Huaku Development Co., Ltd.

PARENT COMPANY ONLY FINANCIAL STATEMENTS AND INDEPENDENT AUDITORS' REPORT

For the years ended December 31, 2023 and 2022

(Stock Code: 2548)

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

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Notice to Reader

For the convenience of readers, this report has been translated into English from the original Chinese version, prepared and used in the Republic of China. The English version has not been audited or reviewed by independent auditors. If there are any discrepancies between the English version and the original Chinese version, or any difference in the interpretation of the two versions, the Chinese-language report shall prevail.

Huaku Development Co., Ltd.

Parent Company Only Financial Statements and Independent Auditors' Report

December 31, 2023 and 2022

Contents

Independent Auditors' Report

(2024) Cai-Shen-Bao-Zi No. 23003411

To Huaku Development Co., Ltd.,

Audit Opinions

The auditors have audited the Parent Company Only Balance Sheet of Huaku Development Co., Ltd. as of December 31, 2023 and 2022, the Parent Company Only Statement of Comprehensive Income, Parent Company Only Statement of Changes in Equity, Parent Company Only Statement of Cash Flows, and Notes to the Parent Company Only Financial Statements (including Summary of Significant Accounting Policies) for the period from January 1 to December 31, 2023 and 2022.

In our opinion, based on our audit results and other independent auditors' reports (please refer to Other matters section), the aforementioned Parent Company Only Financial Statements are prepared in all material respects in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and are sufficient to present fairly the financial position of Huaku Development Co., Ltd. as of December 31, 2023 and 2022, and its financial performance and cash flows for the periods from January 1 to December 31, 2023 and 2022.

Basis of audit opinions

We have conducted the audit in accordance with the Regulations Governing Auditing and Attestation of Financial Statements by Certified Public Accountants and the TWSA. Our responsibilities under those standards are further described in the section of Responsibility of Certified Public Accountants for Auditing the Parent Company Only 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 audit opinion.

Key Audit Matters

The key audit matters are those that we consider the most important according to our professional judgment when auditing the Parent Company Only Financial Statements of Huaku Development Co., Ltd. for the fiscal year 2023. The said matters have been expressed when the financial statements were audited as a whole and when the audit opinions took form. We do not express a separate opinion on the said matters.

Key audit matters of the Parent Company Only Financial Statements of Huaku Development Co., Ltd. for the fiscal year 2023 are as follows:

Appropriateness of recognition timing of building and land sales revenue

<u>Description of matters</u>

Please refer to Note 4 (21) of the Notes to the Parent Company Only Financial Statements for the accounting policies of the construction industry on operating revenue and Note 6 (16) 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.

<u>Corresponding Audit Procedures</u>

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.
- Conducting 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 parts of the investments made by Huaku in 2022 using the equity method have not been audited by PwC Taiwan but by other CPAs. Therefore, the opinions on the Parent Company Only Financial Statements listed above concerning the amount listed in the financial statements of such companies and the relevant information disclosed in Note 13 are based on the audit reports of the other CPAs. The amount of investment in the aforementioned investments accounted for using the equity method is NT$44,611 thousand as of December 31, 2022, which constitutes 0.109% of the total assets. The recognized comprehensive income is NT$7,747 thousand for the year ended December 31, 2022, which constitutes 0.261% of the total comprehensive income.

Responsibility of the Management and the Governance Body for the Parent Company Only Financial Statements

The responsibility of the management was to act in conformity with Regulations Governing the Preparation of Financial Reports by Securities Issuers to fairly present the Parent Company Only Financial Statements and also to maintain necessary internal control with regard to the compilation of the Parent Company Only Financial Statements, so as to ensure such financial statements did not contain any material misstatement due to fraud or errors.

When the Parent Company Only Financial Statements were in the process of preparation, the responsibility of the management also included the assessment of the going concern capacity of Huaku Development Co., Ltd., disclosure of related matters, and the adoption of going concern basis of accounting, unless the management intended to liquidate or suspend the operation of Huaku Development Co., Ltd., or if there was no other option except for liquidation or suspension of the Company's operation.

The governance bodies of Huaku Development Co., Ltd. (including the Audit Committee) bear the responsibility to oversee the financial reporting process.

Responsibility of Certified Public Accountants for Auditing Parent Company Only Financial Statements

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

We conducted the auditing according to the Statements of Auditing Standards, and 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 Parent Company Only 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 may 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 resulting from errors.

2. Achieved the necessary understanding of the internal control relevant to the audit 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 Co., Ltd.'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 Co., Ltd. and determined whether material uncertainty exists or not on events or conditions which may significantly impact the going concern of Huaku Development Co., Ltd. based on the audit evidence obtained. 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 Parent Company Only Financial Statements to look out for related disclosures in the Parent Company Only Financial Statements, or to revise our audit opinions when 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 Co., Ltd. to lose the ability to continue operations.

5. Evaluated the overall presentation, structure and contents of the Parent Company Only Financial Statements (including relevant Notes), and whether the Parent Company Only Financial Statements fairly present relevant transactions and events.
6. Obtained sufficient and appropriate audit evidence of the financial information of Huaku Development Co., Ltd.'s constituents so as to express opinions on the Parent Company Only Financial Statements. We were responsible for guiding, supervising and executing the audit work for the Company and also establishing the auditor's opinion on the Parent Company Only Financial Statements.

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

We provided the governance body 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 communicate 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 body, we decided on the matters to be regarded as key audit matters for the audit of the Parent Company Only Financial Statements of Huaku Development Co., Ltd. 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 interest they might bring.

PwC Taiwan

Hsiao Chun-Yuan

CPA

Lin Se-Kai

Former Securities and Futures Bureau, FSC
Approved Document, Reference No.: FSC Sixth No. 0960042326
FSC Sixth No. 0960072936

February 27, 2024

Huaku Development Co., Ltd.
Parent company only 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)	$ 1,397,399	3	$ 1,572,606	4
1150	Notes receivable, net	6 (2)	55,850	-	5,167	-
1170	Accounts receivable, net	6 (2) (10), 7 and 8	117,718	-	163,593	-
1200	Other receivables	6 (10) and 8	10,968	-	11,289	-
130X	Inventories	6 (3) and 8	36,239,549	83	33,437,416	81
1410	Prepayments		23,716	-	8,144	-
1478	Construction refundable deposits		326,279	1	227,738	1
1479	Other current assets - others	6 (4) and 8	1,952,779	5	1,609,932	4
11XX	**Total current assets**		40,124,258	92	37,035,885	90
	Non-current assets					
1550	Investment accounted for using the equity method	6 (5)	588,078	1	836,042	2
1600	Property, plant, and equipment		198,654	1	205,865	1
1755	Right-of-use assets		23,602	-	11,433	-
1760	Investment properties, net	6 (6) and 8	243,617	1	247,717	1
1840	Deferred income tax assets	6 (22)	19,045	-	19,221	-
1920	Refundable deposits		172,917	-	171,378	-
1930	Long-term notes receivable and receivables	6 (2) (10) and 8	2,151,309	5	2,493,028	6
1990	Other non-current assets - others		5,517	-	6,508	-
15XX	**Total non-current assets**		3,402,739	8	3,991,192	10
1XXX	**Total assets**		$ 43,526,997	100	$ 41,027,077	100

(Continued on next page)

Huaku Development Co., Ltd.
Parent company only balance sheet
December 31, 2023 and 2022

Unit: NT$ thousands

(Continued from last page)

	Liabilities and equity	Notes	December 31, 2023 Amount	%	December 31, 2022 Amount	%
	Current liabilities					
2100	Short-term loans	6 (7)	$ 12,112,470	28	$ 8,751,890	21
2110	Short-term bills payable	6 (8)	-	-	299,800	1
2130	Contract liabilities - current	6 (16)	3,725,080	8	4,647,040	11
2150	Notes payable		13,955	-	1,032	-
2170	Accounts payable		583,247	1	241,231	1
2180	Accounts payable - related parties	7	1,166,349	3	811,152	2
2200	Other payables		482,992	1	453,087	1
2230	Current income tax liabilities		311,095	1	414,397	1
2280	Lease liabilities - current		7,265	-	3,825	-
2320	Long-term liabilities due within one year or one operating cycle	6 (10)	1,292,600	3	2,563,626	6
2399	Other current liabilities - others	6 (9)	135,305	-	203,142	1
21XX	**Total current liabilities**		19,830,358	45	18,390,222	45
	Non-current liabilities					
2540	Long-term loans	6 (10)	2,838,936	7	3,288,586	8
2570	Deferred income tax liabilities	6 (22)	3,512	-	3,560	-
2580	Lease liabilities - non-current		16,590	-	7,801	-
2640	Net defined benefit liabilities - non-current	6 (11)	33,226	-	32,015	-
2645	Guarantee deposits received		27,626	-	30,655	-
2670	Other non-current liabilities - other	6 (3)	-	-	4,596	-
25XX	**Total non-current liabilities**		2,919,890	7	3,367,213	8
2XXX	**Total liabilities**		22,750,248	52	21,757,435	53
	Equity					
	Share capital	6 (12)				
3110	Share capital from common stock		2,768,127	7	2,768,127	7
	Additional paid-in capital	6 (13)				
3200	Additional paid-in capital		80,727	-	78,986	-
	Retained earnings	6 (14)				
3310	Legal reserves		4,297,756	10	4,001,673	10
3350	Undistributed earnings		13,619,049	31	12,410,036	30
	Other equity	6 (15)				
3400	Other equity		11,940	-	11,670	-
3500	Treasury stocks	6 (12)	(850)	-	(850)	-
3XXX	**Total equity**		20,776,749	48	19,269,642	47
	Material commitments and contingencies	9				
3X2X	**Total liabilities and equity**		$ 43,526,997	100	$ 41,027,077	100

The Notes to the Parent Company Only Financial Statements are part of the Parent Company Only Financial Statements and should be read together.

