

**PRINCE HOUSING & DEVELOPMENT
CORP. AND SUBSIDIARIES
CONSOLIDATED FINANCIAL STATEMENTS AND
INDEPENDENT AUDITORS' REVIEW REPORT
MARCH 31, 2023 AND 2022**

For the convenience of readers and for information purpose only, the auditors' 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

To the Board of Directors and Shareholders of Prince Housing & Development Corp.

Introduction

We have reviewed the accompanying consolidated balance sheets of Prince Housing & Development Corp. and subsidiaries (the "Group") as at March 31, 2023 and 2022, and the related consolidated statements of comprehensive income, of changes in equity and of cash flows for the three 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" that came into effect 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 Standard on Review Engagements 2410, "Review of Financial Information Performed by the Independent Auditor of the Entity" of 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. Total assets of these subsidiaries amounted to NT\$10,549,019 thousand and NT\$10,319,923 thousand, constituting 22% and 21% of the consolidated total assets as at March 31, 2023 and 2022, respectively, total liabilities amounted to NT\$6,066,677 thousand and NT\$ 6,529,127 thousand, constituting 29% and 28% of the consolidated total liabilities as at March 31, 2023 and 2022, respectively, and the total comprehensive income amounted to (NT\$8,113) thousand and NT\$158,288 thousand, constituting (4%) and 65% of the total amount of consolidated comprehensive income for the three months then ended, respectively. Additionally, as explained in Note 6(7), the investments accounted for using equity method were based on each investee's financial statements of

the same reporting period which were not reviewed by the independent auditors. The recognised share of profit of associates and joint ventures for the three months ended March 31, 2023 and 2022 were NT\$28,807 thousand and NT\$20,614 thousand, respectively. As of March 31, 2023 and 2022, the relevant investment amounts were NT\$1,795,691 thousand and NT\$1,730,384 thousand, respectively (including the credit balances of other non-current liabilities – others amounting to NT\$140,408 thousand and NT\$140,095 thousand, 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 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 March 31, 2023 and 2022, and of its consolidated financial performance and its consolidated cash flows for the three 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” that came into effect as endorsed by the Financial Supervisory Commission.

Wang, Kuo-Hua

WANG, CHUN-KAI

For and on behalf of PricewaterhouseCoopers, Taiwan

May 8, 2023

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

MARCH 31, 2023, DECEMBER 31, 2022 AND MARCH 31, 2022

(Expressed in thousands of New Taiwan dollars)

(The consolidated balance sheets as of March 31, 2023 and 2022 are reviewed, not audited)

Assets	Notes	March 31, 2023		December 31, 2022		March 31, 2022		
		AMOUNT	%	AMOUNT	%	AMOUNT	%	
Current assets								
1100	Cash and cash equivalents	6(1)	\$ 8,977,889	19	\$ 9,999,828	21	\$ 8,564,475	17
1110	Financial assets at fair value through profit or loss - current	6(2) and 8	3,505,115	8	3,619,731	8	4,032,304	8
1136	Current financial assets at amortised cost	6(4) and 8	1,592,654	3	1,153,734	2	1,077,427	2
1140	Current contract assets	6(25) and 7	510,422	1	511,183	1	288,697	1
1150	Notes receivable, net	6(5)	100,950	-	19,372	-	105,294	-
1170	Accounts receivable, net	6(5)	323,895	1	445,916	1	466,941	1
1180	Accounts receivable - related parties, net	6(5) and 7	402,037	1	341,842	1	31,290	-
1200	Other receivables		5,957	-	4,374	-	12,375	-
1220	Current income tax assets		1,393	-	7,262	-	3,175	-
130X	Inventories, net	6(6) and 8	6,806,105	14	6,839,811	14	8,851,629	18
1410	Prepayments		54,729	-	66,399	-	84,341	-
1479	Other current assets		19,233	-	18,250	-	5,306	-
11XX	Current Assets		<u>22,300,379</u>	<u>47</u>	<u>23,027,702</u>	<u>48</u>	<u>23,523,254</u>	<u>47</u>
Non-current assets								
1510	Financial assets at fair value through profit or loss - non-current	6(2) and 8	488,441	1	458,133	1	952,882	2
1517	Non-current financial assets at fair value through other comprehensive income	6(3) and 8	2,382,887	5	2,318,365	5	2,575,149	5
1535	Non-current financial assets at amortised cost	6(4) and 8	658,321	2	636,504	1	620,129	1
1550	Investments accounted for under equity method	6(7) and 8	1,936,099	4	1,907,292	4	1,870,479	4
1600	Property, plant and equipment, net	6(8) and 8	5,480,811	12	5,514,126	12	5,619,074	12
1755	Right-of-use assets	6(9) and 7	6,142,680	13	6,263,451	13	6,587,226	13
1760	Investment property, net	6(11) and 8	5,379,742	11	5,399,644	11	5,463,790	11
1780	Intangible assets, net	6(12)	1,859,062	4	1,874,174	4	1,920,786	4
1840	Deferred income tax assets		311,010	1	321,421	1	291,547	1
1920	Refundable deposits	7	177,139	-	142,086	-	121,830	-
1990	Other non-current assets		98,098	-	90,916	-	76,135	-
15XX	Non-current assets		<u>24,914,290</u>	<u>53</u>	<u>24,926,112</u>	<u>52</u>	<u>26,099,027</u>	<u>53</u>
1XXX	Total assets		<u>\$ 47,214,669</u>	<u>100</u>	<u>\$ 47,953,814</u>	<u>100</u>	<u>\$ 49,622,281</u>	<u>100</u>

(Continued)

PRINCE HOUSING & DEVELOPMENT CORP. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS

MARCH 31, 2023, DECEMBER 31, 2022 AND MARCH 31, 2022

(Expressed in thousands of New Taiwan dollars)

(The consolidated balance sheets as of March 31, 2023 and 2022 are reviewed, not audited)

	Liabilities and Equity	Notes	March 31, 2023		December 31, 2022		March 31, 2022	
			AMOUNT	%	AMOUNT	%	AMOUNT	%
	Current liabilities							
2100	Short-term borrowings	6(13) and 8	\$ 931,000	2	\$ 1,301,000	3	\$ 1,265,860	3
2110	Short-term notes and bills payable	6(14) and 8	10,000	-	-	-	50,000	-
2130	Current contract liabilities	6(25) and 7	675,748	1	622,708	1	941,677	2
2150	Notes payable		1,515	-	1,597	-	328	-
2170	Accounts payable	7	1,044,169	2	1,475,835	3	1,383,839	3
2200	Other payables	6(15)	706,963	2	779,359	2	740,135	1
2230	Current income tax liabilities		65,687	-	54,644	-	227,163	-
2280	Current lease liabilities	7	446,188	1	441,219	1	450,267	1
2310	Receipts in advance		103,206	-	32,323	-	97,645	-
2320	Long-term liabilities, current portion	6(16)(17) and 8	5,930,000	13	5,880,000	12	2,836,817	6
2399	Other current liabilities		47,119	-	53,958	-	109,242	-
21XX	Current Liabilities		<u>9,961,595</u>	<u>21</u>	<u>10,642,643</u>	<u>22</u>	<u>8,102,973</u>	<u>16</u>
	Non-current liabilities							
2530	Bonds payable	6(16)	2,000,000	4	2,000,000	4	2,500,000	5
2540	Long-term borrowings	6(17) and 8	945,000	2	1,120,000	2	4,349,807	9
2550	Non-current provisions	6(18)	173,073	-	165,984	-	143,091	-
2570	Deferred income tax liabilities		279,965	1	279,965	1	279,019	1
2580	Non-current lease liabilities	7	6,454,311	14	6,566,017	14	6,864,708	14
2610	Long-term notes and accounts payable		808,301	2	808,301	2	808,301	2
2640	Net defined benefit liability - non-current		24,159	-	26,018	-	53,562	-
2645	Guarantee deposits received		159,594	-	164,977	-	163,151	-
2670	Other non-current liabilities, others	6(7)	195,541	-	195,562	1	195,116	-
25XX	Non-current liabilities		<u>11,039,944</u>	<u>23</u>	<u>11,326,824</u>	<u>24</u>	<u>15,356,755</u>	<u>31</u>
2XXX	Total Liabilities		<u>21,001,539</u>	<u>44</u>	<u>21,969,467</u>	<u>46</u>	<u>23,459,728</u>	<u>47</u>
	Equity attributable to owners of parent							
	Share capital	6(20)						
3110	common stock		16,233,261	34	16,233,261	34	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	2,387,299	5	2,232,892	4
3350	Unappropriated retained earnings		3,819,349	8	3,655,405	8	3,568,978	7
	Other equity interest	6(23)						
3400	Other equity interest		1,248,878	3	1,184,285	2	1,577,673	3
3500	Treasury stocks	6(20)	(1,003)	-	(1,003)	-	(1,003)	-
31XX	Equity attributable to owners of the parent		<u>25,948,297</u>	<u>55</u>	<u>25,719,760</u>	<u>54</u>	<u>25,872,314</u>	<u>52</u>
36XX	Non-controlling interest	4(3)	264,833	1	264,587	-	290,239	1
3XXX	Total equity		<u>26,213,130</u>	<u>56</u>	<u>25,984,347</u>	<u>54</u>	<u>26,162,553</u>	<u>53</u>
	Significant contingent liabilities and unrecognised contract commitments	9						
	Significant events after the balance sheet date	11						
3X2X	Total liabilities and equity		<u>\$ 47,214,669</u>	<u>100</u>	<u>\$ 47,953,814</u>	<u>100</u>	<u>\$ 49,622,281</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 ENDED MARCH 31, 2023 AND 2022
(Expressed in thousands of New Taiwan dollars, except earnings per share amounts)
(UNAUDITED)

				Three months ended March 31			
				2023		2022	
Items	Notes	AMOUNT	%	AMOUNT	%	AMOUNT	%
4000	Sales revenue	6(25) and 7		\$ 2,164,127	100	\$ 4,725,286	100
5000	Operating costs	6(6)(12)(30)		(1,573,679)	(73)	(3,407,778)	(72)
5900	Gross profit			<u>590,448</u>	<u>27</u>	<u>1,317,508</u>	<u>28</u>
	Operating expenses	6(12)(30)					
6100	Selling expenses			(28,158)	(1)	(90,120)	(2)
6200	General and administrative expenses			(393,324)	(18)	(458,342)	(10)
6450	Impairment loss (impairment gain and reversal of impairment loss) determined in accordance with IFRS 9	12(2)		(21)	-	(10)	-
6000	Total operating expenses			<u>(421,503)</u>	<u>(19)</u>	<u>(548,472)</u>	<u>(12)</u>
6900	Operating profit			<u>168,945</u>	<u>8</u>	<u>769,036</u>	<u>16</u>
	Non-operating income and expenses						
7100	Interest income	6(26)		10,031	1	2,051	-
7010	Other income	6(3)(27)		30,934	1	70,501	2
7020	Other gains and losses	6(2)(28)		39,966	2	(233,920)	(5)
7050	Finance costs	6(6)(29) and 7		(86,316)	(4)	(80,671)	(2)
7060	Share of profit of associates and joint ventures accounted for under equity method	6(7)		<u>28,807</u>	<u>1</u>	<u>20,614</u>	<u>1</u>
7000	Total non-operating income and expenses			<u>23,422</u>	<u>1</u>	<u>(221,425)</u>	<u>(4)</u>
7900	Profit before income tax			<u>192,367</u>	<u>9</u>	<u>547,611</u>	<u>12</u>
7950	Income tax expense	6(31)		(28,177)	(1)	(119,758)	(3)
8200	Profit for the period			<u>\$ 164,190</u>	<u>8</u>	<u>\$ 427,853</u>	<u>9</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)		<u>\$ 64,593</u>	<u>3</u>	<u>(\$ 182,547)</u>	<u>(4)</u>
8310	Components of other comprehensive income that will not be reclassified to profit or loss			<u>64,593</u>	<u>3</u>	<u>(182,547)</u>	<u>(4)</u>
8300	Total other comprehensive income (loss) for the period			<u>\$ 64,593</u>	<u>3</u>	<u>(\$ 182,547)</u>	<u>(4)</u>
8500	Total comprehensive income for the period			<u>\$ 228,783</u>	<u>11</u>	<u>\$ 245,306</u>	<u>5</u>
	Profit (loss), attributable to:						
8610	Owners of the parent			\$ 163,944	8	\$ 435,112	9
8620	Non-controlling interest			246	-	(7,259)	-
				<u>\$ 164,190</u>	<u>8</u>	<u>\$ 427,853</u>	<u>9</u>
	Comprehensive income (loss) attributable to:						
8710	Owners of the parent			\$ 228,537	11	\$ 252,565	5
8720	Non-controlling interest			246	-	(7,259)	-
				<u>\$ 228,783</u>	<u>11</u>	<u>\$ 245,306</u>	<u>5</u>
	Earnings per share (in dollars)	6(32)					
9750	Basic earnings per share			<u>\$ 0.10</u>		<u>\$ 0.27</u>	
9850	Diluted earnings per share			<u>\$ 0.10</u>		<u>\$ 0.27</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
THREE MONTHS ENDED MARCH 31, 2023 AND 2022
(Expressed in thousands of New Taiwan dollars)
(UNAUDITED)

