Stock code: 5519

隆大營建事業股份有限公司
LONG DA CONSTRUCTION & DEVELOPMENT CORPORATION

2023 Annual Report

Date of printing: April 2, 2024

Website for viewing the electronic file of the annual report:
http://mops.twse.com.tw
Company website: http://www.longda.com.tw

I. Company spokesperson and deputy spokesperson

okesperson	puty spokesperson
ıme: Chen Youqi	ıme: Hong, Mao-Yuan
:le: Vice Chairman	:le: President
ontact number: (07)336-7041	ontact number: (07)336-7041
ıail: longda@longda.com.tw	

II. Addresses and phone numbers of Company headquarters, branches, factories

Headquarters: 18F-1, No. 380, Minquan 2nd Road, Qianzhen District, Kaohsiung City

Phone No.: (07)336-7041

III. Book closure agency

Name: Stock transfer department, SinoPac Securities Co. Ltd.

Address: 3F, No. 17, Bo'ai Road, Zhongzheng District, Taipei City

Phone No.: (02)2381-6288

Website: http://www.sinopac.com

IV. Accountant of the financial report in the most recent year

Name of firm: Ernst & Young

Name of accountant: Accountant Fang-Wen Lee, Accountant Calvin Chen

Address: 17F, No. 2, Zhongzheng 3rd Road, Xinxing District, Kaohsiung City

Phone No.: (07)238-0011

Website: http://www.ey.com.tw

V. The name of the trading place where the foreign securities are listed and traded and the method to request information of the foreign securities: None.

VI. Company Address: http://www.longda.com.tw

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Chapter 1.Letter to Shareholders

Dear Shareholders, The following items explain the Company's 2023 business results and 2024 business plan:

I.2023 Business Results

(I)Implementation Results of Business Plan

The operating income of the Company's final accounts for 2023 was approximately NT$4,365,570,000, and the operating income of the final accounts for 2022 was NT$4,713,710,000, representing a decrease of approximately NT$348,140,000 or a decrease of 7.39%. The net profit after tax in the final accounts for 2023 is NT$805,520,000, and the net profit after tax in the final accounts for 2022 is NT$910,090,000, representing a decrease of about NT$104,570,000, or a decrease of about 11.49%. The basic after-tax earnings per share based on the Company's profit in 2023 is NT$3.69.

(II)Budget Implementation

The Company has not prepared a financial forecasts for 2023, so this item will not be analyzed.

(III)Financial Status and Profitability

Item		2023	2022
ROA %		7.21	8.50
ROE %		15.43	18.75
Issued capital ratio %	Operating profit	44.00	47.54
	Net profit before tax	44.52	47.46
Net profit ratio %		18.52	19.22
Current earnings per share (NT$)		3.69	4.13

Earnings per share in 2023 was NT$3.69, showing a decrease of NT$0.44 compared to NT$4.13 in 2022, mainly due to the decrease in operating income.

(IV)Research and Development Work

1. Land development and contract research and development:
The 2023 land development strategy and development target will focus on the first purchase and exchange of residential products in the medium price range.
The 2023 contracting strategy is mainly based on management tenders and contracted cases with reasonable profits.
2. Product planning and design research and development:
The Company's product planning and design focuses on housing with all-round functions and improving the convenience of residents as the main research direction.
3. Construction project management research and development:
The Company established a unified construction standard and uses construction safety management as the goal, strictly controls the construction process and various independent quality control, while taking into account the construction quality, project progress and cost control.
4. Customer service research and development:
The Company's customer service operations from the customer signing the contract to the house delivery, maintenance services, etc. are handled by dedicated personnel, and various after-sales service issues of the customer are reported to the Company's engineering and design department to improve customer service satisfaction.

II.2024 Business Plan

(I)Business Policy

1. Negotiate the purchase of construction land and adjust the business scale.
2. Selectively undertake private and public projects.
3. Maintain reasonable sales prices of products and create reasonable profits for the Company.
4. The construction quality is strictly demanded, and the construction progress is indeed controlled.

(II)Expected construction projects to be paid

1. The main projects that are expected to be available for sale

include "Ode to the Phoenix", "Phoenix Crown", "Phoenix Tianmu phase III", "Phoenix Villa" and more.

2. The main projects that have been contracted and entered into the ledgers include "Guanghua Section", "Prosperity Tieh Enterprise-No. 4 Plating Plant and Dormitory Structure & Public Tank Engineering", "Qixian Case", "Wu Residence New Building", and "Pingtung International Baseball Stadium Project".

(III)Important Production and Marketing Policies

In terms of sales strategy in 2024, the primary goal is to stabilize product prices and achieve reasonable sales profits.

In terms of proposed construction projects, due to the fact that the current lack of labor in the market still persists, in order to maintain the quality of the Company's construction projects, each proposed construction project that is expected to be launched this year will be more carefully evaluated regarding the Company's and the market's current manpower supply, then launched as planned.

In terms of contracted cases, higher-profit private and public projects will be selected.

III.Future Development Strategy

The future development will focus on self-construction and contracted projects, in order to maintain a stable business scale and profit. The Company stills adhere to the business philosophy of "quality, innovation, safety, and service". On the one hand, the Company must actively strengthen our professional technical capabilities and construction management experience, and give full play to the expertise of professional construction companies. On the other hand, it is necessary to innovate the architectural style and business model, so that the construction and construction businesses can develop steadily, and establish a good brand image of the Company. Effectively reduce the adverse effects of the external business environment, the legal environment and the overall business environment to achieve the ultimate goal of sustainable operation.

IV. As governments around the world promote the green economy and implement energy conservation and carbon reduction policies, green inflation will cause construction-related costs to rise year by year. If coupled with the carbon fee to be levied in the near future, construction costs will further increase, thereby affecting housing prices. In the future, housing prices will continue to slowly go up.

As the government has successively introduced various policies to improve the real estate market, the owner occupier market with inelastic demand has become a trend. After the "Equalization of Land Rights Act" was implemented, it became clear that short-term purchases of pre-sold houses from investors aiming to make a quick profit from the price difference officially became a thing of the past. The draft amendment to the "House Hoarding Tax 2.0" passed its third reading on December 19, 2023, and the new law is expected to be implemented in July 2024. It is expected that the real estate market will see a shuffling of property assets in the future.

In addition, there is an enormous shortage of workers in construction industry. Not only is there a shortage of workers, but we are also seeing construction delays and increased construction costs from the impact of the rising cost of construction materials and labor. Coupled with the uncertainty of "human factors" that existed in construction sites, the future will be very challenging to the construction industry!

In conclusion, as there are many uncertain factors in the overall construction industry environment, the Company will adopt a prudent operating attitude. In addition to completing the projects that have been contracted according to the plan, we will be more cautious when handling the bidding for schools, medical institutions, corporate plants, and other large-scale projects. In the construction business, except for the completed cases and the cases under construction, the Company will continue to search for high-quality construction sites in the future based on the needs of sustainable operations, or develop by joint construction or joint ventures. Exploit business opportunities and create profits.

Finally, on behalf of all employees of the Company, I would like to express my gratitude to all shareholders and hope to continue to provide support in the future. Finally, I wish you all good health and good luck!

Chairman of the Board: Chen, Wu-Tsung

President: Hung, Mao-Yuan

Chapter 2.Company Profile

I. Company Profile

(I) Date of Establishment: April 30, 1982

(II) Company History

1982	The Company was formally established with a capital of NT$9 million and obtained a Grade A construction industry registration certificate to start the business of contracting private and government construction projects (that is, the current construction engineering office).
1983	Established the Company's operating system in an all-round way, successively undertook the construction of high-rise buildings to build national series of exquisite buildings, and won many awards.
1990	Appoint professional managers to create a new page for professional management.
1991	Capital increase of NT$19 million in cash.
1993	Capital increase of NT$22 million in cash.
1997	The general meeting of shareholders resolved to amend the Company’s Articles of Incorporation. The capital was set at NT$300 million, the capital increased by NT$100 million, and the surplus was transferred to capital of NT$20 million. 9 directors and 2 supervisors were re-elected, and Mr. Chen, Wu-Tsung was elected as the chairman of the board. In order to meet the needs of the business environment, enhance corporate image, build customer confidence, strengthen quality awareness, improve management systems, and actively introduce and promote ISO9002 quality system certification.
1998	The surplus was transferred to a capital increase of NT$30 million. After the capital increase, the actual paid-in capital was NT$200 million. Obtained the international certification of ISO9002.
1999	Capital increase of NT$36 million through capitalization of earnings and capital reserves. The Company's stock was approved for OTC trading and officially listed on October 7.
2000	Capital increase of NT$35.4 million through capitalization of earnings. The Articles of Incorporation amended the number of directors to 5 and 3 supervisors, and re-elected directors and supervisors, elected 5 directors and 3 supervisors, and elected Mr. Chen, Wu-Tsung as chairman. In order to expand the contract area and scope of the project, the Civil Engineering Department (currently the Civil Engineering Department) was added.
2001	Capital increase of NT$13.57 million through capitalization of earnings.

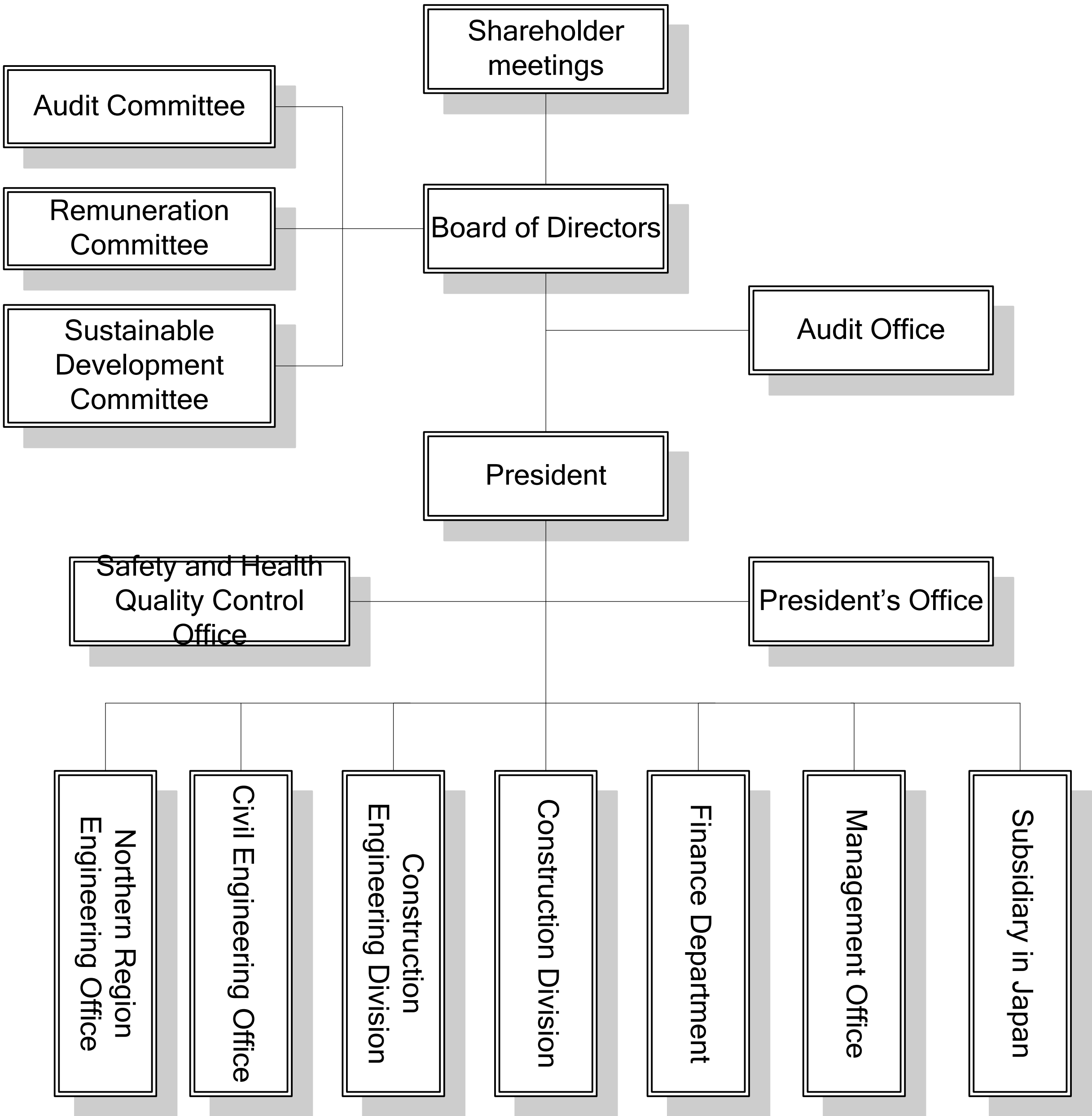
2002	Capital increase of NT$7.5 million through capitalization of earnings. Cooperated with Nissho Maeda Construction Industry Co., Ltd. to contract for the CO2 section of the Kaohsiung MRT Orange Line of Kaohsiung Express Co., Ltd.
2003	Capital increase of NT$2,924,700 through capitalization of earnings. A joint bid with Nissho Maeda Construction Co., Ltd. Taiwan Branch for the No. 9 tunnel project of National Highway C535 on the Eastern Highway.
2004	In order to expand the scope of business, increase business projects and establish a construction business department (office).
2005	Capital increase of NT$29,605,300 through capitalization of earnings.
2006	The surplus was transferred to increase capital by NT$100 million. 5 directors and 3 supervisors were re-elected, and Mr. Chen, Wu-Tsung was re-elected as chairman. In a joint venture JV operation with Jieyang Construction, jointly developed land in the Lingdong section of Lingya District, Kaohsiung City. The case was named "Duting Garden" (original case name: Minquan Siwei).
2007	The surplus was transferred to an increase of NT$25 million, and the paid-in capital after the capital increase was NT$510 million.
2008	The surplus was transferred to increase the capital by NT$100 million, and the paid-in capital after the capital increase was NT$610 million.
2009	Capital increase of NT$48.8 million through capitalization of earnings. Company name changed to Long Da Construction & Development Corporation. 5 directors and 3 supervisors were re-elected, and Mr. Chen, Wu-Tsung was re-elected as chairman.
2010	The surplus was transferred to an increase of NT$41.2 million in capital, and the actual paid-in capital after the capital increase was NT$700 million.
2011	The surplus was transferred to an increase of NT$188 million, and the paid-in capital after the capital increase was NT$888 million.
2012	The surplus was transferred to an increase of NT$312 million in capital, and the paid-in capital after the capital increase was NT$1.2 billion. 5 directors and 3 supervisors were re-elected, and Mr. Chen, Wu-Tsung was re-elected as chairman.
2013	The surplus was transferred to an increase of NT$300 million, and the paid-in capital after the capital increase was NT$1.5 billion. Two independent directors added.
2014	The Company's stock was approved for listing and was officially listed on February 10. Acquired hotel assets in the foothills of Mount Fuji in Yamanashi Prefecture, Japan, established Phoenix Co., Ltd., operated Motosu Hotel, and entered the tourism industry. The surplus was transferred to an increase of NT$225 million, and the paid-in capital after the capital increase was NT$1.725 billion.
2015	The surplus was transferred to an increase of NT$105 million, and the paid-in capital after the capital increase was NT$1.83 billion. 5 directors, 2 independent directors, and 3 supervisors were re-elected, and Mr.

	Chen, Wu-Tsung was re-elected as chairman. Issued the first secured ordinary corporate bonds in Taiwan, worth NT$300 million. Issued the first domestic guaranteed convertible corporate bond (Long Da 1 for short) NT$200 million. Issued the second domestic unsecured convertible corporate bond (Long Da 2 for short) NT$100 million.
2016	The second time domestic unsecured convertible corporate bonds were converted into shares, totaling NT$634,680, and the paid-in share capital after the capital increase was NT$1,830,634,680. Acquired Gen Machiya in Kyoto, Japan, and expanded the business of Japanese restaurants.
2017	Issued the third secured convertible corporate bond in Taiwan (known as Long Da 3), worth NT$200 million. Issued the fourth secured convertible corporate bond in Taiwan (known as Long Da 4), worth NT$200 million.
2018	4 directors and 3 independent directors were re-elected, and Mr. Chen, Wu-Tsung was re-elected as chairman. Established the Audit Committee. NT$12,007,540 of the third secured convertible corporate bond in Taiwan converted to stocks. NT$21,545,240 of the fourth secured convertible corporate bond in Taiwan converted to stocks. The paid-in share capital after the capital increase was NT$1,864,187,460.
2019	The third and fourth domestic guaranteed conversion of corporate bonds converted shares totaling NT$309,217,060, and the paid-in share capital after the capital increase was NT$2,173,400,000.
2020	The total paid-in capital is NT$2,191,971,800. The Company's Articles of Incorporation are changed, and directors (including independent directors) fully adopted a candidate nomination system.
2021	7 directors and 3 independent directors were re-elected, and Mr. Chen, Wu-Tsung was re-elected as Chairman. Vice Chairman of the Board of Directors was established, a position served by Mr. Chen, Youqi. Issued the secured ordinary corporate bonds, worth NT$499 million.
2023	The Company won the bid for the "Pingtung County International Baseball Stadium Construction Project" tender case with a contract amount of NT$1,940,534,050 (tax included). Issued the secured ordinary corporate bonds, worth NT$800 million.

Chapter 3.Corporate Governance Report

I. Organization

(I) Organization Structure



(II) Major Corporate Functions

Department	Department Responsibilities
Audit Office	Annual audit operation plan and execution, audit operation performance difference analysis, improvement tracking.
President's Office	Assist in the formulation of the Company's short-, medium- and long-term policy goals, the Company's various project promotion and control research and examination operations, various contract research and litigation cases and other legal tasks.
Safety and Health Quality Control Office	Planning and supervising safety and health related matters, planning and supervising quality assurance, environmental protection related matters, and formulating company safety and health management regulations.
Finance Department	Company and JV project fund scheduling management, bill management, various accounts review, record and custody, tax declaration and financial statement preparation and reporting.
Management Office	Planning and management of human resources, planning and management of administrative affairs, maintenance and security monitoring of information systems, stock management, product design planning and management.
Construction Division	Responsible for the evaluation of the investment benefit of the land development project, the execution control of the development project business, and the acceptance and delivery of the house.
Construction Engineering Division Civil Engineering Office Northern Region Engineering Office	Project estimation and bidding operations, the establishment and evaluation of the owner's contract, the preparation and control of the project execution budget, the project contracting, the procurement of materials, the preparation and execution of the project construction plan, the management of the quality of the project, the construction progress, safety and health, and the project evaluation Collection and discussion of audit, cost control, coordination and implementation of various projects, new building materials, new construction methods, etc.
Subsidiary in Japan	Responsible for Japan related business.

II. Information on directors, supervisors, and managers

(I) Directors' Information April 2, 2024

Title (Note 1)	Nationality or place of registration	Name	Gender Age	Elected Date	Term (Years)	Date First Elected (Note 2)	Shareholding when Elected		Current Shareholding		Spouse & Minor Shareholding		Shareholding by nominee arrangement		Experience (Education) (Note 3)	Positions Held at the Company or Other Companies	Executives or directors who are spouses or within two degrees of kinship		
							Shares	Percentage	Shares	Percentage	Shares	Percentage	Shares	Percentage			Title	Name	Relationship
Chairman	Taiwanese	Chen, Wu-Tsung	Male 61-70	2021/07/06	3	1997/07/20	1,024,407	0.467	2,434,407	1.111	6,628,321	3.023	None	None	Pingtung Wah Chau Commerce and Industry Senior High School	Chairman of Hong Ji Construction Chairman of Da Jin Investment Chairman of Feng Huang Investment Chairman of Phoenix Co., Ltd.	Vice Chairman	Chen, Youqi	Father and son
Vice Chairman	Taiwanese	Chen, Youqi	Male 31-40	2021/07/06	3	2011/08/05	557,495	0.254	626,495	0.286	451,192	0.206	None	None	Department of Architecture and Urban Planning, Chung Hua University	The Company's Executive Vice President of the Construction Division Director of Hong Ji Construction Director of Da Jin Investment Director of Feng Huang Investment Director of Phoenix Co., Ltd.	Chairman	Chen, Wu-Tsung	Father and son
Director	Taiwanese	Da Jin Investment Co. Ltd.	None	2021/07/06	3	1997/07/20	28,658,433	13.074	41,776,907	19.059	0	0	None	None	None	None	None	None	None
	Taiwanese	Designated representative: Guo, Hanlong	Male 61-70	2021/07/06	3	2021/07/06	664,476	0.303	809,476	0.369	354,286	0.162	None	None	Department of Civil Engineering, National Chung Hsing University	Consultant of the Company	None	None	None
Director	Taiwanese	Yikung Investment Co., Ltd.	None	2021/07/06	3	2018/06/13	2,450,617	1.118	2,450,617	1.118	0	0	None	None	None	None	None	None	None
	Taiwanese	Designated representative: Lin, Zhefeng	Male 31-40	2021/07/06	3	2011/03/04	0	0	0	0	0	0	None	None	Sun Yat-sen University EMBA	Chairman of Shengong Construction Director of Yikung Construction Supervisor, Yikung Construction Supervisor, Yikung Investment	None	None	None

Title (Note 1)	Nationality or place of registration	Name	Gender Age	Elected Date	Term (Years)	Date First Elected (Note 2)	Shareholding when Elected		Current Shareholding		Spouse & Minor Shareholding		Shareholding by nominee arrangement		Experience (Education) (Note 3)	Positions Held at the Company or Other Companies	Executives or directors who are spouses or within two degrees of kinship		
							Shares	Percentage	Shares	Percentage	Shares	Percentage	Shares	Percentage			Title	Name	Relationship
Independent Director	Taiwanese	Lin, Xiangkai	Male 61-70	2021/07/06	3	2018/06/13	0	0	0	0	0	0	None	None	Carnegie Mellon University Ph.D. in Economics	Member of the Company's Remuneration Committee Member of the Company's Audit Committee Member of the Company's Sustainable Development Committee Consultant, Taiwan Cooperative Bills Finance Corporation	None	None	None
Independent Director	Taiwanese	Jiang, Yongzheng	Male 61-70	2021/07/06	3	2015/06/16	0	0	0	0	0	0	None	None	Soochow University School of Law	Member of the Company's Remuneration Committee Member of the Company's Audit Committee Member of the Company's Sustainable Development Committee Lawyer, Zhengyang Law Firm Independent Director of Nanpao Resin Chemical Factory Company Independent Director, Taiwan Secom Co., Ltd. Independent Director, Top High Image Co., Ltd.	None	None	None
Independent Director	Taiwanese	Chen, Jinde	Male 61-70	2021/07/06	3	2021/07/06	0	0	0	0	0	0	None	None	National Taiwan University Chemical Engineering Masters	Member of the Company's Remuneration Committee Member of the Company's Audit Committee Member of the Company's Sustainable Development Committee Consultant of Super Dragon Technology Company Limited	None	None	None

Note 1: Legal person shareholders shall list the names of legal person shareholders and their representatives separately (if they are representatives of legal person shareholders, the names of legal person shareholders shall be indicated), and the following Table 1 shall be filled in.

Note 2: Please list your actual age expressed in intervals, such as 41-50 years old or 51-60 years old.

Note 3: Fill in the time when you first served as a director or supervisor of the Company. If there is any interruption, it should be explained in a note.

Note 4: The experience related to the current position, if you have worked in a certification audit firm or affiliated company during the previous disclosure period, you should state the job title and the responsib le position.

Note 5: Where the chairman of the board of directors and the president or person of an equivalent post (the highest level manager) of a company are the same person, spouses, or relatives within the first degre e of kinship, an explanation shall be given of the reason for, reasonableness, necessity thereof, and the measures adopted in response thereto (for instance, increasing the number of independent directors, and more than half of the directors should not concurrently be employees or managers).

Table 1: Main shareholders of corporate shareholders

Name of corporate shareholders	Major shareholder
Da Jin Investment Co. Ltd.	Hong Ji Construction Co., Ltd. (87.51%) Feng Huang Investment Co., Ltd. (12.49%)
Yikung Investment Co., Ltd.	Lin, Zhongjin (20%), Lin, Meizhen (7.1%), Lin, Xiaofan (12.3%), Lin, Weiqi (48.3%), Lin, Zhefeng (12.3%)

Table 2: Major shareholders in the Table 1 who are institutional investors and their major shareholders

Name of corporate shareholders	Main shareholders of corporate shareholders
Hong Ji Construction Co., Ltd.	Chen, Wu-Tsung (55.25%), Chen, Yugui (12.25%), Lin, Juncheng (5.0%), Chen, Qiuxiang (5.0%), Hsu, Mingyi (5.0%), Tsai, Yifen (5.0%), Chen, Yongyu (4.375%), Chen, Youqi (4.375%), Wu, Tianlai (2.5%), Chen, Zhicheng (1.25%)
Feng Huang Investment Co., Ltd.	Chen, Wu-Tsung (50%), Hsu, Mingyi (10%), Chen, Youqi (10%), Chen, Yongyu (10%), Chen, Youzhen (10%), Chen, Yourong (10%)

1.Major shareholders

Shareholding / Name of major shareholder	Number of Shares	Shareholding ratio (%)
Da Jin Investment Co. Ltd.	41,776,907	19.06
Da Hong Inv Co. Ltd.	20,700,000	9.44
Xin Wang Investment Co. Ltd.	8,320,000	3.8
Yikung Construction Co., Ltd.	7,257,621	3.31
Hsu, Mingyi	6,628,321	3.02
You Li Investment Co., Ltd.	3,810,000	1.74
Hong Ji Construction Co., Ltd.	3,764,201	1.72
Yikung Investment Co., Ltd.	2,450,617	1.12
Chen, Wu-Tsung	2,434,407	1.11
Xinwei Investment Co., Ltd.	2,400,000	1.09
Total	99,542,074	45.41

Note: Shareholders whose shareholding ratio is more than 5% are listed; if there are less than ten shareholders, disclose the names of the top ten shareholders with the shareholding ratios, the amounts, and proportions of shares held.

2. Disclosure of the Professional Qualifications of Directors and Independence of Independent Directors:

Criteria / Name	Professional qualifications and experience	Independence	Number of positions as an independent director in other public companies
Chen, Wu-Tsung Chairman	Chairman, Long Da Construction & Development Corporation Chairman, Hong Ji Construction Co., Ltd.	Not applicable (Note 3)	No concurrent positions
Chen, Youqi Vice Chairman	Director, Long Da Construction & Development Corporation	Not applicable (Note 3)	No concurrent positions
Director Guo, Hanlong (Note 1)	President, Long Da Construction & Development Corporation	Not applicable (Note 3)	No concurrent positions
Lin, Zhefeng Director (Note 2)	Vice President, Yikung Construction	Not applicable (Note 3)	No concurrent positions
Lin, Xiangkai Independent Director	Professor of Economics, National Taiwan University Chairman, Easycard Corporation Consultant, Taiwan Cooperative Bills Finance Corporation (Note 4)	Refer to page 15	No concurrent positions
Jiang, Yongzheng Independent Director	Lawyer, Zhengyang United Law Firm Director, Nan He Industrial Co., Ltd. Director, Mingchali Metal Industry Co., Ltd. (Note 4)	Refer to page 15	3 concurrent positions at companies (Independent Director of Nanpao Resin Chemical Factory Company, Independent Director, Taiwan Secom Co., Ltd., Ltd., Independent Director, Top High Image Co., Ltd.)
Chen, Jinde Independent Director	Deputy Mayor, Kaohsiung City Government Chairman, CPC Corporation The 17th County Magistrate (acting) of Yilan County (Note 4)	Refer to page 15	No concurrent positions

Note 1: Director Guo, Hanlong is the designated representative of Da Jin Investment Co. Ltd.

Note 2: Director Lin, Zhefeng is the designated representative of Yikung Investment Co., Ltd.

Note 3: Ordinary directors are not required to state their independence.

Note 4: No condition defined in Article 30 of the Company Act has appeared.

3.Diversity of the Board and Independence:

(1)Diversity of the Board: Refer to pages 35 to 38 of the annual report.

(2)Independence of the Board: The company has 3 independent directors, accounting for 3/7 of the Board of Directors. The independence of individual independent directors is described as follows:

A. Independent Director Lin, Xiangkai: In accordance with the relevant regulations set by the Securities and Futures Bureau of the Financial Supervisory Commission, Mr. Lin, Xiangkai has provided relevant written information and a statement to the Company to confirm that his independence complies with Articles 2–4 of the Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies.

B. Independent Director Jiang, Yongzheng: In accordance with the relevant regulations set by the Securities and Futures Bureau of the Financial Supervisory Commission, Mr. Jiang, Yongzheng has provided relevant written information and a statement to the Company to confirm that his independence complies with Articles 2–4 of the Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies.

C. Independent Director Chen, Jinde: In accordance with the relevant regulations set by the Securities and Futures Bureau of the Financial Supervisory Commission, Mr. Chen, Jinde has provided relevant written information and a statement to the Company to confirm that his independence complies with Articles 2–4 of the Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies.

(II) Information of President, Vice Presidents, Assistant Vice Presidents, and Branch Supervisors

Title	Nationality	Name	Date Elected	Gender	Shares Held		Shares Held by Spouse & Minors		Shareholding by nominee arrangement	
					Shares	%	Shares	%	Shares	%
President	Taiwanese	Hung, Mao-Yuan	2021/09/01	Male	40,216	0.018	0	0	0	0
Executive Vice President	Taiwanese	Chen, Youqi	2021/09/01	Male	626,495	0.286	451,192	0.206	0	0
Vice President	Taiwanese	Chen, Junyuan	2018/01/01	Male	3,331	0.002	8,277	0.004	0	0
Vice President	Taiwanese	Feng, Shu-Ching	2018/01/01	Female	22,536	0.01	6,108	0.003	0	0
Vice President	Taiwanese	Xie, Yingxian	2021/02/17	Male	46,031	0.021	0	0	0	0
Vice President	Taiwanese	Wu, Yuwen	2021/09/01	Male	31,217	0.014	0	0	0	0
Assistant Vice President	Taiwanese	Feng, Huizhong	2018/01/01	Male	2,028	0.001	18	0	0	0
Assistant Vice President	Taiwanese	Su, Bingan	2018/01/01	Male	16,220	0.007	169,000	0.077	0	0
Assistant Vice President	Taiwanese	Wu, Yubin	2021/02/17	Male	9,573	0.004	0	0	0	0
Assistant Vice President	Taiwanese	Kuo, Hsiu-Hsiang	2023/03/01	Female	10,000	0.005	2,439	0.001	0	0

Note 1: Vice President Feng, Shu-Ching retired on June 30, 2023, and her shareholding information is as of June 30, 2023.

Title	Name	Experience (Education)	Positions Held at Other Companies	Managers who are spouses or within two degrees of kinship		
				Title	Name	Relationship
President	Hung, Mao-Yuan	Department of Accounting, Fu Jen Catholic University	Supervisor of Phoenix Co., Ltd.	None	None	None
Executive Vice President	Chen, Youqi	Department of Architecture and Urban Planning, Chung Hua University	Director of Hong Ji Construction Director of Feng Huang Investment Director of Da Jin Investment Director of Phoenix Co., Ltd.	Chairman	Chen, Wu-Tsung	Father and son
Vice President	Chen, Junyuan	Sun Yat-sen University Asset Management Office	None	None	None	None
Vice President	Feng, Shu-Ching	Department of Accounting, Chung Yuan Christian University	None	None	None	None
Vice President	Xie, Yingxian	Dept. of Civil Engineering, National Cheng Kung University	None	None	None	None
Vice President	Wu, Yuwen	Department of Civil Engineering, Kaohsiung University of Applied Sciences	None	Assistant Vice President	Wu, Yubin	Brothers
Assistant Vice President	Feng, Huizhong	Master of Construction Engineering, Cheng Shiu University	None	None	None	None
Assistant Vice President	Su, Bingan	Department of Civil Engineering Technology, Pingtung University of Science and Technology	None	None	None	None
Assistant Vice President	Wu, Yubin	Department of Civil Engineering, Chung Hua University	None	Vice President	Wu, Yuwen	Brothers
Assistant Vice President	Kuo, Hsiu-Hsiang	Department of Accountancy, National Cheng Kung University	None	None	None	None

Note 1: Kuo, Hsiu-Hsiang was promoted to Assistant Vice President on March 1, 2023.

Note 2: Vice President Feng, Shu-Ching retired on June 30, 2023.

III. Remuneration to Directors, President and Vice Presidents in the most recent year

(I) Director remuneration

Unit: NT$ shares

Title	Name	Director remuneration				Total remuneration (A+B+C+D) and its ratio to net income (%)	Remuneration to concurrent employees						Total remuneration (A+B+C+D+E+F+G) and its ratio to net income (%)	Remuneration paid to president and VP from reinvested companies other than subsidiary
		Remuneration (A)	Severance pay (B)	Director remuneration (C)	Project implementation Expenses (D)		Salary, bonus and allowance (E)	Severance pay (F)	Employee remuneration (G)		Exercisable employee stock options (H)	Restricted stock units		
		All companies in the Company/ financial statements	All companies in the Company/ financial statements	All companies in the Company/ financial statements	All companies in the Company/ financial statements	All companies in the Company/ financial statements	All companies in the Company/ financial statements	All companies in the Company/ financial statements	All companies in the Company/financial statements		All companies in the Company/ financial statements	All companies in the Company/ financial statements	All companies in the Company/ financial statements	
									Cash	Stocks				
Corporate director	Da Jin Investment	0	0	10,606,525	0	10,606,525 1.31%	0	0	0	0	0	0	10,606,525 1.31%	0
Designated representative	Guo, Hanlong	0	0	0	240,000	240,000 0.03%	0	0	0	0	0	0	240,000 0.03%	0
Corporate director	Yikung Investment	0	0	10,606,525	0	10,606,525 1.31%	0	0	0	0	0	0	10,606,525 1.31%	0
Designated representative	Lin, Zhefeng	0	0	0	240,000	240,000 0.03%	0	0	0	0	0	0	240,000 0.03%	0
Chairman	Chen, Wu-Tsung	0	0	21,213,048	480,000	21,693,048 2.68%	10,381,600	6,102,132	5,345,689	0	0	0	43,522,469 5.38%	0
Vice Chairman	Chen, Youqi													
Independent Director	Lin, Xiangkai	0	0	0	2,790,000	2,790,,000 0.35%	0	0	0	0	0	0	2,790,,000 0.35%	0
Independent Director	Jiang, Yongzheng													
Independent Director	Chen, Jinde													
In addition to those disclosed in the table above, the remuneration received by the directors of the Company in the most recent year for providing services (such as serving as non-employee consultants of the parent company/all companies listed in the financial report/investee companies, etc.): NT$1,200,000.														

Note 1: The remuneration disclosed in the table is different from income as defined in the Income Tax Act. This table is therefore provided for disclosure only and is not used for taxation purposes.

Remuneration scale table

Remuneration scale applicable to the Company's directors	Names of Directors			
	Total of (A+B+C+D)		Total of (A+B+C+D+E+F+G)	
	The Company	All companies in the financial statements	The Company	All companies in the financial statements
Below NT$1,000,000	Lin, Xiangkai, Jiang, Yongzheng, Chen, Jinde, Lin, Zhefeng, Guo, Hanlong		Lin, Xiangkai, Jiang, Yongzheng, Chen, Jinde, Lin, Zhefeng, Guo, Hanlong	
NT$1,000,000 to NT$2,000,000 (exclusive)	None		None	
NT$2,000,000 to NT$3,500,000 (exclusive)	None		None	
NT$3,500,000 to NT$5,000,000 (exclusive)	None		None	
NT$5,000,000 to NT$10,000,000 (exclusive)	None		None	
NT$10,000,000 to NT$15,000,000 (exclusive)	Chen, Wu-Tsung, Chen, Youqi, Da Jin Investment, Yikung Investment		Chen, Youqi, Da Jin Investment, Yikung Investment	
NT$15,000,000 to NT$30,000,000 (exclusive)	None		Chen, Wu-Tsung	
NT$30,000,000 to NT$50,000,000 (exclusive)	None		None	
NT$50,000,000 to NT$100,000,000 (exclusive)	None		None	
NT$100,000,000 or above	None		None	
Total	9		9	

(II) Scale of remuneration: President and VP Unit: NT$

<table>
<tr><th rowspan="3">Title</th><th rowspan="3">Name</th><th colspan="2">Salary (A)</th><th colspan="2">Severance pay (B)</th><th colspan="2">Bonuses, allowances, etc. (C)</th><th colspan="2">Profit sharing-employee remuneration (D)</th><th colspan="2">Total remuneration (A+B+C+D) and its ratio to net income (%)</th><th rowspan="3">Remuneration from reinvestments other than subsidiaries or the parent company</th></tr>
<tr><th rowspan="2">The Company</th><th rowspan="2">All companies in the financial statements</th><th rowspan="2">The Company</th><th rowspan="2">All companies in the financial statements</th><th rowspan="2">The Company</th><th rowspan="2">All companies in the financial statements</th><th colspan="2">All companies in the Company/financial statements</th><th rowspan="2">The Company</th><th rowspan="2">All companies in the financial statements</th></tr>
<tr><th>Cash</th><th>Stock</th></tr>
<tr><td>President</td><td>Hung, Mao-Yuan</td><td colspan="2" rowspan="6">8,272,173</td><td colspan="2" rowspan="6">3,244,912</td><td colspan="2" rowspan="6">2,914,000</td><td rowspan="6">6,495,437</td><td rowspan="6">0</td><td colspan="2" rowspan="6">20,926,522
2.59%</td><td rowspan="6">None</td></tr>
<tr><td>Executive Vice President</td><td>Chen, Youqi</td></tr>
<tr><td>Vice President</td><td>Chen, Junyuan</td></tr>
<tr><td>Vice President</td><td>Feng, Shu-Ching</td></tr>
<tr><td>Vice President</td><td>Xie, Yingxian</td></tr>
<tr><td>Vice President</td><td>Wu, Yuwen</td></tr>
</table>

Note 1: The remuneration disclosed in the table is different from income as defined in the Income Tax Act. This table is therefore provided for disclosure only and is not used for taxation purposes.

Note 2: Employee remuneration is an estimate.

Note 3: Feng, Shu-Ching retired on June 30, 2023.

Remuneration scale table

Bracket	Names of President and VPs	
	The Company	All companies in the financial statements
Below NT$1,000,000	None	
NT$1,000,000 to NT$2,000,000 (exclusive)	None	
NT$2,000,000 to NT$3,500,000 (exclusive)	Feng, Shu-Ching, Chen, Junyuan, Wu, Yuwen, Xie, Yingxian	
NT$3,500,000 to NT$5,000,000 (exclusive)	Hung, Mao-Yuan, Chen, Youqi	
NT$5,000,000 to NT$10,000,000 (exclusive)	None	
NT$10,000,000 to NT$15,000,000 (exclusive)	None	
NT$15,000,000 to NT$30,000,000 (exclusive)	None	
NT$30,000,000 to NT$50,000,000 (exclusive)	None	
NT$50,000,000 to NT$100,000,000 (exclusive)	None	
NT$100,000,000 or above	None	
Total	6	

(III)Names of the managers who were distributed employee remuneration and the status of distribution

Unit: NT$

Title	Name	Stocks	Cash	Total	Raito of total amount to net income (%)
Chief Strategy Officer	Chen, Wu-Tsung	None	14,395,177	14,395,177	1.78%
President	Hung, Mao-Yuan				
Executive Vice President	Chen, Youqi				
Vice President	Chen, Junyuan				
Vice President	Feng, Shu-Ching				
Vice President	Xie, Yingxian				
Vice President	Wu, Yuwen				
Assistant Vice President	Kuo, Hsiu-Hsiang				
Assistant Vice President	Feng, Huizhong				
Assistant Vice President	Wu, Yubin				
Assistant Vice President	Su, Bingan				

Note:Passed by the Board of Directors on March 11, 2024, employee remuneration in 2023 was NT$42,426,098. Managers' employee remuneration was an estimate.

(IV) Comparative information about the total remuneration paid by the Company and by all companies included in the consolidated financial statements for the most recent two fiscal years to directors, president, and vice presidents of the Company.

1.The ratio of total remuneration paid to directors, supervisors, president, and vice presidents, to the net income.

<table>
<tr><th rowspan="2">Item</th><th colspan="2">2022</th><th colspan="2">2023</th></tr>
<tr><th>The Company</th><th>All companies in the consolidated financial statements</th><th>The Company</th><th>All companies in the consolidated financial statements</th></tr>
<tr><td>Director</td><td colspan="2">7.76%</td><td colspan="2">8.41%</td></tr>
<tr><td>President and vice president</td><td colspan="2">2.33%</td><td colspan="2">2.59%</td></tr>
</table>

2.Policies, standards, and packages for payment of remuneration/compensation, as well as the procedures for determining remuneration/compensation, for directors, president, and vice presidents and its linkage to business performance and future risk exposure:

(1)Directors—The Company's remuneration to directors is divided into director's remuneration, business execution fees and monthly fixed compensations, as explained below:

a. According to Article 27 of the Articles of Incorporation of the Company: If the Company makes a profit during the year, it should first make up for its losses. If there are still surplus earnings, it should allocate no more than 4% for directors' remuneration. By taking the evaluation results of the "Board of Directors Performance Evaluation Guidelines" and market standard into account, and upon review by the Remuneration Committee on March 11, 2024 and approval by the Board of Directors, the director's remuneration for 2023 was set at 4% of the Company's profits, totaling NT$42,426,098.

b. In addition to directors' remuneration, the Company's directors also receive business execution fees, and independent directors also receive monthly fixed compensations and travel expenses.

(2)Executive officers—The remuneration paid to managers by the Company can be mainly divided into salary, bonus and remuneration, which are analyzed as follows:

a. Salaries are given in reference to the Company's "Compensation Management Measures" and is paid with reference to industry standards, titles, ranks, academic and work experiences, professional abilities, and responsibilities, etc.
b. Bonuses are paid based on the Company's "Employee Performance Evaluation Guidelines", taking into account the performance and contribution of the business projects (such as land development, construction project sales, and project contracting) that the managers are responsible for.
c. In addition to the actual salary standards, the remuneration shall also take into account a manager's implementation of the Company's core values and his/her operation and management capabilities, finance and business performance KPI and comprehensive management KPI, his/her continued studies and engagement in sustainable management, as well as any other special contribution. The remuneration is reviewed by the Remuneration Committee and then approved by the Board of Directors.

IV. Implementation of Corporate Governance

(I) Board of Directors

The Company held a total of 5 board meetings in 2023 and as of March 11, 2024 (the 11th to the 15th meeting of the 16th session). The attendance of the directors is as follows:

Title	Name	Attendance in person	Attendance by proxy	Attendance rate (%)	Note
Chairman	Chen, Wu-Tsung	5	0	100%	
Vice Chairman	Chen, Youqi	5	0	100%	
Director	Yikung Investment (Designated representative: Lin, Zhefeng)	5	0	100%	
Director	Da Jin Investment (Designated representative: Guo, Hanlong)	5	0	100%	
Independent Director	Lin, Xiangkai	5	0	100%	
Independent Director	Jiang, Yongzheng	5	0	100%	
Independent Director	Chen, Jinde	5	0	100%	

Other details that need to be recorded in the meeting minutes:

1. The date of the Board meeting, the term, contents of the proposals, opinions of all Independent Directors, and the Company's handling of opinions of Independent Directors shall be recorded under the following circumstances in the operations of the Board of Directors meeting:
   (1)Concerning the provisions of Article 14-3 of the Securities and Exchange Act: Refer to the table for details.
   (2)Other board resolutions apart from the aforementioned matters with respect to objections or qualified opinions expressed by independent directors on record or in writing: Refer to the table for details.

Period and date	Key resolutions of the Board of Directors		Matters listed in §14-3 of the Securities and Exchange Act	Independent directors hold objections or reservations
2023/02/23 11th meeting of the 16th Board of Directors	I.	The Company's 2022 Statement of Internal Control System.	✓	
	II.	The Company's 2022 Business Report, Financial Statements and Earnings Distribution Table.	✓	
	III.	It is proposed to appoint Ernst & Young to handle the 2023 financial and tax return matters.	✓	
	IV.	Formulation of the Company's "General Principles on Pre-authorized Non-assurance Services Policy" and the non-assurance service items expected to be provided by certified public accounting firm.	✓	
	V.	It is proposed to acquire 55% of the shares of Phoenix Co., Ltd.	✓	
	VI.	It is proposed to apply to the Land Bank of Taiwan, Taoyuan Branch for financing.		

	VII.	It is proposed to apply to the CTBC Taiwan Kaohsiung area center of the corporate finance business headquarters for financing renewal.		
	VIII.	Proposed to apply to the Kaohsiung branch of Bangkok Bank of Thailand for comprehensive financing extension.		
	IX.	It is proposed to apply to the First Commercial Bank, Yancheng Branch for financing renewal.		
	X.	It is proposed to apply for a short-term loan extension to the Tokyo Branch and Minzu Branch of China Trust Commercial Bank.		
	XI.	Year-end bonus distribution for managers of the Company.	✓	
	XII.	The Company’s 2022 director remuneration and employee remuneration distribution and allocation.	✓	
	XIII.	The Company’s 2022 earnings distribution.	✓	
	XIV.	Salary adjustment of Mr. Chen, Youqi, Vice Chairman of the Company.	✓	
	XV.	Promotion of Kuo, Hsiu-Hsiang, Manager of the Company.	✓	
	XVI.	Formulation of the “Guidelines for the Compilation and Management of the Sustainability Report”.	✓	
	XVII.	Amendments to some provisions of the Company’s "Standard Operating Procedures for Handling the Requests of Directors".	✓	
	XVIII.	Renaming the Company’s “Corporate Social Responsibility Best Practice Principles” as “Sustainable Development Best Practice Principles” and amendments to some provisions therein.	✓	
	XIX.	Matters relating to the convention of the 2023 annual meeting of the shareholders.		
	XX.	Proposal of appointment of the 1st Sustainable Development Committee		

	members.		
	XXI. Proposal of appointment of related parties to undertake the advertising and sales of the Company's "Land No. 1300, Xinzhuang Section, Qiaotou District" and “Land No. 43, Xinyi Section, Gangshan District” buildings.	✓	
	XXII. Acquisition of 40% share of the land "Land No. 54, Section 1, Passenger Transport Section, Dayuan District”.	✓	
	Opinions of Independent Directors: None		
	The Company's handling of the opinions of independent directors: Not applicable		
	Resolution result: Passed by all attending directors.		
2023/05/09 12th meeting of the 16th Board of Directors	I. Proposal to appoint Ms. Aya Kato as the representative of the subsidiary in Japan.		
	II. Chairman Chen, Wu-Tsung has proposed to resign from his position as CEO of the Company and to assume the role of Chief Strategy Officer.	✓	
	III. The Company’s 2022 director remuneration and employee remuneration distribution and allocation.	✓	
	IV. Proposal to appoint Assistant Vice President Kuo, Hsiu-Hsiang as the Company’s Financial Accounting Supervisor.	✓	
	V. Proposal to promote Assistant Vice President Kuo, Hsiu-Hsiang of the Finance Department as Financial Accounting Supervisor and the related salary adjustments.	✓	
	VI. Amendments to the business operations in "Construction and Sales Cycle".	✓	
	VII. Proposed first secured ordinary corporate bonds issuance in 2023.	✓	
	VIII. Proposal to apply for a bank guarantee for the ordinary corporate bonds from Taiwan Business Bank.		

	IX. Proposal to apply for a credit extension to Fengshan Branch of Mega International Commercial Bank.		
	X. Proposal to apply for a credit line from the Corporate Financing Division of Yuanta Bank.		
	Opinions of Independent Directors: None		
	The Company's handling of the opinions of independent directors: Not applicable		
	Resolution result: Passed by all attending directors.		
2023/08/08 13th meeting of the 16th Board of Directors	I. Consolidated financial statements for Q2 2023.	✓	
	II. Amendments to some provisions of the "Rules of Procedure of Shareholders' Meetings"	✓	
	III. The Company’s Sustainability Report in 2022.		
	IV. Application for a credit line from the First Bank's Yancheng Branch.		
	V. Proposal to apply for a credit extension and additional credit to Kaohsiung Branch of Mega Bills.		
	VI. Proposal to apply for a credit extension and additional credit to Lingya Branch of Land Bank of Taiwan.		
	VII. It is proposed to apply to the Xinxing Branch of Chang Hwa Bank for a financing extension.		
	VIII. Proposal to apply for a credit extension and additional credit to Sanmin Branch of Hua Nan Bank.		
	IX. Proposal to apply for a credit extension and additional credit to Qixian Branch of Shin Kong Bank.		
	X. It is proposed to apply to the Qianzhen Branch of Taiwan Business Bank for financing extension.		
	XI. Proposal to apply for a credit extension and additional credit to Lingya Branch of Bank of Taiwan.		
	Opinions of Independent Directors: None		
	The Company's handling of the opinions of independent directors: Not		

	applicable		
	Resolution result: Passed by all attending directors.		
2023/11/08 14th meeting of the 16th Board of Directors	I. Consolidated financial statements for Q3 2023.	✓	
	II. The Company's proposal to subscribe for a cash capital increase in investee Phoenix Co., Ltd. in Japan.	✓	
	III. Proposal to appoint Ms. Akane Maezawa as the representative of the subsidiary in Japan.	✓	
	IV. The Company's 2024 Auditing Plan.	✓	
	V. Won the bid for a plot of land, "Land No. 0001, Section 5, Jingmao Section, Qianzhen District, Kaohsiung City"	✓	
	VI. Disposal of the land "No. 54, Section 1, Passenger Transport Section, Dayuan City, Taoyuan City".	✓	
	VII. Proposal for related party to undertake advertising and sales of the Company's "residential housing at Kengfeng Section 1" new residential homes.	✓	
	VIII. Amendment to procurement and contracting operations in "Engineering and Materials Contract" rules.	✓	
	IX. Proposal to apply for financing for land purchase to Qianzhen Branch of Taiwan Business Bank.		
	X. Proposal to apply for construction financing to Nanzi Branch of Land Bank of Taiwan.		
	XI. It is proposed to apply to the Bank of Kaohsiung, South Kaohsiung Branch for financing extension.		
	XII. It is proposed to apply to Kaohsiung Payment Center of the Union Bank of Taiwan for an extension on the guaranteed margin for the issuance of commercial promissory notes.		
	XIII. It is proposed to apply to the Kaohsiung Branch of Taiwan Cooperative Bills Finance		

	Corporation for an extension on the guaranteed margin for the issuance of commercial promissory notes.		
	XIV. It is proposed to apply to the China Bills Finance Corporation Kaohsiung Branch for an extension on the guaranteed margin for the issuance of commercial promissory notes.		
	Opinions of Independent Directors: None		
	The Company's handling of the opinions of independent directors: Not applicable		
	Resolution result: Passed by all attending directors.		
2024/03/11 15th meeting of the 16th Board of Directors	I. The Company’s 2023 Statement of Internal Control System.	✓	
	II. The Company’s 2023 Business Report, Financial Statements and Earnings Distribution Table.	✓	
	III. It is proposed to appoint Ernst & Young to handle the 2024 financial and tax return matters.	✓	
	IV. Proposal for non-assurance services expected to be provided by the certified public accounting firm.	✓	
	V. Year-end bonus distribution for managers of the Company.	✓	
	VI. The Company’s 2023 director remuneration and employee remuneration distribution and allocation.	✓	
	VII. Amendment to the regulations of "Distribution of Employee Bonus and Subscription Procedures".	✓	
	VIII. Salary adjustment of seven managerial officers of the Company, including President Hung, Mao-Yuan.	✓	
	IX. The Company’s 2023 earnings distribution.	✓	
	X. Amendments to the Articles of Incorporation.	✓	
	XI. Amendments to the "Rules and Procedures for Board of Directors Meetings".	✓	
	XII. Proposal to amend the “Audit Committee Organizational Rules”.	✓	

	XIII. Amendment to "Operating Procedures to Company Seal Management".	✓	
	XIV. Proposal to amend the “Regulations Governing the Evaluation of the Performance of the Board of Directors”.	✓	
2024/03/11 15th meeting of the 16th Board of Directors	XV. Matters relating to the convention of the 2024 annual meeting of the shareholders.		
	XVI. Election of 17th term Directors.	✓	
	XVII. Proposal of the release of the newly elected director from the non-competition restrictions	✓	
	XVIII. Proposal to apply to Taipei Fubon Commercial Bank for financing.		
	XIX. It is proposed to apply to the CTBC Taiwan Kaohsiung area center of the corporate finance business headquarters for financing renewal.		
	XX. Proposal to apply for renewal of comprehensive financing to the Kaohsiung branch of Bangkok Bank.		
	XXI. It is proposed to apply to the First Commercial Bank, Yancheng Branch for financing renewal.		
	XXII. Proposal to apply for credit renewal to Fengshan branch of Mega International Commercial Bank.		
	XXIII. Proposal to apply for credit renewal to Tokyo branch and Minzu Branch of CTBC Bank Co., Ltd.		
	Opinions of Independent Directors: None		
	The Company's handling of the opinions of independent directors: Not applicable		
	Resolution result: Passed by all attending directors.		

2. Recusal by directors from motions that involved conflicts of interest:

(1)11th meeting of the 16th Board of Directors on February 23, 2023:

A. Agenda content:Year-end bonus for managers of the Company.

Implementation status:Chairman Chen, Wu-Tsung, Vice

Chairman Chen, Youqi, President Hung, Mao-Yuan, Executive Vice President Feng, Shu-Ching, and Vice President Xie, Yingxian are managers of the Company. They were not allowed to participate in the discussion and voting to the avoid conflicts of interests. The Acting Chair (independent director Lin, Xiangkai) consulted the remaining directors present and passed the proposal without objection.

B. Agenda content:Salary adjustment of Chen, Youqi, Executive Vice President of the Company.

Implementation status:After the stakeholders (Chairman Chen, Wu-Tsung, Vice Chairman Chen, Youqi) recused themselves from the case, the Acting Chair (Independent Director Lin, Xiangkai) consulted the remaining directors present and passed the proposal without objection.

C. Agenda content:Proposal of appointment of related parties to undertake the advertising and sales of the Company's "Land No. 1300, Xinzhuang Section, Qiaotou District" and “Land No. 43, Xinyi Section, Gangshan District” buildings.

Implementation status:Chairman Chen, Wu-Tsung and Vice Chairman Chen, Youqi, were recused from participation in the discussion and voting to the refrain from conflicts of interests. The acting chairman (independent director Lin, Xiangkai) consulted all the directors present and passed the proposal without objection.

(2) 12th meeting of the 16th Board of Directors on May 9, 2023:

A. Agenda content: The Company's 2022 director remuneration and employee remuneration distribution and allocation.

Implementation status: Chairman Chen, Wu-Tsung, Vice Chairman Chen, Youqi, President Hung, Mao-Yuan, Executive Vice President Feng, Shu-Ching, and Vice President Xie, Yingxian are managers of the Company. They were not allowed to participate in the discussion and voting to the avoid conflicts of interests. The Acting Chair (independent director Lin, Xiangkai) consulted the remaining directors present and passed the proposal without objection.

B. Agenda content: Proposal to appoint Assistant Vice President Kuo, Hsiu-Hsiang as the Company's Financial Accounting Supervisor.

Implementation status: Assistant Vice President Kuo, Hsiu-Hsiang from the Finance Department was recused from participation in the discussion and voting to refrain from conflict of interest. The proposal was passed without objection after the chairman consulted the other directors present.

C. Agenda content: Proposal to promote Assistant Vice President Kuo, Hsiu-Hsiang of the Finance Department as Financial Accounting Supervisor and the related salary adjustments.

Implementation status: Assistant Vice President Kuo, Hsiu-Hsiang from the Finance Department was recused from participation in the discussion and voting to refrain from conflict of interest. The proposal was passed without objection after the chairman consulted the other directors present.

(3)14th meeting of the 16th Board of Directors on November 8, 2023:

A. Agenda content:Proposal for related party to undertake advertising and sales of the Company's "residential housing at Kengfeng Section 1" new residential homes.

Implementation status:Chairman Chen, Wu-Tsung and Vice Chairman Chen, Youqi, were recused from participation in the discussion and voting to the refrain from conflicts of interests. The acting chairman (independent director Lin, Xiangkai) consulted all the directors present and passed the proposal without objection.

(4) 15th meeting of the 16th Board of Directors on March 11, 2024:

A. Agenda content:Year-end bonus for managers of the Company.

Implementation status:Chairman Chen, Wu-Tsung, Vice Chairman Chen, Youqi, President Hung, Mao-Yuan, Vice President Xie, Yingxian, and Assistant Vice President Kuo, Hsiu-Hsiang are managers of the Company. They were not allowed to participate in the discussion and voting to the avoid conflicts of interests. The Acting Chair (Independent Director Lin, Xiangkai) consulted the remaining directors present and passed the proposal without objection.

B. Agenda content: Salary adjustment of seven managerial officers of the Company, including President Hung, Mao-Yuan.

Implementation status: After the stakeholders (President Hung, Mao-Yuan, Vice President Xie, Yingxian, and Assistant Vice President Kuo, Hsiu-Hsiang) were recused from the case, the chairman consulted the remaining directors present and passed the proposal without objection.

3. The goals of improving the professional competencies of the Board of Directors (e.g., establishing the Audit Committee and improving the transparency of information) in the current year and recent years and assessment of implementation:

(1) In 2018, in accordance with the Company's business conditions and laws and regulations, an audit committee was established and the functions of the Board of Directors were strengthened. The Board of Directors of the Company is composed of 7 directors. In order to strengthen the professional functions of the Board of Directors, and to be in line with international standards, the Company has established a "remuneration committee" and in accordance with Article 14-4 of the Securities Exchange Act on June 13, 2018 Article set up an "audit committee" to replace the supervisor. The "Audit Committee" has assisted the Company's Board of Directors in making a number of important decisions based on its professional division of labor and independent and transcendent position. The "Remuneration Committee" has also formulated the performance evaluation and remuneration standards for the Company's directors and managers, and revised directors Provide professional advice and make important decisions on the salary and remuneration of managers. Effectively establish a remuneration and performance appraisal system for the Company’s directors and managers in order to

improve the Company’s operational performance.

The members of the Company's Board of Directors are diverse, including different professional experience, work fields and backgrounds. In order to strengthen corporate governance and promote the sound development of the composition and structure of the Board of Directors, the Company formulated the "Code of Practice on Corporate Governance" on November 1, 2016 and revised it on March 16, 2018. Article 19 of the Code of Practice on Corporate Governance Item 2 covers the "Policy on Diversification of Board Members". The relevant content and implementation status are as follows:

The composition of the Board of Directors shall be determined by taking diversity into consideration, except that the number of the Company’s directors serving as managers should not exceed one third of the board, and formulating an appropriate policy on diversity based on the Company’s business operations, operating dynamics, and development needs. It is advisable that the policy include, without being limited to, the following two general standards:

I. Basic requirements and values: Gender, age, nationality, and culture.

II. Professional knowledge and skills: A professional background (e.g., law, accounting, industry, finance, marketing, or technology), professional skills, and industry experience.

Each board member shall have the necessary knowledge, skill, and experience to perform their duties. To achieve an ideal level of corporate governance, the Board of Directors should be equipped with the following abilities:

(I)Ability to make sound business judgments.

(II)Ability to perform accounting and financial analyses.

(III)Operation and management capabilities.

(IV)Crisis management capabilities.

(V)Industry knowledge.

(VI) An international market perspective.

(VII)Leadership.
(VIII)Decision-making capacity.
(IX)Risk management knowledge and ability.
III. Composition of the Board of Directors
The Company's current Board of Directors consists of 7 directors, including 4 directors and 3 independent directors. Many directors have actual business management experiences related to the Company's operations and are all equipped with business decision-making, accounting and statistical analytics skills, crisis management skills, and international market perspectives. Among the three independent directors, independent director Jiang, Yongzheng is an attorney-at-law from Chen Young United Law Firm, and has also previously served as a judge of the Kaohsiung District Court of Taiwan (1986-1997) and the Kaohsiung Branch of the Taiwan High Court (1997-1998). His proficiencies include: Civil, criminal lawsuits, administrative lawsuits, civil enforcement, juvenile incidents, and intellectual property rights litigations. Independent director Chen, Jinde has served as a County Magistrate of the Civil Affairs Department of Yilan County Government, director-general of the Industrial Development and Investment Promotion Committee, Yilan County, a lecturer at National Ilan University, a Legislator, the Deputy Mayor of Kaohsiung City, and Chairman of CPC Corporation, Taiwan. Independent director Lin, Xiangkai has previously served as a Professor at the Department of Economics at National Taiwan University, the former Chairman of EASYCARD Corporation, and the Head of the Kaohsiung City Government Finance Bureau from 2000 to 2003. Managerial officers including Chairman Chen, Wu-Tsung, Vice Chairman Chen, Youqi, Director Guo, Hanlong and Director Lin, Zhefeng, etc., all have experience serving in key management positions such as directors or general managers of construction companies and experiences in relevant industries including building, construction, hotels and service industries, etc.. All of whom are equipped with professional capabilities including business management, knowledge of the Industry, marketing, and

ability to make operational judgments and more. Members of the Board have rich experience and expertise in business, management, construction, law and other fields.

IV.The relevant implementation situation is as follows:

Diversified core projects / Title and name		Basic composition						Professional experience			Background				
		Gender	Age			Number of Years Acting as an Independent Director		Construction and development	Bank Financial Control	Law and justice	Finance	building	Law	Public administration	Corporate management
			30 to 50	50 to 60	60 or above	Less than 3 years	More than 3 years								
Chairman	Chen, Wu-Tsung	Male			✓			✓				✓			✓
Vice Chairman	Chen, Youqi	Male	✓					✓				✓			✓
Director	Guo, Hanlong	Male			✓			✓				✓			✓
Director	Lin, Zhefeng	Male	✓					✓				✓			✓
Independent Director	Lin, Xiangkai	Male			✓		✓		✓		✓			✓	
Independent Director	Jiang, Yongzheng	Male			✓		✓			✓			✓		
Independent Director	Chen, Jinde	Male			✓	✓								✓	✓

V. **Statistics on the Diversity of the Board:**

(1) Directors who concurrently serve as Company employees: 2/7, accounting for 29%; Independent directors: 3/7, accounting for 43%.

(2) Percentage of female directors: 0.

(3) Distribution of competencies: Construction and

development, banking and financial holdings, legal and justice, finance, building, law, public administration, and business management.

(4) Age distribution of directors: 2 are aged between 30 to 50, and 5 are aged 60 and over.

VI. Specific management objectives and achievement status of the diversity policy:

(1) At least two directors with background in construction industry:
In terms of industry experience of the Company's directors, currently 4 have experiences in construction industry, 2 are from legal and financial background, and 1 has a background in public administration.

(2) Directors who are concurrent employees of the Company shall not exceed one-third of the total directorship:
The Company has one director who concurrently serves as a manager of the Company.

(3) No more than two directors are having a spousal relationship, or are a relative within the second degree of kinship to any other director:
The Company has two directors who have spousal relation or are a relative of second degree relationship to each other.

VII. Functional training to enhance diversity of the Board:
Every year, directors are arranged to undertake training courses to strengthen the diversified functions of the Board, and the average number of training hours have all reaches 6 hours (or more) in each year.

(2) Information disclosure, online reporting and disclosure of corporate governance information.

A. The Company complies with the relevant laws and the regulations of the Taiwan Stock Exchange Corporation, and performs its duties related to information disclosure. Establish an online reporting system for information disclosure and assign designated personnel to be responsible for the collection and disclosure of data. A spokesperson shall be appointed to ensure that information which may have an impact on the decision-making processes of shareholders and stakeholders is disclosed in a timely and appropriate manner.

B. The Company should take advantage of Internet resources and establish a website to provide financial data and information on corporate governance for shareholders and stakeholders. The aforesaid websites shall be maintained by designated personnel. The information contained therein shall be correct and sufficiently detailed and up-to-date to avoid potential misdirection.

C. The Company holds legal person briefings in accordance with the provisions of the Stock Exchange and saves them in the form of audio or video recording. The financial and business information of the legal person briefing will be entered into the Internet information reporting system designated by the stock exchange, and inquiries will be provided through the Company's website.

D. The Company discloses relevant information on corporate governance during the year in accordance with relevant laws and regulations and the requirements of the stock exchange. And depending on the actual implementation of corporate governance, adopt appropriate methods to disclose and improve specific plans and measures for corporate governance.

(II) Operating status of the Audit Committee

1. In 2023 and as of March 11, 2024, the Company convened 5 Audit Committee meetings (the 8th meeting to the 12th meeting

of the 2nd term of the committee). The attendance of independent directors is as follows:

Title	Name	Attendance in person	Attendance by proxy	Attendance rate (%)	Note
Independent Director	Lin, Xiangkai	5	0	100%	
Independent Director	Jiang, Yongzheng	5	0	100%	
Independent Director	Chen, Jinde	5	0	100%	

2. The operation in 2023 is as follows:

Period and date	Material Resolutions of the Audit Committee	Matters listed in §14--5 of the Securities and Exchange Act	Members have objections or reservations
2023/02/23 8th Session of 2nd Audit Committee	I. The Company’s 2022 Statement of Internal Control System.	✓	
	II. The Company’s 2022 Business Report, Financial Statements and Earnings Distribution Table.	✓	
	III. It is proposed to appoint Ernst & Young to handle the 2024 financial and tax return matters.	✓	
	IV. Formulation of the Company’s “General Principles on Pre-authorized Non-assurance Services Policy” and the non-assurance service items expected to be provided by certified public accounting firm.	✓	
	V. It is proposed to acquire 55% of the shares of Phoenix Co., Ltd.	✓	
	VI. The Company’s 2022 earnings distribution.	✓	
	VII. Formulation of the “Guidelines for the Compilation and Management of the Sustainability Report”.	✓	
	VIII. Amendments to some provisions of the Company’s "Standard Operating Procedures for Handling the Requests of Directors".	✓	
	IX. Renaming the Company’s “Corporate Social Responsibility Best Practice Principles” as “Sustainable Development Best Practice Principles” and amendments to some provisions therein.	✓	

	X. Proposal of appointment of related parties to undertake the advertising and sales of the Company's "Land No. 1300, Xinzhuang Section, Qiaotou District" and “Land No. 43, Xinyi Section, Gangshan District” buildings.	✓	
	XI. Acquisition of 40% share of the land "Land No. 54, Section 1, Passenger Transport Section, Dayuan District”.	✓	
	Opinion of the Audit Committee: None		
	Actions taken by the Company in response to the opinion of the Audit Committee: Not applicable		
	Resolution result: Passed by all attending directors.		
	Opinion of the Audit Committee: None		
	Actions taken by the Company in response to the opinion of the Audit Committee: Not applicable		
2023/05/09 9th meeting of the 2nd	I. Amendments to the business operations in "Construction and Sales Cycle".	✓	
	II. Proposed first secured ordinary corporate bonds issuance in 2023.	✓	
	III. Proposal to appoint Assistant Vice President Kuo, Hsiu-Hsiang as the Company’s Financial Accounting Supervisor.	✓	
	Opinion of the Audit Committee: None		
	Actions taken by the Company in response to the opinion of the Audit Committee: Not applicable		
	Resolution result: Passed by all attending directors.		
2023/08/08 10th meeting of the 2nd	I. Financial Statements for the Q2 2023.	✓	
	II. Amendments to some provisions of the "Rules of Procedure of Shareholders' Meetings"	✓	
	Opinion of the Audit Committee: None		
	Actions taken by the Company in response to the opinion of the Audit Committee: Not applicable		
	Resolution result: Passed by all attending directors.		
2023/11/08 11th meeting of the 2nd	I. Consolidated financial statements for Q3 2023.	✓	
	II. The Company's proposal to subscribe for a cash capital increase in investee Phoenix Co., Ltd. in Japan.	✓	
	III. The Company's 2024 Auditing Plan.	✓	

	IV. Won the bid for a plot of land, "Land No. 0001, Section 5, Jingmao Section, Qianzhen District, Kaohsiung City"	✓	
	V. Disposal of the land "No. 54, Section 1, Passenger Transport Section, Dayuan City, Taoyuan City".	✓	
	VI. Proposal for related party to undertake advertising and sales of the Company's "residential housing at Kengfeng Section 1" new residential homes.	✓	
	VII. Amendment to procurement and contracting operations in "Engineering and Materials Contract" rules.	✓	
	Opinion of the Audit Committee: None		
	Actions taken by the Company in response to the opinion of the Audit Committee: Not applicable		
	Resolution result: Passed by all attending directors.		
2024/03/11 12th meeting of the 2nd term	I. The Company's 2023 Statement of Internal Control System.	✓	
	II. The Company's 2023 Business Report, Financial Statements and Earnings Distribution Table.	✓	
	III. It is proposed to appoint Ernst & Young to handle the 2024 financial and tax return matters.	✓	
	IV. Proposal for non-assurance services expected to be provided by the certified public accounting firm.	✓	
	V. The Company's 2023 earnings distribution.	✓	
	VI. Amendments to the Articles of Incorporation.	✓	
	VII. Amendments to the "Rules and Procedures for Board of Directors Meetings".	✓	
	VIII. Proposal to amend the "Audit Committee Organizational Rules".	✓	
	IX. Amendment to "Operating Procedures to Company Seal Management".	✓	
	X. Amendment to the regulations of "Distribution of Employee Bonus and Subscription Procedures".	✓	
	XI. Proposal to amend the "Regulations Governing the Evaluation of the Performance of the Board of Directors".	✓	
	Opinion of the Audit Committee: None		
	Actions taken by the Company in response to the opinion of the Audit Committee: Not applicable		
	Resolution result: Passed by all attending directors.		

