

TAIWAN TEA CORPORATION
INDIVIDUAL FINANCIAL STATEMENTS
WITH REPORT OF INDEPENDENT AUDITORS
FOR THE YEARS ENDED
DECEMBER 31, 2022 AND 2021

The reader is advised that these 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.

Independent Auditors' Report Translated from Chinese

Independent Auditors' Report

To Taiwan Tea Corporation

Opinion

We have audited the accompanying individual balance sheets of Taiwan Tea Corporation (the “Company”) as of December 31, 2022 and 2021, and the related individual statements of comprehensive income, changes in equity and cash flows for the years ended December 31, 2022 and 2021, and notes to the individual financial statements, including the summary of significant accounting policies.

In our opinion, based on our audits and the reports of other auditor(s) (please refer to the *Other Matter – Making Reference to the Audit(s) of (a) Component Auditor(s)* section of our report), the individual financial statements referred to above present fairly, in all material respects, the individual financial positions of the Company as of December 31, 2022 and 2021, and their individual financial performance and 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 and International Financial Reporting Standards, International Accounting Standards, Interpretations developed by the International Financial Reporting Interpretations Committee as endorsed and became effective by Financial Supervisory Commission of the Republic of China.

Basis for Opinion

We conducted our audits in accordance with the Regulations Governing Auditing and Attestation of Financial Statements by Certified Public Accountants and auditing standards. Our responsibilities under those standards are further described in the *Auditors' Responsibilities for the Audit of the Individual 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 auditor(s), 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 individual financial statements. These matters were addressed in the context of our audit of the individual financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Revenue Recognition

The Company recognized operating revenue in the amount of NT\$376,996 thousand in 2022. Revenue is primarily related to sales of goods, construction revenue and rental revenue. Due to each revenue transaction process and the timing of revenue recognition are different, is a key audit matter when conducting the audit of the individual financial statements.

The audit procedures we performed regarding revenue recognition included but not limited to: evaluate the appropriateness of the accounting policies regarding revenue recognition; understand the transaction and recognition process and perform tests of control on the effectiveness of control points established by management; perform comparative analysis of major customers to assess the reasonableness of the transaction amounts and counterparties; read and understand the contracts to identify the timing of revenue recognition; perform analytical review procedures on gross profit margin by categories; verify the stage of the completion of construction; perform test of details, including select samples to inspect the purchase orders and delivery notes.

We also considered the appropriateness of the relevant disclosure included in Note 4 and Note 6 to the individual financial statements.

Impairment Valuation of non-financial assets

As of December 31, 2022, the Company's property, plant and equipment and investments property amounted to NT\$20,347,393 thousand, which accounted for 93% of its total assets, which is relatively material for the individual financial statements. Therefore, in accordance with IAS 36 *Impairment of Assets*, the management assesses whether the recoverable amount of non-financial assets is lower than the carrying amount when any such indicated exists. As the management's assessment of impairment of non-financial assets involves subjective judgments, is a key audit matter when conducting the audit of the individual financial statements.

The audit procedures we performed regarding impairment testing for non-financial assets included but not limited to: evaluate the appropriateness of accounting policies regarding non-financial assets; understand the process of management's impairment testing and perform tests of control on the effectiveness of control points; assess the objectivity and professional competency of external real estate appraisal firms and appraisal experts and understand whether the appraiser's expertise and competency are reliable in the professional field of its experience and reputation; evaluate the appropriateness of valuation method used by external appraisal expert and management; use internal experts to assist us in evaluating the prices of each comparable property used in the non-financial asset's assessment report issued by appraisal experts and assess whether the benchmarks are reasonable and compare similar prices obtained with publicly available information; recalculate the recoverable amounts assessed by management.

We also considered the appropriateness of the relevant disclosure included in Note 5, Note 6.(6) and Note 6.(7) to the individual financial statements.

Other Matter – Making Reference to the Audits of Component Auditors

We did not audit the financial statements of certain associates accounted for under the equity method whose statements are based solely on the reports of other auditors. 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 associates under equity method amounted to NT\$0 thousand, representing 0% of individual total assets as of December 31, 2021. The related shares of loss of associates under the equity method amounted to NT\$10,682 thousand, representing 1% of the individual loss before tax for the year ended December 31, 2021, and the related shares of other comprehensive income of associates under the equity method amounted to NT\$965 thousand, representing 6% of the individual other comprehensive income for the year ended December 31, 2021.

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

Management is responsible for the preparation and fair presentation of the individual financial statements in accordance with the requirements of the Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Financial Reporting Standards, International Accounting Standards, Interpretations developed by the International Financial Reporting Interpretations Committee as endorsed by Financial Supervisory Commission of the Republic of China and for such internal control as management determines is necessary to enable the preparation of individual financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the individual 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, are responsible for overseeing the financial reporting process of the Company.

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

Our objectives are to obtain reasonable assurance about whether the individual 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 auditing standards 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 individual financial statements.

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

1. Identify and assess the risks of material misstatement of the individual 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 individual 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 individual financial statements, including the accompanying notes, and whether the individual 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 individual 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 individual 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.

Chang, Chih-Ming
Ma, Chun-Ting
Ernst & Young, Taiwan
March 14, 2023

Notice to Readers

The accompanying individual financial statements are intended only to present the financial position, 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 individual financial statements are those generally accepted and applied in the Republic of China.

Accordingly, the accompanying individual financial statements and report of independent accountants 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 Individual Financial Statements Originally Issued in Chinese

TAIWAN TEA CORPORATION
INDIVIDUAL BALANCE SHEETS
DECEMBER 31, 2022 AND DECEMBER 31, 2021
(Expressed in Thousands of Dollars)

ASSETS	Notes	December 31, 2022	December 31, 2021
CURRENT ASSETS			
Cash and cash equivalents	4 & 6.(1) & 12	\$239,380	\$215,170
Contract assets - current	4 & 6.(15)	3,647	3,873
Notes receivable, net	4 & 6.(3) & 12	4,099	10,650
Accounts receivable, net	4 & 6.(3) & 12	24,823	23,781
Accounts receivable from related parties, net	4 & 6.(3) & 7 & 12	3,931	2,003
Other receivables	6.(6) & 12	1,157	1,069
Current income tax assets	4	1	-
Inventories	4 & 6.(4) & 8	946,702	902,340
Prepayments		61,055	69,137
Other current assets		751	2,400
Total current assets		<u>1,285,546</u>	<u>1,230,423</u>
NONCURRENT ASSETS			
Financial assets at fair value through other comprehensive income - non-current	4 & 6.(2) & 12	381	61,525
Property, plant and equipment	4 & 6.(6) & 8	6,250,807	6,693,697
Rights - of - use asset	4 & 6.(17) & 7	3,163	1,855
Investments property, net	4 & 5 & 6.(7) & 8	14,096,586	16,039,029
Intangible assets	4 & 6.(8)	9,841	5,445
Defined benefit asset, net	4 & 6.(13)	319	-
Other non-current assets	6.(6) & 6.(9) & 7 & 8 & 12	203,814	217,393
Total non-current assets		<u>20,564,911</u>	<u>23,018,944</u>
TOTAL ASSETS		<u><u>\$21,850,457</u></u>	<u><u>\$24,249,367</u></u>

The accompanying notes are an integral part of the financial statements.

(continued)

English Translation of Individual Financial Statements Originally Issued in Chinese

TAIWAN TEA CORPORATION
INDIVIDUAL BALANCE SHEETS
DECEMBER 31, 2022 AND DECEMBER 31, 2021
(Expressed in Thousands of Dollars)

LIABILITIES AND EQUITY	Notes	December 31, 2022	December 31, 2021
CURRENT LIABILITIES			
Short-term borrowings	6.(10) & 8 & 12	\$50,000	\$80,000
Contract liabilities - current	4 & 6.(6) & 6.(15)	19,702	16,328
Notes payable	12	149	31,384
Accounts payable	12	13,803	5,167
Other payables	6.(6) & 12	78,817	51,951
Leased liability - current	4 & 6.(17) & 7 & 12	788	810
Current portion of long-term debts	6.(12) & 8 & 12	828,000	182,300
Other current liabilities		9,885	4,534
Total current liabilities		1,001,144	372,474
NONCURRENT LIABILITIES			
Long-term borrowings	6.(12) & 8 & 12	4,671,135	5,990,235
Deferred tax liabilities	4 & 6.(21)	3,176,876	3,185,889
Leased liability - non-current	4 & 6.(17) & 7 & 12	2,495	1,132
Long-term deferred revenue		7,356	7,356
Defined benefit liability, net	4 & 6.(13)	-	6,347
Guarantee deposits received	12	5,270	8,199
Total non-current liabilities		7,863,132	9,199,158
TOTAL LIABILITIES		8,864,276	9,571,632
EQUITY	6.(14)		
Common stock		7,900,000	7,900,000
Capital surplus		2,197,948	2,197,948
Retained earnings			
Legal reserve		497,188	497,188
Special reserve		3,333,058	3,343,669
Unappropriated earnings (accumulated deficit)		(890,838)	728,961
Total retained earnings		2,939,408	4,569,818
Other equity		(51,175)	9,969
TOTAL EQUITY		12,986,181	14,677,735
TOTAL LIABILITIES AND EQUITY		\$21,850,457	\$24,249,367

The accompanying notes are an integral part of the financial statements.

English Translation of Individual Financial Statements Originally Issued in Chinese

TAIWAN TEA CORPORATION
INDIVIDUAL STATEMENTS OF COMPREHENSIVE INCOME
FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021
(Expressed in Thousands of Dollars, Except for Earnings per Share)

	Notes	For the Years Ended December 31	
		2022	2021
OPERATING REVENUE	4 & 6.(15) & 7	\$376,996	\$369,203
OPERATING COSTS	6.(17) & 6.(18)	(212,083)	(251,696)
GROSS PROFIT		164,913	117,507
OPERATING EXPENSES			
Selling and marketing	6.(18) & 7	(96,872)	(98,630)
General and administrative	6.(17) & 6.(18) & 7	(216,651)	(194,918)
Research and development	6.(18)	(5,966)	(6,599)
Expected credit (gains) losses	6.(16)	(95)	65
Total operating expenses		(319,584)	(300,082)
OPERATING LOSS		(154,671)	(182,575)
NON-OPERATING INCOME AND EXPENSES			
Interest income	6.(19)&12	98	22
Other income	6.(19) & 7	83,462	17,324
Other gains and losses	6.(19)	(1,431,154)	(875,940)
Financial costs	6.(6) & 6.(19) & 7	(111,625)	(82,782)
Share of profits and loss of associates and joint ventures accounted for using equity method	4 & 6.(5)	-	(10,682)
Total non-operating income and expenses		(1,459,219)	(952,058)
LOSS BEFORE INCOME TAX		(1,613,890)	(1,134,633)
INCOME TAX (EXPENSE) INCOME	4 & 6.(21)	(21,224)	12,284
NET LOSS		(1,635,114)	(1,122,349)
OTHER COMPREHENSIVE INCOME	6.(13) & 6.(20) & 12		
Items that will not be reclassified to profit or loss			
Remeasurements of defined benefit plans		4,704	2,444
Unrealized gains (losses) from equity instruments investments measured at fair value through other comprehensive income		(61,144)	12,712
Share of other comprehensive income of associates and joint ventures accounted for using equity method		-	965
Other comprehensive income for the period, net of income tax		(56,440)	16,121
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		<u><u>\$(1,691,554)</u></u>	<u><u>\$(1,106,228)</u></u>
EARNINGS (LOSSES) PER SHARE (NT\$)			
Basic earnings (losses) per share	6.(22)		
Continuing operating loss after tax, net		<u><u>\$(2.07)</u></u>	<u><u>\$(1.42)</u></u>
Net Loss		<u><u>\$(2.07)</u></u>	<u><u>\$(1.42)</u></u>
Diluted earnings (losses) per share	6.(22)		
Continuing operating loss after tax, net		<u><u>\$(2.07)</u></u>	<u><u>\$(1.42)</u></u>
Net Loss		<u><u>\$(2.07)</u></u>	<u><u>\$(1.42)</u></u>

The accompanying notes are an integral part of the financial statements.

English Translation of Individual Financial Statements Originally Issued in Chinese

TAIWAN TEA CORPORATION
INDIVIDUAL STATEMENTS OF CHANGES IN EQUITY
FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021
(Expressed in Thousands of Dollars)

Item	Retained Earnings					Others	Total Equity
	Common Stock	Capital Surplus	Legal Reserve	Special Reserve	Unappropriated Earnings (Accumulated Deficit)	Unrealized gain (losses) on financial assets measured at Fair Value through Other Comprehensive Income	
Balance as of January 1, 2021	\$7,900,000	\$2,206,175	\$495,587	\$3,363,664	\$1,829,507	\$(2,743)	\$15,792,190
Appropriation of 2020 earnings:							
Legal reserve	-	-	1,601	-	(1,601)	-	-
Other changes in capital surplus:							
Changes in equity of associates and joint ventures accounted for using equity method	-	(8,227)	-	-	-	-	(8,227)
Net loss for the year ended December 31, 2021	-	-	-	-	(1,122,349)	-	(1,122,349)
Other comprehensive income for the year ended December 31, 2021	-	-	-	-	3,409	12,712	16,121
Total comprehensive income	-	-	-	-	(1,118,940)	12,712	(1,106,228)
Reversal of special reserve, which previously set aside for the first-time adoption of IFRS	-	-	-	(19,995)	19,995	-	-
Balance as of December 31, 2021	<u>\$7,900,000</u>	<u>\$2,197,948</u>	<u>\$497,188</u>	<u>\$3,343,669</u>	<u>\$728,961</u>	<u>\$9,969</u>	<u>\$14,677,735</u>
Balance as of January 1, 2022	\$7,900,000	\$2,197,948	\$497,188	\$3,343,669	\$728,961	\$9,969	\$14,677,735
Net loss for the year ended December 31, 2022	-	-	-	-	(1,635,114)	-	(1,635,114)
Other comprehensive income for the year ended December 31, 2022	-	-	-	-	4,704	(61,144)	(56,440)
Total comprehensive income	-	-	-	-	(1,630,410)	(61,144)	(1,691,554)
Reversal of special reserve, which previously set aside for the first-time adoption of IFRS	-	-	-	(10,611)	10,611	-	-
Balance as of December 31, 2022	<u>\$7,900,000</u>	<u>\$2,197,948</u>	<u>\$497,188</u>	<u>\$3,333,058</u>	<u>\$(890,838)</u>	<u>\$(51,175)</u>	<u>\$12,986,181</u>

The accompanying notes are an integral part of the financial statements.

