

**PRINCE HOUSING & DEVELOPMENT
CORP. AND SUBSIDIARIES
CONSOLIDATED FINANCIAL STATEMENTS AND
INDEPENDENT AUDITORS' REPORT
DECEMBER 31, 2023 AND 2022**

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

INDEPENDENT AUDITORS' REPORT TRANSLATED FROM CHINESE

To the Board of Directors and Shareholders of Prince Housing & Development, Corp.

Opinion

We have audited the accompanying consolidated balance sheets of Prince Housing & Development Corp. and its subsidiaries (the “Group”) as at December 31, 2023 and 2022, and the related consolidated statements of comprehensive income, of changes in equity and of cash flows for the years then ended, and notes to the consolidated financial statements, including a summary of material accounting policies.

In our opinion, based on our audits and the reports of other auditors (please refer to the *Other matter* section), the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at December 31, 2023 and 2022, and its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and the International Financial Reporting Standards, International Accounting Standards, IFRIC Interpretations, and SIC Interpretations as endorsed by the Financial Supervisory Commission.

Basis for opinion

We conducted our audits in accordance with the Regulations Governing Financial Statement Audit and Attestation Engagements of Certified Public Accountants and Standards on Auditing of the Republic of China. Our responsibilities under those standards are further described in the *Auditors' responsibilities for the audit of the consolidated financial statements* section of our report. We are independent of the Group in accordance with the Norm of Professional Ethics for Certified Public Accountant of the Republic of China, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

Based on our audits and the reports of other auditors, 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 judgement, were of most significance in our audit of the Group's 2023 consolidated financial statements. These matters were addressed in the context of our audit of the consolidated financial statements as a whole and, in forming our opinion thereon, we do not provide a separate opinion on these matters.

Key audit matters for the Group's 2023 consolidated financial statements are stated as follows:

Accuracy of building and land sales revenue recognition timing

Description

Please refer to Note 4(31) for accounting policies on sales revenue, and Note 6(24) for details.

The Group recognises building and land sales revenue and profit or loss upon the transfer of ownership and turnover of the property. Since the Group has diverse customers, the information delivery and recording process between segments in the Group usually involve manual processes, and thus may result in inappropriate timing of revenue recognition around the balance sheet date. Considering that the building and land sales revenue comprise most of the Group's operating revenue, we identified the accuracy of building and land sales revenue recognition timing as a key audit matter.

How our audit addressed the matter

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

- A. We obtained an understanding and assessed the reasonableness of internal controls on building and land sales revenue, and tested whether the process of building and land sales revenue recognition timing had been executed effectively, including verifying documents related to the date of ownership transfer and property handover and the accuracy of recognition timing.
- B. We performed cut-off test on building and land transactions around the end of the reporting period, including verifying land registration, house ownership certificate and customer signed receipts for the turnover of property to confirm that the timing of the building and land sales revenue recognition was appropriate.

Recognition of construction revenue-the stage of completion estimate

Description

Please refer to Notes 4(31) and 5(2) for accounting policies on construction contracts and revenue recognition, and Note 6(24) for details. For the year ended December 31, 2023, construction revenue amounted to NT\$4,227,820 thousand, representing 49.83% of consolidated operating revenue.

The Group provided property construction related services. During the duration of a contract, the recognition of revenue is based on the stage of completion of a contract. The stage of completion is determined by reference to the contract costs incurred to date and the proportion that contract costs incurred for work performed to date compared to the estimated total contract costs. Aforementioned estimated total contract costs were based on contract budget details compiled by owner's design drawing, considering the changes in construction scale caused by additional or less work, and the price fluctuations in the recent market to estimate the contract work, overhead and relevant costs.

As the complexity of aforementioned total cost usually involves subjective judgement and contains a high degree of uncertainty, and the estimate of total cost affects the stage of completion and the recognition of construction revenue, thus we consider the reasonableness of the stage of completion which was applied on construction revenue recognition as above mentioned as a key audit matter.

How our audit addressed the matter

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

- A. We obtained an understanding of the nature of business and industry of the Group and assessed the reasonableness of internal process of estimating total construction cost, including the procedure of estimating each construction cost and overhead, and the consistency of applying the estimation method.
- B. We assessed and tested the internal controls which would affect the changes of estimated total cost, including verifying the evidence of additional or less work and constructions.
- C. We inspected the construction site accompanied by the supervisor and other appropriate staff at the end of the reporting period to assess the reasonableness of the stage of completion method result.
- D. We obtained details of construction profit or loss and performed substantive procedures, including randomly checking the incurred cost of current period with the appropriate evidence, and additional or less work with the supporting documents, and recalculated the stage of completion.

Other matter – Reference to the audits of other auditors

We did not audit the financial statements of certain investments accounted for under the equity method which were audited by other auditors. Therefore, our opinion expressed herein, insofar as it relates to the amounts included in respect of these associates, is based solely on the reports of the other auditors. The balance of these investments accounted for under the equity method amounted to NT\$605,697 thousand and NT\$599,303 thousand, constituting 1.31% and 1.25% of the consolidated total assets as at December 31, 2023 and 2022, respectively, and the comprehensive income recognised from associates and joint ventures accounted for under the equity method amounted to NT\$44,019 thousand and NT\$44,638 thousand, constituting 5.46% and 5.08% of the consolidated total comprehensive income for the years then ended, respectively.

Other matter – Parent company only financial reports

We have audited and expressed an unqualified opinion on the parent company only financial statements of Prince Housing & Development Corp., with an other matter paragraph, as at and for the years ended December 31, 2023 and 2022.

Responsibilities of management and those charged with governance for the consolidated financial statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and the International Financial Reporting Standards, International Accounting Standards, IFRIC Interpretations, and SIC Interpretations that came into effect as endorsed by the Financial Supervisory Commission, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

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

Those charged with governance, including the audit committee, are responsible for overseeing the Group's financial reporting process.

Auditors' responsibilities for the audit of the consolidated financial statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the 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 consolidated financial statements.

As part of an audit in accordance with the Standards on Auditing of the Republic of China, we exercise professional judgement and maintain professional skepticism throughout the audit. We also:

- A. Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- B. 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 Group's internal control.
- C. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- D. 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 Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- E. Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- F. Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our 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 consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Wang, Chun-Kai

Wang, Kuo-Hua

For and on behalf of PricewaterhouseCoopers, Taiwan

March 4, 2024

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

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

PRINCE HOUSING & DEVELOPMENT CORP. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
DECEMBER 31, 2023 AND 2022
(Expressed in thousands of New Taiwan dollars)

Assets		Notes	December 31, 2023		December 31, 2022	
			AMOUNT	%	AMOUNT	%
Current assets						
1100	Cash and cash equivalents	6(1)	\$ 8,350,801	18	\$ 9,999,828	21
1110	Financial assets at fair value through profit or loss - current	6(2) and 8	2,947,209	6	3,619,731	8
1136	Current financial assets at amortised cost	6(4) and 8	2,121,199	5	1,153,734	2
1140	Current contract assets	6(24) and 7	536,541	1	511,183	1
1150	Notes receivable, net	6(5)	42,048	-	19,372	-
1170	Accounts receivable, net	6(5)	349,226	1	445,916	1
1180	Accounts receivable - related parties, net	6(5) and 7	404,073	1	341,842	1
1200	Other receivables		15,345	-	4,374	-
1220	Current income tax assets		358	-	7,262	-
130X	Inventories, net	6(6) and 8	6,569,320	14	6,839,811	14
1410	Prepayments		61,023	-	66,399	-
1479	Other current assets		21,604	-	18,250	-
11XX	Current Assets		21,418,747	46	23,027,702	48
Non-current assets						
1510	Financial assets at fair value through profit or loss - non-current	6(2) and 8	172,182	-	458,133	1
1517	Non-current financial assets at fair value through other comprehensive income	6(3) and 8	2,815,770	6	2,318,365	5
1535	Non-current financial assets at amortised cost	6(4) and 8	659,176	2	636,504	1
1550	Investments accounted for under equity method	6(7) and 8	1,919,512	4	1,907,292	4
1600	Property, plant and equipment, net	6(8) and 8	5,466,796	12	5,514,126	12
1755	Right-of-use assets	6(9) and 7	6,110,343	13	6,263,451	13
1760	Investment property, net	6(11) and 8	5,326,909	12	5,399,644	11
1780	Intangible assets, net	6(12)	1,812,715	4	1,874,174	4
1840	Deferred income tax assets	6(30)	279,699	1	321,421	1
1920	Refundable deposits	7	127,115	-	142,086	-
1990	Other non-current assets		141,888	-	90,916	-
15XX	Non-current assets		24,832,105	54	24,926,112	52
1XXX	Total assets		\$ 46,250,852	100	\$ 47,953,814	100

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PRINCE HOUSING & DEVELOPMENT CORP. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
DECEMBER 31, 2023 AND 2022
(Expressed in thousands of New Taiwan dollars)

Liabilities and Equity		Notes	December 31, 2023		December 31, 2022	
			AMOUNT	%	AMOUNT	%
Current liabilities						
2100	Short-term borrowings	6(13) and 8	\$ 831,000	2	\$ 1,301,000	3
2130	Current contract liabilities	6(24) and 7	516,298	1	622,708	1
2150	Notes payable		463	-	1,597	-
2170	Accounts payable	7	1,168,473	3	1,475,835	3
2200	Other payables	6(14)	602,047	1	779,359	2
2230	Current income tax liabilities		33,866	-	54,644	-
2280	Current lease liabilities	7	488,662	1	441,219	1
2310	Receipts in advance		43,356	-	32,323	-
2320	Long-term liabilities, current portion	6(15)(16) and 8	700,000	2	5,880,000	12
2399	Other current liabilities		31,364	-	53,958	-
21XX	Current Liabilities		4,415,529	10	10,642,643	22
Non-current liabilities						
2530	Bonds payable	6(15)	4,500,000	10	2,000,000	4
2540	Long-term borrowings	6(16) and 8	3,320,000	7	1,120,000	2
2550	Provisions for liabilities - non-current	6(17)	174,491	-	165,984	-
2570	Deferred income tax liabilities	6(30)	279,650	1	279,965	1
2580	Non-current lease liabilities	7	6,373,358	14	6,566,017	14
2610	Long-term notes and accounts payable		808,301	2	808,301	2
2640	Net defined benefit liability - non-current		25,305	-	26,018	-
2645	Guarantee deposits received		181,559	-	164,977	-
2670	Other non-current liabilities	6(7)	196,127	-	195,562	1
25XX	Non-current liabilities		15,858,791	34	11,326,824	24
2XXX	Total Liabilities		20,274,320	44	21,969,467	46
Equity attributable to owners of parent						
	Share capital	6(19)				
3110	common stock		16,233,261	35	16,233,261	34
	Capital surplus	6(20)				
3200	Capital surplus		2,260,513	5	2,260,513	5
	Retained earnings	6(21)				
3310	Legal reserve		2,536,541	6	2,387,299	5
3350	Unappropriated retained earnings		3,281,381	7	3,655,405	8
	Other equity interest	6(22)				
3400	Other equity interest		1,411,353	3	1,184,285	2
3500	Treasury stocks	6(19)	(1,003)	-	(1,003)	-
31XX	Equity attributable to owners of the parent		25,722,046	56	25,719,760	54
36XX	Non-controlling interest	4(3)	254,486	-	264,587	-
3XXX	Total equity		25,976,532	56	25,984,347	54
	Significant contingent liabilities and unrecognised contract commitments	9				
	Significant events after the balance sheet date	11				
3X2X	Total liabilities and equity		\$ 46,250,852	100	\$ 47,953,814	100

The accompanying notes are an integral part of these consolidated financial statements.

PRINCE HOUSING & DEVELOPMENT CORP. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
YEARS ENDED DECEMBER 31, 2023 AND 2022

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

			Year ended December 31			
			2023		2022	
Items	Notes		AMOUNT	%	AMOUNT	%
4000	Sales revenue	6(24) and 7	\$ 8,485,229	100	\$ 12,768,778	100
5000	Operating costs	6(6)(12)(29)	(5,981,704)	(70)	(8,826,908)	(69)
5900	Gross profit		<u>2,503,525</u>	<u>30</u>	<u>3,941,870</u>	<u>31</u>
	Operating expenses	6(12)(29)				
6100	Selling expenses		(117,262)	(1)	(253,524)	(2)
6200	General and administrative expenses		(1,758,601)	(21)	(1,715,237)	(14)
6450	Impairment loss (impairment gain and reversal of impairment loss) determined in accordance with IFRS 9	12(2)	(45)	-	(511)	-
6000	Total operating expenses		(1,875,908)	(22)	(1,969,272)	(16)
6900	Operating profit		<u>627,617</u>	<u>8</u>	<u>1,972,598</u>	<u>15</u>
	Non-operating income and expenses					
7100	Interest income	6(25)	82,704	1	20,283	-
7010	Other income	6(3)(26)	244,901	3	393,680	3
7020	Other gains and losses	6(2)(27)	16,890	-	(589,198)	(5)
7050	Finance costs	6(6)(28) and 7	(347,708)	(4)	(330,533)	(2)
7060	Share of profit of associates and joint ventures accounted for under equity method	6(7)	<u>101,161</u>	<u>1</u>	<u>101,570</u>	<u>1</u>
7000	Total non-operating income and expenses		<u>97,948</u>	<u>1</u>	<u>(404,198)</u>	<u>(3)</u>
7900	Profit before income tax		<u>725,565</u>	<u>9</u>	<u>1,568,400</u>	<u>12</u>
7950	Income tax expense	6(30)	(140,578)	(2)	(126,244)	(1)
8200	Profit for the year		<u>\$ 584,987</u>	<u>7</u>	<u>\$ 1,442,156</u>	<u>11</u>
	Other comprehensive income					
	Components of other comprehensive income that will not be reclassified to profit or loss					
8311	Gain (loss) on remeasurement of defined benefit plans	6(18)	(\$ 6,141)	-	\$ 16,108	-
8316	Unrealised (losses) gains from investments in equity instruments measured at fair value through other comprehensive income	6(3)(22)	227,068	3	(575,934)	(4)
8320	Share of other comprehensive income of associates and joint ventures accounted for using equity method, components of other comprehensive income that will not be reclassified to profit or loss		80	-	(2,654)	-
8349	Income tax related to components of other comprehensive income that will not be reclassified to profit or loss	6(30)	<u>325</u>	<u>-</u>	<u>(913)</u>	<u>-</u>
8310	Components of other comprehensive income that will not be reclassified to profit or loss		<u>221,332</u>	<u>3</u>	<u>(563,393)</u>	<u>(4)</u>
8300	Total other comprehensive income (loss) for the year		<u>\$ 221,332</u>	<u>3</u>	<u>(\$ 563,393)</u>	<u>(4)</u>
8500	Total comprehensive income for the year		<u>\$ 806,319</u>	<u>10</u>	<u>\$ 878,763</u>	<u>7</u>
	Profit (loss), attributable to:					
8610	Owners of the parent		\$ 592,617	7	\$ 1,475,037	11
8620	Non-controlling interest		(7,630)	-	(32,881)	-
			<u>\$ 584,987</u>	<u>7</u>	<u>\$ 1,442,156</u>	<u>11</u>
	Comprehensive income (loss) attributable to:					
8710	Owners of the parent		\$ 813,949	10	\$ 911,674	7
8720	Non-controlling interest		(7,630)	-	(32,911)	-
			<u>\$ 806,319</u>	<u>10</u>	<u>\$ 878,763</u>	<u>7</u>
	Earnings per share (in dollars)	6(31)				
9750	Basic earnings per share		<u>\$ 0.37</u>		<u>\$ 0.91</u>	
9850	Diluted earnings per share		<u>\$ 0.36</u>		<u>\$ 0.90</u>	

The accompanying notes are an integral part of these consolidated financial statements.

PRINCE HOUSING & DEVELOPMENT CORP. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
YEARS ENDED DECEMBER 31, 2023 AND 2022
(Expressed in thousands of New Taiwan dollars)

		Equity attributable to owners of the parent									
		Retained Earnings				Other equity interest					
							Unrealised gains (losses) from financial assets measured at fair value through other comprehensive income				
	Notes	Share capital - common stock	Capital surplus, additional paid-in capital	Legal reserve	Unappropriated retained earnings	Financial statements translation differences of foreign operations		Treasury stocks	Total	Non-controlling interest	Total equity
Year ended December 31, 2022											
		\$ 16,233,261	\$ 2,260,513	\$ 2,232,892	\$ 3,129,052	(\$ 48)	\$ 1,765,082	(\$ 1,003)	\$ 25,619,749	\$ 147,498	\$ 25,767,247
	6(31)	-	-	-	1,475,037	-	-	-	1,475,037	(32,881)	1,442,156
	6(3)(22)	-	-	-	12,571	-	(575,934)	-	(563,363)	(30)	(563,393)
		-	-	-	1,487,608	-	(575,934)	-	911,674	(32,911)	878,763
Appropriations and distribution of 2021 earnings:											
		-	-	154,407	(154,407)	-	-	-	-	-	-
	6(21)	-	-	-	(811,663)	-	-	-	(811,663)	-	(811,663)
		-	-	-	4,815	-	(4,815)	-	-	-	-
	4(3)	-	-	-	-	-	-	-	-	150,000	150,000
		\$ 16,233,261	\$ 2,260,513	\$ 2,387,299	\$ 3,655,405	(\$ 48)	\$ 1,184,333	(\$ 1,003)	\$ 25,719,760	\$ 264,587	\$ 25,984,347
Year ended December 31, 2023											
		\$ 16,233,261	\$ 2,260,513	\$ 2,387,299	\$ 3,655,405	(\$ 48)	\$ 1,184,333	(\$ 1,003)	\$ 25,719,760	\$ 264,587	\$ 25,984,347
	6(31)	-	-	-	592,617	-	-	-	592,617	(7,630)	584,987
	6(3)(22)	-	-	-	(5,736)	-	227,068	-	221,332	-	221,332
		-	-	-	586,881	-	227,068	-	813,949	(7,630)	806,319
Appropriations and distribution of 2022 earnings:											
		-	-	149,242	(149,242)	-	-	-	-	-	-
	6(21)	-	-	-	(811,663)	-	-	-	(811,663)	-	(811,663)
		-	-	-	-	-	-	-	-	(2,471)	(2,471)
		\$ 16,233,261	\$ 2,260,513	\$ 2,536,541	\$ 3,281,381	(\$ 48)	\$ 1,411,401	(\$ 1,003)	\$ 25,722,046	\$ 254,486	\$ 25,976,532

The accompanying notes are an integral part of these consolidated financial statements.

PRINCE HOUSING & DEVELOPMENT CORP. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
YEARS ENDED DECEMBER 31, 2023 AND 2022
(Expressed in thousands of New Taiwan dollars)

		Year ended December 31	
	Notes	2023	2022
<u>CASH FLOWS FROM OPERATING ACTIVITIES</u>			
Profit before tax		\$ 725,565	\$ 1,568,400
Adjustments			
Income and expenses having no effect on cash flows			
Net (gain) loss on financial assets at fair value through profit or loss	6(2)(27)	(19,880)	616,019
Expected credit impairment loss	12(2)	45	511
Share of profit of associates and joint ventures accounted for under equity method	6(7)	(101,161)	(101,570)
Gain on disposal of property, plant and equipment	6(27)	2,202	27,829
Property, plant and equipment transferred to expenses		1,390	850
Gain from changes in lease payments arising from the rent concessions	6(9)	-	(3,731)
Gain arising from lease modification	6(9)	(18)	(49)
Depreciation	6(8)(9)(11)(29)	750,167	759,572
Amortization	6(12)(29)	62,229	62,898
Interest expense	6(28)	346,480	329,333
Interest income	6(25)	(82,704)	(20,283)
Dividend income	6(3)(26)	(75,267)	(215,755)
Changes in assets/liabilities relating to operating activities			
Changes in operating assets			
Financial assets at fair value through profit or loss - current		708,387	(465,590)
Current contract assets	(	( 25,358)	(4,756)
Notes receivable	(	( 22,676)	9,980
Accounts receivable		96,645	276,951
Accounts receivable - related parties	(	( 62,231)	(335,382)
Other receivables	(	( 10,800)	54,679
Inventories		259,081	4,482,211
Prepayments		14,534	50,653
Other current assets	(	( 3,354)	(15,706)
Other non-current liabilities	(	( 54,607)	(16,565)
Net changes in liabilities relating to operating activities			
Current contract liabilities	(	( 106,410)	(719,625)
Notes payable	(	( 1,134)	1,263
Accounts payable	(	( 307,362)	(230,447)
Other payables	(	( 186,614)	70,553
Receipts in advance		11,033	3,271
Other current liabilities	(	( 22,594)	(46,512)
Provisions for liabilities - non-current		8,507	29,480
Net defined benefit liability - non-current	(	( 6,854)	(12,854)
Other non-current liabilities, others		176	156
Cash inflow generated from operations		1,897,417	6,100,126
Interest received		82,704	20,283
Cash dividend received		164,407	260,557
Interest paid	(	( 346,364)	(319,697)
Income tax paid	(	( 112,867)	(249,311)
Net cash flows from operating activities		1,685,297	5,811,958

(Continued)

PRINCE HOUSING & DEVELOPMENT CORP. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
YEARS ENDED DECEMBER 31, 2023 AND 2022
(Expressed in thousands of New Taiwan dollars)

		Year ended December 31	
	Notes	2023	2022
<u>CASH FLOWS FROM INVESTING ACTIVITIES</u>			
Increase in financial assets at amortised cost-current		(\$ 967,465)	(\$ 387,816)
Financial assets at fair value through profit or loss - non-current		269,966	117,531
Acquisition of financial assets at fair value through other comprehensive income-non-current		(270,162)	(139,603)
Proceeds from disposal of financial assets at fair value through other comprehensive income-non-current		-	27
Proceeds from returning fees of non-current financial assets at fair value through other comprehensive income		71	-
Increase in financial assets at amortised cost non-current		(22,672)	(2,514)
Acquisition of property, plant and equipment	6(8)	(134,053)	(48,678)
Proceeds from disposal of property, plant and equipment		310	31,660
Increase in intangible assets	6(12)	(770)	(585)
Decrease in refundable deposits		14,971	14,902
Net cash flows used in investing activities		(1,109,804)	(415,076)
<u>CASH FLOWS FROM FINANCING ACTIVITIES</u>			
(Decrease) increase in short-term borrowings	6(33)	(470,000)	25,140
Decrease in short-term notes and bills payable	6(33)	-	(250,000)
Repayments of bonds	6(33)	(2,500,000)	(2,000,000)
Proceeds from issuance of bonds	6(33)	2,500,000	2,000,000
Repayment of long-term borrowings	6(33)	(3,380,000)	(1,241,624)
Proceeds from long-term borrowings	6(33)	2,900,000	300,000
Increase in guarantee deposits received	6(33)	16,582	435
Payments of lease liabilities	6(33)	(476,968)	(449,986)
Cash dividends paid	6(21)	(811,663)	(811,663)
Change in non-controlling interest	4(3)	(2,471)	150,000
Net cash flows used in financing activities		(2,224,520)	(2,277,698)
Net (decrease) increase in cash and cash equivalents		(1,649,027)	3,119,184
Cash and cash equivalents at beginning of year		9,999,828	6,880,644
Cash and cash equivalents at end of year		\$ 8,350,801	\$ 9,999,828

The accompanying notes are an integral part of these consolidated financial statements.

