Stock Code: 5512

Rich Development Co., Ltd. and Subsidiaries
Consolidated Financial Statements and Independent Auditors' Report

For the Years Ended December 31, 2022 and 2021

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REPRESENTATION LETTER

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

Very truly yours,

Company name: Rich Development Co., Ltd.

Chairman: Shu-Cheng Kuo

Date: March 15, 2023

Independent Auditors' Report

The Board of Directors and Shareholders of Rich Development Co., Ltd.

Opinions

We have audited the accompanying the Consolidated Financial Statements of Rich Development Co., Ltd. and it's subsideraries, which comprise the Consolidated balance sheets as of December 31, 2022 and 2021, and the Consolidated Statements of comprehensive income, changes in equity, cash flows for the years then ended, and Notes to Consolidated Financial Statements (including Summary of Significant Accounting Policies).

In our opinion, the accompanying Consolidated Financial Statements present fairly, in all material respects, the consolidated financial position of Rich Development Co., Ltd. as of December 31, 2022 and 2021, and its Consolidated financial performance and Consolidated cash flows for the years then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and the International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), and Interpretations developed by the International Financial Reporting Interpretations Committee (IFRIC) or Standing Interpretations Committee Interpretations (SIC) endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China.

Basis for Opinion

We conducted our audits in accordance with the Regulations Governing Auditing and Attestation of Financial Statements by Certified Public Accountants and the Standards on Auditing of the Republic of China. Our responsibility under those standards are further decribed in the Auditors' Responsibility for the Audit of Consolidated Financial Statements section of our report. We are independent from Rich Development Co., Ltd. in accordance with The Norm of Professional Ethics for Certified Public Accountant of the Republic of China, and we have fulfilled our other responsibilities in accordance with these reuqirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide as a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of Rich Development Co., Ltd. for the year ended December 31, 2022. These matters were addressed in the context of our audit of the consolidated financial statements as a whole and in forming our opinion thereon, and we do not provide a separate opinion on these matters. The key audit matters that, in our judgment, should be stated in the audit report are as follows:

1. Inventory evaluation

   For the accounting policies for inventory evaluation, please refer to Note 4 (8) Inventories in the accompanying consolidated financial statements; for the assumptions and estimated uncertainties involved in inventory evaluation, please refer to Note 5; For inventory-related disclosures, please refer to Note 6 (5) Inventories.

   Key audit matter is described as follows:

   Rich Group's inventory is an important asset for operations, and its amount accounts for approximately 37% of the total assets; inventory evaluation is computed in accordance with International Accounting Standards No. 2, and because the net realizable value of Rich Group's inventory is based on the management's future sales price and the estimation of construction costs, and is easily affected by the political and economic environment; if the net realized value is not properly assessed, it will cause false financial statements. Therefore, the inventory valuation test is one of the key audit matters that we consider in performing our audit of the consolidated financial statements of the Rich Group.

   To respond to this key matter, the audit procedures we performed were:

We obtained information on the net realizable value of Rich Group's inventories, and tested the aforementioned data on a sample basis to check with the consumable contracts, referring to the latest real estate price registration announced by the Ministry of the Interior or obtaining the concluded price of houses nearby and converting the average selling price into the net realizable value of the inventory of houses for sale; for the net realizable value of construction land, land and houses under construction, we obtained samples and checked the company's investment return analysis, comparing the investment return analysis data with market average, and when necessary obtained the external appraisal report to assess whether the net realized value of the inventory is fairly presented.

2. Assessment of asset impairment

For accounting policies related to asset impairment assessment, please refer to Note 4(15) of the consolidated financial statements; For the accounting estimates and assumption uncertainties of the impairment assessment of property, plant and equipment and intangible assets, please refer to Note 5(4); Please refer to Note 6(8) property, plant and equipment and Note 6(10) intangible assets of the consolidated financial statements for details.

Key audit matter is described as follows:

Rich Group's property, plant and equipment accounted for approximately 20% of its total assets as of December 31, 2022, and its main components are operating assets and concessions arising from public service contracts with government agencies. Due to the impact of COVID pandemic and industrial environment in 2022, the expected benefits of the original investment period were not as predicted, which led to the doubt whether the carrying amount of operating assets and licenses exceeded their recoverable amounts. Rich Group's management is required to estimate the recoverable amount of the aforementioned assets in accordance with IAS 36, Impairment of Assets. As the estimation of recoverable amount involves a high degree of uncertainty in management's subjective judgment, the carrying amount of property, plant and equipment and licenses may be overestimated. Therefore, we have included the assessment of impairment of the aforementioned assets in our audit as one of the key audit matters in our audit of the consolidated financial statements of the Rich Group's.

To respond to this key matter, the audit procedures we performed were:

The audit procedures we performed for the above key audit matter included the following: Obtain the asset impairment module and its related assumptions from the management of the Rich Group, and consider whether all assets subject to impairment testing have been included in the assessment process, review the individual financial assumptions used by the management, the supporting documents for recoverable amounts and the external appraisal reports used, and verify the reasonableness of the management's assumptions and the correctness of the calculations based on the relevant information available. We also reviewed the appropriateness of the disclosures of asset impairment made by the Rich Group as states above.

3. Recognition of construction contract gains and losses and onerous contract losses

Please refer to Note 4(17) Revenue Recognition for the accounting policies related to the recognition of construction revenue; Please refer to Note 5 for the assumptions and estimated uncertainties involved in the recognition of revenue from construction contracts; Please refer to Note 6(20) for the disclosure of contract revenue.

Key audit matter is described as follows:

The main business of Rich Group includes construction contracts signed with customers, and a significant proportion of operating revenue comes from such construction contracts. Because the recognition of revenue from such construction contracts involves significant estimates and judgments, such as the total cost of the construction contract, the degree of completion, additional construction revenue related to cost consideration, and the recognition of loss onerous contracts, etc. The subjective judgment of the management may cause a number of changes in estimates, which in turn will affect the profit and loss and revenue recognized by the Rich Group in the

financial statements; therefore, the recognition of the construction contract gains and losses and loss of onerous contracts is considered as a key audit matters in performing our audit of the consolidated financial statements of the Rich Group.

To respond to this key matter, the audit procedures we performed were:

The audit procedures we performed for the above key audit matter included the following: include the effectiveness test of internal control related to the timing and correctness of the recognition of construction contract revenue and costs; we examine major contracts on sample basis and interview with management to understand the specific terms and risks of each contract; test the evaluation documents and approval procedures performed by the management to estimate the total contract cost, percentage of contract completion, contract margins and onerous contracts; test the construction evaluation and pricing procedures, and check and adjust with the general ledger, evaluate whether the recognition of construction contract revenue and cost meets the requirements of relevant accounting standards. In addition, assess whether the management's recognition of onerous contract losses reflects the situation of expected contract loss.

Other Matters

We have also audited the individual financial statements of Rich Development Co., Ltd. as of and for the years ended December 31, 2022 and 2021 on which we have issued an unmodified opinion.

Responsibility of the Management and the Governing Body for the Consolidated Financial Statements

Management is responsibile for the preparation and fair presention of the the Consolidated Financial Statements in accordance with the "Regulations Governing the Preparation of Financial Reports by Securities Issuers," and the International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), IFRIC Interpretations (IFRIC), and SIC Interpretations (SIC) endorsed and issued into effect by the Financial Supervisory Commission of Republic of China, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatemen, whether due to fraud or errors.

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

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

Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

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

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

1. Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

2. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
3. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
4. Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Company to cease to continue as a going concern.
5. Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
6. Obtain sufficient and appropriate audit evidence regarding the financial information of the entities or business activities within the Company to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision, and performance of the group audit. We remain solely responsible for our audit opinion.

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

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

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

The engagement partners on the audit resulting in this independent auditors' report are

KPMG Taipei, Taiwan

CPA:

CHANG, SHU-YING

PAN, CHUN-MING

Approval number by the Securities Authority Agency-FSC- No. 0940100754

Approval number by the Securities Authority Agency-FSC- No. 1110333933

March 15, 2023

Notice to Readers

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

generally applied in the Republic of China.

For the convenience of readers, the independent auditors' report and the accompanying consolidated financial statements have been translated into English from the original Chinese version prepared and used in the Republic of China. If there is any conflict between the English version and the original Chinese version or any difference in the interpretation of the two versions, the Chinese-language independent auditors' report and consolidated financial statements shall prevail.

Rich Development Co., Ltd. and Subsidiaries
CONSOLIDATED BALANCE SHEET
December 31, 2022 and 2021

Unit: NT$ Thousands

		December 31, 2022		December 31, 2021	
	Assets	**Amount**	**%**	**Amount**	**%**
	Current Assets：				
1100	Cash and cash equivalent (Note 6(1))	$ 2,240,114	6	3,113,728	8
1110	Financial assets at fair value through profit or loss- current (Notes 6(2) and 8)	402,429	1	333,476	1
1141	Contract Assets－current (Notes 6(20) and 9)	1,271,274	3	858,754	2
1150	Notes receivable, net (Notes 6 (4), (20) and 7)	5,021	-	28,633	-
1170	Accounts receivable, net (Notes 6 (4), (11), (20) and 7)	1,501,364	4	1,109,684	3
1220	Current tax assets	15,835	-	-	-
1320	Inventory (applicable to construction industry) (Notes 6(5),7 and 8)	14,985,344	37	15,570,063	38
1476	Other financial assets－current (Notes 7, 8 and 9)	1,593,976	4	1,556,536	4
1479	Other current assets－others (Note 7)	386,192	1	453,924	1
1480	Incremental costs of obtaining a contract- current	39,716	-	18,676	-
1482	Cost of fulfilling a contract-current	2,306	-	677	-
		22,443,571	56	23,044,151	57
	Non-current assets:				
1510	Financial assets at fair value through profit or loss- non-current (Note 6(2))	17,522	-	15,357	-
1517	Financial assets at fair value through other comprehensive income－non-current (Note 6(3))	473,662	1	611,679	1
1535	Current financial assets at amortized cost－non-current (Note 13)	100,000	-	100,000	-
1550	Investments accounted for using equity method (Note 6 (6))	207,180	1	215,546	-
1600	Property, plant and equipment (Notes 6 (8),7 and 8)	5,890,241	14	5,298,535	13
1755	Right-of-use assets	282,743	1	312,500	1
1760	Investment property (Notes 6 (9),7 and 8)	661,926	2	657,437	2
1780	Intangible Assets (Notes 6(10) and 8)	2,351,052	6	2,501,222	6
1840	Deferred Tax Assets (Note 6 (17))	130,508	-	59,100	-
1932	Long-term account receivables (Notes 6(11) and 8)	6,979,704	17	7,170,412	18
1980	Other financial assets－non-current(Note 8)	652,829	2	740,166	2
1990	Other non-current assets - other	2,071	-	2,071	-
		17,749,438	44	17,684,025	43
	Total assets	**$ 40,193,009**	**100**	**40,728,176**	**100**

Rich Development Co., Ltd. and Subsidiaries
CONSOLIDATED BALANCE SHEET(CONTINUED)
December 31, 2022 and 2021

Unit: NT$ Thousands

		December 31, 2022		December 31, 2021	
	Liabilities and equity	**Amount**	**%**	**Amount**	**%**
	Current Liabilities：				
2100	Short-term bank loans (Note 6(13))	$ 8,900,511	22	8,627,832	21
2110	Short-term notes and bills payable (Note 6(12))	2,301,000	6	1,966,900	5
2130	Contract liabilities－current (Notes 6(20) and 7)	740,086	2	691,661	2
2150	Notes payable (Note 7)	361,690	1	222,490	1
2170	Account payable (Note 7)	954,573	2	846,828	2
2200	Other account payable (Notes 6 (8), (21) and 7)	728,730	2	469,492	1
2230	Current tax liabilities	24,363	-	81,672	-
2250	Provisions－current	312,486	1	109,853	-
2280	Lease liabilities－current (Note 7)	90,835	-	81,905	-
2321	Corporate bond payable, current portion (Note 6(15))	-	-	500,000	1
2322	Long-term liabilities, current portion (Note 6(14))	468,629	1	654,374	2
2399	Other current liabilities－others	32,881	-	41,660	-
		14,915,784	37	14,294,667	35
	Non-current Liabilities：				
2500	Financial liabilities at fair value through profit or loss - non-current (Notes 6(2) and (15))	16,200	-	3,800	-
2530	Corporate bond payable (Note 6(15))	2,945,823	7	2,931,574	7
2540	Long-term bank loans (Note 6(14))	4,399,329	12	4,996,611	12
2550	Provisions－non-current	66,005	-	63,354	-
2570	Deferred tax liabilities (Note 6(17))	523,881	1	491,622	1
2580	Lease liabilities－non-current (Note 7)	197,476	-	240,018	1
2612	Long-term account payable	61,219	-	95,458	-
2640	Net defined benefit liability－non-current	25,957	-	30,373	-
2645	Refundable deposits (Note 7)	139,587	-	165,663	-
		8,375,477	20	9,018,473	21
	Total liabilities	23,291,261	57	23,313,140	56
	Equity attributable to owners of the parent (Note 6(18))：				
3110	Common shares	7,439,927	19	7,439,927	19
3200	Capital surplus	666,777	2	667,993	2
3310	Legal reserve	1,309,440	3	1,277,806	3
3320	Special reserve	176,084	-	113,043	-
3350	Unappropriated retained earning	3,976,793	10	4,234,583	10
3400	Other equity	(261,750)	-	(137,784)	-
3500	Treasury stocks	(98,195)	-	(98,195)	-
	Total equity attributable to shareholders of the parent	13,209,076	34	13,497,373	34
36XX	**Non-controlling interests (Notes 6(7) and (18))**	3,692,672	9	3,917,663	10
	Total equity	16,901,748	43	17,415,036	44
	Total liabilities and equity	**$ 40,193,009**	**100**	**40,728,176**	**100**

(The accompanying notes are an integral part of the consolidated statements)

Chairman: Shu-Chen Kuo Manager: Chi-Kang Kuo Accounting Manager: Hien-Jen Ke

Rich Development Co., Ltd. and Subsidiaries

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

December 31, 2022 and 2021

Unit: NT$ Thousands

		2022		2021	
		Amount	%	Amount	%
4000	**SALES (Notes 6 (20) and 7)**	$ 6,305,186	100	5,744,620	100
5000	**COST OF GOOD SOLD (Notes 6 (5), (10), (16) and 7)**	5,590,302	89	4,600,318	80
	GROSS PROFIT	714,884	11	1,144,302	20
	OPERATING EXPENSES (Notes 6 (10), (21) and 7)：				
6100	Selling and marketing expenses	79,234	1	72,572	1
6200	General and administration expenses	442,274	7	406,631	7
6300	Research and development expense	483	-	980	-
		521,991	8	480,183	8
6500	OTHER NON-OPERATING INCOME AND EXPENSES (Notes 6(22) and 7)	-	-	306,815	5
	PROFIT FROM OPERATIONS	192,893	3	970,934	17
	NON-OPERATING INCOME AND EXPENSES (Note 6(23)):				
7100	Interest income (Note 6(11))	11,563	-	115,001	2
7010	Other income	22,585	-	43,931	1
7020	Other gains and losses (Notes 6(8), (10) and (15) and 7)	(52,183)	(1)	(489,280)	(9)
7050	Financial cost (Notes 6(15) and 7)	(221,819)	(4)	(254,592)	(4)
7370	Share of profit of associates accounted for using the equity method (Note 6(6))	(10,171)	-	7,887	-
		(250,025)	(5)	(577,053)	(10)
7900	**PROFIT BEFORE INCOME TAX**	(57,132)	(2)	393,881	7
7950	**LESS: INCOME TAX EXPENSES (Note 6 (17))**	70,794	1	212,793	4
	NET PROFIT FOR THE YEAR	(127,926)	(3)	181,088	3
8300	**OTHER COMPREHENSIVE INCOME (Notes 6(6) and (18)):**				
8310	**Items that will not be reclassified to profit or loss**				
8311	Remeasurement of defined benefit plans	4,130	-	2,033	-
8316	Unrealized gain (loss) on investments in equity instruments at fair value through other comprehensive income	(122,515)	(2)	(86,003)	(1)
8349	Less: Income tax related to items that will not be reclassified subsequently to profit or loss	-	-	-	-
	Total items that will not be reclassified to profit or loss	(118,385)	(2)	(83,970)	(1)
8360	**Items that may be reclassified subsequently to profit or loss**				
8361	Exchanges differences on translating the financial statements of foreign operation	64	-	(55)	-
8370	Share of the other comprehensive loss of subsidiaries and associates accounted for using the equity method - Items that may be reclassified to profit or loss	1,805	-	7,568	-
8399	Less: Income tax related to items that may be reclassified subsequently to profit or loss	-	-	-	-
	Total of items that may be reclassified subsequently to profit	1,869	-	7,513	-
8300	**TOTAL OTHERCOMPREHENSIVE INCOME FOR THE YEAR**	(116,516)	(2)	(76,457)	(1)
8500	**TOTAL COMPREHENSIVE INCOME FOR THE YEAR**	**$ (244,442)**	**(5)**	**104,631**	**2**
	Net profit (loss) for the year attributable to:				
8610	Owners of the parent	$ 43,085	-	306,690	5
8620	Non-controlling interest	(171,011)	(3)	(125,602)	(2)
		$ (127,926)	**(3)**	**181,088**	**3**
	Total comprehensive income attributable to:				
8710	Owners of the parent	$ (63,883)	(1)	260,772	5
8720	Non-controlling interest	(180,559)	(4)	(156,141)	(3)
		$ (244,442)	**(5)**	**104,631**	**2**
	EARNINGS PER SHARE (Note 6(19))				
9750	**Basic EARNINGS PER SHARE (NT$)**	**$**	**0.06**		**0.42**
9850	**Diluted EARNINGS PER SHARE (NT$)**	**$**	**0.06**		**0.42**

(The accompanying notes are an integral part of the consolidated statements)

Chairman: Shu-Chen Kuo Manager: Chi-Kang Kuo Accounting Manager: Hien-Jen Ke

Rich Development Co., Ltd. and Subsidiaries

CONSOLIDATED STATEMENTS CHANGES IN STOCKHOLDERS' EQUITY

December 31, 2022 and 2021

Unit: NT$ Thousands

	Equity Attributable to Owners of the Parent										
			Retained Earnings			Other equity					
	Common Shares	Capital Surplus	Legal reserve	Special reserve	Unappropriated earnings	Exchanges differences on translating the financial statements of foreign operation	Unrealized Gain (loss) on fair value changes of financial assets at fair value through profit or loss	Treasury stocks	Total equity attributable to owners of the parent	Non-Controlling Interest	Total equity
BALANCE ON JANUARY 1, 2021	$ 7,439,927	608,543	1,267,283	261,872	4,025,452	(5,184)	(75,864)	(98,195)	13,423,834	4,420,109	17,843,943
Net profit for the year	-	-	-	-	306,690	-	-	-	306,690	(125,602)	181,088
Total other comprehensive profit and loss for the year	-	-	-	-	2,033	3,481	(51,432)	-	(45,918)	(30,539)	(76,457)
Total comprehensive profit and loss for the year	-	-	-	-	308,723	3,481	(51,432)	-	260,772	(156,141)	104,631
Appropriation and distribution of Earnings:											
Appropriated as legal reserve	-	-	10,523	-	(10,523)	-	-	-	-	-	-
Appropriated as special reserve	-	-	-	(148,829)	148,829	-	-	-	-	-	-
Cash dividend on common shares	-	-	-	-	(245,518)	-	-	-	(245,518)	(107,405)	(352,923)
Changes in equity of associates accounted for using the equity method	-	-	-	-	(858)	-	-	-	(858)	(473)	(1,331)
Difference between consideration and carrying amount of subsidiaries acquired or disposed	-	23,049	-	-	-	-	-	-	23,049	172,129	195,178
Change in percentage of ownership interest in subsidiaries	-	36,401	-	-	(307)	-	-	-	36,094	36,880	72,974
Disposal of equity instruments measured at fair value through other comprehensive income	-	-	-	-	8,785	-	(8,785)	-	-	-	-
Changes in non-controlling interests	-	-	-	-	-	-	-	-	-	(447,436)	(447,436)
BALANCE ON DECEMBER 31, 2021	7,439,927	667,993	1,277,806	113,043	4,234,583	(1,703)	(136,081)	(98,195)	13,497,373	3,917,663	17,415,036
Net profit for the year	-	-	-	-	43,085	-	-	-	43,085	(171,011)	(127,926)
Total other comprehensive profit and loss for the year	-	-	-	-	4,130	925	(112,023)	-	(106,968)	(9,548)	(116,516)
Total comprehensive profit and loss for the year	-	-	-	-	47,215	925	(112,023)	-	(63,883)	(180,559)	(244,442)
Appropriation and distribution of Earnings:											
Appropriated as legal reserve	-	-	31,634	-	(31,634)	-	-	-	-	-	-
Appropriated as special reserve	-	-	-	63,041	(63,041)	-	-	-	-	-	-
Cash dividend on common shares	-	-	-	-	(223,198)	-	-	-	(223,198)	(45,648)	(268,846)
Difference between consideration and carrying amounts of subsidiaries acquired or disposed	-	(2,007)	-	-	-	-	-	-	(2,007)	2,007	-
Change in percentage of ownership interest in subsidiaries	-	791	-	-	-	-	-	-	791	(791)	-
Disposal of equity instruments measured at fair value through other comprehensive income	-	-	-	-	12,868	-	(12,868)	-	-	-	-
BALANCE ON DECEMBER 31, 2022	**$ 7,439,927**	**666,777**	**1,309,440**	**176,084**	**3,976,793**	**(778)**	**(260,972)**	**(98,195)**	**13,209,076**	**3,692,672**	**16,901,748**

(The accompanying notes are an integral part of the consolidated statements)

Chairman: Shu-Chen Kuo Manager: Chi-Kang Kuo Accounting Manager: Hien-Jen Ke

Rich Development Co., Ltd. and Subsidiaries
CONSOLIDATED STATEMENTS OF CASH FLOWS
December 31, 2022 and 2021

Unit: NT$ Thousands

	2022	2021
CASH FLOWS FROM OPERATING ACTIVITIES：		
Profit before income tax	$ (57,132)	393,881
Adjustments for：		
Adjustments to reconcile profit (loss)		
Depreciation expense	257,625	317,841
Amortization expense	162,479	155,363
Net loss (gain) on financial assets or liabilities at fair value through. profit or loss	31,499	16,219
Interest expense	160,768	254,592
Interest income	(11,563)	(115,001)
Dividend income	(8,667)	(6,770)
Share of profit (loss) of associates accounted for using the equity method	10,171	(7,887)
Loss (gain) on disposal of property, plant and equipment	1,379	(3,256)
Gains on disposals of investment property	-	(306,815)
Gain on disposal of investment	-	(40,831)
Replacement expenses	9,585	10,277
Provisions	200,175	42,090
Impairment loss	22,000	512,118
Loss (gain) on lease surrender and amendment	249	(1,115)
Rental concessions	(4,096)	(228)
Total gains and losses	831,604	826,597
Changes in operating assets and liabilities：		
Decrease (increase) in financial assets at fair value through profit or loss, mandatorily measured at fair value	(90,217)	(186,893)
Contract assets-current	(444,510)	376,764
Notes receivable	23,612	(20,876)
Accounts receivable	(344,007)	287,125
Inventory	763,047	506,472
Other current assets	55,408	(300,974)
Other financial assets	(30,986)	(710,138)
Long-term account receivable	143,035	111,540
Incremental costs of obtaining contracts	(21,040)	(16,800)
Cost of fulfilling a contract	(1,629)	10,637
Total changes in operating assets	52,713	56,857
Changes in operating liabilities：		
Contract liabilities－current	48,425	(153,454)
Notes payable	139,200	(133,992)
Account payable	107,738	(245,151)
Other payables	(4,254)	(49,049)
Provisions	(6,312)	(1,830)
Other current liabilities	6,221	6,389
Net defined benefit liability	(286)	(417)
Long-term payable	(6,987)	(7,221)
Total changes in operating liabilities	283,745	(584,725)
Total Changes in operating assets and liabilities	336,458	(527,868)
Total adjustments	1,168,062	298,729
Cash inflow (outflow) generated from operations	1,110,930	692,610
Interest received	16,934	16,968
Dividends received	8,667	6,770
Interest paid	(378,612)	(446,422)
Income tax paid	(183,085)	(174,365)
Net cash generated from operating activities	574,834	95,561

Rich Development Co., Ltd. and Subsidiaries
CONSOLIDATED STATEMENTS OF CASH FLOWS (CONTINUED)
December 31, 2022 and 2021

Unit: NT$ Thousands

	2022	2021
CASH FLOWS FROM INVESTING ACTIVITIES：		
Acquisition of financial assets at fair value through other comprehensive income	(5,500)	(63,478)
Disposal of financial assets measured at fair value through other comprehensive income	6,000	31,843
Disposal of subsidiaries	-	152,661
Acquisition of investment accounted for using equity method	(435,174)	(1,026,687)
Disposal of investments accounted for using equity method	2,674	6,116
Acquisition of intangible assets	(1,881)	(3,401)
Acquisition of investment properties	(11,596)	(14)
Disposal of investment properties	-	759,410
Decrease in other financial assets	73,263	213,918
Increase in other non-current financial assets	-	(2,071)
Net cash used in investing activities	(372,214)	68,297
CASH FLOWS FROM FINANCING ACTIVITIES：		
Increase (decrease) in short-term bank loans	272,679	160,153
Increase (decrease)in short-term notes and bills payable	334,100	(510,625)
Issuance of corporate bonds payable	-	1,013,576
Repayment of corporate bonds payable	(500,000)	-
Borrowing of long-term loans	273,236	1,735,600
Repayments of long-term loans	(1,056,263)	(1,908,878)
Decrease in guaranteed deposit received	(26,076)	(16,521)
Increase (decrease) in other payable to related parties	(27,000)	8,000
Repayments of principal portion of lease liabilities	(78,133)	(98,069)
Decrease in other non-current liabilities	-	(1,079)
Cash dividend paid	(268,846)	(352,923)
Disposal of equity interest in subsidiaries to non-controlling interests	-	195,178
Changes in non-controlling interest	-	170,000
Net cash used in financing activities	(1,076,303)	394,412
Effect of exchange rate changes on cash and cash equivalents	69	(59)
Net increase (decrease) in cash and cash equivalents	(873,614)	558,211
Cash and cash equivalents at beginning of period	3,113,728	2,555,517
Cash and cash equivalents at end of period	**$ 2,240,114**	**3,113,728**

(The accompanying notes are an integral part of the consolidated statements)

Chairman: Shu-Chen Kuo Manager: Chi-Kang Kuo Accounting Manager: Hien-Jen Ke

Rich Development Co., Ltd. and Subsidiaries
Notes to Consolidated Financial Statements
2022 and 2021
Expressed in thousands of NTD (Except as otherwise noted)

I. Company History

Rich Development Co., Ltd. (hereinafter referred to as the "Company") was incorporated on July 30, 1992 with the approval of the Ministry of Economic Affairs. The registered address is 8th Floor, No. 99, Jilin Road, Taipei City. The main business items of the Company (hereinafter also referred to as the "Consolidated Company") and its subsidiaries include commissioning manufacturers to construct commercial buildings and lease and sale of residential buildings; construction of sewage treatment plants and operation of sewage treatment projects; operation of resort hotels and travel agency operations, etc. Please refer to Note 14 for details.

II. The Date of Authorization for Issuance of the Financial Statements and Procedures for Authorization

The accompanying consolidated financial statements were approved and authorized for issue by the board of directors on March 15, 2023.

III. Application of New, Amended and Revised Standards and Interpretations

a. The impact of the newly issued and revised standards and interpretations endorsed by the Financial Supervisory Commission (FSC) which have been applied

The Consolidated Company has applied the following newly revised International Financial Reporting Standards (IFRS) with effective date starting January 01, 2023 and did not have a significant effect on the consolidated financial statements.

·Amendments to IFRS 16 – "Property, Plant and Equipment: Proceeds before Intended Use"
·Amendment to IFRS 37 – "Onerous Contracts—Cost of Fulfilling a Contract"
·Annual Improvements to IFRSs 2018-2020 Cycle
·Amendment to IFRS 3"References to Conceptual Framework"

b. The effect of the newly issued and revised standards and interpretations endorsed by the Financial Supervisory Commission (FSC) which have not yet applied

The Consolidated Company assesses that the following newly revised IFRS that have issued into effect with effective date starting January 01, 2023 will not have a significant effect on the consolidated financial statements.

