Tonlin Department Store Co., Ltd. and Subsidiaries

Consolidated Financial Statements and Auditor's Report

2022 and 2021

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Declaration Concerning Consolidated Financial Statements of Affiliated Enterprises

Affiliated enterprises subject to the preparation of consolidated financial statements of affiliated enterprises under "Criteria Governing Preparation of Affiliation Reports, Consolidated Business Reports and Consolidated Financial Statements of Affiliated Enterprises" were identical to the affiliated companies subject to the preparation of consolidated financial statements under International Financial Reporting Standards No. 10 (IFRS 10) for financial year 2022 (from January 1 to December 31, 2022). All mandatory disclosures of the consolidated financial statements of affiliated enterprises have been disclosed in the consolidated financial statements, therefore no separate consolidated financial statement of affiliated enterprises was prepared.

This declaration is solemnly made by

Company name: Tonlin Department Store Co., Ltd.

Chairman: Su Chien-I

March 7, 2023

Independent Auditor's Report

To stakeholders of Tonlin Department Store Co., Ltd.

Audit opinions

We have audited the accompanying consolidated balance sheet of Tonlin Department Store Co., Ltd. and subsidiaries (collectively referred to as Tonlin Group) as at December 31, 2022 and 2021, and the consolidated statement of comprehensive income, consolidated statement of changes in shareholders' equity, consolidated cash flow statement, and notes to consolidated financial statements (including summary of significant accounting policies) for the periods from January 1 to December 31, 2022 and 2021.

In our opinion, all material disclosures of the consolidated financial statements mentioned above were prepared in accordance with Regulations Governing the Preparation of Financial Reports by Securities Issuers and the version of International Financial Reporting Standards, International Accounting Standards and interpretations thereof approved by the Financial Supervisory Commission, and presented a fair view of the consolidated financial position of Tonlin Group as at December 31, 2022 and 2021, and consolidated business performance and cash flow for the periods of January 1 to December 31, 2022 and 2021.

Basis of audit opinion

We conducted our audits in accordance with Regulations Governing Auditing and Attestation of Financial Statements by Certified Public Accountants and the auditing principles. Our responsibilities as an auditor for the consolidated financial statements under the abovementioned standards are explained in the Responsibilities paragraph. All relevant personnel of the accounting firm have followed CPA code of ethics and maintained independence from Tonlin Group when performing their duties. We believe that the evidence obtained provide an adequate and appropriate basis for our opinion.

Key audit issues

Key audit issues are matters that we considered to be the most important, based on professional judgment, when auditing the 2022 consolidated financial statements of Tonlin Group. These issues have already been addressed when we audited and formed our opinions on the consolidated financial statements. Therefore we do not provide opinions separately for individual issues.

Key audit issues concerning the 2022 consolidated financial statements of Tonlin Group are as follows:

<u>Impairment assessment of investment properties</u>

As at December 31, 2022, Tonlin Group had investment properties located at Xinzhuang District that were valued at NT$1,059,951 thousand, representing 19% of total consolidated assets and constituted a significant part of consolidated financial statements. The management follows IAS 36 - “Impairment of Assets” and assesses investment properties for signs of impairment at the end of each reporting period. Assets that exhibit any sign of impairment will have recoverable amount estimated in order to determine the amount of impairment. However, considering that real estate prices are affected by several factors including government policy, economic cycle, and market supply/demand, and that impairment assessment requires subjective judgments, major estimates, and assumptions from the management, we have identified impairment assessment of investment properties as a key audit issue. Accounting policy on impairment assessment of investment properties, uncertainties associated with accounting estimates and assumptions, and related disclosures can be found in Notes 4, 5, and 15 of consolidated financial statements.

The following audit procedures were taken in relation to the key audit issues identified above:

1. Understanding and testing the design and implementation of key internal control system that is relevant to impairment assessment of investment properties.

2. Obtaining the independent valuation report used by the management, and evaluating the professional capacity, competence, and objectivity of independent valuers.
3. Determining the rationality of the valuation method, parameters, and assumptions used in the valuation of investment property and comparing transaction prices of properties in the vicinity.
4. Consulting our own experts about the independent valuer's choice of valuation method as well as inputs and historical market data used in the calculation, and making appropriate comparisons to determine the rationality of the assessed price.
5. Taking count and verifying records of investment properties, and checking title deeds for the lands owned.

Correctness of retail commission income

Tonlin Group reported retail commission income of NT$113,700 thousand in 2022, representing 16% of operating revenues and was considered significant to the presentation of consolidated financial statements. The department store operates by having merchants set up individual retail departments, and Tonlin Group earns a certain percentage or amount from each transaction made by merchants. Under this arrangement, the Company first collects payment from customers then deducts merchant's share of the proceeds and recognizes the remainder as sales revenue. Due to the vast number of merchants and the different commission rates involved, calculation of retail commission income depends heavily on the use of computer system, which we consider to be a key audit issue. Disclosures relating to retail commission income and accounting policy can be found in Notes 4 and 21 of consolidated financial statements.

The following audit procedures were taken in relation to the key audit issues identified above:

1. Understanding and randomly testing the effectiveness of internal control design and execution for retail commission income.
2. Making sample checks on current year's Merchant Settlement Master Report to determine whether the commission rates configured on the computer system are consistent with contract terms; and making separate calculations using the commission rate to verify the correctness of retail commission income.

Other Matters

Tonlin Department Store Co., Ltd. has prepared standalone financial statements for 2022 and 2021, which we have audited and issued independent auditor's reports with unqualified opinions.

Responsibilities of the management and governing body to the consolidated financial statements

Responsibilities of the management were to prepare and ensure fair presentation of consolidated financial statements in accordance with "Regulations Governing the Preparation of Financial Reports by Securities Issuers" and the version of International Financial Reporting Standards, International Accounting Standards and interpretations thereof approved and published by the Financial Supervisory Commission, and to exercise proper internal control practices that are relevant to the preparation of consolidated financial statements so that the consolidated financial statements are free of material misstatements, whether caused by fraud or error.

The management's responsibilities when preparing consolidated financial statements also involved: assessing the ability of Tonlin Group to operate, disclose information, and account for transactions as a going concern unless the management intends to liquidate Tonlin Group or cease business operations, or is compelled to do so with no alternative solution.

The governing body of Tonlin Group (including the Audit Committee) is responsible for supervising the financial reporting process.

Responsibilities of the auditor when auditing consolidated financial statements

The purposes of our audit were to obtain reasonable assurance of whether the consolidated financial statements were prone to material misstatements, whether due to fraud or error, and to issue a report of our audit opinions. We considered assurance to be reasonable only if it is highly credible. However, audit tasks conducted in accordance with auditing principles do not necessarily guarantee detection of all material misstatements within the consolidated financial statements. Misstatements can arise from fraud or error. Misstatements are considered material if the individual amount or aggregate total is reasonably expected to affect economic decisions of the consolidated financial statement user.

When conducting audits in accordance with auditing principles, we exercised professional judgments and raised professional doubts as deemed. We also performed the following tasks as an auditor:

1. Identifying and assessing risks of material misstatement within the consolidated financial statements, whether due to fraud or error; designing and executing appropriate response measures for the identified risks; and obtaining adequate and appropriate audit evidence to support audit opinions. Fraud may involve conspiracy, forgery, intentional omission, untruthful declaration, or breach of internal control, and our audit did not find any material misstatement where the risk of fraud is greater than the risk of error.
2. Developing the required level of understanding on relevant internal controls and designing audit procedures that are appropriate under the prevailing circumstances, but without providing opinion on the effectiveness of internal control system of Tonlin Group.
3. Assessing the appropriateness of accounting policies adopted by the management, and the rationality of accounting estimates and related disclosures made.
4. Forming conclusions regarding the appropriateness of management's decision to account for the business as a going concern, and whether there are doubts or uncertainties about the ability of Tonlin Group to operate as a going concern, based on the audit evidence obtained. We are bound to remind users of consolidated financial statements and make related disclosures if uncertainties exist in regards to the abovementioned events or circumstances, and amend audit opinions when the disclosures are no longer appropriate. Our conclusions are based on the audit evidence obtained up to the date of audit report. However, future events or change of circumstances may still render Tonlin Group no longer capable of operating as a going concern.
5. Assessing the overall presentation, structure, and contents of the consolidated financial statements (including related footnotes), and whether certain transactions and events are presented appropriately in the consolidated financial statements.
6. Obtaining sufficient and appropriate audit evidence on financial information of equity-accounted investments held by the group, and expressing opinions on consolidated financial statements. Our responsibilities as auditor are to instruct, supervise, and execute audits and form audit opinions on the group.

We have communicated with the governing body about the scope, timing, and significant findings (including significant defects identified in the internal control) of our audit.

We have also provided the governing body with a declaration of independence stating that all relevant personnel of the accounting firm have complied with auditors' professional ethics, and communicated with the governing body on all matters that may affect the auditor's independence (including protection measures).

We have identified the key audit issues after communicating with the governing body regarding the 2022 consolidated financial statements of Tonlin Group. These issues have been addressed in our audit report except for: 1. Certain topics that are prohibited by law from disclosing to the public; or 2. Under extreme circumstances, topics that we decided not to communicate in the audit report because of higher negative impacts they may cause than the benefits they bring to public interest.

Deloitte & Touche

CPA Chiu, Cheng-Chun	CPA Huang Hsiu-Chun
Approval reference of the Financial Supervisory Commission Jin-Guan-Zheng-Liu-Zhi No.0930160267	Approval reference of the Securities and Futures Bureau Tai-Tsai-Cheng-(VI)-0920123784

March 7, 2023

<u>Notice to Readers</u>

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

The auditors' report and the accompanying financial statements have been translated into English from the original Chinese version, and the English version is not audited by certified public accountant.

Tonlin Department Store Co., Ltd. and Subsidiaries
Consolidated balance sheet
As at December 31, 2022 and 2021

Unit: NTD thousand

Code	Asset	December 31, 2022 Amount	%	December 31, 2021 Amount	%
	CURRENT ASSETS				
1100	Cash and cash equivalents (Notes 4 and 6)	$ 160,339	3	$ 104,422	2
1110	Financial assets at FVTPL (Notes 4 and 7)	417,085	8	448,112	8
1136	Financial assets carried at cost after amortization - current (Notes 4 and 9)	16,300	-	22,604	-
1172	Accounts receivable (Notes 4 and 10)	7,973	-	6,604	-
1175	Lease receivable (Notes 4 and 10)	3,984	-	7,135	-
1200	Other receivables (Notes 4, 10 and 23)	9,064	-	5,714	-
130X	Inventory (Notes 4, 5, 11 and 28)	454,798	8	746,728	12
1470	Prepayments and other current assets	42,330	1	51,477	1
11XX	Total current assets	1,111,873	20	1,392,796	23
	non-current assets				
1517	Financial assets at FVTOCI - non-current (Notes 4 and 8)	17,193	-	22,201	-
1550	Equity-accounted investments (Notes 4 and 13)	183,935	3	146,467	3
1600	Property, plant, and equipment (Notes 4, 5, 14 and 28)	2,196,232	39	2,249,481	37
1760	Investment property, net (Notes 4, 5, 15 and 28)	2,148,353	38	2,158,918	36
1780	Intangible assets (Notes 4 and 5)	9,357	-	8,673	-
1840	Deferred income tax assets (Notes 4, 5 and 23)	14,252	-	22,218	1
1935	Long-term lease receivable (Notes 4 and 10)	16,898	-	17,586	-
1920	Refundable deposits	2,931	-	2,956	-
15XX	Total non-current assets	4,589,151	80	4,628,500	77
1XXX	Total assets	$ 5,701,024	100	$ 6,021,296	100

Code	LIABILITIES AND EQUITY	December 31, 2022 Amount	%	December 31, 2021 Amount	%
	CURRENT LIABILITIES				
2100	Short-term borrowings (Notes 4, 11, 14, 15, 16 and 28)	$ 794,000	14	$ 762,450	13
2110	Short-term bills payable (Notes 4, 11, 14, 15, 16 and 28)	49,520	1	142,487	2
2150	Note payable	43,321	1	31,729	1
2170	Accounts payable (Note 17)	94,691	2	79,671	1
2209	Accrued expenses (Note 18)	35,423	1	35,961	1
2213	Equipment purchase payable (Note 14)	-	-	6,700	-
2219	Other payables	5,214	-	2,235	-
2230	Current income tax liabilities (Notes 4, 5 and 23)	18,936	-	1,189	-
2320	Long-term borrowings expiring within a year (Notes 4, 14, 15, 16 and 28)	140,000	2	150,000	2
2399	Other current liabilities (Note 21)	8,052	-	8,411	-
21XX	Total current liabilities	1,189,157	21	1,220,833	20
	non-current liabilities				
2540	Long-term borrowings (Notes 4, 14, 15, 16 and 28)	1,844,000	32	2,120,000	35
2572	Deferred income tax liabilities (Notes 4, 5 and 23)	216,910	4	216,801	4
2640	Net defined benefit liabilities - non-current (Notes 4 and 19)	11,224	-	14,930	-
2645	Guarantee deposits received (Note 21)	51,793	1	51,759	1
25XX	Total non-current liabilities	2,123,927	37	2,403,490	40
2XXX	Total liabilities	3,313,084	58	3,624,323	60
	Equity (Notes 4, 8, 19 and 20)				
3110	Common share capital	2,087,250	37	2,087,250	35
3200	Capital reserve	540,286	9	523,625	9
	Retained earnings				
3310	Statutory reserves	487,129	9	474,382	8
3320	Special reserves	462,114	8	456,282	7
3350	Unappropriated earnings	129,258	2	228,904	4
3300	Total retained earnings	1,078,501	19	1,159,568	19
3400	Other equities	(34,556)	(1)	(89,929)	(2)
3500	Treasury stock	(1,283,541)	(22)	(1,283,541)	(21)
3XXX	Total equity	2,387,940	42	2,396,973	40
	Total liabilities and equity	$ 5,701,024	100	$ 6,021,296	100

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

Chairman: Su Chien-I President: Weng Hua-Li Vice President: Chen Wen-Lung Head of Accounting: Huang Shu-Tzu

Tonlin Department Store Co., Ltd. and Subsidiaries
Consolidated Statements of Comprehensive Income
From January 1 to December 31, 2022 and 2021
Unit: NTD thousands, except EPS which is in 1 NTD

Code		2022 Amount	2022 %	2021 Amount	2021 %
4000	Operating revenues (Notes 4 and 21)	$ 711,970	100	$ 528,595	100
5000	Operating costs (Notes 4, 11 and 22)	360,518	51	206,239	39
5900	Gross profit	351,452	49	322,356	61
6000	Operating expenses (Notes 4, 19, 22 and 27)	187,042	26	191,302	36
6900	Operating profit	164,410	23	131,054	25
	Non-operating income and expense				
7100	Interest income (Notes 4 and 22)	1,089	-	212	-
7010	Other income (Notes 4 and 22)	24,689	3	28,819	5
7020	Other gains and losses (Notes 4, 7, 14, 15 and 22)	(42,802)	(6)	7,934	2
7050	Financial costs (Note 22)	(36,573)	(5)	(29,685)	(6)
7060	Share of gain/loss from associated companies accounted using the equity method (Notes 4 and 13)	4,113	1	3,508	1
7000	Total non-operating income and expenses	(49,484)	(7)	10,788	2
7900	Profit before tax	114,926	16	141,842	27
7950	Income tax expenses (Notes 4, 5 and 23)	18,531	2	1,147	-
8200	Current net income	96,395	14	140,695	27

