

**FULL WANG INTERNATIONAL
DEVELOPMENT CO., LTD.
PARENT COMPANY ONLY FINANCIAL
STATEMENTS AND INDEPENDENT AUDITORS'
REPORT
DECEMBER 31, 2022 AND 2021**

For the convenience of readers and for information purpose only, the auditors' report and the accompanying financial statements have been translated into English from the original Chinese version prepared and used in the Republic of China. In the event of any discrepancy between the English version and the original Chinese version or any differences in the interpretation of the two versions, the Chinese-language auditors' report and financial statements shall prevail.

FULL WANG INTERNATIONAL DEVELOPMENT CO., LTD.
DECEMBER 31, 2022 AND 2021 PARENT COMPANY ONLY FINANCIAL
STATEMENTS AND INDEPENDENT AUDITORS' REPORT
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INDEPENDENT AUDITORS' REPORT TRANSLATED FROM CHINESE

To the Board of Directors and Shareholders of Full Wang International Development Co., Ltd.

Opinion

We have audited the accompanying parent company only balance sheets of Full Wang International Development Co., Ltd. (the "Company") as at December 31, 2022 and 2021, and the related parent company only statements of comprehensive income, of changes in equity and of cash flows for the years then ended, and 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 parent company only financial position of the Company as at December 31, 2022 and 2021, 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 Standards on Auditing of the Republic of China. Our responsibilities under those standards are further described in the *Auditors' responsibilities for the audit of the parent company only financial statements* section of our report. We are independent of the Company 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 Company's 2022 parent company only financial statements. 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, we do not provide a separate opinion on these matters.

Key audit matters for the Company's 2022 parent company only financial statements are stated as follows:

Cut-off of building and land sales revenue

Description

Please refer to Note 4(25) for accounting policies on sales revenue, and Note 6(18) for details. For the year ended December 31, 2022, building and land sales revenue amounted to NT\$573,028 thousand, representing 99% of operating revenue.

In the construction industry, building and land sales revenue are recognised when control of the building and land has been transferred. Since building and land sales in the construction industry involve numerous customers, the control transfer related documents shall be reviewed before recognising revenue which usually involves manual work, and thus may result in inappropriate timing of revenue recognition around the balance sheet date. Thus, we identified the cut-off of building and land sales revenue as a key audit matter.

How our audit addressed the matter

We performed the following audit procedures on the above key audit matter:

1. Obtained an understanding, assessment and verification on operating procedures and internal controls in relation to building and land sales revenue, including the following items:
 - (1) Interviewed employees involved in operating procedures of building and land sales revenue in each segment and obtained revenue recognition procedures of building and land sales in order to confirm that they are in line with the operating regulations.
 - (2) Examined the internal control of building and land sale revenue, checked whether the home inspection information had been reviewed by the competent supervisors and verified whether the date and the information recorded in supporting documents (including land registrations, house ownership certificates, home inspection information and house handover information) were consistent with the date and the information recorded in building and land sales contracts in order

to ensure transactions were recorded in the proper period.

2. Performed cut-off test on building and land transactions around the end of the reporting period, including verifying land registration, transfer date in the house ownership certificate, customers' home inspection checklists and customers' signed receipts for handing over of property to confirm that the building and land sales revenue recognition timing was appropriate.

Assessment of allowance for inventory valuation losses

Description

Please refer to Note 4(11) for accounting policy on inventory valuation, Note 5(2) for accounting estimates and assumptions in relation to inventory valuation. As at December 31, 2022, the carrying amount of inventories and allowance for inventory valuation losses amounted to NT\$6,610,960 thousand and NT\$0 thousand, respectively.

The Company's inventories pertain to buildings and land held for sale and construction in progress, and inventories are measured at the lower of cost and net realisable value. Since the Company operates in the construction industry which involves a high degree of capital input and has a long capital recovery period, the market price of real estate has higher fluctuations due to the impact of the government's housing policy and the state of the economy in recent years and because the inventory valuation involves management's subjective judgment, thus, we identified assessment of allowance for inventory valuation losses as a key audit matter.

How our audit addressed the matter

We performed the following audit procedures on the above key audit matter:

1. Obtained an understanding of and assessed the nature of the Company's business and industry and discussed with management in order to assess the reasonableness of the method and the procedure that the Company used to determine net realizable value.
2. Obtained the net realizable value report of inventory at the end of the reporting period, sampled and tested the adequacy of basis used in estimation of net realizable assets, including obtaining recent transaction prices of each project, recent transaction information of similar assets of neighboring area or appraisal report issued by external experts and the adequacy of the estimated costs necessary to complete the sale, and confirmed the net realizable value of ending inventories in order to assess the reasonableness of allowance for inventory valuation losses.

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 the Company'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 Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance, including the audit committee, are responsible for overseeing the Company'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 Standards on Auditing of 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 Standards on Auditing of 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 the Company's internal control.
3. Evaluate the appropriateness of accounting policies used 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 Company'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 the Company 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 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 Company to express an opinion on the parent company only financial statements. We are responsible for the direction, supervision and performance of the company audit. We remain solely responsible for our audit opinion.

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 parent company only financial statements of the current period 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.

Wang, Yu-Chuan

Liu, Mei Lan

For and on behalf of PricewaterhouseCoopers, Taiwan

February 23, 2023

The accompanying parent company only financial statements are not intended to present the financial position and results of operations and cash flows in accordance with accounting principles generally accepted in countries and jurisdictions other than the Republic of China. The standards, procedures and practices in the Republic of China governing the audit of such financial statements may differ from those generally accepted in countries and jurisdictions other than the Republic of China. Accordingly, the accompanying parent company only financial statements and independent auditors' report are not intended for use by those who are not informed about the accounting principles or auditing standards generally accepted in the Republic of China, and their applications in practice.

As the financial statements are the responsibility of the management, PricewaterhouseCoopers cannot accept any liability for the use of, or reliance on, the English translation or for any errors or misunderstandings that may derive from the translation.

FULL WANG INTERNATIONAL DEVELOPMENT CO., LTD.
PARENT COMPANY ONLY BALANCE SHEETS
DECEMBER 31, 2022 AND 2021
(Expressed in thousands of New Taiwan dollars)

Assets	Notes	December 31, 2022		December 31, 2021		
		AMOUNT	%	AMOUNT	%	
Current assets						
1100	Cash and cash equivalents	6(1)	\$ 155,241	2	\$ 608,612	6
1110	Financial assets at fair value through profit or loss - current	6(2) and 8	482,524	5	1,486,980	14
1136	Current financial assets at amortised cost	6(3) and 8	102,919	1	430,245	4
1150	Notes receivable, net	6(4)	1,066	-	7,310	-
1170	Accounts receivable, net	6(4) and 7(2)	43,826	1	831,891	8
1200	Other receivables	7(2) and 9(1)	32,401	-	87,419	1
1220	Current tax assets		2,766	-	-	-
130X	Inventories	6(5), 7(2), 8 and 9(1)	6,610,960	72	5,001,399	49
1470	Other current assets	6(6) and 7(2)	466,917	5	367,946	4
11XX	Current Assets		<u>7,898,620</u>	<u>86</u>	<u>8,821,802</u>	<u>86</u>
Non-current assets						
1510	Non-current financial assets at fair value through profit or loss	6(2)	10	-	10	-
1535	Non-current financial assets at amortised cost	6(3) and 8	980,953	11	979,580	9
1550	Investments accounted for under equity method	6(7)	45,558	1	185,881	2
1600	Property, plant and equipment	6(8)	33,086	-	32,324	-
1755	Right-of-use assets	6(9) and 7(2)	163,637	2	184,270	2
1780	Intangible assets		876	-	953	-
1840	Deferred tax assets	6(25)	28,347	-	25,596	-
1900	Other non-current assets	7(2) and 9(1)	41,536	-	74,468	1
15XX	Non-current assets		<u>1,294,003</u>	<u>14</u>	<u>1,483,082</u>	<u>14</u>
1XXX	Total assets		<u>\$ 9,192,623</u>	<u>100</u>	<u>\$ 10,304,884</u>	<u>100</u>

(Continued)

FULL WANG INTERNATIONAL DEVELOPMENT CO., LTD.
PARENT COMPANY ONLY BALANCE SHEETS
DECEMBER 31, 2022 AND 2021
(Expressed in thousands of New Taiwan dollars)

	Liabilities and Equity	Notes	December 31, 2022		December 31, 2021	
			AMOUNT	%	AMOUNT	%
	Current liabilities					
2100	Short-term borrowings	6(10)	\$ 4,523,172	49	\$ 4,540,066	44
2110	Short-term notes and bills payable	6(11)	348,737	4	349,518	3
2130	Current contract liabilities	6(18) and 7(2)	1,134,148	12	1,083,295	11
2150	Notes payable		22,182	-	41,113	1
2170	Accounts payable	7(2) and 9(1)	382,835	4	435,674	4
2200	Other payables	6(12) and 7(2)	33,433	1	53,755	1
2230	Current income tax liabilities		-	-	2,054	-
2280	Current lease liabilities	7(2)	11,589	-	12,632	-
2320	Long-term liabilities, current portion	6(13)	699,875	8	-	-
2399	Other current liabilities, others		7,577	-	20,652	-
21XX	Current Liabilities		<u>7,163,548</u>	<u>78</u>	<u>6,538,759</u>	<u>64</u>
	Non-current liabilities					
2530	Bonds payable	6(13)	999,605	11	1,698,916	16
2580	Non-current lease liabilities	7(2)	156,562	2	173,781	2
2600	Other non-current liabilities	6(7)	9,645	-	14,310	-
25XX	Non-current liabilities		<u>1,165,812</u>	<u>13</u>	<u>1,887,007</u>	<u>18</u>
2XXX	Total Liabilities		<u>8,329,360</u>	<u>91</u>	<u>8,425,766</u>	<u>82</u>
	Equity					
	Share capital	6(15)				
3110	Share capital - common stock		1,540,163	16	1,540,163	15
	Capital surplus	6(16)				
3200	Capital surplus		92,566	1	92,566	1
	Retained earnings	6(17)				
3310	Legal reserve		167,797	2	161,015	1
3320	Special reserve		746	-	-	-
3350	(Accumulated deficit) unappropriated retained earnings		(937,571)	(10)	86,120	1
	Other equity interest					
3400	Other equity interest		(438)	-	(746)	-
3XXX	Total equity		<u>863,263</u>	<u>9</u>	<u>1,879,118</u>	<u>18</u>
	Significant Contingent Liabilities and Unrecognised Contract Commitments	9				
	Significant Events after the Balance Sheet Date	11				
3X2X	Total liabilities and equity		<u>\$ 9,192,623</u>	<u>100</u>	<u>\$ 10,304,884</u>	<u>100</u>

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

FULL WANG INTERNATIONAL DEVELOPMENT CO., LTD.
PARENT COMPANY ONLY STATEMENTS OF COMPREHENSIVE INCOME
YEARS ENDED DECEMBER 31, 2022 AND 2021

(Expressed in thousands of New Taiwan dollars, except (loss) earnings per share)

	Items	Notes	Year ended December 31			
			2022		2021	
			AMOUNT	%	AMOUNT	%
4000	Sales revenue	6(18) and 7(2)	\$ 576,663	100	\$ 3,176,713	100
5000	Operating costs	6(5)	(433,016)	(75)	(2,540,260)	(80)
5900	Net operating margin		<u>143,647</u>	<u>25</u>	<u>636,453</u>	<u>20</u>
	Operating expenses	7(2)				
6100	Selling expenses		(83,984)	(15)	(144,563)	(4)
6200	General and administrative expenses		(126,935)	(22)	(120,839)	(4)
6000	Total operating expenses		(210,919)	(37)	(265,402)	(8)
6900	Operating (loss) profit		(67,272)	(12)	<u>371,051</u>	<u>12</u>
	Non-operating income and expenses					
7100	Interest income	6(19)	2,423	1	2,002	-
7010	Other income	6(20)	69,315	12	43,353	1
7020	Other gains and losses	6(21)	(857,052)	(149)	(362,980)	(11)
7050	Finance costs	6(22)	(36,510)	(6)	(45,232)	(1)
7070	Share of (loss) profit of associates and joint ventures accounted for using equity method, net	6(7)	(81,462)	(14)	<u>77,036</u>	<u>2</u>
7000	Total non-operating income and expenses		(903,286)	(156)	(285,821)	(9)
7900	Profit (loss) before income tax		(970,558)	(168)	85,230	3
7950	Income tax expense	6(25)	(7,101)	(1)	(17,408)	(1)
8200	Profit (loss) for the year		<u>(\$ 977,659)</u>	<u>(169)</u>	<u>\$ 67,822</u>	<u>2</u>
	Components of other comprehensive income that will be reclassified to profit or loss					
8361	Financial statements translation differences of foreign operations		<u>\$ 308</u>	-	(\$ 746)	-
8360	Components of other comprehensive income that will be reclassified to profit or loss		<u>308</u>	-	(<u>746</u>)	-
8300	Other comprehensive income (loss) for the year		<u>\$ 308</u>	-	(<u>\$ 746</u>)	-
8500	Total comprehensive (loss) income for the year		<u>(\$ 977,351)</u>	<u>(169)</u>	<u>\$ 67,076</u>	<u>2</u>
	Total basic (loss) earnings per share					
9750	Total basic (loss) earnings per share	6(26)	<u>(\$ 6.35)</u>		<u>\$ 0.44</u>	
	Diluted (loss) earnings per share					
9850	Diluted (loss) earnings per share	6(26)	<u>(\$ 6.35)</u>		<u>\$ 0.44</u>	

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

FULL WANG INTERNATIONAL DEVELOPMENT CO., LTD.
PARENT COMPANY ONLY STATEMENTS OF CHANGES IN EQUITY
YEARS ENDED DECEMBER 31, 2022 AND 2021
(Expressed in thousands of New Taiwan dollars)

	Notes	Share capital - common stock	Capital surplus, additional paid- in capital	Retained Earnings		Unappropriated retained earnings (accumulated deficit)	Exchange differences on translation of foreign financial statements	Total equity
				Legal reserve	Special reserve			
<u>Year ended December 31, 2021</u>								
Balance at January 1, 2021		\$ 1,540,163	\$ 92,566	\$ 124,756	\$ -	\$ 362,590	\$ -	\$ 2,120,075
Profit for the year		-	-	-	-	67,822	-	67,822
Other comprehensive loss for the year		-	-	-	-	-	(746)	(746)
Total comprehensive income (loss)		-	-	-	-	67,822	(746)	67,076
Appropriations and distribution of 2020 retained earnings	6(17)							
Legal reserve		-	-	36,259	-	(36,259)	-	-
Cash dividends		-	-	-	-	(308,033)	-	(308,033)
Balance at December 31, 2021		\$ 1,540,163	\$ 92,566	\$ 161,015	\$ -	\$ 86,120	(\$ 746)	\$ 1,879,118
<u>Year ended December 31, 2022</u>								
Balance at January 1, 2022		\$ 1,540,163	\$ 92,566	\$ 161,015	\$ -	\$ 86,120	(\$ 746)	\$ 1,879,118
Loss for the year		-	-	-	-	(977,659)	-	(977,659)
Other comprehensive income for the year		-	-	-	-	-	308	308
Total comprehensive income (loss)		-	-	-	-	(977,659)	308	(977,351)
Appropriations and distribution of 2021 retained earnings	6(17)							
Legal reserve		-	-	6,782	-	(6,782)	-	-
Special reserve		-	-	-	746	(746)	-	-
Cash dividends		-	-	-	-	(38,504)	-	(38,504)
Balance at December 31, 2022		\$ 1,540,163	\$ 92,566	\$ 167,797	\$ 746	(\$ 937,571)	(\$ 438)	\$ 863,263

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

FULL WANG INTERNATIONAL DEVELOPMENT CO., LTD.
PARENT COMPANY ONLY STATEMENTS OF CASH FLOWS
YEARS ENDED DECEMBER 31, 2022 AND 2021
(Expressed in thousands of New Taiwan dollars)

	Notes	Year ended December 31	
		2022	2021
<u>CASH FLOWS FROM OPERATING ACTIVITIES</u>			
(Loss) profit before tax		(\$ 970,558)	\$ 85,230
Adjustments			
Adjustments to reconcile profit (loss)			
Depreciation expense - property, plant and equipment	6(8)	10,596	10,982
Depreciation expense - right-of-use assets	6(9)	11,247	8,622
Amortization expense	6(23)	554	444
Expected credit impairment gain	12(2)	-	(447)
Loss on financial assets at fair value through profit or loss	6(2)(21)	856,582	361,169
Interest expense	6(22)	36,510	45,232
Interest income	6(19)	(2,423)	(2,002)
Dividend income	6(20)	(54,466)	(15,235)
Other income		-	(28,550)
Share of profit of associates for using the equity method	6(7)	81,462	(77,036)
Losses on disposals of property and equipment	6(21)	50	-
Profit from lease modification	6(21)	(964)	-
Litigation loss	6(21)	377	-
Changes in operating assets and liabilities			
Changes in operating assets			
Notes receivable		6,244	3,316
Accounts receivable (including related parties)		788,065	(776,646)
Other receivables		(10,160)	(31)
Other receivables due from related parties		(11,312)	(3,392)
Inventories		(1,533,714)	184,274
Other current assets		(98,972)	(186,031)
Changes in operating liabilities			
Current contract liabilities		50,853	646,194
Notes payable		(18,931)	40,706
Accounts payable(including related parties)		(52,839)	160,506
Other payables(including related parties)		(14,207)	(41,747)
Other current liabilities		(13,074)	(9,885)
Cash (outflow) inflow generated from operations		(939,080)	405,673
Interest received		2,423	2,002
Interest paid		(111,928)	(105,670)
Income taxes paid		(14,673)	(30,650)
Net cash flows (used in) from operating activities		(1,063,258)	271,355