PRINCE HOUSING & DEVELOPMENT CORP. AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2023 AND 2022

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

1. HISTORY AND ORGANIZATION

- (1) Prince Housing & Development Corp. (the “Company”) was established in September 1973, under the Company Act and other related regulations. The Company is primarily engaged in the construction, leasing and sale of public housing, commercial building, tourism/recreation place (children’s playground, water park, etc.) and parking lot/parking tower, and leasing and sale of real estate. The common shares of the Company have been listed on the Taiwan Stock Exchange since April 1991.
- (2) The main activities of the Company and its subsidiaries (collectively referred herein as the “Group”) are provided in Note 4(3) B.

2. THE DATE OF AUTHORIZATION FOR ISSUANCE OF THE CONSOLIDATED FINANCIAL STATEMENTS AND PROCEDURES FOR AUTHORIZATION

These consolidated financial statements were reported to the Board of Directors on March 4, 2024.

3. APPLICATION OF NEW STANDARDS, AMENDMENTS AND INTERPRETATIONS

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

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

<u>New Standards, Interpretations and Amendments</u>	<u>Effective date by International Accounting Standards Board</u>
Amendments to IAS 1, ‘Disclosure of accounting policies’	January 1, 2023
Amendments to IAS 8, ‘Definition of accounting estimates’	January 1, 2023
Amendments to IAS 12, ‘Deferred tax related to assets and liabilities arising from a single transaction’	January 1, 2023
Amendments to IAS 12, ‘International tax reform - pillar two model rules’	May 23, 2023

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

(2) Effect of new issuances of or amendments to IFRS Accounting Standards as endorsed by the FSC but not yet adopted by the Group

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

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

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

(3) IFRS Accounting Standards issued by IASB but not yet endorsed by the FSC

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

New Standards, Interpretations and Amendments	Effective date by International Accounting Standards Board
Amendments to IFRS 10 and IAS 28, 'Sale or contribution of assets between an investor and its associate or joint venture'	To be determined by International Accounting Standards Board
IFRS 17, 'Insurance contracts'	January 1, 2023
Amendments to IFRS 17, 'Insurance contracts'	January 1, 2023
Amendment to IFRS 17, 'Initial application of IFRS 17 and IFRS 9 – comparative information'	January 1, 2023
Amendments to IAS 21, 'Lack of exchangeability'	January 1, 2025

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

4. SUMMARY OF MATERIAL ACCOUNTING POLICIES

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

(1) Compliance statement

The consolidated financial statements of the Group have been prepared in accordance with the “Regulations Governing the Preparation of Financial Reports by Securities Issuers”, International Financial Reporting Standards, International Accounting Standards, IFRIC[®] Interpretations, and SIC[®] Interpretations that came into effect as endorsed by the FSC (collectively referred herein as the “IFRSs”).

(2) Basis of preparation

A. Except for the following items, these parent company only financial statements have been prepared under the historical cost convention:

- (a) Financial assets (including derivative instruments) at fair value through profit or loss.
- (b) Financial assets at fair value through other comprehensive income.
- (c) Defined benefit liabilities recognised based on the net amount of pension fund assets less unrecognised actuarial gains and present value of defined benefit obligation.

B. The preparation of financial statements in conformity with IFRSs requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group’s accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in Note 5.

(3) Basis of consolidation

A. Basis for preparation of consolidated financial statements:

- (a) All subsidiaries are included in the Group’s consolidated financial statements. Subsidiaries are all entities (including structured entities) controlled by the Group. The Group controls an entity when the Group 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. Consolidation of subsidiaries begins from the date the Group obtains control of the subsidiaries and ceases when the Group loses control of the subsidiaries.
- (b) Inter-company transactions, balances and unrealised gains or losses on transactions between companies within the Group are eliminated. Accounting policies of subsidiaries have been adjusted where necessary to ensure consistency with the policies adopted by the Group.
- (c) Profit or loss and each component of other comprehensive income are attributed to the owners of the parent and to the non-controlling interests. Total comprehensive income is attributed to the owners of the parent and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

- (d) Changes in a parent's ownership interest in a subsidiary that do not result in the parent losing control of the subsidiary (transactions with non-controlling interests) are accounted for as equity transactions, i.e. transactions with owners in their capacity as owners. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognised directly in equity.
- (e) When the Group loses control of a subsidiary, the Group remeasures any investment retained in the former subsidiary at its fair value. That fair value is regarded as the fair value on initial recognition of a financial asset or the cost on initial recognition of the associate or joint venture. Any difference between fair value and carrying amount is recognised in profit or loss. All amounts previously recognised in other comprehensive income in relation to the subsidiary are reclassified to profit or loss on the same basis as would be required if the related assets or liabilities were disposed of. That is, when the Group loses control of a subsidiary, all gains or losses previously recognised in other comprehensive income in relation to the subsidiary should be reclassified from equity to profit or loss, if such gains or losses would be reclassified to profit or loss when the related assets or liabilities are disposed of.

B. Subsidiaries included in the consolidated financial statements:

Name of investor	Name of subsidiary	Main business activities	Ownership (%)		Description
			December 31, 2023	December 31, 2022	
Prince Housing & Development Corp.	Prince Property Management Consulting Co.	Real estate agency and management consulting	100	100	
	Cheng-Shi Investment Holdings Co., Ltd.	General investments	100	100	
	Prince Housing Investment Corp.	Overseas investment	100	100	
	The Splendor Hospitality International Co., Ltd.	Hotels and catering	50	50	Notes 1 and 2
	Jin-Yi-Xing Plywood Co., Ltd.	Manufacture of plywood	99.65	99.65	
	Prince Industrial Corp.	Development of public housing and building	100	100	
	Prince Real Estate Co., Ltd.	Real estate trading and leasing	99.68	99.68	
	Times Square International Holding Company	General investments	100	100	
Prince Property Management Consulting Co.	Prince Apartment Management & Maintenance Co., Ltd.	Management of apartment	100	100	
	Prince Security & Guard Co., Ltd.	Security	100	100	
Cheng-Shi Investment Holdings Co., Ltd.	Ta Chen Construction & Engineering Corp.	Construction	100	100	
	Prince Utility Co., Ltd.	Electricity and water pipe maintenance	100	100	
	Cheng-Shi Construction Co., Ltd.	Construction	100	100	
Times Square International Holding Company	Times Square International Hotel Corp.	Hotels and catering	100	100	
	Times Square International Stays Corp.	Hotels and catering	100	100	
Prince Industrial Corp.	Prince Chong-De Industrial Corp.	Development of public housing and building	100	-	Notes 3
	Prince Da-Li-Yi Industrial Corp.	Development of public housing and building	100	-	Notes 4

Note 1: The Group does not directly or indirectly own above 50% of voting shares of The Splendor Hospitality International Co., Ltd.. However, as the Group has control over the finance and operations of the company, it is included in the consolidated financial statements.

Note 2: The investee increased its capital amounting to \$300,000 by issuing new shares of 30 million shares in the first quarter of 2022. The face value and issuance price were both NT\$10 (in dollars). The Company subscribed to the new shares according to its shareholding ratio.

Note 3: The investee was newly established in September 2023.

Note 4: The investee was newly established in December 2023.

C. Subsidiaries not included in the consolidated financial statements: None.

D. Adjustments for subsidiaries with different balance sheet dates: None.

E. Significant restrictions: None.

F. Subsidiaries that have non-controlling interests that are material to the Group:

The Group's non-controlling interest is not material and thus, is not applicable.

(4) Foreign currency translation

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates (the "functional currency"). The consolidated financial statements are presented in New Taiwan dollars, which is the Company's functional and the Group's presentation currency.

A. Foreign currency transactions and balances

- (a) Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuation where items are remeasured. Foreign exchange gains and losses resulting from the settlement of such transactions are recognized in profit or loss in the period in which they arise.
- (b) Monetary assets and liabilities denominated in foreign currencies at the period end are re-translated at the exchange rates prevailing at the balance sheet date. Exchange differences arising upon re-translation at the balance sheet date are recognized in profit or loss.
- (c) Non-monetary assets and liabilities denominated in foreign currencies held at fair value through profit or loss are re-translated at the exchange rates prevailing at the balance sheet date; their translation differences are recognized in profit or loss. Non-monetary assets and liabilities denominated in foreign currencies held at fair value through other comprehensive income are re-translated at the exchange rates prevailing at the balance sheet date; their translation differences are recognized in other comprehensive income. However, non-monetary assets and liabilities denominated in foreign currencies that are not measured at fair value are translated using the historical exchange rates at the dates of the initial transactions.

- (d) All foreign exchange gains and losses are presented in the statement of comprehensive income within 'other gains and losses'.

B. Translation of foreign operations

- (a) The operating results and financial position of all the Group entities, associates and jointly controlled entities that have a functional currency different from the presentation currency are translated into the presentation currency as follows:
 - i. Assets and liabilities for each balance sheet presented are translated at the closing exchange rate at the date of that balance sheet;
 - ii. Income and expenses for each statement of comprehensive income are translated at average exchange rates of that period; and
 - iii. All resulting exchange differences are recognized in other comprehensive income.
- (b) When the foreign operation partially disposed of or sold is an associate or joint arrangements, exchange differences that were recorded in other comprehensive income are proportionately reclassified to profit or loss as part of the gain or loss on sale. In addition, even when the Group still retains partial interest in the former foreign associate or joint arrangements after losing significant influence over the former foreign associate, or losing joint control of the former joint arrangements, such transactions should be accounted for as disposal of all interest in these foreign operations.
- (c) When the foreign operation partially disposed of or sold is a subsidiary, cumulative exchange differences that were recorded in other comprehensive income are proportionately transferred to the non-controlling interest in this foreign operation. In addition, even when the Group still retains partial interest in the former foreign subsidiary after losing control of the former foreign subsidiary, such transactions should be accounted for as disposal of all interest in the foreign operation.

(5) Classification of current and non-current items

- A. If assets and liabilities are related to the construction business, they are classified as current or non-current according to their operating cycle; if they are not related to the construction business, they are classified by annual basis.
- B. Assets that meet one of the following criteria are classified as current assets; otherwise they are classified as non-current assets:
 - (a) Assets arising from operating activities that are expected to be realised, or are intended to be sold or consumed within the normal operating cycle;
 - (b) Assets held mainly for trading purposes;
 - (c) Assets that are expected to be realised within twelve months from the balance sheet date;

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

C. Liabilities that meet one of the following criteria are classified as current liabilities; otherwise they are classified as non-current liabilities:

(a) Liabilities that are expected to be settled within the normal operating cycle;

(b) Liabilities arising mainly from trading activities;

(c) Liabilities that are to be settled within twelve months from the balance sheet date;

(d) Liabilities for which the repayment date cannot be extended unconditionally to more than twelve months after the balance sheet date. Terms of a liability that could, at the option of the counterparty, result in its settlement by the issue of equity instruments do not affect its classification.

(6) Cash equivalents

Cash equivalents refer to short-term and highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value. Time deposits mature within three months and bonds and notes with call back options that meet the definition above and are held for the purpose of meeting short-term cash commitments in operations are classified as cash equivalents.

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

A. Financial assets at fair value through profit or loss are financial assets that are not measured at amortised cost or fair value through other comprehensive income.

B. On a regular way purchase or sale basis, financial assets at fair value through profit or loss are recognised and derecognised using trade date accounting.

C. At initial recognition, the Company measures the financial liabilities at fair value. All related transaction costs are recognised in profit or loss. The Company subsequently measures these financial liabilities at fair value with any gain or loss recognised in profit or loss.

D. Dividends are recognised as revenue when the right to receive payment is established, future economic benefits associated with the dividend will flow to the Group and the amount of the dividend can be measured reliably.

(8) Financial assets at fair value through other comprehensive income

A. Financial assets at fair value through other comprehensive income comprise equity securities which are not held for trading, and for which the Group has made an irrevocable election at initial recognition to recognise changes in fair value in other comprehensive income.

B. On a regular way purchase or sale basis, financial assets at fair value through other comprehensive income are recognised and derecognised using trade date accounting.

C. At initial recognition, the Group measures the financial assets at fair value plus transaction costs. The Company subsequently measures the financial assets at fair value:

The changes in fair value of equity investments that were recognised in other comprehensive income are reclassified to retained earnings and are not reclassified to profit or loss following the derecognition of the investment. Dividends are recognised as revenue when the right to receive payment is established, future economic benefits associated with the dividend will flow to the Company and the amount of the dividend can be measured reliably.

(9) Financial assets at amortised cost

A. Financial assets at amortised cost are those that meet all of the following criteria:

(a) The objective of the Group's business model is achieved by collecting contractual cash flows.

(b) The assets' contractual cash flows represent solely payments of principal and interest.

B. On a regular way purchase or sale basis, financial assets at amortised cost are recognised and derecognised using trade date accounting.

C. At initial recognition, the Group measures the financial assets at fair value plus transaction costs. Interest income from these financial assets is included in finance income using the effective interest method. A gain or loss is recognised in profit or loss when the asset is derecognised or impaired.

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

(10) Accounts and notes receivable

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

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

(11) Impairment of financial assets

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

(12) Derecognition of financial assets

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

- A. The contractual rights to receive the cash flows from the financial asset expire.
- B. The contractual rights to receive cash flows of the financial asset have been transferred and the Group has transferred substantially all risks and rewards of ownership of the financial asset.
- C. The contractual rights to receive cash flows of the financial asset have been transferred; however, the Group has not retained control of the financial asset.

(13) Leasing arrangements (lessor) — operating leases

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

(14) Inventories

Except for gains or losses occurring from construction contracts that are recognised using the percentage of completion method, “land held for construction”, “construction in progress”, and “buildings and land held for sale” are stated at cost and evaluated at the lower of cost or net realisable value at the end of period. The individual item approach is used in the comparison of cost and net realisable value. Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and the estimated costs necessary to make the sale. The interest costs related to construction in progress are capitalised during the construction.

(15) Investments accounted for using equity method / subsidiaries, associates

- A. In general, it is presumed that the investor has significant influence, if an investor holds, directly or indirectly 20 percent or more of the voting power of the investee. Investments in associates are accounted for using the equity method and are initially recognised at cost.
- B. The Group’s share of its associates’ post-acquisition profits or losses is recognised in profit or loss, and its share of post-acquisition movements in other comprehensive income is recognised in other comprehensive income. When the Group’s share of losses in an associate equals or exceeds its interest in the associate, including any other unsecured receivables, the Group does not recognise further losses, unless it has incurred legal or constructive obligations or made payments on behalf of the associate.
- C. When changes in an associate’s equity are not recognised in profit or loss or other comprehensive income of the associate and such changes do not affect the Group’s ownership percentage of the associate, the Group recognises change in ownership interests in the associate in ‘capital surplus’ in proportion to its ownership.

- D. Unrealised gains on transactions between the Group and its associates are eliminated to the extent of the Group's interest in the associates. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of associates have been adjusted where necessary to ensure consistency with the policies adopted by the Group.
- E. In the case that an associate issues new shares and the Group does not subscribe or acquire new shares proportionately, which results in a change in the Group's ownership percentage of the associate but maintains significant influence on the associate, then 'capital surplus' and 'investments accounted for under the equity method' shall be adjusted for the increase or decrease of its share of equity interest. If the above condition causes a decrease in the Group's ownership percentage of the associate, in addition to the above adjustment, the amounts previously recognised in other comprehensive income in relation to the associate are reclassified to profit or loss proportionately on the same basis as would be required if the relevant assets or liabilities were disposed of.
- F. Upon loss of significant influence over an associate, the Group remeasures any investment retained in the former associate at its fair value. Any difference between fair value and carrying amount is recognised in profit or loss.
- G. When the Group disposes its investment in an associate and loses significant influence over this associate, the amounts previously recognised in other comprehensive income in relation to the associate, are reclassified to profit or loss, on the same basis as would be required if the relevant assets or liabilities were disposed of. If it retains significant influence over this associate, then the amounts previously recognised in other comprehensive income in relation to the associate are reclassified to profit or loss proportionately in accordance with the aforementioned approach.
- H. When the Group disposes its investment in an associate and loses significant influence over this associate, the amounts previously recognised as capital surplus in relation to the associate are transferred to profit or loss. If it retains significant influence over this associate, then the amounts previously recognised as capital surplus in relation to the associate are transferred to profit or loss proportionately.

(16) Property, plant and equipment

- A. Property, plant and equipment are initially recorded at cost. Borrowing costs incurred during the construction period are capitalised.
- B. Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are charged to profit or loss during the financial period in which they are incurred.

- C. Land is not depreciated. Other property, plant and equipment apply cost model and are depreciated using the straight-line method to allocate their cost over their estimated useful lives. Each part of an item of property, plant, and equipment with a cost that is significant in relation to the total cost of the item must be depreciated separately.
- D. The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted if appropriate, at each balance sheet date. If expectations for the assets' residual values and useful lives differ from previous estimates or the patterns of consumption of the assets' future economic benefits embodied in the assets have changed significantly, any change is accounted for as a change in estimate under IAS 8, 'Accounting Policies, Changes in Accounting Estimates and Errors', from the date of the change. The estimated useful lives of property, plant and equipment are as follows:

Buildings and structures	50 ~ 60 years
Machinery and equipment	3 ~ 10 years
Computer and communication equipment	5 years
Transportation equipment	3 ~ 5 years
Office equipment	3 ~ 20 years
Leasehold improvements	2 ~ 20 years
Other equipment	2 ~ 10 years

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

- A. Leases are recognised as a right-of-use asset and a corresponding lease liability at the date at which the leased asset is available for use by the Group. For short-term leases or leases of low-value assets, lease payments are recognised as an expense on a straight-line basis over the lease term.
- B. Lease liabilities include the net present value of the remaining lease payments at the commencement date, discounted using the incremental borrowing interest rate. Lease payments are comprised of the following:
- (a) Fixed payments, less any lease incentives receivable; and
 - (b) Variable lease payments that depend on an index or a rate.

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

- C. At the commencement date, the right-of-use asset is stated at cost comprising the initial measurement of lease liability.

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

- D. If the depreciation expense of the right-of-use assets (land use right) during the construction period is the directly attributable costs to bringing relevant constructions to the location and condition necessary for it to be capable of operating in the manner intended by the management and the interest expense arising from the lease liabilities is the borrowing costs directly attributable to the construction of relevant construction, they shall be capitalised as the cost of related construction.

(18) Investment property

An investment property is stated initially at its cost and measured subsequently using the cost model. Except for land, investment property is depreciated on a straight-line basis over its estimated useful life of 44 ~ 60 years.

(19) Intangible assets

Computer software cost and service concession are stated at acquisition cost and amortised on a straight line basis. The useful life of major intangible assets is 3~5 years, while service concession is 44 years.

(20) Impairment of non-financial assets

The Group assesses at each balance sheet date the recoverable amounts of those assets where there is an indication that they are impaired. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell or value in use. Except for goodwill, when the circumstances or reasons for recognising impairment loss for an asset in prior years no longer exist or diminish, the impairment loss is reversed. The increased carrying amount due to reversal should not be more than what the depreciated or amortised historical cost would have been if the impairment had not been recognised.

(21) Borrowings

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

B. Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw-down occurs. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalised as a pre-payment for liquidity services and amortised over the period of the facility to which it relates.

(22) Notes and accounts payable

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

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

(23) Bonds payable

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

(24) Derecognition of financial liabilities

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

(25) Offsetting financial instruments

Financial assets and liabilities are offset and reported in the net amount in the balance sheet when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously.

(26) Provisions

Provisions are recognized when the Company has a present legal or constructive obligation as a result of past events, and it is probable that an outflow of economic resources will be required to settle the obligation and the amount of the obligation can be reliably estimated. Provisions are measured at the present value of the expenditures expected to be required to settle the obligation on the balance sheet date, which is discounted using a pre-tax discount rate that reflects the current market assessments of the time value of money and the risks specific to the obligation. When discounting is used, the increase in the provision due to passage of time is recognized as interest expense. Provisions are not recognized for future operating losses.

(27) Employee benefits

A. Short-term employee benefits

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

B. Pensions

(a) Defined contribution plans

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

(b) Defined benefit plans

- i. Net obligation under a defined benefit plan is defined as the present value of an amount of pension benefits that employees will receive on retirement for their services with the Group in current period. The liability recognised in the balance sheet in respect of defined benefit pension plans is the present value of the defined benefit obligation at the balance sheet date less the fair value of plan assets. The defined benefit net obligation is calculated annually by independent actuaries using the projected unit credit method. The rate used to discount is determined by using interest rates of government bonds (at the balance sheet) of a currency and term consistent with the currency and term of the employment benefit obligations.
- ii. Remeasurement arising on defined benefit plans are recognised in other comprehensive income in the period in which they arise and are recorded as retained earnings.

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

Employees' compensation and directors' remuneration are recognised 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 employee compensation is distributed by shares, the Group calculates the number of shares based on the closing price at the previous day of the board meeting resolution.

(28) Income taxes

- A. The tax expense for the period comprises current and deferred tax. Tax is recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income or items recognised directly in equity, in which cases the tax is recognised in other comprehensive income or equity.