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Code		2022 Amount	2022 %	2021 Amount	2021 %
	Other comprehensive income				
8310	Items that will not be reclassified subsequently to profit or loss				
8311	Remeasurement of defined benefit plan (Notes 4 and 19)	$ 3,700	-	$ 1,290	-
8316	Unrealized profit and loss on valuation of equity instruments at FVTOCI (Notes 4, 8, 13 and 20)	(13,666)	(2)	(17,645)	(3)
8349	Income tax on items not reclassified into profit and loss (Notes 4 and 23)	(7,760)	(1)	(2,698)	(1)
8300	Other comprehensive income - current	(17,726)	(3)	(19,053)	(4)
8500	Total comprehensive income - current	$ 78,669	11	$ 121,642	23
	Earnings per share (Note 24)				
9710	Basic	$ 0.55		$ 0.80	
9810	Diluted	$ 0.55		$ 0.80	

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

Chairman: Su Chien-I President: Weng Hua-Li Vice President: Chen Wen-Lung Head of Accounting: Huang Shu-Tzu

Tonlin Department Store Co., Ltd. and Subsidiaries
Consolidated Statements of Changes Equity
From January 1 to December 31, 2022 and 2021

Unit: NTD thousand

Code		Common share capital (Notes 4 and 20)	Additional paid-in capital (Note 20)	Retained earnings (Notes 4, 19 and 20)				Other equity item (Notes 4, 8, 13 and 20)	Treasury stock (Note 20)	Total equity
				Statutory reserves	Special reserves	Unappropriated earnings	Total	Unrealized gains/losses on financial assets at FVTOCI		
A1	Balance as of January 1, 2021	$ 2,087,250	$ 506,964	$ 470,347	$ 495,507	$ 170,602	$ 1,136,456	($ 84,096)	($ 1,283,541)	$ 2,363,033
	Appropriation and distribution of 2020 earnings									
B1	Provision for statutory reserves	-	-	4,035	-	(4,035)	-	-	-	-
B3	Reversal of special reserves	-	-	-	(39,225)	39,225	-	-	-	-
B5	Cash dividends on common shares	-	-	-	-	(104,363)	(104,363)	-	-	(104,363)
	Total appropriation and distribution of 2020 earnings	-	-	4,035	(39,225)	(69,173)	(104,363)	-	-	(104,363)
M1	Adjustment to additional paid-in capital for dividends paid to subsidiaries	-	16,661	-	-	-	-	-	-	16,661
D1	2021 net income	-	-	-	-	140,695	140,695	-	-	140,695
D3	2021 other comprehensive income - after tax	-	-	-	-	1,032	1,032	(20,085)	-	(19,053)
D5	2021 total comprehensive income	-	-	-	-	141,727	141,727	(20,085)	-	121,642
Q1	Disposal of equity instruments at FVTOCI	-	-	-	-	(14,252)	(14,252)	14,252	-	-
Z1	Balance as of December 31, 2021	2,087,250	523,625	474,382	456,282	228,904	1,159,568	(89,929)	(1,283,541)	2,396,973
	Appropriation and distribution of 2021 earnings									
B1	Provision for statutory reserves	-	-	12,747	-	(12,747)	-	-	-	-
B3	Provision for special reserves	-	-	-	5,832	(5,832)	-	-	-	-
B5	Cash dividends on common shares	-	-	-	-	(104,363)	(104,363)	-	-	(104,363)
	Total appropriation and distribution of 2021 earnings	-	-	12,747	5,832	(122,942)	(104,363)	-	-	(104,363)
M1	Adjustment to additional paid-in capital for dividends paid to subsidiaries	-	16,661	-	-	-	-	-	-	16,661
D1	2022 net profit	-	-	-	-	96,395	96,395	-	-	96,395
D3	2022 other comprehensive income - after tax	-	-	-	-	2,960	2,960	(20,686)	-	(17,726)
D5	2022 total comprehensive income	-	-	-	-	99,355	99,355	(20,686)	-	78,669
Q1	Disposal of equity instruments at FVTOCI	-	-	-	-	(76,059)	(76,059)	76,059	-	-
Z1	Balance as of December 31, 2022	$ 2,087,250	$ 540,286	$ 487,129	$ 462,114	$ 129,258	$ 1,078,501	($ 34,556)	($ 1,283,541)	$ 2,387,940

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

Chairman: Su Chien-I President: Weng Hua-Li Vice President: Chen Wen-Lung Head of Accounting: Huang Shu-Tzu

Tonlin Department Store Co., Ltd. and Subsidiaries
Consolidated Statements of Cash Flows
From January 1 to December 31, 2022 and 2021

Unit: NTD thousand

Code		2022	2021
	CASH FLOWS FROM OPERATING ACTIVITIES		
A00010	Pre-tax profit for the current period	$ 114,926	$ 141,842
A20010	Adjustments for:		
A20100	depreciation expense	74,154	73,233
A20200	Amortization	1,187	602
A20400	Net loss (gain) on financial assets and liabilities at FVTPL	36,705	(9,489)
A20900	Financial costs	36,573	29,685
A21200	Interest income	(1,089)	(212)
A21300	Dividend income	(6,603)	(6,940)
A22300	Share of gain from associated companies accounted using the equity method	(4,113)	(3,508)
A22500	Loss (gain) on disposal and disposition of property, plant and equipment	9,502	68
A22600	Expenses reclassified from property, plant, and equipment	-	269
A22700	Loss on disposal of investment properties	-	318
A23700	Provision of impairment on non-financial assets	8,000	-
A30000	Changes in operating assets and liabilities		
A31115	Financial assets mandatory to be carried at FVTPL	(5,678)	(21,376)
A31130	Note receivable	-	385
A31150	Trade receivable	(1,369)	(3,965)
A31240	Lease receivable	3,839	(2,885)
A31180	Other receivables	(3,212)	4,311
A31200	Inventories	283,930	134,425
A31230	Prepayments and other current assets	9,147	15,245
A32130	Note payable	11,592	14,468
A32150	Accounts payable	15,020	(16,988)
A32220	Accrued expenses	(3,099)	(1,907)
A32180	Other payables	2,979	(1,383)
A32230	Other current liabilities	(359)	(34,851)
A32240	Net defined benefit liabilities	(6)	(3,249)
A33000	Cash inflow from operating activities	582,026	308,098

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Code		2022	2021
A33100	Interest received	$ 951	$ 316
A33300	Interest paid	(33,979)	(29,549)
A33200	Dividends received	6,603	6,940
A33500	Income tax paid	(469)	(22,951)
AAAA	Net cash inflow from operating activities	555,132	262,854
	Cash flows from investing activities		
B00020	Sales of Financial assets at FVTOCI	4,231	321
B00030	Acquisition of proceeds from actuarial settlement or capital reduction of financial assets at FVTOCI	-	41,882
B00040	Disposal (acquisition) of financial assets carried at cost after amortization	6,304	(1,873)
B01800	Acquisition of equity-accounted investments	(49,400)	-
B02700	Acquisition of property, plant and equipment	(20,614)	(8,973)
B03800	Decrease (increase) in refundable deposits	25	(1,768)
B04500	Acquisition and purchase of intangible assets	(551)	(260)
B05400	Acquisition of investment property	(548)	-
B07100	Decrease in equipment purchase payable	(6,700)	(74,093)
B07600	Dividends received from associated companies	3,156	3,776
BBBB	Net cash outflow from investing activities	(64,097)	(40,988)
	Cash flows from financing activities		
C00200	Increase (decrease) in short-term borrowings	31,550	(259,973)
C00600	Short-term bills payable decreased	(93,000)	(23,200)
C01600	Proceeds from long-term borrowings	5,648,000	3,886,000
C01700	Repayments of long-term borrowings	(5,934,000)	(3,732,000)
C03100	Increase in guarantee deposits received	34	644
C04500	Payment of cash dividends	(87,702)	(87,702)
CCCC	Net cash outflow from financing activities	(435,118)	(216,231)
EEEE	Increase in cash and cash equivalents	55,917	5,635
E00100	Opening balance of cash and cash equivalents	104,422	98,787
E00200	Closing balance of cash and cash equivalents	$ 160,339	$ 104,422

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

Chairman: Su Chien-I President: Weng Hua-Li Vice President: Chen Wen-Lung Head of Accounting: Huang Shu-Tzu

Tonlin Department Store Co., Ltd. and Subsidiaries
Notes to consolidated financial statements
From January 1 to December 31, 2022 and 2021
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

I. Organization and operations

Tonlin Department Store Co., Ltd. (the "Company") was founded in August 1982 and commenced business operations in November 1984. Taoyuan Branch was later established in September 1995 and commenced operation in November 1995. The Company primarily operates as a retail departmental store. The Company's shares have been listed for trading on Taiwan Stock Exchange Corporation since December 1996. The Company closed down its Taipei Branch on September 20, 1999 out of concern for profit yield, and leased out buildings previously occupied by Taipei Branch for income on October 1. The Company currently has lease contracts established with multiple counterparties including World Fitness Asia Limited (H.K.) Taiwan Branch. Please refer to Note 21 for details. Furthermore, to facilitate the Company's transformation into an integrated entertainment complex, the board of directors passed a resolution to remodel Taoyuan Branch on October 24, 2016, and officially opened for business on October 3, 2018. In addition to retaining top revenue-generating merchants, Taoyuan Branch also brought in restaurant (beverages), sports, leisure, entertainment, and cinema brands to support its new transformation.

The consolidated financial statements are presented using the Company's functional currency (NTD).

II. The Date and Procedures to Approve Financial Statements

This consolidated financial statements were was passed during the board of directors meeting dated March 6, 2023.

III. Application of New and Revised International Financial Reporting Standards

(I) Initial application of the amendments to 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) (collectively, the “IFRSs”) endorsed and issued into effect by the Financial Supervisory Commission (FSC)

Adopting the amended version of FSC-approved IFRSs will not result in any material change to the Group's accounting policies.

(2) FSC-approved IFRSs applicable in 2023

New, Revised or Amended Standards and Interpretations	Effective date of IASB announcement
Amendments to IAS 1 regarding "Disclosure of Accounting Policies"	January 1, 2023 (Note 1)
Amendments to IAS 8 regarding "Definition of Accounting Estimates"	January 1, 2023 (Note 2)
Amendment to IAS 12 “deferred tax related to assets and liabilities arising from a single transaction”	January 1, 2023 (Note 3)

Note 1: These amendments will be applied to reporting periods of years starting from January 1, 2023.

Note 2: These amendments will be applied to changes in accounting estimates and accounting policies that take place in reporting periods after January 1, 2023.

Note 3: Other than being applicable to the deferred tax for all temporary differences related to leases and decommissioning obligations on January 1, 2022, the amendment is applicable to the transactions occurring after January 1, 2022

The Group continues to evaluate that the amendments to the above standards and interpretations do not materially affect its consolidated financial position and business performance as of the publication date of this financial report.

(III) The IFRSs issued by the International Accounting Standards Board (IASB) but not yet endorsed and issued into effect by the FSC

New, Revised or Amended Standards and Interpretations	Effective Date Issued by IASB (Note 1)
Amendments to IFRS 10 and IAS 28 "Sale or Contribution of Assets between an Investor and its Associate or Joint Venture"	Undetermined
Amendments to IFRS 16 "Lease Liability in a Sale and Leaseback"	January 1, 2024 (Note 2)
IFRS 17 "Insurance Contracts"	January 1, 2023
Amendments of IFRS 17	January 1, 2023
Amendment to IFRS 17: "Initial Application of IFRS 17 and IFRS 9 — Comparative Information"	January 1, 2023
Amendments to IAS 1 "Classification of Liabilities as Current or Non-current"	January 1, 2024
Amendments to IAS 1 "Non-current Liabilities with Covenants"	January 1, 2024

Note 1: Unless stated otherwise, the above New IFRSs are effective for annual periods beginning on or after their respective effective dates.

Note 2: The seller as lessee shall retrospectively apply the amendments to IFRS 16 to the lease after sale transactions occur after the date of the initial application of IFRS 16.

The Group continues to evaluate how revisions of the above standards and interpretations affect its consolidated financial position and business performance as of the publication date of this financial report. Outcomes of these assessments will be disclosed upon completion.

IV. Summary of Significant Accounting Policies

(I) Statement of compliance

This consolidated financial report has been prepared in accordance with Regulations Governing the Preparation of Financial Reports by Securities Issuers and FSC-approved IFRSs.

(II) Basis of preparation

This consolidated financial statement has been prepared based on historical cost, except for financial instruments carried at fair value and net defined benefit liabilities calculated by deducting fair value of plan assets from present value of defined benefit obligation.

The fair value measurements, which are grouped into Levels 1 to 3 based on the degree to which the fair value measurement inputs are observable and based on the significance of the inputs to the fair value measurement in its entirety, are described as follows:

1. Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities.
2. Level 2 inputs are 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).
3. Level 3 inputs are unobservable inputs for the asset or liability.

(III) Classification of current and non-current assets and liabilities

Current assets include:

1. Assets that are held mainly for the purpose of trading;
2. Assets that are expected to be realized within 12 months after the balance sheet date; and
3. Cash and cash equivalents (except for those that are intended to be swapped or settled against debt more than 12 months after the balance sheet date, and those with restricted uses).

Current liabilities include:

1. Liabilities that are held mainly for the purpose of trading;

2. Liabilities that are expected to be settled within 12 months after the balance sheet date; and
3. Liabilities where the repayment terms can not be extended unconditionally beyond 12 months after the balance sheet date.

Assets and liabilities that do not satisfy the above criteria are classified into non-current assets or non-current liabilities.

The Group's construction activities operate at business cycles that are longer than one year. For this reason, assets and liabilities that arise in relation to construction activities are distinguished between current and non-current portions based on normal business cycle.

(IV) Basis of consolidation

This consolidated financial statement includes the Company and entities that the Company has control over (i.e. subsidiaries). Subsidiaries have had financial statements adjusted to ensure alignment of accounting policies with those of the Group. All transactions, account balances, income, expenses, and losses between entities of the consolidated financial statement have been eliminated during consolidation.

Refer to Note 12 and Appendix 2 for details, shareholding percentages, and business activities of subsidiaries.

(V) Foreign currency

During preparation of financial statement, transactions denominated in currencies other than the functional currency (i.e. foreign currency transactions) are converted and recorded in the functional currency using exchange rate as at the transaction date.

Monetary foreign currency accounts are converted using closing exchange rates as at every balance sheet date. Exchange differences arising from settlement or translation of monetary accounts are recognized in profit and loss in the year occurred.

Foreign currency-denominated non-monetary items carried at fair value are converted using exchange rates as at the date of fair value assessment, with exchange differences recognized in current profit and loss. However, items that have fair value changes recognized in other comprehensive income shall also have exchange differences recognized in other comprehensive income.

Foreign currency-denominated non-monetary items carried at historical cost are converted using exchange rate as at the date of initial transaction. No further re-calculation shall be made.

