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FOUNDING CONSTRUCTION DEVELOPMENT CORP.

2023 ANNUAL REPORT

Published on APRIL 24, 2024

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I. Letter to Shareholders

Dear shareholders,

below is a summary report on the operation performance of the Company in the past year.

1. Operating Performance in 2023

(1) Performance of Business Plans

The international economy in 2023 has been influenced by high interest rate, high inflation and China's weaker-than-expected economic performance in the post-pandemic time, resulting in a weak demand of global end products and thus causing manufacturing slowdowns. The US-China chip ban, the Russia-Ukraine war, and the Israel-Hamas conflicts all have been non-stop. The global geopolitics has been confronted with conglomerates, affecting the global economic development and social stability. In Taiwan, the domestic service industry has been expanded after the pandemic; performances of the retail, tourism and transportation industries have been noticeably improved. However, the global trade expansion has gone through a deceleration, impacting Taiwan's export orders and business investment. Taiwan's economic growth successively fell in Q4'22 and Q1'23, and the growth rate finally turned positive in Q2'23.

For the domestic real estate market, the monthly growth rate of the property transactions in six special municipalities was -3.2% at the beginning of the year, which reflected tug-of-war between buyers and sellers. Buyers expected a great slump of house price as the government began anti-flipped rules; however, sellers generally could not accept the wiggle room of the price, causing a decline of property transactions. Obviously the effect of slowly rising mortgage rate has been emerged, plus the shrinking capital, an increasing supply of housing, the unloosened control policy, and the presidential election all affected the buying decision of consumers.

The construction industry has been facing more challenges. The Company focused on the core business, continued on the land development, and actively integrated urban renewal projects and joint venture construction projects. The Company simultaneously strived on hotel operations, in order to create a source of stable income.

The economic situation, fluctuation of stock markets and regulatory restrictions all have direct impacts on the overall operation of construction companies. Total consolidated revenue for 2023 was NT$3,763,838 thousand, a decrease of NT$1,051,810 thousand over NT$4,815,648 thousand in 2022. Consolidated net profit was NT$889,543 thousand in 2023, a decrease of NT$125,155 thousand over NT$1,014,698 thousand in 2022. Facing rigorous market challenges, we will still uphold a conscientious attitude and adjust countermoves at any time in order to create the greatest interests for our shareholders.

(2) Budget Implementation

According to the Regulations Governing the Publication of Financial Forecasts of Public Companies, the Company is not required to prepare financial forecasts for 2023.

(3) Financial Results and Profitability Analysis

Unit: NT$ thousand

	2023	2022	+/(-)	+/(-) %
Operating Revenue	3,763,838	4,815,648	(1,051,810)	(21.84%)
Operating Costs	2,532,524	3,517,886	(985,362)	(28.01%)
Gross Profit	1,231,314	1,297,762	(66,448)	(5.12%)
Operating Expenses	228,923	264,948	(36,025)	(13.60%)
Net Operating Income	1,002,391	1,032,814	(30,423)	(2.95%)
Net Profit	889,543	1,014,698	(125,155)	(12.33%)
EPS	3.12	3.56	(0.44)	(12.36%)

	2023 (consolidated)	2022 (consolidated)
Debt to asset ratio (%)	19.00	28.43
Long-term capital to property, plant and equipment (%)	229.42	253.45
Current ratio (%)	647.03	370.99
Quick ratio (%)	313.64	143.92
Interest Coverage Ratio (x)	288.14	319.46
Return on assets (%)	7.27	7.90
Return on shareholders' equity (%)	9.52	11.67
Ratio of income before tax to paid-in capital (%)	36.75	44.35
Profit margin (%)	23.63	21.07
Adjusted EPS (NT$)	3.12	3.56

(4) Research and Development Status

(i) Architectural Design and Planning:
We make cautious assessment on location of products, characteristics of surroundings, consumer requirements and relevant construction regulations in order to produce designs that satisfy the needs of our customers.

(ii) Construction Project and Management:
For different cases, we devise the most suitable construction method and project management process in order to improve the quality of our products and reduce construction costs. We monitor construction schedule and cost control to strengthen the competitiveness of our products.

(iii) Market Research:
We make analysis and research on the real estate market and use such result as references for product positioning and formulation of marketing strategies to achieve sales targets. Also, we focus on the research of urban renewal and leisure industry with an eye to strengthening the foundation of our business with diverse approaches.

2. Business Plan in 2024

(1) Operating Philosophy

The Company upholds the values of honesty, quality and service. With an honest and responsible mind, we design safe, solid, personalized and technologized products under quality assurance requirements during the process, and provide the best customer service as our vocation. We will continue to strengthen our capacity in research and development, innovation, and comprehensive quality improvement with a goal to achieve business sustainability.

(2) Anticipated Volume of Sales and Basis

(i) Sales of Completed Projects: Founding Yi-Pin, Cosmos Technology, Fu Gui Ming Di

(ii) Cases anticipated to finish in 2024 and 2025: Founding Li Yuan, Star Technology, Meditation Garden , Li Ren Condominium

(3) Important Production and Marketing Policies

(i) Production Strategy
We undertake land developments based on economic prospects, and actively participate in the bid of government projects for state-owned lands at ideal development locations and projects in prime market areas. Our purpose is to increase land acquisitions, and analyze and follow urban development plans so as to seize market niches. We also make complete programs, strictly select building materials and focus on quality to improve the added value of our products on the basis of site specificity and consumer needs.

In response to the increasing difficulties in acquiring land in prime districts and the needs of the government to develop tourism industry, we have extended business to hotel operation and management, providing new accommodation options for business trips and tourism in anticipation to create additional sources of stable income.

(ii) Sales Strategy
The real estate market is depressed, and the transaction volume is hitting a new low; therefore, it is important to grasp the latest trends in price change, and location preference of potential buyers and investors. Based on the observation of transaction types and price change in the real estate market, buyers will take transaction type and building area into consideration for future purchase. We grasp market needs, adjust sales strategies, reinforce quality management, and seek stable and sustainable business operation.

3. Future development strategy, impact of external competitive environment, regulatory environment, and macroeconomic environment.

(1) Impact of External Competitive Environment
As we look back on 2023, Taiwan faced inflation, increased cost of labor and materials, geopolitics, Ukraine-Russia war, Israeli-Hamas conflict, and interest rate hikes of major countries. The global economic demand was sluggish and the industry vigorously destocked inventories, leading a downturn of investment demand; Taiwan’s import and export orders in the first three quarters both dropped over 10%. The economic growth was revised down and a wait-to-see attitude towards the election caused housing market deals to be shrunk. Recurring bad news of the macro-environment disturb consumer confidence in the housing market, leading self-use consumers to spend more time for purchase consideration and the housing market to remain conservative. Anti-flipping is currently the base of the real estate market policy.

Recently, the Central Bank has implemented selective credit control policies five times, the Ministry of Finance has imposed heavy tax on short-term deals according to the “Real Estate Consolidation Tax 2.0.” and “Actual Price Registration 2.0”, and “The Equalization of Land Rights Act” that curbs market speculation. However, the effect of deterring the price escalation was limited. In 2023, the housing market saw a contraction in transaction volume and a slight increase in price.

Since the nature of the real estate industry is strongly regional, the competitiveness of individual products and the price comparison effect become relatively obvious among regions. We make effective market segmentation, overall planning and added values of products and accentuate product differentiation through online marketing to elevate competitiveness and profitability with a sound financial control system.

(2) Impact of Regulatory Environment

In January 2023, the Legislative Yuan passed the third reading of the “Amendments to the Equalization of Land Rights Act”, instituting five anti-flipping rules in order to curb market speculation. These rules include 1. Restrictions on the transfer and resale of the agreements on the sale of pre-sale or new-built houses; 2. Severe penalties for real estate speculation and establishment of a mechanism for reporting with rewards; 3. Requirements for private entities to obtain the approval for the acquisition of residential buildings; 4. Development of whistleblower reward system; 5. Requirement to report the rescission of real property sales agreements. In December 2023, the Legislative Yuan passed the "House Hoarding Tax 2.0," which includes, 1. Adoption of nationwide progressive tax collection; 2. The highest tax rate for non-owner-occupied housing was raised from 3.6% to 4.8%; 3. The highest tax rate will be applied to developers holding vacant properties over five years.

Since changes of regulations have impact on the operation of the construction industry, the company will keep watching and conducting research on legislative changes and will seek countermeasures as soon as possible so that the Company can retain profits and safeguard the interests of our shareholders.

(3) Impact of Macroeconomic Environment

The world’s 2 biggest economies, the US and China economies are disturbed by unfavorable factors in consumer and investment markets. Although other economies, like Europe are expected to upturn, and emerging markets and developing markets have better performance than 2023, they still cannot salvage the US and China economic weakness. The overall global economic growth in 2024 is thus expected to be slower than that in 2023; however, an economic recovery is foreseen, helping stabilize the trading performance of Taiwan.

Shortage of workers and materials in the housing market has not yet been solved. Prices of land and green construction materials have kept going up. Banks are significantly tighter on land purchase loans and construction financing for developers. In a short term, there is no sign of the government loosening the restrictions on property speculation. In particular, land purchase is restricted to 18 months for development. Uncertainty of pauses of interest rate hikes and the effects of “The Equalization of Land Rights Act” will be key points in our watch list.

The future development strategy of the Company will still mainly focus on Build to Order, supplemented by joint construction and urban redevelopment. In terms of locations, it will be more concentrated on CBDs with a primary target on the traditional downtown areas of Taipei City, New Taipei City, and Tainan City, and a secondary target on readjustment areas in those cities. The Company will pursue stable and profitable growth by quality over quantity. As for commercial offices, we will continue to invest in superior areas and products with stable rental income, in expectation of generating more revenue. Currently, hotel operations are coming up roses; FUSHIN Hotel is closely following the development of COVID-19, adjusting operation strategies to optimize operation foundation. In addition to profitable growth, the pursuit of stable growth and sustainability is also at the heart of our business efforts.

We look forward to shareholders’ support and advice, and wish everyone good health and all the best.

Sincerely,

LIU, HSIN-HSIUNG
Chairman

I. Company Profile

2.1 Date of Incorporation: April 20th, 1991

2.2 Company History

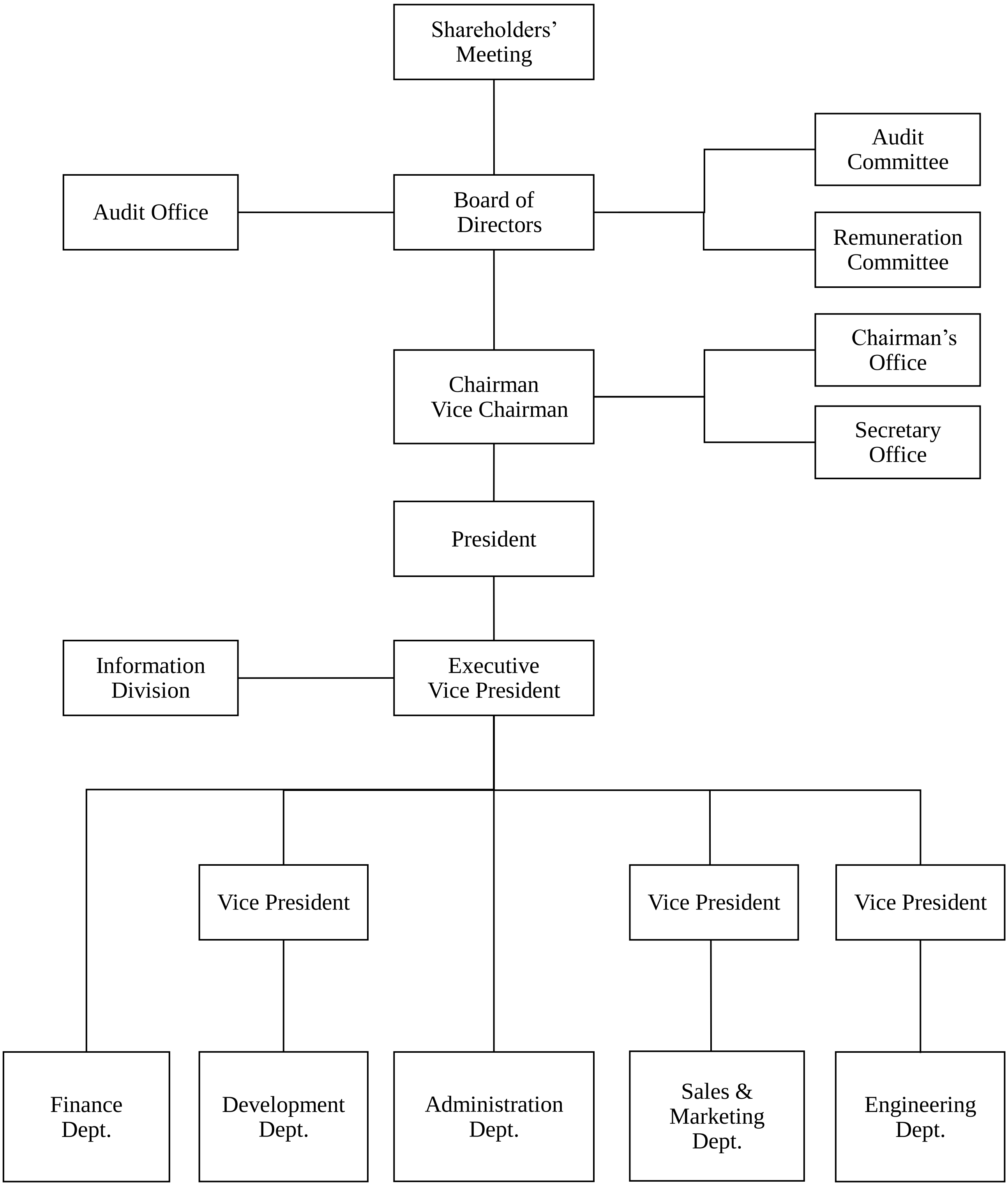
Year	Milestones
1991	Founded on April 20th, 1991 with NT$60 million capital. Projects: Royal Housing, Great Lake Treasure
1993	Projects: Royal Housing II, Great Lake Miracle, Royal Dazhi, Tripod Dazhi
1994	Increased NT $60 million by cash to reach NT$120 million of paid-in capital. Project: Yang Ming Fuyi
1995	Project: Asia-Pacific Economic Center
1997	Increased NT$200 million by cash and NT$12million by earnings to reach NT$332 million of paid-in capital. Approved for public offering by the Securities and Futures Commission of the Ministry of Finance. Direct investment in You-Ming Engineering Ltd., and San-Fu Plastics Industrial Corp. The Company received the "Ten Outstanding Architecture Award of R.O.C". Projects: Asia-Pacific Economic Center 2, International Economic Center
1998	Increased NT$200 million by cash, NT$83million by earnings and NT$1million by employee bonus to reach NT$616 million of paid-in capital. Invested NT$27.1488 million in You-Ming Engineering Ltd, bringing a total investment to NT$34.3488 million. Embarked on vertical integration. Project: Centurial Economic Center
1999	Increased NT$184.8million by earnings and NT$2.8million by employee bonus to reach NT$803.6 million of paid-in capital. Received "Architecture and Investment Industry Identification Mark Certificate" from the Ministry of Interior, RO.C. Acquired ISO-9002 Quality Management Systems Certification Sold all shares of You-Ming Engineering Ltd. Projects: International Star, Centurial Star
2000	Increased NT$281.26 million by earnings and NT$4.02 million by employee bonus to reach NT$1,088.88 million of paid-in capital. Projects: Centurial Treasure, Great Tripod Technology, National Tripod Technology, Apex Technology
2001	Increased NT$163.332 million by earnings and NT$5.788 million by employee bonus to reach NT$1,258 million of paid-in capital. Invested NT$46.8 million in Chien-Chiao Construction Co., Ltd and embarked on vertical integration. Sold all shares of San-Fu Plastics Industrial Corp. Approved of the Over-The-Counter (OTC) listing application and trading. Projects: Asia Technology, Wright Technology, Fute Technology, Top Tripod Technology
2002	Reduced NT$100million by repurchase and cancellation of treasury shares. Paid-in capital after reduction was NT$1,158 million.
2003	Reduced NT$8 million by repurchase and cancellation of treasury shares. Paid-in capital after reduction was NT$1,150million. Projects: Pu Garden, Li Garden
2004	Invested NT$5 million in Chien-Chiao Construction Co., Ltd, which became a wholly-owned subsidiary of the company. Projects: Founding Li Garden, Chong-Shan Mandarin
2005	Increased capital by capital surplus to reach NT$1,184.5 million of paid-in capital. Expanded business through diversification by investing a total amount of NT$47.86 million in Hua-Nano Technology Corp.

	Projects: Tripod Garden, Founding Li Garden District, Century Plaza, Century Plaza District, Founding Li Garden II
2006	Increased capital by earnings and capital surplus to reach NT$1,250 million of paid-in capital. Projects: Founding Garden and Villa, Taipei Mandarin, Min-Quan Condominium, Founding Li Garden III
2007	Increased capital by earnings to reach NT$1,442 million of paid-in capital. Sold all shares of Hua-Nano Technology Corp. Projects: Wen-De Mandarin, Sun Technology, Founding Yi-Pin
2008	Approved of the Taiwan Stock Exchange listing application and trading (Code-5533). Projects: Tripod Plaza, FUSHIN Hotel, Founding Garden Plaza
2009	Reduced NT$3.72million by repurchase and cancellation of treasury shares. Paid-in capital after reduction was NT$1,659.28million. Increased capital by earnings to reach NT$1777.75 million of paid-in capital. Projects: Dun-Nan Condominium, Scandinavian Parlor, FUSHIN Technology, East Garden Condominium
2010	Grew business through diversification by investing NT$36 million in FUSHIN Hotel Co., Ltd. Increased capital by earnings to reach NT$1,940.29 million of paid-in capital. Projects: Bai-Ji Condominium, Wen-De Technology, FUSHIN Hotel- Taipei, FUSHIN Hotel, Taichung, Chong-Zheng Li Garden
2011	Increased capital by earnings to reach NT$2117.71 million of paid-in capital. Chien-Chiao Construction Co., Ltd increased capital by earnings to reach NT$120 million of paid-in capital. Project: United Tech Center
2012	Increased capital by earnings to reach NT$2269.828 million of paid-in capital. Chien-Chiao Construction Co., Ltd increased capital by earnings to reach NT$144 million of paid-in capital. Invested NT$40 million in FUSHIN Hotel Co., Ltd. (shareholding ratio: 76%) Projects: Royal Jade, Jing Garden, FUSHIN Hotel-Tainan
2013	Increased capital by earnings to reach NT$2431.696 million of paid-in capital. Chien-Chiao Construction Co., Ltd increased capital by earnings to reach NT$150 million of paid-in capital. Invested NT$60 million in FUSHIN Hotel Co., Ltd. (shareholding ratio: 85%) Projects: Founding Glion, Royal Condominium
2014	Increased capital by earnings to reach NT$2556.647 million of paid-in capital. FUSHIN Hotel Co. Ltd first reduced capital of NT$100 million to cover deficits and then increased capital of NT$100 million for operation purposes. Paid-in capital remained the same as NT$1,600 million. (shareholding ratio: 94.375%) Projects: FUSHIN Hotel NO. 2, Nan Ke Ming Men, Cosmos Technology, Universal Technology, Fu-Yi Tainan
2015	Increased capital by earnings to reach NT$2713.356 million of paid-in capital. FUSHIN Hotel-Taipei earned Five-Star Hotel Distinction. Project: FUSHIN Hotel-Tainan Branch
2016	Increased capital by earnings to reach NT$2852.449 million of paid-in capital. Established a wholly-owned subsidiary Hsin-Long-Hsing Construction Co. Ltd with a total investment of NT$20 million. Projects: Dong Hu Li Yuan, Fu Gui Ming Di
2017	Projects: Fu Ding Tech Building, Jin Lian Xi Zhi Building
2018	Projects: Founding Fu-Yi, United Tech Building B
2019	Projects: Founding Yi-Pin (Nan-Gang), United Tech Building A
2020	Projects: Founding Li Yuan(San-Chong), Star Technology, Li Ren Condominium
2021	Hsin-Long-Hsing Construction was renamed Hsin-Long-Hsing Investment with an increased capital by cash to reach NT$300 million of paid-in capital, and is wholly-owned by Founding Construction. Project: Meditation Garden
2023	Project: Chief Li Garden

II. Corporate Governance Report

3.1 Organization

3.1.1 Organizational Chart



3.1.2 Major Corporate Functions

Department	Functions
Chairman's Office	1. Organizational structure development and operational process planning. 2. Planning and design of corporate equity and image.
Audit Office	1. Assess the effectiveness of the internal control system and provide appropriate improvement suggestions during the audit. 2. Offer evaluations, analyses and advice on business and operational performances.
Information Division	Planning, evaluation and implementation of information system and electronization.
Administration Dept.	1. Procurement and custody of facilities and supplies. 2. Development and management of human resources and general affairs.
Development Dept.	Data collection, investigation, research, analyses and development of land resources and real estate market.
Sales & Marketing Dept.	1. Market research and marketing execution. 2. After sales service and matters.
Engineering Dept.	Procurement contracting, construction cost estimating and assessment, and project execution planning and management.
Finance Dept.	1. Financial planning, fund movement and management. 2. Loan application, drawdown and pay-off. 3. accounting and taxation management.

3.2 Directors and Management Team

3.2.1 Directors

April 22, 2024

Title	Nationality/ Registration of Place	Name	Gender Age	Date Elected	Term (yrs)	Date First Elected	Shareholding when Elected		Current Shareholding		Spouse & Minor Shareholding		Shareholding by Nominee Arrangement		Experience (Education)	Other Position	Executives, Directors, or Supervisors Who are Spouses or within Two Degrees of Kinship			Remarks
							Shares	%	Shares	%	Shares	%	Shares	%			Title	Name	Relation	
Chairman	R.O.C	Sytain Corp		6/9/2020	3	6/9/2020	25,718,571	9.02%	22,918,571	8.03%										
		Representative: Liu, Hsin-Hsiung	M 71-80		3	12/14/1992			6,683,941	2.34%	5,446,997	1.91%			Bachelor's Degree President: Chi-Long Construction Co., Ltd.	Chairman: Founding Construction Corp. Director : Syntain Corp.	President Representative Vice Chairman	Liu, Hua-Hsing Liu. Fang-Wen Liu, Min-Liang	Sibling Father-Daughter Father-Son	
Vice Chairman	R.O.C	Sytain Corp.		6/9/2020	3	6/9/2020	25,718,571	9.02%	22,918,571	8.03%										
		Liu, Min-Liang	M 31-40			6/9/2011			7,997,932	2.80%	2,247 ,000	0.79%			Bachelor's Degree	Vice Chairman: Founding Construction & Development Co., Ltd. Director: May-Hsiung Investment Co., Ltd. Owner: Syntain Corp. Supervisor: Fushin Hotel Co., Ltd.	Chairman	Liu, Hsin-Hsiung	Father-Son	
Director	R.O.C	Sytain Foundation		6/9/2020	3	6/9/2020	940,000	0.33%	940,000	0.33%										
		Representative: Liu, Fang-Wen	F 41-50			8/282008			8,398,837	2.94%					Bachelor's Degree Director of May-Hsiung Investment Co., Ltd.	Chairman: May-Hsiung Investment Co., Ltd Supervisor: Syntain Co., Ltd, and Fulongchang Investment Co., Ltd.	Chairman	Liu, Hsin-Hsiung	Father-Daughter	
Director	R.O.C	Wenrui Investment Ltd		6/9/2020	3	6/6/2014	549,209	0.19%	549,209	0.19%										
		Representative: Chiang, Guang-Hui	M 61-70			6/6/2014			888,985	0.31%	428,652	0.15%			College Degree Chief of Ruiyang Sub-District, Neihu	Director: Wen-Rui Investment Ltd. Representative: Wen-De Elderly Long-term Care Center				
Director	R.O.C	Liu, Hua-Hsing	M 61-70	6/9/2020		6/9/2011	4,835,089	1.70%	4,005,089	1.40%	364,028	0.13%			Bachelor's Degree Specialist at Central Trust of China	Consultant: Founding Construction & Development Co., Ltd.	Chairman	Liu, Hsin-Hsiung	Sibling	
Director	R.O.C	Ho, Ming-Hui	M 51-60	6/9/2020	3	4/30/2002	41,855	0.01%	41,855	0.01%	-	-			Master's Degree GM in Taihsin Management and Technology Consultant Co., Ltd.	Representative of Fushin Hotel Co., Ltd.				
Independent Director	R.O.C	Lee. Shu-Lan	F 41-50	6/9/2020	3	4/7/2008	13,680	0.00%	13,680	0.00%	721	0.00%			Bachelor's Degree Sales Assistant Manager: Taiwan Securities Co., Ltd.	CFO: EBM Technologies				Director Starting Date: 4/29/2003
Independent Director	R.O.C	Hung, Lung-Ping	M 61-70	6/9/2020	3	6/9/2020	196,760	0.07%	200,760	0.07%	721	0.00%			Bachelor's Degree Manager: Pei-Sheng United Accounting Firm	Manager: Chuan-Hsin Accounting Firm Director: Shan-Hsin Consulting Ltd.				Supervisor (Newly Appointed) on 4/30/2008
Independent Director	R.O.C	Lan, You-Liang	M 81-90	6/9/2023	-	-	-	-	-	-	-	-			Bachelor's Degree Manager: Central Trust of China	-				Supervisor (Newly Appointed) on 6/9/2011

Note: The director, Liu, Hua-Hsing stepped down as the president on June 30th, 2023

Major shareholders of the institutional shareholders

Name of Institutional Shareholders	Major Shareholders
Syntain Corporation	Liu, Shu-Hung (30.83%), Liu, Fang-Wen (25.27%), Liu, Min-Liang (24.57%), Liu, Zi-Yan (7.60%), Liao, Shu-Mei (4.87%), Liu, Hsin-Hsiung (3.90%) Liu, En-Fei (1.86%), Huang, Dai-Xuan (0.60%), Liu, Xin-Cheng (0.50%)
Syntain Foundation	Liu, Hsin-Hsiung (30.00%), Liu, Fang-Wen (16.67%), Liu, Min-Liang (16.67%), Liu, Shu-Hung (16.66%) Liu, Hua-Hsing (10.00%), Liu, Hsin-Yi (10.00%)
Wenrui Investment Ltd	Chiang, Guang-Hui (46%), Chiang, Jei (24%), Lin, Shu-Mei (10%), Chiang, Pei (10%), Chiang, Hsin (10%)

