Formosan Rubber Group Inc.

Parent Company Only Financial Statements

For the Years Ended December 31,2023 and 2022

With Independent Auditor's Report

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The auditors' report and the accompanying parent company only financial statements are the English translation of the Chinese version prepared and used in the Republic of China. If there is any conflict between, or any difference in the interpretation of the English and Chinese language auditors' report and parent company only financial statements, the Chinese version shall prevail.

INDEPENDENT AUDITORS' REPORT

NO.00111120EA

The Board of Directors and Shareholders

Formosan Rubber Group Inc.

Opinion

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

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

Basis for Opinion

We conducted our audits in accordance with the Regulations Governing Auditing and Attestation of Financial Statements by Certified Public Accountants and the 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 Formosan Rubber Group Inc. 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 parent company only financial statements for the year ended December 31,2023. These matters were addressed in the context of our audit of the parent company only financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matters for Formosan Rubber Group Inc.' parent company only financial statements for the year ended December 31, 2023 are stated as follows:

<u>Valuation of Net Realizable Value of Real Estate For Sale</u>

Summary of key issues for auditing

As of December 31, 2023, the value of real estate for sale on the parent company only balance sheet was NT$2,771,492 thousand primarily reflective of the completed properties and land held for sale. These items accounted for approximately 20% of the parent company only total assets. Please refer to Notes 4, 5 and 10 of the parent company only financial statements for detailed information. Formosan Rubber Group Inc. uses the lower of the cost or net realizable value for the valuation of real estate for sale. As the valuation of real estate for sale is subject to the effects of the cycle in the real estate market and the changes of the government policy and the determination of net realizable values for real estate for sale requires major judgment and estimates, it was listed as one of the audit priorities this year.

Audit procedures

The audit procedures were carried out by CPAs as follows:

1. Acquisition of the data concerning the company's assessment of lower of the costs and net realizable value;
2. Random inspection of the ownership documents for the properties held for sale, in order to validate the integrity of the assessment;
3. Random inspection of the data concerning the estimated selling price and the sale records of the most recent period, so as to determine the basis and reasonability of the management's estimate of net realizable value.

<u>Impairment of Property Investments</u>

Summary of key issues for auditing

As of December 31, 2023, the value of property investments on the parent company only balance sheet was NT$2,784,666 thousand accounting for approximately 20% of the parent company only total assets. Please refer to Notes 4, 5 and 15 of the parent company only financial statements for detailed information. Management complies with IAS 36 "Impairment of Assets" by evaluating whether there are any signs indicating the investment properties may be impaired on each balance sheet date. Given the numerous assumptions involved, and the high uncertainty of accounting estimates, it was listed as one of the audit priorities this year.

Audit procedures

The audit procedures were carried out by CPAs as follows:

1. Acquisition of the data concerning the company's assessment of asset impairments according to cash generating units;
2. Assessment of the reasonability of the management's identification of impairment signs, assumptions and estimates used, such as the division of cash generating units, forecasting of cash flows, the appropriateness of the discount rate.

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 Formosan Rubber Group Inc.' 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 Formosan Rubber Group Inc. or to cease operations, or has no realistic alternative but to do so.

Those charged with governance (including members of the Audit Committee) are responsible for overseeing Formosan Rubber Group Inc.' 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 maintain 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 Formosan Rubber Group Inc.' 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 Formosan Rubber Group Inc.' 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 Formosan Rubber Group Inc. to cease to continue as a going concern.
5. Evaluate the overall presentation, structure and content of the parent company only financial statements, including the disclosures, and whether the parent company only financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
6. Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within Formosan Rubber Group Inc. to express an opinion on the parent company only financial statements. We are responsible for the direction, supervision and performance of the group 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 for the year ended December 31, 2023 and are therefore the key audit matters. We describe these matters in our auditors’ report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

BAKER TILLY CLOCK & CO.

March 12, 2024

Notes to Readers

The accompanying parent company only financial statements are intended only to present the parent company only financial position, financial performance and its cash flows in accordance with the accounting principles and practices generally accepted in the Republic of China and not those of any other jurisdictions. The standards, procedures and practices to audit (or review) such parent company only financial statements are those generally applied in the Republic of China.

The auditors’ report and the accompanying parent company only financial statements are the English translation of the Chinese version prepared and used in the Republic of China. If there is any conflict between, or any difference in the interpretation of the English and Chinese language auditors’ report and parent company only financial statements, the Chinese version shall prevail.

Formosan Rubber Group Inc.

Parent Company Only Balance Sheet

Dec. 31, 2023 and 2022

Unit: In Thousands of NTD

Assets	Note	Dec. 31, 2023		Dec. 31, 2022	
Accounting item		Amount	%	Amount	%
Current assets					
Cash and cash equivalents	6	$ 563,696	4	$ 1,775,404	13
Financial assets at fair value through profit or loss-current	7	36,959	—	16,963	—
Financial assets at fair value through other comprehensive income - current	8	3,940,521	28	3,519,432	26
Notes receivable, net	9	38,804	—	74,739	1
Accounts receivable, net	9	100,376	1	80,485	1
Other receivables		47,969	—	39,176	—
Inventories	10	181,618	1	210,674	1
Inventories-Construction Industry	10	2,771,492	20	2,909,351	21
Prepayments		54,544	—	52,332	—
Other financial assets-current	11	711,296	5	—	—
Other current assets-other		973	—	1,087	—
Total current assets		8,448,248	59	8,679,643	63
Non-current assets					
Financial assets at fair value through other comprehensive income - non-current	8	117,356	1	67,342	1
Investments accounted for using equity method	12	1,996,300	14	1,486,595	11
Property, plant and equipment	13	747,716	5	793,239	6
Right-of-use assets	14	30,989	—	32,569	—
Investment property, net	15	2,784,666	20	2,598,861	19
Deferred tax assets	26	55,178	—	32,869	—
Prepayments for equipment		18,017	—	—	—
Refundable deposits		57,050	1	40,376	—
Other financial assets - non-current	11	20,000	—	20,000	—
Other non-current assets, others		633	—	1,304	—
Total non-current assets		5,827,905	41	5,073,155	37
Total assets		$ 14,276,153	100	$ 13,752,798	100

(The attached notes constitute a part of the parent company only financial statements.)

Formosan Rubber Group Inc.

Parent Company Only Balance Sheet (Continued)

Dec. 31, 2023 and 2022

Unit: In Thousands of NTD

Liabilities & equity	Note	Dec. 31, 2023		Dec. 31, 2022	
Accounting item		Amount	%	Amount	%
Current liabilities					
Short-term borrowings	16	$ 1,140,000	8	$ 1,240,000	9
Short-term notes and bills payable	17	189,881	2	39,894	—
Notes payable		81,599	1	92,132	1
Accounts payable		34,185	—	33,910	—
Other payables		127,396	1	136,345	1
Current tax liabilities		32,407	—	74,783	1
Lease liabilities-current	14	7,648	—	5,775	—
Other current liabilities		18,073	—	18,380	—
Total current liabilities		1,631,189	12	1,641,219	12
Non-current liabilities					
Deferred tax liabilities	26	170,946	1	170,413	1
Non-current lease liabilities	14	24,065	—	27,473	—
Net defined benefit liability	18	2,131	—	2,575	—
Guarantee deposits received		45,550	—	48,533	1
Total non-current liabilities		242,692	1	248,994	2
Total liabilities		1,873,881	13	1,890,213	14
Share capital	19	3,035,934	21	3,373,260	25
Capital surplus	19	449,745	3	449,745	3
Retained earnings	19				
Legal reserve		1,812,711	13	1,745,695	13
Special reserve		296,475	2	296,475	2
Unappropriated retained earnings		5,873,998	41	5,729,100	41
Other equity interest	19				
Exchange differences on translation of foreign financial statements		4,539	—	(1,037)	—
Unrealized gains (losses) on financial assets measured at fair value through other comprehensive income		928,870	7	269,347	2
Total equity		12,402,272	87	11,862,585	86
Total liabilities & equity		$ 14,276,153	100	$ 13,752,798	100

(The attached notes constitute a part of the parent company only financial statements.)

Formosan Rubber Group Inc.

Parent Company Only Comprehensive Income Statement

From Jan. 1 to Dec. 31, 2023 and 2022

Unit: In Thousands of NTD

Accounting item	Note	2023		2022	
		Amount	%	Amount	%
Operating revenue	20	$ 1,357,421	100	$ 1,936,730	100
Operating costs	21	(935,647)	(69)	(1,311,365)	(68)
Gross profit		421,774	31	625,365	32
Operating expenses					
Selling expenses		(47,577)	(3)	(65,313)	(3)
General and administrative expenses		(151,524)	(11)	(165,812)	(9)
Research and development expenses		(9,270)	(1)	(9,634)	—
Total operating expense		(208,371)	(15)	(240,759)	(12)
Operating profit		213,403	16	384,606	20
Non-operating income and expenses					
Interest income		53,560	4	25,638	1
Other income	22	282,461	21	259,566	13
Other gains and losses	23	22,872	2	149,170	8
Finance costs	24	(26,326)	(2)	(8,789)	—
Expected credit impairment gain		284	—	751	—
Shares of profit (loss) of subsidiaries and associates		43,147	3	17,735	1
Total non-operating income and expenses		375,998	28	444,071	23
Income before income tax		589,401	44	828,677	43
Income tax expense	26	(70,524)	(6)	(116,993)	(6)
Net income		518,877	38	711,684	37
Other comprehensive income					
Items that will not be reclassified subsequently to profit or loss					
Remeasurements of defined benefit plans	18	341	—	60	—
Unrealized gains (losses) on valuation of investments in equity instruments measured at fair value through other comprehensive income		658,077	48	(276,052)	(14)
Shares of other comprehensive (loss) income of subsidiaries and associates		81,566	6	(38,552)	(2)
Income tax benefit related to items that will not be reclassified subsequently	26	18,799	1	9,887	—
Items that may be reclassified subsequently to profit or loss					
Exchange differences arising on translation of foreign operations		6,970	1	44,168	2
Unrealized loss on valuation of investments in debt instruments measured at fair value through other comprehensive income		(1,793)	—	(1,192)	—
Income tax related to items that may be reclassified subsequently	26	(1,033)	—	(8,637)	—
Other comprehensive income (loss)		762,927	56	(270,318)	(14)
Total comprehensive income for the year		$ 1,281,804	94	$ 441,366	23
Earnings per share (NT dollars)	27				
Basic earnings per share		1.61 (NT dollars)		2.09 (NT dollars)	
Diluted earnings per share		1.60 (NT dollars)		2.09 (NT dollars)	

(The attached notes constitute a part of the parent company only financial statements.)

Formosan Rubber Group Inc.

Parent Company Only Statement of Changes in Equity

From Jan. 1 to Dec. 31, 2023 and 2022

Unit: In Thousands of NTD

Item	Share capital	Capital surplus	Retained earnings			Other equity interest		Treasury stocks	Total equity
			Legal reserve	Special reserve	Clnappropriated undistributed retained earnings	Exchange differences on translation of foreign financial statements	Unrealized gains (losses) on financial assets measured at fair value through other comprehensive income		
Balance of Jan. 1, 2022	$ 3,423,260	$ 456,341	$ 1,666,856	$ 297,9551	$ 5,548,580	$ (36,371)	$ 581,205	$ –	$ 11,937,826
Legal reserve appropriated	–	–	78,839	–	(78,839)	–	–	–	–
Cash dividend	–	–	–	–	(410,791)	–	–	–	(410,791)
Reversal of special reserve	–	–	–	(1,480)	1,480	–	–	–	–
Net income in 2022	–	–	–	–	711,684	–	–	–	711,684
Other comprehensive income for 2022, net of income tax	–	–	–	–	48	35,334	(305,700)	–	(270,318)
Total comprehensive income (loss) in 2022	–	–	–	–	711,732	35,334	(305,700)	–	441,366
Purchase of treasury share	–	–	–	–	–	–	–	(105,816)	(105,816)
Retirement of treasury share	(50,000)	(6,596)	–	–	(49,220)	–	–	105,816	–
Disposal of financial assets at fair value through other comprehensive income - equity instruments	–	–	–	–	6,158	–	(6,158)	–	–
Balance of Dec. 31, 2022	3,373,260	449,745	1,745,695	296,475	5,729,100	(1,037)	269,347	–	11,862,585
Legal reserve appropriated	–	–	67,016	–	(67,016)	–	–	–	–
Cash dividend	–	–	–	–	(404,791)	–	–	–	(404,791)
Net income in 2023	–	–	–	–	518,877	–	–	–	518,877
Other comprehensive income for 2023, net of income tax	–	–	–	–	273	5,576	757,078	–	762,927
Total comprehensive income (loss) in 2023	–	–	–	–	519,150	5,576	757,078	–	1,281,804
Capital Reduction	(337,326)	–	–	–	–	–	–		(337,326)
Disposal of financial assets at fair value through other comprehensive income - equity instruments	–	–	–	–	97,555	–	(97,555)	–	–
Balance of Dec. 31, 2023	$ 3,035,934	$ 449,745	$ 1,812,711	$ 296,475	$ 5,873,998	$ 4,539	$ 928,870	$ –	$ 12,402,272

Note: For the years ended December 31, 2023 and 2022, the Company recognized the employees compensation of $6,014 thousand and $8,456 thousand rsepectively, and the directors remuneration of $6,014 thousand and $8,456 thousand respectively, amounts recognised The amounts loss in the statement of comprehensive income .

(The attached notes constitute a part of the parent company only financial statements.)

Formosan Rubber Group Inc.

Parent Company Only Statement of Cash Flows

From Jan. 1 to Dec. 31, 2023 and 2022

Unit: In Thousands of NTD

Item	2023	2022
	Amount	Amount
Cash flows from operating activities:		
Income before income tax	$ 589,401	$ 828,677
Adjustments for:		
Depreciation expense	101,316	103,656
Expected credit impairment gain	(284)	(751)
Net loss (gain) on financial assets at fair value through profit or loss	(20,635)	1,990
Interest expense	26,326	8,789
Interest income	(53,560)	(25,638)
Dividend income	(277,070)	(253,963)
Share of profit of subsidiaries and associates	(43,147)	(17,735)
gain on disposal of property, plant and equipment	—	(57)
Impairment loss on non-financial assets	—	2,697
Unrealized foreign exchange gain	(98)	(1,454)
Changes in operating assets and liabilities		
Notes receivable	36,298	(45,306)
Accounts receivable	(19,999)	35,714
Other receivables	(9,374)	80,998
Inventories	29,056	631
Inventories-Construction Industry	137,859	(865,709)
Prepayments	(2,212)	(6,203)
Other current assets	114	(279)
Contract liabilities	—	(50,221)
Notes payable	(10,533)	(1,152)
Accounts payable	275	(1,415)
Other payables	(8,949)	3,705
Other current liabilities	(307)	(844)
Net defined benefit liability	(103)	(139)
Cash generated by (used in) operations	474,374	(204,009)

(Continued)

Formosan Rubber Group Inc.

Parent Company Only Statement of Cash Flows (Continued)

From Jan. 1 to Dec. 31, 2023 and 2022

Unit: In Thousands of NTD

Item	2023	2022
	Amount	Amount
Interest received	54,147	23,186
Dividends received	277,064	253,963
Interest paid	(26,326)	(8,789)
Income tax paid	(116,910)	(34,524)
Net cash generated by operating activities	662,349	29,827
Cash flows from investing activities:		
Cash paid for acquisition of financial assets at fair value through other comprehensive income	(567,769)	(410,103)
Proceeds from financial assets at fair value through other comprehensive income	749,077	76,042
Return of capital from financial assets at fair value through other comprehensive income	4,000	2,000
Cash paid for acquisition of financial assets at fair value through profit or loss	(38,042)	—
Proceeds from financial assets at fair value through profit or loss	38,681	—
Acquisition of investments accounted for using equity method	(378,022)	(99,584)
Acquisition of property, plant and equipment	(19,207)	(27,218)
Disposal of property, plant and equipment	—	57
Increase in refundable deposits	(16,674)	(750)
Acquisition of Investment property	(215,354)	—
(Increase) decrease in other financial assets	(711,296)	27,620
Decrease in other non-current assets	671	2,950
Increase prepayments for equipment	(18,017)	
Net cash (used in) investing activities	(1,171,952)	(428,986)
Cash flows from financing activities:		
(Decrease) increase in short-term borrowings	(100,000)	825,000
Increase (decrease) in short-term notes and bills payable	149,987	(119,990)
(Decrease) increase in guarantee deposits received	(2,983)	4,010
Payments of lease liabilities	(6,992)	(5,391)
Cash dividends paid	(404,791)	(410,791)
Capital Reduction	(337,326)	
Payments to acquire treasury shares	—	(105,816)
Net cash (used in) generated by financing activities	(702,105)	187,022
Net Decrease in cash and cash equivalents	(1,211,708)	(212,137)
Cash and cash equivalents at beginning of year	1,775,404	1,987,541
Cash and cash equivalents at end of year	$ 563,696	$ 1,775,404

(The attached notes constitute a part of the parent company only financial statements.)