- B. The current income tax expense is calculated on the basis of the tax laws enacted or substantively enacted at the balance sheet date in the countries where the Company and its subsidiaries operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in accordance with applicable tax regulations. It establishes provisions where appropriate based on the amounts expected to be paid to the tax authorities. An additional tax is levied on the unappropriated retained earnings and is recorded as income tax expense in the year the stockholders resolve to retain the earnings.
- C. Deferred income tax is recognised, using the balance sheet liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated balance sheet. However, the deferred income tax is not accounted for if it arises from initial recognition of goodwill or of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit nor loss. and does not give rise to equal taxable and deductible temporary differences. Deferred income tax is provided on temporary differences arising on investments in subsidiaries and associates, except where the timing of the reversal of the temporary difference is controlled by the Group and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the balance sheet date and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.
- D. Deferred income tax assets are recognised only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised. At each balance sheet date, unrecognised and recognised deferred income tax assets are reassessed.
- E. Current income tax assets and liabilities are offset and the net amount reported in the balance sheet when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously. Deferred income tax assets and liabilities are offset on the balance sheet when the entity has the legally enforceable right to offset current tax assets against current tax liabilities and they are levied by the same taxation authority on either the same entity or different entities that intend to settle on a net basis or realise the asset and settle the liability simultaneously.
- F. A deferred tax asset shall be recognised for the carryforward of unused tax credits resulting from equity investments to the extent that it is possible that future taxable profit will be available against which the unused tax credits can be utilised.
- G. Consolidated income tax return for tax filings of certain domestic subsidiaries in the Group accounted for in accordance with individual reporting situations. And subsidiaries have selected the consolidated income tax return for tax filings and pay additional tax on their undistributed retained earnings. If there is any tax effect due to the adoption of the consolidated tax system, the subsidiaries can proportionately allocate the effects on tax expense (benefit), deferred income tax and tax payable (tax refund receivable).

(29) Share capital

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

(30) Dividends

Dividends are recorded in the Company's financial statements in the period in which they are resolved by the Company's shareholders. Cash dividends are recorded as liabilities; stock dividends are recorded as stock dividends to be distributed and are reclassified to ordinary shares on the effective date of new shares issuance.

(31) Revenue recognition

A. Sales of services

The Group provides security and property management services. Revenue from a service contract in which the Group bills an agreed amount of service provided is recognised at the amount to which the Group has the right to invoice.

B. Land development and resale

(a) The Group develops land and sells residential properties. Revenue is recognised when control over the property has been transferred to the customer. The properties have generally no alternative use for the Group due to contractual restrictions. In addition, an enforceable right to payment does not arise until legal title has passed to the customer. Therefore, revenue is recognised at a point in time when the legal title has passed and the property and land have been transferred to the customer.

(b) The revenue is measured at an agreed upon amount under the contract. The consideration is due when legal title has been transferred. While deferred payment terms may be agreed in rare circumstances, the deferral never exceeds twelve months. The transaction price is therefore not adjusted because the contract does not include a significant financing component.

C. Construction contract revenue

The Group sub-contracts public construction projects, sale and lease of public housings and business buildings. The construction contracts are identified to be one performance obligation satisfied over time. Contract revenue should be recognised by reference to the stage of completion of the contract activity, using the percentage-of-completion method of accounting, over the contract term. The stage of completion of a contract is measured by the proportion of contract costs incurred for work performed to date to the estimated total costs for the contract. If the outcome of a performance obligation cannot be estimated reliably in the beginning of the contract, but the incurred costs for satisfying performance obligation can be recovered, contract revenue should be recognised only to the extent of contract costs incurred that it is probable will

be recoverable until the performance obligation can be estimated reliably. The customer pays at the time specified in the payment schedule. If the input construction cost exceed the payment, a contract asset is recognised. If the payments exceed the input construction cost, a contract liability is recognised.

D. Hospitality service revenue

The Group provides accommodation and food and beverage services. Revenue from providing accommodation services is recognised in the accounting period based on the stage of completion of the services. Revenue from providing food and beverage services is recognised when food and beverages are serviced to the customer.

E. Service concession revenue

Information on service concession revenue is provided in Note 4(32).

F. Rental revenue

The Group leases offices and dormitories. Rental revenue is recognised in profit or loss monthly on a straight-line basis over the lease term.

G. Incremental costs of obtaining a contract

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

(32) Service concession arrangements

- A. The Company was contracted by National Taiwan University (grantor) to provide construction for the government’s infrastructure assets for public services and operate those assets for Changxing St. Campus for 44 years and 6 months, and for Shuiyuan Campus for 44 years and 4 months after construction is completed. When the term of operating period expires, the underlying infrastructure assets will be transferred to National Taiwan University without consideration. The Company allocates the fair value of the consideration received or receivable in respect of the service concession arrangement between construction services and operating services provided based on their relative fair values, and recognises such allocated amounts as revenues in accordance with IFRS 15, ‘Revenue from contracts with customers’.
- B. Costs incurred on provision of construction services or upgrading services under a service concession arrangement are accounted for in accordance with IFRS 15, ‘Revenue from contracts with customers’.

C. The consideration received or receivable from the grantor in respect of the service concession arrangement is recognised at its fair value. Such considerations are recognised as a financial asset or an intangible asset based on how the considerations from the grantor to the operator are made as specified in the arrangement. The Company recognises a financial asset to the extent that it has an unconditional contractual right to receive cash or another financial asset from or at the direction of the grantor for the construction services, and recognises an intangible asset to the extent that it receives a right (a licence) to charge users of the public service.

(33) Government grants

Government grants are recognized at their fair value only when there is reasonable assurance that the Group will comply with any conditions attached to the grants and the grants will be received. Government grants are recognized in profit or loss on a systematic basis over the periods in which the Group recognizes expenses for the related costs for which the grants are intended to compensate.

(34) Operating segments

Operating segments are reported in a manner consistent with the internal reporting provided to the Chief Operating Decision-Maker. The Chief Operating Decision-Maker is responsible for allocating resources and assessing performance of the operating segments.

5. CRITICAL ACCOUNTING JUDGEMENTS, ESTIMATES AND KEY SOURCES OF ASSUMPTION UNCERTAINTY

The preparation of these consolidated financial statements requires management to make critical judgements in applying the Group's accounting policies and make critical assumptions and estimates concerning future events. Assumptions and estimates are continually evaluated and adjusted based on historical experience and other factors. Such assumptions and estimates have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year. The above information is addressed below:

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

Investment property

The Group uses a portion of the property for its own use and another portion to earn rentals or for capital appreciation. When these portions cannot be sold separately and cannot be leased out separately under a finance lease, the property is classified as investment property only if the own-use portion represents an insignificant portion of the property.

(2) Critical accounting estimates and assumptions

Revenue recognition

Construction contract revenue should be recognised by reference to the stage of completion in the contract period using the percentage of completion method. Construction costs are recognised in the period incurred. The stage of completion of a contract is measured by the proportion of contract costs incurred for work performed up to the balance sheet date to the estimated total contract costs.

6. DETAILS OF SIGNIFICANT ACCOUNTS

(1) Cash and cash equivalents

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Cash on hand and revolving funds	\$ 9,324	\$ 8,760
Checking accounts and demand deposits	4,592,243	6,390,269
Deposit account	50,000	-
Repurchase bonds	3,699,234	3,600,799
	<u>\$ 8,350,801</u>	<u>\$ 9,999,828</u>

- A. The Group transacts with a variety of financial institutions all with high credit quality to disperse credit risk, so it expects that the probability of counterparty default is remote.
- B. The repurchase bonds held by the Group have high liquidity, so they were classified as cash equivalents.
- C. Details of time deposits maturing in excess of three months and compensation balance of borrowings pledged to others as collateral which were classified as financial assets at amortised cost, are provided in Note 6(4).
- D. Details of the interest income from the aforementioned pledged bank deposits which was recognised under interest income, are provided in Note 6(25).

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

<u>Items</u>	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Current items:		
Financial assets mandatorily measured at fair value through profit or loss		
Beneficiary certificates	\$ 2,888,077	\$ 3,594,988
Valuation adjustment	59,132	24,743
	<u>\$ 2,947,209</u>	<u>\$ 3,619,731</u>
Non-current items:		
Financial assets mandatorily measured at fair value through profit or loss		
Listed (TSE and OTC) stocks	\$ 16,993	\$ 146,989
Beneficiary certificates	76,000	76,000
	92,993	222,989
Valuation adjustments	79,189	235,144
	<u>\$ 172,182</u>	<u>\$ 458,133</u>

- A. The Group recognised net gains (losses) of \$19,880 and (\$616,019) on financial assets at fair value through profit or loss for the years ended December 31, 2023 and 2022, respectively.
- B. Details of the Group's financial assets at fair value through profit or loss pledged to others as collateral are provided in Note 8.

(3) Financial assets at fair value through other comprehensive income

Items	December 31, 2023	December 31, 2022
Non-current items:		
Designation of equity instruments		
Listed stocks	\$ 502,933	\$ 232,842
Unlisted stocks	902,198	902,198
	1,405,131	1,135,040
Valuation adjustments	1,410,639	1,183,325
	<u>\$ 2,815,770</u>	<u>\$ 2,318,365</u>

- A. The Group has elected to classify stocks that are considered to be strategic investments as financial assets at fair value through other comprehensive income. The fair value of such investments amounted to \$2,815,770 and \$2,318,365 as at December 31, 2023 and 2022, respectively.
- B. For the year ended December 31, 2022, the unlisted company which was invested by the Group was liquidated, therefore, the Group reclassified accumulated gains of \$4,815 from other equity to retained earnings.
- C. For the year ended December 31, 2023 and 2022, to operate the Company's finance and maintain the Group's shareholdings, the Company acquired listed stocks from the Company's subsidiary, Ta Chen Construction & Engineering Corp., for a total amount of \$270,162 and \$117,698 (including \$196 and \$167 of transaction fee) by using the block pair trades through Taiwan Stock Exchange.
- D. Amounts recognised in profit or loss and other comprehensive income in relation to the financial assets at fair value through other comprehensive income are listed below:

	Years ended December 31,	
	2023	2022
<u>Equity instruments at fair value through other comprehensive income</u>		
Fair value change recognised in other comprehensive income	<u>\$ 227,068</u>	<u>(\$ 575,964)</u>
Cumulative gains reclassified to retained earnings due to derecognition	<u>\$ -</u>	<u>\$ 4,815</u>
Dividend income recognised in profit or loss held at end of period	<u>\$ 54,872</u>	<u>\$ 122,463</u>

- E. Details of the Group's financial assets at fair value through other comprehensive income pledged to others as collateral are provided in Note 8.

(4) Financial assets at amortised cost

Items	December 31, 2023	December 31, 2022
Current items:		
Time deposits maturing in excess of three months	\$ 2,099,559	\$ 1,124,816
Trust account	21,640	28,918
	<u>\$ 2,121,199</u>	<u>\$ 1,153,734</u>
Non-current items:		
Compensating balance	\$ 506,345	\$ 494,673
Pledged certificate of deposit	152,831	141,831
	<u>\$ 659,176</u>	<u>\$ 636,504</u>

A. As at December 31, 2023 and 2022, without taking into account any collateral held or other credit enhancements, the maximum exposure to credit risk in respect of the amount that best represents the financial assets at amortised cost held by the Group was \$2,780,375 and \$1,790,238, respectively.

B. Details of the Group's financial assets at amortised cost pledged to others as collateral are provided in Note 8.

C. Information relating to credit risk of financial assets at amortised cost is provided in Note 12(2).

The counterparties of the Group's investments in certificates of deposits are financial institutions with high credit quality so the Group expects that the probability of counterparty default is remote.

(5) Notes and accounts receivable

	December 31, 2023	December 31, 2022
Notes receivable	<u>\$ 42,048</u>	<u>\$ 19,372</u>
Accounts receivable	<u>\$ 350,040</u>	<u>\$ 446,691</u>
Less: Allowance for doubtful accounts	<u>(814)</u>	<u>(775)</u>
	<u>\$ 349,226</u>	<u>\$ 445,916</u>
Accounts receivable - related parties	<u>\$ 404,073</u>	<u>\$ 341,842</u>

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

	December 31, 2023		December 31, 2022	
	Notes receivable	Accounts receivable	Notes receivable	Accounts receivable
Without past due	\$ 42,048	\$ 743,567	\$ 19,372	\$ 775,632
Up to 30 days	-	9,143	-	11,272
31 to 60 days	-	536	-	564
61 to 90 days	-	142	-	-
Over 91 days	-	725	-	1,065
	<u>\$ 42,048</u>	<u>\$ 754,113</u>	<u>\$ 19,372</u>	<u>\$ 788,533</u>

The above ageing analysis was based on past due date.

B. As at December 31, 2023, December 31, 2022 and January 1, 2022, the balances of receivables (including notes receivable) from contracts with customers amounted to \$740,796, \$774,432, and \$725,858, respectively.

C. As at December 31, 2023 and 2022, without taking into account any collateral held or other credit enhancements, the maximum exposure to credit risk in respect of the amount that best represents the Group's notes receivable were \$42,048 and \$19,372, respectively; the maximum exposure to credit risk in respect of the amount that best represents the Group's accounts receivable were \$753,299 and \$787,758, respectively.

D. Information relating to credit risk of notes receivable and accounts receivable is provided in Note 12(2).

E. The Group does not hold any collateral pledged for notes and accounts receivable.

(6) Inventories

December 31, 2023			
	Cost	Allowance for valuation loss	Book value
Land held for construction site	\$ 5,577,441	(\$ 62,573)	\$ 5,514,868
Construction in progress	118,158	-	118,158
Buildings and land held for sale	697,755	(10,037)	687,718
Prepayment for land	228,635	-	228,635
Merchandise	19,941	-	19,941
	<u>\$ 6,641,930</u>	<u>(\$ 72,610)</u>	<u>\$ 6,569,320</u>
December 31, 2022			
	Cost	Allowance for valuation loss	Book value
Land held for construction site	\$ 5,573,041	(\$ 62,573)	\$ 5,510,468
Construction in progress	116,419	-	116,419
Buildings and land held for sale	978,154	(12,852)	965,302
Prepayment for land	228,635	-	228,635
Merchandise	18,987	-	18,987
	<u>\$ 6,915,236</u>	<u>(\$ 75,425)</u>	<u>\$ 6,839,811</u>

A. The cost of inventories recognised as expense for the years ended December 31, 2023 and 2022, was \$4,226,103 and \$7,038,799, respectively, including the amount of \$0 and \$4,845, respectively, that the Group wrote down from cost to net realisable value accounted for as cost of goods sold, as well as the amount of \$2,815 and \$0, respectively, that the Group reversed from a previous inventory write-down and accounted for as reduction of cost of goods sold because the related inventory items were sold.

B. The construction in progress as of December 31, 2023 included the amount of depreciation expense of the right-of-use assets (land use right) during the construction period and interest expense arising from the lease liabilities capitalised. Refer to Note 6(9) F. for details. There were no such transactions on December 31, 2022.

C. Details of the Group's inventories pledged to others as collateral are provided in Note 8.

D. The interest capitalized as cost of inventory is as follows:

	Years ended December 31,	
	2023	2022
Interest paid before capitalization	\$ 349,698	\$ 331,666
Interest capitalized	\$ 3,218	\$ 2,333
Annual interest rate used for capitalization	0.56%~2.40%	0.72%~1.36%

E. Details of significant inventories (Eliminations and adjustments for consolidation were not included in the following information):

(a) Buildings and land in progress

	December 31, 2023	December 31, 2022
<u>Taipei branch</u>		
Bali Dist Chung Chang Section No.222 and 211-1, etc.	\$ 692,318	\$ 692,297
<u>Taichung branch</u>		
Beitun Dist. Rong-De Lot No.129, etc.	764,318	764,466
Qingshui Dist. Wu Show Section No. 1037, No. 1038, No. 1040, etc.	216,704	216,704
	981,022	981,170
<u>Tainan branch</u>		
Jin Hua Section No. 1361	689,322	689,315
Shan Chia Section No. 939, etc.	163,436	157,201
Others	3,738	3,738
	856,496	850,254
<u>Kaohsiung branch</u>		
Prince Cloud B (Ren Wu New Hougang West Section No .42, etc.)	364,370	364,370
Ren Wu New Hougang West Section No. 88 experimental house	72,933	72,933
	437,303	437,303
Total buildings and land in process	\$ 2,967,139	\$ 2,961,024

(b) Undeveloped land held for construction site

	December 31, 2023	December 31, 2022
<u>Taipei branch</u>		
Zhong Li Pu Ren Lot No. 720, etc.	\$ 140,156	\$ 140,156
Others	5,978	5,978
	146,134	146,134
<u>Taichung branch</u>		
Wu Feng Lot No. 365~855 etc.	175,661	175,661
Song Quan Lot No. 164 etc.	137,697	137,697
Tu Ku Section No. 9-7, etc.	55,167	55,167
Song Chang Lot No. 577 etc.	19,912	19,912
Hou Long Zi Section No. 133-004	19,513	19,513
Others	11,840	11,840
	419,790	419,790

<u>Tainan branch</u>	December 31, 2023	December 31, 2022
Shan Zhong Lot No. 1468, 1475 & 1476 etc.	234,699	234,699
Xue Zhong Lot No. 679, etc.	50,798	50,798
Yong Kang Ding An Lot No. 879, etc.	28,610	28,610
Bei An Section No. 54-3, etc.	28,317	28,317
Chin An Section No. 373~377	15,139	15,139
Bao An Lot No. 882, etc.	10,325	10,325
Others	14,550	14,550
	<u>382,438</u>	<u>382,438</u>
<u>Kaohsiung branch</u>		
Ren Wu New Hougang West Section No. 53, etc.	905,077	905,077
Ren Wu New Hougang West Section No. 30 & 52-74	407,357	407,357
Ren Wu Xiahai Section No. 642, 669 & 940, etc.	41,668	41,668
Da Hua Lot No. 434 & 436	13,923	13,923
	<u>1,368,025</u>	<u>1,368,025</u>
Total undeveloped land held for construction site	<u>\$ 2,316,387</u>	<u>\$ 2,316,387</u>

(c)Buildings and land held for sale

<u>Taipei branch</u>	December 31, 2023	December 31, 2022
Prince Hua Wei	\$ 419,964	\$ 615,951
Prince Yuan	67,259	82,586
Prince Da Din	11,597	12,025
Prince W	-	18,542
Prince Pine Garden	-	8,258
	<u>498,820</u>	<u>737,362</u>
<u>Taichung branch</u>		
Prince Xian Heng	115,544	115,484
Prosperous New World	26,892	27,713
Prince Holiday Mansion	9,058	9,058
Others	6,118	6,118
	<u>157,612</u>	<u>158,373</u>
<u>Tainan branch</u>		
Prince Golden Age	4,145	4,145
Jun Chan LV	4,081	19,725
Prince WIN2 Future	-	11,837
Others	2,292	2,292
	<u>10,518</u>	<u>37,999</u>
<u>Kaohsiung branch</u>		
Prince Castle (Townhouse)	30,132	30,132
Prince Cloud C Apartment	23,475	25,911
Cozy Prince Mansion	-	9,000
Prince Da Din	-	3,259
	<u>53,607</u>	<u>68,302</u>
Total buildings and land held for sale	<u>\$ 720,557</u>	<u>\$ 1,002,036</u>

(d)Prepayment for land

<u>Tainan branch</u>	December 31, 2023	December 31, 2022
Ren Wu New Hougang West Section No. 20, etc.	<u>\$ 288,635</u>	<u>\$ 228,635</u>

E. Disclosure of significant constructions:

(a) As of December 31, 2023, significant constructions are set forth below:

Name of construction contract	Contract amount	Estimated construction cost	Percentage of completion	Accumulated construction profit/(loss)
Xinshi Logistics Park (Uni President Express)	\$ 5,896,250	\$ 5,627,666	64.14%	\$ 172,270
Jincheng Interchange Project	2,590,476	2,460,952	0.75%	971
Urban renewal construction on Zhengguang Road in Taoyuan	2,252,381	2,139,762	4.71%	5,304
Chunghwa Telecom-a turnkey project in Nangang	1,955,238	1,955,238	54.78%	-
Beitou Shilin Science and Technology Park	1,374,382	1,293,471	87.09%	70,465
Urban land consolidation engineering of Bei An commercial district	1,155,617	1,097,832	79.12%	45,719

(b) As of December 31, 2022, significant constructions are set forth below:

Name of construction contract	Contract amount	Estimated construction cost	Percentage of completion	Accumulated construction profit/(loss)
Xinshi Logistics Park (Uni President Express)	\$ 4,500,000	\$ 4,295,041	27.21%	\$ 55,769
Tai She Zhi Shan Yuan - New construction	2,518,640	2,352,409	97.91%	162,757
Construction of T.S. Landmark Plaza (\$1.2 billion)	1,962,547	1,937,366	100.00%	25,181
Chunghwa Telecom-a turnkey project in Nangang	1,955,238	1,935,686	31.88%	6,233
Tainan Metropolitan Expressway	1,720,906	1,599,880	97.67%	118,206
Beitou Shilin Science and Technology Park	1,277,212	1,213,347	76.67%	48,965
No.3, Zhonglu, Taoyuan City	1,326,778	1,204,814	90.03%	109,804
Urban land consolidation engineering of Bei An commercial district	1,051,411	998,834	34.16%	17,960
Construction of T.S. Landmark Plaza (\$0.8 billion)	1,013,032	984,315	98.86%	28,390

(7) Investments accounted for under the equity method

Name of associates	December 31, 2023		December 31, 2022	
	Carrying amount	Percentage of ownership	Carrying amount	Percentage of ownership
Geng-Ding Co., Ltd.	\$ 309,262	30.00%	\$ 313,882	30.00%
Uni-President Development Corp.	1,173,018	30.00%	1,167,581	30.00%
PPG Investment Inc.	23,696	27.30%	20,799	27.30%
Queen Holdings Ltd.	413,536	27.30%	405,030	27.30%
Amida Truslink Assets Management Co., Ltd. (Note)	-	45.21%	-	45.21%
	<u>\$ 1,919,512</u>		<u>\$ 1,907,292</u>	

Note : As of December 31, 2023 and 2022, the book value of the Company's investment in Amida Truslink Assets Management Co., Ltd. was a credit balance, thus, the investment was transferred to other non-current liabilities which amounted to \$140,797 and \$140,408, respectively.

