

Stock Code: 2548



Huaku Development Co., Ltd.

2022 Annual Report

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

This Annual Report can be viewed at: <http://mops.twse.com.tw> (website designated by the Financial Supervisory Commission for online declaration)

<http://www.huaku.com.tw> (website for disclosure annual report and related information of the Company).

Printed on March 26, 2023

I. Spokesperson and Acting Spokesperson of the CompanySpokesperson

Name: LIU, JO-MEI

Occupational Title: Chief Financial Officer

Telephone: (02)2758-2828

E-mail: susan@huaku.com.tw

Acting Spokesperson

Name: YAO, HSIU-CHIN

Occupational Title: Assistant VP, Administrative Department

Telephone: (02)2758-2828

E-mail: yhc@huaku.com.tw

II. Corporate Headquarters

Address: 7F, No. 456, XinYi Road Section 4, Taipei

Telephone: (02)2758-2828

III. Share Registrar and Investor Service Agent

Name: Taishin Securities Co., Ltd.

Address: B1, No. 96, JianGuo North Road Section 1, Taipei

Website: <https://www.tssco.com.tw/>

Telephone: (02)2504-8125

IV: Certified Public Accountants Retained as Independent Auditors

Names of CPAs: Hsiao, Chun-Yuan; Lin, Se-Kai

Name of CPA Office: PwC Taiwan

Address: 27F, No. 333, Keelung Road Section 1, Taipei

Website: <http://www.pwc.tw>

Telephone: (02) 2729-6666

V. Name of Overseas Securities Exchanges Where the Company Listed the Stocks for Trading, and Method for Inquiry of Information on the Securities: None.**VI. Company Website: <http://www.huaku.com.tw>**

Huaku Development Co., Ltd.

2022 Annual Report Table of Contents

Items	Page
One. A Message to the Shareholders	1
I. 2022 Business Results	1
II. Summary of 2023 Business Plan	3
III. The effect of the competitive, regulatory and macroeconomic environment on the development strategy of the Company in the future	5
Two. Company Profile	6
I. Date of incorporation	6
II. Company history	6
III. During the most recent fiscal year up to the date of publication of the annual report, the merger and acquisition activities; strategic investments in affiliated enterprises; corporate reorganization; instances in which a major quantity of shares belonging to directors, supervisors, or shareholders holding greater than a 10 percent stake in the company is transferred or otherwise changes hands; any change in managerial control; any material change in operating methods or type of business; and any other matters of material significance that could affect shareholders' equity. This section shall further explain how the above matters will affect the Company	6
Three. Corporate Governance Report	7
I. Organization system:	7
II. Information on the company's directors, supervisors, general manager, assistant general managers, deputy assistant general managers, and the chiefs of all the company's divisions and branch units	8
III. Remuneration paid during the most recent fiscal year to directors, supervisors, the general manager, and assistant general managers	17
IV. Corporate governance operation	22
V. Information on the professional fees of the attesting CPAs	40
VI. Information on replacement of CPAs	41
VII. The name and position of the person, and the period during which the position was held where the company's chairperson, general manager, or any managerial officer in charge of finance or accounting matters has in the most recent year held a position at the accounting firm of its certified public accountant or at an affiliated enterprise of such accounting firm	41
VIII. Transfers of equity interests and/or pledge of or change in equity interests (during the most recent fiscal year or during the current fiscal year up to the date of publication of the annual report) by a director, supervisor, managerial officer, or shareholder with a stake of more than 10 percent during the most recent fiscal year or during the current fiscal year up to the date of publication of the annual report	42
IX. Relationship information, if among the company's 10 largest shareholders any one is a related party or a relative within the second degree of kinship of another	43
X. The total number of shares and total equity stake held in any single enterprise by the Company, its directors and supervisors, managerial officers, and any companies controlled either directly or indirectly by the Company	43

Huaku Development Co., Ltd.

2022 Annual Report Table of Contents

Items	Page
IV. Status of Funding	44
I. Sources of capital stock:	44
II. Shareholder structure	45
III. Diffusion of ownership	46
IV. List of major shareholders	46
V. Share prices for the past 2 fiscal years, together with the company's net worth per share, earnings per share, dividends per share, and related information	47
VI. Company's dividend policy and implementation thereof	47
VII. Effect upon business performance and earnings per share of any stock dividend distribution proposed or adopted at the most recent shareholders' meeting	48
VIII. Profit-sharing compensation of employees, directors, and supervisors	48
IX. Status of a company repurchasing its own shares	48
X. Information on corporate bonds	48
XI. Information on preferred shares	48
XII. Information on overseas depository receipts	48
XIII. Information on employee stock options (ESO)	48
XIV. Information on new restricted employee shares	48
XV. Issuance of new shares in connection with mergers or acquisitions or with acquisitions of shares of other companies	48
XVI. Implementation of the company's capital allocation plans	48
Five. Operation Overview	49
I. Description of the business	49
II. Overview of market, production, and sales	51
III. The number of employees employed for the 2 most recent fiscal years, and during the current fiscal year up to the date of publication of the annual report, their average years of service, average age, and education levels (including the percentage of employees at each level)	55
IV. Disbursements for environmental protection	55
V. Labor relations	56
VI. Cyber security management	56
VII. Important contracts	57
VI. Financial Position	60
I. Condensed balance sheets and statements of comprehensive income for the past 5 fiscal years	60
II. Financial analyses for the past 5 fiscal years	64
III. The Review Report of the Supervisors or Auditing Committee of the Most Recent Year	67
IV. Financial statement for the most recent fiscal year	68

Huaku Development Co., Ltd.

2022 Annual Report Table of Contents

Items	Page
V. A parent company only financial statement for the most recent fiscal year, certified by CPAs	119
VI. If the Company or its affiliates have experienced financial difficulties in the most recent fiscal year or during the current fiscal year up to the date of publication of the annual report, the annual report shall explain how said difficulties will affect the company's financial situation	164
Seven. Review and Analysis of Financial Position and Financial Performance and Risks	165
I. Financial position	165
II. Financial performance	165
III. Cashflows	165
IV. The effect upon financial operations of any major capital expenditures during the most recent fiscal year	165
V. The Company's reinvestment policy for the most recent fiscal year, the main reasons for the profits/losses generated thereby, the plan for improving re-investment profitability, and investment plans for the coming year	166
VI. Risks	166
VII. Other important matters	166
Eight. Additional Information	167
I. Information related to the Company's affiliates	167
II. Any private placement of securities during the most recent fiscal year or during the current fiscal year up to the date of publication of the annual report	170
III. Holding or disposal of shares in the Company by the company's subsidiaries during the most recent fiscal year or during the current fiscal year up to the date of publication of the annual report	170
IV. Other matters that require additional description	170
V. Incidents that significantly affected the shareholders equity or stock price of the Company as specified in Subparagraph 2, Paragraph 3 of Article 36 of the law in the most recent year to the date this Report was printed, if applicable, specify one-by-one	170

One. A Message to the Shareholders

I. 2022 Business Results

(I) Result of Business Operation

Looking back on Taiwan's real estate trends in 2022, since the stock market was still at a new high of 18,000 points at the beginning of the year, coupled with the elevated inflation concerns, interest rates of mortgage were at historical lows, land prices and construction costs both soared, and the overall housing market was very optimistic. Both real estate developers and house buyers were positive that both price and volume would rise. In the first quarter of 2022, house prices still rose by about 10-15% year-on-year; of which, Tainan and Hsinchu even rose by more than 20%. However, in the optimistic atmosphere of the market, the start of the Russia-Ukraine war at the end of February intensified the global vicious inflation; and the pandemic has not eased. To suppress the deterioration of inflation, the US raised interest rate for the first time in March 2022, and started a whole year of violent interest rate hikes. During year, the interest rate had been raised seven times by 4.25%. The funds in the market have obviously decreased. The Central Bank in Taiwan inevitably followed suit by raising the interest rate for total of 62.5 basis points, and the mortgage rate rose from the record low of 1.3% or so to around 2%.

Meanwhile, the stock market in Taiwan also dropped from 18,000 points at the beginning of the year to the low of about 12,700 points in November, with a decline of more than 30%. The wealth of people has shrunk, so that the real estate market has also turned conservative since May. The potential house-seekers began to decline, the overall number of visitors in Q4 was only about 40% of that in Q1.

In Q2 of this year, the real estate market was in a dilemma, where the Russia-Ukraine war has not stopped, the United States has not ceased to raise interest rates, the stock market plummeted, and Taiwan's exports have declined, resulted in the downward revision of economic growth, from the previous estimate of 4% to 2.43%, and in Q4, there was even a negative growth of 0.86%, ending the positive growth of 52 quarters. However, these were not the only negative news. The Central Bank continued to enhance selective credit controls on developers and home buyers. In addition to the re-election of President Xi in China, and the visit of the Speaker of the US House of Representatives, Nancy Pelosi, to Taiwan, resulted in the continuous cross-strait military drills with intensified, conflicts that significantly impacted on the real estate. At the end of the year, the ruling party lost the general election and blamed the soaring housing prices. Both the ruling party the opposition parties jointly formulated five major measures to suppress the real estate to unreasonably interfered with the normal transaction mechanism in the real estate market, which hurt overall upstream and downstream industries and home buyers, and caused unpredictable harm.

Looking forward to the development trend of real estate in 2023, due to the series of negative news in 2022, both developers and home buyers need time to digest and calm down. The policy makers have also shown all their cards, and all the negatives were concluded, and everything returned to the market mechanism where the demand for house still existed. Fortunately, the global inflation has been cooling down, and the US interest rate hike is coming to an end. The Central Bank in Taiwan is more likely to hold the interest rate in 2023. The mortgage interest rates will remain at around 2%. Taiwan's exports may recover in Q3 once the global inventory closed out. Without the advantages for price rising in the house market, due to the drop in raw material prices and the cooling demand for labor and materials, developers have the opportunity to control costs. Therefore, with the support of demands of self-use, as long as the locations are good, the product positioning is correct, and the prices are reasonable, with the proper cost controls, the construction companies with brands still have certain business opportunities to secure stable profits. Relatively, home buyers who live in or allocate properties, 2023 is also a good time to get a new house.

As for the performance of Huaku Development itself in 2022, with the efforts of all employees, there are "Garden Mansion," "Bella Vita," "Innovation Fortune Center," "Sky Garden," "Royal Highness" and other pre-sales and existing house sales were delivered; "National Landmark" continued to sell well, "Moon Light," "Greenside Mansion," "Casa Blanca," "Sky Tower," "Da'an Tower" and other residential pre-sales have also performed well. At the end of the year, the entire commercial building of "Trade And Finance Center" was sold in a pre-sale, which can be said that the performance was maintained and the performance of the coming year is secured. In terms of the land development, the input and output is balanced, sufficient land inventory and performance momentum are reserved.

Huaku had consolidated revenue amounted to NT\$14,853,179 thousand in 2022, which was an increase from NT\$13,547,257 thousand or 9.64% as was in the same period of 2021. Consolidated net income in the same year amounted to NT\$2,954,013 thousand with earnings per share at NT\$10.69.

(II) Budget Execution

Unit: NTD thousand

Items	Actual performance in 2022	Projected performance in 2022	Attainment Rate
Revenue	14,853,179	Undisclosed Financial Forecasting	Not Applicable
Operating Costs	10,113,509		
Gross Profit	4,739,670		
Operating Expenses	1,018,904		
Operating Income	3,720,766		
Non-operating Income and Expense	(13,156)		
Earnings Before Taxation	3,707,610		
Income Tax Expenses	753,597		
Net Income in Current Period	2,954,013		

(III) Analysis of Financial Position and Profitability

Items		Year	2022	2021
Financial Structure	Liabilities to Assets Ratio (%)		53.39	56.57
	Long-term Capital to Property, Plant and Equipment Ratio (%)		10,981.92	11,262.45
Ability to Repay Debts	Current Ratio (%)		202.58	195.02
	Quick Ratio (%)		20.44	21.58
	Debt Service Coverage Ratio (%)		3,493	3,763
Profitability	Return on assets (%)		7.23	7.61
	ROE (%)		15.59	16.21
	EBIT to Paid-in Capital Ratio (%)		133.94	129.31
	Net Profit Rate (%)		19.89	21.57
	Earnings per Share (NTD)		10.69	10.56

(IV) Outlook of Research and Development

1. In market research and development: To fully grasp the real estate market, the Company increases the proportion of commercial office and plant/office markets, and makes flexible adjustment of the space of its products and keeps abreast of the trends of development for proper control of the real estate market; and responds to the changes in market. The mode of operation is advance sales or sales alongside the progress of construction to ensure the completion of work on schedule. Precision positioning of products and a perfect marketing strategy ensure business results.
2. In planning and design: The Company searched for and invited outstanding architects and interior designers at home and abroad to build up a positive brand image in the market. In consideration of the specific features of the surrounding environment, the needs of the customers, and applicable laws governing architecture and buildings, the Company launched Huaku architectural engineering and aesthetics properly to map out the best development projects mingled with the elements of green building and smart building to meet the needs of the rapidly changing market.
3. In construction engineering and management: The Company made unceasing efforts in the study and discussion on construction technologies and engineering management so as to exercise strict quality control of products, enhance production efficiency, and reduce the cost of works. The Company also introduced the most appropriate methods to bolster the competitiveness of its products; meanwhile, the engineering deficiencies are improved through the feedback from the post-sales service department, and established standard operation procedures for all items of works with standards of construction drawings. In addition, the Company also introduced prefabricated materials to a certain level just in case of possible labor shortage in the construction industry in the future.
4. The Sales Department responds to any defect after occupation of the premises by the consumers in optimal sales efficiency through the improvement of design and work quality, and hence achieves the satisfaction of the customers.
5. With the innovative digital marketing model and investment in development and application of big data analysis, the establishment of Facebook fan page and Instagram page, the Company maintains good interaction and information communication with consumers and achieves initial results. The marketing expense rate has dropped significantly, and the R&D will continuously deepen.

II. 2023 Business Plan Summary

(I) Business Policy:

1. In 2022, the consensus was optimistic to the overall housing market, but the prices and volumes diverged, the upward momentum failed to sustain, and the sales plummeted in the second half of the year. Provided that the Company, relying on its brand power, product power and location advantages, successfully achieved a certain sales target in the pre-sale of new projects.
2. To cope with the market movement, with the negatives requiring time to settle down and digest, the Company has more time to adjust the production and sales strategies, while selecting timing to sell new projects depending on time as the performance in 2023 is not a concern.
3. The construction costs have been skyrocketing in the past two years; and we can also take advantage of the cooling demand for labor and materials at this time, to select a better time of construction commencement, to ensure the profits of projects
4. To cope with the Central Bank's selective credit control, we should be more prudential in terms of financial risks, and rationally allocate land purchase expenditures and joint construction weights.
5. For the newly-purchased lands, the high-quality residential lands that may be sold smoothly in advance shall be the core, to reduce the expenditure of self-owned funds and increase the turnover rate of funds.
6. Efforts have been made to revise the positioning of products and mapping out of an appropriate marketing strategy aimed at population structure, family composition, and structural change.
7. The nature of the media and marketing channels has undergone significant changes where digital marketing has replaced the traditional print media channel. With the introduction and use of big data analysis, we can uncover potential customers to use in making judgments of land development by district.
8. We emphasize our professional standing, and stable and sustainable development to create products of superior quality. These will be essential to upgrade customer loyalty and brand value, and strengthen our capacity in creating product value.
9. Proper pursuit of quality control and intensifying post-delivery service to build up the customer service system, and self-demand of an upgrade in construction quality.
10. Cautious budget management and a viable auditing system contributed to effective operation management, lowering costs, and improvement of return on investment.

(II) Expected Sales Volume and Reference:

1. Projects Launched With Sales:

- (1) The residential project of "Royal Highness" in Songshan, Taipei, occupied a site of 460 pings, still has NT\$700 million yet to be sold. It is expected that the project will be sold out in this year.
- (2) The industrial project of "National Landmark", occupied site area of 3,789 pings, worth NT\$7.8 billion for sale. The construction was kicked off in May 2020 with sale available while construction is in progress. The sales rate is 80%, and it would start the delivery upon the completion in January 2023.
- (3) The residential project of "Moon River" in Banqiao District, New Taipei, occupied site area of 1,168 pings. The total sale is approximately NT\$3.9 billion. The construction was kicked off in April 2020. 100% of the project has been sold. It is expected that the project will be completed and delivered in July 2023.
- (4) The commercial office project of "Trade And Finance Center" in Beitou Shilin Technology Park, Taipei, occupied site area of 825 pings, sold approximately NT\$4.6 billion in total. The construction was commenced in August 2021, and the project is 100% sold. The completion and delivery is expected in October 2023.
- (5) The residential project of "Greenside Mansion" in Beitou Shilin Technology Park, Taipei, occupied site area of 642 pings, expected approximately NT\$2.9 billion for the total sale. The project is sold during the process of construction, with the sales rate of 75%. The completion and delivery is expected in April 2024.

- (6) The industrial project of “Central Landmark”, occupied site area of 1,989 pings, worth NT\$5.3 billion for sale. The construction was kicked off in December 2021 with sale available while construction is in progress. The sales rate is approximately 10%. It is expected that the project will be completed for delivery in June 2024.
- (7) The residential project “Moon Light” in Zhonghe District, New Taipei, occupied site area of 1,268 pings, worth NT\$3.8 billion for sale. Construction is expected to kick off in April 2021 with sale available while construction is in progress. The sales rate is 90%. It is expected that the project will be completed in August 2025.
- (8) The residential project, “Da’an Tower” in Da’an District, Taipei City, occupied site area of 547 pings, expected approximately NT\$3.3 billion for the total sale. The construction was commenced in December 2021, and almost fully sold. The completion and delivery is expected in June, 2025.
- (9) The residential project of “Casa Blanca” in Beitou Shilin Technology Park, Taipei, occupied site area of 999 pings, expected approximately NT\$6.3 billion for the total sale, with the pre-sales rate of 60%. The construction is expected to commence in April 2023, and almost fully sold. The completion and delivery is expected in August 2026.
- (10) The residential project of “Sky Tower” in Taishan District, New Taipei, occupied site area of 1,150 pings. The total sale is approximately NT\$4.3 billion, with the pre-sales rate of 40%. The construction is expected to kick off in May 2023, and to be completed and delivered in November 2026.

Projects to be launched in 2023:

- (1) The “Nangang Yuchen Commerical Office Project” in Nangang District, Taipei, occupied site area of 875 pings, worth NT\$10.9 billion for sale. The construction is expected to kick off in the May 2023, with sale available while construction is in progress. It is expected that the project will be completed in November 2025.
- (2) The commercial office project of “Tiding Avenue Commerical Office Project” in Dachi Taipei City, occupied site area of 1,329 pings with total sale approximated at NT\$6.4 billion. The project is expected to kick off for construction in October 2023, and sale will be offered alongside the progress of construction. The construction is expected to complete in October 2026.
- (3) The “Taichung Jingmao Rd. Residential Project” in Xitun District, Taichung City, occupied site area of 3,243 pings with total sale approximated at NT\$9.4 billion. The project is expected to kick off for construction in Q4 2023, and the pre-sale with solicitation is adopted. The construction is expected to complete in October 2026.

(III) Important Production and Sales Policy:

1. Before 2022, the operating revenue that has been sold but not yet recognized was nearly NT\$27.8 billion. By coping with market movements, there is more time to choose the timing to launch new projects and increase the profit rate.
2. Among the lands in stock, there are many large-scale and joint construction projects. When the cost trend is downward, the timing to commence construction will be carefully selected to reduce costs and maximize profits.
3. The current land inventory is estimated to have available projects worth NT\$100 billion. Therefore, for the development of new lands, the main option is the high-quality residential lands that may be sold in advance smoothly and create profits with the minimum self-owned funds.
4. To cope with the increased difficulty to acquire lands in both Taipei and New Taipei City, the land acquisition must be extended to north of Taichung, in particular Taichung City and Hsinchu City, for continuous deep cultivation, to ensure the Company's long-term sustainable operation.
5. The selective credit control of the Central Bank has not been moderated. Therefore, the financial risks shall be strictly controlled, to create profits with the minimum self-owned funds, and maintain a relatively large fund momentum.
6. The inventory proportions of commercial office and residential are adjusted to reflect the pulse of industrial recovery if requires with the rolling adjustment.

III. The effect of the competitive, regulatory and macroeconomic environment on the development strategy of the Company in the future

- (I) For the Central Bank's selective credit control, the financial risks are under strict control, the turnover rate of self-owned funds is increased, the appropriate debt ratio is controlled, and the return on assets is increased.
- (II) The timing to launch and sell commercial office products depends on the inventory closeout of the technology industries and the timing of industrial recovery.
- (III) The costs of construction tend to decline as the demands for labor and materials are cooling down. Grasp the best opportunity to start constructions, for reducing costs and creating profits.
- (IV) For high-quality residential lands in the north of Taichung will be constantly monitored, for purchasing at good opportunities, to ensure that the land inventory required for long-term operation is sufficient.
- (V) To cope with the market movements such as negative population growth, declining birthrate, and multi-family households, in terms of product positioning, the Company will take various strategies depending on locations, and catch the trends.
- (VI) Aligning to the global ESG trend, the Company invests in research and development, reduces carbon and saves energy, with smart buildings of green building materials, high energy efficiency, and high energy storage, to enhance the Company's brand image, and create leading advantages in product strength.
- (VII) Political and Economic Situations and Challenges in the Future:

1. Overall Economic Performance:

- (1) According to the announcement of the Directorate-General of Budget, Accounting and Statistics, the economic growth rate in 2022 was revised down to 2.43%, short form the previous expectation. In the fourth quarter, it was -0.86%, ending the 52-quarter positive growth. It is estimated that the economic growth rate in 2023 will be 2.75%, but it still depends on whether the export market recovers in the third quarter; the overall economic condition is still challenging.
- (2) The inflation in the U.S. has been under the preliminary control. Although interest rate hikes have slowed down, the U.S. should continue to raise interest rates in the first half of the year. However, Central Bank of Taiwan is expected to hold the interest rate this year after four rate hikes for 62.5 basis points.
- (3) The stock market corrected from 18,000 points to 12,700 points, and it is expected to recover and hold around 16,000 points this year.

