand and \$412 thousand, respectively.

Defined benefits plan

The Company adopt a defined benefit plan in accordance with the Labor Standards Act of the R.O.C. The pension benefits are disbursed based on the units of service years and the average salaries in the last month of the service year. Two units per year are awarded for the first 15 years of services while one unit per year is awarded after the completion of the 15th year. The total units shall not exceed 45 units. Under the Labor Standards Act, the Company contributes an amount equivalent to 2% of the employees' total salaries and wages on a monthly basis to the pension fund deposited at the Bank of Taiwan in the name of the administered pension fund committee. Before the end of each year, the Company assesses the balance in the designated labor pension fund. If the amount is inadequate to pay pensions calculated for workers retiring in the same year, the Company will make up the difference in one appropriation before the end of March the following year.

The Ministry of Labor is in charge of establishing and implementing the fund utilization plan in accordance with the Regulations for Revenues, Expenditures, Safeguard and Utilization of the Labor Retirement Fund. The pension fund is invested in-house or under mandating, based on a passive-aggressive investment strategy for long-term profitability. The Ministry of Labor establishes checks and risk management mechanism based on the assessment of risk factors including market risk, credit risk and liquidity risk, in order to maintain adequate manager flexibility to achieve targeted return without over-exposure of risk. With regard to utilization of the pension fund, the minimum earnings in the annual distributions on the final financial statement shall not be less than the earnings attainable from the amounts accrued from two-year time deposits with the interest rates offered by local banks. Treasury Funds can be used to cover the deficits after the approval of the competent authority. As the Company does not participate in the operation and management of the pension fund, no disclosure on the fair value of the plan assets categorized in different classes could be made in accordance with paragraph 142 of IAS 19. The Company expects to contribute \$66 thousand to its defined benefit plan during the 12 months beginning after December 31, 2022.

The duration of the defined benefits plan obligation as of December 31, 2022 and 2021 were both 2028, respectively.

Pension costs recognized in profit or loss for the years ended December 31, 2022 and 2021 were as follows:

	<u>For the years ended December 31,</u>	
	<u>2022</u>	<u>2021</u>
Current service cost	\$-	\$-
Net interest on the net defined benefit liabilities (assets)	79	77
Total	<u>\$79</u>	<u>\$77</u>

Changes in the defined benefit obligation and fair value of plan assets were as follows:

	As of		
	December 31, 2022	December 31, 2021	January 1, 2021
Defined benefit obligation	\$16,032	\$20,633	\$20,245
Plan assets at fair value	(2,100)	(1,878)	(1,780)
Net defined benefit liabilities, non-current	<u>\$13,932</u>	<u>\$18,755</u>	<u>\$18,465</u>

Reconciliations of liabilities (assets) of the defined benefit plan were as follows:

	Defined benefit obligation	Plan assets at fair value	Benefit liabilities (assets)
As of January 1, 2021	\$20,245	\$(1,780)	\$18,465
Current period service cost	-	-	-
Net Interest expense (income)	77	(8)	69
Subtotal	<u>20,322</u>	<u>(1,788)</u>	<u>18,534</u>
Remeasurements of the defined benefit liabilities/assets:			
Actuarial gains and losses arising from changes in financial assumptions	82	-	82
Experience adjustments	229	-	229
Remeasurements of the defined benefit assets	-	(24)	(24)
Subtotal	<u>311</u>	<u>(24)</u>	<u>287</u>
Payments from the plan	-	-	-
Contribution by employer	-	(66)	(66)
As of December 31, 2021	<u>20,633</u>	<u>(1,878)</u>	<u>18,755</u>
Current period service cost	-	-	-
Net Interest expense (income)	79	(7)	72
Subtotal	<u>20,712</u>	<u>(1,885)</u>	<u>18,827</u>
Remeasurements of the defined benefit liabilities/assets:			
Actuarial gains and losses arising from changes in financial assumptions	(48)	-	(48)
Experience adjustments	(387)	-	(387)
Remeasurements of the defined benefit assets	-	(149)	(149)
Subtotal	<u>(435)</u>	<u>(149)</u>	<u>(584)</u>
Payments from the plan	(4,245)	-	(4,245)
Contribution by employer	-	(66)	(66)
As of December 31, 2021	<u>\$16,032</u>	<u>\$(2,100)</u>	<u>\$13,932</u>

The following significant actuarial assumptions were used to determine the present value of the defined benefit obligation:

	As of December 31,	
	2022	2021
Discount rate	1.50%	0.50%
Expected rate of salary increases	0.50%	0.50%

A sensitivity analysis for significant assumption was shown below:

	For the years ended December 31,			
	2022		2021	
	Defined benefit obligation increase	Defined benefit obligation decrease	Defined benefit obligation increase	Defined benefit obligation decrease
Discount rate increase by 0.25%	\$-	\$11	\$-	\$79
Discount rate decrease by 0.25%	11	-	81	-
Future salary increase by 0.25%	11	-	78	-
Future salary decrease by 0.25%	-	11	-	77

The sensitivity analysis above were based on a change in a significant assumption (for example: change in discount rate or future salary), keeping all other assumptions constant. The sensitivity analysis may not be representative of an actual change in the defined benefit obligation as it is unlikely that changes in assumptions would occur in isolation of one another.

There was no change in the methods and assumptions used in preparing the sensitivity analysis compared to the previous period.

(15) Equity

A. Ordinary share

As of December 31, 2022 and 2021, the Company's authorized capital was both \$5,000,000 thousand, each at a par value of NT\$10. and it is divided into 500,000 thousand shares; the outstanding shares were both \$4,384,488 thousand and 438,449 thousand shares, respectively, each at a par value of \$10. Each share has one voting right and right to receive dividends.

B. Capital surplus

	As of December 31,	
	2022	2021
Treasury share transactions	\$20,558	\$20,558
Additional paid-in capital arising from ordinary share	8,527	8,527
Share options	28,426	28,426
Others	968	968
Total	\$58,479	\$58,479

According to the Company Act, the capital surplus shall not be used except for offsetting the deficit of the Company. When a company incurs no loss, it may distribute the capital surplus generated from the excess of the issuance price over the par value of share capital and donations. The distribution could be made in cash or in the form of dividend shares to its shareholders in proportion to the number of shares being held by each of them.

C. Retained earnings and dividend policy

- (a) According to the Company Articles of Incorporation, current year's earnings, if any, shall be distributed in the following order:
- a. Payment of all taxes and dues;
 - b. Offset prior years' operation losses;
 - c. Set aside 10% of the remaining amount after deducting items (a) and (b) as legal reserve;
 - d. Set aside or reverse special reserve in accordance with law and regulations; and
 - e. The distribution of the remaining portion, if any, will be recommended by the Board of Directors and resolved in the shareholders' meeting.

To steadily increase the growth in capital stock and to fulfill the expectations for cash dividends of the shareholders, the proportion of cash dividends from current year's earnings should not be less than 10% of the total dividends, unless specifically restricted by laws and regulations.

- (b) According to the Company Act, the Company needs to set aside amount to legal reserve unless where such legal reserve amounts to the total authorized capital. The legal reserve can be used to make good the deficit of the Company. When the Company incurs no loss, it may distribute the portion of legal reserve which exceeds 25% of the paid-in capital by issuing new shares or by cash in proportion to the number of shares being held by each of the shareholders.
- (c) When distributing the distributable surplus, the Company shall set aside an equal amount of special surplus based on the difference between the balance of the special surplus reserve and the contra account in other equity when first adopting the International Financial Reporting Standards. When the contra account in other equity is reversed subsequently, the amount reversed may be distributed.
- (d) As of January 1, 2014, the balance of the special reserve arising from the first adoption of IFRS was \$0 thousand. At the Company's general meeting of shareholders held on June 15, 2022 and July 29, 2021, in accordance with the relevant ruling issued by the Financial Regulatory Commission, the net contra account in other equity was set aside as a special reserve in the amount of \$22,902 thousand and \$27,135 thousand. For the years ended December 31, 2022 and 2021, the Company did not use, dispose of or reclassify any of the related assets to reverse the special reserve to retained surplus. Therefore, as of December 31, 2022 and 2021, the special reserve amounted to \$50,037 thousand and \$27,135 thousand respectively.

- (e) As of March 29, 2023, the Board of Directors has not yet proposed the details of the 2022 earnings distribution and dividends per share. In addition, details of the 2021 and 2020 earnings distribution and dividends share as approved by the stockholders' meeting on June 15, 2022 and July 29, 2021, respectively, are as follows:

	Appropriation of earnings		Dividends per share(NTD\$)	
	2021	2020	2021	2020
Special reserve	\$22,902	\$27,135	\$-	\$-
Cash dividends of ordinary share	219,225	219,225	\$0.50	\$0.50

Please refer to Note 6(19) for relevant information on the basis of valuation and the amount recognized for employee compensation and directors' compensation.

(16) Operating revenue

Breakdown of operating revenue was as follows:

	For the years ended December 31,	
	2022	2021
Revenue from contracts with customers		
Sale of land and buildings	\$77,718	\$34,657
Other revenue		
Rental revenue	17,481	18,625
Others	5,826	3,025
Total	<u>\$101,025</u>	<u>\$56,307</u>

- A. The Company is a single operating department. The revenue from contracts with customers is sale of land and building and is recognized upon the completion of transfer of ownership of buildings.

B. Contract balances

Current contract liabilities

	As of		
	December 31, 2022	December 31, 2021	January 1, 2021
Sales of land and buildings	<u>\$1,053,130</u>	<u>\$538,900</u>	<u>\$123,485</u>

The Company's contract liabilities are advance real estate receipts, advance real estate equity, and advance rent receipts: The significant changes in the Company's balances of contract liabilities for the years ended December 31, 2022 and 2021 were as follows:

	For the years ended December 31,	
	2022	2021
The opening balance transferred to revenue	\$-	\$(33,182)
Increase in receipts in advance during the period (excluding the amount incurred and transferred to revenue during the period)	589,552	477,379
Refund from contract cancellation	(75,322)	(28,782)
Total	<u>\$514,230</u>	<u>\$415,415</u>

- A. Assets recognized in the cost of obtaining or performing a contract with a customer: Please refer to Note 6(7) for a description of the Company's incremental cost of obtaining a contract.

(17) Expected Credit Losses(profit)

	For the years ended December 31,	
	2022	2021
Operating expenses — Expected Credit Losses (profit)		
Notes receivable	\$-	\$-
Accounts receivable	-	-
Total	<u>\$-</u>	<u>\$-</u>

The Company's notes receivable mainly refer to the bills received from the sale of the KT017 real estate, and the accounts receivable mainly included the loan from the bank for the purchase of the house or the sale of the real estate, and rent receivable from the leased building and the parking space directly collected from the purchaser. The Company uses a simplified approach to estimate expected credit losses for all notes and accounts receivables, which is measured using lifetime expected credit losses. For the purpose of measurement, these notes and accounts receivables are based on a representative customer basis. The common credit risk characteristics of the contract terms' ability to pay all amounts due are grouped and incorporated into forward-looking information. The expected credit loss analysis of the Company 's notes receivable and accounts receivable is as follows:

As of December 31, 2022

	Not yet due (note)	Overdue ≥365 days	Total
Gross carrying amount	\$2,850	\$7,826	\$10,676
Loss rate	-	100%	
Lifetime expected credit losses	-	7,826	7,826
Carrying amount of trade receivables	<u>\$2,850</u>	<u>\$-</u>	<u>\$2,850</u>

As of December 31, 2021

	Not yet due (note)	Overdue ≥365 days	Total
Gross carrying amount	\$59,981	\$7,826	\$67,807
Loss rate	-	100%	
Lifetime expected credit losses	-	7,826	7,826
Carrying amount of trade receivables	<u>\$59,981</u>	<u>\$-</u>	<u>\$59,981</u>

The Company's notes receivable all not overdue.