Associates

A. The basic information of the associate that is material to the Group is as follows:

Company name	Principal place of business	Nature of relationship	Method of measurement
Uni-President Development Corp.	Taiwan	Strategic investments	Equity method

B. The summarized financial information of the associate that is material to the Group is as follows:

Balance sheet

	Uni-President Development Corp.	
	December 31, 2023	December 31, 2022
Current assets	\$ 69,238	\$ 61,759
Non-current assets	6,465,726	6,769,627
Current liabilities	(1,939,848)	(2,295,832)
Non-current liabilities	(685,055)	(643,617)
Total net assets	<u>\$ 3,910,061</u>	<u>\$ 3,891,937</u>
Share in associate's net assets	<u>\$ 1,173,018</u>	<u>\$ 1,167,581</u>

Statements of comprehensive income

	Uni-President Development Corp.	
	Years ended December 31,	
	2023	2022
Revenue	\$ 941,304	\$ 899,939
Profit for the period from continuing operations	\$ 189,843	\$ 190,928
Total comprehensive income	<u>\$ 189,843</u>	<u>\$ 190,928</u>
Dividends received from associates	<u>\$ 51,516</u>	<u>\$ 26,028</u>

C. The carrying amount of the Group's interests in all individually immaterial associates and the Group's share of the operating results are summarized below:

As of December 31, 2023 and 2022, the carrying amount of the Group's individually immaterial associates amounted to \$605,697 and \$599,303, respectively.

	Years ended December 31,	
	2023	2022
Profit for the period from continuing operations	\$ 158,037	\$ 154,599
Other comprehensive (loss) income, net of tax	(634)	1,154
Total comprehensive income	<u>\$ 157,403</u>	<u>\$ 155,753</u>

D. The Group's investments had no quoted market price.

E. For the years ended December 31, 2023 and 2022, the Group's share of profit of associates and joint ventures accounted for under the equity method amounted to \$101,161 and \$101,570, respectively.

F. The disclosures in relation to certain investments accounted for using the equity method as at December 31, 2022, were solely based on investees' financial statements which were audited by other independent auditors.

G. Details of the Group's investments accounted for under the equity method pledged to others as collateral are provided in Note 8.

(8) Property, plant and equipment

A. Details of book values are as follows:

	December 31, 2023	December 31, 2022
Land	\$ 2,848,344	\$ 2,848,606
Buildings and structures	2,202,078	2,305,448
Machinery and equipment	822	1,091
Computer and communication equipment	13,746	4,600
Transportation equipment	1,309	680
Office equipment	211,205	197,596
Leasehold improvements	121,032	95,095
Other equipment	54,969	49,856
Construction in progress and equipment under acceptance	<u>13,291</u>	<u>11,154</u>
	<u>\$ 5,466,796</u>	<u>\$ 5,514,126</u>

B. Changes in property, plant and equipment for the period are as follows:

Cost	Year ended December 31, 2023				
	Opening net book amount	Additions	Decrease	Transfers	Closing net book amount
Land					
Assets used by the Group	\$ 1,436,995	\$ -	\$ -	(\$ 262)	\$ 1,436,733
Assets subject to operating leases	1,411,611	-	-	-	1,411,611
Buildings and structures					
Assets used by the Group	1,915,408	663	(6,178)	1,054	1,910,947
Assets subject to operating leases	1,863,393	-	(45,309)	-	1,818,084
Machinery and equipment	16,566	277	(2,699)	-	14,144
Computer and communication equipment	64,606	8,973	(9,331)	2,135	66,383
Transportation equipment	1,974	1,200	(1,305)	-	1,869
Office equipment	884,500	55,093	(69,839)	6,817	876,571
Leasehold improvements	844,426	46,351	(195)	25	890,607
Other equipment	107,630	10,971	(16,289)	(1,457)	100,855
Construction in progress and equipment under acceptance	11,154	10,525	-	(8,388)	13,291
	<u>\$ 8,558,263</u>	<u>\$ 134,053</u>	<u>(\$ 151,145)</u>	<u>(\$ 76)</u>	<u>\$ 8,541,095</u>
Cost	Year ended December 31, 2022				
	Opening net book amount	Additions	Decrease	Transfers	Closing net book amount
Land					
Assets used by the Group	\$ 1,438,664	\$ -	(\$ 1,669)	\$ -	\$ 1,436,995
Assets subject to operating leases	1,411,611	-	-	-	1,411,611
Buildings and structures					
Assets used by the Group	1,915,605	1,656	(1,853)	-	1,915,408
Assets subject to operating leases	1,863,393	-	-	-	1,863,393
Machinery and equipment	16,566	-	-	-	16,566
Computer and communication equipment	63,444	2,349	(1,187)	-	64,606
Transportation equipment	9,714	30	(7,770)	-	1,974
Office equipment	869,429	23,816	(18,894)	10,149	884,500
Leasehold improvements	840,505	3,921	-	-	844,426
Other equipment	104,346	4,785	(738)	(763)	107,630
Construction in progress and prepayments for equipment	7,285	12,121	-	(8,252)	11,154
	<u>\$ 8,540,562</u>	<u>\$ 48,678</u>	<u>(\$ 32,111)</u>	<u>\$ 1,134</u>	<u>\$ 8,558,263</u>

Year ended December 31, 2023					
Accumulated depreciation	Opening net book amount	Additions	Decrease	Transfers	Closing net book amount
Buildings and structures					
Assets used by the Group	\$ 706,875	\$ 45,767	(\$ 6,178)	(\$ 958)	\$ 745,506
Assets subject to operating leases	766,478	60,278	(45,309)	-	781,447
Machinery and equipment	15,475	500	(2,653)	-	13,322
Computer and communication equipment	60,006	1,962	(9,331)	-	52,637
Transportation equipment	1,294	255	(989)	-	560
Office equipment	686,904	47,814	(69,352)	-	665,366
Leasehold improvements	749,331	20,426	(182)	-	769,575
Other equipment	57,774	2,751	(14,639)	-	45,886
	<u>\$ 3,044,137</u>	<u>\$ 179,753</u>	<u>(\$ 148,633)</u>	<u>(\$ 958)</u>	<u>\$ 3,074,299</u>
Year ended December 31, 2022					
Accumulated depreciation	Opening net book amount	Additions	Decrease	Transfers	Closing net book amount
Buildings and structures					
Assets used by the Group	\$ 662,717	\$ 45,168	(\$ 1,010)	\$ -	\$ 706,875
Assets subject to operating leases	702,966	63,512	-	-	766,478
Machinery and equipment	14,812	663	-	-	15,475
Computer and communication equipment	60,008	1,185	(1,187)	-	60,006
Transportation equipment	8,053	444	(7,203)	-	1,294
Office equipment	657,161	48,460	(18,717)	-	686,904
Leasehold improvements	721,751	27,580	-	-	749,331
Other equipment	54,386	3,551	(163)	-	57,774
	<u>\$ 2,881,854</u>	<u>\$ 190,563</u>	<u>(\$ 28,280)</u>	<u>\$ -</u>	<u>\$ 3,044,137</u>

C. Details of the Group's property, plant and equipment pledged to others as collateral are provided in Note 8.

(9) Leasing arrangements — lessee

A. The Group leases various assets including offices, cafeterias, vehicles, private branch exchange telephone system and business area. Rental contracts are typically made for periods of 2 to 50 years. Lease terms are negotiated on an individual basis and contain various terms and conditions. The lease agreements do not impose covenants, but leased assets may not be used as security for borrowing purposes, and all or certain assets leased from associations and other related parties can be subleased to associations with the lessors' agreement. Remaining lease assets cannot be lent, subleased, sold or granted in any different form to the third parties.

The period of the lease contract of the superficies leased by the Group is 50 years. Refer to Note 9(11) for the details of relevant terms and conditions.

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

	December 31, 2023	December 31, 2022
	Book value	Book value
Land	\$ 8,787	\$ 10,844
Buildings and structures	5,897,237	6,251,954
Superficies	200,473	-
Transportation equipment (business vehicles)	3,846	653
	<u>\$ 6,110,343</u>	<u>\$ 6,263,451</u>
	Years ended December 31,	
	2023	2022
	Depreciation expense	Depreciation expense
Land	\$ 2,487	\$ 2,488
Buildings and structures	481,030	480,440
Superficies	255	-
Transportation equipment (business vehicles)	1,106	648
	<u>\$ 484,878</u>	<u>\$ 483,576</u>

C. For the years ended December 31, 2023 and 2022, the additions to right-of-use assets and lease liabilities were \$335,095 and \$39,962, respectively.

D. Information on profit or loss in relation to lease contracts is as follows:

	Years ended December 31,	
	2023	2022
<u>Items affecting profit or loss</u>		
Interest expense on lease liabilities	\$ 114,895	\$ 119,618
Expense on short-term lease contracts	5,993	8,454
Expense on leases of low-value assets	1,605	1,195
Profit from lease modification	18	49

E. For the years ended December 31, 2023 and 2022, the Group's total cash outflow for leases amounted to \$599,461 and \$579,253, respectively.

F. The depreciation expense and interest expense for the year ended December 31, 2023 were the related construction cost amounting to \$387 directly attributable to the construction of the BOT Project described in Note 9(11) and were capitalised. There were no such transactions for the year ended December 31, 2022.

G. Variable lease payments

- (a) Some of the Group's lease contracts contain variable lease payment terms that are linked to volume of business generated from a business area. For business areas, up to 1.72% of lease payments are on the basis of variable payment terms and are accrued based on the revenue. Variable payment terms are used for a variety of reasons, including additional revenue exceeding the base revenue, and rental income is calculated based on an agreed upon rate of revenue. Various lease payments that depend on revenue are recognised in profit or loss in the period in which the event or condition that triggers those payments occur.
- (b) A 10% increase in the aggregate revenue of all business areas with such variable lease contracts would increase total lease payments by approximately 9.14%.

H. Extension and termination options

- (a) Extension options are included in approximately 90% of the Group's lease contracts pertaining to offices, business areas and cafeterias. These terms and conditions aim to maximise optional flexibility in terms of managing contracts.
- (b) In determining the lease term, the Group takes into consideration all facts and circumstances that create an economic incentive to exercise an extension option or not to exercise a termination option. The assessment of lease period is reviewed if a significant event occurs which affects the assessment.

- I. The Group has applied the practical expedient to "Covid-19-related rent concessions", and recognised the gain from changes in lease payments arising from the rent concessions amounting to \$3,731 by increasing other income for the year ended December 31, 2022. There was no such situation in 2023.

(10) Leasing arrangements – lessor

- A. The Group leases various assets including offices, dormitories, long-term rental suites and parking lot. Rental contracts are typically made for periods ranging from 0.5 and 23 years. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. To secure leased assets, the lessee may be asked that leased assets may not be used as security for borrowing purposes or cannot be lent, subleased, sold or granted in any different form to the third parties by the lessors.
- B. Gain arising from operating lease agreements for the years ended December 31, 2023 and 2022 are as follows:

	Years ended December 31,	
	2023	2022
Rent income	\$ 482,424	\$ 487,565
Rent income arising from variable lease payments	\$ 73,616	\$ 47,389

C. The maturity analysis of the lease payments under the operating leases is as follows:

	<u>December 31, 2023</u>
January 1, 2024 to December 31, 2024	\$ 379,143
January 1, 2025 to December 31, 2029	1,004,350
After January 1, 2030	<u>1,341,020</u>
	<u>\$ 2,724,513</u>
	<u>December 31, 2022</u>
January 1, 2023 to December 31, 2023	\$ 371,827
January 1, 2024 to December 31, 2028	391,470
After January 1, 2029	<u>97,418</u>
	<u>\$ 860,715</u>

(11) Investment property

A. Details of book values are as follows:

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Land	\$ 207,077	\$ 207,077
Leased assets-land	2,598,867	2,597,386
Leased assets-buildings	<u>2,520,965</u>	<u>2,595,181</u>
	<u>\$ 5,326,909</u>	<u>\$ 5,399,644</u>

B. Changes in investment property for the period are as follows:

<u>Year ended December 31, 2023</u>					
Cost	Opening net book amount	Additions	Decrease	Transfers	Closing net book amount
Land	\$ 207,077	\$ -	\$ -	\$ -	\$ 207,077
Leased assets - land	2,597,386	-	-	1,481	2,598,867
Leased assets - buildings	<u>3,947,476</u>	<u>-</u>	<u>(1,180)</u>	<u>12,278</u>	<u>3,958,574</u>
	<u>\$ 6,751,939</u>	<u>\$ -</u>	<u>(\$ 1,180)</u>	<u>\$ 13,759</u>	<u>\$ 6,764,518</u>
<u>Year ended December 31, 2022</u>					
Cost	Opening net book amount	Additions	Decrease	Transfers	Closing net book amount
Land	\$ 207,077	\$ -	\$ -	\$ -	\$ 207,077
Leased assets - land	2,597,386	-	-	-	2,597,386
Leased assets - buildings	<u>3,947,476</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>3,947,476</u>
	<u>\$ 6,751,939</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 6,751,939</u>
<u>Year ended December 31, 2023</u>					
Accumulated depreciation	Opening net book amount	Additions	Decrease	Transfers	Closing net book amount
Leased assets - buildings	<u>\$ 1,352,295</u>	<u>\$ 85,536</u>	<u>(\$ 1,180)</u>	<u>\$ 958</u>	<u>\$ 1,437,609</u>

Year ended December 31, 2022					
Accumulated depreciation	Opening net book amount	Additions	Disposals	Reclassifications	Closing net book amount
Leased assets - buildings	\$ 1,266,862	\$ 85,433	\$ -	\$ -	\$ 1,352,295

C. Rental income from the lease of the investment property and direct operating expenses arising from the investment property are shown below:

	Years ended December 31,	
	2023	2022
Rental revenue from the lease of the investment property	\$ 485,838	\$ 470,284
Direct operating expenses arising from the investment property that generated rental income in the period	\$ 174,493	\$ 157,099
Direct operating expenses arising from the investment property that did not generate rental income in the period	\$ -	\$ -

D. As of December 31, 2023 and 2022, the fair value of the investment property held by the Group was \$17,487,858 and \$12,512,142, respectively. The Group management estimated the fair value based on market evidence on transaction price of similar property and assessed value. Valuations were made using the income approach which is categorized within Level 3 in the fair value hierarchy.

E. Information about the investment property that was pledged to others as collateral is provided in Note 8.

(12) Intangible assets

A. Details of book values are as follows:

	December 31, 2023	December 31, 2022
Service concession	\$ 1,810,416	\$ 1,871,669
Software	2,299	2,505
	<u>\$ 1,812,715</u>	<u>\$ 1,874,174</u>

B. Changes in intangible assets for the period are as follows:

Year ended December 31, 2023					
Cost	Opening net book amount	Additions	Decrease	Transfers	Closing net book amount
Service concession	\$ 2,868,372	\$ -	\$ -	\$ -	\$ 2,868,372
Software	9,333	770	-	-	10,103
	<u>\$ 2,877,705</u>	<u>\$ 770</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,878,475</u>

Year ended December 31, 2022					
Cost	Opening net book amount	Additions	Decrease	Transfers	Closing net book amount
Service concession	\$ 2,868,372	\$ -	\$ -	\$ -	\$ 2,868,372
Software	9,600	585	(852)	-	9,333
	<u>\$ 2,877,972</u>	<u>\$ 585</u>	<u>(\$ 852)</u>	<u>\$ -</u>	<u>\$ 2,877,705</u>

Year ended December 31, 2023					
Accumulated amortization	Opening net book amount	Additions	Decrease	Transfers	Closing net book amount
Service concession	\$ 996,703	\$ 61,253	\$ -	\$ -	\$ 1,057,956
Software	6,828	976	-	-	7,804
	<u>\$ 1,003,531</u>	<u>\$ 62,229</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,065,760</u>

Year ended December 31, 2022					
Accumulated amortization	Opening net book amount	Additions	Decrease	Transfers	Closing net book amount
Service concession	\$ 935,450	\$ 61,253	\$ -	\$ -	\$ 996,703
Software	6,035	1,645	(852)	-	6,828
	<u>\$ 941,485</u>	<u>\$ 62,898</u>	<u>(\$ 852)</u>	<u>\$ -</u>	<u>\$ 1,003,531</u>

C. Details of amortization on intangible assets are as follows:

Years ended December 31,		
	2023	2022
Operating costs	\$ 61,253	\$ 61,253
General and administrative expenses	976	1,645
	<u>\$ 62,229</u>	<u>\$ 62,898</u>

(13) Short-term borrowings

	December 31, 2023	December 31, 2022
Unsecured bank borrowings	\$ 831,000	\$ 1,151,000
Secured bank borrowings	-	150,000
	<u>\$ 831,000</u>	<u>\$ 1,301,000</u>
Interest rate range	<u>2.01%~2.29%</u>	<u>1.50%~2.16%</u>

For details of pledged assets, please refer to Note 8.

(14) Other payables

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Salaries and rewards payable	\$ 210,064	\$ 218,008
Taxes payable	47,365	49,761
Employees' compensation payable	65,589	190,643
Directors' remuneration payable	24,563	55,456
Advertisement payable	1,410	41,612
Business tax payable	9,723	14,921
Others	243,333	208,958
	<u>\$ 602,047</u>	<u>\$ 779,359</u>

(15) Bonds payable

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
2018 1st secured ordinary bonds payable	\$ -	\$ 2,500,000
2022 1st secured ordinary bonds payable	2,000,000	2,000,000
2023 1st secured ordinary bonds payable	<u>2,500,000</u>	<u>-</u>
	4,500,000	4,500,000
Less: Current portion	<u>-</u>	<u>(2,500,000)</u>
	<u>\$ 4,500,000</u>	<u>\$ 2,000,000</u>

A. The Group issued secured ordinary bonds payable in June 2018. The significant terms of the bonds are as follows:

(a) Total issue amount: \$2,500,000

(b) Issue price: At par value of \$1,000 per bond

(c) Coupon rate: 0.84%

(d) Terms of interest repayment: The bonds interest is calculated on simple rate every year starting June 2018 based on the coupon rate.

(e) Repayment term: The bonds are repaid upon the maturity of the bonds.

(f) Period: 5 years, from June 15, 2018 to June 15, 2023.

(g) The way of security: Secured by Bank of Taiwan.

(h) Trustee Bank: The bonds are guaranteed by Taipei Fubon Commercial Bank.

The above corporate bonds had been settled upon maturity.

B. The Group issued secured ordinary bonds payable in June 2022. The significant terms of the bonds are as follows:

- (a) Total issue amount: \$2,000,000
- (b) Issue price: At par value of \$1,000 per bond
- (c) Coupon rate: 1.58%
- (d) Terms of interest repayment: The bonds interest is calculated on simple rate every year starting June 2022 based on the coupon rate.
- (e) Repayment term: The bonds are repaid upon the maturity of the bonds.
- (f) Period: 5 years, from June 16, 2022 to June 16, 2027.
- (g) The way of security: Secured by Bank of Taiwan.
- (h) Trustee Bank: The bonds are guaranteed by Mega International Commercial Bank.

C. The Group issued secured ordinary bonds payable in June 2023. The significant terms of the bonds are as follows:

- (a) Total issue amount: \$2,500,000
- (b) Issue price: At par value of \$1,000 per bond
- (c) Coupon rate: 1.54%
- (d) Terms of interest repayment: The bonds interest is calculated on simple rate every year starting June 2023 based on the coupon rate.
- (e) Repayment term: The bonds are repaid upon the maturity of the bonds.
- (f) Period: 5 years, from June 13, 2023 to June 13, 2028.
- (g) The way of security: Secured by Bank of Taiwan.
- (h) Trustee Bank: The bonds are guaranteed by CTBC Bank Co., Ltd.

(16) Long-term borrowings

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Secured bank borrowings	\$ 3,620,000	\$ 3,970,000
Unsecured bank borrowings	400,000	530,000
	<u>4,020,000</u>	<u>4,500,000</u>
Less: Current portion	(700,000)	(3,380,000)
	<u>\$ 3,320,000</u>	<u>\$ 1,120,000</u>
Range of maturity dates	<u>2024.02.01~2028.10.15</u>	<u>2023.07.20~2027.01.09</u>
Range of maturity rates	<u>2.12%~2.48%</u>	<u>1.83%~2.38%</u>

A. For details of restrictive covenants, please refer to Note 9.

B. For details of pledged assets, please refer to Note 8.

(17) Provisions - replacement cost

	<u>2023</u>	<u>2022</u>
At January 1	\$ 165,984	\$ 136,504
Additions	44,263	53,789
Used	(35,756)	(24,309)
At December 31	<u>\$ 174,491</u>	<u>\$ 165,984</u>

The Group's provisions for replacement cost pertains to the contract with National Taiwan University relating to the construction and operation of dormitories on Chang-Hsing St. and Shui-Yuan Campus, which was provided based on the estimated replacement cost of each asset during the operation. Information on the significant contract terms relating to the operation cost is provided in Note 9(5).

(18) Pension

A. (a) The Company and its domestic subsidiaries have a defined benefit pension plan in accordance with the Labor Standards Act, covering all regular employees' service years prior to the enforcement of the Labor Pension Act on July 1, 2005 and service years thereafter of employees who chose to continue to be subject to the pension mechanism under the Labor Standards Act. Under the defined benefit pension plan, two units are accrued for each year of service for the first 15 years and one unit for each additional year thereafter, subject to a maximum of 45 units. Pension benefits are based on the number of units accrued and the average monthly salaries and wages of the last 6 months prior to retirement. The Company and its domestic subsidiaries contribute monthly an amount equal to 8% of the employees' monthly salaries and wages to the retirement fund deposited with Bank of Taiwan, the trustee, under the name of the independent retirement fund committee. Also, the Company and its domestic subsidiaries would assess the balance in the aforementioned labor pension reserve account by December 31, every year. If the account balance is insufficient to pay the pension calculated by the aforementioned method to the employees expected to qualify for retirement in the following year, the Company and its domestic subsidiaries will make contributions to cover the deficit by next March.

