Stock Code: 5533

Founding Construction Development Corp. and Subsidiaries

Consolidated Financial Statements and Independent Auditors' Report

For the Years Ended December 31, 2022 and 2021

Address: 3F., No. 294, Sec. 1, Dunhua S. Rd., Da’an Dist., Taipei City, Taiwan (R.O.C.)
Tel. (02) 2703-0211

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

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DECLARATION OF CONSOLIDATED FINANCIAL STATEMENTS OF AFFILIATES

The companies that are required to be included in the consolidated financial statements of affiliates as of and for the year ended December 31, 2022, under the Criteria Governing the Preparation of Affiliation Reports, Consolidated Business Reports and Consolidated Financial Statements of Affiliated Enterprises are the same as those included in the consolidated financial statements of parent company and its subsidiary prepared in conformity with the International Financial Reporting Standard 10, “Consolidated Financial Statements.” In addition, the information required to be disclosed in the consolidated financial statements of affiliates is included in the consolidated financial statements of the parent company and its subsidiary. Consequently, we do not prepare a separate set of consolidated financial statements of affiliates.

Very truly yours,

Company Name: Founding Construction Development Corp.

Responsible person: Liu Hsin-Hsiung

March 9, 2023

Deloitte.

勤業眾信
勤業眾信聯合會計師事務所
11073 台北市信義區松仁路100號20樓

Deloitte & Touche
20F, Taipei Nan Shan Plaza
No. 100, Songren Rd.,
Xinyi Dist., Taipei 11073, Taiwan

Tel :+886 (2) 2725-9988
Fax:+886 (2) 4051-6888
www.deloitte.com.tw

Independent Auditors' Report

To：Founding Construction Development Corp.

Audit Opinion

We have audited the accompanying consolidated financial statements of Founding Construction Development Corp. and its subsidiaries (the “Founding Group”), which comprise the consolidated balance sheets as of December 31, 2022 and 2021, and the consolidated statements of comprehensive income, changes in equity and cash flows for the years then ended, and the notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the aforementioned consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Founding Group as of December 31, 2022 and 2021, and its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and the International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), IFRIC Interpretations (IFRIC), and SIC Interpretations (SIC) endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China.

Basis for Opinion

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

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the Founding Group's consolidated financial statements for the year ended December 31, 2022. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matters for the Founding Group's consolidated financial statements for the year ended December 31, 2022 are stated as follows:

Key Audit Matters I: Inventory Valuation

Inventories of the Founding Group represented 41% of the consolidated total assets as of December 31, 2022. The inventories are buildings and land held for sale and construction in progress. Because the situations of the domestic real estate supply, natural disasters, government policies, and economic conditions significantly impact the values of properties, the assessment of the properties inevitably contains uncertainty, and so the risk of individual assets being improperly evaluated exists. Therefore, inventories have been deemed as one of the key audit matters for the year. Please refer to Note 4(6) of the financial statements for relevant information on the inventories.

The main audit procedures performed on the specific levels in respect of the above-mentioned key audit matter for the audit of the year are as follows:

We obtain information on the evaluation of the market value of the Founding Group's inventories, test and review samples of the sales contracts, obtain information adopted for the market value of the Founding Group's inventories, and obtain transaction quotes from the neighboring regions with reference to the price registration of the real estate to evaluate the signs of inventory impairment.

Key Audit Matters II: Recognition of Income from Sales of Real Estate

The sales of real estate are recognized after the construction projects were actually completed and handed over, and the registration of property right was finished. Please refer to Note 4 (14) of the financial statements for relevant information on whether sales revenue recognition is material to the consolidated financial statements for the year and sales revenues.

The main audit procedures performed on the specific levels in respect of the above-mentioned key audit matter for the audit of the year are as follows:

1. We evaluate the designs of the relevant operating procedures for sales revenue recognition and the appropriateness of execution. We also select samples to test the situation of effectively ongoing operations during the year of its significant control operations.

2. For the details of the recognized real estate sales revenue for the year, we select samples and examine their corresponding evidences of the real estate handover and the registration of property right to verify the appropriateness of the classification under real estate sales revenue.

Others

We have also audited the parent company only financial statements of Founding Construction Development Corp. as of and for the years ended December 31, 2022 and 2021 on which we have issued an unqualified opinion for your reference.

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

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

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

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

Auditors’ Responsibilities for the Audit of the Consolidated Financial Statements

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

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

1. Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion.

The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

2. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Founding Group’s internal control.

3. Evaluate the appropriateness of accounting policies adopted and the reasonableness of accounting estimates and related disclosures made by management.

4. Conclude on the appropriateness of management’s use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Founding Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors’ report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Founding Group to cease to continue as a going concern.

5. Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

6. Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Founding Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our opinion to the Founding Group.

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

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

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

Deloitte & Touche

CPA	CPA
LU I-CHEN	HSIEH MING-CHUNG
Financial Supervisory Commission Approval Document Ref. No. FSC Sheng-Zi 1080321204	Financial Supervisory Commission Approval Document Ref. No. FSC Sheng-Zi 1000028068

March 9, 2023

Founding Construction Development Corp. and Subsidiaries

Consolidated Balance Sheets
December 31, 2022 and 2021
Unit: NT$ thousands

Code	ASSETS	December 31, 2022 Amount	%	December 31, 2021 Amount	%
	CURRENT ASSETS				
1100	Cash and cash equivalents (Note 6)	$ 2,992,800	24	$ 1,011,814	8
1110	Financial assets at fair value through profit or loss - current (Notes 7 and 31)	86,895	1	66,882	-
1150	Notes receivable (Notes 9 and 25)	5,949	-	16,560	-
1170	Accounts receivable (Notes 9 and 25)	35,026	-	11,463	-
1197	Finance lease receivables, net - current	4,989	-	4,915	-
130X	Inventories (Notes 10 and 33)	5,198,694	41	7,219,768	55
1410	Prepayments (Note 13)	27,757	-	33,585	-
1460	Non-current assets held for sale (Notes 11 and 33)	-	-	339,932	3
1476	Other financial assets - current (Notes 14 and 33)	181,583	1	206,888	2
1479	Other current assets (Note 13)	5,220	-	7,525	-
11XX	Total current assets	8,538,913	67	8,919,332	68
	NON-CURRENT ASSETS				
1517	Financial assets at fair value through other comprehensive income - non-current (Notes 8 and 31)	4,104	-	4,104	-
1600	Property, plant and equipment (Notes 15 and 33)	2,243,853	18	2,365,881	18
1755	Right-of-use assets (Note 16)	40,254	1	12,319	-
1760	Investment properties, net (Notes 17 and 33)	1,801,897	14	1,773,852	14
1801	Computer software, net	971	-	825	-
1840	Deferred tax assets (Note 27)	11,997	-	10,452	-
194D	Long-term finance lease receivables, net	10,636	-	15,625	-
1920	Refundable deposits	4,239	-	4,926	-
1975	Net defined benefit assets (Note 22)	1,008	-	-	-
15XX	Total non-current assets	4,118,959	33	4,187,984	32
1XXX	Total assets	$ 12,657,872	100	$ 13,107,316	100

Code	LIABILITIES AND EQUITY	December 31, 2022 Amount	%	December 31, 2021 Amount	%
	CURRENT LIABILITIES				
2100	Short-term borrowings (Notes 18 and 33)	$ 1,168,000	9	$ 2,297,230	18
2130	Contract liabilities (Note 25)	610,419	5	354,979	3
2150	Notes payable (Note 19)	22,942	-	7,522	-
2170	Accounts payable (Note 19)	143,174	1	137,289	1
2219	Other payables (Note 20)	77,394	1	103,005	1
2230	Current tax liabilities (Note 27)	106,528	1	36,042	-
2250	Provisions - current (Note 21)	2,977	-	2,977	-
2280	Lease liabilities - current (Note 16)	24,212	-	9,985	-
2320	Current portion of long-term borrowings (Notes 18 and 33)	123,126	1	144,996	1
2399	Other current liabilities	22,834	-	18,898	-
21XX	Total current liabilities	2,301,606	18	3,112,923	24
	NON-CURRENT LIABILITIES				
2540	Long-term borrowings (Notes 18 and 33)	1,215,369	10	1,622,090	12
2570	Deferred tax liabilities (Note 27)	1,494	-	-	-
2580	Lease liabilities - non-current (Note 16)	68,530	-	27,419	-
2640	Net defined benefit liabilities - non-current (Note 22)	3,678	-	11,081	-
2645	Guarantee deposits	7,997	-	7,416	-
25XX	Total non-current liabilities	1,297,068	10	1,668,006	12
2XXX	Total liabilities	3,598,674	28	4,780,929	36
	EQUITY ATTRIBUTABLE TO OWNERS OF THE COMPANY (Note 24)				
	Capital stock				
3110	Ordinary shares	2,852,450	23	2,852,450	22
	Capital surplus				
3210	Shares premium	20,894	-	20,894	-
3220	Treasury shares transactions	236	-	236	-
3200	Total capital surplus	21,130	-	21,130	-
	Retained earnings				
3310	Legal reserve	1,079,098	9	972,814	8
3320	Special reserve	966	-	966	-
3350	Unappropriated earnings	5,105,554	40	4,479,027	34
3300	Total retained earnings	6,185,618	49	5,452,807	42
31XX	Total equity attributable to owners of the company	9,059,198	72	8,326,387	64
3XXX	Total equity	9,059,198	72	8,326,387	64
	Total liabilities and equity	$ 12,657,872	100	$ 13,107,316	100

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

Chairman: Liu Hsin-Hsiung Manager: Liu Hua-Hsing Accounting Officer: Cheng Yen-Fen

Founding Construction Development Corp. and Subsidiaries

Consolidated Statements of Comprehensive Income
For the years ended December 31, 2022 and 2021
Unit: NT$ thousands, except for earnings per share (in NT$)

		2022		2021	
Code		Amount	%	Amount	%
	OPERATING REVENUE (Notes 25 and 36)				
4300	Rental revenue	$ 28,003	1	$ 9,533	-
4410	Hospitality service revenue	350,226	7	280,802	8
4500	Construction revenue	4,437,419	92	3,481,805	92
4000	Total operating revenue	4,815,648	100	3,772,140	100
	OPERATING COSTS (Notes 10 and 26)				
5300	Rental costs	(9,562)	-	(6,878)	-
5410	Hospitality service cost	(267,474)	(6)	(284,506)	(7)
5500	Construction costs	(3,240,850)	(67)	(2,399,985)	(64)
5000	Total operating costs	(3,517,886)	(73)	(2,691,369)	(71)
5900	Gross Profit	1,297,762	27	1,080,771	29
6000	OPERATING EXPENSES (Note 26)	(264,948)	(6)	(286,715)	(8)
6900	Net Operating Income	1,032,814	21	794,056	21
	NON-OPERATING INCOME AND EXPENSES (Note 26)				
7100	Interest income	4,379	-	238	-
7010	Other income	17,803	-	17,329	-
7020	Other gains and losses	214,220	5	346,838	9
7050	Finance costs	(3,973)	-	(11,222)	-
7000	Total non-operating income and expenses	232,429	5	353,183	9
7900	Net income before tax	1,265,243	26	1,147,239	30
7950	Income tax expense (Note 27)	(250,545)	(5)	(85,304)	(2)
8200	NET INCOME FOR THE YEAR	1,014,698	21	1,061,935	28

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Code		2022 Amount	2022 %	2021 Amount	2021 %
	OTHER COMPREHENSIVE INCOME (LOSS) (Notes 22 and 27)				
8310	Items that will not be reclassified subsequently to profit or loss				
8311	Remeasurement of defined benefit plans	$ 4,196	-	$ 1,135	-
8349	Income tax relating to items that will not be reclassified subsequently to profit or loss	(839)	-	(227)	-
8300	Other comprehensive income for the year, net of income tax	3,357	-	908	-
8500	TOTAL COMPREHENSIVE INCOME FOR THE YEAR	$ 1,018,055	21	$ 1,062,843	28
	EARNINGS PER SHARE (Note 28)				
	From continuing operations				
9710	Basic	$ 3.56		$ 3.72	
9810	Diluted	$ 3.55		$ 3.72	

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

Chairman: Liu Hsin-Hsiung　　Manager: Liu Hua-Hsing　　Accounting Officer: Cheng Yen-Fen

Founding Construction Development Corp. and Subsidiaries

Consolidated Statements of Changes in Equity
For the years ended December 31, 2022 and 2021
Unit: NT$ thousands

		EQUITY ATTRIBUTABLE TO OWNERS OF THE COMPANY							
		Capital stock		Capital surplus		Retained earnings			
Code		Shares (In Thousands)	Ordinary shares	Shares premium	Treasury shares transactions	Legal reserve	Special reserve	Unappropriated earnings	Total equity
A1	Balance as of January 1, 2021	285,245	$ 2,852,450	$ 20,894	$ 236	$ 948,358	$ 966	$ 3,615,435	$ 7,438,339
	Appropriation and distribution of retained earnings for 2020								
B1	Legal reserve	-	-	-	-	24,456	-	(24,456)	-
B5	Cash dividends to shareholders	-	-	-	-	-	-	(171,147)	(171,147)
Q1	Disposal of investments in equity instruments at FVTOCI	-	-	-	-	-	-	(3,648)	(3,648)
D1	Net income for 2021	-	-	-	-	-	-	1,061,935	1,061,935
D3	After-tax other comprehensive income for 2021	-	-	-	-	-	-	908	908
D5	Total comprehensive income in 2021	-	-	-	-	-	-	1,062,843	1,062,843
Z1	Balance as of December 31, 2021	285,245	2,852,450	20,894	236	972,814	966	4,479,027	8,326,387
	Appropriation and distribution of retained earnings for 2021								
B1	Legal reserve	-	-	-	-	106,284	-	(106,284)	-
B5	Cash dividends to shareholders	-	-	-	-	-	-	(285,244)	(285,244)
D1	Net income for 2022	-	-	-	-	-	-	1,014,698	1,014,698
D3	After-tax other comprehensive income for 2022	-	-	-	-	-	-	3,357	3,357
D5	Total comprehensive income in 2022	-	-	-	-	-	-	1,018,055	1,018,055
Z1	Balance as of December 31, 2022	285,245	$ 2,852,450	$ 20,894	$ 236	$ 1,079,098	$ 966	$ 5,105,554	$ 9,059,198

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

Chairman: Liu Hsin-Hsiung | Manager: Liu Hua-Hsing | Accounting Officer: Cheng Yen-Fen

Founding Construction Development Corp. and Subsidiaries

Consolidated Statements of Cash Flows
For the years ended December 31, 2022 and 2021
Unit: NT$ thousands