Chairman: Frank Chung General Manager: Jason Hung Accounting Supervisor: Liu Jo-Mei

Huaku Development Co., Ltd.
Parent company only statement of comprehensive income
January 1 to December 31, 2023 and 2022

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

	Item	Notes	2023 Amount	2023 %	2022 Amount	2022 %
4000	Operating revenue	6 (16) and 7	$ 15,661,476	100	$ 14,736,564	100
5000	Operating costs	6 (17) (18) and 7	(10,585,925)	(67)	(10,116,201)	(69)
5950	Net gross profit		5,075,551	33	4,620,363	31
	Operating expenses	6 (17) (18) and 7				
6100	Marketing expenses		(256,583)	(2)	(429,904)	(3)
6200	Administrative expenses		(501,607)	(3)	(468,465)	(3)
6000	Total operating expenses		(758,190)	(5)	(898,369)	(6)
6900	Operating profit		4,317,361	28	3,721,994	25
	Non-operating income and expenses					
7100	Interest income	6 (19)	82,959	1	67,006	1
7010	Other income	6 (20) and 7	17,732	-	30,259	-
7020	Other gains and losses		(9,495)	-	724	-
7050	Financial cost	6 (21)	(138,626)	(1)	(109,109)	(1)
7070	Shares of profit (loss) of subsidiaries, associates, and joint ventures accounted for using the equity method	6 (5)	39,889	-	4,173	-
7000	Total non-operating income and expenses		(7,541)	-	(6,947)	-
7900	**Pre-tax profit**		4,309,820	28	3,715,047	25
7950	Income tax expense	6 (22)	(728,037)	(5)	(757,801)	(5)
8200	**Net income**		$ 3,581,783	23	$ 2,957,246	20
	Other comprehensive income (net)					
	Items not to be reclassified to profit or loss					
8311	Remeasurements of defined benefit plans	6 (11)	($ 630)	-	$ 3,339	-
8330	Shares of profit (loss) of subsidiaries, associates, and joint ventures accounted for using the equity method - items not to be reclassified to profit or loss		(88)	-	911	-
8349	Income tax related to items not to be reclassified	6 (22)	126	-	(667)	-
8310	Total amount of items not to be reclassified to profit or loss		(592)	-	3,583	-
	Items that may be reclassified to profit or loss					
8361	Exchange differences on translation of foreign financial statements	6 (15)	338	-	6,979	-
8399	Income tax related to items that may be reclassified	6 (15) (22)	(68)	-	(1,396)	-
8360	Total amount of items that may be reclassified to profit of loss		270	-	5,583	-
8300	**Other comprehensive income (net)**		($ 322)	-	$ 9,166	-
8500	**Total comprehensive income**		$ 3,581,461	23	$ 2,966,412	20
	Basic earnings per share	6 (23)				
9750	Total basic earnings per share		$ 12.95		$ 10.69	
	Diluted earnings per share	6 (23)				
9850	Total diluted earnings per share		$ 12.87		$ 10.63	

The Notes to the Parent Company Only Financial Statements are part of the Parent Company Only Financial Statements and should be read together.

Chairman: Frank Chung General Manager: Jason Hung Accounting Supervisor: Liu Jo-Mei

Huaku Development Co., Ltd.
Parent company only statement of changes in equity
January 1 to December 31, 2023 and 2022

Unit: NT$ thousands

	Notes	Share capital from common stock	Additional paid-in capital: Share Premium	Additional paid-in capital: Treasury Stock Transactions	Additional paid-in capital: Others	Retained earnings: Legal reserves	Retained earnings: Undistributed earnings	Exchange differences on translation of foreign financial statements	Treasury stocks	Total equity
2022										
Balance as of January 1		$ 2,768,127	$ 46,100	$ 29,944	$ 1,634	$ 3,709,291	$ 11,817,684	$ 6,087	($ 850)	$ 18,378,017
Net income		-	-	-	-	-	2,957,246	-	-	2,957,246
Other comprehensive income	6 (15)	-	-	-	-	-	3,583	5,583	-	9,166
Total comprehensive income		-	-	-	-	-	2,960,829	5,583	-	2,966,412
Appropriation and distribution of retained earnings	6 (14)									
Legal reserves		-	-	-	-	292,382	(292,382)	-	-	-
Cash dividends		-	-	-	-	-	(2,076,095)	-	-	(2,076,095)
Cash dividends received by subsidiaries from the Company		-	-	1,308	-	-	-	-	-	1,308
Balance as of December 31		$ 2,768,127	$ 46,100	$ 31,252	$ 1,634	$ 4,001,673	$ 12,410,036	$ 11,670	($ 850)	$ 19,269,642
2023										
Balance as of January 1		$ 2,768,127	$ 46,100	$ 31,252	$ 1,634	$ 4,001,673	$ 12,410,036	$ 11,670	($ 850)	$ 19,269,642
Net income		-	-	-	-	-	3,581,783	-	-	3,581,783
Other comprehensive income	6 (15)	-	-	-	-	-	(592)	270	-	(322)
Total comprehensive income		-	-	-	-	-	3,581,191	270	-	3,581,461
Appropriation and distribution of retained earnings	6 (14)									
Legal reserves		-	-	-	-	296,083	(296,083)	-	-	-
Cash dividends		-	-	-	-	-	(2,076,095)	-	-	(2,076,095)
Cash dividends received by subsidiaries from the Company		-	-	1,307	-	-	-	-	-	1,307
Adjustments for changes in capital surplus of investee companies in proportion to the Company's shareholding in the investee companies		-	-	-	434	-	-	-	-	434
Balance as of December 31		$ 2,768,127	$ 46,100	$ 32,559	$ 2,068	$ 4,297,756	$ 13,619,049	$ 11,940	($ 850)	$ 20,776,749

The Notes to the Parent Company Only Financial Statements are part of the Parent Company Only Financial Statements and should be read together.

Chairman: Frank Chung　　General Manager: Jason Hung　　Accounting Supervisor: Liu Jo-Mei

Huaku Development Co., Ltd.
Parent company only statement of cash flows
January 1 to December 31, 2023 and 2022

Unit: NT$ thousands

	Notes	2023	2022
Cash flow from operating activities			
Current net profit before tax		$ 4,309,820	$ 3,715,047
Adjusted items			
Income and expense items			
Shares of profit (loss) of subsidiaries and associates accounted for using the equity method		(39,889)	(4,173)
Amortization	6 (17)	2,254	1,796
Depreciation expenses	6 (17)	19,760	17,189
Interest expense	6 (21)	138,626	109,109
Interest income	6 (19)	(82,959)	(67,006)
Loss on disposal of property, plant, and equipment		-	4
Changes in assets and liabilities relating to operating activities			
Net change in assets relating to operating activities			
Notes and accounts receivable, net		(21,397)	8,672
Other receivables		248,993	100,653
Inventories		(2,611,782)	503,119
Prepayments		(15,573)	(2,973)
Restricted deposits		(460,681)	(301,479)
Other current assets - other		115,580	(30,105)
Long-term installment accounts receivable		358,308	389,393
Net change in liabilities relating to operating activities			
Notes payable		12,923	(1,371)
Accounts payable		342,016	(56,799)
Accounts payable - related parties		355,197	(152,507)
Other payables		29,905	27,101
Advance receipt		11,339	(4,453)
Accrued pension liabilities		580	576
Other current liabilities - others		(79,175)	(26,214)
Contract liabilities		(921,960)	921,000
Realized amount of unrealized revenue for the period		(4,596)	(21,793)
Cash inflow generated from operations		1,707,289	5,124,786
Cash dividends received		66,158	77,674
Interest received	6 (19)	82,959	67,006
Interest paid	6 (21)	(328,777)	(236,459)
Income tax paid		(831,152)	(817,529)
Net cash inflow from operating activities		696,477	4,215,478
Cash flow from investment activities			
Distribution of employee compensation to subsidiaries		(24,985)	(43,418)
Purchase of property, plant and equipment		(1,163)	(11,175)
Increase in construction security deposit		(98,542)	(6,488)
Increase in refundable deposits		(1,538)	(71,975)
Decrease in other non-current assets		990	1,128
Net cash outflow from investing activities		(125,238)	(131,928)
Cash flow from financing activities			
Increase in short-term loans	6 (24)	14,092,580	14,891,890
Decrease in short-term loans	6 (24)	(10,732,000)	(14,992,000)
Increase in short-term bills payable	6 (24)	1,850,000	6,470,000
Decrease in short-term bills payable	6 (24)	(2,150,000)	(8,402,000)
Long-term loans borrowed	6 (24)	1,107,063	2,047,902
Long-term loans repaid	6 (24)	(2,827,739)	(2,779,907)
Increase in guarantee deposits received	6 (24)	42,615	68,854
Decrease in guarantee deposits received	6 (24)	(45,644)	(67,590)
Lease principal repayment	6 (24)	(7,226)	(7,262)
Cash dividends paid	6 (14) (24)	(2,076,095)	(2,076,095)
Net cash outflow from financing activities		(746,446)	(4,846,208)
Decrease in cash and cash equivalents for the year		(175,207)	(762,658)
Cash and cash equivalents at the beginning of the year		1,572,606	2,335,264
Cash and cash equivalents at the end of the year		$ 1,397,399	$ 1,572,606

The Notes to the Parent Company Only Financial Statements are part of the Parent Company Only Financial Statements and should be read together.

Chairman: Frank Chung General Manager: Jason Hung Accounting Supervisor: Liu Jo-Mei

Huaku Development Co., Ltd.
Notes to the Parent Company Only Financial Statements
For the years ended 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. The Company’s main business is to commission manufacturers to build residential and commercial buildings for lease and sale, as well as to build factories and warehouses for general industrial use. The common stocks of the Company have been listed on the Taiwan Stock Exchange since August 26, 2002.

II. Approval date and procedure of financial statements

The Parent Company Only 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 International Financial Reporting Standards (IFRSs) endorsed by the Financial Supervisory Commission (“FSC”):

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

New/amended/revised standards and interpretations	Effective date of international accounting standards board issuance
Amendments to IAS 1 “Disclosure of Accounting Policies”	January 1, 2023
Amendments to IAS 8 “Definition of Accounting Estimates”	January 1, 2023
Amendments to IAS 12 “Deferred Tax related to Assets and Liabilities arising from a Single Transactions”	January 1, 2023
Amendments to IAS 12 “International Tax Reform — Pillar Two Model Rules”	May 23, 2023

2. The Company assessed the effects of adopting the aforementioned standards and interpretations, and has found no material impact on the Company’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, amended, and revised standards and interpretations of IFRSs endorsed by the FSC that are applicable in 2024:

New/amended/revised standards and interpretations	Effective date of international accounting standards board issuance
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 Company assessed the effects of adopting the aforementioned standards and interpretations, and has found no material impact on the Company’s financial position and financial performance.

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

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

New/amended/revised standards and interpretations	Effective date of international accounting standards board issuance
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 (To be determined by International Accounting Standards Board)
IFRS 17 “Insurance Contracts”	January 1, 2023
Amendments to IFRS 17 “Insurance Contracts”	January 1, 2023
Amendment to IFRS 17 “Initial Application of IFRS 17 and IFRS 9 — Comparative Information”	January 1, 2023
Amendments to IAS 21 “Lack of Exchangeability”	January 1, 2025

2. The Company assessed the effects of adopting the aforementioned standards and interpretations, and has found no material impact on the Company’s financial position and financial performance.

IV. Summary of Significant Accounting Policies

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 reporting periods presented, unless otherwise stated.

(I) Statement of Compliance

The Parent Company Only Financial Statements have been prepared in accordance with Regulations Governing the Preparation of Financial Reports by Securities Issuers.