·Amendments to IAS 1 "Disclosure of Accounting Policies"
·Amendments to IAS 8 "Definition of Accounting Estimates"
·Amendments to IAS 12 "Deferred Tax related to Assets and Liabilities arising from a Single Transaction"

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

The standards and interpretations issued and amended by the IASB but have not yet endorsed and issued into effect by the FSC that may be relevant to the Consolidated Company are as follows:

New, Revised or Amended Standards and Interpretations	Main content of amendments	Effective Date Issued by IASB
Amendments to IFRS No. 1- "Classification of Liabilities as Current or Non-Current"	Under existing IAS 1 requirements, companies classify a liability as current when they do not have an unconditional right to defer settlement for at least 12 months after the reporting date. The International Accounting Standards Board (IASB) has removed the requirement for a right to be unconditional and instead now requires that a right to defer settlement must exist at the reporting date and have substance. The amendments also clarify how a company classifies a liability that can be settled in its own shares – e.g. convertible debt.	January 1, 2024
Amendments to IFRS No. 1- "Non-current Liabilities with Covenants"	After reconsidering certain aspects of the 2020 amendments1, the IASB reconfirmed that only covenants with which a company must comply on or before the reporting date affect the classification of a liability as current or non-current. Covenants with which the company must comply *after* the reporting date (i.e. future covenants) do not affect a liability's classification at that date. However, when non-current liabilities are subject to future covenants, companies will now need to disclose information to help users understand the risk that those liabilities could become repayable within 12 months after the reporting date.	January 1, 2024

The Consolidated Company continues in evaluating the impact on its financial position and financial performance from the initial adoption of the aforementioned standards or interpretations and related applicable period. The related impact will be disclosed when the Consolidated Company completes its evaluation.

The Consolidated Company expects that other newly issued and revised standards but not yet endorsed will not have significant effect on the consolidated financial statements.

·Amendments to IFRS 10 and IAS 28 "Sale or Contribution of Assets between an Investor and its Associate or Joint Venture"

·Amendments to IFRS 17 "Insurance Contracts" and IFRS 17

·Amendments to IFRS 16 "Requirements for sale and leaseback transactions"

IV. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies presented in the consolidated financial statements are summarized below. The following accounting policies were applied consistently throughout the periods presented in the consolidated financial statements.

a. Statement of Compliance

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

b. Basis of Preparation

1. Measurement base

Except for the following material items in the balance sheets, the consolidated financial statements have been prepared under the historical cost basis:

(1) Financial assets at fair value through profit or loss are measured at fair value；

(2) Financial assets at fair value through other comprehensive income are measured at fair value；

(3) Defined benefit liabilities (or assets) are recognized as the fair value of pension fund assets less the present value of the defined benefit obligation.

2. Functional currency and presentation currency

The Consolidated Company's functional currency of each individual entity is the currency used in the primary economic environment in which it operates. The consolidated financial statements are presented in New Taiwan Dollar, the Company's functional currency. All the financial information in New Taiwan dollars is expressed in Thousands of New Taiwan dollars.

c. Basis of Consolidation

1.The basis for the consolidated financial statements

The consolidated financial statements incorporate the financial statements of the Company and entities controlled by the CompNy (its subsidiaries). The Company controls an investee when it is exposed to or has rights to variable compensation from its participation in the investee and has the ability to affect such compensation through its power over the investee, the Company controls the entity.

The financial statements of subsidiaries are included in the consolidated statement from the effective date of acquisition and up to the effective date of disposal. Any transactions, balances and unrealized gains and losses between the consolidated companies have been eliminated upon the preparation of the consolidated financial statements. Total comprehensive income of subsidiaries is attributed to the shareholders of the parent and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with those used by the Company.

Changes in the Company's ownership interests in subsidiaries that do not result in the Company losing control over the subsidiaries are accounted for as equity transactions between shareholders of parent. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognized directly in equity and attributed to shareholders of the parent.

2. The subsidiaries in the consolidated financial statements

List of subsidiaries included in the consolidated financial statements:

Name of Investor	Name of Investee	Main Businesses and Products	Percentage of Ownership December 31, 2022	Percentage of Ownership December 31, 2021	Note
The Company	Lea Ho Investment Co., Ltd.	Investing various manufacturing or financial business operations	100.00	100.00	Invested company where the company directly holds more than 50% of common shares
The Company	Green Forest Development Enterprise Co., Ltd.	Water treatment engineering, piping engineering, waste (sewage) water treatment and other businesses	30.00	30.00	Invested company where the company holds more than 50% of shares
The Company	Grain Forest Green Energy Co., Ltd.	Power Generation from Renewable Energy	30.00	30.00	Invested company where the company directly holds more than 50% of shares
The Company	Rich Forest Leisure Development Co., Ltd.	Construction and operation of aerial tramway	52.38	52.38	Invested company where the company directly holds more than 50% of common shares
The Company	Lealea Hotel Co., Ltd.	General Hotel Management, etc.	42.23	42.23	The Company is the largest shareholder
The Company	Yilan Lealea Hotels & Resorts Co., Ltd.	General Hotel Management, etc.	63.59	63.59	Invested company where the company directly holds more than 50% of common shares
The Company	Ho Ching Enterprises Co., Ltd.	Waste cleaning, waste treatment, environmental testing services, waste-water treatment	68.44	68.44	Invested company where the company directly holds more than 50% of common shares
The Company	Forest Water Environmental Engineering Ltd.	Environmental Protection Engineering and Industrial waste- water treatment	1.17	1.17	Invested company where the company holds more than 50% of common shares
The Company	Lea Ching Co., Ltd.	General Hotel Management, etc.	54.67	47.70	Invested company where the company directly holds more than 50% of common shares
The Company	Re-use Environmental Co., Ltd.	Waste Cleaning, etc.	43.49	43.49	Invested company where the company holds more than 50% of common shares
The Company	Lealea Hotels & Resorts Co., Ltd.	General Hotel Management, etc.	57.17	57.17	Invested company where the company directly holds more than 50% of common shares
Lea Ho Investment Co., Ltd.	BLOSSOM INCREASE LIMITED	Investing various manufacturing or financial business operations	100.00	100.00	Invested company where the company holds more than 50% of common shares
Lea Ho Investment Co., Ltd.	Ho Ching Enterprises Co., Ltd.	Waste cleaning, waste treatment, environmental testing services, waste-water treatment	0.14	0.14	Invested company where the company holds more than 50% of common shares
Lea Ho Investment Co., Ltd.	Rich Forest Leisure Development Co., Ltd.	Construction and operation of aerial tramway	3.98	3.98	Invested company where the company holds more than 50% of common shares
Lea Ho Investment Co., Ltd.	Forest Water Environmental Engineering Ltd.	Environmental Protection Engineering and Industrial waste- water treatment	0.06	0.06	Invested company where the company holds more than 50% of common shares
Lea Ho Investment Co., Ltd.	Lealea Hotel Co., Ltd.	General Hotel Management, etc.	3.98	3.98	The Company is the largest shareholder
Lea Ho Investment Co., Ltd.	Lealea Hotels & Resorts Co., Ltd.	General Hotel Management, etc.	4.18	4.18	Invested company where the company holds more than 50% of common shares

Name of Investor	Name of Investee	Main Businesses and Products	Percentage of Ownership December 31, 2022	Percentage of Ownership December 31, 2021	Note
Lealea Hotel Co., Ltd.	Yilan Lealea Hotels & Resorts Co., Ltd.	General Hotel Management, etc.	36.41	36.41	Invested company where the company holds more than 50% of common shares
Lealea Hotel Co., Ltd.	Lea Ching Co., Ltd.	General Hotel Management, etc.	38.66	44.61	Invested company where the company holds more than 50% of common shares
Ho Ching Enterprises Co., Ltd.	Forest Water Environmental Engineering Ltd.	Environmental Protection Engineering and Industrial waste- water treatment	65.77	65.77	Invested company where the company holds more than 50% of common shares
Forest Water Environmental Engineering Ltd.	Green Forest Development Enterprise Co., Ltd.	Water treatment engineering, piping engineering, waste (sewage) water treatment and other businesses	70.00	70.00	Invested company where the company holds more than 50% of common shares
Forest Water Environmental Engineering Ltd.	Orient Forest Development Enterprise Co., Ltd.	Water treatment engineering, piping engineering, waste (sewage) water treatment and other businesses	100.00	100.00	Invested company where the company holds more than 50% of common shares
Forest Water Environmental Engineering Ltd.	Perfection Forest Development Enterprise Co., Ltd.	Water treatment engineering, piping engineering, waste (sewage) water treatment and other businesses	100.00	100.00	Invested company where the company holds more than 50% of common shares
Forest Water Environmental Engineering Ltd.	Easy Development Co., Ltd.	Waste Cleaning, etc.	100.00	100.00	Invested company where the company holds more than 50% of common shares
Forest Water Environmental Engineering Ltd.	Grain Forest Green Energy Co., Ltd.	Renewable Energy Generation	70.00	70.00	Invested company where the company holds more than 50% of common shares
Forest Water Environmental Engineering Ltd.	Eastern Forest Environmental Technology Co., Ltd.	Environmental Hygiene and Pollution Prevention	70.00	70.00	Invested company where the company holds more than 50% of common shares
Forest Water Environmental Engineering Ltd.	Re-use Environmental Co., Ltd.	Waste Cleaning, etc.	50.41	50.41	Invested company where the company holds more than 50% of common shares
Forest Water Environmental Engineering Ltd.	LeaLea Hsing Environmental Co., Ltd.	Waste Cleaning, etc.	100.00	100.00	Invested company where the company holds more than 50% of common shares
Forest Water Environmental Engineering Ltd.	New Fresh International Investment Ltd.	Investing various manufacturing or financial business operations	-	100.00	(Note 4)
Forest Water Environmental Engineering Ltd.	Modern Rich Investment Limited	Investing various manufacturing or financial business operations	100.00	100.00	Invested company where the company holds more than 50% of common shares
Forest Water Environmental Engineering Ltd.	LeaLea Environmental Enterprise Co., Ltd.	Waste Cleaning, etc.	95.00	95.00	Invested company where the company holds more than 50% of common shares
Eastern Forest Environmental Technology Co., Ltd.	Rising Investment Ltd.	Investing various manufacturing or financial business operations	100.00	100.00	Invested company where the company holds more than 50% of common shares
New Fresh International Investment Ltd.	Sigma One International Holdings Ltd.	Investing various manufacturing or financial business operations	-	100.00	(Note 4)
New Fresh International Investment Ltd.	New Palm Investment Co., Ltd.	Investing various manufacturing or financial business operations	-	100.00	(Note 4)
New Fresh International Investment Ltd.	Keeptime Management Co., Ltd.	Investing various manufacturing or financial business operations	-	100.00	(Note 4)
New Fresh International Investment Ltd.	New View International Investment Ltd.	Investing various manufacturing or financial business operations	-	100.00	(Note 4)

Name of Investor	Name of Investee	Main Businesses and Products	Percentage of Ownership December 31, 2022	Percentage of Ownership December 31, 2021	Note
Modern Rich Investment Limited	Faith Honest International Investment Limited	Investing various manufacturing or financial business operations	100.00	100.00	Invested company where the company holds more than 50% of common shares
Modern Rich Investment Limited	Fu Yang Global Ltd.	Investing various manufacturing or financial business operations	-	100.00	(Note 4)
Modern Rich Investment Limited	Leaan Development Holding Ltd.	Investing various manufacturing or financial business operations	-	100.00	(Note 4)
Rising Investment Ltd.	Forest Water Investment Ltd.	Investing various manufacturing or financial business operations	100.00	100.00	Invested company where the company holds more than 50% of common shares
Forest Water Investment Ltd.	Beijing Forest Water Environmental Engineering Ltd.	Environmental Hygiene and Pollution Prevention	70.00	70.00	Invested company where the company holds more than 50% of common shares (Note 1)
Lealea Hotels & Resorts Co., Ltd.	The Richforest Hotel Co., Ltd.	General Hotel Management, etc.	-	100.00	Invested company where the company holds more than 50% of common shares (Note 2)
Lealea Hotels & Resorts Co., Ltd.	Lealea Eagle Travel Service Co., Ltd.	Travel agency, etc.	100.00	100.00	Invested company where the company holds more than 50% of common shares
Lealea Hotels & Resorts Co., Ltd.	Lea Chuan Development Co., Ltd.	General Hotel Management	-	100.00	Invested company where the company holds more than 50% of common shares (Note 3)
Lealea Hotels & Resorts Co., Ltd.	Lealea Mingchih Resort Co., Ltd.	General Hotel Management	51.00	-	Invested company where the company holds more than 50% of common shares (Note 2)
The Richforest Hotel Co., Ltd.	Lealea Mingchih Resort Co., Ltd.	General Hotel Management	-	51.00	Invested company where the company holds more than 50% of common shares (Note 2)

Note 1: This subsidiary was liquidated in April 2022 by a resolution of the shareholders' meeting and is now processing the cancellation of its registration.

Note 2: On August 11, 2022, the Company's board of directors resolved to conduct a short-form merger with the Richforest Hotel Co., Ltd., the Company is the surviving company and directly holds 51% of the shares of Lealea Mingchih Resort Co., Ltd. at the reference date of the merger on September 1, 2022.

Note 3: This subsidiary was approved to be incorporated on March 16, 2021. On November 10, 2021, the board of directors resolved to liquidate this subsidiary and the cancellation of registration was completed on September 14, 2022.

Note 4: This subsidiary processed the cancellation of registration in 2022, and the cancellation of registration procedures have been completed.

3.The subsidiaries that are not included in the consolidated financial statement: None

d. Foreign Currencies

1. Foreign Currencies transaction

Transactions in currencies other than the entity's functional currency (foreign currencies) are recognized at the rates of exchange prevailing at the dates of the transactions. At the end of each reporting period (collectively, the reporting date), monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items measured at fair value are retranslated at the rates prevailing at the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in foreign currencies are retranslated at the rates prevailing at that date.

Exchange differences are generally recognized in profit or loss, except for the differences relating to the following, which are recognized in other comprehensive income:

(1) an investment in equity securities designated as at fair value through other comprehensive income;

(2) a financial liability designated as a hedge of the net investment in a foreign operation to the extent that the hedge is effective; or

(3) qualifying cash flow hedges to the extent that the hedges are effective.

2. Foreign operations

The assets and liabilities of foreign operations, including goodwill and fair value adjustments arising on acquisition, are translated into functional currency using exchange rates prevailing at the end of each reporting period. The income and expenses of foreign operations are translated into the Company's functional currency at the average exchange rate. Exchange differences are recognized in other comprehensive income. Income and expense items are translated into functional currency at the average exchange rates for the period. Exchange differences arising, if any, are recognized in other comprehensive income.

When a foreign operation is disposed of such that the control, significant influence, or joint control is lost, the cumulative amount in the translation reserve related to that foreign operation is reclassified to profit or loss. When the Company disposed of partial investment in a subsidiary that includes a foreign operation, the cumulative amount in the translation differences is reclassified to non-controlling interests on a pro rata basis. When the Company disposed of partial investment in an associate or joint venture that includes a foreign operation, the cumulative amount in the translation differences is reclassified to profit or loss.

When the settlement of a monetary receivable from or payable to a foreign operation is neither planned nor likely to occur in the foreseeable future, exchange differences arising from such a monetary item that are considered to form part of the net investment in foreign operation are recognized in other comprehensive income.

e. Criteria for Classification of Current and Non-Current Assets and Liabilities

The Consolidated Company is mainly engaged in the contracting business of construction and civil engineering. Its business cycle is usually longer than one year. The criteria used to divide assets and liabilities related to construction projects into current or non-current are based on the business cycle of 3 to 5 years. The criteria for classification of other current and non-current assets and liabilities subjects are as follows:

Assets that meet one of the following conditions are classified as current assets, and all other assets that are not current assets are classified as non-current assets:

1. Assets that are expected to be realized during the Consolidated Company's normal business cycle (for the master construction and project construction, it is normally longer than a year) or intended to be sold or consumed.
2. Assets that are held primarily for trading purposes;
3. Assets that are expected to be realized within 12 months after the reporting date; or
4. Assets that are cash and cash equivalents, excluding those that are restricted from being exchanged or used to settle a liability for at least 12 months after the reporting date.

Liabilities that meet one of the following conditions are classified as current liabilities, and all other assets that are not current liabilities are classified as non-current liabilities:

1. Liabilities that are expected to be settled within the Consolidated Company's regular business cycle (for the master construction and project construction, it is normally longer than a year);
2. Liabilities that are held primarily for trading purposes;
3. Liabilities that are due to be settled within 12 months after the reporting date; or

4. Liabilities that has no unconditional right to defer settlement for at least 12 months after the reporting period. Terms of a liability that could, at the option of the counterparty, result in its settlement by issuing equity instruments do not affect its classification.

f. Cash and cash equivalents

Cash comprises cash on hand and demand deposits. Cash equivalents are assets that are readily convertible to known amounts of cash and are high-liquidity investments that are subject to an insignificant risk of changes in their fair value. Time deposits are accounted under cash and cash equivalents if they are accord with the definition aforementioned and are held for the purpose of meeting short-term cash commitment rather than for investment or other purpose.

g. Financial instruments

Account receivables and corporate bonds are initially recognized when they are originated. All other financial assets and financial liabilities are initially recognized when the Consolidated Company becomes a party to the contractual provisions of the instrument. A financial asset (unless it is an accounts receivable without a significant financing component) or financial liability is initially measured at fair value plus, for an item not at fair value through profit or loss (FVTPL), transaction costs that are directly attributable to its acquisition or issue. Accounts receivable without a significant financing component is initially measured at the transaction price.

1. Financial assets

Regular way purchases or sales of financial assets are recognized and derecognized on a trade date or settlement date basis for which financial assets were classified in the same way.

On initial recognition, financial assets are classified into the following categories: measured at amortised cost; debt instrument investments are measured at fair value through other comprehensive income (FVOCI), investments in equity instrument at fair value through other comprehensive income or loss (FVOCI), or fair value through profit or loss (FVTPL). Unless the Consolidated Company changes its business model for managing financial assets, in which case all affected financial assets are reclassified on the first day of the first reporting period following the change in the business model.

(1) Financial assets measured at amortized cost

A financial asset is measured at amortized cost if it meets both of the following conditions and is not designated as at FVTPL:

·it is held within a business model whose objective is to hold financial assets to collect contractual cash flows; and

·its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

These assets are subsequently measured at amortized cost, which is the amount at which the financial asset is measured at initial recognition, plus/less, the cumulative amortization using the effective interest method, adjusted for any loss allowance. Interest income, foreign exchange gains and losses, as well as impairment, are recognized in profit or loss. Any gain or loss on derecognition is recognized in profit or loss.

(2) Financial assets measured at fair value through other comprehensive income or loss

An investment in debt instruments is measured at FVOCI if it meets both of the following conditions and is not designated as at FVTPL:

·it is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and

·its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding

On initial recognition, the Consolidated Company may make an irrevocable election to report subsequent changes in the fair value of investments in equity instruments not held for trading in other comprehensive income. The above election is made on an instrument-by-instrument basis.

Investments in debt instruments at FVOCI are subsequently measured at fair value. Interest income calculated using the effective interest method, foreign exchange gains and losses and impairment are recognized in profit or loss. Other net gains and losses are recognized in other comprehensive income. On derecognition, gains and losses accumulated in other comprehensive income are reclassified to profit or loss.

Investments in equity instrument at FVOCI are subsequently measured at fair value. Dividends are recognized as income in profit or loss unless the dividend clearly represents a recovery of part of the cost of the investment. Other net gains and losses are recognized in other comprehensive income and are never reclassified to profit or loss.

Dividend income from equity investments is recognized on the date on which the Consolidated Company 's right to receive the dividends is established (normally the ex-dividend date).

(3) Fair value through profit or loss (FVTPL)

All financial assets not classified as amortized cost or FVOCI described as above are measured at FVTPL. On initial recognition, the Consolidated Company may irrevocably designate a financial asset, which meets the requirements to be measured at amortized cost or at FVOCI, as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

These assets are subsequently measured at fair value. Net gains and losses, including any interest or dividend income, are recognized in profit or loss.

(4) Impairment of financial assets

The Consolidated Company recognizes its loss allowances for expected credit losses (ECL) on financial assets measured at amortized cost (including cash and cash equivalents, financial assets measured at amortized cost, notes and accounts receivable, other receivables, guarantee deposit paid and other financial assets), investments in debt instrument measured at fair value through other comprehensive income or loss, and expected credit losses on contract assets.

Financial assets measure its loss allowances at an amount equal to lifetime ECL, except for the following which are measured as 12-month ECL:

·debt securities that are determined to have low credit risk at the reporting date；and

·other debt securities and bank balances for which the credit risk (i.e. the risk of default occurring over the expected life of the financial instrument) has not increased significantly since initial recognition.

Loss allowance for accounts receivable and contract assets are always measured at an amount equal to lifetime ECL.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition, the Consolidated Company considers reasonable and supportable information that is relevant and available (without undue cost or effort). This includes both quantitative and qualitative information and analysis based on the Consolidated Company’s historical experience and informed credit assessment, as well as forward-looking information

The Consolidated Company considers a debt security to have low credit risk when its credit risk rating is equivalent to the globally understood definition of ‘investment grade” (Standard & Poor’s investment grade BBB, Moody’s investment grade Baa3, or China Credit Ratings investment grade twA, or higher).

If the payment for the contract is overdue for more than 121 days, the Consolidated Company shall assume the credit risk of financial assets has increased significantly.

If the payment for the contract is overdue for more than 271 days, or the borrower is unlikely to perform its credit obligations and pay the full amount to the Consolidated Company, the Consolidated Company shall regard it as a default of the financial asset.

Lifetime ECLs are the ECLs that result from all possible default events over the expected life of a financial instrument.

12-month ECLs are the portion of ECLs resulting from default events that are possible within the 12 months after the reporting date (or a shorter period if the expected life of the instrument is less than 12 months).

The maximum period considered when estimating ECLs is the maximum contractual period over which the Consolidated Company is exposed to credit risk.

ECLs are a probability-weighted estimate of credit losses. Credit losses are measured as the present value of all cash shortfalls, i.e. the difference between the cash flows due to the Consolidated Company in accordance with the contract and the cash flows that the Consolidated Company expects to receive. ECLs are discounted at the effective interest rate of the financial asset.

At each reporting date, the Consolidated Company assesses whether financial assets carried at amortized cost and debt securities measured at fair value through other comprehensive income are credit-impaired. A financial asset is 'credit-impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred. Evidence that a financial asset is credit-impaired includes the following observable data：

·significant financial difficulty of the borrower or issuer;
·a breach of contract such as a default or being more than 271 days past due;
·the lender of the borrower, for economic or contractual reasons relating to the borrower's financial difficulty, having granted to the borrower a concession that the lender would not otherwise consider;
·it is probable that the borrower will enter bankruptcy or other financial reorganization; or
·the disappearance of an active market for a security because of financial difficulties.

Loss allowances for financial assets measured at amortized cost are deducted from the gross carrying amount of the assets. For investments in debt instruments measured at fair value through other comprehensive income, the allowance for losses is adjusted to profit or loss and recognized in other comprehensive income (without reducing the carrying amount of the asset).

The gross carrying amount of a financial asset is written off when the Consolidated Company has no reasonable expectations of recovering a financial asset in its entirety or a portion thereof. For individual accounts, the Consolidated Company's policy is to write off the total carrying amount when the financial assets are past due for more than 271 days, based on the past recovery experience of similar assets. For corporate accounts, the Consolidated Company analyzes the timing and amount of eliminations on a case-by-case basis based on whether they are reasonably expected to be recoverable. The Consolidated Company expects that there will be no significant reversal of the amount written off. However, financial assets that have been written off may still be enforced in order to comply with the Consolidated Company's procedures for recovering overdue amounts.

(5) Derecognition of financial assets

The Consolidated Company derecognizes a financial asset when the contractual rights to the cash flows from the financial asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the Consolidated Company neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset.

The Consolidated Company enters into transactions whereby it transfers assets recognized in its statement of balance sheet but retains either all or substantially all of the risks and rewards of the transferred assets. In these cases, continues to be recognized in the balance sheet.

2. Financial Liabilities and Equity Instruments

(1) Classification as debt or equity

Debt and equity instruments issued by the Consolidated Company are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

(2) Equity transactions

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the Consolidated Company are recognized at the proceeds received, net of direct issue costs.

(3) Treasury shares

When shares recognized as equity are repurchased, the amount of the consideration paid (which includes directly attributable costs) is recognized as a deduction from equity. Repurchased shares are classified as treasury shares. When treasury shares are sold or reissued subsequently, the amount received is recognized as an increase in equity, and the resulting surplus or deficit on the transaction is recognized in capital surplus or retained earnings (if the capital surplus is not sufficient to be written down).

(4) Financial liabilities

Financial liabilities are classified as at amortized cost or FVTPL. A financial liability is classified as at FVTPL if it is classified as held-for-trading, it is a derivative or it is designated as such on initial recognition. Financial liabilities at FVTPL are measured at fair value and net gains and losses, including any interest expense, are recognized in profit or loss.

Other financial liabilities are subsequently measured at amortized cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognized in profit or loss. Any gain or loss on derecognition is also recognized in profit or loss.

(5) Derecognition of financial liabilities

The Consolidated Company derecognizes financial liabilities when, and only when, the Company's obligations are discharged, cancelled or they expire. When the terms of a financial liability are modified and the cash flows of the modified liability are materially different, the original financial liability is derecognized and the new financial liability is recognized at fair value on the basis of the modified terms.

The difference between the carrying amount of the financial liability derecognized and the consideration paid and payable (including any non-cash assets transferred or liabilities assumed) is recognized in profit or loss.

(6) Offsetting financial assets and liabilities

Financial assets and financial liabilities are offset and the net amount presented in the statement of balance sheet when, and only when, the Consolidated Company currently has a legally enforceable right to set off the amounts and it intends either to settle them on a net basis or to realize the asset and settle the liability simultaneously.

(7) Financial guarantee contracts

A financial guarantee contract is a contract that requires the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payment when due in accordance with the original or modified terms of a debt instrument.

Financial guarantee contracts issued by the Consolidated Company which are not designated as at fair value through profit or loss, are measured initially at their fair value less directly attributable transaction costs, are measured subsequently at the higher of: (a) the amount of the loss allowance determined in accordance with IFRS 9; and (b) The amount recognized initially less, where appropriate, the amount of accumulated earnings recognized in accordance with the revenue recognition policies set out below.

h. Inventories

The original cost of inventory is the necessary expenditure incurred to get the inventory to the place where it is available for sale. The development cost of the premises includes construction costs, land costs, borrowing costs and project costs incurred during the development period. Upon completion, the real estate under construction is carried forward to the real estate for sale, and the operating cost is carried forward according to the sales proportion of the development cost of the real estate. Subsequently, based on the lower of cost and net realizable value, when the cost of inventory is higher than the net realizable value, the cost should be offset to the NRV, and the offset should be recognized as the cost of goods sold in the current period. The method for determining the net realizable value is as follows:

1. Land for construction: The NRV is calculated based on the replacement cost or estimated selling price (according to the prevailing market conditions) minus estimated selling expenses.
2. Buildings under construction: The NRV is calculated based on the estimated selling price (according to the prevailing market conditions) minus the costs that might incur until completion and sales expenses.
3. Premises for sale: The NRV is calculated based on the estimated selling price (according to the prevailing market conditions) minus the estimated selling expenses.
4. Product inventory

Inventory is measured by the lower of cost or NRV. Cost includes the acquisition, production or processing costs, and other costs incurred to get it where available for use and status and is calculated based on first-in-first-out. The cost of finished goods and work-in-progress inventory includes manufacturing expenses that are amortized in proportion to normal production capacity.

The NRV refers to the estimated selling price under normal operations after deducting the estimated costs that will be required to complete the project and the estimated costs required to complete the sale.

i. Service concession arrangements

1. Recognition and measurement

When the Consolidated Company (operator) and the government agency (grantor) sign a public and private service concession agreement that meets the following conditions, it shall be treated in accordance with the IFRS No. 12 "Service Concession Arrangements":

(a) The grantor controls or regulates what kind of services, service objects and service prices the operator should provide with infrastructure;
(b) The grantor controls any significant remaining interest in the infrastructure at the end of the service agreement period through ownership, beneficiary rights or other means.

When the Consolidated Company provides construction or upgrade services, the consideration received or receivable shall be recognized as financial assets or intangible assets at fair value. The Consolidated Company, due to construction services, has the unconditional contractual right to receive cash or another financial asset from the grantor in accordance with the grantor's instructions, then it is recognized as a financial asset; the financial asset accounting policy is detailed in Note 4 (7) "Financial Instruments". The consolidated company recognizes intangible assets within the scope of obtaining the right (license) to charge users of public services. The right to charge users of public services is not the right to unconditionally receive cash, because the amount that can be collected depends on the extent to which the public uses the service. The accounting policy for intangible assets (concession rights) is detailed in Note 4 (14) "Intangible Assets".

If the payment received by the Consolidated Company to provide construction services is partially a financial asset, and partially an intangible asset, each component of its consideration must be treated separately. The two components of the consideration received or receivable shall be recognized at the fair value of the consideration received or receivable at the time of initial recognition.

2. Construction or upgrade service

The Consolidated Company accounts for revenue and costs related to construction or upgrade services in accordance with IFRS 15 as described in Note 4(17), "Recognition of Revenues".

3. Operation service

The Consolidated Company accounts for revenue and costs related to operating services in accordance with IFRS 15, as described in Note 4(17), "Recognition of Revenue".

j. Investment in associates

An associate is an entity over which the Consolidated Company has significant influence, but not an entity controlled or jointly controlled.

The Consolidated Company uses equity method to account for investment in associates. Under the equity method, an investment is initially recognized at cost and the investment cost includes transaction cost. The book value of the investment in the associates includes the goodwill identified at the time of the original investment less any accumulated impairment losses.

