

Fong-Chien Construction Company Limited  
Parent Company Only Financial Statements for  
the years ended December 31, 2024 and 2023  
with Independent Auditors' Report  
(Stock Symbol 5523)

This financial report has not been reviewed or certified by an accountant

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Fong-Chien Construction Company Limited  
Parent Company Only Financial Statements for the years ended December 31, 2024 and  
2023 with Independent Auditors' Report  
Table of contents

Item	Page/No./Index
I. Cover page	1
II. Table of contents	2 ~ 3
III. Independent auditors' report	4 ~ 8
IV. Parent Company Only balance Sheets	9~10
V. Parent Company Only statements of comprehensive income	11
VI. Parent Company Only statements of changes in equity	12
VII. Parent Company Only statements of cash flow	13~ 14
VIII. Notes to the Parent Company Only financial statements	15 ~ 45
(1) Company history and business scope	15
(2) Approval date and procedures of the parent company only financial statements	15
(3) New standards, amendments and interpretations adopted	15 ~ 16
(4) Summary of significant accounting policies	16 ~ 22
(5) Major sources of uncertainty arising from significant accounting judgments, estimates, and assumptions	22
(6) Explanation of significant accounts	22 ~ 39
(7) Related party transactions	39 ~ 41
(8) Pledged assets	41
(9) Significant Contingencies and Unrecognized Contract Commitments	41
(10) Losses due to major disasters	41

Item	Page/No./Index
(11) Significant subsequent events	41 ~ 42
(12) Others	42 ~ 45
(13) Other disclosures	45
(14) Segment information_	45
IX. Statements of significant accounts	
Statements of cash and cash equivalents	Statement 1
Statements of inventories	Statement 2
Statements of changes in investments accounted for using equity method	Statement 3
Statements of short-term borrowings	Statement 4
Statements of contract liabilities	Statement 5
Statements of long-term borrowings	Statement 6
Statements of construction revenue	Statement 7
Statements of construction costs	Statement 8
Statements of operating expenses	Statement 9
Statements of other revenue	Note 6.18
Statements of financial costs	Note 6.19
Current employee benefits, depreciation, depletion and amortization expenses categorized by function	Note 6.20

## INDEPENDENT AUDITORS' REPORT

The Board of Directors and Shareholders  
(2025) Ministry of Finance approved No. 24003625  
Fong Chien Construction Company Limited

### Opinion

We have audited accompanying parent company only financial statements of Fong Chien Construction Company Limited (hereinafter “the Company”), which comprise the parent company only balance sheets as of December 31, 2024 and 2023, and the parent company only statements of comprehensive income, changes in equity and cash flows for the years then ended, and notes to the only financial statements, including a summary of significant accounting policies.

In our opinion, according to our audit result and other auditors' report (Please refer to “Other Matter” paragraph.), the accompanying only financial statements present fairly, in all material respects, the accompanying parent company only financial position of the Company as of December 31, 2024 and 2023, 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 entrusted by the Company 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 the Company in accordance with The Norm of Professional Ethics for Certified Public Accountant of the Republic of China, and we have fulfilled our ethical responsibilities in accordance with these requirements. According to our audit result and other auditors' report, 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, 2024. 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 the Company's parent company only financial statements for the year ended December 31, 2024 are as follows:

### **Cut-off of revenue from sales of buildings and land**

#### Matters description

Refer to Note 4(23) to the consolidated financial statements for accounting policies regarding sales revenue. Refer to Note 6(16) to the consolidated financial statements for the explanation of accounting items. The revenue from sales of buildings and land of the Company for the year ended December 31, 2024 amounted to NT\$508,850 thousand, accounting for 99.22% of operating revenue.

Revenue from sales of buildings and land in construction industry is recognized when the ownership of the real estate is transferred and the buildings are actually delivered. As the buildings and land are sold to numerous counterparties, sales revenue shall be recognized after checking the status of ownership transfer and property handover documents on a case-by-case basis, which involves many manual operating procedures and tends to result in inappropriateness of the time point to recognized revenue near the end the of the reporting period. Therefore, we list cut-off of revenue from sales of buildings and land as one of the most significant issues in our audit this year.

#### Responsive audit procedures

Relating to the certain aspects of critical matters stated above, responsive procedures we exercise aggregates and lists as follows:

1. Obtain an understanding and evaluate the internal control procedures about revenue recognition of sales of buildings and land adopted by the management, and test whether the processes at the point of time recognizing revenue from sales of buildings and land are implemented effectively, including verifying the date of the ownership transfers and the related property handover documents, to evaluate the correctness of the time point of bookkeeping.
2. Implement cut-off test to the transactions of sales of buildings and land during a certain period before and after the end of the reporting day, including verifying the date of ownership transfer indicated on the land registration transcript and the land ownership certificate and the date on agreement to hand over the building, and other supporting documents, to confirm revenue from sales of buildings and land has been recorded in the appropriate period.

### **Valuation of Inventory**

#### Matters description

Refer to Note 4(10) to the parent company only financial statements for accounting policies regarding inventory; Refer to Note 5 for critical accounting estimates and assumptions regarding inventory valuation. Refer to Note 6(4) for the explanation of allowance to reduce inventory to market. The inventory balance and allowance to reduce inventory to market of the

Company are the amount of NT\$3,528,588 thousand and NT\$10,928 thousand on December 31, 2024, respectively.

Inventories of the Company are houses and lands, due to the effect of government policies and boom in real estate in recent years, the fluctuation of real estate prices is wider, The inventory valuation measurement of the Company is in accordance with the lower of cost and net realizable value, its net realizable value is often affected by market prices fluctuation and involved with the subjective judgment of management, therefore, we list inventory valuation as one of the most significance in our audit this year.

#### Responsive audit procedures

Relating to the certain aspects of critical matters stated above, responsive procedures we exercise aggregates and lists as follows:

1. Comprehend business operation and industrial features, and interview with management, evaluate the rationality of method and procedure inventory net realizable value the method and procedure adopt.
2. Obtain the end day of during reporting period of inventory assessment net realizable value statements, review appropriateness of using determined base of the inventory net realizable value, include acquisition of the closing price of recent sale cases or recent dealing information of nearby areas with similar assets in market, in turn assess the rationality of the amount of inventory net realizable value.

#### **Other Matter– Reference to work of other auditors**

The financial statements of the investees accounted for using equity method included in the consolidated financial statements of the Company were not audited by us, but by other auditors. Therefore, the amounts related to the financial statements of those companies in our opinions indicated in the aforementioned consolidated financial statements were based on other auditors' report. As of December 31, 2024 and 2023, the investments in aforementioned companies accounted for using equity method amounted to NT\$178,411 thousand and NT\$179,518 thousand, accounting for 3.68% and 3.72% of total assets, respectively. The comprehensive losses recognized for the aforementioned companies for the year ended December 31, 2024 and 2023 amounted to NT\$1,077 thousand NT\$482 thousand, accounted for (1.27%) and (0.08%) of total comprehensive income, respectively.

#### **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 the parent company only financial statements that are free from material misstatement, whether due to the fraud or error.

In preparing the parent company only financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance (including members of the Audit Committee) are responsible for overseeing the Company's financial reporting process.

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

Our objectives are to obtain reasonable assurance about whether the parent company only financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Standards on Auditing of the Republic of China will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these parent company only financial statements.

As part of an audit in accordance with the Standards on Auditing of the Republic of China, we exercise professional judgment and 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 the Company's internal control.
3. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
4. Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the parent company only financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Company to cease to continue as a going concern.

5. Evaluate the overall presentation, structure and content of the parent company only financial statements, including the disclosures, and whether the parent company only financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
6. Obtain sufficient and appropriate audit evidence regarding the financial information of the entities or business activities within the Company to express an opinion on the parent company only financial statements. We are responsible for the direction, supervision and performance of the Company audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the parent company only financial statements for the year ended December 31, 2024 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.

The engagement partners on the audits resulting in this independent auditors' report are Wang, Yu-Juan and Hong, Shu Hua.

Financial Supervisory Commission  
Reference Number of the Approval letter: No. Financial-  
Supervisory-Securities-Auditing -1020028992  
Former Securities Commission, Ministry of Finance  
Reference Number of the Approval letter: No. (85) Taiwan-  
Finance-Securities-VI-68701

PwC  
Taipei, Taiwan  
Republic of China  
February 25, 2025



Fong Chien Construction Company Limited  
PARENT COMPANY ONLY BALANCE SHEETS  
December 31, 2024 and 2023

(In Thousands of New Taiwan Dollars)

ASSETS			December 31, 2024		December 31, 2023	
			Amount	%	Amount	%
Current Assets						
1100	Cash and cash equivalents	6(1)	\$ 572,477	12	\$ 857,568	18
1136	Financial assets at amortized cost	6(2) and 8	170,816	3	100,000	2
1150	Notes receivable, net	6(3)	-	-	123	-
1170	Accounts receivable, net	6(3)	-	-	23,310	-
1200	Other receivables		1,196	-	263	-
130X	Inventories	6(4), 7(2) and8	3,517,660	73	3,328,154	69
1470	Other current assets	6(5)	115,523	2	35,529	1
11XX	Total current assets		4,377,672	90	4,344,947	90
Noncurrent assets						
1550	Investments accounted for using equity method	6(6)	313,981	7	313,604	7
1600	Property, plant and equipment	6(7)	39,767	1	41,373	1
1760	Investment property, net	6(9) and 8	108,433	2	108,966	2
1840	Deferred income tax assets	6(21)	342	-	14,081	-
1900	Other noncurrent assets		2,216	-	1,020	-
15XX	Total noncurrent assets		464,739	10	479,044	10
1XXX	Total assets		\$ 4,842,411	100	\$ 4,823,991	100

(Continued on next page)

Fong Chien Construction Company Limited  
PARENT COMPANY ONLY BALANCE SHEETS  
December 31, 2024 and 2023

(In Thousands of New Taiwan Dollars)

LIABILITIES AND EQUITY			December 31, 2024		December 31, 2023	
			Amount	%	Amount	%
Current liabilities						
2100	Short-term loans	6(10) and 8	\$ 1,361,830	28	\$ 556,800	11
2130	Contract liabilities-current	6(16)	244,558	5	227,431	5
2150	Notes payable		684	-	1,136	-
2170	Accounts payable		122,759	3	55,047	1
2200	Other accounts payable	7(2)	32,996	1	32,449	1
2230	Current tax liabilities		20,183	-	9,290	-
2320	Long-term liabilities-current portion	6(11) and 8	4,254	-	4,177	-
2399	Other current liabilities-others		6,004	-	13,208	-
21XX	Total current liabilities		1,793,268	37	899,538	18
Noncurrent liabilities						
2540	Long-term debt payable	6(11) and 8	30,157	1	757,696	16
2600	Other noncurrent liabilities		1,238	-	1,204	-
25XX	Total noncurrent liabilities		31,395	1	758,900	16
2XXX	Total liabilities		1,824,663	38	1,658,438	34
Equity attributable to shareholders of the parent						
	Capital stock	6(13)				
3110	Capital common stock		1,550,015	32	1,550,015	32
	Capital surplus	6(14)				
3200	Capital surplus		5,226	-	5,226	-
	Retained earnings	6(15)				
3310	Appropriated as legal capital reserve		305,465	6	247,613	5
3350	Unappropriated earnings		1,157,042	24	1,362,699	29
3XXX	Total equity		3,017,748	62	3,165,553	66
	Significant contingent liabilities and not recognized contract commitment	9				
3X2X	Total liabilities and equity		\$ 4,842,411	100	\$ 4,823,991	100

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

Chairman: Yu Qi Yuan

Manager: Rui Lin Liu

Accounting supervisor: Qiong Fei Chen

Fong Chien Construction Company Limited  
PARENT COMPANY ONLY STATEMENTS OF COMPREHENSIVE INCOME  
December 31, 2024 and 2023

(In Thousands of New Taiwan Dollars)  
(Except earnings per share)

ITEM	NOTE	2024		2023	
		Amount	%	Amount	%
4000 Operating revenue	6(16)	\$ 512,836	100	\$ 3,331,795	100
5000 Operating cost	6(4)(20)	( 366,772)	( 71)	( 2,577,551)	( 78)
5900 Gross profit		<u>146,064</u>	<u>29</u>	<u>754,244</u>	<u>22</u>
Operating expenses	6(20) and 7(2)				
6100 Selling expenses		( 32,273)	( 7)	( 142,072)	( 4)
6200 General and administrative		( 27,039)	( 5)	( 33,334)	( 1)
6000 Total operating expenses		( 59,312)	( 12)	( 175,406)	( 5)
6900 Operating income non-operating income and expenses		<u>86,752</u>	<u>17</u>	<u>578,838</u>	<u>17</u>
7100 Interest income	6(17)	10,571	2	5,174	-
7010 Other income	6(18) and 7(2)	22,191	5	439	-
7050 Finance costs	6(19)	( 310)	-	( 10,408)	-
7070 Share of profits of subsidiaries and associates	6(6)	<u>377</u>	<u>-</u>	<u>510</u>	<u>-</u>
7000 Total non-operating income and expense		<u>32,829</u>	<u>7</u>	( 4,285)	-
7900 <b>Income before income tax</b>		<u>119,581</u>	<u>24</u>	<u>574,553</u>	<u>17</u>
7950 Income tax benefits (expenses)	6(21)	( 34,884)	( 7)	3,965	-
8200 <b>Net income</b>		<u>\$ 84,697</u>	<u>17</u>	<u>\$ 578,518</u>	<u>17</u>
8500 <b>Total comprehensive income</b>		<u>\$ 84,697</u>	<u>17</u>	<u>\$ 578,518</u>	<u>17</u>
Earnings per share	6(22)				
9750 Basis earnings per share		<u>\$ 0.55</u>		<u>\$ 3.73</u>	
Diluted earnings per share	6(22)				
9850 Diluted earnings per share		<u>\$ 0.55</u>		<u>\$ 3.73</u>	