(b) The amounts recognized in the balance sheet are determined as follows:

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Present value of defined benefit obligations	(\$ 164,424)	(\$ 169,331)
Fair value of plan assets	<u>139,119</u>	<u>143,313</u>
Net defined benefit liability	<u>(\$ 25,305)</u>	<u>(\$ 26,018)</u>

(c) Changes in net defined benefit liability are as follows:

	Present value of defined benefit obligations	Fair value of plan assets	Net defined benefit liability
<u>2023</u>			
Balance at January 1	(\$ 169,331)	\$ 143,313	(\$ 26,018)
Current service cost	(220)	-	(220)
Interest (expense) income	(2,040)	1,729	(311)
	(171,591)	145,042	(26,549)
Remeasurements:			
Change in financial assumptions	(115)	-	(115)
Experience adjustments	(6,805)	779	(6,026)
	(6,920)	779	(6,141)
Pension fund contribution	(122)	4,710	4,588
Paid pension	14,209	(11,412)	2,797
Balance at December 31	(\$ 164,424)	\$ 139,119	(\$ 25,305)
	Present value of defined benefit obligations	Fair value of plan assets	Net defined benefit liability
<u>2022</u>			
Balance at January 1	(\$ 190,870)	\$ 135,890	(\$ 54,980)
Current service cost	(309)	-	(309)
Interest (expense) income	(1,329)	943	(386)
	(192,508)	136,833	(55,675)
Remeasurements:			
Return on plan assets (excluding amounts included in interest income or expense)	-	899	899
Change in financial assumptions	5,818	-	5,818
Experience adjustments	156	9,235	9,391
	5,974	10,134	16,108
Pension fund contribution	-	5,120	5,120
Paid pension	17,203	(8,774)	8,429
Balance at December 31	(\$ 169,331)	\$ 143,313	(\$ 26,018)

(d) The principal actuarial assumptions used were as follows:

	Years ended December 31,	
	2023	2022
Discount rate	1.10%~1.20%	1.20%~1.30%
Future salary increases	1.50%~2.00%	1.50%~2.00%

Future mortality rate was estimated based on the 6th Taiwan Standard Ordinary Experience Mortality Table.

Because the main actuarial assumption changed, the present value of defined benefit obligation is affected. The analysis was as follows:

	Discount rate		Future salary increases	
	Increase 0.25%	Decrease 0.25%	Increase 0.25%	Decrease 0.25%
<u>December 31, 2023</u>				
Effect on present value of defined benefit obligation	(\$ 2,448)	\$ 2,511	\$ 2,088	(\$ 2,047)
	Discount rate		Future salary increases	
	Increase 0.25%	Decrease 0.25%	Increase 0.25%	Decrease 0.25%
<u>December 31, 2022</u>				
Effect on present value of defined benefit obligation	(\$ 2,730)	\$ 2,803	\$ 2,366	(\$ 2,318)

The sensitivity analysis above is based on other conditions that are unchanged but only one assumption is changed. In practice, more than one assumption may change all at once. The method of analysing sensitivity and the method of calculating net pension liability in the balance sheet are the same.

The methods and types of assumptions used in preparing the sensitivity analysis did not change compared to the previous period.

- (e) Expected contributions to the defined benefit pension plans of the Group for the year ending December 31, 2024 amount to \$2,502.
- (f) As of December 31, 2023, the weighted average duration of that retirement plan is 4~10 years.
- B. (a) Effective July 1, 2005, the Company and its domestic subsidiaries have established a defined contribution pension plan (the “New Plan”) under the Labor Pension Act (the “Act”), covering all regular employees with R.O.C. nationality. Under the New Plan, the Company and its domestic subsidiaries contribute monthly an amount based on 6% of the employees’ monthly salaries and wages to the employees’ individual pension accounts at the Bureau of Labor Insurance. The benefits accrued are paid monthly or in lump sum upon termination of employment.
- (b) The pension costs under the defined contribution pension plans of the Group for the years ended December 31, 2023 and 2022 were \$56,151 and \$63,478, respectively.

(19) Share capital

A. Movements in the number of the Company's ordinary shares outstanding are as follows:

(Units: in thousand shares)

	2023	2022
Shares at January 1 and December 31	1,622,671	1,622,671

B. As of December 31, 2023, the Company's authorized capital was \$20,000,000, and the paid-in capital was \$16,233,261 with a par value of NT\$10 per share, consisting of 1,623,326 thousand shares of ordinary stock.

C. As of December 31, 2023 and 2022, the Company's subsidiary, Prince Apartment Management Maintain Co., Ltd., held the Company's stocks to maintain equity interest in the Company. The amount of shares held by the subsidiary was all 655 thousand shares, the average par value was all NT\$1.53 per share, and the fair value was NT\$11.10 and NT\$10.50 per share, respectively.

(20) Capital surplus

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

	Capital surplus			
	Share premium	Treasury share transaction	Others	Total
2023				
At January 1 / At December 31	\$ 1,375,442	\$ 877,839	\$ 7,232	\$ 2,260,513
	Capital surplus			
	Share premium	Treasury share transaction	Others	Total
2022				
At January 1 / At December 31	\$ 1,375,442	\$ 877,839	\$ 7,232	\$ 2,260,513

(21) Retained earnings

A. In accordance with the Company's Articles of Incorporation, the Company will take into consideration its future business plans and capital expenditures in determining the amount of earnings to be retained and to be distributed. In accordance with the Company Law, 10% of the current year's earnings, after payment of all taxes and after offsetting accumulated deficit, shall be set aside as legal reserve until the balance of legal reserve is equal to that of issued share capital. Afterwards, an amount shall be appropriated or reversed as special reserve in accordance with applicable legal or regulatory requirements, along with prior years' accumulated unappropriated retained earnings, and then distribution should be in the following order: stock dividend and bonus to shareholders are no less than 20% of the accumulated distributable earnings, in current period and cash dividend is at least 30% of the total stock dividend and bonus; the appropriation of earnings is proposed by the Board of Directors and resolved by the shareholders.

B. Except for covering accumulated deficit or issuing new stocks or cash to shareholders in proportion to their share ownership, the legal reserve shall not be used for any other purpose. The use of legal reserve for the issuance of stocks or cash to shareholders in proportion to their share ownership is permitted, provided that the distribution of the reserve is limited to the portion in excess of 25% of the Company's paid-in capital.

C. On June 17, 2022, the stockholders resolved that total cash dividends for the distribution of earnings for the year of 2021 was \$811,663 at NT\$0.5 (in dollars) per share. On June 20, 2023, the stockholders resolved that total cash dividends for the distribution of earnings for the year of 2022 was \$811,663 at NT\$0.5 (in dollars) per share. On March 4, 2024, the Board of Directors proposed that total dividends for the distribution of earnings for 2023 was \$584,397 at NT\$0.36 (in dollars) per share.

(22) Other equity items

	Unrealised gains on valuation	Currency translation	Total
At January 1, 2023	\$ 1,184,333	(\$ 48)	\$ 1,184,285
Revaluation-Group	227,068	-	227,068
At December 31, 2023	<u>\$ 1,411,401</u>	<u>(\$ 48)</u>	<u>\$ 1,411,353</u>

	Unrealised gains (losses) on valuation	Currency translation	Total
At January 1, 2022	\$ 1,765,082	(\$ 48)	\$ 1,765,034
Revaluation-Group	(575,934)	-	(575,934)
Disposals transferred to retained earnings - Group	(4,815)	-	(4,815)
At December 31, 2022	<u>\$ 1,184,333</u>	<u>(\$ 48)</u>	<u>\$ 1,184,285</u>

(23) Maturity analysis of assets and liabilities

The construction related assets and liabilities are classified as current and non-current based on the operating cycle. Related recognised amount expected to be recovered or repaid within or after 12 months from the balance sheet date is as follows:

	Within 12 months	Over 12 months	Total
<u>December 31, 2023</u>			
Assets			
Accounts receivable, net (including related parties)	\$ 458,054	\$ 158,035	\$ 616,089
Contract assets	515,314	21,227	536,541
Inventories	853,805	5,695,574	6,549,379
	<u>\$ 1,827,173</u>	<u>\$ 5,874,836</u>	<u>\$ 7,702,009</u>
Liabilities			
Contract liabilities	\$ 78,649	\$ 221,387	\$ 300,036
Accounts payable	308,271	732,035	1,040,306
Long-term notes and accounts payable	-	11,456	11,456
	<u>\$ 386,920</u>	<u>\$ 964,878</u>	<u>\$ 1,351,798</u>

	Within 12 months	Over 12 months	Total
<u>December 31, 2022</u>			
Assets			
Accounts receivable, net (including related parties)	\$ 472,622	\$ 185,949	\$ 658,571
Contract assets	112,261	398,922	511,183
Inventories	967,056	5,853,768	6,820,824
	<u>\$ 1,551,939</u>	<u>\$ 6,438,639</u>	<u>\$ 7,990,578</u>
Liabilities			
Contract liabilities	\$ 37,349	\$ 372,421	\$ 409,770
Accounts payable	656,101	699,625	1,355,726
Long-term notes and accounts payable	-	11,456	11,456
	<u>\$ 693,450</u>	<u>\$ 1,083,502</u>	<u>\$ 1,776,952</u>

(24) Operating revenue

	Years ended December 31,	
	2023	2022
Revenue from contracts with customers	\$ 7,929,189	\$ 12,233,824
Other - rental revenue	556,040	534,954
	<u>\$ 8,485,229</u>	<u>\$ 12,768,778</u>

A. The revenue from contracts with customers arises from the transfer of goods and services at a point in time or over time in the following business lines:

<u>Year ended</u>	Building and land sales	Construction	Hotel management	BOT business	Property management	Total
<u>December 31, 2023</u>						
Revenue from external customer contracts	<u>\$ 347,693</u>	<u>\$ 4,227,820</u>	<u>\$ 2,761,454</u>	<u>\$ 283,278</u>	<u>\$ 308,944</u>	<u>\$ 7,929,189</u>
Timing of revenue recognition						
At a point in time	\$ 347,693	\$ -	\$ 909,935	\$ -	\$ -	\$ 1,257,628
Over time	-	4,227,820	1,851,519	283,278	308,944	6,671,561
	<u>\$ 347,693</u>	<u>\$ 4,227,820</u>	<u>\$ 2,761,454</u>	<u>\$ 283,278</u>	<u>\$ 308,944</u>	<u>\$ 7,929,189</u>
<u>Year ended</u>	Building and land sales	Construction	Hotel management	BOT business	Property management	Total
<u>December 31, 2022</u>						
Revenue from external customer contracts	<u>\$ 6,905,142</u>	<u>\$ 2,973,669</u>	<u>\$ 1,735,398</u>	<u>\$ 277,167</u>	<u>\$ 342,448</u>	<u>\$ 12,233,824</u>
Timing of revenue recognition						
At a point in time	\$ 6,905,142	\$ -	\$ 704,167	\$ -	\$ -	\$ 7,609,309
Over time	-	2,973,669	1,031,231	277,167	342,448	4,624,515
	<u>\$ 6,905,142</u>	<u>\$ 2,973,669</u>	<u>\$ 1,735,398</u>	<u>\$ 277,167</u>	<u>\$ 342,448</u>	<u>\$ 12,233,824</u>

B. Aggregate amount of the transaction price allocated to and the year expected to recognise revenue for the unsatisfied performance obligations in relation to the contracted significant construction contracts as of December 31, 2023 and 2022 are as follows:

	<u>Year expected to recognise revenue</u>	<u>Contracted amount</u>
December 31, 2023	2024~2027	\$ 8,134,621
December 31, 2022	2023~2024	5,834,246

C. Contract assets and liabilities

The Group has recognised the following revenue-related contract assets and liabilities:

	<u>December 31, 2023</u>	<u>December 31, 2022</u>	<u>January 1, 2022</u>
Contract assets:			
Contract assets - construction contracts	\$ <u>536,541</u>	\$ <u>511,183</u>	\$ <u>506,427</u>
Contract liabilities:			
Contract liabilities - buildings and land sales contracts	\$ 13,496	\$ 37,349	\$ 1,032,712
Contract liabilities - construction contracts	286,540	372,421	95,588
Contract liabilities - Hotel operation contracts	153,244	151,434	152,748
Contract liabilities - BOT business	<u>63,018</u>	<u>61,504</u>	<u>61,285</u>
	\$ <u>516,298</u>	\$ <u>622,708</u>	\$ <u>1,342,333</u>

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

	<u>Years ended December 31,</u>	
	<u>2023</u>	<u>2022</u>
Revenue recognised that was included in the contract liability balance at the beginning of the period		
Building and land sales contracts	\$ 37,349	\$ 1,011,288
Construction contracts	372,421	95,588
Hotel operation contracts	150,985	152,309
BOT business	<u>61,504</u>	<u>61,285</u>
	\$ <u>622,259</u>	\$ <u>1,320,470</u>

(25) Interest income

	<u>Years ended December 31,</u>	
	<u>2023</u>	<u>2022</u>
Interest income from bank deposits	\$ 47,450	\$ 14,511
Interest income from bonds and notes sold under repurchase agreement	34,478	5,232
Other interest income	<u>776</u>	<u>540</u>
	\$ <u>82,704</u>	\$ <u>20,283</u>

(26) Other income

	Years ended December 31,	
	2023	2022
Dividend income	\$ 75,267	\$ 215,755
Government grant revenue	420	2,632
Payables transferred to other income	111,986	123,320
Income from guarantee deposits forfeited due to a breach of contract	6,000	-
Insurance claim income	3,314	-
Income from rent concessions (Note)	-	3,731
Other income	47,914	48,242
	<u>\$ 244,901</u>	<u>\$ 393,680</u>

Note : Due to the impact of COVID-19 pandemic, the Group recognised rent concession income for the years ended December 31, 2023 and 2022. Refer to Note 6(9) for details.

(27) Other gains and losses

	Years ended December 31,	
	2023	2022
Net gains (losses) on financial assets at fair value through profit or loss	\$ 19,880	(\$ 616,019)
(Losses) gains on disposals of property, plant and equipment	(2,202)	27,829
Others	(788)	(1,008)
	<u>\$ 16,890</u>	<u>(\$ 589,198)</u>

(28) Finance costs

	Years ended December 31,	
	2023	2022
Interest expense:		
Bank borrowings	\$ 122,162	\$ 116,010
Lease liability	114,895	119,618
Commercial paper	58	530
Corporate bond	110,021	94,177
Others	2,562	1,331
Other finance expenses	1,228	1,200
	350,926	332,866
Less : Capitalization of qualifying assets	(3,218)	(2,333)
	<u>\$ 347,708</u>	<u>\$ 330,533</u>

(29) Expenses by nature

	Year ended December 31, 2023		
	<u>Operating costs</u>	<u>Operating expenses</u>	<u>Total</u>
Employee benefit expense			
Wages and salaries	\$ 620,481	\$ 574,352	\$ 1,194,833
Labor and health insurance fees	61,159	60,136	121,295
Pension costs	29,426	27,256	56,682
Directors' remuneration	-	40,922	40,922
Other employee benefit expense	52,742	23,705	76,447
	<u>\$ 763,808</u>	<u>\$ 726,371</u>	<u>\$ 1,490,179</u>
Depreciation charges	<u>\$ 85,536</u>	<u>\$ 664,631</u>	<u>\$ 750,167</u>
Amortization charges	<u>\$ 61,253</u>	<u>\$ 976</u>	<u>\$ 62,229</u>
	Year ended December 31, 2022		
	<u>Operating costs</u>	<u>Operating expenses</u>	<u>Total</u>
Employee benefit expense			
Wages and salaries	\$ 613,499	\$ 647,689	\$ 1,261,188
Labor and health insurance fees	61,329	59,236	120,565
Pension costs	30,280	33,893	64,173
Directors' remuneration	-	62,645	62,645
Other employee benefit expense	31,291	25,334	56,625
	<u>\$ 736,399</u>	<u>\$ 828,797</u>	<u>\$ 1,565,196</u>
Depreciation charges	<u>\$ 85,433</u>	<u>\$ 674,139</u>	<u>\$ 759,572</u>
Amortization charges	<u>\$ 61,253</u>	<u>\$ 1,645</u>	<u>\$ 62,898</u>

A. According to the Articles of Incorporation of the Company, when distributing earnings, the Company shall distribute compensation to the employees and pay remuneration to the directors that account for at least 2% and no higher than 3%, respectively, of distributable profit of the current period. If a company has accumulated deficit, earnings should be channeled to cover losses.

Employees' compensation can be distributed in the form of shares or in cash. Qualified employees, including the employees of subsidiaries of the company meeting certain specific requirements, are entitled to receive aforementioned stock or cash.

Abovementioned distributable profit of the current period refers to the pre-tax profit before deduction of employees' compensation and directors' remuneration.

B. For the years ended December 31, 2023 and 2022, employees' compensation was accrued at \$65,366 and \$190,643, respectively; while directors' remuneration was accrued at \$22,238 and \$55,222, respectively. The aforementioned amounts were recognised in salary expenses.

The employees' compensation and directors' remuneration were accrued based on the percentage as prescribed in the Company's Articles of Incorporation and distributable profit of current period for the year ended December 31, 2023. The distributed amounts resolved by the Board of Directors were in agreement with the accrued amounts. The employees' compensation will be distributed in the form of cash.

Employees' compensation and directors' remuneration of 2022 as resolved at the meeting of Board of Directors were in agreement with those amounts recognised in the 2022 financial statements. The employees' compensation will be distributed in the form of cash.

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

(30) Income tax

A. Income tax expense

(a) Components of income tax expense:

	Years ended December 31,	
	2023	2022
Current tax:		
Current tax on profits for the period	\$ 68,527	\$ 129,764
Tax on undistributed surplus earnings	26,576	28,900
Prior year income tax underestimation	2,280	483
Land value increment tax recognised in income tax for the period	1,463	35,014
Total current tax	98,846	194,161
Deferred tax:		
Origination and reversal of temporary differences	(120)	(19,721)
Loss carryforward	41,852	(48,196)
Total deferred tax	41,732	(67,917)
Income tax expense	\$ 140,578	\$ 126,244

(b) The expense (benefit) tax (charge)/credit relating to components of other comprehensive income is as follows:

	Years ended December 31,	
	2023	2022
Remeasurement of defined benefit plans	(\$ 325)	\$ 913

(c) Reconciliation between income tax expense and accounting profit : Reconciliation between income tax expense and accounting profit:

	Years ended December 31,	
	2023	2022
Tax calculated based on profit before tax and statutory tax rate	\$ 145,113	\$ 313,680
Effect recognised from adjustments under tax regulations	(34,854)	(251,833)
Tax on undistributed surplus earnings	26,576	28,900
Over provision of prior year's income tax	2,280	483
Land revaluation increment tax	1,463	35,014
Income tax expense	<u>\$ 140,578</u>	<u>\$ 126,244</u>

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

	2023			
	January 1	Recognised in profit or loss	Recognised in other comprehensive income	December 31
Deferred tax assets				
Temporary difference:				
Employee benefits	\$ -	\$ -	\$ -	\$ -
Unused compensated absences	2,082	130	-	2,212
Loss on inventory	955	-	-	955
Tax losses	318,384	(41,852)	-	276,532
	<u>\$ 321,421</u>	<u>(\$ 41,722)</u>	<u>\$ -</u>	<u>\$ 279,699</u>
Deferred tax liabilities				
Temporary difference:				
Provision for land revaluation increment tax	\$ 278,101	\$ -	\$ -	\$ 278,101
Pensions	1,864	10	(325)	1,549
	<u>\$ 279,965</u>	<u>\$ 10</u>	<u>(\$ 325)</u>	<u>\$ 279,650</u>
	2022			
	January 1	Recognised in profit or loss	Recognised in other comprehensive income	December 31
Deferred tax assets				
Temporary difference:				
Employee benefits	\$ 98	(\$ 98)	\$ -	\$ -
Unused compensated absences	1,977	105	-	2,082
Loss on inventory	486	469	-	955
Tax losses	270,188	48,196	-	318,384
	<u>\$ 272,749</u>	<u>\$ 48,672</u>	<u>\$ -</u>	<u>\$ 321,421</u>
Deferred tax liabilities				
Temporary difference:				
Provision for land revaluation increment tax	\$ 297,379	(\$ 19,278)	\$ -	\$ 278,101
Pensions	918	33	913	1,864
	<u>\$ 298,297</u>	<u>(\$ 19,245)</u>	<u>\$ 913</u>	<u>\$ 279,965</u>

C. Expiration dates of loss carryforward and amounts of unrecognised deferred tax assets are as follows:

December 31, 2023				
Year incurred	Amount filed/ assessed	Unused amount	Unrecognised deferred tax assets	Expiry year
Subsidiaries - December 31, 2014 year ended	Amount assessed	\$ 31,519	\$ 6,304	2024
Subsidiaries - December 31, 2015 year ended	Amount assessed	7,876	1,575	2025
Subsidiaries - December 31, 2016 year ended	Amount assessed	11,668	2,334	2026
Subsidiaries - December 31, 2017 year ended	Amount assessed	29,524	5,905	2027
Subsidiaries - December 31, 2018 year ended	Amount assessed	15,630	3,126	2028
Subsidiaries - December 31, 2019 year ended	Amount assessed	217,537	5,847	2029
Subsidiaries - December 31, 2020 year ended	Amount assessed	723,685	51,505	2030
Subsidiaries - December 31, 2021 year ended	Amount filed	758,242	57,252	2031
Subsidiaries - December 31, 2022 year ended	Amount filed	371,660	28,536	2032
Subsidiaries - December 31, 2023 year ended	Estimated filing amount	16,060	3,212	2033
		<u>\$ 2,183,401</u>	<u>\$ 165,596</u>	
December 31, 2022				
Year incurred	Amount filed/ assessed	Unused amount	Unrecognised deferred tax assets	Expiry year
Subsidiaries - December 31, 2013 year ended	Amount assessed	\$ 31,006	\$ 6,201	2023
Subsidiaries - December 31, 2014 year ended	Amount assessed	31,519	6,304	2024
Subsidiaries - December 31, 2016 year ended	Amount assessed	11,668	2,334	2026
Subsidiaries - December 31, 2017 year ended	Amount assessed	29,524	5,905	2027
Subsidiaries - December 31, 2018 year ended	Amount assessed	20,383	3,126	2028
Subsidiaries - December 31, 2019 year ended	Amount filed	441,230	5,847	2029
Subsidiaries - December 31, 2020 year ended	Amount filed	748,986	56,565	2030
Subsidiaries - December 31, 2021 year ended	Amount filed	757,835	57,254	2031
Subsidiaries - December 31, 2022 year ended	Estimated filing amount	373,120	28,732	2032
		<u>\$ 2,445,271</u>	<u>\$ 172,268</u>	

D. The Company's income tax returns through 2021 have been assessed and approved by the Tax Authority. The Company does not have any administrative remedy as of the reporting date.