The consolidated financial statements recognize the profit and loss of each investment related company and the amount of other comprehensive gains and losses based on the proportion of equity from the date of significant impact to the date of loss of significant impact after adjustments are made for consistency with the Consolidated Company's accounting policies, When a non-profit and loss and other comprehensive gains and losses occur in the equity changes of the associates and do not affect the proportion of the consolidated company's shareholding, the Consolidated Company will recognize the equity change attributable to the consolidated company under the share of the associates as capital surplus according to the shareholding ratio.

The unrealized gains and losses arising from transactions between the Consolidated Company and the associates are only recognized in the corporate financial statements within the scope of the non-affiliated investor's interests in the associates.

When the Consolidated Company's share of losses of an associate equal or exceed its interest in that associate, the Consolidated Company discontinues recognizing its share of

further losses. Additional losses and liabilities are recognized only to the extent that the investee has incurred legal obligations, or constructive obligations, or made payments on behalf of that associate.

k. Investment Property

Investment properties are properties held to earn rentals and/or for capital appreciation not a property for normal business sale, for production, provision of goods or labor, or for administrative management purposes. Investment properties are measured initially at cost, including transaction costs. Subsequent to initial recognition, investment properties are measured at cost less accumulated depreciation and accumulated impairment. Its depreciation method, useful lives and residual values refer to accounting treatment of property, plant, and equipment

The profit or loss after the disposal of investment property (the difference between the net disposal proceeds and the carrying amount of the asset) is recognized in profit or loss.

The lease income of investment property is recognized as operating revenue using the straight-line method during lease period. The incentive provided to lease it is recognized as part of the lease income during the lease period.

l. Property, plant, and equipment

1. Recognition and measurement

Items of property, plant and equipment are measured at cost (includes capitalized borrowing costs), less accumulated depreciation and any accumulated impairment losses.

If significant parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

Any gain or loss on disposal of an item of property, plant and equipment is recognized in profit or loss.

2. Subsequent cost

Subsequent expenditure is capitalized only when it is probable that future economic benefit associated with the expenditure will flow to the Consolidated Company.

3. Depreciation

Depreciation is calculated on the cost of an asset, less its residual value and is recognized in profit or loss on a straight-line basis over the estimated useful lives of each component of an item of property, plant and equipment.

Land is not depreciated.

The estimated useful lives for the current and comparative years are as follows:

(1) Buildings and constructions	10～50 years
(2) Transportation equipment	3～6 years
(3) Other equipment	2～20 years
(4) Machinery equipment	3～10 years

Depreciation methods, useful lives, and residual values are reviewed at each reporting date and adjusted if appropriate.

4. Reclassification to investment real estate

When the property for self-use is changed to investment property, the property is reclassified as investment property based on the book value at the time of the change of use.

m. Leases

The service concession agreement of the Consolidated Company under IFRIC Interpretation No. 12, "Service Concession Agreement" does not apply to lease recognition, and for the rest, at inception of a contract, the Consolidated Company assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

1. As a lessee

The Consolidated Company recognizes a right-of-use asset and a lease liability at the commencement date of a lease. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

Right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be reliably determined, the consolidated company's incremental borrowing rate. Generally, the consolidated company uses its incremental borrowing rate as the discount rate.

Lease payments that are measured as a lease liability comprise:

(1) fixed payments, including in-substance fixed payments;
(2) variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
(3) amounts expected to be paid under a residual value guarantee; and
(4) the exercise price or payment of a penalty upon a reasonably certain exercise of the option to purchase or the option to terminate the lease.

Lease liabilities are subsequently accrued for using the effective interest method and are remeasured when the following occurs:

(1) change in future lease payments arising from the change in an index or rate; or
(2) change in the amount of the guarantee for residual value expected to be paid;
(3) change in the evaluation of the option to purchase the underlying assets;
(4) change in estimate of whether to exercise the option to extend or terminate and resulting in a change in the evaluation of the lease term;
(5) Modifications to the leased object, scope or other terms.

Lease liabilities are remeasured as a result of changes in the index or rate used to determine lease payments, changes in the residual value guarantee amount and changes in the valuation of purchase, extension or termination options as described above. The carrying amount of the right-of-use asset is adjusted accordingly, and the remaining remeasurement amount is recognized in profit or loss when the carrying amount of the right-of-use asset is reduced to zero.

For lease modifications that reduce the scope of the lease, which reduces the carrying amount of the right-of-use asset to reflect the partial or full termination of the lease, the difference between the carrying amount and the remeasurement amount of the lease liability is recognized in profit or loss.

Right-of-use assets and lease liabilities that do not meet the definition of investment property are presented in separate line items in the Consolidated Company's balance sheet.

If the agreement contains lease and non-lease components, the Consolidated Company will allocate the consideration in the contract to the individual lease components based on the relative separate prices. However, when leasing land and buildings, the Consolidated Company chose not to distinguish between non-lease components and the lease component and non-lease component as a single lease component.

For short-term leases and leases of low-value underlying assets, the Consolidated Company has elected not to recognize right-of-use assets and lease liabilities, and instead recognizes the related lease payments as expenses on a straight-line basis over the lease term.

The Consolidated Company has elected to adopt practical expedients for all lease concessions that meet all of the following conditions, and does not evaluate whether they are lease modifications:

(1) Lease concessions that occurred as a direct result of the coronavirus pandemic;
(2) change in lease payments results in the revised consideration for the lease that is substantially the same as or less than the consideration for the lease prior to such change;
(3) Any reduction in lease payments only affects payments that were originally due before June 30, 2021; and
(4) There is no substantial change in other terms and conditions of the lease.

Under the practical expedient, when a lease concession results in a change in lease payments, the amount of changes is recognized in profit or loss in which the event or condition of the concession is triggered.

2. As a lessor

When the Consolidated Company acts as a lessor in the transaction, on the commencement date of the lease, the criteria used to classify the lease contract is whether almost all risks and rewards attached to the ownership of the underlying asset is transferred. If it is, it is classified as a financial lease, otherwise it is classified as an operating lease. In the evaluation, the Consolidated Company considers relevant specific indicators including whether the main part of the economic life of the underlying asset is covered during the lease period.

If the Consolidated Company is a sublease lessor, the main lease and sublease transactions are treated separately, and the classification of the sublease transactions is evaluated based on the right-of-use assets generated by the main lease. If the main lease is a short-term lease and the recognition exemption applies, its sublease transaction should be classified as an operating lease.

If the agreement contains lease and non-lease components, the Consolidated Company uses IFRS No. 15 to allocate the consideration in the contract.

For operating leases, the Consolidated Company uses a straight-line basis to recognize the lease payments received as lease income during the lease period.

n. Intangible assets

1. Recognition and measurement

Goodwill arising on the acquisition of subsidiary is measured at cost, less accumulated impairment losses. Regarding investments using the equity method, the book value of goodwill is included in the book value of the investment, and the impairment losses of such investments are not allocated to goodwill or any assets but are part of the book value of the investment using the equity method.

Other intangible assets with finite useful lives acquired by the Consolidated Company are measured at cost less accumulated amortization and accumulated impairment.

2.Concession

The Consolidated Company recognizes intangible assets within the scope of obtaining the right (license) to charge users of public services. They are initially measured at cost and subsequently measured at cost less accumulated amortization and accumulated impairment loss.

3.Operating rights

Recognizable intangible assets arising on the acquisition of subsidiary is a legal right that arises from the permit for the waste disposal institute, owned by the consolidated company. Please refer to Note 6(10) for the measurement of initial recognition.

4.Subsequent expenditure

Subsequent expenditure is capitalized only when it increases the future economic benefits embedded in the specific asset to which it relates. All other expenditures, including expenditures on internally generated goodwill and brands, it recognized in profit or loss as incurred.

5.Amortization

Except for goodwill and intangible assets which have indefinite useful lives, amortization is calculated on the basis of the cost of the assets less their estimated residual values, which is recognized in profit or loss on a straight-line basis over the estimated useful lives of the intangible assets from the time they reach a serviceable condition, and the useful lives of the concessions are from the date of acquisition of the subsidiary to the date of termination of the concessions.

The estimated useful lives for current and comparative periods are as follows:

(1) Other intangible assets (computer software): 3~5 years

(2) Operating rights:13～25 years

(3) Patent and trademark:8 years

Amortization methods, useful lives and residual values are reviewed by the Consolidated Company at each annual reporting date and adjusted if appropriate.

o. Impairment of non-financial assets

At each reporting date, the Consolidated Company reviews the carrying amounts of its non-financial assets (other than inventories, contract assets and deferred income tax assets) to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. The goodwill is tested for impairment regularly.

For impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or CGUs. Goodwill arising from a business combination is allocated to CGUs or groups of CGUs that are expected to benefit from the synergies of the combination.

Recoverable amount of an asset or CGU is the higher of its value in use and its fair value less costs to sell. Value in use is based on the estimated future cash flows, discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and risks specific to the asset or CGU.

If the recoverable amount of an asset or CGU is estimated to be less than its carrying amount, an impairment loss is recognized.

An impairment loss is recognized immediately in profit or loss, and it is first allocated to reduce the carrying amount of any goodwill allocated to the cash generating unit, then to the other assets of the unit pro rata on the basis of the carrying amount of each asset in the unit.

An impairment loss recognized for goodwill is not reversed. Non-financial assets other than goodwill are reversed only to the extent that the carrying amount (less depreciation or amortization) of the asset does not exceed the amount that would have been determined had no impairment loss been recognized in prior years.

p. Provisions

A provision is recognized when the Consolidated Company has a present obligation as a result of a past event, it is probable that an outflow of economic resources will be required to settle the obligation in the future, and the amount of the obligation can be reliably estimated. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects the current market assessments of the time value of money and the risks specific to the liability. The amortization of the discounted value is recognized as interest expense.

1. Warranties

A provision for warranties is recognized when the underlying products or services are sold. The provision is based on historical warranty data and a weighting of all possible outcomes against their associated probabilities.

2. Onerous contract

When the Consolidated Company expects that the unavoidable cost of fulfilling the obligations of a contract exceeds the expected economic benefits from the contract, it shall recognize the provision of the onerous contract. The provision is measured by the present value of the lower of the estimated cost of terminating the contract and the estimated net cost of continuing the contract, and all impairment losses of contract-related assets are recognized before the provision of the onerous contract is recognized.

3. Restoration cost

The recognition of the provision is due to the current obligation of the service concession agreement signed by the Consolidated Company, which makes it likely that it will need to outflow economically effective resources in the future to pay off the obligation, and the amount of the obligation can be reliably estimated. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects the current market assessments of the time value of money and the risks specific to the liability. The amortization of the discounted value is recognized as interest expense.

q. Revenue recognition

1. Revenue from contracts with customers

Revenue is measured based on the consideration to which the Consolidated Company expects to be entitled in exchange for transferring goods or services to a customer. The consolidated company recognizes revenue when it satisfies a performance obligation by transferring control of a good or a service to a customer. The accounting policies for the consolidated company's main types of revenue are explained below:

(1) Land development and real estate sales

The Consolidated Company develops and sells residential real estate, and often pre-sales real estate during or before construction. The Consolidated Company recognizes revenue when the control of the real estate is transferred. Due to contractual restrictions, the real estate is not normally used for other purposes by the Consolidated Company. However, after the legal ownership of the real estate is transferred to the customer, the Consolidated Company will only have an enforceable right to the payment that has been completed so far. Therefore, the Consolidated Company recognizes revenue when the legal ownership of the real is transferred or when the real estate is handed over to the customer.

Revenue is measured based on the agreed transaction price of the contract. If it is a sale of existing homes, in most cases, the consideration can be collected when the legal ownership of the real estate is transferred. In a few cases, the payment of the account can be deferred according to the contract agreement, but the deferred period does not exceed twelve months. Therefore, the transaction price is not adjusted to reflect the impact of significant financial components. In the case of pre-sale of real estate, the payment is usually received in installments during the period from the signing of the contract to the transfer of the real estate to the customer. If the contract contains a significant financial component, the transaction price is adjusted during the period according to the project loan interest rate of the construction project to reflect the impact from the time value of money. Advance receipts are recognized as contract liabilities, and interest expenses and contract liabilities are recognized when judging the impact of the time value of money needs to be adjusted. The accumulated contract liability amount is transferred to revenue when the real estate is transferred to the customer.

Some contracts include multiple delivery items, such as the sale of residential real estate and decoration services. The decoration services are regarded as a separate performance obligation, and the transaction price is allocated on the basis of the stand-alone selling price. If there is no directly observable price, the stand-alone selling price is estimated based on the expected cost plus profit. The revenue of the decoration service is recognized when the labor service is completed.

(2) Significant financial components - advance receipts of premises

The revenue of the Consolidated Company is measured in accordance with the transaction price of the contract agreement. If it is a sale of existing homes, in most cases, the consideration can be collected when the legal ownership of the real estate is transferred. In a few cases, the payment can be deferred in accordance with the contract agreement, but the deferred period does not exceed twelve months. The sale of real estate usually takes place during the period from the signing of the contract to the transfer of the real estate to the customer and the aforementioned payment is received; the Consolidated Company evaluates whether the consideration commitment of the contract is different from the current selling price on the basis of individual contracts and whether the aforementioned pre-received consideration contains financial factors; the Consolidated Company received consideration in advance to provide protection for the customer's performance of the contract, a subsidy, to reduce the re-sale price risk caused by the customer's non-fulfillment of the contract to the Consolidated Company. Therefore, it is not a major financial component of the financing obtained from the customer. Thus, the transaction price is not adjusted to reflect the impact of significant financial components.

(3) Construction contract

The Consolidated Company is engaged in the contracting business of public works. Since the assets are controlled by the customer at the time of construction, the revenue is gradually recognized over time based on the proportion of the project cost incurred to date in the estimated total contract cost. The contract includes fixed consideration and variable consideration. The customer pays a fixed amount of money according to the agreed schedule. Certain changes in the consideration (such as subsidies for price adjustment) are estimated based on the expected value according to accumulated experience in the past. If the amount of recognized revenue has not been billed, it is recognized as a contract asset. When there is an unconditional right to the consideration the contract assets are transferred to accounts receivable.

If it is impossible to reasonably measure the percentage of completion of the performance obligations of the construction contract, the contract revenue is only recognized within the range of expected recoverable costs.

When the consolidated company expects that the unavoidable cost of fulfilling the obligations of an engineering contract exceeds the expected economic benefits from the contract, it shall recognize the provision for the onerous contract.

If the situation changes, the estimates of revenue, cost and completion will be revised, and the resulting increase or decrease will be reflected in the profit and loss during the period when the management is aware of the change of the situation and make corrections.

The consolidated company provides a standard warranty that conforms to the agreed specifications for the contracted project and has recognized a warranty provision for this obligation.

(4) Delegated operation contract

The Consolidated Company provides the operation and maintenance of the sewage treatment plant of the county and city government agency, and the revenue is calculated based on the quantity of completed services.

(5) Provide waste treatment services

The Consolidated Company engages in the business of waste disposal and recognizes the related revenue in the period in which the financial reporting of the labor services is provided. Fixed-price contracts are recognized as revenue at the point when the actual labor services provided as of the reporting date satisfy the performance obligation.

(6) Sales of recycled pellets

The Consolidated Company recognizes revenue when the control of recycled pellets is transferred. The transfer of control of the product means that the product has been delivered to the customer, the customer can fully determine the sales price of the product, and there are no unfulfilled obligations that will affect the customer's acceptance of the product. Delivery occurs when the product is shipped to a specific location, the risk of which has been transferred to the customer, and the customer has accepted the product under the sales contract, the terms of acceptance have lapsed, or the Consolidated Company has objective evidence that all acceptance conditions have been met.

The Consolidated Company recognizes accounts receivable when goods are delivered, as the Consolidated Company has the right to unconditionally receive the consideration at that point in time.

(7) Revenue from electricity sales

The contractual obligations for electricity sales are satisfied over time, and revenue is recognized based on the actual number of units sold and the rate.

(8) Revenue from hotel services

The Consolidated Company provides services related to food and beverage services, room accommodations, operations management and travel business. Revenue is measured based on the consideration to which the Consolidated Company is expected to be entitled as a result of the transfer of services. The Consolidated Company recognizes revenue when control of labor services is transferred to customers to satisfy performance obligations. A contract asset is recognized when payment for services rendered exceeds payment for services rendered; a contract liability is recognized when payment exceeds payment for services rendered.

The Consolidated Company provides customers with customer loyalty programs. The points obtained by the customers for purchasing catering services and room accommodations will give the customers the right to purchase catering services, accommodations and goods at a discount from the Consolidated Company in the future. The Consolidated Company considers that these points provide important rights that customers would not be able to obtain if they did not purchase the service, so the commitment to provide points to customers is a performance obligation. The Consolidated Company allocates the transaction price to the service and these points based on the relative stand-alone selling price. Based on past experience, the management estimates stand-alone selling price of each point based on the discount and the possibility of redemption when the points are redeemed and estimates the stand-alone price of each point; the stand-alone price of the service is estimated based on the consumer price of the service. The Consolidated Company recognizes contract liabilities on the aforementioned basis when selling services, and transfers to revenue when these points are redeemed or lapsed.

2. Contract costs

(1) Incremental costs of obtaining a contract

The Consolidated Company recognizes the incremental costs of obtaining a contract with a customer as an asset if the Consolidated Company expects to recover those costs. The incremental costs of obtaining a contract are those costs that Consolidated Company incurs to obtain a contract with a customer that it would not have incurred if the contract had not been obtained. Costs to obtain a contract that would have been incurred regardless of whether the contract was obtained shall be recognized as an expense when incurred unless those costs are explicitly chargeable to the customer regardless of whether the contract is obtained. The Consolidated Company recognizes as an asset the incremental cost, which are expected to be recovered from acquiring customer contracts through the sale of premises and amortizes them on a systematic basis consistent with the transfer of pre-sale premises to customers.

(2) Cost to fulfil a contract

If the cost incurred in fulfilling a contract with a customer is not within the scope of another Standard (IAS 2 "Inventories", IAS 16 "Property, Plant and Equipment" or IAS 38 "Intangible Assets"), the Consolidated Company recognizes an asset from the cost incurred to fulfil a contract only if the cost relate directly to a contract or to an anticipated contract that the Consolidated Company can specifically identify, the cost generate or enhance resources of the Consolidated Company that will be used in satisfying (or in continuing to satisfy) performance obligations in the future, and the cost is expected to be recovered.

General and administrative costs, costs of wasted materials, labor or other resources used to perform the contract but not reflected in the contract price, costs associated with performance obligations that have been satisfied (or partially satisfied), and costs that cannot be distinguished as being related to performance obligations not satisfied or satisfied (or partially satisfied) are recognized as expenses as incurred.

r. Government grants

When the Consolidated Company can receive the relevant government grants, the unconditional grant is recognized as operating cost deduction or non-operating income. For other asset-related grants, when the Consolidated Company can be reasonably sure that it will comply with the conditions attached to the government grants and will receive the grants, it shall be recognized as deferred income at fair value and within the useful life of the asset. The deferred income is recognized as operating cost reduction or non-operating income on a systematic basis. The government grant to compensate the expenses or losses incurred by the Consolidated Company are recognized in the profit and loss on a systematic basis consistent with related expenses at the same time.

s. Employee benefits

1. Defined contribution plans

For defined contribution retirement benefit plans, payments to the benefit plan are recognized as an expense when the employees have rendered service entitling them to the contribution.

2. Defined benefit plans

Net obligations of the Consolidated Company to defined benefit plans are calculated by discounting the present value of future benefit amounts earned by employees for current or prior service, less the fair value of any plan assets.

The calculation of defined benefit obligations is performed annually by a qualified actuary using the projected unit benefit method. When the calculation may be beneficial to the Consolidated Company, the asset is recognized to the extent of the present value of any economic benefits available in the form of refunds of contributions from the plan or reductions in future contributions to the plan. To calculate the present value of economic benefits, consideration is given to any applicable minimum funding requirements.

Remeasurements of the net defined benefit liability, which comprise actuarial gains and losses, the return on plan assets (excluding interest) and the effect of the asset limits if any (excluding interest), are recognized immediately in other comprehensive income, and accumulated in retained earnings within equity. The Consolidated Company determines the net interest expense (income) on the net defined benefit liability (asset) by using the net defined benefit liability (asset) and discount rate determined at the beginning of the annual reporting period. Net interest expense and other expenses related to defined benefit plans are recognized in profit or loss.

When a plan is amended or curtailed, the resulting change in benefits related to prior service cost or curtailment benefit or loss is recognized immediately in profit or loss. The Consolidated Company recognizes a gain or loss on the settlement of a defined benefit plan when the settlement occurs.

3. Short-term employee benefits

Short-term employee benefit obligations are recognized as expenses when the services are rendered. If the Consolidated Company has a present legal or constructive obligation to pay for services rendered by employees, and the obligation can be reliably estimated, the amount is recognized as a liability.

t. Income tax

Income taxes comprise current taxes and deferred taxes. Except for expenses related to business combinations or recognized directly in equity or other comprehensive income, all current and deferred taxes are recognized in profit or loss.

The Consolidated Company determines that interest or penalties related to income taxes (including uncertain tax treatment) do not meet the definition of income taxes and therefore applies the accounting treatment under IAS 37.

Current taxes comprise the expected tax payables or receivables on the taxable profits (losses) for the year, and any adjustment to the tax payable or receivable in respect of previous years. The amount of current tax payables or receivables is the best estimate of the tax amount expected to be paid or received that it is measured using tax rates enacted or substantively enacted at the reporting date.

Deferred taxes arise due to temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and their respective tax bases. Deferred taxes are recognized except for the following:

1.initially recognized assets or liabilities that are not part of the transaction of a business combination and do not affect the accounting profit or taxable income (loss) at the time of the transaction;

2.temporary differences arising from investments in subsidiaries, associates and joint venture interests at which the Consolidated Company is able to control the timing of the reversal of the temporary differences and where it is probable that the temporary differences will not reverse in the foreseeable future; and

3.taxable temporary differences arising on the initial recognition of goodwill.

Deferred tax assets are recognized for unused tax losses and unused income tax credits in subsequent periods to the extent that it is probable that future taxable income will be available against which the temporary differences can be deducted. Deferred income tax assets are reassessed at each reporting date and are reduced to the extent that it is not probable that the related income tax benefit will be realized, or to the extent that it becomes probable that sufficient taxable income will be available to allow the reversal of the previously decreases.

Deferred taxes are measured at tax rates that are expected to be applied to temporary differences when they reserve, using tax rates enacted or substantively enacted at the reporting date.

Deferred tax assets and liabilities are offset by the Consolidated Company if the following criteria are met:

1. has a legally enforceable right to set off current tax assets against urrent tax liabilities; and
2. the deferred tax assets and the deferred tax liabilities relate to income taxes levied by the same taxation authority on either:
   (1) the same taxable entity; or
   (2) different taxable entities which intend to settle current tax assets and liabilities on a net basis, or to realize the assets and liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

The Consolidated Company adopts the consolidated tax system to settle the accounting treatment of income tax returns, but the calculation of income tax is still based on the aforementioned principles.

u. Share-based payment transactions

The equity-settled share-based payment agreement is based on the fair value at the date at which the award is granted, and the expense is recognized over the vesting period of the award and increases the relative equity. The expense recognized is adjusted for the number of awards that are expected to qualify for the service condition and the non-market vesting condition; and the final amount recognized is measured based on the number of awards that qualify for the service condition and the non-market vesting condition at the grant date.

For share-based payment awards with non-vesting conditions, the grant-date fair value of the share-based payment is measured to reflect such conditions and there is no true-up for differences between expected and actual outcomes.

The amount of the fair value of the share appreciation rights payable to employees in cash settlements is recognized as an expense and an increase in the corresponding liability in the period in which the employees meet their unconditional entitlement to compensation. The liability is remeasured at the fair value of the share appreciation rights at each reporting date and settlement date, and any change is recognized in profit or loss.

v. Earnings per share

The Consolidated Company presents basic and diluted earnings per share attributable to equity holders of the Company's common stock. The calculation of the Consolidated Company's basic earnings per share is based on the profit or loss attributable to equity holders of the Company's common stock divided by the weighted-average number of common shares outstanding during the period. Diluted earnings per share is calculated by adjusting the profit or loss attributable to equity holders of the Company's common stock and the weighted-average number of common shares outstanding, respectively, for the effects of all potentially dilutive common shares. The potential dilutive common shares of the Consolidated Company include convertible bonds and stock options granted to employees.

w. Segments Information

An operating segment is a component of the Consolidated Company that engages in operating activities that may earn revenues and incur expenses, including revenues and expenses related to transactions with other components of the Consolidated Company. The operating results of all operating divisions are reviewed regularly by the Consolidated Company's chief operating decision maker to make decisions about the allocation of resources to the division and to evaluate its performance. Each operating segment consists of standalone financial information.

V. Significant accounting assumptions and judgments, and major sources of estimation uncertainty

The preparation of the financial statements in accordance with the IFRSs endorsed by the FSC requires management to make judgments, estimates, and assumptions that affect the application of the accounting policies and the carrying amount of assets, liabilities, income, and expenses. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed by management on an ongoing basis and any changes in accounting estimates are recognized in the period of change and in the future periods affected.

Accounting policies involve significant judgments and have material impact on recognized amounts for consolidated financial statements, please refer to the following for details:

(1) Notes 6 (10) and (11), classification of account receivables and intangible assets under service concession agreements

In accordance with the service concession agreement, the consolidated company judges whether the terms of the agreement meet the requirements of IFRS No. 12 to unconditionally receive cash or other financial assets from the grantor or in accordance with the grantor’s instructions to distinguish the classification of receivables and intangible assets.

The following assumptions and estimated uncertainties have a significant risk of causing significant adjustments to the carrying amount of assets and liabilities in the next financial year and have reflected the impact of the coronavirus pandemic. The relevant information is as follows:

(1) Engineering contracts and onerous contracts

The main business of the Consolidated Company derives from the signing of several closely related or interdependent construction contracts with customers for the provision of several designs, technologies and functions, or the final purpose or use, etc. The contract revenue is recognized over time with reference to the completion of the construction contract and the percentage of completion is measured based on the ratio of the contract costs incurred so far to the estimated total contract costs. The Consolidated Company estimates the total contract cost by considering factors such as the nature of each project, estimated construction period, project, construction process, construction method, and estimated contract amount. Any changes in the above criteria for estimation may cause a significant adjustment of the estimated amount.

(2) Recognition of the fair value of revenue from construction service contracts provided by service concession agreements

According to the service concession agreement, the Consolidated Company is expected to charge within the term of the agreement and select an appropriate discount rate to calculate the present value of the consideration receivable.

(3) Valuation of inventories

As inventories are measured at the lower of cost or net realizable value, the net realizable value of inventories that the Consolidated Company evaluates at the end of the reporting date is based on the estimation of future selling price and the construction cost, and since it is vulnerable to political and economic environment, there may be significant changes in the net realizable value of inventories. Please refer to Note 6(5) for further description of the valuation of inventories.

(4) Impairment of property, plant and equipment and intangible assets

In the process of evaluating asset impairment, the Consolidated Company is required to rely on subjective judgment and determine the individual cash flows, the useful lives of assets, and the expected future revenue and expenses related to the specific asset groups with the consideration of the nature of industry. Any change in these estimates based on changed economic conditions or business strategies could result in significant impairment charges or reversal in the future. Please refer to Notes 6(8) and (10) for a description of the key assumptions used in the recoverable amount.

VI. Explanation of significant accounts

(a) Cash and cash equivalents

	December 31, 2022	December 31, 2021
Cash on hand	$ 10,915	10,608
Demand deposits	1,886,178	2,990,443
Checking accounts	193,001	112,657
Time deposits	150,020	20
Cash and cash equivalents in the consolidated statements of cash flows	**$ 2,240,114**	**3,113,728**

Please refer to note 6(24) for the exchange rate risk and sensitivity analysis of the financial assets and liabilities of the Consolidated Company.

(b)Financial assets and liabilities at fair value through profit or loss

	December 31, 2022	December 31, 2021
Mandatorily measured at fair value through profit or loss:		
Non-derivative financial assets		
Shares of stocks of listed (cabinet) companies (current)	$ 100,271	114,723
Shares of stocks in emerging market (current)	396	8,502
Beneficiary Certificate-open-end funds (current)	301,762	210,251
Private equity funds (non-current)	17,522	15,357
Total	**$ 419,951**	**348,833**
Mandatorily measured at fair value through profit or loss:		
Financial liabilities		
Redeemable and puttable of convertible bonds	**$ 16,200**	**3,800**

1.Please refer to Note 6(23) for the amount that the Consolidated Company re-measured and recognized in the profit and loss at fair value.
2.The Consolidated Company has disclosed credit risk and fair value information related to financial instruments in Note 6(24).
3.For the information regarding the financial assets of the Consolidated Company that had been pledged as collateral, please refer to Note 8.