The movement in the provision for note receivables and accounts receivable during the years ended December 31, 2022 and 2021 is as follows:

	Notes receivable	Accounts receivable
Bal. as of January 1, 2022	\$-	\$7,826
Addition/(reversal) for the current period	-	-
Bal. as of December 31, 2022	<u>\$-</u>	<u>\$7,826</u>
Bal. as of January 1, 2021	\$-	\$7,826
Addition/(reversal) for the current period	-	-
Bal. as of December 31, 2021	<u>\$-</u>	<u>\$7,826</u>

(18) Leases

A. The Company as a lessee

The Company leases various properties, including real estate, such as buildings, and transportation equipment. The lease terms range from 2 to 5 years.

The Company's leases effect on the financial position, financial performance and cash flows were as follows:

(a) Amounts recognized in the balance sheet

i. Right-of-use assets

The carrying amount of right-of-use assets

	As of December 31,	
	2022	2021
Buildings	\$10,975	\$3,156
Transportation equipment	2,794	3,918
Total	<u>\$13,769</u>	<u>\$7,074</u>

During the years ended December 31, 2022 and 2021, the Company's additions to right-of-use assets amounted to 14,964 thousand and 1,263 thousand, respectively.

ii. Lease liabilities

	As of December 31,	
	2022	2021
Lease liabilities	<u>\$13,841</u>	<u>\$7,408</u>
Current	\$7,008	\$5,447
Non-current	6,833	1,961
Total	<u>\$13,841</u>	<u>\$7,408</u>

Please refer to Note 6(20)D Financial Cost for the interest on lease liabilities recognized during the years ended December 31, 2022 and 2021; please refer to Note 12(5) Liquidity Risk Management for the maturity analysis for lease liabilities as of December 31, 2022 and 2021.

(b) Amounts recognized in the statement of profit or loss

Depreciation charge for right-of-use assets

	For the years ended December 31,	
	2022	2021
Buildings	\$4,315	\$4,210
Transportation equipment	3,954	3,942
Total	<u>\$8,269</u>	<u>\$8,152</u>

(c) Income and costs relating to leasing activities

	For the years ended December 31,	
	2022	2021
Expenses relating to short term leases	<u>\$2,362</u>	<u>\$2,403</u>

Expenses relating to short term leases includes expenses recognized as cost of construction in progress.

(d) Cash outflow relating to leasing activities

During the years ended December 31, 2022 and 2021, the Company's total cash outflows for leases amounting to 11,086 thousand and 11,045 thousand, respectively.

(19) Additional information of expenses by function

A. Summary statement of employee benefits, depreciation and amortization expenses by function were as follows:

By function By feature	For the years ended December 31,					
	2022			2021		
	Operating costs	Operating expenses	Total amount	Operating costs	Operating expenses	Total amount
Employee benefits expense						
Wages and salaries	\$2,427	\$12,144	\$14,571	\$2,290	\$11,295	\$13,585
Labor and health insurance	189	563	752	187	725	912
Pension	96	347	443	95	387	482
Remuneration to directors	-	12,766	12,766	-	4,207	4,207
Others	50	11,088	11,138	50	316	366
Depreciation	1,133	8,282	9,415	1,133	8,165	9,298

- B. As of December 31, 2022 and 2021, the Company had 18 and 19 employees, respectively. There were both 9 non-employee directors as of December 31, 2022 and 2021, respectively.
- C. Information of employee benefits and salaries expenses for the years ended December 31, 2022 and 2021:

	<u>For the years ended December 31,</u>	
	<u>2022</u>	<u>2021</u>
Average employee benefits expenses (Note 1)	\$2,989	\$1,535
Average employee salaries expenses (Note 2)	1,619	1,359
Adjustment and movement of average employee salaries expenses (Note 3)	19.13%	2.17%

Note 1: (Total employee benefits expenses for the year - total directors' remuneration for the current year)/(number of employees for the current year - number of non-employee directors)

Note 2: Total employee salaries expenses for the current year/(number of employees for the current year - number of non-employee directors)

Note 3: (Current year average employee salaries expenses - prior year average employee salaries expenses)/prior year average employee salaries expenses

Note 4: The Company has set up the audit committee in June 2019 in place of supervisors. Therefore, the remuneration of supervisors for the year ended December 31, 2021 was \$0.

- D. Salary remuneration of the Company is ruled by the Company's Management Measures for Employee Remuneration and Remuneration Committee Charter. Wages and salaries are determined on the basis of the Company's salary structure and employee's job duties, education, level, experience and working performance. According to the yearly target achievement rate of the Company, salary adjustment rate of government, consumer price index, salary level in market and demand of human resource, human resource department recommends an adjustment of salary and submit to general manager and chairperson for approval and implementation.

Remuneration policy for the Company's board of directors, general manager, vice president and position of management equivalent is determined on the basis of the Company's operation strategy, profitability, performance and the contribution and also referred to industry standards. Compensation Committee proposes a resolution to the Board of Directors for approval and implementation.

- E. According to the Articles of Incorporation of the Company, 1% to 5% of profit of the current year is distributable as employees' compensation and no higher than 5% of profit of the current year is distributable as remuneration to directors. However, the Company's accumulated losses shall have been covered. The Company may, by a resolution adopted by a majority vote at a meeting of Board of Directors attended by two-thirds of the total number of directors, have the profit distributable as employees' compensation in the form of shares or in cash; and in addition thereto a report of such distribution is submitted to the shareholders' meeting. Information on the Board of Directors' resolution regarding the employees' compensation and remuneration to directors can be obtained from the "Market Observation Post System" on the website of the TWSE.

The Company estimated the amounts of the employees' compensation and remuneration to directors and supervisors for the year ended 31 December 2022 in the amount of \$ 21,354 thousand, respectively, which are recorded under the salary expense item. If the board of directors decides to issue employee compensation in the form of stock, the closing price of the day prior to the board meeting shall be used as the basis for calculating the number of shares to be issued. If there are differences between the estimated amount and the actual amount distributed based on the board's decision, they will be recorded as income or expense in the following year.

There was no estimated amounts of the employees' compensation and remuneration to directors for the year ended December 31, 2021 because of net losses before tax.

(20) Non-operating income and expenses

A. Interest income

	For the years ended December 31,	
	2022	2021
Income on bank deposits	\$2,462	\$618
Income on financial assets measured at amortized cost	30,467	15,157
Income on financial assets measured at fair value through other comprehensive income	2,460	421
Other interest income	4,330	8,599
Total	<u>\$39,719</u>	<u>\$24,795</u>

B. Other income

	For the years ended December 31,	
	2022	2021
Other income, others	<u>\$126,770</u>	<u>\$100,793</u>

For the years ended December 31, 2022 and 2021, construction payables amounting to \$0 thousand and \$94,703 thousand, respectively, were written off as they were long overdue and yet to be paid. The Company recognized the gains on the write-offs under other income.

C. Other gains and losses

	For the years ended December 31,	
	2022	2021
Gains (losses) on disposals of investments	\$730	\$-
Foreign exchange gains (losses), net	277,050	(66,551)
Gains on financial assets (liabilities) at fair value through profit or loss	(62)	(723)
Others	(586)	-
Total	<u>\$277,132</u>	<u>\$(67,274)</u>

D. Finance costs

	For the years ended December 31,	
	2022	2021
Interest on borrowings from bank	\$50,995	\$22,943
Interest on lease liabilities	193	199
Interest on financing	-	345
Others	27	29
Total	<u>\$51,215</u>	<u>\$23,516</u>

(21) Components of other comprehensive income

	For the year ended December 31, 2022				
				Income tax relating to components of	
	Arising during the period	Reclassification adjustments during the period	Other comprehensive income, before tax	other comprehensive income	Other comprehensive income, net of tax
Not be reclassified to profit or loss in subsequent periods:					
Remeasurements of defined benefits plans	\$1,952	\$-	\$1,952	\$-	\$1,952
Unrealized gains (losses) from investments in equity instruments measured at fair value through other comprehensive income	(57,925)	-	(57,925)	-	(57,925)
To be reclassified to profit or loss in subsequent periods:					
Share of other comprehensive income of subsidiaries, associates and joint ventures accounted for using equity method	-	-	-	-	-
Total of other comprehensive income	<u>\$(55,973)</u>	<u>\$-</u>	<u>\$(55,973)</u>	<u>\$-</u>	<u>\$(55,973)</u>

For the year ended December 31, 2021					
			Income tax relating to components of		
	Arising during the period	Reclassification adjustments during the period	Other comprehensive income, before tax	other comprehensive income	Other comprehensive income, net of tax
Not be reclassified to profit or loss in subsequent periods:					
Remeasurements of defined benefits plans	\$(286)	\$-	\$(286)	\$-	\$(286)
Unrealized gains (losses) from investments in equity instruments measured at fair value through other comprehensive income	(6,520)	-	(6,520)	-	(6,520)
To be reclassified to profit or loss in subsequent periods:					
Share of other comprehensive income of subsidiaries, associates and joint ventures accounted for using equity method	(16,383)	-	(16,383)	-	(16,383)
Total of other comprehensive income	<u>\$(23,189)</u>	<u>\$-</u>	<u>\$(23,189)</u>	<u>\$-</u>	<u>\$(23,189)</u>

There was no deferred income tax impact for the years ended December 31, 2022 and 2021 as the Company had a great amount of unused tax losses.

(22) Income tax

A. The major components of income tax expense (income) were as follows:

Tax expense (income) recognized in profit or loss

	For the years ended December 31,	
	2022	2021
Current tax expense (income):		
Land value increment tax	\$1,004	\$627
Deferred tax expense (income):	-	-
Total income tax expense	<u>\$1,004</u>	<u>\$627</u>

B. A reconciliation of income before income tax and income tax expense recognized in profit or loss was as follows:

	For the years ended December 31,	
	2022	2021
Accounting profit (loss) before tax from continuing operations	\$192,185	\$(136,448)
Tax at the domestic rates applicable to profits in the country concerned	\$38,437	\$(27,289)
Tax effect of revenues exempt from taxation	1,003	(286)
Tax effect of expenses not deductible for tax purposes	3,519	2,574
Tax effect on additional recognition of declared operating revenue	1,490	1,690
Tax effect of deferred tax assets/liabilities	(44,449)	23,311
Land value increment tax	1,004	627
Total income tax expense	\$1,004	\$627

C. The following table contains information of the unused tax losses of the Company:

Year	Deficit Amount	Unused tax losses as of December 31,		Expiration year
		2022	2021	
2012	\$64,923	\$-	\$49,457	2022
2014	527,916	495,232	527,916	2024
2019	18,945	18,945	18,945	2029
2020	32,578	32,578	32,578	2030
		\$546,755	\$628,896	

D. Unrecognized deferred tax assets

As of December 31, 2022 and 2021, deferred tax assets have not been recognized in respect of deductible temporary and unused tax losses differences amounting to \$971,063 thousand and \$1,291,506 thousand, respectively.

E. The assessment of income tax returns

As of December 31, 2022, the assessment of the income tax returns of the Company in Taiwan was as follows:

	The assessment of income tax returns
The Company	Assessed and approved up to 2020

(23) Earnings per share

Basic earnings per share is calculated by dividing net profit for the year attributable to ordinary equity owners of the Company by the weighted average number of ordinary shares outstanding during the year.

Diluted earnings per share is calculated by dividing the net profit attributable to ordinary equity owners of the Company by the weighted average number of ordinary shares outstanding during the year plus the weighted average number of ordinary shares that would be issued on conversion of all the dilutive potential ordinary shares into ordinary shares.