Code		2022	2021
	CASH FLOWS FROM OPERATING ACTIVITIES		
A10000	Net income before tax for the year	$ 1,265,243	$ 1,147,239
A20010	Adjustments for:		
A20100	Depreciation expenses	67,647	90,599
A20200	Amortization expenses	354	438
A20400	Loss on fair value changes of financial assets and liabilities at fair value through profit or loss	34,001	3,439
A20900	Finance costs	3,973	11,222
A21200	Interest income	(4,379)	(238)
A21300	Dividend income	(10,057)	(2,470)
A22500	Gain on disposal of property, plant and equipment	(778)	(352,212)
A23700	Loss on write-downs of inventories	-	3,773
A29900	Gain on lease modification	(158)	-
A29900	Transfer of rights and benefits by sale and lease back	(247,794)	-
A29900	Loss on sublease of right-of-use assets	-	4,334
A30000	Changes in operating assets and liabilities		
A31130	Notes receivable	10,611	(16,560)
A31150	Accounts receivable	(23,563)	57,122
A31200	Inventories	2,062,604	41
A31230	Prepayments	5,828	46,432
A31240	Other current assets	2,305	(673)
A31250	Other financial assets	25,305	(85,057)
A32125	Contract liabilities	255,440	(41,930)
A32130	Notes payable	15,420	(39,184)
A32150	Accounts payable	5,885	(48,299)
A32180	Other payables	(24,933)	(6,331)
A32230	Other current liabilities	3,936	49,365
A32240	Defined benefit liability, net	(4,215)	(102)
A33000	Cash generated from operations	3,442,675	820,948
A33500	Income taxes paid	(180,949)	(53,772)
AAAA	Net cash generated from operating activities	3,261,726	767,176

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Code		2022	2021
	CASH FLOWS FROM INVESTING ACTIVITIES		
B00020	Disposal of financial assets at fair value through other comprehensive income	$ -	$ 2,280
B00030	Proceeds from capital reduction of financial assets at fair value through other comprehensive income	-	660
B00100	Acquisition of financial assets at fair value through profit or loss	(179,877)	(405,547)
B00200	Disposal of financial assets at fair value through profit or loss	125,863	337,421
B02600	Proceeds from disposal of non-current assets held for sale	620,039	-
B02700	Purchase of property, plant and equipment	(6,105)	(53,254)
B02800	Proceeds from disposal of property, plant and equipment	822	1,753,190
B03800	Decrease in refundable deposits	703	12,208
B04500	Purchase of intangible assets	(500)	(114)
B06100	Decrease in finance lease receivables	5,189	996
B07500	Interest received	4,105	201
B07600	Dividends received from others	10,057	2,470
BBBB	Net cash generated from investing activities	580,296	1,650,511
	CASH FLOWS FROM FINANCING ACTIVITIES		
C00100	Increase in short-term borrowings	126,000	930,900
C00200	Decrease in short-term borrowings	(1,255,230)	(1,262,080)
C00600	Decrease in short-term bills payable	-	(845,910)
C01600	Proceeds from long-term borrowings	21,000	300,000
C01700	Repayments of long-term borrowings	(449,591)	(860,207)
C03000	Increase in guarantee deposits received	581	5,992
C04020	Payments of lease liabilities	(13,901)	(9,944)
C04500	Dividends paid to owners of the Company	(285,244)	(171,147)
C05600	Interest paid	(4,651)	(12,646)
CCCC	Net cash used in financing activities	(1,861,036)	(1,925,042)
EEEE	INCREASE IN CASH AND CASH EQUIVALENTS FOR THE YEAR	1,980,986	492,645
E00100	CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	1,011,814	519,169
E00200	CASH AND CASH EQUIVALENTS, END OF YEAR	$ 2,992,800	$ 1,011,814

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

Chairman: Liu Hsin-Hsiung Manager: Liu Hua-Hsing Accounting Officer: Cheng Yen-Fen

(Amounts are in Thousands of New Taiwan Dollars, Unless Otherwise Specified)

1. Company History

Founding Construction Development Corp. ("Founding Co." or "the Company") was incorporated in Taipei City in April 1991, mainly engaged in appointments and management of contractors to build public housing developments and commercial buildings for leasing and selling, trading of construction materials and machines, designs and constructions of interior decoration, etc.

The Company’s shares were listed on the Taiwan Stock Exchange (TWSE) in April, 2008.

The consolidated financial statements are presented in the Company’s functional currency, the New Taiwan dollar.

2. Date and Procedures of Authorization of Financial Statements

The accompanying consolidated financial statements were approved and authorized for issue by the Board of Directors on March 9, 2023.

3. Application of New and Amended Standards and Interpretations

a. Initial application of the amendments to the International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), IFRIC Interpretations (IFRIC), and SIC Interpretations (SIC) (collectively, "IFRSs") endorsed and issued into effect by the Financial Supervisory Commission (FSC)

   The application of the amendments to the IFRSs endorsed and issued into effect by the FSC will not have a significant effect on the consolidated company's accounting policies.

b. Amendments to the IFRSs endorsed by the FSC with effective date starting 2023

New, Revised or Amended Standards and Interpretations	Effective Date Issued by IASB
Amendment to IAS 1 "Disclosure of Accounting Policies"	January 1, 2023 (Note 1)
Amendment to IAS 8 “Definition of Accounting Estimates”	January 1, 2023 (Note 2)
Amendment to IAS 12 “Deferred Tax related to Assets and Liabilities arising from a Single Transaction”	January 1, 2023 (Note 3)

Note 1. The Company shall apply this amendment prospectively for annual reporting periods beginning on or after January 1, 2023.

Note 2. This amendment is effective for annual periods beginning on or after January 1, 2023 to changes in accounting policies and changes in accounting estimates that occur on or after the beginning of that period.

Note 3. The amendment applies to transactions occurring after January 1, 2022, except for the recognition of deferred income tax on temporary differences in leases and decommissioning obligations on January 1, 2022.

1) Amendment to IAS 1 "Disclosure of Accounting Policies"

This amendment prescribes that the consolidated company shall apply the concept of materiality in making decisions about the disclosure of accounting policy information. Accounting policy information is material if, when considered together with other information included in the Company’s financial statements, it can reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements. This amendment also clarifies that:

- Accounting policy information that relates to immaterial transactions, other events or conditions is immaterial and need not be disclosed by the consolidated company.

- The consolidated company's accounting policy information may be material because of the nature of the related transactions, other events or conditions, even if the amounts are immaterial.

- Not all accounting policy information relating to material transactions, other events or conditions is itself material.

Moreover, this amendment gives examples to explain that it is likely to consider accounting policy information material to the financial statements if that information relates to material transactions, other events or conditions and the accounting policy:

a) Has changed during the reporting period by the consolidated company, and this change results in a material change on information of the financial statements;

b) Was chosen properly by the consolidated company from alternatives permitted by IFRS;

c) Was developed in accordance with IAS 8 "Accounting Policies, Changes in Accounting Estimates and Errors" in the absence of an IFRS Standard that specifically applies;

d) Relates to an area for which the disclosure the consolidated company is required to make significant judgments and assumptions; or

e) Involves complex accounting treatment, and users of the Company’s financial statements would otherwise not understand the relating transactions, other events or conditions.

2) Amendment to IAS 8 "Definition of Accounting Estimates"

This amendment defines accounting estimates as "monetary amounts in financial statements that are subject to measurement uncertainty". The accounting policy applicable to the consolidated company may require items in financial statements to be measured at monetary amounts that cannot be observed directly and must instead be estimated. Therefore, an input or a measurement technique has to be used to develop an accounting estimate to achieve this goal. The effects of a change in an input or a measurement technique used to develop an accounting estimate are changes in accounting estimates if they do not result from the correction of prior period errors.

Besides the above-mentioned impact, as of the date the accompanying consolidated financial statements were authorized for issue, the consolidated company evaluates that the amendment of the other standards or interpretations will not exert a material impact on its financial position and financial performance.

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

New, Revised or Amended Standards and Interpretations	Effective Date Issued by IASB (Note 1)
Amendments to IFRS 10 and IAS 28 "Sale or Contribution of Assets between an Investor and its Associate or Joint Venture"	To be determined
Amendment to IFRS 16 “Lease Liabilities in Sale and Lease Back”	January 1, 2024 (Note 2)
IFRS 17 "Insurance Contracts"	January 1, 2023
Amendment to IFRS 17	January 1, 2023
Amendment to IFRS 17 “Initial Application of IFRS 17 and IFRS 9-Comparison Information”	January 1, 2023
Amendment to IAS 1 "Classification of Liabilities as Current or Non-current"	January 1, 2024
Amendment to IAS 1 “Non-current Liabilities with Contractual Terms”	January 1, 2024

Note 1. Unless stated otherwise, the aforementioned New, Revised or Amended Standards and Interpretations are effective for annual periods beginning on or after their respective effective dates.

Note 2. Sellers and lessees should retrospectively apply the amendment to IFRS 16 to sale and lease back transactions entered into after the date of initial application of IFRS 16.

1) Amendment to IAS 1 “Classification of Liabilities as Current or Non-current” (2020 amendment) and “Non-current Liabilities with Contractual Terms” (2022 amendment)

The amendment clarifies whether or not a liability to be classified as non-current, the consolidated company shall assess whether it has the right at the end of the reporting period to defer settlement of the liability for at least twelve months after the reporting period. If such rights are in existence at the end of the reporting period, the liability is classified as non-current regardless of whether the consolidated company will exercise that right.

The 2020 amendment also stipulates that, if the right to defer settlement is subject to compliance with specified conditions, the consolidated company must comply with those conditions at the end of the reporting period even if the lender does not test compliance until a later date. The 2022 amendment further clarifies that only contractual terms required to be complied with prior to the end of the reporting period affect the classification of liabilities. Although the contractual terms to be complied with within 12 months after the reporting period do not affect the classification of liabilities, relevant information must be disclosed to enable users of the financial reports to be aware of the risk that the consolidated company may not be able to comply with the contractual terms and is required to make repayment within 12 months after the reporting period.

The amendment stipulates that, for the purpose of liability classification, the aforementioned settlement refers to a transfer of cash, other economic resources or the consolidated company’s own equity instruments to the counterparty those results in the extinguishment of the liability. However, if the terms of a liability that could, at the option of the counterparty, result in its settlement by a transfer of the consolidated company’s own equity instruments, and if such option is recognized separately as equity in accordance with IAS 32 "Financial Instruments: Presentation", the aforementioned terms would not affect the classification of the liability.

2) Amendment to IFRS 16 “Lease Liabilities in Sale and Lease Back”

The amendment clarifies that for sale and lease back transactions, if the transfer of assets meets the requirements of IFRS 15 "Revenue from Customer Contracts" to be treated as a sale of assets, the seller and lessee's liabilities arising from the lease back should be treated as lease liabilities in accordance with IFRS 16. However, if a variable lease payment not dependent on an index or rate is involved, the seller and lessee shall measure the liabilities in such a way that no gain or loss is recognized in relation to the retained use rights. Subsequently, the difference between the current lease payments and the actual payments included in the calculation of lease liabilities is recognized in profit or loss.

Besides the above-mentioned impact, as of the date the accompanying consolidated financial statements were authorized for issue, the consolidated company continues in evaluating the impact on its financial position and financial performance as a result of the amendment of the other standards or interpretations. The related impact will be disclosed when the Company completes the evaluation.

4. Summary of Significant Accounting Policies

a. Statement of Compliance

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

b. Basis of Preparation

The accompanying consolidated financial statements have been prepared on the historical cost basis except for financial instruments which are measured at fair value, and net defined benefit liabilities which are measured at the present value of the defined benefit obligation less the fair value of plan assets.

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

1) Level 1 inputs: They refer to quoted prices (unadjusted) in active markets for identical assets or liabilities on the measurement date.

2) Level 2 inputs: They refer to inputs other than quoted prices included within Level 1 that are observable for an asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices).

3) Level 3 inputs: They refer to unobservable inputs for the asset or liability.

c. Standards for Classification of Current and Noncurrent Assets and Liabilities

Current assets include:

1) Assets held for trading purposes,

2) Assets expected to be realized within 12 months after the balance sheet date; and

3) Cash and cash equivalents, excluding those that are restricted from being exchanged or used to settle a liability for at least 12 months after the reporting period.

Current liabilities include:

1) Obligations incurred for trading purposes,

2) Obligations expected to be settled within 12 months from the balance sheet date, and

3) Liabilities for which the Company does not have an unconditional right to defer settlement for at least 12 months after the reporting period.

Assets and liabilities that are not listed above are classified as current are classified as non-current.

The consolidated company is engaged in the construction business, which has an operating cycle of over 1 year. The normal operating cycle applies when considering the classification of the construction-related assets and liabilities.

d. Basis of Consolidation

The consolidated financial statements incorporate the financial statements of the Company and the entities controlled by the Company (subsidiaries). Operating income (loss) of subsidiaries acquired or disposed of during the period are included in the consolidated statements of other comprehensive income from the effective dates of acquisitions or up to the effective dates of disposals. Adjustments are made to the financial statements of subsidiaries to bring their accounting policies in line with those used by the consolidated company. When preparing the consolidated financial statements, all intra-group transactions, balances, income and expenses are eliminated in full upon consolidation. Total comprehensive income of subsidiaries is attributed to the owners of the Company and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

Changes in the consolidated company's ownership interests in subsidiaries that do not result in the consolidated company losing control over the subsidiaries are accounted for as equity transactions. The carrying amounts of the interests of the consolidated company and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiaries. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or collected is directly recognized in equity and attributed to the owners of the Company.

Refer to Note 12 and Table 7 for detailed information on subsidiaries, including percentages of ownership and main businesses.

e. Foreign Currency

In preparing the financial statements of each individual entity, transactions in currencies other than the entity's functional currency (i.e., foreign currencies) are recognized at the rates of exchange prevailing at the dates of the transactions.

Monetary items denominated in foreign currencies are translated at the rates prevailing on each date of balance sheets. Exchange differences on monetary items arising from settlement or translation are recognized in profit or loss in the period in which they arise.

f. Inventories

Inventories comprise properties under construction and properties held for sale. Properties under construction and properties held for sale are initially recorded at acquisition cost. Costs of properties under construction include costs of construction land of unfinished construction, construction costs and related borrowing costs. Upon completion of construction, the costs of the portion sold are then recognized as operating costs for the proportion of the selling price when revenue is recognized for the sales of real estate.

Properties held for sale is stated at the lower of cost or net realizable value. Comparing costs with net realizable value is based on individual item.

Food and beverage inventory

Inventories are raw materials. Inventory is stated at the lower of cost or net realizable value. Comparing costs with net realizable value is based on individual item. The cost of inventory is computed using the weighted average cost method.

Net realizable value represents the estimated selling price of inventories less the estimated cost of completion and the estimated cost necessary to make the sale.

g. Property, Plant and Equipment

Property, plant and equipment are recognized at cost, and then measured at cost less accumulated depreciation and accumulated impairment.

Property, plant and equipment in the course of construction are carried at cost, less any recognized impairment loss. Cost includes professional fees and borrowing costs eligible for capitalization. Such assets are classified to the appropriate categories of property, plant and equipment and subject to depreciation when completed and ready for intended use.

Except for freehold land which is not depreciated, the depreciation of property, plant and equipment is separately calculated using the straight-line method over the useful life of each significant part. The consolidated company at least reviews the estimated useful lives, residual values and depreciation method at the end of each reporting period, with the effect of any changes in estimates accounted for on a prospective basis.

Upon disposal of property, plant and equipment, the difference between the net sales proceeds and the carrying amount of the asset is recognized in profit or loss.

h. Investment Properties

Investment property is properties held to earn rental and/or for capital appreciation, including properties that are under construction for the above stated purposes. Investment property also includes land held for future use that is currently undetermined.