	Equity attributable to owners of the parent										
	Notes	Retained Earnings				Other equity interest			Total	Non-controlling interest	Total equity
		Ordinary share	Capital surplus, additional paid-in capital	Legal reserve	Unappropriated retained earnings	Exchange differences on translation of foreign financial statements	Unrealised gains (losses) from financial assets measured at fair value through other comprehensive income	Treasury shares			
<u>Three months ended March 31, 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)	-	-	-	435,112	-	-	-	435,112	(7,259)	427,853
Other comprehensive loss for the period	6(3)(23)	-	-	-	-	-	(182,547)	-	(182,547)	-	(182,547)
Total comprehensive income (loss)		-	-	-	435,112	-	(182,547)	-	252,565	(7,259)	245,306
Disposal of investments in equity instruments designated at fair value through other comprehensive income		-	-	-	4,814	-	(4,814)	-	-	-	-
Changes in non-controlling interest		-	-	-	-	-	-	-	-	150,000	150,000
Balance at March 31, 2022		\$ 16,233,261	\$ 2,260,513	\$ 2,232,892	\$ 3,568,978	(\$ 48)	\$ 1,577,721	(\$ 1,003)	\$ 25,872,314	\$ 290,239	\$ 26,162,553
<u>Three months ended March 31, 2023</u>											
Balance at January 1, 2023		\$ 16,233,261	\$ 2,260,513	\$ 2,387,299	\$ 3,655,405	(\$ 48)	\$ 1,184,333	(\$ 1,003)	\$ 25,719,760	\$ 264,587	\$ 25,984,347
Profit for the period	6(32)	-	-	-	163,944	-	-	-	163,944	246	164,190
Other comprehensive income for the period	6(3)(23)	-	-	-	-	-	64,593	-	64,593	-	64,593
Total comprehensive income		-	-	-	163,944	-	64,593	-	228,537	246	228,783
Balance at March 31, 2023		\$ 16,233,261	\$ 2,260,513	\$ 2,387,299	\$ 3,819,349	(\$ 48)	\$ 1,248,926	(\$ 1,003)	\$ 25,948,297	\$ 264,833	\$ 26,213,130

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

PRINCE HOUSING & DEVELOPMENT CORP. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
THREE MONTHS ENDED MARCH 31, 2023 AND 2022
(Expressed in thousands of New Taiwan dollars)
(UNAUDITED)

	Notes	Three months ended March 31	
		2023	2022
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before tax		\$ 192,367	\$ 547,611
Adjustments			
Income and expenses having no effect on cash flows			
Net (gain) loss on financial assets at fair value through profit or loss	6(2)(28)	(40,025)	260,638
Expected credit impairment loss	12(2)	21	10
Share of profit of associates and joint ventures accounted for under equity method	6(7)	(28,807)	(20,614)
Loss (gain) on disposal of property, plant and equipment	6(28)	22	(29,225)
Property, plant and equipment transferred to expenses		592	352
Gain from changes in lease payments arising from the rent concessions	6(9)	-	(1,670)
Gain arising from lease modification	6(9)	(2)	-
Depreciation expense	6(8)(9)(11)(30)	187,650	191,141
Amortization expense	6(12)(30)	15,645	15,701
Interest expense	6(29)	86,316	80,371
Interest income	6(26)	(10,031)	(2,051)
Dividend income	6(3)(27)	(1,000)	-
Changes in assets/liabilities relating to operating activities			
Changes in operating assets			
Financial assets at fair value through profit or loss - current		124,333	(900,000)
Current contract assets		761	217,730
Notes receivable		(81,578)	(75,942)
Accounts receivable		122,000	256,427
Accounts receivable - related parties		(60,195)	(24,830)
Other receivables		(1,658)	44,469
Inventories		33,706	2,470,393
Prepayments		2,442	22,763
Other current assets, others		(983)	(2,762)
Other non-current assets, others		(7,467)	121
Net changes in liabilities relating to operating activities			
Current contract liabilities		53,040	(400,656)
Notes payable		(82)	(6)
Accounts payable		(431,666)	(322,443)
Other payables		(83,865)	27,372
Receipts in advance		70,883	68,593
Other current liabilities		(6,839)	8,772
Non-current provisions		7,089	6,587
Net defined benefit liability - non-current		(1,859)	(1,418)
Other non-current liabilities, others		(21)	23
Cash inflow generated from operations		140,789	2,437,457
Interest received		10,031	2,051
Dividend received		1,000	-
Interest paid		(65,619)	(57,558)
Income tax paid		(779)	(33,362)
Net cash flows from operating activities		<u>85,422</u>	<u>2,348,588</u>

(Continued)

PRINCE HOUSING & DEVELOPMENT CORP. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
THREE MONTHS ENDED MARCH 31, 2023 AND 2022
(Expressed in thousands of New Taiwan dollars)
(UNAUDITED)

	Notes	Three months ended March 31	
		2023	2022
<u>CASH FLOWS FROM INVESTING ACTIVITIES</u>			
Increase in financial assets at amortised cost-current		(\$ 438,920)	(\$ 311,509)
Proceeds from disposal of financial assets at fair value through other comprehensive income-non-current		-	27
Proceeds from returning fees of non-current financial assets at fair value through other comprehensive income		71	-
(Increase) decrease in financial assets at amortised cost non-current		(21,817)	13,861
Acquisition of property, plant and equipment	6(8)	(13,973)	(11,256)
Proceeds from disposal of property, plant and equipment		-	30,881
Increase in intangible assets	6(12)	(533)	-
(Increase) decrease in refundable deposits		(35,053)	35,158
Net cash flows used in investing activities		(510,225)	(242,838)
<u>CASH FLOWS FROM FINANCING ACTIVITIES</u>			
Decrease in short-term borrowings	6(34)	(370,000)	(10,000)
(Increase) decrease in short-term notes and bills payable	6(34)	10,000	(200,000)
Repayment of long-term borrowings	6(34)	(125,000)	(255,000)
Decrease in guarantee deposits received	6(34)	(5,383)	(1,391)
Payments of lease liabilities	6(34)	(106,753)	(105,528)
Change in non-controlling interest	4(3)	-	150,000
Net cash flows used in financing activities		(597,136)	(421,919)
Net (decrease) increase in cash and cash equivalents		(1,021,939)	1,683,831
Cash and cash equivalents at beginning of period		9,999,828	6,880,644
Cash and cash equivalents at end of period		\$ 8,977,889	\$ 8,564,475

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

PRINCE HOUSING & DEVELOPMENT CORP. AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
THREE MONTHS ENDED MARCH 31, 2023 AND 2022

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

(UNAUDITED)

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 authorised for issuance by the Board of Directors on May 8, 2023.

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”) that came into effect as endorsed by the Financial Supervisory Commission (“FSC”)

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

<u>New Standards, Interpretations and Amendments</u>	<u>International Accounting Standards Board</u>
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.

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

None.

(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
Amendments to IFRS 16, 'Lease liability in a sale and leaseback'	January 1, 2024
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, 2024
Amendments to IAS 1, 'Non-current liabilities with covenants'	January 1, 2024

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, 2022, 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' that came into effect 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, 2022.

(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 that came into effect 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 2022 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
			March 31, 2023	December 31, 2022	
Prince Housing & Development Corp.	Prince Property Management Consulting Co.	Real estate agency and management consulting	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	Notes 1, 2 and 3
	Jin-Yi-Xing Plywood Co., Ltd.	Manufacture of plywood	99.65	99.65	Note 2
	Prince Industrial Corp.	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 Holding 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 Holding 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 (%)	
			March 31, 2021	Description
Prince Housing & Development Corp.	Prince Property Management Consulting Co.	Real estate agency and management consulting	100	Note 2
	Cheng-Shi Investment Holdings Co., Ltd.	General investments	100	
	Prince Housing Investment Corp.	Overseas investment	100	Note 2
	The Splendor Hospitality International Co., Ltd.	Hotels and catering	50	Notes 1, 2 and 3
	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
Prince Property Management Consulting Co.	Times Square International Holding 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
	Cheng-Shi Construction Co., Ltd.	Construction	100	Note 2
Times Square International Holding Company	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 three months ended March 31, 2023 and 2022 were not reviewed by the independent auditors as the entity did not meet the definition of a significant subsidiary.

Note 3: The investee increased its capital amounting to \$300,000 by issuing new shares of 30 million shares in the first quarter of 2022. The face value and issuance price were both NT\$10 (in dollars). The Company subscribed to the new shares according to its shareholding ratio.

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>March 31, 2023</u>	<u>December 31, 2022</u>	<u>March 31, 2022</u>
Cash on hand and revolving funds	\$ 9,062	\$ 8,760	\$ 10,175
Checking accounts and demand deposits	5,195,678	6,390,269	7,729,079
Time deposits	-	-	123,850
Repurchase bonds	<u>3,773,149</u>	<u>3,600,799</u>	<u>701,371</u>
	<u>\$ 8,977,889</u>	<u>\$ 9,999,828</u>	<u>\$ 8,564,475</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(26).

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

<u>Items</u>	<u>March 31, 2023</u>	<u>December 31, 2022</u>	<u>March 31, 2022</u>
Current items:			
Financial assets mandatorily measured at fair value through profit or loss			
Beneficiary certificates	\$ 3,470,655	\$ 3,594,988	\$ 4,019,187
Valuation adjustment	34,460	24,743	13,117
	<u>\$ 3,505,115</u>	<u>\$ 3,619,731</u>	<u>\$ 4,032,304</u>
<u>Items</u>	<u>March 31, 2023</u>	<u>December 31, 2022</u>	<u>March 31, 2023</u>
Non-current items:			
Financial assets mandatorily measured at fair value through profit or loss			
Listed (TSE and OTC) stocks	\$ 146,989	\$ 146,989	\$ 264,520
Beneficiary certificates	76,000	76,000	76,000
	222,989	222,989	340,520
Valuation adjustments	265,452	235,144	612,362
	<u>\$ 488,441</u>	<u>\$ 458,133</u>	<u>\$ 952,882</u>

A. The Group recognised net gains (losses) of \$40,025 and (\$260,638) on financial assets at fair value through profit or loss for the three months ended March 31, 2023 and 2022, 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

<u>Items</u>	<u>March 31, 2023</u>	<u>December 31, 2022</u>	<u>March 31, 2022</u>
Non-current items:			
Designation of equity instruments			
Listed stocks	\$ 232,771	\$ 232,842	\$ 115,144
Unlisted stocks	902,198	902,198	880,292
	1,134,969	1,135,040	995,436
Valuation adjustments	1,247,918	1,183,325	1,579,713
	<u>\$ 2,382,887</u>	<u>\$ 2,318,365</u>	<u>\$ 2,575,149</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 \$2,382,887, \$2,318,365 and \$2,575,149 as at March 31, 2023, December 31, 2022 and March 31, 2022, respectively.

- B. For the three months ended March 31, 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. For the year ended December 31, 2022, to operate the Company's finance and maintain the Group's shareholdings, the Company acquired listed stocks from the Company's subsidiary, Ta-Chen Construction & Engineering Corp., for a total amount of \$117,698 (including \$167 of transaction fee) by using the block pair trades through Taiwan Stock Exchange.
- D. 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:

	<u>Three months ended March 31,</u>	
	<u>2023</u>	<u>2022</u>
<u>Equity instruments at fair value through other comprehensive income</u>		
Fair value change recognised in other comprehensive income	\$ 64,593	(\$ 182,547)
Cumulative gains reclassified to retained earnings due to derecognition	\$ -	\$ 4,814
Dividend income recognized in profit or loss held at end of period	\$ 1,000	\$ -

- E. 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

<u>Items</u>	<u>March 31, 2023</u>	<u>December 31, 2022</u>	<u>March 31, 2022</u>
Current items:			
Time deposits maturing in excess of three months	\$ 1,574,434	\$ 1,124,816	\$ 1,038,637
Trust account	18,220	28,918	38,790
	<u>\$ 1,592,654</u>	<u>\$ 1,153,734</u>	<u>\$ 1,077,427</u>
Non-current items:			
Compensating balance	\$ 499,701	\$ 494,673	\$ 458,508
Pledged certificates of deposit	158,620	141,831	161,621
	<u>\$ 658,321</u>	<u>\$ 636,504</u>	<u>\$ 620,129</u>

- A. As at March 31, 2023, December 31, 2022 and March 31, 2022, 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 \$2,250,975 \$1,790,238 and \$1,697,556, 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

	<u>March 31, 2023</u>	<u>December 31, 2022</u>	<u>March 31, 2022</u>
Notes receivable	\$ 100,950	\$ 19,372	\$ 105,294
Accounts receivable	\$ 324,691	\$ 446,691	\$ 467,215
Less: Allowance for doubtful accounts	(796)	(775)	(274)
	<u>\$ 323,895</u>	<u>\$ 445,916</u>	<u>\$ 466,941</u>
Accounts receivable - related parties	<u>\$ 402,037</u>	<u>\$ 341,842</u>	<u>\$ 31,290</u>

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

	<u>March 31, 2023</u>		<u>December 31, 2022</u>		<u>March 31, 2022</u>	
	<u>Notes receivable</u>	<u>Accounts receivable</u>	<u>Notes receivable</u>	<u>Accounts receivable</u>	<u>Notes receivable</u>	<u>Accounts receivable</u>
Without past due	\$ 100,950	\$ 726,212	\$ 19,372	\$ 775,632	\$ 105,294	\$ 497,988
Up to 30 days	-	-	-	11,272	-	-
31 to 60 days	-	13	-	564	-	3
61 to 90 days	-	-	-	-	-	-
Over 91 days	-	<u>503</u>	-	<u>1,065</u>	-	<u>514</u>
	<u>\$ 100,950</u>	<u>\$ 726,728</u>	<u>\$ 19,372</u>	<u>\$ 788,533</u>	<u>\$ 105,294</u>	<u>\$ 498,505</u>

The above ageing analysis was based on past due date.