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

Chairman: Yu Qi Yuan

Manager: Rui Lin Liu

Accounting supervisor: Qiong Fei Chen

Fong Chien Construction Company Limited  
PARENT COMPANY ONLY STATEMENTS OF CHANGES IN EQUITY  
December 31, 2024 and 2023

(In Thousands of New Taiwan Dollars)

			RETAINED EARNINGS			
	NOTE	CAPITAL COMMON STOCK	CAPITAL SURPLUS	LEGAL CAPITAL RESERVE	UNAPPROPRIATED EARNINGS	TOTAL EQUITY
<u>2023</u>						
Balance, January 1, 2023		\$ 1,550,015	\$ 5,226	\$ 200,649	\$ 1,063,647	\$ 2,819,537
Net income		-	-	-	578,518	578,518
Total comprehensive income		-	-	-	578,518	578,518
Appropriation and distribution of earnings, 20226(15)						
Legal capital reserve		-	-	46,964	( 46,964 )	-
Cash dividends to shareholders		-	-	-	( 232,502 )	( 232,502 )
Balance, December 31, 2023		\$ 1,550,015	\$ 5,226	\$ 247,613	\$ 1,362,699	\$ 3,165,553
<u>2024</u>						
Balance, January 1, 2024		\$ 1,550,015	\$ 5,226	\$ 247,613	\$ 1,362,699	\$ 3,165,553
Net income		-	-	-	84,697	84,697
Total comprehensive income		-	-	-	84,697	84,697
Appropriation and distribution of earnings, 20236(15)						
Legal capital reserve		-	-	57,852	( 57,852 )	-
Cash dividends to shareholders		-	-	-	( 232,502 )	( 232,502 )
Balance, December 31, 2024		\$ 1,550,015	\$ 5,226	\$ 305,465	\$ 1,157,042	\$ 3,017,748

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

Chairman: Yu Qi Yuan

Manager: Rui Lin Liu

Accounting supervisor: Qiong  
Fei Chen

Fong Chien Construction Company Limited  
PARENT COMPANY ONLY STATEMENTS OF CASH FLOWS  
December 31, 2024 and 2023

(In Thousands of New Taiwan Dollars)

	NOTE	2024	2023
<u>Cash flows from operating activities</u>			
Income before income tax		\$ 119,581	\$ 574,553
Adjustments for			
Adjustments for reconcile profit (loss)			
Depreciation expense	6(7)(9)(20)	2,139	2,234
Interest expense	6(19)	310	10,408
Interest income	6(17)	( 10,571 )	( 5,174 )
Share of profits of subsidiaries	6(6)	( 377 )	( 510 )
Changes in operating assets and liabilities			
Changes in operating assets			
Notes receivable		123	102
Accounts receivable		23,310	( 14,235 )
Other receivables (including related parties)		( 933 )	41,580
Inventories		( 156,052 )	2,145,492
Actual payments of capitalized interests	6(19)	( 33,454 )	( 31,866 )
Other current assets		( 81,714 )	168,418
Changes in operating liabilities			
Contract liabilities-current		17,127	( 496,770 )
Notes payable		( 452 )	591
Accounts payable		67,712	( 260,650 )
Other payables		372	263
Other accounts payables-related parties		6	( 41 )
Other current liabilities		( 7,204 )	( 16,801 )
Cash generated from (used in) operations		( 60,077 )	2,117,594
Interest received		10,570	8,910
Interest paid		( 139 )	( 11,477 )
Income taxes paid		( 10,252 )	( 26,598 )
Net cash generated by (used in) operating activities		( 59,898 )	2,088,429

(Continued on the next page)

Fong Chien Construction Company Limited  
PARENT COMPANY ONLY STATEMENTS OF CASH FLOWS  
December 31, 2024 and 2023

(In Thousands of New Taiwan Dollars)

	<u>NOTE</u>	<u>2024</u>	<u>2023</u>
<u>Cash flows from investing activities</u>			
Increase in financial assets at amortized cost		(\$ 171,896 )	(\$ 100,000 )
Decrease in financial assets at amortized cost		101,080	-
Acquisition of investments accounted for using equity method	6(6)	-	( 180,000 )
Acquisition of property, plant and equipment	6(7)	-	( 187 )
Increase in guaranteed deposits paid		( 1,197 )	( 2,647 )
Decrease in guaranteed deposits paid		1,720	359
Cash dividends paid by subsidiaries		-	124,451
Refund of paid-up capital due to subsidiaries' liquidation		-	998
Net cash used in investing activities		( 70,293 )	( 157,026 )
<u>Cash flows from financing activities</u>			
Increase in short-term loans	6(23)	81,730	147,220
Decrease in short-term loans	6(23)	-	( 1,387,770 )
Proceeds from long-term loans	6(23)	-	339,800
Repayment in long-term loans	6(23)	( 4,162 )	( 4,088 )
Increase (decrease) in guaranteed deposits received	6(23)	34	( 108 )
Distribution of cash dividends	6(15)(23)	( 232,502 )	( 232,502 )
Net cash used in financing activities		( 154,900 )	( 1,137,448 )
Increase (decrease) in cash and cash equivalents		( 285,091 )	793,955
Cash and cash equivalents, beginning of year		857,568	63,613
Cash and cash equivalents, end of year		<u>\$ 572,477</u>	<u>\$ 857,568</u>

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

Chairman: Yu Qi Yuan

Manager: Rui Lin Liu

Accounting supervisor: Qiong Fei Chen

Fong-Chien Construction Co.,LTD.  
NOTES TO THE PARENT COMPANY ONLY FINANCIAL STATEMENTS FOR THE YEARS  
ENDED DECEMBER 31, 2024 and 2023  
(Expressed in Thousands of New Taiwan Dollars, Unless Specified otherwise)

(1) Company history and business scope

Fong-Chien Construction Co.,LTD. (the “Company”) was named Hong Dou Construction Company Limited originally. The company was changed to Fong-Chien Construction Co.,LTD. by the resolution of shareholders meeting in June 2014. The Company is primarily engaged in mandating construction enterprises to build public housing, leases and sales of commercial buildings, trading, import and export of building materials. The stocks of Company were traded in Taipei Exchange since December 27, 1999. Additionally, the subsidiary, Hung Yeu Construction Co., Ltd., is primarily engage in comprehensive construction, trading of properties, developments and leases of residences and buildings etc.

(2) Approval date and procedures of the parent company only financial statements.

The parent company only financial statements for the years ended December 31, 2024 and 2023 of the Company were authorized for issue by the Board of Directors on February 25, 2025.

(3) New standards, amendments and interpretations adopted

1) The accounting standards, including standards or interpretations issued by International Accounting Standards Board and endorsed by the Financial Supervisory Commission (the “FSC”) which have been adopted by the Company as of the date of authorization for issue  
The following summarizes accounting standards, including new, revised, and amended standards and interpretations, which have been endorsed by the FSC, effective for annual period beginning on January 1, 2024:

<u>New, Revised, or Amended Standards or Interpretations</u>	<u>Effective date per IASB</u>
Amendments to IFRS 16 “Lease Liability in Sale and Leaseback”	January 1, 2024
Amendments to IAS 1 “Classification of Liabilities as Current or Non-current”	January 1, 2024
Amendments to IAS 1 “Non-current Liabilities with Covenants	January 1, 2024
Amendments to IAS 7 and IFRS 7 “Supplier Finance Arrangements”	January 1, 2024

The Company assessed that the aforementioned standards and interpretations would not have a significant impact on its financial position and financial performance.

2) The accounting standards, including standards or interpretations issued by International Accounting Standards Board and endorsed by the FSC which have not yet been adopted by the Company as of the date of authorization for issue

The following summarizes accounting standards, including new, revised, and amended standards and interpretations, which have been endorsed by the FSC, effective for annual period beginning on January 1, 2025:

<u>New, Revised, or Amended Standards or Interpretations</u>	<u>Effective date per IASB</u>
Amendments to IAS 21 “Lack of Exchangeability”	January 1, 2025

The Company assessed that the aforementioned standards and interpretations would not have a significant impact on its financial position and financial performance.

- 3) The impact of IFRSs accounting standards issued by IASB but not yet endorsed by the FSC  
The following summarizes the IFRSs accounting standards issued by IASB but not yet endorsed by the FSC:

<u>New, Revised, or Amended Standards or Interpretations</u>	<u>Effective date per IASB</u>
Amendments to IFRS 9 and IFRS 7 “Classification and Measurement of Financial Instruments”	January 1, 2026
Amendments to IFRS 9 and IFRS 7 “Contracts Referencing Nature-dependent Electricity”	January 1, 2026
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
Amendments to IFRS 17 “Insurance Contract”	January 1, 2023
Amendments to IFRS 17	January 1, 2023
Amendments to IFRS 17 “Initial Application of IFRS 17 and IFRS 9 - Comparative Information”	January 1, 2023
IFRS 18 “Presentation and Disclosure in Financial Statements”	January 1, 2027
IFRS 19 “Subsidiaries without Public Accountability”	January 1, 2027
Annual Improvements to IFRS Accounting Standards—Volume 11	January 1, 2026

Except for the following, the Company assessed that the aforementioned standards and interpretations would not have a significant impact on its financial position and financial performance.

IFRS 18 “Presentation and Disclosure in Financial Statements”

IFRS 18 “Presentation and Disclosure in Financial Statements” will replace IAS 1, and update the structure of statements of comprehensive income, increase the disclosure of management-defined performance measures, and enhance guidance on the principles of aggregation and disaggregation in the primary financial statements or in the notes.

#### (4) Summary of significant accounting policies

The primary accounting policies adopted by the parent company only financial statements are explained below. Except as otherwise explained, the policies are consistently applicable in all reporting periods.



1) Statement of compliance

The accompanying parent company only financial statements have been prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers, and the International Financial Reporting Standards, International Accounting Standards, IFRIC Interpretations, and SIC Interpretations (the “IFRSs”) endorsed and issued into effect by the FSC.

2) Basis of preparation

1. The accompanying parent company only financial statements have been prepared on the historical cost basis.
2. Preparing the parent company only financial statements in accordance with IFRSs endorsed by the FSC takes some significant accounting estimates. And in the process of applying the Company’s accounting policies involves the managements’ judgments. Please refer to Note 5 for the items involving high judgment or complexity or items involving significant assumptions and estimates in the parent company only financial statements.

3) Classification of non-current and current assets and liabilities

1. An asset is classified as current under one of the conditions below:
  - (a) The Company expects to realize the asset, or intends to sell or consume it, in its normal operating cycle;
  - (b) The Company holds the asset primarily for the purpose of trading;
  - (c) The Company expects to realize the asset within twelve months after reporting period;
  - (d) The asset is cash or cash equivalent unless the asset is restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

Except the circumstances of 3)3., for those assets that are not current are classified as non-current.

2. A liability is classified as current under one of the conditions below:
  - (a) The Company expects to settle the liability in normal operating cycle;
  - (b) The Company holds the liability primarily for the purpose of trading;
  - (c) The liability is due to be settled within twelve months after the reporting period;
  - (d) The Company does not have the right to defer settlement of the liability for at least twelve months after the reporting period.

Except the circumstances of 3)3., for those liabilities that are not current are classified as non-current.

3. As the operating cycles of construction and sales of housing are usually longer than 1 year, the assets and liabilities related to construction and long-term construction contracts shall be classified as current or non-current based on operating cycles (usually 3 years). Other assets and liabilities shall be classified by the criteria of 1 year.

4) Cash equivalents

Cash equivalents are short-term, highly liquid investments that are readily convertible to known amounts of cash and with maturity dates that do not present significant risks of changes in value. If time deposits conform to the conditions as mentioned above, and the Company holds them for the purpose of short-term cash commitment in operation, they are classified as cash equivalents.