Self-owned investment property is initially measured at cost, including transaction costs. Subsequent to initial recognition, investment property is measured at cost less accumulated depreciation and accumulated impairment loss.

Depreciation of investment properties is recognized using the straight-line method.

Investment property is recognized as inventories at its carrying amount at the date when it is ready for sale.

Property recorded as inventory is recognized as investment property at its carrying amount when it was rented under an as operating lease.

Upon disposal of investment properties, the difference between the net sales proceeds and the carrying amount of the asset is recognized in profit or loss.

i. Intangible Assets

1) Individually Acquired

Individually acquired intangible assets with finite useful lives are initially measured at cost, and then measured at cost less accumulated amortization and accumulated impairment loss. Intangible assets are amortized on a straight-line basis over the useful lives. The consolidated company at least reviews the estimated useful lives, residual values and amortization method at the end of each reporting period, with the effect of any changes in estimates accounted for on a prospective basis. Intangible assets with indefinite useful lives are stated at cost less accumulated impairment loss.

2) Derecognition

When an intangible asset is derecognized, the difference between the net disposal price and the carrying amount of the asset is recognized in current profit or loss.

j. Impairment of Property, Plant and Equipment, Right-of-use Assets, Investment Properties and Intangible Assets

On each balance sheet date, the consolidated company assesses whether there is any indication that the property, plant and equipment, right-of-use assets, investment properties and intangible assets might have suffered an impairment loss. If any such indication exists, the Company estimates the recoverable amount of the asset. When it is not possible to estimate the recoverable amount of an individual asset, the consolidated company estimates the recoverable amount of the cash-generating unit to which the asset belongs. Corporate assets are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

The recoverable amount is the higher of fair value less costs to sell and value in use. If the recoverable amount of an asset or cash-generating unit is estimated to be less than its carrying amount, the carrying amount of the asset or cash-generating unit is reduced to its recoverable amount, with the resulting impairment loss recognized in profit or loss.

An impairment loss on inventories and property, plant and equipment related to the contracts with customers shall be recognized in accordance with the applicable standards of inventory impairment and the above-mentioned principles. Then, the impairment loss is recognized to the extent that the carrying amount of the assets related to contract costs exceeds the remaining amount of consideration that the Company expects to receive in exchange for related goods or services less the direct costs related to providing those goods or services. The assets related to the contract costs are then included in the carrying amount of the cash-generating unit to which they belong for the purpose of evaluating impairment of that cash-generating unit.

When an impairment loss is subsequently reversed, the carrying amount of the corresponding asset, cash-generating unit or assets related to contract costs is increased to the revised estimate of its recoverable amount, but only to the extent of the carrying amount, less any amount of amortization or depreciation, that would have been determined had no impairment loss been recognized on the asset in prior years. A reversal of an impairment loss is recognized in profit or loss.

k. Non-current Assets Held for Sale

The carrying amount of non-current assets is classified as held for sale when recovery is expected primarily through a sale transaction instead of continued use. Non-current assets that meet this classification must be available for immediate sale in their current condition and their sale must be highly probable. When there is a plan by the appropriate level of management to commit to the sale of the asset, and this sale transaction is expected to be completed within one year from the classification date, it qualifies for a sale as highly probable.

l. Financial Instruments

Financial assets and liabilities shall be recognized in the consolidated balance sheet when the consolidated company becomes a party to the contractual provisions of the instruments.

While financial assets and liabilities are initially recognized, transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities are added to or deducted from the fair value of those financial assets and financial liabilities that are not measured at fair value through profit or loss. Transaction costs directly attributable to the acquisition or issue of financial assets or financial liabilities measured at fair value through profit or loss are recognized immediately in profit or loss.

1) Financial assets

Regular way transactions of financial assets are recognized and derecognized on a settlement date basis.

a) Category of measurement

Financial assets held by the consolidated company are classified into the following categories: financial assets at fair value through profit or loss (FVTPL), financial assets at amortized cost, and investments in equity instruments at fair value through other comprehensive income (FVTOCI).

i. Financial asset at FVTPL

Financial asset at FVTPL includes the financial assets mandatorily required to measure at FVTPL. Financial assets mandatorily required to measure at FVTPL include investments in equity instruments that are not designated as FVTOCI, and investments in debt instruments that do not meet the criteria of amortized cost or FVTOCI.

Financial asset at FVTPL is measured at fair value, and any dividends or interests from such financial assets are recognized in other revenues. Any remeasurement gain or loss on such financial assets is recognized in other gain or loss. Fair value is determined in the manner described in Note 31.

ii. Financial asset measured at amortized cost

The consolidated company's investments in financial assets that meet the following two conditions are subsequently measured at amortized cost:

(a) Within a business model whose objective is to hold financial assets in order to collect contractual cash flows; and

(b) The contractual terms give rise to cash flows on specified dates that are solely payments of principal and interest on the principal amount outstanding.

Subsequent to initial recognition, financial assets measured at amortized cost, including cash and cash equivalents, notes receivable measured at amortized cost, accounts receivable, other financial assets, and refundable deposits, are equals to the carrying amount determined by the effective interest method less any impairment loss. Any foreign exchange gain/loss is recognized in profit or loss.

Interest income is calculated by applying the effective interest rate to the gross carrying amount of such a financial asset, except for:

(a) Purchased or originated credit-impaired financial assets, for which interest income is calculated by applying the credit-adjusted effective interest rate to the amortized cost of such financial assets; and

(b) Financial assets that are not credit-impaired on purchase or origination but have subsequently become credit-impaired, for which interest income is calculated by applying the effective interest rate to the amortized cost of such financial assets in subsequent reporting periods.

Credit-impaired financial assets are those where the issuer or debtor has experienced major financial difficulties, defaults, the debtor is likely to file for bankruptcy or other financial restructuring, or disappearance of an active market for the financial assets due to financial difficulties.

iii. Investments in equity instruments at FVTOCI

On initial recognition, the consolidated company may make an irrevocable election to designate investments in equity instruments as at FVTOCI. If the equity investment is neither held for trading nor contingent consideration recognized by an acquirer in a business combination.

Investments in equity instruments at FVTOCI are measured at fair value and subsequently measured at fair value with gain or loss arising from changes in fair value recognized in other comprehensive income and accumulated in other equity. The cumulative gain or loss will not be reclassified to profit or loss on disposal of the equity investments; instead, it will be transferred to retained earnings.

Dividends on these investments in equity instruments at FVTOCI are recognized in profit or loss when the consolidated company's right to receive the dividends is established, unless the dividends clearly represent a recovery of part of the cost of the investment.

b) Impairment of financial assets

On each date of balance sheets, the consolidated company evaluates a loss allowance for financial assets at amortized cost (including accounts receivable) and lease payments receivable based on expected credit loss.

The loss allowances for accounts receivable and lease payments receivable are recognized at an amount equal to lifetime expected credit losses. Other financial assets are first evaluated whether or not the credit risk has increased significantly since initial recognition. If it has not increased significantly, a loss allowance is recognized at an amount equal to expected credit loss within 12 months. If it has increased significantly, a loss allowance is recognized at an amount equal to expected credit loss over the expected life.

Expected credit losses are the weighted average credit losses resulting from a risk of default events as the weight. Expected credit losses within 12 months represent the expected credit losses resulting from possible default events of a financial instrument within 12 months after the reporting date. Expected credit losses over the expected life represent the expected credit losses resulting from all possible default events of a financial instrument over the expected life.

An impairment loss of all financial assets is recognized with a corresponding adjustment to their carrying amount through a loss allowance account, except for investments in debt instruments that are measured at FVTOCI, for which the loss allowance is recognized in other comprehensive income and does not reduce its carrying amount.

c) Derecognition of financial assets

The consolidated company derecognizes a financial asset only when the contractual rights to the cash flows from the financial asset are extinguished, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the financial asset to another entity.

On derecognition of a financial asset at amortized cost in its entirety, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognized in profit or loss.

2) Financial liabilities

a) Subsequent measurement

Except in the following situation, all financial liabilities are subsequently measured at amortized cost using effective interest method:

<u>Financial Guarantee Contract</u>

Financial guarantee contracts issued by the consolidated company and not measured at fair value through profit or loss are measured at the higher of an allowance loss reflecting its expected credit loss and the amortized amount, subsequently to the original recognition.

b) Derecognition of financial liabilities

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

m. Provisions

Provisions are measured at the best estimate of the expenditures required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. Provisions are measured at the discounted cash flows of the consideration required to settle the present obligation

n. Revenue Recognition

The consolidated company identifies performance obligations in customer contracts, allocates the transaction price to the performance obligations and recognizes revenue when performance obligations are satisfied.

1) Revenue from sale of goods

Revenue from sale of goods comes from the sales of real estate. The consolidated company recognizes the revenue when the customer has the right to set the price and use of the commodities respectively and is mainly responsible for resale once the property is handed over, and the registration of property right is finished.

2) Guest-room revenue and food and beverage revenue

Guest-room revenue and food and beverage revenue are recognized upon the actual service delivery.

Guest-room revenue and food and beverage revenue are measured at the fair value of the transaction price negotiated between the consolidated company and the buyer in consideration of commercial and volume discounts. However, receivables from sales of goods maturing within one year or less may not be valued at fair value according to the imputed interest rate when the discrepancy between their fair value and their value at maturity is small and transactions of sales occur frequently.

3) Rental revenue

Revenue from lease is recognized when a property is actually used in lease, provided that it is probable the economic benefits will flow to the consolidated company and the amount of revenue can be measured reliably.

o. Leases

At the inception of a contract, the consolidated company assesses whether the contract is, or contains, a lease.

1) The consolidated company as lessor

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

When the consolidated company subleases the right-of-use asset, it determines the classification of the sublease based on the right-of-use asset (rather than the underlying asset). However, if the head lease is a short-term lease for which the consolidated company is subject to the recognition exemption, the sublease is classified as an operating lease.

Under a finance lease, lease payments include fixed payments. The net lease investment is measured as the sum of the present value of the lease payments receivable and the non-guaranteed residual value, plus the original direct cost; it is expressed as a finance lease receivable. Financing income is allocated to each accounting period to reflect the fixed rate of return available in each period on the unexpired net lease investment of the consolidated company.

After lease-related incentives are deducted, the rental income from operating lease is recognized on a straight-line basis over the term of the lease. The initial direct costs arising from acquisition of operating leases is added to the carrying amount of the underlying assets; and an expense is recognized for the lease on a straight line basis over the lease term. The lease negotiations processed with lessees are treated as new leases from the effective date of the lease modification.

Rental changes in lease agreements that do not depend on indices or rates are recognized income in the period in which they are incurred.

When a lease includes both land and building elements, the consolidated company assesses the classification of each element separately as a financial or an operating lease based on the assessment as to whether substantially all the risks and rewards incidental to ownership of each element have been transferred to the lessee. The lease payments are allocated between the land and the building elements in proportion to the relative fair values of the leasehold interests in the land element and building element of the lease at the inception of a contract. If the allocation of the lease payments can be made reliably, each element is accounted for separately in accordance with its lease classification. If the lease payments cannot be allocated reliably between the land and building elements, the entire lease is generally classified as a finance lease unless it is clear that both elements meet the standards of operating leases; in which case, the entire lease is classified as an operating lease.

2) The consolidated company as lessee

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

Right-of-use assets are measured initially at cost, which comprises the initial measurement of lease liabilities. Subsequent measurement is calculated as cost less accumulated depreciation and accumulated impairment loss and adjusted for changes in lease liabilities as a result of remeasurement. Right-of-use assets are presented on a separate line in the consolidated balance sheets.

Right-of-use assets are depreciated using the straight-line method from the commencement dates to the earlier of the end of the useful lives of the right-of-use assets or the end of the lease terms.

Lease liabilities are initially measured at the present value of the lease payments, which comprise fixed payments and in-substance fixed payments. The lease payments are discounted using the interest rate implicit in a lease, if that rate can be readily determined. If that rate cannot be readily determined, the Company uses the lessee’s incremental borrowing rate.

Subsequently, lease liabilities are measured at amortized cost using the effective interest method, with interest expense allocated over the lease terms. When there is a change in future leases payments resulting from a change in a lease term, the consolidated company remeasures the lease liabilities with a corresponding adjustment to the right-of-use assets. However, if the carrying amount of the right-of-use assets is reduced to zero, any remaining amount of the remeasurement is recognized in profit or loss. Lease liabilities are presented on a separate line item in the consolidated balance sheets.

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

p. Borrowing Costs

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

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

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

q. Government Subsidies

Government grants are not recognized until there is reasonable assurance that the consolidated company will comply with the conditions attached to them and that the grants will be received.

Government grants are recognized in profit or loss on a systematic basis over the periods in which the consolidated company recognizes as expenses the related costs for which the grants are intended to compensate.

Government grants that are receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the consolidated company with no future related costs are recognized in profit or loss in the period in which they become receivable.

r. Employee Benefits

1) Short-term employee benefits

Liabilities recognized in respect of short-term employee benefits are measured at the undiscounted amount of the benefits expected to be paid in exchange for service rendered by employees.

2) Post-Retirement Benefits

Payments of defined contribution retirement benefit plans are recognized as an expense when the employees have rendered service entitling them to the contribution.

Defined benefit costs (including service costs, net interest and remeasurements) under the defined benefit retirement plans are determined using the Projected Unit Credit Method. Service costs (including current service costs), and net interest on the net defined benefit liability (asset) are recognized as employee benefits expense in the period they occur. Remeasurement, including actuarial gain or loss and the return on plan assets (less interest), is recognized in other comprehensive income and other equity in the period in which they occur, and will not be subsequently reclassified to profit or loss.

Net defined benefit liabilities (assets) represent the actual deficit (surplus) in the Company's defined benefit retirement plans. Any surplus resulting from this calculation is limited to the present value of any refunds from the plans or reductions in future contributions to the plans.

s. Income Tax

Income tax expense is the sum of current income tax and deferred income tax.

1) Current income tax

According to the Income Tax Law of the ROC, an additional income tax on unappropriated earnings was surcharged in the year approved by the shareholders' meeting.

Adjustments of prior years' tax liabilities are added to or deducted from the current year's tax provision.

2) Deferred income tax

Deferred income tax is calculated on temporary differences between the carrying amounts of the recorded assets and liabilities and the corresponding tax bases used in the computation of taxable profit.

Deferred tax liabilities are generally recognized for all taxable temporary differences while deferred tax assets are recognized as it is very likely that taxable profits will be available against which those deductible temporary differences can be utilized.

Deferred tax liabilities are recognized for taxable temporary differences associated with investments in subsidiaries, except where the consolidated company is able to control the timing of the reversal of the temporary difference and it is very likely that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investment and equity are only recognized to the extent that it is very likely that there will be sufficient taxable profit against which to utilize the benefit of the temporary differences that are expected to reverse in the foreseeable future.

The carrying amount of deferred tax asset is reviewed on each date of balance sheets and it is reduced to the extent that it is no longer very likely that sufficient taxable profits will be available to allow all or part of the deferred tax asset to be recovered. The deferred tax assets not originally recognized are also reviewed on each date of balance sheets, and their carrying amount is increased to the extent that it is very likely that sufficient taxable profits will be available to allow all or part of the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year in which the liability is settled or the asset is realized, and this tax rates is based on the tax rates and tax laws that have been enacted or substantively enacted on the date of balance sheet. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Company expects to recover or settle the carrying amount of its assets and liabilities on the date of balance sheet.