(31) Earnings per share

Year ended December 31, 2023			
		Weighted average number of ordinary shares outstanding (shares in thousands)	Earnings per share (in dollars)
<u>Basic earnings per share</u>	<u>Amount after tax</u>		
Profit attributable to ordinary shareholders of the parent	<u>\$ 592,617</u>	<u>1,622,671</u>	<u>\$ 0.37</u>
<u>Diluted earnings per share</u>			
Profit attributable to ordinary shareholders of the parent	\$ 592,617	1,622,671	
Assumed conversion of all dilutive potential ordinary shares			
Employees' compensation	-	8,834	
Profit attributable to ordinary shareholders of the parent plus assumed conversion of all dilutive potential ordinary shares	<u>\$ 592,617</u>	<u>1,631,505</u>	<u>\$ 0.36</u>
Year ended December 31, 2022			
		Weighted average number of ordinary shares outstanding (shares in thousands)	Earnings per share (in dollars)
<u>Basic earnings per share</u>	<u>Amount after tax</u>		
Profit attributable to ordinary shareholders of the parent	<u>\$ 1,475,037</u>	<u>1,622,671</u>	<u>\$ 0.91</u>
<u>Diluted earnings per share</u>			
Profit attributable to ordinary shareholders of the parent	\$ 1,475,037	1,622,671	
Assumed conversion of all dilutive potential ordinary shares			
Employees' compensation	-	19,838	
Profit attributable to ordinary shareholders of the parent plus assumed conversion of all dilutive potential ordinary shares	<u>\$ 1,475,037</u>	<u>1,642,509</u>	<u>\$ 0.90</u>

(32) Supplemental cash flow information

Investing activities with no cash flow effects:

	Years ended December 31,	
	2023	2022
1. Buildings and land held for sale transferred to investment properties	\$ 11,410	\$ -
2. Prepayment for equipment (shown as 'other non-current assets-others') transferred to property, plant and equipment	\$ 3,635	\$ 1,905
3. Payments transferred to property, plant and equipment	\$ 28	\$ 86
4. Property, plant and equipment transferred to investment properties	\$ 1,391	\$ -
5. Bonds payable and long-term borrowings transferred to long-term liabilities, current portion	\$ 700,000	\$ 5,880,000

(33) Changes in liabilities from financing activities

	January 1, 2023	Changes in cash	Changes in other non-cash items	December 31, 2023
		flow from financing activities		
Short-term borrowings	\$ 1,301,000	(\$ 470,000)	\$ -	\$ 831,000
Bonds payable	4,500,000	-	-	4,500,000
Long-term borrowings	4,500,000	(480,000)	-	4,020,000
Long-term notes and accounts payable	808,301	-	-	808,301
Guarantee deposits received	164,977	16,582	-	181,559
Lease liability	7,007,236	(476,968)	331,752	6,862,020
Liabilities from financing activities - gross	\$ 18,281,514	(\$ 1,410,386)	\$ 331,752	\$ 17,202,880

	January 1, 2022	Changes in cash	Changes in other non-cash items	December 31, 2022
		flow from financing activities		
Short-term borrowings	\$ 1,275,860	\$ 25,140	\$ -	\$ 1,301,000
Short-term notes and bills payable	250,000	(250,000)	-	-
Bonds payable	4,500,000	-	-	4,500,000
Long-term borrowings	5,441,624	(941,624)	-	4,500,000
Long-term notes and accounts payable	808,301	-	-	808,301
Guarantee deposits received	164,542	435	-	164,977
Lease liability	7,422,173	(449,986)	35,049	7,007,236
Liabilities from financing activities - gross	\$ 19,862,500	(\$ 1,616,035)	\$ 35,049	\$ 18,281,514

7. RELATED PARTY TRANSACTIONS

(1) Names of related parties and relationship with the Company

<u>Names of related parties</u>	<u>Relationship with the Company</u>
Uni-President Development Corp. (Uni-President Development)	Associate
Amida Trustlink Assets Management Co., Ltd. (Amida Trustlink Assets)	Associate
Uni-President Enterprises Corp. (Uni-President Enterprises)	Other related party
President International Development Corp. (President International Development)	Other related party
Tone Sang Construction Corp. (Tone Sang)	Other related party
President Chain Store Corp. (President Chain Store)	Other related party
C-maan Health Limited Company (C-maan Health)	Other related party
Man-Strong Manpower MGT Co., Ltd. (Man-Strong Manpower) (Note)	Other related party
Man-Strong International Human Resources Recruitment Co., Ltd. (Man-Strong International) (Note)	Other related party
Kao Chyuan Investment Co., Ltd. (Kao Chyuan Investment)	Other related party
President Fair Development Crop. (President Fair Development)	Other related party
Uni-President Express Corp. (Uni-President Express)	Other related party
Uni-President Department Store Corp. (Uni-President Department Store)	Other related party
President Transnet Corp. (President Transnet)	Other related party
Uni-President Vender Corp. (Uni-President Vender)	Other related party
President Pharmaceutical Corporation (President Pharmaceutical)	Other related party
President Drugstore Business Corporation (President Drugstore Business)	Other related party
Mister Donut Taiwan Co., Ltd. (Mister Donut Taiwan)	Other related party
Uni-President Organics Corp. (Uni-President Organics)	Other related party
President Being Corp. (President Being)	Other related party
Mech-President Co., Ltd. (Mech-President)	Other related party
Uni-President Dream Parks Co. (Uni-President Dream)	Other related party
Uni-President Cold Chain Corp. (Uni-President Cold Chain)	Other related party
Uni-Wonder Corporation (Uni-Wonder)	Other related party
President Nisshin Corp. (President Nisshin)	Other related party
Tong-Yo Co., Ltd. (Tong-Yo)	Other related party
Duskin Serve Taiwan Co., Ltd. (Duskin Serve Taiwan)	Other related party

<u>Names of related parties</u>	<u>Relationship with the Company</u>
Qware Systems & Services Corporation (Qware Systems & Services)	Other related party
21 Century Co., Ltd. (21 Century)	Other related party
ICASH Corp. (ICASH)	Other related party

Note : The subsidiary is no longer a related party as its general manager was re-elected in September 2023.

(2) Significant related party transactions and balances

A. Sales of goods:

(a)

	<u>Years ended December 31,</u>	
	<u>2023</u>	<u>2022</u>
Construction subcontracting:		
— Uni-President Express	\$ 2,566,739	\$ 1,013,850
— Other related parties	44,471	41,964
	<u>\$ 2,611,210</u>	<u>\$ 1,055,814</u>

The contract prices of construction for related parties are based on expected construction cost plus reasonable management expenses and profit, and are determined based on mutual agreements. The construction payments are collected based on the contract terms. As of December 31, 2023 and 2022, the status of the construction for the related parties undertaken by the Group was as follows:

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Uni-President Express:		
Total amount of construction contracts that were signed but had not been settled yet	\$ 5,910,600	\$ 4,500,000
Construction payments received	(3,899,456)	(1,495,636)
Construction payments receivable	<u>\$ 2,011,144</u>	<u>\$ 3,004,364</u>
President Chain Store:		
Total amount of construction contracts that were signed but had not been settled yet	\$ 698,857	\$ -
Construction payments received	(69,800)	-
Construction payments receivable	<u>\$ 629,057</u>	<u>\$ -</u>

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Other related parties:		
Total amount of construction contracts that were signed but had not been settled yet	\$ 140,318	\$ 59,341
Construction payments received	(9,554)	(47,180)
Construction payments receivable	<u>\$ 130,764</u>	<u>\$ 12,161</u>

(b)

	<u>Years ended December 31,</u>	
	<u>2023</u>	<u>2022</u>
Rental income:		
— President Chain Store	\$ 55,156	\$ 54,395
— Mech-President	24,930	-
— Other related parties	<u>17,311</u>	<u>16,576</u>
	<u>\$ 97,397</u>	<u>\$ 70,971</u>

Rent is determined by mutual agreements and is collected monthly.

(c)

	<u>Years ended December 31,</u>	
	<u>2023</u>	<u>2022</u>
Hospitality service income:		
— Uni-Wonder	\$ 9,673	\$ -
— Other related parties	<u>2,752</u>	<u>289</u>
	<u>\$ 12,425</u>	<u>\$ 289</u>

B. Purchases and expenses

(a)

	<u>Years ended December 31,</u>	
	<u>2023</u>	<u>2022</u>
Construction subcontracting		
— Other related parties	<u>\$ 465</u>	<u>\$ 137</u>
Purchases of services		
— Other related parties	<u>\$ 2,956</u>	<u>\$ 5,358</u>
Purchases of goods		
— Uni-Wonder	20,735	1,274
— Other related parties	<u>5,813</u>	<u>467</u>
	<u>\$ 26,548</u>	<u>\$ 1,741</u>

The abovementioned transaction prices and payment terms are based on the mutual agreements.

(b) Information system/management service expense (shown as general and administrative expenses)

		Years ended December 31,	
		2023	2022
Other related parties		\$ 3,947	\$ 4,522
C. Accounts receivable			
		December 31, 2023	December 31, 2022
Uni-President Express		\$ 395,799	\$ 337,346
Other related parties		8,274	4,496
		\$ 404,073	\$ 341,842
D. Accounts payable			
		December 31, 2023	December 31, 2022
Other related parties		\$ 694	\$ 789
E. Property transactions:			
Acquisition of property, plant and equipment:			
		Years ended December 31,	
		2023	2022
Other related parties		\$ 7,897	\$ -
F. Prepayment for equipment			
		Years ended December 31,	
		2023	2022
Other related parties		\$ 810	\$ -
G. Contract assets and liabilities			
		December 31, 2023	December 31, 2022
Contract assets:			
Tone Sang		\$ 12,117	\$ -
Kao Chyuan Investment		-	10,928
Other related parties		1,845	-
		\$ 13,962	\$ 10,928
Contract liabilities:			
Uni-President Express		\$ 110,105	\$ 271,178
President Chain Store		65,246	-
Other related parties		6,828	723
		\$ 182,179	\$ 271,901

H. Lease transactions - lessee

- (a) i. The Group leases business area from the associate, Uni-President Development Corp. The lease terms are between 2011 and 2035, and all these lease agreements are renewable at the end of the lease period. Rental payment is calculated based on an agreed upon rate of revenue.
- ii. The Group leases office from a related party, President International Development Corp. These leases have terms expiring between 2018 and 2023, and all these lease agreements are renewable at the end of the lease period. The aforementioned leases were renewed in March 2023. These leases have terms expiring between April 2023 and April 2028.

(b) Acquisition of right-of-use assets:

	Years ended December 31,	
	2023	2022
President International Development	\$ 123,435	\$ -

(c) Lease liabilities

i. Outstanding balance:

	December 31, 2023	December 31, 2022
Lease liabilities - current:		
Uni-President Development	\$ 345,599	\$ 339,956
President International Development	23,965	7,480
	<u>\$ 369,564</u>	<u>\$ 347,436</u>
	December 31, 2023	December 31, 2022
Lease liabilities - non-current:		
Uni-President Development	\$ 4,353,117	\$ 4,698,727
President International Development	82,816	-
	<u>\$ 4,435,933</u>	<u>\$ 4,698,727</u>

ii. Interest expense:

	Years ended December 31,	
	2023	2022
Uni-President Development	\$ 74,232	\$ 79,329
President International Development	1,904	469
	<u>\$ 76,136</u>	<u>\$ 79,798</u>

I. Lease transactions - lessor

The Group leases investment property to the other related party, Tone Sang, and had entered into lease contract in December 2023. The lease term is between January 1, 2024 and December 31, 2043. The Group had collected the guarantee deposits for lease amounting to \$14,825 (shown as guarantee deposits received) as of December 31, 2023.

J. Others:

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Refundable deposits:		
Uni-President Development	<u>\$ 69,219</u>	<u>\$ 68,641</u>

K. On June 20, 2006, the Company and China Metal Products Co., Ltd. (“A party”) jointly signed a creditor’s rights transfer contract with Amida Trustlink Assets Management Co., Ltd. (“B party”). Under the contract, the Company and A party should pay \$2,100,000 each (totaling \$4,200,000) to jointly acquire whole creditor’s rights of mortgages, security interests and other dependent claims (collectively referred herein as the creditor’s rights) on the Splendor Hotel Taichung Building, and each bears 50% rights and obligations of this acquisition; when all creditor’s rights of this object turn into property rights, the Company and A party should pay B party totaling \$1,000,000 as the cost and reward of B party for it is entrusted with the task to help turn the creditor’s rights as stated above into property rights, but any excess cost over \$1,000,000 if incurred on this task shall be borne by B party on its own; the Company should pay B party \$300,000 before June 30, 2006, and the Company and A party should jointly issue a promissory note of \$1,800,000 to B party on the signing date; payment should be done before July 15, 2006. The title to the creditor’s rights as stated above had been transferred to the Company and A party on August 2, 2006. Total acquisition price of the creditor’s rights amounted to \$5,200,000, which the Company and A party bear 50% of the price each. The Company had paid its share.

(3) Key management compensation

	<u>Years ended December 31,</u>	
	<u>2023</u>	<u>2022</u>
Short-term employee benefits	\$ 51,996	\$ 59,781
Post-employment benefits	-	1,245
Other long-term benefits	-	-
Termination benefit	-	-
Share-based payment	-	-
	<u>\$ 51,996</u>	<u>\$ 61,026</u>

8. PLEDGED ASSETS

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

Pledged asset	December 31, 2023	December 31, 2022	Purpose
Time deposits, demand deposits and checking deposits (shown as "financial assets at amortised cost")	\$ 680,816	\$ 665,422	Performance guarantee, construction performance guarantee, long-term and short-term borrowings, issuance of short-term notes and bills, member reward points, gift coupons trust account and sinking funds
Financial assets at fair value through profit or loss	81,285	80,317	Construction performance guarantees and long-term and short-term borrowings
Land held for construction site	1,256,536	1,256,536	Long-term and short-term borrowings and issuance of short-term notes and bills
Construction in progress	35,849	35,829	Long-term and short-term borrowings and issuance of short-term notes and bills
Financial assets at fair value through other comprehensive income	1,091,304	1,154,839	Short-term borrowings and issuance of long-term notes and bills
Investments accounted for under equity method	977,515	972,984	Long-term borrowings and issuance of long-term notes and bills
Land	2,793,467	2,793,467	Construction performance guarantees, long-term and short-term borrowings and issuance of short-term notes and bills
Buildings	1,599,915	1,655,268	Long-term and short-term borrowings and issuance of short-term notes and bills
Investment property	4,621,630	4,685,006	Construction performance guarantees, long-term and short-term borrowings and issuance of short-term notes and bills
	<u>\$ 13,138,317</u>	<u>\$ 13,299,668</u>	

9. SIGNIFICANT CONTINGENT LIABILITIES AND UNRECOGNISED CONTRACT COMMITMENTS

(1) Summary of endorsements and guarantees is as follows:

A. Summary of endorsements and guarantees provided by the Company to subsidiaries is as follows:

Name of company	December 31, 2023		December 31, 2022	
	Total endorsement amount	Amount drawn	Total endorsement amount	Amount drawn
The Splendor Hospitality International Co. Ltd.,(Note)	<u>\$ 1,800,000</u>	<u>\$ 1,700,000</u>	<u>\$ 1,775,000</u>	<u>\$ 1,725,000</u>

Note: The Company and China Metal Products Co., Ltd. provided endorsements and guarantees in equal proportions of 50% ownership each for The Splendor Hospitality International Co., Ltd.'s short-term borrowings, short-term notes and bills payable, long-term notes payable and syndication loan of long-term borrowings.

B. The Company's subsidiary, the Splendor Hospitality International Co., Ltd. has been continuing to generate operating losses and its current liabilities were greater than its current assets. However, the Company was committed to provide the endorsement and guarantees for all Splendor Hospitality International Co., Ltd.'s borrowings in its ownership proportion of 50%.

(2) Capital expenditures contracted for at the balance sheet date but not yet incurred are as follows:

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Property, plant and equipment	\$ 14,842	\$ 3,523

(3) Operating lease agreement :

Please refer to Notes 6 (9) and (10) for related information.

(4) According to the sale contracts, the Group should provide warranty on the house structure and major facilities for one year from the handover day for the houses it sold. However, any damage to the houses caused by disasters, additions to the houses made by the buyers, or events that are not attributed to the Group is not included in the scope of warranty.

(5) On March 17, 2005, the Company ("A party") signed a contract with National Taiwan University ("B party") relating to the construction and operation of dormitories on Chang-Hsing St. and Shui-Yuan Campus. The major terms of the contract are as follows:

A. Under the contract, B party should be responsible for acquiring the ownership or land-use right for this project, and let A party use the land; A party must complete the construction within 3 years from the registration of the superficies, and may operate the dormitories for 44 years, collect dormitory rentals and use fees of other facilities from students, and should return the related assets to B party on the expiry of the contract.

B. A party should give B party a performance guarantee of \$60,000 for the construction on the signing date and \$30,000 for operations before the start of operation. As of December 31, 2023 and 2022, A party had provided performance guarantee with a guarantee letter issued by the bank, all amounting to \$30,000.

C. A party should pay B party land rentals from the registration of the superficies, according to the terms of the contract, and pay B party operating royalties from the third year of the operation, based on the specified proportion of dormitory rentals and use fees of other facilities collected from students.

D. Terms of restrictions for A party:

- (a) The ratio of A party's own capital utilized in this project to total construction cost of this project should be at least 30%;
- (b) During the operation period, the ratio of shareholders' equity to total assets should be at least 25%; and current ratio (current assets/current liabilities) should be at least 100%;
- (c) All rights acquired by A party under the contract, except for other conditions specified in the contract and approved by B party, should not be transferred, leased, registered as a liability/obligation or become an executed object of civil litigation.

- (6) On May 10, 2005, the Company (“A party”) signed a contract with National Cheng Kung University (“B party”) relating to the construction and operation of student dormitories and alumni hall. The major terms of the contract are as follows:
- A. Under the contract, B party should be responsible for acquiring the ownership or land-use right for this project, and let A party use the land by way of registration of the superficies; A party must obtain the user license within 3 years after the signing date, and may operate the dormitories and motorcycle parking lots for 35 years from the start of operation and collect dormitory rentals and use fees of other facilities from students for 50 years from the start of construction, and should return the related assets to B party on the expiry of the contract.
 - B. A party should give B party performance guarantee of \$50,000 for this project on the signing date, which will be returned in installment according to the contractual terms. As of December 31, 2023 and 2022, A party had provided performance guarantee with a guarantee letter issued by the bank, all amounting to \$10,000.
 - C. During the operation period, A party should pay B party dormitory operating royalties based on the specified proportion of annual operating revenue of the dormitories and auxiliary facilities operating royalties based on the specified proportion of annual operating revenue of the auxiliary facilities. A party should pay such operating royalties for prior year before the end of June every year. Further, according to the superficies contract signed by the two parties, A party should pay B party land rentals from the registration of superficies.
 - D. All rights acquired by A party under the contract, except for other conditions specified in the contract and approved by B party, should not be transferred, leased, registered as a liability/obligation or become an executed object of civil litigation.
- (7) The Company signed a syndicated loan contract with 7 banks - Mega International Commercial Bank as the lead bank for a credit line of \$2.16 billion. The syndicated loans include long-term (secured) loans and guarantee payments receivable (secured), which are used to fund the construction of dormitories in Changxing St. Campus and Shuiyuan Campus of National Taiwan University. During the loan period, the Company should maintain financial commitments such as current ratio, liability ratio and interest coverage; those financial ratios/restrictions shall be reviewed at least once every year, based on the Company’s audited annual non-consolidated financial statements. If the Company violates the above financial commitments, it shall improve its financial position by capital increase or other ways before the end of October of the following year from the year of violation; it would not be regarded as a default if the managing bank confirms that its financial position has improved completely. In case of violation, interest on the loans would be charged at the loan rate specified in the contract plus additional 0.25% per annum from the notification date of the managing bank to the completion date of financial improvement or to the date the Company gains the relief from the consortium for its violation.
- (8) As of December 31, 2023 and 2022, performance guarantee letters issued for construction undertaking, warranty and leases of subsidiary, Ta Chen Construction & Engineering Corp., amounted to \$790,823 and \$415,470, respectively.

- (9) Certain construction contracts undertaken by subsidiary, Ta Chen Construction & Engineering Corp., specify that default penalty shall be computed according to the contractual terms if the construction is not completed within the prescribed period.
- (10) On October 3, 2018, the subsidiary, The Splendor Hospitality International Co., Ltd., signed two syndicated loan contracts with 7 financial institutions, including Taiwan Cooperative Bank and Bank SinoPac, etc., each amounting to \$1.65 billion and totaling \$3.3 billion, with Prince Housing & Development Corp. and China Metal Products Co., Ltd. as guarantors, respectively. Under the contract, the subsidiary promised its tangible equity (equity less intangible assets) shall not be negative and current ratio, liability ratio, tangible net equity and interest coverage of Prince Housing & Development Corp. and China Metal Products Co., Ltd. shall conform to certain criteria as specified in the contract. If the Splendor Hotel Taichung violates above financial commitments, the managing bank has the right to take the following actions, including but not limited, according to the contract or the resolution of majority of the consortium: 1) request the subsidiary to stop drawing down all or part of the loans; 2) cancel all or part of the credit line of the contract which has not been drawn down yet; 3) announce that all outstanding principal, interest and other accrued expenses payable to the consortium in relation to the loan contract should mature immediately; 4) inform the managing bank of the demand for subsidiary's payment of the promissory note acquired under the loan contract; 5) inform the managing bank to exercise creditor's right of mortgage; 6) exercise contract transfer right, or other rights given by the laws, the loan contract or other relevant documents; 7) take other actions as resolved by the majority of the consortium.
- (11) On December 15, 2023, the subsidiary, Prince Chong-De Industrial Corp. On December 15, 2023, the subsidiary, Prince Chong-De Industrial Corp. ("B party"), signed the "'Taichung City 31' Public Market BOT Project" investment contract (the "Contract") with the Taichung City Government ("A party"). The project is invested and constructed by B party. The ownership of the construction will be transferred to A party at the end of the operation period. The major terms of the Contract are as follows:
- A. The scope of the Contract is the construction, operation and transfer of the land required for the infrastructure of the "'Taichung City 31' Public Market BOT Project" and its auxiliary facilities and auxiliary businesses.
 - B. The period of the Contract is 50 years from the signing date, including the 'construction period' (which shall be within 5 years from the signing date of the Contract) and the 'operation period' (which shall be 45 years from the start of operation and shall end on the date of expiration or termination of the permitted period). A party provided the superficieses registered for the land on lot No. 1701 of Renmei Section, Beitun District, Taichung City ("Land for the project") to B party to conduct the Contract.
 - C. B party shall pay land rent of the project to A party semi-annually from the signing date of the Contract to the expiration or termination date of the Contract. For the land rent, related matters are governed according to the 'Regulations for Favorable Rentals Regarding Public Land Lease and Superficies in Infrastructure Projects' and price is calculated according to the amendments to

the aforementioned regulation. When the land price adjustment is announced, the land rent will be adjusted accordingly from the date of the land price adjustment. The land rent is payable semi-annually. B party shall pay 50% of the land rent for the year to A party before January 31 and July 31 every year. However, the land rent for the first year shall be paid for the semi-annual period to A party within 10 days from the signing date of the Contract; and if the period is less than half a year, the amount shall be calculated based on the proportion of the total number of days in that half year.