Major institutional shareholders of institutional shareholders: None

Directors

(1) Professional qualifications and independence analysis of directors

Criteria / Name	Professional Qualification and Experience (Note 1)	Independence Criteria (Note 2)	Number of Other Public Companies in Which the Individual is Concurrently Serving as an Independent Director
Liu, Hsin-Hsiung (Representative of Syntain Corp.)	Has work experience in the areas of commerce, law, finance, or accounting, or otherwise necessary for the Business of the Company. Positions: President of Chi-Long Construction Co., Ltd., and Director of Syntain Crop. Not been a person of any conditions defined in Article 30 of the Company Law.	N/A	x
Liu, Min-Liang (Representative of Syntain Corp.)	Has work experience in the areas of commerce, law, finance, or accounting, or otherwise necessary for the Business of the Company. Positions: Director of May-Hsiung Investment Co., Ltd., Owner of Syntain Corp., Director of Hsin-Long-Hsing Investment Co., Ltd., and Supervisor of Fushin Hotel Co., Ltd. Not been a person of any conditions defined in Article 30 of the Company Law.	N/A	x
Liu, Fang-Wen (Representative of Syntain Foundation)	Has work experience in the areas of commerce, law, finance, or accounting, or otherwise necessary for the Business of the Company. Positions: Director of May-Hsiung Investment Co., Ltd., Supervisor of Syntain Corp., and Fulongchang Investment Co., Ltd. Not been a person of any conditions defined in Article 30 of the Company Law.	N/A	x
Chiang, Guang-Hui (Representative of Wenrui Investment)	Has work experience in the areas of commerce, law, finance, or accounting, or otherwise necessary for the Business of the Company. Positions: Director of Wenrui Investment, Chief of Ruiyang Sub-District, Neihu, and Representative of Wen-De Elderly Long-term Care Center. Not been a person of any conditions defined in Article 30 of the Company Law.	N/A	x
Liu, Hua-Hsing	Has work experience in the areas of commerce, law, finance, or accounting, or otherwise necessary for the Business of the Company. Position: Specialist at Central Trust of China. Not been a person of any conditions defined in Article 30 of the Company Law.	N/A	x
Ho, Ming-Hui	Has work experience in the areas of commerce, law, finance, or accounting, or otherwise necessary for the Business of the Company. Positions: GM in Taihsin Management and Technology Consultant Co., Ltd., and Representative of Fushin Hotel Co., Ltd.. Not been a person of any conditions defined in Article 30 of the Company Law.	N/A	x
Lee. Shu-Lan	Has work experience in the areas of commerce, law, finance, or accounting, or otherwise necessary for the Business of the Company. Current Position: CFO of EBM Technologies. Not been a person of any conditions defined in Article 30 of the Company Law.	An independent Director who has met the independence criteria: including but not int limited to whether they, spouses, relatives within the second degree of kinship serve as a director, supervisor or employer of the Company or affiliates; did not serve as a director, supervisor or employer of a Company with which the Company has a specific relationship; the person herself and spouse hold 14,401 shares (0.01%) of the Company. No remuneration for commercial, legal, financial and accounting services provided to the Company or affiliates in the past two years.	x
Hung, Lung-Ping	Has work experience in the areas of commerce, law, finance, or accounting, or otherwise necessary for the Business of the Company. Positions: Manager of Pei-Sheng United Accounting Firm, Manager of Chuan-Hsin Accounting Firm, and Director of Shan-Hsin Consulting Ltd. Not been a person of any conditions defined in Article 30 of the Company Law.	An independent Director who has met the independence criteria: including but not int limited to whether they, spouses, relatives within the second degree of kinship serve as a director, supervisor or employer of the Company or affiliates; did not serve as a director, supervisor or employer of a Company with which the Company has a specific relationship; the person himself and spouse hold 204,792 shares (0.07%) of the Company; No remuneration for commercial, legal, financial and accounting services provided to the Company or affiliates in the past two years.	x
Lan, You-Liang	Has work experience in the areas of commerce, law, finance, or accounting, or otherwise necessary for the Business of the Company. Positions: Manager of Pei-Sheng United Accounting Firm, Manager of Central Trust of China. Not been a person of any conditions defined in Article 30 of the Company Law.	An independent Director who has met the independence criteria: including but not int limited to whether they, spouses, relatives within the second degree of kinship serve as a director, supervisor or employer of the Company or affiliates; did not serve as a director, supervisor or employer of a Company with which the Company has a specific relationship; the person himself and spouse hold 0 shares of the Company; No remuneration for commercial, legal, financial and accounting services provided to the Company or affiliates in the past two years.	x

Note 1: Professional Qualifications and Experiences: Specify the professional qualifications and experiences of individual director and supervisor. If the person is a member of the Audit Committee with accounting or financial expertise, their accounting or financial background and work experience shall be specified. Also state whether he/she has been a person of any conditions defined in Article 30 of the Company Law.

Note 2: For independent directors, the independence criteria must be specified, including but not int limited to whether they, spouses, relatives within the second degree of kinship serve as a director, supervisor or employer of the Company or affiliates; the proportion of shares held by the independent director, spouses, relatives within the second degree of kinship (or in the name of others); whether the independent director serves as a director, supervisor or employer of a Company with which the Company has a specific relationship (refer to Subparagraphs 5 to 8, the Regulations Governing Appointment of Independent Directors and Compliance Matters for Companies); and the amount of remuneration received for commercial, legal, financial and accounting services provided to the Company or affiliates in the past two years.

(2) Diversity and independence of the board of directors

A. Diversity

The Company advocates and respects the board diversity policy, accepting personnel with different ages, gender, background and experiences. To strengthen corporate governance and promote the robust development of the board composition and structure, we believe that the diversity policy will help enhance the overall performance of the Company. Currently the Company is made up of 9 directors, and the board diversity is shown as below:

- Female Directors: 22%；Male Directors: 78%
- Employee Directors: 11%；Independent Directors: 33%
- Age Range and the Number of Directors: over 70-2；61~70-4；51~60-1；41~50-1；31~40-1
- Term of Office and the Number of Directors: over 9 years-4；3~9 years-5
- The diversity of the board of directors is shown as below:

Name	Nationality	Gender	Employee Directors	Age					Term of Office			Core Competence						
				31 ~ 40	41 ~ 50	51 ~ 60	61 ~ 70	70 +	≦3 years	3~9 years	≧9 years	Management	Leadership	Industry Knowledge	Finance & Accounting	Legal	Crisis Management	Risk Management
Liu, Hsin-Hsiung (Representative of Syntain Corp.)	R.O.C	M						V				V	V	V		V	V	V
Liu, Min-Liang (Representative of Syntain Corp.)	R.O.C	M		V								V	V	V			V	V
Liu, Fang-Wen (Representative of Syntain Foundation)	R.O.C	F			V							V	V	V	V			
Chiang, Guang-Hui (Representative of Wenrui Investment)	R.O.C	M					V					V	V		V	V		V
Liu, Hua-Hsing	R.O.C	M					V					V	V	V	V		V	V
Ho, Ming-Hui	R.O.C	M	V				V					V	V				V	V
Lee. Shu-Lan	R.O.C	F				V					V				V			
Hung, Lung-Ping	R.O.C	M					V			V		V	V		V		V	V
Lan, You-Liang	R.O.C	M						V	V			V	V		V		V	V

The Company cares about the composition of the board of directors, and aims to lower the age of directors. Now we have 6 directors over 60 and 3 directors under 60. To bring innovation into the board of directors, we will strive to reduce the average board age.

B. Independence

The Company is composed of 9 directors, and 3 of whom are independent directors (1/3 of the board of directors). 1 director is an employee director. The number of directors who have a marital relationship, or who are a relative within the second degree of kinship to any other director of the Company shall not exceed 1/2 of the total number of board of directors. At present, 4 directors of the Company are relatives within the second-degree of kinship to other directors; therefore, the board of directors satisfied the independence requirement.

3.2.2 Management Team

April 22, 2024

Title	Nationality	Name	Gender	Date Elected	Shareholding		Spouse & Minor Shareholding		Shareholding by Nominee Arrangement		Experience (Education)	Other Position	Managers Who are Spouses or within Two Degrees of Kinship			Remark(s) (Note)
					Shares	%	Shares	%	Shares	%			Title	Name	Relation	
President	R.O.C	Tsao, Lo-Fang	M	1/1/2021	55,307	0.02%	-	-			National Taiwan University Executive VP,					Starting Date 7/1/2023
VP. Sales& Marketing Dept.	R.O.C	Cheng, Jing-Hung	M	10/1/2005	261,661	0.09%	18,637	0.01%			High School Diploma Assistant VP, Sales & Marketing Dept.					
VP. Sales& Marketing Dept.	R.O.C	Mo, Jung-Fa	M	1/1/2007	183,540	0.06%					High School Diploma Assistant VP, Sales & Marketing Dept.					
VP. Engineering Dept.	R.O.C	Su, Yen-Ting	M	1/1/2007	332,678	0.12%					College Degree Assistant VP, Engineering Dept					
VP. Development Dept.	R.O.C	Huang, Wen-Chu	F	7/1/2023	100,175	0.04%					College Degree Assistant VP, Department Dept					Starting Date 7/1/2023
Assistant VP Administration Dept.	R.O.C	Liu, Yen-Hui	F	3/1/2004	216,162	0.08%					High School Diploma Assistant VP, Administration Dept.					
Assistant VP Audit Office	R.O.C	Liao, Wan-Ching	F	7/1/2010	145,498	0.05%					Bachelor's Degree Manager, Audit Office					
Assistant VP Finance Dept.	R.O.C	Cheng, Yen-Fen	F	1/5/2013	162,568	0.06%					Bachelor's Degree Manager, Finance Dept.					
Assistant VP Sales & Marketing Dept.	R.O.C	Hsu, Yang-Ting	M	1/5/2013	120,000	0.04%					National Open University Manager, Sales & Marketing Dept.					
Corporate Governance Officer	R.O.C	Hsu, Wei-Lun	F	3/17/2021	87,700	0.03%					Bachelor's Degree Manager, Finance Dept.					

3.2.3 Where the President or person of an equivalent post (the highest level manager) and Chairman of the Board of Directors are the same person, spouses, or relatives within the first degree of kinship, the reason for, reasonableness, necessity thereof, and the measures adopted in response thereto must be disclosed: None

3.3 Remuneration of Directors and Management Team

3.3.1 Remuneration of Directors and Independent Directors

Dec 31, 2023 / Unit: NT$ thousands

Title	Name	Remuneration								Ratio of Total Remuneration (A+B+C+D) to Net Income (%)		Relevant Remuneration Received by Directors Who are Also Employees								Ratio of Total Compensation (A+B+C+D+E+F+G) to Net Income		Remuneration from ventures other than subsidiaries or from the parent company
		Base Compensation (A)		Severance Pay (B)		Directors Compensation(C)		Allowances (D)				Salary, Bonuses, and Allowances (E)		Severance Pay (F)		Employee Compensation (G)						
		The company	Companies in the consolidated financial statements	The company	Companies in the consolidated financial statements	The company	Companies in the consolidated financial statements	The company	Companies in the consolidated financial statements	The company	Companies in the consolidated financial statements	The company	Companies in the consolidated financial statements	The company	Companies in the consolidated financial statements	The company		Companies in the consolidated financial statements		The company	Companies in the consolidated financial statements	
																Cash	Stock	Cash	Stock			
Chairman	Syntain Corp. Representative: Liu, Hsin-Hsiung	1,150	1,150	12	12	360	360	21	21	1,543 0.17	1,543 0.17	-	-	-	-	-	-	-	-	1,543 0.17	1,543 0.17	None
Vice Chairman	Syntain Corp. Representative: Liu, Min-Liang	2,965	2,965	38	38	360	360	21	21	3,384 0.38	3,384 0.38	-	-	-	-	-	-	-	-	3,384 0.38	3,384 0.38	None
Director	Syntain Foundation Representative: Liu, Fang-Wen	-	-	-	-	360	360	21	21	381 0.04	381 0.04	-	-	-	-	-	-	-	-	381 0.04	381 0.04	None
Director	Wenrui Investment Representative: Chiang, Guang-Hui	-	-	-	-	360	360	21	21	381 0.04	381 0.04	-	-	-	-	-	-	-	-	381 0.04	381 0.04	None
Director	Liu, Hua-Hsing	-	-	-	-	360	360	21	21	381 0.04	381 0.04	1,062	1,062	8,020	8,020	-	-	-	-	9,463 1.06	9,463 1.06	750
Director	Ho, Ming-Hui	-	-	-	-	360	360	21	21	381 0.04	381 0.04	-	1,880	-	-	-	-	-	-	381 0.04	2,261 0.25	None
Independent Director	Lee, Shu-Lan	-	-	-	-	360	360	131	131	491 0.06	491 0.06	-	-	-	-	-	-	-	-	491 0.06	491 0.06	None
Independent Director	Chen, Bo-Yung	-	-	-	-	150	150	9	9	159 0.02	159 0.02	-	-	-	-	-	-	-	-	159 0.02	159 0.02	None
Independent Director	Hung, Lung-Ping	-	-	-	-	360	360	131	131	491 0.06	491 0.06	-	-	-	-	-	-	-	-	491 0.06	491 0.06	None
Independent Director	Lan, You-Liang	-	-	-	-	210	210	12	12	222 0.2	222 0.2	-	-	-	-	-	-	-	-	222 0.2	222 0.2	None

1. Please describe the policy, system, standard, and structure of remuneration to independent directors, and the correlation between duties, risk, and time input with the amount of remuneration: The Company evaluates the performance of directors, the level of participation and contribution in the operation of the Company, and references the operational performance of the Company and standards adopted by enterprises of the same industry. The remuneration proposal is discussed and advised by the Remuneration Committee, and later submitted to the Board of Directors for resolutions.
2. In addition to the above remuneration, director remuneration shall be disclosed as follows when received from companies included in the consolidated financial statements in the most recent year to compensate directors for their services, such as being non-employee consultant: None

Note: 1. The director, Liu, Hua-Hsing stepped down as the president on June 30, 2023 and received retirement pension.
2. The director, Chen, Bo-Yung stepped down on June 8, 2023
3. The director, Lan, You-Liang was inaugurated on June 9, 2023.

3.3.2 Remuneration of the President and Vice Presidents

Dec 31, 2023 / Unit: NT$ thousands

Title	Name	Salary (A)		Severance Pay (B)		Bonus and Allowance ©		Employee Compensation (D)				Ratio of Total Compensation (A+B+C+D) to Net Income		Remuneration from ventures other than subsidiaries or from the parent company
		The company	Companies in the consolidated financial statements	The company	Companies in the consolidated financial statements	The company	Companies in the consolidated financial statements	The company		Companies in the consolidated financial statements		The company	Companies in the consolidated financial statements	
								Cash	Stock	Cash	Stock			
Ex-President	Liu, Hua-Hsing	985	985	8,020	8,020	77	77	-	-	-	-	9,082 1.02		750
President	Tsao, Lo-Fang	1,392	1,392	110	110	755	755	190	-	190	-	2,447 0.28		None
VP	Cheng, Jing-Hung	924	924	87	87	638	638	176	-	176	-	1,825 0.21		None
VP	Mo, Jung-Fa	924	924	84	84	849	849	176	-	176	-	2,033 0.23		None
VP	Su, Yen-Ting	1,046	1,046	21	21	596	596	180	-	180	-	1,843 0.21		None
VP	Huang, Wen-Chu	804	804	68	68	388	388	153	-	153	-	1,413 0.16		

Note: The director, Liu, Hua-Hsing stepped down as the president on June 30, 2023 and received retirement pension.

3.3.3 Managerial officers with the top five highest remuneration amounts

Dec 31, 2023 / Unit: NT$ thousands

Title	Name	Salary (A)		Severance Pay (B)		Bonus and Allowance (C)		Employee Compensation (D)				Ratio of Total Compensation (A+B+C+D) to Net Income		Remuneration from ventures other than subsidiaries or from the parent company
		The company	Companies in the consolidated financial statements	The company	Companies in the consolidated financial statements	The company	Companies in the consolidated financial statements	The company		Companies in the consolidated financial statements		The company	Companies in the consolidated financial statements	
								Cash	Stock	Cash	Stock			
President	Liu, Hua-Hsing	1970	1970	40	40	771	771	275	-	275	-	9,082 1.02		750
VP	Tsao, Lo-Fang	1200	1200	113	113	780	780	200	-	200	-	2,447 0.28		None
VP	Mo, Jung-Fa	924	924	84	84	849	849	176	-	176	-	2,033 0.23		None
VP	Su, Yen-Ting	1046	1046	21	21	596	596	180	-	180	-	1,843 0.21		None
VP	Cheng, Jing-Hung	924	924	87	87	638	638	176	-	176	-	1,825 0.21		None

3.3.4 Distribution of Employee Compensation

Dec 31, 2023 / Unit: NT$ thousands

	Title	Name	Employee Compensation		Total	Ratio of Total Amount to Net Income (%)
			Stock	Cash		
Executive Officers	Ex-President	Liu, Hua-Hsing	-	1,669	1,669	0.18
	President	Tsao, Lo-Fang				
	VP, Sales& Marketing Dept.	Cheng, Jing-Hung				
	VP, Sales& Marketing Dept.	Mo, Jung-Fa				
	VP, Engineering Dept.	Su, Yen-Ting				
	VP, Development Dept.	Huang, Wen-Chu				
	Assistant VP, Administration Dept.	Liu, Yen-Hui				
	Assistant VP, Audit Office	Liao, Wan-Ching				
	Assistant VP, Finance Dept.	Cheng, Yen-Fen				
	Assistant VP, Sales & Marketing Dept.	Hsu, Yang-Ting				
	Officer, Corporate Governance	Hsu, Wei-Lun				

Note: The Corporate Governance Officer was inaugurated on March 17, 2021

3.3.5 Comparison of Remuneration for Directors, President and Vice Presidents in the Most Recent Two Fiscal Years and Remuneration Policy for Directors, President and Vice Presidents

The ratios of remuneration paid to directors, president and vice presidents of the Company and the companies in the consolidated financial statements in the last two years, to net income were 2.97% and 2.08%, respectively, in 2023 and 2022.

Remuneration of directors, president and vice presidents include salary, allowance, bonus, employee compensation and so on. The Company determines the remuneration based on the position held, education, experience, job tenure and responsibility, and references the standards adopted by enterprises of the same industry. Bonuses awarded to the president, vice president and employees are subject to the results of the company operations, but not to future risks.

3.4 Implementation of Corporate Governance

3.4.1 Operations of the Board of Directors

3.4.1.1 A total of 6 (A) meetings of the Board of Directors were held in the previous period. The attendance record of director was as follows:

Title	Name	Attendance in Person (B)	By Proxy	Attendance Rate (%) 【B/A】	Remarks
Chairman Representative	Syntain Co., Ltd. Liu, Hsin-Hsiung	6	0	100	
Vice Chairman Representative	Syntain Co., Ltd. Liu, Min-Liang	6	0	100	
Director Representative	Syntain Foundation Liu, Fang-Wen	6	0	100	
Director Representative	Wenrui Investment Chiang, Guang-Hui	6	0	100	
Director	Liu, Hua-Hsing	6	0	100	
Director	Ho, Ming-Hui	6	0	100	
Independent Director	Li, Shu-Lan	6	0	100	
Independent Director	Chen, Bo-Yung	3	0	100	Stepped down on June 8, 2023
Independent Director	Hung, Lung-Ping	6	0	100	
Independent Director	Lan, You-Liang	3	0	100	Stepped down on June 8, 2023

Other mentionable items:

1. If any of the following circumstances occurs, the dates of the meetings, sessions, contents of motion, all independent directors' opinions and the company's response should be specified: None
   (1) Matters referred to in Article 14-3 of the Securities and Exchange Act.
   (2) Other matters involving objections or expressed reservations by independent directors that were recorded or stated in writing that require a resolution by the board of directors.
2. If there are directors' avoidance of motions in conflict of interest, the directors' names, contents of motion, causes for avoidance and voting should be specified: For the Manager and Employee Compensation Distribution Proposal discussed on March 9, 2023, director Liu, Hua-Hsing then was a manager of the Company, and thus recused from the proposal discussion and voting. For the Retirement of General Manager and Pension Distribution discussed on May 11, director Liu, Hua-Hsing then was a principal, and thus recused from the proposal discussion and voting. For the Salary Adjustment discussed on May 11, director Liu, Min-Liang, then was a principal, and thus recused from the proposal discussion and voting. For the Appointment of Remuneration Committee Members discussed on Aug 11, directors Lee, Shu-Lan and Hung, Lung-Ping, then were offered appointment, and thus recused from the proposal discussion and voting. For the Manager Performance Bonus and Annual Bonus Distribution Proposal discussed on Nov 10, director Liu, Min-Liang, then was a principal, and thus recused from the proposal discussion and voting.
3. TWSE/TPEx-listed companies are required to disclose the evaluation cycle and period, scope of evaluation, evaluation method, and evaluation items of the self (or peer) evaluations conducted by the Board of Directors, and to fill out "Implementation Status of Board Evaluations." : Please refer to the table on the next page.
4. Measures taken to strengthen the functionality of the board: The Company has established independent director positions, an Audit Committee, and a Remuneration Committee to assist the board in carrying out its monitoring duties. Both committees, with professional teamwork and detachment, periodically report their activities and resolutions to the Board of Directors to help with business decisions.

3.4.1.2 Implementation Status of Board Evaluation

Evaluation Cycle	Evaluation Period	Scope of Evaluation	Evaluation Method	Evaluation Items
Annual	2023.1.1~ 2023.12.31	Board of Directors	Self-Evaluation of Board of Directors	The degree of participation in the Company's operations; improvement in the quality of decision making by the Board of

				Directors; composition and structure of directors; election and continuous training of directors; internal control
Annual	2023.1.1~ 2023.12.31	Individual Board Members	Self-Evaluation of Directors	Grasp of the Company's goals and missions; recognitions of directors' duties; the degree of participation in the Company's operations; management of internal relationships and communications; professions and continuous training of directors; internal control
Annual	2023.1.1~ 2023.12.31	Functional Committee	Self-Evaluation of Directors	The degree of participation in the Company's operations; recognitions of the functional committee's duties; improvement in the quality of decision making by the functional committee; composition and election of the functional committee; internal control

The Company conducted the self-performance of Board of Directors, that of Directors, and that of Functional Committee in 2024, and submitted the elevation report to the Board meeting on March 14, 2024.

The Performance Evaluation Result of Board of Directors in 2023 is as follows:

1. Average score of self-performance evaluation of Board of Directors: 4.889 (out of 5)
2. Average score of self-evaluation of Directors: 4.889 (out of 5)
3. Average score of self-performance evaluation of Audit Committee: 5 (out of 5)
4. Average score of self-performance evaluation of Remuneration Committee: 4.965 (out of 5)

3.4.2 Operations of the Audit Committee

A total of 4 (A) meetings of the Audit Committee were held in the previous period. The attendance record of independent director was as follows:

Title	Name	Attendance in Person (B)	By Proxy	Attendance Rate (%)【B/A】	Remarks
Independent Director	Lee, Shu-Lan	4	0	100	
Independent Director	Chen, Bo-Yung	2	0	100	Stepped down on June 8, 2023
Independent Director	Hung, Lung-Ping	4	0	100	
Independent Director	Lan, You-Liang	2	0	100	Inaugurated on June 9, 2023

Other mentionable items:

1. If any of the following circumstances occurs, the dates of the Audit Committee meetings, sessions, contents of motion, all independent directors' opinions, dissenting opinions, qualified opinions and significant advice of independent directors, resolution of the Audit Committee meetings, and the company's response should be specified: None
   (1) Matters referred to in Article 14-5 of the Securities and Exchange Act.
   (2) Other matters which were not approved by the Audit Committee but were approved by two-thirds or more of all directors.
2. If there are independent directors' avoidance of motions in conflict of interest, the directors' names, contents of motion, causes for avoidance and voting should be specified: None
3. Communications between the independent directors, the Company's chief internal auditor and CPAs (e.g. the material items, methods and results of audits of corporate finance or operations, etc.):
   (1) Communications between the independent directors and the Company's chief internal auditor:
      A. The independent directors review internal audit reports and audit trail reports on a monthly basis.
      B. For every attendance at the meetings of the Audit Committee, the Company's chief internal auditor reports to the independent directors, communicates the execution conditions and results, and answers impromptu questions raised by independent directors.
   (2) Communications between the independent directors and CPAs:
      A. The Company's CPAs review quarterly corporate financial reports and communicate to the Audit Committee major transactions and other matters required by law and regulations after the review.
      B. The Company's CPAs execute audit operations on corporate financial reports, and communicate respectively to the Audit Committee the audit plans, risks, key audit matters, execution conditions and results at and after the audit planning stage.
   (3) The independent directors express no opinions on the matters communicated between themselves, the Company's chief internal auditor and CPAs.

