

Zongtai Real Estate Development CO., LTD.

Annual Report 2022

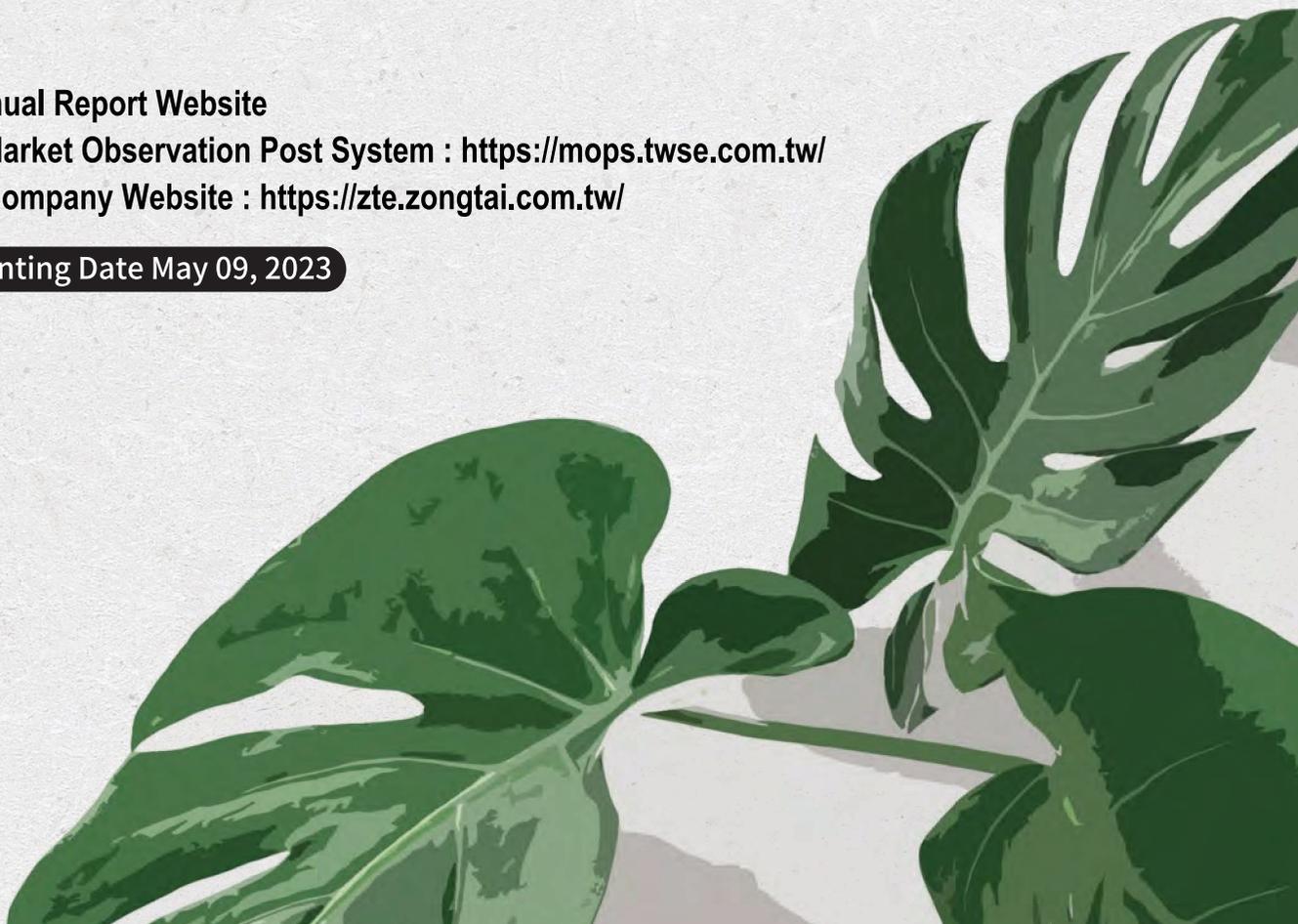
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Annual Report Website

a. Market Observation Post System : <https://mops.twse.com.tw/>

b. Company Website : <https://zte.zongtai.com.tw/>

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Notice to Readers

This English version annual report is a summary translation of the Chinese version.

And is not an official document of the shareholders' meeting.

If there is any discrepancy between the English and Chinese versions, the Chinese version shall prevail.

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5 Name of Overseas Exchange Where Securities Are Listed and Method of Inquiry : No

6 Website : <https://zte.zongtai.com.tw/>

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I. Letter to Shareholders

1 2022 annual operation report

According to statistics of Ministry of the Interior, registration number of building transaction for the year ended December 31, 2022 was 318,101, although it was 30,093 (-8.6%) less than 2021. The house transaction volume has been exceeding 300,000 for 4 years. However, a reduction of over 30,000 buildings as compared with last year, indicating changes in the demand for domestic real estate procurement.

The monthly performance showed that the number of houses traded in the second half of 2022 were stable, but lower than in the first half. Such results inferred that the reduction in traded houses was caused by interest rates lifting by foreign and domestic central banks since 2022. As a result, consumers were sitting on the fence since they were unable to predict the trend of the interest rates lifting and worried about future loan burden from the high interest rates. In addition, consumers are sitting on the fence for the new policies to be transparent before arranging house and real estate purchase. These include the Policy of “House and Land Transactions Income Tax 2.0”, effective since July 2021, and the Policy of “Prohibition of Contact Exchange and Resale for Pre-sale House”, expected to be implemented in the future.

Real estate has become a first choice for asset allocation by its anti-inflation advantage as large economies around the world started to focus on inflation issues in view of global rapid raw materials increase recently.

However, in terms of transaction prices, the unit price of domestic real estate transactions continued to rise in 2022, mainly due to unsolved inflation issues around the world during recent years. Along with the land transaction prices hitting new highs, developers reflected the rising costs of developers in the selling price, however, real estate has become the first choice for asset allocation due to its features and advantages of value preservation and anti-inflation. Hence, domestic real estate transactions showed an increase in price but a decrease in volume in 2022.

In 2022, number of building ownerships registered at the first time was 130,922, increased by 4.1% compared to 2021, the number concentrated in the Six Special Municipalities. Among that, Taichung City had 24,391 first time ownership

registered buildings, accounted for 18.6% which was the largest, New Taipei City had 19,228, accounted for 14.7%, which was the second largest, Taoyuan City had 18,799, accounted for 14.4%, which was the third largest. In 2022, Taichung City was the only county/city hitting over 20,000 for initial registration of constructional improvements ownerships, accounting for a 34.2% increase compared to 2021. The results indicated that the pre-sale housing market in Taichung City was in a rage. The Equalization of Land Rights Act to be launched around the corner was a policy of regulating real estate market transactions after the financial restriction control by the competent authorities. Once implemented, the housing development and transactions would be affected. The Company should also devote in other relevant industries other than its core business to maintain a positive development.

The projects completed and hand overed in 2022 was “Good together MELODY” & “Get together”, the projects under construction “The way home” in the year has already 100% sold out. It is expected that the land and construction cost increase will inevitably lead to high price in domestic real estate industry. Restricted by the control on the 40% loan for houses with a total price of over \$40 million in the central-region market by the competent authorities, the release of a large number of houses with high unit prices and low total prices will affect the actual quality of living and the willingness of high-end property owners to purchase. Hence, product positions should be rigorous and precise. The Company will carefully evaluate market dynamics to maximize the benefits for the Company and all shareholders and continue the brand concept to deepen the value of differentiation.

1.1 Operating plan outcome

Revenue in 2022 was NT\$ 8,697,505 thousand, increased by 138.46% compared to NT\$ 3,647,336 thousand in 2021, operating cost increase by 18.42%, other income (losses) increased by 260.40%, profit before tax was NT\$ 2,710,712 thousand, increased by 239.27% compared to NT\$ 798,982 thousand in 2021, net profit was NT\$ 2,208,900 thousand, increased by 247.66% compared to NT\$ 635,368 thousand in 2021.

1.2 Budget execution : Not applicable.

1.3 Financial income(losses) and profitability

1.3.1 Financial income(losses)

In thousand NT\$

Item	2022	2021	Percentage (%)
Operating revenue	8,697,505	3,647,336	138.46
Gross profit from operations	2,999,631	1,055,846	184.10
Operating net profit	2,687,985	792,676	239.10
Interest income	9,490	2,598	265.28
Interest expense	18,176	15,668	16.01
Profit before tax	2,710,712	798,982	239.27

1.3.2 Profitability

Analysis Item of the Year	2022	2021
Rate of Return on Assets (%)	10.82	3.41
Rate of Return on Equity (%)	35.28	12.51
Account for Capital (%)	Operating profit	110.73
	Profit before tax	111.66
Net profit rate (%)	25.39	17.42
Earning per share (NT\$)	9.81	3.01

Note : Rate of return on assets = [Profit + Interest expense × (1 - Tax rate)] / Average assets

1.4 Research and Development

1.4.1 Production Policy :

- 1) Develop aggressively, invest prudently
Deepen construction proficiency and analyze market trend;
Expand development channel and enhance diversity.
- 2) Plan on local basis and fulfill idea
Hold original intention and implement ideality; return to human nature and construct steadily.
Do further study in architecture and share blessedness by building up communities.
- 3) Manage in project and divide in individual case.
Clear right and responsibility to stabilize finance, compliance and general and avoid rigidity.
- 4) Make announcement for the brand and fulfill it
Ensure brand announcement in customers' shoe under supervision and fulfill it.

1.4.2 Sales strategy :

- 1) Construction of humanity, brand of philosophy
Construction philosophy is based on humanity, brand idea is based on empathy.
- 2) Public platform with honesty
Operate openly and transparently as a listed company, also recognized as an honest company with credibility.
- 3) Reflect policy and improve real estate market
Keep track on changes of policy to shorten fluctuation, firmly operate business.
- 4) Sensational Marketing, Cross-industry Alliances
Create recognition for sensational marketing and explore cross-industry alliance opportunities.
- 5) Define Taichung, Track with the world
Macro constructure mind, build up the culture.

2 2023 operation plan outline

2.1 Operating plan

Construction business development targets are separated into short-term, mid-term, long-term :

2.1.1 Short-term target : Project sales successfully

2.1.2 Mid-term target :

- 1) Increase value of brand.
- 2) Expand field in business investment.
- 3) Develop land with good prospect.
- 4) Enhance residential brand recognition.

2.1.3 Long-term target

- 1) Operating firmly, openly and clearly
With stable financial status and public transparent platform, create a sustainable development business model.
- 2) Focus on main business, operate diversity
The Company has been actively engaging in other industries on the basis of its core business to broaden its revenue channels and increase its brand value.

3) Company culture, brand asset

Combine entrepreneurship with business culture, deepen brand with humanism, so that we make our brand one of the kind.

2.2 Anticipated sales volume and its base

Projects under selling :

“The way home” is next to Xin Tao Hua Yuan Bridge, Huantai E. Rd., Beitun Dist., Taichung City. It is a rare project that has large base and settlement lifestyle. The project has 1,856 houses and 1,940 parking spaces. Total sales are around NT\$15.9 billion and expected to complete and handover in 2024.

2.3 Production and sales policy

2.3.1 Build digital database of land, for project manager to evaluate and improve development performance.

2.3.2 Individual project uses profit center system for expanding performance.

2.3.3 Project folder digital platform could accumulate project and used for education purpose.

2.3.4 Engage in construction material fair, furniture fair and visit characteristic building to gain new knowledge and strengthen product planning ability.

2.3.5 Establish 3D digital architecture graphic design department to enhance the control on engineering management.

2.3.6 Initially establish third party home inspecting system to deepen trust of the brand.

2.3.7 Arrange friendly food area in construction sites for building relationship with neighbors and improve construction culture.

2.3.8 Keep entering architecture competitions which has credibility for sharing honor and making self-improvement.

2.3.9 Insist constructing legally, use legal material, and will finish public facility during handover the house.

2.3.10 Deepen brand announcement, extend from employee to consumers for creating brand value.

3 Future development strategy

3.1 Digitalization

3.1.1 Marketing digitalization

The purpose of digitalization is to expand the range of information transportation and takes environment protection as motivation of digitalization. We set our brand target on building a friendly environment and keep learning new knowledges and techniques of digital marketing.

3.1.2 Data digitalization

In response to each project's location and employee's needs, we digitalize all information and data, optimize EIP system and build database. We continuously accumulate information of land and the market. We also introduce cloud database, build self-owned market database, which combines mobile devices to improve working efficiency.

3.1.3 Information digitalization

We combine official website and app and place handover information on the cloud for customers to log in and download information, the system could decrease using more non-environmental friendly consumption, we expand the system to paper works, such as payment reminders to enhance the efficiency and preservability of information transportation.

3.2 Diversity

3.2.1 Construction

Keep cultivating in industry, operate flexibly, following market trend for developing sustainably.

3.2.2 Business operation

Extend to development with different products.

4 Impacts of external competition, regulatory and overall operating environment

4.1 External competition

Land development capability has a direct impact on development efficiency. Hence, construction companies should improve the accuracy and speed of their pre-assessment operations as information has become more open and

transparent. Listed Company platform could maintain information advantages, with market investigation information and sensitivity, prudently determine land purchasing strategy and meet the target of sustainable operation.

Consumers also emphasize brand value, after sales service attitude could enhance trust of brand, expressing value of the brand. Except completeness and difference of the product, the Company keeps working on after sales service to enhance the connections between people and communities. Through interacting with consumers, the Company could outstand from the highly competitive market.

4.2 Regulation

Domestic real estate regulations and policies have become more stringent since the Actual Selling Price Registration of Pre-sale Houses and House and Land Transaction Income Tax were implemented in 2021. In the following year, the policy on the prohibition of contact exchange and resale for pre-sale house continue to simmer, making an impact on consumers' willingness for house purchase. The Company will continue to study the regulations to ensure stable operation and shareholders' interests.

4.3 Overall operating environment

Domestic real estate transactions clearly slowed down and even decreased during the second half of 2022. We still need to wait and see if such result has become an explicit trend. However, the closing price has not dropped. The results showed that the unclear atmosphere of the regulation affected consumer willingness for house purchase. The inflation-driven price increases in the real estate sector have been accepted by the market.

Taichung is a vibrant and thriving city, with blue MRT line entering the final administrative review stage and large shopping malls and medical park development program implemented smoothly. Moreover, the Shuinan Trade and Economic Park has started to become popular, with one of its central parks, having 67 hectares and 200,000 pings larger than the Daan Park, become a popular spot for Taichung residents to relax and take photos. Shuinan Trade and Economic Park also collects buildings designed by well-known architects over the world, including Taichung Green Museumbrary designed by Sejima Kazuyo, Virtuosi Hall designed by Kuma Kengo; Also

the construction of Central Taiwan Cinema Center, Taichung International Convention and Exhibition Center, and Shuinan Transit Center could enforce the functions of the area. It shows that the strong development of Taichung is foreseeable.

5 Annual outlook

As the foreign and domestic economies were affected by inflation, central banks in various countries responded by raising interest rates. The government also implemented a number of policies to curb speculation in real estate. Viewing that these changes, consumers are lack of confidence, which led to a gradual decline in domestic real estate transactions during 2022.

Taichung City ranked the top for initial registration of constructional improvements ownerships in Taiwan, accounting for a 34.2% increase compared to 2021. The results proved that the effect of the active continued development projects in recent years was seen and it has become a region of interest for consumers. With multiple efforts by the industry and the government, Taichung City is making rapid progress.

The captivating Shuinan Trade and Economic Park is already completed. The central park is becoming a famous hotspot for recreation; Shuinan Trade and Economic Park also collects buildings designed by well-known architects over the world, including Taichung Green Museumbrary designed by Sejima Kazuyo, Virtuosi Hall designed by Kuma Kengo; Also the construction of Central Taiwan Cinema Center, Taichung International Convention and Exhibition Center, and Shuinan Transit Center could enforce the functions of the area, Shuinan Trade and Economic Park is also the next key developing area in Taichung.

In terms of future market arrangements, the Company will continue to make an emphasis on strengthening its brand and enhancing product differentiation. In recent years, the Company has been implementing its brand statement in the code of conduct for internal staff when handling company affairs, which further become the word of mouth among consumers. In recent years, the Company has achieved good results in project sales, indicating the benefits from brand trust. In addition, with the advancement in digital tools, the Company has integrated architectural design and on-site engineering faster and more accurately to achieve the goal of improving the quality of construction.

The Company has also been promoting the digitalization of our marketing business and extended its services with community management after property settlement so that residents can appreciate a comprehensive service from visiting the construction site to setting in their property.

The Company has been cooperating with industry, government, and academia to sparkle ideas for buildings, sustainability, and environmental protection. Moreover, the Company promoted the life aesthetic village with heart for many years to maintain a good communication channel with the communities and residents and continued its services after property settlement. Holding the concept of “building forms culture”, the Company advocates buildings with localisms, internationalization, and a focus in health and sustainability by enhancing the people-centered building concepts originally implemented and providing residents with going green and multi-sensory experiences from the buildings. Transforming from hardware to soft services, the Company collaborated with well-known hotels, allowing consumers to experience exclusive community housekeeper services in the hotel before their property settlement.

Except to add features and trust, promoting product differentiation and comprehensive services can transfer into performance. All the employees of the Company will execute aggressively, operate stably, construct quality buildings with ZongTai’s honesty image and create profit.

Best regards to all Shareholders

Liu, Wei-Ju Chairman of the Board

II. Introduction

1 Date of establishment

November 10, 1997

2 Overview

September 1997 : King Billion Electronics was established and approved to station in ITRI Incubation.

November 1997 : Completed registration with capital NT\$ 20 million and paid-in capital NT\$ 10.5 million.

July 2000 : Initial public offering with securities underwriters assisting.

March 2003 : Listed on March 3, 2003

May 2007 : Over 1/3 of the directors had changed after by-election of directors and supervisors at the first extraordinary general meeting in 2007, Wu, His Kun was elected as new chairman of the board.

August 2007 : Established Taichung branch.

July 2010 : Invested USD 3.42 million to establishing a 100% hold company “Mallow International Holdings Ltd.” to engage in real estate development business in China.

December 2010 : Terminated electronic business.

July 2011 : The Company changed name to “Zongtai Real Estate Development Co., Ltd.”

August 2011 : Invested NT\$ 130 million in “Zongtai Construction Co., Ltd.” to control construction quality, construction schedule and reputation. Zongtai Construction Co., Ltd. is 100% held by Zongtai Real Estate Development Co., Ltd.

November 2011 : Proceeded NT\$ 200 million from new issues, total capital after proceeded from new issues was NT\$ 1,101,939,720.

January 2013 : Established “Ritai Asset Management Co., Ltd.” for business diversification with capital NT\$ 3 million, the Company held 100% of the shares.

August 2014 : Capital proceeded from new issues was NT\$ 230,000,000, total capital was NT\$ 1,729,464,380.

January 2016 : Capital proceeded from new issues was NT\$ 300,000,000, total capital was NT\$ 2,293,470,880.

October 2017 : Weng, Yu-Ling was elected as chairman of the board.

April 2018 : Share proceeded from conversion of employee stock options was NT\$ 12,048,000, total capital was NT\$ 2,316,894,530.

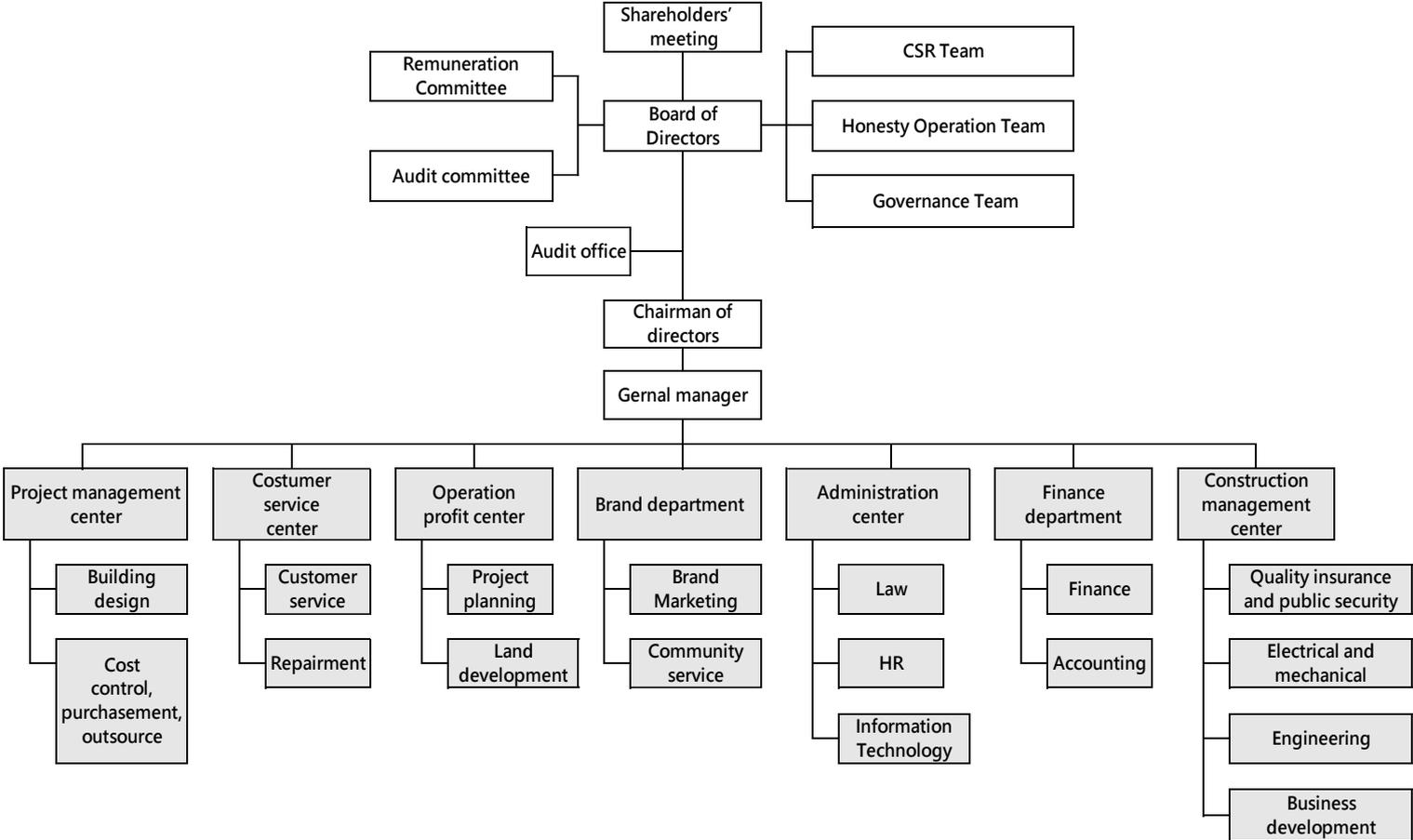
- August 2018 : Established “Play Fun Industrial Co., Ltd.” for business diversification with capital NT\$ 140,000,000. The Company held 100% of the shares.
- November 2018 : Reduced NT\$ 231,689,450 on capital in cash, total capital was NT\$ 2,085,205,080.
- November 2018 : Proceeded NT\$ 267,000,000 from new issues for subsidiary “Ritai Asset Management Co., Ltd.”, which was 100% held by the Company.
- April 2019 : Share proceeded from conversion of employee stock options was NT\$ 6,948,000, total capital was NT\$ 2,092,153,080.
- November 2019 : Established a 100% holding subsidiary “Dashun Advertising Co., Ltd.” for business diversification, the capital was NT\$ 20 million.
- November 2019 : Share proceeded from conversion of employee stock options was NT\$ 724,000, total paid-in capital was NT\$ 2,092,877,080.
- April 2021 : Share proceeded from conversion of employee stock options was NT\$ 15,030,000, total paid-in capital was NT\$ 2,107,907,080.
- September 2021 : Established a 25% holding subsidiary “Shou-Yi-Tai Green Energy Co., Ltd.” in cash for energy technology service.
- April 2022 : Share proceeded from conversion of employee stock options was NT\$ 9,260,000, total paid-in capital was NT\$ 2,117,167,080.
- August 2022 : Capital proceeded from new issues was NT\$ 310,000,000, total capital was NT\$ 2,427,167,080.
- November 2022 : Share proceeded from conversion of employee stock options was NT\$ 320,000, total paid-in capital was NT\$ 2,427,487,080.
- April 2023 : Liu, Wei-Ju was elected as chairman of the board.

III. Governance

1 Organization

1.1 Organizational Chart

Zongtai Real Estate Development Co., Ltd. Organizational Chart



1.2 Business of Major Departments

Department	Major Business and Responsibility
Project management center	<ol style="list-style-type: none"> 1) Architecture design : Graphic design, Facade design, Section design. 2) Construction license application : Urban design review, Construction license pre-examination review, construction drawings. 3) Procurement of engineering outsourcing and contract drafting. 4) Cost control and construction cost control.
Costumer service center	<ol style="list-style-type: none"> 1) Presale contract signing, collecting and handover, design changing handling. 2) Ownership transferring, client relationship management, aftersales services and after warranty repairment.
Operation profit center	<ol style="list-style-type: none"> 1) Land development evaluation and market trend analysis. 2) Contract signing and payment works of presale project, marketing and planning, and design relevant.
Brand department	<ol style="list-style-type: none"> 1) Digital marketing, media design, project case taking and activities execution. 2) Brand copywriting, public relation and represent the Company as a spokesperson. 3) Official website renew and maintance.
Administration center	<ol style="list-style-type: none"> 1) Planning human resource policy and salary and bonus relevant fairs. 2) Administration and training resource integration. 3) Draft and review contract, assist handling legal issues. 4) System maintenance, purchase information technology equipment and fix assets management.
Finance department	<ol style="list-style-type: none"> 1) Capital management and financing, budget control and review, cashier management. 2) Account book and certificate system, relevant forms and account processing procedure and suggestion. 3) Planning and execution of tax return filling and tax credit of investment relevant fairs. 4) Working procedure of cost accounting, controlling and planning of forms. 5) Handling of Stock Affairs and MOPS reporting.
Construction management center	<ol style="list-style-type: none"> 1) Construction budget document, construction schedule, quality control. 2) Negotiate construction business, construction material reimbursement, and acceptance. 3) Checking SEM and equipment, electrical and mechanical purchasement and construction. 4) Drafting, planning and promote safety and health event. 5) Construction quality control.
Sustainable development promotion Team	<ol style="list-style-type: none"> 1) Establish sustainable development policy, system or management policy. 2) Determine sustainable development promotion plan based on company operation. 3) Ensure the immediacy and correctness of CSR information disclosure.
Honesty operation team	<ol style="list-style-type: none"> 1) Establish anti-corrupted policy to ensure honesty operation based on law. 2) Promote and negotiate honesty policy announcement training. 3) Plan report system to ensure effectiveness of execution.
Governance team	<ol style="list-style-type: none"> 1) Protect shareholders' equity and respect stakeholders' equity. 2) Enhance Board of Directors' function and let audit committee plays their role. 3) Improve transparency of information.

2 Information of Directors, President, Vice President, Vice Managers, heads of departments and branch offices.

2.1 Information of directors

April 21, 2023

Title	Nationality or registration site	Name	Sex Age	Date elected	Term Expires	Date first elected	Shares Held When Elected		Shares Currently Held		Shares Currently Held by Spouse & Minors		Shares Held Under Others' Name		Selected Education, Past Positions & Current Positions	Selected Current Positions at Zongtai Co. Ltd. and Other Companies	Any Other Supervisor, Director, or Supervisor Who is a Spouse or a Relative Within the Second Degree of Kinship of This Person			Remarks
							Shares held	Ratio of Shares held	Shares held	Ratio of Shares held	Shares held	Ratio of Shares held	Shares held	Ratio of Shares held			Title	Name	Relation	
Chairman of the Board	R.O.C	Tso Jung Investment Co., Ltd.	-	July 30, 2021	3 years	May. 20, 2014	26,776,123	12.70%	28,345,123	11.68%	-	-	0	0.00%	-	-	-	-	-	
	R.O.C	Representative : Wei-Ju, Liu	F 51~60	April 20, 2023	3 years	April 20, 2023	13,000	0.01%	13,000	0.01%	0	0.00%	0	0.00%	Overseas Chinese Institute of technology Chairman of Yongfu Real Estate Development Co., Ltd.	Director of Yun-Fu Foundation	None	None	None	Note 1
Vice Chairman of the Board	R.O.C	Shun-Wen,Wu	F 21~30	July 30, 2021	3 years	Jun. 8, 2018	1,911,000	0.91%	2,074,535	0.85%	0	0.00%	469,624	0.19%	University of Sydney School of Economics Manager of Zongtai Real Estate Development Co., Ltd.	Director of Dashun Advertising Co., Ltd. Chairman of Wu Le Kou Investment Co. Ltd. Director of Chungshanchien Investment Co., Ltd Director of Tso Jung Investment Co., Ltd. Supervisor of Yung Fu Real Estate Co., Ltd. Director of Yun-Fu Foundation	Director	Tso-Jung,Wu	Brother	Note 2
Director	R.O.C	Tso-Jung,Wu	M 31~40	July 30, 2021	3 years	Jun. 24, 2015	1,850,000	0.88%	2,066,704	0.85%	0	0.00%	0	0.00%	National Chengchi University Department of Management Information Systems Chairman's Special Assistant of Zongtai Real Estate Development Co., Ltd. General Manager of Yuyin Construction Co., Ltd	Coordinator of the Company Director of Chung Shan Construction Investment Co., Ltd. Director of Tso Jung Investment Co., Ltd. Supervisor of Lan Tu Construction	Director	Shun-Wen,Wu	Sister	
Director	R.O.C	Zong Tai Construction Development Co., Ltd.	-	July 30, 2021	3 years	Jun. 8, 2018	2,165,100	1.03 %	3,346,000	1.38%	-	-	0	0.00%	-	-	-	-	-	
	R.O.C	Representative : Chia-Chi, Kuo	F 51~60	July 30, 2021	3 years	Jun. 24, 2015	0	0.00%	100,542	0.04%	0	0.00%	0	0.00%	National Taiwan University Accounting CPA of Kuo, Chia-Chi Accounting Firm	CPA of Kuo, Chia-Chi Accounting Firm Chairman of Tsunghung Investment Co., Ltd Independent Director of Fumou Taffeta Co., Ltd Independent Director of Fine Blanking & Tool Co., Ltd Supervisor of Huipao Management Consulting Co., Ltd	None	None	None	
	R.O.C	Representative : Cheng Yung, Lin	M 51~60	July 30, 2021	3 years	July 30, 2021	0	0.00%	106,128	0.04%	0	0.00%	0	0.00%	Chiao Tai High School Department of Electronics Journalist of Commercial Times Proprietor Special Assistant of China Times General Manager of Sheng Hua Manpower Resource Co., Ltd	Chairman of Sheng Hua Manpower Resource Co., Ltd Chairman of Sheng Hua Manpower Consulting Co., Ltd Chairman of Chinyucheng Investment Co., Ltd Chairman of Huangyueh Industrial Co., Ltd Director of Shangting Construction Co., Ltd Director of Kaison Green Energy Technology Co., Ltd Director of Hwa Fong Rubber (Thailand) Public Co., Ltd Director of Fuente International Co., Ltd Director of Dinyue Restaurant Co., Ltd Director of Hwan Tai Solar Co., Ltd Supervisor of Full Best Service Co., Ltd Supervisor of Cheng Fang Development Co., Ltd	None	None	None	

Title	Nationality or registration site	Name	Sex Age	Date elected	Term Expires	Date first elected	Shares Held When Elected		Shares Currently Held		Shares Currently Held by Spouse & Minors		Shares Held Under Others' Name		Selected Education, Past Positions & Current Positions	Selected Current Positions at Zongtai Co. Ltd. and Other Companies	Any Other Supervisor, Director, or Supervisor Who is a Spouse or a Relative Within the Second Degree of Kinship of This Person			Remarks
							Shares held	Ratio of Shares held	Shares held	Ratio of Shares held	Shares held	Ratio of Shares held	Shares held	Ratio of Shares held			Title	Name	Relation	
							Independent Director	R.O.C	Yao-Jia, Wen	M 51~60	July 30, 2021	3 years	July 30, 2021	0			0.00%	0	0.00%	
Independent Director	R.O.C	Yong-Jen, Tsao	M 61~70	July 30, 2021	3 years	Jun. 24, 2015	0	0.00%	0	0.00%	8,100	0.00%	0	0.00%	Soochow University Master of Accounting Director of EnWise CPAs & Co. Director of CPA Associations R.O.C. (Taiwan)	Partner of EnWise CPAs& Co. Independent director of Ability opto-Electronics Technology Co., Ltd. Director of Paiho Shih Holdings Co., Ltd Independent director of ALFOT Technologies Co., Ltd. Supervisor of Yung Fa Steel & Iron Ind. Co., Ltd Chairman of Waton Consultant Co., Ltd. Supervisor of Sinwell Tech Co., Ltd Reorganizer of Sheng Hua Technology Co., Ltd	None	None	None	
Independent Director	R.O.C	Ming-Hai, Lee	M 41~50	July 30, 2021	3 years	Jun. 8, 2018	0	0.00%	0	0.00%	0	0.00%	0	0.00%	FCU Master of Law Vice-Chairperson of Ethics Committee of Taiwan Bar Association Advanced Member of Chartered Institute of Arbitrators Arbitrator of Chinese Arbitration Association Counsel of Taichung Architect Association Honorary Director of Leagel Risk Management Society of Taiwan	Lawyer of Harvard Law Firm Professional Specialist, Assistant Professor Level of FCU Counsel of Taichung Association of Interior Design and Decoration Counsel of Taichung Cancer Society Counsel of Nantou County Police Bureau and Fire Bureau Counsel of Shanghai Shung Chao Gung Taiwan B&B Association Counsel of Association	None	None	None	

Note 1: Weng, Yu-Ling was resign in April 20, 2023. Tso Jung Investment Co., Ltd reassigned a representative Liu, Wei-Ju to take office on April 20, 2023, and a new chairman was appointed on the same day.

Note 2: In March 14, 2023 was resign.

2.2 Top 10 Shareholders of Major Corporate Shareholders :

April 21, 2023

Name of Corporate Shareholders	Major Shareholders of Corporate Shareholders
Tso Jung Investment Co., Ltd	His-Kun, Wu (47.2%), Su-Ru, Liu(34.8%), Tso-Jung, Wu (9.0%), Shun-Wen, Wu (9.0%)
Zongtai Construction Development Co., Ltd.	Tso Jung Investment Co., Ltd. (46.0%), His-Kun, Wu (13.2%), Su-Ru, Liu (10.0%), Shun-Wen, Wu (12.0%), Tien-Shan, Wu (4.1%), Hui-Jan, Wu (3.5%), Wen-Yen, Wu (3.0%), Tso-Jung, Wu (5.0%), Mung-Huan, Wu(1.0%), Hao-Chun, Wu(1.0%)

2.3 Names of major shareholders of major owners listed in following Table :

April 21, 2023

Name of corporate shareholder	Corporate shareholder's major owners
Tso Jung Investment Co., Ltd	His-Kun, Wu (47.2%), Su-Ru, Liu (34.8%), Tso-Jung, Wu (9.0%), Shun-Wen, Wu (9.0%)

2.4 Disclosure of Professional Qualifications of Directors and Independence of Independent Directors :

Condition Name	Professional Qualification Requirements & Work Experience	Criteria	Number of public companies also serving as independent directors
Wei-Ju, Liu	Capabilities related to business, finance, operations and construction industry. Experience : Chairman of Yongfu Real Estate Development Co., Ltd. Chairman of Chungshanchien Co., Ltd Director of Zong Tai Construction Development Co., Ltd Director of Blueprint Construction Co., Ltd. Supervisor of Shenglin Real Estate Co.,Ltd. Director of Yun-Fu Foundation Not been a person of any conditions defined in Article 30 of the Company Law.	Not applicable	0
Shun-Wen, Wu	Capabilities related to business, finance, operations and construction industry. Experience : Director of Dashun Co., Ltd. Chairman of Wu Le Kou Investment Co., Ltd. Director of Chungshanchien Investment Co., Ltd Director of Tso Jung Investment Co., Ltd. Supervisor of Yung Fu Real Estate Co., Ltd. Director of Yun-Fu Foundation Not been a person of any conditions defined in Article 30 of the Company Law.	Not applicable	0
Tso-Jung, Wu	Capabilities related to information technology, asset development, financial and risk management. Experience : General Manager of Yuyin Construction Co., Ltd Director of Chungshanchien Investment Co., Ltd. Director of Tso Jung Investment Co., Ltd. Supervisor of Lan Tu Construction. Not been a person of any conditions defined in Article 30 of the Company Law.	Not applicable	0
Chia-Chi, Kuo	Capabilities related to business management, accounting information and financial analysis and obtained an accountant license. Experience : CPA of Kuo, Chia-Chi Accounting Firm Chairman of Tsunghung Investment Co., Ltd Independent Director of Fumou Taffeta Co., Ltd Independent Director of Fine Blanking & Tool Co., Ltd Supervisor of Huipao Management Consulting Co., Ltd Not been a person of any conditions defined in Article 30 of the Company Law.	Not applicable	2

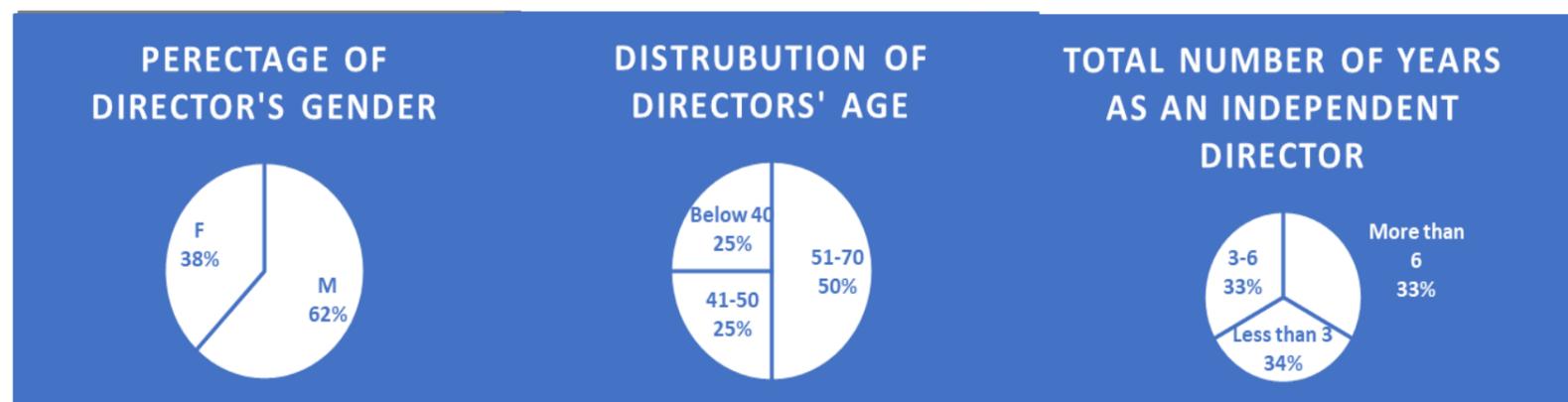
Condition Name	Professional Qualification Requirements & Work Experience	Criteria	Number of public companies also serving as independent directors
Cheng-Yong, Lin	<p>Capabilities related to finance, marketing, business and management. Experience :</p> <p>Chairman of Chinyucheng Investment Co., Ltd Chairman of Sheng Hua Manpower Resource Co., Ltd Chairman of Sheng Hua Manpower Consulting Co., Ltd Chairman of Huangyueh Industrial Co., Ltd Director of Kaison Green Energy Technology Co., Ltd Director of Shangting Construction Co., Ltd Not been a person of any conditions defined in Article 30 of the Company Law.</p>	Not applicable	0
Yong-Jen, Tsao	<p>The convener of Audit Committee and the members of Compensation Committee. Capabilities related to business management, accounting information and financial analysis and obtained an accountant license. Experience :</p> <p>Partner of EnWise CPAs& Co. Chairman of Waton Consultant Co., Ltd. Independent director of Ability opto-Electronics Technology Co., Ltd. Director of Paiho Shih Holdings Co., Ltd Independent director of ALFOT Technologies Co., Ltd. Not been a person of any conditions defined in Article 30 of the Company Law.</p>	<p>The person is an independent director and meets the criteria for independence, including : the person, the person's spouse, and the person's second degree relatives are not directors, supervisors, or employees of the Company or its affiliates; the person do not own any shares of the Company, and the person's spouse owns 8,100 shares of the Company; the person is not a director, supervisor, or employee of a company with which the Company has a specific relationship; and the person has not provided commercial, legal, financial, or accounting services to the Company or its affiliates in the last two years.</p>	2
Ming-Hai, Lee	<p>The convener of the Compensation Committee and the members of Audit Committee. Capabilities related to legal, marketing, management and have an attorney license. Experience :</p> <p>Lawyer of Harvard Law Firm Counsel of Taichung Architect Association Counsel of Taichung Association of Interior Design and Decoration Counsel of Taichung Cancer Society Not been a person of any conditions defined in Article 30 of the Company Law.</p>	<p>The person is an independent director and meets the criteria for independence, including : the person, the person's spouse, and the person's second degree relatives are not directors, supervisors, or employees of the Company or its affiliates; do not own any shares of the Company; the person is not a director, supervisor, or employee of a company with which the Company has a specific relationship; and the person has not provided commercial, legal, financial, or accounting services to the Company or its affiliates in the last two years.</p>	0
Yao-Jia, Wen	<p>Members of Audit and Compensation Committee. Capabilities related to marketing, operational and management. Experience :</p> <p>Chairman of ShinSyin Management Consulting Co., Ltd General Manager of ShinShin Consulting Co., Ltd Chief Executive Officer of Mingchi Hsingyuan Culture & Art Co., Ltd Professional Specialist speaker of National Chung Hsing University Not been a person of any conditions defined in Article 30 of the Company Law.</p>	<p>The person is an independent director and meets the criteria for independence, including : the person, the person's spouse, and the person's second degree relatives are not directors, supervisors, or employees of the Company or its affiliates; do not own any shares of the Company; the person is not a director, supervisor, or employee of a company with which the Company has a specific relationship; and the person has not provided commercial, legal, financial, or accounting services to the Company or its affiliates in the last two years.</p>	0

2.5 Diversity and Independence of Board of Director :

2.5.1 Board of Director Diversity Policy :

The Company established the Corporate Governance Best Practice Principles during the 17th Meeting of the 8th Board of Director on December 30, 2011. In Chapter 3, "Strengthening the Functions of the Board of Directors", the Company has set forth a diversity approach, which requires that the Board of Directors possesses all the required competencies. The composition of the Board of Directors is based on the company's operation model and needs, and the Board of Directors recruits talents with professional knowledge, skills and experience in various industries.

- 1) The 12th Board of Directors consists of 8 directors (including 3 independent directors), all of whom are local nationals with professional backgrounds in business management, finance and accounting, human resources, and law, and 3 of whom are women. The composition of the Board is 37.5% independent directors and 37.5% female directors, and the Company will continue to strive to increase the percentage of female directors to 50%. In the future, the Company will continue to enhance the competency and relevant industry experience of the board members in a timely manner depending on the implementation, operating mode and development needs of the Board.
- 2) The orientation, complementarity and implementation of diversity among directors include and are superior to the standards set forth in Article 20 of the Corporate Governance Best Practice Principles. In the future, the Company will continue to revise our diversity policy in a timely manner, depending on the implementation, operating mode and development needs of the Board, including but not limited to the criteria of basic requirements and values, professional knowledge and skills, etc., to ensure that Board members generally possess the necessary knowledge, skills and education to perform their duties.



12th Board of direct diversification status :

Item of diversification		Basic ability										Proficiency				Industrial experience					
Information	Title	Name	Nationality	Sex	Concurrent employee of the Company	Age				Period of Independent Director			Law	Finance and Accounting	Information Technology	Operating Management	Marketing	Assets Development	Industrial Knowledge	International Market view	Leadership
						Under 40	41~50	51~60	61~70	Under 3 years	3 to 6 years	Above 6 years									
	Chairman	Wei-Ju, Liu	R.O.C	F				✓						✓		✓		✓	✓		✓
	Director	Tso-Jung, Wu	R.O.C	M	✓	✓									✓	✓		✓	✓		
	Director	Shun-Wen, Wu	R.O.C	F		✓								✓		✓	✓	✓	✓	✓	✓
	Director	Chia-Chi, Kuo	R.O.C	F				✓						✓		✓		✓	✓	✓	✓
	Director	Cheng-Yung, Lin	R.O.C	M				✓							✓	✓	✓	✓	✓	✓	✓
	Independent Director	Ming-Hai, Lee	R.O.C	M			✓				✓			✓	✓	✓		✓	✓	✓	✓
	Independent Director	Yong-Jen, Tsao	R.O.C	M					✓			✓		✓	✓	✓	✓	✓	✓	✓	✓
	Independent Director	Yao-Jia, Wen	R.O.C	M				✓		✓				✓	✓			✓			✓

2.5.2 Independence of the Board of Director :

The Company adopts candidate nomination system for the election of directors. The election procedures are publicly announced and in a fair manner; these procedures are also in compliance with the Company's Articles of Incorporation, Rules for the Election of Directors, Corporate Governance Best Practice Principles and Article 14-2 of the Securities and Exchange Act. The current composition of the Board of Directors consists of three independent directors (37.5%), five non-independent directors (62.5%), and directors who are related by consanguinity, such as spouses or second-degree relatives (25%), in accordance with Article 26-3, Paragraph 3 of the Securities and Exchange Act. The Company has no supervisor; hence, the provisions of Article 26-4 of the Securities and Exchange Act are not applicable. In accordance with the Rules Governing Listing of Shares, the Company has obtained a written declaration from each of the independent directors confirming their independence and that of their immediate family members to the Company.

2.6 Background information of the General Manager, Vice General Manager, Senior Manager, and heads of departments and branch offices.

May 9, 2023

Title	Nationality	Name	Sex	On-Board Date	Current shareholdings		Shares held by spouse and underage children		Shares held in the Name of Others		Experience (Education)	Other companies	Managers who are Spouses or Within Two Degrees of Kinship			Remarks
					Shares	Ratio of shareholding	Shares	Ratio of shareholding	Shares	Ratio of shareholding			Title	Name	Relation	
Acting General Manager & Project Manager	R.O.C	Shun-Wen, Wu	F	Jan. 1, 2022	-	-	-	-	-	-	University of Sydney School of Economics Manager of Zongtai Real Estate Development Co., Ltd.	Chairman of Dashun Advertising Co., Ltd. Chairman of Wu Le Kou Investment Co. Ltd. Director of Chungshanchien Investment Co., Ltd Director of Tso Jung Investment Co., Ltd. Supervisor of Yung Fu Real Estate Co., Ltd. Director of Yun-Fu Foundation	None	None	None	Note 1
Customer Service Vice General Manager	R.O.C	Feng-Chiu, Lin	M	May 9, 2023	0	0.00%	0	0.00%	0	0.00%	National Taichung Institute of Technology of National Trade General Manager of Yongfu Real Estate	None	None	None	Note 2	
Sales Vice General Manager	R.O.C	Han-Hsin, Lin	M	May 9, 2023	0	0.00%	0	0.00%	0	0.00%	Tamkang University of International Trade Project manager of Hiyes Advertisting	Chairman of Shangying Marketing communications Responsible person of Yongying Real Estate	None	None	None	Note 2
Project Manager	R.O.C	Yu-Ling, Weng	F	Jan. 1, 2021	-	-	-	-	-	-	National Kaohsiung Normal University, Department of Fine Art Kaohsiung Rapid Transit Corporation, Operation Department	Director of Yun-Fu Foundation	None	None	None	Note 3
Senior Manager	R.O.C	Jui-Hsiang, Lin	M	Feb. 1, 2020	0	0.00%	0	0.00%	0	0.00%	Taichung Municipal Wufeng Agricultural and Industrial High School CEO Special Assistant of Soviet Group (South Africa) Chairman's Special Assistant of Zongtai Real Estate Development Co., Ltd.	Director of Yun-Fu Foundation	None	None	None	Note 4
Senior Manager	R.O.C	Cing-Cyuan, Chen	M	Dec. 1, 2017	114,205	0.05%	0	0.00%	0	0.00%	Shin Min Commercial & Industrial Vocational Senior High School Director of ChungFu Construction Co., Ltd.	None	None	None		
Chief Financial Officer & Chief Corporate Governance Officer	R.O.C	Hui-Wen, Ko	F	Jul. 28, 2015	303,327	0.12%	0	0.00%	0	0.00%	Business Management Master of Feng Chia University Financial Manager of Zongtai Real Estate Development Co., Ltd.	Supervisor of Zongtai Construction Co., Ltd.	None	None	None	
Accounting Manager	R.O.C	Yi-Jing, Fu	F	Jul. 28, 2015	39,000	0.02%	0	0.00%	0	0.00%	National Taichung University of science and Technology, Department of Accounting Accounting of Zongtai Real Estate Development Co., Ltd.	Chairman of Ritai Assets Co., Ltd. Supervisor of Dashun Advertising Co., Ltd.	None	None	None	

Note 1 : Acting general manager on January 1, 2022. Resign on March 14, 2023.

Note 2 : New appointment on May 9, 2023.

Note 3 : Resign on April 20, 2023.

Note 4 : Position adjustment on May 9, 2023.

3 Remuneration paid to directors, supervisors, President and Vice President in the last year

3.1 Remuneration to General Directors and Independent Directors

In NT\$ thousand

Title	Name	Directors' remuneration								The sum of A, B, C and D as a percentage of after-tax profit		Compensation as concurrent company employee								The sum of A, B, C, D, E, F, and G as a percentage of after-tax profit		Remuneration from investees other than subsidiaries, or parent company		
		Remuneration (A)		Pension (B)		Remuneration to Directors (C) (Note 4)		Fees for services rendered (D)				Salaries, bonuses, special allowances etc (E)		Pension (F)		Employee compensation (G) (Note 5)								
		The Company	All companies included in the financial statements	The Company	All companies included in the financial statements	The Company	All companies included in the financial statements	The Company	All companies included in the financial statements	The Company	All companies included in the financial statements	The Company	All companies included in the financial statements	The Company		All companies included in the financial statements		The Company	All companies included in the financial statements					
Director	Tso Jung Investment Co., Ltd.																							
Chairman	Yu-Ling, Weng (Note 1)																							
Vice-Chairman	Shun-Wen, Wu (Note 2)																							
Director	Tso-Jung, Wu	0	0	0	0	13,972	13,972	234	234	0.64%	0.64%	13,674	13,674	0	0	165	0	165	0	1.27%	1.27%	None		
Director	Zongtai Construction Development Co., Ltd.																							
Director	Cheng Yung, Lin (Note 3)																							
Director	Chia-Chi, Kuo (Note 3)																							
Independent Director	Yong-Jen, Tsao																							
Independent Director	Ming-Hai, Lee	0	0	0	0	2,398	2,398	282	282	0.12%	0.12%	0	0	0	0	0	0	0	0	0.12%	0.12%	None		
Independent Director	Yao-Jia, Wen																							
<p>1) Please state the policies, systems, standard and structure of remuneration to independent directors, and the relations between the remuneration and the job responsibility, risk and engagement hours borne by the independent directors :</p> <p>The remuneration to the Company's directors was paid in accordance with the Articles of incorporation, which consists of the fees for services rendered, including reward, compensation and transportation and reference of average level of the industry.</p> <p>2) Remuneration received for services rendered by the directors of the Company in the most recent year (e.g., as consultants rather than employees of the parent company/all companies in the financial statements/re-investment businesses, except those disclosed in the above table : None.</p>																								

Note 1 : Corporate representative of Tso Jung Investment Co., Ltd. Weng, Yu-Ling resigned on April 20, 2023. The corporation reassigns a representative Liu, Wei-Ju to take office.

Note 2 : Resign on March 14, 2023.

Note 3 : Corporate representative of Zongtai Construction Development Co., Ltd.

Note 4 : 2022 remuneration amount for directors approved by board of directors before shareholder's meeting of earning distribution is a estimation on the basis of actual distribution percentage last year.

Note 5 : 2022 remuneration amount for employees approved by board of directors before shareholder's meeting of earning distribution is a estimation on the basis of actual distribution percentage last year.