English Translation of Individual Financial Statements Originally Issued in Chinese

TAIWAN TEA CORPORATION
INDIVIDUAL STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021
(Expressed in Thousands of Dollars)

	For the Years Ended December 31	
	2022	2021
CASH FLOWS FROM OPERATING ACTIVITIES		
Loss before income tax	\$ (1,613,890)	\$ (1,134,633)
Adjustments:		
Income and adjustment items :		
Depreciation	116,623	98,575
Amortization	1,593	1,339
Expected credit loss (gain)	95	(65)
Interest expense	111,625	82,782
Interest income	(98)	(22)
Dividend income	(74,728)	(6)
Share of loss (gain) of associates and joint venture accounted for using equity method	-	10,682
Loss (gain) on disposal of property, plan and equipment	1,011	2,712
Gain on disposal of investment properties	(49,889)	(125,351)
Gain on disposal of non-current assets classified as held for sale	(647,456)	-
Gain on disposal of investments accounted using equity method	-	(14,871)
Impairment loss of non-financial assets	2,127,511	1,013,410
Other item (Amortization of other non-current assets)	3,884	3,161
Changes in operating assets and liabilities:		
Decrease (increase) in contract assets - current	226	1,911
Decrease (increase) in notes receivable	6,551	(9,158)
Decrease (increase) in accounts receivable	(1,137)	(7,847)
Decrease (increase) in accounts receivable from related parties	(1,928)	(1,852)
Decrease (increase) in other receivable	(90)	(249)
Decrease (increase) in inventories	(45,814)	(7,595)
Decrease (increase) in prepayments	8,082	8,801
Decrease (increase) in other current assets	1,649	(2,016)
Increase (decrease) in contract liabilities - current	3,374	4,080
Increase (decrease) in notes payable	(31,235)	27,922
Increase (decrease) in accounts payable	8,636	(7,172)
Increase (decrease) in other payables	20,640	(79,174)
Increase (decrease) in other current liabilities	5,351	1,774
Increase (decrease) in defined benefit liability, net	(1,962)	(2,040)
Cash from operating activities	(51,376)	(134,902)
Income taxes (paid) refund	(30,238)	(6,168)
Net cash from operating activities	(81,614)	(141,070)

The accompanying notes are an integral part of the financial statements.

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English Translation of Individual Financial Statements Originally Issued in Chinese

TAIWAN TEA CORPORATION
INDIVIDUAL STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021
(Expressed in Thousands of Dollars)

	For the Years Ended December 31	
	2022	2021
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from capital reduction of financial assets measured at fair value through other comprehensive income	-	48,713
Proceeds from disposal of financial assets measured at amortized cost	-	8,857
Proceeds from disposal of investments accounted for using equity method	-	13,702
Proceeds from disposal of non-current assets classified as held for sale	983,931	-
Acquisition of property, plant and equipment:		
Cost paid	(179,804)	(223,651)
Interest paid	-	(3,557)
Proceeds from disposal of property, plant and equipment	319	371
Decrease in guarantee deposits paid	780	6,043
Acquisition of intangible assets	(5,989)	(5,272)
Acquisition of investment properties:		
Cost paid	(1,194)	(13,033)
Proceeds from disposal of investment properties	78,648	192,806
Increase in other non-current assets	(21,789)	(26,476)
Increase in prepayment for business facilities	(5,274)	(72,698)
Interest received	100	22
Dividends received	74,728	6
Net cash from investing activities	924,456	(74,167)
CASH FLOWS FROM FINANCING ACTIVITIES		
Decrease in short-term loans	(30,000)	-
Proceeds from long-term debt	15,892,600	16,185,650
Repayments of long-term debt	(16,566,000)	(15,855,640)
Increase in guarantee deposits received	-	6,500
Decrease in guarantee deposit received	(2,929)	-
Lease principal repayment	(1,135)	(957)
Interest paid	(111,168)	(81,229)
Net cash used in financing activities	(818,632)	254,324
NET INCREASE IN CASH AND CASH EQUIVALENTS	24,210	39,087
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	215,170	176,083
CASH AND CASH EQUIVALENTS, END OF YEAR	\$239,380	\$215,170

The accompanying notes are an integral part of the financial statements.

Taiwan Tea Corporation
Notes to Financial Statements
For the Years Ended December 31, 2022 and 2021
(Amounts expressed in Thousands of New Taiwan Dollars, Unless Specified Otherwise)
(Audited)

1. HISTORY AND ORGANIZATION

Taiwan Tea Corporation (the “Company”) as successor of Mitsui & Co., Ltd was established with four subsidiaries responsible for agriculture, fishery, forestry and animal husbandry in 1950. The Company was privatized since the government implemented the Land-to-the-Tiller Policy in 1952. The Company diversified its operations into production and marketing of tea and other agricultural products, leisure industry, import/export trading (including food and wine), interior design, renovation and construction and real estate management and development. On February 1962, the Company was approved and listed on Taiwan Stock Exchange (TWSE). The Company is registered in No.285, Tanmei St., Neihu Dist., Taipei City 114, Taiwan (R.O.C.). The Company’s major operating center is located in No.3, Zhonghua Rd., Hukou Township, Hsinchu Country 303, Taiwan (R.O.C.).

2. DATE AND PROCEDURES OF AUTHORIZATION OF FINANCIAL STATEMENTS FOR ISSUE

The individual financial statements of the Company for the years ended December 31, 2022 and 2021 were approved and authorized for issue by the Board of Directors on March 14, 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 International Financial Reporting Standards, International Accounting Standards, and Interpretations issued, revised or amended which are recognized by Financial Supervisory Commission (“FSC”) and become effective for annual periods beginning on or after 1 January 2022. The 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.

English Translation of Individual Financial Statements Originally Issued in Chinese

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

English Translation of Individual Financial Statements Originally Issued in Chinese

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”	1 January 2023
c	Classification of Liabilities as Current or Non-current – Amendments to IAS 1	1 January 2024
d	Lease Liability in a Sale and Leaseback – Amendments to IFRS 16	1 January 2024
e	Non-current Liabilities with Covenants – Amendments to IAS 1	1 January 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.

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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 1 January 2023 (from the original effective date of 1 January 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 1 January 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 Company’s financial statements were authorized for issue, the local effective dates are to be determined by FSC. The new or amended standards and interpretations have no material impact on the Company.

4.SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(1) Statement of compliance

The financial statements of the Company for the years ended December 31, 2022 and 2021 have been prepared in accordance with the requirements of the Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Financial Reporting Standards, International Accounting Standards, Interpretations developed by the International Financial Reporting Interpretations Committee as endorsed by FSC of the Republic of China.

(2) Basis of preparation

The 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 (“NT\$”) unless otherwise stated.

(3) Foreign currency transactions

The Company’s financial statements are presented in NT\$.

Transactions in foreign currencies are initially recorded by the Company entities at their respective functional currency rates prevailing at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated 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 at 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.

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

All other liabilities are classified as non-current.

(5) Cash and cash equivalents

Cash and cash equivalents comprise cash on hand, demand deposits and short-term, highly liquid time deposits (including ones that have maturity within 3 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 instruments: 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 measured 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 measured at amortized cost and other receivables etc., on balance sheet as at the reporting date:

- i the financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows and
- ii 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:

- 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.

Financial assets 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:

- i the financial asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets and

- ii 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 below:

- i 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.
- ii When the financial asset is derecognized, the cumulative gain or loss previously recognized in other comprehensive income should be reclassified from equity to profit or loss as a reclassification adjustment.
- iii Interest revenue calculated by using the effective interest method (effective interest rate times the carrying amount of the financial asset) or the method stated below should be recognized in profit or loss.
 - (i) Purchased or originated credit-impaired financial assets, the Company applies the credit-adjusted effective interest rate to the amortized cost of the financial asset.
 - (ii) Financial assets that are not purchased or originated credit-impaired financial assets but subsequently become credit-impaired 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.

B. Impairment of financial assets

The Company recognizes a loss allowance for expected credit losses on debt instrument investments measured at fair value through other comprehensive income and financial asset measured 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 losses 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 follow:

- (a) At an amount equal to 12-month expected credit losses: 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 losses 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 losses: 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 trade receivables 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 losses.
- (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.

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 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 amortization process of the effective interest rate method.

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.

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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 valued at lower of cost and net realizable value item by item.

Costs incurred in bringing each inventory to its present location and condition is accounted for as follows:

Inventories cost is based on weighted average cost basis. Work in progress and finished goods include cost of direct labor and a proportion of manufacturing overheads based on normal operating capacity. Inventories valuation is based on lower of cost or net realizable value and the comparison is made on each individual item.

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.

Rendering of services is accounted in accordance with IFRS 15 and not within the scope of inventories.

(9) Investments accounted for using the equity method

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 prorate 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:

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- 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 (include bearer plant) are 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.

The Company's forest is mostly under conservation. Felling is restricted or forbidden and should be approved by the authority for 99% of the forest. For the other 1%, the Company is not intended to fell and sell the forest by the sake of environment conversation. The authority passes a limit on the number of approval every year. Therefore, the forest was recognized as land (land attachment).

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

Buildings	
Wooden	5~10 years
Metal	10~20 years
Brick	20~30 years
Reinforced Concrete	40~60 years
Machinery and equipment	3~20 years
Transportation equipment	3~11 years
Office equipment	3~11 years
Other equipment	2~20 years
Right-of-use assets	1~5 years
Leasehold improvements	The shorter of lease terms or economic useful lives
Tea tree	20~40 years
Fruit tree	50 years
Coffee tree	20 years

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.

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

Buildings	30~50 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.

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, maximising 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 amortised 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.

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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) Intangible assets

Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in a business combination is its fair value as at the date of acquisition. Following initial recognition, intangible assets are carried at cost less any accumulated amortization and accumulated impairment losses, if any. Internally generated intangible assets, excluding capitalized development costs, are not capitalized and expenditure is reflected in profit or loss for the year in which the expenditure is incurred.

The useful lives of intangible assets are assessed as either finite or indefinite.

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Intangible assets with finite lives are amortized over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortization period and the amortization method for an intangible asset with a finite useful life is reviewed at least at the end of each financial year. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset is accounted for by changing the amortization period or method, as appropriate, and are treated as changes in accounting estimates.

Intangible assets with indefinite useful lives are not amortized, but are tested for impairment annually, either individually or at the cash-generating unit level. The assessment of indefinite life is reviewed annually to determine whether the indefinite life continues to be supportable. If not, the change in useful life from indefinite to finite is made on a prospective basis.

Gains or losses arising from derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognized in profit or loss when the asset is derecognized.

Computer software

The cost of computer software is amortized on a straight-line basis over the estimated useful life.

The Company's accounting policies on intangible asset are summarized below:

	<u>Computer software</u>
Useful life	Finite use life
Amortization method used	Amortized on a straight-line basis over the estimated useful life
Internally generated or externally acquired	Externally acquired

(14) 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.

A cash generating unit, or groups of cash-generating units, to which goodwill has been allocated is tested for impairment annually at the same time, irrespective of whether there is any indication of impairment. If an impairment loss is to be recognized, it is first allocated to reduce the carrying amount of any goodwill allocated to the cash generating unit (group of units), then to the other assets of the unit (group of units) pro rata on the basis of the carrying amount of each asset in the unit (group of units). Impairment losses relating to goodwill cannot be reversed in future periods for any reason.

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

(15) Revenue recognition

The Company's revenue arising from contracts with customers are primarily related to sale of goods and rendering of services. The accounting policies are explained as follow:

Sale of goods

The Company manufactures and sells tea products and sells real estate. Sales are recognized when the control of the goods is transferred to the customer and the goods are delivered to the customers. At this time, the customer have the right to decide the sale and price of the product, and are capable to prevent other enterprise to manage the use or receive the benefits of the product.

The Company provides its customer with no warranty with the purchase of the products.

The credit period of the Company's sale of goods is from 30 to 90 days. For most of the contracts, when the Company transfers the goods to customers and has a right to an amount of consideration that is unconditional, these contracts are recognized as accounts receivable. The Company usually collects the payments shortly after transfer of goods to customers; therefore, there is no significant financing component to the contract. For some of the contracts, the Company has transferred the goods to customers but does not has a right to an amount of consideration that is unconditional, these contacts should be presented as contract assets. Besides, in accordance with IFRS 9, the Company measures the loss allowance for a contract asset at an amount equal to the lifetime expected credit losses.

Construction Revenue

The Company provides maintenance services for the sale of interior construction. Most of the contracts of the Company is customized by the need of customers. The Company has the right to the completion ration of the construction. Accordingly, the Company may recognize the revenue by the completion ratio of the construction. Usually, the contracts have a fixed consideration. Contractual considerations are collected throughout the time list which are negotiated with the customers. When the Company provide the services to customers which exceed the amount paid from the customer, the contacts should be recognized as contract assets. However, when the amount paid from the customer exceed service provided by the Company, the contacts should be recognized as contract liabilities. For some of the contracts, customers pay the amount according to the bill provided by the Company, and the Company can recognize as revenue.

The period between the transfers of contractual product or service to the customer and the payments by customers is usually within one year, thus, no price was modified by time value of money.

(16) 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.

(17) Government grants

Government grants are recognized where there is reasonable assurance that the grant will be received and all attached conditions will be complied with. Where the grant relates to an asset, it is recognized as deferred income and released to income in equal amounts over the expected useful life of the related asset. When the grant relates to an expense item, it is recognized as income over the period necessary to match the grant on a systematic basis to the costs that it is intended to compensate.

Where the Company receives non-monetary grants, the asset and the grant are recorded gross at nominal amounts and released to the statement of comprehensive income over the expected useful life and pattern of consumption of the benefit of the underlying asset by equal annual installments. Where loans or similar assistance are provided by governments or related institutions with an interest rate below the current applicable market rate, the effect of this favorable interest is regarded as additional government grant.

(18) 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 individual 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.

(19) 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 income tax for undistributed 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 ventures, 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 ventures, 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 JUDGEMENTS, ESTIMATES AND ASSUMPTIONS

The preparation of the Company's individual 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 individual financial statements:

A. Operating lease commitment — Company as the lessor

The Company has entered into commercial property lease agreements for several combinations of investment properties. 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.