5) Financial assets at amortized cost

1. A financial asset is measured at amortized cost if both of the following conditions are met:
  - (a) The objective of the business model for managing the asset is to hold assets in order to collect contractual cash flows.
  - (b) The asset’s contractual terms of the financial asset give rise to cash flows that are solely payments of principal and interest on the principal amount outstanding
2. A regular way purchase or sale of financial assets at amortized cost Is recognized using trade date accounting.
3. The amount at which the financial assets are measured at initial recognition is the fair value plus transaction costs, and shall be subsequently measured by effective interest method to amortize any difference between that initial amount and the maturity amount as interest revenue, and impairment losses shall be recognized. At derecognition, the profit or loss is recognized in profit or loss.
4. As the holding periods of the time deposits held by the Company that do not conform to the conditions of cash equivalents are short, the effect of discounting is immaterial. They shall be measured by the investment amounts

- 6) Accounts and notes receivables
1. Accounts and notes receivables are the accounts and notes with the unconditional right to receive the consideration for the goods transferred or services rendered according to the contracts.
  2. As the effect of discounting of short-term accounts and notes receivables without bearing interests is immaterial, they shall be measured by the original invoice amount.
- 7) Impairment of financial assets
- At each balance sheet date, the Company shall assess whether the credit risk on financial assets at amortized cost has increased significantly since initial recognition. The Company shall consider all the reasonable and provable information, including foreseeing information. If the credit risk on a financial instrument has not increased significantly since initial recognition, the Company shall measure the loss allowance for that instrument at an amount equal to 12-month expected credit losses. If the credit risk on a financial instrument has increased significantly since initial recognition, the Company shall measure the loss allowance for that instrument at an amount equal to lifetime expected credit losses. For those accounts receivables or contract assets not containing significant financing component, the Company shall measure the loss allowance at an amount equal to lifetime expected credit losses.
- 8) Derecognition of financial assets
- The Company shall derecognize the financial assets when the contractual rights to the cash flows from the financial assets expire
- 9) Lease of lessor—operating lease
- The Company shall recognize the lease income associated with those leases less any incentives offered to the lessees as profit or loss on a straight-line basis over the lease term.
- 10) Inventories
- Inventories are initially recognized by acquisition cost. Costs are carried over by construction site, and allocated by the ratio of floor space if the inventory is a building, by land ownership portion if the inventory is a land for construction. Inventories in the end of the period are measured at the lower of cost and net realizable value item by item. Net realizable value is the estimated selling price in the ordinary course of business less the estimated cost of completion and the estimated cost necessary to make the sale.
- 11) Investments accounted for using equity method/subsidiaries and associates
1. Subsidiaries are all entities (including structured entities) controlled by the Company. The Company controls an entity when the Company is exposed, or has rights, to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity.
  2. Unrealized profit or losses on transactions with subsidiaries have been eliminated. Appropriate adjustments of accounting policies of the subsidiaries have been made to be uniform with the accounting policies of the Company.
  3. Share of profit or loss of subsidiaries is recognized in profit or loss, and share of other comprehensive income of subsidiaries is recognized in other comprehensive income. If the Company's share of losses of a subsidiary equals or exceeds its interest in the subsidiary, the Company continues to recognize its share of further losses.
  4. An associate is an entity over which the Company has significant influence, but does not control. Generally, the Company directly or indirectly holds over 20% of ownership with voting rights of associates' shares. Investments in associates shall be accounted for by equity method, and recognized by cost at acquisition.
  5. An investment in an associate is adjusted thereafter to recognize the Company's share of profit or loss and other comprehensive income of the associate in profit or loss and other comprehensive income accordingly. If the Company's share of losses of an associate equal or exceed its interest in the associate (including any other receivables without guarantees), the Company discontinues recognizing its share of further losses. After the Company's interest is reduced to zero, additional

losses are provided for, and a liability is recognized, only to the extent that the Company has incurred legal or constructive obligations or made payments on behalf of the associate.

6. If the changes in equity of associates not due to profit or loss and other comprehensive income, and the changes have no influence on the Company's percentage of ownership to the associates, the Company shall recognize all the changes in equity by percentage of ownership into "capital surplus."
7. The Company's share of unrealized profits or losses arising from transactions between the Company and associates are eliminated. Unless transactions provide evidence of an impairment loss of the assets transferred, the unrealized losses shall be eliminated as well. Appropriate adjustments of accounting policies of the associates have been made to be uniform with the accounting policies of the Company.
8. When the Company disposes an associate, if the Company loses significant influence of the associate, the amount previously recognized in other comprehensive income which relates to the associate, the accounting treatment shall be the same as disposal of the related assets and liabilities. That is, if a gain or loss previously recognized in other comprehensive income by the Company would be reclassified to profit or loss on the disposal of the related assets or liabilities, the Company reclassifies the gain or loss to profit or loss. If the Company still has significant influence over the associate, the Company shall only reclassify to profit or loss the proportion of the gain or loss that had previously been recognized in other comprehensive income relating to that reduction in ownership interest.
9. According to "Regulations Governing the Preparation of Financial Reports by Securities Issuers," the profit or loss during the period and other comprehensive income presented in parent company only financial reports shall be the same as the allocations of profit or loss during the period and of other comprehensive income attributable to owners of the parent presented in the financial reports prepared on a parent company only basis, and the owners' equity presented in the parent company only financial reports shall be the same as the equity attributable to owners of the parent presented in the financial reports prepared on a parent company only basis.

#### 12) Property, plant and equipment

1. Property, plant and equipment are initially recognized by acquisition cost. The relevant borrowing cost during the period of construction shall be capitalized.
2. Subsequent costs shall be recognized in the carrying value of the assets or as an individual asset, only if it's probable that future economic benefits associated with the item are expected to flow to the Company, and the costs can be measured reliably. The carrying value of the replaced items shall be derecognized. Other fix and maintenance cost are recognized in profit or loss.
3. Property, plant and equipment are subsequently measured by cost model. Aside from land, which shall not be depreciated, straight-line method is used to allocate the depreciable amount of an asset over its useful life. Each part of an item of property, plant and equipment with a cost that is significant in relation to the total cost of the item shall be depreciated separately.
4. The residual value and the useful life of an asset shall be reviewed at each financial year-end, and if expectations differ from previous estimate, or there's significant change in the consuming way of future economic benefits associated with the asset, the changes shall be accounted for as a change in an accounting estimate in accordance with IAS 8 "Accounting Policies, Changes in Accounting Estimates and Errors" since the date of the changes. The useful lives of each asset are listed below: Buildings and structures 20~55 years, auxiliary equipment 10 years, and other equipment 3~5 years.

#### 13) Investment properties

An investment property is measured initially at cost, and subsequently measured by cost model. Except for land, other investment properties shall be depreciated by straight-line method over their useful life of 50~55 years.

#### 14) Impairment of non-financial assets

The Company shall assess at the balance sheet date whether there is any indication that an asset may be impaired. If any indication is present, the Company shall assess the recoverable amount of the asset. If the recoverable amount of the asset is less than its carrying amount, impairment loss shall be

recognized. Recoverable amount is the higher of the cash-generating unit's net fair value and its value in use. If the circumstances or reasons for recognizing impairment loss for an asset in prior years no longer exist or diminish, the impairment loss shall be reversed. The increased carrying amount of an asset attributable to a reversal of an impairment loss shall not exceed the carrying amount that would have been determined (net of amortization or depreciation) had no impairment loss been recognized for the asset in prior years.

15) Borrowings

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

16) Accounts and notes payables

1. Accounts and notes payables are liabilities to pay for goods or services that have been received from the supplier in operations or not in operations.
2. As the effect of discounting of short-term accounts and notes payables without bearing interests is immaterial, they shall be measured by the original invoice amount.

17) Derecognition of financial liabilities

The Company shall derecognize a financial liability from its statement of financial position when the obligation specified in the contract is discharged or cancelled or expires.

18) Financial guarantee contracts

A contract that requires the Group to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payment when due in accordance with the original or modified terms of a debt instrument. Financial guarantee contracts are measured at fair value in initial recognition, and subsequently measured at the higher of the loss allowances determined by expected credit loss and the cumulative amount of income recognized.

19) Employee benefits

1. Short-term employee benefits  
Short-term employee benefits are measured by the undiscounted amount expected to be paid, and recognized as an expense when the employees have rendered service entitling them to the contribution.
2. Pension  
For defined contribution plans, the contributions shall be recognized as pension expenses when they are due on the accrual basis. Prepaid contributions shall be recognized that excess as an asset to the extent that the prepayment will lead to a cash refund or a reduction in the future payments.
3. Employees' and directors' remuneration  
Employees' and directors' remuneration are recognized as expenses and liabilities provided that such recognition is required under legal or constructive obligation and those amounts can be reliably estimated. Any difference between the resolved amounts and the subsequently actual distributed amounts is accounted for as changes in estimates. If the employee's remuneration is paid by stock, the basis for calculating the number of shares is the closing price before the date of board of directors' resolution.

20) Income tax

1. The income tax expense for the period comprises current and deferred income tax. Tax is recognized in profit or loss, except to the extent that it relates to the items recognized in other comprehensive income or items recognized directly in equity, in which cases the tax is recognized in other comprehensive income or equity.
2. The current income tax expense is calculated on the basis of the tax laws enacted or substantively enacted at the balance sheet date in the countries where the entities operate and generate taxable income. Management shall periodically evaluate the tax declaration condition, and estimate the income tax liabilities based on the tax expected to be paid to the taxation authority when applicable.

An additional tax on unappropriated earnings is recognized as income tax expenses on unappropriated earnings in the year the shareholders' meeting approves the distribution of earnings based on the actual distribution.

3. Deferred income tax shall be recognized for the temporary differences between the tax bases of assets and liabilities and their carrying amounts in the financial statements, except to the extent that the deferred tax liabilities arise from the initial recognition of an asset or liability in a transaction which is not a business combination, and at the time of the transaction, affects neither accounting profit nor taxable profit (tax loss) ,and does not give rise to equal taxable and deductible temporary differences. The Company shall not recognize the deferred tax liabilities for temporary differences associated with investments in subsidiaries, if the Company is able to control the timing of the reversal of the temporary differences and it is probable that the temporary differences will not reverse in the foreseeable future. Deferred income tax is measured at the tax rates that are expected to apply in the year when the asset is realized or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.
4. Deferred tax assets shall be reassessed at each reporting date and recognized to the extent that it has become probable that future taxable profit will allow the deferred tax assets to be recovered.

21) Share capital

Ordinary shares are classified in equity. The incremental costs directly attributable to issuance of new stock or stock options are recognized as the debit elements of the capital in equity.

22) Dividend distribution

The cash dividends to be paid to shareholders shall be recognized as liabilities in the financial statements when the board of directors makes the resolution. The stock dividends shall be recognized as stock dividends to be distributed in the financial statements when the shareholders' meeting makes the resolution, and shall be transferred to ordinary shares at the base date of issuance of the new shares.

23) Revenue recognition

1. Sales of properties

- (a) The Company is primarily engaging in the construction and sales of properties. The Company shall recognize revenue when the customer obtains control of that asset. For the contracts of selling houses signed, based on the restriction of the terms of the contracts, the properties cannot be used for other purposes to the Company. And the Company does not have the enforceable rights, until the legal ownership of the properties has transferred to customers. Therefore, revenue is recognized when the legal ownership has transferred to the customers and the Company has acquired the housing confirmation letter at the time the properties are conveyed.
- (b) The contracts of pre-sale houses include the terms of down payments, and the periods from receiving the down payments and the transfers of the control of goods are longer than 1 year. If the Company assesses that individual pre-sale house contract contains a significant financial component, the committed consideration shall be adjusted and interest expenses shall be recognized. In addition, the Company shall consider the materiality of the financial component by the contract level, not consider whether the financing is material by the portfolio level. The contract liabilities shall be recognized as revenue when the properties are completed and the control has transferred to customers.

2. Development and resale of land

Revenue is measured by the amount agreed by contracts. The customers shall pay for the contract consideration when the legal ownership of the properties transferred. Under rare circumstances, the Company negotiates with customers to delay the payment, but the delays do not exceed 12 months. As the Company determines that the contracts are without significant financial components, the amounts of considerations are not adjusted.

3. Costs of obtaining contracts with customers

The incremental costs of obtaining a contract (primarily sales commission) shall be recognized as an asset (recognized as other current assets) when incurred if the Company expects to recover those costs, and shall be amortized systematically by the same basis as the goods or services provided related to the assets. If the consideration expected to be received less the costs not recognized as expenses is lower than the carrying amount of the asset subsequently, the difference shall be recognized as impairment loss.

#### 4. Rental income

Rentals are recognized as revenue and amortized by straight-line method over the lease period.

#### (5) Major sources of uncertainty arising from significant accounting judgments, estimates, and assumptions

When preparing the Company's parent company only financial statements, the management has made judgments to determine the account policies adopted, and make accounting estimates and assumptions based on the reasonable exceptions for future events based on the condition at the balance sheets date. However, these estimates and assumptions could differ from the actual result; thus, they could be assessed and adjusted by taking into account historical experiences and other factors. The estimates and assumptions could result in risks that require a material adjustment to the carrying amount of assets and liabilities in the next fiscal year. The uncertainty of significant accounting judgments, estimates and assumptions is as follows:

##### Significant accounting estimates and assumptions

As inventories are measured by the lower of cost and net realizable value, the Company has to utilize judgment and estimates to determine the net realizable value of inventories at the balance sheet date.

As of December 31, 2024, the carrying amount of inventories amounted to NT\$3,517,660 thousand.

#### (6) Explanation of significant accounts

##### 1) Cash and cash equivalents

	<u>December 31, 2024</u>	<u>December 31, 2023</u>
Cash on hand	\$ 30	\$ 30
Checking and demand deposits	422,447	457,538
Time deposits	<u>150,000</u>	<u>400,000</u>
	<u>\$ 572,477</u>	<u>\$ 857,568</u>

1. As the correspondent banks are credible and the Company has several correspondent banks to diversify the credit risk, the probability of default is expected to be very low.
2. The Company classified the time deposits with original maturity over 3 months and not for the purpose of short-term cash commitment, and cash and cash equivalents with restricted purposes as "financial assets at amortized cost." As of December 31, 2024 and 2023, the item amounted to NT\$170,816 thousand and NT\$100,000 thousand, respectively.

##### 2) Financial assets at amortized cost

<u>Item</u>	<u>December 31, 2024</u>	<u>December 31, 2023</u>
Current items:		
Time deposits with original maturity over 3 months	\$ 150,000	\$ 100,000
Special account for performance bond deposits	<u>20,816</u>	<u>-</u>
Total	<u>\$ 170,816</u>	<u>\$ 100,000</u>

1. The profit or loss arising from financial assets at amortized cost recognized is as follows:

	<u>2024</u>	<u>2023</u>
Interest revenue		
Interest revenue from Time deposits with original maturity over 3 months	<u>\$ 1,017</u>	<u>\$ 543</u>

2. Without consider the collaterals held and other credit enhancement, as of December 31, 2024 and 2023, the most representative credit risk exposure amounts of financial assets at amortized cost are NT\$170,816 thousand and NT\$100,000 thousand, respectively.

