HUAKU DEVELOPMENT CO., LTD. AND SUBSIDIARIES
CONSOLIDATED FINANCIAL STATEMENTS AND INDEPENDENT AUDITORS' REPORT

December 31, 2023 and 2022

(Stock Code: 2548)

This financial report has not been reviewed or certified by an accountant

Company Address: 7F, No. 456, Sec. 4, Xinyi Rd., Xinyi Dist., Taipei City, Taiwan (R.O.C.)

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HUAKU DEVELOPMENT CO., LTD. AND SUBSIDIARIES

Consolidated Financial Statements and Independent Auditors' Report

December 31, 2023 and 2022

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Huaku Development Co., Ltd.

Consolidated Financial Statements of Affiliated Enterprises

For the year 2023 (from January 1 to December 31, 2023), the Company's entities that are required to be included in the consolidated financial statements of affiliated enterprises under the "Criteria Governing Preparation of Affiliation Reports, Consolidated Business Reports and Consolidated Financial Statements of Affiliated Enterprises" are the same as those required to be included in the parent-subsidiary consolidated financial statements under the International Financial Reporting Standards 10. Moreover, the related information required to be disclosed for the consolidated financial statements of affiliated enterprises has been fully disclosed in the aforementioned parent-subsidiary consolidated financial statements. Consequently, a separate set of consolidated financial statements of affiliated enterprises is not prepared.

As hereby declared

Company Name: Huaku Development Co., Ltd.

Person in Charge: Chung, Long-Chang

February 27, 2024

Independent Auditors' Report

(2024) Cai-Shen-Bao-Zi No. 23003839

To Huaku Development Co., Ltd.,

Audit Opinions

The auditors have audited the Consolidated Balance Sheets of Huaku Development Co., Ltd. and its subsidiaries (hereinafter referred to as "Huaku Development Group") as of December 31, 2023 and 2022, the Consolidated Statement of Comprehensive Income, Consolidated Statement of Changes in Equity, Consolidated Statement of Cash Flows, and Notes for Consolidated Financial Statements (including Significant Accounting Policies and Summary Statements) for the period of January 1 to December 31, 2023 and 2022.

In our opinion, based on our audits and other independent auditors' reports (please refer to Other Matter sections), the aforementioned Consolidated Financial Statements present fairly, in all material respects, the consolidated financial position of Huaku Development Group as of December 31, 2023 and 2022, and its consolidated financial performance and consolidated cash flows for the periods from January 1 to December 31, 2023 and 2022 in conformity with Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), International Financial Reporting Interpretations Committee (IFRIC) Interpretations, and Standing Interpretations Committee (SIC) Interpretations to the extent endorsed and effected by the Financial Supervisory Commission.

Basis of Audit Opinions

We have performed the auditing in accordance with the Regulations Governing Auditing and Attestation of Financial Statements by Certified Public Accountants and the Auditing Standards of R.O.C. Our responsibilities under those standards are further described in the section of Responsibility of Certified Public Accountants for Auditing Financial Statements. We are independent from Huaku Development Co., Ltd. in accordance with the Norm of Professional Ethics for Certified Public Accountant of the Republic of China, and we have fulfilled other responsibilities in accordance with the requirements stated in the Norm. Based on our auditing results and other independent auditors' reports, we believe that we have obtained sufficient and appropriate audit evidence to serve as the basis for our opinion.

Key Audit Matters

The key audit matters are those that we consider the most important, according to our professional judgment, when auditing the consolidated financial statements of Huaku Development Group for 2023. The said matters have been expressed when the financial statements were audited as a whole and when the audit opinions took form. Any personal opinion on any of the said matters is not expressed.

Key audit matters of the consolidated financial statements of Huaku Development Group for 2023 are as follows:

The Appropriateness of Recognition Timing of Building and Land Sales Revenue

Description of the Matter

Please refer to Note 4 (24) of the Notes for Consolidated Financial Statements for the accounting policies of the construction industry on operating revenue, and Note 6 (17) for descriptions of accounting items.

The sales revenue of the construction industry is recognized when the real estate completes the transfer of ownership and the actual delivery of the housing. Since there is a large number of sales of premises in the construction industry, in order to confirm the validity of the recognition timing of the sales revenue, the Company needs to examine the transfer of ownership and delivery housing data one by one to recognize the sales revenue, which usually involves tremendous manual efforts. Therefore, we listed the closing date of sales revenue of real estate as one of the most important matters to audit.

Corresponding Audit Procedures

The corresponding audit procedures we took for the specific aspects described in the aforementioned audit matters are as follows:

- Interview with regulatory authority to understand and review the procedures for the recognition of building and land sales revenue and to adopt it consistently with the attribution period of financial statements.
- Conduct evaluation and validation of the appropriateness of the regulatory authority concerning the period of attribution of sales revenue of building and land before and after the closing date for a certain period, including the verification of the transfer date specified on the land registration and house ownership certificate as well as the date of the transfer date on the agreement signed by the client for handing over of property to confirm the accuracy of the recognition timing of building and land sales revenue.

Other Matters—Mentioning of the Audit Result of Other Certified Public Accountants (CPAs)

The financial statements of the investees included in the consolidated financial statements of Huaku Development Group for the year ended December 31, 2022, which were partially accounted for using the equity method, were not audited by us, but were audited by other CPAs. Therefore, our opinion on the consolidated financial statements referred to above, insofar as it relates to the amounts included in the financial statements of these companies and the related information disclosed in Note 13, is based on the reports of the other CPAs. The equity-method investment in the aforementioned companies amounted to NT$44,611 thousand (0.107% of consolidated total assets) as of December 31, 2022, and the recognized comprehensive income on the aforementioned companies for the year ended December 31, 2022, amounted to NT$7,747 thousand (0.261% of consolidated total comprehensive income).

Other Matters—Parent Company Only Financial Reports

Huaku Development Co., Ltd. has compiled parent company only financial reports for 2023 and 2022, and we have issued an unqualified report with other matter paragraphs for reference.

Responsibility of the Management and the Governance Units for the Consolidated Financial Statements

The responsibility of the management was to act in conformity with Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), International Financial Reporting Interpretations Committee (IFRIC) Interpretations, and Standing Interpretations Committee (SIC) Interpretations to the extent endorsed and effected by the Financial Supervisory Commission to fairly represent the Company's financial status and also to maintain necessary internal control with regard to the compilation of the consolidated financial statements, so as to ensure such financial statements did not contain any material misstatement due to fraud or errors.

When the consolidated financial statements were in the process of preparation, the responsibility of management also included the assessment of the going concern capacity of Huaku Development Group, disclosure of related matters, and the adoption of the accounting basis of going concern, unless the management intended to liquidate or suspend the operation of Huaku Development Group, or if there was no other option except liquidation or suspension of the company's operation.

The governance units of Huaku Development Group (including the Audit Committee) bear the responsibility of overseeing the financial reporting process.

Responsibility of Certified Public Accountants for Auditing Consolidated Financial Statements

Our objective when auditing the consolidated financial statements was to obtain reasonable assurance whether they contained any material misstatement due to fraud or error and issue the auditors' report. Reasonable assurance refers to high level of assurance. However, auditing work carried out in accordance with the Auditing Standards of R.O.C. does not necessarily guarantee the detection of material misstatement in consolidated financial statements. Misstatements may be caused by fraud or errors. If the individual amounts or sums that the material misstatement involved may be reasonably expected to affect the financial decision making of users of the consolidated financial statements, such misstatement will be considered material.

We conducted the auditing according to the Auditing Standards of R.O.C., and also exercised our professional judgment and remained professionally skeptical. We have also executed the following tasks:

1. Identified and evaluated the risk of material misstatements due to fraud or errors in the consolidated financial statements; designed and carried out appropriate countermeasures for the evaluated risk, and obtained sufficient and appropriate evidence as the basis for the audit opinions. As fraud can involve conspiracy, forgery, intentional omissions, false statements or transgressions of internal control, the risk of failing to detect material misstatements resulting from fraud is higher than the risk of failing to identify those coming from errors.

2. Achieved the necessary understanding of the internal control relevant to auditing verifications in order to design the auditing procedures appropriate for the given context. Nevertheless, the purpose of this is not to express an opinion on the effectiveness of Huaku Development Group's internal control.

3. Evaluated the appropriateness of the accounting policies adopted by the management and the reasonableness of its accounting estimates and relevant disclosures.

4. Formed a conclusion pertaining to the appropriateness of the accounting basis of going concern adopted by the management of Huaku Development Group; determined whether material uncertainty exists or not on events or conditions which may significantly impact the going concern of Huaku Development Group. If we thought such material uncertainty existed for such events or conditions, we must point it out in the auditors' report to remind users of the consolidated financial statements to look out for related disclosures in the consolidated financial statements, or to revise our audit opinions if such disclosures were inappropriate. Our conclusion was established according to the audit evidence obtained by the date of the auditors' report. However, future events or conditions may cause Huaku Development Group to lose the capacity of going concern.

5. Evaluated the overall expression, structure and contents of the consolidated financial statements (including relevant Notes), and whether the consolidated financial statements fairly represent relevant transactions and events.

6. Obtained sufficient and appropriate audit proof of the financial information of the Group's constituents so as to express opinions on the consolidated financial statements. We were responsible for guiding, supervising, and executing the audit work for the Group's financial statements and also establishing the auditors' opinion.

We communicated with the governance units on the planned audit range and time, as well as material audit discoveries (including significant internal control defects found in the audit process).

We provided the governance units with a statement assuring the personnel of our accounting firm who are subject to independent regulations had acted according to the Norm of Professional Ethics for Certified Public Accountant of the Republic of China to remain neutral and also communicated with them about all relations and other matters (including related preventive measures) that could affect the independence of certified public accountants.

Based on the result of our discussion with the governance units, we decided on the matters to be regarded as key audit matters when auditing the 2023 consolidated financial statements of Huaku Development Group. We have clearly described the said matters in the auditors' report, except certain matters whose public disclosure is prohibited by law, or certain matters we decided not to communicate under extremely rare circumstances because disclosure of such matters can be reasonably expected to lead to negative effects that would be greater than the public good they might bring.

PwC Taiwan
Hsiao, Chun-Yuan
CPA
Lin, Se-Kai
Former Securities and Futures Bureau, FSC
Approved Document, Reference No.:
Jin-Guan-Zheng (6) Zi No. 0960042326
Jin-Guan-Zheng (6) Zi No. 0960072936

February 27, 2024

HUAKU DEVELOPMENT CO., LTD. AND SUBSIDIARIES
Consolidated Balance Sheet
December 31, 2023 and 2022

Unit: NT$ thousands

	Assets	Notes	December 31, 2023 Amount		%	December 31, 2022 Amount		%
	Current assets							
1100	Cash and cash equivalents	6 (1)	$	1,513,506	4	$	1,699,161	4
1110	Financial asset measured at fair value through profit and loss—current	6 (2)		32,271	-		143,172	1
1150	Notes receivable, net	6 (3)		55,850	-		5,167	-
1170	Accounts receivable, net	6 (3) (11) and 8		119,838	-		139,016	-
1200	Other receivables	6 (11) and 8		10,997	-		12,037	-
130X	Inventories	6 (4) and 8		36,499,998	84		34,176,402	82
1410	Prepayments			109,095	-		92,266	-
1470	Other current assets	6 (5) and 8		2,301,169	5		1,846,617	5
11XX	**Total current assets**			40,642,724	93		38,113,838	92
	Non-current assets							
1550	Investment accounted for using the equity method	6 (6)		66,029	-		44,611	-
1600	Property, plant, and equipment			199,988	1		207,114	1
1755	Right-of-use assets			28,683	-		19,056	-
1760	Investment properties, net	6 (7) and 8		299,165	1		478,637	1
1840	Deferred income tax assets	6 (23)		24,230	-		24,257	-
1900	Other non-current assets	6 (3) (11) and 8		2,331,292	5		2,671,708	6
15XX	**Total non-current assets**			2,949,387	7		3,445,383	8
1XXX	**Total assets**		$	43,592,111	100	$	41,559,221	100

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HUAKU DEVELOPMENT CO., LTD. AND SUBSIDIARIES
Consolidated Balance Sheet
December 31, 2023 and 2022

Unit: NT$ thousands

	Liability and equity	Notes	December 31, 2023 Amount	%	December 31, 2022 Amount	%
	Current liabilities					
2100	Short-term loans	6 (8)	$ 12,112,470	28	$ 8,751,890	21
2110	Short-term bills payable	6 (9)	-	-	299,800	1
2130	Contract liabilities—current	6 (17)	3,725,080	8	4,647,040	11
2150	Notes payable		25,917	-	12,371	-
2170	Accounts payable	7	1,673,490	4	1,301,254	3
2200	Other payables		517,127	1	487,041	1
2230	Current income tax liabilities		327,046	1	444,345	1
2280	Lease liabilities—current		12,398	-	11,486	-
2320	Long-term liabilities due within one year or one operating cycle	6 (11)	1,292,600	3	2,563,626	6
2399	Other current liabilities—others	6 (10)	185,371	-	295,266	1
21XX	**Total current liabilities**		19,871,499	45	18,814,119	45
	Non-current liabilities					
2540	Long-term loans	6 (11)	2,838,936	7	3,288,586	8
2570	Deferred income tax liabilities	6 (23)	3,512	-	3,560	-
2580	Lease liabilities—non-current		16,590	-	7,801	-
2600	Other non-current liabilities	6 (4) (12)	66,337	-	73,653	-
25XX	**Total non-current liabilities**		2,925,375	7	3,373,600	8
2XXX	**Total liabilities**		22,796,874	52	22,187,719	53
	Equity attributable to owners of the parent company					
	Share capital	6 (13)				
3110	Share capital from common stock		2,768,127	7	2,768,127	7
	Additional paid-in capital	6 (14)				
3200	Additional paid-in capital		80,727	-	78,986	-
	Retained earnings	6 (15)				
3310	Legal reserves		4,297,756	10	4,001,673	10
3350	Unappropriated retained earnings		13,619,049	31	12,410,036	30
	Other equity interest	6 (16)				
3400	Other equity interest		11,940	-	11,670	-
3500	Treasury stocks	6 (13)	(850)	-	(850)	-
31XX	**Total equity attributable to owners of the parent company**		20,776,749	48	19,269,642	47
36XX	**Non-controlling interests**		18,488	-	101,860	-
3XXX	**Total equity**		20,795,237	48	19,371,502	47
	Material commitments and contingencies	9				
3X2X	**Total liabilities and equity**		$ 43,592,111	100	$ 41,559,221	100

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

Chairman: Chung Long-Chang   Manager: Hung Chia-Sheng   Accounting Supervisor: Liu Jo-Mei

