

Stock Code : 5531

Shining Building Business Co. Ltd.,
And Subsidiaries
Consolidated Financial Statements
for the Years Ended December 31,
2023, and 2022 and Independent
Auditors' Report

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Shining Building Business Co. Ltd.
DECLARATION

The entities that are required to be included in the consolidated financial statements of the Company as of and for the year ended December 31, 2023, under the Criteria Governing the Preparation of Affiliation Reports, Consolidated Business Reports, and Consolidated Financial Statements of Affiliated Enterprises are the same as those included in the consolidated financial statements prepared in conformity with the International Financial Reporting Standard 10, “Consolidated Financial Statements.” In addition, the information required to be disclosed in the combined financial statements is included in the consolidated financial statements. Consequently, Shining Building Business Co. Ltd. and its subsidiaries did not prepare a separate set of combined financial statements.

Very truly yours

Company: Shining Building Business Co. Ltd.
Chairman: Lai Cheng I

March 13, 2024

INDEPENDENT AUDITORS' REPORT

The Board of Directors and Shareholders
Shining Building Business Co. Ltd.

Auditors' Opinions

We have audited the accompanying financial statements of Shining Building Business Co. Ltd. (collectively referred to as the "Company") and subsidiaries (collectively referred to as the "Group"), which comprise the consolidated balance sheets as of December 31, 2023, and 2022, the consolidated statements of comprehensive income, consolidated changes in equity, and consolidated cash flows for the years then ended, and the notes to the consolidated financial statements, including a summary of significant accounting policies (collectively referred to as the "financial statements").

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as of December 31, 2023, and 2022, and its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers, and International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), IFRIC Interpretations (IFRIC), and SIC Interpretations (SIC) endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China ("ROC").

Basis for Opinion

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

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the Group for the year ended December 31, 2023. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

The description of the key audit matter of the Group's consolidated financial statements for the year ended December 31, 2023, is as follows:

1. Revenue recognition

Please refer to Note 4(19) revenue recognition of consolidated financial statements for the accounting policies related to revenue recognition; For the description of revenue recognition, please refer to Note 6(23) revenue of consolidated financial statements.

Description of the key audit:

The Group belongs to the real estate development activities, and the income from real estate sales is the main source of income for operation. The income from real estate sales in 2023 was \$2,995,115 thousand, accounting for 79.26% of the total consolidated revenue; The Group also provides catering and travel services such as room accommodation, catering services, leasing, and operation management services. Therefore, the income from catering and travel services is another major operating income. In 2023, the income from catering and travel services was \$743,825 thousand, accounting for 19.68% of the total consolidated revenue; The timing of recognition of operating revenue and the authenticity of sales have a significant impact on the consolidated financial report.

Revenue from real estate sales is recognized when the real estate transfer is completed and the house is handed over. Due to a large number of sales objects, it is necessary to recognize the sales revenue after examining the ownership transfer and house delivery data one by one, which usually involves many manual operations to determine the correctness of the recognition time point of sales revenue; Due to the large amount and industry characteristics, the product unit price is low, but the number of sales and customers is large, the transaction volume is huge, and the possibility of errors is relatively high, which may lead to material misrepresentation in the consolidated financial statements. Therefore, the recognition of income is one of the important evaluation items for the CPA to perform the audit of the consolidated financial statements of the Group.

Our main audit procedures performed in respect of the key audit matter were as follows:

- (1) Understand the main income patterns, contract terms, and trading conditions;
- (2) Understand and test the effectiveness of internal control related to the sales and collection cycle of the Group;
- (3) Obtain and inspect the detailed sales statement, house purchase and sale contract, house transfer and delivery receipt, house and land ownership certificate of each case, confirm the completion date of transfer registration and house delivery date, and perform the income deadline test to evaluate whether the accounting policy at the time point of income recognition is appropriate and whether the income recognition policy is handled in accordance with the provisions of the relevant provisions.
- (4) Analyze the housing rate and house price, food and beverage pricing, number of visitors, and average consumption, and evaluate the rationality of the amount of meal and travel service income;
- (5) Confirm that the sales report generated by the sales system is consistent with the recorded amount;
- (6) Sampling audit the correctness of customer bills, signing records, and recorded amounts.

2. Inventory valuation

Please refer to Note 4(8) of the consolidated financial statements for the accounting policies related to inventory evaluation; Please refer to Note 5(2)(B) of the consolidated financial statements for the accounting estimates and assumptions uncertainty of inventory evaluation; For the description of inventory evaluation, please refer to Note 6(7) to the consolidated financial statements.

Description of the key audit:

The real estate development activities of the Group are an industry with high capital investment and a long payback period, and its inventory is listed at the lower of cost and net realizable value. At present, the real estate industry is affected by overall economic, and political factors, tax reform, market supply and demand, and other factors. Therefore, the important assumptions and judgments of net realizable value depend on the subjective judgment and estimation of the management or the evaluation of the changes in relevant parameters of real estate appraisal. Therefore, the evaluation of inventory is one of the important evaluation items for the CPA to perform the audit of the consolidated financial report of the Group.

Our main audit procedures performed in respect of the key audit matter were as follows:

- (1) Understand the internal operating procedures and accounting treatment of the Group for the subsequent measurement of these real estate premises;
- (2) Obtain the appraisal data of the net realizable value of the inventory of the Group. Sampling audit sales contracts that have been signed, refer to the latest current real estate prices announced by the Ministry of the Interior or obtain transaction quotations in neighboring areas. Analyze the gross profit rate of the real estate sold in the year and convert it into the net realizable value of the real estate for sale. Obtain the profit plans of the Group for each case, and evaluate whether there is any significant difference between the profits of the construction land and the profits of the sold cases, to evaluate whether the net realizable value of the previously disclosed inventory is properly expressed.

3. Fair value evaluation of investment properties

For the accounting policies related to the fair value evaluation of investment properties, please refer to Note 4(11) in the consolidated financial statements. For the accounting estimates and assumptions uncertainty related to fair value evaluation of investment properties, please refer to Note 5(2)(C) in the consolidated financial statements. For further explanation on the fair value evaluation of investment properties, please refer to Note 6(10) in the consolidated financial statements.

Description of the key audit:

- (1) Evaluate the professional competence, suitability, and objectivity of the real estate appraisers hired by external joint appraisal firms commissioned by the management, and verify their qualifications.
- (2) Understand whether the valuation methods and assumptions comply with the financial reporting standards for the issuer of securities and the technical rules for real estate valuation. Evaluate the relevance and reliability of the data sources and important parameters (such as yield rates and discount rates) used in the valuation report and confirm the reasonableness of the valuation results.

Other Matter

We have also audited the parent company only financial statements of Shining Building Business Co. Ltd. as of and for the years ended December 31, 2023, and 2022 on which we have issued an unmodified opinion.

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

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

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

Those charged with governance, including members of the audit committee, are responsible for overseeing the Group's financial reporting process.

Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

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

As part of an audit in accordance with the auditing standards generally accepted in the Republic of China, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

1. Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
2. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
3. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

4. Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group to cease to continue as a going concern.
5. Evaluate the overall presentation, structure, and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
6. Obtain sufficient and appropriate audit evidence regarding the financial information of entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision, and performance of the group audit. We remain solely responsible for our audit opinion.

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

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements for the year ended December 31, 2023 and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Crowe (TW) CPAs

Accountant: Hung Suk Fan

Accountant: Hslao You Wen

No.: Financial-Supervisory-Securities-Auditing-1070118530

No.: Financial-Supervisory-Securities-Auditing-1120333782

March 13, 2024

Shining Building Business Co. Ltd., And Subsidiaries

CONSOLIDATED BALANCE SHEETS

YEARS ENDED DECEMBER 31, 2023 AND 2022

(In Thousands of New Taiwan Dollars)

CODE	ASSETS	NOTE	2023. 12. 31		2022. 12. 31		CODE	LIABILITIES AND EQUITY	NOTE	2023. 12. 31		2022. 12. 31	
			AMOUNT	%	AMOUNT	%				AMOUNT	%	AMOUNT	%
	CURRENT ASSETS						CURRENT LIABILITIES						
1100	Cash and cash equivalents	6(1)	\$ 363,635	1	\$ 480,056	1	2100	Current borrowings	6(11), 6(32) and 6(34)	\$ 433,864	1	\$ 382,156	1
1150	Notes receivable, net	6(4)	-	-	3,578	-	2110	Short-term notes and bills payable, net	6(12), 6(32) and 6(34)	3,436,559	8	2,097,626	5
1170	Accounts receivable, net	6(5)	23,944	-	9,792	-	2130	Current contract liabilities	6(23)	1,114,965	3	1,869,119	5
1180	Accounts receivable due from related parties, net	7	-	-	66	-	2150	Notes payables	6(34)	102,869	-	122,534	-
1200	Other receivables	6(6)	463,084	1	402,687	1	2170	Accounts payables	6(34)	4,401,242	11	4,819,883	12
1210	Other receivables due from related parties	7	875,314	2	151,871	-	2180	Accounts payable to related parties	6(34) and 7	32,889	-	35,408	-
1220	Current tax assets		930	-	1,282	-	2200	Other payables	6(34)	1,609,924	4	587,264	2
130X	Current inventories	6(7)and 8	18,619,822	45	19,441,846	48	2220	Other payables to related parties	6(32), 6(34) and 7	2,064,419	5	1,824,599	5
1410	Prepayments		215,424	1	232,390	1	2230	Current tax liabilities		2,781	-	-	-
1479	Other current financial assets	8	556,420	1	3,701,350	9	2250	Current provisions		8,678	-	8,540	-
1479	Other current assets, others		229,652	1	226,748	1	2280	Current lease liabilities	6(9), 6(32), 6(34) and 7	4,229	-	4,735	-
	Total current assets		21,348,225	52	24,651,666	61	2320	Long-term liabilities - current portion	6(13) 6(14) 6(32) 6(33)and 6(34)	4,626,637	11	7,211,411	18
	NON-CURRENT ASSETS						2399	Other current liabilities, others		33,783	-	110,684	-
1510	Non-current financial assets at fair value through profit or loss	6(2) and 6(33)	3,071	-	3,071	-		Total current liabilities		17,872,839	43	19,073,959	48
1517	Non-current financial assets at fair value through other comprehensive income	6(3) and 6(33)	-	-	9	-	NON-CURRENT LIABILITIES						
1600	Property, plant, and equipment	6(8) and 8	9,902,541	24	10,527,919	26	2540	Non-current portion of non-current borrowings	6(14) 6(32) 6(33) and 6(34)	11,219,615	27	9,697,916	24
1755	Right-of-use assets	6(9), 7 and 8	1,048,916	3	1,115,232	3	2570	Deferred tax liabilities	6(29)	149,502	-	89,778	-
1760	Investment properties	6(10), 6(33) and 8	2,555,682	6	1,482,686	4	2580	Non-current lease liabilities	6(9) 6(32) 6(34) and 7	14,359	-	2,591	-
1780	Intangible assets		4,638	-	6,304	-	2630	Long-term deferred revenue	6(15)	222,870	1	242,265	1
1840	Deferred tax assets	6(29)	839,501	2	715,343	2	2635	Preferred stock liability-non-current	6(17) 6(18) 6(32) and 6(33)	1,000,000	3	-	-
1920	Guarantee deposits paid	6(33),7 and 8	5,353,113	13	1,617,614	4	2640	Net defined benefit liability, non-current	6(16)	13,341	-	15,225	-
1980	Other financial assets - non-current	8	1,359	-	1,156	-	2645	Guarantee deposits received	6(32) 6(33) and 6(34)	40,295	-	35,436	-
	Total non-current assets		19,708,821	48	15,469,334	39		Total non-current liabilities		12,659,982	31	10,083,211	25
								Total liabilities		30,532,821	74	29,157,170	73
							EQUITY ATTRIBUTABLE TO OWNERS OF PARENT						
							3110	Ordinary share	6(18)	9,775,892	24	9,775,892	24
							3200	Capital surplus	6(19)	13,755	-	20,351	-
							3300	Retained earnings	6(20)	884,915	2	1,134,025	3
							3400	Other equity interest	6(21)	(544,805)	(1)	(489,890)	(1)
								Total equity attributable to owners of parent		10,129,757	25	10,440,378	26
	TOTAL		\$ 41,057,046	100	\$ 40,121,000	100	36XX	NON - CONTROLLING INTERESTS	6(22)	394,468	1	523,452	1
								Total equity		10,524,225	26	10,963,830	27
										\$41,057,046	100	\$40,121,000	100

(The accompanying Note is an integral part of the consolidated financial statements)

Chairman: Lai Cheng I

Manager: Fang, Wei-Min

Accounting Supervisor:Liao Pei Chi

Shining Building Business Co. Ltd., And Subsidiaries
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022

(In Thousands of New Taiwan Dollars)

CODE	ITEM	NOTE	2023		2022	
			AMOUNT	%	AMOUNT	%
4000	OPERATING REVENUE	6(10), 6(23), 7 and 14	\$ 3,778,781	100	\$ 1,330,284	100
5000	OPERATING COSTS	6(7), 6(16) , 6(28) and 7	(2,783,093)	(74)	(975,138)	(73)
5900	GROSS PROFIT		995,688	26	355,146	27
	OPERATING EXPENSES	6(5), 6(6), 6(9), 6(10), 6(16), 6(28) and 7				
6100	Selling expenses		(472,654)	(12)	(475,439)	(36)
6200	Administrative expenses		(808,145)	(21)	(821,853)	(62)
6450	Reversal of impairment loss on expected credit		5,291	-	708	-
6000	Total operating expenses		(1,275,508)	(33)	(1,296,584)	(98)
6900	NET OPERATING (LOSS)INCOME		(279,820)	(7)	(941,438)	(71)
	NON-OPERATING INCOME AND EXPENSES					
7100	Interest income	6(24) and 14	81,460	2	71,391	5
7010	Other income	6(25)	167,997	4	63,818	5
7020	Other gains and losses	6(26)	409,759	11	(420,695)	(32)
7050	Finance costs	6(27) and 7	(797,192)	(21)	(631,178)	(47)
7000	Total non-operating income and expenses		(137,976)	(4)	(916,664)	(69)
7900	PROFIT BEFORE INCOME TAX		(417,796)	(11)	(1,858,102)	(140)
7950	TAX INCOME(EXPENSE)	6(29)	31,707	1	222,211	17
8200	PROFIT(LOSS)		(386,089)	(10)	(1,635,891)	(123)
	OTHER COMPREHENSIVE INCOME (LOSS)	6(16), 6(29) and 6(30)				
8310	Components of other comprehensive income that will not be reclassified to profit or loss					
8311	Gains (losses) on remeasurements of defined benefit plans		(91)	-	7,454	1
8316	Unrealized profit of equity instrument investment measured at fair value through other comprehensive income		(9)	-	-	-
8349	Income tax related to components of other comprehensive income that will not be reclassified to profit or loss		20	-	(1,490)	-
8360	Components of other comprehensive income that will be reclassified to profit or loss					
8361	Exchange differences on translation		(68,635)	(2)	602,590	45
8399	Income tax related to components of other comprehensive income that will be reclassified to profit or loss		13,727	-	(120,519)	(9)
8300	Other comprehensive income, net		(54,988)	(2)	488,035	37
8500	TOTAL COMPREHENSIVE INCOME		\$ (441,077)	(12)	\$ (1,147,856)	(86)
8600	PROFIT(LOSS), ATTRIBUTABLE TO:					
8610	Attributable to owners of parent		\$ (195,191)	(5)	\$ (1,375,980)	(103)
8620	Attributable to non-controlling interests		(190,898)	(5)	(259,911)	(20)
	PROFIT(LOSS)		\$ (386,089)	(10)	\$ (1,635,891)	(123)
8700	COMPREHENSIVE INCOME (LOSS) ATTRIBUTABLE TO:					
8710	Comprehensive income, attributable to owners of parent		\$ (250,181)	(7)	\$ (888,164)	(67)
8720	Comprehensive income, attributable to non-controlling interests		(190,896)	(5)	(259,692)	(19)
	TOTAL COMPREHENSIVE INCOME		\$ (441,077)	(12)	\$ (1,147,856)	(86)
	EARNINGS PER SHARE:	6(31)				
9750	Basic earnings per share (NT\$)		\$ (0.20)		\$ (1.41)	
9850	Diluted earnings per share (NT\$)		\$ (0.20)		\$ (1.41)	

(The accompanying Note is an integral part of the consolidated financial statements)

Chairman: Lai Cheng I Manager: Fang, Wei-Min Accounting Supervisor:Liao Pei Chi

Shining Building Business Co. Ltd., And Subsidiaries
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022

(In Thousands of New Taiwan Dollars)

	Equity Attributable to Owners of the Company									
	Retained Earnings					Retained Earnings				
	Ordinary share	Capital Surplus	Legal Reserve	Special Reserve	Accumulated loss	Exchange differences on translation of foreign financial statements	Unrealized gains (losses) on financial assets measured at fair value through other comprehensive income	Total	Non-controlling Interests	Total Equity
BALANCE, DECEMBER 31, 2022	\$ 9,775,892	\$ 21,754	\$ 1,305,280	\$ 1,457,140	\$ (258,160)	\$ (971,368)	\$ (593)	\$ 11,329,945	\$ 751,457	\$ 12,081,402
Net loss for 2022	-	-	-	-	(1,375,980)	-	-	(1,375,980)	(259,911)	(1,635,891)
Other comprehensive income (loss) for 2022	-	-	-	-	5,745	482,071	-	487,816	219	488,035
Total comprehensive income (loss) for 2022	-	-	-	-	(1,370,235)	482,071	-	(888,164)	(259,692)	(1,147,856)
Changes in ownership interest of subsidiaries	-	(1,403)	-	-	-	-	-	(1,403)	1,403	-
Changes in non-controlling interests	-	-	-	-	-	-	-	-	30,284	30,284
BALANCE, DECEMBER 31, 2022	9,775,892	20,351	1,305,280	1,457,140	(1,628,395)	(489,297)	(593)	10,440,378	523,452	10,963,830
Net loss for 2023	-	-	-	-	(195,191)	-	-	(195,191)	(190,898)	(386,089)
Other comprehensive income (loss) for 2023	-	-	-	-	(75)	(54,908)	(7)	(54,990)	2	(54,988)
Total comprehensive income (loss) for 2023	-	-	-	-	(195,266)	(54,908)	(7)	(250,181)	(190,896)	(441,077)
Changes in ownership interest of subsidiaries	-	(6,596)	-	-	(53,844)	-	-	(60,440)	60,440	-
Changes in non-controlling interests	-	-	-	-	-	-	-	-	1,472	1,472
BALANCE, DECEMBER 31, 2023	<u>\$ 9,775,892</u>	<u>\$ 13,755</u>	<u>\$ 1,305,280</u>	<u>\$ 1,457,140</u>	<u>\$ (1,877,505)</u>	<u>\$ (544,205)</u>	<u>\$ (600)</u>	<u>\$ 10,129,757</u>	<u>\$ 394,468</u>	<u>\$ 10,524,225</u>

(The accompanying Note is an integral part of the consolidated financial statements)

Chairman: Lai Cheng I Manager: Fang, Wei-Min Accounting Supervisor: Liao Pei Chi

Shining Building Business Co. Ltd., And Subsidiaries
CONSOLIDATED STATEMENTS OF CASH FLOWS

FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022

(In Thousands of New Taiwan Dollars)

ITEM	2023	2022
CASH FLOWS FROM OPERATING ACTIVITIES		
Net loss before tax	\$ (417,796)	\$ (1,858,102)
Adjustments for:		
Adjustments to reconcile profit (loss)		
Depreciation expense	540,509	547,564
Amortization expense	52,231	50,927
Reversal of impairment loss on expected credit	(5,291)	(708)
Interest expenses	797,192	631,178
Interest income	(81,460)	(71,391)
Loss (profit) on disposal and scrapping of property, plant, and equipment	353	(71)
Reversal of impairment losses on property, plant, and equipment	-	(12,412)
Reversal of inventory write-downs	(613)	(61,748)
Fair value adjustments profit on investment properties	(517,353)	(3,578)
Revenue recognized from long-term deferred revenue	(15,244)	(14,557)
Total adjustments to reconcile profit (loss)	<u>770,324</u>	<u>1,065,204</u>
Changes in operating assets and liabilities:		
Notes receivable	3,578	25,800
Accounts receivable	(8,633)	70,916
Accounts receivable - related parties	66	(1)
Other receivables	5,528	4,867
Other receivables - related parties	(17,490)	13,557
Inventories	560,104	(4,264,483)
Prepayments	(33,646)	(39,763)
Other current assets	(2,904)	19,354
Contract liabilities	(746,001)	952,172
Notes payable	(19,665)	10,665
Accounts payable	(418,641)	2,796,887
Accounts payable - related parties	(2,519)	20,832
Other payable	51,918	(97,160)
Other payable - related parties	34,054	37,467
Provision for current liabilities	138	575
Other current liabilities	(76,901)	30,689
Net defined benefit liability	(1,975)	(344)
Net changes in assets and liabilities related to operating activities	<u>(672,989)</u>	<u>(417,970)</u>
Cash inflow (outflow) generated from operations	<u>(320,461)</u>	<u>(1,210,868)</u>
Interest received	10,420	16,287
Interest paid	(385,840)	(380,585)
Income tax paid	(15,847)	(24,943)
Net cash flows from operating activities	<u>(711,728)</u>	<u>(1,600,109)</u>

Continued on page 11

(The accompanying Note is an integral part of the consolidated financial statements)

Chairman: Lai Cheng I

Manager: Fang, Wei-Min

Accounting Supervisor: Liao Pei Chi

Shining Building Business Co. Ltd., And Subsidiaries
CONSOLIDATED STATEMENTS OF CASH FLOWS

FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022

(In Thousands of New Taiwan Dollars)

ITEM	2023	2022
Continued from page 10		
CASH FLOWS FROM INVESTING ACTIVITIES:		
Acquisition of property, plant, and equipment	\$ (21,804)	\$ (23,363)
Increase in refundable deposits	(944,453)	(324,402)
Increase in intangible assets	-	(952)
Increase in other receivable-related parties	(705,953)	-
Decrease (Increase) in other financial assets	276,239	(136,320)
Net cash flows from investing activities	<u>(1,395,971)</u>	<u>(485,037)</u>
CASH FLOWS FROM FINANCING ACTIVITIES:		
Increase (decrease) in short-term loans	51,708	(503,625)
Increase (decrease) in short-term notes and bills payable	1,342,000	(161,000)
(Repayments) proceeds from issuing bonds	(1,157,249)	(373,910)
Proceeds (repayments) from long-term debt	317,981	2,119,821
Issuance of preferred stock liability	1,000,000	-
Increase(decrease) in guarantee deposits received	4,859	1,757
Increase in other payables to related parties	224,279	48,965
Payments of lease liabilities	<u>(5,503)</u>	<u>(5,599)</u>
Net cash flows from financing activities	<u>1,778,075</u>	<u>1,126,409</u>
EFFECTS OF EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENTS	<u>213,203</u>	<u>347,011</u>
NET DECREASE IN CASH AND CASH EQUIVALENTS	(116,421)	(611,726)
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF PERIOD	<u>480,056</u>	<u>1,091,782</u>
CASH AND CASH EQUIVALENTS AT THE END OF PERIOD	<u>\$ 363,635</u>	<u>\$ 480,056</u>

(The accompanying Note is an integral part of the consolidated financial statements)

Chairman: Lai Cheng I

Manager: Fang, Wei-Min

Accounting Supervisor: Liao Pei Chi

Shining Building Business Co. Ltd., And Subsidiaries
Notes to Consolidated Financial Statements
FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

1. GENERAL INFORMATION

Shining building business Co. Ltd. (hereinafter referred to as the Company) was incorporated on May 29, 1990, with the approval of the Ministry of Economic Affairs. Its registered address is No.408, sec.2, Taiwan Blvd., West Dist., Taichung City, Taiwan, R.O.C. It is mainly engaged in the business of entrusting construction firms to build commercial buildings, and rent, and sell public housing. Please refer to Note 4 (3) B for the description.

