

**FULL WANG INTERNATIONAL
DEVELOPMENT CO., LTD.
PARENT COMPANY ONLY FINANCIAL
STATEMENTS AND INDEPENDENT AUDITORS’
REPORT
DECEMBER 31, 2023 AND 2022**

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, 2023 AND 2022 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, 2023 and 2022, 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 material 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, 2023 and 2022, and its parent company only financial performance and its parent company only cash flows for the years then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers.

Basis for opinion

We conducted our audits in accordance with the Regulations Governing Financial Statements Auditing and Attestation Engagements of 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 2023 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 2023 parent company only financial statements are stated as follows:

Cut-off of building and land sales revenue

Description

Please refer to Note 4(24) for accounting policies on sales revenue, and Note 6(19) for details. For the year ended December 31, 2023, building and land sales revenue amounted to NT\$2,037,745 thousand, representing 99.57% 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 turning 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(12) for accounting policy on inventory valuation, Note 5(2) for accounting estimates and assumptions in relation to inventory valuation. As at December 31, 2023, the carrying amount of inventories and allowance for inventory valuation losses amounted to NT\$7,341,944 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

March 12, 2024

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, 2023 AND 2022
(Expressed in thousands of New Taiwan dollars)

Assets		Notes	December 31, 2023		December 31, 2022			
			AMOUNT	%	AMOUNT	%		
Current assets								
1100	Cash and cash equivalents	6(1)	\$	602,223	6	\$	155,241	2
1110	Financial assets at fair value through profit or loss - current	6(2) and 8		25,523	-		482,524	5
1136	Current financial assets at amortised cost	6(3) and 8		753,101	7		102,919	1
1150	Notes receivable, net	6(4)		116	-		1,066	-
1170	Accounts receivable, net	6(4) and 7(2)		455,173	4		43,826	1
1200	Other receivables	7(2) and 9(1)		14,407	-		32,401	-
1220	Current tax assets			-	-		2,766	-
130X	Inventories	6(5), 7(2), 8 and 9(1)		7,341,944	69		6,610,960	72
1470	Other current assets	6(6) and 7(2)		538,286	5		466,917	5
11XX	Current Assets			9,730,773	91		7,898,620	86
Non-current assets								
1510	Non-current financial assets at fair value through profit or loss	6(2)		10	-		10	-
1517	Non-current financial assets at fair value through other comprehensive income			4,000	-		-	-
1535	Non-current financial assets at amortised cost	6(3) and 8		296,430	3		980,953	11
1550	Investments accounted for under equity method	6(7)		359,532	4		45,558	1
1600	Property, plant and equipment	6(8)		39,244	-		33,086	-
1755	Right-of-use assets	6(9) and 7(2)		161,832	2		163,637	2
1780	Intangible assets			930	-		876	-
1840	Deferred tax assets	6(25)		32,754	-		28,347	-
1900	Other non-current assets	7(2) and 9(1)		29,640	-		41,536	-
15XX	Non-current assets			924,372	9		1,294,003	14
1XXX	Total assets		\$	10,655,145	100	\$	9,192,623	100

(Continued)

FULL WANG INTERNATIONAL DEVELOPMENT CO., LTD.
PARENT COMPANY ONLY BALANCE SHEETS
DECEMBER 31, 2023 AND 2022
(Expressed in thousands of New Taiwan dollars)

Liabilities and Equity		Notes	December 31, 2023		December 31, 2022	
			AMOUNT	%	AMOUNT	%
Current liabilities						
2100	Short-term borrowings	6(10)	\$ 4,814,078	45	\$ 4,523,172	49
2110	Short-term notes and bills payable	6(11)	348,159	3	348,737	4
2130	Current contract liabilities	6(18) and 7(2)	1,356,181	13	1,134,148	12
2150	Notes payable		37,960	-	22,182	-
2170	Accounts payable	7(2) and 9(1)	341,990	3	382,835	4
2200	Other payables	6(12) and 7(2)	95,499	1	33,433	1
2230	Current income tax liabilities		36,860	-	-	-
2280	Current lease liabilities	7(2)	15,563	-	11,589	-
2320	Long-term liabilities, current portion	6(13)	999,905	10	699,875	8
2399	Other current liabilities, others		39,866	1	12,853	-
21XX	Current Liabilities		8,086,061	76	7,168,824	78
Non-current liabilities						
2530	Bonds payable	6(13)	199,602	2	999,605	11
2580	Non-current lease liabilities	7(2)	152,302	1	156,562	2
2600	Other non-current liabilities	6(7)	727,962	7	4,369	-
25XX	Non-current liabilities		1,079,866	10	1,160,536	13
2XXX	Total Liabilities		9,165,927	86	8,329,360	91
Equity						
	Share capital	6(15)				
3110	Share capital - common stock		1,190,163	11	1,540,163	16
	Capital surplus	6(16)				
3200	Capital surplus		274,901	2	92,566	1
	Retained earnings	6(17)				
3310	Legal reserve		167,797	2	167,797	2
3320	Special reserve		438	-	746	-
3350	Accumulated deficit		(144,151) (1) (937,571) (10)
	Other equity interest					
3400	Other equity interest		70	-	(438)	-
3XXX	Total equity		1,489,218	14	863,263	9
	Significant Contingent Liabilities and	9				
	Unrecognised Contract Commitments					
	Significant Events after the Balance	11				
	Sheet Date					
3X2X	Total liabilities and equity		\$ 10,655,145	100	\$ 9,192,623	100

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, 2023 AND 2022

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

			Year ended December 31			
			2023		2022	
Items	Notes		AMOUNT	%	AMOUNT	%
4000 Sales revenue	6(18) and 7(2)	\$	2,046,516	100	\$ 576,663	100
5000 Operating costs	6(5)	(1,586,326)	(78)	(433,016)	(75)
5900 Net operating margin			460,190	22	143,647	25
Operating expenses	7(2)					
6100 Selling expenses		(161,987)	(8)	(83,984)	(15)
6200 General and administrative expenses		(150,727)	(7)	(126,935)	(22)
6000 Total operating expenses		(312,714)	(15)	(210,919)	(37)
6900 Operating profit (loss)			147,476	7	(67,272)	(12)
Non-operating income and expenses						
7100 Interest income	6(19)		6,116	-	2,423	1
7010 Other income	6(20)		43,736	2	69,315	12
7020 Other gains and losses	6(21)		27,471	1	(857,052)	(149)
7050 Finance costs	6(22)	(11,186)	-	(36,510)	(6)
7070 Share of profit (loss) of associates and joint ventures accounted for using equity method, net	6(7)		14,401	1	(81,462)	(14)
7000 Total non-operating income and expenses			80,538	4	(903,286)	(156)
7900 Profit (loss) before income tax			228,014	11	(970,558)	(168)
7950 Income tax expense	6(25)	(34,902)	(2)	(7,101)	(1)
8200 Profit (loss) for the year		\$	193,112	9	(\$ 977,659)	(169)
8316 Unrealised gains (losses) from investments in equity instruments measured at fair value through other comprehensive income		\$	70	-	\$ -	-
Components of other comprehensive income that will be reclassified to profit or loss						
8361 Financial statements translation differences of foreign operations			438	-	308	-
8360 Components of other comprehensive income that will be reclassified to profit or loss			438	-	308	-
8300 Other comprehensive income for the year		\$	508	-	\$ 308	-
8500 Total comprehensive income (loss) for the year		\$	193,620	9	(\$ 977,351)	(169)
Total basic (loss) earnings per share						
9750 Total basic (loss) earnings per share	6(26)	\$	2.02		(\$ 10.40)	
Diluted (loss) earnings per share						
9850 Diluted (loss) earnings per share	6(26)	\$	2.02		(\$ 10.40)	

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, 2023 AND 2022
(Expressed in thousands of New Taiwan dollars)

		Capital surplus			Retained earnings		Other equity interest			
								Unrealised gains (losses) from financial assets measured at fair value through other comprehensive income		
	Notes	Share capital - common stock	Additional paid-in capital	Employee share options	Legal reserve	Special reserve	Unappropriated retained earnings (accumulated deficit)	Exchange differences on translation of foreign financial statements	Total equity	
<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		<u>\$ 1,540,163</u>	<u>\$ 92,566</u>	<u>\$ -</u>	<u>\$ 167,797</u>	<u>\$ 746</u>	<u>(\$ 937,571)</u>	<u>(\$ 438)</u>	<u>\$ 863,263</u>	
<u>Year ended December 31, 2023</u>										
Balance at January 1, 2022		\$ 1,540,163	\$ 92,566	\$ -	\$ 167,797	\$ 746	(\$ 937,571)	(\$ 438)	\$ 863,263	
Profit for the year		-	-	-	-	-	193,112	-	193,112	
Other comprehensive income		-	-	-	-	-	-	438	508	
Total comprehensive income		-	-	-	-	-	193,112	438	193,620	
Appropriations and distribution of 2022 retained earnings										
Reversal of special reserve		-	-	-	-	(308)	308	-	-	
Capital reduction to offset accumulated deficits		(600,000)	-	-	-	-	600,000	-	-	
Capital reduction		250,000	178,750	-	-	-	-	-	428,750	
Share-based payments		-	-	3,585	-	-	-	-	3,585	
Balance at December 31, 2023		<u>\$ 1,190,163</u>	<u>\$ 271,316</u>	<u>\$ 3,585</u>	<u>\$ 167,797</u>	<u>\$ 438</u>	<u>(\$ 144,151)</u>	<u>\$ -</u>	<u>\$ 1,489,218</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 CASH FLOWS
YEARS ENDED DECEMBER 31, 2023 AND 2022
(Expressed in thousands of New Taiwan dollars)

