

**PRINCE HOUSING & DEVELOPMENT
CORP. AND SUBSIDIARIES
CONSOLIDATED FINANCIAL STATEMENTS AND
INDEPENDENT AUDITORS' REVIEW REPORT
JUNE 30, 2022 AND 2021**

For the convenience of readers and for information purpose only, the auditors' review report and the accompanying financial statements have been translated into English from the original Chinese version prepared and used in the Republic of China. In the event of any discrepancy between the English version and the original Chinese version or any differences in the interpretation of the two versions, the Chinese-language auditors' report and financial statements shall prevail.

INDEPENDENT AUDITORS' REVIEW REPORT TRANSLATED FROM CHINESE

Introduction

We have reviewed the accompanying consolidated balance sheets of Prince Housing & Development Corp. and subsidiaries (the "Group") as at June 30, 2022 and 2021, and the related consolidated statements of comprehensive income for the three months and six months then ended, as well as the consolidated statements of changes in equity and of cash flows for the six months then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies. Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Accounting Standard 34, "Interim Financial Reporting" as endorsed by the Financial Supervisory Commission. Our responsibility is to express a conclusion on these consolidated financial statements based on our reviews.

Scope of review

Except as explained in the following paragraph, we conducted our reviews in accordance with the Statement of Auditing Standards No. 65 "Review of Financial Information Performed by the Independent Auditor of the Entity" in the Republic of China. A review of consolidated financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Basis for qualified conclusion

As explained in Note 4(3), the financial statements of certain insignificant consolidated subsidiaries were not reviewed by independent auditors whose statements reflect total assets of NT\$4,964,389 thousand and NT\$4,401,440 thousand, constituting 10% and 9% of the consolidated total assets, and total liabilities of NT\$2,195,572 thousand and NT\$2,239,636 thousand, constituting 9% and 10% of the consolidated total liabilities as at June 30, 2022 and 2021, and total comprehensive income (loss) of NT\$348,092 thousand, NT\$38,371 thousand, NT\$485,468 thousand and NT(\$32,388) thousand, constituting 118%, 4% , 90% and (2%) of the consolidated total comprehensive income for the three

months and six months then ended. As explained in Note 6(7), investments accounted for using equity method were assessed and disclosed based on the financial statements that were not reviewed by the independent auditors, which statements reflect share of profit of associates and joint ventures of NT\$15,291 thousand, NT\$3,868 thousand, NT\$35,905 thousand and NT\$20,887 thousand for the three months and six months then ended, and investments (including credit balance transferred to other non-current liabilities-others of NT\$ NT\$140,095 thousand, and NT\$139,754 thousand) of NT\$1,701,553 thousand and NT\$1,694,673 thousand as at June 30, 2022 and 2021, respectively.

Qualified conclusion

Except for the adjustments to the consolidated financial statements, if any, as might have been determined to be necessary had the financial statements of certain consolidated subsidiaries and investments accounted for using equity method been reviewed by independent auditors as described in the Basis for qualified conclusion section above, based on our reviews, nothing has come to our attention that causes us to believe that the accompanying consolidated financial statements do not present fairly, in all material respects, the consolidated financial position of the Group as at June 30, 2022 and 2021, and of its consolidated financial performance for the three months and six months then ended and its consolidated cash flows for the six months then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Accounting Standard 34, “Interim Financial Reporting” as endorsed by the Financial Supervisory Commission.

Wang, Kuo-Hua

Tien, Chung-Yu

For and on behalf of PricewaterhouseCoopers, Taiwan

August 5, 2022

The accompanying consolidated financial statements are not intended to present the financial position and results of operations and cash flows in accordance with accounting principles generally accepted in countries and jurisdictions other than the Republic of China. The standards, procedures and practices in the Republic of China governing the audit of such financial statements may differ from those generally accepted in countries and jurisdictions other than the Republic of China. Accordingly, the accompanying consolidated financial statements and independent auditors' review report are not intended for use by those who are not informed about the accounting principles or auditing standards generally accepted in the Republic of China, and their applications in practice.

As the financial statements are the responsibility of the management, PricewaterhouseCoopers cannot accept any liability for the use of, or reliance on, the English translation or for any errors or misunderstandings that may derive from the translation.

PRINCE HOUSING & DEVELOPMENT CORP. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
JUNE 30, 2022, DECEMBER 31, 2021 AND JUNE 30, 2021
(Expressed in thousands of New Taiwan dollars)
(The balance sheets as of June 30, 2022 and 2021 are reviewed, not audited)

| | | | June 30, 2022 | | December 31, 2021 | | June 30, 2021 | | | | |
|--------------------|---|-------------|---------------|------------|-------------------|----|---------------|-----|----|------------|-----|
| | | | AMOUNT | % | AMOUNT | % | AMOUNT | % | | | |
| Assets | | | Notes | | | | | | | | |
| Current assets | | | | | | | | | | | |
| 1100 | Cash and cash equivalents | 6(1) | \$ | 7,964,866 | 17 | \$ | 6,880,644 | 14 | \$ | 2,780,635 | 6 |
| 1110 | Financial assets at fair value through profit or loss - current | 6(2) and 8 | | 5,816,241 | 12 | | 3,130,436 | 6 | | 2,398,329 | 5 |
| 1136 | Current financial assets at amortised cost | 6(4) and 8 | | 1,109,334 | 2 | | 765,918 | 2 | | 776,808 | 2 |
| 1140 | Current contract assets | 6(24) and 7 | | 386,379 | 1 | | 506,427 | 1 | | 143,799 | - |
| 1150 | Notes receivable, net | 6(5) | | 76,719 | - | | 29,352 | - | | 66,734 | - |
| 1170 | Accounts receivable, net | 6(5) | | 422,030 | 1 | | 723,378 | 1 | | 580,946 | 1 |
| 1180 | Accounts receivable - related parties, net | 6(5) and 7 | | 137,511 | - | | 6,460 | - | | 4,304 | - |
| 1200 | Other receivables | | | 39,467 | - | | 60,927 | - | | 45,222 | - |
| 1220 | Current income tax assets | | | 1,634 | - | | 3,197 | - | | - | - |
| 130X | Inventories, net | 6(6) and 8 | | 7,340,135 | 15 | | 11,322,022 | 23 | | 14,197,603 | 29 |
| 1410 | Prepayments | | | 105,830 | - | | 119,642 | - | | 115,460 | - |
| 1479 | Other current assets | | | 10,623 | - | | 2,544 | - | | 6,311 | - |
| 11XX | Current Assets | | | 23,410,769 | 48 | | 23,550,947 | 47 | | 21,116,151 | 43 |
| Non-current assets | | | | | | | | | | | |
| 1510 | Financial assets at fair value through profit or loss - non-current | 6(2) and 8 | | 647,087 | 1 | | 1,215,388 | 2 | | 1,992,306 | 4 |
| 1517 | Non-current financial assets at fair value through other comprehensive income | 6(3) and 8 | | 2,455,091 | 5 | | 2,757,723 | 6 | | 2,775,226 | 6 |
| 1535 | Non-current financial assets at amortised cost | 6(4) and 8 | | 611,138 | 1 | | 633,990 | 1 | | 703,784 | 1 |
| 1550 | Investments accounted for under equity method | 6(7) and 8 | | 1,841,648 | 4 | | 1,849,865 | 4 | | 1,834,427 | 4 |
| 1600 | Property, plant and equipment, net | 6(8) and 8 | | 5,581,175 | 12 | | 5,658,708 | 11 | | 5,742,746 | 12 |
| 1755 | Right-of-use assets | 6(9) and 7 | | 6,468,775 | 13 | | 6,708,198 | 13 | | 6,951,197 | 14 |
| 1760 | Investment property, net | 6(11) and 8 | | 5,442,361 | 11 | | 5,485,077 | 11 | | 5,528,938 | 11 |
| 1780 | Intangible assets, net | 6(12) | | 1,905,596 | 4 | | 1,936,487 | 4 | | 1,966,643 | 4 |
| 1840 | Deferred income tax assets | | | 318,987 | 1 | | 272,749 | 1 | | 231,652 | 1 |
| 1920 | Refundable deposits | 7 | | 122,261 | - | | 156,988 | - | | 126,897 | - |
| 1990 | Other non-current assets | | | 74,386 | - | | 76,256 | - | | 124,099 | - |
| 15XX | Non-current assets | | | 25,468,505 | 52 | | 26,751,429 | 53 | | 27,977,915 | 57 |
| 1XXX | Total assets | | \$ | 48,879,274 | 100 | \$ | 50,302,376 | 100 | \$ | 49,094,066 | 100 |

(Continued)

PRINCE HOUSING & DEVELOPMENT CORP. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
JUNE 30, 2022, DECEMBER 31, 2021 AND JUNE 30, 2021
(Expressed in thousands of New Taiwan dollars)
(The balance sheets as of June 30, 2022 and 2021 are reviewed, not audited)

| | Liabilities and Equity | Notes | June 30, 2022 | | December 31, 2021 | | June 30, 2021 | |
|------|--|-----------------|----------------------|------------|----------------------|------------|----------------------|------------|
| | | | AMOUNT | % | AMOUNT | % | AMOUNT | % |
| | Current liabilities | | | | | | | |
| 2100 | Short-term borrowings | 6(13) and 8 | \$ 985,860 | 2 | \$ 1,275,860 | 3 | \$ 280,000 | 1 |
| 2110 | Short-term notes and bills payable | 6(14) and 8 | 20,000 | - | 250,000 | 1 | 70,000 | - |
| 2130 | Current contract liabilities | 6(25) and 7 | 662,039 | 1 | 1,342,333 | 3 | 784,659 | 2 |
| 2150 | Notes payable | | 153 | - | 334 | - | 497 | - |
| 2170 | Accounts payable | | 1,220,844 | 3 | 1,706,282 | 3 | 1,469,737 | 3 |
| 2200 | Other payables | 6(15) | 1,524,762 | 3 | 702,488 | 1 | 625,174 | 1 |
| 2230 | Current income tax liabilities | | 246,752 | 1 | 106,796 | - | 114,584 | - |
| 2280 | Current lease liabilities | 7 | 445,403 | 1 | 453,057 | 1 | 448,943 | 1 |
| 2310 | Receipts in advance | | 81,172 | - | 29,052 | - | 86,767 | - |
| 2320 | Long-term liabilities, current portion | 6(16)(17) and 8 | 3,360,125 | 7 | 2,966,817 | 6 | 2,688,510 | 6 |
| 2399 | Other current liabilities | | 71,123 | - | 100,470 | - | 76,320 | - |
| 21XX | Current Liabilities | | <u>8,618,233</u> | <u>18</u> | <u>8,933,489</u> | <u>18</u> | <u>6,645,191</u> | <u>14</u> |
| | Non-current liabilities | | | | | | | |
| 2530 | Bonds payable | 6(16) | 2,000,000 | 4 | 2,500,000 | 5 | 2,500,000 | 5 |
| 2540 | Long-term borrowings | 6(17) and 8 | 4,207,244 | 9 | 4,474,807 | 9 | 4,567,369 | 9 |
| 2550 | Provisions for liabilities - non-current | 6(18) | 151,238 | - | 136,504 | - | 126,414 | - |
| 2570 | Deferred income tax liabilities | | 279,019 | 1 | 298,297 | 1 | 298,084 | 1 |
| 2580 | Non-current lease liabilities | 7 | 6,756,979 | 14 | 6,969,116 | 14 | 7,200,288 | 15 |
| 2610 | Long-term notes and accounts payable | | 808,301 | 2 | 808,301 | 2 | 808,301 | 2 |
| 2640 | Net defined benefit liability - non-current | | 53,307 | - | 54,980 | - | 61,503 | - |
| 2645 | Guarantee deposits received | | 163,635 | - | 164,542 | - | 182,766 | - |
| 2670 | Other non-current liabilities | 6(7) | 195,160 | - | 195,093 | - | 194,664 | - |
| 25XX | Non-current liabilities | | <u>14,614,883</u> | <u>30</u> | <u>15,601,640</u> | <u>31</u> | <u>15,939,389</u> | <u>32</u> |
| 2XXX | Total Liabilities | | <u>23,233,116</u> | <u>48</u> | <u>24,535,129</u> | <u>49</u> | <u>22,584,580</u> | <u>46</u> |
| | Equity attributable to owners of parent | | | | | | | |
| | Share capital | 6(20) | | | | | | |
| 3110 | common stock | | 16,233,261 | 33 | 16,233,261 | 32 | 16,233,261 | 33 |
| | Capital surplus | 6(21) | | | | | | |
| 3200 | Capital surplus | | 2,260,513 | 5 | 2,260,513 | 5 | 2,260,513 | 5 |
| | Retained earnings | 6(22) | | | | | | |
| 3310 | Legal reserve | | 2,387,299 | 5 | 2,232,892 | 4 | 2,153,743 | 4 |
| 3350 | Unappropriated retained earnings | | 3,042,586 | 6 | 3,129,052 | 6 | 3,910,498 | 8 |
| | Other equity interest | 6(23) | | | | | | |
| 3400 | Other equity interest | | 1,457,615 | 3 | 1,765,034 | 4 | 1,779,317 | 4 |
| 3500 | Treasury stocks | 6(20) | (1,003) | - | (1,003) | - | (1,003) | - |
| 31XX | Equity attributable to owners of the parent | | <u>25,380,271</u> | <u>52</u> | <u>25,619,749</u> | <u>51</u> | <u>26,336,329</u> | <u>54</u> |
| 36XX | Non-controlling interest | | 265,887 | - | 147,498 | - | 173,157 | - |
| 3XXX | Total equity | | <u>25,646,158</u> | <u>52</u> | <u>25,767,247</u> | <u>51</u> | <u>26,509,486</u> | <u>54</u> |
| | Significant contingent liabilities and unrecognised contract commitments | 9 | | | | | | |
| 3X2X | Total liabilities and equity | | <u>\$ 48,879,274</u> | <u>100</u> | <u>\$ 50,302,376</u> | <u>100</u> | <u>\$ 49,094,066</u> | <u>100</u> |

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

PRINCE HOUSING & DEVELOPMENT CORP. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
THREE MONTHS AND SIX MONTHS ENDED JUNE 30, 2022 AND 2021
(Expressed in thousands of New Taiwan dollars, except for earnings per share)
(Reviewed, not audited)

| Items | Notes | Three months ended June 30 | | | | Six months ended June 30 | | | |
|---|----------------|----------------------------|-----------|-------------------|-----------|--------------------------|-----------|---------------------|-----------|
| | | 2022 | | 2021 | | 2022 | | 2021 | |
| | | AMOUNT | % | AMOUNT | % | AMOUNT | % | AMOUNT | % |
| 4000 Sales revenue | 6(25) and 7 | \$ 3,628,428 | 100 | \$ 2,678,022 | 100 | \$ 8,353,714 | 100 | \$ 5,910,171 | 100 |
| 5000 Operating costs | 6(6)(12)(30) | (2,365,055) | (65) | (1,907,798) | (71) | (5,772,833) | (69) | (4,330,582) | (73) |
| 5900 Gross profit | | <u>1,263,373</u> | <u>35</u> | <u>770,224</u> | <u>29</u> | <u>2,580,881</u> | <u>31</u> | <u>1,579,589</u> | <u>27</u> |
| Operating expenses | 6(12)(30) | | | | | | | | |
| 6100 Selling expenses | | (82,989) | (3) | (63,961) | (2) | (173,109) | (2) | (147,419) | (2) |
| 6200 General & administrative expenses | | (444,914) | (12) | (473,641) | (18) | (903,256) | (11) | (978,468) | (17) |
| 6450 Impairment loss (impairment gain and reversal of impairment loss) determined in accordance with IFRS 9 | 12(2) | <u>2</u> | <u>-</u> | (465) | <u>-</u> | (8) | <u>-</u> | (459) | <u>-</u> |
| 6000 Total operating expenses | | (527,901) | (15) | (538,067) | (20) | (1,076,373) | (13) | (1,126,346) | (19) |
| 6900 Operating profit | | <u>735,472</u> | <u>20</u> | <u>232,157</u> | <u>9</u> | <u>1,504,508</u> | <u>18</u> | <u>453,243</u> | <u>8</u> |
| Non-operating income and expenses | | | | | | | | | |
| 7100 Interest income | 6(26) | 3,467 | - | 2,126 | - | 5,518 | - | 4,163 | - |
| 7010 Other income | 6(3)(27) | 187,718 | 5 | 122,779 | 5 | 258,219 | 3 | 183,463 | 3 |
| 7020 Other gains and losses | 6(2)(28) | (302,527) | (8) | 459,824 | 17 | (536,447) | (6) | 1,102,351 | 19 |
| 7050 Finance costs | 6(6)(29) and 7 | (81,830) | (2) | (70,816) | (3) | (162,501) | (2) | (151,582) | (3) |
| 7060 Share of profit of associates and joint ventures accounted for under equity method | 6(7) | <u>15,291</u> | <u>-</u> | <u>3,868</u> | <u>-</u> | <u>35,905</u> | <u>-</u> | <u>20,887</u> | <u>-</u> |
| 7000 Total non-operating income and expenses | | (177,881) | (5) | 517,781 | 19 | (399,306) | (5) | 1,159,282 | 19 |
| 7900 Profit before income tax | | <u>557,591</u> | <u>15</u> | <u>749,938</u> | <u>28</u> | <u>1,105,202</u> | <u>13</u> | <u>1,612,525</u> | <u>27</u> |
| 7950 Income tax expense | 6(31) | (142,265) | (4) | (17,422) | (1) | (262,023) | (3) | (65,461) | (1) |
| 8200 Profit for the period | | <u>\$ 415,326</u> | <u>11</u> | <u>\$ 732,516</u> | <u>27</u> | <u>\$ 843,179</u> | <u>10</u> | <u>\$ 1,547,064</u> | <u>26</u> |
| Other comprehensive income | | | | | | | | | |
| Components of other comprehensive income that will not be reclassified to profit or loss | | | | | | | | | |
| 8316 Unrealised (losses) gains from investments in equity instruments measured at fair value through other comprehensive income | 6(3)(23) | (\$ 120,058) | (3) | \$ 209,350 | 8 | (\$ 302,605) | (4) | \$ 537,060 | 9 |
| 8310 Components of other comprehensive income that will not be reclassified to profit or loss | | (120,058) | (3) | 209,350 | 8 | (302,605) | (4) | 537,060 | 9 |
| 8300 Total other comprehensive income (loss) for the period | | (\$ 120,058) | (3) | \$ 209,350 | 8 | (\$ 302,605) | (4) | \$ 537,060 | 9 |
| 8500 Total comprehensive income for the period | | <u>\$ 295,268</u> | <u>8</u> | <u>\$ 941,866</u> | <u>35</u> | <u>\$ 540,574</u> | <u>6</u> | <u>\$ 2,084,124</u> | <u>35</u> |
| Profit (loss), attributable to: | | | | | | | | | |
| 8610 Owners of the parent | | \$ 439,678 | 12 | \$ 764,769 | 28 | \$ 874,790 | 10 | \$ 1,597,033 | 27 |
| 8620 Non-controlling interest | | (24,352) | (1) | (32,253) | (1) | (31,611) | - | (49,969) | (1) |
| | | <u>\$ 415,326</u> | <u>11</u> | <u>\$ 732,516</u> | <u>27</u> | <u>\$ 843,179</u> | <u>10</u> | <u>\$ 1,547,064</u> | <u>26</u> |
| Comprehensive income (loss) attributable to: | | | | | | | | | |
| 8710 Owners of the parent | | \$ 319,620 | 9 | \$ 974,119 | 36 | \$ 572,185 | 6 | \$ 2,134,093 | 36 |
| 8720 Non-controlling interest | | (24,352) | (1) | (32,253) | (1) | (31,611) | - | (49,969) | (1) |
| | | <u>\$ 295,268</u> | <u>8</u> | <u>\$ 941,866</u> | <u>35</u> | <u>\$ 540,574</u> | <u>6</u> | <u>\$ 2,084,124</u> | <u>35</u> |
| Earnings per share (in dollars) | 6(32) | | | | | | | | |
| 9750 Basic earnings per share | | <u>\$ 0.27</u> | | <u>\$ 0.47</u> | | <u>\$ 0.54</u> | | <u>\$ 0.98</u> | |
| 9850 Diluted earnings per share | | <u>\$ 0.27</u> | | <u>\$ 0.47</u> | | <u>\$ 0.53</u> | | <u>\$ 0.97</u> | |

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

PRINCE HOUSING & DEVELOPMENT CORP. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
SIX MONTHS ENDED JUNE 30, 2022 AND 2021
(Expressed in thousands of New Taiwan dollars)
(Reviewed, not audited)

| Equity attributable to owners of the parent | | | | | | | | | | |
|---|---------------------------------|---|---------------------|-------------------------------------|--|--|--------------------|----------------------|-----------------------------|----------------------|
| | Retained Earnings | | | | Other equity interest | | | | | |
| | | Capital surplus, additional paid-in capital | | Unappropriated retained earnings | Financial statements translation differences of foreign operations | Unrealised gains (losses) from financial assets measured at fair value through other comprehensive income | Treasury stocks | Total | Non-controlling interest | Total equity |
| Notes | Share capital - common stock | | Legal reserve | | | | | | | |
| <u>Six months ended June 30, 2021</u> | | | | | | | | | | |
| Balance at January 1, 2021 | \$ 16,233,261 | \$ 2,260,513 | \$ 2,153,743 | \$ 2,313,465 | (\$ 48) | \$ 1,242,305 | (\$ 1,003) | \$ 24,202,236 | \$ 223,126 | \$ 24,425,362 |
| Profit (loss) for the period | 6(32) - | - | - | 1,597,033 | - | - | - | 1,597,033 | (49,969) | 1,547,064 |
| Other comprehensive income for the period | 6(3)(23) - | - | - | - | - | 537,060 | - | 537,060 | - | 537,060 |
| Total comprehensive income (loss) | - | - | - | 1,597,033 | - | 537,060 | - | 2,134,093 | (49,969) | 2,084,124 |
| Balance at June 30, 2021 | <u>\$ 16,233,261</u> | <u>\$ 2,260,513</u> | <u>\$ 2,153,743</u> | <u>\$ 3,910,498</u> | <u>(\$ 48)</u> | <u>\$ 1,779,365</u> | <u>(\$ 1,003)</u> | <u>\$ 26,336,329</u> | <u>\$ 173,157</u> | <u>\$ 26,509,486</u> |
| <u>Six months ended June 30, 2022</u> | | | | | | | | | | |
| Balance at January 1, 2022 | \$ 16,233,261 | \$ 2,260,513 | \$ 2,232,892 | \$ 3,129,052 | (\$ 48) | \$ 1,765,082 | (\$ 1,003) | \$ 25,619,749 | \$ 147,498 | \$ 25,767,247 |
| Profit (loss) for the period | 6(32) - | - | - | 874,790 | - | - | - | 874,790 | (31,611) | 843,179 |
| Other comprehensive loss for the period | 6(3)(23) - | - | - | - | - | (302,605) | - | (302,605) | - | (302,605) |
| Total comprehensive income (loss) | - | - | - | 874,790 | - | (302,605) | - | 572,185 | (31,611) | 540,574 |
| Appropriations and distribution of 2021 earnings: | | | | | | | | | | |
| Legal reserve | - | - | 154,407 | (154,407) | - | - | - | - | - | - |
| Cash dividends | 6(22) - | - | - | (811,663) | - | - | - | (811,663) | - | (811,663) |
| Disposal of investments in equity instruments designated at fair value through other comprehensive income | 6(3)(23) - | - | - | 4,814 | - | (4,814) | - | - | - | - |
| Changes in non-controlling interest | - | - | - | - | - | - | - | - | 150,000 | 150,000 |
| Balance at June 30, 2022 | <u>\$ 16,233,261</u> | <u>\$ 2,260,513</u> | <u>\$ 2,387,299</u> | <u>\$ 3,042,586</u> | <u>(\$ 48)</u> | <u>\$ 1,457,663</u> | <u>(\$ 1,003)</u> | <u>\$ 25,380,271</u> | <u>\$ 265,887</u> | <u>\$ 25,646,158</u> |