(VI) Inventories

Proprietary inventory is valued at the lower of cost or net realizable value; the lower of cost or net realizable value is compared by retail departments, except for groups of items within the same category. Net realizable value refers to the balance of estimated selling price less any costs required to sell inventory under normal circumstances; cost is calculated using the retail inventory method.

Construction-in-progress is stated at the lower of cost or net realizable value. Down payments are paid for the purchase of construction land or properties pending sale, and borrowing interests accrued during the construction period are capitalized and recognized as cost of inventory.

Construction land is reclassified into construction-in-progress when construction activities begin. Upon completion, the amount of construction-in-progress is reclassified into operating cost and properties pending sale based on percentages of sold and unsold areas.

In joint construction arrangements where the Company contributes land in exchange for units of properties pending sale, no gain/loss is recognized at the time of exchange, and income is recognized only when properties are sold to buyers.

(VII) Investments in Associates

An associated company is an organization in which the Group has significant influence, but does not meet the criteria of a subsidiary.

The Group accounts for associated companies using the equity method.

Under the equity method, associated companies are recognized at cost at initiation; after the acquisition date, book value may be increased or decreased by the Group's share of profits/losses and other comprehensive income in associated companies. Furthermore, changes in the equity of associated companies are recognized based on the Group's shareholding percentage.

Any excess of the cost of acquisition over the Company’s share of the net fair value of the identifiable assets and liabilities is the premium of real estate properties; such premium is included in the book value of the concerned investment and not to be amortized.

When assessing impairments, the Group treats the entire account as a single asset and tests for impairment by comparing book value with recoverable amount. Any impairment losses recognized are presented as part of the book value of the investment without amortization. Reversal of impairment loss can be recognized up to the sum of subsequent increases in the recoverable amount of the investment.

(VIII) Property, Plant and Equipment

Property, plant, and equipment are initially recognized at cost, and subsequently presented at cost after accumulated depreciation and impairment.

Property, plant, and equipment in progress are carried at cost less cumulative impairments. Cost includes services expenses and borrowing costs that satisfy the capitalization criteria. These assets are classified into appropriate categories of property, plant, and equipment upon completion and reaching the expected usable state, at which time depreciation will also begin.

No depreciation is provided on land, whereas property, plant, and equipment are depreciated using the straight line method over their useful lives. Depreciation is provided separately for each major component. The Group reviews estimated useful life, residual value, and depreciation method at least once at the end of each year. Impacts of changes in accounting estimates are applied prospectively.

Gains or losses arising from decommissioned property, plant, and equipment are calculated as the difference between disposal proceeds and the asset's book value, and are recognized through profit and loss in the year occurred.

(IX) Investment Property

Investment properties are real estate properties held for rental income or capital gain, or both. Investment properties include land held on hand that the Company has yet to determine their future uses.

Investment properties are initially recognized at cost (including transaction cost) and subsequently presented at cost after accumulated depreciation and impairment.

Investment properties are depreciated on a straight-line basis.

Difference between the disposal proceed and book value of decommissioned investment property is recognized in profit and loss.

(X) Intangible asset

1. Acquisition by separate purchase

   Intangible assets that are acquired through separate purchase with limited useful life are recognized at cost at initiation, and subsequently presented at cost less accumulated amortization and impairment. Intangible assets are amortized on a straight-line basis over their useful lives. The estimated useful life, residual value, and amortization method are reviewed at least once at the end of each year. Impacts of changes in accounting estimates are applied prospectively.

2. Decommissioning

   Difference between the net disposal proceed and book value of intangible assets removed is recognized in current profit and loss.

(XI) Impairment of property, plant, equipment, investment properties, and intangible assets

The Group evaluates all property, plant, equipment, investment properties, and intangible assets for signs of impairment every balance sheet date. Assets that exhibit any sign of impairment will have recoverable amount estimated. If the recoverable amount can not be estimated on an individual basis, the Group will instead estimate recoverable amount for the entire cash-generating unit.

Recoverable amount is the higher between "fair value less selling costs" and the "utilization value." If recoverable amount of an asset or cash-generating unit falls below its book value, the book value of that particular asset/cash-generating unit shall be reduced to the recoverable amount with impairment losses recognized through profit and loss.

When impairment losses are reversed on a later date, the book value of corresponding assets/cash-generating units shall be adjusted upwards to the recoverable amount. However, the increased book value shall not exceed the book value (less amortization or depreciation) of the asset/cash-generating unit before impairment losses were recognized in the first place. Reversal of impairment loss is recognized through profit and loss.

(XII) Financial instruments

Financial assets and financial liabilities are recognized on consolidated balance sheet when the Group becomes a party of the contract.

When recognizing financial assets and liabilities at initiation, those that are not designated to be carried at fair value through profit and loss are measured at fair value plus transaction costs that are directly attributable to the acquisition or issuance of financial assets/liabilities. Transaction costs that are directly attributable to the acquisition or issuance of financial assets/liabilities carried at fair value through profit and loss are recognized immediately through profit and loss.

1. Financial asset

Routine transactions of financial asset are recognized on or removed from balance sheet based on principles of trade date accounting.

(1) Measurement category

Financial assets held by the Group are distinguished into the following categories: financial assets at FVTPL, financial assets carried at cost after amortization, and equity instruments at FVTOCI.

A. Financial assets at FVTPL

Financial assets at FVTPL mainly comprise financial assets that are mandatory to be measured at fair value with fair value changes recognized through profit and loss. Financial assets that are mandatory to be measured at fair value with fair value changes recognized through profit and loss include: equity instruments that are not specified to be carried at FVTOCI, and debt instruments that do not satisfy the criteria to be carried at cost after amortization or at FVTOCI.

Financial assets at FVTPL are measured at fair value, with dividends and interests recognized as other income. Gains and losses from remeasurement are recognized as other gains and losses. See Note 26 for details regarding the fair value method.

B. Financial assets carried at cost after amortization

Financial asset investments that satisfy both the following conditions are carried at cost after amortization:

a. The financial asset is held for a specific business model, and the purpose of which is to hold the financial asset and collect contractual cash flow; and

b. The contractual terms give rise to cash flows on specific dates, and the cash flows are intended solely to pay principals and interests accruing on outstanding principals.

For financial assets carried at cost after amortization (including cash and cash equivalents, accounts receivable and other receivables carried at cost after amortization etc), the effective interest method is used to determine the book value at initiation. They are subsequently presented net of impairments and amortization. Any gain/loss from currency exchange incurred on these financial assets is recognized through profit and loss.

Except for the two circumstances explained below, interest income is calculated by multiplying the book value of financial asset with effective interest rate:

a. Acquisition or creation of credit-impaired financial assets; in which case interest income is calculated by multiplying the cost of financial assets after amortization with credit-adjusted effective interest rate.
b. Financial assets that were not credit-impaired at the time of acquisition or origination, but become credit-impaired on a later date; in which case interest income is calculated by multiplying the cost of financial assets after amortization with the effective interest rate starting from the reporting period after credit impairment.

Financial assets are considered credit-impaired if the issuer or debtor exhibits major financial distress, default, likely bankruptcy, financial restructuring, or any financial difficulty that may render the financial asset no longer available on the active market.

Cash equivalents include time deposits with less than 3 months until maturity that are highly liquid, readily convertible into defined amounts of cash, and less prone to the risk of fair value changes. Cash equivalents are held for the purpose of meeting short-term cash commitments.

C. Equity instruments at FVTOCI

For equity instruments that are neither held for trading nor recognized/received as a consideration for business acquisition, the Group is entitled to an irrevocable option to account them at FVTOCI at initial recognition.

Equity instruments at FVTOCI are measured at fair value; subsequent fair value changes are recognized through other comprehensive income and accumulated under other equity. At the time of disposal, cumulative gains/losses are transferred directly into retained earnings and not reclassified into profit and loss.

Dividends from equity instruments at FVTOCI are recognized in profit and loss when the entitlement to receive is confirmed, unless the dividends clearly represent a partial recovery of the investment cost.

(2) Impairment of financial assets

On each balance sheet date, the Group assesses impairment losses on financial assets carried at cost after amortization (including accounts receivable) and operating lease receivable based on expected credit losses.

Accounts receivable and operating lease receivable have loss provisions recognized based on expected credit losses over their duration. For other financial assets, the Company first evaluates whether there is significant increase in credit risk since initial recognition. If there is no significant increase in credit risk, loss provisions are recognized based on 12-month expected credit loss; if there is significant increase in credit risk, loss provisions are recognized based on expected credit loss over the remaining duration.

Expected credit losses are determined as average credit loss weighed against the risk of default. 12-month expected credit losses represent the amount of credit losses that the financial instrument is likely to incur due to default event in the next 12 months, whereas expected credit losses for the remaining duration represent the amount of credit losses that the financial instrument is likely to incur due to all possible default events for the remaining duration.

All impairment losses on financial assets are recognized using allowance accounts, which reduce book value of the corresponding financial asset.

(3) Removal of financial assets

Financial assets can be removed from balance sheet only if all contractual cash flow entitlements have ended, or if the asset has been transferred with virtually all risks and returns assumed by another party.

Difference between the book value of financial asset carried at cost after amortization and the amount of consideration received for the asset's removal is recognized through profit and loss. When an equity instruments at FVTOCI is removed from balance sheet, the amount of cumulative gain/loss is transferred directly into retained earnings and is not reclassified to profit and loss.

2. Equity instrument

Debt and equity instruments issued by the Group are classified into financial liabilities or equity depending on the terms of the underlying contract and the definitions of financial liability and equity used.

Equity instruments issued by the Group are recognized at the amount of proceeds received net of direct issuing costs.

Buyback of the Company's own equity instruments is recognized and deducted under equity. Acquisition, sale, issuance, or retirement of the Company's own equity instruments is not recognized through profit and loss.

3. Financial liability

(1) Subsequent measurement

All financial liabilities are carried at cost after amortization using the effective interest method.

(2) Removal of financial liabilities

When a financial liability is removed, the difference between book value and the consideration paid (including any non-cash assets transferred or any additional liabilities borne) is recognized through profit and loss.

(XIII) Revenue recognition

The Group first identifies performance obligations in a contract it signs with customer, then divides and allocates the transaction sum to various obligations, and recognizes revenue when each obligation is fulfilled.

<u>Revenue from sale of merchandise</u>

Revenue from sale of merchandise is generated from retail sale of goods in the departmental store, and is recognized as income at the time of customer's purchase. Proceeds collected in advance from the issuance of departmental store vouchers are recognized as contractual liabilities until the vouchers are redeemed by customers.

Customer loyalty program represents reward points granted to customers for merchandises sold that customers can spend to purchase merchandise in the future, and are a form of customers' entitlement. At the time of transaction, a percentage of the sales proceeds received or receivable is treated as reward point and recognized as contractual liability; this liability is reclassified into income when reward points are redeemed or voided on a later date.

Sales proceeds of real estate properties sold under normal terms of business are collected in instalments. Contractual liabilities are recognized at the time the proceeds are collected, which are later recognized as income upon completion and delivery of each property to the respective buyer.

(XIV) Leases

The Group evaluates whether a contract meets the criteria of (or includes arrangements characterized as) lease on the day of contract establishment.

<u>Where the Group is the lessor</u>

The Group does not have any lease arrangement that involves a transfer of virtually all risks and returns associated with ownership of the underlying asset to the lessee. All leases are classified as operating lease.

In an operating lease arrangement, the amount of proceeds received net of incentives are recognized as income on a straight-line basis over the lease tenor. Lease negotiation with a lessee is accounted as a new lease from the effective date of lease amendment.

When a lease includes both land and building elements, the Group assesses the classification of each element as the finance or operation lease based on whether substantially all of the risks and rewards incidental to ownership of each element have been transferred to the lessee. The leasing payment is shared between the land and building, based on the relative proportions between the fair values of the land and building's leasing rights on the date the contract executed. If the leasing payment may be reliably shared between the two elements, each element is treated with the applicable lease classification. If the lease payment cannot be reliably distributed to the two elements, the lease as a whole is the classified as the financing lease; provided that if both elements are obviously qualified for the operation lease criteria, the overall lease is classified as an operation lease.

(XV) Borrowing costs

Borrowing costs that are directly attributable to the acquisition, construction, or production of qualified assets are treated as part of an asset's cost until virtually all activities needed to bring the asset to its designated usable or salable state have been completed.

For specific-purpose loans undertaken for qualified capital spending, any investment income earned on short-term investment of the proceeds before incurring the capital spending is deducted from capitalized borrowing costs.

Except for the above, all other borrowing costs are recognized through profit and loss in the year occurred.

(XVI) Governmental subsidies

Governmental subsidies are only recognized when it is reasonably assured that the Group will comply with the conditions attached to the governmental subsidies and receive such subsidies.

The governmental subsidies related to incomes are recognized under other incomes on the systematic basis during the period when the related costs to which the subsidies intend to compensate are recognized as expenses.

If the governmental subsidies are used to compensate the incurred expenses or losses, or the purpose is providing an immediate financial support to the Group without future related cost, such subsidies are recognized under profit/loss during the period to receive such.

(XVII) Employee benefits

1. Short-term employee benefits

   Liabilities associated with short-term employee benefits are measured at non-discounted amount of cash that the Company expects to pay in exchange for employees' service.

2. Post-employment benefits

   For defined contribution plans, the amount of contributions that has to be made to pension funds over the duration of employees' service is recognized as expense.

   For defined benefit plans, the cost of benefit (including service cost, net interest, and effect of remeasurement) is estimated using the Projected Unit Credit Method. Service costs (including current and previous service costs) and net interests on net defined benefit liabilities (assets) are recognized as employee welfare expense at the time incurred or whenever the plan is amended or curtailed. Effects of remeasurement (including actuarial gains/losses, change in plan asset limits, and return on plan assets net of interest) are recognized under other comprehensive income and added to retained earnings at the time of occurrence. This amount is not reclassified into profit and loss in subsequent periods.

   Net defined benefit liabilities (plan assets) represent the shortfall (surplus) of contributions made to the defined benefit plan. Net defined benefit plan assets may not exceed the amount of contributions refundable or the present value of reducible contributions in the future.

(XVIII) Income tax

The income tax expense represents the sum of the tax currently payable and deferred tax.

1. Tax currently payable

The Group reports current period income (loss) and calculates income tax payable (refundable) according to tax laws stipulated by the local tax jurisdiction.

Pursuant to the Income Tax Act of the Republic of China, undistributed earnings are subject to additional income tax, which is recognized in the year shareholders resolve to retain the earning.

Adjustments to income taxes reported in previous years are recognized as income tax expenses in the period the adjustment is made.

2. Deferred tax

Deferred income taxes are tax effects of temporary differences, given rise by the different book value of assets and liabilities presented in the financial statement and those reported for tax filing.

Tax impacts arising from taxable temporary differences are recognized as deferred income tax liabilities; deferred income tax assets are recognized under the condition that the Company is very likely to generate taxable income in the future to offset deductible temporary differences or losses carried forward.

Temporary differences that were not initially recognized as deferred income tax assets are also subject to re-assessment on every balance sheet date. These differences may be recognized to increase the book value of deferred income tax asset if the Company considers it highly likely to generate taxable income for full or partial recovery of such asset in the future. Temporary differences that were not initially recognized as deferred income tax assets are also subject to re-assessment on every balance sheet date. These differences may be recognized to increase the book value of deferred income tax asset if the Company considers it highly likely to generate taxable income for full or partial recovery of such asset in the future.