		Year ended December 31	
	Notes	2023	2022
<u>CASH FLOWS FROM OPERATING ACTIVITIES</u>			
Profit (loss) before tax		\$ 228,014	(\$ 970,558)
Adjustments			
Adjustments to reconcile profit (loss)			
Depreciation expense - property, plant and equipment	6(8)	8,786	10,596
Depreciation expense - right-of-use assets	6(9)	5,856	11,247
Amortization expense	6(23)	586	554
Net loss (gain) on financial assets or liabilities at fair value through profit or loss	6(2)(21)	(42,670)	856,582
Interest expense	6(22)	11,186	36,510
Interest income	6(19)	(6,116)	(2,423)
Dividend income	6(20)	(1,338)	(54,466)
Share-based payments		3,585	-
Share of profit of associates for using the equity method	6(7)	(14,401)	81,462
Losses on disposals of property and equipment	6(21)	-	50
Loss on disposal of investments		433	-
Litigation loss	6(21)	13,565	377
Profit from lease modification	6(21)	-	(964)
Other income		40,108	-
Changes in operating assets and liabilities			
Changes in operating assets			
In financial assets at amortised cost		34,341	325,953
Notes receivable		950	6,244
Accounts receivable (including related parties)	(411,347)	788,065
Other receivables	(313)	(10,160)
Other receivables due from related parties		11,427	(11,312)
Inventories	(593,504)	(1,533,714)
Payment for capitalized interests	(137,480)	(75,846)
Other current assets	(71,369)	(98,972)
Changes in operating liabilities			
Current contract liabilities		222,033	50,853
Notes payable		15,778	(18,931)
Accounts payable(including related parties)	(77,277)	(52,839)
Other payables(including related parties)		59,270	(14,207)
Other current liabilities		18,349	(13,074)
Cash outflow generated from operations	(681,548)	(688,973)
Interest received		6,116	2,423
Interest paid	(12,975)	(36,082)
Income taxes paid	(2,451)	(14,673)
Net cash flows used in operating activities	(690,858)	(737,305)

(Continued)

FULL WANG INTERNATIONAL DEVELOPMENT CO., LTD.
PARENT COMPANY ONLY STATEMENTS OF CASH FLOWS
YEARS ENDED DECEMBER 31, 2023 AND 2022
(Expressed in thousands of New Taiwan dollars)

		Year ended December 31	
	Notes	2023	2022
<u>CASH FLOWS FROM INVESTING ACTIVITIES</u>			
Acquisition of financial assets at fair value through other comprehensive income		(\$ 3,930)	\$ -
Acquisition of financial assets at fair value through profit or loss	6(27)	(265,708)	(9,008,910)
Proceeds from disposal of financial assets at fair value through profit or loss	6(27)	769,759	9,202,074
Capital reduction and refund from financial assets at fair value through profit or loss		-	4,440
Acquisition of investments accounted for using equity method		(300,000)	-
Proceeds from liquidation of subsidiaries		432	-
Payment for capitalized interests		(1,772)	-
Acquisition of property, plant and equipment	6(27)	(6,486)	(11,408)
Increase in refundable deposits		(7,082)	(8,897)
Decrease in refundable deposits		18,978	41,829
Acquisition of intangible assets		(640)	(477)
Dividends received		1,338	128,460
Net cash flows from investing activities		204,889	347,111
<u>CASH FLOWS FROM FINANCING ACTIVITIES</u>			
Increase in short-term borrowings	6(28)	1,892,516	9,462,648
Decrease in short-term borrowings	6(28)	(1,601,610)	(9,479,542)
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)	(350,000)
Proceeds from issuing bonds	6(28)	200,000	-
Repayments of bonds	6(28)	(700,000)	-
Increase in guarantee deposits received	6(28)	915,931	725
Decrease in guarantee deposits received	6(28)	(191,824)	(592)
Repayment of principal portion of lease liabilities	6(28)	(10,812)	(7,912)
Cash dividends paid	6(17)(28)	-	(38,504)
Proceeds from issuing shares	6(14)	428,750	-
Net cash flows from (used in) financing activities		932,951	(63,177)
Net increase (decrease) in cash and cash equivalents		446,982	(453,371)
Cash and cash equivalents at beginning of year		155,241	608,612
Cash and cash equivalents at end of year		\$ 602,223	\$ 155,241

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, 2023 AND 2022

(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 March 12, 2024.

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®”) Accounting Standards that came into effect as endorsed by the Financial Supervisory Commission (“FSC”)

New standards, interpretations and amendments endorsed by FSC and became effective from 2023 are as follows:

New Standards, Interpretations and Amendments	Effective date by International Accounting Standards Board
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
Amendments to IAS 12, ‘International tax reform - pillar two model rules’	May 23, 2023

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 IFRS Accounting Standards as endorsed by the FSC but not yet adopted by the Company

New standards, interpretations and amendments endorsed by the FSC and will become effective from 2024 are as follows:

<u>New Standards, Interpretations and Amendments</u>	<u>Effective date by International Accounting Standards Board</u>
Amendments to IFRS 16, 'Lease liability in a sale and leaseback'	January 1, 2024
Amendments to IAS 1, 'Classification of liabilities as current or non-current'	January 1, 2024
Amendments to IAS 1, 'Non-current liabilities with covenants'	January 1, 2024
Amendments to IAS 7 and IFRS 7, 'Supplier finance arrangements'	January 1, 2024

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 Accounting Standards 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 Accounting Standards 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
IFRS 17, 'Insurance contracts'	January 1, 2023
Amendments to IFRS 17, 'Insurance contracts'	January 1, 2023
Amendment to IFRS 17, 'Initial application of IFRS 17 and IFRS 9 – comparative information'	January 1, 2023
Amendments to IAS 21, 'Lack of exchangeability'	January 1, 2025

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 Material 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", 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”).

(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 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 fair value through other comprehensive income

- A. Financial assets at fair value through other comprehensive income comprise equity securities which are not held for trading, and for which the Company has made an irrevocable election at initial recognition to recognise changes in fair value in other comprehensive income and debt instruments which meet all of the following criteria:
 - (a) The objective of the Company's business model is achieved both by collecting contractual cash flows and selling financial assets; and
 - (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 fair value through other comprehensive income are recognised and derecognised using trade date accounting.
- C. At initial recognition, the Company measures the financial assets at fair value plus transaction costs. The Company subsequently measures the financial assets at fair value:

The changes in fair value of equity investments that were recognised in other comprehensive income are reclassified to retained earnings and are not reclassified to profit or loss following the derecognition of the investment. Dividends are recognised as revenue 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.

(7) 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.

(8) 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.

(9) 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.

(10) 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.

(11) 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.

(12) 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.

(13) 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.

(14) 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	2 ~ 5 year(s)

(15) 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.

(16) Intangible assets

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

(17) 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.

(18) 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.

(19) 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.

(20) 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'.

(21) Derecognition of financial liabilities

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

(22) 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.

(23) Employee share-based payment

For the equity-settled share-based payment arrangements, the employee services received are measured at the fair value of the equity instruments granted at the grant date, and are recognised as compensation cost over the vesting period, with a corresponding adjustment to equity. The fair value of the equity instruments granted shall reflect the impact of market vesting conditions and non-vesting conditions. Compensation cost is subject to adjustment based on the service conditions that are expected to be satisfied and the estimates of the number of equity instruments that are expected to vest under the non-market vesting conditions at each balance sheet date. Ultimately, the amount of compensation cost recognised is based on the number of equity instruments that eventually vest.

(24) 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 operates and generates 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 and does not give rise to equal taxable and deductible temporary differences. 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.

(25) 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.

(26) 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.

(27) 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.

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, 2023, the carrying amount of inventories was \$7,341,944 thousand.

6. Details of Significant Accounts

(1) Cash and cash equivalents

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Cash on hand and pretty cash	\$ 879	\$ 844
Checking accounts	9,995	2,943
Demand deposits	587,961	148,110
Foreign currency deposits	3,388	3,344
	<u>\$ 602,223</u>	<u>\$ 155,241</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, 2023 and 2022, the Company's performance guarantee escrow account pertained to trust deposit of pre-sales new construction and certain demand deposits and time deposits that serve as guarantee for corporate bonds and short-term borrowings issued by the Company amounting to \$753,101 thousand and \$102,919 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, 2023 and 2022, 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 \$296,430 thousand and \$980,953 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, 2023	December 31, 2022
Current items:		
Financial assets mandatorily measured at fair value through profit or loss		
Equity securities	\$ 25,274	\$ 498,028
Valuation adjustment	249	(15,504)
	<u>\$ 25,523</u>	<u>\$ 482,524</u>

Non-current items:

Financial assets mandatorily measured at fair value through profit or loss

Equity securities	<u>\$ 10</u>	<u>\$ 10</u>
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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:

	Years ended December 31,	
	2023	2022
Financial assets mandatorily measured at fair value through profit or loss		
Equity instruments	\$ 42,670	(\$ 821,044)
Derivatives	-	(35,538)
Dividend income recognised in profit or loss	1,338	54,466
	<u>\$ 44,008</u>	<u>(\$ 802,116)</u>

- 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, 2023	December 31, 2022
Current items:		
Performance guarantee escrow account	\$ 263,465	\$ 102,919
Restricted demand deposits	486,336	-
Restricted time deposits	3,300	-
	<u>\$ 753,101</u>	<u>\$ 102,919</u>
Non-current items:		
Restricted demand deposits	\$ 296,430	\$ 977,653
Restricted time deposits	-	3,300
	<u>\$ 296,430</u>	<u>\$ 980,953</u>

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

	Years ended December 31,	
	2023	2022
Interest income	<u>\$ 4,573</u>	<u>\$ 1,450</u>

B. As at December 31, 2023 and 2022, 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

	December 31, 2023	December 31, 2022
Notes receivable	<u>\$ 116</u>	<u>\$ 1,066</u>
Accounts receivable	455,872	44,525
Less: Allowance for uncollectible accounts	(699)	(699)
	<u>\$ 455,173</u>	<u>\$ 43,826</u>

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

	December 31, 2023		December 31, 2022	
	Accounts receivable	Notes receivable	Accounts receivable	Notes receivable
Not past due	<u>\$ 455,872</u>	<u>\$ 116</u>	<u>\$ 44,525</u>	<u>\$ 1,066</u>

The above ageing analysis was based on past due date.