B. As at March 31, 2023, December 31, 2022, March 31, 2022 and January 1, 2022, the balances of receivables (including notes receivable) from contracts with customers amounted to \$713,141, \$774,432, \$487,082 and \$725,858, respectively.

C. As at March 31, 2023, December 31, 2022 and March 31, 2022, 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 \$100,950 \$19,372 and \$105,294, respectively; the maximum exposure to credit risk in respect of the amount that best represents the Group's accounts receivable were \$725,932, \$787,758 and \$498,231, 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

	March 31, 2023		
	Cost	Allowance for valuation loss	Book value
Land held for construction site	\$ 5,577,612	(\$ 62,573)	\$ 5,515,039
Construction in progress	110,503	-	110,503
Buildings and land held for sale	945,873	(11,842)	934,031
Prepayment for land	228,635	-	228,635
Merchandise	17,897	-	17,897
	<u>\$ 6,880,520</u>	<u>(\$ 74,415)</u>	<u>\$ 6,806,105</u>
	December 31, 2022		
	Cost	Allowance for valuation loss	Book value
Land held for construction site	\$ 5,573,041	(\$ 62,573)	\$ 5,510,468
Construction in progress	116,419	-	116,419
Buildings and land held for sale	978,154	(12,852)	965,302
Prepayment for land	228,635	-	228,635
Merchandise	18,987	-	18,987
	<u>\$ 6,915,236</u>	<u>(\$ 75,425)</u>	<u>\$ 6,839,811</u>
	March 31, 2022		
	Cost	Allowance for valuation loss	Book value
Land held for construction site	\$ 5,588,724	(\$ 62,573)	\$ 5,526,151
Construction in progress	115,869	-	115,869
Buildings and land held for sale	2,972,944	(8,007)	2,964,937
Prepayment for land	228,635	-	228,635
Merchandise	16,037	-	16,037
	<u>\$ 8,922,209</u>	<u>(\$ 70,580)</u>	<u>\$ 8,851,629</u>

A. The cost of inventories recognised as expense for the three months ended March 31, 2023 and 2022 was \$1,130,544 and \$2,960,597, respectively, including the amounts of \$1,010 and \$0, respectively, that the Group reversed from a previous inventory write-down and accounted for as reduction of cost of goods sold because the related inventory items were 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 March 31,	
	2023	2022
Interest paid before capitalization	\$ 86,683	\$ 80,960
Interest capitalized	\$ 667	\$ 589
Annual interest rate used for capitalization	0.72%-0.82%	0.82%-1.00%

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

(a) Buildings and land in progress

	March 31, 2023	December 31, 2022	March 31, 2022
<u>Taipei branch</u>			
Bali Dist Chung Chang Section No.222 and 211-1, etc.	\$ 692,294	\$ 692,297	\$ 692,231
<u>Taichung branch</u>			
Beitun Dist. Rong-De Lot No.129, etc.	764,316	764,466	763,752
Jin Shuei Dist. Wu Show Section No. 1037, No. 1038, No. 1040, etc.	216,704	216,704	216,704
	981,020	981,170	980,456
<u>Tainan branch</u>			
Jin Hua Section No. 1361	689,315	689,315	689,315
Shan Chia Section No. 939, etc.	157,204	157,201	156,457
Others	3,738	3,738	3,738
	850,257	850,254	849,510
<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
	437,303	437,303	437,303
Total buildings and land in process	\$ 2,960,874	\$ 2,961,024	\$ 2,959,500

(b) Undeveloped land held for construction site

	March 31, 2023	December 31, 2022	March 31, 2022
<u>Taipei branch</u>			
Zhong Li Pu Ren Lot No. 720, etc.	\$ 140,156	\$ 140,156	\$ 140,156
Others	5,978	5,978	5,978
	146,134	146,134	146,134
<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	11,840	11,840	11,840
	419,790	419,790	419,790

<u>Tainan branch</u>	<u>March 31, 2023</u>	<u>December 31, 2022</u>	<u>March 31, 2022</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	14,550	14,550	14,550
	<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	13,923	13,923	13,923
	<u>1,368,025</u>	<u>1,368,025</u>	<u>1,368,025</u>
Total undeveloped land held for construction site	\$ 2,316,387	\$ 2,316,387	\$ 2,316,387

(c) Buildings and land held for sale

<u>Taipei branch</u>	<u>March 31, 2023</u>	<u>December 31, 2022</u>	<u>March 31, 2022</u>
Prince Hua Wei	\$ 615,951	\$ 615,951	\$ 734,255
Prince Yuan	67,259	82,586	724,512
Prince W	18,542	18,542	18,542
Prince Da Din	12,025	12,025	12,025
Prince Pine Garden	-	8,258	18,265
Taipei Shin Yi (Xin Zhuang Fuduxin)	-	-	127,003
	<u>713,777</u>	<u>737,362</u>	<u>1,634,602</u>

<u>Taichung branch</u>			
Prince Xian Heng	115,544	115,484	158,655
Prosperous New World	26,892	27,713	27,713
Prince Holiday Mansion	9,058	9,058	9,058
Others	6,118	6,118	6,118
	<u>157,612</u>	<u>158,373</u>	<u>201,544</u>

<u>Tainan branch</u>			
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
Word of Peak	-	-	105,415
Others	2,292	2,292	2,292
	<u>37,999</u>	<u>37,999</u>	<u>143,414</u>

<u>Kaohsiung branch</u>	<u>March 31, 2023</u>	<u>December 31, 2022</u>	<u>March 31, 2022</u>
Prince Castle (Townhouse)	\$ 30,132	\$ 30,132	\$ 140,547
Prince Cloud C Apartment	25,911	25,911	25,911
Cozy Prince Mansion	4,697	9,000	672,350
Prince Da Din	-	3,259	5,215
Prince Castle (Building)	-	-	49,250
	<u>60,740</u>	<u>68,302</u>	<u>893,273</u>
Total buildings and land held for sale	<u>\$ 970,128</u>	<u>\$ 1,002,036</u>	<u>\$ 2,872,833</u>

(d)Prepayment for land

	<u>March 31, 2023</u>	<u>December 31, 2022</u>	<u>March 31, 2022</u>
<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 March 31, 2023, significant constructions are set forth below:

<u>Name of construction contract</u>	<u>Contract amount</u>	<u>Estimated construction cost</u>	<u>Percentage of completion</u>	<u>Accumulated construction profit/(loss)</u>
Xinshi Logistics Park (Uni President Express)	\$ 5,896,250	\$ 5,627,666	34.50%	\$ 92,661
Tai She Zhi Shan Yuan - New construction	2,518,640	2,352,409	98.04%	162,973
Urban renewal construction on Zhengguang Road in Taoyuan	2,252,381	2,139,762	0.27%	304
Construction of T.S. Landmark Plaza (\$1.2 billion)	1,986,232	1,937,366	100.00%	48,866
Chunghwa Telecom-a turnkey project in Nangang	1,955,238	1,935,686	37.35%	7,303
Beitou Shilin Science and Technology Park	1,298,057	1,233,154	80.78%	52,429
No.3, Zhonglu, Taoyuan City	1,326,778	1,204,814	90.19%	109,999
Urban land consolidation engineering of Bei An commercial district	1,051,411	998,834	41.34%	21,735
Construction of T.S. Landmark Plaza (\$0.8 billion)	1,000,862	973,777	99.93%	27,066

(b) As of December 31, 2022, significant constructions are set forth below:

<u>Name of construction contract</u>	<u>Contract amount</u>	<u>Estimated construction cost</u>	<u>Percentage of completion</u>	<u>Accumulated construction profit/(loss)</u>
Xinshi Logistics Park (Uni President Express)	\$ 4,500,000	\$ 4,295,041	27.21%	\$ 55,769
Tai She Zhi Shan Yuan - New construction	2,518,640	2,352,409	97.91%	162,757
Construction of T.S. Landmark Plaza (\$1.2 billion)	1,962,547	1,937,366	100.00%	25,181
Chunghwa Telecom-a turnkey project in Nangang	1,955,238	1,935,686	31.88%	6,233
Tainan Metropolitan Expressway	1,720,906	1,599,880	97.67%	118,206
Beitou Shilin Science and Technology Park	1,277,212	1,213,347	76.67%	48,965
No.3, Zhonglu, Taoyuan City	1,326,778	1,204,814	90.03%	109,804
Urban land consolidation engineering of Bei An commercial district	1,051,411	998,834	34.16%	17,960
Construction of T.S. Landmark Plaza (\$0.8 billion)	1,013,032	984,315	98.86%	28,390

(c) As of March 31, 2022, significant constructions are set forth below:

<u>Name of construction contract</u>	<u>Contract amount</u>	<u>Estimated construction cost</u>	<u>Percentage of completion</u>	<u>Accumulated construction profit/(loss)</u>
Xinshi Logistics Park (Uni President Express)	\$ 4,500,000	\$ 4,295,041	9.18%	\$ 18,815
Tai She Zhi Shan Yuan - New construction	2,848,287	2,394,067	95.38%	86,052
Construction of T.S. Landmark Plaza (\$1.2 billion)	1,962,547	1,918,712	100.00%	43,835
Chunghwa Telecom-a turnkey project in Nangang	1,955,238	1,876,325	15.22%	12,011
Tainan Metropolitan Expressway	1,736,336	1,658,226	87.26%	68,159
Beitou Shilin Science and Technology Park	1,231,886	1,170,292	46.95%	28,918
No.3, Zhonglu, Taoyuan City	1,219,038	1,158,086	73.98%	45,092
Urban land consolidation engineering of Bei An commercial district	1,043,280	991,116	11.92%	6,218
Construction of T.S. Landmark Plaza (\$0.8 billion)	1,013,032	984,315	98.64%	28,326

(7) Investments accounted for under the equity method

Name of associates	March 31, 2023		December 31, 2022		March 31, 2022	
	Carrying amount	Percentage of ownership	Carrying amount	Percentage of ownership	Carrying amount	Percentage of ownership
Geng-Ding Co., Ltd.	\$ 319,482	30.00%	\$ 313,882	30.00%	\$ 291,605	30.00%
Uni-President Development Corp.	1,181,576	30.00%	1,167,581	30.00%	1,148,999	30.00%
PPG Investment Inc.	23,149	27.30%	20,799	27.30%	22,336	27.30%
Queen Holdings Ltd.	411,892	27.30%	405,030	27.30%	407,539	27.30%
Amida Truslink Assets Management Co., Ltd. (Note)	-	45.21%	-	45.21%	-	45.21%
	<u>\$1,936,099</u>		<u>\$ 1,907,292</u>		<u>\$ 1,870,479</u>	

Note : As of March 31, 2023, December 31, 2022 and March 31, 2022, 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 \$140,408, \$140,408 and \$140,095, 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.		
	March 31, 2023	December 31, 2022	March 31, 2022
Current assets	\$ 408,024	\$ 61,759	\$ 399,934
Non-current assets	6,689,814	6,769,627	7,001,260
Current liabilities	(2,512,138)	(2,295,832)	(2,822,572)
Non-current liabilities	(647,115)	(643,617)	(748,625)
Total net assets	<u>\$ 3,938,585</u>	<u>\$ 3,891,937</u>	<u>\$ 3,829,997</u>
Share in associate's net assets	<u>\$ 1,181,576</u>	<u>\$ 1,167,581</u>	<u>\$ 1,148,999</u>

Statements of comprehensive income

	<u>Uni President Development Corp.</u>	
	<u>Three months ended March 31,</u>	
	<u>2023</u>	<u>2022</u>
Revenue	<u>\$ 232,671</u>	<u>\$ 229,096</u>
Profit for the period from continuing operations	<u>\$ 46,647</u>	<u>\$ 42,228</u>
Total comprehensive income	<u>\$ 46,647</u>	<u>\$ 42,228</u>
Dividends received from associates	<u>\$ -</u>	<u>\$ -</u>

- 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 March 31, 2023, December 31, 2022 and March 31, 2022, the carrying amount of the Group's individually immaterial associates amounted to \$614,115, \$599,303 and \$581,385, respectively.