(II) Preparation Basis

1. The Parent Company Only Financial Statements have been prepared on a historical cost basis, except for the following significant items:
   (1) Financial assets measured at fair value through profit or loss.
   (2) Defined benefit liability is recognized as the net of pension fund assets less the present value of the defined benefit obligation.
2. Critical accounting estimates are required in preparing a set of financial statements in compliance with the International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), IFRIC Interpretations, and SIC Interpretations (collectively referred to as "IFRSs") endorsed by the FSC. When the Company adopts the accounting policies, the management is required to exercise judgments on highly judgmental or complex items or significant assumptions and estimates with regards to this parent company only financial report. Please refer to Note 5 for details.

(III) Foreign Currency Translation

All items on the Parent Company Only Financial Statements are measured at the currency of the principal economic environment in which the entity operates (i.e., functional currency). The Parent Company Only Financial Statements are presented in NTD, which is the Company's functional 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 resulting translation differences are 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. Any resulting translation differences arising from such adjustments are recognized in the current 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 resulting differences arising therefrom are recognized in the current 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 resulting 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 the Company, subsidiaries, and associates 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 on the balance sheet date;
      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 a 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 of the foreign operation. However, when the Company 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 of these foreign operations.

(IV) Classification Criteria of Current and Non-current Assets and Liabilities

The Company engages in the contract construction of buildings or plants sales business. The operating cycle is usually longer than one year. The classification criteria for current or non-current of assets and liabilities 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 12 months after the balance sheet date.
   (4) Cash, excluding those that are restricted, or to be exchanged or used to settle liabilities at least 12 months after the balance sheet date.

   The Company classifies all assets not meeting the aforesaid criteria as 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 12 months after the balance sheet date.
   (4) Liabilities for which the repayment date cannot be extended unconditionally to more than 12 months after the balance sheet date. The terms of the liabilities, which may be settled by issuing equity instruments at the option of the counterparty, do not affect their classification.

   The Company classifies all liabilities not meeting the aforesaid criteria as non-current liabilities.

(V) 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 satisfying the aforementioned definition and for which the objective of holding is to meet the short-term operating cash commitment (Including time deposits with contract period of 12 months or less) are classified as the cash equivalent.

(VI) Accounts receivables and notes receivables

1. Refers to accounts and notes receivable for which the right to receive the amount of consideration is unconditional, as stipulated in the contract, upon the transfer of goods or services.
2. At initial recognition, the Company measures the financial assets at fair value. Interest income is subsequently recognized on an amortized basis over the period of liquidity using the effective interest method. A gain or loss is recognized in profit or loss.

(VII) Impairment of Financial Assets

On each balance sheet date, the Company evaluates all financial assets measured at amortized cost and financial assets including significant financial components of receivables or loan commitments and financial guarantee contracts. After considering all relevant and supportable information (including forward-looking information), for financial assets where credit risk has not significantly increased since initial recognition, the company measures the allowance for expected credit losses at an amount equal to 12-month expected credit losses; For financial assets where credit risk has significantly increased since initial recognition, the company measures the allowance for expected credit losses at an amount equal to lifetime expected credit losses; For accounts receivable or contract assets not including significant financial components, the allowance for expected credit losses is measured at an amount equal to lifetime expected credit losses.

(VIII) Derecognition of financial assets

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

(IX) 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.

(X) Inventories

1. 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. For the specific land rights acquired by the Company and its use right to construct residential buildings on that land, the land use rights acquired are recognized as inventory

costs because the land is held under lease for the purpose of the project's development business and complies with the definition of paragraphs 6 and 8 of IAS 2.

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. Net realizable value is the estimated selling price in the normal course of business, net of estimated costs of completion and estimated selling expenses.

(XI) Investment accounted for using the equity method

Subsidiaries

1. Subsidiaries refer to all entities controlled by the Company. The Company controls an entity when the Company 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.
2. Unrealized gains or losses arising from the transactions between the Company and its subsidiaries have already been eliminated. Accounting policies of subsidiaries have been adjusted to conform to the policies adopted by the Company.
3. The Company's share of its subsidiaries' post-acquisition profits or losses is recognized in current profit or loss. Its post-acquisition share of other comprehensive income is recognized in other comprehensive income. When the Company's share of losses in a subsidiary equals or exceeds its equity in the subsidiary, the Company shall continue to recognize losses in proportion to its shareholding percentage in such a subsidiary.

Associates

1. Associates are all entities over which the Company has significant influence but no 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. The Company's investments in associates are accounted for using the equity method and are initially recognized at cost upon acquisition.
2. The Company's share of its associates' post-acquisition profits or losses is recognized in current profit or loss, and its post-acquisition share of other comprehensive income is recognized in other comprehensive income. If the Company's share of losses in an associate equals or exceeds its interest in the associate (including any other unsecured receivables), the Company 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 Company's ownership percentage of the associate, the Company recognizes the change in ownership interests in the associate in "capital surplus" in proportion to its ownership.
4. Unrealized gains or losses on transactions between the Company and its associates are eliminated to the extent of the Company's interest in the associates. Unrealized gains or losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of associates have been adjusted to conform to the policies adopted by the Company.

5. When the Company disposes its investment in an associate and loses significant influence over the said associate, the accounting treatment for amounts previously recognized in other comprehensive income in relation to the associate is 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 Company 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 proportionately in accordance with the aforementioned approach.
6. According to "Regulations Governing the Preparation of Financial Statements by Securities Issuers," the current period's profit or loss and other comprehensive income of the parent company only financial reports should be the same as the proportion of the current period's profit or loss and other comprehensive income attributable to the owners of the parent company in the financial statements prepared on a consolidated basis, and the owners' equity of the parent company only financial reports should be the same as that attributable to the owners of the parent company in the financial statements prepared on a consolidated basis.

Joint venture

The Company uses the equity method to recognize its equity in joint ventures. If there is evidence of a decrease in the net realizable value of assets or the occurrence of impairment losses, the entire loss should be recognized immediately. If the Company's share of losses in a joint venture equals or exceeds its interest in the losses (including any other unsecured receivables), the Company does not recognize further losses, unless it has incurred legal or constructive obligations or made payments on behalf of the joint venture.

(XII) Property, plant, and equipment

1. Property and equipment are initially recorded at cost. Relevant interest expenses incurred during the construction period are capitalized.
2. Subsequent costs are included in the asset's carrying amount or recognized as a separate asset 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 should be derecognized. All other repairs and maintenance expenses are recognized in current profit or loss when incurred.
3. Property, plant and equipment are subsequently measured using the cost model and depreciated on a straight-line basis over their estimated useful lives, except for land, which is not depreciated. If the property, plant, and equipment comprise any material components, they are depreciated individually.
4. The Company reviews each asset's 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 is 30 years, the useful life of all other assets is 3 to 5 years.

(XIII) Lease Transactions for the Lessees - Right-of-Use Assets / Lease Liabilities

1. Lease assets are recognized as right-of-use assets and lease liabilities on the date when they are available for use by the Company. 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 Company'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;

   Subsequent measurement is carried out using the effective interest method, and interest expense is recognized over the lease term. 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) Initial measurement of the lease liability;
   (2) Lease payments made at or before the commencement of the lease;
   (3) Any initial direct costs incurred by the lessee; and
   (4) The estimated cost of dismantling, removing the subject asset and restoring the subject asset to its location, or restoring the subject asset to the condition required by the terms and conditions of the lease.

   Cost model is adopted for subsequent measurement, 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 remeasured, the right-of-use asset will adjust any remeasurement of the lease liability.

(XIV) Investment property

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

(XV) Impairment of Non-financial Assets

The Company estimates 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 when the asset's carrying amount exceeds its recoverable amount. Recoverable amount is the higher of an asset's fair value less costs to sell and its value in use. When the circumstances for recognizing impairment loss for an asset in prior periods no longer exists or decreases, the impairment loss is reversed. The increased carrying amount due to reversal should not exceed the carrying amount less depreciation or amortization if the impairment had not been recognized for the asset.

(XVI) 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. Short-term accounts/notes payable without interest payment, given insignificant effects of discounting, are measured at the original invoice amount.

(XVII) Provisions

Provisions are prepared for warranty. The amount recognized as a provision should be the best estimate of the expenditure required to settle the present obligation at the balance sheet date.

(XVIII) 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 employees services are rendered.
2. Pensions
   (1) Defined contribution plans
   For defined contribution plans, the contributions are recognized as current 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 incurred 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 actual distributed amount and the estimated amount as per the resolution is accounted for as changes in estimates. For employee compensation that is distributed by shares, the basis for calculating the number of shares is the closing price on the day before the Board of Directors' resolution.

(XIX) Income tax

1. Income tax expense comprises current and deferred tax. Income taxes are recognized in profit or loss, except for income taxes related to items included in other comprehensive income or directly in equity, which are recognized in other comprehensive income or directly in equity, respectively.
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 Company operates and generates taxable income. For the income tax levied on the undistributed earnings in accordance with the Income Tax Act, it is recognized as income tax expense for the undistributed earnings based on the actual distribution of surplus after the surplus distribution proposal is approved by the shareholders' meeting in the year following the year of which the said surplus is generated.
3. Deferred income taxes are accounted for using the balance sheet method, recognizing temporary differences between the tax bases of assets and liabilities and their carrying amounts in the Parent Company Only Financial Statements. 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 the accounting profit nor taxable income (loss) nor gives rise to an equivalent taxable and deductible temporary difference. Temporary differences arising from investments in subsidiaries and affiliates are not recognized if the Company is able to control the timing of the reversal of the temporary differences and it is probable that the temporary differences 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 to the extent that it is probable that the temporary differences will be available against which future taxable income 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.

(XX) 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.

(XXI) Revenue Recognition

Real estate sales

1. The main business of the Company is to commission construction contractors to build real estate and engage in leasing and sales of property, and revenue is recognized when control of the real estate is transferred to customers. For the contracted sales of residential contracts, subject to the terms of the contract, the real estate has no other use for the Company, but until the legal ownership or use rights of the real estate is transferred to the customer, the Company has an enforceable right to the contractual amount and therefore revenue is recognized when the legal ownership or use rights are transferred to the customer.
2. Part of the Company's sales contracts includes variable consideration of price concessions. The Company takes the expected value or the most probable amount as an appropriate estimate of the variable consideration.
3. The Company's sales contract of pre-sale houses 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 Company 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 expense. In addition, IFRS 15 states that an entity should consider the significance of the financing component only at the contract level and not the materiality of financial components at the portfolio level.

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

When preparing the Parent Company Only Financial Statements, management of the Company 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. There are no critical judgments and significant accounting estimates and assumptions used in the Company's accounting policies that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

VI. Descriptions of Significant Accounting Items

(I) Cash and cash equivalents

	December 31, 2023	December 31, 2022
Cash on hand and revolving fund	$ 30	$ 40
Checking deposits and demand deposits	1,397,369	1,572,566
	$ 1,397,399	$ 1,572,606

1. The Company deals with financial institutions having high credit quality. The Company also deals with various financial institutions in order that credit risks can be diversified. Therefore, the expected risk of default is pretty low.
2. The Company's restricted use of the pre-sale projects trust fund have been listed under "Other current assets - other." Please refer to Notes 6 (4) and 8 for details.