3.Key focuses of the Audit Committee for the year:

Evaluate the effectiveness of the Company's internal control policies and procedures, and review the Company's audit office, certified accountants, and management-level periodic reports.

4.Other details that need to be recorded in the meeting minutes:

(1)Items listed in Article 14-5 of the Securities and Exchange Act, any issues not agreed upon by the Audit Committee but passed by more than two-thirds of entire body of directors, and the handling of the Audit Committee’s opinions by the Company: None.

(2)Recusal by independent directors from motions that involved conflicts of interest and their participation in voting: None.

(3)Communication between independent directors and internal auditors and accountants:

A.Communication between independent directors and internal auditors:

(a)The head of internal audit sends monthly audit reports to independent directors for review, explaining the status of internal audit implementation, and independent directors request additional information and submit reports to explain the situation as appropriate.

(b)In the quarterly audit committee meetings of independent directors and internal audit supervisors, the internal audit supervisor reports to the independent directors on the Company's internal audit implementation and internal control operations, and communicates with the independent directors about their audit results and follow-up report implementation.

(c)Summary of communication between independent directors and internal auditors is as follows:

Meeting date	Agenda content	Opinions of Independent Directors	Handling of opinions of independent directors
2023/02/23 Audit Committee	The first implementation report of internal audit business in 2023 2022 Statement of Internal Control System	Approved	Not applicable
2023/05/09 Audit Committee	2nd Internal Audit Report for 2023	Approved	Not applicable
2023/08/08 Audit Committee	3rd Internal Audit Report for 2023	Approved	Not applicable
2023/11/08 Audit Committee	4th Internal Audit Report for 2023	Approved	Not applicable
2024/03/11 Audit Committee	The first implementation report of internal audit business in 2024 2023 Statement of Internal Control System	Approved	Not applicable

B. Communication between independent directors and accountants:

(a) Independent directors and accountants have a smooth communication channel. They usually exchange opinions on the Company's financial and business conditions, interact well, and fully communicate whether the amendments to laws and regulations affect the accounting situation.

(b) Communication between independent directors and accountants is as follows:

Meeting date	Agenda content	Opinions of Independent Directors	Handling of opinions of independent directors
2023/02/23 Audit Committee	Report on matters related to the audit of the 2022 financial statements The CPA explained the key audit matters for 2022.	No opinion expressed	Not applicable
2024/03/11 Audit Committee	Report on matters related to the audit of the 2023 financial statements The CPA explained the key audit matters for 2023.	No opinion expressed	Not applicable

(III) Corporate Governance Execution Status and Deviations from the Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies.

Assessment Items	Implementation status			Discrepancy with the Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies and reasons
	Yes	No	Brief description	
I. Does the Company abide by the Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies when establishing and disclosing its corporate governance code of conduct?	✓		On November 1, 2016, the Board of Directors approved the formulation of the Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies and disclosed it on the public information observatory and the Company's website.	No major discrepancies
II. Shareholding Structure & Shareholders' Rights (I) Does the Company have the internal operating procedure for handling shareholders' suggestions, questions, disputes, or legal action in place and abide by it?	✓		The Company has formulated the internal operating procedure for handling shareholders' suggestions, questions, disputes, or legal action and abides by it. And the spokesperson and the stock affairs unit are responsible for the summary processing.	No major discrepancies
(II) Does the Company possess a list of major shareholders and a list of ultimate owners of these major shareholders?	✓		The Company keeps abreast of the shareholding status of directors, managers and major shareholders holding more than 10% of the shares. According to Article 25 of the Securities and	No major discrepancies

Assessment Items	Implementation status			Discrepancy with the Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies and reasons
	Yes	No	Brief description	
			Exchange Law, report to the stock exchange the information on the equity changes of major shareholders, and check whether the shareholder register and the declared information match each time the transfer is closed, so as to keep abreast of the major shareholders' shareholding status.	
(III) Does the Company have a risk management mechanism and "firewall" against its affiliates in place or implement it?	✓		The Company has established group enterprise specific company and related party financial business operations and monitoring operations for subsidiaries.	No major discrepancies
(IV) Does the Company have internal regulations in place to prevent its people from trading securities based on information yet to be public on the market?	✓		The Code of Conduct, Procedures for Handling Material Inside Information, and Procedures for Preventing Insider Trading have been formulated to prevent and prohibit insider trading so as to comply with the laws and regulations. The aforesaid documents are announced on the Company's website and regularly advocated to Company insiders. In order to regulate the Company's directors, managers and all employees to prevent conflicts of interest related to their respective	No major discrepancies

Assessment Items	Implementation status			Discrepancy with the Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies and reasons
	Yes	No	Brief description	
			duties, and as well as to regulate the leaking of undisclosed information that becomes known to them due to their roles or controlling relations, the Company's insiders are not allowed to trade its shares during the closed period of thirty days prior to the publication of the Annual Reports and fifteen days prior to the publication of the quarterly financial reports, so as to prevent Company insiders from using undisclosed information in the market to trade securities. This will prevent conducts that may be related to insider trading. Implementations in 2023 are as follows: (I) On July 10, 2023, Company insiders (directors, managers, etc.) received "promotions for disgorgement related to insider short-swing trading" online training; a total of 15 participants received this training for a cumulative 15 hours of training. Course content included: Confidentiality procedures of material information, as	

Assessment Items	Implementation status			Discrepancy with the Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies and reasons
	Yes	No	Brief description	
			well as the reasons for insider trading, identification process and transaction examples, the scope of what is classified as material internal information, confidentiality procedures, and disclosure and handling of violations. The Company advocated against insider trading and reminded directors not to trade their stocks during the closed period of thirty days prior to the publication of the Annual Reports and fifteen days prior to the publication of the quarterly financial reports. On February 6, 2023, the Company notified the directors of the dates of the four Board meetings to be convened in 2023, as well as closed period before the announcement of each quarterly financial report, to prevent directors from accidentally violating this rule. (II) Participation in seminar held by the Taiwan Securities and Futures Institute:	

Assessment Items	Implementation status			Discrepancy with the Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies and reasons
	Yes	No	Brief description	
			2023 Insider Trading Prevention Awareness Conference, 3 hours Participants: Three persons, including independent director Lin, Xiangkai, independent director Chen, Jinde and director Lin, Zhefeng, cumulatively reaching 9 hours. (III) Conducted a 4-hour seminar on "Insider Trading Prevention and Relevant Laws and Regulations" for 4 new employees in 2023. (IV) In March 2023, the Company educated newly appointed insiders on the common types of violations in which the reported changes of insider shareholding has violated the provisions of the Securities and Exchange Act. (V) On January 19, 2023, to prevent insiders from violating the provisions of the Article 22-2 and Article 25 of the Securities and Exchange Act the Company advocated for the common	

Assessment Items	Implementation status			Discrepancy with the Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies and reasons
	Yes	No	Brief description	
			violations listed in the letter from the TWSE so as to remind them to strictly follow the regulations.	
III. Composition and Responsibilities of the Board of Directors (I) Has the Board of Directors drawn up policies on diversity of its members and implemented them?	✓		The members of the Company's Board of Directors are diverse, including different professional experience, work fields and backgrounds. To strengthen corporate governance and promote the sound development of the composition and structure of the Board of Directors, the Company formulated the "Code of Practice for Corporate Governance" on November 1, 2016, and further amended Paragraph 2, Article 19 of the Code to include the Policy on Diversification of Board Members on March 16, 2018. Specific management goals are as follows: I. The composition of the Board of Directors shall be determined by taking diversity into consideration, except that	No major discrepancies

Assessment Items	Implementation status			Discrepancy with the Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies and reasons
	Yes	No	Brief description	
			the number of the Company's directors serving as managers should not exceed one third of the board, and formulating an appropriate policy on diversity based on the Company's business operations, operating dynamics, and development needs. It is advisable that the policy include, without being limited to, the following two general standards: (I) Basic requirements and values: Gender, age, nationality, and culture. (II) Professional knowledge and skills: A professional background (e.g., law, accounting, industry, finance, marketing, or technology), professional skills, and industry experience. II. Each board member shall have the necessary knowledge, skill, and experience to perform their duties. To achieve an ideal level of corporate	

Assessment Items	Implementation status			Discrepancy with the Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies and reasons
	Yes	No	Brief description	
			governance, the Board of Directors should be equipped with the following abilities: (I) Ability to make sound business judgments. (II) Ability to perform accounting and financial analyses. (III) Operation and management capabilities. (IV) Crisis management capabilities. (V) Industry knowledge. (VI) An international market perspective. (VII) Leadership. (VIII) Decision-making capacity. (IX) Risk management knowledge and ability. III. Composition of the Board of Directors The Company's current Board of Directors consists of 7 directors. Many directors have actual business management experiences related to the	

Assessment Items	Implementation status			Discrepancy with the Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies and reasons
	Yes	No	Brief description	
			Company's operations and are all equipped with business decision-making, accounting and statistical analytics skills, crisis management skills, and international market perspectives. Among the three independent directors, independent director Jiang, Yongzheng is an attorney-at-law from Chen Young United Law Firm, and has also previously served as a judge of the Kaohsiung District Court of Taiwan (1986-1997) and the Kaohsiung Branch of the Taiwan High Court (1997-1998). His proficiencies include: Civil, criminal lawsuits, administrative lawsuits, civil enforcement, juvenile incidents, and intellectual property rights litigations. Independent director Chen, Jinde has served as a County Magistrate of the Civil Affairs Department of Yilan County Government, director-general of the Industrial Development and	

Assessment Items	Implementation status			Discrepancy with the Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies and reasons
	Yes	No	Brief description	
			Investment Promotion Committee, Yilan County, a lecturer at National Ilan University, a Legislator, the Deputy Mayor of Kaohsiung City, and Chairman of CPC Corporation, Taiwan. Independent director Lin, Xiangkai has previously served as a Professor at the Department of Economics at National Taiwan University, the former Chairman of EASYCARD Corporation, and the Head of the Kaohsiung City Government Finance Bureau from 2000 to 2003. Managerial officers including Chairman Chen, Wu-Tsung, Vice Chairman Chen, Youqi, Director Guo, Hanlong and Director Lin, Zhefeng, etc., all have experience serving in key management positions such as directors or general managers of construction companies and experiences in relevant industries including building, construction, hotels and service industries, etc.. All of whom	

Assessment Items	Implementation status			Discrepancy with the Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies and reasons
	Yes	No	Brief description	
			are equipped with professional capabilities including business management, knowledge of the Industry, marketing, and ability to make operational judgments and more. Relevant implementations can be found in pages 35 to 38 of the Annual Report or the "Diversity Policy" on the Company's website. Website is as follows: https://www.longda.com.tw/govern.php?id=672 IV. Statistics on the Diversity of the Board: A. Directors who concurrently serve as Company employees: 2/7, accounting for 29%; 3/7 independent directors, accounting for 43% B. Percentage of female directors: 0 (Re-election of directors has been scheduled for the shareholders' meeting in 2024, and at least one female director will be appointed in	

Assessment Items	Implementation status			Discrepancy with the Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies and reasons
	Yes	No	Brief description	
			accordance with the law) C. Distribution of competencies: Construction and development, banking and financial control, law and justice, finance, construction, law, public administration, business management D. Age distribution of directors: 2 are aged between 30 to 50, and 5 are aged 60 and over V. Specific management objectives and achievement status of the diversity policy: A. At least two directors with background in construction industry: In terms of industry experience of the Company's directors, currently 4 have experiences in construction industry, 2 are from legal and financial background, and 1 has a background in public administration. B. Directors who are concurrent employees of the Company shall not	

Assessment Items	Implementation status			Discrepancy with the Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies and reasons
	Yes	No	Brief description	
			exceed one-third of the total directorship: The Company has one director who concurrently serves as a manager of the Company. C. No more than two directors are having a spousal relationship, or are a relative within the second degree of kinship to any other director: The Company has two directors who have spousal relation or are a relative of second degree relationship to each other.	
(II) Besides the Remuneration Committee and the Audit Committee set up according to law, does the Company have other types of functional committees in place that it spontaneously set up?	✓		In addition to the remuneration committee and audit committee established in accordance with the law, the Company has set up the Sustainable Development Committee in 2023.	No major discrepancies
(III) Has the Company established and implemented methods for assessing the performance of the Board of Directors,	✓		On March 23, 2020, the Board of Directors passed the "Board of Directors and Functional Committee Performance Evaluation	No major discrepancies

Assessment Items		Implementation status			Discrepancy with the Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies and reasons
		Yes	No	Brief description	
	conducted performance evaluation annually, presented the performance evaluation results to the Board of Directors, and used the results as reference for individual director remuneration and re-election nomination?			Measures" and conducts regular annual performance evaluations **and outsourcing of evaluation every three years**. The 2023 director and functional committee member self-evaluation performance evaluation was completed in January 2024, and was reported to the Board of Directors in March of the same year.	
(IV)	Does the Company evaluate the independence of CPAs regularly?	✓		The Company's Audit Committee regularly evaluates the independence and competency of its certified accountants (CPAs) every year, and then reports the evaluation results to the Board of Directors. The latest evaluation was approved by the Audit Committee on March 11, 2024, and the independence of CPAs Fang-Wen Lee and Calvin Chen of Ernst & Young was reported to and resolved by the Board of Directors on March 11, 2024. (Note 2) The evaluation mechanism is as follows: 1.Confirm that the Company's CPA is not a related person to the Company or its directors. 2.Before conducting annual assurance	No major discrepancies

Assessment Items	Implementation status			Discrepancy with the Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies and reasons
	Yes	No	Brief description	
			services, the CPA's accounting firm must obtain prior review by the Audit Committee and approval of the Board through resolution. 3.The CPA's Statement on independence must be obtained on a regular basis. 4.Obtain information on the 13 audit quality indicators (AQIs) from the accounting firm, and to evaluate the audit quality of the accounting firm and the audit team based on the "Guidelines for the Audit Committee to Interpret and Apply the Audit Quality Indicators (AQI)" issued by the competent authority. Evaluation results are as follows: 1.The certified public accountant did not serve as a director of the Company, nor did he have any salary in the Company. 2.The Company assesses the independence and competence of the certified public accountant once a year, with regard to the scale and reputation of the accounting firm, direct or indirect financial interests, business	

Assessment Items	Implementation status			Discrepancy with the Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies and reasons
	Yes	No	Brief description	
			relations, employment relations, continuous provision of audit services and non-audit business and other indicators. 3.Based the AQI disclosure structure, which includes 5 major aspects (professionalism, independence, quality control, supervision, and innovation ability) and 13 indicators, the Company has evaluated that the independence and competency as well as the ability and commitment to audit quality are adequate. The evaluation results for the past two years have been reviewed by the Audit Committee on February 23, 2023 and March 11, 2024, and then submitted to and approved by the Board of Directors.	
IV. Has the Company set up a dedicated unit with a suitable number of personnel or appointed designated personnel and supervisor to be in charge of corporate governance related affairs (including but not limited to providing information requested by Directors, assisting directors	✓		The Company has set up a Board of Directors meeting units to provide directors with the necessary materials to perform their business, handle board meetings in accordance with the law, and prepare board minutes; The management department handles company registration and change registration operations;	No major discrepancies

Assessment Items	Implementation status			Discrepancy with the Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies and reasons
	Yes	No	Brief description	
to comply with law, convening board meetings and shareholders' meetings according to regulations, processing company registration and change of registration, and preparing minutes of board meetings and shareholders' meetings)?			Set up a share affairs unit to handle the relevant matters of the shareholders meeting and prepare the minutes of the shareholders meeting in accordance with the law. Appointment of Vice President Xie, Yingxian as supervisor of corporate governance on May 11, 2021 to execute governance matters as follows: 1. Handle matters related to meetings of the Board of Directors, Audit (Remuneration) Committee, Sustainable Development Committee and Shareholders Meeting in accordance with the law, and assist the Company in complying with relevant laws and regulations of the Board of Directors, Audit, Remuneration Committee and Shareholders Meeting. 2. Prepare the minutes of the Board of Directors, audit committee, remuneration committee, sustainability committee and shareholders' meetings. 3. Provide information necessary for directors	

Assessment Items	Implementation status			Discrepancy with the Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies and reasons
	Yes	No	Brief description	
			to perform their business and the latest developments in laws and regulations related to operating the Company to assist directors in complying with laws and regulations. 4. Arrange director appointments and further training courses. 5. Other duties pursuant to the Articles of Incorporation.	

Assessment Items	Implementation status			Discrepancy with the Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies and reasons
	Yes	No	Brief description	
V. Does the Company have a communication channel in place with stakeholders (including but not limited to shareholders, employees, customers, and suppliers) and set up a stakeholders only section on its website to properly address stakeholders' concerns such important corporate social responsibilities?	✓		In addition to setting up a primary spokesperson and a deputy spokesperson to respond to the needs of stakeholders, the Company has also designated relevant units to be responsible for collecting and disclosing Company information. Relevant information has been disclosed on the Company's website. In addition, the website also includes contact information and a designated email for receiving grievances, complaints, suggestions. A Stakeholder section has also been set up on the Company's website to respond to important sustainable development and other related issues of concern from stakeholders, and for stakeholders to provide feedback.	No major discrepancies
VI. Does the Company hire professional stock agencies to take care of shareholders' meetings-related affairs?	✓		The Company has authorized SinoPac Securities to handle affairs of shareholders' meetings.	No major discrepancies
VII. Information Disclosure (I) Has the Company established a corporate website to disclose information regarding the Company's	✓		The Company has established a corporate website to disclose financial information and corporate governance information according to	No major discrepancies

Assessment Items		Implementation status			Discrepancy with the Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies and reasons
		Yes	No	Brief description	
	financial, business and corporate governance status?			regulations. Website: www.longda.com.tw	
(II)	Does the Company use other information disclosure channels (e.g., maintaining an English-language website, appointing responsible people to handle information collection and disclosure, appointing spokespersons, webcasting investors conference)?	✓		The Company has set up a Chinese company website, and the content is designated by each department according to their duties to handle the collection and disclosure of the Company's information. The Company implements the spokesperson system, which is appointed by a dedicated person, and speaks to the outside world under the instructions of the chairman or general manager. In 2023, two investor conferences were held to explain the Company's current operating status and future plans to the investors. (Investor conferences were held on April 26 and November 29, 2023.) In 2024, the Company plans to organize investor conferences in every quarter.	No major discrepancies

Assessment Items	Implementation status			Discrepancy with the Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies and reasons
	Yes	No	Brief description	
(III) Has the Company published and reported the annual financial reports within 2 months after the end of the accounting year and published and reported the first, second, and third quarter financial reports and monthly operating statuses within the regulated period?		✓	It has been announced and reported to the competent authority in accordance with the provisions of the Securities and Exchange Act: I. Within 75 days after the end of the fiscal year, an announcement and declaration is made with the signature or seal of the Chairman of the Board, the manager, and the chief internal auditor, and the annual financial report is submitted to the Board of Directors and approved by the Audit Committee after being reviewed and certified by the CPA. II. Within 45 days after the end of the Q1, Q2, and Q3 of each fiscal year, an announcement and report shall be signed or sealed by the Chairman of the board, the manager and the accounting supervisor, and the financial report is submitted to the Board of Directors and approved by the Audit Committee after being reviewed by the CPA. III. Announce and declare the operation	Currently, the Company has not planned to publish Q1, Q2, or Q3 financial reports or the monthly operating statuses early or to report them within the regulated period.

Assessment Items	Implementation status			Discrepancy with the Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies and reasons
	Yes	No	Brief description	
			situation of the previous month on the 10th day of each month.	
VIII. Does the Company have other important information to facilitate better understanding of the its corporate governance practices (including without limitation employee rights, employee wellness, investor relations, supplier relations, rights of stakeholders, directors' and supervisors' training records, the implementation of risk management policies and risk evaluation measures, the implementation of customer relations policies, and purchasing insurance for directors and supervisors)?	✓		1. Employee rights: The Company adheres to the policy of ethical corporate management, pays attention to employee welfare, and protects employees' legal rights and interests in accordance with the Labor Standards Act. In addition to providing labor insurance and health insurance, the Company also provides group insurance to enhance employees' rights. 2. Employee care: The Company has established a mutually trusting and positive relationship with employees by providing various benefit systems, including employee education and training,	No major discrepancies

Assessment Items	Implementation status			Discrepancy with the Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies and reasons
	Yes	No	Brief description	
			allocating pension funds, arranging for employee health examinations, and organizing an assortment of recreational activities. Provisions for the Company's pension: Employees under the old scheme will have 2% of their pension funds transferred to a dedicated account at the Bank of Taiwan in accordance with the Labor Standards Act. Alternatively, employees under the new system are legally required to contribute 6% of their salary as pension every month. This fund is deposited into a dedicated employee pension account established by the Bureau of Labor Insurance. The pension application procedures, conditions, and regulations are completely in accordance with the "Labor Pension Act". 3. Investor relations: The Company has set up a spokesperson and a deputy spokesperson to be in charge of external communications; in addition, Company	

Assessment Items	Implementation status			Discrepancy with the Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies and reasons
	Yes	No	Brief description	
			information is also disclosed on the Market Observation Post System (MOPS) in accordance with the law. The minutes of the Company's shareholders' meetings are recorded, stored, and published on the Company's website in accordance with the Company Act and relevant laws and regulations. 4. Supplier relationships: The Company is committed to growing and promoting sustainable development with our suppliers, and to jointly innovate and improve quality. The Company has established a list of long-term partners, with whom we are both well aware of each other's expectations and quality standards, and reinforce information exchange and sharing to reduce uncertainties and risks. The Company maintains a good supply chain relationship with our suppliers to optimize the overall production cost and to achieve coexistence and mutual prosperity.	

Assessment Items	Implementation status			Discrepancy with the Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies and reasons
	Yes	No	Brief description	
			5. Rights of target stakeholders: The Company maintains good communication channels with stakeholders, respects and safeguards their legal rights, and a designated stakeholders section has been set up on our website. In addition, we have also set up a spokesperson and deputy spokesperson system to handle issues and suggestions raised by stakeholders, in addition to setting a complaint and reporting channel on the Company's website so that stakeholders can respond immediately and obtain an effective response from the Company when they encounter unequal treatment or experience any infringements to their rights. 6. Status of directors' advanced study The Company formulates the "Directions for the Implementation of Continuing Education for Directors" in accordance with the "Directions for the Implementation of Continuing Education	

Assessment Items	Implementation status			Discrepancy with the Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies and reasons
	Yes	No	Brief description	
			for Directors and Supervisors of TWSE Listed and TPEx Listed Companies". If there are major legal amendments concerning the Company, the Company will notify each director and to implement them by referring to relevant measures. The status of directors' continuing education has been disclosed on the MOPS. In addition, the Company has arranged appropriate training courses for directors from time to time to meet the minimum number of hours of training required by law each year. 7. Status of risk management policies, practices, and risk assessment standards: The Company has established various internal regulations and internal control system in accordance with the law in order to conduct various risk management and assessments. The internal audit unit also checks the implementation of the internal control system on a regular and ad-hoc	

Assessment Items	Implementation status			Discrepancy with the Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies and reasons
	Yes	No	Brief description	
			basis. 8. The implementation of customer relations policies: The Company maintains good relationships with customers and provides customer services in accordance with various internal management procedures. A customer service mailbox and contact channels have been set up on the Company's website. In addition, "customer satisfaction" has been named a key part of our quality policy. 9. Status of purchasing liability insurance for directors: Insurance has been purchased based on actual needs to reduce and disperse the risk of directors causing significant damage to the Company and shareholders due to errors or negligence. 10. Philanthropic actions: Assisting disadvantaged groups - To support the disadvantaged groups, we donate to Syin-Lu Social Welfare Foundation to sponsor the "Early Treatment Remote Learning	

<table>
<tr><th rowspan="2">Assessment Items</th><th colspan="3">Implementation status</th><th rowspan="2">Discrepancy with the Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies and reasons</th></tr>
<tr><th>Yes</th><th>No</th><th>Brief description</th></tr>
<tr><td></td><td></td><td></td><td>Project" which helps children with developmental delays to turn their lives around and to realize their full potentials.
11. The Company funded NT$3,500,000 to help the local zoo, Shoushan Zoo in renovation projects. New reforms at the Shoushan Zoo! Create friendly designs such as sky walks and capybara habitat to reflect on the relationship between humans and animals.</td><td></td></tr>
<tr><td colspan="5">IX. Please describe the improvement status and provide the items and measures that shall be prioritized for improvement with regard to the corporate governance evaluation results issued by the Corporate Governance Center of Taiwan Stock Exchange in the most recent year:
1. The Company records important contents including shareholders' questions and the Company's responses in the minutes to shareholders' meetings.
2. The Board of Directors regularly (at least once a year) evaluates the independence and competency of CPAs with reference to the Audit Quality Indicators (AQIs), and discloses the evaluation process in detail in the Annual Report.
3. Matters and measures to be strengthened as a priority: The Annual Report will disclose a specific and clear dividend policy.
4. The Company's interim financial reports are approved by the Audit Committee and submitted to the Board of Directors for discussion and resolution.</td></tr>
</table>

Note 1: Regardless of whether you check "Yes" or "No", the operation status should be described in the summary field.

Note 2: Standard for evaluating CPA independence:

Evaluation content: The evaluation items formulated with reference to the "Bulletin of Norm of Professional Ethics for Certified Public Accountant of the Republic of China No.10 - Integrity, Objectivity, and Independence" are as follows:

Item	Assessment Items	Result
1	The term of the certified accountant has not exceeded 7 years.	Yes
2	The certified accountant has no direct or material indirect financial interests or relationships with the Company.	Yes
3	The certified public accounting firm does not have an undue dependence on total fees from a client (the Company).	Yes
4	The certified accountant does not have a significant close business relationship with the Company.	Yes
5	The certified accountant will not enter into a potential employment negotiations with the Company.	Yes
6	The certified accountant will not be entering into a contingent fee arrangement relating to an audit engagement.	Yes
7	The certified accountants and members of the audit team do not currently hold the position of director or manager at the Company or a position with a significant impact on the audit case, and have not held such a position in the last two years.	Yes
8	The non-audit services provided by the certified accountants to the Company do not contain any material items that directly affect the audit case.	Yes
9	The certified accountants does not promote or broker the stocks or other securities issued by the Company.	Yes
10	The certified accountant does not act as an advocate on behalf of the Company in litigation or disputes with third parties.	Yes
11	The certified accountants and members of the audit team do not have a close or immediate family member who is a director or manager of the Company or a person who is in a position to exert significant influence over the subject matter of the audit case.	Yes
12	The certified accountant has not held any position as a director or manager of the Company or a position to exert significant influence over the subject matter of the audit case within one year of disassociating from the accounting firm.	Yes
13	The certified accountant has not accepted gifts or preferential treatment from the Company, its directors, managers, or major shareholders.	Yes

X. Does the Company have other key information to facilitate a better understanding of its corporate governance practices

(I) Employee Rights and (II) Employee Care, etc., please refer to "Chapter 5. Business Activities V. Labor Relations" on page 175.

(III) Investor relations

1. Legal convention of shareholders' meetings
2. Disclose related information on the Market Observation Post System
3. Set up a spokesperson (deputy spokesperson) to speak to the outside world and communicate in real time by phone and e-mail.

(IV) Supplier relationships

The Company is committed to growing and promoting sustainable development with our suppliers, and to jointly innovate and improve quality. The Company has established a list of long-term partners, with whom we are both well aware of each other's expectations and quality standards, and reinforce information exchange and sharing to reduce uncertainties and risks. The Company maintains a good supply chain relationship with our suppliers to optimize the overall production cost and to achieve coexistence and mutual prosperity.

(V) Status of directors' advanced study

Title	Name	Advanced study date	Organizer	Course name	Advanced study hours
Chairman	Chen, Wu-Tsung	2023/07/04	Taiwan Stock Exchange Corporation (TWSE)	2023 Cathay Sustainable Finance and Climate Change Summit	6
Vice Chairman	Chen, Youqi	2023/07/04	Taiwan Stock Exchange Corporation (TWSE)	2023 Cathay Sustainable Finance and Climate Change Summit	6
Director	Guo, Hanlong	2023/07/04	Taiwan Stock Exchange Corporation (TWSE)	2023 Cathay Sustainable Finance and Climate Change Summit	6

Title	Name	Advanced study date	Organizer	Course name	Advanced study hours
Director	Lin, Zhefeng	2023/06/09	Taiwan Stock Exchange Corporation (TWSE)	2023 Insider Trading Prevention Awareness Conference	3
		2023/07/04	Taiwan Stock Exchange Corporation (TWSE)	2023 Cathay Sustainable Finance and Climate Change Summit	6
Independent Director	Lin, Xiangkai	2023/06/09	Taiwan Stock Exchange Corporation (TWSE)	2023 Insider Trading Prevention Awareness Conference	3
		2023/07/04	Taiwan Stock Exchange Corporation (TWSE)	2023 Cathay Sustainable Finance and Climate Change Summit	6
Independent Director	Jiang, Yongzheng	2023/04/10	Taiwan Investor Relations Institute (TIRI)	2023 KPMG Business Leader Academy Forum (Business Opportunities and Challenges under the Net Zero Boom)	3
		2023/04/11	Taiwan Academy of Banking and Finance	Corporate Governance Forum	3
Independent Director	Chen, Jinde	2023/06/09	Taiwan Stock Exchange Corporation (TWSE)	2023 Insider Trading Prevention Awareness Conference	3
		2023/07/04	Taiwan Stock Exchange Corporation (TWSE)	2023 Cathay Sustainable Finance and Climate Change Summit	6

(VI) Managers' participation in related corporate governance studies:

Title	Name	Advanced study date	Organizer	Course name	Advanced study hours
Assistant Vice President	Kuo, Hsiu-Hsiang	2023/10/02 ~10/04, 2023/10/12 ~10/13	Accounting Research and Development Foundation of the Republic of China	Financial accounting series: 1. The Importance of Financial Accounting Standards 2. Analysis of the Latest Concepts of Financial Accounting Standards 3. Analysis of Important International Financial Reporting Standards (IFRSs)	12
				Audit series: 1. Analysis of the Latest Audit Concepts 2. Analysis of Corporate Internal Control Awareness	3
				Financial practice series: Thematic Discussion on Financial Practice	3
				Corporate governance series: Required Corporate Governance Concepts to All Accounting Supervisors	3
				Financial regulation series: Analysis of the Latest Laws and Regulations	3

Title	Name	Advanced study date	Organizer	Course name	Advanced study hours
				Related to the Preparation of Financial Reports	
				Professional ethics and legal responsibility series: Corporate Crimes, Financial Reporting Frauds vs Legal Liability of Accounting Supervisors	6
Vice President	Xie, Yingxian	2023/02/07	Taiwan Corporate Governance Association	Information Security Governance Practice: Research and Analysis of Key Management Issues	3
		2023/03/10	Taiwan Corporate Governance Association	General Shareholders' Meetings, Management Rights, and Stock Right Strategies	3
		2023/07/06	The Institute of Internal Auditors - Chinese Taiwan	Analysis of the Latest Practices of "Business Mergers And Acquisitions Act" and "Corporate Governance"	6
		2023/08/25	The Institute of Internal Auditors - Chinese Taiwan	Case Study of Financial Statement Frauds	3

(VII)Status of risk management policies, practices, and risk assessment standards

The Company has established various internal regulations and internal control system in accordance with the law in order to conduct various risk management and assessments. The internal audit unit also checks the implementation of the internal control system on a regular and ad-hoc basis. Please refer to "VI. Evaluation of Risks in the Most Recent Year and Up to the Publication Date of Annual Report" in Chapter 7, Review of Financial Status and Operating Results and Risks.

(VIII)The implementation of customer relations policies

The Company maintains good relationships with customers and provides customer services in accordance with various internal management procedures. A customer service mailbox and contact channels have been set up on the Company's website. In addition, "customer satisfaction" has been named a key part of our quality policy.

The Company has a dedicated customer service line and dedicated customer service personnel who are responsible for handling customer-related issues.

(IX) Status of purchase of liability insurance for directors

The Company purchases liability insurance for Directors every year.

(X) Board of Directors and Functional Committee Performance Evaluation

Evaluation cycle	Evaluation period	Evaluation scope	Evaluation method	Evaluation content
Implemented once a year	From January 1, 2023 to December 31, 2023	Board of Directors, individual Board Members, and functional committees including Audit Committee, Remuneration Committee, and Sustainable Development	Internal board self-evaluation, board member self-evaluation, peer evaluation	(1) Board of Directors performance evaluation Level of participation in the Company's operations, quality of board decision-making, board composition and structure, appointment of directors and their continuing studies, and internal controls. (2) Individual board member performance evaluation: Familiarity with the goals and missions of the

		Committee		Company, awareness of the duties of a director, participation in the operations of the Company, management of internal relationship and communication, director's professionalism and continuing education, and internal control system, etc. (3) Functional Committee Performance Evaluation: Participation in the Company's operations, awareness of the responsibilities of the functional committees, decision-making quality of the functional committees, composition of the functional committees and selection of their members, internal control, etc.

The performance evaluation of the Board of Directors of the Company shall be conducted by an external professional independent institution or external experts and scholars at least once every three years.
The above-mentioned external evaluation unit, handling schedule, evaluation method and other matters shall be authorized by the chairman of the board for approval. Those who have been outsourced to conduct performance evaluation in the current year are exempt from internal performance evaluation.
The indexes of Board of Directors and Functional Committee performance evaluation shall be determined based on the operation and needs of the Company and suitable and appropriate for evaluations by the Company.

Scoring criteria may be modified and adjusted based on the Company's needs. The weighted scoring method may be adopted based on the aspects of evaluation. The Board of Directors reported the evaluation on March 11, 2024.

(XI) The link between director performance evaluation and salary remuneration

The remuneration of the directors of the Company is handled in accordance with the Company's Articles of Incorporation. If the Company makes a profit during the year, it shall first make up for its losses. If there is still a surplus, no more than 4% shall be allocated as the director's remuneration, and the "Board of Directors Performance Evaluation Guidelines" shall be used as a basis for evaluating the remunerations. On top of the Company's overall business performance, the decision-making quality and internal control of the Board and various functional committees, individual performance should also be factored into the evaluation in order to distribute a reasonable remuneration.

(XII) Intellectual Property Management

In order to effectively manage the Company's intellectual property and allow the Company's acquisition, maintenance, and use of intellectual property to comply with the requirements of laws and regulations such as Patent Act, Trademark Act, Copyright Act, and Trade Secrets Act, and thereby reduce operational risk while improving operational efficiency. The intellectual property management plan is expected to comprehensively enhance the Company employee awareness and understanding of intellectual property protection. And continue to maintain the Company's intellectual property and various rights, check the rationality and legality of management measures through relevant laws and regulations, and improve the overall management plan based on laws, systems, and implementation results.

1.Intellectual Property Management Strategy

1.1 Dedicated unit for intellectual property management:
The intellectual property of the Company is managed respectively by the responsible units.

1.2 Intellectual property management target:
The Company's intellectual property management targets are the protection of patents, trademarks, copyrights and trade secrets, as well as the management and control of personal data.

2.Intellectual property management target:

The Company's intellectual property management targets are the protection of patents, trademarks, copyrights and trade secrets, as well as the management and control of personal data.

3.Intellectual property management measures:

3.1 Establish an intellectual property management system and strengthen the supervising function of the Board of Directors

The Company established an intellectual property management plan linked to its operational objectives, and discloses the implementation status on its website.

3.2 Trademark, patent and copyright protection

Assistance with trademark, patent and copyright protection of the Company can be entrusted to a professional intellectual property firm when necessary.

3.3 Protection of trade secrets

In the management of trade secrets, the Company has a security mechanism for maintaining and using personal information and trade secrets.

3.4 Enhancing training and education

In order to ensure the protection of trade secrets such as customer information, all employees must receive education and training on compliance with personal information protection, information security and trade secret laws, cultivate an awareness of personal information protection, and implement the concepts of information security and personal information protection in their daily operations.

4.Internal management and auditing:

Employees are required to fulfill their obligations for confidentiality and custody, implement internal management, gradually build an audit trace and record tracking system, and incorporate the information security audit and inspection mechanisms into the annual information security inspection and internal control self-assessment operations. Inspections in various aspects are used to enhance the awareness and behavior with respect to trade secret protection and legal compliance.

5. Execution of intellectual property management:

5.1 Intellectual property inventory

All departments should complete their respective responsibilities before December each year, such as: Inventory of patents, trademarks, copyrights, and trade secrets. The inventory list is attached. After the inventory is completed, it will be submitted to the Management Department for compilation. According to the compilation results, relevant departments convene management meetings from time to time. The implementation status is disclosed on the Company's website and reported to the board once per year.

5.2 Intellectual property audit

5.2.1 In accordance with the internal audit mechanism of the Company, the Audit Office will review the implementation status of the Company's intellectual property management and related measures.

5.2.2 To ensure effective management, in addition to implementing internal audits, external third-party verification audits may also be conducted when necessary.

6.Implementation status for 2023:

6.1 Formulated the Company's intellectual property management plan: Reduce intellectual property risks in operations, enhance competitive advantage, and build brand value.

6.2 Intellectual property inventory:

The current count of valid intellectual property of the Company as of October 2, 2023 is as follows:

Department	Trademark	Trade secret	Copyright
Management Office	8	-	1
Construction Division	-	4	-
Construction Engineering Division	-	4	-
Total	8	8	1

6.3 The Company has submitted matters related to intellectual property to the 14th meeting of the 16th session of the Board of Directors (on November 8, 2023) for reporting.

(IV) If the Company has a remuneration committee, it should disclose its composition, responsibilities and operating conditions:

1. Profile of Remuneration Committee members

Identity	Criteria / Name	Professional qualifications and experience	Independence	Number of other public companies in which the committee member also serves as a remuneration committee member
Independent Director	Lin, Xiangkai (Note 1)	Note 2	Note 2	0
Independent Director	Jiang, Yongzheng	Note 2	Note 2	3
Independent Director	Chen, Jinde	Note 2	Note 2	0

Note 1: Mr. Lin, Xiangkai is the convener of the Remuneration Committee.

Note 2: For the professional qualifications, experience, and independence of the Remuneration Committee, please refer to pages 14–15. Disclosure of the professional qualifications of directors and supervisors and independence of independent directors.

2.Operation of Remuneration Committee

(1) (a)The Company's Remuneration Committee consists of 3 members.

(2) The term for the current Committee members is from July 6, 2021 to July 5, 2024, the Remuneration Committee held 2 meetings in 2023 and as of March 11, 2024. The attendance of the committee members is as follows:

Title	Name	Attendance in person	Attendance by proxy	Attendance rate (%)	Note
Convener	Lin, Xiangkai	3	0	100%	
Committee member	Jiang, Yongzheng	3	0	100%	
Committee member	Chen, Jinde	3	0	100%	
Other details that need to be recorded in the meeting minutes: I. If the Board of Directors does not adopt or amend the recommendations of the Remuneration Committee, it shall state the date of the Board of					

Directors, the date, the content of the proposal, the results of the resolutions of the Board of Directors and the Company's handling of the opinions of the Remuneration Committee (if the remuneration and remuneration approved by the Board of Directors are better than the recommendations of the Remuneration Committee, The differences and reasons should be stated): None. II. For the resolutions of the Remuneration Committee, if members have objections or reservations and have records or written statements, the Remuneration Committee's date, period, proposal content, all members' opinions, and the handling of their opinions should be stated: None. III. Terms of reference of the salary committee (I) Stipulates and reviews regularly the compensation policies, systems, standards and structures, and performance of directors and managers. (II) Regularly reviews and adjusts directors' and managers' remuneration.

(3)The operations of the Remuneration Committee are as follows:

Meeting date	Agenda content	Resolution result	Actions taken by the Company in response to the opinion of the Committee:
2023/02/23 3rd meeting of the 5th	I. Year-end bonus distribution for managers of the Company. II. The Company's 2022 director remuneration and employee remuneration distribution and allocation. III. Salary adjustment of Chen, Youqi, Executive Vice President of the Company. IV. Promotion of Kuo, Hsiu-Hsiang,	Passed by all members of the committee.	Presented in the board meeting and passed by all attending directors as proposed.

	Manager of the Company.		
2023/05/09 4th meeting of the 5th	Chapter 1.The Company's 2022 director remuneration and employee remuneration distribution and allocation. Chapter 2.Proposal to promote Assistant Vice President Kuo, Hsiu-Hsiang of the Finance Department as Financial Accounting Supervisor and the related salary adjustments.	Passed by all members of the committee.	Presented in the board meeting and passed by all attending directors as proposed.
2024/03/11 5th meeting of the 5th	I. Year-end bonus distribution for managers of the Company. II. The Company's 2023 director remuneration and employee remuneration distribution and allocation. III. Amendment to the regulations of "Distribution of Employee Bonus and Subscription Procedures". IV. Salary adjustment of seven managerial officers of the Company, including President Hung, Mao-Yuan.	Passed by all members of the committee.	Presented in the board meeting and passed by all attending directors as proposed.

(V) Implementation status of sustainable development promotion and deviations from the Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies and reasons

Promotion item	Implementation status:			Deviations from the Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies and reasons
	Yes	No	Brief description	
I. Has the Company established a governance structure to promote sustainable development, and has it set up a unit which specializes (or is involved) in promoting sustainable development and run by senior managerial officers authorized by the Board of Directors, and does the Board of Directors supervise its implementation status? (TWSE/TPEx Listed companies shall fill out the implementation status, which is not classified as compliance or explanation.)	✓		In order to implement and promote corporate social responsibility and sustainable management of the Company, the Company's Management Department is the dedicated unit responsible for promoting the sustainable development. The Sustainable Development Committee Organizational Rules have been formulated in accordance with the Company's Code of Practice for Corporate Governance and Corporate Social Responsibility Code of Practice, and the rules have been reported to the Board of Directors on November 8, 2022. The members of the Committee are determined and appointed by the Board of Directors. It is comprised of 3 independent directors, and the term and appointment are the same as that of the Board of Directors. A director will be	No major discrepancies

Promotion item	Implementation status:			Deviations from the Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies and reasons
	Yes	No	Brief description	
			elected from among themselves to serve as its convener. The Committee has set up task units based on the relevant operations, regularly evaluates the Company's corporate social responsibility and sustainability plan implementation results, and reports the annual implementation results to the Board of Directors at least once a year. On February 23, 2023, the three directors were appointed to serve as its members by the Board. The Board of Directors supervises the Sustainable Development Committee to promote sustainable development, including evaluating and reviewing the Company's sustainable development indicators, related risk policies and response strategies, and risks and opportunities, which is one of the four core elements in the Taskforce on Climate Related Financial Disclosure (TCFD) framework. The aforesaid	

Promotion item	Implementation status:			Deviations from the Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies and reasons
	Yes	No	Brief description	
			practices are disclosed in the Sustainability Report. The Committee will also engage in matters related to the Corporate Governance Evaluation implementation plans and improvements, analysis of issues related to the Company's core competitiveness and reviewing relevant countermeasures, the corporate sustainability strategy roadmap and target achievement status, ethical business management education and training, advocacy, and commitment and more.	
II. Does the Company perform risk assessments in environmental, social, and corporate governance issues relevant to its business activities according to the materiality principle and devise risk management policies and strategies accordingly? (TWSE/TPEx Listed companies shall fill out the implementation	✓		The Company takes environmental, social or corporate governance issues into consideration, as well as internal competitive advantages, external environmental challenges, etc., in addition to the overall construction industry, which contains: Characteristics such as the scarcity of land, enormous investment amounts, long construction cycles, slow capital turnover, and poor	No major discrepancies

Promotion item	Implementation status:			Deviations from the Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies and reasons
	Yes	No	Brief description	
status, which is not classified as compliance or explanation.)			liquidity. Based on these facts, the Company has identified risks throughout the entire process of investment, development, construction, marketing and after-sale services, and engages in risk evaluation and management based on the materiality principle. As such, the Company has chosen to focus on the following five key implementation matters: 1. In response to international trends, concerns of stakeholders, and issues of operating regions, we will discuss the Company's overall corporate social responsibility strategy, formulate policies, and adjust them in due course. 2. Regularly review the effectiveness of the implementation of various corporate social responsibility measures. 3. Expose the Company's environmental, social, and	

Promotion item	Implementation status:			Deviations from the Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies and reasons
	Yes	No	Brief description	
			governance practices to the outside world. 4. Supervise the disclosure of social responsibility matters on the Company's official website. 5. Assist and coordinate various obstacles and difficulties. In 2024, the Sustainable Development Committee will report on the implementation status of the risk assessment and to disclose the Sustainability Report on the MOPS.	
III. Environmental issues (I) Does the Company have proper environmental management systems based on the characteristics of their industries in place?	✓		The Company recognizes that environmental protection is an important issue that humans around the world must work together, and face up to the importance of global warming on the ecological impact and environmental protection. The Company is a construction investment industry and has the	No major discrepancies

Promotion item	Implementation status:			Deviations from the Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies and reasons
	Yes	No	Brief description	
			qualification for construction factories. The Company provides related environmental management plans for the construction part and according to the characteristics of various projects, such as: Formulate runoff wastewater plans, waste management plans, remaining earthwork removal plans, etc., and require the site to implement 5S reorganization and rectification operations. In addition to complying with environmental protection regulations, the Company also has related audit systems to maintain and implement site environmental self-management, Actively promote practical environmental protection activities such as energy saving and carbon reduction, and fulfill the social responsibilities of enterprises. Investigate the Scope 1 and Scope 2 greenhouse gas of the Company based on the Company's greenhouse gas	

Promotion item	Implementation status:			Deviations from the Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies and reasons
	Yes	No	Brief description	
			inventory and investigation schedules and plan subsequent investigations by reference of relevant regulations.	
(II) Does the Company endeavor to utilize all resources more efficiently and use renewable materials which have a low impact on the environment?	✓		In order to maintain the environment, each project of the Company prioritizes the use of building materials and equipment with less environmental load. The main energy-saving building materials and equipment and plans of the project are explained as follows: 1. The lighting adopts energy-saving T5 and LED lamps. 2. Set up a rainwater recovery system, and use water-saving toilets, faucets and other appliances. 3. Install energy-saving photosensitive control and solar power generation equipment. 4. The traditional ballast is replaced by an electronic energy-saving ballast. 5. Architectural planning adds windows and light guides. 6. The equipment is planned to increase	No major discrepancies

Promotion item	Implementation status:			Deviations from the Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies and reasons
	Yes	No	Brief description	
			ventilation and convection, and use natural ventilation for heat dissipation. 7. Air-conditioning equipment uses frequency conversion energy-saving host. 8. Planting and greening design of roof and garden. 9. The interior and exterior decorations are given priority consideration by using green building materials labels. 10. The new construction of the building aims to obtain a green building certificate. 11. Environmental maintenance on construction sites includes various prevention and control operations such as waste, noise, waste water, and air pollution. Effectively reduce and reduce the negative impact of the construction site on the environment.	
(III) Does the company evaluate the potential risks and opportunities in	✓		The Company has established climate change and environmental risk	No major discrepancies

Promotion item	Implementation status:			Deviations from the Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies and reasons
	Yes	No	Brief description	
climate change with regard to the present and future of its business, and take appropriate action to counter climate change issues?			management procedures to assess the current and future potential risks and opportunities of climate change for the Company. Procedures include the identification and assessment of environmental risks with reference to the results of the World Economic Forum's Global Risks Reports, and identifying the SDGs related to the Company's construction industry in accordance with the United Nations' Sustainable Development Goals (SDGs). Response measures to climate-related issues have been adopted, and the Company has advocated and planned that buildings we construct must have the four major functions of being sustainable, low carbon, intelligent, and health. The impact of climate change is becoming more and more obvious and important. In the face of this extreme climate-related issue, the Company not only pays close attention to the impact of	

Promotion item	Implementation status:			Deviations from the Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies and reasons
	Yes	No	Brief description	
			climate change on operating activities, and discusses the effects of extreme weather (high temperature, heavy rainfall, storms, etc.) Under the circumstances, the Company's architectural planning and various adjustment measures for building construction.	
(IV) Does the Company take inventory of its greenhouse gas emissions, water consumption, and total weight of waste in the last two years, and implement policies on energy efficiency and carbon reduction, greenhouse gas reduction, water reduction, or waste management?	✓		1. The Company’s construction projects all count the total amount of waste on a monthly basis and complete the declaration on the EPA website. Greenhouse gas emissions and water consumption are reported to the Company on a monthly basis. 2. The Company has formulated energy saving and carbon reduction and greenhouse gas reduction policies according to the characteristics of the construction industry and paying attention to the impacts of climate change on our operating activities, In accordance with Kaohsiung City’s	No major discrepancies

Promotion item	Implementation status:			Deviations from the Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies and reasons
	Yes	No	Brief description	
			"Environmental Maintenance Autonomy Regulations", "Promotion of Industrial Development Autonomy Regulations", and "Green Building Autonomy Regulations", relevant energy-saving measures are handled. Specific measures include: (1) Environmentally friendly measures that we used at the construction site include landscaping projects, using products certified by the "Energy Label", lighting sequence control systems, enhancing the use of natural light and ventilation in buildings, using wet construction method, and using lightweight and recyclable materials in buildings to reduce carbon emissions. In addition, we also planned food waste refrigeration equipment and spaces for recycling bins, and promoted the purchase and use of green building materials, etc.	

Promotion item	Implementation status:			Deviations from the Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies and reasons
	Yes	No	Brief description	
			(2) Construction project waste is entrusted to qualified disposal and treatment companies for clearance and treatment, including incineration, landfill, recycling, and other disposal methods. (3) Paperless office is promoted to control the usage of paper in administrative tasks and various printed materials. (4) Energy-saving lamps and automated power saving lighting equipment is used. (5) Implemented a policy of keeping office temperature of 26 degrees Celsius in summers. 3. The Company has formulated the following energy conservation and carbon reduction policies, and quantitative management goals and measures for reducing waste and water use:	

Promotion item	Implementation status:			Deviations from the Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies and reasons
	Yes	No	Brief description	
			(1) The Company's future quantitative management goals for energy conservation and carbon reduction: The goal is to complete the greenhouse gas inventory in 2026, so that we can effectively reduce a certain percentage of carbon emissions even if we continue to increase the number of construction projects going forward. (2) Reduce total waste generation and total carbon emissions. Implement energy-saving plans from the three major aspects of air conditioning systems, lighting, and other electricity consumption, and regularly inspect and replace worn energy-consuming equipment to reduce greenhouse gas emissions. We hope to reduce the proportion of waste generation through improvements in construction methods and through using new	

Promotion item	Implementation status:			Deviations from the Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies and reasons
	Yes	No	Brief description	
			materials and more. (3) In response to global climate change, stable water supply has become a problem to all nations. In order to fulfill our social responsibilities and respond to the global water shortage issue, the Company hopes to take substantial actions and to join global enterprises to collectively deal with the challenges from climate change. We will formulate water-saving plans at construction projects and set up simple water recycling measures to minimize water consumption. (4) Mid- to long-term goals: Taking into account factors such as mid- to long-term business performance growth, we will make good use of various improvement measures, and our mid- to long-term goal is to reduce carbon emissions by 0.1 to 1% in each year.	

<table>
<tr><th rowspan="2">Promotion item</th><th colspan="3">Implementation status:</th><th rowspan="2">Deviations from the Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies and reasons</th></tr>
<tr><th>Yes</th><th>No</th><th>Brief description</th></tr>
<tr><td></td><td></td><td></td><td>4. Statistics on greenhouse gas emissions in the past 2 years:
<table>
<tr><th>Item</th><th>2023</th><th>2022</th></tr>
<tr><td>Scope 1: Direct greenhouse gas emissions (kgCO2e)</td><td>30,112.87</td><td>31,194.70</td></tr>
<tr><td>Scope 2: Indirect greenhouse gas emissions (kgCO2e)</td><td>304,500.32</td><td>308,681.52</td></tr>
<tr><td>Total emissions = Scope 1 + Scope 2 (kgCO2e)</td><td>334,613.19</td><td>339,876.22</td></tr>
<tr><td>Greenhouse gas emission intensity (kgCO2e/number of employees)</td><td>3.2100</td><td>3.5039</td></tr>
</table>
Note:
1. Scope 1 refers to emission sources directly owned or controlled by the Company, including stationary combustion sources, process emissions, mobile combustion sources in transportation, and fugitive</td><td></td></tr>
</table>

Promotion item	Implementation status:			Deviations from the Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies and reasons
	Yes	No	Brief description	
			emission sources. The emission coefficient is calculated based on the latest version of the data (version 6.0.4) announced by the Bureau of Energy, Ministry of Economic Affairs, which uses the data from IPCC Sixth Assessment Report. 2. Scope 2 refers to indirect emissions between energy sources, such as purchase of electricity. 3. Types of greenhouse gas emissions: Carbon dioxide (CO2), methane (CH4), nitrous oxide (N2O). 4. Purchase of electricity refers to the electricity emission coefficient announced by the Bureau of Energy, Ministry of Economic Affairs. The electricity emission coefficient in 2019 and 2021 = 0.509 kgCO2e/kWh; while the electricity emission coefficient in 2020 = 0.502 kgCO2e/kWh. 5. Statistics on water consumption in the	

Promotion item	Implementation status: Yes	No	Brief description	Deviations from the Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies and reasons
			past 2 years:	

Item	2023	2022
Water withdrawal (million liters)	7.642	8.517
Organization-specific measures (number of employees)	99	97
Water density	0.077	0.088

Note: Water withdrawal = water discharge = water consumption
The organization has a fixed measurement unit. In principle, the unit should not change every year. The unit can be filled in with:
I. Product unit.
II. Quantity (e.g.: tons, liters, or hundred watts).
III. Size (e.g.: square meters of floor area).
IV. Number of full-time employees.
V. Monetary unit (revenue or sales).

6. Statistics on waste generation in the

<table>
<tr><th rowspan="2">Promotion item</th><th colspan="3">Implementation status:</th><th rowspan="2">Deviations from the Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies and reasons</th></tr>
<tr><th>Yes</th><th>No</th><th>Brief description</th></tr>
<tr><td></td><td></td><td></td><td>past 2 years:
<table>
<tr><th>Waste composition</th><th rowspan="2">Hazardous/ Non-hazardous</th><th colspan="2">Disposed from site</th></tr>
<tr><th>Item</th><th>Waste generation (tons)</th><th>Treatment method</th></tr>
<tr><td>Waste soil</td><td>Non-hazardous</td><td>(1) 2022 133,749,406
(2) 2023 122,446,581</td><td>Other disposal operations</td></tr>
</table></td><td></td></tr>
<tr><td>IV.Social issues
(I) Does the Company comply with relevant laws and regulations and internationally recognized covenants on human rights, and have related management policies and procedures in place?</td><td>✓</td><td></td><td>The Company abides by relevant labor laws and regulations, protects the legitimate rights and interests of employees, and formulates relevant management policies. The publicity of company policies and the understanding of employees’ opinions are conducted in an open two-way communication method.
The Human Rights Protection Policy was formulated on June 26, 2022 in</td><td>No major discrepancies</td></tr>
</table>

Promotion item	Implementation status:			Deviations from the Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies and reasons
	Yes	No	Brief description	
			accordance with the domestic labor laws such as the Labor Standards Act, Act of Gender Equality in Employment, Occupational Safety and Health Act. The Company recognizes and supports internationally recognized human rights standards such as the United Nations Universal Declaration of Human Rights and International Labor Organization (ILO) Declaration on Fundamental Principles and Rights at Work, and establishes its human rights policy accordingly in order to eliminate violations of human rights and to ensure that the colleagues receive reasonable and dignified treatment. Protect the legal rights and interests of employees and respect internationally recognized basic labor and human rights principles (such as: the rights of persons with disabilities). The Company handles employment, working hours and other labor conditions in accordance with the	

Promotion item	Implementation status:			Deviations from the Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies and reasons
	Yes	No	Brief description	
			Labor Standards Act, the Employment Security Service Law, and the Gender Equality in Employment Act. For instance, the Company has formulated the rules for the management of extended working hours for employees, complaints and disciplinary measures for prevention and treatment of sexual harassment, occupational health and safety management plan, and work rules and more. To ensure that personnel will not be treated differently due to gender, age and other conditions, and to hold labor-management meetings on a quarterly basis in accordance with the law to conduct labor-management consultations to ensure the rights of both parties. Substantial implementation status: The Company promotes sexual harassment prevention education and training to enable employees to	

Promotion item	Implementation status:			Deviations from the Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies and reasons
	Yes	No	Brief description	
			understand how to prevent and respond to sexual harassment in the workplace. It is also included in our promotion of human rights and labor rights-related topics to enhance employees' awareness and attention to the above issues. A total of 32 persons participated in the course in 2023, and training hours cumulatively reached 32 hours. *No complaints related to sexual harassment were received in 2022. *No complaints related to sexual harassment have been received in 2023 and as of the date of publication of this Annual Report.	
(II) Does the Company establish and implement reasonable employee benefits (including remuneration, leave, and other benefits), and ensure business performance or results are reflected adequately in	✓		The Company has an employee welfare committee and formulates complete welfare measures. It handles employee travel, employee health checks, three-section bonuses, and year-end bonuses every year. In order to ensure the living	No major discrepancies

Promotion item	Implementation status:			Deviations from the Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies and reasons
	Yes	No	Brief description	
employee compensation?			and life of employees, there is another "employee preferential house purchase method". The Company also stated in the "Articles of Incorporation" that if the Company makes annual profits, it should allocate 2% to 4% for employee remuneration, etc., and reflect the Company's operating performance results in a timely manner according to the Company's "employee remuneration calculation method".	
(III) Does the Company provide its employees with safe and healthy workplaces, and organize training on safety and health for its employees on a regular basis?	✓		1. The Company inspects the office and construction site working environment from time to time every year, and installs air cleaners, drinking water equipment, etc., and has provided employees with a high-quality and good working environment. 2. The Company regularly arranges employees to conduct health inspections, allowing employees to take preventive and tracking improvement measures based on the	No major discrepancies

Promotion item	Implementation status:			Deviations from the Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies and reasons
	Yes	No	Brief description	
			inspection reports. 3. All public works vehicles are maintained and automatically inspected to ensure the safety of employees in use. 4. The Company's office premises are equipped with general standing medicines and related first-aid equipment. 5. The Company does arrange appropriate security personnel at each construction site according to law, and handles safety and health education and training courses for new employees and general employees. 6. The Company's construction sites are all equipped with safety and hygiene facilities. 7. It is obligatory for staff entering construction sites to wear personal protection equipment (such as helmet and safety belts). 8. Dedicated personnel is stationed on	

Promotion item	Implementation status:			Deviations from the Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies and reasons
	Yes	No	Brief description	
			construction sites to implement labor safety and environmental protection tasks and realize automatic inspection.	
(IV) Does the Company offer its employees effective occupational empowerment training programs?	✓		The Company has long-term plans for the core functions of employees, and each department schedules employee education and training programs every year. The management department integrates and announces, through internal and external training methods, to strengthen the professional capabilities of employees, and has a plan to cultivate employees' company careers. development of.	No major discrepancies
(V) Do the Company's products and services comply with relevant laws and international standards in relation to issues such as customer health and safety, customer privacy, and marketing and labeling of products and services, and are relevant consumer or customer protection and grievance procedure	✓		The Company belongs to the building materials construction industry, and the marketing of products and services follows relevant laws and international standards. In order to protect the privacy of customers, the Company signs a consent form for the use of personal data with customers in accordance with company	No major discrepancies

Promotion item	Implementation status:			Deviations from the Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies and reasons
	Yes	No	Brief description	
policies implemented?			regulations. And formulate and announce consumer appeal procedures and related information on the Company's official website.	
(VI) Does the Company establish supplier management policies, which require suppliers to observe relevant regulations on environmental protection, occupational safety and hygiene, or labor and human rights? If so, describe the implementation results?	✓		The contract between the Company and the contractor contains additional site safety and environmental protection conventions, which clearly stipulate that the contractor shall insure each employee's labor insurance and commercial insurance to protect the basic work-related rights and interests of the workers. All are evaluated. Manufacturers rated as D-level and below 5% in labor safety and environmental protection (10%) can be disqualified and not allowed to undertake various projects of the Company. (1) Actual evaluation items: Labor safety and environmental protection (10%) 1.Whether there is dedicated personnel	No major discrepancies

Promotion item	Implementation status:			Deviations from the Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies and reasons
	Yes	No	Brief description	
			on construction sites to implement labor safety and environmental protection tasks 2.Whether construction sites are clean and organized (including the storage of materials) and whether the passages are clear 3.Whether it is obligatory for staff entering construction sites to wear personal protection equipment (such as helmet and safety belts) 4.Whether automatic inspection is realized on construction sites 5.Whether there have been occupational hazards or environmental protection tickets in construction sites After the procurement department rigorously evaluated the 34 manufacturers in 2022, none of the manufacturers was classified as D-level, and 90% of the manufacturers scored 10% in labor safety and hygiene. (2) Evaluation results:	

Promotion item	Implementation status:			Deviations from the Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies and reasons
	Yes	No	Brief description	
			1.Price inquiry and pricing for engineering contracts were conducted in the order of A-level, B-level and C-level. 2.Manufacturers rated as D-level and below 5% in labor safety and environmental protection (10%) were discontinued. Implementation results in 2023: 1. After the Procurement and Outsourcing Department rigorously evaluated the 34 manufacturers in 2023, results indicated that none of the manufacturers were classified as D-level. 2. All construction sites will provide labor safety and health training to on-site contractors. A total of 14 training sessions were given to cumulatively 210 persons.	
V. Does the company prepare sustainability reports and other reports that disclose non-financial information by following	✓		The Company prepares and issues a Sustainability Report within the prescribed period every year. It aims to disclose performance information and	No major discrepancies

Promotion item	Implementation status:			Deviations from the Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies and reasons
	Yes	No	Brief description	
international reporting standards or guidelines? Does the Company obtain a third-party assurance or verification for such reports?			future plans in the three major aspects of environment, society and governance (ESG), so that all stakeholders can better understand the Company's determination and achievements in actively promoting sustainable development. The content and framework are prepared in accordance with the core options of the GRI Sustainability Reporting Standards, issued by the Global Reporting Initiatives (GRI). The Company has not obtained a third-party assurance or verification for our Sustainability Report.	
VI. If the company has established corporate social responsibility principles based on "Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies", please describe any difference between the principles and their implementation: Discrepancies.				
VII. Other important information to facilitate a better understanding of the company's implementation of sustainable development: (I) Environmental protection The works offices cooperate with the environmental protection bureaus of counties and cities to implement various environmental monitoring and management such as noise control, runoff wastewater pollution				

<table>
<tr><th rowspan="2">Promotion item</th><th colspan="3">Implementation status:</th><th rowspan="2">Deviations from the Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies and reasons</th></tr>
<tr><th>Yes</th><th>No</th><th>Brief description</th></tr>
<tr><td colspan="5">reduction plan, and prevention of air pollution, and spare no effort to implement environmental protection and avoid disturbing neighbors, and minimize the impact on the environment during the construction period. The impact of the actual implementation of the measures is summarized as follows:
(1) Implement environmental monitoring of noise, air pollution and running water to assess and control the impact of construction activities on the surrounding environment.
(2) When construction vehicles leave the work area, they will pass through a car washing station or high-pressure washing equipment to clean the tires and chassis to avoid road pollution.
(3) Remaining land or construction waste shall be handled by qualified professional industrial waste treatment manufacturers, and shall be reported online in accordance with regulations.
(4) A dust-proof net is installed on the outer frame of the construction site and an additional layer is added on the side of the neighboring house to effectively prevent dust from falling on the construction site and avoid affecting the environment.
(II) Social services
Awarded certificates of appreciation by the municipal government or the school for enthusiastically participating in community or academic activities. In addition, the Company made donations to the Shoushan Zoo, KHCPFA, Keelung City Police Bureau, BOK Social Welfare and Charity Foundation, Pingdeng Elementary School of Taichung City, Heping District, Kaohsiung Municipal Library, Hwanshan Catholic Church of the Second Deanery of the Catholic Taichung Diocese, Taichung City Heping District Hwanshan Community Development Association, Kaohsiung City Volunteer Criminal Investigation Corps, and the House of the Little Angels Kaohsiung, etc.
(III) Please refer to " Chapter 5. Business Activities V. Labor Relations" (VI) Corporate Responsibility and Ethical Behavior on page 179.
(IV) Please refer to the "Sustainable Development" section of the Company's website, the link is as follows: https://www.longda.com.tw/csr.php</td></tr>
</table>

Note 1: If implementation status has been checked as “yes”, please explain the important policies, strategies, measures, and execution implemented; if implementation status has been checked as “no”, please Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies and reasons to explain the deviation and reasons, and detail future related policies, strategies, and measures. However, for promotion items 1 and 2, TWSE/TPEx Listed companies shall explain the sustainable governance and supervisory framework, including but not limited to the management guidelines, formulation of strategies and goals, and review measures. In addition, the companies shall explain their risk management policies or strategies on the environmental, social, and corporate governance issues relevant to their business activities as well as the evaluation results.

Note 2: The principle of materiality refers to those who have a significant impact on the Company's investors and other stakeholders in relation to environmental, social, and corporate governance issues.