3) Current and deferred income tax

Current and deferred income taxes are recognized in profit or loss, unless when they relate to items that are recognized in other comprehensive income or directly recorded in equity, the current and deferred income tax are separately recognized in other comprehensive income or directly recorded in equity.

5. The Primary Sources of Uncertainties in Major Accounting Judgments, Estimates, and Assumptions

In the application of the consolidated company's accounting policies, the management is required to make judgments, estimates and assumptions based on historical experience and other relevant factors for the items that are not readily apparent from other sources. Actual results may differ from these estimates.

The consolidated company takes into account the economic impact of the COVID-19 outbreak in its critical accounting judgments and the management will consistently review the estimations and underlying assumptions. If an amendment of estimates only affects the current period, it shall be recognized in the period of amendment; if an amendment of accounting estimates affects the current year and future periods, it shall be recognized in the period of amendment and future periods.

Key Sources of Estimation and Assumption Uncertainty

Impairment loss of inventory

Inventory is stated at the lower of cost or net realizable value so the Company must use judgments and estimates to determine their net realizable value at the end of each reporting period. This valuation is based on the sales contracts signed or the transaction prices in the neighboring areas obtained with reference to the actual price registration of real estate, and are therefore subject to significant changes.

Please refer to Note 10 for the carrying amounts of land, property, and building of inventory as of December 31, 2022 and 2021.

6. Cash and Cash Equivalents

	December 31, 2022	December 31, 2021
Cash on hand and working capital	$ 5,906	$ 4,472
Bank Deposits	2,986,894	1,007,342
	$ 2,992,800	$ 1,011,814

7. Financial Instruments at Fair Value Through Profit or Loss

	December 31, 2022	December 31, 2021
Financial assets - current		
Financial assets at FVTPL		
Domestic listed (OTC) stocks	$ 80,513	$ 58,411
Fund beneficiary certificates	6,382	8,471
	$ 86,895	$ 66,882

8. Financial Assets at Fair Value Through Other Comprehensive Income

	December 31, 2022	December 31, 2021
Non-Current		
Investments in equity instruments at FVTOCI		
Unlisted (non-OTC) stocks	$ 4,104	$ 4,104

9. Notes Receivable and Accounts Receivable

	December 31, 2022	December 31, 2021
Notes receivable		
From operating businesses	$ 5,949	$ 16,560
Less: allowance for bad debts	-	-
	$ 5,949	$ 16,560
Accounts receivable		
From operating businesses	$ 35,026	$ 11,463
Less: allowance for bad debts	-	-
	$ 35,026	$ 11,463

Accounts receivable

The payment terms granted by the consolidated company for their customers are generally 60 days. When determining the collectability of accounts receivable, the consolidated company takes any change of credit quality from the invoice date of account receivables to the balance sheet date into consideration. Because past experiences show that overdue accounts receivable for over one year are unable to be recovered, the consolidated company recognizes 100% of the accounts receivable overdue for over one year as allowance for bad debts. The accounts receivable overdue between 181 days and one year shall be estimated as the uncollectible amounts by referring to the previous payment delay records of the counterparty and analyzing its finance condition.

The consolidated company writes off accounts receivable when there is information indicating that the debtor is experiencing in severe financial difficulty and there is no realistic prospect of recovery. The consolidated company continues to engage in enforcement activity to attempt to recover the receivables due. Recoveries made from such activities are recognized in profit or loss.

The consolidated company's loss allowance for accounts receivable based on the provision matrix are as follows:

December 31, 2022

	Not past due - 180 days	181 - 365 days	Over one year	Total
Expected credit loss rate	0%	0%	100%	
Total carrying amount	$ 35,026	$ -	$ -	$ 35,026
Allowance for loss (lifetime expected credit losses)	-	-	-	
Costs after amortization	$ 35,026	$ -	$ -	$ 35,026

December 31, 2021

	Not past due - 180 days	181 - 365 days	Over one year	Total
Expected credit loss rate	0%	0%	100%	
Total carrying amount	$ 11,463	$ -	$ -	$ 11,463
Allowance for loss (lifetime expected credit losses)	-	-	-	-
Costs after amortization	$ 11,463	$ -	$ -	$ 11,463

No accounts receivable are pledged by the consolidated company as collateral for borrowings.

10. Inventories

a. Details of inventories are as follows:

	December 31, 2022	December 31, 2021
Buildings and land held for sale	$ 293,158	$ 2,252,909
Construction in progress	4,903,542	4,963,074
Food and beverage inventories	1,994	3,785
	$ 5,198,694	$ 7,219,768

For the years ended December 31, 2022 and 2021, the cost of goods sold related to construction inventory amounted to $3,240,850 thousand and $2,399,985 thousand, respectively, and the cost of goods sold related to food and beverage inventory amounted to $267,474 thousand and $284,506 thousand, respectively.

Cost of goods sold containing losses on inventory valuation amounted to $3,773 thousand was recognized for the year ended December 31, 2021.

As of December 31, 2022 and 2021, inventories of $4,903,542 thousand and $4,963,074 thousand, respectively, are expected to be recovered after more than 12 months.

Please refer to Note 33 for information about the amount of inventories pledged by the consolidated company as collateral for borrowings.

b. Buildings and land held for sale

	December 31, 2022	December 31, 2021
Huanyu Technology	$ 174,455	$ 89,158
Nan Ke Ming Men	25,742	141,825
Zhong Lu Sec.	66,866	66,866
Fu Gui Ming Di	15,601	69,589
Asia Pacific Technology Park	-	1,020,686
Founding Fu Yi	-	355,799
United Tech	-	498,492
Others	10,494	10,494
	$ 293,158	$ 2,252,909

c. Construction in progress

	December 31, 2022	December 31, 2021
Founding Yi Pin	$ 2,038,173	$ 1,876,447
United Tech	-	1,023,985
Star Technology	683,959	526,556
Founding Li Garden	1,192,650	964,761
Lung Chuan Sec.	300,154	-
Meditation Garden	355,412	320,391
Others	333,194	250,934
	$ 4,903,542	$ 4,963,074

Information on the capitalization of interest is as follows:

	2022	2021
Total amount of interest expense	$ 57,965	$ 84,520
Current capitalized construction interest	$ 53,992	$ 73,298
Capitalization interest rate	1.60%～2.22%	1.56%～1.69%
Year-end accumulated amount of capitalized construction interest	$ 138,492	$ 120,245

11. Non-Current Assets Held for Sale

	December 31, 2022	December 31, 2021
Land available-for-sale	$ -	$ 133,477
Property available-for-sale	-	206,455
	$ -	$ 339,932

On Dec 30, 2021, the Company and Chunghwa Post Co., Ltd signed a sales contract of land and property located on Lot 6, 1st Subsection, Chong Qing Section, Central District, Taichung. The transaction amount is $620,039 thousand. There is no impairment when it is measured at the lower of book value and fair value less costs of sales.

In March 2022, the Company completed the sale and leased back the building under an operating lease, and recognized the right-of-use assets and lease liabilities. The excess of the selling price over the carrying amount is recognized as a reduction of the right-of-use assets based on the percentage of lease back.

In addition, on June 25, 2021, the Board of Directors of the Company passed a resolution to dispose of the Xizhi I of Fushin Hotel and reclassify property, plant and equipment of $1,393,283 thousand to non-current assets held for sale, and completed the disposal in November 2021.

12. Subsidiaries

a. Subsidiaries included in the consolidated financial statements

The entities of the consolidated financial statements are as follows:

Name of Investor Company	Name of Subsidiary	Business Nature	Percentage of Ownership and Voting Rights December 31, 2022	Percentage of Ownership and Voting Rights December 31, 2021	Remark
Founding Co.	Chien-Chiao Construction Co., Ltd. (the "Chien-Chiao Co.")	Operations and investments of undertaken civil construction, building works, and related businesses as main businesses	100%	100%	(1)
Founding Co.	FUSHIN Hotel Co., Ltd. (the "FUSHIN Hotel Co.")	Catering and restaurant, and general hotel as main businesses	94.375%	94.375%	(1)
Founding Co.	Hsin-Long-Hsing Investment Co., Ltd. (the "Hsin-Long-Hsing Co.")	General investment business	100%	100%	(1)、(2)
Chien-Chiao Co.	FUSHIN Hotel Co., Ltd. (the "FUSHIN Hotel Co.")	Catering and restaurant, and general hotel as main businesses	5.625%	5.625%	(1)

Remarks: (1) Its financial statements are audited by certified public accountants.
(2) Hsin-Long-Hsing Construction Co., Ltd. was registered as Hsin-Long-Hsing Investment Co., Ltd. on June 17, 2021.

b. Subsidiary not included in the consolidated financial statements: None.

13. Other Assets

	December 31, 2022	December 31, 2021
Current		
Prepayments		
Tax overpaid retained for offsetting the future tax payable	$ 4,192	$ 1,225
Prepayment for purchases	12,641	10,933
Prepayments	9,759	21,424
Others	1,165	3
	$ 27,757	$ 33,585
Other current assets		
Other receivables	$ 24	$ 209
Suspense payments	5,183	7,277
Payments on behalf of others	13	39
	$ 5,220	$ 7,525

14. Other Financial Assets - Current

	December 31, 2022	December 31, 2021
Restricted assets (Note 33)	$ 8,026	$ 120,565
Other deposits	173,557	86,323
	$ 181,583	$ 206,888

Other deposits include joint construction deposits and green building capacity reward deposits, etc.

15. Property, Plant and Equipment

	Land	Buildings and Property	Transportation Equipment	Office Equipment	Operating Equipment	Construction and Other Equipment	Total
Cost							
Balance as of January 1, 2022	$ 929,944	$ 1,733,771	$ 27,290	$ 3,888	$ 7,747	$ 4,953	$ 2,707,593
Addition	-	5,300	286	-	238	281	6,105
Disposal	-	(7,910)	(8,211)	-	(1,054)	(1,037)	(18,212)
Reclassification to investment properties	(66,503)	(17,451)	-	-	-	-	(83,954)
Balance as of December 31, 2022	$ 863,441	$ 1,713,710	$ 19,365	$ 3,888	$ 6,931	$ 4,197	$ 2,611,532
Accumulated depreciation and impairment							
Balance as of January 1, 2022	$ -	$ 305,478	$ 22,147	$ 3,888	$ 6,637	$ 3,562	$ 341,712
Depreciation expenses	-	46,570	1,233	-	527	440	48,770
Disposal	-	(7,910)	(8,210)	-	(1,011)	(1,037)	(18,168)
Reclassification to investment properties	-	(4,635)	-	-	-	-	(4,635)
Balance as of December 31, 2022	$ -	$ 339,503	$ 15,170	$ 3,888	$ 6,153	$ 2,965	$ 367,679
Net carrying amount as of December 31, 2022	$ 863,441	$ 1,374,207	$ 4,195	$ -	$ 778	$ 1,232	$ 2,243,853
Cost							
Balance as of January 1, 2021	$ 1,556,849	$ 3,212,434	$ 24,490	$ 3,888	$ 15,991	$ 11,217	$ 4,824,869
Addition	33,481	13,357	6,050	-	184	181	53,253
Disposal	(437,796)	(1,157,212)	(3,250)	-	(8,428)	(6,445)	(1,613,131)
Reclassified to inventories	(85,768)	(67,315)	-	-	-	-	(153,083)
Reclassification to non-current assets held for sale (Note 11)	(133,476)	(265,163)	-	-	-	-	(398,639)
Reclassification to investment properties	(3,346)	(2,330)	-	-	-	-	(5,676)
Balance as of December 31, 2021	$ 929,944	$ 1,733,771	$ 27,290	$ 3,888	$ 7,747	$ 4,953	$ 2,707,593
Accumulated depreciation and impairment							
Balance as of January 1, 2021	$ -	$ 506,054	$ 24,346	$ 3,888	$ 12,061	$ 5,680	$ 552,029
Depreciation expenses	-	72,095	1,051	-	982	1,228	75,356
Disposal	-	(199,152)	(3,250)	-	(6,406)	(3,346)	(212,154)
Reclassified to inventories	-	(14,463)	-	-	-	-	(14,463)
Reclassification to non-current assets held for sale (Note 11)	-	(58,707)	-	-	-	-	(58,707)
Reclassification to investment properties	-	(349)	-	-	-	-	(349)
Balance as of December 31, 2021	$ -	$ 305,478	$ 22,147	$ 3,888	$ 6,637	$ 3,562	$ 341,712
Net carrying amount as of December 31, 2021	$ 929,944	$ 1,428,293	$ 5,143	$ -	$ 1,110	$ 1,391	$ 2,365,881

Property, plant and equipment of the consolidated company are depreciated by straight-light method using the estimated useful lives as follows:

Buildings and Property	
Main property	3 to 51 years
Decoration and partitioning project	3 to 20 years
Transportation Equipment	5 to 6 years
Office Equipment	
Computer peripherals and communication equipment	1 to 6 years
Others	4 to 6 years
Operating Equipment	
Cutlery and utensils of hotels	1 to 7 years
Bedroom supplies and electrical appliances of hotels	1 to 5 years
Construction and Other Equipment	
Construction equipment	6 years
Monitoring and security equipment	6 years
Others	1 to 6 years

Please refer to Note 33 for information about the amount of property, plant and equipment pledged by the consolidated company as collateral for borrowings.

16. Lease Arrangements

a. Right-of-use assets

	December 31, 2022	December 31, 2021
Carrying amount of right-of-use assets		
Buildings	$ 40,254	$ 12,319

	2022	2021
Addition of right-of-use assets	$ 41,541	$ 36,063
Depreciation expense of right-of-use assets		
Buildings	$ 9,133	$ 8,365
Loss on sublease of right-of-use assets (recorded in other gains and losses)	$ -	$ 4,334

In addition to the above-mentioned additions, recognized depreciation expenses, and sublease, there was no significant impairment of the right-of-use assets of the consolidated company for the years ended December 31, 2022 and 2021.

b. Lease liabilities

	December 31, 2022	December 31, 2021
Carrying amount of lease liabilities		
Current	$ 24,212	$ 9,985
Non-Current	$ 68,530	$ 27,419

Ranges of discount rates for lease liabilities are as follows:

	December 31, 2022	December 31, 2021
Buildings	1.70%～2.20%	1.70%～2.20%

c. Major lease activities and terms

The consolidated company leases certain buildings for office use for a period of 5 years. The consolidated company does not have the right of first refusal to acquire the leasehold buildings at the end of the lease terms.

d. Other lease information

	2022	2021
Expenses relating to short-term leases	$ 15,865	$ 6,331
Expenses relating to low-value asset leases	$ 978	$ 1,118
Total cash (outflow) for leases	($ 32,195)	($ 18,107)

The consolidated company has elected to apply the recognition exemption to venue rental which qualify as short-term leases and certain assets which qualify as low-value asset lease, and thus, did not recognize right-of-use assets and lease liabilities for these leases.