The Company was public issued on November 27, 1996, with the approval of the Securities and Futures Bureau, Financial Supervisory Commission, R.O.C. On 19 June 2001, it was approved to be listed on the OTC. On 31 January 2005, shares of the Company have been listed on the TWSE.

2. APPROVAL OF FINANCIAL STATEMENTS

The consolidated financial statements were approved and published by the Company's board of directors on March 13, 2024.

3. APPLICATION OF NEW, AMENDED, AND REVISED STANDARDS AND INTERPRETATIONS

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

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

<u>New Standards, Interpretations, and Amendments</u>	<u>Effective date by IASB</u>
Amendments to IAS 1 "Disclosure of Accounting Policies"	January 1, 2023 (Note 1)
Amendments to IAS 8 "Definition of Accounting Estimates"	January 1, 2023 (Note 2)
Amendment to IAS 12 "Deferred Tax Related to Assets and Liabilities Arising from a Single Transaction"	January 1, 2023 (Note 3)
Amendments to IAS 12 "International Tax Reform—Pillar Two Model Rules"	(Note 4)

Note 1: The amendments will be applied prospectively for annual reporting periods beginning on or after January 1, 2023.

Note 2: The amendments are applicable to changes in accounting estimates and changes in accounting policies that occur on or after the beginning of the annual reporting period beginning on or after January 1, 2023.

Note 3: Except for otherwise specified with for temporary differences associated with leases and decommissioning obligations, the amendments will be applied prospectively to transactions that occur on or after January 1, 2022.

Note 4 : With regards to the temporary exemption provision under IAS 12 (i.e., entities shall not recognize deferred tax assets and liabilities related to pillar two income taxes, nor disclose related information; however, entities shall disclose the application of this exemption in the financial statements), upon issuance of this amendment (May 23, 2023), immediate retrospective application shall be made in accordance with IAS 8. Other disclosure requirements shall apply to annual reporting periods beginning on or after January 1, 2023; there is no requirement to disclose such other information for interim reporting periods ending before December 31, 2023.

After assessing the criteria and explanations provided above, it has been determined that they do not have a significant impact on the financial condition and financial performance of the group.

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

New standards, interpretations, and amendments endorsed by the FSC effective from 2024 are as follows:

<u>New Standards, Interpretations, and Amendments</u>	<u>Effective date by IASB</u>
Amendments to IFRS 16 “Lease Liability in a Sale and Leaseback”	January 1, 2024 (Note 1)
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
Amendments to IAS7 and IFRS7”Supplier Finance Arrangements”	January 1, 2024 (Note 2)

Note 1: The seller cum lessee shall retrospectively apply the provisions of this amendment in accordance with IAS 8 to sale and leaseback transactions entered into after the initial application date of IFRS 16.

Note 2: This amendment provides certain transitional relief provisions, whereupon initial application, enterprises are not required to disclose comparative information, interim period information, nor the initial information as specified in paragraph 44H(b)(ii) (iii).

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

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

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

<u>New Standards, Interpretations, and Amendments</u>	<u>Effective date by IASB</u>
Amendments to IFRS 10 and IAS 28 “Sale or Contribution of Assets between an Investor and its Associate or Joint Venture”	To be determined
IFRS 17 “Insurance Contracts”	January 1, 2023
Amendment to IFRS 17, “Initial application of IFRS 17 and IFRS 9 - comparative information”	January 1, 2023
Amendments to IAS 21 “Lack of Exchangeability”	January 1, 2025

The Group continues in evaluating the impact on its financial position and financial performance as a result of the initial adoption of the aforementioned standards or interpretations and related applicable periods. The related impact will be disclosed when the Group completes the evaluation.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies applied in the preparation of these consolidated financial statements are set out below. These policies have been consistently applied to all the periods presented unless otherwise stated.

(1) Compliance statement

The accompanying consolidated financial statements have been prepared in conformity with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and the IFRSs.

(2) Basis of preparation

- A. Except for the following items, these consolidated financial statements have been prepared under the historical cost convention:
 - a. Financial assets and financial liabilities (including derivative instruments) at fair value through profit or loss.
 - b. Other financial assets at fair value through profit or loss.
 - c. Liabilities of the cash delivery share-based payment agreement at fair value.
 - d. Defined benefit liabilities are recognized based on the net amount of pension fund assets less the present value of defined benefit obligation.
- B. The preparation of financial statements in compliance with IFRSs requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Group's accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in Note 5.

(3) Basis of consolidation

- A. Basis for preparation of consolidated financial statements:
 - a. All subsidiaries are included in the Group's consolidated financial statements. Subsidiaries are all entities (including structured entities) controlled by the Group. The Group controls an entity when the Group is exposed or has rights, to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Consolidation of subsidiaries begins from the date the Group obtains control of the subsidiaries and ceases when the Group loses control of the subsidiaries.
 - b. Inter-company transactions, balances, and unrealized gains or losses on transactions between companies within the Group are eliminated. The accounting policies of subsidiaries have been adjusted where necessary to ensure consistency with the policies adopted by the Group.
 - c. Profit or loss and each component of other comprehensive income is attributed to the owners of the parent and the non-controlling interests. Total comprehensive income is attributed to the owners of the parent and the non-controlling interests even if this results in the non-controlling interests having a deficit balance.
 - d. Changes in a parent's ownership interest in a subsidiary that do not result in the parent losing control of the subsidiary (transactions with non-controlling interests) are accounted for as equity transactions, i.e. transactions with owners in their capacity as owners. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognized directly in equity.
 - e. When the Group loses control of a subsidiary, the Group re-measures any investment retained in the former subsidiary at its fair value. That fair value is regarded as the fair value on initial recognition of a financial asset or the cost of initial recognition of the associate or joint venture. Any difference between fair value and the carrying amount is recognized in profit or loss. All amounts previously recognized in other comprehensive income in relation to the subsidiary are reclassified to profit or loss or transferred directly to retained earnings as appropriate, on the same basis as would be required if the related assets or liabilities were disposed of. That is when the Group loses control of a subsidiary, all gains or losses previously recognized in other comprehensive income in relation to the subsidiary should be reclassified from equity to profit or loss if such gains or losses would be reclassified to profit or loss when the related assets or liabilities are disposed of.

B. The consolidated entities were as follows:

Investee	Subsidiary	Main Businesses	Percentage of Ownership		Description
			December 31, 2023	December 31, 2022	
The Company	Taiyu Construction Co., Ltd.	Construction of buildings and civil engineering	92.70%	92.70%	Note 3
The Company	Headway Investment Ltd. (Headway)	Investment	66.67%	66.67%	
The Company	Baihuang Investment Co., Ltd	Investment	100.00%	100.00%	
The Company	Dinglin International Enterprise Co., Ltd.	Residential and building development lease and sale business	51.00%	51.00%	
The Company	168 Investment Ltd. (168)	Investment	95.59%	95.43%	Note 4
The Company	Quantum Investment Ltd. (Quantum)	Investment	85.38%	84.65%	Note 6
The Company	Diamond Overseas Co., Ltd. (Diamond)	Investment	100.00%	100.00%	
The Company	Fast Growth Limited (Fast)	Investment	100.00%	100.00%	Note 1
Taiyu Construction Co., Ltd.	Worldwide Overseas Corp. (Worldwide)	Engineering Consultant	100.00%	100.00%	
Baihuang Investment Co., Ltd	Dinglin International Enterprise Co., Ltd	Residential and building development lease and sale business	49.00%	49.00%	
Headway	Gold Square Investment Ltd. (Gold Square)	Investment	100.00%	100.00%	
Headway	Qingdao Xiangdu Investment Co., Ltd. (Qingdao)	Investment	100.00%	100.00%	
168	Nanjing Dingzheng Real Estate Co., Ltd (Nanjing)	Operation and construction of hotels and real estate development	100.00%	100.00%	
Quantum	Billion Capital Holding Co., Ltd. (Billion)	Investment	100.00%	100.00%	Note 7
Billion	Chengdu Dingkang Real Estate Co., Ltd (Chengdu)	Business management service	100.00%	100.00%	Note 2
Fast	Century Up Ltd. (Fast)	Investment	81.21%	77.28%	Note 5
Nanjing Dingzheng Real Estate Co., Ltd.	Nanjing Dingzheng Hotel Co., Ltd (Nanjing)	Hotel operation and management	100.00%	100.00%	
Chengdu Chunya Co., Ltd	Chengdu Dingkang Real Estate Co., Ltd (Chengdu)	Real estate development	100.00%	100.00%	Note 2
Century Up Ltd.	Qingdao Dinglin International Business Management Co., Ltd (Qingdao)	Hotel operation and management	79.94%	79.94%	
Qingdao Dinglin International Business Management Co., Ltd.	Qingdao Dinglin Hotel Co., Ltd (Qingdao)	Hotel operation and management	100.00%	100.00%	
Qingdao Dinglin International Business Management Co., Ltd.	Hubei Guangjiang Real Estate Co., Ltd. (Hubei)	Real estate development	-	-	Note 5
Qingdao Dinglin International Business Management Co., Ltd.	Guangjiang (Hubei) Hotel Co., Ltd (Guangjiang)	Hotel operation and management	-	-	Note 5

Note 1: On March 14, 2022, Fast decided to reduce its capital, with the base date set on March 15, 2022, and the reduction amount being CNY 52,900 thousand. Additionally, on March 28, September 20, and December 26, 2022, the board of directors decided to conduct cash capital increases, with the amounts being USD 4,723 thousand, USD 708 thousand, and USD 3,223 thousand, respectively. The base dates for the capital increases were March 31, September 21, and December 30, 2022, respectively.

Fast increased its capital by USD 2,900 thousand, CNY 10,000 thousand and USD 10,061 respectively on March 14, March 29, and June 27, 2023. The base dates of capital increase are March 31, March 31 and June 30, 2023 respectively

Note 2: On September 21, 2021, the Group's subsidiary, Chengdu Chunya Co., Ltd., signed an equity financing contract with Jiaying Yuerong's business management partnership (limited partnership) and its related enterprises. Although the direct and indirect shareholding of Chengdu Dingkang real estate Co., Ltd. is less than 50%, in essence, the Group can still lead the operation activities of Chengdu Dingkang real estate Co., Ltd., has the right to participate in the variable remuneration and have the ability to affect it. Therefore, it is proposed to continue to include Chengdu Dingkang real estate Co., Ltd. in the consolidated financial statements in accordance with the judgment guidance of IFRS 10 and the special factors of the instruction described in IFRS 10: B18, B19, and B20.

Note 3: Taiyu Construction Co., Ltd. resolved to conduct a cash capital increase of NT\$ 91,000 thousand on May 31, 2022. The base date for the capital increase was June 29, 2022, and the Company's shareholding percentage increased to 92.70%.

Note 4: On December 26, 2022, 168 resolved to conduct a cash capital increase of USD 416 thousand. The base date for the capital increase was December 30, 2023, and the Company's shareholding percentage increased to 95.43%.

On March 14, 2023, 168 resolved to conduct a cash capital increase of USD 7,997 thousand. The base date for the capital increase was March 31, 2023, and the Company's shareholding percentage increased to 95.59%.

Note 5: On June 27, 2023, Century Up Ltd. (Fast) resolved to conduct a cash capital increase of USD 6,534 thousand. The base date for the capital increase was June 30, 2023, and the Company's shareholding percentage increased to 81.21%.

Note 6: On September 23 and December 18, 2023, Quantum resolved to conduct a cash capital increase of USD 2,571 thousand and USD 686 thousand respectively. The base dates for the capital increase were September 30 and December 29, 2023 respectively, and the Company's shareholding percentage increased to 85.38%.

Note 7: On September 23 and December 18, 2023, Billion resolved to conduct a cash capital increase of USD 2,571 thousand and USD 686 thousand respectively. The bases dates for the capital increase were September 30 and December 29, 2023 respectively.

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

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

E. Material restrictions:

As of December 31, 2023, there were NT\$163,432 thousand in cash and bank deposits held in China, which was intended for local project development. Due to local foreign exchange controls, these funds are restricted from being transferred out of China (excluding normal dividends).

F. Contents of the parent company's securities held by subsidiaries: None.

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

Name of subsidiary	Non-controlling interest			
	2023.12.31		2022.12.31	
	Shareholding ratio	Amount	Shareholding ratio	Amount
Century Up Ltd.	18.79%	\$ (174,521)	22.72%	\$ (93,648)

a. For information on the main operation locations and registration countries of the above-mentioned subsidiaries, please refer to Note 13 (2).

b. Summarized financial information:

i. Balance sheet:

	Fast and subsidiaries	
	2023.12.31	2022.12.31
Current assets	\$ 5,300,336	\$ 4,490,185
Non-current assets	6,080,603	6,035,850
Current liabilities	(4,260,923)	(5,666,862)
Non-current liabilities	(5,157,535)	(2,954,230)
Interest	<u>\$ 1,962,481</u>	<u>\$ 1,904,943</u>

ii. Statement of comprehensive income:

	Fast and subsidiaries	
	2023	2022
Revenue	<u>\$ 475,360</u>	<u>\$ 367,075</u>
Loss for the period	\$ (393,380)	\$ (709,808)
Other comprehensive loss(net after-tax)	(4,908)	(221,483)
Total comprehensive loss or profit for the period	<u>\$ (398,288)</u>	<u>\$ (931,291)</u>
Net profit attributable to non-controlling interest	<u>\$ (138,347)</u>	<u>\$ (212,753)</u>
Comprehensive loss or profit attributable to non-controlling interest	<u>\$ (138,347)</u>	<u>\$ (212,753)</u>
Dividends paid to non-controlling interest	<u>\$ -</u>	<u>\$ -</u>

iii. Statements of cash flows:

	Fast and subsidiaries	
	2023	2022
Net cash provided by operating activities	\$ (175,024)	\$ 198,874
Net cash used in investing activities	(1,203,794)	(322,235)
Net cash provided by financing activities	1,407,311	207,545
The impact of exchange rate changes on cash and cash equivalents	<u>37,017</u>	<u>(73,762)</u>
Net increase (decrease) in cash and cash equivalents	65,510	10,422
Cash and cash equivalents at beginning of the period	<u>28,326</u>	<u>17,904</u>
Cash and cash equivalents at end of the period	<u>\$ 93,836</u>	<u>\$ 28,326</u>

(4) Foreign currency translation

- A. Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates (the "functional currency"). The consolidated financial statements are presented in New Taiwan dollars, which is the Company's functional and the Company's presentation currency.
- B. In preparing the parent company only financial statements of each consolidated entity, transactions in currencies other than the entity's functional currency (foreign currencies) are recognized at the rates of exchange prevailing at the dates of the transactions. At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Such exchange differences are recognized in profit or loss in the year in which they arise. Non-monetary items measured at fair value that are denominated in foreign currencies are retranslated at the rates prevailing at the date when the fair value was determined. Exchange differences arising on the retranslation of non-monetary items are included in profit or loss for the year except for exchange differences arising on the retranslation of non-monetary items in respect of which gains and losses are recognized directly in other comprehensive income, in which case, the exchange differences are also recognized directly in other comprehensive income. Non-monetary items that are measured in terms of historical cost in foreign currencies are recognized at the rates of exchange prevailing at the dates of the transactions and are not retranslated.
- C. For the purposes of presenting consolidated financial statements, the assets and liabilities of the foreign operations are translated into NT\$ using exchange rates prevailing at the end of each reporting period. Income and expense items are translated at the average exchange rates for the period. Exchange differences arising, if any, are recognized in other comprehensive income and accumulated in equity (attributed to non-controlling interests as appropriate).

(5) Classification of Current and Noncurrent Assets and Liabilities

- A. Assets that meet one of the following criteria are classified as current assets:
 - a. Assets arising from operating activities that are expected to be realized, or are intended to be sold or consumed within the normal operating cycle;
 - b. Assets held mainly for trading purposes;
 - c. Assets that are expected to be realized within twelve months from the balance sheet date;
 - d. Cash and cash equivalents, excluding restricted cash and cash equivalents and those that are to be exchanged or used to settle liabilities more than twelve months after the balance sheet date.

Otherwise, they are classified as non-current assets.

- B. Liabilities that meet one of the following criteria are classified as current liabilities:
 - a. Liabilities that are expected to be settled within the normal operating cycle;
 - b. Liabilities arising mainly from trading activities;
 - c. Liabilities that are to be settled within twelve months from the balance sheet date, even if an agreement to refinance or to reschedule payments on a long-term basis is completed after the balance sheet date and before the financial reports are authorized for issue.
 - d. Liabilities for which the repayment date cannot be extended unconditionally to over twelve months after the balance sheet date. Terms of a liability that could, at the option of the counterparty, result in its settlement by the issue of equity instruments do not affect its classification;

Otherwise, they are classified as non-current liabilities.

(6) Cash and cash equivalents

Cash and cash equivalents include cash on hand, demand deposits, and short-term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value. (Including time deposits with original maturities of less than 3 months)

(7) Financial Instruments

Financial assets and liabilities shall be recognized when the Group becomes a party to the contractual provisions of the instruments.

Financial assets and liabilities shall be recognized when the Company becomes a party to the contractual provisions of the instruments. Financial assets and liabilities are initially recognized at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs were directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss and are recognized immediately in profit or loss.

Financial assets

A. Measurement categories

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

Financial assets of the Group are classified as financial assets at FVTPL, financial assets not measured at amortized cost, debt instrument investment at FVTOCI, and equity instrument investment at FVTOCI.

(A) Financial asset at FVTPL

Financial asset is classified as at FVTPL when the financial asset is mandatorily classified or it is designated as at FVTPL. Financial assets mandatorily classified as at FVTPL include investments in equity instruments that are not designated as at FVTOCI and debt instruments that do not meet the amortized cost criteria or the FVTOCI criteria.

The financial assets measured at amortized cost or fair value through other comprehensive income at initial recognition would eliminate or significantly reduce a measurement or recognition inconsistency which would otherwise arise from measuring assets or liabilities or recognizing the gains and losses on them on different bases, the Company shall make an irrevocable choice to, at initial recognition, designate the financial asset as a financial asset measured at FVTPL.

Financial assets at FVTPL are subsequently measured at fair value, and their dividends, interest income, and remeasured benefits or losses are recognized in other benefits, and losses/dividends generated are recognized in other income, and interest income and remeasured benefits or losses are recognized in other benefits and losses. Fair value is determined in the manner described in Note 6(33).

(B) Financial assets at amortized cost

Financial assets that meet the following conditions are subsequently measured at amortized cost:

- a. The financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows; and
- b. The contractual terms of the financial assets give rise on a specified date to cash flow that is solely payments of principal and interest on the principal amount outstanding.

Financial assets at amortized cost, which equals a gross carrying amount determined by the effective interest method less any impairment loss. Exchange differences are recognized in profit or loss.

Except for the following two cases, interest income is calculated by applying the effective interest rate to the gross carrying amount of a financial asset.

- a. Purchased or originated credit-impaired financial assets: for those financial assets, the Group applies the credit-adjusted effective interest rate to the amortized cost of the financial asset from initial recognition.
- b. Financial assets that are not purchased or originated credit-impaired financial assets but subsequently have become credit-impaired financial assets: for those financial assets, the Group shall apply the effective interest rate to the amortized cost of the financial asset in subsequent reporting periods.

(C) Investments in debt instruments at FVTOCI

According to the accounting policy of the group, upon initial recognition, the group has the irrevocable option to designate equity instruments that are not held for trading or held for business combination as "fair value through other comprehensive income" (FVOCI).

Equity investments designated as FVOCI are measured at fair value, and subsequent changes in fair value are recognized in other comprehensive income and accumulated in other equity. When such investments are disposed of, the cumulative gain or loss is reclassified from other comprehensive income to retained earnings and is not recognized in the income statement.

Dividends received on equity investments measured at FVOCI are recognized in the income statement when the right to receive the dividend is established, unless the dividend clearly represents a recovery of part of the investment's cost.