	For the years ended December 31,	
	2022	2021
Basic earnings per share		
Profit attributable to ordinary equity owners of the company	\$191,181	\$(137,075)
Weighted average number of ordinary shares outstanding for basic earnings per share (in thousands)	438,449	438,449
Basic earnings per share (NTD)	\$0.44	\$(0.31)
	For the years ended December 31,	
	2022	2021
Diluted earnings per share		
Employee compensation — stock (in thousands)	878	-
Weighted average number of ordinary shares outstanding after dilution (in thousands)	439,327	438,449
Diluted earnings per share (NT\$)	\$0.44	\$(0.31)

There have been no other transactions involving ordinary shares or potential ordinary shares between the financial report date and the date the financial statements were authorized for issue.

7. Related party transactions

The following was a summary of transactions between the Company and related parties during the financial reporting periods:

Name and Relationship of Related Parties

Name of the related parties	Relationship with the Company
Chun Hui Developing Co., Ltd.	Subsidiary
Ching Hui Developing Co., Ltd.	Subsidiary
Apex Development Corporation	Subsidiary
Wei Sheng International Development Co., Ltd.	Subsidiary
Fawn Keetai Inc.	Associate
Mr. Lu	Director of the Company

Significant transactions with the related parties

(1) Operating income

	For the years ended December 31,	
	2022	2021
Subsidiaries of the Company	\$343	\$343

The operating income generated by Subsidiaries of the Company is mainly the income from office lease, and the lease income collected on a monthly basis in accordance with the contract.

(2) Accounts receivable

	For the years ended December 31,	
	2022	2021
Subsidiary		
Apex Development Corporation	\$271	\$258

(3) Other receivables (excluding the amount of financing)

	For the years ended December 31,	
	2022	2021
Subsidiary		
Chun Hui Developing Co., Ltd.	\$42,432	\$26,586
Wei Sheng International Development Co., Ltd.	100,000	-
	\$142,432	\$26,586

(4) Other accounts payable (excluding the amount of financing)

	As of December 31,	
	2022	2021
Subsidiary		
Chun Hui Developing Co., Ltd.	\$355,123	\$425,123

(5) Unearned receipts

	For the years ended December 31,	
	2022	2021
Subsidiary		
Chun Hui Developing Co., Ltd.	\$119	\$119

(6) Other income:

	For the years ended December 31,	
	2022	2021
Subsidiary		
Wei Sheng International Development Co., Ltd.	\$95,238	\$-

Wei Sheng International Development Co., Ltd. has commissioned the Company to assist with the sale of real estate and marketing evaluation matters. The contract stipulates a total price of NT\$190,476 thousand (excluding tax) (for the agreed-upon matters, please refer to Note 9 for details). As of December 31, 2022, the Company has received the above-mentioned amount in accordance with the contract and recorded it under other income.

(7) Compensation of key management personnel

	For the years ended December 31,	
	2022	2021
Short-term employee benefits	\$7,265	\$9,084

(8) As of December 31, 2022, the maximum and ending balance of endorsements/guarantees provided by Chun Hui Developing Co., Ltd. and Ching Hui Developing Co., Ltd. to the Company were both \$1,300,000 thousand.

(9) The statement of endorsements/guarantees provided to others is as follows:

As of December 31, 2022

Name	Bank	Maximum balance for the period	Ending balance	Purpose
Subsidiary – Wei Sheng International Development Co., Ltd.	Mega Bank	\$1,760,000	\$1,760,000	Endorsement/guarantees for the Company's financing needs
Associate – Fawn Keetai Inc.	Financial Institution	32,000	32,000	Endorsement/guarantees for the Company's financing needs
Total			<u>\$1,792,000</u>	

As of December 31, 2021

Name	Bank	Maximum balance for the period	Ending balance	Purpose
Subsidiary – Chun Hui Developing Co., Ltd.	Taipei Fubon Bank	\$1,000,000	\$-	Endorsement/guarantees for the Company's financing needs
Subsidiary – Ching Hui Developing Co., Ltd.	Taipei Fubon Bank	1,000,000	-	Endorsement/guarantees for the Company's financing needs
Subsidiary – Wei Sheng International Development Co., Ltd.	Mega Bank	1,760,000	1,760,000	Endorsement/guarantees for the Company's financing needs
Associate – Fawn Keetai Inc.	Financial Institution	32,000	32,000	Endorsement/guarantees for the Company's financing needs
Total			<u>\$1,792,000</u>	

Please refer to Table 2 for details of amount actually drawn.

(10) The details of financing provided to others were as follows:

As of December 31, 2022

Name	Maximum balance for the period	Ending balance (Note1)	Interest rate	Interest income	Interest receivable
Subsidiary – Chun Hui Developing Co., Ltd.	\$300,000	\$-	1.8%	\$-	\$-
Subsidiary – Ching Hui Developing Co., Ltd.	300,000	-	1.8%	-	-
Total		<u>\$-</u>		<u>\$-</u>	<u>\$-</u>

As of December 31, 2021

Name	Maximum balance for the period	Ending balance (Note1)	Interest rate	Interest income	Interest receivable
Subsidiary – Chun Hui Developing Co., Ltd.	\$600,000	\$-	2%	\$-	\$-
Subsidiary – Ching Hui Developing Co., Ltd.	600,000	-	2%	-	-
Total		<u>\$-</u>		<u>\$-</u>	<u>\$-</u>

Name	Maximum balance for the period	Ending balance (Note2)	Interest rate	Interest expense	Interest payables
Subsidiary – Chun Hui Developing Co. Ltd.	\$180,000	\$-	2%	\$80	\$-
Subsidiary – Ching Hui Developing Co. Ltd.	180,000	-	2%	265	-
Total		<u>\$-</u>		<u>\$345</u>	<u>\$-</u>

Note1: Outstanding balance recognized as other receivables due from related parties.

Note2: Outstanding balance recognized under other payables to related parties.

(11) The Company's current borrowings was guaranteed by the Chairman and Chief Executive Officer.

(12) As of December 31, 2022 and 2021, the promissory note received from one of the directors of the Company as payment guarantee amounting to \$142,752 thousand and were recognized as long-term accounts receivables. Please refer to Note 6(11) for more details.

8. Assets pledged as security

The following table lists assets of the Company pledged as security:

Assets pledged for security	Carrying amount as of December 31,		Secured liabilities
	2022	2021	
Financial assets at amortized cost	\$1,794,298	\$2,238,587	Court deposit, Current borrowings
Inventories	3,049,678	3,095,122	Current borrowings, Short-term note and bills payable
Investment properties, net	116,049	105,246	Current borrowings
Total	<u>\$4,960,025</u>	<u>\$5,438,955</u>	

9. Commitments and contingencies

As of December 31, 2022, the Company's commitments and contingencies are as follows:

- (1) The amount of guarantee deposit related to Land held for construction site, joint constructions, and sales of housings amounted to \$600,780 thousand.
- (2) The outstanding balance related to the construction in progress with construction enterprises was as follows:

Name	Contract price (Including tax)	Paid amount	Unpaid amount
KT057	\$151,557	\$102,363	\$49,194
KT074	264,980	87,925	177,055

- (3) As of December 31, 2022, the amount of deposit paid for joint construction was \$72,376 thousand.
- (4) The President, CEO and related sales staff of the Company were involved in a legal case related to the sale of real estate, for which the Company was accused of fraud by investors. Since the investors did not specify any substantial fact related to the fraud the personnel of the Company were alleged to have engaged in, the plaintiff was asked to provide supplementary statement by the court. As of the financial reporting date, the case was acquitted by the first-instance ruling of the Taiwan Taipei District Court on March 10, 2023.
- (5) The CEO of the Company were involved in a legal case related to the sale of real estate, for which the Company was accused of fraud by investors. However, the court ruled that the Company's CEO was not guilty on February 24, 2022. Nevertheless the prosecutor appealed. As of the financial reporting date, the appeal had no significant impact on the Company.
- (6) The company was sued for impeding sales by a distributor in a real estate sales case during the year ended 2020. As of the date of this financial report, the Taiwan High Court ruled in our favor on November 21, 2022, in the second appeal. We were only required to pay the distributor \$101 thousand for advance payment..

- (7) The Company is facing a civil lawsuit by a buyer due to noise issues after the sale of a property. The legal case was ruled against the company in the first instance by the Taiwan Taipei District Court on July 15, 2022, and the company has already recorded a security deposit of \$8,620 thousand under the item "Refundable deposits" in the financial statements. The Company has filed an appeal and as of the date of this financial report, the case is still under review by the Taiwan High Court.
- (8) The Company and its subsidiary, Wei Sheng International Development Co., Ltd., signed a contract for entrusting the Company to provide aid on the selling its property. The two parties agreed that in the event of a suspension, termination, or inability to achieve any subsequent sale of the domestic industry building, Wei Sheng International Development Co., Ltd. shall still pay the consulting fee to the Company. As of December 31, 2022, the Company has rendered services to Wei Sheng International Development Co., Ltd., and received a consulting fee of \$95,238 thousand (before tax) in accordance with the agreement and recognized this income as "Other Income" under non-operating income.

10. Losses due to major disasters

No such circumstances.

11. Significant subsequent events

No such circumstances.

12. Others

(1) Financial instruments

Financial assets

	As of December 31,	
	2022	2021
Financial assets at fair value through profit or loss:		
Mandatorily measured at fair value through profit or loss	\$53,238	\$22,590
Financial assets at fair value through other comprehensive income:	167,667	225,592
Financial assets measured at amortized cost:		
Cash and cash equivalents (excluding cash on hand)	1,034,334	91,709
Financial assets at amortized cost	2,540,037	2,554,333
Accounts receivable (including due from related parties)	2,850	59,981
Other receivables (including due from related parties)	171,357	48,058
Long-term accounts receivable (including due from related parties) (Note 1)	142,752	190,302
Subtotal	3,891,330	2,944,383
Total	\$4,112,235	\$3,192,565

Financial liabilities

	As of December 31,	
	2022	2021
Financial liabilities at amortized cost:		
Current borrowings	\$4,445,300	\$2,942,200
Short-term notes and bills payable	1,156,003	1,756,700
Accounts payable	400,236	378,486
Other payables (including to related persons)	465,396	611,998
Lease liabilities	13,841	7,408
Total	<u>\$6,480,776</u>	<u>\$5,696,792</u>

Note 1: Long-term accounts receivable was disclosed as other non-current assets.

(2) Financial risk management objectives

The Company's principal financial risk management objective is to manage the market risk, credit risk and liquidity risk related to its operating activities. The Company identifies measures and manages the aforementioned risks based on the Company's policy and risk appetite.

The Company has established appropriate policies, procedures and internal controls for financial risk management. Before entering into significant transactions, due approval process by the Board of Directors and Audit Committee must be carried out based on related protocols and internal control procedures. The Company always complies with its financial risk management policies .

(3) Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of the changes in market prices. Market prices comprise currency risk and interest rate risk.

In practice, it is rarely the case that a single risk variable will change independently from other risk variables; there are usually interdependencies between risk variables. However, the sensitivity analysis disclosed below does not take into account the interdependencies between risk variables.

Foreign currency risk

The Company's exposure to the risk of changes in foreign exchange rates relates primarily to the Company's operating activities (when revenue or expense are denominated in a different currency from the Company's functional currency) .

The foreign currency sensitivity analysis of the possible change in foreign exchange rates on the Group's profit is performed on significant monetary items denominated in foreign currencies as of the end of the reporting period. The Group's foreign currency risk is mainly related to the volatility in the exchange rates of RMB and USD. The information of the sensitivity analysis, please refer to Note 12(10).

Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Group's exposure to the risk of changes in market interest rates relates primarily to the Group's debt instrument investment at variable interest rates, bank borrowings with variable interest rates.