Formosan Rubber Group Inc.

Notes to Parent Company Only Financial Statements

From Jan. 1 to Dec. 31, 2023 and 2022

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

1. Company profile

Formosan Rubber Group Inc. (hereafter referred to as the “Company”) was founded in 1963 under the Company Act of the Republic of China. The company produces and markets rubber sheets, plastic sheets, plastic foam sheets and PVC resin sheets, as well as the relevant materials. In order to diversity its operations, the Company started in September 1995 the property development business and the leasing, sale and management operations for its own properties and land. the Company became a listed company on the Taiwan Stock Exchange in March 1992.

The parent company only financial statements has the New Taiwan dollars as the Company’s functional currency.

2. Date and procedure approving financial statements

The parent company only financial statements were approved and published by the board of directors on March 12, 2024.

3. Application of new standards, amendments and interpretations

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

The initial application of the amendments to the IFRS Accounting Standards endorsed and issued into effect by the FSC did not have material impact on the Company’s accounting policies.

(2) The IFRS Accounting Standards endorsed by the FSC for application starting from 2024

New Standards, Interpretations and Amendments	Effective Date Announced by IASB(Note 1)
Amendments to IFRS 16 “Leases Liability in a Sale and Leaseback”	January 1, 2024 (Note 2)
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 (Note 3)

Note 1: Unless stated otherwise, the above IFRSs will be effective for annual reporting periods beginning on or after their respective effective dates.

Note 2: A seller-lessee shall apply the Amendments to IFRS 16 retrospectively to sale and leaseback transactions entered into after the date of initial application of IFRS 16.

Note 3: The amendments provide some transition relief regarding disclosure requirements.

As of the date the parent company only financial statements were authorized for issue, the Company has assessed that the application of above standards and interpretations will not have a material impart on the Company's financial position and financial performance.

(3) New IFRS Accounting Standards in issue but not yet endorsed and issued into effect by the FSC

New Standards, Interpretations and Amendments	Effective Date Announced by IASB(Note 1)
Amendments to IFRS 10 and IAS 28 "Sale or Contribution of Assets between an Investor and its Associate or Joint Venture"	To be determined by IASB
IFRS 17 "Insurance Contracts"	January 1, 2023
Amendments to IFRS 17	January 1, 2023
Amendments to IFRS 17 "Initial Application of IFRS 9 and IFRS 17 - Comparative Information"	January 1, 2023
Amendments to IAS 21 "Lack of Exchangeability"	January 1, 2025 (Note 2)

Note 1: Unless stated otherwise, the above IFRSs are effective for annual reporting periods beginning on or after their respective effective dates.

Note 2: An entity shall apply those amendments for annual reporting periods beginning on or after January 1, 2025. Upon initial application of the amendments, the entity recognizes any effect as an adjustment to the opening balance of retained earnings. When the entity uses a presentation currency other than its functional currency, it shall, at the date of initial application, recognize any effect as an adjustment to the cumulative amount of translation differences in equity.

As of the date the financial statements were authorized for issue, the Company is continuously assessing the possible impact that the application of above standards and interpretations will have on the Company's financial position and financial performance and will disclose the relevant impact when the assessment is completed.

4. Summary of significant accounting policies

(1) Compliance statement

This is the Company's first set of parent company only financial statements prepared according to the Regulations Governing the Preparation of Financial Reports by Securities Issuers.

(2) Preparation bases

Other than the financial assets measured at the fair value and the pension liability recognized with the net value (assets less the present value of the liabilities due to defined benefits), the parent company only financial statements are based on historical costs, usually the fair value paid for the acquisition of assets.

The subsidiaries, associates are incorporated in the parent company only financial statements under the equity method. To make net profit for the year, other comprehensive income and equity in the parent company only financial statements equal to those attributed to owners of the Company on parent company only financial statements, the effect of the differences between basis of parent company only and basis of consolidation are adjusted in the investments accounted for using equity method, the related share of the profit or loss, the related share of other comprehensive income of subsidiaries and associates and related equity.

(3) Foreign Currency

The individual financial statements for the parent company only entities are prepared and presented in the functional currency for these entities (i.e. the currency used in the economy they operate in). The functional currency and the presentation currency of the Company's Parent company only financial statements is NT Dollars. All the financial performances and statuses are converted into the NT dollars for the preparation of the parent company only financial statements.

Any transactions not in the functional currency shall be converted and recognized according to the exchange rate on the transaction dates in the preparation of the individual financial statements for the parent company only entities. The monetary items in foreign currencies shall be recalculated according to the spot exchange rate on the end-of-the-period date. Any difference resultant from exchange rates shall be recognized as profits or losses during the period. The non-monetary items in foreign currencies measured with the fair value shall be recalculated according to the exchange rate on the date of fair value determination. Any different resultant from exchange rates shall be recognized as profits or losses during the period. However, any difference as a result of changes in the fair value shall be recognized as other comprehensive incomes or losses. The non-monetary items in foreign currencies measured by historical costs shall not be recalculated.

For the purpose of presenting parent company only financial statements, the functional currencies of the group entities are translated into the presentation currency, the New Taiwan dollar, as follows: Assets and liabilities are translated at the exchange rates prevailing at the end of the reporting period; and income and expense items are translated at the average exchange rates for the period. The resulting currency translation differences are recognized in other comprehensive income.

On the disposal of a foreign operation, all of the exchange differences accumulated in equity in respect of that operation attributable to the owners of the Corporation are reclassified to profit or loss.

In relation to a partial disposal of a subsidiary that does not result in the Corporation losing control over the subsidiary, the proportionate share of accumulated exchange differences is re-attributed to non-controlling interests of the subsidiary and is not recognized in profit or loss. For all other partial disposals, the proportionate share of the accumulated exchange differences recognized in other comprehensive income is reclassified to profit or loss.

(4) Standards to classify current and non-current assets and liabilities

The basis for current and non-current assets and liabilities for the real estate development business is based on the operating cycle. All the other items following the principles below:

Current assets are the assets held for trading purposes or expected to be realized or exhausted within one year. Any assets not classified as current are non-current assets. Current liabilities are the liabilities held for trading purposes or expected to be repaid within one year. Any liabilities not classified as current are non-current liabilities.

(5) Cash equivalents

Cash equivalents can be converted into a fixed amount of cash at any time. They are short-term, highly liquid investments with minimum changes in value.

Bank overdrafts, a credit facility that can be immediately repaid, are part of the Company's cash management. They are reported under cash and cash equivalents in the statement of cash flows, and as an item in short term loans in current liabilities on the balance sheet.

(6) Inventory and real estate for sale and real estate under construction

Inventories include raw materials, supplies, finished goods and work-in-process. Inventories are measured at the lower of cost or net realizable value. Comparisons between cost and net realizable value are made on an item-by-item basis, except for inventories of the same type. Net realizable value is the estimated selling price under normal circumstances, less estimated costs to complete and estimated costs to sell. The cost of inventories is calculated using the weighted-average method.

If a house is exchanged for land under a subdivision contract and is classified as land for sale, no gain or loss is recognized on the exchange and revenue is not recognized until the land is sold to the buyer.

(7) Investments accounted for under equity method

Investments accounted for using the equity method is investments in subsidiaries and associates.

A. A subsidiary

A subsidiary is an entity that is controlled by the Company.

Under the equity method, an investment in a subsidiary is initially recognized at cost and adjusted thereafter to recognize the Company's share of profit or loss and other comprehensive income of the subsidiary as well as the distribution received. The Company also recognized its share in the changes in the equity of subsidiaries.

Changes in the Company's ownership interests in subsidiaries that do not result in the Company losing control over the subsidiaries are accounted for as equity transactions. Any difference between the carrying amount of the subsidiary and the fair value of the consideration paid or received is recognized directly in equity.

The acquisition cost exceeding the amount of the share of the fair value of the subsidiary's recognizable assets and liabilities received by the Company on its acquisition day is listed as goodwill. Such goodwill includes the investment's book value which cannot be amortized. The amount exceeding the share of the fair value of the subsidiary's recognizable assets and liabilities received by the Company on its acquisition day is listed as the current income.

When losing the control of its subsidiary, the Company measures its residual investment in the aforesaid subsidiary according to the fair value at the day that the Company loses its control of the subsidiary. The difference between the residual investment's fair value as well as any disposal amount and the investment book value at the day that the Company loses its control is listed as the current profit or loss. In addition, the accounting treatment of all the amounts related to the subsidiary in question and recognized in the comprehensive income is same as the basis required to be complied with in the Company's direct handling of related assets or liabilities.

When the Company transacts with its subsidiaries, profits and losses resulting from the transactions with the subsidiaries are recognized in the Company's parent company only financial statements only to the extent of interests in the subsidiaries that are not owned by the Company.

B. Investments in associates are reported.

Associates are the companies over which the Company has significant influence. Associates are not entitles of subsidiaries.

The investment in associates shall be recognized as costs under the equity method. After the asset acquisition, the book value shall change in line with the Company's share of profits and losses, other comprehensive income and profit distributions. Meanwhile, the recognized equity value of the associates also changes in line with any increase or decrease in the Company's shares.

If the Company does not subscribe to the new shares of associates on a pro-rata basis according to existing holdings, and any increase or decrease is incurred to the percentage of the Company's holdings and hence net equity value of the investment, the adjustment shall be reflected with the change in capital surplus and according to the equity method.

If the Company has not subscribed or acquired to new shares on a pro-rata basis and seen a reduction in its stake in the associates, the amounts recognized in other comprehensive income and the reclassification as a result of the values for the associates concerned should have the same basis for accounting treatment as if the assets or the liabilities of the associates were directly disposed. Any debit should be made from the capital surplus. However, if the capital surplus is insufficient for debits incurred by investments under the equity method, the debit may be drawn from retained earnings.

The residual investment of the previous associates should be measured with the fair value on the date of loss of significant influence. The delta between the sum of the fair value of the residual investment and the disposal amounts and the book value of the investment on the date of loss of significant control shall be recognized in the income statement during the period. Meanwhile, the values recognized in relation to the associates concerned in other comprehensive income shall have the same accounting basis as if the assets or the liabilities of the associates were directly disposed.

Only the profits and losses resultant from upstream, downstream and lateral transactions with associates not relevant to the Company's stake in the associates can be recognized in the parent company only financial statements.

(8) Property, plant and equipment

The property, plant and equipment are listed in accordance with cost less depreciation and accumulated impairment. Cost shall include the incremental cost able to be directly attributed to acquisition or asset implementation.

Straight-line method is applied to depreciation, by indicating the amount of an asset within the durable service life offset its cost and less its residual value. All the major components of the non-current assets shall be depreciated on a standalone basis. Depreciation is accrued in accordance with the following durable service years: building, 3-55 years; machinery equipment, 3-26 years; transportation and other equipments, 3-10 years.

Estimated durable service life, residual value and depreciation method shall be reviewed at the end of the reporting period; prospective application shall be made for any impact on estimation change.

The profit or loss incurred during disposition or obsolescence of property, plant and equipment shall be recognized in the income statement with the differential amount between the disposition price and asset book account.

(9) Investment property

Only if investment properties is attempted for earning rental or capital appreciation or both may it be classified as the investment properties. The investment properties shall be measured according to its original cost, including related transaction cost, and related interest capitalization shall be made during the construction period. Cost model shall be applied to follow-up measurement, to be measured by cost less the amounts of accumulated depreciation and accumulated impairment.

In case straight-line method is applied to depreciation and building depreciation accrued by 3-50 years.

Estimated durable service life, residual value and depreciation method shall be reviewed at the end of the reporting period; prospective application shall be made for any impact on estimation change.

The profit or loss incurred during disposition or obsolescence of property, plant and equipment shall be recognized in the income statement with the differential amount between the disposition price and asset book account.

(10) Lease

A. The Company as lessor

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

Lease payments (less any lease incentives payable) from operating leases are recognized as income on a straight-line basis over the terms of the relevant leases. Initial direct costs incurred in obtaining operating leases are added to the carrying amounts of the underlying assets and recognized as expenses on a straight-line basis over the lease terms.

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

B. The Company as lessee

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

Right-of-use assets are initially measured at cost, which comprises the initial measurement of lease liabilities adjusted for lease payments made at or before the commencement date. Right-of-use assets are subsequently measured at cost less accumulated depreciation and impairment losses and adjusted for any remeasurement of the lease liabilities. Right-of-use assets are presented on a separate line in the parent company only balance sheets.

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

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

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

(11) Impairment of non-financial assets

The Company shall review the book amounts of tangible assets and intangible financial assets at the end of the reporting period to decide whether there is any impairment with such assets. In case it shows any impairment situation, the estimated recoverable amount of assets shall decide the recognized loss amount. In case there is no way of estimating the recoverable amount of an individual asset, the Company shall estimate the recoverable amount of the cash-generating unit of the said asset. In case it can be amortized according to a reasonable and conforming basis, shared assets shall also be amortized to an individual cash product sector. Otherwise it shall be amortized to the minimal cash-generating unit group according to a reasonable and conforming basis.

The recoverable amount shall be fair value less sales cost and its use value whichever is higher.

In case the recoverable amount of an asset or cash-generating unit is anticipated to be lower than the book amount, the book amount of the said asset or cash-generating unit shall be adjusted and decreased to its recoverable amount; any impairment loss shall be immediately recognized to the current profit and loss.

When any impairment loss reverses in a subsequent period, the book amount of asset or cash-generating unit shall be adjusted and increased to the estimated recoverable amount after revision, provided the book amount after increase shall be limited to the reasonable book amount under the situation when the said asset or cash-generating unit did not recognize an impairment loss in the past years (except for goodwill). The reversed impairment loss shall be immediately recognized to the current profit and loss.

(12) Employee benefits cost

The short-term employee benefits obligation is measured with the basis without discount, and shall be recognized as expenses when providing the related service. Concerning the anticipated payable amount concerning short-term cash bonus or a bonus sharing plan, if it is a current legal or prescribed obligation to be borne by a company due to the past service provided by employees, and the said obligation can be estimated in a reliable manner, such amount shall be listed as liability.

When an expense belongs to defined contribution plans, during the service period provided by employees, it is required to recognize the pension amount contributable as the current expense.

The cost of defined benefits (including service costs, net interests and re-measurements) shall be calculated according to the projected unit credit method. Service costs and net interests of the defined benefits liabilities shall be recognized as employee benefits expenses when incurred, or when the defined benefit plans is modified, shortened or repaid. The re-measurement shall be recognized as other comprehensive income and the retained earnings. There is not reclassification into profits and losses during subsequent periods.

Net defined benefit liabilities refer to the shortfall appropriation of the defined benefit retirement plan, whereas net defined benefit assets shall not exceed the plan's refunded amount or may reduce the present value of the future appropriation amount.

(13) Financial Instrument

Financial assets and financial liabilities shall be recognized when the Company becomes a party of the said financial instrument clause.

Upon the original recognition of financial assets and financial liabilities, they shall be measured according to fair values. Upon the original recognition, concerning the acquired or distributed transaction cost directly attributable to financial assets and financial liabilities (except for the financial assets and financial liabilities classified as measurement according to fair value of profit and loss), it shall be increased or decreased from the fair values of the said financial assets or financial liabilities. The transaction costs of financial assets and financial liabilities directly attributable to the ones measured according to fair values through profit and loss shall be immediately recognized as profit and loss.

(14) Financial assets

The convention trading of financial assets is recognized and removed by trading day accounting.

A. Type of measurement

Financial assets are classified into the following categories: financial assets at FVTPL, financial assets at amortized cost, investment in debt instruments measured at FVTOCI, and investments in equity instruments at FVTOCI.

a. Financial asset at FVTPL

Financial assets measured at fair value through profit or loss are financial assets mandatorily measured at fair value through profit or loss and financial assets at fair value through profit or loss, designated as upon initial recognition. Financial assets mandatorily measured at fair value through profit or loss include investments in equity instruments that are not designated by the Company to be measured at fair value through other comprehensive income and investments in debt instruments that fail to meet the criteria as to be measured at amortized cost or at fair value through other comprehensive income.

Financial assets measured at fair value through profit or loss are measured at fair value. The dividends and interests generated are recognized in other income and interest income, respectively, and any gain or loss arising from remeasurement is recognized in other gains and losses.

b. Measured at amortized cost

When a company after merger simultaneously meets the following two conditions in its investment in financial assets, the financial assets are classified as the ones carried at cost after amortization:

A) The financial assets are held under a specific operation mode, in which the purpose of the mode is to hold the financial assets in order to collect contract cash flows.

B) The cash flow generated on a specific date due to contract clauses is completely for the payment of the principal and the interest accrued from the outstanding principal amount.

Subsequent to initial recognition, financial assets measured at amortized cost are measured at amortized cost, which equals to carrying amount determined by the effective interest method less any impairment loss. Foreign exchange gains and losses are recognized in profit or loss.