17. Investment Properties

	Investment property - land	Investment property - property	Total
Cost			
Balance as of January 1, 2022	$ 1,571,429	$ 217,828	$ 1,789,257
Reclassified from property, plant and equipment	66,503	17,451	83,954
Reclassified to inventories	(20,764)	(27,441)	(48,205)
Balance as of December 31, 2022	$ 1,617,168	$ 207,838	$ 1,825,006
Accumulated depreciation and impairment			
Balance as of January 1, 2022	$ -	$ 15,405	$ 15,405
Depreciation expenses	-	9,744	9,744
Reclassified from property, plant and equipment	-	4,635	4,635
Reclassified to inventories	-	(6,675)	(6,675)
Balance as of December 31, 2022	$ -	$ 23,109	$ 23,109
Net carrying amount as of December 31, 2022	$ 1,617,168	$ 184,729	$ 1,801,897
Cost			
Balance as of January 1, 2021	$ 263,283	$ 168,406	$ 431,689
Reclassified from property, plant and equipment	3,346	2,330	5,676
Transferred from inventories	1,334,527	83,444	1,417,971
Reclassified to inventories	(29,727)	(36,352)	(66,079)
Balance as of December 31, 2021	$ 1,571,429	$ 217,828	$ 1,789,257
Accumulated depreciation and impairment			
Balance as of January 1, 2021	$ -	$ 8,784	$ 8,784
Depreciation expenses	-	6,878	6,878
Reclassified from property, plant and equipment	-	349	349
Reclassified to inventories	-	(606)	(606)
Balance as of December 31, 2021	$ -	$ 15,405	$ 15,405
Net carrying amount as of December 31, 2021	$ 1,571,429	$ 202,423	$ 1,773,852

The fair values of the consolidated company’s investment properties were $1,986,056 thousand and $1,947,867 thousand as of December 31, 2022 and 2021, respectively. The fair values as of December 31, 2022 and 2021 were referred to the evidences of market transaction prices of similar properties by Chen's Real Estate Appraiser Firm, an independent appraiser company, on the balance sheet date of 2022 and 2021.

The consolidated company's investment properties are depreciated by straight-light method using the estimated useful lives as follows:

Investment property - property	
Main property	5 to 48 years
Decoration and partitioning project	4 to 26 years

The maturity analysis of operating lease payments receivable from the investment properties for the years ended December 31, 2022 and 2021 is as follows:

	December 31, 2022	December 31, 2021
Less than 1 year	$ 36,266	$ 33,790
1-5 years	31,917	50,377
Over 5 years	400	-
	$ 68,583	$ 84,167

The consolidated company held freehold interests in all of its investment properties. Please refer to Note 33 for the amount of investment properties pledged by the consolidated company as collateral for borrowings.

18. Borrowings

a. Short-term borrowings

	December 31, 2022	December 31, 2021
Secured borrowings (Note 33)		
- Bank loans	$ 1,168,000	$ 2,267,230
Unsecured loans		
- Line of credit	-	30,000
	$ 1,168,000	$ 2,297,230
Interest rate range		
- Secured loans	2.05%～2.50%	1.52%～2.07%
- Unsecured loans	-	1.65%
Loan maturity date	2023.03.31～2025.11.18	2021.03.14～2025.11.18

Please refer to Note 33 for information about the construction inventories pledged by the consolidated company as collateral for short-term borrowings.

b. Long-term borrowings

	December 31, 2022	December 31, 2021
Secured borrowings (Note 33)		
Bank loans (1)	$ 1,338,495	$ 1,767,086
Less: current portion matured in 1 year	(123,126)	(144,996)
Long-term borrowings	$ 1,215,369	$ 1,622,090

1) The consolidated company's borrowings include:

	Initial loan principal	December 31, 2022	December 31, 2021
Hua Nan Bank Nan-Neihu - secured loans	Total loan amount: $150,000 thousand Borrowing period: 2020.09.30 ~ 2025.09.30 Interest rate range: 2.02% Repayment Method: Evenly split into a total of 60 installments on a monthly basis.	$ 86,498	$ 115,997
Hua Nan Bank Nan-Neihu - secured loans	Total loan amount: $368,000 thousand Borrowing period: 2018.02.26 ~ 2033.02.26 Interest rate range: 2.28% Repayment Method: Interests paid monthly in the first twelve months; starting the 13th month, a total of 168 installments on a monthly basis.	278,385	302,591
Hua Nan Bank Nan-Neihu - secured loans	Total loan amount: $100,000 thousand Borrowing period: 2018.07.27 ~ 2033.07.27 Interest rate range: 2.15% Repayment Method: Evenly split principal and interest into a total of 180 installments on a monthly basis.	73,833	80,012

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	Initial loan principal	December 31, 2022	December 31, 2021
First Bank Jen-Ai - secured loans	Total loan amount: $80,000 thousand Borrowing period: 2010.11.23 ~ 2025.11.23 Interest rate range: 2.05% Repayment Method: Interests paid monthly in the first thirty-six months; starting the 37th month, evenly split into a total of 144 installments on a monthly basis.	$ 21,758	$ 28,764
Bank of Taiwan Chien-Kuo - secured loans	Total loan amount: $274,000 thousand Borrowing period: 2012.07.02~2027.07.02 Interest rate range: 1.625% Repayment Method: Interests paid monthly in the first two years; two years later, evenly split into a total of 156 installments on a monthly basis.	-	117,680
Taichung Bank Nei-Hu - secured loans	Total loan amount: $11,000 thousand Borrowing period: 2013.04.22~2023.04.22 Interest rate range: 2.09% Repayment Method: Interests paid monthly in the first year; one year later, evenly split into a total of 108 installments on a monthly basis.	549	1,852
Chang Hwa Bank Yung-Chun - secured loans	Total loan amount: $960,000 thousand Borrowing period: 2016.05.23~2036.05.23 Interest rate range: 2.05% Repayment Method: Interests paid monthly in the first three years; annuity method applied three years later, evenly split principal into a total of 204 installments on a monthly basis.	782,094	832,594
Taiwan Cooperative Bank - secured loans	Total loan amount: $65,000 thousand Borrowing period: 2018.07.20~2033.07.20 Interest rate range: 1.7% Repayment Method: Interests paid monthly in the first two years; two years later, evenly split into a total of 156 installments on a monthly basis.	-	22,226
Chang Hwa Bank Yung-Chun - secured loans	Total loan amount: $77,000 thousand Borrowing period: 2020.07.01~2035.07.01 Interest rate range: 1.95% Repayment Method: Interests paid monthly in the first two years; two years later, evenly split principal and interest into a total of 156 installments on a monthly basis.	74,378	77,000
CTBC Corporate Banking - secured loans	Total loan amount: $653,000 thousand Borrowing period: 2021.08.02~2023.08.02 Interest rate range: 1.60% Repayment Method: Bullet repayment	-	188,370
First Bank Jen-Ai - Credit borrowings	Total loan amount: $21,000 thousand Borrowing period: 2022.11.17~2029.11.17 Interest rate range: 2.25% Repayment Method: Interests paid monthly in the first three years; evenly split principal into a total of 24 installments from the third year.	21,000	-
		$ 1,338,495	$ 1,767,086

Please refer to Note 33 for information about the property, plant and equipment and investment properties pledged by the consolidated company as collateral for long-term borrowings.

19. Notes Payable and Accounts Payable

The average payment term of accounts payable is 30 days ~ 60 days. The consolidated company has conducted financial risk management policies to ensure that all payables are paid within the pre-agreed credit terms.

Accounts payable classified as construction retainage payable for construction contracts were $29,773 thousand and $33,375 thousand as of December 31, 2022 and 2021, respectively. Construction retainage, which is interest free, will be paid for each construction contract at the end of the construction retainage period. This retainage period is the consolidated company’s normal operating cycle, which generally exceeds one year.

20. Other Liabilities

	December 31, 2022	December 31, 2021
Current		
Other payables		
Payable for salary and bonus	$ 34,798	$ 40,280
Payable for remuneration of directors	3,240	3,240
Payable for employees' compensation	8,310	7,151
Interest payable	4,980	5,658
Tax payable	5,100	11,400
Payable for engineering compensation payable	-	4,750
Business tax payable	3,137	5,586
Others	17,829	24,940
	$ 77,394	$ 103,005

21. Provisions

	December 31, 2022	December 31, 2021
Current		
Employee Benefits	$ 2,977	$ 2,977

Provisions for employee benefits are accrued for short-term compensated absences to which employees are entitled. The Company shall measure the expected cost of accumulating compensated absences as the additional amount that it expects to pay as a result of the unused entitlement that has accumulated at the end of the reporting period, and it shall recognize such cost when the employees render service that increases their entitlement to future compensated absences.

22. Post-Retirement Benefit Plans

a. Defined contribution plans

Founding Co., Chien-Chiao Co., FUSHIN Hotel Co., and Hsin-Long-Hsing Co. of the consolidated company adopted a pension plan under the Labor Pension Act, which is a government-managed defined contribution plan. The Company has made monthly contributions equal to 6% of each employee’s monthly salary to employees’ individual pension accounts of Bureau of Labor Insurance.

b. Defined benefit plans

Founding Co. and Chien-Chiao Co. of the consolidated company adopted the government-managed defined benefit plan under the Labor Standards Act. Pension of an employee is paid based on an employee’s length of service and average monthly salary for the six-month period prior to retirement. These companies contribute an amount equal to 2% of total monthly salaries of the employees to their respective pension funds (the Funds), which are deposited at the Bank of Taiwan by the Labor Pension Fund Supervisory Committee in their name. Before the end of each year, if the assessed amount of the balance in the Funds is inadequate to pay retirement benefits for employees who conform to retirement requirements in the next year, these companies are required to fund the differences in one appropriation that before the end of March of the next year. The Funds are administered by the Bureau of Labor Funds, Ministry of Labor; as such, the consolidated company does not have any right to intervene in the investments of the Funds.

The amounts of the defined benefit plans recorded in the consolidated balance sheet were as follows:

	December 31, 2022	December 31, 2021
Present value of defined benefit obligation	$ 45,232	$ 45,854
Fair value of plan assets	(42,562)	(34,773)
Contribution deficit (surplus)	$ 2,670	$ 11,081
Net defined benefit assets	($ 1,008)	$ -
Defined benefit liability, net	3,678	11,081
	$ 2,670	$ 11,081

Movements in the net defined benefit liability (asset) were as follows:

	Present value of defined benefit obligation	Fair value of plan assets	Defined benefit liability (asset), net
January 1, 2022	$ 45,854	($ 34,773)	$ 11,081
Service cost			
Current service cost	586	-	586
Interest expense (revenue)	243	(190)	53
Recognized in profit and loss	829	(190)	639
Remeasurement:			
Return on plan assets (excluding amounts included in net interest expense)	-	(2,745)	(2,745)
Actuarial loss (gain) - changes in demographic assumption	(3)	-	(3)
Actuarial loss (gain) - changes in financial assumption	(1,576)	-	(1,576)
Actuarial loss (gain) - experience adjustment	128	-	128
Recognized in other comprehensive income	(1,451)	(2,745)	(4,196)
Contributions from employer	-	(4,854)	(4,854)
December 31, 2022	$ 45,232	($ 42,562)	$ 2,670
January 1, 2021	$ 45,651	($ 33,333)	$ 12,318
Service cost			
Current service cost	706	-	706
Interest expense (revenue)	171	(127)	44
Recognized in profit and loss	877	(127)	750
Remeasurement:			
Return on plan assets (excluding amounts included in net interest expense)	-	(461)	(461)
Actuarial loss (gain) - changes in demographic assumption	734	-	734
Actuarial loss (gain) - changes in financial assumption	(202)	-	(202)
Actuarial loss (gain) - experience adjustment	(1,206)	-	(1,206)
Recognized in other comprehensive income	(674)	(461)	(1,135)
Contributions from employer	-	(852)	(852)
December 31, 2021	$ 45,854	($ 34,773)	$ 11,081

The amount of the defined benefit plans were recognized in profit or loss by functions as follows:

	2022	2021
General and administrative expenses	$ 639	$ 750

Through the pension plan under the R.O.C. Labor Standards Act, the consolidated company is exposed to the following risks:

1) Investment risk: The Bureau of Labor Funds, Ministry of Labor, invests the pension funds in domestic and foreign equity and debt securities, bank deposits, etc. through self-operation and entrusted operation. The investment is conducted at the discretion of or under the mandated management. However, the return generated by plan assets of the consolidated company shall not be less than the proceeds calculated by the interest rate on a two-year term deposit at the local banks.

2) Interest risk: A decrease in the government bond interest rate will increase the present value of the defined benefit obligation; however, this will be partially offset by an increase in the return on the debt investments of the plan assets.

3) Salary risk: The present value of the defined benefit obligation is calculated by reference to the future salaries of plan participants. As such, an increase in the salary of the plan participants will increase the present value of the defined benefit obligation.

The actuarial valuations of the consolidated company's present value of the defined benefit obligation were carried out by qualified actuaries. The material assumptions of the measurement date were as follows:

	December 31, 2022	December 31, 2021
Discount rate	1.125%	0.375%~0.5%
Expected growth rate of salary	2%	2%

Assuming reasonable and probable changes were incurred to each material actuarial assumption and all other assumptions were held constant, the present value of the defined benefit obligation would increase (decrease) for the amounts as follows:

	December 31, 2022	December 31, 2021
Discount rate		
Increased by 0.25%	($ 560)	($ 619)
Decreased by 0.25%	$ 573	$ 636
Expected growth rate of salary		
Increased by 0.25%	$ 559	$ 615
Decreased by 0.25%	($ 549)	($ 603)

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

	December 31, 2022	December 31, 2021
Expected contribution amount in 1 year	$ 877	$ 862
Average maturity period of the defined benefit obligation	4.5~6.4 years	4.7~7.3 years

23. Maturity Analysis of Assets and Liabilities

The consolidated company classified the assets and liabilities of its construction operations as current and non-current in accordance with the length of the operating cycle of these constructions. The amounts that are expected to be recovered or settled within one year and beyond one year from the balance sheet date are listed as follows:

December 31, 2022	Within 1 Year	Beyond 1 Year	Total
ASSETS			
Cash and cash equivalents	$ 2,992,800	$ -	$ 2,992,800
Financial assets at fair value through profit or loss – current	86,895	-	86,895
Notes receivable	5,949	-	5,949
Accounts receivable	35,026	-	35,026
Finance lease receivables, net - current	4,989	-	4,989
Inventory - buildings and land held for sale	293,158	-	293,158
Inventory - construction in progress	-	4,903,542	4,903,542
Inventory - food and beverage inventories	1,994	-	1,994
Prepayments	27,757	-	27,757
Other financial assets - current	181,583	-	181,583
Other current assets	5,220	-	5,220
	$ 3,635,371	$ 4,903,542	$ 8,538,913
LIABILITIES			
Short-term borrowings	$ 575,000	$ 593,000	$ 1,168,000
Contract liabilities - current	610,419	-	610,419
Notes payable	22,942	-	22,942
Accounts payable	143,174	-	143,174
Other payables	77,394	-	77,394
Current tax liabilities	106,528	-	106,528
Provisions - current	2,977	-	2,977
Lease liabilities - current	24,212	-	24,212
Long-term borrowings matured in one year	123,126	-	123,126
Other current liabilities	22,834	-	22,834
	$ 1,708,606	$ 593,000	$ 2,301,606