2. Capital Level:

- (1) The Central Bank maintains its selective credit control on the construction industry, and funds are tightened.
- (2) The mortgage interest rate should hold at around 2% as the Central Bank maintains the interest rate flat this year.

3. Advantages:

- (1) Central Bank is expected to maintain the interest rate flat this year, and the mortgage interest rate will stay at 2%. The general expectation is that the US will cut the rate in 2024 at the latest.
- (2) The demands for labor and materials have slowed down, and the project cost tend to be downward.
- (3) As the policy suppresses the housing market with tight funds, construction companies will reduce their operations and supply will also decrease.

4. Disadvantages :

- (1) Amidst the atmosphere of housing market suppressing policy, home buyers will wait-and-see for the lower prices.
- (2) Whether the industry can successfully close out the inventory in the third quarter, is the variable for the recovery of export.
- (3) The cross-strait relation crisis has elevated to the largest risk, and the 2024 presidential election will be a major variable for the turbulent political and economic situation.

Two. Company Profile

I. Date of establishment: 1989.04.06

II. Milestones:

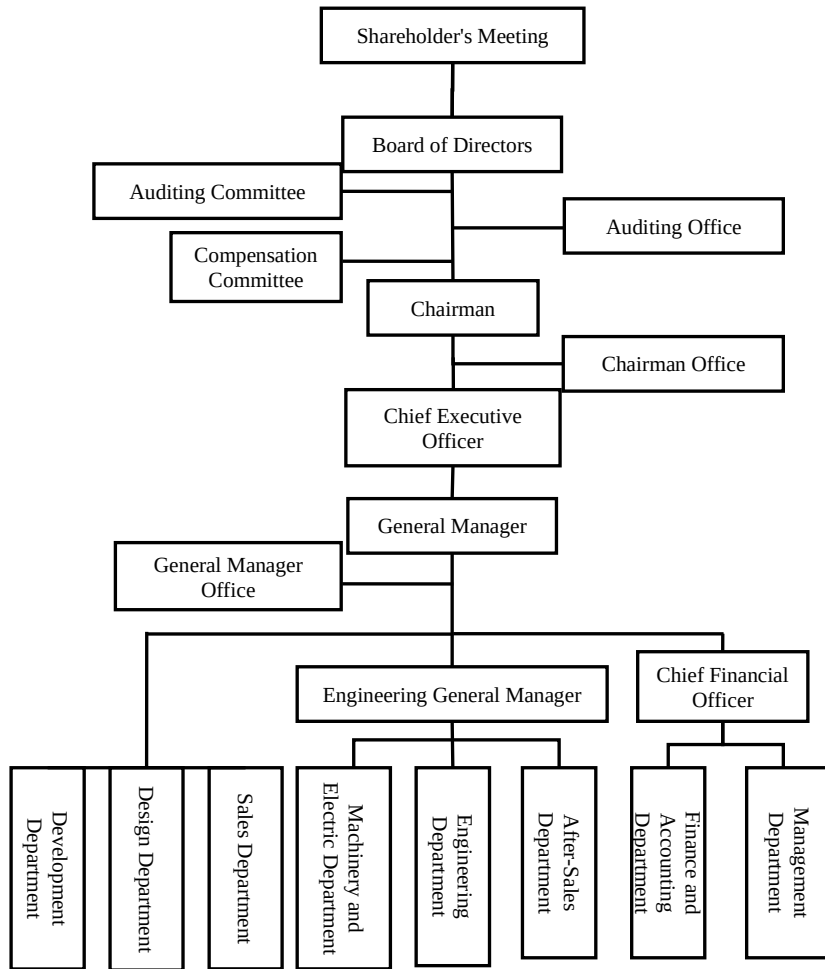
1989:	The Company was founded and established its principal place of business at the 12th floor, No. 396, Keelung Road Section I, Taipei, with paid-in capital of NT\$30,000,000.
1996:	The Company made direct investment to increase its stake in Pin Hsing Construction Co., Ltd. to 95% of its shares.
1997:	Public offering of new shares to raise capital of NT\$340,000,000 with subsequent capitalization of NT\$400,000,000.
1998:	Accredited with the ISO 9002 quality assurance system, and granted the "Construction Investment Industry Label" by the Ministry of Interior in June.
1999:	Capitalization of retained earnings amounted to NT\$120,000,000 in June, with subsequent capitalization of NT\$ 680,000,000. Won the Golden Tripod Award as one of the Top 10 Construction Enterprises in August.
2000:	Approved by the Securities and Futures Commission for listing on the TPEX in May, and was officially listed on the TPEX for trading in July. The Company increased its stake in Pin Hsing Construction Co., Ltd., in August to 100% of shareholding.
2001:	The Company won the 9th "Chinese Golden Stone Award for Architecture" and "Golden Stone Award for High-Quality Factory-run Estate" in planning and design in September.
2002:	The Company applied for switching its listing from the TPEX to TWSE in August.
2003:	The Company acquired 41.67% of the shares issued by Taiwan Digit Automated Control Co., Ltd. in March. The Company relocated to the 7th Floor, No. 456, XinYi Road Section IV, Taipei, in the same year.
2004:	The Company offered the 1st issue of domestic unsecured corporate bonds amounting to NT\$ 600,000,000 and listed on the TPEX for trading in June. Capitalization of retained earnings and additional paid-in capital amounting to NT\$902,000,000 with subsequent capitalization of NT\$ 1,218,000,000. Conversion of corporate bonds into new shares in October with paid-in capital amounting to NT\$1,325,218,000.
2007:	The Company made direct investment in Hua Mao Development Co., Ltd. in May to hold 100% of its shares.
2008:	The Company changed its company name in English to HUAKU DEVELOPMENT CO., LTD. The Company offered the 2nd issue of domestic unsecured corporate bonds amounting to NT\$1,000,000,000 and listed on the TPEX for trading in July.
2010:	The Company launched residential properties of "Zenith", "Sinica Palace", "Premium Twin", "Premium Twin", "The Lake", and commercial property/building of "Ruiguang" and "V5". Conversion of corporate bonds into new shares amounting to NT\$65,124,000 in 2010, and capitalization of retained earnings amounting to NT\$145,663,000 in July with paid-in capital amounting to NT\$2,602,456,000 in this year.
2011:	The Company acquired 80% of the shares of Chengdu Wanchengduobao Property Co., Ltd.. Conversion of corporate bonds into new shares amounting to NT\$33,144,000 and capitalization of earnings into new shares amounting to NT\$78,249,000 in 2011 with paid-in capital amounting to NT\$2,713,850,000 in this year.
2012:	The Company launched the residential property of "Grand Vision" and commercial building of "V-PARK". The Company made direct investment in Chengdu Wanchengduobao Property Co., Ltd. in Mainland China to launch the hybrid commercial and residential project of "Shahe Bay". Capitalization of retained earnings amounting to 54,277,000 in 2012, with paid-in capital amounting to NT\$2,768,127,000 in this year.
2013:	The launch of residential projects, "Sun Mansion", "Cloud Mansion", "The Universe", "Sky Garden" and "Oasis Park".
2014:	The Company launched the residential properties of "Huacheng" and "Moon Mansion". The Company acquired the right of use of the lands of the Training Institute of the Ministry of Finance, and launched the "New World-SOHO" and "New World-YOHO".
2015:	The Company launched the residential property of "Sweet Garden".
2017:	The launch of residential projects, "Le Mout" and "Your Majesty".
2018:	The launch of residential projects, "Park Mansion", "Royal Highness", and commercial buildings, "IBF Tower".
2019:	Launch of residential projects, "Bella Vita" and "Garden Mansion".
2020:	Launch of residential project, "Moon River".
2021:	The commercial office buildings, "FIT (Finance and IT Center)" and "Innovation Fortune Center," as well as the plant-office building "National Landmark" were launched.
2022:	The residential projects, including "Da'an Tower," "Greenside Mansion," "Moon Light," "Sky Tower," "Casa Blanca," the commercial office building "Trade And Finance Center," and the plant office building "Central Landmark" were launched.

III. Information on corporate merger and acquisition, investee enterprises, reorganization, mass transfer or replacement of shares by Directors, Supervisors, or major shareholders holding more than 10% of company shares, change in the ownership, significant change in the mode of operation of content of business, and any other material aspects affecting shareholders equity and the Company in the most recent year to the date this report was printed: None

Three. Corporate Governance Report

I. Organization System:

(I) Organizational Structure:



(II) Job Functions of Major Departments:

Audit Office:	The arrangement, execution and follow-up of internal audits.
Chairman Office:	Execution of the duties assigned by the Chairman.
General Manager Office:	Execution of the duties assigned by the General Manager.
Development Department:	Preliminary review of information on lands, reporting on development projects, and review of contract related documents.
Design Department:	Review and control of project design.
Sales Department:	Marketing planning of projects, review of the mode of sale of the projects, and response to customer complaints.
Machinery and Electric Department	Review of materials and equipment for construction projects, and supervision of electrical and water supply works.
Engineering Department:	Review of bid invitation of construction projects and supervision of civil engineering related matters.
After-Sales Department	Post-delivery services and implementation of related tasks.
Finance and Accounting Department:	Financial analysis, fund appropriation and management, annual budgeting and bookkeeping, tax preparation, investment analysis, recommendation, and tracking.
Management Department:	Human resources planning, management system, information system, corporate governance, and share registration and investor service-related duties.

II. Profiles of the Directors, Supervisors, General Manager, Vice Presidents, Assistant Vice Presidents, Function Heads, and Branch Heads:

(I) Information on the Directors and Supervisors 1:

March 26, 2023

Occupational Title (Note 1)	Nationality or Place of Registration	Name	Gender and age (Note 2)	Date of Election to (assumption of) Office	Tenure	Commencement date of first term (Note 3)	Quantity of Shareholding at the Time of Election to Office		Quantity of Shareholding at Present		Shares held by spouse or underage children		Shares held in the name of a third party		Principal work experience and academic qualification (Note 4)	Holding other positions of the Company and other companies at present	Other Executives, Directors, or Supervisors who are a Spouse or Kindred Within the 2nd Tier Under the Civil Code.			Remarks (Note 5)
							Quantity Of Shares	Proportion of Shareholding	Quantity of Shares	Proportion of Shareholding	Quantity of Shares	Proportion of Shareholding	Quantity of Shares	Proportion of Shareholding			Occupational Title	Name	Relation	
Chairman	Republic of China	Chung Long-Chang	Male/ 71-80	May 26, 2020	3 years	1999/4/12	5,000,606	1.81%	2,870,606	1.04%	500,044	0.18%	None	None	Master's Degree Master Degree in Management Science, National Chiao Tung University	CEO of the Company Director: Representative of Pin Hsing Construction Co., Ltd. Chung Shan Investment Co., Ltd.	None	None	None	Coping with the operational needs of the Company, the director concurrently serves as the CEO to take charges of coordinating the company-wide operational and managerial business. No fewer than four independent directors have been established by December 31, 2023 as required by laws.
Director	Republic of China	KUO, CHIU-KUEN	Male/ 71-80	May 26, 2020	3 years	1999/4/12	881,518	0.32%	881,518	0.32%	102,483	0.04%	None	None	Bachelor's Degree General Manager, Huaku Development Co., Ltd.	Director: Nong An Development Co., Ltd. Supervisor: Non An Investment Co., Ltd. Non Hong Investment Co., Ltd. Non Chen Investment Co., Ltd.	None	None	None	None
Director	Republic of China	LIU, JO-MEI	Female/ 61~70	May 26, 2020	3 years	1999/4/12	667,355	0.24%	667,355	0.24%	132,549	0.05%	None	None	Bachelor's Degree Head of Finance and Accounting Department, Chung Hwa Construction Management Co., Ltd.	CFO and Head of the Finance and Accounting Department of the Company Supervisor: Taiwan Digit Automated Control Co., Ltd. Hua Pu Construction Co., Ltd. Representative of Chengdu Wanchengduobao Property Co., Ltd. Representative of the Institutional Supervisor, Chengdu Huaku Property Co., Ltd.	None	None	None	None

Occupational Title (Note 1)	Nationality or Place of Registration	Name	Gender and age (Note 2)	Date of Election to (assumption of) Office	Tenure	Commencement date of first term (Note 3)	Quantity of Shareholding at the Time of Election to Office		Quantity of Shareholding at Present		Shares held by spouse or underage children		Shares held in the name of a third party		Principal work experience and academic qualification (Note 4)	Holding other positions of the Company and other companies at present	Other Executives, Directors, or Supervisors who are a Spouse or Kindred Within the 2nd Tier Under the Civil Code.			Remarks (Note 5)
							Quantity Of Shares	Proportion of Shareholding	Quantity of Shares	Proportion of Shareholding	Quantity of Shares	Proportion of Shareholding	Quantity of Shares	Proportion of Shareholding			Occupational Title	Name	Relation	
Director	Republic of China	HWANG, YIH-RAY	Male/ 51-60	May 26, 2020	3 years	1999/4/12	3,939,108	1.42%	4,001,548	1.45%	0	0.00%	None	None	PhD Chairman, National Federation of CPA Associations, Republic of China (Taiwan)	The National Federation of CPA Associations of the ROC Director, Solomon & Co., CPAs Director: Ma Kuang Healthcare Holding Limited Independent Director: Mega Bills Finance Mega Securities	None	None	None	None
Director	Republic of China	New Land Investment Co., Ltd.	Female/ 41-50	May 26, 2020	3 years	2005/4/28	14,690,982	5.31%	14,690,982	5.31%	0	0.00%	None	None	Master's Degree Da Chi Design Engineering Co., Ltd.	Supervisor: Huang Pao Investment Co., Ltd.	None	None	None	None
		Representative: TWU, WEI-SHAN					0	0.00%	0	0.00%	1,824	0.00%	None	None						
Director	Republic of China	Chung Shan Investment Co., Ltd.	Male/ 61-70	May 26, 2020	3 years	2006/5/24	18,660,000	6.74%	19,700,000	7.12%	0	0.00%	None	None	Master's Degree CFO, Big Sun Group	Director: Chang Chun Business Management Co., Ltd.	None	None	None	None
		Representative: CHEN, RUNG-HUA					0	0.00%	0	0.00%	0	0.00%	None	None						
Independent Director	Republic of China	WANG, TZE-CHUN	Male/ 61-70	May 26, 2020	3 years	2017/6/7	0	0.00%	0	0.00%	0	0.00%	None	None	Bachelor's Degree Chairman and CEO, SIRTEC INTERNATIONAL CO., LTD.	Chairman: SIRTEC INTERNATIONAL CO., LTD. Anntong Ind. Co., Ltd.	None	None	None	None
Independent Director	Republic of China	LAN, WEN-HSIANG	Male/ 61-70	May 26, 2020	3 years	2017/6/7	0	0.00%	0	0.00%	0	0.00%	None	None	Bachelor's Degree Judge and Presiding Judge, Taiwan High Court	None	None	None	None	None
Independent Director	Republic of China	CHUANG, MENG-HAN	Male/ 71-80	May 26, 2020	3 years	2017/6/7	0	0.00%	0	0.00%	0	0.00%	None	None	Master's Degree Associate Professor, Department of Economics, Tamkang University	Independent Director and Member of the Compensation Committee: Suntty Development Co., Ltd.	None	None	None	None

Note 1: For a corporate shareholder, the name of the corporate shareholder and its representative shall be listed separately (when listing the representative of a corporate shareholder, the name of the corporate shareholder shall also be noted), and Form 1 below shall also be completed.

Note 2: Please state the actual age, or, alternatively, state the age interval into which the actual age falls, e.g., 41~50 years, 51~60 years.

Note 3: The time for assuming the position as a Director or Supervisor of the Company for the first time. If there was an interruption to the term of office, specify.

Note 4: Experience pertaining to current position. If the person has held a position in the CPA firm or its affiliate in the aforementioned period, specify the occupational title and duties.

Note 5: If the President and general manager or person at the equivalent position (the top manager) is also the chairman, or spouse or next of kin to the chairman, give information on the reason, the rationality, and necessity, and response (e.g., the addition of the seats of independent directors and at least more than half of the Directors are not employees or managers of the Company at the same time).

Table 1: Major Shareholders of Corporate Shareholders

March 26, 2023

Name of corporate shareholder (Note 1)	Major shareholders of the corporate shareholder (Note 2)
New Land Investment Co., Ltd.	Newland Developers Group (77.14%), Huang Pao Investment Co., Ltd. (6.85%), Hsieh Pao-Yu (5.30%), Chang Hsueh Investment Co., Ltd. (5.00%), Wang Chi-Hsiang (1.79%), Wen Hsiu-Wen (1.79%), Chung Long Chang (0.71%), Lee Ying-Chao (0.71%), Chou Hsiao-Lee (0.71%)
Chung Shan Investment Co., Ltd.	Chung Long Chang (35.81%), Lee Tao-Chen (28.32%), Chung Chuo-Chun (19.95%), Chung Wan-Chien (15.92%)

Note 1: If a director or supervisor is a representative of a corporate shareholder, fill in the name of that corporate shareholder.

Note 2: Fill in the names of the corporate shareholder's major shareholders (those with a shareholding ratio ranking among the top 10) and their shareholding ratios. If the dominant shareholders are institutional shareholders, fill in Table 2 below.

Note 3: If a corporate/juristic person shareholder is not organized as a company, the shareholder names and shareholding ratios required to be disclosed as mentioned above shall be the names of the capital contributors or donors (for further information, please refer to the announcements of the Judicial Yuan) and their capital contribution or donation rates, respectively. If a donor has died, please further note "deceased."

Table 2: If any Major Shareholder Listed in Form 1 is a Corporate/Juristic Person, List its Major Shareholders in this Form

March 26, 2023

Name of corporate/juristic person (Note 1)	Major shareholders of the corporate/juristic person (Note 2)
New Land Developers Group	Hsieh Pao-Yu (44.12%), Chang Hsueh Investment Co., Ltd. (21.12%), Huang Pao Investment Co., Ltd. (9.00%), Wang Chi-Hsiang (7.81%), Wen Hsiu-Wen (7.81%), Chung Long Chang (3.13%), Lee Ying-Chao (3.13%), Chou Hsiao-Lee (3.13%), Luo, Huei-Ming (0.75%)
Huang Pao Investment Co., Ltd.	Hsieh Pao-Yu (45.00%), Tu, Wei-Chuan (22.50%), Tu, Wei-Shan (22.50%), Tu, Huang-Cheng (10.00%)
Chang Hsueh Investment Co., Ltd.	Luo, Huei-Ming (95.00%), Yang, Han-Chang (2.50%), Yang, Xue-Er (2.50%)

Note 1: If the dominant shareholders are institutional shareholders as shown in Table 1 above, put down the names of the institutional shareholders.

Note 2: Put down the dominant shareholders of the institutional shareholder (top 10 shareholders by shareholding) and the proportion of shareholding.

Note 3: If a corporate/juristic person shareholder is not organized as a company, the shareholder names and shareholding ratios required to be disclosed as mentioned above shall be the names of the capital contributors or donors (for further information, please refer to the announcements of the Judicial Yuan) and their capital contribution or donation rates, respectively. If a donor has died, please further note "deceased."