B. Impairment of financial assets

- a. At the end of each reporting period, a loss allowance for expected credit loss is recognized for financial assets at amortized cost (including accounts receivable), investments in debt instruments that are measured at FVTOCI, lease receivable, and contract assets.
- b. At the end of each reporting period, a loss allowance for expected credit loss is recognized for financial assets at amortized cost (including accounts receivable), investments in debt instruments that are measured at FVTOCI, lease receivable, and contract assets.
- c. Expected credit losses reflect the weighted average of credit losses with the respective risks of a default occurring as the weights. 12-month ECL represents the portion of lifetime ECL that is expected to result from default events on a financial instrument that are possible within 12 months after the reporting date. In contrast, lifetime ECL represents the expected credit losses that will result from all possible default events over the expected life of a financial instrument.
- d. The Group recognizes an impairment loss in profit or loss for all financial instruments with a corresponding adjustment to their carrying amount through a loss allowance account, except for investments in debt instruments that are measured at FVTOCI, for which the loss allowance is recognized in other comprehensive income and does not reduce the carrying amount of the financial asset.

C. De-recognition of financial assets

The Group derecognizes a financial asset when one of the following conditions is met:

- a. The contractual rights to receive the cash flows from the financial asset expire.
- b. The contractual rights to receive cash flows of the financial asset have been transferred and the Group has transferred substantially all risks and rewards of ownership of the financial asset.
- c. The Group has not transferred substantially almost all risks and rewards; however, the Group has not retained control of the financial asset.

On the de-recognition of a financial asset at amortized cost in its entirety, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognized in profit or loss. On the de-recognition of an investment in a debt instrument at FVTOCI, the difference between the asset's carrying amount and the sum of the consideration received and receivable and the cumulative gain or loss that had been recognized in other comprehensive income is recognized in profit or loss. However, on the de-recognition of an investment in an equity instrument at FVTOCI, the cumulative gain or loss that had been recognized in other comprehensive income is transferred directly to retained earnings, without recycling through profit or loss.

Equity instruments

The Group classifies the instrument issued as a financial liability or an equity instrument in accordance with the substance of the contractual arrangement and the definitions of a financial liability and an equity instrument. An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the Group are recognized at the proceeds received, net of direct issue costs.

Financial liabilities

(A) Subsequent measurement

All financial liabilities are measured at amortized cost using the effective interest method, except for the following:

- a. Financial liabilities at fair value through profit or loss are financial liabilities held for transactions or financial liabilities initially recognized at fair value. Those classified into financial liabilities held for trading are derivatives acquired principally for the purpose of repurchasing in the near term or are derivatives other than those designated as hedged items under hedge accounting requirements. According to the Group, financial liabilities are measured at FVTPL upon initial recognition when such financial liabilities meet one of the following criteria:
 - (a) Hybrid (combined) contract containing embedded derivative instruments, where the main contract does not qualify as an asset within the scope of IFRS 9; or
 - (b) Eliminating or significantly reducing inconsistency on measurement or recognition.
 - (c) Instruments that are managed on a fair value basis, and are assessed with their performance, in accordance with written risk management policy.
- b. Financial liabilities measured at FVTPL are financial liabilities recognized at fair value, with the relevant transaction costs recognized as profit or loss. Subsequently, the costs of such financial liabilities are measured at fair value, and any changes in fair value are recognized as profit or loss.
- c. For those designated as financial liabilities measured at FVTPL, the changes in fair value due to credit risk variations are recognized in other comprehensive income, without subsequently being reclassified as profit or loss. The remaining change in the fair value of such liabilities is recognized as profit or loss. However, if the aforementioned accounting treatment would incur or accelerate an accounting mismatch, the gains or losses of such liabilities are recognized as profit or loss in their entirety.

(B) De-recognition of financial liabilities

The Group derecognizes financial liabilities when, and only when, the Group's obligations are discharged, canceled or they expire. The difference between the carrying amount of the financial liability derecognized and the consideration paid and payable (including any non-cash assets transferred or liabilities assumed) is recognized in profit or loss.

(8) Inventories

Including the land to be built, the land under construction, and the land for sale, the construction income/loss is recognized according to the completed contract method based on the acquisition cost. The inventory is measured according to the lower of cost and net realizable value. When comparing the cost with the net realizable value, the item-by-item method is adopted; The net realizable value refers to the balance of the estimated selling price under normal circumstances after deducting the estimated costs and related variable expenses to be invested until completion. The interest on land under construction shall be capitalized in accordance with IAS 23.

The perpetual inventory system is adopted for commodity inventory according to the lower of cost and net realizable value. The cost is calculated by the weighted average method.

(9)Property, plant, and equipment

- A. Property, plant, and equipment are initially recorded at cost. Borrowing costs incurred during the construction period are capitalized.
- B. Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognized. All other repairs and maintenance are charged to profit or loss during the financial period in which they are incurred.
- C. Land is not depreciated. The cost model is applied to other properties, plants, and equipment, and these are depreciated using the straight-line method. The assets' residual values, useful lives, and depreciation methods are reviewed and adjusted if appropriate, at each financial year-end. If expectations for the assets' residual values and useful lives differ from previous estimates or the patterns of consumption of the asset's future economic benefits embodied in the assets have changed significantly, any change is accounted for as a change in estimate under IAS 8, 'Accounting Policies, Changes in Accounting Estimates and Errors', from the date of the change. The estimated useful lives of property, plant, and equipment are as follows:

<u>Asset item</u>	<u>Useful life</u>
Buildings	20 to 55 years
Other equipment	3 to 11 years

- D. An item of property, plant, and equipment is derecognized upon disposal or when no future economic benefits are expected to arise from the continued use of the assets. Any gain or loss arising from the disposal or retirement of an item of property, plant, and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognized in profit or loss.

(10) Leases

At the inception of a contract, the Group assesses whether the contract is, or contains a lease. The Group allocates the consideration in the contract to each lease component on the basis of the relative stand-alone price of the lease component and the aggregate stand-alone price of the non-lease components.

A. The Group as lessee

The Group recognizes right-of-use assets and lease liabilities for all leases at the commencement date of a lease, except for short-term leases and low-value asset leases where lease payments are recognized as expenses on a straight-line basis over the lease terms.

Right-of-use asset

Right-of-use assets are initially measured at cost, which comprises the initial measurement of lease liabilities adjusted for lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs needed to restore the underlying assets, and less any lease incentives received. Right-of-use assets are subsequently measured at cost less accumulated depreciation and impairment losses and adjusted for any re-measurement of the lease liabilities.

Except for the right-of-use assets that meet the definition of investment property, the right-of-use assets are presented as separate items in the consolidated balance sheet. For the recognition and measurement of the right-of-use assets that meet the definition of investment property, please refer to note 4 (11) of accounting policies for investment property.

Right-of-use assets are depreciated using the straight-line method from the commencement dates to the earlier of the end of the useful lives of the right-of-use assets or the end of the lease terms. If the lease transfers ownership of the underlying assets to the Company by the end of the lease terms or if the cost of right-of-use assets reflects that the Group will exercise a purchase option, the Company depreciates the right-of-use assets from the commencement dates to the end of the useful lives of the underlying assets.

Lease liabilities

Lease liabilities are measured at the present value of the lease payments. Lease payments comprise fixed payments, and variable lease payments which depend on an index or a rate. The lease payments are discounted using the interest rate implicit in a lease if that rate can be readily determined. If that rate cannot be readily determined, the Group uses the lessee's incremental borrowing rate.

Subsequently, lease liabilities are measured at amortized cost using the effective interest method, with interest expense recognized over the lease terms. If the change of the lease term, the evaluation of the option to purchase the underlying asset, the amount expected to be paid under the residual value guarantee, or the index or rate used to determine the lease payment results in the change of the future lease payment, the Group re-measures the lease liabilities with a corresponding adjustment to the right-of-use assets. However, if the carrying amount of the right-of-use assets is reduced to zero, any remaining amount of the re-measurement is recognized in profit or loss. For a lease modification that is not accounted for as a separate lease, the Group accounts for the re-measurement of the lease liability by (a) decreasing the carrying amount of the right-of-use asset of lease modifications that decreased the scope of the lease, and recognizing in profit or loss any gain or loss on the partial or full termination of the lease; (b) making a corresponding adjustment to the right-of-use asset of all other lease modifications. Lease liabilities are presented on a separate line in the consolidated balance sheets.

Variable lease payments that do not depend on an index or a rate are recognized as expenses in the periods in which they are incurred.

For sale and leaseback transactions, if the transfer of an asset satisfies the requirements of IFRS 15 to be accounted for as a sale, the Group recognizes only the amount of any gain or loss which relates to the rights transferred to the buyer-lessor and adjusts the off-market terms to measure the sale proceeds at fair value. If the transfer does not satisfy the requirements of IFRS 15 to be accounted for as a sale, it is accounted for as a financing transaction. The Group continues to recognize the transferred assets and recognize the financial liabilities equal to the transfer price.

B. The Group as lessor

Leases are classified as finance leases whenever the terms of a lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

When a lease includes both land and building elements, the Group assesses the classification of each element separately as a finance or an operating lease. The lease payments (including any one-time past payment) are allocated between the land and the building elements in proportion to the relative fair values of the leasehold interests in the land element and building element of the lease at the inception of a contract. When the lease payments cannot be allocated reliably between the land and building elements, the entire lease is generally classified as a finance lease unless it is clear that both elements are operating leases; in which case, the entire lease is classified as an operating lease.

When the Group subleases a right-of-use asset, the sublease is classified by reference to the right-of-use asset arising from the head lease, not with reference to the underlying asset. However, if the head lease is a short-term lease that the Group, as a lessee, has accounted for by applying for recognition exemption, the sublease is classified as an operating lease.

Under finance leases, the lease payments comprise fixed payments, in-substance fixed payments, variable lease payments which depend on an index or a rate, residual value guarantees, the exercise price of a purchase option if the lessee is reasonably certain to exercise that option, and payments of penalties for terminating a lease if the lease term reflects such termination, less any lease incentives payable. The net investment in a lease is measured at (a) the present value of the sum of the lease payments receivable by a lessor and any unguaranteed residual value accruing to the lessor plus (b) initial direct costs and is presented as a finance lease receivable. The Group allocates the financing income to the lease term on a systematic and reasonable basis so as to reflect a constant, periodic rate of return on the Group's net investment outstanding in respect of leases. For a lease modification that is not accounted for as a separate lease, if the lease would have been classified as an operating lease had the modification has been in effect at the inception date, the Group accounts for the lease modification as a new lease and measures the carrying amount of the house underlying asset as the finance lease receivables immediately before the effective date of the lease modification. Other lease modifications are accounted for by adjusting the finance lease receivables in accordance with IFRS 9.

Lease payments (less any lease incentives payable) from operating leases are recognized as income on a straight-line basis over the terms of the relevant leases. Initial direct costs incurred in obtaining operating leases are added to the carrying amounts of the underlying assets and recognized as expenses on a straight-line basis over the lease terms. Lease negotiations with the lessee shall be treated as new leases on the effective date of the lease amendment.

Variable lease payments that do not depend on an index or a rate are recognized as expenses in the periods in which they are incurred.

(11) Investment Properties

Investment properties are properties held for earning rentals and/or for capital appreciation, including property under construction for these purposes. Investment properties also include land held for currently undetermined future use.

Own investment properties are measured initially at cost, including transaction costs.

All investment properties are subsequently measured using the fair value model, and the profits or losses arising from changes in fair value are recognized in the income statement in the year they occur.

Investment properties are initially recognized at fair value on the date of transition to owner-occupied or when they cease to be owner-occupied and are reclassified as property, plant, and equipment.

On the de-recognition of an investment property, the difference between the net disposal proceeds and the carrying amount of the asset is included in the profit or loss of the year.

(12) Intangible Assets

Separately acquired intangible assets with finite useful lives are carried at cost less accumulated amortization and accumulated impairment losses.

Amortization is recognized using the straight-line method over the following estimated useful lives: software and system design costs –5 years; cost of issuing corporate bonds - the economic life or contract period. The estimated useful life and amortization method are reviewed at the end of each reporting period, with the effect of any changes in estimate being accounted for on a prospective basis.

Goodwill and intangible assets with uncertain service life are not amortized and instead are tested for impairment annually.

An item of intangible assets is derecognized upon disposal or when no future economic benefits are expected to arise from the continued use of the assets. Any gain or loss arising from the disposal or retirement of an item of intangible assets is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognized in the profit or loss of the year.

(13) Impairment of non-financial assets

The Group assesses at each balance sheet date the recoverable amounts of those assets where there is an indication that they are impaired. An impairment loss is recognized for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less the costs to sell or value in use. When the circumstances or reasons for recognizing impairment loss for an asset in prior years no longer exist, the impairment loss is reversed within the scope of the amount of loss provided in prior years.

The recoverable amount of goodwill, intangible assets with uncertain life, and intangible assets not yet available for use are evaluated periodically. An impairment loss is recognized for the amount by which the asset's carrying amount exceeds its recoverable amount. Impairment loss of goodwill previously recognized in profit or loss shall not be reversed in the following years.

(14) Provisions

Provisions of warranties are recognized when the Company has a present legal or constructive obligation as a result of past events and an outflow of economic resources will probably be required to settle the obligation and the amount of the obligation can be reliably estimated. Provisions are measured at the present value of the expenditures expected to be required to settle the obligation on the balance sheet date, which is discounted using a pre-tax discount rate that reflects the current market assessments of the time value of money and the risks specific to the obligation. When discounting is used, the increase in the provision due to the passage of time is recognized as an interest expense. Provisions are not recognized for future operating losses.

(15) Employee benefits

A. Short-term employee benefits

Short-term employee benefits are measured at the undiscounted amount of the benefits expected to be paid in respect of service rendered by employees and should be recognized as an expense in that period when the employees render service.

B. Pensions

(a) Defined contribution plans

For defined contribution plans, the contributions are recognized as pension expenses when they are due on an accrual basis. Prepaid contributions are recognized as an asset to the extent of a cash refund or a reduction in future payments.

(b) Defined benefit plans

- i. Net obligation under a defined benefit plan is defined as the present value of an amount of pension benefit that employees will receive on retirement for their services with the Group in the current period or prior periods. The liability recognized in the balance sheet in respect of defined benefit pension plans is the present value of the defined benefit obligation at the balance sheet date less the fair value of plan assets, together with adjustments for unrecognized past service costs. The net defined benefit obligation is calculated annually by independent actuaries using the projected unit credit method. The rate used to discount is determined by using interest rates of government bonds (at the balance sheet date).
- ii. Re-measurements arising on defined benefit plans are recognized in other comprehensive income in the period in which they arise and are recorded as retained earnings.
- iii. Past service costs are recognized immediately in profit or loss.

C. Employees' bonus and directors' and supervisors' remuneration

Employees' remuneration and directors' and supervisors' remuneration are recognized as expense and liability, provided that such recognition is required under legal or constructive obligation and those amounts can be reliably estimated. Any difference between the resolved amounts and the subsequent actual distributed amounts is accounted for as changes in estimates.

D. Termination benefits

Termination benefits are employee benefits provided in exchange for the termination of employment as a result of either the Group's decision to terminate an employee's employment before the normal retirement date or an employee's decision to accept an offer of redundancy benefits in exchange for the termination of employment. The Group recognizes expense as it can no longer withdraw an offer of termination benefits or it recognizes relating restructuring costs, whichever is earlier. Benefits that are expected to be due more than 12 months after the balance sheet date shall be discounted to their present value.

(16) Preferred stock liabilities

The redeemable preferred shares of the Company are classified as financial liabilities, as they are subject to cumulative dividends and the holders do not have a redemption right. Dividends are recognized as interest expense under accrual basis.

(17) Share capital & treasury stocks

A. Share capital

Common shares were classified as equity. The classification of preferred shares refers to the definition of substantial contractual agreement, financial liabilities, and equity instruments, and evaluates the specific rights attached to preferred shares. When the basic characteristics of financial liabilities were exhibited, they were classified as liabilities; otherwise, they would be equity. The net increase in costs directly attributable to the issuance of new shares or share warrants after deducting income tax is recorded as the deduction of share prices.

B. Treasury stocks

The Group withdrew the issued outstanding shares and recognized them as "treasury stocks" based on the consideration paid at the time of purchase (including directly attributable costs) as a deduction of equity. Where the price of the disposal of treasury stocks is higher than the carrying amount, the difference was listed as capital surplus-treasury stock transactions. Where the disposal price is lower than the carrying amount, the difference is offset against the asset surplus generated by the exchange of the same type of treasury stock. In case of a shortfall, the surplus is debited in the retained earnings. The carrying amount of treasury stocks is taken weighted average and calculated separately according to the reason for recovery.

When treasury stocks are canceled, the capital reserve is debited according to the proportion of equity - share certificates issuance premium and share capital. Where the carrying amount is higher than the face value and the total value of the stock issuance premium, the difference would be offset against the capital generated by the exchange of the same type of treasury stocks. In case of a shortfall, it would be offset against the retained earnings. Where the carrying amount is lower than the face value and the total of the stock issuance premium, the capital reserve generated by the same type of treasury stock exchanges would be credited.

(18) Income tax

- A. The income tax expenses comprise current and deferred income tax. Income tax is recognized in profit or loss, except to the extent that it relates to items recognized in other comprehensive income or items recognized directly in equity, in which cases the income tax is recognized in other comprehensive income or directly in equity, respectively.
- B. The Group calculates the income tax payable for the current term exactly in accordance with the tax rates that had been enacted or substantially enacted in the countries for the income tax as of the balance sheet date. Management periodically evaluates positions taken in tax returns with respect to situations in accordance with applicable relevant laws of income tax, and under the fact of situations, the income tax liabilities estimated shall be paid to the tax collection authority. The unappropriated earnings having been consolidated were charged for the income tax. The income tax expense of unappropriated earnings was recognized based on the actual allocation of the earnings as resolved in the shareholders' meeting in the year ensuing the year in which the earnings were yielded.
- C. Deferred income tax is recognized, using the balance sheet liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amount in the balance sheets. However, the deferred income tax is not accounted for if it arises from initial recognition of goodwill or of an asset or liability in a transaction other than a business combination that at the time of the transaction results in neither equal taxable nor deductible temporary differences. Deferred income tax is provided on temporary differences arising from investments in subsidiaries and associates, except where the timing of the reversal of the temporary difference is controlled by the Group and, probably, the temporary difference will not reverse in the foreseeable future. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted as of the balance sheet date and are expected to apply when the related deferred income tax asset is realized or the deferred income tax liability is settled.
- D. Deferred income tax assets are recognized only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilized. At each balance sheet date, unrecognized and recognized deferred income tax assets are reassessed.
- E. Current income tax assets and liabilities are offset and the net amount is reported in the balance sheet when there is a legally enforceable right to offset the recognized amounts and there is an intention to settle on a net basis or realize the asset and settle the liability simultaneously. Deferred tax assets and liabilities are offset on the balance sheet when the entity has the legally enforceable right to offset current tax assets against current tax liabilities and they are levied by the same taxation authority on either the same entity or different entities that intend to settle on a net basis or realize the asset and settle the liability simultaneously.
- F. The Group's tax incentives-oriented expenditures that comply with the purchase of equipment or

technology, research and development expenditure, personnel training expenditure, and equity investment were accounted for with the use of income tax deduction accounting.

(19) Revenue recognition

The Group's revenue recognition principle from customer contracts is to recognize revenue based on the following steps:

- A. Identify the contract with the customer;
- B. Identify the performance obligations in the contract;
- C. Determine the transaction price;
- D. Allocate the transaction price to the performance obligations in the contracts; and
- E. Recognize revenue when the entity satisfies a performance obligation.

The Group identifies contracts with customers, allocates the transaction price to the performance obligations, and recognizes revenue when performance obligations are satisfied.

In an event where several contracts are signed with the same customer or relative parties of the customer near the same time, and these contracts are (A) negotiated as a single commercial package, (B) consideration in one contract depends on the other contract, or (C) goods or services (or some of the goods or services) are a single performance obligation, the Group treats these contracts as a single contract.

Contracts of which the time interval between the transfer of goods or services and the consideration is less than one year shall not have its major financial components, such as transaction price, adjusted.

(A) Land development and real estate sales

The Group develops and sells residential real estate and often pre-sells real estate during or before construction. The Group recognizes revenue when the control over real estate is transferred. Due to contractual restrictions, the real estate usually has no other use for the Group. Therefore, the Group shall be subject to the date when the legal ownership of the real estate is transferred to the customer and the premises have been delivered. However, only one of them is completed before the reporting date, but the other one that has been completed in the subsequent period is also recognized as revenue.

However, after the legal ownership of the real estate is transferred to the customer, the Group has enforceable rights over the payment that has been performed so far. Therefore, the Group recognizes revenue when the legal ownership of real estate is transferred to customers.

Revenue is measured at the transaction price of the contract agreement. In most cases, consideration can be collected when the legal ownership of the real estate is transferred. In a few cases, the payment of accounts can be deferred according to the contract agreement. If significant financial components are included, the transaction price shall be adjusted to reflect the impact of significant financial components. In the case of pre-sale of real estate, the payment is usually collected in installments during the period from the signing of the contract to the transfer of the real estate to the customer. If the contract contains significant financial components, the transaction price shall be adjusted according to the project loan interest rate during the period to reflect the impact of the time value of the current. Amounts received in advance are recognized as contractual liabilities, and interest expenses and contractual liabilities are recognized when adjusting the impact of the time value of the current. The amount of accumulated contractual liabilities is transferred to revenue when the real estate is transferred to the customer.

(B) Engineering contract

The Group is engaged in the contracting business of residential real estate and commercial buildings. Since the assets are under the control of the customer at the time of construction, the revenue is gradually recognized over time based on the proportion of the project cost incurred so far in the estimated total contract cost. Contracts include fixed and variable considerations. The customer shall pay a fixed amount according to the agreed schedule. Some variable consideration (such as fines and price adjustments based on overdue days) is estimated based on the expected value using the experience accumulated in the past. The Group recognizes revenue only to the extent that the accumulated revenue is highly likely not to be significantly reversed.

If the amount of revenue recognized has not been paid, it is recognized as contract assets. When there is an unconditional right to the consideration, the contract assets shall be transferred to accounts receivable.

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

When the Group expects that the inevitable cost of performing the obligations of an engineering contract exceeds the expected economic benefits from the contract, the liability provision for the loss contract shall be recognized.