(Continued)

FULL WANG INTERNATIONAL DEVELOPMENT CO., LTD.
PARENT COMPANY ONLY STATEMENTS OF CASH FLOWS
YEARS ENDED DECEMBER 31, 2022 AND 2021
(Expressed in thousands of New Taiwan dollars)

	Notes	Year ended December 31	
		2022	2021
<u>CASH FLOWS FROM INVESTING ACTIVITIES</u>			
Acquisition of financial assets at fair value through profit or loss	6(27)	(\$ 9,008,910)	(\$ 38,268,984)
Proceeds from disposal of financial assets at fair value through profit or loss	6(27)	9,202,074	37,925,265
Capital reduction and refund from financial assets at fair value through profit or loss		4,440	-
Decrease (increase) in financial assets at amortised cost		325,953	(174,491)
Acquisition of property, plant and equipment	6(27)	(11,408)	(26,263)
Increase in refundable deposits		(8,897)	(44,096)
Decrease in refundable deposits		41,829	71,045
Acquisition of intangible assets		(477)	(578)
Decrease in prepayments for business facilities		-	2,857
Dividends received		128,460	25,882
Net cash flows from (used in) investing activities		<u>673,064</u>	<u>(489,363)</u>
<u>CASH FLOWS FROM FINANCING ACTIVITIES</u>			
Increase in short-term borrowings	6(28)	9,462,648	19,934,909
Decrease in short-term borrowings	6(28)	(9,479,542)	(19,543,455)
Increase in short-term notes and bills payable	6(28)	350,000	350,000
Decrease in short-term notes and bills payable	6(28)	(350,000)	(400,000)
Increase in guarantee deposits received	6(28)	725	212
Decrease in guarantee deposits received	6(28)	(592)	(575)
Repayment of principal portion of lease liabilities	6(28)	(7,912)	(6,536)
Cash dividends paid	6(17)(28)	(38,504)	(308,033)
Net cash flows (used in) from financing activities		<u>(63,177)</u>	<u>26,522</u>
Net decrease in cash and cash equivalents		(453,371)	(191,486)
Cash and cash equivalents at beginning of year		<u>608,612</u>	<u>800,098</u>
Cash and cash equivalents at end of year		<u>\$ 155,241</u>	<u>\$ 608,612</u>

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

FULL WANG INTERNATIONAL DEVELOPMENT CO., LTD.
NOTES TO THE PARENT COMPANY ONLY FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021

(Expressed in thousands of New Taiwan dollars, except as otherwise indicated)

1. History and Organisation

Full Wang International Development Co., Ltd. (the “Company”) was incorporated on April 23, 1997. The Company is primarily engaged in construction, development, sales, lease, agency and consignment of real estate. The Company’s stocks have been approved for public issuance by the Securities and Futures Commission, Ministry of Finance (currently named the Financial Supervisory Commission (FSC)) since July 26, 1997 and was listed on the Taipei Exchange starting from February 26, 2003.

2. The Date of Authorisation for Issuance of the Financial Statements and Procedures for Authorisation

These financial statements were authorised for issuance by the Board of Directors on February 23, 2023.

3. Application of New Standards, Amendments and Interpretations

(1) Effect of the adoption of new issuances of or amendments to International Financial Reporting Standards (“IFRS”) that came into effect as endorsed by the Financial Supervisory Commission (“FSC”)

New standards, interpretations and amendments that came into effect as endorsed by FSC and became effective from 2022 are as follows:

<u>New Standards, Interpretations and Amendments</u>	<u>Effective date by International Accounting Standards Board</u>
Amendments to IFRS 3, ‘Reference to the conceptual framework’	January 1, 2022
Amendments to IAS 16, ‘Property, plant and equipment:proceeds before intended use’	January 1, 2022
Amendments to IAS 37, ‘Onerous contracts—cost of fulfilling a contract’	January 1, 2022
Annual improvements to IFRS Standards 2018–2020	January 1, 2022

The above standards and interpretations have no significant impact to the Company’s financial condition and financial performance based on the Company’s assessment.

(2) Effect of new issuances of or amendments to IFRSs that came into effect as endorsed by the FSC but not yet adopted by the Company

New standards, interpretations and amendments that came into effect as endorsed by the FSC effective from 2023 are as follows:

<u>New Standards, Interpretations and Amendments</u>	<u>Effective date by International Accounting Standards Board</u>
Amendments to IAS 1, 'Disclosure of accounting policies'	January 1, 2023
Amendments to IAS 8, 'Definition of accounting estimates'	January 1, 2023
Amendments to IAS 12, 'Deferred tax related to assets and liabilities arising from a single transaction'	January 1, 2023

Except for the following, the above standards and interpretations have no significant impact to the Company's financial condition and financial performance based on the Company's assessment.

(3) IFRSs issued by IASB but not yet endorsed by the FSC

New standards, interpretations and amendments issued by IASB but not yet included in the IFRSs as endorsed by the FSC are as follows:

<u>New Standards, Interpretations and Amendments</u>	<u>Effective date by International Accounting Standards Board</u>
Amendments to IFRS 10 and IAS 28, 'Sale or contribution of assets between an investor and its associate or joint venture'	To be determined by International Accounting Standards Board
Amendments to IFRS 16, 'Lease liability in a sale and leaseback'	January 1, 2024
IFRS 17, 'Insurance contracts'	January 1, 2023
Amendments to IFRS 17, 'Insurance contracts'	January 1, 2023
Amendment to IFRS 17, 'Initial application of IFRS 17 and IFRS 9 – comparative information'	January 1, 2023
Amendments to IAS 1, 'Classification of liabilities as current or non-current'	January 1, 2024
Amendments to IAS 1, 'Non-current liabilities with covenants'	January 1, 2024

The above standards and interpretations have no significant impact to the Company's financial condition and financial performance based on the Company's assessment.

4. Summary of Significant Accounting Policies

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

(1) Compliance statement

The parent company only financial statements of the Company have been prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers.

(2) Basis of preparation

- A. Except for the financial assets at fair value through profit or loss, the parent company only financial statements have been prepared under the historical cost convention.
- B. The preparation of financial statements in conformity with International Financial Reporting Standards, International Accounting Standards, IFRIC Interpretations, and SIC Interpretations that came into effect as endorsed by the FSC (collectively referred herein as the “IFRSs”) requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Company’s accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in Note 5.

(3) Foreign currency translation

Items included in the financial statements of each of the Company’s entities are measured using the currency of the primary economic environment in which the entity operates (the “functional currency”). The parent company only financial statements are presented in New Taiwan dollar, which is the Company’s functional currency.

Foreign currency transactions and balances

- A. Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuation where items are remeasured. Foreign exchange gains and losses resulting from the settlement of such transactions are recognised in profit or loss in the period in which they arise.
- B. Monetary assets and liabilities denominated in foreign currencies at the period end are re-translated at the exchange rates prevailing at the balance sheet date. Exchange differences arising upon re-translation at the balance sheet date are recognised in profit or loss.
- C. Non-monetary assets and liabilities denominated in foreign currencies held at fair value through profit or loss are re-translated at the exchange rates prevailing at the balance sheet date; their translation differences are recognised in profit or loss. However, non-monetary assets and liabilities denominated in foreign currencies that are not measured at fair value are translated using the historical exchange rates at the dates of the initial transactions.
- D. All other foreign exchange gains and losses based on the nature of those transactions are presented in the statement of comprehensive income within ‘other gains and losses’.

(4) Classification of current and non-current items

- A. Assets that meet one of the following criteria are classified as current assets:
 - (a) Assets arising from operating activities that are expected to be realised, or are intended to be sold or consumed within the normal operating cycle;
 - (b) Assets held mainly for trading purposes;
 - (c) Assets that are expected to be realised within twelve months from the balance sheet date;

- (d) Cash and cash equivalents, excluding restricted cash and cash equivalents and those that are to be exchanged or used to settle liabilities more than twelve months after the balance sheet date.

Except for the assets related to construction and long-term construction contracts, assets that do not meet the above criteria are classified as non-current assets.

B. Liabilities that meet one of the following criteria are classified as current liabilities:

- (a) Liabilities that are expected to be settled within the normal operating cycle;
- (b) Liabilities arising mainly from trading activities;
- (c) Liabilities that are to be settled within twelve months from the balance sheet date;
- (d) Liabilities for which the repayment date cannot be extended unconditionally to more than twelve months after the balance sheet date. Terms of a liability that could, at the option of the counterparty, result in its settlement by the issue of equity instruments do not affect its classification.

Except for the liabilities related to construction and long-term construction contracts, liabilities that do not meet the above criteria are classified as non-current liabilities.

C. As the operating cycle for constructions and sales of buildings usually exceeds one year, the Company uses the operating cycle as its criteria for classifying current and non-current assets and liabilities related to construction contracts. For other assets and liabilities, the criterion is one year.

(5) Financial assets at fair value through profit or loss

- A. Financial assets at fair value through profit or loss are financial assets that are not measured at amortised cost or fair value through other comprehensive income.
- B. On a regular way purchase or sale basis, financial assets at fair value through profit or loss are recognised and derecognised using trade date accounting.
- C. At initial recognition, the Company measures the financial assets at fair value and recognises the transaction costs in profit or loss. The Company subsequently measures the financial assets at fair value, and recognises the gain or loss in profit or loss.
- D. The Company recognises the dividend income when the right to receive payment is established, future economic benefits associated with the dividend will flow to the Company and the amount of the dividend can be measured reliably.

(6) Financial assets at amortised cost

- A. Financial assets at amortised cost are those that meet all of the following criteria:
 - (a) The objective of the Company's business model is achieved by collecting contractual cash flows.
 - (b) The assets' contractual cash flows represent solely payments of principal and interest.
- B. On a regular way purchase or sale basis, financial assets at amortised cost are recognised and derecognised using trade date accounting.
- C. At initial recognition, the Company measures the financial assets at fair value plus transaction costs. Interest income from these financial assets is included in finance income using the effective

interest method. A gain or loss is recognised in profit or loss when the asset is derecognised or impaired.

D. The Company's time deposits which do not fall under cash equivalents are those with a short maturity period and are measured at initial investment amount as the effect of discounting is immaterial.

(7) Accounts and notes receivable

A. Accounts and notes receivable entitle the Company a legal right to receive consideration in exchange for transferred goods or rendered services.

B. The short-term accounts and notes receivable without bearing interest are subsequently measured at initial invoice amount as the effect of discounting is immaterial.

(8) Impairment of financial assets

For financial assets at amortised cost, at each reporting date, the Company recognises the impairment provision for 12 months expected credit losses if there has not been a significant increase in credit risk since initial recognition or recognises the impairment provision for the lifetime expected credit losses (ECLs) if such credit risk has increased since initial recognition after taking into consideration all reasonable and verifiable information that includes forecasts. On the other hand, for accounts receivable that do not contain a significant financing component, the Company recognises the impairment provision for lifetime ECLs.

(9) Derecognition of financial assets

The Company derecognises a financial asset when the contractual rights to receive the cash flows from the financial asset expire.

The Company derecognises a financial asset when one of the following conditions is met:

A. The contractual rights to receive the cash flows from the financial asset expire.

B. The contractual rights to receive cash flows of the financial asset have been transferred and the Company has transferred substantially all risks and rewards of ownership of the financial asset.

C. The contractual rights to receive cash flows of the financial asset have been transferred; however, the Company has not retained control of the financial asset.

(10) Leasing arrangements (lessor) – operating leases

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

(11) Inventories

Inventories related to the construction industry include land held for sale, buildings held for sale, construction in progress and construction materials, etc., which are recorded at cost. Borrowing costs incurred during the construction period are capitalised. The cost is accumulated based on constructions and is determined based on floor space of a building. Also, inventories are assessed based on the lower of cost and net realizable value at the balance sheet date. Net realizable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and the estimated costs necessary to make the sale. The Company adopted specific identification

method to attribute costs to each construction project when comparing costs and net realizable value of inventories. The amount that the Company wrote down from cost to net realizable value was accounted for as cost of goods sold.

(12) Subsidiaries accounted for using equity method

- A. Subsidiaries are all entities (including structured entities) controlled by the Company. The Company controls an entity when the Company is exposed, or has rights, to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity.
- B. Inter-company transactions, balances and unrealised gains or losses on transactions between companies within the Company are eliminated. Accounting policies of subsidiaries have been adjusted where necessary to ensure consistency with the policies adopted by the Company.
- C. The Company's share of its associates' post-acquisition profits or losses is recognised in profit or loss, and its share of post-acquisition movements in other comprehensive income is recognised in other comprehensive income. When the Company's share of losses in a subsidiary equals or exceeds its interest in the subsidiary, the Company continues to recognise losses proportionate to its ownership.
- D. Pursuant to the Regulations Governing the Preparation of Financial Reports by Securities Issuers, profit (loss) of the current period and other comprehensive income in the non-consolidated financial statements shall be equal to the amount attributable to owners of the parent in the consolidated financial statements. Owners' equity in the non-consolidated financial statements shall be equal to equity attributable to owners of the parent in the consolidated financial statements.

(13) Property, plant and equipment

- A. Property, plant and equipment are initially recorded at cost. Borrowing costs incurred during the construction period are capitalised.
- B. Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are charged to profit or loss during the financial period in which they are incurred.
- C. Land is not depreciated. Other property, plant and equipment apply cost model and are depreciated using the straight-line method to allocate their cost over their estimated useful lives. Each part of an item of property, plant, and equipment with a cost that is significant in relation to the total cost of the item must be depreciated separately.
- D. The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted if appropriate, at each financial year-end. If expectations for the assets' residual values and useful lives differ from previous estimates or the patterns of consumption of the assets' future economic benefits embodied in the assets have changed significantly, any change is accounted for as a

change in estimate under IAS 8, 'Accounting Policies, Changes in Accounting Estimates and Errors', from the date of the change. The estimated useful lives of property, plant and equipment are as follows:

Leasehold improvements	1~2 year(s)
Other equipment	3~5 year(s)

(14) Leasing arrangements (lessee) – right-of-use assets/ lease liabilities

A. Leases are recognised as a right-of-use asset and a corresponding lease liability at the date at which the leased asset is available for use by the Company. For short-term leases or leases of low-value assets, lease payments are recognised as an expense on a straight-line basis over the lease term.

B. Lease liabilities include the net present value of the remaining lease payments at the commencement date, discounted using the incremental borrowing interest rate. Lease payments are comprised of the following:

- (a) Fixed payments, less any lease incentives receivable; and
- (b) Variable lease payments that depend on an index or a rate.

The Company subsequently measures the lease liability at amortised cost using the interest method and recognises interest expense over the lease term. The lease liability is remeasured and the amount of remeasurement is recognised as an adjustment to the right-of-use asset when there are changes in the lease term or lease payments and such changes do not arise from contract modifications.

C. At the commencement date, the right-of-use asset measured at cost shall comprise the amount of the initial measurement of lease liability.

The right-of-use asset is measured subsequently using the cost model and is depreciated from the commencement date to the earlier of the end of the asset's useful life or the end of the lease term. When the lease liability is remeasured, the amount of remeasurement is recognised as an adjustment to the right-of-use asset.

D. For lease modifications that decrease the scope of the lease, the lessee shall decrease the carrying amount of the right-of-use asset and remeasure the lease liability to reflect the partial or full termination of the lease, and recognise the difference in profit or loss.

(15) Intangible assets

Computer software is stated at cost and amortised on a straight-line basis over its estimated useful life of 3 years.

(16) Impairment of non-financial assets

The Company assesses at each balance sheet date the recoverable amounts of those assets where there is an indication that they are impaired. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell or value in use. When the circumstances or reasons for recognising impairment loss for an asset in prior years no longer exist or diminish, the

impairment loss is reversed. The increased carrying amount due to reversal should not be more than what the depreciated or amortised historical cost would have been if the impairment had not been recognised.

(17) Borrowings

Borrowings comprise long-term and short-term bank borrowings and other short-term loans. Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently stated at amortised cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognised in profit or loss over the period of the borrowings using the effective interest method.

(18) Notes and accounts payable

A. Accounts payable are liabilities for purchases of raw materials, goods or services and notes payable are those resulting from operating and non-operating activities.

B. The short-term notes and accounts payable without bearing interest are subsequently measured at initial invoice amount as the effect of discounting is immaterial.

(19) Bonds payable

Ordinary corporate bonds issued by the Company are initially recognised at fair value less transaction costs. Any difference between the proceeds (net of transaction costs) and the redemption value is presented as an addition to or deduction from bonds payable, which is amortised to profit or loss over the period of bond circulation using the effective interest method as an adjustment to 'finance costs'.

(20) Derecognition of financial liabilities

A financial liability is derecognised when the obligation specified in the contract is either discharged or cancelled or expires.

(21) Employee benefits

A. Short-term employee benefits

Short-term employee benefits are measured at the undiscounted amount of the benefits expected to be paid in respect of service rendered by employees in a period and should be recognised as expense in that period when the employees render service.

B. Pensions

For defined contribution plans, the contributions are recognised as pension expense when they are due on an accrual basis. Prepaid contributions are recognised as an asset to the extent of a cash refund or a reduction in the future payments.