(II) 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	117,718	107,895	107,895
Over 1 year (Note)	2,151,309	2,139,536	2,139,536
	$ 2,324,877	$ 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	163,593	96,977	96,977
Over 1 year (Note)	2,493,028	2,488,586	2,488,586
	$ 2,661,788	$ 2,585,563	$ 2,585,563

Note: The Company's long-term installment accounts receivables over one year are listed under the item "Long-term notes receivable and receivables."

1. The Company 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 Note 6 (10) and 8 for details. The Company's information on secured loans with accounts receivable as collateral is as above.
2. The balances of receivables (including notes receivable) contracted by the Company and customers on December 31, 2023, December 31, 2022 and January 1, 2022 were \$2,191,697, \$2,659,063, and \$3,056,043, respectively.
3. Interest income recognized by the Company in profit or loss in 2023 and 2022 was \$64,123 and \$59,567, respectively.
4. The notes and accounts receivable above are non-overdue and non-impaired notes and accounts.

5. Without considering the collateral or other credit enhancements held, the most representative of the Company's receivable notes and counts maximum credit risk exposure amount as of December 31, 2023 and 2022 is the carrying amount of each period of notes and accounts receivable and long-term installment accounts receivable.
6. For credit risk of accounts receivables and notes receivables, please refer to Note 12 (2).

(III) Inventories

	December 31, 2023	December 31, 2022
Buildings and land held for sale		
Huaku National Landmark (formerly Xinzhuang Factory & Office Building Project)	$ 743,978	$ -
Huaku Royal Highness	-	494,342
Huaku Sky Garden	-	216,479
	743,978	710,821
Less: Allowance for valuation loss	-	(21,292)
	743,978	689,529
Construction in progress		
Asia One (formerly Nangang Yucheng Project)	5,223,100	-
Huaku Upper Mansion (formerly Taichung Jingmao Road Project)	3,768,312	-
Fortune One (formerly Tiding Boulevard Project)	3,232,026	-
Casa Blanca (formerly Wenlin North Road Phase 2 Project)	2,749,263	2,568,348
Central Landmark (formerly Zhonghe Factory Office)	2,497,755	1,807,637
Moon Light (formerly Zhonghe Residential Project)	1,839,426	1,614,792
Greenside Mansion (formerly Wenlin North Road Project)	1,676,118	1,356,522
Sky Tower (formerly Zhuangtian Road, Taishan Project)	1,443,852	1,288,880
Da'an Tower	1,177,534	737,393
Huaku National Landmark (formerly Xinzhuang Factory & Office Building Project)	-	4,066,904
Huaku Moon River	-	2,325,551
Trade and Finance Center (formerly Phase 2 of the Innovation Fortune)	-	2,249,468
	23,607,386	18,015,495

	December 31, 2023	December 31, 2022
Buildings and land held for construction		
Zhengda Beitou Project	$ 2,987,690	$ -
Guangpu Hsinchu Project, Second Phase	2,094,173	1,875,266
Taichung Jingmao Fifth Road Project	1,336,469	-
Taichung Fengle Road Project	1,055,967	-
Xinyi Guangfu Project	913,238	723,940
Zhengda Xindian Project	664,822	594,999
Fuxing South Road Urban Renewal Project	241,061	241,061
Dunnan Project	198,834	198,834
Asia One (formerly Nangang Yucheng Project)	-	4,863,686
Huaku Upper Mansion (formerly Taichung Jingmao Road Project)	-	2,945,125
Fortune One (formerly Tiding Boulevard Project)	-	2,385,050
Others	301,899	105,117
	9,794,153	13,933,078
Advances for land and others		
No. 57, Renyi Street Project	1,253,682	-
No. 89, Renyi Street Project	820,086	-
Zhengda Beitou Project	-	763,543
Volume and other	33,571	49,078
	2,107,339	812,621
Less: Allowance for valuation loss	(13,307)	(13,307)
	2,094,032	799,314
	$ 36,239,549	$ 33,437,416

1. Huaku New World
   (1) In 2013, the Company signed the "Financial Personnel Training Institute and Its Surrounding State-Owned Land Cooperative Development Contract" with the National Property Administration, MOF, obtaining the land rights and paid royalties of $1.388 billion, and the lease period was 70 years. This project (Huaku New World) was recognized as revenue when land and house use rights were transferred to customers.
   (2) In accordance with the Company's policy, some of the units in this project are leased out for rental purposes. Therefore, they are reclassified as "investment property" together with the land use rights after the completion of the registration process.
   (3) For a detailed explanation of the real estate provided as collateral in this project, please refer to Note 6 (10).

2. On June 4, 2010, the Company signed a contract to sell 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 reclassified unrealized gains as revenue based on the proportion of sales. As for the years ended December 31, 2023 and 2022, the unrealized amounts were $0 and $4,596, which are listed under the heading "other non-current liabilities - other."
3. The amount of interest capitalized in the Company's inventories for 2023 and 2022 is $190,351 and $128,229, respectively, and the interest rates on capitalized interest ranged from 1.1%-2.26% and 0.88%-1.56%, respectively.
4. The inventory costs recognized as expenses by the Company in 2023 and 2022 were $10,600,436 and $10,198,378, respectively, which includes ($21,292) and $11,831, respectively, of cost of goods sold recognized from cost adjustments to net realizable value. In the fiscal year 2023, the net realizable value of the inventory increased due to the sale and reclassification of some inventory items for which the net realizable value was lower than the cost.
5. The Company's development project "Huaku National Landmark" has entered into an agreement with the New Taipei City Government Economic Development Department, stipulating that ownership transfer procedures for certain floors of the project will be carried out after five years from the issuance of the occupancy permit.
6. Please refer to Note 8 for details of the pledge of inventories by the Company.

(IV) Other current assets

	December 31, 2023	December 31, 2022
Restricted bank deposits	$ 1,712,332	$ 1,251,651
Incremental costs for obtaining contracts	231,436	312,973
Other current assets	9,011	45,308
	$ 1,952,779	$ 1,609,932

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

(V) Investment accounted for using the equity method

	December 31, 2023	December 31, 2022	Shareholding percentage
Subsidiaries:			
Pinhsing Construction Co., Ltd.	$ 476,707	$ 398,732	100.00
Chengdu Wancheng Duobao Properties Ltd.	48,632	66,887	80.00
Chengdu Huaku Real Estate Co., Ltd.	25,321	340,555	80.00
Associates:			
Taiwan Digit Automated Control Co., Ltd.	32,018	24,803	40.00
Joint ventures:			
Huapu Construction Co., Ltd.	5,400	5,065	50.00
	$ 588,078	$ 836,042	

1. For information about the subsidiaries of the Company, please refer to Note 4 (3) of the Company's 2023 Notes for Consolidated Financial Statements.
2. For the carrying amounts of the Company's non-significant associates and joint ventures for the years ended December 31, 2023 and 2022, please refer to the table above. The operating results are as follows:

	2023	2022
Current net profit from units of continuing operations	$ 13,150	$ 6,466
Other comprehensive income	-	-
Total comprehensive income	$ 13,150	$ 6,466

3. The unrealized gross profit from upstream transactions of the Company for the years ended December 31, 2023 and 2022 was $81,225 and $104,675, respectively, which was eliminated as a deduction of "investments accounted for using the equity method."
4. The investee companies that the Company holds more than 50% of the voting shares or with control have been included as entities in the Company's consolidated financial statements.

(VI) Investment property

	2023	2022
Buildings and land use rights		
January 1	$ 247,717	$ 251,817
Accumulated depreciation	(4,100)	(4,100)
December 31	$ 243,617	$ 247,717

1. Investment properties are held for leasing to others to use. The lease term of the leased properties lasts until 2032. The rental income and direct operating expenses of the investment properties are as follows:

	2023	2022
Rental income from investment property	$ 9,988	$ 9,572
Direct operating expenses incurred by investment property generating rental income in the current period	$ 6,340	$ 6,096

2. The fair values of the investment properties held by the Company were $596,247 and $581,827 as of December 31, 2023 and 2022, respectively. These values were determined based on the evaluation results of independent appraisal experts and are classified as Level 2 fair values.
3. The maturity analysis of the lease payments of leasing by the Company under operating leases is listed as follows:

	December 31, 2023	December 31, 2022
Within 1 year	$ 10,724	$ 9,951
2 to 5 years	37,326	42,104
Over 5 years	10,276	16,222
	$ 58,326	$ 68,277

(VII) Short-term loans

Nature of borrowings	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		

Nature of borrowings	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		

(VIII) Short-term notes payable (December 31, 2023: None)

Nature of borrowings	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%

(IX) Other current liabilities - others

	December 31, 2023	December 31, 2022
Provisions for warranty liability and others	$ 75,574	$ 77,213
Collection on behalf of others	13,547	108,041
Others	46,184	17,888
	$ 135,305	$ 203,142

(X) Long-term loans

Nature of borrowings	Loan period and repayment method	Interest rate range	Collateral	December 31, 2023
Long-term bank loans				
Credit loans	From June 2023 to June 2025, and 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 interest is paid 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

Nature of borrowings	Loan period and repayment method	Interest rate range	Collateral	December 31, 2022
Long-term bank loans				
Credit loans	From June 2021 to June 2023, and 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 interest is paid 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 Company's unused borrowing facilities 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 use account 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 the original loan amount of NT$6 billion, which was adjusted to NT$4 billion on May 9, 2022, and the loan period remained as 20 years. Please refer to Note 6 (2) for details. The main terms of the agreement are as follows:

1. The loan period of each accounts 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 unused balance of loans shall be automatically canceled at that time.
3. During the duration of the loan secured by accounts receivable as collateral, the Company should maintain all the following financial ratios based on the audited annual consolidated financial statements certified by the auditor and review them once a year:
    (1) Current ratio: Not less than 100%.
    (2) Debt ratio (total liabilities/tangible net worth): Not greater than 230%.

(XI) Pensions

1. In compliance with the requirements set forth in the Labor Standards Act, the Company has 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 under the name of the Labor Funds Supervisory Committee at the Bank of Taiwan. Prior to the end of each fiscal year, 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	($ 69,597)	($ 74,509)
Fair value of plan assets	36,371	42,494
Net defined benefit liabilities	($ 33,226)	($ 32,015)

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

	2023		
	Present value of the defined benefit obligation	Fair value of plan assets	Net defined benefit liabilities
January 1	($ 74,509)	$ 42,494	($ 32,015)
Current service cost	(197)	-	(197)
Interest (expense) income	(833)	449	(384)
	(75,539)	42,943	(32,596)
Remeasurement:			
Return on plan assets (excluding interest revenue or expenses mentioned above)	-	412	412

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	2023		
	Present value of the defined benefit obligation	Fair value of plan assets	Net defined benefit liabilities
Effect of changes in financial assumptions	(194)	-	(194)
Experience adjustment	(848)	-	(848)
	(1,042)	412	(630)
Contributions to retirement funds	-	-	-
Payment of pension	6,984	(6,984)	-
December 31	($ 69,597)	$ 36,371	($ 33,226)

	2022		
	Present value of the defined benefit obligation	Fair value of plan assets	Net defined benefit liabilities
January 1	($ 73,900)	$ 39,122	($ 34,778)
Current service cost	(350)	-	(350)
Interest (expense) income	(450)	224	(226)
	(74,700)	39,346	(35,354)
Remeasurement:			
Return on plan assets (excluding interest revenue or expenses mentioned above)	-	3,148	3,148
Effect of changes in financial assumptions	2,335	-	2,335
Experience adjustment	(2,144)	-	(2,144)
	191	3,148	3,339
Contributions to retirement funds	-	-	-
Payment of pension	-	-	-
December 31	($ 74,509)	$ 42,494	($ 32,015)

(3) The fund asset of the Company'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 financial 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 Company 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 annual labor pension fund utilization reports issued by the government.