(I) Information on the Directors and Supervisors 2 :

1. Disclosure of Information Regarding the Professional Qualifications and Experience of Directors and Supervisors and the Independence of Independent Directors:

March 26, 2023

Name	Condition	Professional qualifications and experience (Note 1)	Independence analysis (Note 2)	Number of public companies that the Independent Director also holds the position as independent director in.
Chung Long-Chang (Chairman)		Possessing work experience in commerce, law, finance, accounting, or a specialization required by the business operation of the Company. The Company's Chairman; None of the circumstance inscribed in Article 30 of the Company Act.	Not Applicable	0
KUO, CHIU-KUEN (Director)		Possessing work experience in commerce, law, finance, accounting, or a specialization required by the business operation of the Company. The Company's director; None of the circumstance inscribed in Article 30 of the Company Act.	Not Applicable	0
LIU, JO-MEI (Director)		Possessing work experience in commerce, law, finance, accounting, or a specialization required by the business operation of the Company. The Company's Chief Financial Officer None of the circumstance inscribed in Article 30 of the Company Act.	Not Applicable	0
HWANG, YIH-RAY (Director)		Possessing work experience in commerce, law, finance, accounting, or a specialization required by the business operation of the Company, with the qualification of CPA Practices in Solomon & Co., CPAs None of the circumstance inscribed in Article 30 of the Company Act.	Not Applicable	2
New Land Investment Co., Ltd. Representative: Tu, Wei-Shan (Director)		The Company's director; None of the circumstance inscribed in Article 30 of the Company Act.	Not Applicable	0
Chung Shan Investment Co., Ltd. Representative: Chen, Rung-Hua (Director)		Possessing judge, public prosecutor, attorney, certified public accountant, or other professional or technical specialist who has passed a national examination and been awarded a certificate in a profession necessary for the business of the Company, and has work experience in the area of commerce, law, finance, or accounting, or otherwise necessary for the business of the Company; The Company's director; None of the circumstance inscribed in Article 30 of the Company Act.	Not Applicable	0

Name \ Condition	Professional qualifications and experience (Note 1)	Independence analysis (Note 2)	Number of public companies that the Independent Director also holds the position as independent director in.
WANG, TZE-CHUN (Independent Director)	Possessing work experience in commerce, law, finance, accounting, or a specialization required by the business operation of the Company, with the qualification of CPA The convener of the Audit and Remuneration Committee; None of the circumstance inscribed in Article 30 of the Company Act.	(1) The Company's independent director, and meet the requirement of independence. (2) The independent director, his/her spouse, and relative within the second degree of kinship are not directors, supervisors, or employees of the Company or any of its affiliates; not holding the shares in the Company; not a director, supervisor, or employee of any company having specific relationship with the Company. (3) No compensation amount received by providing commercial, legal, financial, accounting or related services to the Company or any affiliate of the company for which the provider in the past 2 years	0
LAN, WEN-HSIANG (Independent Director)	Has work experience in the area of commerce, law, finance, or accounting, or otherwise necessary for the business of the company; has the qualification of judge; The Company's independent director; None of the circumstance inscribed in Article 30 of the Company Act.	(1) The Company's independent director, and meet the requirement of independence. (2) The independent director, his/her spouse, and relative within the second degree of kinship are not directors, supervisors, or employees of the Company or any of its affiliates; not holding the shares in the Company; not a director, supervisor, or employee of any company having specific relationship with the Company. (3) No compensation amount received by providing commercial, legal, financial, accounting or related services to the Company or any affiliate of the company for which the provider in the past 2 years	0
CHUANG, MENG-HAN (Independent Director)	Has work experience in the area of commerce, law, finance, or accounting, or otherwise necessary for the business of the company; and is an instructor or higher in a department of commerce, law, finance, accounting, or other academic department related to the business needs of the company in a public or private junior college, college, or university; The Company's independent director; None of the circumstance inscribed in Article 30 of the Company Act.	(1) The Company's independent director, and meet the requirement of independence. (2) The independent director, his/her spouse, and relative within the second degree of kinship are not directors, supervisors, or employees of the Company or any of its affiliates; not holding the shares in the Company; not a director, supervisor, or employee of any company having specific relationship with the Company. (3) No compensation amount received by providing commercial, legal, financial, accounting or related services to the Company or any affiliate of the company for which the provider in the past 2 years	1

2. Diversity and independence of the Board of Directors

(1) Pursuant to Article 20 of the “Corporate Governance Best Practice Principles,” the board members shall have the knowledge, skills, and experience necessary to perform their duties. As a whole, the Board of Directors shall have the abilities to make operational judgments, perform accounting and financial analysis, conduct management administration, conduct crisis management, lead and make policy decisions, as well as the knowledge of the industry and an international market perspective. The composition of the Board of Directors shall be determined by taking diversity into consideration. An appropriate policy on diversity based on the company's business operations, operating dynamics, and development needs be formulated and include basic requirements and values (gender, age, nationality, and culture) and professional knowledge and skills (law, accounting, industry, finance, marketing, or technology). The specific management objectives and achievement of the Company’s diversity policy is as below:

Management objectives	Achievement
The equality of gender of the Board is valued, and at least one female member is included.	Achieved

The implementation of the Company’s board member diversity in 2022 is as below:

Occupational Title	Name	Gender	Con-currently serving as an employee of the Company	Age			Seniority of service and tenure of the Independent Directors			Operation Judgment Capacity	Ability to perform accounting and financial analysis	Ability to conduct management administration	Ability to conduct crisis management	Knowledge of the industry	An international market perspective	Ability to lead	Decision-making Capacity
				41 to 50	51 to 60	61 and above	Less than 3 years	3 to 9 years	9 years and more								
Chairman	Chung Long-Chang	Male	V			V				V	V	V	V	V	V	V	V
Director	KUO,CHIU-KUEN	Male				V				V	V	V	V	V	V	V	V
Director	LIU, JO-MEI	Female	V			V				V	V	V	V	V	V	V	V
Director	HWANG,YIH-RAY	Male			V					V	V	V	V	V	V	V	V
Director	New Land Investment Co., Ltd.	Female		V						V	V	V	V	V	V	V	V
	TWU,WEI-SHAN																
Director	Chung Shan Investment Co., Ltd.	Male				V				V	V	V	V	V	V	V	V
	CHEN,RUNG-HUA																
Independent Director	WANG, TZE-CHUN	Male				V		V		V	V	V	V	V	V	V	V
Independent Director	LAN, WEN-HSIANG	Male				V		V		V	V	V	V	V	V	V	V
Independent Director	CHUANG, MENG-HAN	Male				V		V		V	V	V	V	V	V	V	V

(2) Independence of the Board of Directors: The Company has a total of nine board members, and three of them are independent directors, accounting for one-third of the Board of Directors. None of the directors has any relationship as spouses or relatives within the second degree of kinship, meeting the requirements of Paragraphs 3 and 4 of Article 26-3 of the Securities Exchange Act. For details, please refer to "The Information on Directors and Supervisors 1" on Page 8.

The Company's Board of Directors instructs the Company's strategies, supervises the management, and is responsible to the Company and shareholders. In the various operations and arrangements of the corporate governance system, the Board of Directors exercises its powers pursuant to laws, the Company's Articles of Incorporation, or resolutions of the shareholders' meetings. The Company's Board of Directors emphasizes the functions of independent operation and transparency. Directors and independent directors are independent individuals and exercise their duties independently. The three independent directors also comply with the relevant laws and regulations, along with the powers of the Audit Committee, to review and measure the control of the Company's existing or potential risks, for effectively supervising the effective implementation of the Company's internal control, the selection (dismissal) of CPAs and their independence, as well as the fair preparation of financial statements.

The Company has established the system of board performance evaluation, and the internal self-evaluation within the Board and the self-evaluation of board members are conducted once per year. The evaluation items of the board performance evaluation include five aspects: (1) participation in the operation of the company; (2) improvement of the quality of the board of directors' decision making; (3) composition and structure of the board of directors; (4) election and continuing education of the directors; (5) internal control. The self-evaluation items of the board member include six aspects: (1) alignment of the goals and missions of the company; (2) awareness of the duties of a director; (3) participation in the operation of the company; (4) management of internal relationship and communication; (5) the director's professionalism and continuing education; (6) internal control. The results of the aforesaid self-evaluation are disclosed on the official website after reported to the Board.

Note 1: Professional qualifications and experience: Specify the professional qualifications and experience of each director and supervisor. If a member of the Audit Committee, specify their accounting or finance background and work experience. Additionally, specify whether any circumstance under any subparagraph of Article 30 of the Company Act exists with respect to a director.

Note 2: Describe the status of independence of each independent director, including but not limited to the following: did they or their spouse or any relative within the second degree serve as a director, supervisor, or employee of the Company or any of its affiliates? ; specify the number and ratio of shares of the Company held by the independent director and their spouse and relatives within the second degree (or through nominees); do they serve as a director, supervisor, or employee of any company having a specified relationship with the Company (see Article 3, paragraph 1, subparagraphs 5 to 8 of the Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies)?; specify the amount(s) of any pay received by the independent director for any services such as business, legal, financial, or accounting services provided to the Company or any affiliate thereof within the past 2 years.

Note 3: Regarding the method for disclosure, please refer to the "SAMPLE ANNUAL REPORT" page on the website of the Taiwan Stock Exchange Corporate Governance Center.

(II) Information on the General Manager, Vice Presidents, Assistant Vice Presidents, and Function and Branch Heads:

March 26, 2023

Occupational Title (Note 1)	Nationality	Name	Gender	Date of Election to (assumption of) Office	Quantity of Shareholding		Shares Held by Spouse and/or Children who are Minors		Shares held in the name of a third party		Principal work experience and academic qualification (Note 2)	Positions in Other Companies at Present	Spouse or Kindred Within the 2nd Tier Under the Civil Code who is a Manager			Remark (Note 3)
					Quantity of Shares	Proportion of Shareholding	Quantity of Shares	Proportion of Shareholding	Quantity of Shares	Proportion of Shareholding			Occupational Title	Name	Relation	
Chief Executive Officer	Republic of China	Chung Long-Chang	Male	2003.02.01	2,870,606	1.04%	500,044	0.18%	None	None	Master's Degree Master Degree in Management Science, National Chiao Tung University	Director: Representative of Pin Hsing Construction Co., Ltd. Chung Shan Investment Co., Ltd.	None	None	None	Coping with the operational needs of the Company, the chairman concurrently serves as the CEO to take charges of coordinating the company-wide operational and managerial business. No fewer than four independent directors have been established by December 31, 2023 as required by laws.
General Manager	Republic of China	Hung Chia-Sheng	Male	2016.09.01	373,028	0.13%	23,505	0.01%	None	None	Master's Degree President, Metropolitan Construction & Development Co., Ltd.	Director: Representative of the Institutional Director, Hua Pu Construction Co., Ltd.	None	None	None	None
Engineering General Manager	Republic of China	LIAO, WEN-SHAN	Male	2006.03.01	251,709	0.09%	240,841	0.09%	None	None	Master's Degree Manager, Engineering Department, Chiao Tai Construction Co. Ltd.	Director: Representative of Pin Hsing Construction Co., Ltd. Full Come Foundation Engineering, Ltd. Representative of Chengdu Wanchengduobao Property Co., Ltd.	None	None	None	None
CFO and Head of the Finance and Accounting Department	Republic of China	LIU, JO-MEI	Female	2004.01.01	667,355	0.24%	132,549	0.05%	None	None	Bachelor's Degree Head of Finance and Accounting Department, Chung Hwa Construction Management Co., Ltd.	Supervisor: Taiwan Digit Automated Control Co., Ltd. Hua Pu Construction Co., Ltd. Representative of Chengdu Wanchengduobao Property Co., Ltd. Representative of the Institutional Supervisor, Chengdu Huaku Property Co., Ltd.	None	None	None	None
Head of Land Development Department	Republic of China	LIN, SHIH-SHENG	Male	2015.02.01	44,788	0.02%	810	0.00%	None	None	Bachelor's Degree Development Specialist, Kingdom Development Co., Ltd.	Director: Representative of the Institutional Director, Hua Pu Construction Co., Ltd.	None	None	None	None
Head of the Sales and Marketing Department	Republic of China	LIN, CHENG-LI	Male	2003.08.01	11,358	0.00%	25,254	0.01%	None	None	Bachelor's Degree Section Manager, Administrative Branch of Sales Department, Taiwan Real Estate Management Co. Ltd.	None	None	None	None	None
Head of the Engineering Department	Republic of China	Ho, Ping-Hsing	Male	2003.08.01	72,814	0.03%	2,091	0.00%	None	None	Bachelor's Degree Team Leader, Construction Division, San Ching Engineering Co., Ltd.	Director: Representative of Pin Hsing Construction Co., Ltd. Full Come Foundation Engineering, Ltd.	None	None	None	None
Head of Administrative Department and Corporate Governance Officer	Republic of China	Yao, Hsiu-Chin	Female	2000.02.01	214,020	0.08%	0	0.00%	None	None	Bachelor's Degree Sales Assistant, Kuo Ting Construction Co., Ltd.	Director: Representative of the Institutional Director, Taiwan Digit Automated Control Co., Ltd. Supervisor: Representative of Pin Hsing Construction Co., Ltd.	None	None	None	None
Head of the Electrical Machinery Department	Republic of China	WU, SHIH-WEI	Male	2005.02.01	15,300	0.01%	5,000	0.00%	None	None	Associate Bachelor's Degree Assistant Vice Manager, Taiwan Real Estate Management Co., Ltd.	None	None	None	None	None
Head of the Design Department	Republic of China	Yang, Chih-Wei	Male	2005.02.01	37,716	0.01%	3,412	0.00%	None	None	Bachelor's Degree Metropolitan Construction & Development Co., Ltd. Vice Manager, Department of Design	None	None	None	None	None

Occupational Title (Note 1)	Nationality	Name	Gender	Date of Election to (assumption of) Office	Quantity of Shareholding		Shares Held by Spouse and/or Children who are Minors		Shares held in the name of a third party		Principal work experience and academic qualification (Note 2)	Positions in Other Companies at Present	Spouse or Kindred Within the 2nd Tier Under the Civil Code who is a Manager			Remark (Note 3)
					Quantity of Shares	Proportion of Shareholding	Quantity of Shares	Proportion of Shareholding	Quantity of Shares	Proportion of Shareholding			Occupational Title	Name	Relation	
Head of the Customer Service Department	Republic of China	Fan, Gang-Chi	Male	2012.12.17	63,000	0.02%	5,226	0.00%	None	None	Bachelor's Degree Engineer, Shuang Chuan Engineering Co., Ltd.	None	None	None	None	None
Assistant VP, Land Development Department	Republic of China	Yang, Chi-jen	Male	2011.09.01	5,446	0.00%	50,000	0.02%	None	None	Bachelor's Degree Manager, OTTO Advertising Co., Ltd.	None	None	None	None	None
Head of the Auditing Office	Republic of China	TANG, HSIANG-LING	Female	2004.02.02	11,484	0.00%	0	0.00%	None	None	Bachelor's Degree Deputy Manager, PwC Taiwan	None	None	None	None	None

Note 1: The disclosure shall include the General Manager, Vice Presidents, Assistant Vice Presidents, and the heads of the branches, and those who are at the ranks equal to the General Manager, Vice Presidents, or Assistant Vice Presidents irrespective of the name of the titles.

Note 2: Experience pertinent to the current position. If the person has held a position in the CPA office retained by the Company for performing external audits or its affiliates within the aforementioned period, specify the occupational title and the duties.

Note 3: Related information if the General manager or person of relevant position (top manager) also holds the position of Chairman, or spouse to the chairman or next of kin, disclose the reason, the rationality, necessity, and responses (such as increase the number of seats for Independent Directors, and no more than half of the Directors should also be employees or managers of the Company).

III. Remunerations to the Directors, Supervisors, General manager, and Vice Presidents in the most recent year:

(I) Remunerations to the Directors and Independent Directors:

Unit: NTD thousand

Occupational Title			Name		Remuneration to Directors						Sum of A+B+C+D and ratio to net income (Note 10)		Amount received as an employee.								Sum of A+B+C+D+E+F+G and ratio to net income (Note 10)		Remuneration from investee companies other than the subsidiaries or the parent company (Note 11)
					Remuneration (A) (Note 2)		Severance Payment and Pension (B)		Remuneration to Directors (C) (Note 3)				Business Subsidy (D) (Note 4)		Salaries, Bonuses, and Special Accounts (E) (Note 5)		Severance Payment and Pension (F)		Remuneration to Employees (G) (Note 6)				
					The Company	All Companies Included in the Financial Statements (Note 7)	The Company	All Companies Included in the Financial Statements (Note 7)	The Company	All Companies Included in the Financial Statements (Note 7)	The Company	All Companies Included in the Financial Statements (Note 7)	The Company	All the companies included in the financial statements	The Company	All Companies Included in the Financial Statements (Note 7)	The Company	All Companies Included in the Financial Statements (Note 7)	The Company		All Companies Included in the Financial Statements (Note 7)		
Director	Chairman	Chung Long-Chang	0	0	0	0	38,140	38,164	416	416	38,556 1.3038%	38,580 1.3046%	21,767	21,767	0	0	12,331	0	12,331	0	72,654 2.4568%	72,678 2.4577%	35
	Director	LIU, JO-MEI																					
	Director	KUO, CHIU-KUEN																					
	Director	Chung Shan Investment Co., Ltd. Representative: Chen, Rung-Hua																					
	Director	New Land Investment Co., Ltd. Representative: Tu, Wei-Shan																					
	Director	HWANG, YIH-RAY																					
Independent Director	WANG, TZE-CHUN	2,880	2,880	0	0	8,400	8,400	216	216	11,496 0.3887%	11,496 0.3887%	0	0	0	0	0	0	0	11,496 0.3887%	11,496 0.3887%	0		
Independent Director	LAN, WEN-HSIANG																						
Independent Director	CHUANG, MENG-HAN																						
1. Specify the policy, system, standard, and structure of remuneration to the Directors, and the association between the duties charged, the risk, the time required and other factors and the amount of payment to the Directors: The Independent Directors of the Company are entitled to fixed amount of payment monthly. According to the Article of Incorporation and other applicable rules and regulations, Directors will be remunerated on the basis of the operation result of the Company and the self-evaluation result of their performance. 2. In addition to what is disclosed in the above table, please specify the amount of remuneration received by directors in the most recent fiscal year for providing services (e.g., for serving as a non-employee consultant to the parent company /any consolidated entities / invested enterprises): None.																							

Table of Salary Scale

Bracket of Payment to Each Director of the Company	Names of Directors			
	Total amount of remuneration of the sum of these 4 items (A+B+C+D).		The total amount of remuneration of the sum of these 7 items (A+B+C+D+E+F+G).	
	The Company (Note 8)	All Companies Included in the Financial Statements (Note 9) H	The Company (Note 8)	Parent company and all investee companies (Note 9) I
Less than NT\$1,000,000	-	-	-	-
NT\$1,000,000 (inclusive) - 2,000,000 (exclusive)	-	-	-	-
NT\$2,000,000 (inclusive) - 3,500,000 (exclusive)	-	-	-	-
NT\$3,500,000 (inclusive) - 5,000,000 (exclusive)	Wang Chi-Chun, Lan Wen-Hsiang, Chuang Meng-Han	Wang Chi-Chun, Lan Wen-Hsiang, Chuang Meng-Han	Wang Chi-Chun, Lan Wen-Hsiang, Chuang Meng-Han	Wang Chi-Chun, Lan Wen-Hsiang, Chuang Meng-Han
NT\$5,000,000 - NT\$10,000,000 (exclusive)	Liu, Jo-Mei; Kuo, Chiu-Kuen; Chen Rung-Hua, Representative of Chung Shan Investment Co., Ltd.; Tu, Wei-Shan, Huang, Yi-Jui, Representative of New Land Investment Co., Ltd.	Liu, Jo-Mei; Kuo, Chiu-Kuen; Chen Rung-Hua, Representative of Chung Shan Investment Co., Ltd.; Tu, Wei-Shan, Huang, Yi-Jui, Representative of New Land Investment Co., Ltd.	Kuo, Chiu-Kuen; Chen Rung-Hua, Representative of Chung Shan Investment Co., Ltd.; Tu, Wei-Shan, Huang, Yi-Jui, Representative of New Land Investment Co., Ltd.	Kuo, Chiu-Kuen; Chen Rung-Hua, Representative of Chung Shan Investment Co., Ltd.; Tu, Wei-Shan, Huang, Yi-Jui, Representative of New Land Investment Co., Ltd.
NT\$10,000,000 - NT\$15,000,000 (exclusive)	Chung Long-Chang	Chung Long-Chang	-	-
NT\$15,000,000- NT\$30,000,000 (exclusive)	-	-	LIU, JO-MEI	LIU, JO-MEI
NT\$30,000,000- NT\$50,000,000 (exclusive)	-	-	Chung Long-Chang	Chung Long-Chang
NT\$50,000,000 - NT\$100,000,000 (exclusive)	-	-	-	-
More than NT\$100,000,000	-	-	-	-
Total	9	9	9	9

Note 1: The name of each director shall be stated separately (for a corporate shareholder, the names of the corporate shareholder and its representative shall be stated separately) and the names of the ordinary directors and independent directors shall be stated separately, based on the amount of the aggregated remuneration items paid to each. If a Director also holds the position of General Manager or Vice President, fill in this Table and Table (3-1) or Table (3-2-1) and (3-2-2) below.

Note 2: This refers to the remuneration to the Directors in the most recent year (including salaries, business subsidies, severance payments, all kinds of bonuses, and awards).

Note 3: Fill in the amount of remuneration to the Directors passed by the Board in the most recent year.

Note 4: This refers to the business subsidy for performing related duties in the most recent year by the Directors (including travelling expenses, special accounts, different forms of subsidies, housing, transport, and other in-kind benefits). If housing, transport, or other means of transportation, or exclusive spending has been provided, disclose the nature and cost of the asset, the actual rent or rent calculated on the basis of fair market value, fuel expenses, and other payments. If a chauffeur is assigned, specify the payment of the Company to the chauffeur in note but not included as a part of the remuneration.

Note 5: The Director who also acted as an employee in the most recent year (including in the position of General Manager, Vice President, manager, and employee) and the salaries, allowance, severance payments, different forms of bonuses, awards, travelling expenses, special accounts, different subsidies, housing, transport, and other in-kind benefits received by the Director. If housing, transport, or other means of transportation, or exclusive spending has been provided, disclose the nature and cost of the asset, the actual rent or rent calculated on the basis of fair market value, fuel expenses, and other payments. If a chauffeur is assigned, specify the payment of the Company to the chauffeur in note but not included as a part of the remuneration. Salary expense recognized under IFRS 2- "Share-Based Payment", shall include the acquisition of ESO, restricted stocks, and subscription of new shares offered for raising capital, which shall be counted as remuneration.

Note 6: The Director who also acted as an employee in the most recent year (including in the position of General Manager, Vice President, manager, and employee) and acquired remuneration to employees (including stock and cash), disclose the amount of remuneration to the employee passed by the Board for payment in the most recent year. If estimation is not possible, calculate the amount planned for payment in the current year in proportion to the actual amount of payment in last year, and fill in Table I-3 attached.

Note 7: Disclose the total amount of remuneration paid to the Directors of the Company by all companies included in the consolidated financial statements (including the Company).