- B. As of December 31, 2023 and 2022, accounts receivable and notes receivable were all from contracts with customers. And as of January 1, 2022, the balance of receivables from contracts with customers amounted to \$839,201 thousand.
- C. As at December 31, 2023 and 2022, 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, 2023		
	Cost	Allowance for valuation loss	Book value
Buildings and land held for sale	\$ 237,463	\$ -	\$ 237,463
Construction in progress	7,031,191	-	7,031,191
Prepayment for land	73,290	-	73,290
	<u>\$ 7,341,944</u>	<u>\$ -</u>	<u>\$ 7,341,944</u>

	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>

- A. The detail of inventories are listed below:

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
<u>Buildings and land held for sale</u>		
The Infinity	\$ 38,083	\$ 39,011
RIVER ONE	-	35,703
Pingzhen District, Taoyuan City (Shanziding section)	-	9,246
ZEN HOUSE	-	-
New Style	11,268	28,170
F House	44,195	69,853
XIN HAI CHENG(formerly Luliao section, Shalu District)	24,931	-
The melody of home(formerly Wenhua section, Miaoli County)	108,242	-
Others	10,744	10,744
	<u>237,463</u>	<u>192,727</u>

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
<u>Construction in progress</u>		
My Style(formerly named sunshine town)	\$ 1,635,352	\$ 1,325,062
Wei Mei Chu(formerly Lantian W. section, Nanzi Dist., Kaohsiung City)	1,459,374	954,044
Yuan Zhong section, Nanzi Dist., Kaohsiung City	499,686	328,003
XIN HAI CHENG(formerly Luliao section, Shalu District)	-	481,589
Full of Happiness(formerly Qiaozhen section, Yunlin County)	-	171,774
Skyline W one(formerly Shangshi section)	1,358,125	1,059,454
The melody of home(formerly Wenhua section, Miaoli County)	-	349,364
ELEGANT VILLAGE(formerly Qiaozhen section, Yunlin County 2)	282,853	274,910
Mayuantou section, West Dist.	754,879	636,970
Yunlinxi section, Douliu city	389,565	389,565
AIMEI(Jen Shing Section, Lukang Township)	651,313	447,498
Kouzhuang Section, Houli Dist.	44	-
	<u>7,031,191</u>	<u>6,418,233</u>
<u>Prepayment for land</u>		
Kouzhuang Section, Houli Dist.	66,490	-
Guanghua Section, Caotun Township	6,800	-
	<u>73,290</u>	<u>-</u>
	<u>\$ 7,341,944</u>	<u>\$ 6,610,960</u>

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

	<u>Years ended December 31,</u>	
	<u>2023</u>	<u>2022</u>
Cost of goods sold	\$ 1,582,734	\$ 431,376
Cost of services	3,592	1,640
	<u>\$ 1,586,326</u>	<u>\$ 433,016</u>

C. Information on capitalisation of interest is as follows:

	<u>Years ended December 31,</u>	
	<u>2023</u>	<u>2022</u>
Interest capitalised	\$ 137,480	\$ 75,846
Interest capitalised ratio (%)	0.96%~3.42%	0.84%~2.62%

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

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Assets recognised as incremental costs to obtain contracts with customers	\$ 415,429	\$ 392,691
Prepayments to suppliers	2,244	-
Prepaid expenses	19,781	20,976
Payment on behalf of others	8,377	31,909
Excess business tax paid	85,342	10,385
Others	7,113	10,956
	<u>\$ 538,286</u>	<u>\$ 466,917</u>

(7) Investments accounted for using equity method

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
<u>Investments accounted for using equity method</u>		
Baoxin Construction Co., Ltd.	\$ 333,374	\$ 20,912
Full Xin Global Real Estate Co., Ltd.	6,818	7,026
Full Wang Real Estate Co., Ltd.	4,980	4,956
Fuwong International Development Co., Ltd	-	388
BIFINITY BIOTECHNOLOGY CO., LTD.	14,362	12,276
	<u>\$ 359,534</u>	<u>\$ 45,558</u>
 Credit balance of investments accounted for using equity method (shown as other non-current liabilities)		
<u>Full Wang Property Agency Co., Ltd</u>	<u>\$ 3,392</u>	<u>\$ 3,392</u>
<u>Sindar Technologies, Inc.</u>	<u>323</u>	<u>323</u>
	<u>\$ 3,715</u>	<u>\$ 3,715</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, 2023.
- B. For the years ended December 31, 2023 and 2022, 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>Years ended December 31,</u>	
	<u>2023</u>	<u>2022</u>
Share of profit (loss) of subsidiaries accounted for using equity method		
Baoxin Construction Co., Ltd.	\$ 12,462	(\$ 78,250)
Full Xin Global Real Estate Co., Ltd.	(210)	(296)
Full Wang Real Estate Co., Ltd.	24	5
Fuwong International Development Co., Ltd	39	(115)
BIFINITY BIOTECHNOLOGY CO., LTD.	<u>2,086</u>	<u>(2,806)</u>
	<u>\$ 14,401</u>	<u>(\$ 81,462)</u>
Share of other comprehensive income of subsidiaries accounted for using equity method		
BIFINITY BIOTECHNOLOGY CO., LTD.	\$ -	\$ 256
Fuwong International Development Co., Ltd	<u>438</u>	<u>52</u>
	<u>\$ 438</u>	<u>\$ 308</u>

- C. The Board of Directors of Baoxin Construction Co., Ltd. during their meeting on November 27, 2023 adopted a resolution to increase the Company's capital in the amount of \$300,000 thousand by issuing 30,000 thousand new shares with the effective date set on November 30, 2023, and the registration was completed on December 13, 2023.
- D. 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.
- E. The Board of Directors of the Company during their meeting on April 20, 2018 resolved to liquidate Fuwong International Development Co., Ltd., and the liquidation was completed in May 16, 2023.

(8) Property, plant and equipment

	<u>January 1, 2023</u>	<u>Additions</u>	<u>Disposals</u>	<u>December 31, 2023</u>
Cost				
Leasehold improvements	\$ 10,229	\$ -	\$ -	\$ 10,229
Other equipment	44,899	1,071	-	45,970
Unfinished construction	<u>4,083</u>	<u>13,873</u>	<u>-</u>	<u>17,956</u>
	<u>\$ 59,211</u>	<u>\$ 14,944</u>	<u>\$ -</u>	<u>\$ 74,155</u>
Accumulated Depreciation				
Leasehold improvements	(\$ 8,444)	(\$ 1,749)	\$ -	(\$ 10,193)
Other equipment	<u>(17,681)</u>	<u>(7,037)</u>	<u>-</u>	<u>(24,718)</u>
	<u>(\$ 26,125)</u>	<u>(\$ 8,786)</u>	<u>\$ -</u>	<u>(\$ 34,911)</u>
	<u>\$ 33,086</u>			<u>\$ 39,244</u>

	<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>

A. Information on capitalisation of interest is as follows:

	<u>Year ended December 31</u>	
	<u>2023</u>	<u>2022</u>
Interest capitalised	\$ 104	\$ -
Interest capitalised ratio (%)	0.96%~3.42%	-

B. Amount and rate of capitalized interest for property, plant and equipment and relating to lease agreements:

	<u>Year ended December 31</u>	
	<u>2023</u>	<u>2022</u>
Depreciation capitalised	\$ 6,474	\$ -
Interest capitalised	\$ 1,668	\$ -
Interest capitalised ratio (%)	1.40%	-

(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, 2023</u>	<u>December 31, 2022</u>
	<u>Book value</u>	<u>Book value</u>
Land	\$ 158,166	\$ 158,971
Buildings	3,666	4,666
	<u>\$ 161,832</u>	<u>\$ 163,637</u>

	Years ended December 31,	
	2023	2022
	Depreciation charge	Depreciation charge
Land	\$ 10,138	\$ 9,096
Buildings	2,192	2,151
Less: Capitalisation of qualifying assets	(6,474)	-
	<u>\$ 5,856</u>	<u>\$ 11,247</u>

D. The Company built a shopping mall on the leased land. Expenses incurred in the lease contract pertained to the necessary expenses for the shopping mall to reach the expected usable state. Details of the capitalisation of related expenses to unfinished construction are provided in Note 6(7).