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

	2023	2022
Discount rate	1.15%	1.20%
Increase rate of future salary	2.00%	2.00%

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

An analysis of the present value of the defined benefit obligation affected by changes in the principal actuarial assumptions used is as follows:

	Discount rate		Increase rate of future salary	
	Increase 0.25%	Decrease 0.25%	Increase 0.25%	Decrease 0.25%
December 31, 2023				
Effect on present value of defined benefit obligation	($ 962)	$ 984	$ 982	($ 966)
December 31, 2022				
Effect on present value of defined benefit obligation	($ 1,021)	$ 1,046	$ 1,036	($ 1,017)

The sensitivity analysis above is based on the effects of changes in a single assumption with no change in other assumptions. In practice, many changes in assumptions may be linked together. The method of sensitivity analysis and the method of calculation of the net pension liability in the balance sheet are the same.

The method and assumptions used for the preparation of the sensitivity analysis for the current period are the same as those used in the previous period.

(5) The Company expects to make a contribution of $0 to the pension plans for the year ended December 31, 2024.

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

Within 1 year	$	3,027
1-2 years		3,034
2-5 years		36,196
Over 5 years		31,787
	$	74,044

2. Starting from July 1, 2005, the Company has set up a defined contribution plan for all employees with ROC citizenship in accordance with the Labor Pension Act. For the employees of the Company 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. For the years ended December 31, 2023 and 2022, the Company's pension costs recognized under the above defined contribution plan were $3,364 and $3,275, respectively.

(XII) 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 was both 276,812,726 shares.
2. Treasury stock
   (1) The Company has no treasury stock transactions in 2023 and 2022.
   (2) As of December 31, 2023 and 2022, the Company's subsidiary Pinhsing Construction Co., Ltd., held the Company's shares for the purpose of making a profit from the investment, and the details are as follows:

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

(XIII) 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-in 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.

(XIV) Retained earnings

1. According to the Company's Articles of Incorporation, after offsetting any loss of prior years and paying all taxes and dues, 10% of the annual net income shall be set aside as legal reserves, but there is no requirement when legal reserves reach the paid-in capital. The remaining balance, together with the accumulated undistributed profits from the previous year, constitutes the accumulated distributable earnings. The aforementioned distributable earnings shall be distributed as a dividend by the Board of Directors and then submitted to the shareholders' meeting for report.
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 proposals for 2022 and 2021 had been resolved in the Board of Directors meeting held on May 24, 2023 and the annual shareholders' meeting held on May 31, 2022, respectively. The distribution of earnings is 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 distribution of earnings proposals for the fiscal year 2023 has not been submitted to the shareholders' meeting as of the date of the audit report. For information on the Board of Directors' proposals and the resolutions of the shareholders' meeting regarding distribution of earnings, please consult the MOPS.

(XV) Other equity items

	2023	2022
Exchange differences on translation of foreign financial statements		
January 1	$ 11,670	$ 6,087
— The Company	338	6,979
— Tax amount of the Company	(68)	(1,396)
December 31	$ 11,940	$ 11,670

(XVI) Operating revenue

	2023	2022
Revenue from contracts with customers	$ 15,640,450	$ 14,719,266
Rental income	21,026	17,298
	$ 15,661,476	$ 14,736,564

1. Breakdown of revenue from contracts with customers
   The Company generates its revenue from services provided at a specific moment in time. This revenue can be further classified into the following categories:

	Sales of construction project	
	Taiwan	
	2023	2022
Timing of revenue recognition		
— Revenue recognized at a specific timing	$ 15,640,450	$ 14,719,266

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

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

3. Contract liabilities
   The contract liabilities related to customer contract revenue recognized by the Company are listed as follows:

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

(1) The Company's sales contract of pre-sale houses contains provisions for advance payment from customers, and the time between advance receipt and commodity ownership transfer is longer than one year. Recognizing contract liabilities related to contracts for pre-sold houses in accordance with the provisions of IFRS 15.

(2) Revenue recognized for the period from the contractual liabilities at the beginning of the period

	2023	2022
Beginning balance for contract liabilities recognized as pre-sale construction contract revenue	$ 2,943,764	$ 2,802,828

(XVII) Additional information regarding the nature of expense

	2023	2022
Construction costs for the current period	$ 10,581,825	$ 10,112,101
Employee benefit expenses	370,358	305,757
Depreciation and amortization	22,014	18,985
Advertising expenses	257,775	428,174
Taxation	47,551	64,335
Rental expenses	526	628
Other costs and expenses	64,066	84,590
Operating cost and operating expenses	$ 11,344,115	$ 11,014,570

(XVIII) Employee benefit expenses

	2023	2022
Wages and salaries expenses	$ 278,986	$ 227,216
Directors' remuneration	62,523	50,052
Labor and health insurance expenses	10,976	11,334
Pension expenses	3,945	3,851
Other personnel expenses	13,928	13,304
	$ 370,358	$ 305,757

1. As stated in the Articles of Incorporation, if there is 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 no greater than 2% of the remaining profits as remuneration to directors.
2. For the years ended December 31, 2023 and 2022, the Company's estimated amount of compensation to employees was $135,110 and $116,340, respectively, and the estimated amount of remuneration to directors was $58,550 and $46,540, respectively, the aforesaid amount is recorded in the payroll expense account.

   Based on the profitability of the year ended in 2023, it was estimated to allocate 3% and 1.3%, respectively, and the estimates were consistent with the amounts resolved by the Board of Directors. The aforementioned employee compensation would be paid in cash.

   The employee bonus and directors' remuneration for the year ended December 31, 2022, as resolved by the Board of Directors, are consistent with the amounts recognized in the financial statements for the year ended December 31, 2022.

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

(XIX) Interest income

	2023	2022
Bank deposit interest	$ 18,836	$ 7,439
Interest income on financial assets measured at amortized cost	64,123	59,567
	$ 82,959	$ 67,006

(XX) Other income

	2023	2022
Contract default income from the buyers	$ -	$ 286
Advertising service income	13,628	26,551
Other income	4,104	3,422
	$ 17,732	$ 30,259

(XXI) Financial cost

	2023	2022
Interest expense - bank loans		
— Bank loans	$ 261,612	$ 167,974
— Installment accounts receivable	64,178	59,606
— Lease liabilities	341	131
Financial expenses	2,846	9,627
	328,977	237,338
Less: Amount capitalized of qualified assets	(190,351)	(128,229)
	$ 138,626	$ 109,109

(XXII) Income tax

1. Income tax expense

(1) Components of income tax expense:

	2023	2022
Current income tax:		
Income tax incurred in the current period	$ 626,206	$ 675,886
Land value increment tax included in current income tax	72,670	62,040
Surcharge on undistributed earnings	29,377	27,767
Over-estimated provision of the prior year's income tax	(402)	(7,568)
Total current income tax	727,851	758,125
Deferred income tax:		
Recognition and reversal of temporary differences	186	(324)
Income tax expense	$ 728,037	$ 757,801

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

	2023	2022
Foreign operations translation differences	($ 68)	($ 1,396)
Remeasurement amounts of defined benefit obligations	126	(667)
	$ 58	($ 2,063)

2. The relationship between income tax expense and accounting profit:

	2023	2022
Income tax calculated based on statutory tax rate on profit before tax	$ 861,963	$ 743,010
The effect of items not allowed to be recognized according to legal regulations	(11,285)	8,334
Effect from tax-exempt income	(224,472)	(75,419)
Recognition and reversal of temporary differences	186	(324)
Surcharge on undistributed earnings	29,377	27,767
Over-estimated provision of the prior year's income tax	(402)	(7,568)
Impact of repatriation of earnings from overseas subsidiaries	-	(39)
Land value increment tax included in current income tax	72,670	62,040
Income tax expense	$ 728,037	$ 757,801

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				
Provision for warranty on projects	$ 3,200	$ 200	$ -	$ 3,400
Unrealized expenses	8,207	(502)	-	7,705
Remeasurements of defined benefit plans	7,814	-	126	7,940
	19,221	(302)	126	19,045
Deferred income tax liabilities				
Exchange differences on translation of foreign operations	(2,918)	-	(68)	(2,986)
Book-tax difference in pensions	(642)	116	-	(526)
	(3,560)	116	(68)	(3,512)
Total	$ 15,661	($ 186)	$ 58	$ 15,533

	2022			
	January 1	Recognized in profit and loss	Recognized in other comprehensive income	December 31
Deferred income tax assets				
Provision for warranty on projects	$ 3,000	$ 200	$ -	$ 3,200
Unrealized expenses	8,199	8	-	8,207
Remeasurements of defined benefit plans	8,481	-	(667)	7,814
	19,680	208	(667)	19,221
Deferred income tax liabilities				
Exchange differences on translation of foreign operations	(1,522)	-	(1,396)	(2,918)
Book-tax difference in pensions	(758)	116	-	(642)
	(2,280)	116	(1,396)	(3,560)
Total	$ 17,400	$ 324	($ 2,063)	$ 15,661

4. The difference between the Company's financial income and taxable income is mainly caused by the tax-exempt income generated from land transactions, etc.