Directors' Remuneration Brackets Table

Ranges of remuneration paid to the Company's directors	Name of director			
	Sum of the first 4 items (A+B+C+D)		Sum of the first 7 items (A+B+C+D+E+F+G)	
	The Company	All companies included in the financial statements	The Company	All companies included in the financial statements
Less than NT\$1,000,000	Yu-Ling, Weng 、 Shun-Wen, Wu 、 Tso-Jung, Wu 、 Cheng-Yong, Lin 、 Chia-Chi, Kuo 、 Yong-Jen, Tsao 、 Ming-Hai, Lee 、 Yao-Jia, Wen	Yu-Ling, Weng 、 Shun-Wen, Wu 、 Tso-Jung, Wu 、 Cheng-Yong, Lin 、 Chia-Chi, Kuo 、 Yong-Jen, Tsao 、 Ming-Hai, Lee 、 Yao-Jia, Wen	Cheng-Yong, Lin 、 Chia-Chi, Kuo 、 Yong-Jen, Tsao 、 Ming-Hai, Lee 、 Yao-Jia, Wen	Cheng-Yong, Lin 、 Chia-Chi, Kuo 、 Yong-Jen, Tsao 、 Ming-Hai, Lee 、 Yao-Jia, Wen
NT\$1,000,000 (inclusive) ~ NT\$2,000,000 (not inclusive)	Zong Tai Construction Development Co., Ltd	Zong Tai Construction Development Co., Ltd	Zong Tai Construction Development Co., Ltd	Zong Tai Construction Development Co., Ltd
NT\$2,000,000 (inclusive) ~ NT\$3,500,000 (not inclusive)			Tso-Jung, Wu	Tso-Jung, Wu
NT\$3,500,000 (inclusive) ~ NT\$5,000,000 (not inclusive)			Shun-Wen, Wu	Shun-Wen, Wu
NT\$5,000,000 (inclusive) ~ NT\$10,000,000 (not inclusive)			Yu-Ling, Weng	Yu-Ling, Weng
NT\$10,000,000 (inclusive) ~ NT\$15,000,000 (not inclusive)	Tso Jung Investment Co., Ltd	Tso Jung Investment Co., Ltd	Tso Jung Investment Co., Ltd	Tso Jung Investment Co., Ltd
NT\$15,000,000 (inclusive) ~ NT\$30,000,000 (not inclusive)				
NT\$30,000,000 (inclusive) ~ NT\$50,000,000 (not inclusive)				
NT\$50,000,000 (inclusive) ~ NT\$100,000,000 (not inclusive)				
NT\$100,000,000 and above				
Total	10	10	10	10

3.2 Remuneration to General Manager and Vice General Manager

In NT\$ thousand

Title	Name	Salary (A)		Pension (B)		Bonus and Special Allowances, etc. (C)		Employee Compensation (D) (Note 1)				The sum of A, B, C and D as a percentage of after tax profit (%)		Remuneration from investees other than subsidiaries, or parent company
		The Company	All companies included in the financial statements	The Company	All companies included in the financial statements	The Company	All companies included in the financial statements	The Company		All companies included in the financial statements		The Company	All companies included in the financial statements	
								Amount paid in cash	Amount paid in shares	Amount paid in cash	Amount paid in shares			
Acting General Manager	Shun-Wen, Wu (Note 2)	3,126	3,126	44	44	2,651	2,651	27	0	27	0	0.26%	0.26%	None
Vice General Manager	Jui-Hsiang, Lin													

Note 1 : The amount of remuneration for General Manager and Vice General Manager was approved by board of directors before shareholder's meeting of 2022 earning distribution is a estimation on the basis of actual distribution percentage last year.

Note 2 : Acting on January 1, 2022. Resigned on March 14, 2023.

Remuneration brackets table for Managers

Range of remunerations to General Manager and Vice General Manager	Names of General Manager and Vice General Manager	
	The Company	All companies included in the financial statements
Less than NT\$1,000,000		
NT\$1,000,000 (inclusive) ~ NT\$2,000,000 (not inclusive)		
NT\$2,000,000 (inclusive) ~ NT\$3,500,000 (not inclusive)	Shun-Wen, Wu Jui-Hsiang, Lin	Shun-Wen, Wu Jui-Hsiang, Lin
NT\$3,500,000 (inclusive) ~ NT\$5,000,000 (not inclusive)		
NT\$5,000,000 (inclusive) ~ NT\$10,000,000 (not inclusive)		
NT\$10,000,000 (inclusive) ~ NT\$15,000,000 (not inclusive)		
NT\$15,000,000 (inclusive) ~ NT\$30,000,000 (not inclusive)		
NT\$30,000,000 (inclusive) ~ NT\$50,000,000 (not inclusive)		
NT\$50,000,000 (inclusive) ~ NT\$100,000,000(not inclusive)		
NT\$100,000,000 and above		
Total	2	2

3.3 Names of managers distributed to employee compensation and amount distributed

December 31, 2022

	Title	Name	Amount paid in shares	Amount paid in cash (Note 1)	Total	Total as a percentage to after-tax profit(%)
Managers	Acting General Manager & Project Manager	Shun-Wen, Wu (Note 2)	0	425	425	0.02%
	Vice General Manager	Jui-Hsiang, Lin				
	Project Manager	Yu-Ling, Weng				
	Chief Financial Officer	Hui-Wen, Ko				
	Senior Manager	Cing-Cyuan, Chen				
	Accounting Manager	Yi-Jing, Fu				

Note 1 : Calculation of distribution amount approved by board of directors in accordance with percentage of actual distribution amount last year.

Note 2 : Acting General Manager on January 1, 2022. Resigned on March 14, 2023.

3.4 Directors', General Manager's and Vice General Manager's remuneration paid in the last two years as a percentage to after-tax profit of parent company only financial statements, and explanation of remuneration policy, standard and combination, procedure of remuneration establishment, and association with business performance :

Item	2021		2022	
	The Company	All companies included in the financial statements	The Company	All companies included in the financial statements
Director	3.45%	3.45%	1.39%	1.39%
General Manager and Vice General Manager	0.51%	0.51%	0.26%	0.26%

Description for analysis : The decrease in directors' remuneration in 2022 compared to 2021 was due to remuneration are same in 2 years but increase in net income after tax in 2022. The decrease in General Manager and Deputy General Manager in 2022 compared to 2021 was due to increase in net income after tax in 2022.

3.4.1 Policies, standards and combination of remuneration :

The compensation of directors consists mainly of the remuneration of directors, travel expenses and the remuneration for working currently as employees. In accordance with Article 18 of the Company's Articles, the remuneration of directors shall be limited to 2% of the Company's profit for the year, and reasonable compensation shall be paid to directors with reference to their contribution to the Company's performance. Directors' travel expenses are paid based on their attendance at board meetings with reference to industry standards. The remuneration policy for Directors, General Managers and Vice General Managers is based on the level of responsibility for the scope of authority and responsibility of the position within the Company and the level of contribution to the Company's operational objectives. In addition, the Company shall contribute 0.1% to 5% of the annual profit as employee compensation in accordance with Article 18 of the Company's Articles.

The Company has also established the "Regulations Governing the Board of Directors' Performance Evaluation" to regularly evaluate the operational efficiency of the directors, which includes internal self-evaluation by the board of directors and self-evaluation by the

board members. The managerial officers will be evaluated for their target achievement rate on a quarterly basis, including project development, product planning, sales progress, revenue management and other key performance targets, which will be used as the basis for salary adjustment and compensation payment.

The compensation package is determined by the Compensation Committee Chapter, which includes cash remuneration, stock options, stock dividends, retirement benefits or severance pay, allowances and other tangible incentives.

3.4.2 Procedure for establishing remuneration :

The Company's procedures for establishing compensation are based on the "Compensation Plan for Directors, Functional Committee Members and Managerial Officers", which includes the ability to manage operations (participation in sustainable management and implementation of brand values), financial performance indicators (revenue and profit, achievement of budget targets, growth and market share), and compliance with laws and regulations, etc., and then calculates the percentage of their compensation and gives them reasonable compensation after comprehensive consideration. The reasonableness of the remuneration is reviewed by the Compensation Committee and the Board of Directors, and the remuneration system is reviewed from time to time in accordance with the actual operating conditions and relevant laws and regulations, in order to strike a balance between sustainable management and risk control of the Company.

3.4.3 Relation of operating performance and future risks :

The Company's compensation policy is based on the overall consideration of the Company's operation, and the payment standards are approved according to the performance achievement rate and contribution, in order to enhance the overall operational efficiency of the Board of Directors and the Management Department. In addition, the Company makes reference to the compensation standards of the industry to ensure that our management's compensation is competitive in the industry in order to retain outstanding management personnel.

The compensation paid to the managerial officers of the Company and its subsidiaries includes stock options, which are not fully paid in the year of earnings, and their actual value is related to the future stock price, i.e., they share the future operating risks with the Company.

4 Corporate governance Report

4.1 Functionality of Board of Directors

4.1.1 A total of 8 meetings (A) were held in the last year; below are the attendance records :

Title	Name	Attendance in Person (B)	Attendance by proxy	Rate of attendance in person (%) 【B/A】	Remarks
Chairman	Tso Jung Investment Co., Ltd.	8	0	100.00%	
	Representative : Yu-Ling, Weng				
Director	Tso-Jung, Wu	8	0	100.00%	
Director	Shun-Wen, Wu	8	0	100.00%	
Director	Zong Tai Construction Development Co., Ltd.	8	0	100.00%	
	Representative : Chia-Chi, Kuo				
Director	Zong Tai Construction Development Co., Ltd.	7	1	87.5%	
	Representative : Cheng Yung, Lin				
Independent Director	Yong-Jen, Tsao	8	0	100.00%	
Independent Director	Ming-Hai, Lee	8	0	100.00%	
Independent Director	Yao-Jia, Wen	7	0	87.50%	Leave 1 time

Independent directors attended at directors' meeting in 2022.

◎ : Attendance by proxy ✓ : Attendance in person X : Leave

Title	Name	No.1 2/25	No.2 3/15	No.3 4/26	No.4 5/10	No.5 6/8	No.6 (Extraordinary) 6/22	No.7 8/9	No.8 11/9
Independent Director	Yong-Jen, Tsao	✓	✓	✓	✓	✓	✓	✓	✓
Independent Director	Ming-Hai, Lee	✓	✓	✓	✓	✓	✓	✓	✓
Independent Director	Yao-Jia, Wen	✓	✓	✓	✓	✓	X	✓	✓

4.1.2 For Board of Directors' meetings that meet any of the following descriptions, state the date, session, the discussed agenda, independent directors' opinions and how the Company has responded to such opinions :

1) Conditions described in Article 14-3 of the Securities and Exchange Act :

Board of directors meeting session	Subject Matter	All independent directors' opinion	Measurement on independent directors' opinion
6 th meeting of 12 th Board of Directors 2022/03/15	<ul style="list-style-type: none"> ● Issued "Internal control system statement" ● Accountant fee discussion and accountant independency and competency evaluation ● Donate "Yun Fu education foundation" ● Amendment to Articles of Incorporation ● Amendment to Procedure of Acquisition or Disposal of Assets ● Amendment of "Corporate governance practice principal" ● Amendment of "CSR practice principal" ● Establishment of the "Rules Governing the Preparation and Filing of CSR Reports". ● Hold the issuance of new stock for cash increase in 2022 ● The housing lease agreement signed between the Company and Zongtai Construction Co., Ltd. ● Amendment of "Shareholders meeting management rule" 	No objection and qualified opinion	No, all attended directors pass with no objection
10 th meeting of 12 th Board of Directors 2022/08/09	<ul style="list-style-type: none"> ● Review the proposal for the distribution of directors' remuneration for 2021 ● The housing lease agreement was adjusted between the Company and Zongtai Construction Co., Ltd. 	No objection and qualified opinion	No, all attended directors pass with no objection
11 th meeting of 12 th Board of Directors 2022/11/09	<ul style="list-style-type: none"> ● Proposal for passing 2023 audit planning ● Amendment to Internal Control System ● Amendment of "Internal significant information and insider transaction management procedure". 	No objection and qualified opinion	No, all attended directors pass with no objection

2) Except the aforementioned items, other items objected by independent directors or qualified opinion with record or written statement : None.

4.1.3 Execution of "Conflict of interest" for directors should disclose name of directors, matter discussed, reason for interest avoidance and outcome :

Item	Date	Name of Director	Matters Discussed	Reason for Interest Avoidance	Outcome
1	2022/03/15	Yu-Ling, Weng Shun-Wen, Wu Tso-Jung, Wu Chia-Chi, Kuo Cheng Yung, Lin	Donate “Yun Fu education foundation”	Foundation Chairman Wu, His-Kun is a First degree relative of directors of the Company Wu, Tso-Jung and Wu, Shun-Wen; Director Kuo, Jia-Chi and Cheng Yung, Lin are the corporate representative of Zongtai Construction Co., Ltd. ; Directors Weng, Yu-Ling is directors of the foundation.	Required to abstain and not joining discussion and voting.
2	2022/08/09	All directors	Review 2021 director personal remuneration appropriation	The case is a resolution of oneself remuneration appropriation	Required to abstain and not joining discussion and voting

4.1.4 Listed company of the Board’s itself (or peer) evaluation cycle and period, evaluation scope, method and evaluation content, is specified in the following Table :

Evaluation cycle	Evaluation period	Scope of evaluation	Method of evaluation	Contents of evaluation
Once per year.	From January 1, 2022 to December 31, 2022.	Board of Directors, individual Board members and functional committees	<ol style="list-style-type: none"> 1) Board of Directors’ Internal performance self-assessment. 2) Board members’ self-assessment. 3) Functional committee member’ performance self-assessment. 	<p>The Board of Directors are assessed on the following five aspects :</p> <ol style="list-style-type: none"> 1) Involvement in the Company’s operation 2) Enhancement of the quality of the board’s decision-making 3) Makeup and structure of the board of director 4) Election of board members and continuing knowledge development 5) Internal controls <p>The individual directors are assessed on the following six aspects :</p> <ol style="list-style-type: none"> 1) Understanding of the Company’s goals and mission 2) Awareness of director’s duties 3) Involvement in the Company’s operations 4) Internal relationship and communication 5) Director’s professionalism and continuing knowledge development 6) Internal controls <p>The Functional Committee is assessed on the following five aspects :</p> <ol style="list-style-type: none"> 1) Involvement in the Company’s operation 2) Awareness of the functional committee’s duties 3) Enhancement of the quality of the functional committee’s decision-making 4) Makeup of the functional committee and election of its members 5) Internal controls

Self-assessments of Board performance in 2022 and reported the results to the Board of Directors on March 14, 2023, for review and improvement. The weighted average score for the overall performance of the board of directors is 4.89 out of 5, The weighted average score for the overall member of board of directors is 4.87 out of 5. The weighted average score for the performance of the functional committees is 4.9 out of 5. As demonstrated, the weighted average scores are between Good (Agree) to Excellent (Extremely agree), which means that the current system of each Functional Committee is complete and operates well, and the directors serving as members of the Committee can fully exert their expertise.

4.1.5 Board of directors' function enhancement target and execution evaluation of the year and last year :

1) Continuity enhance the structure of board of directors

In order to complete corporate governance and enhance functions, the Company nominates and elect directors on the basis of diversification. Three out of eight directors are female (37.5%), and the directors possess professional knowledges and skills for execution, their backgrounds included industry, finance & accounting, law and human management, etc. In the future, we will increase female directors to 50% for target.

2) Fulfill Board of Directors' function

The Company establishes "Board of directors performance evaluation method", the performance of board of directors is reviewed at least once a year.

4.2 Audit Committee's operating status

4.2.1 A total of 4 meetings (A) were held in the last year. Independent Directors' attendance records are summarized below :

Title	Name	Attendance in Person(B)	Attendance by proxy	Rate of attendance in person(%) 【B/A】	Remarks
Independent director (Convener)	Yong-Jen, Tsao	4	0	100%	
Independent director (Member)	Ming-Hai, Lee	4	0	100%	
Independent director (Member)	Yao-Jia, Wen	4	0	100%	

4.2.2 For Audit Committee meetings that meet any of the following descriptions, details such as the date and session of Audit Committee meeting held, the discussed agenda, content of independent directors objecting to or expressing reservations or making significant recommendations and how the Company has responded to Audit Committee's opinions are disclosed in the following table :

1) Conditions described in Article 14-5 of the Securities and Exchange Act :

Audit Committee meeting session (the nth board - yth meeting)	Agenda and subsequent actions	Resolution by the Audit Committee	Measurement on audit committee's opinion by the Company
4 th meeting of 2 th Board of Directors 2022/03/15	<ul style="list-style-type: none"> ●Acknowledging the 2021 Business Report and Financial Statements ●Issued "Internal control system statement" ●Accountant fee discussion and accountant independency and competency evaluation ●Donate "Yun Fu education foundation" ●Amendment to Articles of Incorporation ●Amendment to Procedure of Acquisition or Disposal of Assets ●Amendment of "Corporate governance practice principal" ●Amendment of "CSR practice principal" ●Establishment of the "Rules Governing the Preparation and Filing of CSR Reports" ●Hold the issuance of new stock for cash increase in 2022 ●The housing lease agreement signed between the Company and Zongtai Construction Co., Ltd. ●Amendment of "Shareholders meeting management rule" 	Passed by all present members with no objection	No, all attended directors pass with no objection
6 th meeting of 2 th Board of Directors 2022/08/09	<ul style="list-style-type: none"> ●The housing lease agreement was adjusted between the Company and Zongtai Construction Co., Ltd. 	Passed by all present members with no objection	No, all attended directors pass with no objection
7 th meeting of 2 th Board of Directors 2022/11/09	<ul style="list-style-type: none"> ●Proposal for passing 2023 audit planning ●Amendment to Internal Control System ●Amendment of "Internal significant information and insider transaction management procedure" 	Passed by all present members with no objection	No, all attended directors pass with no objection

2) Content of independent directors objecting to or expressing reservations or making significant recommendations : None.

3) Except the article 14-5 of Securities and Exchange Act above mentioned, items that the Audit Committee does not approve but the Board of Directors approves the matter with the votes of at least two-thirds of all of the Directors : None.

4.2.3 Execution status of independent directors abstain him the proposal that has oneself interest, should record name of director, details of the meeting agenda, reason for interest avoidance and status of participating in voting : None.

4.2.4 Audit committee's authority and key emphasis in work of the year :

1) To audit the annual financial reports :

The Board of Directors has prepared this Company's 2021 business report, financial statements and the earnings distribution plan, among which the financial statements have been audited by Deloitte & Touche and issued the audit report. The above statements and reports have been examined by the Audit Committee and no irregularities were found.

2) To provide for or amend the Company's internal control policy.

3) To conduct assessment on the effectiveness of the Company's internal control policy.

4) To provide for or amend matters of asset transactions, derivatives trading, loan to other people, provide endorsement or guarantee of a material nature.

5) To audit matters in which a director is an interested party.

6) To audit matters of asset transactions or derivatives trading of a material nature.

7) To audit matters of loans of funds, endorsements, or provision of guarantees.

8) To audit the offering or private placement of equity-type securities.

9) To audit matters of hiring or dismissal of an CPA and their remuneration :

To ensure the independency of accounting firm, audit committee establishes independency evaluation table based on Article 47 of Certified Public Accountant Act and No.10 of Code of Professional Ethics "Integrity, Objectivity and Independence" to evaluate accountant independency, professionalism and competency.

10) To audit matters of appointment or discharge of a financial, accounting, or internal audit officer.

4.2.5 Communication between Independent Directors and internal/external auditors :

1) Independent director and internal audit manager and auditor should at least hold periodic meeting once a year, account reports the Company's financial status, subordinate's financial operation status and internal examination to board of directors, and communicates on financial report, auditor report or any impact on accounting due to changes of law.

2) Account examines the Company's financial statement and issues auditor's report to independent directors.

3) Communications between internal audit manager and audit committee :

A. The monthly audit report completed in accordance with the audit plan will be delivered to independent directors for review by the end of the following month via email.

B. Internal audit manager communicates with audit committee members quarterly on the results of the audit report.

C. Report significant event to audit committee. There's no significant event in 2022.

4) Communication between Independent Directors and CPAs :

A. The Company's account explained and fully communicated opinions in the audit committee in accordance with the communication matters required by relevant laws.

B. Audit committee could communicate with independent auditors via email, telephone, or in person on current financial statement audition and conclusion.

C. If there are significant opinion exchange matters, we could arrange meetings depends on situation. There's no above situation in 2022.

5) Summary of communication between independent directors and audit managers :

Date	Key Point	Result
2022/03/15 Audit Committee	1) From November, 2021 to February, 2022, 13 audit items were completed on the basis of audition plan in 2021 and 2022. 2) 2021 internal control system effectiveness assessment.	No objection Fully discussed, and audit committee passed the design and execution of 2021 internal control system are effective.
2022/05/10 Audit Committee	From March to April, 2022, 7 audit items were completed on the basis of audition plan for the year.	No objection
2022/08/09 Audit Committee	From May to July, 2022, 10 audit items were completed on the basis of audition plan for the year.	No objection
2022/11/09 Audit Committee	1) From August to October, 2022, 12 audit items were completed on the basis of audition plan for the year. 2) Report 2023 internal audit plan.	No objection Fully discussed, audit committee passed “2023 Internal audit plan” and submitted to the board of directors for determination.

6) Summary of communication between independent directors, audit managers and CPAs :

Date	Key Point
A.M 10 : 15 2022/03/15 (Audit Committee pre-meeting)	1) Attendance : Independent Director : Yong-Jen, Tsao ; Ming-Hai, Lee ; Yao-Jia, Wen Auditing Manager : Ai-Chen, Huang Deloitte & Touche : Shu-Chin, Chiang Auditor ; Ruei-Long, Syu Senior Manager 2) Items of discussion : A. Key audit matters Explanation : Account explained the key audit matters about revenue recognition and inventory impairment assessment in 2021. Conclusion : Independent directors had no objection. B. Financial report discussion Explanation : Account explained audit opinion and content in 2021 financial report, and gave an analytical explanation on comparison of significant items. Also, provide a comparison of significant financial ratios in the same industry. Conclusion : Independent directors had no objection.

	<p>C. Corporate governance and finance and accounting interpretation updates Explanation :</p> <ul style="list-style-type: none"> a. The auditors of public companies should be full-time, so the auditors of the subsidiaries shall not be concurrently held by the auditors of the parent company. b. If the public company’s demand is not classified to the domestic public company, the transaction amount between the public company and related parties reaches more than 10% of the total assets of the public company, it should be submitted to the Shareholders' Meeting for approval before signing a transaction contract and paying the payment to protect the rights and interests of shareholders. c. The Corporate Governance 3.0 Sustainable Development Blueprint, the establishment of the guidelines for disclosure of ESG information; and specifying that the company should continue to clarify information such as cyber security policy, concrete management projects, and the resource put into cyber security management. d. Directors are prohibited from trading its shares during the closed period of 30 days prior to the publication of the annual financial reports and 15 days prior to the publication of the quarterly financial reports. e. Annual Meeting of Shareholders shall specify the method of convening the shareholders' meeting. <p>Conclusion : Independent directors had no objection.</p>
<p>A.M 10 : 50 2022/11/09 (After Audit Committee meeting)</p>	<p>1) Attendance : Independent Director : Yong-Jen, Tsao ; Ming-Hai, Lee ; Yao-Jia, Wen Auditing Manager : Ai-Chen, Huang Deloitte & Touche : Shu-Chin, Chiang Auditor ; Rwei-Long, Syu Senior Manager</p> <p>2) Items of discussion : A. Identify significant risks and key audit matters Explanation : Account explained the key audit matters about significant risks_revenue recognition and inventory impairment assessment in 2022. Conclusion : Independent directors had no objection.</p> <p>B. Audit Quality Indicator (AQI) Report Explanation : The FSC released the “AQIs Disclosure Framework”, which provides a comprehensive and comparable set of quantitative audit quality indicators. The AQIs have 13 indicators, which cover five scopes – profession, independence, quality control, monitor and creativity. They serve as a useful toolkit to assist companies and audit committees (ACs) in assessing the quality of audit firms and auditors more effectively and objectively. Conclusion : Independent directors had no objection.</p>

4.3 Taiwan Corporate Governance Implementation as Required by the Taiwan Financial Supervisory Commission

Assessment Item	Implementation Status			Non-implementation and its Reason(s)
	Yes	No	Explanation	
1) Does Company follow “Taiwan Corporate Governance Implementation” to establish and disclose its corporate governance practices?	✓		The Company has passed “Corporate governance practice rule” on December 30, 2011 through the 17 th meeting of 8 th board of directors and implement, the rule has been amended for 7 times after establishment. The last amendment was in the 12 th meeting of 12 th board of directors on March 14, 2023. The rule is disclosed on MOPS website and “Governance area” on the official website.	No major difference.
2) Shareholding Structure & Shareholders’ Rights				No major difference.
A. Does Company have Internal Operation Procedures for handling shareholders’ suggestions, concerns, disputes and litigation matters. If yes, has these procedures been implemented accordingly?	✓		A. The Company assigns spokesperson and stock affair specialist to deal with shareholders’ suggestion or dispute, etc., we also place a mailbox for reporting in the “Stakeholders are” on the official website : service@zongtai.com.tw The Shareholder Complaint Procedure shall be implemented in accordance with “Measures for the Report on Illegal, Immoral and Dishonest Acts”.	
B. Does Company possess a list of major shareholders and beneficial owners of these major shareholders?	✓		B. The Company possess a list of major shareholders and beneficial owners of these major shareholders, and reports shareholding changes of directors, managers and major shareholders holds over 10% of total shares ton MOPS website pursuant to Article 25 of Securities and Exchange Act.	
C. Has the Company built and executed a risk management system and “firewall” between the Company and its affiliates?	✓		C. The Company and its association operate independently and establish relevant method like “Subordinate management method” to regulate important financial dealings and event that should be supervised.	
D. Has the Company established internal rules prohibiting insider trading on undisclosed information?	✓		D. The Company establishes “Internal significant information and insider transaction management procedure” to stipulate the limitation of internal person security transaction. The Company also announces confidentiality and shall not use unpublic information on insider transaction.	

Assessment Item	Implementation Status			Non-implementation and its Reason(s)
	Yes	No	Explanation	
<p>3) Composition and Responsibilities of the Board of Directors</p> <p>A. Have a diversity policy and specific management objectives been adopted for the board and have they been fully implemented?</p> <p>B. Other than the Compensation Committee and the Audit Committee which are required by law, does the Company plan to set up other Board committees?</p> <p>C. Has the Company established methodology for evaluating the performance of its Board of Directors, on an annual basis, reported the results of performance to the Board of Directors, and use the results as reference for directors' remuneration and renewal?</p> <p>D. Does the Company regularly evaluate its external auditors' independence?</p>	<p>✓</p> <p>✓</p> <p>✓</p> <p>✓</p>	<p>✓</p>	<p>A. "Corporate Governance Practice Rule" of Chapter 3. "Enforce Board of Directors Function" draws up diversification policy, it requires the whole board of directors to have corresponding ability. The members of board of directors are composed of talent with professional knowledge, skills and cross industry experience in accordance with the Company's business model and needs. Board of directors discloses members diversification policy on official website and MOPS website.</p> <p>B. Remuneration committee and audit committee are composed by three independent directors. Except the above committee, the Company has not established other functional committees.</p> <p>C. The Company passed "Board of directors performance evaluation method" in the 12th meeting of 11th board of directors on March 25, 2020, the performance of board of directors shall be assess at least once a year and shall be completed before Q1 next year. The Company completed self assessment of board of directors, individual director and functional committee in March, 2023, the weighted average scores are between Good (Agree) to Excellent (Extremely agree). The results of assessment were reported to board of directors meeting on March 14, 2023, the results of assessment will be taken as reference f director election or nomination.</p> <p>D. In accordance with Article 29 of "Corporate governance rule", the Company assesses accountant independency and competency every year, which was passed for discussion on the auditor committee and board of directors meeting in 2022, the accountant should provide "Independency Statement" in 2022, the rotation of auditors should also follow the relevant rule. About CPA Independency Table please refers to Note 1. The assessment of accountant independency and competency has been assessed with reference to the audit quality indicators (AQIs) in 2023.</p>	<p>No major difference.</p>

Assessment Item	Implementation Status			Non-implementation and its Reason(s)
	Yes	No	Explanation	
4) Does the Company appoint competent and appropriate corporate governance personnel and corporate governance officer to be in charge of corporate governance affairs (including but not limited to furnishing information required for business execution by directors, assisting directors' compliance of law, handling matters related to board meetings and shareholders' meetings according to law, and recording minutes of board meetings and shareholders' meetings)?	✓		<p>The Company establishes financial department to handle corporate governance relevant affairs, and appointed the manager of the department, who had work experience of supervisor in finance and stock affairs in TWSE/TPEX-listed financial holding company over 3 years, as corporate governance manager by the Board of Directors approved on March 24, 2021. The manager responsible for supervision, the duty includes providing directors/supervisors with the information needed to perform their duties, helping directors/supervisors with compliance and continuing education, organization of the Board of Directors meetings and shareholders' meetings, and preparation of board meeting and shareholders' meeting minutes.</p> <p>Key point of business in 2022 :</p> <p>A. Arrange board of director meeting and notify all directors 7 days before the meeting, organize meeting and provide information for meeting, it shall be reminded in advance if the meeting has interest avoidance matters, and provide meeting minute in 20 days after the meeting.</p> <p>B. Handle shareholders meeting pre-registration, produce meeting announcement, handbook of meeting, meeting minutes within the statutory limitation. Amendment of articles and director re-election shall amend the corporate registration.</p> <p>C. Implement corporate governance, complete assessment of annual board of directors and individual director in accordance to "Board of directors performance evaluation method".</p> <p>D. Complete self assessment of annual governance assessment.</p> <p>E. Provide directors information needed to perform their duties and arrange continuing education for directors.</p> <p>Our Chief Corporate Governance Officer had participated 23 hours of advanced courses in 2022.</p>	No major difference.
5) Has the Company established a means of communicating with its Stakeholders (including but not limited to shareholders, employees, customers, suppliers, etc.) or created a Stakeholders Section on its	✓		<p>The Company has acting spokesperson in place to convey messages to the public and established a "CSR-Stakeholders Engagement" section on its website to respond to stakeholders' concerned issues. The Company has communication channels set up exclusively for the different types of stakeholders. Contact methods for specific personnel have been disclosed to facilitate timely reply to stakeholders' demands and queries, and</p>	No major difference.

Assessment Item	Implementation Status			Non-implementation and its Reason(s)
	Yes	No	Explanation	
Company website? Does the Company respond to stakeholders' questions on corporate responsibilities?			could also search information about finance, business and corporate governance.	
6) Has the Company appointed a professional registrar for its Shareholders' Meetings?	✓		We have appointed Uni-President as registrar for our Shareholders' Meetings.	No major difference.
7) Information Disclosure A. Has the Company established a corporate website to disclose information regarding its financials, business and corporate governance status? B. Does the Company use other information disclosure channels (e.g. maintaining an English-language website, designating staff to handle information collection and disclosure, appointing spokespersons, webcasting investors conference etc.)? C. Does the Company announce and report the annual financial statements within two months after the end of the fiscal year, and announce and report the first, second, and third quarter financial statements as well as the operating status of each month before the prescribed deadline?	✓ ✓		A. The Company discloses its financials business and corporate governance status on its website and could also search the Company's information at MOPS website. B. The Company has designated appropriate employees to handle the collection and disclosure of information on MOPS website and the Company's website as required by the relevant laws and regulations of Taiwan and other jurisdictions. The Company has also designated spokespersons as required by relevant regulations, and institutional investor conference information is also uploaded to official website. About corporate governance information disclosure, the Company uploads material information, financial status, calling of shareholders meeting, dividend appropriation, internal audit organization and its operation, company article, etc. to the official website for investors. C. Quarterly reports and annual reports are presented earlier than the deadline at the board of directors meeting, operating performance statuses are also presented earlier than the deadline.	No major difference.

Assessment Item	Implementation Status			Non-implementation and its Reason(s)
	Yes	No	Explanation	
8) Has the Company disclosed other information to facilitate a better understanding of its corporate governance practices (e.g. including but not limited to employee rights, employee wellness, investor relations, supplier relations, rights of stakeholders, directors' training records, the implementation of risk management policies and risk evaluation measures, the implementation of customer relations policies, and purchasing insurance for directors)?	✓		<p>A. Employee rights : The Company establishes "Rule of Work", the rule includes employee rights and obligation, worker's compensation, labor safety regulation, retire and insurance system, etc., the Company also routinely holds employee health examination, we focus on protecting employee's rights and establishing basis of trust.</p> <p>B. Employee care : The Company establishes employee welfare committee to provide welfare and subsidy, and plan leisure activities (such as badminton club, camping club) for employees enriching lives and get close to nature, fully take care of employees and protect their lives.</p> <p>C. Investor relations : The Company appoints employees specific for investor relations business, the employee in charge of handling investors' suggestion, communication and relation maintenance, etc. In order to improve transparency and symmetry of information disclosure, except disclosing information of financial business and corporate governance on MOPS website and official website, also answers shareholders' questions and responds to shareholder's suggestion.</p> <p>D. Supplier relation, stakeholder's right : Handle on the basis of the Company's regulations and implementing accordance with the contract to protect the right of both sides.</p> <p>E. Directors implement continuing education status : The Company's directors have relevant professional knowledge and industrial backgrounds. Directors are encouraged to implement continuing education pursuant to law and "Directions for the Implementation of Continuing Education for Directors and Supervisors". About the implementation, please refers to MOPS\ Corporate governance\ Information of directors and supervisors attend board of directors meeting and implementation of continuing education.</p>	No major difference.

Assessment Item	Implementation Status			Non-implementation and its Reason(s)
	Yes	No	Explanation	
			<p>F. Risk management policy and risk measurement standard execution status : Establish internal regulation by law to conduct risk assessment and management. The Company stipulates in “Board of directors meeting management” the all directors shall obey interest avoidance principal, directors as stakeholders of the matters shall avoid discussion and voting; In addition, any matters discussed in board of directors meeting would fully consider the opinion from three independent directors to effectively protect the benefit of the Company. Major policy, investment, capital loan, loan bank etc. all analytics by duty department and executed by the Board of Director. Audit department according to result draw up an audit plan and execute. To implement supervise system and each risk management.</p> <p>G. Client policy execution status : The Company strives on improving quality and professional skills for offering the best services and products to customers.</p> <p>H. The Company purchases third-party insurance status : The Company has insured third-party insurance for directors and reported to 11th meeting of 12th board of directors on November 9, 2022.</p>	
<p>9) The improvement status for the result of Corporate Governance Evaluation announced by Taiwan Stock Exchange.</p> <p>A. In 2022, in accordance with the 8th Corporate Governance evaluation report, the improvements are as follows :</p> <ol style="list-style-type: none"> a. Simultaneous release of material information in English. b. Disclosure of specific dividend policy in the annual report. c. Disclose the specific management objectives and the implementation of diversity policy on the official website and annual report. d. Disclosure of the association between performance evaluation and remuneration of directors and managerial officers. e. Voluntary disclosure of individual remuneration of the General Manager and Vice General Manager in the annual report. <p>B. In 2022, in accordance with the 9th corporate governance evaluation, item or measures are required but has not been improved :</p> <ol style="list-style-type: none"> a. Publish and upload the ESG report on the Market Observation Post System (MOPS) and official website before the end of September. b. Disclose the annual greenhouse gas emissions, water consumption and total weight of waste over the past two years. c. According to the Framework of the Task Force on Climate-Related Financial Disclosures (TCFD) for disclosing information on corporate governance, strategies, risk management, metrics, and targets for climate-related risks and opportunities. 				

Note 1 : CPA Independence Evaluation Table

Items of Evaluation	Conclusion	Explanation
1) Not an employee of the Company or an affiliate.	✓	Auditor be evaluated has no such status.
2) Not a director, supervisor of the Company or associate (but not limited to independent director of subsidiary directly or indirectly holds over 50% of voting shares)	✓	Auditor be evaluated has no such status
3) Does not hold more than 1% of the Company's outstanding shares in their own names or under the name of a spouse, underage children, or proxy shareholder; nor is a top-10 natural-person shareholder of the Company.	✓	Auditor be evaluated has no such status
4) Not a spouse, relative within 2nd degree of kinship, or lineal relative by blood within 3rd degree of kinship or closer to the managers described in Item (1) or persons described in the Item (2) and Item (3).	✓	Auditor be evaluated has no such status
5) Not a Director, Supervisor, or employee of any corporate shareholder that has 5% or higher of the total shares issued by the Company, or a Director, Supervisor, or employee of top-5 corporate shareholders of the Company.	✓	Auditor be evaluated has no such status
6) Not a director, supervisor, manager or shareholder hold over 5% of total shares of company or institution has a financial or business relationship with the company.	✓	Auditor be evaluated has no such status
7) Not a spouse, relative within 2nd degree of kinship of kinship or closer to other directors.	✓	Auditor be evaluated has no such status
8) Does not meet any descriptions stated in Article 30 of the Company Act.	✓	Auditor be evaluated has no such status
9) Not a corporate or government shareholder who appoint their representatives to serve as the Director in the Company in accordance with Article 27 of the Company Act.	✓	Auditor be evaluated has no such status
10) Appointed account to certify financial report status in the past 7 years, there's no event that the company engages the same CPA without replacement for 7 years consecutively.	✓	Auditor be evaluated has no such status
11) Whether receive "Independent Statement" issued by appointed accountant.	✓	Already acquired
Conclusion : Through evaluation, appointed auditor has no above independency evaluation event, it is confirmed that the appointed audit is independent, the financial report issue d by the auditor is trustable.		

4.4 If the Company establishes remuneration committee, should disclose its composition, authority and operation status :

The Board of directors established remuneration committee by law on September 26, 2011, and passed remuneration committee organization rule as a base of implementing authority. Remuneration committee is responsible for setting and regularly reviewing the company's directors and managers' annual and long-term KPI and remuneration policies, systems, standards and structures, and regularly assessing the achievement of the company's directors and managers' KPI and making the content and amount of individual salary. The information about the members of the remuneration committee and the operation of the remuneration committee are as follows :

4.4.1 Members of remuneration committee information

Identity	Condition	Professional and work experience	Independence Status	Number of other public companies at which the person concurrently serves as remuneration committee member
	Name			
Independent Director (Convener)	Ming-Hai, Lee	Note	Note	0
Independent Director	Yong-Jen, Tsao	Note	Note	2
Independent Director	Yao-Jia, Wen	Note	Note	0

Note : Please read Disclosure of Professional Qualifications of Directors and Independence of Independent Directors on pp.16-17.

4.4.2 Remuneration Committee operating status :

- 1) The Company's remuneration committee has three members. Remuneration committee fulfill the following duties as prudent administrator, and submit the suggestions to board of directors for discussion :
 - A. Routinely reviews the regulation and make suggestion for amendment, the recent amendment is on January 26, 2021.
 - B. Establish and regularly review evaluation standard of directors' and managers' performance, annual and long-term KPI, and the policy, system, standard and structure of remuneration.
 - C. Periodically evaluate the Company and manager's achievement of KPI and establish the content and amount of each remuneration.

2) Remuneration Committee's term of service :

2021.08.11~2024.07.29; A total of 2 meetings(A) were held in

2022, members' attendance records are summarized below :

Title	Name	Attendance in person (B)	Attendance by proxy	Actual attendance rate (%) 【B/A】	Remarks
Convener	Ming-Hai, Lee	2	0	100%	
Member	Yong-Jen, Tsao	2	0	100%	
Member	Yao-Jia, Wen	2	0	100%	

3) 2022 Remuneration Committee discussion and determination :

Period of Remuneration Committee	Proposal	Measurement on remuneration committee's opinion
2 th discussion of 5 th 2022/03/15	A. Deliberate 2021 remunerate appropriation for director. B. Ratify 2021 manager bonus.	Passed by all present directors with no objection
3 th discussion of 5 th 2022/08/09	Deliberate appropriation of 2021 personal remuneration for director.	Passed by all present directors with no objection

4) If the board of directors does not adopt or amend the recommendations of the Compensation Committee, it shall state the date, period, content of the proposal, resolutions of the board of directors meeting, and the company's handling of the opinions of the compensation committee (if the compensation approved by the board of directors is better than the recommendation of the compensation committee, shall state the difference and the reason) : None.

5) If remuneration committee members have objections or reservations and have records or written statements to the resolutions, shall state the date, period, proposal content, all members' opinions and the measurement of members' opinions : None.

4.5 Promotion of Sustainable Development – Implementation Status and Deviations from the Sustainable Development Best Practice

Principles for TWSE/TPEX Listed Companies and the Reasons :

Item	Implementation status			Deviations from the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies and the Reasons
	Yes	No	Summary description	
1) Has the Company established a governance framework for promoting sustainable development, and established an exclusively (or concurrently) dedicated unit to be in charge of promoting sustainable development? Has the board of directors authorized senior management to handle related matters under the supervision of the board? (TWSE/TPEX Listed Companies shall report its implementation, which is not compliance or explanation.)	✓		<p>The Company has established the "Sustainable Development Best Practice Principles". In 2017, the Customer Service Department worked concurrently as the Corporate Social Responsibility Promotion Unit, and in 2022, the name of the unit was changed to Corporate Sustainable Development Promotion Unit. The Sustainable Promotion Team is composed and promoted by the chairman and the top executives. For internal, the Sustainable Development Promotion Team will regulatory report Sustainable Promotion Plans to the Board of Directors, in which the risks related sustainability, various development, and the achievement of goals will be supervised and identified by the Board of Directors. For external, the team will organize the establishment and review of the ESG report, which will be released on the official and the MOPS website after being reviewed by chairman and approved by the Board of Directors, and each group of the team will regularly have a meeting with the responsible stakeholders.</p> <p>The implementation of corporate sustainable development in 2022 and the work plan for the following year were reported to the Board of Directors on March 14, 2023, and the Board of Directors was consulted to make recommendations on the implementation direction and target setting, which were also disclosed on the Company's website.</p>	No major difference.
2) Does the Company follow materiality principle to conduct risk assessment for environmental, social and corporate governance topics related to company operation, and establish risk	✓		<p>The Company's 2022 CSR report has a specific chapter (Chapter 2 Section 2.3) on the identification of the materiality principle and sustainable management risk issues. The Sustainable Promotion Team organizes and formulates risk management policies and implementation guidelines to identify risks that may affect the sustainable development of the Corporate, and coordinates various</p>	No major difference.

Item	Implementation status			Deviations from the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies and the Reasons									
	Yes	No	Summary description										
management related policy or strategy? (TWSE/TPEX Listed Companies shall report its implementation, which is not compliance or explanation.)			<p>departments to implement risk management. The risk assessment boundary covers subsidiaries-Zongtai Construction Co.,Ltd. to reduce the possible risk of operational disruption. The Company's main business site is in Taiwan. Based on the assessed risks, the relevant risk management strategies are formulated as follows :</p> <table border="1"> <thead> <tr> <th>Topic</th> <th>Item</th> <th>Policy or Strategy</th> </tr> </thead> <tbody> <tr> <td>Environmental</td> <td>Protection & Conservation</td> <td>In response to the environmental protection policy, our company gives priority to purchasing "low-pollution, resource-saving and recyclable" energy-saving and carbon-reducing green building materials to reduce excessive consumption of the earth's resources.</td> </tr> <tr> <td>Social</td> <td>Professional Safety</td> <td> <ul style="list-style-type: none"> A. We adopted the Face Recognition System on-site to achieve effective personnel identification and safety. B. We obtained the patent of anti-scaffolding drop bracket, making construction safer. C. We gave group injury insurance for the engineering personnel working on site to enhance safety protection. D. The fire detection alarm system is integrated with LINE to notify the relevant personnel once smoke is detected, in order to reduce the risk caused by fire. </td> </tr> </tbody> </table>	Topic	Item	Policy or Strategy	Environmental	Protection & Conservation	In response to the environmental protection policy, our company gives priority to purchasing "low-pollution, resource-saving and recyclable" energy-saving and carbon-reducing green building materials to reduce excessive consumption of the earth's resources.	Social	Professional Safety	<ul style="list-style-type: none"> A. We adopted the Face Recognition System on-site to achieve effective personnel identification and safety. B. We obtained the patent of anti-scaffolding drop bracket, making construction safer. C. We gave group injury insurance for the engineering personnel working on site to enhance safety protection. D. The fire detection alarm system is integrated with LINE to notify the relevant personnel once smoke is detected, in order to reduce the risk caused by fire. 	
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			Corporate governance							

Item	Implementation status			Deviations from the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies and the Reasons
	Yes	No	Summary description	
<p>3) Environmental Topic</p> <p>A. Has the Company set an environmental management system designed to industry characteristics?</p> <p>B. Is the Company committed to improving resource efficiency and to the use of renewable materials with low environmental impact?</p> <p>C. Does the Company evaluate current and future climate change potential risks and opportunities and take measures related to climate related topics?</p>	<p>✓</p> <p>✓</p> <p>✓</p>		<p>A. The Company outsources its business to construction company, the contractor deals with maintenance of construction site and disposal of waste and is supervised by the Company. We emphasize environmental protection and cherish resource, thus we choose to purchase material with green material, water saving and energy saving certification, in order to control air, noise, water and waste pollution.</p> <p>B. The Company's new project introduces BIM technology to accurately calculate the quantity and control the construction period to reduce the consumption of building materials. In the selection of the building materials, the Building Materials History System is implemented and locally produced products and green label construction materials are mostly used. The steel reinforcement of main raw material increases the ratio of steel scrap purchases. The disposal of construction waste is commissioned by qualified manufacturers for recycling. The purchase amount of green building materials was NT\$114,476 thousand in 2022 and awarded the "Taichung City Government - Excellent Enterprise in Green Purchase Amount" in 2022.</p> <p>In response to the implementation of the paperless policy promoted by the Government, the Company has implemented the issuance of Electronic Uniform Invoices for many years. The Company and its subsidiary Zongtai Construction both were awarded the "Ministry of Finance - Excellent Business Entity Issuing Uniform Invoice".</p> <p>C. The Company evaluates the risks and opportunities of climate change for the Company in accordance with the Framework of the TCFD, and completed the latest climate-related risk assessment by the end of 2022, focusing on 5 risks and 4 opportunities from the climate risk change projects. In the aspect of climate change mitigation, the Company develops</p>	No major difference.

Item	Implementation status			Deviations from the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies and the Reasons																												
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D. Does the Company collect data for greenhouse gas emissions, water usage and waste quantity in the past two years, and set energy conservation, greenhouse gas emissions reduction, water usage reduction and other waste management policies?	✓		<p>projects based on green operations, energy management, material management, and green buildings; in the aspect of climate change adaptation, the Company has implemented measures such as the measure to strengthen the foundation, establish sustainable operating capabilities and make full use of green buildings. The detailed description of the Company's climate change risk and opportunity analysis has been disclosed in the Company's ESG report.</p> <p>D. The inventory data of the Company's greenhouse gas emissions, water consumption and total weight of waste over the past two years are as follows:</p> <table border="1"> <thead> <tr> <th>Type</th> <th>Description</th> <th>2022</th> <th>2021</th> </tr> </thead> <tbody> <tr> <td rowspan="4">Greenhouse gases</td> <td>Category I (Tons CO2e)</td> <td>18</td> <td>14</td> </tr> <tr> <td>Category II (Tons CO2e)</td> <td>792</td> <td>807</td> </tr> <tr> <td>Total emissions (Tons CO2e)</td> <td>810</td> <td>821</td> </tr> <tr> <td>Emission intensity (Ton CO2e/thousand dollars)</td> <td>0.0093%</td> <td>0.0225%</td> </tr> <tr> <td>Water consumption</td> <td>Annual total water consumption (m³)</td> <td>52,466</td> <td>14,314</td> </tr> <tr> <td rowspan="2">Waste</td> <td>Total weight of non-hazardous waste (m³)</td> <td>21,383</td> <td>37,385</td> </tr> <tr> <td>Total weight of non-hazardous waste (Ton)</td> <td>7</td> <td>-</td> </tr> </tbody> </table> <p>Note 1: The data includes the company and its subsidiary Zongtai Construction Co., Ltd.</p> <p>Note 2: Greenhouse gas emission intensity = emissions (Tons CO2e)/operating revenue (thousand dollars)</p> <p>The Company's GHG Reduction Policy includes the purchase of electric vehicles when official vehicles need to be replaced, and turning off the</p>	Type	Description	2022	2021	Greenhouse gases	Category I (Tons CO2e)	18	14	Category II (Tons CO2e)	792	807	Total emissions (Tons CO2e)	810	821	Emission intensity (Ton CO2e/thousand dollars)	0.0093%	0.0225%	Water consumption	Annual total water consumption (m ³)	52,466	14,314	Waste	Total weight of non-hazardous waste (m ³)	21,383	37,385	Total weight of non-hazardous waste (Ton)	7	-	
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Item	Implementation status			Deviations from the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies and the Reasons
	Yes	No	Summary description	
			lights in the office for 1.5 hours during lunch breaks. Water-saving actions include water conservation advocacy, regular maintenance of pipelines to reduce water leakage rate, planning of sedimentation tanks for car washing devices in the work area to be reused for watering and planting, etc. The wastes generated in the operational activities are mainly waste spoil from construction sites and other construction wastes. After the waste is sorted and collected, a professional and qualified company shall be commissioned to dispose of the waste and all of it shall be collected for disposal.	
<p>4) Social Topic</p> <p>A. Does the Company set policies and procedures in compliance with regulations and internationally recognized human rights principles?</p> <p>B. Has the Company established appropriately managed employee welfare measures (include salary and compensation, leave and others), and link operational performance or achievements with employee salary and compensation?</p>		<p>✓</p>	<p>A. The Company follows relevant labor laws and internationally recognized human rights principles. Recruitment and dismissal of employees, remunerations are in accordance with internal control system management method to protect employee rights. We oppose discrimination, bullying and harassment to provide a safe, healthy and hygienic working environment. In addition, the Company insured group insurance for employees, provides mandatory benefit such as annual leave, maternity leave and marriage leave, and set breastfeeding room for employees, build a breastfeeding friendly environment. In addition, all manufacturers are mandated to provide employee injury insurance.</p> <p>B. The Company's leave system is based on Labor Standards Act and establishes employee welfare committee, which funds welfare annually for providing employees with various benefits, such as subsidies for employee travels, cash gifts for birthday, allowances for marriage, allowances for birth, allowances for funeral, subsidies for club, etc. Encouragement and punishment systems, such as "Performance Examination Method", "Employee Reward and Punishment Management Method" are also</p>	<p>In the future, we will formulate relevant policies and procedures in accordance with relevant laws and International Covenant on Human Rights.</p> <p>No major difference.</p>

Item	Implementation status			Deviations from the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies and the Reasons
	Yes	No	Summary description	
C. Does the Company provide employees with a safe and healthy working environment, with regular safety and health training?	✓		<p>established. In accordance with Article 18 of the Company's Articles, the Company shall set aside 0.1% to 5% of the annual profit, if any, as employee compensation. 1.5% of employee compensation amounting to NT\$12,287 thousand was set aside in 2021 and NT\$8,185 thousand was set aside in 2022, which is expected to be paid in the second half of 2023.</p> <p><u>Diversity and Equality in the Workplace :</u></p> <p>The Company has achieved gender equality with equal pay for equal work and promotion opportunities, with 39% of female employees and 38% of female supervisors in 2022.</p> <p><u>Operating performance is reflected in employee remuneration :</u></p> <p>The Company participates in annual market salary surveys and adjusts salaries according to market salary levels, economic trends and individual performance in order to maintain overall salary competitiveness.</p> <p>C. The company is committed to provide employees with a safe and healthy working environment. In terms of physical health, regular employee health examination held so that employees can control their health status. In 2022, we conducted health checks for employees over 40 years of age. We will conduct health checks for employees under 40 years of age in 2023.</p> <p>In terms of work safety, our company provides quality control and work safety training and promotion twice a year to develop emergency response ability and safety concept of our employees, to strengthen their cognitive ability, and to reduce the occurrence of accidents caused by unsafe behaviors. In 2022, there was no occupational accident. In the future, we will continue to work towards the goal of zero occupational accidents.</p> <p>The subsidiary company, Zongtai Construction also awarded the Honorable Mention Award of the private engineering group of the “16th Excellent Public Construction Golden Safety Award in 2022” issued by the Ministry</p>	No major difference.

Item	Implementation status			Deviations from the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies and the Reasons
	Yes	No	Summary description	
D. Has the Company established effective career development training plans?	✓		of Labor. D. The company regularly plans education and training courses and provides education and training subsidies for employees to strengthen their career capabilities. During the quarterly assessment, except reviewing the annual achievements, the managers will also understand employees' potential, profession and ability to be improved based on the performance of the colleagues' work, and arrange training, rotation, and project participation plans together. In addition to the monthly meetings for the educational training of the Company's business, we also provide professional training fees to all employees of about NT\$1,219 thousand in 2022.	No major difference.
E. Does the Company's product and service comply with related regulations and international rules for customers' health and safety, privacy, sales, labelling and set policies to protect consumers' or client rights and consumer appeal procedures?	✓		E. The company follows relevant laws, regulations and international guidelines of marketing and labeling of products and services and shall not deceive, mislead, commit fraud or engage in any other acts which would betray consumers' trust or damage consumers' rights or interests. For example, the signing of customer purchase and sale contract according to the formalized contract for sale and purchase, implementation of performance guarantee mechanism, etc. The Company sets customer service line to fairly and immediately handle complaint about customer rights.	No major difference.
F. Does the Company set supplier management policy and request suppliers to comply with related standards on the topics of environmental, occupational safety and health or labor right, and their implementation status?	✓		F. The Company has cost control, purchasement, outsourcing department and seassesses suppliers before doing business, we also require supplier provide construction materials which meet regulation standard and assess its competency from time to time. The Contract asks suppliers follow "Occupational safety and health management rule", expect to promote CSR target such as public safety and healthy environment together.	No major difference.