HUAKU DEVELOPMENT CO., LTD. AND SUBSIDIARIES
Consolidated Statement of Comprehensive Income
For the years ended December 31, 2023 and 2022

Unit: NT$ thousands
(except for earnings per share in New Taiwan Dollars)

	Items	Notes	2023 Amount	2023 %	2022 Amount	2022 %
4000	Operating revenue	6 (17)	$ 15,804,993	100	$ 14,853,179	100
5000	Operating costs	6 (18) (19) and 7	(10,584,980)	(67)	(10,113,509)	(68)
5900	Gross profit		5,220,013	33	4,739,670	32
	Operating expenses	6 (18) (19) and 7				
6100	Selling expenses		(256,583)	(2)	(429,904)	(3)
6200	Administrative expenses		(613,093)	(4)	(589,000)	(4)
6000	Total operational expenses		(869,676)	(6)	(1,018,904)	(7)
6900	Operating profit		4,350,337	27	3,720,766	25
	Non-operating income and expenses					
7100	Interest income	6 (20)	84,093	1	67,268	1
7010	Other income	6 (21)	25,038	-	36,281	-
7020	Other gains and losses		(49,593)	-	(15,193)	-
7050	Financial cost	6 (22)	(138,758)	(1)	(109,259)	(1)
7060	Share of profit (loss) of associates and joint ventures accounted for using the equity method	6 (6)	16,661	-	7,747	-
7000	Total non-operating income and expenses		(62,559)	-	(13,156)	-
7900	**Pre-tax profit**		4,287,778	27	3,707,610	25
7950	Income tax expense	6 (23)	(715,820)	(4)	(753,597)	(5)
8200	**Net income**		$ 3,571,958	23	$ 2,954,013	20

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HUAKU DEVELOPMENT CO., LTD. AND SUBSIDIARIES
Consolidated Statement of Comprehensive Income
For the years ended December 31, 2023 and 2022

Unit: NT$ thousands
(except for earnings per share in New Taiwan Dollars)

	Items	Notes	2023 Amount	2023 %	2022 Amount	2022 %
	Other comprehensive income (net)					
	Other comprehensive income					
8311	Remeasurements of defined benefit plans	6 (12)	($ 740)	-	$ 4,478	-
8349	Income tax related to items not reclassified	6 (23)	148	-	(895)	-
	Items that may be reclassified to profit or loss					
8361	Exchange differences on translation of foreign financial statements		423	-	8,723	-
8399	Income tax associated with items that may be reclassified	6 (16) (23)	(68)	-	(1,396)	-
8360	Total amount of items that may be reclassified to profit of loss		355	-	7,327	-
8300	**Other comprehensive income (net)**		($ 237)	-	$ 10,910	-
8500	**Total comprehensive income**		$ 3,571,721	23	$ 2,964,923	20
	Profit attributable to:					
8610	Owners of parent company		$ 3,581,783	23	$ 2,957,246	20
8620	Non-controlling interests		(9,825)	-	(3,233)	-
			$ 3,571,958	23	$ 2,954,013	20
	Total comprehensive income attributable to:					
8710	Owners of parent company		$ 3,581,461	23	$ 2,966,412	20
8720	Non-controlling interests		(9,740)	-	(1,489)	-
			$ 3,571,721	23	$ 2,964,923	20
	Basic earnings per share	6 (24)				
9750	Total basic earnings per share		$ 12.95		$ 10.69	
	Diluted earnings per share	6 (24)				
9850	Total diluted earnings per share		$ 12.87		$ 10.63	

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

Chairman: Chung Long-Chang   Manager: Hung Chia-Sheng   Accounting Supervisor: Liu Jo-Mei

HUAKU DEVELOPMENT CO., LTD. AND SUBSIDIARIES
Consolidated Statement of Changes in Equity
For the years ended December 31, 2023 and 2022

Unit: NT$ thousands

		Equity attributable to owners of the parent company										
			Additional paid-in capital			Retained earnings						
	Notes	Share capital from common stock	Premium of convertible corporate bonds	Treasury stock transaction	Others	Legal reserves	Unappropriated retained earnings	Exchange differences on translation of foreign financial statements	Treasury stocks	Total	Non-controlling interests	Total equity
2022												
Balance as of January 1, 2022		$ 2,768,127	$ 46,100	$ 29,944	$ 1,634	$ 3,709,291	$ 11,817,684	$ 6,087	($ 850)	$ 18,378,017	$ 134,834	$ 18,512,851
Consolidated net income		-	-	-	-	-	2,957,246	-	-	2,957,246	(3,233)	2,954,013
Other comprehensive income	6 (16)	-	-	-	-	-	3,583	5,583	-	9,166	1,744	10,910
Total comprehensive income		-	-	-	-	-	2,960,829	5,583	-	2,966,412	(1,489)	2,964,923
Appropriation and distribution of retained earnings	6 (15)											
Legal reserves		-	-	-	-	292,382	(292,382)	-	-	-	-	-
Cash dividends		-	-	-	-	-	(2,076,095)	-	-	(2,076,095)	-	(2,076,095)
Cash dividends received by subsidiaries from the parent company		-	-	1,308	-	-	-	-	-	1,308	-	1,308
Changes in non-controlling interests		-	-	-	-	-	-	-	-	-	(31,485)	(31,485)
Balance as of December 31, 2022		$ 2,768,127	$ 46,100	$ 31,252	$ 1,634	$ 4,001,673	$ 12,410,036	$ 11,670	($ 850)	$ 19,269,642	$ 101,860	$ 19,371,502
2023												
Balance as of January 1, 2023		$ 2,768,127	$ 46,100	$ 31,252	$ 1,634	$ 4,001,673	$ 12,410,036	$ 11,670	($ 850)	$ 19,269,642	$ 101,860	$ 19,371,502
Consolidated net income		-	-	-	-	-	3,581,783	-	-	3,581,783	(9,825)	3,571,958
Other comprehensive income	6 (16)	-	-	-	-	-	(592)	270	-	(322)	85	(237)
Total comprehensive income		-	-	-	-	-	3,581,191	270	-	3,581,461	(9,740)	3,571,721
Appropriation and distribution of retained earnings	6 (15)											
Legal reserves		-	-	-	-	296,083	(296,083)	-	-	-	-	-
Cash dividends		-	-	-	-	-	(2,076,095)	-	-	(2,076,095)	-	(2,076,095)
Cash dividends received by subsidiaries from the parent company		-	-	1,307	-	-	-	-	-	1,307	-	1,307
Adjustments for changes in additional paid-in capital of investees in proportion to the company's equity in the investees		-	-	-	434	-	-	-	-	434	-	434
Changes in non-controlling interests		-	-	-	-	-	-	-	-	-	(73,632)	(73,632)
Balance as of December 31, 2023		$ 2,768,127	$ 46,100	$ 32,559	$ 2,068	$ 4,297,756	$ 13,619,049	$ 11,940	($ 850)	$ 20,776,749	$ 18,488	$ 20,795,237

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

Chairman: Chung Long-Chang   Manager: Hung Chia-Sheng   Accounting Supervisor: Liu Jo-Mei

HUAKU DEVELOPMENT CO., LTD. AND SUBSIDIARIES

Consolidated Statement of Cash Flows

For the years ended December 31, 2023 and 2022

Unit: NT$ thousands

	Notes	2023	2022
Cash flow from operating activities			
Current net profit before tax		$ 4,287,778	$ 3,707,610
Adjusted items			
Income and expense items			
Share of profit (loss) of associates and joint ventures accounted for using the equity method	6 (6)	(16,661)	(7,747)
Amortization	6 (18)	2,254	1,796
Depreciation expenses	6 (18)	26,262	28,141
Interest expense	6 (22)	138,758	109,259
Interest income	6 (20)	(84,093)	(67,268)
Loss (gain) on disposal of property, plant, and equipment		-	11
Loss (gain) on disposal of investment properties		43,961	-
Changes in assets and liabilities relating to operating activities			
Net change in assets relating to operating activities			
Financial assets measured at fair value through profit or loss		110,901	25,202
Notes and accounts receivable, net		(48,094)	20,509
Other receivables		1,040	14,840
Inventories		(2,133,245)	494,759
Prepayments		(16,830)	(63,915)
Restricted deposits		(460,681)	(301,479)
Other current assets		102,416	(25,176)
Deferred income tax assets		28	2,739
Long-term installment accounts receivable		358,309	389,392
Net change in liabilities relating to operating activities			
Notes payable		13,546	(4,882)
Accounts payable		372,236	(16,388)
Other payables		30,086	19,674
Contract liabilities		(921,960)	921,000
Advance receipts		10,338	(3,740)
Other current liabilities		(120,233)	13,646
Other non-current liabilities		(4,106)	(8,797)
Changes in deferred income tax liabilities		(49)	1,281
Realized amount of unrealized revenue within this period		(4,596)	(21,793)
Cash inflow generated from operations		1,687,365	5,228,674
Dividends received		5,600	4,193
Interest received	6 (20)	84,093	67,268
Interest paid	6 (22)	(329,109)	(236,609)
Income tax paid		(833,059)	(824,458)
Cash inflow from operating activities, net		614,890	4,239,068
Cash flow from investment activities			
Acquisition of investments accounted for under the equity method		(9,925)	-
Proceeds from acquisition of property, plant, and equipment		(1,784)	(11,738)
Disposal of investment properties		126,400	-
Decrease in other non-current assets		990	7,399
Increase in refundable deposits		(158,955)	(118,709)
Decrease in refundable deposits		58,119	40,244
Cash inflow (outflow) from investment activities, net		14,845	(82,804)
Cash flow from financing activities			
Increase in short-term loans	6 (25)	14,092,580	14,891,890
Decrease in short-term loans	6 (25)	(10,732,000)	(14,992,000)
Increase in short-term bills payable	6 (25)	1,850,000	6,470,000
Decrease in short-term bills payable	6 (25)	(2,150,000)	(8,402,000)
Long-term loans borrowed	6 (25)	1,107,063	2,047,902
Long-term loans repaid	6 (25)	(2,827,739)	(2,779,907)
Redemption of lease principal	6 (25)	(9,754)	(9,764)
Increase in guarantee deposits received	6 (25)	42,625	68,854
Decrease in guarantee deposits received	6 (25)	(45,654)	(67,590)
Changes in non-controlling interests		(73,632)	(31,485)
Cash dividends paid—parent company	6 (15) (25)	(2,076,095)	(2,076,095)
Cash outflow from financing activities, net		(822,606)	(4,880,195)
Impacts on cash and cash equivalents from changes in exchange rates		7,216	30,112
Decrease in cash and cash equivalents for the year		(185,655)	(693,819)
Cash and cash equivalents at the beginning of the year		1,699,161	2,392,980
Cash and cash equivalents at the end of the year		$ 1,513,506	$ 1,699,161

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

Chairman: Chung Long-Chang Manager: Hung Chia-Sheng Accounting Supervisor: Liu Jo-Mei

HUAKU DEVELOPMENT CO., LTD. AND SUBSIDIARIES

Notes for Consolidated Financial Statements

December 31, 2023 and 2022

Unit: NT$ thousands
(Unless specified otherwise)

I. Company History

Huaku Development Co., Ltd. ("the Company") was established in April 1989. It is engaged mainly in the subcontract construction, leasing, and sales of public housings, commercial buildings, and general-purpose plants and warehouses. The common shares of the Company have been listed on the Taiwan Stock Exchange since August 26, 2002.

II. Date and Procedure for Approval of Financial Statements

The consolidated financial statements were approved and issued on February 27, 2024 by the Board of Directors.

III. Application of New and Amended Standards and Interpretations

(I) Effects of the adoption of new and amended IFRSs endorsed and issued into effect by the Financial Supervisory Commission ("FSC")

1. The following table summarizes the new, revised, and amended standards and interpretations of IFRSs endorsed and issued into effect by the FSC that are applicable in 2023:

New standards, interpretations and amendments	Effective date by International Accounting Standards Board
Amendments to IAS 1 "Disclosure of Accounting Policies"	January 1, 2023
Amendments to IAS 8 "Definition of Accounting Estimates"	January 1, 2023
Amendments to IAS 12 "Deferred Income Taxes on Assets and Liabilities Arising from a Single Exchange"	January 1, 2023
Amendments to IAS 12 "International Tax Reform—Pillar Two Model Rules"	May 23, 2023

2. The Group assessed the effects of adopting the aforementioned standards and interpretations and found no significant effects on the Group's financial position and financial performance.

(II) Effect of the new issuance of or amendments to IFRSs as endorsed by the FSC but not yet adopted

1. The following table summarizes the new, revised, and amended standards and interpretations of IFRSs endorsed by the FSC that are applicable in 2024:

New standards, interpretations and amendments	Effective date by International Accounting Standards Board
Amendments to IFRS 16 “Lease Liability in a Sale and Leaseback”	January 1, 2024
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 IAS 7 and IFRS 7 “Supplier Finance Arrangements”	January 1, 2024

2. The Group assessed the effects of adopting the aforementioned standards and interpretations and found no significant effects on the Group’s financial position and financial performance.

(III) Effects of IFRSs issued by IASB but not yet endorsed by the FSC

1. The following table summarizes the new, revised, and amended standards and interpretations of IFRSs that have been issued by IASB but not yet endorsed by the FSC:

New standards, interpretations and amendments	Effective date by International Accounting Standards Board
Amendments to IFRS 10 and IAS 28 “Sale or Contribution of Assets between an Investor and its Associate or Joint Venture”	To be determined by International Accounting Standards Board
IFRS 17 “Insurance Contracts”	January 1, 2023
Amendments to IFRS 17 “Insurance Contracts”	January 1, 2023
Amendments to IFRS 17 “Initial Application of IFRS 17 and IFRS 9—Comparative Information”	January 1, 2023
IAS 21 “Lack of Exchangeability”	January 1, 2025

2. The Group assessed the effects of adopting the aforementioned standards and interpretations and found no significant effects on the Group's financial position and financial performance.

IV. Significant Accounting Policies and Summary Statements

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

(I) Statement of Compliance

The consolidated financial statements are prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers, as well as the International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), IFRIC interpretations and SIC interpretations (collectively referred to as "IFRSs" hereinafter) endorsed and issued into effect by the FSC.

(II) Preparation Basis

1. Except for the following significant items, these consolidated financial statements have been prepared under the historical cost convention:
   (1) Financial assets measured at fair value through profit or loss.
   (2) Defined benefit liability derived from retirement plan assets less the present value of net defined benefit obligation.
2. Critical accounting estimates are required when preparing financial statements in compliance with International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), IFRIC interpretations and SIC interpretations (collectively referred to as "IFRSs" hereinafter). For the items involving a high degree of judgment or complexity, or the items involving significant assumptions and estimates in the consolidated financial statements, please refer to Note 5 for details.