3.4.3 Corporate Governance Implementation Status and Deviations from "the Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies"

Evaluation Item	Implementation Status			Deviations from "the Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies" and Reasons
	Yes	No	Abstract Illustration	
1. Does the company establish and disclose the Corporate Governance Best-Practice Principles based on "Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies"?	V		The Company has established the Corporate Governance Best-Practice Principles based on "Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies".	None
2. Shareholding structure & shareholders' rights (1) Does the company establish an internal operating procedure to deal with shareholders' suggestions, doubts, disputes and litigations, and implement based on the procedure? (2) Does the company possess the list of its major shareholders as well as the ultimate owners of those shares? (3) Does the company establish and execute the risk management and firewall system within its conglomerate structure? (4) Does the company establish internal rules against insiders trading with undisclosed information?	V V V V		(1) The Company has designated a spokesperson and a deputy spokesperson to handle shareholders' suggestions and litigation and the like. (2) The Company possesses the list of its major shareholders based on the Register of Shareholders provided by the stock transfer agent. (3) The Company has established relevant management operations with its affiliates. (4) The Company has established "Operating Procedures for Handling Internal Material Information and Preventing Insider Trading" to forbid insiders trading on undisclosed information.	None
3. Composition and Responsibilities of the Board of Directors (1) Does the Board develop and implement a diversified <u>policy and specific managerial goal</u> for the composition of its members? (2) Does the company voluntarily establish other functional committees in addition to the Remuneration Committee and the Audit Committee? (3) Does the company establish a standard to measure the performance of the Board and implement it annually, and are performance evaluation results submitted to the Board of Directors and referenced when determining the remuneration of individual directors and nominations for reelection? (4) Does the company regularly evaluate the independence of CPAs?	V (1) V (3) V (4)	V (2)	(1) The composition of the board of directors shall be determined by taking diversity into consideration. Board members shall have the necessary knowledge, skill, and experience to perform his/her duties. (2) The company does not establish other functional committees and will conduct a needs assessment when necessary. (3) The company has formulated rules and procedures for evaluating the Board's performance and conducted the evaluation in 2023. The Performance Evaluation Results are as follows (out of 5): Directors (4.889), Board of Directors (4.889), Audit Committee (5), and Remuneration Committee (4.965), and the elevation results were submitted to the Board meeting on March 14, 2024. (4) The Company self-evaluates the independence and eligibility of CPAs annually and assesses the CPA's audit experiences, and training hours based on AQI. The Company's CPAs comply with the independence evaluation standards, and the evaluation results were submitted to the Board of Directors for deliberation and passed on March 14, 2024.	None None

Evaluation Item	Implementation Status			Deviations from "the Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies" and Reasons
	Yes	No	Abstract Illustration	
4. Does the company appoint a suitable number of competent personnel and a manager responsible for corporate governance matters (including but not limited to providing information for directors and supervisors to perform their functions, assisting directors and supervisors with compliance, handling work related to the board meetings and the shareholders' meetings, and producing minutes of board meetings and shareholders' meetings)?	V		The Company has appointed a managerial officer for corporate governance matters, and the officer has completed studies in conformity with rules last year.	None
5. Does the company establish a communication channel and build a designated section on its website for stakeholders (including but not limited to shareholders, employees, customers, and suppliers), as well as handle all the issues they care for in terms of corporate social responsibilities?	V		The Company has a designated section on its website for stakeholders.	None
6. Does the company appoint a professional shareholder service agency to deal with shareholder affairs?	V		The Company has designated Taishin Securities Co. Ltd. Stock Affairs to deal with shareholder affairs.	None
7. Information Disclosure (1) Does the company have a corporate website to disclose both financial standings and the status of corporate governance? (2) Does the company have other information disclosure channels (e.g. building an English website, appointing designated people to handle information collection and disclosure, creating a spokesman system, webcasting investor conferences)? (3) Does the company announce and report annual financial statements within two months after the end of each fiscal year, and announce and report Q1, Q2, and Q3 financial statements, as well as monthly operation results, before the prescribed time limit?	 V V V		 (1) The Company has set up a corporate website to disclose information regarding the Company's financial standings. (2) The Company has assigned a dedicated unit to handle information collection and disclosure, and has established a spokesman system according to relevant regulations. (3) The Company has reported, announced, and filed both financial statements and monthly operating status according to relevant regulations.	 None
8. Is there any other important information to facilitate a better understanding of the company's corporate governance practices (e.g., including but not limited to employee rights, employee wellness, investor relations, supplier relations, rights of stakeholders, directors' and supervisors' training records, the implementation of risk management policies and risk evaluation measures, the execution of customer relations policies, and purchasing insurance for directors and supervisors)?	V		(1) The Company has established intact benefits system and compliance procedures for employee rights and wellness, and sustained long-term relationships with investors by spokesperson and those with suppliers. The Company has smooth communication channels with financial institutions, creditors, employees, customers, and suppliers, and discloses sufficient information (e.g., acquisition/disposals of assets, endorsement/guarantee matters) on MOPS for stakeholders' interests. (2) The Company has arranged training programs for directors. (3) Directors' attendance rates are high.	None

Evaluation Item	Implementation Status			Deviations from "the Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies" and Reasons
	Yes	No	Abstract Illustration	
			(4) The Company has purchased liability insurance for directors and managers.	
9. Please explain the improvements which have been made in accordance with the results of the Corporate Governance Evaluation System released by the Corporate Governance Center, Taiwan Stock Exchange, and provide the priority enhancement measures: Improved the company website to offer more information on corporate governance.				

Note : Evaluation of Auditor Independence

Evaluation Standards	I-Chen Lu		Ming-Chong Hsieh	
	Result	Independence Criteria	Result	Independence Criteria
Direct or indirect substantial financial interest between the CPA and the Company	No	V	No	V
Borrowing/lending of fund or guarantees between the CPA and the Company	No	V	No	V
Substantially close business relationship and potential employment relationship between the CPA and the Company	No	V	No	V
Whether the CPA and audit team members have held the position as director, managerial officer, or any position materially critical to the audited case in the most recent 2 years	No	V	No	V
Whether the CPA has offered non-audit services that may possibly influence the audited case	No	V	No	V
Whether the CPA has served as a broker who buys/sells the Company's stocks or other securities	No	V	No	V
Whether the CPA has served as the Company's defender or coordinated conflicts between the Company and the third party	No	V	No	V
Whether the CPA has kinships with the Company's directors, managerial officers, or any position materially critical to the audited case	No	V	No	V

3.4.4 Composition, Responsibilities and Operations of the Remuneration Committee

The Remuneration Committee of the Company is composed of three members, including Lee Shu-Lan, Hung, Lung-Ping, and Liu, Chia-Yuan. The Committee assists the Board in discharging its responsibilities relating to the Company's compensation and benefits policies, and the evaluation of the directors' and executives' compensation.

A. Information of Remuneration Committee Members

December 31 2023

Criteria / Name (Note 1)	Professional Qualification and Experience (Note 2)	Independence Criteria (Note 3)	Number of Other Public Companies in Which the Individual is Concurrently Serving as an Independent Director
Independent Director Lee. Shu-Lan	Has work experience in the areas of commerce, law, finance, or accounting, or otherwise necessary for the Business of the Company. Current Position: CFO of EBM Technologies. Not been a person of any conditions defined in Article 30 of the Company Law.	An independent Director who has met the independence criteria: including but not int limited to whether they, spouses, relatives within the second degree of kinship serve as a director, supervisor or employer of the Company or affiliates; did not serve as a director, supervisor or employer of a Company with which the Company has a specific relationship; the person herself and spouse hold 14,401 shares (0.01%) of the Company. No remuneration for commercial, legal, financial and accounting services provided to the Company or affiliates in the past two years.	x
Independent Director Hung, Lung-Ping	Has work experience in the areas of commerce, law, finance, or accounting, or otherwise necessary for the Business of the Company. Positions: Manager of Pei-Sheng United Accounting Firm, Manager of Chuan-Hsin Accounting Firm, and Director of Shan-Hsin Consulting Ltd. Not been a person of any conditions defined in Article 30 of the Company Law.	An independent Director who has met the independence criteria: including but not int limited to whether they, spouses, relatives within the second degree of kinship serve as a director, supervisor or employer of the Company or affiliates; did not serve as a director, supervisor or employer of a Company with which the Company has a specific relationship; the person himself and spouse hold 204,792 shares (0.07%) of the Company; No remuneration for commercial, legal, financial and accounting services provided to the Company or affiliates in the past two years.	x
Other Liu, Chia-Yuan	Has work experience in the areas of commerce, law, finance, or accounting, or otherwise necessary for the Business of the Company. Positions: CTO of Yang-Ming Marine Transport Corp., and President of All Ocean Transportation Inc. Not been a person of any conditions defined in Article 30 of the Company Law.	Has met the independence criteria: including but not int limited to whether they, spouses, relatives within the second degree of kinship serve as a director, supervisor or employer of the Company or affiliates; did not serve as a director, supervisor or employer of a Company with which the Company has a specific relationship; the person himself and spouse hold 1,867 shares (0%) of the Company; No remuneration for commercial, legal, financial and accounting services provided to the Company or affiliates in the past two years.	

Note 1: Please specify the relevant work experiences, professional qualifications and the state of independence of each individual member of the remuneration committee.

Note 2: Professional Qualifications and Experiences: Specify the professional qualifications and experiences of each individual member of the remuneration committee.

Note 3: Independence Criteria: Specify the independent criteria that the remuneration commit members have met, including but not int limited to whether they, spouses, relatives within the second degree of kinship serve as a director, supervisor or employer of the Company or affiliates; the proportion of shares held by the independent director, spouses, relatives within the second degree of kinship (or in the name of others); whether the independent director serves as a director, supervisor or employer of a Company with which the Company has a specific relationship (refer to Subparagraphs 5 to 8, the Regulations Governing Appointment of Independent Directors and Compliance Matters for Companies); and the amount of remuneration received for commercial, legal, financial and accounting services provided to the Company or affiliates in the past two years.

B. Attendance of Members at Remuneration Committee Meetings

There are three members in the Remuneration Committee.
Term of Office: from August 11, 2023 to June 8, 2026. A total of three (A) Remuneration Committee meetings were held in the previous period. The attendance record of the Remuneration Committee members was as follows:

Title	Name	Attendance in Person (B)	By Proxy	Attendance Rate (%) 【B/A】	Remarks
Convener	Lee, Shu-Lan	3	0	100	Independent Director
Committee Member	Hung, Lung-Ping	3	0	100	Independent Director
Committee Member	Liu, Chia-Yuan	3	0	100	

Other mentionable items:

1. If the board of directors declines to adopt or modifies a recommendation of the remuneration committee, it should specify the date of the meeting, session, content of the motion, resolution by the board of directors, and the Company's response to the remuneration committee's opinion (eg., the remuneration passed by the Board of Directors exceeds the recommendation of the remuneration committee, the circumstances and cause for the difference shall be specified): None.
2. Resolutions of the remuneration committee objected to by members or expressed reservations and recorded or declared in writing, the date of the meeting, session, content of the motion, all members' opinions and the response to members' opinion should be specified: None.

3.4.5 Proposition of Sustainable Development and Deviations from the "Sustainable Development Best Practice Principles for TWSE/GTSM Listed Companies"

<table>
<tr><th rowspan="2">Evaluation Item</th><th colspan="3">Implementation Status [1]</th><th rowspan="2">Deviations from “the Corporate Social Responsibility Best-Practice Principles for TWSE/TPEx Listed Companies” and Reasons</th></tr>
<tr><th>Yes</th><th>No</th><th>Abstract Explanation [2]</th></tr>
<tr><td>甲、 Does the company establish the governance structure of sustainable development and exclusively (or concurrently) dedicated first-line managers authorized and supervised by the board to be in charge of proposing such development?</td><td>V</td><td></td><td>The Company established the sustainability development team and instituted “Sustainable Development Best Practice Principles” in November, 2023. The general manager is responsible for coordinated management and execution of the sustainable plans. The board of directors is the highest level unit of sustainability development and is responsible for review and supervision of the management policy and strategy, and institution and post-mortem of goals.</td><td>None</td></tr>
<tr><td>乙、 Does the company assess ESG risks associated with its operations based on the principle of materiality, and establish related risk management policies or strategies?</td><td>V</td><td></td><td>The Company established “Risk Management Policies and Procedures” in November, 2023. The audit committee is in charge of reviewing the risk management and the general manager is served as a convener, responsible for risk management coordination and annual report to the board of directors.
The execution is as follows:<table><tr><th>Date</th><th>Meeting</th><th>Purpose</th></tr><tr><td>November 10, 2023</td><td>Board Meeting</td><td>Institution of “Risk Management Policies and Procedures</td></tr><tr><td>March 14, 2024</td><td>Board Meeting</td><td>Report “Risk Evaluations and Countermeasures” initiated by related departments</td></tr></table></td><td>None</td></tr>
<tr><td>3. Environmental issues
(1) Does the company establish proper environmental management systems based on the characteristics of their industries?

(2) Does the company endeavor to utilize all resources more efficiently and use renewable materials which have low impact on the environment?

(3) Does the company evaluate the potential risks and opportunities in climate change with regard to the present and future of its business, and take appropriate action to counter climate change issues?</td><td>V

V

V</td><td></td><td>(1) The Engineering Department monitors contractors for the following pollution preventions: air pollution, noise pollution, waste pollution and sewage pollution. The Company endeavors to build a “zero-pollution, zero-accident” workplace.
(2) The Company implements environmental protection policies, and classifies, recycles and reuses waste by the nature in accordance with the waste control regulations of the Environmental Protection Administration. The Company also introduces concepts of green buildings and green building materials to each construction project.
(3) The Company complies with the air-conditioning temperature limit regulations of the Taipei City Government for office buildings, and at the same time implements smoke-free public places policy in accordance with the Tobacco Hazards Prevention Act.</td><td>None</td></tr>
</table>

Evaluation Item	Implementation Status [1]			Deviations from "the Corporate Social Responsibility Best-Practice Principles for TWSE/TPEx Listed Companies" and Reasons
	Yes	No	Abstract Explanation [2]	
(4) Does the company take inventory of its greenhouse gas emissions, water consumption, and total weight of waste in the last two years, and implement policies on energy efficiency and carbon dioxide reduction, greenhouse gas reduction, water reduction, or waste management?		V	(4) The Company implements energy-saving and waste control policies, and records the energy and resource efficiency, water consumption, and non-harmful waste caused by individual projects in the last two years.	
4. Social issues				
(1) Does the company formulate appropriate management policies and procedures according to relevant regulations and the International Bill of Human Rights?	V		(1) The Company is committed to upholding the basic human rights of employees and creating a workplace that fully protects human rights. The Company supports and complies with "Universal Declaration of Human Rights", "ILO Declaration on Fundamental Principles and Rights at Work", and obeys the labor-related regulations of our country to deter any human rights violations and abuses and to ensure all employees are treated fairly and with dignity. The Company enacts work rules and relevant human resources management rules in accordance with the Labor Standards Act to protect the rights and interests of its employees, and convenes labor-management conferences for the purpose of enhancing harmony in labor-management relations and creating a win-win vision for both sides.	None None None
(2) Does the company have reasonable employee benefit measures (including salaries, leave, and other benefits), and do business performance or results reflect on employee salaries?	V		(2) The Company establishes various employee benefits measures in accordance with the Labor Standards Act and other relevant regulations, provides market-competitive benefits as incentives to employees, and issues performance bonuses on a periodic basis to share business profits with its employees.	None
(3) Does the company provide a healthy and safe working environment and organize training on health and safety for its employees on a regular basis?	V		(3) The Company implements occupational safety and health measures and provides a safer working environment to our employees through occupational safety and health training. The Company also organizes family trips and various activities for employees from time to time to relieve work pressure and strengthen solidarity among the employees. There was no conflagration in the current year.	None
(4) Does the company provide its employees with career development and training sessions?	V		(4) The Company non-periodically conducts internal and external training programs that match employees' career development objectives.	None
(5) Do the company's products and services comply with relevant laws and international standards in relation to customer health and safety, customer privacy, and marketing and labeling of products and services, and are relevant consumer protection and grievance procedure policies implemented?	V		(5) For the marketing and labelling of products and services, the Company has complied with relevant regulations and international principles. The company has set up a toll-free number: 0800-007819 for questions or advice on products or services raised by consumers, and has accepted complaints through email, fax and phone anytime for consumer rights	

Evaluation Item	Implementation Status [1]			Deviations from "the Corporate Social Responsibility Best-Practice Principles for TWSE/TPEx Listed Companies" and Reasons
	Yes	No	Abstract Explanation [2]	
(6) Does the company implement supplier management policies, requiring suppliers to observe relevant regulations on environmental protection, occupational health and safety, or labor and human rights? If so, describe the results.	V		protection. (6) Before dealing with suppliers, the Company adequately evaluates suppliers based on past history of whether suppliers have influenced the environment and society as one of the evaluation standards. The Company requests no prohibited and restricted substance in products and during production processes and take note of agreements related to compensation for breach of contract and cancellation of contract.	
5. Does the company reference internationally accepted reporting standards or guidelines, and prepare reports that disclose non-financial information of the company, such as corporate social responsibility reports? Do the reports above obtain assurance from a third party verification unit?		V	The Company has prepared sustainability reports in accordance with regulations, but has not yet obtained the third-party validation.	The Company will conduct third-party validation depending on the company's development needs and laws and regulations.
6. Describe the difference, if any, between actual practice and the sustainable development principles, if the company has implemented such principles based on the Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies: No substantial difference.				
7. Other useful information for explaining the status of sustainable development practices: None				

Climate-related information of listed and OTC companies

Issues	Implementation Status
1. Describe the board of directors' and management's oversight and governance of climate-related risks and opportunities.	1. The climate change not only affects the global environment, but also tests the business' abilities to operate sustainability. According to the IPCC report, in order to limit warming to 1.5° degree, whether the globe achieves net-zero by 2050 will be the key. The Company institutes the risk management policies and procedures, and sustainable development best practice principles. The board of directors is the top decision-maker, reviewing and monitoring the Company's sustainable development strategies, ESG plans and goals, and climate change risks and opportunities, and periodically reporting the execution status.
2. Describe how the identified climate risks and opportunities affect the business, strategy, and finances of the business (short, medium, and long term).	(see table below)

Period	Risks	Strategies
Short term	Reduced raw-material supply, increased energy consumption and operating costs.	Use green materials, renewable energy, energy-saving facilities to elevate energy efficiency.
Medium term	Climate Change Response Act introduces the carbon fee system	Carbon inventory management plans
Long term	Rising average temperature, lack of water resources leading to a reduced production capacity, rising of electricity costs and longer construction durations.	Raise employee awareness of heat juries and implement diversified alternative energy to mitigate impacts of risks.

<table>
<tr><td>3. Describe the financial impact of extreme weather events and transformative actions.</td><td>That the greenhouse emission has caused severe impacts on extreme weather is an important global environmental issue. The Company will refer to new technology, select green materials, low-carbon energy and recycled water resource, confronts the dilemma of resource exhaustion and global warming, and echoes the trends of energy-saving and carbon-reduction.</td></tr>
<tr><td>4. Describe how climate risk identification, assessment, and management processes are integrated into the overall risk management system.</td><td>Risk management is important to business operation. The board of director has passed the Company’s risk management policies and procedures. For influence caused by climate change, the Company periodically makes the assessment and countermeasures, and the related departments make and execute action plans.
Through the management of greenhouse gas inventory, the Company responds to the future trends at an earlier stage. Greenhouse gas emission data is used as a reference for energy-saving and carbon reductions.</td></tr>
<tr><td>5. If scenario analysis is used to assess resilience to climate change risks, the scenarios, parameters, assumptions, analysis factors and major financial impacts used should be described.</td><td>Scenario analysis is not used so far. The Company will consider the extent of impact of climate change for future development.</td></tr>
<tr><td>6. If there is a transition plan for managing climate-related risks, describe the content of the plan, and the indicators and targets used to identify and manage physical risks and transition risks.</td><td><table>
<tr><td>Indicator</td><td>Content</td></tr>
<tr><td>Regulatory compliance</td><td>Periodically update climate-related laws and regulations, strictly comply with the specification which serves as the base of the transition plan development.</td></tr>
<tr><td>Facility renewal</td><td>Change hardware with environmental labels, and eliminate old, high energy-consuming machines.</td></tr>
<tr><td>Greenhouse gas inventory</td><td>Gradually complete greenhouse gas inventory inspections and plan reduction policies.</td></tr>
</table></td></tr>
<tr><td>7. If internal carbon pricing is used as a planning tool, the basis for setting the price should be stated.</td><td>Currently internal carbon pricing is not used as a planning tool. The Company will consider the extent of impact of climate change for future development.</td></tr>
<tr><td>8. If climate-related targets have been set, the activities covered, the scope of greenhouse gas emissions, the planning horizon, and the progress achieved each year should be specified. If carbon credits or renewable energy certificates (RECs) are used to achieve relevant targets, the source and quantity of carbon credits or RECs to be offset should be specified.</td><td>The Company has not started greenhouse gas inventory reviews, and will start inventory reviews and validations in accordance with rules. Through energy-saving facilities and renewable energy, and the third-party validation of greenhouse gas, the Company sets scope 1 and scope 2 as the carbon reduction goals.</td></tr>
<tr><td>9. Greenhouse gas inventory and assurance status and reduction targets, strategy, and concrete action plan.</td><td>The Company has not started greenhouse gas inventory reviews, and will start inventory reviews and validations in accordance with rules.</td></tr>
</table>

PS. The Company does not yet have information on greenhouse gas inventory and validation.

3.4.6 Fulfillment of Ethical Corporate Management and Deviations from the "Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies"

Evaluation Item	Implementation Status: Yes	No	Abstract Illustration	Deviations from the "Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies" and Reasons
1. Establishment of ethical corporate management policies and programs				
(1) Does the company have a Board-approved ethical corporate management policy and stated in its regulations and external correspondence the ethical corporate management policy and practices, as well as the active commitment of the Board of Directors and management towards enforcement of such policy?	V		(1) The Company conducts business activities in a fair and transparent manner to avoid making deals with unethical clients.	None
(2) Does the company have mechanisms in place to assess the risk of unethical conduct, and perform regular analysis and assessment of business activities with higher risk of unethical conduct within the scope of business? Does the company implement programs to prevent unethical conduct based on the above and ensure the programs cover at least the matters described in Paragraph 2, Article 7 of the Ethical Corporate Management Best Practice Principles for TWSE/TPEx Listed Companies?	V		(2) The Company formulates work rules for employee trainings sessions, promotes corporate ethical philosophies, and accepts operations of reports and complaints at anytime.	None
(3) Does the company provide clearly the operating procedures, code of conduct, disciplinary actions, and appeal procedures in the programs against unethical conduct? Does the company enforce the programs above effectively and perform regular reviews and amendments?	V		(3) The company enhances management system and execution against unethical conduct, and penalizes employees that violate rules and regulations according to the seriousness of the violation.	None
2. Fulfill operations integrity policy				
(1) Does the company evaluate business partners' ethical records and include ethics-related clauses in business contracts?	V		(1) The Company conducts business activities in a fair and transparent manner to avoid making deals with unethical clients, and pays special attention to whether suppliers have unethical records.	None
(2) Does the company have a unit responsible for ethical corporate management on a full-time basis under the Board of Directors which reports the ethical corporate management policy and programs against unethical conduct regularly (at least once a year) to the Board of Directors while overseeing such operations?		V	(2) The Company has not yet established such unit on a full-time or part-time basis. The Audit Office is responsible for executing assessment operations periodically and non-periodically, and reporting to the Board of Directors.	The company will establish a full-time or part-time unit for future corporate development needs.
(3) Does the company establish policies to prevent conflicts of interest and provide appropriate communication channels, and	V		(3) The company enhances management system and execution against unethical conduct, and penalizes employees that violate rules and	None

Evaluation Item	Implementation Status			Deviations from the "Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies" and Reasons
	Yes	No	Abstract Illustration	
implement it? (4) Does the company have effective accounting and internal control systems in place to implement ethical corporate management? Does the internal audit unit follow the results of unethical conduct risk assessments and devise audit plans to audit the systems accordingly to prevent unethical conduct, or hire outside accountants to perform the audits? (5) Does the company regularly hold internal and external educational trainings on operational integrity?	 V V		regulations according to the seriousness of the violation. (4) The company has set up an audit office to periodically and non-periodically execute assessment operations. (5) The Company advocates the ethical corporate philosophies and regulations at monthly meetings.	 None None
3. Operation of the integrity channel (1) Does the company establish both a reward/punishment system and an integrity hotline? Can the accused be reached by an appropriate person for follow-up? (2) Does the company have in place standard operating procedures for investigating accusation cases, as well as follow-up actions and relevant post-investigation confidentiality measures? (3) Does the company provide proper whistleblower protection?	 V V V		 (1) The Company has established reporting and punishment systems, and appointed appropriate persons for follow-up. (2) The Company has set up employee reporting procedures, including SOPs for investigations, and relevant post-investigation confidentiality measures. (3) The Company is responsible for maintaining the confidentiality of whistleblowers, and never takes retaliation actions against them.	 None None None
4. Strengthening information disclosure (1) Does the company disclose its ethical corporate management policies and the results of its implementation on the company's website and MOPS?	 V		 (1) The Company has built a corporate website and disclosed ethical corporate management policies on the website.	 None
5. If the company has established the ethical corporate management policies based on the Ethical Corporate Management Best-Practice Principles for TWSE/TPEx Listed Companies, please describe any discrepancy between the policies and their implementation: The Company has established "Ethical Corporate Principles"; the practice of which is not significantly different from that of the Ethical Corporate Management Best-Practice Principles for TWSE/TPEx Listed Companies.				
6. Other important information to facilitate a better understanding of the company's ethical corporate management policies (e.g., review and amend its policies): None				

3.4.7 Corporate Governance Guidelines and Regulations

The Company has established "Corporate Social Responsibility Best Practice Principles" in accordance with "Corporate Social Responsibility Best Practice Principles for TWSE/GTSM Listed Companies" and published the contents on the Company's website

3.4.8 Other Important Information Regarding Corporate Governance: None.

3.4.9 Internal Control Systems

A. Statement of Internal Control System

Founding Construction Development Corp.
Statement of Internal Control System

Date: March 14, 2024

Founding Construction Development Corp. (the "Company") states the following with regard to its internal control system of year 2022 based on the findings of its self-assessment:

1. The Company acknowledges that its Board of Directors and management are responsible for establishing, implementing, and maintaining an internal control system. The internal control system has been established and is a process designed to provide reasonable assurance of the effectiveness and efficiency of the Company's operations (including profitability, performance and safeguarding of assets); the reliability, timeliness, and transparency of the Company's reports and statements; and the compliance with applicable laws and regulations.

2. Any internal control system has inherent limitations. No matter how thoroughly designed, an effective internal control system can provide only reasonable assurance of accomplishing of the foregoing objectives. Moreover, the effectiveness of the internal control system may be subject to any change of environment or circumstance. Nevertheless, the Company's internal control system contains self-monitoring mechanisms which would enable the Company to take immediate remedial actions in response to any identified deficiency.

3. The Company evaluates the design and operating effectiveness of its internal control system based on the criteria provided in the Regulations Governing the Establishment of Internal Control Systems by Public Companies (the "Regulations"). The Regulations identify five key components of internal control during the management control process: (1) control environment, (2) risk assessment, (3) control activities, (4) information and communication, and (5) monitoring activities. Each such component includes several other elements. Please see details in the Regulations.

4. The Company has evaluated the design and operating effectiveness of its internal control system according to the aforesaid Regulations.

5. Based on the result of such evaluation, the Company believes that, on December 31, 2022, it has maintained an effective internal control system (which includes the supervision and management of the Company's subsidiaries) that can assure achievement in the foregoing objectives such as operational effectiveness and efficiency, reliability, timeliness, and transparency of reports and statements, and compliance with applicable laws and regulations.

6. This statement is an integral part of the annual report and prospectus of the Company and will be made public. Any falsehood, concealment, or other illegality in the content thereof will entail legal liability under Articles 20, 32, 171, and 174 of the Securities and Exchange Act.

7. This statement was approved by the Board of Directors on March 14, 2024, with a unanimous consent of all 9 Directors attending the meeting.

Founding Construction Development Corp.

Chairman: LIU HSIN-HSIUNG

President: LIU HUA-HSING

B. The Company auditing its internal control system by a CPA shall disclose the CPA audit report: None

3.4.10 Penal Provisions

If there has been any legal penalty against the company and its internal personnel, or any disciplinary penalty by the company against its internal personnel for violation of the internal control system, during the most recent fiscal year or during the current fiscal year up to the publication date of the annual report, where the result of such penalty could have a material effect on shareholder interests or securities prices, the annual report shall disclose the penalty, the main shortcomings, and condition of improvement: None.