Item	Implementation status			Deviations from the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies and the Reasons
	Yes	No	Summary description	
5) Does the Company refer to international reporting rules or guidelines to publish CSR Report to disclose non-financial information of the Company? Has the said Report acquire 3rd certification party verification or statement of assurance?		✓	The Company entrusts a professional institution to prepare a ESG report on the GRI Standards issued by Global Reporting Initiative (GRI), and discloses the ESG report with reference to TCFD, US Sustainability Accounting Standards (SASB) and important domestic and foreign laws and regulations and simultaneously disclose information related to ESG reports and contact e-mail in the annual report and official website to provide a good information feedback and communication channels for stakeholders and strengthen the sustainable operation of the corporate. This report has not been confirmed by a third-party verification unit.	In the future, the report will be confirmed by a third-party verification unit according to the needs.
6) If the company has established its sustainable development of practice according to “Listed Companies Sustainable Development Code of Practice,” please describe the operational status and differences : The Company has established sustainable development practice rule and process corporate governance pursuant to Corporate Law and Securities and Futures Bureau relevant law, considering trend of sustainable development, the Company presents its commitment to employees, shareholders and customers by promoting sustainable development activities, there’s no difference between the work and the rule.				
7) Other important information to facilitate better understanding of the company’s implementation of sustainable development : A. The implementation of corporate sustainable development in 2022 has been disclosed in the Company's official website "Related Party Center-Corporate Social Responsibility", which includes : a. Environmental protection : Adopted Da Kung footpath and parking lot for cleaning. Total expenditure is NT\$617,000. Total amount of green construction material purchase was NT\$114,470,000. b. Community involvement : Fun pottery, community activities, market in Christmas with total expenditure of NT\$ 1,082,000, approximately 11,500 people participated. c. Social welfare : Donated education foundation, sports development association and animal care association. Total expenditure is NT\$ 6,540,000. d. Culture development : Sponsored NT\$200,000 for the Spring Festival activities of the National Taiwan Museum of Fine Arts, NT\$300,000 for the Harmonica Team of TaiPin Elementary School, and 9 Saxophone for Singuang Elementary School with a total of NT\$220,000. B. The Way Home awarded 2022 FIABCI-Taiwan Real Estate Excellence Awards “Best Planning and Design Category Residential Group- Special Award” .				

4.6 Taiwan Corporate Conduct and Ethics Implementation as Required by the Taiwan Financial Supervisory Commission :

Assessment Item	Implementation Status			Causes for the Difference
	Yes	No	Summaries	
<p>1) Establishment of Corporate Conduct and Ethics Policy and Implementation Measures</p> <p>A. Does the company have a clear ethical corporate management policy approved by its Board of Directors, and bylaws and publicly available documents addressing its corporate conduct and ethics policy and measures, and commitment regarding implementation of such policy from the Board of Directors and the top management team?</p> <p>B. Whether the company has established an assessment mechanism for the risk of unethical conduct; regularly analyzes and evaluates within a business context, the business activities with a higher risk of unethical conduct; has formulated a program to prevent unethical conduct with a scope no less than the activities prescribed in paragraph 2, Article 7 of the Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies?</p> <p>C. Whether the company has established relevant policies that are duly enforced to prevent unethical conduct, provided</p>	<p>✓</p> <p>✓</p> <p>✓</p>		<p>A. The Company has established “Corporate ethical management regulation” and “Insider trading prevention management”, stipulate policy and board of directors and management’s commitment of implementing management policy. At the beginning of 2022, the Company carried out training outreach for all employees in the monthly meeting. Insiders are prohibited from trading their shares during the closed period of 30 days prior to the publication of the annual financial reports and 15 days prior to the publication of the quarterly financial reports. The internal education and training of "insider trading" was held online at the end of the year, and a total of 200 people participated.</p> <p>B. The Company aims on Article 7.2 of “Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies” or takes prevention measure with establishing effective accounting system and implement internal control system on business activities that has higher unethical behavior risk in other business scope, the Company also stipulates “Corporate ethical operation rule”, “Ethical behavior principal” for regulation.</p> <p>C. The Company has established “Report legal and unethical behavior disposal method”. On March 14, 2023, the amendment of content includes adding a complaint</p>	No major difference.

Assessment Item	Implementation Status			Causes for the Difference
	Yes	No	Summaries	
implementation procedures, guidelines, consequences of violation and complaint procedures, and periodically reviews and revises such policies?			procedure and clearly stipulating the complainant must provide the information and acceptance levels, etc.	
<p>2) Ethic Management Practice</p> <p>A. Whether the company has assessed the ethics records of whom it has business relationship with and include business conduct and ethics related clauses in the business contracts?</p> <p>B. Whether the company has set up a unit which is dedicated to promoting the company's ethical standards and regularly (at least once a year) reports directly to the Board of Directors on its ethical corporate management policy and relevant matters, and program to prevent unethical conduct and monitor its implementation?</p> <p>C. Whether the company has established policies to prevent conflict of interests, provide appropriate communication and complaint channels and implement such policies properly?</p> <p>D. To implement relevant policies on ethical conducts, has the company established effective accounting and internal control systems, audit plans based on the assessment of unethical conduct, and have its ethical conduct program audited by internal auditors</p>	<p>✓</p> <p>✓</p> <p>✓</p> <p>✓</p>		<p>A. The Company makes transactions records and review system of clients and vendors and stipulates ethical behavior clause in contracts. On-site Investigation on supplier was conducted 29 times in 2022.</p> <p>B. In order to fulfill ethical management's duty of supervision, the Board of Director establishes different organization and channel, such as audit committee and remuneration committee. The Company assigns administration service center as ethic promote team, reported ethical management execution status to board of directors on March 14, 2023.</p> <p>C. When the issues have stake with oneself or corporate represented, the director of the Company could express opinion and response, but could not join and should avoid discussion and vote.</p> <p>D. The Company responses to changes of environment and laws and timely amends accounting system and internal control system; all internal audit personnel could work independently, auditor will evaluate internal control system by sampling during auditing financial reports and make suggestions based on evaluation.</p>	No major difference.

Assessment Item	Implementation Status			Causes for the Difference
	Yes	No	Summaries	
<p>or CPA periodically?</p> <p>E. Does the company provide internal and external ethical conduct training programs on a regular basis?</p>	✓		E. The Company conducts educational training about ethical management (includes film promotion for 0.5 hour, information security guide for 1 hour), total 176 people.	
<p>3) Implementation of Complaint Procedures</p> <p>A. Does the company establish specific complaint and reward procedures, set up conveniently accessible complaint channels, and designate responsible individuals to handle the complaint received?</p> <p>B. Whether the company has established standard operation procedures for investigating the complaints received, follow-up measures after investigation are completed, and ensuring such complaints are handled in a confidential manner?</p> <p>C. Does the company adopt proper measures to prevent a complainant from retaliation for his/her filing a complaint?</p>	✓	✓	<p>A. The Company establish "Ethical Behavior Principal" to encourage reporting any illegal or unethical behavior. "Measures for the Report on Illegal, Immoral and Dishonest Acts" are formulated to detail describe the complaint procedure and acceptance units.</p> <p>B. The regulation of " Measures for the Report on Illegal, Immoral and Dishonest Acts" of the Company that accepts complaint procedure and related confidentiality mechanisms.and make punishment based on the severity of the circumstances. If the violations are confirmed, it shall be reported to management immediately, and make punishment based on the severity of the circumstances.</p> <p>C. The Company's "Measures for the Report on Illegal, Immoral and Dishonest Acts" acknowledges protecting whistleblowers from inappropriate disposal.</p>	No major difference.
<p>4) Information Disclosure</p> <p>Does the company disclose its guidelines on business ethics as well as information about implementation of such guidelines on its website and Market Observation Post System (MOPS)?</p>	✓		The Company's website established corporate finance, business-related information, and corporate governance information for the reference of shareholders and stakeholders.	No major difference.
<p>5) If the company has established corporate governance policies based on Ethical Corporate Management Best Practice Principles for TWSE/ TPEX Listed Companies, please describe any discrepancy between the policies and their implementation :</p> <p>The Company has established Ethical Corporate Management Best Practice Principles, the internal operation can mostly meet the requirement of Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies. There is no major difference.</p>				

Assessment Item	Implementation Status			Causes for the Difference
	Yes	No	Summaries	
<p>6) Other important information to facilitate better understanding of the company’s corporate conduct and ethics compliance practices (e.g., review the company’s corporate conduct and ethics policy) :</p> <p>A. The Company’s “Board of directors operation management work” stipulates director avoidance of conflict of interest system, for any proposal in which a Director or the legal person he or she represents is an interested party, the Director shall explain the important aspects of his/her interest at the Board meeting. When his/her interest is likely to compromise the interest of the Company, the Director shall not participate in the discussion and voting on the proposal and the Director shall abstain him or herself from discussion and voting on the proposal.</p> <p>B. The Company establishes “Insider significant information handling and insider transaction management procedure” and stipulates that directors, managers and employees shall not leak any internal significant information to other people, shall not ask relevant people for internal significant information or collect unpublished internal significant information that is not relevant to position, and shall not leak unpublished internal significant information that is not from business to other people.</p> <p>C. The Company has established Ethical Corporate Management Best Practice Principles and amended on March 25, 2020.</p>				

4.7 If the Company establishes corporate governance and relevant regulation, shall disclose searching method :

4.7.1 The Company establishes “Corporate ethical management principal” as standard to follow. Except disclosing financial and business relevant information. The Company also establishes “Stakeholder Center- Corporate Governance” on the official website to fully disclose corporate governance status.

4.7.2 The Company establishes “Ethical behavior principal” and “Corporate ethical management principal” as standard to follow, we also set up “Stakeholder Center-Corporate Governance” area on official website for disclosing relevant principles.

The aboved principal could be search in MOPS website as follows : MOPS\Corporate Governance\ Corporate Governance Structure.

4.8 Other material information that could increase understanding on corporate governance could also be disclosed :

The Company also establishes “Internal significant measurement and insider transaction management procedure” as behavior standards for directors, managers and employees, we also set up “Stakeholder Center-Corporate Governance” area on official website for disclosing relevant procedures.

4.9 Internal Control :

4.9.1 Internal Control Declaration

Zongtai Real Estate Development Co., Ltd.

Internal Control Declaration

March 14, 2023

We made the following declaration based on self-assessment of the Company's internal control policies from 2022 :

- 1) The Company is aware that the Company's board of directors and managers shall be responsible for the establishment, execution, and maintenance of its internal control policies are the responsibilities. Such policies were implemented throughout the Company. The purposes of these policies are to provide reasonable assurance towards operational results and efficiency (including profitability, performance, and asset security etc.), reliable, timely and transparent financial reporting, and regulatory compliance and other goals.
- 2) Internal control policies are prone to limitations. No matter how robustly designed, effective internal control policies merely provide reasonable assurance to the achievements of the three goals above. Furthermore, environmental and situational changes may affect the effectiveness of internal control policies. However, self-supervision measures were implemented within the Company's internal control policies to facilitate immediate rectification once procedural flaws have been identified.
- 3) The Company evaluates the effectiveness of its internal control policy design and execution based on the criteria specified in "Regulations Governing the Establishment of Internal Control Systems by Service Enterprises in Securities and Futures Markets" (hereinafter referred to as the Regulations"). The criteria of internal control policies adopted in the Regulations were consisted of five major elements designated for the stages of internal control : (1) Control environment; (2) Risk assessment; (3) Control procedures; (4) Information and communication; and (5) Supervision. Each element further contains several items. Please refer to the Regulations for details.
- 4) The Company adopted the above-mentioned criteria to validate the effectiveness of its internal control policy design and execution.
- 5) Based on results of the assessment above, the Company believes that the design and execution of its internal control policies taking effect on December 31, 2022 was effective with respect to the comprehension of business results and target accomplishments, the reliable, timely and transparent financial reporting, and regulatory compliance (including the supervision and management of its subsidiaries), and may provide reasonable assurance to comply with the above targets.
- 6) This statement forms an integral part of the Company's annual report and prospectus, and shall be made public. If the information listed above is fraudulent or deceptive to the point that is against the law, the Company shall be held liable under Articles 20, 32, 171, and 174 of the Securities Exchange Act.
- 7) This Statement was passed by the Board of Directors in their meeting held on March 15, 2023, with none of the eight attending directors expressing dissenting opinions, and the remainder all affirming the content of this Statement.

Zongtai Real Estate Development Co., Ltd.

Chairman : Weng, Yu-Ling

President : Wu, Shun-Wen

4.9.2 CPA appointed to review internal control system shall disclose review report : None.

4.10 The Company’s employees are punished, or punishment to internal employee that violates internal control system could impact shareholders’ equity or security price shall disclose the content, missings and improvement status of penalty from last year to publication date of annual report : None.

4.11 Material decision of shareholder meeting and board of director’s meeting from last year to publication of annual report :

4.11.1 Important Resolutions of the Shareholders' Meeting

Name and Date	Material decision
<p style="text-align: center;">2022 shareholders meeting June 8</p>	<p>1) Passed 2021 business report and financial statements.</p> <p>2) Passed proposal of 2021 earning appropriation. Execution : Fixing June 23, 2022 as ex-dividend date, July 15, 2022 as cash dividend appropriation date. (NT\$ 1.5 per share)</p> <p>3) Passed amendents to the articles of Incorporation of the Company. Execution : Approved by the Ministry of Economic Affairs on June 28, 2022 and disclosing the rule on the official website.</p> <p>4) Passed amendments to the Company’s“Procedures for Asset Acquisition & Disposal”. Execution : Dealing relevant works pursuant to after amendment and disclosing the rule on the official website.</p> <p>5) Passed amendment to Rules of Procedure for Shareholders Meetings. Execution : Dealing relevant works pursuant to after amendment and disclosing the rule on the official website.</p>

4.11.2 Board of directors’ meeting’s material decision :

Name and Date	Material decision
<p>5th meeting of 12th Board of Directors 2022/02/25</p>	<p>1) Passed the change of the name and Articles of Incorporation of the subsidiary.</p> <p>2) Passed the appointment of the representative of the corporate shareholder, Pi-Ka electronic Co., Ltd.</p> <p>3) Passed the capital increase of the subsidiary.</p>
<p>6th meeting of 12th Board of Directors 2022/3/15</p>	<p>1) Passed 2021 remuneration for employees and directors reviewed by remuneration committee.</p> <p>2) Passed 2021 business report and financial report.</p>

Name and Date	Material decision
	3) Passed the amendment to the 2021 earnings distribution. 4) Passed issuance of “Internal control system statement”. 5) Passed discussion of accountant fee and evaluation of accountant independency and competency. 6) Passed donation of “Yong Fu education Fund”. 7) Passed amendment to “Articles of Incorporation”. 8) Passed amendment to “Procedure of Acquisition or Disposal of Assets”. 9) Passed amendment of “Corporate governance practice rule”. 10) Passed amendment of “CSR practice rule”. 11) Passed the establishment of the "Rules Governing the Preparation and Filing of Sustainability Reports". 12) Passed the Company's issuance of new stock for the cash capital increase in 2022. 13) Passed the housing lease agreement between the Company and Zongtai Construction Co. 14) Passed determination 2022 capital increase base date of stock options transfer to common shares. 15) Passed amendment of “Rules of Procedure for Shareholders Meetings”. 16) Passed establishment of 2022 shareholders meeting.
7 th meeting of 12 th Board of Directors 2022/4/26	Passed the shareholders’ proposals of 2022 shareholders meeting.
8 th meeting of 12 th Board of Directors 2022/5/10	Passed the 2022 Q1 Financial Statements prepared by the Company itself.
9 th meeting of 12 th Board of Directors 2022/6/8	1) Passed the discussion on the ex-dividend date of cash dividends for 2022 earnings distribution. 2) Passed the related operation matters related to the adjustment of issuance price range and stock subscription base date of 2022 issuance of new stock for the cash capital increase.
3 th extraordinary meeting of 12 th Board of Directors 2022/06/22	Passed the issuance price of 2022 issuance of new stock for the cash capital increase.
10 th meeting of 12 th Board of Directors 2022/08/09	1) Passed the 2022 Q2 Financial Statements prepared by the Company itself. 2) Passed examination of 2021 personal remuneration for director appropriation 3) Passed the housing lease agreement was adjusted between the Company and Zongtai Construction Co., LTD.

Name and Date	Material decision
11 th meeting of 12 th Board of Directors 2022/11/09	<ol style="list-style-type: none"> 1) Passed the 2022 Q3 Financial Statements prepared by the Company itself. 2) Passed 2023 audit plan. 3) Passed the amendment to Internal Control System. 4) Passed the amendment of “Internal significant information and insider transaction management procedure” 5) Passed authorizing Chairman purchases real estate under NT\$ 3 billion for development. 6) Passed 2023 budge examination. 7) Passed determination 2022 capital increase base date of stock options transfer to common shares.
12 th meeting of 12 th Board of Directors 2023/03/14	<ol style="list-style-type: none"> 1) Passed 2022 remuneration for employees and directors reviewed by remuneration committee. 2) Passed 2022 business report and financial report. 3) Passed the amendment to the 2022 earnings distribution. 4) Passed issue new shares through capital increase from earnings. 5) Passed issuance of “Internal control system statement”. 6) Passed discussion of accountant fee and evaluation of accountant independency and competency. 7) Passed donation of “Yong Fu education Fund”. 8) Passed amendment to regulations for Board of Directors meetings. 9) Passed amendment to regulations shares repurchase to transfer them to employees. 10) Passed the amendment of “Directions for the Continuing Education for Directors and Supervisors” 11) Passed amendment of “Corporate governance practice rule”. 12) Passed amendment to “Articles of Incorporation”. 13) Passed amendment of “Authority permission table”. 14) Passed the proposed capital increase of the subsidiary Zongtai Construction Co., LTD 15) Passed amendment to “Procedure of Acquisition or Disposal of Assets”. 16) Passed the amendment of “Measures for the Report on Illegal, Immoral and Dishonest Acts” 17) Passed establishment of 2023 shareholders meeting.
4 th extraordinary meeting of 12 th Board of Directors 2023/4/20	<ol style="list-style-type: none"> 1) Passed new appointment of the chairman. 2) Passed change of manager of Taichung branch

Name and Date	Material decision
13 th meeting of 12 th Board of Directors 2023/5/9	1) Passed the 2023 Q1 Financial Statements prepared by the Company itself. 2) Passed Making of endorsements/Guarantees of subsidiary Zongtai Construction 3) Passed the housing lease agreement between the Company and Dashun Advertisting Co., Ltd. 4) Passed new appointment of general manager of the Company. 5) Passed new appointment of vice general manager of the Company. 6) Passed removal of the non-compete clause for managers. 7) Passed changed to the spokesperson of the Company 8) Passed the appointment of the representative of the corporate shareholder, Dashun Advertisting Co., Ltd.. 9) Passed adjustment salary of chairman. 10) Passed amendment of “Authority permission table”

4.12 Documented opinions or declarations made by directors against the board's resolutions for the most recent year up to the publication date of the annual report : None.

4.13 Resignation or dismissal of personnel (including the chairman, general manager, accounting managers, financial managers, chief internal auditor, chief corporate governance officer and R&D Manager) for the most recent year up to the publication date of the annual report :

Title	Name	Date of arrival	Date of dismissal	Reason for resign or dismissal
Vice-Chairman	Shun-Wen,Wu	2020/12/03	2023/03/14	Resign : Career planning
Chairman	Yu-Ling, Weng	2017/10/03	2023/04/20	Resign : Career planning

5 CPA Fees

5.1 The amount of audit and non-audit fees paid to the certified public accountants, their respective firms and their affiliates, and the content of non-audit services :

CPA Fees

Unit : NT thousand dollars

Accounting Firm	Name of CPA (Note 1)	CPA's Audit Period	Audit Fee	Non-audit Fee (Note)	Total	Remark
Deloitte & Touche	Shu-Chin, Chiang	2022/01/01~ 2022/12/31	1,570	557	2,127	
	Dong-Yun, Zeng	2022/01/01~ 2022/12/31				

Note : Non-audit fee : Transfer price report NT\$ 170 thousand, certification of income tax NT\$150 thousand, business registration of NT\$90 thousand, cash capital increase fee of NT\$80 thousand, other NT\$ 67 thousand.

5.2 Change Accounting Firms and audit fee paid at the year is less than previous year : None.

5.3 Any reduction in audit fees by more than 10% compared to the previous year; state the amount, the percentage and reason of such variation : None.

6 Change of certified public accountant

The Company changed account in the past two years shall disclose following items :

6.1 Former CPA

Date of Change	Q3, 2021		
Reasons and Explanation of Changes	In compliance with regulatory requirements on rotation, the co-signing partner Yen, Haiso-Fang will be replaced by Zeng, Dong-Yun starting from 2021 Q3. The engagement partner will remain to be Chiang, Shu-Chin.		
State Whether the Appointment is Terminated or Rejected by the Consignor or CPAs	Status	Client	Consignor
	Appointment terminated automatically	CPA	-
	Appointment rejected (discontinued)	-	-
The Opinions Other than Unmodified Opinion Issued in the Last Two Years and the Reasons for the Said Opinions	None		
Is There Any Disagreement in Opinion with the Issuer	Yes	-	Accounting principle or practice
		-	Disclosure of financial statements
		-	Auditing scope or procedures
		-	Others
	No	✓	
Explanation			
Supplementary Disclosure (Disclosures Specified in Article 10.6.1.4~7 of the Standards)	None		

6.2 Successor CPAs

Accounting Firm	Deloitte & Touche
Account	Chiang, Shu-Chin, Zeng, Dong-Yun
Date of Engagement	Q3, 2021
Prior to the Formal Engagement, Any Inquiry or Consultation on the Accounting Treatment or Accounting Principles for Specific Transactions, and the Type of Audit Opinion that Might be Rendered on the Financial Report	None
Written Opinions from the Successor AUDITORS that are Different from the Former CPA's Opinions	None

6.3 The reply of former CPAs on Article 10.6.1 and Article 10.6.2.3 of the Standards : None.

7 The Company's Chairman, General manager , or managers in charge of finance or accounting affairs being employed by the accounting firm of its certified public accountant or affiliated enterprise of such accounting firm within the last year : None.

8 Transfer or pledge of shares owned by directors, managers, and all parties holding over 10% for the most recent year up to the publication date of the annual report

8.1 Directors, Managers and Major Shareholders' holding changes

Title	Name	2022		Year-to-date as at April 21	
		Increase (decrease) in shares held	Increase (decrease) in shares pledged	Increase (decrease) in shares held	Increase (decrease) in shares pledged
Director and Major Shareholder	Tso Jung Investment Co., Ltd	1,569,000	0	0	0
Representative of corporate directors and Chairman	Tso Jung Investment Co., Ltd. Representative : Yu-Ling, Weng (Note 1)	167,418	0	-	-
Representative of corporate directors and Chairman	Tso Jung Investment Co., Ltd. Representative : Wei-Ju, Liu (Note 2)	-	-	0	0
Vice Chairman of Directors	Shun-Wen, Wu (Note 3)	232,535	0	(109,000)	0
Director	Tso-Jung, Wu	216,704	0	0	0
Director	Zong Tai Construction Development Co., Ltd.	186,000	0	0	0
Representative of Corporate Directors	Zong Tai Construction Development Co., Ltd. Representative : Chia-Chi, Kuo	10,542	0	0	0
Representative of Corporate Director	Zong Tai Construction Development Co., Ltd. Representative : Cheng-Yong, Lin	11,128	0	0	0

Title	Name	2022		Year-to-date as at April 21	
		Increase (decrease) in shares held	Increase (decrease) in shares pledged	Increase (decrease) in shares held	Increase (decrease) in shares pledged
Independent director	Ming-Hai, Lee	0	0	0	0
Independent director	Yong-Jen, Tsao	0	0	0	0
Independent director	Yao-Jia, Wen	0	0	0	0
Vice General Manager	Jui-Hsiang, Lin (Note 4)	0	0	0	0
Chief Financial Officer	Hui-Wen, Ko	142,096	0	(60,000)	0
Senior Manager	Cing-Cyuan, Chen	71,305	0	0	0
Accounting Manager	Yi-Jing, Fu	39,000	0	0	0

Note 1 : Resign chairman on April 20, 2023.

Note 2 : Took office on April 20, 2023.

Note 3 : Acting General manager on January 1, 2022. Resign vice-chairman and acting general manager on March 14, 2023.

Note 4 : Position adjustment on May 9, 2023.

8.2 Director, Manager and shareholders hold over 10% of total shares' transfer counterparty as related party information : None.

8.3 Director, Manager and shareholders hold over 10% of total shares' pledge counterparty as related party information : None.

9 Spouse, relatives of second degree or closer, and relationships among top 10 shareholders

Relationships among the top ten shareholders, including spouses and second degrees relatives or closer

April 21, 2023

Name (Note 1)	Current Shareholding		Shares held by spouse and underage children		Shares held in the names of others		Spouse, relatives of second degree or closer, and relationships among top 10 shareholders (Note 2)		Remarks
	Shares held	Shareholding percentage	Shares held	Shareholding percentage	Shares held	Shareholding percentage	Name	Relation	
Tso Jung Investment Co., Ltd Representative: His Kun, Wu	28,345,123	11.68%	0	0.00%	0	0.00%	Su-Ru,Liu	Supervisor	Director
	13,512,770	5.57%	3,756,473	1.55%	0	0.00%	Tso-Jung, Wu Shun-Wen, Wu	Director Director	
His Kun, Wu	13,512,770	5.57%	3,756,473	1.55%	0	0.00%	Su-Ru,Liu Tso-Jung, Wu Shun-Wen, Wu	Spouse Son Daughter	
Dian Chiang Chia Investment CO.,LTD Representative: Jing-Song, Chen	8,000,921	3.30%	Note 3	Note 3	Note 3	Note 3	Note 3	Note 3	
	0	0.00%							
Yi Fang, Zheng	6,578,305	2.71%	Note 3	Note 3	Note 3	Note 3	Note 3	Note 3	
JPMorgan Chase Bank N.A. in Custody for J.P.Morgan Securities Company Limited	4,069,881	1.68%	Note 3	Note 3	Note 3	Note 3	Note 3	Note 3	

Name (Note 1)	Current Shareholding		Shares held by spouse and underage children		Shares held in the names of others		Spouse, relatives of second degree or closer, and relationships among top 10 shareholders (Note 2)		Remarks
	Shares held	Shareholding percentage	Shares held	Shareholding percentage	Shares held	Shareholding percentage	Name	Relation	
Su-Ru,Liu	3,756,473	1.55%	13,512,770	5.57%	0	0.00%	His-Kun,Wu Tso-Jung,Wu Shun-Wen,Wu	Spouse Son Daughter	
Zong Tai Construction Development Co., Ltd. Representative: Wen-Yan, Wu	3,346,000 439,000	1.38% 0.18%	0 0	0.00% 0.00%	0 0	0.00% 0.00%	His-Kun,Wu	Relatives of second degree	Director
Shun-Wen,Wu	2,074,535	0.85%	0	0.00%	469,624	0.19%	His-Kun,Wu Su-Ru,Liu Tso-Jung, Wu	Parents Parents Brother	Director
Tso-Jung, Wu	2,066,704	0.85%	0	0.00%	0	0.00%	His-Kun,Wu Su-Ru,Liu Shun-Wen,Wu	Parents Parents Sister	Director
Citibank Taiwan Ltd. in Custody for UBS Europe SE	1,443,897	0.59%	Note 3	Note 3	Note 3	Note 3	Note 3	Note 3	

Note 1 : All the top ten shareholders should be listed. Those who are legal person shareholders should list the name of the legal person shareholder and the name of the representative separately.

Note 2 : The shareholders listed in the previous disclosure, including legal persons and natural persons, shall disclose their relationship with each other in accordance with the issuer's financial reporting standards.

Note 3 : The shareholder is not an insider declared by the Company, and thus the relevant information of his spouse, minor child(ren) or nominee shareholder(s) is not available.

10 Shares jointly held by the Company, subsidiaries, the Company's directors, managers, and directly/indirectly controlled entities on any single investee.

Calculate shareholding percentage in aggregate of the above parties :

In thousand share; %

Invested businesses (Note 1)	Held by the Company		Held by Directors, Supervisors, managers, and directly or indirectly controlled enterprises		Aggregate investment	
	Shares held	Shareholding percentage	Shares held	Shareholding percentage	Shares held	Shareholding percentage
Zongtai Construction Co.,Ltd.	20,100,000	100.00%	-	-	20,100,000	100.00%
Ritai Asset Management Corporation, Ltd. (Note 2)	30,000,000	100.00%	-	-	30,000,000	100.00%
Pika Electronic Co., Ltd (Note 3)	800,000	100.00%	-	-	800,000	100.00%
Dashun Advertising Co., Ltd.	2,000,000	100.00%	-	-	2,000,000	100.00%
Shuo Yi Tai Green Energy Co., Ltd (Note 4)	1,830,000	30.00%	-	-	1,830,000	30.00%

Note 1 : Investments using equity methods.

Note 2 : Capital increase of 3,000,000 shares in March 2022.

Note 3 : Play Fun Industrial Co., Ltd. renamed on March, 2022.

Note 4 : Capital increase of 1,805,000 shares in January 2022, and the shareholding ratio changed from 25% to 30%.

IV. Capital Overview

1 Capital and shares

1.1 Capital source

1.1.1 Proceeds of capital share issued

In thousand NT\$; In thousand shares

Month, Year	Price issued	Authorized shares		Paid-in Capital		Remark		
		Shares	Amount	Shares	Amount	Sources of Capital	Capital Increase by Assets Other than Cash	Others
11/1997	10.00	2,000	20,000	1,050	10,500	Proceeds from New Issues	None	
06/1998	10.00	2,000	20,000	1,890	18,900	Proceeds from New Issues	None	06/06/1998 Zhu Jian Shan Yi Tzu No. 175591
11/1998	10.00	8,000	80,000	3,500	35,000	Proceeds from New Issues	None	12/18/1998 Zhu Shang Tzu No. 087141472
12/1999	10.00	8,000	80,000	5,000	50,000	Proceeds from New Issues	None	06/14/1999 Jian Shan Zen Tzu No. 185190
04/2000	10.00	16,000	160,000	10,000	100,000	Proceeds from New Issues	None	05/26/2000 Zhu Shang Tzu No.089116984
06/2000	10.00	16,000	160,000	15,000	150,000	Proceeds from New Issues	None	06/23/2000 Zhu Shang Tzu No.089120398
07/2001	10.00	49,000	490,000	24,458	244,580	Proceeds from Earnings	None	07/02/2001 Tai Chai Cheng Tzu No.142144
05/2002	10.00	59,000	590,000	30,789	307,887	Proceeds from Earnings	None	04/29/2002 Tai Chai Cheng Tzu No.119612
08/2003	10.00	59,000	590,000	32,606	326,062	Proceeds from Earnings	None	07/04/2003 Tai Chai Cheng Tzu No.0920129813
10/2004	10.12	59,000	590,000	32,663	326,632	Option conversion	None	11/11/2004 Zhu Shou Chung Tzu No.09332987850
12/2006	10.00	59,000	590,000	16,863	168,632	Capital Reduction	None	01/23/2007 Zhu Shou Chung Tzu No.09631605430
12/2006	8.00	59,000	590,000	16,988	169,882	Private placement	None	01/23/2007 Zhu Shou Chung Tzu No.09631605430
03/2007	7.84	59,000	590,000	33,988	339,882	Private placement	None	04/10/2007 Zhu Shou Chung Tzu No.09631924880
10/2007	10.95	70,000	700,000	43,375	433,751	Corporate Bond and Option conversion	None	10/05/2007 Zhu Shou Chung Tzu No.09632861310
10/2007	11.80	70,000	700,000	43,376	433,761	Option conversion	None	10/30/2007 Zhu Shou Chung Tzu No.09632977140
12/2008	10.00	120,000	1,200,000	32,532	325,321	Capital Reduction	None	12/31/2008 Zhu Shou Chung Tzu No.09701327530
12/2008	7.00	120,000	1,200,000	62,532	625,321	Private placement	None	12/31/2008 Zhu Shou Chung Tzu No.09701327530
09/2009	7.70	120,000	1,200,000	62,557	625,571	Option conversion	None	09/15/2009 Zhu Shou Chung Tzu No.09801211800
11/2009	7.70	120,000	1,200,000	62,656	626,561	Option conversion	None	11/10/2009 Zhu Shou Chung Tzu No.09801259910

Month, Year	Price issued	Authorized shares		Paid-in Capital		Remark		
		Shares	Amount	Shares	Amount	Sources of Capital	Capital Increase by Assets Other than Cash	Others
02/2010	9.15	120,000	1,200,000	63,123	631,226	Option conversion	None	02/22/2010 Zhu Shou Chung Tzu No.09901033410
05/2010	10.35	120,000	1,200,000	64,434	644,345	Option conversion	None	05/05/2010 Zhu Shou Chung Tzu No.09901090890
07/2010	20.00	120,000	1,200,000	89,434	894,345	Proceeds from New Issues	None	07/06/2010 Zhu Shou Chung Tzu No.09901144220
08/2010	7.70	120,000	1,200,000	89,474	894,741	Option conversion	None	08/16/2010 Zhu Shou Chung Tzu No.09901184910
12/2010	10.19	120,000	1,200,000	89,563	895,631	Option conversion	None	12/02/2010 Zhu Shou Chung Tzu No.09901267160
03/2011	10.69	120,000	1,200,000	89,705	897,050	Option conversion	None	03/11/2011 Zhu Shou Chung Tzu No.10001046540
05/2011	10.91	120,000	1,200,000	90,194	901,940	Option conversion	None	05/27/2011 Zhu Shou Chung Tzu No.10001109130
11/2011	20.00	120,000	1,200,000	110,194	1,101,940	Proceeds from New Issues	None	11/24/2011 Zhu Shou Chung Tzu No.10001265860
03/2012	10.83	120,000	1,200,000	110,327	1,103,268	Option conversion	None	03/30/2012 Zhu Shou Chung Tzu No.10101056470
09/2012	10.00	200,000	2,000,000	133,537	1,335,372	Share dividends and bonus	None	09/11/2012 Zhu Shou Chung Tzu No.10101189080
08/2013	10.00	200,000	2,000,000	140,824	1,408,240	Share dividends and bonus	None	08/08/2013 Zhu Shou Chung Tzu No.10201160320
11/2013	26.10	200,000	2,000,000	144,912	1,449,120	Corporate Bond conversion	None	11/28/2013 Zhu Shou Chung Tzu No.10201242480
03/2014	26.10	200,000	2,000,000	149,763	1,497,625	Corporate Bond conversion	None	03/25/2014 Zhu Shou Chung Tzu No.10301046480
06/2014	26.10	200,000	2,000,000	149,946	1,499,464	Corporate Bond conversion	None	06/03/2014 Zhu Shou Chung Tzu No.10301098140
08/2014	21.00	200,000	2,000,000	172,946	1,729,464	Proceeds from New Issues	None	08/15/2014 Zhu Shou Chung Tzu No.10301160320
09/2015	10.00	200,000	2,000,000	199,347	1,993,471	Share dividends and bonus	None	09/16/2015 Zhu Shou Chung Tzu No.10401193280
01/2016	10.50	500,000	5,000,000	229,347	2,293,471	Proceeds from New Issues	None	01/06/2016 Zhu Shou Chung Tzu No.10501001910
07/2016	18.90	500,000	5,000,000	230,485	2,304,847	Corporate Bond conversion	None	07/18/2016 Zhu Shou Chung Tzu No.10501157460
04/2018	8.70	500,000	5,000,000	231,689	2,316,895	Option conversion	None	04/02/2018 Zhu Shou Chung Tzu No.10701035910
11/2018	10.00	500,000	5,000,000	208,521	2,085,205	Capital Reduction	None	11/23/2018 Zhu Shou Chung Tzu No.10701149140
04/2019	8.30	500,000	5,000,000	209,215	2,092,153	Option conversion	None	04/19/2019 Zhu Shou Chung Tzu No.10801044230
11/2019	7.70	500,000	5,000,000	209,288	2,092,877	Option conversion	None	11/27/2019 Zhu Shou Chung Tzu No.10801166170
04/2021	13.55	500,000	5,000,000	210,791	2,107,907	Option conversion	None	04/28/2021 Zhu Shou Chung Tzu No.11001062270
04/2022	12.20	500,000	5,000,000	211,717	2,117,167	Option conversion	None	04/08/2022 Zhu Shou Chung Tzu No.11101052600
08/2022	23.50	500,000	5,000,000	242,717	2,427,167	Proceeds from New Issues	None	23/08/2022 Zhu Shou Chung Tzu No.11101154590
11/2022	11.30	500,000	5,000,000	242,749	2,427,487	Option conversion	None	17/11/2022 Zhu Shou Chung Tzu No.11101220710

1.1.2 Types of share

Types of share	Authorized shares			Remark
	Outstanding shares (listed)	Unissued shares	Total	
Ordinary share	242,748,708	257,251,292	500,000,000	6,000,000 shares are retained for employee stock option certificate

1.1.3 Self Registration : None.

1.2 Composition of Shareholders

April 21, 2023

Shareholder structure	Government institution	Financial institution	Other corporation	Individuals	Foreign institution and Natural Persons	Total
Number of Shareholders	0	2	196	33,990	74	34,262
Shareholding	0	26,414	48,157,456	179,478,371	15,086,467	242,748,708
Holding percentage	0.00%	0.01%	19.84%	73.94%	6.21%	100%

1.3 Distribution of shares

1.3.1 Ordinary shares

April 21, 2023

Shareholder Ownership	Number of shareholders	Total shares held	Holding percentage
1 ~ 999	13,445	1,225,865	0.51%
1,000 ~ 5,000	16,016	31,950,236	13.16%
5,001 ~ 10,000	2,260	17,874,603	7.36%
10,001 ~ 15,000	758	9,477,666	3.90%
15,001 ~ 20,000	452	8,359,888	3.44%
20,001 ~ 30,000	470	11,824,307	4.87%
30,001 ~ 40,000	223	8,019,049	3.30%
40,001 ~ 50,000	153	7,071,569	2.91%
50,001 ~ 100,000	266	18,403,871	7.58%
100,001 ~ 200,000	120	16,429,481	6.77%
200,001 ~ 400,000	53	15,214,192	6.27%
400,001 ~ 600,000	19	9,194,281	3.79%
600,001 ~ 800,000	8	5,572,131	2.30%
800,001 ~ 1,000,000	6	5,669,742	2.34%
1,000,001 or over	13	76,461,827	31.50%
Total	34,262	242,748,708	100.00%

1.3.2 Preferred shares : Not applicable

1.4 List of major shareholders

April 21, 2023

Shareholders	Share	Total shares held	Holding percentage
Tso Jung Investment Co., Ltd		28,345,123	11.68%
His Kun,Wu		13,512,770	5.57%
Dian Chiang Chia Investment CO.,LTD		8,000,921	3.30%
Yi-Fang,Jheng		6,578,305	2.71%
JPMorgan Chase Bank N.A. in Custody for J.P.Morgan Securities Company Limited		4,069,881	1.68%
Su-Ru,Liu		3,756,473	1.55%
Zong Tai Construction Development Co., Ltd		3,346,000	1.38%
Shun-Wen,Wu		2,074,535	0.85%
Tso-Jung,Wu		2,066,704	0.85%
Citibank Taiwan Ltd. in Custody for UBS Europe SE.		1,443,897	0.59%
	Total	73,194,609	30.16%

1.5 Market price per share, net value, earnings, dividends and relevant information in last two years

Information about market price per share, net value, earnings and dividends

In NT; In share

Item	Year		2021	2022	January 1, 2023 to May 9, 2023 (Note 7)
	Market price per share	Highest		44.95	40.85
	Lowest		35.80	25.55	30.15
	Average (Note 1)		39.99	32.87	43.88
Net value per share (Note 2)	Before distribution		23.39	31.24	27.20
	After distribution		21.88	Note8	-
Earning per share	Weight average shares		210,767,283	225,198,798	242,748,708
	Retroactive adjustment shares		-	-	-
	Earning per share	Before adjustment	3.01	9.81	0.06
		After adjustment	3.01	Note8	-
Dividend per share	Cash dividends		1.50	4.10	
	Issuance of bonus shares	Stock Dividend from Retained Earnings	-	Note8	-
		Stock Dividend from capital surplus	-		
	Cumulative unpaid dividend (Note 3)		-	995,269,703	-
Return on investment analysis	Price/ earning ratio (Note 4)		13.29	3.35	731.33
	Price/dividend ratio (Note 5)		26.66	8.02	-
	Cash dividend yield (Note 6)		3.75%	12.47%	-

- Note 1 : Average market price is calculated on the transaction value and volume of each year.
- Note 2 : Based on number of shares issued and fills on appropriation approved by shareholder's meeting.
- Note 3 : If the equity securities issuance conditions stipulate that the dividends not paid in the current year can be accumulated until the surplus is paid in the year, they should separately disclose the accumulated outstanding dividends as of the current year.
- Note 4 : Price/earning ratio = Average market price / Earnings per share.
- Note 5 : Price/dividend ratio = Average market price purchase / Cash dividend per share.
- Note 6 : Cash dividend yield = Cash dividend per share / Average market price per share.
- Note 7 : Net value per share, earning per share filled with information audited by auditor as for publication date of the latest season; other column filled for publication date of the latest season.
- Note 8 : Appropriations have not yet been approved.

1.6 The Company's dividend policy and execution

1.6.1 The Company's dividend policy recorded in article of association :

<p>Article 18.</p>	<p>If there is profit at the end of each fiscal year, a ratio of 0.1% - 5% of the profit of current year distributable as employees' compensation and a ratio less than 2% of the profit of current year distributable as directors' compensation shall be appropriated. However, the Company's accumulated losses shall have been covered first if any.</p> <p>The employees' compensation shall be in the form of shares or cash, and the distribution targets include employees who meet certain conditions of affiliated companies. The directors' remuneration mentioned in the preceding article shall be only in cash.</p> <p>The proposals for distribution of employees' compensation and directors' remuneration shall be resolved by the Board of Directors and reported to the shareholders meetings.</p>
<p>Article 18.1</p>	<p>The Company should not appropriate stock and cash dividend when the Company has no earnings.</p> <p>If the Company makes surplus in the annual final accounts, the "distributable profit" shall be calculated in the following order and the portion shall be reserved according to the business conditions and capital requirement. The proposal for profit distribution shall be prepared by the Board of Directors and submitted to shareholders' meetings for distribution :</p> <ol style="list-style-type: none"> (1) Withholding Tax (2) Cover Accumulated Deficit (3) Appropriation of Legal Reserve (4) Legal Appropriation or Reversal Special Reserve (5) Opening Undistributed Earnings and the "Adjustment Amount of the Undistributed Earnings of the Year" <p>Where all or part of the dividend and bonus distribution is paid in cash, such distribution may be adopted by a majority of directors in a Board of Directors' meeting attended by 2/3 or more of all directors before reporting to the shareholders' meeting; the</p>

resolution adopted by shareholders' meeting as prescribed in the preceding paragraph shall not apply. The dividend policy of the Company is based on the company operation situation, capital requirement, and change in internal and external overall circumstances that the dividend is distributed fully or partially with the consideration of the interest of the shareholders. Distribution of earnings may be made in cash dividend or share dividend. Limits of dividend distribution shall remain the proportion between 20% and 100% of the distributable earnings of the current year; however, the distribution of cash dividend shall be in principle not lower than 50% of the total dividend.

1.6.2 Proposition of the shareholder's meeting appropriation of dividend :

On March 14, 2023 the Board of Directors determined to appropriate cash dividend NT\$ 995,269,703(NT\$ 4.1/per share) and stock dividend NT\$ 995,269,700(410 shares/per thousand shares), the appropriation is subject to the resolution in the shareholders' meeting to be held on June 19, 2023.

1.7 When dividend policy should be stated when it is expected to have significant changes : The dividend policy haven't significant changes.

1.8 Impact on the Company's operating performance and earnings per share arising from the issuance of bonus shares proposed by shareholder's meeting :

Item	Year	2023(estimate)
Beginning paid-in capital		2,427,487,080
Distribution of shares and dividends in the current fiscal year (Note 1)	Cash dividend per share	4.1
	Number of shares allotted for capital transferred from earnings	4.1
	Capital reserve to capital increase	-
Changes in operating performance	Operating Income	(Note 2)
	Operating profit increase (decrease) ratio over the same period last year	
	Net income after tax	
	Ratio of increase (decrease) in Net income after tax compared with the same period in previous year	
	Earnings (loss) per share (NT\$)	
	Earnings per share increase (decrease) ratio over the same period last year	
	Annual average return on investment (annual average P/E ratio)	

Item		Year	2023(estimate)
Pro-forma earnings per share and P/E ratio	If capital transferred from capital reserve is replaced by cash dividends distribution	Proposed Earnings Per Share	(Note 2)
		Pro-forma Average Annual Return on Investment	
	If capital transferred from capital reserve is not conducted	Proposed Earnings Per Share	
		Pro-forma Average Annual Return on Investment	
	If capital reserve has not been prepared and capital transferred from earnings is changed into distribution of cash dividends	Proposed Earnings Per Share	
		Pro-forma Average Annual Return on Investment	

Note 1 : The estimates for 2023 stock and cash dividends are prepared based on the proposal for earnings distribution resolved by the Board of Directors on March 14, 2023.

Note 2 : The Company did not publish the 2023 financial forecasts. In accordance with per 1 February 2000 Order No. Taiwan-Finance-Securities-I-00371, no estimate information for the year 2023 shall be disclosed.

1.9 Employees and directors' remuneration :

1.9.1 Percentage or range of employees and directors' remuneration recorded in article of association :

If there is profit at the end of each fiscal year, a ratio of 0.1% - 5% of the profit of current year distributable as employees' compensation and a ratio less than 2% of the profit of current year distributable as directors' compensation shall be appropriated. However, the Company's accumulated losses shall have been covered first if any.

The employees' compensation shall be in the form of shares or cash, and the distribution targets include employees who meet certain conditions of affiliated companies. The directors' remuneration mentioned in the preceding article shall be only in cash.

The proposals for distribution of employees' compensation and directors' remuneration shall be resolved by the Board of Directors and reported to the shareholders meetings.

1.9.2 The accounting treatment of estimation basis on remuneration for employees and directors and calculation basis on remuneration for employees appropriated with shares, and if actual appropriated amount is different from estimation :

The remuneration for employees and directors is based on net profit before tax less benefit before appropriating remuneration for employees and directors, after considering factors such as legal reserve, the remuneration will be estimated on the percentage recorded in article of association (remuneration for employees at 0.3%, remuneration for directors at 0.6%) and recognized as operating expense in 2022.

Calculation basis on remuneration for employees appropriated in shares is according to the closing price on the day before Board of Director's determination day.

If the actual appropriation amount determined by board of director's meeting is different from estimation, the Company recognizes the difference as profit or loss at the year of board of director's meeting.

1.9.3 Remuneration appropriation approved by Board of Directors :

1) Amount of remuneration for employees and directors appropriated in cash or shares :

On March 14, 2023 the Company's Board of Directors approved appropriation of remuneration for employees with NT\$ 8,184,810 and remuneration for directors with NT\$ 16,369,620, both appropriations are in cash; amount of proposing appropriation is the same as estimation amount in year of expense recognition.

2) Percentage of remuneration for employees appropriated in shares accounts profit after tax plus total remuneration for employees : The Board of Directors approved employees' remuneration which will be distributed in cash.

1.9.4 Actual appropriation of remuneration for employees, directors and supervisors last year :

The Company appropriates remuneration for employees with NT\$ 12,287,328 and remuneration for directors with NT\$ 12,287,328 in 2022, same as in 2021.

1.10 Buying back the Company's share : As for the ended of the financial report publication date, the Company does not buyback its shares.

2 Status of Corporate Bonds :

Type of Corporate Bonds	First Secured Ordinary Corporate Bonds in 2020 (Code : B87501)	
Issue Date	September 29, 2020	
Face Value	NT\$1 million	
Place of Issuance and Trading (Note)	Not Applicable	
Par Value (NT\$)	Fully Issued According to Face Value	
Issue Amount	NT\$2 Billion	
Interest Rate	Coupon Rate : Fixed Annual Interest Rate 0.62%	
Duration	5-year term Expiry Date : September 29, 2025	
Assurance Agency	First Commercial Bank	
Trustee	Land Bank of Taiwan	
Underwriter	First Securities Inc.	
Attorney	Far East Law Office Attorney at Law Ya-Wen, Chiu	
Accountant	Deloitte & Touche CPA Haiso-Fang, Yen	
Repayment Method	Bullet Repayment After 5 Full Years Since the Issue Date	
Outstanding Principal Amount	NT\$2 Billion	
Terms of Redemption or Early Repayment	Not Applicable	
Restriction	None	
Credit Rating Agency, Date of Assessment and Corporate Bond Assessment Results	Not Applicable	
Other Rights	Amount of Converted (Exchange or Subscription) Ordinary Stock, Overseas Depositary Receipts	Not Applicable
	Rules of Issuance and Conversion (Exchange or Subscription)	Please Refer to the Prospectus of First Secured Ordinary Corporate Bonds in 2020
Possible Dilution Conditions and Influence on Shareholders' Equity Caused by the Issuance and Conversion, Exchange or Subscription Rules and Issuance Terms	Please Refer to the Prospectus of First Secured Ordinary Corporate Bonds in 2020	
Custodian of the Subject After Conversion	Not Applicable	

Note : Fill in the Overseas Corporate Bonds

3 Status of Preferred Share : None

4 Issuance of Depositary Shares : None

5 Status of Employee Stock Option Plan

5.1 Unexpired employee stock option granted and impact on shareholders equity should be disclosed as for publication date :

December 19, 2022

Types of employee option certification	Employee stock option in 2018
Approval Date & Total Units	August 14, 2018 3,000 units (each unit could subscribe 1,000 ordinary shares)
Issue date	December 20, 2018
Issued units	3,000 units
Yet issued units	-
Shares of stock options to be issued as a percentage of outstanding shares	1.42%
Option Duration	December 20, 2018 to December 19, 2022
Conversion measures	Issue new shares
Conditional conversion periods and percentages	2nd Year : up to 60% 3rd Year : up to 100%
Converted shares	2,449,000
Value of Shares Exercised (NT\$)	31,936,400
Shares Unexercised	-
Adjusted exercise price for those who have yet to exercise their rights (NT\$)	-
Unexercised shares as a percentage of total issued shares	-
Impact on shareholder's equity	Dilution to Shareholders' Equity is limited

5.2 Employee stock options granted to management team and Top 10 employees :

December 19, 2023

	Title	Name	Number of share options granted	% of shares exercisable to outstanding ordinary shares	Executed				Unexecuted			
					Shares exercised	Exercise price per share	Value of shares exercised (NT\$)	% of shares exercised to outstanding ordinary shares	Shares unexercised (Note 1)	Exercise price per share	Value of shares exercised (NT\$)	% of shares exercised to outstanding ordinary shares
Manager	Project manager	Yu-Ling,Weng	710,000	0.34%	710,000	11.3~13.6	9,233,200	0.29%	-	-	-	-
	Project manager	Shun-Wen,Wu										
	Senior manager	Cing-Cyuan,Chen										
	Financial manager	Hui-Wen,Ko										
	Accounting manager	Yi-Jing,Fu										
Employee	General Manager of subsidiary	Tien-Fu,Wu	900,000	0.43%	876,000	12.2~13.6	11,443,200	0.36%	-	-	-	-
	Special Assistant	Feng-Chiu,Lin										
	Manager of subsidiary	Ching Chiu,Huang										
	Vice General Manager of subsidiary	Wen-Yan,Han										
	Vice General Manager of subsidiary	Chien-Chung,Lu										
	Team leader	Ai-Chen,Huang										
	Manager	Yi-Chia,Hou										
	Manager	Yu-Xian, Zhou (Note)										
	Manager	Yang-Yu ,Zhou										
Special Assistant of General Manager	Szu-Han, Chen											

Note : Left on February 28, 2022.

6 Status of Employee Restricted Stock : Not applicable.

7 Status of New Share Issuance in Connection with Mergers and Acquisitions : Not applicable.

8 Funding Plans and Implementation : The Company has no uncompleted capital usage plan or unshown effect of completed plan.

V.Operational Highlights

1 Business Activities

1.1 Business Scope

1.1.1 Business activities: The Group's main businesses are to entrust construction companies to build and to rent or sell residential buildings and business buildings, as well as to operate the contract engineering of domestic and foreign civil construction and hydraulic engineering activities.

1.1.2 Main business activities and its operating proportion unit :

NTD thousands; %

Business Activities	2022 Revenue	Operating Proportion
Sales revenue from property	8,653,201	99.49%
Engineering revenue	26,814	0.31%
Other	17,490	0.20%
Total	8,697,505	100.00%

1.1.3 Current main products : renting of houses, shops and shopping mall, etc.

1.1.4 New products planning to be developed :

The Company will examine market and capital conditions and successively initiate new construction projects at the right time in the future. In order to lower investment risks and accelerate capital recovery, the Company is planning to introduce products that meet consumers needs, to strengthen brand power, to achieve product differentiation, and to continuously promote the marketing business' digitalization process for the continual cultivation of the company.

1.2 Industry Overview

1.2.1 Current situation and development of the construction industry :

As the slowdown in the expansion of the global economy, the export growth momentum has slowed down in Taiwan. Meanwhile, Central Bank start lifting the interest rates in March 2022, in order to curb the inflation expectations. With the Real Estate Market Plan was implement by the Government Ministries, and the influence of the outbreak, the domestic real estate market is facing inflation,

construction financing squeeze, sustained lift rate, financial turmoil and the passed amendments to “The Equalization of Land Rights Act” and other unfavorable factors. With consumers take to the sidelines and their purchasing willingness goes down, the trading volume of real estate market has decreased in this year. The current real estate market is affected by many negative and unfavorable factors, therefore its prospect is still uncertain.