(III) Basis of Consolidation

1. Basis for preparation of consolidated financial statements

   (1) The Group includes all subsidiaries as entities in the consolidated financial statements. Subsidiaries refer to entities controlled by the Group. Control is achieved 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. Subsidiaries are included in the consolidated financial statements from the date on which the Group obtains control, and are excluded from the consolidated financial statements from the date when such control ceases.

   (2) Transactions, balances and unrealized gains or losses between companies within the Group are eliminated. Accounting policies of subsidiaries are adjusted, when necessary, to remain consistent with those of the Group.

   (3) The profit or loss and each component of other comprehensive income is attributed to the owners of the parent company and to the non-controlling interest. Total comprehensive income is also attributed to the owners of the parent company and non-controlling interest even if this results in the non-controlling interests having a deficit balance.

   (4) A change in the ownership interest of a subsidiary without a loss of control (transactions with non-controlling interests) is accounted for as an equity transaction, 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.

   (5) When the Group loses control of a subsidiary, any investment retained in the former subsidiary should be remeasured at fair value and be regarded as the fair value on initial recognition of a financial asset or, when appropriate, as the cost on initial recognition of an investment in an associate or a joint venture. Difference between fair value and carrying amount should be recognized in profit or loss. All amounts recognized in other comprehensive income in relation to that subsidiary should be accounted for on the same basis as would be required if the Group had directly disposed of the related assets or liabilities. Therefore, if a gain or loss previously recognized in other comprehensive income would be reclassified to profit or loss on the disposal of the related assets or liabilities, the Group reclassifies the gain or loss from equity to profit or loss when it loses control on that subsidiary.

2. Subsidiaries included in the consolidated financial statements:

Name of Company	Name of subsidiaries	Business activities	Percentage owned by the Company December 31, 2023	Percentage owned by the Company December 31, 2022	Details
The Company	Pin Shing Construction Co., Ltd.	Civil engineering and hydraulic engineering contractors	100	100	
The Company	Chengdu Wancheng Duobao Real Estate Co., Ltd.	Property development	80	80	
The Company	Chengdu Huaku Real Estate Co., Ltd.	Property development	80	80	

3. Subsidiaries that are not included into the consolidated financial statements: None.

4. Adjustments and treatment methods for different accounting periods of subsidiaries: None.

5. Significant limitation on the ability to acquire or use assets and to settle liabilities: None.

6. Information about subsidiaries of non-controlling interest that are material to the Group: None.

(IV) Foreign Currency Translation

All items on the financial statements of each entity of the Group are measured at the currency of the principal economic environment in which the entity operates (i.e. functional currency). The consolidated financial statements are presented in NTD, which is the Company's functional and the Group's presentation currency.

1. Foreign currency transaction and balance

(1) Foreign currency transaction is translated to the functional currency by using the spot exchange rate on the trade date or measurement date. Any translation differences occurred is to be recognized in the current profit or loss.

(2) Balances of monetary assets and liabilities denominated in foreign currencies are adjusted at the spot exchange rates prevailing at the balance sheet date. Exchange gains or losses arising from such adjustments are recognized in profit or loss.

(3) For non-monetary assets and liabilities denominated in foreign currency, if they are measured at FVTPL, they are adjusted using the spot exchange rate prevailing at the balance sheet date and any exchange differences arising therefrom are recognized in profit or loss; if they are measured at FVOCI, they are adjusted using the spot exchange rate prevailing at the balance sheet date and any exchange differences arising therefrom are recognized in other comprehensive income; if they are not measured at fair value, they are measured at the historical exchange rates on initial transaction dates.

(4) All other foreign exchange gains and losses are presented in the statement of comprehensive income within "other gains and losses".

2. Translation from foreign operations

(1) The operating results and financial position of all entities and associates within the Group that have a functional currency different from the presentation currency are translated into the presentation currency by applying the following approaches:

A. Assets and liabilities for each balance sheet presented are translated at the closing exchange rate at the end of the financial reporting period;

B. Income and expenses for each statement of comprehensive income are translated at average exchange rates of that period; and

C. All resulting exchange differences are recognized in other comprehensive income.

(2) When the foreign operation partially disposed of or sold is a subsidiary, cumulative exchange differences that were recorded in other comprehensive income are proportionately transferred to the non-controlling interest in this foreign operation. However, if the Group still retains partial interests in the former foreign subsidiary after losing control of the former foreign subsidiary, such transactions should be accounted for as disposal of all interest in these foreign operations.

(V) Classification of Current and Non-current Assets and Liabilities

The Group is engaged in subcontract construction, leasing, and sales of buildings or plants business and contract construction projects business. The operating cycle is usually longer than one year. The classification criteria for current or non-current of assets and liabilities related to the construction projects is based on the operating cycle. The classification criteria for current or non-current of other items are as follows:

1. Assets that meet one of the following criteria are classified as current assets:
   (1) Assets that are expected to be realized, or are intended to be sold or consumed within the normal operating cycle;
   (2) Liabilities held primarily for trading purposes;
   (3) Assets that are expected to be realized within twelve months after the balance sheet date;
   (4) Cash and cash equivalents, excluding those that are restricted, or to be exchanged or used to settle liabilities at least twelve months after the balance sheet date.

   The Group classifies assets not meeting the aforesaid criteria into non-current assets.

2. Liabilities that meet one of the following criteria are classified as current liabilities:
   (1) Liabilities that are expected to be settled within the normal operating cycle;
   (2) Liabilities held primarily for trading purposes;
   (3) Liabilities that are expected to be settled within twelve months after the balance sheet date;
   (4) Liabilities for which the repayment date cannot be extended unconditionally to more than twelve months after balance sheet date. Settlement by the issue of equity instruments based on transaction party's choice does not impact classification.

   The Group classifies liabilities not meeting the aforesaid criteria into non-current liabilities.

(VI) Cash Equivalents

Cash equivalents refer to investments that are short-term, highly liquid, subject to a low risk of changes in value, and readily convertible to a known amount of cash. Time deposits and repurchase bonds satisfying the aforementioned definition and for which the objective of holding is to meet the short-term operating cash commitment (including time deposits with a contract period within twelve months) are classified as the cash equivalent.

(VII) Financial Assets Measured at Fair Value through Profit or Loss

1. Financial assets measured at FVTPL are financial assets that are neither carried at cost nor measured at FVTOCI.
2. The Group uses trade date accounting for financial assets at FVTPL conformed to customary transactions.
3. Financial assets at FVTPL are initially recognized at fair value with related transaction costs recognized in profit or loss, and subsequently measured at fair value with related gains or losses recognized in profit or loss.
4. The Group recognizes dividends income in profit or loss when the rights of shareholders to receive payment are established, provided that the economic benefits related to such dividends are probable to flow to the Group and the amount of such benefits can be reliably measured.

(VIII) Accounts Receivables and Notes Receivables

1. It refers to receivables and notes of which the contractual right to consideration for goods sold or services rendered is unconditional.
2. At initial recognition, the Group measures the financial assets at fair value. Interest income from these financial assets is included in finance income using the effective interest method. A gain or loss is recognized in profit or loss.

(IX) Impairment of Financial Assets

The Group measures the loss allowance for financial assets and accounts receivable containing significant financial components or loan commitment and financial guarantee contract measured at amortized cost after taking into account all reasonable and proving information (including foreseeing information) at each balance sheet date; where the credit risk has not significantly increased since initial recognition, the loss allowance is measured at the twelve-month expected credit losses; where the credit risk has increased significantly since initial recognition, the loss allowance is measured at full lifetime expected credit losses; and where they are accounts receivables or contract assets that do not comprise any significant financing components, the loss allowance is measured at full lifetime expected credit losses.

(X) Derecognition of Financial Assets

The Group derecognizes an asset when its contractual rights to receive cash flows from the financial asset expire.

(XI) Lease Transactions for the Lessors—Operating Leases

Lease income from an operating lease (net of any incentives given to the lessee) is recognized in profit or loss on a straight-line basis over the lease term.

(XII) Inventories

1. Inventories including buildings and land held for construction, construction in progress, and buildings and land held for sale are initially recorded at cost. The construction profit or loss is recognized with the completed contract method. The buildings and land held for construction is transferred to the premise under construction when it is actively developed, and the related interest is capitalized during the period from the active development or construction to the completion of the work.
2. The specific land rights acquired by the Group and its right to construct residential buildings on that land are leased for the profession of the construction. It complies with the definition of IAS 2.6 and IAS 2.8 and recognizes the land use rights acquired as inventory costs.
3. At the end of the period, inventories are evaluated at the lower of cost or net realizable value, and the individual item approach is used in the comparison of cost and net realizable value. The calculation of net realizable value is based on the estimated selling price in the normal course of business, net of estimated costs of completion and estimated selling expenses.

(XIII) Investment Accounted for Using the Equity Method

Associates

1. Associates are all entities over which the Group has significant influence but not control. In general, it is presumed that the investor has significant influence, if an investor holds, directly or indirectly 20% or more of the voting power of the investee. Investments in associates are accounted for using the equity method and are initially recognized at cost.
2. The Group’s share of its associates’ post-acquisition profits or losses is recognized in profit or loss, and its share of post-acquisition movements in other comprehensive income is recognized in other comprehensive income. When the Group’s share of losses in an associate equals or exceeds its interest in the associate, the Group does not recognize further losses, unless it has incurred legal or constructive obligations or made payments on behalf of the associate.
3. When changes in an associate’s equity do not arise from profit or loss or other comprehensive income of the associate and such changes do not affect the Group’s ownership percentage of the associate, the Group recognizes the change in ownership interests in the associate in “additional paid-in capital” in proportion to its ownership.

4. Unrealized gains on transactions between the Group and its associates are eliminated to the extent of the Group's interest in the associates. Unrealized losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of associates are adjusted, when necessary, to remain consistent with those of the Group.
5. When the Group disposes its investment in an associate and loses significant influence over this associate, the accounting treatment for amounts previously recognized in other comprehensive income in relation to the associate are the same as the one required if the relevant assets or liabilities were directly disposed of. That is, if gain/loss previously recognized in other comprehensive income will be reclassified to profit or loss upon disposal of relevant assets or liabilities, such gain/loss will be reclassified from equity to profit or loss when the Group loses significant influence over the associate. If it still retains significant influence over this associate, then the amounts previously recognized in other comprehensive income in relation to the associate are reclassified to profit or loss proportionately in accordance with the aforementioned approach.

Joint ventures

The Group accounts for its investment interest in joint ventures using the equity method. If there is evidence indicating that the net realizable value of the asset has decreased or that an impairment loss has occurred on the asset, the full loss is recognized immediately. When the Company's share of losses in a joint venture equals or exceeds its interest in the joint venture (including any other unsecured receivables), the Company does not recognize further losses, unless it has incurred obligations or constructive obligations or made payments on behalf of the joint venture.

(XIV) Property, Plant, and Equipment

1. Property, plant and equipment are initially recorded at cost. Borrowing costs incurred during the construction period are capitalized.
2. 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 Company and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognized. All other amount of repairs and maintenance fee are recognized as current profit or loss when they are incurred.
3. Land is not depreciated. The cost model is applied to other property, plant and equipment, and these are depreciated using the straight-line method to allocate their cost over their estimated useful lives. If the property, plant, and equipment comprise any significant components, they are depreciated individually.

4. The Group reviews each assets' residual values, useful lives and depreciation methods at the end of each financial year. If expectations for the assets' residual values and useful lives differ from previous estimates or the patterns of consumption of the assets' 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. Except that the useful life of the real estate property is 30 years, the useful life of all other assets is 3 to 5 years.

(XV) <u>Lease Transactions for the Lessees—Right-of-Use Assets / Lease Liabilities</u>

1. Lease assets are recognized as right-of-use assets and lease liabilities on the date when they are available for use by the Group. When the lease contract is a short-term lease or lease of a low-value asset, the lease payments are recognized as an expense on a straight-line basis over the lease term.
2. The lease liabilities are recognized as the present value of the lease payments that have not been paid at the lease commencement date discounted at the Group's incremental borrowing rate of interest. The lease payments include:

   (1) Fixed payments, less any lease incentives receivable;

   (2) Variable lease payments that depend on an index or a rate;

   The lease liability is measured at amortized cost using the effective interest method subsequently, and the interest expense is appropriated during the lease period. When the non-contractual modification causes a change in the lease period or lease payment, the subsequent lease liability will be reassessed, and re-measurements will be used to adjust the right-of-use assets.
3. The right-of-use asset is recognized at cost at the lease commencement date. The cost comprises:

   (1) The amount equal to the lease liability at its initial recognition;

   (2) Lease payments made at or before the commencement of the lease;

   (3) Any initial direct costs incurred by the lessee; and

   (4) An estimate of costs to be incurred by the lessee in dismantling and removing the underlying asset, restoring the site on which it is located or restoring the underlying asset to the condition required by the terms and conditions of the lease.

   The subsequent measurement adopts the cost model, and depreciation expenses are recognized at the earlier of the expiration date of the right-of-use asset or the lease period. When the lease liability is reassessed, the right-of-use asset will adjust any remeasurement of the lease liability.

(XVI) Investment Property

An investment property is stated initially at its cost and measured subsequently using the cost model. Investment property is depreciated on a straight-line basis over its economic durable service life; the useful life is 34 to 66 years.

(XVII) Impairment of Non-financial Assets

The Group assesses at each balance sheet date the recoverable amounts of those assets for which there is an indication that they are impaired. An impairment loss is recognized for the amount when the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell or value in use. Except for goodwill, when the circumstances or reasons for recognizing impairment loss for an asset in prior periods no longer exist or diminish, the impairment loss is reversed. The increased carrying amount due to reversal should not be more than what the depreciated or amortized historical cost would have been if the impairment had not been recognized.

(XVIII) Accounts Payables and Notes Payables

1. Accounts payables and notes payables refer to the debts incurred by purchase of materials, goods, or services on credit, and the notes payables incurred by both operating and non-operating activities.
2. However, short-term accounts/notes payables without interest payment, given insignificant effects of their discounting, are subsequently measured at the invoice price.

(XIX) Derecognition of Financial Liabilities

The Group derecognizes a financial liability when the obligation under the contract is performed, canceled, or expires.

(XX) Provisions

Provisions are prepared for warranty. Provisions are measured at the best estimate of the expenditure required to settle the present obligation at the balance sheet date.

(XXI) Employee Benefits

1. Short-term employee benefits
   Short-term employee benefits are measured at the undiscounted amount of the benefits expected to be paid and should be recognized as expenses in the period when the employees render service.