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

	December 31, 2022	December 31, 2021
Equity instruments measured at fair value through other comprehensive income or loss:		
Shares of stock of listed companies-Asia Pacific Telecom Co., Ltd.	$ 9,995	13,469
-Information Technology Total Services Co., Ltd.	1,264	1,299
Emerging Stock -Tien Li Offshore Wind Technology Co., Ltd.	103,305	146,515
Shares of stock of unlisted companies- Hon Lin Heavy Industries Co., Ltd.	13,838	13,744
- Li Ling Film Co., Ltd.	12,280	18,440
- Lealea Technology Co., Ltd.	80,228	79,050
- Shin Kong Mitsukoshi Department Store Co., Ltd.	11,807	11,273
- Lianda Wushih Marina Resort Co., Ltd.	99,840	154,544
- Yung Fu Co., Ltd.	12,502	12,041
- Asia Renewable Energy (Cayman) Ltd. (Formally Redblades Windtek (Cayman) Holdings Company Limited)	105,827	137,122
- Tengsen Energy Co., Ltd.	-	21,000
- Lealea Tourism Development Co., Ltd.	1,508	2,664
- Hua Zi Venture Capital Co., Ltd.	268	493
- Others	21,000	25
Total	**$ 473,662**	**611,679**

1. Investments in equity instruments measured at fair value through other comprehensive income
   (1) The Consolidated Company holds these investments in equity instruments as long-term strategic investments and are not held for trading purposes and therefore have been designated as measured at fair value through other comprehensive income.
   (2) Due to the consideration of operating conditions, the Consolidated Company sold the investments in equity instruments designated as at fair value through other comprehensive income and loss for the years ended December 31, 2022 and 2021, respectively, and the sales were as follows:

Stock name	Fair value	Accumulated gains and losses on disposal
2022		
Tengsen Energy Co., Ltd.	**$ 21,000**	**20,975**
2021		
Tien Li Offshore Wind Technology Co., Ltd.	**$ 16,843**	**8,785**

The Consolidated Company has transferred the above accumulated disposal gains from other equity to retained earnings.

2. For market risk information, please refer to note 6(24).
3. The above financial assets of the Consolidated Company had not been pledged as collateral.

(d) Notes and accounts receivable

	December 31, 2022	December 31, 2021
Notes receivable from operating activities	$ 5,021	28,633
Accounts receivable-measured as amortized cost	1,501,390	1,109,710
Less: Loss allowance	(26)	(26)
	$ 1,506,385	**1,138,317**

1.The Consolidated Company applies the simplified approach to provide for its expected credit losses, i.e. the use of lifetime expected loss provision for all notes and accounts receivable. To measure the expected credit losses, notes and accounts receivable have been grouped based on shared credit risk characteristics representing the customer's ability to pay all due amounts in accordance with contractual terms, and as well as incorporated forward looking information.
   (1) The expected credit loss analysis of the Consolidated Company's notes and accounts receivable from government agencies was as follows:

	December 31, 2022		
AR aging	Gross carrying amounts	Weighted-average loss rate	Loss allowance provision
Not past due	**$ 1,147,877**	0.00%	**-**

	December 31, 2021		
AR aging	Gross carrying amounts	Weighted-average loss rate	Loss allowance provision
Not past due	**$ 796,052**	0.00%	**-**

(2) The expected credit loss analysis of the Consolidated Company's notes and accounts receivable from the other customers was as follows:

	December 31, 2022		
AR aging	**Gross carrying amounts**	**Weighted-average loss rate**	**Loss allowance provision**
Not past due	$ 82,066	0.00%	-
Past due within 30 days	740	0.00%	-
Past due 31~360 days	154	0.00%	-
Past due over 361 days	26	100.00%	26
	$ 82,986		**26**

	December 31, 2021		
AR aging	**Gross carrying amounts**	**Weighted-average loss rate**	**Loss allowance provision**
Not past due	$ 80,176	0.00%	-
Past due within 30 days	4,350	0.00%	-
Past due 31~360 days	7	0.00%	-
Past due over 361 days	26	100.00%	26
	$ 84,559		**26**

(3) The Consolidated Company's notes and accounts receivable that were under mediation or in dispute were as follows:

	December 31, 2022	**December 31, 2021**
Amount in dispute	$ 367,079	267,482
Less: expected loss (Note)	(91,531)	(9,750)
Total	**$ 275,548**	**257,732**

Note: The potential loss is evaluated based on the mediation or contract performance dispute of each project and is accounted for as a reduction of operating income based on the change in estimated contract price. Please refer to Note 9 for details.

2. The table of changes in loss allowance provision for notes and accounts receivable of the Consolidated Company is as follows:

	2022	**2021**
Balance-end of the year (current balance-beginning of the year)	**$ 26**	**26**

3. As of December 31, 2022 and 2021, notes and accounts receivable of the Consolidated Company had not been pledged as collateral.

(e) Inventories

	December 31, 2022	December 31, 2021
Promises for sale	$ 1,408,199	2,566,073
Land for construction	3,154,028	3,093,537
Buildings under construction	10,286,699	9,812,585
Prepayment for land	220,095	187,387
Less: loss allowance for inventory market price decline	(83,677)	(89,519)
	$ 14,985,344	**15,570,063**

1.Operating costs are broken down as follows:

	2022	2021
Premises sales cost	$ 1,231,150	826,476
Lease and depreciation cost	36,411	43,281
Environmental engineering and wastewater treatment cost	3,656,257	3,066,389
Tourist hotel cost	666,484	664,172
	$ 5,590,302	**4,600,318**

2.As of December 31, 2022 and 2021, the inventories that are expected to realize beyond 12 months are NT$12,004,697,000 and NT$14,596,554,000 respectively.

3.For the interest capitalization as of December 31, 2022 and 2021, please refer to Note 6 (23).

4.As of December 31, 2022 and 2021, the inventories of the Consolidated Company that had been pledged as collateral, please refer to Note 8.

(f) Investments accounted for using equity method

1. Associates

The Consolidated Company' s financial information for investments in individually insignificant associates accounted for using equity method at reporting date was as follows. This financial information is included in the consolidated financial statements:

	December 31, 2022	December 31, 2021
Consolidated carrying amount of individually insignificant associates' equity at the end of period	**$ 207,180**	**215,546**

	2022	2021
Shares attributed to the consolidated company		
Profit (loss) from continuing operations	$ (10,171)	7,887
Other comprehensive income (loss)	1,805	7,568
Total comprehensive income (loss)	**$ (8,366)**	**15,455**

2. Pledges

As of December 31, 2022, and 2021, the Consolidated Company's investments accounted for using the equity method had not been pledged as collateral.

(g) Subsidiaries with significant non-controlling interests

The non-controlling interests of subsidiaries are significant to the Consolidated Company as follows:

Name of subsidiaries	Main operation locations/ The country where the company registered	Proportions of ownership interests and voting rights of non-controlling interests	
		December 31, 2022	December 31, 2021
Ho Ching Enterprises Co., Ltd.	Taiwan	31.42%	31.42%
Lealea Hotel Co., Ltd.	Taiwan	53.79%	53.79%
Forest Water Environmental Engineering Ltd.	Taiwan	33.00%	33.00%
Lealea Hotels & Resorts Co., Ltd.	Taiwan	38.65%	38.65%

The aggregate financial information of above subsidiaries, which was prepared in accordance with IFRSs endorsed by the FSC and reflects adjustments made by the Consolidated Company for differences in accounting policies, and which represents amounts before elimination of inter-company transactions, is as follows:

1. The aggregate financial information of Ho Ching Enterprises Co., Ltd.:

	December 31, 2022	December 31, 2021
Current assets	$ 90,100	15,460
Non-current assets	3,606,295	3,884,926
Current liability	(1,013)	(9,133)
Non-current liability	-	-
Net assets	**$ 3,695,382**	**3,891,253**
Balance carrying amount of non-controlling interests	**$ 1,160,792**	**1,222,317**

	2022	2021
Current net profit (loss)	$ (176,915)	132,602
Other comprehensive income	(18,956)	(47,370)
Total comprehensive income	**$ (195,871)**	**85,232**
Net profit (loss) attributed to non-controlling interests	**$ (55,572)**	**41,653**
Comprehensive income attributed to non-controlling interests	**$ (61,527)**	**26,774**

	2022	2021
Cash flows used in operating activities	$ 6,151	(7,099)
Cash flow from investment activities	80,692	84,314
Cash flows used in financing activities	(8,000)	(148,156)
Increase (decrease) in cash and cash equivalents	**$ 78,843**	**(70,941)**
Dividends paid to non-controlling interests	**$ -**	**49,052**

2. The aggregate financial information of Lealea Hotels Co., Ltd.:

	December 31, 2022	December 31, 2021
Current assets	$ 27,415	33,753
Non-current assets	908,296	936,234
Current liability	(71,682)	(96,886)
Non-current liability	(66,000)	(68,000)
Net assets	**$ 798,029**	**805,101**
Unrealized internal transaction gains	**$ 184,042**	**184,042**
Balance carrying amount of non-controlling interests	**$ 330,266**	**334,071**

	2022	2021
Operating revenue	**$ 84,474**	**52,381**
Current net loss	$ (8,785)	(30,137)
Other comprehensive income	-	-
Total comprehensive income	**$ (8,785)**	**(30,137)**
Net loss attributed to non-controlling interests	**$ (4,725)**	**(16,212)**
Comprehensive income attributed to non-controlling interests	**$ (4,725)**	**(16,212)**
Unrealized gains attributed to non-controlling interests	**(98,998)**	**(98,998)**

	2022	2021
Cash flows used in operating activities	$ 20,640	5,348
Cash flow from investment activities	5,296	27,460
Cash flows used in financing activities	(27,060)	(29,513)
Increase (decrease) in cash and cash equivalents	**$ (1,124)**	**3,295**

3. The aggregate financial information of Forest Water Environmental Engineering Co., Ltd.:

	December 31, 2022	December 31, 2021
Current assets	$ 5,052,099	4,971,081
Non-current assets	10,328,489	10,642,283
Current liability	(4,918,052)	(4,470,180)
Non-current liability	(3,519,516)	(3,782,528)
Non-controlling interests	(1,642,101)	(1,634,854)
Net assets	**$ 5,300,919**	**5,725,802**
Balance carrying amount of non-controlling interests	**$ 1,749,216**	**1,889,421**

	2022	2021
Operating revenue	**$ 3,922,895**	**3,962,413**
Current net profit	$ (168,881)	337,584
Other comprehensive income	(29,007)	(71,593)
Total comprehensive income	**$ (197,888)**	**265,991**
Net profit (loss) attributed to non-controlling interests	**$ (90,086)**	**64,848**
Comprehensive income attributed to non-controlling interests	**$ (99,744)**	**41,034**

	2022	2021
Cash flows from operating activities	$ (318,391)	96,356
Cash flow used in investment activities	(28,267)	167,004
Cash flows from financing activities	(425,616)	133,765
Effect of exchange rate changes on cash and cash equivalents	69	(59)
Increase (decrease) in cash and cash equivalents	**$ (772,205)**	**397,066**
Dividends paid to non-controlling interests	**$ 40,460**	**44,647**

4. The aggregate financial information of Lealea Hotels & Resorts Co., Ltd.:

	December 31, 2022	December 31, 2021
Current assets	$ 117,365	180,035
Non-current assets	885,256	1,061,091
Current liability	(280,677)	(310,719)
Non-current liability	(380,696)	(489,048)
Non-controlling interests	(25,754)	(33,116)
Net assets	**$ 315,494**	**408,243**
Balance carrying amount of non-controlling interests	**$ 173,467**	**183,749**

	2022	2021
Operating revenue	**$ 399,785**	**334,144**
Current net loss	$ (48,976)	(128,112)
Other comprehensive income	15,532	21,030
Total comprehensive income	**$ (33,444)**	**(107,082)**
Net loss attributed to non-controlling interests	**$ (16,285)**	**(65,520)**
Comprehensive income attributed to non-controlling interests	**$ (18,389)**	**(57,385)**

	2022	2021
Cash flows used in operating activities	$ 75,463	29,396
Cash flow used in investment activities	6	22,404
Cash flows from financing activities	(124,723)	(43,713)
Increase (decrease) in cash and cash equivalents	**$ (49,254)**	**8,087**
Dividends paid to non-controlling interests	**$ -**	**7,840**

(h) Property, plant, and equipment

The movements about cost, depreciation, and impairment of the property, plant and equipment of the Consolidated Company as of December 31, 2022 and 2021, were as follows:

	Land	Buildings and construction	Transportation equipment	Other equipment	Construction in progress	Total
Cost or deemed cost:						
Balance on January 1, 2022	$ 2,357,455	2,529,883	51,474	364,921	1,120,558	6,424,291
Other additions	-	9,356	1,219	34,819	704,609	750,003
Reclassification	-	100	988	5,248	(6,474)	(138)
Disposal	-	(83)	(871)	(6,720)	-	(7,674)
Carry forward	-	-	-	-	12,324	12,324
Balance on December 31, 2022	**$ 2,357,455**	**2,539,256**	**52,810**	**398,268**	**1,831,017**	**7,178,805**
Balance on January 1, 2021	$ 2,293,821	2,562,766	48,283	392,837	2,816,328	8,114,035
Other additions	63,634	7,429	3,552	21,978	1,262,758	1,359,351
Reclassification	-	751,312	-	136,894	(888,206)	-
Disposal	-	(3,270)	(361)	(22,993)	-	(26,624)
Disposal of subsidiaries	-	(788,354)	-	(163,794)	(2,070,322)	(3,022,470)
Exchange rate adjustments	-	-	-	(1)	-	(1)
Balance on December 31, 2021	**$ 2,357,455**	**2,529,883**	**51,474**	**364,921**	**1,120,558**	**6,424,291**
Depreciation and impairment losses:						
Balance on January 1, 2022	$ -	841,463	36,581	247,712	-	1,125,756
Depreciation of the year	-	125,606	4,633	38,578	-	168,817
Reclassification	-	(48)	74	(164)	-	(138)
Disposal	-	(55)	(730)	(5,086)	-	(5,871)
Balance on December 31, 2022	**$ -**	**966,966**	**40,558**	**281,040**	**-**	**1,288,564**
Balance on January 1, 2021	$ -	687,011	31,800	200,580	-	919,391
Depreciation of the year	-	138,913	4,873	51,787	-	195,573
Impairment loss	-	40,721	-	28,184	-	68,905
Disposal	-	(1,262)	(92)	(22,410)	-	(23,764)
Disposal of subsidiaries	-	(23,920)	-	(10,428)	-	(34,348)
Exchange rate. adjustments	-	-	-	(1)	-	(1)
Balance on December 31, 2021	**$ -**	**841,463**	**36,581**	**247,712**	**-**	**1,125,756**

	Land	Buildings and construction	Transportation equipment	Other equipment	Construction in progress	Total
Carrying amount:						
Balance on December 31, 2022	$ 2,357,455	1,572,290	12,252	117,227	1,831,017	5,890,241
Balance on January 1, 2021	$ 2,293,821	1,875,755	16,483	192,257	2,816,328	7,194,644
Balance on December 31, 2021	$ 2,357,455	1,688,420	14,893	117,209	1,120,558	5,298,535

1.As of December 31, 2022 and 2021, the unpaid amounts of the construction and renovation projects for the Consolidated Company arising from hotels operation were $475,983,000 and $192,489,000 respectively, recognized as other payables.

2. The Consolidated Company's interest capitalization for the years ended December 31, 2022 and 2021, please refer to Note 6(23) for details.

3.On December 22, 2020, the Consolidated Company entered into a contract with an individual for the purchase and sale of real estate for $63,400,000. Since the aforementioned land is the lands reserved for indigenous people, the title to the aforementioned land cannot be transferred to an individual without aboriginal identification in accordance with the “Regulations on Development and Management of the Lands Reserved for Indigenous People”, so the Consolidated Company has designated in the contract of borrowing other’s name, and the person who was borrowed name for registration established the superficie duration of 199 years and unconditionally extended the duration and mortgage to the Consolidated Company upon the termination of the extension and the related registration procedures were completed on March 9, 2021.

4.Impairment loss and subsequently reverse

(1) In 2021, the subsidiary, Easy Development Co., Ltd. was unable to acquire a license to treat Category D organic sludge, which resulted in a significant change in its operations and therefore the recoverable amount had to be evaluated.

The impairment evaluation of the subsidiaries is based on the value in use of the CGU as the basis for calculating the recoverable amount. The value-in-use calculation is based on the estimated cash flows of the subsidiaries' financial forecast for the next seven years, discounted by 8.34% before use tax as of December 31, 2021, to reflect the specific industrial risk of the relevant CGU. Based on the aforementioned evaluation, the estimated recoverable amount of the subsidiary's property, plant and equipment was lower than its carrying amount, and therefore an impairment loss of NT$55,301,000 was recognized and accounted for as other gains and losses.

(2) In 2021, the subsidiary, Garden Hotel Co., Ltd. was affected by the economic environment and its operating conditions showed a downward trend compared to previous years. The Consolidated Company tested for impairment of property, plant and equipment and the estimated recoverable amount was lower than its carrying amount, so an impairment loss of NT$13,604,000 was recognized and accounted for as other gains and losses. The Consolidated Company's impairment evaluation of non-financial assets is based on the fair value of the CGU less costs of disposal or value in use as the basis for calculating the recoverable amount. The value-in-use calculation is based on the estimated cash flows of the Consolidated Company's financial forecast for the next five years, discounted by 8.96% before use tax to reflect the specific industry risk of the relevant CGU.

5.Pledge

As of December 31, 2022 and 2021, the Consolidated Company had pledged as collateral for the long-term borrowings and financing line, and please refer to Note 8 for details.

(i) Investment property

The movements in the investment property of the Consolidated Company were as follows:

	Land and improvements	Buildings and construction	Construction in progress	Total
Cost and deemed cost:				
Balance on January 1, 2022	$ 477,399	327,759	4,303	809,461
Additions	9,856	1,730	10	11,596
Carry forward from inventories	1,856	1,721	-	3,577
Balance on December 31, 2022	**$ 489,111**	**331,210**	**4,313**	**824,634**
Balance on January 1, 2021	$ 824,380	527,748	4,289	1,356,417
Additions	-	-	14	14
Disposal	(346,981)	(199,989)	-	(546,970)
Balance on December 31, 2021	**$ 477,399**	**327,759**	**4,303**	**809,461**
Depreciation and impairment loss:				
Balance on January 1, 2022	$ -	152,024	-	152,024
Depreciation for the year	-	10,684	-	10,684
Balance on December 31, 2022	**$ -**	**162,708**	**-**	**162,708**
Balance on January 1, 2021	$ -	231,725	-	231,725
Depreciation for the year	-	14,674	-	14,674
Disposal	-	(94,375)	-	(94,375)
Balance on December 31, 2021	**$ -**	**152,024**	**-**	**152,024**
Carrying amounts:				
Balance on December 31, 2022	**$ 489,111**	**168,502**	**4,313**	**661,926**
Balance on January 1, 2021	**$ 824,380**	**296,023**	**4,289**	**1,124,692**
Balance on December 31, 2021	**$ 477,399**	**175,735**	**4,303**	**657,437**
Fair Value:				
Balance on December 31, 2022				**$ 1,051,631**
Balance on December 31, 2021				**$ 1,010,329**

1.The Consolidated Company has established relevant criteria for judging whether an asset can be classified as investment property. Investment property is a property held for the purpose of earning rent or capital appreciation or both. Therefore, the Consolidated Company considers whether the main cash flow generated by a property is independent of other assets held by the Consolidated Company. Part of properties held by the Consolidated Company are held for the purpose of earning rental income or capital appreciation, and the other part is held for management purposes. If each part of the investment properties can be sold separately, the Consolidated Company shall make accounting treatment for each part separately. If each part cannot be sold separately, only when the part held for management purposes is insignificant, the property shall be deemed as an investment property.

The fair value of investment property is based on the evaluation of independent appraisers (with recognized relevant professional qualifications and recent experience in the location and type of investment property being evaluated). The input value used in its fair value evaluation technology belongs to the third level; or it refers to the property transaction price inquiry service network of the Ministry of the Interior and the real estate agency website for inquiries, where similar locations and types of recent transaction prices are the evaluation basis.

2. As of December 31, 2022 and 2021, the investment property of the Consolidated Company had been pledged as collateral, please refer to Note 8.

(j) Intangible assets

As of December 31, 2022 and 2021, the cost, amortization and impairment losses of the consolidated company's intangible assets were as follows:

	Concessions	Copyright and trademark	Computer software etc.	Goodwill	Other intangible assets	Total
Cost:						
Balance on January 1, 2022	$ 2,654,956	609,486	19,482	34,394	1,945	3,320,263
Acquisition	1,022	-	859	-	-	1,881
Carry-over	32,428	-	-	-	-	32,428
Disposal	-	-	(8,407)	-	(1,839)	(10,246)
Balance on December 31, 2022	**$ 2,688,406**	**609,486**	**11,934**	**34,394**	**106**	**3,344,326**
Balance on January 1, 2021	$ 2,568,796	609,486	19,198	34,394	1,839	3,233,713
Acquisition	2,207	-	1,088	-	106	3,401
Carry-over	83,953	-	-	-	-	83,953
Disposal of subsidiary	-	-	(804)	-	-	(804)
Balance on December 31, 2021	**$ 2,654,956**	**609,486**	**19,482**	**34,394**	**1,945**	**3,320,263**
Amortization and impairment losses:						
Balance on January 1, 2022	$ 652,029	121,943	16,552	26,668	1,849	819,041
Current amortization	128,151	32,953	1,365	-	10	162,479
Impairment losses	22,000	-	-	-	-	22,000
Disposal	-	-	(8,407)	-	(1,839)	(10,246)
Balance on December 31, 2022	**$ 802,180**	**154,896**	**9,510**	**26,668**	**20**	**993,274**
Balance on January 1, 2022	$ 433,993	74,465	15,542	17,635	-	541,635
Current amortization	124,872	28,877	1,604	-	10	155,363
Impairment losses	93,164	18,601	-	9,033	1,839	122,637
Disposal of subsidiary	-	-	(594)	-	-	(594)
Balance on December 31, 2021	**$ 652,029**	**121,943**	**16,552**	**26,668**	**1,849**	**819,041**
Carrying amount:						
Balance on December 31, 2022	**$ 1,886,226**	**454,590**	**2,424**	**7,726**	**86**	**2,351,052**
Balance on January 1, 2021	**$ 2,134,803**	**535,021**	**3,656**	**16,759**	**1,839**	**2,692,078**
Balance on December 31, 2021	**$ 2,002,927**	**487,543**	**2,930**	**7,726**	**96**	**2,501,222**

1. Amortization and impairment recognized

Amortization expense and impairment loss on intangible assets are presented separately in the consolidated statement of comprehensive income as follows:

	2022	2021
Operating cost	$ 130,672	134,122
Administrative expenses	31,807	21,241
Other gains and losses	22,000	122,637
Total	**$ 184,479**	**278,000**

2. As of 2022 and 2021, in accordance with the service concession agreement signed. with the government agency, the Consolidated Company completed the phased construction and carried forward into the contract assets NT$32,428 thousand, NT$83,953 thousand.

3. Goodwill impairment test

In 2020, the Consolidated Company acquired Lealea Environmental Co., Ltd., a subsidiary, which generated goodwill of NT$9,033 thousand, mainly due to the expected growth of the company's operating revenue from pellet treatment. As a result of the alleged violation of the Waste Disposal Act by the former owner and the former factory manager, which caused the operation of the subsidiary has slightly stagnated, an impairment loss of NT$9,033 thousand was recognized for goodwill in 2021.

The subsidiary, Grain Forest Green Energy Co., Ltd. was unable to achieve the expected benefits due to the impact of the raw material market and industrial environment on the promotion of the subsidiary project. Therefore, on September 7, 2021, the company sent a letter to the project owner, Environmental Protection Bureau of Taichung City Government, agreeing to terminate the subsidiary project agreement and perform an impairment test in accordance with IAS 36. The recoverable amount was assessed based on the fair value of the subsidiary less costs of disposal and an impairment loss of NT$93,164 thousand was recognized in 2021.

As of December 31, 2021, the recoverable amount of the subsidiary's appurtenant facilities was determined based on fair value less costs of disposal. These fair values less costs of disposal were estimated by engaging outside experts using both cost and market methods, and the fair value measurements were classified as Level 3 using significant unobservable inputs.

The following are key assumptions used in estimating recoverable amounts. The values of these key assumptions represent management's evaluation of future trends in the relevant industries, taking into account historical information from internal and external sources.

	December 31, 2021
Physical deterioration	10.2%
Economic obsolescence	10%

Physical deterioration: In the process of using the equipment, the parts are subjected to friction, impact, vibration and other effects, resulting in wear and. tear, fatigue and other damage.

Economic obsolescence:The economic obsolescence of machinery and equipment is caused by external factors, including increased competition in the market, reduced demand for products, resulting in under-capacity operation of equipment and a relative excess of production capacity that shortens the normal useful life of equipment.

The subsidiary, Perfection Forest Development Enterprise Co., Ltd. has been affected by the economic environment and its operating conditions were not as expected in 2022. The subsidiary assessed the impairment of non-financial assets based on the value in use of CGU as the basis for calculating the recoverable amount. The calculation of value in use is based on the cash flows of the remaining annual financial projections of the contracts for additions, renovations, construction and operations signed between the subsidiary and the Industrial Development Bureau of the Ministry of Economic Affairs, and is calculated using a discount rate of 7.25% as of December 31, 2022, to reflect the specific industrial risk of the relevant CGU. After evaluation, the estimated recoverable amount was lower than the carrying amount, therefore, an impairment loss of $22,000 thousand was recognized and recorded in other gains and losses.

4. Pledge

As of December 31, 2022 and 2021, the Consolidated Company has pledged for the long-term loan and financing line, and please refer to Note 8 for details.

(k) Long-term account receivable

In accordance with the IFRS No. 12, the service concession arrangement between the Consolidated Company and the government agency is concluded that the fair value of the consideration receivable for the construction or upgrade service provided should be recognized as a financial asset. According to the service concession arrangement, the Consolidated Company is expected to collect the payment within the term of the agreement and select an appropriate discount rate to calculate the present value of the consideration receivable. As of December 31, 2022 and 2021, the receivables recognized by the Consolidated Company due to the discounted value of the consideration receivable from the service concession arrangement on each reporting day were as follows:

	December 31, 2022	December 31, 2021
Long-term account receivable	**$ 7,162,905**	**7,305,940**
Current	$ 183,201	135,528
Non-current	6,979,704	7,170,412
Total	**$ 7,162,905**	**7,305,940**

1. As of 2022 and 2021, in accordance with the service concession arrangement signed with the government agency, the subsidiaries completed the phased construction and carried forward into the contract assets NT$ 0 and NT$255,055 thousand respectively.
2. On November 19, 2021, the Consolidated Company entered into a settlement agreement with the Kaohsiung City Government regarding the Litigation on the resettlement fee dispute, and agreed to repay the principal amount of the construction cost of NT$371,136 thousand (tax included) and the deferred interest of NT$100,505 thousand (tax included) as of July, 2021 in four installments of the originally withheld resettlement fee of $1.28 per ton and the deferred interest. The following table sets forth the collection schedule in accordance with the settlement:

Year of payment	Settlement amount
December 31, 2023	117,910 thousand
December 31, 2024	117,910 thousand
December 31, 2025	117,910 thousand
December 31, 2026	117,911 thousand

As of December 31, 2022 and 2021, the accounts receivable and long-term receivables were NT$23,930 thousand, NT$70,902 thousand, and NT$ 0, NT$94,542 thousand, respectively, based on the present value of the four-year annuity maturities, and interest income of NT$290 thousand and NT$94,542 thousand was recognized in the years ended December 31, 2022 and 2021, respectively.

3. As of December 31, 2022 and 2021, the Consolidated Company had pledged as collateral for the long-term borrowings and financing line, please refer to Note 8 for details.

(l) Short-term notes and bills payable

The details of the Company's short-term notes and bills payable were as follows:

	December 31, 2022		
	Guarantee/Accepting Institution	**Range of interest rates**	**Amount**
Commercial paper payable	Mega Bills Finance Co., Ltd.	2.12%~3.05%	$ 230,000
〃	Grand Bills Finance Corp.	2.13%~2.26%	236,000
〃	Ta Ching Bills Finance Corp.	2.502%	80,000
〃	Taiwan Cooperative Bills Finance Corp.	2.10%	196,000
〃	China Bills Finance Corp.	2.14%~2.34%	580,000
〃	Dah Chung Bills Finance Corp.	2.45%	150,000
〃	International Bills Finance Corpo.	2.30%~2.76%	729,000
〃	Taiwan Finance Corp.	2.34%	100,000
Total			**$ 2,301,000**

	December 31, 2021		
	Guarantee/Accepting Institution	**Range of interest rates**	**Amount**
Commercial paper payable	Mega Bills Finance Co., Ltd.	1.562%～1.74%	$ 230,000
〃	Grand Bills Finance Corp.	1.60%～1.80%	253,000
〃	Ta Ching Bills Finance Corp.	1.602%	80,000
〃	Taiwan Cooperative Bills Finance Corp.	1.498%	143,000
〃	China Bills Finance Corp.	1.75%	515,900
〃	Dah Chung Bills Finance Corp.	1.59%	100,000
〃	International Bills Finance Corp.	1.688%～1.8%	645,000
Total			**$ 1,966,900**

The Consolidated Company had pledged assets as collateral for the above-mentioned notes and bills payable, please refer to Note 8 for the details.