1.2.2 The relevance among the up, middle, and downstream of the industry

- 1) The manufacturing process of real estate begins from landowners, land agents, escrows, and the financial industry, to measurements, design, construction, water and electricity, construction materials, advertisements, and refurbishments, up until assets management and property management, etc. This expansive range of coverage can be described as each industry’s front-runner, which marks a fairly important indicator purpose for economic development.
- 2) For real estates, the first step is to purchase land, and develop according to its strength. The developmental process requires both escrows and the financial industry to carry out schemes for land transfer registrations and financing activities, etc. Measurement companies are to carry out field measurements; drilling companies are to conduct geological sensing; as for the planning and design stage, interior design companies or landscape design companies will design the buildings’ soft and hardware and apply for related licenses.
- 3) For the selling stage, it requires the business department and advertising companies to execute marketing and selling businesses. It also requires the furnishing industry to furnish, design, and construct selling centers, sample houses, and furnished houses. It also requires various media’s publicizing in the meantime.
- 4) For the constructing stage, it requires massive human power and materials provided by construction companies, mechatronics, and fire protection, etc. There are countless of fields of industry involved. After the completion and handover, it still requires building management, mechanics (water) and electricity, fire

protection, and other professional companies to carry out the management and maintenance of the building. The incoming users' furniture, home accessories, home appliances, and other needs are a series of procedure from top to bottom, which effectively promotes economic circulation and provides positive contributions to the rise of the economy.

1.2.3 All developmental trends of products

As the people of Taiwan gradually pay more attention to the quality of living, the planning of products for individual cases and space utilization have become important factors for house buyers when choosing houses. Life function and school district are also the factors taken into consideration when buying houses. As for construction quality, it is the key to building reputation. Therefore, designs that are exquisite and humane, functions that are practical and diversified, and construction cases that are located at sectors with better life function are the developmental trends for future housing products.

Furthermore, modern people are very concerned about environmental damage the environmental protection awareness will be further enhanced and implemented in all aspects in the 21st century. Therefore, it is necessary to pay attention to the implementation of environmental protection in the stages of land development and even the planning and construction of buildings. In recent years, with the promotion of environmental protection issues, ecological concepts and government policies, the trend of green building has become a trend in the construction industry. Under the promotion of government organizations, the trend has been driven, and with the encouragement of private enterprises to follow up, the market mechanism and environment for the green building industry have naturally formed, enabling the public to practice green buildings together to achieve effective use of resources and energy conservation, as well as the goal of reducing carbon dioxide emissions. Under the concepts of meeting the concept of energy saving, ecology and environmental protection, green building will be the trend of the future.

1.2.4 Competitive situations

The Company's operating team cultivates our brand image in the Taichung area, and exhibits our operating strengths through listed companies' platforms. We value the preciseness, speed, and futurism for the development of sectors for construction cases and maintain our advantage in our information for land development. With the aid of market investigation information and acuity, we decide land-purchasing strategies in a cautious manner in order to achieve the goal of operational sustainability. Moreover, we made practical in-depth understandings and obtained the "urban renewal know-how" to actively expand and extend our area of expertise in order to create diversified operational dimensions. We hope use cultural creativity and technological innovation as the core to integrate the power of marketing and cultural networks, so as to build houses with excellent quality and to enhance competitiveness.

1.3 Skills and Research and Development Highlights

1.3.1 We actively gather all kinds of land and housing market information in the future, and further discuss and analyze these information to achieve correct product positioning and advantageous marketing strategies. We establish digital database for lands and appoint case evaluations to enhance developmental efficiency. We select and entrust foreign and domestic renowned design teams, architectures, and construction companies, and enhance our skills and standards to achieve the goal of added value to our product and services.

1.3.2 We established the department of digital architecture 3D illustration, consolidated the control for engineering management. We actively participate in exhibitions for construction materials and furniture, in order to accumulating knowledge and strengthen product planning.

1.3.3 The Company and subsidiary companies have invested a considerable amount of human resources and cost in the past years and have continuously introduced new services and systems to satisfy the consumers' needs. However, the Company and subsidiary companies mainly provide services of housing and architecture development and is not applicable for research and development and investment.

Therefore, there is no future research and development plan and expected expense invested in research and development.

1.4 Long-Term and Short-Term Business Developmental Plans

1.4.1 Short-term goal: smooth selling of individual cases.

1.4.2 Mid-term goal :

- 1) Enhance the company's brand value.
- 2) Expand business investment and development.
- 3) Arrange and develop beneficial lands.
- 4) Enhance residential brand recognition.

1.4.3 Long-term goal :

1) Stable operation and transparency the information

We stabilize our finances and operate sustainably through open and transparent listed platforms.

2) Consolidation of principal business and multifaceted operation

The Company has been actively engaging in other industries on the basis of its core business to broaden its revenue channels and increase its brand value.

3) Business culture and brand assets

Combine entrepreneurship with business culture, deepen brand with humanism, so that we make our brand one of the kind.

2 Marketing and Production Activities

2.1 Market Analysis

2.1.1 Main areas of product sales

Currently, the main market for land development and selling is in Taichung City.

2.1.2 Market share

From 2019 to 2022, the Company respectively introduced “Good together Melody”, “Get together” and “The way home”. The calculation of our market share based on the cases introduced in the Taichung area is as follow :

Unit : NTD 100 million

Item/Year	2019	2020	2021	2022
Zongtai Real Estate (A)	87	0	159	0
Amount of cases introduced in the Taichung area (B)	1,820	1,914	2,536	3,158
Market share (A/B)	4.78%	0.00%	6.27%	0.00%

Source : 2019-2022 Cathay Real Estate Index quarterly report

2.1.3 Market's Future Supply-Demand Situation and Growth

1) Supply situation :

According to the research information regarding the research on domestic real estate gathered by Cathay Real Estate Development Co., Ltd. and NCCU Taiwan Real Estate Research Center, nationwide number of individual new cases introduced to the market in 2022 amounted to NTD 1,600.2 billion, which increased 23.09% comparing to 2021. The average deal price in each city rose by 43.6%. The average final price in Taichung City reaches its highest in history – NTD 424.8 thousand/ping.

In 2022, the national rise in price was stable, the market was hot; however, affected by the effect of the central bank's interest rate rising, the rising outbreak situation in season 2, and the draft of "The Equalization of Land Rights Act" was passed in season 4, the trading volume shrank significantly, the high housing price also to converge in season 4, and it is expected that the real estate market will tend to shrink in volume and price in the future.

Nationwide Project Introduction Situations for Each Quarter in 2021 and 2022

Item \ Year	2021					2022				
	Q1	Q2	Q3	Q4	Total	Q1	Q2	Q3	Q4	Total
No. of Cases	230	209	214	246	899	231	187	256	233	907
Total saleable households (household)	21,812	17,749	20,182	20,973	80,716	20,559	16,473	25,800	25,857	88,689
Total saleable amount (NTD 100 million)	3,364	2,456	3,392	3,787	12,999	3,820	2,908	4,586	4,688	16,002

Source : 2021 and 2022 Cathay Real Estate Index press release (Cathay Real Estate Development Co., Ltd./NCCU Taiwan Real Estate Research Center)

2022 Number of Cases Introduced for Each Area and Possible Final Price per Ping

Item		Nationwide	Taipei City	New Taipei City	Taoyuan & Hsinchu Area	Taichung City	Tainan City	Kaohsiung City
No. of Cases Introduced (NTD 100 million)	Amount	16,002	2,789	3,713	3,095	3,158	1,390	1,857
	Annual Rate of Change (%)	23.09	1.23	12.61	25.12	24.50	84.64	56.97
Possible Final Price per Ping (NTD 10 thousand)	Amount	45.97	108.13	51.64	39.98	42.48	30.91	31.02
	Annual Rate of Change (%)	43.60	16.72	23.57	45.59	54.30	26.00	20.61

Source : 2022 Cathay Real Estate Index press release (Cathay Real Estate Development Co., Ltd./NCCU Taiwan Real Estate Research Center)

2) Demand situation :

The main demands within the housing market can be classified into two major categories residential customers and investing customers. Residential house buyers' demand for real estate has always been stable. With the increase of national income and the natural growth of population, citizens will not only continue to pursue the expansion of living space and the addition of equipment but also value the enhancement of living quality. The demand for moving to new homes and eliminating old houses will continue to happen. Thus, residential customers are still the main factor for future demands. As for investment demand, it is more prone to be influenced by factors such as the fluctuation in the real estate economy, polit and inflation, political stability, tight or loose policies, psychological predictability etc.

According to the statistics from the Department of Statistics, MOI below, in the end of 2022, the total households nationwide was 9,089 thousand. Viewing from the national population of about 23,264 thousand, there is about 2.56 people per household. As the economy continues to grow, the urbanization effect is gradually burgeoning, which results in the trend of the miniaturization of family structures becoming more obvious. Thus, although there was a negative growth rate of population from 2020, family households continue to grow stably. This shows that there still exist basic demands for the future housing market owing to the continuous increase in family households.

Number of Households and Population in Taiwan from the End of 2018 to the End of 2022

Year	No. of Households (Household)	Annual No. of Household Increase Rate (%)	Population (Persons)	Annual Population Increase Rate (%)	Household Capacity (Person(s)/Household)
End of 2018	8,734,477	0.99	23,588,932	0.08	2.70
End of 2019	8,832,745	1.13	23,603,121	0.06	2.67
End of 2020	8,933,814	1.14	23,561,236	-0.18	2.64
End of 2021	9,006,580	0.81	23,375,314	-0.79	2.60
End of 2022	9,089,450	0.92	23,264,640	-0.47	2.56

Source : Department of Statistics, MOI

In March, the signal index of Housing Windsock remains at the green light level, and compared with the same period last year (48.7 points), the score decreased by 0.6 points. But increase 6 points compared with February(42.1 points). The six major components of the Housing Windsock show “Three increase, Two same, One decrease” compared with February, in which the score of Presold House Cases Introduced, New Home Cases Introduced and No. of Customers Visited have increased; the Bargaining Rate and No. of Cases Transacted have remained the same, the points of sale projects have decreased.

In the past 2 years, due to the global inflation, the uninterrupted war between Russia and Ukraine, lift rates, the shortage of found, etc., domestic "6 times of financial restrictions, 3 major policy implementations, 2 times of law amendments", the trading volume of the real estate market has shrunk.

2023, including domestic and international economies not very optimistic and subject to the interference of the 2024 presidential election, will be an eventful year. However, under the influence of the inflation crisis and the trend of first-time homebuyers purchasing house outside of their region, the purchase willingness in the real estate market still has a chance to gain support.

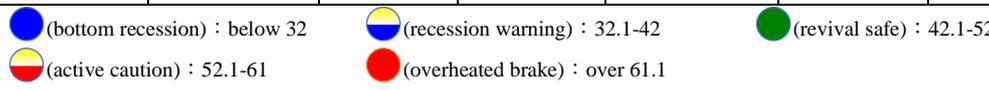
"Housing Windsock" – Scores for Six Major Indicators and Lighting Comparison Chart								
Time	Presold House Cases Introduced	New Home Cases Introduced	Batch(es) of Advertisement	Bargaining Rate	No. of Customers Visited	No. of Cases Transacted	Total Score	New Lighting Signal
Mar 2022	9.81	4.53	9.93	7.86	8.59	7.98	48.7	●
Apr 2022	7.26	3.60	11.28	8.21	7.11	7.98	45.4	●
May 2022	5.80	5.77	11.28	8.21	7.11	7.51	45.7	●
Jun 2022	6.53	3.60	11.28	8.55	7.11	6.57	43.6	●
Jul 2022	10.90	6.08	11.28	8.55	7.48	7.51	51.8	●
Aug 2022	7.99	4.53	10.83	8.89	6.37	7.04	45.7	●
Sep 2022	8.35	4.22	10.83	8.89	6.74	7.04	46.1	●
Oct 2022	6.90	3.60	10.83	8.89	6.37	5.63	42.2	●
Nov 2022	8.72	3.60	10.38	8.89	5.26	4.69	41.5	●
Dec 2022	10.90	3.91	10.38	8.89	5.63	7.04	46.8	●
Jan 2023	6.90	4.53	10.38	8.55	5.26	7.04	42.7	●
Feb 2023	5.80	3.60	9.93	8.55	6.74	7.51	42.1	●
Mar 2023	10.90	4.22	9.48	8.55	7.48	7.51	48.1	●
Note								
Source : www.myhousing.com.tw								

Image source : myhousing.com.tw (extracted from Hinet.com)

2.1.4 Competitive niche

1) Excellent land development ability

Since the Company has accumulated multiple years of constructing experience, and possesses rich sources regarding land information, we are able to lay hold of development potentials for excellent land sections in advance. We are able to actively analyze urban developmental trends and introduce construction cases that meet the market's needs in accordance with our operating situation.

2) Lay hold of market needs and exquisite design and planning

The Company is able to substantially lay hold of the quotation for construction cases and is familiar with consumers' characteristics. The Company is able to plan and design products that meet house buyers' needs, so currently our case introduction and sales rate is performing well.

3) Precise control of construction quality, process, and cost

The Company always plans cautiously before introducing new cases and estimates our funds in advance. In addition to keeping credit with the bank, most of our constructions are mainly

outsourced to construction companies that are qualified by the government and registered with good reputation. We strictly control the constructing process, product quality, and constructing cost. Thus, under the condition that the settlement period and quality are both able to meet the customers' demand, we are able to make profit stably.

2.1.5 Advantageous and Disadvantageous Factors for Developmental Visions and Responding Strategies

Influencing Factors	Advantageous Factors	Disadvantageous Factors	Responding Strategies
Policies	<ol style="list-style-type: none"> 1) Promotion of significant public facilities. 2) Government's promotion of the planning of social housing, reconstruction of old housings, and green buildings. 	<ol style="list-style-type: none"> 1) The continuous increase in land and architectural cost, which increases developmental cost largely. 2) Central bank launches presold house transaction price declaration 2.0, house and land transactions income tax 2.0, central bank also launches credit control policies and amendment of the equalization of land rights act. 3) National taxation bureau put focus examination on real estate transaction. 	<ol style="list-style-type: none"> 1) Strengthen land development and product planning to create communities with distinguishing features in response to the market's mainstream. 2) Entrust construction companies that meet quality conditions and cost control, in order to enhance product competitiveness. 3) Product differentiation and brand reputation establishment. The target are green buildings.
Economy	<ol style="list-style-type: none"> 1) The continuous rise of prices in turn causes real estate's value preservation. 2) Taiwanese enterprises return and tax deduction and Moreover, with the demographic dividend of industrial parks, the regional rigid demand has increased. 	<p>Inflation impact expansion, regional political conflict and unclear economic prospect cool real estate market.</p>	<ol style="list-style-type: none"> 1) Healthy real estate market, reasonable house prices. 2) Depress price level policy, capital withdraw, interest rate is forecasted to rise.
Housing-Market Fundamentals	<ol style="list-style-type: none"> 1) The pandemic has led to a global inflation trend. Under the house buying concept of natives and the expectation of rising prices, real estate still has the effect of investment preservation. 2) The release of land readjustment in various districts is helpful for planning and designing products meet the needs of house buyers compared with the old urban. 	<ol style="list-style-type: none"> 1) A rising trend for prices for raw material, salary and continuous increase in land cost. 2) Central government and municipal governments' large scope of joint inspection of construction cases for presold houses. 	<ol style="list-style-type: none"> 1) Strengthens cost control, builds up brand and product differentiation, and launches product that meet customers' need. 2) 5 rigorous examination processes and confirmed by the third-party notary unit to ensure every resident's right. 3) Digitalized service with 0 distant" keeps deepens society building and brand operation.

2.2 Important use and production process of main products

2.2.1 Important use of main products: residential buildings, including residences and parking spaces.

2.2.2 Production process :



2.3 Supply situation for main raw materials

2.3.1 Land: Active development to search for appropriate areas, with the central part of Taiwan as the main development market, especially Taichung City as the main development core. The Company purchases land depending on actual needs, or cooperates with land's owners by co-building, so that there will be no shortage in terms of supply.

2.3.2 Construction: The main targets of cooperation are excellent construction companies.

2.3.3 Materials: In order to better control and make flexible usage of the general outsourcing operation, the Company had gradually changed the way of outsourcing to the contract of labors and materials. Thus, the sources for the supply of materials are stable.

2.4 Name of customer(s) whose total purchasing (selling) amount once accounted for more than 10% in any year of the last two years and its purchasing (selling) amount and percentage

2.4.1 Information on main suppliers for the last two years

Unit : NTD thousands

Item	2021				2022				2023 as of the previous quarter (note)			
	Title	Amount	Percentage of Annual Net Purchases	Relationship with the Issuer	Title	Amount	Percentage of Annual Net Purchases	Relationship with the Issuer	Title	Amount	Percentage of Annual Net Purchases	Relationship with the Issuer
1	Mr./Ms. Yang and others	2,750,267	55.35%	None	Yincai Engineering Co., Ltd.	443,505	13.86%	None	Yincai Engineering Co., Ltd.	127,500	17.13%	None
2	Other	2,218,879	44.65%	None	Hong Sheng electronic Co., Ltd.	347,086	10.85%	None	Dian zhang Engineering Co., Ltd.	102,165	13.73%	None
3					Other		75.29%		Other	514,666	69.14%	None
	Net Purchases	4,969,146	100.00%		Net Purchases	3,199,421	100.00%		Net Purchases	744,331	100.00%	

Note : 2023 as of the previous quarter was read and approved by accountants.

Reasons for increased and decreased changes : In 2021, the Company purchased the land “Land Serial No., 15, Wenshang Section” from landowner Mr./Ms. Yang and other natural persons. During 2022 and the first quarter of 2023, owing to the construction phase of structural construction for “The way home” and other cases, the targets of purchase mainly focused on construction contractors.

2.4.2 Information on main customers for the last two years

Unit : NTD thousands

Item	2021				2022				2023 as of the previous quarter (note)			
	Title	Amount	Percentage of Annual Net Sales	Relationship with the Issuer	Title	Amount	Percentage of Annual Net Sales	Relationship with the Issuer	Title	Amount	Percentage of Annual Net Sales	Relationship with the Issuer
1	Yuan-Cheng Construction Co., Ltd.	791,614	21.70%	None	Other	8,697,505	100.00%	None	Mr./Mrs. Jiang	22,222	18.60%	None
2	Other	2,855,722	78.30%	None					Other	97,264	81.40%	None
	Net Sales	3,647,336	100.00%		Net Sales	8,697,505	100.00%		Net Sales	119,486	100.00%	

Note : 2023 as of the previous quarter was read and approved by accountants.

Reasons for increased and decreased changes : The Company sold the land and its private properties “Land Serial No. 1211, 1211-3, Shuzijiao Section” to Yuan-Cheng Construction Co., Ltd. and received full amount of the selling price and completed the ownership transfer and recognized it as current income in 2021. The Company’s main sales target for its products is the general public. Thus, there was no customer accounted for more than 10% of the total sales amount in 2022. The Company sold the store of get together to Mr./Mrs. Jiang in 2023 Q1.

2.5 Production value in the last two years

Unit : NTD thousands

Year Department	2021			2022		
	No. of Households	Parking Space	Cost	No. of Households	Parking Space	Cost
Construction Department	437	472	2,577,875	1207	1261	5,686,469
Other Department	-	-	13,615	-	-	11,405
Total	437	472	2,591,490	1207	1261	5,697,874

Note : 1) Productivity is recognized as total number or households (parking spaces) in the year of completion.

2) Production value is listed as total cost for individual cases in the year of completion.

2.6 Sales volume in the last two years

Unit : NTD thousands

Year Department	2021			2022		
	Domestic sale			Domestic sale		
	No. of Households	Parking Space	Sales	No. of Households	Parking Space	Sales
Construction Department	437	472	3,633,853	1207	1261	8,680,015
Other Department	-	-	13,483	-	-	17,490
Total	437	472	3,647,336	1207	1261	8,697,505

3 Employees

In the last two years and as of the printing date of the annual report, the number of employees, average years of service, average age, and distribution ratio of academic qualifications are as follow.

Year		2021	2022	May 9, 2023
No. of Employees	Directors & Managers	18	17	19
	Others	115	108	117
	Total	133	125	136
Average Age		37.67	38.04	37.88
Average Years of Service		6.02	6.86	6.92
Distribution Ratio of Academic Qualification	Doctoral Degree	—	—	—
	Master's Degree	10.53%	10.40%	10.30%
	College	76.69%	76.00%	75.00%
	High School	9.02%	9.60%	10.29%
	Junior High and Under	3.76%	4.00%	4.41%

4 Information Regarding Environmental Protection Expenses

4.1 In order to reduce the harm caused on the environment when constructing at construction sites, the Company has entrusted contracted construction companies that preservation and the disposal of wastes related to construction site environment are all handled by the contractors. The Company is responsible for supervising. In terms of the surrounding environment, the construction companies send people to inspect and preserve the tidiness of surrounding streets and sidewalks indefinitely each month.

4.2 The latest year and as of the printing date of the annual report – loss caused due to environment pollution : no such situation.

4.3 Current and future possible estimated amount and responding measures :
The Company and the construction companies determined in the construction contract that the responsibility for environment pollution during the construction period belongs to the construction company, and the Company is responsible for supervising. The Company's measures to prevent pollution are as follow :

4.3.1 Choose appropriate construction methods depending on the geological and neighboring housing conditions, so as to reduce noise and concussion.

4.3.2 Set up protective nets around the building to prevent flying sands and falling stones.

4.3.3 Fixed placement of waste, and the burning of wastes is prohibited during the construction period. Labors are hired to transport and discard the wastes regularly.

Currently, there is no significant pollution from the Company, so there will be no significant environmental protection expense in the future.

5 Labor Relation

5.1 All of the company's employee benefit measures, further education, training, retirement system and their implementation status, as well as the negotiations between employees and employers and status of maintenance measures for all employees' rights.

5.1.1 Employee benefit measures

1) Employee's group insurance.

- 2) Indefinite domestic and overseas travelling activities.
- 3) Holiday bonus and birthday coupon.
- 4) Indefinite lunch or dinner parties to connect with colleagues.
- 5) Capital will be increased every time to pre-estimate 10% as employee's subscription. The percentage for subscription is distributed depending on the employee's performance.
- 6) Performance bonus : issued according to the employee's performance.
- 7) Employee's remuneration : allocated according to the bylaws depending on the annual settled profit.
- 8) Setting up of a breastfeeding (pumping) room to support employees in continuing to breastfeed (pump), and to create a friendly environment for employees to continue to breastfeed (pump).
- 9) Subsidize club for activities. To allow employees to enrich their lifestyle and get close to nature during their vacant times.

5.1.2 Further education and training : The Company had established regulations for employee's education and training. The employees can make the initiative in attending all kinds of education or training programs, or supervisors may send employees to such programs depending on business needs. Additionally, the Employee Benefit Committee provides subsidies for further education every year. Employees' further education expense for 2022 was NTD 1,219 thousand.

5.1.3 Retirement system and implementation status

The retirement policies set for formal employees are as follows :

- 1) Labor Retirement Reserve Fund (the Old Fund) of the Labor Standards Act : There is no employee in the Company that applies to the Old Fund.
- 2) Labor Retirement Reserve Fund (the New Fund) of the Labor Standards Act : implemented since July 1, 2005.

Allocate 6% of the salary for the employees as the labor retirement fund every month and is saved in the personal account for the labor retirement fund set by the Labor Insurance Bureau.

The account's ownership rights belong to the labor. NTD 3.87 million was allocated in 2022.

5.1.4 Negotiations between employees and employers and status maintenance measures for all employees' rights :

All of the Company's systems are handled according to related regulations of the Labor Standards Act. The Company's the Employees Benefit Committee promotes all kinds of beneficial measures. The relationship between the employees and the employers is amicable, as there is no dissension between employees and employers and loss caused.

5.2 In the latest year and as of the printing date of the annual report, the loss caused owing to employee-employer dissension, and the disclosure of current or future possible estimated amount and responding measures. If it cannot be reasonably estimated, the fact for the inability to reasonably estimate reasonably should be stated : no such event.

5.3 Protective measures regarding the working environment and the personal safety of employees :

5.3.1 The Company strictly requires contractors and their subcontractors for individual invested construction cases to comply with the "Occupational Safety and Health Act" and the "Labor Standards Act," and all other regulations related to labor laws and regulations. Moreover, when these contractors and subcontractors are at work, they should be prepared with related certification qualifications and have passed professional training.

5.3.2 The Company's 100% reinvestment subsidiary company – Zongtai Construction Co., Ltd. is a comprehensive A class construction company. Occupational safety and health personnel are stationed at each construction area to help first-level unit supervisors draw up, implement, check, and improve management functions, so as to achieve safety and health management goals and to enhance safety and health management standards.

5.3.3 Construction site :

1) Personal protective gears : Helmets should be worn when entering all construction places of the Company. Safety harnesses should

be worn when working at heights above 2 meters and working on scaffolds.

- 2) Access control and face recognition system.
- 3) Toilet and shower room at construction sites.
- 4) Tidying and cleaning of the environment : Working areas remain clean and tidy. Workplaces should be tidied up and cleaned, and scraps and domestic wastes should be gathered at designated premises before the end of each day.
- 5) The work safety inspection team spot-checks each construction site's construction situation, and the deficiencies will be reviewed in the meetings every quarter.
- 6) Regular inspection for safety and protective equipment, as well as safety education and training.
- 7) Obtained the patent for scaffold's anti-fall rods.
- 8) The fire detection alarm system is combined with LINE notification during the construction site's construction period.

5.3.4 Office place :

- 1) The surveilling and access control systems in the office to ensure the employees' safety.
- 2) The outsourcing management of the building conducts fire drill practices in June every year.
- 3) The regular changing of the water dispensers' equipment and filter to ensure the hygiene and quality of drinking water.
- 4) The outsourcing management of the building conducts office interior sterilization once every three months and public area's sterilization once every month.

5.3.5 The Company had already insured group insurance for all employees.

6 Cyber security management

6.1 Cyber security and risk management structure, cyber security policy, concrete management project and the resource put into cyber security management :

6.1.1 Structure of cyber security management :

Information department is the responsible unit of cyber security. The department cooperate with Deloitte and in charge of planning inside

cyber security policy, planning and executing cyber security works and promoting cyber security policy. Auditing room is in charge of cyber security monitoring. If any error is found, auditing room shall request the unit under investigation to offer improvement plan and specification and tracking the effectiveness to decrease inside risk.

6.1.2 Cyber security policy : Establish “Cyber security policy” and make 5 key management point

- 1) Computer equipment security management
- 2) Internet security management
- 3) System access control
- 4) Ensuring system operation
- 5) Promotion and training of cyber security

6.1.3 Actual management project : Separate management project to 4 parts

- 1) Authority management (Employee account, system authority Outside threat management)
- 2) Access management (Access inside and outside system, manage data transmission channel)
- 3) Threat from outside (Potential weakness in inside system, virus information and protection measurement)
- 4) System availability (System available status, measurement during service suspended)

6.1.4 Resource put into cyber security management :

The specified machine room is equipped with UPS and voltage stabilization equipment to protect computer system from interruption during power failure. The access hub is equipped with enterprise level firewall to block hackers. Every year we implement recovery practice and daily and offsite data backup system. We also promote cyber security matter to strengthen colleagues’ awareness.

6.2 List any losses suffered by the company in the most recent fiscal year and up to the annual report publication date due to significant cyber security incidents, the possible impacts therefrom, and measures being or to be taken. If a reasonable estimate cannot be made, an explanation of the facts of why it cannot be made shall be provided : None.

7 Important Contracts

7.1 Zongtai Real Estate Development Co., Ltd.

Contract Nature	Party	Contract Start and End Date	Main Content	Restriction Clause
Construction Contract (Note 1)	Zongtai Construction Co., Ltd.	April 30, 2018 until warranty expiry date	“Zongtai 2020” assumptions and new structural construction	None
	Hong Xin Mechanical and Electrical Engineering Co., Ltd.	May 25, 2018 until warranty expiry date	“Weaving” mechanical and electrical work	None
	Hong Sheng Hydropower Industry Co., Ltd.	January 15, 2019 until warranty expiry date	“Zongtai 2020” mechanical and electrical work	None
	Zongtai Construction Co., Ltd.	November 16, 2019 until warranty expiry date	“Good together Melody” assumptions and new structural construction	None
	Zongtai Construction Co., Ltd.	December 30, 2019 until warranty expiry date	“Get together” assumptions and new structural construction	None
	Hong Xin Mechanical and Electrical Engineering Co., Ltd.	April 5, 2020 until warranty expiry date	“Good together Melody” mechanical and electrical work	None
	Hong Sheng Hydropower Industry Co., Ltd.	April 5, 2020 until warranty expiry date	“Get together” mechanical and electrical work	None
	Wu Liu He Architects	June 18, 2020 until usage license applications	“The Way Home” architecture design	None
	Feng Yi Engineering	October 20, 2020 until warranty expiry date	“Get together” masonry work	None
	Long Dian Engineering Co., Ltd.	October 20, 2020 until warranty expiry date	“Get together” masonry work	None
	Ya Tung Ready Mixed Concrete Co., Ltd., Taichung Plant	April 8, 2021 until completion of construction	“The Way Home” concrete material (structural construction)	None
	Zongtai Construction Co., Ltd.	April 1, 2021 until warranty expiry date	“The Way Home” assumptions and new structural construction	None
	Chih I Enterprise Co., Ltd.	May 6, 2021 until completion of construction	“The Way Home” rebar material (structural construction)	None
	Tung Ho Steel Enterprise Co., Ltd.	May 10, 2021 until completion of construction	“The Way Home” rebar material (structural construction)	None
	Da Xin Sandstone Co., Ltd.	May 30, 2021 until completion of construction	“The Way Home” earthwork	None
	Tung Ho Steel Enterprise Co., Ltd.	Jan 7, 2022 until completion of construction	“The Way Home” rebar material (structural construction)	None
	Chih I Enterprise Co., Ltd.	Jan 7, 2022 until completion of construction	“The Way Home” rebar material (structural construction)	None
	Tong Wen Fa Engineering	Mar 3, 2022 until warranty expiry date	“The Way Home” waterproof work	None
	You Shin Aluminum Ltd.	Mar 16, 2022 until warranty expiry date	“The Way Home” aluminum door and window work	None

Contract Nature	Party	Contract Start and End Date	Main Content	Restriction Clause
	Bao Lai Interior Design Co., Ltd.	Mar 24, 2022 until warranty expiry date	“The Way Home” Dry wall work	None
	Hong Sheng Hydropower Industry Co., Ltd.	Mar 30, 2022 until warranty expiry date	“The Way Home” mechanical and electrical work	None
	Taiwan Sakura Co., Ltd.	May 3, 2022 until warranty expiry date	“The Way Home” kitchenware work	None
	Dian Zhang Engineering Co., Ltd.	May 25, 2022 until warranty expiry date	“The Way Home” mechanical and electrical work	None
	Shang Yi Engineering Co., Ltd.	May 30, 2022 until warranty expiry date	“The Way Home” masonry work	None
	Otis Elevator Co., Ltd.	Jun 6, 2022 until warranty expiry date	“The Way Home” mental of elevator	None
	Tung Ho Steel Enterprise Co., Ltd.	Aug 23, 2022 until completion of construction	“The Way Home” rebar material (structural construction)	None
	Chih I Enterprise Co., Ltd.	Aug 23, 2022 until completion of construction	“The Way Home” rebar material (structural construction)	None
	Jun Han Industrial Co., Ltd.	Aug 29, 2022 until warranty expiry date	“The Way Home” Entrance door & fireproof door work	None
	Chung Ke Opticoelecoron Scieyce & Technology Co., Ltd.	Feb 5, 2023 until warranty expiry date	“The Way Home” weak electricity work	None
	Qi Hui Metal Co., Ltd.	Mar 7, 2023 until warranty expiry date	“The Way Home” aluminum board of wall work	None

Note 1 : construction contracts only show total contractual price (untaxed) of those over NTD 50 million.

7.2 Zongtai Construction Co., Ltd.

Contract Nature	Party	Contract Start and End Date	Main Content	Restriction Clause
Joint Construction Contract	Yong Feng Tai Real Estate Co., Ltd.	January 4, 2019 until the completion of co-construction handover	13 pieces of land located in Land Serial No. 11-7, Zhengyi Section, South District, Taichung City; jointly constructed and sold separately	None
Contract	Zongtai Real Estate Development Co., Ltd., Taichung Branch	April 30, 2018 until warranty expiry date	“Zongtai 2020” assumptions and new structural construction	None
	Zongtai Real Estate Development Co., Ltd., Taichung Branch	November 16, 2019 until warranty expiry date	“Good together Melody” assumptions and new structural construction	None
	Zongtai Real Estate Development Co., Ltd., Taichung Branch	December 30, 2019 until warranty expiry date	“Get together” assumptions and new structural construction	None

Contract Nature	Party	Contract Start and End Date	Main Content	Restriction Clause
	Zongtai Real Estate Development Co., Ltd., Taichung Branch	April 1, 2021 until warranty expiry date	“The Way Home” assumptions and new structural construction	None
Construction Contract (Note)	Yincai Engineering Co., Ltd.	September 18, 2019 until warranty expiry date	“Good together Melody” panel construction	None
	Bao Jin Enterprise Co., Ltd.	November 15, 2019 until warranty expiry date	“Get together” rebar lashing work	None
	Yincai Engineering Co., Ltd.	November 15, 2019 until warranty expiry date	“Get together” panel construction	None
	Yong Feng Tai Real Estate Co., Ltd.	January 5, 2020 until warranty expiry date	“Wonderful Brand” building’s new structural construction	None
	Yincai Engineering Co., Ltd.	March 15, 2021 until warranty expiry date	“The Way Home” panel construction	None
	Bao Jin Enterprise Co., Ltd.	March 25, 2021 until warranty expiry date	“The Way Home” rebar lashing	None
	Da Niu Engineering Co., Ltd.	March 25, 2021 until warranty expiry date	“The Way Home” rebar lashing	None
	Feng Rong Environmental Engineering Co., Ltd.	April 15, 2021 until warranty expiry date	“The Way Home” waste removal	None
	You Mao Co., Ltd.	Jane 30, 2021 until warranty expiry date	“The Way Home” scaffolding work	None
Yong Liang Engineering Co., Ltd.	Jane 30, 2021 until warranty expiry date	“The Way Home” scaffolding work	None	

Note: construction contracts only show total contractual price (untaxed) of those over NTD 50 million.

7.3 Ritai Assets Management Co., Ltd.

Contract Nature	Party	Contract Start and End Date	Main Content	Restriction Clause
Superficies	Central Region Branch, National Property Administration, MOF	August 18, 2015 to August 17, 2085	State-owned non public land’s establishment of superficies contract	Note 2
Long-Term Loans	Land Bank of Taiwan	August 5, 2019 to August 5, 2039	Long-term house construction secured loans	None

Note 1 : construction contracts only show total contractual price (untaxed) of those over NTD 50 million.

Note 2 : 1) Land rent should be paid monthly starting from the date of the signing of the Contract.

- 2) Ritai should be the constructor for the construction of private properties on superficies targets. However, those that have been approved by Party A via written consent are not subjected to this limitation.
- 3) Ritai is not allowed to lease or lend properties of superficies targets to others for construction use. If leased or lended to others for construction use, the final date of its use duration period cannot be after the final date of the superficies’ duration period.

VI. Financial Information

1 Concise balance sheet and statement of comprehensive income in the past 5 years

1.1 Concise Balance Sheet (5 years)

1.1.1 Concise Balance Sheet after adopting IFRS (consolidated)

Unit : NT\$ thousands

Year (Note1)		Financial information (5 years)					Financial information for the period March 31, 2023
		2018	2019	2020	2021	2022	
Item							
Current Assets		9,289,990	13,816,531	17,110,844	19,480,025	20,023,451	20,083,764
Property, Plants and Equipment		148,324	141,466	140,895	133,847	131,723	132,695
Intangible Assets		18,223	18,515	19,255	19,010	18,371	18,229
Other assets		207,325	228,641	456,728	606,682	655,206	659,312
Total assets		9,663,862	14,205,153	17,727,722	20,239,564	20,828,751	20,894,000
Current Liabilities	Before distribution	5,012,523	9,349,521	10,326,143	13,058,917	10,971,769	12,030,298
	After distribution	5,326,346	9,977,384	11,253,622	13,376,492	Note 2	Note 2
Non-current liabilities		8,775	50,373	2,186,560	2,243,539	2,273,569	2,261,641
Total Liabilities	Before distribution	5,021,298	9,399,894	12,512,703	15,302,456	13,245,338	14,291,939
	After distribution	5,335,121	10,027,757	13,440,182	15,620,031	Note 2	Note 2
Interests attribute to owners of parent company		4,642,564	4,805,259	5,215,019	4,937,108	7,583,413	6,602,061
Capital		2,085,205	2,092,877	2,103,341	2,111,499	2,427,487	2,427,487
Capital Surplus		812,764	814,043	816,615	822,657	1,261,649	1,261,649
Retained earnings	Before distribution	1,740,795	1,898,339	2,295,063	2,002,952	3,894,277	2,912,925
	After distribution	1,426,972	1,270,476	1,367,584	1,685,377	Note 2	Note 2
Other equity		3,800	-	-	-	-	-
Treasury shares		-	-	-	-	-	-
Non – controlling equity		-	-	-	-	-	-
Total equity	Before distribution	4,642,564	4,805,259	5,215,019	4,937,108	7,583,413	6,602,061
	After distribution	4,328,741	4,177,396	4,287,540	4,619,533	Note 2	Note 2

Note 1 : Financial information from 2018 to 2022 was certified by accountants ; Financial information for Q1, 2023 was reviewed by accountants.

Note 2 : Earnings appropriation of the year has not approved by shareholder's meeting.

1.1.2 Concise Balance Sheet after adopting IFRS (Unconsolidated)

Unit : NT\$ thousands

Year (Note1)		Financial information (5 years)				
		2018	2019	2020	2021	2022
Current Assets		8,373,079	12,768,044	16,172,538	18,710,052	19,181,600
Property, Plants and Equipment		145,889	140,499	139,300	133,183	126,751
Intangible Assets		369	661	1,401	1,156	517
Other assets		683,531	676,007	689,242	598,073	763,186
Total assets		9,202,868	13,585,211	17,002,481	19,442,464	20,072,054
Current Liabilities	Before distribution	4,551,570	8,779,180	9,785,328	12,505,285	10,402,970
	After distribution	4,865,393	9,407,043	10,712,807	12,822,860	Note 2
Non-current liabilities		8,734	772	2,002,134	2,000,071	2,085,671
Total Liabilities	Before distribution	4,560,304	8,779,952	11,787,462	14,505,356	12,488,641
	After distribution	4,874,127	9,407,815	12,714,941	14,822,931	Note 2
Interests attribute to owners of parent company		4,642,564	4,805,259	5,215,019	4,937,108	7,583,413
Capital		2,085,205	2,092,877	2,103,341	2,111,499	2,427,487
Capital Surplus		812,764	814,043	816,615	822,657	1,261,649
Retained earnings	Before distribution	1,740,795	1,898,339	2,295,063	2,002,952	3,894,277
	After distribution	1,426,972	1,270,476	1,367,584	1,685,377	Note 2
Other equity		3,800	-	-	-	-
Treasury shares		-	-	-	-	-
Non – controlling equity		-	-	-	-	-
Total equity	Before distribution	4,642,564	4,805,259	5,215,019	4,937,108	7,583,413
	After distribution	4,328,741	4,177,396	4,287,540	4,619,533	Note 2

Note 1 : Financial information from 2018 to 2022 was certified by accountants.

Note 2 : Earnings appropriation of the year has not approved by shareholder's meeting.

1.2 Concise statement of comprehensive income (5 years)

1.2.1 Concise statement of comprehensive income after adopting IFRS (consolidated)

Unit : NT\$ thousands except earnings per share in NT\$

Item \ Year(Note)	Financial information (5 years)					Financial information for the period March 31, 2023
	2018	2019	2020	2021	2022	
Operating Revenue	2,661,309	3,742,423	4,684,643	3,647,336	8,697,505	119,486
Gross Profit from Operations	655,000	737,587	1,526,729	1,055,846	2,999,631	44,649
Net Operating Income	377,623	488,243	1,276,748	792,676	2,687,985	4,249
Total non-operating income and expenses	28,604	19,749	(4,315)	6,306	22,727	14,037
Profit before tax	406,227	507,992	1,272,433	798,982	2,710,712	18,286
Profit from continuing operations	333,505	471,367	1,024,587	635,368	2,208,900	13,918
Loss from discontinued operations	-	-	-	-	-	-
Net income	333,505	471,367	1,024,587	635,368	2,208,900	13,918
Other comprehensive income (net, after tax)	1,086	-	-	-	-	-
Total comprehensive income	334,591	471,367	1,024,587	635,368	2,208,900	13,918
Net income attributable to shareholders of the parent	333,505	471,367	1,024,587	635,368	2,208,900	13,918
Net income attributable to non-controlling interest	-	-	-	-	-	-
Comprehensive income, attributable to Shareholders of the parent	334,591	471,367	1,024,587	635,368	2,208,900	13,918
Comprehensive income, attributable to non-controlling interests	-	-	-	-	-	-
Earnings per share	1.46	2.25	4.90	3.01	9.81	0.06

Note : Financial information from 2018 to 2022 was certified by accountants ; Financial information for Q1, 2023 was reviewed by accountants.

1.2.2 Concise statement of comprehensive income after adopting IFRS
(Unconsolidated)

Unit : NT\$ thousands, except earnings per share in NT\$

Item	Year(Note)	Financial information (5 years)				
		2018	2019	2020	2021	2022
Operating Revenue		2,611,266	3,690,892	4,617,207	3,549,606	8,653,201
Gross Profit from Operations		605,248	716,284	1,465,169	1,047,711	2,937,716
Net Operating Income		341,335	480,346	1,232,106	800,832	2,641,950
Total non-operating income and expenses		57,779	21,419	32,238	(6,252)	61,766
Profit before tax		399,114	501,765	1,264,344	794,580	2,703,716
Profit from continuing operations		333,505	471,367	1,024,587	635,368	2,208,900
Loss from discontinued operations		-	-	-	-	-
Net income		333,505	471,367	1,024,587	635,368	2,208,900
Other comprehensive income (net, after tax)		1,086	-	-	-	-
Total comprehensive income		334,591	471,367	1,024,587	635,368	2,208,900
Net income attributable to shareholders of the parent		333,505	471,367	1,024,587	635,368	2,208,900
Net income attributable to non-controlling interest		-	-	-	-	-
Comprehensive income, attributable to Shareholders of the parent		334,591	471,367	1,024,587	635,368	2,208,900
Comprehensive income, attributable to non-controlling interests		-	-	-	-	-
Earnings per share		1.46	2.25	4.90	3.01	9.81

Note : Financial information from 2018 to 2022 was certified by accountants.

1.3 Name of independent Auditors and audit opinion in past 5 years

Year	Name of Accountancy Firms	Name of Auditors	Audit Opinion
2018	Deloitte & Touche	Zeng, Dong-yun 、 Chiang, Shu-Chin	Unqualified opinion
2019	Deloitte & Touche	Yen, Haiso-Fang 、 Chiang, Shu-Chin	Unqualified opinion
2020	Deloitte & Touche	Yen, Haiso-Fang 、 Chiang, Shu-Chin	Unqualified opinion
2021	Deloitte & Touche	Chiang, Shu-Chin 、 Zeng, Dong-yun	Unqualified opinion
2022	Deloitte & Touche	Chiang, Shu-Chin 、 Zeng, Dong-yun	Unqualified opinion

2 Financial analysis for the past 5 years

2.1 Financial analysis after adopting IFRS (consolidated)

Item		Year (Note)	Financial analysis (5 years)					Financial information for the period March 31, 2023
		2018	2019	2020	2021	2022		
Capital structure analysis	Debt ratio (%)	51.95	66.17	70.58	75.60	63.59	68.40	
	Long-term funds to property, plant and equipment (%)	3,135.93	3,432.36	5,253.25	5,364.81	7,483.11	6,679.75	
Liquidity analysis	Current ratio (%)	185.33	147.77	165.70	149.17	182.49	166.94	
	Quick ratio (%)	41.38	15.03	31.72	25.00	57.46	46.86	
	Times interest earned	45,137.33	911.37	264.88	51.99	150.13	4.74	
Operating performance analysis	Accounts receivable turnover (times)	1,033.91	1,726.20	5,610.35	2,050.21	6,042.03	1,987.29	
	Days to collect accounts receivable	0.35	0.21	0.06	0.17	0.06	0.18	
	Average inventory turnover (times)	0.27	0.30	0.24	0.17	0.38	0.02	
	Account payable turnover (times)	7.28	9.76	9.91	8.91	23.46	1.17	
	Average days to sell inventory	1,351.85	1,216.66	1,520.83	2,147.05	960.52	18,250	
	Property, plants and equipment turnover (times)	17.79	25.82	33.18	26.55	65.50	3.61	
	Total asset turnover (times)	0.26	0.31	0.29	0.19	0.42	0.02	
Return on investment analysis	Rate of return on assets (%)	3.31	3.95	6.44	3.41	10.82	0.08	
	Rate of return on equity (%)	6.91	9.97	20.45	12.51	35.28	0.19	
	Profit before tax to capital (%)	19.48	24.27	60.79	37.90	111.66	0.75	
	Profit to sales (%)	12.53	12.59	21.87	17.42	25.39	11.64	
	Earnings per share (NTD)	1.46	2.25	4.90	3.01	9.81	0.06	
Cash flow	Cash flow ratio (%)	15.66	Note 2	Note 2	Note 2	42.05	Note 2	
	Cash flow adequacy ratio (%)	75.26	40.19	26.46	5.86	Note 2	Note 2	
	Cash reinvestment ratio (%)	6.87	Note 2	Note 2	Note 2	43.39	Note 2	
Leverage	Operating Leverage	1.06	1.04	1.01	1.03	1.01	3.10	
	Financial Leverage	1.00	1.00	1.00	1.02	1.00	Note 2	

Please explain the reason of changes in each financial ratio in the past two years (If the changes of increase/ decrease under 20% are, the analysis is exempted) .

- 1) Long-term funds to property, plant and equipment ratio : A larger scale of construction project completed in 2022 result in an increase of retained earnings.
- 2) Current ratio & Quick ratio : The repayment of bank loans after the construction project was completed in 2022 insult in a decrease in current liabilities.
- 3) Times interest earned & Cash flow : The large number of houses handover after completion of the construction project in 2022 results in an increase in the pre-tax net profit.

- 4) Operating performance analysis : The large number of houses handover after completion of the construction project in 2022 results in an increase in operating revenue and operating cost.
- 5) Return on investment analysis : The large number of houses handover after completion of the construction project in 2022 results in an increase in the after-tax net profit.

Note 1 : Financial information from 2018 to 2022 was certified by accountants ; Financial information for Q1, 2023 was reviewed by accountants.

Note 2 : Cash flow from operating activities are negative, thus not express in the statement.

Note 3 : The formulas of financial analysis are as follows :

- 1) Capital structure
 - A. Debt ratio = Total liabilities / Total assets
 - B. Long-term funds to property, plant and equipment = (Total equity + Non-current liabilities) / Property, plant and equipment, net
- 2) Liquidity analysis
 - A. Current ratio = Current assets / Current liability
 - B. Quick ratio = (Current Assets - Inventories - Prepaid expenses) / Current liability
 - C. Times interest earned = Profit Before Credit for Income Tax / interest expense
- 3) Operating performance analysis
 - A. Average collection turnover = Net Sales / Average collection (including accounts receivable and note receivable arise from operation)
 - B. Days to collect accounts receivable = 365 / Average collection turnover
 - C. Average inventory turnover = Cost of goods sold / Average inventories
 - D. Accounts Payable (including accounts receivable and note receivable arises from operation)
Turnover Ratio = Cost of goods sold / Average accounts payable (including accounts receivable and note receivable arise from operation)
 - E. Average days to sell inventory = 365 / Average inventory turnover
 - F. Property, plants and equipment turnover = Net Sales / Average Net Property, plants and equipment
 - G. Total assets turnover = Net Sales / Average total assets
- 4) Return on investment analysis
 - A. Rate of return on assets = [Net income + Interest expense *(1 - Tax rate)] / Average assets
 - B. Rate of return on equity = Net income / Average total Equity
 - C. Profit to sales = Net income / Net Sales
 - D. Earnings per share = (Net income attributable to shareholders of the parent-preferred stock) / Weighted average outstanding shares
- 5) Cash flow
 - A. Cash flow ratio = Net cash provided by operating activities / Current liability
 - B. Cash flow adequacy ratio = 5-year net cash provided by operating activities / 5-year (Capital expense + Increase in inventories + Cash dividend)
 - C. Cash reinvestment ratio = (Net cash provided by operating activities - Cash dividend) - (Gross Property, plant and equipment, net + Long-term investments + Other non-current assets + Operating Capital)
- 6) leverage
 - A. operating leverage = (Net operating income – Variable operating costs and expenses) / Operating profit
 - B. financial leverage = Operating profit / (Operating profit – Interest expense).

2.2 Financial analysis after adopting IFRS(Unconsolidated)

Item		Year (Note 1)	Financial analysis (5 years)				
			2018	2019	2020	2021	2022
Capital structure analysis	Debt ratio (%)		49.55	64.62	69.32	74.60	62.21
	Long-term funds to property, plant and equipment (%)		3,188.24	3,420.68	5,181.01	5,208.75	7,628.40
Liquidity analysis	Current ratio (%)		183.96	145.43	165.27	149.61	184.38
	Quick ratio (%)		36.93	11.89	29.86	23.61	57.58
	Times interest earned		44,347.00	7,272.95	377.96	61.26	195.93
Operating performance analysis	Accounts receivable turnover (times)		3,038.12	Note 2	106,142.68	25,085.55	61,808.57
	Days to collect accounts receivable		0.12	Note 2	0.00	0.01	0.00
	Average inventory turnover (times)		0.28	0.32	0.25	0.17	0.39
	Account payable turnover (times)		7.40	10.16	10.95	9.70	27.49
	Average days to sell inventory		1,303.57	1,140.62	1,460.00	2,147.05	935.89
	Property, plants and equipment turnover (times)		17.84	25.77	33.00	26.05	66.57
	Total asset turnover (times)		0.26	0.32	0.30	0.19	0.43
Return on investment analysis	Rate of return on assets (%)		3.39	4.13	6.71	3.54	11.23
	Rate of return on equity (%)		6.91	9.97	20.45	12.51	35.28
	Profit before tax to capital (%)		19.14	23.97	60.41	37.69	111.37
	Profit to sales (%)		12.77	12.77	22.19	17.89	25.52
	Earnings per share (NTD)		1.46	2.25	4.90	3.01	9.81
Cash flow	Cash flow ratio (%)		27.90	Note 3	0.33	Note 3	44.14
	Cash flow adequacy ratio (%)		85.82	46.08	31.11	9.69	3.75
	Cash reinvestment ratio (%)		17.29	Note 3	Note 3	Note 3	44.04
Leverage	Operating Leverage		1.06	1.03	1.01	1.01	1.00
	Financial Leverage		1.00	1.00	1.00	1.01	1.00

Please explain the reason of changes in each financial ratio in the past two years (If the changes of increase/ decrease under 20% are, the analysis is exempted) .

- 1) Long-term funds to property, plant and equipment ratio : A larger scale of construction project completed in 2022 result in an increase of retained earnings.
- 2) Current ratio & Quick ratio : The repayment of bank loans after the construction project was completed in 2022 insult in a decrease in current liabilities.
- 3) Times interest earned & Cash flow : The large number of houses handover after completion of the construction project in 2022 results in an increase in the pre-tax net profit.
- 4) Operating performance analysis : The large number of houses handover after completion of the construction project in 2022 results in an increase in operating revenue and operating cost.
- 5) Return on investment analysis : The large number of houses handover after completion of the construction project in 2022 results in an increase in the after-tax net profit.

Note 1 : Financial information from 2018 to 2022 was certified by accountants.

Note 2 : No accounts receivable for the year ended December 31,2018 and 2019, thus not expressed in the statement.

Note 3 : Cash flow from operating activities are negative, thus not express in the statement.

Note 4 : For financial analysis formula please refer to Note 3 in the above table.

3 Audit committee auditing report of last year's annual financial report

Zongtai Real Estate Development Co. Ltd.

Audit Report from Audit Committee

2022 operation report, financial statement and proposal of earnings appropriation, etc. are composed by Board of Directors, Deloitte & Touche is appointed to audit financial statements and issue Independent Auditor's report. The above operation report, financial statement and proposal of earnings appropriation are reviewed and confirmed by the Audit Committee. The reports are based on Article 14-4 of Securities and Exchange Act and Article 219 of Company Act.

Sincerely,

2023 Shareholder's Meeting of Zongtai Real Estate Development Co. Ltd.

Zongtai Real Estate Development Co. Ltd.