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A. 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.

B. Impairment of non-financial assets

An impairment exists when the carrying value of an asset or cash generating unit exceeds its recoverable amount, which is the higher of its fair value less costs to sell and its value in use. The fair value less costs to sell calculation is based on 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 less incremental costs that would be directly attributable to the disposal of the asset or cash generating unit. The value in use calculation is based on a discounted cash flow model. The cash flows projections are derived from the budget for the next five years and do not include restructuring activities that the Company is not yet committed to or significant future investments that will enhance the asset's performance of the cash generating unit being tested. The recoverable amount is most sensitive to the discount rate used for the discounted cash flow model as well as the expected future cash-inflows and the growth rate used for extrapolation purposes. The key assumptions used to determine the recoverable amount for the different cash generating units, including a sensitivity analysis. Please refer to Note 6 for more details.

C. Fair value of investment property

As the fair value of investment property disclosed on the balance sheet cannot be determined from active market, instead the fair value is estimated through valuation methods including sales comparison, land development analysis approach, income approach and cost approach. Changes in assumptions about these valuation methods could affect the disclosed fair value of the investment property and impairment testing. Please refer to Note 6 and 12 for more details.

6. CONTENTS OF SIGNIFICANT ACCOUNTS

(1) Cash and cash equivalents

	As at	
	December 31, 2022	December 31, 2021
Cash on hand and petty cash	\$810	\$1,135
Checking accounts	1,516	2,622
Demand deposits	237,054	211,413
Total	<u>\$239,380</u>	<u>\$215,170</u>

The above cash and cash equivalents were not pledged as collateral or restricted for uses.

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

	As at	
	December 31, 2022	December 31, 2021
Equity instrument investments measured at fair value through other comprehensive income:		
Unlisted companies' stocks	\$381	\$61,525

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

The Company's dividend income related to equity instrument investments measured at fair value through other comprehensive income for the years ended December 31, 2022 and 2021 are as follow:

	For the years ended December 31,	
	2022	2021
Related to investments held at the end of the reporting period		
Dividends recognized during the period	\$74,728	\$6

(3) Notes receivable, accounts receivable and account receivable - related parties

	As at	
	December 31, 2022	December 31, 2021
Notes receivable	\$4,099	\$10,650
Less: loss allowance	-	-
Notes receivable, net	\$4,099	\$10,650
Accounts receivable	\$24,922	\$23,785
Less: loss allowance	(99)	(4)
Accounts receivable, net	\$24,823	\$23,781
Accounts receivable - related parties	\$3,931	\$2,003
Less: loss allowance	-	-
Accounts receivable - related parties, net	\$3,931	\$2,003

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- A. The notes receivable and accounts receivable were from operations.
- B. The notes receivable and accounts receivable were not pledged.
- C. Accounts receivables are generally on 30-to-90-day terms (excluding construction). The terms of the construction are dependent on the scale and complexity of the projects. Receivables are collected according to the progress of the construction and reserves are collected at the end of the warranty period according to the contracts. As of December 31, 2022 and 2021, total carrying amount of accounts receivable were NT\$28,853 thousand and NT\$25,788 thousand, respectively. Please refer to Note 6.(16) for more details on loss allowance of accounts receivable for the years ended December 31, 2022 and 2021. Please refer to Note 12 for more details on credit risk management.

(4) Inventories

	As at	
	December 31, 2022	December 31, 2021
Property - land	\$704,704	\$704,704
Merchandise inventory	20,213	27,285
Finished goods	36,734	42,679
Work in process	20,839	8,320
Raw materials	141,355	95,792
Supplies	22,103	23,560
Goods in transit	754	-
Total net value	<u>\$946,702</u>	<u>\$902,340</u>

- A. Please refer to Note 8 for more details on inventories above pledged as security.
- B. The expenses relevant to inventory were recognized in operating cost in 2022 and 2021 as follows:

	For the years ended December 31,	
	2022	2021
Cost of inventory sold	\$176,710	\$161,039
Loss on scrap of inventory	1,936	1,527
Gain or loss on physical count, net	4	17
Loss on decline in market value of inventory	1,517	4,675
Total	<u>\$180,167</u>	<u>\$167,258</u>

- C. The Company did not recognize gain from price recovery of inventory for the year ended December 31, 2022 and 2021.

(5) Investments accounted for using the equity method

In December 2021, the Company sold all the shares issued by Great Construction System Inc. in the amount of NT\$13,702 thousand, and recognized gains on disposals of investments in the amount of NT\$14,871 thousand.

Investments in associates

A. The investments in associates of the Company were not significant. The summary financial information of related party is listed below:

	<u>For the years ended December 31,</u>	
	<u>2022</u>	<u>2021</u>
Net (loss) income	\$-	\$(10,682)
Other comprehensive income, net	-	965
Comprehensive income for the period	<u>\$-</u>	<u>\$(9,717)</u>

The company holds 34.36% of the voting rights of Great Construction System Inc., it is the single largest shareholder. Total ratio of voting rights held by the chairman and president of Great Construction System Inc. exceeds the Company. Once the cooperation of these two investors to prevent our company from leading the relevance activities of Great Construction System Inc. Therefore, the company has no control over Great Construction System Inc., Ltd. and only has a significant influence.

B. There is not a quoted market price for investments in associates.

(6) Property, plant and equipment

	<u>As at</u>	
	<u>December 31, 2022</u>	<u>December 31, 2021</u>
Owner occupied property, plant and equipment	\$6,250,807	\$6,686,961
Property, plant and equipment leased out under operating leases	-	6,736
Total	<u>\$6,250,807</u>	<u>\$6,693,697</u>

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A. Owner occupied property, plant and equipment

	Land and land improvements	Buildings	Machinery and equipment	Transportation equipment	Leasehold improvement	Bearer plant	Other equipment	Construction in progress	Total
Cost									
As at January 1, 2022	\$4,505,273	\$1,068,199	\$185,476	\$26,682	\$1,300	\$870,063	\$306,678	\$87,992	7,051,663
Additions (Note1)	765	581	31,122	2,933	-	97,567	18,384	34,222	185,574
Disposals	(59)	(2,606)	(8,388)	(7,242)	-	(1,524)	(38,642)	-	(58,461)
Transfers	-	1,001	(315)	-	-	-	6,970	(7,656)	-
Other changes	-	10,337	-	-	-	1,524	14,420	-	26,281
Transfer to non-current assets held for sale(Note 2)	(163,863)	(272,536)	-	-	-	-	(192)	-	(436,591)
As at December 31, 2022	<u>\$4,342,116</u>	<u>\$804,976</u>	<u>\$207,895</u>	<u>\$22,373</u>	<u>\$1,300</u>	<u>\$967,630</u>	<u>\$307,618</u>	<u>\$114,558</u>	<u>\$6,768,466</u>
As at January 1, 2021	\$4,219,211	\$545,954	\$113,840	\$31,162	\$16,598	\$744,452	\$309,381	\$909,665	\$6,890,263
Additions	663	569	8,873	87	-	121,647	9,720	92,703	234,262
Disposals	(5,962)	(2,684)	(13,402)	(4,567)	(15,298)	-	(62,410)	-	(104,323)
Transfers	291,361	524,360	76,165	-	-	3,964	49,987	(914,376)	31,461
As at December 31, 2021	<u>\$4,505,273</u>	<u>\$1,068,199</u>	<u>\$185,476</u>	<u>\$26,682</u>	<u>\$1,300</u>	<u>\$870,063</u>	<u>\$306,678</u>	<u>\$87,992</u>	<u>\$7,051,663</u>
Depreciation and impairment									
As at January 1, 2022	\$4,265	\$176,285	\$42,562	\$18,175	\$434	\$26,632	\$96,349	\$-	\$364,702
Depreciation	987	23,535	10,448	3,156	433	16,449	31,862	-	86,870
Impairment loss	7,730	24,186	13,355	540	-	60,692	111,669	1,489	219,661
Disposals	(58)	(2,606)	(8,389)	(7,242)	-	(1,524)	(37,312)	-	(57,131)
Transfers	-	(1)	-	-	-	-	1	-	-
Other changes	-	3,673	-	-	-	-	-	-	3,673
Transfer to non-current assets held for sale (Note 2)	-	(100,010)	-	-	-	-	(106)	-	(100,116)
As at December 31, 2022	<u>\$12,924</u>	<u>125,062</u>	<u>\$57,976</u>	<u>\$14,629</u>	<u>\$867</u>	<u>\$102,249</u>	<u>\$202,463</u>	<u>\$1,489</u>	<u>(517,659)</u>
As at January 1, 2021	\$9,228	\$161,528	\$38,844	\$19,088	\$15,298	\$22,491	\$126,239	\$-	\$392,716
Depreciation	914	17,198	8,299	3,614	434	4,141	29,836	-	64,436
Impairment loss	-	-	8,856	-	-	-	-	-	8,856
Disposals	(5,877)	(2,441)	(13,371)	(4,527)	(15,298)	-	(59,726)	-	(101,240)
Transfers	-	-	(66)	-	-	-	-	-	(66)
As at December 31, 2021	<u>\$4,265</u>	<u>\$176,285</u>	<u>\$42,562</u>	<u>\$18,175</u>	<u>\$434</u>	<u>\$26,632</u>	<u>\$96,349</u>	<u>\$-</u>	<u>\$364,702</u>
Net carrying amount as at:									
As at December 31, 2022	<u>\$4,329,192</u>	<u>\$679,914</u>	<u>\$149,919</u>	<u>\$7,744</u>	<u>\$433</u>	<u>\$865,381</u>	<u>\$105,155</u>	<u>\$113,069</u>	<u>\$6,250,807</u>
As at December 31, 2021	<u>\$4,501,008</u>	<u>\$891,914</u>	<u>\$142,914</u>	<u>\$8,507</u>	<u>\$866</u>	<u>\$843,431</u>	<u>\$210,329</u>	<u>\$87,992</u>	<u>\$6,686,961</u>

Note1 : The new part of construction in progress in this year has not been inspected and accepted, so the relevant balance has not been paid, which amount is \$5,770 thousand.

Note2 : On September 14, 2022, the Board of Directors passed a resolution to dispose of the land and buildings located in Nangang District, Taipei City, and signed a contract with Ibase Technology Inc. on September 14, 2022. The real estate sales contract has been handed over and transferred on December 27, 2022 and December 29, 2022, respectively. Please refer to Note 6.(19) for related disposal gains and losses.

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B. Property, plant and equipment leased out under operating leases

	<u>Buildings</u>
Cost:	
As at January 1, 2022	\$10,338
Additions	-
Disposals	<u>(10,338)</u>
As at December 31, 2022	<u>\$-</u>
As at January 1, 2021	\$10,338
Additions	-
As at December 31, 2021	<u>\$10,338</u>
Depreciation and impairment:	
As at January 1, 2022	\$3,602
Depreciation	71
Disposals	<u>(3,673)</u>
As at December 31, 2022	<u>\$-</u>
As at January 1, 2021	\$3,388
Depreciation	214
As at December 31, 2021	<u>\$3,602</u>
Net carrying amount as at:	
December 31, 2022	<u>\$-</u>
December 31, 2021	<u>\$6,736</u>

C. Non-current assets held for sale

As at January 1,2022	Transfer from property, plant and equipment	Transaction amount (Note)	Cost of sale	Gain from disposal	As at December 31, 2022
<u>\$-</u>	<u>\$336,475</u>	<u>\$983,931</u>	<u>\$336,475</u>	<u>\$647,456</u>	<u>\$-</u>

Note: The total transaction amount is NT\$1,000,000 thousand, NT\$16,069 thousand is deducted for disposal related expenses.

D. Accumulated impairment

As at December 31, 2022 and 2021, the accumulated impairment of the Company's property, plant and equipment is as follows:

Item	As at	
	December 31, 2022	December 31, 2021
Land and land improvements	\$7,730	\$-
Buildings	30,379	8,092
Machinery and equipment	22,211	9,241
Transportation equipment	540	-
Bearer Plant	59,168	-
Other equipment	111,669	-
Construction in Progress	1,489	-
Total	<u>\$233,186</u>	<u>\$17,333</u>

The evidence obtained in the Company's internal report in 2022 showed that the economic benefits of the assets were not as expected, and some real estate, plant and equipment were written down to their recoverable amounts, and as a result impairment loss amount of 219,661 thousand has been recognized in the statement of comprehensive income. The recoverable amount was based on fair value less costs of disposal. The fair value is weighted by the comparison approach, the land development analysis approach and the cost approach, which has been categorized within Level 3 of the fair value hierarchy

The key assumptions the Company used to measure the fair value less costs of disposal are as follows:

- (i) Comparison approach: estimated by the price per *ping* (about 3.3 square meters).
- (ii) Land development analysis approach: It is developed and improved according to the legal use and use intensity of the land. Under normal circumstances, the total sales amount after development is expected, the profit rate is 10%~15%, the cost required for development or construction, and the capital interest of the total cost required for development or construction Comprehensive interest rate 0.75%~2.51%
- (iii) Cost approach: Refers to the method of obtaining the reconstruction cost or replacement cost of the survey and appraisal target on the price date, deducting the accumulated depreciation amount or other deductible parts, to calculate the price of the survey and appraisal target.

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In 2021, the Company recognized impairment loss of property, plant and equipment in the amount of NT\$8,856 thousand, which was due to the unusable of individual assets.

In 2022 and 2021, the reversal of accumulated impairment was NT\$3,808 thousand and NT\$4,690 thousand, resulted from the disposal of property, plant and equipment.

- E. The capitalized borrowing costs and capitalization rate of borrowing costs for inventory (property - land) and property, plant and equipment are as follows:

	For the years ended December 31,	
	2022	2021
Inventory (property – land) & Construction in Progress	\$-	\$3,557
Capitalization rate of borrowing costs	-%	1.54%~1.65%

Interest expenses before capitalization were NT\$111,625 thousand and NT\$89,339 thousand, and the capitalized borrowing costs were NT\$0 thousand and NT\$3,557 thousand for the years ended December 31, 2022 and 2021, respectively.

- F. The Company's property, plant and equipment is under pledge for bank loan. Please refer to Note 8 for more details.