Except for the two conditions below, the interest income is calculated by multiplying the effective interest rate by the total book value of the financial assets:

A) The interest income of the purchased or originated credit-impaired financial assets is calculated by multiplying the credit-adjusted effective interest rate by the cost of amortized financial assets.

B) The interest income of the financial assets which are not purchased or originated credit-impairment but subsequently become credit-impaired financial assets is calculated by multiplying the effective interest rate by the cost of amortized financial assets.

c. Investment in debt instruments measured at FVTOCI

Debt instruments that meet the following two conditions are classified as financial assets at fair value through other comprehensive income:

A) The debt instruments are held within a business model whose objective is to collect the contractual cash flows and to sell the financial assets; and

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

Investments in debt instruments at fair value through other comprehensive income are measured at fair value. Changes in the carrying amount of investments in debt instruments at fair value through other comprehensive income, such as interest revenue calculated using the effective interest method, gain (loss) on foreign exchange and impairment loss or gain on reversal, are recognized in profit or loss. Other changes in the carrying amount of such instruments are recognized in other comprehensive income and will be reclassified to profit or loss when such instruments are disposed of.

d. Investments in equity instruments at FVTOCI

On initial recognition, the Company may make an irrevocable election to designate investments in equity instruments as at FVTOCI. Designation at FVTOCI is not permitted if the equity investment is held for trading or if it is contingent considerate on recognized by an acquirer in a business combination.

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

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

B. Impairment of financial assets

At the end of each reporting period, a loss allowance for expected credit loss is recognized for financial assets at amortized cost (including accounts receivable) investments in debt instruments at fair value through other

comprehensive income, lease payments receivable due, and contract assets based on their expected credit losses on each balance sheet date.

The loss allowance for accounts receivable and lease payments receivable due is measured at an amount equal to lifetime expected credit losses. For financial assets at amortized cost, when the credit risk on the financial instrument has not increased significantly since initial recognition, a loss allowance is recognized at an amount equal to expected credit loss resulting from possible default events of a financial instrument within 12 months after the reporting date. If, on the other hand, there has been a significant increase in credit risk since initial recognition, a loss allowance is recognized at an amount equal to expected credit loss resulting from all possible default events over the expected life of a financial instrument.

The expected credit loss is calculated according to the average weighted credit loss in which the risk rated ratio of default occurrence is used in calculation. The 12-month expected credit loss represents the credit loss expected to occur to the financial instruments within 12 months after their reporting day due to possible default. The expected credit loss in the duration period refers to the credit loss expected to occur to the financial instruments in the expected duration period due to possible default.

The Company recognizes an impairment loss in profit or loss for all financial instruments with a corresponding adjustment to their carrying amount through a loss allowance account, except for investments in debt instruments that are measured at fair value through other comprehensive income, for which the loss allowance is recognized in other comprehensive income and does not reduce the carrying amount of the financial assets.

(15) Income recognition

After identifying the performance obligations of contracts with the customers, the Company allocates the transaction price to the performance obligations and recognizes revenue when performance obligations are met.

(16) Borrowing costs

The cost of borrowing for the funds directly used to acquire, construct or produce the assets (which will reach the status ready for use or available for sale after a long period of time) can be treated as part of the asset costs, until the completion of almost all the necessary activities to get the assets ready for use or available for sale.

Other than the above, all the borrowing costs shall be recognized in the income statement during the current period.

(17) Income tax

Income tax expenses include income taxes during the period and deferred income taxes, and should be recognized as income taxes in the profit and loss income, except for the income taxes during the period and deferred income taxes recognized as other comprehensive incomes or directly as an equity item.

A. Current tax

The current income tax is based on the taxed income of the said year. Since partial income and expense is taxable item or deductible of other years, or not attributing to taxable or deductible item in accordance with related tax laws, it causes the taxable income to differ from the reported net profit in the parent company only income statement. The related liabilities of the current income tax are calculated by the legislated or substantially legislated tax rate at the end of the reporting period. It is estimated by the income tax of the previous year, serving as the adjustment of the current income tax.

According to the provisions of Income Tax Law, The unallocated earnings of the Company adding profit-seeking enterprise income tax shall be recognized as the current expense in the allocated earning year resolved in the shareholders' meeting

B. Deferred tax

Deferred income tax is recognized by the temporary differential calculation generated from the taxation basis of book amounts of the recorded assets and liabilities and income through taxation calculation. Deferred income tax liabilities in general are recognized by the temporary differences of all future taxes payable. Deferred income tax assets are recognized by all likely future taxes less the deductible temporary difference in use.

Deferred income tax assets and deferred income tax liabilities may only be mutually offset when concurrently conforming to the following conditions: (1) a company has legal execution right to mutually offset the current income tax assets and income tax liabilities; and (2) deferred income tax assets and deferred income tax liabilities are levied by the same taxation authority towards the same tax payment major entity, or levied towards different tax payment corporate entities, yet each major entity attempts to, at each future period of the deferred income tax liabilities or assets pay-off or recovery of the major amount, pay off the current income tax liabilities and assets on net-amount basis, or concurrently realize assets and pay off liabilities.

The temporary differences in tax payables related to invested subsidiary company and associates are all recognized as deferred income tax liabilities, provided if the Company can control the time point of temporary difference reverse, and the said temporary differences may very likely not be reversed in the foreseeable future are excluded. The deferred income tax assets generated from the related deductible temporary differences to this kind of investment and equity can only be recognized in the gains very likely with sufficient taxable income used to realize the temporary differences, and be within the scope of reverse within the anticipated future.

The book amounts of deferred income tax assets shall be reviewed at the end of the reporting period, and adjust and decrease the book amounts for all or partial assets without sufficiently taxable income to serve it to recover. Concerning the ones originally not recognized deferred income tax assets, they shall also be reviewed at the end of the reporting period, and adjust and increase the book amounts for all or partial assets very likely to generate taxable income to serve it to recover.

The deferred income tax assets and liabilities are measured by expected liabilities pay-off or assets in realizing the current tax rate, while the said tax rate shall be based on the legislated or already substantially legislated tax rate at the end of the reporting period. The measurement of deferred income tax liabilities and assets shall reflect the tax consequences of a company generated in expected recovery or pay-off of the book amounts of its assets and liabilities at the end of the reporting period.

(18) Treasury stocks

The recovered issued stock shall be recognized as treasury stocks I accordance with the paid cost upon buy-back. In case the disposition price in disposing treasury stocks is higher than the book value, its difference shall be listed as capital surplus – treasury stocks trade; in case the disposition price in disposing treasury stocks is lower than the book value, its difference shall be offset the capital surplus generated from the trade of the treasury stocks of the same category of treasury stocks; in case of any deficit, it shall be debited to keep the surplus. Weighted average shall be applied to the book value of treasury stocks and be separately calculated in accordance with the recovery reasons.

Upon cancellation of treasury stocks, it shall be debited to keep the capital surplus – stock issue premium and share capital; in case its book value is higher than the total sum of par value and stock issue premium, its difference shall offset the capital surplus generated from the trade of the treasury stocks of the same category of treasury stocks; in case of any deficit, it shall be debited to offset retained earnings; in case the book value of treasury stocks is lower than the total amount of par value and stock issue premium, it shall be credited as the capital surplus generated from the trade of the treasury stocks of the same category of treasury stocks.

5. Citical Accounting Judgements, And Key Sources Of Estimation And Uncertainty

The Company upon applying the accounting policy stated in Note 4 provides related judgments, estimations and assumptions for the information acquired from other resources which are based on historical experience and other factors deemed crucial. The actual result may differ from what is estimated.

The Company shall be continuously reviewing estimations and basic assumptions. In case the revision of estimations would influence the current period, then the current recognition shall be revised in accounting estimations. In case the revision of accounting estimations would concurrently influence the current period and future period, then the estimations revision shall be recognized in both the current period and future period.

The following shows the information related to major assumptions made in the future, and other major sources of uncertainty at the end of the financial reporting period; the said assumptions and estimations have risks of causing book amounts of assets and liabilities to incur major adjustments in the following fiscal year.

(1) Evaluation of inventory and real estate for sale

Since inventory and real estate for sale shall be priced by cost and net cash realizable value whichever is lower, therefore the Company shall use judgments and estimations to determine the net cash realizable value at the end of the financial reporting period.

Since industry rapidly changes, the inventory and real estate for sale of the Company at the end of the financial reporting period due to the amounts of normal wear and tear, obsolescence, or without market selling price, offsets its cost to decrease to its net cash realizable value. The evaluation of this inventory and real estate for sale mainly based on the product demand in the future specific period as estimation basis; therefore, it may generate major changes.

(2) Impairment evaluation of tangible assets and intangible assets (except for goodwill)

During the asset impairment evaluation process, the Company shall rely on subjective judgments and, with basis on asset use mode and rubber, real estate industry characteristics, determine parent company only cash flow asset durable years and future likely generated revenues and expenses of specific asset groups; any change in estimations from changes in economic status or corporate policies may likely cause major impairment in the future.

6. Cash and cash equivalents

	Dec. 31, 2023	Dec. 31, 2022
Cash and petty cash	$ 445	$ 519
Cash in bank	253,402	366,229
Cash equivalent		
Commercial paper	309,849	195,906
Time deposits with maturity	—	1,212,750
Total	$ 563,696	$ 1,775,404

7. Financial assets at fair value through profit or loss-current

	Dec. 31, 2023	Dec. 31, 2022
Current financial assets at fair value through profit or loss, designated as upon initial recognition		
Fund	$ 36,959	$ 16,963

8. Financial assets at fair value through other comprehensive income

	Dec. 31, 2023	Dec. 31, 2022
Equity instruments		
Stock of domestic listed (OTC) companies	$ 3,835,823	$ 3,503,746
Stock of foreign listed (OTC) companies	46,346	1,743
Stock not classified to listed (OTC) and emerging companies	117,356	67,342
Debt instruments		
Financial bond	58,352	13,943
Total	$ 4,057,877	$ 3,586,774
Current	$ 3,940,521	$ 3,519,432
Non-current	$ 117,356	$ 67,342

(1) The Company signed a securities lending agreement with SinoPac Securities Corporation on April 10, 2021. Dividends and bonuses, being generated during the loan period should be repaid to the company. According to the agreement, when there is no loan transaction for more than three consecutive years, the agreement would be terminated. As of December 31, 2023 and 2022, the book value of stock lending were NT$83,722 thousand and NT$0 thousand respectively.

(2) Credit risk management for investments in debt instruments

Investments in debt instruments were classified as at FVTOCI：

	Dec. 31, 2023	Dec. 31, 2022
Gross carrying amount	$ 60,885	$ 14,712
Adjustment to fair value	(2,533)	(728)
Total	$ 58,352	$ 13,943

The Company only invests in debt instruments that have low credit risk for the purpose of impairment assessment. The Company continuously tracks information to monitor changes in the credit risk of the debt instruments that it invests in, and also reviews other information such as material information about the debtor to assess whether there is a significant increase in credit risk since the investment was recognized.

The Company considers the historical default rates of each credit rating supplied by external rating agencies to estimate 12-month or lifetime expected credit losses.

The book amounts of investments in each credit level debt instrument and the applicable expected credit loss rates are as follows:

Dec. 31, 2023

Credit Rating	Expected credit loss rate	Through other comprehensive income measured at fair value of book amount
Performing	0.02％	$ 60,885

Dec. 31, 2022

Credit Rating	Expected credit loss rate	Through other comprehensive income measured at fair value of book amount
Performing	0.30％	$ 14,712

The allowance for impairment loss of investments in debt instruments at FVTOCI is as follows:

	For the Year Ended December 31, 2023	For the Year Ended December 31, 2022
Balance, beginning of year	$ 41	$ 209
New purchase in this period	—	—
Derecognise in this period	—	—
Changes in risk parameters	(29)	(168)
Balance, end of year	$ 12	$ 41

9. Notes and accounts receivable ,net

	Dec. 31, 2023	Dec. 31, 2022
Notes receivable	$ 39,196	$ 75,494
Allowance for doubtful accounts	(392)	(755)
Net amount	$ 38,804	$ 74,739

	Dec. 31, 2023	Dec. 31, 2022
Accounts receivable	$ 102,234	$ 84,123
Allowance for doubtful accounts	(1,858)	(1,750)
Net amount	$ 100,376	$ 80,485

(1) The crediting period of the Company to a customer in principle shall be 30 days after the invoice date, while partial customers are credit time 30 days to 90 days. In addition to the actual credit impairment of individual customers, the Company makes reference to historical experience, considers the financial situation of individual customers and the industry, competitive advantage and prospects, and differentiates customers into different risk groups and incorporates forward-looking information. The expected loss rate of the Company recognizes the allowance loss.

(2)Aging analysis of accounts receivable of the Company is stated as follows:

	Dec. 31, 2023		
	Carrying amount of accounts receivable	Expected credit loss rate	Loss allowance for lifetime expected credit losses
Non past due	$ 139,213	1～2%	$ 2,100
Past due less than 90 days	2,151	2～5%	84
Past due 91-180 days	—	10～20%	—
Past due 181-365 days	—	50%	—
More than 366 days past due	66	100%	66
	$ 141,430		$ 2,250

	Dec. 31, 2022		
	Carrying amount of accounts receivable	Expected credit loss rate	Loss allowance for lifetime expected credit losses
Non past due	$ 154,785	1～2%	$ 2,352
Past due less than 90 days	2,091	2～5%	87
Past due 91-180 days	787	10～20%	—
Past due 181-365 days	—	50%	—
More than 366 days past due	66	100%	66
	$ 157,729		$ 2,505

(3) Movements of the loss allowance of notes and accounts receivable were as follow:

	2023	2022
Balance, beginning of year	$ 2,505	$ 3,088
Expected credit impairment loss (gain)	(255)	(583)
Balance, end of year	$ 2,250	$ 2,505

10. <u>Inventories</u>

(1) Inventories - Manufacturing

A. The inventory details related to the rubber department is as follows:

	Dec. 31, 2023	Dec. 31, 2022
Raw materials	$ 67,456	$ 78,208
Work-in-process	10,204	19,426
Finished goods	103,958	113,040
Total	$ 181,618	$ 210,674

B. The cost of sales related to the rubber department is as follows:

	2023	2022
Cost of inventories sold	$ 675,866	$ 773,309
Provision for (Reversal of) loss on inventories	666	(15,088)
Unamortized fixed manufacturing costs	10,692	9,963
Total	$ 687,224	$ 768,184

For the year ended December 31, 2022, the reversal of loss on inventories is due to the removal part of the inventory that has been listed for decline in price.

(2) Inventories-Construction Industry

A. The inventory details and contract liabilities related to the construction department is as follows:

	Real estate for sale and prepayment for land purchases		Contract liabilities		
	Dec. 31, 2023	Dec. 31, 2022	Dec. 31, 2023	Dec. 31, 2022	Jan. 1, 2022
Bridge Upto Zenith Project at Banqiao	$ 34,016	$ 34,016	$ —	$ —	$ —
Modesty Home Project at Banqiao	14,923	14,923	—	—	—
Legend River Project at Xindian	92,728	92,728	—	—	—
Treasure Garden Project in Taichung City	236,653	236,653	—	—	—
55 TIMELESS Project in Taipei City	262,289	350,489	—	—	34,552
La Bella Vita Project in Taichung City	690,521	740,180	—	—	15,669
Ambassador Hotel Project in Kaohsiung City-Real estate under construction	1,440,362	1,440,362	—	—	—
	$ 2,771,492	$ 2,909,351	$ —	$ —	$ 50,221

a. The Ambassador Hotel Co., Ltd. and Continental Engineering Corporation signed the Ambassador Hotel Project in Kaohsiung City, a collaborative development agreement in November 2021. The reconstruction plan is set out by the Statute for Expediting Reconstruction of Urban Unsafe and Old Buildings and related regulations and requesting demolition and rebuild to the Authority which the new building would be developed, constructed, and sold tripartite mutually. The completion date of the reconstruction building is expected to be 1,600 work days after the approval date of the layout inspection.

b. The situation of pledge & guarantee in detail is shown in Note 31.

B. The cost of sales related to the construction department is as follows:

	2023	2022
Cost of inventories sold	$ 141,753	$ 438,332

11. Other financial assets

	Dec. 31, 2023	Dec. 31, 2022
Pledged time deposits	$ 20,000	$ 20,000
Time deposits with maturity over three months	711,296	—
Total	$ 731,296	$ 20,000
Current	$ 711,296	$ —
Non-current	$ 20,000	$ 20,000
Interest rate range %	0.715～5.6	0.595～1.45

The pledged time deposit serves as guaranty for logistics business and it is shown in Note 31.