	<u>Three months ended March 31,</u>	
	<u>2023</u>	<u>2022</u>
Profit for the period from continuing operations	<u>\$ 52,133</u>	<u>\$ 28,143</u>
Other comprehensive loss, net of tax	<u>-</u>	<u>-</u>
Total comprehensive income	<u>\$ 52,133</u>	<u>\$ 28,143</u>

- 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 ended March 31, 2023 and 2022, the Group recognised share of profit of associates and joint venture accounted for using equity method of \$ 28,807 and \$ 20,614 and the investments as at March 31, 2023 and 2022, totalled \$1,795,691 and \$1,730,384, respectively. The disclosures in relation to certain investments accounted for using the equity method as at December 31, 2022, 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, 2022 was \$599,303.
- 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:

	<u>March 31, 2023</u>	<u>December 31, 2022</u>	<u>March 31, 2022</u>
Land	\$ 2,848,344	\$ 2,848,606	\$ 2,849,174
Buildings and structures	2,277,520	2,305,448	2,385,661
Machinery and equipment	963	1,091	1,561
Computer and communication equipment	5,557	4,600	5,014
Transportation equipment	616	680	1,383
Office equipment	195,540	197,596	210,550
Leasehold improvements	91,220	95,095	111,204
Other equipment	49,780	49,856	51,820
Construction in progress and equipment under acceptance	11,271	11,154	2,707
	<u>\$ 5,480,811</u>	<u>\$ 5,514,126</u>	<u>\$ 5,619,074</u>

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

Cost	Three months ended March 31, 2023				Closing net book amount
	Opening net book amount	Additions	Disposals	Reclassifications	
Land					
Assets used by the Company	\$ 1,436,995	\$ -	\$ -	(\$ 262)	\$ 1,436,733
Assets subject to operating leases	1,411,611	-	-	-	1,411,611
Buildings and structures					
Assets used by the Company	1,915,408	40 (	190) (	2,087)	1,913,171
Assets subject to operating leases	1,863,393	- (	31,959)	-	1,831,434
Machinery and equipment	16,566	-	-	-	16,566
Computer and communication equipment	64,606	989 (	9,258)	285	56,622
Transportation equipment	1,974	-	-	-	1,974
Office equipment	884,500	8,891 (	9,282)	1,200	885,309
Leasehold improvements	844,426	1,506	-	-	845,932
Other equipment	107,630	1,230	- (	592)	108,268
Construction in progress and equipment under acceptance	11,154	1,317	- (	1,200)	11,271
	<u>\$ 8,558,263</u>	<u>\$ 13,973</u>	<u>(\$ 50,689)</u>	<u>(\$ 2,656)</u>	<u>\$ 8,518,891</u>

Cost	Three months ended March 31, 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	40	(1,156)	-	1,914,489
Assets subject to operating leases	1,863,393	-	-	-	1,863,393
Machinery and equipment	16,566	-	-	-	16,566
Computer and communication equipment	63,444	1,848	-	-	65,292
Transportation equipment	9,714	-	(603)	-	9,111
Office equipment	869,429	5,533	(3,361)	5,068	876,669
Leasehold improvements	840,505	262	-	-	840,767
Other equipment	104,346	3,083	(1)	(352)	107,076
Construction in progress and equipment under acceptance	7,285	490	-	(5,068)	2,707
	<u>\$ 8,540,562</u>	<u>\$ 11,256</u>	<u>(\$ 6,222)</u>	<u>(\$ 352)</u>	<u>\$ 8,545,244</u>

Accumulated depreciation	Three months ended March 31, 2023				
	Opening net book amount	Additions	Disposals	Reclassifications	Closing net book amount
Buildings and structures					
Assets used by the Company	\$ 706,875	\$ 11,445	(\$ 190)	(\$ 958)	\$ 717,172
Assets subject to operating leases	766,478	15,394	(31,959)	-	749,913
Machinery and equipment	15,475	128	-	-	15,603
Computer and communication equipment	60,006	317	(9,258)	-	51,065
Transportation equipment	1,294	64	-	-	1,358
Office equipment	686,904	12,125	(9,260)	-	689,769
Leasehold improvements	749,331	5,381	-	-	754,712
Other equipment	57,774	714	-	-	58,488
	<u>\$ 3,044,137</u>	<u>\$ 45,568</u>	<u>(\$ 50,667)</u>	<u>(\$ 958)</u>	<u>\$ 3,038,080</u>

Accumulated depreciation	Three months ended March 31, 2022				
	Opening net book amount	Additions	Disposals	Reclassifications	Closing net book amount
Buildings and structures					
Assets used by the Company	\$ 662,717	\$ 11,364	(\$ 704)	\$ -	\$ 673,377
Assets subject to operating leases	702,966	15,878	-	-	718,844
Machinery and equipment	14,812	193	-	-	15,005
Computer and communication equipment	60,008	270	-	-	60,278
Transportation equipment	8,053	178	(503)	-	7,728
Office equipment	657,161	12,316	(3,358)	-	666,119
Leasehold improvements	721,751	7,812	-	-	729,563
Other equipment	54,386	871	(1)	-	55,256
	<u>\$ 2,881,854</u>	<u>\$ 48,882</u>	<u>(\$ 4,566)</u>	<u>\$ -</u>	<u>\$ 2,926,170</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>March 31, 2023</u>	<u>December 31, 2022</u>	<u>March 31, 2022</u>
	Book value	Book value	Book value
Land	\$ 10,222	\$ 10,844	\$ 12,710
Buildings and structures	6,131,503	6,251,954	6,573,403
Transportation equipment (business vehicles)	955	653	1,113
	<u>\$ 6,142,680</u>	<u>\$ 6,263,451</u>	<u>\$ 6,587,226</u>

	<u>Three months ended March 31,</u>	
	2023	2022
	<u>Depreciation expense</u>	<u>Depreciation expense</u>
Land	\$ 622	\$ 622
Buildings and structures	120,071	120,162
Transportation equipment (business vehicles)	96	188
	<u>\$ 120,789</u>	<u>\$ 120,972</u>

C. For the three months ended March 31, 2023 and 2022, the additions to right-of-use assets and lease liabilities were \$398 and \$0, respectively.

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

	<u>Three months ended March 31,</u>	
	2023	2022
<u>Items affecting profit or loss</u>		
Interest expense on lease liabilities	\$ 28,897	\$ 30,604
Expense on short-term lease contracts	536	941
Expense on leases of low-value assets	202	357
Profit from lease modification	2	-

E. For the three months ended March 31, 2023 and 2022, the Group’s total cash outflow for leases amounted to \$136,388 and \$137,430, 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 1.82% 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 9.95%.

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 \$1,670 by increasing other income for the three months ended March 31, 2022. There was no such situation in 2023.

(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 ended March 31, 2023 and 2022 are as follows:

	Three months ended March 31,	
	2023	2022
Rent income	\$ 119,744	\$ 119,038
Rent income arising from variable lease payments	\$ 20,524	\$ 14,626

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

	<u>March 31, 2023</u>
April 1, 2023 to March 31, 2024	\$ 360,693
April 1, 2024 to March 31, 2029	530,334
After April 1, 2029	<u>125,402</u>
	<u>\$ 1,016,429</u>
	<u>March 31, 2022</u>
April 1, 2022 to March 31, 2023	\$ 398,078
April 1, 2023 to March 31, 2028	492,778
After April 1, 2028	<u>129,735</u>
	<u>\$ 1,020,591</u>

(11) Investment property

A. Details of book values are as follows:

	<u>March 31, 2023</u>	<u>December 31, 2022</u>	<u>March 31, 2022</u>
Land	\$ 207,077	\$ 207,077	\$ 207,077
Leased assets-land	2,597,648	2,597,386	2,597,386
Leased assets-buildings	<u>2,575,017</u>	<u>2,595,181</u>	<u>2,659,327</u>
	<u>\$ 5,379,742</u>	<u>\$ 5,399,644</u>	<u>\$ 5,463,790</u>

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

Cost	<u>Three months ended March 31, 2023</u>				
	Opening net				Closing net
	book amount	Additions	Disposals	Reclassifications	book amount
Land	\$ 207,077	\$ -	\$ -	\$ -	\$ 207,077
Leased assets - land	2,597,386	-	-	262	2,597,648
Leased assets - buildings	<u>3,947,476</u>	<u>-</u>	<u>(1,180)</u>	<u>2,087</u>	<u>3,948,383</u>
	<u>\$ 6,751,939</u>	<u>\$ -</u>	<u>(\$ 1,180)</u>	<u>\$ 2,349</u>	<u>\$ 6,753,108</u>
Cost	<u>Three months ended March 31, 2022</u>				
	Opening net				Closing net
	book amount	Additions	Disposals	Reclassifications	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>

Three months ended March 31, 2023					
	Opening net				Closing net
Accumulated depreciation	book amount	Additions	Disposals	Reclassifications	book amount
Leased assets - buildings	\$ 1,352,295	\$ 21,293	(\$ 1,180)	\$ 958	\$ 1,373,366

Three months ended March 31, 2022					
	Opening net				Closing net
Accumulated depreciation	book amount	Additions	Disposals	Reclassifications	book amount
Leased assets - buildings	\$ 1,266,862	\$ 21,287	\$ -	\$ -	\$ 1,288,149

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 March 31,	
	2023	2022
Rental revenue from the lease of the investment property	\$ 122,412	\$ 115,684
Direct operating expenses arising from the investment property that generated rental income in the period	\$ 38,339	\$ 37,334
Direct operating expenses arising from the investment property that did not generate rental income in the period	\$ -	\$ -

D. As of March 31, 2023, December 31, 2022 and March 31, 2022, the fair value of the investment property held by the Group was \$12,499,474, \$12,512,142 and \$12,494,844, 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:

	March 31, 2023	December 31, 2022	March 31, 2022
Service concession	\$ 1,856,356	\$ 1,871,669	\$ 1,917,609
Software	2,706	2,505	3,177
	<u>\$ 1,859,062</u>	<u>\$ 1,874,174</u>	<u>\$ 1,920,786</u>

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

Three months ended March 31, 2023					
Cost	Opening net				Closing net
	book amount	Additions	Disposals	Reclassifications	book amount
Service concession	\$ 2,868,372	\$ -	\$ -	\$ -	\$ 2,868,372
Software	9,333	533	-	-	9,866
	<u>\$ 2,877,705</u>	<u>\$ 533</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,878,238</u>

Three months ended March 31, 2022					
Cost	Opening net book amount	Additions	Disposals	Reclassifications	Closing net book amount
Service concession	\$ 2,868,372	\$ -	\$ -	\$ -	\$ 2,868,372
Software	9,600	-	-	-	9,600
	<u>\$ 2,877,972</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,877,972</u>

Three months ended March 31, 2023					
Accumulated amortization	Opening net book amount	Additions	Disposals	Reclassifications	Closing net book amount
Service concession	\$ 996,703	\$ 15,313	\$ -	\$ -	\$ 1,012,016
Software	6,828	332	-	-	7,160
	<u>\$ 1,003,531</u>	<u>\$ 15,645</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,019,176</u>

Three months ended March 31, 2022					
Accumulated amortization	Opening net book amount	Additions	Disposals	Reclassifications	Closing net book amount
Service concession	\$ 935,450	\$ 15,313	\$ -	\$ -	\$ 950,763
Software	6,035	388	-	-	6,423
	<u>\$ 941,485</u>	<u>\$ 15,701</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 957,186</u>

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

	Three months ended March 31,	
	2023	2022
Operating costs	\$ 15,313	\$ 15,313
General and administrative expenses	332	388
	<u>\$ 15,645</u>	<u>\$ 15,701</u>

(13) Short-term borrowings

	March 31, 2023	December 31, 2022	March 31, 2022
Unsecured bank borrowings	\$ 931,000	\$ 1,151,000	\$ 1,115,860
Secured bank borrowings	-	150,000	150,000
	<u>\$ 931,000</u>	<u>\$ 1,301,000</u>	<u>\$ 1,265,860</u>
Interest rate range	<u>1.88%~2.16%</u>	<u>1.50%~2.16%</u>	<u>1.20%~1.50%</u>

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

(14) Short-term notes and bills payable

	March 31, 2023	December 31, 2022	March 31, 2022
Commercial papers	\$ 10,000	\$ -	\$ 50,000
Less: Unamortized discount	-	-	-
	<u>\$ 10,000</u>	<u>\$ -</u>	<u>\$ 50,000</u>
Interest rate range	<u>2.22%</u>	<u>-</u>	<u>1.51%</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>March 31, 2023</u>	<u>December 31, 2022</u>	<u>March 31, 2022</u>
Employees' compensation payable	\$ 205,127	\$ 190,643	\$ 219,668
Salaries and rewards payable	136,815	218,008	126,676
Taxes payable	83,492	49,761	80,541
Compensation due to directors	61,822	55,456	22,356
Business tax payable	21,973	14,921	29,224
Advertisement payable	19,327	41,612	70,954
Others	178,407	208,958	190,716
	<u>\$ 706,963</u>	<u>\$ 779,359</u>	<u>\$ 740,135</u>

(16) Bonds payable

	<u>March 31, 2023</u>	<u>December 31, 2022</u>	<u>March 31, 2022</u>
2017 1st secured ordinary bonds payable	\$ -	\$ -	\$ 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>2,000,000</u>	<u>-</u>
	4,500,000	4,500,000	4,500,000
Less: Current portion	<u>(2,500,000)</u>	<u>(2,500,000)</u>	<u>(2,000,000)</u>
	<u>\$ 2,000,000</u>	<u>\$ 2,000,000</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>March 31, 2023</u>	<u>December 31, 2022</u>	<u>March 31, 2022</u>
Secured bank borrowings	\$ 3,880,000	\$ 3,970,000	\$ 4,414,124
Unsecured bank borrowings	<u>495,000</u>	<u>530,000</u>	<u>772,500</u>
	4,375,000	4,500,000	5,186,624
Less: Current portion	(<u>3,430,000</u>)	(<u>3,380,000</u>)	(<u>836,817</u>)
	<u>\$ 945,000</u>	<u>\$ 1,120,000</u>	<u>\$ 4,349,807</u>
Range of maturity dates	<u>2023.07.20~2027.01.09</u>	<u>2023.07.20~2027.01.09</u>	<u>2022.08.14~2027.11.02</u>
Range of maturity rates	<u>2.00%~2.39%</u>	<u>1.83%~2.38%</u>	<u>1.11%~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

	2023	2022
At January 1	\$ 165,984	\$ 136,504
Additions	11,065	13,447
Used	(3,976)	(6,860)
At March 31	<u>\$ 173,073</u>	<u>\$ 143,091</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 \$133 and \$174 for the three months ended March 31, 2023 and 2022, respectively.
- (c) Expected contributions to the defined benefit pension plans of the Group for the year ending December 31, 2023 amount to \$2,834.
- 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 ended March 31, 2023 and 2022 were \$14,568 and \$13,973 respectively.