Deferred income tax assets and liabilities are estimated using expected tax rate applicable at the time the liability/asset is expected to be settled/realized. This expected tax rate is determined based on the tax rate and tax laws prevailing as at the balance sheet date. Deferred income tax liabilities and assets represent tax impacts of the method by which the Group expects to recover/settle the book value of its assets and liabilities as at the balance sheet date.

3. Current and deferred income tax

Current and deferred income taxes are recognized through profit and loss, except for source accounts that are recognized under other comprehensive income or directly as other equity item, where current and deferred income taxes are also recognized under other comprehensive income or directly as equity.

V. <u>Sources of uncertainty to significant accounting judgments, estimates, and assumptions</u>

When applying accounting policies, the management is required to make judgments, estimates, and assumptions based on historical experience or other relevant factors in situations where information cannot be easily obtained from available sources. The actual outcome may differ from initial estimates.

The Group incorporates the development of COVID-19 pandemic in Taiwan, and its potential impact on the economic environment, as the considerations for the related material accounting estimates, including estimation of cash flow, growth rate, discount rate, and profitability. The management will continue to review the estimates and basic assumptions. If a revision of accounting estimate affects only the current period, the effect shall be recognized only for the current period. If a revision of accounting estimate affects current and future periods, the effect shall also be recognized for current and future periods.

<u>Sources of uncertainty to estimates and assumptions</u>

(I) Income tax

As at December 31, 2022 and 2021, the book value of deferred income tax assets was NT$14,252 thousand and NT$22,218 thousand, respectively. Due to unpredictability of future profitability, the Group had NT$235,583 thousand and NT$175,038 thousand of tax losses as at December 31, 2022 and 2021, respectively, that were not recognized as deferred income tax asset. Realization of deferred income tax asset depends largely on whether the Company is able to generate sufficient profits or taxable temporary differences in the future. If actual profits are more than previously expected, there may be significant deferred income tax assets recognized additionally during the period of occurrence.

(II) Impairment of inventory

Net realizable value of inventory is the estimated selling price less all estimated costs needed to completion and sale under normal circumstances. These estimates are made based on current market condition and previous experiences selling goods of similar nature. A change of market condition may significantly affect the outcome of such estimate.

(III) Impairment of property, plant, equipment, investment properties, and intangible assets

When assessing asset impairment, the Group relies on the use of subjective judgment and determines the level of independent cash flow, useful life, and future income/expenses/losses for specific asset groups after taking into consideration the method in which assets are used and industry characteristics. Any change of economic circumstances and any change in estimate caused by the Company's strategies may result in significant impairment in the future.

VI. Cash and cash equivalents

	December 31, 2022	December 31, 2021
Petty cash and cash on hand	$ 254	$ 294
Check and demand (current) deposit	108,443	95,824
Cash equivalents		
Time deposits with an original tenor of 3 months or less.	51,642	8,304
	$ 160,339	$ 104,422

Range of market interest rates applicable to bank deposits as at the balance sheet date is shown below:

	December 31, 2022	December 31, 2021
Demand deposits	0.20%~1.70%	0.01%~0.80%

VII. Financial assets at FVTPL - Current

	December 31, 2022	December 31, 2021
Financial assets designated as at FVTPL		
Non-derivative financial assets		
- TWSE, TPEX, and Emerging Stock Market shares	$ 154,215	$ 129,384
- Fund beneficiary certificates	201,812	275,834
- Foreign shares	4,374	6,942
- Corporate bonds	52,160	30,819
- Bonds	4,524	5,133
	$ 417,085	$ 448,112

Please refer to Note 22 for gains/losses on financial assets at FVTPL.

VIII. Financial assets at FVTOCI

	December 31, 2022	December 31, 2021
Non-current		
Domestic investments		
Emerging Stock Market shares	$ 4,563	$ 4,563
Unlisted shares	-	5,008
Foreign investments		
Unlisted shares	12,630	12,630
Total	$ 17,193	$ 22,201

The Group invests in the above instruments by adopting a medium-long term strategy, and expects to profit over the long term. Management of the Group is of the opinion that recognizing short-term fair value changes through profit and loss on such investments does not conform with the long-term investment plans described above, and therefore has chosen to account such investments at FVTOCI.

The investees, WK 7 Innovation Co., Ltd., WK 8 Innovation Co., Ltd., WK Innovation Co., Ltd., and WK 5 Innovation Co., Ltd, all conducted capital decreases in cash in March 2021, and refund the share payments. The Group recovered total NT$41,882 thousand per shareholdings. In addition, in May 2022, total of NT$4,231 thousand was settled and refunded as the settled share payment. The related other equity - unrealized valuation loss from financial assets at FVOCI of NT$79,378 thousand was transferred to the retained earnings.

In June 2021, the Group adjusted the investment positions to diversify risks. Thus the all the common shares of Fortune Technology Fund II Ltd. were sold as the fair value for NT$321 thousand. The related other equity - unrealized valuation loss of the financial assets at fair value through other comprehensive income, NT$14,252 thousand, was transferred to the retained earnings.

The Group recognized NT$2,000 thousand of unrealized loss on valuation of equity instruments at FVTOCI in 2021. (2022: none)

IX. Financial assets carried at cost after amortization - current

	December 31, 2022	December 31, 2021
Domestic investments		
Time deposit with initial maturity of more than 3 months	$ 16,300	$ 22,604

As at December 31, 2022 and 2021, time deposits with initial tenors of 3 months or longer accrued interests at 1.440% and 0.815%~3.200% per annum, respectively.

X. Accounts receivable and other receivables

	December 31, 2022	December 31, 2021
Arising from business activities		
Trade receivable	$ 7,973	$ 6,604
Operating lease receivable		
- Current	3,984	7,135
- Non-current	16,898	17,586
Subtotal	20,882	24,721
Other receivables		
Amount receivable from sale of securities	1,557	-
Utility and management fees receivable	1,096	1,168
Rent receivable	126	126
Tax refund receivable (Note 23)	170	170
Others	6,115	4,250
Subtotal	9,064	5,714
Total	$ 37,919	$ 37,039

(I) Trade receivable

Accounts receivable primarily represent retail sales collectible from consumers on transactions paid with credit cards and third-party payment tools. The majority of accounts receivable are credit card balances to be collected from financial institutions. Credit term on sale of merchandise is generally 30 days, and most proceeds are collected within this duration.

The Group recognizes loss provisions on accounts receivable based on expected credit losses over the duration of the receivable account. Expected credit loss over the remaining duration takes into account customers' past payment records. Since previous credit loss records showed no significant difference in loss pattern across customer groups, the Group simply set the expected credit loss rate based on number of days overdue.

If there is evidence to suggest that the counterparty is undergoing severe financial crisis and the recoverable amount can not be reasonably estimated, the Group will directly offset loss provisions against accounts receivable. In which case, the Group will continue collection efforts on the receivables, and any amounts recovered will be recognized through profit and loss.

Age of account receivables is analyzed as below:

	December 31, 2022	December 31, 2021
Not overdue	$ 7,973	$ 6,604

The Group found no sign of impairment in accounts and notes receivable as at December 31, 2022 and 2021.

(II) Operating lease receivable

Operating lease receivable represents lease incentives granted on operating leases. The total cost of incentives is amortized on a straight-line basis and allocated over the remaining lease tenor as deductions to rental income. Lease negotiations had taken place with some lessees in the current year due to COVID-19. The negotiations were accounted as new leases from the effective date of lease amendment.

For concentration of credit risks in lease receivables, please refer to Note 26.

XI. Inventories

	December 31, 2022	December 31, 2021
Proprietary inventory		
Cosmetics and women's undergarments	$ 2,329	$ 3,169
Properties pending sale		
Huagang Section, Shilin District, Taipei City	383,523	603,278
Jiaoxi Gongyuan Section, Yilan	68,946	140,281
	$ 454,798	$ 746,728

Amount of cost of goods sold recognized from inventory totaled NT$298,639 thousand in 2022 and NT$152,913 thousand in 2021.

The Group's property pending sale at Jiaoxi Gongyuan Section, Yilan County, forms part of the joint construction agreement entered into by subsidiary - De Hong Development and a non-related party in January 2014. Under this agreement, the landlord contributed land located in Jiaoxi while De Hong Development contributed capital and technology to complete and share units of the construction project. A construction service contract was later signed with related and non-related parties in March 2015. This contract involved a joint development and joint construction of project in Jiaoxi, for which a 5% construction management fee was charged on the construction cost. The joint construction project was completed in October 2017 and all ownership transfer has been completed to date.

The Group's property pending sale at Huagang Section, Shilin District, Taipei City, had net realizable value determined by an independent valuer using the comparative method and income method (direct capitalization method) as at the balance sheet date. Average income capitalization rate was one of the significant unobservable inputs used during valuation, and the rate was determined at 1.03% for 2022 and 1.11% for 2021.

The Group's property pending sale at Jiaoxi Gongyuan Section, Yilan County, did not have net realizable value determined by an independent valuer; instead, valuation was performed by the management using valuation model that was commonly accepted among market participants. This valuation had proceeded using market evidence similar to real estate transaction prices.

For disclosure on the amount of inventory pledged as loan collaterals, please refer to Note 28.

XII. Subsidiaries

Subsidiaries included in the consolidated financial statements

This consolidated financial statement encompasses the following:

			% of Ownership		
Investor	Investee	Main Business	December 31, 2022	December 31, 2021	Explanation
The Company	GUAN CHAN INVESTMENT CO., LTD.	Investment	100.0%	100.0%	As at December 31, 2022, the entity held 8,750,000 shares of the Company, representing 4.19% of outstanding common shares.
The Company	JIA FONG INVESTMENT CO., LTD.	Investment	100.0%	100.0%	As at December 31, 2022, the entity held 8,767,000 shares of the Company, representing 4.20% of outstanding common shares.
The Company	SONG YUAN INVESTMENT CO., LTD.	Investment	100.0%	100.0%	As at December 31, 2022, the entity held 7,366,000 shares of the Company, representing 3.53% of outstanding common shares.
The Company	SHUN TAI INVESTMENT CO., LTD.	Investment	100.0%	100.0%	As at December 31, 2022, the entity held 8,439,000 shares of the Company, representing 4.04% of outstanding common shares.
The Company	De Hong Development Co., Ltd.	Housing and Building Development and Rental	100.0%	100.0%	-

The Company’s subsidiary, De Hong Development Co., Ltd., resolved by its board of directors on August 25, 2021, conducted a capital decrease to offset the deficit, with 15,000,000 issued shares cancelled. After the capital decrease, the paid-in capital is NT$450,000 thousand, divided into 45,000,000 shares.

XIII. Equity-accounted investments

Investments in Associates

	December 31, 2022	December 31, 2021
Associated companies with significant influence		
Chung Hsiao Enterprise Co., Ltd.	$ 183,935	$ 146,467

	Percentage of share ownership/voting rights	
	December 31, 2022	December 31, 2021
Chung Hsiao Enterprise Co., Ltd.	26.89%	20%

On November 4, 2022, the Company purchased 1,300,000 shares of Chung Hsiao Industrial Co. Ltd. with NT$49,400 thousand from New Leader Asia Enterprise Ltd. upon the Board’ resolution, and 6.89% of stake was acquired. The delivery was completed on November 7, 2022.

Nature of business activities, main places of business, and countries of registration for the above associated companies are disclosed in Appendix 2 - "Information of Investees."

Summary financial information of associated companies under the Group is presented below:

	December 31, 2022	December 31, 2021
Current asset	$ 202,928	$ 262,235
non-current assets	222,008	222,414
Current liabilities	(20,794)	(26,622)
non-current liabilities	(60,234)	(60,234)
Equity	$ 343,908	$ 397,793
Shareholding percentage of the Group	26.89%	20%
Group's share of equity	$ 92,477	$ 79,558
Adjustment to fair value of non-current assets due to acquisition of shares	91,458	66,909
Book value of investment	$ 183,935	$ 146,467

	2022	2021
Current operating revenues	$ 25,630	$ 21,737
Current net income	$ 20,822	$ 17,542
Other comprehensive income - current	($ 58,924)	($ 77,961)
Share of current net income	$ 4,113	$ 3,508
Share of other comprehensive income - current	($ 12,889)	($ 15,592)
Dividends received from Chung Hsiao Enterprise Co., Ltd.	$ 3,156	$ 3,776

Share of profit/loss and other comprehensive income from equity-accounted associated companies in 2022 and 2021 were recognized based on audited financial statements of the respective associated companies for the corresponding periods.

XIV. Property, Plant and Equipment

	December 31, 2022	December 31, 2021
Book value for each category		
Land	$ 859,925	$ 858,029
Buildings, net	1,322,276	1,373,230
Computer and communication equipment, net	9,379	10,734
Transport equipment, net	817	955
Other equipment, net	3,835	5,213
Construction in progress	-	1,320
	$ 2,196,232	$ 2,249,481

	2022				
	Opening balance	Increase in current year	Disposal in current year	Other adjustments	Closing balance
Cost					
Land	$ 858,029	$ 175	$ -	$ 1,721	$ 859,925
Buildings	1,904,695	4,072	(28,147)	16,921	1,897,541
Computer and communication equipment	17,844	22	(438)	-	17,428
Transport Equipment	4,906	-	-	-	4,906
Other Equipment	11,223	-	(261)	-	10,962
Construction in progress	1,320	16,345	-	(17,665)	-
	2,798,017	$ 20,614	($ 28,846)	$ 977	2,790,762
accumulated depreciation					
Buildings	531,465	$ 62,204	($ 18,765)	$ 361	575,265
Computer and communication equipment	7,110	1,319	(367)	(13)	8,049
Transport Equipment	3,951	138	-	-	4,089
Other Equipment	6,010	1,316	(212)	13	7,127
	548,536	$ 64,977	($ 19,344)	$ 361	594,530
Total	$ 2,249,481				$ 2,196,232

	2021				
	Opening balance	Increase in current year	Disposal in current year	Other adjustments	Closing balance
Cost					
Land	$ 853,457	$ -	$ -	$ 4,572	$ 858,029
Buildings	1,911,058	-	(7,894)	1,531	1,904,695
Computer and communication equipment	17,715	378	(249)	-	17,844
Transport Equipment	4,906	-	-	-	4,906
Other Equipment	11,242	140	(159)	-	11,223
Construction in progress	3,236	8,455	-	(10,371)	1,320
	2,801,614	$ 8,973	($ 8,302)	($ 4,268)	2,798,017
accumulated depreciation					
Buildings	477,820	$ 61,043	($ 7,894)	$ 496	531,465
Computer and communication equipment	5,992	1,325	(207)	-	7,110
Transport Equipment	3,537	414	-	-	3,951
Other Equipment	4,357	1,786	(133)	-	6,010
	491,706	$ 64,568	($ 8,234)	$ 496	548,536
Total	$ 2,309,908				$ 2,249,481

As per assessment, the Group's property, plant, and equipment showed no sign of impairment as at December 31, 2022 and 2021.

Property, plant, and equipment of the Group were depreciated on a straight-line basis over the number of useful years shown below:

Buildings	4 to 55 years
Computer and communication equipment	5 to 19 years
Transport Equipment	5 years
Other Equipment	5 to 19 years

For disclosure on the amount of property, plant and equipment pledged as collaterals, please refer to Note 28.