3. Please refer to Note 12.2 for the credit risk related to financial assets at amortized cost.
4. Please refer to Note 8 for the financial assets at amortized cost pledge as collaterals.

3) Notes and accounts receivables

	<u>December 31, 2024</u>	<u>December 31, 2023</u>
Notes receivables	<u>\$ -</u>	<u>\$ 123</u>
Accounts receivables	<u>\$ -</u>	<u>\$ 23,310</u>

1. The aging analysis of notes and accounts receivables is as follows:

	<u>December 31, 2024</u>		<u>December 31, 2023</u>	
	<u>Accounts receivables</u>	<u>Notes receivables</u>	<u>Accounts receivables</u>	<u>Notes receivables</u>
Undue	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 23,310</u>	<u>\$ 123</u>

The aging analysis is based on the days of overdue.

2. As of December 31, 2024 and 2023 the balances of accounts receivables are arising from contracts with customers. And as of January 1, 2023, the balance of accounts receivables amounted to NT\$9,300 thousand.
  3. The notes and accounts receivables were not pledged as collateral.
  4. Without consider the collaterals held and other credit enhancement, as of December 31, 2024 and 2023, the most representative credit risk exposure amounts of financial assets at amortized cost are NT\$0 thousand and NT\$23,433 thousand, respectively.
  5. Please refer to Note 12.2 for the credit risk related to notes and accounts receivables.
- 4) Inventories

	<u>December 31, 2024</u>		
	<u>Cost</u>	<u>Allowance for price decline</u>	<u>Carrying amount</u>
Buildings and land held for sale	\$ 105,136	(\$ 6,594)	\$ 98,542
Land under construction	2,212,772	-	2,212,772
Construction work in process	626,414	-	626,414
Land for building	584,266	( 4,334)	579,932
Total	<u>\$ 3,528,588</u>	<u>(\$ 10,928)</u>	<u>\$ 3,517,660</u>

	<u>December 31, 2023</u>		
	<u>Cost</u>	<u>Allowance for price decline</u>	<u>Carrying amount</u>
Buildings and land held for sale	\$ 471,859	(\$ 6,950)	\$ 464,909
Land under construction	2,212,772	-	2,212,772
Construction work in process	71,147	-	71,147
Land for building	583,659	( 4,333)	579,326
Total	<u>\$ 3,339,437</u>	<u>(\$ 11,283)</u>	<u>\$ 3,328,154</u>

1. The inventory costs recognized as expenses or losses in current period:

	2024	2023
Costs of buildings and land sold	\$ 366,594	\$ 2,571,627
Inventory valuation losses (reversal gains)	( 355)	5,391
	<u>\$ 366,239</u>	<u>\$ 2,577,018</u>

As part of the inventories with losses on inventory valuation have been sold in 2024, the net realizable value of inventories increased.

2. Buildings and land held for sale are as follows:

Name of buildings and land	December 31, 2024	December 31, 2023
Taichung City (Forest Cube)	\$ -	\$ 359,408
Taichung City (Mizhidi)	35,427	37,511
Taoyuan City (Jingyinghui)	25,308	30,545
Chiayi City (Chongwentianxia)	29,900	29,900
Houjhuang Section, Duanzhu Section, Tongxing Section	13,506	13,500
Taichung City (Shidaijingying)	995	995
	<u>\$ 105,136</u>	<u>\$ 471,859</u>

3. Land under construction is as follows:

Name of construction site	December 31, 2024	December 31, 2023
Zhenfu section, Taichung City (Green & House)	\$ 709,671	\$ 709,671
Dingqiaozitou section, Taichung City (Chien 18)	716,043	716,043
Renping section, Taichung City (Home +)	787,058	787,058
	<u>\$ 2,212,772</u>	<u>\$ 2,212,772</u>

4. Construction work in process is as follows:

Name of construction site	December 31, 2024	December 31, 2023
Zhenfu section, Taichung City (Green & House)	\$ 141,305	\$ 30,274
Dingqiaozitou section, Taichung City (Chien 18)	390,789	33,139
Renping section, Taichung City (Home +)	94,320	7,734
	<u>\$ 626,414</u>	<u>\$ 71,147</u>



5. Land held for construction is as follows:

Name of construction site	December 31, 2024	December 31, 2023
Neiweng Section	\$ 547,853	\$ 547,259
Pingxin Section	24,810	24,797
Renyitan hotel	11,603	11,603
	<u>\$ 584,266</u>	<u>\$ 583,659</u>

6. Please refer to Note 6.19 for the capitalized amount of the interests of inventories for the years ended December 31, 2024 and 2023. The interest rate intervals used for calculating the capitalization of interests are 2.38%~2.56% and 2.29%~2.62%.

7. Please refer to Note 8 for the inventories pledged as collaterals.

8. The Company has signed of the sale and purchase of land with the seller of the land of No. 46 on Zhenfu section, Nantun District, Taichung City on July 31, 2020. As the seller applied seal change with the land office on September 10, 2020, the Company was unable to proceed with the registration process of transferring the ownership. In addition, as the seller's second son applied a ruling that orders an injunction to Taiwan Taichung District Court and the registration of restriction was issued, the Company was unable to implement the transfer of ownership. Therefore, the Company filed a complaint based on the contract to request the seller to repay the first installment of down payment, and the second installment of official seal payment, with total amount NT\$23,540 thousand (recognized as other receivables) and liquidated damages, etc. Taiwan Taichung District Court has completed the civil judgment on June 30, 2022. The result is that the seller has to repay the Company NT\$23,540 thousand of considerations, NT\$17,662 thousand of liquidated damages, NT\$370 thousand of court costs, and NT\$3,971 thousand of legal interests accrued until December 31, 2022. The total amount is NT\$45,543 thousand (recognized as other receivables). The Company has applied to the court to distrain the land of No. 46 on Zhenfu section, Nantun District, Taichung City on July 11, 2022, and the proceeds from the distraint of NT\$46,272 thousand (including the legal interests accrued from January 1 to March 9, 2023 of NT\$393 thousand and the expense of execution of NT\$336 thousand) has been distributed by the letter from the court on April 6, 2023. They payment has been collected in full on May 10, 2023.

5) Other current assets

	December 31, 2024	December 31, 2023
Current incremental costs of obtaining contracts	\$ 92,842	\$ 26,807
Taxes overpaid retained for offsetting the future tax payables	22,015	5,175
Prepayments	315	277
Other current assets-others	<u>351</u>	<u>3,270</u>
	<u>\$ 115,523</u>	<u>\$ 35,529</u>

6) Investments accounted for using equity method

	<u>2024</u>	<u>2023</u>
January 1	\$ 313,604	\$ 258,543
Additions in investment accounted for using equity method	-	180,000
Share of profit or loss of investments accounted for using equity method	377	510
Earnings distributions from investments accounted for using equity method	-	( 124,451)
Refund of paid-up capital from liquidation of investments accounted for using equity method	-	( 998)
December 31	<u>\$ 313,981</u>	<u>\$ 313,604</u>

	<u>December 31, 2024</u>	<u>December 31, 2023</u>
Subsidiaries:		
Hung Yeu Construction Co., Ltd.	\$ 135,540	\$ 134,086
Associates:		
Fong Suei Construction Co., Ltd.	<u>178,441</u>	<u>179,518</u>
	<u>\$ 313,981</u>	<u>\$ 313,604</u>

1. Subsidiaries and associates

The basic information on subsidiaries is as follows:

<u>Company name</u>	<u>Main operating location</u>	<u>Percentage of ownership</u>		<u>Relationship</u>	<u>Measurement</u>
		<u>December 31, 2024</u>	<u>December 31, 2023</u>		
Hung Yeu Construction Co., Ltd.	Taiwan	92.83%	92.83%	Subsidiary	Equity method
Fong Suei Construction Co., Ltd.	Taiwan	30.00%	30.00%	Associate	Equity method

The Company resolved by the board of directors on March 15, 2023 to participate in the “Urban Renewal Project in the Renewal Area in Southern Side of Chien Kung Senior High School, Hsinchu City” by business alliance with DaMei Investment Co., Ltd. and jointly establish “Fong Suei Construction Co., Ltd.” The Company invested NT\$180,000 thousand, and acquired 30% of ownership. As the Company has significant influence over the investee, it is recognized as investments accounted for using equity method.

2. The profit or loss of long-term equity investments accounted for using equity method for the years ended December 31, 2024 and 2023 was recognized based on the audited and attested financial statements of each investee in the same period. The profit (loss) of long-term equity investments accounted for using equity method is as follows:

	<u>2024</u>	<u>2023</u>
Hung Yeu Construction Co., Ltd.	\$ 1,454	\$ 992
Fong Suei Construction Co., Ltd.	( 1,077)	( 482)
	<u>\$ 377</u>	<u>\$ 510</u>

3. The aforementioned long-term equity investments with percentage of ownership over 50% were included in the parent company only entities in the consolidated financial statements for the years ended December 31, 2024 and 2023.

7) Property, plant and equipment

	<u>January 1, 2024</u>	<u>Additions</u>	<u>Deductions</u>	<u>December 31, 2024</u>
<u>Cost</u>				
Land	\$ 17,738	\$ -	\$ -	\$ 17,738
Buildings and structures	16,894	-	-	16,894
Auxiliary equipment	8,117	-	-	8,117
Other equipment	3,192	-	-	3,192
	<u>\$ 45,941</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 45,941</u>
<u>Accumulated depreciation</u>				
Buildings and structures	(\$ 810)	(\$ 805)	\$ -	(\$ 1,615)
Auxiliary equipment	( 744)	( 738)	-	( 1,482)
Other equipment	( 3,014)	( 63)	-	( 3,077)
	<u>(\$ 4,568)</u>	<u>(\$ 1,606)</u>	<u>\$ -</u>	<u>(\$ 6,174)</u>
	<u>\$ 41,373</u>			<u>\$ 39,767</u>

	<u>January 1, 2023</u>	<u>Additions</u>	<u>Deductions</u>	<u>December 31, 2023</u>
<u>Cost</u>				
Land	\$ 17,738	\$ -	\$ -	\$ 17,738
Buildings and structures	16,894	-	-	16,894
Auxiliary equipment	8,117	-	-	8,117
Other equipment	3,005	187	-	3,192
	<u>\$ 45,754</u>	<u>\$ 187</u>	<u>\$ -</u>	<u>\$ 45,941</u>
<u>Accumulated depreciation</u>				
Buildings and structures	(\$ 6)	(\$ 804)	\$ -	(\$ 810)
Auxiliary equipment	( 6)	( 738)	-	( 744)
Other equipment	( 2,855)	( 159)	-	( 3,014)
	<u>(\$ 2,867)</u>	<u>(\$ 1,701)</u>	<u>\$ -</u>	<u>(\$ 4,568)</u>
	<u>\$ 42,887</u>			<u>\$ 41,373</u>

8) Lease transactions — lessor

1. The underlying assets of the lease transactions that the Company involves are land. The duration of lease term is usually 1 to 8 years. The lease contracts are negotiated individually and applicable to different terms and conditions. In order to guarantee the condition of the leased assets, the Company usually requests the lessees not to use the lease assets as collaterals, or to provide guarantees for residual values.
2. The rental income (recognized as operating revenue-rental income of buildings) from operating leases for the years ended December 31, 2024 and 2023 amounted to NT\$3,986 thousand and NT\$4,809 thousand, respectively. There is no variable lease payment.
3. The maturity analysis of the lease payments of operating lease is as follows:

	<u>December 31, 2024</u>	<u>December 31, 2023</u>
1 year	\$ 4,663	\$ 3,407
1~5 years	20,345	62
Over 5 years	<u>4,041</u>	<u>-</u>
Total	<u>\$ 29,049</u>	<u>\$ 3,469</u>

9) Investment properties

	<u>January 1, 2024</u>	<u>Additions</u>	<u>Deductions</u>	<u>December 31, 2024</u>
<u>Cost</u>				
Land	\$ 92,700	\$ -	\$ -	\$ 92,700
Buildings and structures	27,713	-	-	27,713
	<u>\$ 120,413</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 120,413</u>
<u>Accumulated depreciation</u>				
Buildings and structures	(\$ 11,447)	(\$ 533)	\$ -	(\$ 11,980)
	<u>\$ 108,966</u>			<u>\$ 108,433</u>
	<u>January 1, 2023</u>	<u>Additions</u>	<u>Deductions</u>	<u>December 31, 2023</u>
<u>Cost</u>				
Land	\$ 92,700	\$ -	\$ -	\$ 92,700
Buildings and structures	27,713	-	-	27,713
	<u>\$ 120,413</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 120,413</u>
<u>Accumulated depreciation</u>				
Buildings and structures	(\$ 10,914)	(\$ 533)	\$ -	(\$ 11,447)
	<u>\$ 109,499</u>			<u>\$ 108,966</u>

1. The rental income and direct operating expenses of investment properties are as follows:

	<u>2024</u>	<u>2023</u>
Rental income from investment properties	<u>\$ 3,760</u>	<u>\$ 4,129</u>
Direct operating expenses incurred by the investment properties with current rental income	<u>\$ 654</u>	<u>\$ 656</u>

2. The fair value of the investment properties amounted to NT\$125,832 thousand and NT\$126,870 thousand for the years ended December 31, 2024 and 2023, respectively. The fair value is in the scope of level 3 of fair value hierarchy, which is the not valuated by an independent appraiser. The fair value is evaluated by the management using the valuation model often used by market participants, by discounting future cash flows of rental income. The significant unobservable inputs include the discount rate.
3. Please refer to Note 8 for the information on investment properties pledged as collaterals.