The interest rate sensitivity analysis is performed on items exposed to interest rate risk as of the end of the reporting period, including investments with variable interest rates. At the balance sheet date, an increase or a decrease of 10 basis points of interest rate could cause the loss for the years ended December 31, 2022 and 2021 to decrease by \$1,529 thousand and \$665 thousand, respectively.

Equity price risk

The fair value of the Company's listed and unlisted equity securities is susceptible to market price risk arising from uncertainties about future values of the investment securities. The Company's listed and unlisted equity securities are classified under financial assets at fair value through other comprehensive income. The Company manages the equity price risk through diversification and placing limits on individual and total equity instruments. Reports on the equity portfolio are submitted to the Company's senior management on a regular basis. The Company's Board of Directors reviews and approves all equity investment decisions.

Please refer to Note 12(9) for sensitivity analysis information of other equity instruments or derivatives that are linked to such equity instrument whose fair value measurement is categorized under level 3.

(4) Credit risk management

Credit risk is the risk that counterparty will not meet its obligations under a contract, leading to a financial loss. The Company is exposed to credit risk from operating activities (primarily for accounts receivable) and from its financing activities, including bank deposits and other financial instruments.

Credit risk relating to operating activities

Credit risk comes from balances with banks and accounts receivable. The Company had deposits in various financial institution and managed the credit risk exposure in each institution. The Company engages principally in the sales of land and buildings, and transactions with diverse counterparties. Therefore, the credit concentration risk of accounts receivables was insignificant.

Credit risk relating to financing activities

Credit risk from balances with banks, fixed income securities and other financial instruments is managed by the Company's treasury in accordance with the Company's policy. The Company only transacts with counterparties approved by the internal control procedures, which are banks and financial institutions, companies and government entities with good credit rating. Consequently, there is no significant credit risk for these counter parties.

The Company adopted IFRS 9 to assess the expected credit losses. Except for the loss allowance of trade receivables measured at lifetime expected credit losses, the remaining debt instrument investments which are not measured at fair value through profit or loss, low credit risk for these investments is a prerequisite upon acquisition and by using their credit risk as a basis for the distinction of categories. The Company makes an assessment at each reporting date as to whether the debt instrument investments are still considered low credit risk, and then further determines the method of measuring the loss allowance and the loss rates.

Financial assets are written off when there is no realistic prospect of future recovery (the issuer or the debtor is in financial difficulties or bankruptcy).

(5) Liquidity risk management

The Company's objective is to maintain a balance between continuity of funding and flexibility through the use of cash and cash equivalents, highly liquid equity investments and bank borrowings. The table below summarizes the maturity profile of the Company's financial liabilities based on the contractual undiscounted payments and contractual maturity. The payment amount includes the contractual interest. The undiscounted payment relating to borrowings with variable interest rates is extrapolated based on the estimated interest rate yield curve as of the end of the reporting period.

Non-derivative financial liabilities

	Less than 1 year	1 to 2 years	2 to 5 years	Above 5 years	Total
As of December 31, 2022					
Current borrowings (including interest to be paid)	\$1,999,995	\$2,509,331	\$81,650	\$-	\$4,590,976
Short-term notes and bills payable	1,160,200	-	-	-	1,160,200
Accounts payable	400,236	-	-	-	400,236
Other payables (including due to related parties)	465,396	-	-	-	465,396
Lease liabilities (Note)	9,102	6,930	-	-	16,032

	Less than 1 year	1 to 2 years	2 to 5 years	Above 5 years	Total
As of December 31, 2021					
Current borrowings (including interest to be paid)	\$1,426,685	\$1,206,088	\$790,382	\$-	\$3,423,155
Short-term notes and bills payable	1,756,700	-	-	-	1,756,700
Accounts payable	378,486	-	-	-	378,486
Other payables (including due to related parties)	611,998	-	-	-	611,998
Lease liabilities (Note)	7,351	1,872	-	-	9,223

Note: Including cash flows resulting from short-term leases or lease of low-valued assets.

(6) Reconciliation of liabilities arising from financing activities

For the year ended December 31, 2022:

	Current borrowings	Short-term notes and bills payable	Lease liabilities	Total liabilities from financing activities
As of January 1, 2022	\$2,942,200	\$1,756,700	\$7,408	\$4,706,308
Cash flows	1,503,100	(596,500)	(8,724)	897,876
Non-cash changes	-	(4,197)	15,157	10,960
As of December 31, 2022	<u>\$4,445,300</u>	<u>\$1,156,003</u>	<u>\$13,841</u>	<u>\$5,615,144</u>

For the year ended December 31, 2021:

	Current borrowings	Short-term notes and bills payable	Lease liabilities	Total liabilities from financing activities
As of January 1, 2021	\$2,659,000	\$1,555,789	\$14,587	\$4,229,376
Cash flows	283,200	200,200	(8,642)	474,758
Non-cash changes	-	711	1,463	2,174
As of December 31, 2021	<u>\$2,942,200</u>	<u>\$1,756,700</u>	<u>\$7,408</u>	<u>\$4,706,308</u>

(7) Fair values of financial instruments

A. The methods and assumptions applied in determining the fair value of financial instruments:

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The following methods and assumptions were used by the Company to measure or disclose the fair values of financial assets and financial liabilities:

- (a) The carrying amount of cash and cash equivalents, accounts receivable (including due from related parties), accounts payable (including payables to related parties), and other current liabilities approximate their fair value due to their short maturities.
- (b) For financial assets and liabilities traded in an active market with standard terms and conditions, their fair value is determined based on market quotation price (including listed equity securities, beneficiary certificates and bonds etc.).
- (c) Fair value of equity instruments without market quotations (including private placement of listed equity securities, unquoted public company and private company equity securities) are estimated using the market method valuation techniques based on parameters such as prices based on market transactions of equity instruments of identical or comparable entities and other relevant information (for example, inputs such as discount for lack of marketability, P/E ratio of similar entities and Price-Book ratio of similar entities).

- (d) Fair value of debt instruments without market quotations, bank loans and other non-current liabilities are determined based on the counterparty prices or valuation method. The valuation method uses DCF method as a basis, and the assumptions such as the interest rate and discount rate are primarily based on relevant information of similar instrument (such as yield curves published by the Taipei Exchange, average prices for Fixed Rate Commercial Paper published by Reuters and credit risk, etc.)

B. Fair value of financial instruments measured at amortized cost

Among the Company's financial assets and financial liabilities measured at amortized cost, other than cash and cash equivalents, financial assets at amortized cost, accounts receivable (including due from related parties), and other current liabilities the carrying amount approximate their fair value.

	Carrying amount		Fair value	
	As of December 31,		As of December 31,	
	2022	2021	2022	2021
Lease liabilities	\$13,841	\$7,408	\$13,841	\$7,408

C. Fair value measurement hierarchy for financial instruments

Please refer to Note 12(9) for fair value measurement hierarchy for financial instruments of the Company.

(8) Derivatives financial instruments

None

(9) Fair value measurement hierarchy

A. Fair value measurement hierarchy

All asset and liabilities for which fair value is measured or disclosed in the financial statements are categorized within the fair value hierarchy, based on the lowest level input that is significant to the fair value measurement. Level 1, 2 and 3 inputs are described as follows:

Level 1 – Quoted (unadjusted) market prices in active markets for identical assets or liabilities that the entity can access at the measurement date.

Level 2 – Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.

Level 3 – Unobservable inputs for the asset or liability.

For assets and liabilities that are recognized in the financial statements on a recurring basis, the Company determines whether transfers have occurred between levels in the hierarchy by re-assessing categorization at the end of each reporting period.

B. Fair value measurement hierarchy of the Company's assets and liabilities

The Company does not have assets that are measured at fair value on a non-recurring basis. Fair value measurement hierarchy of the Company assets and liabilities measured at fair value on a recurring basis was as follows:

As of December 31, 2022

	Level 1	Level 2	Level 3	Total
Financial assets:				
At fair value through profit or loss				
Open-end funds	\$22,528	\$-	\$-	\$22,528
Fixed income securities	30,710	-	-	30,710
At fair value through other comprehensive income				
Unlisted stocks	-	-	167,667	167,667

As of December 31, 2021

	Level 1	Level 2	Level 3	Total
Financial assets:				
At fair value through profit or loss				
Open-end funds	\$22,590	\$-	\$-	\$22,590
At fair value through other comprehensive income				
Unlisted stocks	-	-	225,592	225,592

Transfers between Level 1 and Level 2 during the period

During the years ended December 31, 2022 and 2021, there were no transfers between Level 1 and Level 2 fair value measurements.

Reconciliation for fair value measurements in Level 3 of the fair value hierarchy

The movements during the period were as follows:

	Assets
	At fair value through other comprehensive income
	Stocks
Beginning balances as of 1 January, 2022	\$225,592
Total gains and losses recognized for the year ended 31 December, 2022:	
Amount recognized in OCI (presented in "Unrealized gains (losses) from equity instruments investments measured at fair value through other comprehensive income)	(57,925)
Ending balances as of 31 December, 2022:	\$167,667

	Assets
	At fair value through other comprehensive income
	Stocks
Beginning balances as of 1 January, 2021	\$232,112
Total gains and losses recognized for the year ended 31 December, 2021:	
Amount recognized in OCI (presented in “Unrealized gains (losses) from equity instruments investments measured at fair value through other comprehensive income)	(6,520)
Ending balances as of 31 December, 2021:	\$225,592

Note: Please refer to Note 6(11) for more details on the reclassification.

Information on significant unobservable inputs to valuation

Description of significant unobservable inputs to valuation of recurring fair value measurements categorized within Level 3 of the fair value hierarchy is as follows:

As of December 31, 2022

	Valuation techniques	Significant unobservable inputs	Quantitative information	Relationship between inputs and fair value	Sensitivity of the input to fair value
Financial assets:					
At fair value through other comprehensive income					
Stocks	Market approach	Discount for lack of marketability	-%	The higher the discount for lack of marketability, the lower the fair value of the stocks	1% increase (decrease) in the discount for lack of marketability would result in decrease (increase) in the Company's equity by \$1,677 thousand

As of December 31, 2021

	Valuation techniques	Significant unobservable inputs	Quantitative information	Relationship between inputs and fair value	Sensitivity of the input to fair value
Financial assets:					
At fair value through other comprehensive income					
Stocks	Market approach	Discount for lack of marketability	-%	The higher the discount for lack of marketability, the lower the fair value of the stocks	1% increase (decrease) in the discount for lack of marketability would result in decrease (increase) in the Company's equity by \$2,256 thousand

Valuation process used for fair value measurements categorized within Level 3 of the fair value hierarchy

The Company's finance department is responsible for validating the fair value measurements and ensuring that the results of the valuation are in line with market conditions, based on independent and reliable inputs which are consistent with other information, and represent exercisable prices. The department analyses the movements in the values of assets and liabilities which are required to be re-measured or re-assessed as per the Company's accounting policies at each reporting date.

C. Fair value measurement hierarchy of the Company's assets and liabilities not measured at fair value but for which the fair value was disclosed.

As of December 31, 2022

	Level 1	Level 2	Level 3	Total
Financial assets did not measure at fair value but for which the fair value was disclosed:				
Investment property (Note 6(10))	\$-	\$-	\$129,900	\$129,900

As of December 31, 2021

	Level 1	Level 2	Level 3	Total
Financial assets did not measure at fair value but for which the fair value was disclosed:				
Investment property (Note 6(10))	\$-	\$-	\$125,400	\$125,400

(10) Significant assets and liabilities denominated in foreign currencies

(In thousands)					
As of December 31, 2022					
	Foreign currencies	Exchange rate	Carrying amount (NTD)	Sensitivity analysis Fluctuation	Effect on Income (equity)
<u>Financial assets</u>					
<u>Monetary items</u>					
CNY	\$721	4.41	\$3,179	1%	\$32
USD	61,566	30.71	1,890,688	1%	18,907
<u>Non-monetary items</u>					
USD	16,846	30.71	517,344	1%	5,173

(In thousands)

	As of December 31, 2021				
				Sensitivity analysis	
	Foreign currencies	Exchange rate	Carrying amount (NTD)	Fluctuation	Effect on Income (equity)
<u>Financial assets</u>					
<u>Monetary items</u>					
CNY	\$7,306	4.34	\$31,739	1%	\$317
USD	81,478	27.68	2,255,312	1%	22,553
<u>Non-monetary items</u>					
USD	23,256	27.68	643,714	1%	6,437

The Company's foreign currency transactions were denominated in CNY and USD; For the years ended December 31, 2022 and 2021, the foreign exchange gains(losses) of monetary assets and liabilities were \$277,050 thousand and \$(66,551) thousand, respectively.