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

(20) Borrowing costs

Borrowing costs directly attributable to an acquisition, construction, or production of qualifying assets are added to the cost of those assets until the assets are substantially ready for their intended use or sale.

Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalization.

Other than stated above, all other borrowing costs are recognized in profit or loss in the period in which they are incurred.

(21) Government grants

Government grants are recognized at their fair value only when there is reasonable assurance that the Group will comply with any conditions attached to the grants and the grants will be received.

Government grants are recognized in profit or loss on a systematic basis during the period when the relevant costs intended to be compensated are recognized as expenses by the Group. If the government grants are used to compensate for expenses or losses incurred or to provide immediate financial support to the Group without future related costs, it is recognized in profit or loss during the period in which they can be collected. Government grants related to property, plant, and equipment are recognized as non-current liabilities and are recognized as current profits and losses on a straight-line method according to the estimated useful life of the relevant assets.

The difference between the amount of government loans at the rate lower than the current market interest received by the Group and the fair value of loans calculated at the current market interest rate is recognized as government grants.

5. CRITICAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

The critical judgments, accounting estimates, and assumptions in applying the accounting policies during the preparation of the consolidated financial statement consist of the following:

(1) Critical judgments in applying accounting policies

Investment properties

When the Group holds certain real estate with the intention of earning rental income or capital appreciation, it classifies such real estate as investment properties.

(2) Critical accounting estimates and assumptions

A. Impairment assessment of tangible and intangible assets

The Group assesses impairment based on its subjective judgment and determines the separate cash flows of a specific group of assets, the useful lives of assets, and the future possible income and expenses arising from the assets depending on how assets are utilized and industrial characteristics. Any changes in economic circumstances or estimates due to the change of Group strategy might cause material impairment on assets in the future.

B. Evaluation of inventories

As inventories are stated at the lower of cost and net realizable value, the Group must determine the net realizable value of inventories on the balance sheet date using judgments and estimates. The Group evaluates the amounts of normal inventory consumption, obsolete inventories, or inventories without market selling value on the balance sheet date, and writes down the cost of inventories to the net realizable value.

C. The fair value measurement of investment properties

Due to the subsequent measurement of investment properties at fair value, the investment properties held by the Group mainly consist of real estates such as land and buildings. Therefore, it is necessary to engage experts to apply their professional judgment and estimation to determine the fair value of investment properties as of the balance sheet date. The Group will adjust the cost to fair value based on the appraisal report issued by the experts. The valuation of these investment properties primarily relies on the estimates provided in the expert's report, and as such, future changes in specific periods of product demand, real estate market conditions, and the judgment and estimation of the experts may all affect the measurement of fair value.

D. Reliability of deferred income tax assets

Deferred income tax assets are recognized only to the extent that it is probable that future taxable profit will be available against which the deductible temporary differences can be utilized. Assessment of the reliability of deferred income tax assets involves critical accounting judgments and estimates of the management, including the assumptions of expected future sales revenue growth rate and profit rate, tax-exempt duration, available tax credits, tax planning, etc. Any variations in the global economic environment, industrial environment, laws, and regulations might cause material adjustments to deferred income tax assets.

6. CONTENTS OF SIGNIFICANT ACCOUNTS

(1) Cash and cash equivalents

Item	2023.12.31	2022.12.31
Cash on hand and petty cash	\$ 7,408	\$ 7,897
Bank deposits	356,227	472,159
	<u>\$ 363,635</u>	<u>\$ 480,056</u>

A. The financial institutions dealing with the Group are creditworthy, and the Group's transactions with a number of financial institutions to diversify credit risk are unlikely to be expected to default.

B. The Group had no cash and cash equivalents pledged to others.

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

	2023.12.31	2022.12.31
Non-derivative financial assets		
Open-end fund	\$ 3,071	\$ 3,071

A. The Group had no financial assets at fair value through profit or loss pledged to others.

B. Please refer to Note 6(33) for the credit risk management and evaluation method.

(3) Financial assets at fair value through other comprehensive profit or loss – noncurrent

	2023.12.31	2022.12.31
Equity instrument		
Domestic unlisted stock	\$ 750	\$ 750
Valuation adjustment	(750)	(741)
	<u>\$ -</u>	<u>\$ 9</u>

A. The Group invests in the common stock of Laru Network Technology Co., Ltd. for medium and long-term strategic purposes, and expects to make profits through long-term investment. The management of the Group believes that if the short-term fair value fluctuation of such investment is included in the profit and loss, it is inconsistent with the long-term investment planning mentioned above, so they choose to designate such investment as measured by fair value through other comprehensive profit and loss.

B. The Group has no financial assets at fair value through other comprehensive income in its possession provided as collateral or pledged.

C. Please refer to Note 6(33) for the credit risk management and evaluation method.

(4) Notes receivable, net

Item	2023.12.31	2022.12.31
Notes receivable	\$ -	\$ 3,578
Less: Loss allowance	-	-
Net	<u>\$ -</u>	<u>\$ 3,578</u>

The Group had no notes receivable pledged to others.

(5) Accounts receivable, net

Item	2023.12.31	2022.12.31
Accounts receivable	\$ 51,191	\$ 42,558
Less: Loss allowance	(27,247)	(32,766)
Net	<u>\$ 23,944</u>	<u>\$ 9,792</u>

A. The average credit period of the Group's accounts receivable is 30 to 45 days, which is the credit standard set according to the industrial characteristics, operation scale, and profitability of the counterparty.

B. The Group had no accounts receivable pledged to others.

C. The Group applies the simplified approach to provisions for expected credit losses, which permits the use of a lifetime expected credit losses provision for trade receivables. The expected credit loss on trade receivables is to examine the debtor's past default experience and current financial and industrial conditions, as well as the overall economic and industrial outlook to adjust the loss rate established by historical and current information.

As the Group's historical credit loss experience does not show significantly different loss patterns for different customer segments, the loss allowance based on the past due status is not further distinguished according to the different segments of the Group's customer base. Therefore, the provision matrix does not further distinguish the customer segment and only sets the expected credit loss rate based on the overdue days of accounts receivable. The following table details the loss allowance of trade receivables based on the Group's provision matrix.

2023.12.31				
Aging range	Weighted mean expected credit loss rate	Gross carrying amount	Loss allowance (lifetime ECLs)	Amortized cost
Not overdue	-	\$ -	\$ -	\$ -
1-30 days overdue	-	12,484	-	12,484
31-180 days overdue	6.07%	9,140	-	9,140
181-365 days overdue	85.63%	1,938	(1,716)	222
More than 365 days overdue	91.54%	27,629	(25,531)	2,098
		<u>\$ 51,191</u>	<u>\$ (27,247)</u>	<u>\$ 23,944</u>

2022.12.31				
Aging range	Weighted mean expected credit loss rate	Gross carrying amount	Loss allowance (lifetime ECLs)	Amortized cost
Not overdue	-	\$ 33,787	\$ -	\$ 33,787
1-30 days overdue	-	5,842	-	5,842
31-180 days overdue	-	19,285	-	19,285
181-365 days overdue	15.91%	3,243	(516)	2,727
More than 365 days overdue	40.70%	80,695	(32,845)	47,850
		<u>\$ 142,852</u>	<u>\$ (33,361)</u>	<u>\$ 109,491</u>

D. Changes in loss allowance of accounts receivable:

	2023	2022
Beginning balance	\$ 32,766	\$ 33,361
Provision for impairment(reversal) loss	(5,474)	(708)
Foreign currency translation difference	(45)	113
Balance at December 31	<u>\$ 27,247</u>	<u>\$ 32,766</u>

The Group does not hold any collateral or other credit enhancement guarantee for these accounts receivable.

(6) Other receivables

Item	2023.12.31	2022.12.31
Income receivable	\$ 179,851	\$ 107,107
Other receivables – lending funds	263,177	273,420
Other receivables - others	20,056	22,160
Less: Loss allowance	-	-
	<u>\$ 463,084</u>	<u>\$ 402,687</u>

Changes in loss allowance of other accounts receivable:

	2023	2022
Beginning balance	\$ -	\$ -
Add: provision for impairment loss	183	-
Less: write off due to irrecoverability	(180)	-
Foreign currency translation difference	(3)	-
Balance at December 31	<u>\$ -</u>	<u>\$ -</u>

(7) Inventories and sales costs

Item	2023.12.31	2022.12.31
Buildings and lands held for sale	\$ 2,305,399	\$ 2,950,305
Construction land	1,514,095	895,533
Construction in progress	1,172,363	1,936,918
Other expenses under construction	13,519,165	13,581,105
Prepayment for land purchases	94,277	61,825
Merchandise inventory	14,523	16,160
	<u>\$ 18,619,822</u>	<u>\$ 19,441,846</u>

A. Inventory:

(A) Buildings and lands held for sale

Name	2023.12.31	2022.12.31
Shining Shilin Medical Park	\$ 1,543,921	\$ 2,097,340
Shining Art Museum	761,478	766,613
Shining Yuchuan	-	86,352
	<u>\$ 2,305,399</u>	<u>\$ 2,950,305</u>

(B) Land held for sale

Item	2023.12.31	2022.12.31
Yuanlin City, Zhanghua county	\$ 517,572	\$ 517,572
Haifenglun section, Douliu, Yunlin	426,681	-
Central section, Wanhua District, Taipei	295,479	291,607
Dehui section B, Zhongshan District, Taipei	241,608	25,642
Dehui section A, Zhongshan District, Taipei	32,755	32,755
Wuguwang section, Sanchong District, Taipei	-	27,957
	<u>\$ 1,514,095</u>	<u>\$ 895,533</u>

(C) Construction in progress

Name	Estimated completion date	2023.12.31	2022.12.31
Shining Rural Dome	2024	\$ 707,195	\$ 301,900
Shining The Zhongshan	2027	52,200	20
Shining Yun Feng	2026	26,234	-
Shining Hengmei	2023	-	1,248,364
Bulk transfer		386,734	386,634
		<u>\$ 1,172,363</u>	<u>\$ 1,936,918</u>

(D) Other expenses under construction

Item	2023.12.31	2022.12.31
Chengdu project	\$ 11,623,395	\$ 11,085,720
Nanjing engineering case	1,751,411	2,265,600
Qingdao Engineering Case	64,866	138,047
Prepaid real estate	79,493	87,191
Renovation of Forever Young Public Facilities	-	4,547
	<u>\$ 13,519,165</u>	<u>\$ 13,581,105</u>

It refers to the construction cost of hotels, shopping malls, offices, hotel apartments, and real estate development in Nanjing, Qingdao, and Chengdu by the Group, and the decoration cost of the related constructions.

(E) Prepayment for land purchases

Item	2023.12.31	2022.12.31
Nong'an street, Zhongshan District, Taipei	\$ 37,459	\$ 37,459
Dehui section B, Zhongshan District, Taipei	29,641	-
Da'an Longquan Section, Taipei	24,366	24,366
Hongfu Section, Sinjhuang District, New Taipei	1,724	-
Wuguwang section, Sanchong District, Taipei	1,087	-
	<u>\$ 94,277</u>	<u>\$ 61,825</u>

B. The profits (losses) related to inventories recognized as cost of sales in the current period are as follows:

Item	2023	2022
Inventory cost of houses and lands sold	\$ 2,274,561	\$ 633,198
Hotel cost	497,141	400,519
Engineering cost	7,407	3,026
Inventory value recovery benefits	(613)	(61,748)
Other operating cost	4,597	143
	<u>\$ 2,783,093</u>	<u>\$ 975,138</u>

C. In the fiscal years 2023 and 2022, The Company recognized inventory write-up recovery benefits of NT\$613 thousand and NT\$61,748 thousand, respectively, based on the appraisal results of market prices and appraisal reports of neighboring areas' real estate registration values. This recognition was due to the improvement in the net realizable value of our inventory.

D. For the capitalized amount of interest on inventories in 2023 and 2022, please refer to Note 6(27) for details.

E. Please refer to Note 8 for details of the Group's guaranteed borrowings for inventories.

(8) Property, plant, and equipment

Item	2023.12.31	2022.12.31
Land	\$ 319,503	\$ 319,503
Buildings	7,766,217	7,900,729
Miscellaneous equipment	1,626,346	1,641,666
Unfinished construction	<u>3,078,991</u>	<u>3,130,880</u>
Total cost	12,791,057	12,992,778
Less: Accumulated depreciation	(2,880,021)	(2,456,364)
Accumulated impairment	<u>(8,495)</u>	<u>(8,495)</u>
Total	<u>\$ 9,902,541</u>	<u>\$ 10,527,919</u>

	Land	Buildings	Miscellaneous equipment	unfinished construction	Total
<u>Cost</u>					
2023.1.1 balance	\$ 319,503	\$ 7,900,729	\$ 1,641,666	\$ 3,130,880	\$ 12,992,778
Additions	-	-	16,966	4,838	21,804
Disposals	-	-	(3,331)	-	(3,331)
Effect of foreign exchange differences	-	(134,512)	(28,955)	(56,727)	(220,194)
2023.12.31 balance	<u>\$ 319,503</u>	<u>\$ 7,766,217</u>	<u>\$ 1,626,346</u>	<u>\$ 3,078,991</u>	<u>\$ 12,791,057</u>
<u>Accumulated depreciation and impairment</u>					
2023.1.1 balance	\$ 8,495	\$ 1,759,789	\$ 696,575	-	\$ 2,464,859
Depreciation expense	-	288,172	188,400	-	476,572
Disposals	-	-	(2,978)	-	(2,978)
Effect of foreign exchange differences	-	(35,086)	(14,851)	-	(49,937)
2023.12.31 balance	<u>\$ 8,495</u>	<u>\$ 2,012,875</u>	<u>\$ 867,146</u>	<u>-</u>	<u>\$ 2,888,516</u>

	Land	Buildings	Miscellaneous equipment	unfinished construction	Total
<u>Cost</u>					
2022.1.1 balance	\$ 319,503	\$ 7,752,437	\$ 1,647,925	\$ 3,059,966	\$ 12,779,834
Additions	-	-	15,029	8,334	23,363
Disposals	-	-	(54,301)	-	(54,301)
Effect of foreign exchange differences	-	148,292	33,013	62,577	243,882
2022.12.31 balance	<u>\$ 319,503</u>	<u>\$ 7,900,729</u>	<u>\$ 1,641,666</u>	<u>\$ 3,130,880</u>	<u>\$ 12,992,778</u>
<u>Accumulated depreciation and impairment</u>					
2022.1.1 balance	\$ 19,570	\$ 1,443,786	\$ 547,957	-	\$ 2,011,307
Depreciation expense	-	290,130	193,041	-	483,171
Impairment reversal gain	(11,075)	(1,337)	-	-	(12,412)
Disposals	-	-	(54,372)	-	(54,372)
Effect of foreign exchange differences	-	27,216	9,949	-	37,165
2022.12.31 balance	<u>\$ 8,495</u>	<u>\$ 1,759,789</u>	<u>\$ 696,575</u>	<u>\$ -</u>	<u>\$ 2,464,859</u>

A. No interest capitalization of the Group's property, plant, and equipment.

B. Please refer to Note 8 for details of the collateral provided to financial institutions.

(9) Lease agreement

A. Right-of-use assets

Item	2023.12.31	2022.12.31
Land	\$ 1,357,301	\$ 1,382,347
Buildings	16,788	16,913
Transport equipment	5,402	5,791
Total cost	1,379,491	1,405,051
Less: Accumulated depreciation	(330,575)	(289,819)
Net	<u>\$ 1,048,916</u>	<u>\$ 1,115,232</u>

Cost	Land	Buildings	Transport equipment	Total
2023.1.1 balance	\$ 1,382,347	\$ 16,913	\$ 5,791	\$ 1,405,051
Increase	-	16,788	-	16,788
Disposals	-	(16,913)	(350)	(17,263)
Effect of foreign exchange differences	(25,046)	-	(39)	(25,085)
2023.12.31 balance	<u>\$ 1,357,301</u>	<u>\$ 16,788</u>	<u>\$ 5,402</u>	<u>\$ 1,379,491</u>
Accumulated depreciation				
2023.1.1 balance	\$ 274,234	\$ 13,531	\$ 2,054	\$ 289,819
Depreciation expense	58,589	3,382	1,966	63,937
Disposals	-	(16,913)	(350)	(17,263)
Effect of foreign exchange differences	(5,887)	-	(31)	(5,918)
2023.12.31 balance	<u>\$ 326,936</u>	<u>\$ -</u>	<u>\$ 3,639</u>	<u>\$ 330,575</u>

Cost	Land	Buildings	Transport equipment	Total
2022.1.1 balance	\$ 1,354,683	\$ 16,913	\$ 5,650	\$ 1,377,246
Increase	-	-	5,071	5,071
Disposals	-	-	(5,030)	(5,030)
Effect of foreign exchange differences	27,664	-	100	27,764
2022.12.31 balance	<u>\$ 1,382,347</u>	<u>\$ 16,913</u>	<u>\$ 5,791</u>	<u>\$ 1,405,051</u>
Accumulated depreciation				
2022.1.1 balance	\$ 211,184	\$ 10,148	\$ 4,942	\$ 226,274
Depreciation expense	58,949	3,383	2,061	64,393
Disposals	-	-	(5,030)	(5,030)
Effect of foreign exchange differences	4,101	-	81	4,182
2022.12.31 balance	<u>\$ 274,234</u>	<u>\$ 13,531</u>	<u>\$ 2,054</u>	<u>\$ 289,819</u>

(a) The Group's right-to-use assets were not significantly sublet in 2023 and 2022.

(b) Please refer to Note 8 for more Group's information regarding providing guarantee with the collateral of right-of-use assets.

B. Lease liabilities

Item	2023.12.31	2022.12.31
Carrying amount of lease liabilities		
current	\$ 4,229	\$ 4,735
noncurrent	14,359	2,591
	<u>\$ 18,588</u>	<u>\$ 7,326</u>

Ranges of discount rates for lease liabilities were as follows:

	2023.12.31	2022.12.31
Buildings	3.06%	2.80%
Miscellaneous equipment	2.57%~11.50%	2.57%~11.50%

Please refer to Note 6(34) for lease liabilities with repayment periods.

C. Other lease information

The current lease relevant expense information was as follows:

	2023	2022
Short-term lease expense	\$ 14,372	\$ 23,111
Low-value asset lease expense	\$ 1,569	\$ 1,047
Total cash outflow for leases (Note)	<u>\$ 21,444</u>	<u>\$ 29,757</u>

(Note): Including principle paid for current lease liabilities.

(10) Investment properties.

	2023		
	Land	Buildings	Total
2022.1.1 balance	\$ 716,252	\$ 766,434	\$ 1,482,686
Transfer-in from buildings for sale	264,351	291,292	555,643
Fair value adjustment	250,957	266,396	517,353
2022.12.1 balance	<u>\$ 1,231,560</u>	<u>\$ 1,324,122</u>	<u>\$ 2,555,682</u>
	2022		
	Land	Buildings	Total
2021.1.1 balance	\$ 650,295	\$ 695,205	\$ 1,345,500
Transfer-in from buildings for sale	63,565	70,043	133,608
Fair value adjustment	2,392	1,186	3,578
2021.12.1 balance	<u>\$ 716,252</u>	<u>\$ 766,434</u>	<u>\$ 1,482,686</u>

A. Rent income and direct operating expense of investment properties:

	2023	2022
Rental income of investment properties	<u>\$ 30,907</u>	<u>\$ 23,628</u>
The direct operating expense incurred for the investment properties with current rental income	<u>\$ 6,187</u>	<u>\$ 8,221</u>

B. The fair value basis of investment properties

The investment properties held by the Group were classified as Level 3 fair value as of December 31, 2023, and in 2022. The fair value assessment was conducted by an independent valuation expert using the discounted cash flow analysis approach under the income approach. The key assumptions and relevant explanations are as follows:

- (A) The fair values of investment properties as of December 31, 2023, and December 31, 2022, are recognized in accordance with the financial reporting standards for securities issuers. The amounts reported for investment properties are as follows:

	2023.12.31	2022.12.31
Outsourced valuation	\$ 2,555,682	\$ 1,482,686

The fair value of the aforementioned investment properties is derived from the valuation conducted by Mr. Jian Wu Chi, a valuer at Zhongding Real Estate Appraisal Firm. The valuer determined the fair value in accordance with the "Real Estate Valuation Technical Rules" as of December 31, 2023, and 2022.

- (B) The Discounted Cash Flow (DCF) analysis method using the income approach is employed, which compares the rental income from similar properties in the vicinity or estimated subject property to determine the differences. Factors taken into consideration include the condition of the estimated subject property, its intended use, rental rates of neighboring or similar properties, vacancy losses, and annual rental growth rate. After adjusting and comparing, the DCF method calculates the trial rental value of the estimated subject property. Using the discounted cash flow analysis, the net income and terminal value of each period during the future discounted cash flow analysis period of the estimated subject property are discounted using an appropriate discount rate and then summed to derive the estimated property value. This valuation process complies with the "Financial Reporting Standards for Issuers of Securities" and the analysis, judgment, and conclusions drawn from it should be supported. The summarized information is as follows:

	2023.12.31	
	Office, storefront (NTD/square meter/month)	Parking space (NTD/square meter/month)
Estimated rent for this case	\$514~\$2,090	\$2,000~\$4,000
Local rental rates and market conditions of similar properties	Equivalent to the estimated rent	Equivalent to the estimated rent
Occupancy rate	91.67%~94.44%	
Rent growth rate	0.1%~1.0%	
	2022.12.31	
	Office, storefront (NTD/square meter/month)	Parking space (NTD/square meter/month)
Estimated rent for this case	\$514~\$1,520	\$2,000~\$4,000
Local rental rates and market conditions of similar properties	Equivalent to the estimated rent	Equivalent to the estimated rent
Occupancy rate	91.67%~95.83%	
Rent growth rate	0.1%~1.0%	

(C) The future cash outflows consist of relevant rental payments, royalties, operational royalties, property management fees, utility expenses, promotional costs, and other necessary expenses directly related to leasing. They also include necessary operating expenses related to the business, such as repair costs, taxes, insurance fees, and capital expenditures. The variation ratio used to determine the future changes in these expenses is consistent with the rental growth rate used to calculate rental income.