3.4.11 Major Resolutions of Shareholders' Meeting and Board Meetings

Item	Date	Major resolutions
Shareholders' Meeting		
Shareholders' meeting	June 9 2023	1. Adoption of the 2022 business report and financial statements. 2. Adoption of the 2022 Profit Distribution Statement 3. Election of board of directors.
Board Meeting		
Board meeting	March 9 2023	1. Proposal of the 2022 distribution of director and employee compensation. 2. Proposal of the 2022 distribution of managerial officer's compensation. 3. Approval of the 2022 business reports. 4. Approval of the 2022 profit distribution. 5. Approval of the 2022 distribution of cash dividend. 6. Election of directors 7. Nomination of candidates of directors and independent directors. 8. Issues on the convention of the Shareholders' Meeting. 9. Proposal of the 2023 distribution ratio of the director and employee compensation. 10. Bank financing 11. Proposal of the Procedures of the Preparation and Submission of the Sustainability Reports. 12. Amendments to the Procedures of the Internal Control System and Self-Assessment. 13. Submission of the Statement of Internal Control. 14. Greenhouse gas inventory and verification plans and executions. 15. Proposal of the Regulations Governing the Advance Review and Approval of Non-Assurance Service offered by CPAs. 16. Review of 2023 Audit Fee
Board meeting	May 11 2023	1. Retirement of the Company's General Manager and Pension Distribution 2. Promotion and Salary Adjustment for Managers 3. Independence Evaluation of the CPAs 4. Evaluation of the CPAs' performance. 5. Bank financing 6. Greenhouse gas inventory and verification plans and executions.
Board meeting	May 30 2023	1. Proposal of Purchase of land
Board meeting	June 9 2023	1. Election of Chairman 2. Election of Vice Chairman
Board meeting	Aug 11 2023	1. Approval of the 2023 Q2 Consolidated Financial Statements 2. Appointment of Remuneration Committee 3. Bank financing 4. Greenhouse gas inventory and verification plans and executions.
Board meeting	Nov 10 2023	1. Approval of the 2023 Q3 Consolidated Financial Statements 2. Proposal of the 2023 Manager Performance Bonus and Annual Bonus Distribution 3. Proposal of the 2024 budget and business plans 4. Bank financing 5. Institution of the "Sustainable Development Best Practice Principles" and Establishment of

		Sustainable Development Team. 6. Institutions of Risk Management Policies and Procedures 7. Proposal of Audit plans of second half of the year 8. Greenhouse gas inventory and verification plans and executions
Board meeting	March 14 2024	1. Proposal of the 2023 distribution of director and employee compensation. 2. Proposal of the 2023 distribution of managerial officer's compensation. 3. Approval of the 2023 business reports. 4. Approval of the 2023 profit distribution. 5. Approval of the 2023 distribution of cash dividend. 6. Issues on the convention of the Shareholders' Meeting. 7. Proposal of the 2024 distribution ratio of the director and employee compensation. 8. Bank financing 9. Submission of the Statement of Internal Control. 10. Risk management operations and executions. 11. Greenhouse gas inventory and verification plans and executions 12. Independence Evaluation of the CPAs 13. Evaluation of the CPAs' performance and review of 2024 audit fee.

Major resolutions at the 2023 Shareholders' Meeting and executions:

(1) Adoption of the 2022 business report and financial statements.
Execution: public announcement and registration were made in accordance with regulations.

(2) Adoption of the 2022 profit distribution.
Execution: The record date of ex-dividend was set to July 7th , 2023 and the distribution day was set to July 28, 2023. (cash dividend NT$1.2 per share)

(3) Approval of amendments to the "Procedures for Acquisition and Disposal of Assets"
Execution: Upload and registration of the contents were completed in accordance with regulations.

3.4.12 Major Issues of Record or Written Statements Made by Any Director Dissenting to Important Resolutions Passed by the Board of Directors: None

3.4.13 Resignation or Dismissal of the Company's Key Individuals, Including the Chairman, CEO, and Heads of Accounting, Finance, Internal Audit, Corporate Governance and R&D: None

3.5 Information Regarding the Company's Audit Fee

Unit: NT$ thousands

Accounting Firm	Name of CPA	Period Covered by CPA's Audit	Audit Fee	Non-audit Fee	Total	Remarks
Deloitte Touche Tohmatsu Limited	I-Chen Lu	2023.1.1~2023.12.31	2,700	50	2,750	Company Registration 25 Training 25
	Ming-Chong Hsieh	2023.1.1~2023.12.31				

(1) Non-audit fee paid to the accountants, CPA firm, and its associated enterprises accounted for more than 25% of the audit fee: None
(2) Replaced the CPA firm for auditing and the audit fee paid in the replacing year is less than the audit fee paid in the previous year: None
(3) The audit fee of the current year is less than the year before by more than 10%: None

3.6 Replacement of CPA: Because of the internal rotation in Deloitte Touche Tohmatsu Limited, the CPAs were changed from I-Chen Lu and Yi-Hui Lin to I-Chen Lu and Ming-Chong Hsieh starting Q1 2022.

3.6.1 Regarding the former CPA: N/A

3.6.2 Regarding the successor CPA: N/A

3.6.3 Reply of the former CPA to Article 10-6-1, and 10-6-2-3: N/A

3.7 Audit Independence

The Company's Chairman, President, Chief Financial Officer, and managers in charge of its finance and accounting operations did not hold any positions in the Company's independent auditing firm or its affiliates within the year.

3.8 Changes in Shareholding of Directors, Managers and Major Shareholders

3.8.1 Changes in Shareholding

Title	Name	2023		As of April 22, 2024	
		Holding +/(-)	Pledged Holding +/(-)	Holding +/(-)	Pledged Holding +/(-)
Chairman	Syntain Corp.	-	-	-	-
Representative of Chairman	Liu, Hsin-Hsiung	-	-	-	-
Vice Chairman	Syntain Corp.	-	-	-	-
Representative of Vice Chairman	Liu, Min-Liang	-	-	-	-
Director	Syntain Foundation	-	-	-	-
Representative of Institutional Director	Liu, Fang-Wen	-	-	-	-
Director	Wenrui Investment	-	-	-	-
Representative of Institutional Director	Chiang, Guang-Hui	(92,000)	-	-	-
Director	Liu, Hua-Hsing	-	-	-	-
Director	Ho, Ming-Hui	-	-	-	-
Independent Director	Lee, Shu-Lan	-	-	-	-
Independent Director	Chen, Bo-Yung	-	-	-	-
Independent Director	Hung, Lung-Ping	-	-	-	-
Major Shareholder	May-Hsiung Investment	-	(8,000,000)	-	-
President	Tsao, Lo-Fang	-	-	-	-
Vice President	Cheng, Jing-Hung	-	-	-	-
Vice President	Mo, Rong-Fa	-	-	-	-
Vice President	Su, Yan-Ting	-	-	-	-
Vice President	Huang, Wen-Chu	-	-		
Assistant Vice President	Liu, Yen-Hui	-	-	-	-
Assistant Vice President	Liao, Wan-Jing	-	-	-	-
Assistant Vice President	Cheng, Yen-Fen	-	-	-	-
Assistant Vice President	Hsu, Yang-Ting	-	-	-	-
Corporate Governance Officer	Hsu, Wei-Lun	-	-	-	-

3.8.2 Transfer of Shares: None

3.8.3 Shares Pledge with Related Parties: None

3.9 Relationship among the Top Ten Shareholders

April 22, 2024

Name (Note1)	Current Shareholding		Spouse's/minor's Shareholding		Shareholding by Nominee Arrangement		Name and Relationship Between the Company's Top Ten Shareholders, or Spouses or Relatives Within Two Degrees		Remarks
	Shares	%	Shares	%	Shares	%	Name	Relationship	
Mei-Hsiung Investment Co. Ltd	53,813,212	18.87	-	-	-	-	-	-	
Representative: Liu, Fang-Wen							Liu, Hsin-Hsiung	Father-Daughter	
Syntain Corp.	22,918,571	8.03	-	-	-	-	-	-	
Representative: Liu, Min-Liang							Liu, Hsin-Hsiung	Father-Son	
Fu-Hsiung Investment	16,187,416	5.67	-	-	-	-	-	-	
Representative: Liu, Yue-Yun							Liu, Hsin-Hsiung	Siblings	
Fu-Long-Chang Investment	11,272,000	3.95	-	-	-	-	-	-	
Representative: Liu, Shu-Hung							Liu, Hsin-Hsiung	Father-Son	
Fu-Bang Investment	8,768,000	3.07							
Representative: Liu, Yen-Ling									
Liu, Fang-Wen	8,398,837	2.94	-	-	-	-	Liu, Hsin-Hsiung	Father-Daughter	
Liu, Shu-Hung	8,090,318	2.84	-	-	-	-	Liu, Hsin-Hsiung	Father-Son	
Liu, Min-Liang	7,997,932	2.80	2,247,000	0.79			Liu, Hsin-Hsiung	Father-Son	
Liu, Hsin-Hsiung	6,683,941	2.34	5,446,997	1.91	-	-	Liu, Min-Liang	Father-Son	
Chang-Fu Investment	6,429,555	2.25	-	-	-	-	-	-	
Representative: Lin, Hsiang-Min							-	-	

3.10 Ownership of Shares in Affiliated Enterprises

Unit: shares/ %

Affiliated Enterprises (Note)	Ownership by the Company		Direct or Indirect Ownership by Directors/Managers		Total Ownership	
	Shares	%	Shares	%	Shares	%
Chien Chiao Construction	15,000,000	100%	-	-	15,000,000	100%
FUSHIN Hotel	15,100,000	94%	900,000	6%	16,000,000	100%
Hsin-Long-Hsing Investment	30,000,000	100%	-	-	30,000,000	100%

Note: Long-term equity investment by the Company accounted for under the equity method.

IV. Capital Overview

4.1 Capital and Shares

4.1.1 Source of Capital

A. Issued Shares

Month /Year	Par Value (NT$)	Authorized Capital		Paid-In Capital		Remark		
		Shares	Amount (NT$)	Shares	Amount (NT$)	Sources of Capital	Capital Increased by Assets Other than Cash	other
April, 1991	10	6,000,000	60,000,000	6,000,000	60,000,000	Initial Capital	None	-
Sept. 1994	10	12,000,000	120,000,000	12,000,000	120,000,000	Capital increase: NT$60 million by cash	None	-
July, 1997	10	90,000,000	900,000,000	33,200,000	332,000,000	Capital Increase: NT$200 million by cash and NT$12 million by earnings MOF, Tai-Tsai-Cheng(1) -No.53242 (July 3, 1997)	None	-
June, 1998	By cash: 12 By Earnings 10	90,000,000	900,000,000	61,600,000	616,000,000	Capital Increase: NT$200 million by cash and NT$84 million by earnings and employee bonus MOF, Tai-Tsai-Cheng(1) -No.45729 (May 25, 1998)	None	-
July 1999	10	90,000,000	900,000,000	80,360,000	803,600,000	Capital Increase: NT$187.6 million by earnings and employee bonus MOF, Tai-Tsai-Cheng(1) -No.54826 (June 3, 1999)	None	-
June 2000	10	160,000,000	1,600,000,000	108,888,000	1,088,880,000	Capital Increase: NT$285.28 million by earnings and employee bonus MOF, Tai-Tsai-Cheng(1) -No.43092 (May 18, 2000)	None	-
Sep 2001	10	160,000,000	1,600,000,000	125,800,000	1,258,000,000	Capital Increase: NT$169.12 million by earnings and employee bonus MOF, Tai-Tsai-Cheng(1) -No.142195 (July 2, 2001)	None	-
Nov 2002	10	160,000,000	1,600,000,000	115,800,000	1,158,000,000	Capital Reduction: NT$100 million by repurchase and cancellation of treasury shares. MOF, Tai-Tsai-Cheng(3) –No. 0910149111 (Sep 2, 2002) and No.0910156253 (Oct 16, 2002)	None	-
Dec 2003	10	160,000,000	1,600,000,000	115,000,000	1,150,000,000	Capital Reduction: NT$8 million by repurchase and cancellation of treasury shares. MOF, Tai-Tsai-Cheng(3) –No. 0920155800 (Nov 21, 2003)	None	-
August 2005	10	160,000,000	1,600,000,000	118,450,000	1,184,500,000	Capital Increase: NT$34.5 million by capital surplus FSC, Jin-Kuan-Cheng(1) - No.0940125009 (June 28,2005)	None	-
August 2006	10	160,000,000	1,600,000,000	125,000,000	1,250,000,000	Capital Increase: NT$65.5 million by earnings and capital surplus FSC, Jin-Kuan-Cheng (1) - No.0950126365 (June 26,2006)	None	-
August 2007	10	160,000,000	1,600,000,000	144,200,000	1,442,000,000	Capital Increase: NT$192 million by earnings and employee bonus FSC, Jin-Kuan-Cheng (1) - No.0960032882 (June 28,2007)	None	-

June 2008	10	250,000,000	2,500,000,000	166,300,000	1,663,000,000	Capital Increase: NT$221 million by earnings and employee bonus FSC, Jin-Kuan-Cheng (1) -No. 0970017707 (April 25, 2008)	None	-
March 2009	10	250,000,000	2,500,000,000	165,928,000	1,659,280,000	Capital Reduction: NT$3.72 million by repurchase and cancellation of treasury shares. FSC, Jin-Kuan-Cheng (3) -No. 0970070058 (Dec 22, 2009)	None	-
August 2009	10	250,000,000	2,500,000,000	177,775,293	1,777,752,930	Capital Increase: NT$118,472,930 by earnings and employee bonus FSC, Jin-Kuan-Cheng (FA)-No. 0980033683 (July 7, 2009)	None	-
August 2010	10	250,000,000	2,500,000,000	194,029,781	1,940,297,810	Capital Increase: NT$162,544,880 by earnings and employee bonus FSC, Jin-Kuan-Cheng (FA)-No. 0990033713 (June 30, 2010)	None	-
August 2011	10	250,000,000	2,500,000,000	211,770,994	2,117,709,940	Capital Increase: NT$177,412,130 by earnings and employee bonus FSC, Jin-Kuan-Cheng (FA)-No. 1000030070 (June 29, 2011)	None	-
July 2012	10	250,000,000	2,500,000,000	226,982,797	2,269,827,970	Capital Increase: NT$152,118,030 by earnings and employee bonus FSC, Jin-Kuan-Cheng (FA)-No. 1010028294 (June 26, 2012)	None	-
August 2013	10	250,000,000	2,500,000,000	243,169,643	2,431,696,430	Capital Increase: NT$161,868,460 by earnings and employee bonus FSC, Jin-Kuan-Cheng (FA)-No. 1020024518 (June 25, 2013)	None	-
August 2014	10	360,000,000	3,600,000,000	255,664,714	2,556,647,140	Capital Increase: NT$124,950,710 by earnings and employee bonus FSC, Jin-Kuan-Cheng (FA)-No. 1030023894 (June 24, 2014)	None	-
August 2015	10	360,000,000	3,600,000,000	271,335,579	2,713,355,790	Capital Increase: NT$156,708,650 by earnings and employee bonus FSC, Jin-Kuan-Cheng (FA)-No. 1040024163 (June 26, 2015)	None	-
August 2016	10	360,000,000	3,600,000,000	285,244,944	2,852,449,440	Capital Increase: NT$141,628,790 by earnings and employee bonus	None	-

B. Type of Stock

Share Type	Authorized Capital			Remarks
	Issued Shares (Note: :Listed Shares)	Un-issued Shares	Total Shares	
Common Stocks	285,244,944	74,755,056	360,000,000	-

4.1.2 Status of Shareholders

April 22, 2024

Item	Government Agencies	Financial Institutions	Other Juridical Persons	Domestic Natural Persons	Foreign Institutions & Natural Persons	Total
Number of Shareholders	0	7	42	5,717	84	5,850
Shareholding (shares)	0	1,775,000	126,452,720	140,156,007	16,861,217	285,244,944
Percentage	0.00%	0.62%	44.33%	49.14%	5.91%	100.00%

4.1.3 Shareholding Distribution Status

April 11, 2022

Class of Shareholding (Unit: Share)	Number of Shareholders	Shareholding (Shares)	Percentage
1 ~ 999	2,045	481,537	0.17%
1,000 ~ 5,000	2,359	5,054,611	1.77%
5,001 ~ 10,000	539	4,187,030	1.47%
10,001 ~ 15,000	190	2,440,343	0.86%
15,001 ~ 20,000	138	2,465,763	0.86%
20,001 ~ 30,000	130	3,281,927	1.15%
30,001 ~ 40,000	76	2,676,679	0.94%
40,001 ~ 50,001	43	1,963,001	0.69%
50,001 ~ 100,000	136	9,656,757	3.38%
100,001 ~ 200,000	80	10,989,925	3.85%
200,001 ~ 400,000	45	13,937,146	4.89%
400,001 ~ 600,000	17	8,109,658	2.84%
600,001 ~ 800,000	8	5,354,005	1.88%
800,001 ~ 1,000,000	8	6,755,821	2.37%
1,000,001 or over	36	207,890,741	72.88%
Total	5,850	285,244,944	100.00

Note: The Company does not issue preferred stock.

4.1.4 List of Major Shareholders

April 22, 2024

Shareholder's Name	Shareholding	
	Shares	Percentage
Mei-Hsiung Investment	53,813,212	18.87
Syntain Corp.	22,918,571	8.03
Fu-Hsiung Investment	16,187,416	5.67
Fu-Long-Chang Investment	11,272,000	3.95
Fu-Bang Investment	8,768,000	3.07
Liu, Fang-Wen	8,398,837	2.94
Liu, Shu-Hung	8,090,318	2.84
Liu, Min-Liang	7,997,932	2.80
Liu, Hsin-Hsiung	6,683,941	2.34
Chang-Fu Investment	6,429,555	2.25

Note: List all shareholders with a stake of 5 percent or greater, or those who rank in the top 10 in shareholding percentage.

4.1.5 Market Price, Net Worth, Earnings, and Dividends per Share

Unit: NT$

Items	2022	2023	01/01/2024- 04/23/2024 (Note 8)
Market Price per Share (Note 1)			
Highest Market Price	21.9	26.05	27.25
Lowest Market Price	16.1	16.9	22.2
Average Market Price	18.41	19.24	24.39
Net Worth per Share (Note 2)			
Before Distribution	31.76	33.70	-
After Distribution	30.56	(Note 9)	-
Earnings per Share			
Weighted Average Shares (thousand shares)	285,245	285,245	285,245
Earnings Per Share (Note 3)	3.56	3.12	-
Dividends per Share			
Cash Dividends	1.2	1.2	-
Stock Dividends			
• Dividends from Retained Earnings	-	-	-
• Dividends from Capital Surplus	-	-	-
Accumulated Undistributed Dividends(Note 4)	-	-	-
Return on Investment			
Price / Earnings Ratio (Note 5)	5.17	6.17	-
Price / Dividend Ratio (Note 6)	15.34	16.03	-
Cash Dividend Yield Rate (Note 7)	6.52%	6.24%	-

Notes:
If stock dividends were paid by new shares from capitalization of retained earnings or additional paid-in capital, disclose the market price per share after adjustment in retrospect with the release of the new shares and information on cash dividend.
1. Specify the high and low market price of each common share in relevant years, and calculate the average market price of relevant year with reference to the trading value and volume.
2. Fill in the information on the basis of the quantity of outstanding shares on the last day of the year, and the resolution of the Shareholders' Meeting for distribution of the year.
3. If stock dividends were paid with retroactive adjustment, state the earnings per share before and after adjustment.
4. If the issuance of equity securities allowed for the accumulation of undistributed dividends of the year to the year with earnings as a condition for offering, disclose the undistributed dividends accumulated to current period.
5. Price / Earnings Ratio = Average Market Price / Earnings per Share
6. Price / Dividend Ratio = Average Market Price / Cash Dividends per Share
7. Cash Dividend Yield Rate = Cash Dividends per Share / Average Market Price
8. The net value per share and the earnings per share should be included in the latest seasonal financial report as of the Annual Report printing date, which is audited (reviewed) by the accountant; the remaining columns should be filled in with the data of the current year as of the Annual Report printing date. 2024 Q1 financial reports were not yet completed as of the printing date.
9. Yearly earnings for 2023 have not been resolved by the Board of Directors yet.

4.1.6 Dividend Policy and Implementation Status

A. Dividend Policy

Where the Company has a profit after tax at the end of each fiscal year, the Company shall offset the accumulative losses (including adjustment of retained profits) and set aside a legal capital reserve at 10% of the remaining profits first provided that the amount of accumulated legal capital reserve has not reached the amount of the paid-in capital of the Company, and then set aside or reverse the remains as special reserve in accordance with relevant laws, rules and regulations. With the balance after deductions in the preceding paragraphs together with retained profits from preceding years (including adjustment of retained profits), the Board of Directors are authorized to prepare proposal for profits earnings distribution and adopt a resolution by a majority vote at a meeting of the Board of Directors attended by two-thirds or more of all the Directors to distribute dividends and bonuses in whole or in part in cash, and then report such distribution to the shareholders' meeting. Where distributing surplus profits by issuing new shares in accordance with the preceding paragraph, it shall be adopted by the resolution of the shareholders' meeting in accordance with Article 240 of the Company Act. About the distribution of dividends of the Company, the ratio for dividend in cash shall not be lower than 30% of total distribution.

B. Proposed Distribution of Dividend

The proposal for a cash dividend of NT$1.2 per share will be discussed and approved at the annual general shareholders meeting on June 20, 2024.

4.1.7 The impact of the stock dividends proposed in the current Shareholders Meeting on the Company's operating performance and earnings per share: N/A

4.1.8 Compensation of Employees and Directors

A. Information Relating to Compensation of Employees and Directors in the Articles of Incorporation

The Company shall set aside 0.6% to 3% of the profits (before tax and before compensation distribution to the employees and Directors in any fiscal year) as employee compensation. The Board of Directors may resolve to distribute employee compensation in shares or cash. Employees of parents or subsidiaries of the Company meeting certain specific qualifications may be entitled to receive employee compensation. The Board of Directors may resolve to set aside not more than 2% of such profits for compensation for Directors.

B. The basis for estimating the amount of employee and director compensation, for calculating the number of shares to be distributed as employee compensation, and the accounting treatment of the discrepancy, if any, between the actual distributed amount and the estimated figure, for the current period

①The amount of employee and Director compensation is calculated respectively as 0.6% and 0.31% of the amount of annual profits that might be distributed based on past experience of the Company.
② The calculation of the number of shares as employee compensation is determined based on the closing price of the day immediately before the date of the resolutions of the Board of Directors to issue new shares. The amount which is less than the value of one share should be distributed in cash.
③ If there is any difference between the actual distributed amount and the assessed figure, it shall be dealt with the rules of changes in accounting estimates and be carried into account for the year in which the resolutions of shareholders' meeting are made.

C. Distribution of Remuneration Resolved by the Board of Directors

① Remuneration to employees and directors paid in cash or with stock dividends. If it is different from the estimated amount of the expense recognition year, the difference amount, cause, and treatment should be disclosed: Proposed remunerations to employees and directors are NT6.35 million and NT$3.24 million respectively, which are not different from the estimated amount of expense recognition year.

② The amount of stock dividends distributed to employees and their ratio to the net income and total remuneration to employees on the only and Individual Financial Report: N/A

D. Information of 2022 Distribution of Compensation of Employees, and Directors (with an indication of the number of shares, monetary amount, and stock price, of the shares distributed) and, if there is any discrepancy between the actual distribution and the recognized employee, or director compensation, additionally the discrepancy, cause, and how it is treated: The actual employee bonus and remuneration of directors, both paid by cash, were NT$7.63 million and NT$3.24 million respectively, and there was no discrepancy between the actual distribution and the recognized amount.

4.1.9 Buy-back of Treasury Stock: None

4.2 Bonds: None

4.3 Preferred Stocks: None

4.4 Global Depository Receipts: None

4.5 Employee Stock Options, New Restricted Stock Award Shares Issued to Employees: None

4.6 Status of New Shares Issuance in Connection with Mergers and Acquisitions: None

4.7 Financing Plans and Implementation: None

V. Operational Highlights

5.1 Business Activities

5.1.1 Business Scope

A. Main Business and its Weight

① Contracted construction of residential properties, hotels, industrial factories, and commercial buildings for rent, sale, etc.
② Interior design and construction.
③ Introduction of house rental and sale, and agent service for sales of overseas real estate.
④ Operation and management of hotels and catering services.

The Company is mainly engaged in rental and sales of residential properties, hotels, commercial buildings and industrial factories built by construction companies contracted by the Company. The Company has actively participated in hotel operations in recent years, though construction revenue is still the main source of revenue of the Company.

B. Current Products (Services)

The main products of the Company are industrial office buildings, residential and commercial buildings, hotels and multi-dwelling units. The Company has also recently undertaken a couple of hotel operations.

C. New Products (Services) Planned to be Developed

①Reconstruction of old communities: To take active participation in urban renewal programs to accelerate the reconstruction of old communities in prime downtown areas.
② Multifunctional business hotels: Mixed-use hotels satisfying the diversified demands of worldwide businesspersons and providing cost-effective options for accommodation and catering services.
③ Construction, operation, and management of service apartments.
④ Construction of residences and suites near every major science park in Taiwan.

5.1.2 Industry Overview

A. Current Status and Future Development

In 2023, the real estate market has encountered inflation, interest rate kike, rising costs of raw materials, and the Equalization of Land Rights Act. Therefore, the perception gap between buyers and sellers has increased, affecting the consumers’ willingness to buy (WTB) and bringing down the number of transactions.

The carbon fee to be collected will inevitably increase the construction costs, and such costs will eventually be transferred to consumers. After the presidential election, the new government released some favorable policies. High-tech exports, which went through a downturn in 2023, are expected to grow after the recovery of the global economy and the inventory restocking, contributing to the development of house prices.

Following the lifting of the pandemic restrictions, the border continues to be opened up, the hotel and F&B industries gradually return to pre-pandemic conditions, and the number of domestic travelers is also back to normal levels, helping significantly both the hotel and F&B industries.

B. Relevance of Upstream, Midstream and Downstream

Starting this year, Ministry of the Interior, Water Resources Agency and Public Construction Commission, respectively launch low-carbon building certification programs to promote carbon reduction policies and requirements for the construction industry. Buildings and public construction with high emissions will bear the brunt of the aforementioned programs. The recent development of smart technology has been reflected in applications of construction materials and facilities; the use of environmentally friendly and energy-saving construction materials, and the procurement of green power and charging station of electric vehicles have greatly improved the quality of architectural buildings to help provide customers with more complete and convenient services to meet the needs of modern life.

The hotel, in conjunction with its upstream suppliers (such as suppliers of food and beverage ingredients, room amenities, hardware and software) and marketing channel partners (such as travel agencies and online booking platforms) provides more comfortable and convenient, exquisite services to improve consumer satisfaction.

C. Product Trends and Competition

The economic recovery is slow, and the interest rate hike cycle comes to an end. Yet we still face a shortage of domestic labor force. The rising of wages and the collection of the carbon fee will result in rises of construction costs. The inflation stress is difficult to be released and the house prices are unlikely to drop. The ratio of house price to earrings is elevating, and the anti-flipping rules and the youth housing mortgage programs will attract self-use youngsters to enter and support the real estate market.

The hotel and F&B industries gradually recover, and actively expand to satisfy future needs. However, both industries, that have experienced the pandemic over three years, are facing a shortage of manpower as well. Therefore, it is quite important to retain employees and increase service efficacy by high-tech hardware and software.