Climate-Related Information of TWSE/TPEx Listed Company

Implementation status of climate-related information

<table>
<tr><th>Item</th><th>Implementation status:</th></tr>
<tr><td>I. Describe the board of directors' and management's oversight and governance of climate-related risks and opportunities.</td><td>The Board of Directors is the highest governing body on climate issues. It monitors risks and opportunities related to climate change every year and follows up on the achievement of performance objectives.
The Company has set up a Sustainable Development Committee, whose members are comprised of all Independent Directors. It oversees an ESG execution unit responsible for identifying and managing the risks and opportunities related to climate change. The ESG execution unit regularly reports the results of risk and opportunity identification to the Board of Directors and proposes corresponding control measures so that the Board can thoroughly supervise the climate risks and opportunity issues, formulate relevant management policies, and review their implementations. In order to keep abreast of the progress of climate issues, the Chairman regularly holds relevant meetings with the President and Vice Presidents of functional divisions to supervise climate the Company's climate actions in practice.
(Please refer to the Company's Sustainability Report for relevant contents)</td></tr>
<tr><td>II. Describe how the identified climate risks and opportunities affect the business, strategy, and finances of the business (short, medium, and long term).</td><td>
<table>
<tr><th>Short-term (1 to 2 years)</th><th>Medium-term (3 to 5 years)</th><th>Long-term (Over 5 years)</th></tr>
<tr><td>● Risk evaluation and management: Prudently evaluate risks at construction sites and pay attention to possible extreme weather events to formulate response plans.
● Emergency response plans: Formulate response plans, for example: Safety of construction site personnel and asset protection during emergencies such as typhoons and floods.
● Insurance coverage: Make sure the insurance covers losses that may arise from engineering</td><td>● Sustainable building practices: Promote sustainable building practices, provide building projects that meet Green Building standards, and enhance adaptability to climate change.
● Supply chain diversification: Diversify the supply chain of construction materials and equipment to mitigate the impact of climate events in specific regions on material supply.
● Climate risk reports: Provide climate risk reports to</td><td>● Investments in innovations and technology: Invest in climate-friendly building technologies, such as: renewable energy integration and smart building systems to enhance the climate resilience of the building projects.
● Climate risk integration: Integrate climate risk management into long-term strategies to consider the potential impacts of climate change in the future.
● Socially responsible investments: Participate in community and environmental protection projects to enhance the Company's image</td></tr>
</table>
</td></tr>
</table>

<table>
<tr><td></td><td><table><tr><td>losses, equipment damage, and construction delays.</td><td>demonstrate the Company's progress in climate risk management to project owners.</td><td>of being socially responsible, while also supporting local communities to adapt to and mitigate climate change.</td></tr></table>(Please refer to the Company's Sustainability Report for relevant contents)</td></tr>
<tr><td>III. Describe the financial impact of extreme weather events and transformative actions.</td><td>Financial impact of extreme weather events and transformative actions:
1. Direct losses and costs of repair: Extreme weather events can cause damage to buildings, thereby requiring additional repair and restoration costs and causing a short-term financial impact on the Company.
2. Increased insurance cost: Insurance costs may rise, particularly in higher-risk areas, increasing the Company's risk management costs.
3. Project delay cost: Extreme weather could cause project delays, which in turn increases labor and equipment costs.
4. Compliance costs: Compliance with climate-related regulations may require additional financial input to meet local and international standards.
5. Changes in market demand: Increased demand for climate-friendly buildings can present opportunities, but will also require adjustments to the Company's business model and product portfolio.
6. Opportunity costs: Failure to seize the opportunities presented by climate change, for instance, renewable energy and green building projects, may lead to opportunity costs and affect the Company's long-term competitiveness.
The Company should comprehensively consider "operational response strategies" and "the financial impact of extreme weather events" and formulate comprehensive climate change response plans. At the same time, it should also continuously monitor and adjust its strategies to respond to the constantly changing environment. Through climate-friendly practices, the Company can also gain a competitive advantage in the market while making a positive contribution to the society and the environment.
(Please refer to the Company's Sustainability Report for relevant contents)</td></tr>
<tr><td>IV. Describe how climate risk identification, assessment, and management processes are integrated into the overall risk</td><td>1. Integrated into the risk identification process: To ensure the comprehensiveness of project risk management, climate risk identification has been considered an important topic in the Company's risk identification meetings and workshops.
2. Integrated into risk assessment tools: Climate risk assessment has been incorporated into risk assessment tools to obtain professional risk assessment results and to apply them to project risk assessments.
3. Integrated into risk management strategies: Climate risk management strategies are included in the overall risk management strategies to ensure that the Company has a consistent approach to risk management, including risk transfer, risk reduction and risk acceptance strategies.</td></tr>
</table>

<table>
<tr><td>management system.</td><td>4. Monitoring and auditing: A monitoring and audit mechanism has been established to ensure the effective implementation of climate risk management, and to promptly adjust management strategies based on monitoring results.
5. Training and education: The Company provides employees with risk management training in order to emphasize the importance of climate risk management and improve employees' risk awareness and responsiveness.
6. Continuous improvement: Continuously improve the risk management process and make system adjustments and improvements based on actual experience and the changing risk environment.
By integrating climate risk management into the overall risk management system, building and construction companies can more thoroughly respond to the risks posed by climate change while improving the resilience and sustainability of projects.
(Please refer to the Company's Sustainability Report for relevant contents)</td></tr>
<tr><td colspan="2">V. If scenario analysis is used to assess resilience to climate change risks, the scenarios, parameters, assumptions, analysis factors and major financial impacts used should be described: Not applicable.</td></tr>
<tr><td colspan="2">VI. If there is a transition plan for managing climate-related risks, describe the content of the plan, and the indicators and targets used to identify and manage physical risks and transition risks: Not applicable.</td></tr>
<tr><td colspan="2">VII. If internal carbon pricing is used as a planning tool, the basis for setting the price should be stated: Not applicable.</td></tr>
<tr><td colspan="2">VIII. If climate-related goals are set, information such as the activities covered, the scope of greenhouse gas emissions, the planning period, and annual achievement progress should be explained:
1. Short-term goals:
(1) Reduce carbon emissions throughout the supply chain: Use aluminum formwork on standard floors in super high-rise building formwork projects, with a usage ratio of 100%.
(2) To implement the corporate Sustainable Development Goal (SDGs) of carbon reduction and net-zero emissions, we plan to cooperate with Jinyun Technology Co., Ltd. to promote innovative services related to "net-zero buildings". An MOU has been signed in 2024.
2. Mid- to long-term goals: Taking into account factors such as mid- to long-term business performance growth, we will make good use of various improvement measures, and our mid- to long-term goal is to reduce carbon emissions by 0.1 to 1% in each year.
(Please refer to the Company's Sustainability Report for relevant contents)
* If carbon credits or renewable energy certificates (RECs) are used to achieve relevant targets, the source and quantity of carbon credits or RECs to be offset should be specified: Not applicable.</td></tr>
<tr><td colspan="2">IX. Greenhouse gas inventory and assurance, and reduction goals, strategies, and specific action plans (fill in 1-1 and 1-2 separately): Not yet applicable.</td></tr>
</table>

(VI)Implementation of ethical corporate management and measures and departure from Ethical Corporate Management Best Practice Principles for TWSE/TPEx Listed Companies and reasons

Assessment Items	Implementation status			Discrepancy with the Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies and reasons
	Yes	No	Brief description	
I. Establishment of ethical corporate management policy and approaches (I) Has the Company implemented a board-approved business integrity policy and stated in its regulations and external correspondence its business integrity policy and practices, as well as the active commitment of the Board of Directors and management towards enforcement of such policy?	✓		In order to establish a corporate culture of integrity and sound development of the Company, and implement good corporate governance and risk control mechanisms, the Company has formulated the "Ethical Corporate Management Principles" on November 12, 2013 and the second time on March 10, 2021 Revise and submit to the shareholders meeting report.	No major discrepancies
(II) Does the Company have mechanisms in place to assess the risk of unethical conduct and perform regular analysis and assessment of business activities with a higher risk of unethical conduct within the scope	✓		According to the relevant regulations of the Company’s "Ethical Corporate Management Principles", Specifically regulate the matters that directors, executive officers, employees and substantive controllers should pay	No major discrepancies

Assessment Items	Implementation status			Discrepancy with the Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies and reasons
	Yes	No	Brief description	
of business? Does the Company implement programs to prevent unethical conduct based on the above and ensure the programs cover at least the matters described in Paragraph 2, Article 7 of the Ethical Corporate Management Best Practice Principles for TWSE/TPEx Listed Companies?			attention to in the execution of their business, and the content covers the following matters: 1. Providing or Accepting improper gains is prohibited. 2. The provision of political contributions shall be submitted for approval in accordance with the approval authority form and handled in accordance with the law. 3. The provision of legitimate charitable donations or sponsorships shall be submitted for approval in accordance with the approval authority form and handled in accordance with the law. 4. Should be avoided when conflicts of interest arise with the position. 5. The confidential and commercially sensitive information obtained in business shall be kept confidential. 6. It is forbidden to deal with dishonest suppliers and customers. 7. Violators of this code shall be	

Assessment Items	Implementation status			Discrepancy with the Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies and reasons
	Yes	No	Brief description	
			punished in accordance with personnel management regulations. The Company should provide legitimate reporting and appeal channels and keep the identity of the reporter and the contents of the report confidential, and stipulate the punishment for violations in the personnel management regulations. The title and name of the violating person, the date of the violation, details of the violation, and the status of the handling process should be announced immediately within the Company.	
(III)Has the Company established operating procedures, behavioral guidelines, disciplinary actions, and complaint systems against unethical conduct, and are these measures enforced?	✓		The Company has established a Code of Conduct and a code of integrity management, and prohibits bribery, illegal political donation, improper charitable donation or sponsorship, provision or acceptance of the directors, executive officers, employees and the actual control of the Company. Unreasonable gift reception or other improper interests, leakage of the	No major discrepancies

Assessment Items	Implementation status			Discrepancy with the Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies and reasons
	Yes	No	Brief description	
			Company's trade secrets, infringement of intellectual property rights, acts of unfair competition, products and services that harm consumers or other interested parties, and other dishonest acts. Implementation status: 1. No political contributions in 2023. 2. There was 1 litigation case involving a customer in 2023.	
II. Implementation of ethical corporate management (I) Does the Company evaluate credit records of its counterparts and specify good faith terms and conditions in the contracts entered into?	✓		The Company engages in commercial activities in a fair and transparent manner based on the principle of ethical management. Prior to any commercial transactions, the Company shall take into consideration the legality of its agents, suppliers, clients, or other trading counterparties and whether any of them are involved in unethical conduct, and shall avoid any dealings with persons so involved. All contracts signed between the	No major discrepancies

Assessment Items	Implementation status			Discrepancy with the Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies and reasons
	Yes	No	Brief description	
			Company and its agents, suppliers, customers or other business transaction pairs, including the integrity clauses are as follows: 1.When any party knows that someone has received commissions, rebates or other illegitimate benefits, it shall immediately inform the other party according to the facts and provide relevant evidence to cooperate with the other party's investigation. When one party suffers damages as a result, it shall be deducted from the price payable in the contract. 2.If either party is involved in dishonesty in the performance of the contract, the other party may terminate or rescind the contract at any time, and does not need to be liable for damages arising from the termination or termination of the contract.	
(II)Has the Company established a Corporate Integrity Management	✓		The management department of the Company is a part-time unit responsible	No major discrepancies

Assessment Items	Implementation status			Discrepancy with the Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies and reasons
	Yes	No	Brief description	
Unit, which will report to the Board of Directors and regularly (at least once a year) report the status of the prevention of dishonest behavior solution and supervision implementation?			for promoting the integrity of the business. In order to prevent dishonest behaviors, the Company has separately established employee work rules and ethical behavior standards. It checks whether there are any dishonest incidents within the Company from time to time every year, and meets at the executive meeting for discussion. The Company regularly expresses the concept of integrity management in meetings. All supervisors provide education and training to their employees in accordance with the "Ethical Corporate Management Principles" formulated by the Company, and strengthen relevant propaganda at the expanded supervisor meeting every six months, and plan for relevant education training. The Company regularly reports to the Board of Directors on the implementation status, measures adopted and promotion results.	

Assessment Items	Implementation status			Discrepancy with the Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies and reasons
	Yes	No	Brief description	
			Implementation of ethical corporate management in 2023 was reported to the 14th meeting of the 16th Board of Directors on November 8, 2023. As of the date of publication of this Annual Report, no violations of ethics and integrity by Company personnel has been found. Implementation of ethical corporate management: Supplier/ consumers: 1. Promote the Company's Ethical C Management Principles (in accord Article 5 of the Company's Ethical Management Best Practice Princip 2. Suppliers sign a Statement on Sup Integrity (signed by 100% of supp 3. When entrusting an advertising ag market/sale a house: Sign a "Perso Information Protection Declaratio advertising company and promise customer-related personal informa by 100% of advertising companies 4. When signing the "Real Estate Sal	

Assessment Items	Implementation status			Discrepancy with the Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies and reasons
	Yes	No	Brief description	
			Purchase Agreement" with the customers, a "Notification and Consent Form for the Collection, Processing and Utilization of Personal Data" is added to the agreement to inform the customers of the protection of their personal data (signed by 100% of customers).	
			Managers/ employees: Employees sign a Statement on Employee Integrity upon joining the Company. Notice and Consent Form on the Collection, Processing and Utilization of Personal Information of Current Employees" (signed by 100% of employees) Directors and senior managers sign a Declaration to Ethical Corporate Management. (100%)	
			Training and education: "Code of Conduct" and "Ethical Corporate Management Best Practice Principles" 1. Gave new employee training to 4 persons, totaling 4 hours. 2. The annual one-hour training was given to all 97 employees. 3. Internal and external education and training related to ethical management issues (including courses related to ethical	

Assessment Items	Implementation status			Discrepancy with the Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies and reasons
	Yes	No	Brief description	
			management regulations and compliance, accounting systems, and internal control) was organized for 15 persons and a total of 89 hours. Advocacy sessions: 1. Promote integrity and confidentiality obligations to employees through videos. 2. Disseminated "Longda Personal Data Protection Management Measures" to employees on July 3, 2023 to strengthen their cautious attitude in handling and using personal information. 3. Reporting System - Dedicated email for handling reports and complaints: External longda@longda.com.tw 內部audit@longda.com.tw	
(III) Does the Company have policies that help prevent against conflict of interests and appropriate channels for filing related complaints in place and precisely enforce them?	✓		According to the Company's "Ethical Corporate Management Best Practice", the Company's director shall uphold a high level of discipline and state the important aspects of the relationship of interest at the given board meeting. If his or her participation is likely to prejudice	No major discrepancies

Assessment Items	Implementation status			Discrepancy with the Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies and reasons
	Yes	No	Brief description	
			the interest of the Company, the concerned person may not participate in discussion of or voting on the proposal and shall recuse himself or herself from the discussion or the voting, and may not exercise voting rights as proxy for another director. In addition, in accordance with the Company's "Code of Ethics", company directors and managers, etc., in order to prevent conflicts of interest should be handled in the following ways: 1. When personal interests intervene or may intervene in the overall interests of the Company, conflicts of interest arise and should be avoided. For example, when company directors, independent directors or managers are unable to handle official duties in an objective and efficient manner due to specific transactions. 2. The person shall recuse themselves if they, their spouse, and relatives within	

Assessment Items	Implementation status			Discrepancy with the Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies and reasons
	Yes	No	Brief description	
			the second degree of kinship obtain illegal gains based on the position held by the person in the Company. 3. The related enterprises to which the above-mentioned personnel belong and the Company have fund loans or provide guarantees, major asset transactions, and purchases (sales) of goods shall still be handled in accordance with the Company's internal control system. If necessary, the director or manager involved in the relevant transaction should be asked to take the initiative to provide a written statement on whether there is a potential conflict of interest with the Company. The Company's meetings and internal communication channels are smooth and can be reached directly or through official documents.	
(IV) Does the Company have effective accounting and internal control	✓		To ensure honesty in management practices as well as establish a sound	No major discrepancies

Assessment Items	Implementation status			Discrepancy with the Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies and reasons
	Yes	No	Brief description	
systems in place to uphold business integrity? Does the internal audit unit follow the results of risk evaluations for unethical behavior and devise plans to audit the systems accordingly to prevent unethical conduct, or hire accountants to conduct the audits?			accounting system and internal controls, internal auditors regularly review all business activities and report their findings to the Board.	
(V) Does the Company organize internal and external educational trainings periodically to help enforce honest operations?	✓		The Company regularly expresses the concept of integrity management in meetings. All supervisors provide education and training to their employees in accordance with the "Ethical Corporate Management Principles" formulated by the Company, and strengthen relevant propaganda at the expanded supervisor meeting every six months, and plan for relevant education training. Implementation status for 2023: Training and education: "Code of Conduct" and "Ethical Corporate Management Best Practice Principles" 1. Gave new employee training to 4 persons, totaling 4 hours. 2. The annual one-hour training was	No major discrepancies

Assessment Items	Implementation status			Discrepancy with the Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies and reasons
	Yes	No	Brief description	
			given to all 97 employees. 3. Internal and external education and training related to ethical management issues (including courses related to ethical management regulations and compliance, accounting systems, and internal control) was organized for 15 persons and a total of 89 hours.	
			Advocacy sessions: 1. Promote integrity and confidentiality obligations to employees through videos. 2. Disseminated "Longda Personal Data Protection Management Measures" to employees on July 3, 2023 to strengthen their cautious attitude in handling and using personal information. Reporting System—Dedicated email for handling reports and complaints: audit@longda.com.tw	
III.Implementation status of the Company's reporting system				

Assessment Items	Implementation status			Discrepancy with the Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies and reasons
	Yes	No	Brief description	
(I) Does the Company have a substantial reporting and reward system as well as a convenient reporting channel in place with appropriate personnel to be assigned to assist the party being reported on?	✓		1. If any Company personnel discovers any violation of the ethical management procedures, they must immediately report to the head of the Management Department. 2. The company combines ethical management with employee performance evaluation and our HR policies. If a Company personnel's violation of the ethical management procedures is severe, punitive actions will be taken in accordance with relevant laws and regulations or in accordance with the Company's Work Rules. The Company has established and announced a reporting mailbox and dedicated hotline on the Company's website for use by internal and external personnel. Whistleblower reporting mailbox: audit@longda.com.tw	No major discrepancies
(II) Has the Company established standard operating procedures for	✓		When the Company's personnel discovers a violation of the Ethical	No major discrepancies

Assessment Items	Implementation status			Discrepancy with the Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies and reasons
	Yes	No	Brief description	
investigating and processing reports, as well as follow-up actions and relevant post-investigation confidentiality measures?			Corporate Management Best Practice Principles, they must take the initiative to report it to their supervisor. The Company will keep the identity of the whistleblower and the content of the report confidential, and will handle the matter in accordance with the investigation standard procedures of the "Ethical Corporate Management Operating Procedures and Code of Conduct", and is committed to ensuring that the whistleblower shall not be improperly dealt with due to the reported incident.	
(III)Does the Company adopt measures to prevent reporters from improper treatment for filing the report?	✓		The Company has adopted measures to prevent reporters from improper treatment for filing the report, and is committed to ensuring that the whistleblower shall not be improperly dealt with due to the reported incident. No relevant illegal reports were received in 2023.	No major discrepancies
IV.Improving Information Disclosure				

Assessment Items	Implementation status			Discrepancy with the Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies and reasons
	Yes	No	Brief description	
(I) Has the Company disclosed its integrity principles and progress onto its website and MOPS?	✓		The Company has disclosed relevant information on its website and public information observatory.	No major discrepancies
V. If the Company has established Ethical Corporate Management Principles in accordance with "Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies", please describe any discrepancy between the principles and their implementation: At this stage, the Company conducts regular inventory and maintenance of the norms and management measures of the Ethical Corporate Management Best Practice Principles to ensure that the relevant practices fully cover the scope regulated by the Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies and do not violate the spirit of the principles. Relevant operations implemented in accordance with the Principles and no major discrepancies exist.				
VI. Other key information useful for explaining status of ethical management practices: (Such as the Company reviews and revises its ethical business codes, etc.) (I) The Company shall comply with the Company Act, Securities and Exchange Act, Business Entity Accounting Act, TWSE/GTSM listing rules, or other related laws or regulations, as the underlying basic premise to facilitate ethical corporate management. (II) The Company has formulated conflicts of interest avoidance practices for directors in the Board of Directors Meeting Rules. A director may offer his opinion and answer related questions but is prohibited from participating in discussion of or voting on any proposal of a board of director's meeting where the director or any institution that the director represents is an interested party, and such participation is likely to prejudice the interests of the Company; neither shall a director vote on such proposal as proxy for any other director in such circumstances. (III) The Company's house construction and sales business has obtained the Integrity Construction trademark				

Assessment Items	Implementation status			Discrepancy with the Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies and reasons
	Yes	No	Brief description	
seal and is committed to perfect after-sales service. (IV) When personnel at all levels of the Company perform related businesses in accordance with their duties, they are required to promote to the manufacturer, and must not engage in acts that violate integrity, illegality, or breach of fiduciary obligations, and explain to the manufacturer that the Company strictly requires personnel at all levels not to directly or indirectly request or accept Any illegitimate interests to show the Company's determination to operate in good faith. (V) The Company upholds the highest governance standards, actively promotes operational transparency, and adheres to the principle of safeguarding the rights and interests of stakeholders (shareholders, customers, suppliers, employees, government agencies, non-profit organizations, communities, and the press and media). For partners and affiliates, the Company has established regular advocacy sessions on ethical corporate management to jointly safeguard our corporate reputation and pursue sustainable operations.				

VII. If the Company has established corporate governance principles and related guidelines, the means of accessing this information should be disclosed:

The Company formulates relevant regulations and measures in accordance with the Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies, which are disclosed on the Public Information Observatory (http: //mops.twse.com.tw), and the Company’s website (http: //www.longda.com.tw).

VIII. Other significant information that may improve the understanding of the Company’s governance and operation: In order to strengthen corporate governance, the Company has separately formulated the Conduct of Conduct, Procedures for Handling Material Inside Information, and Procedures for Preventing Insider

Trading, etc., and continues to implement relevant corporate governance standards to protect the rights and interests of stakeholders.

(IX) Status of implementation of internal control system

1.Statement of Declaration on Internal Control System

Long Da Construction & Development Corporation
Statement of Declaration on Internal Control System

Date: March 11, 2024

The Company's internal control system for 2023, based on the results of self-assessment, is hereby declared as follows:

I. The Company acknowledges and understands that the establishment, implementation and maintenance of the internal control system are the responsibility of the Board and managerial officers, and that the Company has already established such a system. The purpose is to provide reasonable assurance to the effectiveness and efficiency of business operations (including profitability, performance and security of assets), reliability, timeliness, and transparency of reporting and compliance with relevant regulatory requirements.

II. There are inherent limitations to even the most well designed internal control system. As such, an effective internal control system can only reasonably ensure the achievement of the aforementioned goals. Moreover, due to changes in the environment and circumstances, the effectiveness of the internal control system may change accordingly. The internal control system of the Company features a self-monitoring mechanism. Once identified, any deficiency will be rectified immediately.

III. The Company determines the effectiveness of the internal control system in design and implementation in accordance with the "Regulations Governing Establishment of Internal Control Systems by Public Companies" (hereinafter referred to as "the Regulations"). The Regulations are instituted for judging the effectiveness of the design and implementation of the internal control system. There are five components of effective internal control as specified in the Regulations with which the procedure for effective internal control is measured, namely: (1) Control environment; (2) Risk assessment; (3) Control activities; (4) Information and communications; and (5) Monitoring activities. Each of the elements in turn contains certain audit items. Refer to the Regulations for details.

IV. The Company has adopted the aforementioned internal control system for an internal audit on the effectiveness of the design and enforcement of the internal control system.

V. Based on the aforementioned audit findings, the Company holds that it has reasonably preserved the achievement of the aforementioned with the internal control system as of December 31, 2023 (including the monitoring over the subsidiaries), including the effectiveness and efficiency in operation, reliability in financial reporting and compliance with relevant regulatory requirements, and that the design and enforcement of internal control are effective, reasonably ensuring the achievement of the aforementioned goals.

VI. This statement shall form an integral part of the annual report and prospectus of the Company and will be publicly announced. Any illegal misrepresentation or omission relating to the public statement above is subject to the legal consequences under Articles 20, 32, 171, and 174 of the Securities and Exchange Act.

VII. This statement of declaration was approved by the Board on March 11, 2024 in the presence of 7 directors, who concurred unanimously.

Long Da Construction & Development Corporation

Chairman of the Board: Chen, Wu-Tsung

President: Hung, Mao-Yuan

2. Company which consigns accountants to audit its internal control system shall disclose the examination report by accountants: None.

(X) Penalty on the Company and its personnel, punishment imposed by the Company on personnel in violation of internal control system regulations, major deficiencies and improvement in the most recent year and during the current fiscal year up to the date of publication of the annual report: None.

1. The Company and its internal personnel were punished in accordance with the law: None.
2. Punishment imposed by the Company on personnel in violation of internal control system regulations, major deficiencies and improvement: None.

(XI) Important resolutions of the Shareholders Meeting and the Board of Directors this year and up to the printing date of the annual report

1.Important Resolutions of the Shareholders' Meeting

The Company's 2023 shareholders meeting was held on June 14, 2023. The shareholders' resolutions and implementation status at the meeting were as follows:

(1)Amendments to some provisions of the "Rules of Procedure of Shareholders' Meetings"

Implementation status: At the time of the vote, the voting ratio was 96.42%, and the resolution was passed. It was announced on the Company's website on June 14, 2023 and was handled in accordance with the revised procedures.

(2)2023 Business Report and Financial Report

Implementation status: At the time of the vote, the voting ratio was 96.32%, and the resolution was passed.

2.Key resolutions passed in board meetings: Details on the operation of the Board of Directors on pages 24 to 30.

(XII) Main content of recorded or written opinions from directors or supervisors on passed important resolutions by the Board of Directors (including independent directors) in the most recent year and during the current fiscal year up to the date of publication of the annual report: None.

(XIII) Resignation and dismissal of Company chairman, president, chief accounting manager, chief internal auditor and chief R&D officer in the most recent year and during the current fiscal year up to the date of publication of the annual report: On June 30, 2023, the Company's Financial Officer, Vice President Feng, Shu-Ching has retired.

Note: This refers to the Company's chairman, president, accounting manager, financial manager, chief internal auditor, and corporate governance officer.

(XIV) Major purchase and sale transactions and asset acquisition or disposal transactions with related parties: 2023: None.

V. Information of Fees to CPA

Unit: NT$ thousand

Name of accounting firm	Name of accountant	Accountant's duration of audit	Audit fee	Non-audit fee	Total	Note
Ernst & Young	Fang-Wen Lee Calvin Chen	January 2023 to December 2023	2,860	50	2,910	-

VI. Information on Accountant Change: There was no change of accountants in 2023.

VII. The Company's Chairman, President, Managerial Officers in charge of finance or accounting who have served in the CPA firm or its affiliated companies in the most recent year: None.

VIII.Equity transfer or changes to equity pledge of directors, managerial officers, and shareholders holding more than 10% of company shares during the year prior to the publication date of this report

(I) Changes in Shareholding of Directors, Supervisors, Presidents and Major Shareholders

Title	Name	2023		Up to March 31 of this year	
		Increase (decrease) in shares held	Increase (decrease) in pledged shares	Increase (decrease) in shares held	Increase (decrease) in pledged shares
Chairman	Chen, Wu-Tsung	1,200,000	0	210,000	0
Vice Chairman	Chen, Youqi	99,000	0	(30,000)	0
Director	Da Jin Investment Co. Ltd.	(5,800,000)	(14,000,000)	0	0
	Designated representative: Guo, Hanlong	0	0	0	0
Director	Yikung Investment Co., Ltd.	0	(2,000,000)	0	0
	Designated representative: Lin, Zhefeng	0	0	0	0
Independent Director	Lin, Xiangkai	0	0	0	0
Independent Director	Jiang, Yongzheng	0	0	0	0
Independent Director	Chen, Jinde	0	0	0	0
President	Hung, Mao-Yuan	0	0	0	0
Vice President	Chen, Junyuan	0	0	0	0
Vice President	Feng, Shu-Ching (Note 2)	0	0	0	0
Vice President	Xie, Yingxian	0	0	0	0
Vice President	Wu, Yuwen	0	0	0	0
Assistant Vice President	Feng, Huizhong	(8,000)	0	0	0
Assistant Vice President	Su, Bingan	0	0	0	0
Assistant Vice President	Wu, Yubin	1,000	0	(10,000)	0
Assistant Vice President	Kuo, Hsiu-Hsiang (Note 1)	0	0	0	0

Note 1: Kuo, Hsiu-Hsiang was promoted to Assistant Vice President on March 1, 2023.

Note 2: Vice President Feng, Shu-Ching retired on June 30, 2023.

(II) Equity transfer and pledge information: Not applicable (the counterparties of equity transfer and equity pledge are not related parties).

IX. Information disclosing the relationship between any of the top ten shareholders

April 2, 2024

Name (Note 1)	Shares Held by the Person		Shares Held by Spouse & Minors		Total Shares Held by Nominee Arrangement		Title and Relationships of Top 10 Shareholders with Relationships, Spousal Relationships, or Kinship within the Second Degree (Note 3)		Note
	Shares	Shareholding ratio (%)	Shares	Shareholding ratio (%)	Shares	Shareholding ratio%	Title (or name)	Relationship	
Da Jin Investment Co. Ltd. Representative: Chen, Wu-Tsung	41,776,907	19.06	Not applicable	Not applicable	0	0	Hong Ji Construction Hsu, Mingyi	Same as the Representative Representative's spouse	None
Da Hong Investment Co. Ltd. Representative: Lai, Mei	20,700,000	9.44	Not applicable	Not applicable	0	0	None	None	None
Xin Wang Investment Co. Ltd. Representative: Hong, Yijing	8,320,000	3.80	Not applicable	Not applicable	0	0	You Li Investment Xinwei Investment	Representative: sisters	None
Yikung Construction Co., Ltd. Representative: Lin, Weiqi	7,257,621	3.31	Not applicable	Not applicable	0	0	Yikung Investment	Same as the Representative	None
Hsu, Mingyi	6,628,321	3.02	2,434,407	1.11	0	0	Da Jin Investment Hong Ji Construction Chen, Wu-Tsung	Representative's spouse Spouse	None
You Li Investment Co., Ltd. Representative: Hong, Yihua	3,810,000	1.74	Not applicable	Not applicable	0	0	Xin Wang Investment Xinwei Investment	Representative: sisters	None
Hong Ji Construction Co., Ltd. Representative: Chen, Wu-Tsung	3,764,201	1.72	Not applicable	Not applicable	0	0	Da Jin Investment Hsu, Mingyi	Same as the Representative Representative's spouse	None
Yikung Investment Co., Ltd. Representative: Lin, Weiqi	2,450,617	1.12	Not applicable	Not applicable	0	0	Yikung Construction	Same as the Representative	None
Chen, Wu-Tsung	2,434,407	1.11	6,628,321	3.02	0	0	Da Jin Investment Hong Ji Construction Hsu, Mingyi	Same as the Representative Spouse	None
Xin Wei Investment Co. Ltd. Representative: Hong, Yiru	2,400,000	1.09	Not applicable	Not applicable	0	0	Xin Wang Investment You Li Investment	Representative: sisters	None

Note 1: The top ten shareholders shall all be listed. For corporate shareholders, the shareholders' names and the representatives' names shall both be listed.
Note 2: The calculation of shareholding ratio refers to the separate calculation of shareholding ratio under one's own name, the spouses' name, the underage children's name or a third party's name. Rounded to the second decimal place.
Note 3: The relationships for the above-listed shareholders, including corporate shareholders and natural persons shall be disclosed in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers.

X. The Shareholding of the Company, Director, Supervisor, President and the Business that is Controlled by the Company Directly or Indirectly on the Invested Company

March 31, 2024, Unit: Shares %

Reinvested entities	Investment by the Company		Investments by directors, supervisors, presidents and directly or indirectly controlled enterprises		Total investment	
	Shares	Shareholding ratio%	Shares	Shareholding ratio%	Shares	Shareholding ratio%
Phoenix Co., Ltd.	1,800	100%	0	0	1,800	100%

Chapter 4.Status of capital raising

I. Capital & Shares

(I) Source of capital

1.Equity formation process

Unit: Thousand shares; NT$ thousand

Month/ Year	Value per share (NT$)	Authorized capital		Paid-in Shares		Note	
		Shares	Amount	Shares	Amount	Source of capital	Effective document number
1982.04	10	900	9,000	900	9,000	Cash 9,000	
1991.11	10	2,800	28,000	2,800	28,000	Cash 19,000	
1993.04	10	5,000	50,000	5,000	50,000	Cash 22,000	
1997.10	10	30,000	300,000	17,000	170,000	Cash 100,000 Earnings 20,000	
1998.05	10	30,000	300,000	20,000	200,000	Earnings 30,000	(87) Tai-Cai Certificate (I) No. 32922 dated April 27, 1998
1999.07	10	30,000	300,000	23,600	236,000	Earnings 30,000 Capital surplus 6,000	(88) Tai-Cai Certificate (I) No. 61435 dated July 6, 1999
2000.07	10	30,000	300,000	27,140	271,400	Earnings 35,400	(89) Tai-Cai Certificate (I) No. 49935 dated June 9, 2000
2001.10	10	30,000	300,000	28,497	284,970	Earnings 13,570	(90) Tai-Cai Certificate (I) No. 144257 dated July 10, 2001
2002.11	10	30,000	300,000	29,247	292,470	Earnings 7,500	Tai-Cai Certificate I No. 0910139827 dated July 17, 2002
2003.11	10	30,000	300,000	29,539.47	295,394.7	Earnings 2,924.7	Tai-Cai Certificate I No. 0920132493 dated July 21, 2003
2005.07	10	32,500	325,000	32,500	325,000	Earnings 29,605.3	Tai-Cai Certificate I No. 0940130725 dated July 28, 2005

Month/ Year	Value per share (NT$)	Authorized capital		Paid-in Shares		Note	
		Shares	Amount	Shares	Amount	Source of capital	Effective document number
2006.07	10	42,500	425,000	42,500	425,000	Earnings 100,000	FSC Certificate I No. 0950131361 dated July 19, 2006
2007.07	10	51,000	510,000	51,000	510,000	Earnings 85,000	FSC Certificate I No. 0960036717 dated July 16, 2007
2008.06	10	120,000	1,200,000	61,000	610,000	Earnings 100,000	FSC Certificate I No. 097002914 dated June 4, 2008
2009.08	10	120,000	1,200,000	65,880	658,800	Earnings 48,800	FSC Certificate No. 0980039654 dated August 10, 2009
2010.07	10	120,000	1,200,000	70,000	700,000	Earnings 41,200	FSC Certificate No. 0990037979 dated July 21, 2010
2011.7	10	120,000	1,200,000	88,800	888,000	Earnings 188,000	FSC Certificate No. 1000034653 dated July 26, 2011
2012.8	10	160,000	1,600,000	120,000	1,200,000	Earnings 312,000	FSC Certificate No. 1010035963 dated August 15, 2012
2013.7	10	160,000	1,600,000	150,000	1,500,000	Earnings 300,000	FSC Certificate No. 1020026619 dated July 9, 2013
2014.7	10	300,000	3,000,000	172,500	1,725,000	Earnings 225,000	FSC Certificate No. 1030026389 dated July 11, 2014
2015.10	10	300,000	3,000,000	183,000	1,830,000	Earnings 105,000	FSC Certificate No. 1040027196 dated July 20, 2015
2016.02	10	300,000	3,000,000	183,063	1,830,634	Converted corporate bond 634	Jing-Shou-Shang-Zi No. 10501026290 dated February 4, 2016

Month/ Year	Value per share (NT$)	Authorized capital		Paid-in Shares		Note	
		Shares	Amount	Shares	Amount	Source of capital	Effective document number
2018.08	10	300,000	3,000,000	184,221	1,842,212	Converted corporate bond 11,578	Jing-Shou-Shang-Zi No. 10701092650 dated August 16, 2018
2019.02	10	300,000	3,000,000	186,419	1,864,187	Converted corporate bond 2,197	Jing-Shou-Shang-Zi No. 10801014620 dated February 21, 2019
2019.05	10	300,000	3,000,000	194,408	1,944,080	Converted corporate bond 7,989	Jing-Shou-Shang-Zi No. 10801061370 dated May 29, 2019
2019.09	10	300,000	3,000,000	203,758	2,037,584	Converted corporate bond 9,350	Jing-Shou-Shang-Zi No. 10801123910 dated September 12, 2019
2019.12	10	300,000	3,000,000	208,905	2,089,050	Converted corporate bond 5,146	Jing-Shou-Shang-Zi No. 10801178590 dated December 12, 2019
2020.04	10	300,000	3,000,000	219,197	2,191,972	Converted corporate bond 10,292	Jing-Shou-Shang-Zi No. 10901060990 dated April 23, 2020

2.Shareholding type

Shareholding type	Authorized capital			Note
	Shares issued and outstanding	Un-issued shares Total	Total	
Common shares	219,197,180 shares	80,802,820 shares	300,000,000 shares	Listed stocks

(II) Shareholder structure

April 2, 2024

Shareholder structure / Quantity	Governmental agencies	Financial institutions	Other legal entities	Individuals	Foreign institutions and foreigners	Total
Number of shareholders	0	5	46	14,595	65	14,711
Number of Shares	0	189,288	96,028,097	107,550,681	15,429,114	219,197,180
Shareholding ratio%	0	0.09	43.81	49.07	7.03	100.00

(III) Shareholding Distribution Status

April 2, 2024

Class of shareholding	No. of shareholders	Number of Shares	Shareholding ratio%
1 to 999	3,294	573,707	0.26
1,000 to 5000	8,693	17,570,339	8.02
5,001 to 10,000	1,339	10,604,141	4.84
10,001 to 15,000	402	5,092,541	2.32
15,001 to 20,000	270	5,025,248	2.29
20,001 to 30,000	241	6,049,768	2.76
30,001 to 40,000	118	4,218,269	1.92
40,001 to 50,000	69	3,146,361	1.44
50,001 to 100,000	122	8,314,947	3.79
100,001 to 200,000	71	9,956,595	4.54
200,001 to 400,000	36	10,613,188	4.84
400,001 to 600,000	17	8,513,749	3.88
600,001 to 800,000	12	8,367,941	3.82
800,001 to 1,000,000	4	3,368,476	1.54
1,000,001 or above	23	117,781,910	53.74
Total	14,711	219,197,180	100.00

(IV) List of major shareholders (5% or above)

Date: April 2, 2024

Name of major shareholder \ Shareholding	Number of Shares	Shareholding ratio (%)
Da Jin Investment Co. Ltd.	41,776,907	19.06
Da Hong Inv Co. Ltd.	20,700,000	9.44
Xin Wang Investment Co. Ltd.	8,320,000	3.8
Yikung Construction Co., Ltd.	7,257,621	3.31
Hsu, Mingyi	6,628,321	3.02
You Li Investment Co., Ltd.	3,810,000	1.74
Hong Ji Construction Co., Ltd.	3,764,201	1.72
Yikung Investment Co., Ltd.	2,450,617	1.12
Chen, Wu-Tsung	2,434,407	1.11
Xinwei Investment Co., Ltd.	2,400,000	1.09
Total	99,542,074	45.41

Note: Those with more than 5% are less than 10 shareholders, so the top ten shareholders by equity ratio should be disclosed.

(V) Share prices for the past two fiscal years, together with the Company's net worth per share, earnings per share, dividends per share, and related information

Item		Year	2022	2023	Up to March 31 of this year
Market price per share	Highest		25.35	32.50	41.00
	Lowest		20.35	21.80	28.15
	Average		22.30	24.59	35.19
Net worth per share	Before distribution		23.11	24.69	-
	After distribution (Note 1)		21.01	22.49	-
Earnings per share	Weighted average shares		219,197,180	219,197,180	-
	Earnings per share		4.13	3.69	-
Dividend per share	Cash dividends		2.1	2.2	-
	Stock dividend	Earnings	0	0	-
		Additional paid-in capital (APIC)	0	0	-
	Accumulated undistributed dividends		0	0	-
Return on investment	Price-to-earning ratio		5.40	6.66	-
	Price-dividend ratio		10.62	11.18	-
	Cash dividend yield rate		9.42	8.95	-

Note 1: The number of issued shares at the end of the year shall be used and shall be listed according to the resolution of the Board of Directors or the shareholders meeting related to distribution in the following year.

Note 2: Price-earnings (P/E) ratio = Average market price / Earnings per share

Note 3: Price-dividend (P/D) ratio = Average market price / Cash dividends per share

Note 4: Cash dividend yield rate = Cash dividend per share / Average market price

(VI) Company's Dividend Policy and Implementation

1.Dividend policy of the Company

The Company is engaged in comprehensive construction activities and develops leasing and sales of houses and buildings. In order to maintain the funds required for diversified operations and appropriately expanding the scale and enhancing the competitiveness needed for sustainable development, it is advisable to adopt flexible distribution rates and flexible cash distribution rates. The distributable surplus of the current year shall be allocated as not less than 5% of the total dividends. The distribution of surplus shall be given priority to cash dividends, and may also be distributed in the form of stock dividends. The cash dividends shall not be less than 10% of the total dividends. However, if the total dividend per share is less than or equal to NT$0.5 per share, based on economic principles, it may consist of only stock dividends, only cash dividends or distribution can be reserved.

2.Current year dividend distribution proposal to the shareholders' meeting

On March 11, 2024, the Board of Directors resolved the stock dividend for 2023. NT$2.2 will be paid in cash for each share. The matter will reported to the shareholders' meeting on May 31, 2024.

(VII) Implementation of the resolutions of the shareholders meeting

The Company's general meeting of shareholders on June 14, 2023 passed and implemented the following matters:

1. The Company's 2022 business report.
2. The Audit Committee's review report on the Company's statements for 2022.
3. Distribution of employee remunerations and director remunerations in 2022.
   (1) Employee remunerations 4%: NT$45,227,702, distributed in cash.

(2) Director remunerations 4%: NT$45,227,702, distributed in cash.

4. Report on distribution of cash dividends for 2022.
5. Report on the amendment to the "Rule and Procedure of Board of Directors Meeting".
6. 2022 Business report, financial statements and earnings distribution.

   Implementation status: The Company's 2022 surplus was allocated with a cash dividend of NT$2.1. The ex-dividend base date was Judy 19, 2023, and the dividend was paid on August 10, 2023.
7. Passed the proposal to amend some provisions of the Company's Rules of Procedure for Shareholders' Meetings.

   Implementation status: Handled according to the revised procedures.

(VIII) Effect of free-gratis dividend proposed in the current shareholders' meeting on Company's business performance and earnings per share: Not applicable.

(IX) Employees' remuneration and directors' remuneration

1. Percentages or ranges of remunerations for employees and directors under the Articles of Incorporation

   If the Company makes a profit during the year, it should first make up for its losses. If there are still surplus earnings, it should allocate 2% to 4% for employee remuneration and no more than 4% for directors' remuneration.
2. Basis for estimating the amount of remuneration of employees and directors, basis for calculating the number of shares to be distributed as employee remuneration, and the accounting treatment of the discrepancy, if any, between the actual distributed amount and the estimated amount, for the current period: Not applicable.
3. Remuneration proposals passed by the Board of Directors

   The Board of Directors of the Company passed the proposal on

March 11, 2024, and the relevant employee compensation and director compensation are as follows:

(1)Distribution of employees' remuneration and directors' remuneration

Unit: NT$

Employee remuneration		Director remuneration
Cash	Stocks	
42,426,098	0	42,426,098

(2)The proposed distribution of employee stock remuneration amount and its proportion to the total net profit after tax and total employee remuneration for the current period: Not applicable.

(3)Calculated earnings per share after considering allotment of employee remuneration and directors' remuneration: Not applicable.

4.Discrepancies, if any, between actual distribution of employee and Directors remuneration (including the number of shares distributed, amount and stock price) and the recognized remuneration of employees and Directors and disclosure of the differences, reasons and responses:

Unit: NT$

Item	Employee remuneration		Director remuneration
	Cash	Stocks	
Amount	45,227,702	0	45,227,702
Description	There is no difference between the number drawn on the account and the proposed allotment amount approved by the Board of Directors		

(X) Buyback of the Company's stock: None.

II.The handling of corporate bonds (including overseas corporate bonds):

(I) secured ordinary corporate bonds

1. Long Da Construction & Development Corporation first secured ordinary corporate bonds issuance in 2021

<table>
<tr><th colspan="2">Item</th><th>P11 Long-Da 1
(Bond Code: B85702)</th></tr>
<tr><td colspan="2">Date of issuance (processing)</td><td>January 12, 2022</td></tr>
<tr><td colspan="2">Face value of issuance</td><td>NT$1 million</td></tr>
<tr><td colspan="2">Place of issuance and trading (Note 2)</td><td>Not applicable</td></tr>
<tr><td colspan="2">Price of issuance</td><td>Issued in full according to face value</td></tr>
<tr><td colspan="2">Total amount</td><td>NT$499 million</td></tr>
<tr><td colspan="2">Interest rate</td><td>Fixed annual interest rate of 0.68%</td></tr>
<tr><td colspan="2">Term</td><td>5 years Maturity date: January 12, 2027</td></tr>
<tr><td colspan="2">Guarantee institution</td><td>Mega International Commercial Bank Co., Ltd.</td></tr>
<tr><td colspan="2">Trustee</td><td>Taipei Fubon Commercial Bank Co., Ltd.</td></tr>
<tr><td colspan="2">Underwriting institution</td><td>Taiwan Cooperative Securities Co. Ltd.</td></tr>
<tr><td colspan="2">Certifying attorney</td><td>Far East Law Offices
Attorney Ya-wen Chiu</td></tr>
<tr><td colspan="2">Certified accountants</td><td>Ernst & Young
CPA Calvin Chen</td></tr>
<tr><td colspan="2">Repayment method</td><td>One-time repayment on maturity</td></tr>
<tr><td colspan="2">Outstanding principal</td><td>NT$499 million</td></tr>
<tr><td colspan="2">Terms of redemption or early repayment</td><td>Not applicable</td></tr>
<tr><td colspan="2">Restrictive clauses (Note 3)</td><td>None</td></tr>
<tr><td colspan="2">The credit rating institution's name, date of rating, and corporate bond rating results</td><td>Not applicable</td></tr>
<tr><td rowspan="2">Other rights attached</td><td>Amount converted to ordinary (exchange or subscription) shares, global depository receipts, or other marketable securities as of the date of this annual report</td><td>Not applicable</td></tr>
<tr><td>Issuance and conversion (exchange or subscription) method</td><td>Not applicable</td></tr>
<tr><td colspan="2">Issuance and conversion, exchange or subscription methods, and the condition of issuance that may dilute share equity and affect equity rights for the existing shareholders</td><td>Not applicable</td></tr>
<tr><td colspan="2">Name of the commissioned custodian institution for the exchange bid</td><td>None</td></tr>
</table>

2.Long Da Construction & Development Corporation first secured ordinary corporate bonds issuance in 2023

<table>
<tr><th colspan="2">Item</th><th>P12 Long-Da 1
(Bond Code: B85703)</th></tr>
<tr><td colspan="2">Date of issuance (processing)</td><td>August 30, 2023</td></tr>
<tr><td colspan="2">Face value of issuance</td><td>NT$1 million</td></tr>
<tr><td colspan="2">Place of issuance and trading (Note 2)</td><td>Not applicable</td></tr>
<tr><td colspan="2">Price of issuance</td><td>Issued in full according to face value</td></tr>
<tr><td colspan="2">Total amount</td><td>NT$800 million</td></tr>
<tr><td colspan="2">Interest rate</td><td>Fixed annual interest rate of 1.65%</td></tr>
<tr><td colspan="2">Term</td><td>5 years Maturity date: August 30, 2028</td></tr>
<tr><td colspan="2">Guarantee institution</td><td>Taiwan Business Bank</td></tr>
<tr><td colspan="2">Trustee</td><td>Land Bank of Taiwan</td></tr>
<tr><td colspan="2">Underwriting institution</td><td>Taiwan Cooperative Securities Co. Ltd.</td></tr>
<tr><td colspan="2">Certifying attorney</td><td>Far East Law Offices
Attorney Ya-wen Chiu</td></tr>
<tr><td colspan="2">Certified accountants</td><td>Ernst & Young
CPA Fang-Wen Lee</td></tr>
<tr><td colspan="2">Repayment method</td><td>One-time repayment on maturity</td></tr>
<tr><td colspan="2">Outstanding principal</td><td>NT$800 million</td></tr>
<tr><td colspan="2">Terms of redemption or early repayment</td><td>Not applicable</td></tr>
<tr><td colspan="2">Restrictive clauses (Note 3)</td><td>None</td></tr>
<tr><td colspan="2">The credit rating institution's name, date of rating, and corporate bond rating results</td><td>Not applicable</td></tr>
<tr><td rowspan="2">Other rights attached</td><td>Amount converted to ordinary (exchange or subscription) shares, global depository receipts, or other marketable securities as of the date of this annual report</td><td>Not applicable</td></tr>
<tr><td>Issuance and conversion (exchange or subscription) method</td><td>Not applicable</td></tr>
<tr><td colspan="2">Issuance and conversion, exchange or subscription methods, and the condition of issuance that may dilute share equity and affect equity rights for the existing shareholders</td><td>Not applicable</td></tr>
<tr><td colspan="2">Name of the commissioned custodian institution for the exchange bid</td><td>None</td></tr>
</table>

Note 1: Information current as of March 31, 2024.

Note 2: Entered in if foreign government bonds

Note 3: Such as restricting the distribution of cash dividends, foreign investment, or requiring the maintenance of a certain proportion of assets, etc.

(II) Convertible bond data: None.

III.Issuance of special shares: None.

IV. Issuance of foreign depositary receipts: None.

V. Issuance of employee stock options: None.

VI. Issuance of new restricted employee shares: None.

VII. The managers who obtained the new shares that restricted the rights of employees, and the names of the top ten employees, and the circumstances of their acquisition: None.

VIII.Issuance of New Shares for Merger or Acquisition: None.

IX.Financing Plans and Implementation

(I) First secured ordinary corporate bonds in 2021

1. Content of plan:

(1)Date and document number of approval issued by the competent authority of the industry: Zheng-Gui-Zhai-Zi No. 11000145331 of the Taipei Exchange dated January 5, 2022.

(2)Total funding requirement of the plan: NT$499,000 thousand

(3)Source of funds: The Company issued its first secured ordinary corporate bonds in 2021, 499 bonds were issued, each with a face value of NT$1,000 thousand, an issuance period of 5 years, and a coupon rate of 0.68%; the total issuance was NT$499,000 thousand. The issue price is based on the par value.

2. Project planning, application progress Unit: NT$ thousand

<table>
<tr><th rowspan="3">Plan item</th><th rowspan="3">Expected completion date</th><th rowspan="3">Total amount of capital required</th><th>Expected capital spending schedule</th></tr>
<tr><th>2022</th></tr>
<tr><th>First quarter</th></tr>
<tr><td>Repayment to financial institutions</td><td>First Quarter of 2022</td><td>499,000</td><td>499,000</td></tr>
<tr><td colspan="2">Total</td><td>499,000</td><td>499,000</td></tr>
</table>

3. Anticipated benefits

The total amount of funds raised in this project is NT$499,000 thousand, which is mainly used to repay bank loans. If the interest rate of bank loans to be repaid is calculated at 1.50%–1.73%, it is estimated that interest expenses that can be saved every year in 2022 and in the future are about NT$3,389 thousand and NT$ 4,519 thousand. In addition to reducing the risk of increasing interest expenses of the Company due to rising interest rates in the future, this can also reduce the Company's current liabilities, ease short-term debt repayment pressures, and reduce the amount of bank borrowing to retain flexibility in the use of funds, and thereby increase the adaptability of the Company's operations and reduce financial risk of corporate operations.

(II)First secured ordinary corporate bonds in 2023

1. Content of plan:

(1)Date and document number of approval issued by the competent authority of the industry: Zheng-Gui-Zhai-Zi No. 11200093801 of the Taipei Exchange dated August 23, 2023.

(2)Total funding requirement of the plan: NT$800,000 thousand

(3)Source of funds: The Company issued its first secured ordinary corporate bonds in 2023, 800 bonds were issued, each with a face value of NT$1,000 thousand, an issuance period of 5 years, and a coupon rate of 1.65%; the total issuance was NT$800,000 thousand. The issuance price was based on the par value.

2. Project planning, application progress Unit: NT$ thousand

Plan item	Expected completion date	Total amount of capital required	Expected capital spending schedule
			2023
			Third quarter
Repayment to financial institutions	Q3 2023	800,000	800,000
Total		800,000	800,000

3. Anticipated benefits

The total amount of funds raised in this project is NT$800,000 thousand, which is mainly used to repay bank loans. If the interest rate of bank loans to be repaid is calculated at 2.7124%–2.7131%, it is estimated that interest expenses that can be saved every year in 2023 and in the future are about NT$2,865 thousand and NT$8,504 thousand. In addition to reducing the risk of increasing interest expenses of the Company due to rising interest rates in the future, this can also reduce the Company's current liabilities, ease short-term debt repayment pressures, and reduce the amount of bank borrowing to retain flexibility in the use of funds, and thereby increase the adaptability of the Company's operations and reduce financial risk of corporate operations.

Chapter 5.Business Activities

I.Business Scope

(I) Business Scope

1.The business scope of the Company is as follows:

(1)Comprehensive Construction Activities

(2)Residence and Buildings Lease Construction and Development

(3)Industrial Factory Buildings Lease Construction and Development

(4)Public Works Construction and Investment

(5)Wholesale Building Materials

(6)All business items that are not prohibited or restricted by law, in addition to those within the permitted scope

2.Proportion of the Company's main products in 2023

Item	Weight (%)
Income from building construction	91.60
Construction project income:	7.64
Rental income	0.01
Other income	0.75

3.The Company's current product projects and new products planned to be developed

The Company's current product projects mainly focus on investing in new elevator buildings and contracting civil engineering projects:

(1)Contract business:

A. Civil engineering: Hong Ji Construction Guanghua Case New Building Project of Collective Residential Building
Hong Ji Construction Qixian New Building Project of Collective Residential Building
New construction project of Wu Residence
Prosperity Tieh Enterprise-No. 4 ARP Engineering and Dormitory Engineering

B. public construction: Pingtung County International Baseball Stadium Construction Project

(2)Construction business:

A.Kaohsiung:

"New Metropolitan Hall (North Case)" residential complex (sale stage)
"Phoenix Times" residential complex (sale stage)
"Phoenix Tianmu" phase 1 individual residential building (sale stage)
"Phoenix Tianmu" phase 3 individual residential building (sale stage)
“Phoenix Crown” residential complex (sale stage)
“Ode to the Phoenix” residential complex (sale stage)
“Phoenix Xinyi" residential complex (sale stage)
“Phoenix Villa” residential complex (sale stage)
Lantian West Section, Nanzi District residential complex (construction stage)
Residential complex in the Houjin Section, Qianjin District (construction stage)
Guanshui Section, Yanchao District residential complex (construction stage)
Renai Section, Qianzhen District residential complex (construction stage)
Land No. 80-81, Kongfeng Section, Xiaogang District individual residential building (construction stage)
Dagong Section, Gangshan District residential complex (construction stage)
Land No. 6, Gaochang Section, Nanzi District residential complex (construction stage)
Land No. 1, Section 5, Economic and Trade Section, Qianzhen District (under planning)

B. Taoyuan: Land No. 54 Passenger Transport Section in Dayuan District (sold)

C. Huadong area: Zuchuan Section, Hualien City (under planning)

(II) Industry Overview

1.The present and the future of the industry

(1)Industry status and development of construction business

In terms of the government's public works budget, most of the budget goes toward "transportation construction", in particular, rail construction. This is followed by environmental resources category, in particular, water environment construction. Taking into account the expertise of the Company's engineers and the shortage of workers in the construction industry, in which technical workers are even more in short supply, which has led to continued increases in construction costs, difficult cost control, slow engineering progress, and increased risks of delays and overdue, at this stage, the Company's construction business will be focused on hotels, hospitals, and high-tech factory buildings.

(2)Industry status and development of construction business

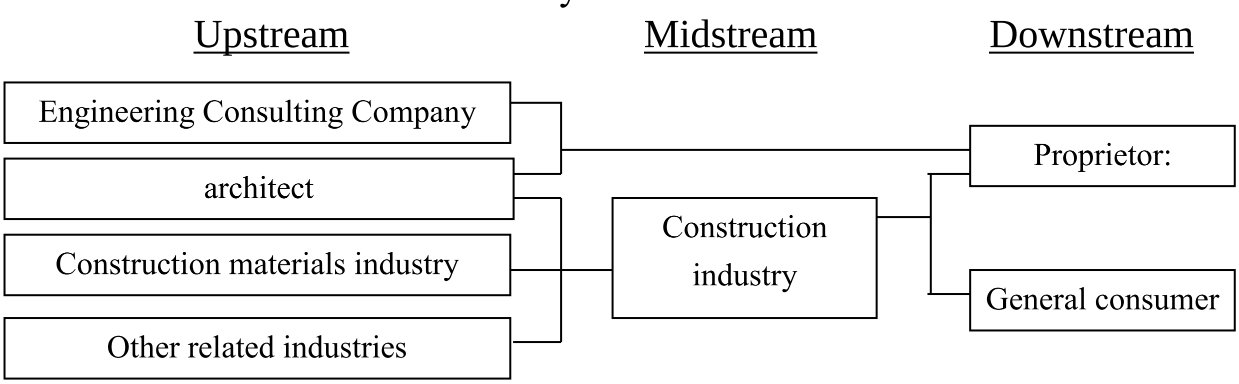
As the government has successively introduced various policies to improve the real estate market, the owner occupier market with inelastic demand has become a trend. After the "Equalization of Land Rights Act" was implemented, it became clear that short-term purchases of pre-sold houses from investors aiming to make a quick profit from the price difference officially became a thing of the past. However, with the effective control from the government, the overall housing market transactions have formed a stable pattern. The biggest problem currently faced by the industry is that construction-related costs are still rising year by year. In addition, the carbon fee that will be levied in the future will further increase construction costs and thus housing prices will rise even further.

Therefore, to a construction company, the most important challenge is to figure out how to effectively control costs and create the maximum product values.

2. Relationships with suppliers in the construction industry's supply chain

The business sources of the construction industry are mainly public projects of government agencies and projects contracted by private enterprises, construction companies, and general consumers. Its upstream industries include engineering consulting companies, architects, construction materials, and construction machinery. The description of its relevance is as follows:

Relation diagram of the upper, middle and lower streams of the construction system



3.Upstream industry

(1)Engineering consultants and architects

A.Engineering consulting company: Responsible for the engineering design of buildings, bridges, roads and factories, as well as the research and development of technology and construction methods.

B.Architect: Responsible for the project design supervision of the building.

(2)Construction materials industry

A.Steel and Iron Industry: Supply of raw materials such as steel bars and steel frames for civil engineering and construction engineering structures.

B. Cement industry and sand and gravel industry: Supply of cement, concrete and other raw materials for civil engineering and construction engineering structures.

C. Mechanical and electrical industry: Cooperate with the construction of the building structure to configure water and electricity pipelines, and install elevators and other facilities after the structure is completed.

D. Other building materials industry: After the building structure is completed, it will supply related building materials such as tiles, glass, sanitary ware, kitchenware, doors and windows, and wood.

(3) Construction machinery industry: Provide construction tools, machinery and equipment required for construction projects.

(4) Other professional engineering industry: In the construction process, it provides foundation pile engineering, formwork combination, scaffolding combination, steel bar binding, masonry and other related professional engineering industries.

4. Downstream industry: Banking, insurance, intermediary, sales, advertising, landscape, etc.

5. Various development trends of the product

(1) Building brand

With the improvement of people’s living standards, consumers have gradually improved their detailed requirements for building facades, layout planning, construction quality, etc. Therefore, having excellent customer service and building a brand image in the minds of consumers will become important for future product sales. The essential.

(2) Design Optimization

Due to changes in consumer demand patterns, it is the future trend to strengthen product health, technology, environmental protection, safety, leisure, comfort, high-quality and other additional functions, and to consider future development and enhance the value of buildings.

(3)Eco-friendly economy

In the era of rising raw materials, both construction quality and environmental protection will become the focus of high-quality buildings in the future.

(4)Complete life function

The integrity of the living functions of the newly-built community, in addition to general preservation measures, such as fitness, catering, conferences, leisure and entertainment, etc., are all required living functions in the community.

6.Competition

The product design of the real estate market must incorporate local characteristics, and the differences in regional cases must respond to changes in market demand, quickly and timely adjust product types, expand the Company’s operating scale with diversified products, and cooperate with sound financial planning, in a solid construction Driven by the team, it has become the Company's competitive niche.

(III)Technology and R&D Overview

1. Integrate the records of the construction process of each site and establish standardized operations.
2. Study the overall construction of an automated management information system, from land development to after-sales service and other overall information management.
3. Construction technology

(1)Control of construction costs

(2)Discussion on construction standard time limit

(3)Discussion on Construction Laws and Construction Products

(4)Discussion on Building Construction Code

(5)Discussion on Green Building Design

(6)Discussion on Intelligent Building Equipment

(7)Discussion on Earthquake-resistant Building

(8)Discussion on energy-saving and carbon-reducing equipment

(9)Import and application of aluminum formwork sheet

(10)Introduction and application of gypsum brick partition walls

4. No R&D investments have been made in the recent year up to the date of publication of the annual report

(IV) Short and Long Term Business Development Plans

1.Long-term business development plans

(1) Continue to develop in the direction of medium and large projects.

(2) Develop diversified land acquisition sources or develop various "joint construction" and "joint venture" models to facilitate the development of construction business.

(3)For the construction business projects of the Company's core expertise or the construction projects contracted abroad, the Company will strive towards more professional, more refined, higher quality and more innovative directions.

(4)Strengthen the customer service team and improve the concept, practice and scope of after-sales service.

2.Short-term business development plans

(1)The effectiveness of construction management is gradually presented, and the owner's approval is obtained with substantive management performance.

(2)Prioritize safety, health, and environmental protection, and focus on engineering quality. Through comprehensive construction management methods, the Company will gain recognition from owners and increase the visibility of Long Da's brand.

(3)Actively develop existing land cases, plan products that are in line with the market, and combine the rich team experience of the construction business to expand the development market.

(4)Combine architects and electromechanical manufacturers to integrate and expand the business of new factories in various industries.

II. Market and Sales Overview

(I) Market Analysis

1.Sales target and region of main products

(1)Main sales objects in the last three years

Unit: NT$ thousand

Type \ Year	2021		2022		2023	
	Amount	%	Amount	%	Amount	%
Government authorities	169,081	3.57	15,153	0.32	18,253	0.42
Private sector	188,373	3.97	359,600	7.63	315,335	7.22
Building sales	4,383,529	92.46	4,338,952	92.05	3,998,587	91.60
Rental income	0	0	0	0	624	0.01
Other income	0	0	0	0	32,772	0.75
Total	4,740,983	100.00	4,713,705	100.00	4,365,571	100.00

(2)Distribution area of projects in the last three years

A. Construction business

The Company's contract areas have covered the northern, central and southern regions, and actively establish a regional professional third-party team, and strive to deepen the basic upstream manufacturers.

B.Building business

The Company's current self-construction projects are mainly in Kaohsiung, and it has been gradually extended to the northern and eastern regions.

2.Future Market Supply and Demand and Future Growth

(1)Construction business

A.Supply side

Since there is still a certain demand for first-time buyers and house swaps, the demand for housing has not decreased, resulting in an increasing trend for large-scale builders to promote projects.

Nowadays, local governments vigorously promote thematic tourism and encourage enterprises to invest in the development of industries with special local characteristics. Therefore, there is an increasing trend of newly built hotels, venues, and restaurants in combination with local characteristics.

B.Demand side

(a)The renewal of the industrial zone in the southern region and the development of its related industries will drive the development of the real estate industry and increase the demand for renovation and new construction of factory buildings.

(b)The aging trend has also increased opportunities for the construction of medical care buildings for the elderly in the medical system.

(c)The construction industry is enthusiastic about proposals, and the number of cases of collective housing construction has increased, and the Company's overall assessment is provided to serve the industry.

(2)Building business

A. Supply side

Judging from the number of reported construction ground-breakings, Kaohsiung City (including the former Kaohsiung County) had 14,409 building ground-breakings in 2023. Compared with 2022, the number of ground-breakings dramatically decreased by 6,736, a decrease of approximately 31.86%. Continuing from the 2022 project proposals, with major projects being 2-bedroom and 3-bedroom products, accounting for about 87% of the total number of housing products being marketed. This shows the inelastic demand of first-time home buyers. In addition, the product plan for 1 bedroom product is continuing the trend from 2022 and being kept at approximately 5% of all products. It can be seen that 2- and 3-bedroom products have become the dominant product in promoting projects in the owner-occupied housing market. In addition, the number of ground-breakings for individual residential buildings in 2023 was 1,757 units, representing a significant decrease of 859 units compared with 2022, or a decline of 32.84%. The main reason is that land prices are continuing to rise, making it difficult for promote individual residential buildings and resulting in an increasingly tight supply. As the number decreases, we will continue to observe the volume and price changes in popular areas for individual residential housing, such as Renwu District, Xiaogang District, Fengshan District, and Daliao District, etc. However, it is foreseeable that size (measured in pings) of individual residential buildings will continue to decrease in the future, while price will also rise over the years due to the scarcity of supply. The era of these buildings becoming all the more sought after due to scarcity is upon us.

B.Demand side

According to Cathay Construction's 2023 Real Estate Index Quarterly Report, the national real estate market showed a trend of rising prices and shrinking volumes in 2023. In the first half of the year, affected by the Central Bank's interest rate hike and the enactment of the Equalization of Land Rights Act, the market showed a downturn; nevertheless, capacity began to increase due to factors such as the postponement of interest rate hikes and the recovery of the economy, but the market continues to require keen observations. The number of proposed cases for the whole year decreased by 10.89% compared with 2022, reaching NT$1.426 trillion, and the overall market showed a trend of correction with increased prices and shrinking volumes. In the real estate sector of Kaohsiung City, the total amount of proposed projects in 2023 reached NT$214.1 billion, a small increase of NT$28.4 billion from 2022, and the 30-day sales rate rose slightly in each quarter and even soared in Q4. However, throughout the year it has still declined by 1.26% from 2022. Additionally, the annual turnover index (amount) still increased by 8.55% compared with last year. On the whole, the newly launched market in Kaohsiung City shows a trend of steady price and volume in 2023. Compared with 2022, the transaction price may show a slight upward trend, with a growth rate of 4.76%, while the transaction volume continues to show steady growth.

Overall, in the Kaohsiung City market this year, prices rose slightly throughout the year, and the number of proposed projects also increased slightly. Inspired by the positive stimulus from TSMC's change of Kaohsiung Plant into an advanced process 2nm fab, the price and volume trend has changed from both having plummeted in Q1, to both rising by Q4. This is evident that the presence of industry will surely drive the market demand, and the market is expected to rise year by year in the future. We continue to remain cautiously optimistic about the subsequent market trends.

3.Competitive edge and favorable and adverse factors for long-term growth

(1)Construction business

A.Favorable factors

(a)The government has introduced fair and just system policies, such as an arbitration system and a complaint mediation system, so that contractors and owners can stand on a fair and reasonable basis and reduce the risks of construction plants.

(b)The urban renewal incentive policy helps to invigorate the construction industry market, and the government strives to make urban renewal regulations more reasonable and pragmatic.

(c)The Company pays attention to engineering quality control, and is more sophisticated and award-winning in the control of construction period and safety and health management, which has been well received by the industry.

(d)Continue to promote reorganization activities to establish high-quality construction management results.

(e)Engineers have excellent professional abilities, the management team has a complete experience and a clear division of labor.