(m) Short-term loans

The details for the short-term loans of the Consolidated Company were as follows:

	December 31, 2022	**December 31, 2021**
Unsecured bank loans	$ 1,661,500	1,842,500
Secured bank loans	7,239,011	6,785,332
Total	**$ 8,900,511**	**8,627,832**
Unused credit line	**$ 2,061,540**	**2,081,178**
Range of interest rates	**1.45%~3.05%**	**1.2%~2.40%**

For the details of the Consolidated Company's assets pledged as collateral for short-term loans, please refer to Note 8.

(n) Long- term loans

The details for the long-term loans of the Consolidated Company were as follows:

	December 31, 2022	December 31, 2021
Unsecured bank loans	$ 39,990	93,310
Secured commercial paper	1,300,000	1,197,000
Secured bank loans	3,532,896	4,366,495
Less: current portion	(468,629)	(654,374)
Arrangement fees for syndicated bank loans	(4,928)	(5,820)
Total	**$ 4,399,329**	**4,996,611**
Unused credit line	**$ 863,000**	**1,077,000**
Range of interest rates	**0.6%~3.5%**	**0.6%~3.5%**

1. Collateral for bank loans

Please refer to Note 8 for details of the Consolidated Company pledging assets as collateral for bank loans.

2. Significant loan contract agreement

(1) The subsidiary entered into a joint credit agreement with a syndicate of banks (17 banks including Mega Bank) for the construction and operation of the Kaohsiung City Nanzi Sewage Sewer Project. According to the agreement, the subsidiary should maintain a certain level of financial ratio at the end of each year:

(i) Current ratio (current assets/current liabilities): greater than or equal to 100%.

(ii) Debt-to-equity ratio (total debt/total equity): less than or equal to 230%.

The above syndicated loans have been fully repaid as of December 31, 2021.

(2) The subsidiary entered into a joint credit agreement with a syndicate of banks (eight banks, including Land Bank of Taiwan, etc.) for the construction and operation of the Luodong sewage sewer project in Yilan County, according to the agreement, the subsidiary should maintain a certain level of financial ratio at the end of each year:

(i)Debt-to-equity ratio (total debt/total equity): less than or equal to 200%.

(ii) Subsidiaries should maintain the principal interest coverage ratio at the end of each year [(net profit after tax + depreciation + interest expense)/(repayable principal of medium and long-term debt + interest expense)]: greater than or equal to 1.

(iii) From the date notified by the lead bank to the day before the improvement is reached, an interest rate of 0.25% is added to each credit balance plus an annual interest rate. If the aforementioned corrective action is not completed within the period, the total outstanding balance on the expiry date of the period for corrective action (i.e., December 31) shall be paid to the lead bank at a rate of 0.1%.

(3) The subsidiary entered into a credit agreement with a lending bank for the construction and operation of a composting plant (Green Energy Ecological Park) in Waipu, Taichung City. According to the agreement, the subsidiary should maintain a certain level of financial ratio at the end of each year (reviewed since 2024 financial report):

(i) Current ratio (current assets/current liabilities): greater than or equal to 100%.

(ii) Debt-to-equity ratio (total debt/total equity): less than or equal to 230%.

(iii) The subsidiary should maintain the principal interest coverage ratio at the end of each year [(net profit after tax + depreciation + interest expense)/ (repayable principal of medium and long-term debt + interest expense)]: greater than or equal to 1.

(iv) From the date notified by the lead bank to the day before the improvement is reached, an interest rate of 0.15% is added to each credit balance plus an annual interest rate. If the aforementioned corrective action is not completed within the period, the total outstanding balance on the expiry date of the period for corrective action (i.e., December 31) shall be paid to the lead bank at a rate of 0.1%.

(4) The Consolidated Company signed a credit agreement with Mega International Commercial Bank on December 7, 2016 in response to the investment in the construction and operation of the BOT project of the Yuanshan Park Hot Spring Club in Yilan County. According to the agreement, during the effective period of the loan agreement, the equity ratio verified by CPA at the end of each year shall not be less than 30%.

(5) In response to the funds required for the purchase of land and the construction of the hotel project, the subsidiary cooperated with International Bills Finance Corp., Mega Bills Finance Corp., and Kaohsiung Bank Co., Ltd. on November 2, 2020, signing a five-year joint credit contract of NT$2.04 billion, and pledged 2 pieces of land in the Shuishe Section of Nantou County and the completed buildings and auxiliary facilities as collateral.

(o) Bonds payable

The details of the Consolidated Company's bond payable were as follows:

	December 31, 2022	December 31, 2021
Ordinary corporate bonds issued	$ 2,000,000	2,000,000
Convertible corporate bonds issued	1,000,000	1,500,000
Less：unamortized discount on bonds payable	(54,177)	(68,426)
Less：current portion	-	(500,000)
Balance bonds payable	**$ 2,945,823**	**2,931,574**
Embedded derivatives - buyback option and put option (recognized as financial liabilities measured at fair value through profit or loss)	**$ 16,200**	**3,800**
Equity components - conversion rights	**$ 72,976**	**100,826**

	2022	2021
Embedded derivatives - gains or losses on remeasurement of buyback options at fair value (recognized as loss on financial assets at fair value through profit or loss)	**$ (12,400)**	**(1,000)**
Interest expense	**$ 28,761**	**28,285**

The main rights and obligations of outstanding unsecured convertible bond issued by the Consolidated Company are as follows:

Item	1st unsecured convertible bonds issued in 2018
Issuing amount	500,000 thousand
Issuing date	January 4, 2019
Issuing period	January 4, 2019~January 4, 2022
Coupon rate	0%
Trust institution	Mega Securities Co., Ltd.

Item	1st unsecured convertible bonds issued in 2018
Repayment method	Except for the conversion of bonds into the Company's common shares upon application by the bondholders in accordance with the Company's conversion rules, or early redemption by the Company or cancellation by purchase from the securities firms 's sales counter in accordance with the conversion rules. The Company will repay the bonds in cash in one lump sum upon maturity at the face value plus interest compensation (100.75% of the face value).
Rule for redemption	From the day following the period of 3 months the issuance of the Company's convertible corporate bonds has elapsed (April 5, 2019) to 40 days before the expiration of the issuance period (November 25, 2021), if the closing price of the Company's ordinary shares, in the period of 30 consecutive business days, exceeds the current conversion price by 30% (inclusive); in the period of 30 consecutive business days, the outstanding balance of the convertible bonds is less than 10% of the original issuance total, the Company may redeem the bond in advance.
Rule for conversion	Conversion period From the day following the period of 3 months the issuance of the Company's convertible bond has elapsed (April 5, 2019) to the maturity date (January 4, 2022), in accordance with the rule of conversion, the bondholder shall be converted into the company's ordinary share.
Conversion price	NT$50.8

Item	**2nd** unsecured convertible bonds issued in 2021
Issuing amount	1,000,000 thousand
Issuing date	September 28, 2021
Issuing period	September 28, 2021~ September 28,2026
Coupon rate	0%
Trust institution	Mega Securities Co., Ltd.
Repayment method	Except for the conversion of bonds into the Company's common shares upon application by the bondholders in accordance with the Company's conversion rules, or early redemption by the Company or cancellation by purchase from the securities firms 's sales counter in accordance with the conversion rules. The Company will repay the bonds in cash in one lump sum upon maturity at the face value plus interest compensation (101.26% of the face value).
Rule for redemption	From the day following the period of 3 months the issuance of the Company's convertible corporate bonds has elapsed (December 29, 2021) to 40 days before the expiration of the issuance period (August 19, 2026), if the closing price of the Company's ordinary shares, in the period of 30 consecutive business days, exceeds the current conversion price by 30% (inclusive); in the period of 30 consecutive business days, the outstanding balance of the convertible bonds is less than 10% of the original issuance total, the Company may redeem the bond in advance.
Rule for creditors request for sell back	The bondholders may request the issuing company to redeem the bonds at 100% of their face value plus interest compensation on September 28, 2024, the maturity date of three years from the date of issuance of the bonds.
Rule for conversion	Conversion period From the day following the period of 3 months the issuance of the Company's convertible bond has elapsed (December 29, 2021) to the maturity date (September 28, 2026), in accordance with the rule of conversion, the bondholder shall be converted into the company's ordinary share.
Conversion price	NT$36.3

The 1st unsecured convertible bonds issued in 2018 by the Consolidated Company matured on January 4, 2022, and were repaid in one lump sum on January 17, 2022, based on the face value of the bonds plus interest compensation amounting to NT$503,750 thousand.

The main rights and obligations of outstanding secured ordinary corporate bond issued by the Consolidated Company in 2020 are as follows:

Item	1st secured ordinary bonds issued in 2020	2nd secured ordinary bonds issued in 2020
Issuing amount	1,000,000 thousand	1,000,000 thousand
Issuance date	October 23, 2020	December 14, 2020
Issuance period	October 23, 2020~ October 23, 2025	December 14, 2020~ December 14, 2025
Coupon rate	0.62%	0.58%
Guarantee Institution	Mega International Commercial Bank	Yuanta Commercial Bank
Trustee institution	Taipei Fubon Commercial Bank	Taipei Fubon Commercial Bank
Repayment method	Repayment of principal in one lump sum upon maturity	

(p) Operating leases

The Consolidated Company leases its investment property. Since almost all risks and rewards belonging to the ownership of the underlying asset have not been transferred and paid, these lease contracts are classified as operating leases. Please refer to Note 6(9)－Investment property for details.

The maturity analysis of lease payments is shown in the following table based on the total amount of undiscounted lease payments that will be received after the reporting date:

	December 31, 2022	December 31, 2021
Less than a year	$ 54,592	59,885
Between one and two years	32,839	53,298
Between two and three years	22,178	31,615
Between three and four years	21,721	20,322
Between four and five years	20,767	19,730
More than five years	33,588	52,025
Total amount of undiscounted lease payments	**$ 185,685**	**236,875**

For the rental income generated from investment properties in 2022 and 2021, please refer to Note 6 (20). The maintenance expenses incurred by investment property (recognized in "Cost of Goods Sold and Operating Expenses") are as follows:

	2022	2021
Rental income generating ones	**$ 113**	**527**

(q) Income taxes

1. Income tax expense

The components of the Consolidated Company's income tax for 2022 and 2021 were as follows:

		2022	2021
Current income tax expense:			
Current period incurred	$	78,455	134,791
Adjustments in respect of current income tax of prior periods		3,856	(1,460)
Land appreciation tax		27,632	34,708
		109,943	168,039
Deferred income tax expense			
The origination and reversal of temporary differences		(39,149)	44,754
Income tax expense	**$**	**70,794**	**212,793**

2. The reconciliation of the Consolidated Company's pre-tax profit and income tax expense for the years ended December 31, 2022 and 2021 were as follows:

		2022	2021
Profit before income tax	$	(57,132)	393,881
Income tax on pre-tax financial income calculated at the domestic rates applicable to profits in the country concerned	$	(3,605)	168,013
Tax exemption on income from land transactions		(45,009)	(75,326)
Investment income－equity method		1,077	(76,056)
Book-tax-difference in interest capitalization		(4,171)	(3,064)
Underestimation from prior year		3,856	(1,460)
Change in unrecognized temporary differences		(1,751)	(56)
Current-year losses for which no deferred tax asset was recognized		84,667	52,241
Land appreciation tax		27,632	34,708
Capital reduction losses		-	98,336
Others		8,098	15,457
Total	**$**	**70,794**	**212,793**

3. Deferred tax assets and liabilities

(1) Unrecognized deferred tax assets

The Consolidated Company's unrecognized deferred tax assets were as follows:

		December 31, 2022	December 31, 2021
Temporary differences of tax losses	$	387,473	395,806
Deductible temporary differences		33,120	34,812
	$	**420,593**	**430,618**

(2) Recognized deferred tax assets and liabilities

The movements in deferred tax assets in 2022 and 2021 were as follows:

	Deferred tax assets					Deferred tax liabilities	
	Unrealized provisions for contingent service cost	Unrealized Impairment losses	Unrealized reduce inventory to market	Others	Total	Unrealized construction profits	Total
Balance on January 1, 2022	$ 7,184	6,577	17,904	27,435	59,100	(491,622)	(491,622)
Debit (Credit) Income statement	(198)	4,400	(1,168)	68,374	71,408	(32,259)	(32,259)
Balance on December 31, 2022	**$ 6,986**	**10,977**	**16,736**	**95,809**	**130,508**	**(523,881)**	**(523,881)**
Balance on January 1, 2021	$ 7,230	6,577	18,585	17,481	49,873	(437,641)	(437,641)
Debit (Credit) Income statement	(46)	-	(681)	9,954	9,227	(53,981)	(53,981)
Balance on December 31, 2021	**$ 7,184**	**6,577**	**17,904**	**27,435**	**59,100**	**(491,622)**	**(491,622)**

The Consolidated Company recognized investment deductions that are likely to be used to deduct future tax payables as a deferred tax asset. The consolidated company must make significant accounting judgments regarding recognizable deferred tax assets based on the possible period of time and amount of future tax payables and future tax planning. Some items are not recognized as deferred income tax assets because the consolidated company is not likely to have sufficient taxable income for the temporary difference in the future.

4. Status of approval of income tax

(1)The Company's income tax settlement and filing through 2020 have been assessed and approved by the Tax Authority.

(2)The years that the domestic subsidiaries' income tax settlement and filings of the Company have been assessed and approved by the Tax Authority were as follows:

Approval year	Company
2020	Forest Water Environmental Engineering Ltd.
2020	Rich Forest Leisure Development Co., Ltd.
2020	Lea Ho Investment Co., Ltd.
2020	Lea Ching Enterprises Co., Ltd.
2020	Ho Ching Enterprises Co., Ltd.
2020	Lealea Hotels Co., Ltd.
2020	Yilan Lealea Hotels & Resorts Co., Ltd.
2020	Easy Development Co., Ltd.
2020	Eastern Forest Environmental Technology Co., Ltd.
2020	Green Forest Development Enterprise Co., Ltd.
2020	Orient Forest Development Enterprise Co., Ltd.
2020	Perfection Forest Development Enterprise
2020	Re-Use Environmental Co., Ltd.
2020	Grain Forest Green Energy Co., Ltd.
2020	Lealea Hsing Environmental Co., Ltd.
2020	LeaLea Environmental Enterprise Co., Ltd.

Approval year	Company
2020	Lealea Mingchih Resort Co., Ltd.
2020	Lealea Hotels & Resorts Co., Ltd.
2020	Lealea Eagle Travel Service Co., Ltd.

5. The loss from taxation is in accordance with the Income Tax Act, taxation may be made on its net income after deduction of losses incurred in the preceding ten years as verified and determined by the local collection authority-in-charge. These items are not recognized as deferred income tax assets because the Consolidated Company is not likely to have sufficient taxable income for the temporary difference in the future. As of December 31, 2022, the deduction periods of the Consolidated Company's unused tax losses were as follows:

Year of losses incurred	Losses not yet deducted	Final year of taxation
2013	$ 90,805	2023
2014	39,150	2024
2015	37,375	2025
2016	577,220	2026
2017	294,552	2027
2018	175,326	2028
2019	192,493	2029
2020	178,223	2030
2021	229,650	2031
2022	122,572	2032
	$ 1,937,366	

(r) Share capital and other equities

As of December 31, 2022 and 2021, the authorized capital of the Company both was NT$10,100,000 thousand with par value of NT$10 per share. The total outstanding shares both are 743,993 thousand shares, and the capital that rose from the shares had all been retrieved.

1. Capital surplus

The components of the capital surplus were as follows:

	December 31, 2022	December 31, 2021
Conversion of corporate bonds at premium	$ 12,949	12,949
Treasury stock transactions	3,337	3,337
Difference between consideration and carrying amount of subsidiaries acquired or disposed	436,442	438,449
Changes in ownership interest in associates and joint ventures accounted for using equity method	73	73
Recognized changes in ownership interest in subsidiaries	213,976	213,185
	$ 666,777	**667,993**

According to Company Act, the realized capital surplus can only be used to increase the common stock or be distributed as cash dividends in accordance with proportions of shareholdings after the capital surplus is used to offset a deficit. The aforementioned realized capital surplus includes capital surplus resulting from premium on issuance of capital stock and earnings from donated assets received. According to the Regulations Governing the Offering and Issuance of Securities by Securities Issuers, capital increases by transferring capital surplus in excess of par value should not exceed 10% of the total common stock outstanding.

2. Retained earnings

The Company's Article of Incorporation stipulates that Company's net earnings should first be used to offset the prior years' deficits, if any, before paying any income taxes. Of the remaining balance, 10% is to be appropriated as legal reserve until the accumulated legal reserve equals the Company's paid-in capital. In addition, a special reserve, in accordance with applicable laws and regulations, shall also be set aside. Then, any remaining profit, together with any undistributed retained earnings, shall be distributed according to the distribution plan proposed by the Board of Directors and submitted to the stockholders' meeting for approval.

The Company is in a volatile industrial environment and the life cycle of the company is at a growth stage and is developing towards diversification. Considering the company's future capital needs, long-term financial planning and shareholders' demand for cash inflows, if the company's shareholders' meeting decides to issue shareholder dividends, the cash dividend shall not be less than 10% of the total dividend, but if the cash dividend per share is less than NT$0.1, it will not be paid and will be paid as a stock dividend, but the board of directors may change the aforementioned ratio according to the economic environment and changes in the Company's operating conditions.

(1) Legal reserve

When a company incurs no loss, it may, pursuant to a resolution by a shareholders' meeting, distribute its legal reserve by issuing new shares or by distributing cash, and only the portion of legal reserve which exceeds 25% of capital may be distributed.

(2) Special reserve

If the difference between the net decrease in other shareholders' equity and the remaining. balance of the special reserve is recognized in the current year, a special reserve shall be appropriated from the current period's profit or loss and the prior period's undistributed earnings; the amount of the decrease in other shareholders' equity accumulated in the prior period shall not be distributed from the prior period's undistributed earnings. If there is a reversal of the decrease in other shareholders' equity, the reversal may be distributed as part of the earnings.

As of the end of the period, a subsidiary that holds shares of the parent company at a market price lower than the book value should not distribute the same amount of special reserve based on the percentage of ownership. If the market price subsequently increases, the special reserve may be reversed based on the percentage of ownership.

The Company resolved at the shareholders' meeting on June 15, 2022 to appropriate special reserve of NT$56,736 thousand and to appropriate special reserve of NT$6,305 thousand for the change in market value of the parent company's shares held by its subsidiaries; and resolved at the shareholders' meeting on July 14, 2021 to reverse the special reserve of NT$149,144 thousand for the decrease in equity and to appropriate special reserve of NT$315 thousand for the change in market value of the parent company's shares held by its subsidiaries.

(3) Earnings distribution

On June 15, 2022 and July 14, 2021, the Company's shareholders' meeting resolved to appropriate the 2021 and 2020 earnings. The amount of dividends distributed to owners is as follows:

	2021		2020	
	Amount per share(NT$)	Amount	Amount per share(NT$)	Amount
Dividends distributed to common stock owners:				
－cash	$ 0.30	**233,198**	0.33	**245,518**

3. Other equity accounts (net of tax)

	Exchange differences on translation of foreign financial statements	Unrealized gains (losses) on financial assets measured at fair value through other comprehensive income	Non-controlling interests	Total
Balance on January 1, 2022	$ (1,703)	(136,081)	(24,271)	(162,055)
Shares of differences on translation of associates accounted for using equity method	904	-	901	1,805
Exchange differences on translation foreign operations' net assets	21	-	43	64
Unrealized gains (losses) on financial assets measured at fair value through other comprehensive income	-	(112,023)	(10,492)	(122,515)
Disposal of equity instruments measured at fair value through other comprehensive income	-	(12,868)	-	(12,868)
Balance on December 31, 2022	**$ (778)**	**(260,972)**	**(33,819)**	**(295,569)**
Balance on January 1, 2021	$ (5,184)	(75,864)	6,268	(74,780)
Shares of differences on translation of associates accounted for using equity method	3,499	-	4,069	7,568
Exchange differences on translation foreign operations' net assets	(18)	-	(37)	(55)
Unrealized gains (losses) on financial assets measured at fair value through other comprehensive income	-	(51,432)	(34,571)	(86,003)
Disposal of equity instruments measured at fair value through other comprehensive income	-	(8,785)	-	(8,785)
Balance on December 31, 2021	**$ (1,703)**	**(136,081)**	**(24,271)**	**(162,055)**

(s) Earnings per share

1. Basic earnings per share

The basic earnings per share for the years ended December 31, 2022 and 2021, which are based on the profit attributable to ordinary shareholders and outstanding weighted-average number of ordinary shares, were calculated as follows:

(1) Net profit attributable to the Company's ordinary shareholders

	2022	2021
Profit attributable to ordinary shareholders	**$ 43,085**	**306,690**

(2) Outstanding weighted-average number of ordinary shares

	2022	2021
Issued ordinary share as of January 1	743,993	743,993
Effects of Treasury stocks	(6,305)	(6,305)
Outstanding weighted-average number of ordinary shares as of December 31	**737,688**	**737,688**
Earnings per share(NT$)	**$ 0.06**	**0.42**

2. Diluted earnings per share

The diluted earnings per share for the years ended December 31, 2022 and 2021, which are based on the nte profit attributable to the Company's ordinary shareholders and outstanding weighted-average number of ordinary shares, were calculated as follows:

(1) Profit attributable to ordinary shareholders (diluted)

	2022	2021
Net profit attributable to the Company	$ 43,085	306,690
Effect of conversion of convertible bonds of subsidiaries	-	(5)
Profit attributable to the Company's ordinary shareholders (After adjusting the number of shares of for the effects of dilutive potential ordinary shares)	**$ 43,085**	**306,685**

(2) Outstanding weighted-average number of ordinary shares (diluted)

	2022	2021
Outstanding weighted-average number of ordinary share(basic)	737,688	737,688
Effect of bonus share to employees	71	300
Outstanding weighted-average number of ordinary. shares(diluted) as of December 31	**737,759**	**737,988**
Earnings per share (NT$)	**$ 0.06**	**0.42**

(t) Revenue from contracts with customers

1. Disaggregation of revenue

	2022	2021
Major geographic markets:		
Taiwan	**$ 6,305,186**	**5,744,620**
Main product/Service lines:		
Rentals from investment property (Note)	$ 47,912	66,763
Revenue from real estate sales	1,607,489	1,109,667
Revenue from water treatment contractor－service concession arrangement	123,973	340,858
Revenue from water treatment contractor－Public construction	1,657,933	1,422,847
Revenue from water treatment and maintenance	1,230,616	1,248,974
Revenue from service concessions	647,674	634,295
Revenue from waste treatment	247,162	300,459
Revenue from hotel services	726,226	574,347
Revenue from other businesses	16,201	46,410
	$ 6,305,186	**5,744,620**
Timing of revenue recognition:		
Service gradually transferred over time	$ 1,278,528	1,327,167
Construction gradually transferred over time	1,781,906	1,763,705
Recognized using effective interest method over time	647,674	634,295
Service transferred at a point in time	974,052	894,806
Goods transferred at a point in time	1,607,489	1,109,667
Others	15,537	14,980
	$ 6,305,186	**5,744,620**

Note: The Company recognized rental revenue by applying IFRS No. 16.

2. Balance of contract

	December 31, 2022	December 31, 2021	January 1, 2021
Notes receivable	$ 5,021	28,633	7,757
Account receivable	1,501,390	1,109,710	1,386,614
Less: allowance for loss	(26)	(26)	(26)
Total	**$ 1,506,385**	**1,138,317**	**1,394,345**

	December 31, 2022	December 31, 2021	January 1, 2021
Contract assets－construction completed not yet entitled right to payment	$ 1,336,540	992,686	1,647,012
Contract assets－retention for contracted construction	255,310	186,644	247,631
Less: allowance for loss (Note 9 (2) 7)	(320,576)	(320,576)	-
Total	**$ 1,271,274**	**858,754**	**1,894,643**
The amount expected to be recovered more than 12 months	**$ 282,127**	**266,053**	**623,844**
Contract liability－construction receipts exceeds construction completed	$ 110,935	200,917	506,279
Contract liability－ advance construction receipts	9,942	13,929	133,590
Contract liability－advance hotel booking receipts	117,244	119,563	118,550
Contract liability－advance real estate receipts	501,965	357,252	87,475
Contract liability－advance boat lease receipts	-	-	4,807
Total	**$ 740,086**	**691,661**	**850,701**
The amount expected to be settled more than 12 months	**$ 14,925**	**24,566**	**147,112**

Note: The potential loss of NT$46,893 thousand for each performance assessment of each project in 2022 was accounted for as a reduction of operating income based on the change in estimated contract price.

3. For the disclosure of notes receivable, account receivable and their impairment, please refer to Note 6(4).
4. For the credit risk information of contract assets, please refer to Note 6(24).
5. Changes in contract assets and contract liabilities are mainly due to the difference between the time when the Consolidated Company transfers goods or services to customers to satisfy the performance obligations and the time when customers pay. For disputes related to contract assets, please refer to Note 9 for details.

(u) Remuneration of employees and directors

In accordance with the Company' s Articles of Incorporation, if there is any profit for the year, remuneration of employees shall be appropriated at the rate no less than of 0.5%, and the board of directors shall decide to issue stocks or cash. The payment objects include employees of controlling or affiliated companies that meet certain conditions. The board of directors or their authorized persons are authorized to determine the conditions and rule for distributions; the Company shall allow the board of directors to resolve by allocating no more than 3% the aforementioned amount of profit as directors' remuneration. The distributions for employee and director remuneration shall be reported to the shareholders meeting. However, when the company still has accumulated losses, it shall reserve the amount of remuneration in advance, and then appropriate employee and directors' remuneration based on the aforementioned proportions.

For the years ended December 31, 2022 and 2021, remuneration of employees of NT$219 thousand and NT$52,686 thousand respectively, and remuneration of directors of NT$1,315 thousand and NT$16,118 thousand respectively, which were estimated on the basis of the Company's net profit before tax, excluding the remuneration of employees and directors of each period, multiplied by the percentage of remuneration of employees and directors as specified in the Company's Articles of Incorporation, and recognized as operating expenses for the respective periods. If the actual distribution amount differs from the estimated amount in the following year, the difference is treated as a change in accounting estimate and recognized as profit or loss in the following year.

The appropriated amount of remuneration for employees and directors for 2021 were NT$2,686 thousand and NT$16,118 thousand respectively, and the actual distribution amount were overestimated by NT$869 thousand and NT$5,218 thousand respectively. The appropriated amount of remuneration for employee and director for 2020 were NT$526 thousand and NT$3,153 thousand respectively, which were underestimated by NT$ 253 thousand and underestimated by NT$ 894 thousand from the actual distribution amount respectively. For further information, please refer to Market Observation Post System.

(v) Net other income and expense

The Consolidated Company's net other income and expenses were as follows:

	2022	2021
Gains on disposals of investment property	**$ -**	**306,815**

(w) Non-operation income and expense

1. Interest income

The details of the Consolidated Company's interest income were as follows:

	2022	2021
Interest income of bank deposits	$ 7,085	2,387
Interest of overseas convertible corporate bonds	-	14,529
Interest income from the preferred stock	3,500	3,537
Accounts receivable plus interest income	-	94,542
Other interest income	978	6
	$ 11,563	**115,001**

2. Other income

The details of the Consolidated Company’s other income were as follows:

	2022	2021
Dividend income	$ 8,667	6,770
Directors’ and supervisors' remuneration	-	1,112
Government grants income	-	4,440
Lease income	1,561	4,096
Other income	12,357	27,513
	$ 22,585	**43,931**

3. Other gains and losses

The details of the Consolidated Company’s other gains and losses for 2022 and 2021 were as follows:

	2022	2021
Net gain or loss on financial assets at fair value through profit or loss	(19,099)	(15,219)
Net gain or loss on financial liabilities at fair value through profit or loss	(12,400)	(1,000)
Gains from surrender of a lease	(249)	1,115
Gains (losses) on disposal of property, plant and equipment	(1,379)	3,256
Impairment loss on contract assets	-	(320,576)
Impairment losses (Note2 6(8) and (10)	(22,000)	(191,542)
Exchange gains and losses	4,080	-
Miscellaneous income (expenses)	(1,136)	(6,145)
Gains from disposal of investments	-	40,831
	$ (52,183)	**(489,280)**

4. Financial costs

The details of the Consolidated Company's finance costs for the years 2022 and 2021 were as follows:

	2022	2021
Interest expenses		
Bank loans	$ 333,014	334,274
Amortization for fixed royalty payable	3,591	3,888
Amortizations for corporate bond discount	14,249	14,414
Interest Payable Refund from Bond	14,512	13,871
Amortizations for liability provision discount	1,836	2,320
Interest of lease liability	6,519	11,926
Other interest expenses	724	761
Capitalized borrowing cost	(213,677)	(198,786)
Financial expenses	61,051	71,924
	$ 221,819	**254,592**
Capitalization rates	**1.61%~3.33%**	**1.55%～2.85%**

(x) Financial instruments

1. Credit risks

(1) Maximum amount of credit risk exposure

The carrying amount of financial assets and contract assets represents the maximum credit risk exposure.