5.1.3 Research and Development: None

5.1.4 Long-term and Short-term Business Development Plans

A. Short-term Business Development Plan

Costs of land and building materials remain high, anti-flipping policy is hardly loosened in a short period of time, especially banks have tightened standards for construction and land development loans. Since the Amendment of the Equalization of Land Rights Act has been effective since July 1st, 2023, private entities need to obtain the approval for the acquisition of residential buildings, which prompts a drop in transaction volume of the luxury housing market. Also, restrictions on the transfer and resale of the agreements on the sale of pre-sale or new-built houses are a catalyst of rigid demand of self-use housing, significantly changing the overall structure of the market. The Youth Housing Mortgage Program, a program with better discounts than the home loan program for government employees and teachers, has the most influence on the transaction price and volume of the housing market and will stabilize the confidence of self-use buyers. Developers also try to adopt “Two Low , One High” sales strategy, which means low price, low self-prepared funds, and high price-performance ratio in response to the small-unit wave in Taiwan.

The hotel has strengthened its online booking platform to increase the occupancy rate of domestic and overseas visitors, and to enhance the convenience and comfort of the hotel location for domestic and foreign business travelers, providing a quality accommodation environment and services.

B. Long-term Business Development Plan

The Company actively searches and develops metropolitan districts with development potentials to build commercial buildings, high-grade residences, business suites and high-quality industrial office buildings in order to offer a diversified portfolio of professional fields and enhance the competitive advantage of the Company.

With the gradual opening up of international markets in the post-pandemic era, the economy has stabilized and business travel has increased, but many business travel habits will also change, with large groups of travelers changing to smaller, more sophisticated groups or independent travelers. In this high inflation era, the hotel industry is facing more challenges. The long-term development trend should be incorporated with local characteristics to create distinctive and customized services for market differentiation and competition.

5.2 Market and Sales Overview

5.2.1 Market Analysis

A. Sales (Service) Region

Projects are mainly located in Greater Taipei Area and Tainan. Major projects in the last three years are listed as follows:

Year	Project	Sales Region	Household numbers	Year of Completion	Building Type
2023	Chief Li Garden	East District, Tainan City	30	2027	Condominium
2021	Meditation Garden	WenShan District, Taipei City	40	2024	Condominium
2020	Li Ren Condominium	North District, Tainan City	27	2024	Condominium
2020	Star Technology	Neihu, Taipei City	24	2023	Factory and office building
2020	Founding Li-Yuan	Sang-Chong, New Taipei City	98	2023	Condominium

B. Market Share

In 2023, the Company sold built and pre-sales houses primarily in the Greater Taipei area and Tainan City. According to 591's new construction project survey, the total sales countrywide is NT$2.08 trillion, and the supply of the Company is about NT$ 8.65 billion, constituting a market share of approximately 0.42% .

C. Future Demand & Supply and Growth of Market

① Supply: The revival of macroeconomics was unclear, the housing market policies were still tightened, and the effect of control measures continued fermenting. In addition, geopolitics risks still existed, and the supply of newly-built houses, presale houses and even pre-owned houses continued to grow, creating an oversupply in the market.
New hotels have joined the industry in 2023, increasing more supplies in the hospitality market. However, many hotel workers have changed career path during the pandemic time, and as a result, insufficient human resources has caused a decline in service quality and closedowns of some hotel and beverage business.

② Demand: At present, most of the consumers in the real estate market are still self-owned home buyers; young generations start to enter the market early for value preservation and anti-inflation purposes. Low-price, small-space products now experience the highest demand in the market.

The international airline industry has gradually returned to normal levels, and so did the number of business travelers and tourists, thus increasing the demand of hotel accommodation.

③ Growth: The interest rate hike has come to an end, and yet the economic revival is still uncertain, indirectly generating unfavorable impacts on the market. However, the rigid demand of self-use, low price small units is still strong. The market of office buildings is steadily growing because of the business expansion and old building obsolescence. The housing price keeps high; while the total price is difficult to soar and the unit price remains unchanged, the saleable area will tend to be reduced. As the pandemic came to an end, and the demand of international business travels and domestic tourism was back to the original level, the hotel industry expects a steady growth in the future.

D. Competitive Niches

The competitive niches of the Company are as follows:

① Development of Lands at Advantageous Locations: The sound land development strategies lay the groundwork for the stable growth of the Company.
② Attribute-Based Product Planning: Starting from a human centered approach, the Company designs appropriate, reasonable, convenient and comfortable space for use in response to the trend of aging population and lower birth rate.
③ Intelligent Architectural Design: The combination of intelligent building and IoT has become a modern architectural trend. The location, planning, hardware and software facilities, and energy-saving building materials are all the keys to success.
④ Strict Management of Construction: The Company strictly monitors the quality of each construction project, effectively controls the construction period, and continues to research and develop new construction techniques and new technologies.
⑤ Thorough After-Sales Services: The Company proactively maintains good interactions with our customers and provides satisfactory after-sales service at any time.
⑥ Sound Financial Management: The Company relies on a stable financial structure, flexible capital deployment and a

steady corporate structure for each construction project. With a full grasp of the market trend, the Company is able to devise a large-scale development strategy to take the preemptive opportunities.

⑦ In addition to strengthening the advantages of the hotels, the Company will also enhance the maintenance of hotel facilities, improve the overall service quality, and provides guests with a home-away-from-home accommodation and dining experience.

E. Favorable and Unfavorable Factors of Development Prospect and Countermeasures

① Favorable Factors

The real estate market in 2023 showed a downturn of property transaction, but the housing price reached a record high. Also, due to the aging population and other factors, the number of inherited buildings reached a record high. In recent years, the real estate market affected by the semiconductor industry has indirectly influenced the balanced development of the North and the South; the real estate market in the central and southern regions has been flipped. The passing of “The Equalization of Land Rights Act” deterred investors from entering the market, making a relatively healthy market. The rent subsidy policy and the youth housing mortgage program offer discounted loans which reinforced self-use customers’ confidence in purchase.

The location of the hotel is close to the city center or exhibition center, providing accommodation convenience and comfort for tourists and business travelers.

② Unfavorable Factors

“The Equalization of Land Rights Act” has been implemented, instituting five anti-flipping rules to curb market speculation. These rules include 1. Restrictions on the transfer and resale of the agreements on the sale of pre-sale or new-built houses; 2. Severe penalties for real estate speculation and establishment of a mechanism for reporting with rewards; 3. Requirements for private entities to obtain the approval for the acquisition of residential buildings; 4. Development of whistleblower reward system; and 5.Requirement to report the rescission of real property sales agreements. Construction costs remain high, plus carbon fees will be charged in the future, the market expects the overall operation costs will elevate again. The shortage of manpower has not been changed and the problem remains unsolved. The cross-strait geopolitics tension has broken property buyers’ confidence and willingness to purchase.

Change of peoples’ post-pandemic living habit and shortage of manpower create resistance of business operation and competitiveness.

③ Countermeasures of the Company

In the face of the above-mentioned disadvantages, the Company will take relevant countermeasures to strengthen its competitiveness as follows:

a. Prudently choosing districts for project development;
b. Emphasizing the quality of construction and shortening the work schedule of construction;
c. Improving the competitiveness of products;
d. Designing products targeted at first- and second-time home buyers
e. Maintaining a safety stock of land;
f. Increasing the brand value of the Company;
g. Providing comprehensive customer services;
h. Strengthening the development of domestic tourism market and employee training to improve the overall quality of hotel services and competitiveness.

5.2.2 Important Uses and Production Processes of Main Products

The Company is mainly engaged in the construction of public housing, industrial and commercial buildings, business hotels, tourist hotels and their rental or sales business, and the development of urban renewal projects. The important uses and production processes of main products are as follows:

A. Important Uses of Main Products

① Industrial and Commercial Buildings: office spaces and buildings;

② Public Housing: residences, shops and business suites;
③ Hotels: business hotels and tourist hotels.

B. Production Processes of Main Products

① Market Survey: Conducting routine survey on each factory, residential, built house, and pre-sale house case, and price inquiry of lands and houses.
② Land Development: Searching for lands with development value according to the result of market surveys.
③ Planning and Design: Positioning new products and designing products based on market surveys;
④ Sales Marketing: Pricing products and conducting commission sales or self-sales;
⑤ Construction: Strictly supervising the contractors' construction in accordance with permit drawings in order to ensure construction quality;
⑥ Completion and Handover: Obtaining user licenses, assisting customers to complete the procedures of acceptance and transfer of property rights, and ensuring the rights and interests of customers;
⑦ After-Sales services: Establishing a customer-oriented professional service and assisting customers in forming administration committees.

5.2.3 Supply Status of Main Materials

(1) Acquisition of Lands: The Company undertakes land development through brokerage relationships, bids of state-owned and private lands, or self-development. Based on the analysis of market surveys, we look for reasonably priced, well-located lands with appreciation potential. Projects will be carried out mainly as Build to Order, combined with joint construction and urban renewal.

(2) Construction Projects: Construction projects are undertaken by our re-invested subsidiary, Chien-Chiao Construction Co., Ltd, so that we can effectively control the schedule and quality of the projects.

(3) Construction materials: All construction materials are carefully selected from good domestic and foreign suppliers, and the main bulk of construction materials is mostly supplied by listed companies to ensure the source of supply and the stability of quality.

5.2.4 Major Suppliers and Clients

A. Major Suppliers in the Last Two Calendar Years (Please refer to the table on the next page)

Main Suppliers of the Company for Land Projects and Construction Projects:

① Land Projects: The Company is a construction company; the transaction counterparties are unspecified individuals or companies, so there is no main fixed supplier.

② Construction Projects: After careful evaluation and price negotiation of projects, we select class A constructers to control the project schedule and quality. At present, the reputation and degree of cooperation of our main contractors are excellent, and the quality and progress of their projects are also well controlled.

Suppliers commanding 10%-plus share of annual order volume: If there is no high acquisition cost of land, the actual amount depends on the case and progress of the construction in the current year, and the proportion of the project in a single case is small for a large number of Chien Chiao’s suppliers.

B. Major Clients in the Last Two Calendar Years (Please refer to page 45)

In the recent two years, the Company has mainly been operating leasing and selling of residential and industrial office buildings. Most of the transaction counterparties are unspecified individuals or companies, so there is no fixed selling target, depending on the actual transactions.

5.2.5 Production in the Last Two Years

Unit: NT$ thousands

Major Products \ Sales \ Year	2022		2023	
	Volume	Value	Volume	Value
Founding Yi-Pin	64	259,137	-	97,865
United Tech	22	122,609	-	-
Li Ren Ming Di	-	63,428	-	61,686
Founding Li Garden	-	222,726	98	159,766
Star Technology	-	139,425	-	205,739
Meditation Garden	-	33,981	-	73,840
Chief Li Garden		300,154		7,050
Hou Gang Sec.	-	1,269	-	9,692
Pei Po Sec.	-	2,051	-	13,147
De Hui Sec.		-		749,480
Da Long Sec.		3,810		8,238
Hsin Gong Sec.		2,965		19,348
Other cases	-	1,452	-	1,500
Hospitality Service Costs	-	267,474	-	262,387
Rental Costs	-	9,562	-	9,115
Total	**86**	**1,430,043**	**98**	**1,678,853**

Note 1: Quantity refers to the number of household completed in the stated year.
Note 2: Value refers to the total construction costs in the stated year, including costs of land, construction and capitalized interests.

5.2.6 Sales in the Last Two Years

Unit: NT$ thousands

Major Products \ Sales \ Year	2022		2023	
	Volume	Value	Volume	Value
Nan Ke Ming Men	4	94,592	2	94,275
Cosmos Technology		621	2	231,819
Fu Gui Ming Di	5	70,707	-	-
Founding Fu-Yi	17	390,210	-	(633)
United Tech	34	2,521,078	-	-
Fu Ding Technology	22	1,359,389	-	-
Founding Yi Pin	-	-	55	3,001,013
Revenue from Sales of Land	-	822	-	-
Other Construction Revenue	-	-	-	-
Rental Revenue	-	28,003	-	31,434
Hospitality Service Revenue	-	350,226	-	405,930
Total	**82**	**4,815,648**	**59**	**3,763,838**

Note: Sales volume and sales value are recorded based on the number of households with operating revenues recognized in the current year and the actual amount of revenues recognized based on contract prices.

Major Suppliers in the Last Two Calendar Years

Unit: NT$ thousands

Item	2022				2023				2024 (As of March 31)			
	Company Name	Amount	Percent	Relation with Issuer	Company Name	Amount	Percent	Relation with Issuer	Company Name	Amount	Percent	Relation with Issuer
1	Chao-Teng Hydropower Engineering	174,574	14.79%	None	Mr.Chang	722,432	52.17%	None	-			
	Others	1,005,526	85.21%		Others	662,280	47.83%		Others			
	Net Total Supplies	1,881,676	100.00%		Net Total Supplies	1,384,712	100.00%		Net Total Supplies			

Note 1: Major suppliers refer to those commanding 10%-plus share of annual order volume.
Note 2: 2022 Q1 financial reports have not been completed as of the publication date of the annual report.

Major Clients in the Last Two Calendar Years

Unit: NT$ thousands

Item	2022				2023				2024 (As of March 31)			
	Company Name	Amount	Percent	Relation with Issuer	Company Name	Amount	Percent	Relation with Issuer	Company Name	Amount	Percent	Relation with Issuer
1	Wei-Yi Corporation	1,589,326	30.00%						-			
2	Voltronic Power Technology Corp.	1,359,389	28.23%									
	Others	1,866,933	38.77%		Others	3,763,838	100%		Others			
	Net Total Sales	4,815,648	100.00%		Net Total Sales	3,763,838	100%		Net Total Sales			

Note 1: Major clients refer to those commanding 10%-plus share of annual order volume
Note 2: 2022 Q1 financial reports have not been completed as of the publication date of the annual report.

5.3 Human Resources

Year		2022	2023	Data as of April 15, 2024
Number of Employees	Employees	245	236	241
	Total	245	236	241
Average Age		41.41	37.18	42.29
Average Years of Service		5.29	5.94	6.05
Education	Ph.D.	0%	0%	0%
	Masters	1.22%	1.27%	1.25%
	Bachelor’s Degree	64.39%	67.37%	65.56%
	Senior High School	23.27%	25.00%	26.97%
	Below Senior High School	6.12%	6.36%	6.22%

Note: The number specified shall be the information as of the publication date of the annual report.

5.4 Environmental Protection Expenditure

Any losses suffered by the company in the most recent fiscal year and up to the annual report publication date due to environmental pollution incidents (including any compensation paid and any violations of environmental protection laws or regulations found in environmental inspection, specifying the disposition dates, disposition reference numbers, the articles of law violated, and the content of the dispositions):

Disposition Date	Disposition Ref. No.	Articles of Law Violated	Content of Disposition	Fine	Countermeasures
Jan 9, 2023	Yin-Zi No.22-112-10028	Subparagraph 4, Article 8 of Noise Control Act	Machinery noise	3,000	Avoid holiday construction to eliminate noise
March 14, 2023	Fei-Zi No.40-112-030034	Subparagraph 2, Article 27 of Waste Disposal Act	Failure to properly clean up the remaining soil and rock contaminated neighboring pavements	2,400	Disseminate the information to clean up tires with soil and rocks at construction sites
July 20, 2023	Fei-Zi No.40-112-070054	Subparagraph 2, Article 27 of Waste Disposal Act	Failure to properly clean up the remaining soil and rock contaminated neighboring pavements	2,400	Improve environmental maintenance and cleanliness of the entrance and the exit at construction sites.

5.5 Labor Relations

5.5.1 Employee Welfare

Provision and Implementation of Employee Benefits, Advanced Studies, Training, and Retirement Plans; Labor-Management Agreement and Measures of Employee Rights Protection

A. Employee Benefits

① Employee Benefits: The Company has, in accordance with relevant laws, established the Employee Welfare Committee which is responsible for coordinating various employee welfare activities. The Company also allocates funds required for welfare activities in accordance with relevant laws and regulations.
② Labor Insurance and Health Insurance: All employees of the Company have enrolled or cancelled insurance policies in accordance with relevant government regulations.
③ Employee Training: The Company enables its employees to learn from work and satisfy their high thirst for knowledge.
④ Staff Uniform: The Company customizes winter and summer uniforms for employees.
⑤ Employee stock bonus plan.
⑥ Wedding and funeral subsidies, and education scholarships for children
⑦ Other Benefits: Bonuses for dragon boat festival, mid-autumn festival, and lunar new year; allowances for personal birthday and childbirth; year-end party giveaways; year-end bonus; and lending of books, magazines and audio-visual materials.

B. Retirement Plan and Implementation

The Company makes monthly contributions to the labor retirement reserve funds in accordance with relevant laws and deposits those funds in the labor retirement reserve fund account, and formulates the employee retirement regulation to protect employees' retired lives. The employee retirement regulation and the standards for payment of labor pension are handled in accordance with the worker retirement regulation of the Company.

C. Labor-Management Agreement:

The Company's labor relations measures have been implemented in accordance with relevant laws and regulations and have been well implemented. Any new or amended measures related to labor relations have been finalized after the employer and employee have agreed and communicated with each other, and no disputes have arisen.

5.5.2 Labor Disputes

Any losses suffered by the company in the most recent fiscal year and up to the annual report publication date due to labor disputes (including labor inspection results found in violation of the Labor Standards Act, specifying the disposition dates, disposition reference numbers, the articles of law violated, and the content of the dispositions): The following dispositions have no significant impact on the Company's finance and business. The Company will improve consultation with human resources and legal counsels, set out clear labor contracts, ameliorate the working environment, and strengthen the labor-management relationship. According to the inspection conducted on April 25, 2023 by the Labor Standards Inspection Office of New Taipei City Government, the dispositions are as follows:

Disposition Date	Disposition Ref. No.	Articles of Law Violated	Content of Disposition	Fine
July 18, 2023	New Taipei City Government Labor Inspection Ref. No. 1124671820	Subparagraph 2, Paragraph 2, Article 36 of Labor Standards Act	Failure of the company to give at least 1 day off in every 7 days as regular leave	NT$24,000
July 18, 2023	New Taipei City Government Labor Inspection Ref. No. 11246718201	Article 39 of Labor Standards Act	Provision of labor on annual paid leaves	NT$24,000

5.6 Cyber Security Management

5.6.1 Structure of cyber security risk management, cyber security policy, concrete management project, and resources input in cyber security management: To ensure the security of the Company's data, information system, appliance and network, and enhance information security management for reliable information service, the Company has formulated Information Security Policy, including 1. Stipulating the Company's information security management institution to regulate the employee conducts; 2.Building an information security management system to implement information security protection and management measures; and 3. Offering information security education and training to raise awareness of the entire employees about the information security. On the division of power and responsibility, the information office is responsible for the information security policy, plans, measures, discussion on skill norms, and research, set-up and evaluation of the security skills. Audit operations are responsible by the information office and audit office. In addition, department of management is responsible for the safety management of staff, while the information office is responsible for the safety management of outsourced workers.

Resources input for the cyber security management

Items	Amount ($)
Office	456,750
Circuit rearrangement for server room	79,716
Antivirus software	37,500
Change ERP and domain host	520,000
Security Health Check	231,000

Every season, the Company offers information security management courses and training, disseminates the responsibility of information security to employees, and raises awareness of cyber crisis and information security to prevent risks of data breach.

Date	Training	Training Format	Method
March 24, 2023 June 16, 2023 Sep 14, 2023 Dec 4, 2023	Dissemination of ERP password setting principles	All-staff training	Signature on the Announcement
May 3, 2023 Aug 23, 2023 Nov 16, 2023 Jan 10, 2024	Dissemination of information security	All-staff training	Signature on the Announcement

5.6.2 Any losses and possible impacts suffered by the company in the most recent fiscal year and up to the annual report publication date due to major cyber security incidents, and countermeasures thereof. Specify reasons if incidents cannot be evaluated: None

5.7 Important Contracts

Agreement	Counterparty	Period	Major Contents	Restrictions
Long-Term Debt Contract	Chang Hwa Bank, Yong-Chun Branch	2016.05.23-2036.05.23	Collateral: Fushin Hotel- Taipei	-
Long-Term Debt Contract	First Bank, Ren-Ai Branch	2010.11.23-2025.11.23	Collateral: Fuward Hotel Tainan	-
Long-Term Debt Contract	Hua-Nan Bank, Nan-Neuihu Branch	2018.02.26-2033.07.27	Collateral: Fushin Hotel-Tainan	-
Long-Term Debt Contract		2020.09.30-2025.09.30	Collateral: 3rd floor of White House Building	-
Construction Contract	Chien-Chiao Construction	2020.03-Completion	Contracting: Founding Li Garden	-
Construction Contract	Chien-Chiao Construction	2020.05-Completion	Contracting: Star Technology	-
Construction Contract	Chien-Chiao Construction	2020.08-Completion	Contracting: Li Ren Ming Di	-
Construction Contract	Chien-Chiao Construction	2022.01-Completion	Contracting: Meditation Garden	-
Construction Contract	Chien-Chiao Construction	2023.08-Completion	Contracting: Chief Li Garden	-
Joint Construction Contract	Mr. Lin	2007.11-Handover	Project: Wen-De Section	-
Joint Construction Contract	Mr. Wong (total: 3 people)	2018.07-Handover	Project: Tan-Mei Section	-
Joint Construction Contract	Tai Tung Communication Co, Ltd Ching Tung	2021.09-Handover	Project: Hsin Gong Section	-
Joint Construction Contract	Tung Fu Hsin Investment Co., Ltd Hui Sheng Investment Co., Ltd Fu Yun Investment Co., Ltd Mr. Cheng and Mr. Wu	2022.06-Completion of Urban Renewal	Urban Renewal Project: Da-Long Section	-
Lease Contract	Wellcome Department Co., Ltd	2021.11.26-2024.04.25	Lease Undertaking: Hou Gang Section	-
Lease Contract	Hoover Can Industrial Co., Ltd	2021.06.16-2024.06.30	Sale-Leaseback: Pei Bo Section	-
Lease Contract	Starts International Taiwan Inc.	2023.06.29-2025.03.28	Lease Undertaking: De Hui Section	-
Lease Contract	Chunghwa Post Co., Ltd.	2022.03.28-2027.03.28	Fushin Hotel- Taichung	-

VI. Financial Information

6.1 Five-Year Financial Summary

6.1.1 Consolidated Condensed Balance Sheet – Based on IFRS

Unit: NT$ thousand

Item \ Year		Financial Summary for The Last Five Years					As of March 31, 2024[1]
		2019	2020	2021	2022	2023	
Current assets		9,997,277	9,237,073	8,919,332	8,538,913	7,150,604	-
Property, Plant and Equipment[2]		4,936,522	4,706,200	4,152,052	4,086,004	4,691,537	-
Intangible assets		1,194	1,149	825	971	716	-
Other assets[2]		48,098	37,596	35,107	31,984	26,013	-
Total assets		14,983,091	13,982,018	13,107,316	12,657,872	11,868,870	-
Current liabilities	Before distribution	5,418,851	4,407,382	3,112,923	2,301,606	1,105,130	-
	After distribution	5,276,229	4,236,235	2,827,678	1,959,312	-	-
Non-current liabilities		3,482,223	2,227,833	2,136,297	1,297,068	1,150,784	-
Total liabilities	Before distribution	7,646,684	6,543,679	4,780,929	3,598,674	2,255,914	-
	After distribution	7,504,062	6,372,532	4,495,684	3,256,380	-	-
Equity attributable to shareholders of the parent		7,399,460	7,336,407	7,438,339	9,059,198	9,612,956	-
Capital stock		2,852,450	2,852,450	2,852,450	2,852,450	2,852,450	-
Capital surplus		21,130	21,130	21,130	21,130	21,130	-
Retained earnings	Before distribution	4,462,827	4,564,759	5,452,807	6,185,618	6,739,376	-
	After distribution	4,320,205	4,393,612	4,320,205	5,843,324	-	-
Other equity interest		-	-	-	-	-	-
Treasury stock		-	-	-	-	-	-
Non-controlling interest		-	-	-	-	-	-
Total equity	Before distribution	7,336,407	7,438,339	8,326,387	9,059,198	9,612,956	-
	After distribution	7,193,785	7,267,192	8,041,142	8,716,904	-	-

Notes:
1. 2024 Q1 financial report has not yet been completed as of the printing date of the annual report.
2. The figures after distribution as stated shall be the figures determined by the Board Meeting or the Shareholders Meeting of the year.

6.1.2 Individual Condensed Balance Sheet – Based on IFRS

Unit: NT$ thousand

Item \ Year		Financial Summary for The Last Five Years					As of March 31, 2024[1]
		2019	2020	2021	2022	2023	
Current assets		9,653,878	8,854,654	8,089,436	7,923,870	6,534,440	-
Property, Plant and Equipment[2]		4,777,455	4,580,019	4,330,876	3,888,173	4,448,692	-
Intangible assets		64	-	-	423	393	-
Other assets[2]		279,476	255,112	476,234	500,269	613,963	-
Total assets		14,710,873	13,689,785	12,896,546	12,312,735	11,597,488	-
Current liabilities	Before distribution	5,194,468	4,235,102	3,016,115	2,111,893	964,601	-
	After distribution	5,051,846	4,063,955	2,730,870	1,769,599	-	-
Non-current liabilities		2,179,998	2,016,344	1,554,044	1,141,644	1,019,931	-
Total liabilities	Before distribution	7,374,466	6,251,446	4,570,159	3,253,537	1,984,532	-
	After distribution	7,231,844	6,080,299	4,284,914	2,911,243	-	-
Equity attributable to shareholders of the parent		7,336,407	7,438,339	8,326,387	9,059,198	9,612,956	-
Capital stock		2,852,450	2,852,450	2,852,450	2,852,450	2,852,450	-
Capital surplus		21,130	21,130	21,130	21,130	21,130	-
Retained earnings	Before distribution	4,462,827	4,564,759	5,452,807	6,185,618	6,739,376	-
	After distribution	4,320,205	4,393,612	5,167,562	5,843,324	-	-
Other equity interest		-	-	-	-	-	-
Treasury stock		-	-	-	-	-	-
Non-controlling interest		-	-	-	-	-	-
Total equity	Before distribution	7,336,407	7,438,339	8,326,387	9,059,198	9,612,956	-
	After distribution	7,193,785	7,267,192	8,041,142	8,716,904	-	-

Notes:
1. 2024 Q1 financial report has not yet been completed as of the printing date of the annual report.
2. The figures after distribution as stated shall be the figures determined by the Board Meeting or the Shareholders Meeting of the year.