(f)A sound financial structure, sufficient working capital and creditworthiness are good.

B.Unfavorable factors

(a)Domestic market is saturated

Major government constructions are affected by the rising awareness of environmental protection and the infrastructure has been completed. As a result, the budget for public projects has been limited, and competition in the industry is fierce. The living space of the industry has been increasingly compressed.

(b)Lack of labor drives up wages

Due to the flexibility of private construction projects and the lack of sources of construction workers, though construction companies can apply for foreign workers starting in 2024, but the number of workers that could be applied for is few and will offer very little help to the current shortage. In addition, it will just as difficult to stay on top of the source of labor for future projects, resulting in project schedule control and site management risks.

(c)Natural disaster

Due to the global warming, the continuous emergence of extreme climates has brought greater challenges to the construction of the project, and the risks to the construction period and construction safety have been greatly increased.

C.Countermeasures

Expand capital and operating scale, enhance competitiveness, maintain good relationships with third-party vendors (customers), ensure bidding and performance capabilities, and continue to use strategic alliances to obtain more business volume, and cut back to make up for the benefits of economic scale, Improve engineering strength and establish engineering performance.

For projects with high construction risks, a risk-avoidance evaluation mechanism is established to respond through engineering insurance and improving self-construction capabilities.

(2)Construction business

A.Favorable factors

(a) The "New Bay Area of Asia" is Kaohsiung's largest and most significant municipal construction investment in recent years. Currently, the Kaohsiung World Trade and Exhibition Center, the Marine Culture and Pop Music Center, the Port Transportation Center and the Municipal Library Main Building have been completed and opened. It will attract a considerable influx of tourists every year, and form an industrial cluster, and enterprises will invest in it. The Gaoshifu light rail system project is also in full swing. It will connect the existing red and orange lines of the MRT across the entire line to create a rail network for a livable city.

(b) Kaohsiung's overall housing market has shown a stable pattern. In recent years, both the volume of projects and transactions have increased slightly, and the price part has also shown a slight increase. If developers can effectively control the volume of projects, the housing market will have a relatively stable performance.

(c) The feasibility of extending the central government to Luzhu via the MRT red line and adding the MRT yellow line will make the Greater Kaohsiung transportation network more complete and accelerate the development and prosperity of the city.

(d) After the completion of the underground railway and rapid transit project of the Taiwan Railways, new business opportunities and economic development along the railways will be promoted, and the quality of life will be improved.

(e) Idle land in the public sector is integrated, activated and re-developed to enhance the value of urban land use and economic activity.

(f) The establishment of the Kaohsiung Qiaotou Science Park is expected to increase a large number of employment opportunities, drive the development of local industries in Qiaotou, Nanzi, and Okayama, which will bring greater benefits to the overall economy.

(g) A good image of the Company helps to support and create housing prices.

(h) The first phase of the Renwu Industrial Park has officially started on November 19, 2020. In the future, it will attract NT$21,300,000,000 of investment and create about 6,300 job opportunities.

(i) The second phase of the KMRT Light Rail has been completed by the end of the year, making the urban transportation network more convenient, and the route will be connected with the existing KMRT lines and the Taiwan Railway, which will drive regional development.

(j) TSMC has decided to set up a factory in Nanzi, which is expected to bring employment opportunities and a large influx of people; it may possibly replicate the effects of the Hsinchu Science Park or Tainan Science Park, and drive surrounding development.

(k) The government has launched the "Preferential Housing Loans for the Youth" program, which increases the credit limit and loan period, and extends the repayment grace period and increases the interest rate of subsidized loans, in order to relief some of the stress and pressure on home buyers with inelastic needs and to help the housing market stay more active.

B. Unfavorable factors

(a) The main factors affecting the real estate boom include: Political situation, economy, market supply and demand, interest rates, policies, etc., to assess the trend of the housing market this year, strictly speaking, it is in a low-end circling situation, of which government policies are the biggest factor affecting private enterprises.

(b) The sharp increase in raw material prices and the impact of labor shortage have caused housing prices to continue to rise, exceeding the affordability of general home buyers, and causing owner-occupiers to speculate, thereby prolonging the time it takes for them to make a housing purchase.

(c) In 2023, the global inflation and interest rate hikes have caused the overall economic environment and market to slow down, which affected consumers’ confidence, and in turn, their willingness to buy homes.

(d) The government continues to impose selective credit controls on the housing market, which will continue to affect subsequent supply and demand of the new housing market and sales.

C.Countermeasures

(a) Adopt a "dispersed area" strategy: Land purchase proposals should not be overly concentrated in order to diversify risks, including product planning should not be too homogenous with competition cases in the region, and strict adherence to the principle of "total volume control" can achieve the set goals.

(b) Adopt "regional deep plowing" strategy: If there are sufficient number of people in the area with a wide range of customer sources, and smooth sales, the Company will continue to recommend the proposal to build a reputation in the area to gain the trust of local consumers and get used to the type and quality of the Company’s proposal, and to gain a superior position in the local area.

(c) Product development strategy: Fully understand the market demand situation in the area, and launch products that meet their special needs in response to different needs in the market (such as products for the needs of house changers), maintain a high degree of sensitivity to the market, and make appropriate products Planning is the best business strategy.

(d) For the construction of high-quality locations in the urban area, a pre-sale system is adopted to provide consumers with the Company's brand image to purchase.

(e) Continue to grasp the innovative business model and create a competitive advantage of economic scale through JV cooperative development.

(II) Important applications and manufacturing processes of major products:

1.Important Applications of Major Products

(1)Building construction: Collective housing, factory and office buildings, medical buildings and school projects.

(2)civil Engineering: Tunnels, roads, bridges, MRT and other projects.

2.Production process

(1)Construction project

Cooperate with the design drawings, develop construction plans, quality control plans, and safety and health plans, and arrange project schedules to efficiently and orderly pick and release operations, to coordinate with the owner's changes in requirements, to gradually complete the relevant project plans, and to deliver them to the owner through the acceptance process.

(2)House building and sales process

According to land development, product planning, planning and design, marketing preparation, sales operations, construction and construction, house delivery and after-sales service procedures are completed.

(III) Supply Status of Main Materials

Most of the main raw materials for construction projects such as steel bars, concrete, sand and cement, etc. are purchased by the Company itself. When purchasing raw materials, in addition to scheduling the procurement schedule according to the project schedule, and referring to the changes in market prices, the procurement time is determined In addition, the Company has contacted a number of material manufacturers to purchase cheaper engineering materials to ensure ample and stable sources and reasonable prices. Although prices have gradually increased, long-term cooperating manufacturers are still willing to continue to supply materials. The cost of the contract cases has been estimated to reduce the risk.

(IV) List of contributions accounting for more than 10% of the total purchases (sales) in one of the most recent two years

1.Suppliers who have accounted for more than 10% of total purchases in one of the most recent two years

Unit: NT$ thousand

2022					2023				First Quarter of 2024			
Item	Name	Amount	As a percentage of annual net purchase (%)	Relationship with issuer	Name	Amount	As a percentage of annual net purchase (%)	Relationship with issuer	Name	Amount	As a percentage of annual net purchase (%)	Relationship with issuer
1	Xin Jun Investment Co., Ltd.	400,000	11.78	None	Ju Fa Development Co., Ltd.	547,460	16.75	None	-	-	-	-
2	Other	2,995,129	88.22	None	Other	2,720,185	83.25	None	-	-	-	-
Net purchase		3,395,129	100	-	Net purchase	3,267,645	100	-	Net purchase	-	-	-

Description of reasons for changes:

The Company's purchases are mainly contracts for construction projects and land purchases. Certain portion of the purchases in the engineering part of the construction projects have changed with the contracting of the construction project; since the Company’s own construction products are not consecutive or in mass, and the fact that land cannot be increased, moved or replaced, the Company's acquisition of construction land depends on the location of the planned project, and the transacting parties are not specific.

2.Customers who have accounted for more than 10% of total sales in one of the last two years

Unit: NT$ thousand

	2022				2023				First Quarter of 2024			
Item	Name	Amount	As a percentage of annual net sales (%)	Relationship with issuer	Name	Amount	As a percentage of annual net sales (%)	Relationship with issuer	Name	Amount	As a percentage of annual net sales (%)	Relationship with issuer
1	Other	4,713,705	100	None	Other	4,365,571	100	None	-	-	-	-
	Net sales	4,713,705	100		Net sales	4,365,571	100		Net sales	-	-	

Description of reasons for changes:

A. The Company's construction revenue recognition is handled in accordance with International Accounting Standards No. 15 "Revenue from Customer Contracts ". The completion ratio method is used to measure the completion ratio based on the input cost to the estimated total cost, and recognizing the project revenue.

B. The Company's main business items are construction activities such as development and real estate sales. Clients are unspecific persons or companies with low repetition. Therefore, there is no customer who accounts for more than 10% of total sales.

(V) Production Volumes and Values for the Most Recent Two Years

Unit: NT$ thousand

Year / Output quantity and value / Primary product	2022				2023			
	Domestic sales		International sales		Domestic sales		International sales	
	Amount	Value	Amount	Value	Amount	Value	Amount	Value
Building construction	-	353,886	-	0	-	321,473	-	0
Building sales	-	2,896,689	-	0	-	2,645,839	-	0
Lease costs	-	17,054	-	0	-	4,250	-	0
Other costs	-	0	-	0	-	6,552	-	0
Total	-	3,267,629	-	0	-	2,978,114	-	0

(VI) Sales Volumes and Values for the Most Recent Two Years

Unit: NT$ thousand

Year / Quantity and value of sales / Primary product	2022				2023			
	Domestic sales		International sales		Domestic sales		International sales	
	Amount	Value	Amount	Value	Amount	Value	Amount	Value
Building construction	-	374,754	-	0	-	333,588	-	0
Building sales	-	4,338,951	-	0	-	3,998,587	-	0
Rental income	-	0	-	0	-	624	-	0
Other income	-	0	-	0	-	32,772	-	0
Total	-	4,713,705	-	0	-	4,365,571	-	0

III. Employee Information

Item / Year		2022	2023	As of March 31, 2024
Employee count	Internal business staff	40	42	42
	External business staff	57	57	59
	Total	97	99	101
Average age		43.22	43.45	43.27
Average years of service		12.62	12.58	12.17
Education distribution	Masters	10.31%	9.09%	8.91%
	University	64.95%	66.67%	66.34%
	College	17.53%	19.19%	18.81
	High school/Vocational high school	7.22%	5.05%	5.94%

IV. Expenditures on Environmental Protection

(I) Losses in the most recent year due to environmental pollution

Unit: NT$ thousand

Item	2023	2024 (As of March 31, 2024)
Fines for waste disposal law violations	0	0
Air pollution	0	0
Violation of the Noise Control Act	15	0

(II) Future countermeasures

In order to implement environmental protection work, the Company has adopted various control measures, and has achieved significant results in air pollution, water pollution, noise control, waste and waste soil control, especially for strengthening the environmental protection concept and implementation of third-party manufacturers. The actual countermeasures are as follows:

1. Waste disposal

   Contracting professional waste removal and transportation companies, and clarify the material lifting and management removal responsibilities in the contract, and specify the waste removal and transportation clauses to reduce waste generation. When the vehicle is transported, cover it with canvas to avoid scattering or polluting the ground; Special personnel and washing equipment are set up at the entrance and exit of the construction site to clean the car body and wheels, and an exclusive closed cleaning and transportation pipeline is set up, which are stacked on the first floor. The environmental protection room is equipped with sub-cars to handle the construction site domestic waste to distinguish the construction waste.

2. Air pollution treatment

   Fences are set around the construction site, scaffolds and dust-proof nets are set around the building, and canvases are installed on the side of adjacent houses to prevent dust from flying.

3. Water pollution treatment

Environment-friendly temporary toilets are set up on the construction site, which are regularly cleaned by professional manufacturers, and no sewage is discharged.

4. Training and education

The Company regularly inculcates the concept of environmental protection to the construction personnel on the construction site, reduces stone-flooding and heavy work, strengthens pre-planning operations, and cooperates with government agencies to promote and send personnel to participate.

5. Third-party management

(1)Set up labor rest areas to provide a place to rest at noon.

(2)Regularly invite manufacturers to hold meetings to establish a clean and tidy environment.

6. Greenhouse gas inventory

Greenhouse gas inventory facilitates the grasping of exact emission and the discovery of room and opportunity for reduction. Greenhouse gas inventory is the basis for promoting reduction. It is also the first step in self-management of greenhouse gases.

The Scope 1 and Scope 2 greenhouse gas of the Company has been investigated based on the Company's greenhouse gas inventory and investigation schedules, and subsequent investigations have been planned by reference of relevant regulations.

(III) Because the Company belongs to the construction industry, there is no future response to the European Union Restriction of Hazardous Substances (RoHS).

V. Labor relations

(I) Employee benefits measures

The Company attaches great importance to harmonious labor-management relations. We have formed a mutually trusting relationship with employees by providing a welfare system that enriches and stabilizes employees' lives along with good education and training. We have also established an "Employee Welfare Committee", which is dedicated to handling of employee benefits.

1.Welfare measures

(1)Employee remuneration: To enable all employees to work together to co-create a better future, the Company will allocate 1% to 4% of the profits as employee remuneration when we generate a profit in a year. However, in the event of cumulative losses, a proportion of profit shall be reserved in advance to make up for the losses.

(2)Communication channels: The Company strengthens its communication platform through regular weekly/monthly meetings, inter-departmental meetings, operation and management conferences, and various briefing sessions.

(3)Regular provision of health exams for employees.

(4)Employee Welfare Committee: The Employee Welfare Committee organizes large-scale activities such as domestic/overseas travel, year-end galas, New Year galas, and dinner parties from time to time, and provides wedding, funeral, and childbirth subsidies, annual bonuses, and children's scholarships, etc., so that employees can be protected both physically and mentally.

(II) Education and training for employees

1. Provide long-term and short-term training subsidies for employees and scholarships and stipends for formal schooling; employees are given official leave for participating in on-the-job training courses.
2. The Company prepares a budget for employee education and training every year to cultivate and enhance employees' professional knowledge and skills. The progress of the training and training is as follows:

Item	Management position	Non-Management position	Total
Time (Hours)	137.5	1,059	1,196.5
Cost (NT$)	160,575	111,459	272,034

Note: Management position refers to positions of Assistant Vice President and above.

3.The Company's personnel related to financial information transparency have obtained relevant licenses designated by the competent authority as follows:

(1)International Certified Internal Auditor: None.

(2)The basic ability test of internal control of enterprises organized by the SEC: None.

(3)Certification for Internal Auditors, R.O.C.: None.

(4)Republic of China Accountant: None.

(III) Retirement scheme

1. Retirement system and its implementation

   The Company formulates employee retirement measures in accordance with the "Labor Standards Act" and the "Labor Pension Act". Employees under the old system will allocate 2% of their retirement funds to a dedicated account at the Bank of Taiwan in accordance with the Labor Standards Act. Alternatively, employees under the new system are legally required to contribute 6% of their salary as pension every month. This fund is deposited into a dedicated employee pension account established by the Bureau of Labor Insurance. The pension application procedures, conditions, and regulations are completely in accordance with the "Labor Pension Act". These rules are also stipulated in the Company's Work Rules, and in case of violation or failure to comply with the aforesaid regulations, leading to infringement of the employees' rights, employees may request for compensations from the Company in accordance with these rules. The Company has a sound financial system to ensure that employees have a stable pension allocation and payment.

2. Labor-management agreement and employee rights protection situation

   In terms of safeguarding the rights and interests of employees, in addition to various welfare measures, the Company also provides preferential measures for employees to purchase houses to stabilize and take care of employees' lives.

3. Important labor agreement: None.

(IV) Preventive measures taken to ensure a safe working environment and maintain employee safety:

The Company's office premises are designed in accordance with relevant building regulations and occupational safety and health regulations. The relevant measures are as follows:

1. In accordance with the provisions of Article 34 of the Occupational Safety and Health Law, the Company's safety and health work rules are formulated to prevent occupational disasters and ensure the safety and health of employees.
2. The Company will take the initiative to assist employees who have encountered natural disasters and sudden major accidents in their families in emergency rescue, helping them to overcome difficulties and overcome difficulties.
3. The Company has an emergency response plan for major accidents and has established an emergency response team to take emergency and necessary measures for casualties and major accidents to minimize injuries.
4. The daily security maintenance and building management of the office are handled by the building security management company. The security personnel of the construction site shall be on guard and be on-line with the police security unit in a timely manner.
5. In order to protect the rights and interests of employees at work, to ensure the physical and mental health of female colleagues during pregnancy, after childbirth and breastfeeding, and to prevent employees from being physically or mentally harassed by others' actions due to their duties, the Company has established relevant measures to eliminate gender discrimination and maintain equal rights at work for both sexes, prevent employees from being sexually harassed, workplace violence, and achieve maternal health protection, and avoid working environments where employees may cause diseases due to abnormal workload or repetitive work.

(V) Employee conduct or ethical principles

In order to regulate employees' compliance with the consistent code of conduct, the Company's relevant internal control measures clearly stipulate that employees should abide by laws and regulations, strictly abide by disciplines, be loyal to their duties, and must not use their positions to engage in improper acquisitions or transactions, or to benefit themselves or others. behavior.

The management rules also clearly stipulate reward and punishment measures to encourage high-performing employees or those who have contributed to the advantages and disadvantages; And punish those who violate discipline and neglect their duties.

Accordingly, the communication between management and employees has a consensus basis, which is beneficial to the promotion of the Company's business and the management of the organization.

(VI) Corporate responsibility and ethical behavior

The society is the land on which an enterprise depends for growth. The success of an enterprise depends on a stable society. The enterprise should take practical actions to care for the society and fulfill its social functions and responsibilities. Therefore, since the Company was founded, it has been adhering to the concept of "take from society and use it for society" to operate the enterprise with the heart of giving back to the society, and to multiply the value of the enterprise. The Company sponsors various charity activities, donations for disaster relief, etc.

(VII) List any loss sustained as a result of labor disputes in the most recent year up to the date of publication of the annual report, disclose an estimate of losses incurred to date or likely to be incurred in the future, and indicate mitigation measures being or to be taken.

The Company upholds the spirit of labor-management harmony, and has not suffered any losses due to labor disputes. In the future, the Company will continue to actively promote labor-management harmony and strengthen communication between labor and management and improve welfare measures. There should be no losses due to labor disputes.

VI. Information security management

(I) Information security risk management framework:

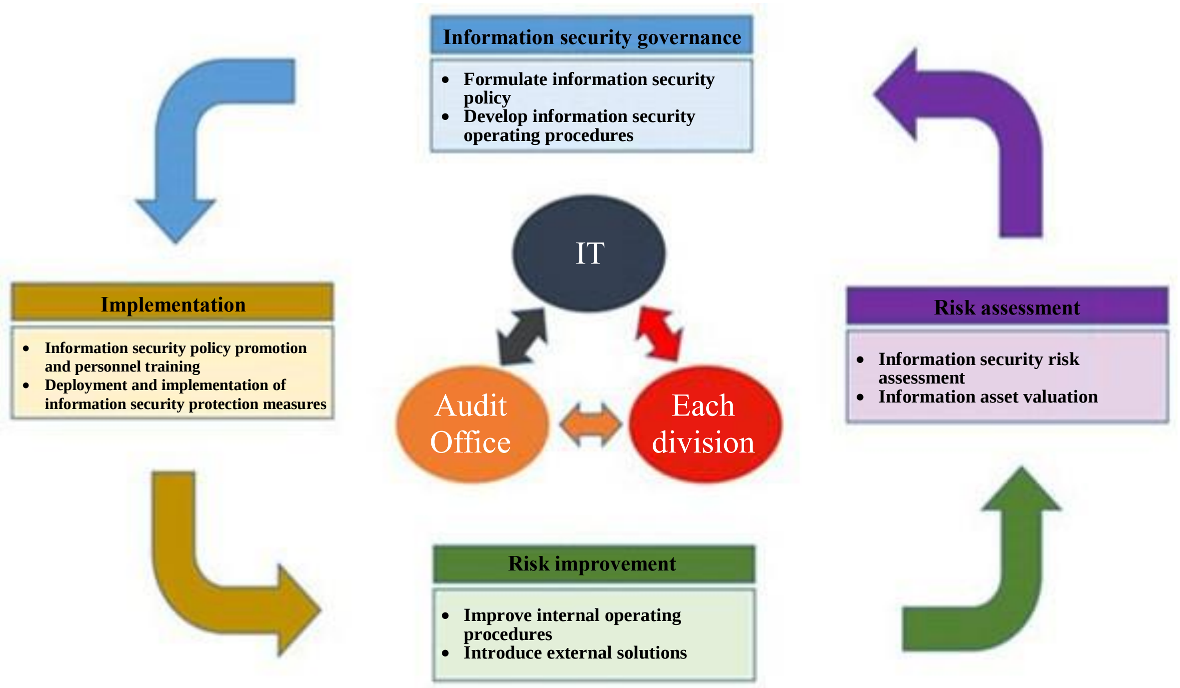
1. In order to strengthen the Company's information security management and ensure the security of information, systems and networks, a dedicated Information Security Officer and a dedicated information security personnel were established in the IT Department on August 8, 2023, and this appointment was also reported to the Board of Directors.
2. The Information Security Officer is in charge of information security, and the information security personnel is in charge of relevant executions. An information security risk management structure has been established to regularly review the information security policy, and relevant implementation status was reported to the Board of Directors on November 8, 2023.
3. The Company's audit office is an information security review unit that checks the Company's information security implementation status from time to time. When there is information security risk doubt, it discusses with the implementation unit how to modify and improve and track follow-up results.
4. The organization adopts the PDCA cycle management mode to ensure achievement of information security goals and continuous improvement.

(II) Information Security Policy

In order to ensure the effective operation and implementation of various information management systems of the Company, the confidentiality, integrity and availability of important information systems are maintained. The Company handles it in accordance with the following key points of the information security policy:

1. Comply with the information security system
   Comply with laws and regulations and formulate relevant information security management regulations.
2. Install information security emergency response equipment
   Evaluate the impact of various man-made and natural disasters on information security, and formulate relevant countermeasures and recovery plans to ensure the continuous operation of the Company's various businesses.
3. Enhance information security education
   Establish information security awareness of "information security, everyone is responsible", and enhance the Company's personnel's awareness of information security.
4. Implement manufacturer information security management
   Manufacturers connected to the Company’s computer systems should truly abide by the Company’s information security regulations, and any violations shall be handled according to the severity of the circumstances.

(III) Information security risk management and framework for continuous improvement:



(IV)Scope of information security:

1. Personnel management and information security education and training.
2. Operating system security management.
3. Network security management.
4. System access control.
5. System maintenance and security management.
6. Information asset security management.
7. Physical and environmental security management.
8. Information security business continuity plan and management.
9. Information security audit.

(V)Detailed management solutions

1. Access management
   (1)Personnel account permissions management and review.
   (2)Regular checks of staff account permissions.
2. Access control
   (1)Internal/external access control measures for personnel.
   (2)Data transmission and operation behavior tracking records.
3. External threats
   (1)Host/computer vulnerability detection and updating measures.
   (2)Virus protection and malware detection
   (3)Antivirus software.
4. System availability
   (1)System/network availability status monitoring and notification mechanism.
   (2)Contingency measures for service interruption.
   (3)Information backup measures, local/remote backup mechanisms.
   (4)Regular disaster recovery drills.
5. Legality of use
   (1) Private installation of peer-to-peer file sharing software and unauthorized software is prohibited.
   (2)Create a software asset control list (application software, system software, development tools, packaged software,

and computer operating systems...etc.).

6. Training and education

Regularly conduct information security education, training and promotion, including information security policies, information security compliance requirements, information security operating procedures, and how to correctly use information technology facilities, etc., to help employees understand the importance of information security and various possible security risks. On top of improving employees' information security awareness, these actions will also enhance employees' compliance with information security regulations.

(VI)Information security risk assessment

1. Set up a remote backup host that is run by two independent server hosts at the same time, to ensure that the server host service is not interrupted.
2. In the event of damage to the information system, business can be restored smoothly as soon as possible. In accordance with the planned data backup mechanism, weekly full system backups and daily differential backups are performed, and the backup media are sent to external institutions for safekeeping and storage.
3. The operating system is regularly updated to prevent information system holes; and antivirus software is installed on all computers to ensure security.
4. Emergency drills are performed so that in case of host failure or sudden power failure, the off-site backup host can immediately activate and restore data to ensure the normal operation and data preservation of the information system.

(VII)Investment of resources in information security management (implementation results of cyber security measures)

The Company belongs to the construction industry, but it also attaches great importance to information security. The Company has deployed information security personnel for many years, and it has more than 10 years of information security experience. The Company also conducts information security awareness, updates protection software, and conducts education and training. In addition, the Company’s system, network, program development, information security testing, etc., are all commissioned by professional manufacturers.

1. Annual safety education and training provided to 100% of new employees.
2. Number of email social engineering drills organized in this year: 1.
3. Annual information security advocacy and preventions: conducted 5 times this year.
4. Proportion of employees penalized for violating information security rules: 0%.
5. The scope of this year's budget implementation related to information security included hardware maintenance and upgrade, cloud protection service leasing, and endpoint protection software maintenance.

(VIII) Information security risks and countermeasures:

The Company has established comprehensive network and computer-related information security protection measures, but there is no guarantee that its computer systems that control or maintain important corporate functions such as business operations and accounting can completely prevent any third party cyber-attacks that may paralyze the system. These cyber-attacks illegally invade the Company's internal network systems to disrupt the Company's operations and damage its reputation and more. In the event of a serious cyber-attack, the Company's systems may lose important data, and the Company's operations may also be suspended. We continuously review and evaluate our information security regulations and procedures to ensure their appropriateness and effectiveness, but given the ever-changing nature of cybersecurity threats, there is no guarantee that the Company will not be affected by new risks and attacks. In the face of new technologies in the future, we can only reduce risks in the event of an information security incident through implementing continuous updates and improvements.

(IX) Major information security incidents and damages

In recent years and as of April 2, 2024, the date of publication of the annual report, there have been no significant damages from information security incidents.

VII.Important Contracts

Date: March 31, 2024

Contract type	Parties	Contract period	Main businesses	Restrictive clauses
Loan contract	First Commercial Bank, Yancheng Branch	2024.04–2028.09	Comprehensive quota, engineering working capital	None
Loan contract	Land Bank of Taiwan Sanmin Branch	2021.12–2028.01	Land financing, building financing	None
Loan contract	Land Bank of Taiwan Nanzi Branch	2022.03–2029.02	Land financing, building financing	None
Loan contract	CTBC Corporate Finance Center	2021.06–2027.02	Working capital, land financing, building financing	None
Loan contract	Hua Nan Bank Sanmin Branch	2020.12–2026.01	Comprehensive limit, land financing, building financing	None
Loan contract	Taiwan Cooperative Bank Kaohsiung Branch	2019.12–2027.06	Land financing, building financing	None
Loan contract	Taiwan Cooperative Bank Danshui Branch	2022.09–2025.08	Land financing	None
Loan contract	Taiwan Business Bank Qianzhen Branch	2021.03–2029.01	Working capital, land financing, guarantee	None
Loan contract	Bangkok Bank of Thailand, Kaohsiung Branch	2022.04–2025.04	Comprehensive quota medium/long-term working capital	None
Construction contract	Platinum Hot Springs Co., Ltd.	2019.10–2024.02	Platinum Hot Springs Co., Ltd.	None
Construction contract	Hong Ji Construction Co., Ltd.	2020.02–2023.03	New construction of the Fuhe Section building	None
Construction contract	Hong Ji Construction Co., Ltd.	2021.02–2024.05	New construction of building in Lingya Guanghua case	None
Construction contract	Prosperity Tieh Enterprise Co., Ltd.	2022.01–2024.12	Prosperity Tieh Enterprise-No.4 Plating Plant, plant and equipment basic civil engineering (1FL and below)	None
Construction contract	Prosperity Tieh Enterprise Co., Ltd.	2023.04–2024.12	Prosperity Tieh Enterprise-No.4 Plating Plant, plant and equipment basic civil engineering (1FL and above)	None
Construction contract	Prosperity Tieh Enterprise Co., Ltd.	2023.03–2024.12	Prosperity Tieh ARP automatic plant and fire tank civil engineering basic structure	None

Contract type	Parties	Contract period	Main businesses	Restrictive clauses
Construction contract	Wu Chengyang	2023.06–2025.02	New construction project of Wu Residence on Kunming Street	None
Construction contract	Prosperity Tieh Enterprise Co., Ltd.	2023.08–2024.12	Civil engineering of public tank area of A and B zones of Prosperity Tieh's Luzhu site	None
Construction contract	Prosperity Tieh Enterprise Co., Ltd.	2023.10–2024.12	Civil engineering of public tank area of C, D, E, F, and G zones zone of Prosperity Tieh's Luzhu site	None
Construction contract	Prosperity Tieh Enterprise Co., Ltd.	2023.10–2024.12	Prosperity Tieh's Luzhu office and dormitory structure project	None
Construction contract	Hong Ji Construction Co., Ltd.	2022.12–2026.02	New construction of building in Lingya Qixian case	None
Construction contract	Pingtung County Government	2023.06–2027.07	Pingtung County International Baseball Stadium Construction Project	None
Land contract	Ju Fa Development Co., Ltd.	2023/2/15	Acquired a 40% share of the land "Land No. 54, Section 1, Passenger Transport Section, Dayuan District, Taoyuan City".	None
Land contract	Natural person	2023/9/15	Disposal of the land "No. 54, Section 1, Passenger Transport Section, Dayuan City, Taoyuan City".	None
Land contract	China Petrochemical Development Corporation	2023/11/2	Won the bid for "Land No. 1, Section 5, Jingmao Section, Qianzhen District, Kaohsiung City""	None
Land contract	Natural person	2023/11/6	Acquired the land "Land No. 5-51, Renai Section, Qianzhen District, Kaohsiung City"	None

Chapter 6.Financial Information

I.Summarized financial information for the last five years.

(I) Condensed balance sheet and consolidated income statement information

1.Condensed individual balance sheet

Unit: NT$ thousand

Item \ Year		Financial information for the last five years.				
		2019	2020	2021	2022	2023
Current assets		7,885,368	8,570,874	10,375,474	11,433,320	Not applicable
Real estate, factories and equipment		50,856	48,686	59,094	55,820	
Intangible assets		450	722	564	797	
Other assets		663,442	693,351	634,935	586,545	
Total assets		8,600,116	9,313,633	11,070,067	12,076,482	
Current liabilities	Before distribution	1,681,578	1,555,657	2,947,152	2,845,624	
	After distribution	1,977,494	1,950,212	3,385,546	3,305,938	
Non-current liabilities		2,714,090	3,377,910	3,528,909	4,165,158	
Total liabilities	Before distribution	4,395,668	4,933,567	6,476,061	7,010,782	
	After distribution	4,691,584	5,328,122	6,914,455	7,471,096	
Equity attributable to parent company shareholders		4,204,448	4,380,066	4,594,006	5,065,700	
Capital Stock		2,173,405	2,191,972	2,191,972	2,191,972	
Capital surplus		51,357	50,614	50,614	50,614	
Retained earnings	Before distribution	1,977,013	2,134,258	2,338,183	2,807,989	
	After distribution	1,681,097	1,739,703	1,899,789	2,347,675	
Other equity		2,673	3,222	13,237	15,125	
Treasury Stock		0	0	0	0	
Non-controlling interests		0	0	0	0	
Total shareholder equity	Before distribution	4,204,448	4,380,066	4,594,006	5,065,700	
	After distribution	3,908,532	3,985,511	4,155,612	4,605,386	

Note 1: The above financial statements for each year have been audited or reviewed by the auditors.
Note 2: The above-mentioned numbers after distribution are listed according to the resolution of the Board of Directors or the shareholders meeting related to distribution in the following year.

2.Condensed consolidated balance sheet

Unit: NT$ thousand

Item \ Year		Financial information for the last five years.				
		2019	2020	2021	2022	2023
Current assets		Not applicable	Not applicable	Not applicable	Not applicable	12,527,224
Real estate, factories and equipment						59,168
Intangible assets						871
Other assets						685,454
Total assets						13,272,717
Current liabilities	Before distribution					3,090,107
	After distribution					3,572,341
Non-current liabilities						4,771,702
Total liabilities	Before distribution					7,861,809
	After distribution					8,344,043
Equity attributable to parent company shareholders						5,410,908
Capital Stock						2,191,972
Capital surplus						50,614
Retained earnings	Before distribution					3,155,711
	After distribution					2,673,477
Other equity						12,611
Treasury Stock						0
Non-controlling interests						0
Total shareholder equity	Before distribution					5,410,908
	After distribution					4,928,674

Note: The above financial statements for each year have been audited or reviewed by the auditors.

3.Condensed standalone balance sheet

Unit: NT$ thousand

Item \ Year		Financial information for the last five years				
		2019	2020	2021	2022	2023
Current assets		Not applicable	Not applicable	Not applicable	Not applicable	12,515,153
Real estate, factories and equipment						52,568
Intangible assets						871
Other assets						690,435
Total assets						13,259,027
Current liabilities	Before distribution					3,076,417
	After distribution					3,558,651
Non-current liabilities						4,771,702
Total liabilities	Before distribution					7,848,119
	After distribution					8,330,353
Equity attributable to parent company shareholders						5,410,908
Capital Stock						2,191,972
Capital surplus						50,614
Retained earnings	Before distribution					3,155,711
	After distribution					2,673,477
Other equity						12,611
Treasury Stock						0
Non-controlling interests						0
Total shareholder equity	Before distribution					5,410,908
	After distribution					4,928,674

Note: The above financial statements for each year have been audited or reviewed by the auditors.

4.Condensed Consolidated Individual Income Statement

Unit: NT$ thousand

Item \ Year	Financial information for the last five years.				
	2019	2020	2021	2022	2023
Operating revenue	4,394,621	3,409,980	4,740,983	4,713,705	Not applicable
Gross profit	799,685	702,161	1,083,113	1,446,076	
Operating profit and loss	535,999	515,407	738,332	1,042,071	
Non-operating income and expenses	13,141	22,727	2,416	(1,834)	
Continuing business units Net profit	489,267	453,059	598,707	905,830	
Loss from discontinued operations	0	0	0	0	
Net profit (loss)	489,267	453,059	598,707	905,830	
Other comprehensive income in the current period (net income after tax)	236	651	9,788	4,258	
Total comprehensive income	489,503	453,710	608,495	910,088	
Net profit attributable to Owners of the parent	489,267	453,059	598,707	905,830	
Net income belongs to non-controlling interests	0	0	0	0	
Total comprehensive income (loss) attributable to parent company	489,503	453,710	608,495	910,088	
Total comprehensive income (loss) attributable to non-controlling interest	0	0	0	0	

Note: The above financial statements for each year have been audited or reviewed by the auditors.

5.Condensed Consolidated Income Statement

Unit: NT$ thousand

Item \ Year	Financial information for the last five years.				
	2019	2020	2021	2022	2023
Operating revenue	Not applicable	Not applicable	Not applicable	Not applicable	4,365,571
Gross profit					1,387,457
Operating profit and loss					964,431
Non-operating income and expenses					11,369
Continuing business units Net profit					808,367
Loss from discontinued operations					0
Net profit (loss)					808,367
Other comprehensive income in the current period (net income after tax)					(2,845)
Total comprehensive income					805,522
Net profit attributable to Owners of the parent					808,367
Net income belongs to non-controlling interests					0
Total comprehensive income (loss) attributable to parent company					805,522
Total comprehensive income (loss) attributable to non-controlling interest					0

Note: The above financial statements for each year have been audited or reviewed by the auditors.

6.Condensed Consolidated Standalone Income Statement

Unit: NT$ thousand

Year / Item	Financial information for the last five years.				
	2019	2020	2021	2022	2023
Operating revenue	Not applicable	Not applicable	Not applicable	Not applicable	4,345,141
Gross profit					1,359,874
Operating profit and loss					985,204
Non-operating income and expenses					(9,445)
Continuing business units Net profit					808,367
Loss from discontinued operations					0
Net profit (loss)					808,367
Other comprehensive income in the current period (net income after tax)					(2,845)
Total comprehensive income					805,522
Net profit attributable to Owners of the parent					808,367
Net income belongs to non-controlling interests					0
Total comprehensive income (loss) attributable to parent company					805,522
Total comprehensive income (loss) attributable to non-controlling interest					0

Note: The above financial statements for each year have been audited or reviewed by the auditors.

(II) Names of auditors and audit opinions

1. Names of auditors and audit opinions

Year	Certified accountants	Auditor's opinion
2019	Ernst & Young Accountant Calvin Chen, Accountant Lin, Hongguang	No reservations
2020	Ernst & Young CPAs Calvin Chen and Mink Hu	No reservations
2021	Ernst & Young CPAs Calvin Chen and Mink Hu	No reservations
2022	Ernst & Young Accountant Fang-Wen Lee, Accountant Calvin Chen	No reservations
2023	Ernst & Young Accountant Fang-Wen Lee, Accountant Calvin Chen	No reservations

2.If there is any change of accountant in the last five years:

(1)In order to cope with the internal organization adjustment of Ernst & Young, the accountants Calvin Chen and Lin, Hongguang were originally appointed to apply for the financial statement visas. From the first quarter of 2020, the financial statement visas have been replaced by accountants Calvin Chen and Mink Hu.

(2)In order to cooperate with the internal organizational adjustments of Ernst & Young, CPAs Calvin Chen and Mink Hu who were originally appointed to handle financial statement certification from the first quarter of 2020, were replaced for financial statement certification by CPAs Fang-Wen Lee and Calvin Chen from the first quarter of 2022.

3. Financial Analysis - Individual

Analysis Item			2019	2020	2021	2022	2023
		Year: Financial Analysis of the last five years (Note)					
Financial structure	Ratio of liabilities to assets (%)		51	53	58.50	58.00	Not applicable
	Ratio of long-term capital to real estate properties, factories and equipment (%)		13604.17	15934.72	13745.75	16536.83	
Solvency	Current Ratio (%)		468.93	550.95	352.05	401.79	
	Quick Ratio (%)		50.26	54	40.45	70.31	
	Interest Protection Multiples (times)		942.73	1019.51	1040.58	1163.37	
Operating ability	Receivables turnover (times)		20.73	24.05	36.02	33.64	
	Average collection period		18.00	15.00	10.00	10.85	
	Inventory turnover (times)		0.13	0.09	0.11	0.09	
	Payables turnover (times)		4.73	3.72	4.81	3.39	
	Average days in sales		2808	4056	3318	4055.55	
	Turnover (times) of real estate properties, factories and equipment		86.19	68.51	87.98	82.04	
	Total assets turnover (times)		0.52	0.38	0.47	0.41	
Profitability	ROA (%)		6.43	5.58	6.49	8.50	
	ROE (%)		12.56	10.56	13.34	18.75	
	Paid-in capital ratio	Operating profit	23.51	23.51	33.68	47.54	
		Net profit before tax	24.55	24.55	33.79	47.46	
	Profit ratio (%)		11.13	13.29	12.63	19.22	
	Earnings per share (NT$)		2.43	2.07	2.73	4.13	
Cash flow	Cash flow ratio (%)		(7.39)	16.47	(23.37)	34.87	
	Cash flow adequacy ratio (%)		(0.07)	0.30	(0.08)	0.24	
	Cash reinvestment ratio (%)		(5.06)	(0.55)	(14.42)	6.35	
Leverage	Operational Leverage		2.35	2.58	1.57	1.48	
	Financial Leverage		1.14	1.13	1.12	1.10	

Note: Annual financial report verified by an accountant.

4. Consolidated Financial Analysis

Analysis Item \ Year			Financial Analysis of the last five years (Note)				
			2019	2020	2021	2022	2023
Financial structure	Ratio of liabilities to assets (%)		Not applicable	Not applicable	Not applicable	58.00	59.00
	Ratio of long-term capital to real estate properties, factories and equipment (%)					16536.83	17209.66
Solvency	Current Ratio (%)					401.79	405.40
	Quick Ratio (%)					70.31	67.18
	Interest Protection Multiples (times)					1163.37	842.01
Operating ability	Receivables turnover (times)					33.64	27.26
	Average collection period					10.85	13.38
	Inventory turnover (times)					0.09	0.08
	Payables turnover (times)					3.39	2.61
	Average days in sales					4055.55	4562.50
	Turnover (times) of real estate properties, factories and equipment					82.04	75.93
	Total assets turnover (times)					0.41	0.34
Profitability	ROA (%)					8.50	7.21
	ROE (%)					18.75	15.43
	Paid-in capital ratio	Operating profit				47.54	44.00
		Net profit before tax				47.46	44.52
	Profit ratio (%)					19.22	18.52
	Earnings per share (NT$)					4.13	3.69
Cash flow	Cash flow ratio (%)					34.87	19.99
	Cash flow adequacy ratio (%)					0.24	0.26
	Cash reinvestment ratio (%)					6.35	1.63
Leverage	Operational Leverage					1.48	1.53
	Financial Leverage					1.10	1.16

Please describe the reasons for changes in financial ratios in recent two years. (If the increase or decrease does not reach 20%, the analysis will be exempted)
Ratio of long-term capital to real estate properties, factories and equipment (%): Mainly due to the increase in construction in progress in the current period.

Payables turnover (times):	Mainly due to the starting of construction of the Company's own construction projects, resulting in an increase in payables as compared with the same period last year, leading to a decrease in the turnover rate of payables.
Interest Protection Multiples (times):	Mainly due to an increase in construction financing in the current period, leading to increased interest expenses.
Cash flow ratio (%):	Mainly due to the additional purchase of construction land in the current period, which resulted in a decrease of net cash inflow from operating activities as compared with the previous year.
Cash reinvestment ratio (%):	Mainly due to the additional purchase of construction land in the current period, which resulted in a decrease of net cash inflow from operating activities as compared with the previous year.

Note: The latest certified financial statements certified by the accountant.

5. Standalone Financial Analysis

Analysis Item			Year: Financial Analysis of the last five years. (Note) 2019	2020	2021	2022	2023
Financial structure	Ratio of liabilities to assets (%)		Not applicable	Not applicable	Not applicable	58.00	59.00
	Ratio of long-term capital to real estate properties, factories and equipment (%)					16536.83	19370.36
Solvency	Current Ratio (%)					401.79	406.81
	Quick Ratio (%)					70.31	67.20
	Interest Protection Multiples (times)					1163.37	842.98
Operating ability	Receivables turnover (times)					33.64	27.13
	Average collection period					10.85	13.45
	Inventory turnover (times)					0.09	0.08
	Payables turnover (times)					3.39	2.62
	Average days in sales					4055.55	4562.50
	Turnover (times) of real estate properties, factories and equipment					82.04	80.18
	Total assets turnover (times)					0.41	0.34
Profitability	ROA (%)					8.50	7.21
	ROE (%)					18.75	15.43
	Paid-in capital ratio	Operating profit				33.68	44.95
		Net profit before tax				33.79	44.52
	Profit ratio (%)					12.63	18.60
	Earnings per share (NT$)					2.73	3.69
Cash flow	Cash flow ratio (%)					(23.37)	20.54
	Cash flow adequacy ratio (%)					(0.08)	0.26
	Cash reinvestment ratio (%)					(14.42)	1.78
Leverage	Operational Leverage					1.57	1.48
	Financial Leverage					1.12	1.15

Please describe the reasons for changes in financial ratios in recent two years. (If the increase or decrease does not reach 20%, the analysis will be exempted) Ratio of long-term capital to real estate properties, factories and equipment (%): Mainly due to the increase in construction in progress in the current period. Payables turnover (times): Mainly due to the starting of construction of the Company's own construction projects, resulting in an increase in payables as compared with the same period last year, leading to a decrease in the turnover rate of payables. Interest Protection Multiples (times): Mainly due to an increase in construction financing in the current period, leading to increased interest expenses. Cash flow ratio (%): Mainly due to the additional purchase of construction land in the current period, which resulted in a decrease of net cash inflow from operating activities as compared with the previous year. Cash reinvestment ratio (%): Mainly due to the additional purchase of construction land in the current period, which resulted in a decrease of net cash inflow from operating activities as compared with the previous year.

Note 1: Financia reports audited by the accountant.

Note 2: At the end of this form in the annual report, the following calculation formula should be listed:

1. Financial structure
   (1)Ratio of liabilities to assets = Total liabilities/Total assets.
   (2)Ratio of long-term capital to real estate properties, factories and equipment = (Total equity + Non-current liabilities)/net amount of real estate properties, factories and equipment
2. Solvency
   (1)Current ratio=Current assets/Current liabilities
   (2)Quick Ratio=(Current assets-Inventories-Prepaid expenses)/Current liabilities
   (3)Interest Protection Multiples= PBIT/Interest expenses for this period
3. Operating ability
   (1)Receivables turnover (including accounts receivable and notes receivable generated from operation) = net sales/remaining sum of average receivables (including accounts payable and notes payable generated from operation) for every period.
   (2) Average collection period = 365/receivables turnover.
   (3) Inventory turnover = cost of sales/average inventory
   (4) Payables turnover (including accounts payable and notes payable generated from operation) = cost of sales/remaining sum of average payables (including accounts payable and notes payable generated from operation) for every period.
   (5) Average days in sales = 365/Inventory turnover.
   (6) Turnover of real estate properties, factories and equipment = net sales/average net amount of real estate properties, factories and equipment
   (7) Total assets turnover = net sales/average total assets
4. Profitability
   (1)ROA = [income after tax + interest expense x (1-tax rate)]/average total assets.
   (2)ROE = income after tax/net average equity
   (3)Net profit ratio = income after tax/net sales.

(4)EPS = (income belonging to parent company - preference dividend)/weighted average number of issued shares. (Note 4)

5. Cash flow

(1) Cash flow ratio = net cash flow of operating activities/current liabilities.

(2) Net cash flow adequacy ratio = net cash flow of operating activities in the last 5 years/(capital expenditure + addendum of inventory + cash dividend) in the last 5 years.

(3) Cash reinvestment ratio = (net cash flow of operating activities - cash dividend)/(gross amount of real estate properties, factories and equipment + long-term investment + other non-current assets + operating capital) (Note 5)

6. Leverage:

(1) Operating leverage = (net operating income - current operating cost and expense)/operating profit (note 6).

(2) Financial leverage = operating profit/(operating profit - interest expense).

Note 3: When using the formula for calculating the earnings per share stated above, the following matters when measuring should be noted:

1. It is based on the weighted average number of common shares, not based on the number of issued shares at the end of the year.
2. For those who have cash capital increase or treasury stock trading, the weighted average number of shares should be calculated considering the period of circulation.
3. Where there is a capital increase from surplus or a capital increase from capital reserves, when calculating the earnings per share of previous years and half-years, retrospective adjustments should be made based on the capital increase ratio, regardless of the period of the issuance of the capital increase.
4. If the special shares are non-convertible cumulative special shares, the dividends for the current year (whether paid or not) should be deducted from the net profit after tax, or net loss after tax increased. If the special stock is non-cumulative, in the case of net profit after tax, the dividend of the special stock shall be deducted from the net profit after tax; If it is a loss, no adjustment is necessary.

Note 4: Special attention should be paid to the following items when measuring cash flow analysis:

1. The cash flow of operational activities refers to the net cash flow of operational activities in the cash flow statement.
2. Capital expenditure refers to the annual cash outflow of capital investment.
3. The increase in inventory is only included when the closing balance is greater than the opening balance. If the inventory decreases at the end of the year, it will be calculated as zero.
4. Cash dividends include cash dividends on ordinary shares and special shares.
5. Gross real property, plant and equipment refers to the total amount of real property, plant and equipment before deduction of accumulated depreciation.

Note 5: The issuer should classify the various operating costs and operating expenses as fixed and variable according to their nature. If estimates or subjective judgments are involved, they should pay attention to their reasonableness and maintain consistency.

Note 6: The ratio of paid-up capital to foreign companies previously opened will be calculated based on the ratio of net worth.

II. Audit Committee's Report on the Financial Statements in the Most Recent Year

Audit Committee's Review Report

The Board of Directors has prepared and submitted the 2023 Business Report, Financial Statements, and various documents, of which the financial statements have been audited by the CPAs Fang-Wen Lee and Calvin Chen of Ernst & Young and an Audit Report is submitted. The above-mentioned business report, financial statement and earnings distribution proposal, as well as various statements and reports submitted to the shareholders' meeting, have been checked by the Audit Committee and no discrepancies have been found. The report is prepared in accordance with the Securities and Exchange Act and the Company Act.

Long Da Construction & Development Corporation

Audit Committee convener:

____

Lin, Xiangkai

March 11, 2024

III. Audit Committee's report and the financial statements in the most recent year: See page 209 for details.

IV. Financial difficulties occurred to the Company and its affiliated enterprises and their effects in the most recent Year and as of the publication date of this report: None.

Chapter 7.Review and analysis of financial conditions, operating results, and risk related matters

I.Financial Condition

Unit: NT$ thousand

Item \ Year	2023	2022	Variance	
			Amount	%
Current assets	12,527,224	11,433,320	1,093,904	9.57
Real estate, factories and equipment	59,168	55,820	3,348	6.00
Other assets (including intangible assets)	686,325	587,342	98,983	16.85
Total assets	13,272,717	12,076,482	1,196,235	9.91
Current liabilities	3,090,107	2,845,624	244,483	8.59
Long-term liabilities	4,771,702	4,165,158	606,544	14.56
Total liabilities	7,861,809	7,010,782	851,027	12.14
Capital Stock	2,191,972	2,191,972	0	0
Capital surplus	50,614	50,614	0	0
Retained earnings	3,155,711	2,807,989	347,722	12.38
Other equity	12,611	15,125	(2,514)	(16.62)
Total shareholder equity	5,410,908	5,065,700	345,208	6.81
Explanations (Changes of 20% or more): There is no change that has reached 20% in the current period.				

II.Operation Results

(I) Comparative Analysis Table for Business Results

Unit: NT$ thousand

Item \ Year	2023	2022	Variance	
			Amount	%
Operating revenue	4,365,571	4,713,705	(348,134)	(7.39)
Operating cost	2,978,114	3,267,629	(289,515)	(8.86)
Gross profit	1,387,457	1,446,076	(58,619)	(4.05)
Operating expenses	423,026	404,005	19,021	4.71
Operating profit and loss	964,431	1,042,071	(77,640)	(7.45)
Non-operating income and expenses	11,369	(1,834)	13,203	(719.90)
Continuing business units Net profit	808,367	905,830	(97,463)	(10.76)
Other comprehensive income in the current period (net income after tax)	(2,845)	4,258	(7,103)	(166.82)
Total comprehensive income	805,522	910,088	(104,566)	(11.49)

Explanations (Changes of 20% or more):

Non-operating income and expenses: Mainly due to increased interest revenue and other revenues.

Other comprehensive income for the period: Mainly the increase and decrease of exchange differences arising from the translation of the financial statements of foreign operations.

(II) Expected volume of sales and its basis, and the possible impact on the Company's future financial operations and response plan: The sales volume is estimated based on the industry profile and the future supply and demand of the market, and there has been no major change, which will not have a significant impact on the future financial business.

(III) Analysis of Changes in Operating Gross Profit

Unit: NT$ thousand

Item	The number of changes in the early and late periods	Reasons for differences				
		Construction Project	Building sales	Lease	Other	Quantity difference
Gross profit	(58,619)	(8,753)	(89,514)	13,428	26,220	0

Description:

Building sales: Mainly due to the completion and recognition of the Company's own construction projects J36, J49-2 and J51-1 in the Construction Sales Department in the previous year, which resulted in an increase in profits, and for the current period, we have only sold the remaining housing units and the gradual recognition of the completion of construction project J48 at the end of the year.

III. Cash flow analysis

(I) Liquidity analysis of the most recent year

Unit: NT$ thousand

Cash balance at beginning of period	Net cash inflow from operating activities	Net cash inflow from investment and financing activities throughout the year	Cash balance (insufficient) (Sunday, December 31, 2023)	Capital resources for inadequate cash	
				Investment Plan	Fundraising plan
1,562,407	617,709	(761,778)	1,418,338	-	-

Description:

1. Operating activities: Mainly due to the increase in profit from good sales in the current period.
2. Investment and financing activities: Mainly due to the repayment of land financing and building financing with the good sales in the current period.
3. Replenishment measures for insufficient cash and liquidity analysis: There is no cash shortage.

(II) Cash flow analysis for the coming year: It is expected that the cash outflow from operating activities in the coming year will mainly be the purchase of construction land and payment for construction projects, etc., which will be financed by financing methods such as self-owned funds or bank borrowings.

IV. Impact of major capital expenditures on corporate finances and business in the most recent year: None.

V. Investment policy, main causes for profits or losses, improvement plans and the investment plans for the coming year: None.

VI. Risk related matters:

(I) Effects of changes in interest rate, exchange rate, and inflation on the company's finance, and future response measures:

1. In terms of interest rates: Maintain the decentralization of financing banks in order to strive for more favorable interest rates.
2. Exchange rate and inflation: Pay attention to the international price trends of important materials and enter into long- and short-term supply contracts, and reduce adverse effects through measures such as trade associations and competition for price index subsidies.

(II) Policies for engaging in high-risk, high-leverage investments, loans to others, endorsements, and derivative commodity transactions, and the main reasons for profit or loss, and future response measures:

The Company prohibits any high-risk or highly leveraged investments. Regarding capital loans to others, endorsement guarantees, and derivative commodity transactions, they are all handled in accordance with the relevant regulations set by the Company.

(III) Future Research and Development Projects and Corresponding budget:

The Company does not have a dedicated research and development department. Since the construction industry and the manufacturing or high-tech industries require different R&D and design of new products, the Company does not have relevant R&D expenses.

(IV) Effects of and response to changes in domestic and foreign policies and laws relating to corporate finance and sales:

The Company has taken appropriate measures to respond to important domestic and foreign policy and legal changes in the most recent years, and has not yet had a significant impact on the Company's financial business.

(V) Effects of and response to changes in technology and in the industry relating to corporate finance and sales:

The Company's main business is contracting projects and building and selling houses. The Company continues to grasp industry trends and inter-industry market information to evaluate its impact on the Company's operations and make corresponding adjustments. It also maintains a prudent financial management strategy to maintain market competitiveness.

(VI) The impact of changes in corporate image on corporate risk management, and the Company's response measures:

The Company establishes and promotes the belief that everyone is responsible for creating the Company's brand from employee education and training or project activities and specific implementation methods. The Company has no corporate image change.

(VII)Expected benefits from, risk relating to and response to merger and acquisition Plans:

As of the publication date of the annual report, there is no plan for mergers and acquisitions. However, if there is a merger plan in the future, the Company will follow the Company's acquisition or disposal of assets processing procedures, uphold a cautious assessment attitude, consider whether the merger can bring specific performance to the Company, so as to ensure the Company's interests and shareholders' rights.

(VIII)Expected benefits from, risk relating to and response to factory expansion plans: The Company does not have a factory.

(IX) Risks relating to and response to excessive concentration of purchasing or sales sources:

1. Procurements

(1) Although the Company has not signed long-term cooperation contracts with major third-party vendors, there is a long-term cooperative relationship with each of the professional third-party vendors, and they can fully cooperate with each other in terms of project progress and construction quality. The annual change of subcontracting to third-party vendors mainly changes with the construction progress and nature of the project. When the amount of a certain project is large, the amount of subcontracting will increase relatively, so it is easy to show the phenomenon of concentration of subcontractors in the current year. Therefore, the change should be reasonable.

(2) Due to the fact that the Company's own construction products are not consecutive or in mass, and the fact that land cannot be increased, moved or replaced, the Company's acquisition of construction land depends on the location of the planned project. Counterparties are not specific. Therefore, there is no risk related to excessive concentration of purchasing sources.

2. Sales

(1) The Company's construction business is mainly engaged in construction business. Because the contracted construction period can range from 1 to 4 years, if the total amount of certain construction contracts is large, and due to the recognition of the completion ratio or the full completion method, there will be The phenomenon of concentration on a certain customer for a period of time, so the Company has no abnormal changes in centralized sales.

(2) The Company's construction business, because its housing sales target is the general public, and the source of customers is extremely scattered, so the ratio of a single customer to the total sales value is small

(X) Effects of and risks relating to large share transfers or changes in shareholdings of directors, supervisors, or shareholders with shareholdings of over 10%: Up to now, there has not been a substantial transfer or replacement of the equity of the above-mentioned personnel.

(XI) Effects of and risks relating to changes in control over the Company:

The equity of the Company's shareholders and directors is stable, and the risk of management rights changes is low.

(XII)Litigation or non-litigation situation

3. Major litigation, non-litigation or administrative litigation that the Company has determined in the most recent year or is currently in the department, the results of which may have a significant impact on shareholder rights or securities prices: None.
4. The Company's directors, supervisors, president, major shareholders holding more than 10% of the shares, and affiliated companies have been determined in the most recent year or are currently in litigation, non-litigation or administrative litigation. Circumstances that have a significant impact on shareholder equity or securities prices: None.

(XIII)Other significant risks and response measures None.

VII.Other important matters: None.

Chapter 8.Special Disclosures

I. Summary of Affiliated Companies: None.

II. Private placement of securities in the most recent year as of the publication date of this report: None.

III. Securities Acquired, Disposed of, or Held by Subsidiaries in the Most Recent Year as of the Publication Date of This Report: None.

IV. Other Supplementary Matters: None.

Chapter 9.Has a significant impact on shareholders or the price of securities

Events with Major Impacts on Shareholder Equity or Share Value Described in Subparagraph 2, Paragraph 3, Article 36 of the Securities and Exchange Act in the Most Recent Year as of the Publication Date of This Report: None.

Declaration

In 2023 (from January 1 to December 31, 2023), the Company is required to be included in the consolidated financial statements of affiliates under the Criteria Governing Preparation of Affiliation Reports, Consolidated Business Reports and Consolidated Financial Statements of Affiliated Enterprises, and is all the same as companies required to be included in the consolidated financial statements of parent and subsidiary companies as provided in Financial Accounting Criteria Gazette No. 10. Relevant information that should be disclosed in the consolidated financial statements of affiliates has all been disclosed in the consolidated financial statements of parent and subsidiary companies; therefore, the Company will not prepare separate consolidated financial statements of affiliates.

The effect is hereby declared.

Company Name: Long Da Construction & Development Corporation

Chairman of the Board: Chen, Wu-Tsung

March 11, 2024

Independent auditor's report

To Long Da Construction & Development Corporation:

Auditor's opinion

I have reviewed the Consolidated Assets Balance Sheet as of December 31, 2023 and December 31, 2022, Consolidated Profit and Loss Statement from January 1 to December 31, 2023 and from January 1 to December 31, 2022, Consolidated Statement of Changes in Equity, Consolidated Cash Flow Statement, and Notes of the Consolidated Financial Report (including a summary of material accounting policies) of Long Da Construction & Development Corporation and its subsidiaries.

In my opinion and based on my review results, the aforementioned consolidated financial statements present fairly, in all material respects, the consolidated financial position of Long Da Construction & Development Corporation and its subsidiaries as of December 31, 2023 and December 31, 2022, and their consolidated financial performance and consolidated cash flow for the periods of January 1 to December 31, 2023 and January 1 to December 31, 2022, in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers, as well as IFRS, IAS, interpretations and SIC that endorsed and announced as valid by the FSC.

Basis of auditor's opinion

I conducted my reviews in accordance with the Regulations Governing Auditing and Attestation of Financial Statements by Certified Public Accountants and auditing guidelines. My responsibilities as a CPA under said Regulations will be further explained under the section of CPA's Responsibilities in Auditing Consolidated Financial Statements. Staff of the accounting firm to which I belong who is regulated by the CPA code of professional ethics has maintained impartiality and independence in matters related to YLSS as well as fulfilled other responsibilities under the code. The accountant believes that sufficient and appropriate audit evidence has been obtained as a basis for expressing the auditor's opinions.

Key audit items

Key audit items refer to the most important items for the audit of the consolidated financial statements of Long Da Construction & Development Corporation and its subsidiaries for 2023, based on my professional judgment as a CPA. The items have been responded to during the process of auditing the consolidated financial statements and the formation of the audit opinion. I will not express my opinion on those items separately.

Evaluation of inventories

As of December 31, 2023, Long Da Construction & Development Corporation and its subsidiaries have a net construction inventory of NT$9,709,006 thousand, or approximately 73% of the consolidated total assets, and is therefore material to the consolidated financial statements. Inventories are mainly composed of land for construction, buildings under construction, and buildings for sale. Due to the characteristics of the industry, these products are unique, regional, and immovable, and are vulnerable to changes to government policies, government promotion of public project plans and regulations. The impact of changes may cause inventory prices to fluctuate easily, and it is not easy to determine the net realizable value. Therefore, the accountant decided to include this as a key audit item.

The audit procedures of the accountant include (but are not limited to), considering that the sales price is easily affected by changes in external market factors, and inquiring about the selling price of neighboring areas or the selling price of sold units to assess whether there is a price drop. Buildings for sale are compared to the original inventory costs based on their actual sales price to evaluate the recovery of inventory value. Review the market analysis and comparative information of newly acquired land for development to assess whether the net realizable value of the inventory is fairly expressed.

I have also considered the appropriateness of inventory disclosure in Note V and Note VI.4 of the Consolidated Financial Report.

Management and Governing Units' Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with provisions of the Regulations Governing the Preparation of Financial Reports by Securities Issuers, as well as IFRS, IAS, interpretations and SIC that endorsed and announced as valid by the FSC while maintaining necessary internal control related to the preparation of consolidated financial statements to ensure that consolidated financial statements are free from material misstatement arising from malpractice or mistake.

During the preparation of consolidated financial statements, management's responsibilities also include evaluation of the ability of Long Da Construction & Development Corporation and its subsidiaries to continue as a going concern, disclosure of relevant matters, and the adoption of accounting basis for continuing as a going concern unless management intents on liquidating Long Da Construction & Development Corporation and its subsidiaries or suspend operations, or there is no other viable solution than liquidation or suspension of operations.

The governance units of Long Da Construction & Development Corporation and its subsidiaries (including the Audit Committee) are responsible for supervising the preparation of the financial reports.

The accountant's responsibility for auditing consolidated financial statements

My aim for auditing consolidated financial statements is to obtain reasonable assurance on whether material misstatement exists in the overall consolidated financial statements due to malpractice or mistake, and to issue an audit report. Reasonable assurance is defined as a high degree of assurance. However, it cannot be guaranteed that an audit carried out in accordance with generally accepted auditing standards will certainly detect material misstatement in consolidated financial statements. Misrepresentation may result from fraud or errors. If the individual amount or sum in the misstatement is reasonably expected to affect the economic decisions of users of the consolidated financial statements, it shall be considered material.

The accountant uses professional judgment and maintains professional suspicion when conducting audits in accordance with auditing standards. The accountant also performs the following tasks:

1. Identify and evaluate risks of material misstatement in consolidated financial statements caused by malpractice or mistake. Design and implement appropriate countermeasures for the assessed risks. Obtain sufficient and appropriate audit evidence as a basis for expressing

the auditor's opinions. Because fraud may involve collusion, forgery, deliberate omission, false statements or violations of internal control, the risk of not detecting a major false expression caused by fraud is higher than that caused by error.

2. Obtain necessary understanding of internal control related to audit in order to design an appropriate audit procedure for the current circumstance. However, the purpose is not to express an opinion on the effectiveness of the internal control of Long Da Construction & Development Corporation and its subsidiaries.

3. Evaluate the suitability of the accounting policies adopted by the management and the reasonableness of accounting estimates and related disclosures.

4. Reach a conclusion on the adequacy of the accounting basis for continuing as a going concern adopted by management and the existence of material uncertainty regarding events or circumstances that may cause material doubt in the ability of Long Da Construction & Development Corporation and its subsidiaries to continue as a going concern based on the obtained audit evidence. In the event where I consider material uncertainty to be existent regarding said events or circumstances. I shall remind users of the consolidated financial statements to pay attention to relevant disclosure in the statements or modify the audit opinion when such disclosure is inappropriate. The accountant's conclusion is based on the audit evidence obtained as of the date of the audit report. However, future events or circumstances may cause Long Da Construction & Development Corporation and its subsidiaries to no longer have the ability to continue as a going concern.

5. Evaluate the overall presentation, structure and content of consolidated financial statements (including relevant notes) and whether they fairly represent relevant transactions and events.

6. Obtain adequate and appropriate audit evidence on the financial information of the individual companies within the group to serve as basis for an audit opinion on the consolidated financial statements. I am responsible for the instruction, supervision and implementation of group audit cases, and for forming a group audit opinion.

The matters communicated between the accountant and the governance unit include the planned audit scope and time, as well as major audit findings (including significant deficiencies in internal controls identified during the audit process).

The accountant also provides the governance unit with a statement that the personnel of the accountant's affiliated firm subject to independence regulations have complied with the statement of independence of the accountant's professional ethics, and communicates with the governance unit all relationships that may be considered to affect the independence of the accountant and other matters (including related protective measures).

I decide the key audit items for the 2023 audit on the consolidated financial statements of Long Da Construction & Development Corporation and its subsidiaries, based on the matters communicated with the governing units. The accountant has stated these matters in the audit report, unless the law does not allow specific matters to be disclosed publicly, or in very rare cases, the accountant decides not to communicate specific matters in the audit report, because the negative effects of this communication can be reasonably expected to be greater than the benefits to public interest.

Other

Long Da Construction & Development Corporation has prepared the Parent Company Financial Report of 2023 and 2022, and the accountant has issued an unqualified opinion in the audit report for reference.