- G. Advance receipts for land

The Securities & Futures Institute on March 25, 1995 issued Order No. Taiwan-Financial-Securities-11592, which sets out the following provisions for compliance: gain on sale of land should be recognized after transfer ownership and hand over indeed of land. As at December 31, 2022 and 2021, the amount of the price received by the Company, which is related to transaction of land expected to complete transfer ownership and hand over the land within a year are NT\$16,528 thousand and NT\$10,724 thousand, which is recognized as contract liabilities.

- H. The Company's land at Tongluo Township Miaoli County was acquired by The Science Park Bureau according to Article 11 of the Land Expropriation Act. and was transferred in 2001. Some of the compensation payable to the lessee was still under discussion. Therefore, the compensation payable to the lessee and the receivable from the Miaoli County Government were recorded as estimates. Adjustments can be made should there be any difference. As at December 31, 2022 and 2021, the compensation receivable from the Miaoli County Government was both NT\$654 thousand, recognized as other receivable. As at December 31, 2022 and 2021, the compensation payable to the lessee was both NT\$2,075 thousand, recognized as other payable. As of the report date, the discussion of the compensation has not been completed.

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- I. Following the relevant regulations, the Company had employed other people's names to register agricultural land for the time being, and these lands were set to be pledged by the Company. As at December 31, 2022 and 2021, the lands that were yet to be registered for property rights are worth NT\$27,790 thousand and NT\$48,430 thousand and were recognized in other non-current assets. Please refer to Note 6.(9) for impairment information in 2022.

(7) Investment property

The Company has entered into commercial property leases on its owned investment properties with terms of between 1 and 10 years.

	Land	Building	Total
Cost:			
As at January 1, 2022	\$16,464,685	\$1,072,761	\$17,537,446
Addition - subsequent expenditure	1,194	-	1,194
Disposal	(28,759)	-	(28,759)
Transfer from inventories, property, plant and equipment and other account	846	-	846
As at December 31, 2022	<u>\$16,437,966</u>	<u>\$1,072,761</u>	<u>\$17,510,727</u>
As at January 1, 2021	\$16,481,840	\$1,072,761	\$17,554,601
Addition - subsequent expenditure	13,033	-	13,033
Disposal	(67,455)	-	(67,455)
Transfer from non-current assets held for sold	4,720	-	4,720
Transfer from inventories, property, plant and equipment and other account	32,547	-	32,547
As at December 31, 2021	<u>\$16,464,685</u>	<u>\$1,072,761</u>	<u>\$17,537,446</u>
Depreciation and impairment			
As at January 1, 2022	\$977,466	\$520,951	\$1,498,417
Depreciation	-	28,514	28,514
Impairment losses	1,752,257	134,953	1,887,210
As at December 31, 2022	<u>\$2,729,723</u>	<u>\$684,418</u>	<u>\$3,414,141</u>
As at January 1, 2021	\$56,554	\$404,353	\$460,907
Depreciation	-	32,956	32,956
Impairment losses	920,912	83,642	1,004,554
As at December 31, 2021	<u>\$977,466</u>	<u>\$520,951</u>	<u>\$1,498,417</u>
Net carrying amount as at:			
December 31, 2022	<u>\$13,708,243</u>	<u>\$388,343</u>	<u>\$14,096,586</u>
December 31, 2021	<u>\$15,487,219</u>	<u>\$551,810</u>	<u>\$16,039,029</u>

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As of December 31, 2022 and 2021, the accumulated impairment of the Company's investment property is as follows:

Item	As at	
	December.31,2022	December.31,2021
Land and land improvements	\$2,729,723	\$977,466
Buildings	319,890	184,937
Total	<u>\$3,049,613</u>	<u>\$1,162,403</u>

For the year ended December 31, 2022, the carrying amount of certain investment properties for lease have been written down to their recoverable amount, and as a result impairment loss amount of NT\$1,887,210 thousand has been recognized in the statement of comprehensive income. The recoverable amount was based on fair value less costs of disposal. The fair value was measured using a weighted average of the income approach and the comparison approach, which has been categorized within Level 3 of the fair value hierarchy.

The key assumptions the Company uses to measure the fair value less costs of disposal are as follows:

- (i) Income approach: considering the market rent or average income that a property can be expected to earn under current market conditions, the vacancy rate 7%~12%, additional cost of renovations 25%~30% and the capitalization rate, which is 2.03%.
- (ii) Comparison approach: estimated by the price per *ping* (about 3.3 square meters).
- (iii) Land development analysis approach: It is developed and improved according to the legal use and use intensity of the land. Under normal circumstances, the total sales amount after development is expected, the profit rate is 10%~15%, the cost required for development or construction, and the capital interest of the total cost required for development or construction Comprehensive interest rate 0.75%~2.51%

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	For the years ended December 31,	
	2022	2021
Rental income from investment property	\$3,908	\$3,698
Less: Direct operating expenses from investment property		
generating rental income	(777)	(2,076)
Direct operating expenses from investment property		
not generating rental income	(6,753)	(5,385)
Total	<u><u>\$(3,622)</u></u>	<u><u>\$(3,763)</u></u>

A. The Company's investment property was pledged as collateral for bank loan, refer to Note 8 for more details.

B. The Company possesses investment property measured at fair value amounting to NT\$31,269,651 thousand and NT\$45,166,183 thousand on December 31, 2022 and 2021, respectively. The fair values of investment property valued by an independent external appraisal expert based on market evidence and comparison method, were NT\$10,045,086 thousand and NT\$4,689,047 thousand, respectively. The fair values of investment property valued by internal self-estimation on the basis of market evidence and comparison method, which input is estimated by the price of square meters, were NT\$21,224,565 thousand and NT\$40,477,136 thousand, respectively.

C. The Company's investment property contains several items about land development and recreation industry which principally take place at Taipei, New Taipei city, Taoyuan, Miaoli, Nantou, etc. Additionally, business office located on Sec. 1 Zhongxiao W Road acquired Food and Beverage Service Activities authority.

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(8) Intangible assets

	Computer Software
Cost:	
As at January 1, 2022	\$12,550
Addition – acquired separately	5,989
As at December 31, 2022	<u>\$18,539</u>
As at January 1, 2021	\$7,278
Addition - acquired separately	5,272
As at December 31, 2021	<u>\$12,550</u>
Amortization and Impairment:	
As at January 1, 2022	\$7,105
Amortization	1,593
As at December 31, 2022	<u>\$8,698</u>
As at January 1, 2021	\$5,766
Amortization	1,339
As at December 31, 2021	<u>\$7,105</u>
Net carrying amount as at:	
December 31, 2022	<u>\$9,841</u>
December 31, 2021	<u>\$5,445</u>

Amortization expense of intangible asset under the statement of comprehensive income:

	<u>For the years ended December 31,</u>	
	2022	2021
Operating Costs	<u>\$1,593</u>	<u>\$1,339</u>

(9) Other non-current assets

	As at	
	December 31, 2022	December 31, 2021
Advance payments in equipments	\$79,166	\$70,252
Refundable deposits	61,383	62,163
Other non-current assets - employed other people's names to register land	27,790	48,430
Other non-current assets - others	35,475	36,548
Total	<u>\$203,814</u>	<u>\$217,393</u>

Please refer to Note 6.(8) for detailed information of the other non-current assets - employed other people's names to register land.

Other non-current assets are mainly land development projects, involving a number of land lots. All costs associated with the land development projects have been classified under construction in progress and other non-current assets. The project-related cost was mainly capitalized personnel expenses and progress payment.

The evidence obtained in the Company's internal report in 2022 showed that the economic benefits of the assets were not as expected, and some other non-current assets – employed other people's names to register land were written down to their recoverable amounts, and as a result impairment loss amount of 20,640 thousand has been recognized in the statement of comprehensive income. The recoverable amount was based on fair value less costs of disposal. The fair value is weighted by the comparison approach, the land development analysis approach and the cost approach, which has been categorized within Level 3 of the fair value hierarchy

The key assumptions the Company used to measure the fair value less costs of disposal are as follows:

1. Comparison approach: estimated by the price per *ping*. (About 3.3 square meters).

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2. Land development analysis approach: It is developed and improved according to the legal use and use intensity of the land. Under normal circumstances, the total sales amount after development is expected, the profit rate is 10%~15%, the cost required for development or construction, and the capital interest of the total cost required for development or construction Comprehensive interest rate 0.75%~2.51%.
3. Cost approach: Refers to the method of obtaining the reconstruction cost or replacement cost of the survey and appraisal target on the price date, deducting the accumulated depreciation amount or other deductible parts, to calculate the price of the survey and appraisal target.

(10) Short-term borrowings

	As at	
	December 31, 2022	December 31, 2021
Credit loans	\$50,000	\$80,000
Available credit limit	\$96,605	\$80,000
Interest rates	1.25~4.182%	1.02%~2.90%

The interest rates were based on NTD, EUR and US letter of credit loans' ranges. Please refer to Note 8 regarding the Company's assets that were pledged as collateral.

(11) Short-term notes and bills payable

- A. As at December 31, 2022 and 2021, the Company's unused credit limit of short-term notes payable amounted to NT\$50,000 thousand.
- B. The commercial paper that was guaranteed by financial institution with maximum maturity date of 180 days and one year contract due time was issued by the Company.
- C. For information relating to the Company's assets that were pledged as collateral, please refer to Note 8.

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(12) Long-term borrowings

Creditor	As at December 31, 2022	Maturity and terms of repayment
Chang Hwa Bank	\$25,000	The contract will be due on September 26, 2025 for repayment.
Mega Bills	1,167,800	The contract will be due on January 24, 2024 and capital employment and repayment are under the Note Issuance Facility.
Hua Nan Bank	16,555	The contract will be due on May 22, 2029 and since June 22, 2019 interest payment was amortized monthly.
Hua Nan Bank	90,000	The contract will be due on June 20, 2024 and capital employment and repayment are under the Note Issuance Facility.
Hua Nan Bank	67,780	The contract will be due on September 28, 2027. Since December 28, 2020 the payment was amortizes quarterly (NT\$3,580 thousand per term), and the balance was paid off in the final term
Taiwan Business Bank	550,000	The contract will be due on December 28, 2023 and capital employment and repayment are under the Note Issuance Facility.
Mega Bank	300,000	The contract will be due on June 4, 2023 for repayment.
Mega Bank	587,000	The contract will be due on July 1, 2028. Since July 1, 2022, the payment was made semi-annually with a total of 13 terms(1 ST ~12 TH term NT\$30,000 thousand, 13 TH term NT\$240,000 thousand.)
Mega Bank	225,000	The contract will be due on July 1, 2028. Since July 1, 2022, the payment was made semi-annually with a total of 13 terms(1 ST ~12 TH term NT\$15,000 thousand, 13 TH term NT\$60,000 thousand.)
En Tie Bank	100,000	The contract will be due on December 28, 2023. Since December 28, 2020 the payment was amortized quarterly. The first 2 terms are grace periods. Starting from the 3 RD term, the payment was amortized quarterly(NT\$25,000 thousand per term), and the balance will be paid off by the due date.
Land Bank of Taiwan	2,300,000	The contract will be due on October 28, 2026. The date of the expiration of two years from October 28, 2021 will be the first term, and the following payment was made semi-annually with a total of 7 terms (1 ST ~2 ND NT\$69,000 thousand, 3 RD ~6 TH NT\$115,000 thousand, 7 TH NT\$1,702,000 thousand.)
Land Bank of Taiwan	70,000	The contract will be due on October 28, 2026. The date of the expiration of two years from October 28, 2021 will be the first term, and the following payment was made semi-annually with a total of 7 terms (1 ST ~2 ND NT\$2,100 thousand, 3 RD ~6 TH NT\$3,500 thousand, 7 TH NT\$51,800 thousand.)
Subtotal	5,499,135	
Less: current portion	(828,000)	
Total	\$4,671,135	
Authorized credit limit	\$6,278,800	
Unused line of credit	\$500,000	
Interest rate range	1.070%~2.4841%	

In 2022, the new loan issued amounting to NT\$15,892,600 thousand and principal repayment amounting to NT\$16,566,000 thousand.

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Creditor	As at December	
	31, 2021	Maturity and terms of repayment
Chang Hwa Bank	\$50,000	The contract will be due on September 30, 2024 for repayment.
Chang Hwa Bank	250,000	The contract will be due on September 30, 2023 for repayment.
Chang Hwa Bank	168,300	The contract will be due on March 19, 2030 and since June 19, 2020 interest payment was amortized into 118 terms.
Mega Bill	1,1680,000	The contract will be due on January 10, 2023 and capital employment and repayment are under the Note Issuance Facility.
Hua Nan Bank	19,135	The contract will be due on May 22, 2029 for repayment and since June 22, 2019 interest payment was amortized monthly.
Hua Nan Bank	90,000	The contract will be due on June 8, 2023 for repayment.
Hua Nan Bank	82,100	The contract will be due on September 28, 2027. Since December 28, 2020 the payment was amortizes quarterly (NT\$3,580 thousand per term), and the balance was paid off in the final term.
Taiwan Business Bank	705,000	The contract will be due on December 28, 2023 and capital employment and repayment are under the Note Issuance Facility.
Mega Bill	230,000	The contract will be due on June 4, 2023 for repayment.
Mega Bill	600,000	The contract will be due on July 1, 2028. Since July 1, 2022, the payment was made semi-annually with a total of 13 terms(1 ST ~12 TH term NT\$30,000 thousand, 13 TH term NT\$240,000 thousand.)
Mega Bill	240,000	The contract will be due on July 1, 2028. Since July 1, 2022, the payment was made semi-annually with a total of 13 terms(1 ST ~12 TH term NT\$15,000 thousand, 13 TH term NT\$60,000 thousand.)
En Tie Bank	200,000	The contract will be due on December 28, 2023. Since December 28, 2020 the payment was amortized quarterly. The first 2 terms are grace periods. Starting from the 3 RD term, the payment was amortized quarterly(NT\$25,000 thousand per term), and the balance will be paid off by the due date.
Land Bank of Taiwan	2,300,000	The contract will be due on October 28, 2026. The date of the expiration of two years from October 28, 2021will be the first term, and the following payment was made semi-annually with a total of 7 terms (1 ST ~2 ND NT\$69,000 thousand, 3 RD ~6 TH NT\$115,000 thousand, 7 TH NT\$1,702,000 thousand.)
Land Bank of Taiwan	70,000	The contract will be due on October 28, 2026. The date of the expiration of two years from October 28, 2021 will be the first term, and the following payment was made semi-annually with a total of 7 terms (1 ST ~2 ND NT\$2,100 thousand, 3 RD ~6 TH NT\$3,500 thousand, 7 TH NT\$51,800 thousand.)
Subtotal	6,172,535	
Less: current portion	(182,300)	
Total	<u>\$5,990,235</u>	
Authorized line of credit	<u>\$6,994,400</u>	
Unused line of credit	<u>\$700,000</u>	
Interest rate range	<u>1.070%~1.987%</u>	

In 2021, the new loan issued amount to NT\$16,185,650 thousand and principal repayment amounting to NT\$15,855,640 thousand.