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

	Years ended December 31,	
	2023	2022
<u>Items affecting profit or loss</u>		
Interest expense on lease liabilities	\$ 759	\$ 2,536
Expense on short-term lease contracts	3,619	4,157

F. For the years ended December 31, 2023 and 2022, the additions to right-of-use assets were \$10,526 and \$0 thousand, respectively.

G. 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 a large shopping mall on the aforementioned land, which is still in the construction stage as of December 31, 2023.

H. For the years ended December 31, 2023 and 2022, the Company's total cash outflow for leases were \$16,858 thousand and \$14,605 thousand, respectively.

I. 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 \$101 thousand and \$84 thousand for the years ended December 31, 2023 and 2022, respectively.

(10) Short-term borrowings

Type of borrowings	December 31, 2023	Interest rate range	Collateral
Bank borrowings			
Secured borrowings	\$ 4,607,078	2.25%~3.30%	Inventories and financial assets at fair value through profit or loss
Unsecured borrowings	207,000	2.75%~4.55%	None
	<u>\$ 4,814,078</u>		

Type of borrowings	December 31, 2022	Interest rate range	Collateral
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>		

A. Interest expense recognised in profit or loss amounted to \$0 thousand and \$14,428 for the years ended December 31, 2023 and 2022, 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

	December 31, 2023	December 31, 2022
Commercial papers payable	\$ 350,000	\$ 350,000
Less: Discount on commercial papers payable	(1,841)	(1,263)
	<u>\$ 348,159</u>	<u>\$ 348,737</u>
Coupon rate	<u>1.75%</u>	<u>1.19%</u>

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

(12) Other payables

	December 31, 2023	December 31, 2022
Accrued commission	\$ 12,466	\$ 1,929
Salary and bonus payable	24,291	2,681
Interest payable	11,745	12,984
Advertisement expense payable	845	1,429
Payable on machinery and equipment	212	-
Payables on investments	-	5,268
Payable on repairs and maintenance	15,700	-
Others	30,240	9,142
	<u>\$ 95,499</u>	<u>\$ 33,433</u>

(13) Bonds payable

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Bonds payable	\$ 1,200,000	\$ 1,700,000
Less: Discount on bonds payable	(493)	(520)
	1,199,507	1,699,480
Less: Current portion or exercise of put options	(999,905)	(699,875)
	<u>\$ 199,602</u>	<u>\$ 999,605</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. The secured corporate bonds were fully settled by cash on December 21, 2023.

- 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. The secured corporate bonds were fully settled by cash on March 7, 2023.

- 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. The secured corporate bonds were fully settled by cash on April 6, 2023.

- F. The terms of the 2023 first secured ordinary corporate bonds issued by the Company are as follows:

The competent authority has approved the 2023 first secured ordinary corporate bonds issued by the Company. The bonds have a total issuance amount of \$200 million and a coupon rate of 1.77%, covering a 3-year period of issuance and a circulation period from December 19, 2023 to December 19, 2026. 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 19, 2023.

(14) Share-based payment

- A. For the year ended December 31, 2023, the Group's share-based payment arrangements were as follows:

Type of arrangement	Grant date	Quantity granted	Contract period	Vesting conditions
Cash capital increase reserved for employee preemption	2023.11.13	<u>771</u>	NA	Vested immediately

December 31, 2022 : None.

- B. The fair value of other equity interest information related to fair value is as follows:

Type of arrangement	Grant date	Stock price	Exercise price	Fair value per unit
Cash capital increase reserved for employee preemption	2023.11.13	\$ 21.80	\$ 17.15	\$ 4.65

C. Expenses incurred on share-based payment transactions are shown below:

	Year ended December 31, 2023	Year ended December 31, 2022
Equity-settled	\$ 3,585	\$ -

(15) 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, 2023 and 2022, were \$1,898 thousand and \$1,635 thousand, respectively.

(16) Share capital

- A. As of December 31, 2023, the Company’s authorized capital was \$2 billion, and the paid-in capital was \$1,190,163 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.

Movements in the number of the Company’s ordinary shares outstanding are as follows: (unit: share in thousands)

	2023	2022
At January 1	\$ 154,016	\$ 154,016
Less:Capital reduction to offset	(60,000)	-
Add:Cash capital increase	25,000	-
At December 31	\$ 119,016	\$ 154,016

- B. To improve the Company’s financial structure, on April 10, 2023, the shareholders 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 ratio of the capital reduction was 38.956922%. The capital reduction was approved by the competent authority on May 12, 2023 and the registration was completed on June 6, 2023.
- C. The Board of Directors of the Company during their meeting on May 17, 2023 adopted a resolution to increase the Company’s capital by issuing 25,000 thousand ordinary shares with a par value of \$10 (in dollars) per share. The capital increase was approved by the competent authority on October 27, 2023 and the effective date was set on December 6, 2023. The

registration was completed on December 20, 2023.

(17) 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.

(18) (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 year 2022 and 2021 as resolved by the shareholders at their meetings on April 10, 2023 and June 16, 2022, respectively, are as follows:

	Year ended December 31,		Year ended December 31,	
	2022		2021	
	Dividends per share		Dividends per share	
	Amount	(in dollars)	Amount	(in dollars)
Legal reserve	\$ -		\$ 6,782	
Special reserve	-		746	
Cash dividends	-	\$ -	38,504	\$ 0.25
Reversal of special reserve	(308)		-	
	(\$ 308)		\$ 46,032	

The above proposal for deficit compensation and appropriation of 2021 earnings were the same as that proposed by the Board of Directors on February 23, 2023 and March 28, 2022, respectively.

F. The Board of Directors of the Company during their meetings on March 12, 2024 and February 23, 2023 resolved not to distribute earnings as the Company had accumulated deficits for the years ended December 31, 2023 and 2022, respectively.

G. For the information relating to employees' compensation and directors' and supervisors' remuneration, please refer to Note 6(25).

(19) Operating revenue

	Years ended December 31,	
	2023	2022
Revenue from contracts customers	\$ 2,043,553	\$ 574,400
Others-rental revenue	2,963	2,263
	<u>\$ 2,046,516</u>	<u>\$ 576,663</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, 2023	Building and land sales	Service revenue	Total
Total segment revenue	<u>\$ 2,037,745</u>	<u>\$ 5,808</u>	<u>\$ 2,043,553</u>
Timing of revenue recognition			
At a point in time	<u>\$ 2,037,745</u>	<u>\$ 5,808</u>	<u>\$ 2,043,553</u>
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>

B. As of December 31, 2023 and 2022, 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:

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Contracts signed	\$ 8,450,738	\$ 8,157,648
Expected year of revenue recognition	2024~2029	2023~2025

C. Contract liabilities

The Company has recognised the following revenue-related contract liabilities

	<u>December 31, 2023</u>	<u>December 31, 2022</u>	<u>January 1, 2022</u>
Contract liabilities	\$ 1,356,181	\$ 1,134,148	\$ 1,083,295

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

	<u>Years ended December 31,</u>	
	<u>2023</u>	<u>2022</u>
Revenue recognised that was included in the contract liability balance at the beginning of the period	\$ 311,062	\$ 102,352

(20) Interest income

	<u>Years ended December 31,</u>	
	<u>2023</u>	<u>2022</u>
Interest income from bank deposits	\$ 1,358	\$ 377
Interest income from financial assets measured at amortised cost	4,573	1,450
Other interest income	185	596
	<u>\$ 6,116</u>	<u>\$ 2,423</u>

(21) Other income

	<u>Years ended December 31,</u>	
	<u>2023</u>	<u>2022</u>
Dividend income	\$ 1,338	\$ 54,466
Indemnity revenue	-	12,500
Other income, others (Note)	42,398	2,349
	<u>\$ 43,736</u>	<u>\$ 69,315</u>

Note: Other income, others for the year ended December 31, 2023 was mainly arising from the reversal of the estimated losses in prior years. Details are provided in Note 9(1)B.

(22) Other gains and losses

	Years ended December 31,	
	2023	2022
Losses on disposals of property, plant and equipment	\$ -	(\$ 50)
Foreign exchange gains	109	421
Losses on disposals of investments	(433)	-
Gains arising from lease modifications	-	964
Gain (losses) on financial assets at fair value through loss	42,670	(856,582)
Litigation loss	(13,565)	(377)
Other losses	(1,310)	(1,428)
	<u>\$ 27,471</u>	<u>(\$ 857,052)</u>

(23) Finance costs

	Years ended December 31,	
	2023	2022
Interest expense		
Bank borrowings	\$ 128,614	\$ 90,274
Bonds payable	13,867	16,173
Short-term notes and bills payable	5,530	3,373
Lease liability	2,427	2,536
Less: Capitalisation of qualifying assets	(139,252)	(75,846)
	<u>\$ 11,186</u>	<u>\$ 36,510</u>

(24) Expenses by nature

	Years ended December 31,	
	2023	2022
Employee benefit expense	\$ 70,561	\$ 35,786
Depreciation-properties	8,786	10,596
Depreciation-right-of-use assets	5,856	11,247
Amortisation charge	586	554
	<u>\$ 85,789</u>	<u>\$ 58,183</u>

(25) Employee benefit expense

	Years ended December 31,	
	2023	2022
Wages and salaries	\$ 56,447	\$ 27,629
Share-based payments	3,585	-
Labour and health insurance fees	3,764	3,253
Pension costs	1,898	1,635
Directors' remuneration	1,938	1,685
Other personnel expenses	2,929	1,584
	<u>\$ 70,561</u>	<u>\$ 35,786</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. No employees' compensation and directors' and supervisors' remuneration were accrued due to the accumulated losses for the years ended December 31, 2023 and 2022.
- C. 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.

