Stock Code: 5533

Founding Construction Development Corp. and Subsidiaries

Consolidated Financial Statements and Independent Auditors' Report

For the Years Ended December 31, 2023 and 2022

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, 2023, under the Criteria Governing the Preparation of Affiliation Reports, Consolidated Business Reports and Consolidated Financial Statements of Affiliated Enterprises are the same as those included in the consolidated financial statements 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 14, 2024

Independent Auditors' Report

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, 2023 and 2022, 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, 2023 and 2022, and its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and 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, 2023. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matters for the Founding Group's consolidated financial statements for the year ended December 31, 2023 are stated as follows:

Key Audit Matters I: Inventory Valuation

Inventories of the Founding Group represented 31% of the consolidated total assets as of December 31, 2023. 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 (13) 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, 2023 and 2022 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 the 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, 2023 and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Deloitte & Touche

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

March 14, 2024

Founding Construction Development Corp. and Subsidiaries

Consolidated Balance Sheets
December 31, 2023 and 2022
Unit: NT$ thousands

Code	ASSETS	December 31, 2023 Amount	%	December 31, 2022 Amount	%
	CURRENT ASSETS				
1100	Cash and cash equivalents (Note 6)	$ 3,289,195	28	$ 2,992,800	24
1110	Financial assets at fair value through profit or loss - current (Notes 7 and 30)	45,932	-	86,895	1
1150	Notes receivable (Notes 9 and 24)	11,058	-	5,949	-
1170	Accounts receivable (Notes 9 and 24)	11,926	-	35,026	-
1197	Finance lease receivables, net - current	5,064	-	4,989	-
1220	Current tax assets (Note 26)	53	-	-	-
130X	Inventories (Notes 10 and 32)	3,660,245	31	5,198,694	41
1410	Prepayments (Note 12)	24,170	-	27,757	-
1476	Other financial assets - current (Notes 13 and 32)	97,988	1	181,583	1
1479	Other current assets (Note 12)	4,973	-	5,220	-
11XX	Total current assets	7,150,604	60	8,538,913	67
	NON-CURRENT ASSETS				
1517	Financial assets at fair value through other comprehensive income - non-current (Notes 8 and 30)	4,104	-	4,104	-
1600	Property, plant and equipment (Notes 14 and 32)	2,170,025	18	2,243,853	18
1755	Right-of-use assets (Note 15)	33,633	1	40,254	1
1760	Investment properties, net (Notes 16 and 32)	2,487,879	21	1,801,897	14
1801	Computer software, net	716	-	971	-
1840	Deferred tax assets (Note 26)	6,279	-	11,997	-
194D	Long-term finance lease receivables, net	5,572	-	10,636	-
1920	Refundable deposits	4,039	-	4,239	-
1975	Net Defined Benefit Assets (Note 21)	6,019	-	1,008	-
15XX	Total non-current assets	4,718,266	40	4,118,959	33
1XXX	Total assets	$ 11,868,870	100	$ 12,657,872	100

Code	LIABILITIES AND EQUITY	December 31, 2023 Amount	%	December 31, 2022 Amount	%
	CURRENT LIABILITIES				
2100	Short-term borrowings (Notes 17 and 32)	$ 593,000	5	$ 1,168,000	9
2130	Contractual Liabilities (Note 24)	97,622	1	610,419	5
2150	Notes payable (Note 18)	7,114	-	22,942	-
2170	Accounts payable (Note 18)	111,637	1	143,174	1
2219	Other payables (Note 19)	75,880	1	77,394	1
2230	Current tax liabilities (Note 26)	65,496	-	106,528	1
2250	Provisions - current (Note 20)	2,977	-	2,977	-
2280	Lease liabilities - current (Note 15)	24,289	-	24,212	-
2320	Current portion of long-term borrowings (Notes 17 and 32)	124,809	1	123,126	1
2399	Other current liabilities	2,306	-	22,834	-
21XX	Total current liabilities	1,105,130	9	2,301,606	18
	NON-CURRENT LIABILITIES				
2540	Long-term borrowings (Notes 17 and 32)	1,091,018	9	1,215,369	10
2570	Deferred tax liabilities (Note 26)	3,121	-	1,494	-
2580	Lease liabilities - non-current (Note 15)	48,335	1	68,530	-
2640	Net defined benefit liabilities - non-current (Note 21)	-	-	3,678	-
2645	Guarantee deposits	8,310	-	7,997	-
25XX	Total non-current liabilities	1,150,784	10	1,297,068	10
2XXX	Total liabilities	2,255,914	19	3,598,674	28
	EQUITY ATTRIBUTABLE TO OWNERS OF THE COMPANY (Note 23)				
	Capital stock				
3110	Ordinary shares	2,852,450	24	2,852,450	23
	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	1,180,904	10	1,079,098	9
3320	Special reserve	-	-	966	-
3350	Unappropriated earnings	5,558,472	47	5,105,554	40
3300	Total retained earnings	6,739,376	57	6,185,618	49
31XX	Total equity attributable to owners of the company	9,612,956	81	9,059,198	72
3XXX	Total equity	9,612,956	81	9,059,198	72
	Total liabilities and equity	$ 11,868,870	100	$ 12,657,872	100

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

Chairman: Liu Hsin-Hsiung   Manager: Tso Lo-Fang   Accounting Officer: Cheng Yen-Fen

Founding Construction Development Corp. and Subsidiaries

Consolidated Statements of Comprehensive Income
For the years ended December 31, 2023 and 2022
Unit: NT$ thousands, except for earnings per share (in NT$)