Refer to Note 8 for collateral for long-term borrowings.

(13) Post-employment benefits

A. Defined contribution plan

The defined contribution plan of the Company's Employee Retirement Plan is regulated according to the provisions of the Labor Pension Act. In accordance with the Act, contributions made by the employer cannot be lower than 6% of the participant's monthly wages. Therefore, The Company makes 6% contributions of the monthly wages to the Labor Pension personal account of the 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 amounted to NT\$9,552 thousand and NT\$9,743 thousand, respectively.

B. 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 contribute an amount equivalent to 8.58% 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 assess 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 NT\$2,029 thousand to its defined benefit plan during the 12 months beginning after December 31, 2022

As at December 31, 2022 and 2021, the defined benefit plan of the Company was expected to be expired in 2031 and 2030, respectively.

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

	For the years ended December 31,	
	2022	2021
Current period service costs	\$162	\$172
Interest income or expense	37	29
Total	<u>\$199</u>	<u>\$201</u>

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

	As at	
	December 31, 2022	December 31, 2021
Present value of defined benefit obligation	\$37,818	\$44,266
Plan assets at fair value	(38,137)	(37,919)
Other non-current liabilities - Accrued pension liabilities recognized on the balance sheets	<u>\$(319)</u>	<u>\$6,347</u>

Reconciliation of liability of the defined benefit plan is as follows:

	Defined benefit obligation	Fair value of plan assets	Benefit liability (asset)
As at January 1, 2021	\$47,831	\$(37,000)	\$10,831
Current period service costs	172	-	172
Net interest expense (income)	141	(112)	29
Subtotal	48,144	(37,112)	11,032
Remeasurements of the net defined benefit liability asset:			
Actuarial gains and losses arising from changes in demographics assumptions	39	-	39
Actuarial gains and losses arising from changes in financial assumptions	(1,642)	-	(1,642)
Experience adjustments	(297)	-	(297)
Return on plan assets	-	(544)	(544)
Subtotal	(1,900)	(544)	(2,444)
Payments from the plan	(1,978)	1,978	-
Contributions by employer	-	(2,241)	(2,241)
As at December 31, 2021	\$44,266	\$(37,919)	\$6,347
Current period service costs	162	-	162
Net interest expense (income)	304	(267)	37
Subtotal	44,732	(38,186)	6,546
Remeasurement of defined benefit liabilities/asset			
Actuarial gains and losses arising from changes in financial assumptions	(2,152)	-	(2,152)
Experience adjustments	342	-	342
Return on plan assets	-	(2,894)	(2,894)
Subtotal	(1,810)	(2,894)	(4,704)
Payments from the plan	(5,106)	5,106	-
Contribution by employer	-	(2,161)	(2,161)
As at December 31, 2022	<u>\$37,816</u>	<u>\$(38,135)</u>	<u>\$(319)</u>

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

	As at	
	December 31, 2022	December 31, 2021
Discount rate	1.30%	0.70%
Expected rate of salary increases	2.00%	2.00%

As at December 31, 2022 and 2021, the sensitivity analysis for significant assumption is shown below:

	Effect on the defined benefit obligation			
	2022		2021	
	Increase defined benefit obligation	Decrease defined benefit obligation	Increase defined benefit obligation	Decrease defined benefit obligation
Discount rate increase by 0.25%	\$-	\$845	\$-	\$987
Discount rate decrease by 0.25%	874	-	1,024	-
Future salary increase by 0.25%	866	-	1,008	-
Future salary decrease by 0.25%	-	841	-	977

The sensitivity analyses above are based on a change in a significant assumption (for example: change in discount rate or future salary), keeping all other assumptions constant. The sensitivity analyses 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 analyses compared to the previous period.

(14) Equities

A. Common stock

The Company's authorized capital were both NT\$16,000,000 thousand, issued capital were both NT\$7,900,000 thousand, consisting of 790,000 thousand shares and 790,000 thousand shares at \$10 par value each as at December 31, 2022 and 2021, respectively. Each share has one vote and the right to receive dividends.

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B. Capital surplus

	As at	
	December 31, 2022	December 31, 2021
Additional paid-in capital	\$1,807,534	\$1,807,534
Treasury shares transactions	346,303	346,303
Difference between consideration given/received and carrying amount of interests in subsidiaries acquired /disposed of	14,671	14,671
Employee stock options	29,375	29,375
Stock option from convertible bonds	64	64
Donated stock received	1	1
Total	<u>\$2,197,948</u>	<u>\$2,197,948</u>

According to the Company Act, the capital reserve shall not be used except for making good the deficit of the company. When a company incurs no loss, it may distribute the capital reserves related to the income derived from the issuance of new shares at a premium or income from endowments received by the company. 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 policies

The Company is at growing stage of its life cycle and the business scale is expanding. In order to ensure the sustainable development, the retained earnings of the future should be set aside as stated below:

According to the Company Act, the capital reserve shall not be used except for making good the deficit of the company after paying taxes. After making good of the deficit, 10% of the reserve should be set aside as legal reserve only if the amount of the legal reserve has reached that of the paid-in capital. The remaining reserve should be set aside as special reserve. If there is reserve remaining, it can be combined with the accumulated unappropriated earnings and distributed.

The board of directors should make the earnings distribution proposal considering the Company's operation and ask the shareholders' resolution to distribute dividends. When the Company distributes shareholder dividends, it can be distributed in cash or stocks, and the cash dividend cannot be less than 10% of the total shareholder dividends. If the company has distributed cash to distribute all or part of dividends and bonuses or legal reserve and capital surplus, it may authorize the board of directors to attend with more than two-thirds of the directors, and more than half of the attending directors agree to do so, and report shareholders' meeting.

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According to the Company Act, the Company needs to set aside amount to legal reserve unless where such legal reserve amounts to the total paid-in 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 serve 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.

When the Company distributing distributable earnings, it shall set aside to special reserve, an amount equal to “other net deductions from shareholders” equity for the current fiscal year, provided that if the company has already set aside special reserve according to the requirements for the adoption of IFRS, it shall set aside supplemental special reserve based on the difference between the amount already set aside and other net deductions from shareholders’ equity. For any subsequent reversal of other net deductions from shareholders’ equity, the amount reversed may be distributed from the special reserve.

The FSC on March 31, 2021 issued Order No. Financial-Supervisory-Securities-Corporate-1090150022, which sets out the following provisions for compliance: On a public company's first-time adoption of the IFRS, for any unrealized revaluation gains and cumulative translation adjustments (gains) recorded to shareholders’ equity that the company elects to transfer to retained earnings by application of the exemption under IFRS 1, the company shall set aside special reserve. For any subsequent use, disposal or reclassification of related assets, the Company can reverse the special reserve by the proportion of the special reserve first appropriated and distribute it.

The Company has reversed special reserve to retained earnings for years period ended December 31, 2022 and 2021 as results of the use, disposal or reclassification of related assets in the amounts set out below:

	As at	
	December 31, 2022	December 31, 2021
Opening balance	\$3,343,669	\$3,363,664
Disposal of associates	(10,611)	(19,995)
Ending balance	<u>\$3,333,058</u>	<u>\$3,343,669</u>

The earnings distribution and dividends per share as approved by the board of directors’ meeting on March 14, 2023 and resolved by the shareholder’s meeting on May 20, 2022. Because the Company suffered losses in both 2022 and 2021, no earnings was distributed. According to the Company Act, the Company reserves NT \$1,601 thousand to be set aside as legal reserve appropriation.

Please refer to Note 6.(18) for details of bonus to employees.

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(15) Operating revenue

	For the years ended December 31,	
	2022	2021
Revenue from contract with customers		
Commodity	\$353,056	\$302,657
Construction contract	17,377	59,295
Subtotal	370,433	361,952
Rental revenue	6,563	7,251
Total	<u>\$376,996</u>	<u>\$369,203</u>

Analysis of revenue from contracts with customers during the years ended December 31, 2022 and 2021 are as follows:

A. Disaggregation of revenue

For the year ended December 31, 2022

	Trade and Department Store	Assets	Construction	Total
Revenue from contract with customers				
Commodity	\$296,182	\$346	\$-	\$296,528
Construction contract	-	-	17,377	17,377
Other operation	56,528	-	-	56,528
Subtotal	352,710	346	17,377	370,433
Rental revenue	882	5,681	-	6,563
Total	<u>\$353,592</u>	<u>\$6,027</u>	<u>\$17,377</u>	<u>\$376,996</u>

Timing of revenue recognition:

At a point in time	\$352,710	\$346	\$-	\$353,056
Over time	882	5,681	17,377	23,940
Total	<u>\$353,592</u>	<u>\$6,027</u>	<u>\$17,377</u>	<u>\$376,996</u>

For the year ended December 31, 2021

	Trade and Department Store	Assets	Construction	Total
Revenue from contract with customers				
Commodity	\$302,567	\$90	\$-	\$302,657
Construction contract	-	-	59,295	59,295
Subtotal	302,567	90	59,295	361,952
Rental revenue	1,603	5,648	-	7,251
Total	<u>\$304,170</u>	<u>\$5,738</u>	<u>\$59,295</u>	<u>\$369,203</u>

Timing of revenue recognition:

At a point in time	\$302,567	\$90	\$-	\$302,657
Over time	1,603	5,648	59,295	66,546
Total	<u>\$304,170</u>	<u>\$5,738</u>	<u>\$59,295</u>	<u>\$369,203</u>

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B. Contract balances

(a) Contract assets - current

	As at		
	December 31, 2022	December 31, 2021	January 1, 2021
Contract assets-the recognized construction in progress is greater than the payment request	\$3,647	\$3,873	\$5,784

(b) Contract liabilities – current

	As at		
	December 31, 2022	December 31, 2021	January 1, 2021
Advance receipts for sales	\$666	\$914	\$538
Advance receipts for land	16,528	10,724	11,710
Contract liabilities-the progress of the request is greater than the recognized construction in progress	2,508	4,690	-
Total	\$19,702	\$16,328	\$12,248

The significant changes in the Company's balances of contract liabilities for the years ended December 31, 2022 and 2021 are as follows:

	For the years ended December 31,	
	2022	2021
The opening balance transferred to revenue	\$3,096	\$7,508
Increase in receipt in advance during the period (deducting the amount incurred and transferred to revenue during the period)	\$6,470	\$11,588

(c) Transaction price allocated to unsatisfied performance obligations

The Company's transaction price allocated to unsatisfied performance obligations is not significant.

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(d) Assets recognized from costs to fulfil a contract

None.

(16) Expected credit losses/ (gains)

	For the years ended December 31,	
	2022	2021
Operating expenses - Expected credit losses/(gains)		
Accounts receivable	\$95	\$(65)

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

The Company's contract assets are mainly arisen from construction. The Company only transacts with counterparties with good credit rating and with no significant default risk. Consequently, it is not expected that the counterparties will not meet its obligations under a contract, leading to a financial loss.

The Company measures the loss allowance of its accounts receivables (including accounts receivables - related parties) at an amount equal to lifetime expected credit losses. The assessment of the Company's loss allowance as at December 31, 2022 and 2021 were as follow:

The Company considers the grouping of accounts receivables by counterparties' credit rating, by geographical region and by industry sector and its loss allowance is measured by using a provision matrix, details are as follow:

As at December 31, 2022

	Not yet due	Overdue			
	(Note)	<=30 days	31-60 days	>=61 days	Total
Gross carrying amount	\$28,533	\$280	\$40	\$-	\$28,853
Loss rate	0.10%	20.96%	28.26%	100%	
Lifetime expected credit losses	29	59	11	-	99
Subtotal	\$28,504	\$221	\$29	\$-	\$28,754

As at December 31, 2021

	Not yet due	Overdue			
	(Note)	<=30 days	31-60 days	>=61 days	Total
Gross carrying amount	\$25,721	\$1	\$65	\$1	\$25,788
Loss rate	0.01%	1.33%	1.85%	9.28%	
Lifetime expected credit losses	3	-	1	-	4
Subtotal	\$25,718	\$1	\$64	\$1	\$25,784

Note: The Company's note receivables are not overdue.

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

	Accounts receivable
As at January 1, 2022	\$4
Addition/(reversal) for the current period	95
As at December 31, 2022	\$99
As at January 1, 2021	\$69
Addition/(reversal) for the current period	(65)
As at December 31, 2021	\$4

(17) Leases

A. Company as a lessee

The Company leases various properties, including real estate such as land and buildings, transportation equipment and office equipment. The lease terms range from 1 to 5 years. There are no restrictions placed upon the Company by entering into these leases.

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

(a) Amounts recognized in the balance sheet

i. Right-of-use assets

The carrying amount of right-of-use assets

	As at	
	December 31, 2022	December 31, 2021
Buildings	\$253	\$556
Transportation equipment	2,862	1,185
Office equipment	48	114
Total	\$3,163	\$1,855

During the years ended December 31, 2022 and 2021, the Company's additions to right-of-use assets amounting to NT\$2,476 and NT\$718 thousand, respectively.

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ii. Lease liabilities

	As at	
	December 31, 2022	December 31, 2021
Lease liabilities	\$3,283	\$1,942
Current	\$788	\$810
Non-current	\$2,495	\$1,132

Please refer to Note 6.(19).D for the interest on lease liabilities recognized during the years ended December 31, 2022 and 2021 and refer to Note 12.(5) Liquidity Risk Management for the maturity analysis for lease liabilities.