2. Pensions

(1) 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.

(2) Defined benefit plans

A. The net obligation under a defined benefit plan is defined as the present value of pension benefits that employees will receive on retirement for their services with the Company in the current period or prior periods. The amount recognized is the present value of the defined benefit obligation at the balance sheet date less the fair value of plan assets. The net defined benefit obligation is computed by independent actuaries every year using the projected unit credit method. The discount rate employed is the market yields on government bonds (at the balance sheet date) of a currency and term consistent with the currency and term of the defined benefit plan.

B. The re-measured amount of defined benefit plans is recognized in other comprehensive income as it arises and presented in retained earnings.

C. Expenses associated with past service costs are recognized immediately in profit or loss.

3. Compensation to employees and remuneration to directors and supervisors

Compensation to employees and remuneration to directors and supervisors are recognized as expenses and liabilities, provided that such recognition is required under legal or constructive obligations and those amounts can be reliably estimated. Any difference between the resolved amounts and the subsequently actual distributed amounts is accounted for as changes in accounting estimates. If employee compensation is distributed by shares, the Company will calculate the number of shares based on the closing price on the day before the resolution in the Board meeting.

(XXII) Income Tax

1. Income tax expense comprises current and deferred tax. 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 tax is recognized in other comprehensive income or equity.
2. The income tax expenses are calculated on the basis of the tax laws enacted or substantively enacted at the balance sheet date in the countries where the Group operates and generates taxable income. For the income tax levied on the unappropriated retained earnings in accordance with the Income Tax Act, it will be recognized as income tax for unappropriated retained earnings based on the actual distribution of surplus after the surplus distribution proposal is adopted at the shareholders' meeting in the year following the year of which the said surplus is generated.
3. Deferred income tax adopts the balance sheet approach. It is recognized as the temporary difference between the tax bases of assets and non-consolidated liabilities and their carrying amounts in the balance sheet at the reporting date. The deferred income tax is not recognized if it arises from initial recognition of an asset or liability in a transaction (other than a business combination) that, at the time of the transaction, affects neither accounting nor taxable profit (or loss) nor gives rise to an equivalent taxable and deductible temporary difference. Deferred income tax is provided on temporary differences arising on investments in subsidiaries and associates, except where the timing of the reversal of the temporary difference is controlled by the Group and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred income tax is determined using tax rates (and tax laws) that have been enacted or substantially enacted by 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.
4. Deferred 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 tax assets are reassessed.
5. Current income tax assets and liabilities are offset 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 income tax assets and liabilities are offset 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.

(XXIII) Distribution of Dividends

Dividends to be distributed to shareholders of the Company are recognized when they are resolved by the Board of Directors' Meeting; distribution in cash dividends is recognized as a liability, whilst distribution in stock dividends is recognized as stock dividends to be distributed, which is transferred to common share on the date when new shares are issued.

(XXIV) Revenue Recognition

Property sales

1. The Group is principally engaged in the subcontract construction, leasing, and sales of property, and the recognition of revenue is based on the transferring of property ownership. For the contracted sales of residential contracts, subject to the terms of the contract, the real property has no other use for the Group, but until the legal ownership of the real property is transferred to the customer, the Group has an freely enforceable right to the contractual amount and therefore revenue is recognized when ownership or use rights are transferred to the customer.
2. Part of the Group's sales contracts includes variable consideration of price concessions. The Group takes the expected value or the most probable amount as an appropriate estimate of the variable consideration.
3. The Group's sales contract of pre-sale homes contains provisions for advance payment from customers, and the time between advance receipt and commodity ownership transfer is longer than one year. According to IFRS 15, if the Group judges that there are significant financing components in an individual pre-sale home contract, it shall adjust the amount of the commitment consideration and recognize the interest cost. In addition, IFRS 15 states that companies should determine the significance of the financing component only at the contract level, rather than the financial level at the portfolio level.

(XXV) Operating Segments

Information on the operating segments is reported in a manner that is consistent with other information reported in the internal management reports for the chief operating decision makers. The chief operating decision makers are responsible for allocating resources to the operating segments and assessing their performance.

V. Primary Sources of Uncertainties in Significant Accounting Judgments, Estimates, and Assumptions

When preparing the consolidated financial statements, management of the Group had determined its accounting policies based on its judgments and made accounting estimates and assumptions based on a rational expectation of future events depending on the circumstances at the balance sheet date. If there is any difference between any significant accounting estimates and assumption made and actual results, the historical experience, and other factors will be taken into account in order to continue assessment and adjustment. The Group does not have an important judgment on the adoption of accounting policies, and significant accounting estimates and assumptions, which are at risk of significant changes in the carrying amount of assets and carrying amount of liabilities in the next financial year.

VI. Descriptions of Material Accounting Items

(I) Cash and cash equivalents

	December 31, 2023	December 31, 2022
Cash on hand and revolving fund	$ 215	$ 208
Checking deposits and demand deposits	1,433,571	1,628,953
Cash equivalents		
－ Bonds with repurchase agreement	79,720	70,000
	$ 1,513,506	$ 1,699,161

1. The Group deals with financial institutions having high credit quality. The Group also deals with various financial institutions in order that credit risks can be diversified. Therefore, the expected risk of default is rather low.
2. The Group's restricted use of the pre-sale construction project trust fund and others has been listed under "Other current assets". Please refer to Notes 6 (5) and 8 for details.

(II) Financial asset measured at fair value through profit and loss—current

	December 31, 2023	December 31, 2022
Financial assets mandatorily measured at FVTPL		
— Financial products	$ 32,271	$ 143,172

The Group's financial assets measured at fair value through profit and loss were recognized as gains and losses in the amount of $3,863 and $4,492 in 2023 and 2022, respectively.

(III) Notes and accounts receivable

	December 31, 2023	Amount of receivables guaranteed	Guaranteed loan amount
Notes receivable			
Within 1 year	$ 55,850	$ -	$ -
Accounts receivable			
Within 1 year	119,838	107,895	107,895
Over 1 year (Note)	2,151,309	2,139,536	2,139,536
	$ 2,326,997	$ 2,247,431	$ 2,247,431

	December 31, 2022	Amount of receivables guaranteed	Guaranteed loan amount
Notes receivable			
Within 1 year	$ 5,167	$ -	$ -
Accounts receivable			
Within 1 year	139,016	96,977	96,977
Over 1 year (Note)	2,493,028	2,488,586	2,488,586
	$ 2,637,211	$ 2,585,563	$ 2,585,563

Note: The Group's long-term installment accounts receivables over one year are listed under the item "Other non-current assets".

1. The Group signed a credit agreement with Mega International Commercial Bank secured with the installment accounts receivables arising from the partial sale of "Huaku New World" in installments as collateral. Please refer to Notes 6 (11) and 8 for details. The Group's information on secured borrowings with accounts receivable as collateral is as above.
2. The balances of receivables (including notes receivables) contracted by the Group and clients as of December 31, 2023, December 31, 2022 and January 1, 2022 were $2,193,817, $2,634,486, and $3,043,303, respectively.
3. Interest income recognized by the Group in profit or loss in 2023 and 2022 was $64,123 and $59,567, respectively.
4. The above notes and accounts receivable are non-overdue notes and accounts.
5. Without considering the collateral or other credit enhancements held, the exposure amount that best represents the maximum credit risk of the Group's notes and accounts receivable as of December 21, 2023 and 2022 is the carrying amount of notes and accounts receivable and long-term installment accounts receivable in each period.
6. For credit risk of notes receivables and accounts receivables, please refer to Note 12 (2).

(IV) Inventories

	December 31, 2023	December 31, 2022
Buildings and land held for sale		
Huaku National Landmark (formerly Xinzhuang Factory & Office Building Project)	$ 732,703	$ -
Sand River Bay	118,395	136,334
Huaku Fine Art	14,989	191,921
Huaku Royal Highness	-	487,371
Huaku Sky Garden	-	213,495
	866,087	1,029,121
Less: Allowance for valuation loss	(63,533)	(126,013)
	802,554	903,108

	December 31, 2023	December 31, 2022
Construction in progress		
Huaku Asia One (formerly Nangang Yucheng Project)	$ 5,192,744	$ -
Huaku Upper Mansion (formerly Taichung Jingmao Road Project)	3,768,312	-
Huaku Fortune One (formerly Tiding Avenue Project)	3,241,397	-
Huaku Casa Blanca (formerly Wenlin North Road Project II)	2,844,392	2,569,336
Huaku Central Landmark (formerly Zhonghe Factory & Office Building Project)	2,545,079	1,852,065
Huaku Moon Light (formerly Zhonghe Residential Project)	1,891,224	1,642,270
Huaku Greenside Mansion (formerly Wenlin North Road Project)	1,674,089	1,381,205
Huaku Sky Tower (formerly Taishan Zhuangtian Road Project)	1,418,968	1,289,676
Huaku Da'an Tower	1,196,094	768,923
Huaku Trade and Finance Center (formerly Innovation Fortune II)	-	2,294,126
Huaku National Landmark (formerly Xinzhuang Factory & Office Building Project)	-	4,271,057
Huaku Moon River	-	2,448,049
	23,772,299	18,516,707
Land held for construction		
Jang Dah Beitou Project	2,987,690	-
Guangpu Hsinchu Project, Second Phase	2,094,173	1,875,266
Taichung Jingmao 5th Road Project	1,336,469	-
Taichung Fengle Road Project	1,055,967	-
Xinyi Guangfu Project	913,411	723,940
Jang Dah Xindian Project	664,822	594,999
Fuxing South Road Urban Renewal Project	241,061	241,061
Dunnan Project	198,834	198,834
Huaku Upper Mansion (formerly Taichung Jingmao Road Project)	-	2,945,125
Huaku Asia One (formerly Nangang Yucheng Project)	-	4,863,686
Huaku Fortune One (formerly Tiding Avenue Project)	-	2,385,050
Others	338,686	129,312
	9,831,113	13,957,273
Land prepayments and others		
Renyi Street No. 57 Project	1,253,682	-
Renyi Street No. 89 Project	820,086	-
Jang Dah Beitou Project	-	763,543
Volume and others	33,571	49,078
	2,107,339	812,621
Less: Allowance for valuation loss	(13,307)	(13,307)
	2,094,032	799,314
	$ 36,499,998	$ 34,176,402

1. Huaku New World
   (1) During 2013, the Company acquired the land rights and paid royalties of $1.388 billion under the "Cooperative Development Contract for State-owned Land in and around the Training Center for Financial Officers of the Ministry of Finance" with the National Property Administration, MOF, with a lease term of 70 years. This project recognized revenue when transferring land and house use rights to customers.
   (2) Some units following the Company's policy of leasing are transferred to the "Investment Property" item along with the land use rights after completion of registration.
   (3) Please refer to 6 (11) for details of the information on the property of this project provided as guarantee.
2. On June 4, 2010, the Company signed a contract to sell the part of the land held in Sanyu Section of Taipei City (Huaku Sky Garden Project) to Tsai, a non-related person. The full land price of the sales transaction has received and the ownership transfer procedure has completed, only because after the sale of the land as mentioned earlier, the Company immediately signed a contract with the buyer for the joint land construction, land sales, and joint construction contracts should be treated as the same transaction, therefore, its gain on disposal was regarded as unrealized and deferred. The Company transferred unrealized profit to income based on the proportion of sales. As of December 31, 2023 and 2022, the unrealized amounts were $0 and $4,596, respectively, which were listed under "Other non-current liabilities".
3. The cost of inventories recognized as an expense for the years ended December 31, 2023 and 2022 was $10,599,491 and $10,195,687, respectively, which included the cost of goods sold ($62,480) and $53,404, respectively, recognized from cost adjustments to net realizable value. In 2023, the net realizable value of inventories rebounded due to the sale of a portion of the inventories with a net realizable value lower than the cost.
4. The amount of interest capitalized in the Group's inventories for the years ended December 31, 2023 and 2022 is $190,351 and $128,229, respectively, and the net interest rate margin range within the capitalized interest is 1.1%-2.26% and 0.88%-1.56%, respectively.

5. In the case of "Huaku National Landmark" developed and constructed by the Group, an agreement was signed with the Economic Development Department of the New Taipei City Government, which stipulates that the transfer of the property rights of certain floors of this case will be processed five years from the date of obtaining the license to use these floors.
6. Please refer to Note 8 for details of the pledge of inventories by the Group.

(V) Other current assets

	December 31, 2023	December 31, 2022
Restricted bank deposits	$ 1,712,332	$ 1,251,651
Construction refundable deposits	326,279	227,738
Incremental costs for obtaining contracts	231,436	312,973
Other current assets	31,122	54,255
	$ 2,301,169	$ 1,846,617

The restricted bank deposits are the Group's pre-sale construction project trust fund; please refer to Notes 8 and 9 for details.

(VI) Investment accounted for using the equity method

	December 31, 2023	Shareholding percentage	December 31, 2022	Shareholding percentage
Associates:				
Taiwan Digit Automated Control Co., Ltd.	$ 32,018	40.00	$ 24,803	40.00
Full Come Foundation Engineering Co., Ltd.	28,611	38.05	14,743	33.03
Joint ventures:				
Huapu Construction Co., Ltd.	5,400	50.00	5,065	50.00
	$ 66,029		$ 44,611	

1. For the basic information of the Group's associates and joint ventures, please refer to Note 13 (2) for details.
2. For the carrying amounts of the Group's non-significant associates and joint ventures as

of December 31, 2023 and 2022, please refer to the table above; the operating results are as follows:

	2023	2022
Net income from continuing operations	$ 16,661	$ 7,747
Other comprehensive income	-	-
Total comprehensive income	$ 16,661	$ 7,747

3. There are no public quotations for the investment targets of the Group. The share of profits and losses of associates recognized under the equity method in 2023 was evaluated and disclosed on the basis of the unaudited financial statements of each such investee for the same period. The year 2022 was evaluated and disclosed based on each investee's financial statements audited by a certified public accountant for the same period.

(VII) Investment property

	2023		
	Land	House and land use rights	Total
January 1	$ 4,360	$ 474,277	$ 478,637
Disposal	-	(170,361)	(170,361)
Depreciation expenses	-	(7,654)	(7,654)
Net exchange differences	-	(1,457)	(1,457)
December 31	$ 4,360	$ 294,805	$ 299,165

	2022		
	Land	House and land use rights	Total
January 1	$ 4,360	$ 501,125	$ 505,485
Depreciation expenses	-	(12,228)	(12,228)
Impairment loss	-	(18,377)	(18,377)
Net exchange differences	-	3,757	3,757
December 31	$ 4,360	$ 474,277	$ 478,637

1. Investment properties are for the use of lessees. The lease term of the leased real estate lasts until 2032. The rental income and direct operating expenses of the investment properties are as follows:

	2023	2022
Rental revenue from investment property	$ 14,945	$ 17,995
Direct operating expenses incurred by investment property generating rental revenue in the current period	$ 9,893	$ 32,601

2. The fair values of investment properties held by the Group as of December 31, 2023 and 2022 were $649,143 and $891,216, respectively, which were classified as Level 2 fair values by reference to the appraisal results of independent appraisal specialists and the recent transaction prices of the construction of each investment property or the recent transaction prices of similar targets in the region.