12. Investments accounted for using equity method

	Dec. 31, 2023	Dec. 31, 2022
Investments in subsidiaries	$ 1,868,658	$ 1,383,224
Investments in associates	127,642	103,371
Total	$ 1,996,300	$ 1,486,595

(1) The investment of subsidiaries is listed as follows:

	Book value		The percentage of ownership interest and voting right directly held by the Company	
Name of Investee	Dec. 31, 2023	Dec. 31, 2022	Dec. 31, 2023	Dec. 31, 2022
Unlisted (OTC) companies				
Ban Chien Development Co., Ltd. (Taiwan)	$ 1,100,100	$ 901,586	100.00	100.00
FRG US Corp. (San Francisco)	768,558	481,638	100.00	100.00
KINGSHALE INDUSTRIAL LIMITED (Hong Kong)	—	—	99.99	99.99
Total	$ 1,868,658	$ 1,383,224		

The Company invests in the development project of 950 Market Street in San Francisco, USA with Continental Construction Group, the establishment of FRG US Corp. was approved by the board of directors in 2017, with an investment limit of USD 32,000 thousand. Its main businesses are real estate investment, development and rental and sales of premises.

As of December 31, 2023 and 2022, FRG has remitted Investment funds are NT$ 938,955 thousand (USD 30,802 thousand) and NT$ 560,933 thousand (USD 18,252 thousand).

(2) The investment of associates is listed as follows:

	Book value		The percentage of ownership interest and voting right directly held by the Company	
Name of Investee	Dec. 31, 2023	Dec. 31, 2022	Dec. 31, 2023	Dec. 31, 2022
<u>Unlisted (OTC) companies</u>				
Formosan Construction Corp. (Taiwan)	$ 77,897	$ 63,226	26.20	26.20
Fenghe Development Co., Ltd. (Taiwan)	40,433	31,741	39.90	39.90
Rueifu Development Co., Ltd. (Taiwan)	9,312	8,404	48.26	48.26
Total	$ 127,642	$ 103,371		

(3) Information about associates that are not individually material was as follows

	2023	2022
The Company's share of:		
Net profit (loss) from continuing operations for the year	$ 19,655	$ 5,476
Other comprehensive income	4,616	(4,680)
Total comprehensive profit (loss)	$ 24,271	$ 796

(4) The investment gains and losses and other comprehensive income for the subsidiaries and associates under the equity method have been recognized according to their audited financials.

13. Property, plant and equipment

Item	Balance, Beginning of Year	Additions	Disposals	Reclassification	Balance, End of Year
	For the Year Ended December 31, 2023				
Cost					
Land	$ 444,026	$ —	$ —	$ (24,049)	$ 419,977
Building	599,700	3,159	—	—	602,859
Machinery equipment	798,819	3,165	—	—	801,984
Transportation equipment	9,801	930	—	—	10,731
Other equipment	158,422	11,953	—	—	170,375
Unfinished construction and equipment to be inspected	372	—	—	(372)	—
Total	2,011,140	19,207	—	(24,421)	2,005,926
Accumulated depreciation & impairment					
Building	387,009	14,642	—	—	401,651
Machinery equipment	695,998	18,031	—	—	714,029
Transportation equipment	9,537	130	—	—	9,667
Other equipment	125,357	7,506	—	—	132,863
Total	1,217,901	$ 40,309	$ —	$ —	1,258,210
Net	$ 793,239				$ 747,716

Item	Balance, Beginning of Year	Additions	Disposals	Reclassification	Balance, End of Year
	For the Year Ended December 31, 2022				
Cost					
Land	$ 444,026	$ —	$ —	$ —	$ 444,026
Building	580,509	19,191	—	—	599,700
Machinery equipment	795,359	3,460	—	—	798,819
Transportation equipment	11,991	—	(2,190)	—	9,801
Other equipment	154,227	4,195	—	—	158,422
Unfinished construction and equipment to be inspected	—	372	—	—	372
Total	1,986,112	27,218	(2,190)	—	2,011,140
Accumulated depreciation & impairment					
Building	373,474	13,535	—	—	387,009
Machinery equipment	677,453	18,545	—	—	695,998
Transportation equipment	11,605	122	(2,190)	—	9,537
Other equipment	114,717	10,640	—	—	125,357
Total	1,177,249	$ 42,842	$ (2,190)	$ —	1,217,901
Net	$ 808,863				$ 793,239

(1) The book values of land are adjusted with basis on the government published land value of 1975, 1979, 1980 and 1981 as well as current government-declared land value of 1992 and 2000; plant buildings and various equipments are re-evaluated in accordance with the commodity price indices in 1973 and 1980. Besides, the original revaluation increments are adjusted in relation to the tax rates of land value increment in compliance with land tax laws in January 2005.

(2) The situation of pledge & guarantee in detail is shown in Note 31.

14. Lease

(1) Right-of-use assets

	For the Year Ended December 31, 2023			
	Balance, Beginning of Year	Additions	Disposals	Balance, End of Year
Cost				
Building	$ 51,552	$ —	$ —	$ 51,552
Transportation equipment	1,965	5,457	—	7,422
Total	53,517	5,457	—	58,974
Accumulated depreciation & impairment				
Building	20,620	5,155	—	25,775
Transportation equipment	328	1,882	—	2,210
Total	20,948	$ 7,037	$ —	27,985
Net	$ 32,569			$ 30,989

	For the Year Ended December 31, 2022			
	Balance, Beginning of Year	Additions	Disposals	Balance, End of Year
Cost				
Building	$ 51,552	$ —	$ —	$ 51,552
Transportation equipment	—	1,965	—	1,965
Total	51,552	1,965	—	53,517
Accumulated depreciation & impairment				
Building	15,465	5,155	—	20,620
Transportation equipment	—	328	—	328
Total	15,465	$ 5,483	$ —	20,948
Net	$ 36,087			$ 32,569

(2) Lease liabilities

	For the Year Ended December 31, 2023		
	Future minimum lease payments	Interest	Present value of minimum lease payments
Less 1 year	$ 7,980	$ 332	$ 7,648
Over 1 years	24,555	490	24,065
Total	$ 32,535	$ 822	$ 31,713

Range of discount rate for lease liabilities were as 1.09%～2.07%.

	For the Year Ended December 31, 2022		
	Future minimum lease payments	Interest	Present value of minimum lease payments
Less 1 year	$ 6,108	$ 333	$ 5,775
Over 1 years	28,201	728	27,473
Total	$ 34,309	$ 1,061	$ 33,248

Range of discount rate for lease liabilities were as 1.09%.

(3) Other lease information

	2023	2022
Expenses relating to short-term leases	$ 57	$ —
Total cash (outflow) for all lease agreements	$ (7,446)	$ (5,774)

(4) Please see note 30 for the status of transactions with related parties.

15. Investment property, net

For the Year Ended December 31, 2023

Item	Balance, Beginning of Year	Additions	Disposals	Impairment	Reclassification	Balance, End of Year
Cost						
Land	$ 1,098,862	$ —	$ —	$ —	$ 24,049	$ 1,122,911
Building	2,653,319	—	—	—	—	2,653,319
Unfinished construction	—	215,354	—	—	372	215,726
Total	3,752,181	215,354	—	—	24,421	3,991,956
Accumulated depreciation & impairment						
Land	231,549	—	—	—	—	231,549
Building	921,771	53,970	—	—	—	975,741
Total	1,153,320	$ 53,970	$ —	$ —	$ —	1,207,290
Net	$ 2,598,861					$ 2,784,666
Fair value	$ 4,242,553					$ 4,758,557

For the Year Ended December 31, 2022

Item	Balance, Beginning of Year	Additions	Disposals	Impairment	Reclassification	Balance, End of Year
Cost						
Land	$ 1,098,862	$ —	$ —	$ —	$ —	$ 1,098,862
Building	2,653,319	—	—	—	—	2,653,319
Total	3,752,181	—	—	—	—	3,752,181
Accumulated depreciation & impairment						
Land	228,852	—	—	2,697	—	231,549
Building	866,440	55,331	—	—	—	921,771
Total	1,095,292	$ 55,331	$ —	$ 2,697	$ —	1,153,320
Net	$ 2,656,889					$ 2,598,861
Fair value	$ 4,451,589					$ 4,242,553

(1) Details of land:

	Dec. 31, 2023		Dec. 31, 2022	
	Ping	Cost	Ping	Cost
Oiashui Section, Longtan	16,691	$ 66,692	14,447	$ 42,643
Dahu Section, Miaoli	230,253	473,971	230,253	473,971
Shuiwei Section, Luzhu	14,696	265,779	14,696	265,779
Xinban Section, Banqiao	140	311,775	140	311,775
Zhuangjing Section, Xindian	53	4,694	53	4,694
Total		$ 1,122,911		$ 1,098,862

(2) The Company leases the real estate held for investment, with the lease period as January 1, 2008 to December 31, 2028. Provisions for the lessee to adjust the rent based on market rents when exercising the renewal rights. The lessee does not have a preferential purchase right for the real property at the end of the lease term.

The maturity analysis of lease payments receivable under operating leases of investment properties as of was as follows:

	Dec. 31, 2023	Dec. 31, 2022
Year 1	$ 163,133	$ 139,586
Year 2	84,867	90,963
Year 3	26,793	24,433
Year 4	19,186	11,226
Year 5	4,257	11,226
Over 5 years	—	1,755
Total	$ 298,236	$ 279,189

(3) As of December 31, 2023 and December 31, 2022, the book value of the investment properties let out stood at NT$2,269,093 thousand and NT$2,299,014 thousand , respectively. The rent incomes during 2023 and 2022 totaled NT$218,055 thousand and NT$212,998 thousand, respectively.

(4) The Unfinished Construction is the company entrusting Engtown Construction Corp with Longtan Intelligent Park - Area A. Please see note 30 for the status of transactions with related parties. In 2023, The capitalized interest is NT$1,404 thousand. The range of interest rates was 1.297％～2.258％.

(5) The fair value of investment properties is based on the transaction prices of adjacent assets, the economic environment and changes in the current land values published by the Taiwanese government. The assessment is based on market comparators and discounted cash flows. It is Level 3 fair value according to IFRS.

(6) As of December 31, 2023 and 2022, the land at Dahu Section of Miaoli accumulated losses of reduction were both NT$231,549 thousand.

(7) Details of the farm land lots registered in others' names due to legal restrictions:

	Dec. 31, 2023	Dec. 31, 2022
Oiashui Section, Longtan	$ 35,100	$ 35,100
Dahu Section, Miaoli	94,241	94,241
Shuiwei Section, Luzhu	17,631	17,631
Total	$ 146,972	$ 146,972

For the security measures of the aforementioned pieces of farm land, the Company has already periodically checked relevant land transcripts and dispatched its personnel to conduct investigation at any time in order to keep abreast of the use of the land. Part of the land has been pledged to the Company. Please see note 30 (2) D for the status of transactions with related parties.

(8) The situation of already providing to serve as loan guarantees from financial industries in detail is shown in Note 31.

16. <u>Short-term borrowings</u>

	Dec. 31, 2023	Dec. 31, 2022
Bank unsecured borrowings	$ 1,140,000	$ 740,000
Bank guaranteed loan	—	500,000
Total	$ 1,140,000	$ 1,240,000
Interest rate range %	1.69～2.46	1.48～2.19

17. <u>Short-term notes and bills payable</u>

	Dec. 31, 2023	Dec. 31, 2022
Commercial paper payable	$ 190,000	$ 40,000
Less: Unamortized discount	(119)	(106)
Net amount	$ 189,881	$ 39,894
Interest rate range%	1.4～1.75	1.5～2.39

The situation of pledge & guarantee in detail is shown in Note 31.

18. <u>Employee pensions</u>

(1) Defined contribution plans

The employee retirement plan established by the Company in accordance with "Labor Pension Act" belongs to a defined contribution plans. Concerning the above, the Company would contribute 6% of the monthly salaries of employees to the exclusive individual accounts of Labor Insurance Bureau. In accordance with the above related regulations, the pension costs recognized as expenses in the parent company only comprehensive income statement in 2023 and January 1 to December 31, 2022 are respectively NT$6,242 thousand and NT$6,112 thousand.

(2) Defined benefit plans

A. The employee retirement plan established by the Company in accordance with "Labor Standard Act" is a defined benefit plans. In accordance with the regulations of the said plan, the employee pensions are calculated by service years and the average wage of six months prior to retirement. For the above, the Company would contribute 2% of the total employee salaries as employee pension fund, to the Supervisory Committee of Workers' Pension Preparation Fund to be deposited into an exclusive account of Bank of Taiwan. Before the end of year, if it is estimated the balance in the exclusive account is insufficient to pay the estimated labors conforming to retirement conditions in the following year, the Company would contribute the differential amount at once before the end of March in the following year.

The retired pension cost amount in parent company only comprehensive income statement listed to expense related to defined benefit plan is as follows:

	2023	2022
Service cost	$ 10	$ —
Net interest cost (income)	33	19
List to (profit) loss	$ 43	$ 19
Re-measurements		
Plan assets returns (excl. amount that covered in net interest income)	24	218
Actuarial profit (loss)-Change of the demographic assumption	(3)	(3)
Actuarial profit (loss)-Change of the financial assumption	(25)	358
Actuarial profit (loss)- Adjustment with experience	345	(513)
Listed to other comprehensive income	$ 341	$ 60

The details of the various costs and expenses recognized in profit or loss are as follows:

	2023	2022
Operating costs	$ 26	$ 19
Operating expenses	17	—
Total	$ 43	$ 19

The amount listed in the parent company only balance sheet for the obligation occurring from the defined benefit plan is as follows:

	Dec. 31, 2023		Dec. 31, 2022	
Defined benefit obligation present value	$	5,005	$	5,387
Plan asset fair value		(2,874)		(2,812)
Net defined benefit liability (assets)	$	2,131	$	2,575

The changed of defined benefit obligation present value of this Company is as follows:

	2023		2022	
Beginning defined benefit obligation	$	5,387	$	5,632
Interest expense		70		39
Benefits paid from plan assets		—		(442)
Re-measurements				
Actuarial (profit) loss- Change of the demographic assumption		3		3
Actuarial (profit) loss- Change of the financial assumption		25		(358)
Actuarial (profit) loss- Adjustment with experience		(345)		513
Planned repayments		(135)		—
Ending defined benefit obligation	$	5,005	$	5,387

The changed of plan asset fair value of this Company is as follows:

	2023		2022	
Beginning plan asset fair value	$	2,812	$	2,858
Interest income		38		19
Re-measurements				
Plan assets returns (excl. amount that covered in net interest income)		24		218
Contribution by employer		146		159
Benefits paid from plan assets		—		(442)
Redemption or curtailments payment		(146)		—
Ending plan asset fair value	$	2,874	$	2,812

The assets of defined benefits held by our company are deposited in financial institutions and invested in equity securities in Taiwan and overseas within the percentages and absolute amounts stipulated by the Bank of Taiwan for the discretionary investment of the funds for specific years. The operation of the funds is under the oversight by the Labor Pension fund Supervisory Committee. The minimum yields on the funds p.a. shall not fall below the two-year time deposit rates offered by local banks. Any insufficiency shall be made up by the national treasury following the approval from competent authorities.

Classification of Fair Values for Planned Assets

	Dec. 31, 2023	Dec. 31, 2022
Cash and cash equivalents	$ 2,874	$ 2,812

B. The main assumptions of the Company's actuarial valuation are as follows:

	Dec. 31, 2023	Dec. 31, 2022
Discount rate	1.25%	1.30%
Expected increase in future salaries	2.00%	2.00%

The Company is exposed to the following risks due to the pension system stipulated by the Labor Standards Act:

a. The impact of the book value of the retirement pensions is as follows for any delta of each 0.25 basis points between the discount rate (or the expected increase in future salaries) and management estimates in 2023 and 2022.

	Effect on present value of defined benefit obligation	
Dec. 31, 2023	Actuarial assumption increased 0.25%	Actuarial assumption decreased 0.25%
Discount rate	$ (123)	$ 127
Expected increase in future salaries	$ 126	$ (122)

	Effect on present value of defined benefit obligation	
Dec. 31, 2022	Actuarial assumption increased 0.25%	Actuarial assumption decreased 0.25%
Discount rate	$ (141)	$ 146
Expected increase in future salaries	$ 144	$ (140)

Since actuarial assumptions may be mutually related, the possibility of change in an only one assumption is not high. Therefore, the above sensitivity analysis may be unable to reflect the actual change situation of the current value of defined benefits. Besides, in the above sensitivity analysis, the actuary of current value of defined benefits obligations at the end of the reporting period applies projected unit credit method, measured by the same basis of defined benefits liabilities listed in the parent company only balance sheet.

b. The Company expects to contribute the amount of NT$124 thousand to the defined benefit plans within one year after December 31, 2023; the weighted average duration of defined benefits obligations is 10 years.

19. Equity

(1) Share capital - common stock

	Dec. 31, 2023	Dec. 31, 2022
Authorized capital	$ 6,800,000	$ 6,800,000
Issued capital	$ 3,035,934	$ 3,373,260

A.The face value of the issued ordinary shares is NT$10 per share. Each share has one vote and the right to dividends.