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

PRINCE HOUSING & DEVELOPMENT CORP. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
SIX MONTHS ENDED JUNE 30, 2022 AND 2021
(Expressed in thousands of New Taiwan dollars)
(UNAUDITED)

| | | Six months ended June 30 | |
|--|-----------------|--------------------------|---------------|
| | Notes | 2022 | 2021 |
| CASH FLOWS FROM OPERATING ACTIVITIES | | | |
| Profit before tax | | \$ 1,105,202 | \$ 1,612,525 |
| Adjustments | | | |
| Income and expenses having no effect on cash flows | | | |
| Net loss (gain) on financial assets at fair value through profit or loss | 6(2)(28) | 562,496 | (1,099,810) |
| Expected credit impairment loss | 12(2) | 8 | 459 |
| Share of profit of associates and joint ventures accounted for under equity method | 6(7) | (35,905) | (20,887) |
| Gain on disposal of property, plant and equipment | 6(28) | (28,526) | (12,198) |
| Loss on disposal of investment property | 6(28) | - | 9,664 |
| Property, plant and equipment transferred to expenses | | 409 | 550 |
| Gain from changes in lease payments arising from the rent concessions | 6(9) | (1,670) | - |
| Gain arising from lease modification | 6(9) | (26) | (13) |
| Depreciation | 6(8)(9)(11)(30) | 380,783 | 393,051 |
| Amortization | 6(12)(30) | 31,476 | 31,496 |
| Interest expense | 6(29) | 161,901 | 150,982 |
| Interest income | 6(26) | (5,518) | (4,163) |
| Dividend income | 6(3)(27) | (147,656) | (85,211) |
| Changes in assets/liabilities relating to operating activities | | | |
| Changes in operating assets | | | |
| Financial assets at fair value through profit or loss - current | (| 2,680,000) | (1,492,456) |
| Current contract assets | | 120,048 | 56,983 |
| Notes receivable | (| 47,367) | (40,800) |
| Accounts receivable | | 301,340 | 444,781 |
| Accounts receivable - related parties | (| 131,051) | (255) |
| Other receivables | (| 22,929) | (64,202) |
| Inventories | | 3,981,887 | 2,480,406 |
| Prepayments | | 35,563 | 6,985 |
| Other current assets | (| 8,079) | (2,930) |
| Other non-current liabilities | | 1,870 | (42,693) |
| Net changes in liabilities relating to operating activities | | | |
| Current contract liabilities | (| 680,294) | (132,291) |
| Notes payable | (| 181) | 191 |
| Accounts payable | (| 485,438) | (328,274) |
| Other payables | | 31,532 | (68,441) |
| Receipts in advance | | 52,120 | 42,354 |
| Other current liabilities | (| 29,347) | (421) |
| Provisions for liabilities - non-current | | 14,734 | 13,390 |
| Net defined benefit liability - non-current | (| 1,673) | (5,987) |
| Other non-current liabilities, others | | 67 | (171) |
| Cash inflow generated from operations | | 2,475,776 | 1,971,018 |
| Interest received | | 5,518 | 4,163 |
| Cash dividend received | | 191,778 | 136,268 |
| Interest paid | (| 204,573) | (197,520) |
| Income tax paid | (| 141,631) | (129,654) |
| Net cash flows from operating activities | | 2,326,868 | 1,784,275 |

(Continued)

PRINCE HOUSING & DEVELOPMENT CORP. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
SIX MONTHS ENDED JUNE 30, 2022 AND 2021
(Expressed in thousands of New Taiwan dollars)
(UNAUDITED)

| | | Six months ended June 30 | |
|--|-------|--------------------------|----------------|
| | Notes | 2022 | 2021 |
| <u>CASH FLOWS FROM INVESTING ACTIVITIES</u> | | | |
| (Increase) decrease in financial in assets at amortised cost-current | | (\$ 343,416) | \$ 184,152 |
| Proceeds from disposal of financial assets at fair value through other comprehensive income-non-current | | 27 | - |
| Proceeds from capital reduction of non-current financial assets at fair value through other comprehensive income | | - | 8,241 |
| Decrease in financial assets at amortised cost non-current | | 22,852 | 69,049 |
| Acquisition of property, plant and equipment | 6(8) | (21,550) | (22,013) |
| Proceeds from disposal of property, plant and equipment | | 31,060 | 18,963 |
| Proceeds from disposal of investment property | | - | 887 |
| Increase in intangible assets | 6(12) | (585) | (1,363) |
| Decrease (increase) in refundable deposits | | 34,727 | (13,322) |
| Net cash flows (used in) from investing activities | | (276,885) | 244,594 |
| <u>CASH FLOWS FROM FINANCING ACTIVITIES</u> | | | |
| Decrease in short-term borrowings | 6(34) | (290,000) | (1,035,000) |
| (Decrease) increase in short-term notes and bills payable | 6(34) | (230,000) | 20,000 |
| Repayments of bonds | 6(34) | (2,000,000) | - |
| Proceeds from issuing bonds | 6(34) | 2,000,000 | - |
| Repayment of long-term borrowings | 6(34) | (374,255) | (12,117,788) |
| Proceeds from long-term borrowings | 6(34) | - | 8,680,430 |
| (Decrease) increase in guarantee deposits received | 6(34) | (907) | 22,185 |
| Payments of lease liabilities | 6(34) | (220,599) | (224,662) |
| Change in non-controlling interest | | 150,000 | - |
| Net cash flows used in financing activities | | (965,761) | (4,654,835) |
| Net increase (decrease) in cash and cash equivalents | | 1,084,222 | (2,625,966) |
| Cash and cash equivalents at beginning of period | | 6,880,644 | 5,406,601 |
| Cash and cash equivalents at end of period | | \$ 7,964,866 | \$ 2,780,635 |

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

PRINCE HOUSING & DEVELOPMENT CORP. AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
SIX MONTHS ENDED JUNE 30, 2022 AND 2021

(Expressed in thousands of New Taiwan dollars, except as otherwise indicated)

(Reviewed, not audited)

1. HISTORY AND ORGANIZATION

(1) Prince Housing & Development Corp. (the “Company”) was established in September 1973, under the Company Act and other related regulations. The Company is primarily engaged in the construction, leasing and sale of public housing, commercial building, tourism/recreation place (children’s playground, water park, etc.) and parking lot/parking tower, and leasing and sale of real estate. The common shares of the Company have been listed on the Taiwan Stock Exchange since April 1991.

(2) The main activities of the Company and its subsidiaries (collectively referred herein as the “Group”) are provided in Note 4(3) B.

2. THE DATE OF AUTHORIZATION FOR ISSUANCE OF THE CONSOLIDATED FINANCIAL STATEMENTS AND PROCEDURES FOR AUTHORIZATION

These consolidated financial statements were reported to the Board of Directors on August 5, 2022.

3. APPLICATION OF NEW STANDARDS, AMENDMENTS AND INTERPRETATIONS

(1) Effect of the adoption of new issuances of or amendments to International Financial Reporting Standards (“IFRS”) as endorsed by the Financial Supervisory Commission (“FSC”)

New standards, interpretations and amendments endorsed by FSC effective from 2022 are as follows:

| <u>New Standards, Interpretations and Amendments</u> | <u>Effective date by International Accounting Standards Board</u> |
|---|---|
| Amendments to IFRS 3, ‘Reference to the conceptual framework’ | January 1, 2022 |
| Amendments to IAS 16, ‘Property, plant and equipment: proceeds before intended use’ | January 1, 2022 |
| Amendments to IAS 37, ‘Onerous contracts—cost of fulfilling a contract’ | January 1, 2022 |
| Annual improvements to IFRS Standards 2018–2020 | January 1, 2022 |

The above standards and interpretations have no significant impact to the Group’s financial condition and financial performance based on the Group’s assessment.

(2) Effect of new issuances of or amendments to IFRSs as endorsed by the FSC but not yet adopted by the Group

New standards, interpretations and amendments endorsed by FSC effective from 2023 are as follows:

| New Standards, Interpretations and Amendments | Effective date by International Accounting Standards Board |
|--|--|
| Amendments to IAS 1, 'Disclosure of accounting policies' | January 1, 2023 |
| Amendments to IAS 8, 'Definition of accounting estimates' | January 1, 2023 |
| Amendments to IAS 12, 'Deferred tax related to assets and liabilities arising from a single transaction' | January 1, 2023 |

The above standards and interpretations have no significant impact to the Group's financial condition and financial performance based on the Group's assessment.

(3) IFRSs issued by IASB but not yet endorsed by the FSC

New standards, interpretations and amendments issued by IASB but not yet included in the IFRSs as endorsed by the FSC are as follows:

| New Standards, Interpretations and Amendments | Effective date by International Accounting Standards Board |
|---|--|
| Amendments to IFRS 10 and IAS 28, 'Sale or contribution of assets between an investor and its associate or joint venture' | To be determined by International Accounting Standards Board |
| IFRS 17, 'Insurance contracts' | January 1, 2023 |
| Amendments to IFRS 17, 'Insurance contracts' | January 1, 2023 |
| Amendment to IFRS 17, 'Initial application of IFRS 17 and IFRS 9 – comparative information' | January 1, 2023 |
| Amendments to IAS 1, 'Classification of liabilities as current or non-current' | January 1, 2023 |

The above standards and interpretations have no significant impact to the Group's financial condition and financial performance based on the Group's assessment.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies adopted are consistent with Note 4 in the consolidated financial statements for the year ended December 31, 2021, except for the compliance statement, basis of preparation, basis of consolidation and additional policies as set out below. These policies have been consistently applied to all the periods presented, unless otherwise stated.

(1) Compliance statement

- A. The consolidated financial statements of the Group have been prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and the International Accounting Standard 34, 'Interim financial reporting' as endorsed by the FSC.
- B. These consolidated financial statements are to be read in conjunction with the consolidated financial statements for the year ended December 31, 2021.

(2) Basis of preparation

- A. Except for the following items, these parent company only financial statements have been prepared under the historical cost convention:
- (a) Financial assets (including derivative instruments) at fair value through profit or loss.
 - (b) Financial assets at fair value through other comprehensive income.
 - (c) Defined benefit liabilities recognised based on the net amount of pension fund assets less unrecognised actuarial gains and present value of defined benefit obligation.
- B. The preparation of financial statements in conformity with International Financial Reporting Standards, International Accounting Standards, IFRIC Interpretations, and SIC Interpretations as endorsed by the FSC (collectively referred herein as the “IFRSs”) requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Company’s accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in Note 5.

(3) Basis of consolidation

- A. Basis for preparation of consolidated financial statements:

Basis for preparation for the current period financial statements and the 2021 consolidated financial statements is the same.

- B. Subsidiaries included in the consolidated financial statements:

| Name of investor | Name of subsidiary | Main business activities | Ownership (%) | | Description |
|---|---|--|---------------|-------------------|-------------|
| | | | June 30, 2022 | December 31, 2021 | |
| Prince Housing & Development Corp. | Prince Property Management Consulting Co. | Real estate managers | 100 | 100 | Note 2 |
| | Cheng-Shi Investment Holdings Co., Ltd. | General investments | 100 | 100 | |
| | Prince Housing Investment Corp. | Overseas investment | 100 | 100 | Note 2 |
| | The Splendor Hospitality International Co., Ltd. | Hotels and catering | 50 | 50 | Note 1 |
| | Jin-Yi-Xing Plywood Co., Ltd. | Manufacture of plywood | 99.65 | 99.65 | Note 2 |
| | Prince Industrial Co. | Development of public housing and building | 100 | 100 | Note 2 |
| | Prince Real Estate Co., Ltd. | Real estate trading and leasing | 99.68 | 99.68 | Note 2 |
| | Times Square International Holdings Company | General investments | 100 | 100 | |
| Prince Property Management Consulting Co. | Prince Apartment Management & Maintenance Co., Ltd. | Management of apartment | 100 | 100 | Note 2 |
| | Prince Security & Guard Co., Ltd. | Security | 100 | 100 | Note 2 |
| Cheng-Shi Investment Holdings Co., Ltd. | Ta-Chen Construction & Engineering Corp. | Construction | 100 | 100 | |
| | Prince Utility Co., Ltd. | Electricity and water pipe maintenance | 100 | 100 | Note 2 |
| | Cheng-Shi Construction Co., Ltd. | Construction | 100 | 100 | Note 2 |
| Times Square International Holdings Company | Times Square International Hotel Corp. | Hotels and catering | 100 | 100 | |
| | Times Square International Stays Corp. | Hotels and catering | 100 | 100 | Note 2 |

| Name of investor | Name of subsidiary | Main business activities | Ownership (%) | Description |
|---|---|--|---------------|-------------|
| | | | June 30, 2021 | |
| Prince Housing & Development Corp. | Prince Property Management Consulting Co. | Real estate managers | 100 | Note 2 |
| | Cheng-Shi Investment Holdings Co., Ltd. | General investments | 100 | |
| | Prince Housing Investment Co. | Overseas investment | 100 | Note 2 |
| | The Splendor Hospitality International Co., Ltd. | Hotels and catering | 50 | Note 1 |
| | Jin-Yi-Xing Plywood Co., Ltd. | Manufacture of plywood | 99.65 | Note 2 |
| | Prince Industrial Corp. | Development of public housing and building | 100 | Note 2 |
| | Prince Real Estate Co., Ltd. | Real estate trading and leasing | 99.68 | Note 2 |
| | Times Square International Holdings Company | General investments | 100 | |
| | Prince Apartment Management & Maintenance Co., Ltd. | Management of apartment | 100 | Note 2 |
| | Prince Security & Guard Co., Ltd. | Security | 100 | Note 2 |
| Cheng-Shi Investment Holdings Co., Ltd. | Ta-Chen Construction & Engineering Corp. | Construction | 100 | |
| | Prince Utility Co., Ltd. | Electricity and water pipe maintenance | 100 | Note 2 |
| Times Square International Holdings Company | Cheng-Shi Construction Co., Ltd. | Construction | 100 | Note 2 |
| | Times Square International Hotel Corp. | Hotels and catering | 100 | |
| | Times Square International Stays Corp. | Hotels and catering | 100 | Note 2 |

Note 1: The Group does not directly or indirectly own above 50% of voting shares of The Splendor Hospitality Int. Co., Ltd.. However, as the Group has control over the finance and operations of the company, it is included in the consolidated financial statements.

Note 2: The financial statements of the entity as of and for the six months ended June 30, 2022 and 2021 were not reviewed by the independent auditors as the entity did not meet the definition of a significant subsidiary.

C. Subsidiaries not included in the consolidated financial statements: None.

D. Adjustments for subsidiaries with different balance sheet dates: None.

E. Significant restrictions: None.

F. Subsidiaries that have non-controlling interests that are material to the Group:

The Group's non-controlling interest is not material and thus, is not applicable.

(4) Employee benefits

Pensions-defined contribution plan

Pension cost for the interim period is calculated on a year-to-date basis by using the pension cost rate derived from the actuarial valuation at the end of the prior financial year, adjusted for significant market fluctuations since that time and for significant curtailments, settlements, or other significant one-off events. Also, the related information is disclosed accordingly.

(5) Income taxes

The interim period income tax expense is recognised based on the estimated average annual effective income tax rate expected for the full financial year applied to the pre-tax income of the interim period, and the related information is disclosed accordingly.

5. CRITICAL ACCOUNTING JUDGEMENTS, ESTIMATES AND KEY SOURCES OF ASSUMPTION UNCERTAINTY

The preparation of these consolidated financial statements requires management to make critical judgements in applying the Group's accounting policies and make critical assumptions and estimates concerning future events. Assumptions and estimates are continually evaluated and adjusted based on historical experience and other factors. Such assumptions and estimates have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year. The above information is addressed below:

(1) Critical judgements in applying the Group's accounting policies

Investment property

The Group uses a portion of the property for its own use and another portion to earn rentals or for capital appreciation. When these portions cannot be sold separately and cannot be leased out separately under a finance lease, the property is classified as investment property only if the own-use portion represents an insignificant portion of the property.

(2) Critical accounting estimates and assumptions

Revenue recognition

Construction contract revenue should be recognised by reference to the stage of completion in the contract period using the percentage of completion method. Construction costs are recognised in the period incurred. The stage of completion of a contract is measured by the proportion of contract costs incurred for work performed up to the balance sheet date to the estimated total contract costs.

6. DETAILS OF SIGNIFICANT ACCOUNTS

(1) Cash and cash equivalents

| | <u>June 30, 2022</u> | <u>December 31, 2021</u> | <u>June 30, 2021</u> |
|---------------------------------------|----------------------|--------------------------|----------------------|
| Cash on hand and revolving funds | \$ 10,268 | \$ 13,812 | \$ 9,413 |
| Checking accounts and demand deposits | 7,252,750 | 6,165,839 | 2,470,818 |
| Repurchase bonds | 701,848 | 700,993 | 300,404 |
| | <u>\$ 7,964,866</u> | <u>\$ 6,880,644</u> | <u>\$ 2,780,635</u> |

- A. The Group transacts with a variety of financial institutions all with high credit quality to disperse credit risk, so it expects that the probability of counterparty default is remote.
- B. The repurchase bonds held by the Group have high liquidity, so they were classified as cash equivalents.
- C. Details of time deposits maturing in excess of three months and compensation balance of borrowings pledged to others as collateral which were classified as financial assets at amortised cost, are provided in Note 6(4).
- D. Details of the interest income from the aforementioned pledged bank deposits which was recognised under interest income, are provided in Note 6(25).

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

| Items | June 30, 2022 | December 31, 2021 | June 30, 2021 |
|--|---------------------|---------------------|---------------------|
| Current items: | | | |
| Financial assets mandatorily measured at fair value through profit or loss | | | |
| Beneficiary certificates | \$ 5,799,175 | \$ 3,119,187 | \$ 2,389,674 |
| Valuation adjustment | 17,066 | 11,249 | 8,655 |
| | <u>\$ 5,816,241</u> | <u>\$ 3,130,436</u> | <u>\$ 2,398,329</u> |
| Non-current items: | | | |
| Financial assets mandatorily measured at fair value through profit or loss | | | |
| Listed (TSE and OTC) stocks | \$ 264,520 | \$ 264,520 | \$ 264,520 |
| Beneficiary certificates | 76,000 | 76,000 | 76,000 |
| | 340,520 | 340,520 | 340,520 |
| Valuation adjustments | 306,567 | 874,868 | 1,651,786 |
| | <u>\$ 647,087</u> | <u>\$ 1,215,388</u> | <u>\$ 1,992,306</u> |

A. The Group recognised net (losses) gains of (\$301,858), \$447,410, (\$562,496) and \$1,099,810 on financial assets at fair value through profit or loss for the three months and six months ended June 30, 2022 and 2021, respectively.

B. Details of the Group's financial assets at fair value through profit or loss pledged to others as collateral are provided in Note 8.

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

| Items | June 30, 2022 | December 31, 2021 | June 30, 2021 |
|-----------------------------------|---------------------|---------------------|---------------------|
| Non-current items: | | | |
| Designation of equity instruments | | | |
| Listed stocks | \$ 115,144 | \$ 115,144 | \$ 115,144 |
| Unlisted stocks | 880,292 | 880,416 | 884,822 |
| | 995,436 | 995,560 | 999,966 |
| Valuation adjustments | 1,459,655 | 1,762,163 | 1,775,260 |
| | <u>\$ 2,455,091</u> | <u>\$ 2,757,723</u> | <u>\$ 2,775,226</u> |

- A. The Group has elected to classify stocks that are considered to be strategic investments as financial assets at fair value through other comprehensive income. The fair value of such investments amounted to \$2,455,091, \$2,757,723 and \$2,775,226 as at June 30, 2022, December 31, 2021 and June 30, 2021, respectively.
- B. For the six months ended June 30, 2022, the unlisted company which was invested by the Group was liquidated, therefore, the Group reclassified accumulated gains of \$4,814 from other equity to retained earnings.
- C. Amounts recognised in profit or loss and other comprehensive income in relation to the financial assets at fair value through other comprehensive income are listed below:

| | Three months ended June 30, | |
|--|-----------------------------|------------|
| | 2022 | 2021 |
| <u>Equity instruments at fair value through other comprehensive income</u> | | |
| Fair value change recognised in other comprehensive income | (\$ 120,058) | \$ 209,350 |
| Cumulative gains reclassified to retained earnings due to derecognition | \$ - | \$ - |
| Dividend income recognized in profit or loss held at end of period | \$ 53,004 | \$ 31,081 |
| | Six months ended June 30, | |
| | 2022 | 2021 |
| <u>Equity instruments at fair value through other comprehensive income</u> | | |
| Fair value change recognised in other comprehensive income | (\$ 302,605) | \$ 537,060 |
| Cumulative gains reclassified to retained earnings due to derecognition | \$ 4,814 | \$ - |
| Dividend income recognized in profit or loss held at end of period | \$ 53,004 | \$ 31,902 |

- D. Details of the Group's financial assets at fair value through other comprehensive income pledged to others as collateral are provided in Note 8.

(4) Financial assets at amortised cost

| Items | June 30, 2022 | December 31, 2021 | June 30, 2021 |
|--|---------------------|-------------------|-------------------|
| Current items: | | | |
| Time deposits maturing in excess of three months | \$ 1,073,941 | \$ 730,637 | \$ 733,815 |
| Trust account | 35,393 | 35,281 | 42,993 |
| | <u>\$ 1,109,334</u> | <u>\$ 765,918</u> | <u>\$ 776,808</u> |
| Non-current items: | | | |
| Compensating balance | \$ 449,517 | \$ 472,369 | \$ 467,502 |
| Pledged certificate of deposit | 161,621 | 161,621 | 236,282 |
| | <u>\$ 611,138</u> | <u>\$ 633,990</u> | <u>\$ 703,784</u> |

A. As at June 30, 2022, December 31, 2021 and June 30, 2021, without taking into account any collateral held or other credit enhancements, the maximum exposure to credit risk in respect of the amount that best represents the financial assets at amortised cost held by the Group was \$1,720,472, \$1,399,908 and \$1,480,592, respectively.

B. Details of the Group's financial assets at amortised cost pledged to others as collateral are provided in Note 8.

C. Information relating to credit risk of financial assets at amortised cost is provided in Note 12(2).

The counterparties of the Group's investments in certificates of deposits are financial institutions with high credit quality so the Group expects that the probability of counterparty default is remote.

(5) Notes and accounts receivable

| | June 30, 2022 | December 31, 2021 | June 30, 2021 |
|---------------------------------------|-------------------|-------------------|-------------------|
| Notes receivable | \$ 76,719 | \$ 29,352 | \$ 66,734 |
| Accounts receivable | \$ 422,302 | \$ 723,642 | \$ 581,244 |
| Less: Allowance for doubtful accounts | (272) | (264) | (298) |
| | <u>\$ 422,030</u> | <u>\$ 723,378</u> | <u>\$ 580,946</u> |
| Accounts receivable - related parties | <u>\$ 137,511</u> | <u>\$ 6,460</u> | <u>\$ 4,304</u> |

A. The ageing analysis of notes receivable and accounts receivable that were past due but not impaired is as follows:

| | June 30, 2022 | | December 31, 2021 | | June 30, 2021 | |
|------------------|------------------|---------------------|-------------------|---------------------|------------------|---------------------|
| | Notes receivable | Accounts receivable | Notes receivable | Accounts receivable | Notes receivable | Accounts receivable |
| Without past due | \$ 76,719 | \$ 558,896 | \$ 29,352 | \$ 723,022 | \$ 66,734 | \$ 584,876 |
| Up to 30 days | - | - | - | 5,182 | - | - |
| 31 to 60 days | - | - | - | 918 | - | 203 |
| 61 to 90 days | - | - | - | 259 | - | - |
| Over 91 days | - | 917 | - | 721 | - | 469 |
| | <u>\$ 76,719</u> | <u>\$ 559,813</u> | <u>\$ 29,352</u> | <u>\$ 730,102</u> | <u>\$ 66,734</u> | <u>\$ 585,548</u> |

The above ageing analysis was based on past due date.

B. As at June 30, 2022, December 31, 2021, June 30, 2021 and January 1, 2021, the balances of receivables (including notes receivable) from contracts with customers amounted to \$624,527, \$725,858, \$584,261 and \$1,024,767, respectively.

C. As at June 30, 2022, December 31, 2021 and June 30, 2021, without taking into account any collateral held or other credit enhancements, the maximum exposure to credit risk in respect of the amount that best represents the Group's notes receivable were \$76,719, \$29,352 and \$66,734, respectively; the maximum exposure to credit risk in respect of the amount that best represents the Group's accounts receivable were \$559,541, \$729,838 and \$585,250, respectively.