(20) Share capital

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

	<u>2023</u>	<u>2022</u>
Shares at January 1 and March 31	<u>1,622,671</u>	<u>1,622,671</u>

B. As of March 31, 2023, 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 March 31, 2023, December 31, 2022 and March 31, 2022, 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 values were NT\$11.7, NT\$10.50 and NT\$13.15 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.

	<u>Capital surplus</u>			
	<u>Share premium</u>	<u>Treasury share transaction</u>	<u>Others</u>	<u>Total</u>
<u>2023</u>				
At January 1 / At March 31	<u>\$ 1,375,442</u>	<u>\$ 877,839</u>	<u>\$ 7,232</u>	<u>\$ 2,260,513</u>
	<u>Capital surplus</u>			
	<u>Share premium</u>	<u>Treasury share transaction</u>	<u>Others</u>	<u>Total</u>
<u>2021</u>				
At January 1 / At March 31	<u>\$ 1,375,442</u>	<u>\$ 877,839</u>	<u>\$ 7,232</u>	<u>\$ 2,260,513</u>

(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) and \$649,330 (\$0.4 (in dollars) per share) for the years ended December 31, 2021 and 2020, respectively. On March 4, 2022, the Board of Directors proposed that total dividends for the distribution of earnings for 2021 was \$811,663 at \$0.5 (in dollars) per share.

(23) Other equity items

	<u>Unrealised gains (losses) on valuation</u>	<u>Currency translation</u>	<u>Total</u>
At January 1, 2023	\$ 1,184,333	(\$ 48)	\$ 1,184,285
Revaluation-Group	<u>64,593</u>	<u>-</u>	<u>64,593</u>
At March 31, 2023	<u>\$ 1,248,926</u>	<u>(\$ 48)</u>	<u>\$ 1,248,878</u>
	<u>Unrealised gains (losses) on valuation</u>	<u>Currency translation</u>	<u>Total</u>
At January 1, 2022	\$ 1,765,082	(\$ 48)	\$ 1,765,034
Revaluation-Group	(182,547)	-	(182,547)
Disposals transferred to retained earnings - Group	(<u>4,814</u>)	<u>-</u>	(<u>4,814</u>)
At March 31, 2022	<u>\$ 1,577,721</u>	<u>(\$ 48)</u>	<u>\$ 1,577,673</u>

(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>March 31, 2023</u>			
Assets			
Accounts receivable, net (including related parties)	\$ 529,346	\$ 104,670	\$ 634,016
Contract assets	129,109	381,313	510,422
Inventories	<u>965,549</u>	<u>5,822,659</u>	<u>6,788,208</u>
	<u>\$ 1,624,004</u>	<u>\$ 6,308,642</u>	<u>\$ 7,932,646</u>
Liabilities			
Contract liabilities	\$ 14,286	\$ 491,616	\$ 505,902
Accounts payable	235,364	683,701	919,065
Long-term notes and accounts payable	<u>-</u>	<u>11,456</u>	<u>11,456</u>
	<u>\$ 249,650</u>	<u>\$ 1,186,773</u>	<u>\$ 1,436,423</u>

	<u>Within 12 months</u>	<u>Over 12 months</u>	<u>Total</u>
<u>December 31, 2022</u>			
Assets			
Accounts receivable, net (including related parties)	\$ 472,622	\$ 185,949	\$ 658,571
Contract assets	112,261	398,922	511,183
Inventories	<u>967,056</u>	<u>5,853,768</u>	<u>6,820,824</u>
	<u>\$ 1,551,939</u>	<u>\$ 6,438,639</u>	<u>\$ 7,990,578</u>
Liabilities			
Contract liabilities	\$ 37,349	\$ 372,421	\$ 409,770
Accounts payable	656,101	699,625	1,355,726
Long-term notes and accounts payable	<u>-</u>	<u>11,456</u>	<u>11,456</u>
	<u>\$ 693,450</u>	<u>\$ 1,083,502</u>	<u>\$ 1,776,952</u>
	<u>Within 12 months</u>	<u>Over 12 months</u>	<u>Total</u>
<u>March 31, 2022</u>			
Assets			
Notes receivable, net	\$ 91,770	\$ -	\$ 91,770
Accounts receivable, net (including related parties)	201,152	219,333	420,485
Contract assets	106,281	182,416	288,697
Inventories	<u>2,834,245</u>	<u>6,001,347</u>	<u>8,835,592</u>
	<u>\$ 3,233,448</u>	<u>\$ 6,403,096</u>	<u>\$ 9,636,544</u>
Liabilities			
Accounts payable	\$ 862,002	\$ 436,492	\$ 1,298,494
Contract liabilities	622,842	149,315	772,157
Long-term notes and accounts payable	<u>-</u>	<u>11,456</u>	<u>11,456</u>
	<u>\$ 1,484,844</u>	<u>\$ 597,263</u>	<u>\$ 2,082,107</u>

(25) Operating revenue

	<u>Three months ended March 31,</u>	
	<u>2023</u>	<u>2022</u>
Revenue from contracts with customers	\$ 2,023,859	\$ 4,591,622
Other - rental revenue	<u>140,268</u>	<u>133,664</u>
	<u>\$ 2,164,127</u>	<u>\$ 4,725,286</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>	<u>Building and</u>					
<u>March 31, 2023</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	\$ 55,932	\$ 1,151,702	\$ 662,906	\$ 66,989	\$ 86,330	\$ 2,023,859
Timing of revenue						
recognition						
At a point in time	\$ 55,932	\$ -	\$ 262,994	\$ -	\$ -	\$ 318,926
Over time	-	1,151,702	399,912	66,989	86,330	1,704,933
	<u>\$ 55,932</u>	<u>\$ 1,151,702</u>	<u>\$ 662,906</u>	<u>\$ 66,989</u>	<u>\$ 86,330</u>	<u>\$ 2,023,859</u>

<u>Three months ended</u>	<u>Building and</u>					
<u>March 31, 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	\$ 3,498,979	\$ 551,298	\$ 388,356	\$ 67,521	\$ 85,468	\$ 4,591,622
Timing of revenue						
recognition						
At a point in time	\$ 3,498,979	\$ -	\$ 214,015	\$ -	\$ -	\$ 3,712,994
Over time	-	551,298	174,341	67,521	85,468	878,628
	<u>\$ 3,498,979</u>	<u>\$ 551,298</u>	<u>\$ 388,356</u>	<u>\$ 67,521</u>	<u>\$ 85,468</u>	<u>\$ 4,591,622</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 March 31, 2023, December 31, 2022 and March 31, 2022 are as follows:

	<u>Year expected to recognise revenue</u>	<u>Contracted amount</u>
March 31, 2023	2023~2027	\$ 8,379,767
December 31, 2022	2023~2024	5,834,246
March 31, 2022	2022~2024	7,983,942

C. Contract assets and liabilities

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

	<u>March 31, 2023</u>	<u>December 31, 2022</u>	<u>March 31, 2022</u>	<u>January 1, 2022</u>
Contract assets:				
Contract assets - construction contracts	\$ 510,422	\$ 511,183	\$ 288,697	\$ 506,427
Contract liabilities:				
Contract liabilities	\$ 14,286	\$ 37,349	\$ 620,728	\$ 1,032,712
- buildings and land sales contracts				
Contract liabilities - construction contracts	491,616	372,421	151,429	95,588
Contract liabilities - Hotel operation contracts	128,792	151,434	126,789	152,748
Contract liabilities - BOT business	41,054	61,504	42,731	61,285
	<u>\$ 675,748</u>	<u>\$ 622,708</u>	<u>\$ 941,677</u>	<u>\$ 1,342,333</u>

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

	<u>Three months ended March 31,</u>	
	<u>2023</u>	<u>2022</u>
Revenue recognised that was included in the contract liability balance at the beginning of the period		
Building and land sales contracts	\$ 31,096	\$ 660,028
Construction contracts	372,421	95,588
Hotel operation contracts	150,985	152,299
BOT business	61,504	61,285
	<u>\$ 616,006</u>	<u>\$ 969,200</u>

(26) Interest income

	<u>Three months ended March 31,</u>	
	<u>2023</u>	<u>2022</u>
Interest income from bank deposits	\$ 1,860	\$ 1,630
Interest income from bonds and notes sold under repurchase agreement	7,158	420
Other interest income	1,013	1
	<u>\$ 10,031</u>	<u>\$ 2,051</u>

(27) Other income

	<u>Three months ended March 31,</u>	
	<u>2023</u>	<u>2022</u>
Dividend income	\$ 1,000	\$ -
Government grant revenue (Note 1)	6	582
Payables transferred to other income	14,680	47,252
Income from guarantee deposits forfeited due to a breach of contract	6,000	-
Income from rent concessions (Note 2)	-	1,670
Other income	9,248	20,997
	<u>\$ 30,934</u>	<u>\$ 70,501</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 \$0 and \$582 for the three months ended March 31, 2023 and 2022, respectively.

Note 2: Due to the impact of COVID-19 pandemic, the Group recognised rent concession income for the three months ended March 31, 2023 and 2022. Refer to Note 6(9) for details.

(28) Other gains and losses

	Three months ended March 31,	
	2023	2022
Net gains (losses) on financial assets at fair value through profit or loss	\$ 40,025	(\$ 260,638)
(Losses) gains on disposals of property, plant and equipment (including investment property)	(22)	29,225
Others	(37)	(2,507)
	<u>\$ 39,966</u>	<u>(\$ 233,920)</u>

(29) Finance costs

	Three months ended March 31,	
	2023	2022
Interest expense:		
Bank borrowings	\$ 31,786	\$ 27,450
Lease liability	28,897	30,604
Commercial paper	15	342
Ordinary bonds	24,623	21,725
Others	1,362	839
Other finance expenses	<u>300</u>	<u>300</u>
	86,983	81,260
Less : Capitalization of qualifying assets	(667)	(589)
	<u>\$ 86,316</u>	<u>\$ 80,671</u>

(30) Expenses by nature

	Three months ended March 31, 2023		
	<u>Operating costs</u>	<u>Operating expenses</u>	<u>Total</u>
Employee benefit expense			
Wages and salaries	\$ 154,691	\$ 129,664	\$ 284,355
Labor and health insurance fees	17,520	15,548	33,068
Pension costs	7,709	6,992	14,701
Directors' remuneration	-	6,920	6,920
Other employee benefit expense	<u>17,518</u>	<u>5,432</u>	<u>22,950</u>
	<u>\$ 197,438</u>	<u>\$ 164,556</u>	<u>\$ 361,994</u>
Depreciation charges	<u>\$ 21,293</u>	<u>\$ 166,357</u>	<u>\$ 187,650</u>
Amortization charges	<u>\$ 15,313</u>	<u>\$ 332</u>	<u>\$ 15,645</u>

	Three months ended March 31, 2022		
	<u>Operating costs</u>	<u>Operating expenses</u>	<u>Total</u>
Employee benefit expense			
Wages and salaries	\$ 155,835	\$ 190,603	\$ 346,438
Labor and health insurance fees	15,890	14,745	30,635
Pension costs	7,622	6,489	14,111
Directors' remuneration	-	21,166	21,166
Other employee benefit expense	<u>10,042</u>	<u>7,115</u>	<u>17,157</u>
	<u>\$ 189,389</u>	<u>\$ 240,118</u>	<u>\$ 429,507</u>
Depreciation charges	<u>\$ 21,287</u>	<u>\$ 169,854</u>	<u>\$ 191,141</u>
Amortization charges	<u>\$ 15,313</u>	<u>\$ 388</u>	<u>\$ 15,701</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 ended March 31, 2023 and 2022, employees' compensation was accrued at \$14,484 and \$80,110, respectively; while directors' remuneration was accrued at \$4,928 and \$19,377, 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 three months ended March 31, 2023.

Employees' compensation and directors' remuneration of 2022 as resolved at the meeting of Board of Directors were in agreement with those amounts recognised in the 2022 financial statements. The employees' compensation will be distributed in the form of cash. The employees' compensation of 2022 has not yet been distributed.

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:

	<u>Three months ended March 31,</u>	
	<u>2023</u>	<u>2022</u>
Current tax:		
Current tax on profits for the period	\$ 17,663	\$ 142,319
Land value increment tax recognised in income tax for the period	103	15,514
Total current tax	<u>17,766</u>	<u>157,833</u>
Deferred tax:		
Origination and reversal of temporary differences	10,411	(19,411)
Loss carryforward	-	(18,664)
Total deferred tax	<u>10,411</u>	<u>(38,075)</u>
Income tax expense	<u>\$ 28,177</u>	<u>\$ 119,758</u>

B. The Company's income tax returns through 2021 have been assessed and approved by the Tax Authority. The Company does not have any administrative remedy as of the reporting date.