		2023		2022	
Code		Amount	%	Amount	%
	OPERATING REVENUE (Notes 24 and 35)				
4300	Rental revenue	$ 31,434	1	$ 28,003	1
4410	Hospitality service revenue	405,930	11	350,226	7
4500	Construction revenue	3,326,474	88	4,437,419	92
4000	Total operating revenue	3,763,838	100	4,815,648	100
	OPERATING COSTS (Notes 10 and 25)				
5300	Rental costs	(9,115)	-	(9,562)	-
5410	Hospitality service cost	(262,387)	(7)	(267,474)	(6)
5500	Construction costs	(2,261,022)	(60)	(3,240,850)	(67)
5000	Total operating costs	(2,532,524)	(67)	(3,517,886)	(73)
5900	Gross Profit	1,231,314	33	1,297,762	27
6000	OPERATING EXPENSES (Note 25)	(228,923)	(6)	(264,948)	(6)
6900	Net Operating Income	1,002,391	27	1,032,814	21
	NON-OPERATING INCOME AND EXPENSES (Note 25)				
7100	Interest income	17,565	-	4,379	-
7010	Other income	5,585	-	17,803	-
7020	Other gains and losses	26,460	1	214,220	5
7050	Finance costs	(3,651)	-	(3,973)	-
7000	Total non-operating income and expenses	45,959	1	232,429	5
7900	Net income before tax	1,048,350	28	1,265,243	26
7950	Income tax expense (Note 26)	(158,807)	(4)	(250,545)	(5)
8200	NET INCOME FOR THE YEAR	889,543	24	1,014,698	21

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Code		2023 Amount	2023 %	2022 Amount	2022 %
	OTHER COMPREHENSIVE INCOME (LOSS) (Notes 21 and 26)				
8310	Items that will not be reclassified subsequently to profit or loss				
8311	Remeasurement of defined benefit plans	$ 8,136	-	$ 4,196	-
8349	Income tax relating to items that will not be reclassified subsequently to profit or loss	(1,627)	-	(839)	-
8300	Other comprehensive income for the year, net of income tax	6,509	-	3,357	-
8500	TOTAL COMPREHENSIVE INCOME FOR THE YEAR	$ 896,052	24	$ 1,018,055	21
	EARNINGS PER SHARE (Note 27)				
	From continuing operations				
9710	Basic	$ 3.12		$ 3.56	
9810	Diluted	$ 3.11		$ 3.55	

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

Chairman: Liu Hsin-Hsiung Manager: Cao Luo Fang Accounting Officer: Cheng Yen-Fen

Founding Construction Development Corp. and Subsidiaries

Consolidated Statements of Changes in Equity
For the years ended December 31, 2023 and 2022
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, 2022	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
	Appropriation and distribution of retained earnings for 2022								
B1	Legal reserve	-	-	-	-	101,806	-	(101,806)	-
B17	Special reserve	-	-	-	-	-	(966)	966	-
B5	Cash dividends to shareholders	-	-	-	-	-	-	(342,294)	(342,294)
D1	Net income for 2023	-	-	-	-	-	-	889,543	889,543
D3	After-tax other comprehensive income for 2023	-	-	-	-	-	-	6,509	6,509
D5	Total comprehensive income in 2023	-	-	-	-	-	-	896,052	896,052
Z1	Balance as of December 31, 2023	285,245	$ 2,852,450	$ 20,894	$ 236	$ 1,180,904	$ -	$ 5,558,472	$ 9,612,956

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

Chairman: Liu Hsin-Hsiung　　Manager: Cao Luo Fang　　Accounting Officer: Cheng Yen-Fen

Founding Construction Development Corp. and Subsidiaries

Consolidated Statements of Cash Flows
For the years ended December 31, 2023 and 2022
Unit: NT$ thousands

Code		2023	2022
	CASH FLOWS FROM OPERATING ACTIVITIES		
A10000	Net income before tax for the year	$ 1,048,350	$ 1,265,243
A20010	Adjustments for:		
A20100	Depreciation expenses	70,699	67,647
A20200	Amortization expenses	501	354
A20400	Net (gain) loss on financial assets and liabilities at fair value through profit or loss	(27,908)	34,001
A20900	Finance costs	3,651	3,973
A21200	Interest income	(17,565)	(4,379)
A21300	Dividend income	(4,818)	(10,057)
A22500	Gain on disposal of property, plant and equipment	-	(778)
A29900	Gain on lease modification	-	(158)
A29900	Gains arising from sale and lease back of rights transferred	-	(247,794)
A30000	Net changes in operating assets and liabilities		
A31130	Notes receivable	(5,109)	10,611
A31150	Accounts receivable	23,100	(23,563)
A31200	Inventories	1,601,454	2,062,604
A31230	Prepayments	3,587	5,828
A31240	Other current assets	247	2,305
A31250	Other financial assets - current	83,595	25,305
A32125	Contract liabilities	(512,797)	255,440
A32130	Notes payable	(15,828)	15,420
A32150	Accounts payable	(31,537)	5,885
A32180	Other payables	(171)	(24,933)
A32230	Other current liabilities	(20,528)	3,936
A32240	Defined benefit liability, net - non-current	(553)	(4,215)
A33000	Cash generated from operations	2,198,370	3,442,675
A33500	Income taxes paid	(194,174)	(180,949)
AAAA	Net cash generated from operating activities	2,004,196	3,261,726

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Code		2023	2022
	CASH FLOWS FROM INVESTING ACTIVITIES		
B00030	Proceeds from capital reduction of financial assets at fair value through other comprehensive income	$ 481	$ -
B00100	Acquisition of financial assets at fair value through profit or loss	(25,827)	(179,877)
B00200	Disposal of financial assets at fair value through profit or loss	94,217	125,863
B02600	Proceeds from disposal of non-current assets held for sale	-	620,039
B02700	Purchase of property, plant and equipment	(9,978)	(6,105)
B02800	Proceeds from disposal of property, plant and equipment	-	822
B03800	Decrease (Increase) in refundable deposits	200	703
B04500	Purchase of intangible assets	(246)	(500)
B05400	Purchase of investment properties	(724,737)	-
B06100	Decrease in finance lease receivables	4,989	5,189
B07500	Interest received	17,565	4,105
B07600	Dividends received from others	4,818	10,057
BBBB	Net cash generated (used) from investing activities	(638,518)	580,296
	CASH FLOWS FROM FINANCING ACTIVITIES		
C00100	Increase in short-term borrowings	80,800	126,000
C00200	Decrease in short-term borrowings	(655,800)	(1,255,230)
C01600	Proceeds from long-term borrowings	-	21,000
C01700	Repayments of long-term borrowings	(122,668)	(449,591)
C03000	Increase in guarantee deposits received	313	581
C04020	Payments of lease liabilities	(24,640)	(13,901)
C04500	Dividends paid to owners of the Company	(342,294)	(285,244)
C05600	Interest paid	(4,994)	(4,651)
CCCC	Net cash used in financing activities	(1,069,283)	(1,861,036)
EEEE	INCREASE IN CASH AND CASH EQUIVALENTS FOR THE YEAR	296,395	1,980,986
E00100	CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	2,992,800	1,011,814
E00200	CASH AND CASH EQUIVALENTS, END OF YEAR	$ 3,289,195	$ 2,992,800

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

Chairman: Liu Hsin-Hsiung　　Manager: Tso Lo-Fang　　Accounting Officer: Cheng Yen-Fen

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 have been 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 14, 2024.