C. Employees' compensation and directors' and supervisors' remuneration

Employees' compensation and directors' and supervisors' remuneration are recognised as expense and liability, provided that such recognition is required under legal or constructive obligation and those amounts can be reliably estimated. Any difference between the resolved amounts and the subsequently actual distributed amounts is accounted for as changes in estimates. If employee compensation is paid by shares, the Company calculates the number of shares based

on the closing price at the previous day of the board meeting resolution.

(22) Income tax

- A. The tax expense for the period comprises current and deferred tax. Tax is recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income or items recognised directly in equity, in which cases the tax is recognised in other comprehensive income or equity.
- B. The current income tax expense is calculated on the basis of the tax laws enacted or substantively enacted at the balance sheet date in the countries where the Company and its subsidiaries operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in accordance with applicable tax regulations. It establishes provisions where appropriate based on the amounts expected to be paid to the tax authorities. An additional tax is levied on the unappropriated retained earnings and is recorded as income tax expense in the year the stockholders resolve to retain the earnings.
- C. Deferred tax is recognised, using the balance sheet liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated balance sheet. However, the deferred tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred tax is provided on temporary differences arising on investments in subsidiaries, except where the timing of the reversal of the temporary difference is controlled by the Company and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the balance sheet date and are expected to apply when the related deferred tax asset is realised or the deferred tax liability is settled.
- D. Deferred tax assets are recognised only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised. At each balance sheet date, unrecognised and recognised deferred tax assets are reassessed.

(23) Share capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or stock options are shown in equity as a deduction, net of tax, from the proceeds.

(24) Dividends

Cash dividends distributed to shareholders are recorded as liability in the financial statements when the Company's Board of Directors resolved to distribute dividends. Stock dividends distributed to shareholders are recorded as stock dividend to be distributed in the financial statements when the shareholders resolved to distribute dividends and transferred to ordinary shares at the effective date of new shares.

(25) Revenue recognition

A. Sales of real estate

- (a) The Company is primarily engaged in building real estate through entrusting a construction company and sales of real estate. The revenue from sales of real estate is recognised when the control over the real estate is transferred to customers. The properties have generally no alternative use for the Company due to contractual restrictions. However, an enforceable right to payment does not arise until legal title has passed to the customer. Therefore, revenue is recognised at a point in time when the legal title has passed to the customer.
- (b) Certain sales contract of pre-sale houses contains provision for advance sales receipts, wherein the period between advance collection and the transfer of control of goods is longer than one year. The Company assessed that there is no significant financial component in the individual contract, therefore the Company does not adjust the transaction price to reflect the time value of money.

B. Service revenue

Service revenue is derived from providing services based on commissioned sales contracts. Revenue is recognised when the provision of services is completed, and customer pays contract consideration when the provision of service is completed.

C. Incremental costs of obtaining a contract

The Company recognises an asset (shown as ‘other current assets’) the incremental costs (mainly comprised of sales commissions) of obtaining a contract with a customer if the Company expects to recover those costs. The recognised asset is amortised on a systematic basis that is consistent with the transfers to the customer of the goods or services to which the asset relates. The Company recognises an impairment loss to the extent that the carrying amount of the asset exceeds the remaining amount of consideration that the Company expects to receive less the costs that have not been recognised as expenses.

(26) Operating segments

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The Company’s chief operating decision-maker is responsible for allocating resources and assessing performance of the operating segments.

5. Critical Accounting Judgements, Estimates and Key Sources of Assumption Uncertainty

The preparation of these parent company only financial statements requires management to make critical judgements in applying the Company’s accounting policies and make critical assumptions and estimates concerning future events. Assumptions and estimates may differ from the actual results and are continually evaluated and adjusted based on historical experience and other factors. Such assumptions and estimates have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year. There are no critical accounting judgements, estimates and assumption uncertainty.

(1) Critical judgements in applying the Company's accounting policies

None.

(2) Critical accounting estimates and assumptions

Evaluation of inventories

As inventories are stated at the lower of cost and net realisable value, the Company must determine the net realisable value of inventories on balance sheet date using judgements and estimates. Inventory valuation is primarily estimated based on the market price which may have significant changes due to the government's housing policy and the recent state of the economy on real estate.

As of December 31, 2022, the carrying amount of inventories was \$6,610,960 thousand.

6. Details of Significant Accounts

(1) Cash and cash equivalents

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
Cash on hand and pretty cash	\$ 844	\$ 900
Checking accounts	2,943	2,114
Demand deposits	148,110	602,587
Foreign currency deposits	3,344	3,011
	<u>\$ 155,241</u>	<u>\$ 608,612</u>

- A. The Company transacts with a variety of financial institutions all with high credit quality to disperse credit risk, so it expects that the probability of counterparty default is remote.
- B. For the years ended December 31, 2022 and 2021, the Company's performance guarantee escrow account pertained to trust deposit of pre-sales new construction amounting to \$102,919 thousand and \$430,245 thousand, respectively, which is listed as financial assets at amortised cost-current. Please refer to Notes 6(3) and 8 for details.
- C. For the years ended December 31, 2022 and 2021, certain demand deposits and time deposits were pledged to others as collateral for the Company's issuance of corporate bonds and short-term notes and bills payable amounting to \$980,953 thousand and \$979,580 thousand, respectively, which were listed as financial assets at amortised cost-non-current. Please refer to Notes 6(3) and 8 for details.

(2) Financial assets at fair value through profit or loss

Items	December 31, 2022	December 31, 2021
Current items:		
Financial assets mandatorily measured at fair value through profit or loss		
Equity securities	\$ 498,028	\$ 1,399,065
Valuation adjustment	(15,504)	87,915
	\$ 482,524	\$ 1,486,980

Non-current items:

Financial assets mandatorily measured at fair value through profit or loss

Equity securities	\$ 10	\$ 10
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- A. Amounts recognised in profit or loss in relation to financial assets at fair value through profit or loss are listed below:

	Year ended December 31	
	2022	2021
Financial assets mandatorily measured at fair value through profit or loss		
Equity instruments	(\$ 821,044)	(\$ 361,169)
Derivatives	(35,538)	\$ -
	(\$ 856,582)	(\$ 361,169)

- B. Details of the Company's financial assets at fair value through profit or loss pledged to others as collateral are provided in Note 8.

- C. The fair value information and price risk pertaining to the financial assets at fair value through profit or loss are provided in Notes 12(2) and (3).

(3) Financial assets at amortised cost

Items	December 31, 2022	December 31, 2021
Current items:		
Performance guarantee escrow account	\$ 102,919	\$ 430,245
Non-current items:		
Restricted demand deposits	\$ 977,653	\$ 976,280
Restricted time deposits	3,300	3,300
	\$ 980,953	\$ 979,580

- A. Amounts recognised in profit or loss in relation to financial assets at amortised cost are listed below:

	Year ended December 31	
	2022	2021
Interest income	\$ 1,450	\$ 412

- B. As at December 31, 2022 and 2021, without taking into account any collateral held or other credit enhancements, the maximum exposure to credit risk in respect of the amount that best represents the financial assets at amortised cost held by the Company was its carrying amount.
- C. Details of the Company's financial assets at amortised cost pledged to others as collateral are provided in Note 8.
- D. Information relating to credit risk of financial assets at amortised cost is provided in Note 12(2). The counterparties of the Company's investments in certificates of deposits are financial institutions with high credit quality, so the Company expects that the probability of counterparty default is remote.

(4) Accounts and notes receivable

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
Notes receivable	\$ 1,066	\$ 7,310
Accounts receivable	44,525	832,590
Less: Allowance for uncollectible accounts	(699)	(699)
	<u>\$ 43,826</u>	<u>\$ 831,891</u>

- A. The ageing analysis of accounts receivable and notes receivable that were past due but not impaired is as follows:

	<u>December 31, 2022</u>		<u>December 31, 2021</u>	
	Accounts receivable	Notes receivable	Accounts receivable	Notes receivable
Not past due	\$ 44,525	\$ 1,066	\$ 832,590	\$ 7,310
Up to 30 days	-	-	-	-
31 to 90 days	-	-	-	-
Over 91 days	-	-	-	-
	<u>\$ 44,525</u>	<u>\$ 1,066</u>	<u>\$ 832,590</u>	<u>\$ 7,310</u>

The above ageing analysis was based on past due date.

- B. As of December 31, 2022 and 2021, accounts receivable and notes receivable were all from contracts with customers. And as of January 1, 2021, the balance of receivables from contracts with customers amounted to \$65,424 thousand.
- C. As at December 31, 2022 and 2021, without taking into account any collateral held or other credit enhancements, the maximum exposure to credit risk in respect of the amount that best represents the Company's accounts receivable was its carrying amount.
- D. Information relating to credit risk of accounts receivable is provided in Note 12(2).

(5) Inventories

	December 31, 2022		
	Cost	Allowance for valuation loss	Book value
Buildings and land held for sale	\$ 192,727	\$ -	\$ 192,727
Construction in progress	6,418,233	-	6,418,233
	<u>\$ 6,610,960</u>	<u>\$ -</u>	<u>\$ 6,610,960</u>

	December 31, 2021		
	Cost	Allowance for valuation loss	Book value
Buildings and land held for sale	\$ 215,280	\$ -	\$ 215,280
Construction in progress	4,775,822	-	4,775,822
Prepayment for land	10,297	-	10,297
	<u>\$ 5,001,399</u>	<u>\$ -</u>	<u>\$ 5,001,399</u>

A. The detail of inventories are listed below:

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
<u>Buildings and land held for sale</u>		
MinghSin Richman	\$ -	\$ 13,216
FULL WANG TAINAN SCIENCE AND TECHNOLOGY PARK (formerly named NO1 industrial town)	-	28,685
The Infinity	39,011	39,011
RIVER ONE	35,703	35,703
Pingzhen District, Taoyuan City (Shanziding section)	9,246	9,246
ZEN HOUSE	-	26,633
New Style	28,170	52,042
F House	69,853	-
Others	10,744	10,744
	<u>192,727</u>	<u>215,280</u>
<u>Construction in progress</u>		
My Style(formerly named sunshine town)	\$ 1,325,062	\$ 1,424,995
Wei Mei Chu(formerly Lantian W. section, Nanzi Dist., Kaohsiung City)	954,044	633,159
Yuan Zhong section, Nanzi Dist., Kaohsiung City	328,003	217,767
XIN HAI CHENG(formerly Luliao section, Shalu District)	481,589	331,841
Full of Happiness(formerly Qiaozhen section, Yunlin County)	171,774	131,678
Skyline W one(formerly Shangshi section)	1,059,454	847,273
The melody of home(formerly Wenhui section, Miaoli County)	349,364	180,814
ELEGANT VILLAGE(formerly Qiaozhen section, Yunlin County 2)	274,910	208,106
Mayuantou section, West Dist.	636,970	414,383
Yunlinxi section, Douliu city	389,565	385,806
AIMEI(Jen Shing Section, Lukang Township)	447,498	-
	<u>6,418,233</u>	<u>4,775,822</u>
<u>Prepayment for land</u>		
Longjin section, Longjing Dist.	-	10,297
	<u>\$ 6,610,960</u>	<u>\$ 5,001,399</u>

B. The cost of inventories recognised as expense for the year:

	<u>Year ended December 31</u>	
	<u>2022</u>	<u>2021</u>
Cost of goods sold	\$ 431,376	\$ 2,538,023
Cost of services	1,640	2,237
	<u>\$ 433,016</u>	<u>\$ 2,540,260</u>

C. Information on capitalisation of interest is as follows:

	Year ended December 31	
	2022	2021
Interest capitalised	\$ 75,846	\$ 59,962
Interest capitalised ratio (%)	0.84%~2.62%	1.70%~2.05%

D. Information about the inventory that were pledged to others as collaterals is provided in Note 8.

E. Some of above inventories are involved in lawsuits related to performance disputes, refer to Note 9(1) E for details.

(6) Other current assets

	December 31, 2022	December 31, 2021
Assets recognised as incremental costs to obtain contracts with customers	\$ 392,691	\$ 311,002
Prepaid expenses	20,976	30,023
Payment on behalf of others	31,909	13,636
Excess business tax paid	10,385	9,040
Others	10,956	4,245
	<u>\$ 466,917</u>	<u>\$ 367,946</u>

(7) Investments accounted for using equity method

	December 31, 2022	December 31, 2021
<u>Investments accounted for using equity method</u>		
Baoxin Construction Co., Ltd.	\$ 20,912	\$ 173,157
Full Xin Global Real Estate Co., Ltd.	7,026	7,322
Full Wang Real Estate Co., Ltd.	4,956	4,951
Fuwong International Development Co., Ltd	388	451
BIFINITY BIOTECHNOLOGY CO., LTD.	12,276	-
	<u>\$ 45,558</u>	<u>\$ 185,881</u>
<u>Credit balance of investments accounted for using equity method (shown as other non-current liabilities)</u>		
Full Wang Property Agency Co., Ltd	\$ 3,392	\$ 3,392
BIFINITY BIOTECHNOLOGY CO., LTD.	-	5,174
Sindar Technologies, Inc.	323	323
	<u>\$ 3,715</u>	<u>\$ 8,889</u>

A. Details of the Company's subsidiaries are provided in Note 4(3) of the Company's consolidated financial statements as of and for the year ended December 31, 2022.

B. For the years ended December 31, 2022 and 2021, above subsidiaries accounted for using equity method were accounted based on each investee's audited financial statements for the corresponding period. Details of investments income (loss) and share of other comprehensive income are as follows:

	<u>Year ended December 31</u>	
	<u>2022</u>	<u>2021</u>
Share of profit (loss) of subsidiaries accounted for using equity method		
Baoxin Construction Co., Ltd.	(\$ 78,250)	\$ 87,809
Full Xin Global Real Estate Co., Ltd.	(296)	(122)
Full Wang Real Estate Co., Ltd.	5	-
Fuwong International Development Co., Ltd	(115)	486
BIFINITY BIOTECHNOLOGY CO., LTD.	(2,806)	(11,143)
Full Wang Property Agency Co., Ltd	-	(1)
Sindar Technologies, Inc.	-	7
	<u>(\$ 81,462)</u>	<u>\$ 77,036</u>
Share of other comprehensive income of subsidiaries accounted for using equity method		
BIFINITY BIOTECHNOLOGY CO., LTD.	\$ 256	(\$ 256)
Fuwong International Development Co., Ltd	<u>52</u>	<u>(490)</u>
	<u>\$ 308</u>	<u>(\$ 746)</u>

C. On May 11, 2022, the Board of Directors of BIFINITY BIOTECHNOLOGY CO., LTD. resolved on behalf of the shareholders to issue 2,000 thousand new shares and offsetting share proceeds with creditor's rights amounting to \$20,000 thousand. The effective date of the capital increase was set on May 25, 2022, and the registration was completed on June 6, 2022.

(8) Property, plant and equipment

	<u>January 1, 2022</u>	<u>Additions</u>	<u>Disposals</u>	<u>December 31, 2022</u>
Cost				
Leasehold improvements	\$ 8,644	\$ 1,585	\$ -	\$ 10,229
Other equipment	39,274	5,740	(115)	44,899
Unfinished construction	-	4,083	-	4,083
	<u>\$ 47,918</u>	<u>\$ 11,408</u>	<u>(\$ 115)</u>	<u>\$ 59,211</u>
Accumulated Depreciation				
Leasehold improvements	(\$ 5,007)	(\$ 3,437)	\$ -	(\$ 8,444)
Other equipment	(10,587)	(7,159)	65	(17,681)
	<u>(\$ 15,594)</u>	<u>(\$ 10,596)</u>	<u>\$ 65</u>	<u>(\$ 26,125)</u>
	<u>\$ 32,324</u>			<u>\$ 33,086</u>

	<u>January 1, 2021</u>	<u>Additions</u>	<u>Disposals</u>	<u>December 31, 2021</u>
Cost				
Leasehold improvements	\$ 15,217	\$ 5,194	(\$ 11,767)	\$ 8,644
Other equipment	50,044	21,069	(31,839)	39,274
	<u>\$ 65,261</u>	<u>\$ 26,263</u>	<u>(\$ 43,606)</u>	<u>\$ 47,918</u>
Accumulated Depreciation				
Leasehold improvements	(\$ 10,653)	(\$ 6,121)	\$ 11,767	(\$ 5,007)
Other equipment	(37,565)	(4,861)	31,839	(10,587)
	<u>(\$ 48,218)</u>	<u>(\$ 10,982)</u>	<u>\$ 43,606</u>	<u>(\$ 15,594)</u>
	<u>\$ 17,043</u>			<u>\$ 32,324</u>

A. No borrowing cost was capitalised as part of property, plant and equipment.

B. The Company did not have property, plant and equipment pledged to others as collaterals.

(9) Lease arrangements – lessee

A. The Company leases various assets including land and buildings. Rental contracts are typically made for periods of 20 and 5 years. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The lease agreements do not impose covenants, but leased assets may not be used as security for borrowing purposes.