D. Information relating to credit risk of notes receivable and accounts receivable is provided in Note 12(2).

E. The Group does not hold any collateral pledged for notes and accounts receivable.

(6) Inventories

| | June 30, 2022 | | |
|----------------------------------|----------------------|---------------------------------|----------------------|
| | Cost | Allowance for valuation loss | Book value |
| Land held for construction site | \$ 5,581,687 | (\$ 62,573) | \$ 5,519,114 |
| Construction in progress | 114,475 | - | 114,475 |
| Buildings and land held for sale | 1,470,880 | (7,401) | 1,463,479 |
| Prepayment for land | 228,635 | - | 228,635 |
| Merchandise | 14,432 | - | 14,432 |
| | <u>\$ 7,410,109</u> | <u>(\$ 69,974)</u> | <u>\$ 7,340,135</u> |
| | December 31, 2021 | | |
| | Cost | Allowance for valuation loss | Book value |
| Land held for construction site | \$ 5,594,885 | (\$ 62,573) | \$ 5,532,312 |
| Construction in progress | 111,320 | - | 111,320 |
| Buildings and land held for sale | 5,439,238 | (8,007) | 5,431,231 |
| Prepayment for land | 228,635 | - | 228,635 |
| Merchandise | 18,524 | - | 18,524 |
| | <u>\$ 11,392,602</u> | <u>(\$ 70,580)</u> | <u>\$ 11,322,022</u> |

| | June 30, 2021 | | |
|----------------------------------|----------------------|---------------------------------|----------------------|
| | Cost | Allowance for valuation loss | Book value |
| Land held for construction site | \$ 7,100,748 | (\$ 62,573) | \$ 7,038,175 |
| Construction in progress | 1,814,521 | - | 1,814,521 |
| Buildings and land held for sale | 5,103,516 | (8,209) | 5,095,307 |
| Prepayment for land | 228,635 | - | 228,635 |
| Merchandise | 20,965 | - | 20,965 |
| | <u>\$ 14,268,385</u> | <u>(\$ 70,782)</u> | <u>\$ 14,197,603</u> |

- A. The cost of inventories recognised as expense for the three months and six months ended June 30, 2022 and 2021 was \$1,909,346, \$1,622,880, \$4,869,943 and \$3,670,219, respectively, including the amounts of \$606, \$0, \$606 and \$2,863, respectively, that the Group wrote down from cost to net realisable value accounted for as cost of goods sold.
- B. Details of the Group's inventories pledged to others as collateral are provided in Note 8.
- C. The interest capitalized as cost of inventory is as follows:

| | Three months ended June 30, | |
|--|-----------------------------|-------------|
| | 2022 | 2021 |
| Interest paid before capitalization | \$ 81,917 | \$ 84,799 |
| Interest capitalized | \$ 387 | \$ 14,283 |
| Annual interest rate used for capitalization | 0.77%-0.83% | 0.79%-2.12% |
| | Six months ended June 30, | |
| | 2022 | 2021 |
| Interest paid before capitalization | \$ 162,877 | \$ 179,237 |
| Interest capitalized | \$ 976 | \$ 28,255 |
| Annual interest rate used for capitalization | 0.77%-1.00% | 0.79%-2.23% |

- D. Details of significant inventories (Eliminations and adjustments for consolidation were not included in the following information):

(a) Buildings and land in progress

| | June 30, 2022 | December 31, 2021 | June 30, 2021 |
|--|----------------|-------------------|------------------|
| <u>Taipei branch</u> | | | |
| Bali Dist Chung Chang Section No.222 and 211-1, etc. | \$ 692,242 | \$ 693,710 | \$ 689,501 |
| Prince Yuan (Ling Ko Li Shing Section No. 1209, etc.) | - | - | 2,248,893 |
| | <u>692,242</u> | <u>693,710</u> | <u>2,938,394</u> |
| <u>Taichung branch</u> | | | |
| Beitun Dist. Rong-De Lot No.129, etc. | 763,752 | 763,123 | 759,193 |
| Jin Shuei Dist. Wu Show Section No. 1037, No. 1038, No. 1040, etc. | 216,704 | 212,263 | 212,263 |
| | <u>980,456</u> | <u>975,386</u> | <u>971,456</u> |

| <u>Tainan branch</u> | June 30, 2022 | December 31, 2021 | June 30, 2021 |
|---|---------------------|---------------------|---------------------|
| Jin Hua Section No. 1361 | \$ 689,315 | \$ 689,315 | \$ 689,315 |
| Shan Chia Section No. 939, etc. | 156,481 | 156,453 | 156,361 |
| Others | <u>3,738</u> | <u>3,738</u> | <u>3,738</u> |
| | <u>849,534</u> | <u>849,506</u> | <u>849,414</u> |
| <u>Kaohsiung branch</u> | | | |
| Prince Cloud B (Ren Wu New Hougang West Section No. 42, etc.) | 364,370 | 364,370 | 364,370 |
| Ren Wu New Hougang West Section No. 88 experimental house | 72,933 | 72,933 | 72,933 |
| Cozy Prince Mansion (Ren Wu New Hougang West Section No. 90, etc.) | - | - | 774,258 |
| | <u>437,303</u> | <u>437,303</u> | <u>1,211,561</u> |
| Total buildings and land in process | <u>\$ 2,959,535</u> | <u>\$ 2,955,905</u> | <u>\$ 5,970,825</u> |

(b)Undeveloped land held for construction site

| <u>Taipei branch</u> | June 30, 2022 | December 31, 2021 | June 30, 2021 |
|---|---------------------|---------------------|---------------------|
| Zhong Li Pu Ren Lot No. 720, etc. | \$ 140,156 | \$ 140,156 | \$ 140,156 |
| Others | <u>5,978</u> | <u>5,978</u> | <u>5,978</u> |
| | <u>146,134</u> | <u>146,134</u> | <u>146,134</u> |
| <u>Taichung branch</u> | | | |
| Wu Feng Lot No. 365~855 etc. | 175,661 | 175,661 | 175,661 |
| Song Quan Lot No. 164 etc. | 137,697 | 137,697 | 137,697 |
| Tu Ku Section No. 9-7, etc. | 55,167 | 55,167 | 55,167 |
| Song Chang Lot No. 577 etc. | 19,912 | 19,912 | 19,912 |
| Hou Long Zi Section No. 133-004 | 19,513 | 19,513 | 19,513 |
| Others | <u>11,840</u> | <u>11,840</u> | <u>10,353</u> |
| | <u>419,790</u> | <u>419,790</u> | <u>418,303</u> |
| <u>Tainan branch</u> | | | |
| Shan Zhong Lot No. 1468, 1475 & 1476 etc. | 234,699 | 234,699 | 234,699 |
| Xue Zhong Lot No. 679, etc. | 50,798 | 50,798 | 50,798 |
| Yong Kang Ding An Lot No. 879, etc. | 28,610 | 28,610 | 28,610 |
| Bei An Section No. 54-3, etc. | 28,317 | 28,317 | 28,317 |
| Chin An Section No. 373~377 | 15,139 | 15,139 | 15,139 |
| Bao An Lot No. 882, etc. | 10,325 | 10,325 | 10,325 |
| Others | <u>14,550</u> | <u>14,550</u> | <u>14,550</u> |
| | <u>382,438</u> | <u>382,438</u> | <u>382,438</u> |
| <u>Kaohsiung branch</u> | | | |
| Ren Wu New Hougang West Section No. 53, etc. | 905,077 | 905,077 | 905,077 |
| Ren Wu New Hougang West Section No. 30 & 52-74 | 407,357 | 407,357 | 407,357 |
| Ren Wu Xiahai Section No. 642, 669 & 940, etc. | 41,668 | 41,668 | 41,668 |
| Da Hua Lot No. 434 & 436 | <u>13,923</u> | <u>13,923</u> | <u>13,923</u> |
| | <u>1,368,025</u> | <u>1,368,025</u> | <u>1,368,025</u> |
| Total undeveloped land held for construction site | <u>\$ 2,316,387</u> | <u>\$ 2,316,387</u> | <u>\$ 2,314,900</u> |

(c)Buildings and land held for sale

| | June 30, 2022 | December 31, 2021 | June 30, 2021 |
|--|---------------------|---------------------|---------------------|
| <u>Taipei branch</u> | | | |
| Prince Hua Wei | \$ 724,512 | \$ 724,512 | \$ 939,597 |
| Prince Yuan | 142,290 | 1,619,244 | - |
| Taipei Shin Yi (Xin Zhuang Fuduxin) | 31,171 | 238,427 | 539,633 |
| Prince W | 18,542 | 138,082 | 138,082 |
| Prince Dai Din | 12,025 | 12,025 | 12,025 |
| Prince Pine Garden | 9,133 | 18,265 | 17,390 |
| | <u>937,673</u> | <u>2,750,555</u> | <u>1,646,727</u> |
| <u>Taichung branch</u> | | | |
| Prince Xian Heng | 154,417 | 464,760 | 757,915 |
| Prosperous New World | 27,713 | 27,713 | 233,658 |
| Prince Holiday Mansion | 9,058 | 9,058 | 9,058 |
| Others | 6,118 | 6,118 | 6,118 |
| | <u>197,306</u> | <u>507,649</u> | <u>1,006,749</u> |
| <u>Tainan branch</u> | | | |
| Word of Peak | 49,528 | 140,179 | 365,827 |
| Jun Chan LV | 19,725 | 19,725 | 19,725 |
| Prince WIN2 Future | 11,837 | 11,837 | 11,837 |
| Prince Golden Age | 4,145 | 4,145 | 4,145 |
| Prince Flower Bo Five | - | - | 169,912 |
| Others | 2,292 | 2,292 | 2,292 |
| | <u>87,527</u> | <u>178,178</u> | <u>573,738</u> |
| <u>Kaohsiung branch</u> | | | |
| Cozy Prince Mansion | 172,201 | 924,582 | - |
| Prince Castle (Townhouse) | 30,132 | 637,677 | 863,944 |
| Prince Cloud C Apartment | 25,911 | 25,911 | 25,911 |
| Prince Castle (Building) | 9,723 | 274,485 | 1,017,741 |
| Prince Dai Din | 3,259 | 5,215 | 5,866 |
| Prince Cloud D | - | - | 22,206 |
| | <u>241,226</u> | <u>1,867,870</u> | <u>1,935,668</u> |
| Total buildings and land held for sale | <u>\$ 1,463,732</u> | <u>\$ 5,304,252</u> | <u>\$ 5,162,882</u> |

(d)Prepayment for land

| | June 30, 2022 | December 31, 2021 | June 30, 2021 |
|--|-------------------|-------------------|-------------------|
| <u>Tainan branch</u> | | | |
| Ren Wu New Hougang West Section No. 20, etc. | <u>\$ 228,635</u> | <u>\$ 228,635</u> | <u>\$ 228,635</u> |

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E. Disclosure of significant constructions:

(a) As of June 30, 2022, significant constructions are set forth below:

| Name of construction contract | Contract amount | Estimated construction cost | Percentage of completion | Accumulated construction profit/(loss) |
|--|-----------------|-----------------------------|--------------------------|--|
| Xinshi Logistics Park (Uni President Express) | \$ 4,500,000 | \$ 4,295,041 | 10.42% | \$ 21,357 |
| Tai She Zhi Shan Yuan - New construction | 2,518,640 | 2,380,114 | 96.27% | 133,359 |
| Construction of T.S. Landmark Plaza (\$1.2 billion) | 1,962,547 | 1,927,535 | 100.00% | 35,012 |
| Chunghwa Telecom-a turnkey project in Nangang | 1,955,238 | 1,876,325 | 19.26% | 15,199 |
| Tainan Metropolitan Expressway | 1,736,336 | 1,658,226 | 91.49% | 71,463 |
| Beitou Shilin Science and Technology Park | 1,231,886 | 1,170,292 | 54.85% | 33,784 |
| No.3, Zhonglu, Taoyuan City | 1,219,038 | 1,158,086 | 83.58% | 50,944 |
| Urban land consolidation engineering of Bei An commercial district | 1,043,280 | 991,116 | 18.14% | 9,463 |
| Construction of T.S. Landmark Plaza (\$0.8 billion) | 1,013,032 | 984,315 | 98.67% | 28,335 |

(b) As of December 31, 2021, significant constructions are set forth below:

| Name of construction contract | Contract amount | Estimated construction cost | Percentage of completion | Accumulated construction profit/(loss) |
|--|-----------------|-----------------------------|--------------------------|--|
| Xinshi Logistics Park (Uni President Express) | \$ 4,500,000 | \$ 4,295,041 | 4.68% | \$ 9,592 |
| Tai She Zhi Shan Yuan - New construction | 2,848,287 | 2,394,067 | 95.15% | 85,844 |
| Construction of T.S. Landmark Plaza (\$1.2 billion) | 1,962,547 | 1,911,716 | 99.93% | 50,795 |
| Chunghwa Telecom-a turnkey project in Nangang | 1,955,238 | 1,876,325 | 12.80% | 10,101 |
| Tainan Metropolitan Expressway | 1,736,336 | 1,658,226 | 85.12% | 66,487 |
| Beitou Shilin Science and Technology Park | 1,231,886 | 1,170,292 | 40.24% | 24,785 |
| No.3, Zhonglu, Taoyuan City | 1,151,305 | 1,093,740 | 73.23% | 42,155 |
| Urban land consolidation engineering of Bei An commercial district | 1,043,280 | 991,116 | 5.77% | 3,010 |
| Construction of T.S. Landmark Plaza (\$0.8 billion) | 1,013,032 | 984,315 | 98.61% | 28,318 |

(c) As of June 30, 2021, significant constructions are set forth below:

| Name of construction contract | Contract amount | Estimated construction cost | Percentage of completion | Accumulated construction profit/(loss) |
|--|-----------------|-----------------------------|--------------------------|--|
| Tai She Zhi Shan Yuan - New construction | \$ 2,471,186 | \$ 2,384,639 | 94.31% | \$ 81,622 |
| Construction of T.S. Landmark Plaza (\$1.2 billion) | 1,962,547 | 1,911,716 | 93.30% | 47,425 |
| Chunghwa Telecom-a turnkey project in Nangang | 1,955,238 | 1,857,476 | 0.68% | 665 |
| Tainan Metropolitan Expressway | 1,689,945 | 1,614,046 | 79.53% | 60,362 |
| Beitou Shilin Science and Technology Park | 1,231,886 | 1,170,292 | 20.89% | 12,867 |
| No.3, Zhonglu, Taoyuan City | 1,151,305 | 1,093,740 | 54.05% | 31,114 |
| Urban land consolidation engineering of Bei An commercial district | 1,043,280 | 991,116 | 0.30% | 156 |
| Construction of T.S. Landmark Plaza (\$0.8 billion) | 1,013,032 | 984,315 | 95.62% | 27,459 |

(7) Investments accounted for under the equity method

| Name of associates | June 30, 2022 | | December 31, 2021 | | June 30, 2021 | |
|---|--------------------|-------------------------|---------------------|-------------------------|---------------------|-------------------------|
| | Carrying amount | Percentage of ownership | Carrying amount | Percentage of ownership | Carrying amount | Percentage of ownership |
| Geng-Ding Co., Ltd. | \$ 287,687 | 30.00% | \$ 289,158 | 30.00% | \$ 294,943 | 30.00% |
| Uni-President Development Corp. | 1,137,172 | 30.00% | 1,136,331 | 30.00% | 1,126,503 | 30.00% |
| PPG Investment Inc. | 22,538 | 27.30% | 23,161 | 27.30% | 19,435 | 27.30% |
| Queen Holdings Ltd. | 394,251 | 27.30% | 401,215 | 27.30% | 393,546 | 27.30% |
| Amida Truslink Assets Management Co., Ltd. (Note) | - | 45.21% | - | 45.21% | - | 45.21% |
| | <u>\$1,841,648</u> | | <u>\$ 1,849,865</u> | | <u>\$ 1,834,427</u> | |

Note: As of June 30, 2022, December 31, 2021 and June 30, 2021, the book value of the Company's investment in Amida Truslink Assets Management Co., Ltd. was a credit balance, thus, the investment was transferred to other non-current liabilities which amounted to \$140,095, \$140,095 and \$139,754, respectively.

Associates

A. The basic information of the associate that is material to the Group is as follows:

| Company name | Principal place of business | Nature of relationship | Method of measurement |
|---------------------------------|-----------------------------|------------------------|-----------------------|
| Uni President Development Corp. | Taiwan | Strategic investments | Equity method |

B. The summarized financial information of the associate that is material to the Group is as follows:
Balance sheet

| | Uni President Development Corp. | | |
|---------------------------------|---------------------------------|---------------------|---------------------|
| | June 30, 2022 | December 31, 2021 | June 30, 2021 |
| Current assets | \$ 284,002 | \$ 64,375 | \$ 287,329 |
| Non-current assets | 6,925,939 | 7,089,404 | 7,269,056 |
| Current liabilities | (2,766,622) | (3,107,227) | (2,924,051) |
| Non-current liabilities | (652,744) | (258,782) | (877,326) |
| Total net assets | <u>\$ 3,790,575</u> | <u>\$ 3,787,770</u> | <u>\$ 3,755,008</u> |
| Share in associate's net assets | <u>\$ 1,137,172</u> | <u>\$ 1,136,331</u> | <u>\$ 1,126,503</u> |

Statements of comprehensive income

| Uni President Development Corp. | | |
|--|------------|------------|
| Three months ended June 30, | | |
| | 2022 | 2021 |
| Revenue | \$ 229,640 | \$ 226,218 |
| Profit for the period from continuing operations | \$ 47,337 | \$ 29,520 |
| Total comprehensive income | \$ 47,337 | \$ 29,520 |
| Dividends received from associates | \$ - | \$ - |

| Uni President Development Corp. | | |
|--|------------|------------|
| Six months ended June 30, | | |
| | 2022 | 2021 |
| Revenue | \$ 458,736 | \$ 460,031 |
| Profit for the period from continuing operations | \$ 89,565 | \$ 63,763 |
| Total comprehensive income | \$ 89,565 | \$ 63,763 |
| Dividends received from associates | \$ - | \$ - |

- C. The carrying amount of the Group's interests in all individually immaterial associates and the Group's share of the operating results are summarized below:

As of June 30, 2022, December 31, 2021 and June 30, 2021, the carrying amount of the Group's individually immaterial associates amounted to \$564,381, \$573,439 and \$568,170, respectively.

| Three months ended June 30, | | |
|---|----------|------------|
| | 2022 | 2021 |
| Profit (loss) for the period from continuing operations | \$ 5,167 | (\$ 1,548) |
| Other comprehensive loss, net of tax | - | - |
| Total comprehensive income (loss) | \$ 5,167 | (\$ 1,548) |

| Six months ended June 30, | | |
|--|-----------|-----------|
| | 2022 | 2021 |
| Profit for the period from continuing operations | \$ 33,310 | \$ 23,978 |
| Other comprehensive income, net of tax | - | - |
| Total comprehensive income | \$ 33,310 | \$ 23,978 |

- D. The Group's investments had no quoted market price.
- E. The Group's investments accounted for using the equity method expressed herein was solely based on the investees' financial statements of the same reporting periods which were not reviewed by independent auditors. For the three months and six months ended June 30, 2022 and 2021, the Group recognised share of profit of associates and joint venture accounted for using equity method of \$15,291, \$3,868, \$35,905 and \$20,887 and the investments as at June 30, 2022 and 2021, totalled \$1,701,553 and \$1,694,673, respectively. The disclosures in relation to certain investments accounted for using the equity method as at December 31, 2021, were solely based on investees' financial statements which were audited by other independent auditors. The investments accounted for using the equity method as at December 31, 2021 was \$573,439.

F. Details of the Group's investments accounted for under the equity method pledged to others as collateral are provided in Note 8.

(8) Property, plant and equipment

A. Details of book values are as follows:

| | June 30, 2022 | December 31, 2021 | June 30, 2021 |
|---|---------------------|---------------------|---------------------|
| Land | \$ 2,849,174 | \$ 2,850,275 | \$ 2,850,275 |
| Buildings and structures | 2,358,558 | 2,413,315 | 2,467,531 |
| Machinery and equipment | 1,404 | 1,754 | 2,254 |
| Computer and communication equipment | 5,216 | 3,436 | 3,535 |
| Transportation equipment | 777 | 1,661 | 1,864 |
| Office equipment | 203,332 | 212,268 | 222,297 |
| Leasehold improvements | 105,055 | 118,754 | 136,624 |
| Other equipment | 50,901 | 49,960 | 51,209 |
| Construction in progress and equipment under acceptance | 6,758 | 7,285 | 7,157 |
| | <u>\$ 5,581,175</u> | <u>\$ 5,658,708</u> | <u>\$ 5,742,746</u> |

B. Changes in property, plant and equipment for the period are as follows:

| Cost | Six months ended June 30, 2022 | | | | |
|---|--------------------------------|------------------|--------------------|-------------------|-------------------------|
| | Opening net book amount | Additions | Disposals | Reclassifications | Closing net book amount |
| Land | | | | | |
| Assets used by the Company | \$ 1,438,664 | \$ - | (\$ 1,101) | \$ - | \$ 1,437,563 |
| Assets subject to operating leases | 1,411,611 | - | - | - | 1,411,611 |
| Buildings and structures | | | | | |
| Assets used by the Company | 1,915,605 | 81 | (1,156) | - | 1,914,530 |
| Assets subject to operating leases | 1,863,393 | - | - | - | 1,863,393 |
| Machinery and equipment | 16,566 | - | - | - | 16,566 |
| Computer and communication equipment | 63,444 | 2,349 | (93) | - | 65,700 |
| Transportation equipment | 9,714 | - | (3,404) | - | 6,310 |
| Office equipment | 869,429 | 10,464 | (9,665) | 5,068 | 875,296 |
| Leasehold improvements | 840,505 | 693 | - | - | 841,198 |
| Other equipment | 104,346 | 3,422 | (306) | (409) | 107,053 |
| Construction in progress and equipment under acceptance | 7,285 | 4,541 | - | (5,068) | 6,758 |
| | <u>\$ 8,540,562</u> | <u>\$ 21,550</u> | <u>(\$ 15,725)</u> | <u>(\$ 409)</u> | <u>\$ 8,545,978</u> |

| Six months ended June 30, 2021 | | | | | |
|---|----------------------------|------------------|--------------------|-------------------|----------------------------|
| Cost | Opening net book amount | Additions | Disposals | Reclassifications | Closing net book amount |
| Land | | | | | |
| Assets used by the Company | \$ 1,441,464 | \$ - | (\$ 2,800) | \$ - | \$ 1,438,664 |
| Assets subject to operating leases | 1,411,611 | - | - | - | 1,411,611 |
| Buildings and structures | | | | | |
| Assets used by the Company | 1,920,287 | 82 | (4,845) | - | 1,915,524 |
| Assets subject to operating leases | 1,863,552 | - | - | - | 1,863,552 |
| Machinery and equipment | 16,566 | - | - | - | 16,566 |
| Computer and communication equipment | 61,672 | 1,430 | - | - | 63,102 |
| Transportation equipment | 10,255 | - | (655) | - | 9,600 |
| Office equipment | 866,506 | 8,668 | (6,450) | - | 868,724 |
| Leasehold improvements | 836,997 | 583 | - | - | 837,580 |
| Other equipment | 98,616 | 5,361 | (168) | (218) | 103,591 |
| Construction in progress and prepayments for equipment | 1,268 | 5,889 | - | - | 7,157 |
| | <u>\$ 8,528,794</u> | <u>\$ 22,013</u> | <u>(\$ 14,918)</u> | <u>(\$ 218)</u> | <u>\$ 8,535,671</u> |

| Six months ended June 30, 2022 | | | | | |
|--------------------------------------|----------------------------|------------------|--------------------|-------------------|----------------------------|
| Accumulated depreciation | Opening net book amount | Additions | Disposals | Reclassifications | Closing net book amount |
| Buildings and structures | | | | | |
| Assets used by the Company | \$ 662,717 | \$ 22,630 | (\$ 704) | \$ - | \$ 684,643 |
| Assets subject to operating leases | 702,966 | 31,756 | - | - | 734,722 |
| Machinery and equipment | 14,812 | 350 | - | - | 15,162 |
| Computer and communication equipment | 60,008 | 570 | (94) | - | 60,484 |
| Transportation equipment | 8,053 | 317 | (2,837) | - | 5,533 |
| Office equipment | 657,161 | 24,355 | (9,552) | - | 671,964 |
| Leasehold improvements | 721,751 | 14,392 | - | - | 736,143 |
| Other equipment | 54,386 | 1,770 | (4) | - | 56,152 |
| | <u>\$ 2,881,854</u> | <u>\$ 96,140</u> | <u>(\$ 13,191)</u> | <u>\$ -</u> | <u>\$ 2,964,803</u> |

| Six months ended June 30, 2021 | | | | | |
|--------------------------------------|----------------------------|-------------------|-------------------|-------------------|----------------------------|
| Accumulated depreciation | Opening net book amount | Additions | Disposals | Reclassifications | Closing net book amount |
| Buildings and structures | | | | | |
| Assets used by the Company | \$ 618,853 | \$ 22,676 | (\$ 1,354) | \$ - | \$ 640,175 |
| Assets subject to operating leases | 639,616 | 31,754 | - | - | 671,370 |
| Machinery and equipment | 13,759 | 553 | - | - | 14,312 |
| Computer and communication equipment | 59,081 | 486 | - | - | 59,567 |
| Transportation equipment | 7,950 | 333 | (547) | - | 7,736 |
| Office equipment | 626,667 | 26,004 | (6,244) | - | 646,427 |
| Leasehold improvements | 677,514 | 23,442 | - | - | 700,956 |
| Other equipment | 50,183 | 2,207 | (8) | - | 52,382 |
| | <u>\$ 2,693,623</u> | <u>\$ 107,455</u> | <u>(\$ 8,153)</u> | <u>\$ -</u> | <u>\$ 2,792,925</u> |

C. Details of the Group's property, plant and equipment pledged to others as collateral are provided in Note 8.

(9) Leasing arrangements — lessee

A. The Group leases various assets including offices, cafeterias, vehicles, private branch exchange telephone system and business area. Rental contracts are typically made for periods of 2 to 25 years. Lease terms are negotiated on an individual basis and contain various terms and conditions. The lease agreements do not impose covenants, but leased assets may not be used as security for borrowing purposes, and all or certain assets leased from associations and other related parties can be subleased to associations with the lessors' agreement. Remaining lease assets cannot be lent, subleased, sold or granted in any different form to the third parties.