6.1.3 Consolidated Condensed Statement of Comprehensive Income – Based on IFRS

Unit: NT$ thousand

Item \ Year	Financial Summary for The Last Five Years					As of March 31, 2024[1]
	2019	2020	2021	2022	2023	
Operating Revenue	1,631,542	3,834,898	3,772,140	4,815,648	3,763,838	-
Gross Profit	479,043	600,608	1,080,771	1,297,762	1,231,314	-
Net Operating Income	170,261	313,418	794,056	1,032,814	1,002,391	-
Non-operating Income and Expenses	(55,113)	(40,563)	353,183	232,429	45,959	-
Net Income before tax	115,148	272,855	1,147,239	1,265,243	1,048,350	-
Net Profit/(Loss) from Continued Operations	94,338	242,758	1,061,935	1,014,698	889,543	-
Loss of Discontinued Operations	-	-	-	-	-	-
Net Profit/(Loss)	94,338	242,758	1,061,935	1,014,698	889,543	-
Other comprehensive income (net of income tax)	689	1,797	908	3,357	6,509	-
Total comprehensive income	95,027	244,555	1,062,843	1,018,055	896,052	-
Net income attributable to shareholders of the parent company	94,338	242,758	1,061,935	1,014,698	889,543	-
Net income attributable to non-controlling interests	-	-	-	-	-	-
Comprehensive income attributable to Shareholders of the parent company	95,027	244,555	1,062,843	1,018,055	896,052	-
Comprehensive income attributable to non-controlling interests	-	-	-	-	-	-
Earnings per share	0.33	0.85	3.72	3.56	3.12	-

Notes:
1. 2024 Q1 financial report has not yet been completed as of the printing date of the annual report.

6.1.4 Individual Condensed Statement of Comprehensive Income –Based on IFRS

Unit: NT$ thousand

Item \ Year	Financial Summary for The Last Five Years					As of March 31, 2024[1]
	2019	2020	2021	2022	2023	
Operating Revenue	1,085,723	3,508,141	3,568,218	4,523,940	3,413,744	-
Gross Profit	282,476	502,748	1,010,684	1,125,973	1,021,807	-
Net Operating Income	85,728	307,239	816,084	947,048	874,506	-
Non-operating Income and Expenses	21,774	(45,080)	325,587	312,660	173,244	-
Net Income before tax	107,502	262,159	1,141,671	1,259,708	1,047,750	-
Net Profit/(Loss) from Continued Operations	94,338	242,758	1,061,935	1,014,698	889,543	-
Loss of Discontinued Operations	-	-	-	-	-	-
Net Profit/(Loss)	94,338	242,758	1,061,935	1,014,698	889,543	-
Other comprehensive income (net of income tax)	689	1,797	908	3,357	6,509	-
Total comprehensive income	95,027	244,555	1,062,843	1,018,055	896,052	-
Net income attributable to shareholders of the parent company	-	-	-	-	-	-
Net income attributable to non-controlling interests	-	-	-	-	-	-
Comprehensive income attributable to Shareholders of the parent company	-	-	-	-	-	-
Comprehensive income attributable to non-controlling interests	-	-	-	-	-	-
Earnings per share	0.33	0.85	3.72	3.56	3.12	-

Notes:
1. 2024 Q1 financial report has not yet been completed as of the printing date of the annual report.

6.1.5 Auditors and Audit Opinions

Year	Accounting Firm	CPA	Audit Opinion
2019	Deloitte Touche Tohmatsu Limited Taiwan	Lu, I-Chen, Lin, Yi-Hui[1]	unqualified conclusion
2020	Deloitte Touche Tohmatsu Limited Taiwan	Lu, I-Chen, Lin, Yi-Hui	unqualified conclusion
2021	Deloitte Touche Tohmatsu Limited Taiwan	Lu, I-Chen, Lin, Yi-Hui	unqualified conclusion
2022	Deloitte Touche Tohmatsu Limited Taiwan	Lu, I-Chen, Hsieh, Ming-Chong[2]	unqualified conclusion
2023	Deloitte Touche Tohmatsu Limited Taiwan	Lu, I-Chen, Hsieh, Ming-Chong	unqualified conclusion

Notes:
1. The CPA was changed from Chi, Rui-Chuan to Lu, I-Chen in in 2019.
1. The CPA was changed from Lin, Yi-Hui to Hsieh, Ming-Chong in 2022.

6.2 Five-Year Financial Analysis

6.2.1 Consolidated Financial Analysis – Based on IFRS

Item[3] \ Year		Financial Summary for The Last Five Years					As of March 31, 2024[1]
		2019	2020	2021	2022	2023	
Financial Structure (%)	Debt Ratio	51.03	46.80	36.47	28.43	19.00	-
	Ratio of long-term capital to property, plant and equipment	193.74	203.44	240.71	253.45	229.42	-
Solvency (%)	Current ratio	184.49	209.58	286.52	370.99	647.03	-
	Quick ratio	11.12	16.32	53.51	143.92	313.64	-
	Interest earned ratio (times)	2.70	7.55	103.23	319.46	288.14	-
Operating performance	Receivables turnover (times)	27.50	70.39	78.09	139.58	117.69	-
	Average collection period	13.27	5.18	4.67	2.61	3.10	-
	Inventory turnover (times)	0.12	0.36	0.34	0.56	0.57	-
	Payables turnover (times)	2.04	13.43	14.27	22.62	17.78	-
	Days inventory outstanding	3041.66	1013.88	1073.52	651.78	640.35	-
	Property, plant and equipment turnover (times)	0.33	0.79	0.85	1.16	0.85	-
	Total assets turnover (times)	0.11	0.26	0.27	0.37	0.30	-
Profitability	Return on Assets (%)	0.99	1.90	7.9	7.9	7.27	-
	Return on Equity (%)	1.27	3.28	13.47	11.67	9.52	-
	Pre-tax income to paid-in capital (%)	4.03	9.56	40.21	44.35	36.75	-
	Profit ratio (%)	5.78	6.33	28.15	21.07	23.63	-
	Earnings per share (NT$)	0.33	0.85	3.72	3.56	3.12	-
Cash Flow	Cash flow ratio (%)	1.91	24.08	24.64	141.71	181.35	-
	Cash flow adequacy ratio (%)	56.17	85.29	146.56	182.53	297.61	-
	Cash reinvestment ratio (%)	(0.95)	9.06	5.64	27.65	14.80	-
Leverage	Operating leverage	1.52	1.28	1.11	1.06	1.07	-
	Financial leverage	1.65	1.15	1.01	1.00	1.00	-

- Liabilities to assets ratio: Liabilities were paid-off, resulting in a lower ratio.
- Current Ratio and Quick Ratio: Current liabilities were reduced, resulting in a higher ratio.
- Payables turnover: Sales were decreased, subsequently the housing market slowed down and project investments were reduced, resulting in a lower ratio.
- Property, plant and equipment turnover: Sales were decreased, and average fix assets were increased, resulting in a lower ratio.
- Cash flow ratio: Cash inflows from operating activities were decreased, and current liabilities were decreased, resulting in a higher ratio.
- Cash flow adequacy ratio: the average net cash inflow from operating activities was increased, and the average capital increases in inventory were reduced, resulting in a higher cash flow adequacy ratio.
- Cash reinvestment ratio: Cash inflows from operating activities were decreased and gross value of fixed assets was increased, resulting in a lower cash reinvestment ratio.

Note 1: 2022 Q1 financial report has not yet been completed as of the printing date of the annual report.

Note 2: The figures are truncated to 2 decimal places.

Note 3: The equations for calculations to be disclosed at the end of this statement are shown below:

1. Financial Structure:
   (1) Liabilities to assets ratio = total liabilities/total assets.
   (2) Long-term capital to property, plant, and equipment ratio = (total equity + non-current liabilities)/net property, plant, and equipment.
2. Solvency:
   (1) Current ratio = current assets/current liabilities.
   (2) Quick ratio = (current assets – inventory – prepayments)/current liabilities.
   (3) Interest earned ratio = EBIT/interest expenses.
3. Operating Performance:
   (1) Receivables turnover (including account receivables and note receivables from operation) = net sale/the balance of average receivables in each period (including account receivables and note receivables from operation)

(2) Average collection period= 365/receivable turnover.
(3) Inventory turnover = cost of goods sold/average inventory.
(4) Payables turnover (including account payables and note payables from operation) = net sale/the balance of average payables in each period (including account payables and note payables from operation)
(5) Days inventory outstanding = 365/inventory turnover.
(6) Property, plant, and equipment turnover = net sale/net average property, plant, and equipment.
(7) Total assets turnover = net sale/total average assets.

4. Profitability:
(1) Return on Assets (ROA) = [net income + interest expense x (1 – tax rate)]/average total assets.
(2) Return on Equity (ROE) = net income/total average equity.
(3) Profit ratio = net income/net sales.
(4) Earnings per share = (income attributable to the shareholders of the parent company – dividend of preferred shares)/weighted average quantity of outstanding shares. (Note 4)

5. Cash Flow:
(1) Cash flow ratio = net cash flows from operation/current liabilities.
(2) Cash flow adequacy ratio = net cash flow from operation in the last 5 years/(capital expenditures + increase in inventory + cash dividend) in the last 5 years.
(3) Cash reinvestment ration = (net cash flow from operation – cash dividend)/(gross property, plant, and equipment + long-term investment + other non-current assets + working capital). (Note 5)

6. Leverage:
(1) Operational leverage = (net operating income – variable operating cost and expense)/operating income (Note 6).
(2) Financial leverage = operating income/(operating income – interest expenses).

Note 4: Pay attention to the following in measurement with the aforementioned equation of the earnings per share in the calculation:
1. Based on the weighted average quantity of common shares, not the outstanding quantity of shares at the end of the year.
2. Consider the period of circulation for transactions with the offering of new shares for raising capital or repurchase of treasury shares in the calculation of the weighted average quantity of outstanding shares.
3. If there is capitalization of retained earnings or capitalization of additional paid-in capital into new shares, make adjustment in the calculation of earnings per share of the previous year and on semi-annual basis in retrospect of the increase in the size of capital irrespective of the period of capitalization.
4. If the preferred shares are unconvertible accumulative preferred shares, the dividend of the year (released or not) shall be deducted from net income, or added to net loss after tax. If the preferred shares are not accumulative, and there is the net income, dividends for preferred shares shall be deducted from net income. If there is net loss, no adjustment is necessary.

Note 5: Pay attention to the following in the measurement of cash flow in the analysis:
1. Net cash flow from operation is the net cash inflow from operation as presented in the statement of cash flows.
2. Capital expenditure shall be the cash outflow from annual capital investment.
3. The increase of inventory is only included in the calculation when the balance at the ending of the period is greater than the balance at the beginning of the period. If there is a decrease of inventory at year end, calculate on the basis of zero.
4. Cash dividends include the cash dividends for common shares and preferred shares.
5. Gross property, plant, and equipment are the total property, plant, and equipment before accumulated depreciations.

Note 6: Issuers shall classify operating costs and expenses by purpose of use as fixed or variable. If estimation or subjective judgment is involved, make sure it is rational and consistent.

Note 7: If the stock issued by the Company bears no face value, or the face value is not NT$10/share, the calculation of the aforementioned ratio to paid-in capital shall be based on the ratio of the equity attributable to the parent company of the balance sheet.

6.2.2 Individual Financial Analysis – Based on IFRS

Item[3] / Year		Financial Summary for The Last Five Years					As of March 31, 2024[1]
		2019	2020	2021	2022	2023	
Financial Structure (%)	Debt Ratio	50.12	45.66	35.43	26.42	17.11	-
	Ratio of long-term capital to property, plant and equipment	199.19	206.43	228.13	262.35	239.01	-
Solvency (%)	Current ratio	185.84	209.07	268.20	375.20	677.42	-
	Quick ratio	5.65	10.10	25.32	130.47	301.39	-
	Interest earned ratio (times)	2.65	7.7	138.96	9401.80	6164.23	-
Operating performance	Receivables turnover (times)	26.14	164.17	197.51	184.76	160.34	-
	Average collection period	13.96	2.22	1.84	1.97	2.27	-
	Inventory turnover (times)	0.08	0.34	0.32	0.54	0.54	-
	Payables turnover (times)	1.63	14.39	11.71	20.39	26.90	-
	Days inventory outstanding	4562.50	1073.52	1140.62	675.92	675.92	-
	Property, plant and equipment turnover (times)	0.22	0.75	0.80	1.10	0.81	-
	Total assets turnover (times)	0.07	0.24	0.26	0.35	0.28	-
Profitability	Return on Assets (%)	1.00	1.93	8.03	8.05	7.44	-
	Return on Equity (%)	1.27	3.28	13.47	11.67	9.52	-
	Pre-tax income to paid-in capital (%)	3.76	9.19	40.02	44.16	36.73	-
	Profit ratio (%)	8.68	6.92	29.76	22.43	26.05	-
	Earnings per share (NT$)	0.33	0.85	3.72	3.56	3.12	-
Cash Flow	Cash flow ratio (%)	0.00	26.23	22.61	149.28	200.02	-
	Cash flow adequacy ratio (%)	50.51	89.89	147.58	183.12	270.70	-
	Cash reinvestment ratio (%)	(1.99)	9.70	4.97	27.10	14.34	-
Leverage	Operating leverage	1.99	1.27	1.09	1.06	1.06	-
	Financial leverage	4.13	1.14	1.01	1.00	1.00	-

- Liabilities to assets ratio: Liabilities were paid-off, resulting in a lower ratio.
- Current Ratio and Quick Ratio: Current liabilities were reduced, resulting in a higher ratio.
- Interest earned ratio: EBIT and interests were both increased, resulting in a lower interest earned ratio.
- Payables turnover: Sales has significantly dropped and accounts payable were decreased, resulting in a higher ratio.
- Property, plant and equipment turnover: Sales were decreased, and average fix assets were increased, resulting in a lower ratio.
- Cash flow ratio: Cash inflows from operating activities were decreased, and current liabilities were decreased, resulting in a higher ratio.
- Cash flow adequacy ratio: the average net cash inflow from operating activities was increased, and the average capital increases in inventory were reduced, resulting in a higher cash flow adequacy ratio.
- Cash reinvestment ratio: Cash inflows from operating activities were decreased and gross value of fixed assets was increased, resulting in a lower cash reinvestment ratio.

Note 1: 2024 Q1 financial report has not yet been completed as of the printing date of the annual report.
Note 2: The figures are truncated to 2 decimal places.
Note 3: The equations for calculations are the same as those in 6.2.1 Consolidated Financial Analysis – Based on IFRS

6.3 Audit Committee Report in the Most Recent Year

March 14, 2024

Audit Committee Report

Re: General Shareholders Meeting 2022

The Board of Directors has submitted the Company's 2021 annual business report, financial report and profit distribution proposal, among which the financial report has been entrusted to the certified public accountants of Deloitte Touche Tohmatsu Limited Taiwan for auditing to generate an audit report. The audit committee has verified the above-mentioned business report, financial report and profit distribution proposal. No discrepancy is found and the committee hereby presents the report in accordance with Article 14 of the "Securities and Exchange Act" and Article 219 of the "Company Act" for your approval.

李淑蘭

LEE, SHU-LAN

Convener of the Audit Committee
Founding Construction Development Corp.

6.4 Consolidated Financial Statements for the Years Ended December 31, 2023 and 2022, and Independent Auditors' Report:

Please refer to page 63-132 of the annual report.

6.5 Individual Financial Statements for the Years Ended December 31, 2023 and 2022, and Independent Auditors' Report:

Please refer to page 133-195 of the annual report.

6.6 Insolvency that occurs in the Company and Affiliates in the previous year until the date of report publication:

None

VII. Review of Financial Conditions, Financial Performance, and Risk Management

7.1 Analysis of Financial Status

Unit: NT$ thousands

Item \ Year	2023	2022	Difference	
			Amount	%
Current Assets	7,150,604	8,538,913	(1,388,309)	(16.26)
Fixed Assets	4,691,537	4,086,004	605,533	14.82
Other Assets	26,729	32,955	(6,226)	(18.89)
Total Assets	11,868,870	12,657,872	(789,002)	(6.23)
Current Liabilities	1,105,130	2,301,606	(1,196,476)	(51.98)
Long-term Liabilities	1,150,784	1,297,068	(146,284)	(11.28)
Total Liabilities	2,255,914	3,598,674	(1,342,760)	(37.31)
Capital stock	2,852,450	2,852,450	-	-
Capital surplus	21,130	21,130	-	-
Retained Earnings	6,739,376	6,185,618	553,758	8.95
Total Stockholders' Equity	9,612,956	9,059,198	553,758	6.11

Analysis:

Current liabilities: were decreased by NT$1,196,476 thousand due to reductions of short-term borrowings paid by sales revenue and reductions of contract liabilities.

7.2 Analysis of Financial Performance

Unit: NT$ thousands

Item \ Year	2023	2022	Difference	
			Amount	%
Gross Sales	3,763,838	4,815,648	(1,051,810)	(21.84)
Less: Sales Returns	-	-	-	-
Sales Allowances	-	-	-	-
Net Sales	3,763,838	4,815,648	(1,051,810)	(21.84)
Cost of Sales	(2,532,524)	(3,517,886)	(985,362)	(28.01)
Gross Profit	1,231,314	1,297,762	(66,448)	(5.12)
Operating Expenses	(228,923)	(264,948)	(36,025)	(13.60)
Net Operating Income	1,002,391	1,032,814	(30,423)	(2.95)
Non-operating Income and Expenses	45,959	232,429	(186,470)	(80.23)
Income Before Tax	1,048,350	1,265,243	(216,893)	(17.14)
Tax Benefit (Expense)	(158,807)	(250,545)	(91,738)	(36.62)
Net Profit for the Year	889,543	1,014,698	(125,155)	(12.33)

Analysis:

(1) Gross sales, cost of Sales, gross profit, operating income, tax expenses: The number of property transfer was decreased, resulting in lower amounts of gross profit, net operating income and tax expenses.
Non-operating income and expenses: The Company sold FUSHIN Hotel, Taichung last year and none this year, resulting in a decrease of the value.
Income before tax, net profit for the year: Both net operating income and non-operating income were increased, resulting in rebounds of pre- and post-tax income.
(2) Sales forecast and basis of estimation: The Company's products are factories, office and residential buildings, and we expect to sell 9 factories and 59 residences in 2024.The estimated sales volume was based on the Company's operational strategies, goals, budget, the macroeconomic environment and historical sales data.
(3) Potential influence on future business finance and response: The operating result of the Company varies depending on the change of the macroeconomic conditions. The Company endeavors to improve financial structures, operating performance and profitability, and aims to reduce average collection days and accounts receivable days and raise ROE and profit ratio.

7.3 Analysis of Cash Flow

7.3.1 Cash Flow Analysis for the Current Year

A. Operating Activities: The number of property transfer was decreased, resulting in a decreased cash inflow from operating activities.
B. Investing Activities: The Company purchased investment properties, resulting in a cash outflow from investing activities.
C. Financing Activities: Repayments of short-term and long-term borrowings due to the completion and handover of properties, and distribution of cash dividends resulted in a cash outflow from financing activities.

7.3.2 Remedy for Cash Deficit and Liquidity Analysis: N/A

7.3.3 Cash Flow Analysis for the Coming Year

Unit: NT$ thousands

Estimated Cash and Cash Equivalents, Beginning of Year (1)	Estimated Net Cash Flow from Operating Activities (2)	Estimated Cash Outflow (Inflow) (3)	Cash Surplus (Deficit) (1)+(2)-(3)	Leverage of Cash Surplus (Deficit)	
				Investment Plans	Financing Plans
3,289,195	(161,665)	(548,748)	2,578,782	-	-

7.4 Major Capital Expenditure Items: None

7.5. Investment Policy in the Last Year, Main Causes for Profits or Losses, Improvement Plans and Investment Plans for the Coming Year

7.5.1 Investment Policy:

A. To vertically-integrate resources and control the construction quality, the company invested in Chien-Chiao Construction Co. Ltd., to create the greatest investment synergy.
B. To pursue corporate sustainability, the company has extended business to hotel operation and management, in anticipation to generate additional sources of stable income.

7.5.2 Main Causes for Profits or Losses:

In 2023, the Company recognized the investment profit of NT$64,047 thousand of the subsidiary, Chien-Chiao Construction, the investment profit of NT$62,237 thousand of the subsidiary, FUSHIN Hotel, the investment profit of NT$31,136 thousand of the subsidiary Hsin-Long-Hsing Investment; Chien-Chiao Construction recognized the investment profit of NT$3,512 thousand of FUSHIN Hotel. Chien-Chiao Construction's net profit of the year was NT$11,607 thousand. Partial completion of prior-period construction is on sales in the current period and sales revenue thereof is recognized as investment revenue in accordance with the percentage-of-completion method. Hotel operation is getting improved, the net profit of FUSHIN Hotel is NT$62,115 thousand.

7.5.3 Improvement Plans

The Company upholds a cautious stance in terms of investment, and constantly reviews the financial situations and operational performance of subsidiaries to get the latest information in order to adjust operation strategies and focus.

7.5.4 Investment Plans for the Coming Year: None

7.6 Analysis of Risk Management

7.6.1 Effects of Changes in Interest Rates, Foreign Exchange Rates and Inflation on Corporate Finance, and Future Response Measures

The increase in interest rates has led to a significant increase in buyer's costs; therefore the Company coordinates with banks to provide preferential interest rates for helping to reduce their acquisition costs.
The Company is in a domestic demand industry; changes in foreign exchange rates do not have a great impact on the Company.
High inflation has led to a significant increase in the cost of raw materials, weakened private consumption, economic growth has been revised downward, and the housing market has been disrupted in terms of confidence, causing investors to keep withdrawing from the market and owner-occupiers to take longer time to evaluate the purchase of real estate, which has dampened buying sentiment. The Company will timely adjust sales strategies in response to the market change.

7.6.2 Policies, Main Causes of Gain or Loss and Future Response Measures with Respect to High-risk, High-leveraged Investments, Lending or Endorsement Guarantees, and Derivatives Transactions

The Company has cautious financial management, no high-risks, high-leverage investments, nor derivatives transactions. For lending and endorsement guarantees, the Company has comprehensive policies and internal control procedures. The Company’s lending to others in 2023 and to date has been conducted in accordance with relevant regulations.

7.6.3 Future Research & Development Projects and Corresponding Budget

The Company combines architecture with technology and environmental protection, building a living environment that meets modern living safety standards.

7.6.4 Effects of and Response to Changes in International and Domestic Policies and Regulations Relating to Corporate Finance and Sales

To pursue living justice, the Legislative Yuan has passed the third reading of the “House Tax Act” in December 2023, which includes adoption of nationwide progressive tax collection of non-self-use properties for house owners. The Company’s response is that if holding vacant houses increases tax expenses, the Company will adjust sales price to speed up the sales process depend on the policy and the market conditions.

Carbon fee is another focus. The industries to be influenced primarily are those closely related to the construction industry: steel industry, petrochemical industry and cement industry. The Company evaluates improvement of manufacturing process and shifts to low-carbon fuels and renewable energy to directly or indirectly decrease carbon emission, so that low carbon integration can be considered during the design phase of building projects and bring positive effect to the environment sustainability.

7.6.5 Effects of and Response to Changes in Technology (including cyber security risks) and the Industry Relating to Corporate Finance and Sales

The Company closely pays attention to relevant technology changes in the industry, grasps the market trends and evaluates the impact on the business. The changes in technology (including cyber security risks) and in the industry have no significant impacts on the business operation.

7.6.6 The Impact of Changes in Corporate Image on Corporate Risk Management, and the Company’s Response Measures

The Company always adheres to the principles of integrity and honesty and cares about the corporate image. There are no changes in corporate image on corporate risks.

7.6.7 Expected Benefits from, Risks Relating to and Response to Merger and Acquisition Plans: None

7.6.8 Expected Benefits from, Risks Relating to and Response to Factory Expansion Plans: None

7.6.9 Risks Relating to and Response to Excessive Concentration of Purchasing Sources and Excessive Customer Concentration: None

7.6.10 Effects of, Risks Relating to and Response to Large Share Transfers or Changes in Shareholdings by Directors, Supervisors, or Shareholders with Shareholdings of over 10%: None

7.6.11 Effects of, Risks Relating to and Response to the Changes in Management Rights: None

7.6.12 Litigation or Non-litigation Matters

If there has been any material impact upon shareholders' equity or prices of the company's securities as a result of any litigation, non-litigious proceeding, or administrative dispute, whether it is finalized or pending, involving a company director, supervisor, general manager, de facto responsible person, or major shareholder with a stake of more than 10 percent, the fact of the litigation, the amount of subject matter, the date of the litigation commencement, the principal parties involved in litigation and the disposition of the matter as of the printing date of the annual report: Finalized or pending litigation, non-litigious proceeding, or administrative dispute are all immaterial matters during the most recent year and as of the printing date of the annual report. The result has no material impact upon shareholder’s equity, prices of the company’s securities, and operations and business of the Company.

7.6.13 Other Major Risks

Information security risks: In order to implement the management of information security, the Company has enacted the "Regulation for Computer Control" and its related operating guidelines, based on which we execute the information work plan. We have also set up the "Information Security Self-Checklist" to strictly manage the use and security maintenance of data, built firewall, and controlled and recorded the access right of personnel to reduce the information security risk of the Company.

Climate change risks: Climate change risks that the construction industries face include extreme weather, the rising sea level, typhoons, flood, drought etc. Extreme weather might cause damage of construction structures, equipment failure, and traffic disruption. The rising sea level might cause shoreline erosion. Typhoons and flood might damage to hydro facilities and interior facilities of buildings. Drought might foundation settlement and land subsidence.

Construction industries may take the following measures in response to the climate change risks:

1. Reinforce the vibration resistance, wind pressure capacity and drainage capacity of structures to respond to the impacts of the extreme weather.
2. Follow higher building design standards to respond to natural disasters such as typhoons and flood.
3. Strengthen the management of infrastructure, including checking the drainage system and fixing broken hydro facilities, to reduce the impact of flood.
4. Develop water-saving skills for drought conditions to reduce foundation settlements and land subsidence.

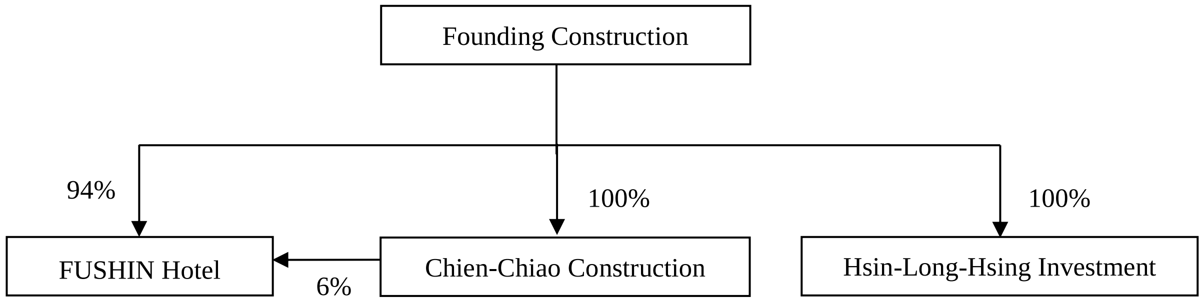
7.7 Other Important Matters: None

VIII. Special Disclosure

8.1 Summary of Affiliated Companies

A. Consolidated Business Report of Affiliates

(1) Organization Chart of Affiliates



(2) Basic Information of Affiliates

Unit: NT$ thousand

Name of Enterprise	Date of Incorporation	Address	Paid-In Capital	Principal Business or Products
Chien-Chiao Construction Co., Ltd	April 15, 1993	5F-5, No. 294, Sec. 1, Dunhua S. Rd., Daan Dist., Taipei City	NT$150,000	Architecture and Civil Engineering
FUSHIN Hotel Co., Ltd.	June 17, 2010	No. 128, Sec. 1, Datong Rd., Xizhi Dist., New Taipei City	NT$160,000	Hotel Management and F&B
Hsin-Long-Hsing Investment Co, Ltd	Sept 5, 2016	5F-8, No. 294, Sec. 1, Dunhua S. Rd., Daan Dist., Taipei City	NT$300,000	General Investment

(3) Information on the shareholders if construed as having control and in joint holding with the subsidiaries: None.