(11) Capital management

The primary objective of the Company's capital management is to ensure that it maintains a strong credit rating and healthy capital ratios in order to support its business and maximize shareholders' value. The Company manages its capital structure and makes adjustments to it, in light of changes in economic conditions. To maintain or adjust the capital structure, the Company may adjust dividend payment to shareholders, return capital to shareholders or issue new shares.

(12) As of December 31, 2021, construction projects under development are as follows:

Name	Base area(square feet)	Type
KT007	466	Sales
KT052	956	Urban renewal
KT060	1,007	Urban renewal
KT063	2,278	Urban renewal
KT066	1,212	Urban renewal
KC	1,255	Urban renewal

13. Other disclosure

(1) Information at significant transactions

A. Financings provided to others, please refer to table 1 for more details.

B. Endorsements/guarantees provided to others, please refer to table 2 for more details.

C. Marketable securities held (not including subsidiaries, associates and joint ventures), please refer to table 3 for more details.

- D. Individual securities acquired or disposed of with accumulated amount exceeding NTD 300 million or 20 percent of the capital stock, no such circumstances.
- E. Acquisition of individual real estate properties at costs of at least NTD 300 million or 20% of the paid-in capital, no such circumstances.
- F. Disposal of individual real estate properties at costs of at least NTD 300 million or 20% of the paid-in capital, no such circumstances.
- G. Total purchases from or sales to related parties of at least NTD 100 million or 20% of the paid-in capital, no such circumstances.
- H. Receivables due from related parties amounting to at least NTD 100 million or 20% of the paid-in capital, please refer to table 4 for more details.
- I. Derivative instruments transactions, no such circumstances.
- J. Significant intercompany transactions between consolidated entities, please refer to table 5 for more details.

(2) Information on investees

- A. Financings provided to others, please refer to table 1 for more details.
- B. Endorsements/guarantees provided to others, please refer to table 2 for more details.
- C. Marketable securities held (not including subsidiaries, associates and joint ventures), please refer to table 3 for more details.
- D. Individual securities acquired or disposed of with accumulated amount exceeding NTD 300 million or 20 percent of the capital stock, no such circumstances
- E. Acquisition of individual real estate properties at costs of at least NTD 300 million or 20% of the paid-in capital, no such circumstances.
- F. Disposal of individual real estate properties at costs of at least NTD 300 million or 20% of the paid-in capital, no such circumstances
- G. Total purchases from or sales to related parties of at least NTD 100 million or 20% of the paid-in capital, no such circumstances
- H. Receivables due from related parties amounting to at least NTD 100 million or 20% of the paid-in capital, please refer to table 4 for more details.
- I. Derivative instruments transactions, no such circumstances.

J. Names, locations and related information of investees over which the company exercises significant influence (not including information on investments in Mainland China), please refer to table 6 for more details.

(3) Please refer to Table 7 for details of Information on investments in Mainland China.

(4) Information on major shareholders:

No individual shareholder's owned more than 5% of shares the Company.

KEE TAI PROPERTIES CO., LTD.
Notes to parent company only financial statements (continued)

Table 1: Financings provided to others

(Unit: thousands of NTD/ foreign currency)

No. <Note1>	Financing Company	Related Party	Financial Statement Account <Note2>	Related Party	Maximum Balance for the period <Note3>	Ending Balance <Note8>	Amount Actually Drawn	Interest rate	Nature of Financing <Note4>	Transaction Amounts <Note5>	Reason for Financing <Note6>	Allowance for Bad Debt	Collateral		Financing Limits for Each Borrowing Company <Note7>	Financing Company's Total Financing Amount Limits <Note7>
													Item	Value		
0	Kee Tai Properties Co., Ltd.	Chun Hui Developing Co., Ltd.	Accounts receivables due from related parties	Yes	\$300,000	\$-	\$-	1.80%	2	\$-	Need for operating	\$-	-	-	\$1,165,289	\$1,747,934
0	Kee Tai Properties Co., Ltd.	Ching Hui Developing Co., Ltd.	"	Yes	300,000	-	-	1.80%	2	-	Need for operating	-	-	-	1,165,289	1,747,934

<Note 1> The numbers filled in for the financings provided by the group or subsidiaries are as follows:

1. The Company is "0".
2. The subsidiaries are numbered in order starting from "1".

<Note 2> If the economic substance of transactions are financing to others, regardless of which component they recognized as in the financial statement, certain transactions are included herein.

<Note 3> For the highest balance of funds loaned to others (loan amount approved by the Board of Directors) from the beginning of the current year up to the month of declaration.

<Note 4> The nature of the funds loaned should be classified as either belonging to business transactions or as necessary short-term liquidity funding.

<Note 5> The nature of the funds loaned belongs to business transactions, the amount of business transactions should be filled in. The amount of business transactions refers to the business transaction amount between the company providing the funds and the borrower in the most recent fiscal year.

<Note 6> The nature of the funds loaned belongs to necessary short-term liquidity funding, the reason for the necessary loan and the use of the loaned funds by the borrower should be specifically explained, such as loan repayment, equipment purchase, operating capital, etc.

<Note 7> If it is necessary for an individual company to have short-term liquidity funding, it should not exceed 20% of the company's net worth. If it is necessary for the company to have external short-term liquidity funding, the total amount of funds loaned should not exceed 30% of the equity.

<Note 8> If a publicly traded company processes individual fund loans and endorsements in accordance with Paragraph 1, Article 14 of the Guidelines for Publicly Traded Companies' Fund Loans and Endorsements, and each loan is subject to board approval, even if the funds have not yet been disbursed, the approved amount should still be included in the disclosed balance to disclose the risk it assumes. However, after the funds are repaid, the remaining balance should be disclosed to reflect risk adjustment. If a publicly traded company authorizes the chairman, in accordance with Paragraph 2 of Article 14 of the Guidelines, to make multiple loans or revolving use within a certain amount and period of one year, the approved fund loan amount passed by the board should still be used as the announced balance, even if the funds are later repaid. However, considering that further disbursements are still possible, the approved fund loan amount passed by the board should still be used as the announced balance for disclosure.

KEE TAI PROPERTIES CO., LTD.

Notes to parent company only financial statements (continued)

Table 2: Endorsements/guarantees provided to others

(Unit: thousands of NTD/ foreign currency)

No. <Note1>	Endorsement/ Guarantee Provider	Guaranteed Party		Limits on Endorsement/ Guarantee Amount Provided to Each Guaranteed Party <Note3>	Maximum Balance for the period <Note4>	Ending Balance <Note5>	Amount Actually Drawn <Note6>	Amounts of Endorsement/ Guarantee Collateralized by Properties	Ratio of Accumulated Endorsement/ Guarantee to Net Equity per Latest Financial Statements	Maximum Endorsement/ Guarantee Amount Allowable <Note3>	Guarantee Provided by Parent Company <Note 7>	Guarantee Provided by A Subsidiary <Note 7>	Guarantee Provided to Subsidiaries in Mainland China <Note 7>
		Name	Nature of relationship <Note2>										
0	Kee Tai Properties Co., Ltd.	Wei Sheng International Development Co., Ltd.	2	\$2,330,578	\$1,760,000	\$1,760,000	\$-	\$-	30.21%	\$5,826,445	Yes	No	No
0	Kee Tai Properties Co., Ltd.	Fawn Keetai Inc.	6	2,330,578	32,000	32,000	14,156	-	0.55%	5,826,445	No	No	No
1	Chun Hui Developing Co., Ltd.	Kee Tai Properties Co., Ltd.	3	2,719,473	1,300,000	1,300,000	1,090,000	1,300,000	143.41%	2,719,473	No	Yes	No
2	Ching Hui Developing Co., Ltd.	Kee Tai Properties Co., Ltd.	3	2,523,480	1,300,000	1,300,000	1,090,000	1,300,000	154.55%	2,523,480	No	Yes	No

<Note 1> The numbers filled in for the endorsements/guarantees provided by the group or subsidiaries are as follows:

1. The Company is "0".
2. The subsidiaries are numbered in order starting from "1".

<Note 2> The following code represents the relationship with the company:

1. A company with which it does business.
2. A company in which the public company directly and indirectly holds more than 50% of the voting shares.
3. A company that directly and indirectly holds more than 50% of the voting shares in the public company.
4. A company in which the public company holds, directly or indirectly, 90% or more of the voting shares.
5. A company that fulfills its contractual obligations by providing mutual endorsements/guarantees for another company in the same industry or for joint builders for purposes of undertaking a construction project.
6. A company that all capital contributing shareholders make endorsements/ guarantees for their jointly invested company in proportion to their shareholding percentages.
7. Companies in the same industry provide among themselves joint and several security for a performance guarantee of a sales contract for pre-construction homes pursuant to the Consumer Protection Act for each other.

<Note 3> The limits on endorsement/guarantee amount provided to each guaranteed party shall not exceed 40% of the net worth per latest financial statements of the Company; the amount of accumulated

endorsement/guarantee shall not exceed 100% of net worth per latest financial statements.

The amount of endorsement/guarantee provided by Chun Hui Developing Co., Ltd. to the Company should be less than 300% of its net worth per latest financial statements.

The amount of endorsement/guarantee provided by Ching Hui Developing Co., Ltd. to the Company should be less than 300% of its net worth per latest financial statements.

<Note 4> The maximum balance of guarantees issued for others during the current year.

<Note 5> The amount approved by the Board of Directors should be recorded. However, if the Board of Directors authorizes the Chairman to execute funding loans and endorsements in accordance with **Paragraph 8**, Article 12 of the Guidelines for Publicly Issued Company's Handling of Funding Loans and Endorsements/guarantees, the authorized amount executed by the Chairman should be recorded.

<Note 6> The actual amount of funds disbursed by the endorsed and guaranteed company within the range of the endorsement guarantee balance should be entered.

<Note 7> For cases where the listed parent company provides endorsement guarantees to its subsidiaries, where a subsidiary provides endorsement guarantees to the listed parent company, or where endorsement guarantees are provided by entities in Mainland China, please fill in "Yes".

KEE TAI PROPERTIES CO., LTD.
Notes to parent company only financial statements (continued)

Table 3: Marketable securities held (not including subsidiaries, associates and joint ventures)

(Unit: thousands of NTD/ foreign currency)

Held Company Name	Marketable Securities Type <Note1>	Marketable Securities Name <Note2>	Relationship with the Company	Financial Statement Account	As of December 31 , 2022				Remark <Note4>
					Share/Units	Carrying Value <Note3>	Percentage of ownership	Fair Value	
Kee Tai Properties Co., Ltd.	Beneficiary Certificate	Cathay No.1 REIT	—	Current financial assets at fair value through profit and loss	1,246	\$22,528	-	\$22,528	
Kee Tai Properties Co., Ltd.	Fixed Income Securities	CCAGSFXXSO-Conservative foreign currency arbitrage bond	—	Current financial assets at fair value through profit and loss	1,000	30,710	-	30,710	
Kee Tai Properties Co., Ltd.	Stock	HORNG TAY INVESTMENT LIMITED	—	Non-current financial assets at fair value through other comprehensive income	8,150	167,667	18.93%	172,943	
Wei Sheng International Development Co., Ltd.	Beneficiary Certificate	Fuh Hwa Money Market Fund	—	Current financial assets at fair value through profit and loss	2,311	33,797	-	33,797	

<Note 1> The securities referred to in this form shall mean stocks, bonds, beneficiary certificates, and securities derived from the aforementioned items that fall within the scope of IFRS9 "Financial Instruments".