Note 8: Disclose the total amount of remuneration of the Company to each Director, applicable bracket of payment rate, and the name of the Director.

Note 9: Disclose the total amount of remuneration paid to each Director of the Company by all companies included in the consolidated financial statements (including the Company), the applicable bracket of payment rate, and the name of the Director.

Note 10: Net income refers to the earnings after taxation presented in the separate financial statements covering the most recent year.

Note 11: a. In this column, specifically disclose the amount of remuneration received by the directors of the Company from investee enterprises other than subsidiaries or from the parent company (if none, state "None").

b. If the Directors have received payments from investee companies other than the subsidiaries or parent company, include such amount of payment into field I of the salary bracket table and change the name of the field to "Parent company and all Investee Companies".

c. Remuneration shall refer to the rewards and salaries (including the salaries for Employees, Directors, and Supervisors) paid to the Directors of the Company for the performance of duties as Directors, Supervisors, or managers, and related allowances from investee companies or parent company other than the subsidiaries.

* The content of remuneration disclosed in this table is different from the Income Tax Act in meaning. The purpose of this table is for disclosure only and not for taxation purpose.

(II) Remuneration to Supervisors: not applicable.

(III) Remuneration to the President and the Vice President

Unit: NTD thousand

Occupational Title	Name	Salary (A) (Note 2)		Severance Payment and Pension (B)		Profit-sharing compensation (B) (Note 3)		Amount of Remuneration to Employees (D) (Note 4)				Sum of A+B+C and ratio to net income (Note 8)		Remuneration received from investee enterprises other than subsidiaries or from the parent company (Note 9)
		The Company	All the companies included in the financial statements (Note 5)	The Company	All the companies included in the financial statements (Note 5)	The Company	All the companies included in the financial statements (Note 5)	The Company		All consolidated entities (Note 5)		The Company	All the companies included in the financial statements (Note 5)	
								Amount of cash	Amount of Stock	Amount of cash	Amount of Stock			
Chief Executive Officer	Chung Long-Chang	16,365	16,365	0	0	38,464	38,464	28,922	0	28,922	0	83,750 2.8320%	83,750 2.8320%	35
General Manager	Hung Chia-Sheng													
Engineering General Manager	LIAO,WEN-SHAN													
Chief Financial Officer	LIU, JO-MEI													
Vice President, Sales & Marketing Department	LIN, CHENG-LI													
Vice President, Engineering Department	Ho, Ping-Hsing													

* Disclosure is required for ranks equal to the General Manager, Vice Presidents (such as: President, CEO, Executive Officer...) irrespective of the occupational title.

Table of Salary Scale

Bracket of remuneration to the President and the Vice Presidents of the Company	Names of President and Vice Presidents	
	The Company (Note 6)	Parent company and all investee companies (Note 7) E
Less than NT\$1,000,000	-	-
NT\$1,000,000 (inclusive) - 2,000,000 (exclusive)	-	-
NT\$2,000,000 (inclusive) - 3,500,000 (exclusive)	-	-
NT\$3,500,000 (inclusive) - 5,000,000 (exclusive)	-	-
NT\$5,000,000 - NT\$10,000,000 (exclusive)	Lin, Cheng-Li; Ho Ping-Hsing	Lin, Cheng-Li; Ho Ping-Hsing
NT\$10,000,000 - NT\$15,000,000 (exclusive)	Liu Jo-Mei, Liao Wen-Shan	Liu Jo-Mei, Liao Wen-Shan
NT\$15,000,000- NT\$30,000,000 (exclusive)	Chung Long-Chang, Hung Chia-Sheng	Chung Long-Chang, Hung Chia-Sheng
NT\$30,000,000- NT\$50,000,000 (exclusive)	-	-
NT\$50,000,000 - NT\$100,000,000 (exclusive)	-	-
More than NT\$100,000,000	-	-
Total	6	6

Note 1: The names of the General Manager and Vice Presidents should be listed one-by-one and disclose the itemized payment in aggregate. If the Chairman also holds the position as General manager or Vice President, fill in this table and Table (1-1), or (1-2-1) and (1-2-2) above.

Note 2: This refers to the salaries, business subsidies, and severance payment to the General Manager and Vice Presidents in the most recent year.

Note 3: The salaries, allowance, severance payments, different forms of bonuses, awards, traveling expenses, special accounts, different subsidies, housing, transports, other in-kind benefits and remunerations received by the General Manager and the Vice Presidents in the most recent year. If housing, transport, or other means of transportation, or exclusive spending has been provided, disclose the nature and cost of the asset, the actual rent or rent calculated on the basis of fair market value, fuel expenses, and other payments. If a chauffeur is assigned, specify the payment of the Company to the chauffeur in note but not included as a part of the remuneration. Salary expense recognized under IFRS 2- "Share-Based Payment", shall include the acquisition of ESO, restricted stocks, and subscription of new shares offered for raising capital, which shall be counted as remuneration.

Note 4: The Director who also acted as an employee in the most recent year (including in the position of General Manager, Vice President, manager, and employee) and acquired remuneration to employees (including stock and cash), disclose the amount of remuneration to the employee passed by the Board for payment in the most recent year. If estimation is not possible, calculate the amount planned for payment in the current year in proportion to the actual amount of payment in last year, and fill in Table I-3 attached.

Note 5: Disclose the total amount of remuneration paid to the Directors of the Company by all companies included in the consolidated financial statements (including the Company).

Note 6: Disclose the names of the General Manager and the Vice Presidents in the relevant bracket showing the remunerations to each of the General Manager and Vice President.

Note 7: Disclose the names of the General Manager and Vice Presidents in relevant brackets showing the total amount of remuneration to the General Manager and Vice Presidents of the Company from all companies included in the consolidated financial statements (including the Company).

Note 8: Net income refers to the net income stated in the separate financial statements of the year.

Note 9: a. Specify the amount of remuneration to the General Manager and Vice Presidents of the Company from direct investments other than the subsidiaries or related remunerations from the parent company (Put "no" is not applicable).

b. If the General Manager and the Vice Presidents of the Company have remuneration from the direct investments other than the subsidiaries or the parent company, combine the remuneration of the General Manager and the Vice Presidents from the direct investments other than the subsidiaries or the parent company with the amount in relevant brackets as presented in field E, and change the name of the field into "Parent Company and all Direct Investments".

c. Remunerations are the rewards and salaries (including the payments paid to the Employees, Directors, and Supervisors) and business subsidies or parent company to the General Manager and Vice Presidents of the Company in the capacities of Directors, Supervisors, or managers in the direct investments of the Company other than the subsidiaries.

* The content of remuneration disclosed in this table is different from the Income Tax Act in meaning. The purpose of this table is for disclosure only and not for taxation purpose.

(IV) Names of managers remunerated as employees and the state of payment:

Unit:NT\$ thousand; March 26, 2022

	Occupational Title (Note 1)	Name (Note 1)	Amount of Stock	Amount of cash	Total	In proportion to net income (%)
Manager	Chief Executive Officer	Chung Long-Chang	0	39,942	39,942	1.3506%
	General Manager	Hung Chia-Sheng				
	Engineering General Manager	LIAO,WEN-SHAN				
	Chief Financial Officer	LIU, JO-MEI				
	Vice President	LIN, CHENG-LI				
	Vice President	Ho, Ping-Hsing				
	Assistant Vice President	Yao, Hsiu-Chin				
	Assistant Vice President	WU, SHIH-WEI				
	Assistant Vice President	Yang, Chih-Wei				
	Assistant Vice President	LIN, SHIH-SHENG				
	Assistant Vice President	Yang, Chi-jen				

Note 1: Disclose individual names and occupational titles. The distribution of benefits can be presented in aggregate.

Note 2: Disclose the amount of remuneration to the employee passed by the Board for payment in the most recent year to the managers (including stock and cash). If estimation is not possible, calculate the amount planned for payment in the current year in proportion to the actual amount of payment in the last year. Net income refers to the earnings of the Company after taxation in the most recent year. If IFRS is adopted, net income refers to the earnings after taxation presented in the separate financial statements covering the most recent year.

Note 3: Scope of application for manager as per FSC Letter Tai-Cai-Zheng- (III)-Zi 0920001301 dated March 27, 2003 is specified below: (1) General manager and equivalent level; (2) assistant general managers and equivalent level; (3) deputy assistant general managers and equivalent level; (4) head of finance department; (5) head of accounting department; (6) other persons involved in administrative affairs and authorized to affix signatures in the name of the Company

Note 4: If the Directors, General manager and Vice Presidents are also remunerated as employees (including stocks and cash), fill in Table 1-2 and also this table.

(V) Compare and describe the amount of remuneration from the Company and all companies included in the consolidated financial statements to the Directors, Supervisors, General Manager, and Vice Presidents in proportion to the net income of the separate financial statements in the last 2 years, with analysis of the remuneration policy, standard and combination, procedure for setting the remuneration, the association with operation performance, and risks in the future:

1. Analysis for total amount of remunerations over the last 2 years in proportion to the net income stated in separate financial statements:

(1) The Company: 4.52% and 4.30% in 2022 and 2021, respectively.

(2) All the companies included in the financial statements: 4.53% and 4.30% in 2022 and 2021, respectively

2. The remuneration policy, standard and combination, the procedure for setting the remuneration, and association with the operation performance, and risks in the future:

(1) Directors:

Travelling Expenses: Paid on the basis of the attendance at each session.

Remuneration: The Company shall appropriate no more than 2% of its earnings, if applicable, as remuneration to the Directors.

(2) General Manager, Vice Presidents:

Salaries: In compliance with the Regulations Governing Remuneration to the Managers passed by the Board.

Bonus: In compliance with the Regulations Governing Remuneration to the Managers passed by the Board.

(3) According to Article 29-1 of the Articles of Incorporation of the Company, if the Company has earnings of the year, it shall appropriate 3-5% as remuneration to the employees and no more than 2% as remuneration to the Directors. If the Company has carry forward loss, appropriate to cover the amount of loss and make other appropriations on the remainder.

(4) The salary payment to the Directors and the managers of the Company will commensurate with their level of participation in the operation and performance as a whole. The key items for the evaluation of the Directors are: their control of the objective and missions of the Company, the understanding of their functions, the level of participation in the operation, the cultivation of internal relation and communication, the professional standing of the Directors, state of continuing education, and internal control. The items for the evaluation of managerial officers are achievement of company goals and tasks, as well as their functions; the evaluation items are the professional knowledge and skills, result-orientation, problem-solving ability, communication and coordination ability, management ability, organizational coordination, and strategic thinking.

- (5) The policy of remuneration to the General Manager and Vice President was made with reference to the industry level of salary payment, the responsibility of and contribution to the Company. The procedure for setting the remuneration takes the overall operation performance, operation risk of the industry in the future, and development trends subject to review from time to time as dictated by the status of business operation and the changes in the regulatory environment for a proper balance of sustainable development and risk control of the Company.

IV. Corporate Governance in Action:

(I) The Performance of the Board:

1. The Board convened nine times (A) in the most recent year. The attendance of the Directors is specified below:

Occupational Title	Name (Note 1)	No. of meetings attended in person B	Attendances by Proxy	Actual Attendance (presence as observers) Rate (%) 【B/A】 (Note 2)	Remark
Chairman	Chung Long-Chang	9	0	100%	None
Director	KUO, CHIU-KUEN	9	0	100%	None
Director	HWANG, YIH-RAY	8	0	88.89%	None
Director	LIU, JO-MEI	9	0	100%	None
Director	Chen, Rung-Hua: Representative of Chung Shan Investment Co., Ltd.	8	1	88.89%	None
Director	Tu, Wei-Shan: Representative of New Land Investment Co., Ltd.	9	0	100%	None
Independent Director	WANG, TZE-CHUN	9	0	100%	None
Independent Director	LAN, WEN-HSIANG	9	0	100%	None
Independent Director	CHUANG, MENG-HAN	9	0	100%	None

Additional Information:

I. If any of the following occurs to the operation of the Board, specify the date, the session, the content of the motion, the opinions of the Independent Directors, and the response of the Company to the opinions of the Independent Directors:

(I) The particulars exhibited in Article 14-3 of the Securities and Exchange Act: for further information, refer to p.37 "Important resolutions of the Shareholders Meeting and the Board in the most recent year to the date this report was printed".

(II) Further to the aforementioned matters, any adverse opinion or qualified opinion of the Independent Directors against the resolutions of the Board: Nil.

II. The status of implementation of recusals of directors with respect to any motions with which they may have a conflict of interest: specify the director's name, the content of the motion, the cause for recusal, and whether and how the director voted:

Board of Directors	Names of Directors	Content of the Motion	Cause for recusal	How the director voted
November 2, 2022 20th meeting, 11th term	LIU, JO-MEI	Motion no. 3: The sale of premises and car park of "DA'AN TOWER" to related parties.	The director at the left-hand-side involved the motion	Not participated the discussion and voting

III. For a TWSE or TPEx listed company, disclose information including the evaluation cycle and period(s) of the board of directors' self-evaluations (or peer evaluations) and the evaluation method and content. Additionally, complete Table 2(2) Implementation of Evaluations of the Board of Directors: please refer to the "Implementation of Evaluations of the Board of Directors" on Page 23.

IV. The objective of the Board in fortifying its function in the recent and present year (such as the establishment of the Auditing Committee, and enhancement of transparency) and assessment of the attainment: All sessions of the Board have been recorded by voice recording. In addition, the resolutions of the Board have been properly executed in accordance with applicable laws.

Note 1: For a director or supervisor that is a juristic person (corporate entity), disclose the name of the corporate shareholder and the name of its representative.

Note 2:

- (1) If any director or supervisor left office before the end of the fiscal year, specify the date that they left office in the Remarks column. Their in-person attendance rate (%) should be calculated based on the number of board meetings held and the number they attended in person during the period they were in office.
- (2) If any by-election for directors or supervisors was held before the end of the fiscal year, the names of the new and old directors and supervisors should be filled in the table, with a note stating whether the director or supervisor left office, was newly serving, or was serving consecutive terms, and the date of the by-election. The in-person attendance rate (%) should be calculated based on the number of board meetings held and the number attended in person during the period of each such person's actual time in office. The actual attendance (presence as observers) rate (%) shall be calculated on the basis of the number of attendances (in observation) and the total number of sessions of the Board within the term of office of the Director and Supervisor.

2. Implementation of Evaluations of the Board of Directors

Evaluation cycle (Note 1)	Evaluation period (Note 2)	Scope of evaluation (Note 3)	Method of evaluation (Note 4)	Evaluation content (Note 5)
Evaluation conducted once annually and completed in the 1st quarter of the year.	January 1, 2022 to January 31, 2022	Board of Directors	Internal self-evaluation of the Board	I. Participation in the operation of the company; II. Improvement of the quality of the board of directors' decision making; III. Composition and structure of the board of directors; IV. Election and continuing education of the directors; and V. Internal control.
Evaluation conducted once annually and completed in the 1st quarter of the year.	January 1, 2022 to January 31, 2022	Individual members of the Board	Self-evaluation of the board members	I. Alignment of the goals and missions of the company; II. Awareness of the duties of a director; III. Participation in the operation of the company; IV. Management of internal relationship and communication; V. The director's professionalism and continuing education; and VI. Internal control.
Evaluation conducted once annually and completed in the 1st quarter of the year.	January 1, 2022 to January 31, 2022	Functional Committees	Self-evaluation of the functional committee members	I. Participation in the operation of the company; II. Awareness of the duties of the functional committee; III. Improvement of quality of decisions made by the functional committee; IV. Makeup of the functional committee and election of its members; and V. Internal control.

Note 1: Put down the frequency of evaluation of the Board, such as: once annually.

Note 2: Put down the period under evaluation of the Board, such as the evaluation of performance from 2019/01/01 to 2019/12/31.

Note 3: The scope of evaluation includes the performance of the Board as a whole, individual Directors and the functional committees.

Note 4: The method of performance evaluation shall include self-evaluation of the Board, self-evaluation of the Directors, peer evaluation, evaluation by a commissioned external professional institution, experts, or other appropriate means.

Note 5: The content of evaluation shall cover at least the following within the scope of evaluation:

- (1) Evaluation of the performance of the Board: cover at least the level of participation in the operation of the Company, the quality of decision-making of the Board, the organizational structure of the Board, the appointment of Director and continuing education, and internal control.
- (2) Evaluation of the performance of individual Directors: cover at least the control of the objective and mission of the Company, the understanding of their functions, level of participation in the operation of the Company, cultivation of internal relation and communication, the professional standing and continuing education of the Directors, and internal control.
- (3) Evaluation of the performance of the functional committees: level of participation in the operation of the Company, the understanding of the duties of the functional committee, the quality of decision-making of the functional committees, the organizational structure of the functional committees and the appointment of the members, and internal control.

(II) The function of the Auditing Committee: the Auditing Committee convened for nine times (A) in the most recent year. The attendance of Independent Directors is shown below:

Occupational Title	Name	No. of meetings attended in person (B)	Attendances by Proxy	In-person attendance rate (%) (B/A) (Note 1 and 2)	Remark
Independent Director	WANG, TZE-CHUN	9	0	100%	None
Independent Director	LAN, WEN-HSIANG	9	0	100%	None
Independent Director	CHUANG, MENG-HAN	9	0	100%	None

Major authorities: the Auditing Committee is established to assist the Board to supervise the Company in performing the duties of accounting, audit, financial reporting process and financial control for assurance of quality and reliability.

The Auditing Committee convened for nine times in 2022, the motions under review are:

1. Establishment or amendment to the internal control system pursuant to article 14-1.
2. Institution or amendment to the procedures for Acquisition or Disposal of Assets, Derivative Trade, Loaning of Fund, Guarantee and Endorsement, and other acts of major financial undertaking pursuant to Article 36-1.
3. The appointment, dismissal or remuneration of the certified public accountants retained as external auditors.
4. The annual financial reports signed or sealed by the Chairman, managerial officers, and the accounting officer.
5. Other materiality of the Company or the competent authority.

Additional Information:

I. If any of the following circumstances exists, specify the audit committee meeting date, meeting session number, content of the motion(s), the content of any dissenting or qualified opinion or significant recommendation of the independent directors, the outcomes of audit committee resolutions, and the measures taken by the Company based on the opinions of the audit committee:

(I) Any matter under Article 14-5 of the Securities and Exchange Act: all motions resolved to approve by the independent directors are submitted to the Board of Directors for discussions. Please refer to the "Major Resolutions of the Shareholders Meeting and the Board in the most recent year to the date the annual report was printed" on Page 37.

(II) Further to the aforementioned matters, motions rejected by the Auditing Committee but passed by the Board at the consent of more than 2/3 of the Directors: Nil.

II. The recusal of the Independent Directors from motions involving the interest of the Independent Directors, the names of the Independent Directors concerned, the content of the motions, the reason for recusal for the avoidance of conflict of interest, and the participation in voting: No motion in the Board meeting in the most recent year that required the recusal of the Independent Directors to avoid the conflict of interest.

III. The communication between the Independent Directors and the Chief Internal Auditor and the CPAs: The Chief Internal Auditor and the CPAs were present as observers at the meeting of the Auditing Committee on discussion of related motions. No motion was rejected by the Independent Directors.

Note 1: If any independent director left office before the end of the fiscal year, specify the date that they left office in the Remarks column. Their in-person attendance rate (%) should be calculated based on the number of audit committee meetings held and the number they attended in person during the period they were in office.

Note 2: If there was an election of Independent Directors held before the end of the fiscal year, list the names of the newly elected and the former Independent Directors, and specify if the Independent Directors remaining in office for the term, newly elected to office, or reelected to office, and the date of the election. The actual attendance rate (%) shall be calculated on the basis of the number of attendances and the total number of sessions of the Auditing Committee within the term of office of the Independent Director.

(III) Operation of the Board of Directors participated by the supervisors: not applicable.