(D) Please refer to the table below for the discount rate range. It is based on the two-year postal fixed deposit savings rate of Chunghwa Post Co., Ltd., plus three digits. The risk premium is determined by factors such as bank deposit rates, government bond rates, currency fluctuations related to real estate investment, and the trend of real estate prices. The investment return rate of the most generic goods is chosen as the benchmark for comparing the differences in individual characteristics between the investment goods and the appraised targets. Factors such as liquidity, risk, appreciation potential, and management difficulty are considered for comparison and determination.

	2023.12.31	2022.12.31
Discount rate	2.49%~3.35%	3.38%~3.58%

C. For information on the fair value of investment properties, please refer to Note 6(33).

D. Details of investment properties pledged to others by the Group are shown in note 8.

(11) Short-term loans

Item	2023.12.31	2022.12.31
Collateralized borrowing	\$ 297,562	\$ 382,156
Unsecured loan	136,302	-
	<u>\$ 433,864</u>	<u>\$ 382,156</u>
Interest rate (%)	<u>3.20%~14.50%</u>	<u>1.00%~3.29%</u>

Please refer to note 8 for details of the transactions between the Group and related parties and the provision of assets as security for short-term loans.

(12) Short-term bills payable

Guarantee Institution	2023.12.31	2022.12.31
International Bills Finance Corporation	\$ 3,300,000	\$ 1,953,000
Mega Bills Finance Co., Ltd.	80,000	80,000
China Bills Finance Corporation	62,400	67,400
	<u>3,442,400</u>	<u>2,100,400</u>
Less: Discount on commercial papers issued	<u>(5,841)</u>	<u>(2,774)</u>
	<u>\$ 3,436,559</u>	<u>\$ 2,097,626</u>
Interest rate (%)	<u>3.36%~3.62%</u>	<u>1.26%~3.41%</u>

Please refer to note 8 for short-term bills payable and details of assets provided by the Group as a loan guarantee.

(13) Corporate bonds payable

Item	2023.12.31	2022.12.31
Corporate bonds payable - Secured	\$ -	\$ 1,157,249
Less: Long-term liabilities due within one year or one operating cycle	-	(1,157,249)
	<u>\$ -</u>	<u>\$ -</u>

A. The information on the issuance of secured ordinary corporate bonds by the Group is as follows:

Item	The first domestically secured ordinary corporate bond in 2020
1. Issue amount	The total amount of bonds issued by the Company is NT\$ 1.3 billion, which is divided into A and B bonds according to different issuance conditions. The A bond issuance amount is NT\$ 950 million, and the B bond issuance amount is NT\$ 350 million.
2. Par value	NT\$ 1 million.
3. Issue price	At par on the issue date.
4. Maturity period	The issuance period of each bond is three years, from November 23, 2020, to November 23, 2023.
5. Coupon rate	The coupon rate of each bond is a fixed annual interest rate of 0.85%.
6. Repayment method	The A bonds expire on the 24th, 27th, 30th, 33rd, and 36th months from the date of issuance and shall be repaid for 5%, 5%, 7.5%, 7.5%, and 75% of the principal respectively. The principal of the B bonds shall be repaid once upon maturity for three years from the date of issue.
7. Interest method	From the date of issue, the A bonds shall bear the interest at the coupon rate, and the simple interest shall be calculated and paid once in the first and second years. Interest shall be calculated and paid every three months from the 24th month (excluding). The calculation method of principal and interest is based on the coupon rate and the par value of the bonds held, and according to the actual holding days, the simple interest is calculated and the interest is paid once. Each NT\$ 1 million bond pays interest up to NT\$ 1, rounded up to the nearest NT\$. If the date of repayment of the principal and interest of the corporate bonds falls on the day when the banking industry of the place of payment ceases business, the principal and interest shall be paid on the business day following the day of suspension of business, and no interest will be calculated for the postponement days. If the principal and interest are received after the principal and interest payment date, no additional deferred interest will be calculated and paid.
8. Redemption right	The Company may exercise the redemption right of the corporate bonds from the date three months after the issuance of the corporate bonds. Each redemption amount shall be calculated as a multiple of NT \$1 million, and the creditor shall not refuse. The company may announce the exercise of the redemption right at a selected time by 7 business days before the redemption date, and notify the creditors of the corporate bonds in other appropriate ways to redeem the corporate bonds according to the par value of the bonds plus the interest payable during the actual holding period.
9. Security method	Ell securities commissions are performed by EnTie Commercial Bank, Ltd. in accordance with the entrusted guarantee contract to perform the corporate bond security.

Item	The second domestically secured ordinary corporate bond in 2019
1. Issue amount	The total amount of bonds issued is NT\$ 0.3 billion.
2. Par value	NT\$ 1 million.
3. Issue price	At par on the issue date.
4. Maturity period	The issuance period of each bond is three years, from December 20, 2019, to December 20, 2022.
5. Coupon rate	The coupon rate of each bond is a fixed annual interest rate of 0.98%.
6. Repayment method	One repayment at maturity for three years from the date of issue.
7. Interest method	From the date of issue, the bonds shall bear interest at the coupon rate and shall be paid once a year with simple interest. Each NT\$ 1 million bond pays interest up to NT\$ 1, rounded up to the nearest NT\$. If the date of repayment of the principal and interest of the Company's corporate bonds falls on the day when the banking industry of the place of payment ceases business, the principal and interest shall be paid on the business day following the day of suspension of business, and no interest will be calculated for the postponement days. If the principal and interest are received after the principal and interest payment date, no additional deferred interest will be calculated and paid.
8. Security method	All securities commissions are performed by First Commercial Bank Ltd. in accordance with the entrusted security contract to perform the corporate bond security.

B. Please refer to Note 8 for details of the assets provided by the Group as security.

(14) Long-term loans and long-term liabilities due within one year

Item	2023.12.31	2022.12.31
Secured loan	\$ 11,678,749	\$ 11,507,672
Secured loans from non-financial institutions	4,167,503	4,244,406
	15,846,252	15,752,078
Less: Due within one year	(4,626,637)	(6,054,162)
	\$ 11,219,615	\$ 9,697,916
Interest rate	1.00%~11.50%	1.00%~11.50%

Please refer to Note 8 for the details of the Group and the assets provided as loan guarantees.

(15) Long-term deferred income

	2023.12.31	2022.12.31
Deferred income - government grants	\$ 222,870	\$ 242,265

The Group received a government grant of RMB 157,719 thousand in 2010 for hotel construction and real estate development and recognized in deferred income. The construction case was completed in 2019 and transferred to income when the sale of real estate and amortization within the useful life of hotel buildings.

(16) Retirement Benefit Plans

A. Defined contribution plan

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

(B) Expenses under the defined contribution plan for the years ended December 31, 2023, and 2022 were \$7,592 thousand and \$6,957 thousand, respectively.

(C) The mainland subsidiary of the Company allocates endowment insurance benefits at a certain rate of the total salary of local employees every month in accordance with the endowment insurance system stipulated by the government of the People's Republic of China. The pension of each employee is managed and arranged by the government. In addition to the monthly appropriation of the Company, the pension of former employees is paid by the relevant departments of the Chinese government. Expenses of the above-mentioned pension regulations for the years ended December 31, 2023, and 2022 were \$24,730 thousand and \$25,822 thousand, respectively.

B. Defined benefit plans

(A) The Company and its domestic subsidiaries have defined retirement benefits in accordance with the provisions of the Labor Standards Act. It is applicable to the service years of all regular employees before the implementation of the Labor Pension Act on July 1, 2005, and the subsequent service years of employees who choose to continue to apply the Labor Standards Act after the implementation of the Labor Pension Act. If an employee meets the retirement conditions, the payment of pension is calculated according to the length of service and the average salary of the six months before retirement. Two bases are given for each full year of service within 15 years (inclusive), and one base is given for each full year of service beyond 15 years, but the cumulative maximum is 45 bases. The Company and its domestic subsidiaries allocate 2% of the total salary to the retirement fund monthly and deposit it in the Bank of Taiwan in a special account in the name of the labor retirement reserve supervision committee. In addition, the Company and its domestic subsidiaries estimate the balance of the special account for labor retirement reserve referred to in the preceding paragraph before the end of each year. If the amount of the balance in the pension fund is inadequate to pay retirement benefits for employees who conform to retirement requirements in the next year, the Company and its domestic subsidiaries shall fund the difference in one appropriation that should be made before the end of March of the next year.

(B) Expenses under the defined contribution plan of the Group for the years ended December 31, 2023, and 2022 were \$170 thousand and \$139 thousand, respectively.

C. The amount of obligations incurred by the Group due to the determination of the benefit plan is listed in the consolidated balance sheet as follows:

	2023.12.31	2022.12.31
Present value of defined benefit obligation	\$ 30,662	\$ 35,866
The fair value of plan assets	(17,321)	(20,641)
Net defined benefit liabilities	<u>\$ 13,341</u>	<u>\$ 15,225</u>

D. Movements in net defined benefit liabilities were as follows:

	2023		
	Present Value of the Defined Benefit Obligation	Fair Value of the Plan Assets	Net Defined Benefit Liabilities
2023.1.1 balance	\$ 35,866	\$ (20,641)	\$ 15,225
Service cost			
Interest cost (income)	355	(185)	170
Recognized in profit or loss	355	(185)	170
Remeasurement:			
Return on plan assets (excluding amounts included in net interest)	-	(230)	(230)
Actuarial (gain) loss			
Changes in financial assumptions	42	-	42
Experience adjustments	279	-	279
Recognized in other comprehensive income	321	(230)	91
Contributions from the employer	-	(465)	(465)
Benefits paid	(5,880)	4,200	(1,680)
2023.12.31 balance	<u>\$ 30,662</u>	<u>\$ (17,321)</u>	<u>\$ 13,341</u>
	2022		
	Present Value of the Defined Benefit Obligation	Fair Value of the Plan Assets	Net Defined Benefit Liabilities
2022.1.1 balance	\$ 41,543	\$ (18,520)	\$ 23,023
Service cost			
Interest cost (income)	253	(114)	139
Recognized in profit or loss	253	(114)	139
Remeasurement:			
Return on plan assets (excluding amounts included in net interest)	-	(1,524)	(1,524)
Actuarial (gain) loss			
Changes in financial assumptions	(1,013)	-	(1,013)
Experience adjustments	(4,917)	-	(4,917)
Recognized in other comprehensive income	(5,930)	(1,524)	(7,454)
Contributions from the employer	-	(483)	(483)
2022.12.31 balance	<u>\$ 35,866</u>	<u>\$ (20,641)</u>	<u>\$ 15,225</u>

E. Through the defined benefit plans under the Labor Standards Law, the Group is exposed to the following risks:

(A) Investment risk

The plan assets are invested in domestic and foreign equity and debt securities, bank deposits, etc. The investment is conducted at the discretion of the Bureau or under the mandated management. However, in accordance with relevant regulations, the return generated by plan assets shall not be below the interest rate for a 2-year time deposit with local banks.

(B) Interest risk

A decrease in the government bond interest rate will increase the present value of the defined benefit obligation; however, this will be partially offset by an increase in the return on the plans' debt investments.

(C) Salary risk

The present value of the defined benefit obligation is calculated using the future salaries of plan participants. As such, an increase in the salaries of the plan participants will increase the present value of the defined benefit obligation.

F. The actuarial summary of pensions is as follows: :

	2023	2022
Discount rate	<u>1.15%~1.20%</u>	<u>1.15%~1.30%</u>
Expected rate of salary increase	<u>2.00%</u>	<u>2.00%</u>
The average duration of the defined benefit obligation	4~9 years	4~10 years

(A) Future mortality rate was estimated based on the 6th Taiwan Standard Ordinary Experience Mortality Table.

(B) If the significant actuarial assumptions are reasonably likely to change, and all other assumptions remain unchanged, the amount that will increase (decrease) the present value of the defined benefit obligation is as follows:

	2023.12.31	2022.12.31
Discount rate		
Increase 0.25%	\$ <u>(380)</u>	\$ <u>(431)</u>
Decrease 0.25%	\$ <u>389</u>	\$ <u>442</u>
Future salary increases		
Increase 0.25%	\$ <u>385</u>	\$ <u>438</u>
Decrease 0.25%	\$ <u>(378)</u>	\$ <u>(429)</u>

The sensitivity analysis previously presented above may not be representative of the actual changes in the present value of the defined benefit obligation as it is unlikely that changes in assumptions will occur in isolation of one another as some of the assumptions may be correlated.

G. Expected contributions to the defined benefit pension plan of the Group for the year ending December 31, 2024 amount to \$512 thousand.

(17) Preferred stock liabilities

	<u>2023.12.31</u>
Private placement of preferred shares	<u>\$ 1,000,000</u>

On May 22, 2023, the Company, by resolution of the extraordinary shareholders' meeting, resolved to conduct a cash capital increase by private placement, issuing preferred shares. The total number of shares to be issued shall not exceed 200,000,000 shares, with a par value of NT\$10 per share. The issuance will be carried out in two tranches within one year from the date of the shareholders' meeting resolution.

On May 30, 2023, the Board of Directors approved the issuance of new shares for the Company's first private placement of preferred shares for cash capital increase in 2023. The private placement is offered to subscribers approved at the first extraordinary shareholders' meeting held in 2023 and those who conform to the requirements of Article 43-6 of the Securities and Exchange Act and the specific individuals stipulated in the regulation of Taiwan-Finance-Securities-0910003455 of the the Securities and Futures Institute under tge Ministry of Finance on June 13, 2002. The number of private placement shares is 100,000,000 shares, with a private placement price of NT\$10 per share, totaling NT\$1,000,000,000. The capital increase base date is June 13, 2023. This capital increase has been approved by the Financial Supervisory Commission, and relevant statutory registration procedures have been completed.

The significant rights and obligations of the aforementioned preferred shares are as follows:

- A. In case the Company has annual surplus, apart from paying taxes in accordance with the law, it shall first offset previous years' losses, then allocate statutory surplus reserves in accordance with the law, and further allocate or reverse special surplus reserves as required by laws or competent authorities. If there is still a balance remaining, it may be distributed with the accumulated undistributed profits as dividends to the preferred shares for the current year.
- B. The dividend rate for this preferred stock is 7% annually, calculated based on the issuing price per share. Dividends are to be paid annually in cash, following the recognition of financial reports and dividend distribution proposals at the annual shareholders' meeting. The board of directors will establish the ex-dividend date for the distribution of preferred stock dividends after the annual shareholders' meeting, based on which the dividends to be distributed and any accumulated undistributed dividends will be paid. Dividends for each fiscal year will be calculated from the issuance date, based on the actual issuance date of that fiscal year.
- C. The Company has the discretion to distribute dividends on preferred stock. If, due to the lack of profits or insufficient profits for the preferred stock dividend according to the financial statement of the fiscal year, or for other necessary considerations, the preferred stock dividend can be exempt from distribution after approved by the Board of Directors without constituting a default, and preferred stockholders shall not object. Preferred stock is cumulative, and any undistributed or insufficiently distributed dividends after resolution shall accumulate and be deferred for payment in subsequent profitable years.
- D. Preferred shareholders, in addition to receiving dividends, are not entitled to participate in the distribution of earnings and capital surplus for cash and capital appropriations relating to common stock.
- E. This preferred stock is non-convertible into common stock.
- F. The preferred shareholders have priority over common shareholders in the distribution of the remaining assets of the Company, and their redemption priority is the same as that of other classes of preferred shareholders issued by the Company. They rank junior to general creditors, but are limited to the amount not exceeding the issued and outstanding preferred shares at the time of distribution, calculated at the issuance price.
- G. This preferred stock does not carry voting rights or election rights at the common shareholders' meeting. However, it does have voting rights at the preferred shareholders' meeting or any shareholders' meeting involving matters related to the rights and obligations of preferred

shareholders.

- H. This preferred stock has no expiration date, and preferred shareholders may not request the Company to retrieve their preferred shares. However, one year after the issuance date, the Company may, at its discretion in accordance with the issuance price and relevant issuance procedures, redeem all or a portion of the preferred shares for cash or by other legally permissible means. If, due to objective factors or force majeure, the Company is unable to redeem all or a portion of the preferred shares upon expiration, the rights associated with the unredeemed preferred shares shall continue according to the issuance conditions until such time as the Company redeems them in full.
- I. The capital surplus derived from the premium issuance of this preferred stock may not be allocated to capital during the period of issuance, except for the purpose of offsetting losses.
- J. This preferred stock is not listed for trading during the period of issuance.

(18) Share capital

As of December 31, 2023, and 2022, the capital stock authorized of the Company is \$15,000,000 thousand, which consists of both common shares and private preferred shares. The issued common shares amounted to 977,589 thousand shares, each with a par value of NT\$10, while the issued private preferred shares were issued in two tranches, 100,000 thousand shares and 0 thousand shares, respectively, each with a par value of NT\$10. All issued shares have been fully paid for. The private preferred shares are classified as liabilities. Please refer to Note 6(17) for details.

Adjustments were made to the outstanding shares as follows in December 31, 2023 and 2022. :

	Common shares		Private preferred shares	
	2023	2022	2023	2022
Beginning balance	977,589	977,589	-	-
Cash capital increase	-	-	100,000	-
Ending balance	<u>977,589</u>	<u>977,589</u>	<u>100,000</u>	<u>-</u>

(19) Capital surplus

Item	2023.12.31	2022.12.31
Treasury share transactions	\$ 8,450	\$ 8,450
Changes in equity of recognized subsidiaries	5,164	11,760
Other	141	141
	<u>\$ 13,755</u>	<u>\$ 20,351</u>

Under the Company Act, the capital surplus generated from the excess of the issuance price over the par value of capital stock and donations can be used to offset the deficit or may be distributed as stock dividends or in cash when the company has no accumulated losses. Under the regulations of the Security Exchange Act, the maximum amount transferred from the foregoing capital surplus to the Company's capital per year shall not be over 10% of the Company's paid-in capital. Capital surplus can't be used to offset the deficit unless the legal reserve is insufficient. The capital surplus from long-term investments may not be used for any purpose.

(20) Retained earnings and dividend policy

- A. Under the dividends policy as outlined in the Company's Articles, where the Company made a profit in a fiscal year, the profit shall be first utilized for paying taxes, offsetting losses of previous years, and setting aside as a legal reserve 10% of the remaining profit, but when the legal reserve has reached the Company's paid-in capital, it must no longer be listed, setting aside or reversing a special reserve in accordance with the laws and regulations, and then any remaining profit together with any undistributed retained earnings shall be used by the board of directors as the basis for proposing a distribution plan, which should be resolved in the shareholders' meeting for the distribution of dividends and bonuses to shareholders.

Considering the balanced and stable dividend policy, the Company will appropriately adopt a stock dividend or cash dividend according to the investment capital demand and the dilution of earnings per share. The cash dividends shall not be less than 10% of the total shareholders' dividends. When the cash dividend per share is less than NT\$ 0.1, when the proportion of liabilities in the Company's financial statements is more than 50%, or when there is a major capital expenditure plan, the board of directors may reduce the percentage of cash dividend or issue stock dividend instead.

- B. Legal reserve may be used to offset a deficit and be transferred to capital or distributed in cash. However, the legal reserve can be transferred to capital or distributed in cash only when the legal reserve has exceeded 25% of the Company's paid-in capital.
- C. (A) While earning distribution, the earnings can be distributed after appropriation of the equivalent amount of the debit balance of the other equities of the balance sheet
(B) Under Rule No.1010012865 issued by the FSC on 6th April 2012 for the first-time adoption of IFRS, the special reserve can be reversed while the usage, disposal, and reclassification of related assets.
- D. The Company approved the allocation of losses for the fiscal year 2022 and 2021 at the shareholders' meetings held on June 21, 2023, and June 24, 2022, respectively, in accordance with the proposed resolutions approved by the Board of Directors.
- E. Regarding the allocation of the 2023 loss compensation plan, the resolution is still pending and awaiting the decision at the shareholders' general meeting to be held in June 2024.
- F. Information on the earnings appropriation proposed by the Board of Directors and approved by the Company's shareholders is available on the Market Observation Post System website of the Taiwan Stock Exchange.