B.Treasury stocks of NT$50,000 thousand was cancelled from January 1 to December 31, 2022.

C.In June 9, 2023, the Corporation’s Board of Stockholders resolved to reduce cash capital to $ 337,326 thousand with the elimination of 33,733 thousand shares and a 10% capital reduction for increasing equity and EPS, which was approved by the Authority on August 8, 2023.

(2) Capital surplus

	Dec. 31, 2023	Dec. 31, 2022
Premium on capital	$ 716	$ 716
Conversion premium of corporate bonds	444,133	444,133
Gains of disposal of assets	1,238	1,238
Equity net value change of associates by equity method	3,658	3,658
Total	$ 449,745	$ 449,745

In accordance with regulations in laws, the capital surplus shall not be used except for covering company losses, but concerning the overage obtained from issued stock over par value (including issuance of common stock above par value, the premium on capital stock of stock issued for merge, corporate bond conversion premium and treasury stocks transaction, etc.) and capital surplus generated from income of receiving gifts. In the absence of accumulated losses, the Company may issue cash dividends or bonus shares to existing shareholders on a pro rata basis. Per the requirements of the Securities and Exchange Act, the appropriation of capital surplus to share capital is limited to 10% of the paid-in capital.

(3) Retained earnings

A. In accordance with the Company’s Articles of Incorporation, any earnings during the year should be used to pay all the due taxes and make up the prior losses before distributions as follows:

a. Provide 10% legal reserve, but it is not applicable to the case where the legal reserve already attains the total capital amount.

b. If necessary, in accordance with regulations of laws, allowance or reversal of special reserve shall be provided.

c. The earnings during the year available for distributions, along with the undistributed earnings from previous years, shall be distributed according to the proposal from the board. The distribution to shareholders shall be no less than 5% of the distributable accumulated earnings and shall be approved by the shareholders' meetings.

The enterprise life cycle of the Company belongs to "maturity period". However, in order to pursue business sustainable development, respond to the future market demands and consider the future capital expenditure budget of the Company as well as maintenance stable dividend allocation, in which cash dividend shall be no lower than 10% of the total amount of shareholders' dividend. But in case of fund requirements concerning any major investment plan, major operation change matters and productivity expansion or other major capital expenditures, etc., the board may propose it to be changed to distribution in stock dividend form in whole, and actions may be taken after a report to and consent from the shareholders' meeting.

According to the Articles of Incorporation revised by the shareholders' meeting on June 8, 2022, the Board of Directors is authorized to pass a resolution for the Company to distribute all or part of dividends or statutory surplus reserves and capital reserves in cash with the attendance of two thirds of the directors and the consent of more than half of the directors in attendance, which shall be reported to the shareholders' meeting.

B. Legal reserve

Per the regulations set forth by the Company Act, the Company shall appropriate 10% of after-tax earnings as the legal reserve, until the amount of legal reserve is equivalent to that of paid-in capital, or use the earnings to reverse prior losses. In the absence of losses, the portion of reserves exceeding 25% of the paid-in capital can be used to issue cash dividends or bonus shares.

C. Special reserve

	Dec. 31, 2023	Dec. 31, 2022
The number of appropriation arising from the first adoption of IFRSs	$ 296,475	$ 296,475
Decrease in other equity items	—	—
Total	$ 296,475	$ 296,475

Official Letter "Securities Issue" No. 1010012865 and No. 1010047490 released by the Financial Supervisory Commission and the IFRS standards provide answers to the questions regarding the appropriation, utilization and reversal of special reserve. If there is any reversal of the reduction of shareholders' equity, the reserved portion may be used for earnings distributions.

D. The Company's earnings distributions for 2022 and 2021 were approved by the annual general meetings on June 9, 2023 and June 8, 2022, respectively, as proposed by the board.

	2022		2021	
	Amount	Dividend per share (TWD)	Amount	Dividend per share (TWD)
Legal reserve	$ 67,016		$ 78,839	
Cash dividend	404,791	1.2	410,791	1.2
Total	$ 471,807		$ 489,630	

E. The status for the board of the Company proposed to approve the 2023 earnings allocation proposal on March 12, 2024 is as follows:

	2023	
	Amount	Dividend per share (TWD)
Legal reserve	$ 61,671	
Cash dividend	394,671	$ 1.3
Total	$ 456,342	

The Company's earnings distribution for 2023 is still pending for the approval from the annual general meeting in 2024.

(4) Other equity interest

	Exchange differences on translation of foreign financial statements	Unrealized gains (losses) from financial assets measured at fair value through other comprehensive income	Total
Balance on Jan. 1, 2023	$ (1,037)	$ 269,347	$ 268,310
Exchange differences on translation of foreign financial statements	5,576	—	5,576
Unrealized gains (losses) from financial assets measured at fair value through other comprehensive income	—	675,512	675,512
Share of loss (profit) of associates accounted for using equity method	—	81,566	81,566
Disposal of financial assets at fair value through other comprehensive income - equity instrument	—	(97,555)	(97,555)
Balance on Dec. 31, 2023	$ 4,539	$ 928,870	$ 933,409

		Exchange differences on translation of foreign financial statements		Unrealized gains (losses) from financial assets measured at fair value through other comprehensive income		Total
Balance on Jan. 1, 2022	$	(36,371)	$	581,205	$	544,834
Exchange differences on translation of foreign financial statements		35,334		–		35,334
Unrealized gains (losses) from financial assets measured at fair value through other comprehensive income		–		(276,948)		(276,948)
Share of loss (profit) of associates accounted for using equity method		–		(28,752)		(28,752)
Disposal of financial assets at fair value through other comprehensive income - equity instrument		–		(6,158)		(6,158)
Balance on Dec. 31, 2022	$	(1,037)	$	269,347	$	268,310

(5) Treasury stocks

	Number of shares (thousand shares)		Amount
Balance on Jan. 1, 2022	–	$	–
Acquired in 2022	5,000		105,816
Cancellation in 2022	(5,000)		(105,816)
Balance of Dec. 31, 2022	–	$	–

A. The Company in accordance with the regulations of Article 28-2 of Securities Exchange Act, in order to maintain company credit and shareholders’ equity, purchased back treasury stocks through resolutions of the board.

B. The quantity percentage of a company in purchase back outstanding shares in accordance with the regulations of Securities Exchange Act shall not exceed 10% of the total number of shares issued by a company, and the total amount of purchase shares shall not exceed the retained earnings adding the premium of issued shares and the amount of realized capital surplus.

C. The treasury stocks held by The Company in accordance with the regulations of Securities Exchange Act shall not be pledged, nor shall it enjoy such rights as dividend allocation and voting right, etc.

20. Operating revenue

	2023	2022
Net sales revenue	$ 880,166	$ 986,339
Construction revenue	192,350	668,816
Rental and logistics revenue	284,905	281,575
Total	$ 1,357,421	$ 1,936,730

The amount of revenue recognized at the beginning from the contractual liabilities for the period from January 1 to December 31, 2023 and 2022 are respectively NT$0 thousand and NT$50,221 thousand.

21. Operating costs

	2023	2022
Cost of sales	$ 687,224	$ 768,184
Cost of construction sales	141,753	438,332
Cost of rental and logistics	106,670	104,849
Total	$ 935,647	$ 1,311,365

22. Other income

	2023	2022
Dividend income	$ 277,070	$ 253,963
Other	5,391	5,603
Total	$ 282,461	$ 259,566

23. Other gains and losses

	2023	2022
gain on disposal of property, plant and equipment	$ —	$ 57
Foreign currency exchange gain	3,567	154,578
Net loss (gain) on financial assets and liabilities at fair value through profit or loss	20,635	(1,990)
Miscellaneous expense	(1,330)	(778)
Impairment loss	—	(2,697)
Total	$ 22,872	$ 149,170

24. Finance costs

	2023	2022
Interest of bank loan	$ 27,333	$ 8,406
Interest of lease liabilities	397	383
Capitalized interest	(1,404)	—
Total	$ 26,326	$ 8,789

25. Extra information on the items with the expense characteristics

The employee benefits, depreciation, depletion and amortization expenses incurred in this period are summarized below:

	2023			2022		
	Operating costs	Operating expense	Total	Operating costs	Operating expense	Total
Salary expense	$ 92,977	$ 71,480	$ 164,457	$ 96,250	$ 50,802	$ 147,052
Labor and health insurance expenses	7,559	4,945	12,504	7,196	4,630	11,826
Pension expense	4,131	2,154	6,285	4,086	2,046	6,132
Board compensation	–	12,463	12,463	–	26,308	26,308
Other Personnel expense	1,737	827	2,564	2,112	1,075	3,187
Personnel expense	$ 106,404	$ 91,869	$ 198,273	$ 109,644	$ 84,861	$ 194,505
Depreciation expense	$ 82,414	$ 18,902	$ 101,316	$ 87,780	$ 15,876	$ 103,656

As of December 31, 2023 and 2022, the Company had 200 and 195 employees, respectively. There were 6 non-employee directors and 7 non-employee directors, respectively.

The Company’s average employee benefit expense and the Company’s average salary expense for the year ended December 31, 2023 and 2022 were NT$958 thousand, NT$848 thousand, NT$895 thousand, NT$782 thousand, respectively.

The Company’s average salary expense adjustment for the year ended December 31, 2023 increased by 8.44%.

The Company did not have a supervisor in 2023 and 2022; hence, no remuneration to supervisors had accrued.

The Company's salary compensation policy is as follows:

(1) Employee Salary: Employee salary mainly includes basic salary (including basic salary and meal allowance), performance bonus, annual salary adjustment for individual performance and year-end bonus. The salary is approved with reference to the market rate of the industry, job category, academic experience, professional knowledge and skills, and professional years of experience, and is better than the average market rate of the industry.

(2) The compensation policy of the manager is based on the usual industry standard, and takes into account the reasonableness of the relationship with personal performance, the company's operating performance and future risks. The proposal made by the Salary and Compensation Committee will be implemented after the board of directors has approved it.

(3) Personal performance bonus: The bonus is paid according to the company's operational performance and employees' personal performance.

(4) Annual salary adjustment: The Company conducts annual salary adjustment with reference to the overall economic environment, operating profit, employee performance assessment results, and long-term development of the employees, taking into account the salary level of the industry and the overall salary adjustment status of the industry.

Correlation between operating performance and employee compensation:

The Company shall set aside no less than 1% of the Company's annual profit as employee compensation, which shall be distributed in shares or cash as determined by the Board of Directors, and shall be paid to employees of subordinate companies under the conditions set by the Board of Directors; the Company shall set aside no more than 2% of the Company's annual profit as director compensation as determined by the Board of Directors. The remuneration to employees and remuneration to directors shall be reported to the shareholders' meeting. If the Company has an accumulated deficit, the Company shall reserve the amount to cover the deficit in advance, and then allocate the remuneration to employees and directors in accordance with the aforementioned ratio.

The remuneration of directors and other key management personnel is determined by reference to the industry standard, taking into account the reasonableness of the relationship with individual performance, the Company's operating performance and future risks. The proposal made by the Salary and Compensation Committee will be implemented after the board of directors has approved it.

The compensations to employees and the remunerations to directors determined by the board on March 12, 2024 for the year 2023 and on March 15, 2023 for the year 2022 are as follows:

	2023		2022	
	Amount	Estimated proportion	Amount	Estimated proportion
Compensations to employees	$ 6,014	1%	$ 8,456	1%
Remunerations to directors	6,014	1%	8,456	1%

The Company shall allocate from annual profits no less than 1% for compensations to employees and no more than 2% for remunerations to directors. However, annual profits should be prioritized for the reversal of cumulated losses if any.

The abovementioned compensations to employees may be paid with cash or shares. The employees include the employees of subsidiaries which meet the criteria set by the board. However, the remunerations to directors shall be paid in cash only.

Any changes to the published parent company only financial statements shall be treated as changes to accounting estimates and adjusted during the following year. There was no difference between the distributed amount of compensations to employees and remunerations to directors for 2022 and 2021, the recognized amount on the parent company only financial statements for 2022 and 2021.

Please refer to the details published on TSE Market Observation Post System for the information regarding the decisions by the board and annual general meetings on compensations to employees and remunerations to directors.

26. Income tax

(1) Income tax recognized in profit & loss

The income tax expense listed as profit & loss is composed of as follows:

	2023		2022	
Income tax current period:				
Occurred in current year	$	(58,844)	$	(68,183)
Additionally imposed undistributed earnings		(12,378)		(14,938)
Adjustments for prior year		(127)		—
Paid for land value increment tax		(3,185)		(9,925)
		(74,534)		(93,046)
Deferred income tax:				
Occurred in current year		4,010		(23,947)
Income tax expense listed as profit & loss	$	(70,524)	$	(116,993)

The accounting benefit and income tax expense of current period are adjusted as follows:

	2023		2022	
Income tax calculated according to the regulated tax rate of before-tax net income	$	117,880	$	165,735
The effect of tax in reconciliation items of income tax:				
When determining taxable income, adjustments should be made to increase (decrease)		15,872		(14,573)
Tax-exempt income		(70,332)		(87,518)
Additionally imposed undistributed earnings		12,378		14,938
Adjustments for prior year		127		—
Paid for land value increment tax		3,185		9,925
Other		(4,576)		4,539
Income tax expense (gain) current period	$	74,534	$	68,183

(2) Income tax expense recognized in other comprehensive income

	2023	2022
Remeasurement of defined benefit plans	$ (68)	$ (12)
Unrealized loss on valuation of investments in equity instruments measured at fair value through other comprehensive income	18,867	9,899
Exchange differences on translation of foreign financial statements	(1,394)	(8,834)
Unrealized loss on valuation of investments in debt instruments measured at fair value through other comprehensive income	361	197
Income tax related to other comprehensive income	$ 17,766	$ 1,250

(3) Deferred tax assets and liabilities

The analysis on deferred income tax assets and liabilities in balance sheet is as follows:

	2023			
	Balance, beginning of year	Recognized in profit (loss)	Recognized in other comprehensive income	Balance, end of year
Net defined benefit liability	$ 515	$ (21)	$ (68)	$ 426
Unrealized loss on valuation of investments in equity instruments measured at fair value through other comprehensive income	11,388	—	19,130	30,518
Exchange differences on translation of foreign financial statements	259	—	(259)	—
Unrealized loss on valuation of investments in debt instruments measured at fair value through other comprehensive income	146	—	361	507
Unrealized exchange loss	4,857	3,464	—	8,321
Other	15,704	(298)	—	15,406
Deferred income tax assets	$ 32,869	$ 3,145	$ 19,164	$ 55,178
Unrealized loss on valuation of investments in equity instruments measured at fair value through other comprehensive income	$ —	$ —	$ (263)	$ (263)
Exchange differences on translation of foreign financial statements	—	—	(1,135)	(1,135)
Unrealized exchange gain	(499)	499	—	—
Other	(3,557)	366	—	(3,191)
Land value increment tax	(166,357)	—	—	(166,357)
Deferred income tax (liabilities)	$ (170,413)	$ 865	$ (1,398)	$ (170,946)

	2022			
	Balance, beginning of year	Recognized in profit (loss)	Recognized in other comprehensive income	Balance, end of year
Net defined benefit liability	$ 554	$ (27)	$ (12)	$ 515
Unrealized loss on valuation of investments in equity instruments measured at fair value through other comprehensive income	1,489	—	9,899	11,388
Exchange differences on translation of foreign financial statements	9,093	—	(8,834)	259
Unrealized loss on valuation of investments in debt instruments measured at fair value through other comprehensive income	—	—	146	146
Unrealized exchange loss	208	4,649	—	4,857
Other	34,978	(19,274)	—	15,704
Tax loss carry forwards	6,593	(6,593)	—	—
Investment credits	676	(676)	—	—
Deferred income tax assets	$ 53,591	$ (21,921)	$ 1,199	$ 32,869
Net defined benefit asset	$ (1,389)	$ 1,389	$ —	$ —
Unrealized loss on valuation of investments in debt instruments measured at fair value through other comprehensive income	(51)	—	51	—
Unrealized exchange gain	(278)	(221)	—	(499)
Other	(363)	(3,194)	—	(3,557)
Land value increment tax	(166,357)	—	—	(166,357)
Deferred income tax (liabilities)	$ (168,438)	$ (2,026)	$ 51	$ (170,413)

(4) The Company’s income tax settlement application case approved by the competent authority is approved to 2021.