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)

Unless below stated, 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.

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. Moreover:

- 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, 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 consolidated company’s financial statements would otherwise not understand the relating transactions, other events or conditions.

For the disclosure of relevant accounting policies, please refer to Note 4.

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," which was applied by the consolidated company from January 1, 2023. 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.

b. The IFRSs in 2024 endorsed by the FSC

New, Revised or Amended Standards and Interpretations	Effective Date Issued by IASB (Note 1)
Amendment to IFRS 16 "Lease Liabilities in Sale and Lease Back"	January 1, 2024 (Note 2)
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
Amendments to IAS 7 and IFRS 7 "Supplier Finance Arrangements"	January 1, 2024 (Note 3)

Note1： 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.

Note2： 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.

Note3： The first application of this amendment exempts certain disclosure requirements.

1) 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.

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

The 2020 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 2020 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.

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.

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
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 21 "Lack of Exchangeability"	January 1, 2025 (Note 2)

Note1： 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.

Note2： This amendment applies to the annual periods beginning on or after January 1, 2025. Upon the initial application of this amendment, the effect on the recognized amounts is recorded in retained earnings as of the initial application date. When the consolidated company used the non-functional currency as the presentation currency, the effect should be adjusted to foreign operations' exchange differences under equity on the initial application date.

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 an 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 (even if an agreement to refinance or to reschedule payments on a long-term basis is completed after the balance sheet date and before the financial reports are authorized for issue, which are classified as current liabilities), 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. However, the counterparty has the option to settle the terms of the liabilities by issuing equity instruments, without impacting the classification.

Assets and liabilities that are not listed above 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 11 and Table 6 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.

<u>Food and beverage inventory</u>

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.

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 reclassified as inventories at its carrying amount at the date when it is ready for sale.

Property, plant, and equipment are reclassified as investment properties at their carrying value at the end of their self-use period.

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

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. 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 30.

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 loss 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

All financial liabilities are subsequently measured at amortized cost using effective interest method.

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.

l. 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

m. 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.

n. 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. 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 consolidated 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 lease 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 indices or rates are recognized as expenses in the periods in which they are incurred.

o. 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.

p. 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.

q. 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 retained earnings 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.

r. 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 rate 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 consolidated 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 management of the consolidated company 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.

Significant Accounting Judgments

None.

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, 2023 and 2022.

6. Cash and Cash Equivalents

	December 31, 2023	December 31, 2022
Cash on hand and working capital	$ 3,144	$ 5,906
Bank Deposits	3,286,051	2,986,894
	$ 3,289,195	$ 2,992,800

7. Financial Instruments at Fair Value Through Profit or Loss

	December 31, 2023	December 31, 2022
Financial assets - current		
Financial asset at FVTPL		
— Domestic listed (OTC) stocks	$ 43,080	$ 80,513
— Fund beneficiary certificates	2,852	6,382
	$ 45,932	$ 86,895

8. Financial Assets at Fair Value Through Other Comprehensive Income

	December 31, 2023	December 31, 2022
Non-current		
Investments in equity instruments at FVTOCI		
Unlisted (non-OTC) stocks	$ 4,104	$ 4,104

9. Notes Receivable and Accounts Receivable

	December 31, 2023	December 31, 2022
Notes receivable		
From operating businesses	$ 11,058	$ 5,949
Less: allowance for losses	-	-
	$ 11,058	$ 5,949
Accounts receivable		
From operating businesses	$ 11,926	$ 35,026
Less: allowance for losses	-	-
	$ 11,926	$ 35,026

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, 2023

	Not past due - 180 days	181 - 365 days	Over one year	Total
Expected credit loss rate	0%	0%	100%	
Total carrying amount	$ 11,926	$ -	$ -	$ 11,926
Allowance for loss (lifetime expected credit losses)	-	-	-	-
Costs after amortization	$ 11,926	$ -	$ -	$ 11,926

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

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

10. Inventories

a. Details of inventories are as follows:

	December 31, 2023	December 31, 2022
Buildings and land held for sale	$ 197,758	$ 293,158
Construction in progress	3,460,786	4,903,542
Food and beverage inventory	1,701	1,994
	$ 3,660,245	$ 5,198,694

For the years ended December 31, 2023 and 2022, the cost of goods sold related to construction inventory amounted to $2,261,022 thousand and $3,240,850 thousand, respectively, and the cost of goods sold related to food and beverage inventory amounted to $262,387 thousand and $267,474 thousand, respectively.

As of December 31, 2023 and 2022, inventories of $3,460,786 thousand and $4,903,542 thousand, respectively, are expected to be recovered after more than 12 months.

Please refer to Note 32 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, 2023	December 31, 2022
Cosmos Technology	$ 84,356	$ 174,455
Nan Ke Ming Men	-	25,742
Zhong Lu Sec.	-	66,866
Fu Gui Ming Di	15,601	15,601
Founding Yi Pin	87,307	-
Others	10,494	10,494
	$ 197,758	$ 293,158

c. Construction in progress

	December 31, 2023	December 31, 2022
Founding Yi Pin	$ -	$ 2,038,173
Li Ren Ming Di (originally Fu-Yi Tainan NO.2)	284,055	199,239
Star Technology	871,481	683,959
Founding Li Garden	1,348,481	1,192,650
Chief Li Yuan (originally Lung Chuan sec.)	308,031	300,154
Meditation Garden	438,115	355,412
Others	210,623	133,955
	$ 3,460,786	$ 4,903,542

Information on the capitalization of interest is as follows:

	2023	2022
Total amount of interest expense	$ 51,698	$ 57,965
Current capitalized construction interest	$ 48,047	$ 53,992
Capitalization interest rate	2.14%～2.44%	1.60%～2.22%
Year-end accumulated amount of capitalized construction interest	$ 113,364	$ 138,492

11. 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 Percentage 2023 December 31,	2022 December 31,	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)
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)

Note 1: Its financial statements are audited by certified public accountants.