3. The maturity analysis of the lease payments for the investment properties leased out by the Group under operating leases is as follows:

	December 31, 2023	December 31, 2022
Within 1 year	$ 12,355	$ 22,619
2 to 5 years	38,633	94,595
Over 5 years	10,276	32,779
	$ 61,264	$ 149,993

4. For information on guarantees provided by the Group for investment property, please refer to Note 8 for details.

(VIII) Short-term loans

Loan type	December 31, 2023		Interest rate range	Collateral
Bank loans				
Secured bank borrowings	$	10,362,470	1.70%～2.63%	Inventories—buildings and land
Credit loans		1,750,000	1.75%～1.93%	None
	$	12,112,470		

Loan type	December 31, 2022		Interest rate range	Collateral
Bank loans				
Secured bank borrowings	$	8,201,890	1.08%～2.37%	Inventories—buildings and land
Credit loans		550,000	1.15%～1.86%	None
	$	8,751,890		

(IX) Short-term bills payable (December 31, 2023: None)

Loan type	December 31, 2022	
Short-term bills payable	$	300,000
Less: Discount on short-term bills payable	(	200)
Net	$	299,800
Interest rate range	1.29%～2.09%	

(X) Other current liabilities—others

	December 31, 2023		December 31, 2022	
Warranty provisions	$	92,443	$	92,437
Payment collection		14,384		108,929
Others		78,544		93,900
	$	185,371	$	295,266

(XI) Long-term loans

Loan type	Loan period and repayment method	Interest rate range	Collateral	December 31, 2023
Long-term bank loans				
Credit loans	From June 2023 to June 2025; the interest is paid on a monthly basis	1.55%～1.93%	None	1,076,000
〃	From July 2022 to July 2024; the interest is paid on a monthly basis	〃	〃	800,000
Loans secured by accounts receivable	From June 2017 to September 2039; the loan and the accrued interest is repaid on a monthly basis	2.69%	Read Note for details	2,255,536
				4,131,536
Less: Long-term loans due within one year or one operating cycle				(1,292,600)
				$ 2,838,936

Loan type	Loan period and repayment method	Interest rate range	Collateral	December 31, 2022
Long-term bank loans				
Credit loans	From June 2021 to June 2023; the interest is paid on a monthly basis	0.88%～1.63%	None	$ 1,259,050
〃	From July 2022 to July 2024; the interest is paid on a monthly basis	〃	〃	2,000,000
Loans secured by accounts receivable	From June 2017 to September 2039; the loan and the accrued interest is repaid on a monthly basis	1.89%～2.42%	Read Note for details	2,593,162
				5,852,212
Less: Long-term loans due within one year or one operating cycle				(2,563,626)
				$ 3,288,586

The Group's unused balance of loan limit as of December 31, 2023 and 2022 were $10,785,130 and $10,310,140, respectively.

Accounts receivable / Loans secured by other receivables

The Company signed the secured loans agreement to use Accounts Receivable as collateral with the Mega International Commercial Bank. The Company utilized the Installment Accounts Receivable from the Company's sale of Huaku New World Project, the rights of the building site, and the construction and its subsidiaries as collateral to obtain a loan amount of NT$6 billion originally, and the loan limit was adjusted to NT$4 billion on May 9, 2022 with unchanged loan tenor of 20 years. Please refer to Note 6 (3) for details. The main terms of the agreement are as follows:

1. The loan period of each account receivable shall not exceed 20 years from the date when the funds are used.
2. The used amount mentioned above shall be circulated from the date of first use to the date of expiration of five years, and the unspent balance of loans shall be automatically canceled at that time.
3. During the duration of the secured loans using account receivable as collateral, the Company shall maintain all the following financial ratios on the basis of the consolidated annual financial statements audited by the accountant, which shall be checked once a year:
   (1) Current ratio: not less than 100%.
   (2) Debt ratio (total liabilities/tangible net worth): not greater than 230%.

(XII) Pensions

1. In compliance with the requirements set forth in the Labor Standards Act, the Company and its domestic subsidiaries have stipulated a defined benefit pension plan, which is applicable to the years of service rendered by regular employees prior to, and after (if employees elect to continue to apply the Labor Standards Act), the implementation of the Labor Pension Act on July 1, 2005. Pension payments for employees qualified for the aforementioned retirement criteria are calculated in accordance with the years of service rendered and the average salaries or wages of the last six months prior to retirement. Two bases are given for each full year of service over the first 15 years, and one base is given for an additional year of service thereafter, provided that the total bases do not exceed 45. The Company contributes on a monthly basis 2% of the total salary (wages) as the pension fund, which is deposited in a designated account of the Bank of Taiwan under the name of the Supervisory Committee of Workers' Retirement Fund. Prior to the end of each annual period, the Company assesses the balance of the aforementioned designated account for the labor pension fund. If the balance is determined insufficient to pay off the

pension amount computed by the aforementioned approach for employees qualified for retirement within next year, the Company will make a lump sum contribution to make up the shortfall before the end of March of the following year.

(1) Amounts recognized on the balance sheets are as follows:

	December 31, 2023	December 31, 2022
Present value of the defined benefit obligation	($ 89,489)	($ 94,612)
Fair value of plan assets	50,808	56,238
Net defined benefit liabilities	($ 38,681)	($ 38,374)

(2) Changes in net defined benefit liabilities are as follows:

	Present value of the defined benefit obligation	Fair value of plan assets	Net defined benefit liabilities
2023			
Balance as of January 1	($ 94,612)	$ 56,238	($ 38,374)
Current service cost	(308)	-	(308)
Interest (expense) revenue	(1,071)	613	(458)
	(95,991)	56,851	(39,140)
Remeasurement:			
Return on plan assets (excluding amounts included in interest revenue or expenses)	-	549	549
Effect of changes in financial assumptions	(256)	-	(256)
Experience adjustment	(1,032)	-	(1,032)
	(1,288)	549	(739)
Provision of pension funds	-	1,198	1,198
Payment of pension	7,790	(7,790)	-
Balance as of December 31	($ 89,489)	$ 50,808	($ 38,681)

	Present value of the defined benefit obligation	Fair value of plan assets	Net defined benefit liabilities
2022			
Balance as of January 1	($ 93,973)	$ 51,810	($ 42,163)
Current service cost	(446)	-	(446)
Interest (expense) revenue	(589)	313	(276)
	(95,008)	52,123	(42,885)
Remeasurement:			
Return on plan assets (excluding amounts included in interest revenue or expenses)	-	4,082	4,082
Effect of changes in financial assumptions	3,063	-	3,063
Experience adjustment	(2,667)	-	(2,667)
	396	4,082	4,478
Provision of pension funds	-	33	33
Payment of pension	-	-	-
Balance as of December 31	($ 94,612)	$ 56,238	($ 38,374)

(3) The fund asset of the Group's defined benefit pension plan ("the Fund") is entrusted to the Bank of Taiwan, which manages, or entrusts others to manage, the Fund in accordance with entrusted items enumerated in Article 6 of the Regulations for Revenues, Expenditures, Safeguard and Utilization of the Labor Retirement Fund (i.e., deposit in domestic or foreign institutions, investment in domestic or foreign listed, over-the-counter, or private placement equity securities, and investment in domestic or foreign real estate and its securitization products) to the extent of limitations on investment percentage and amount as stipulated in the Fund's annual utilization plan. The status of utilization of the Fund is subject to supervision by the Labor Pension Fund Supervisory Committee. With regard to utilization of the Fund, the minimum earnings in the annual distributions on the final financial statement shall not be less than the earnings attainable from the amounts accrued from two-year time deposits with the interest rates offered by local banks. In case any deficiency in the earnings arises, Treasury Funds can be used to cover the deficits after the approval of the competent authority. Since the Group has no right to participate in the operation and management of the Fund, it is not able to disclose the classification of the fair value of plan assets as required in IAS 19.142. For the composition of the fair value of the Fund in total as of December 31, 2023 and 2022, please refer to the various labor pension utilization reports issued by the government.

(4) Actuarial assumptions on pensions are summarized as follows:

	2023	2022
Discount rate	1.15%	1.20%
Future salary increases	2.00%	2.00%

The assumptions for the future mortality rate are based on the published statistics and experience of each country.

Effects of changes in the principal actuarial assumptions on present value analysis of defined benefit obligation are as follows:

	Discount rate		Future salary increases	
	Increase of 0.25%	Decrease of 0.25%	Increase of 0.25%	Decrease of 0.25%
December 31, 2023				
Effect on present value of defined benefit obligation	($ 1,269)	$ 1,300	$ 1,295	($ 1,272)
December 31, 2022				
Effect on present value of defined benefit obligation	($ 1,370)	$ 1,405	$ 1,391	($ 1,364)

The sensitivity analysis above analyzes the effect of a change in a single assumption with all other assumptions held constant. In practice, changes in many of the assumptions may be sequential. The sensitivity analysis is consistent with the methodology used to calculate the net pension liability in the balance sheet. The methodology and assumptions used in preparing the sensitivity analysis for the current period are the same as those used in the previous period.

(5) The Group expects to make a contribution of $388 to the pension plans for the year ended December 31, 2024.

(6) As of December 31, 2023, the pension plan's weighted average duration was 5 to 6 years. The maturity analysis of the pension payments is as follows:

Within 1 year	$	3,649
1-2 years		3,663
2-5 years		46,713
Over 5 years		41,161
	$	95,186

2. Starting from July 1, 2005, the Company and subsidiaries have set up a defined contribution plan for all employees with R.O.C. citizenship in accordance with the Labor Pension Act. For part of employees of the Company and its domestic subsidiaries who choose to apply the labor pension system as defined in the Labor Pension Act, the Company has made monthly contributions equal to 6% of each employee's monthly salary to employees' pension accounts. The benefits accrued are paid monthly or in a lump sum upon termination of employment.

(1) According to the elderly insurance system stipulated by the Government of the People's Republic of China, the Group contributes pensions monthly at a fixed rate of the total salaries of the employees of the Group's subsidiaries in mainland China. For the years ended December 31, 2023 and 2022, the contribution ratio was both 20%. The pension for each employee is managed by the government, hence the Group does not have further obligation except for making a monthly contribution.

(2) For the years ended December 31, 2023 and 2022, the net pension costs recognized under the defined contribution plan aforementioned were $6,058 and $5,855, respectively.

(XIII) Share capital

1. As of December 31, 2023, the Company's authorized capital was $5,000,000, and the paid-in capital was $2,768,127 with a par value of NT$10 per share. Share payments for the Company's issued stocks have been collected in full. The number of outstanding shares of the Company at the beginning and the end of the period is 276,812,726 shares.

2. Treasury stock

(1) The Company had no treasury stock transactions for the years ended December 31, 2023 and 2022.

(2) As of December 31, 2023 and 2022, the Company's subsidiary Pin Shing Construction Co., Ltd., held the Company's shares for the purpose of investment profit; the details are as follows:

	December 31, 2023	December 31, 2022
Number of shares (thousand shares)	174	174
Carrying amounts	$ 850	$ 850

(XIV) Additional paid-in capital

According to the Company Act, additional paid-in capital including the income derived from issuing shares at a premium and from endowments, in addition to being used to covering deficit, where there is no accumulated deficit in a company, shall be distributed by issuing new shares to shareholders in proportion to the number of shares being held or by cash. In addition, according to relevant provisions of the Securities Exchange Act, when allocating capital from the aforementioned additional paid-in capital, the combined capitalized amount each year shall not exceed 10 percent of the paid-up capital. A company shall not use the additional paid-in capital to make good its capital loss, unless the surplus reserve is insufficient to make good such loss.

(XV) Retained earnings

1. In accordance with the Company's Articles of Incorporation, if there is any surplus in the annual accounts, the Company should first pay income tax to cover prior years' deficits, and if there is still a surplus, the Company should set aside a legal reserve of 10% of the paid-in capital, unless the legal reserve has already reached the paid-in capital. The remaining balance of the legal reserve should be added to the cumulative undistributed earnings of the previous year to arrive at the cumulative distributable earnings. The aforementioned distributable earnings are reported to the shareholders in the shareholders' meeting after the board of directors resolves to distribute dividends.
2. Legal reserves may only be used for offsetting deficits and issuing new shares or distributing cash in proportion to shareholders' original holdings. However, when new shares are issued or cash is distributed, the amount shall be limited to 25% of the reserves in excess of the paid-in capital.
3. The Company may allocate earnings only after providing special reserve for debt balance in other equity on the date of balance sheet, and the reversal of debit balance in other equity, if any, may be stated into allocable earnings.
4. The distribution of earnings for 2022 and 2021, which were proposed and approved in the annual shareholders' meetings on May 24, 2023 and May 31, 2022, respectively, are as follows:

	2022		2021	
	Amount	Dividends per share (NT$)	Amount	Dividends per share (NT$)
Legal reserves	$ 296,083		$ 292,382	
Cash dividends	2,076,095	$ 7.5	2,076,095	$ 7.5

5. The appropriation of the Company's 2023 earnings has not yet been submitted to the shareholders' meeting as of the date of the audit report. The above information on the appropriation of earnings proposed by the board of directors and resolved by the shareholders in the shareholders' meeting can be accessed through Market Observation Post System (MOPS).