B. The carrying amount of right-of-use assets and the depreciation charge are as follows:

| | <u>June 30, 2022</u> | <u>December 31, 2021</u> | <u>June 30, 2021</u> |
|--|----------------------|------------------------------------|-----------------------------|
| | <u>Book value</u> | <u>Book value</u> | <u>Book value</u> |
| Land | \$ 12,088 | \$ 13,332 | \$ 14,576 |
| Buildings and structures | 6,455,761 | 6,693,565 | 6,934,491 |
| Machinery and equipment (private branch exchange) | - | - | - |
| Transportation equipment (business vehicles) | 926 | 1,301 | 2,130 |
| | <u>\$ 6,468,775</u> | <u>\$ 6,708,198</u> | <u>\$ 6,951,197</u> |
| | | <u>Three months ended June 30,</u> | |
| | | <u>2022</u> | <u>2021</u> |
| | | <u>Depreciation expense</u> | <u>Depreciation expense</u> |
| Land | | \$ 622 | \$ 622 |
| Buildings and structures | | 120,146 | 120,573 |
| Machinery and equipment (private branch exchange) | | - | - |
| Transportation equipment (business vehicles) | | 187 | 159 |
| | | <u>\$ 120,955</u> | <u>\$ 121,354</u> |

| | Six months ended June 30, | |
|--|---------------------------|----------------------|
| | 2022 | 2021 |
| | Depreciation expense | Depreciation expense |
| Land | \$ 1,244 | \$ 1,244 |
| Buildings and structures | 240,308 | 241,235 |
| Machinery and equipment (private branch exchange) | - | 71 |
| Transportation equipment (business vehicles) | 375 | 325 |
| | <u>\$ 241,927</u> | <u>\$ 242,875</u> |

C. For the three months and six months ended June 30, 2022 and 2021, the additions to right-of-use assets and lease liabilities were \$2,982, \$14,172, \$2,982 and \$14,723, respectively.

D. Information on profit or loss in relation to lease contracts is as follows:

| | Three months ended June 30, | |
|---------------------------------------|-----------------------------|-----------|
| | 2022 | 2021 |
| <u>Items affecting profit or loss</u> | | |
| Interest expense on lease liabilities | \$ 30,131 | \$ 31,949 |
| Expense on short-term lease contracts | 977 | 939 |
| Expense on leases of low-value assets | 425 | 206 |
| Profit from lease modification | 26 | 8 |

| | Six months ended June 30, | |
|---------------------------------------|---------------------------|-----------|
| | 2022 | 2021 |
| <u>Items affecting profit or loss</u> | | |
| Interest expense on lease liabilities | \$ 60,735 | \$ 64,338 |
| Expense on short-term lease contracts | 1,918 | 1,830 |
| Expense on leases of low-value assets | 782 | 343 |
| Profit from lease modification | 26 | 13 |

E. For the three months and six months ended June 30, 2022 and 2021, the Group's total cash outflow for leases amounted to \$146,604, \$145,595, \$284,034 and \$291,173, respectively.

F. Variable lease payments

- (a) Some of the Group's lease contracts contain variable lease payment terms that are linked to volume of business generated from a business area. For business areas, up to 1.67% of lease payments are on the basis of variable payment terms and are accrued based on the revenue. Variable payment terms are used for a variety of reasons, including additional revenue exceeding the base revenue, and rental income is calculated based on an agreed upon rate of revenue. Various lease payments that depend on revenue are recognised in profit or loss in the period in which the event or condition that triggers those payments occur.
- (b) A 10% increase in the aggregate revenue of all business areas with such variable lease contracts would increase total lease payments by approximately 9.68%.

G. Extension and termination options

- (a) Extension options are included in approximately 93% of the Group's lease contracts pertaining to offices, business areas and cafeterias. These terms and conditions aim to maximise optional flexibility in terms of managing contracts.
- (b) In determining the lease term, the Group takes into consideration all facts and circumstances that create an economic incentive to exercise an extension option or not to exercise a termination option. The assessment of lease period is reviewed if a significant event occurs which affects the assessment.

H. The Group has applied the practical expedient to "Covid-19-related rent concessions", and recognised the gain from changes in lease payments arising from the rent concessions amounting to \$0, \$0, \$1,670 and \$0 by increasing other income for the three months and six months ended June 30, 2022 and 2021, respectively.

(10) Leasing arrangements – lessor

- A. The Group leases various assets including offices, dormitories, long-term rental suites and parking lot. Rental contracts are typically made for periods ranging from 0.5 and 23 years. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. To secure leased assets, the lessee may be asked that leased assets may not be used as security for borrowing purposes or cannot be lent, subleased, sold or granted in any different form to the third parties by the lessors.
- B. Gain arising from operating lease agreements for the three months and six months ended June 30, 2022 and 2021 are as follows:

| | Three months ended June 30, | |
|--|-----------------------------|------------|
| | 2022 | 2021 |
| Rent income | \$ 122,274 | \$ 119,568 |
| Rent income arising from variable lease payments | \$ 13,046 | \$ 5,259 |
| | Six months ended June 30, | |
| | 2022 | 2021 |
| Rent income | \$ 241,312 | \$ 236,141 |
| Rent income arising from variable lease payments | \$ 27,672 | \$ 20,663 |

C. The maturity analysis of the lease payments under the operating leases is as follows:

| | June 30, 2022 |
|-------------------------------|-------------------|
| July 1, 2022 to June 30, 2023 | \$ 364,972 |
| July 1, 2023 to June 30, 2027 | 441,100 |
| After July 1, 2027 | 119,075 |
| | <u>\$ 925,147</u> |

| | <u>June 30, 2021</u> |
|-------------------------------|----------------------|
| July 1, 2021 to June 30, 2022 | \$ 348,120 |
| July 1, 2022 to June 30, 2026 | 376,083 |
| After July 1, 2026 | <u>98,847</u> |
| | <u>\$ 823,050</u> |

(11) Investment property

A. Details of book values are as follows:

| | <u>June 30, 2022</u> | <u>December 31, 2021</u> | <u>June 30, 2021</u> |
|-------------------------|----------------------|--------------------------|----------------------|
| Land | \$ 207,077 | \$ 207,077 | \$ 207,077 |
| Leased assets-land | 2,597,386 | 2,597,386 | 2,597,557 |
| Leased assets-buildings | <u>2,637,898</u> | <u>2,680,614</u> | <u>2,724,304</u> |
| | <u>\$ 5,442,361</u> | <u>\$ 5,485,077</u> | <u>\$ 5,528,938</u> |

B. Changes in investment property for the period are as follows:

| <u>Six months ended June 30, 2022</u> | | | | | |
|---------------------------------------|----------------------------|-------------|-------------|-------------------|----------------------------|
| Cost | Opening net book amount | Additions | Disposals | Reclassifications | Closing net book amount |
| Land | \$ 207,077 | \$ - | \$ - | \$ - | \$ 207,077 |
| Leased assets - land | 2,597,386 | - | - | - | 2,597,386 |
| Leased assets - buildings | <u>3,947,476</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>3,947,476</u> |
| | <u>\$ 6,751,939</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ 6,751,939</u> |

| <u>Six months ended June 30, 2021</u> | | | | | |
|---------------------------------------|----------------------------|-------------|---------------------|-------------------|----------------------------|
| Cost | Opening net book amount | Additions | Disposals | Reclassifications | Closing net book amount |
| Land | \$ 207,077 | \$ - | \$ - | \$ - | \$ 207,077 |
| Leased assets - land | 2,600,824 | - | (3,267) | - | 2,597,557 |
| Leased assets - buildings | <u>3,958,822</u> | <u>-</u> | <u>(9,994)</u> | <u>-</u> | <u>3,948,828</u> |
| | <u>\$ 6,766,723</u> | <u>\$ -</u> | <u>(\$ 13,261)</u> | <u>\$ -</u> | <u>\$ 6,753,462</u> |

| <u>Six months ended June 30, 2022</u> | | | | | |
|---------------------------------------|----------------------------|------------------|-------------|-------------------|----------------------------|
| | Opening net book amount | Additions | Disposals | Reclassifications | Closing net book amount |
| Accumulated depreciation | - | - | - | - | - |
| Leased assets - buildings | <u>\$ 1,266,862</u> | <u>\$ 42,716</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ 1,309,578</u> |

| <u>Six months ended June 30, 2021</u> | | | | | |
|---------------------------------------|----------------------------|------------------|--------------------|-------------------|----------------------------|
| | Opening net book amount | Additions | Disposals | Reclassifications | Closing net book amount |
| Accumulated depreciation | - | - | - | - | - |
| Leased assets - buildings | <u>\$ 1,184,513</u> | <u>\$ 42,721</u> | <u>(\$ 2,710)</u> | <u>\$ -</u> | <u>\$ 1,224,524</u> |

C. Rental income from the lease of the investment property and direct operating expenses arising from the investment property are shown below:

| | Three months ended June 30, | |
|--|-----------------------------|------------|
| | 2022 | 2021 |
| Rental revenue from the lease of the investment property | \$ 118,937 | \$ 111,167 |
| Direct operating expenses arising from the investment property that generated rental income in the period | \$ 37,510 | \$ 38,175 |
| Direct operating expenses arising from the investment property that did not generate rental income in the period | \$ - | \$ - |
| | Six months ended June 30, | |
| | 2022 | 2021 |
| Rental revenue from the lease of the investment property | \$ 234,621 | \$ 223,800 |
| Direct operating expenses arising from the investment property that generated rental income in the period | \$ 74,844 | \$ 75,142 |
| Direct operating expenses arising from the investment property that did not generate rental income in the period | \$ - | \$ - |

D. As of June 30, 2022, December 31, 2021 and June 30, 2021, the fair value of the investment property held by the Group was \$12,480,472, \$12,509,073 and \$12,538,819, respectively. The Group management estimated the fair value based on market evidence on transaction price of similar property and assessed value. Valuations were made using the income approach which is categorized within Level 3 in the fair value hierarchy.

E. Information about the investment property that was pledged to others as collateral is provided in Note 8.

(12) Intangible assets

A. Details of book values are as follows:

| | June 30, 2022 | December 31, 2021 | June 30, 2021 |
|--------------------|---------------------|---------------------|---------------------|
| Service concession | \$ 1,902,296 | \$ 1,932,922 | \$ 1,963,549 |
| Software | 3,300 | 3,565 | 3,094 |
| | <u>\$ 1,905,596</u> | <u>\$ 1,936,487</u> | <u>\$ 1,966,643</u> |

B. Changes in intangible assets for the period are as follows:

| Cost | Six months ended June 30, 2022 | | | | |
|--------------------|--------------------------------|---------------|-----------------|-------------------|-------------------------|
| | Opening net book amount | Additions | Disposals | Reclassifications | Closing net book amount |
| Service concession | \$ 2,868,372 | \$ - | \$ - | \$ - | \$ 2,868,372 |
| Software | 9,600 | 585 | (611) | - | 9,574 |
| | <u>\$ 2,877,972</u> | <u>\$ 585</u> | <u>(\$ 611)</u> | <u>\$ -</u> | <u>\$ 2,877,946</u> |

| Six months ended June 30, 2021 | | | | | |
|--------------------------------|----------------------------|------------------|-----------------|-------------------|----------------------------|
| Cost | Opening net book amount | Additions | Disposals | Reclassifications | Closing net book amount |
| Service concession | \$ 2,868,372 | \$ - | \$ - | \$ - | \$ 2,868,372 |
| Software | 6,949 | 1,363 | - | - | 8,312 |
| | <u>\$ 2,875,321</u> | <u>\$ 1,363</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ 2,876,684</u> |
| Six months ended June 30, 2022 | | | | | |
| Accumulated amortization | Opening net book amount | Additions | Disposals | Reclassifications | Closing net book amount |
| Service concession | \$ 935,450 | \$ 30,626 | \$ - | \$ - | \$ 966,076 |
| Software | 6,035 | 850 | (611) | - | 6,274 |
| | <u>\$ 941,485</u> | <u>\$ 31,476</u> | <u>(\$ 611)</u> | <u>\$ -</u> | <u>\$ 972,350</u> |
| Six months ended June 30, 2021 | | | | | |
| Accumulated amortization | Opening net book amount | Additions | Disposals | Reclassifications | Closing net book amount |
| Service concession | \$ 874,197 | \$ 30,626 | \$ - | \$ - | \$ 904,823 |
| Software | 4,348 | 870 | - | - | 5,218 |
| | <u>\$ 878,545</u> | <u>\$ 31,496</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ 910,041</u> |

C. Details of amortization on intangible assets are as follows:

| Three months ended June 30, | | |
|-------------------------------------|------------------|------------------|
| | 2022 | 2021 |
| Operating costs | \$ 15,313 | \$ 15,313 |
| General and administrative expenses | 462 | 444 |
| | <u>\$ 15,775</u> | <u>\$ 15,757</u> |
| Six months ended June 30, | | |
| | 2022 | 2021 |
| Operating costs | \$ 30,626 | \$ 30,626 |
| General and administrative expenses | 850 | 870 |
| | <u>\$ 31,476</u> | <u>\$ 31,496</u> |

(13) Short-term borrowings

| | June 30, 2022 | December 31, 2021 | June 30, 2021 |
|---------------------------|--------------------|---------------------|--------------------|
| Unsecured bank borrowings | \$ 985,860 | \$ 1,275,860 | \$ 280,000 |
| Secured bank borrowings | - | - | - |
| | <u>\$ 985,860</u> | <u>\$ 1,275,860</u> | <u>\$ 280,000</u> |
| Interest rate range | <u>1.25%~1.90%</u> | <u>1.20%~1.57%</u> | <u>0.70%~1.75%</u> |

(14) Short-term notes and bills payable

| | <u>June 30, 2022</u> | <u>December 31, 2021</u> | <u>June 30, 2021</u> |
|----------------------------|----------------------|--------------------------|----------------------|
| Commercial papers | \$ 20,000 | \$ 250,000 | \$ 70,000 |
| Less: Unamortized discount | - | - | - |
| | <u>\$ 20,000</u> | <u>\$ 250,000</u> | <u>\$ 70,000</u> |
| Interest rate range | <u>1.41%</u> | <u>0.39~1.43%</u> | <u>1.30~1.40%</u> |

A. The above commercial papers were issued by banks and bills financial institutions.

B. For details of pledged assets, please refer to Note 8.

(15) Other payables

| | <u>June 30, 2022</u> | <u>December 31, 2021</u> | <u>June 30, 2021</u> |
|---------------------------------|----------------------|--------------------------|----------------------|
| Dividends payable | \$ 811,663 | \$ - | \$ - |
| Employees' compensation payable | 173,327 | 139,558 | 172,626 |
| Salaries and rewards payable | 136,926 | 182,116 | 107,890 |
| Advertisement payable | 76,646 | 62,559 | 75,502 |
| Taxes payable | 61,650 | 88,519 | 56,449 |
| Business tax payable | 47,399 | 53,072 | 32,884 |
| Compensation due to directors | 41,372 | 48,487 | 57,867 |
| Others | 175,779 | 128,177 | 121,956 |
| | <u>\$ 1,524,762</u> | <u>\$ 702,488</u> | <u>\$ 625,174</u> |

(16) Bonds payable

| | <u>June 30, 2022</u> | <u>December 31, 2021</u> | <u>June 30, 2021</u> |
|--|----------------------|--------------------------|----------------------|
| 2017 1st secured ordinary bonds payable | \$ - | \$ 2,000,000 | \$ 2,000,000 |
| 2018 1st secured ordinary bonds payable | 2,500,000 | 2,500,000 | 2,500,000 |
| 2022 1st secured ordinary bonds payable | <u>2,000,000</u> | <u>-</u> | <u>-</u> |
| | 4,500,000 | 4,500,000 | 4,500,000 |
| Less: Current portion | (2,500,000) | (2,000,000) | (2,000,000) |
| | <u>\$ 2,000,000</u> | <u>\$ 2,500,000</u> | <u>\$ 2,500,000</u> |

A. The Group issued secured ordinary bonds payable in June 2017. The significant terms of the bonds are as follows:

(a) Total issue amount: \$2,000,000

(b) Issue price: At par value of \$1,000 per bond

- (c) Coupon rate: 1.05%
 - (d) Terms of interest repayment: The bonds interest is calculated on simple rate every year starting June 2017 based on the coupon rate.
 - (e) Repayment term: The bonds are repaid upon the maturity of the bonds.
 - (f) Period: 5 years, from June 19, 2017 to June 19, 2022.
 - (g) The way of security: Secured by Bank of Taiwan.
 - (h) Trustee Bank: The bonds are guaranteed by Taipei Fubon Commercial Bank.
- B. The Group issued secured ordinary bonds payable in June 2018. The significant terms of the bonds are as follows:
- (a) Total issue amount: \$2,500,000
 - (b) Issue price: At par value of \$1,000 per bond
 - (c) Coupon rate: 0.84%
 - (d) Terms of interest repayment: The bonds interest is calculated on simple rate every year starting June 2018 based on the coupon rate.
 - (e) Repayment term: The bonds are repaid upon the maturity of the bonds.
 - (f) Period: 5 years, from June 15, 2018 to June 15, 2023.
 - (g) The way of security: Secured by Bank of Taiwan.
 - (h) Trustee Bank: The bonds are guaranteed by Taipei Fubon Commercial Bank.
- C. The Group issued secured ordinary bonds payable in June 2022. The significant terms of the bonds are as follows:
- (a) Total issue amount: \$2,000,000
 - (b) Issue price: At par value of \$1,000 per bond
 - (c) Coupon rate: 1.58%
 - (d) Terms of interest repayment: The bonds interest is calculated on simple rate every year starting June 2022 based on the coupon rate.
 - (e) Repayment term: The bonds are repaid upon the maturity of the bonds.
 - (f) Period: 5 years, from June 16, 2022 to June 16, 2027.
 - (g) The way of security: Secured by Bank of Taiwan.
 - (h) Trustee Bank: The bonds are guaranteed by Mega International Commercial Bank.

(17) Long-term borrowings

| | <u>June 30, 2022</u> | <u>December 31, 2021</u> | <u>June 30, 2021</u> |
|---------------------------|------------------------------|------------------------------|------------------------------|
| Secured bank borrowings | \$ 4,302,369 | \$ 4,511,624 | \$ 4,645,879 |
| Unsecured bank borrowings | <u>765,000</u> | <u>930,000</u> | <u>610,000</u> |
| | 5,067,369 | 5,441,624 | 5,255,879 |
| Less: Current portion | (<u>860,125</u>) | (<u>966,817</u>) | (<u>688,510</u>) |
| | <u>\$ 4,207,244</u> | <u>\$ 4,474,807</u> | <u>\$ 4,567,369</u> |
| Range of maturity dates | <u>2022.08.14~2027.11.02</u> | <u>2022.08.14~2027.11.02</u> | <u>2022.06.19~2027.11.02</u> |
| Range of maturity rates | <u>1.36%~1.95%</u> | <u>1.11%~1.79%</u> | <u>1.33%~1.79%</u> |

A. For details of restrictive covenants, please refer to Note 9.

B. For details of pledged assets, please refer to Note 8.

(18) Provisions - replacement cost

| | <u>2022</u> | <u>2021</u> |
|--------------|-------------------|-------------------|
| At January 1 | \$ 136,504 | \$ 113,024 |
| Additions | 26,894 | 24,199 |
| Used | (<u>12,160</u>) | (<u>10,809</u>) |
| At June 30 | <u>\$ 151,238</u> | <u>\$ 126,414</u> |

The Group's provisions for replacement cost pertains to the contract with National Taiwan University relating to the construction and operation of dormitories on Chang-Hsing St. and Shui-Yuan Campus, which was provided based on the estimated replacement cost of each asset during the operation. Information on the significant contract terms relating to the operation cost is provided in Note 9(5).

(19) Pension

A. (a) The Company has a defined benefit pension plan in accordance with the Labor Standards Law, covering all regular employees' service years prior to the enforcement of the Labor Pension Act on July 1, 2005 and service years thereafter of employees who chose to continue to be subject to the pension mechanism under the Law. Under the defined benefit pension plan, two units are accrued for each year of service for the first 15 years and one unit for each additional year thereafter, subject to a maximum of 45 units. Pension benefits are based on the number of units accrued and the average monthly salaries and wages of the last 6 months prior to retirement. The Company contributes monthly an amount equal to 8% of the employees' monthly salaries and wages to the retirement fund deposited with Bank of Taiwan, the trustee, under the name of the independent retirement fund committee. Also, the Company would assess the balance in the aforementioned labor pension reserve account by December 31, every year. If the account balance is insufficient to pay the pension calculated by the aforementioned method to the employees expected to qualify for retirement in the following year, the Company will make contributions to cover the deficit by next March.

- (b) For the aforementioned pension plan, the Group recognised pension costs of \$173, \$169, \$347 and \$338 for the three months and six months ended June 30, 2022 and 2021, respectively.
- (c) Expected contributions to the defined benefit pension plans of the Group for the year ending December 31, 2023 amount to \$2,813.
- B. (a) Effective July 1, 2005, the Company has established a defined contribution pension plan (the “New Plan”) under the Labor Pension Act (the “Act”), covering all regular employees with R.O.C. nationality. Under the New Plan, the Company contributes monthly an amount based on 6% of the employees’ monthly salaries and wages to the employees’ individual pension accounts at the Bureau of Labor Insurance. The benefits accrued are paid monthly or in lump sum upon termination of employment.
- (b) The pension costs under the defined contribution pension plans of the Company for the three months and six months ended June 30, 2022 and 2021 were \$14,309, \$14,404, \$28,246 and \$28,377, respectively.

(20) Share capital

- A. Movements in the number of the Company’s ordinary shares outstanding are as follows:
(Units: in thousand shares)

| | 2022 | 2021 |
|---------------------------------|------------------|------------------|
| Shares at January 1 and June 30 | <u>1,622,671</u> | <u>1,622,671</u> |

- B. As of June 30, 2022, the Company’s authorized capital was \$20,000,000, and the paid-in capital was \$16,233,261 with a par value of NT\$10 per share, consisting of 1,623,326 thousand shares of ordinary stock.
- C. As of June 30, 2022, December 31, 2021 and June 30, 2021, the Company’s subsidiary, Prince Apartment Management Maintain Co., Ltd., held the Company’s stocks to maintain equity interest in the Company. The amount of shares held by the subsidiary was all 655 thousand shares, the average par value was all NT\$1.53 per share, and the fair value was NT\$11.90, NT\$13.40 and NT\$11.90 per share, respectively.

(21) Capital surplus

Pursuant to the R.O.C. Company Act, capital surplus arising from paid-in capital in excess of par value on issuance of common stocks and donations can be used to cover accumulated deficit or to issue new stocks or cash to shareholders in proportion to their share ownership, provided that the Company has no accumulated deficit. Further, the R.O.C. Securities and Exchange Law requires that the amount of capital surplus to be capitalized mentioned above should not exceed 10% of the paid-in capital each year. Capital surplus should not be used to cover accumulated deficit unless the legal reserve is insufficient.

| | Capital surplus | | | |
|---------------------------------------|-----------------|----------------------------|----------|--------------|
| | Share premium | Treasury share transaction | Others | Total |
| 2022 | | | | |
| At January 1, 2022 (At June 30, 2022) | \$ 1,375,442 | \$ 877,839 | \$ 7,232 | \$ 2,260,513 |
| | Capital surplus | | | |
| | Share premium | Treasury share transaction | Others | Total |
| 2021 | | | | |
| At January 1, 2021 (At June 30, 2021) | \$ 1,375,442 | \$ 877,839 | \$ 7,232 | \$ 2,260,513 |

(22) Retained earnings

- A. In accordance with the Company's Articles of Incorporation, the Company will take into consideration its future business plans and capital expenditures in determining the amount of earnings to be retained and to be distributed. In accordance with the Company Law, 10% of the current year's earnings, after payment of all taxes and after offsetting accumulated deficit, shall be set aside as legal reserve until the balance of legal reserve is equal to that of issued share capital. Afterwards, an amount shall be appropriated or reversed as special reserve in accordance with applicable legal or regulatory requirements, along with prior years' accumulated unappropriated retained earnings, and then distribution should be in the following order: stock dividend and bonus to shareholders are no less than 20% of the accumulated distributable earnings, in current period and cash dividend is at least 30% of the total stock dividend and bonus; the appropriation of earnings is proposed by the Board of Directors and resolved by the shareholders.
- B. Except for covering accumulated deficit or issuing new stocks or cash to shareholders in proportion to their share ownership, the legal reserve shall not be used for any other purpose. The use of legal reserve for the issuance of stocks or cash to shareholders in proportion to their share ownership is permitted, provided that the distribution of the reserve is limited to the portion in excess of 25% of the Company's paid-in capital.
- C. The Company recognised dividends distributed to owners amounting to \$811,663 (\$0.5 (in dollars) per share) for the six months ended June 30, 2022. The Company recognised dividends distributed to owners amounting to \$649,330 (\$0.4 (in dollars) per share) for the year ended December 31, 2021.