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

12. Other Assets

	December 31, 2023	December 31, 2022
Current		
Prepayments		
Tax overpaid retained for offsetting the future tax payable	$ 1,199	$ 4,192
Prepayment for purchases	10,697	12,641
Prepayments	11,872	9,759
Others	402	1,165
	$ 24,170	$ 27,757
Other current assets		
Other receivables	$ 175	$ 24
Suspense payments	4,798	5,183
Payments on behalf of others	-	13
	$ 4,973	$ 5,220

13. Other Financial Assets - Current

	December 31, 2023	December 31, 2022
Restricted assets (Note 32)	$ 9,147	$ 8,026
Other Deposits	88,841	173,557
	$ 97,988	$ 181,583

Other deposits include joint construction deposit.

14. 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, 2023	$ 863,441	$ 1,713,710	$ 19,365	$ 3,888	$ 6,931	$ 4,197	$ 2,611,532
Addition	-	4,526	-	376	3,041	2,035	9,978
Disposal	-	-	-	-	(838)	-	(838)
Reclassification to investment properties	(33,481)	(1,811)	-	-	-	-	(35,292)
Balance as of December 31, 2023	$ 829,960	$ 1,716,425	$ 19,365	$ 4,264	$ 9,134	$ 6,232	$ 2,585,380
Accumulated depreciation and impairment							
Balance as of January 1, 2023	$ -	$ 339,503	$ 15,170	$ 3,888	$ 6,153	$ 2,965	$ 367,679
Depreciation expenses	-	46,193	1,296	12	1,137	712	49,350
Disposal	-	-	-	-	(838)	-	(838)
Reclassification to investment properties	-	(836)	-	-	-	-	(836)
Balance as of December 31, 2023	$ -	$ 384,860	$ 16,466	$ 3,900	$ 6,452	$ 3,677	$ 415,355
Net carrying amount as of December 31, 2023	$ 829,960	$ 1,331,565	$ 2,899	$ 364	$ 2,682	$ 2,555	$ 2,170,025
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

Depreciation expenses 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 32 for information about the amount of property, plant and equipment pledged by the consolidated company as collateral for borrowings.

15. Lease Arrangements

a. Right-of-use assets

	December 31, 2023	December 31, 2022
Carrying amount of right-of-use assets		
Buildings	$ 33,633	$ 40,254

	2023	2022
Addition of right-of-use assets	$ 4,522	$ 41,541
Depreciation expense of right-of-use assets		
Buildings	$ 11,143	$ 9,133

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. 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.

Besides the above-mentioned additions and recognized depreciation expenses, there was no significant impairment of the right-of-use assets of the consolidated company for the years ended December 31, 2023 and 2022.

b. Lease liabilities

	December 31, 2023	December 31, 2022
Carrying amount of lease liabilities		
Current	$ 24,289	$ 24,212
Non-current	$ 48,335	$ 68,530

Ranges of discount rates for lease liabilities are as follows:

	December 31, 2023	December 31, 2022
Buildings	1.70%～2.375%	1.70%～2.20%

c. Major lease activities and terms

The consolidated company leases certain buildings for hotel and 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

	2023	2022
Expenses relating to short-term leases	$ 813	$ 15,865
Expenses relating to low-value asset leases	$ 943	$ 978
Total cash (outflow) for leases	($ 27,835)	($ 32,195)

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.

16. Investment properties

	Investment property - land	Investment property - property	Total
Cost			
Balance as of January 1, 2023	$ 1,617,168	$ 207,838	$ 1,825,006
Addition	724,737	-	724,737
Reclassified from property, plant and equipment	33,481	1,811	35,292
Transferred from inventories	56,446	10,421	66,867
Reclassified to inventories	(48,150)	(85,204)	(133,354)
Balance as of December 31, 2023	$ 2,383,682	$ 134,866	$ 2,518,548

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	Investment property - land	Investment property - property	Total
Accumulated depreciation and impairment			
Balance as of January 1, 2023	$ -	$ 23,109	$ 23,109
Depreciation expenses	-	10,206	10,206
Reclassified from property, plant and equipment	-	836	836
Reclassified to inventories	-	(3,482)	(3,482)
Balance as of December 31, 2023	$ -	$ 30,669	$ 30,669
Net carrying amount as of December 31, 2023	$ 2,383,682	$ 104,197	$ 2,487,879
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

The fair values of the consolidated company’s investment properties were $2,670,625 thousand and $1,986,056 thousand as of December 31, 2023 and 2022, respectively. The fair values as of December 31, 2023 and 2022 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 2023 and 2022.

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, 2023 and 2022 is as follows:

	December 31, 2023	December 31, 2022
Less than 1 year	$ 24,203	$ 36,266
1-5 years	22,076	31,917
Over 5 years	360	400
	$ 46,639	$ 68,583

Please refer to Note 32 for the amount of investment properties pledged by the consolidated company as collateral for borrowings.

17. Borrowings

a. Short-term borrowings

	December 31, 2023	December 31, 2022
Secured borrowings (Note 32)		
— Bank loans	$ 593,000	$ 1,168,000
Interest rate range		
— Secured loans	2.42%～2.57%	2.05%～2.50%
Loan maturity date	2025.02.25～2025.11.18	2023.03.31～2025.11.18

Please refer to Note 32 for information about the construction inventories pledged by the consolidated company as collateral for short-term borrowings.

b. Long-term borrowings

	December 31, 2023	December 31, 2022
Secured borrowings (Note 32)		
Bank loans (1)	$ 1,194,827	$ 1,317,495
Unsecured loans		
Bank loans (1)	21,000	21,000
Less: current portion matured in 1 year	(124,809)	(123,126)
Long-term borrowings	$ 1,091,018	$ 1,215,369

a) The consolidated company's borrowings include:

	Initial loan principal		December 31, 2023	December 31, 2022
Hua Nan Nan-Neihu — secured loans	Total loan amount:	$150,000 thousand	$ 56,599	$ 86,498
	Borrowing period:	2020.09.30~2025.09.30		
	Interest rates range:	2.31%		
	Repayment Method:	Evenly split into a total of 60 installments on a monthly basis.		
Hua Nan Nan-Neihu — secured loans	Total loan amount:	$368,000 thousand	254,163	278,385
	Borrowing period:	2018.02.26~2033.02.26		
	Interest rates range:	2.44%		
	Repayment Method:	Interests paid monthly in the first twelve months; starting the 13th month, a total of 168 installments on a monthly basis.		
Hua Nan Nan-Neihu — secured loans	Total loan amount:	$100,000 thousand	67,683	73,833
	Borrowing period:	2018.07.27~2033.07.27		
	Interest rates range:	2.44%		
	Repayment Method:	evenly split principal and interest into a total of 180 installments on a monthly basis.		
First Bank Jen-Ai — secured loans	Total loan amount:	$80,000 thousand	14,656	21,758
	Borrowing period:	2010.11.23~2025.11.23		
	Interest rates range:	2.47%		
	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.		
Taichung Bank Nei-Hu — secured loans	Total loan amount:	$11,000 thousand	-	549
	Borrowing period:	2013.04.22~2023.04.22		
	Interest rates range:	2.19%		
	Repayment Method:	Interests paid monthly in the first year; one year later, evenly split into a total of 108 installments on a monthly basis.		
Chang Hwa Bank Yung-Chun – secured loans	Total loan amount:	$960,000 thousand	732,159	782,094
	Borrowing period:	2016.05.23~2036.05.23		
	Interest rates range:	2.30%		
	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.		
Chang Hwa Bank Yung-Chun – secured loans	Total loan amount:	$77,000 thousand	69,567	74,378
	Borrowing period:	2020.07.01~2035.07.01		
	Interest rate range:	2.15%		
	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.		

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	Initial loan principal		December 31, 2023	December 31, 2022
First Bank Jen-Ai - Credit borrowings	Total loan amount:	$21,000 thousand	21,000	21,000
	Borrowing period:	2022.11.17~2029.11.17		
	Interest rate range:	2.375%		
	Repayment Method:	Interests paid monthly in the first three years; evenly split principal into a total of 48 installments from the third year.		
			$ 1,215,827	$ 1,338,495

Please refer to Note 32 for information about the property, plant and equipment and investment properties pledged by the consolidated company as collateral for long-term borrowings.

18. 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 $31,217 thousand and $32,273 thousand as of December 31, 2023 and 2022, 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.

19. Other Liabilities

	December 31, 2023	December 31, 2022
Current		
Other payables		
Payable for salary and bonus	$ 39,962	$ 34,798
Payable for remuneration of directors	3,240	3,240
Payable for employees' compensation	6,480	8,310
Interest payable	3,637	4,980
Tax payable	5,068	5,100
Pension payable	814	928
Business tax payable	311	3,137
Others	16,368	16,901
	$ 75,880	$ 77,394

20. Provisions

	December 31, 2023	December 31, 2022
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.

21. 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 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, 2023	December 31, 2022
Present value of defined benefit obligation	$ 38,402	$ 45,232
Fair value of plan assets	(44,421)	(42,562)
Contribution deficit (surplus)	($ 6,019)	$ 2,670
Net defined benefit assets	($ 6,019)	($ 1,008)
Net defined benefit liability	-	3,678
	($ 6,019)	$ 2,670

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, 2023	$ 45,232	($ 42,562)	$ 2,670
Service cost			
Current service cost	383	-	383
Interest expense (revenue)	509	(484)	25
Recognized in profit and loss	892	(484)	408
Remeasurement:			
Return on plan assets (excluding amounts included in net interest expense)	-	(414)	(414)
Actuarial loss (gain) - changes in financial assumption	150	-	150
Actuarial loss (gain) - experience adjustment	(7,872)	-	(7,872)
Recognized in other comprehensive income	(7,722)	(414)	(8,136)
Contributions from employer	-	(961)	(961)
December 31, 2023	$ 38,402	($ 44,421)	($ 6,019)
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

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

	2023	2022
General and administrative expenses	$ 408	$ 639

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. 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 and the return on the debt investments of the plan assets. This will be partially offset by the influence of net defined benefit liabilities.

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, 2023	December 31, 2022
Discount rate	1%～1.125%	1.125%
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, 2023	December 31, 2022
Discount rate		
Increased by 0.25%	($ 466)	($ 560)
Decreased by 0.25%	$ 478	$ 573
Expected growth rate of salary		
Increased by 0.25%	$ 465	$ 559
Decreased by 0.25%	($ 456)	($ 549)

The sensitivity analysis presented above may not be representative of the actual change in the present value of 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, 2023	December 31, 2022
Expected contribution amount in 1 year	$ 796	$ 877
Average maturity period of the defined benefit obligation	4.5～5.7 years	4.5～6.4 years

22. 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, 2023	Within 1 Year	Beyond 1 Year	Total
ASSETS			
Cash and Cash Equivalents	$ 3,289,195	$ -	$ 3,289,195
Financial assets at fair value through profit or loss - current	45,932	-	45,932
Notes receivable	11,058	-	11,058
Accounts receivable	11,926	-	11,926
Finance lease receivables, net - current	5,064	-	5,064
Current tax assets	53	-	53
Inventory - buildings and land held for sale	197,758	-	197,758
Inventory - construction in progress	-	3,460,786	3,460,786
Inventory - food and beverage inventory	1,701	-	1,701
Prepayments	24,170	-	24,170
Other financial assets - current	97,988	-	97,988
Other current assets	4,973	-	4,973
	$ 3,689,818	$ 3,460,786	$ 7,150,604
LIABILITIES			
Short-term borrowings	$ -	$ 593,000	$ 593,000
Contract liabilities	97,622	-	97,622
Notes payable	7,114	-	7,114
Accounts payable	80,420	31,217	111,637
Other payables	75,880	-	75,880
Current tax liabilities	65,496	-	65,496
Provisions - current	2,977	-	2,977
Lease liabilities - current	24,289	-	24,289
Long-term borrowings matured in one year	124,809	-	124,809
Other current liabilities	2,306	-	2,306
	$ 480,913	$ 624,217	$ 1,105,130

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December 31, 2022	Within 1 Year	Beyond 1 Year	Total
ASSET			
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 inventory	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	610,419	-	610,419
Notes payable	22,942	-	22,942
Accounts payable	110,901	32,273	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
	$ 1,676,333	$ 625,273	$ 2,301,606

23. Equity

a. Capital stock

Ordinary shares

	December 31, 2023	December 31, 2022
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, 2023	December 31, 2022
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 when the company has no deficits; 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. The balance remaining, if any, 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 25(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, 2022 and December 31, 2021 were as follows:

	2022	2021
Legal reserve	$ 101,806	$ 106,284
Reversal of special reserves.	($ 966)	$ -
Cash dividends	$ 342,294	$ 285,244
Dividends Per Share ($)	$ 1.20	$ 1.00

The above appropriations of cash dividends were approved by the Board of Directors on March 9, 2023 and March 17, 2023, respectively, and the remaining appropriations of earnings were approved by the shareholders' meeting on June 9, 2023 and June 9, 2022, respectively.