10) Short-term borrowings

<u>Types of borrowing</u>	<u>Loan period and repayment</u>	<u>Interest rate</u>	<u>Collateral</u>	<u>December 31, 2024</u>
Bank loan				
Secured loans	July 13, 2021~ June 30, 2030 Interests shall be paid monthly, and the principal shall be repaid at maturity.	2.575%	Inventories — land under construction	\$ 305,000
Secured loans	April 27, 2022~ June 30, 2030 Interests shall be paid monthly, and the principal shall be repaid at maturity.	2.675%	Inventories — land under construction	203,630
Secured loans	June 9, 2022~ June 9, 2027 Interests shall be paid monthly, and the principal shall be repaid at maturity.	2.425%	Inventories — land under construction	435,000
Unsecured loans	November 14, 2022~ June 9, 2027 Interests shall be paid monthly, and the principal shall be repaid at maturity.	2.675%	None	28,000
Secured loans	January 18, 2023~ June 9, 2027 Interests shall be paid monthly, and the principal shall be repaid at maturity.	2.525%	Inventories — land under construction	93,800
Secured loans	November 18, 2024~ June 9, 2027 Interests shall be paid monthly, and the principal shall be repaid at maturity.	2.525%	Inventories — Construction in progress	50,400
Secured loans	March 15, 2023~ March 15, 2028 Interests shall be paid monthly, and the principal shall be repaid at maturity.	2.675%	Inventories — land under construction	246,000
				<u>\$ 1,361,830</u>

<u>Types of borrowing</u>	<u>Loan period and repayment</u>	<u>Interest rate</u>	<u>Collateral</u>	<u>December 31, 2023</u>
Bank loan				
Secured loans	June 9, 2022~ June 9, 2027 Interests shall be paid monthly, and the principal shall be repaid at maturity.	2.300%	Inventories — land under construction	\$ 435,000
Unsecured loans	November 14, 2022~ June 9, 2027 Interests shall be paid monthly, and the principal shall be repaid at maturity.	2.550%	None	28,000
Secured loans	January 18, 2023~ June 9, 2027 Interests shall be paid monthly, and the principal shall be repaid at maturity.	2.400%	Inventories — land under construction	93,800
				<u>\$ 556,800</u>

1. Inventories were pledged as collaterals for the aforementioned borrowings as of December 31, 2024 and 2023, and key management also provided guarantees. Please refer to Note 7.2.
2. Please refer to Note 8 for the assets pledge as collaterals for the short-term borrowings.

# 11) Long-term borrowings

<u>Types of borrowing</u>	<u>Loan period and repayment</u>	<u>Interest rate</u>	<u>Collateral</u>	<u>December 31, 2024</u>
Long-term bank loans				
Secured loans	April 19, 2017~ April 19, 2032	2.510%	Inventories-buildings and land held for sale, investment properties	\$ 23,234
	Interests shall be paid monthly, and the principal shall be repaid in installments since the third year.			
Secured loans	August 11, 2017~ August 11, 2032	2.510%	Investment properties	11,177
	Interests shall be paid monthly, and the principal shall be repaid in installments since the third year.			
Subtotal				<u>34,411</u>
Less: current portion of long-term borrowings				<u>( 4,254)</u>
Total				<u>\$ 30,157</u>

<u>Types of borrowing</u>	<u>Loan period and repayment</u>	<u>Interest rate</u>	<u>Collateral</u>	<u>December 31, 2023</u>
Long-term bank loans				
Secured loans	April 19, 2017~ April 19, 2032	2.380%	Inventories-buildings and land held for sale, investment properties	\$ 26,088
	Interests shall be paid monthly, and the principal shall be repaid in installments since the third year.			
Secured loans	August 11, 2017~ August 11, 2032	2.380%	Investment properties	12,485
	Interests shall be paid monthly, and the principal shall be repaid in installments since the third year.			
Secured loans	July 13, 2021~January 13, 2025	2.450%	Inventories-land under construction	305,000
	Interests shall be paid monthly, and the principal shall be repaid at maturity.			
Secured loans	April 27, 2022~January 13, 2025	2.550%	Inventories-land under construction	172,300
	Interests shall be paid monthly, and the principal shall be repaid at maturity.			
Secured loans	March 15, 2023~ March 15, 2028	2.550%	Inventories-land under construction	246,000
	Interests shall be paid monthly, and the principal shall be repaid at maturity.			
Subtotal				<u>761,873</u>
Less: current portion of long-term borrowings				<u>( 4,177)</u>
Total				<u>\$ 757,696</u>

1. Inventories and investment properties were pledged as collaterals for the aforementioned borrowings, and key management also provided guarantees. Please refer to Note 7.2.
2. Please refer to Note 8 for the assets pledged as collaterals for the long-term borrowings.

12) Pension

1. The employee pension plan under the Labor Pension Act of the R.O.C. is a defined contribution plan. Since July 1, 2005, pursuant to the plan, the Company and domestic subsidiaries make monthly contributions of 6% based on each individual employee's salary or wage to employees' pension accounts for employees who chose to continue to be subject to the pension mechanism under the Labor Standards Act. The labor pension shall be paid for monthly pension payments or lump-sum payment, based on the principal and accrued dividends from an employee's individual labor pension account.
2. The pension costs recognized based on the aforementioned pension plan amounted to NT\$636 thousand and NT\$631 thousand for the years ended December 31, 2024 and 2023, respectively.

13) Share capital

The Company had authorized capital of NT\$2,000,000 thousand as of December 31, 2024, of which 155,001 thousand shares with par value of NT\$10 were issued. The paid-in capital is NT\$1,550,015 thousand.

The numbers of outstanding ordinary shares in the beginning and in the end of the period are reconciled as follows (unit: thousands of shares):

	2024	2023
Number of shares as of beginning and end of period	<u>155,001</u>	<u>155,001</u>

14) Capital surplus

According to the regulation of the Company Act, where a company incurs no loss, it may distribute the income derived from the issuance of new shares at a premium, and the income from endowments received by the company, by issuing new shares which shall be distributable as dividend shares to its original shareholders in proportion to the number of shares being held by each of them or by cash. Based on the relevant regulations of Securities and Exchange Act, where a company intends to capitalize the aforementioned capital surplus, the total amount per year shall not exceed 10% of paid-in capital. A company shall not use the capital surplus to make good its capital loss, unless the surplus reserve is insufficient to make good such loss.

15) Retained earnings

1. According to the Articles of Incorporation, if there is any net profit after closing of a fiscal year, the profits shall be distributed in the following order:

- (a) payment of all taxes and dues;
- (b) offsetting losses in prior years;
- (c) setting aside a legal capital reserve at 10% of the profits left over, provided that no allocation of legal reserve is required if the accumulated legal reserve is equivalent to the total capital amount of the Company;
- (d) setting aside or rotating special reserve according to the rule set out by the government authority in charge;
- (e) If there is still remaining balance, the Company shall set aside with accumulated unappropriated retained earnings for shareholders' dividends. The Board of Directors shall draw up a meeting regarding the issue of profit distribution and report to the shareholders' meeting for the resolution of the distribution of the dividend.

The dividend policies of the Company take consideration of the operation of the Company, funding requirements, the changes in internal and external environments and shareholders' interests. Earnings may be distributed entirely or partially. The dividends may be distributed in cash or in stock, and the ratio of cash dividend shall be no less than 10% of total distribution.

According to Article 240-5 of the Company Act, the Company authorizes the distributable dividends and bonuses may be paid in cash after a resolution has been adopted at a meeting of the board of directors; and in addition thereto a report of such distribution shall be reported to the shareholders' meeting, but shall not be submitted to the shareholders' meeting for approval.

2. The legal reserve shall not be used except for making good the deficit of the company and being distributed by issuing new shares which shall be distributable as dividend shares to its original shareholders in proportion to the number of shares being held by each of them or by cash, for the portion in excess of 25% of the paid-in capital.
3. When distributing distributable earnings, the Company shall set aside special reserve for the debit balance under other equity in the balance sheets according to regulations. If any of the debit balance under other equity is reversed, the special reserve in the amount equal to the reversal may be reversed for earnings distribution.
4. The earnings distribution proposal of 2022 has been resolved by the board of directors on March 15, 2023, and submitted to shareholders meeting on May 31, 2023. The earnings distribution proposal of 2023 has been resolved by the board of directors on March 5, 2024, and submitted to shareholders meeting on May 29, 2024. The distribution proposals are as follows:

	2023		2022	
	Amount	Dividend per share	Amount	Dividend per share
Legal reserve	\$ 57,852		\$ 46,964	
Cash dividend	<u>232,502</u>	\$ 1.5	<u>232,502</u>	\$ 1.5
Total	<u>\$ 290,354</u>		<u>\$ 279,466</u>	

The earnings distribution proposal for the year ended December 31, 2022 is the same as the board of directors' proposals proposed on March 15, 2023.

5. The earnings distribution for the year ended December 31, 2024 has been resolved by the board of directors to be NT\$0.5 of dividend per ordinary share, with total amount NT\$77,501 thousand on February 25, 2025.

#### 16) Operating revenue

	2024	2023
Revenue from contracts with customers	\$ 508,850	\$ 3,326,986
Others-Rental income of buildings	<u>3,986</u>	<u>4,809</u>
Total	<u>\$ 512,836</u>	<u>\$ 3,331,795</u>

#### 1. Classification of revenue from contracts with customers

The revenue of the Company can be classified geographically as follows:

		<u>Construction division</u>		
<u>2024</u>	<u>South area</u>	<u>Central area</u>	<u>North area</u>	<u>Total</u>
Segment revenue	\$ -	\$ 503,752	\$ 5,098	\$ 508,850
Time of revenue recognition				
Revenue recognized at a point in time				<u>\$ 508,850</u>

		<u>Construction division</u>		
<u>2023</u>	<u>South area</u>	<u>Central area</u>	<u>North area</u>	<u>Total</u>
Segment revenue	\$ -	\$ 1,159,540	\$ 2,167,446	\$ 3,326,986
Time of revenue recognition				
Revenue recognized at a point in time				<u>\$ 3,326,986</u>



2. As of December 31, 2024 and 2023, the total amount of the allocated transaction prices for not fulfilling contractual obligations and the expected years of revenue recognition of the signed contracts of sales of buildings and land are as follows:

	<u>December 31, 2024</u>	<u>December 31, 2023</u>
Contract amount of signed contracts	\$ 2,319,650	\$ 756,920
Expected years of revenue recognition	2026~2027	2024~2026

3. Contract liabilities

The receipts in advance are contract liabilities relevant to recognition of revenue from contracts with customers as follows:

	<u>December 31, 2024</u>	<u>December 31, 2023</u>	<u>January 1, 2023</u>
Contract liabilities	\$ 244,558	\$ 227,431	\$ 724,201

Revenue arising from contract liabilities in the beginning of the period recognized in the current period:

	<u>2024</u>	<u>2023</u>
Revenue arising from contract liabilities in the beginning of the period recognized in the current period	\$ 206,089	\$ 645,601

17) Interest revenue

	<u>2024</u>	<u>2023</u>
Interests from bank savings	\$ 9,554	\$ 4,213
Interest revenue from financial assets at amortized cost	1,017	543
Other interest revenue	-	418
	<u>\$ 10,571</u>	<u>\$ 5,174</u>

18) Other revenue

	<u>2024</u>	<u>2023</u>
Earthwork income	\$ 21,990	\$ -
Other commission income	198	-
Other revenue—others	3	439
	<u>\$ 22,191</u>	<u>\$ 439</u>

19) Financial costs

	2024	2023
Interest expenses:		
Bank loans	\$ 33,454	\$ 38,370
Others	310	3,904
	33,764	42,274
Less: interests eligible for capitalization	( 33,454)	( 31,866)
Financial costs	<u>\$ 310</u>	<u>\$ 10,408</u>

20) Additional information on nature of expenses

	2024		
	Operating costs	Operating costs	Total
Employee benefits expenses			
Payroll expenses	\$ -	\$ 15,255	\$ 15,255
Labor and health insurance expenses	-	1,415	1,415
Pension expenses	-	636	636
Directors' remuneration	-	3,969	3,969
Other employment expenses	-	1,005	1,005
Total	<u>\$ -</u>	<u>\$ 22,280</u>	<u>\$ 22,280</u>
Depreciation expenses of property, plant and equipment	<u>\$ -</u>	<u>\$ 1,606</u>	<u>\$ 1,606</u>
Depreciation expenses of investment properties	<u>\$ 533</u>	<u>\$ -</u>	<u>\$ 533</u>
	2023		
	Operating costs	Operating costs	Total
Employee benefits expenses			
Payroll expenses	\$ -	\$ 16,586	\$ 16,586
Labor and health insurance expenses	-	1,363	1,363
Pension expenses	-	631	631
Directors' remuneration	-	8,223	8,223
Other employment expenses	-	2,363	2,363
Total	<u>\$ -</u>	<u>\$ 29,166</u>	<u>\$ 29,166</u>
Depreciation expenses of property, plant and equipment	<u>\$ -</u>	<u>\$ 1,701</u>	<u>\$ 1,701</u>
Depreciation expenses of investment properties	<u>\$ 533</u>	<u>\$ -</u>	<u>\$ 533</u>

1. The average numbers of employees are 20 and 21 as of December 31, 2024 and 2023, respectively. Among them, the numbers of directors not serving as employees are 4 and 5, respectively.
2. The average employee benefit expenses amounted to NT\$1,144 thousand ("Total amount of employee benefits expenses of the current year-total amount of directors'

remuneration”/”number of employees of the current year-number of directors not serving as employees”) and NT\$1,309 thousand (“Total amount of employee benefits expenses of the prior year-total amount of directors’ remuneration”/”number of employees of the prior year-number of directors not serving as employees”) in 2024 and 2023, respectively.