(IV) The pursuit of corporate governance and the variation with the Corporate Governance Best Practice Principles for TWSE/TPEX-listed Companies, and the reason:

Items for Evaluation	The Pursuit (Note)			Variation from the Corporate Governance Best Practice Principles for TWSE/TPEX-listed Companies and the reason.
	Yes	No	Summary Description	
I. Has the Company instituted its own corporate governance best practice principles in accordance with the Corporate Governance Best Practice Principles for TWSE/TPEX-listed Companies and made disclosure?	V		The Company has instituted its corporate governance best practice principles in accordance with the “Corporate Governance Best Practice Principles for TWSE/TPEX-listed Companies” and has disclosed the detail on the Company’ website and the MOPS.	None.
II. The Equity Structure and Shareholders Equity of the Company				
(I) Has the Company established its internal operation procedure for responding to the suggestions, queries, disputes, and legal actions of the shareholders in accordance with the procedure?	V		(I) The Company has instituted the “Procedure for Shareholders Meeting” and has appointed designated personnel (the spokesperson and share registration and investors service function) to handle the suggestions, queries, disputes, and legal actions of the shareholders.	None.
(II) Has the Company kept the list of the dominant shareholders that exercise de facto control of the Company and the parties that exercise ultimate control of these dominant shareholders under control?	V		(II) The Company controlled the list of dominant shareholders from the shareholders registry provided by the share registration and investors service agent.	
(III) Has the Company established and exercised risk control and firewall mechanisms with its affiliates?	V		(III) The Company and its subsidiaries have instituted the “Regulations Governing the Supervision of Subsidiaries” and “Regulations Governing Related Party Transactions” pursuant to laws and regulations.	
(IV) Has the Company instituted internal rules and regulations prohibiting insiders from using undisclosed information in the market for the trading of securities?	V		(IV) The Company has established the “Managerial Operations to Prevent Insider Trading.”	
III. The Organization and Function of the Board				
(I) Have a diversity policy and specific management objectives been adopted for the board and have they been fully implemented?	V		(I) The Company has the director diversity policy in the Corporate Governance Best Practice Principles; the diversity please refer to “The Information on Directors and Supervisors 2” on Page 11.	(I) None.
(II) Has the Company voluntarily established other functional committees further to the establishment of a remuneration committee and auditing committee?	V		(II) The Company has not established any other functional committees yet except the establishment of the Remuneration Committee and the Auditing Committee as required by law.	(II) The Company will take related measures in compliance with applicable laws in the future.
(III) Has the Company established the rules and regulations and the methods for the evaluation of Board performance, and has it conducted performance evaluation at regular intervals of each year? Present also the evaluation result to the Board as reference for the remuneration to individual Directors and consideration of nomination for a second term of office.	V		(III) For the proper pursuit of corporate governance, the upgrade of the functions of the Board, setup of performance objectives for strengthening the operation efficiency of the Board, the Company has instituted the “Regulations Governing the Evaluation of Board Performance,” and required the Board to report on the evaluation results in a board meeting every year. The result of the overall evaluation of the Board in performance will be adopted for determining the remunerations and nomination for re-election of individual directors.	(III) None.
(IV) Has the Company assessed the independence status of the CPAs at regular intervals?	V		(IV) The Company has presented the report on the assessment of the independence of the CPAs to the Board at regular intervals every year for reviewing the independence of the CPAs, and requested the CPAs to issue the “Declaration of the Role, Responsibility and Independence of the Certified Public Accountants”. As confirmed, there is no other financial interest and business relation between the Company between the Company and the CPAs retained as external auditors beyond the payment for financial audit and taxation audit with certification. The appointment of CPAs and the discussion on the payment for the service will be made on such criteria. For further information, refer to “Evaluation of CPAs’ Independence” on Page28	(IV) None.

Items for Evaluation	The Pursuit (Note)			Variation from the Corporate Governance Best Practice Principles for TWSE/TPEx-listed Companies and the reason.
	Yes	No	Summary Description	
IV. Has the Company listed at TWSE or TPEx appoint appropriate number of competent corporate governance personnel and the Chief Corporate Compliance Officer charged with the duties of corporate governance (including but not limiting to providing the materials to the Directors and Supervisors required for performing their duties, assistance to the Directors and Supervisors in matters of compliance, organization of Board Meeting and Shareholders Meeting and related matters as required by law, compiling minutes of Board Meeting and Shareholders Meeting)?	V		The Board resolved on 2020/11/04 to appoint Yao, Hsiu-Chin, the Assistant Vice President of Administrative Department, to act as the Corporate Governance Officer. Miss Yao has more than 3 years of experience in handling share transfer and investor service at publicly-traded companies, which is well qualified for the position as the head of corporate governance. The major duties include: 1. Handling matters relating to board meetings and shareholders meetings according to laws 2. Producing minutes of board meetings and shareholders meetings. 3. Assisting in onboarding and continuous development of directors. 4. Furnishing information required for business execution by directors and supervisors. 5. Assisting directors and supervisors with legal compliance. 6. Other matters set out in the laws and regulations, articles of incorporation or contracts. The key tasks in 2022 are shown below: 1. Assistance to the Board and the convention of the Board in the aspect of compliance with law. 2. Assistance to the Board and Shareholder's Meeting in the review and reply to the announcement of important information, make proper announcement of important information under law, and assuring the accessibility of the investors to such information. 3. Assistance to the Directors in the performance of their assigned duties, the supply of materials for performing their duties, and arrangement for continuing education. 4. Assistance to the Directors in reminder of the rules and regulations governing their rights and obligations. 5. Assistance in the handling of "liability insurance for the protection of Directors and key personnel of the Company", and reported to the Board. Please refer to "The Continuing Education of the Corporate Governance Officer" on Page 28 for the continuing education.	None.
V. Has the Company established channels for the communications with the stakeholders (including but not limited to the shareholders, employees, customers, and suppliers), and the section for the shareholders on the official website of the Company to respond to all concerns of the stakeholders on corporate social responsibility?	V		1. The Company has established the system of spokesperson and acting spokesperson for communication with the investors. 2. The Company has set up a section for the stakeholders on its official website. Stakeholders are customers, suppliers, investors, and employees. Channels have been established for each category of stakeholders for replying to their concerns.	None.
VI. Has the Company appointed a professional share registration and investors service agent for handling matters pertaining to the Shareholders Meeting?	V		The Company has appointed a professional share registration and investors service agent- Shareholder Service Department of Taishin Securities Co.,Ltd. to handle share registration and related investor services.	None.
VII. Disclosure of Information				
(I) Has the Company installed a website for the disclosure of information on financial position and operation, as well as corporate governance?	V		(I) The Company has set special sections on "corporate governance", "investor relation", and "corporate social responsibility" at its official website for the routine disclosure of information on financial and business performance, and corporate governance.	(I) None.
(II) Has the Company adopted other means for disclosure (such as the installation of a website in the English language, appointment of designated persons for the collection and disclosure of information on the Company, the implementation of a spokesman system, and videotaping institutional investor conferences)?	V		(II) The Company has set up the official website in traditional Chinese, English and simplified Chinese, and appoints special personnel to be responsible for the collection and disclosure of the company information. The Company has implemented the spokesman system, for the timely disclosure of information that will affect the decisions of the shareholders and stakeholders, as required by laws and regulations.	(II) None.

Items for Evaluation	The Pursuit (Note)			Variation from the Corporate Governance Best Practice Principles for TWSE/TPEx-listed Companies and the reason.
	Yes	No	Summary Description	
(III) Has the Company announced and declared the annual financial report within 2 months after the end of the fiscal year, and has announced and declared the quarterly reports of Q1, Q2, and Q3 and the operation highlights of each month prior to the deadline as required?		V	(III) The Company has not yet accomplished.	(III) The Company will pursue in compliance with applicable laws in the future.
VIII. Is there any other essential information that would help us to understand the pursuit of corporate governance (including but not limited to employee rights, employee care, investor relations, supplier relations, stakeholder rights, the continuing education of the Directors and Supervisors, the pursuit of a risk management policy and standard of risk assessment, the pursuit of a customer policy, and professional liability insurance coverage for the Directors and Supervisors)?	V		1. Further to the labor rights under law, the Company has also taken group insurance for the protection of the employees, and established a welfare committee to arrange benefits and related activities for the employees. The Company has also explicitly stated the ratio of employee remuneration in the Articles of Incorporation, and has organized internal and external trainings for the employees and group activities for benevolent exchanges. Aiming to the long-term retention and cultivation of outstanding talents, to motivate employees to work in the Company for a long time in the future and to exert their technical expertise, while ensuring the stability of their lives after retirement or resignation, as well as the promotion of sustainable development, the Employee Shareholding Committee was established in November 2022 to implement the trust of employees' shareholding program. 2. The Company has the dedicated personnel to maintain the relationship with investors, and participates in the investor conferences held by the securities companies from time to time. 3. The Company and its subsidiaries have duly observed applicable legal rules promulgated by the government for the protection of stakeholder rights, and have set up a special section of stakeholder relations with the appointment of designated persons to reply to the e-mails from stakeholders for the proper management of stakeholder relations. 4. The Directors and Supervisors of the Company have complied with the "Directions for the Implementation of Continuing Education for Directors and Supervisors of TWSE Listed and TPEx Listed Companies". For information on their annual continuing education, refer to the "Continuing Education of the Directors" on p.29. 5. For information on the pursuit of the risk management policy and risk assessment standard of the Company and subsidiaries, refer to "Risks" on p.166. 6. The Company has established the Sales and Marketing Department, and the Customer Service Department for the services of the customers, before, during, and after the purchase of housing. 7. The Company has taken professional liability insurance for the protection of the Directors and Supervisors.	None.
IX. The state of corrective action taken in response to the corporate governance evaluation result announced by the Corporate Governance Center of Taiwan Stock Exchange Corporation, and the issues requiring special effort for improvement and related measures. (Not required for companies not on the list of evaluation.) Conformity to the new indicators and improvements made: 1. Fortification of the structure and operation of the Board: (1) By the end of 2022, the number of independent directors of the Company reached more than 1/3 (inclusive) of the elected directors of the same term. (2) Regularly conduct internal performance evaluations for functional committees (at least including the Audit and Remuneration Committees) every year, and disclose the implementation and evaluation results on the Company's website or annual reports. 2. Enhancement of information transparency. (1) Upload the English version of the annual financial report 16 days prior to the regular shareholders' meetings. The Company will make improvement incrementally for the pursuit of the areas not being improved for this time.				

Note: Give the summary description in the field provided irrespective of choosing either "Yes" or "No" in the answer.

Table 1: Items for evaluation of the independence of CPAs

The Audit Committee of the Company evaluates the independence of CPAs by the following criteria every year, and reports the evaluation results to the Board of Directors:

- (1) CPAs' statement of independence
- (2) Audit or non-audit services provided by CPAs must be reviewed by the Audit Committee in advance to ensure that non-audit services will not affect the results of the audit
- (3) Audit quality indicators (AQI) are summarized by the CPAs and reported in meetings of the Audit Committee. The evaluation results of the most recent year have been discussed and approved by the Audit Committee on February 22, 2023, and submitted to the Board of Directors on February 22, 2023, which resolved to approve the independence and competence assessment of the CPAs.
- (4) The evaluation items are as below

Items for Evaluation	Assessment result	In conformity to independence
1. Is there direct or significant indirect relation between the CPAs and the Company in financial interest	No	Yes
2. Is there any undertaking of financing or guarantee between the CPAs and the Company or the Directors of the Company	No	Yes
3. Is there any close business relation or employment relation between the Company and the CPAs	No	Yes
4. Have the CPAs or members of the audit team assumed positions as Directors, Managers, or duties that have significant influence on audit work of the Company for the time being or over the last 2 years	No	Yes
5. Have the CPAs provided non-audit services to the Company that may directly affect the audit works	No	Yes
6. Have the CPAs held or acted as intermediary for the shares or other securities issued by the Company.	No	Yes
7. Have the CPAs acted as the defense counsel or acted on behalf and in the name of the Company in coordination with a third party in the settlement of disputes between the Company and the third party.	No	Yes
8. Are the CPAs relatives to the Directors, Managers, or personnel that have significant influence on the audits of the Company.	No	Yes
9. Whether the CPAs were punished	No	Yes
10. Have the CPAs provided audit service for the Company for 7 consecutive years	No	Yes

Table 2: Continuing Education of the Corporate Governance Officer

Occupational Title	Name	Total hours	Date	Hours	Unit	Name
Corporate Governance Officer	Yao, Hsiu-Chin	18	February 17, 2022	3	Taiwan Academy of Banking and Finance	Strategic Thought and Practice in Information Security
			March 10, 2022	1	QIC, Georgeson and TWSE	International Perspectives on the Independent Directors and Board Supervision
			March 15, 2022	3	Taiwan Corporate Governance Association	Legal Liability for Corporate Fraud and What the Courts Should Know About Criminal Cases
			April 22, 2022	3	Taishin Bank, TAISE, Commonwealth Magazine	Taishin 30 Sustainability and Net-Zero Summit Forum
			May 4, 2022	2	Taiwan Stock Exchange, Alliance Advisors, and Taiwan Corporate Governance Association.	International Twin-Peak Online Forum
			July 13, 2022	3	TAISE	Countermeasures for net-zero emission and enterprise ESG execution power of the construction industry
			October 5, 2022	3	Taiwan Corporate Governance Association	Opportunities and challenges of the construction industry for 2030/2050

Table 4: Continuing Education of the Directors

Occupational Title	Name	Total hours	Date	Hours	Unit	Name
Director	Chung Long-Chang	6	July 13, 2022	3	TAISE	Countermeasures for net-zero emission and enterprise ESG execution power of the construction industry
			October 5, 2022	3	Taiwan Corporate Governance Association	Opportunities and challenges of the construction industry for 2030/2050
	LIU, JO-MEI	8	July 13, 2022	3	TAISE	Countermeasures for net-zero emission and enterprise ESG execution power of the construction industry
			October 5, 2022	3	Taiwan Corporate Governance Association	Opportunities and challenges of the construction industry for 2030/2050
			November 9, 2022	2	Taiwan Corporate Governance Association	Morality, ethics, and prevention of insider trading
	KUO, CHIU-KUEN	6	July 13, 2022	3	TAISE	Countermeasures for net-zero emission and enterprise ESG execution power of the construction industry
			October 5, 2022	3	Taiwan Corporate Governance Association	Opportunities and challenges of the construction industry for 2030/2050
	CHEN, RUNG-HUA	6	July 13, 2022	3	TAISE	Countermeasures for net-zero emission and enterprise ESG execution power of the construction industry
			October 5, 2022	3	Taiwan Corporate Governance Association	Opportunities and challenges of the construction industry for 2030/2050
	TWU, WEI-SHAN	6	April 22, 2022	3	Taishin Bank, TAISE, Commonwealth Magazine	Taishin 20 Sustainability and Net-Zero Summit Forum
			July 13, 2022	3	TAISE	Countermeasures for net-zero emission and enterprise ESG execution power of the construction industry
	HWANG, YI-H-RAY	6	September 28, 2022	6	The National Federation of CPA Associations of the ROC	Analysis of the Standards on Auditing Bulletin No. 75 - Identifying and Assessing the Risks of Material Misstatement
Independent Director	WANG, TZE-CHUN	18	May 6, 2022	3	Securities and Futures Institute	Advanced practice seminar for directors (independent directors included), supervisors, and corporate governance officers - awareness of global risks - opportunities and challenges in the next decade
			May 11, 2022	3	Securities and Futures Institute	Advanced practice seminar for directors (independent directors included), supervisors, and corporate governance officers - construct the high-performance organization by adopting OKR
			May 20, 2022	3	Securities and Futures Institute	Advanced practice seminar for directors (independent directors included), supervisors, and corporate governance officers -
			July 13, 2022	3	TAISE	Countermeasures for net-zero emission and enterprise ESG execution power of the construction industry
			October 5, 2022	3	Taiwan Corporate Governance Association	Opportunities and challenges of the construction industry for 2030/2050
			October 14, 2022	3	Securities and Futures Institute	Advanced practice seminar for directors (independent directors included), supervisors, and corporate governance officers - [facts that establish the offenses of breach of trust and special breach of trust by directors and supervisors]
	LAN, WEN-HSIANG	6	July 13, 2022	3	TAISE	Countermeasures for net-zero emission and enterprise ESG execution power of the construction industry
			October 5, 2022	3	Taiwan Corporate Governance Association	Opportunities and challenges of the construction industry for 2030/2050
	CHUANG, MENG-HAN	6	September 23, 2022	3	Taiwan Corporate Governance Association	How to prepare the ESG sustainability report - taking the construction industry as the example
			October 5, 2022	3	Taiwan Corporate Governance Association	Opportunities and challenges of the construction industry for 2030/2050

(V) If the Company has established the Remuneration Committee or Nomination Committee, disclose the members and operation:

1. Profiles of the Members of the Remuneration Committee:

March 26, 2023

Identity (Note 1)	Name	Condition	Professional qualifications and experience (Note 2)	Independence analysis (Note 3)	The number of public companies where the person also holds positions in their remuneration committees.
Convener (Independent Director)	WANG, TZE-CHUN	Refer to the "Information on the Directors and Supervisors 2" on Page 11			0
Member (independent director)	LAN, WEN-HSIANG				0
Member (independent director)	CHUANG, MENG-HAN				1

Note 1: Please specifically fill in the number of years of relevant work experience, and the professional qualifications and experience, and the status of independence, of each remuneration committee member. If the member is an independent director, you may add a note directing readers to refer to the relevant information in Table 1 Information on Directors and Supervisors (1) on p. ____.

For "Capacity," please specify whether the member is an independent director or other (if the member is the convener, please note that fact).

Note 2: Professional qualifications and experience: Describe the professional qualifications and experience of each member of the remuneration committee.

Note 3: Independence analysis: Describe the status of independence of each remuneration committee member, including but not limited to the following: whether the member or their spouse or relative within the second degree of kinship serves or has served as a director, supervisor, or employee of the Company or any of its affiliates; the number and ratio of shares of the Company held by the member, their spouse, and their relatives with the second degree (or through their nominees); whether the member has served as a director, supervisor or employee of a "specified company" (see Article 6, paragraph 1, subparagraphs 5 to 8 of the Regulations Governing the Appointment and Exercise of Powers by the Remuneration Committee of a Company Whose Stock is Listed on the Taiwan Stock Exchange or the Taipei Exchange); the amount(s) of any pay received by the remuneration committee member for any services such as business, legal, financial, or accounting services provided to the Company or any affiliate thereof within the past 2 years.

Note 4: Regarding the method for disclosure, please refer to the "SAMPLE ANNUAL REPORT" page on the website of the Taiwan Stock Exchange Corporate Governance Center.

2. Information on the Operation of the Remuneration Committee:

(1) The Remuneration Committee of the Company consists of three members.

(2) The term of the current members is from August 5, 2020 to May 25, 2023. The number of remuneration committee meetings held in the most recent fiscal year was: six (A). The attendance by the members was as follows:

Occupational Title	Name	No. of meetings attended in person (B)	Attendances by Proxy	Actual Attendance Rate (%) (B/A) (Note)	Remark
Convener	WANG, TZE-CHUN	6	0	100%	
Committee Member	LAN, WEN-HSIANG	6	0	100%	
Committee Member	CHUANG, MENG-HAN	6	0	100%	

Primary function of the Remuneration Committee: assist the Board in the assessment and implementation of the remuneration system and welfare policy of the Company, and the remuneration to the Directors and Managers.

The primary duties are:

- I. Establish and conduct periodic reviews on the compensation policies for directors and managers of the Company.
- II. Conduct periodic reviews on the policies, systems, standards and structures of directors' and managers' performance assessment and remuneration.

Additional Information:

- I. If the Board declines to accept or revised the recommendations of the Remuneration Committee, specify the meeting date, the session, the content of the motion, the resolutions of the Board, and the response of the Company to the opinions of the Remuneration Committee: The Board has not rejected or revised the recommendations of the Remuneration Committee in the most recent year.
- II. If a specific member of the Remuneration Committee has adverse or qualified opinions on the resolutions of the Remuneration Committee on record or in written declaration, specify the meeting date, the session, the content of the motion, the opinions of all members, and the response to the opinions of the members.

Date	Content of the Motion	The opinions of all members and the response of the Company to these opinions.
January 19, 2022 The 6th session of the 4th term	Undistributed employee compensation and performance bonuses to the Company's managers.	The motion has been passed by all members as stated in common consent.
March 9, 2022 The 7th session of the 4th term	The proposed compensation to employees and directors for 2021.	The motion has been passed by all members as stated in common consent.
April 13, 2022 The 8th session of the 4th term	The distribution of directors' remuneration and the employee compensation to managers for 2021.	The motion has been passed by all members as stated in common consent.
June 22, 2022 9th meeting, 4th term	Adjustment of salaries of the managerial officers.	The motion has been passed by all members as stated in common consent.
November 2, 2022 10th meeting, 4th term	Trust of employees' (managerial officers included) shareholding.	1. After revised based on the opinions of all members The motion has been passed as stated without dissent. 2. The Company completed the revision based on the opinions of members
December 23, 2022 11th meeting, 4th term	Undistributed employee compensation and performance bonuses to the Company's managers.	The motion has been passed by all members as stated in common consent.

Note:

- (1) If a specific member of the Remuneration Committee resigns before the end of the fiscal year, specify the date of departure in the field. The actual attendance rate (%) shall be calculated on the basis of the number of attendances and the total number of sessions of the committee within the term of office of the member.
- (2) If an election of the Remuneration Committee was held before the end of the fiscal year, list the names of the newly elected and the former members and specify if the members are remaining in office for the term, newly elected to office, or reelected to office, and the date of the election. The actual attendance rate shall be based on the number of meetings held by the Remuneration Committee in the duration of employment and the number of presence to the meetings.