(23) Other equity items

| | Unrealised gains (losses) on valuation | Currency translation | Total |
|--|---|-------------------------|--------------|
| At January 1, 2022 | \$ 1,765,082 | (\$ 48) | \$ 1,765,034 |
| Revaluation-Group | (302,605) | - | (302,605) |
| Disposals transferred to retained earnings - Group | (4,814) | - | (4,814) |
| At June 30, 2022 | \$ 1,457,663 | (\$ 48) | \$ 1,457,615 |
| | Unrealised gains (losses) on valuation | Currency translation | Total |
| At January 1, 2021 | \$ 1,242,305 | (\$ 48) | \$ 1,242,257 |
| Revaluation-Group | 537,060 | - | 537,060 |
| At June 30, 2021 | \$ 1,779,365 | (\$ 48) | \$ 1,779,317 |

(24) Maturity analysis of assets and liabilities

The construction related assets and liabilities are classified as current and non-current based on the operating cycle. Related recognised amount expected to be recovered or repaid within or after 12 months from the balance sheet date is as follows:

| | <u>Within 12 months</u> | <u>Over 12 months</u> | <u>Total</u> |
|---|-------------------------|-----------------------|----------------------|
| <u>June 30, 2022</u> | | | |
| Assets | | | |
| Notes receivable, net | \$ 74,786 | \$ - | \$ 74,786 |
| Accounts receivable, net (including related parties) | 255,859 | 231,688 | 487,547 |
| Contract assets | 77,233 | 309,146 | 386,379 |
| Inventories | 1,242,586 | 6,083,117 | 7,325,703 |
| | <u>\$ 1,650,464</u> | <u>\$ 6,623,951</u> | <u>\$ 8,274,415</u> |
| Liabilities | | | |
| Contract liabilities | \$ 413,331 | \$ 90,338 | \$ 503,669 |
| Accounts payable | 403,730 | 765,557 | 1,169,287 |
| Long-term notes and accounts payable | - | 11,456 | 11,456 |
| | <u>\$ 817,061</u> | <u>\$ 867,351</u> | <u>\$ 1,684,412</u> |
| | <u>Within 12 months</u> | <u>Over 12 months</u> | <u>Total</u> |
| <u>December 31, 2021</u> | | | |
| Assets | | | |
| Notes receivable, net | \$ 26,091 | \$ 120 | \$ 26,211 |
| Accounts receivable, net (including related parties) | 352,676 | 286,244 | 638,920 |
| Contract assets | 269,595 | 236,832 | 506,427 |
| Inventories | 4,504,223 | 6,799,275 | 11,303,498 |
| | <u>\$ 5,152,585</u> | <u>\$ 7,322,471</u> | <u>\$ 12,475,056</u> |
| Liabilities | | | |
| Contract liabilities | \$ 1,034,440 | \$ 93,860 | \$ 1,128,300 |
| Accounts payable | 1,028,362 | 576,917 | 1,605,279 |
| Long-term notes and accounts payable | - | 11,456 | 11,456 |
| | <u>\$ 2,062,802</u> | <u>\$ 682,233</u> | <u>\$ 2,745,035</u> |

| | Within 12 months | Over 12 months | Total |
|---|---------------------|---------------------|----------------------|
| <u>June 30, 2021</u> | | | |
| Assets | | | |
| Notes receivable, net | \$ 61,793 | \$ - | \$ 61,793 |
| Accounts receivable, net (including related parties) | 256,728 | 280,128 | 536,856 |
| Contract assets | 39,179 | 104,620 | 143,799 |
| Inventories | 7,386,005 | 6,790,633 | 14,176,638 |
| | <u>\$ 7,743,705</u> | <u>\$ 7,175,381</u> | <u>\$ 14,919,086</u> |
| Liabilities | | | |
| Contract liabilities | \$ 469,399 | \$ 166,111 | \$ 635,510 |
| Accounts payable | 770,358 | 662,739 | 1,433,097 |
| Long-term notes and accounts payable | - | 11,456 | 11,456 |
| | <u>\$ 1,239,757</u> | <u>\$ 840,306</u> | <u>\$ 2,080,063</u> |

(25) Operating revenue

| | Three months ended June 30, | |
|---------------------------------------|-----------------------------|---------------------|
| | 2022 | 2021 |
| Revenue from contracts with customers | \$ 3,493,108 | \$ 2,553,195 |
| Other - rental revenue | 135,320 | 124,827 |
| | <u>\$ 3,628,428</u> | <u>\$ 2,678,022</u> |
| | Six months ended June 30, | |
| | 2022 | 2021 |
| Revenue from contracts with customers | \$ 8,084,730 | \$ 5,653,367 |
| Other - rental revenue | 268,984 | 256,804 |
| | <u>\$ 8,353,714</u> | <u>\$ 5,910,171</u> |

A. The revenue from contracts with customers arises from the transfer of goods and services at a point in time or over time in the following business lines:

| <u>Three months ended</u> | Building and | | | | | |
|--|---------------------|---------------------|-------------------------|---------------------|----------------------------|---------------------|
| <u>June 30, 2022</u> | <u>land sales</u> | <u>Construction</u> | <u>Hotel management</u> | <u>BOT business</u> | <u>Property management</u> | <u>Total</u> |
| Revenue from external customer contracts | <u>\$ 2,543,620</u> | <u>\$ 557,766</u> | <u>\$ 235,138</u> | <u>\$ 69,739</u> | <u>\$ 86,845</u> | <u>\$ 3,493,108</u> |
| Timing of revenue recognition | | | | | | |
| At a point in time | \$ 2,543,620 | \$ - | \$ 63,313 | \$ - | \$ - | \$ 2,606,933 |
| Over time | - | 557,766 | 171,825 | 69,739 | 86,845 | 886,175 |
| | <u>\$ 2,543,620</u> | <u>\$ 557,766</u> | <u>\$ 235,138</u> | <u>\$ 69,739</u> | <u>\$ 86,845</u> | <u>\$ 3,493,108</u> |

| | | | | | | |
|---------------------------|---------------------|---------------------|-------------------------|---------------------|----------------------------|---------------------|
| <u>Three months ended</u> | Building and | | | | | |
| <u>June 30, 2021</u> | <u>land sales</u> | <u>Construction</u> | <u>Hotel management</u> | <u>BOT business</u> | <u>Property management</u> | <u>Total</u> |
| Revenue from external | | | | | | |
| customer contracts | \$ 1,743,243 | \$ 475,353 | \$ 187,266 | \$ 70,193 | \$ 77,140 | \$ 2,553,195 |
| Timing of revenue | | | | | | |
| recognition | | | | | | |
| At a point in time | \$ 1,743,243 | \$ - | \$ 60,616 | \$ - | \$ - | \$ 1,803,859 |
| Over time | - | 475,353 | 126,650 | 70,193 | 77,140 | 749,336 |
| | <u>\$ 1,743,243</u> | <u>\$ 475,353</u> | <u>\$ 187,266</u> | <u>\$ 70,193</u> | <u>\$ 77,140</u> | <u>\$ 2,553,195</u> |
| <u>Six months ended</u> | Building and | | | | | |
| <u>June 30, 2022</u> | <u>land sales</u> | <u>Construction</u> | <u>Hotel management</u> | <u>BOT business</u> | <u>Property management</u> | <u>Total</u> |
| Revenue from external | | | | | | |
| customer contracts | \$ 6,042,599 | \$ 1,109,064 | \$ 623,494 | \$ 137,260 | \$ 172,313 | \$ 8,084,730 |
| Timing of revenue | | | | | | |
| recognition | | | | | | |
| At a point in time | \$ 6,042,599 | \$ - | \$ 277,328 | \$ - | \$ - | \$ 6,319,927 |
| Over time | - | 1,109,064 | 346,166 | 137,260 | 172,313 | 1,764,803 |
| | <u>\$ 6,042,599</u> | <u>\$ 1,109,064</u> | <u>\$ 623,494</u> | <u>\$ 137,260</u> | <u>\$ 172,313</u> | <u>\$ 8,084,730</u> |
| <u>Six months ended</u> | Building and | | | | | |
| <u>June 30, 2021</u> | <u>land sales</u> | <u>Construction</u> | <u>Hotel management</u> | <u>BOT business</u> | <u>Property management</u> | <u>Total</u> |
| Revenue from external | | | | | | |
| customer contracts | \$ 3,837,532 | \$ 987,848 | \$ 535,763 | \$ 135,415 | \$ 156,809 | \$ 5,653,367 |
| Timing of revenue | | | | | | |
| recognition | | | | | | |
| At a point in time | \$ 3,837,532 | \$ - | \$ 261,386 | \$ - | \$ - | \$ 4,098,918 |
| Over time | - | 987,848 | 274,377 | 135,415 | 156,809 | 1,554,449 |
| | <u>\$ 3,837,532</u> | <u>\$ 987,848</u> | <u>\$ 535,763</u> | <u>\$ 135,415</u> | <u>\$ 156,809</u> | <u>\$ 5,653,367</u> |

B. Aggregate amount of the transaction price allocated to and the year expected to recognise revenue for the unsatisfied performance obligations in relation to the contracted significant construction contracts as of June 30, 2022, December 31, 2021 and June 30, 2021 are as follows:

| | <u>Year expected to recognise revenue</u> | <u>Contracted amount</u> |
|-------------------|---|--------------------------|
| June 30, 2022 | 2022~2024 | \$ 7,475,332 |
| December 31, 2021 | 2022~2024 | 8,416,139 |
| June 30, 2021 | 2021~2024 | 5,148,066 |

C. Contract assets and liabilities

The Group has recognised the following revenue-related contract assets and liabilities:

| | June 30, 2022 | December 31, 2021 | June 30, 2021 | January 1, 2021 |
|--|-------------------|---------------------|-------------------|-------------------|
| Contract assets: | | | | |
| Contract assets - construction contracts | \$ 386,379 | \$ 506,427 | \$ 143,799 | \$ 200,782 |
| Contract liabilities: | | | | |
| Contract liabilities | \$ 314,476 | \$ 1,032,712 | \$ 470,094 | \$ 458,386 |
| - buildings and land sales contracts | | | | |
| Contract liabilities - construction contracts | 189,193 | 95,588 | 165,416 | 255,899 |
| Contract liabilities - Hotel operation contracts | 136,278 | 152,748 | 129,489 | 142,814 |
| Contract liabilities - BOT business | 22,092 | 61,285 | 19,660 | 59,851 |
| | <u>\$ 662,039</u> | <u>\$ 1,342,333</u> | <u>\$ 784,659</u> | <u>\$ 916,950</u> |

Revenue recognised that was included in the contract liability balance at the beginning of the period:

| | Three months ended June 30, | |
|--|-----------------------------|------|
| | 2022 | 2021 |

Revenue recognised that was included in the contract liability balance at the beginning of the period

| | | |
|-----------------------------------|------------------|------------------|
| Building and land sales contracts | \$ 39,657 | \$ 61,461 |
| Hotel operation contracts | - | 2 |
| | <u>\$ 39,657</u> | <u>\$ 61,463</u> |

| | Six months ended June 30, | |
|--|---------------------------|------|
| | 2022 | 2021 |

Revenue recognised that was included in the contract liability balance at the beginning of the period

| | | |
|-----------------------------------|---------------------|-------------------|
| Building and land sales contracts | \$ 699,685 | \$ 442,027 |
| Construction contracts | 95,588 | 255,899 |
| Hotel operation contracts | 152,299 | 142,345 |
| BOT business | 61,285 | 59,851 |
| | <u>\$ 1,008,857</u> | <u>\$ 900,122</u> |

(26) Interest income

| | Three months ended June 30, | |
|------------------------------------|-----------------------------|-----------------|
| | 2022 | 2021 |
| Interest income from bank deposits | \$ 2,915 | \$ 1,897 |
| Other interest income | 552 | 229 |
| | <u>\$ 3,467</u> | <u>\$ 2,126</u> |

| | Six months ended June 30, | |
|------------------------------------|---------------------------|-----------------|
| | 2022 | 2021 |
| Interest income from bank deposits | \$ 4,545 | \$ 3,739 |
| Other interest income | 973 | 424 |
| | <u>\$ 5,518</u> | <u>\$ 4,163</u> |

(27) Other income

| | Three months ended June 30, | |
|--------------------------------------|-----------------------------|-------------------|
| | 2022 | 2021 |
| Dividend income | \$ 147,656 | \$ 84,390 |
| Government grant revenue (Note 1) | 1,240 | 15,762 |
| Payables transferred to other income | 33,878 | 13,648 |
| Insurance claims income | - | 1,800 |
| Other income | 4,944 | 7,179 |
| | <u>\$ 187,718</u> | <u>\$ 122,779</u> |

| | Six months ended June 30, | |
|---------------------------------------|---------------------------|-------------------|
| | 2022 | 2021 |
| Dividend income | \$ 147,656 | \$ 85,211 |
| Government grant revenue (Note 1) | 1,822 | 35,382 |
| Payables transferred to other income | 81,130 | 31,163 |
| Income from rent concessions (Note 2) | 1,670 | - |
| Compensation for road expropriation | - | 8,695 |
| Insurance claims income | - | 1,800 |
| Other income | 25,941 | 21,212 |
| | <u>\$ 258,219</u> | <u>\$ 183,463</u> |

Note 1: The Group's hotel segment is eligible for subsidies in accordance with "Subsidies for Business Suffered by Severe Pneumonia with Novel Pathogens (COVID-19) Handled by the Commercial Service Industry of the Ministry of Economic Affairs" and "Directions for Tourism Bureau to Subsidize Employee Salaries of Tourist Hotels and Hotels" from the Tourism Bureau, M.O.T.C., and thus the Group recognised government grant revenue arising from subsidies for wages and salaries amounting to \$322, \$15,762, \$904 and 35,382 for the three months and six months ended June 30, 2022 and 2021, respectively.

Note 2: Due to the impact of COVID-19 pandemic, the Group recognised rent concession income for the three months and six months ended June 30, 2022 and 2021. Refer to Note 6(9) for details.

(28) Other gains and losses

| | Three months ended June 30, | |
|--|-----------------------------|---------------------|
| | 2022 | 2021 |
| Net (losses) gains on financial assets at fair value through profit or loss | (\$ 301,858) | \$ 447,410 |
| (Losses) gains on disposals of property, plant and equipment (including investment property) | (699) | 12,385 |
| Others | 30 | 29 |
| | <u>(\$ 302,527)</u> | <u>\$ 459,824</u> |
| | Six months ended June 30, | |
| | 2022 | 2021 |
| Net (losses) gains on financial assets at fair value through profit or loss | (\$ 562,496) | \$ 1,099,810 |
| Gains on disposals of property, plant and equipment (including investment property) | 28,526 | 2,534 |
| Others | (2,477) | 7 |
| | <u>(\$ 536,447)</u> | <u>\$ 1,102,351</u> |

(29) Finance costs

| | Three months ended June 30, | |
|--|-----------------------------|------------------|
| | 2022 | 2021 |
| Interest expense: | | |
| Bank borrowings | \$ 28,844 | \$ 29,313 |
| Lease liability | 30,131 | 31,949 |
| Commercial paper | 37 | 1,058 |
| Ordinary bonds | 22,631 | 22,367 |
| Others | 274 | 112 |
| Other finance expenses | <u>300</u> | <u>300</u> |
| | 82,217 | 85,099 |
| Less : Capitalization of qualifying assets | <u>(387)</u> | <u>(14,283)</u> |
| | <u>\$ 81,830</u> | <u>\$ 70,816</u> |

| | Six months ended June 30, | |
|--|---------------------------|------------|
| | 2022 | 2021 |
| Interest expense: | | |
| Bank borrowings | \$ 56,294 | \$ 64,922 |
| Lease liability | 60,735 | 64,338 |
| Commercial paper | 379 | 4,956 |
| Ordinary bonds | 44,356 | 44,078 |
| Others | 1,113 | 943 |
| Other finance expenses | 600 | 600 |
| | 163,477 | 179,837 |
| Less : Capitalization of qualifying assets | (976) | (28,255) |
| | \$ 162,501 | \$ 151,582 |

(30) Expenses by nature

| | Three months ended June 30, 2022 | | |
|---------------------------------|----------------------------------|--------------------|------------|
| | Operating costs | Operating expenses | Total |
| Employee benefit expense | | | |
| Wages and salaries | \$ 142,389 | \$ 196,274 | \$ 338,663 |
| Labor and health insurance fees | 14,842 | 16,752 | 31,594 |
| Pension costs | 7,360 | 7,122 | 14,482 |
| Directors' remuneration | - | 22,649 | 22,649 |
| Other employee benefit expense | 3,851 | 9,030 | 12,881 |
| | \$ 168,442 | \$ 251,827 | \$ 420,269 |
| Depreciation charges | \$ 21,429 | \$ 168,213 | \$ 189,642 |
| Amortization charges | \$ 15,313 | \$ 462 | \$ 15,775 |

| | Three months ended June 30, 2021 | | |
|---------------------------------|----------------------------------|--------------------|------------|
| | Operating costs | Operating expenses | Total |
| Employee benefit expense | | | |
| Wages and salaries | \$ 141,342 | \$ 183,552 | \$ 324,894 |
| Labor and health insurance fees | 15,095 | 16,385 | 31,480 |
| Pension costs | 7,259 | 7,314 | 14,573 |
| Directors' remuneration | - | 28,518 | 28,518 |
| Other employee benefit expense | 4,671 | 8,593 | 13,264 |
| | \$ 168,367 | \$ 244,362 | \$ 412,729 |
| Depreciation charges | \$ 21,423 | \$ 173,608 | \$ 195,031 |
| Amortization charges | \$ 15,313 | \$ 444 | \$ 15,757 |

| Six months ended June 30, 2022 | | | |
|---------------------------------|-------------------|--------------------|-------------------|
| | Operating costs | Operating expenses | Total |
| Employee benefit expense | | | |
| Wages and salaries | \$ 298,224 | \$ 386,877 | \$ 685,101 |
| Labor and health insurance fees | 30,732 | 31,497 | 62,229 |
| Pension costs | 14,982 | 13,611 | 28,593 |
| Directors' remuneration | - | 43,815 | 43,815 |
| Other employee benefit expense | 13,893 | 16,145 | 30,038 |
| | <u>\$ 357,831</u> | <u>\$ 491,945</u> | <u>\$ 849,776</u> |
| Depreciation charges | <u>\$ 42,716</u> | <u>\$ 338,067</u> | <u>\$ 380,783</u> |
| Amortization charges | <u>\$ 30,626</u> | <u>\$ 850</u> | <u>\$ 31,476</u> |

| Six months ended June 30, 2021 | | | |
|---------------------------------|-------------------|--------------------|-------------------|
| | Operating costs | Operating expenses | Total |
| Employee benefit expense | | | |
| Wages and salaries | \$ 283,727 | \$ 378,014 | \$ 661,741 |
| Labor and health insurance fees | 30,425 | 30,431 | 60,856 |
| Pension costs | 14,651 | 14,064 | 28,715 |
| Directors' remuneration | - | 61,074 | 61,074 |
| Other employee benefit expense | 14,784 | 14,757 | 29,541 |
| | <u>\$ 343,587</u> | <u>\$ 498,340</u> | <u>\$ 841,927</u> |
| Depreciation charges | <u>\$ 42,721</u> | <u>\$ 350,330</u> | <u>\$ 393,051</u> |
| Amortization charges | <u>\$ 30,626</u> | <u>\$ 870</u> | <u>\$ 31,496</u> |

A. According to the Articles of Incorporation of the Company, when distributing earnings, the Company shall distribute compensation to the employees and pay remuneration to the directors that account for at least 2% and no higher than 3%, respectively, of distributable profit of the current period. If a company has accumulated deficit, earnings should be channeled to cover losses.

Employees' compensation can be distributed in the form of shares or in cash. Qualified employees, including the employees of subsidiaries of the company meeting certain specific requirements, are entitled to receive aforementioned stock or cash.

Abovementioned distributable profit of the current period refers to the pre-tax profit before deduction of employees' compensation and directors' remuneration.

- B. For the three months and six months ended June 30, 2022 and 2021, employees' compensation was accrued at \$88,491, \$77,304, \$168,601 and \$167,300, respectively; while directors' remuneration was accrued at \$20,930, \$26,299, \$40,307 and \$56,916, respectively. The aforementioned amounts were recognised in salary expenses.

The employees' compensation and directors' remuneration were accrued based on the percentage as prescribed in the Company's Articles of Incorporation and distributable profit of current period for the six months ended June 30, 2022.

Employees' compensation and directors' remuneration of 2021 as resolved at the meeting of Board of Directors were in agreement with those amounts recognised in the 2021 financial statements. The employees' compensation will be distributed in the form of cash.

Information about employees' compensation and directors' remuneration of the Company as resolved at the meeting of Board of Directors will be posted in the "Market Observation Post System" at the website of the Taiwan Stock Exchange.