<Note 2> If the issuer of the securities is not a related party, the column can be left blank.

<Note 3> For items measured at fair value, please fill in the book balance after fair value assessment adjustment less accumulated impairment in this column of the book value. For items not measured at fair value, please fill in the book value of the original cost of acquisition or after amortization less accumulated impairment. Acquisition cost or the cost after amortization in the column of the book value.

<Note 4> For items measured at fair value, please fill in the adjusted book balance after fair value assessment and deduction of accumulated impairment in the column of the book value. For items not measured at fair value, please fill in the book value after deducting accumulated impairment from the original acquisition cost or the cost after amortization in the column of the book value.

KEE TAI PROPERTIES CO., LTD.

Notes to parent company only financial statements (continued)

Table 4: Receivables due from related parties amounting to at least NTD 100 million or 20% of the paid-in capital (Unit: thousands of NTD/ foreign currency)

Company Name	Related Party	Nature of Relationship	Ending Balance <Note1>	Turnover Ratio	Overdue receivable		Amounts Received in Subsequent Period	Allowance for Bad Debts
					Amount	Action taken		
Chun Hui Developing Co., Ltd.	Kee Tai Properties Co., Ltd.	Subsidiary	\$355,123	-	\$-	-	\$-	\$-
Kee Tai Properties Co., Ltd.	Wei Sheng International Development Co., Ltd.	Subsidiary	100,000	-	-	-	100,000	-

<Note 1> Please fill in the column according to the respective categories of accounts receivable from related parties, notes receivable, other receivables, etc.

<Note 2> The paid-in capital refers to the paid-in capital of the parent company. If the issuer's stocks have no par value or a per-share par value of less than NTD 10, the 20% transaction amount rule regarding paid-in capital shall be calculated based on 10% of the equity attributable to the owners of the parent company on the balance sheet.

KEE TAI PROPERTIES CO., LTD.

Notes to parent company only financial statements (continued)

Table 5: Significant intercompany transactions for the year ended December 31, 2022

(Unit: thousands of NTD)

No. <Note 1>	Company name	Counterparty	Relationship <Note 2>	Transaction			
				Account	Amount	Transaction terms	Percentage of consolidated total operating revenues or total assets <Note 3>
1	Chun Hui Developing Co., Ltd.	Kee Tai Properties Co., Ltd.	2	Accounts Receivable-related parties	\$355,123	<Note4>	1.41%
2	Wei Sheng International Development Co., Ltd.	Kee Tai Properties Co., Ltd.	2	Accounts payable-related parties	100,000	<Note5>	0.40%

<Note 1> The Company and its subsidiaries are coded as follows:

(1) The Company is coded "0".

(2) The subsidiaries are coded starting from "1" in the order presented in the table above.

<Note 2> The types of the transactions are coded as follows:

(1) Parent company to subsidiary.

(2) Subsidiary to parent company.

(3) Subsidiary to subsidiary.

<Note 3> The percentage is determined by the ratio of the transaction amount to the consolidated revenues or the total assets. Items on the balance sheet are calculated by the ending balance to total consolidated assets; items on the income statement are calculated by their cumulative balance to the total consolidated income.

<Note 4> This mainly refers to other accounts payable of selling the property KT006 by the Company during 2012.

<Note 5> As of December 31, 2022, other receivables generated from cooperative development of neighboring properties entrusted to the Company.

KEE TAI PROPERTIES CO., LTD.

Notes to consolidated financial statements (continued)

Table 6: Names, locations and related information of investees over which the company exercises significant influence (not including information on investments in Mainland China)

(Unit: thousands of NTD/ foreign currency)

Investor Company	Investee Company <Note1、2>	Region	Main business	Original Investment Amount		Balance at The End of Period			Net Income (Losses) of The Investee	Share of Profits (Losses) of Investee	Remark
				Ending balance	Beginning balance	Shares	Percentage of Ownership	Carrying Value			
Kee Tai Properties Co., Ltd.	Ge Mei Investment Limited.	Samoan Islands	Investment	\$647,910	\$647,910	22,000	44.00%	\$517,344	\$(50,904)	\$(126,370)	<Note3>
Kee Tai Properties Co., Ltd.	Fawn Keetai Inc.	Taiwan	Development of Hotels and buildings	12,000	12,000	1,200	40.00%	9,324	(636)	10	<Note3>
Kee Tai Properties Co., Ltd.	Chun Hui Developing Co., Ltd.	Taiwan	Development and leasing of residential and commercial buildings	1,000,000	1,000,000	100,000	100.00%	410,835	35,793	35,793	<Note3, 4>
Kee Tai Properties Co., Ltd.	Ching Hui Developing Co., Ltd.	Taiwan	Development and leasing of residential and commercial buildings	1,000,000	1,000,000	100,000	100.00%	345,504	4,119	4,119	<Note3, 4>
Kee Tai Properties Co., Ltd.	Apex Development Corporation	Taiwan	Development and leasing of residential and commercial buildings	10,000	10,000	1,000	100.00%	7,440	614	614	<Note3>
Kee Tai Properties Co., Ltd.	Wei Sheng International Development Co., Ltd.	Taiwan	Development and leasing of residential and commercial buildings	450,725	450,725	45,073	55.00%	454,299	(50,387)	(35,635)	<Note3, 5>

<Note 1> For publicly traded companies that have a foreign holding company and are required to prepare consolidated financial statements as the primary financial statement under local laws and regulations, the disclosure of information regarding the invested companies may be limited to information related to the holding company.

<Note 2> If it does not fall under the circumstances described in Note 1, please fill in according to the following regulations:

- (1) The columns of "Investee Company Name," "Region," "Primary Business Items," "Original Investment Amount," and "Year-end Equity Holding Status," etc. should be filled in sequence according to the situation of the Company's direct or indirect controlled investees and their respective investees, and the relationship between each investee and the Company (such as subsidiary or associate) should be noted in the remarks column.
- (2) The "Net income (loss) of investees for the current period" in the column should be filled in with the net income (loss) amount of each investee company.
- (3) The column of "Investment gain or loss recognized for the current period" only needs to fill in the income or loss amounts of each subsidiary directly reinvested by the company and each invested company evaluated by equity method, and others may be left blank. When filling in the "income or loss amounts of each subsidiary directly reinvested for the current period," it should be confirmed that the income or loss amounts of each subsidiary already include the reinvestment gains or losses that should be recognized according to regulations for reinvestment.

<Note 3> Recognized based on the financial statements audited by CPA.

<Note 4> The deferred loan - inter-company interest, which was recorded by the company for unrealized gains and losses between the parent and subsidiary companies, has been adjusted to the investment category accounted for using the equity method in accordance with Case Example No. 28 of International Accounting Standard issued by the Accounting Research and Development Foundation of the Republic of China, resulting in an adjustment of NT\$495,656 thousand for the carrying amounts of the Company's investments in Chun Hui Developing Co., Ltd. and Ching Hui Developing Co., Ltd.

<Note 5> The subsidiary, Wei Sheng International Development Co., Ltd., signed a real estate sales contract with a non-related party on June 30, 2022. The assessment suggests that the transaction is highly likely to be completed within one year. The Company has pre-sold 20% equity interest of this subsidiary, which is highly likely to be fulfilled after the completion of the real estate sale. Therefore, the Company has increased the recognized loss amount to NTD 35,635 thousand, as explained in Note 6(8).

Kee Tai Properties Co., Ltd.
Notes to parent company only financial statements (continued)

Table 7: Informations on investments in Mainland China

(Unit: thousands of NTD/ foreign currency)

Investee Company	Main Business and Products	Total Amount of Paid-in Capital	Method of Investment	Accumulated Outflow of Investment from Taiwan as of January 1, 2022	Investment Flows		Accumulated Outflow of Investment from Taiwan as of December 31, 2022	Net Income (Loss) of the Investee Company	Percentage of Ownership	Share of Profits/Losses	Carrying Amount as of December 31, 2022	Accumulated Inward Remittance of Earnings as of December 31, 2022
					Outflow	Inflow						
Pingdingshan Sanyuan Building Materials Co., Ltd.	Wholesale of building materials	\$214,970 (USD7,000)	<Note1>(2)	\$95,293 (USD3,103)	\$-	\$-	\$95,293 (USD3,103)	\$(22,497) ((CNY5,141))	44.00%	\$(9,906) ((USD337)) <Note1>(2)-iii	\$77,266 (USD2,516)	-
Henan Fuguang Real Estate Development Co., Ltd.	Real estate development	255,664 (CNY58,000)	<Note1>(2)	107,485 (USD3,500)	-	-	107,485 (USD3,500)	-	-	-	107,485 (USD3,500)	-
Pingdingshan Yingcheng Commerce Center Real Estate Development Co., Ltd.	Real estate development	1,322,400 (CNY300,000)	<Note1>(2)	75,412 (CNY17,108)	-	-	75,412 (CNY17,108)	-	-	-	75,412 (CNY17,108)	-
Colorful Rose(Shanghai) Industrial Co., Ltd.	Wedding consulting services	307,100 (USD10,000)	<Note1>(3)	16,368 (USD533)	-	-	16,368 (USD533)	-	-	-	16,368 (USD533)	-

Accumulated Investment in Mainland China as of December 31, 2022 (in thousands)	Investment Amount Authorized by Investment Commission, MOEA (in thousands)	Upper Limit of Investment (in thousands)
\$294,559 (USD7,136 and CNY17,108)	\$294,559 (USD7,136 and CNY17,108)	\$3,495,867

<Note 1> Method of investment was classified as the following three types:

- (1) Direct investment in Mainland China.
- (2) Indirect investment in Mainland China through GE MEI INVESTMENT LIMITED, which was registered in a third region.
- (3) Indirect investment in Mainland China through FA TI COMPANY LIMITED, which was registered in a third region.
- (4) Others.

<Note 2> In the shared profits/losses column:

- (1) It should be noted that if the investee is under preparation status, there is no income or loss.
- (2) The basis of investment income (loss) recognition can be classified into three categories:
 - i. Financial statements which were audited and attested by an international accounting firm which has cooperative relationship with an accounting firm in R.O.C.
 - ii. Financial statements which were audited and attested by R.O.C parent company's CPA.
 - iii. Others: Financial statements which were audited and attested by other CPA.

<Note 3> The figures in this table are presented in NTD. The exchange rate on the financial reporting date used for translating the amount of investment in foreign currency is as following:

- (1) Ending investment balance as of report date was translated using the exchange rates as follows:

USD:NTD 1: 30.71
CNY:NTD 1: 4.408
- (2) Investment gains or losses were translated using the average rates for the year ended December 31, 2022 as follows:

USD:NTD 1: 29.395
CNY:NTD 1: 4.376

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KEE TAI PROPERTIES CO., LTD.

1. Statement of Cash and Cash Equivalents

As of December 31, 2022

(In Thousands of New Taiwan Dollars)

Item	Description	Amount
Cash on hand		\$175
Cash in banks		
Check deposits		4
Demand deposits		28,858
Time deposits		1,000,000
Time deposits - foreign currency	USD167@30.71	5,141
	CNY75@4.408	331
Total		<u>\$1,034,509</u>

KEE TAI PROPERTIES CO., LTD.