XV. Investment Property

	December 31, 2022	December 31, 2021
Investment Property		
Xinzhuang District, New Taipei City	$ 1,059,951	$ 1,059,951
Da'an District, Taipei City	1,088,402	1,098,967
	$ 2,148,353	$ 2,158,918

	2022				
	Opening balance	Increase in current year	Decrease in current year	Other adjustments	Closing balance
Cost					
Land	$ 2,011,617	$ -	$ -	($ 1,720)	$ 2,009,897
Buildings	329,254	548	-	(577)	329,225
	2,340,871	$ 548	$ -	($ 2,297)	2,339,122
accumulated depreciation					
Buildings	181,953	$ 9,177	$ -	($ 361)	190,769
Total	$ 2,158,918				$ 2,148,353

	2021				
	Opening balance	Increase in current year	Decrease in current year	Other adjustments	Closing balance
Cost					
Land	$ 2,016,189	$ -	$ -	($ 4,572)	$ 2,011,617
Buildings	325,275	-	(2,945)	6,924	329,254
	2,341,464	$ -	($ 2,945)	$ 2,352	2,340,871
accumulated depreciation					
Buildings	176,411	$ 8,665	($ 2,627)	($ 496)	181,953
Total	$ 2,165,053				$ 2,158,918

Investment properties - buildings are depreciated on a straight-line basis over the number of useful years shown below:

Buildings	10 to 55 years

The Group owned several investment properties located at Qiongtai Section, Fuying Section, and Jianguo Section, Xinzhuang District, New Taipei City. The fair values were determined by independent valuers using the comparative approach and the land development analysis approach as at the respective balance sheet dates. Discount rate was one of the significant unobservable inputs used during valuation, and the rate was determined at 2.45% and 1.17% as at December 31, 2022 and 2021, respectively.

The Group also owned several investment properties located at Renai Section, Da'an District, Taipei City, with fair values determined at NT$7,504,079 thousand and NT$6,982,916 thousand as at December 31, 2022 and 2021, respectively. These fair values were not established by an independent valuer; instead, valuation was performed by the management using valuation model that was commonly accepted among market participants. This valuation had proceeded using market evidence similar to real estate transaction prices.

All of the Group's investment properties are proprietary owned. For disclosure on the amount of investment property pledged as collaterals, please refer to Note 28.

XVI. Borrowings

(I) Short-term borrowings

	December 31, 2022	December 31, 2021
Secured borrowings		
Bank borrowings	$ 794,000	$ 762,450

Working capital bank borrowings bore interest rates of 1.395%~2.838% and 0.88%~2.55% as at December 31, 2022 and 2021, respectively.

(II) Short-term bills payable

	December 31, 2022	December 31, 2021
Commercial paper	$ 49,600	$ 142,600
Less: Unamortized discounts on bills payable	80	113
	$ 49,520	$ 142,487

Commercial papers bore interest rates of 1.00%~1.67% and 0.31%~0.80% as at December 31, 2022 and 2021, respectively.

For disclosure on the amount of inventory, property, plant, equipment, and investment property pledged as collaterals for short-term borrowings and short-term bills payable, please refer to Note 28.

(III) Long-term borrowings

	December 31, 2022	December 31, 2021
Secured borrowings		
Bank SinoPac		
Credit line: NT$1,400,000 thousand. Contract tenor: November 24, 2021 to November 30, 2023. A new contract starting from November 10, 2022 and ending on November 30, 2024 was signed on November 24, 2022.	$ 1,000,000	$ 1,050,000

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	December 31, 2022	December 31, 2021
Bank of Taiwan		
Credit line: NT$600,000 thousand. Contract tenor: June 24, 2020 to June 24, 2023. A new contract starting from July 19, 2022 and ending on July 19, 2025 was signed on July 19, 2022.	$ 444,000	$ 600,000
Secured borrowings		
Hua Nan Bank		
The credit limit was NT$293,000 thousand, and the contract term was from December 31, 2019 to January 12, 2022; additionally, a new contract was entered on September 3, 2021 with the credit limit of NT$493,000 thousand, which might be shared with the short-term secured borrowing; the contract term was from September 3, 2021 to September 3, 2022. Extended to September 23, 2023 on September 23, 2022. Within the borrowing limit, term of each drawdown is three years.	190,000	290,000
Taishin Bank		
Credit line: NT$278,000 thousand. Contract tenor: September 30, 2021 to September 30, 2024.	-	50,000
First Commercial Bank		
Credit line: NT$350,000 thousand. Contract tenor: October 5, 2021 to October 5, 2023. A new contract starting from October 3, 2022 and ending on October 3, 2024 was signed on October 3, 2022.	350,000	280,000
	1,984,000	2,270,000
Less: parts that listed as due within in a year	140,000	150,000
Long-term borrowings	$ 1,844,000	$ 2,120,000

Effective interest rate range for long-term borrowings:

	December 31, 2022	December 31, 2021
Effective interest rate:		
Floating interest rate borrowing	1.580%~1.630%	0.800%~1.050%
Fixed interest rate borrowing	1.400%~1.750%	0.875%~0.890%

For disclosure on the amount of property, plant, equipment, and investment property placed as collateral for long-term borrowings, please refer to Note 28.

XVII. Accounts payable

	December 31, 2022	December 31, 2021
Accounts payable		
Arising from business activities	$ 94,691	$ 79,671

The average credit term for trade purchases is 30 days.

XVIII. Accrued expenses

	December 31, 2022	December 31, 2020
Salary and bonus payable	$ 11,742	$ 15,099
Tax payable	8,924	8,962
Utility expenses payable	4,526	4,668
Others	10,231	7,232
	$ 35,423	$ 35,961

XIX. Post-employment benefit plans

(I) Defined contribution plans

The pension scheme introduced under the "Labor Pension Act" that the Company and certain subsidiaries of the Group are subjected to is a government-managed defined contribution plan, for which each participating entity is required to contribute an amount equal to 6% of employees' monthly salary into their individual pension accounts held with the Bureau of Labor Insurance.

(II) defined benefit plan

The Company is also subject to the pension scheme introduced under the "Labor Standards Act," which is a government-managed defined benefit plan. Under this plan, employees' pension benefits are calculated based on their years of service and gross salary for the month of retirement (excluding allowances and festive bonuses). The Company makes monthly pension contributions equivalent to 2% of employees' monthly salaries into an account held under Bank of Taiwan in the Labor Pension Supervisory Committee's name. In the event that the account is estimated to be short of balance to pay workers who are expected to meet their retirement criteria in the following year, the Company will reimburse the shortfall in one contribution by no later than the end of March next year. The account is managed by Bureau of Labor Funds, Ministry of Labor. The Company has no influence whatsoever over the investment strategy.

The following amounts relating to the defined benefit plan have been recognized on the consolidated balance sheet:

	December 31, 2022	December 31, 2021
Present value of defined benefit obligations	$ 37,822	$ 40,883
Fair value of plan assets	(26,598)	(25,953)
Net defined benefit liabilities	$ 11,224	$ 14,930

Changes in net defined benefit liability:

	Present value of defined benefit obligations	Fair value of plan assets	Net defined benefit liabilities
January 1, 2022	$ 40,883	($ 25,953)	$ 14,930
servicing costs			
Service costs for the current period	394	-	394
Interest expense (income)	255	(163)	92
Recognized in profit or loss	649	(163)	486
Remeasurement			
Return on plan assets (excluding amounts already included in net interest)	-	(2,068)	(2,068)
Actuarial (gains) loss			
- Change in financial assumption	(1,622)	-	(1,622)
- Experience adjustment	(10)	-	(10)
Recognized in other comprehensive income	(1,632)	(2,068)	(3,700)
Employer's contribution	-	(492)	(492)
Plan asset payments	(2,078)	2,078	-
December 31, 2022	$ 37,822	($ 26,598)	$ 11,224
January 1, 2021	$ 43,545	($ 24,076)	$ 19,469
servicing costs			
Service costs for the current period	393	-	393
Interest expense (income)	163	(91)	72
Recognized in profit or loss	556	(91)	465
Remeasurement			
Return on plan assets (excluding amounts already included in net interest)	$ -	($ 328)	($ 328)
Actuarial (gains) loss			
- Change in demographic assumption	654	-	654
- Change in financial assumption	(747)	-	(747)
- Experience adjustment	(869)	-	(869)
Recognized in other comprehensive income	(962)	(328)	(1,290)
Employer's contribution	-	(3,714)	(3,714)
Plan asset payments	(2,256)	2,256	-
December 31, 2021	$ 40,883	($ 25,953)	$ 14,930

Amounts of defined benefit plan recognized through profit and loss, by function:

	2022	2021
Administrative expenses	$ 486	$ 465

The Group is exposed to the following risks due to adoption of pension scheme introduced under the "Labor Standards Act":

1. Investment risks: The Bureau of Labor Funds, Ministry of Labor, manages the labor pension fund either on its own or through mandate. The labor pension fund is being allocated into equity securities, debt securities, and bank deposits local and abroad; however, the consolidated entity estimates return on plan assets at a rate no less than the 2-year time deposit rate offered by local banks.
2. Interest rate risk: A decrease in government bond yield would increase the present value of defined benefit obligations while at the same time increase return of plan assets invested in debt instruments. The overall effect on net defined benefit obligation is partially offset.
3. Salary risk: The present value of defined benefit obligations is calculated by taking into consideration the participants' future salary levels. An increase in salary level would raise the present value of defined benefit obligations.

The present value of defined benefit obligations is determined based on actuarial estimates made by certified actuaries. Below are the main assumptions used on the date of measurement:

	December 31, 2022	December 31, 2021
Discount rate	1.250%	0.625%
Expected salary increase	2.000%	2.000%

A reasonable change in the main actuarial assumption would increase (decrease) the present value of defined benefit obligations by the following amounts, provided that all other assumptions remain unchanged:

	December 31, 2022	December 31, 2021
Discount rate		
0.25% increase	($ 620)	($ 733)
0.25% decrease	$ 636	$ 755
Expected salary increase		
0.25% increase	$ 621	$ 732
0.25% decrease	($ 608)	($ 714)

Actuarial assumptions tend to be intercorrelated. It is unlikely to see only one assumption changing at one time, therefore the above sensitivity analysis may not truly reflect changes in the present value of defined benefit obligation.

	December 31, 2022	December 31, 2021
Expected contributions in the next year	$ 309	$ 360
Average maturity of defined benefit obligations	6.6 years	7.2 years

XX. Equity

(I) Common share capital

	December 31, 2022	December 31, 2021
Authorized and issued shares (thousand shares)	208,725	208,725
Authorized and paid-in capital	$ 2,087,250	$ 2,087,250

All issued common shares have a face value of NT$10 per share. Each share is entitled to one voting right and the right to receive dividends.

(II) Capital reserve

	December 31, 2022	December 31, 2021
Shares premium from issuance	$ 71,028	$ 71,028
Treasury stock transaction	469,258	452,597
	$ 540,286	$ 523,625

This additional paid-in capital can be offset against losses, or distributed in cash or capitalized into share capital when the Company has no cumulative losses outstanding. However, capitalization of this additional paid-in capital is capped at a certain percentage of the Company's paid-in share capital each year.

(III) Retained earnings and dividends policy

According to the earnings appropriation policy stipulated in the Articles of Incorporation, annual surpluses concluded by the Company are first subject to taxation and reimbursement of previous losses, followed by a 10% provision for statutory reserves and provision or reversal of special reserves as the laws may require. Any surpluses remaining will be added to unappropriated earnings accumulated from previous years, for which the board of directors will propose an earnings appropriation plan and seek resolution in a shareholder meeting before distribution. Refer to Note 22-(8) - Employee and director remuneration for the Company's employee and director remuneration policy outlined in the Articles of Incorporation.

The Company passed a resolution during the shareholder meeting dated June 28, 2019 to amend its Articles of Incorporation. In addition to the terms described in the preceding paragraph, any cash distribution of dividend, profit, statutory reserve, or additional paid-in capital, whether in whole or in part, must be resolved in a board meeting with more than two-thirds of the board present, voted in favor by more than half of attending directors, and reported in the upcoming shareholder meeting.

The Company’s shareholders’ meeting resolved to amend the Articles of Incorporation on August 31, 2021. As a conventional department store, the Company experiences no major change in sales volume but foresees moderate growth. After taken into consideration its long-term development plans and goals of maximizing shareholders' interest, the Company has adopted a dividend policy that makes consistent payouts primarily in cash. The shareholders’ dividends are not lower than 10% of the distributable earnings of the year; of which, cash dividends shall not account for less than 50% of the sum of cash dividends plus stock dividends. However, the Company may forgo dividend payment if distributable earnings amount to NT$0.2 or less in a given year.

Other than aforesaid, the shareholders’ meeting also specified that as required by laws, the Company shall make provision for special earnings reserve from unappropriated earnings carried from previous years for any net contra-equity balances accumulated under other contra-equity items in previous years before distributing earnings. If the Company is unable to make adequate provision from unappropriated earnings carried from previous years, the Company shall treat current net income and non-net income items as unappropriated earnings and make provisions accordingly.

Appropriation of earnings to legal reserve shall be made until the reserve equals the Company’s paid-in capital. Legal reserves may be used to offset the deficit. If the Company has no deficit and the legal reserve has exceeded 25% of the Company’s paid-in capital, the excess may be transferred to capital or distributed in cash.

The following are details of the 2021 and 2020 earnings appropriation resolved during annual general meetings held on June 14, 2022 and August 31, 2021:

	2021	2020
Provision for statutory reserves	$ 12,747	$ 4,035
Reversal (provision) of special reserves	$ 5,832	($ 39,225)
Cash dividends	$ 104,363	$ 104,363
Cash dividends per share (NT$)	$ 0.5	$ 0.5

The aforesaid cash dividends have been resolved for the distribution in the board meetings on March 14, 2022 and March 22, 2021, respectively. To respond to the "Measures Related to Postponing Shareholders' Meeting of Public Companies to Cope with the Pandemic," announced by FSC, the Company cancelled the originally scheduled shareholders' meeting, and convened the meeting on August 31, 2021.

Details of the 2022 earnings appropriation plan proposed by the board of directors in meeting dated March 6, 2023 are as follows:

	Appropriation of Earnings
Provision for statutory reserves	$ 2,330
Provision for special reserves	$ 126,929

Distribution of 2022 earnings is still pending for shareholders' resolution in the annual general meeting scheduled on June 19, 2023.

(IV) Special reserves

The Company reclassified NT$372,185 thousand of unrealized gain on revaluation into retained earnings when adopting IFRSs for the first time, and made provisions for special reserves of the same amount in accordance with the authority's instruction No. Jin-Guan-Zheng-Fa-1010012865 in 2013. This special reserve may be reversed when the underlying property is disposed or reclassified on a later date.

When appropriating 2021 and 2020 earnings, the Company made reversal and provision for special reserves totaling NT$5,832 thousand and NT$39,225 thousand, respectively, for differences in the market price and book value of parent company shares held by subsidiaries, after taking into consideration the prevailing shareholding percentage.