5. The tax authorities have examined income tax returns of the Company through the year ended December 31, 2021.

(XXIII) Earnings per share

	2023		
	Amount after tax	Weighted average number of shares outstanding (shares in thousands)	Earnings per share (NT$)
Basic earnings per share			
Net profit attributable to common stockholders	$ 3,581,783	276,638	$ 12.95
Diluted earnings per share			
Effect of dilutive potential common stock on employees' compensation	-	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 shares outstanding (shares in thousands)	Earnings per share (NT$)
Basic earnings per share			
Net profit attributable to common stockholders	$ 2,957,246	276,638	$ 10.69
Diluted earnings per share			
Effect of dilutive potential common stock on employees' compensation	-	1,541	
Profit attributable to common stock shareholders plus assumed conversion of all dilutive potential common stocks	$ 2,957,246	278,179	$ 10.63

(blanks below)

(XXIV) 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	$ 30,655	$ 11,626	$ -	$ 14,946,183
Increase	14,092,580	1,850,000	1,107,063	42,615	-	-	17,092,258
Decrease	(10,732,000)	(2,150,000)	(2,827,739)	(45,644)	(7,226)	(2,076,095)	(17,838,704)
Payment of interest expense (Note 1)	-	(2,213)	-	-	(341)	-	(2,554)
Other non-cash changes	-	2,413	-	-	19,796	2,076,095	2,098,304
December 31	$ 12,112,470	$ -	$ 4,131,536	$ 27,626	$ 23,855	$ -	$ 16,295,487

	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	$ 29,391	$ 18,434	$ -	$ 17,714,963
Increase	14,891,890	6,470,000	2,047,902	68,854	-	-	23,478,646
Decrease	(14,992,000)	(8,402,000)	(2,779,907)	(67,590)	(7,262)	(2,076,095)	(28,324,854)
Payment of interest expense (Note 1)	-	(3,389)	-	-	(131)	-	(3,520)
Other non-cash changes	-	4,268	-	-	585	2,076,095	2,080,948
December 31	$ 8,751,890	$ 299,800	$ 5,852,212	$ 30,655	$ 11,626	$ -	$ 14,946,183

Note1: Statement of cash flows from operating activities.

Note2: Of which $1,292,600 is classified under "Long-term liabilities due within one year or within one operating cycle" representing long-term borrowings maturing within one year or one operating cycle.

Note3: Of which $2,563,626 is classified under "Long-term liabilities due within one year or within one operating cycle" representing long-term borrowings maturing 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 Company
Pinhsing Construction Co., Ltd. (Pinhsing Construction)	Subsidiaries
Chengdu Wancheng Duobao Properties Ltd. (Chengdu Wancheng Duobao)	Subsidiaries
Chengdu Huaku Real Estate Co., Ltd. (Chengdu Huaku)	Subsidiaries
Taiwan Digit Automated Control Co., Ltd. (TDAC)	Associates
Huapu Construction Co., Ltd. (Huapu Construction)	Associates
Full-Come Foundation Engineering Co., Ltd. (Full-Come Foundation Engineering)	Associates
Zhangxue Investment Co., Ltd. and six others	Other related parties

(II) Significant transactions with related parties

1. Sales

During the years ended December 31, 2023 and 2022, the Board of Directors of the Company resolved to sell the projects developed and constructed by the Company to related parties. The total transaction amount including tax was $0 and $527,630, respectively.

2. Purchases and commitments

	2023	2022
Subsidiary - Pinhsing Construction	$ 3,205,627	$ 2,886,390
Associates	47,636	50,957
	$ 3,253,263	$ 2,937,347

(1) The projects undertaken by the Company and contracted to Pinhsing Construction Co., Ltd. are all conducted according to the terms of the contract, with a payment period of approximately 120 days; the payment period to non-related parties is approximately within one month or 45 days.

(2) As of December 31, 2023, the total contract price for ongoing construction projects signed between the Company and Pinhsing Construction amounts to $9,448,681, and the total estimated amount of construction payments is $6,927,944.

3. Accounts receivable

	December 31, 2023	December 31, 2022
Subsidiary - Pinhsing Construction	$ -	$ 29,086

4. Accounts payable

	December 31, 2023	December 31, 2022
Subsidiary - Pinhsing Construction	$ 1,153,335	$ 795,309
Associates	13,014	15,843
	$ 1,166,349	$ 811,152

Amounts due to related parties are mainly from purchase transactions. The payables are non-interest bearing.

5. Management fee income (listed under "Other income")

	2023	2022
Subsidiaries	$ 1,714	$ 1,714

(III) Information on the remunerations of the key management

	2023	2022
Short-term employee benefits	$ 147,158	$ 114,809

VIII. Pledged Assets

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

Asset items	Carrying amounts December 31, 2023	Carrying amounts December 31, 2022	Purpose of the guarantees
Installment accounts receivable			Loans secured by accounts receivable
— Accounts receivable	$ 107,895	$ 96,977	
— Long-term notes receivable and receivable	2,009,036	2,358,652	
Other installment accounts receivable			Loans secured by accounts receivable
— Other receivables	8,105	7,599	
— Long-term notes receivable and receivable	130,500	129,934	
Other current assets			Pre-sale construction project trust funds
— Restricted bank deposits	1,712,332	1,251,651	
Inventories	31,994,923	28,933,296	Short-term loans and commercial paper payable
Investment property	243,616	247,717	Loans secured by accounts receivable
	$ 36,206,407	$ 33,025,826	

IX. Significant commitments and contingencies

(I) As of December 31, 2023, the total amount of construction contracts entered into with non-related parties amounted to $974,842 and the amount not yet estimated amounted to $641,672.

(II) As of December 31, 2023, the Company has signed letters of trust deed with the trustee financial institution for the projects of construction in progress. The relevant project names and trust banks are as follows:

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

The above projects have been registered with the financial institutions that have been entrusted with the transfer of prices or real estate development trusts.

X. Significant Disaster Losses

None.

XI. Significant subsequent events

None.

XII. Others

(I) Capital risk management

The objective of the Company's capital management is to ensure that the Company can continue operations, maintain an optimal capital structure to lower the cost of funds, and provide returns to shareholders. In order to maintain or adjust the capital structure, the Company may adjust the amount of dividends paid to shareholders, issue new shares or sell assets to reduce debt. The Company regulates the borrowing amount 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/loans and receivables measured at amortized cost				
Cash and cash equivalents	$	1,397,399	$	1,572,606
Notes receivable		55,850		5,167
Accounts receivable (including long-term installment accounts receivable over one year)		2,269,027		2,656,621
Other receivables		10,968		11,289
Refundable deposits		499,196		399,116
Other financial assets		1,712,332		1,251,651
	$	5,944,772	$	5,896,450

	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		13,955		1,032
Accounts payable		1,749,596		1,052,383
Other accounts payable		482,992		453,087
Long-term borrowings (including due within one year or one operating cycle)		4,131,536		5,852,212
Guarantee deposits received		27,626		30,655
	$	18,518,175	$	16,441,059
Lease liabilities	$	23,855	$	11,626

2. Risk management policy

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

(2) The risk management work is carried out by the finance department of the Company in accordance with the opinions of the Board of Directors. Through cooperation with each operating units of the Group, the finance department of the Company is responsible for identifying, evaluating, and hedging financial risks.

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

3. Nature and degree of significant financial risks

(1) Market risk

Exchange rate risk

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

B. The fluctuations in exchange rates significantly impacted the (losses) gains on monetary items for the years ended December 31, 2023 and 2022, with aggregate amounts of ($8,847) and $728, respectively.

Price risk

The Company has no equity instruments exposed to price risk, and has no commodity exposed to price risk.

Cash flow interest rate risk and fair value interest rate risk

A. The Company's interest rate risks come from short-term and long-term loans. Loans with floating interest rates expose the Company 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 Company's borrowings at floating interest rate were denominated in the NTD.

B. The Company 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 of an increase or decrease of $162,440 and $149,041, respectively. In the years 2023 and 2022, $22,555 and $25,932, respectively, were attributable to interest income generated from installment sales where the interest payments from purchasers were directly deposited into the Company's bank loan account to repay the interest expenses incurred from the accounts receivable secured borrowing contracts signed with banks. Therefore, the Company does not bear the interest rate risk 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 Company refers to the risk of financial loss of the Company caused by the client or counterparties of financial instruments fail to fulfill their contractual obligations. It mainly comes from the counterparty inability to settle accounts receivable according to the collection conditions.

B. The Company establishes credit risk management from the group perspective. Only banks and financial institutions with an independent credit rating of at least "A" are accepted as counterparties for transactions.

C. The Company mainly engages in leasing and selling residential properties, industrial plants, and commercial office buildings. Revenue from buildings and land sales is recognized when the full contract price is received, and all ownership transfers and actual handovers of the house are completed. Therefore, the accounts receivable generated from buildings and land sales are expected to be minimal, with little possibility of non-recovery. For receivables arising from special transactions, the Company adopts individual management and conducts regular tracking. Besides, the Company classifies customers' accounts receivable and installment accounts receivable based on customer characteristics. Using the simplified approach of 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 loss allowance of installment accounts receivable. As of December 31, 2023 and 2022, the Company assessed that the amount of credit impairment losses was not significant.

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

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

(3) Liquidity risk

A. The cash flow forecast is performed and compiled by the finance department. The Company's finance department monitors rolling forecasts of the Company'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 Company does not breach borrowing limits or covenants (where applicable) on any of its borrowing facilities.

B. The Company'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:

Non-derivative financial liabilities:

December 31, 2023	Within 1 year	1-3 years	Over 3 years
Short-term loans	$ 2,027,696	$ 5,384,676	$ 5,334,175
Accounts payable	1,589,996	117,695	41,905
Other payables	192,387	252,243	38,362
Lease liabilities	7,567	10,738	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

Non-derivative financial liabilities:

December 31, 2022	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	890,735	109,513	52,135
Other payables	372,968	22,239	57,880
Lease liabilities	3,916	7,833	-
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 Company does not expect the cash flows included in the maturity analysis to occur significantly earlier or significant differences in actual amounts.

(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: Quoted prices (unadjusted) 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: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.

Level 3: Inputs that are unobservable for the asset or liability.

2. For fair value information of investment property measured at cost, please refer to Note 6 (6).
3. As of December 31, 2023 and 2022, the Company did not hold financial and non-financial instruments measured at fair value.
4. 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.

XIII. Matters disclosed in notes

(I) Related information on material transactions

1. Loans of funds to others: None.
2. Endorsement and guarantees for others: None.
3. Marketable securities held at the end of the period (excluding investment in subsidiaries, associates and joint ventures): Please refer to Table 1.
4. Accumulated purchase or sale of the same marketable securities amounting to at least NT$300 million or more than 20% of the paid-in capital: None.
5. Acquisition of real estate properties at prices of at least NT$300 million or 20% of paid-in capital: Please refer to Table 2.
6. Disposal of real estate 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 amounting to at least NT$100 million or exceeding 20% of paid-in capital: Please refer to Table 4.
8. Receivables from related parties amounting to at least NT$100 million or exceeding 20% of paid-in capital: Please refer to Table 5.
9. Engaged in derivatives transaction: None.
10. Parent-subsidiary and subsidiary-subsidiary business relations and significant transactions and amounts thereof: Please refer to Table 6.

(II) Related Information on Reinvestment

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. Basic information: Please refer to Table 8.
2. Significant transactions occurring directly or indirectly through enterprises in third regions and investee companies in mainland China: None.

(IV) Information on major shareholders

List of shareholders holding 5% or more of the shares of the listed (OTC) companies, including number of shares held, amounts, and shareholding percentage: Please refer to Table 9 for details.

XIV. Information on Operating Segment

Not applicable.