(4) The industries covered by the group enterprises: Construction and Hospitality

(5) Directors, Supervisors and President of Affiliates

Name of Enterprise	Title	Name or Representatives	Shareholding	
			shares	%
Chien-Chiao Construction Co., Ltd	Chairman and President	Wang, Yang-Chong	Representative of Founding Construction's institutional shareholder. Total shares holding: 15 million shares.	100%
FUSHIN Hotel Co., Ltd.	Chairman Director Director Director Director Supervisor Supervisor	Ho, Ming-Hui Liu, Shu-Hung Liu, Fang-Wen Liu, Chi-Wen Chang, Chien-Chen Liu, Min-Liang Chen, Wen-Siu	Representative of both Founding Construction's and Chien-Chiao's institutional shareholder. Total shares holding:15.1 million shares and 0.9 million shares respectively.	Founding Construction: 94% Chien-Chiao Construction: 6%
Hsin-Long-Hsing Investment Co, Ltd	Chairman Supervisor	Liu, Shu-Hung Hsieh, Chia-Lin	Representative of Founding Construction's institutional shareholder. Total shares holding: 30 million shares.	100%

(4) Opearting Results of Individual Affiliate

Unit: NT$ thousand

Name of Enterprise	Capital	Total Assets	Total Liabilities	Net Worth	Operating Revenue	Operating Income /Loss	Net Income	EPS
Chien-Chiao Construction Co., Ltd	NT$150,000	480,494	200,878	279,616	535,015	9,235	11,607	0.77
FUSHIN Hotel Co., Ltd.	NT$160,000	642,031	488,360	153,671	407,613	69,237	62,115	3.88
Hsin-Long-Hsing Investment Co, Ltd	NT$300,000	300,073	434	299,639	-	(280)	31,136	1.04

B. Consolidated Financial Reports of Affiliates: Please refer to page 63-132.

C. Operating Reports of Affiliates: None

8.2 Private Placement Securities in the Most Recent Years: None

8.3 The Shares in the Company Held or Disposed of by Subsidiaries in the Most Recent Years: None

8.4 Special Notes: None

8.5 Situations with Major Impacts on Shareholder Equity or Share Prices of the Company as specified in Subparagraph 2, Paragraph 3 of Article 36 of the law in the most recent year to the date this Report was printed, if applicable, and elaborate one-by-one: None

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

Deloitte.

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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

		December 31, 2023		December 31, 2022	
Code	ASSETS	Amount	%	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				
	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: Tsao 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$)

Code		2023 Amount	2023 %	2022 Amount	2022 %
	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: Tsao Lo-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: Tsao Lo-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: Tsao 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	Opening Balance	Recognized in profit and loss	Recognized in other comprehensive income	Closing Balance
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	Opening Balance	Recognized in profit and loss	Recognized in other comprehensive income	Reclassifications	Closing Balance
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.

Table 1

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	

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.

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Independent Auditors' Report

Founding Construction Development Corp.

Audit Opinion

We have audited the accompanying parent company only financial statements of Founding Construction Development Corp., which comprise the parent company only balance sheets as of December 31, 2023 and 2022, and the parent company only statements of comprehensive income, changes in equity and cash flows for the years then ended, and the notes to the parent company only financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying parent company only financial statements present fairly, in all material respects, the accompanying parent company only financial position of Founding Construction Development Corp. as of December 31, 2023 and 2022, and its parent company only financial performance and its parent company only cash flows for the years then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers.

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 Parent Company Only Financial Statements section of our report. We are independent of Founding Construction Development Corp. 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 that, in our professional judgment, were of most significance in our audit of Founding Construction Development Corp.'s parent company only financial statements for the year ended December 31, 2023. These matters were addressed in the context of our audit of the parent company only 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 Founding Construction Development Corp.'s parent company only financial statements for the year ended December 31, 2023 are stated as follows:

Key Audit Matters I: Inventory Valuation

Inventories of Founding Construction Development Corp. represented 31% of the total parent company only 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(4) 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 Founding Construction Development Corp.'s inventories, test and review samples of the sales contracts, obtain information adopted for the market value of the Founding Construction Development Corp.'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. Whether sales revenue recognition meets the sales revenue recognition conditions is material to the consolidated financial statements for the year. Therefore, the occurrence of sales revenue is considered as a key audit matter. Please refer to Note 4 (12) of the financial statements for relevant information on the 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.

Responsibilities of Management and Those Charged with Governance for the Parent Company Only Financial Statements

Management is responsible for the preparation and fair presentation of the parent company only financial statements in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers, and for such internal control as management determines is necessary to enable the preparation of parent company only financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the parent company only financial statements, management is responsible for assessing Founding Construction Development Corp.'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 Founding Construction Development Corp. 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 Founding Construction Development Corp.'s financial reporting process.

Auditors' Responsibilities for the Audit of the Parent Company Only Financial Statements

Our objectives are to obtain reasonable assurance about whether the parent company only 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 parent company only 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 parent company only financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

2. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Founding Construction Development Corp.'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 Founding Construction Development Corp.'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 parent company only 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 Founding Construction Development Corp. to cease to continue as a going concern.

5. Evaluate the overall presentation, structure and content of the parent company only financial statements, including the disclosures, and whether the parent company only 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 Founding Construction Development Corp. to express an opinion on the parent company only financial statements. We are responsible for the direction, supervision and performance of the audit. We remain solely responsible for our opinion to Founding Construction Development Corp.

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 Founding Construction Development Corp.'s parent company only 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	LU I-CHEN	CPA	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.

Parent Company Only Balance Sheet
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)	$ 2,800,070	24	$ 2,541,366	21
1110	Financial assets at fair value through profit or loss - current (Notes 7)	2,852	-	6,382	-
1150	Notes receivable (Note 21)	11,000	-	5,949	-
1170	Accounts receivable (Note 21)	-	-	25,631	-
130X	Inventories (Note 8 and 29)	3,621,791	31	5,164,178	42
1410	Prepayments (Note 9)	5,379	-	4,146	-
1476	Other financial assets - current	88,841	1	173,557	1
1479	Other current assets (Note 9)	4,507	-	2,661	-
11XX	Total current assets	6,534,440	56	7,923,870	64
	NON-CURRENT ASSETS				
1550	Investments accounted for using the equity method (Note 10)	601,595	5	486,446	4
1600	Property, plant and equipment (Notes 11 and 29)	84,359	1	120,161	1
1755	Right-of-use assets (Note 12)	-	-	462	-
1760	Investment properties, net (Notes 13 and 29)	4,364,333	38	3,767,550	31
1780	Intangible assets	393	-	423	-
1840	Deferred tax assets (Note 23)	6,253	-	11,973	-
1920	Refundable deposits	1,312	-	1,850	-
1975	Net defined benefit liabilities (Note 18)	4,803	-	-	-
15XX	Total non-current assets	5,063,048	44	4,388,865	36
1XXX	Total assets	$ 11,597,488	100	$ 12,312,735	100

Code	LIABILITIES AND EQUITY	December 31, 2023 Amount	%	December 31, 2022 Amount	%
	CURRENT LIABILITIES				
2100	Short-term borrowings (Notes 14 and 29)	$ 593,000	5	$ 1,138,000	9
2130	Contract liabilities (Note 21)	76,412	1	587,093	5
2150	Notes payable (Note 15)	1,323	-	14,721	-
2160	Notes payable to related parties (Note 15 and 28)	35,175	-	29,662	-
2170	Accounts payable (Note 15)	2,847	-	2,748	-
2180	Accounts payable to related parties (Notes 15 and 28)	36,750	-	54,600	1
2230	Current tax liabilities (Note 23)	64,709	1	101,124	1
2280	Lease liabilities - current (Note 12)	-	-	477	-
2219	Other payables (Notes 16 and 28)	31,775	-	42,127	-
2250	Provisions - current (Note 17)	1,106	-	1,106	-
2320	Current portion of long-term borrowings (Notes 14 and 29)	119,462	1	117,843	1
2399	Other current liabilities	2,042	-	22,392	-
21XX	Total current liabilities	964,601	8	2,111,893	17
	NON-CURRENT LIABILITIES				
2540	Long-term borrowings (Notes 14 and 29)	1,005,798	9	1,125,274	9
2570	Deferred tax liabilities (Note 23)	2,852	-	1,268	-
2640	Net defined benefit liabilities - non-current (Note 18)	-	-	3,678	-
2645	Guarantee deposits (Note 28)	11,281	-	11,424	-
25XX	Total non-current liabilities	1,019,931	9	1,141,644	9
2XXX	Total liabilities	1,984,532	17	3,253,537	26
	EQUITY (Note 20)				
	Capital stock				
3110	Ordinary shares	2,852,450	25	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	48	5,105,554	42
3300	Total retained earnings	6,739,376	58	6,185,618	51
3XXX	Total equity	9,612,956	83	9,059,198	74
	Total liabilities and equity	$ 11,597,488	100	$ 12,312,735	100

The accompanying notes are an integral part of the parent company only financial statements.

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

Founding Construction Development Corp.

Parent Company Only 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 21 and 28)				
4300	Rental revenue	$ 87,270	3	$ 86,521	2
4500	Construction revenue	3,326,474	97	4,437,419	98
4000	Total operating revenue	3,413,744	100	4,523,940	100
	OPERATING COSTS (Notes 8, 22 and 28)				
5300	Rental costs	(53,464)	(2)	(54,523)	(1)
5500	Construction costs	(2,338,473)	(68)	(3,343,444)	(74)
5000	Total operating costs	(2,391,937)	(70)	(3,397,967)	(75)
5900	Gross Profit	1,021,807	30	1,125,973	25
6000	OPERATING EXPENSES (Notes 18, 22 and 28)	(147,301)	(4)	(178,925)	(4)
6900	Net Operating Income	874,506	26	947,048	21
	NON-OPERATING INCOME AND EXPENSES (Notes 22)				
7100	Interest income	15,251	-	3,542	-
7010	Other income	352	-	1,836	-
7020	Other gains and losses	391	-	271,407	6
7050	Finance costs	(170)	-	(134)	-
7070	Shares of profits of subsidiaries, associates and joint ventures accounted for using the equity method	157,420	5	36,009	1
7000	Total non-operating income and expenses	173,244	5	312,660	7

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Code		2023 Amount	2023 %	2022 Amount	2022 %
7900	Net income before tax for the year	$ 1,047,750	31	$ 1,259,708	28
7950	Income tax expense (Note 23)	(158,207)	(5)	(245,010)	(6)
8200	Net Income (Loss) for the Year	889,543	26	1,014,698	22
	OTHER COMPREHENSIVE INCOME/(LOSS) (Notes 23)				
8310	Items that will not be reclassified subsequently to profit or loss				
8311	Remeasurement of defined benefit plans	7,917	-	2,534	-
8330	Shares of other comprehensive income of subsidiaries, associates and joint ventures accounted for using the equity method	176	-	1,330	-
8349	Income tax relating to items that will not be reclassified subsequently to profit or loss	(1,584)	-	(507)	-
8300	Other comprehensive income for the year, net of income tax	6,509	-	3,357	-
8500	TOTAL COMPREHENSIVE INCOME FOR THE YEAR	$ 896,052	26	$ 1,018,055	22
	EARNINGS PER SHARE (Note 24)				
9710	Basic	$ 3.12		$ 3.56	
9810	Diluted	$ 3.11		$ 3.55	

The accompanying notes are an integral part of the parent company only financial statements.

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

Founding Construction Development Corp.

Parent Company Only Statements of Changes in Equity
For the years ended December 31, 2023 and 2022
Unit: NT$ thousands

		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 parent company only financial statements.

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

Founding Construction Development Corp.

Parent Company Only 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	$ 1,047,750	$ 1,259,708
A20010	Adjustments for:		
A20100	Depreciation expenses	55,648	57,713
A20200	Amortization expenses	149	12
A20400	Net loss (gain) on financial assets and liabilities at fair value through profit or loss	(1,638)	1,850
A20900	Finance costs	170	134
A21200	Interest income	(15,251)	(3,542)
A22300	Shares of profits of subsidiaries, associates and joint ventures accounted for using the equity method	(157,420)	(36,009)
A22700	Gain on disposal of investment properties	-	(271,279)
A29900	Gain on lease modification	-	(2,323)
A30000	Net changes in operating assets and liabilities		
A31130	Notes receivable	(5,051)	10,611
A31150	Accounts receivable	25,631	(24,801)
A31200	Inventories	1,655,859	2,190,436
A31230	Prepayments	(1,233)	8,487
A31240	Other current assets	(1,846)	4,983
A31250	Other financial assets—current	84,716	12,720
A32125	Contract liabilities	(510,681)	271,706
A32130	Notes payable	(13,398)	14,631
A32140	Notes payable - related parties	5,513	13,912
A32150	Accounts payable	99	2,665
A32160	Accounts payable - related parties	(17,850)	(161,050)
A32180	Other payables	(11,957)	(18,756)
A32230	Other current liabilities	(20,350)	4,250
A32240	Net defined benefit liabilities - non-current	(564)	(4,216)
A33000	Cash generated from operations	2,118,296	3,331,842
A33500	Income taxes paid	(188,902)	(179,105)
AAAA	Net cash generated from operating activities	1,929,394	3,152,737

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Code		2023	2022
	CASH FLOWS FROM INVESTING ACTIVITIES		
B00100	Acquisition of financial assets at fair value through profit or loss	$ -	($ 5,040)
B00200	Disposal of financial assets at fair value through profit or loss	5,168	5,279
B02700	Purchase of property, plant and equipment	(376)	-
B03800	Decrease in refundable deposits	538	477
B04500	Purchase of intangible assets	(119)	(435)
B05400	Purchase of investment properties	(729,263)	(5,300)
B05500	Disposal of investment properties	-	620,039
B06100	Decreases in finance lease receivables	13	171
B07500	Interest received	15,238	3,529
B07600	Dividends received from subsidiaries	45,000	15,000
BBBB	Net cash generated from investing activities	(663,801)	633,720
	CASH FLOWS FROM FINANCING ACTIVITIES		
C00100	Increase in short-term borrowings	36,000	126,000
C00200	Decrease in short-term borrowings	(581,000)	(1,200,730)
C01700	Repayments of long-term borrowings	(117,857)	(424,743)
C03100	Guarantee deposits received	(143)	(1,209)
C04020	Payments of lease liabilities	(477)	(1,255)
C04500	Dividends paid to owners of the Company	(342,294)	(285,244)
C05600	Interest paid	(1,118)	(1,209)
CCCC	Net cash used in financing activities	(1,006,889)	(1,788,390)
EEEE	NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS FOR THE YEAR	258,704	1,998,067
E00100	CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	2,541,366	543,299
E00200	CASH AND CASH EQUIVALENTS, END OF YEAR	$ 2,800,070	$ 2,541,366

The accompanying notes are an integral part of the parent company only financial statements.

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

1. Company History

Founding Construction Development Corp. ("the Company") was incorporated in Taipei City in April 1991, and has 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) since April, 2008.

The parent company only 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 parent company only 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 stated below, the application of the amendments to the IFRSs endorsed and issued into effect by the FSC will not have a significant effect on the Company's accounting policies.

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

This amendment prescribes that the 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 Company.

- The 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 Company, and this change results in a material change on information of the financial statements;

b) Was chosen properly by the 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 Company is required to make significant judgments and assumptions; or

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

Please refer to Note 4 for the disclosure of relevant accounting policies.

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 applied by the Company from January 1, 2023. The accounting policy applicable to the 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 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 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 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 2020 amendment also stipulates that, if the right to defer settlement is subject to compliance with specified conditions, the 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 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 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 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 financial statements were authorized for issue, the 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 reporting periods beginning on or after their respective effective dates.

Note2: This amendment is effective for 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 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 financial statements were authorized for issue, the 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 parent company only financial statements have been prepared in conformity with the Regulations Governing the Preparation of Financial Reports by Securities Issuers.

b. Basis of Preparation

The accompanying parent company only 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.

When the Company prepares the parent company only financial statements, it adopts the equity method for investment in subsidiaries. In order to make the current year's profit and loss, other comprehensive income/(loss), and equity in the parent company only financial statements the same as the current year's profit and loss, other comprehensive income/(loss), and equity attributable to the owners of the company in the Company's consolidated financial report, certain differences in accounting treatment between the parent company only basis and the consolidated basis are adjusted for “investments accounted for using the equity method”, “shares of profits and losses of subsidiaries, associates, and joint ventures accounted for using the equity method”, and “shares of other comprehensive income/(loss) of subsidiaries, associates, and joint ventures accounted for using the equity method” and related equity items.

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 non-current.

The 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. 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.

e. Investment in Subsidiaries

The Company's investments in subsidiaries accounted for using the equity method.

Subsidiaries refer to the entities over which the Company has control.

Under the equity method, the investment is initially recognized at cost, and the carrying value after the acquisition date will increase or decrease with the Company's share of the subsidiary's profit and loss and other comprehensive income/ (loss), and profit distribution. Besides, changes in other equity of subsidiaries that the Company can be entitled are recognized based on the percentage of ownership.

When the Company’s share of loss of a subsidiary equals or exceeds its interest in that subsidiary (which includes any carrying amount of the investment accounted for using the equity method and long-term interests that, in substance, form part of the Company’s net investment in the subsidiary), the Company continues to recognize losses based on shareholding.

The Company assesses its investment for any impairment by comparing the carrying amount with the estimated recoverable amount as assessed based on the investee’s financial statements as a whole. If the recoverable amount of the investment subsequently increases, the Company recognizes a reversal of the impairment loss; the adjusted post-reversal carrying amount should not exceed the carrying amount that would have been recognized (net of amortization) had no impairment loss recognized in prior years.

Unrealized profit or loss resulting from downstream transactions between the Company and subsidiaries is eliminated in full in the parent company only financial statements. Profits and losses resulting from upstream transactions and transactions between the Company and subsidiaries are recognized in the parent company only financial statements and only to the extent of interests in the subsidiaries that are not related to the Company.

f. 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 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.

g. Investment Properties

Investment property is properties held to earn rental and/or for capital appreciation, including properties qualified to the definition of investment property and is under progress in construction. Investment property also includes land held for future use that is currently undetermined.

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

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

Investment property is 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.

h. 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 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.

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

On each balance sheet date, the 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 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.

j. Financial Instruments

Financial assets and liabilities shall be recognized in the parent company only balance sheet when the 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 Company are classified into the following categories: financial assets at fair value through profit or loss (FVTPL) and financial assets at amortized cost.

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 27.

ii. Financial asset measured at amortized cost

The 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.

b) Impairment of financial assets

On each date of balance sheets, the 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.

c) Derecognition of financial assets

The 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.

k. 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.

l. Revenue Recognition

The 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 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) 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 Company and the amount of revenue can be measured reliably.

m. Leases

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

1) The 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 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 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 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.

When a lease includes both land and building elements, the 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 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 parent company only 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 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 parent company only 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.

n. 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.

o. Employee Benefits

1) Short-term employee benefits

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

2) Post-Retirement Benefits

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

Defined benefit costs (including service costs, net interest and remeasurements) under the defined benefit retirement plans are determined using the Projected Unit Credit Method. Service costs (including current service costs), and net interest on the net defined benefit liability (asset) are recognized as employee benefits expense in the period they occur.

Remeasurement, including actuarial gain or loss and the return on plan assets (less interest), is recognized in other comprehensive income and other equity in the period in which they occur, and will not be subsequently reclassified to profit or loss.

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

p. 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 assets are generally 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 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 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.

Management of the Company will consistently review estimates and basic 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 estimate amendment and future periods.

<u>Significant Accounting Judgments</u>

None.

<u>Key Sources of Estimation and Assumption Uncertainty</u>

<u>Impairment loss of inventory</u>

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 8 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	$ 235	$ 218
Bank Deposits	2,799,835	2,541,148
	$ 2,800,070	$ 2,541,366

7. Financial Instruments at Fair Value Through Profit or Loss

	December 31, 2023	December 31, 2022
Financial assets - current		
Financial Instruments at Fair Value Through Profit or Loss		
Financial assets		
Fund beneficiary certificates	$ 2,852	$ 6,382

8. Inventories

a. Details of inventories are as follows:

	December 31, 2023	December 31, 2022
Buildings and land held for sale	$ 205,665	$ 254,715
Construction in progress	3,416,126	4,909,463
	$ 3,621,791	$ 5,164,178

Cost of goods sold related to inventories amounted to $2,338,473 thousand and $3,343,444 thousand, respectively, was recognized for the years ended December 31, 2023 and 2022.

As of December 31, 2023 and 2022, inventories of $3,416,126 thousand and $4,909,463 thousand, respectively, are expected to be recovered after more than 12 months.

Please refer to Note 29 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	$ 88,801	$ 183,811
Nan Ke Ming Men	-	27,985
Zhong Lu Sec.	-	16,400
Fu Gui Ming Di	16,025	16,025
Founding Yi Pin	90,345	-
Others	10,494	10,494
	$ 205,665	$ 254,715

c. Construction in progress

	December 31, 2023	December 31, 2022
Founding Yi Pin	$ -	$ 2,078,086
Star Technology	879,990	674,251
Founding Li Garden	1,351,242	1,191,476
Chief Li Yuan(originally Lung Chuan sec.)	307,204	300,154
Meditation Garden	428,212	354,372
Li Ren Ming Di (originally known as Chenggong Fu-Yi No.2)	255,664	193,978
Others	193,814	117,146
	$ 3,416,126	$ 4,909,463

Information on the capitalization of interest is as follows:

	2023	2022
Total amount of interest expense	$ 48,217	$ 54,126
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

9. Other Assets

	December 31, 2023	December 31, 2022
Current		
Prepayments		
Prepayments	$ 859	$ 1,696
Construction prepayments	3,238	-
Prepaid commission	1,282	2,450
	$ 5,379	$ 4,146
Other current assets		
Other receivables	$ 245	$ 680
Suspense payments	4,262	1,981
	$ 4,507	$ 2,661

10. Investments Accounted for Using the Equity Method

Investment in Subsidiaries

	December 31, 2023	December 31, 2022
Chien-Chiao Construction Co., Ltd.	$ 143,556	$ 121,780
FUSHIN Hotel Co., Ltd.	158,400	96,163
Hsin-Long-Hsing Investment Co., Ltd.	299,639	268,503
	$ 601,595	$ 486,446

The Company's proportion of ownership and voting rights of subsidiaries as of the balance sheet date are as follows:

Name of Subsidiary	December 31, 2023	December 31, 2022
Chien-Chiao Construction Co., Ltd.	100%	100%
FUSHIN Hotel Co., Ltd.	94.375%	94.375%
Hsin-Long-Hsing Investment Co., Ltd.	100%	100%

Please refer to Appendix five for the Company's details of indirectly invested subsidiaries.

11. Property, Plant and Equipment

	Land	Buildings and Property	Transportation Equipment	Office Equipment	Other Equipment	Total
Cost						
Balance as of January 1, 2023	$104,583	$ 23,535	$ 12,911	$ 3,428	$ 1,169	$145,626
Addition	-	-	-	376	-	376
Reclassification to investment properties	(33,481)	(1,811)	-	-	-	(35,292)
Balance as of December 31, 2023	$ 71,102	$ 21,724	$ 12,911	$ 3,804	$ 1,169	$110,710
Accumulated depreciation and impairment						
Balance as of January 1, 2023	$ -	$ 12,127	$ 8,978	$ 3,428	$ 932	$ 25,465
Depreciation expenses	-	413	1,210	13	86	1,722
Reclassification to investment properties	-	(836)	-	-	-	(836)
Balance as of December 31, 2023	$ -	$ 11,704	$ 10,188	$ 3,441	$ 1,018	$ 26,351
Net carrying amount as of December 31, 2023	$ 71,102	$ 10,020	$ 2,723	$ 363	$ 151	$ 84,359

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	Land	Buildings and Property	Transportation Equipment	Office Equipment	Other Equipment	Total
Cost						
Balance as of January 1, 2022	$104,583	$ 23,535	$ 12,911	$ 3,428	$ 1,169	$145,626
Addition	-	-	-	-	-	-
Balance as of December 31, 2022	$104,583	$ 23,535	$ 12,911	$ 3,428	$ 1,169	$145,626
Accumulated depreciation and impairment						
Balance as of January 1, 2022	$ -	$ 11,155	$ 7,769	$ 3,428	$ 846	$ 23,198
Depreciation expenses	-	972	1,209	-	86	2,267
Balance as of December 31, 2022	$ -	$ 12,127	$ 8,978	$ 3,428	$ 932	$ 25,465
Net carrying amount as of December 31, 2022	$104,583	$ 11,408	$ 3,933	$ -	$ 237	$120,161

Depreciation expenses are depreciated by straight-light method using the estimated useful lives as follows:

Buildings and Property	
Main property	3 to 50 years
Decoration and partitioning project	3 to 11 years
Transportation Equipment	5 to 6 years
Office Equipment	
Computer peripherals and communication equipment	4 to 6 years
Others	6 years
Other Equipment	5 to 6 years

Please refer to Note 29 for information about the amount of property, plant and equipment pledged by the Company as collateral for borrowings.

12. Lease Arrangements

a. Right-of-use assets

	December 31, 2023	December 31, 2022
Carrying amount of right-of-use assets		
Buildings	$ -	$ 462

	2023	2022
Depreciation expense of right-of-use assets		
Buildings	$ 462	$ 923

In addition to the above-mentioned depreciation expenses, there was no significant impairment of the right-of-use assets of the 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	$ -	$ 477

Ranges of discount rates for lease liabilities are as follows:

	December 31, 2023	December 31, 2022
Buildings	2.2%	2.2%

c. Major lease activities and terms

The Company leases several buildings for office use with lease terms of 5 years. The consolidated company does not have bargain purchase options to acquire the leasehold buildings at the end of the lease terms.

d. Other lease information

	2023	2022
Expenses relating to short-term leases	$ 377	$ 385
Expenses relating to low-value asset leases	$ 123	$ 155
Total cash (outflow) for leases	($ 980)	($ 1,843)

The 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.