(VI) Promotion of Sustainable Development – Implementation Status and Deviations from the Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies and the Reasons

Item	Implementation status (Note 1)			Deviations from the Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies and the Reasons															
	Yes	No	Summary Description																
I. Has the Company established a governance framework for promoting sustainable development, and established an exclusively (or concurrently) dedicated unit to be in charge of promoting sustainable development? Has the Board of Directors authorized senior management to handle related matters under the supervision of the board?	V		1. The Company's "Corporate Social Responsibility Best Practice Principles" were implemented upon the approval resolved the Board of Directors on November 1, 2017, which formulate a clear corporate social responsibility policy. On January 19, 2022, upon the approval resolved by the Board of Directors, it is renamed as the "Sustainable Development Best Practice Principles." 2. The Company has established a cross-departmental sustainability task force to be responsible for the proposal and implementation of sustainable development policies, systems or related management guidelines and specific promotion plans, while regularly reporting to the Board of Directors to review the implementation results and prepare sustainability reports and related affairs, to ensure that the sustainable development strategies are fully implemented in the Company's daily operations.	None.															
II. Does the company conduct risk assessments of environmental, social and corporate governance (ESG) issues related to the company's operations in accordance with the materiality principle, and formulate relevant risk management policies or strategies? (Note 2)	V		1. On November 4, 2020, the Company passed the "Risk Management Policy" upon the resolution of the Board of Directors, and implement the risk management through the risk assessment and identification, confirmation, formulation of measures, and regular review. 2. The Company has been actively promoting and implementing the risk management since 2020. The President is responsible for coordinating the risk management and reports to the Board of Directors annually, the implementation status is described below: <table><tr><th>Date</th><th>Meeting</th><th>Main operations</th></tr><tr><td>November 4, 2020</td><td>Board of Directors</td><td>The "Risk Management Policy" was established</td></tr><tr><td>March 10, 2021</td><td>Board of Directors</td><td>Report on the "Risk Assessment and Countermeasures" formulated by each department</td></tr><tr><td>March 9, 2022</td><td>Board of Directors</td><td>Report on operation of 2021 risk management</td></tr><tr><td>December 23, 2022</td><td>Board of Directors</td><td>Report on operation of 2022 risk management</td></tr></table>	Date	Meeting	Main operations	November 4, 2020	Board of Directors	The "Risk Management Policy" was established	March 10, 2021	Board of Directors	Report on the "Risk Assessment and Countermeasures" formulated by each department	March 9, 2022	Board of Directors	Report on operation of 2021 risk management	December 23, 2022	Board of Directors	Report on operation of 2022 risk management	None.
Date	Meeting	Main operations																	
November 4, 2020	Board of Directors	The "Risk Management Policy" was established																	
March 10, 2021	Board of Directors	Report on the "Risk Assessment and Countermeasures" formulated by each department																	
March 9, 2022	Board of Directors	Report on operation of 2021 risk management																	
December 23, 2022	Board of Directors	Report on operation of 2022 risk management																	
III. Environmental Issues (I) Has the Company established an appropriate environmental management system by nature of its industry? (II) Does the Company endeavor to use energy more efficiently and to use renewable materials with low environmental impact? (III) Has the Company evaluated the potential risks and opportunities posed by climate change for its business now and in the future and adopted relevant measures to address them? (IV) Did the company collect data for the past two years on greenhouse gas emissions, volume of water consumption, and the total weight of waste, and establish policies for greenhouse gas reduction, reduction of water	V <																		

Item	Implementation status (Note 1)			Deviations from the Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies and the Reasons
	Yes	No	Summary Description	
consumption, or management of other wastes?			the appropriate protection of the natural environment. As such, the Company has made the policies of energy saving and carbon reduction and environmental management. The data on power consumption in the office and greenhouse gas emission have been disclosed at the official website.	
IV. Social Issues				
(I) Has the Company established related management policies and procedures in accordance with applicable laws and the international human rights conventions?	V		(I) The Company seeks to protect the basic human right of the employees to create an environment for human right protection to its entirety at workplace. The Company also supports and observes the "Universal Declaration of Human Rights", "The UN Global Impact", and the "ILO Declaration on Fundamental Principles and Rights at Work" of the ILO as well as domestic laws governing labor affairs to ward off any behavior that violate and defy human rights so that all employees of the Company can be treated fairly with respect. As such, the Company has established a human rights policy for such purpose. The Company has pursued the action plans in the proper protection of human rights through internal systems and regulations, education and training from time to time, establishment of the mechanisms for communication, and alerting the people for the concern of human right issues.	None.
(II) Has the Company established and pursued reasonable welfare policies for the employees (including remuneration, holidays, and other benefits), and reflected the performance or result of operation on the remunerations to the employees?	V		(II) For further information on the employee benefit policy of the Company, refer to p.56 "Labor-Management Relation". According to Article 29-1 of the Articles of Incorporation, the Company "shall appropriate 3-5% of its earnings, where applicable, as remunerations to the employees".	
(III) Has the Company provided safe and healthy work environment for the employees, and education on occupational safety and health for the employees at regular intervals?	V		(III) The Company and its subsidiaries are committed to building a healthy, safe and comfortable workplace in addition to complying with all labor laws and regulations. 1. The "Safety and Health Management" regulations have been established in the project construction cycle, and the safety and health and other related education and trainings are conducted from time to time. Seven employees of the Company have obtained the certificate of labor safety and health administrators, and 25 employees have obtained certificates of occupational safety and health officers in the construction industry. 2. Check the item in the safety and health log formulated within the Company one by one for the safety measure inspections before commencing the construction every day, including 13 inspections such as general conditions and fall prevention, safety equipment inspection in construction areas, and fire prevention; the site patrol and inspection meetings are conducted every week to for check and audit. Among them, the MTS construction site inspection system developed and used by the Company and information vendor is able to integrate the daily environmental reports, self-inspection sheets, and audit forms in real time on computers and mobile phones, for tracking, prevention and improvement, to effectively improve the control of the construction site, construction quality, and labor safety and health. 3. The Company also maintains medical kits, installs an automatic external defibrillator (AED), and implements education and trainings; the office building holds lectures on related topics and conducts drills from time to time to strengthen the awareness of fire-fighting and disaster prevention. The security access control system is set up, to ensure the protection of employee safety; air filters are installed. In 2022, office carpets were cleaned for four times, with the environmental sterilization for four times. During the COVID-19 period, several pandemic containment meetings were held to develop relevant measures, to create a safe and healthy working environment for employees. In addition to distributing household rapid screening reagents, the Company has installed equipment such as temperature measuring machines and alcohol sterilizers with automatic sensors.	

Item	Implementation status (Note 1)			Deviations from the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies and the Reasons
	Yes	No	Summary Description	
(IV) Has the Company established the plan for the training of effective career development and planning of the employees? (V) Does the company comply with the relevant laws and international standards with regards to customer health and safety, customer privacy, and marketing and labeling of products and services, and implement consumer protection and grievance policies? (VI) Has the Company established the supplier management policy to demand suppliers to observe applicable rules and regulations governing environmental protection, occupational safety and health, or labor right, and the state of implementation?	V		Relevant measures are adjusted on a rolling basis along with government agencies. The employees' physical exams are subsidized every year to properly manage employees' health, and fulfill their responsibility to provide a safe and healthy working environment. (IV) The Company and its subsidiaries have enforced the required hours of training for individual officers and related employees, and will send employees to receive external training if required by the works. In addition, the Company also encourages the employees to receive training on improvement of their capacity in career planning. (V) The Company and its subsidiaries have included the clause of consumer rights in related contracts and explained to the consumers their rights at the time of signing the contracts. Currently, the Company has set up a 0800 toll free customer service hotline for filing complaints, and has established related standard operation procedures to meet customer needs and related services. (VI) The Company and its subsidiaries and the suppliers conducting business transactions with the suppliers in conformity to the procedures for the control of suppliers, and evaluating the suppliers through the supplier evaluation mechanisms.	
V. Does the company refer to international reporting standards or guidelines when preparing its sustainability report and other reports disclosing non-financial information? Does the company obtain third party assurance or certification for the reports above? Is the aforementioned report subject to the validation or guarantee by a third party accreditor?	V		Pursuant to the "Rules Governing the Preparation and Filing of Sustainability Reports by TWSE Listed Companies," the sustainability report is prepared pursuant to the latest 2021 Global Reporting Initiatives (GRI) Standards, Task Force on Climate-Related Financial Disclosures (TCFD), and SASB Standards; it is planned to publish and report such by the end of June, 2023. In the future, the third-party assurance of the sustainability report will be implemented as required by laws.	None.
VI. If the Company has adopted its own sustainable development best practice principles based on the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies, please describe any deviation from the principles in the Company's operations:				
VII. Other important information to facilitate better understanding of the company's promotion of sustainable development: (1) Land resources are not renewable and construction is a master plan for a thousand years. All of us realize our social responsibility and provide home buyers safe, elegant, and comfortable living spaces. The Company spares no effort in building good quality living environments with the improvement of green zones, introduction of health and recreational facilities, good community management, and positive post-delivery customer service. (2) The Company realizes the influence of corporate activities and products on society and the environment while going for sustainable development and growth, and spares no effort in making urban aesthetics into practice through sustainability of resources, energy saving and carbon reduction. In addition, the Company has established the "Huaku Foundation" as the platform for feedback to society with its knowledge and resources in architecture and construction. This foundation was established as the ramification of the stable and firm paces spirit of Huaku in construction to express concern to every corner of Taiwan in need of warmth and passion.				

Note 1: If "Yes" is ticked in the "Implementation status" column, please concretely describe the major policies, strategies, and measures adopted and the status of their implementation. If "No" is ticked in the "Implementation status" column, please explain the deviations and the reasons in the "Deviations from the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies and the Reasons" column and explain the Company's plans for adoption of related policies, strategies, and measures in the future. However, for Items 1 and 2, the TWSE/TPEX listed company shall describe its governance and supervisory framework for sustainable development, including but not limited to management policy, strategy and goal formulation, review measures, etc. It additionally shall describe the company's risk management policies or strategies for operations-related environmental, social, and corporate governance issues, and their assessment status.

Note 2: Principle of materiality refers to issues pertinent to the environment, society, and corporate governance that caused significant influence on the investors and stakeholders of the Company.

Note 3: Regarding the method for disclosure, please refer to the "SAMPLE ANNUAL REPORT" page on the website of the Taiwan Stock Exchange Corporate Governance Center.

(VII) Companies meeting certain criteria shall disclose information related to climate: not applicable.

(VIII) Ethical Corporate Management – Implementation Status and Deviations from the Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies and the Reasons

Items for Evaluation	The Pursuit (Note)			Variation From the Ethical Corporate Management Best Practice Principles for TWSE/TPEX-listed Companies
	Yes	No	Summary Description	
I. Establishment of Ethical Corporate Management Policy and Action Plans (I) Has the Company specified its policy and method for the implementation of ethical corporate management in its internal rules and regulations and external documents, and have the Board and the management of the Company promised to pursue the policy of ethical corporate management? (II) Has the Company developed the mechanisms for the assessment of integrity risk with routine analysis and assessment on business activities exposed to higher integrity risk in the operation basing on which the Company planned for the prevention of unethical practices. The content shall cover at least the preventive measures contained in Paragraph 2 in Article 7 of the “Ethical Corporate Management Best Practice Principles for TWSE Listed and TPEX Listed Companies”? (III) Has the Company established plans for the prevention of unethical practices, and has it specified the operation procedures, code of conduct, and punishment for violation, and the system of complaints in the plans and properly implemented these plan with routine review and revision?	V		(I) The Company has instituted the “Ethical Corporate Management Best Practice Principles” passed by the Board with disclosure at the official website of the Company as the ethic code of conduct for the guidance of the members of the Board and employees of the Company. (II) The independent Auditing Office of the Company and the retained certified public accountants conducted audits on the business activities on a selective basis at regular intervals. In addition, the Company has established a mail box at its official website for reporting any misconduct for the prevention of unethical practices. (III) The Company has instituted the “Ethical Code of Conduct” as the guide for integrity for the members of the Board and employees to comply with. In addition, the Company has also instituted the “Evaluation, Punishment and Reward Guide”, and the “Regulations Governing Informing and Complaints” for the prevention of unethical practices. These regulations are properly enforced.	None.
II. Implementation of Ethical Corporate Management (I) Has the Company evaluated the record of the counterparties on business ethics, and explicitly stated business integrity as an integral part of the contracts when entering into agreements with counterparties of trade? (II) Has the Company established a designated body directly under the Board for administering ethical corporate management with routine report to the Board (at least once a year) on the pursuit of the ethical corporate management policy and the plans for the prevention of unethical practices, and the supervision of the implementation of these policies? (III) Has the Company made policies for the prevention of the conflict of interest, and provided the channels for expressions, and has it properly implemented this system? (IV) Has the Company established effective accounting system, internal control system, for the proper pursuit of ethical corporate management. Has the internal audit function designed relevant audit plan on the basis of the assessment result of integrity risk for the prevention of unethical practices and compliance of related rules and regulations, or commissioned certified public accountants to conduct audits on unethical practices?	V		(I) The Company and its subsidiaries have established proper procedures for the control of suppliers to avoid business engagement with suppliers with records of unethical practices. (II) The Company's "Chairman's Office" is a unit responsible for promoting ethical corporate management, which regularly reports the implementations to the Board of Directors every year. (III) The Company made its policies for the prevention of the conflict of interest in the “Ethical Corporate Management Best Practice Principles” and “Ethical Code of Conduct”: 1. Avoid possible conflicts of interest between the personal interests of the personnel and the overall interests of the Company. 2. If the personnel of the Company involved in financing, endorsement/guarantee, and major asset trade with the affiliates of the Company, proceed with applicable laws and the internal rules and regulations of the Company. The aforementioned measures were properly enforced in conjunction with the reporting systems and the channels for complaints. (IV) The Company has adopted the IFRS standard since 2013 for the proper pursuit of the internal control system. The Company has also established an Auditing Office to perform the audit function with the issuance of the Declaration of Internal Control System at regular intervals.	(I) None. (II) None. (III) None. (IV) None.

Items for Evaluation	The Pursuit (Note)			Variation From the Ethical Corporate Management Best Practice Principles for TWSE/TPEX-listed Companies
	Yes	No	Summary Description	
(V) Has the Company provided internal and external trainings on topics of ethical corporate management at regular intervals?	V		(V) The Company and its subsidiaries have organized internal training on related topics regularly, and encouraged employees to receive continuing education by providing related information from time to time.	(V) None.
III. The Function of the Reporting System of the Company (I) Has the Company established substantive systems for reporting and rewards for facilitating the reporting of unethical practices, and appointed designated persons for dealing with the persons being reported? (II) Has the Company established the standard operation procedures for the investigation of complaints as reported, follow-up actions after the investigation, and related mechanisms for confidentiality? (III) Has the Company established related measures for the protection of the informants from undue treatment?	V V V		(I) The Company and its subsidiaries have instituted the “Regulations Governing Reporting and Filing Complaints” and have appointed the Auditing Office to respond to the reports and complaints. (II) The Company and its subsidiaries have instituted the “Regulations Governing Reporting and Filing Complaints” with clear description of the procedures for the investigation of reports/complaints. In addition, the procedure of investigation of the reports/complaints will be carried out in strict confidence. (III) The Company and its subsidiaries have instituted the “Regulations Governing Reporting and Filing Complaints” with the establishment of the principle of confidentiality to protect the informants from undue treatment because of reporting or filing the complaints.	None.
IV. Intensification of Disclosure Has the Company disclosed its ethical corporate management best practice principles and the effect from the pursuit of these principles at its official website or at MOPS?	V		The Company has established the “Ethical Corporate Management Best Practice Principles” and disclosed the content at its official website and the MOPS.	None.
V. If the Company has instituted its own ethical corporate management best practice principles in accordance with the “Ethical Corporate Management Best Practice Principles for TWSE Listed or TPEX listed Companies”, specify the detail of pursuit and the variation from the best practice principles: The Company has established its ethical corporate management best practice principles and has educated the members of the Board and employees of the principles so that they could familiarize with their duties and the legal framework and related restrictions. They should avoid receiving unjustified personal benefits by the functions they perform, and prompt for access to legitimate benefits when conducting business activities of the Company. The implementation of the Ethical Corporate Management Best Practice Principles does not vary with the “Ethical Corporate Management Best Practice Principles for TWSE/TPEX-listed Companies”.				
VI. Other important information to facilitate a better understanding of the status of operation of the company’s ethical corporate management policies (e.g., the company’s reviewing and amending of its ethical corporate management best practice principles): 1. The transactions between the Company and related parties were disclosed on MOPS as required by law. 2. It is explicitly stated that suppliers and contractors shall duly observe the procedure for the control of suppliers. All suppliers are subject to routine evaluation.				

Note: Give the summary description in the field provided irrespective of choosing either “Yes” or “No” in the answer.

(IX) If the Company has instituted the ethical corporate management best practice principles and related rules and regulations, disclose the means for inquiry: Company official website_important corporate rules and regulations, as shown at the website: https://www.huaku.com.tw/governance_download?id=1

(X) Other important information to facilitate better understanding of the corporate governance of the Company better: None.

(XI) The Implementation of the Internal Control System

1. Statement of Internal Control

Huaku Development Co., Ltd.
Statement on Internal Control System

Date: February 22, 2023

Based on the findings of a self-assessment, the Company states the following with regard to its internal control system during the year 2022:

- I. The Company's board and management are responsible for establishing, implementing and maintaining a proper internal control system. Our internal control is a process designed to provide reasonable assurance over the effectiveness and efficiency of our operations (including profitability, performance and safeguarding of assets), reliability, timeliness, transparency of our financial reporting and compliance with applicable laws and regulations.
- II. An internal control system has inherent limitations. No matter how perfectly designed, an effective internal control system can provide only reasonable assurance of accomplishing its stated objectives. Moreover, the effectiveness of an internal control system may be subject to changes due to extenuating circumstances beyond our control. Nevertheless, our internal control system contains self-monitoring mechanisms, and we take immediate remedial actions in response to any identified deficiencies.
- III. We evaluate the design and operating effectiveness of the internal control system based on the criteria provided in the Regulations Governing Establishment of Internal Control Systems by Public Companies (herein referred to below as the "Regulations"). The criteria adopted by the Regulations identify five key components of managerial internal control: 1. Control environment. 2. Risk assessment. 3. Control activities. 4. Information and communication. 5. Monitoring. Each component has its own items. Please see the Regulations for details.
- IV. We have evaluated the design and operating effectiveness of our internal control system according to the aforementioned Regulations.
- V. Based on the findings of such evaluation, we believe that on December 31, 2022, it has maintained, in all material respects an effective internal control system (that includes the supervision and management of our subsidiaries) to provide reasonable assurance over our operational effectiveness and efficiency, reliability, timeliness and transparency of financial reporting and compliance with applicable laws and regulations.
- VI. This Statement will be an integral part of the Company's annual report and prospectus, and will be made public. Any falsehood, concealment or other illegality in the content made public will entail legal liability under Article 20, 32, 171 and 174 of the Securities and Exchange Act.
- VII. This Statement has been passed by the Board in the session dated February 22, 2023, and it is stated that none of the nine attending directors disagreed but gave their common consent of the content.

Huaku Development Co., Ltd.

Chairman:



General manager:



2. If certified public accountants were retained for audit on the internal control system, disclose the Auditors' Report: None.

(XII) If there has been any legal penalty against the company or its internal personnel, or any disciplinary penalty by the company against its internal personnel for violation of the internal control system, during the most recent fiscal year or during the current fiscal year up to the publication date of the annual report, where the result of such penalty could have a material effect on shareholder equity or securities prices, the annual report shall disclose the penalty, the main shortcomings, and condition of improvement: none.

(XIII) Material resolutions of a shareholders meeting or a board of directors meeting during the most recent fiscal year or during the current fiscal year up to the date of publication of the annual report:

Major resolutions of the Shareholders Meeting held on May 31, 2022

Major Resolution	State of Pursuit
Ratification of the 2021 Business Report and Financial Statements	The resolution has been announced pursuant to Article 230 of the Company Act.
Ratification of the Proposal for Distribution of Earnings in 2021	The resolution has been announced pursuant to Article 230 of the Company Act.
Amendment to the “Articles of Incorporation”	Resolved to pass the motion. Approved by the competent authority for registration on June 8, 2022
Amendment to the “Parliamentary Procedures of Shareholders Meeting”	Resolved to pass the motion and accomplished as per the resolution of the Shareholders Meeting.
Amendment to the “Regulations Governing the Acquisition or Disposal of Assets”.	Resolved to pass the motion and accomplished as per the resolution of the Shareholders Meeting.

The Board resolved to pass the motion.

Board of Directors	Content of the Motion	Items specified under §14-5 of the Securities and Exchange Act	Not passed by the Auditing Committee but approved to pass the motion by more than 2/3 of the Directors
January 19, 2022 11th term 13th meeting	Motion No. 1: Request to agree the Chairman to handle land development and purchase with full power of attorney within the scope of authorization and at the right time.	14-5-11	
	Motion no. 2: The financing limit of the Company is due for renewal.	14-5-11	
	Motion No. 3: Application for financing of stock dividend.	14-5-11	
	Motion No. 4: The Company planned to enter into an agreement with Pin Hsing Construction Co., Ltd. on the construction and decoration of “TRADE AND FINANCE CENTER.”	14-5-11	
	Motion No. 5: Amendment to the “Corporate Governance Best Practice Principles”, and “Corporate Social Responsibility Best Practice Principles”.		
	Motion No. 6: Amendment to the “Regulations Governing the Evaluation of Board Performance.”		
	Motion No. 7: No distribution of remuneration to employees and performance bonus to the managerial officers of the Company.		
	Resolution of the Auditing Committee (The 12th session of the 2nd term dated January 19, 2022): all the committee members in session acted on behalf of the motion as stated at common consent.		
	Response of the Company to the opinions of the Auditing Committee: all the Directors in session voted in favor of the motion in common consent.		
March 09, 2022 11th term 14th meeting	Motion No. 1: 2022 Business Plan.	14-5-11	
	Motion No. 2: 2021 Declaration of Internal Control System.	14-5-11	
	Motion No. 3: 2021 Financial Statements	14-5-10	
	Motion No. 4: Total remunerations to the employees and Directors in 2021, and the mode of payment.		
	Motion no. 5: Proposal for the replacement of certified public accountants.	14-5-8	
	Motion No. 6: Regular assessment of the attesting certified public accountants’ independence.	14-5-8	
	Motion No. 7: Renewal of the credit limit to be due.	14-5-11	
	Motion no. 8: Amendment to the “Regulations Governing the Acquisition or Disposal of Assets”.	14-5-3	
	Motion No. 9: Set the date for the regular session of the 2022 Shareholders Meeting, the place, and related matters.		
	Motion No. 10: Establishment of the procedure for the proposal of motions and related affairs in the regular session of the 2022 Shareholders Meeting.		
	Resolution of the Auditing Committee (The 13th session of the 2nd term dated March 9, 2022): all the committee members in session acted on behalf of the motion as stated at common consent.		
	Response of the Company to the opinions of the Auditing Committee: all the Directors in session voted in favor of the motion in common consent.		