(XVI) Other equity

	2023	2022
January 1	$ 11,670	$ 6,087
Currency translation differences		
— The Group	338	6,979
— Tax amount of the Group	(68)	(1,396)
December 31	$ 11,940	$ 11,670

(XVII) Operating revenue

	2023	2022
Revenue from contract with customers	$ 15,776,361	$ 14,823,722
Lease revenue	28,632	29,457
	$ 15,804,993	$ 14,853,179

1. Segments of revenue from contract with customers

The Group's income is derived from the transfer at a certain point in time. The income can be subdivided into the following major product lines and generate relevant income in each reportable department:

	Sales of construction		
2023	Taiwan	China	Total
Timing of revenue recognition			
— Revenue recognized at a specific timing	$ 15,640,450	$ 135,911	$ 15,776,361

	Sales of construction		
2022	Taiwan	China	Total
Timing of revenue recognition			
— Revenue recognized at a specific timing	$ 14,719,266	$ 104,456	$ 14,823,722

2. The aggregate amount of the transaction price and the estimated recognized revenue year of the sales contract signed by the Group as of December 31, 2023, which had not yet satisfied its performance obligations, are as follows:

Estimated recognized revenue year	Amount of contracts signed
2024-2027	$ 19,720,618

3. Contract liabilities

(1) The Group recognized contract revenues related to contract liabilities as follows:

	December 31, 2023	December 31, 2022	January 1, 2022
Contract liabilities—current:			
— Advance land receipts	$ 2,637,770	$ 2,932,836	$ 2,463,020
— Advance building receipts	1,087,310	1,714,204	1,263,020
	$ 3,725,080	$ 4,647,040	$ 3,726,040

The Group's sales contract of pre-sale homes contains provisions for advance payment from customers, and the time between advance receipt and commodity ownership transfer is longer than one year. According to IFRS 15, contract liabilities related to sales of pre-sale homes were recognized as current liabilities.

(2) Provision for opening contract liabilities:

	2023	2022
Balance of initial contract liability recognized as revenue in the current period		
— Construction pre-sale contract	$ 2,943,764	$ 2,802,828

(XVIII) Additional information regarding the nature of expense

	2023	2022
Construction costs	$ 10,580,880	$ 10,109,409
Employee benefit expenses	491,922	432,372
Advertising expenses	257,813	428,203
Taxation	47,551	64,335
Depreciation and amortization	28,516	29,937
Other costs and expenses	47,974	68,157
Operating cost and operating expenses	$ 11,454,656	$ 11,132,413

(XIX) Employee benefit expenses

	2023	2022
Salary and bonuses	$ 387,511	$ 341,103
Directors' remuneration	62,523	50,052
Labor and health insurance expenses	16,816	17,056
Pension expenses	6,824	6,577
Other personnel cost	18,248	17,584
	$ 491,922	$ 432,372

1. As stated in the Articles of Incorporation, if there are any remaining profits after deducting the accumulated deficits from the profits of the year, the Company shall allocate 3%-5% of the remaining profits as compensation to employees, and remuneration to directors cannot exceed 2% of the remaining profits.
2. For the years ended December 31, 2023 and 2022, the Company recognized compensation to employees amounted to $135,110 and $116,340, respectively, and remuneration to directors amounted to $58,550 and $46,540, respectively, all presented under payroll expense.

   Based on the profitability of the year ended in 2023, it is estimated to allocate 3% and 1.3%, respectively.

   The Company's 2022 employee compensation and directors' remuneration are consistent with the amounts recognized in the financial statements for the year ended December 31, 2022.

   Information regarding employees' salary and remuneration to directors approved by the board of directors of the Company can be found at the Market Observation Post System (MOPS) website.

(XX) Interest income

	2023	2022
Interests on bank deposits	$ 19,970	$ 7,701
Interest income from financial assets at amortized cost	64,123	59,567
	$ 84,093	$ 67,268

(XXI) Other income

	2023	2022
Advertising service income	$ 13,628	$ 26,551
Transferred income from accounts payable	1,559	3,148
Contract default income	-	286
Other income	9,851	6,296
	$ 25,038	$ 36,281

(XXII) Financial cost

	2023	2022
Interest expense		
— Bank loans	$ 261,612	$ 167,974
— Loans secured by accounts receivable	64,178	59,606
— Lease liabilities	405	221
Financial expenses	2,914	9,687
	329,109	237,488
Less: Amount capitalized of qualified assets	(190,351)	(128,229)
	$ 138,758	$ 109,259

(XXIII) Income Tax

1. Income tax expense

(1) Components of income tax expense:

	2023	2022
Current income tax:		
Income tax incurred in the current period	$ 614,116	$ 669,630
Land value increment tax recognized in income tax in the current period	72,670	62,040
Tax on undistributed surplus earnings	29,377	27,767
Over-estimation of prior years	(402)	(7,568)
Total current income tax	715,761	751,869
Deferred income tax:		
Recognition and reversal of temporary differences	59	1,728
Income tax expense	$ 715,820	$ 753,597

(2) Income tax expense amounts associated with other comprehensive income:

	2023	2022
Currency translation differences	($ 68)	($ 1,396)
Remeasurement of defined benefit obligations	148	(895)
	$ 80	($ 2,291)

2. Relation between income tax expense and accounting profit:

	2023	2022
Income tax expense at the statutory rate	$ 850,964	$ 737,148
Effect of non-recognition by law	(12,376)	7,900
Effect from tax-exempt income	(224,472)	(75,418)
Recognition and reversal of temporary differences	59	1,728
Tax on undistributed surplus earnings	29,377	27,767
Over-estimation of prior years	(402)	(7,568)
Land value increment tax recognized in income tax for the current period	72,670	62,040
Income tax expense	$ 715,820	$ 753,597

3. Deferred tax assets and liabilities resulting from temporary differences are as follows:

	2023			
	January 1	Recognized in profit and loss	Recognized in other comprehensive income	December 31
Deferred income tax assets				
Construction warranty reserve	$ 6,245	$ 529	$ -	$ 6,774
Unrealized expenses	8,207	(502)	-	7,705
Book-tax difference in retirement pensions	1,450	(202)	-	1,248
Remeasurements from defined benefit plans	8,355	-	148	8,503
	24,257	(175)	148	24,230
Deferred income tax liabilities				
Exchange differences on translation of foreign operations	(2,918)	-	(68)	(2,986)
Book-tax difference in retirement pensions	(642)	116	-	(526)
	(3,560)	116	(68)	(3,512)
	$ 20,697	($ 59)	$ 80	$ 20,718

	2022			
	January 1	Recognized in profit and loss	Recognized in other comprehensive income	December 31
Deferred income tax assets				
Construction warranty reserve	$ 8,120	($ 1,875)	$ -	$ 6,245
Unrealized expenses	8,199	8	-	8,207
Book-tax difference in retirement pensions	1,427	23	-	1,450
Remeasurements from defined benefit plans	9,250	-	(895)	8,355
	26,996	(1,844)	(895)	24,257
Deferred income tax liabilities				
Exchange differences on translation of foreign operations	(1,522)	-	(1,396)	(2,918)
Book-tax difference in retirement pensions	(758)	116	-	(642)
	(2,280)	116	(1,396)	(3,560)
	$ 24,716	($ 1,728)	($ 2,291)	$ 20,697

4. The difference between the Company's finance income and taxable income is mainly caused by the tax exemption from land transaction tax.
5. The tax authorities have examined income tax returns of the Company through the year ended December 31, 2021.

(XXIV) Earnings per share

	2023		
	Amount after tax	Weighted average number of common shares outstanding (shares in thousands)	Earnings per share (NT$)
Basic earnings per share			
Profit attributable to ordinary shareholders of the parent company	$ 3,581,783	276,638	$ 12.95
Diluted earnings per share			
Assumed conversion of all dilutive potential ordinary shares			
Employee remuneration	-	1,578	
Profit attributable to common stock shareholders plus assumed conversion of all dilutive potential common stocks	$ 3,581,783	278,216	$ 12.87

	2022		
	Amount after tax	Weighted average number of common shares outstanding (shares in thousands)	Earnings per share (NT$)
Basic earnings per share			
Profit attributable to ordinary shareholders of the parent company	$ 2,957,246	276,638	$ 10.69
Diluted earnings per share			
Assumed conversion of all dilutive potential ordinary shares			
Employee remuneration	-	1,541	
Profit attributable to common stock shareholders plus assumed conversion of all dilutive potential common stocks	$ 2,957,246	278,179	$ 10.63

(XXV) Changes in liabilities from financing activities

	2023						
	Short-term loans	Short-term bills payable	Long-term loans (Note 2)	Guarantee deposits received	Lease liabilities	Dividends payable	Total liabilities from financing activities
January 1	$ 8,751,890	$ 299,800	$ 5,852,212	$ 30,685	$ 19,287	$ -	$ 14,953,874
Increase during the period	14,092,580	1,850,000	1,107,063	42,625	-	-	17,092,268
Decrease during the period	(10,732,000)	(2,150,000)	(2,827,739)	(45,654)	(9,754)	(2,076,095)	(17,841,242)
Payment of interest expense (Note 1)	-	(2,213)	-	-	(405)	-	(2,618)
Other non-cash changes	-	2,413	-	-	19,860	2,076,095	2,098,368
December 31	$ 12,112,470	$ -	$ 4,131,536	$ 27,656	$ 28,988	$ -	$ 16,300,650

	2022						
	Short-term loans	Short-term bills payable	Long-term loans (Note 3)	Guarantee deposits received	Lease liabilities	Dividends payable	Total liabilities from financing activities
January 1	$ 8,852,000	$ 2,230,921	$ 6,584,217	$ 29,421	$ 18,434	$ -	$ 17,714,993
Increase during the period	14,891,890	6,470,000	2,047,902	68,854	-	(2,076,095)	21,402,551
Decrease during the period	(14,992,000)	(8,402,000)	(2,779,907)	(67,590)	(9,764)	-	(26,251,261)
Payment of interest expense (Note 1)	-	(3,389)	-	-	(221)	-	(3,610)
Other non-cash changes	-	4,268	-	-	10,838	2,076,095	2,091,201
December 31	$ 8,751,890	$ 299,800	$ 5,852,212	$ 30,685	$ 19,287	$ -	$ 14,953,874

Notes 1: Presentation of cash flows from operating activities.

Notes 2: It includes $1,292,600 long-term loans due within one year or one operating cycle, accounted for under the item "Long-term liabilities due within one year or one operating cycle".

Notes 3: It includes $2,563,626 long-term loans due within one year or one operating cycle, accounted for under the item "Long-term liabilities due within one year or one operating cycle".

VII. Related-Party Transactions

(I) Name and relationship of related parties

Name of related party	Relationship with the Group
Taiwan Digit Automated Control Co., Ltd.	Associates
Full Come Foundation Engineering Co., Ltd.	Associates
Huapu Construction Co., Ltd.	Associates
Chang-Hsueh Investment Co., Ltd. and other six people	Other related parties

(II) Significant transactions between related parties

1. Sales

   During the years of 2023 and 2022, the board of directors of the Group resolved to sell the projects developed and constructed by the Company to the related parties, and the total transaction amount including tax were $0 and $527,630, respectively.

2. Purchase

	2023	2022
Associates	$ 155,225	$ 51,023

   (1) The above transactions with associates are entrusted with contracting projects. The price is based on the contract. The payment period is the same as that of non-related persons, and both are within one month or 45 days.

   (2) As of December 31, 2023, the total price of the uncompleted project contracts signed between the Group and associates was $145,153, and the amount of unrecognized construction payments was $33,349.

3. Accounts payable

	December 31, 2023	December 31, 2022
Associates	$ 49,530	$ 15,843

   The accounts payable to related parties are mainly from the purchase transaction. The said accounts payable are non-interest bearing.

(III) Information on the remunerations of the key management

	2023	2022
Short-term employee benefits	$ 157,081	$ 118,151

VIII. Pledged Assets

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

	Carrying amounts		
Pledged assets	December 31, 2023	December 31, 2022	Purpose of the pledge
Installment accounts receivable			Loans secured by accounts receivable
— Accounts receivable	$ 107,895	$ 96,977	
— Long-term notes and accounts receivable	2,009,036	2,358,652	
Other installments receivable			Loans secured by accounts receivable
— Other receivables	8,105	7,599	
— Long-term notes and accounts receivable	130,500	129,934	
Other current assets			
— Restricted bank deposits	1,712,332	1,251,651	Pre-sale construction project trust fund
Inventories	32,160,009	29,434,508	Short-term loans and commercial papers payable
Investment property	243,616	247,717	Loans secured by accounts receivable
	$ 36,371,493	$ 33,527,038	

IX. Significant Contingent Liabilities and Unrecognized Contractual Commitments

(I) As of December 31, 2023, the total value of the engineering contract signed between the Group and non-related parties amounted to $6,752,917 and the amount not yet estimated is $3,857,923.

(II) As of December 31, 2023, the Group had signed letters of trust deed with the trustee financial institution for the project of construction in progress, and the relevant project names and trust banks were as follows:

Project name	Trust bank
Huaku Da'an Tower	Hua Nan Commercial Bank, Ltd.
Huaku Moon Light	E.SUN Commercial Bank, Ltd.
Huaku Greenside Mansion	E.SUN Commercial Bank, Ltd.
Huaku Central Landmark	Taishin International Bank Co., Ltd.
Huaku Sky Tower	Taipei Fubon Commercial Bank Co., Ltd.
Huaku Casa Blanca	Cathay United Bank Co., Ltd.

The Group has processed the registrations of transferring the values trust or real estate development trust to the financial institution that undertakes the assurance for the construction as mentioned above projects.

X. Significant Disaster Losses

None.

XI. Significant Subsequent Events

None.

XII. Others

(I) Capital security risk management

The objective of the Group's capital management is to ensure that the Group can continue as a going concern, that an optimal capital structure is maintained to lower the cost of capital, and that rewards are provided to shareholders. In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, issue new shares or sell assets to reduce debt. The Group regulates the borrowing amount of the company based on the progress of the project and the funds required for the operation.

(II) Financial instruments

1. Categories of financial instruments

	December 31, 2023	December 31, 2022
Financial assets		
Financial assets measured at fair value through profit or loss		
Financial assets mandatorily measured at FVTPL	$ 32,271	$ 143,172
Financial assets/loans and receivables measured at amortized cost		
Cash and cash equivalents	1,513,506	1,699,161
Notes receivable	55,850	5,167
Accounts receivable (including long-term accounts receivable for more than one year)	2,271,147	2,632,044
Other receivables	10,997	12,037
Refundable deposits	500,745	399,909
Other financial assets	1,712,332	1,251,651
	$ 6,064,577	$ 5,999,969

	December 31, 2023	December 31, 2022
Financial liabilities		
Financial liabilities measured at amortized costs		
Short-term loans	$ 12,112,470	$ 8,751,890
Short-term bills payable	-	299,800
Notes payable	25,917	12,371
Accounts payable	1,673,490	1,301,254
Other payables	517,127	487,041
Long-term borrowings (including due within one year or one operating cycle)	4,131,536	5,852,212
Guarantee deposits received	27,656	30,685
	$ 18,488,196	$ 16,735,253
Lease liabilities	$ 28,988	$ 19,287

2. Risk management policy

   (1) The Group's daily operations are affected by various financial risks, e.g. market risks (including exchange rate risk, interest rate risk and price risk), credit risk and liquidity risk.

   (2) The risk management process is carried out by the finance department of the Group in accordance with the opinions of the board of directors. Through cooperation with the Group's operating units, the finance department is responsible for identifying, evaluating and hedging financial risks.