Ernst & Young
The competent authority approves the publishing of the company's financial report
Audit Document No.: Order No. Financial-Supervisory-Securities-Auditing-1010045851
FSC Certificate VI No. 0970038990

Fang-Wen Lee

Accountant:

Calvin Chen

March 11, 2024

Long Da Construction & Development Corporation and Subsidiaries
Consolidated Balance Sheet
December 31, 2023 and 2022

Unit: NT$ thousand

Assets			December 31, 2023		December 31, 2022	
Code	Accounting item	Notes	Amount	%	Amount	%
	Current assets					
1100	Cash and cash equivalents	IV/VI.1	$1,418,338	11	$1,562,407	13
1140	Contract assets - current	IV/VI. 18, 19	71,026	1	51,134	1
1150	Net notes receivable	IV/VI. 2, 19	50	0	26	0
1170	Net accounts receivable	IV/VI. 3, 19	179,035	1	128,293	1
1180	Accounts receivable - net amount for related parties	IV/VI. 3, 19/ VII	1,860	0	5,588	0
1320	Inventory	IV/VI. 4/ VIII	9,709,186	73	9,404,341	78
1410	Advance payments	VI. 5	742,113	6	28,355	0
1476	Other financial assets	VIII	316,845	2	141,518	1
1479	Other current assets	VI.18	88,771	1	111,658	1
11xx	Total current assets		12,527,224	95	11,433,320	95
	Non-current assets					
1550	Investments recognized under the equity method	IV/VI. 6	–	–	7,815	0
1600	Real estate, factories and equipment	IV/VI. 7/VIII	59,168	0	55,820	0
1755	Right-of-use assets	IV/VI. 20	848	0	1,452	0
1760	Net amount of investment real estate	IV/VI. 8/VIII	646,982	5	559,078	5
1801	Intangible assets	IV/VI. 9	871	0	797	0
1840	Deferred income tax assets	IV/VI. 24	8,959	0	6,069	0
1900	Other non-current assets	IV/VI. 10	28,665	0	12,131	0
15xx	Total non-current assets		745,493	5	643,162	5
1xxx	Total assets		$13,272,717	100	$12,076,482	100

Liabilities and equity			December 31, 2023		December 31, 2022	
Code	Accounting item	Notes	Amount	%	Amount	%
	Current liabilities					
2100	Short-term borrowings	IV/VI. 11	$706,185	5	$833,025	7
2110	Short-term notes and bills payable	IV/VI. 12	49,928	0	49,988	1
2130	Contract liabilities - current	IV/VI. 18	788,162	6	275,388	2
2150	Notes payable		93,406	1	94,757	1
2170	Accounts payable		1,017,696	8	1,052,409	9
2180	Accounts payable - related parties	VII	11,118	0	8,884	0
2200	Other accounts payable		151,896	1	147,011	1
2230	Current income tax liabilities	IV/VI. 24	101,623	1	67,182	1
2250	Liability provisions - current	IV/VI. 13	14,406	0	15,555	0
2280	Lease liabilities - current	IV/VI. 20	513	0	604	0
2300	Other current liabilities		34,928	0	15,220	0
2322	Current portion of long-term borrowings	IV/VI. 15	120,246	1	285,601	2
21xx	Total current liabilities		3,090,107	23	2,845,624	24
	Non-current liabilities					
2527	Contract Liabilities - non-current		165,695	1	–	–
2530	Corporate bonds payable	IV/VI. 14	1,299,000	10	499,000	4
2540	Long-term bank borrowings	IV/VI. 15	3,303,279	25	3,664,732	30
2570	Deferred income tax liabilities	IV/VI. 24	538	0	79	0
2580	Lease liabilities - non-current	IV/VI. 20	348	0	861	0
2600	Other non-current liabilities		2,842	0	486	0
25xx	Total non-current liabilities		4,771,702	36	4,165,158	34
2xxx	Total liabilities		7,861,809	59	7,010,782	58
	Equity attributable to parent company shareholders					
3100	Capital Stock					
3110	Ordinary share capital	IV/VI. 17	2,191,972	17	2,191,972	18
3200	Capital surplus		50,614	0	50,614	1
3300	Retained earnings					
3310	Legal reserve		706,575	5	615,755	5
3350	Undistributed earnings		2,449,136	19	2,192,234	18
	Total retained earnings		3,155,711	24	2,807,989	23
3400	Other equity		12,611	0	15,125	0
31xx	Total equity attributable to the owner of the parent company		5,410,908	41	5,065,700	42
3xxx	Total equity		5,410,908	41	5,065,700	42
	Total liabilities and equity		$13,272,717	100	$12,076,482	100

(Please see Notes of the consolidated financial report)

Chairperson of the Board: Chen, Wu-Tsung Manager: Hung, Mao-Yuan Head of Accounting: Kuo, Hsiu-Hsiang

Long Da Construction & Development Corporation and Subsidiaries
Consolidated Profit and Loss Statement
January 1 to December 31, 2023 and 2022

Unit: NT$ thousand

Code	Accounting item	Notes	2023 Amount	2023 %	2022 Amount	2022 %
4000	Operating revenue	IV/VI. 18/VII	$4,365,571	100	$4,713,705	100
5000	Operating cost	IV/VI. 4, 21	(2,978,114)	(68)	(3,267,629)	(69)
5900	Gross profit		1,387,457	32	1,446,076	31
6000	Operating expenses	IV/VI. 21				
6100	Promotion expenses		(196,965)	(5)	(237,545)	(5)
6200	Management expenses		(226,061)	(5)	(166,460)	(4)
	Total operating expenses		(423,026)	(10)	(404,005)	(9)
6900	Operating profit		964,431	22	1,042,071	22
7000	Non-operating income and expenses	IV/VI. 22				
7100	Interest income		5,587	0	1,785	0
7010	Other income		13,828	0	7,389	0
7020	Other profits and losses		(4,553)	(0)	(6,659)	(0)
7050	Financial costs		(1,796)	(0)	(1,865)	(0)
7060	Share of profits/losses on equity-accounted associated companies	IV/VI. 6	(1,697)	(0)	(2,484)	(0)
	Total non-operating income and expenses		11,369	0	(1,834)	(0)
7900	Net profit before tax		975,800	22	1,040,237	22
7950	Income tax (expense)	IV/VI. 24	(167,433)	(4)	(134,407)	(3)
8000	Net income from continuing operations		808,367	18	905,830	19
8200	Net profit		808,367	18	905,830	19
8300	Other comprehensive income	VI.23				
8310	Items that will not be reclassified to profit or loss					
8311	Number of remeasurements of defined benefit plans		(414)	(0)	2,963	0
8349	Income tax related to items that will not be reclassified		83	0	(593)	(0)
8360	Items that may be reclassified to profit or loss					
8361	Exchange differences arising from the translation of the financial statements of foreign operations		(3,142)	(0)	2,360	0
8399	Income tax related to items that may be reclassified to profit or loss		628	0	(472)	(0)
	Other comprehensive income in the current period (net income after tax)		(2,845)	(0)	4,258	0
8500	Total comprehensive income		$805,522	18	$910,088	19
8600	Net profit attributable to:					
8610	Owner of the parent company		$808,367	18	$905,830	19
8700	Total comprehensive income attributable to:					
8710	Owner of the parent company		$805,522	18	$910,088	19
	Earnings per share (NT$)					
9750	Basic earnings per share	IV/VI. 25	$3.69		$4.13	
9850	Diluted earnings per share		$3.66		$4.09	

(Please see Notes of the consolidated financial report)

Chairperson of the Board: Chen, Wu-Tsung Manager: Hung, Mao-Yuan Head of Accounting: Kuo, Hsiu-Hsiang

Long Da Construction & Development Corporation and Subsidiaries
Consolidated Statement of Changes in Equity
January 1 to December 31, 2023 and 2022

Unit: NT$ thousand

		Equity attributable to parent company shareholders						Total equity
		Capital Stock		Retained earnings		Other equity items		
	Item	Ordinary share capital	Capital surplus	Legal reserve	Undistributed earnings	Exchange differences arising from the translation of the financial statements of foreign operations	Total	Total equity
Code		3100	3200	3310	3350	3410	31XX	3XXX
A1	Balance as of January 1, 2022	$2,191,972	$50,614	$555,907	$1,782,276	$13,237	$4,594,006	$4,594,006
	Appropriation and distribution of earnings for 2021							
B1	Allocation to legal reserve	–	–	59,848	(59,848)	–	–	–
B5	Cash dividends of common stock	–	–	–	(438,394)	–	(438,394)	(438,394)
D1	Profits from January 1 to December 31, 2022	–	–	–	905,830	–	905,830	905,830
D3	Other comprehensive income from January 1 to December 31, 2022	–	–	–	2,370	1,888	4,258	4,258
D5	Total comprehensive income	–	–	–	908,200	1,888	910,088	910,088
Z1	Balance as of December 31, 2022	$2,191,972	$50,614	$615,755	$2,192,234	$15,125	$5,065,700	$5,065,700
A1	Balance as of January 1, 2023	$2,191,972	$50,614	$615,755	$2,192,234	$15,125	$5,065,700	$5,065,700
	Appropriation and distribution of earnings for 2022							
B1	Allocation to legal reserve	–	–	90,820	(90,820)	–	–	–
B5	Cash dividends of common stock	–	–	–	(460,314)	–	(460,314)	(460,314)
D1	Net profit from January 1 to December 31, 2023	–	–	–	808,367	–	808,367	808,367
D3	Other comprehensive income from January 1 to December 31, 2023	–	–	–	(331)	(2,514)	(2,845)	(2,845)
D5	Total comprehensive income	–	–	–	808,036	(2,514)	805,522	805,522
Z1	Balance as of December 31, 2023	$2,191,972	$50,614	$706,575	$2,449,136	$12,611	$5,410,908	$5,410,908

(Please see Notes of the consolidated financial report)

Chairperson of the Board: Chen, Wu-Tsung　　Manager: Hung, Mao-Yuan　　Head of Accounting: Kuo, Hsiu-Hsiang

Long Da Construction & Development Corporation and Subsidiaries
Consolidated Cash Flow Statement
January 1 to December 31, 2023 and 2022

Unit: NT$ thousand

Code	Item	2023 Amount	2022 Amount
AAAA	Cash flow of operating activities:		
A10000	Profit before tax of this period	$975,800	$1,040,237
A20000	Adjusted items:		
A20010	Revenues and expenses:		
A20100	Depreciation	23,346	21,580
A20200	Amortized expenses	1,759	1,116
A20900	Interest expenses	1,796	1,865
A21200	Interest income	(5,587)	(1,785)
A22300	Share of profits/losses on equity-accounted associated companies	1,697	2,484
A22500	Gains from disposal and write offs of real estate, factories and equipment	(1,762)	(73)
A23700	Impairment and loss of non-financial assets	6,266	—
A29900	Other items	2,781	133
A30000	Changes in operating activities related asses/liabilities:		
A31125	Contract asset (increase) decrease	(19,892)	27,627
A31130	Decrease (increase) in notes receivable	(24)	924
A31150	(Increase) decrease in accounts receivable	(50,732)	2,582
A31160	Decrease in accounts receivable - stakeholder	3,728	3,536
A31200	Inventory (increase)	(170,745)	(554,316)
A31230	Decrease (increase) in advance payments	(708,433)	396,123
A31240	Decrease of other current assets	22,887	45,628
A32125	Contract liabilities increase (decrease)	678,469	(231,329)
A32130	(Decrease) increase in notes payable	(1,351)	58,783
A32150	Accounts payable (decrease) increase	(34,713)	320,244
A32160	Increase in accounts payable - related parties	2,234	7,615
A32180	Increase in other payables	775	42,522
A32230	Increase (decrease) in other current liabilities	18,535	(9,398)
A33000	Cash inflow generated from operations	746,834	1,176,098
A33100	Interest received	5,587	1,785
A33500	Income tax paid	(134,712)	(185,574)
AAAA	Net cash inflow from operating activities	617,709	992,309

Code	Item	2023 Amount	2022 Amount
BBBB	Cash flow of investing activities:		
B02200	Acquisition of subsidiaries (less the cash obtained)	(1,666)	—
B02700	Acquisition of real estate, factories and equipment	(2,566)	(680)
B02800	Disposal of real estate, factories and equipment	1,762	76
B04500	Acquisition of intangible assets	(592)	(673)
B05400	Acquisition of investment properties	(112,942)	(19,098)
B06500	Increase of other financial assets	(175,327)	(124,660)
B06700	Increase of other non-current assets	(16,948)	—
B06800	Decrease of other non-current assets	—	55,962
BBBB	Net cash flow (outflow) from investing activities	(308,279)	(89,073)
CCCC	Cash flow from financing activities:		
C00100	Increase in short-term borrowings	1,436,260	1,615,600
C00200	Decrease in short-term borrowings	(1,563,100)	(1,410,575)
C00600	Decrease in short-term notes and bills payable	(60)	(179,885)
C01200	Issuance of corporate bonds	800,000	499,000
C01600	Borrowing long-term borrowings	1,156,355	468,860
C01700	Repayment of long-term borrowings	(1,693,462)	(600,916)
C04020	Repayment of lease principal	(629)	(586)
C04300	Increase in other non-current liabilities	2,356	—
C04400	Decrease in other non-current liabilities	—	(1,408)
C04500	Distribution of cash dividends	(460,314)	(438,394)
C05600	Interest paid	(127,471)	(93,335)
CCCC	Net cash flow (out) from financing activities	(450,065)	(141,639)
DDDD	Effects of exchange rate fluctuations on cash and cash equivalents	(3,434)	2,407
EEEE	Increase (decrease) in cash and cash equivalents for the current period	(144,069)	764,004
E00100	Opening balance of cash and cash equivalents	1,562,407	798,403
E00200	Closing balance of cash and cash equivalents	$1,418,338	$1,562,407

(Please see Notes of the consolidated financial report)

Chairperson of the Board: Chen, Wu-Tsung

Manager: Hung, Mao-Yuan

Head of Accounting: Kuo, Hsiu-Hsiang

Long Da Construction & Development Corporation and Subsidiaries
Notes to the Consolidated Financial Statements
2023 and 2022
(Amounts are in NT$ thousand unless otherwise specified)

(I) Company history and description of business scope

Long Da Construction & Development Corporation (hereinafter referred to as "the Company") was founded on April 30, 1982, and is located at Rm. 1, 18F., No. 380, Minquan 2nd Rd., Qianzhen Dist., Kaohsiung City. It is mainly engaged in the integrated construction business of construction and civil engineering, as well as the development, leasing and sale of residential housing and buildings.

The Company's shares were listed for trading at the Taipei Exchange on October 7, 1999. Since February 10, 2014, it has been listed on the Taiwan Stock Exchange Corporation for trading. The Company was formerly known as Longda Construction Corporation and was renamed Long Da Construction & Development Corporation on June 16, 2009 through a resolution of the shareholders' meeting, and was approved and registered by the competent authority on July 9, 2009. In addition, the Company established a subsidiary in Japan on May 8, 2014, which is mainly engaged in real estate leasing and general hotel business.

(II) Date and procedures of approval of the financial statements

The Consolidated Financial Reports of the Company and its subsidiaries for 2023 and 2022 were approved by the Board of Directors and published on March 11, 2024.

(III) Application of new standards, amendments, and interpretations

1. Changes in accounting policies resulting from the first application of International Financial Reporting Standards

   The Group has adopted the International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), IFRIC Interpretations (IFRIC) and SIC Interpretations as endorsed and announced as valid by the Financial Supervisory Commission (FSC) for application starting in the fiscal year beginning after January 1, 2023. The first application of new standards and amendments should not cause material impacts on the Group.

2. As of the approval and announcement date of the financial report, the Group has yet to adopt the following new publications, amendments and revisions to standards or interpretations of the IASB as endorsed by the FSC:

Item No.	New/Revised/Amended Standards and Interpretations	Effective date by International Accounting Standards Board
1	Liabilities as classified as current or non-current (Amendments to IAS 1)	January 1, 2024
2	Leaseback liabilities (Amendments to IFRS 16)	January 1, 2024
3	Non-current contract liabilities (Amendments to IAS 1)	January 1, 2024

Item No.	New/Revised/Amended Standards and Interpretations	Effective date by International Accounting Standards Board
4	Supplier financing arrangements (Amendments to IAS 7 and IFRS 7)	January 1, 2024

(1) Liabilities as classified as current or non-current (Amendments to IAS 1)

This is to modify the classification of liabilities as current or non-current in paragraphs 69 through 76 of IAS No. 1 "Presentation of Financial Statements".

(2) Leaseback liabilities (Amendments to IFRS 16)

This is to add additional accounting processes by a seller-lessee in sale and leaseback transactions in order to enhance the applicability of the standard.

(3) Non-current contract liabilities (Amendments to IAS 1)

This amendment aims to improve the information companies provide on long-term liability contracts. It explains that the terms of a covenant to be complied with in the 12 months after the reporting period should not affect the classification of liabilities as current or non-current at the end of a reporting period.

(4) Supplier financing arrangements (Amendments to IAS 7 and IFRS 7)

These amendments not only added descriptions of supplier financing arrangements but also added relevant disclosures.

The above are new publications, amendments and revisions to standards or interpretations of the IASB as endorsed by the FSC for the application in the fiscal year beginning after January 1, 2024, which do not have material impacts on the Group.

3. As of the approval and announcement date of the financial report, the Group has yet to adopt the following new publications, amendments and revisions to standards or interpretations of the IASB that are not yet endorsed by the FSC:

Item No.	New/Revised/Amended Standards and Interpretations	Effective date by International Accounting Standards Board
1	Amendments to IFRS 10, “Consolidated Financial Statements”, and IAS 28, “Investment Related Enterprise and Joint Venture”, ‘Sale or contribution of assets between an investor and its associate or joint venture’	To be determined by the IASB

(Amounts are in NT$ thousand unless otherwise specified)

Item No.	New/Revised/Amended Standards and Interpretations	Effective date by International Accounting Standards Board
2	IFRS 17, 'Insurance contracts'	January 1, 2023
3	Lack of Exchangeability (Amendments to IAS 21)	January 1, 2025

(1) Amendments to IFRS 10, "Consolidated Financial Statements", and IAS 28, "Investment Related Enterprise and Joint Venture", 'Sale or contribution of assets between an investor and its associate or joint venture'

This plan is formulated to reconcile the inconsistencies between IFRS No. 10 "Consolidated Financial Statements" and IAS No. 28 "Investment in Associated Enterprises and Joint Ventures" regarding the loss of control by investing in affiliated enterprises or joint ventures at the price of subsidiaries. IAS No. 28 stipulates that when non-monetary assets are invested in exchange for equity in affiliated enterprises or joint ventures, the share of profits or losses incurred shall be eliminated in accordance with downstream transactions. IFRS No. 10 stipulates that all benefits or losses at the time of loss of control of a subsidiary shall be listed. This amendment restricts the aforementioned provisions of IAS No. 28. When assets that constitute a business as defined by IFRS No. 3 are sold or invested, the profits or losses incurred shall be fully listed.

This amendment also modifies IFRS No. 10 so that when investors and their affiliates or joint ventures sell or invest in subsidiaries that do not constitute businesses defined in IFRS No. 3, the benefits or losses incurred are only recognized within the scope of shares enjoyed by non-investors.

(2) IFRS 17, 'Insurance contracts'

This standard provides a comprehensive model of insurance contracts, including all accounting-related parts (recognition, measurement, expression and disclosure principles). The core of the standard is a general model. Under this model, the fulfillment of cash flows and contract services are recognized and the sum of the two margins measures the group of insurance contracts. The book value at the end of each reporting period is the sum of the remaining coverage liabilities and the incurred claims liabilities.

In addition to the general model, it also provides specific applicable methods for contracts with direct participation characteristics (variable fee method); and the simplified method for short-term contracts (premium sharing method)

After the standard was issued in May 2017, another amendment was issued in 2020 and 2021. This amendment extended the effective date of the transitional clause by 2 years (that is, the original deadline, January 1, 2021, is extended to January 1, 2023) and provide additional exemptions, reduce the cost of adopting this standard by simplifying some regulations, and modify some regulations to make some situations easier to explain. This standard will replace the transitional standard (IFRS 4, 'Insurance contracts')

(3) Lack of Exchangeability (Amendments to IAS 21)

This amendment describes the exchangeability and the lack thereof among currencies, how to decide the exchange rate in the event where currencies lack exchangeability, and add additional disclosure regulations when currencies lack exchangeability. This amendment applies to fiscal years starting after January 1, 2025.

The above standards or interpretations announced by the IASB but not yet endorsed by the FSC are to be applied based on the FSC's regulations. The Group evaluates the newly announced or revised standards or interpretations as not having material impacts on the Group.

(IV) Summary of significant accounting policies

1. Compliance statement

The Consolidated Financial Reports of the Group for 2023 and 2022 were compiled in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers, as well as the IFRS, IAS, interpretations and SIC that endorsed and announced as valid by the FSC.

2. Basis of preparation

The compilation of the Consolidated Financial Report is based on historical costs other than financial instruments measured by fair value. The unit is New Taiwan Dollar in the consolidated financial statements unless otherwise specified.

3. Consolidated overview

Consolidated Financial Statements Compilation Principles

The Company controls an investee when the Company is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. More specifically, the Company controls an investee if and only if the Company has all of the following elements:

(1) Power over the investee, i.e. the investor has existing rights that give it the ability to direct the relevant activities
(2) Exposure, or rights, to variable returns from its involvement with the investee, and
(3) The ability to use its power over the investee to affect the amount of the investor's returns

When the Company directly or indirectly holds voting rights or similar rights that are less than majority over the investee, it considers all relevant facts and circumstances when assessing whether it has power over the investee, including:

(1) Contract agreements held with other owners of voting rights over the investee
(2) Rights from other contract agreements
(3) Voting rights sand potential voting rights

When facts and circumstances indicate that changes occurred to one or more of the three control elements, the Company will re-assess whether it still controls the investee.

A subsidiary is included in the consolidated statements since the acquisition date (i.e., the day when the Company obtained control) until the day that the Company loses control over the subsidiary. The accounting period and policies in the subsidiaries' financial statements are consistent with those of the parent company. Account balances and transactions within the Group, and unrealized gains, losses and dividends generated from transactions within the Group are all eliminated.

Changes in shares held over subsidiaries shall be treated as equity transactions unless control over the subsidiaries is lost.

The total comprehensive income of subsidiaries is attributed to the owners and non-controlling interests of the Company, even if the non-controlling interests result in a deficit balance.

When the Company loses its control over a subsidiary, it will

(1) Derecognize the subsidiary's assets (including goodwill) and liabilities;
(2) Derecognize the book value of any non-controlling interest;
(3) Recognize the fair value of the consideration obtained;
(4) Recognize the fair value of any retained investment;
(5) Re-classify the items recognized under other comprehensive income of the parent company as current income, or directly transfer into retained earnings in accordance with other IFRS provisions;
(6) Recognize the differences generated thereof as current income.

The main compiled content of the Consolidated Financial Statements is as follows:

Name of Investor	Name of Subsidiary	Business Nature	Percentage of the equity held	
			2023.12.31	2022.12.31
The Company	Phoenix Co., Ltd. (Note)	Food and beverage, tourism, hotels, and other businesses	100.00%	-

Note: The Company originally held 45% of shares of the Phoenix Co., Ltd. Considering the business needs for future operation management and cooperation with third parties, on February 23, 2023, the Board of Directors decided to purchase 55% of Phoenix Co., Ltd.'s shares held by Ryokusuitei Co., Ltd. Phoenix Co., Ltd. became a subsidiary 100% -owned by the Company.

4. FCY Transactions

The Group's consolidated financial statements are all expressed in the functional currency, New Taiwan Dollar. Each entity within the Group may decide its own functional currency, and use that currency to assess its financial statements.

The foreign currency transactions of entities in the Group are exchanged to the respective entity's functional currency based on the exchange rate of the transaction date and are registered accordingly. On the end of each reporting period, monetary items in foreign currencies are converted at the closing exchange rate on that day. Non-monetary items in foreign currencies are measured by fair value and converted at the exchange rate on the day when the fair value is determined. Foreign currency-denominated non-monetary items carried at historical costs are converted at the exchange rate on the original transaction date.

Except for the following, the exchange difference arising from the delivery or conversion of monetary items is recognized as profit and loss in the current period:

(1) If the foreign currency borrowing incurred to obtain a qualified asset, if the exchange difference incurred is regarded as an adjustment to the interest cost, it is part of the borrowing cost and capitalized as the cost of the asset.
(2) Foreign currency items applicable to IFRS No. 9 "Financial Instruments" shall be handled in accordance with the accounting policies of financial instruments.
(3) For monetary items that form part of the reported net investment in foreign operating institutions, the resulting exchange differences were originally recognized as other comprehensive profits and losses, and were reclassified from equity to profits and losses when disposing of the net investment.

When the profit or loss of a non-monetary item is recognized as other comprehensive profit or loss, any conversion component of the profit or loss is recognized as other comprehensive profit or loss. When the profit or loss of a non-monetary item is recognized as profit or loss, any conversion component of the profit or loss is recognized as profit or loss.

5. Exchange of foreign currencies in the financial statements

When compiling the consolidated financial statements, assets and liabilities of operating institutions in foreign countries are all exchanged to New Taiwan Dollar based on the balance sheet date. Income and expenses are exchanged based on the average exchange rate of the period. Exchange differences generated from currency exchange are listed in other comprehensive income. Before disposing of the foreign operation, accumulated exchange differences from individual items previously listed under other comprehensive income and accumulated under equity are re-classified from equity to income when listing the income from disposal. After partial disposal involving loss of control over subsidiaries with foreign operations, and partial disposal of equity that involves affiliated companies or joint agreements with foreign operations, the retained equity including financial assets of foreign operations will be handled in accordance with the disposal.

When partially disposing of subsidiaries with foreign operations without losing control, the accumulated exchange differences listed under other comprehensive income will be re-classified proportionally as the non-controlling interest of the foreign operation instead of equity. When partially disposing of affiliated companies or joint agreements with foreign operations without loss of significant impact or joint control, the accumulated exchange differences will be re-classified proportionally as income.

Goodwill arising from the Group's purchase of foreign operations and the adjustment to the fair value of the book value of their assets and liabilities are deemed as assets and liabilities of the foreign operations and will be listed in their functional currency.

6. Classification of current and non-current assets and liabilities

If there is one of the following conditions, it is classified as current assets, and non-current assets are classified as non-current assets:

(1) Assets arising from operating activities are expected at be realized, or are intended to be sold or consumed within the normal operating cycle;
(2) The assets are held mainly for trading purposes.
(3) The assets are expected to be realized within 12 months after the reporting period.
(4) 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 reporting period.

Those with one of the following conditions are classified as current liabilities, and non-current liabilities are classified as non-current liabilities:

(1) The liabilities are expected to be repaid over the Company's normal business cycle.
(2) The liabilities are held mainly for trading purposes.
(3) The liabilities are expected to be repaid within 12 months after the end of the reporting period.
(4) Liabilities for which the repayment term cannot be extended unconditionally beyond 12 months after the reporting period. Terms of liabilities which may be liquidated by the issuance of equity instruments at the option of the counterparty do not affect their classification.

7. Cash and cash equivalents

Cash and cash equivalents refer to cash on hand, demand deposits, and highly liquid time deposits or investments kept for the purpose of meeting short-term commitments, and are readily convertible into known amounts of cash and are prone to insignificant risk of changes in value.

8. Financial instruments

Financial assets and financial liabilities are recognized when the Group becomes a party of the contract terms of said financial instrument.

Financial assets and financial liabilities that meet the scope of application of IFRS No. 9 "Financial Instruments" are measured at fair value at the time of initial recognition and are directly attributable to financial assets and financial liabilities (except for those classified as fair value through profit and loss). The transaction cost of acquisition or issuance, other than financial assets and financial liabilities measured by value, is added to or subtracted from the fair value of the financial assets and financial liabilities.

(1) Recognition and measurement of financial assets

For recognition and derecognition of financial assets in the regular way purchase or sale by the Group, accounting treatment on the transaction date is adopted.

The Group categorizes financial assets into financial assets at amortized cost, financial assets measured at fair value through other comprehensive income, or financial assets at fair value through profit and loss based on the following two items:

A. The business model for managing financial assets.
B. Contractual cash flow characteristics of financial assets.

Financial assets at amortized cost

Financial assets that meet the following two conditions at the same time are measured at amortized cost, and listed on the balance sheet in terms of bills receivable, accounts receivable, financial assets measured at amortized cost, and other receivables:

A. The management model for managing financial assets: Holding financial assets to collect contractual cash flows.
B. Contractual cash flow characteristics of financial assets: Cash flows that are solely payments of principal and interest on the principal amount outstanding.

These financial assets (excluding those involved in a hedging relationship) are subsequently amortized at the cost [the amount measured at the time of original recognition, minus the principal paid, plus or minus the difference between the original amount and the maturity amount Accumulated amortization (using the effective interest method), and adjust the allowance for loss] measurement. When derecognizing, using amortization procedures, or recognizing detrimental benefits or losses, the benefits or losses are recognized in profit and loss.

The interest calculated by the effective interest rate method (multiplying the effective interest rate by the total book value of financial assets) or the following conditions is listed in income:

A. For purchased or created credit loss financial assets, the effective interest rate after credit adjustment is multiplied by the amortized cost of the financial asset.
B. For those which do not belong to the former, but subsequently become credit loss, multiply the effective interest rate by the amortized cost of financial assets.

Financial assets at fair value through other comprehensive income

Financial assets that meet the following two conditions at the same time are measured at fair value through other comprehensive income, and listed on the balance sheet as financial assets measured at fair value through other comprehensive income:

A. The management model for managing financial assets: Collecting contractual cash flows and selling financial assets.
B. Contractual cash flow characteristics of financial assets: Cash flows that are solely payments of principal and interest on the principal amount outstanding.

The explanation of the recognition of such financial assets-related income is as follows:

A. Before derecognition or reclassification, in addition to the derogation benefit or loss and the foreign currency exchange benefit and losses being recognized in the profit and loss, the benefit or loss is recognized in the other comprehensive income.
B. When the asset is derecognized, all cumulative gains/losses previously recognized through other comprehensive income are reclassified from equity to profit or loss and treated as a reclassification adjustment.
C. The interest calculated by the effective interest rate method (multiplying the effective interest rate by the total book value of financial assets) or the following conditions is listed in income:

   (a) For purchased or created credit loss financial assets, the effective interest rate after credit adjustment is multiplied by the amortized cost of the financial asset.
   (b) Those who do not belong to the former, but become credit impairment after continuing, multiply the effective interest rate by the amortized cost of financial assets.

In addition, for equity instruments that fall within the scope of IFRS 9 and equity instruments that are neither held for trading, nor recognized by acquirer in a business combination under IFRS 3 or has a consideration, at the time of initial recognition, choose (irrevocably) to report its subsequent fair value changes in other comprehensive income. The amount reported in other comprehensive profits and losses shall not subsequently be transferred to profit and loss (when disposing of these equity instruments, it will be included in the cumulative amount of other equity items and directly transferred to retained earnings), and the financial assets shall be measured at fair value through other comprehensive profits and losses and listed on the balance sheet. Investment dividends are recognized in income, unless the dividend clearly represents part of the recovery of investment costs.

Financial assets at fair value through profit and loss

Except for those that meet specific conditions and are measured at amortized cost or at fair value through other comprehensive income, financial assets are measured at fair value through profit and loss, and financial assets that are measured at fair value through profit and loss are reported in the balance sheet.

Such financial assets are measured at fair value, and the benefits or losses resulting from re-measurement are recognized as profit or loss. The profit or loss recognized as profit or loss include any dividends or interest received by the financial asset.

(2) Impairment of financial assets

The Group recognizes debt instrument investment measured at fair value through other comprehensive income and financial assets measured at amortized cost as expected credit losses and measures the loss allowance. The debt instrument investment measured at fair value through other comprehensive income is to recognize the allowance loss in other comprehensive income without reducing the book value of the investment.

The Group measures the expected credit losses using methods that reflect the following:

A. An unbiased evaluation of a range of possible outcomes and their probabilities of occurrence.
B. The time value of money.
C. Reasonable and supportable information (obtainable at the balance sheet date without undue cost or commitment) that is available without undue cost or effort at the reporting date about past events, current conditions and forecasts of future economic conditions.

The method of measuring the allowance loss is explained as follows:

A. Measured by the amount of 12-month expected credit losses: Including financial assets that have not significantly increased in credit risk since initial recognition, or those that are judged to be low in credit risk on the balance sheet date. In addition, it also includes those who measured the allowance loss based on the amount of expected credit losses during the duration of the previous reporting period, but no longer met the conditions for a significant increase in credit risk since the initial recognition on the balance sheet date of the current period.
B. The amount of expected credit loss measured during the duration: Including financial assets that have significantly increased credit risk since initial recognition, or are purchased or created credit-impaired financial assets.
C. For accounts receivable or contract assets arising from transactions within the scope of IFRS 15, the Group uses the amount of lifetime expected credit losses to measure loss allowance.
D. For lease receivables arising from transactions within the scope of IFRS 16, the Group uses the amount of lifetime expected credit losses to measure loss allowance.

On each balance sheet date, the Group evaluates whether the credit risk of financial instruments has increased significantly after the original recognition by comparing the changes in the default risk of financial instruments on the balance sheet date and the original recognition date. Please refer to Note XII for relevant credit risk information.

(3) Derecognition of financial assets

Financial assets held by the Group are derecognized when one of the following conditions is met:

A. The contractual rights from the cash flows of financial assets terminate.
B. The financial assets have been transferred and almost all the risks and rewards of the ownership of the assets have been transferred to others.
C. Almost all risks and rewards of asset ownership have not been transferred nor retained, but control of assets has been transferred.

When a financial asset is derecognized in its entirety, the difference between its book value and the received or receivable consideration plus any cumulative gains or losses recognized in other comprehensive income is recognized in comprehensive income.

(4) Financial liabilities and equity instruments

<u>Classification of liabilities or equity</u>

Liabilities and equity instruments issued by the Group are classified as financial liabilities or equity based on the substance of the contractual agreement and the definitions of financial liabilities and equity instruments.

<u>Equity instruments</u>

Equity instruments refer to any contract that represents the Group's remaining equity after deducting all liabilities from assets. Equity instruments issued by the Group are recognized at the amount obtained after deducting direct issuance costs from the acquisition price.

<u>Compound tool</u>

The Group verifies financial liabilities and equity components for the convertible corporate bonds issued in accordance with its contractual terms. In addition, for the converted corporate bonds issued, it is evaluated whether the economic characteristics and risks of the embedded buying and selling rights are closely related to the main debt product before distinguishing the equity elements.

The liability part that does not involve derivatives, the fair value of which is equivalent to the market interest rate assessment of bonds with no conversion characteristics. Before conversion or redemption and settlement, the amount of this part is classified as financial liabilities measured at amortized cost. As for other embedded derivatives that are not closely related to the risks of the economic characteristics of the main contract (for example, the execution price of the embedded buy-back and redemption rights cannot be almost equal to the amortized cost of the debt goods on each execution day), except for the equity components, they are classified as liability components and measured at fair value through profit or loss in subsequent periods. The amount of the equity element is determined based on the fair value of the converted corporate bond minus the component of the liability, and the book amount will not be remeasured in the subsequent accounting period. If the converted corporate bonds issued do not have equity elements, they shall be processed in accordance with the IFRS 9 hybrid instruments.

Transaction costs are allocated to the liabilities and equity components in accordance with the proportion of the originally recognized convertible corporate bonds allocated to liabilities and equity components.

When the holder of the converted corporate bond requests to exercise the right of conversion before the expiry of the converted corporate bond, the book value of the component elements of the liability is adjusted to the book value at the time of the conversion as the accounting basis for the issuance of ordinary shares.

Financial liabilities

Financial liabilities that meet the scope of application of IFRS 9 are classified as financial liabilities measured at fair value through profit or loss or financial liabilities measured at amortized cost at the time of initial recognition.

Financial liabilities at fair value through profit and loss

Financial liabilities measured at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated to be measured at fair value through profit or loss.

When one of the following conditions is met, it is classified as held for trading:

A. The main purpose of its acquisition is to sell in a short period of time.
B. At the time of initial recognition, it is part of the portfolio of identifiable financial instruments managed by the merger, and there is evidence that the portfolio is a short-term profitable operation pattern in the near future. or
C. Derivatives (except for designated financial guarantee contracts or derivatives and effective hedging instruments).

For contracts containing one or more embedded derivatives, the overall hybrid (combined) contract can be designated as a financial liability measured at fair value through profit and loss. When one of the following factors can provide more relevant information, it is designated as fair value through profit and loss at the time of initial recognition:

A. This designation can eliminate or significantly reduce inconsistencies in measurement or recognition. or
B. A group of financial liabilities or a group of financial assets and financial liabilities are managed and evaluated on a fair value basis based on written risk management or investment strategies, and the information on the investment portfolio provided to the management within the consolidated company is also based on fair value.

The benefits or losses arising from the re-measurement of such financial liabilities are recognized as profits and losses, and the benefits or losses recognized as profits and losses include any interest paid by the financial liabilities.

Financial liabilities at amortized cost

Financial liabilities measured at amortized cost include accounts payable and borrowings, etc., which are subsequently measured by the effective interest method after initial recognition. When financial liabilities are derecognized and amortized through the effective interest rate method, their related profit and loss and amortization amount are recognized in income.

The calculation of the amortized cost considers the discount or premium at the time of acquisition and transaction costs.

Derecognition of financial liabilities

When the obligation of a financial liability is removed, cancelled, or voided, the financial liability is derecognized.

When the Group and its creditors exchange debt instruments with materially different terms, or make significant changes to all or part of the terms of existing financial liabilities (whether due to financial difficulties or not), the original liability is derecognized and a new liability is recognized. When derecognizing financial liabilities, the difference between the book value and the total consideration paid or payable (including non-cash assets transferred or liabilities assumed) is recognized under income.

(5) Offset between financial assets and liabilities

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 recognized amounts and there is an intention to settle on a net basis or realize the asset and settle the liability simultaneously.

9. Fair value

Fair value refers to the price that can be received for the sale of an asset or paid for the transfer of a liability in an orderly transaction between market participants on the measurement date. The fair value measurement assumes that the sale of assets or transfer of liabilities takes place in one of the following markets:

(1) The main market for the asset or liability, or
(2) If there is no major market, the most favorable market for the asset or liability

The main or most advantageous market must be accessible to the Company for trading.

The fair value of assets or liabilities is measured by using assumptions that market participants will use when pricing assets or liabilities, and it is assumed that these market participants act in their economic best interests.

The fair value measurement of non-financial assets takes into account market participants by using the asset for its highest and best use or by selling the asset to another market participant who will use the asset for its highest and best use, in order to generate economic benefits.

The Group uses valuation techniques that are appropriate under relevant circumstances for which sufficient information is available to measure fair value, while maximizing the use of relevant observable inputs and minimizing the use of unobservable inputs.

10. Inventory

(1) Construction industry

Including land for construction, land under construction, and land for sale, etc., based on the acquisition cost. Land for construction is the land under active development. If it is to be developed, it is transferred to non-current assets.

Accounting treatment of the building (land) under construction is based on the construction cost or acquisition cost. Upon completion, the cost is carried forward to buildings (land) for sale. Inventory is graded at the lower of cost or net realizable value. And in addition to the same category of inventory, compare them item by item. Net realizable value refers to the balance of the estimated selling price minus the costs and sales expenses that need to be invested in completion of the project under normal circumstances.

The provision of labor services is handled in accordance with the provisions of IFRS No. 15, and is not in the scope of inventory.

(2) Accommodation and Food Service Industry

Inventor is measured by whichever is lower between costs and net realizable value. Costs include the acquisition cost and other costs incurred in order to reach a usable location and condition, and is calculated using the weighted average method.

Net realizable value refers to the balance of the estimated selling price under normal operations minus the estimated costs required to bring the inventory to a condition ready for sale and the estimated costs required to complete the sale.

11. Investments recognized under the equity method

The Company's investment in affiliated companies is treated using the equity method except for those classified as assets held for sale. Affiliated company refers to a company over which the Group has material impact. Joint venture refers to refers to one in which the Group has rights to the net assets of a joint agreement (with joint controllers).

Under the equity method, listing of investments in affiliated companies in the balance sheet is calculated by adding up costs and the recognized amount proportional to the Group's share in the changes in the net assets of the affiliated company or joint venture after the acquisition. After the book value of investment in related companies and other related long-term interests are reduced to zero using the equity method, additional losses and liabilities are recognized within the scope of statutory obligations, constructive obligations, or payments made on behalf of related companies or joint ventures. The unrealized profit or loss between the Group and an affiliated company or joint venture will be eliminated based on the proportionate interest in the affiliated company or joint venture.

When equity of affiliated companies or joint venture changes not due to income and other comprehensive income and does not affect the Group's share, the Group shall list all relevant equity changes proportionate to its share. Therefore, the recognized capital reserve is transferred to the profit and loss according to the disposal ratio when the affiliated company or joint venture is subsequently disposed of.

When an affiliated company or joint venture issues new shares, if the Group fails to subscribe in proportion to its shareholding ratio, resulting in a change in the investment ratio, which causes an increase or decrease in the Group's share of the net assets of the affiliated company or joint venture, the increase or decrease should be adjusted via "capital reserve" and "investments using the equity method." When the investment ratio changes to a decrease, the related items that have been previously recognized in other comprehensive income are also reclassified to profit and loss or other appropriate subjects according to the reduction ratio. The aforementioned capital reserve recognized in the subsequent disposal of the affiliated company or joint venture shall be transferred to the profit and loss according to the disposal ratio.

Financial statements of affiliated companies or joint ventures are compiled over the same reporting period as the Group, and are adjusted when necessary, so that their accounting policies are consistent with those of the Group.

At the end of each reporting period, the Group verifies whether there is objective evidence indicating that the investment in the affiliated company or the joint venture is impaired in accordance with IAS 28 "Investments in Associates and Joint Ventures." If there is such evidence, the Group then calculates the amount of impairment based on the difference between the recoverable amount of the affiliated company or the joint venture and the book value in accordance with IAS 36 "Impairment of Assets," and recognizes the amount under income of affiliated companies or joint ventures. If the aforementioned recoverable amount adopts the value in use of the investment, the Group will determine the relevant value in use based on the following estimates:

(1) The Group's share in the present value of the estimated future cash flows generated by the affiliated company or joint venture, including the cash flow generated by the affiliated company or joint venture from operations and the final proceeds from the disposal of the investment; or
(2) The present value of the estimated future cash flows that the Group expects to generate from receiving dividends from the investment and the ultimate disposal of the investment.

Since the goodwill component items that constitute the book value of the investment related enterprise are not separately recognized, there is no need to apply the provisions of the IAS 36 "Impairment of Assets" goodwill impairment test.

When significant impact over an affiliated company or the joint control over a joint venture is lost, the Group measures and recognizes the retained investment at fair value. When a significant impact or joint control is lost, the difference between the book value of the investment related company or joint venture and the fair value of the retained investment plus the proceeds from the disposal is recognized as profit or loss. In addition, when an investment in an affiliated company becomes an investment in a joint venture, or vice versa, the Group continues to adopt the equity method and does not remeasure the retained equity.

12. Real estate, factories and equipment

Real estate, plant and equipment are recognized on the basis of acquisition cost, and are listed after deducting accumulated depreciation and accumulated impairment. The aforementioned cost includes the cost of dismantling, removing and restoring the real estate, plant and equipment at their location and the cost of unfinished construction. Necessary interest expenses incurred. 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. When a significant item of property, plant and equipment must be regularly replaced, the Group treats the item as a consolidated asset and recognizes it separately using a specific useful life and depreciation method, and derecognizes it in accordance with IAS 16 "Property, Plant and Equipment." If the major maintenance cost meets the recognition conditions, it is regarded as replacement cost and recognized as part of the book value of plant and equipment, and other repair and maintenance expenses are recognized in profit and loss.

Depreciation is provided on a straight-line basis based on the estimated useful lives shown as follows:

Asset category	Useful life
Buildings and structures	41 - 50 years
Machinery and equipment	6 - 8 years
Transportation equipment	5 years
Office equipment	3 - 8 years
Other equipment	3 - 5 years

After initial recognition, items of real estate, factory and equipment or any important component are derecognized and recognized as profit or loss if they are disposed of or are not expected to have an inflow of economic benefits due to use or disposal in the future.

The residual value, useful life and depreciation method of real estate, plant and equipment are assessed at the end of each financial year. If the expected value is different from the previous estimate, the change is regarded as a change in accounting estimates.

13. Investment properties

The Group's own investment property is measured at original cost, including the transaction costs for the acquisition of the asset. The book value of investment real estate includes the cost of repairing or adding new investment real estate under the condition that the cost is recognizable. However, the maintenance expenses incurred on a daily basis are not part of its cost. After initial recognition, except for those that meet the criteria for classification as pending sale (or included in the subgroup classified as disposals pending sale) in accordance with IFRS 5 "Non-current Assets Held for Sale and Discontinued Operations", the measurement of investment properties is based on the cost model, which is dealt with in accordance with the provisions of IAS No. 16 "Real Estate, Plant and Equipment" on this model; however, if it is held by the lessee as a right-of-use asset and is in accordance with the provisions of IFRS No. 5 and are not pending sale, it is handled in accordance with the provisions of IFRS No. 16.

Depreciation is provided on a straight-line basis based on the estimated useful lives shown as follows:

Asset category	Useful life
Buildings	10 - 47 years

Investment real estate is derecognized and recognized as income when it is disposed of, will no longer be used, and it is expected that future economic benefits cannot be generated from the disposal.

The Group decides on the transfer of investment property to or from itself based on the actual purpose of the asset.

When a property satisfies or no longer satisfies the definition of investment property and there is evidence indicating the change of its purpose, the Group will re-classify the property as investment property or remove it from the investment property category.

14. Lease

The Group evaluates whether a contract is (or includes) lease on the contract effective date. If a contract transfers control over the use of an identified asset for a period of time in exchange for consideration, the contract is (or includes) a lease. To assess whether a contract transfers control of the use of an identified asset for a period of time, the Group assesses whether both of the following occur throughout the period of use:

(1) Obtain the right to almost all economic benefits from the use of identified assets. And
(2) The right to direct the use of identified assets.

When a contract is (or includes) lease, the Group leases each lease component independently, and separates it from the non-lease components of the contract. When a contract includes one lease component and one or more additional lease or non-lease components, the Group allocates the contract consideration to the lease component based on the relative stand-alone price of each lease component and the aggregate stand-alone price of the non-lease components. The relative stand-alone prices of lease and non-lease components are determined on the basis of the prices charged by the lessor (or similar suppliers) for the components (or similar components). If observable stand-alone prices are not readily available, the Group will maximize the use of observable information in order to estimate the stand-alone price.

The Group as Lessee

When the Group is the lessee of a lease contract, right-of-use assets and lease liabilities are recognized for all leases except for leases that qualify and select short-term leases or low-value underlying assets.

On the starting date, the Group shall measure lease liabilities based on the present value of the unpaid lease payments as of the day. If the implicit interest rate of the lease is easy to determine, the lease payment is discounted using that interest rate. If the interest rate is not easy to determine, use the lessee's incremental borrowing rate. On the starting date, the lease payments included in the lease liability include the following payments related to the right of use of the underlying asset during the lease period and not yet paid on that date:

(1) Fixed benefits (including substantive fixed benefits), minus any lease incentives that can be collected.
(2) Lease payments depend on changes in a certain index or rate (using the original index or rate on the starting date to measure).
(3) The amount expected to be paid by the lessee under the residual value guarantee.
(4) The exercise price for purchasing the option, if the Group is reasonably sure about exercising the option, And
(5) The penalty payable for the termination of the lease, if the lease period reflects that the lessee will exercise the option of termination.

After the starting date, the Group measures lease liabilities based on amortized costs, and increases the book value of lease liabilities using the effective interest rate method to reflect interests from lease liabilities. The payment of lease benefits reduces the book value of the lease liability.

On the starting date, the Group measures ownership asset based on costs. Ownership asset costs include:

(1) The original measured amount of the lease liability.
(2) Any lease payments paid on or before the start date, minus any lease incentives received.
(3) Any original direct costs incurred by the lessee. And
(4) The estimated cost for the lessee to dismantle, remove the subject asset, and restore its location, or restore the subject asset to the state required by the lease terms and conditions.

Subsequent measurement of the right-of-use asset is presented after the accumulated depreciation and accumulated impairment loss have been subtracted from the cost; that is, the cost model is applied to measure the right-of-use asset.

If the ownership of the asset is transferred to the Group upon expiry of the lease period, or if the ownership asset costs reflect that the Group will exercise the purchase of the option, the ownership asset will be listed for depreciation from the starting date to the expiry of the target asset's useful life in years. Otherwise, the Group will list the ownership asset for depreciation from the starting date until the expiry of the ownership asset's useful life in years or the expiry of the lease period, whichever is earlier.

The Group applies IAS 36 Impairment of Assets to decide whether an ownership asset is impaired and handles any identified impairment loss.

Except for leases that qualify and select short-term leases or low-value underlying assets, the Group lists ownership assets and lease liabilities in the balance sheet, and separately lists depreciation expense and interests related to the lease in the comprehensive income statement.

For short-term leases or leases of low-value underlying assets, the Group recognizes their lease payment as expenses during the lease period on a linear basis or another systematic basis.

The Group as Lessor

On the contract effective date, the Group classifies each lease as business lease or financing lease. Leasing, such as the transfer of almost all risks and rewards attached to the ownership of the underlying asset, is classified as a financial lease. If it is not transferred, it is classified as an operating lease. On the starting date, the Group recognizes the assets held under the financing lease in the balance sheet, and expresses them as financing lease payables based on the net lease investment.

For contracts that contain lease components and non-lease components, the Group applies IFRS 15 provisions on the consideration of shared contract.

The Group recognizes their lease payment from business leases as rent income on a linear basis or another systematic basis. For operating leases, lease payments that are not dependent on a certain index or rate change are recognized as lease income when they occur.

15. Intangible assets

Assets classified as individually acquired intangible assets were initially measured at cost. After initial recognition of intangible assets, the book value is the amount of its cost minus accumulated amortization and accumulated impairment losses. Internally generated intangible assets that do not meet the recognition conditions shall not be capitalized, but shall be recognized in profit or loss when they occur.

The useful life of intangible assets is divided into definite and indefinite useful life.

Intangible assets with a definite useful life are amortized over their useful life, and an impairment test is performed when there are signs of impairment. The amortization period and amortization method of intangible assets with definite useful life are reviewed at least at the end of each financial year. If the estimated useful life of the asset is different from the previous estimate or the expected pattern of future economic benefit consumption has changed, the amortization method or amortization period will be adjusted and considered as a change in accounting estimates.

Intangible assets with indefinite useful life are not amortized, but will be tested for impairment each year at the consolidated asset or cash generating unit level. Intangible assets with indefinite useful life are assessed in each period as to whether there are events and circumstances that continue to support that the asset's useful life remaining uncertain. If the useful life is changed from non-determined to definite useful life, the application will be postponed.

The profit or loss arising from derecognized intangible assets is recognized as income.

Computer software

The Group's intangible asset accounting policies are summarized as follows:

	Computer software
Useful life	Limited (1 - 5 years)
Amortization method used	Amortized using the straight-line method over the estimated beneficial life
Internally generated or externally acquired	Externally acquired

16. Impairment of non-financial assets

At the end of each reporting period, the Group assesses all assets to which IAS 36 "Impairment of Assets" for signs of impairment. If there are signs of impairment or if it is necessary to conduct annual impairment test on a certain asset, the Group will test the individual asset or the cash generating unit to which the asset belongs. As a result of the impairment test, if the book value of the asset or the cash-generating unit to which the asset belongs is greater than its recoverable amount, the impairment loss is recognized. The recoverable amount is the higher of net fair value or use value.

At the end of each reporting period, the Group assesses assets other than goodwill for signs indicating that the previously recognized impairment losses are no longer existent or have decreased. If such signs exist, the Group will estimate the recoverable amount of the asset or the cash generating unit. If the recoverable amount increases due to changes in the estimated service potential of the asset, the impairment will be reversed. However, the book value after the reversion does not exceed the book value of the asset after depreciation or amortization is deducted if the impairment loss is not recognized.

For a cash-generating unit or group, whether they show signs of impairment, the amount of goodwill allocated to the unit will be subject to impairment test. If the result of the impairment test needs to be recognized as an impairment loss, the goodwill will be deducted first, and the deducted amount will be allocated to other assets other than goodwill based on the relative proportion of the book value. Once the impairment of goodwill is recognized, it shall not be reversed for any reason thereafter.

The impairment loss and the number of revolutions of continuing business units are recognized in profit and loss.

17. Liability provisions

The recognition condition of the liability provision is the current obligation (statutory obligation or constructive obligation) arising from past events. When the obligation is paid, it is likely that resources with economic benefits need to flow out, and the amount of the obligation can be estimated reliably. When the Group expects some or all provisions can be reimbursed, only when the reimbursement is almost completely certain will it be recognized as a separate asset. If the time value of money has a significant impact, the liability provision is discounted at the current pre-tax interest rate that can appropriately reflect the specific risks of the liability. When debt is discounted, the increase in the amount of debt due to the passage of time is recognized as borrowing costs.

Liability provisions for warranties

The liability provision for the warranty is estimated in accordance with the contract agreement of the project and the management's best estimate of the future outflow of economic benefits (based on historical warranty experience) caused by the warranty obligation of the project.

18. Revenue recognition

The revenue from contracts between the Group and customers mainly includes sales of goods and provision of services. The accounting treatments are explained as follows:

Income from the sale of premises

The Group construct and sells premises. Revenue is recognized when the control of transferred asset is registered and the premise is actually handed over. These contracts are fixed consideration, and the customer pays a fixed amount according to the agreed schedule. When the Group has an obligation to transfer goods or services to a customer because consideration has been received (or can be received from the customer), it is recognized as a contract liability.

If the timing of payment for a contractual agreement will explicitly or implicitly provide the customer or the Group with material financial benefits on the transfers of product or service, the Group adjusts the promised consideration to reflect the time value of money. For sales contracts with less than a year between the expected time of transferring product or service to the customer and the time that the customer pays for the product or service at the beginning of the contract, the Group will not adjust the promised consideration.

Construction project contractual income:

The Group engages in the undertaking of construction projects. Since the asset is controlled by the customer while still being built, income is gradually recognized on the basis of occurred construction costs so far. The contract includes fixed and variable consideration. The customer pays a fixed amount of money according to the agreed schedule. Certain changes in consideration (such as fines calculated on the basis of overdue days, price adjustment subsidies) are estimated based on the expected value based on accumulated experience in the past. The Group only recognizes income when the accumulated income level is unlikely to have material reversals. The right of consideration that the Group obtains for the transfer of product or service to the customer is recognized as contract assets. When there is an unconditional right to the consideration, the contract assets are transferred to accounts receivable. Regardless, for certain contracts, partial consideration is collected from the customer when requesting payment based on the contract, and the Group bears the obligation to provide construction subsequently. Therefore, contract liabilities are recognized.

If it is impossible to reasonably measure the degree of completion of the performance obligations of the construction contract, the contract revenue is only recognized within the range of expected recoverable costs.

If the situation changes, the estimates of revenue, cost, and completion will be revised, and the resulting increase or decrease will be reflected in the profit and loss during the period when the management is aware of the change of the situation and makes corrections.

The Group expects all construction contracts to have an interval of less than a year between the expected time of transferring product or service to the customer and the time that the customer pays for the product or service. Therefore, the Group will not adjust the promised consideration.

The Group provides standard warranty on the construction projects that correspond to the specifications in the agreement, and applies IAS 37 provisions.

Income from Accommodation and Food Service Industry

The Group provides accommodation and food services, and recognizes the service or product as income upon their delivery to the customer.

19. Borrowing costs

Borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset form part of the cost of that asset. All other borrowing costs are recognized as an expense. Borrowing costs are interest and other costs that an entity incurs in connection with the borrowing of funds.

20. Post-employment benefit plan

The Company's regulations on employee retirement apply to all formally hired employees. The employee retirement funds are fully deposited under the management by The Supervisory Committees of Workers' Retirement Reserve Funds and deposited into a dedicated retirement fund account. Since the above pensions are deposited in the name of The Supervisory Committees of Workers' Retirement Reserve Funds, they are completely separated from the Company and are not included in the aforementioned consolidated financial statements.

For post-employment benefit plans that are definite allocation plans, the Company’s monthly employee pension allocation rate shall not be less than 6% of the employee’s monthly salary, and the amount allocated shall be recognized as a current expense. The allocation rate of foreign subsidiaries and branches will be in accordance with the local rate and recognized as a current expense. The allocation rate of foreign subsidiaries and branches will be in accordance with the local rate and recognized as a current expense.

For post-employment welfare plans that are definite welfare plans, they are presented as actuarial reports on the end of the annual reporting period in accordance with the expected unit welfare law. The remeasurement of net definite benefit liabilities (assets) includes any changes in the planned asset return and the impact of the asset ceiling, minus the amount of net interest included in the net definite benefit liabilities (assets), and actuarial gains and losses. When remeasurements arise on net defined benefit liabilities (assets), it shall be listed in other comprehensive incomes and is recorded as retained earnings immediately. The upfront fees is the amount of change in the present value of the determined benefit obligation caused by the planned revision or reduction, and is recognized as an expense on the earlier date of the following two:

(1) When plan amendments or reductions occur. And
(2) When the Company recognizes related restructuring costs or resignation benefits.

The net interest of the net definite benefit liabilities (assets) is determined by multiplying the net definite benefit liabilities (assets) by the discount rate, both of which are determined at the beginning of the annual reporting period, and then the net definite benefit liabilities (assets) during the period are taken into account due to the appropriation Any changes in financial and welfare payments.

21. Income tax

Income tax expense (benefits) refers to the aggregate amount related to current income tax and deferred income tax included in the current profit and loss decision.

Current income tax

Income tax assets/liabilities of the current or previous period are measured at the statutory tax rate applicable at the end of the reporting period. For current income tax is and listed in other total income or items listed in equities, it shall be listed in other total profit or loss or equities and not income.

The undistributed surplus plus the income tax part of profit-making enterprises shall be listed as income tax expense on the day of the decision to distribute the surplus.

Deferred income tax

Deferred income tax is listed using the balance sheet liability method, on temporary differences arising between the tax bases of assets and liabilities and their book values in the consolidated balance sheet.

Except for the following two, all taxable temporary differences are recognized as deferred income tax liabilities:

(1) The original recognition of goodwill. The original recognition of assets or liabilities arising from transactions other than business combinations affected neither accounting profits nor taxable income (loss) at the time of the transaction, and did not result in equivalent taxable and deductible temporary differences at the time of the transaction.
(2) Taxable temporary differences arising from investments in subsidiaries, affiliated companies, and joint venture interests whose timing of reversal is controllable and is likely not to revert in the foreseeable future.

Except for the following two, deductible temporary differences, unused taxable losses, and deferred income tax assets arising from unused tax deductions are recognized within the range of possible future taxable income:

(1) That which is related to the deductible temporary differences generated from the original recognition of assets or liabilities arising from transactions other than business combinations, and affected neither accounting profits nor taxable income (loss) at the time of the transaction, and did not result in equivalent taxable and deductible temporary differences at the time of the transaction.

(2) Related to deductible temporary differences arising from investment in subsidiaries, affiliates, and joint venture equity, which are only recognized when likely to be reversed in the foreseeable future and returned to the extent that there is sufficient taxable income for the temporary difference at the time.

Deferred income tax assets and liabilities are measured by the tax rate for the current period of expected asset realization or debt settlement, and the tax rate is based on the tax rate and tax law that has been legislated or substantively legislated at the end of the reporting period. The measurement of deferred income tax assets and liabilities reflects the tax consequences arising from the method of expected asset recovery or settlement of the book value of liabilities at the end of the reporting period. Deferred income tax and items that are not listed in profit or loss are also not recognized in profit or loss, but are recognized in other comprehensive income or directly recognized in equity based on their related transactions. Deferred income tax assets are re-assessed and adjusted at the end of each reporting period.

Deferred income tax assets and liabilities can only be offset when the current income tax assets and current income tax liabilities have statutory enforcement power, and the deferred income tax belongs to the same taxation authority and is related to the income tax levied by the same tax authority.

In accordance with the provisions of temporary exceptions of the "International Tax Reform - Pillar 2 Model Rules (Amendments to IAS 12)", recognition and disclosure of information about deferred taxes are not allowed.

22. Business Combination and goodwill

For business combinations, the acquisition method is used for accounting. The transferred consideration, identifiable assets obtained and liabilities assumed in a business combination are measured at fair value on the acquisition date. The acquirer measures non-controlling interest at fair value or in proportion to the acquiree's identifiable net assets for each business combination. Costs related to the acquisition thereof are treated as expenses for the period and included in management fees.

When acquiring an operation, the Group evaluates the appropriateness of classification and appointment of assets and liabilities based on the existing contract terms on the acquisition date, economic situations and other relevant conditions, including the consideration to separate the embedded financial derivative in the main contract held by the acquiree.

If a business combination is done in stages, then the equity of the acquiree previously held by the acquirer will be re-measured at fair value on the acquisition date, and the profit or loss generated thereof will be recognized as income for the period.

The contingent consideration that the acquirer expects to transfer will be recognized at fair value on the acquisition date. For contingent consideration treated as assets or liabilities, subsequent changes in its fair value will be recognized as changes in profit or loss for the period or other comprehensive income in accordance with IFRS 9. However, when contingent consideration is classified as equity, it will not be re-measured before its settlement under equity.

The original measurement of goodwill is the total amount of the consideration transferred plus non-controlling interests, which exceeds the fair value of the identifiable assets and liabilities acquired by the Group. If this consideration is lower than the fair value of the acquired net assets, the difference will be recognized as profit or loss for the period.

Goodwill will be measured by subtracting accumulated impairment from costs after its original recognition. Goodwill arising from a business combination is allocated from the acquisition date to each cash generating unit in the group that is expected to benefit from the combination, regardless of whether other assets or liabilities of the acquiree belong to these cash generating units. Each unit or group of units to which goodwill is allocated represents the lowest level at which goodwill is monitored for internal management purposes and is no larger than the operating unit prior to aggregation.

When a disposed part contains the cash generating unit of goodwill, the book value of the part includes the goodwill involved in the disposed operation. The disposed goodwill shall be measured based on the relative recoverable amount of the disposed operation and the retained part.

(V) Significant accounting judgments, estimates and main uncertainty assumptions

When the Group compiles consolidated financial statements, management must make judgments, estimates and assumptions at the end of the reporting period, which will affect the reported amounts of revenue, expenses, assets and liabilities and the disclosure of contingent liabilities. However, the uncertainties in these major assumptions and estimates may result in significant adjustments to the book value of assets or liabilities in future periods.

1. Determination

In the process of adopting the Group’s accounting policies, management proceeds to make the following judgments that have the most significant impacts on the recognition of amounts in individual financial reports:

Project contract revenue recognition

Revenue recognition for the Group's construction contract adopts the input method to measure the degree of completion. The degree of completion is estimated based on the proportion of the construction contract costs incurred to date to the estimated total contract costs to determine the degree of completion of the contract.

2. Estimates and assumptions

Main sources of uncertainty to the assumptions and estimates made in this report on the end date of the reporting period may cause significant adjustments to the book value of assets and liabilities in the following financial year. Details are as follows:

(Amounts are in NT$ thousand unless otherwise specified)

Evaluation of inventories

Inventories must be valued at the lower of cost and net realizable value, so the Group must use judgment and estimates to determine the net realizable value of inventories at the end of the reporting period. This inventory evaluation is mainly based on inventory characteristics, inquiries about the selling prices of neighboring areas, or the selling prices of units sold as the basis for estimation. Please see note 6 for details.

(VI) Details of significant accounts

1. Cash and cash equivalents

	2023.12.31	2022.12.31
Cash	$1,336	$413
Cash in banks	1,417,002	1,561,994
Total	$1,418,338	$1,562,407

2. Net notes receivable

	2023.12.31	2022.12.31
Notes receivable	$50	$26
Minus: Loss provisions	-	-
Total	$50	$26

The Group’s notes receivable are all generated from business activities and are not pledged.

The Group evaluates impairment in accordance with IFRS 9. For information on provisions, please see Note VI. 19. For information on credit risks, please see Note XII.

3. Accounts receivable and accounts receivable - related parties

	2023.12.31	2022.12.31
Accounts receivable	$181,745	$131,003
Minus: Loss provisions	(2,710)	(2,710)
Subtotal	179,035	128,293
Accounts receivable - related parties	1,860	5,588
Minus: Loss provisions	-	-
Subtotal	1,860	5,588
Total	$180,895	$133,881

The Group’s accounts receivable are not pledged.

The Group normally grants a credit period of 30 to 90 days to customers. The total book values as of December 31, 2023 and 2022 are NT$183,605 thousand and NT$136,591 thousand respectively. For information on allowance losses in 2023 and 2022, please refer to Note VI.19. For information on credit risk, please refer to Note XII.

(Amounts are in NT$ thousand unless otherwise specified)

4. Net inventory

(1) Construction industry

	2023.12.31	2022.12.31
Construction land	$2,528,455	$2,185,544
Land for sale	369,391	331,442
Buildings for sale	608,108	877,722
Land under construction	3,402,958	4,171,924
Buildings under construction	2,800,094	1,837,709
Total	$9,709,006	$9,404,341

Houses under construction, land under construction, and related information are as follows:

	2023.12.31			
Project type	Buildings under construction	Land under construction	Estimated year of completion	Note
J50 construction project	$122,013	$593,285	2028	Self-built
J52 construction project	392,479	544,096	2025	Self-built
J53 construction project	172,519	201,509	2025	Self-built
J54 construction project	386,048	318,765	2025	Self-built
J56 construction project	316,879	343,065	2025	Self-built
J57 construction project	992,360	661,065	2024	Self-built
J58 construction project	389,629	485,538	2024	Self-built
J60 construction project	28,167	255,635	2025	Self-built
Total	$2,800,094	$3,402,958		

	2022.12.31			
Project type	Buildings under construction	Land under construction	Estimated year of completion	Note
J48 construction project	$701,818	$764,939	2023	Self-built
J49-3 construction project	218,666	270,751	2023	Self-built
J50 construction project	70,626	587,253	2028	Self-built
J52 construction project	192,938	543,269	2025	Self-built
J53 construction project	53,553	201,051	2025	Self-built
J54 construction project	158,403	318,509	2025	Self-built
J56 construction project	125,170	342,344	2025	Self-built
J57 construction project	197,784	659,949	2024	Self-built
J58 construction project	118,751	483,859	2024	Self-built
Total	$1,837,709	$4,171,924		

(Amounts are in NT$ thousand unless otherwise specified)

Buildings for sale, land for sale, and related information are as follows:

Project type	2023.12.31 Buildings for sale	Land for sale	Advance payment for buildings and land
J15 construction project	$89,018	$2,685	$-
J24 construction project	22,862	8,828	-
J25 construction project	2,788	770	-
J28 construction project	43,705	26,981	5,562
J36 construction project	164,533	36,376	46,893
J39 construction project	46,303	110,548	47,337
J48 construction project	238,899	183,203	36,714
J52 construction project	-	-	165,695
J57 construction project	-	-	109,338
Total	$608,108	$369,391	$411,539

Project type	2022.12.31 Buildings for sale	Land for sale	Advance payment for buildings and land
J15 construction project	$91,851	$2,685	$-
J24 construction project	22,862	8,828	-
J25 construction project	2,788	770	-
J28 construction project	43,705	26,981	-
J36 construction project	638,087	142,014	23,888
J39 construction project	46,303	110,548	-
J48 construction project	-	-	228,686
J51 construction project	32,126	39,616	4,476
Total	$877,722	$331,442	$257,050

The amounts of capitalization of interest during the construction period in 2023 and 2022 are NT$86,318 thousand and NT$44,344 thousand, respectively. In addition, the amounts of capitalization of interest due to the purchase of construction land are NT$43,394 thousand and NT$51,616 thousand, respectively. Total interests before capitalization of interest were NT$131,508 thousand and NT$97,825 thousand.

The real estate under construction, construction land and part of the real estate for sale have been mortgaged. Note VIII for details of the mortgage situation.

As of December 31, 2023 and 2022, the insured amount of construction accident insurance for inventories was NT$60,000 thousand, and the insured amount of comprehensive construction insurance for inventories was NT$7,411,560 thousand and NT$7,969,660 thousand, respectively.

(Amounts are in NT$ thousand unless otherwise specified)

(2) Accommodation and Food Service Industry

	2023.12.31	2022.12.31
Product	$180	$-

The Group's inventory costs recognized as expenses in 2023 were NT$7,133 thousand.

5. Advance payments

	2023.12.31	2022.12.31
Advance payments for land	$701,869	$-
Advance insurance premiums	3,801	3,040
Other advance payments	7,107	3,682
Excess business tax paid	29,336	21,633
Total	$742,113	$28,355

6. Investments recognized under the equity method

Statement of the Group's investment using equity method obtained is as follows:

	2023.12.31		2022.12.31	
Investee	Amount	Shareholding ratio%	Amount	Shareholding ratio%
Investment in affiliated companies:				
Phoenix Co., Ltd.	$-	-	$7,815	45.00%

The Company newly invested in Phoenix Co., Ltd. in 2014, with an investment cost of NT$1,335 thousand (4,500 thousand JPY), mainly operating hotel business. In January 2015, Phoenix Co., Ltd. handled a cash capital increase. The Company contributed capital based on the original shareholding ratio. The investment cost was NT$6,067 thousand (22,500 thousand JPY). In addition, considering the business needs for future operation management and cooperation with third parties, on February 23, 2023, the Board of Directors decided to purchase 55% of Phoenix Co., Ltd.'s shares held by Ryokusuitei Co., Ltd. for NT$15,296 thousand (67,000 thousand JPY). Phoenix Co., Ltd. became a subsidiary 100% -owned by the Company. In November 2024, Phoenix Co., Ltd. Will have a cash capital increase. The Company will contribute according to the original shareholding ratio, with an investment cost of NT$17,152 thousand (80,000 thousand JPY).