The appropriations of earnings and dividends per share for the year ended December 31, 2023 had been proposed by the Founding Co.'s board of directors on March 14, 2024, and they were as follows:

	2023
Legal reserve	$ 89,605
Cash dividends	$ 342,294
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 20, 2024.

24. Revenue

	2023	2022
Rental revenue	$ 31,434	$ 28,003
Hospitality service revenue	405,930	350,226
Construction revenue	3,326,474	4,437,419
	$ 3,763,838	$ 4,815,648

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, 2023	December 31, 2022	January 1, 2022
Receivable (Note 9)	$ 22,984	$ 40,975	$ 28,023
Contract liabilities	$ 97,622	$ 610,419	$ 354,979

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:

	2023	2022
Sale of goods - Construction in progress	$ 578,772	$ 93,812

25. Net Income (Loss) for the Year

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

a. Other income

	2023	2022
Dividend income	$ 4,818	$ 10,057
Incomes from grants	76	6,392
Others	691	1,354
	$ 5,585	$ 17,803

b. Other gains and losses

	2023	2022
Net foreign exchange gain (loss)	$ 147	$ 81
Gain on disposal of property, plant and equipment	-	778
Gain (loss) on fair value changes of financial assets at FVTPL	27,908	(34,001)
Transfer of rights and benefits by sale and lease back (Note 15)	-	247,794
Gain on lease modification	-	158
Others	(1,595)	(590)
	$ 26,460	$ 214,220

c. Finance costs

	2023	2022
Interest on bank loans	($ 50,259)	($ 56,514)
Interest on lease liabilities	(1,439)	(1,451)
Less: Amounts included in the cost of required assets	48,047	53,992
	($ 3,651)	($ 3,973)

Please refer to Note 10 (3) for the information about capitalized interest.

d. Depreciation and amortization

	2023	2022
Depreciation expenses by function		
Operating costs	$ 66,430	$ 61,787
Operating expenses	4,269	5,860
	$ 70,699	$ 67,647
Amortization expenses by function		
Operating costs	$ 149	$ 126
Operating expenses	352	228
	$ 501	$ 354

e. Operating expenses directly related to investment property

	2023	2022
Rental cost generated	$ 9,115	$ 9,562

f. Employee benefits expenses

	2023	2022
Post-Retirement Benefits (Note 21)		
Defined contribution plans	$ 14,931	$ 7,756
Defined benefit plans	408	639
	15,339	8,395
Short-term employee benefits (salary, incentive, bonus, etc.)	208,230	228,192
Total employee benefit expenses	$ 223,569	$ 236,587
By function		
Operating costs	$ 113,214	$ 121,989
Operating expenses	110,355	114,598
	$ 223,569	$ 236,587

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, 2023 and 2022, which were approved by the Company's board of directors on March 14, 2024 and March 9, 2023, respectively, were as follows:

Accrual rates

	2023	2022
Employees' compensation	0.60%	0.60%
Remuneration of directors	0.31%	0.26%

Amount

	2023	2022
	Cash	Cash
Employees' compensation	$ 6,350	$ 7,630
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, 2022 and 2021.

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.

26. 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:

	2023	2022
Current income tax		
In respect of the current year	$ 22,354	$ 49,700
Land value increment tax	28,852	17,918
House and land transactions income tax	76,541	149,230
Surcharges on unappropriated earnings	29,289	33,594
Adjustments for prior years	(3,947)	993
	153,089	251,435
Deferred income tax		
In respect of the current year	5,718	(890)
Income tax expenses recognized in profit or loss	$ 158,807	$ 250,545

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

	2023	2022
Profit before income tax from continuing operations	$ 1,048,350	$ 1,265,243
Income tax expenses from profit / (loss) before income tax calculated at the statutory rate	$ 209,670	$ 253,049
Non-taxable income		
Gain on land sold exempt from income tax	(73,955)	(57,712)
Other non-taxable income	(19,192)	(4,512)
Non-deductible expenses or loss for tax purposes	233	7,343
Surcharges on unappropriated earnings	29,289	33,594
Land value increment tax	28,852	17,918
Difference amount of basic income tax	280	-
Unrecognized loss carryforward and deductible temporary differences	(12,423)	(128)
Income tax expenses from previous years adjusted for current period	(3,947)	993
Income tax expenses recognized in profit or loss	$ 158,807	$ 250,545

b. Income tax recognized in other comprehensive income

	2023	2022
Deferred income tax		
In respect of the current year		
— Remeasurement of defined benefit plans	$ 1,627	$ 839

c. Current tax assets and liabilities

	December 31, 2023	December 31, 2022
Current tax assets		
Tax Refund Receivable	$ 53	$ -
Current tax liabilities		
Income tax payable	$ 65,496	$ 106,528

d. Deferred Tax Assets and Liabilities

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

2023

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	6,796	(5,607)	-	1,189
Defined benefit retirement plans	2,028	(111)	-	1,917
	$ 11,997	($ 5,718)	$ -	$ 6,279
Deferred tax liabilities				
Temporary differences				
Defined benefit retirement plans	($ 1,494)	$ -	($ 1,627)	($ 3,121)

2022

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

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, 2023	December 31, 2022
Loss carryforward		
Expired in 2024	$ -	$ 11,368
Expired in 2025	-	8,835
Expired in 2030	48,518	90,353
Expired in 2031	70,232	70,232
	$ 118,750	$ 180,788
Deductible temporary differences		
losses on impairment	$ 3,822	$ 23,822
Non-leaving pay	2,977	2,977
	$ 6,799	$ 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.	2021
Chien-Chiao Co.	2020
FUSHIN Hotel Co.	2021
Hsin-Long-Hsing Co.	2021

27. Earnings Per Share

Unit: NT$ Per Share

	2023	2022
Basic EPS	$ 3.12	$ 3.56
Diluted EPS	$ 3.11	$ 3.55

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

Net Income for the Year

	2023	2022
Net profit to calculate basic and diluted EPS	$ 889,543	$ 1,014,698

Number of Shares	Unit: In Thousands of Shares	
	2023	2022
Weighted average number of ordinary shares used in the computation of basic earnings per share	285,245	285,245
Effect of dilutive potential ordinary share:		
Employees' compensation	341	509
Weighted average number of ordinary shares used in the computation of dilutive earnings per share	285,586	285,754

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.