(21) Other equity

Item	Exchange differences on translation of foreign operations	Unrealized valuation gain (loss) of financial assets measured at fair value through other comprehensive income	Total
2023.1.1 balance	\$ (489,297)	\$ (593)	\$ (489,890)
Unrealised valuation gain (loss) of financial assets measured at fair value through other comprehensive income	-	(7)	(7)
Exchange differences on translation of foreign operations	(54,908)	-	(54,908)
2023.12.31 balance	\$ (544,205)	\$ (600)	\$ (544,805)

Item	Exchange differences on translation of foreign operations	Unrealized valuation gain (loss) of financial assets measured at fair value through other comprehensive income	Total
2022.1.1 balance	\$ (971,368)	\$ (593)	\$ (971,961)
Exchange differences on translation of foreign operations	482,071	-	482,071
2022.12.31 balance	\$ (489,297)	\$ (593)	\$ (489,890)

(22) Non-controlling interest

<u>Item</u>	<u>2023</u>	<u>2022</u>
Beginning balance	\$ 523,452	\$ 751,457
Shares attributable to non-controlling interest		
Net profit (loss) of the year	(190,898)	(259,911)
Other comprehensive profit and loss of the year	2	219
Decrease of non-controlling interest	1,472	30,284
Changes in subsidiary ownership equity	60,440	1,403
Ending balance	<u>\$ 394,468</u>	<u>\$ 523,452</u>

(23) Operating revenues

<u>Item</u>	<u>2023</u>	<u>2022</u>
Real estate income	\$ 2,995,115	\$ 738,403
Hotel Catering income	743,825	562,919
Hotel income	30,907	23,822
Lease income	7,556	3,521
Engineering income	1,378	1,619
Other	<u>\$ 3,778,781</u>	<u>\$ 1,330,284</u>

A. Breakdown of customer contract income

	<u>2023</u>			
	<u>Building Department</u>	<u>Construction Department</u>	<u>Other Department</u>	<u>Total</u>
Major regional markets:				
Taiwan	\$ 2,312,474	\$ 7,556	\$ -	\$ 2,320,030
Mainland China	714,926	-	743,825	1,458,751
	<u>\$ 3,027,400</u>	<u>\$ 7,556</u>	<u>\$ 743,825</u>	<u>\$ 3,778,781</u>
Main products/service lines:				
Real estate sales	\$ 2,995,115	\$ -	\$ -	\$ 2,995,115
Hotel services	-	-	743,825	743,825
Engineering contract	-	7,556	-	7,556
Other	32,285	-	-	32,285
	<u>\$ 3,027,400</u>	<u>\$ 7,556</u>	<u>\$ 743,825</u>	<u>\$ 3,778,781</u>
Income recognition time:				
Goods transferred at a certain time point	\$ 2,995,115	\$ -	\$ 387,119	\$ 3,382,234
Labor services gradually transferred over time	32,285	-	356,706	388,991
Engineerings gradually transferred over time	-	7,556	-	7,556
	<u>\$ 3,027,400</u>	<u>\$ 7,556</u>	<u>\$ 743,825</u>	<u>\$ 3,778,781</u>

	2022			
	Building Department	Construction Department	Other Department	Total
Major regional markets:				
Taiwan	\$ 408,579	\$ 3,521	\$ -	\$ 412,100
Mainland China	355,265	-	562,919	918,184
	<u>\$ 763,844</u>	<u>\$ 3,521</u>	<u>\$ 562,919</u>	<u>\$ 1,330,284</u>
Main products/service lines:				
Real estate sales	\$ 738,403	\$ -	\$ -	\$ 738,403
Hotel services	-	-	562,919	562,919
Engineering contract	-	3,521	-	3,521
Other	25,441	-	-	25,441
	<u>\$ 763,844</u>	<u>\$ 3,521</u>	<u>\$ 562,919</u>	<u>\$ 1,330,284</u>
Income recognition time:				
Goods transferred at a certain time point	\$ 663,893	\$ -	\$ 420,905	\$ 1,084,798
Labor services gradually transferred over time	99,951	-	142,014	241,965
Engineerings gradually transferred over time	-	3,521	-	3,521
	<u>\$ 763,844</u>	<u>\$ 3,521</u>	<u>\$ 562,919</u>	<u>\$ 1,330,284</u>

B. Contract liabilities

	2023.12.31	2022.12.31
Contractual liabilities - sale of real estate	\$ 933,325	\$ 1,663,972
Contractual liabilities - income received in advance	157,976	173,927
Contractual liabilities - construction engineering	23,664	31,220
	<u>\$ 1,114,965</u>	<u>\$ 1,869,119</u>

C. The amount of contract liabilities from the beginning of the period and performance obligations satisfied in the previous period recognized as income in the current period are as follows:

Item	2023	2022
From the beginning contract liabilities recognized in the current period		
Sales contract	<u>\$ 989,523</u>	<u>\$ 227,414</u>

(24) Interest income

Item	2023	2022
Interest income on financial assets measured at amortized cost	\$ 75,879	\$ 68,896
Bank deposit interest	5,581	2,495
	<u>\$ 81,460</u>	<u>\$ 71,391</u>

(25) Other income

Item	2023	2022
Transfer of overdue payables to income	\$ 114,932	\$ 31,517
Miscellaneous income	34,290	10,432
Government grants income	16,929	14,557
Rental income	1,846	-
Termination fee income	-	7,312
	<u>\$ 167,997</u>	<u>\$ 63,818</u>

(26) Other gains and losses

Item	2023	2022
Investment property fair value adjustment gain (loss)	\$ 517,353	\$ 3,578
Net currency exchange gain	(99,189)	(430,151)
Gain or loss on disposal of property, plant and equipment	(353)	71
Reversal of impairment gain on property, plant, and equipment.	-	12,412
Other	(8,052)	(6,605)
	<u>\$ 409,759</u>	<u>\$ (420,695)</u>

(27) Finance costs

Item	2023	2022
Interest expense:		
Loans	\$ 1,160,977	\$ 1,100,535
Bonds payable	5,499	12,925
Interest on lease liabilities	228	351
Less: capitalized amount for qualified assets	168,298	10,360
Item	(537,810)	(492,993)
	<u>\$ 797,192</u>	<u>\$ 631,178</u>

(28) Labor cost, depreciation, and amortization

Item	2023			2022		
	Operating cost	Operating expenses	Total	Operating cost	Operating expenses	Total
Labor cost						
Salaries	\$ 25,762	\$ 351,353	\$ 377,115	\$ 34,152	\$ 372,432	\$ 406,584
Insurance	1,806	26,113	27,919	1,274	27,827	29,101
Pension	1,363	31,129	32,492	1,208	31,710	32,918
Other employment expenses	3,211	47,166	50,377	2,934	47,757	50,691
Depreciation	332,723	207,786	540,509	288,483	259,081	547,564
expense						
Amortization	-	52,231	52,231	-	50,927	50,927
Total	<u>\$ 364,865</u>	<u>\$ 715,778</u>	<u>\$ 1,080,643</u>	<u>\$ 328,051</u>	<u>\$ 789,734</u>	<u>\$ 1,117,785</u>

- A. The Company accrued employees' compensation and remuneration to directors at rates not less than 1% and not higher than 1% of net income before income tax, employees' compensation, and remuneration to directors during the period. Due to the loss in 2023 and 2022, the employees' compensation and remuneration to directors have not been estimated. If there is a change in the amounts after the annual financial statements were authorized for issue, the differences are recorded as a change in the accounting estimate for the next year.
- B. Information about the appropriation of employees' compensation and directors' remuneration by the Company as proposed by the Board of Directors and resolved by the shareholders will be posted in the "Market Observation Post System" on the website of the Taiwan Stock Exchange.

(29) Income tax

A. Income tax expense (gain):

Item	2023	2022
<u>Current income tax</u>		
Current tax expense	\$ -	\$ -
Surtax on undistributed retained earnings	6,629	10,356
Land value increment tax	2,781	4,274
Other	9,570	8,236
Item		
<u>Deferred income tax</u>	(50,687)	(245,077)
The origination and reversal of temporary differences	<u>\$ (31,707)</u>	<u>\$ (222,211)</u>
Income tax expense (gain)	\$ -	\$ -

The applicable tax rate used by the Group is 20%. In addition, the tax rate applicable to unappropriated earnings is 5%. Tax rates used by other group entities operating in other jurisdictions are based on the tax laws in those jurisdictions.

B. Income tax expense recognized in other comprehensive income was as follows:

Item	2023	2022
Exchange differences on translation of foreign operations	\$ (13,727)	\$ 120,519
Unrealized valuation (loss) of financial asset measured at fair value through other comprehensive income	(2)	-
Re-measurement of defined benefit plans	(18)	1,490
	<u>\$ (13,747)</u>	<u>\$ 122,009</u>

C. Reconciliation of income before income tax and income tax expense (profit) recognized in profit or loss was as follows:

	2023	2022
Loss before income tax	\$ (417,796)	\$ (1,858,102)
Net loss tax before tax at the statutory rate	\$ (83,559)	\$ (371,620)
Tax effect of adjusting items:		
The impact of items not included in the calculation of taxable income	(46,619)	25,166
Impact of different tax rates applicable to parent and subsidiary companies	35,844	49,174
5% surtax on undistributed retained earnings	6,629	10,356
Unrecognized loss offset	-	44,600
Adjustments for the prior year's tax adjustments	24,530	30,693
Other	31,468	(10,580)
Income tax expense recognized in profit or loss	\$ (31,707)	\$ (222,211)

D. Amounts of deferred tax assets or liabilities as a result of temporary difference, loss carryforward, and investment tax credit were as follows:

	2023			
	Beginning balance	Recognized in profit or loss	Recognized in other comprehensive income	Ending balance
Deferred income tax assets:				
Loss on foreign investment on equity method	\$ 500,083	\$ 178,220	\$ 13,727	\$ 692,030
Loss deduction	122,875	(41,778)	-	81,097
Unrealized impairment loss	132	(35)	18	115
Other	148	-	2	150
Subtotal	92,105	(25,996)	-	66,109
Deferred income tax liabilities:	715,343	110,411	13,747	839,501
Gain on foreign investment on equity method				
Unrealized impairment gain	(20,167)	(3,339)	-	(23,506)
Land financing interest listed as completed housing add back to the cost	(69,611)	(55,355)	-	(124,966)
Investment property fair value gains	-	(1,030)	-	(1,030)
Subtotal	(89,778)	(59,724)	-	(149,502)
Total	\$ 625,565	\$ 50,687	\$ 13,747	\$ 689,999

	2022			
	Beginning balance	Recognized in profit or loss	Recognized in other comprehensive income	Ending balance
Deferred income tax assets:				
Loss on foreign investment on equity method	\$ 383,330	\$ 237,272	\$ (120,519)	\$ 500,083
Loss deduction	149,542	(26,667)	-	122,875
Unrealized impairment loss	1,151	471	(1,490)	132
Other	72,172	20,081	-	92,253
Subtotal	606,195	231,157	(122,009)	715,343
Deferred income tax liabilities:				

Gain on foreign investment on equity method	(14,293)	14,293	-	-
Unrealized impairment gain	(5)	5	-	-
Land financing interest listed as completed housing add back to the cost	(22,265)	2,098	-	(20,167)
Investment property fair value gains	(67,135)	(2,476)	-	(69,611)
Subtotal	(103,698)	13,920	-	(89,778)
Total	\$ 502,497	\$ 245,077	\$ (122,009)	\$ 625,565

E. Items not recognized as deferred income tax assets:

Item	2023.12.31	2022.12.31
Loss deduction	\$ 44,600	\$ -

F. Unused loss deduction information of the Company

As of December 31, 2023, the relevant information regarding loss deduction is as follows:

Final annual offset	Unutilized balance	Unutilized tax amount
2029	\$ 374,034	\$ 74,807
2032	209,720	41,944
	\$ 583,754	\$ 116,751

G. The tax authorities have ratified Company's income tax returns through the Year 2021.

(30) Other comprehensive income (loss)

Item	2023		
	Before-tax	Income tax benefit	Net of tax
Items that will not be reclassified subsequently to profit or loss:			
Re-measurement of defined benefit obligation	\$ (91)	\$ 18	\$ (73)
Unrealized profit (loss) of equity instrument investment measure at fair value through other comprehensive income	(9)	2	(7)
	\$ (100)	\$ 20	\$ (80)
Items that may be reclassified subsequently to profit or loss:			
Exchange differences on translation of foreign operations	\$ (68,635)	\$ 13,727	\$ (54,908)

Item	2022		
	Before-tax	Income tax benefit	Net of tax
Items that will not be reclassified subsequently to profit or loss:			
Re-measurement of defined benefit obligation	\$ 7,454	\$ (1,490)	\$ 5,964
Items that may be reclassified subsequently to profit or loss:			
Exchange differences on translation of foreign operations	\$ 602,590	\$ (120,519)	\$ 482,071

(31) Loss per share

	2023	2022
Basic and diluted loss per share:		
Net loss attributable to ordinary equity holders of the parent entity	\$ (195,191)	\$ (653,929)
Weighted average shares outstanding (in thousands)	977,589	977,589
Basic loss per share(after-tax)(NT\$)	\$ (0.20)	\$ (0.67)

(32) Reconciliation of liabilities from financing activities

	January 1, 2023	Cash flow	Exchange rate changes	Non-cash changes Changes in fair value	Other non-cash changes	December 31, 2023
Short-term loans	\$ 382,156	\$ 51,708	\$ -	\$ -	\$ -	\$ 433,864
Short-term bills payable	2,097,626	1,342,000	-	-	(3,067)	3,436,559
Corporate bonds payable (including those due within one year)	1,157,249	(1,157,249)	-	-	-	-
Long-term loans(including those due within one year)	15,752,078	317,981	(223,807)	-	-	15,846,252
Preferred stock liabilities-non-current	-	1,000,000	-	-	-	1,000,000
Deposits received	35,436	4,859	-	-	-	40,295
Other payables - related parties	1,458,131	224,279	-	-	-	1,682,410
Lease liabilities	7,326	(5,503)	(23)	-	16,788	18,588
Total liabilities from financing activities	<u>\$ 20,890,002</u>	<u>\$ 1,778,075</u>	<u>\$ (223,830)</u>	<u>\$ -</u>	<u>\$ 13,721</u>	<u>\$ 22,457,968</u>

	January 1, 2022	Cash flow	Exchange rate changes	Non-cash changes Changes in fair value	Other non-cash changes	December 31, 2022
Short-term loans	\$ 885,781	\$ (503,625)	\$ -	\$ -	\$ -	\$ 382,156
Short-term bills payable	2,258,126	(161,000)	-	-	500	2,097,626
Corporate bonds payable (including those due within one year)	1,531,159	(373,910)	-	-	-	1,157,249
Long-term loans(including those due within one year)	13,423,406	2,119,821	208,851	-	-	15,752,078
Deposits received	33,679	1,757	-	-	-	35,436
Other payables - related parties	1,409,166	48,965	-	-	-	1,458,131
Lease liabilities	7,840	(5,599)	14	-	5,071	7,326
Total liabilities from financing activities	<u>\$ 19,549,157</u>	<u>\$ 1,126,409</u>	<u>\$ 208,865</u>	<u>\$ -</u>	<u>\$ 5,571</u>	<u>\$ 20,890,002</u>

33 Financial instruments

A. Fair value and carrying amount

The fair value of the Group's non-derivative short-term financial instruments is estimated based on their carrying amount on the balance sheet. Because the maturity date of such financial instruments is very close, the carrying amount should be a reasonable basis for estimating the fair value. This method is applied to financial assets and financial liabilities measured at amortized cost, including cash and equivalent cash, accounts receivable (including related parties), accounts payable (including related parties), other financial assets, and short-term loans.

Except that the above financial instruments and lease liabilities are not required to disclose fair value information according to regulations, the carrying amount and fair value of the remaining financial instruments of the consolidated company on each financial reporting date are summarized as follows:

	2023.12.31		2022.12.31	
	Carrying amount	Fair value	Carrying amount	Fair value
<u>Financial assets</u>				
Financial assets measured at fair value through profit or loss	\$ 3,071	\$ 3,071	\$ 3,071	\$ 3,071
Financial assets measured at fair value through other comprehensive profit or loss	-	-	9	9
Financial assets measured at amortized cost				
Refundable deposit	5,353,113	5,353,113	1,617,614	1,617,614
<u>Financial liabilities</u>				
Financial liabilities measured at amortized cost				
Corporate bonds payable (including those due within one year)	-	-	1,157,249	1,157,249
Long-term loans (including those due within one year)	15,846,252	15,846,252	15,752,078	15,752,078
Preferred stock liabilities	1,000,000	1,000,000	-	-
Deposits received	40,295	40,295	35,436	35,436

B. Methods and assumptions used to determine fair value

The fair value of financial assets and financial liabilities with standard terms and conditions and trading in the active market is determined by reference to the market quotation respectively. If there is no market price for reference, the evaluation method is adopted for estimation, and the estimation and assumptions used are consistent with the information used by market participants as estimates and assumptions when pricing financial instruments.

The principal-guaranteed variant wealth management product is estimated by the discounted cash flow method. The main assumption is that the principal and the probability of occurrence are considered to estimate the income received, and the discounted present value is used to estimate.

The fair value of corporate bonds payable is the discounted value of its expected cash flow at the market interest rate.

The carrying amount of a long-term loan that pays interest at a floating interest rate is approximately equal to its fair value.

Since there is no definite maturity date for the preferred stock liabilities, deposits received and refundable deposits, the carrying amount is taken as the fair value.

C. Financial instruments measured at fair value

The observability of fair value is divided into the first to third levels

(A) Level 1

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

(B) Level 2

Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly. The fair value of the Group's investments in government bonds, corporate bonds, financial debentures, convertible bonds, and most derivative instruments is included in Level 2.

(C) Level 3

Unobservable inputs for the asset or liability. The fair value of the Group's investments in some derivative instruments and equity instruments without an active market is included in Level 3.

D. The related information at fair value by level

The Group's financial instruments and investment property measured at fair value are measured at fair value based on repeatability. The information on the Group's fair value level is shown in the following table:

Item	2023.12.31			
	Level 1	Level 2	Level 3	Total
Recurring fair value				
Financial assets measured at fair value through profit or loss	\$ 3,071	\$ -	\$ -	\$ 3,071
Financial assets measured at fair value through other comprehensive income	\$ -	\$ -	\$ -	\$ -
Recurring fair value	\$ -	\$ -	\$ 2,555,682	\$ 2,555,682

Item	2022.12.31			
	Level 1	Level 2	Level 3	Total
Recurring fair value				
Financial assets measured at fair value through profit or loss	\$ 3,071	\$ -	\$ -	\$ 3,071
Financial assets measured at fair value through other comprehensive income	\$ -	\$ -	\$ 9	\$ 9
Recurring fair value	\$ -	\$ -	\$ 1,482,686	\$ 1,482,686

In both the fiscal years 2023 and 2022, the Company did not have any instances of transfers between Level 1 and Level 2 fair value measurements. There were also no transfers into or out of Level 3 during the same period.

E. Valuation techniques of financial instruments valued at fair value:

(A) The fair value of financial assets and liabilities traded in an active market is based on the quoted market prices. The quotation, which is published by the main exchange center or that which was deemed to be a public bond by the Treasury Bureau of Center Bank, is included in the fair value of the listed securities instruments and the debt instruments in active markets with the open bid. A financial instrument is regarded as the quoted price in an active market if the quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service, or regulatory agency; and if those prices represent the actual and regularly occurring market transactions on an arm's length basis. Otherwise, the market is deemed to be inactive. Normally, a market is considered to be inactive when the bid-ask spread is increasing; or the bid-ask spread varies significantly; or there has been a significant decline in trading volume.

The fair value of the financial instruments held by the Group with an active market is listed as follows by category and attribute:

a. Open-end Fund: net worth.

(B) Except for the above-mentioned financial instruments traded in an active market, the fair value is based on the valuation techniques or the quotation from the counterparty. The fair value refers to the current fair value of the other financial instruments with similar conditions and characteristics, using a discounted cash flow analysis or other valuation techniques, such as calculations of using models (for example, applicable yield curve from Taipei Exchange, or average quoted price on the interest rate of commercial paper from Reuters), based on the information acquired from the market at the balance sheet date.

When the financial instrument of the Company is not traded in an active market, the fair value is determined based on the ratio of the quoted market price of the comparative company, its book value per share, and its operating situation. Also, the fair value is discounted for its lack of liquidity in the market.

(C) The output of the valuation model is an estimated value and the valuation technique may not be able to capture all relevant factors of the Company's financial and non-financial instruments. Therefore, the estimated value derived using the valuation model is adjusted accordingly with additional inputs, for example, model risk or liquidity risk, etc. In accordance with the Group's management policies and relevant control procedures relating to the valuation models used for fair value measurement, management believes valuation adjustment is necessary in order to reasonably represent the fair value of financial and non-financial instruments on the consolidated balance sheet. The inputs and pricing information used during valuation are carefully assessed and adjusted based on current market conditions.

(D) The Group takes into account adjustments for credit risks to measure the fair value of financial and non-financial instruments to reflect the credit risk of the counterparty and the Group's credit quality.

F. The following is an explanation of the quantified information regarding significant unobservable input values and sensitivity analysis of significant unobservable input value changes for the valuation model used in Level 3 fair value measurements: :

	2023.12.31 Fair value	Evaluating technology	Significant unobservable input values	Discount rate	Relationship between Input Value and Fair Value
Unlisted (OTC) stocks	\$ -	Net asset value method	N/A	N/A	N/A
Investment properties	\$ 2,555,682	Discounted cash flow analysis using the income approach	Long-term rental income growth rate and discount rate	Note	The higher the growth rate of long-term rental income, the higher the fair value; the higher the discount rate, the lower the fair value.

	2022.12.31 Fair value	Evaluating technology	Significant unobservable input values	Discount rate	Relationship between Input Value and Fair Value
Unlisted (OTC) stocks	\$ 9	Net asset value method	N/A	N/A	N/A
Investment properties	\$ 1,482,686	Discounted cash flow analysis using the income approach	Long-term rental income growth rate and discount rate	Note	The higher the growth rate of long-term rental income, the higher the fair value; the higher the discount rate, the lower the fair value.

Note: Please refer to Note 6(9) for detailed explanations on the range of long-term rental income growth rates and discount rates.

(34) Financial risk management

The Group's activities expose it to a variety of financial risks: market risk (including foreign exchange risk, interest rate risk, and price risk), credit risk, and liquidity risk. To lower the related financial risk, the Company's overall risk management program focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on the Group's financial position and financial performance. The plans for material treasury activities are reviewed by the board of directors in accordance with procedures required by relevant regulations or internal controls. During the implementation of such plans, the Group Treasury function must comply with certain treasury procedures that provide guiding principles for overall financial risk management and segregation of duties.

Significant financial risks and degrees of financial risks

A. Market risk

(A) Foreign exchange rate risk

The Company's activities expose to a variety of financial risks: market risk (including foreign exchange risk, interest rate risk, and price risk), credit risk, and liquidity risk. The Company's functional currencies are mainly NTD, as well as RMB and USD. These transactions are mainly denominated in US dollars and RMB. Part of the Company's cash inflow and outflow is in foreign currency, so it has some natural hedging effect; the exchange rate risk of the Company is managed to avoid risks, not to make profits. The exchange rate risk management strategy is to regularly review and manage the net portion of assets and liabilities in various currencies.

The net investment in foreign operations is a strategic investment. Therefore, the Company does not hedge for it.