The Group's investment in Phoenix Co., Ltd. is not material to the Group. Summary of financial information on the Group's investment in Phoenix Co., Ltd. is listed as follows based on the share:

(Amounts are in NT$ thousand unless otherwise specified)

	2023	2022
Net (loss) from continuing operations in the current period	($1,697)	($2,484)
Other comprehensive income in the current period (net income after tax)	-	-
Total comprehensive income	($1,697)	($2,484)

The aforementioned investment related companies had no contingent liabilities or capital commitments as of 2023 and December 31, 2022, nor did they provide guarantees.

7. Real estate, factories and equipment

	2023.12.31	2022.12.31
Real estate, plants and equipment for self-use	$114,861	$55,820

	Land	Buildings and structures	Machinery and equipment	Transportation equipment	Office equipment	Total
Costs:						
2022.1.1	$22,821	$37,027	$1,162	$29,772	$20,796	$111,578
Addition	-	-	18	-	662	680
Disposal	-	-	-	(480)	(288)	(768)
2022.12.31	22,821	37,027	1,180	29,292	21,170	111,490
Addition	-	1,296	14	313	943	2,566
Obtained via merger	2,003	8,031	-	-	8,018	18,052
Disposal	-	-	-	(14,269)	(305)	(14,574)
Other changes	-	-	390	-	-	390
Effect of exchange rate fluctuations	(81)	(323)	-	-	(323)	(727)
2023.12.31	$24,743	$46,031	$1,584	$15,336	$29,503	$117,197
Depreciation and impairment:						
2022.1.1	$-	$15,208	$1,136	$17,182	$18,958	$52,484
Depreciation	-	753	8	2,403	787	3,951
Disposal	-	-	-	(480)	(285)	(765)
2022.12.31	-	15,961	1,144	19,105	19,460	55,670
Depreciation	-	1,291	9	2,455	1,084	4,839
Obtained via merger	-	5,058	-	-	7,300	12,358
Disposal	-	-	-	(14,269)	(305)	(14,574)
Other changes	-	-	390	-	-	390

(Amounts are in NT$ thousand unless otherwise specified)

	Land	Buildings and structures	Machinery and equipment	Transportation equipment	Office equipment	Total
Effect of exchange rate fluctuations	-	(270)	-	-	(384)	(654)
2023.12.31	$-	$22,040	$1,543	$7,291	$27,155	$58,029
Net book value:						
2023.12.31	$24,743	$23,991	$41	$8,045	$2,348	$59,168
2022.12.31	$22,821	$21,066	$36	$10,187	$1,710	$55,820

For details on security for real estate, factory, and equipment, see note VIII.

8. Investment properties

Investment properties include the Group's own investment properties. The Group signs commercial property lease contracts on its own investment properties, with lease periods ranging from 1 to 20 years.

	Land	Buildings	Total
Costs:			
2022.1.1	$184,991	$478,343	$663,334
Addition - from purchase	17,202	1,896	19,098
Disposal	-	-	-
Other changes	3,873	-	3,873
2022.12.31	206,066	480,239	686,305
Addition - from purchase	-	112,942	112,942
Disposal	-	-	-
Other changes	(7,135)	-	(7,135)
2023.12.31	$198,931	$593,181	$792,112
	Land	Buildings	Total
Depreciation and impairment:			
2022.1.1	$-	$110,173	$110,173
Current depreciation	-	17,054	17,054
2022.12.31	-	127,227	127,227
Current depreciation	-	17,903	17,903
2023.12.31	$-	$145,130	$145,130
Net book value:			
2023.12.31	$198,931	$448,051	$646,982
2022.12.31	$206,066	$353,012	$559,078

(Amounts are in NT$ thousand unless otherwise specified)

	2023	2022
Lease income from investment properties	$624	$-
Minus: Direct operating expenses incurred by investment real estate that generates lease income in the current period	(4,250)	(17,054)
Total	($3,626)	($17,054)

As of December 31, 2023 and 2022, the insured amounts of fire insurance and earthquake insurance for investment properties are NT$361,204 thousand and NT$386,481 thousand, respectively.

For pledge status on the Group's investment properties, please see Note VIII.

Investment properties held by the Group are not measured at fair value. Only information other than their fair value is disclosed. Their fair value level is three. The fair value of the investment properties held by the Group as of December 31, 2023 and 2022 was NT$904,676 thousand and NT$758,205 thousand, respectively. The aforementioned fair value is decided by referencing the announced land values and actual real estate price registration of neighboring areas as well as by appraisal by independent external experts.

9. Intangible assets

	Computer Software Cost	Goodwill	Total
Costs:			
2022.1.1	$7,793	$-	$7,793
Addition - obtained separately	673	-	673
2022.12.31	8,466	-	8,466
Addition - obtained separately	592	-	592
Obtained via merger	-	6,266	6,266
2023.12.31	$9,058	$6,266	$15,324
Amortization and impairment			
2022.1.1	$7,229	$-	$7,229
Amortization	440	-	440
2022.12.31	7,669	-	7,669
Amortization	518	-	518
Impairment	-	6,266	6,266
2023.12.31	$8,187	$6,266	$14,453
Net book value			
2023.12.31	$871	$-	$871

(Amounts are in NT$ thousand unless otherwise specified)

	Computer Software Cost	Goodwill	Total
2022.12.31	$797	$-	$797

The recognized amounts of amortization of intangible assets are as follows:

	2023	2022
Operating expenses	$518	$440

10. Other non-current assets

	2023.12.31	2022.12.31
Refundable deposits	$7,121	$8,945
Net defined benefit assets	2,688	3,186
Incremental cost of acquiring contract - non-current	18,856	-
Total	$28,665	$12,131

11. Short-term borrowings

	2023.12.31	2022.12.31
Unsecured bank borrowings	$706,185	$833,025

The interest rate ranges and maturity dates are as follows:

	2023.12.31	2022.12.31
Annual interest rate range	1.76%~2.78%	1.87%~2.49%
Maturity date	2024.1.5~2024.10.19	2023.1.9~2023.11.17

The unused loan amount is as follows:

	2023.12.31	2022.12.31
Unused loan amount	$320,000	$250,000
Unused loan amount	JPY400,000 thousand	JPY450,000 thousand

12. Net value of short-term notes and bills payable

	2023.12.31	2022.12.31
Short-term notes and bills payable	$50,000	$50,000
(minus): Discounts for short-term notes and bills payable	(72)	(12)
Net amount	$49,928	$49,988

(Amounts are in NT$ thousand unless otherwise specified)

The interest rate ranges and maturity dates are as follows:

	2023.12.31	2022.12.31
Annual interest rate range	2.112%	1.800%
Maturity date	2024.1.25	2023.1.5

The above short-term notes and bills payable are secured in part by land for sale. Please see note 8 for details.

13. Liability provisions - current

	Warranty
2022.1.1	$15,645
Addition in the current period	14,653
Currently used	(14,743)
2022.12.31	15,555
Addition in the current period	1,960
Currently used	(3,109)
2023.12.31	$14,406

This liability provision is based on historical experience, and it is estimated that product warranty may occur in the future.

14. Corporate bonds payable

	2023.12.31	2022.12.31
Domestic secured ordinary corporate bonds payable	$1,299,000	$499,000

Domestic secured ordinary corporate bonds payable:

	2023.12.31	2022.12.31
Denomination of domestic secured corporate bonds payable	$1,299,000	$499,000
Discount on domestic secured ordinary corporate bonds payable	-	-
Subtotal	1,299,000	499,000
Minus: Current portion	-	-
Net amount	$1,299,000	$499,000

(1) The Group issued domestic secured ordinary corporate bonds with a face value of NT$499,000 thousand on January 12, 2022. The period of issuance is five years, and it is repaid in one lump sum upon maturity.

(Amounts are in NT$ thousand unless otherwise specified)

The interest for the corporate bond starting from the issue date shall be paid in a fixed simple interest of 0.68% and paid once a year.

(2) The Group issued domestic secured ordinary corporate bonds with a face value of NT$800,000 thousand on August 30, 2023. The period of issuance is five years, and it is repaid in one lump sum upon maturity.

The interest for the corporate bond starting from the issue date shall be paid in a fixed simple interest of 1.65% and paid once a year.

15. Long-term borrowings

Type of borrowings	2023.12.31	2022.12.31
Mortgage loan	$3,348,525	3,784,333
Capital loans	75,000	166,000
Subtotal	3,423,525	3,950,333
Minus: Current portion	(120,246)	(285,601)
Net amount	$3,303,279	$3,664,732

The interest rate ranges and maturity dates are as follows:

	2023.12.31	2022.12.31
Annual interest rate range	1.76%~3.04%	1.98%~2.80%
Maturity date	2024.6.21~2028.5.15	2023.6.9~2027.6.30

The above loans are secured in part by construction land, land under construction, and houses. Please see note 8 for details.

16. Post-employment benefit plan

(1) Defined contribution plans

The Company's employee retirement measures set forth in the "Labor Pension Act" are definite allocation plans. According to the regulation, the Company shall make monthly pension contributions equal to no less than 6% of the employee's monthly salary. The Company has established the employee retirement method in accordance with the regulations, and 6% of employee salary is transferred to the individual retirement account of the Bureau of Labor Insurance every month.

In 2023 and 2022, the Company's recognized expenses for the defined contribution plans are NT$4,177 thousand and NT$3,832 thousand, respectively.

(2) Defined benefit plan

The Company's employee retirement pension method established by the "Labor Standards Act" is a defined benefit plan. The payment of employee retirement pension is calculated based on the base number of years of service and the average salary of one month at the time of approval of retirement. Two bases are given for one year of service within 15 years (inclusive), and one base is given for each full year of service over 15 years, but the cumulative base is limited to 45 bases. The Company contributes monthly an amount equal to 2% of the employees' monthly salaries and wages to the retirement fund deposited with Bank of Taiwan, the trustee, under the name of the independent Supervisory Committee of Labor Retirement Reserve Fund (the 'Fund') according to the Labor Standards Act. Before the end of each year, the Company assesses the balance in the aforementioned Fund. If the balance in the Fund is inadequate to pay the retirement benefits of employees who are eligible for retirement in the following year by the aforementioned method, the Company is required to fund the deficit in one appropriation before the end of next March.

(Amounts are in NT$ thousand unless otherwise specified)

The Ministry of Labor conducts asset allocation in accordance with the methods for the safekeeping and use of the income and expenditure of the labor retirement fund. The investment of the fund uses self-management and entrusted management methods, and adopts both active and passive management in medium and long-term investment strategies. Taking into account risks such as market, credit, and liquidity, the Ministry of Labor sets fund risk limits and control plans to make it flexible enough to achieve target returns without over-taking risks. For the use of the fund, the minimum income allocated in its annual final accounts shall not be lower than the income calculated based on the two-year fixed deposit of the local bank. If there is any deficiency, it shall be replenished by the national treasury after approval by the competent authority. Since the Company does not have the right to participate in the operation and management of the fund, it cannot disclose the fair value of the project assets in accordance with paragraph 142 of the IAS No. 19. As of December 31, 2023, the Company's defined benefit plan is expected to allocate NT$140 thousand in the next year.

As of December 31, 2023 and 2022, the Company's defined benefit plan was expected to mature in 4 and 7 years.

The following table summarizes and determines the cost of the benefit plan recognized to profit and loss:

	2023	2022
Current service cost	$163	$199
Net interest on net confirmed benefit liabilities (assets)	(39)	(3)
Upfront fees	-	-
Pay off	-	-
Total	$124	$196

The adjustments to determine the present value of welfare obligations and the fair value of project assets are as follows:

(Amounts are in NT$ thousand unless otherwise specified)

	2023.12.31	2022.12.31	2022.1.1
Determine the present value of benefit obligations	$33,363	$34,929	$36,511
Fair value of plan assets	(36,051)	(38,115)	(36,876)
Other non-current liabilities - net confirmed benefit liabilities (assets)	($2,688)	($3,186)	($365)

Adjustment of net definite benefit liabilities (assets):

	Determine the present value of benefit obligations	Fair value of plan assets	Net defined benefit liabilities (assets)
2022.1.1	$36,511	$36,876	($365)
Current service cost	199	-	199
Interest expenses (income)	256	258	(2)
Upfront fees and liquidation profit and loss	-	-	-
Subtotal	36,966	37,134	(168)
Determine the number of benefit liabilities/assets to be remeasured:			
Actuarial profits and losses arising from changes in demographic assumptions	-	-	-
Actuarial profits and losses arising from changes in financial assumptions	(1,280)	-	(1,280)
Experience adjustment	1,105	-	1,105
Determine the number of benefit liabilities/assets to be remeasured	-	2,789	(2,789)
Subtotal	36,791	39,923	(3,132)
Benefits paid	(1,862)	(1,862)	-
Amount paid by employer	-	54	(54)
2022.12.31	34,929	38,115	(3,186)
Current service cost	163	-	163
Interest expenses (income)	430	469	(39)
Upfront fees and liquidation profit and loss	-	-	-
Subtotal	35,522	38,584	(3,062)
Determine the number of benefit liabilities/assets to be remeasured:			
Actuarial profits and losses arising from changes in demographic assumptions	29	-	29
Actuarial profits and losses arising from changes in financial assumptions	109	-	109
Experience adjustment	470	-	470
Determine the number of benefit	-	194	(194)

(Amounts are in NT$ thousand unless otherwise specified)

	Determine the present value of benefit obligations	Fair value of plan assets	Net defined benefit liabilities (assets)
liabilities/assets to be remeasured			
Subtotal	36,130	38,778	(2,648)
Benefits paid	(2,767)	(2,767)	-
Amount paid by employer	-	40	(40)
2023.12.31	$33,363	$36,051	($2,688)

The following main assumptions are used to determine the Company's definite benefit plan:

	2023.12.31	2022.12.31
Discount rate	1.14%	1.23%
Expected salary increase rate	1.00%	1.00%

Sensitivity analysis of each major actuarial assumptions:

	2023		2022	
	Determine the increase in welfare obligations	Determine the decrease in benefit obligations	Determine the increase in welfare obligations	Determine the decrease in benefit obligations
The discount rate increased by 0.5%	$-	$589	$-	$1,103
The discount rate is reduced by 0.5%	$719	$-	$1,204	$-
Expected salary increase of 0.5%	$714	$-	$1,201	$-
Expected salary decrease by 0.5%	$-	$593	$-	$1,111

The aforementioned sensitivity analysis is based on the assumption that other assumptions remain unchanged, a single actuarial assumption (for example: when there is a reasonably possible change in the discount rate or expected salary), an analysis of the possible impact of determining the welfare obligation is carried out. Since some actuarial assumptions are related to each other, in practice, only a single actuarial assumption changes, so this analysis has its limitations.

The methods and assumptions used in the sensitivity analysis of this period are the same as those used in the previous period.

(Amounts are in NT$ thousand unless otherwise specified)

17. Equity

(1) Common shares

As of 2023 and December 31, 2022, the Company's rated share capital was NT$3,000,000 thousand, the issued share capital was NT$2,191,972 thousand, and the denomination of each share was NT$10, with 2,191,972 thousand shares total. Each share is entitled to one voting right and the right to receive dividends.

(2) Capital surplus

	2023.12.31	2022.12.31
Convertible bond equities	$12,560	$12,560
Conversion of convertible bonds to overpriced bonds	38,054	38,054
Total	$50,614	$50,614

(3) Earnings distribution and dividend policy

According to the Company's Articles of Incorporation, if there is a surplus in the annual final accounts, it shall be distributed in the following order:

A. Withholding taxes.
B. Compensation for losses.
C. Ten percent of the deposit is the legal reserve.
D. Other special surplus reserves listed or reversed in accordance with the law or regulatory requirements.
E. The rest will be prepared by the Board of Directors in accordance with the dividend policy and submitted to the shareholders meeting.

The Company is engaged in comprehensive construction activities and develops leasing and sales of houses and buildings. In order to maintain the funds required for diversified operations and appropriately expanding the scale and enhancing the competitiveness needed for sustainable development, it is advisable to adopt flexible distribution rates and flexible cash distribution rates. The distributable surplus of the current year shall be allocated as not less than 5% of the total dividends. The distribution of surplus shall be given priority to cash dividends, and may also be distributed in the form of stock dividends. The cash dividends shall not be less than 10% of the total dividends. However, if the total dividend per share is less than or equal to NT$0.5 per share, based on economic principles, it may consist of only stock dividends, only cash dividends or distribution can be reserved.

According to the provisions of the Company Act, the legal reserve shall be appropriated until its total amount reaches the paid-in capital. Legal reserve for offset of accumulated losses When the Company has no losses, it may issue new shares or cash in proportion to the shareholders' original shares when the legal reserve exceeds 25% of its paid-in capital.

(Amounts are in NT$ thousand unless otherwise specified)

When the Company distributes distributable surplus, in accordance with laws and regulations, the difference between the balance of the special surplus reserve provided for the first time when the IFRS is adopted and the net deduction of other equity is added to the special surplus reserve. When the net amount of other equity deductions is subsequently reversed, the reversed part of the net amount of other equity deductions may be reversed and distributed to the special surplus reserve.

In the Board meeting and annual shareholders' meeting on March 11, 2024 and June 15, 2023, the Company proposed and resolved the dividend allocation and distribution proposals and dividends per share for 2023 and 2022, respectively, as follows:

	Dividend distribution proposal		Dividends per share (New Taiwan dollars)	
	2023	2022	2023	2022
Legal reserve	$80,804	$90,820	$-	$-
Cash dividends of common stock (Note)	$482,234	$460,314	$2.20	$2.10

For Board and shareholders' meeting resolutions on dividend distribution, please inquire on TWSE's Market Observation Post System website.

Regarding the basis and listed amounts for employees' remuneration and directors' remuneration. Please refer to Note VI.21.

Note: The Company's Board of Directors has been authorized by the Articles of Incorporation and passed the 2023 common stock cash dividend proposal by a special resolution on March 11, 2024.

18. Operating revenue

	2023	2022
Construction project income:	$333,588	$374,754
Income from the sale of premises	3,998,587	4,338,951
Rental income	624	-
Guest room income	31,343	-
Food service income	915	-
Other operating revenue	514	-
Total	$4,365,571	$4,713,705

In 2023 and 2022, the Group's income from contracts with customers is as follows:

(Amounts are in NT$ thousand unless otherwise specified)

(1) Income details

	2023.12.31	2022.12.31
At some point in time	$4,031,983	$4,338,951
Gradually met over time	333,588	374,754
Total	$4,365,571	$4,713,705

(2) Contract balance

A. Contract assets - current

	2023.12.31	2022.12.31	2022.1.1
Construction project	$71,026	$51,134	$78,761
Minus: Loss provisions	-	-	-
Total	$71,026	$51,134	$78,761

Description of significant changes in the Group's contract asset balance in 2023 and 2022 is as follows:

	2023	2022
The beginning balance is transferred to accounts receivable in the current period	$8,811	$12,877

B. Contract liabilities - current and non-current

	2023.12.31	2022.12.31	2022.1.1
Building and land sales	$884,339	$257,050	$505,472
Construction project	69,518	18,338	1,245
Total	$953,857	$275,388	$506,717

Description of significant changes in the Group's contract liability balance in 2023 and 2022 is as follows:

	2023	2022
The beginning balance of the current period is transferred to income	($186,074)	($380,428)
Increase in advance receipts in the current period (deduct and transfer income in the current period)	$864,543	$149,099

(3) The transaction price allocated to the outstanding performance obligations

As of December 31, 2023, the Group's share of the transaction price for unsatisfied (including partially unsatisfied) performance obligations totaled NT$2,136,278 thousand. These projects are expected to be completed within the next 2 to 46 months.

(Amounts are in NT$ thousand unless otherwise specified)

(4) Assets recognized from the cost of obtaining or fulfilling customer contracts

	Opening amount	Closing amount	Variance
Incremental cost of obtaining the contract	$80,268	$39,639	($40,629)

The Group expected to be able to recover the expenses of paying the advertisement company for selling projects J37, J52 and J57, and therefore recognized them as assets for amortization upon recognition of income from selling the projects. However, J37, J52 and J57 are not completed yet, so the relevant expenses have not been amortized.

19. Expected credit impairment loss (profit)

	2023	2022
Operating expenses - expected credit impairment loss (profit)		
Contract assets	$-	$-
Notes receivable	-	-
Accounts receivable	-	-
Total	$-	$-

Please refer to Note XII for relevant credit risk information.
For contract assets and receivables (including notes receivable and accounts receivable), the Group uses the amount of lifetime expected credit losses to measure loss allowance. As of December 31, 2023 and 2022, the amount of loss allowance is described as follows:

(1) The historical experience of credit loss of contract assets shows that different customer groups do not have significantly different loss patterns. Therefore, the expected credit loss rate is used to measure the amount of allowance loss without distinguishing between groups. Relevant information is as follows:

	2023.12.31	2022.12.31
Total book value	$71,026	$51,134
Expected credit loss rate	0%	0%
Loss provisions	-	-
Total	$71,026	$51,134

(2) The historical experience of credit loss of receivables shows that different customer groups do not have significantly different loss patterns. Therefore, the expected credit loss rate is used to measure the amount of loss provisions without distinguishing between groups. Relevant information is as follows:

(Amounts are in NT$ thousand unless otherwise specified)

2023.12.31

	Not past due (Note 2)	Days overdue Within 90 days	91 - 120 days	More than 121 days	Total
Total book value	$183,655	$-	$-	$-	$183,655
Loss rate:	0%	-	-	-	(Note 1)
Lifetime expected credit losses	-	-	-	-	2,710
Carrying amount	$183,655	$-	$-	$-	$180,945

2022.12.31

	Not past due (Note 2)	Days overdue Within 90 days	91 - 120 days	More than 121 days	Total
Total book value	$136,617	$-	$-	$-	$136,617
Loss rate:	0%	-	-	-	(Note 1)
Lifetime expected credit losses	-	-	-	-	2,710
Carrying amount	$136,617	$-	$-	$-	$133,907

Note 1: Management of the Group considers past experiences where loss rate would possibly increase when economy is weak, and estimates future expected credit loss by considering future economy.

Note 2: None of the Group's notes receivable is overdue.

Information on the changes in allowance losses for the Group's contract assets, notes receivable and accounts receivable in 2023 and 2022 is as follows:

	Contract assets	Notes receivable	Accounts receivable
2022.1.1	$-	$-	$2,710
Increase (reverse) amount in the current period	-	-	-
2022.12.31	-	-	2,710
Increase (reverse) amount in the current period	-	-	-
2023.12.31	$-	$-	$2,710

20. Lease

(1) Where the Group is the Lessee

The Group leased transportation equipment, with a contract lease period of 2023 to 2025.

(Amounts are in NT$ thousand unless otherwise specified)

The impacts of lease on the Group's finances, financial performance and cash flow are as follows:

A. Amount recognized in the balance sheet

(a) Right-of-use assets

book value of right-of-use assets

	2023.12.31	2022.12.31
Transportation equipment	$848	$1,452

(b) Lease liabilities

	2023.12.31	2022.12.31
Lease liabilities	$861	$1,465
Current	$513	$604
Non-current	$348	$861

For interest expenses from the Group's lease liabilities in 2023 and 2022, please see Note VI. 22 (4) Financial Costs. For maturity analysis of lease liabilities as of December 31, 2023 and 2022, please see Note XII Fluidity Risk Management.

B. Recognized amount on the Statement of Comprehensive Income

Depreciation of right-of-use assets

	2023	2022
Transportation equipment	$604	$575

C. Lessee's income and expenses related to leasing activities

	2023	2022
Expenses of short-term leases	$5,256	$2,616

D. Lessee's cash outflows related to leasing activities

The Group's total cash outflow from leases in 2023 and 2022 was NT$5,885 thousand and NT$3,202 thousand, respectively.

(2) Where the Group is the Lessor

For disclosure on the Group's own investment properties, please see Note VI. 8. Owned investment real estate is classified as operating lease because it has not transferred nearly all risks and rewards attached to the ownership of the underlying assets.

(Amounts are in NT$ thousand unless otherwise specified)

	2023	2022
Lease income recognized by operating lease	$624	$-

21. The summary table of the functions of employee benefits, depreciation and amortization expenses is as follows

By function / By type	2023			2022		
	Classified as construction project costs	Classified as operating expenses	Total	Classified as construction project costs	Classified as operating expenses	Total
Employee benefits expenses						
Salary expenses	$82,640	$57,556	$140,196	$83,606	$49,372	$132,978
Labor and health insurance fees	$4,931	$2,188	$7,119	$4,708	$2,102	$6,810
Pension expenses	$2,998	$7,302	$10,300	$2,813	$7,276	$10,089
Director remuneration	$-	$46,176	$46,176	$-	$48,768	$48,768
Other employee benefits expenses	$4,734	$8,975	$13,709	$4,645	$2,636	$7,281
Depreciation	$4,411	$18,936	$23,347	$17,218	$4,362	$21,580
Amortized expenses	$1,236	$523	$1,759	$682	$434	$1,116

If the Company makes a profit in the year according to the Articles of Incorporation, it shall allocate 2% to 4% for employee remuneration and no more than 4% for director remuneration. However, in the event of sustained cumulative losses, a proportion of profit shall be reserved in advance for compensation purposes. The aforesaid employee remuneration is in stock or cash, and the Board of Directors shall make a resolution with more than two-thirds of the directors present and a resolution approved by more than half of the directors, and report to the shareholders meeting. For information on employees' remuneration and directors' remuneration of the Company as resolved by the Board of Directors, please visit the 'Market Observation Post System' at the website of the Taiwan Stock Exchange.

In 2023, the Company estimated employee remuneration and director remuneration at 4% based on the profit status, and recognized employee remuneration and director remuneration at NT$42,426 thousand and NT$42,426 thousand, respectively, which were listed under salary expenses. If the Board of Directors decides to pay employee compensation in stocks, the closing price on the day before the Board of Directors resolution is used as the basis for calculating the number of allotted shares. If there is a difference between the estimated number and the actual amount allotted by the board, it will be listed as the profit and loss of the following year.

(Amounts are in NT$ thousand unless otherwise specified)

The Company's actual employee compensation and director compensation for 2022 were NT$45,228 thousand and NT$45,228 thousand, respectively, and there was no significant difference between the amounts recorded as expenses in the 2022 financial report.

22. Non-operating income and expenses

(1) Interest income

	2023	2022
Interest from cash in banks	$5,587	$1,785

(2) Other income

	2023	2022
Lease revenue	$3,763	$5,998
Other income - others	10,065	1,391
Total	$13,828	$7,389

(3) Other profits and losses

	2023	2022
Gains on disposal of property, plant and equipment	$1,762	$73
Impairment losses	(6,266)	-
Other Losses - others	(49)	(6,732)
Total	($4,553)	($6,659)

(4) Financial costs

	2023	2022
Interest of bank borrowings	$1,771	$1,849
Interest of lease liabilities	25	16
Total	$1,796	$1,865

(Amounts are in NT$ thousand unless otherwise specified)

23. Components of other comprehensive income

The components of other comprehensive income in 2023 are as follows:

	Produced in the current period	Current reclassification adjustments	Other comprehensive income	Income tax benefits (expenses)	Amount after tax
Items that will not be reclassified to profit or loss:					
Number of remeasurements of defined benefit plans	($414)	$-	($414)	$83	($331)
Items that may be reclassified to profit or loss:					
Exchange differences arising from the translation of the financial statements of foreign operations	(3,142)	-	(3,142)	628	(2,514)
Total	($3,556)	$-	($3,556)	$711	($2,845)

The components of other comprehensive income in 2022 are as follows:

	Produced in the current period	Current reclassification adjustments	Other comprehensive income	Income tax benefits (expenses)	Amount after tax
Items that will not be reclassified to profit or loss:					
Number of remeasurements of defined benefit plans	$2,963	$-	$2,963	($593)	$2,370
Items that may be reclassified to profit or loss:					
Exchange differences arising from the translation of the financial statements of foreign operations	2,360	-	2,360	(472)	1,888
Total	$5,323	$-	$5,323	($1,065)	$4,258

(Amounts are in NT$ thousand unless otherwise specified)

24. Income tax

(1) Income tax expense for 2023 and 2022 mainly consists of the following:

Income tax recognized in profit or loss

	2023	2022
Income tax expenses of the current period:		
Current income tax	$165,737	$132,528
Adjustments in the current period to income tax recognized in previous years	(4,257)	294
Land value increment tax paid in the current period	7,679	3,425
Other	(6)	(6)
Deferred income tax expenses (benefits):		
Deferred income tax expenses (benefits) related to the origination and reversal of temporary differences	(1,720)	(1,834)
Income tax expense	$167,433	$134,407

Income tax recognized in other comprehensive income

	2023	2022
Deferred income tax expense (benefit)		
Exchange differences arising from the translation of the financial statements of foreign operations	($628)	$472
Actuarial profits and losses on defined benefits plans	(83)	593
Income tax related to other comprehensive income and losses	($711)	$1,065

(2) The amount of income tax expense and accounting profit multiplied by the applicable income tax rate are adjusted as follows:

	2023	2022
Pre-tax profit from continuing operations	$975,800	$1,040,237
The tax amount calculated at the domestic tax rate applicable to income in the relevant country	$195,152	$208,047
Income tax impact of tax-free income	(54,637)	(83,162)
Income tax impact of non-deductible expenses on tax returns	1,576	323
Effect of income tax from deferred income tax assets/liabilities	3,799	(114)
Profit-seeking Enterprise Income Tax on undistributed earnings	17,853	5,012
Land value increment tax paid in the current period	7,679	3,425

(Amounts are in NT$ thousand unless otherwise specified)

	2023	2022
House and Land Transactions Income Tax paid in the current period	-	295
Effect of different tax rates for entities operating in other taxation jurisdictions	274	293
Adjustments to income tax recognized in the current years	(4,257)	294
Other income tax impacts adjusted in accordance with tax law	(6)	(6)
Total income tax expenses recognized in profit or loss	$167,433	$134,407

(3) The balance of deferred income tax assets (liabilities) related to the following items:

2023

	Opening balance	Listed in income	Recognized in other comprehensive income	Ending balance
Temporary difference				
Warranty provisions	$3,111	($230)	$-	$2,881
Investments recognized under the equity method	(3,428)	4,533	628	1,733
Asset impairment	760	-	-	760
Net defined benefit liabilities - non-current	3,162	(3,783)	83	(538)
Pension expenses	2,082	1,200	-	3,282
Loss provisions	303	-	-	303
Deferred income tax (expenses)/ (benefits)		$1,720	$711	
Deferred income tax assets/(liabilities) net amount	$5,990			$8,421
The information expressed on the balance sheet is as follows:				
Deferred income tax assets	$6,069			$8,959
Deferred income tax liabilities	($79)			($538)

(Amounts are in NT$ thousand unless otherwise specified)

2022

	Opening balance	Recognized as Profit and loss	Recognized in other comprehensive income	Ending balance
Temporary difference				
Warranty provisions	$3,129	($18)	$-	$3,111
Investments recognized under the equity method	(3,453)	497	(472)	(3,428)
Asset impairment	760	-	-	760
Net defined benefit liabilities - non-current	3,714	41	(593)	3,162
Pension expenses	882	1,200	-	2,082
Loss provisions	189	114	-	303
Deferred income tax (expenses)/(benefits)		$1,834	($1,065)	
Deferred income tax assets/(liabilities) net amount	$5,221			$5,990
The information expressed on the balance sheet is as follows:				
Deferred income tax assets	$5,797			$6,069
Deferred income tax liabilities	($576)			($79)

(4) Approval status of income tax declaration

As of December 31, 2023, the approval status of the Group's income tax filing is as follows:

	Approval status of income tax declaration
The Company	Approved until 2021
Phoenix Co., Ltd.	(Note)

Note: Foreign subsidiaries have filed their taxes in time in accordance with the taxation laws and regulations of the respective countries.

25. Earnings per share

The basic EPS is calculated by dividing the net profit attributable to the holders of ordinary shares of the parent company during the period by the weighted average number of ordinary shares outstanding during the period.

The diluted EPS is calculated by dividing the net profit attributable to the holders of ordinary shares of the parent company during the period (after adjusting the convertible corporate bond interests) by the weighted average number of ordinary shares outstanding during the period plus the weighted average of number of ordinary shares to be issued when all the potential ordinary shares with dilution effect are converted to ordinary shares.

	2023	2022
(1)Basic earnings per share		
Net profit attributable to the holders of ordinary shares of the parent company (NT$ thousand)	$808,367	$905,830
Weighted average number of ordinary shares of basic earnings per share (thousand shares)	219,197	219,197
Basic earnings per share (NT$)	$3.69	$4.13
(2)Diluted earnings per share		
Net profit attributable to the holders of ordinary shares of the parent company (NT$ thousand)	$808,367	$905,830
Weighted average number of ordinary shares of basic earnings per share (thousand shares)	219,197	219,197
Dilution effect:		
Employee compensation - stocks (thousand shares)	1,421	2,019
Weighted average number of ordinary shares after adjusting the dilution effect (thousand shares)	220,618	221,216
Diluted earnings per share (NT$)	$3.66	$4.09

After the reporting period and before the financial statements were approved for release, there were no other transactions that materially changed the number of common shares outstanding or the number of potential common shares at the end of the period.

26. Business Combination

Acquisition of Phoenix Co., Ltd.

On April 1, 2023, the Group acquired 55% of the shares with voting rights of Phoenix Co., Ltd., which mainly engages in food services and tourism hotels. The reason why the Group acquired Phoenix Co., Ltd. is the consideration of the needs for future operation management and cooperation with third parties.

The fair value of identifiable assets and liabilities of Phoenix Co., Ltd. on the acquisition date is as follows:

	Fair value on the acquisition date
Assets	$25,934
Liabilities	(9,516)
Equity	16,418
Percentage acquired by the Group	55%
Subtotal	9,030
Goodwill	6,266

(Amounts are in NT$ thousand unless otherwise specified)

Total fair value of identifiable net assets	$15,296

Cash flow acquired	
Net cash acquired from the subsidiary	$13,630
Amount of cash payment	(15,296)
Net cash outflow	($1,666)

The net loss from continuing operations that Phoenix Co., Ltd. generated on the Group from the acquisition date (April 3, 2023) to December 31, 2023 was NT$20,965 thousand. If the business combination was to happen at the beginning of the year, the generated income from continuing operations would be NT$33,752 thousand, and the net loss from continuing operations would be NT$24,736 thousand.

A goodwill of NT$6,266 thousand is the expected synergy from the acquisition. The aforementioned goodwill is not tax-deductible.

(VII) Related-party transactions

Related parties with transactions with the Group during the reporting period are as follows:

Name and relationship of related parties

Names of related parties	Relation with the Group
Phoenix Co., Ltd.	Affiliated companies of the Company (Note)
Hong Ji Construction Co., Ltd.	Other related parties
Hao Jing Advertising Co., Ltd.	Other related parties
Hao Yang Advertising Co., Ltd.	Other related parties
Da Jing Inv Co. Ltd.	Other related parties
Feng Huang Investment Co., Ltd.	Other related parties
Hsu Mingyi	Other related parties
Chen Yongyu	Other related parties
13 persons including Chen, Wu-Tsung	Key management of the Group

Note: The Company originally held 45% of shares of the Phoenix Co., Ltd., which was listed under investments using the equity method. Considering the business needs for future operation management and cooperation with third parties, on February 23, 2023, the Board of Directors decided to purchase 55% of Phoenix Co., Ltd.'s shares held by Ryokusuitei Co., Ltd. Phoenix Co., Ltd. became a subsidiary 100% -owned by the Company.

(Amounts are in NT$ thousand unless otherwise specified)

Material Transactions with Stakeholders

1. Sales

(1) Project income

	2023	2022
Other related parties		
Hong Ji Construction Co., Ltd.	$30,616	$57,746

The construction undertaking prices and terms of collection of accounts receivable with the Group's related parties are equivalent to those for non-related parties.

(2) Lease revenue

The Group's lease revenue from renting hotels to affiliated companies is detailed as follows:

	2023	2022
Affiliated enterprise		
Phoenix Co., Ltd.	$624	$-

The Group's lease revenue from renting offices and parking lots to other stakeholders is detailed as follows:

	2023	2022
Other related parties		
Hong Ji Construction Co., Ltd.	$115	$114
Da Jing Inv Co. Ltd.	24	24
Feng Huang Investment Co., Ltd.	24	24
Chen Yongyu	46	46
Total	$209	$208

2. Accounts receivable - related parties

	2023.12.31	2022.12.31
Other related parties		
Hong Ji Construction Co., Ltd.	$1,800	$5,588
Hao Jing Advertising Co., Ltd.	60	-
Total	$1,860	$5,588

3. Accounts payable - related parties

	2023.12.31	2022.12.31

Other related parties		
Hao Jing Advertising Co., Ltd.	$6,434	$8,884
Hao Yang Advertising Co., Ltd.	4,684	-
Total	$11,118	$8,884

4. Remuneration for key management of the Group

	2023	2022
Short-term employee benefits	$86,409	$90,052
Post-employment benefits	9,489	6,122
Total	$95,898	$96,174

5. In 2023, the Group's advertising expenses to other stakeholders (Haojing Advertising) was NT$24,737 thousand.

6. In 2023, the Group's advertising expenses to other stakeholders (Haojing Advertising) was NT$8,921 thousand.

7. As of December 31, 2023 and 2022, some members of key management were the joint guarantors for the Group's loans from financial institutions.

8. Since 2012, the Group has engaged in the joint venture construction of the Houbitian section project with other related party (Hong Ji Construction) and Taiwan Sugar Corporation. The joint venture agreement between the Group and other related party stipulates an 80%-20% split for responsibilities in the construction project and income.

9. Since 2019, the Group has engaged in the joint venture construction of the Dagang section project with other related party (Hsu Mingyi) and other related party (Hong Ji Construction). The joint venture agreement between the Group and other related party stipulates an 40%-20% split for responsibilities in the construction project and income.

(VIII) Pledged assets

The Group has the following assets for collaterals:

	Book value		
Asset items	2023.12.31	2022.12.31	Guaranteed debt content
Other financial assets	$316,845	$141,518	Corporate bonds payable, long-term borrowings, warranties and guarantees
Inventory-construction land	2,528,913	2,185,544	Long-term borrowings
Inventory-land under construction	3,402,500	4,171,924	Long-term borrowings, short-term notes
Buildings and structures	8,610	8,980	Short-term borrowings

(Amounts are in NT$ thousand unless otherwise specified)

Asset items	Book value 2023.12.31	Book value 2022.12.31	Guaranteed debt content
Investment properties - land	118,443	118,443	Short-term borrowings, Long-term borrowings
Investment properties - structures	352,242	314,424	Short-term borrowings, Long-term borrowings
Total	$6,727,553	$6,940,833	

(IX) Significant contingent liabilities and unrecognized contractual commitments

As of December 31, 2023, the following commitments and contingent liabilities were not included in the financial statements above:

1. The guarantee bill issued for deposits for contracted work cases is NT$113,843 thousand.

2. The guarantee bill issued due to the engineering warranty is NT$47,385 thousand.

3. The guarantee bill issued for deposits for land purchase is NT$856,339 thousand.

4. Due to the contracted project and the project warranty, the guarantee bill issued by the manufacturer was NT$75,856 thousand.

5. Due to the contracted work case, the performance bond issued by the bank was NT$104,635 thousand in total.

6. Due to the issuance of ordinary corporate bonds, the performance bond issued by the bank was NT$1,315,593 thousand in total.

7. The performance and warranty guarantor of Yikung Construction Co., Ltd. for the deep-water highland distribution pool reconstruction project of Taiwan Water Corporation. During the period from April 28, 2016 to January 31, 2024, the guarantee amount was NT$155,152 thousand.

8. The Group is the performance and warranty guarantor for fellow constructor Sheng Hong Electricity and Plumbing Engineering Co., Ltd. in the Taiwan Water Corporation project of reconstruction of the deep-water highland distribution reservoir for the period of April 28, 2016 to January 31, 2024. The guarantee amount was NT$38,788 thousand.

9. On March 13, 2023, the Group signed the trust contract for the sale price of a pre-sale premise for the development project of "Building on Land Lot No. 43, Xinyi Section, Gangshan District, Kaohsiung City" with China Trust Commercial Bank Co., Ltd. The amount that the Group should deliver to the trust on the baseline date (December 31, 2023) was consistent with the amount actually delivered to the trust, and there was no delay in the delivery of the price collected from the buyer to the trust.

10. On February 10, 2023, the Group signed the trust contract for the sale price of a pre-sale premise for the development project of "Building on Land Lot No. 1300, Xinzhuang Section,

(Amounts are in NT$ thousand unless otherwise specified)

Qiaotou District, Kaohsiung City" with Hua Nan Bank. The amount that the Group should deliver to the trust on the baseline date (December 31, 2023) was consistent with the amount actually delivered to the trust, and there was no delay in the delivery of the price collected from the buyer to the trust.

(X) Significant disaster losses

Not applicable.

(XI) Major subsequent events

Not applicable

(XII) Other

1. Financial instruments by category

Financial assets

	2023.12.31	2022.12.31
Financial assets at amortized cost		
Cash and cash equivalents (excluding cash on hand)	$1,417,002	$1,561,994
Notes receivable	50	26
Accounts receivable (including from related parties)	180,895	133,881
Other financial assets	316,845	141,518
Total	$1,914,792	$1,837,419

Financial liabilities

	2023.12.31	2022.12.31
Financial liabilities measured at amortized cost		
Short-term borrowings	$706,185	$833,025
Short-term notes and bills payable	49,928	49,988
Payables	1,274,116	1,303,061
Corporate bonds payable	1,299,000	499,000
Long-term borrowings (including loans due within one year)	3,423,525	3,950,333
Lease liabilities	861	1,465
Total	$6,753,615	$6,636,872

2. Financial risk management purpose and policies

The Group's goal in financial risk management is to manage market risks related to business activities, credit risks and fluidity risks. The Group identifies, measures and manages the aforementioned risks based on the Company's policy and risk preferences.

The Group has established appropriate policies, procedures and internal control for the aforementioned risk management in accordance with relevant regulations. Material financial activities need to be reviewed by the Board of Directors in accordance with relevant regulations and internal control systems. During the implementation of financial management activities, the Group needs to strictly comply with the established financial risk management regulations.

3. Market risks

Market risks for the Group arise from changes in market prices, causing risks of fluctuations in the fair value or cash flow of financial instruments. Market risks are mainly interest rate risks.

In practice, it is rare that a single risk variable changes independently, and the changes of each risk variable are usually related; however, the sensitivity analysis of each risk below does not consider the interactive impact of related risk variables.

Currency risks

The Group’s exchange risks mainly arise from business activities (income or expenses using different currencies from the Group's functional currency) and net investment in foreign operations.

Some of the Company's foreign currency receivables and payables are in the same currency. When this is the case, a considerable part of the position will have a natural hedging effect. For some foreign currency amounts, Foreign Exchange Forward Contracts are used to manage currency risks. Since the aforementioned natural hedging and the use of Foreign Exchange Forward Contracts to manage currency risks do not comply with the regulations of hedge accounting, hedge accounting is not adopted. In addition, net investment in foreign operations is considered strategic investment; therefore, the Group did not adopt hedging measures for this matter.

The sensitivity analysis of the Group’s currency risks mainly targets the main foreign currency items at the end of the reporting period to assess the impact on the Group's income and equity by the relevant appreciation and depreciation. The Group's currency risks are mainly affected by fluctuations in the exchange rate of Japanese yen. The sensitivity analysis is as follows:

When NTD appreciates / depreciates against JPY by 1%, the Group’s income in 2023 and 2022 will decrease / increase by NT$1,056 thousand and NT$1,086 thousand, respectively.

Interest rate risks

Interest rate risks for the Group arise from changes in market interest rates, causing risks of fluctuations in the fair value or future cash flow of financial instruments. The Group's interest rate risks mainly arise from fixed-rate loans and floating interest rate loans.

The sensitivity analysis on interest rate risks targets the items exposed to interest rate risks at the end of the reporting period. For floating interest rate loans held for one fiscal year, when the interest rate rises or falls by 1%, the profit or loss for the Group in 2023 and 2022 would decrease NT$37,390 thousand and NT$36,214 thousand, respectively.

4. Management of credit risks

Credit risks refer to the risk of counterparty being unable to fulfill its agreed obligation, which causes risk of financial loss. The Group's credit risks are mainly caused by business activities (mainly contract assets, accounts receivable and notes receivable) and financial activities (mainly bank deposits and various financial instruments).

All units of the Group follow the credit risk policies, procedures and control to manage credit risks. Credit risk assessment on all counterparties comprehensively considers the counterparty's financial status, ratings by credit rating institutions, past transactions, current economic environment and the Group's internal rating standards. The Group also applies certain credit enhancement tools (such as advance payments and insurances) in appropriate moments to reduce certain counterparties' credit risks.

As of December 31, 2023 and 2022, the top 10 customers' contract assets and accounts receivable account for 26% and 42% of the Group's total contract assets and accounts receivable, respectively. Credit risk concentration for the remaining contract assets and accounts receivable are relatively insignificant.

The Finance Department of the Group follows the company policies in the management of credit risks of bank deposits and other financial instruments. Since the Group's counterparties are decided by the internal control procedures and are all banks and companies with good credit ratings, there is no significant credit risk.

5. Management of liquidity risks

The Group maintains its financial flexibility with cash, cash equivalents, bank loans and other contracts. The table below summarizes the payment expiry statuses stated in the Group's financial liability contracts and ordered by the earliest possible of request for payment and the undiscounted cash flow. The amounts displayed also include agreed interests. For interest cash flows paid at floating interest rates, the undiscounted amount of interest is derived from the yield curve at the end of the reporting period.

(Amounts are in NT$ thousand unless otherwise specified)

Non-derivative financial instruments

	Less than 1 year	2 to 3 years	4 to 5 years	Over 5 years	Total
2023.12.31					
Loans	$871,096	$2,109,495	$1,341,854	$-	$4,322,445
Short-term notes and bills payable	$49,928	$-	$-	$-	$49,928
Payables	$1,274,116	$-	$-	$-	$1,274,116
Corporate bonds payable	$-	$-	$1,299,000	$-	$1,299,000
Lease liabilities	$526	$350	$-	$-	$876
2022.12.31					
Loans	$1,231,185	$2,852,132	$812,600	$-	$4,895,917
Short-term notes and bills payable	$49,988	$-	$-	$-	$49,988
Payables	$1,303,061	$-	$-	$-	$1,303,061
Corporate bonds payable	$-	$-	$499,000	$-	$499,000
Lease liabilities	$663	$876	$-	$-	$1,539

6. Changes in liabilities from financing activities

Information on the adjustment of liabilities from January 1 to December 31, 2023:

	Short-term borrowings	Long-term borrowings	Payable Short-term bills	Lease liabilities	Deposits received	Corporate bonds payable	From Financing activities Total liabilities
2023.1.1	$833,025	$3,950,333	$49,988	$1,465	$486	$499,000	$5,334,297
Cash flow	(126,840)	(537,107)	(60)	(629)	2,356	800,000	137,720
Non-cash changes	-	10,299	-	25	-	-	10,324
2023.12.31	$706,185	$3,423,525	$49,928	$861	$2,842	$1,299,000	$5,482,341

(Amounts are in NT$ thousand unless otherwise specified)

Information on the adjustment of liabilities from January 1 to December 31, 2022:

	Short-term borrowings	Long-term borrowings	Payable Short-term bills	Lease liabilities	Deposits received	Corporate bonds payable	From Financing activities Total liabilities
2022.1.1	$650,000	$4,060,389	$229,873	$509	$1,894	$-	$4,942,665
Cash flow	205,025	(132,056)	(179,885)	(586)	(1,408)	499,000	390,090
Non-cash changes	(22,000)	22,000	-	1,542	-	-	1,542
2022.12.31	$833,025	$3,950,333	$49,988	$1,465	$486	$499,000	$5,334,297

7. Fair value of financial instruments

(1) Evaluation techniques and assumptions used to measure fair value

Fair value refers to the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The Group measures or discloses the fair value of financial assets and financial liabilities using the following methods and hypotheses:

A. The book amounts of cash and cash equivalents, accounts receivable, accounts payable, and other current liabilities are a reasonable approximation of the fair value, which is mainly due to the short maturity period of such instruments.
B. The fair value of financial assets and financial liabilities that are traded in an active market with standard terms and conditions is determined by reference to market quotes (for example, listed stocks, beneficiary certificates, bonds and futures, etc.).
C. Equity instruments without active market transactions (for example, privately placed listed stocks, public company-issued shares without active markets, and un-issued shares of companies) are estimated to be fair value based on the market method, where the price and other relevant information generated by market transactions of the same or comparable company equity instruments (such as lack of liquidity discount factor, similar company stock price-to-earning ratio, similar company stock price-to-net value ratio and other input values) are used to estimate fair value.
D. For investment in debt instruments, bank borrowings, corporate bonds payable, and other non-current liabilities without active market quotations, the fair value is determined based on the counterparty's quotation or evaluation technology. The evaluation technology is determined on the basis of discounted cash flow analysis. Assumptions such as the interest rate and discount rate are mainly based on information related to similar tools (for example, the exchange center refers to the yield curve, Reuters average quotation of commercial promissory note interest rate, and credit risk information).

E. Derivative financial instruments without active market quotations, among which are non-option derivative financial instruments, use the counterparty quotation or the applicable yield curve during the duration to calculate the fair value by discounted cash flow analysis. For option-derived financial instruments, the fair value is calculated using counterparty quotations, appropriate option pricing models (such as Black-Scholes model) or other evaluation methods (such as Monte Carlo Simulation).

(2) Measuring fair value of financial instruments by amortized cost

The book value of financial assets and financial liabilities that the Group measures based on the amortized costs is a reasonable approximation of their fair value.

(3) Information on fair value estimation levels for financial instruments

For the fair value estimation levels for the Group's financial instruments, please see Note XII.8.

8. Fair value level

(1) Fair value level definitions

All assets and liabilities measured or disclosed by fair value are entered at the lowest level of importance to the overall fair value measurement, and are classified into the fair value level to which they belong. The input values for each level are as follows:

Level 1: Inputs that are quoted prices (unadjusted) in active markets for identical assets or liabilities on valuation date.

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

Level 3: Inputs are unobservable inputs for the asset or liability.

For assets and liabilities recognized in the financial statements on a repetitive basis, their classification is reassessed at the end of each reporting period to determine whether there is a transfer between fair value levels.

(2) Information on fair value estimation levels

As of December 31, 2023 and 2022, the Group did not have assets measured at fair value on a non-recurring basis. Information on fair value estimation levels of assets measured at fair value on a recurring or non-recurring basis is as follows:

Transfer between the Level 1 and the Level 2 of fair value levels

From January 1 to December 31, 2023 and 2022, the Group’s assets and liabilities measured at fair value on a recurring basis did not transfer between level 1 and level 2 of fair value estimation.

(Amounts are in NT$ thousand unless otherwise specified)

(3) Level information that is not measured by fair value but must disclose fair value

December 31, 2023:

	Level 1	Level 2	Level 3	Total
Only assets with fair value are disclosed:				
Investment properties (see Note VI.8 for details)	$-	$-	$646,982	$646,982

December 31, 2022:

	Level 1	Level 2	Level 3	Total
Only assets with fair value are disclosed:				
Investment properties (see Note VI.8 for details)	$-	$-	$559,078	$559,078

9. Other

(1) Major constructions undertaken in 2023 and 2022 are as follows:

				2023	
Name of project	Scheduled (or actual) year of completion	Project contract price	Estimated (or actual) total cost	Recognized accumulated profit (loss)	Ratio of completed projects
FL2	2024	$419,125	$397,811	21,014	98.59%

				2022	
Name of project	Scheduled (or actual) year of completion	Project contract price	Estimated (or actual) total cost	Recognized accumulated profit (loss)	Ratio of completed projects
H40	2022	$227,339	$215,294	$12,045	100.00%
H41	2022	$125,859	$119,934	$5,925	100.00%
FL2	2023	$361,407	$328,552	$25,773	78.45%

(Amounts are in NT$ thousand unless otherwise specified)

10. Significant foreign currency financial assets and liabilities information

Information on the Group's significant foreign currency financial assets and liabilities is as follows:

	2023.12.31		
	Foreign currency	Exchange rate	TWD
Financial assets			
Monetary items:			
JPY	$247,402	0.2172	$53,736
Financial liabilities			
Monetary items:			
JPY	$446,264	0.2172	$96,929

	2022.12.31		
	Foreign currency	Exchange rate	TWD
Financial assets			
Monetary items:			
JPY	$36,587	0.2324	$8,503
Financial liabilities			
Monetary items:			
JPY	$430,667	0.2324	$100,087

The above information is disclosed on the basis of the foreign currency book value (which has been converted to functional currency).

In 2023 and 2022, the exchange (loss) profit of the Group's monetary financial assets and financial liabilities was NT$0.

11. Capital management

The Group's main goal in capital management is to ensure the maintenance of sound credit ratings and a good capital ratio to support the maximization of corporate operations and shareholders' interests. The Group manages and adjusts the capital structure based on the economic status, and may adjust dividend distribution, return capital or issue new shares to reach the goal of maintaining and adjusting capital structure.

(XIII) Supplementary disclosures

1. Significant transactions information

Disclosure information of major transactions as of December 31, 2023 is as follows:

(1) Financing for others: None.
(2) Provision of endorsements and guarantees to others: Please refer to table 1.
(3) Status of held securities at the end of the period: None.
(4) Acquisition or sale of the same security with the accumulated cost exceeding NT$300 million or 20% of paid-in capital or more: None.
(5) Acquisition of real estate reaching NT$300 million or 20% of paid-in capital or more: Please refer to table 2.
(6) Disposal of real estate reaching NT$300 million or 20% of paid-in capital or more: Please refer to table 3.
(7) Purchase or sale of goods from or to related parties reaching NT$100 million or 20% of paid-in capital or more: None.
(8) Receivables from related parties reaching NT$100 million or 20% of paid-in capital or more: None.
(9) Trading derivative financial instruments: None.

2. Information on investees:

(1) Those who directly or indirectly have significant influence or control over the investee company shall disclose the name, location, main business items, original investment amount, closing stock holdings, current profit and loss, and recognized investment profit and loss: Please refer to table 4.
(2) If there is direct or indirect control over the investee company, it is necessary to disclose the relevant information about the investee company's transactions in items 1 through 9 of the preceding paragraph. However, if the total assets or operating income of the investee company does not reach 10% of the respective amounts of the issuer, or those who directly or indirectly control the personnel, finances, or business, may only disclose relevant information in items 1 through 4: Not applicable.

3. Information on investments in Mainland China: None.

4. Information on major shareholders: Please refer to table 5.

(XIV) Department information

1. For purposes of management, the Group divides operating units based on businesses, and has the following two operation departments to be reported:

Construction project department: This department is responsible for the construction business that integrates construction and civil engineering.
Building sales department: This department is responsible for residential and building development, leasing and sales, etc.

The management individually monitors the operating results of its business units to make decisions on resource allocation and performance evaluation. The performance of the department is evaluated based on the operating profit and loss, and measured in a manner consistent with the operating profit and loss in the individual financial statements. However, the income tax of individual financial statements is managed on the basis of the company and is not allocated to the operating department.

(Amounts are in NT$ thousand unless otherwise specified)

2023

	Construction project department	Building sales department	Reportable department subtotal	Other departments	Adjustment and reduction	Total
Income						
Income from external customers	$333,588	$3,998,587	$4,332,175	$33,396	$-	$4,365,571
Department revenues	-	-	-	12,342	(12,342)	-
Total income	$333,588	$3,998,587	$4,332,175	$45,738	($12,342)	$4,365,571
Department profit and loss	($309)	$1,013,637	$1,013,328	($58,493)	$20,965	$975,800

2022

	Construction project department	Building sales department	Reportable department subtotal	Other departments	Adjustment and reduction	Total
Income						
Income from external customers	$374,754	$4,338,951	$4,713,705	$-	$-	$4,713,705
Department revenues	-	-	-	-	-	-
Total income	$374,754	$4,338,951	$4,713,705	$-	$-	$4,713,705
Department profit and loss	$8,163	$1,059,910	$1,068,073	($27,836)	$-	$1,040,237

Since management did not measure the implementation of business decisions based on the amount of assets, the measured amount of assets in operating departments as of December 31, 2023 and 2022 was NT$0.

(Amounts are in NT$ thousand unless otherwise specified)

2. Regional information:

Income from external customers

	2023	2022
Taiwan	$4,332,175	$4,713,705
Japan	33,396	-
Total	$4,365,571	$4,713,705

3. Important customer information:

In 2023 and 2022, the Group did not have customers who account for 10% or more in the income amount on the balance sheet.

Notes of the Consolidated Financial Report of Long Da Construction & Development Corporation and Subsidiaries (continued)
(Amounts are in NT$ thousand unless otherwise specified)

Table 1

Provision of endorsements and guarantees to others:

No. (Note 1)	Provider of endorsements/guarantees Company Name	Entity for which the endorsement/guarantee is made Company Name	Relationship (Note 2)	Limit on endorsements/guarantees to a single enterprise (Note 3)	Maximum outstanding balance of endorsements/guarantees during the current period (Note 4)	Ending balance of endorsements/guarantees (Note 5)	Actual amount drawn (Note 6)	Endorsed/Guaranteed amount with property as collateral (Note 7)	Cumulative endorsed/guaranteed amount as a percentage of the net value in the most recent financial statements	Maximum endorsed/guaranteed amount (Note 3)	Guarantee from parent company to subsidiary (Note 8)	Guarantee from subsidiary to parent company (Note 8)	Guarantee to China (Note 8)
0	Long Da Construction & Development Corporation	Sheng Hong Electricity and Plumbing Engineering Co., Ltd.	5	$10,959,860 (5 times paid-in capital)	$38,788	$38,788	$38,788	-	0.72%	$32,879,580 (15 times paid-in capital)	N	N	N
0	Long Da Construction & Development Corporation	Yikung Construction Co., Ltd.	5	$10,959,860 (5 times paid-in capital)	$155,152	$155,152	$155,152	-	2.87%	$32,879,580 (15 times paid-in capital)	N	N	N
0	Long Da Construction & Development Corporation	Ju Fa Development Co., Ltd.	5	$10,959,860 (5 times paid-in capital)	$266,300	-	-	-	-	$32,879,580 (15 times paid-in capital)	N	N	N

Note 1: The explanation for numbers is as follows:
(1) Issuer is numbered 0.
(2) Investees are numbered in order starting from '1'.

Note 2: Relationships between endorser/guarantor and the entity for which the endorsement/guarantee is made are classified into the following seven categories (simply specify the respective category):
(1) Companies with business dealings with the Company.
(2) Subsidiaries directly or indirectly held by the Company (holding more than 50% voting interest).
(3) To subsidiaries directly or indirectly held by the Company (holding more than 50% voting interest).
(4) Between companies in which the company directly or indirectly holds more than 90% of the voting shares.
(5) Companies providing mutual endorsements/guarantees for industry peers or co-builders for purposes of undertaking a construction project.
(6) Companies where all capital-contributing shareholders make endorsements/guarantees for their jointly invested company in proportion to their shareholding percentages.
(7) The same industry is engaged in joint and several guarantees for the performance of the pre-sale buildings sales contract in accordance with the Consumer Protection Law

Note 3: The total amount of the company's endorsement and guarantee liability shall not exceed 150% of the company's paid-in capital, and the endorsement guarantee for a single enterprise shall not exceed 50% of the company's paid-in capital.
The Company provides guarantee to, or provides mutual guarantee with fellow constructors as required by contracts, loan requirements, or provisions of the Consumer Protection Act for reasons of undertaking constructions, working with others in joint developments, and involvement in joint and several guarantees with fellow constructors as performance guarantee of pre-sale building contract.
The total guarantee for fellow constructors is limited to 15 times of the paid-in capital, with the total guarantee for a single fellow constructor not exceeding 5 times of the paid-in capital.

Note 4: Highest balance of endorsements/guarantees to others for the year.

Note 5: The amount approved by the Board of Directors should be entered. However, if the Board of Directors authorizes the chairman of the board to make decisions in accordance with Article 12, Paragraph 8 of the Guidelines for the Handling of Public Offering of Company Funds and Endorsements, this refers to the amount decided by the chairman of the board.

Note 6: The actual amount drawn down by the companies for which the endorsements/guarantees are made within the range of endorsement/guarantee balance shall be entered.

Note 7: Amount drawn for the endorsed/guaranteed amount with property as collateral.

Note 8: Endorsements/guarantees made by TWSE/TPEx listed parent company for subsidiary, endorsements/guarantees made by subsidiary for TWSE/TPEx listed parent company, and endorsements/guarantees made in Mainland China must be indicated with 'Y'.

Notes of the Consolidated Financial Report of Long Da Construction & Development Corporation and Subsidiaries (continued)
(Amounts are in NT$ thousand unless otherwise specified)

Table 2

Acquisition of real estate reaching NT$300 million or 20% of paid-in capital or more:

Real estate acquired by	Name of property	Date of occurrence	Transaction amount	Amount paid	Counterparty	Relationship	Previous transfer, if the counterparty is a related party				Pricing basis	Purpose of acquisition and utilization	Other provisions
							Owner	Relationship with issuer	Transfer date	Amount			
Long Da Construction & Development Corporation	Land (Keyunyi Section, Dayuan District, Taoyuan City, Land Lot No. 0054-0000)	2023.2.15	$547,460	Payment in four installments First installment NT$54,746 thousand Second installment NT$109,492 thousand Third installment NT$355,849 thousand Fourth installment NT$27,373 thousand	Legal entities	Non-related party	-	-	-	-	Appraisal	Development and construction of buildings for sale	(Note 1)
Long Da Construction & Development Corporation	Land (Jingmao Section, Qianzhen District, Kaohsiung City Land Lot No. 1, Fifth Subsection)	2023.11.02	$1,546,980	Payment in three installments First installment NT$309,396 thousand Second installment NT$386,745 thousand Third installment NT$850,839 thousand	Legal entities	Non-related party	-	-	-	-	Submit bids	Development and construction of buildings for sale	(Note 2)

(Note 1): The Company appraised and acquired this land from Ju Fa Development Co., Ltd. As of December 31, 2023, the Company has paid NT$547,460 thousand for the land, and the relevant ownership transfer was registered in May.

(Note 2): The Company won the public tender of this land from China Petrochemical Development Corporation. As of December 31, 2023, the Company has paid NT$696,141 thousand for the land, and the relevant ownership transfer is not yet registered.

Notes of the Consolidated Financial Report of Long Da Construction & Development Corporation and Subsidiaries (continued)
(Amounts are in NT$ thousand unless otherwise specified)

Table 3

Disposal of real estate reaching NT$300 million or 20% of paid-in capital or more:

Name of property	Date of occurrence	Original acquisition date	Carrying amount	Transaction amount	Payment collection status	Profit and loss from disposal (Note 2)	Counterparty	Relationship	Previous transfer, if the counterparty is a related party				Pricing basis	Purpose of disposal	Other provisions
									Owner	Relationship with issuer	Transfer date	Amount			
Land	2023.9.15	2014.8.4	$1,365,464	$1,576,000	Collected in four installments	$147,000	Natural person	Non-related party	-	-	-	-	Price negotiation	To increase operating capital	(Note 1)
(Keyunyi Section, Dayuan District, Taoyuan City,		2019.12.9			First installment NT$157,600 thousand										
Land Lot No. 0054-0000)		2023.5.5			Second installment NT$315,200 thousand										
					Third installment NT$1,024,400 thousand										
					Fourth installment NT$78,800 thousand										

(Note 1): As of December 31, 2023, the Company has collected NT$472,800 thousand (tax included) for land payment. Relevant ownership transfer is being processed.
(Note 2): Income of the disposal includes expenses and taxes of relevant transactions.

Notes of the Consolidated Financial Report of Long Da Construction & Development Corporation and Subsidiaries (continued)
(Amounts are in NT$ thousand unless otherwise specified)

Table 4

Those who directly or indirectly have significant influence or control over the investee:

Name of Investor	Investee	Location	Main business items	Initial investment amount		Shares held as of the end of period			Net income (loss) of the investee for the current period	Investment income (loss) recognized by the Company	Note
				End of current period	End of the previous year	Shares (thousand shares)	Percentage	Carrying amount			
Long Da Construction & Development Corporation	Phoenix Co., Ltd.	Japan	Food and beverage, tourism, hotels, and other businesses	$39,850 JPY 174,000 thousand	$7,402 JPY 27,000 thousand	1,800 (company)	100.00%	$4,981	($24,736) (JPY 111,863 thousand)	($22,662) (JPY 102,816 thousand)	-

Table 5

Information on major shareholders: Unit: shares

Name of major shareholder	Shareholding	
	Number of Shares	Shareholding ratio%
Da Jing Inv Co. Ltd.	41,776,907	19.05%
Da Hong Inv Co. Ltd.	20,700,000	9.44%

Note 1: The information of major shareholders in this table is based on the last business day of the end of each quarter by TDCC, and calculates that shareholders hold more than 5% of the company's ordinary shares and special shares that have completed unregistered delivery (including treasury shares).
As for the share capital recorded in the Company's financial report and the Company's actual number of shares delivered without physical registration, there may be differences or differences due to different calculation bases.

Note 2: In the case of the above information, if the shareholder delivers the shares to a trust, it is disclosed as individual accounts of trustees who opened the trust account.
As for the shareholder’s declaration of insider’s equity of more than 10% of the shares held in accordance with the Securities and Exchange Act, their shareholding includes their own shareholding plus the shares delivered to the trust and the right to use the trust property, etc., please refer to the insider’s equity declaration public information system.

Independent auditor’s report

To Long Da Construction & Development Corporation:

Auditor’s opinion

I have reviewed the Individual Assets Balance Sheet as of December 31, 2023 and December 31, 2022, Parent Company Profit and Loss Statement from January 1 to December 31, 2023 and from January 1 to December 31, 2022, Parent Company Statement of Changes in Equity, Individual Cash Flow Statement, and Notes of the Parent Company Financial Report (including a summary of material accounting policies) of Long Da Construction & Development Corporation.

In my opinion and based on my review results, the aforementioned Parent Company financial statements present fairly, in all material respects, the financial position of Long Da Construction & Development Corporation as of December 31, 2023 and December 31, 2022, and its financial performance and cash flow for the periods of January 1 to December 31, 2023 and January 1 to December 31, 2022, in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers.

Basis of auditor’s opinion

I conducted my reviews in accordance with the Regulations Governing Auditing and Attestation of Financial Statements by Certified Public Accountants and auditing guidelines. My responsibilities as a CPA under said Regulations will be further explained under the section of CPA’s Responsibilities in Auditing Financial Statements. In accordance with the professional ethics of accountants, the personnel subject to independence regulations of the accountant’s accounting firm have maintained independence from Long Da Construction & Development Corporation and performed the other responsibilities stipulated by the regulations. The accountant believes that sufficient and appropriate audit evidence has been obtained as a basis for expressing the auditor’s opinions.

Key audit items

Key audit items refer to the most important items for the audit of the Parent Company financial statements of Long Da Construction & Development Corporation for 2023, based on my professional judgment as a CPA. The items have been responded to during the process of auditing the Parent Company financial statements and the formation of the audit opinion. I will not express my opinion on those items separately.