December 31, 2021	Within 1 Year	Beyond 1 Year	Total
ASSETS			
Cash and cash equivalents	$ 1,011,814	$ -	$ 1,011,814
Financial assets at fair value through profit or loss – current	66,882	-	66,882
Notes receivable	16,560	-	16,560
Accounts receivable	11,463	-	11,463
Finance lease receivables, net - current	4,915	-	4,915
Inventory - buildings and land held for sale	2,252,909	-	2,252,909
Inventory - construction in progress	-	4,963,074	4,963,074
Inventory - food and beverage inventories	3,785	-	3,785
Non-current assets held for sale	339,932	-	339,932
Prepayments	33,585	-	33,585
Other financial assets - current	206,888	-	206,888
Other current assets	7,525	-	7,525
	$ 3,956,258	$ 4,963,074	$ 8,919,332
LIABILITIES			
Short-term borrowings	$ 1,012,670	$ 1,284,560	$ 2,297,230
Contract liabilities – current	354,979	-	354,979
Notes payable	7,522	-	7,522
Accounts payable	137,289	-	137,289
Other payables	103,005	-	103,005
Current tax liabilities	36,042	-	36,042
Provisions - current	2,977	-	2,977
Lease liabilities - current	9,985	-	9,985
Long-term borrowings matured in one year	144,996	-	144,996
Other current liabilities	18,898	-	18,898
	$ 1,828,363	$ 1,284,560	$ 3,112,923

24. Equity

a. Capital stock

Ordinary shares

	December 31, 2022	December 31, 2021
Authorized shares (in thousands)	360,000	360,000
Authorized capital stock	$ 3,600,000	$ 3,600,000
Issued and fully paid shares (in thousands)	285,245	285,245
Issued capital stock	$ 2,852,450	$ 2,852,450

b. Capital surplus

	December 31, 2022	December 31, 2021
To offset a deficit, to be distributed as cash dividends or stock dividends		
Additional paid-in capital	$ 20,894	$ 20,894
Treasury shares transactions	236	236
	$ 21,130	$ 21,130

Such capital surplus may be used to offset a deficit or to be distributed as cash dividends or stock dividends; however, the stock dividends have a limitation up to a certain percentage of the paid-in capital per year.

c. Retained earnings and dividend policy

According to the Company's earnings distribution policy in Articles of Incorporation, the Company shall make appropriations from its net income (less any deficit), if any, to pay the taxes in compliance with the laws, offset its accumulated losses, set aside a legal reserve at 10% of the remaining earnings, and then set aside or reverse a special reserve in accordance with the relevant laws or regulations. Of the remainder, together with any unappropriated earnings of prior years, shall be proposed by the Board of Directors as a plan for the distribution of the remaining undistributed earnings, and the shareholders shall resolve such plan in the shareholders' meeting in the form of stock dividends. A special resolution of the Board of Directors shall be reported to the shareholders' meeting in the form of cash dividends. Cash dividends of the Company shall not be lower than 30% of total dividends. For the policies on employees' compensation and remuneration of directors, which is stipulated in the Company's Articles of Incorporation, please refer to Note 26(7).

The legal reserve should be appropriated until the remaining balance reaches the Company's total paid-in capital. Legal reserve may be used to offset deficit. If the company has no deficit and the legal reserve has exceeded 25% of the company's paid-in capital, the excess may be transferred to capital or distributed in cash.

The appropriations of earnings of the Company for the years ended December 31, 2021 and December 31, 2020 were as follows:

	2021	2020
Legal reserve	$ 106,284	$ 24,456
Cash dividends	$ 285,244	$ 171,147
Cash dividends per share ($)	$ 1.0	$ 0.6

The above appropriations of cash dividends were approved by the Board of Directors on March 17, 2022 and March 17, 2021, respectively, and the remaining appropriations of earnings were approved by the shareholders' meeting on June 9, 2022 and July 16, 2021, respectively.

The appropriations of earnings and dividends per share for the year ended December 31, 2022 had been proposed by the Founding Co.'s board of directors on March 9, 2023, and they were as follows:

	2022
Legal reserve	$ 101,806
Cash dividends	$ 342,294
Cash dividends per share ($)	$ 1.2

The above appropriations of cash dividends were approved by the Board of Directors. The remaining appropriations of earnings are subject to the resolution at the shareholders' meeting to be held on June 9, 2023.

25. Revenue

	2022	2021
Rental revenue	$ 28,003	$ 9,533
Hospitality service revenue	350,226	280,802
Construction revenue	4,437,419	3,481,805
	$ 4,815,648	$ 3,772,140

a. Explanation of customer contracts

Construction revenue

Penalties for delay of construction are specified in the Construction Department's real estate construction contracts, and the consolidated company considers previous contracts with similar terms and scales to estimate the transaction price based on the most likely amount.

b. Contract balances

	December 31, 2022	December 31, 2021	January 1, 2021
Receivables (Note 9)	$ 40,975	$ 28,023	$ 68,585
Contract liabilities - current	$ 610,419	$ 354,979	$ 315,817

The changes in the contract asset and liability balances primarily result from the timing difference between the satisfaction of performance obligation and the customer’s payment without other significant changes.

The amount of contract liabilities from the beginning of the year recognized as income in the current year was as follows

	2022	2021
Sale of goods - Construction in progress	$ 93,812	$ 188,627

26. Net Income (Loss) for the Year

Components of profit/ (loss) from continuing operation are as follows:

a. Other income

	2022	2021
Dividend income	$ 10,057	$ 2,470
Incomes from grants	6,392	13,857
Others	1,354	1,002
	$ 17,803	$ 17,329

b. Other gains and losses

	2022	2021
Net foreign exchange gain (loss)	$ 81	$ 13
Gain on disposal of property, plant and equipment	778	352,212
Loss on fair value changes of financial assets at FVTPL	(34,001)	(3,439)
Loss on sublease of right-of-use assets	-	(4,334)
Transfer of rights and benefits by sale and lease back (Note 11)	247,794	-
Gain on payable for engineering compensation	-	2,610
Gain on lease modification	158	-
Others	(590)	(224)
	$ 214,220	$ 346,838

c. Finance costs

	2022	2021
Interest on bank loans	($ 56,514)	($ 83,806)
Interest on lease liabilities	(1,451)	(714)
Less: Amounts included in the cost of required assets	53,992	73,298
	($ 3,973)	($ 11,222)

Please refer to Note 10 for the information about capitalized interest.

d. Depreciation and amortization

	2022	2021
Depreciation expenses by function		
Operating costs	$ 61,787	$ 79,510
Operating expenses	5,860	11,089
	$ 67,647	$ 90,599
Amortization expenses by function		
Operating costs	$ 126	$ 171
Operating expenses	228	267
	$ 354	$ 438

e. Operating expenses directly related to investment properties

	2022	2021
Rental cost generated	$ 9,562	$ 6,878

f. Employee benefits expenses

	2022	2021
Post-Retirement Benefits (Note 22)		
Defined contribution plans	$ 7,756	$ 9,863
Defined benefit plans	639	750
	8,395	10,613
Short-term employee benefits expense (salary, incentive, bonus, etc.)	228,192	231,077
Total employee benefit expenses	$ 236,587	$ 241,690
By function		
Operating costs	$ 121,989	$ 128,779
Operating expenses	114,598	112,911
	$ 236,587	$ 241,690

g. Employees' compensation and remuneration of directors

The Company accrued employees' compensation and remuneration of directors at the rates of no less than 0.6% and no higher than 3% for employees' compensation and no higher than 2% for remuneration of directors of net profit before tax. The employees' compensation and remuneration of directors for the years ended December 31, 2022 and 2021, which were approved by the Company's board of directors on March 9, 2023 and March 17, 2022, respectively, were as follows:

Accrual rates

	2022	2021
Employees' compensation	0.60%	0.60%
Remuneration of directors	0.26%	0.28%

Amount

	2022	2021
	Cash	Cash
Employees' compensation	$ 7,630	$ 6,911
Remuneration of directors	3,240	3,240

If there is a change in the amounts after the consolidated financial statements are authorized for issue, the differences are recorded as a change in the accounting estimate and adjusted in the accounts in the following year.

There was no difference between the actual amount paid of employees' compensation and remuneration of directors and the amount recognized in the consolidated financial statements for the years ended December 31, 2021 and 2020.

Information on the employees' compensation and remuneration of directors resolved by the Company's board of directors is available at the Market Observation Post System website of the Taiwan Stock Exchange.

27. Income Tax

a. The major components of income tax expense recognized in profit and loss account

Major components of income tax expense are as follows:

	2022	2021
Current income tax		
In respect of the current year	$ 49,700	$ 39,381
Land value increment tax	17,918	45,700
House and land transactions income tax	149,230	-
Surcharges on unappropriated earnings	33,594	317
Adjustments for prior years	993	199
	251,435	85,597
Deferred income tax		
In respect of the current year	(890)	(293)
Income tax expenses recognized in profit or loss	$ 250,545	$ 85,304

A reconciliation of accounting profit and current income tax expense is as follows:

	2022	2021
Profit before income tax from continuing operations	$ 1,265,243	$ 1,147,239
Income tax expenses from profit before income tax calculated at the statutory rate	$ 253,049	$ 229,448
Non-taxable income		
Gain on land sold exempt from income tax	(206,942)	(190,001)
Other non-taxable income	(4,512)	(3,125)
Non-deductible expenses or loss for tax purposes	7,343	2,766
Surcharges on unappropriated earnings	33,594	317
Land value increment tax	17,918	45,700
House and land transactions income tax	149,230	-
Unrecognized loss carryforward and deductible temporary differences	(128)	-
Income tax expenses from previous years adjusted for current period	993	199
Income tax expenses recognized in profit or loss	$ 250,545	$ 85,304

b. Income tax recognized in other comprehensive income

	2022	2021
Deferred income tax		
In respect of the current year		
- Actuarial gain (loss) of defined benefits	$ 839	$ 227

c. Current tax assets and liabilities

	December 31, 2022	December 31, 2021
Current tax liabilities		
Income tax payable	$ 106,528	$ 36,042

d. Deferred tax assets and liabilities

The movements of deferred tax assets and liabilities were as follows:

2022

Deferred tax assets	Opening Balance	Recognized in profit and loss	Recognized in other comprehensive income	Reclassification	Closing Balance
Temporary differences					
Property, Plant and Equipment	$ 3,173	$ -	$ -	$ -	$ 3,173
Deferred selling and marketing expenses	5,062	1,734	-	-	6,796
Defined benefit retirement plans	2,217	(844)	(613)	1,268	2,028
	$ 10,452	$ 890	($ 613)	$ 1,268	$ 11,997

Deferred tax liabilities	Opening Balance	Recognized in profit and loss	Recognized in other comprehensive income	Reclassification	Closing Balance
Temporary differences					
Defined benefit retirement plans	$ -	$ -	($ 226)	($ 1,268)	($ 1,494)

2021

Deferred tax assets	Opening Balance	Recognized in profit and loss	Recognized in other comprehensive income	Closing Balance
Temporary differences				
Property, Plant and Equipment	$ 3,173	$ -	$ -	$ 3,173
Deferred selling and marketing expenses	4,749	313	-	5,062
Defined benefit retirement plans	2,464	(20)	(227)	2,217
	$ 10,386	$ 293	($ 227)	$ 10,452

e. Amounts of loss carryforward and deductible temporary differences for which no deferred tax assets have been recognized in the consolidated balance sheet

	December 31, 2022	December 31, 2021
Loss carryforward		
Expired in 2024	$ 11,368	$ 12,088
Expired in 2025	8,835	8,835
Expired in 2030	90,353	90,353
Expired in 2031	70,232	70,232
	$ 180,788	$ 181,508
Deductible temporary differences		
Loss on impairment	$ 23,822	$ 23,822
Non-leaving pay	2,977	2,977
	$ 26,799	$ 26,799

f. Income tax assessments

Founding Co. and its subsidiaries' latest annual income tax return of a profit-seeking enterprise have been assessed by the tax authorities, and the assessed years were as follows:

	Assessed Year
Founding Co.	2020
Chien-Chiao Co.	2020
FUSHIN Hotel Co.	2020
Hsin-Long-Hsing Co.	2020

28. Earnings Per Share

Unit: NT$ per share

	2022	2021
Basic EPS	$ 3.56	$ 3.72
Diluted EPS	$ 3.55	$ 3.72

The earnings and weighted average number of ordinary shares outstanding used in the computation of earnings per share from continuing operations are as follows:

Net Income for the Year

	2022	2021
Net profit to calculate basic and diluted EPS	$ 1,014,698	$ 1,061,935

Number of Shares

Unit: In Thousands of Shares

	2022	2021
Weighted average number of ordinary shares outstanding used in the computation of basic earnings per share	285,245	285,245
Effect of dilutive potential ordinary share:		
Employees' compensation	509	436
Weighted average number of ordinary shares outstanding used in the computation of dilutive earnings per share	285,754	285,681

If the consolidated company offered to settle the employees’ compensation in cash or shares, the consolidated company presumes that the entire amount of the employees’ compensation would be settled in shares and includes the potential shares that bear dilutive effect in the weighted average number of shares outstanding to calculate the diluted earnings per share. Such dilutive effect of the potential shares is included in the computation of diluted earnings per share until the shareholders resolve the number of shares to be distributed to employees at their meeting in the following year.

29. Information on Cash Flows

a. Non-Cash Transactions

For the years ended December 31, 2022 and 2021, the consolidated company conducted the following non-cash transactions investments and financing activities.

1) The consolidated company transferred property, plant and equipment into inventories, resulting in a decrease of $138,620 thousand in property, plant and equipment and an increase of the same amount in inventories for the year ended December 31, 2021.

2) The consolidated company transferred property, plant and equipment into investment properties, resulting in a decrease in property, plant and equipment, and an increase in investment properties, amount to $79,319 thousand and $5,327 thousand, respectively, for the years ended December 31, 2022 and 2021.

3) The consolidated company transferred property, plant and equipment into non-current assets held for sale, resulting in a decrease of $339,932 thousand in property, plant and equipment and an increase of the same amount in non-current assets held for sale for the year ended December 31, 2021.

4) The consolidated company transferred investment properties into inventories, resulting in a decrease in investment properties and equipment, and an increase in inventories, amounted to $41,530 thousand and $65,473 thousand, respectively, for the years ended December 31, 2022 and 2021.

5) The consolidated company transferred lease inventories into investment properties, resulting in a decrease of $1,417,971 thousand in inventories and an increase of the same amount in investment properties for the years ended December 31, 2021.

b. Changes in liabilities arising from financing activities

2022

	January 1, 2022	Cash flows	Non-cash changes		December 31, 2022
			New leasing	Others	
Short-term borrowings	$2,297,230	($1,129,230)	$ -	$ -	$1,168,000
Long-term borrowings	1,767,086	(428,591)	-	-	1,338,495
Guarantee deposits	7,416	581	-	-	7,997
Lease liabilities	37,404	(13,901)	41,541	27,698	92,742
	$4,109,136	($1,571,141)	$ 41,541	$ 27,698	$2,607,234

2021

	January 1, 2021	Cash flows	Non-cash changes		December 31, 2021
			New leasing	Others	
Short-term borrowings	$2,628,410	($ 331,180)	$ -	$ -	$2,297,230
Short-term bills payable	845,910	(845,910)	-	-	-
Long-term borrowings	2,327,294	(560,208)	-	-	1,767,086
Guarantee deposits	1,424	5,992	-	-	7,416
Lease liabilities	10,614	(9,944)	36,063	671	37,404
	$5,813,652	($1,741,250)	$ 36,063	$ 671	$4,109,136

30. Capital Risk Management

The consolidated company conducts capital risk management to ensure that each entity of the group would continue as a going concern with the premise of optimizing the balances of debt and equity, and to maximize shareholders' equity.