28. Information on Cash Flows

a. Non-Cash Transactions

For the years ended December 31, 2023 and 2022, the consolidated company conducted the following non-cash transactions investments and financing activities:

1) 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, amounted to $34,456 thousand and $79,319 thousand, respectively, for the years ended December 31, 2023 and 2022.

2) The consolidated company transferred investment properties into inventories, resulting in a decrease in investment properties and equipment, and an increase in inventories, amounted to $129,872 thousand and $41,530 thousand, respectively, for the years ended December 31, 2023 and 2022.

3) The consolidated company transferred lease inventories into investment properties, resulting in a decrease of $66,867 thousand in inventories and an increase of the same amount in investment properties for the years ended December 31, 2023.

b. Changes in liabilities arising from financing activities

2023

	January 1, 2023	Cash flows	Non-cash changes: New leasing	Non-cash changes: Others	December 31, 2023
Short-term borrowings	$ 1,168,000	($ 575,000)	$ -	$ -	$ 593,000
Long-term borrowings	1,338,495	(122,668)	-	-	1,215,827
Guarantee deposits	7,997	313	-	-	8,310
Lease liabilities	92,742	(24,640)	4,522	-	72,624
	$ 2,607,234	($ 721,995)	$ 4,522	$ -	$ 1,889,761

2022

	January 1, 2022	Cash flows	Non-cash changes: New leasing	Non-cash changes: Others	December 31, 2022
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

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

30. 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, 2023

	Carrying Value	Level 1	Level 2	Level 3	Total
Financial liabilities					
Financial liabilities measured at amortized cost:					
— Long-term borrowings	$1,091,018	$ -	$1,066,706	$ -	$1,066,706

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

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

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

Fair Value Hierarchy

December 31, 2023

	Level 1	Level 2	Level 3	Total
Financial asset at FVTPL				
Domestic listed (OTC) stocks	$ 43,080	$ -	$ -	$ 43,080
Fund beneficiary certificates	2,852	-	-	2,852
	$ 45,932	$ -	$ -	$ 45,932
Financial assets at fair value through other comprehensive income				
Domestic non-listed (non-OTC) securities				
— Equity investments	$ -	$ -	$ 4,104	$ 4,104

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

There was no transfer between Level 1 and Level 2 for the years ended December 31, 2023 and 2022.

c. Categories of financial instruments

	December 31, 2023	December 31, 2022
Financial assets		
Financial asset at FVTPL		
Mandatorily classified as at FVTPL	$ 45,932	$ 86,895
Financial assets at amortized cost (Note 1)	3,414,206	3,219,597
Financial assets		
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)	1,961,272	2,710,726

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, short-term bills payable, notes payable, accounts payable, other payable, 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, lease liabilities, borrowings, etc. The consolidated company’s Finance division provides services to each business unit, 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, 2023	December 31, 2022
Cash flow interest rate risk		
— Financial assets	$ 3,286,051	$ 2,986,894
— Financial liabilities	1,808,827	2,506,495

Sensitivity analysis

The sensitivity analysis below was determined based on the consolidated 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, 2023 and 2022 would increase by $1,477 thousand and by $480 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, 2023 and 2022 would have increased by $2,154 thousand and $4,026 thousand, respectively.

2) Credit risk

Credit risk refers to the risk that a 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, 2023

	Less than 1 year	2 - 3 years	4 - 5 years	6+ years	Total
Non-derivative financial liabilities					
Non-interest-bearing liabilities	$138,756	$ -	$ -	$ -	$ 138,756
Floating interest rate instruments	127,801	871,933	224,750	774,939	1,999,423
Lease liabilities	24,289	42,909	5,426	-	72,624
	$290,846	$ 914,842	$ 230,176	$ 774,939	$ 2,210,803

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	$25,360	$49,305	$ -	$ -	$ -	$ -

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	$ -	$ -	$ -	$ -

b) Financing facilities

	December 31, 2023	December 31, 2022
Unsecured bank overdraft amount (reviewed annually)		
— Amount used	$ 21,000	$ 21,000
— Amount unused	156,000	165,000
	$ 177,000	$ 186,000
Secured bank overdraft amount		
— Amount used	$ 1,787,827	$ 2,485,495
— Amount unused	1,486,673	3,151,985
	$ 3,274,500	$ 5,637,480

31. 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:

a. Names and relationships of related parties

Name of related party	Relationship with the Company
Liu Hua-Hsing	Director of the Company

b. Others

Accounts	Name of related party	2023	2022
Operating expenses	Liu Hua-Hsing	$ 750	$ -

c. Compensation of key management personnel

	2023	2022
Short-term employee benefits	$ 28,030	$ 27,808
Post-retirement benefits	8,770	951
	$ 36,800	$ 28,759

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

32. 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, 2023	December 31, 2022
Inventory - buildings and land held for sale	$ -	$ 241,321
Inventory - construction in progress	3,277,557	4,774,143
Property, plant and equipment	2,126,631	2,169,004
Other financial assets - current	9,147	8,026
Investment properties	1,510,146	1,627,561
	$ 6,923,481	$ 8,820,055

33. 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 $535,913 thousand, and the amounts of $380,112 thousand were paid as of December 31, 2023.

c. Commodity Voucher issued by FUSHIN Hotel Co., one of the consolidated companies, adopts the performance guarantee provided by Sunny Bank amounted to $3,793 thousand as of December 31, 2023.