(26) Income tax

A. Income tax expense

Components of income tax expense:

	Years ended December 31,	
	2023	2022
Current tax:		
Current tax on profits for the year	\$ 37,430	\$ -
Incremental tax on land value	423	5,921
Prior year income tax underestimation	<u>1,456</u>	<u>3,931</u>
Total current tax	<u>39,309</u>	<u>9,852</u>
Deferred tax:		
Origination and reversal of temporary differences	(4,407)	(2,751)
Total deferred tax	<u>(4,407)</u>	<u>(2,751)</u>
Income tax expense	<u>\$ 34,902</u>	<u>\$ 7,101</u>

B. Reconciliation between income tax expense and accounting profit

	Years ended December 31,	
	2023	2022
Tax calculated based on profit (loss) before tax and statutory tax rate	\$ 45,603	(\$ 194,112)
Expenses disallowed by tax regulation	(7,474)	185,962
Tax exempt income by tax regulation	(6,104)	(12,894)
Income that should be added based on tax regulation	-	16,224
Change in assessment of realisation of taxable loss	(737)	-
Tax losses not recognized in deferred income tax assets	-	3,639
Changes in estimation of deferred income tax assets	-	(1,570)
Prior year income tax underestimation	1,456	3,931
Separate taxation (Note)	3,029	-
Incremental tax on land value	423	5,921
Income tax expense	<u>\$ 36,196</u>	<u>\$ 7,101</u>

Note: It pertained to tax payable on transaction income in compliance with the Article 4-4 of the Income Tax Act.

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

	2023		
	January 1	Recognised in profit or loss	December 31
Deferred tax assets:			
Temporary differences:			
Loss on investments accounted for using equity method	\$ 5,052	(\$ 489)	\$ 4,563
Accrued litigation loss	1,055	1,733	2,788
Unrealized expenses	19,562	77	19,639
Deferred interest expense which the land purchased after 2016	2,004	(381)	1,623
Allowance for bad debts	391	46	437
Unrealized gross profit from sales	283	3,421	3,704
Total	<u>\$ 28,347</u>	<u>\$ 4,407</u>	<u>\$ 32,754</u>

	2022		
	January 1	Recognised in profit or loss	December 31
Deferred tax assets:			
Temporary differences:			
Loss on investments			
accounted for using equity method	\$ 5,030	\$ 22	\$ 5,052
Accrued litigation loss	980	75	1,055
Unrealized expenses	19,586	(24)	19,562
Deferred interest expense			
which the land purchased after 2016	-	2,004	2,004
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>

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

December 31, 2023: None.

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

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

	December 31, 2023	December 31, 2022
Deductible temporary differences	<u>\$ 4,600</u>	<u>\$ 4,600</u>

F. The Company's income tax returns through 2021 have been assessed and approved by the Tax Authority.

(27) (Loss) earnings per share

	Year ended December 31, 2023		
	Amount after tax	Weighted average number of ordinary shares outstanding (share in thousands)	Earnings per share (in dollars)
<u>Basic loss per share</u>			
Loss attributable to ordinary shareholders	<u>\$ 193,112</u>	<u>95,797</u>	<u>\$ 2.02</u>
<u>Diluted earnings per share</u>			
Profit attributable to ordinary shareholders	\$ 193,112	95,797	
Assumed conversion of all dilutive potential ordinary shares			
Employees' compensation	<u>-</u>	<u>-</u>	
Profit attributable to ordinary shareholders plus assumed conversion of all dilutive potential ordinary shares	<u>\$ 193,112</u>	<u>95,797</u>	<u>\$ 2.02</u>
	Year ended December 31, 2022		
	Amount after tax	Weighted average number of ordinary shares outstanding (share in thousands)	Losses per share (in dollars)
<u>Basic loss per share</u>			
Loss attributable to ordinary shareholders	<u>(\$ 977,659)</u>	<u>94,016</u>	<u>(\$ 10.40)</u>

- 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. When calculating earnings (losses) per share for the years ended December 31, 2023 and 2022, the impact of the capital reduction to offset deficits for the year ended December 31, 2023 had been retrospectively adjusted. Details are provided in Note 6(16).

(28) Supplemental cash flow information

A. Purchase of property, plant and equipment

	Years ended December 31,	
	2023	2022
Purchase of property, plant and equipment	\$ 14,944	\$ 11,408
Less: Ending balance of payable on equipment	(212)	-
Less: Depreciation capitalised	(6,474)	-
Less: Payment for capitalized interests	(1,772)	-
	<u>\$ 6,486</u>	<u>\$ 11,408</u>

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

	Years ended December 31,	
	2023	2022
Acquisition of financial assets at fair value through profit or loss	\$ 260,440	\$ 9,002,151
Add: Payables at the beginning of the period	5,268	12,027
Less: Payables at the end of the period	-	(5,268)
	<u>\$ 265,708</u>	<u>\$ 9,008,910</u>

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

	Years ended December 31,	
	2023	2022
Proceeds from disposal of financial assets at fair value through profit or loss	\$ 733,194	\$ 9,898,748
Less: Loss on disposal	26,917	(753,163)
Add: Receivables at the beginning of the period	9,648	66,137
Less: Receivables at the end of the period	-	(9,648)
	<u>\$ 769,759</u>	<u>\$ 9,202,074</u>

D. Financing activities with no cash flow effects

	Year ended December 31	
	2023	2022
Capital reduction to offset accumulated deficits	<u>(\$ 600,000)</u>	<u>\$ -</u>

(29) Changes in liabilities from financing activities

	January 1, 2023	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, 2023
Short-term borrowings	\$ 4,523,172	\$ 290,906	\$ -	\$ -	\$ -	\$ 4,814,078
Short-term notes and bills payable	348,737	-	-	-	(578)	348,159
Lease liability	168,151	(10,812)	10,526	-	-	167,865
Bonds payable	1,699,480	(500,000)	-	-	27	1,199,507
Guarantee deposits received	653	724,107	-	-	-	724,760
Dividends payable, non-cash assets distributions	-	-	-	-	-	-
	<u>\$ 6,740,193</u>	<u>\$ 504,201</u>	<u>\$ 10,526</u>	<u>\$ -</u>	<u>(\$ 551)</u>	<u>\$ 7,254,369</u>
	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>

7. Related Party Transactions

(1) Names of related parties and relationship

<u>Names of related parties</u>	<u>Relationship with the Company</u>
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

	<u>Years ended December 31,</u>	
	<u>2023</u>	<u>2022</u>
Sales of real estate		
Other related party	\$ 18,998	\$ -
Service revenue		
Hung Chien Company	5,808	1,372
Total	<u>\$ 24,806</u>	<u>\$ 1,372</u>

- (a) The transaction price and collection terms of selling properties have no significant difference with non-related parties.
- (b) Service revenue is a consignment revenue and inspection revenue that the Company received from related parties, and the transaction price and collection terms have no significant difference with non-related parties.

B. Purchase and commitment

	Years ended December 31,	
	2023	2022
Subcontracting constructions:		
Baoxin Company	\$ 1,405,059	\$ 1,040,591

(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, 2023, the total consideration of the construction that the Company had entered into with Baoxin Company but not yet completed amounted (untaxed) to \$6,200,867 thousand, and the unpaid construction payment amounted (untaxed) to \$4,525,158 thousand.

C. Receivables from related parties

	December 31, 2023	December 31, 2022
Receivables from related parties		
Other related party	\$ 301	\$ -
Other receivables		
Baoxin Company	\$ -	\$ 3,636
FUWONG	-	7,791
Full Wang Property Agency	397	397
Sindar	439	439
Full Wang Real Estate	1	1
	\$ 837	\$ 12,264

The receivables from related parties are receivables from the sales of buildings and land to related parties. The payments are collected based on the contract and have no significant difference with non-related parties.

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

D. Payables to related parties

	December 31, 2023	December 31, 2022
Accounts payable:		
Baoxin Company	\$ 174,364	\$ 178,534

Payables to related parties mainly arose from subcontracting construction.

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

	December 31, 2023	December 31, 2022
Baoxin Company	\$ -	\$ 126
FUWONG	-	165
	\$ -	\$ 291

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, 2023</u>	<u>December 31, 2022</u>
Tian Wei Company	<u>\$ 140</u>	<u>\$ 140</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, 2023</u>	<u>December 31, 2022</u>
Other related parties	<u>\$ 6,732</u>	<u>\$ 11,327</u>

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, 2023</u>	<u>December 31, 2022</u>
Baoxin Company	<u>\$ 724,248</u>	<u>\$ -</u>

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) Lease liability

i. Outstanding balance

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Tian Wei Company	<u>\$ 2,262</u>	<u>\$ 3,374</u>

ii. Interest expense

	<u>Years ended December 31,</u>	
	<u>2023</u>	<u>2022</u>
Tian Wei Company	<u>\$ 30</u>	<u>\$ 43</u>

J. Loan to/from related parties

Loans to related parties:

(a) Outstanding balance:

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
BIFINITY	<u>\$ -</u>	<u>\$ -</u>

(b) Interest income:

	<u>Years ended December 31,</u>	
	<u>2023</u>	<u>2022</u>
BIFINITY	<u>\$ -</u>	<u>\$ 160</u>

The loans to BIFINITY are principal repayable at maturity at 2.05% per annum for the years ended December 31, 2023 and 2022.