(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	\$303	\$303
Transportation equipment	799	600
Office equipment	66	66
Total	\$1,168	\$969

(c) Income and costs relating to leasing activities

	For the years ended December 31,	
	2022	2021
The expenses relating to short-term leases	\$729	\$592
The expenses relating to leases of low-value assets (Not including the expenses relating to short-term leases of low-value assets)	1,296	1,641

(d) Cash outflow relating to leasing activities

During years ended December 31, 2022 and 2021, the Company's cash outflows for lease principal repayment are NT\$1,207 thousand and NT\$1,010 thousand. For short-term leases payment is NT\$1,991 thousand and NT\$2,208 thousand.

(e) Other information relating to leasing activities

None.

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B. Company as a lessor

Please refer to Note 6.(10) for details on the Company's owned investment properties and investment properties held by the Company as right-of-use assets. Leases of owned investment properties are classified as operating leases as they do not transfer substantially all the risks and rewards incidental to ownership of underlying assets.

	For the years ended December 31,	
	2022	2021
Lease income for operating leases		
Income relating to fixed lease payments	\$6,563	\$7,251

Please refer to Note 6.(9) for relevant disclosure of property, plant and equipment for operating leases under IFRS 16. For operating leases entered by the Company, the undiscounted lease payments to be received and a total of the amounts for the remaining years as at December 31, 2022 are as follow:

	As at	
	December 31, 2022	December 31, 2021
Not later than one year	\$2,895	\$3,231
Later than one year but not later than two years	1,639	1,538
Later than two years but not later than three years	1,295	1,483
Later than three years but not later than four years	718	1,200
Later than four years but not later than five years	686	686
Later than five years	971	1,685
Total	\$8,204	\$9,823

(18) Summary statement of employee benefits, depreciation and amortization expenses by function

Function Description	For the year ended December 31, 2022			For the year ended December 31, 2021		
	Operating Cost	Operating Expense	Total	Operating Cost	Operating Expense	Total
Employee benefits expense						
Salaries and wages	\$79,188	\$130,600	\$209,788	\$88,632	\$124,880	\$213,512
Labor and health insurance	8,685	11,134	19,819	8,919	11,181	20,100
Pension	4,289	5,462	9,751	4,344	5,600	9,944
Director's remuneration	-	13,869	13,869	-	14,335	14,335
Other employee benefits expense	11,603	14,781	26,384	10,381	12,855	23,236
Depreciation	58,295	58,328	116,623	47,751	50,824	98,575
Amortization	441	1,152	1,593	498	841	1,339

As at December 31, 2022 and 2021, the number of employees of the Company were 313 and 341, respectively. Among them, the number of directors who have not served as employees were 9 and 11.

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The Company's average employee benefits expense was NT\$874 thousand for the year ended December 31, 2022. (the current year employee benefits expense excluding director's remuneration / the current year average number of employees excluding the number of non-employee directors)

The Company's average employee benefits expense was NT\$808 thousand for the year ended December 31, 2021. (the prior year employee benefits expense excluding director's remuneration / the prior year average number of employees excluding the number of non-employee directors)

The Company's average salaries and wages were NT\$690 thousand for the year ended December 31, 2022. (the current year salaries and wages / the current year average number of employees excluding the number of non-employee directors)

The Company's average salaries and wages were NT\$647 thousand for the year ended December 31, 2021. (the prior year salaries and wages / the prior year average number of employees excluding the number of non-employee directors)

The Company's average salaries and wages increased by 6.66% for the year ended December 31, 2022. (the current year average salaries and wages minus the prior year average salaries and wages / the prior year average salaries and wages)

As at December 31, 2022 and 2021, The remuneration of the supervisor are both NT\$0 thousand, and the company has set up an audit committee to replace the supervisor in accordance with the regulation.

The company's directors and executive officers' remuneration policy is based on the "Regulations Governing the Appointment and Exercise of Powers by the Remuneration Committee of a Company Whose Stock is Listed on the Taiwan Stock Exchange or the Taipei Exchange". It is reviewed by the Compensation Committee then submitted to the Board of Directors for approval.

The remuneration policy for executive officers is mainly determined based on personal academic experience, performance, contribution to the company, future potential and company operating performance; the remuneration policy for employees and directors is based on the company's surplus year and is in accordance with the Company's articles of Incorporation. The salary appraisal of the company's employees is mainly based on their academic experience, professional skills and the value of the position held, as well as the salary level of the same industry, and the salary is paid according to the company's "employee title, grade and salary appraisal table". Employee's salary includes principal salary, various allowances, job bonus, overtime pay and various bonuses, etc. Bonus distribution depends on the company's annual operating surplus status and the contribution of departments and individuals.

The Company amended the Company's Articles of Incorporation at the shareholder's meeting on May 23, 2019. According to the resolution, minimum 1% of the profit of the period should be distributed as employee's compensation and maximum 5% of the profit of the period should be distributed as supervisor's compensation. However, if there is accumulated deficit, the deficit should be covered first. 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 employee compensation can be obtained from the "Market Observation Post System" on the website of the TWSE.

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As the operations in 2022 and 2021 resulted in a net loss, no employee compensation and remuneration to directors and supervisors were estimated and accrued.

(19) Non-operating income and expenses

A. Interest income

	For the years ended December 31,	
	2022	2021
Bank interest income	\$98	\$22

B. Other income

	For the years ended December 31,	
	2022	2021
Others	\$8,734	\$3,908
Dividend income	74,728	6
Government grants	-	13,410
Total	\$83,462	\$17,324

In June 2021, the Ministry of Economic Affairs announced a bailout subsidy program to assist the industry affected by the impact of COVID-19 pandemic. In accordance with the operation directions for bailout subsidy, the Company applies government grants for employee salaries and necessary operating costs. The grant is recognized as other income over the period necessary to match the costs that is intended to compensate.

C. Other gains and losses

	For the years ended December 31,	
	2022	2021
Losses on disposal of property, plant and equipment	\$(1,011)	\$(2,712)
Gains on disposal of investment properties	49,889	125,351
Gains on disposal of investments	-	14,871
Gain on disposal of non-current assets classified as held for sale	647,456	-
Foreign exchange gains (losses), net	26	(25)
Impairment losses - Investment properties	(1,887,210)	(1,004,554)
Impairment losses - property, plant and equipment	(219,661)	(8,856)
Impairment losses - other non-current assets	(20,640)	-
Others	(3)	(15)
Total	\$(1,431,154)	\$(875,940)

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D. Finance costs

	For the years ended December 31,	
	2022	2021
Interest on borrowings from bank	\$111,550	\$82,679
Interest on lease liabilities	72	53
Others	3	50
Total	<u>\$111,625</u>	<u>\$82,782</u>

(20) Components of other comprehensive income

For the year ended December 31, 2022

	Arising during the period	Reclassification adjustments during the period	Other comprehensive income, before tax	Income tax relating to components of other comprehensive income	Other comprehensive income, net of tax
Not to be reclassified to profit or loss:					
Remeasurements of defined benefit plans	\$4,704	\$-	\$4,704	\$-	\$4,704
Unrealized gains (losses) from equity instruments investments measured at fair value through other comprehensive income	(61,144)	-	(61,144)	-	(61,144)
Total of other comprehensive income	<u>\$(56,440)</u>	<u>\$-</u>	<u>\$(56,440)</u>	<u>\$-</u>	<u>\$(56,440)</u>

For the year ended December 31, 2021

	Arising during the period	Reclassification adjustments during the period	Other comprehensive income, before tax	Income tax relating to components of other comprehensive income	Other comprehensive income, net of tax
Not to be reclassified to profit or loss:					
Remeasurements of defined benefit plans	\$2,444	\$-	\$2,444	\$-	\$2,444
Unrealized gains (losses) from equity instruments investments measured at fair value through other comprehensive income	12,712	-	12,712	-	12,712
Share of other comprehensive income of subsidiaries, associates and joint ventures accounted for using equity method	965	-	965	-	965
Total of other comprehensive income	<u>\$16,121</u>	<u>\$-</u>	<u>\$16,121</u>	<u>\$-</u>	<u>\$16,121</u>

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(21) Income taxes

The major components of income tax expense (income) are as follows:

Income tax expense (income) recognized in profit or loss

	<u>For the years ended December 31,</u>	
	<u>2022</u>	<u>2021</u>
Current income tax expense (income):		
Current income tax charge	\$-	\$-
Land value increment tax	30,237	6,168
Deferred tax expense (income):		
Deferred tax expense (income) relating to origination and reversal of temporary differences	(9,013)	(18,452)
Total income tax expense (income)	<u>\$21,224</u>	<u>\$(12,284)</u>

Reconciliation between tax expense and the product of accounting profit multiplied by applicable tax rates is as follows:

	<u>For the years ended December 31,</u>	
	<u>2022</u>	<u>2021</u>
Accounting profit (loss) before tax from continuing operations	<u>\$(1,613,890)</u>	<u>\$(1,134,633)</u>
Tax at the domestic rates applicable to profits in the country concerned	<u>\$(322,778)</u>	<u>\$(226,926)</u>
Tax effect of revenues exempt from taxation	(150,356)	(7,128)
Tax effect of expense not deductible for tax purpose	356,217	185,053
Tax effect of deferred tax assets/liabilities	107,904	36,290
Land value increment tax	30,237	6,168
Gains derived from the securities transactions exempt from taxation	-	(5,741)
Total income tax expense (income) recognized in profit or loss	<u>\$21,224</u>	<u>\$(12,284)</u>

Deferred tax assets (liabilities) relate to the following:

For the year ended December 31, 2022

	Beginning balance as at January 1, 2022	Deferred tax income (expense) recognized in profit or loss	Ending balance as at December 31, 2022
Temporary differences			
Land value increment tax	<u>\$(3,185,889)</u>	<u>\$9,013</u>	<u>\$(3,176,876)</u>
Deferred tax income/ (expense)		<u>\$9,013</u>	
Net deferred tax assets/ (liabilities)	<u>\$(3,185,889)</u>		<u>\$(3,176,876)</u>
Reflected in balance sheet as follows:			
Deferred tax (liabilities)	<u>\$(3,185,889)</u>		<u>\$(3,176,876)</u>

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For the year ended December 31, 2021

	Beginning balance as at January 1, 2021	Deferred tax income (expense) recognized in profit or loss	Ending balance as at December 31, 2021
Temporary differences			
Land value increment tax	<u>\$(3,204,341)</u>	<u>\$18,452</u>	<u>\$(3,185,889)</u>
Deferred tax income/ (expense)		<u>\$18,452</u>	
Net deferred tax assets/ (liabilities)	<u>\$(3,204,341)</u>		<u>\$(3,185,889)</u>
Reflected in balance sheet as follows:			
Deferred tax (liabilities)	<u>\$(3,204,341)</u>		<u>\$(3,185,889)</u>

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

Year	Tax losses for the period	Unused tax losses as at		Expiration year
		December 31, 2022	December 31, 2021	
2017	245,335	245,335	245,335	2027
2018	102,837	102,837	102,837	2028
2019	108,214	108,214	108,214	2029
2020	104,460	104,460	104,460	2030
2021	156,376	156,376	156,376	2031
2022(estimated)	197,112	197,112	-	2032
		<u>\$914,334</u>	<u>\$717,222</u>	

Unrecognized deferred tax assets

As of December 31, 2022 and 2021, deferred tax assets have not been recognized in respect of unused tax losses, unused tax credits and deductible temporary differences amounting to NT\$447,089 thousand and NT\$371,038 thousand, respectively, as the future taxable profit may not be available.

The assessment of income tax returns

As of December 31, 2022, the income tax returns of the Company are assessed and approved up to 2020. No significant difference existed between the tax declared and approved.

(22) Earnings per share

Basic earnings per share amounts are calculated by dividing net profit for the year attributable to ordinary equity holders of the parent entity by the weighted average number of ordinary shares outstanding during the year.

Diluted earnings per share amounts are calculated by dividing the net profit attributable to ordinary equity holders of the parent entity (after adjusting for interest on the convertible preference shares) 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.

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	For the years ended December 31,	
	2022	2021
Basic earnings per share		
Profit attributable to ordinary equity holders of the Company (in thousand NT\$)	<u>\$(1,635,114)</u>	<u>\$(1,122,349)</u>
Weighted average number of ordinary shares outstanding for basic earnings per share (in thousands)	<u>790,000</u>	<u>790,000</u>
Basic earnings per share (NT\$)	<u>\$(2.07)</u>	<u>\$(1.42)</u>

Due to the loss in 2022 and 2021, the calculation of diluted earnings per share were not necessary.

There have been no other transactions involving ordinary shares or potential ordinary shares between the reporting date and the date of completion of the financial statements.

7. RELATED PARTY TRANSACTIONS

Information of the related parties that had transactions with the Company during the financial reporting period is as follows:

Name and nature of relationship of the related parties

<u>Name of the related parties</u>	<u>Nature of relationship of the related parties</u>
Great Construction System Inc.	Associate (Note1)
Anmei Investment Inc.	Legal person as corporate director(Note3)
Chou Chin Industrial Co., Ltd.	Legal person as corporate director
Shan Young Assets Management Co., Ltd.	Join control or has significant influence party (Note2)
Sanyang Motor Co., Ltd	Join control or has significant influence party (Note2)
Nan Yang Industries Co., Ltd.	Other related party
Vitalon Foods Company	Other related party
Alibaba International Ltd.	Other related party(Note3)
Oriental Silicas Corporation	Other related party(Note3)
Nova Design Co., Ltd.	Other related party
Sunshine Auto-Lease Co., Ltd.	Other related party

Note1: Due to disposal of investment of Great Construction System Inc. on December 14, 2022, that was no longer a related party since that day.

Note2: Before 2022, Shan Yang Assets Management Co., Ltd and Sanyang Motor Co., Ltd are as the Legal person as corporate director and other related party, respectively. Both companies have join control or have significant influence since 2022.

Note3: The related parties are no longer related to the Company since May 20, 2022.

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Significant transactions with related parties

(1) Sales, Rent and Receivables

A. Sales

	For the years ended December 31,	
	2022	2021
Associate - Great Construction System Inc.	\$-	\$88
Join control or has significant influence parties	1,452	1,938
Legal person as corporate director	100	11
Other related parties	19,762	15,460
Total	<u>\$21,314</u>	<u>\$17,497</u>

The above related parties' sales transaction was settled the next month after the engagement agreement, and no significant abnormality in transaction was noticed compared to other customers.

B. Rental revenue

	For the years ended December 31,	
	2022	2021
Associate - Great Construction System Inc.	<u>\$-</u>	<u>\$927</u>

The term of the lease agreement is one year. The payment is made monthly.