(V) Other items of equity

Unrealized gain/(loss) on financial assets at FVTOCI

	2022	2021
Opening balance	($ 89,929)	($ 84,096)
Incurred in the current year		
Unrealized loss - equity instrument	(7,797)	(4,493)
Share of equity-accounted associated companies	(12,889)	(15,592)
Transfer of cumulative gains/losses to retained earnings following disposal of equity instrument	76,059	14,252
Closing balance	($ 34,556)	($ 89,929)

(VI) Treasury stock

Unit: Thousand Shares

Reason for buyback	Shareholding at the beginning of year	Increase in current year	Decrease in current year	Shareholding at the end of year
2022				
Subsidiaries' holding of the Company's shares reclassified from investment into treasury stock	33,322	-	-	33,322
2021				
Subsidiaries' holding of the Company's shares reclassified from investment into treasury stock	33,322	-	-	33,322

Information relating to subsidiaries' holding of the Company's shares as at balance sheet date:

Investee	No. of shares held (thousand shares)	Acquisition cost	Market price and book value
December 31, 2022			
GUAN CHAN INVESTMENT CO., LTD.	8,750	$ 337,066	$ 264,688
JIA FONG INVESTMENT CO., LTD.	8,767	337,787	265,202
SONG YUAN INVESTMENT CO., LTD.	7,366	283,545	222,821
SHUN TAI INVESTMENT CO., LTD.	8,439	325,143	255,280
		$ 1,283,541	$ 1,007,991
December 31, 2021			
GUAN CHAN INVESTMENT CO., LTD.	8,750	$ 337,066	$ 350,000
JIA FONG INVESTMENT CO., LTD.	8,767	337,787	350,680
SONG YUAN INVESTMENT CO., LTD.	7,366	283,545	294,640
SHUN TAI INVESTMENT CO., LTD.	8,439	325,143	337,560
		$ 1,283,541	$ 1,332,880

Subsidiaries' holding of the Company's shares are treated as treasury stocks; subsidiaries are not entitled to participate in cash issue or vote, but are otherwise entitled to the same rights as ordinary shareholders.

XXI. Revenues

(I) Breakdown of operating revenues

	2022	2021
Net sales revenues	$ 118,589	$ 115,954
Lease incomes	269,477	242,743
Construction incomes	286,871	133,329
Other operating revenues	37,033	36,569
	$ 711,970	$ 528,595

(II) Explanation and breakdown of income from customers' contracts

	2022	2021
Net sales revenues		
Revenues from sale of merchandise	$ 4,889	$ 16,003
Retail commission income	113,700	99,951
	$ 118,589	$ 115,954
Construction incomes		
Income from sale of property	$ 286,871	$ 133,329
Other operating revenues		
Incomes from merchants' subsidy for department renovation	$ 2,941	$ 1,326
Management fee income	29,511	28,590
Others	4,581	6,653
	$ 37,033	$ 36,569

Analysis of retail commission income:

	2022	2021
Total department sales	$ 1,008,254	$ 829,926
Retail commission income	$ 113,700	$ 99,951

(III) Contract balance

	December 31, 2022	December 31, 2021
contract liability	$ 6,243	$ 6,391

The change in contractual liabilities was mainly attributed to the discrepancy between the time obligation was fulfilled and the time payment was made to customers.

(IV) Lease incomes

	2022	2021
Lease incomes		
Investment Property	$ 230,070	$ 204,280
Share of mall rental income	39,407	38,463
	$ 269,477	$ 242,743

Operating lease arrangements involve leasing of investment properties and retail malls (presented as property, plant, and equipment) owned by the Group, for tenors of 1-15 years and 1-12 years, respectively. The lessees are not entitled to any privileges to purchase the leased properties at the end of the lease tenor.

As at December 31, 2022 and 2021, the Group had collected deposits totaling NT$51,793 thousand and NT$51,609 thousand, respectively, in relation to the operating lease agreements.

Some of the Group's real estate leasing agreements contain contingent rent clauses that require the lessee to pay contingent rent at a certain percentage of monthly sales revenues.

XXII. Profit before tax

Pre-tax profit includes the following items:

(I) Breakdown of operating costs

	2022	2021
Cost of sales	$ 3,975	$ 13,406
Cost of leasing	38,290	37,717
Construction cost	294,664	139,507
Other operating costs	23,589	15,609
	$ 360,518	$ 206,239

(II) Interest income

	2022	2021
Cash in banks	$ 1,089	$ 212

(III) Other income

	2022	2021
Carpark income	$ 9,962	$ 7,630
Dividend income	6,603	6,940
Incomes from governmental subsidies	-	9,813
Others	8,124	4,436
	$ 24,689	$ 28,819

The governmental subsidies are the subsidies to the business having difficulties due to impacts of COVID-19 in service sectors, provided by MOEA, and the compensation of the re-zoning urban land announced by New Taipei City Government. In 2021, the total amount received was NT$9,813 thousand.

(IV) Other gains or losses

	2022	2021
Loss from disposal of property, plant and equipment	($ 9,502)	($ 68)
Loss on disposal of investment properties	-	(318)
Net gain (loss) on currency exchange	2,850	(119)
Gain (loss) on financial assets mandatory to be carried at FVTPL	(35,102)	10,444
Sundry expenses	(1,048)	(2,005)
	($ 42,802)	$ 7,934

Net gain/loss on financial assets mandatory to be carried at FVTPL includes: (A) Gain on fair value changes totaling -NT$36,705 thousand in 2022 and NT$9,489 thousand in 2021; and (B) Gain on disposal totaling NT$1,603 thousand in 2022 and NT$955 thousand in 2021.

(V) Financial costs

	2022	2021
Interest on bank loans	$ 36,573	$ 29,685

There was no capitalization of interest in 2022 and 2021.

(VI) Depreciation and amortization

	2022	2021
Property, Plant and Equipment	$ 64,977	$ 64,568
Investment Property	9,177	8,665
Intangible asset	1,187	602
Total	$ 75,341	$ 73,835
An analysis of depreciation by function		
Operating costs	$ 18,749	$ 17,500
Operating expenses	55,405	55,733
	$ 74,154	$ 73,233
An analysis of amortization by function		
Operating costs	$ 149	$ 148
Operating expenses	1,038	454
	$ 1,187	$ 602

(VII) Employee benefits expense

	2022	2021
Retirement benefits (Note 19)		
Defined contribution plans	$ 1,831	$ 2,059
defined benefit plan	486	465
Subtotal	2,317	2,524
Other employee benefits	60,320	69,192
Total	$ 62,637	$ 71,716
An analysis by function		
Operating expenses	$ 62,637	$ 71,716

(VIII) Employee and director remuneration

The Company provides for employee remuneration at 0.1%-4%, and director remuneration at no more than 4%, of current year's pre-tax profit (before employee and director remuneration). 2022 and 2021 employee/director remuneration were resolved in board of directors meetings dated March 6, 2023 and March 14, 2022, respectively. Details are as follows:

Ratio

	2022	2021
Remuneration to employees	0.13%	0.10%
Remuneration to directors	-	-

Amount

	2022		2021	
	Cash	Stocks	Cash	Stocks
Remuneration to employees	$ 154	$ -	$ 150	$ -
Remuneration to directors	-	-	-	-

The amount actually paid of the employee' and directors' remunerations resolved by the board of directors on March 14, 2022 are different form the recognized amount in the annual consolidated financial statements. The difference is adjusted as the profit/loss in 2022.

	2021	
	Remuneration to employees	Remuneration to directors
The distribution amount resolved by the board of directors	$ 150	$ -
The amount recognized in the annual consolidated financial statements	1,000	1,000

The actual amounts of 2020 employee remuneration and director remuneration paid were indifferent from the amounts recognized in the 2020 financial statements.

Please visit "Market Observation Post System" for more information regarding employee/director remuneration resolved during the Company's board of director meetings.

(IX) Gains (losses) on foreign currency exchange

	2022	2021
Foreign exchange gains	$ 14,416	$ 13,913
Total loss on currency exchange	(11,566)	(14,032)
Net gain (loss)	$ 2,850	($ 119)

XXIII. Income tax

(I) Income tax recognized in profit or loss

Major components of tax expense were as follows:

	2022	2021
Tax currently payable		
Incurred in the current year	$ 18,937	$ 1,399
Levied on unappropriated earnings	270	-
Prior years adjustment	(991)	967
	18,216	2,366
Deferred tax		
Incurred in the current year	315	(1,219)
Income tax expense recognized in profit or loss	$ 18,531	$ 1,147

Reconciliation of accounting income and income tax expense:

	2022	2021
Profit before tax	$ 114,926	$ 141,842
Income tax derived by applying the statutory tax rate to pre-tax net profit	$ 19,405	$ 26,756
Loss (gain) on valuation of financial assets	7,341	(1,900)
Levied on unappropriated earnings	270	-
Tax-exempt income	(13,854)	(4,161)
Unrecognized losses carried forward	11,245	8,244
Unrecognized temporary difference	(4,885)	243
Difference to paid for the basic tax amount	-	998
Recognized deficit offset with the capital decrease of the subsidiary	-	(30,000)
Previous income taxes adjusted in the current year	(991)	967
Income tax expense recognized in profit or loss	$ 18,531	$ 1,147

(II) Income tax recognized in other comprehensive income

	2022	2021
Deferred tax		
Incurred in the current year		
- Remeasurement of defined benefit plan	($ 740)	($ 258)
- Equity instruments at FVTOCI	(7,020)	(2,440)
	($ 7,760)	($ 2,698)

(III) Current income tax assets and liabilities

	December 31, 2022	December 31, 2021
Current income tax asset		
Tax refunds receivable (presented as other receivables)	$ 170	$ 170
Current tax liabilities		
Income tax payable	$ 18,936	$ 1,189

(IV) Deferred income tax assets and liabilities

Below are changes in deferred income tax assets and liabilities:

2022

Deferred tax assets	Opening balance	Recognized in profit or loss	Recognized in other comprehensive income	Closing balance
Temporary difference				
Impairment loss of financial assets at FVTOCI	$ 13,034	$ -	($ 7,020)	$ 6,014
Defined benefit plan	9,003	-	(740)	8,263
Others	181	(206)	-	(25)
	$ 22,218	($ 206)	($ 7,760)	$ 14,252

Deferred tax liabilities	Opening balance	Recognized in profit or loss	Recognized in other comprehensive income	Closing balance
Temporary difference				
Provision for land increment value tax	$ 213,961	$ -	$ -	$ 213,961
Adjustment for rent-free period	2,840	109	-	2,949
	$ 216,801	$ 109	$ -	$ 216,910

2021

Deferred tax assets	Opening balance	Recognized in profit or loss	Recognized in other comprehensive income	Closing balance
Temporary difference				
Impairment loss of financial assets at FVTOCI	$ 15,474	$ -	($ 2,440)	$ 13,034
Defined benefit plan	9,261	-	(258)	9,003
Others	39	142	-	181
	$ 24,774	$ 142	($ 2,698)	$ 22,218

Deferred tax liabilities	Opening balance	Recognized in profit or loss	Recognized in other comprehensive income	Closing balance
Temporary difference				
Provision for land increment value tax	$ 213,961	$ -	$ -	$ 213,961
Adjustment for rent-free period	3,917	(1,077)	-	2,840
	$ 217,878	($ 1,077)	$ -	$ 216,801

(V) Unused losses carried forward not recognized as deferred income tax asset in the consolidated balance sheet

	December 31, 2022	December 31, 2021
Loss carried forward		
Expiring 2023	$ 13,979	$ 13,979
Expiring 2024	11,678	11,678
Expiring 2025	16,425	16,425
Expiring 2026	13,382	13,382
Expiring 2027	11,965	11,965
Expiring 2029	57,509	57,509
Expiring 2030	19,285	19,285
Expiring in 2031	30,815	30,815
Mature in 2032	60,545	-
	$ 235,583	$ 175,038

(VI) Income tax assessments

The profit-seeking enterprise income taxes as of 2021 filed by the subsidiary, Guan Chan Investment have been approved by the tax collection authority; the profit-seeking enterprise income taxes as of 2020 filed by the Company and the subsidiaries, Chia Feng Investment, Song Yuan Investment, Shun Tai Investment and De Hong Development have been approved by the tax collection authority.

XXIV. EPS

Unit: share/NT$

	2022	2021
Basic earnings per share	$ 0.55	$ 0.80
Diluted earnings per share	$ 0.55	$ 0.80

The net income and weighted average number of ordinary shares outstanding in calculating earnings per share were as follows:

Current net income

	2022	2021
Current net income	$ 96,395	$ 140,695

Number of shares

Unit: Thousand Shares

	2022	2021
Weighted average number of ordinary shares in computation of basic earnings per share	175,403	175,403
Effect of potentially dilutive ordinary shares:		
Remuneration to employees	6	32
Weighted average number of ordinary shares used in the computation of diluted earnings per share	175,409	175,435

If the Group has the option to distribute employee remuneration either in cash or in shares, then the calculation of diluted earnings per share shall be made by assuming full share-based payment. In which case, the number of potential common shares is added to the calculation of weighted-average outstanding shares as soon as they become dilutive, and this is the basis used for calculating diluted earnings per share. Such a dilutive effect of the potential shares is included in the computation of diluted earnings per share until the shareholders resolve the number of shares to be distributed to employees at their meeting in the following year.

XXV. Capital risk management

The Group manages its capital to ensure that entities in the Group will be able to continue as going concerns while maximizing the return to shareholders through the optimization of the debt and equity balance. The Group has maintained its overall strategies unchanged in past years.

The Group's capital structure comprises net debt (i.e. borrowings less cash and cash equivalents) and equity (i.e. sum of share capital, additional paid-in capital, retained earnings, and other equity items).

The Group is not subject to any externally imposed capital requirements.

The management reviews the Group's capital structure on a regular basis to address the costs and risks associated with various types of capital. Depending on the recommendations of its management, the Group may balance its capital structure by paying dividends, raising new debts, or by repaying existing debts.

XXVI. Financial instruments

(I) Fair value information - financial instruments that are not measured at fair value

In the management's opinion, all financial assets and liabilities that are not measured at fair value have been presented on the consolidated balance sheet at book values that resemble their fair values.

(II) Fair value information - financial instruments with fair value measured on a recurring basis

1. Degree of fair value measurements

December 31, 2022

	Level 1	Level 2	Level 3	Total
Financial assets at FVTPL				
Domestic listed shares				
- Equity investments	$ 154,215	$ -	$ -	$ 154,215
Foreign public-listed (OTC-traded) securities				
- Equity investments	4,374	-	-	4,374
- Bond investments	56,684	-	-	56,684
Fund beneficiary certificates	201,812	-	-	201,812
Total	$ 417,085	$ -	$ -	$ 417,085
Financial assets at FVTOCI				
Investment in equity instruments				
- Emerging Stock Market shares	$ -	$ -	$ 4,563	$ 4,563
- Foreign unlisted shares	-	-	12,630	12,630
Total	$ -	$ -	$ 17,193	$ 17,193

December 31, 2021

	Level 1	Level 2	Level 3	Total
Financial assets at FVTPL				
Domestic listed shares				
- Equity investments	$ 129,384	$ -	$ -	$ 129,384
Foreign public-listed (OTC-traded) securities				
- Equity investments	6,942	-	-	6,942
- Bond investments	35,952	-	-	35,952
Fund beneficiary certificates	275,834	-	-	275,834
Total	$ 448,112	$ -	$ -	$ 448,112
Financial assets at FVTOCI				
Investment in equity instruments				
- Emerging Stock Market shares	$ -	$ -	$ 4,563	$ 4,563
- Domestic unlisted shares	-	-	5,008	5,008
- Foreign unlisted shares	-	-	12,630	12,630
Total	$ -	$ -	$ 22,201	$ 22,201

There was no change of fair value input between level 1 and level 2 in 2022 and 2021.