(2) Concentration of credit risks

As of December 31, 2022 and 2021, the concentration of credit risk on government agency due to BOT and public works tenders of the Consolidated Company accounted for 94% and 93% of total receivables respectively.

(3) Credit risk of account receivable and debt securities

For the information of credit risk exposure of notes receivable and account receivable, please refer to Note 6(4)

Other financial assets measured at amortized cost include other receivables (recognized as other financial assets - current), which are mainly due to advances made on behalf of jointly contracted projects and are due for payment in accordance with the progress of the projects. The Consolidated Company measures the expected credit losses, taking into account the historical default loss rate, the debtor's current financial position and the forecast of the industry in which the debtor operates, and there is no impairment.

Debt instrument investments measured at fair value through profit and loss include foreign private equity funds, beneficiary certificate - open end funds and convertible corporate bonds - call options and put options. Please refer to Note 6(2) for the relevant investment valuation gains or losses.

The above are financial assets with low credit risk, so the allowance for the period is measured based on the amount of expected credit loss in twelve months (please refer to Note 4 (7) for the explanation of how the Consolidated Company determines that the credit risk is low). There is no change in the allowance for losses in 2022 and 2021.

(4) Contract assets

The customers of the Consolidated Company are concentrated in public constructions, BOT and ROT tenders, etc. As of December 31, 2022 and 2021, the concentration of the Consolidated Company's credit risk on government agency due to BOT and public construction tenders accounted for 97% of the total contract assets. Since the counterparty is mainly a government agency, there is no risk of credit risk.

2. Liquidity risk

The following table shows the contractual maturities of financial liabilities, including estimated interest but excluding the impacts of net agreements.

	Carrying amount	Contractual cash flows	Within a year	Between 1-2 years	Between 2-5 years	Over 5 years
December 31, 2022						
Non-derivative financial liabilities						
Variable interest rate instruments	$ 13,768,469	14,409,390	6,630,406	2,060,852	5,623,829	94,303
Fixed interest rate instruments	5,318,796	5,452,180	2,337,937	23,133	3,056,425	34,685
Non-interest bearing liabilities	2,173,827	2,173,827	1,921,499	156,807	95,396	125
Lease liabilities	288,311	335,565	95,716	77,193	29,773	132,883
	$ 21,549,403	**22,370,962**	**10,985,558**	**2,317,985**	**8,805,423**	**261,996**
December 31, 2021						
Non-derivative financial liabilities						
Variable interest rate instruments	$ 14,278,817	14,781,243	7,579,373	2,337,910	4,066,436	797,524
Fixed interest rate instruments	5,504,676	5,666,379	2,499,625	23,100	3,097,869	45,785
Non-interest bearing liabilities	1,693,728	1,693,728	1,484,608	1,399	207,721	-
Lease liabilities	321,923	371,195	87,543	146,134	18,303	119,215
	$ 21,799,144	**22,512,545**	**11,651,149**	**2,508,543**	**7,390,329**	**962,524**

The Consolidated Company does not expect that the cash flow at maturity to be analyzed will occur significantly earlier or the actual amount will be significantly different.

3. Interest rate analysis

For the exposure to interest rate risk of the Consolidated Company's financial assets and liabilities, please refer to the note on liquidity risk management.

The following sensitivity analysis is based on the exposure to the interest rate risk of derivative and non-derivative financial instruments on the reporting date. Regarding liabilities with variable interest rates, the analysis is based on the assumption that the amount of liabilities outstanding at the reporting date was outstanding throughout the year. The rate of change is expressed as the interest rate which increases or decreases by 1% when reporting to the internal management, which also represents the consolidated company management's assessment of the reasonably possible interest rate change.

If the interest rate increases/decreases by 1%, with all other variable factors that remaining constant, for the years ended December 31, 2022 and 2021, the Consolidated Company's net income would have decreased/increased by NT$84,898 thousand and NT$79,636 thousand respectively. This is mainly due to the Consolidated Company's borrowings and deposits in variable rate.

4. Other price risks

If the price of equity securities changes on the reporting date (the two-period analysis adopts the same basis and assumes that other variable factors remain unchanged), the impacts on the comprehensive profit and loss items were as follows:

Prices of securities on the reporting date	2022		2021	
	Other comprehensive income after tax	Net income after tax	Other comprehensive income after tax	Net income after tax
Increasing10%	$ 47,366	41,995	61,168	34,883
Decreasing10%	$ (47,366)	(41,995)	(61,168)	(34,883)

5. Fair value information

(1) The valuation process of the fair value of financial instruments

The accounting policies and disclosures of the Consolidated Company include the use of fair value to measure its financial and non-financial assets and liabilities. The Consolidated Company establishes relevant internal control systems for fair value measurement. This includes establishing a valuation team to be responsible for reviewing all major fair value measurements (including level 3 fair value) and reporting directly to the chief financial officer. The valuation team regularly reviews significant unobservable input values and adjustments. If the input value used to measure the fair value is to use external third-party information (such as a broker or pricing service agency), the valuation team will evaluate the evidence provided by the third party to support the input value and determine the valuation and its fair value classification. It complies with the requirements of the IFRS.

When measuring its assets and liabilities, the Consolidated Company uses market observable inputs whenever possible. The level of fair value is categorized as follows based on the input value used in the valuation technology:

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

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

·Level 3: inputs for the assets or liability that are not based on observable market data. (unobservable inputs).

(2) Categories and fair value of financial instruments

The Consolidated Company's financial assets and liabilities measured at fair value through profit or loss and financial assets measured at fair value through other comprehensive income are measured at fair value on a recurring basis. The carrying amounts and fair values of each class of financial assets and financial liabilities (including fair value hierarchy information, except for financial instruments not measured at fair value whose carrying amounts are a reasonable approximation of fair value, and lease liabilities, for which disclosure of fair value information is not required) were described as follows:

	December 31, 2022				
		Fair value			
	Carrying amount	Level 1	Level 2	Level 3	Total
Financial assets at fair value through profit or loss					
Non derivative financial assets mandatorily measured at fair value through profit or loss (current and non-current)	$ 419,951	402,033	396	17,522	419,951

	December 31, 2022				
		Fair value			
	Carrying amount	Level 1	Level 2	Level 3	Total
Financial assets at fair value through other comprehensive income					
Stocks listed on domestic markets	114,564	11,259	103,305	-	114,564
Investments in equity instruments	359,098	-	-	359,098	359,098
Non-publicly traded equity investments					
Subtotal	473,662	11,259	103,305	359,098	473,662
Total	**$ 893,613**	**413,292**	**103,701**	**376,620**	**893,613**
Financial liabilities at fair value through profit or loss					
Financial liabilities designated as at fair value through profit or loss	**$ 16,200**	**-**	**-**	**16,200**	**16,200**

	December 31, 2021				
		Fair value			
	Carrying amount	Level 1	Level 2	Level 3	Total
Financial assets at fair value through profit or loss					
Non derivative financial assets mandatorily measured at fair value through profit or loss (Current and Non-Current)	$ 348,833	324,974	8,502	15,357	348,833
Financial assets at fair value through other comprehensive income					
Stocks listed on domestic markets	161,283	14,768	146,515	-	161,283
Investments in equity instruments	450,396	-	-	450,396	450,396
Non-publicly traded equity investments					
Subtotal	611,679	14,768	146,515	450,396	611,679
Total	**$ 960,512**	**339,742**	**155,017**	**465,753**	**960,512**
Financial liabilities at fair value through profit or loss					
Financial liabilities designated as at fair value through profit or loss	**$ 3,800**	**-**	**-**	**3,800**	**3,800**

(3) Valuation techniques of financial instruments not measured at fair value

The approaches and assumptions used by the Consolidated Company to estimate instruments that were not measured at fair value were as follows:

(3.1) Financial assets and liability measured at amortized cost

If there is quoted price generated by transactions or market makers for financial liabilities, the recent transaction price and quoted price data is used as the basis for fair value measurement. However, if no quoted prices are available, then valuation approach is used to estimate. The estimates and assumptions used in the valuation approach are the discounted cash flows for the estimation of the fair value.

(4) Valuation techniques for financial instruments measured at fair value

(4.1) Non-derivative financial instruments

If the quoted market price in active markets is available for the financial instrument, the fair values are based on quoted market prices in active markets. The quoted price of a financial instrument obtained from main exchanges and on-the-run bonds from Taipei Exchange can be used as a basis to determine the fair value of the listed companies' equity instrument and debt instrument of the quoted price in an active market.

If a quoted price of a financial instrument can be obtained in time and often from exchanges, brokers, underwriters, industrial union, pricing institute, or authorities, and such price can reflect those actual trading and frequently happen in the market, then the financial instrument is considered to have a quoted price in an active market. If a financial instrument is not in accord with the definition mentioned above, then it is considered to be without a quoted price in an active market. In general, market with large bid-ask spreads, significantly increasing bid-ask spreads, or low trading volume is an indication of a non-active market.

If the financial instruments held by the Consolidated Company are financial assets belong to those with active markets (such as listed common shares, beneficiary certificates, etc., which are financial assets with standard terms and conditions and traded on the active market), the fair value are determined by reference to the market quotation.

If the financial instruments held by the Consolidated Company belongs to those with no active markets, their fair value is an equity instrument with no quoted market price in terms of its category and attribute. The fair value is estimated using the market approach and the binominal tree convertible bond valuation model. The main assumption is that it is measured based on the invested company's peer companies' market value and financial information. This estimate has been adjusted for the liquidity discount of the equity certificate.

(4.2) Derivative financial instruments

The fair value is based on a valuation model that is widely accepted by market users. The fair value is estimated using the market approach and a binary tree model for convertible bonds valuation.

(5) Transfer between level 1 and level 2:None.

(6) The details of movement of Level 3:

	At fair value through profit or loss		At fair value through other comprehensive income
	Debt instruments with no quoted prices	Financial liabilities held for trading embedded derivative financial instruments	Debt instruments with no quoted prices
January 1, 2022	$ 15,357	(3,800)	450,396
Recognized in profit or loss	828	(12,400)	-
Recognized in other comprehensive income	-	-	(75,798)
Purchased	1,337	-	5,500
Disposal	-	-	(21,000)
December 31, 2022	**$ 17,522**	**(16,200)**	**359,098**

	At fair value through profit or loss		At fair value through other comprehensive income
	Debt instruments with no quoted prices	Financial liabilities held for trading embedded derivative financial instruments	Debt instruments with no quoted prices
January 1, 2021	$ 13,734	-	366,348
Recognized in profit or loss	3,288	(1,000)	-
Recognized in other comprehensive income	-	-	(51,737)
Disposal of subsidiaries, regarded as a reacquired	-	-	104,520
Purchased	3,201	-	31,265
Convertible bonds issued by subsidiaries	-	(2,800)	-
Investment recovery	(4,866)	-	-
December 31, 2021	**$ 15,357**	**(3,800)**	**450,396**

The above total profits or losses were recognized in "Other Profits and Losses" and "Unrealized Valuation Loss of Financial Assets Measured at Fair Value through Other Comprehensive Profits and Losses". Among them, those related to the assets still held as of December 31, 2022 and 2021 were as follow

	2022	2021
Recognized in profit or loss (recorded in Other Profits or Losses)	$ (11,572)	2,288
Recognized in other comprehensive income (recorded in Unrealized Valuation Loss of Financial Assets Measured at Fair Value through Other Comprehensive Profits and Losses)	(75,798)	(51,737)

(7) Quantitative information of fair value measurement for significant unobservable Inputs (level 3)

The Consolidated Company's fair value categorized as level 3 are financial assets measured at fair value through profit or loss and other comprehensive income－Debt instrument and equity securities investments and financial liabilities at fair value through profit or loss - derivative financial instruments.

Most of the Consolidated Company's fair values categorized as level 3 have only one significant unobservable input.

Quantitative information of significant unobservable inputs of fair value measurement were as follows:

Category	Valuation technique	Significant unobservable inputs	Correlation between significant unobservable Input value and fair value
Financial assets -equity instruments with no quoted market price at fair value through other comprehensive income	Market approach and asset-based approach	·Liquidity discount (10%~30% for both December 31, 2022 and 2021) ·Volatility (14.54%~23.91% and 23.48% for December 31, 2022 and 2021 respectively)	·The higher the liquidity discount, the lower the fair value ·The higher the volatility, the lower the fair value
Financial assets -debt instruments with no quoted market price at fair value through profit or loss	Asset-based approach	·Liquidity discount (10% for both December 31, 2022 and 2021)	·The higher the liquidity discount, the lower the fair value

Category	Valuation technique	Significant unobservable inputs	Interrelationship between inputs and fair value
Financial liabilities held for trading embedded derivative financial instruments	The binominal tree convertible bond valuation model	·Volatility (14.95% and 20.52% for December 31, 2022 and 2021 respectively)	·The higher the volatility, the higher the fair valu

(8) For the level 3 of fair value measurement, the sensitivity analysis of fair value to reasonably possible alternative assumptions

The Consolidated Company's measurement of the fair value of financial instruments is reasonable, but the use of different valuation models or valuation parameters may result in different valuation results. For financial instruments categorized as level 3, if the valuation parameters change, the effect on the current profit and loss or other comprehensive profit and loss was as follows:

			Change of fair value response to current net profit		Change of fair value response to other comprehensive income	
	Inputs	Change upwards or downwards	Favorable change	Unfavorable change	Favorable change	Unfavorable change
December 31, 2022						
Financial assets -debt instruments with no quoted market price at fair value through profit or loss						
	Liquidity discount	+1%	-	(195)	-	-
	Liquidity discount	-1%	195	-	-	-
Financial assets-equity instruments with no quoted market price at fair value through other comprehensive income						
	Liquidity discount	+1%	-	-	-	(2,318)
	Liquidity discount	-1%	-	-	2,382	-
	Volatility	+1%	-	-	-	(1,610)
	Volatility	-1%	-	-	1,664	-
Financial liabilities embedded derivative financial instruments volatility at fair value through profit or loss						
	Volatility	+1%	1,000	-	-	-
	Volatility	-1%	-	(1,200)	-	-
December 31, 2021						
Financial assets -debt instruments with no quoted market price at fair value through profit or loss	Liquidity discount	+1%	-	(171)	-	-
	Liquidity discount	-1%	171	-	-	-
Financial assets-equity instruments with no quoted market price at fair value through other comprehensive income						
	Liquidity discount	+1%	-	-	-	(6,179)
	Liquidity discount	-1%	-	-	6,135	-
	Volatility	+1%	-	-	-	(70)
	Volatility	-1%	-	-	70	-
Financial liabilities embedded derivative financial instruments volatility at fair value through profit or loss						
	Volatility	+1%	100	-	-	-
	Volatility	-1%	-	(100)	-	-

The favorable and unfavorable changes of the Consolidated Company represent the fluctuation of the fair value, and the fair value is calculated based on the unobservable input parameters to different degrees and calculated by the valuation technique. If the fair value of a financial instrument is affected by more than one input value, the above table only reflects the impact from the change in a single input value and does not take into account the interrelation and variances between input values.

(y) Financial risk management

1. Overview

The Consolidated Company is exposed to the following risks from its financial instruments:

(1) Credit risk

(2) Liquidity risk

(3) Market risk

In this note, the information on above risk exposure and objectives, policies and procedures of risk measurement and management are expressed. For quantitative information, please refer to the related notes in the consolidated financial report.

2. Risk management framework

The Consolidated Company's risk management policies are established to identify and analyze the risks faced by the consolidated company, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Consolidated Company' s activities. The Consolidated Company, through their training and management standards and procedures, aims to develop a disciplined and constructive control environment in which all employees understand their roles and obligations.

The Consolidated Company's supervision and management personnel in Audit Committee oversee how management monitors compliance with the Consolidated Company's risk management policies and procedures and reviews the adequacy of the risk management framework in relation to the risks faced by the Consolidated Company. Internal Audit personnel undertake both regular and ad hoc reviews of risk management controls and procedures and exception management, the results of which are reported to the Audit Committee.

3. Credit risk

Credit risk is the risk of financial loss to the Consolidated Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Consolidated Company's receivables from customers and investment securities.

(1) Accounts receivable and other receivables

Since the Consolidated Company's main business is pre-sales of real estate, it has a large customer base and geographically dispersed sales territories, and has not significantly concentrated transactions with a single customer, so the credit risk of accounts receivable is not likely to be significantly concentrated; the Consolidated Company's construction engineering follows the rule of the Consolidated Company's contracting project operation, subcontracting reputable construction manufacturers with construction technology that meets the requirements, so its construction quality and progress can be fully controlled. In addition, the Consolidated Company's customers for the transactions in the business of sewage treatment operation are concentrated in public constructions, BOT and ROT tenders, etc. As of December 31, 2022 and 2021, the concentration of the Consolidated Company's credit risk on government agency due to BOT and public construction tenders accounted for 94% and 93% of the total account receivables, respectively. Since the counterparty is mainly a government agency, there is no concern of credit risk.

The Consolidated Company establishes loss allowance accounts to reflect the estimation of incurred losses in its accounts receivable, other receivables and investments. The main components of the allowance account contain specific losses associated with individual major risks. The component, and the component of the combined loss established for the loss of a similar group of assets, has occurred but not yet identified. The loss allowance account is determined based on historical payment statistics of similar financial assets.

(2) Investment

The exposure to credit risk for bank deposits, fixed income investments, and other financial instruments, is measured and monitored by the consolidated company's finance department. The consolidated company only deals with banks, other external parties, corporate organizations, government agencies and financial institutions with good credit rating. The consolidated company does not expect any of the counterparties above to fail in meeting their obligations; hence, there is no significant credit risk arising from these counterparties. However, the consolidated company continues to evaluate changes in the economic environment and establish a valuation profit and loss account for the investment it holds.

4.Liquidity risk

Liquidity risk is a risk that the Consolidated Company is unable to meet the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Consolidated Company' s approach to managing liquidity is to ensure, as much as possible, that it always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Consolidated Company's reputation.

The Consolidated Company calculates the funds required for the cost of each development and construction project, the term payment that can be collected from customers, and the construction financing that the bank can offer, and properly plans the timing of funds generated from revenue and expenditure to ensure that there is sufficient liquidity to cover the due liabilities. As part of the funds required during the development and construction of the project can be financed from the bank, customers can also obtain mortgage from the bank to pay most of the price when the real estate is delivered, and the Consolidated Company will not incur major losses or risk of reputational damage.

5. Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates, and equity instrument prices, that will affect the Consolidated Company's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimizing the return.

Interest rate risk

The interest rate risk of the Consolidated Company mainly arises from its bank borrowings. Interest-bearing loans with floating interest rates will create cash flow risks for the Consolidated Company, and fixed-rate borrowings will cause fair value risks for the Consolidated Company. In recent years, the business environment in which the Consolidated Company assesses the interest rate level has remained stable, which should not create significant interest rate risks.

(z) Capital management

The objective of the Consolidated Company's capital management is to ensure its ability to operate continuously to provide returns to stockholders and the interests of other related parties, while maintaining the optimal capital structure to reduce costs of capital.

To maintain or adjust the capital structure, the Consolidated Company may adjust the dividend payment to stockholders, return capital to stockholders, issue new shares or dispose assets to redeem liabilities.

Similar to its peers, the Consolidated Company monitors its capital based on debt to capital ratio. The ratio is calculated as net debt divided by its total capital. The net debt is derived by taking the total liabilities on the balance sheets minus cash and cash equivalents. The total capital consists of total equity (including capital, paid-in capital, retained earnings and other components of equity) plus net debt.

The Consolidated Company's strategy for capital management in 2022, which is same as that of 2021, is to maintain a reasonable ratio in order to raise capital with reasonable cost. The debt to capital ratios as of December 31, 2022 and 2021 were as follows:

	December 31, 2022	December 31, 2021
Total liabilities	$ 23,291,261	23,313,140
Less: cash and cash equivalents	(2,240,114)	(3,113,728)
Net debt	21,051,147	20,199,412
Total equity	16,901,748	17,415,036
Total capital after adjustment	**$ 37,952,895**	**37,614,448**
Debt to capital ratios	**55.47%**	**53.70%**

(27) Investment and financing activities of non-cash transactions

The Consolidated Company's financing activities through non-cash transactions for the years ended December 31, 2022 and 2021 were as follows:

1. The reconciliation of liabilities arising from financing activities was as follows:

	January 1, 2022	Cash flow	Change in non-cash	December 31, 2022
Lease Liability	**$ 321,923**	**(78,133)**	**44,521** (Note 1)	**288,311**

	January 1, 2021	Cash flow	Change in non-cash	December 31, 2021
Lease Liability	**$ 700,125**	**(98,069)**	**(280,133)** (Note 2)	**321,923**

Note 1: It was an increase of NT$48,623 thousand, a reduction of NT$4,096 thousand in rent concession for the epidemic and a reduction of NT$6 thousand in lease surrender and modification for the current period.

Note 2: It was an increase of NT$16,210 thousand, a decrease of NT$126 thousand in unpaid interest, and a reduction of NT$228 thousand in rent concessions for the epidemic and a reduction of NT$41,592 thousand in lease surrender, disposal of subsidiaries decreased by NT$254,396 thousand in the current period, and the effect of exchange rate was NT$(1) thousand.

VII. Related-party transactions

a. Names and relationship with related parties

The related parties involved in transactions with the Consolidated Company during the period covered by this consolidated financial report are as follows:

Related party	Relationship with the Consolidated Company
Shu Cheng Kuo	The Company's chairman
Lead Way Investment Group Co., Ltd.	The chairman is the Company's chairman
Artblooming Co., Ltd.	The director is the Company's chairman
Taiwan Green Power Co., Ltd.	The director is the Company's director
Zhi Mao International Co., Ltd.	The chairman is the Company's chairman
Chi Mei International Enterprise Co., Ltd.	The chairman is the Company's chairman
Lianda Wushih Marina & Resorts Co., Ltd.	The director is the Company's chairman

Related party	Relationship with the Consolidated Company
Li Peng Enterprise Co., Ltd.	The chairman is the Company's chairman's second degree of kingship
Lealea Technology Co., Ltd.	The chairman is the Company's chairman's second degree of kingship
Lea Jie Energy Co., Ltd.	The chairman is the Company's chairman's second degree of kingship
Lealea Enterprise Co., Ltd.	The chairman is the Company's chairman's second degree of kingship
Broadway Hotels	The chairman is the Company's chairman's second degree of kingship
Guo Shan Lin Education Foundation	The chairman is the Company's chairman's second degree of kingship
Apex Fong Yi Technology Co., Ltd.	The chairman is the Company's chairman's second degree of kingship
Eton Petrochemical Co., Ltd.	The chairman is the Company's chairman's second degree of kingship
Li Ling Film Co., Ltd.	The chairman is the Company's chairman's second degree of kingship
Jet Goal Enterprises Co., Ltd.	The chairman is the Company's director
Giantforest Solutions Co., Ltd.	The chairman is the Company's director
ITT Management Co., Ltd.	The chairman is the Company's director
Reach Integrated Trading Co., Ltd.	The chairman is the Company's director
About Design Interior Decoration Co., Ltd.	The chairman is the Company's director
Garden Square Co., Ltd.	The chairman is the Company's director
Firich Enterprises Co., Ltd.	The chairman is the Company's director
Penghu Green Power Co., Ltd.	The director is the Company's director
Mu Sheng Yun Duo Design Co., Ltd.	The chairman is the Company's director
Howsler Food Co., Ltd.	The chairman is the Company's director
Vesun International Co., Ltd.	The chairman is the Company's director
Jia Ruei International Development Co., Ltd.	The chairman is the Company's director
Lealea Green Care Foundation	The chairman is the Company's director
Hon Lin Heavy Industries Co., Ltd.	The chairman is the Company's chairman's second-degree of kinship
Neng Pang Construction Co., Ltd.	The director is the Company's director
Lead U Education Co., Ltd.	The director is the Company's director
Leader Construction Co., Ltd.	The director is the Company's director
Buy Chow Food Co., Ltd.	The director is the Company's director
Teamphon Energy Co., Ltd	The director is the Company's director
Forest Water Sustainability Tech EP Eng'G Co., Ltd.	The director is the Company's director
Yi Lea Hotels Co., Ltd.	The supervisor is the company's director
Ya Ni Development Enterprise Co., Ltd.	Substantive related party
GEC Electric Co., Ltd.	Substantive related party
Lealea Development Enterprise Co., Ltd.	Substantive related party
DYX construction Co., Ltd.	Substantive related party
Qing Yi Development Co., Ltd.	Substantive related party
S.T.Y Steels Co., Ltd (Hereafter S.T.Y. Steels)	Substantive related party
Li Yang Electric Development Co., Ltd.	Substantive related party
Lea Long Enterprise Co., Ltd.	Substantive related party
Taoyuan County Private Lealea Social Welfare Charity Foundation	The chairman is the Company's chairman's second degree of kingship

Related Party	Relationship with the Consolidated Company
Richforest Garden Hotels Kentin Co., Ltd.	Substantive related party
Regiant Industrial Co., Ltd.	Substantive related party
Learned Winner Enterprise Co., Ltd.	Substantive related party
Jarline Industrial Co., Ltd.	Substantive related party
Lian Ta Construction Co., Ltd.	Substantive related party (Note 1)
Lian Da Construction Co., Ltd.	Substantive related party (Note 1)
Guan Tian Xia Construction Co., Ltd.	Substantive related party (Note 1)
Lian Yun Construction Co., Ltd.	Substantive related party (Note 1)
Lian Zong Construction Co., Ltd.	Substantive related party (Note 1)
Ja Han Lin	Substantive related party (Note 1)
Sea Mild Biotechnology Co., Ltd.	Substantive related party (Note2)
Leadingage International Co., Ltd.	Substantive related party
Qing Shan Lin Limited	Substantive related party
Lineng Power Co., Ltd.	Substantive related party
BHL Taipei Limited	Substantive related party
Hope Jet Engineering Co., Ltd.	Substantive related party
Triple Cube Agriculture Co., Ltd.	Substantive related party
Di Yuan Agricultural Products Co., Ltd.	Substantive related party
Sheng Fang Agriculture Co., Ltd.	Substantive related party
Guozhu Development Co., Ltd.	Substantive related party
Zeng Fang Agricultural Co., Ltd.	Substantive related party
Shun Yu Investment Co., Ltd.	Substantive related party
Lea Fu Management Consultants Co., Ltd.	Substantive related party
Jiang Yang	Substantive related party
Jun Yang	Substantive related party

Note 1: Since September 2021, the Company sold its shares in Lealea Wushih Marina & Resorts Co., Ltd., resulting in a decrease in the Consolidated Company's shareholding to 10.71% and a loss of control of the company, therefore is became a non-related party on September 16, 2021.

Note 2: The director is no longer a related party of the Consolidated Company after his resignation in September, 2022.

b. Significant Transactions with related parties

1. Sale of properties

The Consolidated Company's contractual commitments and prepayments to related parties were as follows:

	Contracts of sale and purchase of houses and land (tax included)		Income from sale of properties		Contract liabilities	
	December 31, 2022	December 31, 2021	2022	2021	December 31, 2022	December 31, 2021
Shun Yu Investment Co., Ltd.	$ 142,880	-	-	-	39,600	-
Jiang Yang, Jun Yang	-	-	28,472	-	-	-
	$ 142,880	-	**28,472**	-	**39,600**	-

For transactions between the Consolidated Company and related parties, the transaction prices and payment terms are not significantly different from those of other unrelated parties.

2. Purchase of Goods from Related Parties

(1) The purchase amount and outstanding balance of the project contracted by the Consolidated Company to other related parties are as follows:

	Contract amount		Purchase (Current price)	
	December 31, 2022	December 31, 2021	2022	2021
Leader Construction	$ 1,832,152	769,657	163,406	197,297
Neng Pang Construction	441,600	477,242	(176)	249
Lealea Development	138,662	139,954	18,816	45,805
Li Yang Electric	273,108	299,675	76,100	102,551
S.T.Y Steels	59,241	37,186	21,852	-
Hope Jet Engineering	95,153	171,865	69,920	98,857
Hon Lin Heavy	34,810	40,950	791	33,208
Forest Water Sustainability	192,381	192,383	56,613	2,671
Other related Parties	13,353	28,692	4,570	17,934
	$ 3,080,460	**2,157,604**	**411,892**	**498,572**

The price of the project contracted by the Consolidated Company to the related party is based on the project budget plus reasonable management costs and profits, determined after the price comparison and negotiation between the two parties, and paid in accordance with the contractual payment terms; After the price is negotiated and the price agreed by both parties, the term payment will be billed monthly, and some related parties will prepay the pre-operation fee after signing the contract. After receiving the billing requests, which will be calculated every month, half of the amount for demand notes and half of the amount for 30-day promissory notes will be issued for the payment. For the payment to other related parties, it is paid by a 30-day promissory note, and there is no significant difference compared to the terms of transactions with non-related parties.