(31) Income tax

A. Income tax expense

Components of income tax expense:

| | Three months ended June 30, | |
|--|-----------------------------|-----------|
| | 2022 | 2021 |
| Current tax: | | |
| Current tax on profits for the period | \$ 125,786 | \$ 52,636 |
| Tax on undistributed surplus earnings | 28,900 | - |
| Prior year income tax overestimation | 955 | (9,021) |
| Land value increment tax recognised in income tax for the period | 14,065 | 5,388 |
| Total current tax | 169,706 | 49,003 |
| Deferred tax: | | |
| Origination and reversal of temporary differences | (64) | 222 |
| Loss carryforward | (27,377) | (31,803) |
| Total deferred tax | (27,441) | (31,581) |
| Income tax expense | \$ 142,265 | \$ 17,422 |

| | Six months ended June 30, | |
|--|---------------------------|------------|
| | 2022 | 2021 |
| Current tax: | | |
| Current tax on profits for the period | \$ 268,105 | \$ 117,537 |
| Tax on undistributed surplus earnings | 28,900 | - |
| Prior year income tax overestimation | 955 | (9,021) |
| Land value increment tax recognised in income tax for the period | 29,579 | 11,602 |
| Total current tax | 327,539 | 120,118 |
| Deferred tax: | | |
| Origination and reversal of temporary differences | (19,475) | (88) |
| Loss carryforward | (46,041) | (54,569) |
| Total deferred tax | (65,516) | (54,657) |
| Income tax expense | \$ 262,023 | \$ 65,461 |

B. The Company's income tax returns through 2020 have been assessed and approved by the Tax Authority.

(32) Earnings per share

| | Three months ended June 30, 2022 | | |
|--|----------------------------------|--|-----------------------|
| | | Weighted average number of ordinary shares outstanding | Earnings per share |
| <u>Basic earnings per share</u> | <u>Amount after tax</u> | <u>(shares in thousands)</u> | <u>(in dollars)</u> |
| Profit attributable to ordinary shareholders of the parent | \$ 439,678 | 1,622,671 | \$ 0.27 |
| <u>Diluted earnings per share</u> | | | |
| Profit attributable to ordinary shareholders of the parent | \$ 439,678 | 1,622,671 | |
| Assumed conversion of all dilutive potential ordinary shares | | | |
| Employees' compensation | - | 7,436 | |
| Profit attributable to ordinary shareholders of the parent plus assumed conversion of all dilutive potential ordinary shares | \$ 439,678 | 1,630,107 | \$ 0.27 |

| Three months ended June 30, 2021 | | | |
|--|-------------------------|--|-----------------------|
| | | Weighted average number of ordinary shares outstanding | Earnings per share |
| <u>Basic earnings per share</u> | <u>Amount after tax</u> | <u>(shares in thousands)</u> | <u>(in dollars)</u> |
| Profit attributable to ordinary shareholders of the parent | \$ 764,769 | 1,622,671 | \$ 0.47 |
| <u>Diluted earnings per share</u> | | | |
| Profit attributable to ordinary shareholders of the parent | \$ 764,769 | 1,622,671 | |
| Assumed conversion of all dilutive potential ordinary shares | | | |
| Employees' compensation | - | 6,496 | |
| Profit attributable to ordinary shareholders of the parent plus assumed conversion of all dilutive potential ordinary shares | \$ 764,769 | 1,629,167 | \$ 0.47 |
| Six months ended June 30, 2022 | | | |
| | | Weighted average number of ordinary shares outstanding | Earnings per share |
| <u>Basic earnings per share</u> | <u>Amount after tax</u> | <u>(shares in thousands)</u> | <u>(in dollars)</u> |
| Profit attributable to ordinary shareholders of the parent | \$ 874,790 | 1,622,671 | \$ 0.54 |
| <u>Diluted earnings per share</u> | | | |
| Profit attributable to ordinary shareholders of the parent | \$ 874,790 | 1,622,671 | |
| Assumed conversion of all dilutive potential ordinary shares | | | |
| Employees' compensation | - | 17,559 | |
| Profit attributable to ordinary shareholders of the parent plus assumed conversion of all dilutive potential ordinary shares | \$ 874,790 | 1,640,230 | \$ 0.53 |

| Six months ended June 30, 2021 | | | |
|--|-------------------------|--|-----------------------|
| | | Weighted average number of ordinary shares outstanding | Earnings per share |
| <u>Basic earnings per share</u> | <u>Amount after tax</u> | <u>(shares in thousands)</u> | <u>(in dollars)</u> |
| Profit attributable to ordinary shareholders of the parent | \$ 1,597,033 | 1,622,671 | \$ 0.98 |
| <u>Diluted earnings per share</u> | | | |
| Profit attributable to ordinary shareholders of the parent | \$ 1,597,033 | 1,622,671 | |
| Assumed conversion of all dilutive potential ordinary shares | | | |
| Employees' compensation | - | 17,557 | |
| Profit attributable to ordinary shareholders of the parent plus assumed conversion of all dilutive potential ordinary shares | \$ 1,597,033 | 1,640,228 | \$ 0.97 |

(33) Supplemental cash flow information

Investing activities with no cash flow effects:

| Six months ended June 30, | | |
|--|--------------|--------------|
| | 2022 | 2021 |
| Prepayments transferred to property, plant and equipment | \$ - | \$ 332 |
| Bonds payable and long-term borrowings transferred to long-term liabilities, current portion | \$ 3,360,125 | \$ 2,688,510 |
| Cash dividends declared but yet to be paid | \$ 811,663 | \$ - |

(34) Changes in liabilities from financing activities

| | January 1, 2022 | Changes in cash flow from financing activities | Changes in other non-cash items | June 30, 2022 |
|---|-----------------|--|------------------------------------|---------------|
| Short-term borrowings | \$ 1,275,860 | (\$ 290,000) | \$ - | \$ 985,860 |
| Short-term notes and bills payable | 250,000 | (230,000) | - | 20,000 |
| Bonds payable | 4,500,000 | - | - | 4,500,000 |
| Long-term borrowings | 5,441,624 | (374,255) | - | 5,067,369 |
| Long-term notes and accounts payable | 808,301 | - | - | 808,301 |
| Guarantee deposits received | 164,542 | (907) | - | 163,635 |
| Lease liability | 7,422,173 | (220,599) | 808 | 7,202,382 |
| Liabilities from financing activities - gross | \$ 19,862,500 | (\$ 1,115,761) | \$ 808 | \$ 18,747,547 |

| | January 1, 2021 | Changes in cash flow from financing activities | Changes in other non-cash items | June 30, 2021 |
|---|----------------------|--|------------------------------------|----------------------|
| Short-term borrowings | \$ 1,315,000 | (\$ 1,035,000) | \$ - | \$ 280,000 |
| Short-term notes and bills payable | 50,000 | 20,000 | - | 70,000 |
| Bonds payable | 4,500,000 | - | - | 4,500,000 |
| Long-term borrowings | 8,693,237 | (3,437,358) | - | 5,255,879 |
| Long-term notes and accounts payable | 808,301 | - | - | 808,301 |
| Guarantee deposits received | 160,581 | 22,185 | - | 182,766 |
| Lease liability | 7,861,183 | (224,662) | 12,710 | 7,649,231 |
| Liabilities from financing activities - gross | <u>\$ 23,388,302</u> | <u>(\$ 4,654,835)</u> | <u>\$ 12,710</u> | <u>\$ 18,746,177</u> |

7. RELATED PARTY TRANSACTIONS

(1) Names of related parties and relationship with the Company

| Names of related parties | Relationship with the Company |
|--|--|
| Uni-President Development Corp. (Uni-President Development) | Associate |
| Amida Trustlink Assets Management Co., Ltd. (Amida Trustlink Assets) | Associate |
| President International Development Corp. (President International Development) | Other related party |
| Tone Sang Construction Corp. President Chain Store Corp. (President Chain Store) | Other related party Other related party |
| C-maan Health Limited Company (C-maan Health) | Other related party |
| Man-Strong Manpower MGT Co., Ltd. (Man-Strong Manpower) | Other related party |
| Kao Chyuan Investment Co., Ltd. (Kao Chyuan Investment) | Other related party |
| President Fair Development Crop. (President Fair Development) | Other related party |
| Uni-President Express Corp. (Uni-President Express) | Other related party |

(2) Significant related party transactions and balances

A. Sales of goods:

| | | Three months ended June 30, | |
|------------------------------|----|-----------------------------|--------------|
| | | 2022 | 2021 |
| Construction subcontracting: | | | |
| — Uni-President Express | \$ | 56,250 | \$ - |
| — Other related parties | | 6,029 | 2,828 |
| | \$ | <u>62,279</u> | <u>2,828</u> |
| | | Six months ended June 30, | |
| | | 2022 | 2021 |
| Construction subcontracting: | | | |
| — Uni-President Express | \$ | 258,300 | \$ - |
| — Other related parties | | 16,235 | 3,106 |
| | \$ | <u>274,535</u> | <u>3,106</u> |

The contract prices of construction for related parties are based on expected construction cost plus reasonable management expenses and profit, and are determined based on mutual agreements. The construction payments are collected based on the contract terms. As of June 30, 2022, December 31, 2021 and June 30, 2021, the status of the construction for the related parties undertaken by the Group was as follows:

| | <u>June 30, 2022</u> | <u>December 31, 2021</u> | <u>June 30, 2021</u> |
|--|----------------------|-----------------------------|----------------------|
| Uni-President Express: | | | |
| Total amount of construction contracts that were signed but had not been settled yet | \$ 4,500,000 | \$ 4,500,000 | \$ - |
| Construction payments received | (568,149) | (858) | - |
| Construction payments receivable | <u>\$ 3,931,851</u> | <u>\$ 4,499,142</u> | <u>\$ -</u> |
| Other related parties: | | | |
| Total amount of construction contracts that were signed but had not been settled yet | \$ 59,341 | \$ 59,341 | \$ 59,341 |
| Construction payments received | (19,346) | (19,346) | (6,350) |
| Construction payments receivable | <u>\$ 39,995</u> | <u>\$ 39,995</u> | <u>\$ 52,991</u> |
| | | Three months ended June 30, | |
| | | 2022 | 2021 |
| Rental income: | | | |
| — President Chain Store | \$ | 13,439 | \$ 13,379 |
| — Other related parties | | 4,097 | 4,160 |
| | \$ | <u>17,536</u> | <u>17,539</u> |

| | Six months ended June 30, | |
|-------------------------|---------------------------|------------------|
| | 2022 | 2021 |
| Rental income: | | |
| — President Chain Store | \$ 26,846 | \$ 26,759 |
| — Other related parties | 8,250 | 8,338 |
| | <u>\$ 35,096</u> | <u>\$ 35,097</u> |

Rent is determined by mutual agreements and is collected monthly.

B. Accounts receivable

| | June 30, 2022 | December 31, 2021 | June 30, 2021 |
|-------------------------|-------------------|-------------------|-----------------|
| — Uni-President Express | \$ 131,713 | \$ 901 | \$ - |
| — Other related parties | 5,798 | 5,559 | 4,304 |
| | <u>\$ 137,511</u> | <u>\$ 6,460</u> | <u>\$ 4,304</u> |

C. Contract assets and liabilities

| | June 30, 2022 | December 31, 2021 | June 30, 2021 |
|---------------------------------|------------------|-------------------|---------------|
| Contract assets: | | | |
| Kao Chyuan Investment Co., Ltd. | \$ 14,211 | \$ - | \$ - |
| Uni-President Express | - | 209,703 | - |
| | <u>\$ 14,211</u> | <u>\$ 209,703</u> | <u>\$ -</u> |
| | June 30, 2022 | December 31, 2021 | June 30, 2021 |
| Contract liabilities: | | | |
| Uni-President Express | \$ 99,119 | \$ - | \$ - |
| Other related parties | 687 | 2,779 | - |
| | <u>\$ 99,806</u> | <u>\$ 2,779</u> | <u>\$ -</u> |

D. Lease transactions - lessee

- (a) i. The Group leases business area from the associate, Uni-President Development Corp. The lease terms are between 2011 and 2035, and all these lease agreements are renewable at the end of the lease period. Rental payment is calculated based on an agreed upon rate of revenue.
- ii. The Group leases office from the other related parties, President International Development Corp. These leases have terms expiring between 2018 and 2023, and all these lease agreements are renewable at the end of the lease period.

(b) Lease liabilities

i. Outstanding balance:

| | <u>June 30, 2022</u> | <u>December 31, 2021</u> | <u>June 30, 2021</u> |
|----------------------------|----------------------|--------------------------|----------------------|
| Lease liabilities-current: | | | |
| Uni-President | | | |
| Development | \$ 335,658 | \$ 331,824 | \$ 329,314 |
| President International | | | |
| Development | 20,192 | 25,284 | 25,007 |
| | <u>\$ 355,850</u> | <u>\$ 357,108</u> | <u>\$ 354,321</u> |
| | <u>June 30, 2022</u> | <u>December 31, 2021</u> | <u>June 30, 2021</u> |
| Lease liabilities | | | |
| - non-current: | | | |
| Uni-President | | | |
| Development | \$ 4,869,567 | \$ 5,038,683 | \$ 5,205,382 |
| President International | | | |
| Development | - | 7,480 | 20,192 |
| | <u>\$ 4,869,567</u> | <u>\$ 5,046,163</u> | <u>\$ 5,225,574</u> |

ii. Interest expense:

| | <u>Three months ended June 30,</u> | |
|---|------------------------------------|------------------|
| | <u>2022</u> | <u>2021</u> |
| Interest expense: | | |
| Uni-President Development Corp. | \$ 19,991 | \$ 21,239 |
| President International Development Corp, | 135 | 273 |
| | <u>\$ 20,126</u> | <u>\$ 21,512</u> |
| | <u>Six months ended June 30,</u> | |
| | <u>2022</u> | <u>2021</u> |
| Interest expense: | | |
| Uni-President Development | \$ 40,295 | \$ 42,786 |
| President International Development | 304 | 579 |
| | <u>\$ 40,599</u> | <u>\$ 43,365</u> |

E. Others:

| | <u>June 30, 2022</u> | <u>December 31, 2021</u> | <u>June 30, 2021</u> |
|---------------------------|----------------------|--------------------------|----------------------|
| Refundable deposits: | | | |
| Uni-President Development | <u>\$ 68,526</u> | <u>\$ 68,641</u> | <u>\$ 68,526</u> |

F. On June 20, 2006, the Company and China Metal Products Co., Ltd. (“A party”) jointly signed a creditor’s rights transfer contract with Amida Trustlink Assets Management Co., Ltd. (“B party”). Under the contract, the Company and A party should pay \$2,100,000 each (totaling \$4,200,000) to jointly acquire whole creditor’s rights of mortgages, security interests and other

dependent claims (collectively referred herein as the creditor's rights) on the Splendor Hotel Taichung Building, and each bears 50% rights and obligations of this acquisition; when all creditor's rights of this object turn into property rights, the Company and A party should pay B party totaling \$1,000,000 as the cost and reward of B party for it is entrusted with the task to help turn the creditor's rights as stated above into property rights, but any excess cost over \$1,000,000 if incurred on this task shall be borne by B party on its own; the Company should pay B party \$300,000 before June 30, 2006, and the Company and A party should jointly issue a promissory note of \$1,800,000 to B party on the signing date; payment should be done before July 15, 2006. The title to the creditor's rights as stated above had been transferred to the Company and A party on August 2, 2006. Total acquisition price of the creditor's rights amounted to \$5,200,000, which the Company and A party bear 50% of the price each. The Company had paid its share.

(3) Key management compensation

| | Three months ended June 30, | |
|---|-----------------------------|------------------|
| | 2022 | 2021 |
| Salaries and other short-term employee benefits | \$ 43,393 | \$ 32,204 |
| Post-employment benefits | - | - |
| Other long-term benefits | - | - |
| Termination benefit | - | - |
| Share-based payment | - | - |
| | <u>\$ 43,393</u> | <u>\$ 32,204</u> |

| | Six months ended June 30, | |
|---|---------------------------|------------------|
| | 2022 | 2021 |
| Salaries and other short-term employee benefits | \$ 50,076 | \$ 39,136 |
| Post-employment benefits | - | - |
| Other long-term benefits | - | - |
| Termination benefit | - | - |
| Share-based payment | - | - |
| | <u>\$ 50,076</u> | <u>\$ 39,136</u> |

8. PLEDGED ASSETS

The Company's assets pledged as collateral are as follows:

| Pledged asset | June 30, 2022 | December 31, 2021 | June 30, 2021 | Purpose |
|---|----------------------|----------------------|----------------------|--|
| Time deposits, demand deposits and checking deposits (shown as "financial assets at amortised cost") | \$ 646,531 | \$ 669,271 | \$ 746,777 | Performance guarantee, construction performance guarantee, long-term and short-term borrowings, issuance of short-term notes and bills, member reward points, gift coupons trust account and sinking funds |
| Financial assets at fair value through profit or loss | 80,003 | 79,887 | 79,813 | Construction performance guarantees and long-term and short-term borrowings |
| Land held for construction site | 1,256,536 | 582,620 | 582,620 | Long-term and short-term borrowings and issuance of short-term notes and bills |
| Construction in progress | 35,774 | 13,006 | 13,006 | Long-term and short-term borrowings and issuance of short-term notes and bills |
| Financial assets at fair value through other comprehensive income | 1,193,268 | 1,348,997 | 1,566,424 | Short-term borrowings and issuance of long-term notes and bills |
| Investments accounted for under equity method | 947,644 | 1,136,331 | 1,126,503 | Long-term borrowings and issuance of long-term notes and bills |
| Land | 2,792,444 | 2,792,444 | 2,792,444 | Construction performance guarantees, long-term and short-term borrowings and issuance of short-term notes and bills |
| Buildings | 1,690,648 | 1,706,094 | 1,733,867 | Long-term and short-term borrowings and issuance of short-term notes and bills |
| Investment property | 4,718,130 | 4,792,265 | 4,814,425 | Construction performance guarantees, long-term and short-term borrowings and issuance of short-term notes and bills |
| | <u>\$ 13,360,978</u> | <u>\$ 13,120,915</u> | <u>\$ 13,455,879</u> | |

9. SIGNIFICANT CONTINGENT LIABILITIES AND UNRECOGNISED CONTRACT COMMITMENTS

(1) Summary of endorsements and guarantees is as follows:

A. Summary of endorsements and guarantees provided by the Company to subsidiaries is as follows:

| Name of company | June 30, 2022 | | December 31, 2021 | | June 30, 2021 | |
|--|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|
| | Total endorsement | Amount | Total endorsement | Amount | Total endorsement | Amount |
| | amount | drawn | amount | drawn | amount | drawn |
| The Splendor Hospitality International Co. Ltd.,(Note) | <u>\$ 1,900,000</u> | <u>\$ 1,650,000</u> | <u>\$ 1,825,000</u> | <u>\$ 1,825,000</u> | <u>\$ 1,950,000</u> | <u>\$ 1,850,000</u> |

Note: The Company and China Metal Products Co., Ltd. provided endorsements and guarantees in equal proportions of 50% ownership each for The Splendor Hospitality International Co. Ltd.,'s short-term borrowings, short-term notes and bills payable, long-term notes payable and syndication loan of long-term borrowings.

B Summary of endorsements and guarantees provided by subsidiaries to subsidiaries is as follows:

| Name of company | Subsidiaries being endorsed/guaranteed | June 30, 2022 | | December 31, 2021 | | June 30, 2021 | |
|---|--|-------------------|-------------|-------------------|-------------|-------------------|------------------|
| | | Total endorsement | Amount | Total endorsement | Amount | Total endorsement | Amount |
| | | amount | drawn | amount | drawn | amount | drawn |
| Prince Apartment Management & Maintenance Co., Ltd. | Prince Security & Guard Co., Ltd. | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ 10,000</u> | <u>\$ 10,000</u> |

C. The accumulated operating losses of the subsidiary, the Splendor Hotel Taichung, had exceeded 50% of its paid-in capital and its current liabilities were greater than its current assets. The Company was committed to provide the endorsement and guarantees for all Splendor Hotel's borrowings in its ownership proportion of 50%.

(2) Capital expenditures contracted for at the balance sheet date but not yet incurred are as follows:

| | <u>June 30, 2022</u> | <u>December 31, 2021</u> | <u>June 30, 2021</u> |
|-------------------------------|----------------------|--------------------------|----------------------|
| Property, plant and equipment | \$ 6,241 | \$ 8,778 | \$ 8,032 |

(3) Operating lease agreement :

Please refer to Note 6 (9) for related information.

(4) According to the sale contracts, the Company should provide warranty on the house structure and major facilities for one year from the handover day for the houses it sold. However, any damage to the houses caused by disasters, additions to the houses made by the buyers, or events that are not attributed to the Company is not included in the scope of warranty.

(5) On March 17, 2005, the Company (“A party”) signed a contract with National Taiwan University (“B party”) relating to the construction and operation of dormitories on Chang-Hsing St. and Shui-Yuan Campus. The major terms of the contract are as follows:

A. Under the contract, B party should be responsible for acquiring the ownership or land-use right for this project, and let A party use the land; A party must complete the construction within 3 years from the registration of the superficieses, and may operate the dormitories for 44 years, collect dormitory rentals and use fees of other facilities from students, and should return the related assets to B party on the expiry of the contract.

B. A party should give B party a performance guarantee of \$60,000 for the construction on the signing date and \$30,000 for operations before the start of operation. As of June 30, 2022, December 31, 2021 and June 30, 2021, A party had provided performance guarantee with a guarantee letter issued by the bank, all amounting to \$30,000.

C. A party should pay B party land rentals from the registration of the superficieses, according to the terms of the contract, and pay B party operating royalties from the third year of the operation, based on the specified proportion of dormitory rentals and use fees of other facilities collected from students.

D. Terms of restrictions for A party:

- (a) The ratio of A party’s own capital utilized in this project to total construction cost of this project should be at least 30%;
- (b) During the operation period, the ratio of shareholders’ equity to total assets should be at least 25%; and current ratio (current assets/current liabilities) should be at least 100%;
- (c) All rights acquired by A party under the contract, except for other conditions specified in the contract and approved by B party, should not be transferred, leased, registered as a liability/obligation or become an executed object of civil litigation.

- (6) On May 10, 2005, the Company (“A party”) signed a contract with National Cheng Kung University (“B party”) relating to the construction and operation of student dormitories and alumni hall. The major terms of the contract are as follows:
- A. Under the contract, B party should be responsible for acquiring the ownership or land-use right for this project, and let A party use the land by way of registration of the superficies; A party must obtain the user license within 3 years after the signing date, and may operate the dormitories and motorcycle parking lots for 35 years from the start of operation and collect dormitory rentals and use fees of other facilities from students for 50 years from the start of construction, and should return the related assets to B party on the expiry of the contract.
 - B. A party should give B party performance guarantee of \$50,000 for this project on the signing date, which will be returned in installment according to the contractual terms. As of June 30, 2022, December 31, 2021 and June 30, 2021, A party had provided performance guarantee with a guarantee letter issued by the bank, all amounting to \$10,000.
 - C. During the operation period, A party should pay B party dormitory operating royalties based on the specified proportion of annual operating revenue of the dormitories and auxiliary facilities operating royalties based on the specified proportion of annual operating revenue of the auxiliary facilities. A party should pay such operating royalties for prior year before the end of June every year. Further, according to the superficies contract signed by the two parties, A party should pay B party land rentals from the registration of superficies.
 - D. All rights acquired by A party under the contract, except for other conditions specified in the contract and approved by B party, should not be transferred, leased, registered as a liability/obligation or become an executed object of civil litigation.
- (7) The Company signed a syndicated loan contract with 7 banks - Mega International Commercial Bank as the lead bank for a credit line of \$2.16 billion. The syndicated loans include long-term (secured) loans and guarantee payments receivable (secured), which are used to fund the construction of dormitories in Changxing St. Campus and Shuiyuan Campus of National Taiwan University. During the loan period, the Company should maintain financial commitments such as current ratio, liability ratio and interest coverage; those financial ratios/restrictions shall be reviewed at least once every year, based on the Company’s audited annual non-consolidated financial statements. If the Company violates the above financial commitments, it shall improve its financial position by capital increase or other ways before the end of October of the following year from the year of violation; it would not be regarded as a default if the managing bank confirms that its financial position has improved completely. In case of violation, interest on the loans would be charged at the loan rate specified in the contract plus additional 0.25% per annum from the notification date of the managing bank to the completion date of financial improvement or to the date the Company gains the relief from the consortium for its violation.

- (8) The Company signed a loan contract with Mega International Commercial Bank for a credit line of \$785 million. The loans include long-term (secured) loans and guarantee payments receivable (secured), which are used to fund the construction of student dormitories and alumnus hall of National Cheng Kung University. During the loan period, the Company should maintain financial commitments such as current ratio, liability ratio and interest coverage; those financial ratios/restrictions shall be reviewed at least once every year. Current ratio and liability ratio shall be reviewed based on the Company's audited annual non-consolidated financial statements, and interest coverage based on the Company's revenue and expenditure table for the related project. If the Company violates the above financial commitments, it shall improve its financial position by capital increase or other ways before the end of October of the following year from the year of violation; it would not be regarded as a default if the bank confirms that its financial position has improved completely. In case of violation, interest on the loans would be charged at the loan rate specified in the contract plus additional 0.25% per annum from the notification date of the bank to the completion date of financial improvement or to the date the Company obtains a waiver from the bank for its violation.
- (9) As of June 30, 2022, December 31, 2021 and June 30, 2021, performance guarantee letters issued for construction undertaking, warranty and leases of subsidiary, Ta-Chen Construction & Engineering Corp., amounted to \$592,485, \$573,236 and \$516,325, respectively.
- (10) Certain construction contracts undertaken by subsidiary, Ta-Chen Construction & Engineering Corp., specify that default penalty shall be computed according to the contractual terms if the construction is not completed within the prescribed period.
- (11) On October 3, 2018, the subsidiary, The Splendor Hospitality International Co., Ltd., signed two syndicated loan contracts with 7 financial institutions, including Taiwan Cooperative Bank and Bank SinoPac, etc., each amounting to \$1.65 billion and totaling \$3.3 billion, with Prince Housing & Development Corp. and China Metal Products Co., Ltd. as guarantors, respectively. Under the contract, the subsidiary promised its tangible equity (equity less intangible assets) shall not be negative and current ratio, liability ratio, tangible net equity and interest coverage of Prince Housing & Development Corp. and China Metal Products Co., Ltd. shall conform to certain criteria as specified in the contract. If the Splendor Hotel Taichung violates above financial commitments, the managing bank has the right to take the following actions, including but not limited, according to the contract or the resolution of majority of the consortium: 1) request the subsidiary to stop drawing down all or part of the loans; 2) cancel all or part of the credit line of the contract which has not been drawn down yet; 3) announce that all outstanding principal, interest and other accrued expenses payable to the consortium in relation to the loan contract should mature immediately; 4) inform the managing bank of the demand for subsidiary's payment of the promissory note acquired under the loan contract; 5) inform the managing bank to exercise creditor's right of mortgage; 6) exercise contract transfer right, or other rights given by the laws, the loan contract or other relevant documents; 7) take other actions as resolved by the majority of the consortium.

10. SIGNIFICANT DISASTER LOSS

None.

11. SIGNIFICANT EVENTS AFTER THE BALANCE SHEET DATE

None.