Board of Directors	Content of the Motion	Items specified under §14-5 of the Securities and Exchange Act	Not passed by the Auditing Committee but approved to pass the motion by more than 2/3 of the Directors
April 13, 2022 11th term 15th meeting	Motion No. 1: Alteration of financing conditions for accounts receivable of “New World.”	14-5-11	
	Motion No. 2: Intention to enter into an agreement with Pin Hsing Construction Co., Ltd. on the construction and decoration of “DA’AN TOWER project”.	14-5-11	
	Motion No. 3: Proposal for the Distribution of Earnings in 2021.	14-5-11	
	Motion No. 4: Attestation service fees of auditor’s firm for 2022 to 2023.	14-5-8	
	Motion no. 5: Amendment to the “Articles of Incorporation.”		
	Motion No. 6: Amendment to the “Rules of Procedure for Shareholders Meetings.”		
	Motion No. 7: Amendment to the “Corporate Governance Best Practice Principles.”		
	Motion no. 8: Amendment to the “Internal Control System” .	14-5-1	
	Motion no. 9: Add more discussions in 2022 regular shareholders’ meeting.		
	Motion no. 10: Remuneration to the Directors, managerial officers and employees for 2021 will be set at 2 months.		
	Resolution of the Auditing Committee (The 14th session of the 2nd term dated April 13, 2022): all the committee members in session acted on behalf of the motion as stated at common consent.		
	Response of the Company to the opinions of the Auditing Committee: all the Directors in session voted in favor of the motion in common consent.		
May 4, 2022 11th term 16th meeting	Motion no. 1: Application for financing limit of dividend.	14-5-11	
	Motion No. 2: The Company planned to enter into an agreement with Pin Hsing Construction Co., Ltd. on the construction and decoration of “Central Landmark project”.	14-5-11	
	Motion No. 3: The Company plans to enter into an agreement with Pin Hsing Construction Co., Ltd. on the construction work of the “Greenside Mansion Project”.	14-5-11	
	Resolution of the Auditing Committee (The 15th session of the 2nd term dated May 4, 2022): all the committee members in session acted on behalf of the motion as stated at common consent.		
	Response of the Company to the opinions of the Auditing Committee: all the Directors in session voted in favor of the motion in common consent.		
June 22, 2022 11th term 17th meeting	Motion no. 1: It is intended to authorize the Chairman to handle the sales of “TRADE AND FINANCE CENTER” and “Central Landmark” with full authority when appropriate.	14-5-11	
	Motion no. 2: The sale of “DA’AN TOWER” to related parties.	14-5-11	
	Motion no. 3: Amendment to the “Internal Control System.”	14-5-1	
	Motion No. 1: Adjustment of salaries of the managerial officers.		
	Resolution of the Auditing Committee (The 16th session of the 2nd term dated June 22, 2022): all the committee members in session acted on behalf of the motion as stated at common consent.		
	Response of the Company to the opinions of the Auditing Committee: all the Directors in session voted in favor of the motion in common consent.		
August 3, 2022 11th term 18th meeting	Motion No. 1: the credit limit to the Company is due for renewal.	14-5-11	
	Motion No. 2: The merchant recruitment for the urban renewal development of the lands of the Company reserved for construction of real estate.	14-5-11	
	Motion no. 3: Plan of greenhouse gas inventory		
	Resolution of the Auditing Committee (The 17th session of the 2nd term dated August 3, 2022): all the committee members in session acted on behalf of the motion as stated at common consent.		
	Response of the Company to the opinions of the Auditing Committee: all the Directors in session voted in favor of the motion in common consent.		
September 14, 2022 11th term 19th meeting	Motion No. 1: The development of the lands of the Company reserved for construction of real estate through joint venture in construction.	14-5-11	
	Resolution of the Auditing Committee (The 18th session of the 2nd term dated September 14, 2022): all the committee members in session acted on behalf of the motion as stated at common consent.		
	Response of the Company to the opinions of the Auditing Committee: all the Directors in session voted in favor of the motion in common consent.		

Board of Directors	Content of the Motion	Items specified under §14-5 of the Securities and Exchange Act	Not passed by the Auditing Committee but approved to pass the motion by more than 2/3 of the Directors
November 2, 2022 11th term 20th meeting	Motion No. 11: 2023 audit plan.		
	Motion no. 2: The financing limit of the Company is due for renewal.	14-5-11	
	Motion No. 3: The Company planned to enter into an agreement with Pin Hsing Construction Co., Ltd. on the construction (from foundation to structure, elevators and kitchen equipment) of the “Casa Blanca.”	14-5-11	
	Motion No. 4: The Company planned to enter into an agreement with Pin Hsing Construction Co., Ltd. on the construction (from foundation to structure, elevators and kitchen equipment) of the “Sky Tower”.	14-5-11	
	Motion No. 5: The Company planned to enter into an agreement with Pin Hsing Construction Co., Ltd. on the construction and decoration of “MOON LIGHT.”	14-5-11	
	Motion No. 6: The Company planned to enter into an agreement with Pin Hsing Construction Co., Ltd. on the additional construction of the “NATIONAL LANDMARK Project.”	14-5-11	
	Motion no. 7: Trust of employees’ (managerial officers included) shareholding.		
	Motion No. 8: Amendment to the “Rules of Procedure for Board of Directors Meetings.”		
	Motion no. 9: Amendment to the “Corporate Governance Charter.”		
	Motion no. 10: Amendment to the “Internal Control System” .	14-5-1	
	Motion no. 11: The sale of premises and car park of “DA’AN TOWER” to related parties.	14-5-4	
	Resolution of the Auditing Committee (The 19th session of the 2nd term dated November 2, 2022): all the committee members in session acted on behalf of the motion as stated at common consent.		
	Response of the Company to the opinions of the Auditing Committee: all the Directors in session voted in favor of the motion in common consent.		
December 23, 2022 11th term 21st meeting	Motion no. 1: Implementation of 2022 development quota and the cease of utilizing the balance.	14-5-11	
	Motion No. 2: Request to agree the Chairman to handle land development and purchase with full power of attorney within the scope of authorization and at the right time.	14-5-11	
	Motion no. 3: Request to adjust the authorization to the Chairman to handle the sales of “TRADE AND FINANCE CENTER.”	14-5-11	
	Motion no. 4: The Company planned to enter into an agreement with Pin Hsing Construction Co., Ltd. on the construction and decoration of “Sky Tower.”	14-5-11	
	Motion No. 5: No distribution of remuneration to employees and performance bonus to the managerial officers of the Company.		
	Resolution of the Auditing Committee (The 20th session of the 2nd term dated December 23, 2022): all the committee members in session acted on behalf of the motion as stated at common consent.		
	Measures taken by the Company regarding the opinions of the Audit Committee Motion no. 1, 3, and 5: All attending directors approved as stated in the motions. Motion no. 2: The Audit Committee approved as stated in the motions. After the total authorize quota was adjusted after the Board discussed. Other content stayed as the original motion. The motion was approved upon the amendment by the Board.		
February 22, 2023 11th term 22nd meeting	Motion No. 1: 2023 Business Plan.	14-5-11	
	Motion No. 2: 2022 Declaration of Internal Control System.	14-5-11	
	Motion No. 3: 2022 Financial Statements	14-5-10	
	Motion No. 4: Total remunerations to the employees and Directors in 2022, and the mode of payment.		
	Note: Regular assessment of the attesting certified public accountants’ independence.	14-5-8	
	Motion no. 6: It is intended to approve the attesting CPAs, their firm, and the affiliates of the firm and alliance firms to provide the non-assurance service to the Company and its subsidiaries in advance.	14-5-8	
	Motion No. 7: The tender for superficieses development of the lands of the Company reserved for construction of real estate.	14-5-11	
	Motion no. 8: Application of finance for the superficieses of the Army Service Plant.	14-5-11	
	Motion No. 9: Renewal of the credit limit to be due.	14-5-11	
	Motion No. 10: The Company planned to enter into an agreement with Pin Hsing Construction Co., Ltd. on the construction and decoration of “Casa Blanca.”	14-5-11	
	Motion No. 11: The Company planned to enter into an agreement with Pin Hsing Construction Co., Ltd. on the construction (from foundation to structure, outer walls and elevators) of the office buildings in the “Nangang Yucheng Project.”	14-5-11	
	Motion No. 12: Amendment to the “Articles of Incorporation” of the Company.		
	Motion no. 13: Amendment to the “Sustainable Development Best Practice Principles.”		

Board of Directors	Content of the Motion	Items specified under §14-5 of the Securities and Exchange Act	Not passed by the Auditing Committee but approved to pass the motion by more than 2/3 of the Directors
March 22, 2022 11th term 23rd meeting	Motion No. 14: Election of a new Board (including Independent Directors).		
	Motion No. 15: The Shareholder's Meeting in regular session of 2023 accepted the motion of the review standard and procedure for the nomination of directors (independent directors included).		
	Motion No. 16: Lift the ban on the competition among the newly elected Directors and their representatives.		
	Motion No. 17: Set the date for the regular session of the 2023 Shareholders Meeting, the place, and related matters.		
	Motion No. 18: Establishment of the procedure for the proposal of motions and related affairs in the regular session of the 2023 Shareholders Meeting.		
	Resolutions adopted by the Audit Committee (February 22, 2023, 21st meeting of the 2nd Term) Motion no. 7: After the discussion of all attending members, all the attending members resolved not to participate the bidding. Motion no. 8: After the discussion of all attending members, all the attending members resolved not to finance. Other motions except for the aforesaid: all members approved the motions without dissent.		
	Measures taken by the Company regarding the opinions of the Audit Committee Motion no. 7: After the discussion of all attending directors, all the attending directors resolved not to participate the bidding. Motion no. 8: After the discussion of all attending directors, all the attending directors resolved not to finance. Motion no. 1, 6, and 9-18: All attending directors approved as stated in the motions.		
March 22, 2022 11th term 23rd meeting	Motion No. 1: Proposal for the Distribution of Earnings in 2022.	14-5-11	
	Motion No. 2: Nomination and review of the director candidate list (independent directors included).		
	Motion No. 3: Lift the ban on the competition among the newly elected Directors and their representatives.	14-5-4	
	Motion no. 4: Amendment to the "Internal Control System".	14-5-1	
	Motion no. 5: Remuneration to the Directors, managerial officers and employees for 2022 will be set at 2 months.		
	Resolution of the Auditing Committee (The 22nd session of the 2nd term dated March 22, 2023): all the committee members in session acted on behalf of the motion as stated at common consent.		
	Response of the Company to the opinions of the Auditing Committee: all the Directors in session voted in favor of the motion in common consent.		

(XIV) The summary of the adverse opinions of the Directors and Supervisors against major resolutions of the Board on record or in written declaration in the most recent year to the date this report was printed: None.

(XV) Information on resignation or relief of the Chairman, President, Chief Accounting Officer, Chief Financial Officer, Chief Internal Auditor, Chief Corporate Governance Office, and Chief R&D Officer of the Company in the most recent year to the date this report was printed: None.

V. Information on the professional fees of the attesting CPAs:

NTD1,000

Name of CPA Firm	Name of CPA	Examination Period of the CPA	Auditing Fee	Non-auditing Fee	Total	Remark
PwC Taiwan	Hsiao, Chun-Yung	Q1 to Q4, 2022	3,535	1,123	4,658	The fees incurred from non-audit service are the fee for certification of transfer pricing, inspection on the restricted deposit agreement procedure, tax audit attesting fees, and tax consultation.
	Lin Se-Kai					

Please specify the contents of the non-audit service fees: (e.g. taxation attestation, assurance, or other finance consulting advice service)

Note: If the Company has replaced the CPAs or switched to another CPA firm in the current period, specify the examination period of the CPAs separately, and explain the reasons for the change in the remark field. Information on the auditing fee and non-auditing fee should also be disclosed. Please describe the non-audit service fees in the remarks.

(I) If the payment of the auditing fee to the newly retained CPA firm is less than the auditing fee of the previous year, disclose the auditing fee before and after switching to the new CPA firm and explain the change: None.

(II) If the auditing fee decreased by more than 10% than from the previous year, disclose the amount reduced, the ratio, and the reason: None.

VI. Information on replacement of CPAs:

(I) The previous CPA

Date of replacement	March 9, 2022		
Note to the reason for replacement	Due to the internal operations and personnel adjustment of the accounting firm, the CPAs, Wang, Fang-Yu, CPA and Lin, Se-Kai, CPAs are replaced by Hsiao, Chun-Yuan, CPA and Lin, Se-Kai, CPAs.		
Explain the termination by the Appointer or the CPAs or declined to accept the appointment	Contracting Parties		
	Situation	CPA	Appointer
	Voluntary termination of appointment	Not Applicable	Not Applicable
	Decline to accept (continue) the appointment	Not Applicable	Not Applicable
Opinions other than no qualified opinion stated in the Auditors' Report over the last 2 years and the reason	Not Applicable		
Any adverse opinions from the opinions of the issuer	Yes		Accounting principles or practice
			Disclosure of financial statements
			Scope of procedure of audits
			Others
	None	V	
	Explain		
Others for disclosure (To be disclosed pursuant to Article 10-6-4 to Article 10-6-7 of the Standard)	Not Applicable		

(II) About the succeeding CPAs

Name of CPA Office	PwC Taiwan
Name of CPA	Hsiao, Chun-Yuan, CPA and Lin, Se-Kai, CPA
Date of appointment	March 9, 2022
Consultation for opinions and results pertinent to the accounting of particular transactions or accounting principles and possible opinions issued at the time of certification of financial statements	Not Applicable
Different opinions before the predecessor and successor CPAs in writing	Not Applicable

(III) The Company shall send a correspondence regard the requirements in Item 1 and Point 3 of the preceding item to the previous CPAs, and request the previous CPAs a reply in correspondence within ten days if any different opinion. The Company shall disclose the previous CPAs' reply in correspondence: none.

VII. The Chairman, President, Chief Financial Officer or Chief Accounting Officer who have been working with the retained CPA firm or its affiliates in the last year, disclose the name, title, and the duration of employment with the retained CPA firm or its affiliate: None.

VIII. The transfer of equity shares or change in the pledge of shares under lien by the Directors, Supervisors, Managers, and shareholders holding more than 10% of the shares issued by the Company in the most recent year to the date this report was printed:

(I) Changes in Shareholding of Directors, Supervisors, Managerial Officers, and Major Shareholders:

Occupational Title (Note 1)	Name	2022		Current Period to March 26	
		Shareholding increase (or decrease)	Number of shares pledged Number increased (decreased)	Number of shares held Number increased (decreased)	Number of shares pledged Number increased (decreased)
Chairman	Chung Long-Chang	(130,000)	0	0	0
Director	KUO, CHIU-KUEN	0	0	0	0
Director	LIU, JO-MEI	0	0	0	0
Director	HWANG, YIH-RAY	62,440	0	0	0
Director	Newland Investment Co., Ltd. Representative: Tu, Wei-Shan	0	0	0	0
Director	Chung Shan Investment Co., Ltd. Representative: Chen, Rung-Hua	100,000	0	0	0
Independent Director	WANG, TZE-CHUN	0	0	0	0
Independent Director	LAN, WEN-HSIANG	0	0	0	0
Independent Director	CHUANG, MENG-HAN	0	0	0	0
General Manager	Hung Chia-Sheng	0	0	0	0
Engineering General Manager	LIAO, WEN-SHAN	0	0	0	0
CFO concurrently serving as Head of Finance and Accounting Department	LIU, JO-MEI	0	0	0	0
Head of Land Development Department	LIN, SHIH-SHENG	0	0	0	0
Head of the Sales and Marketing Department	LIN, CHENG-LI	0	0	0	0
Head of the Engineering Department	Ho, Ping-Hsing	0	0	0	0
Head of Management Department	Yao, Hsiu-Chin	0	0	0	0
Head of the Electrical Machinery Department	WU, SHIH-WEI	0	0	0	0
Head of the Design Department	Yang, Chih-Wei	1,000	0	0	0
Assistant VP, Land Development Department	Yang, Chi-jen	0	0	0	0

Note 1: Shareholders holding more than 10% of the shares issued by the Company are dominant shareholders, and shall be listed individually.

Note 2: If the counterparties of share transfer or pledge of share under lien are related parties, fill in the table below.

(II) Information on Transfers of Shareholding

Name	Reason for transfer	Date of transaction	Counterparty	Relationship between the counterparty and the Company, directors, supervisors, managerial officers, and major shareholders	Quantity of Shares	Transaction price
HWANG, YIH-RAY	Inheritance (assignee)	February 25, 2022	Huang, Ling-Hsiung	Father and son	62,440	85.2

(III) Information on Pledges of Shareholding: none

IX. Relationship information, if among the company's 10 largest shareholders any one is a related party or a relative within the second degree of kinship of another:

Name (Note 1)	Shareholding		Shares Held by Spouse and/or Children who are Minors		Total shareholding by nominee arrangements		Specify the name of the entity or person and their relationship to any of the other top 10 shareholders with which the person is a related party or has a relationship of spouse or relative within the 2nd degree (Note 3)		Remark
	Quantity of Shares	Proportion of Shareholding	Quantity of Shares	Proportion of Shareholding	Quantity of Shares	Proportion of Shareholding	Name	Relation	
Chung Shan Investment Co., Ltd. Representative: Chung Cho-Chun	19,700,000	7.12%	0	0.00%	0	0.00%	None	None	
	261,000	0.09%	0	0.00%	0	0.00%	None	None	
New Land Investment Co., Ltd. Representative: Tu Huang-Chen	14,690,982	5.31%	0	0.00%	0	0.00%	None	None	
	0	0.00%	0	0.00%	0	0.00%	None	None	
Taiwan Life Insurance Co., Ltd. Representative: Cheng, Tai-Keh	13,094,000	4.73%	0	0.00%	0	0.00%	None	None	
	0	0.00%	0	0.00%	0	0.00%	None	None	
Nan Shan Life Insurance Co., Ltd. Representative: Yin, Chung Yao	6,000,000	2.17%	0	0.00%	0	0.00%	None	None	
	0	0.00%	0	0.00%	0	0.00%	None	None	
Chang Gung Medical Foundation Representative: Wang, Rui-Huei	5,350,000	1.93%	0	0.00%	0	0.00%	None	None	
	0	0.00%	0	0.00%	0	0.00%	None	None	
JP Morgan Chase Taipei branch as a custodian for Robeco Capital Growth Fund	4,331,000	1.56%	0	0.00%	0	0.00%	None	None	
Fubon Life Insurance Co., Ltd. Representative: Richard M. Tsai	4,050,000	1.46%	0	0.00%	0	0.00%	None	None	
	0	0.00%	0	0.00%	0	0.00%	None	None	
HWANG, YIH-RAY	4,001,548	1.45%	0	0.00%	0	0.00%	None	None	
FORMOSAN RUBBER GROUP INC. Representative: Hsu, Cheng-Tsai	3,552,000	1.28%	0	0.00%	0	0.00%	None	None	
	0	0.00%	0	0.00%	0	0.00%	None	None	
JP Morgan Chase Taipei branch as a custodian for Vanguard Emerging Markets Stock Index Fund Investor Shares managed by the Vanguard Group	3,285,200	1.19%	0	0.00%	0	0.00%	None	None	

Note 1: List all the top 10 Shareholders. For institutional shareholders, list the names of the institutional shareholders and their representatives separately.

Note 2: The proportion of shareholding is calculated on the basis of the quantity of shares held by the person, spouse, children who are minors, or held in the name of a third party in total.

Note 3: The shareholders disclosed as mentioned include institutional shareholders or natural persons. The relation shall be disclosed in accordance with the Criteria for the Compilation of Financial Statements by Securities Issuers.

X. The quantity of shares held by the Company, the Directors, Supervisors, and Managers of the Company and investee company under the direct and indirect control of the Company in a particular company, and the proportion of shareholding in totality:

Unit: Share; %

Direct investments (Note)	Investment by the Company		Investment by the Directors, Supervisors, Managers, or investee Company with direct or indirect control.		Overall Investment	
	Quantity of Shares	Proportion of Shareholding	Quantity of Shares	Proportion of Shareholding	Quantity of Shares	Proportion of Shareholding
Pin Hsing Construction Co., Ltd.	35,000,000	100%	0	0%	35,000,000	100%
Taiwan Digit Automated Control Co., Ltd.	800,000	40%	0	0%	800,000	40%
Chengdu Wanchengduobao Property Co., Ltd.	-	80%	-	0%	-	80%
Chengdu Huaku Property Co., Ltd.	-	80%	-	10%	-	90%
Hua Pu Construction Co., Ltd.	500,000	50%	0	0%	500,000	50%

Note: Long-term equity investment by the Company accounted for under the equity method.