2. Reconciliation of Level 3 fair value measurements of financial instruments

Financial assets that involve the use of level 3 fair value inputs were equity instruments at FVTOCI. Reconciliation of 2022 and 2021 balances is explained below:

	2022	2021
Opening balance	$ 22,201	$ 66,457
Recognized as other comprehensive income (unrealized loss on valuation of financial assets at FVTOCI)	(777)	(2,000)
Refund from capital reduction	-	(41,882)
Disposal	(4,231)	(374)
Closing balance	$ 17,193	$ 22,201

3. Level 3 fair value measurement technique and assumption

Fair value of domestic and foreign unlisted shares is determined based on investees' latest net worth after taking liquidity into consideration. Liquidity discount is used as a significant unobservable input; a lower liquidity discount would increase fair value of such investment.

(III) Categories of financial instruments

	December 31, 2022	December 31, 2021
Financial asset		
At FVTPL		
Financial assets designated as at FVTPL	$ 417,085	$ 448,112
Financial assets at amortized cost (Note 1)	196,437	142,130
Financial assets at FVTOCI - Investment in equity instruments	17,193	22,201
Financial liability		
Financial liabilities carried at amortized cost (Note 2)	3,037,296	3,358,931

Note 1: The balance includes cash, cash equivalents, accounts receivable, other receivables (excluding tax refunds receivable), time deposits with initial maturity of more than 3 months, and refundable deposits, and other financial assets carried at cost after amortization.

Note 2: The balance includes short-term borrowing, short-term bills payable, notes payable, accounts payable, accrued expenses (excluding tax payable and salary & bonus payable), equipment purchase payable, other payables, long-term liabilities due within one year, refundable deposits, long-term borrowings, and other financial liabilities carried at cost after amortization.

(IV) Financial risk management objective and policies

Main financial instruments used by the Group include equity and debt instrument investments, fund beneficiary certificates, accounts receivable, accounts payable, and loans. The Group's Financial Management Department is responsible for supporting business units, making coordinated use of capital, and performing treasury transactions in local and international financial markets. It monitors and manages financial risks within the Group by preparing internal reports, which analyze the scope and severity of risk exposures. These risks include market risk (including currency risk, interest rate risk, and other price risks), credit risk, and liquidity risk.

1. Market risk

(1) Exchange rate risk

See Note 29 for information on financial assets denominated in non-functional currencies as at the balance sheet date. No sensitivity analysis was provided as the effect of exchange rate variation was insignificant.

(2) Interest rate risk

The Group is exposed to interest rate risks due to capital borrowed at both fixed and floating rates by various entities within the group.

The book value of financial assets and financial liabilities susceptible to interest rate risks as at the balance sheet date is presented below:

	December 31, 2022	December 31, 2021
Fair value interest rate risk		
-Financial assets	$ 51,642	$ 8,608
-Financial liabilities	2,287,520	1,654,487
Cash flow interest rate risk		
-Financial assets	124,111	117,882
-Financial liabilities	540,000	1,520,450

Bank deposits and loans that the Group has placed/borrowed at fixed rate are susceptible to interest rate risk in the form of fair value change. However, the management considers the impact of interest rate variation to be insignificant given the short borrowing tenor and low borrowing rate.

Time deposits, demand deposits, and loans that the Group has placed/borrowed at floating rate are susceptible to interest rate risk in the form of cash flow changes.

Sensitivity analysis

The following sensitivity analysis has been prepared to explain interest rate risk exposure of floating-rate financial assets and bank loans as at the balance sheet date. Calculations were made on financial assets and liabilities that were susceptible to interest rate risk in the form of cash flow changes as at the balance sheet date. Interest rate sensitivity analyses are reported to the management by applying a variance of 0.25% above and below. This variance conforms with the management's expectation about the possible and reasonable range of interest rate variation.

A 0.25% increase/decrease in interest rate would have reduced/increased the Group's 2022 and 2021 pre-tax profit by NT$1,040 thousand and NT$3,506 thousand, respectively, if all other variables remained unchanged. This variation is largely attributed to exposure of bank loans undertaken at floating rate.

There was no significant change in the Group's interest rate sensitivity from the previous year.

(3) Other price risk

The Group is exposed to the risk of equity price variation due to investment in domestic and foreign listed equity securities. The Group does not engage in active trading of such investment. Equity price risk of the Group is mainly concentrated in equity instruments issued within the Greater China Region.

Sensitivity analysis

The following sensitivity analysis was conducted based on equity price risks as at the balance sheet date.

If equity prices increased/decreased by 10%, pre-tax profit for 2022 and 2021 would have increased/decreased by NT$15,859 thousand and NT$13,633 thousand, respectively, due to a rise/fall in the fair value of financial assets at FVTPL. Meanwhile, pre-tax other comprehensive income for 2022 and 2021 would have increased/decreased by NT$1,719 thousand and NT$2,220 thousand, respectively, due to a rise/fall in the fair value of financial assets at FVTOCI.

There was no significant change in the Group's equity price sensitivity from the previous year.

2. Credit risk

Credit risk refers to the risk of financial loss due to counterparties' failure in fulfilling contractual obligations. As at the balance sheet date, the Group's maximum exposure to the risk of loss due to counterparties' default on contractual obligations is represented by the book value of financial assets shown on the consolidated balance sheet.

Lease proceeds receivable by the Group were concentrated in three main customers, which accounted for 93% and 95% of the balance as at December 31, 2022 and 2021, respectively. However, the Group expects no significant credit risk as it has collected appropriate amounts of deposit.

Furthermore, due to the fact that the consolidated entity places liquid capital with banks of high credit rating issued by reputable international rating agencies, there should be limited level of credit risk exposure.

3. Liquidity risk

The Group maintains adequate position of cash and cash equivalents as well as bank credit lines to support corporate operations and to mitigate effects of cash flow variation. The management constantly monitors use of bank limits and makes sure that borrowing terms are duly complied.

Maturity analysis for contracted non-derivative financial liabilities was prepared based on the earliest possible repayment dates, using undiscounted cash flows (including principal and estimated interest). Cash flows include interest and principal payments.

The following table shows the earliest times that the Group may be demanded to make immediate repayment of bank loans, without considering the likelihood of such demands. Maturity analysis of other non-derivative financial liabilities is prepared based on the agreed repayment date.

Undiscounted amounts of floating interest cash flow are estimated using yield curve as at the balance sheet date.

December 31, 2022

	Repayable upon demand or within 1 month	1 to 3 months	3 months to 1 year	1 to 5 years
Non-derivative financial liabilities				
Non-interest bearing liabilities	$ 178,648	$ -	$ -	$ -
Floating rate instruments	-	-	140,000	400,000
Fixed rate instruments	293,995	549,525	-	1,444,000
	$ 472,643	$ 549,525	$ 140,000	$ 1,844,000

December 31, 2021

	Repayable upon demand or within 1 month	1 to 3 months	3 months to 1 year	1 to 5 years
Non-derivative financial liabilities				
Non-interest bearing liabilities	$ 156,296	$ -	$ -	$ -
Floating rate instruments	159,100	-	171,350	1,190,000
Fixed rate instruments	136,000	588,487	-	930,000
	$ 451,396	$ 588,487	$ 171,350	$ 2,120,000

Bank borrowing constitutes a main source of liquidity for the Group. As at December 31, 2022 and 2021, the Group had undrawn bank limits of NT$1,728,500 thousand and NT$1,529,900 thousand, respectively.

XXVII. Related party transaction

All income, expenses, and losses of the Company and subsidiaries (being the Company's related parties) have been eliminated during consolidation, and therefore were not disclosed in the footnote.

The Group had paid the following compensations to its directors and the executive management:

	2022	2021
Short-term employee benefits	$ 13,812	$ 15,207
Post-employment benefits	169	164
	$ 13,981	$ 15,371

Compensation to directors and members of the executive management is determined by the Remuneration Committee based on individual performance and market trends.

XXVIII. Pledged Assets

The Group has placed part of its inventory, property, plant, equipment, and investment property as collaterals to secure bank borrowings. Below is a summary of assets pledged as collaterals:

	December 31, 2022	December 31, 2021
Inventories		
- Properties pending sale	$ 443,946	$ 705,672
Property, Plant and Equipment		
- Land	841,989	840,092
- Buildings	739,801	768,365
Investment Property	1,021,923	1,029,946
	$ 3,047,659	$ 3,344,075

XXIX. Foreign currency-denominated financial assets of material impact

The following information was aggregated by the foreign currencies other than functional currencies of the Group and the exchange rates between foreign currencies and respective functional currencies were disclosed. Foreign currency assets of material effect:

December 31, 2022

Financial asset	Foreign currency	Exchange rate	Carrying amount
Monetary items			
USD	$ 1,911	30.710	$ 58,681
RMB	258	4.408	1,136
ZAR	124	1.811	224
			$ 60,041

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	Foreign currency	Exchange rate	Carrying amount
Non-monetary items			
USD	$ 2,902	30.710	$ 89,135
RMB	718	4.408	3,166
ZAR	1,321	1.811	2,392
			$ 94,693

December 31, 2021

Financial asset	Foreign currency	Exchange rate	Carrying amount
Monetary items			
USD	$ 830	27.680	$ 22,988
RMB	488	4.344	2,121
ZAR	1,076	1.733	1,865
			$ 26,974
Non-monetary items			
USD	3,028	27.680	$ 83,811
RMB	616	4.344	2,674
ZAR	544	1.733	942
			$ 87,427

The Group reported net gain/loss (realized and unrealized) on exchange totaling net gain of NT$2,850 thousand in 2022 and net loss of NT$119 thousand in 2021. Due to the broad diversity of foreign currencies used for transactions, the Group was unable to disclose exchange gains/losses separately for each significant foreign currency.

XXX. Additional Disclosures

(I) Information related to significant transactions:

1. Loans to external parties. (None)
2. Endorsements/guarantees to external parties. (None)
3. Marketable securities held at year-end. (Appendix 1)
4. Cumulative purchase or sale of a single security totaling more than NT$ 300 million or 20% of paid-in capital. (None)
5. Acquisition of real estate properties amounting to more than NT$ 300 million or 20% of paid-in capital. (None)

6. Disposal of real estate properties amounting to more than NT$ 300 million or 20% of paid-in capital. (None)
7. Sales and purchases to/from related parties amounting to more than NT$ 100 million or 20% of paid-in capital. (None)
8. Related party receivables amounting to more than NT$ 100 million or 20% of paid-in capital. (None)
9. Trading of derivatives. (None)
10. Others: Major business dealings between the parent company and subsidiaries, and transactions between subsidiaries. (None)

(II) Information on business investments. (Appendix 2)

(III) Information relating to investments in the Mainland. (None)

(IV) Major shareholders: Names of shareholders with more than 5% ownership interest, and the number and percentage of shares held. (Appendix 3)

XXXI. Segments Information

Information provided to the decision maker for resource allocation and performance evaluation; provide explanation by the types of product or service delivered. Reporting segments for the Group are as follows:

Department store segment - Taoyuan Branch
- Taipei Branch

Investment Segment

Construction Segment

Income and business performance of the Company and subsidiaries, reported by segments, are as follows:

Segment revenues and results

The following was an analysis of the Group's revenue and results by the reporting department.

	Segment Revenue		segment profit or loss	
	2022	2021	2022	2021
Department store segment - Taoyuan Branch	$ 195,028	$ 190,986	$ 28,234	$ 19,512
- Taipei Branch	223,679	198,849	159,294	133,232
Investment Segment	6,392	5,431	3,734	2,844
Construction Segment	286,871	133,329	(26,852)	(24,534)
Total from continuing operations	$ 711,970	$ 528,595	164,410	131,054
Other income and interest income			$ 25,778	$ 29,031
Other gains and losses			(42,802)	7,934
Financial costs			(36,573)	(29,685)
Share of profit/loss from equity-accounted associated companies			4,113	3,508
Profit before tax			$ 114,926	$ 141,842

The investment, construction, and food & beverage segments each paid the department store segment a rent of NT$406 thousand and NT$600 thousand in 2022 and 2021, respectively; these amounts have been eliminated upon consolidation. All income of the above reporting segments were generated from transactions with external customers.

Segment gain refers to profits made by each segment. It excludes other income and interest income, other gains and losses, financial cost, share of profit/loss from equity-accounted associated companies, and income tax expense. These amounts are reported to the decision maker for allocating segment resources and evaluating segment performance.

Tonlin Department Store Co., Ltd. and Subsidiaries
Marketable securities held
December 31, 2022

Table 1

Unit: NTD thousand

Holding Company Name	Name and type of marketable security	Relationship with the Holding Company	Financial Statement Account	December 31, 2022				Remarks
				Shares / units	Carrying amount	Shareholding percentage	Fair value	
Tonlin Department Store Co., Ltd.	Common share							
	Harbinger Venture Capital Corp.	-	Equity instrument at FVTOCI - Non-current	3,367	$ -	1.70	$ -	
	Wholesome Biopharm Pty Ltd.	-	Equity instrument at FVTOCI - Non-current	10,000,000	12,630	12.16	12,630	
	KDH Design CO., Ltd.	-	Equity instrument at FVTOCI - Non-current	40,000	-	2.03	-	
	Budworth Investment Limited	-	Equity instrument at FVTOCI - Non-current	15,186	-	1.67	-	
	Julien's International Entertainment Group Co., Ltd.	-	Equity instrument at FVTOCI - Non-current	373,501	4,563	1.30	4,563	
	Preferred share							
	Phyto Ceutica Inc.	-	Equity instrument at FVTOCI - Non-current	20,000	-	-	-	
	Beneficiary certificate							
	CTBC Asia Pacific Real Income Fund	-	Financial assets at FVTPL - Current	200,000.00	2,066	-	2,066	
	Taishin 1699 Money Market	-	Financial assets at FVTPL - Current	3,656,249.56	50,329	-	50,329	
	Allianz Taiwan Money Market Fund	-	Financial assets at FVTPL - Current	2,363,882.27	30,105	-	30,105	
	Neuberger Berman Taiwan 5G Equity Fund	-	Financial assets at FVTPL - Current	143,575.02	1,836	-	1,836	
	Union Money Market Fund	-	Financial assets at FVTPL - Current	745,695.47	10,004	-	10,004	
	Hua Nan Phoenix Money Market Fund	-	Financial assets at FVTPL - Current	908,109.40	15,002	-	15,002	
	SinoPac Yuanta De-Li Money Market Fund	-	Financial assets at FVTPL - Current	2,418,440.60	40,072	-	40,072	
	Fuh Hwa South Africa Short-Term Income ZAR Fund B	-	Financial assets at FVTPL - Current	60,260.90	980	-	980	