<u>Evaluation of inventories</u>

As of December 31, 2023, Long Da Construction & Development Corporation has a net inventory of NT$9,709,006 thousand, or approximately 73% of the individual total assets, and is therefore material to the Parent Company financial statements. Inventories are mainly composed of land for construction, buildings under construction, and buildings for sale. Due to the characteristics of the industry, these products are unique, regional, and immovable, and are vulnerable to changes to government policies, government promotion of public project plans and regulations. The impact of changes may cause inventory prices to fluctuate easily, and it is not easy to determine the net realizable value. Therefore, the accountant decided to include this as a key audit item.

The audit procedures of the accountant include (but are not limited to), considering that the sales price is easily affected by changes in external market factors, and inquiring about the selling price of neighboring areas or the selling price of sold units to assess whether there is a price drop. Buildings for sale are compared to the original inventory costs based on their actual sales price to evaluate the recovery of inventory value. Review the market analysis and comparative information of newly acquired land for development to assess whether the net realizable value of the inventory is fairly expressed.

I have also considered the appropriateness of inventory disclosure in Note 5 and Note 6 of the Parent Company Financial Report.

Management and Governing Units' Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of the Parent Company financial statements in accordance with provisions of the Regulations Governing the Preparation of Financial Reports by Securities Issuers, while maintaining necessary internal control related to the preparation of financial statements to ensure that Parent Company financial statements are free from material misstatement arising from malpractice or mistake.

During the preparation of Parent Company financial statements, management's responsibilities also include evaluation of the ability of Long Da Construction & Development Corporation to continue as a going concern, disclosure of relevant matters, and the adoption of accounting basis for continuing as a going concern unless management intents on liquidating Long Da Construction & Development Corporation or suspend operations, or there is no other viable solution than liquidation or suspension of operations.

The governance unit (including the audit committee) of Long Da Construction & Development Corporation is responsible for supervising the financial reporting process.

The accountant's responsibility for auditing Parent Company financial statements

My aim for auditing Parent Company financial statements is to obtain reasonable assurance on whether material misstatement exists in the overall financial statements due to malpractice or mistake, and to issue an audit report. Reasonable assurance is defined as a high degree of assurance. However, it cannot be guaranteed that an audit carried out in accordance with generally accepted auditing standards will certainly detect material misstatement in financial statements. Misrepresentation may result from fraud or errors. If the individual amount or sum in the misstatement is reasonably expected to affect the economic decisions of users of the financial statements, it shall be considered material.

The accountant uses professional judgment and maintains professional suspicion when conducting audits in accordance with auditing standards. The accountant also performs the following tasks:

1. Identify and evaluate risks of material misstatement in financial statements caused by malpractice or mistake. Design and implement appropriate countermeasures for the assessed risks. Obtain sufficient and appropriate audit evidence as a basis for expressing the auditor's opinions. Because fraud may involve collusion, forgery, deliberate omission, false statements or violations of internal control, the risk of not detecting a major false expression caused by fraud is higher than that caused by error.

2. To obtain the necessary understanding of the internal controls related to the audit, in order to design the appropriate audit procedures under the circumstances. However, the purpose is not to express an opinion on the effectiveness of the internal controls of Long Da Construction & Development Corporation.

3. valuate the suitability of the accounting policies adopted by the management and the reasonableness of accounting estimates and related disclosures.

4. Based on the obtained audit evidence, the conclusion is drawn on the suitability of the management's use of the continuing operation accounting basis and whether there is a significant uncertainty in the event or situation that may cause major doubts related to the ability of Long Da Construction & Development Corporation to continue its operation. In the event where I consider material uncertainty to be existent regarding said events or circumstances. I shall remind users of the financial statements to pay attention to relevant disclosure in the statements or modify the audit opinion when such disclosure is inappropriate. The accountant's conclusion is based on the audit evidence obtained as of the date of the audit report. However, future events or circumstances may cause Long Da Construction & Development Corporation to no longer have the ability to continue operations.

5. Evaluate the overall presentation, structure and content of financial statements (including relevant notes) and whether they fairly represent relevant transactions and events.

6. Obtain adequate and appropriate audit evidence on the financial information of the individual companies within the group to serve as basis for an audit opinion on the financial statements. I am responsible for the instruction, supervision and implementation of group audit cases, and for forming a group audit opinion.

The matters communicated between the accountant and the governance unit include the planned audit scope and time, as well as major audit findings (including significant deficiencies in internal controls identified during the audit process).

The accountant also provides the governance unit with a statement that the personnel of the accountant's affiliated firm subject to independence regulations have complied with the statement of independence of the accountant's professional ethics, and communicates with the governance unit all relationships that may be considered to affect the independence of the accountant and other matters (including related protective measures).

I decide the key audit items for the 2023 audit on the Parent Company financial statements of Long Da Construction & Development Corporation, based on the matters communicated with the governing unit. The accountant has stated these matters in the audit report, unless the law does not allow specific matters to be disclosed publicly, or in very rare cases, the accountant decides not to communicate specific matters in the audit report, because the negative effects of this communication can be reasonably expected to be greater than the benefits to public interest.

Ernst & Young
The competent authority approves the publishing of the company's financial report
Audit Document No.: Order No. Financial-Supervisory-Securities-Auditing-1010045851
FSC Certificate VI No. 0970038990

Fang-Wen Lee

Accountant:

Calvin Chen

March 11, 2024

Long Da Construction & Development Corporation
Individual Assets Balance Sheet
December 31, 2023 and 2022

Unit: NT$ thousand

Code	Assets: Accounting item	Notes	December 31, 2023 Amount	%	December 31, 2022 Amount	%
	Current assets					
1100	Cash and cash equivalents	IV/VI.1	$1,409,643	11	$1,562,407	13
1140	Contract assets - current	IV/VI. 18, 19	71,026	1	51,134	1
1150	Net notes receivable	IV/VI. 2, 19	50	0	26	0
1170	Net accounts receivable	IV/VI. 3, 19	179,035	1	128,293	1
1180	Accounts receivable - net amount for related parties	IV/VI. 3, 19/ VII	1,860	0	5,588	0
1320	Inventory	IV/VI. 4/ VIII	9,709,006	73	9,404,341	78
1410	Advance payments	VI. 5	738,921	6	28,355	0
1476	Other financial assets	VIII	316,845	2	141,518	1
1479	Other current assets	VI.18	88,767	1	111,658	1
11xx	Total current assets		12,515,153	95	11,433,320	95
	Non-current assets					
1550	Investments recognized under the equity method	IV/VI. 6	4,981	0	7,815	0
1600	Real estate, factories and equipment	IV/VI. 7/VIII	52,568	0	55,820	0
1755	Right-of-use assets	IV/VI. 20	848	0	1,452	0
1760	Net amount of investment real estate	IV/VI. 8/VIII	646,982	5	559,078	5
1801	Intangible assets	IV/VI. 9	871	0	797	0
1840	Deferred income tax assets	IV/VI. 24	8,959	0	6,069	0
1900	Other non-current assets	IV/VI. 10, 18	28,665	0	12,131	0
15xx	Total non-current assets		743,874	5	643,162	5
1xxx	Total assets		$13,259,027	100	$12,076,482	100

Code	Liabilities and equity: Accounting item	Notes	December 31, 2023 Amount	%	December 31, 2022 Amount	%
	Current liabilities					
2100	Short-term borrowings	IV/VI. 11	$695,225	5	$833,025	7
2110	Short-term notes and bills payable	IV/VI. 12	49,928	0	49,988	1
2130	Contract liabilities - current	IV/VI. 18	788,162	6	275,388	2
2150	Notes payable		93,406	1	94,757	1
2170	Accounts payable		1,017,696	8	1,052,409	9
2180	Accounts payable - related parties	VII	11,118	0	8,884	0
2200	Other accounts payable		149,331	1	147,011	1
2230	Current income tax liabilities	IV/VI. 24	101,623	1	67,182	1
2250	Liability provisions - current	IV/VI. 13	14,406	0	15,555	0
2280	Lease liabilities - current	IV/VI. 20	513	0	604	0
2300	Other current liabilities		34,763	0	15,220	0
2322	Current portion of long-term borrowings	IV/VI. 15	120,246	1	285,601	2
21xx	Total current liabilities		3,076,417	23	2,845,624	24
	Non-current liabilities					
2527	Contract Liabilities - non-current		165,695	1	–	–
2530	Corporate bonds payable	IV/VI. 14	1,299,000	10	499,000	4
2540	Long-term bank borrowings	IV/VI. 15	3,303,279	25	3,664,732	30
2570	Deferred income tax liabilities	IV/VI. 24	538	0	79	0
2580	Lease liabilities - non-current	IV/VI. 20	348	0	861	0
2600	Other non-current liabilities		2,842	0	486	0
25xx	Total non-current liabilities		4,771,702	36	4,165,158	34
2xxx	Total liabilities		7,848,119	59	7,010,782	58
	Equity					
3100	Capital Stock					
3110	Ordinary share capital	IV/VI. 17	2,191,972	17	2,191,972	18
3200	Capital surplus		50,614	0	50,614	1
3300	Retained earnings					
3310	Legal reserve		706,575	5	615,755	5
3350	Undistributed earnings		2,449,136	19	2,192,234	18
	Total retained earnings		3,155,711	24	2,807,989	23
3400	Other equity		12,611	0	15,125	0
3xxx	Total equity		5,410,908	41	5,065,700	42
	Total liabilities and equity		$13,259,027	100	$12,076,482	100

(Please see Notes of the Parent Company Only Financial Report)

Chairperson of the Board: Chen, Wu-Tsung　　Manager: Hung, Mao-Yuan　　Head of Accounting: Kuo, Hsiu-Hsiang

Long Da Construction & Development Corporation
Parent Company Only Profit and Loss Statement
January 1 to December 31, 2023 and 2022

Unit: NT$ thousand

Code	Accounting item	Notes	2023		2022	
			Amount	%	Amount	%
4000	Operating revenue	IV/VI. 18/VII	$4,345,141	100	$4,713,705	100
5000	Operating cost	IV/VI. 4, 21	(2,985,267)	(69)	(3,267,629)	(69)
5900	Gross profit		1,359,874	31	1,446,076	31
6000	Operating expenses	IV/VI. 21				
6100	Promotion expenses		(196,965)	(5)	(237,545)	(5)
6200	Management expenses		(177,705)	(4)	(166,460)	(4)
	Total operating expenses		(374,670)	(9)	(404,005)	(9)
6900	Operating profit		985,204	22	1,042,071	22
7000	Non-operating income and expenses	IV/VI. 22				
7100	Interest income		5,583	0	1,785	0
7010	Other income		13,806	0	7,389	0
7020	Other profits and losses		(4,553)	(0)	(6,659)	(0)
7050	Financial costs		(1,619)	(0)	(1,865)	(0)
7060	Share of profits/losses on equity-accounted associated companies	IV/VI. 6	(22,662)	(1)	(2,484)	(0)
	Total non-operating income and expenses		(9,445)	(1)	(1,834)	(0)
7900	Net profit before tax		975,759	21	1,040,237	22
7950	Income tax (expense)	IV/VI. 24	(167,392)	(4)	(134,407)	(3)
8000	Net income from continuing operations		808,367	17	905,830	19
8200	Net profit		808,367	17	905,830	19
8300	Other comprehensive income	VI.23				
8310	Items that will not be reclassified to profit or loss					
8311	Number of remeasurements of defined benefit plans		(414)	(0)	2,963	0
8349	Income tax related to items that will not be reclassified		83	0	(593)	(0)
8360	Items that may be reclassified to profit or loss					
8361	Exchange differences arising from the translation of the financial statements of foreign operations		(3,142)	(0)	2,360	0
8399	Income tax related to items that may be reclassified to profit or loss		628	0	(472)	(0)
	Other comprehensive income (net income after tax)		(2,845)	(0)	4,258	0
8500	Total comprehensive income		$805,522	17	$910,088	19
	Earnings per share (NT$)					
9750	Basic earnings per share	IV/VI. 25	$3.69		$4.13	
9850	Diluted earnings per share		$3.66		$4.09	

(Please see Notes of the Parent Company Only Financial Report)

Chairperson of the Board: Chen, Wu-Tsung Manager: Hung, Mao-Yuan Head of Accounting: Kuo, Hsiu-Hsiang

Long Da Construction & Development Corporation
Parent Company Only Statement of Changes in Equity
January 1 to December 31, 2023 and 2022

Unit: NT$ thousand

Code	Item	Capital Stock: Ordinary share capital	Capital surplus	Retained earnings: Legal reserve	Retained earnings: Undistributed earnings	Other equity items: Exchange differences arising from the translation of the financial statements of foreign operations	Total equity
		3100	3200	3310	3350	3410	3XXX
A1	Balance as of January 1, 2022	$2,191,972	$50,614	$555,907	$1,782,276	$13,237	$4,594,006
	Appropriation and distribution of earnings for 2021						
B1	Allocation to legal reserve	–	–	59,848	(59,848)	–	–
B5	Cash dividends of common stock	–	–	–	(438,394)	–	(438,394)
D1	Profits from January 1 to December 31, 2022	–	–	–	905,830	–	905,830
D3	Other comprehensive income from January 1 to December 31, 2022	–	–	–	2,370	1,888	4,258
D5	Total comprehensive income	–	–	–	908,200	1,888	910,088
Z1	Balance as of December 31, 2022	$2,191,972	$50,614	$615,755	$2,192,234	$15,125	$5,065,700
A1	Balance as of January 1, 2023	$2,191,972	$50,614	$615,755	$2,192,234	$15,125	$5,065,700
	Appropriation and distribution of earnings for 2022						
B1	Allocation to legal reserve	–	–	90,820	(90,820)	–	–
B5	Cash dividends of common stock	–	–	–	(460,314)	–	(460,314)
D1	Net profit from January 1 to December 31, 2023	–	–	–	808,367	–	808,367
D3	Other comprehensive income from January 1 to December 31, 2023	–	–	–	(331)	(2,514)	(2,845)
D5	Total comprehensive income	–	–	–	808,036	(2,514)	805,522
Z1	Balance as of December 31, 2023	$2,191,972	$50,614	$706,575	$2,449,136	$12,611	$5,410,908

(Please see Notes of the Parent Company Only Financial Report)

Chairperson of the Board: Chen, Wu-Tsung　　Manager: Hung, Mao-Yuan　　Head of Accounting: Kuo, Hsiu-Hsiang

Long Da Construction & Development Corporation
Individual Cash Flow Statement
January 1 to December 31, 2023 and 2022

Unit: NT$ thousand

Code	Item	2023 Amount	2022 Amount	Code	Item	2023 Amount	2022 Amount
AAAA	Cash flow of operating activities:			BBBB	Cash flow of investing activities:		
A10000	Profit before tax of this period	$975,759	$1,040,237	B01800	Investment on equity method obtained	(32,448)	–
A20000	Adjusted items:			B02700	Acquisition of real estate, factories and equipment	(679)	(680)
A20010	Revenues and expenses:			B02800	Disposal of real estate, factories and equipment	1,762	76
A20100	Depreciation	22,438	21,580	B04500	Acquisition of intangible assets	(592)	(673)
A20200	Amortized expenses	1,754	1,116	B05400	Acquisition of investment properties	(112,942)	(19,098)
A20900	Interest expenses	1,619	1,865	B06500	Increase of other financial assets	(175,327)	(124,660)
A21200	Interest income	(5,583)	(1,785)	B06700	Increase of other non-current assets	(16,948)	–
A22300	Share of profits/losses on equity-accounted associated companies	22,662	2,484	B06800	Decrease of other non-current assets	–	55,962
A22500	Gains from disposal and write offs of real estate, factories and equipment	(1,762)	(73)	BBBB	Net cash flow (outflow) from investing activities	(337,174)	(89,073)
A23700	Impairment and loss of non-financial assets	6,266	–				
A29900	Other items	2,781	133	CCCC	Cash flow from financing activities:		
A30000	Changes in operating activities related asses/liabilities:			C00100	Increase in short-term borrowings	1,425,300	1,615,600
A31125	Contract asset (increase) decrease	(19,892)	27,627	C00200	Decrease in short-term borrowings	(1,563,100)	(1,410,575)
A31130	Decrease (increase) in notes receivable	(24)	924	C00600	Decrease in short-term notes and bills payable	(60)	(179,885)
A31150	(Increase) decrease in accounts receivable	(50,742)	2,582	C01200	Issuance of corporate bonds	800,000	499,000
A31160	Decrease in accounts receivable - stakeholder	3,728	3,536	C01600	Borrowing long-term borrowings	1,156,355	468,860
A31200	Inventory (increase)	(170,599)	(554,316)	C01700	Repayment of long-term borrowings	(1,683,163)	(600,916)
A31230	Decrease (increase) in advance payments	(711,802)	396,123	C04020	Repayment of lease principal	(629)	(586)
A31240	Decrease of other current assets	22,891	45,628	C04300	Increase in other non-current liabilities	2,356	–
A32125	Contract liabilities increase (decrease)	678,469	(231,329)	C04400	Decrease in other non-current liabilities	–	(1,408)
A32130	(Decrease) increase in notes payable	(1,351)	58,783	C04500	Distribution of cash dividends	(460,314)	(438,394)
A32150	Accounts payable (decrease) increase	(34,713)	320,244	C05600	Interest paid	(127,294)	(93,335)
A32160	Increase in accounts payable - related parties	2,234	7,615	CCCC	Net cash flow (out) from financing activities	(450,549)	(141,639)
A32180	Increase (decrease) in other sums payables	(1,692)	42,522				
A32230	Increase (decrease) in other current liabilities	18,394	(9,398)				
A33000	Cash inflow generated from operations	760,835	1,176,098	DDDD	Effects of exchange rate fluctuations on cash and cash equivalents	3,212	2,407
A33100	Interest received	5,583	1,785	EEEE	Increase (decrease) in cash and cash equivalents for the current period	(152,764)	764,004
A33500	Income tax paid	(134,671)	(185,574)	E00100	Opening balance of cash and cash equivalents	1,562,407	798,403
AAAA	Net cash inflow from operating activities	631,747	992,309	E00200	Closing balance of cash and cash equivalents	$1,409,643	$1,562,407

(Please see Notes of the Parent Company Only Financial Report)

Chairperson of the Board: Chen, Wu-Tsung　　Manager: Hung, Mao-Yuan　　Head of Accounting: Kuo, Hsiu-Hsiang

Long Da Construction & Development Corporation
Notes of the Parent Company Financial Report
2023 and 2022
(Amounts are in NT$ thousand unless otherwise specified)

(I) Company history and description of business scope

Long Da Construction & Development Corporation (hereinafter referred to as "the Company") was founded on April 30, 1982, and is located at Rm. 1, 18F., No. 380, Minquan 2nd Rd., Qianzhen Dist., Kaohsiung City. It is mainly engaged in the integrated construction business of construction and civil engineering, as well as the development, leasing and sale of residential housing and buildings.

The Company's shares were listed for trading at the Taipei Exchange on October 7, 1999. Since February 10, 2014, it has been listed on the Taiwan Stock Exchange Corporation for trading. The Company was formerly known as Longda Construction Corporation and was renamed Long Da Construction & Development Corporation on June 16, 2009 through a resolution of the shareholders' meeting, and was approved and registered by the competent authority on July 9, 2009. In addition, the Company established a subsidiary in Japan on May 8, 2014, which is mainly engaged in real estate leasing and general hotel business.

(II) Date and procedures of approval of the financial statements

The Parent Company Financial Reports of the Company for 2023 and 2022 were approved by the Board of Directors and published on March 11, 2024.

(III) Application of new standards, amendments, and interpretations

1. Changes in accounting policies resulting from the first application of International Financial Reporting Standards

   The Company has adopted the International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), and standards or interpretations that have been issued by the International Financial Reporting Standards that have been approved by the Financial Supervisory Commission (hereinafter referred to as the FSC) and are applicable to fiscal years after January 1, 2023; and the first application of the new standards and amendment had no significant impact on the Company.

2. As of the date of publishing of the financial report, the Company has not yet adopted the following newly issued, revisions of and revised standards or interpretations that have been issued by the International Accounting Standards Board and approved by the FSC:

Item No.	New/Revised/Amended Standards and Interpretations	Effective date by International Accounting Standards Board
1	Liabilities as classified as current or non-current (Amendments to IAS 1)	January 1, 2024
2	Leaseback liabilities (Amendments to IFRS 16)	January 1, 2024
3	Non-current contract liabilities (Amendments to IAS 1)	January 1, 2024
4	Supplier financing arrangements (Amendments to IAS 7 and IFRS 7)	January 1, 2024

(Amounts are in NT$ thousand unless otherwise specified)

(1) Liabilities as classified as current or non-current (Amendments to IAS 1)

This is to modify the classification of liabilities as current or non-current in paragraphs 69 through 76 of IAS No. 1 "Presentation of Financial Statements".

(2) Leaseback liabilities (Amendments to IFRS 16)

This is to add additional accounting processes by a seller-lessee in sale and leaseback transactions in order to enhance the applicability of the standard.

(3) Non-current contract liabilities (Amendments to IAS 1)

This amendment aims to improve the information companies provide on long-term liability contracts. It explains that the terms of a covenant to be complied with in the 12 months after the reporting period should not affect the classification of liabilities as current or non-current at the end of a reporting period.

(4) Supplier financing arrangements (Amendments to IAS 7 and IFRS 7)

These amendments not only added descriptions of supplier financing arrangements but also added relevant disclosures.

The above new or revised standards or interpretations are those that have been issued by the International Accounting Standards Board and have been approved by the FSC and are applicable to fiscal years after January 1, 2024, and have no significant impact on the Company.

3. As of the date of publishing of the financial report, the Company has not yet adopted the following newly issued, revisions and revised standards or interpretations that have been issued by the International Accounting Standards Board but not yet approved by the FSC:

Item No.	New/Revised/Amended Standards and Interpretations	Effective date by International Accounting Standards Board
1	Amendments to IFRS 10, "Consolidated Financial Statements", and IAS 28, "Investment Related Enterprise and Joint Venture", 'Sale or contribution of assets between an investor and its associate or joint venture'	To be determined by the IASB
2	IFRS 17, 'Insurance contracts'	January 1, 2023
3	Lack of Exchangeability (Amendments to IAS 21)	January 1, 2025

(1) Amendments to IFRS 10, "Consolidated Financial Statements", and IAS 28, "Investment Related Enterprise and Joint Venture", 'Sale or contribution of assets between an investor and its associate or joint venture'

This plan is formulated to reconcile the inconsistencies between IFRS No. 10 "Consolidated Financial Statements" and IAS No. 28 "Investment in Associated Enterprises and Joint Ventures" regarding the loss of control by investing in affiliated enterprises or joint ventures at the price of subsidiaries. IAS No. 28 stipulates that when non-monetary assets are invested in exchange for equity in affiliated enterprises or joint ventures, the share of profits or losses incurred shall be eliminated in accordance with downstream transactions. IFRS No. 10 stipulates that all benefits or losses at the time of loss of control of a subsidiary shall be listed. This amendment restricts the aforementioned provisions of IAS No. 28. When assets that constitute a business as defined by IFRS No. 3 are sold or invested, the profits or losses incurred shall be fully listed.

This amendment also modifies IFRS No. 10 so that when investors and their affiliates or joint ventures sell or invest in subsidiaries that do not constitute businesses defined in IFRS No. 3, the benefits or losses incurred are only recognized within the scope of shares enjoyed by non-investors.

(2) IFRS 17, ‘Insurance contracts’

This standard provides a comprehensive model of insurance contracts, including all accounting-related parts (recognition, measurement, expression and disclosure principles). The core of the standard is a general model. Under this model, the fulfillment of cash flows and contract services are recognized and the sum of the two margins measures the group of insurance contracts. The book value at the end of each reporting period is the sum of the remaining coverage liabilities and the incurred claims liabilities.

In addition to the general model, it also provides specific applicable methods for contracts with direct participation characteristics (variable fee method); and the simplified method for short-term contracts (premium sharing method)

After the standard was issued in May 2017, another amendment was issued in 2020 and 2021. This amendment extended the effective date of the transitional clause by 2 years (that is, the original deadline, January 1, 2021, is extended to January 1, 2023) and provide additional exemptions, reduce the cost of adopting this standard by simplifying some regulations, and modify some regulations to make some situations easier to explain. This standard will replace the transitional standard (IFRS 4, ‘Insurance contracts’)

(3) Lack of Exchangeability (Amendments to IAS 21)

This amendment describes the exchangeability and the lack thereof among currencies, how to decide the exchange rate in the event where currencies lack exchangeability, and add additional disclosure regulations when currencies lack exchangeability. This amendment applies to fiscal years starting after January 1, 2025.

For the above standards or interpretations that have been issued by the International Accounting Standards Board but not yet endorsed by the FSC, their actual application date shall be subject to the provisions of the FSC. The Company has evaluated that the above-mentioned new or revised standards or interpretations have no significant impact on the Company.

(IV) Summary of significant accounting policies

1. Compliance statement

The Parent Company Financial Reports of the Company for 2023 and 2022 were compiled in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers.

2. Basis of preparation

The Company compiles the Parent Company Financial Report in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers. In accordance with Article 21 of the Regulations Governing the Preparation of Financial Reports by Securities Issuers, the profit or loss during the period and other comprehensive income presented in Parent Company financial reports shall be the same as the allocations of profit or loss during the period and of other comprehensive income attributable to owners of the parent presented in the financial reports prepared on a consolidated basis, and the owners' equity presented in the Parent Company financial reports shall be the same as the equity attributable to owners of the parent presented in the financial reports prepared on a consolidated basis. Therefore, investments in subsidiaries are expressed as “investment using the equity method” in the Parent Company Financial Report, and had the valuation adjusted as necessary.

The compilation of the Parent Company Financial Report is based on historical costs other than financial instruments measured by fair value. The unit is New Taiwan Dollar in the Parent Company financial statements unless otherwise specified.

3. FCY Transactions

The Company’s Parent Company financial statements are all expressed in the functional currency, New Taiwan Dollar.

Foreign currencies are converted into functional currency at prevailing rates of exchange on the dates of the transactions for record purposes. On the end of each reporting period, monetary items in foreign currencies are converted at the closing exchange rate on that day. Non-monetary items in foreign currencies are measured by fair value and converted at the exchange rate on the day when the fair value is determined. Foreign currency-denominated non-monetary items carried at historical costs are converted at the exchange rate on the original transaction date.

Except for the following, the exchange difference arising from the delivery or conversion of monetary items is recognized as profit and loss in the current period:

(1) If the foreign currency borrowing incurred to obtain a qualified asset, if the exchange difference incurred is regarded as an adjustment to the interest cost, it is part of the borrowing cost and capitalized as the cost of the asset.
(2) Foreign currency items applicable to IFRS No. 9 "Financial Instruments" shall be handled in accordance with the accounting policies of financial instruments.
(3) For monetary items that form part of the reported net investment in foreign operating institutions, the resulting exchange differences were originally recognized as other comprehensive profits and losses, and were reclassified from equity to profits and losses when disposing of the net investment.

When the profit or loss of a non-monetary item is recognized as other comprehensive profit or loss, any conversion component of the profit or loss is recognized as other comprehensive profit or loss. When the profit or loss of a non-monetary item is recognized as profit or loss, any conversion component of the profit or loss is recognized as profit or loss.

4. Exchange of foreign currencies in the financial statements

When compiling the parent only financial statements, assets and liabilities of operating institutions in foreign countries are all exchanged to New Taiwan Dollar based on the balance sheet date. Income and expenses are exchanged based on the average exchange rate of the period. Exchange differences generated from currency exchange are listed in other comprehensive income. Before disposing of the foreign operation, accumulated exchange differences from individual items previously listed under other comprehensive income and accumulated under equity are re-classified from equity to income when listing the income from disposal. After partial disposal involving loss of control over subsidiaries with foreign operations, and partial disposal of equity that involves affiliated companies or joint agreements with foreign operations, the retained equity including financial assets of foreign operations will be handled in accordance with the disposal.

When partially disposing of subsidiaries with foreign operations without losing control, the accumulated exchange differences listed under other comprehensive income will be re-classified proportionally as the non-controlling interest of the foreign operation instead of equity. When partially disposing of affiliated companies or joint agreements with foreign operations without loss of significant impact or joint control, the accumulated exchange differences will be re-classified proportionally as income.

Goodwill arising from the Company's purchase of foreign operations and the adjustment to the fair value of the book value of their assets and liabilities are deemed as assets and liabilities of the foreign operations and will be listed in their functional currency.

5. Classification of current and non-current assets and liabilities

If there is one of the following conditions, it is classified as current assets, and non-current assets are classified as non-current assets:

(1) Assets arising from operating activities are expected at be realized, or are intended to be sold or consumed within the normal operating cycle;
(2) The assets are held mainly for trading purposes.
(3) The assets are expected to be realized within 12 months after the reporting period.
(4) 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 reporting period.

Those with one of the following conditions are classified as current liabilities, and non-current liabilities are classified as non-current liabilities:

(1) The liabilities are expected to be repaid over the Company's normal business cycle.
(2) The liabilities are held mainly for trading purposes.
(3) The liabilities are expected to be repaid within 12 months after the end of the reporting period.
(4) Liabilities for which the repayment term cannot be extended unconditionally beyond 12 months after the reporting period. Terms of liabilities which may be liquidated by the issuance of equity instruments at the option of the counterparty do not affect their classification.

6. Cash and cash equivalents

Cash and cash equivalents refer to cash on hand, demand deposits, and highly liquid time deposits or investments kept for the purpose of meeting short-term commitments, and are readily convertible into known amounts of cash and are prone to insignificant risk of changes in value.

7. Financial instruments

Financial assets and financial liabilities are recognized when the Company becomes a party to the contractual terms of the financial instrument.

Financial assets and financial liabilities that meet the scope of application of IFRS No. 9 "Financial Instruments" are measured at fair value at the time of initial recognition and are directly attributable to financial assets and financial liabilities (except for those classified as fair value through profit and loss). The transaction cost of acquisition or issuance, other than financial assets and financial liabilities measured by value, is added to or subtracted from the fair value of the financial assets and financial liabilities.

(1) Recognition and measurement of financial assets

Regular transactions of financial assets are recognized or derecognized from the balance sheet using trade date accounting.

The Company classifies financial assets as financial assets that are subsequently measured at amortized cost, measured at fair value through other comprehensive income, or measured at fair value through profit and loss based on the following two items:

A. The business model for managing financial assets.
B. Contractual cash flow characteristics of financial assets.

Financial assets at amortized cost

Financial assets that meet the following two conditions at the same time are measured at amortized cost, and listed on the balance sheet in terms of bills receivable, accounts receivable, financial assets measured at amortized cost, and other receivables:

A. The management model for managing financial assets: Holding financial assets to collect contractual cash flows.
B. Contractual cash flow characteristics of financial assets: Cash flows that are solely payments of principal and interest on the principal amount outstanding.

These financial assets (excluding those involved in a hedging relationship) are subsequently amortized at the cost [the amount measured at the time of original recognition, minus the principal paid, plus or minus the difference between the original amount and the maturity amount Accumulated amortization (using the effective interest method), and adjust the allowance for loss] measurement. When derecognizing, using amortization procedures, or recognizing detrimental benefits or losses, the benefits or losses are recognized in profit and loss.

The interest calculated by the effective interest rate method (multiplying the effective interest rate by the total book value of financial assets) or the following conditions is listed in income:

A. For purchased or created credit loss financial assets, the effective interest rate after credit adjustment is multiplied by the amortized cost of the financial asset.
B. For those which do not belong to the former, but subsequently become credit loss, multiply the effective interest rate by the amortized cost of financial assets.

Financial assets at fair value through other comprehensive income

Financial assets that meet the following two conditions at the same time are measured at fair value through other comprehensive income, and listed on the balance sheet as financial assets measured at fair value through other comprehensive income:

A. The management model for managing financial assets: Collecting contractual cash flows and selling financial assets.
B. Contractual cash flow characteristics of financial assets: Cash flows that are solely payments of principal and interest on the principal amount outstanding.

The explanation of the recognition of such financial assets-related income is as follows:

A. Before derecognition or reclassification, in addition to the derogation benefit or loss and the foreign currency exchange benefit and losses being recognized in the profit and loss, the benefit or loss is recognized in the other comprehensive income.

B. When the asset is derecognized, all cumulative gains/losses previously recognized through other comprehensive income are reclassified from equity to profit or loss and treated as a reclassification adjustment.

C. The interest calculated by the effective interest rate method (multiplying the effective interest rate by the total book value of financial assets) or the following conditions is listed in income:

(a) For purchased or created credit loss financial assets, the effective interest rate after credit adjustment is multiplied by the amortized cost of the financial asset.

(b) Those who do not belong to the former, but become credit impairment after continuing, multiply the effective interest rate by the amortized cost of financial assets.

In addition, for equity instruments that fall within the scope of IFRS 9 and equity instruments that are neither held for trading, nor recognized by acquirer in a business combination under IFRS 3 or has a consideration, at the time of initial recognition, choose (irrevocably) to report its subsequent fair value changes in other comprehensive income. The amount reported in other comprehensive profits and losses shall not subsequently be transferred to profit and loss (when disposing of these equity instruments, it will be included in the cumulative amount of other equity items and directly transferred to retained earnings), and the financial assets shall be measured at fair value through other comprehensive profits and losses and listed on the balance sheet. Investment dividends are recognized in income, unless the dividend clearly represents part of the recovery of investment costs.

Financial assets at fair value through profit and loss

Except for those that meet specific conditions and are measured at amortized cost or at fair value through other comprehensive income, financial assets are measured at fair value through profit and loss, and financial assets that are measured at fair value through profit and loss are reported in the balance sheet.

Such financial assets are measured at fair value, and the benefits or losses resulting from re-measurement are recognized as profit or loss. The profit or loss recognized as profit or loss include any dividends or interest received by the financial asset.

(2) Impairment of financial assets

The Company's investment in debt instruments measured at fair value through other comprehensive income and financial assets measured at amortized cost are recognized and measured by expected credit loss. The debt instrument investment measured at fair value through other comprehensive income is to recognize the allowance loss in other comprehensive income without reducing the book value of the investment.

The Company measures expected credit losses in a manner that reflects:

A. An unbiased evaluation of a range of possible outcomes and their probabilities of occurrence.
B. The time value of money.
C. Reasonable and supportable information (obtainable at the balance sheet date without undue cost or commitment) that is available without undue cost or effort at the reporting date about past events, current conditions and forecasts of future economic conditions.

The method of measuring the allowance loss is explained as follows:

A. Measured by the amount of 12-month expected credit losses: Including financial assets that have not significantly increased in credit risk since initial recognition, or those that are judged to be low in credit risk on the balance sheet date. In addition, it also includes those who measured the allowance loss based on the amount of expected credit losses during the duration of the previous reporting period, but no longer met the conditions for a significant increase in credit risk since the initial recognition on the balance sheet date of the current period.
B. The amount of expected credit loss measured during the duration: Including financial assets that have significantly increased credit risk since initial recognition, or are purchased or created credit-impaired financial assets.
C. For accounts receivable or contract assets arising from transactions within the scope of IFRS No. 15, the Company uses the amount of expected credit losses during the lifetime to measure the allowance loss.
D. For lease receivables arising from transactions within the scope of IFRS No. 16, the Company uses the amount of expected credit losses during the lifetime to measure the allowance loss.

On each balance sheet date, the Company compares the changes in the default risk of financial instruments on the balance sheet date and the original recognition date to assess whether the credit risk of the financial instruments has increased significantly after the original recognition. Please refer to Note XII for relevant credit risk information.

(3) Derecognition of financial assets

Financial assets held by the Company are derecognized when one of the following conditions is met:

A. The contractual rights from the cash flows of financial assets terminate.
B. The financial assets have been transferred and almost all the risks and rewards of the ownership of the assets have been transferred to others.
C. Almost all risks and rewards of asset ownership have not been transferred nor retained, but control of assets has been transferred.

When a financial asset is derecognized in its entirety, the difference between its book value and the received or receivable consideration plus any cumulative gains or losses recognized in other comprehensive income is recognized in comprehensive income.

(4) Financial liabilities and equity instruments

Classification of liabilities or equity

Liability and equity instruments issued by the Company are classified into financial liabilities and equities based on the contractual terms and definitions of the respective instruments.

Equity instruments

Equity instruments are any contract that recognizes the Company's remaining equity after assets minus all liabilities. Equity instruments issued by the Company are recognized at the price amount obtained less the direct flotation costs.

Compound tool

The Company recognizes the financial liabilities and equity components of the convertible corporate bonds issued in accordance with its contractual terms. In addition, for the converted corporate bonds issued, it is evaluated whether the economic characteristics and risks of the embedded buying and selling rights are closely related to the main debt product before distinguishing the equity elements.

The liability part that does not involve derivatives, the fair value of which is equivalent to the market interest rate assessment of bonds with no conversion characteristics. Before conversion or redemption and settlement, the amount of this part is classified as financial liabilities measured at amortized cost. As for other embedded derivatives that are not closely related to the risks of the economic characteristics of the main contract (for example, the execution price of the embedded buy-back and redemption rights cannot be almost equal to the amortized cost of the debt goods on each execution day), except for the equity components, they are classified as liability components and measured at fair value through profit or loss in subsequent periods. The amount of the equity element is determined based on the fair value of the converted corporate bond minus the component of the liability, and the book amount will not be remeasured in the subsequent accounting period. If the converted corporate bonds issued do not have equity elements, they shall be processed in accordance with the IFRS 9 hybrid instruments.

Transaction costs are allocated to the liabilities and equity components in accordance with the proportion of the originally recognized convertible corporate bonds allocated to liabilities and equity components.

When the holder of the converted corporate bond requests to exercise the right of conversion before the expiry of the converted corporate bond, the book value of the component elements of the liability is adjusted to the book value at the time of the conversion as the accounting basis for the issuance of ordinary shares.

Financial liabilities

Financial liabilities that meet the scope of application of IFRS 9 are classified as financial liabilities measured at fair value through profit or loss or financial liabilities measured at amortized cost at the time of initial recognition.

Financial liabilities at fair value through profit and loss

Financial liabilities measured at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated to be measured at fair value through profit or loss.

When one of the following conditions is met, it is classified as held for trading:

A. The main purpose of its acquisition is to sell in a short period of time.
B. At the time of initial recognition, it is part of the portfolio of identifiable financial instruments managed by the merger, and there is evidence that the portfolio is a short-term profitable operation pattern in the near future. or
C. Derivatives (except for designated financial guarantee contracts or derivatives and effective hedging instruments).

For contracts containing one or more embedded derivatives, the overall hybrid (combined) contract can be designated as a financial liability measured at fair value through profit and loss. When one of the following factors can provide more relevant information, it is designated as fair value through profit and loss at the time of initial recognition:

A. This designation can eliminate or significantly reduce inconsistencies in measurement or recognition. or
B. A group of financial liabilities or a group of financial assets and financial liabilities are managed and evaluated on a fair value basis based on written risk management or investment strategies, and the information on the investment portfolio provided to the management within the consolidated company is also based on fair value.

The benefits or losses arising from the re-measurement of such financial liabilities are recognized as profits and losses, and the benefits or losses recognized as profits and losses include any interest paid by the financial liabilities.

Financial liabilities at amortized cost

Financial liabilities measured at amortized cost include accounts payable and borrowings, etc., which are subsequently measured by the effective interest method after initial recognition. When financial liabilities are derecognized and amortized through the effective interest rate method, their related profit and loss and amortization amount are recognized in income.

The calculation of the amortized cost considers the discount or premium at the time of acquisition and transaction costs.

<u>Derecognition of financial liabilities</u>

When the obligation of a financial liability is removed, cancelled, or voided, the financial liability is derecognized.

When the Company and creditors exchange debt instruments with materially different terms, or make major changes to all or part of the terms of existing financial liabilities (regardless of whether due to financial difficulties), the method of derecognizing the original liabilities and recognizing new liabilities is used; when derecognizing financial liabilities, the difference between its book value and the total consideration paid or payable (including transferred non-cash assets or assumed liabilities) is recognized in income.

(5) Offset between financial assets and liabilities

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 recognized amounts and there is an intention to settle on a net basis or realize the asset and settle the liability simultaneously.

8. Fair value

Fair value refers to the price that can be received for the sale of an asset or paid for the transfer of a liability in an orderly transaction between market participants on the measurement date. The fair value measurement assumes that the sale of assets or transfer of liabilities takes place in one of the following markets:

(1) The main market for the asset or liability, or
(2) If there is no major market, the most favorable market for the asset or liability

The main or most advantageous market must be accessible to the Company for trading.

The fair value of assets or liabilities is measured by using assumptions that market participants will use when pricing assets or liabilities, and it is assumed that these market participants act in their economic best interests.

The fair value measurement of non-financial assets takes into account market participants by using the asset for its highest and best use or by selling the asset to another market participant who will use the asset for its highest and best use, in order to generate economic benefits.

The Company uses evaluation techniques that are appropriate under relevant circumstances and have sufficient information available to measure fair value, maximize the use of relevant observable input values and minimize the use of unobservable input values.

9. Inventory

Including land for construction, land under construction, and land for sale, etc., based on the acquisition cost. Land for construction is the land under active development. If it is to be developed, it is transferred to non-current assets.

Accounting treatment of the building (land) under construction is based on the construction cost or acquisition cost. Upon completion, the cost is carried forward to buildings (land) for sale. Inventory is graded at the lower of cost or net realizable value. And in addition to the same category of inventory, compare them item by item. Net realizable value refers to the balance of the estimated selling price minus the costs and sales expenses that need to be invested in completion of the project under normal circumstances.

The provision of labor services is handled in accordance with the provisions of IFRS No. 15, and is not in the scope of inventory.

10. Investments recognized under the equity method

The Company disposes of subsidiaries using the equity method except for those classified as non-current assets held for sale.

Investment in subsidiaries

A subsidiary is defined as an entity over which the Company has control.

Under the equity method, originally, investments in subsidiaries are listed as costs. After the acquisition date, their book value will increase or decrease along with the Company's share in income and other comprehensive income of subsidiaries. The Company's share in income and other comprehensive income of subsidiaries is listed in the Company's income and other comprehensive income. When the Company receives distributed earnings from subsidiaries, their book value will decrease.

The Company's downstream transactions with subsidiaries do not realize profits or losses and are eliminated from the Parent Company Financial Report. Income from the Company's upstream and sidestream transactions with subsidiaries will be listed in the Parent Company Financial Report only when it does not involve the Company's rights on the subsidiaries.

Financial statements of subsidiaries are compiled over the same reporting period as the Company, and are adjusted when necessary so that their accounting policies are consistent with those of the Company.

When equity of subsidiaries change not due to income and other comprehensive income and does not affect the Company's share, the Company shall list all relevant equity changes proportionate to its share. If changes in the Company’s ownership interests in subsidiaries do not cause the loss of control, such changes are be processed as equity transactions. The difference between the book value of the investment and the fair value of the consideration paid or received is listed directly as equity.

When the Company loses its control over a subsidiary, it will stop using the equity method. Regarding the retained investment measured and listed at fair value, the difference between the book value of the investment in the subsidiary and the fair value of the retained investment plus the proceeds from the disposal is listed as income. When the invested subsidiary becomes a joint venture, or when a joint venture becomes a subsidiary, the Company continues to apply the equity method without re-measurement of the equity originally held.

At the end of each reporting period, the Company verifies whether there is objective evidence that the investment in subsidiaries is impaired. The difference between the recoverable amount of the subsidiary and the book value is recognized as impairment loss and listed in the statement of comprehensive income, and the book value will be adjusted accordingly.

The Company's investment in subsidiaries is handled in accordance with Article 21 of the Regulations Governing the Preparation of Financial Reports by Securities Issuers. The investment is expressed as “investment using the equity method” and has its valuation adjusted as necessary so that the profit or loss during the period and other comprehensive income presented in Parent Company financial reports is the same as the allocations of profit or loss during the period and of other comprehensive income attributable to owners of the parent presented in the financial reports prepared on a consolidated basis, and the owners' equity presented in the Parent Company financial reports is the same as the equity attributable to owners of the parent presented in the financial reports prepared on a consolidated basis. The adjustment is done mainly due to the consideration of the treatment of investment in subsidiaries in the consolidated financial statements in accordance with IFRS 10 "Consolidated Financial Statements" and the differences in the application of IFRS at different reporting entity levels, and debit or credit items such as "investments using the equity method," shares of income from subsidiaries, affiliated companies and joint ventures using the equity method" or "other comprehensive income from subsidiaries, affiliated companies and joint ventures using the equity method.”

The Company's investments in related companies are treated with the equity method, except for assets classified as assets for sale. An associated company is an organization in which the Company has significant influence. A joint venture refers to a company that has rights to the net assets of the joint agreement (with joint controllers).

Under the equity method, listing of investments in affiliated companies or joint ventures in the balance sheet is calculated by adding up costs and the recognized amount proportional to the Company’s share in the changes in the net assets of the affiliated company or joint venture after the acquisition. After the book value of investment in related companies and other related long-term interests are reduced to zero using the equity method, additional losses and liabilities are recognized within the scope of statutory obligations, constructive obligations, or payments made on behalf of related companies or joint ventures. Unrealized gains and losses arising from transactions between the Company and its affiliates or joint ventures shall be eliminated in proportion to its equity in the affiliates or joint ventures.

When changes in the equity of affiliated companies or joint ventures are not caused by profit or loss and other comprehensive income items and do not affect the Company's shareholding ratio, the Company recognizes the relevant ownership changes according to the shareholding ratio. Therefore, the recognized capital reserve is transferred to the profit and loss according to the disposal ratio when the affiliated company or joint venture is subsequently disposed of.

When an affiliated company or joint venture issues new shares, the Company's failure to subscribe according to the shareholding ratio results in a change in the investment ratio, thereby increasing or decreasing the Company's equity holdings in the affiliated company's or joint venture's net assets, as "capital reserve" and "adopted equity "Investment in Law" adjusts the increase or decrease. When the investment ratio changes to a decrease, the related items that have been previously recognized in other comprehensive income are also reclassified to profit and loss or other appropriate subjects according to the reduction ratio. The aforementioned capital reserve recognized in the subsequent disposal of the affiliated company or joint venture shall be transferred to the profit and loss according to the disposal ratio.

The financial statements of related companies or joint ventures are prepared for the same reporting period as the Company, and adjusted to make their accounting policies consistent with the Company's accounting policies.

At the end of each reporting period, the Company verifies whether there is objective evidence indicating that the investment in the affiliated company or the joint venture is impaired in accordance with IAS 28 "Investments in Associates and Joint Ventures." If there is such evidence, the Company then calculates the amount of impairment based on the difference between the recoverable amount of the affiliated company or the joint venture and the book value in accordance with IAS 36 "Impairment of Assets," and recognizes the amount under income of affiliated companies or joint ventures. If the aforementioned recoverable amount adopts the use value of the investment, the Company will determine the relevant use value based on the following estimates:

(1) The Company's share of the present value of the estimated future cash flow generated by the affiliated company or joint venture, including the cash flow generated by the affiliated company or joint venture due to operations and the final disposal of the investment. or
(2) The Company expects to receive dividends from the investment and finally dispose of the present value of the estimated future cash flows generated by the investment.

Since the goodwill component items that constitute the book value of the investment related enterprise are not separately recognized, there is no need to apply the provisions of the IAS 36 "Impairment of Assets" goodwill impairment test.

When there is loss of significant influence over affiliates or joint control over joint ventures, the Company measures and recognizes the retained investment portion by fair value. When a significant impact or joint control is lost, the difference between the book value of the investment related company or joint venture and the fair value of the retained investment plus the proceeds from the disposal is recognized as profit or loss. However, the Company will continue to account an investee using the equity method if the transaction changes the investee's status from associated company to joint venture, or from joint venture to associated company. The Company continues to apply the equity method without re-measurement of reserved equity.

11. Real estate, factories and equipment

Real estate, plant and equipment are recognized on the basis of acquisition cost, and are listed after deducting accumulated depreciation and accumulated impairment. The aforementioned cost includes the cost of dismantling, removing and restoring the real estate, plant and equipment at their location and the cost of unfinished construction. Necessary interest expenses incurred. 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. When a significant item of property, plant and equipment must be regularly replaced, the Company treats the item as a consolidated asset and recognizes it separately using a specific useful life and depreciation method, and derecognizes it in accordance with IAS 16 "Property, Plant and Equipment." If the major maintenance cost meets the recognition conditions, it is regarded as replacement cost and recognized as part of the book value of plant and equipment, and other repair and maintenance expenses are recognized in profit and loss.

Depreciation is provided on a straight-line basis based on the estimated useful lives shown as follows:

Asset category	Useful life
Buildings and structures	41 - 50 years
Machinery and equipment	6 - 8 years
Transportation equipment	5 years
Office equipment	3 - 8 years
Other equipment	3 - 5 years

After initial recognition, items of real estate, factory and equipment or any important component are derecognized and recognized as profit or loss if they are disposed of or are not expected to have an inflow of economic benefits due to use or disposal in the future.

The residual value, useful life and depreciation method of real estate, plant and equipment are assessed at the end of each financial year. If the expected value is different from the previous estimate, the change is regarded as a change in accounting estimates.

12. Investment properties

The Company's own investment real estate is measured at the original cost and includes the transaction cost of acquiring the asset. The book value of investment real estate includes the cost of repairing or adding new investment real estate under the condition that the cost is recognizable. However, the maintenance expenses incurred on a daily basis are not part of its cost. After initial recognition, except for those that meet the criteria for classification as pending sale (or included in the subgroup classified as disposals pending sale) in accordance with IFRS 5 "Non-current Assets Held for Sale and Discontinued Operations", the measurement of investment properties is based on the cost model, which is dealt with in accordance with the provisions of IAS No. 16 "Real Estate, Plant and Equipment" on this model; however, if it is held by the lessee as a right-of-use asset and is in accordance with the provisions of IFRS No. 5 and are not pending sale, it is handled in accordance with the provisions of IFRS No. 16.

Depreciation is provided on a straight-line basis based on the estimated useful lives shown as follows:

Asset category	Useful life
Buildings	10 - 47 years

Investment real estate is derecognized and recognized as income when it is disposed of, will no longer be used, and it is expected that future economic benefits cannot be generated from the disposal.

The Company decides to transfer into or out of investment real estate based on the actual use of the assets.

When the real property meets or no longer meets the definition of investment property and there is evidence that the use has changed, the Company classifies the real property as investment property or transfers it out from investment property.

13. Lease

The Company assesses whether the contract is (or includes) a lease on the date of contract establishment. If a contract transfers control over the use of an identified asset for a period of time in exchange for consideration, the contract is (or includes) a lease. In order to assess whether the contract transfers control over the use of the identified asset for a period of time, the Company assesses whether it has both of the following during the entire period of use:

(1) Obtain the right to almost all economic benefits from the use of identified assets. And
(2) The right to direct the use of identified assets.

For the contract that belongs to (or includes) a lease, the Company treats each lease component in the contract as a separate lease and treats it separately from the non-lease components in the contract. If the contract contains one lease component and one or more additional lease or non-lease components, the Company uses the relative individual price of each lease component and the aggregate individual price of the non-lease components as the basis to amortize the cost to the corresponding lease component. The relative stand-alone prices of lease and non-lease components are determined on the basis of the prices charged by the lessor (or similar suppliers) for the components (or similar components). If the observable stand-alone price is not readily available, the Company maximizes the use of observable information to estimate the stand-alone price.

Where the Company is the lessee

In addition to meeting and selecting short-term leases or leases of low-value underlying assets, when the Company is the lessee of the lease contract, the right-of-use assets and lease liabilities are recognized for all leases.

The Company measures the lease liability on the inception date based on the present value of the lease payments not yet paid on that date. If the implicit interest rate of the lease is easy to determine, the lease payment is discounted using that interest rate. If the interest rate is not easy to determine, use the lessee's incremental borrowing rate. On the starting date, the lease payments included in the lease liability include the following payments related to the right of use of the underlying asset during the lease period and not yet paid on that date:

(1) Fixed benefits (including substantive fixed benefits), minus any lease incentives that can be collected.
(2) Lease payments depend on changes in a certain index or rate (using the original index or rate on the starting date to measure).
(3) The amount expected to be paid by the lessee under the residual value guarantee.
(4) The exercise price of the purchase option, if the Company can reasonably determine that the option will be exercised. And
(5) The penalty payable for the termination of the lease, if the lease period reflects that the lessee will exercise the option of termination.

After the commencement date, the Company measures the lease liability on the basis of amortized cost, and increases the book value of the lease liability using the effective interest rate method to reflect the interest on the lease liability. The payment of lease benefits reduces the book value of the lease liability.

On the starting date, the Company measures the right-of-use asset based on cost. The cost of the right-of-use asset includes:

(1) The original measured amount of the lease liability.
(2) Any lease payments paid on or before the start date, minus any lease incentives received.
(3) Any original direct costs incurred by the lessee. And
(4) The estimated cost for the lessee to dismantle, remove the subject asset, and restore its location, or restore the subject asset to the state required by the lease terms and conditions.

Subsequent measurement of the right-of-use asset is presented after the accumulated depreciation and accumulated impairment loss have been subtracted from the cost; that is, the cost model is applied to measure the right-of-use asset.

If the ownership of the underlying asset is transferred to the Company when the lease period expires, or if the cost of the right-of-use asset reflects that the Company will exercise the purchase option, the right-of-use asset will be depreciated from the start date to the end of the useful life of the underlying asset. Otherwise, the Company depreciates the right-of-use assets from the start date to the earlier of the right-of-use assets' useful life or the end of lease term.

The Company applies IAS No. 36 "Impairment of Assets" to determine whether the right-of-use asset is impaired and to deal with any identified impairment loss.

In addition to satisfying and selecting short-term leases or leases of low-value underlying assets, the Company presents right-of-use assets and lease liabilities in the balance sheet, and separately presents lease-related depreciation expenses and interest expenses in the consolidated income statement.

For short-term leases and leases of low-value underlying assets, the Company chooses to use a straight-line basis or another systematic basis to recognize the lease payments related to these leases as expenses during the lease period.

Where the Company is the lessor

The Company classifies each of its leases as operating leases or financial leases on the date of contract establishment. Leasing, such as the transfer of almost all risks and rewards attached to the ownership of the underlying asset, is classified as a financial lease. If it is not transferred, it is classified as an operating lease. On the starting date, the Company recognizes the assets held under the financial lease in the balance sheet and expresses them as financial lease receivables based on the net lease investment.

For contracts that include lease components and non-lease components, the Company applies IFRS 15 to allocate the consideration in the contract.

The Company recognizes lease payments from operating leases as lease income on a straight-line basis or another systematic basis. For operating leases, lease payments that are not dependent on a certain index or rate change are recognized as lease income when they occur.

14. Intangible assets

Assets classified as individually acquired intangible assets were initially measured at cost. After initial recognition of intangible assets, the book value is the amount of its cost minus accumulated amortization and accumulated impairment losses. Internally generated intangible assets that do not meet the recognition conditions shall not be capitalized, but shall be recognized in profit or loss when they occur.

The useful life of intangible assets is divided into definite and indefinite useful life.

Intangible assets with a definite useful life are amortized over their useful life, and an impairment test is performed when there are signs of impairment. The amortization period and amortization method of intangible assets with definite useful life are reviewed at least at the end of each financial year. If the estimated useful life of the asset is different from the previous estimate or the expected pattern of future economic benefit consumption has changed, the amortization method or amortization period will be adjusted and considered as a change in accounting estimates.

Intangible assets with indefinite useful life are not amortized, but will be tested for impairment each year at the consolidated asset or cash generating unit level. Intangible assets with indefinite useful life are assessed in each period as to whether there are events and circumstances that continue to support that the asset's useful life remaining uncertain. If the useful life is changed from non-determined to definite useful life, the application will be postponed.

The profit or loss arising from derecognized intangible assets is recognized as income.

Computer software

The Company's intangible asset accounting policies are summarized as follows:

	Computer software
Useful life	Limited (1 - 5 years)
Amortization method used	Amortized using the straight-line method over the estimated beneficial life
Internally generated or externally acquired	Externally acquired

15. Impairment of non-financial assets

At the end of each reporting period, the Company assesses whether there are signs of impairment for all assets that are applicable to IAS 36 "Impairment of Assets". If there are signs of impairment or a periodic impairment test is required for an asset every year, the Company will conduct the test on the basis of the individual asset or the cash-generating unit to which the asset belongs. As a result of the impairment test, if the book value of the asset or the cash-generating unit to which the asset belongs is greater than its recoverable amount, the impairment loss is recognized. The recoverable amount is the higher of net fair value or use value.

At the end of each reporting period, the Company assesses whether there is any indication that the previously recognized impairment loss may no longer exist or decrease for assets other than goodwill. If there are such signs, the Company estimates the recoverable amount of the asset or cash-generating unit. If the recoverable amount increases due to changes in the estimated service potential of the asset, the impairment will be reversed. However, the book value after the reversion does not exceed the book value of the asset after depreciation or amortization is deducted if the impairment loss is not recognized.

For a cash-generating unit or group, whether they show signs of impairment, the amount of goodwill allocated to the unit will be subject to impairment test. If the result of the impairment test needs to be recognized as an impairment loss, the goodwill will be deducted first, and the deducted amount will be allocated to other assets other than goodwill based on the relative proportion of the book value. Once the impairment of goodwill is recognized, it shall not be reversed for any reason thereafter.

The impairment loss and the number of revolutions of continuing business units are recognized in profit and loss.

16. Liability provisions

The recognition condition of the liability provision is the current obligation (statutory obligation or constructive obligation) arising from past events. When the obligation is paid, it is likely that resources with economic benefits need to flow out, and the amount of the obligation can be estimated reliably. When the Company expects that some or all of the liability provisions can be reimbursed, only when the reimbursement is almost completely certain is it recognized as a separate asset. If the time value of money has a significant impact, the liability provision is discounted at the current pre-tax interest rate that can appropriately reflect the specific risks of the liability. When debt is discounted, the increase in the amount of debt due to the passage of time is recognized as borrowing costs.

Liability provisions for warranties

The liability provision for the warranty is estimated in accordance with the contract agreement of the project and the management's best estimate of the future outflow of economic benefits (based on historical warranty experience) caused by the warranty obligation of the project.

17. Revenue recognition

The revenue from contracts between the Company and customers mainly includes sales of goods and provision of services. The accounting treatments are explained as follows:

Income from the sale of premises

The Company builds and sells premises. Revenue is recognized when the control of transferred asset is registered and the premise is actually handed over. These contracts are fixed consideration, and the customer pays a fixed amount according to the agreed schedule. When the Company has an obligation to transfer goods or services to a customer because consideration has been received (or can be received from the customer), it is recognized as a contract liability.

If the payment timing of the contract agreement explicitly or implicitly provides the customer or the Company with significant financial benefits for the transfer of goods or services, the Company adjusts the promised amount of consideration to reflect the time value of money. For sales contracts where the time between the expected transfer of goods or services to the customer at the beginning of the contract and the time the customer pays for the goods or services does not exceed one year, the Company does not adjust the promised amount of consideration.

Construction project contractual income:

The Company is engaged in the contracting business of construction projects. Since the assets are controlled by the customer at the time of construction, the income is gradually recognized over time based on the proportion of the construction costs incurred thus far. The contract includes fixed and variable consideration. The customer pays a fixed amount of money according to the agreed schedule. Certain changes in consideration (such as fines calculated on the basis of overdue days, price adjustment subsidies) are estimated based on the expected value based on accumulated experience in the past. The Company only recognizes income within the range where the accumulated income is highly likely to not undergo a major reversal. The Company’s right to the consideration that has been transferred due to the transfer of goods or services to customers shall be recognized as contract assets. When there is an unconditional right to the consideration, the contract assets are transferred to accounts receivable. However, in some contracts, the customer will be charged part of the consideration when the contract is requested. The Company assumes the obligation to provide construction projects after the renewal, so it is recognized as a contract liability.

If it is impossible to reasonably measure the degree of completion of the performance obligations of the construction contract, the contract revenue is only recognized within the range of expected recoverable costs.

If the situation changes, the estimates of revenue, cost, and completion will be revised, and the resulting increase or decrease will be reflected in the profit and loss during the period when the management is aware of the change of the situation and makes corrections.

The Company expects that the time between the transfer of goods or services to customers in all engineering contracts and the time of the customers' payment for the goods or services will not exceed one year. Therefore, the Company does not adjust the promised amount of consideration.

The Company provides a standard warranty in accordance with the agreed specifications for the construction project, which is handled in accordance with the provisions of IAS No. 37.

18. Borrowing costs

Borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset form part of the cost of that asset. All other borrowing costs are recognized as an expense. Borrowing costs are interest and other costs that an entity incurs in connection with the borrowing of funds.

19. Post-employment benefit plan

The Company's regulations on employee retirement apply to all formally hired employees. The employee retirement funds are fully deposited under the management by The Supervisory Committees of Workers' Retirement Reserve Funds and deposited into a dedicated retirement fund account. Since the above pensions are deposited in the name of The Supervisory Committees of Workers' Retirement Reserve Funds, they are completely separated from the Company and are not included in the aforementioned Parent Company financial statements.

For post-employment benefit plans that are definite allocation plans, the Company's monthly employee pension allocation rate shall not be less than 6% of the employee's monthly salary, and the amount allocated shall be recognized as a current expense. The allocation rate of foreign subsidiaries and branches will be in accordance with the local rate and recognized as a current expense.

For post-employment welfare plans that are definite welfare plans, they are presented as actuarial reports on the end of the annual reporting period in accordance with the expected unit welfare law. The remeasurement of net definite benefit liabilities (assets) includes any changes in the planned asset return and the impact of the asset ceiling, minus the amount of net interest included in the net definite benefit liabilities (assets), and actuarial gains and losses. When remeasurements arise on net defined benefit liabilities (assets), it shall be listed in other comprehensive incomes and is recorded as retained earnings immediately. The upfront fees is the amount of change in the present value of the determined benefit obligation caused by the planned revision or reduction, and is recognized as an expense on the earlier date of the following two:

(1) When plan amendments or reductions occur. And
(2) When the Company recognizes related restructuring costs or resignation benefits.

The net interest of the net definite benefit liabilities (assets) is determined by multiplying the net definite benefit liabilities (assets) by the discount rate, both of which are determined at the beginning of the annual reporting period, and then the net definite benefit liabilities (assets) during the period are taken into account due to the appropriation Any changes in financial and welfare payments.

20. Income tax

Income tax expense (benefits) refers to the aggregate amount related to current income tax and deferred income tax included in the current profit and loss decision.

<u>Current income tax</u>

Income tax assets/liabilities of the current or previous period are measured at the statutory tax rate applicable at the end of the reporting period. For current income tax is and listed in other total income or items listed in equities, it shall be listed in other total profit or loss or equities and not income.

The undistributed surplus plus the income tax part of profit-making enterprises shall be listed as income tax expense on the day of the decision to distribute the surplus.

Deferred income tax

Deferred income tax is listed using the balance sheet liability method, on temporary differences arising between the tax bases of assets and liabilities and their book values in the consolidated balance sheet.

Except for the following two, all taxable temporary differences are recognized as deferred income tax liabilities:

(1) The original recognition of goodwill. The original recognition of assets or liabilities arising from transactions other than business combinations affected neither accounting profits nor taxable income (loss) at the time of the transaction, and did not result in equivalent taxable and deductible temporary differences at the time of the transaction.
(2) Taxable temporary differences arising from investments in subsidiaries, affiliated companies, and joint venture interests whose timing of reversal is controllable and is likely not to revert in the foreseeable future.

Except for the following two, deductible temporary differences, unused taxable losses, and deferred income tax assets arising from unused tax deductions are recognized within the range of possible future taxable income:

(1) That which is related to the deductible temporary differences generated from the original recognition of assets or liabilities arising from transactions other than business combinations, and affected neither accounting profits nor taxable income (loss) at the time of the transaction, and did not result in equivalent taxable and deductible temporary differences at the time of the transaction.
(2) Related to deductible temporary differences arising from investment in subsidiaries, affiliates, and joint venture equity, which are only recognized when likely to be reversed in the foreseeable future and returned to the extent that there is sufficient taxable income for the temporary difference at the time.

Deferred income tax assets and liabilities are measured by the tax rate for the current period of expected asset realization or debt settlement, and the tax rate is based on the tax rate and tax law that has been legislated or substantively legislated at the end of the reporting period. The measurement of deferred income tax assets and liabilities reflects the tax consequences arising from the method of expected asset recovery or settlement of the book value of liabilities at the end of the reporting period. Deferred income tax and items that are not listed in profit or loss are also not recognized in profit or loss, but are recognized in other comprehensive income or directly recognized in equity based on their related transactions. Deferred income tax assets are re-assessed and adjusted at the end of each reporting period.

Deferred income tax assets and liabilities can only be offset when the current income tax assets and current income tax liabilities have statutory enforcement power, and the deferred income tax belongs to the same taxation authority and is related to the income tax levied by the same tax authority.

In accordance with the provisions of temporary exceptions of the "International Tax Reform - Pillar 2 Model Rules (Amendments to IAS 12)", recognition and disclosure of information about deferred taxes are not allowed.

(V) Significant accounting judgments, estimates and main uncertainty assumptions

When the Company compiles Parent Company financial statements, management must make judgments, estimates and assumptions at the end of the reporting period, which will affect the reported amounts of revenue, expenses, assets and liabilities and the disclosure of contingent liabilities. However, the uncertainties in these major assumptions and estimates may result in significant adjustments to the book value of assets or liabilities in future periods.

1. Determination

In the process of adopting the Company's accounting policies, the management made the following judgments that have the most significant impact on the recognition of individual financial statements:

Project contract revenue recognition

The Company's revenue recognition from construction contracts uses the input method to measure the degree of completion. The degree of completion estimation is based on the ratio of the project contract costs incurred so far to the estimated total contract costs to determine the degree of completion of the contract.

2. Estimates and assumptions

Main sources of uncertainty to the assumptions and estimates made in this report on the end date of the reporting period may cause significant adjustments to the book value of assets and liabilities in the following financial year. Details are as follows:

Evaluation of inventories

As inventories are stated at lower cost and net realizable value, the Company must determine the net realizable value of inventories at the end date of the reporting period using judgments and estimates. This inventory evaluation is mainly based on inventory characteristics, inquiries about the selling prices of neighboring areas, or the selling prices of units sold as the basis for estimation. Please see note 6 for details.

(VI) Details of significant accounts

1. Cash and cash equivalents

	2023.12.31	2022.12.31
Cash	$628	$413
Cash in banks	1,409,015	1,561,994
Total	$1,409,643	$1,562,407

(Amounts are in NT$ thousand unless otherwise specified)

2. Net notes receivable

	2023.12.31	2022.12.31
Notes receivable	$50	$26
Minus: Loss provisions	-	-
Total	$50	$26

The Company's bills receivable are all due to business and no pledge is provided.

The Company assesses impairment in accordance with IFRS No. 9 and provides detailed information on allowances for losses. Please refer to Note VI.19 for details. Please refer to Note XII for information on credit risk.

3. Accounts receivable and accounts receivable - related parties

	2023.12.31	2022.12.31
Accounts receivable	$181,745	$131,003
Minus: Loss provisions	(2,710)	(2,710)
Subtotal	179,035	128,293
Accounts receivable - related parties	1,860	5,588
Minus: Loss provisions	-	-
Subtotal	1,860	5,588
Total	$180,895	$133,881

The Company's accounts receivable are not pledged.

The Company's credit period to customers is usually 30 days to 90 days. The total book values as of December 31, 2023 and 2022 are NT$183,605 thousand and NT$136,591 thousand respectively. For information on allowance losses in 2023 and 2022, please refer to Note VI.19. For information on credit risk, please refer to Note XII.