3. The average payroll expenses amounted to NT\$953 thousand (“Total amount of payroll expenses of the current year”/”number of employees of the current year-number of directors not serving as employees”) and NT\$1,037 thousand (“Total amount of payroll expenses of the prior year”/”number of employees of the current year-number of directors not serving as employees”)in 2024 and 2023, respectively.
4. The rate of changes in average payroll expenses is -8.1% (“Average payroll expenses of the current year-average payroll expenses of the prior year”/ average payroll expenses of the prior year).
5. Directors’ payroll includes the directors’ compensation and directors’ remuneration. Directors’ compensation is determined by reference to the usual level in the same industry. Directors’ remuneration shall be set aside in accordance with the regulation of the Articles of Incorporation, reviewed by the remuneration committee, resolved by the board of directors, and submitted to the shareholders’ meeting. Managers and employees’ remuneration include payroll, bonus, and employees’ remuneration, , which shall be calculated based on the positions, the responsibilities accepted, the level in the same industry, and the result of performance appraisal. Managers’ payroll shall be reviewed by the remuneration committee, and approved by the board of directors.
6. According to the Company’s Articles of Incorporation, in order to motivate employees and the operating team, the Company shall allocate remuneration to employees at the rate no lower than 1‰ of annual profits, and to directors at the rate of no higher than 3% of annual profits during the period; provided, however, that when the Company has accumulated losses, the profits shall be preserved to make up for losses, before distributing to employees and directors. The employees’ remuneration shall be distributed in stock or cash, which may include eligible employees of affiliated companies.. The resolution shall be made by a majority vote at a meeting of the board of directors attended by two-thirds of the total number of directors, and reported to the shareholders’ meeting. The directors’ remuneration shall be only distributed in cash. Employees entitled to receive employees’ remuneration in stock or in cash, may include the employees of affiliated companies meeting certain specific requirements.
7. The employees’ and directors’ remunerations are estimated as follows:

	2024	2023
Employees’ remuneration	\$ 121	\$ 581
Directors’ remuneration	1,209	5,809
	<u>\$ 1,330</u>	<u>\$ 6,390</u>

The aforementioned amounts are recognized as payroll expenses, which are accrued based on the profitability of the year. The employees’ and directors’ remunerations for the years ended December 31, 2024 and 2023 were accrued by the ratios as follows:

	2024	2023
Employees’ remuneration ratio	1‰	1‰
Directors’ remuneration ratio	1%	1%

- The amounts resolved by the board of directors are the same as the employees' and directors' remunerations amounts recognized in the financial statements of 2023. The employees' and directors' remunerations will be paid in cash. The actual distribution amounts of employees' and directors' remunerations are the same as the accrued amounts.
8. The information about the employees' and directors' compensation resolved by the board of directors is available at the Market Observation Post System website.

21) Income tax

1. Income tax expenses

Composition of income tax expenses

	2024	2023
Current income tax:		
Current income tax charge	\$ 6,605	\$ 519
Land Value Increment Tax	132	-
Additional tax on unappropriated earnings	14,408	9,508
Underestimation of income tax of prior periods	-	89
Total current income tax	<u>21,145</u>	<u>10,116</u>
Deferred income tax		
Origination and reversal of temporary differences	<u>13,739</u>	( <u>14,081</u> )
Total deferred income tax	<u>13,739</u>	( <u>14,081</u> )
Income tax expenses (benefits)	<u>\$ 34,884</u>	( <u>\$ 3,965</u> )

2. The relationship between income tax expenses and accounting profit

	2024	2023
Tax payables calculated by profit before tax multiplying the enacted tax rates	\$ 23,916	\$ 114,911
Revenue that should be included based on tax laws	-	24,890
Tax exempt income based on tax laws	( 406 )	( 25,317 )
Expenses that should be included based on tax laws	( 7 )	( 50 )
Additional tax on unappropriated earnings	14,408	9,508
Effect of Land Value Increment Tax	132	519
Evaluation changes in the realizability of deferred tax assets	( 3,159 )	( 128,515 )
Underestimation of income tax of prior periods	<u>-</u>	<u>89</u>
Income tax expenses (benefits)	<u>\$ 34,884</u>	( <u>\$ 3,965</u> )

3. The amounts of deferred income tax assets or liabilities arising from temporary differences are as follows:

	2024		
	<u>January 1</u>	<u>Recognized in profit or loss</u>	<u>December 31</u>
Deferred income tax assets:			
-Temporary differences :			
Allowances for inventory valuation losses	\$ 412	(\$ 71)	\$ 341
Unrealized gross profit in the current period	13,643	( 13,643)	-
Capitalized interests under new system	26	( 25)	1
Total	<u>\$ 14,081</u>	<u>(\$ 13,739)</u>	<u>\$ 342</u>

	2023		
	<u>January 1</u>	<u>Recognized in profit or loss</u>	<u>December 31</u>
Deferred income tax assets:			
-Temporary differences :			
Allowances for inventory valuation losses	\$ -	\$ 412	\$ 412
Unrealized gross profit in the current period	-	13,643	13,643
Capitalized interests under new system	-	26	26
Total	<u>\$ -</u>	<u>\$ 14,081</u>	<u>\$ 14,081</u>

4. The deductible deadline of unused tax loss and amount of the unrecognized deferred tax assets of the Company are as follows:  
December 31, 2024: None.

December 31, 2023				
<u>Year of occurrence</u>	<u>Declared/verified amount</u>	<u>Undeducted amount</u>	<u>Amount of unrecognized deferred tax assets</u>	<u>Last deductible year</u>
2018	Verified amount	\$ 21,489	\$ 21,489	2028

5. Deductible temporary differences of unrecognized deferred tax assets:

	<u>December 31, 2024</u>	<u>December 31, 2023</u>
Deductible temporary differences	<u>\$ 9,225</u>	<u>\$ 9,225</u>

6. Profit-seeking Enterprise Income Taxes of the Company have been verified by the tax collection authority until 2022.

## 22) Earnings per share

	2024		
	<u>After-tax amount</u>	<u>Weighted –average outstanding shares (thousand)</u>	<u>Earnings per share (NT\$)</u>
<u>Basic earnings per share</u>			
Profit attributable to ordinary shareholders of the parent	<u>\$ 84,697</u>	<u>155,001</u>	<u>\$ 0.55</u>
<u>Diluted earnings per share</u>			
Profit attributable to ordinary shareholders of the parent	<u>84,697</u>	<u>155,001</u>	
Effect of diluted potential ordinary shares			
Employees' remuneration	<u>-</u>	<u>8</u>	
Profit attributable to ordinary shareholders of the parent plus the effect of potential ordinary shares	<u>\$ 84,697</u>	<u>155,009</u>	<u>\$ 0.55</u>
	2023		
	<u>After-tax amount</u>	<u>Weighted –average outstanding shares (thousand)</u>	<u>Earnings per share (NT\$)</u>
<u>Basic earnings per share</u>			
Profit attributable to ordinary shareholders of the parent	<u>\$ 578,518</u>	<u>155,001</u>	<u>\$ 3.73</u>
<u>Diluted earnings per share</u>			
Profit attributable to ordinary shareholders of the parent	<u>578,518</u>	<u>155,001</u>	
Effect of diluted potential ordinary shares			
Employees' remuneration	<u>-</u>	<u>25</u>	
Profit attributable to ordinary shareholders of the parent plus the effect of potential ordinary shares	<u>\$ 578,518</u>	<u>155,026</u>	<u>\$ 3.73</u>

When calculating the diluted earnings per share, assume the employees' remunerations to be paid in stock, and add the diluted potential ordinary shares into the calculation of diluted weighted average number of ordinary shares outstanding to calculate the diluted earnings per share.

## 23) Changes in the liabilities arising from financing activities

	<u>January 1, 2024</u>	<u>Changes in cash flows from financing activities</u>	<u>Non-cash flow increase (decrease)</u>	<u>December 31, 2024</u>
Short-term borrowings	\$ 556,800	\$ 81,730	\$ 723,300	\$ 1,361,830
Long-term borrowings (including the current portion)	761,873	( 4,162)	( 723,300)	34,411
Dividends payables	-	( 232,502)	232,502	-
Guaranteed deposits received	1,204	34	-	1,238
Total liabilities arising from financing activities	<u>\$ 1,319,877</u>	<u>(\$ 154,900)</u>	<u>\$ 232,502</u>	<u>\$ 1,397,479</u>

	<u>January 1, 2023</u>	<u>Changes in cash flows from financing activities</u>	<u>Non-cash flow increase (decrease)</u>	<u>December 31, 2023</u>
Short-term borrowings	\$ 1,240,550	(\$ 1,240,550)	\$ 556,800	\$ 556,800
Long-term borrowings (including the current portion)	982,961	335,712	( 556,800)	761,873
Dividends payables	-	( 232,502)	232,502	-
Guaranteed deposits received	<u>1,312</u>	<u>( 108)</u>	<u>-</u>	<u>1,204</u>
Total liabilities arising from financing activities	<u>\$ 2,224,823</u>	<u>(\$ 1,137,448)</u>	<u>\$ 232,502</u>	<u>\$ 1,319,877</u>

(7) Related party transactions

1) Related party names and relationships

<u>Related party name</u>	<u>Relationship with the Company</u>
Hung Yeu Construction Co., Ltd.(Hung Yeu Company)	Subsidiary of the Company
Fong Suei Construction Co., Ltd. (Fong Suei Construction)	Associate of the Company
Fong Yi construction co., ltd. (Fong Yi construction)	The chairman is the first degree relative of the general manager of the Company
Grace Hospitality Management Co., Ltd. (Grace Hospitality)	The chairman is the second degree relative of the general manager of the Company
Jing Chi Development Co., Ltd.(Jing Chi Development.)	The chairman is the general manager of the Company
Truth Investment Co. Ltd (Truth Investment)	The chairman is the first degree relative of the general manager of the Company

2) Significant transactions with related parties

1. Purchases and commitments

	<u>2024</u>	<u>2024</u>
Purchases		
Hung Yeu Company	<u>\$ -</u>	<u>\$ 4,286</u>
	<u>December 31, 2024</u>	<u>December 31, 2023</u>
Unfinished constructions:		
Hung Yeu Company	<u>\$ 4,286</u>	<u>\$ 4,286</u>

The aforementioned contract project was entrusted to Hung Yeu Company by the Company. The transaction price was negotiated by both parties. Based on the payment terms, the payment is made by the progress of the contract, which is not significantly different from the terms with non-related parties.

2. Lease transactions-lessee

- (a) The Company rents buildings from other related parties. The periods of the lease contracts are 2 months. The calculation of rental is determined by the rental in the neighborhood and the area rent. The rents to Hung Yeu Company are paid monthly based on the lease contracts.

(b) Rental expenses		2024	2023			
Hung Yeu Company		\$ -	\$ 16			
3. <u>Other receivables</u>		December 31, 2024	December 31, 2023			
Fong Yi construction		\$ 57	\$ -			
4. Other payables		December 31, 2024	December 31, 2023			
Grace Hospitality		\$ 38	\$ 32			
5. <u>Jointly and severally liability of peer industries – commission income</u>		2024	2023			
Fong Yi construction		\$ 198	\$ -			
6. <u>Jointly and severally liability of peer industries – commission expenses</u>		2024	2023			
Grace Hospitality		\$ 249	\$ 30			
7. <u>Details of guarantees</u>						
(a) The Company provided endorsement and guarantee to other related parties for a performance guarantee of a sales contract for pre-construction homes pursuant to the Consumer Protection Act. The details are as follows:						
<u>Endorser and guarantor</u>	<u>Endorsee and guarantee</u>	<u>Construction name</u>	<u>Date of signing guarantee contract</u>	<u>Endorsement and guarantee amount (construction cost on the license)</u>	<u>Acquisition of usage license</u>	<u>Note</u>
	Fong Yi		2021.03.18	\$ 425,690		
Fong-Chien Construction	Construction Cornerstone Investment	Fenghe	2021.10.07 (Change in the name of the builder)		2024.03.22	
Fong-Chien Construction	Fong Yi Construction	Senhuo	2024.03.06	\$ 692,204	(Not yet acquired)	Note

The guarantee period is from the date of signing mutual guarantee contracts, which are audited and approved by the association, and the performance guarantee expires when the constructions receive the user license.

Note: The construction cost on the license of this construction project amounted to NT\$692,204 thousand. The project is planned to be two buildings with 21 floors above the ground and 4 floors under the ground each, total 328 households, As of Fong Yi Construction applied for performance bond for companies in the same industry, the progress of the project is completion of two buildings with 21 floors above the ground, and 245 households are with performance bond by the bank. The Company will be responsible for the performance bond for the residual households not yet sold until acquisition of usage license of the construction project.



- (b) Other related parties provide endorsement and guarantee to the Company for a performance guarantee of a sales contract for pre-construction homes pursuant to the Consumer Protection Act. The details are as follows:

<u>Endorser and guarantor</u>	<u>Endorsee and guarantee</u>	<u>Construction name</u>	<u>Date of signing guarantee contract</u>	<u>Endorsement and guarantee amount (construction cost on the license)</u>	<u>Acquisition of usage license</u>
Jing Chi Development	Fong-Chien Construction	Forest Cube	2020.07.10	\$ 257,965	2023.07.28
Grace Hospitality	Fong-Chien Construction	Chien18	2023.09.08	\$ 311,906	(Not yet acquired)
Truth Investment	Fong-Chien Construction	HOME+	2024.10.04	\$ 188,692	(Not yet acquired)

The guarantee period is from the date of signing mutual guarantee contracts, which are audited and approved by the association, and the performance guarantee expires when the constructions receive the user license.