   (3) The Group does not undertake derivatives for hedging financial risks.

3. Nature and degree of significant financial risks

   (1) Market risk

Foreign currency risk

The Group operates internationally. The main currencies are NTD and RMB. Foreign currency risk arises from recognized assets and liabilities and net investments in foreign operations. The management of the Group has established policies to manage the foreign currency risk of functional currencies. The Group manages its overall foreign currency risk through the finance department. The Group had no foreign currency assets or liabilities as of December 31, 2023 and 2022.

Due to the significant impact of exchange rate fluctuations on the monetary items of the Group, the aggregated (loss) gains (including realized and unrealized) of exchanges for the years ended December 31, 2023 and 2022 were ($8,847) and $728, respectively.

Price risk

The price of wealth management commodities held by the Group is subject to the uncertainty of the price risk of the investment target's future value, so there exists a price risk exposure.

Cash flow interest rate risk and fair value interest rate risk

A. The Group's interest rate risks come from short- and long-term loans. Loans with floating interest rates expose the Group to cash flow interest rate risks, of which a portion is offset by the cash held with floating interest rates. For the years ended December 31, 2023 and 2022, the Group's borrowings at floating interest rate were denominated in NTD.

B. The Group simulates a number of scenarios and analyzes interest rate risk, including consideration of refinancing, extending contracts of existing positions, and other available financings to calculate the impact of changes in specific interest rates on profit or loss.

C. When all other factors remain unchanged, the maximum impact of a 1% change in interest rate on the financial costs of 2023 and 2022 is to increase or decrease of $162,440 and $149,041, respectively. The two payments of $22,555 and $25,932 in 2023 and 2022, respectively, were due to the Group's contract of the loan secured by account receivable with the bank. As the interest income generated by the installment sales will be directly deposited by the purchaser into the bank loan account of the Group to repay the interest expenses arising from the above-mentioned factoring contract. Therefore, there was no need for the Group to undertake the risk of interest rate changes arising from this transaction. The simulation is done on a quarterly basis to verify that the maximum loss potential is within the limit given by the management.

(2) Credit risk

A. Credit risk of the Group refers to the risk of financial loss of the Group caused by the client or counterparties of financial instruments fail to fulfill their contractual obligations. The risk is mainly from the counterparty unable to pay off the accounts payable according to the collection conditions.

B. The Group establishes credit risk management from the group perspective. Only banks and financial institutions with an independent credit rating of at least "A" can be accepted for trading by the Group.

C. The Group mainly engages in the lease and sale of public housings, plants as well as the sale of premises. Revenue is recognized when the full contract payments are collected, and the transfer of ownership and the actual delivery of the house are completed. Therefore, the amount of accounts receivable arising from the sale of real estate should be petty proportion, and no much chance of non-recovery. The Company also implements individual management and regular tracking of receivables arising from special trading. In addition, the Group classifies customers' accounts receivable and installment accounts receivable based on customer characteristics, and use the simplified preparation matrix, the company estimates the expected credit loss and adjusts the loss rate established by historical and current information during a specific period to assess the allowance loss of installments receivable. The Group's assessed credit impairment losses as of December 31, 2023 and 2022 were not significant.

D. No written-off debts with recourse existed as of December 31, 2023 and 2022.

E. The Group does not have any accounts receivable on sale.

(3) Liquidity risk

A. The cash flow forecast is performed by each operating entity of the Group and compiled by the Group's finance department. The Group's finance division monitors rolling forecasts of the Group's liquidity requirements to ensure it has sufficient cash to meet operational needs while maintaining sufficient headroom on its undrawn committed borrowing facilities at all times so that the Group does not breach borrowing limits or covenants (where applicable) on any of its borrowing facilities.

B. The Group's non-derivative financial liabilities are analyzed based on the remaining period from the date of balance sheet to the contract expiration date; the derivative financial liabilities are analyzed based on the fair value at the date of balance sheet.

Except for notes payable with undiscounted contract cash flow amount that is approximately equal to its book value and matures within one year, the amount of undiscounted contractual cash flow of other financial liabilities is as follows:

December 31, 2023

Non-derivative financial liabilities:	Within 1 year	1-3 years	Over 3 years
Short-term loans	$ 2,027,696	$ 5,384,676	$ 5,334,175
Accounts payable	1,133,159	304,597	235,734
Other payables	219,644	258,745	38,738
Lease liabilities	10,159	13,330	6,342
Long-term borrowings (including due within one year or one operating cycle)	1,201,581	704,791	-
Loans secured by accounts receivable	160,034	338,690	2,604,668

December 31, 2022

Non-derivative financial liabilities:	Within 1 year	1-3 years	Over 3 years
Short-term loans	$ 702,863	$ 6,754,170	$ 1,647,399
Short-term bills payable	300,000	-	-
Accounts payable	778,753	171,547	350,954
Other payables	406,180	22,611	58,250
Lease liabilities	6,508	13,017	-
Long-term borrowings (including due within one year or one operating cycle)	2,490,383	805,047	-
Loans secured by accounts receivable	150,593	348,829	3,035,331

C. The Group did not expect a maturity analysis of which the cash flows timing would be significantly earlier, or the actual amount would be significantly different.

(III) Fair value information

1. The following states the definition of different levels of valuation techniques used to measure the fair value of financial and non-financial instruments:

   Level 1: Level 1 inputs are (unadjusted) quoted prices in active markets for identical assets or liabilities that the entity can access at the measurement date. An active market is 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.

   Level 2: Observable inputs for the asset or liability, either directly or indirectly, other than quoted market prices included within Level 1.

   Level 3: Unobservable inputs for the asset or liability. The financial products invested by the Group belong to this level.

2. For fair value information of investment property measured at cost, please refer to Note 6 (7) for details.

3. Financial instruments not measured at fair value, including cash and cash equivalents, notes and accounts receivable, other receivables, refundable deposits, restricted bank deposits, short-term loans, short-term bills payable, notes payable, accounts payable, other payables, long-term borrowings, guarantee deposit received, are reasonable approximations of fair values.

4. The Group categorizes financial and non-financial instruments measured at fair value on the basis of the nature, characteristics, and risks of the assets and liabilities. The related information is as follows:

   (1) Classified by nature of assets:

	Level 1	Level 2	Level 3	Total
December 31, 2023				
Assets				
Recurring fair value				
Financial assets measured at fair value through profit or loss	$ -	$ -	$ 32,271	$ 32,271

	Level 1	Level 2	Level 3	Total
December 31, 2022				
Assets				
Recurring fair value				
Financial assets measured at fair value through profit or loss	$ -	$ -	$ 143,172	$ 143,172

(2) Methods and assumptions adopted by the Group for measurement of fair value are stated as follows:

The Group has not held any financial assets with quoted market prices and the fair value of the remaining financial instruments is obtained from valuation techniques or reference to quotes from counterparties.

5. For the years ended December 31, 2023 and 2022, there were no transfer between Level 1 and Level 2 for the Group.

6. The changes in Level 3 for the years ended December 31, 2023 and 2022 were as follows:

	2023	2022
January 1	$ 143,172	$ 168,373
Current acquisition	943,926	877,941
Disposal in the current period	(1,052,197)	(905,624)
Currency translation differences	(2,630)	2,482
December 31	$ 32,271	$ 143,172

7. The finance department of the Group is in charge of valuation procedures for fair value measurements being categorized within Level 3, which is to confirm the resource of information is independent, reliable and represented as the exercisable price.

XIII. Matters Disclosed in Notes

(I) Related information on significant transactions

1. Financing provided to others: None.
2. Endorsements/guarantees provided to others: None.
3. Marketable securities held at the end of the period (excluding subsidiaries, associates and joint ventures): Please refer to Table 1.
4. Accumulated to buy or sell the same marketable securities amount to NT$300 million or more than 20% of the paid-in capital: None.
5. Acquisition of real estate reaching NT$300 million or 20% of paid-in capital or more: Please refer to Table 2.
6. Disposal of real estate properties at prices of at least NT$300 million or 20% of the paid-in capital: Please refer to Table 3.
7. Purchases from and sales to related parties amounted to at least NT$100 million or exceeding 20% of paid-in capital: Please refer to Table 4.
8. Receivables from related parties amounted to at least NT$100 million or exceeding 20%

of paid-in capital: Please refer to Table 5.

9. Information on the derivative financial instrument transactions: None.

10. Parent-subsidiary and subsidiary-subsidiary business relations and significant transactions and amounts thereof: Please refer to Table 6.

(II) Related information on investees

Name, location, and information on investee companies (not including investee companies in mainland China): Please refer to Table 7.

(III) Information on investments in mainland China

1. Investee information: Please refer to Table 8.
2. Significant transactions with investee companies in mainland China, either directly or indirectly via a third region: None.

(IV) Information on major shareholders

Name, number of shares and percentage of ownership of shareholders with a shareholder percentage of at least 5%: Please refer to Table 9.

XIV. Information on Operating Segments

(I) General information

The Group operates business only in a single industry. The Group's operating decision-makers, who allocate resources and assesses the performance of the Group as a whole, has identified that the Group is a single reportable operating segment.

The Group's company organization, basis of department segmentation and principles for measuring segment information for the period were not significantly changed.

(II) Measurement of segment information

The Group's operating decision makers evaluate the performance of the operating segments based on net profit after taxes and serve as a basis for measuring performance.

(III) Segment information on profit or loss and assets

The financial information of reportable segments provided to chief operating decision makers is as follows:

	2023			
	Taiwan	China	Adjustment and elimination	Total
Net external revenue	$ 15,661,661	$ 143,332	$ -	$ 15,804,993
Internal segment revenue	2,830,070	-	(2,830,070)	-
Segment revenue	$ 18,491,731	$ 143,332	($ 2,830,070)	$ 15,804,993
Segment income or loss	$ 3,610,679	($ 49,126)	$ 10,405	$ 3,571,958
Depreciation and amortization	($ 24,962)	($ 3,554)	$ -	($ 28,516)
Income tax expense	($ 733,739)	$ 17,919	$ -	($ 715,820)
Investment profit and loss accounted for using the equity method	$ 16,661	$ -	$ -	$ 16,661
Segment assets	$ 43,438,344	$ 153,767	$ -	$ 43,592,111
Segment liabilities	$ 22,735,548	$ 61,326	$ -	$ 22,796,874

	2022			
	Taiwan	China	Adjustment and elimination	Total
Net external revenue	$ 14,736,752	$ 116,427	$ -	$ 14,853,179
Internal segment revenue	2,964,603	-	(2,964,603)	-
Segment revenue	$ 17,701,355	$ 116,427	($ 2,964,603)	$ 14,853,179
Segment income or loss	$ 2,972,331	($ 16,166)	($ 2,152)	$ 2,954,013
Depreciation and amortization	($ 21,809)	($ 8,128)	$ -	($ 29,937)
Income tax expense	($ 761,030)	$ 7,433	$ -	($ 753,597)
Investment profit and loss accounted for using the equity method	$ 7,747	$ -	$ -	$ 7,747
Segment assets	$ 40,930,242	$ 628,979	$ -	$ 41,559,221
Segment liabilities	$ 22,068,042	$ 119,677	$ -	$ 22,187,719

(IV) Reconciliation for segment profit or loss and assets

The revenue from external parties, segment income and segment assets reported to the Chief Operating Decision Maker are measured in a manner consistent with the revenue, net profit after taxes, and total assets in the financial statements; therefore, there is no need to adjust.

(V) Information on products and services

The Group's major revenue for the years ended December 31, 2023 and 2022 were derived from external customers for the sale of real estate.

(VI) Regional information

Regional information of the Group for the years ended December 31, 2023 and 2022 is as follows:

	2023		2022	
	Revenue	Non-current assets	Revenue	Non-current assets
Taiwan	$ 15,661,661	$ 2,807,853	$ 14,736,752	$ 3,149,736
Mainland China region	143,332	51,275	116,427	226,778
Total	$ 15,804,993	$ 2,859,128	$ 14,853,179	$ 3,376,514

(VII) Major client information

Information on the Group's major clients for the years ended December 31, 2023 and 2022 is as follows:

	2023		2022	
	Revenue	Segment	Revenue	Segment
Company A	$ 4,500,219	Taiwan	$ -	-

Huaku Development Co., Ltd.
Marketable Securities Held at the End of the Period (Excluding Subsidiaries, Associates and Joint Ventures)
December 31, 2023

Table 1

Unit: NT$ thousands
(Unless specified otherwise)

Holder company	Type and name of marketable securities	Relationship with the security issuer (Note 1)	Financial statement account	End of the period: Shares	Carrying amount (Note 2)	Shareholding percentage	Fair value	Note
Pin Shing Construction Co., Ltd.	Huaku Development Co., Ltd.	Parent company	Financial asset measured at fair value through profit and loss—current	174,354	$ 1,388	0.06	$ 16,790	Note 3
			Adjustment of valuation		15,402			
					$ 16,790			
Chengdu Wancheng Duobao Real Estate Co., Ltd.	Financial products	None	Financial asset measured at fair value through profit and loss—current	-	$ 13,133	-	$ 13,133	
Chengdu Huaku Real Estate Co., Ltd.	Financial products	None	Financial asset measured at fair value through profit and loss—current	-	19,138	-	19,138	
					$ 32,271		$ 32,271	

Note 1: If the securities issuer is not a related party, the field may be left blank.
Note 2: For securities measured at fair value, the carrying amount is the balance after the adjustment of fair value valuation and the deduction of accumulative impairment. For securities not measured at fair value, the carrying amount is the balance of original acquisition cost or amortized cost less accumulated impairment.
Note 3: Listed as treasury stock.

Huaku Development Co., Ltd.