(32) Earnings per share

	<u>Three months ended March 31, 2023</u>		
	<u>Amount</u>	<u>Weighted average number of ordinary shares outstanding (shares in thousands)</u>	<u>Earnings per share (in dollars)</u>
<u>Basic earnings per share</u>			
Profit attributable to ordinary shareholders of the parent	<u>\$ 163,944</u>	<u>1,622,671</u>	<u>\$ 0.10</u>
<u>Diluted earnings per share</u>			
Profit attributable to ordinary shareholders of the parent	\$ 163,944	1,622,671	
Assumed conversion of all dilutive potential ordinary shares			
Employees' compensation	<u>-</u>	<u>13,182</u>	
Profit attributable to ordinary shareholders of the parent plus assumed conversion of all dilutive potential ordinary shares	<u>\$ 163,944</u>	<u>1,635,853</u>	<u>\$ 0.10</u>

	<u>Three months ended March 31, 2022</u>		
	Amount	Weighted average number of ordinary shares outstanding (shares in thousands)	Earnings per share (in dollars)
<u>Basic earnings per share</u>	<u>after tax</u>		
Profit attributable to ordinary shareholders of the parent	\$ 435,112	1,622,671	\$ 0.27
<u>Diluted earnings per share</u>			
Profit attributable to ordinary shareholders of the parent	\$ 435,112	1,622,671	
Assumed conversion of all dilutive potential ordinary shares			
Employees' compensation	-	12,910	
Profit attributable to ordinary shareholders of the parent plus assumed conversion of all dilutive potential ordinary shares	\$ 435,112	1,635,581	\$ 0.27

(33) Supplemental cash flow information

Investing and financing activities with no cash flow effects:

	<u>Three months ended March 31,</u>	
	<u>2023</u>	<u>2022</u>
1. Prepayment for equipment (shown as 'other non-current assets-others') transferred to property, plant and equipment	\$ 285	\$ -
2. Bonds payable and long-term borrowings transferred to long-term liabilities, current portion	\$ 5,930,000	\$ 2,836,817

(34) Changes in liabilities from financing activities

	January 1, 2023	Changes in cash flow from financing activities	Changes in other non-cash items	March 31, 2023
Short-term borrowings	\$ 1,301,000	(\$ 370,000)	\$ -	\$ 931,000
Short-term notes and bills payable	-	10,000	-	10,000
Bonds payable	4,500,000	-	-	4,500,000
Long-term borrowings	4,500,000	(125,000)	-	4,375,000
Long-term notes and accounts payable	808,301	-	-	808,301
Guarantee deposits received	164,977	(5,383)	-	159,594
Lease liability	7,007,236	(106,753)	16	6,900,499
Liabilities from financing activities - gross	\$ 18,281,514	(\$ 597,136)	\$ 16	\$ 17,684,394

	January 1, 2022	Changes in cash		March 31, 2022
		flow from financing activities	Changes in other non-cash items	
Short-term borrowings	\$ 1,275,860	(\$ 10,000)	\$ -	\$ 1,265,860
Short-term notes and bills payable	250,000	(200,000)	-	50,000
Bonds payable	4,500,000	-	-	4,500,000
Long-term borrowings	5,441,624	(255,000)	-	5,186,624
Long-term notes and accounts payable	808,301	-	-	808,301
Guarantee deposits received	164,542	(1,391)	-	163,151
Lease liability	7,422,173	(105,528)	(1,670)	7,314,975
Liabilities from financing activities - gross	<u>\$ 19,862,500</u>	<u>(\$ 571,919)</u>	<u>(\$ 1,670)</u>	<u>\$ 19,288,911</u>

7. RELATED PARTY TRANSACTIONS

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

<u>Names of related parties</u>	<u>Relationship with the Company</u>
Uni-President Development Corp. (Uni-President Development)	Associate
Amida Trustlink Assets Management Co., Ltd. (Amida Trustlink Assets)	Associate
Uni-President Enterprises Corp. (Uni-President Enterprises)	Other related party
President International Development Corp. (President International Development)	Other related party
Tone Sang Construction Corp. (Tone Sang)	Other related party
President Chain Store Corp. (President Chain Store)	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
Man-Strong International Human Resources Recruitment Co., Ltd. (Man-Strong International)	Other related party
Kao Chyuan Investment Co., Ltd. (Kao Chyuan Investment)	Other related party
President Fair Development Corp. (President Fair Development)	Other related party
Uni-President Express Corp. (Uni-President Express)	Other related party
Uni-President Department Store Corp. (Uni-President Department Store)	Other related party
President Transnet Corp. (President Transnet)	Other related party
Uni-President Vender Corp. (Uni-President Vender)	Other related party

Names of related parties	Relationship with the Company
President Pharmaceutical Corporation (President Pharmaceutical)	Other related party
President Drugstore Business Corporation (President Drugstore Business)	Other related party
Mister Donut Taiwan Co., Ltd. (Mister Donut Taiwan)	Other related party
Uni-President Organics Corp. (Uni-President Organics)	Other related party
President Being Corp. (President Being)	Other related party
Mech-President Co., Ltd. (Mech-President)	Other related party
Uni-President Cold Chain Corp. (Uni-President Cold Chain)	Other related party
Uni-Wonder Corporation (Uni-Wonder)	Other related party
President Nisshin Corp. (President Nisshin)	Other related party
Tong-Yo Co., Ltd. (Tong-Yo)	Other related party
Duskin Serve Taiwan Co., Ltd. (Duskin Serve Taiwan)	Other related party
Qware Systems & Services Corporation (Qware Systems & Services)	Other related party
21 Century Co., Ltd. (21 Century)	Other related party

(2) Significant related party transactions and balances

A. Sales of goods:

(a)

	Three months ended March 31,	
	2023	2022
Construction subcontracting:		
— Uni-President Express	\$ 809,756	\$ 202,050
— Other related parties	2,090	10,206
	\$ 811,846	\$ 212,256

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 March 31, 2023, December 31, 2022 and March 31, 2022, the status of the construction for the related parties undertaken by the Group was as follows:

	<u>March 31, 2023</u>	<u>December 31, 2022</u>	<u>March 31, 2022</u>
Uni-President Express:			
Total amount of construction contracts that were signed but had not been settled yet			
	\$ 5,896,250	\$ 4,500,000	\$ 4,500,000
Construction payments received	(2,340,992)	(1,495,636)	(416,025)
Construction payments receivable	<u>\$ 3,555,258</u>	<u>\$ 3,004,364</u>	<u>\$ 4,083,975</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	(50,927)	(47,180)	(19,346)
Construction payments receivable	<u>\$ 8,414</u>	<u>\$ 12,161</u>	<u>\$ 39,995</u>

(b)

	<u>Three months ended March 31,</u>	
	<u>2023</u>	<u>2022</u>
Rental income:		
— President Chain Store	\$ 13,772	\$ 13,407
— Other related parties	4,739	4,153
	<u>\$ 18,511</u>	<u>\$ 17,560</u>

Rent is determined by mutual agreements and is collected monthly.

(c)

	<u>Three months ended March 31,</u>	
	<u>2023</u>	<u>2022</u>
Hospitality service income:		
— Other related parties	\$ 2,943	\$ 1,849

B. Purchases and expenses

(a)

	<u>Three months ended March 31,</u>	
	<u>2023</u>	<u>2022</u>
Construction subcontracting		
— Other related parties	\$ 114	\$ -
Purchases of services		
— Other related parties	\$ 871	\$ 862
Purchases of goods		
— Other related parties	\$ 6,414	\$ 1,932

The abovementioned transaction prices and payment terms are based on the mutual agreements.

(b) Information system/management service expense (shown as general and administrative expenses)

	Three months ended March 31,	
	2023	2022
— Other related parties	\$ 1,579	\$ 1,898

C. Accounts receivable

	March 31, 2023	December 31, 2022	March 31, 2022
— Uni-President Express	\$ 394,289	\$ 337,346	\$ 25,749
— Other related parties	7,748	4,496	5,541
	<u>\$ 402,037</u>	<u>\$ 341,842</u>	<u>\$ 31,290</u>

D. Accounts payable

	March 31, 2023	December 31, 2022	March 31, 2022
— Other related parties	\$ 848	\$ 789	\$ 676

E. Contract assets and liabilities

	March 31, 2023	December 31, 2022	March 31, 2022
Contract assets:			
Kao Chyuan Investment Co., Ltd.	\$ 7,416	\$ 10,928	\$ 8,582
Contract liabilities:			
Uni-President Express	\$ 306,924	\$ 271,178	\$ 3,009
Other related parties	723	723	723
	<u>\$ 307,647</u>	<u>\$ 271,901</u>	<u>\$ 3,732</u>

F. 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 a related party, 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. The aforementioned leases were renewed in March 2023. These leases have terms expiring between April 2023 and April 2028.

(b) Lease liabilities

i. Outstanding balance:

	<u>March 31, 2023</u>	<u>December 31, 2022</u>	<u>March 31, 2022</u>
Lease liabilities - current:			
Uni-President			
Development	\$ 341,684	\$ 339,956	\$ 333,521
President International			
Development	<u>1,071</u>	<u>7,480</u>	<u>25,424</u>
	<u>\$ 342,755</u>	<u>\$ 347,436</u>	<u>\$ 358,945</u>
Lease liabilities - non-current:			
Uni-President			
Development	\$ 4,612,808	\$ 4,698,727	\$ 4,954,503
President International			
Development	<u>-</u>	<u>-</u>	<u>1,071</u>
	<u>\$ 4,612,808</u>	<u>\$ 4,698,727</u>	<u>\$ 4,955,574</u>

ii. Interest expense:

	<u>Three months ended March 31,</u>	
	<u>2023</u>	<u>2022</u>
Interest expense:		
Uni-President Development	\$ 19,041	\$ 20,304
President International Development	<u>30</u>	<u>169</u>
	<u>\$ 19,071</u>	<u>\$ 20,473</u>

G. Others:

	<u>March 31, 2023</u>	<u>December 31, 2022</u>	<u>March 31, 2022</u>
Refundable deposits:			
Uni-President Development	<u>\$ 69,219</u>	<u>\$ 68,641</u>	<u>\$ 68,526</u>

H. 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 March 31,	
	2023	2022
Salaries and other short-term employee benefits	\$ 6,968	\$ 6,683
Post-employment benefits	-	-
Other long-term benefits	-	-
Termination benefit	-	-
Share-based payment	-	-
	<u>\$ 6,968</u>	<u>\$ 6,683</u>

8. PLEDGED ASSETS

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

Pledged asset	March 31, 2023	December 31, 2022	March 31, 2022	Purpose
Time deposits, demand deposits and checking deposits (shown as "financial assets at amortised cost")	\$ 676,541	\$ 665,422	\$ 658,919	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	80,542	80,317	79,932	Construction performance guarantees and long-term and short-term borrowings
Land held for construction site	1,256,536	1,256,536	582,620	Long-term and short-term borrowings and issuance of short-term notes and bills
Construction in progress	35,826	35,829	17,448	Long-term and short-term borrowings and issuance of short-term notes and bills
Financial assets at fair value through other comprehensive income	1,186,799	1,154,839	1,246,946	Short-term borrowings and issuance of long-term notes and bills
Investments accounted for under equity method	984,646	972,984	957,500	Long-term borrowings and issuance of long-term notes and bills
Land	2,793,467	2,793,467	2,792,444	Construction performance guarantees, long-term and short-term borrowings and issuance of short-term notes and bills
Buildings	1,666,196	1,655,268	1,692,208	Long-term and short-term borrowings and issuance of short-term notes and bills
Investment property	4,669,092	4,685,006	4,737,040	Construction performance guarantees, long-term and short-term borrowings and issuance of short-term notes and bills
	<u>\$ 13,349,645</u>	<u>\$ 13,299,668</u>	<u>\$ 12,765,057</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	March 31, 2023		December 31, 2022		March 31, 2022	
	Total endorsement amount	Amount drawn	Total endorsement amount	Amount drawn	Total endorsement amount	Amount drawn
The Splendor Hospitality International Co., Ltd. (Note)	<u>\$ 2,025,000</u>	<u>\$ 1,775,000</u>	<u>\$ 1,775,000</u>	<u>\$ 1,725,000</u>	<u>\$ 2,075,000</u>	<u>\$ 1,825,000</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. The Company's subsidiary, the Splendor Hospitality International Co., Ltd. has been continuing to generate operating losses and its current liabilities were greater than its current assets. However, the Company was committed to provide the endorsement and guarantees for all Splendor Hospitality International Co., Ltd.'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>March 31, 2023</u>	<u>December 31, 2022</u>	<u>March 31, 2022</u>
Property, plant and equipment	\$ 1,593	\$ 3,523	\$ 5,669

(3) Operating lease agreement :

Please refer to Notes 6(9) and (10) 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 superficies, 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 March 31, 2023, December 31, 2022 and March 31, 2022, 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 superficies, 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 March 31, 2023, December 31, 2022 and March 31, 2022, 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. The abovementioned loan had been paid off in September 2022 in advance.
- (9) As of March 31, 2023, December 31, 2022 and March 31, 2022, performance guarantee letters issued for construction undertaking, warranty and leases of subsidiary, Ta-Chen Construction & Engineering Corp., amounted to \$404,510, \$415,470 and \$457,490, 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

In order to improve the Company's financial structure, to increase the working capital, and to repay the previously issued corporate bonds, on May 8, 2023, the Company's Board of Directors resolved that the Company plans to issue corporate bonds up to NT\$2.5 billion in 2023.