34. Supplementary Disclosures

a. Information on Significant Transactions

1) Financing provided to others. (Table 1)

2) Endorsements/guarantees provided. (Not applicable)

3) Marketable securities held at year end. (Table 2)

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. (None)

5) Acquisition of individual real estate at costs of at least NT$300 million or 20% or greater of the paid-in capital. (Table 3)

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

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 4)

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 5)

b. Information on Invested Companies: (Table 6)

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 7)

35. 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. 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)	
	2023	2022	2023	2022
Architecture segment	$ 3,356,830	$ 4,464,497	$ 943,614	$ 1,039,868
Construction segment	1,078	925	(17,537)	(18,352)
Hospitality segment	405,930	350,226	76,314	11,298
Total continuing operation	$ 3,763,838	$ 4,815,648	1,002,391	1,032,814
Interest income			17,565	4,379
Other income			5,585	17,803
Net foreign exchange gain			147	81
Transfer of rights and benefits by sale and lease back			-	247,794
Gain on disposal of property, plant and equipment			-	778
Other gains and losses			26,313	(34,433)
Finance costs			(3,651)	(3,973)
Profit before income tax from continuing operations			$ 1,048,350	$ 1,265,243

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
2023
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	$ -	$ -	2.35%	2	$ -	Operating turnover	$ -	—	$ -	$ 961,296	$ 1,922,591	

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. = 9,612,956 × 10% = 961,296

   Total limit on lending = 20% of the net value of Founding Co. = 9,612,956 × 20% =1,922,591

Table 2

Founding Construction Development Corp. and Subsidiaries

MARKETABLE SECURITIES HELD AT YEAR END
December 31, 2023
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 measured at fair value through profit or loss - current	73,733.33	$ 2,852	-	$ 2,852	
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	$ 4,104	Non-listed (non-OTC) company
Hsin-Long-Hsing Investment Co., Ltd.	Stock							
	YAGEO Corporation	No	Financial assets measured at fair value through profit or loss - current	31,868	$ 19,025	-	$ 19,025	Listed (OTC) company
	Yuanta Financial Holdings Co., Ltd.	No	〃	54,540	1,505	-	1,505	〃
	Yang Ming Marrine Transport Corporation	No	〃	100,000	5,130	-	5,130	〃
	Fitipower Integrated Technology Inc.	No	〃	39,000	10,043	-	10,043	〃
	Innolux Display Corp.	No	〃	515,850	7,377	-	7,377	〃
					$ 43,080		$ 43,080	

Table 3

Founding Construction Development Corp. and Subsidiaries

ACQUISITION OF INDIVIDUAL REAL ESTATE AT PRICES OF AT LEAST NT$300 MILLION OR 20% OR GREATER OF THE PAID-IN CAPITAL
2023
Unit: NT$ thousand unless otherwise specified

Name of Company acquiring the real estate property	Name of property	Date of occurrence	Transaction amount	Consideration received	Counterparty	Relationship	If the counterparty is a related party, disclose the previous transfer information				Reference for pricing	Acquisition objectives and usage	Other contractual matters
							Owner	Relationship with the Company	Transfer Date	Amount			
Founding Construction Development Corp.	9 Parcels of Land located on Lot 671, 2nd Subsection, Dehui Section, Zhongshan District, Taipei City	2023.05.30	$ 722,432	Received in full	Natural person who is not related parties	—	—	—	—	$ -	Based on appraisal result (Note 1)	Operational requirements	No

Note:1 Based on the appraisal report issued by Chen's Real Estate Appraiser Firm, the estimated subject property value based on comparative pricing is NT$709,743 thousand and the this was approved by the board of directors on May 30, 2023.

Table 4

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

2023
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.	Subsidiaries	Purchases (undertaking contracted projects amounted to $2,683,500 thousand)	$ 529,500	38	in compliance with the payment term of the contracts	No abnormality	in compliance with the payment term of the contracts	Notes payable $ 35,175	96	
									Accounts payable 36,750	93	
Chien-Chiao Co.	Founding Co.	Parent company	Sales (undertaking contracted projects amounted to $2,683,500 thousand)	533,537	100	in compliance with the payment term of the contracts	No abnormality	in compliance with the payment term of the contracts	Notes receivable 35,175	100	
									Accounts receivable 36,750	100	

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

Table 5

Founding Construction Development Corp. and Subsidiaries

RELATIONSHIPS AND SIGNIFICANT INTERCOMPANY TRANSACTIONS BETWEEN CONSOLIDATED ENTITIES

2023
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	$ 35,175	Progress payment requested based on the project status	-
0	Founding Co.	Chien-Chiao Co.	1	Accounts payable	36,750	Progress payment requested based on the project status	-
0	Founding Co.	FUSHIN Hotel Co.	1	Rental revenue	57,600	Payment requested in terms of contract	2%
1	Chien-Chiao Co.	Founding Co.	2	Construction revenue	533,537	Progress payment requested based on the project status	14%

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 6

Founding Construction Development Corp. and Subsidiaries

RELEVANT INFORMATION OF INVESTEE COMPANY (NAME, LOCATION, ETC)

2023
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	$ 143,556	$ 11,607	$ 64,047	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	158,400	62,115	62,237	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	299,639	31,136	31,136	
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	8,666	62,115	3,512	Note 3

Note:1 From January 1 to December 31, 2023, Founding Co. recognized incomes of Chien-Chiao Construction Co., Ltd. amounted to $11,607 thousand, an increase of realized gross profit amounted to $52,442 thousand, less effects from application of IFRS 16 amounted to $2 thousand.

Note:2 From January 1 to December 31, 2023, Founding Co. recognized incomes of FUSHIN Hotel Co., Ltd. amounted to $58,621 thousand, plus effects from application of IFRS 16 amounted to $3,616 thousand.

Note:3 From January 1 to December 31, 2023, Chien-Chiao Construction Co., Ltd. recognized incomes of FUSHIN Hotel Co., Ltd. amounted to $3,494 thousand, plus effects from application of IFRS 16 amounted to $18 thousand.

Table 7

Founding Construction Development Corp.

INFORMATION ON MAJOR SHAREHOLDERS
December 31, 2023

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.	16,187,416	5.67%

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.