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Holding Company Name	Name and type of marketable security	Relationship with the Holding Company	Financial Statement Account	December 31, 2022				Remarks
				Shares / units	Carrying amount	Shareholding percentage	Fair value	
	Pictet-Russian Equities R	-	Financial assets at FVTPL - Current	176.27	$ 288	-	$ 288	
	BlackRock Global Funds - World Technology Fund A2	-	Financial assets at FVTPL - Current	94.08	139	-	139	
	LionGlobal Vietnam Fund	-	Financial assets at FVTPL - Current	43,422.48	795	-	795	
	BlackRock World Mining Fund	-	Financial assets at FVTPL - Current	346.63	676	-	676	
	BNP Paribas Funds Energy Transition	-	Financial assets at FVTPL - Current	400.00	1,187	-	1,187	
	JPMorgan Funds - US Technology Fund A	-	Financial assets at FVTPL - Current	273.84	461	-	461	
	AB - American Income Portfolio AT Inc	-	Financial assets at FVTPL - Current	1,771.84	1,533	-	1,533	
	Allianz Income and Growth (BM)	-	Financial assets at FVTPL - Current	18,315.02	4,668	-	4,668	
	Jih Sun Vietnam Opportunity Fund	-	Financial assets at FVTPL - Current	3,000.00	593	-	593	
	Allianz Income and Growth (AM)	-	Financial assets at FVTPL - Current	2,550.33	595	-	595	
	JPMorgan Funds - Global Natural Resources Fund	-	Financial assets at FVTPL - Current	2,989.07	1,265	-	1,265	
	JPMorgan Funds - Emerging Middle East Equity Fund	-	Financial assets at FVTPL - Current	430.95	411	-	411	
	Allianz Income and Growth (AM) - Rand	-	Financial assets at FVTPL - Current	7,962.74	1,412	-	1,412	
	Franklin Templeton SinoAm New World Fund - CNY	-	Financial assets at FVTPL - Current	9,434.00	701	-	701	
	Nomura Global Infrastructure Megatrend Fund - CNY	-	Financial assets at FVTPL - Current	60,000.00	2,465	-	2,465	
	- Bonds							
	Brazilian Government Bonds (VII)	-	Financial assets at FVTPL - Current	2,000	4,524	-	4,524	
	- Corporate bonds							
	Petroleos Mexicanos corporate bonds (VII)	-	Financial assets at FVTPL - Current	2,500	4,713	-	4,713	
	Apple Inc. Corporate Bonds (VII)	-	Financial assets at FVTPL - Current	1,700	4,233	-	4,233	

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Holding Company Name	Name and type of marketable security	Relationship with the Holding Company	Financial Statement Account	December 31, 2022				Remarks
				Shares / units	Carrying amount	Shareholding percentage	Fair value	
	Altria USD bonds	-	Financial assets at FVTPL - Current	200	$ 5,589	-	$ 5,589	
	Pertamina corporate bonds (III)	-	Financial assets at FVTPL - Current	2,000	5,208	-	5,208	
	Verizon Communications corporate bonds	-	Financial assets at FVTPL - Current	62	1,757	-	1,757	
	4.25% of UnitedHealth Group's corporate bonds	-	Financial assets at FVTPL - Current	127	3,517	-	3,517	
	Corporate bonds of CenturyLink Inc.	-	Financial assets at FVTPL - Current	2,350	4,834	-	4,834	
	Corporate bonds of TSMC Arizona Corporation	-	Financial assets at FVTPL - Current	2,040	5,963	-	5,963	
	Corporate bonds of BMW US Capital LLC	-	Financial assets at FVTPL - Current	1,600	4,545	-	4,545	
	Corporate bonds of AT&T	-	Financial assets at FVTPL - Current	215	6,323	-	6,323	
	Common shares of domestic companies							
	Hon Hai Precision Industry Co., Ltd.	-	Financial assets at FVTPL - Current	35,000	3,496	-	3,496	
	Asia Optical Co. Inc.	-	Financial assets at FVTPL - Current	78,000	4,719	-	4,719	
	FuSheng Precision Co., Ltd.	-	Financial assets at FVTPL - Current	143,000	30,101	-	30,101	
	Crystalvue Medical Corporation	-	Financial assets at FVTPL - Current	93,000	4,836	-	4,836	
	Yageo Corporation	-	Financial assets at FVTPL - Current	2,387	1,076	-	1,076	
	Taiwan Semiconductor Manufacturing Co., Ltd.	-	Financial assets at FVTPL - Current	8,000	3,588	-	3,588	
	Yeong Guan Energy Technology Group Co., Ltd.	-	Financial assets at FVTPL - Current	84,962	4,834	-	4,834	
	Zhen Ding Technology Holding Limited	-	Financial assets at FVTPL - Current	18,400	1,932	-	1,932	
	Delta Electronics, Inc.	-	Financial assets at FVTPL - Current	20,000	5,730	-	5,730	
	YFY Inc.	-	Financial assets at FVTPL - Current	44,000	1,076	-	1,076	

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Holding Company Name	Name and type of marketable security	Relationship with the Holding Company	Financial Statement Account	December 31, 2022				Remarks
				Shares / units	Carrying amount	Shareholding percentage	Fair value	
	Winbond Electronics Corp.	-	Financial assets at FVTPL - Current	73,000	$ 1,431	-	$ 1,431	
	Ardentec Corporation	-	Financial assets at FVTPL - Current	50,000	2,480	-	2,480	
	ShunSin Technology Holdings Limited	-	Financial assets at FVTPL - Current	28,000	2,282	-	2,282	
	Raydium Semiconductor Corporation	-	Financial assets at FVTPL - Current	31,000	9,440	-	9,440	
	United Microelectronics Corporation	-	Financial assets at FVTPL - Current	94,000	3,826	-	3,826	
	China Airlines Ltd.	-	Financial assets at FVTPL - Current	135,000	2,565	-	2,565	
	Dyaco International Inc.	-	Financial assets at FVTPL - Current	62,000	2,523	-	2,523	
	CTBC Financial Holding Co., Ltd.	-	Financial assets at FVTPL - Current	440,000	9,724	-	9,724	
	Unimicron Technology Corp.	-	Financial assets at FVTPL - Current	42,000	5,040	-	5,040	
	SERCOMM CORP.	-	Financial assets at FVTPL - Current	65,000	4,960	-	4,960	
	E-LEAD ELECTRONIC CO.,LTD.	-	Financial assets at FVTPL - Current	64,000	4,493	-	4,493	
	Polaris Group	-	Financial assets at FVTPL - Current	23,000	2,040	-	2,040	
	Orient Europharma Co., Ltd.	-	Financial assets at FVTPL - Current	131,000	4,742	-	4,742	
	Century Iron And Steel Industrial Co.,Lt	-	Financial assets at FVTPL - Current	118,000	10,455	-	10,455	
	E INK HOLDINGS INC.	-	Financial assets at FVTPL - Current	30,000	4,830	-	4,830	
	PHIHONG TECHNOLOGY CO., LTD.	-	Financial assets at FVTPL - Current	60,000	2,367	-	2,367	
	JENTECH PRECISION INDUSTRIAL CO., LTD	-	Financial assets at FVTPL - Current	5,000	1,883	-	1,883	
	NICHIDENBO CORPORATION	-	Financial assets at FVTPL - Current	19,000	999	-	999	
	Fubon FTSE Vietnam ETF	-	Financial assets at FVTPL - Current	90,000	1,002	-	1,002	

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Companies held	Name and type of marketable security	Relationship with the Holding Company	Financial Statement Account	December 31, 2022				Remarks
				Shares / units	Carrying amount	Shareholding percentage	Fair value	
	Formosa Plastics Corporation	-	Financial assets at FVTPL - Current	26,000	$ 2,257	-	$ 2,257	
	SUNNY FRIEND ENVIRONMENTAL TECHNOLOGY CO., LTD	-	Financial assets at FVTPL - Current	9,000	1,557	-	1,557	
	Taiwan High Speed Rail Corporation	-	Financial assets at FVTPL - Current	415,000	11,931	-	11,931	
GUAN CHAN INVESTMENT CO., LTD.	Common share							
	Tonlin Department Store Co., Ltd.	Parent company	Equity instrument at FVTOCI - Non-current	8,750,000	264,688	4.19	264,688	(Note 1 and 2)
	Beneficiary certificate							
	Jih Sun Money Market Fund	-	Financial assets at FVTPL - Current	103,455.50	1,559	-	1,559	
	Taishin 1699 Money Market	-	Financial assets at FVTPL - Current	228,508.64	3,145	-	3,145	
	FSITC Taiwan Money Market	-	Financial assets at FVTPL - Current	26,926.80	419	-	419	
JIA FONG INVESTMENT CO., LTD.	Common share							
	Tonlin Department Store Co., Ltd.	Parent company	Equity instrument at FVTOCI - Non-current	8,767,000	265,202	4.20	265,202	(Note 1 and 2)
	Beneficiary certificate							
	Mega Diamond Money Market	-	Financial assets at FVTPL - Current	182,511.63	2,326	-	2,326	
	FSITC Taiwan Money Market	-	Financial assets at FVTPL - Current	327,162.10	5,088	-	5,088	
SONG YUAN INVESTMENT CO., LTD.	Common share							
	Tonlin Department Store Co., Ltd.	Parent company	Equity instrument at FVTOCI - Non-current	7,366,000	222,821	3.53	222,821	(Note 1 and 2)
	Beneficiary certificate							
	FSITC Taiwan Money Market	-	Financial assets at FVTPL - Current	77,693.80	1,208	-	1,208	
	Taishin 1699 Money Market	-	Financial assets at FVTPL - Current	72,862.93	1,003	-	1,003	
	ASIAN TIGER BOND A2 USD	-	Financial assets at FVTPL - Current	2,308.94	2,573	-	2,573	
	US SENIOR LOAN FUND	-	Financial assets at FVTPL - Current	523.64	2,993	-	2,993	
	GLOBAL REAL ASSET SECURITIES	-	Financial assets at FVTPL - Current	696.28	2,310	-	2,310	

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Holding Company Name	Name and type of marketable security	Relationship with the Holding Company	Financial Statement Account	December 31, 2022				Remarks
				Shares / units	Carrying amount	Shareholding percentage	Fair value	
SHUN TAI INVESTMENT CO., LTD.	AHL TREND ALTERNATIVE	-	Financial assets at FVTPL - Current	1,247.76	$ 6,207	-	$ 6,207	
	NEUBERGER BERMAN UNCORRELATED STRATEGIES	-	Financial assets at FVTPL - Current	4,081.32	1,383	-	1,383	
	Foreign bonds							
	4.305% STANDARD CHARTERED PLC SR UNSECURED	-	Financial assets at FVTPL - Current	200,000	5,478	-	5,478	
	- Foreign shares							
	PAYPAL HOLDINGS INC	-	Financial assets at FVTPL - Current	2,000	4,374	-	4,374	
	Common share							
	Tonlin Department Store Co., Ltd.	Parent company	Equity instrument at FVTOCI - Non-current	8,439,000	255,280	4.04	255,280	(Note 1 and 2)
	Beneficiary certificate							
	FSITC Taiwan Money Market	-	Financial assets at FVTPL - Current	193,695.80	3,012	-	3,012	
	Taishin 1699 Money Market	-	Financial assets at FVTPL - Current	72,866.12	1,003	-	1,003	

Note 1: Subsidiaries' holding of the Company's shares were reclassified as treasury stock, and accounted using the book value at which the Company was recognized as investment by the subsidiary in the beginning of 2002.
Note 2: Fully eliminated when preparing consolidated financial statements.
Note 3: See Appendix 2 for information relating to investments in subsidiaries and associated companies.

Tonlin Department Store Co., Ltd. and Subsidiaries
Information of Investees
2022

Table 2

Unit: NTD thousand

Investor	Investor Company	Location	Main Businesses and Products	Investment Amount		As of December 31, 2022			Current period profit (loss) of the investee (Note 2)	Investment gains (losses) recognized in the current period (Note 2)	Remarks
				December 31, 2022	December 31, 2021	Shares	Percentage (%)	Carrying amount			
Tonlin Department Store Co., Ltd.	De Hong Development Co., Ltd.	Taipei City	General construction	$ 600,000	$ 600,000	45,000,000	100.00	$ 382,899	($ 36,346)	($ 36,346)	Subsidiary (Notes 2)
	Chung Hsiao Enterprise Co., Ltd.	Taipei City	General leasing	151,352	101,952	5,076,000	26.89	183,935	20,822	4,113	Equity-accounted investee (Note 4)
	SONG YUAN INVESTMENT CO., LTD.	Taipei City	Investment	350,000	350,000	35,000,000	100.00	81,024	3,613	(70)	Subsidiary (Notes 1, 2, and 3)
	SHUN TAI INVESTMENT CO., LTD.	Taipei City	Investment	350,000	350,000	35,000,000	100.00	44,008	5,766	1,546	Subsidiary (Notes 1, 2, and 3)
	GUAN CHAN INVESTMENT CO., LTD.	Taipei City	Investment	350,000	350,000	35,000,000	100.00	29,393	4,425	50	Subsidiary (Notes 1, 2, and 3)
	JIA FONG INVESTMENT CO., LTD.	Taipei City	Investment	350,000	350,000	35,000,000	100.00	28,973	4,643	260	Subsidiary (Notes 1, 2, and 3)

Note 1: Subsidiaries' holding of the Company's shares were reclassified as treasury stock, and accounted using the book value at which the Company was recognized as investment by the subsidiary in the beginning of 2002.
Note 2: Calculated based on the entity's audited financial statements as at December 31, 2022.
Note 3: Differences between investment gains/losses the Company had recognized on SONG YUAN INVESTMENT CO., LTD., SHUN TAI INVESTMENT CO., LTD., GUAN CHAN INVESTMENT CO., LTD., and JIA FONG INVESTMENT CO., LTD. and the amount of profit/loss reported by the respective investees were due to distribution of dividends.
Note 4: On November 4, 2022, the Company purchased 1,300,000 shares of Chung Hsiao Industrial Co. Ltd. with NT$49,400 thousand from New Leader Asia Enterprise Ltd. upon the Board’ resolution, and 6.89% of stake was acquired. The delivery was completed on November 7, 2022.

Tonlin Department Store Co., Ltd. and Subsidiaries
Information on main investors
December 31, 2022

Table 3

Name of major shareholder	Shares	
	No. of shares held	Shareholding percentage (%)
SHUEN SHYANG CO., LTD.	35,913,664	17.20
JIN DUO LIH ENTERPRISES PTY. LTD.	22,936,442	10.98
Weng Chun-Chih	21,337,920	10.22
FlySun Development Co., Ltd.	12,579,333	6.02

Note 1: Information on major shareholders, as presented in this chart, was taken from records of Taiwan Depository & Clearing Corporation as at the final business day of the reported quarter, and included parties holding book-entry common and preferred shares (including treasury stock) for an aggregate ownership of 5% and above. Share capital reported in the Company's consolidated financial statements may differ from the number of shares delivered via book entry due to different basis of preparation/calculation.

Note 2: The aforementioned information will be disclosed by the trustors' personal accounts settled by the trustees If the shareholders put the shares into a trust. As for the insider declaration of the ownership percentage over 10%, including the shares on hand and those being put in the trust and may be able to decide the usage of the trust assets, please refer to the declaration information on Market Observation Post System (MOPS).