(3) Key management compensation

	Years ended December 31,	
	2023	2022
Short-term employee benefits	\$ 11,830	\$ 9,263
Post-employment benefits	532	503
	<u>\$ 12,362</u>	<u>\$ 9,766</u>

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, 2023	December 31, 2022	
Inventories	\$ 7,246,598	\$ 6,590,970	Short-term borrowings
Financial assets at fair value through profit or loss	25,523	453,872	Short-term borrowings
Financial assets at amortised cost — current	753,101	102,919	Trust deposit of pre-sales construction 、 Short-term borrowings and Bonds payable
Non-current financial assets at amortised cost	296,430	980,953	Bonds payable and short-term notes and bills payable
	<u>\$ 8,321,652</u>	<u>\$ 8,128,714</u>	

9. Significant Contingent Liabilities and Unrecognised Contract Commitments

(1) Contingencies

A. HSING YA CONSTRUCTION ENGINEERING CO., LTD. (“HSING YA”) 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 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 also requested the Company to return the performance promissory note of HSING YA. 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's request was denied.

The Company and HSING YA both disagreed with the verdict and filed an appeal to the High

Court. As of March 12, 2024, the case is awaiting the judgement of the High Court.

- B. In 2013, Liyuan Construction Co., Ltd. (“Liyuan”) 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 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 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, the Company should pay \$ 5,206 thousand to Liyuan, and pay statutory interest at 5% annual interest rate from May 17, 2016 to the settlement date to Liyuan.

Liyuan 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 July 25, 2023, the High Court rejected the appeal of Liyuan and the case was affirmed. The Company should pay \$5,206 thousand to Liyuan Company, and pay the interest which was calculated at 5% annual interest rate for the period from May 17, 2016 up to the settlement date to Liyuan as well as the court costs (approximately NT\$1,920 thousand as of the date of judgment), totalling \$7,126 thousand.

In addition, the Company had accrued the aforementioned construction payment amounting to \$43,558 thousand (shown as accounts payable) and payment on behalf of others amounting to \$2,245 thousand (shown as other current assets) when the construction was in progress. For the year ended December 31, 2023, the Company reversed accounts payable amounting to \$34,187 thousand (shown as other income) based on the aforementioned judgement and deposited \$5,206 thousand according to the aforementioned judgement on August 3, 2017 (shown as other non-current assets). The Company collected cash collateral lodged on August 22, 2023.

- C. 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. Tien Lan management committee requested the payment of loss compensation amounting to \$3,649 thousand. On June 8, 2023, a judgment of the lawsuit was rendered that the Company should pay NT\$3,420 thousand to Tien Lan management committee, and pay interests at 5% annual interest rate (approximately NT\$315 thousand as of December 31, 2023) from February 26, 2022 to the settlement date to Tien Lan management committee. The Company disagreed with the verdict and filed an appeal. As of March 12, 2024, the case is still in the appeal procedure of the High Court. The customer entered into a sale and purchase contract of pre-sale real estate with the Company. The Taiwan Taichung District Court has rejected the appeal of the customer on January 12, 2024. The customer disagreed with the verdict and filed an appeal to the High Court. As of March 12, 2024, the case is still in the appeals process of the High Court.

The Company had accrued provisions (shown as other current liabilities) amounting to \$4,800 thousand based on the highest possible loss compensation.

- D. 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 March 12, 2024, the case is awaiting the judgement of the District Court.
- E. 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. The Company has filed a separate lawsuit requesting repayment. As of March 12, 2024, the remaining consideration had not been received.
- F. Zhen Ai Industrial Co., Ltd (“Zhen Ai”) filed a civil lawsuit against the Company requesting payment of service fees. On July 26, 2023, a judgment of the lawsuit was rendered that the Company should pay NT\$5,000 thousand to Zhen Ai, and pay interests at 5% annual interest rate (approximately NT\$242 thousand as of December 31, 2023) from January 12, 2023 up to the settlement date to Zhen Ai. The Company disagreed with the verdict and filed an appeal. As of March 12, 2024, the case is under trial with the High Court.

(2) Commitments

- A. Capital expenditure contracted for at the balance sheet date but not yet incurred is as follows:

	December 31, 2023
Buildings and land held for sale	\$ 435,369

- B. As of December 31, 2023 and 2022, the Company’s contracted construction contracts amounted to \$7,343,426 thousand and \$4,100,515 thousand, and unaccrued amounts were \$4,972,489 thousand and \$2,641,310 thousand, respectively.

- C. As of December 31, 2023, the Group's construction in progress and the deed of trust signed with the entrusted financial institutions were commissioned to Taichung Commercial Bank Co., Ltd., Chinatrust Commercial Bank Co., Ltd. and Hua Nan Commercial Bank, 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

- A. The Company entered into a contract with the seller and obtained the land held for construction site located in No. 792, No. 792-1, No. 803-1, No. 795, Jia Zhao section, Hemei Town, Changhua County and its above-ground buildings amounting to NTD 332,560 thousand and reported to the Board of Directors during their meeting on March 12, 2024. As of the reporting date of the parent company only financial statements, the Company had paid \$33,250 thousand.
- B. On January 4, 2023, the competent authority has approved the 2024 first secured ordinary corporate bonds issued by the Company. The bonds have a total issuance amount of \$300 million and a coupon rate of 1.77%, covering a 3-year period of issuance and a circulation period from January 12, 2024 to January 12, 2027. 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 January 4, 2024.

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, 2023</u>	<u>December 31, 2022</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	<u>\$ 25,533</u>	<u>\$ 482,534</u>
Financial assets at fair value through other comprehensive income		
Designation of equity instrument	<u>\$ 4,000</u>	<u>\$ -</u>
Financial assets at amortised cost		
Cash	\$ 602,223	\$ 155,241
Financial assets at amortised cost	1,049,531	1,083,872
Notes receivable	116	1,066
Accounts receivable (including related parties)	455,173	43,826
Other receivables (including related parties)	14,407	32,401
Guarantee deposits paid (shown as other non-current assets)	<u>29,640</u>	<u>41,536</u>
	<u>\$ 2,151,090</u>	<u>\$ 1,357,942</u>
	<u>December 31, 2023</u>	<u>December 31, 2022</u>
<u>Financial liabilities</u>		
Financial liabilities at amortised cost		
Short-term borrowings	\$ 4,814,078	\$ 4,523,172
Short-term notes and bills payable	348,159	348,737
Notes payable	37,960	22,182
Accounts payable (including related parties)	341,990	382,835
Other payables (including related parties)	95,499	33,433
Corporate bonds payable (including current portion)	1,199,507	1,699,480
Guarantee deposits received (shown as other non-current liabilities)	<u>724,760</u>	<u>653</u>
	<u>7,561,953</u>	<u>7,010,492</u>
Lease liability	<u>167,865</u>	<u>168,151</u>
	<u>\$ 7,729,818</u>	<u>\$ 7,178,643</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 and financial assets at fair value through other comprehensive income. 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, 2023 and 2022 would have increased/decreased by \$1,276 thousand and \$23,904 thousand, respectively, as a result of gains on equity securities classified as at fair value through profit or loss. Other components of equity would have increased/decreased by \$200 and \$0, respectively, as a result of other comprehensive income classified as equity investment at fair value through other comprehensive income.

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, 2023 and 2022, 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, 2023 and 2022 would have increased/decreased by \$3,815 thousand and \$3,619 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, 2023 and 2022, the Company's written-off financial assets that are still under recourse procedures amounted to \$0 thousand and \$0 thousand, respectively.
- viii. The Company used the historical and timely information to assess the default possibility of accounts receivable. On December 31, 2023 and 2022, the provision matrix is as follows:

	Not past due	Up to 90 days past due	Over 90 days past due	Total
<u>December 31, 2023</u>				
Expected loss rate	0.15%	0.00%	0.00%	
Total book value	\$ 455,872	\$ -	\$ -	\$ 455,872
Loss allowance	(\$ 699)	\$ -	\$ -	(\$ 699)

<u>December 31, 2022</u>				
Expected loss rate	1.57%	0%	20%~100%	
Total book value	\$ 44,525	\$ -	\$ -	\$ 44,525
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:

	2023	2022
	Accounts receivable	Accounts receivable
At January 1(i.e. at December 31)	\$ 699	\$ 699

x. The Company estimated that the loss rate of financial assets at amortised costs, notes receivables, accounts receivable-related parties, other accounts receivable (including related parties) and guarantee deposits paid is remote, therefore, loss allowance is immaterial as of December 31, 2023 and 2022.