C. Receivables

	For the years ended December 31,	
	2022	2021
Join control or has significant influence parties	\$-	\$8
Other related parties	3,931	1,995
Total	<u>\$3,931</u>	<u>\$2,003</u>

(2) Key management personnel compensation

	For the years ended December 31,	
	2022	2021
Short-term employee benefits	\$17,720	\$20,447
Post-employment benefits	161	232
Total	<u>\$17,881</u>	<u>\$20,679</u>

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(3) Lease

A. Right-of-use assets

	For the years ended December 31,	
	2022	2021
Join control or has significant influence party Shan Young Assets Management Co., Ltd.	\$253	\$556
Other related party Sunshine Auto-Lease Co., Ltd.	2,861	-
Total	<u>\$3,114</u>	<u>\$556</u>

B. Lease liabilities

	For the years ended December 31,	
	2022	2021
Join control or has significant influence party	\$311	\$614
Other related party Sunshine Auto-Lease Co., Ltd.	2,921	-
Total	<u>\$3,232</u>	<u>\$614</u>

C. Refundable deposit (under other non-current asset)

	For the years ended December 31,	
	2022	2021
Join control or has significant influence party	<u>\$210</u>	<u>\$54</u>

D. Interest expenses on lease liability

	For the years ended December 31,	
	2022	2021
Legal person as corporate director	\$7	\$14
Other related party	63	-
Total	<u>\$70</u>	<u>\$14</u>

E. Rental Expenses

	2022	2021
Join control or has significant influence party Sanyang Motor Co., Ltd	\$74	\$-
Other related party	21	-
	<u>\$95</u>	<u>\$-</u>

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(4) Other related parties' transactions

A. Operating expenses

	For the years ended December 31,	
	2022	2021
Join control or has significant influence party	\$-	\$9

B. Other Income

	For the years ended December 31,	
	2022	2021
Associate - Great Construction System Inc.	\$-	\$264

8. ASSETS PLEDGED AS SECURITY

The following assets (carrying value) were pledged to banks as collaterals for bank loans and land development:

Pledged Assets	Contents	As at	
		December 31, 2022	December 31, 2021
Inventory - property	Bank loan	\$704,704	\$704,704
Other financial assets (under other non-current asset)	Business related pledge and construction contract compliance fee	-	569
Property, plant and equipment:			
Land	Bank loan	4,194,369	4,386,573
Buildings	Bank loan	-	166,036
Investment property:			
Land	Bank loan and commercial paper pledge	6,225,657	6,376,887
Buildings	Bank loan	708,232	736,747
Total		\$11,832,962	\$12,371,516

9. SIGNIFICANT CONTINGENCIES AND UNRECOGNIZED CONTRACTUAL COMMITMENTS

- (1) Part of the Company's land is for rent or afforestation, if the land was collected or sold and the contract terminated, loss or compensation of the 37.5% Arable Rent Reduction Act could incur and the Company will record the compensation according to the case.
- (2) As of December 31, 2022, the notes receivable and the guaranteed deposit related to sale of land or construction contract are NT\$36,438 thousand.
- (3) As of December 31, 2022, the notes payable and the guaranteed deposits paid related to bank financing and construction project are NT\$65,083 thousand.
- (4) The Company entered into a contract to purchase property, plant and equipment (including prepayments for business facilities) as follows:

	Total contract amount	Payment amount	Unpaid amount
Repayments for business facilities	\$80,758	\$74,880	\$5,878
Construction in progress	154,086	117,172	36,914

10. LOSSES DUE TO MAJOR DISASTERS

None.

11. SIGNIFICANT SUBSEQUENT EVENTS

In order to increase profits and improve the company's financial structure, as well to respond the government's green power policy, the Laopi Tea Farm in Pingtung will retain part of the area as a tea farm, and the rest of the area will be equipped with solar photovoltaic energy system facilities. On March 2, 2022, the board of directors decided to approve the open tendering procedures for "Pingtung Laopi Tea Farm to build solar photovoltaic energy system facilities". It is expected that various administrative procedures such as land change will be handled in accordance with regulations after signing the contract.

12. OTHERS

(1) Categories of financial instruments

<u>Financial assets</u>	As at	
	December 31, 2022	December 31, 2021
Financial assets at fair value through other comprehensive income	\$381	\$61,525
Financial assets measured at amortized cost:		
Cash and cash equivalents (excluding cash on hand and petty cash)	238,570	214,035
Notes receivable	4,099	10,650
Accounts receivable, net (including related parties)	28,754	25,784
Other receivables	1,157	1,069
Other financial assets - non-current	-	569
Subtotal	\$272,580	252,107
Total	\$272,961	\$313,632
<u>Financial liabilities</u>	As at	
	December 31, 2022	December 31, 2021
Financial liabilities at amortized cost:		
Short-term borrowings	\$50,000	\$80,000
Notes payable and accounts payable (including related parties)	13,952	36,551
Other payables	78,817	51,951
Long-term borrowings (including current portion)	5,499,135	6,172,535
Lease liabilities (including non-current)	3,283	1,942
Total	\$5,645,187	\$6,342,979

(2) Financial risk management objectives and policies

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 above mentioned 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 Company's board of directors and audit committee must be carried out based on related protocols and internal control procedures. The Company complies with its financial risk management policies at all times.

(3) Market risk

The Company's market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of the changes in market risk. Market risk comprises currency risk, interest rate risk and other price risk (such as equity risk).

In practice, it is rarely the case that a single risk variable will change independently from other risk variable, and 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 Company has certain foreign currency receivables to be denominated in the same foreign currency with certain foreign currency payables, therefore natural hedge is received.

The foreign currency sensitivity analysis of the possible change in foreign exchange rates on the Company's profit is performed on significant monetary items denominated in foreign currencies as at the end of the reporting period. The Company's foreign currency risk is mainly related to the volatility in the exchange rates for a foreign currency: US dollars, Japanese yen and Renminbi. As the net values of major foreign currency after carrying forward of their assets and liabilities, is considered insignificant, the impact of appreciation or depreciation in foreign currency on New Taiwanese Dollars is insignificant as reflected in profit and loss summary of the Company in 2022 and 2021.

Interest rate risk

Interest rate risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company's exposure to the risk of changes in market interest rates relates primarily to the bank borrowings with fixed interest rates and variable interest rates.

The interest rate sensitivity analysis is performed on items exposed to interest rate risk at the end of the reporting period, including investments and borrowings with variable interest rates and interest rate swaps. At the reporting date, a change of 10 basis points of interest rate in a reporting period could cause the profit for the years ended December 31, 2022 and 2021 to decrease/increase by NT\$5,312 thousand and NT\$6,041 thousand, respectively.

Equity price risk

The Company's unlisted equity securities is susceptible to market price risk arising from uncertainties about future values of the investment securities. The Company's unlisted equity securities is classified under at 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.

As of December 31, 2022, the Company does not hold listed equity instrument at fair value through profit or loss.

(4) Credit risk management

Credit risk is the risk that a 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 notes receivable) and from its financing activities, including bank deposits and other financial instruments.

Credit risk is managed by each business unit subject to the Company's established policy, procedures and control relating to credit risk management. Credit limits are established for all counter parties based on their financial position, rating from credit rating agencies, historical experience, prevailing economic condition and the Company's internal rating criteria etc. Certain counter parties' credit risk will also be managed by taking credit enhancing procedures, such as requesting for prepayment or insurance.

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As of December 31, 2022 and 2021, amounts receivable from top ten customers represent 42% and 36% of the total accounts receivable of the Company, respectively. The credit concentration risk of other accounts receivable is insignificant.

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 and with no significant default risk. Consequently, there is no significant credit risk for these counterparties.

As of December 31, 2022, the Company does not hold investments in debt instrument at fair value through profit or loss.

(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 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	2 to 3 years	4 to 5 years	> 5 years	Total
As at December 31, 2022					
Borrowings	\$895,065	\$2,094,523	\$2,297,110	\$372,906	\$5,659,604
Accounts payable	13,952	-	-	-	13,952
Other payables	78,817	-	-	-	78,817
Lease liabilities	1,313	680	680	208	\$2,881
As at December 31, 2021					
Borrowings	\$266,936	\$3,156,090	\$2,402,883	\$526,379	\$6,352,288
Accounts payable	36,551	-	-	-	36,551
Other payables	51,951	-	-	-	51,951
Lease liabilities	976	656	154	210	1,996

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(6) Reconciliation of liabilities arising from financing activities

Reconciliation of liabilities for the year ended December 31, 2022:

	Short-term borrowings	Long-term borrowings (including current portion)	Leases liabilities	Refundable deposit	Total liabilities from financing activities
As at January 1, 2022	\$80,000	\$6,172,535	\$1,942	\$8,199	\$6,262,676
Cash flows	(30,000)	(673,400)	(1,135)	(2,929)	(707,464)
Non-cash changes	-	-	2,476	-	2,476
As at December 31, 2022	<u>\$50,000</u>	<u>\$5,499,135</u>	<u>\$3,283</u>	<u>\$5,270</u>	<u>\$5,557,688</u>

Reconciliation of liabilities for the year ended December 31, 2021:

	Short-term borrowings	Long-term borrowings (including current portion)	Leases liabilities	Refundable deposit	Total liabilities from financing activities
As at January 1, 2021	\$80,000	\$5,842,525	\$2,181	\$1,699	\$5,926,405
Cash flows	-	330,010	(957)	6,500	335,553
Non-cash changes	-	-	718	-	718
As at December 31, 2021	<u>\$80,000</u>	<u>\$6,172,535</u>	<u>\$1,942</u>	<u>\$8,199</u>	<u>\$6,262,676</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 receivables, contract assets, accounts payable 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, bonds and futures etc.) at the reporting date.
- (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).

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B. Fair value of financial instruments measured at amortized cost

The carrying amount of the Company's financial assets and liabilities measured at amortized cost approximate their fair value.

C. Fair value measurement hierarchy for financial instruments

Please refer to Note 12.(8) for fair value measurement hierarchy for financial instruments of the Company.

(8) Fair value measurement hierarchy

A. Definition

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 as a whole. Level 1, 2 and 3 inputs are described as follows:

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

Level 2: Inputs other than quoted market 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 liabilities.

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 hierarchy of the Company's assets and liabilities

As at December 31, 2022

	Level 1	Level 2	Level 3	Total
Financial assets at fair value through other comprehensive income				
Equity instrument measured at fair value through other comprehensive income	\$-	\$-	\$381	\$381

As at December 31, 2021

	Level 1	Level 2	Level 3	Total
Financial assets at fair value through other comprehensive income				
Equity instrument measured at fair value through other comprehensive income	\$-	\$-	\$61,525	\$61,525

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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.

The profit and (loss) related to possession of shares that were recognized in the total comprehensive income are both NT\$0 thousand for the years ended to December 31, 2022 and 2021.

Reconciliation for fair value measurements in Level 3 of the fair value hierarchy for movements during the period is as follows

	Assets
	At fair value through other comprehensive income
	Stocks
Beginning balances as at January 1, 2022	\$61,525
Amount recognized in OCI (presented in “Unrealized gains (losses) from equity instruments investments measured at fair value through other comprehensive income”)	(61,144)
Ending balances as at December 31, 2022	\$381
	Assets
	At fair value through other comprehensive income
	Stocks
Beginning balances as at January 1, 2021	\$97,526
Amount recognized in OCI (presented in “Unrealized gains (losses) from equity instruments investments measured at fair value through other comprehensive income”)	12,712
Return of capital	(48,713)
Ending balances as at December 31, 2021	\$61,525

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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 at 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:					
Financial assets at fair value through other comprehensive income					
Stocks	Market approach and asset approach	discount for lack of marketability	15%	The higher the discount for lack of marketability, the lower the fair value of the stocks	2% increase in the discount for lack of marketability would result in increase in the Company's profit or loss by NT\$5,145 thousand. 2% decrease in the discount for lack of marketability would result in increase in the Company's profit or loss by NT\$5,376 thousand
	Market approach and asset approach	discount of non-controlling interests	25%	The higher the discount of non-controlling interests, the lower the fair value of the stocks	2% increase in the discount of non-controlling interests would result in increase in the Company's profit or loss by NT\$5,150thousand. 2% decrease in the discount of non-controlling interests would result in increase in the Company's profit or loss by NT\$5,302 thousand.

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As at December 31, 2021

	Valuation	Significant	Quantitative	Relationship	
	techniques	unobservable inputs	information	between inputs and fair value	Sensitivity of the input to fair value
Financial assets:					
Financial assets at fair value through other comprehensive income					
Stocks	Market approach and asset approach	discount for lack of marketability	15%	The higher the discount for lack of marketability, the lower the fair value of the stocks	2% increase in the discount for lack of marketability would result in decrease in the Company's profit or loss by NT\$1,618 thousand. 2% decrease in the discount for lack of marketability would result in increase in the Company's profit or loss by NT\$1,638 thousand.
	Market approach and asset approach	discount of non-controlling interests	25%	The higher the discount of non-controlling interests, the lower the fair value of the stocks	2% increase in the discount of non-controlling interests would result in decrease in the Company's profit or loss by NT\$1,613 thousand. 2% decrease (increase) in the discount of non-controlling interests would result in increase in the Company's profit or loss by NT\$1,633 thousand.

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

The Company's Accounting 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. Non-recurring and non-financial assets disclosed by the fair value hierarchy information:

As at December 31, 2022

None.

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

As at December 31, 2022

	Level 1	Level 2	Level 3	Total
Financial assets not measured at fair value but for which the fair value is disclosed:				
Investment properties (Note6(7))	\$-	\$-	\$31,269,651	\$31,269,651
Financial liabilities not measured at fair value but for which the fair value is disclosed:				
Loans	-	5,549,135	-	5,549,135

As at December 31, 2021

	Level 1	Level 2	Level 3	Total
Financial assets not measured at fair value but for which the fair value is disclosed:				
Investment properties (Note6(7))	\$-	\$-	\$45,166,183	\$45,166,183
Financial liabilities not measured at fair value but for which the fair value is disclosed:				
Loans	-	6,252,535	-	6,252,535

(9) Significant assets and liabilities denominated in foreign currencies

The Company does not possess significant assets and liabilities denominated in foreign currencies.

(10) 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 shareholder 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.