4. Net inventory

	2023.12.31	2022.12.31
Construction land	$2,528,455	$2,185,544
Land for sale	369,391	331,442
Buildings for sale	608,108	877,722
Land under construction	3,402,958	4,171,924
Buildings under construction	2,800,094	1,837,709
Total	$9,709,006	$9,404,341

(Amounts are in NT$ thousand unless otherwise specified)

Houses under construction, land under construction, and related information are as follows:

	2023.12.31			
Project type	Buildings under construction	Land under construction	Estimated year of completion	Note
J50 construction project	$122,013	$593,285	2028	Self-built
J52 construction project	392,479	544,096	2025	Self-built
J53 construction project	172,519	201,509	2025	Self-built
J54 construction project	386,048	318,765	2025	Self-built
J56 construction project	316,879	343,065	2025	Self-built
J57 construction project	992,360	661,065	2024	Self-built
J58 construction project	389,629	485,538	2024	Self-built
J60 construction project	28,167	255,635	2025	Self-built
Total	$2,800,094	$3,402,958		

	2022.12.31			
Project type	Buildings under construction	Land under construction	Estimated year of completion	Note
J48 construction project	$701,818	$764,939	2023	Self-built
J49-3 construction project	218,666	270,751	2023	Self-built
J50 construction project	70,626	587,253	2028	Self-built
J52 construction project	192,938	543,269	2025	Self-built
J53 construction project	53,553	201,051	2025	Self-built
J54 construction project	158,403	318,509	2025	Self-built
J56 construction project	125,170	342,344	2025	Self-built
J57 construction project	197,784	659,949	2024	Self-built
J58 construction project	118,751	483,859	2024	Self-built
Total	$1,837,709	$4,171,924		

(Amounts are in NT$ thousand unless otherwise specified)

Buildings for sale, land for sale, and related information are as follows:

	2023.12.31		
Project type	Buildings for sale	Land for sale	Advance payment for buildings and land
J15 construction project	$89,018	$2,685	$-
J24 construction project	22,862	8,828	-
J25 construction project	2,788	770	-
J28 construction project	43,705	26,981	5,562
J36 construction project	164,533	36,376	46,893
J39 construction project	46,303	110,548	47,337
J48 construction project	238,899	183,203	36,714
J52 construction project	-	-	165,695
J57 construction project	-	-	109,338
Total	$608,108	$369,391	$411,539

	2022.12.31		
Project type	Buildings for sale	Land for sale	Advance payment for buildings and land
J15 construction project	$91,851	$2,685	$-
J24 construction project	22,862	8,828	-
J25 construction project	2,788	770	-
J28 construction project	43,705	26,981	-
J36 construction project	638,087	142,014	23,888
J39 construction project	46,303	110,548	-
J48 construction project	-	-	228,686
J51 construction project	32,126	39,616	4,476
Total	$877,722	$331,442	$257,050

The amounts of capitalization of interest during the construction period in 2023 and 2022 are NT$86,318 thousand and NT$44,344 thousand, respectively. In addition, the amounts of capitalization of interest due to the purchase of construction land are NT$43,394 thousand and NT$51,616 thousand, respectively. Total interests before capitalization of interest were NT$131,331 thousand and NT$97,825 thousand.

The real estate under construction, construction land and part of the real estate for sale have been mortgaged. Note VIII for details of the mortgage situation.

As of December 31, 2023 and 2022, the insured amount of construction accident insurance for inventories was NT$60,000 thousand, and the insured amount of comprehensive construction insurance for inventories was NT$7,411,560 thousand and NT$7,969,660 thousand, respectively.

(Amounts are in NT$ thousand unless otherwise specified)

5. Advance payments

	2023.12.31	2022.12.31
Advance payments for land	$701,869	$-
Advance insurance premiums	3,801	3,040
Other advance payments	3,915	3,682
Excess business tax paid	29,336	21,633
Total	$738,921	$28,355

6. Investments recognized under the equity method

Statement of equity-accounted investments used by the Company is as follows:

	2023.12.31		2022.12.31	
Investee	Amount	Shareholding ratio%	Amount	Shareholding ratio%
Investment in subsidiaries:				
Phoenix Co., Ltd.	$4,981	100.00%	$-	-
Investment in affiliated companies:				
Phoenix Co., Ltd.	-	-	7,815	45.00%
Total	$4,981		$7,815	

The Company newly invested in Phoenix Co., Ltd. in 2014, with an investment cost of NT$1,335 thousand (4,500 thousand JPY), mainly operating hotel business. In January 2015, Phoenix Co., Ltd. handled a cash capital increase. The Company contributed capital based on the original shareholding ratio. The investment cost was NT$6,067 thousand (22,500 thousand JPY). In addition, considering the business needs for future operation management and cooperation with third parties, on February 23, 2023, the Board of Directors decided to purchase 55% of Phoenix Co., Ltd.'s shares held by Ryokusuitei Co., Ltd. for NT$15,296 thousand (67,000 thousand JPY). Phoenix Co., Ltd. became a subsidiary 100% -owned by the Company. In November 2024, Phoenix Co., Ltd. Will have a cash capital increase. The Company will contribute according to the original shareholding ratio, with an investment cost of NT$17,152 thousand (80,000 thousand JPY).

Investments in subsidiaries are expressed as "investment using the equity method" in the Parent Company Financial Report, and have the valuation adjusted as necessary.

The aforementioned investment using equity method did not involve collaterals.

In 2023 and 2022, the Company's shares in income from subsidiaries and affiliated companies recognized using the equity method are as follows:

Investee	2023	2022
Phoenix Co., Ltd.	($22,662)	($2,484)

(Amounts are in NT$ thousand unless otherwise specified)

7. Real estate, factories and equipment

	2023.12.31	2022.12.31
Real estate, plants and equipment for self-use	$52,568	$55,820

	Land	Buildings and structures	Machinery and equipment	Transportation equipment	Office equipment	Total
Costs:						
2022.1.1	$22,821	$37,027	$1,162	$29,772	$20,796	$111,578
Addition	-	-	18	-	662	680
Disposal	-	-	-	(480)	(288)	(768)
2022.12.31	22,821	37,027	1,180	29,292	21,170	111,490
Addition	-	-	14	313	352	679
Disposal	-	-	-	(14,269)	(305)	(14,574)
Other changes	-	-	390	-	-	390
2023.12.31	$22,821	$37,027	$1,584	$15,336	$21,217	$97,985
Depreciation and impairment:						
2022.1.1	$-	$15,208	$1,136	$17,182	$18,958	$52,484
Depreciation	-	753	8	2,403	787	3,951
Disposal	-	-	-	(480)	(285)	(765)
2022.12.31	-	15,961	1,144	19,105	19,460	55,670
Depreciation	-	753	9	2,455	714	3,931
Disposal	-	-	-	(14,269)	(305)	(14,574)
Other changes	-	-	390	-	-	390
2023.12.31	$-	$16,714	$1,543	$7,291	$19,869	$45,417
Net book value:						
2023.12.31	$22,821	$20,313	$41	$8,045	$1,348	$52,568
2022.12.31	$22,821	$21,066	$36	$10,187	$1,710	$55,820

For details on security for real estate, factory, and equipment, see note VIII.

8. Investment properties

Investment real estate includes the Company's own investment real estate. The Company signs a commercial property lease contract for its own investment real estate, and the lease period is between 1 and 20 years.

(Amounts are in NT$ thousand unless otherwise specified)

	Land	Buildings	Total
Costs:			
2022.1.1	$184,991	$478,343	$663,334
Addition - from purchase	17,202	1,896	19,098
Disposal	-	-	-
Other changes	3,873	-	3,873
2022.12.31	206,066	480,239	686,305
Addition - from purchase	-	112,942	112,942
Disposal	-	-	-
Other changes	(7,135)	-	(7,135)
2023.12.31	$198,931	$539,181	$792,112
Depreciation and impairment:			
2022.1.1	$-	$110,173	$110,173
Current depreciation	-	17,054	17,054
2022.12.31	-	127,227	127,227
Current depreciation	-	17,903	17,903
2023.12.31	$-	$145,130	$145,130
Net book value:			
2023.12.31	$198,931	$448,051	$646,982
2022.12.31	$206,066	$353,012	$559,078

	2023	2022
Lease income from investment properties	$12,966	$-
Minus: Direct operating expenses incurred by investment real estate that generates lease income in the current period	(17,956)	(17,054)
Total	($4,990)	($17,054)

As of December 31, 2023 and 2022, the insured amounts of fire insurance and earthquake insurance for investment properties are NT$361,204 thousand and NT$386,481 thousand, respectively.

Please refer to Note VIII for details of the mortgage of the investment real estate of the Company.

The investment real estate held by the Company is not measured at fair value, but information is only disclosed on its fair value, and its fair value level is in the third level. The fair value of the investment real estate held by the Company as of 2023 and December 31, 2022 was NT$904,676 thousand and NT$758,205 thousand, respectively. The aforementioned fair value is based on the announcement of land prices and real estate prices in neighboring areas.

(Amounts are in NT$ thousand unless otherwise specified)

Evaluation with the appointment of independent external appraisal experts.

9. Intangible assets

	Computer Software Cost
Costs:	
2022.1.1	$7,793
Addition - obtained separately	673
2022.12.31	8,466
Addition - obtained separately	592
2023.12.31	$9,058
Amortization and impairment	
2022.1.1	$7,229
Amortization	440
2022.12.31	7,669
Amortization	518
Impairment	-
2023.12.31	$8,187
Net book value	
2023.12.31	$871
2022.12.31	$797

The recognized amounts of amortization of intangible assets are as follows:

	2023	2022
Operating expenses	$518	$440

10. Other non-current assets

	2023.12.31	2022.12.31
Refundable deposits	$7,121	$8,945
Net defined benefit assets	2,688	3,186
Incremental cost of acquiring contract - non-current	18,856	-
Total	$28,665	$12,131

11. Short-term borrowings

	2023.12.31	2022.12.31
Unsecured bank borrowings	$695,225	$833,025

(Amounts are in NT$ thousand unless otherwise specified)

The interest rate ranges and maturity dates are as follows:

	2023.12.31	2022.12.31
Annual interest rate range	2.20%~2.78%	1.87%~2.49%
Maturity date	2024.2.2~2024.10.19	2023.1.9~2023.11.17

The unused loan amount is as follows:

	2023.12.31	2022.12.31
Unused loan amount	$320,000	$250,000
Unused loan amount	JPY 360,000 thousand	JPY 450,000 thousand

12. Net value of short-term notes and bills payable

	2023.12.31	2022.12.31
Short-term notes and bills payable	$50,000	$50,000
(minus): Discounts for short-term notes and bills payable	(72)	(12)
Net amount	$49,928	$49,988

The interest rate ranges and maturity dates are as follows:

	2023.12.31	2022.12.31
Annual interest rate range	2.112%	1.800%
Maturity date	2024.1.25	2023.1.5

The above short-term notes and bills payable are secured in part by land for sale. Please see note 8 for details.

13. Liability provisions - current

	Warranty
2022.1.1	$15,645
Addition in the current period	14,653
Currently used	(14,743)
2022.12.31	15,555
Addition in the current period	1,960
Currently used	(3,109)
2023.12.31	$14,406

This liability provision is based on historical experience, and it is estimated that product warranty may occur in the future.

(Amounts are in NT$ thousand unless otherwise specified)

14. Corporate bonds payable

	2023.12.31	2022.12.31
Domestic secured ordinary corporate bonds payable	$1,299,000	$499,000

Domestic secured ordinary corporate bonds payable:

	2023.12.31	2022.12.31
Denomination of domestic secured corporate bonds payable	$1,299,000	$499,000
Discount on domestic secured ordinary corporate bonds payable	-	-
Subtotal	1,299,000	499,000
Minus: Current portion	-	-
Net amount	$1,299,000	$499,000

(1) The company issued the domestic secured ordinary corporate bonds with a face value of NT$499,000 thousand on January 12, 2022. The period of issuance is five years, and it is repaid in one lump sum upon maturity.
The interest for the corporate bond starting from the issue date shall be paid in a fixed simple interest of 0.68% and paid once a year.
(2) The company issued domestic secured ordinary corporate bonds with a face value of NT$800,000 thousand on August 30, 2023. The period of issuance is five years, and it is repaid in one lump sum upon maturity.
(3) The interest for the corporate bond starting from the issue date shall be paid in a fixed simple interest of 1.65% and paid once a year.

15. Long-term borrowings

Type of borrowings	2023.12.31	2022.12.31
Mortgage loan	$3,348,525	3,784,333
Capital loans	75,000	166,000
Subtotal	3,423,525	3,950,333
Minus: Current portion	(120,246)	(285,601)
Net amount	$3,303,279	$3,664,732

The interest rate ranges and maturity dates are as follows:

	2023.12.31	2022.12.31
Annual interest rate range	1.76%~3.04%	1.98%~2.80%
Maturity date	2024.6.21~2028.5.15	2023.6.9~2027.6.30

The above loans are secured in part by construction land, land under construction, and houses. Please see note 8 for details.

16. Post-employment benefit plan

(1) Defined contribution plans

The Company's employee retirement measures set forth in the "Labor Pension Act" are definite allocation plans. According to the regulation, the Company shall make monthly pension contributions equal to no less than 6% of the employee's monthly salary. The Company has established the employee retirement method in accordance with the regulations, and 6% of employee salary is transferred to the individual retirement account of the Bureau of Labor Insurance every month.

In 2023 and 2022, the Company's recognized expenses for the defined contribution plans are NT$4,177 thousand and NT$3,832 thousand, respectively.

(2) Defined benefit plan

The Company's employee retirement pension method established by the "Labor Standards Act" is a defined benefit plan. The payment of employee retirement pension is calculated based on the base number of years of service and the average salary of one month at the time of approval of retirement. Two bases are given for one year of service within 15 years (inclusive), and one base is given for each full year of service over 15 years, but the cumulative base is limited to 45 bases. The Company contributes monthly an amount equal to 2% of the employees' monthly salaries and wages to the retirement fund deposited with Bank of Taiwan, the trustee, under the name of the independent Supervisory Committee of Labor Retirement Reserve Fund (the 'Fund') according to the Labor Standards Act. Before the end of each year, the Company assesses the balance in the aforementioned Fund. If the balance in the Fund is inadequate to pay the retirement benefits of employees who are eligible for retirement in the following year by the aforementioned method, the Company is required to fund the deficit in one appropriation before the end of next March.

The Ministry of Labor conducts asset allocation in accordance with the methods for the safekeeping and use of the income and expenditure of the labor retirement fund. The investment of the fund uses self-management and entrusted management methods, and adopts both active and passive management in medium and long-term investment strategies. Taking into account risks such as market, credit, and liquidity, the Ministry of Labor sets fund risk limits and control plans to make it flexible enough to achieve target returns without over-taking risks. For the use of the fund, the minimum income allocated in its annual final accounts shall not be lower than the income calculated based on the two-year fixed deposit of the local bank. If there is any deficiency, it shall be replenished by the national treasury after approval by the competent authority. Since the Company does not have the right to participate in the operation and management of the fund, it cannot disclose the fair value of the project assets in accordance with paragraph 142 of the IAS No. 19. As of December 31, 2023, the Company's defined benefit plan is expected to allocate NT$140 thousand in the next year.

(Amounts are in NT$ thousand unless otherwise specified)

As of December 31, 2023 and 2022, the Company's defined benefit plan was expected to mature in 4 and 7 years.

The following table summarizes and determines the cost of the benefit plan recognized to profit and loss:

	2023	2022
Current service cost	$163	$199
Net interest on net confirmed benefit liabilities (assets)	(39)	(3)
Upfront fees	-	-
Pay off	-	-
Total	$124	$196

The adjustments to determine the present value of welfare obligations and the fair value of project assets are as follows:

	2023.12.31	2022.12.31	2022.1.1
Determine the present value of benefit obligations	$33,363	$34,929	$36,511
Fair value of plan assets	(36,051)	(38,115)	(36,876)
Other non-current liabilities - net confirmed benefit liabilities (assets)	($2,688)	($3,186)	($365)

Adjustment of net definite benefit liabilities (assets):

	Defined benefit Present value of obligations	Plan assets Fair value	Net defined benefit liabilities (assets)
2022.1.1	$36,511	$36,876	($365)
Current service cost	199	-	199
Interest expenses (income)	256	258	(2)
Upfront fees and liquidation profit and loss	-	-	-
Subtotal	36,966	37,134	(168)
Determine the number of benefit liabilities/assets to be remeasured:			
Actuarial profits and losses arising from changes in demographic assumptions	-	-	-
Actuarial profits and losses arising from changes in financial assumptions	(1,280)	-	(1,280)
Experience adjustment	1,105	-	1,105
Determine the number of benefit liabilities/assets to be remeasured	-	2,789	(2,789)
Subtotal	36,791	39,923	(3,132)

(Amounts are in NT$ thousand unless otherwise specified)

	Defined benefit Present value of obligations	Plan assets Fair value	Net defined benefit liabilities (assets)
Benefits paid	(1,862)	(1,862)	-
Amount paid by employer	-	54	(54)
2022.12.31	34,929	38,115	(3,186)
Current service cost	163	-	163
Interest expenses (income)	430	469	(39)
Upfront fees and liquidation profit and loss	-	-	-
Subtotal	35,522	38,584	(3,062)
Determine the number of benefit liabilities/assets to be remeasured:			
Actuarial profits and losses arising from changes in demographic assumptions	29	-	29
Actuarial profits and losses arising from changes in financial assumptions	109	-	109
Experience adjustment	470	-	470
Determine the number of benefit liabilities/assets to be remeasured	-	194	(194)
Subtotal	36,130	38,778	(2,648)
Benefits paid	(2,767)	(2,767)	-
Amount paid by employer	-	40	(40)
2023.12.31	$33,363	$36,051	($2,688)

The following main assumptions are used to determine the Company's definite benefit plan:

	2023.12.31	2022.12.31
Discount rate	1.14%	1.23%
Expected salary increase rate	1.00%	1.00%

Sensitivity analysis of each major actuarial assumptions:

	2023		2022	
	Determine the increase in welfare obligations	Determine the decrease in benefit obligations	Determine the increase in welfare obligations	Determine the decrease in benefit obligations
The discount rate increased by 0.5%	$-	$589	$-	$1,103
The discount rate is reduced by 0.5%	$719	$-	$1,204	$-

(Amounts are in NT$ thousand unless otherwise specified)

	2023		2022	
	Determine the increase in welfare obligations	Determine the decrease in benefit obligations	Determine the increase in welfare obligations	Determine the decrease in benefit obligations
Expected salary increase of 0.5%	$714	$-	$1,201	$-
Expected salary decrease by 0.5%	$-	$593	$-	$1,111

The aforementioned sensitivity analysis is based on the assumption that other assumptions remain unchanged, a single actuarial assumption (for example: when there is a reasonably possible change in the discount rate or expected salary), an analysis of the possible impact of determining the welfare obligation is carried out. Since some actuarial assumptions are related to each other, in practice, only a single actuarial assumption changes, so this analysis has its limitations.

The methods and assumptions used in the sensitivity analysis of this period are the same as those used in the previous period.

17. Equity

(1) Common shares

As of 2023 and December 31, 2022, the Company's rated share capital was NT$3,000,000 thousand, the issued share capital was NT$2,191,972 thousand, and the denomination of each share was NT$10, with 2,191,972 thousand shares total. Each share is entitled to one voting right and the right to receive dividends.

(2) Capital surplus

	2023.12.31	2022.12.31
Convertible bond equities	$12,560	$12,560
Conversion of convertible bonds to overpriced bonds	38,054	38,054
Total	$50,614	$50,614

(3) Earnings distribution and dividend policy

According to the Company's Articles of Incorporation, if there is a surplus in the annual final accounts, it shall be distributed in the following order:

A. Withholding taxes.
B. Compensation for losses.
C. Ten percent of the deposit is the legal reserve.
D. Other special surplus reserves listed or reversed in accordance with the law or

(Amounts are in NT$ thousand unless otherwise specified)

regulatory requirements.

E. The rest will be prepared by the Board of Directors in accordance with the dividend policy and submitted to the shareholders meeting.

The Company is engaged in comprehensive construction activities and develops leasing and sales of houses and buildings. In order to maintain the funds required for diversified operations and appropriately expanding the scale and enhancing the competitiveness needed for sustainable development, it is advisable to adopt flexible distribution rates and flexible cash distribution rates. The distributable surplus of the current year shall be allocated as not less than 5% of the total dividends. The distribution of surplus shall be given priority to cash dividends, and may also be distributed in the form of stock dividends. The cash dividends shall not be less than 10% of the total dividends. However, if the total dividend per share is less than or equal to NT$0.5 per share, based on economic principles, it may consist of only stock dividends, only cash dividends or distribution can be reserved.

According to the provisions of the Company Act, the legal reserve shall be appropriated until its total amount reaches the paid-in capital. Legal reserve for offset of accumulated losses When the Company has no losses, it may issue new shares or cash in proportion to the shareholders' original shares when the legal reserve exceeds 25% of its paid-in capital.

When the Company distributes distributable surplus, in accordance with laws and regulations, the difference between the balance of the special surplus reserve provided for the first time when the IFRS is adopted and the net deduction of other equity is added to the special surplus reserve. When the net amount of other equity deductions is subsequently reversed, the reversed part of the net amount of other equity deductions may be reversed and distributed to the special surplus reserve.

In the Board meeting and annual shareholders' meeting on March 11, 2024 and June 15, 2023, the Company proposed and resolved the dividend allocation and distribution proposals and dividends per share for 2023 and 2022, respectively, as follows:

	Dividend distribution proposal		Dividends per share (New Taiwan dollars)	
	2023	2022	2023	2022
Legal reserve	$80,804	$90,820	$-	$-
Cash dividends of common stock (Note)	$482,234	$460,314	$2.20	$2.10

For Board and shareholders' meeting resolutions on dividend distribution, please inquire on TWSE's Market Observation Post System website.

Regarding the basis and listed amounts for employees' remuneration and directors' remuneration. Please refer to Note VI.21.

(Amounts are in NT$ thousand unless otherwise specified)

Note: The Company's Board of Directors has been authorized by the Articles of Incorporation and passed the 2023 common stock cash dividend proposal by a special resolution on March 11, 2024.

18. Operating revenue

	2023	2022
Construction project income:	$333,588	$374,754
Income from the sale of premises	3,998,587	4,338,951
Rental income	12,966	-
Total	$4,345,141	$4,713,705

In 2023 and 2022, the Company's income from contracts with customers is as follows:

(1) Income details

	2023.12.31	2022.12.31
At some point in time	$4,011,553	$4,338,951
Gradually met over time	333,588	374,754
Total	$4,345,141	$4,713,705

(2) Contract balance

A. Contract assets - current

	2023.12.31	2022.12.31	2022.1.1
Construction project	$71,026	$51,134	$78,761
Minus: Loss provisions	-	-	-
Total	$71,026	$51,134	$78,761

An explanation of the significant changes in the Company's contract asset balances for 2023 and 2022 is as follows:

	2023	2022
The beginning balance is transferred to accounts receivable in the current period	$8,811	$12,877

B. Contract liabilities - current and non-current

	2023.12.31	2022.12.31	2022.1.1
Building and land sales	$884,339	$257,050	$505,472
Construction project	69,518	18,338	1,245
Total	$953,857	$275,388	$506,717

(Amounts are in NT$ thousand unless otherwise specified)

Description of significant changes in the Company's contract liability balance in 2023 and 2022 is as follows:

	2023	2022
The beginning balance of the current period is transferred to income	($186,074)	($380,428)
Increase in advance receipts in the current period (deduct and transfer income in the current period)	$864,543	$149,099

(3) The transaction price allocated to the outstanding performance obligations

As of December 31, 2023, the transaction price allocated by the Company's performance obligations that have not yet been met (including partly not met) totals NT$2,136,278 thousand. These projects are expected to be completed in the next 2 to 46 months.

(4) Assets recognized from the cost of obtaining or fulfilling customer contracts

	Opening amount	Closing amount	Variance
Incremental cost of obtaining the contract	$80,268	$39,639	($40,629)

The Company expects to recover the relevant expenses paid to the advertising company for the sale of the J37, J52, and J57 construction projects, so it is recognized as an asset and recognized for sale. The income of the construction projects is amortized, but the construction projects J37, J52, and J57 have not been completed, so the related expenses have not been amortized.

19. Expected credit impairment loss (profit)

	2023	2022
Operating expenses - expected credit impairment loss (profit)		
Contract assets	$-	$-
Notes receivable	-	-
Accounts receivable	-	-
Total	$-	$-

Please refer to Note XII for relevant credit risk information.

The Company’s contract assets and accounts receivable (including bills receivable and accounts receivable) are measured by the amount of expected credit loss during the duration of the allowance loss, which is assessed on 2023 and December 31, 2022. The relevant description of the amount of loss is as follows:

(Amounts are in NT$ thousand unless otherwise specified)

(1) The historical experience of credit loss of contract assets shows that different customer groups do not have significantly different loss patterns. Therefore, the expected credit loss rate is used to measure the amount of allowance loss without distinguishing between groups. Relevant information is as follows:

	2023.12.31	2022.12.31
Total book value	$71,026	$51,134
Expected credit loss rate	0%	0%
Loss provisions	-	-
Total	$71,026	$51,134

(2) The historical experience of credit loss of company receivables shows that different customer groups do not have significantly different loss patterns. Therefore, the expected credit loss rate is used to measure the amount of allowance loss without distinguishing between groups. Relevant information is as follows:

2023.12.31

	Not past due	Days overdue			
	(Note 2)	Within 90 days	91 - 120 days	More than 121 days	Total
Total book value	$183,655	$-	$-	$-	$183,655
Loss rate:	0%	-	-	-	(Note 1)
Expected credit loss within the certificate duration	-	-	-	-	2,710
Carrying amount	$183,655	$-	$-	$-	$180,945

2022.12.31

	Not past due	Days overdue			
	(Note 2)	Within 90 days	91 - 120 days	More than 121 days	Total
Total book value	$136,617	$-	$-	$-	$136,617
Loss rate:	0%	-	-	-	(Note 1)
Expected credit loss within the certificate duration	-	-	-	-	2,710
Carrying amount	$136,617	$-	$-	$-	$133,907

Note 1: The management of the Company considers past historical experience. When the economic situation is poor, the loss rate may increase, and the future economic conditions are considered to estimate future expected credit losses.

Note 2: All of the company's bills receivable are not overdue.

Information on the changes in allowance losses for the Company's contract assets, notes receivable and accounts receivable in 2023 and 2022 is as follows:

(Amounts are in NT$ thousand unless otherwise specified)

	Contract assets	Notes receivable	Accounts receivable
2022.1.1	$-	$-	$2,710
Increase (reverse) amount in the current period	-	-	-
2022.12.31	-	-	2,710
Increase (reverse) amount in the current period	-	-	-
2023.12.31	$-	$-	$2,710

20. Lease

(1) Where the Company is the lessee

The Company leased transportation equipment, with a contract lease period of 2023 to 2025.

The impact of leasing on the Company's financial status, financial performance and cash flow is explained as follows:

A. Amount recognized in the balance sheet

(a) Right-of-use assets

book value of right-of-use assets

	2023.12.31	2022.12.31
Transportation equipment	$848	$1,452

(b) Lease liabilities

	2023.12.31	2022.12.31
Lease liabilities	$861	$1,465
Current	$513	$604
Non-current	$348	$861

For the Company's interest expenses from lease liabilities in 2023 and 2022, please see Note VI. 22(4) Financial Costs. For maturity analysis of lease liabilities as of December 31, 2023 and 2022, please see Note XII Liquidity Risk Management.

(Amounts are in NT$ thousand unless otherwise specified)

B. Recognized amount on the Statement of Comprehensive Income

Depreciation of right-of-use assets

	2023	2022
Transportation equipment	$604	$575

C. Lessee's income and expenses related to leasing activities

	2023	2022
Expenses of short-term leases	$5,256	$2,616

D. Lessee's cash outflows related to leasing activities

The Company's total cash outflow from lease liabilities in 2023 and 2022 is NT$5,885 thousand and NT$3,202 thousand, respectively.

(2) Where the Company is the lessor

Please refer to Note VI.8 for the disclosure of the Company's own investment real estate. Owned investment real estate is classified as operating lease because it has not transferred nearly all risks and rewards attached to the ownership of the underlying assets.

	2023	2022
Lease income recognized by operating lease	$12,966	$-

21. The summary table of the functions of employee benefits, depreciation and amortization expenses is as follows

By function / By type	2023			2022		
	Classified as construction project costs	Classified as operating expenses	Total	Classified as construction project costs	Classified as operating expenses	Total
Employee benefits expenses						
Salary expenses	$82,640	$48,322	$130,962	$83,606	$49,372	$132,978
Labor and health insurance fees	$4,931	$2,188	$7,119	$4,708	$2,102	$6,810
Pension expenses	$2,998	$7,302	$10,300	$2,813	$7,276	$10,089
Director remuneration	$-	$46,176	$46,176	$-	$48,768	$48,768
Other employee benefits expenses	$4,734	$2,489	$7,223	$4,645	$2,636	$7,281

(Amounts are in NT$ thousand unless otherwise specified)

By function / By type	2023			2022		
	Classified as construction project costs	Classified as operating expenses	Total	Classified as construction project costs	Classified as operating expenses	Total
Depreciation	$18,117	$4,321	$22,438	$17,218	$4,362	$21,580
Amortized expenses	$1,236	$518	$1,754	$682	$434	$1,116

The Company's average number of employees in 2023 and 2022 is 103, among which the number of Directors who do not also serve as employees is 5.

Companies whose stocks have been listed on the stock exchange or listed on the trading center should increase the disclosure of the following information:

(1) The average employee welfare expense of the current year was NT$1,588 thousand. The average employee welfare expense of the previous year was NT$1,604 thousand.
(2) The average employee salary expense of the current year was NT$1,336 thousand. The average employee salary expense of the previous year was NT$1,357 thousand.
(3) The average employee salary cost adjustment change situation is 1.55%.
(4) The Company has set up an audit committee to replace the supervisor in accordance with the regulations, so the supervisor's remuneration has not been recognized.
(5) The Company's employee remuneration includes monthly salary (including basic salary, food/transportation allowance, professional allowance, etc.), employee remuneration and year-end bonus. Salary is mainly based on market salaries, company operations, and overall economic conditions, as well as formulating a competitive salary system taking into account the Company's competitiveness, internal fairness, and legality. Employee remuneration is based on the Company's business performance and the assessment of individual performance of employees to reward them for their contributions and encourage employees to continue to work hard. Year-end bonuses are distributed based on the Company's annual profitability.

If the Company makes a profit in the year according to the Articles of Incorporation, it shall allocate 2% to 4% for employee remuneration and no more than 4% for director remuneration. However, in the event of sustained cumulative losses, a proportion of profit shall be reserved in advance for compensation purposes. The aforesaid employee remuneration is in stock or cash, and the Board of Directors shall make a resolution with more than two-thirds of the directors present and a resolution approved by more than half of the directors, and report to the shareholders meeting. For information on employees' remuneration and directors' remuneration of the Company as resolved by the Board of Directors, please visit the 'Market Observation Post System' at the website of the Taiwan Stock Exchange.

In 2023, the Company estimated employee remuneration and director remuneration at 4% based on the profit status, and recognized employee remuneration and director remuneration at NT$42,426 thousand and NT$42,426 thousand, respectively, which were listed under salary expenses. If the Board of Directors decides to pay employee compensation in stocks, the closing price on the day before the Board of Directors resolution is used as the basis for calculating the number of allotted shares. If there is a difference between the estimated number and the actual amount allotted by the board, it will be listed as the profit and loss of the following year.

(Amounts are in NT$ thousand unless otherwise specified)

The Company's actual employee compensation and director compensation for 2022 were NT$45,228 thousand and NT$45,228 thousand, respectively, and there was no significant difference between the amounts recorded as expenses in the 2022 financial report.

22. Non-operating income and expenses

(1) Interest income

	2023	2022
Interest from cash in banks	$5,583	$1,785

(2) Other income

	2023	2022
Lease revenue	$3,763	$5,998
Other income - others	10,043	1,391
Total	$13,806	$7,389

(3) Other profits and losses

	2023	2022
Gains on disposal of property, plant and equipment	$1,762	$73
Impairment losses	(6,266)	-
Other Losses - others	(49)	(6,732)
Total	($4,553)	($6,659)

(4) Financial costs

	2023	2022
Interest of bank borrowings	$1,594	$1,849
Interest of lease liabilities	25	16
Total	$1,619	$1,865

(Amounts are in NT$ thousand unless otherwise specified)

23. Components of other comprehensive income

The components of other comprehensive income in 2023 are as follows:

	Produced in the current period	Current reclassification adjustments	Other comprehensive income	Income tax benefits (expenses)	Amount after tax
Items that will not be reclassified to profit or loss:					
Number of remeasurements of defined benefit plans	($414)	$-	($414)	$83	($331)
Items that may be reclassified to profit or loss:					
Exchange differences arising from the translation of the financial statements of foreign operations	(3,142)	-	(3,142)	628	(2,514)
Total	($3,556)	$-	($3,556)	$711	($2,845)

The components of other comprehensive income in 2022 are as follows:

	Produced in the current period	Current reclassification adjustments	Other comprehensive income	Income tax benefits (expenses)	Amount after tax
Items that will not be reclassified to profit or loss:					
Number of remeasurements of defined benefit plans	$2,963	$-	$2,963	($593)	$2,370
Items that may be reclassified to profit or loss:					
Exchange differences arising from the translation of the financial statements of foreign operations	2,360	-	2,360	(472)	1,888
Total	$5,323	$-	$5,323	($1,065)	$4,258

24. Income tax

(1) Income tax expenses in 2023 and 2022 mainly consists of the following:

Income tax recognized in profit or loss

	2023	2022
Income tax expenses of the current period:		
Current income tax	$165,737	$132,528
Adjustments in the current period to income tax recognized in previous years	(4,298)	294

(Amounts are in NT$ thousand unless otherwise specified)

	2023	2022
Land value increment tax paid in the current period	7,679	3,425
Other	(6)	(6)
Deferred income tax expenses (benefits):		
Deferred income tax expenses (benefits) related to the origination and reversal of temporary differences	(1,720)	(1,834)
Income tax expense	$167,392	$134,407

Income tax recognized in other comprehensive income

	2023	2022
Deferred income tax expense (benefit)		
Exchange differences arising from the translation of the financial statements of foreign operations	($628)	$472
Actuarial profits and losses on defined benefits plans	(83)	593
Income tax related to other comprehensive income and losses	($711)	$1,065

(2) The amount of income tax expense and accounting profit multiplied by the applicable income tax rate are adjusted as follows:

	2023	2022
Pre-tax profit from continuing operations	$975,759	$1,040,237
Income tax calculated by the legal income tax rate	$195,152	$208,047
Income tax impact of tax-free income	(54,637)	(83,162)
Income tax impact of non-deductible expenses on tax returns	1,576	323
Effect of income tax from deferred income tax assets/liabilities	3,799	(114)
Profit-seeking Enterprise Income Tax on undistributed earnings	17,853	5,012
Land value increment tax paid in the current period	7,679	3,425
House and Land Transactions Income Tax paid in the current period	-	295
Effect of different tax rates for entities operating in other taxation jurisdictions	274	293
Adjustments to income tax recognized in the current years	(4,298)	294
Other income tax impacts adjusted in accordance with tax law	(6)	(6)
Total income tax expenses recognized in profit or loss	$167,392	$134,407

(Amounts are in NT$ thousand unless otherwise specified)

(3) The balance of deferred income tax assets (liabilities) related to the following items:

2023

	Opening balance	Listed in income	Recognized in other comprehensive income	Ending balance
Temporary difference				
Warranty provisions	$3,111	($230)	$-	$2,881
Investments recognized under the equity method	(3,428)	4,533	628	1,733
Asset impairment	760	-	-	760
Net defined benefit liabilities - non-current	3,162	(3,783)	83	(538)
Pension expenses	2,082	1,200	-	3,282
Loss provisions	303	-	-	303
Deferred income tax (expenses)/ (benefits)		$1,720	$711	
Deferred income tax assets/(liabilities) net amount	$5,990			$8,421
The information expressed on the balance sheet is as follows:				
Deferred income tax assets	$6,069			$8,959
Deferred income tax liabilities	($79)			($538)

2022

	Opening balance	Listed in income	Recognized in other comprehensive income	Ending balance
Temporary difference				
Warranty provisions	$3,129	($18)	$-	$3,111
Investments recognized under the equity method	(3,453)	497	(472)	(3,428)
Asset impairment	760	-	-	760
Net defined benefit liabilities - non-current	3,714	41	(593)	3,162
Pension expenses	882	1,200	-	2,082
Loss provisions	189	114	-	303
Deferred income tax (expenses)/ (benefits)		$1,834	($1,065)	

	Opening balance	Listed in income	Recognized in other comprehensive income	Ending balance
Deferred income tax assets/(liabilities) net amount	$5,221			$5,990
The information expressed on the balance sheet is as follows:				
Deferred income tax assets	$5,797			$6,069
Deferred income tax liabilities	($576)			($79)

(4) Approval status of income tax declaration

As of December 31, 2023, the Company's filing of income tax is as follows:

	Approval status of income tax declaration
The Company	Approved until 2021

25. Earnings per share

The basic earnings per share is calculated by dividing the net profit attributable to holders of ordinary shares of the Company by the weighted average number of ordinary shares outstanding for the period.

The amount of diluted earnings per share is calculated by dividing the net profit attributable to holders of ordinary shares of the Company (after adjusting the interest on convertible corporate bonds) by the weighted average number of ordinary shares outstanding in the current period plus all the weighted average number of ordinary shares to be issued when the dilutive potential ordinary shares are converted into ordinary shares.

	2023	2022
(1)Basic earnings per share		
Current net profit (NT$ thousand)	$808,367	$905,830
Weighted average number of ordinary shares of basic earnings per share (thousand shares)	219,197	219,197
Basic earnings per share (NT$)	$3.69	$4.13
(2)Diluted earnings per share		
Current net profit (NT$ thousand)	$808,367	$905,830
Weighted average number of ordinary shares of basic earnings per share (thousand shares)	219,197	219,197
Dilution effect:		
Employee compensation - stocks (thousand shares)	1,421	2,019

	2023	2022
Weighted average number of ordinary shares after adjusting the dilution effect (thousand shares)	220,618	221,216
Diluted earnings per share (NT$)	$3.66	$4.09

After the reporting period and before the financial statements were approved for release, there were no other transactions that materially changed the number of common shares outstanding or the number of potential common shares at the end of the period.

(VII) Related-party transactions

The related parties involved in transactions with the Company during the financial reporting period are as follows:

Name and relationship of related parties

Names of related parties	Relationship with the Company
Phoenix Co., Ltd.	The Company's subsidiary (Note)
Hong Ji Construction Co., Ltd.	Other related parties
Hao Jing Advertising Co., Ltd.	Other related parties
Hao Yang Advertising Co., Ltd.	Other related parties
Da Jing Inv Co. Ltd.	Other related parties
Feng Huang Investment Co., Ltd.	Other related parties
Hsu Mingyi	Other related parties
Chen Yongyu	Other related parties
13 persons including Chen, Wu-Tsung	Key management personnel of the Company

Note: The Company originally held 45% of shares of the Phoenix Co., Ltd., which was listed under investments using the equity method. Considering the business needs for future operation management and cooperation with third parties, on February 23, 2023, the Board of Directors decided to purchase 55% of Phoenix Co., Ltd.'s shares held by Ryokusuitei Co., Ltd. Phoenix Co., Ltd. became a subsidiary 100% -owned by the Company.

Material Transactions with Stakeholders

1. Sales

(1) Project income

	2023	2022
Other related parties		
Hong Ji Construction Co., Ltd.	$30,616	$57,746

The contract price of the project between the Company and related parties and the terms of collection of accounts receivable are equivalent to those of non-related parties.

(Amounts are in NT$ thousand unless otherwise specified)

(2) Lease revenue

The Company's lease revenue from renting hotels to subsidiaries is detailed as follows:

	2023	2022
Subsidiary		
Phoenix Co., Ltd.	$12,966	$-

The Company's lease revenue from renting offices and parking lots to other stakeholders is detailed as follows:

	2023	2022
Other related parties		
Hong Ji Construction Co., Ltd.	$115	$114
Da Jing Inv Co. Ltd.	24	24
Feng Huang Investment Co., Ltd.	24	24
Chen Yongyu	46	46
Total	$209	$208

2. Accounts receivable - related parties

	2023.12.31	2022.12.31
Other related parties		
Hong Ji Construction Co., Ltd.	$1,800	$5,588
Hao Jing Advertising Co., Ltd.	60	-
Total	$1,860	$5,588

3. Accounts payable - related parties

	2023.12.31	2022.12.31
Other related parties		
Hao Jing Advertising Co., Ltd.	$6,434	$8,884
Hao Yang Advertising Co., Ltd.	4,684	-
Total	$11,118	$8,884

4. Remuneration of the Company's main management

	2023	2022
Short-term employee benefits	$86,409	$90,052
Post-employment benefits	9,489	6,122
Total	$95,898	$96,174

5. In 2023, the Company's advertising expenses to other stakeholders (Haojing Advertising) was NT$24,737 thousand.

(Amounts are in NT$ thousand unless otherwise specified)

6. In 2023, the Company's advertising expenses to other stakeholders (Haojing Advertising) was NT$8,921 thousand.

7. As of 2023 and December 31, 2022, part of the main management is the joint guarantor of the Company's loans from financial institutions.

8. In 2012, the Company and other related parties (Acer Construction) jointly established a joint venture with Taiwan Sugar Co., Ltd. to build the Houbitian section of the housing project. The Company and other related parties are responsible for 80% and 20% of the construction profit and loss, respectively, in the joint venture agreement.

9. Starting from 2019, the Company has established a joint venture with other related parties (Hsu Mingyi) and other related parties (Hong Ji Construction) to build in the Dagang Section. The Company and other related parties are responsible for 40% and 20% of the construction projects and profit and loss respectively in the joint venture agreement.

(VIII) Pledged assets

The Company has the following assets as collateral:

Asset items	Book value 2023.12.31	Book value 2022.12.31	Guaranteed debt content
Other financial assets	$316,845	$141,518	Corporate bonds payable, long-term borrowings, warranties and guarantees
Inventory-construction land	2,528,913	2,185,544	Long-term borrowings
Inventory-land under construction	3,402,500	4,171,924	Long-term borrowings, short-term notes
Buildings and structures	8,610	8,980	Short-term borrowings
Investment properties - land	118,443	118,443	Short-term borrowings, Long-term borrowings
Investment properties - structures	352,242	314,424	Short-term borrowings, Long-term borrowings
Total	$6,727,553	$6,940,833	

(IX) Significant contingent liabilities and unrecognized contractual commitments

As of December 31, 2023, the following commitments and contingent liabilities were not included in the financial statements above:

1. The guarantee bill issued for deposits for contracted work cases is NT$113,843 thousand.

2. The guarantee bill issued due to the engineering warranty is NT$47,385 thousand.

3. The guarantee bill issued for deposits for land purchase is NT$856,339 thousand.

4. Due to the contracted project and the project warranty, the guarantee bill issued by the manufacturer was NT$75,856 thousand.

5. Due to the contracted work case, the performance bond issued by the bank was NT$104,635 thousand in total.

6. Due to the issuance of ordinary corporate bonds, the performance bond issued by the bank was NT$1,315,593 thousand in total.

7. The performance and warranty guarantor of Yikung Construction Co., Ltd. for the deep-water highland distribution pool reconstruction project of Taiwan Water Corporation. During the period from April 28, 2016 to January 31, 2024, the guarantee amount was NT$155,152 thousand.

8. The Company is the performance and warranty guarantor of Shenghong Electrical and Plumbing Engineering Co., Ltd. for the deep-water highland distribution pool reconstruction project of Taiwan Water Corporation. The period is from April 28, 2016 to January 31, 2024, with a guaranteed amount of NT$38,788 thousand.

9. On March 13, 2023, the Company signed the trust contract for the sale price of a pre-sale premise for the development project of "Building on Land Lot No. 43, Xinyi Section, Gangshan District, Kaohsiung City" with China Trust Commercial Bank Co., Ltd. The amount that should be delivered to the trust on the baseline date (December 31, 2023) was consistent with the amount actually delivered to the trust, and there was no delay in the delivery of the price collected from the buyer to the trust.

10. On February 10, 2023, the Company signed the trust contract for the sale price of a pre-sale premise for the development project of "Building on Land Lot No. 1300, Xinzhuang Section, Qiaotou District, Kaohsiung City" with Hua Nan Bank. The amount that should be delivered to the trust on the baseline date (December 31, 2023) was consistent with the amount actually delivered to the trust, and there was no delay in the delivery of the price collected from the buyer to the trust.

(X) Significant disaster losses

Not applicable.

(XI) Major subsequent events

Not applicable

(Amounts are in NT$ thousand unless otherwise specified)

(XII) Other

1. Financial instruments by category

Financial assets

	2023.12.31	2022.12.31
Financial assets at amortized cost		
Cash and cash equivalents (excluding cash on hand)	$1,409,015	$1,561,994
Notes receivable	50	26
Accounts receivable (including from related parties)	180,895	133,881
Other financial assets	316,845	141,518
Total	$1,906,805	$1,837,419

Financial liabilities

	2023.12.31	2022.12.31
Financial liabilities measured at amortized cost		
Short-term borrowings	$695,225	$833,025
Short-term notes and bills payable	49,928	49,988
Payables	1,271,551	1,303,061
Corporate bonds payable	1,299,000	499,000
Long-term borrowings (including loans due within one year)	3,423,525	3,950,333
Lease liabilities	861	1,465
Total	$6,740,090	$6,636,872

2. Financial risk management purpose and policies

The Company's financial risk management objectives are mainly to manage market risk, credit risk, and liquidity risk related to operating activities. The Company conducts identification, measurement, and management of the aforementioned risks in accordance with the Company's policies and risk preferences.

The Company has established appropriate policies, procedures and internal controls for the aforementioned financial risk management in accordance with relevant regulations. Important financial activities must be reviewed by the Board of Directors in accordance with relevant regulations and internal control systems. During the execution of financial management activities, the Company must actually comply with the stipulated financial risk management regulations.

3. Market risks

The Company's market risk is the risk of financial instruments that fluctuate in their fair value or cash flow due to changes in market prices. The market risk is mainly interest rate risk.

In practice, it is rare that a single risk variable changes independently, and the changes of each risk variable are usually related; however, the sensitivity analysis of each risk below does not consider the interactive impact of related risk variables.

Currency risks

The Company’s exchange risks mainly arise from business activities (income or expenses using different currencies from the Company's functional currency) and net investment in foreign operations.

The Company's receivables in foreign currencies .....Some of the Company's foreign currency receivables and payables are in the same currency. When this is the case, a considerable part of the position will have a natural hedging effect. For some foreign currency amounts, Foreign Exchange Forward Contracts are used to manage currency risks. Since the aforementioned natural hedging and the use of Foreign Exchange Forward Contracts to manage currency risks do not comply with the regulations of hedge accounting, hedge accounting is not adopted. In addition, net investment in foreign operations is considered strategic investment; therefore, the Company did not adopt hedging measures for this matter.

The sensitivity analysis of the Company’s currency risks mainly targets the main foreign currency items at the end of the reporting period to assess the impact on the Company's income and equity by the relevant appreciation and depreciation. The Company's currency risks are mainly affected by fluctuations in the exchange rate of the Japanese yen. The sensitivity analysis is as follows:

When NTD appreciates / depreciates against JPY by 1%, the Company’s income in 2023 and 2022 will decrease / increase by NT$1,056 thousand and NT$1,086 thousand, respectively.

Interest rate risks

Interest rate risk is the risk of fluctuations in the fair value or future cash flow of financial instruments due to changes in market interest rates. The Company's interest rate risk mainly comes from fixed-rate borrowings and floating-rate borrowings.

The sensitivity analysis of interest rate risk is mainly for the interest rate risk insurance project at the end of the financial reporting period. It is a floating interest rate loan. It is assumed to be held for an accounting year. When the interest rate rises/falls by 1%, profit and loss for the Company in 2023 and 2022 decreased by NT$37,360 thousand and NT$336,214 thousand, respectively.

(Amounts are in NT$ thousand unless otherwise specified)

4. Management of credit risks

Credit risks refer to the risk of counterparty being unable to fulfill its agreed obligation, which causes risk of financial loss. The Company's credit risk is due to business activities (mainly contract assets, accounts receivable and bills) and financial activities (mainly bank deposits and various financial instruments).

All units of the Company follow credit risk policies, procedures, and controls to manage credit risk. The credit risk assessment of all counterparties is based on a comprehensive consideration of such factors as the counterparty's financial status, credit rating agencies, historical transaction experience, the current economic environment, and the Company's internal rating standards. The Company also uses certain credit enhancement tools (such as advance payment and insurance, etc.) at appropriate times to reduce the credit risk of specific counterparties.

As of 2023 and December 31, 2022, the top ten customer contract assets and receivables accounted for 26% and 42% of the Company’s total contract assets and receivables, respectively. The credit concentration risk of the remaining contract assets and receivables is relatively insignificant.

The Company's finance department manages the credit risk of bank deposits and other financial instruments in accordance with Company policies. Since the Company's trading partners are determined by internal control procedures and are well-credited banks and corporate organizations, there is no significant credit risk.

5. Management of liquidity risks

The Company maintains financial flexibility through contracts such as cash, cash equivalents, and bank loans. The following table summarizes the maturity of the payment contained in the contract of the Company's financial liabilities. It is compiled based on the earliest possible date for repayment and based on its undiscounted cash flow. The amounts listed also include the agreed interest. For interest cash flows paid at floating interest rates, the undiscounted amount of interest is derived from the yield curve at the end of the reporting period.

Non-derivative financial instruments

	Less than 1 year	2 to 3 years	4 to 5 years	Over 5 years	Total
2023.12.31					
Loans	$860,133	$2,109,495	$1,341,854	$-	$4,311,482
Short-term notes and bills payable	$49,928	$-	$-	$-	$49,928
Payables	$1,271,551	$-	$-	$-	$1,271,551
Corporate bonds payable	$-	$-	$1,299,000	$-	$1,299,000
Lease liabilities	$526	$350	$-	$-	$876

(Amounts are in NT$ thousand unless otherwise specified)

2022.12.31					
Loans	$1,231,185	$2,852,132	$812,600	$-	$4,895,917
Short-term notes and bills payable	$49,988	$-	$-	$-	$49,988
Payables	$1,303,061	$-	$-	$-	$1,303,061
Corporate bonds payable	$-	$-	$499,000	$-	$499,000
Lease liabilities	$663	$876	$-	$-	$1,539

6. Changes in liabilities from financing activities

Information on the adjustment of liabilities from January 1 to December 31, 2023:

	Short-term borrowings	Long-term borrowings	Payable Short-term bills	Lease liabilities	Deposits received	Corporate bonds payable	From Financing activities Total liabilities
2023.1.1	$833,025	$3,950,333	$49,988	$1,465	$486	$499,000	$5,334,297
Cash flow	(137,800)	(526,808)	(60)	(629)	2,356	800,000	137,059
Non-cash changes	-	-	-	25	-	-	25
2023.12.31	$695,225	$3,423,525	$49,928	$861	$2,842	$1,299,000	$5,471,381

Information on the adjustment of liabilities from January 1 to December 31, 2022:

	Short-term borrowings	Long-term borrowings	Payable Short-term bills	Lease liabilities	Deposits received	Corporate bonds payable	From Financing activities Total liabilities
2022.1.1	$650,000	$4,060,389	$229,873	$509	$1,894	$-	$4,942,665
Cash flow	205,025	(132,056)	(179,885)	(586)	(1,408)	499,000	390,090
Non-cash changes	(22,000)	22,000	-	1,542	-	-	1,542
2022.12.31	$833,025	$3,950,333	$49,988	$1,465	$486	$499,000	$5,334,297

7. Fair value of financial instruments

(1) Evaluation techniques and assumptions used to measure fair value

Fair value refers to the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The methods and assumptions used by the Company to measure or disclose the fair value of financial assets and financial liabilities are as follows:

A. The book amounts of cash and cash equivalents, accounts receivable, accounts payable, and other current liabilities are a reasonable approximation of the fair value, which is mainly due to the short maturity period of such instruments.

B. The fair value of financial assets and financial liabilities that are traded in an active market with standard terms and conditions is determined by reference to market quotes (for example, listed stocks, beneficiary certificates, bonds and futures, etc.).

C. Equity instruments without active market transactions (for example, privately placed listed stocks, public company-issued shares without active markets, and un-issued shares of companies) are estimated to be fair value based on the market method, where the price and other relevant information generated by market transactions of the same or comparable company equity instruments (such as lack of liquidity discount factor, similar company stock price-to-earning ratio, similar company stock price-to-net value ratio and other input values) are used to estimate fair value.

D. For investment in debt instruments, bank borrowings, corporate bonds payable, and other non-current liabilities without active market quotations, the fair value is determined based on the counterparty's quotation or evaluation technology. The evaluation technology is determined on the basis of discounted cash flow analysis. Assumptions such as the interest rate and discount rate are mainly based on information related to similar tools (for example, the exchange center refers to the yield curve, Reuters average quotation of commercial promissory note interest rate, and credit risk information).

E. Derivative financial instruments without active market quotations, among which are non-option derivative financial instruments, use the counterparty quotation or the applicable yield curve during the duration to calculate the fair value by discounted cash flow analysis. For option-derived financial instruments, the fair value is calculated using counterparty quotations, appropriate option pricing models (such as Black-Scholes model) or other evaluation methods (such as Monte Carlo Simulation).

(2) Measuring fair value of financial instruments by amortized cost

The Company's book values of financial assets and financial liabilities measured at amortized cost are a reasonable approximation of those at fair value.

(3) Information on fair value estimation levels for financial instruments

For information on the fair value levels of the Company's financial instruments, please refer to XII.8.

8. Fair value level

(1) Fair value level definitions

All assets and liabilities measured or disclosed by fair value are entered at the lowest level of importance to the overall fair value measurement, and are classified into the fair value level to which they belong. The input values for each level are as follows:

(Amounts are in NT$ thousand unless otherwise specified)

Level 1: Inputs that are quoted prices (unadjusted) in active markets for identical assets or liabilities on valuation date.

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

Level 3: Inputs are unobservable inputs for the asset or liability.

For assets and liabilities recognized in the financial statements on a repetitive basis, their classification is reassessed at the end of each reporting period to determine whether there is a transfer between fair value levels.

(2) Information on fair value estimation levels

The Company had no non-repetitive assets measured at fair value as of 2023 and December 31, 2022. The fair value level information of repetitive assets and liabilities is as follows:

Transfer between the Level 1 and the Level 2 of fair value levels

From 2023 and January 1 to December 31, 2023, the Company's repetitive fair value measurement assets and liabilities did not transfer between the Level 1 and Level 2 of fair value measurement.

(3) Level information that is not measured by fair value but must disclose fair value

December 31, 2023:

	Level 1	Level 2	Level 3	Total
Only assets with fair value are disclosed:				
Investment properties (see Note VI.8 for details)	$-	$-	$646,982	$646,982

December 31, 2022:

	Level 1	Level 2	Level 3	Total
Only assets with fair value are disclosed:				
Investment properties (see Note VI.8 for details)	$-	$-	$559,078	$559,078

(Amounts are in NT$ thousand unless otherwise specified)

9. Other

(1) Major constructions undertaken in 2023 and 2022 are as follows:

				2023	
Name of project	Scheduled (or actual) year of completion	Project contract price	Estimated (or actual) total cost	Recognized accumulated profit (loss)	Ratio of completed projects
FL2	2024	$419,125	$397,811	21,014	98.59%

				2022	
Name of project	Scheduled (or actual) year of completion	Project contract price	Estimated (or actual) Total Cost	Recognized accumulated profit (loss)	Ratio of completed projects
H40	2022	$227,339	$215,294	$12,045	100.00%
H41	2022	$125,859	$119,934	$5,925	100.00%
FL2	2023	$361,407	$328,552	$25,773	78.45%

10. Significant foreign currency financial assets and liabilities information

The Company's significant foreign currency financial assets and liabilities are as follows:

	2023.12.31		
	Foreign currency	Exchange rate	TWD
Financial assets			
Monetary items:			
JPY	$193,156	0.2172	$41,953
Financial liabilities			
Monetary items:			
JPY	$383,811	0.2172	$83,364

	2022.12.31		
	Foreign currency	Exchange rate	TWD
Financial assets			
Monetary items:			
JPY	$36,587	0.2324	$8,503
Financial liabilities			
Monetary items:			
JPY	$430,667	0.2324	$100,087

The above information is disclosed on the basis of the foreign currency book value (which has been converted to functional currency).

The Company's currency financial assets and financial liabilities conversion (profit) loss in 2023 and 2022 are both NT$0 thousand.

11. Capital management

The main goal of the Company's capital management is to confirm the maintenance of a sound credit rating and a good capital ratio to support the operations of the Company and the maximization of shareholders' equity. The Company manages and adjusts its capital structure based on economic conditions, and may maintain and adjust the capital structure by adjusting dividend payments, return of capital, or issuing new shares.

(XIII) Supplementary disclosures

1. Significant transactions information

Disclosure information of major transactions as of December 31, 2023 is as follows:

(1) Financing for others: None.
(2) Provision of endorsements and guarantees to others: Please refer to table 1.
(3) Status of held securities at the end of the period: None.
(4) Acquisition or sale of the same security with the accumulated cost exceeding NT$300 million or 20% of paid-in capital or more: None.
(5) Acquisition of real estate reaching NT$300 million or 20% of paid-in capital or more: Please refer to table 2.
(6) Disposal of real estate reaching NT$300 million or 20% of paid-in capital or more: Please refer to table 3.
(7) Purchase or sale of goods from or to related parties reaching NT$100 million or 20% of paid-in capital or more: None.
(8) Receivables from related parties reaching NT$100 million or 20% of paid-in capital or more: None.
(9) Trading derivative financial instruments: None.

2. Information on investees:

(1) Those who directly or indirectly have significant influence or control over the investee company shall disclose the name, location, main business items, original investment amount, closing stock holdings, current profit and loss, and recognized investment profit and loss: Please refer to table 4.
(2) If there is direct or indirect control over the investee company, it is necessary to disclose the relevant information about the investee company’s transactions in items 1 through 9 of the preceding paragraph. However, if the total assets or operating income of the investee company does not reach 10% of the respective amounts of the issuer, or those who directly or indirectly control the personnel, finances, or business, may only disclose relevant information in items 1 through 4: Not applicable.

3. Information on investments in Mainland China: None.

4. Information on major shareholders: Please refer to table 5.

Notes of the Parent Company Financial Report of Long Da Construction & Development Corporation (continued)
(Amounts are in NT$ thousand unless otherwise specified)

Table 1
Provision of endorsements and guarantees to others:

No. (Note 1)	Provider of endorsements/guarantees Company Name	Entity for which the endorsement/guarantee is made: Company Name	Entity for which the endorsement/guarantee is made: Relationship (Note 2)	Limit on endorsements/guarantees to a single enterprise (Note 3)	Maximum outstanding balance of endorsements/guarantees during the current period (Note 4)	Ending balance of endorsements/ guarantees (Note 5)	Actual amount drawn (Note 6)	Endorsed/Guaranteed amount with property as collateral (Note 7)	Cumulative endorsed/guaranteed amount as a percentage of the net value in the most recent financial statements	Maximum endorsed/ guaranteed amount (Note 3)	Guarantee from parent company to subsidiary (Note 8)	Guarantee from subsidiary to parent company (Note 8)	Guarantee to China (Note 8)
0	Long Da Construction & Development Corporation	Sheng Hong Electricity and Plumbing Engineering Co., Ltd.	5	$10,959,860 (5 times paid-in capital)	$38,788	$38,788	$38,788	-	0.72%	$32,879,580 (15 times paid-in capital)	N	N	N
0	Long Da Construction & Development Corporation	Yikung Construction Co., Ltd.	5	$10,959,860 (5 times paid-in capital)	$155,152	$155,152	$155,152	-	2.87%	$32,879,580 (15 times paid-in capital)	N	N	N
0	Long Da Construction & Development Corporation	Ju Fa Development Co., Ltd.	5	$10,959,860 (5 times paid-in capital)	$266,300	-	-	-	-	$32,879,580 (15 times paid-in capital)	N	N	N

Note 1: The explanation for numbers is as follows:
(1) Issuer is 0.
(2) Investees are numbered in order starting from ‘1’.

Note 2: Relationships between endorser/guarantor and the entity for which the endorsement/guarantee is made are classified into the following seven categories (simply specify the respective category):
(1) Companies with business dealings with the Company.
(2) Subsidiaries directly or indirectly held by the Company (holding more than 50% voting interest).
(3) To subsidiaries directly or indirectly held by the Company (holding more than 50% voting interest).
(4) Between companies in which the company directly or indirectly holds more than 90% of the voting shares.
(5) Companies providing mutual endorsements/guarantees for industry peers or co-builders for purposes of undertaking a construction project.
(6) Companies where all capital-contributing shareholders make endorsements/guarantees for their jointly invested company in proportion to their shareholding percentages.
(7) The same industry is engaged in joint and several guarantees for the performance of the pre-sale buildings sales contract in accordance with the Consumer Protection Law

Note 3: The total amount of the company’s endorsement and guarantee liability shall not exceed 150% of the company’s paid-in capital, and the endorsement guarantee for a single enterprise shall not exceed 50% of the company’s paid-in capital.
The Company provides guarantee to, or provides mutual guarantee with fellow constructors as required by contracts, loan requirements, or provisions of the Consumer Protection Act for reasons of undertaking constructions, working with others in joint developments, and involvement in joint and several guarantees with fellow constructors as performance guarantee of pre-sale building contract.
The total guarantee for fellow constructors is limited to 15 times of the paid-in capital, with the total guarantee for a single fellow constructor not exceeding 5 times of the paid-in capital.

Note 4: Highest balance of endorsements/guarantees to others for the year.

Note 5: The amount approved by the Board of Directors should be entered. However, if the Board of Directors authorizes the chairman of the board to make decisions in accordance with Article 12, Paragraph 8 of the Guidelines for the Handling of Public Offering of Company Funds and Endorsements, this refers to the amount decided by the chairman of the board.

Note 6: The actual amount drawn down by the companies for which the endorsements/guarantees are made within the range of endorsement/guarantee balance shall be entered.

Note 7: Amount drawn for the endorsed/guaranteed amount with property as collateral.

Note 8: Endorsements/guarantees made by TWSE/TPEx listed parent company for subsidiary, endorsements/guarantees made by subsidiary for TWSE/TPEx listed parent company, and endorsements/guarantees made in Mainland China must be indicated with ‘Y’.

Notes of the Parent Company Financial Report of Long Da Construction & Development Corporation (continued)
(Amounts are in NT$ thousand unless otherwise specified)

Table 2

Acquisition of real estate reaching NT$300 million or 20% of paid-in capital or more:

Real estate acquired by	Name of property	Date of occurrence	Transaction amount	Amount paid	Counterparty	Relationship	Previous transfer, if the counterparty is a related party				Pricing basis	pose of acquisition and utiliz	Other provisions
							Owner	Relationship with issuer	Transfer date	Amount			
Long Da Construction & Development Corporation	Land (Land Lot No. 0054-0000, Keyunyi Section, Dayuan	2023.2.15	$547,460	Payment in four installments First installment NT$54,746 thousand Second installment NT$109,492 thousand Third installment NT$355,849 thousand Fourth installment NT$27,373 thousand	Legal entities	Non-related party	-	-	-	-	Appraisal	Development and construction of buildings for sale	(Note 1)
Long Da Construction & Development Corporation	Land (Land Lot No. 1, Fifth Subsection, Jingmao Section,	2023.11.02	$1,546,980	Payment in three installments First installment NT$309,396 thousand Second installment NT$386,745 thousand Third installment NT$850,839 thousand	Legal entities	Non-related party	-	-	-	-	Submit bids	Development and construction of buildings for sale	(Note 2)

(Note 1): The Company appraised and acquired this land from Ju Fa Development Co., Ltd. As of December 31, 2023, the Company has paid NT$547,460 thousand for the land, and the relevant ownership transfer was registered in May.

(Note 2): The Company won the public tender of this land from China Petrochemical Development Corporation. As of December 31, 2023, the Company has paid NT$696,141 thousand for the land, and the relevant ownership transfer is not yet registered.

Notes of the Parent Company Financial Report of Long Da Construction & Development Corporation (continued)
(Amounts are in NT$ thousand unless otherwise specified)

Table 3
Disposal of real estate reaching NT$300 million or 20% of paid-in capital or more:

Real estate disposed by	Name of property	Date of occurrence	Original acquisition date	Carrying amount	Transaction amount	Payment collection status	Profit and loss from disposal (Note 2)	Counterparty	Relationship	Previous transfer, if the counterparty is a related party				Pricing basis	Purpose of disposal	Other provisions
										Owner	Relationship with issuer	Transfer date	Amount			
Long Da Construction & Development Corporation	Land (Keyunyi Section, Dayuan District, Taoyuan City, Land Lot No. 0054-0000)	2023.9.15	2014.8.4 2019.12.9 2023.5.5	$1,365,464	$1,576,000	Collected in four installments First installment NT$157,600 thousand Second installment NT$315,200 thousand Third installment NT$1,024,400 thousand Fourth installment NT$78,800 thousand	$147,000	Natural person	Non-related party	-	-	-	-	Price negotiation	To increase operating capital	(Note 1)

(Note 1): As of December 31, 2023, the Company has collected NT$472,800 thousand (tax included) for land payment. Relevant ownership transfer is being processed.
(Note 2): Income of the disposal includes expenses and taxes of relevant transactions.

Notes of the Consolidated Financial Report of Long Da Construction & Development Corporation and Subsidiaries (continued)
(Amounts are in NT$ thousand unless otherwise specified)

Table 4

Those who directly or indirectly have significant influence or control over the investee:

Name of Investor	Investee	Location	Main business items	Initial investment amount		Shares held as of the end of period			Net income (loss) of the investee for the current period	Investment income (loss) recognized by the Company	Note
				End of current period	End of the previous year	Shares (thousand shares)	Percentage	Carrying amount			
Long Da Construction & Development Corporation	Phoenix Co., Ltd.	Japan	Food and beverage, tourism, hotels, and other businesses	$39,850 JPY 174,000 thousand	$7,402 JPY 27,000 thousand	1,800 (company)	100.00%	$4,981	($24,736) (JPY 111,863 thousand)	($22,662) (JPY 102,816 thousand)	-

Table 5

Information on major shareholders: Unit: shares

Name of major shareholder	Shareholding	
	Number of Shares	Shareholding ratio%
Da Jing Inv Co. Ltd.	41,776,907	19.05%
Da Hong Inv Co. Ltd.	20,700,000	9.44%

Note 1: The information of major shareholders in this table is based on the last business day of the end of each quarter by TDCC, and calculates that shareholders hold more than 5% of the company's ordinary shares and special shares that have completed unregistered delivery (including treasury shares).
As for the share capital recorded in the Company's financial report and the Company's actual number of shares delivered without physical registration, there may be differences or differences due to different calculation bases.

Note 2: In the case of the above information, if the shareholder delivers the shares to a trust, it is disclosed as individual accounts of trustees who opened the trust account.
As for shareholders who report insider equity holdings exceeding 10% in accordance with the Securities and Exchange Act, their shareholdings include their own shares plus their shares transferred to a trust and having the right to decide and use the trust property
For insider equity holding reporting, please visit the Market Observation Post System.