(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, 2023 and 2022, the Company has undrawn borrowing facilities amounting to \$4,337,094 thousand and \$2,695,589 thousand, respectively. The above bank borrowing facilities were drawn down based on the progress of the project.
- 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:

December 31, 2023	Less than 3 months	Between 3 months and 1 year	Between 1 and 3 years	Over 3 years	Total
Short-term notes and bills payable	\$ -	\$ 350,000	\$ -	\$ -	\$ 350,000
Notes payable	22,279	15,681	-	-	37,960
Accounts payable	107,404	142,022	92,564	-	341,990
Other payables	47,679	47,820	-	-	95,499
Lease liability	3,872	11,691	24,262	147,715	187,540
Short-term borrowings	49,390	521,566	3,203,688	1,346,920	5,121,564
Guarantee deposits received(shown as other non-current liabilities)	-	513	724,247	-	724,760
Bonds payable	402,966	603,663	206,785	-	1,213,414

Non-derivative financial liabilities:

December 31, 2022	Less than 3 months	Between 3 months and 1 year	Between 1 and 3 years	Over 3 years	Total
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

(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 (including related parties), other receivables (including related parties), guarantee deposits paid, short-term borrowings, short-term notes and bills payable, notes payable, accounts payable (including

related parties), 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, 2023 and 2022 are as follows:

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

<u>December 31, 2023</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>\$ 25,523</u>	<u>\$ -</u>	<u>\$ 10</u>	<u>\$ 25,533</u>
Financial assets at fair value through other comprehensive income				
Equity Securities	<u>\$ -</u>	<u>\$ 4,000</u>	<u>\$ -</u>	<u>\$ 4,000</u>
<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>

(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:

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

- D. For the years ended December 31, 2023 and 2022, there was no transfer between Level 1 and Level 2.
- E. For the years ended December 31, 2023 and 2022, there was no transfer into or out from Level 3.

13. Supplementary Disclosures

(1) Significant transactions information

- A. Loans to others: None.
- 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 1.
- 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 2.

- E. Acquisition of real estate reaching \$300 million or 20% of paid-in capital or more: Please refer to table 3.
- 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 4.
- H. Receivables from related parties reaching \$100 million or 20% of paid-in capital or more: Please refer to table 5.
- I. Trading in derivative instruments undertaken during the reporting periods: None.
- J. Significant inter-company transactions during the reporting periods: Please refer to table 6.

(2) Information on investees

Names, locations and other information of investee companies (not including investees in Mainland China) : Please refer to table 7.

(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 8.

14. Segment Information

None.

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, 2023

Table 1

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	KINSUS INTERCONNECT TECHNOLOGY CORP.	None.	Current financial assets at fair value through profit or loss	\$ 256,000	\$ 25,274	0.06%	<u>\$ 25,523</u>	
			Valuation adjustments		249			
					<u>\$ 25,523</u>			
The Company	The Second Credit Cooperative Association of Taichung	None.	Non-current financial assets at fair value through profit or loss	100	<u>\$ 10</u>	-	<u>\$ 10</u>	
Baoxin Company	TAICHUNG INTERNATIONAL ENTERTAINMENT CORPORATION	None.	Non-current financial assets at fair value through other comprehensive income	2,494	3,930	-	<u>\$ 4,000</u>	
			Valuation adjustments		70			
					<u>\$ 4,000</u>			
Baoxin Company	The Second Credit Cooperative Association of Taichung	None.	Non-current financial assets at fair value through profit or loss	100	<u>\$ 10</u>	-	<u>\$ 10</u>	

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, 2023

Table 2

Expressed in thousands of NTD
(Except as otherwise indicated)

					Balance as at January 1, 2023		Addition (Note 3)		Disposal (Note 3)				Balance as at December 31, 2023 (Note 5)	
Investor	Marketable securities (Note 1)	General ledger account	Counterparty (Note 2)	Relationship with the investor (Note 2)	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	Baoxin Company	Investments accounted for using equity method	Subsidiaries	A subsidiary of the company	12,000	\$ 120,000	30,000	\$ 300,000	-	\$ -	\$ -	\$ -	42,000	\$ 420,000

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, 2023

Table 3

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	Kouzhuang Section, Houli Dist.	17-Jul-23	\$ 440,670	\$ 66,491	Natural person	-	-	-	-	\$ -	Contract	Inventories	-

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, 2023

Table 4

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)		
			Purchases (sales)	Amount	Percentage of total purchases (sales)	Credit term	Unit price	Credit term	Balance at December 31, 2023	Percentage of total notes/accounts receivable (payable)	Footnote (Note 2)
The Company	Baoxin Company	A subsidiary of the company	subcontracting construction	\$ 1,405,059	69%	Price and payment were made based on the construction contract	\$ -	-	(\$ 174,364)	25%	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: In case related-party transaction terms involve advance receipts (prepayments) transactions, explain in the footnote the reasons, contractual provisions, related amounts and differences in types of transactions compared to third-party transactions

Note 3: 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 4: 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, 2023

Table 5

Expressed in thousands of NTD

(Except as otherwise indicated)

Creditor	Counterparty	Relationship with the counterparty	Balance as at December 31, 2023 (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	\$ 174,364	14.74	\$ -	-	\$ 62,669	-

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 March 12, 2024.

Full Wang International Development Co., Ltd.
Significant inter-company transactions during the reporting periods
Year ended December 31, 2023

Table 6

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	Subcontracting construction	\$ 1,405,059	Price and payment were made based on the construction contract	54.03%
0	The Company	Baoxin Company	1	Accounts payable	174,364	Price and payment were made based on the construction contract	1.70%
0	The Company	Baoxin Company	1	Guarantee deposits received	724,248	Provide a performance guarantee of 10% of the total contract price in accordance with the construction contract.	7.04%

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, 2023

Table 7

Expressed in thousands of NTD

(Except as otherwise indicated)

Investor	Investee	Location	Main business activities	Initial investment amount		Shares held as at December 31, 2023			Net income of investee as of December 31, 2023	Investment income (loss) recognised by the Company for the year ended December 31, 2023		Footnote
				Balance as at December 31, 2023	Balance as at December 31, 2022	No. of shares (in thousands)	Ownership (%)	Book value				
The Company	Baoxin Company	Taiwan	Comprehensive construction	\$ 420,000	\$ 120,000	42,000	100	\$ 333,374	(\$ 6,889)	\$	12,462	Notes 1 and 2
The Company	Full Xin Company	Taiwan	Trade of real estate	10,000	10,000	1,000	100	6,816	(210)	(210)	Note 2
The Company	Full Wang Real Estate	Taiwan	Trade of real estate	5,000	5,000	500	100	4,980	24		24	Note 2
The Company	Fuwong	Cambodia	Trade of real estate	-	3,272	-	-	-	39		39	Note 2
The Company	BIFINITY	Taiwan	Trade of cosmetic	61,900	61,900	6,000	100	14,362	2,806		2,806	Notes 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	1		-	Notes 2 and 3

Note 1: Investment income recognised for the year ended December 31, 2023 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: Fuwong's liquidation was completed in May 16, 2023.

Full Wang International Development Co., Ltd.

Major shareholders information

December 31, 2023

Table 8

Name of major shareholders	Shares	
	Name of shares held	Ownership (%)
PAO CHU Investment Co., Ltd.	17,533,316	14.73%
PAO HSIN Investment Ltd.	13,232,001	11.11%
Tian Wei Asset Management Corporation CO.,LTD.	12,910,732	10.84%
Chang Yun CONSTRUCTION DEVELOPMENT CO.,LTD.	12,427,611	10.44%

FULL WANG INTERNATIONAL DEVELOPMENT CO., LTD.

CASH AND CASH EQUIVALENTS

DECEMBER 31, 2023

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

STATEMENT 1

<u>Items</u>	<u>Description</u>	<u>Amount</u>
Pretty cash and cash on hand		\$ 879
Cash in banks		
Checking accounts		9,995
Demand deposits		587,961
Foreign currency deposits	USD 108 thousand; exchange rate was 30.71	3,304
	EUR 2 thousand; exchange rate was 33.98	84
		<u>\$ 602,223</u>

FULL WANG INTERNATIONAL DEVELOPMENT CO., LTD.
STATEMENT OF FINANCIAL ASSETS MEASURED AT AMORTIZED COST - CURRENT
DECEMBER 31, 2023

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

STATEMENT 2

Items	Description	Amount	Coupon Rate
Current items:			
Performance guarantee escrow account pertained to trust deposit		\$ 263,465	
Restricted demand deposits		486,336	0.53%~0.58%
Restricted time deposits	Period from 2019.7.11~2024.7.11	3,300	
		<u>\$ 753,101</u>	

FULL WANG INTERNATIONAL DEVELOPMENT CO., LTD.