Foreign currency risk and sensitivity analysis

		2023.12.31					
		Foreign Currency (in thousands)	Exchange rate	Carrying Value (NTD)	Sensitivity Analysis		
					Variation	Profit and Loss Impact	Equity Impact
(Foreign currency: functional currency)							
<u>Financial assets</u>							
<u>Monetary item</u>							
USD	\$	81	30.71	\$ 2,488	increase 1%	\$ 25	-
RMB		1,368,744	4.327	5,922,555	increase 1%	59,226	-
HKD		93	3.929	365	increase 1%	4	-
<u>Financial liabilities</u>							
<u>Monetary item</u>							
USD	\$	(94)	30.71	\$ (2,887)	increase 1%	\$(29)	-
RMB		(69,349)	4.327	(300,073)	increase 1%	(3,001)	-

		2022.12.31					
		Foreign Currency (in thousands)	Exchange rate	Carrying Value (NTD)	Sensitivity Analysis		
					Variation	Profit and Loss Impact	Equity Impact
(Foreign currency: functional currency)							
<u>Financial assets</u>							
<u>Monetary item</u>							
USD		465	30.71	14,281	increase 1%	143	-
RMB		1,130,490	4.408	4,983,200	increase 1%	49,832	-
HKD		101	3.938	398	increase 1%	4	-
<u>Financial liabilities</u>							
<u>Monetary item</u>							
USD		(710)	30.71	(21,804)	increase 1%	(218)	-
RMB		(63,509)	4.408	(279,948)	increase 1%	(2,799)	-

(B) Interest rate risk

The carrying amount of the financial assets and liabilities that were exposed to interest rate risk at the reporting date was as follows:

Item	Carrying amount	
	2023.12.31	2022.12.31
Cash flow interest rate risk:		
Financial assets	\$ 705,062	\$ 1,097,743
Financial liabilities	(16,280,116)	(16,134,234)
Net	\$ (15,575,054)	\$ (15,036,491)

a. Sensitivity analysis of fair value interest rate risk tools:

The Group does not classify any fixed-rate instruments as financial assets at fair value through profit or loss and financial assets at fair value through other comprehensive income and available for sale. In addition, the Group does not designate derivatives (interest rate swaps) as hedge instruments under hedge accounting. Therefore, the change in interest rate at reporting date does not influence net income and other comprehensive income.

b. Sensitivity analysis of cash flow interest rate risk tools:

The Group's financial instruments with variable interest rates are those with floating-rate. If the interest rate increases (decreases) by 1%, the net income will decrease (increase) by \$155,751 thousand and \$150,365 thousand for the years ended December 31, 2023, and 2022, respectively.

B. Credit risk

Credit risk is the risk that the counterparty will not meet its obligations under a contract leading to a financial loss to the Group. The Group is exposed to credit risk from operating activities, primarily accounts receivables, and from investing activities, primarily deposits, and other financial instruments. Credit risk is managed separately for business-related and financial-related exposures.

(A) Business-related credit risk

To maintain the credit quality of accounts receivables, the Group has established procedures to monitor and limit exposure to credit risk on trade receivables. Credit evaluation is performed in the consideration of the relevant factors which may affect the customer's paying ability such as financial condition, external and internal credit scoring, historical experience, and economic conditions.

(B) Financial credit risk

The Company's exposure to financial credit risk which pertained to bank deposits and other financial instruments was evaluated and monitored by the Company's Treasury function. The Group only deals with creditworthy counterparties, banks, and the government so significant credit risk was identified. In addition, the Group has no financial assets at amortized cost and investments in debt instruments at fair value through other comprehensive income.

(C) Credit concentration risk

The Group has a large customer base and is not related, so there is no risk of concentration of credit risk of accounts receivable.

(D) Measurement of expected credit impairment loss

- a. Accounts receivable: Simplified method is adopted. Please refer to note 6(4) for the description.
- b. Judgment basis for whether the credit risk has increased significantly: none. (The Group does not classify debt instrument investments at amortized cost and at fair value through other comprehensive profit or loss)
- c. The Group does not hold collateral and other credit increases to avoid the credit risk of financial assets.

C. Liquidity risk

(A) Liquidity risk management

The objective of liquidity risk management is to ensure the Group has sufficient liquidity to fund its business requirements of cash and cash equivalents and the unused financing facilities associated with existing operations.

(B) Financial liabilities with repayment periods

The following table details the Group's remaining contractual maturity for its non-derivative financial liabilities with agreed repayment periods:

		2023.12.31					
Non-derivative financial liabilities		Within 1 year	1-2 years	2-5 years	Over 5 years	Contract Cash Flow	Carrying Value
Short-term loans		\$ 450,380	\$ -	\$ -	\$ -	\$ 450,380	\$ 433,864
Short-term bills payable		3,442,400	-	-	-	3,442,400	3,436,559
Notes payable and accounts payable (including related parties)		4,537,000	-	-	-	4,537,000	4,537,000
Other payables (including related parties)		3,674,343	-	-	-	3,674,343	3,674,343
Long-term loans (including those due within one year)		5,402,029	3,525,144	6,949,676	1,468,886	17,345,735	15,846,252
Lease liabilities		5,144	4,037	11,016	-	20,197	18,588
Deposits received		3,991	1,479	7,286	27,539	40,295	40,295
		<u>\$ 17,515,287</u>	<u>\$ 3,530,660</u>	<u>\$ 6,967,978</u>	<u>\$ 1,496,425</u>	<u>\$ 29,510,350</u>	<u>\$ 27,986,901</u>

		2022.12.31					
Non-derivative financial liabilities		Within 1 year	1-2 years	2-5 years	Over 5 years	Contract Cash Flow	Carrying Value
Short-term loans		389,465	-	-	-	389,465	382,156
Short-term bills payable		2,100,400	-	-	-	2,100,400	2,097,626
Notes payable and accounts payable (including related parties)		4,977,825	-	-	-	4,977,825	4,977,825
Other payables (including related parties)		2,411,863	-	-	-	2,411,863	2,411,863
Corporate bonds payable (including those due within one year)		1,166,327	-	-	-	1,166,327	1,157,249
Long-term loans (including those due within one year)		6,986,271	5,506,404	4,584,478	384,597	17,461,750	15,752,078
Lease liabilities		5,747	1,479	365	-	7,591	7,326
Deposits received		27,223	441	1,653	6,119	35,436	35,436
		<u>\$ 18,065,121</u>	<u>\$ 5,508,324</u>	<u>\$ 4,586,496</u>	<u>\$ 390,716</u>	<u>\$ 28,550,657</u>	<u>\$ 26,821,559</u>

The Group does not expect that the time point of the cash flow analyzed on the maturity date will be significantly earlier or that the actual amount will be significantly different.

(35) Capital risk management

The Group's capital management objectives are to ensure that the Group can continue to operate, maintain the best capital structure, reduce the cost of capital, and provide remuneration to shareholders. To maintain or adjust the capital structure, the Group may adjust the number of dividends paid to shareholders, return capital to shareholders, issue new shares, or sell assets to reduce debt.

7. RELATED PARTY TRANSACTIONS

(1) Parent and ultimate controlling party

The Company is the ultimate controller of the Group.

(2) Related party name and category

<u>Related Party Name</u>	<u>Related Party Category</u>
Xusheng Investment Co., Ltd. (Xusheng investment)	Other related parties
Jingting Investment Co., Ltd. (Jingting investment)	Other related parties
Heyi Investment Co., Ltd.(Heyi Investment)	Other related parties
Jianxun International Co., Ltd (Jianxun International)	Other related parties
HuangKe Investment Co., Ltd(HuangKe Investment)	Other related parties
Lalu Hotel Co., Ltd.(Lalu Hotel)	Other related parties
Fuqi Investment Co., Ltd (Fuqi Investment)	Other related parties
Xianglin Hydropower Engineering Co., Ltd (Xianglin Hydropower)	Other related parties
Xianglin Travel Agency Co., Ltd. (Xianglin Travel Agency)	Other related parties
Dinglin Investment Development Co., Ltd(Dinglin Investment Development)	Other related parties
Guangyu Investment Development Co., Ltd (Guangyu Investment Development)	Other related parties
Hengmei Co., Ltd.	Other related parties
Huayan Engineering Company	Other related parties
General Chamber of Commerce of the Republic of China	Other related parties
Straits economic & Cultural Exchange Association	Other related parties
Culture and Education Foundation	Other related parties
Yunlin Associate Culture and Education Foundation	Other related parties
Dingling International (Cayman) Holding Co., Ltd. (DIH)	Other related parties
Good profit Holdings Ltd.(Good profit)	Other related parties
Harmony Land Limited (Harmony)	Other related parties
The Lalu Hotels and Resorts Management Co., Ltd. (Lalu)	Other related parties
Chengdu Zhaoxin Property Management Co., Ltd (Chengdu Zhaoxin)	Other related parties
Kunshan Meifa Real Estate Development Co., Ltd. (Kunshan Meifa)	Other related parties
Qingdao Zhengyu Property Management Co., Ltd (Qingdao Zhengyu)	Other related parties
Nanjing Zhaoxin Property Management Co., Ltd (Nanjing Zhaoxin)	Other related parties
Nanjing Youqun Greening Engineering Co., Ltd	Other related parties
Guilin Lalu Co., Ltd (Guilin Lalu)	Other related parties
Lai Cheng I	Other related persons and main management
Chen Yu Zhuan	Other related persons and main management
Wang Zhi Jie	Other related persons and main management

Related Party Name		Related Party Category	
Lin Xian Zhe		Other related persons and main management	
Lin Xian Zhe		Other related persons and main management	
Huang Zu De		Other related persons	
(3) <u>Significant transactions with related parties</u>			
A. <u>Income</u>			
Item	Related Party Category	2023	2022
Operating income	Other related parties	\$ 7,556	\$ 3,521
The price and collection terms of sales transactions between the Group and related parties are not significantly different from those of non-related parties.			
B. <u>Purchases</u>			
Item	Related Party Category	2023	2022
Operating income	Other related parties	\$ 103,938	\$ 197,459
The purchase items are mainly the spare parts for the project and the hotel contracted to the related parties. The Group handles the above-mentioned companies according to the contract operation regulations and contract payment terms, which are roughly the same as other manufacturers. The purchase price and payment terms are not significantly different from those of other manufacturers.			
C. <u>Receivables from related parties</u>			
Item	Related Party Category	2023.12.31	2022.12.31
Accounts receivable	Other related parties	\$ -	\$ 66
Other receivables	Kunshan Meifa	\$ 705,953	-
	Nanjing Youqun	117,574	119,743
	Qingdao Zhengyu	50,401	30,654
	Other related parties	1,386	1,474
		\$ 875,314	\$ 151,871
No guarantee has been received for the receivables in circulation from related parties, and no provision has been made for losses.			
D. <u>Accounts payable to related parties (excluding loans from related parties)</u>			
Item	Related Party Category	2023.12.31	2022.12.31
Accounts receivable	Other related parties	\$ 32,889	\$ 35,408
Other receivables	Other related parties	\$ 382,009	\$ 366,468
E. <u>Lessee arrangements</u>			
Item	Related Party Category	2023.12.31	2022.12.31
Right-of-use asset acquired by lessee			
Other related parties		\$ 16,788	-
Lease liabilities	Other related parties	\$ 16,788	\$ 3,572

Item	Related Party Category	2023	2022
Interest expense	Other related parties	\$ 100	\$ 198
Depreciation expense	Other related parties	\$ 3,383	\$ 3,383

As for the deposit paid by the Group due to the lease agreement, as of December 31, 2023, and 2022, the deposit is \$642 thousand, and the recognized deposit interest is \$10 thousand and \$5 thousand in 2023 and 2022, respectively.

F. Lease/sublease agreement

Item	Related Party Category	2023	2022
Operating income	Other related parties	\$ 953	\$ 965

G. Loans from related parties

(A) Ending balance

Item	Related Party Category	2023.12.31	2022.12.31
Other payables - related parties	Other related parties and main management	\$ 438,913	\$ 447,011
	Other related parties		
	Nanjing Zhaoxin	902,438	392,105
	Lalu Hotel	20,000	153,550
	Kunshan Meifa	24,352	143,130
	DIH	129,811	132,207
	Harmony	101,896	103,493
	Other	65,000	86,635
		\$ 1,682,410	\$ 1,458,131

(B) Interest expense

Item	Related Party Category	2023	2022
Financial cost	Other related parties	\$ 9,605	\$ 10,204
Interest rate range		1.50%-3.00%	1.50%-3.00%

All loans borrowed by the Group from related parties are unsecured loans, and the loan interest rate is equivalent to the market interest rate.

H. Guarantee for related parties

Related Party Category	2023.12.31	2022.12.31
Other related parties	\$ 680,000	\$ 680,000

The above endorsements and guarantees do not include endorsements and guarantees between the Groups. Please refer to Note 13(1)B for details.

I. Expenses

Related Party Category	2023	2022	Transaction type
Other related parties	\$ 55,155	\$ 45,797	Entertainment, repair, advertising, donation, and miscellaneous expenses

J. Other

As of December 31, 2023, and 2022, Fast, 168, and Billion provided the following details of collateral for financing lease payments to Shanghai Yuexing Financing Lease Co., Ltd. and Shanghai Youtuo Financing Lease Co., Ltd., jointly with Qingdao Dinglin International and Qingdao Zhengyu:

	2023.12.31		2022.12.31	
	RMB(in thousand)	NTD	RMB(in thousand)	NTD
168	\$ 560,000	\$ 2,423,142	\$ 560,000	\$ 2,467,856
Fast	415,000	1,795,721	400,000	1,762,754
Billion	295,000	1,276,477	90,000	396,620
	<u>\$ 1,270,000</u>	<u>\$ 5,495,340</u>	<u>\$ 1,050,000</u>	<u>\$ 4,627,230</u>

(4) Key management compensation

	2023	2022
Salaries and other short-term employee benefits	\$ 17,540	\$ 15,421
Post-employment benefits	529	407
	<u>\$ 18,069</u>	<u>\$ 15,828</u>

8. PLEDGED ASSETS

The carrying amount of the assets pledged and guaranteed by the Group are detailed as follows:

Pledged assets	2023.12.31	2022.12.31	Pledge guarantee subject
Other financial assets	\$ 557,779	\$ 3,702,506	Short-term loans, corporate bonds payable, long-term loans, and litigation cases
Inventory-Construction	17,035,570	17,137,305	Short-term loans, short-term bills payable, corporate bonds payable, and long-term loans
Property, plant, and equipment	9,106,834	9,546,227	Short-term loans, short-term bills payable, and long-term loans
Right-of-use assets	704,649	764,806	Long-term loan
Investment real estate	2,537,781	1,465,786	Short-term loans and short-term bills payable
Refundable deposit	5,313,388	1,568,631	Short-term loan and long-term loan
	<u>\$ 35,256,001</u>	<u>\$ 34,185,261</u>	

As a loan guarantee, the Group pledged 100% of the equity of its subsidiary Chengdu Dingkang real estate in September 2021. Please refer to note 4. (3)B for details.

As a loan guarantee, the Group pledged 100% of the equity of its subsidiary Nanjing Dingzheng real estate in December 2020.

9. SIGNIFICANT CONTINGENT LIABILITIES AND UNRECOGNIZED CONTRACT COMMITMENTS

(1) As of December 31, 2023, and 2022, the guarantee notes received by the Group for construction performance bonds were \$123,719 thousand and \$1,752,119 thousand respectively.

(2) Major litigation cases

Nanjing Dingzheng Real Estate - Dispute over curtain wall construction contract

Nanjing Dingzheng Real Estate filed a lawsuit on August 22, 2020, requesting Nanjing Lihua to pay the liquidated damages for the overdue completion of the Nanjing Lalu Hotel and office building, the expenses for the failure to implement the project "wind and rain test, and observation of visual model" according to the construction contract, the expenses incurred by the owner's vehicle due to the self explosion and damage of the glass of Lalu Hotel, the maintenance expenses of the automatic door in the lobby of Lalu Hotel, and repairing broken glass. The total cost is RMB 194,84 thousand. Nanjing Jianye District People's Court ruled on June 18, 2021, that Nanjing Lihua should pay liquidated damages for overdue completion of Nanjing Dingzheng Real Estate, return the expenses for failing to implement the project of "wind and rain test, and observation of visual samples" and pay a total of RMB 4,803 thousand for the repair of broken glass. Nanjing Lihua has appealed to Nanjing Intermediate People's Court. The Nanjing Intermediate People's Court issued a final verdict on March 24, 2022, ruling that Nanjing Lihua is required to pay a confirmed amount of 2.7 million Chinese yuan for the repair costs of the damaged glass. Nanjing Dingzheng Real Estate, dissatisfied with the judgment, has applied for a retrial to the Jiangsu Provincial Higher People's Court on March 25, 2022. On December 27, 2023, both parties reached a mediated settlement presided over by the Nanjing Jianye District People's Court, agreeing not to assert any further claims against each other.

Based on the nature of the cases, the amount of possible loss and whether it is significant, the progress of the cases, and the opinions of professional legal counsel, the Group will evaluate the rationality of the recognized expenses in each financial reporting period, and make necessary adjustments in a manner deemed appropriate by the Group. However, the final amount can only be determined after the conclusion of relevant cases. The Group eagers to defend the above-mentioned litigation cases that have not been settled or are still in progress, but due to the unpredictable nature of legal cases, it is impossible to accurately estimate the possible losses (if any). The group cannot rule out the possibility to win or settle all relevant cases. The suspension, judgment amount, or settlement of relevant cases may have a significant adverse impact on the business, operation, or prospects of the Group.

(3) As of December 31, 2023, the Group has provided endorsements and guarantees for Qingdao Dinglin International, Taiyu construction, and Nanjing Dingzheng real estate. Please refer to note 13. (1) B for details.

10. SIGNIFICANT DISASTER LOSS

NONE.

11. SIGNIFICANT SUBSEQUENT EVENTS

None.

12. OTHERS

NONE.

13. SUPPLEMENTARY DISCLOSURES

(1) Significant transactions information:

A. Loans provided to other parties:

(In Thousands of New Taiwan Dollars)

No.	Financing	Counter-party	Financial Statement	Related	Maximum Balance for	Ending	Amount Actually	Interest	Nature for Financing	Transaction	Reason for	Allowance for	Collateral		Financing Limits for Financing Company's	Financing Company's Total Financing Amount Limits
													Item	Value		
(Note 1)	Company	party	Account	Party	the Period	Balance	Drawn	Rate	(Note 2)	Amounts	Financing	Bad Debt			(Note 3)	(Note 3)
0	The Company	Billion	Other receivables - Related parties	Yes	288,925	-	-	-%	2	-	Operating capital	-	None	-	4,051,903	4,051,903
1	Taiyu Construction	Yusheng Design Engineering Co., Ltd	Other receivables	No	24,000	24,000	24,000	1.50%	2	-	Operating capital	-	Obligation of construction funds	24,000	71,289	71,289
		Meiyu Country Lei Decoration (Shanghai) Co., Ltd.	Other receivables	No	7,434	1,206	1,190	1.50%	2	-	Operating capital	-	None	-	71,289	71,289
2	Billion	China Commercial Credit Group Co., Ltd	Other receivables	No	244,475	237,948	237,948	2.00%	2	-	Operating capital	-	None	-	525,830	525,830
		Qingdao Dinglin International	Other receivables - Related parties	Yes	288,925	-	-	-%	2	-	Operating capital	-	None	-	525,830	525,830
		168	Other receivables - Related parties	Yes	88,291	-	-	-%	2	-	Operating capital	-	None	-	525,830	525,830
3	Headway	168	Other receivables - Related parties	Yes	87,122	81,573	81,573	1.50%	2	-	Operating capital	-	None	-	167,967	167,967
		Fast	Other receivables - Related parties	Yes	83,640	79,203	79,203	1.50%	2	-	Operating capital	-	None	-	167,967	167,967
		Qingdao Dinglin International	Other receivables - Related parties	Yes	71,520	-	-	-%	2	-	Operating capital	-	None	-	167,967	167,967
		Billion	Other receivables - Related parties	Yes	4,445	-	-	-%	2	-	Operating capital	-	None	-	167,967	167,967
4	Fast	Qingdao Dinglin International	Other receivables - Related parties	Yes	171,997	-	-	-%	2	-	Operating capital	-	None	-	854,803	854,803
		168	Other receivables - Related parties	Yes	272,885	266,935	266,935	1.50%	2	-	Operating capital	-	None	-	854,803	854,803
		Billion	Other receivables - Related parties	Yes	584,204	575,792	575,792	1.50%	2	-	Operating capital	-	None	-	854,803	854,803
5	168	Qingdao Dinglin International	Other receivables - Related parties	Yes	464,465	-	-	-%	2	-	Operating capital	-	None	-	2,089,818	2,089,818
		Billion	Other receivables - Related parties	Yes	500,658	489,741	489,741	1.50%	2	-	Operating capital	-	None	-	2,089,818	2,089,818
6	Qingdao Dinglin International	Chengdu Dingkang Real Estate	Other receivables - Related parties	Yes	2,280,658	2,267,455	2,267,455	-%	2	-	Operating capital	-	None	-	-	-
7	Qingdao Xiangdu Investment	Qingdao Dinglin International	Other receivables - Related parties	Yes	260,379	254,300	254,300	-%	2	-	Operating capital	-	None	-	103,100	103,100
8	Nanjing Dingzheng Real Estate	Qingdao Dinglin International	Other receivables - Related parties	Yes	1,982,347	1,158,965	1,158,965	-%	2	-	Operating capital	-	None	-	1,073,404	1,073,404
		Chengdu Dingkang Real Estate	Other receivables - Related parties	Yes	2,791	2,726	2,726	-%	2	-	Operating capital	-	None	-	1,073,404	1,073,404

Note 1 : The description of the number column is as follows:

- (1) The issuer is represented in O.
- (2) The investee company is numbered sequentially from the Arabic numeral 1.

Note 2: The description of the financing nature is as follows:

- (1) Please fill in 1 if there are business dealings.
- (2) If there is a need for short-term financing, please fill in 2.

Note 3: Limit amount calculation method:

- (1) Total amount of capital loans of the parent company and limits of individual parties.
 - A. The total loan amount of the Company shall not exceed 40% of the net value of the Company.
 - B. For the companies or business entities which the company has business dealings with, the number of individual loans shall not exceed the business dealings between the two parties. The business transaction amount refers to the purchase or sales amount between the two parties, whichever is higher.
- (2) Total amount of capital loans of the subsidiaries and limits of individual parties.
 - A. The total loan amount of the Company shall not exceed 40% of the net value of the Company.
 - B. For the companies and business entities which the company has business dealings with, the number of individual loans shall not exceed the business dealings between the two parties. The business transaction amount refers to the purchase or sales amount between the two parties, whichever is higher.
 - C. For companies or business entities that have business dealings with Taiyu construction, the number of individual loans shall not exceed 20% of the net value of Taiyu construction.