27. EPS

(1) Basic earnings per share

	2023	2022
Net income for the period attributable to owners of the Corporation	$ 518,877	$ 711,684
Weighted average number of ordinary shares (in thousand shares)	323,271	340,126
Basic EPS (NT dollars)	$ 1.61	$ 2.09

(2) Diluted earnings per share

	2023	2022
Net income for the period attributable to owners of the Corporation	$ 518,877	$ 711,684
Weighted average number of ordinary shares (in thousand shares)	323,271	340,126
Potentially ordinary stock- Employee bonus (in thousand shares)	322	485
Number of shares of diluted EPS (in thousand shares)	323,593	340,611
Diluted EPS (NT dollars)	$ 1.60	$ 2.09

If the Company can choose to distribute stocks or cash as the bonus for the employees, when calculating the earnings per share, the distribution of shares to the employees should be taken into consideration. In addition, the potential common shares which will dilute the earnings should be added into the weighted average number to calculate the diluted earnings per share. The distributed number of shares is estimated by the closing price of the common shares at the end of the reporting period (the effect of exclude right and exclude dividends is considered). The dilutive effect of the potential shares distributed to the employees will be taken into consideration when calculating the diluted EPS before the resolution concerning the number of shares to be delivered as bonus for employees is made in the shareholder meeting the following year.

28. Capital Management

The enterprise life cycle of the Company belongs to "maturity period". However, in order to pursue business sustainable development, respond to the future market demands and consider the future capital expenditure budget of the Company as well as maintenance stable dividend allocation, on the whole, the Company applies a prudent risk management policy.

29. Financial instruments

(1) The types of financial instruments

	Dec. 31, 2023	Dec. 31, 2022
Financial assets		
Financial assets at fair value through profit or loss	$ 36,959	$ 16,963
Financial assets at fair value through other comprehensive income	3,940,521	3,586,774
Amortized cost		
Cash and cash equivalents	563,696	1,775,404
Trade receivables	187,149	194,400
Other financial assets	731,296	20,000
Refundable deposits	57,050	40,376
Total	$ 5,516,671	$ 5,633,917
Financial liabilities		
Amortized cost		
Short-term loans	$ 1,140,000	$ 1,240,000
Short-term bills payable	189,881	39,894
Trade payables	243,180	262,387
Guarantee deposits received	45,550	48,533
Lease liabilities	31,713	33,248
Total	$ 1,650,324	$ 1,624,062

(2) Fair values of financial instruments

A. Financial instruments not measured with the fair value

The financial assets and financial liabilities not measured by fair values of this company include cash and equivalent cash, accounts receivable, other financial assets, short-term loan, short-term bonds payable and accounts payable. The maturity dates of this kind of financial products are rather short that their book values should belong to a reasonable foundation of estimating fair values. The above financial products shall not include refundable deposits and deposit received either, because their repayment dates are uncertain; therefore, their fair values are evaluated by the book values in balance sheets.

B. Fair value measurement of recognitions in balance sheet

The following table provides related analysis of financial instruments measured by fair values after original recognition, and the observable levels of fair values are divided into the first to the third level.

a. The first-level fair value measurement refers to an open offer of the same asset or liability from an active market (without being adjusted).

b. The second-level fair value measurement refers to a derived fair value of an observable input value belong to the said asset or liability either directly (i.e., price) or indirectly (i.e., to be derived from price) in addition to a first-level open offer.

c. The third-level fair value measurement refers to a derived fair value of an input value of asset or liability not based on observable market data (non-observable input value) as the evaluation technique.

C. Concerning the financial instruments measured by fair values, the basic classification analysis of the Company in accordance with the nature, characteristics and risk as well as fair value level of asset and liability shall be as follows:

a. The financial asset and liability measured by fair value on repeatable foundation:

	Dec. 31, 2023			
	Level 1	Level 2	Level 3	Total
Financial assets at fair value through profit or loss				
Fund	$ 36,959	$ －	$ －	$ 36,959
Financial assets at fair value through other comprehensive income				
Stock of Listed (OTC) companies	$ 3,882,169	$ －	$ －	$ 3,882,169
Stock not classified to listed (OTC) and emerging companies	－	－	117,356	117,356
Financial bond	58,352	－	－	58,352
Total	$ 3,940,521	$ －	$ 117,356	$ 4,057,877

	Dec. 31, 2022			
	Level 1	Level 2	Level 3	Total
Financial assets at fair value through profit or loss				
Fund	$ 16,963	$ —	$ —	$ 16,963
Financial assets at fair value through other comprehensive income				
Stock of Listed (OTC) companies	$ 3,505,489	$ —	$ —	$ 3,505,489
Stock of emerging companies	—	—	—	—
Stock not classified to listed (OTC) and emerging companies	—	—	67,342	67,342
Financial bond	13,943	—	—	13,943
Total	$ 3,519,432	$ —	$ 67,342	$ 3,586,774

b. The financial asset and liability measured by fair value on non-repeatable foundation: none

D. The first-level fair value measurement item applies a market offer as the fair value input value, with breakdown as follows:

Item	Market quoted
Stock of Listed (OTC) companies	Close price
Fund and Financial bond	The net assets

E. There was no change between Level 1 and Level 2 fair value measurements in 2023. The emerging stocks of Brightek Optoelectronics Co., Ltd., measured at Level 2 fair value, became TWSE-listed in January 2022, and were reclassified as a financial asset measured at Level 1 fair value.

F. Adjustment of financial assets with the third-level fair value measurement:

	2023	2022
Beginning balance	$ 67,342	$ 109,212
Purchases	52,208	—
Capital return due to disinvestment	(4,000)	(2,000)
Listed to other comprehensive income of this year	1,806	(5,782)
Disposal for the current period	—	(34,088)
Ending balance	$ 117,356	$ 67,342

G. Level 3 fair value measurement is based on net asset values. The Company takes great caution in the selection of valuation models and valuation parameters for the key, non-observable values. Therefore, the measurement of fair values should be reasonable. The use of different valuation models or valuation parameters may result in different numbers. For example, If the evaluation parameter's share price net multiplier increases, the market liquidity discount decreases, and the weighted average capital cost discount rate decreases, the fair value of the investment will be increased.

(3) Objective of financial risk management

The financial risk management of the Company is to manage currency exchange rate risk, interest rate risk, credit risk and liquidity risk related to operation activities. In order to reduce related financial risks, the Company has devoted to identification, evaluation and avoiding uncertainty of market, to reduce any potential unfavorable impact of market changes on the corporate financial performance.

The important financial activities of the Company are specified by the board and in accordance with related specifications and double checked through an internal control system. During the execution period of financial planning, the Company shall scrupulously observe the related financial operation procedures concerning comprehensive financial risk management and division of authority and responsibility.

(4) Market risk

The Company mainly exposes to such market risks as changes in foreign currency exchange rate and changes in interest rate, etc.

A. Foreign currency exchange rate risk

The foreign currency exchange rate risk of the Company mainly comes from Cash and cash equivalents, accounts receivable, other payables priced by foreign currency exchange, Financial assets at fair value through profit or loss as fund, Financial assets at fair value through other comprehensive income as overseas company stock and financial bond, and foreign currency time deposit with maturity period above three months.

The information concerning foreign currency financial assets and liabilities under material impacts of foreign currency exchange rate fluctuation shall be as follows:

	Dec. 31, 2023			Dec. 31, 2022		
	foreign currency	Exchange rate	Amount	foreign currency	Exchange rate	Amount
Financial assets						
Monetary items						
USD	55,883	30.66	1,713,376	45,298	30.65	1,388,394
HKD	1,179	3.904	4,603	16	3.911	63
JPY	132,520	0.2154	28,545	235,628	0.2305	54,312
RMB	7,120	4.304	30,653	1,452	4.384	6,365
Non-monetary items						
USD	357	30.66	10,931	328	30.65	10,052
JPY	206,108	0.2154	44,396	—	—	—
Financial liabilities						
Monetary items						
USD	50	30.76	1,531	138	30.75	4,236
HKD	2	3.964	8	2	3.971	8
JPY	55	0.2195	12	39	0.2346	9
RMB	—	4.354	1	2	4.434	7

The sensitivity analysis concerning foreign currency exchange rate risk is calculated mainly for the monetary items of foreign currency at the end of the financial reporting period. When the appreciation/ depreciation of NT Dollar vs. foreign currency reaches 1%, the pre-tax profit and loss of the Company from January 1 to December 31, 2023 and 2022 would separately increase/decrease by NT$17,756 thousand and NT$14,449 thousand, respectively.

B. Interest rate risk

The interest rate risk refers to the risk in fair values of non-derivative financial instruments cause by changes of market interest rate. The interest rate risk of the Company mainly comes from short-term loans and short-term bonds payable.

Concerning the sensitivity analysis of interest rate risk, it is calculated on basis of the fixed interest rate loan at the end of the financial reporting period, and it is assumed to be held for one year. In case the interest rate rises/drops 1%, the pre-tax profit and loss of the Company from January 1 to December 31, 2023 and 2022 would separately increase/ decrease by NT$13,299 thousand and NT$12,799 thousand, respectively.

C. Other price risks

The price risk of equity instruments of the Company mainly comes from the investment classified as Financial assets at fair value through other comprehensive income; and all major equity instrument investments may only be conducted after the approval of the board of the Company.

Concerning the sensitivity analysis of equity instrument price risks, it is calculated on basis of the changes in fair values at the end of the financial reporting period. In case the price equity instruments rises/drops 1%, the profit and loss of the Company from January 1 to December 31, 2023 and 2022 would separately increase/decrease by NT$39,995 thousand and NT$35,728 thousand, respectively.

(5) Credit risk management

The credit risk management refers to the opposing party of trade violates contract obligations and causes risks of financial loss to the Company. The credit risk of the Company comes mainly from the accounts receivable generated from operation activities, and bank deposits generated from investment activities and other financial instruments. Operation related credit risks and financial credit risks are under separate management.

A. Operation related credit risks

In order to maintain the quality of accounts receivable, the Company already establishes the procedures of operation related credit risks. The risk evaluation of an individual customer considers such numerous factors with potential impacts on customer payment abilities as the financial status of the said customer, internal credit ratings of the Company, historical trade record and current economic status, etc. The Company would also in due time uses certain credit enhancement tools, such as sales revenue received in advance and credit insurance, etc., to reduce credit risks of specific customers.

Up to December 31, 2023 and December 31, 2022, the accounts receivable balances of the top 10 major customers account for the accounts receivable balances of the Company both as 54% the risk concentration risks of the rest accounts receivable are relatively not major.

B. Financial credit risk

The credit risks of bank deposit and other financial instruments are measured and supervised by the Finance Department of the Company. Since the trade parties of the Company are all domestic banks with commendable credit, there is no suspicion of major contract performance; therefore, there is no major credit risk.

(6) Liquidity risk management

The object of liquidity risk management of the Company is to maintain cash and equivalent cash required for operation, securities with high liquidity, and sufficient bank financing quota, etc., to ensure the Company to possess sufficient financial flexibility, operation fund sufficient to cope up with the financial liabilities with agreed repayment periods.

A. The liquidity of non-derivative financial assets and liabilities

	Dec. 31, 2023				
	Less than 1 year	2～3 years	4～5 years	Over 5 years	Total
Non-derivative financial liabilities					
Short-term borrowing	$ 1,146,004	$ —	$ —	$ —	$ 1,146,004
Short-term notesand bills payable	190,000	—	—	—	190,000
Trade payables	243,180	—	—	—	243,180
Lease liabilities	7,980	13,676	10,879	—	32,535
Guarantee deposits received	25,646	16,822	3,082	—	45,550
Total	$ 1,612,810	$ 30,498	$ 13,961	$ —	$ 1,657,269

	Dec. 31, 2022				
	Less than 1 year	2～3 years	4～5 years	Over 5 years	Total
Non-derivative financial liabilities					
Short-term borrowing	$ 1,245,094	$ —	$ —	$ —	$ 1,245,094
Short-term notesand bills payable	40,000	—	—	—	40,000
Trade payables	262,387	—	—	—	262,387
Lease liabilities	6,108	11,882	10,879	5,440	34,309
Guarantee deposits received	19,987	26,592	1,680	274	48,533
Total	$ 1,573,576	$ 38,474	$ 12,559	$ 5,714	$ 1,630,323

B. Loan commitments

	Dec. 31, 2023	Dec. 31, 2022
Unsecured bank overdraft limit		
-Amount used	$ —	$ —
-Amount unused	60,000	90,000
	$ 60,000	$ 90,000

	Dec. 31, 2023	Dec. 31, 2022
Unsecured bank loan limit		
-Amount used	$ 1,300,000	$ 780,000
-Amount unused	2,710,000	2,165,000
	$ 4,010,000	$ 2,945,000
Secured bank loan limit		
-Amount used	$ —	$ 500,000
-Amount unused	170,000	810,000
	$ 170,000	$ 1,310,000

30. Related party transaction

(1) Name and relation ship with related parties

Name of related parties	Relationship with the Company
Ban Chien Development Co., Ltd. (Ban Chien Development)	The Company's subsidiaries
FRG US Corp. (FRG US)	The Company's subsidiaries
Formosan Construction Corp. (Formosan Construction)	Investee company accounted for using the equity method
Eurogear Corporation (Eurogear)	The president is the representative of the Company's legal person director
Chen Hsi Investment CO, LTD (Chen His Investment)	The president is the spouse of the general manager of the Company
Hung He Development CO, LTD (Hung He Development)	The president is the spouse (1st degree of kinship) of the Company's president
Fenghe International Co., Ltd. (Fenghe International)	The president is the general manager of the Company
Engtown Construction Corp (Engtown Construction)	The president is the representative of the Company's legal person director
FRG Charity Foundation (FRG Foundation)	Its president is the same as president of the Company
HSU, ZHEN-TSAI	President of Company
KHL Architects & Planners (KHL)	The representative is the representative of the Company's legal person director

(2) Major transaction with related parties

A. Operating revenue -Rental

	2023	2022
Other	$ 1,187	$ 1,185

	Dec. 31, 2023	Dec. 31, 2022
Guarantee deposits received	$ 274	$ 274

The subsidiaries and related enterprise lease the office to the Company, and the lease content is determined by the agreement between the two parties, and the rent is collected monthly.

B. Lease agreement

Lease agreement signed by the Company with Formosan Construction, Eurogear, Chen His Investment and Hung He Development in December 2018., with the lease period as of December, 2018 to December, 2028. The lease agreement is based on the Consumer Price Index (CPI) in the sixth, and it adjusts the rent according to the accumulated average CPI increase in the previous year. The Company does not have a preferential purchase right for the real property at the end of the lease term. The rent is the monthly payment.

lease liabilities	Dec. 31, 2023	Dec. 31, 2022
Formosan Construction	$ 5,257	$ 6,275
Eurogear	5,042	6,017
Chen Hsi Investment	10,705	12,777
Hung He Development	5,476	6,536
Total	$ 26,480	$ 31,605

	Dec. 31, 2023	Dec. 31, 2022
Refundable deposits	$ 1,167	$ 1,167

	2023	2022
Interest expense	$ 315	$ 383
Depreciation expense	$ 5,155	$ 5,483

C. Labor remuneration and expenses

	2023	2022
KHL	$ 2,576	$ 6,010

D. As of December 31, 2023 and 2022, the farmland of investment property held in the name of the major management of FRG amount to NT$109,204 thousand. Its ownership certificate is under custody of the Company, and its pledge is set to the Company for security purpose.

E. Sale of real estate

The subsidiary Da Guan Entertainment Co., Ltd., which had been dissolved and liquidated in January 2022, sold the land in Puli Township, Nantou County to Fenghe International with the total sales price of NT$ 6,350 thousand and the gain on disposal in the amount of NT$ 5,118 thousand.

F. Investment property,

	2023	2022
Engtown Construction	$ 204,286	$ —

The Company commissioned Engtown in 2022 to work on the new construction project in Longtan Intelligent Park - Area A on the self-owned land with a total contract amount of NT$ 770,000 thousand (tax inclusive). The project is expected to be completed within 16 months from the official written notification of the start of construction after the construction permit is obtained. The construction license was obtained on May 15, 2023, and construction started in June. As of December 31, 2023, the first to third phases of the project payments had been paid in the amount of NT$ 214,500 thousand (tax inclusive).

G. Donation expense

	2023	2022
FRG Foundation	$ —	$ 7,500

H. The Company lent capital to FRG US in 2022, the recognized interest revenue is NT$296 thousand and interest receivable is NT$0 thousand.

(3) Reward to major management

The remuneration information to board directors and other major management members shall be as follows:

	2023	2022
Short-term benefits	$ 62,805	$ 56,724
Retirement benefit	707	547
Total	$ 63,513	$ 57,271

31. Pledged assets

The following assets are already provided to serve for guarantee of financial industry loans, material purchase and international logistics business, with the book amounts as follows:

	Dec. 31, 2023	Dec. 31, 2022
Other financial assets	$ 20,000	$ 20,000
Land under construction	1,440,362	1,440,362
Property, plant and equipment	281,673	287,640
Investment property - house and land	186,297	182,383
Total	$ 1,928,332	$ 1,930,385

32. Material contingent liabilities and unrecognized contract promise

(1) The total price of the construction contract signed by the Company in 2022 for the new construction project was NT$770,000 thousand, In December 31, 2023 for which the payment had been paid NT$ 214,500 thousand (tax inclusive).