The consolidated company's capital structure consists of the consolidated company's net debt (which is borrowings less cash and cash equivalents) and equity (which are share capital, capital surplus, retained earnings, and other equity items).

The consolidated company is not subject to any other external capital requirements.

The key management of the consolidated company reviews the capital structure and considers the costs and risks involved in different capital structures when there are new construction projects and operational fund needs. Based on recommendations of the key management, the consolidated company will balance its overall capital structure through financing. Generally, the Group adopts the conservative risk management strategy.

31. Financial Instruments

a. Information on fair value - financial instruments not measured at fair value

Except for long-term borrowings as below, management of the consolidated company believes the carrying amounts of financial assets and financial liabilities not measured at fair value approximate their fair values.

Fair value hierarchy of the above-mentioned fair value measurement was as follows:

December 31, 2022

	Carrying Value	Level 1	Level 2	Level 3	Total
Financial liabilities					
Financial liabilities measured at amortized cost:					
- Long-term borrowings	$1,215,369	$ -	$1,189,618	$ -	$1,189,618

December 31, 2021

	Carrying Value	Level 1	Level 2	Level 3	Total
Financial liabilities					
Financial liabilities measured at amortized cost:					
- Long-term borrowings	$1,622,090	$ -	$1,597,376	$ -	$1,597,376

The above mentioned fair value measurements of Level 2 are determined using discounted cash flow analysis by the borrowing rate.

b. Information on fair value - financial instruments measured at fair value on a recurring basis

Fair value hierarchy

December 31, 2022

	Level 1	Level 2	Level 3	Total
Financial asset at FVTPL				
Domestic listed (OTC) stocks	$ 80,513	$ -	$ -	$ 80,513
Fund beneficiary certificates	6,382	-	-	6,382
	$ 86,895	$ -	$ -	$ 86,895
Financial assets at fair value through other comprehensive Income				
Domestic non-listed (non-OTC) securities				
- Equity investments	$ -	$ -	$ 4,104	$ 4,104

December 31, 2021

	Level 1	Level 2	Level 3	Total
Financial asset at FVTPL				
Domestic listed (OTC) stocks	$ 58,411	$ -	$ -	$ 58,411
Fund beneficiary certificates	8,471	-	-	8,471
	$ 66,882	$ -	$ -	$ 66,882
Financial assets at fair value through other comprehensive income				
Domestic non-listed (non-OTC) securities				
- Equity investments	$ -	$ -	$ 4,104	$ 4,104

There was no transfer between Level 1 and Level 2 for the years ended December 31, 2022 and 2021.

c. Categories of financial instruments

	December 31, 2022	December 31, 2021
Financial assets		
Financial asset at FVTPL		
Mandatorily classified as at FVTPL	$ 86,895	$ 66,882
Financial assets at amortized cost (Note 1)	3,219,597	1,251,651

(Continued on the next page)

(Continued from the previous page)

	December 31, 2022	December 31, 2021
Financial assets at fair value through other comprehensive income		
Investments in equity instruments	$ 4,104	$ 4,104
Financial liabilities		
Financial liabilities at amortized cost (Note 2)	2,711,654	4,268,877

Note 1. The balances included financial assets measured at amortized cost, which comprise cash and cash equivalents, notes receivable, accounts receivable, other financial assets, refundable deposits, etc.

Note 2. The balances included financial liabilities measured at amortized cost, which comprise short-term borrowings, notes payable, accounts payable, other payables, long-term borrowings, guarantee deposits, etc.

d. Financial risk management objectives and policies

The consolidated company's major financial instruments included equity investments, accounts receivable, accounts payable, borrowings, etc. The consolidated company's Finance division provides services to each unit of the business, coordinates access to domestic financial markets, and monitors and manages the financial risks relating to the operations of the consolidated company through internal risk reports that analyze exposures by degree and magnitude of risks. These risks include market risk (including foreign currency risk, interest rate risk and other price risk), credit risk and liquidity risk.

1) Market risk

The consolidated company's operating activities exposed it primarily to the financial risks of changes in interest rates (see paragraph a) below).

The consolidated company's management methods and assessment methods of the risk exposure to market risks of financial instruments remain unchanged.

a) Interest rate risk

The consolidated company is exposed to interest rate risk because entities in the consolidated company borrow funds at both fixed and floating interest rates. The carrying amount of the consolidated company's respective financial assets and financial liabilities exposed to interest rate risk as stated in the consolidated balance sheet is as follows:

	December 31, 2022	December 31, 2021
Cash flow interest rate risk		
- Financial assets	$ 2,986,894	$ 1,007,342
- Financial liabilities	2,506,495	4,064,316

Sensitivity analysis

The sensitivity analysis below was determined based on the Company's exposure to interest rates for both derivatives and non-derivative instruments at the end of the reporting period. For floating rate liabilities, the analysis was prepared assuming the amount of the liability outstanding at the end of the reporting period was outstanding for the whole year.

If interest rate had been 0.1% higher and all other variables were held constant, the consolidated company's pre-tax profit for the years ended December 31, 2022 and 2021 would increase by $480 thousand and decrease by $3,057 thousand, respectively, mainly because the consolidated company was exposed to risks from borrowings with variable interest rates and assets with variable interest rates.

b) Other price risk

The consolidated company was exposed to equity price risk arising from its investments in equity securities of listed and OTC companies and other price risks arising from its fund beneficiary certificates.

Sensitivity analysis

The sensitivity analysis below was determined based on the exposure to equity price risks at the end of the reporting period.

If equity prices had been 5% higher, the consolidated company's profit or loss before tax for the years ended December 31, 2022 and 2021 would have increased by $4,026 thousand and $2,921 thousand, respectively.

2) Credit risk

Credit risk refers to the risk that counterparty will default on its contractual obligations resulting in a financial loss to the Group. As of the balance sheet date, the consolidated company's maximum exposure to credit risk due to failure to discharge an obligation by the counterparties and due to financial loss from financial guarantee provided by the consolidated company arises from the carrying amount of the respective recognized financial assets as stated in the consolidated balance sheet.

The consolidated company reviews the recoverable amount of each individual account receivable on the balance sheet date to ensure that adequate allowance is made for possible irrecoverable amounts. In this regard, the management believes that the consolidated company's credit risk has been significantly reduced.

3) Liquidity risk

The consolidated company manages liquidity risk by monitoring and maintaining a level of cash and cash equivalents deemed adequate to finance the consolidated company's operations and mitigate the effects of fluctuations in cash flows. In addition, management monitors the utilization of bank borrowings and ensures compliance with loan covenants.

Bank loans are an important source of liquidity for the consolidated company. Please refer to b) financing facilities as described below for the consolidated company's unused financing facilities.

a) Liquidity and interest rate risk table for non-derivative financial liabilities

The analysis of the consolidated company's remaining contractual maturities for its non-derivative financial liabilities with agreed repayment periods was drawn up based on the undiscounted cash flows (including principal and estimated interest) of financial liabilities from the earliest date on which the consolidated company can be required to repay. Therefore, bank borrowings that the consolidated company may be required to repay immediately are listed in the table below at the earliest term disregard the probability of instantly exercising such right by the bank. The analysis of the maturities of other non-derivative financial liabilities is prepared in accordance with the agreed repayment date.

December 31, 2022

	Less than 1 year	2 - 3 years	4 - 5 years	6+ years	Total
Non-derivative financial liabilities					
Non-interest-bearing liabilities	$ 187,997	$ -	$ -	$ -	$ 187,997
Floating interest rate instruments	713,786	899,214	218,669	881,148	2,712,817
Lease liabilities	24,212	47,234	21,296	-	92,742
	$ 925,995	$ 946,448	$ 239,965	$ 881,148	$ 2,993,556

Additional information about the maturity analysis for lease liabilities:

	Less than 1 year	1-5 years	5-10 years	10-15 years	15-20 years	20+ years
Lease liabilities	$ 25,600	$ 70,344	$ -	$ -	$ -	$ -

December 31, 2021

	Less than 1 year	2 - 3 years	4 - 5 years	6+ years	Total
Non-derivative financial liabilities					
Non-interest-bearing liabilities	$ 178,920	$ -	$ -	$ -	$ 178,920
Floating interest rate instruments	1,177,086	1,320,063	848,502	961,408	4,307,059
Lease liabilities	9,985	18,334	9,085	-	37,404
	$1,365,991	$1,338,397	$ 857,587	$ 961,408	$ 4,523,383

Additional information about the maturity analysis for lease liabilities:

	Less than 1 year	1-5 years	5-10 years	10-15 years	15-20 years	20+ years
Lease liabilities	$ 10,571	$ 28,157	$ -	$ -	$ -	$ -

b) Financing facilities

	December 31, 2022	December 31, 2021
Unsecured bank borrowings amount (reviewed annually)		
- Amount used	$ 21,000	$ 30,000
- Amount unused	165,000	156,000
	$ 186,000	$ 186,000
Secured bank borrowings amount		
- Amount used	$ 2,485,495	$ 4,034,316
- Amount unused	3,151,985	3,778,164
	$ 5,637,480	$ 7,812,480

32. Related Party Transactions

In preparing the consolidated financial statements, all transactions, account balances, income and expenses between the Company and its subsidiaries (which are the Company's related parties) have been eliminated in full and are not disclosed in this note accordingly.

In addition to those disclosed in other notes, transactions between the consolidated company and other related parties are as follows:

Compensation of key management personnel

	2022	2021
Short-term employee benefits	$ 27,808	$ 24,474
Post-Retirement Benefits	951	1,012
	$ 28,759	$ 25,486

The remuneration of directors and other members of key management personnel, as determined by the remuneration committee, were based on the individual performance and market trends.

33. Pledged Assets

The following assets of the consolidated company were provided for financial institution borrowings and performance guarantee of goods as collateral, and each of their carrying amounts is as follows:

	December 31, 2022	December 31, 2021
Inventory - buildings and land held for sale	$ 241,321	$ 2,252,909
Inventory - construction in progress	4,774,143	4,841,694
Property, plant and equipment	2,169,004	2,314,098
Other financial assets - current	8,026	120,565
Non-current assets held for sale	-	339,932
Investment properties	1,627,561	1,117,215
	$ 8,820,055	$ 10,986,413

34. Significant Contingent Liabilities and Unrecognized Contract Commitments

Except for those described in other notes, significant commitments and contingencies of the consolidated company on the date of balance sheet were as follows:

a. According to Article 513 of the Civil Code, "when the contract of hire of work is for the construction of a building or other works on land or for vital repairs on such building or works, the undertaker in accordance with the remuneration of the relation of hire of work on the real property of the proprietor upon which the work is done, may demand the proprietor to register a right of mortgage." Hence, the construction company that undertakes Founding Construction's construction project holds the right of mortgage over the construction in progress.

b. The consolidated company entered into contracts with contractors undertaking outsourced works. The contracts with unclosed construction projects were amounted to $603,313 thousand, and the amounts of $272,073 thousand were paid as of December 31, 2022.

c. Commodity Voucher issued by FUSHIN Hotel Co., one of the consolidated companies, adopts the performance guarantee provided by Sunny Bank amounted to $2,701 thousand as of December 31, 2022.

35. Supplementary Disclosures

a. Information on Significant Transactions:

1) Financing provided to others. (Table 1)

2) Endorsements/guarantees provided. (Table 2)

3) Marketable securities held at year end. (Table 3)

4) Marketable securities acquired or disposed of at costs or prices accumulated at least NT$300 million or 20% or greater of the paid-in capital. (Not applicable)

5) Acquisition of individual real estate at costs of at least NT$300 million or 20% or greater of the paid-in capital. (Not applicable)

6) Disposal of individual real estate at prices of at least NT$300 million or 20% or greater of the paid-in capital. (Table 4)

7) Total purchases from or sales to related parties amounting to at least NT$100 million or 20% or greater of the paid-in capital. (Table 5)

8) Receivables from related parties amounting to at least NT$100 million or 20% or greater of the paid-in capital. (Not applicable)

9) Trading in derivative instruments. (Not applicable)

10) Others: Business relationships and situations and amounts of significant transactions of inter-company. (Table 6)

b. Information on Invested Companies: (Table 7)

c. Information on Investments in Mainland China:

1) Information on any investee in mainland China, showing the name, principal business activities, paid-in capital, method of investment, inward and outward remittance of funds, ownership percentage, investment income or loss, carrying amount of the investment at the end of the period, repatriations of investment income, and limit on the amount of investment in the mainland China area. (Not applicable)

2) Significant transactions directly or indirectly through third region with investee companies in mainland China, and their prices, terms of payment, unrealized gain or loss. (Not applicable)
   a) Purchase amount and percentage, and the ending balance and percentage of the related payables.
   b) Sales amount and percentage, and the ending balance and percentage of the related receivables.
   c) Property transaction amounts and the resulting gain or loss.
   d) Ending balances and the purposes of endorsements/guarantees or collateral provided.
   e) The maximum remaining balance, ending balance, range of interest rate and total amount of current interest of financing facilities.
   f) Other transactions having a significant impact on profit or loss or financial position for the period, such as provision or receipt of service.

d. Information on Major Shareholders:

List of all shareholders with ownership of 5 % or greater showing the names and the number of shares and percentage of ownership held by each shareholder: (Table 8)

36. Segment Information

Information reported to the chief operating decision maker for the purposes of resource allocation and assessment of segment performance focuses on types of goods delivered or services provided. In compliance with the Financial Accounting Standard No. 41 "Disclosures of operating segments," the reportable segments of the consolidated company are as follows:

Architecture segment

Construction segment

Hospitality segment

Segment revenue and operation results

Analysis of revenues and operation results by segment of the consolidated company's continuing operation was as follows:

	Segment Revenue		Segment Profit (Loss)	
	2022	2021	2022	2021
Architecture segment	$ 4,464,497	$ 3,490,410	$ 1,039,868	$ 892,930
Construction segment	925	928	(18,352)	(22,059)
Hospitality segment	350,226	280,802	11,298	(76,815)
Total continuing operation	$ 4,815,648	$ 3,772,140	1,032,814	794,056
Interest income			4,379	238
Other income			17,803	17,329
Net foreign exchange gain			81	13
Transfer of rights and benefits by sale and lease back			247,794	-
Gain on disposal of property, plant and equipment			778	352,212
Other gains and losses			(34,433)	(1,053)
Loss on sublease of right-of-use assets			-	(4,334)
Finance costs			(3,973)	(11,222)
Profit before income tax from continuing operations			$ 1,265,243	$ 1,147,239

Segment revenues reported above were all generated by transactions with external customers.