Note 4: The above transactions related to the consolidated individual have been written off when preparing the consolidated financial statements.

B. Endorsements/guarantees provided :

(In Thousands of New Taiwan Dollars)

No. (Note 1)	Endorsers	Endorsee		Endorsement Balance During the Period	Highest Balance	Ending Amount Drawn	Actual Secured by Collaterals	Balance Accumulated to Net Worth of the Company	The ratio of the Amount of Endorsement	Maximum Endorsements by Parent Company to Subsidiary	Provision of Endorsements by Subsidiary to Parent Company	Provision of Endorsements to the Party in Mainland China	Provision of Endorsements to the Party in Mainland China
		Name of endorsee	Limit for a Single Entity										
0	The Company	Nanjing Dingzheng Real Estate Billion	b	10,129,757 (Note 3)	222,250	216,350	216,350	-	2.14 %	20,259,514 (Note 3)	Y	N	Y
			b	10,129,757 (Note 3)	309,540	50,000	43,270	-	0.49 %	20,259,514 (Note 3)	Y	N	N
		Qingdao Dinglin International	b	10,129,757 (Note 3)	1,383,373	-	-	-	- %	20,259,514 (Note 3)	Y	N	Y
1	168	Nanjing Dingzheng Real Estate	b	62,694,528 (Note 4)	4,489,450	3,596,806	3,596,686	5,106,652	68.84 %	62,694,528 (Note 4)	N	N	Y
2	Fast	Qingdao Dinglin Hotel	b	25,644,096 (Note 5)	1,866,900	1,817,060	1,795,429	1,795,721	85.03 %	25,644,096 (Note 5)	N	N	Y
3	Qingdao Dinglin International	Qingdao Dinglin Hotel	b	- (Note 6)	40,005	-	-	-	- %	- (Note 6)	N	N	Y
4	Billion	Chengdu Chunya Enterprise Management Co., Ltd.	b	15,774,900 (Note 7)	1,297,900	1,297,900	1,276,269	1,276,477	98.73 %	15,774,900 (Note 7)	N	N	Y
5	Chengdu Chunya Enterprise Management Co., Ltd.	Chengdu Dingkang Real Estate Co., Ltd.	b	10,323,360 (Note 8)	8,106,250	7,676,250	4,166,825	870,923	892.30 %	10,323,360 (Note 8)	N	N	Y

Note 1: The description of the number column is as follows:

- (1) The issuer is represented in O.
- (2) The investee company is numbered sequentially from the Arabic numeral 1.

Note 2: The relationship between the endorser and the endorsee is as follows:

- (1) Trading partner.
- (2) The Company directly or indirectly holds more than 50% voting shares of the company.
- (3) The Company directly or indirectly holds more than 50% voting shares of the company.
- (4) The Company directly or indirectly holds 90% voting shares of the company.

Note 3 : According to the provision of the Company's endorsement guarantee provide to others, the amount of endorsement guarantee shall not exceed 200% of the net value of the current period, and the limit of endorsement guarantee for a single corporate shall not exceed 100% of the net value of the current period.

Note 4 : According to the provision of the subsidiary 168 Investment Ltd.'s endorsement guarantee provide to others, the amount of the endorsement guarantee and the guarantee for a single corporate shall not exceed 100% of the net value of the current period, and the limit of the single corporate and guarantee for the parent company and its subsidiaries shall not exceed 1,200% of the net value of the current period.

Note 5 : According to the provision of the subsidiary Fast's endorsement guarantee provide to others, the amount of the endorsement guarantee and the guarantee for a single corporate shall not exceed 100% of the net value of the current period, and the limit of the single corporate and guarantee for the parent company and its subsidiaries shall not exceed 1,200% of the net value of the current period.

Note 6 : According to the provision of the subsidiary Qingdao Dinglin International Business Management Co., Ltd's endorsement guarantee provide to others, the amount of the endorsement guarantee and the guarantee for a single corporate shall not exceed 100% of the net value of the current period, and the limit of the single corporate and guarantee for the parent company and its subsidiaries shall not exceed 1,200% of the net value of the current period.

Note 7 : According to the provision of the subsidiary Billion's endorsement guarantee provide to others, the amount of the endorsement guarantee and the guarantee for a single corporate shall not exceed 100% of the net value of the current period, and the limit of the single corporate and guarantee for the parent company and its subsidiaries shall not exceed 1,200% of the net value of the current period.

Note 8 : According to the provision of the subsidiary Billion's endorsement guarantee provide to others, the amount of the endorsement guarantee and the guarantee for a single corporate shall not exceed 100% of the net value of the current period, and the limit of the single corporate and guarantee for the parent company and its subsidiaries shall not exceed 1,200% of the net value of the current period.

C. Marketable securities held (not including subsidiaries, associates, and joint ventures) :

Amounts in Thousands of New Taiwan Dollars/Thousand shares

Securities held by	Marketable securities	Relationship with the securities issuer	General ledger account	Ending balance				Remark securities issuer
				Number of shares	Carrying Value	Ownership	Fair value	
The Company	Lalu Network Technology Co., Ltd.	The chairman of the Company is also the chairman of this company	Financial assets based on fair value through other comprehensive gains and losses	75,000	-	15.00%	-	
Fast	9801 Collective account of entrusted four-year maturity bonds	None	Financial assets based on fair value through gains and losses	10,000	3,071	- %	-	

D. Marketable securities acquired and disposed of at costs or prices of at least NT\$300 million or 20% of the paid-in capital: None.

E. Acquisition of individual real estate properties at costs of at least NT\$300 million or 20% of the paid-in capital:

In Thousands of New Taiwan Dollars/Foreign currency thousand dollars

Company name	Types of properties	Transaction date	Transaction amount	Payment term	Counterparty	Nature of relationships	Prior transaction of related counterparty				Price reference	Purpose of acquisition	Other terms
							Owner	Relationships	Transfer date	Amount			
The Company	Six parcels of land, including land lot numbers 411-9 in the Haifonglun subsection of Douliu City, Yunlin County	May 18, 2023	422,768	Fully paid	Four people including Hsu, etc.	None	-	-	-	-	According to the appraisal report by the CHINA PROPERTY APPRAISING CENTER CO., LTD., the amount is subject to mutual agreement between the parties.	Land for construction	None

F. Disposal of individual real estate properties at prices of at least NT\$300 million or 20% of the paid-in capital: None.

G. Total purchases from or sales to related parties of at least NT\$100 million or 20% of the paid-in capital:

(In Thousands of New Taiwan Dollars)

Company Name	Related Party	Nature of Relationships	Transaction Details				Abnormal Transaction		(Notes/Accounts Payable) Or Receivable		Remarks
			Purchases/Sales	Amount	% to Total	Payment Terms	Price	Payment terms	Amount	% to Total	
The Company	Taiyu Construction	Transactions between parent and subsidiary companies	Construction procurements	This period: 611,210	48.01 %	Collection under contract	-	-	309,966	73.75 %	-
Taiyu Construction	The Company	Transactions between parent and subsidiary companies	Construction procurements	Engineering income 662,809	98.87 %	Collection under contract	-	-	309,966	100.00 %	-
Taiyu Construction	Xianglin Hydropower	The Company's substantial related party	Construction procurements	This period: 103,694	28.73 %	Collection under contract	-	The Company is in accordance with the project procurement contract procedures.	7,448	3.21 %	-

Note: The above transactions related to the consolidated individual have been written off when preparing the consolidated financial statements.

H. Receivables from related parties amounting to at least NT\$100 million or 20% of the paid-in capital:

(In Thousands of New Taiwan Dollars)

Company Name	Related Party	Nature of Relationships	Ending Balance	Turnover	Overdue		Amounts Received in Subsequent Period	Allowance for Bad Debts	Remark
					Amount	in Subsequent Period			
Taiyu Construction Fast	The Company	Subsidiary	309,966	-	-		-	-	-
	Billion	The same parent company	577,965	-	-		-	-	-
	168	The same parent company	(USD 18,820)	-	-		-	-	-
	168	The same parent company	268,119	-	-		-	-	-
	Billion	The same parent company	(USD 8,731)	-	-		-	-	-
		The same parent company	493,132	-	-		-	-	-
		The same parent company	(USD 16,058)	-	-		-	-	-
Qingdao Dinglin International	Chengdu Dingkang Real Estate	The same parent company	2,582,869	-	-		-	-	-
		The same parent company	(CNY 596,914)	-	-		-	-	-
Qingdao Xiangdu Investment	Qingdao Dinglin International	The same parent company	254,300	-	-		-	-	-
		The same parent company	(CNY 58,770)	-	-		-	-	-
Nanjing Dingzheng Real Estate	Qingdao Dinglin International	The same parent company	1,158,965	-	-		-	-	-
		The same parent company	(CNY 267,842)	-	-		-	-	-
Nanjing Dingzheng Hotel	Nanjing Dingzheng Real Estate	The same parent company	1,372,848	-	-		-	-	-
		The same parent company	(CNY 317,272)	-	-		-	-	-
Qingdao Dinglin Hotel	Qingdao Dinglin International	The same parent company	319,349	-	-		-	-	-
		The same parent company	(CNY 73,803)	-	-		-	-	-

Note: The above transactions related to the consolidated individual have been written off when preparing the consolidated financial statements.

I. Information about the derivative financial instruments transaction: None.

J. The business relationship between the parent and the subsidiaries and between each subsidiary, and the circumstances and amounts of any significant transactions between them:

Amounts in Thousands of New Taiwan Dollars

No. (Note 1)	Company name	Counterparty	Relationship (Note 2)	Transaction			
				General ledger account	Amount (Note 4)	Transaction terms	Percentage of consolidated total operating revenues or total assets (Note 3)
1	Taiyu Construction	The Company	2	Operating income-construction	662,809	-	17.54%
2	Fast	Billion	3	Other receivables	577,965	-	1.41%
3	168	Billion	3	Other receivables	493,132	-	1.20%
4	Qingdao Dinglin International	Chengdu Dingkang Real Estate	3	Other receivables	2,582,869	-	6.29%
5	Nanjing Dingzheng Real Estate	Qingdao Dinglin International	3	Other receivables	1,158,965	-	2.82%
	Nanjing Dingzheng Real Estate	Nanjing Dingzheng Hotel	3	Operating income-rental	55,571	-	1.47%
6	Nanjing Dingzheng Hotel	Nanjing Dingzheng Real Estate	3	Other receivables	1,372,848	-	3.34%

Note 1: the number is as follows:

(1) Parent company fill in 0.

(2) Subsidiaries are numbered sequentially starting from Arabic numeral 1 according to the company type.

Note 2: there are three types of relationships with traders:

(1) Parent company to a subsidiary.

(2) Subsidiary to the parent company.

(3) Subsidiary to subsidiary.

Note 3: For the calculation of the ratio of the transaction amount to the individual's total revenue or total assets, if it belongs to the asset-liability account, it shall be calculated in the way that the ending balance accounts for the individual's total assets; If it belongs to the profit and loss account, it shall be calculated by the way that the cumulative amount in the interim accounts for the individual's total revenue.

Note 4: the above transactions related to the consolidated individual have been written off when preparing the consolidated financial statements.

(2) Information on investees(excluding Mainland China invested companies):

Investor Company	Investee Company	Location	Main Businesses and Products	Original Investment Amount		Shares Held as at the End of the Period			Net Income (Loss) of the Investee	Share of Profit/Loss of Investee	Remark
				End of the current period	End of the prior year	Number of shares	Ratio	Carrying amount			
The Company	Taiyu Construction	Taiwan	Engineering and construction business	176,800	176,800	18,633	92.70%	118,177	(2,105)	11,771	Subsidiary
The Company	Headway	Samoa	Investment	284,791	248,791	9,643	66.67%	279,945	8,097	5,398	Subsidiary
The Company	Baihuang Investment	Taiwan	Investment	9,000	9,000	-	100.00%	1,020	3	3	Subsidiary
The Company	Dinglin international enterprise	Taiwan	Residential and building development lease and sale business	255	255	26	51.00%	394	2	1	Subsidiary
The Company	168	Samoa	Investment	6,692,803	6,447,629	216,897	95.59%	4,994,142	(482,307)	(458,808)	Subsidiary
The Company	Quantum	Samoa	Investment	1,817,289	1,712,616	58,385	85.38%	1,122,384	(210,371)	(177,186)	Subsidiary
The Company	Diamond	Samoa	Investment	12,252	12,252	386	100.00%	360	(49)	(49)	Subsidiary
The Company	Fast	Samoa	Investment	3,728,275	3,285,890	117,930	100.00%	2,137,008	(255,033)	(255,033)	Subsidiary
Taiyu Construction	Worldwide	Samoa	Engineering Consultant	32	32	-	100.00%	447	(28)	(28)	Subsidiary
Baihuang Investment	Dinglin international enterprise	Taiwan	Residential and building development lease and sale business	245	245	25	49.00%	379	2	1	Subsidiary
Headway	Gold Square	Samoa	Investment	-	-	-	100.00%	654	(28)	(28)	Subsidiary
Quantum	Billion	Samoa	Investment	(USD-) 2,100,103	(USD-) 2,000,084	68,385	100.00%	(USD21) 1,314,575	(USD-1) (210,420)	(USD-1) (210,420)	Subsidiary
Fast	Century Up	Hong Kong	Investment	(USD68,385) 941,870	(USD65,128) 741,212	239,244	81.21%	(USD42,806) (326,864)	(USD-6,754) (303,899)	(USD-6,754) (241,935)	Subsidiary
				(USD30,670)	(USD24,136)			(USD-10,644)	(USD-9,754)	(USD-7,766)	

(3) Information on investments in Mainland China:

Amounts in Thousands of New Taiwan Dollars/Foreign currency thousand

Investee Company	Main Business and Products	Total Amount of Paid-in Capital	Investment method	Accumulated investment amount of remittance from Taiwan—beginning of the current period	Exported or recovered investment amount of the current period		Accumulated investment amount of remittance from Taiwan—end of the current period	Current profit or loss of the investee company	Shareholding percentage from direct or indirect investment	Investment profit or loss recognized in the current period (Note 2)	Carrying amount of investment at the end of the current period	Accumulated repatriation of investment income as of the end of the period
					Received	Remitted						
Nanjing Dingzheng Real Estate	Real estate development, operation, and management	3,746,344 (USD121,991) (Note 3)	(2) 168	1,284,000 (USD40,000) (Note 3)	-	-	1,284,000 (USD40,000) (Note 3)	(451,050)	95.59%	(431,159)	\$ 2,565,167	-
Qingdao Dinglin International	Enterprise management services, catering production and sales, accommodation services, wholesale, exhibition services, and house leasing	1,152,454 (USD37,527) (Note 3)	(2) Century Up	614,200 (USD20,000) (Note 3)	-	-	614,200 (USD20,000) (Note 3)	(380,775)	64.92%	(247,199)	(320,002)	-
Chengdu Chunya enterprise	Enterprise management services	1,535,500 (USD50,000) (Note 3)	(2) Billion	1,228,400 (USD40,000) (Note 3)	-	-	1,228,400 (USD40,000) (Note 3)	(209,483)	85.38%	(178,857)	734,507	-
Qingdao Xiangdu	Self-owned funds and private equity funds are engaged in equity investment, investment management, asset management, and other activities	307,100 (USD10,000) (Note 3)	(2) Headway	307,100 (USD10,000) (Note 3)	-	-	307,100 (USD10,000) (Note 3)	(13)	66.67%	(9)	171,841	-
Nanjing Dingzheng Hotel	Hotel operation and management	519,245 (CNY120,000) (Note 3)	(3) Nanjing Dingzheng Real Estate	-	-	-	-	(1,020)	95.59%	(975)	365,124	-
Qingdao Dinglin Hotel	Hotel operation and management	44,069 (CNY10,000) (Note 3)	(3) Qingdao Dinglin International	-	-	-	-	27,460	64.92%	17,827	(49,989)	-
Chengdu Dingkang Real Estate	Construction of hotels and real estate development	1,322,170 (CNY305,560) (Note 3)	(3) Chengdu Chunya enterprise	-	-	-	-	(209,481)	85.38%	(178,855)	736,205	-

Investor Company	Accumulated remitted investment amount from Taiwan to Mainland China—end of the current period	Investment amount approved by the Investment Committee of the Ministry of Economic Affairs	Ceiling on investment in Mainland China imposed by the Investment Commission of the Ministry of Economic Affairs
Shining Building Business Co. Ltd	\$ 4,524,044 (USD147,315) (Note 3)	\$ 4,799,973 (USD156,300) (Note 3)	\$ 6,077,854 (Note 4)

Note 1: Investments are divided into the following three types:

- (1) Direct investment in the mainland.
- (2) Reinvestment in mainland companies through third regional companies.
- (3) Others.

Note 2: investment losses recognized in this period:

- (1) If there is no investment profit or loss in preparation, it shall be noted.
- (2) The recognition basis of investment profit and loss is divided into the following three types, which should be noted:
 - A. The financial statements are audited and endorsed by an international accounting firm that has a cooperative relationship with an accounting firm of the Republic of China.
 - B. The financial statements are audited and endorsed by the certified public accountant of the Taiwan parent company.
 - C. Others.

Note 3: The amount in Taiwan dollars is converted at the exchange rate on the balance sheet date (the recognized gains and losses are converted at the average exchange rate).

Note 4: the investment limit is calculated at 60% of the net value..

Details of significant transactions with Mainland invested companies directly or indirectly through third-party territories (offset in the preparation of consolidated financial statements), including their prices, payment terms, unrealized gains or losses, and other relevant information to understand the impact of Mainland investments on financial statements:

(1) Please refer to Note 13.1 for significant transactions occurred between the Group and Mainland invested companies indirectly through third-party territories in 2023.

(2) Unrealized (losses) gains incurred by the Group indirectly through third-party territories in 2023: None.

(4) Information on major shareholders:

		Unit: shares
Name of Major Shareholder	Shares	Percentage of Ownership (%)
	Number of Shares	
Dinglin Investment Development	146,508,678	13.59%
Dingzheng Investment Co., Ltd	143,631,799	13.32%
Quanyang Investment Co., Ltd	98,221,964	9.11%
Guangyu Investment Co., Ltd	66,000,854	6.12%
Mingheng Investment Co., Ltd	56,978,163	5.28%
Heting Investment Co., Ltd	55,510,514	5.15%

Note 1: The information of major shareholders is based on the number of ordinary shares and preferred shares held by shareholders with ownership of 5% or greater, that have been issued without physical registration (including treasury shares) by the Company. The share capital in the consolidated financial report may differ from the actual number of shares that have been issued without physical registration because of different preparation basis.

Note 2: As per the information above, if the shareholder delivers the shares to the trust, shares will be disclosed based on the trustee's account. Additionally, according to the Securities and Exchange Act, an internal stakeholder who holds more than 10% of the Company's share, which includes shares held by the stakeholder and parts delivered to the trust that has decision-making rights, should be declared. For information regarding internal stakeholder declaration, please refer to the Market Observation Post System website of the Taiwan Stock Exchange Corporation.

14. SEGMENT INFORMATION

(1) General information

For management, the Group's operational decision-makers divide the operating segments according to the business units and divide the main reportable segments into building units and construction units. Some of the subsidiaries' operations are not included in the reportable segments because of their small scale of operation and the relevant information is not included in the operational decision-making report. Their operating results are consolidated under "other unit":

A. Building unit: Mainly engaged in the business of building commercial buildings and renting and selling public housing.

B. Construction unit: Mainly engaged in construction and civil engineering business.

C. Other units: Mainly engaged in hotel construction and real estate development and general investment.

The Group's operational decision-makers monitor the operational results of each operating unit to make decisions on resource allocation and performance evaluation. The performance of segments is assessed based on net profit (loss) before tax and is measured in a manner consistent with net profit (loss) before tax in the consolidated financial statements. The accounting policies of the operating segment are the same as the summary of important accounting policies described in Note 4 of the consolidated financial statements.

Item	2023				Total
	Building segment	Construction segment	Other	Reconciliation and elimination	
Income					
Revenue from external customers	\$ 3,027,400	\$ 7,556	\$ 743,825	-	\$ 3,778,781
Inter segments revenue	87,458	662,809	-	(750,267)	-
Interest income	5,820	504	97,034	(21,898)	81,460
Total income	\$ 3,120,678	\$ 670,869	\$ 840,859	(772,165)	\$ 3,860,241
Total assets of segments	\$ 47,568,342	\$ 538,265	\$ 15,004,537	(22,054,098)	\$ 41,057,046
Segment liabilities	\$ 34,767,716	\$ 360,042	\$ 3,570,049	(8,164,986)	\$ 30,532,821

Item	2022				Total
	Building segment	Construction segment	Other	Reconciliation and elimination	
Income					
Revenue from external customers	\$ 763,845	\$ 3,521	\$ 562,918	-	\$ 1,330,284
Inter segments revenue	74,510	932,920	-	(1,007,430)	-
Interest income	5,538	454	86,770	(21,371)	71,391
Total income	\$ 843,893	\$ 936,895	\$ 649,688	(1,028,801)	\$ 1,401,675
Segment income	\$ (2,752,951)	\$ (8,079)	\$ (1,888,380)	\$ 2,791,308	\$ (1,858,102)
Total assets of segments	\$ 49,641,738	\$ 606,342	\$ 14,535,128	(24,662,208)	\$ 40,121,000
Segment liabilities	\$ 35,047,217	\$ 426,048	\$ 2,394,140	(8,710,235)	\$ 29,157,170

(2) Geographical information

The regional information of the Group is as follows, in which the income is classified based on the receiving region, while the non-current assets are classified based on the geographical location of the assets.

A. Revenue from external customers: Please refer to Note 6. (23)

B. Non-current assets

Area	2023.12.31	2022.12.31
Taiwan	\$ 9,465,587	\$ 4,516,647
Mainland China	10,243,234	10,952,687
	\$ 19,708,821	\$ 15,469,334