Convener of the Audit Committee : Tsao, Yong-Jen

March 14, 2023

4 Financial statements of the latest fiscal year

REPRESENTATION LETTER

The entities that are required to be included in the combined financial statements of Zongtai Real Estate Development Company Limited as of and for the year ended December 31, 2022, under the Criteria Governing the Preparation of Affiliation Reports, Consolidated Business Reports and Consolidated Financial Statements of Affiliated Enterprises are the same as those included in the consolidated financial statements prepared in conformity with the International Financial Reporting Standard 10, “Consolidated Financial Statements.” In addition, the information required to be disclosed in the combined financial statements is included in the consolidated financial statements. Consequently, Zongtai Real Estate Development Company Limited and Subsidiaries do not prepare a separate set of combined financial statements.

hereby declare

ZONGTAI REAL ESTATE DEVELOPMENT COMPANY LIMITED

By

Weng, Yu-Ling

Chairman

March 14, 2023

INDEPENDENT AUDITOR’S REPORT

Zongtai Real Estate Development Company Limited

Opinion

We have audited the accompanying consolidated financial statements of Zongtai Real Estate Development Company Limited and its subsidiaries (the “Group”), which comprise the consolidated balance sheets as of December 31, 2022 and 2021, and the consolidated statements of comprehensive income, consolidated statements of changes in equity, consolidated statements of cash flows, notes to the consolidated financial statements as of 2022 and January 1 to December 31, 2021.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as of December 31, 2022 and 2021, and its consolidated financial performance and its consolidated cash flows as for 2022 and January 1 to December 31, 2021 in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Standards (IAS), IFRIC Interpretations (IFRIC), and SIC Interpretations (SIC) endorsed and issued into effect by the 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 the Standards on Auditing of Republic of China. Our responsibilities under those standards are further described in the Auditors’ Responsibilities for the Audit of the consolidated Financial Statements section of our report. We are independent of the Group in accordance with The Norm of Professional Ethics for Certified Public Accountant of the Republic of China, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated financial statements for the year ended in 2022. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matters for the Group’s consolidated financial statements for the year ended in 2022 are stated as follows :

Revenue Recognition

The main source of revenue of Zongtai Group comes from the sales of the real estate revenues. The revenue is only recognized after the completion of property rights transfer and final walk-through of property with clients. The sales of the real estate revenues accounts for the big share of the consolidated revenues and is considered as a significant item in the consolidated financial statements. Therefore, the aforementioned sales revenue is listed as a key audit item; please refer to Note 4 of the consolidated financial statements for the accounting policy for the recognition of sales revenue.

The main audit procedures that the auditors have implemented for the above-mentioned issues are as follows :

1. Understand and test the design of internal control and the effectiveness of implementation in the sales cycle.
2. Select the samples from the recognized sales of the real estate detail lists to check the corresponding documents of real estate handover and registration of property rights to ensure the appropriateness of the sales of real estate revenue recognition.

Inventory Impairment Assessment

Inventory of the Zongtai Group as of December 31, 2022-the balance of the construction industry was NT\$ 13,679,701 thousand yuan, accounting for 66% of the total assets. The Zongtai Group uses the profit rate of the construction project to assess whether there is impairment of inventory. Moreover, evaluated by the lower cost and net realizable value, the net realizable value is determined based on the recent transaction prices of development projects and the real market price of the near regions. Due to the above matters involve significant accounting estimates and judgments of the management, the assessment of the net realizable value of inventories is listed as a key audit item; please refer to Notes 4, 5 and 8 of the consolidated financial report for inventory information.

The main audit procedures that the accountant has implemented for the above-mentioned issues are as follows :

1. Review the newly added construction costs this year, selecting samples and check the relevant vouchers, and confirm that the above costs have been appropriately attributed to the construction project.
2. Review the year-round inventory impairment loss evaluation documents, to check whether the net realizable value is consistent with the supporting documents.

Calculate the correctness of the estimated inventory impairment evaluation from the managerial level for verification.

Other Matter

Zongtai Real Estate Development Co., Ltd. has prepared the parent company only financial statements for the years of 2022 and 2021, and the audit report with unqualified opinion issued by the auditors is filed for reference.

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

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

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

Those charged with governance (including members of the Audit Committee) are responsible for overseeing the Group's financial reporting process.

Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

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

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

1. Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of the internal control.
2. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
3. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by 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 Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' reports. However, future events or conditions may cause the Group to cease to continue as a going concern.
5. Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
6. Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express and opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

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

From the matters communicated with those charged with governance, we determined those matters that were of most significance in the audit of the consolidated financial statements for the year ended December 31, 2022 and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partners on the audit resulting in this independent auditors' report are Chiang, Shu-Chin and Zeng, Dong-Yun.

Deloitte & Touche
Taipei, Taiwan
Republic of China
March 14, 2023

Zongtai Real Estate Development Company Limited and Subsidiaries

CONSOLIDATED BALANCE SHEETS

December 31, 2022 and 2021

Unit : In Thousands of New Taiwan Dollars

CODE	ASSETS	December 31, 2022		December 31, 2021	
		Amount	%	Amount	%
CURRENT ASSETS					
1100	Cash and cash equivalents (Note 4 and 6)	\$ 2,612,293	13	\$ 1,302,800	6
1110	Financial assets at fair value through profit or loss – current (Note 4 and 7)	1,651,479	8	28,634	-
1136	Financial assets at amortized cost – current (Note 4, 6 and 30)	1,880,829	9	1,729,781	9
1172	Notes and accounts receivable (Note 4 and 22)	84	-	2,795	-
1200	Other receivables (Note 4 and 24)	244	-	51	-
1320	Inventories – Construction Industry (Note 4, 5, 8, 29 and 30)	13,679,701	66	16,188,118	80
1470	Other current assets (Note 15)	92,927	-	169,942	1
1480	Current assets recognised as incremental costs to obtain contract with customers (Note 4 and 22)	105,894	-	57,904	-
11XX	Total current assets	<u>20,023,451</u>	<u>96</u>	<u>19,480,025</u>	<u>96</u>
NONCURRENT ASSETS					
1510	Financial assets at fair value through profit or loss – noncurrent (Note 4 and 7)	98,050	-	97,725	1
1550	Investments accounted for using equity method (Note 4 and 10)	18,101	-	245	-
1600	Property, plant and equipment (Note 4, 11 and 30)	131,723	1	133,847	1
1755	Right-of-use assets (Note 4 and 12)	301,479	2	261,447	1
1760	Investment property (Note 4, 13 and 30)	217,676	1	226,209	1
1780	Intangible assets (Note 4 and 14)	18,371	-	19,010	-
1840	Deferred tax assets (Note 4 and 24)	3,145	-	4,601	-
1990	Other noncurrent assets (Note 15)	16,755	-	16,455	-
15XX	Total noncurrent assets	<u>805,300</u>	<u>4</u>	<u>759,539</u>	<u>4</u>
1XXX	Total assets	<u>\$ 20,828,751</u>	<u>100</u>	<u>\$ 20,239,564</u>	<u>100</u>
LIABILITIES AND EQUITY					
CURRENT LIABILITIES					
2100	Short-term loans (Note 16 and 30)	\$ 7,774,800	37	\$ 9,680,500	48
2130	Contract liabilities – current (Note 4, 22 and 31)	2,134,172	11	2,804,993	14
2150	Notes payable	46,708	-	28,372	-
2170	Accounts payable	221,304	1	189,210	1
2219	Other payables (Note 18)	326,524	2	265,841	2
2230	Current tax liabilities (Note 4 and 24)	415,453	2	57,331	-
2280	Lease liabilities – current (Note 4 and 12)	10,945	-	9,069	-
2320	Long-term liabilities – current portion (Note 16 and 30)	6,112	-	6,335	-
2399	Other current liabilities (Note 18)	35,751	-	17,266	-
21XX	Total current liabilities	<u>10,971,769</u>	<u>53</u>	<u>13,058,917</u>	<u>65</u>
NONCURRENT LIABILITIES					
2530	Bonds payable (Note 17 and 30)	1,998,176	10	1,997,513	10
2540	Long-term bank loans (Note 16 and 30)	116,148	-	122,096	1
2570	Deferred tax liabilities (Note 4 and 24)	3,139	-	-	-
2580	Lease liabilities – noncurrent (Note 4 and 12)	149,888	1	107,694	-
2645	Guarantee deposit received	6,218	-	16,236	-
25XX	Total noncurrent liabilities	<u>2,273,569</u>	<u>11</u>	<u>2,243,539</u>	<u>11</u>
2XXX	Total liabilities	<u>13,245,338</u>	<u>64</u>	<u>15,302,456</u>	<u>76</u>
EQUITY ATTRIBUTABLE TO SHAREHOLDERS OF THE PARENT					
Capital					
3110	Capital - common stock	2,427,487	11	2,107,907	10
3140	Advance receipts for share capital	-	-	3,592	-
3200	Capital surplus	1,261,649	6	822,657	4
Retained earnings					
3310	Legal reserve	705,026	4	641,490	3
3350	Unappropriated earnings	3,189,251	15	1,361,462	7
3XXX	Total equity	<u>7,583,413</u>	<u>36</u>	<u>4,937,108</u>	<u>24</u>
Total liabilities and equity		<u>\$ 20,828,751</u>	<u>100</u>	<u>\$ 20,239,564</u>	<u>100</u>

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

Zongtai Real Estate Development Company Limited and Subsidiaries
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
January 1 to December 31, 2022 and 2021

Unit : In Thousands of New Taiwan Dollars,
Except Earnings Per Share

CODE		2022		2021	
		Amount	%	Amount	%
4000	Operating revenue (Note 4 and 22)	\$ 8,697,505	100	\$ 3,647,336	100
5000	Operating costs (Note 23)	<u>5,697,874</u>	<u>66</u>	<u>2,591,490</u>	<u>71</u>
5900	Gross profit from operations	<u>2,999,631</u>	<u>34</u>	<u>1,055,846</u>	<u>29</u>
	Operating expenses (Note 22, 23 and 29)				
6100	Selling expenses	182,227	2	159,612	4
6200	Administrative expenses	<u>129,419</u>	<u>1</u>	<u>103,558</u>	<u>3</u>
6000	Total operating expenses	<u>311,646</u>	<u>3</u>	<u>263,170</u>	<u>7</u>
6900	Net operating income	<u>2,687,985</u>	<u>31</u>	<u>792,676</u>	<u>22</u>
	Non-operating income and expenses				
7050	Finance costs	(18,176)	-	(15,668)	-
7100	Interest income	9,490	-	2,598	-
7130	Dividend income	1,400	-	851	-
7190	Other income	9,685	-	15,899	-
7210	Gains on disposals of property, plant and equipment (Note 4)	-	-	198	-
7230	Foreign exchange gains(loss) (Note 4)	15,253	-	(4,015)	-
7235	Gains on financial assets at fair value through profit (Note 4)	5,630	-	6,519	-
7590	Miscellaneous Disbursements	(362)	-	(71)	-
7770	Share of loss of associates and joint ventures accounted for using equity method (Note 4)	(<u>193</u>)	<u>-</u>	(<u>5</u>)	<u>-</u>
7000	Non-operating income and expenses Total	<u>22,727</u>	<u>-</u>	<u>6,306</u>	<u>-</u>

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<u>CODE</u>		<u>2022</u>		<u>2021</u>	
		<u>Amount</u>	<u>%</u>	<u>Amount</u>	<u>%</u>
7900	Profit before tax	\$ 2,710,712	31	\$ 798,982	22
7950	Income tax expense (Note 4 and 24)	<u>501,812</u>	<u>6</u>	<u>163,614</u>	<u>5</u>
8500	Total comprehensive income	<u>\$ 2,208,900</u>	<u>25</u>	<u>\$ 635,368</u>	<u>17</u>
	Earnings per share (Note 25)				
9750	Basic earnings per share	<u>\$ 9.81</u>		<u>\$ 3.01</u>	
9850	Diluted earnings per share	<u>\$ 9.79</u>		<u>\$ 3.00</u>	

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

Zongtai Real Estate Development Company Limited and Subsidiaries
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
January 1 to December 31, 2022 and 2021

Unit : In Thousands of New Taiwan Dollars

CODE		Capital Stock - Common	Advance receipts for	Capital surplus	Retained earnings (Note 21)		Total equity
		Stock	share capital	(Note 21)	Legal reserve	Unappropriated earnings	
		(Note 21)	(Note 21)	(Note 21)			
A1	BALANCE, JANUARY 1, 2021	\$ 2,092,877	\$ 10,464	\$ 816,615	\$ 539,031	\$ 1,756,032	\$ 5,215,019
	Appropriations of prior year's earnings in 2020						
B1	Legal reserve	-	-	-	102,459	(102,459)	-
B5	Cash dividends of ordinary share	-	-	-	-	(927,479)	(927,479)
D5	Total comprehensive income in 2021	-	-	-	-	635,368	635,368
N1	Share-based payments	15,030	(6,872)	6,042	-	-	14,200
Z1	BALANCE, DECEMBER 31, 2021	2,107,907	3,592	822,657	641,490	1,361,462	4,937,108
	Appropriations of prior year's earnings in 2021						
B1	Legal reserve	-	-	-	63,536	(63,536)	-
B5	Cash dividends of ordinary share	-	-	-	-	(317,575)	(317,575)
D5	Total comprehensive income in 2022	-	-	-	-	2,208,900	2,208,900
E1	Issue of shares	310,000	-	418,500	-	-	728,500
N1	Share-based payments	9,580	(3,592)	20,492	-	-	26,480
Z1	BALANCE, DECEMBER 31, 2022	\$ 2,427,487	\$ -	\$ 1,261,649	\$ 705,026	\$ 3,189,251	\$ 7,583,413

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

Zongtai Real Estate Development Company Limited and Subsidiaries

CONSOLIDATED STATEMENTS OF CASH FLOWS

January 1 to December 31, 2022 and 2021

Unit : In Thousands of New Taiwan Dollars

<u>CODE</u>		<u>2022</u>	<u>2021</u>
	CASH FLOWS FROM OPERATING ACTIVITIES		
A10000	Profit before tax	\$ 2,710,712	\$ 798,982
A20010	Adjustments to reconcile profit (loss) :		
A20100	Depreciation expense	29,958	23,794
A20200	Amortization expense	733	673
A20400	Gain on financial assets at fair value through profit or loss	(5,630)	(6,519)
A20900	Finance costs	18,176	15,668
A21200	Interest income	(9,490)	(2,598)
A21300	Dividend income	(1,400)	(851)
A21900	Share-based payments	18,414	710
A22300	Share of loss of associates and joint ventures accounted for using equity method	193	5
A22500	Gains on disposals of property, plant and equipment	-	(198)
A30000	Changes in operating assets and liabilities		
A31125	Contract assets	-	3,425
A31150	Notes and accounts receivable	2,711	(2,032)
A31180	Other receivable	4	239
A31200	Inventories	2,711,656	(2,223,086)
A31240	Other current assets	72,553	(116,448)
A31270	Assets recognized as incremental costs to obtain contract with customers	(47,990)	(40,672)
A32125	Contract liabilities	(670,821)	1,129,565
A32130	Notes payable	18,336	(46,719)
A32150	Accounts payable	32,094	(99,499)
A32180	Other payable	61,722	(52,602)
A32230	Other current liabilities	<u>18,485</u>	<u>(18,831)</u>
A33000	Cash inflow (outflow) generated from operations	4,960,416	(636,994)
A33100	Interest received	9,293	2,954
A33300	Interest paid	(216,780)	(152,566)
A33500	Income tax paid	<u>(139,095)</u>	<u>(295,356)</u>
AAAA	Net cash flows from (used in) operating activities	<u>4,613,834</u>	<u>(1,081,962)</u>

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CODE		2022	2021
	NET CASH FLOW FROM INVESTMENT ACTIVITIES		
B00040	Acquisition of financial assets at amortized cost	(\$ 151,048)	(\$ 1,093,264)
B00100	Acquisition of financial assets at fair value through income	(2,717,346)	(2,505,001)
B00200	Proceeds from disposal of financial assets at fair value through profit or loss	1,099,807	3,010,009
B01800	Acquisition of investments accounted for using equity method	(18,050)	(250)
B02700	Acquisition of property, plant and equipment	(5,194)	(504)
B02800	Proceeds from disposal of property, plant and equipment	-	246
B03800	Decrease in refundable deposits	-	2,250
B04500	Acquisition of intangible assets	(94)	(428)
B06800	Increase in other non-current assets	(300)	-
B07600	Dividends received	<u>1,400</u>	<u>851</u>
BBBB	Net cash flows used in investing activities	<u>(1,790,825)</u>	<u>(586,091)</u>
	CASH FLOWS USED IN FINANCING ACTIVITIES		
C00100	Increase(decrease) in short-term loans	(1,905,700)	2,068,760
C01700	Repayments of long-term debt	(6,171)	(1,569)
C03100	Decrease in guarantee deposits received	(10,018)	(19,764)
C04020	Payments of lease liabilities	(10,618)	(6,539)
C04500	Cash dividends paid	(317,575)	(927,479)
C04600	Proceeds from issuing shares	728,500	-
C04800	Exercise of employee share options	<u>8,066</u>	<u>13,490</u>
CCCC	Net cash flows from (used in) financing activities	<u>(1,513,516)</u>	<u>1,126,899</u>
EEEE	Net increase (decrease) in cash and cash equivalents	1,309,493	(541,154)
E00100	Cash and cash equivalents at beginning of period	<u>1,302,800</u>	<u>1,843,954</u>
E00200	Cash and cash equivalents at end of period	<u>\$ 2,612,293</u>	<u>\$ 1,302,800</u>

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

Zongtai Real Estate Development Company Limited and Subsidiaries

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

January 1 to December 31, 2022 and 2021

(Amounts in Thousands of New Taiwan Dollars, Unless Specified Otherwise)

1 GENERAL

Zongtai Real Estate Development Company Limited (the company), a Republic of China (R.O.C.) corporation, was established in November 1997 in accordance with the Company Law and relevant laws and regulations, and was approved for supplemental public issuance by Financial Supervision Commission Banking Bureau on July 14, 2000. Approved by the Taiwan Stock Exchange, stocks were officially listed on March 3, 2003.

The Company's service items are leasing or selling residential and commercial buildings entrusted to builders.

The accompanying consolidated financial statements were expressed with the Company's functional currency (New Taiwan Dollar).

2 THE AUTHORIZATION OF FINANCIAL STATEMENTS

The accompanying consolidated financial statements were approved and authorized for issue by the Board of Directors on March 14, 2023.

3 APPLICATION OF NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS

3.1 Initial application of the amendments to the International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), IFRIC Interpretations (IFRIC), and SIC Interpretations (SIC) (collectively, "IFRSs") endorsed and issued into effect by the Financial Supervisory Commission (FSC).

The initial application of the amendments to the IFRSs endorsed and issued into effect by the FSC did not have a significant effect on Zongtai Real Estate Development Company Limited and its subsidiaries' (collectively as the "Company") accounting policies.

3.2 The IFRSs endorsed by the FSC with effective date starting 2023.

<u>New/Revised/Amended Standards and Interpretations</u>	<u>Effective Date Issued by IASB</u>
Amendments to IAS 1 “Disclosure of Accounting Policies”	January 1, 2023 (Note 1)
Amendments to IAS 8 “Definition of Accounting Estimates”	January 1, 2023 (Note 2)
Amendments to IAS 12 “Deferred Tax related to Assets and Liabilities arising from a Single Transaction”	January 1, 2023 (Note 3)

Note 1 : This amendment is prospectively applicable during the annual reporting period starting after January 1, 2023.

Note 2 : This amendment is applicable to changes in accounting estimates and changes in accounting policies that occur during the annual reporting period starting after January 1, 2023.

Note 3 : Except for the deferred recognized income tax of temporary difference of lease and decommissioning obligations on January 1, 2022, the amendment applies to all the transactions occurred after January 1, 2022.

Up till the release date of consolidated financial reports, the other regulation concerning the merged company’s evaluation, adjustments for explanation would not impact on the financial status and performance.

3.3 The IFRSs issued by IASB but not yet endorsed and issued into effect by the FSC.

<u>New/Revised/Amended Standards and Interpretations</u>	<u>Effective Date Issued by IASB (Note 1)</u>
Amendments to IFRS 10 and IAS 28 “Sale or Contribution of Assets between an Investor and its Associate or Joint Venture”	Undecided
Amendments of IFRS 16 : Leaseback of Leased liabilities	January 1, 2024 (Note 2)
IFRS 17 “Insurance Contract”	January 1, 2023
Amendments to IFRS 17	January 1, 2023
Amendments of IFRS 17 : The comparison between the first-applied IFRS 17 and IFRS 9	January 1, 2023
Amendments to IAS 1 “Classification of Liabilities as Current or Non-current”	January 1, 2024
Amendments to IAS 1 “Non-current Liabilities with Covenants”	January 1, 2024

Note 1 : Except for those noted, the New/Amended/Revised Standards and Interpretations will be effective during the annual reporting period starting after each date.

Note 2 : Sellers and lessees should retrospectively apply the amendment to IFRS 16 on sale and leaseback transaction signed after first application of IFRS 16.

As of the date the accompanying consolidated financial statements were authorized for issue, the merged Company continues in evaluating the impact on its financial position and financial performance from the initial adoption of the aforementioned standards or interpretations and related applicable period. The related impact will be disclosed when the merged Company completes its evaluation.

4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

4.1 Statement of Compliance

The accompanying consolidated financial statements have been prepared in conformity with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and the IFRSs endorsed by the FSC with the effective dates (collectively, “Taiwan-IFRSs”).

4.2 Basis of Preparation

The accompanying consolidated financial statements have been prepared on the historical cost basis except for financial instruments that are measured at fair values.

Fair value measurements are grouped into Levels 1 to 3 based on the observable degree of relevant inputs and on importance.

4.2.1 Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities;

4.2.2 Level 2 fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and

4.2.3 Level 3 fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

4.3 Classification of Current and Noncurrent Assets and Liabilities

An asset is classified as current when :

4.3.1 Hold the asset primarily for the purpose of trading;

4.3.2 Expect to realize the asset within twelve months after the balance sheet date.

4.3.3 Cash or cash equivalent. (It does not include those restricted from being exchanged or used to settle a liability for at least twelve months after the balance sheet date.)

A liability is classified as current when :

4.3.1 Hold the liability primarily for the purpose of trading;

4.3.2 The liability is due to be settled within twelve months after the balance sheet date.

4.3.3 Does not have an unconditional right to defer settlement of the liability for at least twelve months after the balance sheet date.

Assets and liabilities that are not classified as current are noncurrent assets and liabilities, respectively.

The part of the combined company engaged in construction projects has an operating cycle exceeding one year. It is based on the assets and liabilities related to the construction business, and the normal operating cycle is used as the standard for dividing current or non-current.

4.4 Basis of Consolidation

The consolidated financial statements incorporate the financial statements of the Company and entities controlled by the Company (its subsidiaries). Income and expenses of subsidiaries acquired or disposed of are included in the consolidated statement of comprehensive income from the effective date of acquisition and up to the effective date of disposal, as appropriate. Adjustments have been made to the financial statements of subsidiaries to bring their accounting policies into line with those used by the Company. All intragroup transactions, balances, income and expenses are eliminated in full on consolidation.

When the merging company's changes in the ownership and equity of the subsidiary do not result in the loss of control, it is treated as an equity transaction. The carrying amount of the consolidated company and non-controlling interests has been adjusted to reflect changes in its relative equity in the subsidiary. The difference between the adjustment amount of non-

controlling interests and the fair value of the consideration paid or received is directly recognized as equity and attributable to the owners of the company.

For details of subsidiaries, shareholding ratios and business items, please refer to Note 9 and Attached Table 6.

4.5 Foreign Currencies

In preparing the financial statements of each company, transactions in currencies other than the entity's functional currency (foreign currencies) are recognized at the rates of exchange prevailing at the dates of the transactions.

At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Due to the reason for clearing monetary items or monetary item conversions, such exchange differences are recognized in profit or loss in the year in which they arise.

4.6 Inventories—Construction Industry

The investment and construction of houses are calculated according to the cost of different projects; the allocation of the sold or unsold costs of the project is calculated according to the proportion of the purchase price; however, the same project cannot be changed after the selection the year before or after.

For the purchase or exchange of lands, the lands purchase price paid before the acquisition of lands ownership is recorded as the advance land purchases, and after the ownership is acquired, it is recorded as the construction lands; the construction lands and construction costs invested in various projects are recorded as the building under construction. Once the project is completed, it will be carried forward to property for sale.

Lands for construction, houses under construction and premises for sale are accounting basis based on cost. At the end of the period, if there is sufficient evidence that the net realizable value is lower than the cost, the difference shall be provided as an allowance for falling price losses.

4.7 Borrowing Costs

The borrowing cost directly attributable to the acquisition, construction or production of a qualified asset is a part of the cost of the asset until almost

all necessary activities for the asset to reach its intended use or sale status have been completed.

Specific borrowings, such as investment income earned by temporary investment before the occurrence of capital expenditures that meet the requirements, are deducted from the borrowing costs that meet the capitalization conditions.

Except for the above, all other borrowing costs are recognized as profit or loss in the current period.

4.8 Investment in Affiliated Companies

Affiliated companies refer to companies that have significant influence on the combined company but are not subsidiaries or joint ventures.

The merging company adopts the equity method for investment in affiliated companies.

Under the equity method, investment in affiliated companies is initially recognized at cost, and the future carrying amount obtained is increased or decreased with the share of the affiliated company's profits and losses and other comprehensive profits and losses and profit distribution enjoyed by the combined company. In addition, changes in the equity of affiliated companies are recognized based on the shareholding ratio.

When the consolidated company's share of losses in the affiliated company equals or exceeds its equity in the affiliated company, the recognition of further losses shall cease. The company only recognizes additional losses and liabilities within the scope of statutory obligations, constructive obligations, or payments made on behalf of related companies.

When assessing impairment, the consolidated company regards the overall book value of the investment (including goodwill) as a single asset, compares the recoverable amount with the book amount, and conducts impairment tests. The recognized impairment loss is not allocated to the component of the investment book value. Any assets, including goodwill. Any reversal of the impairment loss shall be recognized within the scope of the subsequent increase in the recoverable amount of the investment.

4.9 Property, Plant and Equipment

Property, plant and equipment are initially recorded at cost. Subsequently measured at the cost minus accumulated depreciation and accumulated impairment losses.

Property, plant and equipment are depreciated on a straight-line basis within their useful lives. If significant parts have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment. The merging company shall review the estimated useful lives, residual value and depreciation method at least at the end of each year, and postpone the effect of changes in applicable accounting estimates.

When property, plant and equipment are on disposal, the difference between the net disposal price and the asset's carrying amount is recognized in profit or loss.

4.10 Investment property

Investment property is property held either to earn rental income or for capital appreciation or for both.

Self-owned investment property is measured at cost (including transaction costs) on initial recognition, and subsequently at cost, less accumulated depreciation and accumulated impairment losses.

Investment property is depreciated on a straight-line basis.

Any gain or loss on disposal of an investment property (calculated as the difference between the net proceeds from disposal and the carrying amount) is recognized in profit or loss.

4.11 Goodwill

Once the goodwill acquired through merge will be counted on the day of purchase as the cost for goodwill acquisition, afterwards it could be evaluated with the cost minus the accumulated loss.

For the purpose of impairment test, the cost of goodwill will be amortized to the expected cash generating unit due to the synergy of merge.

Through the comparison of the book value and recoverable amount, the cash generating unit can conduct the impairment test for the amortized goodwill annually (and when there is sign of the unit has decreased value). If the amortized goodwill to the cash generating unit is acquired as the same year

for merging, the unit shall conduct impairment test by the end of the accounting year. If the recoverable amount of the amortized goodwill of the cash generating unit is lower than the book value, firstly, impairment loss shall deduct the amortized goodwill from the book value of the cash generating unit. Secondly, the book values of other assets of the unit shall be deducted based on the proportion of individual asset book value. Any impairment loss shall be recognized as loss of the period. Goodwill impairment loss shall not be considered as reversal on impairment loss.

When disposing certain operation of the amortized goodwill of the cash generating unit and the money value of the disposed operation goodwill shall include the book value of that operation to determine the final disposal on gains and losses.

4.12 Intangible Assets

The durability of the solely-acquired intangible assets shall be evaluated by cost initially, afterwards, it shall be evaluated with cost minus the accumulated amortization and impairment loss. Intangible assets shall be amortized on a straight-line base for amortization. The company who has merged shall at least check the estimated durability, residual value and amortization methods on the last day of accounting year and defer the effect the adjustments on the applied accounting estimation. The uncertain durability of the intangible assets shall be listed with the amount of the cost minus the accumulated loss on impairment.

When the intangible asset was derecognized, the differences between the net disposal price and the book value of assets shall be listed as the loss or gain for that period.

4.13 Contract Cost related assets

The sales commission for the real estate property salespeople and the fee about contract will be actualized when the customer receive the contract. The amount of money within the coverable range will be listed as the incremental cost for contract gaining and will be written off when the real estate was completed and handover to the clients.

4.14 The impairments of assets on real estates, plants and equipment, right-of-use assets and intangible assets (goodwill excluded)

The merged company shall evaluate any sign for impairment on property, plants and equipment, right-of-use assets and intangible assets (goodwill excluded) on the day for balance sheet declaration. If there's any sign of impairment, then the recoverable amount shall be estimated. If individual asset's recoverable amount cannot be estimated, the merged company shall estimate the recoverable amount of the asset belonging to the cash generating unit. Shared assets shall be amortized to individual cash generating unit on the consistent and rational basis.

The coverable amount would be fair value minus the cost and the higher in use value. If the recoverable value of individual asset or cash generating unit is lower than book value, then the book value of such asset or cash generating unit shall adjusted lower to the recoverable amount, the impairment loss shall be recognized in profit or loss.

When the impairment loss was reversed afterwards, the book value of the asset or cash generating unit shall be adjusted up to the recoverable amount only if the increase book value shall not exceed the listed impairment loss book value from previous year if such asset or cash generating unit (deduct the amortization and depreciation). The impairment loss shall be recognized in profit or loss.

4.15 Financial Instruments

Financial assets and debt shall be recognized on the combined balance sheet if the instruments was listed within the articles of the contract when companies merge.

When the initial recognition of the financial assets and debts, if not evaluated based on fair value, the financial assets and debts can be evaluated by the fair value plus with the transaction cost of the acquired or issued financial assets or debts. The transaction costs of the directly acquired or financial assets or debts issued based on the loss and gain with fair values shall be recognized in the balance sheet and income statement.

4.15.1 Financial Assets

All regular way purchases or sales of financial assets are recognized and derecognized on a trade date basis.

A. Evaluating categories

The types of financial assets owned by the merged company are the financial assets at the fair value through profit or loss and the amortized cost.

a. Financial assets at the fair value through profit or loss

Financial assets at the fair value through profit or loss include the enforced or assigned financial assets at the fair value. The financial assets at the fair value enforced through profit or loss consist of the unassigned equity instrument of other comprehensive income : unrealized gains or losses on fair value through other comprehensive income financial assets and the uncategorized debt instrument investment measured by amortized cost.

Financial assets measured at fair value through other comprehensive income are valued based on fair value and recognized in the balance sheets and income statements for the gains or loss they generated (any of the dividend or the interest accrued from the financial assets). See Note 28 for the fair value measurement.

b. Financial assets evaluated by the amortized costs

If the merged company's financial assets fit the following requirements, then the following categories of which financial assets were evaluated by the amortized costs.

- i. Owned under certain business operating mode. The purpose of such mode is to hold the financial assets in order to receive the contracted cash flow; and
- ii. The cash flow accrued on the designated date based on the contract articles. The amount of such cash flow was paid totally for the interest accrued from the principal and outstanding principal.

The amortized cost financial assets (including cash and cash equivalents, account and bill receivable amortized by cost, other account receivable, construction deposit paid and refundable deposits), once after the original recognition, it is determined by effective interest method of taking the total book value minus any amortized cost of impairment loss, any

profit or loss on foreign exchange is recognized on the financial statements.

Except the following two conditions, interest income is calculated by the effective interest rate times the total book value of the financial assets :

- i. Purchase or initiate the credit-impaired financial assets, the interest income is calculated by the post credit adjustment interest rate times the amortized cost of financial assets.
- ii. Non-purchased or initiated credit-impaired, once became credit-impaired financial assets, during the period of credit impairment to the next term of recognition, the interest income shall be calculated with effective interest rate times the amortized cost of the financial assets.

Credit impairment financial assets refers to the issuers or debtors have major financial difficulties, breach of contract. Debtors are likely to file for bankruptcy or financial reconstructing which may lead to the disappearing vitality of financial markets.

Cash equivalents include short-term certificate of deposit and repo bonds with high market liquidity which can be convertible into fixed amount of cash to satisfy the short-term cash promise.

B. Impairment loss of financial assets

The merged company will recognize the impairment loss based on expected credit impairment of the financial assets (including account receivable) at amortized cost on every balance sheet day.

Account receivable is recognized as allowed loss in the duration expected credit impairment. Other financial assets are self-evaluated whether there is significant increase in credit risk beforehand. If the credit risk did not increase significantly, it will be recognized as allowed loss as expected credit impairment for 12 months. If the credit risk has increased significantly, it will be recognized as allowed loss as expected credit impairment for the duration.

Expected credit impairment is the weighted average of credit loss with the weights based on the risk of contract breach. The expected credit impairment for 12 months means the expected impaired credit caused by the breached items within the contract of the financial instruments within 12 months of the reporting day. The expected impaired credit of duration signifies the expected credit impairment induced by the breached items within the contract of the financial instruments of the duration.

The purpose of the merged company of inner credit risk management without the consideration of the holding of collateral will be judged as breach of contract of the financial assets under the following conditions :

- a. Inner or external information indicates that the debtors are impossible to clear the debts.
- b. Overdue for more than 90 days. Unless reasonable and supporting information indicates the delay of breach of contract is more appropriate.

All book values of the impairment loss of financial assets are deducted through allowed account, only with the exception that the allowed impairment of other conglomerated debt instrument at fair value through profit or loss would be recognized as other comprehensive income will not lower the book values.

C. Derecognition of financial assets

The merged company only lose the contact rights of the financial assets' cash flow or the financial assets have been transferred and the risks and payment of the ownership of financial assets have been transferred to other enterprises, which is when the financial assets can be derecognized.

When the financial assets amortized at cost were derecognized as a whole, the gap of the book values and the collected consideration were recognized as gains and loss. When the debt instrument investments measured at fair value through other comprehensive income were derecognized as the whole, the book values and the collected consideration were recognized as the gap

between the accumulated gain or loss of other comprehensive income. When the equity instrument investments measured at fair value through other comprehensive income were derecognized as the whole, the accumulated loss and gain will directly transferred as retained earnings without reclassifying as loss or gain.

4.15.2 Financial debts

A. Valuation afterwards

All the financial debts were valued by effective interest method amortized at cost value

B. Derecognition of the financial debts

When derecognizing financial debts, the gap between the book value and the collected consideration (including any transferred non-cash assets or debts with-taken) is recognized as loss and gain.

4.16 Income Recognition

Once the merged company has recognized the performance obligations in clients' contract, the transaction price will be allocated within the performance obligations and when fulfilling the performance obligations, the transaction price will be recognized as income.

4.16.1 Product Sales Revenue

Properties sales within normal operation range is as fixed transaction price by stages and recognized as contract liabilities. After considering major financial compositions, it shall be recognized as sales revenue once each property has finished construction and handover the ownership to the buyer.

4.16.2 Construction Revenue

During the construction process, the real estate is controlled by the customer owned by the property construction contract, and the merged company will gradually recognized as sales revenue based on the schedule. Due to the endowed cost and the completion of contract fulfilling are directly related, the merged company finished the progress based on the ration of actual endowed cost to expected total cost. The emerged company will gradually recognized the assets in

contract and changed to account receivable when issuing the bills. If the received construction payment exceeds the amount of recognized revenues, the gap shall recognized as contract liabilities. Based on the contract article that the customer retain the construction project retention is to ensure the merged company can fulfill all the contract duties and before the merged company fulfill the contract duty shall be recognized as contract assets.

4.17 Lease

The merged company shall evaluate the contract effective date shall considered or belonged to lease.

4.17.1 The merged company as lessor

When the leasing articles refers to the ownership and all the included risks and payments transferred to the lesers, it is categorized as finance lease, while other kinds of lease are categorized as operating lease.

In finance lease, lease payments include fixed payments. Net lease investment is the sum of current value of lease receivable and unguaranteed residual value at initial direct costs and denoted as finance lease receivable. Finance revenues shall be evened out in each accounting periods to reflect the fixed rate of return (ROE) of unexpired net lease investment in different accounting periods.

In operating lease, lease payment minus lease incentives is recognized as income based on straight-line method during the lease periods. The initial direct cost due to operating lease is added to the book value of the targeted assets based on straight-line method and recognized as expense during the lease period.

When lease include lands and building compartment, the merged company is affiliated to the ownership of compartment and all the risk and return have transferred to leaser to evaluate the categorization of each compartment shall belong to finance lease or operating lease. Lease payment is amortized to lands or buildings based on the relative ratio of lands and building lease rights at fair value on contract effective date. If lease payment can reliably amortize to these two compartments, then each element shall be dealt

with accordingly by the applied lease category. If not, then the whole lease will be categorized as finance lease unless these two compartments obviously fitting the operating lease standards or else the overall lease will be categorized as operating lease.

4.17.2 Merged company is lessee

Besides the low-value targeted leased assets with recognized exemptions and short-term lease payment are recognized as expenses within the lease periods, other kinds of leasing would be recognized as right-of-use assets and as lease liabilities on the starting day of leasing.

Right-of-use assets originally was evaluated by cost (including the lease liabilities at initial measurement, lease payment before the leasing day starts minus the demanded lease incentives, initial direct cost and estimated cost. Afterwards, the amount was evaluated with accumulated depreciation was deducted at cost and the accumulated impairment loss and the re-evaluated adjusted lease liabilities. Right-of-use property is expressed alone on the consolidated balance sheet.

Right-of-use assets by straight line method from the date of lease till the durability expired or the lease period expired which will adopt the earlier time to be recognized as depreciation.

Initial lease liabilities (including fixed payment) at present value, if the implied lease interest if easy to be fixed, the lease payment shall be discounted with implied lease interest. If such interest is not easy to be exact, then lessee's incremental borrowing rate of interest will be adopted for discount.

What follows are lease liabilities by effective interest method evaluated at amortized cost and the interest expense is divided por rata during the lease period. If the adjustment during the lease period leading to the adjustment for future lease payment, the merged company will evaluate the lease liabilities again and relatively adjust the right-of-use assets with the exception that the book value of the right-of-use assets has deducted to zero, and the residual of the reevaluated amounts were recognized in profit or loss. Lease

liabilities is on the stand-alone basis on the consolidated balance sheet.

4.18 Employee Benefits

4.18.1 Short-term employee benefits

Short-term employee benefits related to liabilities is to exchange for the service from employees and evaluated with non-discounted amount of expected payment.

4.18.2 Employee benefits after retirement

It is definite that the pensions from retirement benefit plan during employees' service periods shall be recognized as expenses.

4.19 Employee Stock Option

Employee stock option is based on the equity instrument on vest day at fair value and the optimal number of estimations of expected vest and is recognized as expense by accrual straight-line basis within the vested duration, at the same time, adjust capital surplus- employee stock option. If vested right on the vested day, then all the employee stock options shall be recognized as expenses on the vested day. The merged company handled the proposal to increase its capital by retaining employee stock option, which would be issued when the number and price of shares were confirmed.

The merged company will adjust the expected vest of the estimated number of employee stock option on the balance sheet day. If any adjustment on the original number, the adjusted number will be recognized in profit or loss so that the accumulated expense can reflect the adjusted number of estimation and relatively adjust the capital surplus-employee stock option.

4.20 Income Tax

Income tax expenses is the sum of the income tax of the current period and the deferred income tax.

4.20.1 Income Tax

Merged company determine the current income(loss) depending on the regulations of the income tax reporting areas for the calculation of income tax payable.

Based on the Income tax Act, R.O.C. of undistributed retained earnings additional income tax is decided in the shareholders' meeting to recognized annually

Adjustment in the income tax payable of previous years shall be recognized as the current period income tax.

4.20.2 Deferred Income Tax

Deferred income tax is based on account assets and the book value of liabilities to calculate the temporary differences between taxed revenue and tax base. Deferred income tax liabilities generally shall recognized with all the temporary differences for all the tax items. As for the deferred income tax assets can be likely to be generate taxed come for tax deduction for temporary differences which can be recognized for income tax deduction.

The taxable temporary differences with the invested subsidiaries shall recognized as deferred tax liabilities only that the merged company can control the reversed timing of the temporary differences and such differences are likely not to be reversed within the foreseeable future. Deductible temporary differences related to such investment can only be realized with the sufficient taxable income and within the foreseeable future time range of reversal entry to be recognized as deferred tax assets.

The book value of deferred tax assets will be reviewed on the date of balance sheet and adjust to increase the book value of the assets which are likely to have no sufficient income to recover all or part of the assets. As for those deferred tax assets shall be reviewed on every date of balance sheet and decrease the book value of the assets which are likely to generate tax income to recover all or part of the assets.

Deferred tax assets and liabilities are evaluated with tax rate of expected debt clearance or the current realization asset rate. Such rate is based on the enacted or substantively enacted tax rates or tax regulations. Deferred income tax assets and liabilities evaluation reflects the tax results of the expected recoverable or clearance of thee

book value of assets and debts of the merged company on the date of balance sheet.

4.20.3 Current and Deferred Income Tax

The current period and deferred income tax shall be recognized in the income statements and balance sheets. Only the items listed in other comprehensive income or items directly counted within the equity items of the current and deferred income tax were separately recognized in the other comprehensive income or listed in the equity.

5 CRITICAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION AND UNCERTAINTY

In the application of the aforementioned Company's accounting policies, the Company is required to make judgments, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The managerial level will continue to monitor the estimation and fundamental assumptions. If the estimated adjustment only affects the current period, then the adjustments will be recognized in the current period. If the adjustment in accounting estimation will simultaneously influence the current and future periods, then it will be recognized in current and future period.

Key Sources of Estimation and Uncertainty-the impairment in inventory

Inventory net realized value is the residual estimation of estimated sales price during operating process minus the estimated cost for completion of the construction and all the estimated cost for sales, such estimation is evaluated based on the current status quo of the market and the historical sales records of similar products, the changes in markets can affect the estimated results.

6 CASH AND CASH EQUIVALENTS

	<u>December 31,2022</u>	<u>December 31,2021</u>
Cash on hand and working fund	\$ 219	\$ 251
Bank savings	3,251,062	2,823,369
Cash equivalents		
Bank time deposit	1,119,763	69,600
Repo bonds	<u>122,078</u>	<u>139,361</u>
	4,493,122	3,032,581
Minus : Restricted deposit	(1,842,330)	(1,678,881)
Pledge time deposit	<u>(38,499)</u>	<u>(50,900)</u>
	<u>\$ 2,612,293</u>	<u>\$ 1,302,800</u>

Restricted deposit and pledge time deposit are financial assets at amortized cost-current , please refer to Note 30 for the pledge information.

7 FINANCIAL INSTRUMENT AT FAIR VALUE THROUGH PROFIT AND LOSS

	<u>December 31,2022</u>	<u>December 31,2021</u>
<u>Financial Assets-Current</u>		
Fund Beneficiary Certificate	\$ 1,577,812	\$ -
Domestic listed and OTC stock	<u>73,667</u>	<u>28,634</u>
	<u>\$ 1,651,479</u>	<u>\$ 28,634</u>
<u>Financial Assets-Non-current</u>		
Domestic unlisted and OTC stock	<u>\$ 98,050</u>	<u>\$ 97,725</u>

8 INVENTORY-CONSTRUCTION INDUSTRY

	<u>December 31,2022</u>	<u>December 31,2021</u>
Land held for construction site	\$ 10,937,219	\$ 12,677,017
Construction in progress	2,474,609	3,358,097
Buildings and land held for sale	<u>267,873</u>	<u>153,004</u>
	<u>\$ 13,679,701</u>	<u>\$ 16,188,118</u>

	<u>December 31,2022</u>	<u>December 31,2021</u>
<u>Land held for construction site</u>		
The Way Home	\$ 3,807,991	\$ 3,807,991
Land serial No.15, Wenshang Section	2,769,359	2,754,359
Land serial No. 330, 331, 332, Xin Xin Ping Section	2,050,401	2,050,401
Land serial No.53, Wenshang Section	1,535,453	1,535,453
Live as the Queen	558,634	551,653
Land serial No. 38, Goubei Section	193,570	193,570
Get Together	-	1,124,416
Good Together Melody	-	637,363
Others	<u>21,811</u>	<u>21,811</u>
	<u>\$ 10,937,219</u>	<u>\$ 12,677,017</u>

	December 31,2022	December 31,2021
<u>Construction in progress</u>		
The Way Home	\$ 2,274,579	\$ 326,623
Get Together	-	2,111,937
Good Together Melody	-	816,788
Others	200,030	102,749
	<u>\$ 2,474,609</u>	<u>\$ 3,358,097</u>
<u>Buildings and land held for sale</u>		
Zongtai 2020	\$ 132,596	\$ 132,596
Get Together	119,277	-
East New York	16,000	16,000
Tomorrow	-	4,408
	<u>\$ 267,873</u>	<u>\$ 153,004</u>

Information about interest capitalization is as follows :

	Year ended December 31, 2022	Year ended December 31, 2021
Amount of interest capitalization	\$ 198,228	\$ 138,688
Interest capitalization rate (%)	1.55-2.40	1.55-2.00

Setting the amount of inventory as a guarantee for the loan, please refer to Note 30.

9 SUBSIDIARY COMPANY

The entities included in the consolidated statements are listed below :

<u>Subsidiary Title</u>	<u>Business</u>	<u>(Weighted)Percentage shares of holdings (%)</u>	
		<u>December 31,2022</u>	<u>December 31,2021</u>
Zongtai Construction Co.,Ltd. (Zongtai Construction Co.)	General Construction Industry	100	100
Ritai Asset Management Co, Ltd. (Ritai Management Co.)	Property Management Service Industry	100	100
Pika Electronic Co., Ltd. (Note) (Pika Electronic Co.)	Electrical and Mechanical Industry	100	100
Dashun Advertising Co., Ltd. (Dashun Advertising Co.)	Advertising and Marketing Service Industry	100	100

Note : Play Fun Industrial Co., Ltd. renamed on March, 2022.

In the above-mentioned subsidiaries, the financial reports of Pika Electronic Company for 2022 and Dashun Advertising Company for 2022&2021 have not been audited by accountants. The financial reports of the remaining subsidiaries for 2022

and 2021 are all audited by accountants; however, the management believes that there is no material impact from the financial statements of the above-mentioned investees that have not been audited.

10 INVESTMENT ACCOUNTED FOR USING THE EQUITY METHOD

<u>Invested company name</u>	<u>December 31,2022</u>	<u>December 31,2021</u>
<u>Common stocks of non-listed companies</u>		
Shuo Yi Tai Green Energy Co., Ltd. (Shuo Yi Tai Co.)	\$ 18,101	\$ 245

Percentage (%) of the merged company's ownership interest and voting rights in related companies are as follows :

<u>Invested company name</u>	<u>December 31,2022</u>	<u>December 31,2021</u>
Shuo Yi Tai Co.	30	25

The merged company invested in holding 25% of the Shuo Yi Tai Company's shareholdings with the total amount of NT\$250 thousand in August, 2021. The Company increased its capital by NT\$18,050 thousand in cash with 30% shareholding changed after the increase in Jan. 2022.

The equity-method investees' financial statements, which were used to determine the carrying amount of the merged company's investments and the share of profit and other comprehensive income of associates, had been audited. The management of the merged company believes that there is no material impact from the financial statements of the above-mentioned investees that have not been audited.

11 PROPERTIES, PLANTS AND EQUIPMENT

	<u>Land</u>	<u>Building</u>	<u>Transportation Equipment</u>	<u>Other Equipment</u>	<u>Total Cost</u>
<u>Cost</u>					
January 1, 2022	\$ 45,623	\$ 101,051	\$ 8,230	\$ 15,035	\$ 169,939
Additions	-	-	4,857	337	5,194
December 31, 2022	<u>\$ 45,623</u>	<u>\$ 101,051</u>	<u>\$ 13,087</u>	<u>\$ 15,372</u>	<u>\$ 175,133</u>
<u>Accumulated Depreciation</u>					
January 1, 2022	\$ -	\$ 19,654	\$ 7,304	\$ 9,134	\$ 36,092
Additions	-	3,750	790	2,778	7,318
December 31, 2022	<u>\$ -</u>	<u>\$ 23,404</u>	<u>\$ 8,094</u>	<u>\$ 11,912</u>	<u>\$ 43,410</u>
January 1, 2022 Net Value	<u>\$ 45,623</u>	<u>\$ 81,397</u>	<u>\$ 926</u>	<u>\$ 5,901</u>	<u>\$ 133,847</u>
December 31, 2022 Net Value	<u>\$ 45,623</u>	<u>\$ 77,647</u>	<u>\$ 4,993</u>	<u>\$ 3,460</u>	<u>\$ 131,723</u>

	Land	Building	Transportation Equipment	Other Equipment	Total Cost
<u>Cost</u>					
January 1, 2021	\$ 45,623	\$ 101,051	\$ 8,906	\$ 14,892	\$ 170,472
Additions	-	-	36	468	504
Disposals	-	-	(712)	(325)	(1,037)
December 31, 2021	<u>\$ 45,623</u>	<u>\$ 101,051</u>	<u>\$ 8,230</u>	<u>\$ 15,035</u>	<u>\$ 169,939</u>
<u>Accumulated Depreciation</u>					
January 1, 2021	\$ -	\$ 15,905	\$ 7,093	\$ 6,579	\$ 29,577
Additions	-	3,749	875	2,880	7,504
Disposals	-	-	(664)	(325)	(989)
December 31, 2021	<u>\$ -</u>	<u>\$ 19,654</u>	<u>\$ 7,304</u>	<u>\$ 9,134</u>	<u>\$ 36,092</u>
January 1, 2021 Net Value	<u>\$ 45,623</u>	<u>\$ 85,146</u>	<u>\$ 1,813</u>	<u>\$ 8,313</u>	<u>\$ 140,895</u>
December 31, 2021 Net Value	<u>\$ 45,623</u>	<u>\$ 81,397</u>	<u>\$ 926</u>	<u>\$ 5,901</u>	<u>\$ 133,847</u>

Depreciation Expenses are recognized by the following with straight-line method :

Building	
Main Buildings of Improvements	50 years
Electromechanical power equipment	10-15years
Transportation Equipment	5-6 years
Other Equipment	3-15 years

See Note 30 for the properties, plants and equipment amounts designated as bonds payable.

12 LEASE AGREEMENT

12.1 Right-of-use Assets

	<u>December 31,2022</u>	<u>December 31,2021</u>
Book Value of Right-of-use Assets		
Lands	\$ 209,926	\$ 163,644
Building	90,158	95,391
Transportation Equipment	1,395	2,412
	<u>\$ 301,479</u>	<u>\$ 261,447</u>
	<u>Years ended December 31,2022</u>	<u>Years ended December 31,2021</u>
Additions to Right-of-use Assets	<u>\$ 50,786</u>	<u>\$ 92,323</u>
Depreciation charge for right-of-use assets		
Lands	\$ 4,486	\$ 3,265
Buildings	8,482	3,421
Transportation Equipment	1,139	1,072
	<u>\$ 14,107</u>	<u>\$ 7,758</u>

Except for the recognized depreciation expenses, the merged company's right-of-use assets did not undergo significant sublease and impairment in 2022 and 2021.

12.2 Lease Liabilities

	<u>December 31,2022</u>	<u>December 31,2021</u>
Carrying amounts		
Current	\$ 10,945	\$ 9,069
Non-current	<u>\$ 149,888</u>	<u>\$ 107,694</u>

Range of discount rate for lease liabilities was as follows :

	<u>December 31,2022</u>	<u>December 31,2021</u>
Lands	1.550%-2.150%	1.550%-2.220%
Buildings	1.550%-2.095%	1.710%-2.095%
Transportation Equipment	1.770%	1.770%

12.3 Material lease-in activities and terms

The merged company leased a number of lands, buildings and transportation equipment for operational use for a period of 3 to 70 years. The lease contracts for these lands, buildings and transportation equipment do not contain terms for the right of renewal.

13 INVESTMENT PROPERTY

	<u>December 31,2022</u>	<u>December 31,2021</u>
Buildings	\$ 238,296	\$ 238,296
Minus : Accumulated Appreciation	(20,620)	(12,087)
	<u>\$ 217,676</u>	<u>\$ 226,209</u>

The lease term for investment property leasing is 15 years, also the lessee has the priority to renew the lease and agrees to adjust the rent based on the consumer price index from the third year. The lessee does not have the preferential right to the investment property at the end of the lease period.

The total amount of lease payments, which will be received in the future for leasing investment property by operating lease is as follows :

	<u>December 31,2022</u>	<u>December 31,2021</u>
Not more than 1 year	\$ 17,439	\$ 16,040
1 to 5 years	64,570	59,406
More than 5 years	<u>112,307</u>	<u>124,999</u>
	<u>\$ 194,316</u>	<u>\$ 200,445</u>

Depreciation expenses are calculated on a straight-line basis based on the following durable years :

Buildings 8 to 50 years

The fair value of investment property is assessed by the independent appraiser Zhan-Mao Real Estate Appraisers Firm on the date of balance sheet. The evaluation is based on the evidence of similar property transaction prices. The fair value of investment property appraised on December 31, 2022 and 2021 was NT\$271,601 thousand and NT\$ 268,985 thousand.

For the amount of investment property set as a loan guarantee, please refer to Note 30.

14 INTANGIBLE ASSETS

<u>Book Value of each category</u>	<u>December 31,2022</u>	<u>December 31,2021</u>
Goodwill	\$ 17,854	\$ 17,854
Computer Software	<u>517</u>	<u>1,156</u>
	<u>\$ 18,371</u>	<u>\$ 19,010</u>

The amortization expenses of computer software were amortized on a straight-line basis based with a useful life of three years.