- (c) The Company provided endorsement and guarantee for associates as follows:

The board of directors resolved on May 23, 2023 to become the joint guarantor for the bank loans of associate, Fong Suei Construction Co., Ltd., based on the 30% of shareholding ratio. The loan amount is NT\$1,086,000 thousand, and the credit line has been received on November 20, 2023.

#### 8. Others

The key management is the joint guarantor of the long-term and short-term loans. Please refer to Note 6.10 and 6.11 for explanations.

#### 3) Information on key management personnel compensation

	<u>2024</u>	<u>2023</u>
Short-term employee benefits	\$ 9,519	\$ 14,898

Short-term employee benefits include the accrued remunerations to directors. Please refer to Note 6(20)7. for explanations.

#### (8) Pledged assets

The assets pledge as collaterals are as follows:

<u>Assets</u>	<u>Carrying amount</u>		<u>Object</u>
	<u>December 31, 2024</u>	<u>December 31, 2023</u>	
Inventories	\$ 2,633,460	\$ 2,242,672	Long-term and short-term bank loans (including current portion of long-term borrowings)
Investment properties	108,433	108,966	Long-term bank loans
Financial assets at amortized cost - current	20,816	-	Special account for performance bond deposit
	<u>\$ 2,762,709</u>	<u>\$ 2,351,638</u>	

#### (9) Significant contingencies and unrecognized contract commitments

##### 1) Contingencies

Please refer to Note 7.2 for guarantees for related parties.

##### 2) Commitments

The capital expenditures that the Company has signed contracts for but have not yet occurred.

	<u>December 31, 2024</u>	<u>December 31, 2023</u>
Construction work in process	\$ 2,252,141	\$ 46,324

#### (10) Losses due to major disasters

None.

#### (11) Significant subsequent events

None.

(12) Others

1) Capital management

The primary objective of the Company's capital management is to ensure that it operates continuously and maintains optimal capital structure to decrease the cost of capital and maximized the shareholders' equity. The Company manages and adjusts the capital structure, probably by adjusting dividend payment, returning of capital, issuing new shares, or disposing assets. The Company utilized debt to capital ratio to monitor the Company's capital. The ratio is calculated by net debt divided by total capital. Net debt is calculated by the total borrowings (including "current and non-current borrowings" stated in the parent company only financial statements) less of cash and cash equivalents. And total capital is calculated by "equity" stated in the parent company only balance sheets plus net debt. As of December 31, 2024 and 2023, the debt to capital ratio of the Company's asset is as follows:

	<u>December 31, 2024</u>	<u>December 31, 2023</u>
Total borrowings	\$ 1,396,241	\$ 1,318,673
Less: cash and cash equivalents	( 572,477)	( 857,568)
Net debt	823,764	461,105
Total equity	<u>3,017,748</u>	<u>3,165,553</u>
Total capital	<u>\$ 3,841,512</u>	<u>\$ 3,626,658</u>
Debt to capital ratio	21.44%	12.71%

2) Financial instruments

1. Types of financial instruments

	<u>December 31, 2024</u>	<u>December 31, 2023</u>
<u>Financial assets</u>		
Financial assets at amortized cost		
Cash and cash equivalents	\$ 572,477	\$ 857,568
Current financial assets at amortized cost	170,816	100,000
Notes receivables	-	123
Accounts receivables	-	23,310
Other receivables (including related parties)	1,196	263
Refundable deposits (Recognized as other current and non-current assets)	<u>2,216</u>	<u>2,739</u>
	<u>\$ 746,705</u>	<u>\$ 984,003</u>
<u>Financial liabilities</u>		
Financial liabilities at amortized cost		
Short-term borrowings	\$ 1,361,830	\$ 556,800
Notes payables	684	1,136
Accounts payables	122,759	55,047
Other payables (including related parties)	32,996	32,449
Long-term borrowings (including current portion)	34,411	761,873
Guaranteed deposits received	<u>1,238</u>	<u>1,204</u>
	<u>\$ 1,553,918</u>	<u>\$ 1,408,509</u>

2. Risk management policies
  - (a) The Company's operation is influenced by several financial risks, including market risk (including interest rate risk), credit risk, and liquidity risk.
  - (b) Risk management is implemented by the finance department's cooperating with each operating unit in the Company, to identify, assess, and avoid financial risks.
3. Nature and extent of significant financial risk
  - (a) Market risk
 

Cash flow and fair value interest rate risk

    - A. The Company's interest rate risk arises from short-term and long-term borrowings at floating interest rate. Borrowings at floating interest rates expose the Company to cash flow interest rate risk. As of December 31, 2024 and 2023, the borrowings at floating interest rate are primarily denominated in New Taiwan Dollars.
    - B. As of December 31, 2024 and 2023, if the interest rate of borrowings denominated in New Taiwan Dollars had increased or decreased by 1%, the Company's profit would have decreased or increased by NT\$11,170 thousand and NT\$10,549 thousand for the years ended December 31, 2024 and 2023, assuming all other variable factors remain constant. The changes in profit resulted from the changes in interest expense due to borrowings at floating interest rate.
  - (b) Credit risk
    - A. Credit risk refers to the risk that counterparty will default on its contractual obligations resulting in financial losses to the Company. The Company is exposed to credit risks from accounts receivables that the counterparty is unable to pay off by the payment term, and the contractual cash flows from investments in debt instruments at amortized cost.
    - B. The Company manages credit risk in terms of the Company. The Company only accepts banks or institutions assessed to be with good credit quality as correspondent bank or financial institutions. The notes receivables and accounts receivables are receivables from customers for selling buildings and land. Based on the internal credit policies, the Company shall manage and implement credit risk analysis before determine payment terms and delivery terms with new customers. Internal risk control evaluates customers' credit quality by considering the financial condition, past experiences, and other factors.
    - C. The Company adopts the presumptions in the scope of IFRS9. When contractual payments are more than 90 days past due, the payments shall be deemed as that default has occurred.
    - D. The Company adopts the following presumptions in the scope of IFRS9, to determine whether the credit risk of the financial instruments has increased significantly since initial recognition:  
The credit risk on financial assets has increased significantly since initial recognition when contractual payments are more than 30 days past due.
    - E. The Company is keep implementing the legal procedures of recourse, to preserve the creditor's right. As of December 31, 2024 and 2023, the debts that are still under recourse amounted to both NT\$0 thousand.
    - F. The Company classifies the accounts receivables from customers by the characteristics of customer types, estimates expected credit losses by loss rate method under simplified approach, and adjust the loss rates built based on the historical and current information in specific periods by taking into consideration of foreseeing information, to estimate the loss allowances for accounts receivables. As of December 31, 2024 and 2023, the Company assessed that the impairment losses that may occur are little.

(c) Liquidity risk

A. The cash flow forecast is summarized by the financial department of the Company. The financial department monitors the forecast of working capital requirement, ensures there's enough capital to support the operating requirements, and maintains enough unused credit lines of borrowings at any time.

B. Unused credit lines of the Company are as follows:

	<u>December 31, 2024</u>	<u>December 31, 2024</u>
Due over 1 year	<u>\$ 210,500</u>	<u>\$ -</u>

C. The table below analyzed the Company's non-derivative financial liabilities into relevant maturity based on the remaining period at the balance sheet date to the contractual maturity date for non-derivative financial liabilities. The contractual cash flows disclosed below are not discounted.

<u>Non-derivative financial liabilities:</u>					
December 31, 2024	<u>Within 6 months</u>	<u>6 months-1 year</u>	<u>1-2 years</u>	<u>Over 2 years</u>	<u>Total</u>
Short-term borrowings	\$ 17,410	\$ 17,410	\$ 34,820	1,422,924	\$1,492,564
Notes payables	684	-	-	-	684
Accounts payables	122,495	-	264	-	122,759
Other payables	21,356	1,219	10,421	-	32,996
Long-term borrowings (including current portion)	2,538	2,538	5,076	27,608	37,760
Guaranteed deposits received	-	-	-	1,238	1,238
Financial guarantee contracts	-	-	-	1,778,204	1,778,204

<u>Non-derivative financial liabilities:</u>					
December 31, 2023	<u>Within 6 months</u>	<u>6 months-1 year</u>	<u>1-2 years</u>	<u>Over 2 years</u>	<u>Total</u>
Short-term borrowings	\$ 6,485	\$ 6,485	\$ 12,970	\$ 575,499	\$ 601,439
Notes payables	1,136	-	-	-	1,136
Accounts payables	44,962	101	9,984	-	55,047
Other payables	29,433	2,443	573	-	32,449
Long-term borrowings (including current portion)	11,595	11,595	489,038	292,360	804,588
Guaranteed deposits received	-	-	1,204	-	1,204
Financial guarantee contracts	425,690	-	-	1,086,000	1,511,690

3) Fair value information

1. The definitions of each level in valuation techniques used to measure the fair value of financial and non-financial instruments are as follows:

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities that entities can access at the measurement date. An active market is the market in which transactions for the asset or liability take place with sufficient frequency and volume to provide pricing information on an ongoing basis.
- Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.
- Level 3: unobservable inputs for the assets or liabilities. The investment properties held by the Company are in the scope.

2. Please refer to Note 6.9 for the fair value information of investment properties measured at cost.

3. Financial instruments not measured at fair value

The carrying amount of cash and cash equivalents, financial assets at amortized cost, notes receivables, accounts receivables, other receivables (including related parties), refundable deposits, short-term borrowings, notes payables, accounts payables, other payables, long-term borrowings (including current portion), and guaranteed deposits received is the reasonable approximation of fair value

4. Financial and non-financial instruments at fair value: None.

(13) Other disclosures

1) Information on significant transactions

- 1. Loans to others: None.
- 2. Provision of endorsements and guarantees to others: Please refer to Table 1.
- 3. Holding of marketable securities at the end of the period (excluding investment in subsidiaries, associates, and joint ventures): None.
- 4. Acquisition or sale of the same security with the accumulated cost exceeding NT\$300 million or 20% of the Company's paid-in capital or more: None.
- 5. Acquisition of real estate reaching NT\$300 million or 20% of the Company's paid-in capital or more: None.
- 6. Disposal of real estate reaching NT\$300 million or 20% of the Company's paid-in capital or more: None.
- 7. Purchases or sales of goods from or to related parties reaching NT\$100 million or 20% of paid-in capital or more: None.
- 8. Receivables from related parties reaching NT\$100 million or 20% of paid-in capital or more: None.
- 9. Trading in derivative instruments: None.
- 10. Business relationships among the parent company and subsidiaries, and significant intercompany transactions: None.

2) Information on investees

The information about company names, locations, etc. of investees: Please refer to Table 2.

3) Information on investees in Mainland China

None.

4) Information on major shareholders

Information on major shareholders: Please refer to Table 3.

(14) Segment information

N/A.

Fong-Chien Construction Co.,LTD.  
Provision of endorsements and guarantees to others  
For the Year Ended December 31,2024

Table 1

Expressed in thousands of New Taiwan Dollars  
(Except as indicated)

		<u>Guarantee and endorsee</u>											
		<u>Relationship</u> <u>(Note 3)</u>	<u>Limitation on</u> <u>amount of</u> <u>guarantees and</u> <u>endorsements</u> <u>for a specific</u> <u>enterprise</u>	<u>Highest</u> <u>balance for</u> <u>guarantee and</u> <u>endorsements</u> <u>during the</u> <u>period</u>	<u>Balance of</u> <u>guarantees and</u> <u>endorsements,</u> <u>end of year</u>	<u>Actual usage</u> <u>amount</u>	<u>Amount of</u> <u>property</u> <u>pledged for</u> <u>guarantee and</u> <u>endorsements</u>	<u>Ratio of</u> <u>accumulated</u> <u>amounts of</u> <u>guarantees and</u> <u>endorsements to</u> <u>net worth of the</u> <u>latest financial</u> <u>statements</u>	<u>Maximum</u> <u>amount for</u> <u>guarantees and</u> <u>endorsements</u>	<u>Parent company</u> <u>endorsements/guarantees</u> <u>to subsidiary</u>	<u>Subsidiary</u> <u>endorsements/guarantees</u> <u>to the parent</u> <u>company</u>	<u>Endorsements/guarantees</u> <u>to third parties on</u> <u>behalf of companies in</u> <u>Mainland China</u>	<u>Note</u>
<u>No.</u>	<u>Name of endorser</u> <u>and guarantor</u> <u>Company name</u>												
0	Fong-Chien Construction Co.,LTD.	Fong Yi Construction CO., LTD. Cornerstone Investment Co., Ltd.	7	\$6,035,496	\$ 425,690	\$ -	\$ -	-	\$ 6,035,496	N	N	N	Note 2
0	Fong-Chien Construction Co.,LTD.	Fong Suei Construction Co.,LTD	6	6,035,496	1,086,000	1,086,000	1,086,000	-	35.99%	6,035,496	N	N	Note 2
0	Fong-Chien Construction Co.,LTD.	Fong Yi Construction CO., LTD.	7	6,035,496	692,204	692,204	692,204	-	22.94%	6,035,496	N	N	Note 2, 5, 6
1	Hung Yeu Construction Co., Ltd.	Grace Hospitality Management Co., Ltd.	7	1,460,081	159,101	-	-	-	1,752,097	N	N	N	Note 4
1	Hung Yeu Construction Co., Ltd.	Hundredfold Development Co., Ltd.	7	1,460,081	171,525	171,525	171,525	-	117.48%	1,752,097	N	N	Note 4, 5

Note 1:According to the “Operational Procedures for Loaning of Company Funds,” the total amount available for endorsement provided to others shall not exceed 50% of the Company’s net worth in the current financial statements, and the total amount for endorsement provided to one entity shall not exceed 50% of the Company’s net worth in the current financial statements.