Acquisition of Real Estate Reaching NT$300 Million or 20% of Paid-in Capital or More

January 1 to December 31, 2023

Table 2

Unit: NT$ thousands
(Unless specified otherwise)

Real estate acquired by	Name of property	Date of occurrence	Transaction amount	Payment status	Counterparty	Relationship	Information on prior transaction if the counterparty is related: Owner	Relationship with the issuer	Transfer date	Amount	Reference for price determination	Purpose and situation	Other agreement terms
Huaku Development Co., Ltd.	Inventories - land (Huaku Fortune One, formerly Tiding Avenue Project)	2022/06/24	$ 881,600	$ 881,600 (Note 1)	6 persons including Person A	None	N/A	N/A	N/A	N/A	Cushman & Wakefield Real Estate Appraisers Firm's appraisal amount for the project is $902,207.	Construction land	N/A
Huaku Development Co., Ltd.	Inventories - land (Jang Dah Beitou Project)	2022/12/26	2,820,000	2,679,000 (Note 2)	Jang Dah Fiber Industrial Co., Ltd.	None	N/A	N/A	N/A	N/A	Cushman & Wakefield Real Estate Appraisers Firm's appraisal amount for the project is $2,830,579. LinkU Real Estate Appraisers Firm's appraisal amount for the project is $2,845,734.	Construction land	N/A
Huaku Development Co., Ltd.	Inventories - land (Huaku Summit, formerly Taichung Jingmao Road Project)	2023/02/06	779,231	779,231	Taichung City Government	None	N/A	N/A	N/A	N/A	N/A	Construction land	N/A
Huaku Development Co., Ltd.	Inventories - land (Taichung Fengle Road Project)	2023/06/02	1,044,180	1,044,180	Lin Lung-Chi (Taichung)	None	N/A	N/A	N/A	N/A	Yu Fong Real Estate Appraisers Firm's appraisal amount for the project is $1,029,678. Zhan-Mao Real Estate Appraisers Firm's appraisal amount for the project is $1,058,681.	Construction land	N/A
Huaku Development Co., Ltd.	Inventories - land (Taichung Jingmao 5th Road Project)	2023/09/04	1,322,366	1,322,366	Prisbo Investment and Person B	None	N/A	N/A	N/A	N/A	Zhan-Mao Real Estate Appraisers Firm's appraisal amount for the project is $1,335,859. Euro-Asia Real Estate Appraisers Firm's appraisal amount for the project is $1,330,459.	Construction land	N/A
Huaku Development Co., Ltd.	Inventories - land (Renyi Street No. 57 Project)	2023/10/03	1,252,706	1,252,706	Person C and 22 others	None	N/A	N/A	N/A	N/A	Honda Real Estate Appraisers Firm's appraisal amount for the project is $1,262,190. LinkU Real Estate Appraisers Firm's appraisal amount for the project is $1,262,190.	Construction land	N/A
Huaku Development Co., Ltd.	Inventories - land (Renyi Street No. 89 Project)	2023/10/03	819,469	819,469	Person D and 26 others	None	N/A	N/A	N/A	N/A	Honda Real Estate Appraisers Firm's appraisal amount for the project is $819,463. LinkU Real Estate Appraisers Firm's appraisal amount for the project is $825,671.	Construction land	N/A

Note 1: The Group has paid $440,800 in accordance with the contract in 2022, and paid $440,800 in the current period, which has been fully paid.
Note 2: The Group has contractually paid $705,000 in 2022 and $1,974,000 in the current period, with the remaining $141,000 expected to be paid in 2024.

Huaku Development Co., Ltd.
Disposal of Real Estate Properties at Prices of at Least NT$300 Million or 20% of the Paid-in Capital
January 1 to December 31, 2023

Table 3

Unit: NT$ thousands
(Unless specified otherwise)

Company that disposed real estate	Name of property	Transaction date / Date of occurrence of the event	Original acquisition date	Carrying amount	Transaction amount	Price collection status (collected per contracts)	Gain (Loss) on disposal	Counterparty	Relationship	Purpose of disposal	Reference for price determination	Other agreement terms
Huaku Development Co., Ltd.	Inventory - premises under construction	N/A	Not applicable due to inventory sold	N/A	$ 792,210 (Note 1)	$ 792,210	N/A	Person A and two others	None	For gaining profits	Yu Fong Real Estate Appraisers Firm's appraisal amount for Building B exclude parking spaces is $3,387,600. Note 2)	N/A
Huaku Development Co., Ltd.	Inventory - premises under construction	N/A	Not applicable due to inventory sold	N/A	771,120 (Note 3)	771,120	N/A	Person B and two others	None	For gaining profits	Zhan-Mao Real Estate Appraisers Firm's appraisal amount for Building A excluding parking spaces is $3,584,224. Note 2)	N/A
Huaku Development Co., Ltd.	Inventory - premises under construction	N/A	Not applicable due to inventory sold	N/A	656,000 (Note 4)	656,000	N/A	CASwell Inc.	None	For gaining profits	Yu Fong Real Estate Appraisers Firm's appraisal amount for the project is $661,563.	N/A
Huaku Development Co., Ltd.	Inventory - premises for sale	N/A	Not applicable due to inventory sold	N/A	635,000	190,500	N/A	CASwell, Inc.	None	For gaining profits	Zhan-Mao Real Estate Appraisers Firm's appraisal amount for the real estate is $665,223.	Please refer to Note 6 (3) 5
Huaku Development Co., Ltd.	Inventory - premises for sale	N/A	Not applicable due to inventory sold	N/A	655,500	655,500	N/A	Pharmigene, Inc.	None	For gaining profits	Zhan-Mao Real Estate Appraisers Firm's appraisal amount for the real estate is $674,466.	N/A
Huaku Development Co., Ltd.	Inventory - premises under construction	N/A	Not applicable due to inventory sold	N/A	4,590,000 (Note 5)	4,590,000	N/A	LNC Development	None	For gaining profits	Savills Real Estate Appraisers Firm's appraisal amount for the real estate is $4,547,562. Zhan-Mao Real Estate Appraisers Firm's appraisal amount for the real estate is $4,520,906.	N/A
Huaku Development Co., Ltd.	Inventory - premises under construction	N/A	Not applicable due to inventory sold	N/A	390,000	54,200	N/A	Person C	None	For gaining profits	Zhan-Mao Real Estate Appraisers Firm's appraisal amount for the real estate is $4,322,012.	N/A
Huaku Development Co., Ltd.	Inventory - premises under construction	N/A	Not applicable due to inventory sold	N/A	485,000	67,400	N/A	Person D	None	For gaining profits	Zhan-Mao Real Estate Appraisers Firm's appraisal amount for the real estate is $4,322,012.	N/A
Huaku Development Co., Ltd.	Inventory - premises under construction	N/A	Not applicable due to inventory sold	N/A	498,000	69,190	N/A	Person E	None	For gaining profits	Zhan-Mao Real Estate Appraisers Firm's appraisal amount for the real estate is $4,322,012.	N/A
Huaku Development Co., Ltd.	Inventory - premises under construction	N/A	Not applicable due to inventory sold	N/A	373,890	56,090	N/A	Person F	None	For gaining profits	Zhan-Mao Real Estate Appraisers Firm's appraisal amount for the real estate is $4,322,012.	N/A

Note 1: The Group has received $174,260 during the year 2022 and $617,950 during the current period.
Note 2: In this project, Buildings A and B share the underground parking lot, and the appraised value of the parking lot is $823,600.
Note 3: The Group has received $187,150 during the year 2022 and $583,970 during the current period.
Note 4: The Group has received $164,040 during the year 2022 and $491,960 during the current period.
Note 5: The Group has received $460,000 during the year 2022 and $4,130,000 during the current period.

Huaku Development Co., Ltd.
Purchases from and Sales to Related Parties Amounted to at Least NT$100 Million or Exceeding 20% of Paid-in Capital
January 1 to December 31, 2023

Table 4

Unit: NT$ thousands
(Unless specified otherwise)

			Transaction details				Reasons for and status of differences in transaction terms compared to arms-length transaction		Notes and accounts receivable (payable)		Note
Supplier (Buyer)	Counterparty	Relationship	Purchase (Sale)	Amount	Ratio to the total purchase (sale) amount	Payment term	Unit price	Payment term	Balance	Ratio to the total notes/accounts receivable (payable)	
Huaku Development Co., Ltd.	Pin Shing Construction Co., Ltd.	Subsidiary	Purchase	$3,205,627	24	Within 120 days	Contract-based pricing	One month or 45 days for general suppliers	($1,153,335)	65	
Pin Shing Construction Co., Ltd.	Huaku Development Co., Ltd.	Parent company	Sales	(3,205,627)	100	Within 120 days	Contract-based pricing	Monthly settlement within 30 days for general customers	1,153,335	100	

Huaku Development Co., Ltd.
Receivables from Related Parties Amounted to at Least NT$100 Million or Exceeding 20% of Paid-in Capital
January 1 to December 31, 2023

Table 5

Unit: NT$ thousands
(Unless specified otherwise)

Company name	Counterparty	Relationship	Balance of accounts receivable from the related party	Turnover rate	Overdue		Amount collected subsequent to the balance sheet date	Allowance for doubtful accounts
					Amount	Action taken		
Pin Shing Construction Co., Ltd.	Huaku Development Co., Ltd.	Parent company	$ 1,153,335	Note	$ -	-	$ 862,562	$ -

Note: This column is not applicable to the construction engineering industry.

Huaku Development Co., Ltd.

Parent-Subsidiary and Subsidiary-Subsidiary Business Relations and Significant Transactions and Amounts Thereof

January 1 to December 31, 2023

Table 6

Unit: NT$ thousands
(Unless specified otherwise)

Number (Note)	Company name	Counterparty	Relationship with the counterparty	Transaction details			
				Account	Amount	Terms	Ratio to the consolidated revenue or total assets
0	Huaku Development Co., Ltd.	Pin Shing Construction Co., Ltd.	Parent company to subsidiary	Purchase	$ 3,205,627	Contract-based pricing within 120 days	20
0	Huaku Development Co., Ltd.	Pin Shing Construction Co., Ltd.	Parent company to subsidiary	Accounts payable	1,153,335	Contract-based pricing within 120 days	3
1	Pin Shing Construction Co., Ltd.	Huaku Development Co., Ltd.	Subsidiary to parent company	Sales	3,205,627	Contract-based pricing within 120 days	20
1	Pin Shing Construction Co., Ltd.	Huaku Development Co., Ltd.	Subsidiary to parent company	Accounts receivable	1,153,335	Contract-based pricing within 120 days	3

Note: Information on business transactions between the parent company and its subsidiaries should be indicated in the numbered columns, and the numbers should be filled out as follows:

(1) Enter 0 for the parent company.

(2) Subsidiaries are numbered in order of company type starting with the arabic number 1.

Huaku Development Co., Ltd.
Name, Location, and Information on Investee Companies (Not Including Investee Companies in Mainland China)
January 1 to December 31, 2023

Table 7

Unit: NT$ thousands
(Unless specified otherwise)

Investor company	Name of investee	Place of registration	Main businesses	Initial investment amount		Shares held as at the end of the period			Current profit or loss of the investee company	Investment gain (loss) recognized in the current period	Note
				End of the current period	End of the previous period	Shares	Ratio	Carrying amount			
Huaku Development Co., Ltd.	Pin Shing Construction Co., Ltd.	Taiwan	Contracting civil engineering and hydraulic engineering projects	$ 264,184	$ 264,184	35,000,000	100	$ 476,707	$ 28,895	$ 66,036	Subsidiary
Huaku Development Co., Ltd.	Taiwan Digit Automated Control Co., Ltd.	Taiwan	Engineering monitoring	8,000	8,000	800,000	40	32,018	32,032	12,815	An investee accounted for using the equity method
Huaku Development Co., Ltd.	Huapu Construction Co., Ltd.	Taiwan	Leasing, sales and development of residential and commercial buildings	5,000	5,000	500,000	50	5,400	670	335	An investee accounted for using the equity method
Pin Shing Construction Co., Ltd.	Full Come Foundation Engineering Co., Ltd.	Taiwan	Professional construction industry of foundation engineering	25,925	16,000	2,245,069	38.05	28,611	9,802	3,511	An investee company of subsidiary accounted for using equity method

Huaku Development Co., Ltd.
Information on Investments in Mainland China - Basic Information
January 1 to December 31, 2023

Table 8

Unit: NT$ thousands
(Unless specified otherwise)

Investee in mainland China	Main businesses	Paid-up capital	Investment method	Accumulated investment amount of remittance from Taiwan—beginning of the current period	Exported or recovered investment amount of the current period: Remitted	Exported or recovered investment amount of the current period: Recovered	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)	Book value of investment at the end of the current period	Accumulated repatriation of investment income as of the end of the period	Note
Chengdu Huaku Real Estate Co., Ltd.	Property development	$ 21,635	Note 1	$294,302	$ -	$247,664	$ 46,638	($ 49,480)	80	($ 39,584)	$ 25,321	$ 73,410	Note 3
Chengdu Wancheng Duobao Real Estate Co., Ltd.	Property development	2,164	Note 1	-	-	-	-	358	80	287	48,632	340,437	Note 4

Company name	Accumulated remitted investment amount from Taiwan to mainland China—end of the current period	Investment amounts authorized by Investment Commission, MOEA	Ceiling on investment in mainland China imposed by the Investment Commission, MOEA
Huaku Development Co., Ltd.	$ 46,638	$ 1,445,955	$12,477,142

Note 1: Direct investment in a company in mainland China.

Note 2: Based on the valuation and disclosure of the company's financial statements audited by a CPA in the same period.

Note 3: On April 20, 2018, with the approval of the Chengdu Investment Promotion Commission, the company reduced its capital by RMB 35 million. In March 2019, all the company's holdings of RMB 28 million had been fully remitted back.
In addition, on April 23, 2019, with the approval of the Chengdu Investment Promotion Commission, the company reduced its capital by RMB 20 million. In August 2019, all the company's holdings of RMB 16 million had been fully remitted back.
In addition, on April 26, 2022, with the approval of the Administration for Market Regulation of Chengdu, the company reduced its capital by RMB 20 million. In June 2022, all the company's holdings of RMB 16 million had been fully remitted back.
In addition, on May 19, 2023, with the approval of the Administration for Market Regulation of Chengdu, the company reduced its capital by RMB 60 million. In June 2023, all the company's holdings of RMB 48 million had been fully remitted back.
In addition, on October 24, 2023, with the approval of the Administration for Market Regulation of Chengdu, the company reduced its capital by RMB 10 million. In November 2023, all the company's holdings of RMB 8 million had been fully remitted back.

Note 4: On August 29, 2014, the company was approved by the Chengdu Investment Promotion Committee to reduce the capital by RMB 115 million. In October 2017, all the company's holdings of RMB 92 million had been fully remitted back.
In addition, on April 20, 2018, with the approval of the Chengdu Investment Promotion Commission, the company reduced its capital by RMB 110 million. In February 2019, all the company's holdings of RMB 88 million had been fully remitted back.
In addition, on April 29, 2022, with the approval of the Administration for Market Regulation of Chengdu, the company reduced its capital by RMB 4.5 million. In May 2022, all the company's holdings of RMB 3.6 million had been fully remitted back.

Huaku Development Co., Ltd.

Information on Major Shareholders

December 31, 2023

Table 9

Shareholder's name	Shares (Note)	
	Number of shares	Shareholding percentage
Zhongshan Investment Co., Ltd.	19,700,000	7.11%
Newland Investment Co., Ltd.	14,690,982	5.30%

Note: The above information is provided by Taiwan Depository & Clearing Corporation (TDCC).