B. Short-term leases with a lease term of 12 months or less comprise of advertising signboard and reception centre.

C. The carrying amount of right-of-use assets and the depreciation charge are as follows:

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
	<u>Book value</u>	<u>Book value</u>
Land	\$ 158,971	\$ 177,453
Buildings	4,666	6,817
	<u>\$ 163,637</u>	<u>\$ 184,270</u>
	<u>Year ended December 31</u>	
	<u>2022</u>	<u>2021</u>
	<u>Depreciation charge</u>	<u>Depreciation charge</u>
Land	\$ 9,096	\$ 5,331
Buildings	2,151	3,291
	<u>\$ 11,247</u>	<u>\$ 8,622</u>

D. The information on profit and loss accounts relating to lease contracts is as follows:

	<u>Year ended December 31</u>	
	<u>2022</u>	<u>2021</u>
<u>Items affecting profit or loss</u>		
Interest expense on lease liabilities	\$ 2,536	\$ 1,603
Expense on short-term lease contracts	4,157	9,824
Gain on sublease of right-of-use assets	-	686

- E. For the years ended December 31, 2022 and 2021, the additions to right-of-use assets were \$0 and \$188,347 thousand, respectively.
- F. On June 9, 2021, the Company signed a land lease agreement for leasing land No.38 and No.39, Xingaojie Section, in Taichung Railway Station area of high-speed rail amounting to \$182,784 thousand. The Company intends to operate small and medium business hotel and food and beverage stores on the aforementioned land, which is still in the construction stage as of December 31, 2022.
- G. For the years ended December 31, 2022 and 2021, the Company's total cash outflow for leases were \$14,605 thousand and \$17,963 thousand, respectively.
- H. Variable lease payments
- (a) Some of the Company's lease contracts contain variable lease payment terms that are linked to the declaration of the land value. For the aforementioned leases, rents are calculated based on multiplying the land price announced by the Department of Land Administration by specific ratio.
- (b) A 1% increase in the announced land values with such variable lease contracts would increase total lease payments by approximately \$84 thousand and \$45 thousand for the years ended December 31, 2022 and 2021, respectively.

(10) Short-term borrowings

<u>Type of borrowings</u>	<u>December 31, 2022</u>	<u>Interest rate range</u>	<u>Collateral</u>
Bank borrowings			
Secured borrowings	\$ 4,311,172	1.75%~2.98%	Inventories and financial assets at fair value through profit or loss
Unsecured borrowings	212,000	2.50%~4.30%	None
	<u>\$ 4,523,172</u>		
<u>Type of borrowings</u>	<u>December 31, 2021</u>	<u>Interest rate range</u>	<u>Collateral</u>
Bank borrowings			
Secured borrowings	\$ 4,173,066	1.70%~2.25%	Inventories and financial assets at fair value through profit or loss
Unsecured borrowings	367,000	2.00%~2.15%	None
	<u>\$ 4,540,066</u>		

- A. Interest expense recognised in profit or loss amounted to \$14,428 thousand and \$25,217 for the years ended December 31, 2022 and 2021, respectively.
- B. The above borrowings were intended for construction and fulfilling working capital uses. The borrowings period is from 2014 to 2027.

(11) Short-term notes and bills payable

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
Commercial papers payable	\$ 350,000	\$ 350,000
Less: Discount on commercial papers payable	(1,263)	(482)
	<u>\$ 348,737</u>	<u>\$ 349,518</u>
Coupon rate	<u>1.19%</u>	<u>0.45%</u>

The above commercial papers payable was issued and guaranteed by Shanghai Commercial and Savings Bank.

(12) Other payables

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
Payables on investments	\$ 5,268	\$ 12,027
Interest payable	12,984	12,339
Salary and bonus payable	2,681	10,741
Accrued commission	1,929	3,682
Advertisement expense payable	1,429	2,839
Others	9,142	12,127
	<u>\$ 33,433</u>	<u>\$ 53,755</u>

(13) Bonds payable

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
Bonds payable	\$ 1,700,000	\$ 1,700,000
Less: Discount on bonds payable	(520)	(1,084)
	1,699,480	1,698,916
Less: Current portion or exercise of put options	(699,875)	-
	<u>\$ 999,605</u>	<u>\$ 1,698,916</u>

The domestic secured ordinary corporate bonds issued by the Company are as follows:

A. The terms of the 2018 first secured ordinary corporate bonds issued by the Company are as follows:

The competent authority has approved the 2018 first secured ordinary corporate bonds issued by the Company. The bonds have a total issuance amount of \$300 million and a coupon rate of 1.02%, covering a 5-year period of issuance and a circulation period from December 21, 2018 to December 21, 2023. The Company will redeem the secured bonds at the face value and pay in full amount using cash at the maturity date. The secured ordinary corporate bonds were listed on the Taipei Exchange on December 21, 2018.

B. The terms of the 2019 first secured ordinary corporate bonds issued by the Company are as follows:

The competent authority has approved the 2019 first secured ordinary corporate bonds issued by the Company. The bonds have a total issuance amount of \$400 million and a coupon rate of 0.95%, covering a 5-year period of issuance and a circulation period from March 7, 2019 to

March 7, 2024. The Company will redeem the secured bonds at the face value and pay in full amount using cash at the maturity date. The secured ordinary corporate bonds were listed on the Taipei Exchange on March 7, 2019.

- C. The terms of the 2019 second secured ordinary corporate bonds issued by the Company are as follows:

The competent authority has approved the 2019 second secured ordinary corporate bonds issued by the Company. The bonds have a total issuance amount of \$300 million and a coupon rate of 0.88%, covering a 5-year period of issuance and a circulation period from May 9, 2019 to May 9, 2024. The Company will redeem the secured bonds at the face value and pay in full amount using cash at the maturity date. The secured ordinary corporate bonds were listed on the Taipei Exchange on May 9, 2019.

- D. The terms of the 2019 third secured ordinary corporate bonds issued by the Company are as follows:

The competent authority has approved the 2019 third secured ordinary corporate bonds issued by the Company. The bonds have a total issuance amount of \$300 million and a coupon rate of 1.05%, covering a 5-year period of issuance and a circulation period from July 11, 2019 to July 11, 2024. The Company will redeem the secured bonds at the face value and pay in full amount using cash at the maturity date. The secured ordinary corporate bonds were listed on the Taipei Exchange on July 11, 2019.

- E. The terms of the 2020 first secured ordinary corporate bonds issued by the Company are as follows:

The competent authority has approved the 2020 first secured ordinary corporate bonds issued by the Company. The bonds have a total issuance amount of \$400 million and a coupon rate of 0.74%, covering a 5-year period of issuance and a circulation period from April 15, 2020 to April 15, 2023. The Company will redeem the secured bonds at the face value and pay in full amount using cash at the maturity date. The secured ordinary corporate bonds were listed on the Taipei Exchange on April 15, 2020.

(14) Pensions

- A. Effective July 1, 2005, the Company and its domestic subsidiaries have established a defined contribution pension plan (the “New Plan”) under the Labor Pension Act (the “Act”), covering all regular employees with R.O.C. nationality. Under the New Plan, the Company and its domestic subsidiaries contribute monthly an amount based on 6% of the employees’ monthly salaries and wages to the employees’ individual pension accounts at the Bureau of Labor Insurance. The benefits accrued are paid monthly or in lump sum upon termination of employment.
- B. The pension costs under defined contribution pension plans of the Company for the years ended December 31, 2022 and 2021, were \$1,635 thousand and \$1,633 thousand, respectively.

(15) Share capital

As of December 31, 2022, the Company's authorized capital was \$3.5 billion, and the paid-in capital was \$1,540,163 thousand with a par value of \$10 (in dollars) per share. All proceeds from shares issued have been collected.

Certain authorized capital was reserved for issuing stock option certificates, bonds with warrant and preference shares with warrant amounting to 20 million shares which can be issued several times as approved by the Board of Directors.

(16) Capital surplus

Pursuant to the R.O.C. Company Act, capital surplus arising from paid-in capital in excess of par value on issuance of common stocks and donations can be used to cover accumulated deficit or to issue new stocks or cash to shareholders in proportion to their share ownership, provided that the Company has no accumulated deficit. Further, the R.O.C. Securities and Exchange Act requires that the amount of capital surplus to be capitalised mentioned above should not exceed 10% of the paid-in capital each year. However, capital surplus should not be used to cover accumulated deficit unless the legal reserve is insufficient.

(17) (Accumulated deficit)Retained earnings

- A. According to the earnings distribution policy specified in the Company's Articles of Incorporation, the Company's earnings or deficits shall be distributed or offset at the end of every quarter. The Board of Directors is authorised to distribute cash dividends and bonus by a special resolution. Dividends distributed by cash should meet the regulation on capital surplus or legal reserve stipulated in the Company Act which shall be reported to the latest shareholders' meeting.
- B. The Company's dividend policy is summarised below: the Company adopts a balanced dividend policy taking into consideration long-term finance plan and maximum interests for shareholders. The Company considers the future capital expenditure budget and capital needs to appropriate dividends and bonus no lower than 10% of distributable earnings to shareholders. Shareholders' dividends and bonus can be distributed in the form of cash or shares, of which cash dividends shall not be lower than 10% of total dividends.
- C. Legal reserve shall be appropriated until it equals the total capital stock balance. Legal reserve can be used to offset deficits. However, if the Company has no deficit, the amount that the legal reserve exceeds 25% of total paid-in capital can be transferred to share capital or distributed as cash dividends.
- D. In accordance with the regulations, the Company shall set aside special reserve from the debit balance on other equity items at the balance sheet date before distributing earnings. When debit balance on other equity items is reversed subsequently, the reversed amount could be included in the distributable earnings.

E. The appropriations of earnings of years 2021 and 2020 as resolved by the shareholders at their meetings on June 16, 2022 and May 10, 2021, respectively, are as follows:

	Year ended December 31			
	2022		2021	
	Amount	Dividends per share (in dollars)	Amount	Dividends per share (in dollars)
Legal reserve	\$ 6,782		\$ 36,259	
Special reserve	746		-	
Cash dividends	38,504	\$ 0.25	308,033	\$ 2
	<u>\$ 46,032</u>		<u>\$ 344,292</u>	

F. On February 23, 2023, the Board of Directors of the Company resolved not to appropriate the earnings as the Company had accumulated deficits in 2022.

G. For the information relating to employees' compensation and directors' and supervisors' remuneration, please refer to Note 6(24).

(18) Operating revenue

	Year ended December 31	
	2022	2021
Revenue from contracts customers	\$ 574,400	\$ 3,174,700
Others-rental revenue	2,263	2,013
	<u>\$ 576,663</u>	<u>\$ 3,176,713</u>

A. Disaggregation of revenue from contracts with customers

The Company derives revenue from the transfer of goods and services at a point in time, and revenue all arises from Taiwan. Details of revenue are as follows:

Year ended December 31, 2022	Building and land sales	Service revenue	Total
Total segment revenue	<u>\$ 573,028</u>	<u>\$ 1,372</u>	<u>\$ 574,400</u>
Timing of revenue recognition			
At a point in time	<u>\$ 573,028</u>	<u>\$ 1,372</u>	<u>\$ 574,400</u>
Year ended December 31, 2021	Building and land sales	Service revenue	Total
Total segment revenue	<u>\$ 3,155,614</u>	<u>\$ 19,086</u>	<u>\$ 3,174,700</u>
Timing of revenue recognition			
At a point in time	<u>\$ 3,155,614</u>	<u>\$ 19,086</u>	<u>\$ 3,174,700</u>

B. As of December 31, 2022 and 2021, the allocation of transaction prices and expected year of revenue recognition for the building and land sales contract that the Company entered into but not yet fulfilled performance obligation are summarised as follows:

	December 31, 2022	December 31, 2021
Contracts signed	\$ 8,157,648	\$ 6,848,140
Expected year of revenue recognition	2023~2025	2022~2025

C. Contract liabilities

The Company has recognised the following revenue-related contract liabilities

	<u>December 31, 2022</u>	<u>December 31, 2021</u>	<u>January 1, 2021</u>
Contract liabilities	\$ 1,134,148	\$ 1,083,295	\$ 434,728

Revenue recognised that was included in the contract liability balance at the beginning of the period

	<u>Year ended December 31</u>	
	<u>2022</u>	<u>2021</u>
Revenue recognised that was included in the contract liability balance at the beginning of the period	\$ 102,352	\$ 181,504

(19) Interest income

	<u>Year ended December 31</u>	
	<u>2022</u>	<u>2021</u>
Interest income from bank deposits	\$ 1,827	\$ 2,002
Other interest income	596	-
	<u>\$ 2,423</u>	<u>\$ 2,002</u>

(20) Other income

	<u>Year ended December 31</u>	
	<u>2022</u>	<u>2021</u>
Dividend income	\$ 54,466	\$ 15,235
Indemnity revenue	12,500	-
Other income, others (Note)	2,349	28,118
	<u>\$ 69,315</u>	<u>\$ 43,353</u>

Note: The balance of ‘other income, others’ from 2021 was mainly the payables which had exceeded the period of statutory claim stipulated in the Civil Code, and therefore transferred to other income.

(21) Other gains and losses

	<u>Year ended December 31</u>	
	<u>2022</u>	<u>2021</u>
Losses on disposals of property, plant and equipment	(\$ 50)	\$ -
Foreign exchange gains (losses)	421	(784)
Losses on financial assets at fair value through loss	(856,582)	(361,169)
Gains arising from lease modifications	964	-
Litigation loss	(377)	-
Other losses	(1,428)	(1,027)
	<u>(\$ 857,052)</u>	<u>(\$ 362,980)</u>

(22) Finance costs

	Year ended December 31	
	2022	2021
Interest expense		
Bank borrowings	\$ 90,274	\$ 85,179
Bonds payable	16,173	16,167
Short-term notes and bills payable	3,373	2,245
Lease liability	2,536	1,603
Less: Capitalisation of qualifying assets	(75,846)	(59,962)
	<u>\$ 36,510</u>	<u>\$ 45,232</u>

(23) Expenses by nature

	Year ended December 31	
	2022	2021
Employee benefit expense	\$ 35,786	\$ 50,963
Depreciation-properties	10,596	10,982
Depreciation-right-of-use assets	11,247	8,622
Amortisation charge	554	444
	<u>\$ 58,183</u>	<u>\$ 71,011</u>

(24) Employee benefit expense

	Year ended December 31	
	2022	2021
Wages and salaries	\$ 27,629	\$ 41,042
Labour and health insurance fees	3,253	3,351
Pension costs	1,635	1,633
Directors' remuneration	1,685	1,955
Other personnel expenses	1,584	2,982
	<u>\$ 35,786</u>	<u>\$ 50,963</u>

A. In accordance with to the Articles of Incorporation of the Company, a ratio of distributable profit of the current year, after covering accumulated losses, shall be distributed as employees' compensation and directors' and supervisors' remuneration. The ratio shall not be lower than 3% for employees' compensation and shall not be higher than 3% for directors' and supervisors' remuneration.

B. Employees' compensation and directors' and supervisors' remuneration are accrued as follows:

	Year ended December 31	
	2022	2021
Employees' compensation	\$ -	\$ 2,686
Directors' and supervisors' remuneration	-	345
	<u>\$ -</u>	<u>\$ 3,031</u>

C. The aforementioned amounts were recognised in salary expenses and were accrued based on the current profit. Since there are losses in 2022, no estimates were made for the remuneration to

employees and directors and supervisors. For the year ended December 31, 2021, employees' compensation was accrued at 3.04%; directors' and supervisors' remuneration was accrued at 0.39%.

- D. Employees' compensation and directors' and supervisors' remuneration of 2021 as resolved by the Board of Directors were in agreement with those amounts recognized in the 2021 financial statements.

Information about employees' compensation and directors' and supervisors' remuneration of the Company as resolved by the Board of Directors will be posted in the "Market Observation Post System" at the website of the Taiwan Stock Exchange.

(25) Income tax

A. Income tax expense

Components of income tax expense:

	Year ended December 31	
	2022	2021
Current tax:		
Current tax on profits for the year	\$ -	\$ 1,197
Incremental tax on land value	5,921	17,289
Tax on undistributed earnings	-	915
Prior year income tax underestimation	3,931	8,527
Total current tax	<u>9,852</u>	<u>27,928</u>
Deferred tax:		
Origination and reversal of temporary differences	(2,751)	(10,520)
Total deferred tax	(2,751)	(10,520)
Income tax expense	<u>\$ 7,101</u>	<u>\$ 17,408</u>

B. Reconciliation between income tax expense and accounting profit

	Year ended December 31	
	2022	2021
Tax calculated based on (loss) profit before tax and statutory tax rate	(\$ 194,112)	\$ 17,046
Expenses disallowed by tax regulation	185,962	98,421
Tax exempt income by tax regulation	(12,894)	(91,009)
Income that should be added based on tax regulation	16,224	-
Tax losses not recognized in deferred income tax assets	3,639	-
Changes in estimation of deferred income tax assets	(1,570)	(33,781)
Prior year income tax underestimation	3,931	8,527
Tax on undistributed surplus earnings	-	915
Incremental tax on land value	5,921	17,289
Income tax expense	<u>\$ 7,101</u>	<u>\$ 17,408</u>

C. Amounts of deferred tax assets or liabilities as a result of temporary differences and tax losses are as follows:

	2022		
	January 1	Recognised in profit or loss	December 31
Deferred tax assets:			
Temporary differences:			
Loss on investments			
accounted for using	\$ 5,030	\$ 22	\$ 5,052
equity method			
Accrued litigation loss	980	75	1,055
Unrealized expenses	19,586	(24)	19,562
Deferred interest expense			
which the land purchased	-	2,004	2,004
after 2016			
Allowance for bad debts	-	391	391
Unrealized gross profit from			
sales	-	283	283
Total	<u>\$ 25,596</u>	<u>\$ 2,751</u>	<u>\$ 28,347</u>

	2021		
	January 1	Recognised in profit or loss	December 31
Deferred tax assets:			
Temporary differences:			
Loss on investments			
accounted for using	\$ 14,096	(\$ 9,066)	\$ 5,030
equity method			
Accrued litigation loss	980	-	980
Unrealized expenses	-	19,586	19,586
Total	<u>\$ 15,076</u>	<u>\$ 10,520</u>	<u>\$ 25,596</u>

D. Expiration dates of unused tax losses and amounts of unrecognised deferred tax assets are as follows:

December 31, 2022				
Year incurred	Amount filed/ assessed	Unused amount	Unrecognised deferred tax assets	Expiry year
2015	Assessed	\$ 3,685	\$ 3,685	2025
2022	Estimated amount filed	18,197	18,197	2032

December 31, 2021 : None.