(11) Legal Claim

None.

13. OTHER DISCLOSURE

(1) Significant transaction information

- A. Financings provided to others: None.
- B. Endorsement/guarantee provided to others: None.
- C. Securities held as of December 31, 2022 (not including subsidiaries, associates and joint ventures): Please refer to Attachment 1.
- D. Individual securities acquired or disposed of with accumulated amount exceeding NT\$300 million or 20 percent of the capital stock: None.
- E. Acquisition of property with the amount exceeding NT\$300 million or 20% of the Company's paid-in capital: None.
- F. Disposal of property with amount exceeding NT\$300 million or 20% of the Company's paid-in capital: Please refer to Attachment 2.
- G. Purchases or sales of goods from or to related parties reaching NT\$100 million or 20% of paid-in capital or more: None.
- H. Receivables from related parties with amounts exceeding NT\$100 million or 20 percent of capital stock: None.
- I. Derivative financial instruments undertaken: None.
- J. Significant intercompany transactions between consolidated entities: None.

(2) Information on investee

Names, locations and related information of investee companies as of December 31, 2022(excluding Mainland China)

A. Financing provided to others: None.

B. Endorsement/guarantee provided to others for the year ended December 31, 2022: None.

C. Securities held as of December 31, 2022: Please refer to Attachment 1.

D. Individual securities acquired or disposed of with accumulated amount exceeding NT\$300 million or 20 percent of the capital stock: None.

E. Acquisition of real estate reaching NT\$300 million or 20% of paid-in capital or more: None.

F. Disposal of real estate reaching NT\$300 million or 20% of paid-in capital or more: None.

G. Purchases or sales of goods from or to related parties reaching NT\$100 million or 20% of paid-in capital or more: None.

H. Receivables from related parties reaching NT\$100 million or 20% of paid-in capital or more: None.

I. Derivative financial instruments undertaken: None.

J. Significant inter-company transactions: None.

(3) Information on investment in Mainland China

A. The Company has investment in mainland China for the year ended December 31, 2022: None.

B. Significant transactions with investment companies from mainland China: None.

(4) Information on major shareholders: Please refer to Attachment 3.

14. SEGMENT INFORMATION

(1) For management purposes, the Company is organized into business units based on its products and services and has two reportable segments as follows:

A. Trade and department store segment: Sale of tea and other agricultural products, import commodity for resale (including food, wine and chemical products) and business in recreational tourism.

B. Assets segment: Management of land assets, such as land inspections, land and house leases, and contract changes. If someone wants to purchase land (such as tenants, etc.), the land sales related operations would be handled.

C. Construction segment: The work is related to the repair to maintenance of the Company's internal assets, as well as the interior decoration construction and exterior wall construction of the building.

Other operating activities that are not reported and related information of the operating segments are disclosed under the "Other segments".

Management monitors the operating results of its business units separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on operating profit or loss and is measured consistently with operating profit or loss in the consolidated financial statements.

Transfer prices between operating segments are on an arm's length basis in a manner similar to transactions with third parties.

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(2) Information about profit or loss, assets and liabilities of reportable segments.

For the year ended December 31, 2022

	Trade and Department Store	Assets	Construction	Reportable Segment subtotal	Others	Adjustment and eliminations	Total
Revenue							
External customer	\$353,592	\$6,027	\$17,377	\$376,996	\$-	\$-	\$376,996
Inter-segment	-	-	-	-	-	-	-
Total revenue	<u>\$353,592</u>	<u>\$6,027</u>	<u>\$17,377</u>	<u>\$376,996</u>	<u>\$-</u>	<u>\$-</u>	<u>\$376,996</u>
Interest revenue	\$3	\$2	\$-	\$5	\$93	\$-	\$98
Interest expense	50	111,573	-	111,623	2	-	111,625
Depreciation and amortization	77,304	36,856	128	114,288	3,928	-	118,216
Impairment loss	206,557	1,920,954	-	2,175,511	-	-	2,127,511
Segment profit	<u>\$(169,475)</u>	<u>\$(1,435,011)</u>	<u>\$(1,779)</u>	<u>\$(1,606,265)</u>	<u>\$(7,625)</u>	<u>\$-</u>	<u>\$(1,613,890)</u>
Assets							
Capital expenditures on non-current assets	<u>\$163,091</u>	<u>\$14,373</u>	<u>\$-</u>	<u>\$177,464</u>	<u>\$40,295</u>	<u>\$-</u>	<u>\$217,759</u>
Segment assets	<u>\$6,385,329</u>	<u>\$15,029,038</u>	<u>\$5,343</u>	<u>\$21,419,710</u>	<u>\$430,747</u>	<u>\$-</u>	<u>\$21,850,457</u>
Segment liabilities	<u>\$53,142</u>	<u>\$8,782,049</u>	<u>\$4,941</u>	<u>\$8,840,132</u>	<u>\$24,144</u>	<u>\$-</u>	<u>\$8,864,276</u>

For the year ended December 31, 2021

	Trade and Department Store	Assets	Construction	Reportable Segment subtotal	Others	Adjustment and eliminations	Total
Revenue							
External customer	\$304,170	\$5,738	\$59,295	\$369,203	\$-	\$-	\$369,203
Inter-segment	-	-	-	-	-	-	-
Total revenue	<u>\$304,170</u>	<u>\$5,738</u>	<u>\$59,295</u>	<u>\$369,203</u>	<u>\$-</u>	<u>\$-</u>	<u>\$369,203</u>
Interest revenue	\$1	\$-	\$-	\$1	\$21	\$-	\$22
Interest expense	24	82,755	-	82,779	3	-	82,782
Depreciation and amortization	52,166	43,279	215	95,660	4,254	-	99,914
Impairment loss	8,856	1,004,554	-	1,013,410	-	-	1,013,410
Segment profit	<u>\$(1,168)</u>	<u>\$(1,072,717)</u>	<u>\$1,909</u>	<u>\$(1,071,976)</u>	<u>\$(62,657)</u>	<u>\$-</u>	<u>\$(1,134,633)</u>
Assets							
Capital expenditures on non-current assets	<u>\$182,369</u>	<u>\$17,493</u>	<u>\$-</u>	<u>\$199,862</u>	<u>\$66,642</u>	<u>\$-</u>	<u>\$266,504</u>
Segment assets	<u>\$6,438,129</u>	<u>\$17,356,018</u>	<u>\$8,020</u>	<u>\$23,802,167</u>	<u>\$447,200</u>	<u>\$-</u>	<u>\$24,249,367</u>
Segment liabilities	<u>\$48,931</u>	<u>\$9,478,629</u>	<u>\$7,811</u>	<u>\$9,535,371</u>	<u>\$36,261</u>	<u>\$-</u>	<u>\$9,571,632</u>

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(3) Information about reconciliations of revenue, profit or loss, assets, liabilities and other material items of reportable segments

A. Revenue

	For the years ended December 31,	
	2022	2021
Total revenue for reportable segments	\$376,996	\$369,203
Other revenue	-	-
Elimination of inter-segment revenue	-	-
Total revenue	<u>\$376,996</u>	<u>\$369,203</u>

B. Profit or loss

	For the years ended December 31,	
	2022	2021
Total profit or loss for reportable segments	\$(1,606,265)	\$(1,071,976)
Other profit or loss	(7,625)	(62,657)
Elimination of inter-segment profit	-	-
Profit (loss) before tax from continuing operations	<u>\$(1,613,890)</u>	<u>\$(1,134,633)</u>

C. Assets

	As at	
	December 31, 2022	December 31, 2021
Total assets for reportable segments	\$21,419,710	\$23,802,167
Other assets	430,747	447,200
Adjustment and elimination of inter-segment profit	-	-
Total assets	<u>\$21,850,457</u>	<u>\$24,249,367</u>

D. Liabilities

	As at	
	December 31, 2022	December 31, 2021
Total liabilities for reportable segments	\$8,840,132	\$9,535,371
Other liabilities	24,144	36,261
Adjustment and elimination of inter-segment profit	-	-
Total liabilities	<u>\$8,864,276</u>	<u>\$9,571,632</u>

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E. Other material items

For the year ended December 31, 2022

	Reportable segments	Other segments	Adjustments	Total
Interest revenue	\$5	\$93	\$-	\$98
Interest expense	11,623	2	-	111,625
Capital expenditures on non-current assets	177,464	40,295	-	217,759
Depreciation and amortization	114,288	3,928	-	118,216
Impairment loss	2,127,511	-	-	2,127,511

For the year ended December 31, 2021

	Reportable segments	Other segments	Adjustments	Total
Interest revenue	\$1	\$21	\$-	\$22
Interest expense	82,779	3	-	82,782
Capital expenditures on non-current assets	199,862	66,642	-	266,504
Depreciation and amortization	95,660	4,254	-	99,914
Impairment of assets	1,013,410	-	-	1,013,410

(4) Geographical information

Revenue from external customers

	For the years ended December 31,	
	2022	2021
Taiwan	\$376,996	\$369,203

The revenue information above is based on the country of the customer.

(5) Information about major customers

	For the years ended December 31,	
	2022	2021
Customer A from trade segment	\$31,629	\$7,380
Customer B from trade segment	19,533	15,271
Customer C from construction segment	14,760	37,968
Customer D from construction segment	1,260	20,089
Customer E from trade segment	-	20,031
Total	\$67,182	\$100,739

ATTACHMENT 1 (Securities held as at December 31, 2022) (Excluding subsidiaries, associates and joint ventures)

(Amount in thousand; Currency denomination in NTD or in foreign currencies)

The Company

				December 31, 2022				
Type of Securities Category	Name of securities	Relationship	Financial statement account	Units/ bonds/ shares	Carrying amount	Percentage of ownership (%)	Fair value/ Net assets value	Note
Stock	KING KONG IRON WORKS, LTD.	-	Financial assets at fair value through other comprehensive income - non-current	763,000	-	1.39	-	
Stock	CHINESE PRODUCTS PROMOTION CENTER	-	Financial assets at fair value through other comprehensive income - non-current	25,900	-	6.82	-	
Stock	CORE PACIFIC CITY CO., LTD.	-	Financial assets at fair value through other comprehensive income - non-current	49,205	-	0.75	-	
Stock	NEXCELL BATTERY CO., LTD.	-	Financial assets at fair value through other comprehensive income - non-current	1,120,000	-	1.12	-	
Stock	PACIFIC REHOUSE SERVICE CO., LTD	-	Financial assets at fair value through other comprehensive income - non-current	37,891	381	0.25	381	
Stock	PCHOME INVESTMENT & DEVELOPMENT CORPORATION	-	Financial assets at fair value through other comprehensive income - non-current	78,540	-	3.03	-	
Stock	PACIFIC CONSTRUCTION CO., LTD.	-	Financial assets at fair value through other comprehensive income - non-current	14	-	-	-	

Note1 : Marketable securities in the table refer to stocks, bonds, beneficiary certificates and other related derivative securities, as defined in IFRS 9“Financial Instruments”.

Note2 : If the securities listed above are issued by related parties, the column is specified with further information.

Note3 : For securities measured at fair value, fill in the book value column with fair value of the securities less accumulated impairment. For securities not measured at fair value, fill in the book value column with the original cost or amortized cost less accumulated impairment.

Note4 : The listed securities, which are restricted by providing to secured, mortgage loan or other agreement, shall indicate the share of secured or mortgage security, the amount of secured or mortgage and the situation of restriction in the column.

ATTACHMENT 3 (Disposal of property with amount exceeding NT\$300 million or 20 percent Company's paid-in capital for the year ended December 31, 2022)

(Amount in thousand; Currency denomination in NTD or in foreign currencies)

The Company											
<u>Names of properties</u>	<u>Transaction date</u>	<u>Date of original</u>	<u>Carrying amount</u>	<u>Transaction amount</u>	<u>Status of proceeds collection</u>	<u>Gain (Loss) from disposal</u>	<u>Counter-party</u>	<u>Relationship</u>	<u>Reason of disposal</u>	<u>Price reference</u>	<u>Other commitments</u>
Nangang office's land and land improvement	111/9/14	2010/04/23	\$163,863	\$1,000,000	Fully charged	\$647,456	Ibase Technology Inc.	None	The company's financial and business strategy needs.	After reference to the price of the appraisal price, the Company determine the resolution of the board of directors for the sale price.	None
Nangang office's building	"	2003/07/01~2019/08/01	\$172,526								
Nangang office's hydropower equipment	"	2019/07/31	\$49								
Nangang office's office equipment	"	2018/03/22~2019/07/26	\$13								
Nangang office's other equipment	"	2019/07/22~2020/02/20	\$24								

Note 1: Disposal of assets, should be a should be appraisal, should note the appraisal results in the "price reference" column.

Note 2: Paid-in capital referred to herein is the paid-in capital of parent company. According to the regulation about the transection amount of 20% paid-up capital, if the par value of issuer's stock is NT\$0 or not equal to NT\$10, it will be calculated by 10% of the equity attributable to shareholders of the parent.

Note 3: The fact date is the date of the transaction signing date, payment date, entrusted transaction date, transfer date, board resolution day or other sufficient date to determine the transaction object and the transaction amount, which ever is earlier.

Note 4: The appraisal price is NT\$933,176 thousand and NT\$948,671 thousand, which is provided by CCIS Real Estate Joint Appraisers Firm and DTRE Limited -Taiwan Branch, separately.

ATTACHMENT 3 (Information on major shareholders as at December 31, 2022)

(Amount in thousand; Currency denomination in NTD or in foreign currencies)

Major shareholders' name	Share			
	Number of common shares	Number of preferred shares	Number of total shares	Shareholding ratio(%)
Shan Young Assets Management Co., Ltd.	212,431,000	-	212,431,000	26.89%

Note 1: The information on major shareholders, which is provided by the Taiwan Depository & Clearing Corporation, summarized the shareholders who held over 5% of total non-physical common stocks and preferred stocks (including treasury stocks) on the last business date of each quarter. The registered non-physical stocks may be different from the capital stocks disclosed in the financial statement due to different calculation basis.

Note 2: If shares are entrusted, the above information regarding such shares will be revealed by each trustors of individual trust account. The shareholders holding more than 10% of the total shares of the company should declare insider's equity according to Securities and Exchange Act. The numbers of the shares declared by the insider include the shares of the trust assets which the insider has discretion over use. For details of the insider's equity announcement please refer to the TWSE website.