12. OTHERS

(1) Capital management

The Group's capital management is to ensure it has sufficient financial resource and operating plans to meet operational capital for future needs, capital expenditure, obligation repayment and dividend distribution. The Company adjusts borrowing amount in accordance with construction progress and capital needed for operations.

(2) Financial instruments

A. Financial instruments by category

| | <u>June 30, 2022</u> | <u>December 31, 2021</u> | <u>June 30, 2021</u> |
|--|----------------------|--------------------------|----------------------|
| <u>Financial assets</u> | | | |
| Financial assets at fair value through profit or loss | | | |
| Financial assets mandatorily measured at fair value through profit or loss | \$ 6,463,328 | \$ 4,345,824 | \$ 4,390,635 |
| Financial assets at fair value through other comprehensive income | | | |
| Designation of equity instrument | 2,455,091 | 2,757,723 | 2,775,226 |
| Financial assets at amortised cost | | | |
| Cash and cash equivalents | 7,964,866 | 6,880,644 | 2,780,635 |
| Financial assets at amortised cost | 1,720,472 | 1,399,908 | 1,480,592 |
| Notes receivable | 76,719 | 29,352 | 66,734 |
| Accounts receivable (including related parties) | 559,541 | 729,838 | 585,250 |
| Other receivables | 39,467 | 60,927 | 45,222 |
| Refundable deposits | 122,261 | 156,988 | 126,897 |
| | <u>\$ 19,401,745</u> | <u>\$ 16,361,204</u> | <u>\$ 12,251,191</u> |
| <u>Financial liabilities</u> | | | |
| Financial liabilities at amortised cost | | | |
| Short-term borrowings | \$ 985,860 | \$ 1,275,860 | \$ 280,000 |
| Short-term notes and bills payable | 20,000 | 250,000 | 70,000 |
| Notes payable | 153 | 334 | 497 |
| Accounts payable | 1,220,844 | 1,706,282 | 1,469,737 |
| Other payables | 1,524,762 | 702,488 | 625,174 |
| Bonds payable (including current portion) | 4,500,000 | 4,500,000 | 4,500,000 |
| Long-term borrowings (including current portion) | 5,067,369 | 5,441,624 | 5,255,879 |
| Long-term notes and accounts payable | 808,301 | 808,301 | 808,301 |
| Guarantee deposits received | 163,635 | 164,542 | 182,766 |
| | <u>\$ 14,290,924</u> | <u>\$ 14,849,431</u> | <u>\$ 13,192,354</u> |
| Lease liability | <u>\$ 7,202,382</u> | <u>\$ 7,422,173</u> | <u>\$ 7,649,231</u> |

B. Financial risk management policies

- (a) The Group's activities expose it to a variety of financial risks: market risk (including foreign exchange risk, price risk and interest rate risk), credit risk and liquidity risk.
- (b) Risk management is carried out by a central treasury department (Group's finance & accounting division) under policies approved by the Board of Directors. Group's finance & accounting division evaluates and hedges financial risks in close cooperation with the Group's operating units. The Board provides written principles for overall risk management, as well as written policies covering specific areas and matters, such as interest rate risk, credit risk, use of derivative financial instruments and non-derivative financial instruments, and investment of excess liquidity.

C. Significant financial risks and degrees of financial risks

(a) Market risk

Foreign exchange risk

The Company's businesses do not involve non-functional currency operations, thus would not be materially affected by the exchange rate fluctuations.

Price risk

- i. The Group's equity securities, which are exposed to price risk, are the held financial assets at fair value through profit or loss and financial assets at fair value through other comprehensive income. To manage its price risk arising from investments in equity securities, the Group diversifies its portfolio. Diversification of the portfolio is done in accordance with the limits set by the Group.
- ii. Shares and open-end funds issued by the domestic companies. The prices of equity securities would change due to the change of the future value of investee companies. If the prices of these equity securities had increased/decreased by 10% with all other variables held constant, post-tax profit for the six months ended June 30, 2022 and 2021 would have increased/decreased by \$646,333 and \$439,064, respectively, as a result of gains/losses on equity securities classified as at fair value through profit or loss. Other components of equity would have increased/decreased by \$245,509 and \$277,523, respectively, as a result of other comprehensive income classified as equity investment at fair value through other comprehensive income.

Cash flow and fair value interest rate risk

The Group's interest rate risk mainly arose from short-term and long-term (excluding commercial papers) borrowings issued at variable rates and exposed the Group to cash flow interest rate risk which is partially offset by cash and cash equivalents held at variable rates. Borrowings issued at fixed rates expose the Group to fair value interest rate risk. The Group's borrowings at floating rate were calculated by NTD, if interest rates on borrowings had been 0.1% basis point higher/lower with all other variables held constant, profit before tax for the six months ended June 30, 2022 and 2021 would have been \$6,053 and \$5,536 lower/higher, respectively.

(b) Credit risk

Credit risk refers to the risk of financial loss to the Group arising from default by the clients or counterparties of financial instruments on the contract obligations. For banks and financial institutions, only independently rated parties with a minimum rating of 'A' are accepted, so it expects that the probability of counterparty default is remote. Credit risk arises from outstanding receivables (including contract assets).

Accounts receivable and contract assets

- i. The Group will perform credit check in accordance with credit policies when entered into construction contracts, the credit risk of receivables (mainly contract assets or accounts receivable) are low as the result of credit check was low.
- ii. The Group's accounts receivable and contract assets came from general enterprise or government institution. To protect the quality of accounts receivable and contract assets, the Group has created process of credit risk management. The Group considered customers' financial status, historical trading record and future economic condition in accordance with types of customer, and took into account factors that may influence customers' ability to pay to assess the credit quality of customers. The Group estimated credit loss by loss rate.
- iii. The Group adopts the assumptions under IFRS 9, the default occurs when the contract payments are past due over 90 days.
- iv. The Group adjusted the provision matrix with the historical loss of accounts receivable and forecastability, which considered the economic condition in the next one year. The provision matrix in accordance with above estimation are as follows:

| | Without past due | Up to 30 days past due | Over 31-60 days | Over 61-90 days | Over 91 days | Total |
|--|---------------------|---------------------------|-----------------|-----------------|--------------|------------|
| <u>June 30, 2022</u> | | | | | | |
| Expected loss rate | 0.01% | 10% | 25% | 50% | 100% | |
| Total book value of accounts receivable | \$ 558,896 | \$ - | \$ - | \$ - | \$ 917 | \$ 559,813 |
| Total book value of contract assets | \$ 386,379 | \$ - | \$ - | \$ - | \$ - | \$ 386,379 |
| Loss allowance | \$ - | \$ - | \$ - | \$ - | \$ 272 | 272 |
| <u>December 31, 2021</u> | | | | | | |
| Expected loss rate | 0.01% | 10% | 25% | 50% | 100% | |
| Total book value of accounts receivable | \$ 723,022 | \$ 5,182 | \$ 918 | \$ 259 | \$ 721 | \$ 730,102 |
| Total book value of contract assets | \$ 506,427 | \$ - | \$ - | \$ - | \$ - | \$ 506,427 |
| Loss allowance | \$ - | \$ - | \$ - | \$ - | \$ 264 | 264 |
| <u>June 30, 2021</u> | | | | | | |
| Expected loss rate | 0.01% | 10% | 25% | 50% | 100% | |
| Total book value of accounts receivable | \$ 584,876 | \$ - | \$ 203 | \$ - | \$ 469 | \$ 585,548 |
| Total book value of contract assets | \$ 143,799 | \$ - | \$ - | \$ - | \$ - | \$ 143,799 |
| Loss allowance | \$ - | \$ - | \$ - | \$ - | \$ 298 | 298 |

- v. Movements in relation to the Group applying the simplified approach to provide loss

allowance for accounts receivable and contract assets are as follows:

| | 2022 | | 2021 | |
|----------------------------------|------------------------|--------------------|------------------------|--------------------|
| | Accounts receivable | Contract assets | Accounts receivable | Contract assets |
| At January 1 | \$ 264 | \$ - | \$ 304 | \$ - |
| Provision for impairment loss | 8 | | 459 | |
| Derecognised | - | - | (465) | - |
| At June 30 | <u>\$ 272</u> | <u>\$ -</u> | <u>\$ 298</u> | <u>\$ -</u> |

- vi. The estimation of expected credit loss on financial assets at amortised cost, excluding accounts receivable, is as follows:

For financial assets at amortised cost, at each reporting date, the Group recognises the impairment provision for 12 months expected credit losses if there has not been a significant increase in credit risk since initial recognition or recognises the impairment provision for the lifetime expected credit losses (ECLs) if such credit risk has increased since initial recognition after taking into consideration all reasonable and verifiable information that includes forecasts. On the other hand, for accounts receivable or contract assets that do not contain a significant financing component, the Group recognises the impairment provision for lifetime ECLs.

(c) Liquidity risk

- i. Cash flow forecasting is performed in the operating entities of the Group and aggregated by Group's Finance and Accounting Division. Group's Finance and Accounting Division monitors rolling forecasts of the Group's liquidity requirements to ensure it has sufficient cash to meet operational needs while maintaining sufficient headroom on its undrawn committed borrowing facilities at all times.
- ii. The table below analyses the Group's non-derivative financial liabilities into relevant maturity groupings based on the remaining period at the balance sheet date to the contractual maturity date for non-derivative financial liabilities. The amounts disclosed in the table are the contractual undiscounted cash flows.

| | June 30, 2022 | | |
|--|---------------|----------------------|--------------|
| | Within 1 year | Between 1 to 3 years | Over 3 years |
| <u>Non-derivative financial liabilities:</u> | | | |
| Short-term borrowings | \$ 989,071 | \$ - | \$ - |
| Short-term notes and bills payable | 20,000 | - | - |
| Notes payable | 153 | - | - |
| Accounts payable | 390,108 | 830,736 | - |
| Other payables | 1,520,192 | 4,250 | 320 |
| Lease liability | 564,710 | 1,088,887 | 6,503,626 |
| Guarantee deposits received | 87,023 | 46,998 | 29,614 |
| Bonds payable (including current portion) | 2,531,500 | - | 2,021,000 |
| Long-term borrowings (including current portion) | 869,400 | 3,905,201 | 473,837 |
| Long-term notes and accounts payable | - | - | 808,301 |

| | December 31, 2021 | | |
|--|-------------------|----------------------|--------------|
| | Within 1 year | Between 1 to 3 years | Over 3 years |
| <u>Non-derivative financial liabilities:</u> | | | |
| Short-term borrowings | \$ 1,285,201 | \$ - | \$ - |
| Short-term notes and bills payable | 250,000 | - | - |
| Notes payable | 334 | - | - |
| Accounts payable | 1,129,365 | 576,917 | - |
| Other payables | 698,043 | 4,125 | 320 |
| Lease liability | 580,479 | 1,087,182 | 6,775,231 |
| Guarantee deposits received | 112,723 | 21,346 | 30,473 |
| Bonds payable (including current portion) | 2,042,000 | 2,521,000 | - |
| Long-term borrowings (including current portion) | 978,320 | 4,111,471 | 573,311 |
| Long-term notes and accounts payable | - | - | 808,301 |

| | June 30, 2021 | | |
|--|---------------|----------------------|--------------|
| | Within 1 year | Between 1 to 3 years | Over 3 years |
| <u>Non-derivative financial liabilities:</u> | | | |
| Short-term borrowings | \$ 280,764 | \$ - | \$ - |
| Short-term notes and bills payable | 70,000 | - | - |
| Notes payable | 497 | - | - |
| Accounts payable | 806,997 | 662,740 | - |
| Other payables | 620,043 | 4,811 | 320 |
| Lease liability | 573,065 | 1,109,754 | 7,041,561 |
| Guarantee deposits received | 105,606 | 54,233 | 22,927 |
| Bonds payable (including current portion) | 2,042,000 | 2,521,000 | - |
| Long-term borrowings (including current portion) | 699,029 | 4,068,156 | 681,795 |
| Long-term notes and accounts payable | - | - | 808,301 |

- iii. The Group does not expect the timing of occurrence of the cash flows estimated through the maturity date analysis will be significantly earlier, nor expect the actual cash flow amount will be significantly different.

(3) Fair value information

A. The different levels that the inputs to valuation techniques are used to measure fair value of financial and non-financial instruments have been defined as follows:

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date. A market is regarded as active where a market in which transactions for the asset or liability take place with sufficient frequency and volume to provide pricing information on an ongoing basis. The fair value of the Group's investment in listed stocks and beneficiary certificates is included in Level 1.

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

Level 3: Unobservable inputs for the asset or liability. The fair value of the Group's investment in equity without active market is included in Level 3.

B. Fair value information of investment property at cost is provided in Note 6(11).

C. Financial instruments not measured at fair value

The carrying amounts of the Group's cash and cash equivalents, financial instruments at amortised cost (including financial assets at amortised cost, notes receivable, accounts receivable (including related parties), other receivables, refundable deposits, short-term borrowings, short-term notes payable, notes payable, accounts payable, other payables, lease liability, bonds payables, long-term borrowings, long-term notes and accounts payable, and guarantee deposits received) are approximate to their fair values.

D. The related information of financial and non-financial instruments measured at fair value by level on the basis of the nature, characteristics and risks of the assets and liabilities at June 30, 2022, December 31, 2021 and June 30, 2021 are as follows:

(a) The related information of natures of the assets and liabilities is as follows:

| <u>June 30, 2022</u> | <u>Level 1</u> | <u>Level 2</u> | <u>Level 3</u> | <u>Total</u> |
|---|---------------------|----------------|---------------------|---------------------|
| Assets | | | | |
| <u>Recurring fair value measurements</u> | | | | |
| Financial assets at fair value through profit or loss | | | | |
| Equity securities | \$ 6,463,328 | \$ - | \$ - | \$ 6,463,328 |
| Financial assets at fair value through other comprehensive income | | | | |
| Equity securities | 969,705 | - | 1,485,386 | 2,455,091 |
| | <u>\$ 7,433,033</u> | <u>\$ -</u> | <u>\$ 1,485,386</u> | <u>\$ 8,918,419</u> |

| <u>December 31, 2021</u> | <u>Level 1</u> | <u>Level 2</u> | <u>Level 3</u> | <u>Total</u> |
|---|---------------------|--------------------|---------------------|---------------------|
| Assets | | | | |
| <u>Recurring fair value measurements</u> | | | | |
| Financial assets at fair value through profit or loss | | | | |
| Equity securities | \$ 4,345,824 | \$ - | \$ - | \$ 4,345,824 |
| Financial assets at fair value through other comprehensive income | | | | |
| Equity securities | <u>1,272,034</u> | <u>-</u> | <u>1,485,689</u> | <u>2,757,723</u> |
| | <u>\$ 5,617,858</u> | <u>\$ -</u> | <u>\$ 1,485,689</u> | <u>\$ 7,103,547</u> |
| <u>June 30, 2021</u> | <u>Level 1</u> | <u>Level 2</u> | <u>Level 3</u> | <u>Total</u> |
| Assets | | | | |
| <u>Recurring fair value measurements</u> | | | | |
| Financial assets at fair value through profit or loss | | | | |
| Equity securities | \$ 4,390,635 | \$ - | \$ - | \$ 4,390,635 |
| Financial assets at fair value through other comprehensive income | | | | |
| Equity securities | <u>1,737,597</u> | <u>-</u> | <u>1,037,629</u> | <u>2,775,226</u> |
| | <u>\$ 6,128,232</u> | <u>\$ -</u> | <u>\$ 1,037,629</u> | <u>\$ 7,165,861</u> |

(b) The methods and assumptions the Group used to measure fair value are as follows:

- i. The instruments the Group used market quoted prices as their fair values (that is, Level 1) are listed below by characteristics:

| | <u>Listed shares</u> | <u>Open-end fund</u> |
|---------------------|----------------------|----------------------|
| Market quoted price | Closing price | Net asset value |

- ii. Except for financial instruments with active markets, the fair value of other financial instruments is measured by using valuation techniques or by reference to counterparty quotes. The fair value of financial instruments measured by using valuation techniques can be referred to current fair value of instruments with similar terms and characteristics in substance, discounted cash flow method or other valuation methods, including calculated by applying model using market information available at the balance sheet date.

E. For the six months ended June 30, 2022 and 2021, there was no transfer between Level 1 and Level 2.

F. The following chart is the movement of Level 3 for the six months ended June 30, 2022 and 2021:

| | 2022 | 2021 |
|--|--------------------------------------|--------------------------------------|
| | Non-derivative equity instruments | Non-derivative equity instruments |
| At January 1 | \$ 1,485,689 | \$ 1,062,034 |
| Gain (loss) recognised in other comprehensive income (Note) | 4,511 (| 24,405) |
| Sold in the period | (4,814) | - |
| At June 30 | <u>\$ 1,485,386</u> | <u>\$ 1,037,629</u> |

Note: Shown as unrealised gain or loss on financial assets at fair value through other comprehensive income.

G. For the six months ended June 30, 2022 and 2021, there was no transfer into or out from Level 3.

H. Finance and Accounting segment is in charge of valuation procedures for fair value measurements being categorised within Level 3, which is to verify independent fair value of financial instruments. Such assessment is to ensure the valuation results are reasonable by applying independent information to make results close to current market conditions, confirming the resource of information is independent, reliable and in line with other resources and represented as the exercisable price, and frequently assessing valuation results and making any other necessary adjustments to the fair value.

I. The following is the qualitative information of significant unobservable inputs and sensitivity analysis of changes in significant unobservable inputs to valuation model used in Level 3 fair value measurement:

| | Fair value at June 30, 2022 | Valuation technique | Significant unobservable input | Range (weighted average) | Relationship of inputs to fair value |
|-----------------------|------------------------------------|--------------------------------|-----------------------------------|--------------------------------|--|
| Non-derivative equity | | | | | |
| Unlisted shares | \$ 1,485,386 | Market comparable companies | EV / EBITDA | 12.67- 19.12 | The higher the weighted average cost of capital, the higher the fair value |
| | | Net asset value | Not applicable | | Not applicable |
| | Fair value at December 31, 2021 | Valuation technique | Significant unobservable input | Range (weighted average) | Relationship of inputs to fair value |
| Non-derivative equity | | | | | |
| Unlisted shares | \$ 1,485,689 | Market comparable companies | EV / EBITDA | 12.67- 19.12 | The higher the weighted average cost of capital, the higher the fair value |
| | | Net asset value | Not applicable | | Not applicable |

| | Fair value at June 30, 2021 | Valuation technique | Significant unobservable input | Range (weighted average) | Relationship of inputs to fair value |
|-----------------------|--------------------------------|--------------------------------|---|--------------------------------|--|
| Non-derivative equity | | | | | |
| Unlisted shares | \$ 1,037,629 | Market comparable companies | Price-earnings ratio, price to book ratio and price to sales ratio multiplier | 1.21- 35.80 | The higher the weighted average cost of capital, the higher the fair value |
| | | Net asset value | Not applicable | | Not applicable |

J. The Group has carefully assessed the valuation models and assumptions used to measure fair value. However, use of different valuation models or assumptions may result in different measurement. The following is the effect of profit or loss or of other comprehensive income from financial assets and liabilities categorized within Level 3 if the inputs used to valuation models have changed:

| June 30, 2022 | | | | | | |
|--------------------|-----------|------------------------------|----------------------|--|----------------------|------------------------|
| | | Recognised in profit or loss | | Recognised in other comprehensive income | | |
| | Input | Change | Favourable change | Unfavourable change | Favourable change | Unfavourable change |
| Financial assets | | | | | | |
| Equity instruments | 1,485,386 | ±1% | \$ - | \$ - | \$ 14,854 | (\$ 14,854) |
| December 31, 2021 | | | | | | |
| | | Recognised in profit or loss | | Recognised in other comprehensive income | | |
| | Input | Change | Favourable change | Unfavourable change | Favourable change | Unfavourable change |
| Financial assets | | | | | | |
| Equity instruments | 1,485,689 | ±1% | \$ - | \$ - | \$ 14,857 | (\$ 14,857) |
| June 30, 2021 | | | | | | |
| | | Recognised in profit or loss | | Recognised in other comprehensive income | | |
| | Input | Change | Favourable change | Unfavourable change | Favourable change | Unfavourable change |
| Financial assets | | | | | | |
| Equity instruments | 1,037,629 | ±1% | \$ - | \$ - | \$ 10,376 | (\$ 10,376) |

(4) The outbreak of the COVID-19 pandemic in January 2020 has to some extent impacted the occupancy rate of hotels as the number of visitors to Taiwan significantly declined due to the pandemic. However, the Group has actively taken countermeasures and adjusted operating strategies, including requiring the wearing of facial masks at all times and taking body temperature upon entry and exit of operating areas, adjusting employees' work shifts, cutting down on expenditures, applying for grants, etc. The Group also strengthened employee health management and continues to monitor the development of the pandemic to maintain its normal operations. After the adjustments on the above countermeasures, management and operational strategies, the pandemic had no adverse impact on the Group's overall operations and financial position.

13. SUPPLEMENTARY DISCLOSURES

(1) Significant transactions information

A. Loans to others: None.

B. Provision of endorsements and guarantees to others: Please refer to table 1.

C. Holding of marketable securities at the end of the period (not including subsidiaries, associates and joint ventures): Please refer to table 2.

D. Acquisition or sale of the same security with the accumulated cost exceeding \$300 million or 20% of the Company's paid-in capital: Please refer to table 3.

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

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

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

H. Receivables from related parties reaching \$100 million or 20% of paid-in capital or more: Please refer to table 4.

I. Trading in derivative instruments undertaken during the reporting periods: None.

J. Significant inter-company transactions during the reporting periods: Please refer to table 5.

(2) Information on investees

Names, locations and other information of investee companies (not including investees in Mainland China): Please refer to table 6.

(3) Information on investments in Mainland China

None.

(4) Major shareholders information

Major shareholders information: Please refer to table 7.

14. SEGMENT INFORMATION

(1) General information

Management has determined the reportable operating segments based on the reports reviewed by the Chief Operating Decision-Maker that are used to make strategic decisions. The Group's corporate composition, basis for segmentation, and basis for measurement of segment's information had no significant changes for the year. The Chief Operating Decision-Maker considers the business from a product perspective.

(2) Measurement of segment information

The Chief Operating Decision-Maker assesses the performance of the operating segments based on the profit (loss) before taxes. This measurement basis excludes the effects of non-recurring revenues/expenditures from the operating segments. Accounting policies of operating segments are the same as the summary of significant accounting policies in Note 4 to the consolidated financial statements.