E. The amounts of deductible temporary difference that are not recognised as deferred tax assets are as follows:

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
Deductible temporary differences	\$ 4,600	\$ 4,600

F. The Company's income tax returns through 2019 have been assessed and approved by the Tax Authority.

(26) Earnings per share

	<u>Year ended December 31, 2022</u>		
	Amount after tax	Weighted average number of ordinary shares outstanding (share in thousands)	Loss per share (in dollars)
<u>Basic loss per share</u>			
Loss attributable to ordinary shareholders	(\$ 977,659)	154,016	(\$ 6.35)
	<u>Year ended December 31, 2021</u>		
	Amount after tax	Weighted average number of ordinary shares outstanding (share in thousands)	Earnings per share (in dollars)
<u>Basic earnings per share</u>			
Profit attributable to ordinary shareholders	\$ 67,822	154,016	\$ 0.44
<u>Diluted earnings per share</u>			
Profit attributable to ordinary shareholders	\$ 67,822	154,016	
Assumed conversion of all dilutive potential ordinary shares			
Employees' compensation	-	235	
Profit attributable to ordinary shareholders plus assumed conversion of all dilutive potential ordinary shares	\$ 67,822	154,251	\$ 0.44

A. The potential ordinary shares have anti-dilutive effect due to the Group having net loss for the year ended December 31, 2022, so only the calculation of basic loss per share is shown.

B. The number of weighted-average outstanding shares for the year ended December 31, 2021, is included for assumed conversion of all dilutive potential ordinary shares at the calculation of diluted earnings per share, based on the assumption that employees' compensation will be distributed in the form of shares in the current year.

(27) Supplemental cash flow information

A. Purchase of property, plant and equipment

	Year ended December 31	
	2022	2021
Purchase of property, plant and equipment	\$ 11,408	\$ 26,263

B. Acquisition of financial assets at fair value through profit or loss

	Year ended December 31	
	2022	2021
Acquisition of financial assets at fair value through profit or loss	\$ 9,002,151	\$ 38,017,186
Add: Payables at the beginning of the period	12,027	263,825
Less: Payables at the end of the period	(5,268)	(12,027)
	<u>\$ 9,008,910</u>	<u>\$ 38,268,984</u>

C. Proceeds from disposal of financial assets at fair value through profit or loss

	Year ended December 31	
	2022	2021
Proceeds from disposal of financial assets at fair value through profit or loss	\$ 9,898,748	\$ 38,034,739
Less: Loss on disposal	(\$ 753,163)	(\$ 503,013)
Add: Receivables at the beginning of the period	66,137	459,676
Less: Receivables at the end of the period	(9,648)	(66,137)
	<u>\$ 9,202,074</u>	<u>\$ 37,925,265</u>

(28) Changes in liabilities from financing activities

	January 1, 2022	Changes in cash flow from financing activities	Changes in non-cash items- increase	Changes in non-cash items- decrease	Changes in other non-cash items	December 31, 2022
Short-term borrowings	\$ 4,540,066	(\$ 16,894)	\$ -	\$ -	\$ -	\$ 4,523,172
Short-term notes and bills payable	349,518	-	-	-	(781)	348,737
Lease liability	186,413	(7,912)	-	(10,350)	-	168,151
Bonds payable	1,698,916	-	-	-	564	1,699,480
Guarantee deposits received	520	133	-	-	-	653
Dividends payable, non-cash assets distributions	-	(38,504)	38,504	-	-	-
	<u>\$ 6,775,433</u>	<u>(\$ 63,177)</u>	<u>\$ 38,504</u>	<u>(\$ 10,350)</u>	<u>(\$ 217)</u>	<u>\$ 6,740,193</u>

	January 1, 2021	Changes in cash flow from financing activities	Changes in non-cash items- increase	Changes in non-cash items- decrease	Changes in other non-cash items	December 31, 2021
Short-term borrowings	\$ 4,199,682	\$ 391,454	\$ -	(\$ 51,070)	\$ -	\$ 4,540,066
Short-term notes and bills payable	398,844	(50,000)	-	-	674	349,518
Lease liability	4,602	(6,536)	188,347	-	-	186,413
Bonds payable	1,698,352	-	-	-	564	1,698,916
Guarantee deposits received	883	(363)	-	-	-	520
Dividends payable, non-cash assets distributions	-	(308,033)	308,033	-	-	-
	<u>\$ 6,302,363</u>	<u>\$ 26,522</u>	<u>\$ 496,380</u>	<u>(\$ 51,070)</u>	<u>\$ 1,238</u>	<u>\$ 6,775,433</u>

7. Related Party Transactions

(1) Names of related parties and relationship

Names of related parties	Relationship with the Company
Chang Yun CONSTRUCTION DEVELOPMENT CO.,LTD.(Chang Yun Company)	A major shareholder of the Company
Tian Wei Asset Management Corporation CO.,LTD.(Tian Wei Company)	A major shareholder of the Company
Hung Chien CONSTRUCTION CO.,LTD. (Hung Chien Company)	The Company's chairman and the chairman of the company are within second degree of kinship
Baoxin Construction Co., Ltd. (Baoxin Company)	Subsidiary
BIFINITY BIOTECHNOLOGY CO., LTD.	Subsidiary
Full Wang Property Agency Co., Ltd	Subsidiary
Full Wang Real Estate Co., Ltd.	Subsidiary
Sindar Technologies, Inc. (“Sindar”)	Subsidiary
FUWONG INTERNATIONAL DEVELOPMENT CO., LTD (“FUWONG”)	Subsidiary
Tsung Yi Lin	The company's director
Yu Jen Lin	Representative of the Company’s corporate director
HSIU-HUA HUANG	Key management personnel
YU-CHEN LIN	Key management personnel
Spouses of key management	Other related party

(2) Significant related party transactions

A. Operating revenue

	Year ended December 31	
	2022	2021
Sales of real estate		
Hung Chien Company	\$ -	\$ 963,928
Other related party	-	14,319
Service revenue		
Hung Chien Company	1,372	6,229
Chang Yun Company	-	12,857
Total	<u>\$ 1,372</u>	<u>\$ 997,333</u>

(a) On May 18, 2021, the Board of Directors resolved to sell real estate to Hung Chien Company, the transaction price was made based on the valuation report and general market price, and the collection terms were based on the progress of contracts. There was no significant difference with non-related parties.

(b) Service revenue is a consignment revenue that the Company received from related parties based on the contract, and the transaction price and collection terms have no significant difference with non-related parties.

B. Purchase and commitment

	Year ended December 31	
	2022	2021
Subcontracting constructions:		
Baoxin Company	<u>\$ 1,040,591</u>	<u>\$ 862,496</u>

(a) Subcontracting constructions pertained to the Company commissioning Baoxin Company to contract construction, the transaction price was made based on mutual agreement and the collection terms were based on the progress of the contract. There was no significant difference with non-related parties.

(b) As of December 31, 2022, the total consideration of the construction that the Company had entered into with Baoxin Company but not yet completed amounted (untaxed) to \$3,077,687 thousand, and the unpaid construction payment amounted (untaxed) to \$1,794,217 thousand.

C. Receivables from related parties

	December 31, 2022	December 31, 2021
Other receivables		
Baoxin Company	\$ 3,636	\$ 137
FUWONG	7,791	-
Full Wang Property Agency	397	397
Sindar	439	418
Full Wang Real Estate	1	-
	<u>\$ 12,264</u>	<u>\$ 952</u>

Receivables from related parties mainly arose from operating activities and payment on behalf of others.

D. Payables to related parties

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
Accounts payable:		
Baoxin Company	\$ 178,534	\$ 214,738
BIFINITY	-	62
	<u>\$ 178,534</u>	<u>\$ 214,800</u>

Payables to related parties mainly arose from subcontracting construction.

E. Payment on behalf of others (shown as other current assets)

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
Chang Yun Company	\$ -	\$ 67
Baoxin Company	126	128
FUWONG	165	526
Other related parties	-	380
	<u>\$ 291</u>	<u>\$ 1,101</u>

The Company paid payments on behalf of subsidiaries and other related parties.

F. Guarantee deposits paid (shown as other non-current assets)

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
Hung Chien Company	\$ -	\$ 30,148
Tian Wei Company	140	-
	<u>\$ 140</u>	<u>\$ 30,148</u>

Guarantee deposits paid was the guarantee provided for the joint-construction and partitioning sales of the Company and Hung Chien Company and leasing offices from Tian Wei Company.

G. Contract liabilities

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
Other related parties	\$ 11,327	\$ 13,522

A building and land payment received from related parties as the Company sold construction projects to related parties.

H. Receipts under custody (shown as other current liabilities)

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
Baoxin Company	\$ -	\$ 160

Payments that the Company received on behalf of Baoxin Company.

I. Lease arrangements — lessee

(a) The Company leases buildings from Tian Wei Company. The lease term was 5 years and rent was paid at the end of every year.

(b) Acquisition of use-of-right assets

	Year ended December 31	
	2022	2021
Tian Wei Company	\$ -	\$ 5,563

(c) Lease liability

i. Outstanding balance

	December 31, 2022	December 31, 2021
	Tian Wei Company	\$ 3,374

ii. Interest expense

	Year ended December 31	
	2022	2021
Tian Wei Company	\$ 43	\$ 55

J. Rent expenses (shown as administrative expenses)

	Year ended December 31	
	2022	2021
Tian Wei Company	\$ -	\$ 969

The Company leased offices from Tian Wei Company, and rent was payable at the end of every year.

K. Loan to/from related parties

Loans to related parties:

(a) Outstanding balance:

	December 31, 2022	December 31, 2021
	BIFINITY	\$ -

(b) Interest income:

	Year ended December 31	
	2022	2021
BIFINITY	\$ 160	\$ 216

The loans to BIFINITY are principal repayable at maturity at 2.05% per annum for the years ended December 31, 2022 and 2021.

(3) Key management compensation

	Year ended December 31	
	2022	2021
Short-term employee benefits	\$ 9,263	\$ 18,429
Post-employment benefits	503	502
	\$ 9,766	\$ 18,931

Remuneration of directors and other key managements are determined by the Remuneration Committee based on the personal performance and market trend.

8. Pledged Assets

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

Pledged asset	Book value		Purpose
	December 31, 2022	December 31, 2021	
Inventories	\$ 6,590,970	\$ 4,971,113	Short-term borrowings
Financial assets at fair value through profit or loss	453,872	1,197,000	Short-term borrowings
Financial assets at amortised cost— current	102,919	430,245	Trust deposit of pre-sales construction
Non-current financial assets at amortised cost	980,953	979,580	Bonds payable and short-term notes and bills payable
	<u>\$ 8,128,714</u>	<u>\$ 7,577,938</u>	

9. Significant Contingent Liabilities and Unrecognised Contract Commitments

(1) Contingencies

A. HSING YA CONSTRUCTION ENGINEERING CO., LTD. (“HSING YA Company”) undertook the Company's ‘New construction of 96 households congregate housing in Songguan Sec., Beitun Dist., Taichung City’ on January 27, 2015 and undertook the Company's ‘New construction of congregate housing flats with 11 floors in Tuku Sec., West Dist., Taichung City’ on July 4, 2014. HSING YA Company requested the Company to pay construction payment amounting to \$69,177 thousand and pay the interest, and requested to confirm that the warranty period of the above two constructions were calculated from December 28, 2017 and April 5, 2017, respectively. HSING YA Company also requested the Company to return the performance promissory note of HSING YA Company. The Company has recognised the above construction payment during the construction period, and listed as accounts payable.

On March 17, 2022, a lawsuit was ruled in favour of the Company, and the delayed fine was used to fully offset the requested construction payment. The above two construction warranty periods were calculated from December 15, 2018 and August 15, 2018, respectively, and the rest of HSING YA Company's request was denied.

The Company and HSING YA Company both disagreed with the verdict and filed an appeal to the High Court. As of February 23, 2023, the case is awaiting the judgement of the High Court.

B. In 2013, Liyuan Construction Co., Ltd. (“Liyuan Company”) contracted the Company's new construction of houses, and the total consideration for the construction amounted to \$255,678 thousand. The construction period is within 499 calendar day starting from the commencement date. Liyuan Company filed for the construction payment amounting to \$255,678 thousand from 2013 to 2014, and the Company had unpaid payments of \$43,558 thousand. However, Liyuan Company did not complete the construction during the construction period, and the Company claimed for default fine amounting to \$59,835 thousand. Under the judgement of first instance dated July 21, 2017, limit on the default fine for the overdue completion should be 15% of total

construction consideration based on the construction contract, equivalent to \$38,352 thousand which could be offset with the construction payment filed by Liyuan Company, the Company should pay \$ 5,206 thousand to Liyuan Company, and pay statutory interest at 5% annual interest rate from May 17, 2016 to the settlement date to Liyuan Company.

Liyuan Company disagreed with the verdict and filed an appeal. In order to request the dismissal of the appeal, the Company did not file an appeal for the losing part in the first appeal.

On September 26, 2022, the High Court advised a settlement. On November 9, 2022, the mediation between the Company and Liyuan Company failed to reach an agreement. As of February 23, 2023, the case is under the judgement of the High Court.

In addition, the Company had accrued the aforementioned construction payment amounting to \$43,558 thousand (shown as accounts payable) when the construction was in progress, and the Company deposited \$5,206 thousand according to the aforementioned judgement on August 3, 2017 (shown as other non-current assets).

- C. Li Rung Construction Co., Ltd. (“Li Rung Company”) contracted the Company’s congregate housing construction in 2014, and the total consideration for the construction amounted to \$130,541 thousand. The construction period is within 360 calendar day starting from the commencement date. Li Rung Company filed for the construction payment amounted to \$130,541 thousand for the period from September 2014 to March 2017, the Company had paid \$107,892 thousand for the construction payment, and there was \$22,649 thousand unpaid. However, Li Rung Company did not complete the construction with the construction period, the Company could offset the construction payment in the amount of \$25,153 thousand which had exceeded the payment requested by Li Rung Company, therefore, the lawsuit filed by Li Rung Company was dismissed in accordance with the judgement of first instance.

Li Rung Company disagreed with the verdict and filed an appeal. In accordance with the judgement of second instance dated May 5, 2021, the Company could offset the construction payment in the amount of \$12,342 thousand, the Company should pay \$10,306 thousand, and pay statutory interest at 5% annual interest rate from April 15, 2017 to the settlement date to Li Rung Company.

Since the Company disagreed with the verdict of the second instance and filed an appeal to the Supreme Court, the Supreme Court remanded the second instance on February 25, 2022. On August 12, 2022, the High Court advised a settlement. On September 21, 2022, the first mediation between the Company and Li Rung Company failed to reach an agreement. As of February 23, 2023, the case is still under the mediation.

In addition, the Company had accrued the aforementioned construction payment amounting to \$10,306 thousand (shown as accounts payable) when the construction was in progress, and the Company deposited \$10,306 thousand according to the aforementioned judgement on May 5, 2021 (shown as other non-current assets)

- D. The customer filed a civil lawsuit against the Company with two cases requesting the sale proceeds to be refunded and for loss compensation in the total amount of \$8,459 thousand. As of February 23, 2023, the case is under trial with the District Court.
- E. On June 19, 2021, the Company purchased land located in Yunlinxi Section, Douliu City, Yunlin County from Mr. LIN,FU-YONG, Mrs. LIN,LAN-GUI, Mr. LIN,HONG-JUN and Jiou Yi Investment Co., LTD (the “buyer”) for a total consideration of \$361,192 thousand. The Company had paid \$361,192 thousand for the land (shown as inventories). However, the land had performance disputes. In addition, the Company claimed for punitive-damage of \$361,192 thousand and damage compensation of \$1,556 thousand and its interest against the buyer. During the litigation, the seller filed a counter-claim in the same litigation, requesting the Company to allow the seller to receive the land sale proceeds amounting to \$361,192 thousand in the trust property account, and pay the punitive damages amounting to \$361,192 thousand to the seller. As of February 23, 2023, the case is awaiting the judgement of the District Court.
- F. On August 13, 2020, the Company purchased land located in Longjing District, Taichung City from Worship guilds JI,CHANG-XING (“Worship guilds”) for a total consideration of \$98,900 thousand. The Company had paid \$29,670 thousand for the land, however, Worship guilds did not demolish above-ground buildings and other specified items as stipulated in the contracts. As a result, the Company filed a lawsuit for contract performance in order to secure the Company’s right. The Company reached a settlement with Worship guilds on September 17, 2021 and recovered the consideration amounting to \$19,373 thousand, and the remaining consideration amounting to \$10,297 thousand (shown as Other receivables) was the paid land value increment tax which is pending for implementing return procedures based on the agreement of settlement. As of February 23, 2023, the remaining consideration had not been received.

(2) Commitments

- A. As of December 31, 2022 and 2021, the Company’s contracted construction contracts amounted to \$4,100,515 thousand and \$3,061,209 thousand, and unaccrued amounts were \$2,641,310 thousand and \$2,541,796 thousand, respectively.
- B. As of December 31, 2022, the Company’s construction in progress and the deed of trust signed with the entrusted financial institutions were both commissioned to Taichung Commercial Bank Co., Ltd. for implementing transfer registrations for consideration or real estate development trust.