2. Statement of Current Financial Assets at Fair Value Through Profit or Loss

As of December 31, 2022

(In Thousands of New Taiwan Dollars)

Name of The Financial Asset	Description	Shares/Units	Par Value	Amount	Interest Rate	Cost	Fair Value		Change in Fair Value Attributable to Change in Credit Risk	Note
							Unit Price	Total		
Cathay No.1 REIT	Beneficiary Certificate	1,246	\$10	\$12,460	-	\$22,630	\$18.08	\$22,528	-	
CCAGSFXXSO-Conservative foreign currency arbitrage bond (USD)	Fixed Income Securities	1		USD 1,000	-	31,495	30.71	30,710	-	
Adjustments for change in value						(887)				
Net Amount						<u>\$53,238</u>				

KEE TAI PROPERTIES CO., LTD.
3. Statement of Current Financial Assets at Amortised Cost
As of December 31, 2022

(In Thousands of New Taiwan Dollars)

Name of The Financial Asset	Description	Units	Par Value	Total Amount	Interest Rate	Exchange Rate	Book Value	Note
CNY :								
Time deposit (CNY)	Bank of Taiwan - Xizhi Branch	1	\$332	\$332	1.44%	4.408	\$1,465	
Time deposit (CNY)	China Construction Bank - Taipei Branch	1	314	314	2.30%	4.408	1,382	
USD :								
Time deposit (USD)	Mega Bank - Zhonghe Branch	2	1,000	2,000	2.80%	30.71	61,420	
Time deposit (USD)	Mega Bank - Zhonghe Branch	1	1,072	1,072	2.80%	30.71	32,931	
Time deposit (USD)	Mega Bank - Zhonghe Branch	1	1,000	1,000	2.83%	30.71	30,710	
Time deposit (USD)	Mega Bank - Zhonghe Branch	1	600	600	2.83%	30.71	18,426	
Time deposit (USD)	Mega Bank - Zhonghe Branch	1	1,076	1,076	4.50%	30.71	33,047	
Time deposit (USD)	Mega Bank - Zhonghe Branch	1	153	153	4.28%	30.71	4,683	
Time deposit (USD)	Taiwan Cooperative Bank - Yanping Branch	4	1,000	4,000	3.10%	30.71	122,840	
Time deposit (USD)	Taiwan Cooperative Bank - Yanping Branch	1	878	878	3.10%	30.71	26,951	
Time deposit (USD)	Taiwan Cooperative Bank - Yanping Branch	1	1,266	1,266	3.10%	30.71	38,888	
Time deposit (USD)	Taichung Commercial Bank - Sanchong Branch	3	1,000	3,000	3.20%	30.71	92,130	
Time deposit (USD)	Taichung Commercial Bank - Sanchong Branch	1	804	804	3.20%	30.71	24,691	
Time deposit (USD)	Taichung Commercial Bank - Sanchong Branch	4	1,000	4,000	3.80%	30.71	122,840	
Time deposit (USD)	Taichung Commercial Bank - Sanchong Branch	1	1,394	1,394	3.80%	30.71	42,810	
Time deposit (USD)	Taichung Commercial Bank - Sanchong Branch	1	1,507	1,507	3.80%	30.71	46,280	
Time deposit (USD)	Taichung Commercial Bank - Sanchong Branch	5	1,000	5,000	3.40%	30.71	153,550	
Time deposit (USD)	Taichung Commercial Bank - Sanchong Branch	1	940	940	3.40%	30.71	28,858	
Time deposit (USD)	Bank of Taiwan - Xizhi Branch	2	1,000	2,000	3.10%	30.71	61,420	
Time deposit (USD)	Bank of Taiwan - Xizhi Branch	1	797	797	3.10%	30.71	24,482	
Time deposit (USD)	Sunny Bank - Ho-Ping Branch	1	535	535	3.10%	30.71	16,436	
Time deposit (USD)	Sunny Bank - Ho-Ping Branch	4	1,000	4,000	3.80%	30.71	122,840	
Time deposit (USD)	Sunny Bank - Ho-Ping Branch	1	1,399	1,399	3.80%	30.71	42,963	
Time deposit (USD)	Sunny Bank - Ho-Ping Branch	1	438	438	3.80%	30.71	13,450	
Time deposit (USD)	Bank of Panhsin-Houpu Branch	3	1,000	3,000	4.00%	30.71	92,130	
Time deposit (USD)	Bank of Panhsin-Houpu Branch	1	1,111	1,111	4.00%	30.71	34,131	
Time deposit (USD)	Bank of Panhsin-Houpu Branch	1	1,000	1,000	4.90%	30.71	30,710	
Time deposit (USD)	Bank of Panhsin-Houpu Branch	1	1,339	1,339	4.90%	30.71	41,121	
Time deposit (USD)	Far Eastern International Bank-Taipei Chungching Branch	1	900	900	3.25%	30.71	27,639	
Time deposit (USD)	Far Eastern International Bank-Taipei Chungching Branch	1	970	970	3.25%	30.71	29,789	
Time deposit (USD)	Far Eastern International Bank-Taipei Chungching Branch	1	900	900	4.05%	30.71	27,639	
Time deposit (USD)	Far Eastern International Bank-Taipei Chungching Branch	1	569	569	4.05%	30.71	17,479	
Time deposit (USD)	Far Eastern International Bank-Taipei Chungching Branch	8	1,000	8,000	4.05%	30.71	245,680	
Time deposit (USD)	Far Eastern International Bank-Taipei Chungching Branch	1	1,200	1,200	4.05%	30.71	36,852	
Time deposit (USD)	Far Eastern International Bank-Taipei Chungching Branch	2	1,000	2,000	4.00%	30.71	61,420	
Time deposit (USD)	Far Eastern International Bank-Taipei Chungching Branch	1	1,500	1,500	4.00%	30.71	46,065	
Time deposit (USD)	Far Eastern International Bank-Taipei Chungching Branch	1	1,050	1,050	4.25%	30.71	32,246	
NTD :								
Trust deposit (NTD)	Taishin International Bank-Jianbei Branch	1	-	-	0.00%	1.000	82,392	
Trust deposit (NTD)	Yuanta Commercial Bank-Nanjing East Road Branch	1	-	-	0.00%	1.000	120,133	
Trust deposit (NTD)	Bank of Taiwan -Shihlin Branch	1	-	-	0.00%	1.000	228,609	
Trust deposit (NTD)	KGI Commercial Bank-Cheng Tung Branch	1	-	-	0.00%	1.000	220,509	
Total							<u>\$2,540,037</u>	

KEE TAI PROPERTIES CO., LTD.

4. Statement of Notes Receivable

As of December 31, 2022

(In Thousands of New Taiwan Dollars)

Clinet name	Description	Amount	Note
Notes Receivable :			
Company A		\$758	
Company B		220	
Others		<u>10</u>	The amount of individual item in others does not exceed 5% of the account balance.
Total		<u><u>\$988</u></u>	

KEE TAI PROPERTIES CO., LTD.

5. Statement of Accounts Receivable (Including Due From Related Parties)

As of December 31, 2022

(In Thousands of New Taiwan Dollars)

Client name	Description	Amount	Note
Accounts receivable :			
Client A	Receivables of Land and Buildings	\$3,333	
Client B	Rental Receivable	1,829	
Client C	Receivables of Land and Buildings	1,550	
Client D	Receivables of Land and Buildings	861	
Client E	Receivables of Land and Buildings	666	
Client F	Receivables of Land and Buildings	520	
Others	Receivables of Land and Buildings and Rental Receivable	929	The amount of individual item in others does not exceed 5% of the account balance.
Subtotal		9,688	
Less: Loss Allowance		(7,826)	
Net Amount		<u>\$1,862</u>	

KEE TAI PROPERTIES CO., LTD.

6. Statement of Inventories

As of December 31, 2022

(In Thousands of New Taiwan Dollars)

Item	Amount		Note
	Subtotal	Net realizable value	
Land held for construction site	\$1,938,033	\$1,909,345	1. Net realizable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and the estimated costs necessary to make the sale.
Buildings and land held for sale	2,277,308	2,230,667	
Construction in progress	2,928,982	2,928,982 <Note2>	
Other inventories	9,000	9,000	2. Due to the special industry attributes, the market price of the Company's construction in progress is not clearly identifiable. Therefore, the disclosed amount for the construction in progress is the cost recognized, which is always less than the estimated selling price.
Prepayment for land purchases	80,798	80,798	
Subtotal	7,234,121		3. Please refer to Note 8 for more details on inventories pledged as loan guarantee.
Less: Allowance for inventory valuation losses	(92,688)		
Net Amount	<u>\$7,141,433</u>		

KEE TAI PROPERTIES CO., LTD.

7. Statement of Construction In Progress

As of December 31, 2022

(In Thousands of New Taiwan Dollars)

Name of Construction	Balance, January 1, 2022	Additions		Decrease		Balance, December 31, 2022
		Cost of Land and Construction	Capitalized Interest Payments	Transferred to Cost of Land and Building after Sale	Transferred to Land Held for Construction Sites	
KT025	\$864,943	\$52,575	\$6,997	\$-	\$-	\$924,515
KT057	303,778	41,691	2,491	-	-	347,960
KT068	597,088	18,974	5,518	-	-	621,580
KT073	297,447	28,956	2,504	-	-	328,907
KT074	461,451	90,369	4,024	-	-	555,844
Others	55,095	95,081	-	-	-	150,176
Total	<u>\$2,579,802</u>	<u>\$327,646</u>	<u>\$21,534</u>	<u>\$-</u>	<u>\$-</u>	<u>\$2,928,982</u>

KEE TAI PROPERTIES CO., LTD.

8.Statement of Non-current Financial Assets at Fair Value Through Other Comprehensive Income

As of December 31, 2022

(In Thousands of New Taiwan Dollars)

Name	Balance, January 1, 2022		Additions		Decrease		Balance, December 31, 2022		Collateral	Note
	Shares	Fair Value	Shares	Amount	Shares	Amount	Shares	Fair Value		
Unlisted stocks :										
HORNG TAY INVESTMENT LIMITED	8,150	\$225,592	-	\$-	-	\$(57,925) <Note 1>	8,150	\$167,667	No	
Total		<u>\$225,592</u>		<u>\$-</u>		<u>\$(57,925)</u>		<u>\$167,667</u>		

<Note 1> The decrease in the amount resulted from the unrealized gains (losses) from investments recognized.

KEE TAI PROPERTIES CO., LTD.
9.Statement of Changes in Investments Accounted for Using Equity Method
For The Year Ended December 31, 2022

(In Thousands of New Taiwan Dollars)

Investees	Balance, January 1, 2022			Additions		Decrease		Balance, December 31, 2022			Market value or Net Asset Value		Collateral	Note
	Shares	%	Amount	Shares	Amount	Shares	Amount	Shares	%	Amount	Per (dollar)	Total		
Ge Mei Investment Limited.	22,000	44.00%	\$643,714	-	\$-	-	\$(126,370) <Note 1>	22,000	44.00%	\$517,344	-	\$517,344	No	
Wei Sheng International Development Co., Ltd.	45,073	55.00%	500,224	-	-	-	(45,925) <Note 1,2>	45,073	55.00%	454,299 <Note 4>	-	454,299	No	
Chun Hui Developing Co., Ltd.	100,000	100.00%	375,042	-	35,793 <Note 1>	-	-	100,000	100.00%	410,835 <Note 3>	-	410,835	No	
Ching Hui Developing Co., Ltd.	100,000	100.00%	341,385	-	4,119 <Note 1>	-	-	100,000	100.00%	345,504 <Note 3>	-	345,504	No	
Apex Development Corporation	1,000	100.00%	6,826	-	614 <Note 1>	-	-	1,000	100.00%	7,440	-	7,440	No	
Fawn Keetai Inc.	1,200	40.00%	9,314	-	10 <Note 1>	-	-	1,200	40.00%	9,324	-	9,324	No	
Total			<u>\$1,876,505</u>		<u>\$40,536</u>		<u>\$(172,295)</u>			<u>\$1,744,746</u>		<u>\$1,744,746</u>		

<Note 1> The increase (decrease) in the amount was because the Company recognized investment gains and losses using equity method.