(2) The notes payable used as security issued by the Company on December 31, 2023 and December 31, 2022 due to the guarantee of the credit extension contract were NT$3,175,000 thousand and NT$3,205,000 thousand, respectively.

(3) The farmland in the Luzhu district of Taoyuan purchased by the Company in the previous year (with a book value of NT$17,631 thousand on December 31, 2023) was registered in the name of the former employee who had the status of yeoman. In order to protect the rights and interests of the Company, the Company has completed the enforcement procedures of provisional injunction or provisional attachment on the land under the said employee’s name, for both of which the foreclosure registration has also been completed. A lawsuit was also filed with the Taoyuan District Court, requesting the return of the land with nominee registration. The Company appealed and expressed dissatisfaction in July 2022 which is in the hearing by the Supreme Administrative Court.

33. Important disaster loss: None

34. Important subsequent events: None

35. Others: None

36. Additional disclosed items

(1) Information regarding the material transaction items

A. The status of lending capital to others:None

B. The status of endorsement and guarantee for others:

No. (note 1)	Company name of the endorsement / guarantee provider	Recipient of the endorsement/ guarantee		Endorsement/ guarantee quota for a individual enterprise (note 3)	Max. balance of the endorsement/ guarantee this period	Ending balance of the endorsement/ guarantee	Actual drawing amount	The endorsement / guarantee amount guaranteed by properties	Percentage of accumulated endorsement / guarantee amount in net value of the latest financial statements	Max. limit of the endorsement / guarantee (note 3)	Endorsement / guarantee from parent company to subsidiary	Endorsement / guarantee from subsidiary to parent company	Endorsement / guarantee to Mainland China
		Company name	Relation										
0	The Company	950 Property LLC	Note 2	$ 1,860,341	$ 146,992 (USD 4,717)	$ 145,082 (USD 4,717)	$ 32,756 (USD 1,065)	—	1.17%	$ 3,720,682	—	—	—
0	The Company	950 Property LLC and 950 Retail Property LLC	Note 2	1,860,341	678,681 (USD 21,449)	659,780 (USD 21,449)	341,980 (USD 11,118)	—	5.32%	3,720,682	—	—	—

Note 1: The explanation for the number column is as follows:

(1) Put “0” for the company.

(2) Put the serial No. starting from 1 for the investees by company category.

Note 2: The relationships between endorsement/ guarantee provider and recipient: A company that is endorsed by each of the contributing shareholders in accordance with their shareholding ratio because of the joint investment relationship.

Note 3: According to the Operating procedures of endorsement and guarantee for others, the Company’s endorsement/ guarantee total amount should be no more than 30% of this company’s net value, and its endorsement/ guarantee amount to an individual enterprise should be no more than 15% of the Company’s net value.

Note 4：US$1＝NT$ 30.76

C. The status of securities held at the end of the period

Name of this Company	Type and name of securities	Relation with securities issuer	Item listed on book	The end of the period				Remarks
				Share / unit numbers	Book value	Ratio of share holding %	Fair value	
	Fund							
FRG	Allianz Global Investors Preferred Securities and Income Fund		Financial assets at fair value through profit or loss - current	997,009	$ 8,824	—	$ 8,824	
	NN(L) US Credit X Cap USD		〃	202	8,980	—	8,980	
	KGI Taiwan Premium Selection High Dividend 30 ETF		〃	230,000	5,170	—	5,170	
	United Taiwan High Dividend Recovery 30 ETF		〃	230,000	5,081	—	5,081	
	Capital tip customized taiwan select high dividend exchange traded fund		〃	400,000	8,904	—	8,904	
	Stock							
	Taiwan Cement Corporation		Financial assets at fair value through other comprehensive income - current	1,363,911	47,532	0.02	47,532	
	Formosa Plastics Corporation		〃	1,658,000	131,314	0.03	131,314	Note
	Nan Ya Plastics Corporation		〃	3,847,900	255,885	0.05	255,885	
	Formosa Chemicals & Fibre Corporation		〃	2,502,170	155,885	0.04	155,885	
	Far Eastern New Century Corporation		〃	4,101,761	127,975	0.08	127,975	
	China Steel Corporation		〃	1,640,000	44,280	0.01	44,280	Note
	Taiwan Semiconducter Manufacturing Co., Ltd.		〃	295,000	174,935	—	174,935	
	ASUSTeK Computer Inc.		〃	233,000	114,054	0.03	114,054	
	Quanta Computer Inc.		〃	1,005,000	225,623	0.03	225,623	
	Jsl construction & development co., ltd.		〃	147,048	12,690	0.04	12,690	Note

Name of this Company	Type and name of securities	Relation with securities issuer	Item listed on book	The end of the period				Remarks
				Share / unit numbers	Book value	Ratio of share holding %	Fair value	
FRG	Huaku Development Co., Ltd.		Financial assets at fair value through other comprehensive income - current	3,552,000	$ 342,058	1.28	$ 342,058	
	Evergreen Marine Corporation		〃	443,000	63,571	0.02	63,571	Note
	E. SUN Financial Holding Co., Ltd.		〃	150,134	3,873	—	3,873	Note
	Shin Kong Financial Holding Co., Ltd.		〃	1,400,000	12,390	0.01	12,390	
	Shin Kong Financial Holding Co., Ltd. -Preferred Shares B		〃	666,000	19,081	0.22	19,081	
	SinoPac Financial Holdings Company Limited		〃	37,097,366	730,818	0.30	730,818	
	Far Eastern Group		〃	5,656,447	139,996	0.40	139,996	
	Nichidenbo corporation		〃	346,000	20,103	0.16	20,103	
	WPG Holdings		〃	1,916,600	156,395	0.11	156,395	
	Continental Holdings Corp.		〃	4,669,000	131,666	0.57	131,666	
	Far Eas Tone Telecommunications Co., Ltd.		〃	2,210,000	176,358	0.07	176,358	Note
	Pegatron Corporation		〃	1,347,000	117,592	0.05	117,592	
	Brightek Optoelectronic Co., Ltd.		〃	267,241	10,970	0.39	10,970	
	Leo systems, inc.		〃	279,000	9,598	0.31	9,598	Note
	Farglory Land Development Co., Ltd.		〃	4,044,000	229,699	0.52	229,699	
	Chong Hong Construction Co., Ltd.		〃	2,593,000	203,032	0.89	203,032	
	Grand Fortune Securities Co., Ltd.		〃	1,105,830	14,265	0.28	14,265	
	Formosa Petrochemical Corp.		〃	1,678,000	135,415	0.02	135,415	
	Nan ya pcb co., ltd.		〃	100,000	25,150	0.02	25,150	
	Shine More Technology Materials Corporation., Ltd.		〃	579,125	3,620	1.22	3,620	

Name of this Company	Type and name of securities	Relation with securities issuer	Item listed on book	The end of the period				Remarks
				Share / unit numbers	Book value	Ratio of share holding %	Fair value	
FRG	TOYOTA MOTOR CORP		Financial assets at fair value through other comprehensive income - current	35,000	$19,530	—	$19,530	
	NEXT FUNDS TOPIX Exchange Traded Fun		〃	30,000	15,990	—	15,990	
	Mitsubishi Heavy Ind		〃	5,000	8,876	—	8,876	
	Citigroup Inc.		〃	1,000	1,576	—	1,576	
	Ford Motor Company		〃	1,000	374	—	374	
	Formosan Chemical Industrial Co.		Financial assets at fair value through other comprehensive income – non-current	22,516	12,506	2.25	12,506	
	Formosan Glass & Chemical Industrial Co.		〃	2,510	2,259	5.02	2,259	
	Tai Yang Co., Ltd.		〃	111,395	8,264	1.24	8,264	
	Eslite Corporation		〃	895,300	6,054	1.65	6,054	
	Yu Chi Venture Investment Co., Ltd.		〃	750,000	17,526	10.00	17,526	
	Tashee Golf & Country Club -preferred stock		〃	1	17,600	—	17,600	
	Mercuries F&B Co., Ltd.		〃	555,000	53,147	0.48	53,147	
	Corporate Bond							
	Lockheed Martin Corporation		Financial assets at fair value through other comprehensive income - current	500,000	14,940	—	14,940	
	Apple Inc.		〃	1,000,000	30,055	—	30,055	
	Dialine International Airport Limited		〃	480,000	13,357	—	13,357	

Name of this Company	Type and name of securities	Relation with securities issuer	Item listed on book	The end of the period				Remarks
				Share / unit numbers	Book value	Ratio of share holding %	Fair value	
Ban Chien Development Co., Ltd.	Stock							
	Yuanta Taiwan Dividend Plus ETF		Financial assets at fair value through profit or loss - current	740,000	$27,676	—	$27,676	
	SinoPac Financial Holdings Company Limited		Financial assets at fair value through other comprehensive income - current	43,424,515	855,463	0.35	855,463	
	Chong Hong Construction Co., Ltd.		〃	904,000	70,782	0.31	70,782	
	Taiwan Cement Corporation		〃	791,954	27,600	0.01	27,600	
	Farglory Land Development Co., Ltd.		〃	380,000	21,584	0.05	21,584	
	Yuanta Financial Holding Co., Ltd.		〃	217,453	6,002	—	6,002	
	Qisda Corporation		〃	210,000	10,080	—	10,080	
	Radiant opto-electronics corp.		〃	20,000	2,660	—	2,660	
FRG US Corp.	Stock							
	TRIMOSA HOLDINGS LLC		Financial assets at fair value through other comprehensive income - non-current	—	704,611	14.67	704,611	

Note: The situation of being provided to financial loan business trust in detail is shown as in Note 8.

D. The same securities in which the accumulated amount of buying or selling reached NT$300 million or was more than 20% of the paid-up capital:

Company Name	Type and Name of Marketable Securities (Note 1)	Financial Statement Account	Counterparty Relationship (Note 2)	Relationship (Note 2)	Beginning Balance		Acquisition (Note 3)		Disposal (Note 3)				Ending Balance (Note 5)	
					Number of Shares	Amount	Number of Shares	Amount	Number of Shares	Amount	Carrying Amount	Gain (Loss) on Disposal	Number of Shares	Amount
FRG US Corp.	TRIMOSA HOLDINGS LLC	Financial assets at fair value through other comprehensive income - non-current	—	—	—	$ 471,241	—	$ 385,968	—	—	—	—	—	$ 857,209

Note1: Marketable securities in the table refer to stocks, bonds, beneficiary certificates and other related derivative securities.

Note2: Fill in the columns two clolumns if securities are accounted for under the equity method; otherwise leaves the columns blank.

Note3：The same securities in which the accumulated amount of buying or selling reached NT$300 million or 20% of paid-in capital or more

Note4: The paid-in capital refers to the paid-in capital of the parent company. If the par value per share is not $10 or $0, it shall be calculated by the 10% of the owner’s equity of the parent company’s balance sheets.

Note5: It is the original purchase cost that excluded the valuation adjustment of financial assets measured at fair value.

E. The amount acquiring real estate which reached NT$300 million or was over 20% of the paid-up capital: None

F. The amount disposing property which reached NT$300 million or was over 20% of the paid-up capital: None

G. The amount of purchases or sales from or to related parties which reached NT$100 million or was over 20% of the paid-up capital: None

H. The amount of related party receivables which reached NT$100 million or was more than 20% of the paid-up capital: None

I. Information regarding transactions of derivative financial products: None

J. Business relationships and important transactions between parent and subsidiary companies: None

(2) Related information to re-investment businesses

Investing company	Investee	Area	Business items	Original investment amount		Holding at the end of the period			Investee's profit (loss) of current period	Investment profit (loss) recognized current period	Remarks
				End of period for current period	End for last year	Share	Ratio (%)	Book value			
The Company	Ban Chien Development Co., Ltd.	Taiwan	Consign a contractor to build residential and commercial building for lease and sale	$ 560,000	$ 560,000	56,000,000	100.00	$ 1,100,100	$ 25,324	$ 25,324	Subsidiary
	FRG US Corp.	U.S.A.	Real estate investment, development and rental and sales of premises.	938,955	461,349	15,401,000	100.00	768,558	(1,832)	(1,832)	Subsidiary
	KINGSHALE INDUSTRIAL LIMITED	Hong Kong	Investment	34	34	9,999	99.99	—	—	—	Subsidiary
	Formosan Construction Corp. (Taiwan)	Taiwan	Consign a contractor to build commercial building and public housing for lease and sale	75,979	75,979	7,597,927	26.20	77,897	37,396	10,062	
	Fenghe Development Co., Ltd.	Taiwan	Consign a contractor to build residential and commercial building for lease and sale	59,850	59,850	3,990,000	39.90	40,433	21,785	8,692	
	Rueifu Development Co., Ltd.	Taiwan	International trade, investment consultancy, office building for lease and building/land brokerage.	483	483	48,260	48.26	9,312	1,868	901	

(3) Information of the investment in China: None

(4) Information on major shareholders

Shareholding / Name of major shareholder	Number of shares	Percentage of ownership
Ruifu Construction Co., Ltd.	30,663,678	10.10%
Chen Hsi Investment CO, LTD	15,811,342	5.20%
Ascend Gear International Inc.	15,614,553	5.14%

Note: A. The major shareholders information was calculated by Taiwan Depository & Clearing Corporation in accordance with the common shares (including treasury shares) and preferred shares in dematerialised form which were registered and held by the shareholders above 5％ on the last operating date of each quarter. The share capital which was recorded on the financial statements might be different from the number of shares held in dematerialised form because of the different calculation basis.

B. As per information above, if the shareholder delivers the shares to the trust, shares will be disclosed based on the trustee's account. Additionally, according to the Securities and Exchange Act, internal stakeholder whom holds more than 10% of the Company's share, which includes shares held by the stakeholder and parts delivered to the trust that have decision making rights, should be declared. For information regarding internal stakeholder declaration, please refer to the Market Observation Post System website of the Taiwan Stock Exchange Corporation.

37. Department information

The Company has provided the operating segments disclosure in the consolidated financial statements.

STATEMENT OF CASH AND CASH EQUIVALENTS

DECEMBER 31, 2023

STATEMENT 1

Item	Description	Amount
Cash on hand		$ 200
Petty cash	Including RMB 20 thousand, exchange rate of $4.304	245
Checking accounts		65,194
Savings accounts	Including USD 24,995 thousand, exchange rate of $ 30.66 RMB 5,590 thousand, exchange rate of $ 4.304 HKD 1,179 thousand, exchange rate of $ 3.904 JPY107,272 thousand, exchange rate of $ 0.2154	188,208
Cash equivalent		
Commercial paper	Expiration date 2023/12/04～2024/01/26 Interest rates at 1.2％～5.55％	309,849
Total		$ 563,696

STATEMENT OF FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS - CURRENT

DECEMBER 31, 2023

STATEMENT 2

Name of Securitie	Description	Units	Par value	Total price	Rates	Acquisition	Accumulated impairment	Fair value		Remarks
								Unit price	Total price	
Fund										
Allianz Global Investors Preferred Securities and Income Fund		997,009	—	$ —	—	$ 10,000	$ —	8.85	$ 8,824	
KGI Taiwan Premium Selection High Dividend 30 ETF		230,000		—		4,814	—	22.48	5,170	
United Taiwan High Dividend Recovery 30 ETF		230,000		—		4,799	—	22.09	5,081	
Capital tip customized taiwan select high dividend exchange traded fund		400,000		—		8,298	—	22.26	8,904	
NN(L) US Credit X Cap USD	USD	202.45		—		9,400	—	1,446.77	8,980	Note
Total				$ —	—	$37,311	$ —		$ 36,959	

Note：US$1＝NT$ 30.76

STATEMENT OF FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME - CURRENT

DECEMBER 31, 2023

STATEMENT 3

Name of Securitie	Description	Share / unit numbers	Par value	Total price	Rates	Acquisition	Accumulated impairment	Fair value		Remarks
								Unit price	Total price	
Stock										
Taiwan Cement Corporation		1,363,911	10	$ 13,639	–	$ 63,779	$ –	34.85	$ 47,532	
Formosa Plastics Corporation		1,658,000	10	16,580	–	145,338	–	79.20	131,314	
Nan Ya Plastics Corporation		3,847,900	10	38,479	–	283,471	–	66.50	255,885	Note
Formosa Chemicals & Fibre Corporation		2,502,170	10	25,022	–	247,871	–	62.30	155,885	Note
Far Eastern New Century Corporation		4,101,761	10	41,018	–	135,008	–	31.20	127,975	
China Steel Corporation		1,640,000	10	16,400	–	51,292	–	27.00	44,280	
Taiwan Semiconducter Manufacturing Co., Ltd.		295,000	10	2,950	–	150,567	–	593.00	174,935	
ASUSTeK Computer Inc.		233,000	10	2,330	–	80,838	–	489.50	114,054	
Quanta Computer Inc.		1,005,000	10	10,050	–	83,164	–	224.50	225,623	
Jsl construction & development co., ltd.		147,048	10	1,470	–	8,120	–	86.30	12,690	
Huaku Development Co., Ltd.		3,552,000	10	35,520	–	290,223	–	96.30	342,058	
Evergreen Marine Corporation		443,000	10	4,430	–	69,020	–	143.50	63,571	
E. SUN Financial Holding Co., Ltd		150,134	10	1,501	–	1,627	–	25.80	3,873	
Shin Kong Financial Holding Co., Ltd.		1,400,000	10	14,000	–	11,480	–	8.85	12,390	
Shin Kong Financial Holding Co., Ltd. -Preferred Shares B		666,000	10	6,660	–	29,970	–	28.65	19,081	
SinoPac Financial Holdings Company Limited		37,097,366	10	370,974	–	300,573	–	19.70	730,818	
Far Eastern Group		5,656,447	10	56,564	–	156,825	–	24.75	139,996	Note
Nichidenbo corporation		346,000	10	3,460	–	20,182	–	58.10	20,103	
WPG Holdings		1,916,600	10	19,166	–	93,393	–	81.60	156,395	
Continental Holdings Corp. (CHC)		4,669,000	10	46,690	–	90,908	–	28.20	131,666	