D. The royalties that B party shall pay according to the Contract are as follows:

(a) Development royalties

The development royalties of the Contract amounted to NT\$50 million and can be paid in 3 installments (years) after signing.

As of December 31, 2023, the Company had paid \$17,000 according to the Contract and had not paid \$33,000.

(b) Fixed royalties

B party shall pay the first installment of the fixed royalties amounting to NT\$3 million to A party within 10 days from the the start of operation. The calculation method is: fixed royalties x the proportion of actual operation days from the start of operation to December 31 for the year. Starting from the second installment, B party shall pay the fixed royalties for the year to A party before January 31 every year. In the last year of operation, the fixed royalties shall be calculated in proportion to the number of days from January 1 for the year to the expiration date of the operation period.

(c) Operation royalties

B party shall calculate the amount of operation royalties according to 0.35% of the total operating revenue and pay the operation royalties for the prior year to A party before July 31 every year during the operation period. The operation royalties for the first year are calculated from the start of operation to December 31 for the year.

E. The expiry period of B party's performance guarantee shall continue until the termination or expiration of the Contract, 6 months after B party completes the transfer and return of assets and there are no pending matters. B party shall provide performance guarantee deposits amounting to NT\$30 million before the scheduled signing date as a guarantee for the performance of all contractual obligations during the contract period of the project. For the aforementioned performance guarantee deposits, B party shall apply to A party for releasing part of the obligation of the performance guarantee deposits based on the agreed schedule if it has no default and deficiencies and A party shall return the remaining performance guarantee deposits with no interest bearing to B party after the deposit amount is fully settled. As of December 31, 2023, the subsidiary, Prince Chong-De Industrial Corp., had pledged time deposits amounting to \$30,000 (shown as 'non-current financial assets at amortised cost') as collateral.

F. B party shall transfer all the existing operating assets owned by it and for operating the project continuously when the Contract expired. B party shall remove all burdens and other legal restrictions on the transfer object when the contract period expired and transfer the transfer object to A party without consideration before the expiration of the Contract. Both parties shall complete the transfer the period of the Contract expired.

10. SIGNIFICANT DISASTER LOSS

None.

11. SIGNIFICANT EVENTS AFTER THE BALANCE SHEET DATE

The appropriation of 2023 earnings as resolved by the Board of Directors of the Company on March 4, 2024 is provided in Note 6(21).

12. OTHERS

(1) Capital management

The Group's capital management is to ensure it has sufficient financial resource and operating plans to meet operational capital for future needs, capital expenditure, obligation repayment and dividend distribution. The Group adjusts borrowing amount in accordance with construction progress and capital needed for operations.

(2) Financial instruments

A. Financial instruments by category

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
<u>Financial assets</u>		
Financial assets at fair value through profit or loss		
Financial assets mandatorily measured at fair value through profit or loss	\$ 3,119,391	\$ 4,077,864
Financial assets at fair value through other comprehensive income		
Designation of equity instrument	2,815,770	2,318,365
Financial assets at amortised cost		
Cash and cash equivalents	8,350,801	9,999,828
Financial assets at amortised cost	2,780,375	1,790,238
Notes receivable	42,048	19,372
Accounts receivable (including related parties)	753,299	787,758
Other receivables	15,345	4,374
Refundable deposits	127,115	142,086
	<u>\$ 18,004,144</u>	<u>\$ 19,139,885</u>
<u>Financial liabilities</u>		
Financial liabilities at amortised cost		
Short-term borrowings	\$ 831,000	\$ 1,301,000
Notes payable	463	1,597
Accounts payable (including related parties)	1,168,473	1,475,835
Other payables	602,047	779,359
Bonds payable (including current portion)	4,500,000	4,500,000
Long-term borrowings (including current portion)	4,020,000	4,500,000
Long-term notes and accounts payable	808,301	808,301
Guarantee deposits received	181,559	164,977
	<u>\$ 12,111,843</u>	<u>\$ 13,531,069</u>
Lease liability	<u>\$ 6,862,020</u>	<u>\$ 7,007,236</u>

B. Financial risk management policies

- (a) The Group's activities expose it to a variety of financial risks: market risk (including foreign exchange risk, interest rate risk and price risk), credit risk and liquidity risk.
- (b) Risk management is carried out by a central treasury department (Group's finance & accounting division) under policies approved by the Board of Directors. Group's finance & accounting division evaluates and hedges financial risks in close cooperation with the Group's operating units. The Board provides written principles for overall risk management, as well as written policies covering specific areas and matters, such as interest rate risk, credit risk, use of derivative financial instruments and non-derivative financial instruments, and investment of excess liquidity.

C. Significant financial risks and degrees of financial risks

(a) Market risk

Foreign exchange risk

The Group operates internationally and the currencies primarily used are New Taiwan dollars and United States dollars. Foreign exchange risk arises from recognised assets and liabilities and net investments in foreign operations. Management has set up a policy to require the Group entities to manage their foreign exchange risk against their functional currency. The entities are required to manage their entire foreign exchange risk exposure with the Group finance & accounting division. Foreign exchange risk does not have significant impact to the Group.

Price risk

- i. The Group's equity securities, which are exposed to price risk, are the held financial assets at fair value through profit or loss and financial assets at fair value through other comprehensive income. To manage its price risk arising from investments in equity securities, the Group diversifies its portfolio. Diversification of the portfolio is done in accordance with the limits set by the Group.
- ii. Shares and open-end funds issued by the domestic companies. The prices of equity securities would change due to the change of the future value of investee companies. If the prices of these equity securities had increased/decreased by 10% with all other variables held constant, post-tax profit for the years ended December 31, 2023 and 2022 would have increased/decreased by \$311,939 and \$407,786, respectively, as a result of gains/losses on equity securities classified as at fair value through profit or loss. Other components of equity would have increased/decreased by \$281,577 and \$231,837, respectively, as a result of other comprehensive income classified as equity investment at fair value through other comprehensive income.

Cash flow and fair value interest rate risk

The Group's interest rate risk mainly arose from short-term and long-term (excluding commercial papers) borrowings issued at variable rates and exposed the Group to cash flow interest rate risk which is partially offset by cash and cash equivalents held at variable rates. Borrowings issued at fixed rates expose the Group to fair value interest rate risk. The Group's

borrowings at floating rate were calculated by NTD, if interest rates on borrowings had been 0.1% basis point higher/lower with all other variables held constant, profit before tax for the years ended December 31, 2023 and 2022 would have been \$4,851 and \$5,801 lower/higher, respectively.

(b) Credit risk

Credit risk refers to the risk of financial loss to the Group arising from default by the clients or counterparties of financial instruments on the contract obligations. For banks and financial institutions, only independently rated parties with a minimum rating of 'A' are accepted, so it expects that the probability of counterparty default is remote. Credit risk arises from outstanding receivables (including contract assets).

Accounts receivable and contract assets

- i. The Group will perform credit check in accordance with credit policies when entered into construction contracts, the credit risk of receivables (mainly contract assets or accounts receivable) are low as the result of credit check was low.
- ii. The Group's accounts receivable and contract assets came from general enterprise or government institution. To protect the quality of accounts receivable and contract assets, the Group has created a process of credit risk management. The Group considered customers' financial status, historical trading record and future economic condition in accordance with types of customer, and took into account factors that may influence customers' ability to pay to assess the credit quality of customers. The Group estimated credit loss by loss rate.
- iii. The Group adopts the assumptions under IFRS 9, the default occurs when the contract payments are past due over 90 days.
- iv. The Group adjusted the provision matrix with the historical loss of accounts receivable and forecastability, which considered the economic condition in the next one year. The provision matrix in accordance with above estimation are as follows:

	Without past due	Up to 30 days past due	Over 31-60 days	Over 61-90 days	Over 91 days	Total
<u>December 31, 2023</u>						
Expected loss rate	0.01%	10.00%	25.00%	50.00%	100.00%	
Total book value of accounts receivable	\$ 743,567	\$ 9,143	\$ 536	\$ 142	\$ 725	\$ 754,113
Total book value of contract assets	\$ 536,541	\$ -	\$ -	\$ -	\$ -	\$ 536,541
Loss allowance	\$ 117	\$ 382	\$ 1	\$ -	\$ 314	\$ 814
<u>December 31, 2022</u>						
Expected loss rate	0.01%	10%	25%	50%	100%	
Total book value of accounts receivable	\$ 775,632	\$ 11,272	\$ 564	\$ -	\$ 1,065	\$ 788,533
Total book value of contract assets	\$ 511,183	\$ -	\$ -	\$ -	\$ -	\$ 511,183
Loss allowance	\$ 12	\$ 175	\$ -	\$ -	\$ 588	\$ 775

- v. Movements in relation to the Group applying the simplified approach to provide loss allowance for accounts receivable and contract assets are as follows:

	2023		2022	
	Accounts receivable	Contract assets	Accounts receivable	Contract assets
At January 1	\$ 775	\$ -	\$ 264	\$ -
Provision for impairment loss	45	-	511	-
Derecognised	(6)	-	-	-
At December 31	<u>\$ 814</u>	<u>\$ -</u>	<u>\$ 775</u>	<u>\$ -</u>

- vi. The estimation of expected credit loss on financial assets at amortised cost, excluding accounts receivable, is as follows:

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

(c) Liquidity risk

- i. Cash flow forecasting is performed in the operating entities of the Group and aggregated by Group's Finance and Accounting Division. Group's Finance and Accounting Division monitors rolling forecasts of the Group's liquidity requirements to ensure it has sufficient cash to meet operational needs while maintaining sufficient headroom on its undrawn committed borrowing facilities at all times.
- ii. The table below analyses the Group's non-derivative financial liabilities into relevant maturity groupings based on the remaining period at the balance sheet date to the contractual maturity date for non-derivative financial liabilities. The amounts disclosed in the table are the contractual undiscounted cash flows.

	December 31, 2023		
	Within 1 year	Between 1 to 3 years	Over 3 years
<u>Non-derivative financial liabilities:</u>			
Short-term borrowings	\$ 842,812	\$ -	\$ -
Notes payable	463	-	-
Accounts payable	436,438	732,035	-
Other payables	601,727	-	320
Lease liability	582,072	1,038,756	5,849,396
Guarantee deposits received	118,326	22,316	40,917
Bonds payable (including current portion)	-	-	4,570,100
Long-term borrowings (including current portion)	715,663	328,753	3,286,111
Long-term notes and accounts payable	-	11,456	796,845

	December 31, 2022		
	Within 1 year	Between 1 to 3 years	Over 3 years
<u>Non-derivative financial liabilities:</u>			
Short-term borrowings	\$ 1,326,709	\$ -	\$ -
Notes payable	1,597	-	-
Accounts payable	776,210	699,625	-
Other payables	799,039	-	320
Lease liability	554,050	1,093,811	6,250,659
Guarantee deposits received	122,393	13,853	28,731
Bonds payable (including current portion)	2,521,000	-	2,031,600
Long-term borrowings (including current portion)	3,438,878	977,545	181,782
Long-term notes and accounts payable	-	11,456	796,845

- iii. The Group does not expect the timing of occurrence of the cash flows estimated through the maturity date analysis will be significantly earlier, nor expect the actual cash flow amount will be significantly different.

(3) Fair value information

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

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

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

Level 3: Unobservable inputs for the asset or liability. The fair value of the Group's investment in equity without active market is included in Level 3.

- B. Fair value information of investment property at cost is provided in Note 6(11).

- C. Financial instruments not measured at fair value

The carrying amounts of the Group's cash and cash equivalents, financial instruments at amortised cost (including financial assets at amortised cost, notes receivable, accounts receivable (including related parties), other receivables, refundable deposits, short-term borrowings, short-term notes and bills payable, notes payable, accounts payable, other payables, lease liability, bonds payables, long-term borrowings, long-term notes and accounts payable, and guarantee deposits received) are approximate to their fair values.

- D. The related information of financial and non-financial instruments measured at fair value by level on the basis of the nature, characteristics and risks of the assets and liabilities at December 31, 2023 and 2022 are as follows:

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

<u>December 31, 2023</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Assets				
<u>Recurring fair value measurements</u>				
Financial assets at fair value through profit or loss				
Equity securities	\$3,119,391	\$ -	\$ -	\$3,119,391
Financial assets at fair value through other comprehensive income				
Equity securities	1,360,115	-	1,455,655	2,815,770
	<u>\$4,479,506</u>	<u>\$ -</u>	<u>\$1,455,655</u>	<u>\$5,935,161</u>
 <u>December 31, 2022</u>	 <u>Level 1</u>	 <u>Level 2</u>	 <u>Level 3</u>	 <u>Total</u>
Assets				
<u>Recurring fair value measurements</u>				
Financial assets at fair value through profit or loss				
Equity securities	\$4,077,864	\$ -	\$ -	\$4,077,864
Financial assets at fair value through other comprehensive income				
Equity securities	1,028,884	-	1,289,481	2,318,365
	<u>\$5,106,748</u>	<u>\$ -</u>	<u>\$1,289,481</u>	<u>\$6,396,229</u>

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

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

	<u>Listed shares</u>	<u>Open-end fund</u>
Market quoted price	Closing price	Net asset value

- ii. Except for financial instruments with active markets, the fair value of other financial instruments is measured by using valuation techniques or by reference to counterparty quotes. The fair value of financial instruments measured by using valuation techniques can be referred to current fair value of instruments with similar terms and characteristics in substance, discounted cash flow method or other valuation methods, including calculated by applying model using market information available at the balance sheet date.

E. For the years ended December 31, 2023 and 2022, there was no transfer between Level 1 and Level 2.

F. The following chart is the movement of Level 3 for the years ended December 31, 2023 and 2022:

	2023	2022
	Equity instruments without active market	Equity instruments without active market
At January 1	\$ 1,289,481	\$ 1,485,689
Gain (loss) recognised in other comprehensive income (Note)	166,174 (	213,298)
Acquired in the year	-	21,905
Sold in the period	- (	4,815)
At December 31	<u>\$ 1,455,655</u>	<u>\$ 1,289,481</u>

Note: Shown as unrealised gain or loss on financial assets at fair value through other comprehensive income.

G. For the years ended December 31, 2023 and 2022, there was no transfer into or out from Level 3.

H. Finance and Accounting segment is in charge of valuation procedures for fair value measurements being categorised within Level 3, which is to verify independent fair value of financial instruments. Such assessment is to ensure the valuation results are reasonable by applying independent information to make results close to current market conditions, confirming the resource of information is independent, reliable and in line with other resources and represented as the exercisable price, and frequently assessing valuation results and making any other necessary adjustments to the fair value.

I. The following is the qualitative information of significant unobservable inputs and sensitivity analysis of changes in significant unobservable inputs to valuation model used in Level 3 fair value measurement:

	Fair value at December 31, 2023	Valuation technique	Significant unobservable input	Range (weighted average)	Relationship of inputs to fair value
Non-derivative equity					
Unlisted shares	\$ 1,455,655	Market comparable companies	EV / EBITDA	9.63- 12.33	The higher the multiple, the higher the fair value
		Net asset value	Not applicable		Not applicable
	Fair value at December 31, 2022	Valuation technique	Significant unobservable input	Range (weighted average)	Relationship of inputs to fair value
Non-derivative equity					
Unlisted shares	\$ 1,289,481	Market comparable companies	EV / EBITDA	8.98- 9.96	The higher the multiple, the higher the fair value
		Net asset value	Not applicable		Not applicable

- J. The Group has carefully assessed the valuation models and assumptions used to measure fair value. However, use of different valuation models or assumptions may result in different measurement. The following is the effect of profit or loss or of other comprehensive income from financial assets and liabilities categorized within Level 3 if the inputs used to valuation models have changed:

			December 31, 2023			
			Recognised in profit or loss		Recognised in other comprehensive income	
	Input	Change	Favourable change	Unfavourable change	Favourable change	Unfavourable change
Financial assets						
Equity instruments	1,455,655	±1%	\$ -	\$ -	\$ 14,557	(\$ 14,557)
			December 31, 2022			
			Recognised in profit or loss		Recognised in other comprehensive income	
	Input	Change	Favourable change	Unfavourable change	Favourable change	Unfavourable change
Financial assets						
Equity instruments	1,289,481	±1%	\$ -	\$ -	\$ 12,895	(\$ 12,895)

13. SUPPLEMENTARY DISCLOSURES

(1) Significant transactions information

- A. Loans to others: Please refer to table 1.
- B. Provision of endorsements and guarantees to others: Please refer to table 2.
- C. Holding of marketable securities at the end of the period (not including subsidiaries, associates and joint ventures): Please refer to table 3.
- D. Acquisition or sale of the same security with the accumulated cost exceeding \$300 million or 20% of the Company's paid-in capital: Please refer to table 4.
- E. Acquisition of real estate reaching \$300 million or 20% of paid-in capital or more: None.
- F. Disposal of real estate reaching \$300 million or 20% of paid-in capital or more: None.
- G. Purchases or sales of goods from or to related parties reaching \$100 million or 20% of paid-in capital or more: Please refer to table 5.
- H. Receivables from related parties reaching \$100 million or 20% of paid-in capital or more: Please refer to table 6.
- I. Trading in derivative instruments undertaken during the reporting periods: None.
- J. Significant inter-company transactions during the reporting periods: Please refer to table 7.

(2) Information on investees

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

(3) Information on investments in Mainland China

None.

(4) Major shareholders information

Major shareholders information: Please refer to table 9.

14. SEGMENT INFORMATION

(1) General information

Management has determined the reportable operating segments based on the reports reviewed by the Chief Operating Decision-Maker that are used to make strategic decisions. The Group's corporate composition, basis for segmentation, and basis for measurement of segment's information had no significant changes for the year. The Chief Operating Decision-Maker considers the business from a product perspective.

(2) Measurement of segment information

The Chief Operating Decision-Maker assesses the performance of the operating segments based on the profit (loss) before taxes. This measurement basis excludes the effects of non-recurring revenues/expenditures from the operating segments. Accounting policies of operating segments are the same as the summary of significant accounting policies in Note 4 to the consolidated financial statements.

(3) Information about segment profit or loss and assets

The segment information provided to the Chief Operating Decision-Maker for the reportable segments is as follows:

Item	Year ended December 31, 2023				
	Construction	Hotel	Others	Write-off and Adjustment	Total
External operating revenue-net	\$ 4,575,513	\$ 3,344,144	\$ 565,572	\$ -	\$ 8,485,229
Internal operating revenue-net	5,273	-	65,803	(71,076)	-
Total segment revenue	4,580,786	3,344,144	631,375	-	8,485,229
Costs and expenses	(4,783,328)	(2,725,600)	(432,499)	83,815	(7,857,612)
Segment (loss) income	(202,542)	618,544	198,876	12,739	627,617
Interest income	56,071	12,725	14,173	(265)	82,704
Other income	237,028	11,002	5,411	(8,540)	244,901
Other gains and losses	18,104	(1,981)	767	-	16,890
Finance costs	(167,246)	(180,745)	(145)	428	(347,708)
Share of profit of associates and joint ventures accounted for under the equity method	470,174	-	31,028	(400,041)	101,161
Income from continuing operations before tax	411,589	459,545	250,110	(395,679)	725,565
Income tax expense	(98,437)	(45,079)	2,938	-	(140,578)
Net income for the period	\$ 313,152	\$ 414,466	\$ 253,048		\$ 584,987
Segment assets	\$ 37,216,357	\$ 13,029,032	\$ 1,638,143	(5,632,680)	\$ 46,250,852
Segment liabilities	\$ 9,149,826	\$ 11,562,958	\$ 233,287	(671,751)	\$ 20,274,320

Year ended December 31, 2022					
Item	Construction	Hotel	Others	Write-off and Adjustment	Total
External operating revenue-net	\$ 9,878,811	\$ 2,298,697	\$ 591,270	\$ -	\$ 12,768,778
Internal operating revenue-net	322	-	75,575	(75,897)	-
Total segment revenue	9,879,133	2,298,697	666,845		12,768,778
Costs and expenses	(8,138,488)	(2,319,087)	(456,453)	117,848	(10,796,180)
Segment (loss) income	1,740,645	(20,390)	210,392		1,972,598
Interest income	11,384	4,833	4,066	-	20,283
Other income	384,888	29,761	3,499	(24,468)	393,680
Other gains and losses	(587,798)	(1,464)	64	-	(589,198)
Finance costs	(156,604)	(173,835)	(94)	-	(330,533)
Share of profit (loss) of associates and joint ventures accounted for under the equity method	114,716	-	20,227	(33,373)	101,570
Income (loss) from continuing operations before tax	1,507,231	(161,095)	238,154		1,568,400
Income tax (expense) benefit	(173,674)	45,878	1,552	-	(126,244)
Net income (loss) for the period	\$ 1,333,557	\$ 115,217	\$ 239,706		\$ 1,442,156
Segment assets	\$ 39,241,892	\$ 13,264,859	\$ 1,274,123	(5,827,060)	\$ 47,953,814
Segment liabilities	\$ 10,596,385	\$ 11,990,069	\$ 53,330	(670,317)	\$ 21,969,467

(4) Reconciliation for segment income (loss) and assets

The revenue from external parties, segment income, segment assets and liabilities reported to the Chief Operating Decision-Maker are measured in a manner consistent with the revenue, profit before taxes, total assets and total liabilities in the financial statements. Information on adjusted consolidated total profit (loss), reportable segment profit after taxes, total assets and total liabilities, and reconciliation for reportable segment assets and liabilities for this year is provided in Note 14(3).