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>March 31, 2023</u>	<u>December 31, 2022</u>	<u>March 31, 2022</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	\$ 3,993,556	\$ 4,077,864	\$ 4,985,186
Financial assets at fair value through other comprehensive income			
Designation of equity instrument	2,382,887	2,318,365	2,575,149
Financial assets at amortised cost			
Cash and cash equivalents	8,977,889	9,999,828	8,564,475
Financial assets at amortised cost	2,250,975	1,790,238	1,697,556
Notes receivable	100,950	19,372	105,294
Accounts receivable (including related parties)	725,932	787,758	498,231
Other receivables	5,957	4,374	12,375
Refundable deposits	177,139	142,086	121,830
	<u>\$ 18,615,285</u>	<u>\$ 19,139,885</u>	<u>\$ 18,560,096</u>
<u>Financial liabilities</u>			
Financial liabilities at amortised cost			
Short-term borrowings	\$ 931,000	\$ 1,301,000	\$ 1,265,860
Short-term notes and bills payable	10,000	-	50,000
Notes payable	1,515	1,597	328
Accounts payable	1,044,169	1,475,835	1,383,839
Other payables	706,963	779,359	740,135
Bonds payable (including current portion)	4,500,000	4,500,000	4,500,000
Long-term borrowings (including current portion)	4,375,000	4,500,000	5,186,624
Long-term notes and accounts payable	808,301	808,301	808,301
Guarantee deposits received	159,594	164,977	163,151
	<u>\$ 12,536,542</u>	<u>\$ 13,531,069</u>	<u>\$ 14,098,238</u>
Lease liability	<u>\$ 6,900,499</u>	<u>\$ 7,007,236</u>	<u>\$ 7,314,975</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 Group operates internationally and the currencies primarily used are New Taiwan dollars and United States dollars. Foreign exchange risk arises from recognised assets and liabilities and net investments in foreign operations. Management has set up a policy to require the Group entities to manage their foreign exchange risk against their functional currency. The entities are required to manage their entire foreign exchange risk exposure with the Group finance & accounting division. Foreign exchange risk does not have significant impact to the Group.

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, pre-tax profit for the three months ended March 31, 2023 and 2022 would have increased/decreased by \$399,356 and \$498,519, 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 \$238,289 and \$257,515, 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 three months ended March 31, 2023 and 2022 would have been \$5,306 and \$6,452 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>March 31, 2023</u>						
Expected loss rate	0.01%	10%	25%	50%	100%	
Total book value of accounts receivable	\$ 726,212	\$ -	\$ 13	\$ -	\$ 503	\$ 726,728
Total book value of contract assets	\$ 510,422	\$ -	\$ -	\$ -	\$ -	\$ 510,422
Loss allowance	\$ -	\$ -	\$ -	\$ -	\$ 796	796
<u>December 31, 2022</u>						
Expected loss rate	0.01%	10%	25%	50%	100%	
Total book value of accounts receivable	\$ 775,632	\$ 11,272	\$ 564	\$ -	\$ 1,065	\$ 788,533
Total book value of contract assets	\$ 511,183	\$ -	\$ -	\$ -	\$ -	\$ 511,183
Loss allowance	\$ 12	\$ 175	\$ -	\$ -	\$ 588	775
<u>March 31, 2022</u>						
Expected loss rate	0.01%	10%	25%	50%	100%	
Total book value of accounts receivable	\$ 497,988	\$ -	\$ 3	\$ -	\$ 514	\$ 498,505
Total book value of contract assets	\$ 288,697	\$ -	\$ -	\$ -	\$ -	\$ 288,697
Loss allowance	\$ -	\$ -	\$ -	\$ -	\$ 274	274

- v. Movements in relation to the Group applying the simplified approach to provide loss allowance for accounts receivable and contract assets are as follows:

	2023		2022	
	Accounts receivable	Contract assets	Accounts receivable	Contract assets
At January 1	\$ 775	\$ -	\$ 264	\$ -
Provision for impairment loss	21	-	10	-
At March 31	<u>\$ 796</u>	<u>\$ -</u>	<u>\$ 274</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.

	March 31, 2023		
	Within 1 year	Between 1 to 3 years	Over 3 years
<u>Non-derivative financial liabilities:</u>			
Short-term borrowings	\$ 943,021	\$ -	\$ -
Short-term notes and bills payable	10,000	-	-
Notes payable	1,515	-	-
Accounts payable	360,468	683,701	-
Other payables	705,601	1,042	320
Lease liability	559,009	1,107,606	6,102,095
Guarantee deposits received	115,325	22,022	22,247
Bonds payable (including current portion)	2,521,000	-	2,031,600
Long-term borrowings (including current portion)	3,440,370	840,519	117,215
Long-term notes and accounts payable	-	11,456	796,845

	December 31, 2022		
	<u>Within 1 year</u>	<u>Between 1 to 3 years</u>	<u>Over 3 years</u>
<u>Non-derivative financial liabilities:</u>			
Short-term borrowings	\$ 1,326,709	\$ -	\$ -
Notes payable	1,597	-	-
Accounts payable	776,210	699,625	-
Other payables	779,039	-	320
Lease liability	554,050	1,093,811	6,250,659
Guarantee deposits received	122,393	13,853	28,731
Bonds payable (including current portion)	2,521,000	-	2,031,600
Long-term borrowings (including current portion)	3,438,878	977,545	181,782
Long-term notes and accounts payable	-	11,456	796,845

	March 31, 2022		
	<u>Within 1 year</u>	<u>Between 1 to 3 years</u>	<u>Over 3 years</u>
<u>Non-derivative financial liabilities:</u>			
Short-term borrowings	\$ 1,272,150	\$ -	\$ -
Short-term notes and bills payable	50,000	-	-
Notes payable	328	-	-
Accounts payable	947,346	436,493	-
Other payables	734,186	5,629	320
Lease liability	569,467	1,090,572	6,637,487
Guarantee deposits received	104,246	30,351	28,554
Bonds payable (including current portion)	2,031,500	2,521,000	-
Long-term borrowings (including current portion)	898,308	3,976,775	502,953
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 March 31, 2023, December 31, 2022 and March 31, 2022 are as follows:

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

<u>March 31, 2023</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	\$ 3,993,556	\$ -	\$ -	\$ 3,993,556
Financial assets at fair value through other comprehensive income				
Equity securities	<u>1,074,792</u>	<u>-</u>	<u>1,308,095</u>	<u>2,382,887</u>
	<u>\$ 5,068,348</u>	<u>\$ -</u>	<u>\$ 1,308,095</u>	<u>\$ 6,376,443</u>
<u>December 31, 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	\$ 4,077,864	\$ -	\$ -	\$ 4,077,864
Financial assets at fair value through other comprehensive income				
Equity securities	<u>1,028,884</u>	<u>-</u>	<u>1,289,481</u>	<u>2,318,365</u>
	<u>\$ 5,106,748</u>	<u>\$ -</u>	<u>\$ 1,289,481</u>	<u>\$ 6,396,229</u>
<u>March 31, 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	\$ 4,985,186	\$ -	\$ -	\$ 4,985,186
Financial assets at fair value through other comprehensive income				
Equity securities	<u>1,089,762</u>	<u>-</u>	<u>1,485,387</u>	<u>2,575,149</u>
	<u>\$ 6,074,948</u>	<u>\$ -</u>	<u>\$ 1,485,387</u>	<u>\$ 7,560,335</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 three months ended March 31, 2023 and 2022, there was no transfer between Level 1 and Level 2.

F. The following chart is the movement of Level 3 for the three months ended March 31, 2023 and 2022:

	<u>2023</u>	<u>2022</u>
	<u>Equity instruments without active market</u>	<u>Equity instruments without active market</u>
At January 1	\$ 1,289,481	\$ 1,485,689
Gain recognised in other comprehensive income (Note)	18,614	4,512
Sold in the period	<u>-</u>	<u>(4,814)</u>
At March 31	<u>\$ 1,308,095</u>	<u>\$ 1,485,387</u>

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

G. For the three months ended March 31, 2023 and 2022, except for the movement described in item F. above, there was no other 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 March 31, 2023	Valuation technique	Significant unobservable input	Range (weighted average)	Relationship of inputs to fair value
Non-derivative equity					
Unlisted shares	\$ 1,308,095	Market comparable companies	EV / EBITDA	8.98-9.96	The higher the multiple, the higher the fair value
		Net asset value	Not applicable		Not applicable
	Fair value at December 31, 2022	Valuation technique	Significant unobservable input	Range (weighted average)	Relationship of inputs to fair value
Non-derivative equity					
Unlisted shares	\$ 1,289,481	Market comparable companies	EV / EBITDA	8.98-9.96	The higher the multiple, the higher the fair value
		Net asset value	Not applicable		Not applicable
	Fair value at March 31, 2022	Valuation technique	Significant unobservable input	Range (weighted average)	Relationship of inputs to fair value
Non-derivative equity					
Unlisted shares	\$ 1,485,387	Market comparable companies	EV / EBITDA	12.67-19.12	The higher the multiple, 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:

		March 31, 2023			
		Recognised in profit or loss		Recognised in other comprehensive income	
Input	Change	Favourable change	Unfavourable change	Favourable change	Unfavourable change
Financial assets					
Equity instruments	1,308,095 ±1%	\$ -	\$ -	\$ 13,081	(\$ 13,081)
		December 31, 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	1,289,481 ±1%	\$ -	\$ -	\$ 12,895	(\$ 12,895)

March 31, 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	1,485,387	±1%	\$ -	\$ -	\$ 14,854	(\$ 14,854)

13. SUPPLEMENTARY DISCLOSURES

(1) Significant transactions information

- A. Loans to others: Please refer to table 1
- B. Provision of endorsements and guarantees to others: Please refer to table 2.
- C. Holding of marketable securities at the end of the period (not including subsidiaries, associates and joint ventures): Please refer to table 3.
- D. Acquisition or sale of the same security with the accumulated cost exceeding \$300 million or 20% of the Company's paid-in capital: None.
- 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: Please refer to table 4.
- H. Receivables from related parties reaching \$100 million or 20% of paid-in capital or more: Please refer to table 5.
- I. Trading in derivative instruments undertaken during the reporting periods: None.
- J. Significant inter-company transactions during the reporting periods: Please refer to table 6.

(2) Information on investees

Names, locations and other information of investee companies (not including investees in Mainland China): Please refer to table 7.

(3) Information on investments in Mainland China

None.

(4) Major shareholders information

Major shareholders information: Please refer to table 8.

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 March 31, 2023				
	Construction	Hotel	Others	Write-off and Adjustment	Total
External operating revenue-net	\$ 1,207,634	\$ 806,817	\$ 149,676	\$ -	\$ 2,164,127
Internal operating revenue-net	92	-	17,564	(17,656)	-
Total segment revenue	1,207,726	806,817	167,240		2,164,127
Costs and expenses	(1,268,152)	(636,982)	(116,325)	26,277	(1,995,182)
Segment income	(60,426)	169,835	50,915		168,945
Interest income	7,202	2,563	266	-	10,031
Other income	37,710	2,063	131	(8,970)	30,934
Other gains and losses	39,712	260	(6)	-	39,966
Finance costs	(41,379)	(44,935)	(33)	31	(86,316)
Share of (loss) profit of associates and joint ventures accounted for under the equity method	122,465	-	9,213	(102,871)	28,807
Income from continuing operations before tax	105,284	129,786	60,486		192,367
Income tax expense	(17,687)	(10,438)	(52)	-	(28,177)
Net income for the period	\$ 87,597	\$ 119,348	\$ 60,434		\$ 164,190
Segment assets	\$ 38,733,191	\$ 13,133,484	\$ 1,278,168	(5,930,174)	\$ 47,214,669
Segment liabilities	\$ 9,802,766	\$ 11,817,205	\$ 51,669	(670,101)	\$ 21,001,539

Item	Three months ended March 31, 2022				
	Construction	Hotel	Others	Write-off and Adjustment	Total
External operating revenue-net	\$ 4,050,277	\$ 527,528	\$ 147,481	\$ -	\$ 4,725,286
Internal operating revenue-net	82	-	18,116	(18,198)	-
Total segment revenue	4,050,359	527,528	165,597		4,725,286
Costs and expenses	(3,307,594)	(569,445)	(111,404)	32,193	(3,956,250)
Segment income	742,765	(41,917)	54,193		769,036
Interest income	633	1,203	215	-	2,051
Other income	66,371	5,178	22	(1,070)	70,501
Other gains and losses	(233,709)	(124)	(87)	-	(233,920)
Finance costs	(36,741)	(43,905)	(25)	-	(80,671)
Share of (loss) profit of associates and joint ventures accounted for under the equity method	(140,117)	-	5,499	155,232	20,614
Income (loss) from continuing operations before tax	399,202	(79,565)	59,817		547,611
Income tax (expense) benefit	(139,009)	18,770	481	-	(119,758)
Net income (loss) for the period	\$ 260,193	(\$ 60,795)	\$ 60,298		\$ 427,853
Segment assets	\$ 40,401,704	\$ 13,439,621	\$ 984,282	(5,203,326)	\$ 49,622,281
Segment liabilities	\$ 11,807,017	\$ 12,263,541	\$ 52,901	(663,731)	\$ 23,459,728

(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.
Loans to others
Three months ended March 31, 2023

Table 1

Expressed in thousands of NTD
(Except as otherwise indicated)

No. (Note 1)	Creditor	Borrower	General ledger account	Is a related party	Maximum outstanding balance during the three months ended March 31, 2023	Balance at March 31, 2023	Actual amount drawn down	Interest rate	Nature of loan	Amount of transactions with the borrower	Reason for short-term financing	Allowance for accounts	Collateral		Limit on loans granted to a single party	Ceiling on total loans granted	Footnote
													Item	Value			
0	Prince Housing & Development Corp.	Prince Industrial Corp.	Other receivables - related parties	Y	\$ 100,000	\$ 100,000	\$ -	2.7	Short-term financing	\$ -	Additional operating capital	\$ -	None	-	\$ 500,000	\$ 10,379,318	Note 2

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

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

Note 2: A. Ceiling on total loans to others: 40% of the Company's net worth.