15 OTHER ASSETS

	<u>December 31,2022</u>	<u>December 31,2021</u>
Excess business tax paid	\$ 41,823	\$ 108,935
Prepayments	38,628	26,596
Guarantee deposits paid	15,909	15,909
Payment on behalf of others	4,287	20,669
Construction deposits paid	2,036	1,911
Others	<u>6,999</u>	<u>12,377</u>
	<u>\$ 109,682</u>	<u>\$ 186,397</u>
Current	\$ 92,927	\$ 169,942
Non-current	<u>16,755</u>	<u>16,455</u>
	<u>\$ 109,682</u>	<u>\$ 186,397</u>

16 BANK LOANS

16.1 Short-term loans

	<u>December 31,2022</u>	<u>December 31,2021</u>
Secured Loans (Note 30)	\$ 7,774,800	\$ 8,865,340
Credit Loans	<u>-</u>	<u>815,160</u>
	<u>\$ 7,774,800</u>	<u>\$ 9,680,500</u>
<u>Annual interest rate (%)</u>		
Secured Loans	2.21-2.40	1.55-1.95
Credit Loans	-	1.87-2.00

16.2 Long-term bank loans

	<u>December 31,2022</u>	<u>December 31,2021</u>
Secured Loans (Note 30)	\$ 122,260	\$ 128,431
Less : Listed as due within 1 year	<u>(6,112)</u>	<u>(6,335)</u>
	<u>\$ 116,148</u>	<u>\$ 122,096</u>
<u>Annual interest rate (%)</u>		
Secured Loans	2.05	1.55

17 BONDS PAYABLE

	<u>December 31,2022</u>	<u>December 31,2021</u>
First time domestic secured ordinary corporate bonds (Note 30)	\$ 2,000,000	\$ 2,000,000
Discount on bonds payable	<u>(1,824)</u>	<u>(2,487)</u>
	1,998,176	1,997,513
Less : Listed as due within 1 year	<u>-</u>	<u>-</u>
	<u>\$ 1,998,176</u>	<u>\$ 1,997,513</u>

On September 29, 2020, the Company issued a secured domestic ordinary corporate bond in Taiwan for NT\$2,000,000 thousand with 5 years issuance period, in addition the annual interest rate (%) is 0.62%, and the interest is calculated and paid once a year based on the coupon rate. The principal shall be repaid once at the expiry of 5 years from the issuance date.

18 OTHER LIABILITIES

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
<u>Other payables</u>		
Construction retainage received	\$ 266,065	\$ 203,824
Employee bonus payable and compensation due to directors	27,136	27,262
Payables for salaries or bonuses	19,907	21,467
Interest payable	5,240	6,356
Others	<u>8,176</u>	<u>6,932</u>
	<u>\$ 326,524</u>	<u>\$ 265,841</u>
<u>Other current payables</u>		
Receipts under custody	\$ 35,140	\$ 15,793
Others	<u>611</u>	<u>1,473</u>
	<u>\$ 35,751</u>	<u>\$ 17,266</u>

19 RETIREMENT BENEFIT PLANS

The merged company adopted a pension plan under the Labor Pension Act (LPA), which is a state-managed defined contribution plan. Under the LPA, the Company makes monthly contributions to employees' individual pension accounts at 6% of monthly salaries and wages.

20 MATURITY ANALYSIS OF ASSETS AND LIABILITIES

The assets and liabilities of the merged company related to the construction business are classified as current or non-current standards according to the business cycle, and the relevant account amounts, which are expected to be recovered or repaid within 1 year and more than 1 year after the balance sheet date, are as follows :

	Expected to be recovered or repaid within 1 year	Expected to be recovered or repaid more than 1 year	Total
<u>December 31, 2022</u>			
Assets			
Notes and accounts receivable	\$ 84	\$ -	\$ 84
Other receivables	244	-	244
Inventories— Construction Industry	826,507	12,853,194	13,679,701
Other current assets	90,217	2,710	92,927
Current assets recognized as incremental costs to obtain contract with customers	<u>473</u>	<u>105,421</u>	<u>105,894</u>
	<u>\$ 917,525</u>	<u>\$ 12,961,325</u>	<u>\$ 13,878,850</u>

	Expected to be recovered or repaid within 1 year	Expected to be recovered or repaid more than 1 year	Total
<u>December 31, 2022</u>			
Liabilities			
Short-term loans	\$ -	\$ 7,774,800	\$ 7,774,800
Contract liabilities	48,186	2,085,986	2,134,172
Notes payable	46,708	-	46,708
Accounts payable	221,304	-	221,304
Other payable	87,799	238,725	326,524
Lease liabilities	10,945	149,888	160,833
Bonds payable	-	1,998,176	1,998,176
Long-term debt payable - bank (Including the part due within a business cycle)	6,112	116,148	122,260
Other current liabilities	<u>35,751</u>	<u>-</u>	<u>35,751</u>
	<u>\$ 456,805</u>	<u>\$ 12,363,723</u>	<u>\$ 12,820,528</u>
<u>December 31, 2021</u>			
Assets			
Notes and accounts receivable	\$ 2,795	\$ -	\$ 2,795
Other receivables	51	-	51
Inventories— Construction Industry	4,843,508	11,344,610	16,188,118
Other current assets	167,588	2,354	169,942
Current assets recognized as incremental costs to obtain contract with customers	<u>35,530</u>	<u>22,374</u>	<u>57,904</u>
	<u>\$ 5,049,472</u>	<u>\$ 11,369,338</u>	<u>\$ 16,418,810</u>
Liabilities			
Short-term bank loans	\$ 2,085,700	\$ 7,594,800	\$ 9,680,500
Contract liabilities	1,388,937	1,416,056	2,804,993
Notes payable	28,372	-	28,372
Accounts payable	189,210	-	189,210
Other accounts payable	157,116	108,725	265,841
Lease liabilities	9,069	107,694	116,763
Bonds payable	-	1,997,513	1,997,513
Long-term debt payable - bank (Including the part due within a business cycle)	6,335	122,096	128,431
Other current liabilities	<u>17,266</u>	<u>-</u>	<u>17,266</u>
	<u>\$ 3,882,005</u>	<u>\$ 11,346,884</u>	<u>\$ 15,228,889</u>

21 EQUITY

21.1 Common Stock Capital

	<u>December 31,2022</u>	<u>December 31,2021</u>
Number of shares authorized (in thousands)	<u>500,000</u>	<u>500,000</u>
Shares authorized	<u>\$ 5,000,000</u>	<u>\$ 5,000,000</u>
Number of shares issued and fully paid (in thousands)	<u>242,749</u>	<u>210,791</u>
Shares issued	<u>\$ 2,427,487</u>	<u>\$ 2,107,907</u>
Equivalent issue shares of advance receipts for ordinary share (thousand shares)	<u>-</u>	<u>294</u>
Advance receipts for share capital	<u>\$ -</u>	<u>\$ 3,592</u>

Fully paid ordinary shares, with a par value of NT\$10, each of which carries one vote per share and carry a right to receive dividends.

The alternation of share capital of the company was due to the execution of employee stock option.

The Board of Directors resolved to increase its capital in cash by issuance of 31,000 new shares with par value of NT\$10, which would be issued at a premium of NT\$23.5 per share on Mar. 15, 2022. The paid-in capital after cash increase was 2,427,167 thousand. The above cash capital increase proposal was reported to and approved by the Securities and Futures Bureau, FSC on May 23, 2022. Moreover, the Board of Directors resolved Jul. 26, 2022 as the record date for the capital increase.

In accordance with the Company Act, 10% of the total new shares to be issued were reserved for employee stock options. In accordance with the provision of Share-based Payment in IFRS 2, the Company recognized the salary expense of NT\$18,414 thousand and the capital surplus (issuance of shares at a premium) with the same amount in 2022.

21.2 Capital Surplus

	<u>December 31,2022</u>	<u>December 31,2021</u>
<u>May be used to offset a deficit, distributed as cash dividends, or transferred to share capital</u>		
Issuance of ordinary shares	\$ 1,092,949	\$ 653,957
Conversion of bonds	<u>168,700</u>	<u>168,700</u>
	<u>\$ 1,261,649</u>	<u>\$ 822,657</u>

Such capital reserve may be used to offset a deficit; in addition, when the Company has no deficit, such capital surplus may be distributed as cash dividends or transferred to share capital only limited to a certain percentage of the Company's capital surplus and to once a year.

21.3 Retained earnings and dividend policy

Under the dividends policy as set forth in the amended Articles of Incorporation, where the Company made a profit in a fiscal year, the profit shall be first utilized for paying taxes, offsetting losses of previous years, setting aside as legal reserve 10% of the remaining profit, setting aside or reversing special reserve in accordance with the laws and regulations, and then any remaining profit together with any undistributed retained earnings shall be used by the Company's board of directors as the basis for proposing a distribution plan, which should be resolved in the shareholders' meeting for distribution. The Company resolved the amendment to Policy on Distribution of Earnings and Dividends in the Articles of Incorporation during the General Meeting of Shareholders on Jun. 8, 2022. Where all or part of the dividend and bonus distribution is paid in cash, such distribution may be adopted by a majority of directors in a Board of Directors' meeting attended by 2/3 or more of all directors before reporting to the shareholders' meeting; the resolution adopted by shareholders' meeting as prescribed in the preceding paragraph shall not apply. For the policies on distribution of employees' compensation and remuneration of directors, refer to employees' compensation and remuneration of directors in Note 23.

Moreover, according to the Company's articles of association, the dividend policy of the Company is based on the company operation situation, capital requirement, and change in internal and external overall circumstances that the dividend is distributed fully or partially with the

consideration of the interest of the shareholders. Distribution of earnings may be made in cash dividend or share dividend. Limits of dividend distribution shall remain the proportion between 20% and 100% of the distributable earnings of the current year; however, the distribution of cash dividend shall be in principle not lower than 50% of the total dividend.

The legal reserve may be used to offset any deficits. If the Company has no deficit and the legal reserve has exceeded 25% of the Company's paid-in capital, the excess may be transferred to capital or distributed in cash.

The appropriations of earnings for 2021 and 2020, which have been approved in the shareholders' meetings on June 8, 2022 and July 30, 2021, respectively, were as follows :

	<u>The appropriations of earnings</u>		<u>Dividend per share (NT\$)</u>	
	<u>Years ended December 31, 2021</u>	<u>Years ended December 31, 2020</u>	<u>Years ended December 31, 2021</u>	<u>Years ended December 31, 2020</u>
Legal reserve	\$ 63,536	\$ 102,459		
Cash Dividends	317,575	927,479	\$ 1.5	\$ 4.4

The appropriations of earnings and dividends per share of year 2022 which proposed by the Company's board of directors on March 14, 2023, are as follows :

	<u>The appropriations of earnings</u>	<u>Dividend per share (NT\$)</u>
Legal capital reserve	\$ 220,890	
Cash Dividends	995,270	\$ 4.1
Stock Dividends	995,270	4.1

The cash dividend was to be presented for approval in the Board of Directors' meeting. The other is to be presented for approval in the shareholders' meeting to be held on June 19, 2023 (expected).

22 REVENUE

	<u>Years ended</u> <u>December 31, 2022</u>	<u>Years ended</u> <u>December 31, 2021</u>
Revenue from contracts with customers		
Revenue from real estate sales	\$ 8,653,201	\$ 3,549,606
Engineering Service Income	26,814	84,247
Rental Income	17,490	13,352
Advertisement income	<u>-</u>	<u>131</u>
	<u>\$ 8,697,505</u>	<u>\$ 3,647,336</u>

22.1 Contract balances

	<u>Dec 31, 2022</u>	<u>Dec 31, 2021</u>	<u>Jun 1, 2021</u>
Notes and accounts receivable	<u>\$ 84</u>	<u>\$ 2,795</u>	<u>\$ 763</u>
Contract assets – current			
Real estate construction	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 3,425</u>
Contract liabilities			
Real estate sales	\$ 2,124,866	\$ 2,793,773	\$ 1,675,428
Real estate construction	6,163	11,220	-
Other	<u>3,143</u>	<u>-</u>	<u>-</u>
	<u>\$ 2,134,172</u>	<u>\$ 2,804,993</u>	<u>\$ 1,675,428</u>

22.2 Assets related to the contract cost

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
<u>Current</u>		
Current assets recognized as incremental costs to obtain contract with customers	<u>\$ 105,894</u>	<u>\$ 57,904</u>

Considering the past historical experience and the default clauses of the real estate sales contract, the merged company believes that the commission paid for obtaining the contract can be fully recovered. The costs in 2022 and 2021 are NT\$ 36,162 thousand and NT\$ 0 thousand respectively.

22.3 Disaggregation of the revenue from contracts with customers

Please refer to Note 34 for the information of the disaggregation of revenue.

23 EMPLOYEE BENEFITS, DEPRECIATION AND AMORTIZATION
EXPENSES

Types	Belong to operating cost	Belong to operating expenses	total
<u>Years ended December</u>			
<u>31, 2022</u>			
Short-term employee benefits	\$ 72,045	\$ 84,891	\$ 156,936
Defined contribution plans	2,773	1,054	3,827
Share-based Payment			
Equity-settled	-	18,414	18,414
Remuneration of directors	-	17,671	17,671
Other employee benefits	2,431	7,091	9,522
Depreciation	11,043	18,915	29,958
Amortization	-	733	733
 <u>Years ended December</u>			
<u>31, 2021</u>			
Short-term employee benefits	81,695	69,068	150,763
Defined contribution plans	2,910	914	3,824
Share-based Payment			
Equity-settled	-	710	710
Remuneration of directors	-	13,773	13,773
Other employee benefits	2,591	3,257	5,848
Depreciation	11,043	12,751	23,794
Amortization	-	673	673

Employee compensation and director compensation

The Company accrued employees' compensation and remuneration of directors at the rates 0.1%-5% and no higher than 2%, respectively, of net profit before income tax, employees' compensation, and remuneration of directors. The estimated employees' compensation and directors' remuneration for year 2022 and 2021 were resolved by the board of directors on March 14, 2023 and March 15, 2022 as follows :

Cash	Years ended December 31, 2022		Years ended December 31, 2021	
	Estimated ratio	Amount	Estimated ratio	Amount
Employees' compensation	0.3%	\$ 8,185	1.5%	\$ 12,287
Remuneration of directors	0.6%	16,370	1.5%	12,287

If there is a change in the amounts after the annual consolidated financial statements were authorized for issue, the differences are recorded as a change in the accounting estimate.

There's no difference between the actual amounts of employees' compensation and remuneration of directors paid and the amounts recognized in the consolidated financial statements for the year 2021 and 2020.

Information on the employees' compensation and remuneration of directors resolved by the Company's board of directors is available at the Market Observation Post System website of the Taiwan Stock Exchange.

24 INCOME TAX

24.1 Major components of income tax expense recognized in profit or loss are as follows :

	Years ended <u>December 31, 2022</u>	Years ended <u>December 31, 2021</u>
Current income tax		
In respect of the current year	\$ 484,086	\$ 161,084
Surtax of unappropriated earnings	12,713	-
Income tax adjustments on prior years	(78)	(321)
Land value increment tax	<u>496</u>	<u>-</u>
	497,217	160,763
Deferred income tax		
In respect of the current year	<u>4,595</u>	<u>2,851</u>
Income tax expense recognized in profit or loss	<u>\$ 501,812</u>	<u>\$ 163,614</u>

The adjusting of accounting income and income tax expense is as follows :

	<u>Years ended</u> <u>December 31, 2022</u>	<u>Years ended</u> <u>December 31, 2021</u>
Income tax expense at the statutory rate	\$ 548,099	\$ 166,057
Non-deductible expenses on tax	1	10
Taxable expenses		
Tax effect of adjusting items :		
Tax-free income	(59,828)	(1,433)
Deductible items in determining taxable	(458)	-
Surtax of unappropriated earnings	12,713	-
Land value increment tax	496	-
Unrecognized deductible temporary differences	867	(699)
Reversal of uncertain tax position upon finalization	(78)	(321)
Income tax expense recognized in profit or loss	<u>\$ 501,812</u>	<u>\$ 163,614</u>

24.2 Current tax assets and liabilities

	<u>December 31,2022</u>	<u>December 31,2021</u>
Current tax assets		
income tax refund receivable (Accounting : Other receivables)	<u>\$ 8</u>	<u>\$ 8</u>
Current tax liabilities		
Income tax payable	<u>\$ 415,453</u>	<u>\$ 57,331</u>

24.3 Deferred income tax assets and liabilities

The movements of deferred income tax assets and liabilities are as follows :

<u>Years ended December 31, 2022</u>	<u>Opening Balance</u>	<u>Recognized in Profit or Loss</u>	<u>Closing Balance</u>
<u>Deferred income tax assets</u>			
Temporary differences			
Investments accounted for using equity method	\$ 1,692	(\$ 177)	\$ 1,515
Unrealized exchange loss	818	(818)	-
Loss deduct	<u>2,091</u>	<u>(461)</u>	<u>1,630</u>
	<u>\$ 4,601</u>	<u>(\$ 1,456)</u>	<u>\$ 3,145</u>
<u>Deferred income tax liabilities</u>			
Temporary differences			
Unrealized exchange gains	<u>\$ -</u>	<u>\$ 3,139</u>	<u>\$ 3,139</u>
<u>Years ended December 31, 2021</u>			
<u>Deferred income tax assets</u>			
Temporary differences			
Investments accounted for using equity method	\$ 6,295	(\$ 4,603)	\$ 1,692
Unrealized exchange loss	1,157	(339)	818
Deficits tax credits	-	<u>2,091</u>	<u>2,091</u>
	<u>\$ 7,452</u>	<u>(\$ 2,851)</u>	<u>\$ 4,601</u>

24.4 Income tax examination

The income tax returns through 2020 of the merged company has been examined by the tax authorities.

25 EARNINGS PER SHARE

	<u>Net profit for the year</u>	<u>Number of Shares (in thousands)</u>	<u>Earnings per share (NT\$)</u>
<u>Years ended December 31, 2022</u>			
Basic earnings per share			
Net profit for the year	\$ 2,208,900	225,199	<u>\$ 9.81</u>
Effect of potentially dilutive ordinary shares :			
Employees' compensation	-	<u>325</u>	
Diluted earnings per share			
Effect of net profit for the year and potentially ordinary shares	<u>\$ 2,208,900</u>	<u>225,524</u>	<u>\$ 9.79</u>

	<u>Net profit for the year</u>	<u>Number of Shares (in thousands)</u>	<u>Earnings per share (NT\$)</u>
<u>Years ended December 31, 2021</u>			
Basic earnings per share			
Net profit for the year	\$ 635,368	210,767	<u>\$ 3.01</u>
Effect of potentially dilutive ordinary shares :			
Employees' compensation	-	407	
Employee stock option	<u>-</u>	<u>646</u>	
Diluted earnings per share			
Effect of net profit for the year and potentially ordinary shares	<u>\$ 635,368</u>	<u>211,820</u>	<u>\$ 3.00</u>

If the Company can choose to settle compensation or bonuses paid to employees in cash or shares, the Company assumed the entire amount of the compensation or bonus would be settled in shares, and if the resulting potential shares have a dilutive effect, these shares are included in the weighted average number of shares outstanding used in the computation of diluted earnings per share. The dilutive effect of the potential shares is included in the computation of diluted earnings per share until the shareholders resolve the number of shares to be distributed to employees at their meeting in the following year.

26 SHARE-BASED PAYMENT ARRANGEMENT

26.1 Plan of employee stock option

The Company approved 3,000 units of employee stock option on December 20, 2018, and each unit can subscribe for 1,000 common stocks. The recipients include employees of the Company and its subsidiaries who meet specific conditions. The duration of the stock options is 4 years respectively. The scrip-holder can exercise a certain percentage of the stock options from the date when the issuance expires 2 years. The exercise price of the stock options is the closing price of the Company's common stocks on the day of issuance. After the issuance of stock options, when there is a change in the Company's common stocks, or when the Company issues cash dividends, if the common stock cash dividends accounting over the current price per share exceeds the prescribed ratio, the exercise price of the stock option shall be adjusted in accordance with the prescribed formula.

The relevant information of employee stock option is as follows :

Employee stock option	Years ended December 31, 2022		Years ended December 31, 2021	
	Unit	Weighted-average exercise price	Unit	Weighted-average exercise price
Options outstanding at January 1	924	\$ 12.2	1,865	\$ 13.6
Options waived this year	(24)	12.2	(5)	13.6
Options exercised this year	(900)	12.2	(936)	13.5
Options outstanding at December 31	<u>-</u>	-	<u>924</u>	12.2
Options exercisable at December 31	<u>-</u>	-	<u>870</u>	12.2
Weighted average fair value of stock option granted this year (NT\$)	<u>\$ -</u>		<u>\$ -</u>	

The relevant information of employee stock option outstanding is as follows :

	December 31, 2022	December 31, 2021
Range of the exercise price (NT\$)	\$ -	\$ 12.2
Weighted average remaining contract duration (years)	-	-

The employee stock option granted of the Company in December 2018 is measured using the Binary tree pricing model, and the input values used in the pricing mode are as follows :

	December 2018
Stock price at the grant date	NT\$16.10
The exercise price	NT\$16.10
Expected price volatility	23.48%
Duration(years)	4
Risk-free interest rate	0.6710%

The expected volatility is based on the historical stock price volatility of the past 5 years, and the effect of early execution has been taken into consideration.

26.2 Capital increase in cash by retaining employee stock options

The Board of Directors resolved to increase its capital in cash by issuance of new shares and retained 3,100 thousand shares for employee subscription in accordance with the Company Act on Mar. 15, 2022. If any employee under-

subscribed or renounced the shares, the Chairman was authorized to contact a specific person to subscribe.

The Company adopted the Black-Scholes option pricing model for capital increase in cash by retaining employees stock options on Jun. 22, 2022.

The input values used in the pricing mode are as follows :

	<u>June 22, 2022</u>
Stock price at the grant date	NT\$29.43
The exercise price	NT\$23.50
Expected price volatility	17.62%
Duration(years)	0.077
Risk-free interest rate	0.5884%

The costs for remunerations concerning the above employee stock option and cash capital increase for employee subscription rights accounted for in 2022 and 2021 are NT\$18,414 thousand and NT\$710 thousand.

27 CAPITAL RISK MANAGEMENT

The merged company manages its capital to ensure that entities in the Group will be able to continue as going concerns while maximizing the return to shareholders through the optimization of the debt and equity balance.

The capital structure of the merged company consists of net debt (borrowings offset by cash and cash equivalents) and equity (comprising issued capital, capital reserves, retained earnings and other equity).

The main management of the merged company regularly reviews the group's capital structure, including consideration of the cost and related risks of various types of capital. Based on the recommendations of the main management, the merged company will balance its overall capital structure by paying dividends, issuing new shares, buying back shares, and issuing new debt or repaying old debt.

28 FINANCIAL INSTRUMENTS

28.1 Fair value of financial instruments not measured at fair value

The carrying amounts of financial assets and financial liabilities not measured at fair value of the merged company approximate their fair values.

28.2 Fair value of financial instruments measured at fair value on a recurring basis

28.2.1 The financial assets at fair value through profit or loss -current of the merged company measured are level 1 of fair value measurement.

28.2.2 There were no transfers between Levels 1 and 2 in 2022 and 2021.

28.3 Categories of financial instruments

	<u>December 31,2022</u>	<u>December 31,2021</u>
<u>Financial assets</u>		
FVTPL		
Mandatorily classified as at		
FVTPL	\$ 1,749,529	\$ 126,359
Financial assets at amortized cost	4,511,387	3,053,239
<u>Financial liabilities</u>		
Measured at amortized cost	10,495,990	12,306,103

The balances of the financial assets at amortized cost included cash and cash equivalents, financial assets at amortized cost-current, notes and accounts receivables, other receivables, construction deposits paid and guarantee deposits paid etc.

The balances of the financial liabilities at amortized cost included short-term loans, notes payable, accounts payable, other payable, bonds payable, long-term bank loans and guarantee deposits received etc.

28.4 Financial risk management objectives and policies

The merged company's major financial instruments included equity investment, notes and accounts receivables, notes payable, accounts payable, bonds payable, borrowings and lease liabilities. The merged company's Corporate Treasury function monitors and manages the financial risks relating to the operations of the Group through internal risk reports which analyze exposures by degree and magnitude of risks. These risks include market risk (including foreign currency risk and interest rate risk), credit risk and liquidity risk.

28.4.1 Market risk

The merged company's operating activities expose it primarily to the financial risks of changes in foreign currency exchange rates and interest rates.

A. Foreign currency risk

The merged company did not engage in sales and purchase transactions denominated in foreign currencies, and the exchange rate risk is only the risk of US dollars deposits and the market price fluctuations risk of the investments due to exchange rate

fluctuations, so that the management assesses that the risks are not significant.

B. Interest rate risk

The merged company generated interest rate exposure due to borrowing funds at fixed and floating interest rates at the same time, and the carrying amounts of the financial assets and financial liabilities with exposure to interest rates at the end of the year were as follows :

	December 31, 2022	December 31, 2021
Fair value interest rate risk		
Financial assets	\$ 1,241,841	\$ 208,961
Financial liabilities	2,159,009	2,114,276
Cash flow interest rate risk		
Financial assets	3,250,991	2,823,298
Financial liabilities	7,897,060	9,808,931

Sensitivity analysis

The sensitivity analysis below was determined based on the Company's exposure to interest rates for financial instruments at the date of balance sheet. For floating-rate liabilities, the analysis was prepared assuming the amount of the liability outstanding at the end of the year was outstanding for the whole year. A 1% change was used when reporting interest rate risk internally to key management personnel and represents management's assessment of the reasonably possible change in interest rates. When interest rates been 1% higher and all other variables were held constant, the pre-tax profits in 2022 and 2021 would decrease by NT\$46,461 thousand and NT\$69,856 thousand, respectively.

28.4.2 Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in a financial loss to the Group. At the end of the year, the Group's maximum exposure to credit risk approximates the carrying amount of the respective recognized financial assets as stated in the consolidated balance sheets.

The merged company's counterparties are companies and persons with sound credit ratings, and mainly sign the contract at the time of the pre-sale and collect the payment on schedule, so no significant credit risk is expected.

28.4.3 Liquidity risk

The merged company manages liquidity risk by monitoring and maintaining a level of cash and cash equivalents deemed adequate to finance the merged company's operations and mitigate the effects of fluctuations in cash flows. In addition, management monitors the utilization of bank loan and ensures compliance with loan covenants.

The merged company relies on bank loan as a significant source of liquidity. As of December 31, 2022, and 2021, the merged company's available unutilized short-term loan facilities are NT\$1,131,000 thousand and NT\$1,409,930 thousand.

Note 20 detailed the merged company's remaining contractual maturity for its non-derivative financial liabilities with agreed repayment periods, and it based on the undiscounted cash flows of financial liabilities (included both interest and principal) from the earliest date on which the Group can be required to pay.

29 TRANSACTIONS WITH RELATED PARTIES

Transactions, balances, income and expenses between the Company and its subsidiaries, which are the related parties of the Company, have been eliminated on consolidation and are not disclosed in this note. Except as disclosed in other notes, the details of transactions between the Company and other related parties are disclosed below :

29.1 The Company's related parties and relationship

<u>Related Party</u>	<u>Relationship with the merged company</u>
Wu, His Kun	First relatives of the directors of the company
Weng, Jin-Zhong	First relatives of the chairman of the company
Zong Tai Construction Development Co., Ltd. (Zong Tai Construction Co.)	Corporate director of the Company
Yung-Fu Education Foundation	Substantive Related Parties

29.2 Operating Expenses

<u>Account</u>	<u>Related Party</u>	<u>Year ended of December 31,2022</u>	<u>Year ended of December 31,2021</u>
Advertisement expense	Zong Tai Construction Development Co., Ltd. Weng, Jin-Zhong	\$ - \$ 219	\$ 952 \$ -
Donation expense	Yung-Fu Education Foundation	\$ 1,600	\$ 1,500

29.3 The merged company paid Wu, His Kun the land agency fee for NT\$7,000 thousand and NT\$7,918 thousand in 2022 and 2021.

29.4 Remuneration of key management personnel

	<u>Years ended December 31, 2022</u>	<u>Years ended December 31, 2021</u>
Short-term employee benefits	\$ 35,663	\$ 37,909
Post-employment benefits	272	309
Share-based payment	6,237	282
	<u>\$ 42,172</u>	<u>\$ 38,500</u>

The remuneration of directors and key executives is determined by the remuneration committee based on the performance of individuals and market trends.

30 ASSETS PLEDGED AS COLLATERAL OR FOR SECURITY

The following assets were provided as collateral for bank guarantees of bank loan and performance guarantees of ordinary corporate bonds :

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
Inventories— Construction Industry	\$ 13,011,498	\$ 15,846,300
Financial assets at amortized cost	1,880,829	1,729,781
Net property, plant and equipment	113,536	115,101
Net investment property	217,676	226,209
	<u>\$ 15,223,539</u>	<u>\$ 17,917,391</u>

31 SIGNIFICANT CONTINGENT LIABILITIES AND UNRECOGNIZED COMMITMENTS

In addition to those disclosed in other notes, significant commitments and contingencies of the Company on December 31, 2022 were as follows :

The details of the pre-sale house purchase and sale contract signed by the merged Company and the customer are as follows :

Construction project name	Total price of the contract (tax included)	Received total price
The way home	\$ 15,942,220	\$ 2,085,987
Get together	146,010	35,033
Live as the queen	982,540	-
	\$ 17,070,770	\$ 2,121,020

32 SIGNIFICANT ASSETS AND LIABILITIES DENOMINATED IN FOREIGN CURRENCIES

The merged company entities' significant financial assets and liabilities denominated in foreign currencies aggregated by the foreign currencies other than functional currencies and the related exchange rates between foreign currencies and respective functional currencies were as follows :

	December 31,2022			December 31,2021		
	Foreign currency assets	Foreign Currencies	Exchange Rate NT Dollar	Foreign Currencies	Exchange Rate	NT Dollar
<u>Monetary items</u>						
USD	\$ 5,102	30.710	\$156,695	\$ 5,037	27.680	\$139,432

The significant realized and unrealized foreign exchange gains and losses were as follows :

	Years ended December 31, 2022		Years ended December 31, 2021	
	Foreign Currencies	Exchange Rate	Net Foreign Exchange Gain	Net Foreign Exchange (Loss)
USD	29.805 (USD : NTD)	\$ 15,253	28.009 (USD : NTD)	(\$ 4,015)

33 SEPARATELY DISCLOSED ITEMS

33.1 Information about significant transactions and 33.2 information on investees :

33.1.1 Financing provided to others : None

33.1.2 Endorsements/guarantees provided : Table 1

33.1.3 Marketable securities held (excluding investment in subsidiaries, associates and joint ventures) : Table 2

33.1.4 Marketable securities acquired and disposed of at costs or prices of at least NT\$300 million or 20% of the paid-in capital : Table 3

- 33.1.5 Acquisition of individual real estate at costs of at least NT\$300 million or 20% of the paid-in capital : None.
- 33.1.6 Disposal of individual real estate at prices of at least NT\$300 million or 20% of the paid-in capital : None.
- 33.1.7 Total purchases from or sales to related parties amounting to at least NT\$100 million or 20% of the paid-in capital : Table 4.
- 33.1.8 Receivables from related parties amounting to at least NT\$100 million or 20% of the paid-in capital : None.
- 33.1.9 Trading in derivative instruments : None.
- 33.1.10 Intercompany relationships and significant intercompany transactions : Table 5
- 33.1.11 Information on investees : Table 6
- 33.2 Information on investments in mainland China
 - 33.3.1 Information on any investee company in mainland China, showing the name, principal business activities, paid-in capital, method of investment, inward and outward remittance of funds, ownership percentage, net income of investees, investment income or loss, carrying amount of the investment at the end of the year, repatriations of investment income, and limit on the amount of investment in the mainland China area : None
 - 33.3.2 Any of the following significant transactions with investee companies in mainland China, either directly or indirectly through a third party, and their prices, payment terms, and unrealized gains or losses : None
- 33.3 Information on major shareholders : Table 7.

34 SEGMENT INFORMATION

Information reported to the chief operating decision maker for the purpose of resource allocation and assessment of segment performance focuses on each type of product or service delivered or provided. The merged company's segment information which is disclosed is as follows :

Segment Revenues and Operating Results

	Segment revenue		Segment income	
	Years ended December 31, 2022	Years ended December 31, 2021	Years ended December 31, 2022	Years ended December 31, 2021
	Construction segment	\$ 8,680,015	\$ 3,633,853	\$ 2,684,159
Other segment	<u>17,490</u>	<u>13,483</u>	<u>3,826</u>	<u>(6,853)</u>
Amount of continuing operations	<u>\$ 8,697,505</u>	<u>\$ 3,647,336</u>	2,687,985	792,676
Finance costs			(18,176)	(15,668)
Interest income			9,490	2,598
Dividend income			1,400	851
Other income			9,685	15,899
Gain on disposal of property, plant and equipment			-	198
Gain (loss) on foreign currency exchange			15,253	(4,015)
Gain on financial assets at fair value through profit or loss			5,630	6,519
Miscellaneous expense			(362)	(71)
Share of loss of associates accounted for using equity method			(193)	(5)
Net profit from continuing operations before tax			<u>\$ 2,710,712</u>	<u>\$ 798,982</u>

Segment profit represented the profit earned by each segment without finance costs, interest income, dividend income, other income, gain on disposal of property, plant and equipment, gain or loss on foreign currency exchange, gain on financial assets at fair value through profit or loss, miscellaneous expense, share of loss of associates accounted for using equity method and income tax expense. This was the measure reported to the chief operating decision maker for the purpose of resource allocation and assessment of segment performance.

ZONGTAI REAL ESTATE DEVELOPMENT CO., LTD. AND SUBSIDIARIES

ENDORSEMENT / GUARANTEE PROVIDED

FROM JANURANY 1, 2022 TO DECEMBER 31, 2022

Table 1

(In Thousands of New Taiwan Dollars)

No.	Endorser/Guarantor	Endorsee/Guarantee		Limits on Endorsement/ Guarantee Given on Behalf of Each Party	Maximum Amount Endorsed / Guaranteed this year	Outstanding Endorsement/ Guarantee at the End of this year	Actual Borrowing Amount	Amount Endorsed/ Guaranteed by Collaterals	Ratio of Accumulated Endorsement/ Guarantee to Net Equity in Latest Financial Statements	Maximum Collateral/ Guarantee Amounts Allowable	Endorsement/ Guarantee Given by Parent on Behalf of Subsidiaries	Endorsement/ Guarantee Given by Subsidiaries on Behalf of Parent	Endorsement/ Guarantee Given on Behalf of Companies in Mainland China
		Name	Relationship										
0	The Company	Zongtai Construction Co., Ltd.	Subsidiaries	\$ 758,341 (Note 1)	\$ 10,000	\$ 10,000	\$ 10,000	\$ -	0.13%	\$ 3,033,365 (Note 1)	Y	—	—
0	The Company	Ritai Management Co., Ltd.	Subsidiaries	758,341 (Note 1)	127,907	122,260	122,260	-	1.61%	3,033,365 (Note 1)	Y	—	—
1	Zongtai Construction Co., Ltd.	The Company	Parent company	2,613,130 (Note 2)	1,371,508	-	-	-	-	3,135,756 (Note 2)	—	Y	—
1	Zongtai Construction Co., Ltd.	Yong Feng Tai Company	None	2,613,130 (Note 2)	341,500	341,500	215,141	341,500	130.69%	3,135,756 (Note 2)	—	—	—

Note 1 : The ceilings on amount of endorsement/guarantee provided to a single entity by the Company shall not exceed 10% of the net worth of the Company, and the total amount of endorsement/guarantee provided by the Company shall not exceed 40% of the net worth in the current year.

Note 2 : The co-creators required to the contract projects shall mutual guarantee in accordance with the provisions of the contract, and the inter-industry joint guarantee of the performance guarantee for pre-sale house sales contract, but only the individual endorsement/guarantee limit shall not exceed 10 times the net value of Zongtai Construction Co., Ltd. in the current year, and the total endorsement/guarantee shall not exceed 12 times the net value of Zongtai Construction Co., Ltd. in the current year.

ZONGTAI REAL ESTATE DEVELOPMENT CO., LTD. AND SUBSIDIARIES

MARKETABLE SECURITIES HELD

DECEMBER 31, 2022

Table 2

(In Thousands of New Taiwan Dollars)

Holding Company	Type and Issuer of Marketable Securities	Relationship with the Holding Company	Financial Statement Account	The end of the year				Note
				Shares/Unit	Carrying Amount	Percentage of Ownership (%)	Fair Value	
The Company	<u>Shares</u>							
	Hotai Finance Corporation	None	Financial assets at fair value through profit or loss - current	120	\$ 12,240	-	\$ 12,240	
	Largan Precision Co., Ltd.	None	Financial assets at fair value through profit or loss - current	3	6,120	-	6,120	
	Taiwan Semiconductor Manufacturing Co., Ltd.	None	Financial assets at fair value through profit or loss - current	9	4,036	-	4,036	
	Hon Hai Precision Industry Co., Ltd.	None	Financial assets at fair value through profit or loss - current	415	41,459	-	41,459	
	Taichung International Entertainment Corporation	None	Financial assets at fair value through profit or loss – non-current	-	14,700	-	14,700	
	Gateweb Co., Ltd.	None	Financial assets at fair value through profit or loss – non-current	55	1,000	1	1,000	
	Tron-e Technology Corp.	None	Financial assets at fair value through profit or loss – non-current	1,000	75,000	2	75,000	
	<u>Funds & Beneficiary Certificate</u>							
	Risheng Money Market Fund	None	Financial assets at fair value through profit or loss - current	38,696	583,178	-	583,178	
	Taishin 1699 Money Market Fund	None	Financial assets at fair value through profit or loss - current	61,141	841,616	-	841,616	
	Cathay Pacific Taiwan Low Volatility Dividend Selection 30 Fund	None	Financial assets at fair value through profit or loss - current	519	11,579	-	11,579	
	Cathay Pacific Taiwan ESG Perpetual High Dividend ETF Fund	None	Financial assets at fair value through profit or loss - current	665	10,753	-	10,753	
	Zongtai Construction Co., Ltd.	<u>Shares</u>						
Fubon Financial Holdings		None	Financial assets at fair value through profit or loss - current	-	21	-	21	Preferred stock. B
Fubon Financial Holdings		None	Financial assets at fair value through profit or loss - current	-	1	-	1	Preferred stock. C
Fubon Financial Holdings		None	Financial assets at fair value through profit or loss - current	-	1	-	1	
Chailease International Leasing Co., Ltd.		None	Financial assets at fair value through profit or loss - current	100	9,790	-	9,790	
Taichung International Entertainment Corporation		None	Financial assets at fair value through profit or loss – non-current	-	7,350	-	7,350	
<u>Funds & Beneficiary Certificate</u>								
Risheng Money Market Fund		None	Financial assets at fair value through profit or loss - current	6,005	90,499	-	90,499	
Ritai Management Co.	<u>Funds & Beneficiary Certificate</u>	None	Financial assets at fair value through profit or loss - current	2,666	40,186	-	40,186	

ZONGTAI REAL ESTATE DEVELOPMENT CO., LTD. AND SUBSIDIARIES
MARKETABLE SECURITIES ACQUIRED AND DISPOSED OF AT COSTS OR PRICES OF AT LEAST NT\$300 MILLION OR 20% OF THE PAID-IN CAPITAL
FROM JANURANY 1, 2022 TO DECEMBER 31, 2022

Table 3 (In Thousands of New Taiwan Dollars)

Company Name	Type and Name of Marketable Securities	Financial Statement Account	Counterparty	Relationship	Beginning Balance		Acquisition		Disposal				Ending Balance	
					Shares/Unit	Amount (Note)	Shares/Unit	Amount	Shares/Unit	Price	Carrying Amount	Gain (Loss) on Disposal	Shares/Unit	Amount (Note)
The Company	<u>Fund and Beneficiary Certificate</u> Risheng Money Market Fund	Financial assets at fair value through profit or loss - current	—	—	-	\$ -	76,055	\$1,140,000	37,359	\$ 560,683	\$ 560,000	\$ 683	38,696	\$583,178
	Taishin 1699 Money Market Fund	Financial assets at fair value through profit or loss - current	—	—	-	-	90,336	1,240,000	29,195	400,348	400,000	348	61,141	841,616

Note : Net assets value after the balance sheet date.

ZONGTAI REAL ESTATE DEVELOPMENT CO., LTD. AND SUBSIDIARIES
TOTAL PURCHASES FROM OR SALES TO RELATED PARTIES AMOUNTING TO AT LEAST \$100 MILLION OR 20% OF THE PAID-IN CAPITAL
FROM JANURANY 1, 2022 TO DECEMBER 31, 2022

Table 4 (In Thousands of New Taiwan Dollars)

Buyer	Related Party	Relationship	Transaction Details				Abnormal Transaction		Notes/Accounts Receivable (Payable)		Note
			Purchase/ Sale	Amount	% to Total	Payment Terms	Unit Price	Payment Terms	Ending Balance	% to Total	
The Company	Zongtai Construction Co., Ltd. (Note)	Subsidiaries	Contract project	\$ 876,499	28%	According to the contract	\$ -	—	(\$ 16,572)	(7%)	

Note : It has been charged off.

ZONGTAI REAL ESTATE DEVELOPMENT CO., LTD. AND SUBSIDIARIES
INTERCOMPANY RELATIONSHIPS, SIGNIFICANT INTERCOMPANY TRANSACTIONS AND AMOUNT
FROM JANURANY 1, 2022 TO DECEMBER 31, 2022

Table 5 (In Thousands of New Taiwan Dollars)

No.	Investee Company	Counterparty (Note)	Flow of Transactions	Transaction Details			
				Financial Statement Account	Amount	Payment Terms	% to Total Sales or Assets (%)
0	The Company	Zongtai Construction Co., Ltd.	From the parent company to its subsidiary	Purchase	\$ 876,499	According to the contract	10

Note : It has been charged off.

ZONGTAI REAL ESTATE DEVELOPMENT CO., LTD. AND SUBSIDIARIES
INFORMATION ON INVESTEES
FROM JANURANY 1, 2022 TO DECEMBER 31, 2022

Table 6 (In Thousands of New Taiwan Dollars/ Thousand shares)

Investor Company	Investee Company (Note)	Location	Main Businesses and Products	Original Investment Amount		Balance as of the end of the year			Net Income (Loss) of the Investee	Recognized investment Gain (Loss)	Note
				The end of the year	The end of last year	shares	%	Carrying Amount			
The Company	Zongtai Construction Co., Ltd.	Taichung City	Comprehensive construction industry	\$ 197,110	\$ 197,110	20,100	100	\$ 229,231	\$ 27,765	\$ 46,103	Subsidiaries
	Ritai Management Co., Ltd.	Taichung City	Asset management service industry	300,000	270,000	30,000	100	299,737	2,018	2,018	Subsidiaries
	Pika Electronic Co., Ltd.	Taichung City	Mechanics & Electronic engineering industry	8,000	8,000	800	100	7,094	(953)	(953)	Subsidiaries
	Dashun Advertising Company	Taichung City	Advertising service industry	20,000	20,000	2,000	100	13,794	5	3	Subsidiaries
	Shuo Yi Tai Co.,	Hsinchu County	Energy tech service industry	18,300	250	1,830	30	18,101	(644)	(193)	—

Note : Subsidiaries' investment has been charged off.

ZONGTAI REAL ESTATE DEVELOPMENT CO., LTD. AND SUBSIDIARIES
 INFORMATION ON MAJOR SHAREHOLDERS
 DECEMBER 31, 2022

Table 7

Major shareholders	Shares	
	Total Shares Owned	Ownership Percentage
Tso Jung Investment Co., Ltd	28,345,123	11.67%
Wu, His Kun	15,191,770	6.25%
Dian Chiang Chia Investment Co., LTD	15,049,921	6.19%

Note 1 : The information of major shareholders presented in this table is provided by the Taiwan Depository & Clearing Corporation based on the number of ordinary shares and preferred shares held by shareholders with ownership of 5% or greater, that have been issued without physical registration (including treasury shares) by the Corporation as of the last business day for the current quarter. The share capital in the consolidated financial statements may differ from the actual number of shares that have been issued without physical registration because of different preparation basis.

Note 2 : If the above information belongs to the shareholder who transfers the shares to the trust, it shall be disclosed in the individual sub-account of the trustor who opened the trust account by the trustee. As for shareholders apply for insider equity declarations with more than 10% shareholding in accordance with the Securities Exchange Act, their shareholdings include their own shareholdings, plus the shares they have transferred to the trust and have the right to decide on use the trust property, etc. For information on insiders' share declaration, please refer to the Public Information Observatory.

5 Independent financial report audited by account of the latest fiscal year

INDEPENDENT AUDITOR’S REPORT

Zongtai Real Estate Development Company Limited

Opinion

We have audited the accompanying parent company only financial statements of Zongtai Real Estate Development Company Limited (the “Company”), which comprise the parent company only balance sheets as of December 31, 2022 and 2021, and the parent company only statements of comprehensive income, statements of changes in equity, statements of cash flows, notes to the financial statements including a summary of significant accounting policies.

In our opinion, the accompanying parent company only financial statements present fairly, in all material respects, the accompanying parent company only financial position of the Company as of December 31, 2022 and 2021, and its parent company only financial performance and its parent company only cash flows for 2022 and January 1 to December 31, 2021 in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Standards issuers.

Basis for Opinion

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

Key Audit Matter

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the parent company only financial statements for the year ended in 2022. These matters were addressed in the context of our audit of parent company only the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matters for the Company's parent company only financial statements for the year ended in 2022 are stated as follows :

Revenue Recognition

The main source of revenue of the Company comes from the sales of the real estate revenues. The revenue is only recognized after the completion of property rights transfer and final walk-through of property with clients. The sales of the real estate revenues accounts for the big share of the consolidated revenues and is considered as a significant item in the consolidated financial statements. Therefore, the aforementioned sales revenue is listed as a key audit item; please refer to Note 4 of the parent company only financial statements for the accounting policy for the recognition of sales revenue.

The main audit procedures that the auditors have implemented for the above-mentioned issues are as follows :

1. Understand and test the design of internal control and the effectiveness of implementation in the sales cycle.
2. Select the samples from the recognized sales of the real estate detail lists to check the corresponding documents of real estate handover and registration of property rights to ensure the appropriateness of the sales of real estate revenue recognition.

Inventory Impairment Assessment

Inventory of the Company as of December 31, 2022-the balance of the construction industry was NT\$ 13,179,998 thousand yuan, accounting for 66% of the total assets. The Zongtai Group uses the profit rate of the construction project to assess whether there is impairment of inventory. Moreover, evaluated by the lower cost and net realizable value, the net realizable value is determined based on the recent transaction prices of development projects and the real market price of the near regions. Due to the above matters involve significant accounting estimates and judgments of the management, the assessment of the net realizable value of inventories is listed as a key audit item; please refer to Notes 4, 5 and 8 of the parent company only financial statements for inventory information.

The main audit procedures that the accountant has implemented for the above-mentioned issues are as follows :

1. Review the newly added construction costs this year, selecting samples and check the relevant vouchers, and confirm that the above costs have been appropriately

- attributed to the construction project.
2. Review the year-round inventory impairment loss evaluation documents, to check whether the net realizable value is consistent with the supporting documents. Calculate the correctness of the estimated inventory impairment evaluation from the managerial level for verification.

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

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

In preparing the parent company only financial statements, management is responsible for assessing the Company's ability to continue as a going concern, 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 members of the Audit Committee) are responsible for overseeing the Company's financial reporting process.

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

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

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

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

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

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

From the matters communicated with those charged with governance, we determined those matters that were of most significance in the audit of the parent company only financial statements for the year ended December 31, 2022 and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partners on the audit resulting in this independent auditors' report are Chiang, Shu-Chin and Zeng, Dong-Yun.