(5) Information on products and services

The Chief Operating Decision-Maker considers the business from a product type perspective. Information about products is provided in Notes 6(24) and 14(3).

(6) Geographical information

The Group operates mainly in Taiwan and it has no external customer revenue from other regions.

(7) Major customer information

Major customer information of the Group for the years ended December 31, 2023 and 2022 is as follows:

	2023		2022	
	Revenue	Segment	Revenue	Segment
Customer A	\$ 2,566,739	Construction	\$ 1,013,850	Construction

Prince Housing & Development Corp.																	
Loans to others																	
Year ended December 31, 2023																	
Expressed in thousands of NTD (Except as otherwise indicated)																	
No.			General ledger	Is a related	Maximum outstanding	Balance at	Actual amount			Amount of		Collateral			Limit on loans granted	Ceiling on total	
(Note 1)	Creditor	Borrower	account	party	the year ended	December 31,	drawn down	Interest rate	Nature of loan	with the	financing	Allowance for	Item	Value	to a single party	loans granted	Footnote
					December 31, 2023	2023				borrower		accounts					
0	Prince Housing & Development Corp.	Prince Industrial Corp.	Other receivables - related parties	Y	\$ 100,000	\$ 100,000	\$ -	2.7	Short-term financing	\$ -	Additional operating capital	\$ -	None	-	\$ 500,000	\$ 10,288,818	Note 2
0	Prince Housing & Development Corp.	Prince Chong-De Industrial Corp.	Other receivables - related parties	Y	200,000	200,000	-	2.7	Short-term financing	-	Additional operating capital	-	None	-	500,000	10,288,818	Note 2
0	Prince Housing & Development Corp.	Cheng-Shi Construction Co., Ltd.	Other receivables - related parties	Y	100,000	100,000	-	2.7	Short-term financing	-	Additional operating capital	-	None	-	500,000	10,288,818	Note 2

Note 1: The numbers filled in for the loans provided by the Company or subsidiaries are as follows:

(1) The Company is ‘0’.

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

Note 2: Limit on loans granted to a single party and ceiling on total loans granted as prescribed in Ta-Chen Construction & Engineering Corp. "Procedures for Provision of Loans" are as follows:

A. Ceiling on total loans to others: 40% of the Company's net worth.

B. Limit on loans to a single party:

(a) Nature of the loan is related to business transactions: Limit to a single party is NT\$1.5 billion or the amount of business transactions between the creditor and borrower in the current year.

(b) Nature of loan is for short-term financing: Limit on loans to a single party is NT\$500 million.

Prince Housing & Development Corp.
Provision of endorsements and guarantees to others
Year ended December 31, 2023

Table 2

Expressed in thousands of NTD
(Except as otherwise indicated)

		Party being endorsed/guaranteed												
Number (Note 1)	Endorser/ guarantor	Company name	Relationship with the endorser/ guarantor (Note 2)	Limit on endorsements/ guarantees provided for a single party	Maximum outstanding endorsement/ guarantee amount as of December 31, 2023	Outstanding endorsement/ guarantee amount at December 31, 2023	Actual amount drawn down	Amount of endorsements/ guarantees secured with collateral	Ratio of accumulated endorsement/ guarantee amount to net asset value of the endorser/ guarantor company	Ceiling on total amount of endorsements/ guarantees provided	Provision of endorsements/ guarantees by parent company to subsidiary	Provision of endorsements/ guarantees by subsidiary to parent company	Provision of endorsements/ guarantees to the party in Mainland China	Footnote
0	Prince Housing & Development Corp.	The Splendor Hospitality International Co., Ltd.	6	\$ 5,144,409	\$ 3,350,000	\$ 1,800,000	\$ 1,700,000	\$ -	7%	\$ 12,861,023	Y	N	N	Note 3

Note 1: The numbers filled in for the endorsements/guarantees provided by the Company or subsidiaries are as follows:

- (1) The Company is '0'.
- (2) The subsidiaries are numbered in order starting from '1'. The same company will have the same number.

Note 2: Relationship between the endorser/guarantor and the party being endorsed/guaranteed is classified into the following seven categories:

- (1) Having business relationship.
- (2) The endorser/guarantor parent company owns directly and indirectly more than 50% voting shares of the endorsed/guaranteed subsidiary.
- (3) The endorsed/guaranteed company owns directly and indirectly more than 50% voting shares of the endorser/guarantor parent company.
- (4) The endorser/guarantor parent company owns directly and indirectly more than 90% voting shares of the endorsed/guaranteed company.
- (5) Mutual guarantee of the trade made by the endorsed/guaranteed company or joint contractor as required under the construction contract.
- (6) Due to joint venture, all shareholders provide endorsements/guarantees to the endorsed/guaranteed company in proportion to its ownership.
- (7) Joint guarantee of the performance guarantee for pre-sold home sales contract as required under the Consumer Protection Act.

Note 3: In accordance with the Company's related regulations, the limit on endorsements and guarantees for any single entity is 20% of the Company's net worth based on the latest financial statements and the limit on accumulated amount of transactions of endorsements and guarantees is 50% of the Company's net worth based on the latest financial statements.

Prince Housing & Development Corp.
Holding of marketable securities at the end of the year (not including subsidiaries, associates and joint ventures)
December 31, 2023

Expressed in thousands of NTD
(Except as otherwise indicated)

Table 3

As of December 31, 2023									
Securities held by	Marketable securities	Name of investee companies	Relationship with the securities issuer	General ledger account	Number of shares	Book value	Ownership (%)	Fair value	Footnote
Prince Housing & Development Corp.	Stock	Nantex Industry Co., Ltd.	None	Non-current financial assets at fair value through other comprehensive income	18,474,988	\$ 694,659	Note 1	\$ 37.60	Listed company
	Stock	ScinoPharm Taiwan, Ltd.	None	Non-current financial assets at fair value through other comprehensive income	23,605,921	623,196	Note 1	26.40	Listed company, Note 2
	Stock	Simplo Technology Co., Ltd.	None	Non-current financial assets at fair value through other comprehensive income	76,349	32,067	Note 1	420.00	OTC company
	Stock	Universal Venture Capital Investment Corp.	None	Non-current financial assets at fair value through other comprehensive income	1,400,000	13,370	Note 1	9.55	
	Stock	Grand Bills Finance Corp.	None	Non-current financial assets at fair value through other comprehensive income	48,672	799	Note 1	16.41	
	Stock	Nanmat Technology Co., Ltd.	None	Non-current financial assets at fair value through other comprehensive income	2,596,336	251,845	Note 1	97.00	
	Stock	President International Development Corp.	Other related party	Non-current financial assets at fair value through other comprehensive income	87,745,770	928,960	6.63%	10.59	Note 3
	Fund	Mega Diamond Money Market Fund	None	Financial assets at fair value through profit or loss - non-current	6,301,406	81,285	-	12.90	Note 4
	Fund	Prudential Financial Money Market Fund	None	Financial assets at fair value through profit or loss -current	56,475,870	918,224	-	16.26	
	Fund	UPAMC James Bond Money Market Fund	None	Financial assets at fair value through profit or loss -current	29,597,708	507,491	-	17.15	
	Fund	Allianz Global Investors Taiwan Money Market Fund	None	Financial assets at fair value through profit or loss -current	43,837,859	565,022	-	12.89	
	Fund	UPAMC James Bond Money Market Fund	None	Financial assets at fair value through profit or loss -current	1,775,631	30,445	-	17.15	
Cheng-Shi Investment Holdings Co., Ltd.	Fund	Yuanta De- Bao Money Market Fund	None	Financial assets at fair value through profit or loss -current	4,878,650	60,237	-	12.35	
Ta Chen Construction & Engineering Corp.	Fund	Allianz Global Investors Taiwan Money Market Fund	None	Financial assets at fair value through profit or loss -current	23,317,460	300,536	-	12.89	
	Stock	Nantex Industry Co., Ltd.	None	Financial assets at fair value through profit or loss - non - current	2,417,483	90,897	Note 1	37.60	Listed company
	Stock	Nanmat Technology Co., Ltd.	None	Non-current financial assets at fair value through other comprehensive income	2,371,342	230,012	Note 1	97.00	
Cheng-Shi Construction Co., Ltd.	Fund	UPAMC James Bond Money Market Fund	None	Financial assets at fair value through profit or loss -current	4,758,757	91,673	-	17.15	
Prince Apartment Management & Maintenance Co., Ltd.	Stock	Prince Housing & Development Corp.	Parent company	Non-current financial assets at fair value through other comprehensive income	655,424	7,275	Note 1	11.10	Listed company
	Stock	Tainan Spinning Co., Ltd.	None	Non-current financial assets at fair value through other comprehensive income	122,201	1,931	Note 1	15.80	Listed company
Prince Security & Guard Co., Ltd.	Stock	Nanmat Technology Co., Ltd.	None	Non-current financial assets at fair value through other comprehensive income	316,176	30,669	Note 1	97.00	
Prince Property Management Consulting Co.	Fund	CTBC Hwa-win Money Market Fund	None	Financial assets at fair value through profit or loss - current	2,172,949	24,587	-	11.32	
Times Square International Hotel Corp.	Fund	Taishin 1699 Money Market Fund	None	Financial assets at fair value through profit or loss - current	5,164,808	72,000	-	13.94	
	Fund	Jih Sun Money Market Fund	None	Financial assets at fair value through profit or loss - current	3,802,705	58,000	-	15.25	
Prince Real Estate Co., Ltd.	Stock	Nantex Industry Co., Ltd.	None	Non-current financial assets at fair value through other comprehensive income	194,282	7,305	Note 1	37.60	Listed company
	Stock	Sung Gang Asset Management Co., Ltd.	None	Non-current financial assets at fair value through other comprehensive income	47,968	957	Note 1	19.95	OTC company
	Fund	Allianz Global Investors Taiwan Money Market Fund	None	Financial assets at fair value through profit or loss - current	20,833,005	268,515	-	12.89	
Prince Industrial Corp.	Fund	Allianz Global Investors Taiwan Money Market Fund	None	Financial assets at fair value through profit or loss - current	3,916,654	50,479	-	12.89	

Note 1: Percentage of Company's ownership is less than 5%.
Note 2: 17,276 thousand shares of outstanding common stock were used as collateral for loan.
Note 3: 60,000 thousand shares of outstanding common stock were used as collateral for loan.
Note 4: 6,301 thousand units of outstanding common stock were used as collateral for loan.

Prince Housing & Development Corp.
Acquisition or sale of the same security with the accumulated cost exceeding \$300 million or 20% of the Company's paid-in capital
Year ended December 31, 2023

Table 4

Expressed in thousands of NTD
(Except as otherwise indicated)

Investor	Marketable securities (Note 1)	General ledger account	Counterparty (Note 2)	Relationship with the investor (Note 2)	Balance as at January 1, 2023		Addition (Note 3)		Disposal (Note 3)		Gain (loss) on disposal		Balance as at December 31, 2023	
					Number of shares	Amount	Number of shares	Amount	Number of shares	Selling price	Book value		Number of shares	Amount
Prince Housing & Development Corp.	Allianz Global Investors Taiwan Money Market Fund	Financial assets at fair value through profit or loss - current	-	-	47,391,936	\$ 795,684	-	\$ -	(17,794,228)	(\$ 302,715)	(\$ 302,552)	\$ 163	29,597,708	\$ 493,132
Prince Housing & Development Corp.	Nantex Industry Co., Ltd.	Non-current financial assets at fair value through other comprehensive	-	-	10,694,988	396,249	7,780,000	270,162	-	-	-	-	18,474,988	694,659
Ta Chen Construction & Engineering Corp.	Nantex Industry Co., Ltd.	Financial assets at fair value through profit or loss - current	-	-	10,197,483	377,816	-	-	(7,780,000)	(269,966)	(288,249)	(18,283)	2,417,483	90,897
Prince Real Estate Co., Ltd.	UPAMC James Bond Money Market Fund	Financial assets at fair value through profit or loss - current	-	-	20,721,585	350,000	-	-	(20,721,585)	(352,750)	(350,000)	2,750	-	-

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

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

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

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

Prince Housing & Development Corp. and Subsidiaries
Purchases or sales of goods from or to related parties reaching \$100 million or 20% of paid-in capital or more
Year ended December 31, 2023

Table 5

Expressed in thousands of NTD
(Except as otherwise indicated)

			Transaction				Differences in transaction terms compared to third party transactions		Notes/accounts receivable (payable)		
			Purchases (sales)	Amount	Percentage of total purchases (sales)	Credit term	Unit price	Credit term	Balance	Percentage of total notes/accounts receivable (payable)	Footnote
Purchaser/seller	Counterparty	Relationship with the counterparty									
Ta Chen Construction & Engineering Corp.	Uni-President Express Corp.	Other related parties	Sales	\$ 2,566,739	30%	Collected based on the terms	Determined after comparison and negotiation between the two parties and collected based on the contract terms.	Determined after comparison and negotiation between the two parties and collected based on the contract terms.	\$ 395,799	50%	

Prince Housing & Development Corp.
Receivables from related parties reaching \$100 million or 20% of paid-in capital or more
December 31, 2023

Table 6

Expressed in thousands of NTD
(Except as otherwise indicated)

Creditor	Counterparty	Relationship with the counterparty	Balance as at December 31, 2023	Turnover rate	Overdue		Amount collected subsequent to the balance sheet date	Allowance for doubtful accounts
					Amount	Action taken		
Prince Housing & Development Corp.	The Splendor Hospitality International Co., Ltd.	Subsidiary	Other assets - obligation receivable \$ 575,000	-	\$ -	-	\$ -	\$ -
Ta Chen Construction & Engineering Corp.	Uni-President Express Corp.	Other related parties	-accounts receivable 395,799	6.56	-	-	255,488	-

Prince Housing & Development Corp.
Significant inter-company transactions during the reporting periods
Year ended December 31, 2023

Table 7

Expressed in thousands of NTD
(Except as otherwise indicated)

					Transaction		
Number	Company name	Counterparty	Relationship	General ledger account	Amount	Transaction terms	Percentage of consolidated total operating revenues or total assets
0	Prince Housing & Development Corp.	The Splendor Hospitality International Co., Ltd.	The Company to the consolidated subsidiaries	Endorsement and guarantee	\$ 1,800,000	In accordance with endorsement and guarantee procedures	3.89%
0	Prince Housing & Development Corp.	The Splendor Hospitality International Co., Ltd.	The Company to the consolidated subsidiaries	Other assets - obligation receivables	575,000	Creditor's rights purchase contract	1.24%
0	Prince Housing & Development Corp.	Prince Chong-De Industrial Corp.	The Company to the consolidated subsidiaries	Loans to others	200,000	In accordance with the Procedures for Provision of Loans	0.43%
0	Prince Housing & Development Corp.	Prince Industrial Corp.	The Company to the consolidated subsidiaries	Loans to others	100,000	In accordance with the Procedures for Provision of Loans	0.22%
0	Prince Housing & Development Corp.	Cheng-Shi Investment Holdings Co., Ltd.	The Company to the consolidated subsidiaries	Loans to others	100,000	In accordance with the Procedures for Provision of Loans	0.22%
0	Prince Housing & Development Corp.	Ta Chen Construction & Engineering Corp. (Note5)	Note5	Non-current financial assets at fair value through other comprehensive income	270,162	In accordance with the regulations of Taiwan Stock Exchange	0.58%
1	Ta Chen Construction & Engineering Corp.	Prince Housing & Development Corp. (Note5)	Note5	Non-current financial assets at fair value through profit or loss	269,966	In accordance with the regulations of Taiwan Stock Exchange	0.58%

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

- (1) Parent company is ‘0’.
- (2) The subsidiaries are numbered in order starting from ‘1’.

Note 2: Relationship between transaction company and counterparty is classified into the following three categories:

- (1) Parent company to subsidiary.
- (2) Subsidiary to parent company.
- (3) Subsidiary to subsidiary.

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

Note 4: The table only discloses transaction amounts of NT\$100 million or more.

Note 5: For the year ended December 31, 2023, to operate the Company’s finance and maintain the Group’s shareholdings, the Company acquired listed stocks from the Company’s subsidiary, Ta Chen Construction & Engineering Corp., for a total amount of \$270,162 (including \$196 of transaction fee) by using the block pairs trades through Taiwan Stock Exchange.

Table 8

Prince Housing & Development Corp.
Information on investees
Year ended December 31, 2023

Expressed in thousands of NTD
(Except as otherwise indicated)

				Initial investment amount		Shares held as at December 31, 2023					
Investor	Investee	Location	Main business activities	Balance as at December 31, 2023	Balance as at December 31, 2022	Number of shares	Ownership (%)	Book value	Net profit (loss) of the investee for the year ended December 31,	Investment income (loss) recognised by the Company for the	Footnote
									2023	year ended December 31, 2023	
Prince Housing & Development Corp.	Cheng-Shi Investment Holdings Co., Ltd.	Taiwan	General investment	\$ 1,146,925	\$ 1,146,925	149,365,000	100.00%	\$ 1,504,759	\$ 151,890	\$ 156,055	Notes 1 and 2
	Prince Property Management Consulting Co., Ltd.	Taiwan	Management and consulting	181,000	181,000	17,146,580	100.00%	260,105	(10,920)	(10,824)	Notes 1 and 2
	Geng-Ding Co., Ltd.	Taiwan	Hotels and catering	120,000	120,000	18,000,000	30.00%	309,262	45,232	13,570	-
	Prince Housing Investment Corp.	British Virgin Islands	Overseas investment	140,413	140,413	428	100.00%	658,878	44,587	44,587	Note 2
	Uni-President Development Corp.	Taiwan	Leasing of buildings	1,080,000	1,080,000	108,000,000	30.00%	1,173,018	189,843	56,953	Note 4
	The Splendor Hospitality International Co., Ltd.	Taiwan	Hotels and catering	325,000	325,000	32,500,000	50.00%	252,083	(15,349)	(7,675)	Notes 2
	Jin-Yi-Xing Plywood Co., Ltd.	Taiwan	Manufacture of plywoods	165,410	165,410	3,938,168	99.65%	(289,860)	(118)	(118)	Notes 2
	Prince Industrial Corp.	Taiwan	Development of public housing and building	450,000	300,000	45,000,000	100.00%	446,965	(2,154)	(2,154)	Note 2 and 5
	Prince Real Estate Co., Ltd.	Taiwan	Real estate trading and leasing	470,784	470,784	12,292,315	99.68%	599,773	13,852	13,537	Notes 1 and 2
	Times Square International Holding Company	Taiwan	General investment	373,570	420,270	57,430,000	100.00%	961,908	206,632	206,632	Notes 2 and 6
Cheng-Shi Investment Holdings Co., Ltd	Ta Chen Construction & Engineering Corp.	Taiwan	Construction	856,566	856,566	122,616,762	100.00%	1,321,732	151,886	-	Notes 2 and 3
	Prince Utility Co., Ltd.	Taiwan	Electricity water pipe	56,025	56,025	3,070,000	100.00%	30,989	(6,607)	-	Notes 2 and 3
	Cheng-Shi Construction Co., Ltd.	Taiwan	Construction	208,027	208,027	20,100,000	100.00%	201,500	5,969	-	Notes 2 and 3
Prince Housing Investment Corp.	PPG Investment Inc.	U.S.A	Overseas investment	56,945	56,945	273	27.30%	23,696	10,611	-	Note 3
	Queen Holdings Ltd.	British Virgin Islands	Overseas investment	122,034	122,034	2,730	27.30%	413,536	103,043	-	Note 3

				Initial investment amount		Shares held as at December 31, 2023					
Investor	Investee	Location	Main business activities	Balance as at December 31, 2023	Balance as at December 31, 2022	Number of shares	Ownership (%)	Book value	Net profit (loss) of the investee for the year ended December 31,	Investment income (loss) recognised by the Company for the	Footnote
									2023	year ended December 31, 2023	
Prince Property Management Consulting Co., Ltd.	Prince Apartment Management & Maintenance Co., Ltd.	Taiwan	Management of apartments	\$ 67,853	\$ 67,853	3,000,000	100.00%	\$ 40,834	\$ 1,331	\$ -	Notes 2 and 3
	Prince Security & Guard Co., Ltd.	Taiwan	Security	159,611	159,611	13,172,636	100.00%	169,340	(12,577)	-	Notes 2 and 3
Princre Real Estate Co., Ltd.	Amida Trustlink Assets Management Co., Ltd.	Taiwan	Development of public housing and building	304,289	304,289	21,525,020	45.21%	(140,797)	(861)	-	Note 3
Times Square International Holding Company	Times Square International Hotel Corp.	Taiwan	Hotels and catering	460,770	460,770	54,750,000	100.00%	721,884	173,085	-	Notes 2 and 3
	Times Square International Stays Corp.	Taiwan	Hotels and catering	100,000	225,500	10,000,000	100.00%	133,514	33,700	-	Notes 2 and 3
Prince Industrial Corp.	Prince Chong-De Industrial Corp.	Taiwan	Development of public housing and building	200,000	-	20,000,000	100.00%	199,702	(298)	-	Notes 2 and 3
	Prince Da-Li-Yi Industrial Corp.	Taiwan	Development of public housing and building	150,000	-	15,000,000	100.00%	149,919	(81)	-	Notes 2 and 3

Note 1: The difference between the income (loss) of the investee and the investment income (loss) of the investee recognised by the Company is the investment income (loss) of the investee recognised by the Company in proportion to the share ownership and unrealised gain (loss) from elimination of inter-Company transactions.

Note 2: Subsidiary.

Note 3: The amount has been included in the profit (loss) of the Company’s investee accounted using equity method and has been recognised as gain (loss) on investment.

Note 4: Provided 90,000 thousand shares as collateral.

Note 5: The investee increased its capital amounting to \$150,000 by issuing new shares of 15 million shares for the year. The face value and issuance price were both NT\$10 (in dollars)

Note 6: The investee reduced \$46,700 of its capital to cover accumulated deficit by retiring 4,670 thousand issued shares. The Company’s investment has been reduced according to its shareholding ratio.

Prince Housing & Development Corp.

Major shareholders information

December 31, 2023

Table 9

Name of major shareholders	Shares	Ownership (%)
	Number of shares held	
Uni-President Enterprises Corp.	162,743,264	10.02%
Taipo Investment Co., Ltd.	116,730,587	7.19%