13. Investment Properties

	Investment property - land	Investment property - property	Total
Cost			
Balance as of January 1, 2023	$ 2,180,700	$ 1,937,521	$ 4,118,221
Addition	724,737	4,526	729,263
Property, plant and equipment			
Reclassifications	33,481	1,811	35,292
Transferred from inventories	12,898	3,502	16,400
Reclassified to inventories	(48,150)	(85,204)	(133,354)
Balance as of December 31, 2023	$ 2,903,666	$ 1,862,156	$ 4,765,822

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	Investment property - land	Investment property - property	Total
Accumulated depreciation and impairment			
Balance as of January 1, 2023	$ -	$ 350,671	$ 350,671
Depreciation expenses	-	53,464	53,464
Property, plant and equipment			
Reclassifications	-	836	836
Reclassified to inventories	-	(3,482)	(3,482)
Balance as of December 31, 2023	$ -	$ 401,489	$ 401,489
Net carrying amount as of December 31, 2023	$ 2,903,666	$ 1,460,667	$ 4,364,333
Cost			
Balance as of January 1, 2022	$ 2,334,941	$ 2,237,389	$ 4,572,330
Addition	-	5,300	5,300
Disposal	(133,477)	(277,727)	(411,204)
Reclassified to inventories	(20,764)	(27,441)	(48,205)
Balance as of December 31, 2022	$ 2,180,700	$ 1,937,521	$ 4,118,221
Accumulated depreciation and impairment			
Balance as of January 1, 2022	$ -	$ 365,267	$ 365,267
Depreciation expenses	-	54,523	54,523
Disposal	-	(62,444)	(62,444)
Reclassified to inventories	-	(6,675)	(6,675)
Balance as of December 31, 2022	$ -	$ 350,671	$ 350,671
Net carrying amount as of December 31, 2022	$ 2,180,700	$ 1,586,850	$ 3,767,550

The fair values of investment properties were $5,250,652 thousand and $4,481,495 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 investment properties are depreciated by straight-light method using the estimated useful lives as follows:

Investment property - property	
Main property	5 to 51 years
Decoration and partitioning project	5 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
Year 1	$ 71,294	$ 85,175
Year 2	59,263	67,441
Year 3	58,067	58,381
Year 4	57,657	58,286
Year 5	52,724	58,286
Over 5 years	76,191	129,257
	$ 375,196	$ 456,826

The Company held freehold interests in all of its investment properties. Please refer to Note 29 for the amount of investment properties pledged by the Company as collateral for borrowings.

14. Borrowings

a. Short-term borrowings

	December 31, 2023	December 31, 2022
Secured borrowings (Note 29)		
— Bank loans	$ 593,000	$ 1,138,000
Interest rate range		
— Secured loans	2.42%~2.57%	2.05%~2.45%
Loan maturity date	2025.02.25~ 2025.11.18	2023.05.14~ 2025.11.18

Please refer to Note 29 for information about the construction inventories pledged by the Company as collateral for short-term borrowings.

b. Long-term borrowings

	December 31, 2023	December 31, 2022
Secured borrowings (Note 29)		
Bank loans (1)	$ 1,125,260	$ 1,243,117
Less: Current portion matured in 1 year	(119,462)	(117,843)
Long-term borrowings	$ 1,005,798	$ 1,125,274

a) The Company’s borrowings include:

	Initial loan principal		December 31, 2023	December 31, 2022
Hua Nan Bank Nan-Neihu - secured loans	Total loan amount: Borrowing period: Interest rates range: Repayment Method:	$150,000 thousand 2020.09.30 ~ 2025.09.30 2.31% Evenly split into a total of 60 installments on a monthly basis.	$ 56,599	$ 86,498
Hua Nan Bank Nan-Neihu - secured loans	Total loan amount: Borrowing period: Interest rates range: Repayment Method:	$368,000 thousand 2018.02.26 ~ 2033.02.26 2.44% Interests paid monthly in the first twelve months; starting the 13th month, a total of 168 installments on a monthly basis.	254,163	278,385
Hua Nan Bank Nan-Neihu - secured loans	Total loan amount: Borrowing period: Interest rates range: Repayment Method:	$100,000 thousand 2018.07.27 ~ 2033.07.27 2.44% evenly split principal and interest into a total of 180 installments on a monthly basis.	67,683	73,833
First Bank Jen-Ai - secured loans	Total loan amount: Borrowing period: Interest rates range: Repayment Method:	$80,000 thousand 2010.11.23~2025.11.23 2.47% 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.	14,656	21,758
Taichung Bank Nei-Hu – secured loans	Total loan amount: Borrowing period: Interest rates range: Repayment Method:	$11,000 thousand 2013.04.22~2023.04.22 2.19% Interests paid monthly in the first year; one year later, evenly split into a total of 108 installments on a monthly basis.	-	549
Chang Hwa Bank Yung-Chun – secured loans	Total loan amount: Borrowing period: Interest rates range: Repayment Method:	$960,000 thousand 2016.05.23~2036.05.23 2.30% 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.	732,159	782,094
			$1,125,260	$1,243,117

Please refer to Note 29 for information about the property, plant and equipment and investment properties pledged by the Company as collateral for long-term borrowings.

15. Notes Payable and Accounts Payable

The average payment term of accounts payable is 30 days ~ 60 days. The 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 $2,500 thousand as of December 31, 2022 and 2023. 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.

16. Other Liabilities

	December 31, 2023	December 31, 2022
Current		
Other payables		
Payable for salary and bonus	$ 11,772	$ 15,235
Payable for remuneration of directors	3,240	3,240
Payable for employees' compensation	6,350	7,630
Interest payable	3,470	4,419
House Tax Payment	5,068	5,100
Business tax payable	311	1,291
Others	1,564	5,212
	$ 31,775	$ 42,127

17. Provisions

	December 31, 2023	December 31, 2022
Current		
Employee Benefits	$ 1,106	$ 1,106

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.

18. Post-Retirement Benefit Plans

a. Defined contribution plans

The 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

The 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. The Company contributes 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 Company does not have any right to intervene in the investments of the Funds.

The amounts of the defined benefit plans recorded in the parent company only balance sheet were as follows:

	December 31, 2023	December 31, 2022
Present value of defined benefit obligation	$ 26,679	$ 33,775
Fair value of plan assets	(31,482)	(30,097)
Contribution deficit (surplus)	(4,803)	3,678
Defined benefit (asset) liability, net	($ 4,803)	$ 3,678

Movements in the net defined benefit liability were as follows:

	Present value of defined benefit obligation	Fair value of plan assets	Defined benefit liability (asset), net
January 1, 2023	$ 33,775	($ 30,097)	$ 3,678
Service cost			
Current service cost	150	-	150
Interest expense (revenue)	380	(342)	38
Recognized in profit and loss	530	(342)	188
Remeasurement:			
Return on plan assets (excluding amounts included in net interest expense)	-	(291)	(291)
Actuarial loss (gain) - changes in financial assumption	150	-	150
Actuarial loss (gain) - experience adjustment	(7,776)	-	(7,776)
Recognized in other comprehensive income	(7,626)	(291)	(7,917)
Contributions from employer	-	(752)	(752)
December 31, 2023	$ 26,679	($ 31,482)	($ 4,803)
January 1, 2022	$ 33,923	($ 23,495)	$ 10,428
Service cost			
Current service cost	345	-	345
Interest expense (revenue)	170	(119)	51
Recognized in profit and loss	515	(119)	396

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	Present value of defined benefit obligation	Fair value of plan assets	Defined benefit liability (asset), net
Remeasurement:			
Return on plan assets (excluding amounts included in net interest expense)	$ -	($ 1,871)	($ 1,871)
Actuarial loss (gain) - changes in financial assumption	(983)	-	(983)
Actuarial loss (gain) - experience adjustment	320	-	320
Recognized in other comprehensive income	(663)	(1,871)	(2,534)
Contributions from employer	-	(4,612)	(4,612)
December 31, 2022	$ 33,775	($ 30,097)	$ 3,678

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

	2023	2022
Operating expenses	$ 188	$ 396

Through the pension plan under the R.O.C. Labor Standards Act, the 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 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 will also increase, partially offsetting the effect of the net defined benefit liability.

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 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%
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%	($ 299)	($ 377)
Decreased by 0.25%	$ 306	$ 386
Expected growth rate of salary		
Increased by 0.25%	$ 298	$ 377
Decreased by 0.25%	($ 292)	($ 370)

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	$ 588	$ 634
Average maturity period of the defined benefit obligation	4.5 years	4.5 years

19. Maturity Analysis of Assets and Liabilities

The 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	$ 2,800,070	$ -	$ 2,800,070
Financial assets at fair value through profit or loss - current	2,852	-	2,852
Notes receivable	11,000	-	11,000
Inventory - buildings and land held for sale	205,665	-	205,665
Inventory - construction in progress	-	3,416,126	3,416,126
Prepayments	5,379	-	5,379
Other financial assets - current	88,841	-	88,841
Other current assets	4,507	-	4,507
	$ 3,118,314	$ 3,416,126	$ 6,534,440
Liabilities			
Short-term borrowings	$ -	$ 593,000	$ 593,000
Contract liabilities	76,412	-	76,412
Notes payable	1,323	-	1,323
Notes payable - related parties	35,175	-	35,175
Accounts payable	347	2,500	2,847
Accounts payable - related parties	36,750	-	36,750
Current tax liabilities	64,709	-	64,709
Other payables	31,775	-	31,775
Provisions - current	1,106	-	1,106
Long-term borrowings matured in one year	119,462	-	119,462
Other current liabilities	2,042	-	2,042
	$ 369,101	$ 595,500	$ 964,601

December 31, 2022	Within 1 Year	Beyond 1 Year	Total
ASSETS			
Cash and Cash Equivalents	$ 2,541,366	$ -	$ 2,541,366
Financial assets at fair value through profit or loss - current	6,382	-	6,382
Notes receivable	5,949	-	5,949
Accounts receivable	25,631	-	25,631
Inventory - buildings and land held for sale	254,715	-	254,715
Inventory - construction in progress	-	4,909,463	4,909,463
Prepayments	4,146	-	4,146
Other financial assets - current	173,557	-	173,557
Other current assets	2,661	-	2,661
	$ 3,014,407	$ 4,909,463	$ 7,923,870
LIABILITIES			
Short-term borrowings	$ 545,000	$ 593,000	$ 1,138,000
Contract liabilities	587,093	-	587,093
Notes payable	14,721	-	14,721
Notes payable - related parties	29,662	-	29,662
Accounts payable	248	2,500	2,748
Accounts payable - related parties	54,600	-	54,600
Current tax liabilities	101,124	-	101,124
Lease liabilities- current	477	-	477
Other payables	42,127	-	42,127
Provisions - current	1,106	-	1,106
Long-term borrowings matured in one year	117,843	-	117,843
Other current liabilities	22,392	-	22,392
	$ 1,516,393	$ 595,500	$ 2,111,893

20. **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 22(8).

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
Cash dividends per share ($)	$ 1.2	$ 1.0

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
Cash dividends per share ($)	$ 1.2

The above appropriations of cash dividends were approved by the Board of Directors. The remaining appropriations of earnings are subject to the resolution at the shareholders' meeting to be held on June 20, 2024.

21. Revenue

	2023	2022
Rental revenue	$ 87,270	$ 86,521
Construction revenue	3,326,474	4,437,419
	$ 3,413,744	$ 4,523,940

a. Explanation of customer contracts

Construction revenue

Penalties for delay of construction are specified in the real estate construction contracts, and the 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	$ 11,000	$ 31,580	$ 17,390
Contract liabilities	$ 76,412	$ 587,093	$ 315,387

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

22. Net Income (Loss) for the Year

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

a. Interest income

	2023	2022
Bank Deposits	$ 15,229	$ 3,524
Others	22	18
	$ 15,251	$ 3,542

b. Other income

	2023	2022
Remuneration of directors income	$ 130	$ 680
Others	222	1,156
	$ 352	$ 1,836

c. Other gains and losses

	2023	2022
Gain (loss) on fair value changes of financial assets at FVTPL	$ 1,638	($ 1,850)
Gains on disposal of investment properties	-	271,279
Others	(1,247)	1,978
	$ 391	$ 271,407

d. Finance costs

	2023	2022
Interest on bank loans	($ 48,047)	($ 53,993)
Imputed interest on deposits	(167)	(85)
Interest on lease liabilities	(3)	(48)
Less: Amounts included in the cost of required assets	48,047	53,992
	($ 170)	($ 134)

Please refer to Note 8(3) for the information about capitalized interest.

e. Depreciation and amortization

	2023	2022
Depreciation expenses by function		
Operating costs	$ 53,464	$ 54,523
Operating expenses	2,184	3,190
	$ 55,648	$ 57,713
Amortization expenses by function		
Operating expenses	$ 149	$ 12

f. Operating expenses directly related to investment property

	2023	2022
Rental cost generated	$ 53,464	$ 54,523

g. Employee benefits expenses

	2023	2022
Post-Retirement Benefits (Note 18)		
Defined contribution plans	$ 9,558	$ 1,748
Defined benefit plans	188	396
	9,746	2,144
Short-term employee benefits		
(salary, incentive, bonus, etc.)	57,419	65,516
Total employee benefit expenses	$ 67,165	$ 67,660
By function		
Operating costs	$ 4,236	$ 4,195
Operating expenses	62,929	63,465
	$ 67,165	$ 67,660

h. 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 parent company only 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 parent company only 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 for the years ended December 31, 2023 and 2022 is available at the Market Observation Post System website of the Taiwan Stock Exchange.

23. Income Tax

a. Income tax recognized in profit or loss

Major components of income tax expense are as follows:

	2023	2022
Current income tax		
In respect of the current year	$ 20,273	$ 44,304
Land value increment tax	28,852	17,918
House and land transactions income tax	76,541	149,230
Surcharges on unappropriated earnings	28,746	33,566
Adjustments for prior years	(1,925)	883
Deferred income tax		
In respect of the current year	5,720	(891)
Income tax expenses recognized in profit or loss	$ 158,207	$ 245,010

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

	2023	2022
Profit before income tax from continuing operations	$ 1,047,750	$ 1,259,708
Income tax from profit before income tax calculated at the statutory rate	$ 209,550	$ 251,942
Non-taxable income		
Gain on land sold exempt from income tax	(73,955)	(50,215)
Other non-taxable income	(33,237)	(9,602)
Non-deductible expenses for tax purposes	176	518
Land value increment tax	28,852	17,918
Surcharges on unappropriated earnings	28,746	33,566
Income tax expenses from previous years adjusted for current period	(1,925)	883
Income tax expenses recognized in profit or loss	$ 158,207	$ 245,010

b. Income tax recognized in other comprehensive income

	2023	2022
Deferred income tax		
In respect of the current year		
— Remeasurement of defined benefit plans	$ 1,584	$ 507

c. Current tax assets and liabilities

	December 31, 2023	December 31, 2022
Current tax liabilities		
Income tax payable	$ 64,709	$ 101,124

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				
Defined benefit retirement plans	$ 2,004	($ 113)	$ -	$ 1,891
Loss on idle asset valuation	3,173	-	-	3,173
Deferred selling and marketing expenses	6,796	(5,607)	-	1,189
	$ 11,973	($ 5,720)	$ -	$ 6,253

Deferred tax liabilities	Opening Balance	Recognized in profit and loss	Recognized in other comprehensive income	Closing Balance
Temporary differences				
Defined benefit retirement plans	($ 1,268)	$ -	($ 1,584)	($ 2,852)

2022

Deferred tax assets	Opening Balance	Recognized in profit and loss	Recognized in other comprehensive income	Reclassifications	Closing Balance
Temporary differences					
Defined benefit retirement plans	$ 2,086	($ 843)	($ 507)	$ 1,268	$ 2,004
Loss on idle asset valuation	3,173	-	-	-	3,173
Deferred selling and marketing expenses	5,062	1,734	-	-	6,796
	$ 10,321	$ 891	($ 507)	$ 1,268	$ 11,973

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

e. Amounts of deductible temporary differences for which no deferred tax assets have been recognized in the parent company only balance sheet

	December 31, 2023	December 31, 2022
Deductible temporary differences		
losses on impairment	$ 3,822	$ 13,822
Non-leaving pay	1,106	1,106
	$ 4,928	$ 14,928

f. Income tax assessments

The Company's annual income tax return of a profit-seeking enterprise has been assessed by the tax authorities for the years before 2021.

24. 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 (Loss) 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 Company offered to settle the employees’ compensation in cash or shares, the 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.

25. Information on Cash Flows

a. Non-cash transactions

For the years ended December 31, 2023 and 2022, the Company conducted the following non-cash transactions investments and financing activities.

1) The Company transferred inventories into investment properties, resulting in a decrease of $16,400 thousand in inventories and an increase of the same amount in investment properties for the year ended December 31, 2023.

2) The Company transferred investment properties into inventories, resulting in a decrease in investment properties 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 Company transferred property, plant and equipment into inventories, resulting in a decrease of $34,456 thousand in property, plant and equipment and an increase of the same amount in inventories for the year ended December 31, 2023.

b. Changes in liabilities arising from financing activities

2023

			Non-cash changes		
	January 1, 2023	Cash flows	New leasing	Others	December 31, 2023
Short-term borrowings	$1,138,000	($ 545,000)	$ -	$ -	$ 593,000
Long-term borrowings	1,243,117	(117,857)	-	-	1,125,260
Guarantee deposits	11,424	(143)	-	-	11,281
Lease liabilities	477	(477)	-	-	-
	$2,393,018	($ 663,477)	$ -	$ -	$1,729,541

2022

			Non-cash changes		
	January 1, 2022	Cash flows	New leasing	Others	December 31, 2022
Short-term borrowings	$2,212,730	($1,074,730)	$ -	$ -	$1,138,000
Long-term borrowings	1,667,860	(424,743)	-	-	1,243,117
Guarantee deposits	12,633	(1,209)	-	-	11,424
Lease liabilities	6,347	(1,255)	-	(4,615)	477
	$3,899,570	($1,501,937)	$ -	($ 4,615)	$2,393,018

26. Capital Risk Management

The Company conducts capital management to ensure that it would continue as a going concern with the premise of optimizing the balances of debt and equity, and to maximize shareholders' equity.

The Company's capital structure consists of 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 Company is not subject to any other external capital requirements.

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

27. Financial Instruments

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

Except for long-term borrowings as below, management of the 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	$1,005,798	$ -	$ 983,253	$ -	$ 983,253

December 31, 2022

	Carrying Value	Level 1	Level 2	Level 3	Total
Financial liabilities					
Financial liabilities measured at amortized cost:					
— Long-term borrowings	$1,125,274	$ -	$1,101,260	$ -	$1,101,260

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				
Fund beneficiary certificates	$ 2,852	$ -	$ -	$ 2,852

December 31, 2022

	Level 1	Level 2	Level 3	Total
Financial asset at FVTPL				
Fund beneficiary certificates	$ 6,382	$ -	$ -	$ 6,382

There was no transfer between Levels 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		
Value Measurement	$ 2,852	$ 6,382
Financial assets at amortized cost (Note 1)	2,901,223	2,748,353
Financial liabilities		
Financial liabilities at amortized cost (Note 2)	1,816,049	2,510,294

Note1: 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.

Note2: 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 Company's major financial instruments included equity investments, accounts receivable, accounts payable, lease liabilities, and borrowings, etc. The 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

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

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

a) Interest rate risk

The Company is exposed to interest rate risk because entities in the Company borrow funds at both fixed and floating interest rates. The carrying amount of the 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	$ 2,799,835	$ 2,541,148
— Financial liabilities	1,718,260	2,381,117

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 the interest rate had been 0.1% higher and all other variables were held constant, the Company's pre-tax profit for the years ended December 31, 2023 and 2022 would increase/decrease by $1,082 thousand and $160 thousand, respectively, mainly because the Company was exposed to risks from borrowings with variable interest rates and assets with variable interest rates.

b) Other price risk

The Company was exposed to other price risk through its fund beneficiary certificates.

2) Credit risk

Credit risk refers to the risk that counterparty will default on its contractual obligations resulting in a financial loss. As of the end of the reporting period, the Company's maximum exposure to credit risk due to failure to discharge an obligation by the counterparties arises from:

a) The carrying amount of the respective recognized financial assets as stated in the parent company only balance sheet.

b) The amount of contingent liabilities generated from financial guarantees that the Company provided.

The 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 Company's credit risk has been significantly reduced.

3) Liquidity risk

The Company manages liquidity risk by monitoring and maintaining a level of cash and cash equivalents deemed adequate to finance the 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 Company's unused financing facilities

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

The analysis of the 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 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	$ 81,000	$ -	$ -	$ -	$ 81,000
Floating interest rate instruments	122,339	854,277	200,083	721,731	1,898,430
	$ 203,339	$ 854,277	$ 200,083	$ 721,731	$ 1,979,430

December 31, 2022

	Less than 1 year	2 - 3 years	4 - 5 years	6+ years	Total
Non-derivative financial liabilities					
Lease liabilities	$ 477	$ -	$ -	$ -	$ 477
Non-interest-bearing liabilities	111,231	-	-	-	111,231
Floating interest rate instruments	677,742	887,284	194,347	816,241	2,575,614
	$ 789,450	$ 887,284	$ 194,347	$ 816,241	$ 2,687,322

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	$ 480	$ -	$ -	$ -	$ -	$ -

b) Financing facilities

	December 31, 2023	December 31, 2022
Unsecured bank borrowings amount (reviewed annually)		
— Amount used	$ -	$ -
— Amount unused	156,000	156,000
	$ 156,000	$ 156,000
Secured bank borrowings amount		
— Amount used	$ 1,718,260	$ 2,381,117
— Amount unused	1,424,740	3,124,863
	$ 3,143,000	$ 5,505,980

28. Related Party Transactions

a. Names and relationships of related parties

Name of related party	Relationship with the Company
Chien-Chiao Construction Co., Ltd. (the "Chien-Chiao Construction")	Investee accounted for using the equity method
FUSHIN Hotel Co., Ltd. (the "FUSHIN Hotel")	〃
Hsin-Long-Hsing Investment Co., Ltd. (the "Hsin-Long-Hsing Co.")	〃
Liu Hua-Hsing	Director of the Company

b. Operating revenue

Line Items	Name of related party	2023	2022
Rental revenue	Chien-Chiao Construction	$ 57	$ 57
	FUSHIN Hotel	57,600	59,882
		$ 57,657	$ 59,939

1) Lease agreement

For the years ended December 31, 2023 and 2022, the related party, FUSHIN Hotel, leased the buildings from the Company for hotel operations at a rent that was based on that of similar assets with monthly lease payments made in accordance with the lease agreement. The expiration date of the lease agreement as of December 31, 2023 ranges from May 31, 2028 to March 31, 2031.

2) Sublease of finance lease

In the fourth quarter of 2019, the Company transferred the office assets originally recorded as right-of-use assets under finance leases to FUSHIN Hotel with the net investment amounted to $3,851 thousand on the beginning date of lease and the lease term of 6 years. No loss allowance of finance lease was recognized for the years ended December 31, 2022 and 2021. A write-down of right-of-use asset costs amounted to $8,628 thousand and accumulated depreciation amounted to $958 thousand on the beginning date of lease. Differences were recognized under long-term investment using equity method and amortized through lease terms amounted to $0 thousand and $2,327 thousand as of December 31, 2023 and 2022

c. Construction subtracting

Details of the names of the construction projects subtracting to the Company's related parties, their total contract price, and their amounts sent for payment approval upon acceptance for the years ended December 31, 2023 and 2022 are as follows:

Name of related party	Project name	Construction contract price	Payment application upon acceptance as of December 31, 2023	Payment application upon acceptance as of December 31, 2022
Chien-Chiao Construction	Founding Yi Pin	$ 645,000	$ 645,000	$ 553,500
	Founding Li Garden	612,000	510,000	363,000
	Star Technology	585,000	461,000	282,000
	Li Ren Ming Di (originally Fu-Yi Tainan NO.2)	275,000	132,500	70,500
	Meditation Garden	195,000	85,000	18,000
	Chief Li Yuan (originally Lung Chuan sec.)	371,500	-	-
		$ 2,683,500	$ 1,833,500	$ 1,287,000

The construction cost shall be paid during the periods of which the estimate at completion based on the projects, and the final payment shall be made after all the work is completed and qualified with formal acceptance. Sight check issued for 50% of the price, and postdated check of one month issued for the other 50%.

The transaction terms of the above-mentioned subcontracting to related parties has no material abnormality.

d. Purchase (including investment in properties)

Name of related party	2023	2022
Chien-Chiao Construction	$ 529,500	$ 780,183

e. Amounts payable to related party

Line Items	Category / Name of related party	December 31, 2023	December 31, 2022
Notes payable	Chien-Chiao Construction	$ 35,175	$ 29,662
Accounts payable	Chien-Chiao Construction	$ 36,750	$ 54,600
Other payables	FUSHIN Hotel	$ 119	$ 154

The outstanding amount of payables - related parties is not collateralized.

f. Guarantee deposits

Name of related party	December 31, 2023	December 31, 2022
FUSHIN Hotel	$ 5,100	$ 5,100

g. Others

Accounts	Name of related party	2023	2022
Operating expenses	FUSHIN Hotel	$ 1,563	$ 2,772
	Liu Hua-Hsing	750	-
		$ 2,313	$ 2,772

h. Compensation of key management personnel

The remuneration of directors and other members of key management personnel for the years ended December 31, 2023 and 2022 was as follows:

	2023	2022
Short-term employee benefits	$ 26,150	$ 25,818
Post-retirement benefits	8,663	824
	$ 34,813	$ 26,642

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.

29. Pledged Assets

The following assets were provided for financial institution or vendor payments as collateral, and each of their carrying amounts is as follows:

	December 31, 2023	December 31, 2022
Inventory - buildings and land held for sale	$ -	$ 183,811
Inventory - construction in progress	3,249,706	4,796,871
Property, plant and equipment	81,122	81,535
Investment properties	3,454,272	3,665,081
	$ 6,785,100	$ 8,727,298

30. Significant Contingent Liabilities and Unrecognized Contract Commitments

Except for those described in other notes, significant commitments and contingencies of the 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 the Company's construction project holds the right of mortgage over the construction in progress.

b. The Company entered into contracts amounted to $2,683,500 thousand with contractors undertaking outsourced works and the amounts of $1,833,500 thousand were paid as of December 31, 2023.

31. 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)

b. Information on Invested Companies: (Table 5)

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 6)

32. Segment Information

Founding Construction Development Corp. has provided the operating segments disclosure in the consolidated financial statements for the year ended December 31, 2023.

Table 1

Founding Construction Development Corp.

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:

Note1: Explanation of the code column as follows:

1.Number 0 represents issuer.

2.Investee companies are numbered in order starting from "1" by company.

Note2: 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.

Note3: 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.

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 Marine 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$ thousands unless otherwise specified

Name of the Company acquiring 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

Note1: 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.

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.

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

Note1: 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.

Note2: 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.

Note3: 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 6

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%

Note1: 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.

Note2: 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.