10. Significant Disaster Loss

None.

11. Significant Events after the Balance Sheet Date

To improve the Company’s financial structure, on February 23, 2023, the Board of Directors resolved to reduce its capital by retiring accumulated losses amounting to \$600,000 thousand. The Company retired 60,000 thousand shares of issued common shares with a par value of NT\$10 (in dollars) per share. The capital reduction ratio was 38.956922%. As of February 23, 2023, it was still awaiting approval from the shareholders.

12. Others

(1) Capital management

The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern in order to provide returns for shareholders and to maintain an optimal capital structure to reduce the cost of capital. In order to maintain or adjust the capital structure, the Company may adjust the amount of dividends paid to shareholders, issue new shares or sell assets to reduce debt. The Company regulates the borrowing amount of the Company based on the progress of the project and the funds required for the operation.

(2) Financial instruments

A. Financial instruments by category

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
<u>Financial assets</u>		
Financial assets at fair value through profit or loss		
Financial assets mandatorily measured at fair value through profit or loss	\$ 482,534	\$ 1,486,990
Financial assets at amortised cost		
Cash	\$ 155,241	\$ 608,612
Financial assets at amortised cost	1,083,872	1,409,825
Notes receivable	1,066	7,310
Accounts receivable (including related parties)	43,826	831,891
Other receivables (including related parties)	32,401	87,419
Guarantee deposits paid (shown as other non-current assets)	41,536	74,468
	<u>\$ 1,840,476</u>	<u>\$ 4,506,515</u>
	<u>December 31, 2022</u>	<u>December 31, 2021</u>
<u>Financial liabilities</u>		
Financial liabilities at amortised cost		
Short-term borrowings	\$ 4,523,172	\$ 4,540,066
Short-term notes and bills payable	348,737	349,518
Notes payable	22,182	41,113
Accounts payable (including related parties)	382,835	435,674
Other payables (including related parties)	33,433	53,755
Corporate bonds payable (including current portion)	1,699,480	1,698,916
Guarantee deposits received (shown as other non-current liabilities)	653	520
	<u>7,010,492</u>	<u>7,119,562</u>
Lease liability	168,151	186,413
	<u>\$ 7,178,643</u>	<u>\$ 7,305,975</u>

B. Financial risk management policies

- (a) The Company's activities expose it to a variety of financial risks: market risk (including interest rate risk and price risk), credit risk and liquidity risk.
- (b) Risk management is carried out by the Company's treasury department through close co-operation with the Company's operating units to identify, evaluate and hedge financial risks, such as foreign exchange risk, interest rate risk, credit risk, use of derivative financial instruments and non-derivative financial instruments, and investment of excess liquidity.

C. Significant financial risks and degrees of financial risks

(a) Market risk

Exchange rate risk

The Company's businesses involve functional currency operations (the Company's and certain subsidiaries' functional currency: NTD), the value affected by exchange rate fluctuations is remote and will not generate exchange rate risk accordingly.

Price risk

- i. The Company's equity securities, which are exposed to price risk, are the held financial assets at fair value through profit or loss. To manage its price risk arising from investments in equity securities, the Company diversifies its portfolio. Diversification of the portfolio is done in accordance with the limits set by the Company.
- ii. The Company's major investment is equity securities. The prices of equity securities would change due to the change of the future value of investee companies. If the prices of these equity securities had increased/decreased by 5% with all other variables held constant, post-tax profit for the years ended December 31, 2022 and 2021 would have increased/decreased by \$23,904 thousand and \$74,350 thousand, respectively, as a result of gains on equity securities classified as at fair value through profit or loss.

Cash flow and fair value interest rate risk

- i. The Company's main interest rate risk arises from long-term borrowings with variable rates, which expose the Company to cash flow interest rate risk. During December 31, 2022 and 2021, the Company's borrowings at variable rate were mainly denominated in New Taiwan dollars.
- ii. If the borrowing interest rate of New Taiwan dollars had increased/decreased by 0.1% with all other variables held constant, profit, net of tax for the years ended December 31, 2022 and 2021 would have increased/decreased by \$3,619 thousand and \$3,623 thousand, respectively. The main factor is that changes in interest expense result in floating-rate borrowings.

(b) Credit risk

- i. Credit risk refers to the risk of financial loss to the Group arising from default by the clients or counterparties of financial instruments on the contract obligations. The main factor is that counterparties could not repay in full the accounts receivable based on the agreed terms,

- and the contract cash flows of financial assets stated at amortised cost.
- ii. The Company manages their credit risk taking into consideration the entire company's concern. For banks and financial institutions, checking their credit rating on deposits, only independently rated parties with a minimum rating of good credit quality are accepted. According to the Company's credit policy, each local entity in the Group is responsible for managing and analysing the credit risk for each of their new clients before standard payment and delivery terms and conditions are offered. Internal risk control assesses the credit quality of the customers, taking into account their financial position, past experience and other factors. Individual risk limits are set based on internal or external ratings in accordance with limits set by the Board of Directors. The utilisation of credit limits is regularly monitored.
 - iii. The Company adopts following assumptions under IFRS 9 to assess whether there has been a significant increase in credit risk on that instrument since initial recognition:
 - If the contract payments were past due over 30 days based on the terms, there has been a significant increase in credit risk on that instrument since initial recognition.
 - iv. The Company adopts the assumptions under IFRS 9, the default occurs when the contract payments are past due over 90 days.
 - v. The Company primarily operates buildings and land business, such as sales of houses and plants. Revenue is recognised when transfer of ownership and house handover are completed, and the possibility of uncollectible accounts receivable is remote. The Company individually manages and regularly follows-up accounts receivable derived from special transactions. In addition, the Company classifies customers' accounts receivable in accordance with customer types and credit rating of customer. The Company applies the modified approach using a provision matrix to estimate the expected credit loss.
 - vi. The following indicators are used to determine whether the credit impairment of debt instruments has occurred:
 - (i). It becomes probable that the issuer will enter bankruptcy or other financial reorganisation due to their financial difficulties;
 - (ii). The disappearance of an active market for that financial asset because of financial difficulties;
 - (iii). Default or delinquency in interest or principal repayments;
 - (iv). Adverse changes in national or regional economic conditions that are expected to cause a default.
 - vii. The Company wrote-off the financial assets, which cannot be reasonably expected to be recovered, after initiating recourse procedures. However, the Company will continue executing the recourse procedures to secure their rights. For the years ended December 31, 2022 and 2021, the Company's written-off financial assets that are still under recourse procedures amounted to \$0 thousand and \$1,940 thousand, respectively.

viii. The Company used the historical and timely information to assess the default possibility of accounts receivable. On December 31, 2022 and 2021, the provision matrix is as follows:

	<u>Not past due</u>	<u>Up to 90 days past due</u>	<u>Over 90 days past due</u>	<u>Total</u>
<u>December 31, 2022</u>				
Expected loss rate	1.57%	0%	20%~100%	
Total book value	\$ 44,525	\$ -	\$ -	\$ 44,525
Loss allowance	(\$ 699)	\$ -	\$ -	(\$ 699)

<u>December 31, 2021</u>				
Expected loss rate	0%	0%	20%~100%	
Total book value	\$ 832,590	\$ -	\$ -	\$ 832,590
Loss allowance	(\$ 699)	\$ -	\$ -	(\$ 699)

ix. Movements in relation to the Company applying the modified approach to provide loss allowance for accounts receivable are as follows:

	<u>2022</u>	<u>2021</u>
	<u>Accounts receivable</u>	<u>Accounts receivable</u>
At January 1	\$ 699	\$ 3,086
Write-offs during the year	-	(1,940)
(Gain on reversal of) expected credit impairment loss	-	(447)
At December 31	<u>\$ 699</u>	<u>\$ 699</u>

x. The Company estimated that the loss rate of financial assets at amortised costs, notes receivables, accounts receivable-related parties, other accounts receivable and guarantee deposits paid is remote, therefore, loss allowance is immaterial as of December 31, 2022 and 2021.

(c) Liquidity risk

- i. Cash flow forecasting is aggregated by Company treasury. Company treasury monitors rolling forecasts of the Company's liquidity requirements to ensure it has sufficient cash to meet operational needs while maintaining sufficient headroom on its undrawn committed borrowing facilities at all times.
- ii. As at December 31, 2022 and 2021, the Company has undrawn borrowing facilities amounting to \$2,695,589 thousand and \$3,499,816 thousand, respectively.
- iii. The table below analyses the Company's non-derivative financial liabilities into relevant maturity groupings based on the remaining period at the balance sheet date to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows.

Non-derivative financial liabilities:

<u>December 31, 2022</u>	<u>Less than 3 months</u>	<u>Between 3 months and 1 year</u>	<u>Between 1 and 3 years</u>	<u>Over 3 years</u>	<u>Total</u>
Short-term notes and bills payable	\$ -	\$ 350,000	\$ -	\$ -	\$ 350,000
Notes payable	5,801	5,136	11,245	-	22,182
Accounts payable	172,473	203,117	7,245	-	382,835
Other payables	17,470	15,963	-	-	33,433
Lease liability	2,929	8,861	23,230	155,277	190,297
Short-term borrowings	293,295	902,978	2,753,313	827,319	4,776,905
Guarantee deposits received(shown as other non-current liabilities)	-	561	92	-	653
Bonds payable	-	700,000	1,000,000	-	1,700,000

Non-derivative financial liabilities:

<u>December 31, 2021</u>	<u>Less than 3 months</u>	<u>Between 3 months and 1 year</u>	<u>Between 1 and 3 years</u>	<u>Over 3 years</u>	<u>Total</u>
Short-term notes and bills payable	\$ -	\$ 350,000	\$ -	\$ -	\$ 350,000
Notes payable	11,395	3,560	-	26,158	41,113
Accounts payable	204,709	230,965	-	-	435,674
Other payables	20,815	32,940	-	-	53,755
Lease liability	3,063	9,569	24,637	174,959	212,228
Short-term borrowings	751,791	202,121	1,970,160	1,821,931	4,746,003
Guarantee deposits received(shown as other non-current liabilities)	-	-	520	-	520
Bonds payable	-	-	1,700,000	-	1,700,000

(3) Fair value information

A. The different levels that the inputs to valuation techniques are used to measure fair value of financial and non-financial instruments have been defined as follows:

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date. A market is regarded as active where a market in which transactions for the asset or liability take place with sufficient frequency and volume to provide pricing information on an ongoing basis. The fair value of the Company's investment in listed stocks is included in Level 1.

Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.

Level 3: Unobservable inputs for the asset or liability.

B. Financial instruments not measured at fair value

The carrying amounts of the Company's financial instruments not measured at fair value (including cash, financial assets at amortised cost, notes payable, accounts receivable, other receivables, guarantee deposits paid, short-term borrowings, short-term notes and bills payable, notes payable, accounts payable, other payables, other payables to related parties, bonds payable

guarantee deposits received and lease liabilities are approximate to their fair values.

C. The related information of financial instruments measured at fair value by level on the basis of the nature, characteristics and risks of the assets and liabilities at December 31, 2022 and 2021 are as follows:

(a) The related information of natures of the assets is as follows:

<u>December 31, 2022</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Assets				
<u>Recurring fair value measurements</u>				
Financial assets at fair value through profit or loss				
Equity securities	<u>\$ 482,524</u>	<u>\$ -</u>	<u>\$ 10</u>	<u>\$ 482,534</u>
<u>December 31, 2021</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Assets				
<u>Recurring fair value measurements</u>				
Financial assets at fair value through profit or loss				
Equity securities	<u>\$1,486,980</u>	<u>\$ -</u>	<u>\$ 10</u>	<u>\$1,486,990</u>

(b) The methods and assumptions the Company used to measure fair value are as follows:

The instruments the Company used market quoted prices as their fair values (that is, Level 1) are listed below by characteristics:

Market quoted price	<u>Listed shares</u> Closing price
---------------------	---------------------------------------

D. For the years ended December 31, 2022 and 2021, there was no transfer between Level 1 and Level 2.

E. For the years ended December 31, 2022 and 2021, there was no transfer into or out from Level 3.

13. Supplementary Disclosures

(1) Significant transactions information

A. Loans to others: Please refer to table 1.

B. Provision of endorsements and guarantees to others: None.

C. Holding of marketable securities at the end of the period (not including subsidiaries, associates and joint ventures): Please refer to table 2.

D. Acquisition or sale of the same security with the accumulated cost exceeding \$300 million or 20% of the Company's paid-in capital: Please refer to table 3.

E. Acquisition of real estate reaching \$300 million or 20% of paid-in capital or more: Please refer to table 4.

F. Disposal of real estate reaching \$300 million or 20% of paid-in capital or more: None.

G. Purchases or sales of goods from or to related parties reaching \$100 million or 20% of paid-in capital or more: Please refer to table 5.

H. Receivables from related parties reaching \$100 million or 20% of paid-in capital or more: Please refer to table 6.

I. Trading in derivative instruments undertaken during the reporting periods: None.

J. Significant inter-company transactions during the reporting periods: Please refer to table 7.

(2) Information on investees

Names, locations and other information of investee companies (not including investees in Mainland China) : Please refer to table 8.

(3) Information on investments in Mainland China

A. Basic information: None.

B. Significant transactions conducted with investees in Mainland China directly or indirectly through other companies in the third areas: None.

(4) Major shareholders information

Major shareholders information: Please refer to table 9.

14. Segment Information

None.

Full Wang International Development Co., Ltd.

Loans to others

Year ended December 31, 2022

Table 1

Expressed in thousands of NTD

(Except as otherwise indicated)

No.	Creditor	Borrower	General ledger account	Is a related party	Maximum outstanding balance during the year ended December 31, 2022	Balance at December 31, 2022	Actual amount drawn down	Interest rate	Nature of loan	Amount of transactions with the borrower	Reason for short-term financing	Collateral			Limit on loans granted to a single party	Ceiling on total loans granted	Footnote
												Allowance for doubtful accounts	Item	Value			
0	Full Wang International Development Co., Ltd.	BIFINITY BIOTECHNOLOGY CO., LTD.	Other receivables	Y	\$ 20,000	\$ -	\$ -	2.05%	2	\$ -	Working capital	\$ -	-	\$ -	\$ 172,653	\$ 345,305	
0	Full Wang International Development Co., Ltd.	Full Xin Global Real Estate Co., Ltd.	Other receivables	Y	200,000	-	-	2.15%	2	-	Working capital	-	-	-	172,653	345,305	

Note 1:(1) For having business relationship with the Company

(2) For short-term financing

Note 2: Limit on loans to single party with short-term financing is 20% of the Company's net assets.

Note 3: Limit on total loans with short-term financing is 40% of the creditors' net assets.

Full Wang International Development Co., Ltd.

Holding of marketable securities at the end of the period (not including subsidiaries, associates and joint ventures)

December 31, 2022

Table 2

Expressed in thousands of NTD
(Except as otherwise indicated)

				As of December 31, 2022				
Securities held by	Marketable securities (Note 1)	Relationship with the securities issuer	General ledger account	Number of shares	Book value	Ownership	Fair value	Footnote
The Company	VIA LABS, INC.	None.	Current financial assets at fair value through profit or loss	\$ 80,000	\$ 15,330	0.12%	\$ 14,480	
The Company	MOTECH INDUSTRIES INC	None.	Current financial assets at fair value through profit or loss	590,000	20,529	0.15%	16,815	
The Company	Yuanta Daily CSI 300 Bull 2X ETF(00637L)	None.	Current financial assets at fair value through profit or loss	1,978,000	28,565	-	30,600	
The Company	Anji Technology Co., Ltd.	None.	Current financial assets at fair value through profit or loss	333,000	18,794	0.28%	15,118	
The Company	Ever Supreme Bio Technology Co., Ltd	None.	Current financial assets at fair value through profit or loss	87,000	17,855	0.13%	19,184	
The Company	EVA AIRWAYS CORPORATION	None.	Current financial assets at fair value through profit or loss	150,000	3,947	0.00%	4,223	
The Company	GIGASTORAGE CORPORATION	None.	Current financial assets at fair value through profit or loss	187,000	4,041	0.05%	3,441	
The Company	Yang Ming Marine Transport Corp.	None.	Current financial assets at fair value through profit or loss	360,000	23,202	0.01%	23,580	
The Company	GLORIA MATERIAL TECHNOLOGY CORP	None.	Current financial assets at fair value through profit or loss	205,000	6,834	0.04%	7,616	
The Company	GlobalWafers Co., Ltd	None.	Current financial assets at fair value through profit or loss	60,000	28,597	0.01%	25,650	
The Company	Swancor Holding Co., LTD.	None.	Current financial assets at fair value through profit or loss	155,000	14,808	0.16%	14,802	
The Company	TA CHEN STAINLESS PIPE CO., LTD.	None.	Current financial assets at fair value through profit or loss	290,000	11,774	0.01%	12,296	
The Company	YC INOX CO.,LTD	None.	Current financial assets at fair value through profit or loss	165,000	4,665	0.04%	4,777	
The Company	Century Iron And Steel Industrial Co.,Ltd	None.	Current financial assets at fair value through profit or loss	220,000	19,497	0.09%	19,492	
The Company	TAITA CHEMICAL COMPANY, LIMITED	None.	Current financial assets at fair value through profit or loss	552,000	12,381	0.14%	12,365	
The Company	SHIH WEI NAVIGATION CO., LTD	None.	Current financial assets at fair value through profit or loss	440,000	10,942	0.12%	11,044	
The Company	WAFER WORKS CORPORATION	None.	Current financial assets at fair value through profit or loss	410,000	18,447	0.08%	16,728	
The Company	TUNG THIH ELECTRONIC CO., LTD.	None.	Current financial assets at fair value through profit or loss	80,000	12,249	0.09%	10,880	
The Company	TTY BIOPHARM COMPANY LIMITED	None.	Current financial assets at fair value through profit or loss	91,000	7,145	0.04%	7,589	
The Company	Unimicron Technology Corp.	None.	Current financial assets at fair value through profit or loss	162,000	19,235	0.01%	19,440	
The Company	NAN YA PRINTED CIRCUIT BOARD CORPORATION	None.	Current financial assets at fair value through profit or loss	84,000	16,933	0.01%	19,068	
The Company	VIA TECHNOLOGIES, INC.	None.	Current financial assets at fair value through profit or loss	350,000	24,780	0.07%	23,555	
The Company	Primax Electronics Ltd.	None.	Current financial assets at fair value through profit or loss	163,000	9,410	0.04%	9,046	
The Company	YAGEO CORPORATION	None.	Current financial assets at fair value through profit or loss	40,000	17,769	0.01%	18,040	
The Company	Fubon SSE 180 Leveraged 2X Index ETF (00633L)	None.	Current financial assets at fair value through profit or loss	400,000	15,837	-	15,660	
The Company	FITTECH CO.,LTD	None.	Current financial assets at fair value through profit or loss	109,000	10,451	0.15%	9,592	
The Company	KINSUS INTERCONNECT TECHNOLOGY CORP.	None.	Current financial assets at fair value through profit or loss	175,000	17,682	0.04%	18,287	
The Company	Ultra Chip, Inc.	None.	Current financial assets at fair value through profit or loss	136,000	12,612	0.18%	10,458	
The Company	FORTUNE ELECTRIC CO.,LTD	None.	Current financial assets at fair value through profit or loss	350,000	17,085	0.13%	16,905	
The Company	U-MING MARINE TRANSPORT CORP.	None.	Current financial assets at fair value through profit or loss	150,000	7,461	0.02%	7,290	
The Company	YUEN CHANG STAINLESS STEEL CO., LTD	None.	Current financial assets at fair value through profit or loss	60,000	1,216	0.04%	1,287	
The Company	EVERGREEN INTERNATIONAL STORAGE & TRANSPORT	None.	Current financial assets at fair value through profit or loss	350,000	9,841	0.02%	9,730	
The Company	Wisdom Marine Lines Co., Limited	None.	Current financial assets at fair value through profit or loss	130,000	8,292	0.02%	7,982	

Full Wang International Development Co., Ltd.