Deloitte & Touche
Taipei, Taiwan
Republic of China
March 14, 2023

Zongtai Real Estate Development Co., Ltd.
PARENT COMPANY ONLY BALANCE SHEETS
December 31, 2022 and 2021

Unit : In Thousands of New Taiwan Dollars

CODE	ASSETS	December 31, 2022		December 31, 2021	
		Amount	%	Amount	%
	CURRENT ASSETS				
1100	Cash and cash equivalents (Note 4 and 6)	\$ 2,463,256	12	\$ 1,026,588	5
1110	Financial assets at fair value through profit or loss – current (Note 4 and 7)	1,510,981	8	18,459	-
1136	Financial assets at amortized cost – current (Note 4,6 and 27)	1,879,530	9	1,728,481	9
1172	Notes and accounts receivable (Note 4 and 19)	84	-	196	-
1200	Other receivables (Note 4)	23	-	6	-
1320	Inventories – Construction Industry (Note 4,5,8, 26 and 27)	13,179,998	66	15,750,701	81
1470	Other current assets (Note 12)	41,834	-	127,717	1
1480	Current assets recognised as incremental costs to obtain contract with customers (Note4 and 19)	<u>105,894</u>	<u>1</u>	<u>57,904</u>	<u>-</u>
11XX	Total current assets	<u>19,181,600</u>	<u>96</u>	<u>18,710,052</u>	<u>96</u>
	NONCURRENT ASSETS				
1510	Financial assets at fair value through profit or loss – noncurrent (Note 4 and 7)	90,700	-	88,500	-
1550	Investments accounted for using equity method (Note 4 and 9)	567,957	3	499,292	3
1600	Property, plant and equipment (Note 4, 10 and 27)	126,751	1	133,183	1
1755	Right-of-use assets (Note 4, 11 and 26)	99,709	-	5,200	-
1780	Intangible assets (Note 4)	517	-	1,156	-
1840	Deferred tax assets (Note 4 and 21)	1,515	-	2,076	-
1990	Other noncurrent assets (Note 12)	<u>3,305</u>	<u>-</u>	<u>3,005</u>	<u>-</u>
15XX	Total noncurrent assets	<u>890,454</u>	<u>4</u>	<u>732,412</u>	<u>4</u>
1XXX	Total assets	<u>\$ 20,072,054</u>	<u>100</u>	<u>\$ 19,442,464</u>	<u>100</u>
	LIABILITIES AND EQUITY				
	CURRENT LIABILITIES				
2100	Short-term loans (Note 13 and 27)	\$ 7,358,900	37	\$ 9,264,600	48
2130	Contract liabilities – current (Note 4, 19 and 28)	2,124,866	11	2,793,773	15
2150	Notes payable	44,718	-	24,260	-
2170	Accounts payable (Note 26)	197,215	1	149,570	1
2219	Other payables (Note 15)	213,009	1	199,566	1
2230	Current tax liabilities (Note 4 and 21)	414,383	2	54,073	-
2280	Lease liabilities – current (Note 4, 11 and 26)	14,555	-	2,806	-
2399	Other current liabilities (Note 15)	<u>35,324</u>	<u>-</u>	<u>16,637</u>	<u>-</u>
21XX	Total current liabilities	<u>10,402,970</u>	<u>52</u>	<u>12,505,285</u>	<u>65</u>
	NONCURRENT LIABILITIES				
2530	Bonds payable (Note 14 and 27)	1,998,176	10	1,997,513	10
2570	Deferred tax liabilities (Note 4 and 21)	1,526	-	-	-
2580	Lease liabilities – noncurrent (Note 4,11 and 26)	85,729	-	2,478	-
2645	Guarantee deposits received	<u>240</u>	<u>-</u>	<u>80</u>	<u>-</u>
25XX	Total noncurrent liabilities	<u>2,085,671</u>	<u>10</u>	<u>2,000,071</u>	<u>10</u>
2XXX	Total liabilities	<u>12,488,641</u>	<u>62</u>	<u>14,505,356</u>	<u>75</u>
	EQUITY				
	Capital				
3110	Capital - common stock	2,427,487	12	2,107,907	11
3140	Advance receipts for share capital	-	-	3,592	-
3200	Capital surplus	1,261,649	6	822,657	4
	Retained earnings				
3310	Legal reserve	705,026	4	641,490	3
3350	Unappropriated earnings	<u>3,189,251</u>	<u>16</u>	<u>1,361,462</u>	<u>7</u>
3XXX	Total equity	<u>7,583,413</u>	<u>38</u>	<u>4,937,108</u>	<u>25</u>
	Total liabilities and equity	<u>\$ 20,072,054</u>	<u>100</u>	<u>\$ 19,442,464</u>	<u>100</u>

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

Zongtai Real Estate Development Co., Ltd.
PARENT COMPANY ONLY STATEMENTS OF COMPREHENSIVE INCOME
January 1 to December 31, 2022 and 2021

Unit : In Thousands of New Taiwan Dollars,
Except Earnings Per Share

CODE		2022		2021	
		Amount	%	Amount	%
4000	Operating revenue (Note 4 and 19)	\$ 8,653,201	100	\$ 3,549,606	100
5000	Operating costs (Note 20 and 26)	<u>5,715,485</u>	<u>66</u>	<u>2,501,895</u>	<u>71</u>
5900	Gross profit from operations	<u>2,937,716</u>	<u>34</u>	<u>1,047,711</u>	<u>29</u>
	Operating expenses (Note 19, 20 and 26)				
6100	Selling expenses	182,545	2	156,094	4
6200	Administrative expenses	<u>113,221</u>	<u>2</u>	<u>90,785</u>	<u>3</u>
6000	Total operating expenses	<u>295,766</u>	<u>4</u>	<u>246,879</u>	<u>7</u>
6900	Net operating income	<u>2,641,950</u>	<u>30</u>	<u>800,832</u>	<u>22</u>
	Non-operating income and expenses				
7050	Finance costs (Note 26)	(13,870)	-	(13,185)	-
7070	Share of profit (loss) of associates and joint ventures accounted for using equity method (Note 4)	46,978	1	(11,211)	-
7100	Interest income	7,806	-	2,005	-
7130	Dividend income	1,008	-	715	-
7190	Other Income (Note 26)	9,174	-	12,426	-
7210	Gains on disposals of property, plant and equipment (Note 4)	-	-	199	-
7230	Foreign exchange gains(loss) (Note 4)	7,186	-	(1,896)	-
7235	Gains on financial assets at fair value through profit (Note 4)	3,833	-	4,695	-

(Continued)

(Continue from previous page)

<u>CODE</u>		<u>2022</u>		<u>2021</u>	
		<u>Amount</u>	<u>%</u>	<u>Amount</u>	<u>%</u>
7590	Miscellaneous Disbursements	(\$ <u>349</u>)	<u>-</u>	\$ <u>-</u>	<u>-</u>
7000	Non-operating income and expenses	<u>61,766</u>	<u>1</u>	(<u>6,252</u>)	<u>-</u>
7900	Profit before tax	\$ 2,703,716	31	\$ 794,580	22
7950	Income tax expense (Note 4 and 21)	<u>494,816</u>	<u>5</u>	<u>159,212</u>	<u>4</u>
8500	Total comprehensive income	<u>\$ 2,208,900</u>	<u>26</u>	<u>\$ 635,368</u>	<u>18</u>
	Earnings per share (Note 22)				
9750	Basic earnings per share	<u>\$ 9.81</u>		<u>\$ 3.01</u>	
9850	Diluted earnings per share	<u>\$ 9.79</u>		<u>\$ 3.00</u>	

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

Zongtai Real Estate Development Co., Ltd
PARENT COMPANY ONLY STATEMENTS OF CHANGES IN EQUITY
January 1 to December 31, 2022 and 2021

Unit : In Thousands of New Taiwan Dollars

CODE		Capital Stock - Common	Advance receipts for	Capital surplus	Retained earnings		Total equity
		Stock	share capital	(Note 18)	(Note 18)		
		(Note 18)	(Note 18)	(Note 18)	Legal reserve	Unappropriated earnings	
A1	BALANCE, JANUARY 1, 2021	\$ 2,092,877	\$ 10,464	\$ 816,615	\$ 539,031	\$ 1,756,032	\$ 5,215,019
	Appropriations of prior year's earnings in 2020						
B1	Legal reserve	-	-	-	102,459	(102,459)	-
B5	Cash dividends of ordinary share	-	-	-	-	(927,479)	(927,479)
D5	Total comprehensive income in 2021	-	-	-	-	635,368	635,368
N1	Share-based payments	15,030	(6,872)	6,042	-	-	14,200
Z1	BALANCE, DECEMBER 31, 2021	2,107,907	3,592	822,657	641,490	1,361,462	4,937,108
	Appropriations of prior year's earnings in 2021						
B1	Legal reserve	-	-	-	63,536	(63,536)	-
B5	Cash dividends of ordinary share	-	-	-	-	(317,575)	(317,575)
D5	Total comprehensive income in 2022	-	-	-	-	2,208,900	2,208,900
E1	Issue of shares	310,000	-	418,500	-	-	728,500
N1	Share-based payments	9,580	(3,592)	20,492	-	-	26,480
Z1	BALANCE, DECEMBER 31, 2022	\$ 2,427,487	\$ -	\$ 1,261,649	\$ 705,026	\$ 3,189,251	\$ 7,583,413

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

Zongtai Real Estate Development Co., Ltd
PARENT COMPANY ONLY STATEMENTS OF CASH FLOWS
January 1 to December 31, 2022 and 2021

Unit : In Thousands of New Taiwan Dollars

CODE		2022	2021
	CASH FLOWS FROM OPERATING ACTIVITIES		
A10000	Profit before tax	\$ 2,703,716	\$ 794,580
A20010	Adjustments to reconcile profit (loss) :		
A20100	Depreciation expense	12,933	10,597
A20200	Amortization expense	733	673
A20400	Gain on financial assets at fair value through profit or loss	(3,833)	(4,695)
A20900	Interest expenses	13,870	13,185
A21200	Interest income	(7,806)	(2,005)
A21300	Dividend income	(1,008)	(715)
A21900	Share-based payments	18,414	492
A22400	Share of loss (profits) of subsidiaries and associates	(46,978)	11,211
A22500	Gains on disposals of property, plant and equipment	-	(199)
A30000	Changes in operating assets and liabilities		
A31150	Notes and accounts receivable	112	(109)
A31180	Other receivable	2	158
A31200	Inventories	2,755,328	(2,376,432)
A31240	Other current assets	90,466	(106,365)
A31270	Assets recognised as incremental costs to obtain contract with customers	(47,990)	(40,672)
A32125	Contract liabilities	(668,907)	1,118,345
A32130	Notes payable	20,458	(48,226)
A32150	Accounts payable	47,645	(119,794)
A32180	Other payable	15,306	(22,729)
A32230	Other current liabilities	<u>18,687</u>	<u>(19,085)</u>
A33000	Cash inflow (outflow) generated from operations	4,921,148	(791,785)
A33100	Interest received	7,786	1,985
A33300	Interest paid	(204,277)	(142,190)
A33500	Income tax paid	<u>(132,419)</u>	<u>(288,569)</u>
AAAA	Net cash flows from (used in) operating activities	<u>4,592,238</u>	<u>(1,220,559)</u>

(Continued)

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CODE		2022	2021
	NET CASH FLOW FROM INVESTMENT ACTIVITIES		
B00040	Acquisition of financial assets at amortized cost	(\$ 151,048)	(\$ 1,108,264)
B00100	Acquisition of financial assets at fair value through income	(2,452,346)	(2,305,000)
B00200	Proceeds from disposal of financial assets at fair value through profit or loss	961,457	2,699,138
B01800	Acquisition of investments accounted for using equity method	(48,050)	(250)
B01900	Proceeds from disposal of investments accounted for using equity method	-	104,267
B02700	Acquisition of property, plant and equipment	(169)	(958)
B02800	Proceeds from disposal of property, plant and equipment	-	246
B03800	Decrease in refundable deposits	-	2,500
B04500	Acquisition of intangible assets	(94)	(428)
B06800	Increase in other non-current assets	(300)	-
B07600	Dividends received	<u>27,370</u>	<u>42,856</u>
BBBB	Net cash flows used in investing activities	(<u>1,663,180</u>)	(<u>565,893</u>)
	CASH FLOWS USED IN FINANCING ACTIVITIES		
C00100	Increase (decrease) in short-term loans	(1,905,700)	2,068,760
C03000	Increase in guarantee deposits received	160	80
C04020	Payments of lease liabilities	(5,841)	(3,534)
C04500	Cash dividends paid	(317,575)	(927,479)
C04600	Proceeds from issuing shares	728,500	-
C04800	Exercise of employee share options	<u>8,066</u>	<u>13,490</u>
CCCC	Net cash flows from financing activities	(<u>1,492,390</u>)	(<u>1,151,317</u>)
EEEE	Net increase (decrease) in cash and cash equivalents	1,436,668	(635,135)
E00100	Cash and cash equivalents at beginning of period	<u>1,026,588</u>	<u>1,661,723</u>
E00200	Cash and cash equivalents at end of period	<u>\$ 2,463,256</u>	<u>\$ 1,026,588</u>

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

Zongtai Real Estate Development Company Limited and Subsidiaries

NOTES TO PARENT COMPANY ONLY FINANCIAL STATEMENTS

January 1 to December 31, 2022 and 2021

(Amounts in Thousands of New Taiwan Dollars, Unless Specified Otherwise)

1 GENERAL

Zongtai Real Estate Development Company Limited (the Company), a Republic of China (R.O.C.) corporation, was established in November 1997 in accordance with the Company Law and relevant laws and regulations, and was approved for supplemental public issuance by Financial Supervision Commission Banking Bureau on July 14, 2000. Approved by the Taiwan Stock Exchange, stocks were officially listed on March 3, 2003.

The Company's service items are leasing or selling residential and commercial buildings entrusted to builders.

The accompanying parent financial statements were expressed with the Company's functional currency (New Taiwan Dollar).

2 THE AUTHORIZATION OF FINANCIAL STATEMENTS

The accompanying parent company only financial statements were approved and authorized for issue by the Board of Directors on March 14, 2023.

3 APPLICATION OF NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS

3.1 Initial application of the amendments to the International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), IFRIC Interpretations (IFRIC), and SIC Interpretations (SIC) (collectively, "IFRSs") endorsed and issued into effect by the Financial Supervisory Commission (FSC).

The initial application of the amendments to the IFRSs endorsed and issued into effect by the FSC did not have a significant effect on Zongtai Real Estate Development Company Limited and its subsidiaries' (collectively as the "Company") accounting policies.

3.2 The IFRSs endorsed by the FSC with effective date starting 2023.

<u>New/Revised/Amended Standards and Interpretations</u>	<u>Effective Date Issued by IASB</u>
Amendments to IAS 1 “Disclosure of Accounting Policies”	January 1, 2023 (Note 1)
Amendments to IAS 8 “Definition of Accounting Estimates”	January 1, 2023 (Note 2)
Amendments to IAS 12 “Deferred Tax related to Assets and Liabilities arising from a Single Transaction”	January 1, 2023 (Note 3)
Note 1 : This amendment is prospectively applicable during the annual reporting period starting after January 1, 2023.	
Note 2 : This amendment is applicable to changes in accounting estimates and changes in accounting policies that occur during the annual reporting period starting after January 1, 2023.	
Note 3 : Except for the deferred recognized income tax of temporary difference of lease and decommissioning obligations on January 1, 2022, the amendment applies to all the transactions occurred after January 1, 2022.	

Up till the release date of consolidated financial reports, the other regulation concerning the merged company’s evaluation, adjustments for explanation would not impact on the financial status and performance.

3.3 The IFRSs issued by IASB but not yet endorsed and issued into effect by the FSC.

<u>New/Revised/Amended Standards and Interpretations</u>	<u>Effective Date Issued by IASB (Note 1)</u>
Amendments to IFRS 10 and IAS 28 “Sale or Contribution of Assets between an Investor and its Associate or Joint Venture”	Undecided
Amendments of IFRS 16 : Leaseback of Leased liabilities	January 1, 2024 (Note 2)
IFRS 17 “Insurance Contract”	January 1, 2023
Amendments to IFRS 17	January 1, 2023
Amendments of IFRS 17 : The comparison between the first-applied IFRS 17 and IFRS 9	January 1, 2023
Amendments to IAS 1 “Classification of Liabilities as Current or Non-current”	January 1, 2024
Amendments to IAS 1 “Non-current Liabilities with Covenants”	January 1, 2024
Note 1 : Except for those noted, the New/Amended/Revised Standards and Interpretations will be effective during the annual reporting period starting after each date.	

Note 2 : Sellers and lessees should retrospectively apply the amendment to IRFS 16 on sale and leaseback transaction signed after first application of IFRS 16.

As of the date the accompanying the parent company only financial statements were authorized for issue, the Company continues in evaluating the impact on its financial position and financial performance from the initial adoption of the aforementioned standards or interpretations and related applicable period. The related impact will be disclosed when the Company completes its evaluation.

4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

4.1 Statement of Compliance

The parent company only financial statements have been prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers.

4.2 Basis of Preparation

The accompanying parent company only financial statements have been prepared on the historical cost basis except for financial instruments that are measured at fair values.

Fair value measurements are grouped into Levels 1 to 3 based on the observable degree of relevant inputs and on importance.

4.2.1 Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities;

4.2.2 Level 2 fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and

4.2.3 Level 3 fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

When preparing the parent company only financial statements, the Company account for subsidiaries and associates by using the equity method. In order to same as the amount of net income, other comprehensive income and equity attributable to shareholders of the parent in the consolidated financial statements, the differences of the accounting treatment between the parent company only basis and the consolidated basis are adjusted under the heading of investments accounted for using equity method, share of profits of subsidiaries and associates and share of other comprehensive income of subsidiaries and associates in the parent company only financial statements.

4.3 Classification of Current and Noncurrent Assets and Liabilities

An asset is classified as current when :

4.3.1 Hold the asset primarily for the purpose of trading;

4.3.2 Expect to realize the asset within twelve months after the balance sheet date.

4.3.3 Cash or cash equivalent. (It does not include those restricted from being exchanged or used to settle a liability for at least twelve months after the balance sheet date.)

A liability is classified as current when :

4.3.1 Hold the liability primarily for the purpose of trading;

4.3.2 The liability is due to be settled within twelve months after the balance sheet date.

4.3.3 Does not have an unconditional right to defer settlement of the liability for at least twelve months after the balance sheet date.

Assets and liabilities that are not classified as current are noncurrent assets and liabilities, respectively.

The part of the company engaged in construction projects has an operating cycle exceeding one year. It is based on the assets and liabilities related to the construction business, and the normal operating cycle is used as the standard for dividing current or non-current.

4.4 Foreign Currencies

In preparing the parent company only financial statement of each company, transactions in currencies other than the entity's functional currency (foreign currencies) are recognized at the rates of exchange prevailing at the dates of the transactions.

At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Due to the reason for clearing monetary items or monetary item conversions, such exchange differences are recognized in profit or loss in the year in which they arise.

4.5 Inventories - Construction Industry

The investment and construction of houses are calculated according to the cost of different projects; the allocation of the sold or unsold costs of the project is calculated according to the proportion of the purchase price; however, the same project cannot be changed after the selection the year before or after.

For the purchase or exchange of lands, the lands purchase price paid before the acquisition of lands ownership is recorded as the advance land purchases, and after the

ownership is acquired, it is recorded as the construction lands; the construction lands and construction costs invested in various projects are recorded as the building under construction. Once the project is completed, it will be carried forward to property for sale.

Lands for construction, houses under construction and premises for sale are accounting basis based on cost. At the end of the period, if there is sufficient evidence that the net realizable value is lower than the cost, the difference shall be provided as an allowance for falling price losses.

4.6 Borrowing Costs

The borrowing cost directly attributable to the acquisition, construction or production of a qualified asset is a part of the cost of the asset until almost all necessary activities for the asset to reach its intended use or sale status have been completed.

Specific borrowings, such as investment income earned by temporary investment before the occurrence of capital expenditures that meet the requirements, are deducted from the borrowing costs that meet the capitalization conditions.

Except for the above, all other borrowing costs are recognized as profit or loss in the current period.

4.7 Investments in subsidiaries

Investments accounted for using the equity method include investments in subsidiaries and associates.

A subsidiary is an entity that is controlled by the Company.

Under the equity method, an investment in a subsidiary is initially recognized at cost and adjusted thereafter to recognize the Company's share of the profit or loss and other comprehensive income of the subsidiary. The Company also recognizes the changes in the Company's share of equity of subsidiaries.

Changes in the Company's ownership interests in subsidiaries that do not result in the Company losing control over the subsidiaries are accounted for as equity transactions. Any difference between the carrying amount of the subsidiary and the fair value of the consideration paid or received is recognized directly in equity.

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

Any excess of the cost of acquisition over the Company's share of the net fair value of the identifiable assets and liabilities of a subsidiary at the date of acquisition is recognized as goodwill, which is included within the carrying amount of the investment and is not amortized. Any excess of the Company's share of the net fair value of the identifiable assets and liabilities over the cost of acquisition is recognized in profit or loss.

The Company assesses its investment for any impairment by comparing the carrying amount with the estimated recoverable amount as assessed based on the investee's financial statements as a whole. If the recoverable amount of the investment subsequently increases, the Company recognizes a reversal of the impairment loss as profit; the adjusted post-reversal carrying amount should not exceed the carrying amount that would have been recognized (net of amortization or depreciation) had no impairment loss been recognized in prior years. An impairment loss recognized on goodwill cannot be reversed in a subsequent period.

Profits or losses resulting from downstream transactions is eliminated in full only in the parent company's financial statements. Profit and losses resulting from upstream transactions and transactions between subsidiaries is recognized only in the parent company's financial statements and only to the extent of interests in the subsidiaries that are not related to the Company.

4.8 Investment in Associates

Affiliated companies refer to companies that have significant influence on the combined company but are not subsidiaries or joint ventures.

The Company adopts the equity method for investment in affiliated companies.

Under the equity method, investment in affiliated companies is initially recognized at cost, and the future carrying amount obtained is increased or decreased with the share of the Company's profits and losses and other comprehensive profits and losses and profit distribution enjoyed by the combined company. In addition, changes in the equity of affiliated companies are recognized based on the shareholding ratio.

When the company's share of losses in the affiliated company equals or exceeds its equity in the affiliated company, the recognition of further losses shall cease. The company only recognizes additional losses and liabilities within the scope of statutory obligations, constructive obligations, or payments made on behalf of related companies.

When assessing impairment, the Company regards the overall book value of the investment (including goodwill) as a single asset, compares the recoverable amount

with the book amount, and conducts impairment tests. The recognized impairment loss is not allocated to the component of the investment book value. Any assets, including goodwill. Any reversal of the impairment loss shall be recognized within the scope of the subsequent increase in the recoverable amount of the investment.

4.9 Property, Plant and Equipment

Property, plant and equipment are initially recorded at cost. Subsequently measured at the cost minus accumulated depreciation and accumulated impairment losses.

Property, plant and equipment are depreciated on a straight-line basis within their useful lives. If significant parts have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment. The Company shall review the estimated useful lives, residual value and depreciation method at least at the end of each year, and postpone the effect of changes in applicable accounting estimates.

When property, plant and equipment are on disposal, the difference between the net disposal price and the asset's carrying amount is recognized in profit or loss.

4.10 Intangible Assets

The durability of the solely-acquired intangible assets shall be evaluated by cost initially, afterwards, it shall be evaluated with cost minus the accumulated amortization and impairment loss. Intangible assets shall be amortized on a straight-line base for amortization. The company shall at least check the estimated durability, residual value and amortization methods on the last day of accounting year and defer the effect the adjustments on the applied accounting estimation. The uncertain durability of the intangible assets shall be listed with the amount of the cost minus the accumulated loss on impairment.

When the intangible asset was derecognized, the differences between the net disposal price and the book value of assets shall be listed as the loss or gain for that period.

4.11 Contract Cost Related Assets

The sales commission for the real estate property salespeople and the fee about contract will be actualized when the customer receive the contract. The amount of money within the coverable range will be listed as the incremental cost for contract gaining and will be written off when the real estate was completed and handover to the clients.

4.12 Impairment of property, plant and equipment, right-of-use assets and intangible assets excepting goodwill

The Company shall evaluate any sign for impairment on property, plants and equipment, right-of-use assets and intangible assets (goodwill excluded) on the day for balance sheet declaration. If there's any sign of impairment, then the recoverable amount shall be estimated. If individual asset's recoverable amount cannot be estimated, the Company shall estimate the recoverable amount of the asset belonging to the cash generating unit. Shared assets shall be amortized to individual cash generating unit on the consistent and rational basis.

The coverable amount would be fair value minus the cost and the higher in use value. If the recoverable value of individual asset or cash generating unit is lower than book value, then the book value of such asset or cash generating unit shall adjusted lower to the recoverable amount, the impairment loss shall be recognized in profit or loss.

When the impairment loss was reversed afterwards, the book value of the asset or cash generating unit shall be adjusted up to the recoverable amount only if the increase book value shall not exceed the listed impairment loss book value from previous year if such asset or cash generating unit (deduct the amortization and depreciation). The impairment loss shall be recognized in profit or loss.

4.13 Financial Instruments

Financial assets and liabilities shall be recognized in parent company only balance sheet when the Company becomes a party to the contractual provisions of the instruments.

When the initial recognition of the financial assets and debts, if not evaluated based on fair value, the financial assets and debts can be evaluated by the fair value plus with the transaction cost of the acquired or issued financial assets or debts. The transaction costs of the directly acquired or financial assets or debts issued based on the profit or loss with fair values shall be recognized in profit or loss.

4.13.1 Financial assets

All regular way purchases or sales of financial assets are recognized and derecognized on a trade date basis.

A. Evaluating categories

Financial assets of the Company are classified into the following categories : Financial assets at Fair value through profit or loss (FVTPL), and financial assets at amortized cost.

a. Financial assets at the fair value through profit or loss

Financial assets at the fair value through profit or loss include the enforced or assigned financial assets at the fair value. The financial assets at the fair value enforced through profit or loss consist of the unassigned equity instrument of other comprehensive income : unrealized gains or losses on fair value through other comprehensive income financial assets and the uncategorized debt instrument investment measured by amortized cost.

Financial assets measured at fair value through other comprehensive income are valued based on fair value and recognized in the balance sheets and income statements for the gains or loss they generated (any of the dividend or the interest accrued from the financial assets). See note 25 for the fair value measurement.

b. Financial assets evaluated by the amortized costs

If the Company's financial assets fit the following requirements, then the following categories of which financial assets were evaluated by the amortized costs.

- i. Owned under certain business operating mode. The purpose of such mode is to hold the financial assets in order to receive the contracted cash flow ; and
- ii. The cash flow accrued on the designated date based on the contract articles. The amount of such cash flow was paid totally for the interest accrued from the principal and outstanding principal.

The amortized cost financial assets (including cash and cash equivalents, notes and account receivable amortized by cost, other account receivable, construction refundable deposits and refundable deposits), once after the original recognition, it is determined by effective interest method of taking the total book value minus any amortized cost of impairment loss, any profit or loss on foreign exchange is recognized on the financial statements.

Except the following two conditions, interest income is calculated by the effective interest rate times the total book value of the financial assets :

- i. Purchase or initiate the credit-impaired financial assets, the interest income is calculated by the post credit adjustment interest rate times the amortized cost of financial assets.
- ii. Non purchased or initiated credit-impaired, once became credit-impaired financial assets, during the period of credit impairment to the next term of recognition, the interest income shall be calculated with effective interest rate times the amortized cost of the financial assets.

Credit impairment financial assets refers to the issuers or debtors have major financial difficulties, breach of contract. Debtors are likely to file for bankruptcy or financial reconstructing which may lead to the disappearing vitality of financial markets.

Cash equivalents include short-term certificate of deposit and repo bonds with high market liquidity which can be convertible into fixed amount of cash to satisfy the short-term cash promise.

B. Impairment loss of financial assets

The company will recognize the impairment loss based on expected credit impairment of the financial assets (including account receivable) at amortized cost on every balance sheet day.

Account receivable is recognized as allowed loss in the duration expected credit impairment. Other financial assets are self-evaluated whether there is significant increase in credit risk beforehand. If the credit risk did not increase significantly, it will be recognized as allowed loss as expected credit impairment for 12 months. If the credit risk has increased significantly, it will be recognized as allowed loss as expected credit impairment for the duration.

Expected credit impairment is the weighted average of credit loss with the weights based on the risk of contract breach. The expected credit impairment for 12 months means the expected impaired credit caused by the breached items within the contract of the financial instruments within 12 months of the reporting day. The expected impaired credit of duration signifies the expected credit impairment induced by the breached items within the contract of the financial instruments of the duration.

The purpose of the Company of inner credit risk management without the consideration of the holding of collateral will be judged as breach of contract of the financial assets under the following conditions :

- a. Inner or external information indicates that the debtors are impossible to clear the debts.
- b. Overdue for more than 90 days. Unless reasonable and supporting information indicates the delay of breach of contract is more appropriate.

All book values of the impairment loss of financial assets are deducted through allowed account, only with the exception that the allowed impairment of other conglomerated debt instrument at fair value through profit or loss would be recognized as other comprehensive income will not lower the book values.

C. Derecognition of financial assets

The Company only lose the contact rights of the financial assets' cash flow or the financial assets have been transferred and the risks and payment of the ownership of financial assets have been transferred to other enterprises, which is when the financial assets can be derecognized.

When the financial assets amortized at cost were derecognized as a whole, the gap of the book values and the collected consideration were recognized as gains and loss. When the debt instrument investments measured at fair value through other comprehensive income were derecognized as the whole, the book values and the collected consideration were recognized as the gap between the accumulated gain or loss of other comprehensive income. When the equity instrument investments measured at fair value through other comprehensive income were derecognized as the whole, the accumulated loss and gain will directly transferred as retained earnings without reclassifying as loss or gain.

4.13.2 Financial liabilities

A. Subsequent measurement

All financial liabilities are measured at amortized cost using the effective interest method.

B. Derecognition of financial liabilities

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

4.14 Income Recognition

Once the Company has recognized the performance obligations in clients' contract, the transaction price will be allocated within the performance obligations and when fulfilling the performance obligations, the transaction price will be recognized as income.

Product Sales Revenue

Properties sales within normal operation range is as fixed transaction price by stages and recognized as contract liabilities. After considering major financial compositions, it shall be recognized as sales revenue once each property has finished construction and handover the ownership to the buyer.

4.15 Leases

At the inception of a contract, the Company assesses whether the contract is, or contains, a lease.

4.15.1 The Company as lessor

Leases are classified as finance leases whenever the terms of a lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

In finance lease, lease payments include fixed payments. Net lease investment is the sum of current value of lease receivable and unguaranteed residual value at initial direct costs and denoted as finance lease receivable. Finance revenues shall be evened out in each accounting periods to reflect the fixed rate of return (ROE) of unexpired net lease investment in different accounting periods.

Lease payments (less any lease incentives payable) from operating leases are recognized as income on a straight-line basis over the terms of the relevant leases. Initial direct costs incurred in obtaining operating leases are added to the carrying amounts of the underlying assets and recognized as expenses on a straight-line basis over the lease terms.

When lease include lands and building compartment, the Company is affiliated to the ownership of compartment and all the risk and return have transferred to leaser to evaluate the categorization of each compartment shall belong to finance lease or operating lease. Lease payment is amortized to lands or buildings based on the relative ratio of lands and building lease rights at fair value on contract effective date. If lease payment can reliably amortize to these

two compartments, then each element shall be dealt with accordingly by the applied lease category. If not, then the whole lease will be categorized as finance lease unless these two compartments obviously fitting the operating lease standards or else the overall lease will be categorized as operating lease.

4.15.2 The Company as lessee

The Company recognizes right-of-use assets and lease liabilities for all leases at the commencement date of a lease, except for short-term leases and low-value asset leases accounted for applying a recognition exemption where lease payments are recognized as expenses on a straight-line basis over the lease terms.

Right-of-use assets are measured at cost. The cost of right-of-use assets comprises the initial measurement of lease liabilities adjusted for lease payments and initial direct costs made at or before the commencement date, plus an estimate of costs needed to restore the underlying assets. Subsequent measurement is calculated as cost less accumulated depreciation and accumulated impairment loss and adjusted for changes in lease liabilities as a result of lease term modifications or other related factors. Right-of-use assets are presented separately in the parent company only balance sheets.

Right-of-use assets are depreciated using the straight-line method from the commencement dates to the earlier of the end of the useful lives of the right-of-use assets or the end of the lease terms.

Lease liabilities are initially measured at the present value of the lease payments, which comprise fixed payments. The lease payments are discounted using the interest rate implicit in a lease, if that rate can be readily determined. If that rate cannot be readily determined, the Company uses the lessee's incremental borrowing rate.

Subsequently, lease liabilities are measured at amortized cost using the effective interest method, with interest expense recognized over the lease terms. When there is a change in a lease term, a change in future lease payments resulting from a change in an index or a rate used to determine those payments, or a change in the assessment of an option to purchase an underlying asset, the Company remeasures the lease liabilities with a corresponding adjustment to the right-of-use assets. Lease liabilities are presented on a separate line in the parent company only balance sheets.

4.16 Employee Benefits

4.16.1 Short-term employee benefits

Liabilities recognized in respect of short-term employee benefits are measured at the undiscounted amount of the benefits expected to be paid in exchange for service rendered by employees.

4.16.2 Retirement benefits

Payments to defined contribution retirement benefit plans are recognized as expenses when employees have rendered services entitling them to the contributions.

4.17 Employee Stock Option

4.17.1 Employee stock option to the employees

Employee stock option is based on the equity instrument on vest day at fair value and the optimal number of estimations of expected vest and is recognized as expense by accrual straight-line basis within the vested duration, at the same time, adjust paid-in-capital- employee stock option. If vested right on the vested day, then all the employee stock options shall be recognized as expenses on the vested day. The Company handled the proposal to increase its capital by retaining employee stock option, which would be issued when the number and price of shares were confirmed.

The Company will adjust the expected vest of the estimated number of employee stock option on the balance sheet day. If any adjustment on the original number, the adjusted number will be recognized on the income statement so that the accumulated expense can reflect the adjusted number of estimation and relatively adjust the paid-in-capital-employee stock option.

4.17.2 Employee stock option to the employees of subsidiaries

The employee stock options that the Company grants to the employees of its subsidiaries to be delivered by the Company's equity instruments are regarded as capital investment in the subsidiaries, and are measured by the fair value of the equity instruments on the grant date and recognized as an increase in the book value of the investment in the subsidiary during the vesting period, in addition the capital surplus—employee stock options, is relatively adjust.

4.18 Taxation

Income tax expense represents the sum of the tax currently payable and deferred tax.

4.18.1 Current tax

Income tax payable (recoverable) is based on taxable profit (loss) for the year determined according to the applicable tax laws of each tax jurisdiction.

According to the Income Tax Law in the ROC, an additional tax on unappropriated earnings is provided for in the year the shareholders approve to retain earnings.

Adjustments of prior years' tax liabilities are added to or deducted from the current year's tax provision.

4.18.2 Deferred tax

Deferred tax is recognized on temporary differences between the carrying amounts of assets and liabilities in the parent company only financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognized for all taxable temporary differences. Deferred tax assets are generally recognized for all deductible temporary differences, net operating loss carryforwards and tax credits for research and development expenses to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilized.

Deferred tax liabilities are recognized for taxable temporary differences associated with investments in subsidiaries and associates, except where the Company is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments are only recognized to the extent that it is probable that there will be sufficient taxable profits against which to utilize the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the assets to be recovered. A previously unrecognized deferred tax asset is also reviewed at the end of each reporting period and recognized to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

Deferred tax liabilities and assets are measured at the tax rates that are expected to apply in the period in which liabilities are settled or assets are realized, based on tax rates and tax laws that have been enacted or substantively enacted by the end of the reporting period. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Corporation expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

4.18.3 Current and deferred tax for the year

Current and deferred tax are recognized in profit or loss, except when they relate to items that are recognized in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognized in other comprehensive income or directly in equity, respectively.

5 CRITICAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION AND UNCERTAINTY

In the application of the aforementioned Company's accounting policies, the Company is required to make judgments, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The managerial level will continue to monitor the estimation and fundamental assumptions. If the estimated adjustment only affects the current period, then the adjustments will be recognized in the current period. If the adjustment in accounting estimation will simultaneously influence the current and future periods, then it will be recognized in current and future period.

Key Sources of Estimation and Uncertainty-the impairment in inventory

Inventory net realized value is the residual estimation of estimated sales price during operating process minus the estimated cost for completion of the construction and all the estimated cost for sales, The estimation of net realizable value is based on current market conditions and historical experience with product sales of a similar nature. The changes in markets can affect the estimated results.

6 CASH AND CASH EQUIVALENTS

	<u>December 31,2022</u>	<u>December 31,2021</u>
Cash on hand and working fund	\$ 149	\$ 171
Deposits in banks	3,201,694	2,639,663
Cash equivalents		
Bank time deposit	1,101,764	49,600
Repo bonds	<u>39,179</u>	<u>65,635</u>
	4,342,786	2,755,069
Minus : Restricted deposit	(1,842,330)	(1,678,881)
Pledge time deposit	<u>(37,200)</u>	<u>(49,600)</u>
	<u>\$ 2,463,256</u>	<u>\$ 1,026,588</u>

Restricted deposit, pledge time deposit are financial assets at amortized cost-current, please refer to Note 27 for the pledge information.

7 FINANCIAL INSTRUMENTS AT FAIR VALUE THROUGH PROFIT AND LOSS

	<u>December 31,2022</u>	<u>December 31,2021</u>
<u>Financial Assets-Current</u>		
Fund Beneficiary Certificate	\$ 1,447,126	\$ -
Domestic listed and OTC stock	<u>63,855</u>	<u>18,459</u>
	<u>\$ 1,510,981</u>	<u>\$ 18,459</u>
<u>Financial Assets-Non-current</u>		
Domestic unlisted and OTC stock	<u>\$ 90,700</u>	<u>\$ 88,500</u>

8 INVENTORY- CONSTRUCTION INDUSTRY

	<u>December 31,2022</u>	<u>December 31,2021</u>
Land held for construction site	\$ 10,378,585	\$ 12,125,364
Construction in progress	2,533,540	3,472,333
Buildings and land held for sale	<u>267,873</u>	<u>153,004</u>
	<u>\$ 13,179,998</u>	<u>\$ 15,750,701</u>
<u>Land held for construction site</u>	<u>December 31,2022</u>	<u>December 31,2021</u>
The Way Home	\$ 3,807,991	\$ 3,807,991
Land serial No.15, Wenshang Section	2,769,359	2,754,359
Land serial No. 330, 331, 332, Xin Xin Ping Section	2,050,401	2,050,401
Land serial No.53, Wenshang Section	1,535,453	1,535,453
Land serial No.38, Goubei Section	193,570	193,570
Get Together	-	1,124,416
Good Together Melody	-	637,363
Others	<u>21,811</u>	<u>21,811</u>
	<u>\$ 10,378,585</u>	<u>\$ 12,125,364</u>

	<u>December 31,2022</u>	<u>December 31,2021</u>
<u>Construction in progress</u>		
The Way Home	\$ 2,333,510	\$ 370,712
Get Together	-	2,181,027
Good Together Melody	-	817,845
Others	<u>200,030</u>	<u>102,749</u>
	<u>\$ 2,533,540</u>	<u>\$ 3,472,333</u>
<u>Buildings and land held for sale</u>		
Zongtai 2020	\$ 132,596	\$ 132,596
Get Together	119,277	-
East New York	16,000	16,000
Tomorrow	<u>-</u>	<u>4,408</u>
	<u>\$ 267,873</u>	<u>\$ 153,004</u>

Information about interest capitalization is as follows :

	<u>Years ended December 31,2022</u>	<u>Years ended December 31,2021</u>
Amount of interest capitalization	\$ 189,208	\$ 130,808
Interest capitalization rate (%)	1.55-2.37	1.55-2.00

Setting the amount of inventory as a guarantee for the loan, please refer to Note 27.

9 INVESTMENTS ACCOUNTED FOR USING EQUITY METHOD

	<u>December 31,2022</u>	<u>December 31,2021</u>
Investments in subsidiaries	\$ 549,856	\$ 499,047
Investments in associates	<u>18,101</u>	<u>245</u>
	<u>\$ 567,957</u>	<u>\$ 499,292</u>

9.1 Investments in subsidiaries

<u>Subsidiaries</u>	<u>December 31,2022</u>		<u>December 31,2021</u>	
	<u>Amount</u>	<u>Shares of holding (%)</u>	<u>Amount</u>	<u>Shares of holding (%)</u>
<u>Common stocks of non-listed companies</u>				
Ritai Asset Management Co., Ltd. (Ritai Management Co.)	\$ 299,737	100	\$ 267,719	100
Zongtai Construction Co., Ltd. (Zongtai Construction Co.)	229,231	100	209,420	100
Pika Electronic Co., Ltd. (Note) (Pika Electronic Co.)	7,094	100	8,117	100
Dashun Advertising Co., Ltd. (Dashun Advertising Co.)	<u>13,794</u>	100	<u>13,791</u>	100
	<u>\$ 549,856</u>		<u>\$ 499,047</u>	

Note : Play Fun Industrial Co., Ltd. renamed on March, 2022.

In the above-mentioned subsidiaries, the financial reports of Pika Electronic Company for 2022 and Dashun Advertising Company for 2022&2021 have not been audited by accountants. The financial reports of the remaining subsidiaries for 2022 and 2021 are all audited by accountants; however, the management believes that there is no material impact from the financial statements of the above-mentioned investees that have not been audited.

9.2 Investments in associates

Associates	December 31,2022		December 31,2021	
	Amount	Shares of holding (%)	Amount	Shares of holding (%)
<u>Common stocks of non-listed companies</u>				
Shuo Yi Tai Green Energy Co., Ltd. (Shuo Yi Tai Co.)	\$ <u>18,101</u>	30	\$ <u>245</u>	25

The company invested in holding 25% of the Shuo Yi Tai Company's shareholdings with the total amount of NT\$250 thousand in August, 2021. The Company increased its capital by NT\$18,050 thousand in cash with 30% shareholding changed after the increase in Jan. 2022.

10 PROPERTY, PLANT AND EQUIPMENT

	Land	Building	Transportation Equipment	Other Equipment	Total Cost
<u>Cost</u>					
January 1, 2022	\$ 45,623	\$ 101,051	\$ 4,415	\$ 12,662	\$ 163,751
Additions	<u>-</u>	<u>-</u>	<u>-</u>	<u>169</u>	<u>169</u>
December 31, 2022	<u>\$ 45,623</u>	<u>\$ 101,051</u>	<u>\$ 4,415</u>	<u>\$ 12,831</u>	<u>\$ 163,920</u>
<u>Accumulated Depreciation</u>					
January 1, 2022	\$ -	\$ 19,654	\$ 3,490	\$ 7,424	\$ 30,568
Additions	<u>-</u>	<u>3,750</u>	<u>317</u>	<u>2,534</u>	<u>6,601</u>
December 31, 2022	<u>\$ -</u>	<u>\$ 23,404</u>	<u>\$ 3,807</u>	<u>\$ 9,958</u>	<u>\$ 37,169</u>
January 1, 2022 Net Value	<u>\$ 45,623</u>	<u>\$ 81,397</u>	<u>\$ 925</u>	<u>\$ 5,238</u>	<u>\$ 133,183</u>
December 31, 2022 Net Value	<u>\$ 45,623</u>	<u>\$ 77,647</u>	<u>\$ 608</u>	<u>\$ 2,873</u>	<u>\$ 126,751</u>

	Land	Building	Transportation Equipment	Other Equipment	Total Cost
<u>Cost</u>					
January 1, 2021	\$ 45,623	\$ 101,051	\$ 4,222	\$ 12,765	\$ 163,661
Additions	-	-	760	198	958
Disposals	-	-	(567)	(301)	(868)
December 31, 2021	<u>\$ 45,623</u>	<u>\$ 101,051</u>	<u>\$ 4,415</u>	<u>\$ 12,662</u>	<u>\$ 163,751</u>
<u>Accumulated Depreciation</u>					
January 1, 2021	\$ -	\$ 15,905	\$ 3,383	\$ 5,073	\$ 24,361
Additions	-	3,749	627	2,652	7,028
Disposals	-	-	(520)	(301)	(821)
December 31, 2021	<u>\$ 0</u>	<u>\$ 19,654</u>	<u>\$ 3,490</u>	<u>\$ 7,424</u>	<u>\$ 30,568</u>
January 1, 2021 Net Value	<u>\$ 45,623</u>	<u>\$ 85,146</u>	<u>\$ 839</u>	<u>\$ 7,692</u>	<u>\$ 139,300</u>
December 31, 2021 Net Value	<u>\$ 45,623</u>	<u>\$ 81,397</u>	<u>\$ 925</u>	<u>\$ 5,238</u>	<u>\$ 133,183</u>

Depreciation Expenses are depreciated on a straight-line basis over their estimated useful lives as follows :

Building	
Main Buildings of Improvements	50 years
Electromechanical power equipment	10-15 years
Transportation Equipment	6 years
Other Equipment	3-15 years

For the properties, plants and equipment amounts designated as bonds payable, please refer to Note 27.

11 LEASE ARRANGEMENTS

11.1 Right-of-use assets

	<u>December 31,2022</u>	<u>December 31,2021</u>
Book Value of Right-of-use Assets		
Land	\$ 48,811	\$ -
Buildings	49,503	2,788
Transportation Equipment	1,395	2,412
	<u>\$ 99,709</u>	<u>\$ 5,200</u>

	<u>Years ended December 31,2022</u>	<u>Years ended December 31,2021</u>
Additions to Right-of-use Assets	\$ <u>100,719</u>	\$ <u>134</u>
Depreciation Charge for Right-of-use Assets		
Land	\$ 1,975	\$ 755
Buildings	3,218	1,742
Transportation Equipment	<u>1,139</u>	<u>1,072</u>
	<u>\$ 6,332</u>	<u>\$ 3,569</u>

Except for the recognized depreciation expenses, the Company's right-of-use assets did not undergo significant sublease and impairment in 2022 and 2021.

11.2 Lease liabilities

	<u>December 31,2022</u>	<u>December 31,2021</u>
Carrying amounts		
Current	\$ <u>14,555</u>	\$ <u>2,806</u>
Non-current	\$ <u>85,729</u>	\$ <u>2,478</u>

Range of discount rate for lease liabilities was as follows :

	<u>December 31,2022</u>	<u>December 31,2021</u>
Land	2.15%	2.22%
Buildings	1.55%-1.71%	1.71%
Transportation Equipment	1.77%	1.77%

11.3 Material lease activities and terms

The Company leases certain land, buildings and transportation equipment for product manufacturing and operational uses with lease terms of 3 to 15 years. The Company does not have bargain purchase options to acquire the land, buildings and transportation equipment at the end of the lease terms.

12 OTHER ASSETS

	<u>December 31,2022</u>	<u>December 31,2021</u>
Excess business tax paid	\$ 21,388	\$ 90,072
Prepayments	10,614	6,277
Temporary debits	6,153	11,831
Guarantee deposits paid	2,459	2,459
Construction deposits paid	1,935	1,811
Payment on behalf of others	1,744	17,726
Others	<u>846</u>	<u>546</u>
	<u>\$ 45,139</u>	<u>\$ 130,722</u>

	<u>December 31,2022</u>	<u>December 31,2021</u>
Current	\$ 41,834	\$ 127,717
Non-current	<u>3,305</u>	<u>3,005</u>
	<u>\$ 45,139</u>	<u>\$ 130,722</u>

13 SHORT-TERM LOANS

	<u>December 31,2022</u>	<u>December 31,2021</u>
Secured Loans (Note 27)	\$ 7,358,900	\$ 8,449,440
Credit Loans	<u>-</u>	<u>815,160</u>
	<u>\$ 7,358,900</u>	<u>\$ 9,264,600</u>
<u>Annual interest rate (%)</u>		
Secured Loans	2.21-2.37	1.55-1.95
Credit Loans	-	1.87-2.00

14 BONDS PAYABLE

	<u>December 31,2022</u>	<u>December 31,2021</u>
First time domestic secured ordinary corporate bonds (Note 27)	\$ 2,000,000	\$ 2,000,000
Discount on bonds payable	(<u>1,824</u>)	(<u>2,487</u>)
	1,998,176	1,997,513
Less : Listed as due within 1 year	<u>-</u>	<u>-</u>
	<u>\$ 1,998,176</u>	<u>\$ 1,997,513</u>

On September 29, 2020, the Company issued a secured domestic ordinary corporate bond in Taiwan for NT\$2,000,000 thousand with 5 years issuance period, in addition the annual interest rate (%) is 0.62%, and the interest is calculated and paid once a year based on the coupon rate. The principal shall be repaid once at the expiry of 5 years from the issuance date.

15 OTHER LIABILITIES

	<u>December 31,2022</u>	<u>December 31,2021</u>
<u>Other payables</u>		
Construction retainage received	\$ 168,762	\$ 153,382
Employee bonus payable and compensation due to directors	24,555	24,574
Payables for salaries or bonuses	8,891	10,015
Others	<u>10,801</u>	<u>11,595</u>
	<u>\$ 213,009</u>	<u>\$ 199,566</u>
<u>Other current payables</u>		
Receipts under custody	\$ 34,727	\$ 15,147
Others	<u>597</u>	<u>1,490</u>
	<u>\$ 35,324</u>	<u>\$ 16,637</u>

16 RETIREMENT BENEFIT PLANS

The Company adopted a pension plan under the Labor Pension Act (LPA), which is a state-managed defined contribution plan. Under the LPA, the Company makes monthly contributions to employees' individual pension accounts at 6% of monthly salaries and wages.

17 MATURITY ANALYSIS OF ASSETS AND LIABILITIES

The assets and liabilities of the Company related to the construction business are classified as current or non-current standards according to the business cycle, and the relevant account amounts, which are expected to be recovered or repaid within 1 year and more than 1 year after the balance sheet date, are as follows :

	Expected to be recovered or repaid within 1 year	Expected to be recovered or repaid more than 1 year	Total
<u>December 31, 2022</u>			
Assets			
Notes and accounts receivable	\$ 84	\$ -	\$ 84
Other receivables	23	-	23
Inventories — Construction Industry	267,873	12,912,125	13,179,998
Other current assets	39,817	2,017	41,834
Current assets recognized as incremental costs to obtain contract with customers	<u>473</u>	<u>105,421</u>	<u>105,894</u>
	<u>\$ 308,270</u>	<u>\$ 13,019,563</u>	<u>\$ 13,327,833</u>
Liabilities			
Short-term loans	\$ -	\$ 7,358,900	\$ 7,358,900
Contract liabilities	38,880	2,085,986	2,124,866
Notes payable	44,718	-	44,718
Accounts payable	193,401	3,814	197,215
Other payable	52,241	160,768	213,009
Lease liabilities	14,555	85,729	100,284
Bonds payable	-	1,998,176	1,998,176
Other current liabilities	<u>35,324</u>	<u>-</u>	<u>35,324</u>
	<u>\$ 379,119</u>	<u>\$ 11,693,373</u>	<u>\$ 12,072,492</u>

	Expected to be recovered or repaid within 1 year	Expected to be recovered or repaid more than 1 year	Total
<u>December 31,2021</u>			
Assets			
Notes and account receivables	\$ 196	\$ -	\$ 196
Other receivables	6	-	6
Inventories — Construction Industry	4,913,656	10,837,045	15,750,701
Other current assets	126,663	1,054	127,717
Current assets recognized as incremental costs to obtain contract with customers	<u>35,530</u>	<u>22,374</u>	<u>57,904</u>
	<u>\$ 5,076,051</u>	<u>\$ 10,860,473</u>	<u>\$ 15,936,524</u>
Liabilities			
Short-term loans	\$ 2,085,700	\$ 7,178,900	\$ 9,264,600
Contract liabilities	1,388,937	1,404,836	2,793,773
Notes payable	24,260	-	24,260
Accounts payable	149,570	-	149,570
Other payable	131,511	68,055	199,566
Lease liabilities	2,806	2,478	5,284
Bonds payable	-	1,997,513	1,997,513
Other current liabilities	<u>16,637</u>	<u>-</u>	<u>16,637</u>
	<u>\$ 3,799,421</u>	<u>\$ 10,651,782</u>	<u>\$ 14,451,203</u>

18 EQUITY

18.1 Common Stock Capital

	<u>December 31,2022</u>	<u>December 31,2021</u>
Number of shares authorized (in thousands)	<u>500,000</u>	<u>500,000</u>
Shares authorized	<u>\$ 5,000,000</u>	<u>\$ 5,000,000</u>
Number of shares issued and fully paid (in thousands)	<u>242,749</u>	<u>210,791</u>
Shares issued	<u>\$ 2,427,487</u>	<u>\$ 2,107,907</u>
Equivalent issue shares of advance receipts for ordinary share (thousand shares)	<u>-</u>	<u>294</u>
Advance receipts for share capital	<u>\$ -</u>	<u>\$ 3,592</u>

Fully paid ordinary shares, with a par value of NT\$10, each of which carries one vote per share and carry a right to receive dividends.

The alternation of share capital of the company was due to the execution of employee stock option.

The Board of Directors resolved to increase its capital in cash by issuance of 31,000 new shares with par value of NT\$10, which would be issued at a premium of NT\$23.5 per share on Mar. 15, 2022. The paid-in capital after cash increase was 2,427,167 thousand. The above cash capital increase proposal was reported to and approved by the Securities and Futures Bureau, FSC on May 23, 2022. Moreover, the Board of Directors resolved Jul. 26, 2022 as the record date for the capital increase.

In accordance with the Company Act, 10% of the total new shares to be issued were reserved for employee stock options. In accordance with the provision of Share-based Payment in IFRS 2, the Company recognized the salary expense of NT\$18,414 thousand and the capital surplus (issuance of shares at a premium) with the same amount in 2022.

18.2 Capital Surplus

	<u>December 31,2022</u>	<u>December 31,2021</u>
<u>May be used to offset a deficit, distributed as cash dividends, or transferred to share capital</u>		
Issuance of ordinary shares	\$ 1,092,949	\$ 653,957
Conversion of bonds	<u>168,700</u>	<u>168,700</u>
	<u>\$ 1,261,649</u>	<u>\$ 822,657</u>

Such capital reserve may be used to offset a deficit; in addition, when the Company has no deficit, such capital surplus may be distributed as cash dividends or transferred to share capital and only limited to a certain percentage of the Company's capital surplus and to once a year.

18.3 Retained earnings and dividend policy

Under the dividends policy as set forth in the amended Articles of Incorporation, where the Company made a profit in a fiscal year, the profit shall be first utilized for paying taxes, offsetting losses of previous years, setting aside as legal reserve 10% of the remaining profit, setting aside or reversing special reserve in accordance with the laws and regulations, and then any remaining profit together with any undistributed retained earnings shall be used by the Company's board of directors as the basis for proposing a distribution plan, which should be resolved in the shareholders' meeting for

distribution. The Company resolved the amendment to Policy on Distribution of Earnings and Dividends in the Articles of Incorporation during the General Meeting of Shareholders on Jun. 8, 2022. Where all or part of the dividend and bonus distribution is paid in cash, such distribution may be adopted by a majority of directors in a Board of Directors' meeting attended by 2/3 or more of all directors before reporting to the shareholders' meeting; the resolution adopted by shareholders' meeting as prescribed in the preceding paragraph shall not apply. For the policies on distribution of employees' compensation and remuneration of directors, refer to employees' compensation and remuneration of directors in Note 20.

Moreover, according to the Company's articles of association, the dividend policy of the Company is based on the company operation situation, capital requirement, and change in internal and external overall circumstances that the dividend is distributed fully or partially with the consideration of the interest of the shareholders. Distribution of earnings may be made in cash dividend or share dividend. Limits of dividend distribution shall remain the proportion between 20% and 100% of the distributable earnings of the current year; however, the distribution of cash dividend shall be in principle not lower than 50% of the total dividend.

The legal reserve may be used to offset any deficits. If the Company has no deficit and the legal reserve has exceeded 25% of the Company's paid-in capital, the excess may be transferred to capital or distributed in cash.

The appropriations of earnings for 2021 and 2020, which have been approved in the shareholders' meetings in June 8, 2022 and July 30, 2021, respectively, were as follows :

	<u>The appropriations of earnings</u>		<u>Dividend per share (NT\$)</u>	
	<u>Years ended</u>	<u>Years ended</u>	<u>Years ended</u>	<u>Years ended</u>
	<u>December 31, 2021</u>	<u>December 31, 2020</u>	<u>December 31, 2021</u>	<u>December 31, 2020</u>
Legal reserve	\$ 63,536	\$ 102,459		
Cash Dividends	317,575	927,479	\$ 1.5	\$ 4.4

The appropriations of earnings and dividends per share of year 2022 which proposed by the Company's board of directors on March 14, 2023, are as follows :

	<u>The appropriations of earnings</u>	<u>Dividend per share (NT\$)</u>
Legal reserve	\$ 220,890	
Cash Dividends	995,270	\$ 4.1
Stock Dividends	995,270	4.1

The cash dividend was to be presented for approval in the Board of Directors' meeting. The other is to be presented for approval in the shareholders' meeting to be held on June 19, 2023 (expected).

19 REVENUE

	<u>Years ended</u> <u>December 31, 2022</u>	<u>Years ended</u> <u>December 31, 2021</u>
Revenue from contracts with customers		
Revenue from real estate sales	\$ <u>8,653,201</u>	\$ <u>3,549,606</u>

19.1 Contract balances

	<u>December 31,2022</u>	<u>December 31,2021</u>	<u>January 1, 2021</u>
Notes and accounts receivable	\$ <u>84</u>	\$ <u>196</u>	\$ <u>87</u>
Contract liabilities – current			
Real estate sales	\$ <u>2,124,866</u>	\$ <u>2,793,773</u>	\$ <u>1,675,428</u>

19.2 Assets related to the contract cost

	<u>December 31,2022</u>	<u>December 31,2021</u>
<u>Current</u>		
Current assets recognized as incremental costs to obtain contract with customers	\$ <u>105,894</u>	\$ <u>57,904</u>

Considering the past historical experience and the default clauses of the real estate sales contract, the Company believes that the commission paid for obtaining the contract can be fully recovered. The costs in 2022 and 2021 are NT\$ 36,162 thousand and NT\$ 0 thousand respectively.