(3) Information about segment profit or loss and assets

The segment information provided to the Chief Operating Decision-Maker for the reportable segments is as follows:

| Item | Three months ended June 30, 2022 | | | | |
|---|----------------------------------|--------------|------------|--------------------------|--------------|
| | Construction | Hotel | Others | Write-off and Adjustment | Total |
| External operating revenue-net | \$ 3,101,386 | \$ 377,992 | \$ 149,050 | \$ - | \$ 3,628,428 |
| Internal operating revenue-net | 76 | - | 19,248 | (19,324) | - |
| Total segment revenue | 3,101,462 | 377,992 | 168,298 | | 3,628,428 |
| Costs and expenses | (2,307,308) | (501,718) | (115,246) | 31,316 | (2,892,956) |
| Segment income | 794,154 | (123,726) | 53,052 | | 735,472 |
| Interest income | 1,998 | 1,080 | 389 | - | 3,467 |
| Other income | 185,749 | 4,283 | 2,657 | (4,971) | 187,718 |
| Other gains and losses | (302,219) | (321) | 13 | - | (302,527) |
| Finance costs | (38,193) | (43,616) | (21) | - | (81,830) |
| Share of profit (loss) of associates and joint ventures accounted for under the equity method | 36,844 | - | 5,008 | (26,561) | 15,291 |
| Income (loss) from continuing operations before tax | 678,333 | (162,300) | 61,098 | - | 557,591 |
| Income tax (expense) benefit | (168,919) | 27,338 | (684) | - | (142,265) |
| Net income (loss) for the period | \$ 509,414 | (\$ 134,962) | \$ 60,414 | - | \$ 415,326 |

| Three months ended June 30, 2021 | | | | | |
|---|---------------------|---------------------|------------------|--------------------------|-------------------|
| Item | Construction | Hotel | Others | Write-off and Adjustment | Total |
| External operating revenue-net | \$ 2,218,596 | \$ 320,893 | \$ 138,533 | \$ - | \$ 2,678,022 |
| Internal operating revenue-net | 13,292 | - | 17,105 | (30,397) | - |
| Total segment revenue | 2,231,888 | 320,893 | 155,638 | - | 2,678,022 |
| Costs and expenses | (1,916,871) | (495,361) | (101,952) | 68,319 | (2,445,865) |
| Segment income | 315,017 | (174,468) | 53,686 | - | 232,157 |
| Interest income | 1,144 | 615 | 387 | (20) | 2,126 |
| Other income | 101,326 | 20,323 | 2,557 | (1,427) | 122,779 |
| Other gains and losses | 460,108 | (158) | (126) | - | 459,824 |
| Finance costs | (24,815) | (45,989) | (36) | 24 | (70,816) |
| Share of profit (loss) of associates and joint ventures accounted for under the equity method | 359,763 | - | 5,633 | (361,528) | 3,868 |
| Income (loss) from continuing operations before tax | 1,212,543 | (199,677) | 62,101 | - | 749,938 |
| Income tax (expense) benefit | (49,011) | 31,814 | (225) | - | (17,422) |
| Net income (loss) for the period | <u>\$ 1,163,532</u> | <u>(\$ 167,863)</u> | <u>\$ 61,876</u> | - | <u>\$ 732,516</u> |

| Six months ended June 30, 2022 | | | | | |
|---|----------------------|----------------------|-------------------|--------------------------|----------------------|
| Item | Construction | Hotel | Others | Write-off and Adjustment | Total |
| External operating revenue-net | \$ 7,151,663 | \$ 905,520 | \$ 296,531 | \$ - | \$ 8,353,714 |
| Internal operating revenue-net | 158 | - | 37,364 | (37,522) | - |
| Total segment revenue | 7,151,821 | 905,520 | 333,895 | - | 8,353,714 |
| Costs and expenses | (5,614,902) | (1,071,163) | (226,650) | 63,509 | (6,849,206) |
| Segment income | 1,536,919 | (165,643) | 107,245 | - | 1,504,508 |
| Interest income | 2,631 | 2,283 | 604 | - | 5,518 |
| Other income | 252,120 | 9,461 | 2,679 | (6,041) | 258,219 |
| Other gains and losses | (535,928) | (445) | (74) | - | (536,447) |
| Finance costs | (74,934) | (87,521) | (46) | - | (162,501) |
| Share of profit (loss) of associates and joint ventures accounted for under the equity method | (103,273) | - | 10,507 | 128,671 | 35,905 |
| Income (loss) from continuing operations before tax | 1,077,535 | (241,865) | 120,915 | - | 1,105,202 |
| Income tax (expense) benefit | (307,928) | 46,108 | (203) | - | (262,023) |
| Net income (loss) for the period | <u>\$ 769,607</u> | <u>(\$ 195,757)</u> | <u>\$ 120,712</u> | - | <u>\$ 843,179</u> |
| Segment assets | <u>\$ 39,980,994</u> | <u>\$ 13,095,034</u> | <u>\$ 990,391</u> | (5,187,145) | <u>\$ 48,879,274</u> |
| Segment liabilities | <u>\$ 11,736,161</u> | <u>\$ 12,105,924</u> | <u>\$ 54,839</u> | (663,808) | <u>\$ 23,233,116</u> |

| Six months ended June 30, 2021 | | | | | |
|---|---------------|---------------|------------|-----------------------------|---------------|
| Item | Construction | Hotel | Others | Write-off and Adjustment | Total |
| External operating revenue-net | \$ 4,825,380 | \$ 804,444 | \$ 280,347 | \$ - | \$ 5,910,171 |
| Internal operating revenue-net | 26,939 | - | 36,571 | (63,510) | - |
| Total segment revenue | 4,852,319 | 804,444 | 316,918 | - | 5,910,171 |
| Costs and expenses | (4,277,593) | (1,074,700) | (207,774) | 103,139 | (5,456,928) |
| Segment income | 574,726 | (270,256) | 109,144 | - | 453,243 |
| Interest income | 3,352 | 1,707 | 705 | (1,601) | 4,163 |
| Other income | 140,954 | 42,511 | 2,583 | (2,585) | 183,463 |
| Other gains and losses | 1,102,782 | (258) | (173) | - | 1,102,351 |
| Finance costs | (60,999) | (92,124) | (68) | 1,609 | (151,582) |
| Share of profit (loss) of associates and joint ventures accounted for under the equity method | 903,984 | - | 15,440 | (898,537) | 20,887 |
| Income (loss) from continuing operations before tax | 2,664,799 | (318,420) | 127,631 | - | 1,612,525 |
| Income tax (expense) benefit | (119,389) | 54,580 | (652) | - | (65,461) |
| Net income (loss) for the period | \$ 2,545,410 | (\$ 263,840) | \$ 126,979 | - | \$ 1,547,064 |
| Segment assets | \$ 40,122,179 | \$ 13,417,026 | \$ 939,300 | (5,384,439) | \$ 49,094,066 |
| Segment liabilities | \$ 10,450,007 | \$ 12,782,765 | \$ 54,787 | (702,979) | \$ 22,584,580 |

(4) Reconciliation for segment income (loss) and assets

The revenue from external parties, segment income, segment assets and liabilities reported to the Chief Operating Decision-Maker are measured in a manner consistent with the revenue, profit before taxes, total assets and total liabilities in the financial statements. Information on adjusted consolidated total profit (loss), reportable segment profit after taxes, total assets and total liabilities, and reconciliation for reportable segment assets and liabilities for this year is provided in Note 14(3).

Prince Housing & Development Corp.
Provision of endorsements and guarantees to others
Six months ended June 30, 2022

Table 1

Expressed in thousands of NTD
(Except as otherwise indicated)

| Number (Note 1) | Endorser/ guarantor | Party being endorsed/guaranteed Company name | Relationship with the endorser/ guarantor (Note 2) | Limit on endorsements/ guarantees provided for a single party | Maximum outstanding endorsement/ guarantee amount as of June 30, 2022 | Outstanding endorsement/ guarantee amount at June 30, 2022 | Actual amount drawn down | Amount of endorsements/ guarantees secured with collateral | Ratio of accumulated endorsement/ guarantee amount to net asset value of the endorser/ guarantor company | Ceiling on total amount of endorsements/ guarantees provided | Provision of endorsements/ guarantees by parent company to subsidiary | Provision of endorsements/ guarantees by subsidiary to parent company | Provision of endorsements/ guarantees to the party in Mainland China | Footnote |
|--------------------|---------------------------------------|---|---|---|--|---|-----------------------------|--|---|--|---|---|--|----------|
| | | | | | | | | | | | | | | |
| 0 | Prince Housing & Development Corp. | The Splendor Hospitality International Co., Ltd. | 6 | \$ 5,076,054 | \$ 2,075,000 | \$ 1,900,000 | \$ 1,650,000 | \$ - | 7% | \$ 12,960,136 | Y | N | N | Note 3 |

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

- (1) The Company is '0'.
- (2) The subsidiaries are numbered in order starting from '1'. The same company will have the same number.

Note 2: Relationship between the endorser/guarantor and the party being endorsed/guaranteed is classified into the following seven categories:

- (1) Having business relationship.
- (2) The endorser/guarantor parent company owns directly and indirectly more than 50% voting shares of the endorsed/guaranteed subsidiary.
- (3) The endorsed/guaranteed company owns directly and indirectly more than 50% voting shares of the endorser/guarantor parent company.
- (4) The endorser/guarantor parent company owns directly and indirectly more than 90% voting shares of the endorsed/guaranteed company.
- (5) Mutual guarantee of the trade made by the endorsed/guaranteed company or joint contractor as required under the construction contract.
- (6) Due to joint venture, all shareholders provide endorsements/guarantees to the endorsed/guaranteed company in proportion to its ownership.
- (7) Joint guarantee of the performance guarantee for pre-sold home sales contract as required under the Consumer Protection Act.

Note 3: In accordance with the Company's related regulations, the limit on endorsements and guarantees for any single entity is 20% of the Company's net worth based on the latest financial statements and the limit on accumulated amount of transactions of endorsements and guarantees is 50% of the Company's net worth based on the latest financial statements.

Prince Housing & Development Corp.
Holding of marketable securities at the end of the year (not including subsidiaries, associates and joint ventures)
June 30, 2022

Expressed in thousands of NTD
(Except as otherwise indicated)

Table 2

| | | | | | As of June 30, 2022 | | | | |
|---|-----------------------|--|---|---|---------------------|------------|---------------|------------|------------------------|
| Securities held by | Marketable securities | Name of investee companies | Relationship with the securities issuer | General ledger account | Number of shares | Book value | Ownership (%) | Fair value | Footnote |
| Prince Housing & Development Corp. | Stock | Nantex Industry Co., Ltd. | None | Non-current financial assets at fair value through other comprehensive income | 7,564,988 | \$ 321,890 | Note 1 | \$ 42.55 | Listed company, Note 2 |
| | Stock | ScinoPharm Taiwan, Ltd. | None | Non-current financial assets at fair value through other comprehensive income | 23,605,921 | 607,853 | Note 1 | 25.75 | Listed company, Note 3 |
| | Stock | Simplo Technology Co., Ltd. | None | Non-current financial assets at fair value through other comprehensive income | 76,349 | 19,431 | Note 1 | 254.50 | OTC company |
| | Stock | Universal Venture Capital Investment Corp. | None | Non-current financial assets at fair value through other comprehensive income | 1,400,000 | 10,780 | Note 1 | 8.79 | |
| | Stock | Grand Bills Finance Corp. | None | Non-current financial assets at fair value through other comprehensive income | 48,672 | 937 | Note 1 | 14.52 | |
| | Stock | Nanmat Technology Co., Ltd. | None | Non-current financial assets at fair value through other comprehensive income | 1,747,476 | 278,757 | Note 1 | 159.52 | |
| | Stock | President International Development Corp. | None | Non-current financial assets at fair value through other comprehensive income | 87,745,770 | 840,615 | 6.63% | 9.16 | Note 4 |
| | Fund | Mega Diamond Money Market Fund | None | Financial assets at fair value through profit or loss - non-current | 6,301,406 | 80,003 | - | 12.70 | Note 5 |
| | Fund | Prudential Financial Money Market Fund | None | Financial assets at fair value through profit or loss -current | 68,842,925 | 1,102,464 | - | 16.01 | |
| | Fund | UPAMC James Bond Money Market Fund | None | Financial assets at fair value through profit or loss -current | 118,547,967 | 2,003,069 | - | 16.90 | |
| | Fund | Allianz Global Investors Taiwan Money Market Fund | None | Financial assets at fair value through profit or loss -current | 35,708,212 | 452,727 | - | 12.68 | |
| | Fund | Jih Sun Money Market Fund | None | Financial assets at fair value through profit or loss -current | 20,080,321 | 301,417 | - | 15.01 | |
| | Fund | Eastspring Investments Well Pool Money Market Fund | None | Financial assets at fair value through profit or loss -current | 25,502,023 | 350,913 | - | 13.76 | |
| | Fund | Yuanta De-Li Money Market Fund | None | Financial assets at fair value through profit or loss -current | 30,486,020 | 502,912 | - | 16.50 | |
| | Fund | UPAMC James Bond Money Market Fund | None | Financial assets at fair value through profit or loss -current | 1,775,631 | 30,002 | - | 16.90 | |
| Cheng-Shi Investment Holdings Co., Ltd. | | Yuanta De- Bao Money Market Fund | None | Financial assets at fair value through profit or loss -current | 8,235,672 | 100,057 | | 12.15 | |
| | Stock | Nantex Industry Co., Ltd. | None | Financial assets at fair value through profit or loss - non - current | 13,327,483 | 567,084 | Note 1 | 42.55 | Listed company |
| Ta-Chen Construction & Engineering Corp. | Stock | Nanmat Technology Co., Ltd. | None | Non-current financial assets at fair value through other comprehensive income | 1,959,788 | 312,625 | 5.38% | 159.52 | |
| | Fund | UPAMC James Bond Money Market Fund | None | Financial assets at fair value through profit or loss -current | 5,934,225 | 100,124 | - | 16.90 | |
| Cheng-Shi Construction Co., Ltd. | Fund | UPAMC James Bond Money Market Fund | None | Financial assets at fair value through profit or loss -current | 1,187,105 | 20,029 | - | 16.90 | |
| Prince Utility Co., Ltd. | Fund | UPAMC James Bond Money Market Fund | None | Financial assets at fair value through profit or loss -current | 655,424 | 8,783 | Note 1 | 11.90 | Listed company |
| Prince Apartment Management & Maintenance Co., Ltd. | Stock | Prince Housing & Development Corp. | Parent company | Non-current financial assets at fair value through other comprehensive income | 122,201 | 3,122 | Note 1 | 19.20 | Listed company |
| | Stock | Tainan Spinning Co., Ltd. | None | Non-current financial assets at fair value through other comprehensive income | 261,303 | 41,672 | Note 1 | 159.52 | |
| Prince Security & Guard Co., Ltd. | Stock | Nanmat Technology Co., Ltd. | None | Non-current financial assets at fair value through other comprehensive income | 2,172,949 | 24,000 | - | 11.13 | |
| Prince Property Management Consulting Co. | Fund | CTBC Hwa-win Money Market Fund | None | Financial assets at fair value through profit or loss - current | 194,282 | 16,553 | Note 1 | 42.55 | Listed company |
| Prince Real Estate Co., Ltd. | Stock | Nantex Industry Co., Ltd. | None | Non-current financial assets at fair value through other comprehensive income | 47,968 | 856 | Note 1 | 20.00 | OTC company |
| | Stock | Sung Gang Asset Management Co., Ltd. | None | Non-current financial assets at fair value through other comprehensive income | 11,874,873 | 178,080 | - | 15.01 | |
| | Fund | Jih Sun Money Market Fund | None | Financial assets at fair value through profit or loss - current | 20,721,585 | 350,129 | - | 16.90 | |
| | Fund | UPAMC James Bond Money Market Fund | None | Financial assets at fair value through profit or loss -current | 23,673,869 | 300,149 | - | 12.68 | |
| | Fund | Allianz Global Investors Taiwan Money Market Fund | None | Financial assets at fair value through profit or loss -current | | | | | |

Note 1: Percentage of Company's ownership is less than 5%.

Note 2: 4,088 thousand shares of outstanding common stock were used as collateral for loan.

Note 3: 17,276 thousand shares of outstanding common stock were used as collateral for loan.

Note 4: 60,000 thousand shares of outstanding common stock were used as collateral for loan.

Note 5: 6,301 thousand units of outstanding common stock were used as collateral for loan.

Prince Housing & Development Corp.
Acquisition or sale of the same security with the accumulated cost exceeding \$300 million or 20% of the Company's paid-in capital
Six months ended June 30, 2022

Table 3

Expressed in thousands of NTD
(Except as otherwise indicated)

| Investor | Marketable securities (Note 1) | General ledger account | Counterparty (Note 2) | Relationship with the investor (Note 2) | Balance as at January 1, 2022 | | Addition (Note 3) | | Disposal (Note 3) | | | Balance as at June 30, 2022 | | |
|------------------------------------|---|---|--------------------------|--|----------------------------------|--------------|----------------------|--------------|----------------------|---------------|------------|-----------------------------|------------------|--------------|
| | | | | | Number of shares | Amount | Number of shares | Amount | Number of shares | Selling price | Book value | Gain (loss) on disposal | Number of shares | Amount |
| Prince Housing & Development Corp. | UPAMC James Bond Money Market Fund | Financial assets at fair value through profit or loss - current | - | - | 59,330,810 | \$ 1,000,000 | 59,217,157 | \$ 1,000,000 | - | \$ - | \$ - | \$ - | 118,547,967 | \$ 2,000,000 |
| Prince Housing & Development Corp. | Prudential Financial Money Market Fund | Financial assets at fair value through profit or loss - current | - | - | 18,855,452 | 300,000 | 49,987,473 | 800,000 | - | - | - | - | 68,842,925 | 1,100,000 |
| Prince Housing & Development Corp. | Allianz Global Investors Taiwan Money Market Fund | Financial assets at fair value through profit or loss - current | - | - | 19,929,969 | 251,965 | 15,778,243 | 200,000 | - | - | - | - | 35,708,212 | 451,965 |

Note 1: Marketable securities in the table refer to stocks, bonds, beneficiary certificates and other related derivative securities.

Note 2: Fill in the columns the counterparty and relationship if securities are accounted for under the equity method; otherwise leave the columns blank.

Note 3: Aggregate purchases and sales amounts should be calculated separately at their market values to verify whether they individually reach NT\$300 million or 20% of paid-in capital or more.

Note 4: Paid-in capital referred to herein is the paid-in capital of parent company. In the case that shares were issued with no par value or a par value other than NT\$10 per share, the 20 % of paid-in capital shall be replaced by 10% of equity attributable to owners of the parent in the calculation.

Prince Housing & Development Corp.
Receivables from related parties reaching \$100 million or 20% of paid-in capital or more
June 30, 2022

Table 4

Expressed in thousands of NTD
(Except as otherwise indicated)

| Creditor | Counterparty | Relationship with the counterparty | Balance as at June 30, 2022 | Turnover rate | Overdue | | Amount collected subsequent to the balance sheet date | Allowance for doubtful accounts |
|--|--|---------------------------------------|---|---------------|---------|-----------------|---|------------------------------------|
| | | | | | Amount | Action taken | | |
| Prince Housing & Development Corp. | The Splendor Hospitality International Co., Ltd. | Subsidiary | Other assets - obligation receivable \$ 575,000 | - | \$ - | - | \$ - | \$ - |
| Ta-Chen Construction & Engineering Corp. | Uni-President Express Corp. | Affiliate | Accounts receivable \$ 131,713 | 4.06 | - | - | - | - |

Prince Housing & Development Corp.
Significant inter-company transactions during the reporting periods
Six months ended June 30, 2022

Table 5

Expressed in thousands of NTD
(Except as otherwise indicated)

| Transaction | | | | | | | |
|-------------|------------------------------------|--|--|---------------------------------------|--------------|---|---|
| Number | Company name | Counterparty | Relationship | General ledger account | Amount | Transaction terms | Percentage of consolidated total operating revenues or total assets |
| 0 | Prince Housing & Development Corp. | The Splendor Hospitality International Co., Ltd. | The Company to the consolidated subsidiaries | Endorsement and guarantee | \$ 1,900,000 | In accordance with endorsement and guarantee procedures | 3.89% |
| 0 | Prince Housing & Development Corp. | The Splendor Hospitality International Co., Ltd. | The Company to the consolidated subsidiaries | Other assets - obligation receivables | 575,000 | Creditor's rights purchase contract | 1.18% |

Note 1: The numbers filled in for the transaction company in respect of inter-company transactions are as follows:

- (1) Parent company is '0'.
- (2) The subsidiaries are numbered in order starting from '1'.

Note 2: Relationship between transaction company and counterparty is classified into the following three categories:

- (1) Parent company to subsidiary.
- (2) Subsidiary to parent company.
- (3) Subsidiary to subsidiary.

Note 3: Regarding percentage of transaction amount to consolidated total operating revenues or total assets, it is computed based on period-end balance of transaction to consolidated total assets for balance sheet accounts and based on accumulated transaction amount for the period to consolidated total operating revenues for income statement accounts.

Note 4: The table only discloses transaction amounts of NT\$100 million or more.

Prince Housing & Development Corp.
Information on investees
Six months ended June 30, 2022

Table 6

| | | | | | | | | | | | Expressed in thousands of NTD (Except as otherwise indicated) |
|--|---|------------------------|--|--------------------------------|------------------------------------|---------------------------------|---------------|--------------|---|---|--|
| Investor | Investee | Location | Main business activities | Initial investment amount | | Shares held as at June 30, 2022 | | | Net profit (loss) of the investee for the six months ended June 30, 2022 | Investment income (loss) recognised by the Company for the six months ended June 30, 2022 | Footnote |
| | | | | Balance as at June 30, 2022 | Balance as at December 31, 2021 | Number of shares | Ownership (%) | Book value | | | |
| Prince Housing & Development Corp. | Cheng-Shi Investment Holdings Co., Ltd. | Taiwan | General investment | \$ 1,146,925 | \$ 1,146,925 | 146,365,000 | 100.00% | \$ 1,387,423 | (\$ 433,918) | (\$ 414,594) | Notes 1 and 2 |
| | Prince Property Management Consulting Co. | Taiwan | Management and consulting | 181,000 | 181,000 | 17,146,580 | 100.00% | 283,604 | 667 | 667 | Notes 2 |
| | Geng-Ding Co., Ltd. | Taiwan | Hotels and catering | 120,000 | 120,000 | 18,000,000 | 30.00% | 287,687 | (4,875) | (1,471) | - |
| | Prince Housing Investment Co., Ltd. | British Virgin Islands | Overseas investment | 140,413 | 140,413 | 428 | 100.00% | 602,189 | 13,273 | 13,712 | Notes 1 and 2 |
| | Uni-President Development Corp. | Taiwan | Leasing of buildings | 1,080,000 | 1,080,000 | 108,000,000 | 30.00% | 1,137,172 | 89,565 | 26,869 | Note 4 |
| | The Splendor Hospitality International Co., | Taiwan | Hotels and catering | 325,000 | 175,000 | 32,500,000 | 50.00% | 261,462 | (66,796) | (33,398) | Notes 2 and 5 |
| | Jin-Yi-Xing Plywood Co., Ltd. | Taiwan | Manufacture of plywoods | 165,410 | 165,410 | 3,938,168 | 99.65% | (289,606) | (4) | (4) | Note 2 |
| | Prince Industrial Co. | Taiwan | Development of public housing and building | 10,000 | 10,000 | 1,000,000 | 100.00% | 9,202 | (26) | (26) | Note 2 |
| | Prince Real Estate Co., Ltd. | Taiwan | Real estate trading and leasing | 470,784 | 470,784 | 12,292,315 | 99.68% | 1,233,643 | 558,566 | 538,772 | Notes 1 and 2 |
| | Times Square International Holding Company | Taiwan | General investment | 1,207,270 | 1,207,270 | 139,800,000 | 100.00% | 466,187 | (233,799) | (233,799) | Notes 2 |
| Cheng-Shi Investment Holdings Co., Ltd. | Ta-Chen Construction & Engineering Corp. | Taiwan | Construction | 856,566 | 856,566 | 122,616,762 | 100.00% | 1,202,030 | (441,629) | - | Notes 2 and 3 |
| | Prince Utility Co., Ltd. | Taiwan | Electricity water pipe | 56,025 | 56,025 | 3,070,000 | 100.00% | 40,162 | (3,809) | - | Notes 2 and 3 |
| | Cheng-Shi Construction Co., Ltd. | Taiwan | Construction | 208,027 | 208,027 | 20,100,000 | 100.00% | 200,553 | (6,301) | - | Notes 2 and 3 |
| Prince Housing Investment Co., Ltd. | PPG Investment Inc. | U.S.A | Overseas investment | 56,945 | 56,945 | 273 | 27.30% | 22,538 | 3,439 | - | Note 3 |
| | Queen Holdings Ltd. | British Virgin Islands | Overseas investment | 122,034 | 122,034 | 2,730 | 27.30% | 394,251 | 35,048 | - | Note 3 |
| Prince Property Management Consulting Co. | Prince Apartment Management & Maintenance Co., Ltd. | Taiwan | Management of apartments | 67,853 | 67,853 | 3,000,000 | 100.00% | 43,595 | 870 | - | Notes 2 and 3 |
| | Prince Security & Guard Co., Ltd. | Taiwan | Security | 159,611 | 159,611 | 13,172,636 | 100.00% | 193,709 | (99) | - | Notes 2 and 3 |
| Prince Real Estate Co., Ltd. | Amida Trustlink Assets Management Co., Ltd. | Taiwan | Development of public housing and building | 304,289 | 304,289 | 21,525,020 | 45.21% | (140,095) | (302) | - | Note 3 |
| Times Square International Holding Company | Times Square International Hotel Corp. | Taiwan | Hotels and catering | 943,270 | 943,270 | 103,000,000 | 100.00% | 247,456 | (184,083) | - | Notes 2 and 3 |
| | Times Square International Stays Corp. | Taiwan | Hotels and catering | 530,000 | 530,000 | 52,000,000 | 100.00% | 215,346 | (49,655) | - | Notes 2 and 3 |

Note 1: The difference between the income (loss) of the investee and the investment income (loss) of the investee recognised by the Company is the investment income (loss) of the investee recognised by the Company in proportion to the share ownership and unrealised gain (loss) from elimination of inter-Company transactions.

Note 2: Subsidiary.

Note 3: The amount has been included in the profit (loss) of the Company's investee accounted using equity method and has been recognised as gain (loss) on investment.

Note 4: Provided 90,000 thousand shares as collateral.

Note 5: The investee increased its capital amounting to \$300,000 by issuing new shares of 30 million shares for the year. The face value and issuance price were both NT\$10 (in dollars)

Prince Housing & Development Corp.

Major shareholders information

June 30, 2022

Table 7

| Name of major shareholders | Shares | Ownership (%) |
|---------------------------------|-----------------------|---------------|
| | Number of shares held | |
| Uni-President Enterprises Corp. | 162,743,264 | 10.02% |
| Taipo Investment Co., Ltd. | 116,730,587 | 7.19% |