Note 2:Where the Company fulfills its contractual obligations by providing mutual endorsements/guarantees for another company in the same industry or for joint builders for purposes of undertaking a construction project, or where all capital contributing shareholders make endorsements/guarantees for their jointly invested company in proportion to their shareholding percentages, or where companies in the same industry provide among themselves joint and several security for a performance guarantee of a sales contract for pre-construction homes pursuant to the Consumer Protection Act for each other, such endorsements/guarantees may be made free of the restriction of Note 1. However, the total amount shall not exceed 200% of the Company’s net worth.

Note 3:There are 7 types of relationships between the endorser/guarantor and the endorsee/guarantee. Only numbers of types shall be indicated:

(1)Entities have business relations with the Company

(2) The Company directly or indirectly holds more than 50% of voting shares of the entity.

(3) Entity directly or indirectly owns more than 50% of voting shares of the Company.

(4) The Company directly or indirectly holds 90% of voting shares of the entity.

(5) The Company fulfills its contractual obligations by providing mutual endorsements/guarantees for another company in the same industry or for joint builders for purposes of undertaking a construction project

(6) All capital contributing shareholders make endorsements/ guarantees for their jointly invested company in proportion to their shareholding percentages.

(7) Companies in the same industry provide among themselves joint and several securities for a performance guarantee of a sales contract for pre-construction homes pursuant to the Consumer Protection Act for each other

Note 4:For companies in the same industry provide among themselves joint and several security for a performance guarantee of a sales contract for pre-construction homes pursuant to the Consumer Protection Act for each other., the total amount available for endorsement provided to others shall not exceed 12 times of the Company’s net worth in the current financial statements, and the total amount for endorsement provided to one entity shall not exceed 10times of the Company’s net worth in the current financial statements

Note 5: Actual usage amount is based on the construction costs on the construction license.

Note 6: The construction cost on the license of this construction project amounted to NT\$692,204 thousand. The project is planned to be two buildings with 21 floors above the ground and 4 floors under the ground each, total 328 households, As of Fong Yi Construction applied for performance bond for companies in the same industry, the progress of the project is completion of two buildings with 21 floors above the ground, and 245 households are with performance bond by the bank. The Company will be responsible for the performance bond for the residual households not yet sold until acquisition of usage license of the construction project.

Table 1

Fong-Chien Construction Co.,LTD.  
The Information about company names, locations, etc. of Investees (excluding investees in Mainland China)  
For the Year Ended December 31,2024

Table 2

Expressed in thousands of New Taiwan Dollars  
(Except as indicated)

<u>Investor company</u>	<u>Investee company</u>	<u>Location</u>	<u>Main business</u>	<u>Original investment amount</u>		<u>Ownership as of December 31, 2024</u>			<u>Profit (loss) of</u>	<u>Gain (loss) of</u>	<u>Note</u>
				<u>December 31, 2024</u>	<u>December 31, 2023</u>	<u>Number of shares</u>	<u>Percentage</u>	<u>Carrying amount</u>	<u>investees in the</u>	<u>investees</u>	
									<u>current period</u>	<u>recognized in the</u>	
Fong-Chien Construction Co.,LTD.	Hung Yeu Construction Co., Ltd.	Taiwan	Comprehensive construction, trading of properties, developments and leases of residences and buildings etc.	\$ 220,000	\$ 220,000	22,000,000	92.83	\$ 135,540	\$ 1,567	\$ 1,454	
Fong-Chien Construction Co.,LTD.	Fong Suei Construction Co.,LTD.	Taiwan	Comprehensive construction, trading of properties, developments and leases of residences and buildings etc.	180,000	180,000	18,000,000	30.00	178,441	( 3,590)	( 1,077)	

Table 2

Fong-Chien Construction Co.,LTD.

Information on major shareholders

December 31,2024

Table 3

<u>Name of major shareholders</u>	<u>Shares</u>	
	<u>Number of shares held</u>	<u>Percentage of ownership</u>
Morning Honor Investment Co., Ltd.	34,411,027	22.20%
Blessing & Praise Construction Corp.	29,696,536	19.15%
Cornerstone Investment Co., Ltd.	14,822,277	9.56%

Note: If the information on the chart is from the Taiwan Depository & Clearing Corporation, matters as follows may be explained:

- ( 1 ) The information of major shareholders presented in this table is provided by the Taiwan Depository & Clearing Corporation based on the number of ordinary shares and preferred shares held by shareholders with ownership of 5% or greater, that have been issued without physical registration (including treasury shares) by the Company as of the last business day for the current quarter. The share capital in the financial statements may differ from the actual number of shares that have been issued without physical registration because of different preparation basis.
- ( 2 ) If a shareholder delivers the shareholdings to the trust, the above information will be disclosed by the individual trustor who opened the trust account. For shareholders who declare insider shareholdings with ownership greater than 10% in accordance with the Security and Exchange Act, the shareholdings include shares held by shareholders and those delivered to the trust over which shareholders have rights to determine the use of trust property. For information relating to insider shareholding declaration, please refer to Market Observation Post System.



Fong-Chien Construction Co.,LTD.  
Statements of cash and cash equivalents  
December 31, 2024

Statement 1

Expressed in thousands of New  
Taiwan Dollars

<u>Item</u>	<u>Summary</u>	<u>Amount</u>
Cash on hand		\$ 30
Bank deposits		
Demand deposits	NTD	422,447
Cash equivalents		
Time deposits	NTD: Maturity: 2024/10/22~2025/1/22; Interest rate: 1.46%	150,000
		<u>\$ 572,477</u>

Fong-Chien Construction Co.,LTD.  
Statements of inventories  
December 31, 2024

Statement 2

Expressed in thousands of New  
Taiwan Dollars

Item	Summary	Amount		Note
		Cost	Market price	
Buildings and land held for sale	Chongwentianxia	\$ 29,900	\$ 33,658	Net realizable value (pledge as collateral)
	Shidaijingying	995	1,031	Net realizable value
	Jingyinghui	25,308	23,689	Net realizable value
	Mizhidi	35,427	41,420	Net realizable value
	Houzhuang, Duanzhu, Tongxing section	13,506	13,102	Net realizable value
		<u>105,136</u>	<u>112,900</u>	
Buildings and land under construction	Green & House	850,976	1,418,500	Net realizable value (partially pledge as collateral)
	Chien 18	1,106,832	1,862,873	Net realizable value (partially pledge as collateral)
	Home+	<u>881,378</u>	<u>1,269,394</u>	Net realizable value (partially pledge as collateral)
		<u>2,839,186</u>	<u>4,550,767</u>	
				Net realizable value (partially pledge as collateral)
Land for building		<u>584,266</u>	<u>808,292</u>	
		3,528,588	<u>\$ 5,471,959</u>	
Less: Allowance for price decline of inventories		<u>( 10,928)</u>		
		<u>\$ 3,517,660</u>		

Fong-Chien Construction Co.,LTD.  
Statements of changes in investment accounted for using equity method  
For the Year Ended December 31, 2024

Statement 3

Expressed in thousands of New Taiwan Dollars

Name	<u>Beginning balance</u>		<u>Additions</u>		<u>Deductions</u>		<u>Ending balance</u>			<u>Net worth of equity</u>	<u>Valuation basis</u>	Collateral or guarantee provided
	<u>Number of shares</u>	<u>Amount</u>	<u>Number of shares</u>	<u>Amount</u>	<u>Number of shares</u>	<u>Amount</u>	<u>Number of shares</u>	<u>Percentage of ownership (contribution)</u>	<u>Amount</u>			
Long-term investments accounted for using equity method:												
Hung Yeu Construction Co., Ltd.	22,000,000 shares	\$ 134,086	- \$ 1,454	- \$ -	- \$ -	- \$ -	22,000,000 shares	92.83%	\$ 135,540	\$ 135,540	Equity method	None
Fong Suei Construction Co., Ltd.	18,000,000 shares	<u>179,518</u>	- <u>-</u>	- ( <u>1,077</u> )	- ( <u>1,077</u> )	- ( <u>1,077</u> )	18,000,000 shares	30.00%	<u>178,441</u>	178,441	Equity method	None
		<u>\$ 313,604</u>	<u>\$ 1,454</u>	<u>( \$ 1,077 )</u>	<u>( \$ 1,077 )</u>	<u>( \$ 1,077 )</u>			<u>\$ 313,981</u>			

Statement 3

Fong-Chien Construction Co.,LTD  
Statements of short-term borrowings  
December 31, 2024

Statement 4

Expressed in thousands of New Taiwan Dollars

<u>Creditor</u>	<u>Summary</u>	<u>Ending balance</u>	<u>Contract period</u>	<u>Interest rate</u>	<u>Collateral or guarantee</u>
First Commercial Bank	Secured loan	\$ 305,000	2021/07/13~2030/06/30	2.575%	Inventories-land under construction
First Commercial Bank	Secured loan	203,630	2022/04/27~2030/06/30	2.675%	Inventories-land under construction
Chang Hwa Bank	Secured loan	435,000	2022/06/09~2027/06/09	2.425%	Inventories-land under construction
Chang Hwa Bank	Unsecured loan	28,000	2022/11/14~2027/06/09	2.675%	None
Chang Hwa Bank	Secured loan	93,800	2023/01/18~2027/06/09	2.525%	Inventories- land under construction
Chang Hwa Bank	Secured loan	246,000	2023/03/15~2028/03/15	2.675%	Inventories-land under construction
Chang Hwa Bank	Secured loan	50,400	2024/11/18~2027/06/09	2.525%	Construction in progress
		<u>\$ 1,361,830</u>			

Fong-Chien Construction Co.,LTD.  
Statements of contract liabilities  
December 31, 2024

Statement 5

Expressed in thousands of New Taiwan  
Dollars

<u>Item</u>	<u>Summary</u>	<u>Amount</u>
Advance real estate receipts	Zhenfu section, Taichung City (Green & House)	\$ 6,025
	Dingqiaozitou section, Taichung City (Chien 18)	224,079
	Renping section, Taichung City (Home +)	<u>14,454</u>
		<u>\$ 244,558</u>

Fong-Chien Construction Co.,LTD  
Statements of long-term borrowings  
December 31, 2024

Statement 6

Expressed in thousands of New Taiwan Dollars

<u>Creditor</u>	<u>Summary</u>	<u>Interest rate</u>	<u>Contract period</u>	<u>Collateral or guarantee</u>	<u>Ending balance</u>	<u>Current portion of long-term borrowings</u>	<u>Long-term borrowings</u>
Land Bank of Taiwan	Secured loan	2.510%	2017/04/19~2032/04/19	Inventories-buildings and land held for sale, investment properties	\$ 23,234	(\$ 2,922)	\$ 20,312
Land Bank of Taiwan	Secured loan	2.510%	2017/08/11~2032/08/11	Investment properties	11,177	( 1,332)	9,845
					<u>\$ 34,411</u>	<u>(\$ 4,254)</u>	<u>\$ 30,157</u>

Fong-Chien Construction Co.,LTD.  
Statements of construction revenue  
For the Year Ended December 31, 2024

Statement 7

Expressed in thousands of New Taiwan Dollars

<u>Project name</u>	<u>Revenue from buildings</u>	<u>Revenue from land</u>	<u>Total</u>	<u>Note</u>
Jingyinghui	\$ 3,051	\$ 2,047	\$ 5,098	Sales of parking lots
Mizhidi	1,131	1,512	2,643	Sales of parking lost
Forest Cube	<u>219,058</u>	<u>282,051</u>	<u>501,109</u>	Sales after completion
	<u>\$ 223,240</u>	<u>\$ 285,610</u>	508,850	
Lease revenue			<u>3,986</u>	
			<u>\$ 512,836</u>	

Fong-Chien Construction Co.,LTD.  
Statements of construction costs  
For the Year Ended December 31, 2024

Statement 8

Expressed in thousands of New Taiwan Dollars

<u>Project name</u>	<u>Costs for buildings</u>	<u>Costs for land</u>	<u>Costs for construction</u>	<u>Total</u>	<u>Note</u>
Jingyinghui	\$ 4,831	\$ 405	\$ -	\$ 5,236	Sales of parking lots
Mizhidi	1,812	272	-	2,084	Sales of parking lots
Forest Cube	218,741	140,668	-	359,409	Sales after completion
Others	<u>-</u>	<u>-</u>	<u>( 135)</u>	<u>( 135)</u>	
	<u>\$ 225,384</u>	<u>\$ 141,345</u>	<u>(\$ 135)</u>	366,594	
Lease costs — depreciation				533	
Inventory valuation losses				<u>( 355)</u>	
				<u>\$ 366,772</u>	



Fong-Chien Construction Co.,LTD.  
Statements of operating expenses  
For the Year Ended December 31, 2024

Statement 9

Expressed in thousands of New Taiwan Dollars

Item	Selling expenses	General and administrative expenses	Total	Note
Payroll expenses	\$ 2,494	\$ 16,730	\$ 19,224	
Commission expenses	27,876	-	27,876	
Service expenses	16	2,274	2,290	
Insurance expenses	4	1,520	1,524	
Depreciation	-	1,606	1,606	
Other expenses	<u>1,883</u>	<u>4,909</u>	<u>6,792</u>	Transaction amount does not exceed 5% of the account balance.
	<u>\$ 32,273</u>	<u>\$ 27,039</u>	<u>\$ 59,312</u>	