20 EMPLOYEE BENEFITS, DEPRECIATION AND AMORTIZATION EXPENSES

<u>Types</u>	<u>Belong to</u> <u>operating cost</u>	<u>Belong to</u> <u>operating</u> <u>expenses</u>	<u>total</u>
<u>Years ended December 31, 2022</u>			
Short-term employee benefits			
Salary expenses	\$ 15,480	\$ 76,669	\$ 92,149
Labor and health insurance costs	1,861	4,015	5,876
Defined contribution plans	830	1,010	1,840
Share-based Payment			
Equity-settled	-	18,414	18,414
Remuneration of directors	-	16,886	16,886
Other employee benefits	768	6,548	7,316
Depreciation	-	12,933	12,933
Amortization	-	733	733

Types	Belong to operating cost	Belong to operating expenses	total
<u>Years ended December 31, 2021</u>			
Short-term employee benefits			
Salary expenses	20,140	60,554	80,694
Labor and health insurance costs	1,720	2,984	4,704
Defined contribution plans	820	861	1,681
Share-based Payment			
Equity-settled	-	492	492
Remuneration of directors	-	12,981	12,981
Other employee benefits	786	2,855	3,641
Depreciation	-	10,597	10,597
Amortization	-	673	673

As of 2022 and 2021, the average numbers of employees of the Company were 66 and 68 employees. Among them, the number of directors not concurrently serving as employees are both 5 and 6; the basis of calculation is the same as employee benefits expenses.

The Company's average employee benefits expense was NT\$2,059 thousand and NT\$1,471 thousand for the year 2022 and 2021, respectively; and the Company's average employees' wages and salaries was NT\$1,813 thousand and NT\$1,309 thousand for the year 2022 and 2021, respectively, average employee salary expenses was adjusted by 38.5%.

The remuneration of the directors, managers and employees of the Company is determined based on their responsibilities, the value of their contributions and their performance, with reference to the usual standards of the industry. According to the Company's articles of association, the remuneration of directors and managers shall be submitted to the board of directors for resolution after reviewed by the remuneration committee. In addition to reference to the usual standards of the industry, the Company's operating performance, the Company's financial status and the Company's future development plans, the reasonable remuneration will also be given based on the individual's participation in the Company's operations, responsibilities and performance goals achieved. The Company also reviews relevant performance appraisal standards and the reasonableness of remuneration content in a timely manner to reduce future risks and implement the company's sustainable operation strategy.

Employee compensation and director compensation

The Company accrued employees' compensation and remuneration of directors at the rates 0.1%-5% and no higher than 2%, respectively, of net profit before income tax, employees' compensation, and remuneration of directors. The estimated employees' compensation and directors' remuneration for year 2022 and 2021 were resolved by the board of directors on March 14, 2023 and March 15, 2022 as follows :

<u>Cash</u>	<u>Years ended December 31,2022</u>		<u>Years ended December 31,2021</u>	
	<u>Estimated ratio</u>	<u>Amount</u>	<u>Estimated ratio</u>	<u>Amount</u>
Employees' compensation	0.3%	\$ 8,185	1.5%	\$ 12,287
Remuneration of directors	0.6%	16,370	1.5%	12,287

If there is a change in the amounts after the annual parent company only financial statements were authorized for issue, the differences are recorded as a change in the accounting estimate.

There's no difference between the actual amounts of employees' compensation and remuneration of directors paid and the amounts recognized in the parent company only financial statements for the year 2021 and 2020.

Information on the employees' compensation and remuneration of directors resolved by the Company's board of directors is available at the Market Observation Post System website of the Taiwan Stock Exchange.

21 INCOME TAX

21.1 Major components of income tax expense recognized in profit or loss are as follows :

	<u>Years ended</u> <u>December 31,2022</u>	<u>Years ended</u> <u>December 31,2021</u>
Current income tax		
In respect of the current year	\$ 479,598	\$ 154,501
Surtax of unappropriated earnings	12,713	-
Income tax adjustments on prior years	(78)	-
Land value increment tax	<u>496</u>	<u>-</u>
	492,729	154,501
Deferred income tax		
In respect of the current year	<u>2,087</u>	<u>4,711</u>
Income tax expense recognized in profit or loss	<u>\$ 494,816</u>	<u>\$ 159,212</u>

The adjusting of accounting income and income tax expense is as follows :

	Years ended <u>December 31,2022</u>	Years ended <u>December 31,2021</u>
Income tax expense at the statutory rate	\$ 540,743	\$ 158,916
Non-deductible expenses on tax	-	2
Tax effect of adjusting items :		
Tax-Free income	(59,466)	(1,097)
Surtax of unappropriated earnings	12,713	-
Land value increment tax	496	-
Unrecognized deductible temporary differences	408	1,391
Reversal of uncertain tax position upon finalization	(78)	-
Income tax expense recognized in profit or loss	<u>\$ 494,816</u>	<u>\$ 159,212</u>

21.2 Current tax liabilities

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
Current tax liabilities		
Income tax payable	<u>\$ 414,383</u>	<u>\$ 54,073</u>

21.3 Deferred income tax assets and liabilities

The movements of deferred income tax assets and liabilities are as follows :

<u>Years ended December 31,2022</u>	<u>Opening Balance</u>	<u>Recognized in Profit or Loss</u>	<u>Closing Balance</u>
<u>Deferred income tax assets</u>			
Temporary differences			
Investments accounted for using equity method	\$ 1,692	(\$ 177)	\$ 1,515
Unrealized exchange loss	<u>384</u>	<u>(384)</u>	<u>-</u>
	<u>\$ 2,076</u>	<u>(\$ 561)</u>	<u>\$ 1,515</u>
<u>Deferred income tax liabilities</u>			
Temporary differences			
Unrealized exchange gains	<u>\$ -</u>	<u>\$ 1,526</u>	<u>\$ 1,526</u>
<u>Years ended December 31,2021</u>			
<u>Deferred income tax assets</u>			
Temporary differences			
Investments accounted for using equity method	\$ 6,295	(\$ 4,603)	\$ 1,692
Unrealized exchange loss	<u>492</u>	<u>(108)</u>	<u>384</u>
	<u>\$ 6,787</u>	<u>(\$ 4,711)</u>	<u>\$ 2,076</u>

21.4 Income tax examination

The income tax returns through 2020 of the Company, has been examined by the tax authorities.

22 EARNINGS PER SHARE

	<u>Net profit for the year</u>	<u>Number of Shares (in thousands)</u>	<u>Earnings per share (NT\$)</u>
<u>Years ended December 31,2022</u>			
Basic earnings per share			
Net profit for the year	\$ 2,208,900	225,199	<u>\$ 9.81</u>
Effect of potentially dilutive ordinary shares :			
Employees' compensation	-	<u>325</u>	
Diluted earnings per share			
Effect of net profit for the year and potentially ordinary shares	<u>\$ 2,208,900</u>	<u>225,524</u>	<u>\$ 9.79</u>
<u>Years ended December 31,2021</u>			
Basic earnings per share			
Net profit for the year	\$ 635,368	210,767	<u>\$ 3.01</u>
Effect of potentially dilutive ordinary shares :			
Employees' compensation	-	407	
Employee stock option	-	<u>646</u>	
Diluted earnings per share			
Effect of net profit for the year and potentially ordinary shares	<u>\$ 635,368</u>	<u>211,820</u>	<u>\$ 3.00</u>

If the Company can choose to settle compensation or bonuses paid to employees in cash or shares, the Company assumed the entire amount of the compensation or bonus would be settled in shares, and if the resulting potential shares have a dilutive effect, these shares are included in the weighted average number of shares outstanding used in the computation of diluted earnings per share. The dilutive effect of the potential shares is included in the computation of diluted earnings per share until the shareholders resolve the number of shares to be distributed to employees at their meeting in the following year.

23 SHARE-BASED PAYMENT ARRANGEMENT

23.1 Plan of employee stock option

The Company approved 3,000 units of employee stock option on December 20, 2018, and each unit can subscribe for 1,000 common stocks. The recipients include employees of the Company and its subsidiaries who meet specific conditions. The duration of the stock options is 4 years respectively. The scrip-holder can exercise a certain percentage of the stock options from the date when the issuance expires 2 years. The exercise price of the stock options is the closing price of the Company's common stocks on the day of issuance. After the issuance of stock options, when there is a change in the Company's common stocks, or when the Company issues cash dividends, if the common stock cash dividends accounting over the current price per share exceeds the prescribed ratio, the exercise price of the stock option shall be adjusted in accordance with the prescribed formula.

The relevant information of employee stock option is as follows :

Employee stock option	Years ended December 31, 2022		Years ended December 31, 2021	
	Unit	Weighted-average exercise price	Unit	Weighted-average exercise price
Options outstanding at January 1	924	\$ 12.2	1,865	\$ 13.6
Options waived this year	(24)	12.2	(5)	13.6
Options exercised this year	(900)	12.2	(936)	13.6
Options outstanding at December 31	<u>-</u>	-	<u>924</u>	12.2
Options exercisable at December 31	<u>-</u>	-	<u>870</u>	12.2
Weighted average fair value of stock option granted this year (NT\$)	<u>\$ -</u>		<u>\$ -</u>	

The relevant information of employee stock option outstanding is as follows :

	December 31, 2022	December 31, 2021
Range of the exercise price (NT\$)	\$ -	\$ 12.2
Weighted average remaining contract duration (years)	-	-

The employee stock option granted of the Company in December 2018 is measured using the Binary tree pricing model, and the input values used in the pricing mode are as follows :

	<u>December , 2018</u>
Stock price at the grant date	NT\$16.10
The exercise price	NT\$16.10
Expected price volatility	23.48%
Duration(years)	4
Risk-free interest rate	0.6710%

The expected volatility is based on the historical stock price volatility of the past 5 years, and the effect of early execution has been taken into consideration.

23.2 Capital increase in cash by retaining employee stock options

The Board of Directors resolved to increase its capital in cash by issuance of new shares and retained 3,100 thousand shares for employee subscription in accordance with the Company Act on Mar. 15, 2022. If any employee under-subscribed or renounced the shares, the Chairman was authorized to contact a specific person to subscribe.

The Company adopted the Black-Scholes option pricing model for capital increase in cash by retaining employees stock options on Jun. 22, 2022. The input values used in the pricing mode are as follows :

	<u>June 22, 2022</u>
Stock price at the grant date	NT\$29.43
The exercise price	NT\$23.50
Expected price volatility	17.62%
Duration(years)	0.077
Risk-free interest rate	0.5884%

The compensation cost of employee stock option and capital increase in cash by retaining employee stock option recognized in 2022 and 2021, were NT\$18,414 thousand and NT\$492 thousand.

24 CAPITAL RISK MANAGEMENT

The Company manages its capital to ensure that entities will be able to continue as going concerns while maximizing the return to shareholders through the optimization of the debt and equity balance.

The capital structure of the Company consists of net debt (borrowings offset by cash and cash equivalents) and equity (comprising issued capital, capital reserves, retained earnings and other equity).

The main management of the Company regularly reviews the capital structure, including consideration of the cost and related risks of various types of capital. Based on the recommendations of the main management, the Company will balance its overall capital structure by paying dividends, issuing new shares, buying back shares, and issuing new debt or repaying old debt.

25 FINANCIAL INSTRUMENTS

25.1 Fair value of financial instruments not measured at fair value

The carrying amounts of financial assets and financial liabilities not measured at fair value of the Company approximate their fair values.

25.2 Fair value of financial instruments measured at fair value on a recurring basis

25.2.1 The financial assets at fair value through profit or loss -current of the Company measured are level 1 of fair value measurement.

25.2.2 There were no transfers between Levels 1 and 2 in 2022 and 2021.

25.3 Categories of financial instruments

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
<u>Financial assets</u>		
FVTPL		
Mandatorily classified as at		
FVTPL	\$ 1,601,681	\$ 106,959
Financial assets at amortized cost	4,347,287	2,759,541
 <u>Financial liabilities</u>		
Measured at amortized cost	9,812,258	11,635,589

The balances of the financial assets at amortized cost included cash and cash equivalents, financial assets at amortized cost-current, notes and account receivable, other receivables, construction deposits paid and guarantee deposits paid etc.

The balances of the financial liabilities at amortized cost included short-term loans, notes payable, accounts payable, other payable, bonds payable, guarantee deposits received etc.

25.4 Financial risk management objectives and policies

The Company's major financial instruments included equity investment, notes and accounts receivables, notes payable, accounts payable, bonds payable, borrowings and lease liabilities. The Company's Corporate Treasury function monitors and manages the financial risks relating to the operations of the Company through internal risk reports which analyze exposures by degree and magnitude of risks. These risks include market risk (including foreign currency risk and interest rate risk), credit risk and liquidity risk.

25.4.1 Market risk

The Company's operating activities expose it primarily to the financial risks of changes in foreign currency exchange rates and interest rates.

A.Foreign currency risk

The company did not engage in sales and purchase transactions denominated in foreign currencies, and the exchange rate risk is only the risk of US dollars deposits and the market price fluctuations risk of the investments using the equity method due to exchange rate fluctuations, so that the management assesses that the risks are not significant.

B.Interest rate risk

The company generated interest rate exposure due to borrowing funds at fixed and floating interest rates at the same time, and the carrying amounts of the financial assets and financial liabilities with exposure to interest rates at the end of the year were as follows :

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
Fair value interest rate risk		
Financial assets	\$ 1,140,943	\$ 115,235
Financial liabilities	2,098,460	2,002,797
Cash flow interest rate risk		
Financial assets	3,201,664	2,639,633
Financial liabilities	7,358,900	9,264,600

Sensitivity analysis

The sensitivity analysis below was determined based on the Company's exposure to interest rates for financial instruments at the date of balance sheet. For floating-rate liabilities, the analysis was prepared assuming the amount of the liability outstanding at the end of the year was outstanding for the whole year. A 1% change was used when reporting interest rate risk internally to key management personnel and represents management's assessment of the reasonably possible change in interest rates. When interest rates been 1% higher and all other variables were held constant, the pre-tax profits in 2022 and 2021 would decrease by NT\$ 41,572 thousand and NT\$ 66,250 thousand, respectively.

25.4.2 Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in a financial loss to the Company. At the end of the year, the maximum exposure to credit risk approximates the carrying amount of the respective recognized financial assets as stated in the parent company only balance sheets.

The Company's counterparties are companies and persons with sound credit ratings, and mainly sign the contract at the time of the pre-sale and collect the payment on schedule, so no significant credit risk is expected.

25.4.3 Liquidity risk

The Company manages liquidity risk by monitoring and maintaining a level of cash and cash equivalents deemed adequate to finance the Company's operations and mitigate the effects of fluctuations in cash flows. In addition, management monitors the utilization of bank borrowings and ensures compliance with loan covenants.

The Company relies on bank borrowings as a significant source of liquidity. As of December 31, 2022, and 2021, the Company's available unutilized short-term loan facilities are NT\$1,131,000 thousand and NT\$1,409,930 thousand.

Note 17 detailed the Company's remaining contractual maturity for its non-derivative financial liabilities with agreed repayment periods, and it based on the undiscounted cash flows of financial liabilities (included both interest and principal) from the earliest date on which the Company can be required to pay.

26 TRANSACTIONS WITH RELATED PARTIES

Except as disclosed in notes, the details of transactions between the Company and related parties are disclosed below :

26.1 The Company's related parties and relationship

<u>Related Party</u>	<u>Relationship with the Company</u>
Wu, His Kun	First relatives of the directors of the company First relatives of the chairman of the company
Weng, Jin-Zhong	
Zong Tai Construction Development Co., Ltd (Zong Tai Construction Co.)	Corporate director of the Company
Yung-Fu Education Foundation	Substantive Related Parties
Zongtai Construction Co.	Subsidiaries
Ritai Asset Management Co.	Subsidiaries
Dashun Advertising Co.	Subsidiaries
Pika Electronic Co.	Subsidiaries

26.2 The details of the outsourcing project contract signed by the Company and Zongtai Construction Co. are as follows :

Construction project name	Contract sum (tax exclude)	Construction cost of the year	Construction cost sum	Construction payables
<u>December 31, 2022</u>				
Good Together				
Melody	\$ 281,804	\$ 45,104	\$ 281,804	\$ 1,315
Get Together	762,864	68,658	762,864	15,257
The way home	<u>1,816,040</u>	<u>762,737</u>	<u>917,100</u>	-
	<u>\$ 2,860,708</u>	<u>\$ 876,499</u>	<u>\$ 1,961,768</u>	<u>\$ 16,572</u>
<u>December 31, 2021</u>				
Zongtai 2020	\$ 639,286	\$ -	\$ 639,286	\$ 3,131
Good Together				
Melody	281,804	120,980	236,700	-
Get Together	762,864	411,946	694,206	-
The Way Home	<u>1,816,040</u>	<u>154,363</u>	<u>154,363</u>	-
	<u>\$ 3,499,994</u>	<u>\$ 687,289</u>	<u>\$ 1,724,555</u>	<u>\$ 3,131</u>

The construction outsourcing of related parties is determined after negotiation between the two parties, and the payment shall be composed according to the contract.

26.3 Lessee agreement

Related Party	Years ended December 31, 2022	Years ended December 31, 2021
<u>Acquired right-of-use asset</u>		
Zongtai Construction Co.	<u>\$ 49,933</u>	<u>\$ -</u>

Account	Related Party	December 31, 2022	December 31, 2021
Lease liability	Zongtai Construction Co.	<u>\$ 48,509</u>	<u>\$ -</u>

Account	Related Party	Years ended December 31, 2022	Years ended December 31, 2021
Interest expense	Zongtai Construction Co.	<u>\$ 113</u>	<u>\$ -</u>
Lease expense	Subsidiaries	<u>\$ 240</u>	<u>\$ -</u>

The Company leased houses and buildings from Zongtai Construction Co., Ltd. and other subsidiaries of the Company for a period of 1 to 5 years in 2022. The lease payments paid to the said parties are paid in amounts with references to lease payment level of the similar assets and on a monthly basis in accordance with agreed interval in the lease agreement entered into with the said parties.

The lease expense includes expenses for short-term leases and low-value asset leases. The total amounts payable in the future for short-term leases and low-value asset leases are as follows :

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
Total payment in the future for leases	<u>\$ 240</u>	<u>\$ 240</u>

26.4 Operating Expenses

<u>Account</u>	<u>Related Party</u>	<u>Year ended of December 31,2022</u>	<u>Year ended of December 31,2021</u>
Advertisement expense	Zong Tai Construction Development Co., Ltd.	<u>\$ -</u>	<u>\$ 952</u>
	Weng, Jin-Zhong Subsidiaries	<u>\$ 219</u>	<u>\$ -</u>
		<u>\$ -</u>	<u>\$ 2,286</u>
Donation expense	Yung-Fu Education Foundation	<u>\$ 1,600</u>	<u>\$ 1,500</u>

26.5 Non-operating income and expenses

<u>Account</u>	<u>Related Party</u>	<u>Year ended of December 31,2022</u>	<u>Year ended of December 31,2021</u>
Other income	Subsidiaries	<u>\$ 1,183</u>	<u>\$ 60</u>

26.6 The Company paid Wu, His Kun the land agency fee for NT\$7,000 thousand and NT\$7,918 thousand in 2022 and 2021.

26.7 The Company paid subsidiaries same-trade collateral handling fee for NT\$5,878 thousand in 2022.

26.8 Remuneration of key management personnel

	<u>Years ended December 31, 2022</u>	<u>Years ended December 31, 2021</u>
Short-term employee benefits	<u>\$ 26,856</u>	<u>\$ 27,732</u>
Post-employment benefits	<u>217</u>	<u>254</u>
Share-based payment	<u>6,237</u>	<u>168</u>
	<u>\$ 33,310</u>	<u>\$ 28,154</u>

The remuneration of directors and key executives is determined by the remuneration committee based on the performance of individuals and market trends.

27 ASSETS PLEDGED AS COLLATERAL OR FOR SECURITY

The following assets were provided as collateral for bank guarantees of short-bank loan and performance guarantees of ordinary corporate bonds :

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
Inventories – Construction Industry	\$ 12,511,794	\$ 15,294,647
Financial assets at amortized cost	1,879,530	1,728,481
Net property, plant and equipment	<u>113,536</u>	<u>115,101</u>
	<u>\$ 14,504,860</u>	<u>\$ 17,138,229</u>

28 SIGNIFICANT CONTINGENT LIABILITIES AND UNRECOGNIZED COMMITMENTS

In addition to those disclosed in other notes, significant commitments and contingencies of the Company on December 31, 2022 were as follows :

The details of the pre-sale house purchase and sale contract signed by the Company and the customer are as follows :

<u>Construction project name</u>	<u>Total price of the contract (tax included)</u>	<u>Received total price</u>
The way home	\$ 15,942,220	\$ 2,085,987
Get together	<u>146,010</u>	<u>35,033</u>
	<u>\$ 16,088,230</u>	<u>\$ 2,121,020</u>

29 SIGNIFICANT ASSETS AND LIABILITIES DENOMINATED IN FOREIGN CURRENCIES

The Company's significant financial assets and liabilities denominated in foreign currencies aggregated by the foreign currencies other than functional currencies and the related exchange rates between foreign currencies and respective functional currencies were as follows :

	<u>December 31, 2022</u>			<u>December 31, 2021</u>		
	<u>Foreign Currencies</u>	<u>Exchange Rate</u>	<u>NT Dollar</u>	<u>Foreign Currencies</u>	<u>Exchange Rate</u>	<u>NT Dollar</u>
<u>Monetary items</u>						
USD	\$ 2,403	30.710	\$ 73,794	\$ 2,374	27.680	\$ 65,704

The significant realized and unrealized foreign exchange gains and losses were as follows :

	<u>Years ended December 31, 2022</u>			<u>Years ended December 31, 2021</u>		
	<u>Exchange Rate</u>	<u>Net Foreign Exchange Gain</u>	<u>Exchange Rate</u>	<u>Exchange Rate</u>	<u>Net Foreign Exchange (Loss)</u>	<u>Exchange Rate</u>
USD	29.805 (USD : NTD)	<u>\$ 7,186</u>	28.009 (USD : NTD)	28.009 (USD : NTD)	<u>(\$ 1,896)</u>	28.009 (USD : NTD)

30 SEPARATELY DISCLOSED ITEMS

- 30.1 Information about significant transactions and 30.2 information on investees :
- 30.1.1 Financing provided to others : None.
 - 30.1.2 Endorsements/guarantees provided : Table 1.
 - 30.1.3 Marketable securities held (excluding investment in subsidiaries, associates and joint ventures) : Table 2.
 - 30.1.4 Marketable securities acquired and disposed of at costs or prices of at least NT\$300 million or 20% of the paid-in capital : Table 3.
 - 30.1.5 Acquisition of individual real estate at costs of at least NT\$300 million or 20% of the paid-in capital : None.
 - 30.1.6 Disposal of individual real estate at prices of at least NT\$300 million or 20% of the paid-in capital : None.
 - 30.1.7 Total purchases from or sales to related parties amounting to at least NT\$100 million or 20% of the paid-in capital : Table 4.
 - 30.1.8 Receivables from related parties amounting to at least NT\$100 million or 20% of the paid-in capital : None.
 - 30.1.9 Trading in derivative instruments : None.
 - 30.1.10 Intercompany relationships and significant intercompany transactions : Table 5.
- 30.3 Information on investments in mainland China
- 30.3.1 Information on any investee company in mainland China, showing the name, principal business activities, paid-in capital, method of investment, inward and outward remittance of funds, ownership percentage, net income of investees, investment income or loss, carrying amount of the investment at the end of the year, repatriations of investment income, and limit on the amount of investment in the mainland China area : None.
 - 30.3.2 Any of the following significant transactions with investee companies in mainland China, either directly or indirectly through a third party, and their prices, payment terms, and unrealized gains or losses : None.
- 30.4 Information on major shareholders : Table 6.

ZONGTAI REAL ESTATE DEVELOPMENT CO., LTD. AND SUBSIDIARIES

ENDORSEMENT/GUARANTEE PROVIDED

FROM JANURANY 1, 2022 TO DECEMBER 31, 2022

Table 1

(In Thousands of New Taiwan Dollars)

No.	Endorser/Guarantor	Endorsee/Guarantee		Limits on Endorsement/ Guarantee Given on Behalf of Each Party	Maximum Amount Endorsed/Guar anteed this year	Outstanding Endorsement/ Guarantee at the End of this year	Actual Borrowing Amount	Amount Endorsed/ Guaranteed by Collaterals	Ratio of Accumulated Endorsement/ Guarantee to Net Equity in Latest Financial Statements	Maximum Collateral/ Guarantee Amounts Allowable	Endorsement/ Guarantee Given by Parent on Behalf of Subsidiaries	Endorsement/ Guarantee Given by Subsidiaries on Behalf of Parent	Endorsement/ Guarantee Given on Behalf of Companies in Mainland China
		Name	Relationship										
0	The Company	Zongtai Construction Co., Ltd.	Subsidiaries	\$ 758,341 (Note 1)	\$ 10,000	\$ 10,000	\$ 10,000	\$ -	0.13%	\$ 3,033,365 (Note 1)	Y	—	—
0	The Company	Ritai Management Co., Ltd.	Subsidiaries	758,341 (Note 1)	127,907	122,260	122,260	-	1.61%	3,033,365 (Note 1)	Y	—	—
1	Zongtai Construction Co., Ltd.	The Company	Parent company	2,613,130 (Note 2)	1,371,508	-	-	-	-	3,135,756 (Note 2)	—	Y	—
1	Zongtai Construction Co., Ltd.	Yong Feng Tai Company	None	2,613,130 (Note 2)	341,500	341,500	215,141	341,500	130.69%	3,135,756 (Note 2)	—	—	—

Note 1 : The ceilings on amount of endorsement/guarantee provided to a single entity by the Company shall not exceed 10% of the net worth of the Company, and the total amount of endorsement/guarantee provided by the Company shall not exceed 40% of the net worth in the current year.

Note 2 : The co-creators required to the contract projects shall mutual guarantee in accordance with the provisions of the contract, and the inter-industry joint guarantee of the performance guarantee for pre-sale house sales contract, but only the individual endorsement/guarantee limit shall not exceed 10 times the net value of Zongtai Construction Co., Ltd. in the current year, and the total endorsement/guarantee shall not exceed 12 times the net value of Zongtai Construction Co., Ltd. in the current year.

ZONGTAI REAL ESTATE DEVELOPMENT CO., LTD. AND SUBSIDIARIES
MARKETABLE SECURITIES HELD
AS OF DECEMBER 31, 2022

Table 2

(In Thousands of New Taiwan Dollars)

Holding Company	Type and Issuer of Marketable Securities	Relationship with the Holding Company	Financial Statement Account	The end of the year				Note
				Shares/Unit	Carrying Amount	Percentage of Ownership (%)	Fair Value	
The Company	<u>Shares</u>							
	Hotai Finance Corporation	None	Financial assets at fair value through profit or loss - current	120	\$ 12,240	-	\$ 12,240	
	Largan Precision Co., Ltd.	None	Financial assets at fair value through profit or loss - current	3	6,120	-	6,120	
	Taiwan Semiconductor Manufacturing Co., Ltd.	None	Financial assets at fair value through profit or loss - current	9	4,036	-	4,036	
	Hon Hai Precision Industry Co., Ltd.	None	Financial assets at fair value through profit or loss - current	415	41,459	-	41,459	
	Taichung International Entertainment Corporation	None	Financial assets at fair value through profit or loss – non-current	-	14,700	-	14,700	
	Gateweb Co., Ltd.	None	Financial assets at fair value through profit or loss – non-current	55	1,000	1	1,000	
	Tron-e Technology Corp.	None	Financial assets at fair value through profit or loss – non-current	1,000	75,000	2	75,000	
	<u>Funds & Beneficiary Certificate</u>							
	Risheng Money Market Fund	None	Financial assets at fair value through profit or loss - current	38,696	583,178	-	583,178	
	Taishin 1699 Money Market Fund	None	Financial assets at fair value through profit or loss - current	61,141	841,616	-	841,616	
	Cathay Pacific Taiwan Low Volatility Dividend Selection 30 Fund	None	Financial assets at fair value through profit or loss - current	519	11,579	-	11,579	
	Cathay Pacific Taiwan ESG Perpetual High Dividend ETF Fund	None	Financial assets at fair value through profit or loss - current	665	10,753	-	10,753	
Zongtai Construction Co., Ltd.	<u>Shares</u>							
	Fubon Financial Holdings	None	Financial assets at fair value through profit or loss - current	-	21	-	21	Preferred stock. B
	Fubon Financial Holdings	None	Financial assets at fair value through profit or loss - current	-	1	-	1	Preferred stock. C
	Fubon Financial Holdings	None	Financial assets at fair value through profit or loss - current	-	1	-	1	
	Chailease International Leasing Co., Ltd.	None	Financial assets at fair value through profit or loss - current	100	9,790	-	9,790	
	Taichung International Entertainment Corporation	None	Financial assets at fair value through profit or loss – non-current	-	7,350	-	7,350	
	<u>Funds & Beneficiary Certificate</u>							
	Risheng Money Market Fund	None	Financial assets at fair value through profit or loss - current	6,005	90,499	-	90,499	
Ritai Management Co.	<u>Funds & Beneficiary Certificate</u>	None	Financial assets at fair value through profit or loss - current	2,666	40,186	-	40,186	

ZONGTAI REAL ESTATE DEVELOPMENT CO., LTD. AND SUBSIDIARIES
MARKETABLE SECURITIES ACQUIRED AND DISPOSED OF AT COSTS OR PRICES OF AT LEAST NT\$300 MILLION OR 20% OF THE PAID-IN CAPITAL
FROM JANURANY 1, 2022 TO DECEMBER 31, 2022

Table 3

(In Thousands of New Taiwan Dollars)

Company Name	Type and Name of Marketable Securities	Financial Statement Account	Counterparty	Relationship	Beginning Balance		Acquisition		Disposal				Ending Balance	
					Shares/Unit	Amount	Shares/Unit	Amount	Shares/Unit	Price	Carrying Amount	Gain (Loss) on Disposal	Shares/Unit	Amount (Note)
The Company	<u>Fund and Beneficiary Certificate</u> Risheng Money Market Fund	Financial assets at fair value through profit or loss - current	—	—	-	\$ -	76,055	\$1,140,000	37,359	\$560,683	\$560,000	\$ 683	38,696	\$583,178
	Taishin 1699 Money Market Fund	Financial assets at fair value through profit or loss - current	—	—	-	-	90,336	1,240,000	29,195	400,348	400,000	348	61,141	841,616

Note : Net assets value after the balance sheet date.

ZONGTAI REAL ESTATE DEVELOPMENT CO., LTD. AND SUBSIDIARIES
TOTAL PURCHASES FROM OR SALES TO RELATED PARTIES AMOUNTING TO AT LEAST \$100 MILLION OR 20% OF THE PAID-IN CAPITAL
FROM JANURANY 1, 2022 TO DECEMBER 31, 2022

Table 4

(In Thousands of New Taiwan Dollars)

Buyer	Related Party	Relationship	Transaction Details				Abnormal Transaction		Notes/Accounts Receivable (Payable)		Note
			Purchase/ Sale	Amount	% to Total	Payment Terms	Unit Price	Payment Terms	Ending Balance	% to Total	
The Company	Zongtai Construction Co., Ltd. (Note)	Subsidiaries	Contract project	\$ 876,499	28%	According to the contract	\$ -	—	(\$ 16,572)	(7%)	

ZONGTAI REAL ESTATE DEVELOPMENT CO., LTD. AND SUBSIDIARIES
INFORMATION ON INVESTEEES
FROM JANURANY 1, 2022 TO DECEMBER 31, 2022

Table 6

(In Thousands of New Taiwan Dollars/ Thousand shares)

Investor Company	Investee Company (Note)	Location	Main Businesses and Products	Original Investment Amount		Balance as of the end of the year			Net Income (Loss) of the Investee	Recognized investment Gain (Loss)	Note
				The end of the year	The end of last year	shares	%	Carrying Amount			
The Company	Zongtai Construction Co., Ltd.	Taichung City	Comprehensive construction industry	\$ 197,110	\$ 197,110	20,100	100	\$ 229,231	\$ 27,765	\$ 46,103	Subsidiaries
	Ritai Management Co., Ltd.	Taichung City	Asset management service industry	300,000	270,000	30,000	100	299,737	2,018	2,018	Subsidiaries
	Pika Electronic Co., Ltd.	Taichung City	Mechanics & Electronic engineering industry	8,000	8,000	800	100	7,094	(953)	(953)	Subsidiaries
	Dashun Advertising Company	Taichung City	Advertising service industry	20,000	20,000	2,000	100	13,794	5	3	Subsidiaries
	Shuo Yi Tai Co.,	Hsinchu County	Energy tech service industry	18,300	250	1,830	30	18,101	(644)	(193)	—

ZONGTAI REAL ESTATE DEVELOPMENT CO., LTD. AND SUBSIDIARIES
 INFORMATION ON MAJOR SHAREHOLDERS
 DECEMBER 31, 2022

Table 6

Major shareholders	Shares	
	Total Shares Owned	Ownership Percentage
Tso Jung Investment Co., Ltd	28,345,123	11.67%
Wu, His Kun	15,191,770	6.25%
Dian Chiang Chia Investment Co., LTD	15,049,921	6.19%

Note 1 : The information of major shareholders presented in this table is provided by the Taiwan Depository & Clearing Corporation based on the number of ordinary shares and preferred shares held by shareholders with ownership of 5% or greater, that have been issued without physical registration (including treasury shares) by the Corporation as of the last business day for the current quarter. The share capital in the consolidated financial statements may differ from the actual number of shares that have been issued without physical registration because of different preparation basis.

Note 2 : If the above information belongs to the shareholder who transfers the shares to the trust, it shall be disclosed in the individual sub-account of the trustor who opened the trust account by the trustee. As for shareholders apply for insider equity declarations with more than 10% shareholding in accordance with the Securities Exchange Act, their shareholdings include their own shareholdings, plus the shares they have transferred to the trust and have the right to decide on use the trust property, etc. For information on insiders' share declaration, please refer to the Public Information Observatory.

6 Any financial distress experienced by the Company or its affiliated enterprises and impacts on the Company's financial position for the most recent year up to the publication date of the annual report : None.

VII. Review of Financial Conditions, Operating Results, and Risk Management

1 Analysis of Financial status

1.1 Main reasons for significant changings on assets, liabilities and equities in the past two years.

Comparative Statement of Financial Position

Unit : NT\$ thousands

Item \ Year	2021	2022	Difference	
			Amount	%
Current assets	19,480,025	20,023,451	543,426	2.79
Property, plant and equipment	133,847	131,723	(2,124)	(1.59)
Other noncurrent assets	625,692	673,577	47,885	7.65
Total Assets	20,239,564	20,828,751	589,187	2.91
Current liabilities	13,058,917	10,971,769	(2,087,148)	(15.98)
Non-current liabilities	2,243,539	2,273,569	30,030	1.34
Total liabilities	15,302,456	13,245,338	(2,057,118)	(13.44)
Capital	2,111,499	2,427,487	315,988	14.97
Capital surplus	822,657	1,261,649	438,992	53.36
Retained earnings	2,002,952	3,894,277	1,891,325	94.43
Other equity	-	-	-	-
Total equity	4,937,108	7,583,413	2,646,305	53.60

Explanation of increase/decrease percentage analysis (Changings compared to last period exceed 20%, and the amounts of changing equal or exceed NT\$ 10 million) :

- 1) Capital surplus : Due to issue the cash capital at premium in 2022.
- 2) Retained earnings : Due to the large number of households handed over after the completion of the construction projects in 2022, resulting increase in profits.

1.2 Responding plan for items of significant changings in the future :

The above changes have no significant impact on the Group, thus responding plan is not required.

2 Analysis of Financial performance

2.1 Main reasons for significant changings of operating income, net operating profit and net profit before tax in the past two years :

Analysis Table of Financial Performance

Unit : NT\$ thousands

Item \ Year	2021	2022	Difference	
			Amount	%
Operating revenue	3,647,336	8,697,505	5,050,169	138.46
Operating costs	2,591,490	5,697,874	3,106,384	119.87
Gross profit from operations	1,055,846	2,999,631	1,943,785	184.10
Operating Expense	263,170	311,646	48,476	18.42
Net operating income	792,676	2,687,985	1,895,309	239.10
Non-operating income and expenses	6,306	22,727	16,421	260.40
Profit before tax	798,982	2,710,712	1,911,730	239.27
Income tax expense	163,614	501,812	338,198	206.70
Net income	635,368	2,208,900	1,573,532	247.66
Other comprehensive income	-	-	-	-
Total comprehensive income	635,368	2,208,900	1,573,532	247.66

Explanation of increase/decrease percentage analysis (Changes over 50% compared to former or later period, and amounts of changes reach NT\$ 10 million)

- 1) Operating revenue, operating costs, gross profit from operations, net operating income, profit before tax, income tax expense and net income : Due to the large number of households handed over after the completion of the construction projects in 2022, resulting increase in profits.
- 2) Non-operating income and expenses : Due to US dollar appreciation.

2.2 Possible impacts on future financial business arise and responding plan arise from anticipated sales number and its accordance : “The way home” is building continually. The residential and stores had already sold out. The land will be used for new project releasing in the future, which is forecasted to bring operating revenue and cashflow in the future.

3 Analysis of Cash Flow

3.1 Analysis of changes on cash flow at the year :

Unit : NT\$ thousands

Item	Year	2021	2022	Amount of Change
Operating activities		(1,081,962)	4,613,834	5,695,796
Investing activities		(586,091)	(1,790,825)	(1,204,734)
Financing activities		1,126,899	(1,513,516)	(2,640,415)
Changings on interest rate impact on cash		-	-	-
Total		(541,154)	1,309,493	1,850,647

Analysis of cash flow changes :

- 1) Operating activity : In 2022, the households handed over after the completion of the construction projects led to the cashflow in.
- 2) Investing activity : Buying the money fund in 2022 led to cashflow out.
- 3) Financing activity : Repay the bank loan in 2022 led to cashflow out.

3.2 Improvement plan for insufficient liquidity ratio :

3.2.1 Liquidity analysis

Item	Year	2021	2022	Increase (decrease) ratio
Cash flow ratio (%)		-	42.05	100.00
Cash flow adequacy ratio (%)		5.86	-	(100.00)
Cash reinvestment ratio (%)		-	43.39	100.00

Explanation of increase(decrease) ratio :

The profit increase in 2022 is due to the households handed over after the completion of the construction projects led to the cashflow in.

3.2.2 Remedy for insufficient cash : Not applicable.

3.3 Analysis of cash liquidity for next year :

Unit : NT\$ thousands

Cash balance, beginning of the year (1)	Anticipated cash flow from operating activities at the year (2)	Cash flow from other activities (3)	Cash surplus (insufficient) amount (1)+(2)+(3)	Remedy for insufficient cash	
				Investment plan	Financing plan
2,612,293	(3,284,562)	1,834,000	1,161,731	-	-

4 Impact of significant capital expenditure to financial business in recent years :

None.

5 Main reason of profit or loss for reinvestment policies in recent years, improvement plan and investment plan for next year :

Unit : NT\$ thousands

Detail of investment	Amount of Investment	Policies	Main reason for profit (loss)	Improvement plan	Other plan in the future
Zongtai Construction Co.,Ltd.	197,110	Integrate the Company's operation to make sure the control of construction's quality	Part of project is completed and hand overed. Recognized construction income.	None	Capital increase 70,090
Ritai Asset Management Corporation, Ltd.	300,000	Expand business in multiple field and undertake BOT project from government and non – government	Lease revenue	None	None
Pika Electronic Co., Ltd	8,000	Electronic engineer project management service	Operating expenses	None	None
Dashun Advertising Co., Ltd.	20,000	Advertisement service	Interest income	None	None
Shuo Yi Tai Green Energy Co., Ltd	18,300	Energy technology service	Operating expenses	None	None

6 Valuation of risk item analysis for last year and as for publication date of annual report :

6.1 Impacts of interest rate, exchange rate changes, inflation on company's profit and countermeasures for the future.

6.1.1 The impact of interest rate changes on company's profit and loss and countermeasures for the future. In order to combat inflation, the Fed announced to raise interest rate and the Central Bank in Taiwan followed suit and raised interest rates, and the increase in land and construction financing interest rate will slightly increase the company's cost. In the future, the Company will pay close attention to changes on interest rate and trend of global economy. The Group maintains a good credit relationship with the corresponding banks,

will actively strive for the lowest interest rate with the corresponding banks, and take necessary measures to raise funds in a timely manner to avoid the risk of rising interest rates.

6.1.2 Impacts of exchange rate changes on the Company's profit and loss and countermeasures for the future.

The Group are mainly engaged in construction businesses, most of the cooperating vendors are domestic vendors which using New Taiwan dollars as functional currency, thus changes on interest rate do not significantly impact to the Group. In addition, the Group opens foreign currency accounts to manage holdings of foreign currency and adjust balances of foreign currency accounts for decreasing impact of interest rate changes on the Company's profit and loss.

6.1.3 Impacts of inflation on the Company's profit and loss and countermeasures for the future.

Inflation will lead to increasing on construction costs, but since people consider buying residences as a way for value maintenance, residence demands will not be impacted. The Group keeps good relationship with clients and vendors, and timely adjusts price of products and raw material inventory for decreasing impact of inflation.

6.2 Main reasons of policy, profit or loss of engaging in high risk and high leverage investments, lending to others, endorsement guarantee and derivative transaction :

The Group takes steady and conservative investment policy, the Company does not engage in high risk and high leverage investments and lending capital to others. Due to the long-term borrowing needs of the subsidiary Ri Tai Asset Management Company, the Company is the joint debtor and the balance of endorsement and guarantee at the end of the period is NT\$122,260 thousand. And subsidiary—Zongtai Construction Co. builds on rented land, the Company acted as joint guarantor based with endorsement guarantee amount NT\$ 10,000 thousand on the agreement with the owner of land. In October, 2019 due to requirement of the Group to measure the pre-sale house performance guarantee, the subsidiary, Zongtai Construction Co., Ltd. provided industrial joint guarantees for the company, with an endorsement guarantee amount of NT\$ 1,371,508 thousand. Due to the

project was completed and get the user license, was over in May, 2022. In October, 2019, since subsidiary—Zongtai Construction Co., Ltd due to needs of contracted construction, acted as a guarantee provider and joint debtor of credit loan amounted NT\$ 341,500 thousand borrowed by Yong-Fung-Tai Real Estate Co., Ltd. The Company has established procedure of capital lending to others and endorsement guarantee and dealing procedure of derivatives.

6.3 Research and development plan in the future and estimated investment in research and development expenses :

The Group does not set up a research and development department because unlike manufacturing industry and high-tech industry require invent and design for new products, construction industry 's main business is real estate development, so the Group has no research and development relevant expenses and achievements.

6.4 Impact and countermeasures of domestic and foreign changes in important policy and law to the Group's financial business :

The Group attaches great importance to the information on major domestic and foreign policies and legal changes and has always complied with the relevant laws and regulations promulgated by the government, and consulted accountant for professional advice to develop necessary measures and countermeasures promptly, adhere to principle of stable operation, so as to maintain sustainable company developments. Domestic and foreign changes in important policy and law have no significant impact to the Group's financial business.

6.5 Impact and countermeasures of changes in technology (including cyber security risk) and industry to the Company's financial business :

The Group creates revenue and profit through investing in land in Taichung urban district and building residence, in order to respond to changes in technology and industry, the Group keeps tracking changes in the market and expanding business with information acquired through different ways; The Group endeavors to digitalize information works in order to catch industry accurately information and improve working efficiency to enhance competitiveness. With the popularity of mobile devices and thriving of big data, we expand in social media and online marketing, in buildings we

promote “Wise home” for customers to enjoy convenient living experience. So far, there’s no significant impact to the Group’s financial business arising from changes in technology or industry. The Company internal control has built information safety policy and management program and has already completed cloud data backup and firewall enforcement and has conducted system management on new purchase computers to make share that information safety is maintained. Information technology personnel also conducts improvement and enhancement of information technology system through irregular examination. As for the publication date of annual report, the Group does not have significant information safety event that causes negative effect on business and operation, and not involved in any legal cases or supervision related to information safety. Changing in technology (including cyber security risk) and industry have no significant impact to the Company’s financial business.

6.6 Impact and countermeasures of the Group’s crisis management of changes in corporation image :

The Group establishes value of “The Eight Announcement of Brand”. To the purpose of boosting society and neighbor’s harmony and building residences for gathering, from basic material, construction culture to sales, residence inspection and handover, community management and after sales repairment services, etc., the Group strive to build an image of “Empathy”, “friendly” and we will keep improving the good corporation image.

6.7 Expected profit, probable risk and countermeasure of merge : None.

6.8 Expected profit, probable risk and countermeasure of pant expansion : None.

6.9 Risk and countermeasures of concentration on purchase and sales :

The Company main create revenue and profit through land investment and residence building, the major purchase item is land, the way of purchase is diversified, it requires to take appropriate land investment strategy on the consideration of market situation of the year to decrease risks of development. In addition, due to industrial characteristic, in order to control the quality of individual project, the constructions are entrusted to a 100% held subsidiary — Zongtai Construction Co., Ltd which has fine construction skill and financial status. The Company also controls the construction qualities regularly or irregularly on the subsidiary management method in order to

avoid the risks of concentrating purchase. The Company's sales targets are society and corporations, so there's no sales concentration.

- 6.10 Expected profit, probable risk and countermeasure of impact of directors, supervisors and shareholders holding more than 10 percent of the shares of the company's large transfer of shares or changes : None.
 - 6.11 Expected profit, probable risk and countermeasure of impact to the Company of franchise changings : None.
 - 6.12 Litigious and non-litigious matters. List major litigious, non-litigious or administrative disputes that involve the company and/or any company director, the general manager, any person with actual responsibility for the firm, any major shareholder holding a stake of greater than 10 percent, and/or any company or companies controlled by the company. Where such a dispute could materially affect shareholders' equity or the prices of the company's securities, the annual report shall disclose the facts of the dispute, amount of money at stake in the dispute, the date of litigation commencement, the main parties to the dispute, and the status of the dispute as of the date of publication of the annual report : None.
 - 6.13 Other significant risks and responding measures : None.
- 7 Other significant items : None.

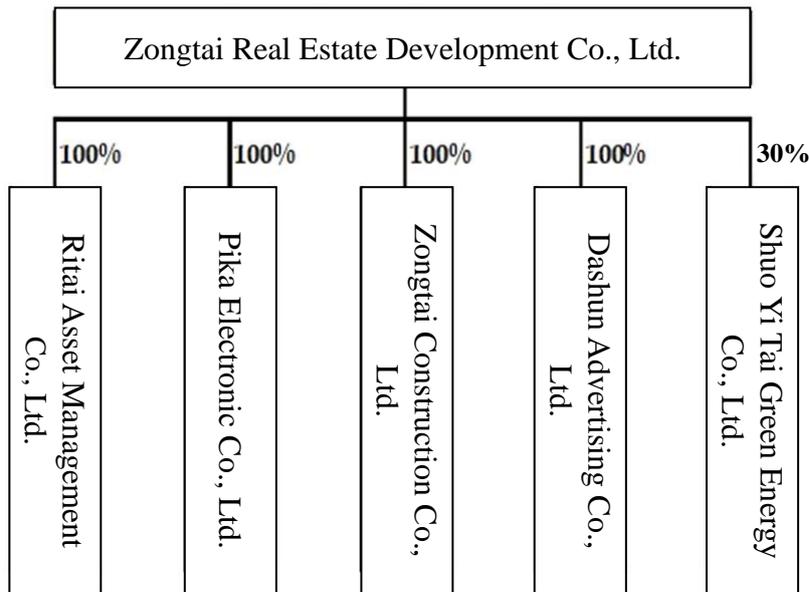
VIII. Special Disclosure

1 Information about Affiliated Companies

1.1 2022 Consolidated operation report Covering Affiliated Enterprises :

1.1.1 Organizational chart of Affiliated Enterprises :

Zongtai Real Estate Development (3056) Associate Chart



1.1.2 The Company has no existence of the controlling and subordinate relation as in Company Act, article 369-3 and has no controlling company and mutual investment companies as in Company Act, article 369-2-2 and article 369-9.

1.1.3 Basic information about affiliated companies

Unit : NT\$ thousands

Corporation	Date of Establishment	Address	Paid-in Capital	Main business or product
Zongtai Construction Co., Ltd.	December 17, 1976	3F, No. 239, Minquan Rd, West Dist. Taichung City, Taiwan (R.O.C.)	201,000	Comprehensive construction, residence and building lease and sales
Ritai Asset Management Co., Ltd.	January 24, 2013	2F, No. 163 Zhong Xiao Rd, North Dist. Taichung City, Taiwan (R.O.C.)	300,000	Asset management, Property lease
Pika Electronic Co., Ltd.	August 28, 2018	1F, No. 459, Huan Tai E. Rd, Beitun Dist, Taichung City, Taiwan (R.O.C.)	8,000	Setting pipeline, electrical equipment

Corporation	Date of Establishment	Address	Paid-in Capital	Main business or product
Dashun Advertising Co., Ltd.	November 22, 2019	1F, No. 1315 Sec. 3 Taiyuan Rd. Beitun Dist. Taichung City, Taiwan (R.O.C.)	20,000	Advertisement service
Shuo Yi Tai Green Energy Co., Ltd	September 11, 2021	No. 3 Sec.1 Gong Ye Rd. Hukou Township, Hsinchu County (R.O.C.)	61,000	Energy technology service

1.1.4 Information about same shareholders of company presumed as presumption of a relationship of control or subordination : None.

1.1.5 The operating business of entire associates including : Construction, Residence and building lease and sales, asset management, property lease, advertisement service and energy technology service.

1.1.6 Information about directors, supervisors and general manager of associates

Corporation	Title	Name or representative	Holding	
			Shares	Percentage (%)
Zongtai Construction Co., Ltd.	Chairman	Zongtai Real Estate Development Co., Ltd. Representative : Tien-Fu, Wu	20,100,000	100.00%
	Director	Zongtai Real Estate Development Co., Ltd. Representative : Chien-Chung, Lu		
	Director	Zongtai Real Estate Development Co., Ltd. Representative : Ching-hiu, Huang		
	Supervisor	Zongtai Real Estate Development Co., Ltd. Representative : Hui-Wen, Ko		
Ritai Asset Management Co., Ltd.	Chairman	Zongtai Real Estate Development Co., Ltd. Representative : Yi-Jing, Fu	30,000,000	100.00%
Pika Electronic Co., Ltd.	Chairman	Zongtai Real Estate Development Co., Ltd. Representative : Wan-Ching, Yao	800,000	100.00%
Dashun Advertising Co., Ltd.	Chairman	Zongtai Real Estate Development Co., Ltd. Representative : Shun-Wen, Wu	2,000,000	100.00%
	Director	Zongtai Real Estate Development Co., Ltd. Representative : Yu-Ling, Weng		
	Director	Zongtai Real Estate Development Co., Ltd. Representative : Yi-Yin, Chen		
	Supervisor	Zongtai Real Estate Development Co., Ltd. Representative : Yi-Jing, Fu		

Corporation	Title	Name or representative	Holding	
			Shares	Percentage (%)
Shuo Yi Tai Green Energy Co., Ltd	Chairman	Gigastorage Co., Ltd Representative : Ji-Ming, Chen	2,440,000	40.00%
	Director	Mintron Energy Co., Ltd Representative : Zhen-Sheng, Huang	1,830,000	30.00%
	Director	Zongtai Real Estate Development Co., Ltd. Representative : Chung-Hsin, Huang	1,830,000	30.00%
	Supervisor	Representative : Jiang-Qing, Lin	0	0%

1.1.7 Associates operating status

Unit : NT\$ thousands, except earnings (loss) per share in NT\$

Corporation	Paid-in Capital	Total assets	Total liabilities	Net value	Operating revenue	Operating profit(loss)	Profit (loss) (after tax)	Earnings (loss)per share (after tax)
Zongtai Construction Co., Ltd.	201,000	935,684	674,371	261,313	940,352	16,348	27,765	1.38
Ritai Asset Management Co., Ltd.	300,000	452,867	153,130	299,737	17,731	4,767	2,018	0.07
Pika Electronic Co., Ltd	8,000	7,129	35	7,094	0	(1,014)	(953)	(1.19)
Dashun Advertising Co., Ltd.	20,000	17,131	3,337	13,794	0	(121)	5	0.00
Shuo Yi Tai Green Energy Co., Ltd	61,000	60,479	143	60,336	0	(722)	(644)	(0.11)

1.2 Consolidated Financial Statements Covering Affiliated Enterprises :

The Company is pursuant to the Regulations Governing Preparation of Consolidated Financial Statements Covering Affiliated Enterprises, the entities that must be included in preparing the consolidated financial statements covering affiliated enterprises are entirely the same as those that IFRS 10 requires to be included in preparing the consolidated financial report comprising the parent and its subsidiaries, and if the required disclosures to be made in the consolidated financial statements covering affiliated enterprises are already made in the consolidated financial report comprising the parent and its subsidiaries, then the consolidated financial statements covering affiliated enterprises need not be prepared.

1.3 Reports on Affiliations : None.

- 2 Private placement securities as of the date of publication of the annual report :
None.
- 3 Share of the Group held and disposed by subsidiaries as of the date of publication
of the annual report : None.
- 4 Other necessary supplement : None.

**IX. Items in article 36(3.2) any event which has a material impact on
shareholders' rights and interests or securities prices as of the
date of publication of the annual report :**

Director, Wu, Shun-Wen, resigned vice-chairman and acting general manager on March 14, 2023 due to her personal career plan; the chairman, Weng, Yu-Ling, resigned on April 20, 2023 due to her personal career plan. Tso Jung Investment Co., Ltd reassigned a representative Liu, Wei-Ju to take office and also new appointment as chairman by the board of director. This change will not have significant impact on shareholders' equity and share price of the Company.

Name of Company :

Zongtai Real Estate Development Co.,Ltd.

Responsible Person : Liu, Wei-Ju