3. Receivables-related parties

Details of the Consolidated Company's receivables-related parties were as follows:

Account Items	Categories of related party	December 31, 2022	December 31, 2021
Notes receivable	Other related parties	$ 74	49
Account receivable	Other related parties	547	108
Other receivable	Other related parties	3,630	7,285
Other receivable	Associates	-	6,000
		$ 4,251	**13,442**

4.Prepayments

Details of the prepayments made by the Consolidated Company to related parties for contracted projects were as follows:

	December 31, 2022	December 31, 2021
Other related party－Forest Water Sustainability	$ 26,620	37,942
Other related party－Hope Jet Engineering	-	4,320
Other related party－GEC Electric	2,193	8,412
Other related party－Neng Pang Construction	1,010	1,044
Other related party－Others	2,520	2,658
	$ 32,343	**54,376**

5. Payables-related parties

Details of the consolidated company's payables-related parties were as follows:

Account items	Categories of related parties	December 31, 2022	December 31, 2021
Notes payable	Leader Construction	$ 20,716	62,149
Notes payable	GEC Electric	-	426
Notes payable	DYX Construction	-	1,951
Notes payable	Neng Pang Construction	166	5,179
Notes payable	Lealea Development	3,984	921
Notes payable	Hope Jet Engineering	17,910	-
Notes payable	Li Yang Electric	16,684	11,692
Notes payable	Qing Shan Lin Limited	253	10,595
Notes payable	Other related party	5,666	4,137
Accounts payable	Neng Pang Construction	5,042	26,704
Accounts payable	GEC Electric	161	1,362
Accounts payable	Li Yang Electric	15,721	15,106
Accounts payable	Lealea Development	4,625	4,125
Accounts payable	Hope Jet Engineering	6,356	35,189
Accounts payable	Other related party	15,633	5,397
Other payables	DYX Construction	188,975	132,139
Other payables	Mu Sheng Yun Duo	70,699	303
Other payables	Other related party	52,903	1,008
Long-term payables	Leader Construction(Note)	-	27,251
		$ 425,494	**345,634**

Note: The Consolidated Company borrowed NT$0 thousand and NT$27,000 thousand from other related parties at an annual interest rate of 3% in 2022 and 2021 respectively. The recognized financial costs as of 2022 and 2021 were NT$605 thousand and NT$672 thousand respectively.

6. Acquired or disposed of other assets

(1) The contractual commitments of the Consolidated Company to other related parties for the construction of the hotel were as follows:

	Contracts signed (pre-tax)		Price paid	
	December 31, 2022	December 31, 2021	December 31, 2022	December 31, 2021
Lian Da Construction	Note	2,396,767	Note	2,083,224
DYX Construction	1,432,611	1,723,849	1,144,750	1,189,508
Guan Tian Xia	Note	311,429	Note	160,813
Lian Yun	Note	140,000	Note	119,290
GEC Electric	Note	127,972	Note	127,972
Mu Sheng Yun Duo	221,698	-	149,466	-
Other related party	185,957	57	88,790	57
	$ 1,840,266	**4,700,074**	**1,383,006**	**3,680,864**

Note:1.The Consolidated Company lost control of Wushih Marina Resort since September 2021.

2.The prepayment for the above contracted construction projects as of December 31, 2022 and 2021 was NT$22,850 thousand and NT$26,717 thousand respectively.

(2) The Consolidated Company's deposits for the signing of joint built sub-housing and joint investment construction contracts with other related parties - the Company's chairman Shu Cheng Kuo as of December 31, 2022 and 2021 both were NT$111,020 thousand. Please refer to Note 9 (1) for details.

(3) The Consolidated Company purchased business-related equipment from other related parties as of January 1, 2021 through December 31, 2021 for NT$5,008 thousand, which was recognized as property, plant and equipment.

(4) The Consolidated Company purchased assets for lease from other related parties amounting to NT$6,917 thousand as of May 31, 2022, which was recognized as investment property.

(5) The Consolidated Company disposed of 40,000 thousand shares of Lealea Wushih Marina & Resorts Co., Ltd. to other related parties - Lian Da, Lian Yun, Guan Tian Xia and Ja Han Lin for a total amount of NT$402,000 thousand in September 2021, and as of September 30, 2021, the related procedures were completed and a gain of NT$31,776 thousand was recognized as disposal.

(6) The Consolidated Company disposed of the land and buildings on Songjiang Road, Zhongshan District, Taipei City to other related parties, Lealea Enterprise and Li Peng Enterprise for a total amount of NT$768,560 thousand (tax included) in November 2021, and as of December 31, 2021, the transfer procedures had been completed, the price of NT$768,560 thousand had been received, and other gains and losses of NT$306,815 thousand had been recognized. The prices of the land and buildings were determined with reference to the appraisal report of Zonetai Real Estate Appraisal Firm.

(7) The Consolidated Company disposed of operating equipment and spare parts to other related parties and Ya Ni Development Enterprise Co., Ltd. with a transaction amount of NT$18 thousand and recognized a gain of NT$18 thousand (classified as other income) for the year ended December 31, 2021, respectively. As of December 31, 2021, the receivables were NT$6,000 thousand (classified as other receivables).

7. Leases

(1) Lease as a lessor:

The Consolidated Company leases office buildings, parking spaces and hotels to associates and other related parties, and signs lease contracts for a period of 1 ~ 6 years with reference to the lease prices of neighboring areas. The rental income in 2022 and 2021 were NT$8,626 thousand and NT$21,766 thousand, respectively. As of December 31, 2022 and 2021, the deposited amount for lease guarantees was NT$1,308 thousand and NT$1,561 thousand, respectively.

(2) Lease as a lessee:

The Consolidated Company leases office buildings and parking spaces from other related parties and signs a 1~5 years lease contract with reference to the lease prices of offices and parking spaces in neighboring areas. The recognized interest expenses in 2022 and 2021 were NT$721 thousand and NT$1,061 thousand respectively, and the balance of lease liabilities as of December 31, 2022 and 2021 were NT$39,122 thousand and NT$14,779 thousand, respectively.

8. Others

(1)The Consolidated Company paid other related parties' software lease setting maintenance fees of NT$17,103 thousand and NT$17,196 thousand as of 2022 and 2021 respectively (recognized as operating costs and operating expenses).

(2)The Consolidated Company paid NT$12,111 thousand and NT$17,134 thousand for operating expenses, management fees and employee travel to associates and other related parties due to operating requirements as of 2022 and 2021 respectively.

(3) The Consolidated Company entrusted Regiant Industrial and other related parties to sell real estate in the years ended December 31, 2022 and 2021, and paid sales commissions of NT$9,483 thousand, NT$935 thousand, and $0 and NT$5,753 thousand, respectively, based on the agreed rates of 1% to 3%. In addition, as of December 31, 2022 and 2021, the acquisition contract cost to other related parties - Ching Yi Development was NT$9,523 thousand and $0, respectively.

(4)The Consolidated Company donated NT$8,267 thousand and NT$2,552 thousand to other related parties as of 2022 and 2021respectively.

(5) The Consolidated Company received consulting income of NT$20,000 thousand from other related parties - Lian Yun Construction and Lian Zong Construction for consulting services related to the construction industry as of 2021, recognized as operating income.

c. Key management personnel transaction

Remuneration for key management personnel

	2022	2021
Short-term employee benefits	**$ 53,392**	**68,650**

VIII. Pledged assets

The carrying values of the Consolidated Company's pledged assets were as follow:

Pledged assets	Subject of pledge	December 31, 2022	December 31, 2021
Other financial assets-current	Credit account	$ 240,710	254,038
Other financial assets-current	Bank borrowing, Bank performance guarantee	397,619	383,545
Other financial assets-current	Gift certificate guarantee	2,345	33,585
Inventory	Commercial paper payable and Bank borrowing	14,406,451	15,069,124
Financial assets measured at fair value through profit or loss－current	Bank borrowing	39,298	46,060
Other financial assets-non-current	Bank borrowing, Bond payable	616,051	642,711
Other financial assets-non-current	ank performance guarantee	13,300	20,000
Property, plant, and equipment	Bank borrowing	5,653,435	5,049,845
Special concession arrangement	Bank borrowing	1,168,284	1,201,013
Net investment property	Bank borrowing	391,543	399,214
Long-term account receivable	Bank borrowing	3,170,428	3,228,081
		$ 26,099,464	**26,327,216**

IX. Significant Contingent Liabilities and Unrecognized Contract Commitments

a. Significant unrecognized contract commitments:

1.Unreconized contract commitment by the Consolidated Company were as follows:

	December 31, 2022	December 31, 2021
Signed contracts		
Sales premises and sold floor areas	$ 1,859,468	1,584,289
Purchase land for construction	416,065	291,476
Hotel construction and renovation contract	2,282,217	1,439,962
Contract issuance of premises under construction	1,988,386	925,891

	December 31, 2022	December 31, 2021
Price received or paid		
Sales premises and sold floor areas	$ 501,965	357,252
Purchase land for construction	220,095	187,388
Hotel construction and renovation contract	1,556,318	900,263
Contract issuance of premises under construction	827,252	638,393

2.Details of the joint construction contract or joint investment construction contract signed by the Consolidated Company as of December 31, 2022 and 2021 are as follows:

Project Name	Nature of joint construction	Joint Construction Guarantee (Recognized as other financial assets-current) December 31, 2022	December 31, 2021
Rich Tian Mu	Joint construction sub-housing	$ 15,464	15,464
Sec. 6, Chung Shan North Rd.	〃	11,000	11,000
Huan Shan Project	〃	111,020	111,020
Yong An Section, Yong He District	〃	85,370	82,820
Chong De Section, Xizhi District	〃	430,000	430,000
Daye Road Project	〃	35,000	35,000
Sec. 1, Zhong Cheng Rd.	〃	1,680	-
		$ 689,534	**685,304**

3.Unrecognized contract commitment of the contracted construction by the Consolidated Company were as follows：

	December 31, 2022	December 31, 2021
Signed but price not received yet (pre-tax)	**$ 5,306,819**	**4,589,476**
Signed but price not paid yet (pre-tax)	**$ 2,309,212**	**3,244,208**

4.The Consolidated Company signed a contract with an unrelated party to sell 2,500 shares of Tengsen Energy Co., Ltd. on December,10 2021, to facilitate the planning and development of offshore wind farm site No. 28 in Changhua County. As of December 31, 2021, an amount of NT$15,000 thousand (recognized as other current liabilities) had been received as a contractual payment, later, from January to June, 2022, the settlement procedures were completed and the final payment of NT$6,000 thousand was received upon fulfillment of the contractual obligations of each installment.

5.The Consolidated Company has established a service concession arrangement with government agencies under BOT (build-operate-transfer) arrangement for sewage treatment services. The main contents are as follows:

(1) During the service concession period, the Consolidated Company shall provide construction, operation and maintenance of such sewage treatment facilities in accordance with the service method designated by the government agency;

(2) And the Consolidated Company has the right to use these facilities and related land to provide sewage treatment services during the service concession period, and get remuneration according to the price and price adjustment index agreed in the construction operation contract;

(3) The government agency will control and supervise the scope of services that the Consolidated Company needs to provide when using these facilities;

(4) Both the Consolidated Company and the government agency have the right to terminate the relevant agreement if the terms of the agreement are severely violated;
(5) During the service concession period, the Consolidated Company is the nominal registrant of the relevant land rights and the ownership of sewage treatment facilities; at the end of the service concession period, the designated plant and equipment will be restored to normal operation in accordance with the provisions of the construction and operation contract request, transfer and return free of charge;
(6) The Consolidated Company may apply for a right of priority renewal four years prior to the expiration of the term.
(7) In addition, in the construction and operation contract signed between the Consolidated Company and the Yilan County Government, in accordance with Article 8.4.7 of the contract, the Yilan County Government shall, in the agreed month, deduct the difference between the yield of tap water distributed users and the actual yield of incoming water from the sewage treatment plant. Relevant information needs to be clarified by the water plant; however, the Yilan County government deducted all the actual water entering the water plant in the agreed month, and the payment will be made after the water plant reviewed the yield that were distributed for the user's actual water consumption. According to historical experience, the Consolidated Company will receive in about two years, and it should estimate the deduction of revenue according to the historical deduction proportions.
(8) The Consolidated Company and the Economic Development Bureau of Kaohsiung City Government provide wastewater treatment services for the Nanzhi Industrial Park as an ancillary Business under the original wastewater treatment project for a concession period of 2023 to 2026 years.

6.The Consolidated Company has entered into a service concession arrangement with government agencies under ROT (Rehabilitate-Operate-Transfer) arrangement for sewage treatment services. The main contents are as follows:
(1) During the service concession period, the Consolidated Company shall provide additional, reconstructed, repaired and operated sewage treatment facilities in accordance with the service methods designated by the government agency; and in accordance with the provisions of the contract, the consolidated company shall pay a fixed royalty, variable royalties, and equipment transfer funds every year during the operation period;
(2) And has the right to use these facilities and related land to provide sewage treatment services during the service concession period. In addition, as agreed in the investment contract, the Consolidated Company will receive remuneration at the rate of sewage treatment system approved by the government agency;
(3) The government agency will control and regulate the scope of services to be provided by the Consolidated Company using such facilities;
(4) Both the Consolidated Company and the government agency have the right to terminate the relevant agreement if the terms of the agreement are severely violated;
(5) At the end of the service concession period of the Consolidated Company, in accordance with the provisions of the contract, restore the designated plant and equipment to the operating requirements stated in the contract, and transfer and return it free of charge;
(6) The Consolidated Company may apply for the right of priority renewal of the new contract before the end of November, 2029, and the new contract period shall not exceed 15 years.

7.The Consolidated Company has entered into a service concession arrangement with government agencies under ROT (Rehabilitate-Operate-Transfer) arrangement for waste and rice pole treatment services. The main contents are as follows:
(1) During the service concession period, the Consolidated Company shall provide the reconstruction, operation and maintenance of the composting food waste treatment facilities in accordance with the service designated by the government agency; and the Consolidated Company shall pay a fixed annual royalty and a variable royalty during the operation period under the agreement;
(2) And has the right to use these facilities and related land to provide composting food waste treatment and rice pole treatment services during the service concession period. In addition, the waste treatment is paid according to the contractual price and treatment quantity; the rice pole treatment is paid according to the contractual price and the treatment quantity provided by the government agency.
(3) The government agency will control and regulate the scope of services to be provided by the Consolidated Company using such facilities;
(4) Both the Consolidated Company and the government agency have the right to terminate the relevant agreement if the terms of the agreement are severely violated;

(5) At the end of the service concession period of the Consolidated Company, in accordance with the provisions of the contract, restore the designated plant and equipment to the operating requirements stated in the contract, and transfer and return it free of charge;

(6) The Consolidated Company may apply for the right of priority renewal of the new contract before the end of August, 2039, and the new contract period shall not exceed 20 years, and is limited to one time.

(7) The Consolidated Company submitted a letter to the owner, Environmental Protection Bureau of Taichung City Government, on September 7, 2021, agreeing to terminate the subsidiary project agreement (rice pole treatment service), and has obtained a preliminary agreement on May 16, 2022, pending coordination with the Environmental Protection Bureau of Taichung City Government on the final resolution and subsequent contract changes.

8. Service concession arrangement signed by the Consolidated Company with government agencies were as follows:

Subsidiary that operates	Location	Name of Grantor	Type of arrangement	Service concession period
Green Forest Development Enterprise Co., Ltd.	Nanzi	Kaohsiung city government	Sewer construction system BOT	April 2006 to April 2041
〃	〃	〃	Nanzhi Industrial Park BOT	January 2023 to December 2026
Orient Forest Development Enterprise Co., Ltd.	Luodong	Yilan County government	Sewer construction system BOT	December 2005 to December 2040
Perfection Forest Development Enterprise Co., Ltd.	Guanyin Industrial park	Bureau of Industry, MOEA	Sewer construction system BOT	August 2016 to July 2031
Grain Forest Green Energy Co., Ltd.	Taichung	Environmental Protection Bureau of Taichung City Government	Composting food waste removal ROT	August 2017 to August 2042

9.The major agency operations contracts undertaken by the Consolidated Company were as follows:

Owner	Project Name	Contract amount	Contract completion period
Yilan County Government	Agency operated maintenance work of Yilan Water Resources Recycling Center	Part of income is fixed, and part of it is based on the monthly invested amount.	June 2019 to November 2023
Central Science Industrial Park Bureau	Agency operated maintenance work of the sewage sewer system in Taichung Park	Part of income is fixed, and part of it is based on the monthly invested amount, and the annual invoice will not exceed the maximum amount specified in the contract.	January 2020 to December 2024
Water Resource Bureau, Taichung City Government	Agency operated maintenance work of Taichung City Futian Water Resources Recycling Center	Part of income is fixed, and part of it is based on the monthly invested amount, and the annual invoice will not exceed the maximum amount specified in the contract.	January 2022 to July 2023
Environmental Protection Bureau, Taichung City Government	Agency operated maintenance work of Taichung City Water and Fertilizer Resource Center	Part of income is fixed, and part of it is based on the monthly invested amount, and the annual invoice will not exceed the maximum amount specified in the contract.	January 2022 to December 2022
Administration Office of Export Processing Zone, MOEA	Agency operated maintenance work of the sewage treatment plant in Export Processing Zone	Part of income is fixed, and part of it is based on the monthly invested amount, and the annual invoice will not exceed the maximum amount specified in the contract.	January 2022 to December 2024
Chiayi City Government	Chiayi City Water Resource Recycling Center Phase I turnkey project	Part of income is fixed, and part of it is based on the monthly invested amount, and the annual invoice will not exceed the maximum amount specified in the contract.	May 2019 to October 2022 November 2022 to December 2025
Public Works Department, Taipei City Government	Agency operated maintenance work of Dihua sewage treatment plant	Part of income is fixed, and part of it is based on the monthly invested amount, and the annual invoice will not exceed the maximum amount specified in the contract.	July 2020 to June 2023

Owner	Project Name	Contract amount	Contract completion period
Tainan City Government	Agency operated maintenance work of Tainan City's Yongkang water recycling center and renewable water plant	Part of income is fixed, and part of it is based on the monthly invested amount, and the annual invoice will not exceed the maximum amount specified in the contract.	December 2022 to June 2037
Southern Taiwan Science Park Bureau, Ministry of Science and Technology	Agency operated maintenance work of Tainan City Yongkang Recycled Water Advanced Treatment Facility Plant, Distribution Pond and Distribution Pipe.	Part of income is fixed, and part of it is based on the monthly invested amount, and the annual invoice will not exceed the maximum amount specified in the contract.	December 2022 to June 2037

b. Contingent liability:

1. As of December 31, 2022 and 2021, the Consolidated Company issued NT$1,685,555 thousand and NT$1,980,779 thousand, respectively, of guarantee refundable deposits for the construction business and other needs.
2. As of December 31, 2022 and 2021, the Consolidated Company had issued unused credit facilities for purchase of raw materials and equipment amounting to NT$0 and NT$48,465 thousand, respectively.
3. On January 19, 2019, the subsidiary signed the "Tainan City Yongkang Water Resources Recycling Center and Renewable Water Plant Construction Turnkey Project" and "Tainan City Yongkang Recycled Water Advanced Treatment Facility Plant, Distribution Pond and Distribution Pipe to New Construction Turnkey Project" with Construction and Planning Agency, MOI. As of December 31, 2022, due to the late progress of construction, an amount of NT$342,329 thousand (recognized as accounts receivable) had been withheld from the owner. However, the project is affected by the neighboring projects during the construction process, impact of COVID pandemic, the GIS map provided by Southern Taiwan Science Park Bureau does not match the reality and makes the review process cumbersome and the delay in the construction period caused by weather and administrative factors, therefore, the subsidiary is now actively negotiating with the owner for the extension of the construction period which is not imputable to the subsidiary. In addition, since the project has exceeded the contractual deadline, after considering the above-mentioned factors that are not imputable to the subsidiary, it is estimated that the fine of $79,156 thousand (recognized as a reduction of operating income) and according to the evaluation of the attorney and the letter from the competent authority, the requested extension of the construction period is justified and not unfounded. The Consolidated Company has submitted a request for coordination on January 5, 2022, subject to the final outcome of the subsequent relief.
4. The Changhua District Prosecutors Office charged Lealea Environmental Protection Co., Ltd. (Hereafter Lealea Environment) as a co-defendant for the former owner and the former factory manager allegedly violated the Waste Disposal Act. On December 16, 2021, the case was deferred for two years by the prosecutor of Changhua District Prosecutor's Office. In the interim, the Consolidated Company is required to carry out environmental and equipment improvements at the original plant site in accordance with the improvement plan approved by the Environmental Protection Bureau of Changhua County, and the improvement project is still in progress and a letter has been submitted requesting for an extension until August 31, 2024. The Company is also required to complete the cleanup of illegal waste with the former responsible person by December 31, 2022 in accordance with the waste disposal plan approved by the Environmental Protection Bureau of Yunlin County, which was verified by the Environmental Protection Bureau of Yunlin County on January 16, 2023.
5. As of December 31, 2022, the project of the "Agency operated maintenance work of Dihua sewage treatment plant Phase 6" contracted by the Taipei City Government was fined NT$24,750 thousand by the owner for failure of equipment and water quality to meet the standards of the Water Pollution Prevention and Control Act. However, some of the fines were still in dispute. The amount of the related penalty is estimated to be NT$12,375 thousand (recognized as a reduction of operating income) based on the settlement result of the previous similar penalty, and the application for settlement will be made in the future, but the final decision will depend on the outcome of the subsequent relief.

6. The Beitou Line Aerial Tramway BOT case conditionally passed the environmental impact assessment review at the 123rd meeting of the Environmental Impact Assessment Review Committee on December 21, 2012. The conditional approval by the aforementioned EIA committee's decision was later revoked by the Taipei High Administrative Court's 2015 Su Geng Yi Zi No. 14 judgment. However, Taipei City Government did not appeal, so the conclusion of the environmental assessment was determined to be revoked by the judgment. According to the contract, the Consolidated Company is not required to perform an EIA, so the fees for the EIA that have been implemented should be paid by Taipei City Government. After the Consolidated Company's claim in accordance with the contract was rejected, it claimed the refund NT$10,358 thousand against Taipei City Government to refund in accordance with the law on July 20, 2018. In this case, Taiwan High Court ruled that Taipei City Government should pay NT$8,286 thousand to the Consolidated Company on June 30, 2020. Although Taipei City Government appealed to the Supreme Court on July 30, 2020, the litigation was terminated because the Consolidated Company was required to abandon the litigation in accordance with Letter No. 1113020583 in the "Minutes of the 4th Session of the 2nd Coordination Meeting of the Beitou Line Aerial Tramway BOT case" submitted on March 21, 2022.

   In addition, the Consolidated Company suggested that Taipei City Government consider whether to terminate the contract. Taipei City Government replied to the Consolidated Company that the case should be handed over to the 4th Coordination Committee of the Beitou Line Aerial Tramway BOT for coordination. After repeated discussions with the Coordination Committee, on March 8, 2022, the Coordination Committee concluded that the contract should be terminated by both parties and the Consolidated Company submitted a request for commercial arbitration in the amount of NT$250,327 thousand, and the Consolidated Company recognized an impairment loss of NT$320,576 thousand (recognized as other gains and losses) on the contract assets for the year. As a result, the amount of the performance bond of NT$60,000 thousand was recovered on September 12, 2022.
7. The Consolidated Company filed a lawsuit against the counter-parties in September 2022 due to the long delay in the progress of the project of No. 28 and No. 30 Dihua Street. The total contract price of the project was NT$57,183 thousand, and the price had been paid for NT$40,751 thousand and was recognized as prepayment for the land. The estimated claim amount is NT$69,343 thousand for the paid price plus the liquidated damages. The attorneys assessed that the Consolidated Company already holds a substantial guarantee, so there is no concern about the impairment of the amount.

X. Significant losses due to major disasters: None

XI. Significant subsequent Events: None

XII. Others

a. The followings are the summary statement of employee benefits, depreciation, depletion, and amortization expenses by function in the current period:

By Function / By item	2022			2021		
	Operating cost	Operating expenses	Total	Operating cost	Operating expenses	Total
Employee benefits						
Salary	511,914	203,696	715,610	493,708	188,663	682,371
Labor and health insurance	56,681	16,995	73,676	57,348	14,727	72,075
Pension	26,538	8,799	35,337	26,168	7,884	34,052
Other employee remunerations	28,959	13,721	42,680	24,034	10,842	34,876
Depreciation	236,615	21,010	257,625	297,645	20,196	317,841
Amortization	130,672	31,807	162,479	134,122	21,241	155,363

XIII. Other disclosures:

a. Information on significant transactions:

The following information regarding significant transactions should be disclosed by the Consolidated Company in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers for the year ended December 31, 2022:

1. Loaning of funds to others:

Unit:NT$ thousand

No.	Financing company	Counter party	Financial statement account	Related Party	Maximum balance	Ending balance	Amount actually drawn	Interest rate	Nature for financing	Transaction amount	Reason for financing	Allowance for bad debt	Collateral		Financing limits for each borrowing company	Total Financing limits
													Item			
1	Ho Ching Enterprises Co., Ltd.	Forest Water Environmental Engineering Ltd.	Other receivables	Yes	300,000	300,000	-	2%	2	-	Operating capital	-			739,076	1,478,153

Note 1: According to Operational Procedures for Loaning Funds to Others of Ho Ching Enterprises Co., Ltd.:

(1) Loans of funds to companies or firms with which the Company has business transactions are limited to a total amount not exceeding 40% of the Company's net worth, and individual loans are limited to an amount not exceeding the amount of business transactions between the two parties in the most recent year.

Maximum amount of loaning funds to others:3,695,382×40%=1,478,153 thousand.

(2) Loans of funds to companies or firms with short-term financing needs shall be limited to 40 percent of the Company's net worth, and individual loans shall be limited to 20 percent of the Company's net worth.

Maximum amount of loaning funds to others:3,695,382 thousand×40%＝1,478,153 thousand.

The individual limits of funds loaned to others:3,695,382 thousand×20%＝739,076 thousand.

Note 2: Description of the loan of funds:

(1) 1 for those with business transactions

(2) 2 for short-term financing facilities

Note 3: The amount has been written off as of the date of preparation of the consolidated financial statements.

2. Endorsement/Guarantee provided to others:

Unit: NT$ thousand

No.	Endorsement/ Guarantee Provider	Guaranteed party		Limits on Endorsement/ Guarantee Amount	Maximum Balance for the Period	Ending balance	Amount actually drawn	Amount of Endorsement / Guarantee Collateralized by Properties	Ratio of Accumulated Endorsement / Guarantee to Net Equity per Latest Financial Statements	Maximum Endorsement/ Guarantee Amount Allowed	Guarantee Provided by Parent Company	Guarantee Provided by A Subsidiary	Guarantee Provided to Subsidiaries in Mainland China
		Name	Relationship										
0	The Company	Orient Forest Development Enterprise Co., Ltd.	2	52,836,304	900,000	900,000	900,000	-	6.81%	79,254,456	Y	N	N
1	Forest Water Environmental Engineering Co., Ltd.	Grain Forest Green Energy Co, Ltd.	2	1,060,184	500,000	407,000	407,000	-	7.70%	2,650,460	Y	N	N

Note 1: No. 0 represents the Company

Note2: There are seven types of relationship between the endorsement/guarantee provider and the counter-party the categories are coded as follows:

(1) A company with which it does business.

(2) A company in which the Company directly and indirectly holds more than 50% of the voting shares.

(3) A company that directly and indirectly holds more than 50 % of the voting shares in the public company.

(4) A company in which the Company holds, directly or indirectly, 90% or more of the voting shares.

(5) A company that fulfills its contractual obligations by providing mutual endorsements/guarantees for another company in the same industry or for joint builders for purposes of undertaking a construction project.

(6) A company that all capital contributing shareholders make endorsements/ guarantees for their jointly invested company in proportion to their shareholding percentages.

(7) Companies in the same industry provide among themselves joint and several securities for a performance guarantee of a sales contract for pre-construction homes pursuant to the Consumer Protection Act for each other.

Note 3: The Company's Operational Procedures for Endorsement and Guarantees set the limits for the total amount of endorsement and guarantee liability and the limit of an individual enterprise's endorsement as follows:

The total amount of the Company's external endorsements and guarantees shall not exceed (excluding) six times the company's net worth, and the amount of endorsement and guarantees for a single enterprise is limited to four times the Company's net worth. If the business relationship is engaged in endorsement and guarantees, in addition to the aforementioned restrictions, it shall not exceed the total amount of transactions with the company in the most recent year. The net worth is based on the most recent financial statement audited or reviewed by CPA.

Note 4: Forest Water Environmental Engineering Co., Ltd.'s Operational Procedures of Endorsement and Guarantee sets the limit for the total amount of endorsement and guarantee liability and the endorsement limit of an individual enterprise as follows:

(1) The total external endorsement guarantee liability shall not exceed 50% of the net worth of the Forest Water Environmental Engineering Co., Ltd.

(2) The amount of endorsement and guarantee for an individual enterprise shall not exceed 20% of the current net worth of the Forest Water Environmental Engineering Co., Ltd.