Huaku Development Co., Ltd.
Schedule of Inventories
December 31, 2023

Unit: NT$ thousands

Item	Amount: Cost	Amount: Market price (Note)	Note
Buildings and land held for sale	$ 743,978	$ 1,219,900	
Construction in progress			
Asia One (formerly Nangang Yucheng Project)	$ 5,223,100	$ 5,223,100	
Huaku Upper Mansion (formerly Taichung Jingmao Road Project)	3,768,312	3,768,312	
Fortune One (formerly Tiding Boulevard Project)	3,232,026	3,232,026	
Casa Blanca (formerly Wenlin North Road Phase 2 Project)	2,749,263	2,749,263	
Central Landmark (formerly Zhonghe Factory Office)	2,497,755	2,497,755	
Moon Light (formerly Zhonghe Residential Project)	1,839,426	1,839,426	
Greenside Mansion (formerly Wenlin North Road Project)	1,676,118	1,676,118	
Sky Tower (formerly Zhuangtian Road, Taishan Project)	1,443,852	1,443,852	
Da’an Tower	1,177,534	1,177,534	
	23,607,386	23,607,386	
Land held for construction			
Zhengda Beitou Project	2,987,690	2,987,690	
Guangpu Hsinchu Project, Second Phase	2,094,173	2,094,173	
Taichung Jingmao Fifth Road Project	1,336,469	1,336,469	
Taichung Fengle Road Project	1,055,967	1,055,967	
Xinyi Guangfu Project	913,238	913,238	
Zhengda Xindian Project	664,822	664,822	
Fuxing South Road Urban Renewal Project	241,061	241,061	
Dunnan Project	198,834	198,834	
Others	301,899	301,899	
	9,794,153	9,794,153	
Advances for land and others			
No. 57, Renyi Street Project	1,253,682	1,253,682	
No. 89, Renyi Street Project	820,086	820,086	
Volume and other	20,264	20,264	
	$ 36,239,549	$ 37,771,438	

Note: Due to the industry characteristics of a construction company, the market prices of the construction in progress and the land held for construction are listed at the lower of the cost and net realizable value.

Huaku Development Co., Ltd.
Schedule of Changes in Construction in Progress
January 1 to December 31, 2023

Unit: NT$ thousands

Project name	Beginning balance	Additions in the period: Investment cost	Additions in the period: Capitalized interest	Number of transfers in the period: Transferred from land held for construction	Number of transfers in the period: Project completed and transferred out	Ending balance	Note
Asia One (formerly Nangang Yucheng)	$ -	$ 339,263	$ 35,131	$ 4,848,706	$ -	$ 5,223,100	Provided as security for the borrowing
Huaku Upper Mansion (formerly Taichung Jingmao Road Project)	-	52,173	25,910	3,690,229	-	3,768,312	〃
Fortune One (formerly Tiding Boulevard Project)	-	122,781	21,392	3,087,853	-	3,232,026	〃
Casa Blanca (formerly Wenlin North Road Phase 2 Project)	2,568,348	164,924	15,991	-	-	2,749,263	〃
Central Landmark (formerly Zhonghe Factory Office)	1,807,637	677,680	12,438	-	-	2,497,755	〃
Moon Light (formerly Zhonghe Residential Project)	1,614,792	215,808	8,826	-	-	1,839,426	〃
Greenside Mansion (formerly Wenlin North Road)	1,356,522	312,407	7,189	-	-	1,676,118	〃
Sky Tower (formerly Zhuangtian Road, Taishan Project)	1,288,880	146,678	8,294	-	-	1,443,852	〃
Da'an Tower	737,393	438,556	1,585	-	-	1,177,534	〃
Huaku National Landmark (formerly Xinzhuang Factory & Office Building)	4,066,904	593,070	1,314	-	(4,661,288)	-	
Huaku Moon River	2,325,551	508,078	7,491	-	(2,841,120)	-	
Huaku Trade and Finance Center (Phase 2 of the Innovation Fortune)	2,249,468	853,622	8,878	-	(3,111,968)	-	
	$ 18,015,495	$ 4,425,040	$ 154,439	$ 11,626,788	($ 10,614,376)	$ 23,607,386	

Huaku Development Co., Ltd.
Statement of Changes in Investments Using the Equity Method
January 1 to December 31, 2023

Unit: NT$ thousands

	Beginning balance		Increase		Decrease		Other	Ending balance			Equity		Provision of	
Name	Shares	Amount	Shares	Amount	Shares	Amount	adjustments (Note 2)	Shares	Shareholding percentage	Amount	Unit price (NT$)	Total	guarantee or pledge	Note
Chengdu Wancheng Duobao Properties Ltd.	-	$ 66,887	-	$ 287	-	$ -	($ 18,542)	-	80%	$ 48,632	$ -	$ 48,632	None	
Chengdu Huaku Real Estate Co., Ltd.	-	340,555	-	-	-	(39,584)	(275,650)	-	80%	25,321	-	25,321	〃	
Pinhsing Construction Co., Ltd.	35,000,000	398,732	-	66,036	-	-	11,939	35,000,000	100%	476,707	17.65	617,630	〃	Note 1
Taiwan Digit Automated Control Co., Ltd.	800,000	24,803	-	12,815	-	-	(5,600)	800,000	40%	32,018	40.02	32,018	〃	
Huapu Construction Co., Ltd.	500,000	5,065	-	335	-	-	-	500,000	50%	5,400	10.80	5,400	〃	
		$ 836,042		$ 79,473		($ 39,584)	($287,853)			$ 588,078		$ 729,001		

Note1: The difference between net equity and the balance of long-term equity investments is primarily due to unrealized internal gains generated from offsetting counterflow transactions and adjustment of transactions of the Company's stock held by that company.

Note2: Other adjustments include exchange differences from the translation of financial statements of foreign operations, recording cash dividends received from subsidiaries as capital reserves, differences in equity attributable to cash capital increases not recognized by subsidiaries according to their shareholding proportion, distribution of cash dividends by subsidiaries, capital reduction and return of the share capital from the subsidiaries, and recognition of actuarial gains and losses on pensions of subsidiaries.

Huaku Development Co., Ltd.
Schedule of Operating Revenue
January 1 to December 31, 2023

Unit: NT$ thousands

Item	Abstract	Amount
Revenue from sales of buildings and land		
Revenue from sales of land		$ 9,296,044
Revenue from sales of buildings		6,344,406
Sale returns and allowances		-
		15,640,450
Rental income		21,026
		$ 15,661,476

Huaku Development Co., Ltd.
Schedule of Operating Cost
January 1 to December 31, 2023

Unit: NT$ thousands

Item	Amount: Sub-total	Amount: Total
Beginning inventory		
Buildings and land held for sale	$ 710,821	
Construction in progress	18,015,495	
Land held for construction	13,933,078	
Prepayment for land and building capacity	812,621	$ 33,472,015
Add: Purchases		12,824,012
Costs of construction in progress during the period		369,595
Rental costs		4,100
Capitalization of interest		190,351
Less: Ending inventory		
Buildings and land held for sale	(743,978)	
Construction in progress	(23,607,386)	
Land held for construction	(9,794,153)	
Prepayment for land and building capacity	(2,107,339)	(36,252,856)
Add: Allowance for valuation loss rebounded		(21,292)
Operating costs		$ 10,585,925

Huaku Development Co., Ltd.
Schedule of Operating Expenses
January 1 to December 31, 2023

Unit: NT$ thousands

Item	Amount	Note
Marketing expenses		
Wages and salaries expenses	$ 1,033	
Advertising expenses	73,695	
Commission expenses	174,389	
Other expenses	7,466	
	256,583	
Administrative expenses		
Wages and salaries expenses	344,421	
Depreciation expenses	15,660	
Donations expenses	41	
Taxation	47,551	
Warranty repair expenses	9,915	
Insurance expenses	13,062	
Other expenses	70,957	
	501,607	
Total	$ 758,190	

Huaku Development Co., Ltd.
Schedule of Non-operating Income and Expenses
January 1 to December 31, 2023

Unit: NT$ thousands

Item	Amount	Note
Shares of profit (loss) of subsidiaries, associates, and joint ventures accounted for using the equity method	$ 39,889	
Interest income	82,959	
Other income - others	17,732	
Financial cost	(138,626)	
Other gains and losses	(9,495)	
	($ 7,541)	

Huaku Development Co., Ltd.
Summary by Function of Employee Benefits, Depreciation, Depletion and Amortization Expenses Incurred During the Period
January 1 to December 31, 2023

Unit: NT$ thousands

	2023			2022		
	Attributable to operating costs	Attributable to operating expenses	Total	Attributable to operating costs	Attributable to operating expenses	Total
Employee benefit expenses						
Wages and salaries expenses	$ -	$ 278,986	$ 278,986	$ -	$ 227,216	$ 227,216
Labor and health insurance expenses	-	10,976	10,976	-	11,334	11,334
Pension expenses	-	3,945	3,945	-	3,851	3,851
Directors' remuneration	-	62,523	62,523	-	50,052	50,052
Other employee benefit expenses	-	13,928	13,928	-	13,304	13,304
	$ -	$ 370,358	$ 370,358	$ -	$ 305,757	$ 305,757
Depreciation expenses	$ 4,100	$ 15,660	$ 19,760	$ 4,100	$ 13,089	$ 17,189
Depletion expenses	$ -	$ -	$ -	$ -	$ -	$ -
Amortization expenses	$ -	$ 2,254	$ 2,254	$ -	$ 1,796	$ 1,796

1. The numbers of employees of the Company for the years ended December 31, 2023, and 2022 were 83 and 88, respectively. Among which the numbers of directors who were not part-time employees were both 7.
2. The Company has disclosed the following information according to the above table:
   (1) The Company's average employee benefit expenses for 2023 and 2022 were $4,050 and $3,157, respectively. $3,157。
   (2) The Company's average employee salary expenses for 2023 and 2022 were $3,671 and $2,805, respectively. $2,805。
   (3) The average adjustment of employee salary expenses was 31%.
   (4) The Company's remunerations for supervisors for 2023 and 2022 were both $0. (Note)
   (5) The Company's remuneration policies are as follows:
      a. Pursuant to Article 29-1 of the Articles of Incorporation, the Company shall allocate 3%-5% of the annual profit, if any, as employee compensation, and a maximum of 2% shall be allocated as the directors' remuneration. However, in case the Company still has accumulated deficits, the amount of accumulated deficits should be deducted from such earnings before the balance is calculated for distribution.
      b. The directors' remuneration is allocated by the Company's directors in accordance with the Articles of Incorporation and with reference to the price index, industry market price, operating results, and financial position, and is approved by the shareholders' meeting on the allocation of directors' remuneration from annual earnings.
      c. The amount of remuneration paid to the managers of the Company was reviewed by the Compensation Committee and then submitted to the Board of Directors for approval based on the managers' duties, contributions, annual operating performance of the Company, and consideration of future risks of the Company.
      d. The remuneration package of the Company's employees includes monthly salary, bonuses, and employee compensation. The standards for employees' salary are determined based on their current positions, educational and professional experience, professional knowledge, and market value. Employees' bonuses and compensation are determined in accordance with the total amount allocated by the Articles of Incorporation, the Company's annual operating performance, professional contribution, and performance appraisal results.