B. Limit on loans to a single party:

- (a) Nature of the loan is related to business transactions: Limit to a single party is NT\$1.5 billion or the amount of business transactions between the creditor and borrower in the current year.
- (b) Nature of loan is for short-term financing: Limit on loans to a single party is NT\$500 million.

Prince Housing & Development Corp.
Provision of endorsements and guarantees to others
Three months ended March 31, 2023

Table 2

Expressed in thousands of NTD
(Except as otherwise indicated)

<u>Party being endorsed/guaranteed</u>														
Number (Note 1)	Endorser/ guarantor	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 March 31, 2023	Outstanding endorsement/ guarantee amount at March 31, 2023	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

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 period (not including subsidiaries, associates and joint ventures)
March 31, 2023

Expressed in thousands of NTD
(Except as otherwise indicated)

Table 3

Securities held by	Marketable securities	Name of investee companies	Relationship with the securities issuer	General ledger account	As of March 31, 2023				Footnote	
					Number of shares	Book value	Ownership (%)	Fair value		
Prince Housing & Development Corp.	Stock	Nantex Industry Co., Ltd.	None	Non-current financial assets at fair value through other comprehensive income	10,694,988	\$ 427,799	Note 1	\$ 40.00	Listed company, Note 2	
	Stock	ScinoPharm Taiwan, Ltd.	None	Non-current financial assets at fair value through other comprehensive income	23,605,921	613,754	Note 1	26.00	Listed company, Note 3	
	Stock	Simplo Technology Co., Ltd.	None	Non-current financial assets at fair value through other comprehensive income	76,349	23,134	Note 1	303.00	OTC company	
	Stock	Universal Venture Capital Investment Corp.	None	Non-current financial assets at fair value through other comprehensive income	1,400,000	13,804	Note 1	9.86		
	Stock	Grand Bills Finance Corp.	None	Non-current financial assets at fair value through other comprehensive income	48,672	731	Note 1	15.02		
	Stock	Nanmat Technology Co., Ltd.	None	Non-current financial assets at fair value through other comprehensive income	2,360,306	223,073	Note 1	94.51		
	Stock	President International Development Corp.	Other related party	Non-current financial assets at fair value through other comprehensive income	87,745,770	839,558	6.63%	9.57	Note 4	
	Fund	Mega Diamond Money Market Fund	None	Financial assets at fair value through profit or loss - non-current	6,301,406	80,542	-	12.78	Note 5	
	Fund	Prudential Financial Money Market Fund	None	Financial assets at fair value through profit or loss -current	68,842,925	1,109,108	-	16.11		
	Fund	UPAMC James Bond Money Market Fund	None	Financial assets at fair value through profit or loss -current	38,548,088	655,063	-	16.99		
	Fund	Allianz Global Investors Taiwan Money Market Fund	None	Financial assets at fair value through profit or loss -current	28,211,150	360,293	-	12.77		
	Cheng-Shi Investment Holdings Co., Ltd.	Fund	UPAMC James Bond Money Market Fund	None	Financial assets at fair value through profit or loss -current	1,775,631	30,174	-	16.99	
	Ta Chen Construction & Engineering Corp.	Stock	Nantex Industry Co., Ltd.	None	Financial assets at fair value through profit or loss - non - current	10,197,483	407,899	Note 1	40.00	Listed company
		Stock	Nanmat Technology Co., Ltd.	None	Non-current financial assets at fair value through other comprehensive income	2,155,766	203,738	5.20%	94.51	
Cheng-Shi Construction Co., Ltd.	Fund	UPAMC James Bond Money Market Fund	None	Financial assets at fair value through profit or loss -current	5,934,225	100,843	-	16.99		
Prince Utility Co., Ltd.	Fund	UPAMC James Bond Money Market Fund	None	Financial assets at fair value through profit or loss -current	597,841	10,159	-	16.99		
Prince Apartment Management & Maintenance Co., Ltd.	Stock	Prince Housing & Development Corp.	Parent company	Non-current financial assets at fair value through other comprehensive income	655,424	6,882	Note 1	11.70	Listed company	
	Stock	Tainan Spinning Co., Ltd.	None	Non-current financial assets at fair value through other comprehensive income	122,201	2,053	Note 1	16.85	Listed company	
Prince Security & Guard Co., Ltd.	Stock	Nanmat Technology Co., Ltd.	None	Non-current financial assets at fair value through other comprehensive income	313,563	27,191	Note 1	94.51		
Prince Property Management Consulting Co.	Fund	CTBC Hwa-win Money Market Fund	None	Financial assets at fair value through profit or loss - current	2,172,949	24,290	-	11.18		
Times Square International Hotel Corp.	Fund	Taishin 1699 Money Market Fund	None	Financial assets at fair value through profit or loss - current	5,215,464	72,000	-	13.81		
	Fund	Allianz Global Investors Taiwan Money Market Fund	None	Financial assets at fair value through profit or loss - current	2,828,276	36,000	-	12.77		
	Fund	Taishin Ta Chong Money Market Fund	None	Financial assets at fair value through profit or loss - current	4,975,365	72,000	-	14.48		
Prince Real Estate Co., Ltd.	Stock	Nantex Industry Co., Ltd.	None	Non-current financial assets at fair value through other comprehensive income	194,282	7,198	Note 1	40.00	Listed company	
	Stock	Sung Gang Asset Management Co., Ltd.	None	Non-current financial assets at fair value through other comprehensive income	47,968	854	Note 1	23.40	OTC company	
	Fund	Jih Sun Money Market Fund	None	Financial assets at fair value through profit or loss - current	11,874,873	179,466	-	15.11		
	Fund	UPAMC James Bond Money Market Fund	None	Financial assets at fair value through profit or loss -current	20,721,585	352,130	-	16.99		
	Fund	Allianz Global Investors Taiwan Money Market Fund	None	Financial assets at fair value through profit or loss -current	23,673,869	302,346	-	12.77		
	Fund	Taishin 1699 Money Market Fund	None	Financial assets at fair value through profit or loss -current	14,572,905	201,243	-	13.81		

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. and Subsidiaries
Purchases or sales of goods from or to related parties reaching \$100 million or 20% of paid-in capital or more
Three months ended March 31, 2023

Table 4

Expressed in thousands of NTD
(Except as otherwise indicated)

Purchaser/seller	Counterparty	Relationship with the counterparty	Transaction			Differences in transaction terms compared to third party transactions		Notes/accounts receivable (payable)		Footnote	
			Purchases (sales)	Amount	Percentage of total purchases (sales)	Credit term	Unit price	Credit term	Balance		Percentage of total notes/accounts receivable (payable)
Ta Chen Construction & Engineering Corp.	Uni-President Express Corp.	Affiliate	Sales	\$ 809,756	37%	Collected based on the terms	Determined after comparison and negotiation between the two parties and collected based on the contract terms	Determined after comparison and negotiation between the two parties and collected based on the contract terms	\$ 394,289	48%	

Prince Housing & Development Corp.
 Receivables from related parties reaching \$100 million or 20% of paid-in capital or more
 Three months ended March 31, 2023

Table 5

Expressed in thousands of NTD
 (Except as otherwise indicated)

Creditor	Counterparty	Relationship with the counterparty	Balance as at March 31, 2023	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 \$ 394,289	7.10	-	-	306,010	-

Prince Housing & Development Corp.
 Significant inter-company transactions during the reporting periods
 Three months ended March 31, 2023

Table 6

Expressed in thousands of NTD
 (Except as otherwise indicated)

Number	Company name	Counterparty	Relationship	Transaction			Percentage of consolidated total operating revenues or total assets
				General ledger account	Amount	Transaction terms	
0	Prince Housing & Development Corp.	The Splendor Hospitality International Co., Ltd.	The Company to the consolidated subsidiaries	Endorsement and guarantee	\$ 2,025,000	In accordance with endorsement and guarantee procedures	4.29%
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	1.22%
0	Prince Housing & Development Corp.	Prince Industrial Corp.	The Company to the consolidated subsidiaries	Loans to others	100,000	In accordance with procedures for provision of loans	0.21%

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 NTS100 million or more.

Prince Housing & Development Corp.
Information on investees
Three months ended March 31, 2023

Table 7

											Expressed in thousands of NTD (Except as otherwise indicated)		
Investor	Investee	Location	Main business activities	Initial investment amount		Shares held as at March 31, 2023			Net profit (loss) of the investee for the three months ended March 31, 2023	Investment income (loss) recognised by the Company for the three months ended March 31, 2023		Footnote	
				Balance as at March 31, 2023	Balance as at December 31, 2022	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	149,365,000	100.00%	\$ 1,375,965	\$ 52,234	\$ 52,234	Note 2		
	Prince Property Management Consulting Co., Ltd	Taiwan	Real estate agency and management consulting	181,000	181,000	17,146,580	100.00%	264,964 (	3,369) (	3,557)	Notes 1 and 2
	Geng-Ding Co., Ltd.	Taiwan	Hotels and catering	120,000	120,000	18,000,000	30.00%	319,482	18,671	5,600	-		
	Prince Housing Investment Corp.	British Virgin Islands	Overseas investment	140,413	140,413	428	100.00%	623,619	9,228	9,329	Note 2		
	Uni-President Development Corp.	Taiwan	Leasing of buildings	1,080,000	1,080,000	108,000,000	30.00%	1,181,576	46,647	13,994	Note 4		
	The Splendor Hospitality International Co., Ltd.	Taiwan	Hotels and catering	325,000	325,000	32,500,000	50.00%	259,990	466	233	Note 2		
	Jin-Yi-Xing Plywood Co., Ltd.	Taiwan	Manufacture of plywoods	165,410	165,410	3,938,168	99.65%	(289,743)	-	-	Notes 1 and 2		
	Prince Industrial Corp.	Taiwan	Development of public housing and building	300,000	300,000	30,000,000	100.00%	299,072 (	47) (	47)	Note 2
	Prince Real Estate Co., Ltd.	Taiwan	Real estate trading and leasing	470,784	470,784	12,292,315	99.68%	1,359,654	3,899	3,656	Notes 1 and 2		
	Times Square International Holding Company	Taiwan	General investment	420,270	420,270	62,100,000	100.00%	796,298	41,023	41,023	Note 2		
Cheng-Shi Investment Holdings Co., Ltd	Ta Chen Construction & Engineering Corp.	Taiwan	Construction	856,566	856,566	122,616,762	100.00%	1,200,929	56,459	-	Notes 2 and 3		
	Prince Utility Co., Ltd.	Taiwan	Electricity water pipe	56,025	56,025	3,070,000	100.00%	35,804 (	1,823)	-	Notes 2 and 3	
	Cheng-Shi Construction Co., Ltd.	Taiwan	Construction	208,027	208,027	20,100,000	100.00%	193,045 (	2,486)	-	Notes 2 and 3	
Prince Housing Investment Corp.	PPG Investment Inc.	U.S.A	Overseas investment	56,945	56,945	273	27.30%	23,149	8,609	-	Note 3		
	Queen Holdings Ltd.	British Virgin Islands	Overseas investment	122,034	122,034	2,730	27.30%	411,892	25,136	-	Note 3		
Prince Property Management Consulting Co., Ltd.	Prince Apartment Management & Maintenance Co., Ltd.	Taiwan	Management of apartments	67,853	67,853	3,000,000	100.00%	42,646	629	-	Notes 2 and 3		
	Prince Security & Guard Co., Ltd.	Taiwan	Security	159,611	159,611	13,172,636	100.00%	173,870 (	3,929)	-	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%	(140,408) (	283)	-	Note 3	
Times Square International Holding Company	Times Square International Hotel Corp.	Taiwan	Hotels and catering	460,770	460,770	54,750,000	100.00%	590,575	41,776	-	Notes 2 and 3		
	Times Square International Stays Corp.	Taiwan	Hotels and catering	225,500	225,500	22,550,000	100.00%	202,589 (	726)	-	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.

Prince Housing & Development Corp.

Major shareholders information

Three months ended March 31, 2023

Table 8

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