<Note 2> Paid cash dividends of NT\$10,290 thousand.

<Note3> The deferred loan - inter-company interest, which was recorded by the company for unrealized gains and losses between the parent and subsidiary companies, has been adjusted to the investment category accounted for using the equity method in accordance with Case Example No. 28 of International Accounting Standard issued by the Accounting Research and Development Foundation of the Republic of China, resulting in an adjustment of NT\$495,656 thousand for the carrying amounts of the Company's investments in Chun Hui Developing Co., Ltd. and Ching Hui Developing Co., Ltd.

<Note4> The subsidiary, Wei Sheng International Development Co., Ltd. signed a real estate sales contract with a non-related party on June 30, 2022. The assessment suggests that the transaction is highly likely to be completed within one year. The Company has pre-sold 20% equity interest of this subsidiary, which is highly likely to be fulfilled after the completion of the real estate sale. Therefore, the Company has increased the recognized loss amount to NTD 35,635 thousand.

KEE TAI PROPERTIES CO., LTD.

10. Statement of Changes in Right-of-use-assets, The Accumulated Depreciation and Impairment

For The Year Ended December 31, 2022

(In Thousands Shares/In Thousands of New Taiwan Dollars)

Item	Beginning Balance	Additions	Decrease	Ending Balance	Note
Cost					
Buildings	\$12,912	\$12,134	\$(11,649)	\$13,397	
Transportation equipment	<u>11,535</u>	<u>2,830</u>	<u>-</u>	<u>14,365</u>	
Subtotal	<u>24,447</u>	<u>14,964</u>	<u>(11,649)</u>	<u>27,762</u>	
Accumulated depreciation and impairment					
Buildings	(9,756)	(4,315)	\$11,649	(2,422)	
Transportation equipment	<u>(7,617)</u>	<u>(3,954)</u>	<u>-</u>	<u>(11,571)</u>	
Subtotal	<u>(17,373)</u>	<u>(8,269)</u>	<u>11,649</u>	<u>(13,993)</u>	
Net carrying amount	<u>\$7,074</u>	<u>\$6,695</u>	<u>\$-</u>	<u>\$13,769</u>	

KEE TAI PROPERTIES CO., LTD.

11. Statement of Changes in Other Non-Current Assets

For The Year Ended December 31, 2022

(In Thousands of New Taiwan Dollars)

Item	Description	Amount		Note
		Subtotal	Total	
Refundable deposits	Joint construction deposits	\$72,376		
	Lease deposits	1,114		
	Others	<u>8,993</u>	\$82,483	
Long-term accounts receivable			142,752	
Advances to employees			<u>10,407</u>	
Total			<u><u>\$235,642</u></u>	

KEE TAI PROPERTIES CO., LTD.

12. Statement of Current Borrowings

As of December 31, 2022

(In Thousands of New Taiwan Dollars)

Type of Loan	Description	Ending Balance	Period	Interest Rate	Limits	Collateral	Note
Short-term unsecured loan	First Commercial Bank - World Trade Center Branch	100,000	2022.07.26~2023.07.26	1.73%	100,000	None	
Short-term unsecured loan	Mega Bank - Zhonghe Branch	119,000	2022.07.26~2023.07.26	1.92%	120,000	None	
Short-term secured loan	The Shanghai Commercial & Savings Bank, Ltd. — Min Sheng Branch	20,000	2022.08.26~2023.08.26	2.35%	20,000	None	
Short-term secured loan	Xizhi Agricultural Association	10,000	2021.01.26~2024.01.26	2.20%	80,000	KT028	
Short-term secured loan	Xizhi Agricultural Association	10,000	2021.11.16~2024.11.16	2.20%	50,000	KT028	
Short-term secured loan	Taiwan Cooperative Bank - Yanping Branch	151,000	2022.04.21~2023.04.21	1.50%	500,000	Time deposits (USD)	
Short-term secured loan	Taishin International Bank - Jianbei Branch	257,000	2021.04.07~2024.04.07	2.30%	257,000	KT074	
Short-term secured loan	Fubon Bank — Business Department	119,000	2022.12.30~2023.09.30	2.53%	119,685	KT057	
Short-term secured loan	Shin Kong Bank Co., Ltd. — Dong Taipei Branch	90,000	2022.07.13~2023.07.13	2.58%	110,000	KT023	
Short-term secured loan	Mega Bank - Zhonghe Branch	168,000	2022.06.24~2023.06.23	1.62%	250,000	Time deposits (USD)	
Short-term secured loan	Cathay United Bank - Department of Corporate Banking	2,500	2022.07.23~2023.07.23	2.02%	63,500	KT031	
Short-term secured loan	Cathay United Bank - Department of Corporate Banking	43,000	2022.07.23~2023.07.23	2.02%	56,500	KT031	
Short-term secured loan	Bank of Taiwan - Xizhi Branch	750,000	2018.11.19~2025.05.19	2.17%	1,000,000	KT031 、Time deposit in USD and CNY	
Short-term secured loan	Bank of Taiwan - Xizhi Branch	250,000	2021.10.08~2022.10.08	2.11%	250,000	KT031	
Short-term secured loan	Bank of Taiwan - Xizhi Branch	2,180,000	2020.02.21~2025.02.21	1.93~2.19%	2,600,000	KT006	Syndicated loan
Short-term secured loan	Bank of Taiwan-Shihlin Branch	45,200	2022.01.22~2026.01.22	2.46%	160,000	KT068	
Short-term secured loan	Bank of Taiwan-Shihlin Branch	34,800	2022.01.22~2026.01.22	2.54%	34,800	KT068	
Short-term secured loan	The Shanghai Commercial & Savings Bank, Ltd. — Min Sheng Branch	70,800	2022.08.26~2023.08.26	2.35%	70,800	KT024	
Short-term secured loan	Bank of Panhsin-Houpu Branch	25,000	2022.12.29~2023.12.29	1.71%	500,000	Time deposit in USD	
Total		<u>\$4,445,300</u>					

Note : Please refer to Note 6.12 for the related explanation on joint loan.

KEE TAI PROPERTIES CO., LTD.

13. Statement of Short-Term Notes And Bills Payable

As of December 31, 2022

(In Thousands of New Taiwan Dollars)

Item	Description	Ending Balance	Period	Interest Rate	Limits	Collateral	Note
Short-term secured notes	Sunny Bank — Ho-Ping Branch	\$61,000	111.12.28~112.12.28	2.26%	\$75,000	KT024	
Short-term secured notes	Taichung Commercial Bank — Sanchung Branch	479,200	111.07.12~112.07.12	2.11%	600,000	Time deposits in USD	
Short-term secured notes	Bank of Panhsin-Houpu Branch	40,000	111.07.19~112.07.19	2.41%~2.44%	40,000	KT067	
Short-term secured notes	Bank of Panhsin-Houpu Branch	90,000	111.03.08~112.03.08	2.46%	90,000	KT028	
Short-term secured notes	Far Eastern International Bank — Chong Cing Branch	490,000	111.09.14~112.09.14	2.46%	700,000	Time deposits in USD	
Less: Discount of short-term notes		(4,197)					
Total		<u>\$1,156,003</u>					

KEE TAI PROPERTIES CO., LTD.

14. Statement of Accounts Payable

As of December 31, 2022

(In Thousands of New Taiwan Dollars)

Item	Description	Amount	Note
KT024	Construction payables	\$181,719	The amount of individual item in others does not exceed 5% of the account balance.
KT028	Construction payables	90,842	
KT033	Construction payables	56,410	
KT031	Construction payables	31,998	
Others		<u>27,951</u>	
Total		<u><u>\$388,920</u></u>	

KEE TAI PROPERTIES CO., LTD.

15.Statement of Other Payables (Including Payables to Related Parties)

As of December 31, 2022

(In Thousands of New Taiwan Dollars)

Item	Description	Amount	Note
Other accounts payable :			
Professional Payable Service		\$70,845	
Employee Bonus Payable		10,677	
Others	Estimated other accounts payable	28,751	The amount of individual item in others does not exceed 5% of the account balance.
Total		<u>\$110,273</u>	
Other payables to related parties		<u>\$355,123</u>	Refer to Note 7.

KEE TAI PROPERTIES CO., LTD.

16. Statement of Advance Receipts

As of December 31, 2022

(In Thousands of New Taiwan Dollars)

Item	Description	Amount	Note
Other advance receipts	Advance receipts from sales of shares.	\$163,900	The amount of individual item in others does not exceed 5% of the account balance.
	Others	<u>7,553</u>	
Total		<u><u>\$171,453</u></u>	

KEE TAI PROPERTIES CO., LTD.

17.Statement of Other Current Liabilities, Others

As of December 31, 2022

(In Thousands of New Taiwan Dollars)

Item	Description	Amount	Note
Receipts under custody	Withholding income tax	\$2,680	
Temporary receipts	Temporary receipts of subscription to capital stock	88,888	
Total		<u>\$91,568</u>	

KEE TAI PROPERTIES CO., LTD.

18. Statement of Lease Liabilities

As of December 31, 2022

(In Thousands of New Taiwan Dollars)

Item	Lease Period	Discount Rate	Description	Ending Balance	Note
Buildings	From April 2021 to August 2025	1.70%	Current	\$4,154	
		1.70%	Non-current	6,833	
			Subtotal	<u>\$10,987</u>	
Transportation equipment	From January 2019 to December 2023	1.70%	Current	\$2,854	
		1.70%	Non-current	-	
			Subtotal	<u>\$2,854</u>	
			Total	<u><u>\$13,841</u></u>	

KEE TAI PROPERTIES CO., LTD.

19. Statement of Operating Revenue

For The Year Ended December 31, 2022

(In Thousands of New Taiwan Dollars)

Item	Description	Amount	Note
Revenue from sale of land	KT033	\$49,840	
	KT014	4,320	
	KT008	4,290	
	KT031	3,630	
Revenue from sale of buildings	KT033	11,867	
	KT014	1,028	
	KT008	867	
	KT031	1,876	
Rental revenue	Rental assets	17,481	
Others	Others	5,826	
Subtotal		101,025	
Sales returns		-	
Net revenue		<u>\$101,025</u>	

KEE TAI PROPERTIES CO., LTD.

20. Statement of Operating Costs

For The Year Ended December 31, 2022

(In Thousands of New Taiwan Dollars)

Item	Description	Amount	Note
Cost of land	KT033	\$16,590	
Cost of land	KT014	1,691	
Cost of land	KT008	1,891	
Cost of land	KT031	1,771	
Cost of buildings	KT033	18,115	
Cost of buildings	KT014	1,474	
Cost of buildings	KT008	1,972	
Cost of buildings	KT031	787	
Cost of leases	Leased assets	2,579	
Other operating cost	Others	-	
Total		<u>\$46,870</u>	

KEE TAI PROPERTIES CO., LTD.
21. Statement of Operating Expenses
For The Year Ended December 31, 2022

(In Thousands of New Taiwan Dollars)

Item	Description	Amount	Note
Selling Expenses	Sale of land and buildings	<u>\$1,309</u>	
General and administrative expenses	Workforce service fees	\$23,994	
	Wages and salaries	15,438	
	Professional service fees	14,233	
	Taxes	11,444	
	Depreciation expenses	8,282	
	Entertainment expense	6,626	
	Other expenses	<u>51,581</u>	The amount of individual item in others does not exceed 5% of the account balance.
	Subtotal	<u>\$131,598</u>	
Total		<u>\$132,907</u>	