Holding of marketable securities at the end of the period (not including subsidiaries, associates and joint ventures)

December 31, 2022

Table 2

Expressed in thousands of NTD
(Except as otherwise indicated)

				As of December 31, 2022				
Securities held by	Marketable securities (Note 1)	Relationship with the securities issuer	General ledger account	Number of shares	Book value	Ownership	Fair value	Footnote
The Company	HannStar Board Corp.	None.	Current financial assets at fair value through profit or loss	103,000	3,480	0.02%	3,260	
The Company	Country Garden Holdings Company Limited	None.	Current financial assets at fair value through profit or loss	350,000	4,176	-	3,707	
The Company	China Eastern Airlines Corporation Limited	None.	Current financial assets at fair value through profit or loss	822,000	10,824	-	10,248	
The Company	Tesla(TSLA)	None.	Current financial assets at fair value through profit or loss	750	4,960	-	2,964	
The Company	Amazon.com, Inc.	None.	Current financial assets at fair value through profit or loss	1,000	3,359	-	2,565	
The Company	Meta Platforms(META)	None.	Current financial assets at fair value through profit or loss	300	1,168	-	1,140	
The Company	Apple Inc.	None.	Current financial assets at fair value through profit or loss	400	1,855	-	1,620	
					498,028		\$ 482,524	
			Valuation adjustments		(15,504)			
					\$ 482,524			
The Company	The Second Credit Cooperative Association of Taichung	None.	Non-current financial assets at fair value through profit or loss	100	\$ 10	-	\$ 10	
Baoxin Company	Wisdom Marine Lines Co., Limited	None.	Current financial assets at fair value through profit or loss	60,000	3,539	0.01%	3,684	
Baoxin Company	UNITED MICROELECTRONICS CORP.	None.	Current financial assets at fair value through profit or loss	20,000	853	-	814	
Baoxin Company	WAFER WORKS CORPORATION	None.	Current financial assets at fair value through profit or loss	25,000	1,182	-	1,020	
Baoxin Company	INNOLUX CORPORATION	None.	Current financial assets at fair value through profit or loss	130,000	1,618	-	1,437	
Baoxin Company	Eson Precision Ind. Co., Ltd.	None.	Current financial assets at fair value through profit or loss	12,000	773	0.01%	690	
Baoxin Company	EVERGREEN MARINE CORP. (TAIWAN) LTD.	None.	Current financial assets at fair value through profit or loss	11,000	2,814	-	1,793	
Baoxin Company	GlobalWafers Co., Ltd	None.	Current financial assets at fair value through profit or loss	5,000	2,619	-	2,138	
Baoxin Company	China Airlines Ltd.	None.	Current financial assets at fair value through profit or loss	505,000	12,464	0.01%	9,595	
Baoxin Company	Yang Ming Marine Transport Corp.	None.	Current financial assets at fair value through profit or loss	59,000	6,291	-	3,865	
Baoxin Company	FORTUNE ELECTRIC CO.,LTD	None.	Current financial assets at fair value through profit or loss	3,000	146	-	145	
Baoxin Company	CHUNG HUNG STEEL CORPORATION	None.	Current financial assets at fair value through profit or loss	30,000	789	-	803	
Baoxin Company	YC INOX CO.,LTD	None.	Current financial assets at fair value through profit or loss	10,000	283	-	290	
Baoxin Company	Primax Electronics Ltd.	None.	Current financial assets at fair value through profit or loss	15,000	848	-	832	
Baoxin Company	TA CHEN STAINLESS PIPE CO., LTD.	None.	Current financial assets at fair value through profit or loss	18,000	756	-	763	
Baoxin Company	VIA TECHNOLOGIES, INC.	None.	Current financial assets at fair value through profit or loss	15,000	1,065	-	1,009	
Baoxin Company	EVERGREEN INTERNATIONAL STORAGE & TRANSPORT	None.	Current financial assets at fair value through profit or loss	60,000	1,688	-	1,668	
Baoxin Company	SHIH WEI NAVIGATION CO., LTD	None.	Current financial assets at fair value through profit or loss	20,000	507	0.01%	502	
Baoxin Company	WALSIN TECHNOLOGY CORPORATION	None.	Current financial assets at fair value through profit or loss	10,000	837	-	790	
Baoxin Company	Swancor Holding Co., LTD.	None.	Current financial assets at fair value through profit or loss	3,000	287	-	286	
Baoxin Company	EVA AIRWAYS CORPORATION	None.	Current financial assets at fair value through profit or loss	35,000	937	-	985	
Baoxin Company	NAN YA PRINTED CIRCUIT BOARD CORPORATION	None.	Current financial assets at fair value through profit or loss	3,000	707	-	681	
Baoxin Company	Century Iron And Steel Industrial Co.,Lt	None.	Current financial assets at fair value through profit or loss	23,000	2,026	0.01%	2,038	

Full Wang International Development Co., Ltd.
Holding of marketable securities at the end of the period (not including subsidiaries, associates and joint ventures)
December 31, 2022

Table 2

Expressed in thousands of NTD
(Except as otherwise indicated)

Securities held by	Marketable securities (Note 1)	Relationship with the securities issuer	General ledger account	As of December 31, 2022				Footnote
				Number of shares	Book value	Ownership	Fair value	
Baoxin Company	U-MING MARINE TRANSPORT CORP.	None.	Current financial assets at fair value through profit or loss	45,000	2,001	0.01%	2,187	
Baoxin Company	MOTECH INDUSTRIES INC	None.	Current financial assets at fair value through profit or loss	25,000	726	0.01%	712	
			Valutaion adjustment		45,756		\$ 38,727	
					(7,029)			
					\$ 38,727			
Baoxin Company	The Second Credit Cooperative Association of Taichung	None.	Non-current financial assets at fair value through profit or loss	100	\$ 10	-	\$ 10	

Note 1: Marketable securities in the table refer to stocks, bonds, beneficiary certificates and other related derivative securities in accordance with IFRS 9.

Full Wang International Development Co., Ltd.
Acquisition or sale of the same security with the accumulated cost exceeding \$300 million or 20% of the Company's paid-in capital
Year ended December 31, 2022

Table 3

Expressed in thousands of NTD
(Except as otherwise indicated)

Investor	Marketable securities (Note 1)	General ledger account	Counterparty (Note 2)	Relationship with the investor (Note 2)	Balance as at January 1, 2022		Addition (Note 3)		Disposal (Note 3)			Balance as at December 31, 2022 (Note 5)		
					No. of shares	Amount	No. of shares	Amount	No. of shares	Selling price	Book value	Gains (losses) on disposal	No. of shares	Amount
The Company	Yuanta Daily Taiwan 50 Bull 2X ETF	Current financial assets at fair value through profit or loss	-	-	-	\$ -	2,873,000	\$ 358,633	2,873,000	\$ 340,912	\$ 358,633	(\$ 17,721)	-	\$ -
The Company	Taiwan Semiconductor Manufacturing Co., Ltd.	Current financial assets at fair value through profit or loss	-	-	91,000	55,965	823,000	441,483	914,000	476,314	495,887	(19,573)	-	-
The Company	EVERGREEN MARINE CORP. (TAIWAN) LTD.	Current financial assets at fair value through profit or loss	-	-	594,000	84,645	2,093,000	342,317	2,687,000	378,293	411,873	(33,580)	-	-
The Company	EVA AIRWAYS CORPORATION	Current financial assets at fair value through profit or loss	-	-	3,494,000	97,657	15,919,000	523,286	19,263,000	597,557	602,555	(4,998)	150,000	4,223
The Company	China Airlines Ltd.	Current financial assets at fair value through profit or loss	-	-	3,110,000	85,680	13,709,000	369,073	16,819,000	419,897	454,025	(34,128)	-	-
The Company	Yang Ming Marine Transport Corp.	Current financial assets at fair value through profit or loss	-	-	672,000	81,312	2,902,000	335,389	3,214,000	343,261	387,582	(44,321)	360,000	23,580
The Company	HTC Corporation	Current financial assets at fair value through profit or loss	-	-	460,000	39,008	4,374,000	277,326	4,834,000	284,219	314,840	(30,621)	-	-
The Company	Yuanta Daily CSI 300 Bull 2X ETF(00637L)	Current financial assets at fair value through profit or loss	-	-	6,478,000	141,739	14,135,000	232,850	18,635,000	287,820	350,937	(63,117)	1,978,000	30,600

Note 1: Marketable securities in the table refer to stocks, bonds, beneficiary certificates and other related derivative securities.

Note 2: Fill in the columns the counterparty and relationship if securities are accounted for under the equity method; otherwise leave the columns blank.

Note 3: Aggregate purchases and sales amounts should be calculated separately at their market values to verify whether they individually reach NT\$300 million or 20% of paid-in capital or more.

Note 4: Paid-in capital referred to herein is the paid-in capital of parent company. In the case that shares were issued with no par value or a par value other than NT\$10 per share, the 20 % of paid-in capital shall be replaced by 10% of equity attributable to owners of the parent in the calculation.

Note 5: Valuation adjustments were both included in the ending balance and beginning balance.

Full Wang International Development Co., Ltd.
Acquisition of real estate reaching NT\$300 million or 20% of paid-in capital or more
Year ended December 31, 2022

Table 4

Expressed in thousands of NTD
(Except as otherwise indicated)

Real estate acquired by	Real estate acquired	Transaction date or date of the event (Note 1)	Transaction amount	Status of payment	Counterparty	Relationship with the counterparty	If the counterparty is a related party, information as to the last transaction of the real estate is disclosed below:				Basis or reference used in setting the price	Reason for acquisition of real estate and status of the real estate	Other commitments
							Original owner who sold the real estate to the counterparty	Relationship between the original owner and the acquirer	Date of the original transaction	Amount			
The Company	Inventories – No.1812, Jen Shing Section, Lukang Township, Changhua County	1-Jul-22	\$ 430,000	\$ 430,000	Natural person	-	-	-	-	\$ -	Mutual negotiation	Land held for construction site	-

Note 1: Date of the event referred to herein is the date of contract signing.

Full Wang International Development Co., Ltd.

Purchases or sales of goods from or to related parties reaching NT\$100 million or 20% of paid-in capital or more

Year ended December 31, 2022

Table 5

Expressed in thousands of NTD

(Except as otherwise indicated)

Purchaser/seller	Counterparty	Relationship with the counterparty	Transaction			Compared to third party transactions (Note 1)		Notes/accounts receivable (payable)		Footnote (Note 2)	
			Purchases (sales)	Amount	Percentage of total purchases (sales)	Credit term	Unit price	Credit term	Balance at December 31, 2022		Percentage of total notes/accounts receivable (payable)
The Company	Baoxin Company	A subsidiary of the company	subcontracting construction	\$ 1,040,591	112%	Price and payment were made based on the construction contract	\$ -	- (\$	178,534)	33%	Note 2

Note 1: If terms of related-party transactions are different from third-party transactions, explain the differences and reasons in the 'Unit price' and 'Credit term' columns.

Note 2: The transactions were eliminated when preparing the consolidated financial statements.

Full Wang International Development Co., Ltd.

Receivables from related parties reaching NT\$100 million or 20% of paid-in capital or more

December 31, 2022

Table 6

Expressed in thousands of NTD

(Except as otherwise indicated)

Creditor	Counterparty	Relationship with the counterparty	Balance as at December 31, 2022 (Note 1)	Turnover rate	Overdue receivables		Amount collected subsequent to the balance sheet date (Note 2)	Allowance for doubtful account
					Amount	Action taken		
Baoxin Company	The Company	Parent-subsidiary company	\$ 178,534	2.94	\$ -	-	\$ -	-

Note 1: Fill in separately the balances of accounts receivable-related parties, notes receivable-related parties, other receivables-related parties....

Note 2: Balance as of February 23, 2023.

Full Wang International Development Co., Ltd.
 Significant inter-company transactions during the reporting periods
 Year ended December 31, 2022

Table 7

Expressed in thousands of NTD
 (Except as otherwise indicated)

No.(Note 1)	Company name	Counterparty	Relationship (Note 2)	Transaction			
				General ledger account	Amount (Note 4)	Transaction terms	Percentage of
0	The Company	Baoxin Company	1	Construction in progress	\$ 1,040,591	Price and payment were made based on the construction contract	180.03%
0	The Company	Baoxin Company	1	Accounts payable	178,534	Price and payment were made based on the construction contract	1.84%

Note 1: The numbers filled in for the transaction company in respect of inter-company transactions are as follows:

(1)Parent company is '0'.

(2)The subsidiaries are numbered in order starting from '1'.

Note 2: Relationship between transaction company and counterparty is classified into the following three categories; fill in the number of category each case belongs to (If transactions between parent company and subsidiaries or between subsidiaries refer to the same transaction, it is not required to disclose twice. For example, if the parent company has already disclosed its transaction with a subsidiary, then the subsidiary is not required to disclose the transaction; for transactions between two subsidiaries, if one of the subsidiaries has disclosed the transaction, then the other is not required to disclose the transaction.):

(1)Parent company to subsidiary.

(2)Subsidiary to parent company.

(3)Subsidiary to subsidiary.

Note 3: Regarding percentage of transaction amount to consolidated total operating revenues or total assets, it is computed based on period-end balance of transaction to consolidated total assets for balance sheet accounts and based on accumulated transaction amount for the period to consolidated total operating revenues for income statement accounts.

Note 4: The transactions were eliminated when preparing the consolidated financial statements.

Note 5: The Company may decide to disclose or not to disclose transaction details in this table based on the Materiality Principle.

Full Wang International Development Co., Ltd.

Information on investees

Year ended December 31, 2022

Table 8

Expressed in thousands of NTD

(Except as otherwise indicated)

Investor	Investee	Location	Main business activities	Initial investment amount		Shares held as at December 31, 2022			Net income of investee as of December 31, 2022	Investment income (loss) recognised by the Company for the year ended December 31, 2022	Footnote
				Balance as at December 31, 2022	Balance as at December 31, 2021	No. of shares (in thousands)	Ownership (%)	Book value			
The Company	Baoxin Company	Taiwan	Comprehensive construction	\$ 120,000	\$ 120,000	12,000	100	\$ 20,913	(\$ 33,112)	(\$ 78,250)	Notes 1 and 2
The Company	Full Xin Company	Taiwan	Trade of real estate	10,000	10,000	1,000	100	7,026	(296)	(296)	Note 2
The Company	Full Wang Real Estate	Taiwan	Trade of real estate	5,000	5,000	500	100	4,956	5	5	Note 2
The Company	Fuwong	Cambodia	Trade of real estate	3,272	3,272	1	100	388	(115)	(115)	Note 2
The Company	BIFINITY	Taiwan	Trade of cosmetic	61,900	41,900	6,000	100	12,276	(2,806)	(2,806)	Notes 2 and 5
The Company	Full Wang Property Agency	Taiwan	Trade, lease, agency and consignment of real estate	10,000	10,000	1,000	74	(3,392)	-	-	Note 2
The Company	Sindar	British Virgin Islands	Merchant	21,456	21,456	650	100	(323)	-	-	Note 2
BIFINITY	Full Wang Property Agency	Taiwan	Trade, lease, agency and consignment of real estate	3,500	3,500	350	26	3,372	-	-	Notes 2 and 3
BIFINITY	BIFINITY(VN)	Vietnam	Trade of cosmetic	-	2,972	-	-	-	-	-	Notes 2、3 and 4

Note 1: Investment income recognised for the year ended December 31, 2022 includes realised and unrealised gain (loss) on upstream transactions.