3. Securities held as of December 31, 2022 (excluding those investments in subsidiaries, associates and joint ventures):

Unit: NT$ thousand

Held Company Name	Marketable Securities Type and Name	Relationship with the Company	Financial Statement Account	December 31, 2022				Highest interim shareholding or investmen	Note
				Shares/Units	Carrying Value	Percentage of Ownership	Fair Value		
The Company	Trade-Van Information Services Co., Ltd.	-	Financial assets at fair value through profit or loss-current	85,535	5,047	0.06 %	5,047	0.06%	
The Company	Beijing Enterprises Medical and Health Industry Group Limited	-	Financial assets at fair value through profit or loss-current	60,192,000	16,118	0.99 %	16,118	0.99%	
The Company	Beijing Sports and Entertainment Industry Group Limited	-	Financial assets at fair value through profit or loss-current	1,972,500	583	0.14 %	583	0.14%	
The Company	Agate-Jt Healthcare Fund L.P.	-	Financial assets at fair value through profit or loss-non-current	-	17,522	- %	17,522	- %	
The Company	Lealea Tourism Development Co., Ltd.	The chairman is the Company's director's first degree of kingship	Financial assets at fair value through other comprehensive income－non-current	200,000	754	7.69 %	754	7.69%	
The Company	Cando Corporation	-	Financial assets at fair value through other comprehensive income－non-current	1,745,772	-	0.45 %	-	0.45%	
The Company	Hon Lin Heavy Industries Co., Ltd.	-	Financial assets at fair value through other comprehensive income－non-current	1,875,000	13,838	6.44 %	13,838	6.44%	
The Company	Millenmin Ventures Inc. Equity	-	Financial assets at fair value through other comprehensive income－non-current	2,479,000	-	5.89 %	-	5.89%	
The Company	Asia Pacific Telecom Co., Ltd.	-	Financial assets at fair value through other comprehensive income－non-current	1,638,578	9,995	0.04 %	9,995	0.04%	
The Company	Li Ling Film Co., Ltd.	-	Financial assets at fair value through other comprehensive income－non-current	4,000,000	12,280	6.67 %	12,280	6.67%	
The Company	Tien Li Offshore Wind Technology Co., Ltd.	-	Financial assets at fair value through other comprehensive income－non-current	562,977	18,910	0.80 %	18,910	0.80%	
The Company	Lianda Wushih Marina Resort Co., Ltd.	-	Financial assets at fair value through other comprehensive income－non-current	10,400,000	99,840	7.82 %	99,840	7.82%	
Lea Ho Investment Co., Ltd.	Rich Development Co., Ltd.	Parent company of the Company	Financial assets at fair value through profit or loss-current	6,304,815	54,284	0.85 %	54,284	0.85%	
Lea Ho Investment Co., Ltd.	Li Peng Enterprise Co., Ltd.	The chairman is the Company's chairman's second degree of kingship	Financial assets at fair value through profit or loss-current	3,720,820	28,539	0.41 %	28,539	0.41%	註1
Lea Ho Investment Co., Ltd.	Lealea Enterprise Co., Ltd.	The chairman is the Company's chairman's second degree of kingship	Financial assets at fair value through profit or loss-current	3,560,142	36,312	0.37 %	36,312	0.37%	註2
Lea Ho Investment Co., Ltd.	Lealea Technology Co., Ltd.	The chairman is the Company's chairman's second degree of kingship	Financial assets at fair value through other comprehensive income－non-current	3,467,084	80,228	7.22 %	80,228	7.22%	
Lea Ho Investment Co., Ltd.	Hua Zi Venture Capital Co., Ltd.	-	Financial assets at fair value through other comprehensive income－non-current	5,435	268	1.09 %	268	1.09%	
Lea Ho Investment Co., Ltd.	Shin Kong Mitsukoshi Department Store	-	Financial assets at fair value through other comprehensive income－non-current	274,079	11,807	0.02 %	11,807	0.02%	

Held Company Name	Marketable Securities Type and Name	Relationship with the Company	Financial Statement Account	December 31, 2022				Highest interim shareholding or investmen	Note
				Shares/Units	Carrying Value	Percentage of Ownership	Fair Value		
Lea Ho Investment Co., Ltd.	Information Technology Total Services Co., Ltd	-	Financial assets at fair value through other comprehensive income－non-current	33,750	1,264	0.12 %	1,264	0.12%	
Lea Ho Investment Co., Ltd.	Book4u Co., Ltd.	-	Financial assets at fair value through other comprehensive income－non-current	6,250	-	0.12 %	-	0.12%	
Lea Ho Investment Co., Ltd.	Rich Development Co., Ltd.	The chairman is the Company's chairman's first degree of kingship	Financial assets at fair value through other comprehensive income－non-current	200,000	754	7.69 %	754	7.69%	
Lea Ho Investment Co., Ltd.	Asia Renewable Energy (Cayman) Ltd.	-	Financial assets at fair value through other comprehensive income－non-current	1,257,500	19,604	1.24 %	19,604	1.24%	
Ho Ching Enterprise Co., Ltd.	Leader Construction Co., Ltd. Preferred shares	The director is the Company's director	Financial assets at amortized cost－non-current	10,000,000	100,000	- %	100,000	- %	
Ho Ching Enterprise Co., Ltd.	Lealea Enterprise Co., Ltd.	The chairman is the Company's chairman's second degree of kingship	Financial assets at fair value through profit or loss-current	160,000	1,632	0.02 %	1,632	0.02%	
Ho Ching Enterprise Co., Ltd.	Sea Mild Biotechnology Co., Ltd.	-	Financial assets at fair value through profit or loss-current	107,699	396	0.56 %	396	0.56%	
Ho Ching Enterprise Co., Ltd.	Teamphon Energy Co., Ltd.	-	Financial assets at fair value through profit or loss-current	37,317	1,077	0.12 %	1,077	0.12%	
Blossom Increase Limited	Asia Renewable Energy (Cayman) Ltd.	-	Financial assets at fair value through other comprehensive income－non-current	2,710,398	42,255	2.66 %	42,255	2.66%	
Blossom Increase Limited	Tien Li Offshore Wind Technology Co., Ltd. offshore	-	Financial assets at fair value through other comprehensive income－non-current	1,232,500	41,400	1.76 %	41,400	1.76%	
Forest Water Environmental Engineering Co., Ltd.	Millenmin Ventures Inc. equity	-	Financial assets at fair value through other comprehensive income－non-current	1,648,000	-	3.91 %	-	3.91%	
Re-Use Environmental Co., Ltd.	Mega Diamond Money Market Fund	-	Financial assets at fair value through profit or loss-current	7,903,765	100,740	- %	100,740	- %	
Re-Use Environmental Co., Ltd.	Teamphon Energy Co., Ltd.	-	Financial assets at fair value through profit or loss-current	380,000	10,963	1.18 %	10,963	1.35%	
Orient Forest Development Enterprise Co., Ltd.	Jih Sun Money Market Fund	-	Financial assets at fair value through profit or loss-current	3,334,156	50,248	- %	50,248	- %	
Orient Forest Development Enterprise Co., Ltd.	Capital Money Market Fund	-	Financial assets at fair value through profit or loss-current	4,292,113	70,326	- %	70,326	- %	
Perfection Forest Development Enterprise Co., Ltd.	Mega Diamond Money Market Fund	-	Financial assets at fair value through profit or loss-current	6,311,727	80,448	- %	80,448	- %	
Re-Use Environmental Co., Ltd.	Yung Fu Co., Ltd.	-	Financial assets at fair value through other comprehensive income－non-current	535,415	12,502	0.76 %	12,502	0.89%	
Modern Rich Investment Limited	Tien Li Offshore Wind Technology Co., Ltd.	-	Financial assets at fair value through other comprehensive income－non-current	1,280,000	42,995	1.83 %	42,995	1.83%	
Modern Rich Investment Limited	Asia Renewable Energy (Cayman) Ltd.	-	Financial assets at fair value through other comprehensive income－non-current	2,820,278	43,968	2.77 %	43,968	2.77%	
Lealea Hotels and Resorts Co., Ltd.	Shares- Tengsen Energy Co., Ltd.	-	Financial assets at fair value through other comprehensive income－non-current	551,740	21,000	5.00 %	21,000	5.00%	

Note 1: 1,400,000 shares are pledged as collateral.
Note 2: 2,800,000 shares are pledged as collateral.

4. The cumulative transaction amount of acquisitions and disposals of the same type of securities reaches at least NT$300 million or 20% or more of the paid-in capital: None.
5. Acquisition of real estate reaching NT$300 million or 20 percent of paid-in capital or more: None.
6. Disposal of real estate reaching NT$300 million or 20 percent of paid-in capital or more: None.
7. Purchases or sales of goods from or to related parties reaching NT$100 million or 20 percent of paid-in capital or more:

Unit: NT$ thousand

Company Name	Related Party	Nature of Relationships	Transaction Details				Abnormal Transaction		Notes/Accounts Payable or Receivable		Note
			Purchases/ Sales	Amount	% to Total	Payment Terms	Unit Price	Payment Terms	Ending Balance	% to Total	
The Company	Leader Construction Co., Ltd.	Other related parties	purchases	163,406	79.73 %	Same as general transactions	-		(20,716)	33.73%	
Forest Water Environmental Engineering Co., Ltd.	Green Forest Development Enterprise Co., Ltd.	Parent and subsidiary	Sales	166,287	6.37 %	Monthly bases	-		65,880	7.07%	

Note: Except for the transactions with other related parties, the amount has been written off as of the date of preparation of the consolidated financial statements.

8. Receivables from related parties amounting to at least NT$100 million or 20% of the paid- in capital: None.
9. Transactions of derivative financial products: None.
10. Inter-company business relationships and significant Inter-company transactions

Unit: NT$ thousand

No.	Company Name	Counterparty	Nature of Relationships	Intercompany Transactions			
				Financial Statements Item	Amount	Terms	Percentage of Consolidated Net Revenue or Total Assets
1	Forest Water Environmental Engineering Co., Ltd.	Orient Development Enterprise Co., Ltd.	3	Sales revenue	84,369	After the related party bills the owner for payment, notify the company to collect the payment 10 days after the invoice is issued.	1.34%
1	Forest Water Environmental Engineering Co., Ltd.	Green Development Enterprise Co., Ltd.	3	Sales revenue	166,287	〃	2.64%
1	Forest Water Environmental Engineering Co., Ltd.	Orient Development Enterprise Co., Ltd.	3	Notes and Accounts receivable	27,197	〃	0.07%
1	Forest Water Environmental Engineering Co., Ltd.	Green Development Enterprise Co., Ltd.	3	Notes and Accounts receivable	65,880	〃	0.16%

Note 1: The way to code is as follows:
1. The parent company is coded as 0.
2. Subsidiaries are coed sequentially starting from Arabic numeral 1 by companies.

Note 2: The relationship with counterparty is indicated as follows:
1. Parent to subsidiary.
2. Subsidiary to parent.
3. Subsidiary to subsidiary.

Note 3: The amount has been written off as of the date of preparation of the consolidated financial statements.

b. Information on invested companies:

The Consolidated Company invested companies as of December 31, 2022 were as follows:

Unit: NT$ thousand

Investor	Invested Company	Location	Main Businesses	Original Investment Amount		Balance as of December 31, 2022			Highest interim shareholding or investment	Net Income (Losses) of the Investee	Share of Profits/Losses of Investee	Note
				December 31, 2022	December 31, 2021	Shares	Percentage of Ownership	Carrying Amount				
The Company	Lea Ho Investment Co., Ltd.	Taiwan	Investing various manufacturing or financial business operations	454,536	454,536	45,447,854	100.00%	333,515	100.00%	(14,230)	(7,774)	
The Company	Green Forest Development Enterprise Co., Ltd.	Taiwan	Water treatment engineering, piping engineering, waste (sewage) water treatment and other businesses	672,000	672,000	93,601,551	30.00%	1,228,134	30.00%	316,360	94,908	
The Company	Rich Forest Leisure Development Co., Ltd.	Taiwan	Construction and operation of aerial tramway	426,911	426,911	42,691,114	52.38%	150,118	52.38%	(7,856)	(4,115)	
The Company	Lealea Hotel Co., Ltd.	Taiwan	General Hotel Management, etc.	395,592	395,592	35,053,747	42.23%	259,307	42.23%	(8,785)	(3,711)	
The Company	Yilan Lealea Hotels & Resorts Co., Ltd.	Taiwan	General Hotel Management, etc.	585,000	585,000	58,500,000	63.59%	244,818	63.59%	(41,527)	(26,406)	
The Company	Ho Ching Enterprises Co., Ltd.	Taiwan	Waste cleaning, waste treatment, environmental testing services, waste-water treatment	1,657,619	1,657,619	68,511,940	68.44%	2,529,249	68.44%	(176,915)	(121,087)	
The Company	Lealea Hotels & Resorts Co., Ltd.	Taiwan	General Hotel Management, etc.	264,464	264,464	16,494,041	57.17%	218,488	57.17%	(33,694)	(32,127)	
The Company	Forest Water Environmental Engineering Ltd.	Taiwan	Environmental Protection engineering and industrial waste- water treatment	76,241	76,241	1,681,043	1.17%	61,776	1.17%	(273,003)	(3,181)	
The Company	Lea Ching Enterprise Co., Ltd	Taiwan	General Hotel Management, etc.	820,200	620,200	82,020,000	54.67%	798,308	54.67%	(22,157)	(11,353)	
The Company	Grain Forest Green Energy Co., Ltd.	Taiwan	Waste cleaning and renewable energy for power generation equipment	136,500	121,500	13,650,000	30.00%	71,651	30.00%	(24,450)	(7,335)	
The Company	Re-Use Environmental Co., Ltd.	Taiwan	Waste cleaning, etc.	274,568	274,568	2,957,240	43.49%	289,356	43.49%	61,648	15,873	
The Company	Ya Ni Development Enterprise Co., Ltd.	Taiwan	General Hotel Management, etc.	63,240	63,240	6,200,000	32.46%	63,660	32.46%	4,194	1,361	Associate
The Company	Lea Long Energy Co., Ltd.	Taiwan	Renewable energy for power generation equipment	9,000	9,000	900,000	30.00%	3,543	30.00%	(6,692)	(2,007)	Associate
Lea Ho Investment Co., Ltd	Blossom Increase Limited	Samoa	Oversea holding company	154,479	154,479	5,445,000	100.00%	83,772	100.00%	(28)	(28)	
Lea Ho Investment Co., Ltd	Rich Forest Leisure Development Co., Ltd.	Taiwan	Construction and operation of aerial tramway	32,144	32,144	3,240,728	3.98%	11,396	3.98%	(7,856)	(312)	
Lea Ho Investment Co., Ltd	Lealea Hotels Co., Ltd.	Taiwan	General Hotel Management, etc.	33,000	33,000	3,300,000	3.98%	24,411	3.98%	(8,785)	(349)	
Lea Ho Investment Co., Ltd	Ho Ching Enterprise Co., Ltd.	Taiwan	Water treatment engineering, piping engineering, waste (sewage) water treatment and other businesses	3,414	3,414	144,695	0.14%	5,342	0.14%	(176,915)	(256)	
Lea Ho Investment Co., Ltd	Lealea Hotels and Resorts Co., Ltd.	Taiwan	General Hotel Management, etc.	48,547	48,547	1,205,189	4.18%	13,180	4.18%	(33,694)	(1,408)	
Lea Ho Investment Co., Ltd	Forest Water Environmental Engineering Co., Ltd.	Taiwan	Environmental protection engineering construction	4,371	4,371	93,248	0.06%	3,427	0.06%	(273,003)	(177)	
Ho Ching Enterprise Co., Ltd.	Forest Water Environmental Engineering Co., Ltd.	Taiwan	Environmental protection engineering construction	2,887,540	2,887,540	94,875,007	65.77%	3,486,500	65.77%	(273,003)	(179,558)	
Ho Ching Enterprise Co., Ltd.	Richone Holdings Ltd.	Samoa	Investing various financial business operations	17,955	17,955	608,000	30.10%	19,795	30.10%	1,752	527	Associate
Lealea Hotels Co., Ltd.	Yilan Lealea Hotels & Resorts Co., Ltd.	Taiwan	General Hotel Management, etc.	335,000	335,000	33,500,000	36.41%	140,195	36.41%	(41,527)	(15,121)	
Lealea Hotels Co., Ltd.	Lea Ching Enterprise Co., Ltd.	Taiwan	General Hotel Management, etc.	580,000	580,000	58,000,000	38.66%	472,521	38.66%	(22,157)	(9,214)	
Forest Water Environmental Engineering Co., Ltd.	Orient Forest Development Enterprise Co., Ltd.	R.O.C.	Water treatment engineering, piping engineering, waste (sewage) water treatment and other businesses	1,773,984	1,773,984	223,013,980	100.00%	2,914,772	100.00%	150,088	150,088	
Forest Water Environmental Engineering Co., Ltd.	Green Forest Development Enterprise Co., Ltd.	R.O.C.	Water treatment engineering, piping engineering, waste (sewage) water treatment and other businesses	1,797,842	1,797,842	218,403,619	70.00%	2,865,645	70.00%	316,360	221,452	

Investor	Invested Company	Location	Main Businesses	Original Investment Amount		Balance as of December 31, 2022			Highest interim shareholding or investment	Net Income (Losses) of the Investee	Share of Profits/Losses of Investee	Note
				December 31, 2022	December 31, 2021	Shares	Percentage of Ownership	Carrying Amount				
Forest Water Environmental Engineering Co., Ltd.	Perfection Forest Development Enterprise Co., Ltd.	R.O.C.	Water treatment engineering, piping engineering, waste (sewage) water treatment and other businesses	190,000	190,000	19,000,000	100.00%	103,147	100.00%	(35,837)	(35,837)	
Forest Water Environmental Engineering Co., Ltd.	Yi Cheng Development Co., Ltd.	R.O.C.	Waste Cleaning, etc.	139,990	139,990	11,000,000	100.00%	9,587	100.00%	(3,171)	(3,171)	
Forest Water Environmental Engineering Co., Ltd.	Grain Forest Green Energy Co., Ltd	R.O.C.	Renewable energy for power generation	318,500	283,500	31,850,000	70.00%	167,185	70.00%	(24,450)	(17,115)	
Forest Water Environmental Engineering Co., Ltd.	Eastern Forest Environmental Technology Co., Ltd.	R.O.C.	Environmental Hygiene and Pollution Prevention	35,000	35,000	3,500,000	70.00%	17,621	70.00%	(514)	(359)	
Forest Water Environmental Engineering Co., Ltd.	Re-use Environmental Co., Ltd.	R.O.C.	Waste Cleaning, etc.	318,248	318,248	3,427,710	50.41%	336,224	50.41%	61,648	18,399	
Forest Water Environmental Engineering Co., Ltd.	LeaLea Hsing Environmental Co., Ltd	R.O.C.	Waste Cleaning, etc.	500	500	50,000	100.00%	455	100.00%	-	-	
Forest Water Environmental Engineering Co., Ltd.	LeaLea Environmental Enterprise Co., Ltd	R.O.C.	Waste Cleaning, etc.	206,049	206,049	4,142,000	95.00%	133,101	95.00%	(12,566)	(16,980)	
Forest Water Environmental Engineering Co., Ltd.	Modern Rich Investment Limited	Samoa	Investing various manufacturing or financial business operations	260,443 (Note 1) (USD5,610,000) (RMB20,000,000)	260,443 (Note 1) (USD5,610,000) (RMB20,000,000)	8,568,730	100.00%	204,346	100.00%	(4,806)	(4,806)	
Eastern Forest Environmental Technology Co., Ltd.	Rising Investment Ltd.	Samoa	Investing various manufacturing or financial business operations	16,276 (Note 1) (USD530,000)	16,276 (Note 1) (USD530,000)	530,000	100.00%	4,016	100.00%	(1,084)	(1,084)	
Rising Investment Ltd.	Forest Water Investment Ltd.	Samoa	Investing various manufacturing or financial business operations	15,662 (Note 1) (USD510,000)	15,662 (Note 1) (USD510,000)	510,000	100.00%	3,542	100.00%	(1,100)	(1,100)	
Modern Rich Investment Limited	Faith Honest International Investment Limited	Samoa	Investing various manufacturing or financial business operations	88,314 (Note 1) (USD5,000) (RMB20,000,000)	88,314 (Note 1) (USD5,000) (RMB20,000,000)	2,963,730	100.00%	116,794	100.00%	(4,791)	(4,791)	
Faith Honest International Investment Limited	Loyal Sheen International Limited	British Virgin Islands	Investing various manufacturing or financial business operations	88,160 (Note 1) (RMB20,000,000)	88,160 (Note 1) (RMB20,000,000)	40	40.00%	116,775	40.00%	(8,745)	(4,781)	Associate
Lealea Hotels and Resorts Co., Ltd.	Howsler Food Co.,Ltd.	Taiwan	Food retails	16,920	16,920	257,153	36.00%	3,267	36.00%	(14,492)	(5,217)	Associate
Lealea Hotels and Resorts Co., Ltd.	Lealea Eagle Travel Service Co., Ltd.	Taiwan	Travel agency, etc.	6,600	6,600	660,000	100.00%	2,491	100.00%	(154)	(154)	
Lealea Hotels and Resorts Co., Ltd.	Lea Chuan Development Co., Ltd.	Taiwan	General Hotel Management, etc.	-	5,000	-	- %	-	100.00%	(71)	(71)	註3
Lealea Hotels and Resorts Co., Ltd.	Lealea Mingchih Resort Co., Ltd.	Taiwan	General Hotel Management, etc.	40,800	40,800	4,080,000	51.00%	26,807	51.00%	(15,024)	(7,662)	

Note 1: The translation of the original investment amount of the investee company multiplied by the exchange rate at the end of the investment period.

Note 2: Except for associates, the amount has been written off as of the date of preparation of the consolidated financial statements.

Note 3: The subsidiary was approved to be incorporated on March 16, 2021, and was liquidated by the resolution of the board of directors on November 10, 2021, and the related cancellation of registration was completed on September 14, 2022.

c. Information on investments in mainland China:

1.Information on the invested company in Mainland China:

Unit: NT$ thousand / RMB thousand /USD thousand

Investee Company	Main Businesses	Total Amount of Paid-in Capital	Method of Investment	Accumulated Outflow of Investment from Taiwan as of January 1, 2022	Investment Flows		Accumulated Outflow of Investment from Taiwan as of December 31, 2022	Net Income (Losses) of the Investee Company	Percentage of Ownership	Highest interim shareholding or investment	Share of Profits/Losses	Carrying Amount as of Balance as of December 31, 2022	Accumulated Inward Remittance of Earnings as of December 31, 2022
					Outflow	Outflow							
Lea Zan Shanghai Business Consultancy Limited.	Investing various financial business operations	61,420 (USD2,000)	(Note 1)	18,426 (USD600)	-	-	18,426 (USD600)	1,785 (RMB 408)	30.10%	30.10% -%	537 (RMB 123) (Note 4)	19,673 (RMB 4,464)	-
An Ning Beijing Enterprise Water Resource Limited	Water treatment construction and sewage treatment	103,588 (RMB23,500)	(Note 1)	88,160 (RMB20,000)	-	-	88,160 (RMB20,000)	(8,633) (RMB1,973)	40.00%	40.00% -%	(3,454) (RMB(789)) (Note 5)	90,645 (RMB20,564)	-
Beijing Forest Water Environmental Engineering Ltd.	Soil restoration and related business	19,655 (RMB4,459)	(Note 1)	14,284 (RMB3,240)	-	-	14,284 (RMB3,240)	(1,680) (RMB(384))	49.00%	49.00%	(823) (RMB(188)) (Note 5)	2,475 (RMB562)	-
Lealea Eagle Travel Xiamen limited	Travel services, etc.	1,323 (CNY300)	(Note 3)	397 (CNY90)	-	-	397 (CNY90)	(181) (CNY(41))	30.00%	30.00%	(55) (Note 5)	139	-

Note 1: The investment was made through a corporation established in a third area, which, in turn, invested in companies located in mainland China.

Note 2: The above-mentioned thousands of NTD disclosures are converted by multiplying the actual investment amount in original currency by the ending exchange rate.

Note 3: Invest directly to Mainland China for the operation.

Note 4: The recognition of investment gains or losses is based on the indirect shareholding ratio in the investee's self-assessed financial statements.

Note 5: The recognition of investment gains or losses is based on the indirect shareholding ratio as reviewed by the parent company's CPAs in Taiwan.

2. Upper Limits on Outward Investment in Mainland China:

Company	Cumulative investment amount remitted from Taiwan - End of the current period	Investment Amounts Authorized by Investment Commission, MOEA	Upper Limit on Investment regulated by Investment Commission, MOEA
Ho Ching Enterprise Co., Ltd.	18,426 (USD600)	18,426 (USD600)	2,217,229 (Note 6)
Forest Water Environmental Engineering Co., Ltd.	102,444 (RMB23,240)	102,444 (RMB23,240)	3,180,551 (Note 7)
Lealea Eagle Travel Service Co., Ltd.	399 (USD13)	399 (USD13)	80,000 (Note 8)

Note 6: Calculation of limit: Subsidiary’s net quity×60%=NTD3,695,382 thouasand×60%=NTD2,217,229 thouasand.

Note 7: Calculation of limit:Subsidiary’s net quity×60%=NTD5,300,919 thouasand×60%=NTD3,180,551 thouasand.

Note 8: Calculation of limit:The cumulative amount of investment by SME investors in the mainland shall not exceed the following investment amounts:
NTD80 million, or 60% of the net worth, whichever is higher.
Net equity of current period×60% =NTD2,491 thouasand×60%=NTD1,495 thouasand.

3. Significant transactions with the investee in Mainland China: None.

d. Information on major shareholders:

Unit: share

Shares Shareholders	Total Shares Owned	Ownership Percentage
Lealea Enterprise Co., Ltd.	52,958,894	7.11%
Li Peng Enterprise Co., Ltd.	51,117,852	6.87%

XIV. Segment information

a. General information

The Consolidated Company has three reportable departments, and as described below, these departments are the strategic operating units of the consolidated company. Each strategic business unit provides different products and services and is managed separately due to the different technologies and marketing strategies it needs. The chief operating decision maker of the consolidated company reviews the internal management reports of each strategic operating unit at least quarterly. The operation summary of each reportable department of the consolidated company is as follows:

1. Construction segment: commissioning construction companies to build commercial buildings and lease and sale of residential buildings.
2. Sewage treatment segment: water treatment engineering, piping engineering, waste (sewage) water treatment and pollution prevention equipment wholesale.
3. Tourist hotel segment: operating international tourist hotel business.

b. Reconciliation of segment revenue and results:

2022	Construction	Environmental construction and sewage treatment	Tourist hotels	All other segments	Reconciliation and written off	Total
Revenue:						
Revenue from external customers	$ 1,656,065	3,922,895	726,226	-	-	6,305,186
Revenue between segments	11,610	240,119	10,948	-	(262,677)	-
Interest income	1,700	3,984	2,311	3,581	(13)	11,563
Total revenue	**$ 1,669,375**	**4,166,998**	**739,485**	**3,581**	**(262,690)**	**6,316,749**
Interest expenses	$ 20,996	125,078	16,101	341	(1,748)	160,768
Depreciation and amortization	35,495	193,521	191,088	-	-	420,104
Financial valuation loss of assets/liabilit	(2,677)	(9,373)	(5,224)	(19,835)	5,610	(31,499)
Profit(loss) of reportable segment	**$ 181,673**	**(131,310)**	**(96,298)**	**(3,279)**	**(7,918)**	**(57,132)**
Assets of reportable segments	**$ 18,444,365**	**15,380,119**	**5,863,462**	**505,063**	**-**	**40,193,009**
Liability of reportable segments	**$ 11,423,679**	**8,427,682**	**3,416,694**	**23,206**	**-**	**23,291,261**

2021	Construction	Environmental construction and sewage treatment	Tourist hotels	All other segments	Reconciliation and written off	Total
Revenue:						
Revenue from external customers	$ 1,196,430	3,962,413	585,777	-	-	5,744,620
Revenue between segments	11,987	189,783	7,843	-	(209,613)	-
Interest income	454	110,399	600	3,562	(14)	115,001
Total revenue	**$ 1,208,871**	**4,262,595**	**594,220**	**3,562**	**(209,627)**	**5,859,621**
Interest expenses	$ 39,348	122,726	22,340	226	(1,972)	182,668
Depreciation and amortization	44,533	192,675	235,996	-	-	473,204
Financial valuation loss of assets/liability	(9,213)	(1,228)	(3,284)	(8,799)	6,305	(16,219)
Profit(loss) of reportable segment	**$ 408,482**	**513,364**	**(500,447)**	**4,958**	**(32,476)**	**393,881**
Assets of reportable segments	**$ 19,122,386**	**15,612,894**	**5,515,646**	**477,250**	**-**	**40,728,176**
Liability of reportable segments	**$ 11,853,213**	**8,242,364**	**3,179,360**	**38,203**	**-**	**23,313,140**

c. Product type and labor service type information

Please refer to Note 6(20) for the product and service information of the Consolidated Company's revenue from external customers.

d.Geographical Information

The main operating base of the Consolidated Company is located in Taiwan. As of December 31, 2022 and 2021, the revenue from external customers was all in Taiwan.

e. Major customers

	2022	2021
Customer A from sewage treatment segment	$ 678,018	775,035
Customer B from sewage treatment segment	432,224	475,197
Customer C from sewage treatment segment	143,055	694,483
Customer D from sewage treatment segment	893,420	352,210
	$ 2,146,717	**2,296,925**