Segment profit represents the profits made by each segment, excluding the general and administrative costs of headquarters and remuneration of directors that shall be amortized, share of profit of associates using equity method, rental revenue, interest income, gain (loss) on disposal of property, plant and equipment, gain (loss) on disposal of investment, net foreign exchange gain (loss), gain (loss) on valuation of financial instruments, finance costs, and income tax expenses. Such measurement amounts are provided to the chief business decision makers to allocate resources to segments and to evaluate their performance.

Founding Construction Development Corp. and Subsidiaries

FINANCING PROVIDED TO OTHERS
2022
Unit: NT$ thousands/ Foreign Currency Dollars

Code (Note 1)	Lending company	Lending targets	Transactions	Whether it is a related party	Maximum balance during the period	Ending balance	Actual borrowing amount	Interest rate range	Nature of lending (Note 2)	Amount of business transactions	Reasons for short-term financing	Allowance for bad debts	Collateral	Value of collaterals	Limit on the amount of lending to individual target (Note 3)	Total limit on lending (Note 3)	Remarks
0	Founding Co.	FUSHIN Hotel Co.	Other receivables	Yes	$ 50,000	$ 50,000	$ -	2.35%	2	$ -	Operating turnover	$ -	—	$ -	$ 905,920	$ 1,811,840	

The calculation based on measures governing the limit of each lending company's funds to others is as follows:

Note 1. Explanation of the code column as follows:

1. Number 0 represents issuer.
2. Investee companies are numbered in order starting from "1" by company.

Note 2. Explanation of the nature of lending column is as follows:

1. Please fill in 1 if it is for the purpose of business transactions.
2. Please fill in 2 if it is for the purpose of short-term financing.

Note 3. The calculation is based on measures governing the limit of each lending company's funds to others as follows:

1. Limit on the amount of lending to individual targets = 10% of the net value of Founding Co. = 9,059,198 × 10% = 905,920

   Total limit on lending = 20% of the net value of Founding Co. = 9,059,198 × 20% =1,811,840

Table 2

Founding Construction Development Corp. and Subsidiaries

ENDORSEMENTS/GUARANTEES PROVIDED
2022
Unit: NT$ thousands/ Foreign Currency Dollars

Code (Note 1)	Endorsements/Guarantees Provider Company Name	Parties Being Endorsed/guaranteed		Limits on Endorsement/ Guarantee for Each Party (Note 3)	Maximum Amount Endorsed/ Guaranteed During the Period	Outstanding Endorsement/ Guarantee at the End of the Period	Actual Borrowing Amount	Amount Endorsed/ Guaranteed with Collateral	Ratio of Accumulated Endorsement/ Guarantee to Net Equity in Latest Financial Statements (%)	Aggregate Endorsement/ Guarantee Limit (Note 3)	Endorsement/ Guarantee Given by Parent for Subsidiaries (Note 4)	Endorsement/ Guarantee Given by Subsidiaries for Parent (Note 4)	Endorsement/ Guarantee Given for Companies in Mainland China (Note 4)	Remarks
		Company Name	Relationship (Note 2)											
1	Chien-Chiao Co.	Founding Co.	3	$ 970,617	$ 109,612	$ -	$ -	$ -	—	$ 310,280	N	Y	N	

Note 1. Explanation of the code column as follows:

1. Number 0 represents issuer.
2. Investee companies are numbered in order starting from "1" by company.

Note 2. The types of relationship between the endorser/guarantee and the endorsee/guarantor are as follows, please label the number:

1. A company with which we have business transactions.
2. A company in which the Company directly and indirectly holds more than 50% of the voting shares.
3. A company that directly and indirectly holds more than 50% of the voting shares of the Company.
4. A company in which the Company directly and indirectly holds more than 90% of the voting shares.
5. A company that is mutually protected under contractual requirements among peers or joint builders based on the needs of the contractor.
6. A company that is endorsed by all the contributing shareholders in accordance with their shareholding ratio due to joint investment relationship.
7. Provision of joint performance guarantee among peers for pre-sale contracts in accordance with the Consumers Protection Act.

Note 3. The aggregate endorsement/ guarantee limit of Chien-Chiao Construction Co., Ltd. shall not be more than 100% of the net equity of company. Endorsement/guarantee limit for a single enterprise shall not exceed 40% of the current net equity. The aggregate limit for the company of which 100% of the voting rights directly and indirectly held by the company shall not exceed 100% of the current net equity. The aggregate limit for a business partner endorsement/guarantee shall not exceed the total amount of transactions with the Company in the most recent year (the purchase or sales amount between the two parties, whichever is higher).

According to the above mentioned regulations, the aggregate limit for the endorsement/guarantee of Chien-Chiao Construction Co., Ltd. equals the net value amounted to $310,280 thousand, and the aggregate limit for a business partner endorsement/guarantee is $970,617 thousand.

Note 4. Listed (OTC) parent company endorsed/guaranteed for the subsidiaries, subsidiaries endorsed/guaranteed for the listed (OTC) parent company, or endorsement/guarantee for entities in Mainland China shall fill in "Y".

Table 3

Founding Construction Development Corp. and Subsidiaries

MARKETABLE SECURITIES HELD AT YEAR END
December 31, 2022
Unit: NT$ thousands

Name of Holding Company	Type and Name of Marketable Security	Relationship with the Issuer of Marketable Security	Name of Account	Ending Balance				Remarks
				Shares (unit)	Carrying Value	Percentage of Ownership (%)	Market Value, Net	
Founding Construction Development Corp.	Beneficiary certificates							
	Mega Global Fund	No	Financial assets at fair value through profit or loss - current	73,733.33	$ 2,496	-	$ 2,496	
	Shin Kong Taiwan Fu-Kuei Fund	No	〃	85,778.01	3,886	-	3,886	
	Stock							
	Greatforce Biochem Tech Co., Ltd.	No	Financial assets measured at fair value through other comprehensive income - non-current	500,000	-	1.84	-	Non-listed (non-OTC) company
					$ 6,382		$ 6,382	
Chien-Chiao Construction Co., Ltd.	Stock							
	Chao-Teng Hydropower Engineering Co., Ltd.	No	Financial assets measured at fair value through other comprehensive income - non-current	-	$ 4,104	19.00	$ 4,104	Non-listed (non-OTC) company
	Greatforce Biochem Tech Co., Ltd.	No	〃	500,000	-	1.84	-	〃
					$ 4,104		$ 4,104	
Hsin-Long-Hsing Investment Co., Ltd.	Stock							
	Yeong Guan Energy Technology Group Company Ltd.	No	Financial assets at fair value through profit or loss - current	100,000	$ 5,690	-	$ 5,690	Listed (OTC) company
	YAGEO Corporation	No	〃	31,868	14,372	-	14,372	〃
	Yuanta Financial Holding Co., Ltd.	No	〃	1,236,000	26,821	-	26,821	〃
	Yang Ming Marine Transport Corporation	No	〃	100,000	6,550	-	6,550	〃
	Fitipower Integrated Technology Inc.	No	〃	60,000	6,930	-	6,930	〃
	Walsin Technology Corp.	No	〃	100,000	7,900	-	7,900	〃
	Innolux Display Corp.	No	〃	543,000	6,000	-	6,000	〃
	MediaTek Inc.	No	〃	10,000	6,250	-	6,250	〃
					$ 80,513		$ 80,513	

Table 4

Founding Construction Development Corp. and Subsidiaries

DISPOSAL OF INDIVIDUAL REAL ESTATE AT PRICES OF AT LEAST NT$300 MILLION OR 20% OR GREATER OF THE PAID-IN CAPITAL
2022
Unit: NT$ thousands unless otherwise specified

Company disposing of real estate property	Name of property	Date of occurrence	Original acquisition date	Carrying value	Transaction amount	Consideration received	Gain or loss on disposal	Counterparty	Relationship	Purpose of disposal	Reference for pricing	Other contractual matters
Founding Co.	Land and property located on Lot 6, 1st Subsection, Chong Qing Section, Central District, Taichung	2022/03/07	2012/06/01	$ 339,932	$ 620,039	Received in full in April, 2022	$ 247,794	Chunghwa Post Co., Ltd	No	Receipt of gain on disposal	Based on valuer's appraisal result	Note 4

Note 1. If the assets to be disposed of are subject to appraisal, the appraisal result should be stated in the column of "Reference for pricing".

Note 2. Paid-in capital refers to the parent company's paid-in capital. If the issuer's stock has no par value or the par value per share is not $10, the transaction amount of 20% of the paid-in capital is calculated based on 10% of the equity attributable to the owners of the parent company in the balance sheet.

Note 3. The date of occurrence refers to the earlier of the date of execution of the transaction, the date of payment, the date of completion of the entrustment, the date of transfer, the date of resolution of the Board of Directors, or other dates that are sufficient to determine the counter-party and the transaction amount.

Note 4. The contract is leased by FUSHIN Hotel Co. for a period of 5 years with no right of first refusal at the maturity of the lease.

Table 5

Founding Construction Development Corp. and Subsidiaries

TOTAL PURCHASES FROM OR SALES TO RELATED PARTIES OF AT LEAST NT$100 MILLION OR 20% OR GREATER OF THE PAID-IN CAPITAL
2022
Unit: NT$ thousands

Buyer/Seller	Counterparty	Relationship	Transaction Details				Terms and Reasons of Abnormal Transaction		Notes/Accounts Receivable (Payable)		Remarks
			Purchase/ Sales	Amount	% to Total Purchases or Sales	Payment Terms	Unit Price	Payment Terms	Balance	% to Total Notes/Accounts Receivable (Payable)	
Founding Co.	Chien-Chiao Co.	Subsidiary	Purchases (undertaking contracted projects amounted to $3,377,000 thousand)	$ 780,183	68	in compliance with the payment term of the contracts	No abnormalities	in compliance with the payment term of the contracts	Notes payable $ 29,662	67	
									Accounts payable 54,600	95	
Chien-Chiao Co.	Founding Co.	Parent company	Sales (undertaking contracted projects amounted to $3,377,000 thousand)	970,617	100	in compliance with the payment term of the contracts	No abnormalities	in compliance with the payment term of the contracts	Notes receivable 29,662	100	
									Accounts receivable 54,600	99	

Note: The above transactions were eliminated in preparing the consolidated financial statements.

Table 6

Founding Construction Development Corp. and Subsidiaries

RELATIONSHIPS AND SIGNIFICANT INTERCOMPANY TRANSACTIONS BETWEEN CONSOLIDATED ENTITIES
2022
Unit: NT$ thousands

Code (Note 1)	Name of Trader	Counterparty of Trade	Relationship with Trader (Note 2)	Transaction Details			
				Accounts	Amount	Terms and Conditions	Percentage of Total Consolidated Revenue or Total Consolidated Assets (Note 3)
0	Founding Co.	Chien-Chiao Co.	1	Notes payable	$ 29,662	Progress payment requested based on the project status	-
0	Founding Co.	Chien-Chiao Co.	1	Accounts payable	54,600	Progress payment requested based on the project status	-
0	Founding Co.	FUSHIN Hotel Co.	1	Rental revenue	59,882	Payment requested in terms of contract	1%
1	Chien-Chiao Co.	Founding Co.	2	Construction revenue	970,617	Progress payment requested based on the project status	20%

Note 1. Information on business transactions between the parent and subsidiaries shall be indicated in the code column as follows:

1. Parent company is "0."
2. The subsidiaries are numbered in order starting from "1."

Note 2. Trader’s relationship with the following three categories (just mark the category number):

1. The parent to subsidiary.
2. Subsidiary to the parent.
3. Between subsidiaries.

Note 3. On whether to calculate the percentage of transaction amount to the consolidated total revenue or total assets, the percentage of transaction amount to the ending balance of the consolidated total assets shall be calculated if a transaction account belongs to the assets and liabilities account, whereas the percentage of accumulated transaction amount to the consolidated total revenue shall be calculated if a transaction belongs to the profit and loss account.

Table 7

Founding Construction Development Corp. and Subsidiaries

RELEVANT INFORMATION OF INVESTEE COMPANY (NAME, LOCATION, ETC)
2022
Unit: NT$ thousands

Name of investor company	Investee company	Location	Main businesses	Initial investment amount		Held as of the end of the period			Current profit or loss of the investee company	Investment gain (loss) recognized in the current period	Remarks
				Ending balance of the current period	Ending balance of the previous period	Shares	Ratio (%)	Carrying value			
Founding Co.	Chien-Chiao Co.	5F-5 No. 294, Sec. 1, Dunhua S. Rd., Da'an Dist., Taipei City	Business of buildings and civil construction	$ 51,800	$ 51,800	15,000,000	100	$ 121,780	$ 60,730	$ 91,091	Note 1
Founding Co.	FUSHIN Hotel Co.	No. 152, Sec. 1, Datong Rd., Xizhi Dist., New Taipei City	Catering and restaurant businesses - general hotel businesses	151,000	151,000	15,100,000	94.375	96,163	1,057	(30,952)	Note 2
Founding Co.	Hsin-Long-Hsing Co.	5F-8 No. 294, Sec. 1, Dunhua S. Rd., Da'an Dist., Taipei City	General investment business	300,000	300,000	30,000,000	100	268,503	(24,130)	(24,130)	
Chien-Chiao Co.	FUSHIN Hotel Co.	No. 152, Sec. 1, Datong Rd., Xizhi Dist., New Taipei City	Catering and restaurant businesses - general hotel businesses	9,000	9,000	900,000	5.625	5,154	1,057	60	Note 3

Note 1. From January 1 to December 31, 2022, Founding Co. recognized incomes of Chien-Chiao Construction Co., Ltd. amounted to $60,730 thousand, plus realized gross profit of $30,361 thousand.

Note 2. From January 1 to December 31, 2022, Founding Co. recognized incomes of FUSHIN Hotel Co., Ltd. amounted to $998 thousand, less effect from application of IFRS 16 amounted to $4,484 thousand and loss of sale and lease back of $27,466 thousand.

Note 3. From January 1 to December 31, 2022, Chien-Chiao Co. recognized incomes of FUSHIN Hotel Co., Ltd. amounted to $59 thousand, plus effects from application of IFRS 16 amounted to $1 thousand.

Table 8

Founding Construction Development Corp.

INFORMATION ON MAJOR SHAREHOLDERS
December 31, 2022

Shareholder's Name	Shares	
	Number of Shares	Percentage of Shares
Mei-Hsiung Investment Co., Ltd.	53,813,212	18.86%
Syntain Co., Ltd.	22,918,571	8.03%
Fu-Hsiung Investment Co., Ltd.	15,920,416	5.58%

Note 1. Information on major shareholders in this table is provided by Taiwan Depository & Clearing Corporation according to information on shareholders holding at least 5% or greater of ordinary shares and preferred shares (including treasury shares) that have been issued and delivered without physical registration by the Company on the last business day at the end of the current quarter. Share capital indicated in the Company's consolidated financial statements may differ from the actual number of shares that have been issued and delivered without physical registration as a result of different basis of preparation.

Note 2. If a shareholder delivers its shareholding information to the trust, the aforesaid information shall be disclosed by the individual trustee who opened the trust account. For a shareholder who declares its shareholdings as an insider holding more than 10% of shares in accordance with the Securities and Exchange Act, such shareholding information shall include shares held by the shareholder and those delivered to the trust over which the shareholder has the right to determine the use of trust property. For information on declaration of shareholdings by insiders, please visit the Market Observation Post System.