Note 2: The transactions were eliminated when preparing the consolidated financial statements.

Note 3: It was a second-tier subsidiary, and investment income was not included.

Note 4: BIFINITY(VN) liquidated from September 15, 2021, and the liquidation was completed in December 19, 2022.

Note 5: On May 11, 2022, the Board of Directors of BIFINITY resolved on behalf of the shareholders to issue 2,000 thousand new shares and offsetting share proceeds with creditor's rights amounting to \$20,000 thousand. The effective date of the capital increase was set on May 25, 2022, and the registration was completed on June 6, 2022.

Full Wang International Development Co., Ltd.

Major shareholders information

December 31, 2022

Table 9

Name of major shareholders	Shares	
	Name of shares held	Ownership (%)
PAO CHU Investment Co., Ltd.	23,684,480	15.37%
PAO HSIN Investment Ltd.	21,676,497	14.07%
Tian Wei Asset Management Corporation CO.,LTD.	21,150,199	13.73%
Chang Yun CONSTRUCTION DEVELOPMENT CO.,LTD.	20,358,756	13.21%

FULL WANG INTERNATIONAL DEVELOPMENT CO., LTD.
STATEMENT OF FINANCIAL ASSETS MEASURED AT FAIR VALUE THROUGH PROFIT OR LOSS - CURRENT
DECEMBER 31, 2022

(Expressed in thousands of New Taiwan dollars, except as otherwise indicated)

STATEMENT 1

Name of Financial Instrument	Description	Shares	Cost	Fair Value		Amount of Change in the Fair Value is Attributable to Change in the Credit Risk	Note
				Unit Price	Total Amount		

Note: Please refer to table 2 for details of financial assets at fair value through profit or loss.

FULL WANG INTERNATIONAL DEVELOPMENT CO., LTD.
STATEMENT OF FINANCIAL ASSETS MEASURED AT AMORTIZED COST - NON-CURRENT
DECEMBER 31, 2022

(Expressed in thousands of New Taiwan dollars, except as otherwise indicated)

STATEMENT 2

Items	Description	Amount
Current items:		
Restricted demand deposits		\$ 977,653
Restricted time deposits	Period from 2022.7.11~2023.7.11	3,300
		<u>\$ 980,953</u>

FULL WANG INTERNATIONAL DEVELOPMENT CO., LTD.

INVENTORIES

DECEMBER 31, 2022

(Expressed in thousands of New Taiwan dollars, except as otherwise indicated)

STATEMENT 3

Item	Amount		Note
	Cost	Net Realizable Value	
Buildings and land held for sale			
The Infinity	\$ 39,011	\$ 74,580	Net realizable value (collaterals provided)
RIVER ONE	35,703	53,657	Net realizable value (collaterals provided)
Pingzhen District, Taoyuan City (Shanziding section)	9,246	10,024	Net Realizable Value
New Style	28,170	43,093	Net realizable value (collaterals provided)
F House	69,853	93,206	Net realizable value (collaterals provided)
Others	10,744	14,974	Net Realizable Value
Total	<u>192,727</u>	<u>289,534</u>	
Construction in progress			
My Style(formerly named sunshine town)	\$ 1,325,062	\$ 2,472,220	Net realizable value (collaterals provided)
Wei Mei Chu(formerly Lantian W. section, Nanzi Dist., Kaohsiung City)	954,044	1,953,517	Net realizable value (collaterals provided)
Yuan Zhong section, Nanzi Dist., Kaohsiung City	328,003	572,953	Net realizable value (collaterals provided)
XIN HAI CHENG(formerly Luliao section, Shalu District)	481,589	919,953	Net realizable value (collaterals provided)
Full of Happiness(formerly Qiaozhen section, Yunlin County)	171,774	224,758	Net realizable value (collaterals provided)
Skyline W one(formerly Shangshi section)	1,059,454	1,908,264	Net realizable value (collaterals provided)
The melody of home(formerly Wenhua section, Miaoli County)	349,364	624,505	Net realizable value (collaterals provided)
ELEGANT VILLAGE(formerly Qiaozhen section, Yunlin County 2)	274,910	658,269	Net realizable value (collaterals provided)
Mayuantou section, West Dist.	636,970	921,090	Net realizable value (collaterals provided)
Yunlinxi section, Douliu city	389,565	426,641	Net realizable value (collaterals provided)
AIMEI(Jen Shing Section, Lukang Township)	447,498	459,582	Net realizable value (collaterals provided)
	<u>6,418,233</u>	<u>11,141,752</u>	
	<u>\$ 6,610,960</u>	<u>\$ 11,431,286</u>	

FULL WANG INTERNATIONAL DEVELOPMENT CO., LTD.
STATEMENT OF OTHER CURRENT ASSETS
DECEMBER 31, 2022

(Expressed in thousands of New Taiwan dollars, except as otherwise indicated)

STATEMENT 4

<u>Item</u>	<u>Description</u>	<u>Amount</u>	<u>Note</u>
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Note: Please refer to Note 6(6) for details of Other Current Assets.

FULL WANG INTERNATIONAL DEVELOPMENT CO., LTD.

SHORT-TERM BORROWINGS

DECEMBER 31, 2022

(Expressed in thousands of New Taiwan dollars, except as otherwise indicated)

STATEMENT 5

Description	Creditor	Ending Balance	Contract Period	Coupon Rate	Collateral
Secured borrowings	First Commercial Bank	\$ 1,341,736	2020/02/25~2027/12/15	2.40%~2.93%	Inventories
Secured borrowings	Taiwan Business Bank	1,221,450	2014/10/06~2025/12/22	2.38%~2.63%	Inventories
Secured borrowings	Yuanta Commercial Bank Co., Ltd.	408,000	2021/03/15~2025/03/15	2.25%~2.35%	Inventories
Secured borrowings	Agricultural Bank of Taiwan Corporation	462,135	2018/11/15~2026/10/28	2.46%~2.68%	Inventories
Secured borrowings	Chang Hwa Bank	198,000	2021/11/30~2026/11/30	2.55%	Inventories
Secured borrowings	Panhsin Bank	322,500	2022/10/25~2025/10/25	2.65%~2.75%	Inventories
Secured borrowings	King's Town Bank	113,755	2022/01/28~2023/12/02	2.88%~2.98%	Inventories
Unsecured borrowings	Taichung Commercial Bank Co., Ltd.	45,000	2022/07/19~2025/07/19	4.30%	-
Unsecured borrowings	First Commercial Bank	167,000	2020/04/16~2025/04/13	2.50%	-
Unrestricted borrowings	MasterLink Securities Corp.	80,000	Changed by stock transactions	1.75%	Equity securities
Unrestricted borrowings	Yuanta Securities	106,240	Changed by stock transactions	1.75%	Equity securities
Unrestricted borrowings	President Securities Corporation	28,177	Changed by stock transactions	1.93%	Equity securities
Unrestricted borrowings	Waterland Securities Co., Ltd.	29,179	Changed by stock transactions	2.30%	Equity securities
		<u>\$ 4,523,172</u>			

FULL WANG INTERNATIONAL DEVELOPMENT CO., LTD.

STATEMENT OF BONDS PAYABLE

DECEMBER 31, 2022

(Expressed in thousands of New Taiwan dollars, except as otherwise indicated)

STATEMENT 6

Bonds Name	Trustee	Issuance Date	Interest Payment Date	Coupon Rate	Amount			Unamortized Premiums (Discounts)	Book value	Repayment Term	Collateral	Note
					Total Issuance Amount	Repayment Paid	Ending Balance					
The 2018 first-time secured ordinary corporate bonds	Jih Sun International	2018/12/21	12/21 of every year	1.02%	\$ 300,000	\$ -	\$ 300,000	(\$ 82)	\$ 299,918	Repaid in full at maturity	Note 1	
The 2019 first-time secured ordinary corporate bonds	Jih Sun International	2019/3/7	3/7 of every year	0.95%	400,000	-	400,000	(140)	399,860	Repaid in full at maturity	Note 1	
The 2019 second time secured ordinary corporate bonds	Jih Sun International	2019/5/9	5/9 of every year	0.88%	300,000	-	300,000	(120)	299,880	Repaid in full at maturity	Note 1	
The 2019 third time secured ordinary corporate bonds	Jih Sun International	2019/7/11	7/11 of every year	1.05%	300,000	-	300,000	(135)	299,865	Repaid in full at maturity	Note 2	
The 2020 first-time secured ordinary corporate bonds	Jih Sun International	2020/4/15	4/15 of every year	0.74%	400,000	-	400,000	(43)	399,957	Repaid in full at maturity	Note 1	
					<u>\$ 1,700,000</u>	<u>\$ -</u>	<u>\$ 1,700,000</u>	<u>(\$ 520)</u>	1,699,480			
Less: Bonds payable-current portion								(699,875)				
								<u>\$ 999,605</u>				

FULL WANG INTERNATIONAL DEVELOPMENT CO., LTD.

STATEMENT OF BONDS PAYABLE (Cont.)

DECEMBER 31, 2022

(Expressed in thousands of New Taiwan dollars, except as otherwise indicated)

STATEMENT 6

- Note 1. The Company commissioned Taiwan Cooperative Bank to perform guarantee for corporate bonds under the letters of guarantee.
2. The Company commissioned Taiwan Business Bank to perform guarantee for corporate bonds under the letters of guarantee.

FULL WANG INTERNATIONAL DEVELOPMENT CO., LTD.
SALES REVENUE

FOR THE YEAR ENDED DECEMBER 31, 2022

(Expressed in thousands of New Taiwan dollars, except as otherwise indicated)

STATEMENT 7

<u>Name of construction</u>	<u>Revenue from buildings</u>	<u>Revenue from land</u>	<u>Total</u>	<u>Note</u>
Buildings and land sales revenue	\$ 337,510	\$ 235,518	\$ 573,028	
Service revenue			1,372	
Rental revenue			2,263	
			<u>\$ 576,663</u>	

FULL WANG INTERNATIONAL DEVELOPMENT CO., LTD.
COST OF SALES

FOR THE YEAR ENDED DECEMBER 31, 2022

(Expressed in thousands of New Taiwan dollars, except as otherwise indicated)

STATEMENT 8

<u>Name of construction</u>	<u>Buildings and structures, cost</u>	<u>Land, cost</u>	<u>Total</u>	<u>Note</u>
Cost of construction sales	\$ 285,502	\$ 145,874	\$ 431,376	
Labor cost			1,640	
			<u>\$ 433,016</u>	

FULL WANG INTERNATIONAL DEVELOPMENT CO., LTD.
OPERATING EXPENSES

FOR THE YEAR ENDED DECEMBER 31, 2022

(Expressed in thousands of New Taiwan dollars, except as otherwise indicated)

STATEMENT 9

<u>Items</u>	<u>Selling expenses</u>	<u>Administrative expenses</u>	<u>Total</u>	<u>Note</u>
Wages and salaries	\$ 2,160	\$ 27,104	\$ 29,264	
Depreciation	12,626	9,217	21,843	
Commissions expense	28,443	-	28,443	
Professional service fees	4,172	13,041	17,213	
Advertisement expense	6,072	1,488	7,560	
Others	30,511	76,085	106,596	Each individual customer balance did not exceed 5% of the account balance.
	<u>\$ 83,984</u>	<u>\$ 126,935</u>	<u>\$ 210,919</u>	

FULL WANG INTERNATIONAL DEVELOPMENT CO., LTD.

STATEMENT OF OTHER INCOME

FOR THE YEAR ENDED DECEMBER 31, 2022

(Expressed in thousands of New Taiwan dollars, except as otherwise indicated)

STATEMENT 10

<u>Item</u>	<u>Description</u>	<u>Amount</u>	<u>Note</u>
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Note: Please refer to Note 6(20) for details of other income.

FULL WANG INTERNATIONAL DEVELOPMENT CO., LTD.
STATEMENT OF DETAILS OF OTHER GAINS AND LOSSES, NET
FOR THE YEAR ENDED DECEMBER 31, 2022

(Expressed in thousands of New Taiwan dollars, except as otherwise indicated)

STATEMENT 11

Item	Description	Amount	Note
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Note: Please refer to Note 6(21) for details of other gains and losses.

FULL WANG INTERNATIONAL DEVELOPMENT CO., LTD.
STATEMENT OF FINANCE COST
DECEMBER 31, 2022
(Expressed in thousands of New Taiwan dollars)

STATEMENT 12

<u>Item</u>	<u>Description</u>	<u>Amount</u>	<u>Note</u>
Note: Please refer to Note 6(22) for details of finance cost.			

FULL WANG INTERNATIONAL DEVELOPMENT CO., LTD.
SUMMARY STATEMENT OF CURRENT PERIOD EMPLOYEE BENEFITS, DEPRECIATION, DEPLETION AND AMORTIZATION EXPENSES BY
FUNCTION
FOR THE YEAR ENDED DECEMBER 31, 2022
(Expressed in thousands of New Taiwan dollars, except as otherwise indicated)

STATEMENT 13

Function Nature	Year ended December 31, 2022			Year ended December 31, 2021		
	Classified as Operating Costs	Classified as Operating Expenses	Total	Classified as Operating Costs	Classified as Operating Expenses	Total
Employee Benefit Expense						
Wages and salaries	\$ -	\$ 27,629	\$ 27,629	\$ 884	\$ 40,158	\$ 41,042
Labour and health insurance fees	-	3,253	3,253	-	3,351	3,351
Pension costs	-	1,635	1,635	-	1,633	1,633
Directors' remuneration	-	1,685	1,685	-	1,955	1,955
Other personnel expenses	-	1,584	1,584	-	2,982	2,982
Depreciation Expense	-	21,843	21,843	-	19,604	19,604
Depletion Expense	-	-	-	-	-	-
Amortisation Expense	-	554	554	-	444	444

Note:

A. As at December 31, 2022 and 2021, the Company had 44 and 44 employees, including 5 and 3 non-employee directors, respectively.

B. A company whose stock is listed for trading on the stock exchange or over-the-counter securities exchange shall additionally disclose the following information :

(a) Average employee benefit expense in current year was \$874 thousand ((Total employee benefit expense in current year–Total directors' compensation in current year)/(Number of employees in current year–Number of non-employee directors in current year)).

Average employee benefit expense in previous year was \$1,195 thousand ((Total employee benefit expense in previous year–Total directors' compensation in previous year)/(Number of employees in previous year – Number of non-employee directors in previous year)).

FULL WANG INTERNATIONAL DEVELOPMENT CO., LTD.
SUMMARY STATEMENT OF CURRENT PERIOD EMPLOYEE BENEFITS, DEPRECIATION, DEPLETION AND AMORTIZATION EXPENSES BY
FUNCTION (Cont.)
FOR THE YEAR ENDED DECEMBER 31, 2022
(Expressed in thousands of New Taiwan dollars, except as otherwise indicated)

STATEMENT 13

- (b) Average employee salaries in current year was \$708 thousand (Total employee salaries in current year / (Number of employees in current year–Number of non-employee directors in current year)).
Average employee salaries in previous year was \$1,001 thousand (Total employee salaries in previous year / (Number of employees in previous year–Number of non-employee directors in previous year)).
- (c) Adjustment of average employee salaries was (29%) ((Average employee salaries in current year - Average employee salaries in previous year) / Average employee salaries in previous year).
- (d) The supervisors' remuneration in current year was \$235 thousand. The supervisors' remuneration in previous year was \$390 thousand.
- (e) Salary and Compensation Policy:
- i. Employees' salary: The Company' salary and compensation policy makes an effort to provide a fair and reasonable reward and punishment system to employees, to strengthen team's discipline, to encourage employees focusing on benefaction, to improve the Company's service quality, to be a behaviour guidance followed by employees and keep a good image of the Company. Employees' salary and compensation include monthly salary, performance bonus and reward calculated based on operating results and sales conditions of construction projects and compensation (bonus) distributed based on profitability of every year which allocated to individual employee based on the position, contribution and performance.
 - ii. Managers: The Company's remuneration to managers adopts the balanced salary and bonus, referring to the pay level in the same industry. The remuneration is determined according to the job responsibility, contribution to the Company's operation and by reference to the general pay levels of the industry, and shall be reviewed by the remuneration committee and reported to the Board of Directors for approval. The procedure for determination of remuneration takes into consideration the Company's overall operation performance, achievement rate of personal performance and contribution to the Company's performance to grant a reasonable remuneration.

FULL WANG INTERNATIONAL DEVELOPMENT CO., LTD.
SUMMARY STATEMENT OF CURRENT PERIOD EMPLOYEE BENEFITS, DEPRECIATION, DEPLETION AND AMORTIZATION EXPENSES BY
FUNCTION (Cont.)
FOR THE YEAR ENDED DECEMBER 31, 2022
(Expressed in thousands of New Taiwan dollars, except as otherwise indicated)

STATEMENT 13

- iii. Directors and supervisors' remuneration: Directors' and supervisors' remuneration include monthly fixed remuneration, transportation allowance for the professional practice execution and bonus from distribution of earnings. The fixed remuneration and transportation allowance are paid based on general market levels and earnings distribution in accordance with the Company's Articles of Incorporation. The remuneration of general manager and vice general manager comprise of the basic salary and meal allowance, and their salaries are determined based on experience, working performance and seniority.