INVENTORIES

DECEMBER 31, 2023

(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	\$ 38,083	\$ 85,030	Net realizable value (collaterals provided)
New Style	11,268	21,556	Net realizable value (collaterals provided)
F House	44,195	47,493	Net realizable value (collaterals provided)
XIN HAI CHENG(formerly Luliao section, Shalu District)	24,931	26,463	Net realizable value (collaterals provided)
The melody of home(formerly Wenhua section, Miaoli County)	108,242	170,729	Net realizable value (collaterals provided)
Others	10,744	14,976	Net Realizable Value
Total	<u>237,463</u>	<u>366,247</u>	
Construction in progress			
My Style(formerly named sunshine town)	\$ 1,635,352	\$ 2,427,346	Net realizable value (collaterals provided)
Wei Mei Chu(formerly Lantian W. section, Nanzi Dist., Kaohsiung City)	1,459,374	2,324,471	Net realizable value (collaterals provided)
Yuan Zhong section, Nanzi Dist., Kaohsiung City	499,686	708,276	Net realizable value (collaterals provided)
Skyline W one(formerly Shangshi section)	1,358,125	1,866,732	Net realizable value (collaterals provided)
ELEGANT VILLAGE(formerly Qiaozhen section, Yunlin County 2)	282,853	720,464	Net realizable value (collaterals provided)
Mayuantou section, West Dist.	754,879	926,185	Net realizable value (collaterals provided)
Yunlinxi section, Douliu city	389,565	407,725	Net realizable value (collaterals provided)
AIMEI(Jen Shing Section, Lukang Township)	651,313	1,424,708	Net realizable value (collaterals provided)
Kouzhuang Section, Houli Dist	44	-	Replacement cost
	<u>7,031,191</u>	<u>10,805,907</u>	
Prepayment for land			
Kouzhuang Section, Houli Dist	\$ 66,490	\$ 66,490	Replacement cost
Guanghua Section, Caotun Township	6,800	6,800	Replacement cost
	<u>73,290</u>	<u>73,290</u>	
	<u>\$ 7,341,944</u>	<u>\$ 11,245,444</u>	

FULL WANG INTERNATIONAL DEVELOPMENT CO., LTD.
STATEMENT OF OTHER CURRENT ASSETS
DECEMBER 31, 2023

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

STATEMENT 4

Item	Description	Amount	Note
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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, 2023

(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	\$ 1,438,453	2020/04/13~2027/12/15	2.65%~3.05%	Inventories
Secured borrowings	Taiwan Business Bank	1,941,953	2014/10/06~2026/01/19	2.50%~3.00%	Inventories
Secured borrowings	Yuanta Commercial Bank Co., Ltd.	5,000	2021/03/15~2025/03/15	2.50%~2.60%	Inventories
Secured borrowings	Agricultural Bank of Taiwan Corporation	507,610	2018/11/05~2027/11/29	2.71%~2.93%	Inventories
Secured borrowings	Chang Hwa Bank	198,000	2021/11/30~2026/11/30	2.80%	Inventories
Secured borrowings	King's Town Bank	56,600	2023/07/14~2024/12/04	3.15%~3.30%	Inventories
Secured borrowings	Taiwan Shin Kong Commercial Bank Co.	14,972	2023/11/08~2026/11/08	2.69%	Inventories
Secured borrowings	Hua Nan Commercial Bank, Ltd.	428,900	2023/06/09~2027/03/31	3.04%~3.14%	Inventories
Unsecured borrowings	Taichung Commercial Bank Co., Ltd.	40,000	2022/07/19~2025/07/19	4.55%	-
Unsecured borrowings	First Commercial Bank	167,000	2010/04/16~2025/04/13	2.75%	-
Unrestricted borrowings	Yuanta Securities	15,590	Changed by stock transactions	2.25%	Equity securities
		<u>\$ 4,814,078</u>			

FULL WANG INTERNATIONAL DEVELOPMENT CO., LTD.
STATEMENT OF CURRENT CONTRACT LIABILITIES
DECEMBER 31, 2023

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

STATEMENT 6

Item	Advance payment for real estate	Note
My Style(formerly named Sunshine Town)	\$ 296,024	
Wei Mei Chu(formerly Lantian W. section, Nanzi Dist., Kaohsiung City)	400,151	
Yuan Zhong section, Nanzi Dist., Kaohsiung City	128,952	
Skyline W one(formerly Shangshi section)	271,380	
ELEGANT VILLAGE(formerly Qiaozhen section, Yunlin County 2)	78,083	Each individual customer balance did not exceed 5% of the account balance.
AIMEI(Jen Shing Section, Lukang Township)	119,136	
Kouzhuang Section, Houli Dist	62,455	
	<u>\$ 1,356,181</u>	

FULL WANG INTERNATIONAL DEVELOPMENT CO., LTD.

STATEMENT OF BONDS PAYABLE

DECEMBER 31, 2023

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

STATEMENT 7

Bonds Name	Trustee	Issuance Date	Interest Payment Date	Coupon Rate	Amount				Book value	Repayment Term	Collateral	Note
					Total Issuance Amount	Repayment Paid	Ending Balance	Unamortized Premiums (Discounts)				
The 2019 first-time secured ordinary corporate bonds	Taipei Fubon Bank	2019/3/7	3/7 of every year	0.95%	400,000	-	400,000	(20)	399,980	Repaid in full at maturity	Note 1	
The 2019 second time secured ordinary corporate bonds	Taipei Fubon Bank	2019/5/9	5/9 of every year	0.88%	300,000	-	300,000	(30)	299,970	Repaid in full at maturity	Note 1	
The 2019 third time secured ordinary corporate bonds	Taipei Fubon Bank	2019/7/11	7/11 of every year	1.05%	300,000	-	300,000	(45)	299,955	Repaid in full at maturity	Note 2	
The 2023 first-time secured ordinary corporate bonds	Hua Nan Commercial Bank, Ltd.	2023/12/19	12/19 of every year	1.77%	200,000	-	200,000	(398)	199,602	Repaid in full at maturity	Note 1	
					<u>\$ 1,200,000</u>	<u>\$ -</u>	<u>\$ 1,200,000</u>	<u>(\$ 493)</u>	1,199,507			
Less:Bonds payable-current portion									(999,905)			
									<u>\$ 199,602</u>			

FULL WANG INTERNATIONAL DEVELOPMENT CO., LTD.

STATEMENT OF BONDS PAYABLE (Cont.)

DECEMBER 31, 2023

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

STATEMENT 7

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.
STATEMENT OF OTHER NON-CURRENT LIABILITIES
DECEMBER 31, 2023

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

STATEMENT 8

Item	Description	Amount
Guarantee deposits received		\$ 724,247
Credit balance of investments accounted for using equity method		3,715
		<u>\$ 727,962</u>

FULL WANG INTERNATIONAL DEVELOPMENT CO., LTD.

SALES REVENUE

FOR THE YEAR ENDED DECEMBER 31, 2023

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

STATEMENT 9

<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	\$ 1,164,595	\$ 873,150	\$ 2,037,745	
Service revenue			5,808	
Rental revenue			2,963	
			<u>\$ 2,046,516</u>	

FULL WANG INTERNATIONAL DEVELOPMENT CO., LTD.

COST OF SALES

FOR THE YEAR ENDED DECEMBER 31, 2023

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

STATEMENT 10

<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	\$ 1,174,692	\$ 408,042	\$ 1,582,734	
Labor cost			3,592	
			<u>\$ 1,586,326</u>	

FULL WANG INTERNATIONAL DEVELOPMENT CO., LTD.

OPERATING EXPENSES

FOR THE YEAR ENDED DECEMBER 31, 2023

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

STATEMENT 11

Items	Selling expenses	Administrative expenses	Total	Note
Wages and salaries	\$ 9,997	\$ 51,933	\$ 61,930	
Repairs and maintenance expense	19,972	1,402	21,374	
Depreciation	5,392	9,250	14,642	Each individual customer
Commissions expense	86,706	-	86,706	balance did not exceed
Entertainment expense	48	23,776	23,824	5% of the account
Others	39,872	64,366	104,238	balance.
	<u>\$ 161,987</u>	<u>\$ 150,727</u>	<u>\$ 312,714</u>	

FULL WANG INTERNATIONAL DEVELOPMENT CO., LTD.

STATEMENT OF OTHER INCOME

FOR THE YEAR ENDED DECEMBER 31, 2023

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

STATEMENT 12

Item	Description	Amount	Note
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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, 2023

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

STATEMENT 13

Item	Description	Amount	Note
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Note: Please refer to Note 6(22) for details of other gains and losses.

FULL WANG INTERNATIONAL DEVELOPMENT CO., LTD.

STATEMENT OF FINANCE COST

FOR THE YEAR ENDED DECEMBER 31, 2023

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

STATEMENT 14

Item	Description	Amount	Note
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Note: Please refer to Note 6(23) 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, 2023
(Expressed in thousands of New Taiwan dollars, except as otherwise indicated)

STATEMENT 15

Function Nature	Year ended December 31, 2023			Year ended December 31, 2022		
	Classified as Operating Costs	Classified as Operating Expenses	Total	Classified as Operating Costs	Classified as Operating Expenses	Total
Employee Benefit Expense						
Wages and salaries	\$ -	\$ 60,032	\$ 60,032	\$ -	\$ 27,629	\$ 27,629
Labour and health insurance fees	-	3,764	3,764	-	3,253	3,253
Pension costs	-	1,898	1,898	-	1,635	1,635
Directors' remuneration	-	1,938	1,938	-	1,685	1,685
Other personnel expenses	-	2,929	2,929	-	1,584	1,584
Depreciation Expense	-	14,642	14,642	-	21,843	21,843
Depletion Expense	-	-	-	-	-	-
Amortisation Expense	-	586	586	-	554	554

Note:

A.As at December 31, 2023 and 2022, the Company had 47 and 44 employees, including 5 and 5 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 \$1,634 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 \$874 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, 2023
(Expressed in thousands of New Taiwan dollars, except as otherwise indicated)

STATEMENT 15

- (b) Average employee salaries in current year was \$1,429 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 \$708 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 102% ((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 \$0 thousand. The supervisors' remuneration in previous year was \$235 thousand.
- (e) Salary and Compensation Policy:
- i. Employees' salary: The Company's 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, 2023
(Expressed in thousands of New Taiwan dollars, except as otherwise indicated)

STATEMENT 15

- 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.