Note: The Company has established the Audit Committee; therefore, there is no remuneration for supervisors.

Huaku Development Co., Ltd.
Marketable securities held at the end of the period (excluding investments in subsidiaries, associates and joint ventures)
December 31, 2023

Table 1

Unit: NT$ thousands
(Unless specified otherwise)

Company held	Type and name of marketable securities	Relationship with the securities issuer (Note 1)	Financial statement account	End of the period: Shares	End of the period: Carrying amount (Note 2)	End of the period: Shareholding percentage	End of the period: Fair value	Note
Pinhsing Construction Co., Ltd.	Huaku Development Co., Ltd.	Parent company	Financial assets at fair value through profit or loss - current	174,354	$ 1,388	0.06	$ 16,790	Note 3
			Valuation adjustment		15,402			
					$ 16,790			
Chengdu Wancheng Duobao Properties Ltd.	Financial products	None	Financial assets at fair value through profit or loss - current	-	$ 13,133	-	$ 13,133	
Chengdu Huaku Real Estate Co., Ltd.	Financial products	None	Financial assets at fair value through profit or loss - current	-	19,138	-	19,138	
					$ 32,271		$ 32,271	

Note1: If the securities issuer is not a related party, the field may be left blank.

Note2: 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.

Note3: Listed as treasury stock.

Huaku Development Co., Ltd.
Acquisition of real estate amounting to at least NT$300 million or more than 20% of the paid-in capital
January 1 to December 31, 2023

Table 2

Unit: NT$ thousands
(Unless specified otherwise)

Acquisition of real estate by a company	Name of property	Date of occurrence	Transaction amount	Payment status	Counterparty	Relationship	The previous transfer information of the counterparty if the counterparty is a related party: Owner	Relationship with the issuer	Transfer date	Amount	Reference for price determination	Purpose and utilization status of acquisition	Other agreement terms
Huaku Development Co., Ltd.	Inventory - land (FORTUNE ONE Project, formerly Tiding Boulevard Project)	2022.06.24	$ 881,600	$ 881,600 (Note 1)	6 items from Mr. A	None	N/A	N/A	N/A	N/A	Cushman & Wakefield and DTZ Real Estate Appraisers Firm's appraisal amount for the project is $902,207.	Construction land	N/A
Huaku Development Co., Ltd.	Inventory - land (Zhengda 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 and DTZ 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.	Inventory - land (Huaku Ding Hui Project, 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.	Inventory - land (Taichung Fengle Road Project)	2023.06.02	1,044,180	1,044,180	Lin Lung-Chi, corporation in the ancestor worship related business, Taichung City	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.	Inventory - land (Taichung Jingmao Fifth Road Project)	2023.09.04	1,322,366	1,322,366	Pu Li Si Bo Investments Ltd. and Mr. 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 Appraisal Firm's appraisal amount for the project is $1,330,459.	Construction land	N/A
Huaku Development Co., Ltd.	Inventory - land (No. 57, Renyi Street Project)	2023.10.03	1,252,706	1,252,706	22 items from Mr. C	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.	Inventory - land (No. 89, Renyi Street Project)	2023.10.03	819,469	819,469	26 items from Mr. D	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

Note1: The Company has already made a payment of $440,800 in accordance with the agreement in 2022. During this period, a payment of $440,800 has been made, and the full amount has been paid in full.
Note2: The Company has already made a payment of $705,000 in accordance with the agreement in 2022. During this period, a payment of $1,974,000 has been made, and the remaining $141,000 was expected to be paid in full in 2024.

Huaku Development Co., Ltd.
Disposal of real estate amounting to at least NT$300 million or more than 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 or date of occurrence of the event	Original acquisition date	Carrying amount	Transaction amount	Price collection status (collected in accordance with the contract)	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 to the sale of inventory	N/A	$ 792,210 (Note 1)	$ 792,210	N/A	2 items from Mr. A	None	For gaining profits	Yu Fong Real Estate Appraisers Firm's appraisal amount for Building B premises without parking space is $3,387,600. (Note 2)	N/A
Huaku Development Co., Ltd.	Inventory - premises under construction	N/A	Not applicable to the sale of inventory	N/A	771,120 (Note 3)	771,120	N/A	2 items from Mr. B	None	For gaining profits	Zhan-Mao Real Estate Appraisers Firm's appraisal amount for Building A premises without parking space is $3,584,224. (Note 2)	N/A
Huaku Development Co., Ltd.	Inventory - premises under construction	N/A	Not applicable to the sale of inventory	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 premises is $661,563.	N/A
Huaku Development Co., Ltd.	Inventory - premises for sale	N/A	Not applicable to the sale of inventory	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 project is $665,223.	For details, please refer to Note 6(3)5.
Huaku Development Co., Ltd.	Inventory - premises for sale	N/A	Not applicable to the sale of inventory	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 premises is $674,466.	N/A
Huaku Development Co., Ltd.	Inventory - premises under construction	N/A	Not applicable to the sale of inventory	N/A	4,590,000 (Note 5)	4,590,000	N/A	Bao Yuan Development Co., Ltd.	None	For gaining profits	Savills Real Estate Appraisers Firm's appraisal amount for the premises is $4,547,562. Zhan-Mao Real Estate Appraisers Firm's appraisal amount for the premises is $4,520,906.	N/A
Huaku Development Co., Ltd.	Inventory - premises under construction	N/A	Not applicable to the sale of inventory	N/A	390,000	54,200	N/A	Mr. C	None	For gaining profits	Zhan-Mao Real Estate Appraisers Firm's appraisal amount for the project is $4,322,012.	N/A
Huaku Development Co., Ltd.	Inventory - premises under construction	N/A	Not applicable to the sale of inventory	N/A	485,000	67,400	N/A	Mr. D	None	For gaining profits	Zhan-Mao Real Estate Appraisers Firm's appraisal amount for the project is $4,322,012.	N/A
Huaku Development Co., Ltd.	Inventory - premises under construction	N/A	Not applicable to the sale of inventory	N/A	498,000	69,190	N/A	Mr. E	None	For gaining profits	Zhan-Mao Real Estate Appraisers Firm's appraisal amount for the project is $4,322,012.	N/A
Huaku Development Co., Ltd.	Inventory - premises under construction	N/A	Not applicable to the sale of inventory	N/A	373,890	56,090	N/A	Mr. F	None	For gaining profits	Zhan-Mao Real Estate Appraisers Firm's appraisal amount for the project is $4,322,012.	N/A

Note1: In 2022, the Company has already collected $174,260 in accordance with the contract, and collected $617,950 in the current period.
Note2: The underground parking spaces in Building A and Building B in this project are shared, and the appraisal amount for the parking spaces is $823,600.
Note3: In 2022, the Company has already collected $187,150 in accordance with the contract, and collected $583,970 in the current period.
Note4: In 2022, the Company has already collected $164,040 in accordance with the contract, and collected $491,960 in the current period.
Note5: In 2022, the Company has already collected $460,000 in accordance with the contract, and collected $4,130,000 in the current period.

Huaku Development Co., Ltd.
Purchases or sales of goods from or to related parties amounting to at least NT$100 million or 20% of the 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)		
Supplier (Buyer)	Counterparty	Relationship	Purchase (Sale)	Amount	Ratio to the total purchase (sale) amount	Credit period	Unit price	Credit period	Balance	Ratio to the total notes and accounts receivable (payable)	Note
Huaku Development Co., Ltd.	Pinhsing Construction Co., Ltd.	Subsidiaries	Purchase	$3,205,627	24	Within 120 days	Contract-based pricing	Typically, suppliers are paid within one month or 45 days	($1,153,335)	65	
Pinhsing Construction Co., Ltd.	Huaku Development Co., Ltd.	Parent company	Sales	(3,205,627)	100	Within 120 days	Contract-based pricing	Typically, customers are provided with a 30-day monthly credit term	1,153,335	100	

Huaku Development Co., Ltd.
Receivables from related parties amounting to at least NT$100 million or 20% of the paid-in capital
January 1 to December 31, 2023

Table 5

Unit: NT$ thousands
(Unless specified otherwise)

Companies with receivables	Counterparty	Relationship	Balance of receivable from related parties	Turnover rate	Overdue from receivables from related parties		Amount collected after the period for receivable from related parties	Allowance for doubtful accounts
					Amount	Action taken		
Pinhsing 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.

Business relationships, significant transactions and amounts between the parent company, subsidiaries, and among subsidiaries

January 1 to December 31, 2023

Table 6

Unit: NT$ thousands

(Unless specified otherwise)

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

Note: The information of intercompany transactions between the parent company and subsidiaries should be indicated in the number column separately, and the number should be filled in as follows:

(1) 0 for the parent company.

(2) Subsidiaries should be numbered based on the company’s classification, beginning with the Arabic numeral 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	Investee Company	Location	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 Last Period	Shares	Ratio	Carrying amount			
Huaku Development Co., Ltd.	Pinhsing 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	Subsidiaries
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	Investee companies accounted for using the equity method
Huaku Development Co., Ltd.	Huapu Construction Co., Ltd.	Taiwan	Lease, sell and development of residential and commercial buildings	5,000	5,000	500,000	50	5,400	670	335	Investee companies accounted for using the equity method
Pinhsing Construction Co., Ltd.	Full-Come Foundation Engineering Co., Ltd.	Taiwan	Foundation engineering specialized construction enterprises	25,925	16,000	2,245,069	38.05	28,611	9,802	3,511	A subsidiary; an investee company accounted for using the equity method

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

Table 8

Unit: NT$ thousands
(Unless specified otherwise)

Investee company in Mainland China	Main businesses	Paid-in Capital	Investment Method	Accumulated Investment Amount of Remittance from Taiwan - Beginning of the Current Period	Remitted or Recovered Investment Amount of the Current Period		Accumulated Investment Amount of Remittance from Taiwan - End of the Current Period	Current profit or loss of the investee company	The Company's 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
					Remitted	Recovered							
Chengdu Huaku Real Estate Co., Ltd.	Real estate development	$ 21,635	Note1.	$294,302	$ -	$247,664	$ 46,638	($ 49,480)	80	($ 39,584)	$ 25,321	$ 73,410	Note3:
Chengdu Wancheng Duobao Properties Ltd.	Real estate development	2,164	Note1.	-	-	-	-	358	80	287	48,632	340,437	Note4:

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

Note1: Direct investment in a Mainland China company.

Note2: Based on the valuation and disclosure of the company's financial statements audited by a CPA in the same period.

Note3: 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 Chengdu Investment Promotion Commission, 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.

Note4: 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 Group'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

Major Shareholders' Name	Shares (Note)	
	Number of Shares Held	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).