Name of Securitie	Description	Share / unit numbers	Par value	Total price	Rates	Acquisition	Accumulated impairment	Fair value		Remarks
								Unit price	Total price	
Far Eas Tone Telecommunications Co., Ltd.		2,210,000	10	$ 22,100	—	$ 144,792	—	79.80	$ 176,358	
Pegatron Corporation		1,347,000	10	13,470	—	83,641	—	87.30	117,592	Note
Brightek Optoelectronic Co., Ltd.		267,241	10	2,672	—	7,860	—	41.05	10,970	
Leo systems, inc.		279,000	10	2,790	—	9,844	—	34.40	9,598	
Farglory Land Development Co., Ltd.		4,044,000	10	40,440	—	213,045	—	56.80	229,699	
Chong Hong Construction Co., Ltd.		2,593,000	10	25,930	—	210,960	—	78.30	203,032	
Grand Fortune Securities Co., Ltd.		1,105,830	10	11,058	—	12,799	—	12.90	14,265	
Formosa Petrochemical Corp.		1,678,000	10	16,780	—	174,618	—	80.70	135,415	
Nan ya pcb co., ltd.		100,000	10	1,000	—	26,732	—	251.50	25,150	
Shine More Technology Materials Corporation., Ltd.		579,125	10	5,791	—	9,795	—	6.25	3,620	
TOYOTA MOTOR CORP		35,000				18,699	—	2,590.50	19,530	Note 1
NEXT FUNDS TOPIX Exchange Traded Fun		30,000				15,750	—	2,474.50	15,990	Note 1
Mitsubishi Heavy Ind		5,000				8,251	—	8,241.00	8,876	Note 1
Citigroup Inc.		1,000				1,889	—	51.44	1,576	Note 2
Ford Motor Company		1,000				440	—	12.19	374	Note 2
<u>Corporate Bond</u>										
Lockheed Martin Corporation	Expires before 2026	500,000				15,341		0.97453	14,940	Note 2
Apple Inc.	Expires before 2026	1,000,000				30,735		0.98028	30,055	Note 2
Dialine International Airport Limited	Expires before 2026	480,000				13,639		0.90759	13,357	Note 2
Total						$ 3,312,479	$ —		$ 3,940,521	

Note: The situation of being provided to financial loan business trust in detail is shown as in Note 8.

Note1：YEN$1＝NT$ 0.2154

Note2：US$1＝NT$ 30.76

STATEMENT OF NOTES RECEIVABLE, NET

DECEMBER 31, 2023

STATEMENT 4

Client Name	Description	Amount	Remarks
Non related parties：			
Client A	Payment for goods	$ 29,187	
Client B	〃	2,198	
Others	〃	7,811	The amount of individual client included in others does not exceed 5% of the account balance.
Total		39,196	
Less: Loss allowance		(392)	
Net		$ 38,804	

<u>STATEMENT OF ACCOUNTS RECEIVABLE, NET</u>

DECEMBER 31, 2023

STATEMENT 5

Client Name	Description	Amount	Remarks
Non related parties：			
Client A	Real property	$ 15,218	
Client B	Payment for goods	13,849	
Client C	〃	10,596	USD 346 thousand
Client D	〃	7,491	USD 244 thousand
Client E	〃	6,115	USD 1,421 thousand
Others	Payment for goods and real property	48,965	The amount of individual client included in others does not exceed 5% of the account balance.
Total		$ 102,234	
Less: Loss allowance		(1,858)	
Net		$ 100,376	

STATEMENT OF INVENTORIES

DECEMBER 31, 2023

STATEMENT 6

Item	Description	Amount		Remarks
		Cost	Net Realizable Value	
Raw materials	Chemical raw materials and Original cloth, etc.	$ 113,112	$ 67,456	Net realizable value is the estimated except that raw materials are based on replacement cost, the selling price of inventories less all estimated costs of completion and costs necessary to make the sale.
Work-in-process	Rubber Sheet, Eco-Friendly Synthetic Leather, Synthetic Leather, Rubberized fabric machining, and Rubber raw materials and Plastic raw materials, etc.	10,204	10,204	
Finished goods	Rubber Sheet, Eco-Friendly Synthetic Leather, and Synthetic Leather, etc.	126,354	103,958	
Subtotal		249,670	$ 181,618	
Less: allowance for loss		(68,052)		
Net		$ 181,618		

STATEMENT OF OTHER FINANCIAL ASSETS-CURRENT

DECEMBER 31, 2023

STATEMENT 7

Item	Description	Amount	Remarks
Pledged time deposits	CTBC Bank－Chengde (Interest rates at5.52％～5.6％) (Period 2023.11.08～2024.11.25)	$ 129,906	USD4,237 仟元
	First Commercial Bank (Interest rates at5.6％) (Period 2023.11.06～2024.2.6)	30,660	USD1,000 仟元
	Land Bank－BanQiao (Interest rates at5.1％) (Period 2023.12.20～2024.6.20)	40,165	USD1,310 仟元
	BANK SINOPAC－Chengzhong (Interest rates at5.45％～5.5％) (Period 2023.11.13～2024.03.29)	131,914	USD4,302 仟元
	E.SUN Bank (Interest rates at5.4％) (Period 2023.11.30～2024.12.7)	95,383	USD3,111 仟元
	Mega Bank－BanQiao (Interest rates at5.25％) (Period 2023.12.14～2024.11.14)	66,686	USD2,175 仟元
	Taiwan Cooperative Bank－BanQiao (Interest rates at5.3％～5.5%) (Period 2023.12.1～2024.12.12)	122,640	USD4,000 仟元
	Kaohsiung－Poai (Interest rates at5.4％～5.6%) (期間 2023.11.30～2024.3.5)	61,320	USD2,000 仟元
	Hua nan commercial bank (Interest rates at5.1％) (期間 2023.12.19～2024.6.19)	32,622	USD1,064 仟元
Total		$ 711,296	

STATEMENT OF FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME - NON-CURRENT

FOR THE YEAR ENDED DECEMBER 31, 2023

STATEMENT 8

Name of Securities	As of January 1, 2023		Additions		Decrease		As of December 31, 2023		Accumulated impairment	Collateral	Remarks
	Shares	Amount	Shares	Amount	Shares	Amount	Shares	Fair value			
Stock											
Formosan Chemical Industrial Co.	22,516	$ 16,652	—	$ —	—	$ 4,146	22,516	$ 12,506	N/A		
Formosan Glass & Chemical Industrial Co.	7,283	826	2,259	2,259	7,032 (Note 1)	826	2,510	2,259	N/A		
Tai Yang Co., Ltd.	111,395	7,444	—	820	—	—	111,395	8,264	N/A		
Eslite Corporation	895,300	8,540	—	—	—	2,486	895,300	6,054	N/A		
Yu Chi Venture Investment Co., Ltd.	1,150,000	17,480	—	4,046	400,000 (Note 2)	4,000	750,000	17,526	N/A		
Tashee Golf & Country Club -preferred stock	1	16,400	—	1,200	—	—	1	17,600	N/A		
Mercuries F&B Co., Ltd.	—	—	555,000	53,147	—	—	555,000	53,147	N/A		
Total		$ 67,342		$ 61,472		$ 11,458		$ 117,356			

Note 1: Capital reduction to make up for accumulated losses.

Note 2: Capital return due to disinvestment

STATEMENT OF INVESTMENTS ACCOUNTED FOR USING EQUITY METHOD

FOR THE YEAR ENDED DECEMBER 31, 2023

STATEMENT 9

Name	As of January 1, 2022		Additions		Decrease		As of December 31, 2022			Fair value / Net assets value		Collateral	Remarks
	Shares	Amount	Shares	Amount	Shares	Amount	Shares	%	Amount	Unit Price (NT$)	Total Amount		
Ban Chien Development Co., Ltd.	56,000,000	$ 901,586	—	$ 198,514	—	$ —	56,000,000	100.00	$ 1,100,100		$	None	
FRG US Corp.	9,126,000	481,638	6,275,000	286,920	—	—	15,401,000	100.00	768,558			None	
KINGSHALE INDUSTRIAL LIMITED	9,999	—	—	—	—	—	9,999	99.99	—	—	—	None	
Formosan Construction Corp. (Taiwan)	7,597,927	63,226	—	14,671	—	—	7,597,927	26.20	77,897			None	
Fenghe Development Co., Ltd.	3,990,000	31,741	—	8,692	—	—	3,990,000	39.90	40,433			None	
Rueifu Development Co., Ltd.	48,260	8,404	—	908	—	—	48,260	48.26	9,312			None	
Total		$ 1,486,595		$ 509,705		$ —			$1,996,300				

Note：Increase(Decrease) for the period including shares of profit (loss) of subsidiaries and associates, shares of other comprehensive (loss) income of subsidiaries and associates.

TATEMENT OF OTHER FINANCIAL ASSETS-CURRENT

DECEMBER 31, 2023

STATEMENT 10

Item	Description	Amount	Remarks
Pledged time deposits	Cooperative bank－Bansin (Interest rates at 0.715％～1.59％) (Period 2023.11.02～2026.11.02)	$ 20,000	Guarantee of logistics business
Total		$ 20,000	

STATEMENT OF SHORT-TERM BORROWINGS

DECEMBER 31, 2023

STATEMENT 11

Type	Explanation	Balance, End of Year	Contract Period	Range of Interest Rates (%)	Loan Commitments	Collateral	Remarks
Unsecured borrowings	Bank Sinopac	$ 110,000	2023.11.22～2024.1.22	1.85	$ 180,000		
	Mega Bank	50,000	2023.12.14～2024.6.11	1.897	120,000		
	E.SUN BANK	200,000	2023.11.30～2024.2.27	1.73	200,000		
	Bank of Kaohsiung	10,000	2023.11.24～2024.1.23	1.98	180,000		
	Land Bank of Taiwan	60,000	2023.11.10～2024.1.19	1.92	150,000		
	Taiwan Cooperative Bank	200,000	2023.11.17～2024.11.15	1.6867	200,000		
	Chang Hua Commercial Bank	200,000	2023.12.14～2024.3.14	1.73	200,000		
	Hua Nan Commercial Bank	20,000	2023.12.15～2024.1.12	1.925	300,000		
	CTBC Bank	200,000	2023.10.24～2024.1.24	1.82	300,000		
	First Commercial Bank	20,000	2023.12.8～2024.1.5	2	100,000		
	Bank of Taiwan	70,000	2023.11.16～2024.3.28	1.8	130,000		
Total		$ 1,140,000					

STATEMENT OF SHORT-TERM NOTES AND BILLS PAYABLE

DECEMBER 31, 2023

STATEMENT 12

Item	Guarantee/Accepting Institution	Contract Period	Range of Interest Rates (%)	Amount			Remarks
				Issue Amount	Discount Amount	Carrying Amount	
Commercial paper	China Bills	2023.12.15～2024.1.12	1.4％	$ 50,000	$ 29	$ 49,971	
	Mega Bills	2023.12.8～2024.1.5	1.75％	50,000	10	49,990	
	International Bills	2023.12.29～2024.1.26	1.66％	40,000	52	39,948	
	Ta Ching Bills	2023.12.14～2024.1.12	1.64％	50,000	28	49,972	
Total				$ 190,000	$ 119	$ 189,881	

STATEMENT OF NOTES PAYABLE

DECEMBER 31, 2023

STATEMENT 13

Vendor Name	Description	Amount	Remarks
Vendor A	Payment for the purchase	$ 9,447	
Vendor B	〃	8,136	
Vendor C	〃	4,326	
Vendor D	〃	4,260	
Others	Payment for the purchase, expenses, etc.	55,430	The amount of individual client included in others does not exceed 5% of the account balance.
Total		$ 81,599	

STATEMENT OF ACCOUNTS PAYABLE

DECEMBER 31, 2023

STATEMENT 14

Vendor Name	Description	Amount	Remarks
Vendor A	Payment for the purchase	$ 6,571	
Vendor B	〃	4,875	
Vendor C	〃	2,310	
Vendor D		2,288	
Others	Payment for the purchase, processing charges, etc.	18,141	The amount of individual client included in others does not exceed 5% of the account balance.
Total		$ 34,185	

<u>STATEMENT OF LEASE LIABILITIES</u>

DECEMBER 31, 2023

STATEMENT 15

Item	Description	Lease Term	Discount Rate	Balance End of Year	Remarks
Buildings	Offices	2018.12～2028.12	1.09％	$ 26,480	
Transportation equipment	Rental car	2022.07～2026.07	1.40~2.07％	5,233	
Less: Current portion				(5,775)	
				$ 24,065	

STATEMENT OF OPERATING REVENUE

FOR THE YEAR ENDED DECEMBER 31, 2023

STATEMENT 16

Item	Shipments	Amount	Remarks
Sales revenue:			
Synthetic Leather	3,917 thousand yards	$ 205,056	
Rubber Sheet	1,904 thousand yards	498,107	
Eco-Friendly Synthetic Leather	2,723 thousand yards	152,873	
Others	190 metric tons	26,201	The amount does not exceed 10% of the total revenue.
Less: Sales returns		(27)	
Sales discounts		(2,044)	
Subtotal		880,166	
Construction revenue		192,350	
Rental and logistics revenue		284,905	
Total		$ 1,357,421	

STATEMENT OF OPERATING COSTS

FOR THE YEAR ENDED DECEMBER 31, 2023

STATEMENT 17

Item	Amount		Remarks
	Subtotal	Total	
Direct material		$ 462,225	
Raw material, beginning of year	$ 127,041		
Add: raw material purchased	449,300		
Less: raw material, end of year	113,112		
Sale of raw materials	182		
Transferred to expenses	822		
Indirect material (Supplies)		—	
Supplies, beginning of year	—		
Add: supplies purchased	2,273		
Less: transferred to manufacturing expenses	2,273		
Direct labor		57,568	
Manufacturing expenses		137,992	
Manufacturing cost		657,785	
Work in process, beginning of year	19,462		
Add: transferred from finished goods	6,110		
Less: work in process, end of year	10,204		
Cost of finished goods		673,153	
Finished goods, beginning of year	131,557		
Add: finished goods purchased	2,354		
Cost of outsourcing	3,065		
Cost of sales return	14		
Less: finished goods, end of year	126,354		
Finished goods transferred to costs	7,801		
Finished goods Transferred to expenses	290		
Product cost of sales		675,698	
Raw materials and supplies transferred to sales		168	
Provision for loss on inventories		666	
Unamortized fixed manufacturing costs		10,692	
Total cost of sales		687,224	
Cost of construction		141,753	
Cost of rental and logistics		106,670	
Total operating costs		$ 935,647	

STATEMENT OF SELLING EXPENSES

FOR THE YEAR ENDED DECEMBER 31, 2023

STATEMENT 18

Item	Description	Amount	Remarks
Wages and salaries		$ 14,749	
Freight		8,075	
Selling expenses of construction		9,221	
Entertainment expense		2,606	
Travelling expense		3,913	
Other expenses		9,013	The amount of each item in others does not exceed 5% of the account balance.
Total		$ 47,577	

STATEMENT OF GENERAL AND ADMINISTRATIVE EXPENSES

FOR THE YEAR ENDED DECEMBER 31, 2023

STATEMENT 19

Item	Description	Amount	Remarks
Wages and salaries		$ 63,574	
Taxes		12,697	
Depreciations		18,085	
Entertainment expense		8,550	
Other expenses		47,390	The amount of each item in others does not exceed 5% of the account balance.
Total		$ 151,524	

STATEMENT OF RESEARCH AND DEVELOPMENT EXPENSES

FOR THE YEAR ENDED DECEMBER 31, 2023

STATEMENT 20

Item	Description	Amount	Remarks
Wages and salaries		$ 5,620	
Contracted research expense		1,431	
Other expenses		2,219	The amount of each item in others does not exceed 5% of the account balance.
Total		$ 9,270	