IV. Status of Funding

I. Sources of Equity Capital:

Date	Issuing price	Authorized Capital		Paid-in Capital		Remark		
		Quantity of Shares	Amount (NT\$ thousand)	Quantity of Shares	Amount (NT\$ thousand)	Sources of Equity Capital	The use of assets other than cash for equity investment.	Others
1989.03	10	3,000,000	30,000	3,000,000	30,000	Capital investment for incorporation at NT\$30,000,000.	None	
1993.01	10	5,000,000	50,000	5,000,000	50,000	Raising new capital of NT\$20,000,000	None	
1995.07	10	6,000,000	60,000	6,000,000	60,000	Raising new capital of NT\$10,000,000	None	
1997.11	11	40,000,000	400,000	40,000,000	400,000	Raising new capital of NT\$340,000,000	None	Note 1
1998.08	12	100,000,000	1,000,000	56,000,000	560,000	Raising new capital of NT\$160,000,000	None	Note 2
1999.06	10	100,000,000	1,000,000	68,000,000	680,000	Capitalization of retained earnings into new shares amounting to NT\$120,000,000	None	Note 3
2000.05	10	100,000,000	1,000,000	85,800,000	858,000	Capitalization of additional paid-in capital amounting to NT\$19,834,240. Capitalization of retained earnings amounting to NT\$158,165,760	None	Note 4
2001.06	10	103,600,000	1,036,000	103,600,000	1,036,000	Capitalization of retained earnings into new shares amounting to NT\$178,000,000	None	Description 5
2002.01	10	112,600,000	1,126,000	102,000,000	1,020,000	Decapitalization through repurchase of treasury shares amounting to NT\$16,000,000	None	Description 6
2002.06	10	112,600,000	1,126,000	112,600,000	1,126,000	Capitalization of retained earnings into new shares amounting to NT\$106,000,000	None	Description 7
2004.06	10	200,000,000	2,000,000	121,800,000	1,218,000	Capitalization of additional paid-in capital amounting to NT\$45,040,000. Capitalization of retained earnings amounting to NT\$46,960,000	None	Description 8
2004.10	10	200,000,000	2,000,000	132,521,118	1,325,211	Conversion of convertible bonds into new shares amounting to NT\$107,211,180	None	Description 9
2005.01	10	200,000,000	2,000,000	135,848,501	1,358,485	Conversion of convertible bonds into new shares amounting to NT\$33,273,830	None	Description 10
2005.05	10	200,000,000	2,000,000	136,640,523	1,366,405	Conversion of convertible bonds into new shares amounting to NT\$7,920,220	None	Description 11
2005.07	10	200,000,000	2,000,000	140,569,700	1,405,697	Conversion of convertible bonds into new shares amounting to NT\$39,291,770	None	Description 12
2005.08	10	200,000,000	2,000,000	140,987,124	1,479,871	Capitalization of additional paid-in capital amounting to NT\$74,174,240	None	Description 13
2005.10	10	200,000,000	2,000,000	155,803,971	1,558,040	Conversion of convertible bonds into new shares amounting to NT\$78,168,470	None	Description 14
2006.08	10	200,000,000	2,000,000	172,884,368	1,728,884	Capitalization of additional paid-in capital amounting to NT\$124,643,180. Capitalization of retained earnings amounting to NT\$46,160,790	None	Description 15
2007.08	10	300,000,000	3,000,000	201,745,866	2,017,459	Capitalization of additional paid-in capital amounting to NT\$103,730,620. Capitalization of retained earnings amounting to NT\$184,884,360	None	Description 16
2008.09	10	300,000,000	3,000,000	233,207,745	2,332,077	Capitalization of additional paid-in capital amounting to NT\$80,698,340. Capitalization of retained earnings amounting to NT\$233,920,450	None	Description 17
2009.08	10	300,000,000	3,000,000	239,166,918	2,391,669	Conversion of convertible bonds into new shares amounting to NT\$59,591,730	None	Description 18
2010.01	10	300,000,000	3,000,000	241,433,410	2,414,334	Conversion of convertible bonds into new shares amounting to NT\$22,664,920	None	Description 19
2010.03	10	300,000,000	3,000,000	242,930,694	2,429,307	Conversion of convertible bonds into new shares amounting to NT\$14,972,840	None	Description 20
2010.06	10	500,000,000	5,000,000	244,176,331	2,441,763	Conversion of convertible bonds into new shares amounting to NT\$12,456,370	None	Description 21
2010.07	10	500,000,000	5,000,000	258,742,676	2,587,427	Capitalization of additional paid-in capital amounting to NT\$145,663,450	None	Description 22
2010.08	10	500,000,000	5,000,000	259,064,236	2,590,642	Conversion of convertible bonds into new shares amounting to NT\$3,215,600	None	Description 23
2010.11	10	500,000,000	5,000,000	260,245,670	2,602,457	Conversion of convertible bonds into new shares amounting to NT\$11,814,340	None	Description 24
2011.03	10	500,000,000	5,000,000	260,830,053	2,608,300	Conversion of convertible bonds into new shares amounting to NT\$11,814,340	None	Description 25
2011.06	10	500,000,000	5,000,000	261,195,222	2,611,955	Conversion of convertible bonds into new shares amounting to NT\$3,654,690	None	Description 26
2011.07	10	500,000,000	5,000,000	271,385,026	2,713,850	Capitalization of additional paid-in capital amounting to NT\$78,249,020. Conversion of convertible bonds amounting to NT\$23,646,020	None	Description 27
2012.07	10	500,000,000	5,000,000	276,812,726	2,768,127	Capitalization of additional paid-in capital amounting to NT\$54,277,000	None	Description 28

Description 01: 11/17/1997 (1997) Tai-Cai-Zheng- (I)-No. 82757
Description 02: 7/13/1998 (1998) Tai-Cai-Zheng- (I)-No. 58993
Description 03: 5/31/1999 (1999) Tai-Cai-Zheng- (I)-No. 51115
Description 04: 4/27/2000 (2000) Tai-Cai-Zheng- (I)-No. 34173
Description 05: 4/25/2001 (2001) Tai-Cai-Zheng- (I)-No. 121561
Description 06: 1/31/2002 (2002) Tai-Cai-Zheng- (III)-No. 104503
Description 07: 6/17/2002 Tai-Cai-Zheng- (I)-Zi No. 0910132755
Description 08: 6/21/2004 Tai-Cai-Zheng- (I)-Zi No. 0930127466
Description 09: 10/19/2004 Jing-Shou-Shang-Zi No. 093011197420
Description 10: 1/19/2005 Jing-Shou-Shang-Zi No. 09401006310
Description 11: 5/11/2005 Jing-Shou-Shang-Zi No. 09401079970
Description 12: 7/15/2005 Jing-Shou-Shang-Zi No. 09401135170
Description 13: 8/24/2005 Jing-Shou-Shang-Zi No. 09401166570
Description 14: 10/19/2005 Jing-Shou-Shang-Zi No. 09401206520

Description 15: 8/24/2006 Jing-Shou-Shang-Zi No. 09501188450
Description 16: 8/22/2007 Jing-Shou-Shang-Zi No. 09601203240
Description 17: 9/23/2008 Jing-Shou-Shang-Zi No. 09701242720
Description 18: 8/28/2009 Jing-Shou-Shang-Zi No. 09801196420
Description 19: 1/6/2010 Jing-Shou-Shang-Zi No. 09801300860
Description 20: 3/23/2010 Jing-Shou-Shang-Zi No. 09901053450
Description 21: 6/30/2010 Jing-Shou-Shang-Zi No. 09901135770
Description 22: 7/30/2010 Jing-Shou-Shang-Zi No. 09901172000
Description 23: 8/20/2010 Jing-Shou-Shang-Zi No. 09901188830
Description 24: 11/19/2010 Jing-Shou-Shang-Zi No. 09901254720
Description 25: 3/16/2011 Jing-Shou-Shang-Zi No. 10001051430
Description 26: 6/10/2011 Jing-Shou-Shang-Zi No. 10001119740
Description 27: 7/28/2011 Jing-Shou-Shang-Zi No. 10001172270
Description 28: 7/25/2012 Jing-Shou-Shang-Zi No. 10101151190

Note 1: Fill in the information in the current period to the date this report was printed.

Note 2: Specify the effective (approval) date and approval document number for capitalization.

Note 3: Highlight the items of share offering at discount.

Note 4: Specify if right to debt in currency or technological-know-how was used to offset payment for investment, and also the type and amount of offset.

Note 5: Highlight the items for offering through private placement.

Type of Shares	Authorized Capital			Remark
	Outstanding Shares (note)	Unissued Shares	Total	
Common Shares	276,812,726	223,187,274	500,000,000	Listed on the TWSE

Note: Specify if the stock was listed at TWSE or TPEx (note if the stock is restricted for trade at TWSE or TPEx).

Information pertinent to the declaration system in general: None.

II. Shareholder Structure:

March 26, 2023

Shareholder Quantity	Government agencies	Financial institutions	Other legal entities	Individuals	Foreign institutions and foreign individuals	Total
No. of shareholders	3	45	219	25,483	228	25,978
Number of shares held	632,000	45,059,418	64,094,803	116,772,207	50,254,298	276,812,726
Proportion of Shareholding	0.23%	16.28%	23.15%	42.18%	18.15%	100.00%
Primary TWSE and TPEx listed companies and Emerging Stock companies should disclose the shareholding ratio of Mainland Chinese investors: not applicable.						

Note: Primary TWSE and TPEx listed companies and Emerging Stock companies should disclose the shareholding ratio of Mainland Chinese investors. "Mainland Chinese investors" means citizens, legal entities, groups, or other institutions of the Mainland China area, or a company in which the same have invested in a third jurisdiction as provided in Article 3 of the Regulations Governing Permission for People from the Mainland Area to Invest in the Taiwan Area.

III. Diffusion of ownership

March 26, 2023

Range of no. of shares held	No. of shareholders	Number of shares held	Proportion of Shareholding
1 to 999	7,291	1,276,615	0.46%
1,000 to 5,000	15,121	28,562,512	10.32%
5,001 to 10,000	1,694	13,281,336	4.80%
10,001 to 15,000	581	7,334,302	2.65%
15,001 to 20,000	339	6,225,772	2.25%
20,001 to 30,000	285	7,318,983	2.64%
30,001 to 40,000	129	4,575,320	1.65%
40,001 to 50,000	108	4,981,362	1.80%
50,001 to 100,000	174	12,600,438	4.55%
100,001 to 200,000	105	14,674,523	5.30%
200,001 to 400,000	66	18,692,849	6.75%
400,001 to 600,000	25	12,414,102	4.48%
600,001 to 800,000	15	10,231,818	3.70%
800,001 to 1,000,000	9	8,046,339	2.91%
Add additional ranges above 1,000,001 if necessary, based on actual circumstances	36	126,596,455	45.73%
Total	25,978	276,812,726	100.00%

Preferred shares: none.

IV. List of Major Shareholders:

Names of major shareholders	Shares	Number of shares held	Proportion of Shareholding
Chung Shan Investment Co., Ltd.		19,700,000	7.12%
New Land Investment Co., Ltd.		14,690,982	5.31%
Taiwan Life Insurance Co., Ltd.		13,094,000	4.73%
Nan Shan Life Insurance Co., Ltd.		6,000,000	2.17%
Chang Gung Medical Foundation		5,350,000	1.93%
JP Morgan Chase Taipei branch as a custodian for Robeco Capital Growth Fund		4,331,000	1.56%
Fubon Life Insurance Co., Ltd.		4,050,000	1.46%
HWANG, YIH-RAY		4,001,548	1.45%
FORMOSAN RUBBER GROUP INC.		3,552,000	1.28%
JP Morgan Chase Taipei branch as a custodian for Vanguard Emerging Markets Stock Index Fund Investor Shares managed by the Vanguard Group		3,285,200	1.19%

V. Market price, net value, earnings, and dividend per share in the last 2 years and related information:

Year		2022	2021	Current year up to March 26, 2023 (Note 8)
Items				
Market Price per Share (Note 1)	High	95.90	96.00	92.80
	Low	84.80	84.30	88.00
	Average	90.05	89.52	90.11
Net Value per Share (Note 2)	Before Distribution	69.61	-	-
	After Distribution	-	66.39	-
Earnings per Share	Weighted Average of Outstanding Shares	276,812,726	276,812,726	-
	Earnings per Share (Note 3)	10.69	10.56	-
Dividend per Share	Cash Dividend	7.50	7.50	-
	Stock Dividend	Stock Dividend from Capitalization of Retained Earnings	-	-
		Stock Dividend from Capitalization of Additional Paid-in Capital	-	-
	Accumulated Undistributed Dividend (Note 4)		-	-
Analysis of ROI	P/E Ratio (Note 5)	8.42	8.48	-
	P/P Ratio (Note 6)	12.01	11.94	-
	Cash Dividend Yield (Note 7)	8.33	8.38	-

* If stock dividends were paid by new shares from capitalization of retained earnings or additional paid-in capital, disclose the market price per share after adjustment in retrospect with the release of the new shares and information on cash dividend.

Note 1: Specify the high and low market price of each common share in relevant years, and calculate the average market price of relevant year with reference to the trading value and volume.

Note 2: Fill in the information on the basis of the quantity of outstanding shares on the last day of the year, and the resolution of the Shareholders Meeting for distribution of the year.

Note 3: If stock dividends were paid with retroactive adjustment, state the earnings per share before and after adjustment.

Note 4: If the issuance of equity securities allowed for the accumulation of undistributed dividends of the year to the year with earnings as a condition for offering, disclose the undistributed dividends accumulated to current period.

Note 5: P/E Ratio = The average closing price per share of the year/earnings per share.

Note 6: P/P Ratio = The average closing price per share of the year/cash dividend per share.

Note 7: Cash Dividend Yield = Cash dividend per share/the average closing price per share of the year.

Note 8: The information on net value per share and earnings per share shall cover the period to the last quarter prior to the date this report was printed and subject to the audit (review) of the external auditors. Fill in the information of the year to relevant fields to the date this report was printed.

VI. Dividend Policy and the Implementation of the Policy:

(I) Dividend Policy as Stated in the Articles of Incorporation:

1. We are in the construction business, and are at the stage of business expansion. The Board will consider the capital expenditures and requirements in the future when mapping out the proposal for the distribution of income.
2. If the Company has earnings after annual account settlement, appropriate for the payment of corporate income tax as the first priority, followed by the appropriation for covering carryforward loss. If there is still a balance, appropriate 10% of the remainder as legal reserve under law except if the amount of legal reserve is equivalent to the authorized capital. Appropriate or reverse special reserve will give the distributable earnings for current period and the balance will be added to the undistributed earnings carried forward from the previous year to accumulate as distributable income. The Board of Directors shall prepare the proposal for distribution of the aforementioned earnings available for distribution, and present the proposal at the Shareholders' Meeting for approval. The dividend to shareholders shall not fall below 50% of the distributable earnings in current period in total of which cash dividend shall not fall below 60% of the total dividend for payment. The Board shall make decision with the presence of at least 2/3 of the Directors in a session and a simple majority in the vote cast by the Directors in session to determine the payment of stock dividend and bonus, additional paid-in capital or legal reserve, in whole or in part in cash, and report to the Shareholders Meeting where the aforementioned rules governing the resolution of the Shareholders will not be applicable.

(II) The dividends proposed for distribution in the Shareholders Meeting of this year:

1. Resolution of the Board dated March 22, 2023: Payment of cash dividends to shareholders of NT\$2,076,095,445 (at NT\$7.5/share in cash) from earnings.
2. The aforementioned distribution was planned to report to the Shareholders Meeting in regular session scheduled to be held on May 24, 2023.

(III) Explain if there is anticipated significant change in the dividend policy: None.

VII. The influence of stock dividend to be passed by this session of the Shareholders Meeting on the operation performance and earnings per share of the Company: not applicable.

VIII. Remuneration to the Employees, Directors, and Supervisors:

(I) The Percentage or Scope of Remuneration to the Employees, Directors, and Supervisors as Stated in the Articles of Incorporation:

1. The Company shall appropriate 3-5% of its earnings, where applicable, as remuneration to the employee and no more than 2% as remuneration to the Directors. If the Company has carry forward loss, appropriate to cover the amount of loss and make other appropriations on the remainder. Remuneration to the employees may be made in stock or in cash. The recipients of remuneration shall include employees of subsidiaries meeting designated condition further to the employees of the Company.
2. The remuneration to the employees and Directors shall be released in accordance with applicable legal rules subject to the decision of the Board.

(II) The basis for the estimation of the amount of remuneration to the employees, Directors, and Supervisors, the basis for the calculation of the quantity of shares for payment in stock to the employees, and the actual amount of payment, and the accounting of the difference between the estimated amount and the actual amount where applicable: None.

(III) The Resolution of the Board on the Release of Remuneration:

1. The amount of remuneration to the employees, Directors, and Supervisors in cash or stock: The Board resolved to approve the allocation of NT\$116,340,000 and NT\$46,540,000 as remunerations to the employees and Directors on February 22, 2023, respectively.
2. The amount of remuneration to employees in stock in proportion to the net income recognized in the separate financial statements and to the total amount of remuneration to the employees: 0%.

(IV) The actual amount of remuneration to the Employees, Directors, and Supervisors in the previous year (including the quantity of shares released, and amount and the stock price), and the difference from the recognized amount of remuneration to the employees, Directors, and Supervisors where applicable, the reason for the difference and the response:

	2021		
	The Actual Quantity for Release as Determined by the Shareholders Meeting	The Quantity Proposed by the Board for Release	Difference
Cash Dividend for the Employees	111,750,000	111,750,000	0
Stock Dividend for the Employees	-	-	-
Remuneration to the Directors and Supervisors	44,700,000	44,700,000	0

IX. The repurchase of shares by the Company: Nil.

X. Issuance of corporate bonds: none.

XI. Issuance of preferred shares: none.

XII. Issuance of global depository receipts: none.

XIII. The issuance of employee share subscription warrants: none.

XIV. The issuance of new restricted employee shares: none.

XV. Issuance of new shares in connection with mergers or acquisitions or with acquisitions of shares of other companies: none

XVI. Implementation of the company's capital allocation plans: none.

Five. Operation Overview

I. Content of Business:

(I) Scope of Business:

1. Primary Content:

- (1) Outsourcing of builders for the construction of residential buildings and commercial buildings for leasing and sale.
- (2) Indoor Decoration.
- (3) Trading, import, and export of building materials and machinery.
- (4) Outsourcing of builders for the construction of industrial plants and warehouses for leasing and sale.
2. Proportion to Operation: Outsourcing of builders for the construction of residential buildings and industrial plants for leasing and sale and the revenue of which accounted for 100% of the business revenue of the Company.
3. Current Products (Services) Carried by the Company: Residential premises, office buildings, industrial plants, and parking lots.
4. New Products (Services) Planned for Development: Further to the launch of finely built residential premises in the greater Taipei area, the Company will also develop industrial plants and office buildings in metropolitan areas to meet market needs. In addition, the Company will develop possible modes of business operation on superficies in the wake of the deregulation of the rights of superficies on public lands.
5. The revenue from commercial office and factory office property will increase.

(II) Industry Overview:

1. The Outlook:

- (1) The global economy is weak and domestic industrial exports have not yet recovered. To maintain the GDP above 3% will inevitably affect the fundamentals of the housing market and the demand momentum.
- (2) Buyers are mainly these first-time homebuyers for self-use and house replacement. Luxury homes will continue to be subject to the Central Bank's selective credit controls that restrict percentages of mortgage, and the permit for institutional purchase of residences; therefore, transactions are bound to be suppressed.
- (3) The Central Bank lowers the percentages of financing for civil engineering projects, and assigns deadlines for development. The companies with high financial leverage and poor competitiveness will gradually leave the market.
- (4) The construction costs are still elevated; although the trend is downward, the costs has not yet returned to a reasonable price. In addition, the housing price is already elevated, and it is not easy for the construction companies to pass on the costs, and thus the profit of the construction companies will be compressed in the short term.
- (5) The decreasing birth rate and negative population growth will change the household demographics; coupling with old houses and aging population, the product development and positioning will be replacing old with new, and replacing small with old. The two- and three-bedroom houses with medium and small space became the mainstream of the market.
- (6) Waiting for the slow recovery of the global economy, along with the wrong housing policy, it takes time for home buyers and construction companies to digest and settle.

2. The association between upstream, midstream and downstream industries:

- (1) The upstream operation of the property market is land and building materials. The supply of land is mostly from the sale of private lands or joint venture of construction for the acquisition of private lands. Large size non-public use state-owned lands are acquired through bidding for the superficies or urban renewal for other purposes. The advancement of technologies gives rise to the development of new materials such as nano-based environmentally friendly building materials. Accordingly, the proportion of using IoT and green construction will increase.
- (2) Prices of raw materials and salaries skyrocketed due to the inflation, which resulted in the substantial increase of price for construction, and it takes time to correct.
- (3) The downstream operation of the property market is mostly the distributors and intermediaries. In the past, the developers tended to work in conjunction with the sale distributors. However, the intermediaries started to enter the market lately because of their advantage of possessing multiple sale locations. Under this development, operation in the mode of selling in the course of building came onto the scene. Likewise, there are more and more varieties of joint ventures between the sale channels and the builders on the sale of individual projects. The pre-sale market is affected by the housing market suppression policy. Some developers even increase the proportion of marketing their own products.

(4) Digital marketing will emerge as the primary channel of media.

(5) The analysis and application of big data.

3. The development trends of products and competition:

(1) Land in city center is scarce and zones for luxurious housing are even more precious in that there is no substitute. However, in terms of the prices and transaction volume in the short run, due to the limitation of institutional purchase and limited percentage of mortgage, it is challenging for transaction volume and prices to outperform. The products in suburbs and low price are more favored by the market.

(2) Number of household members declined in an average family dictated premises with a small size. As such, two- and three- room premises with a moderate floor area will emerge as the mainstream item in market.

(3) The vitalization of state-owned lands no longer allows for the selling of lands without recourse. Except for the acquisition of lands and buildings through the exchange of rights under urban renewal for public use, superficies products will increase in the proportion, and will be gradually accepted in the market, with the competitive advantage of higher prices.

(4) The best locations in urban downtown are always the key of victory for the market. Under the suppression of the wave of out-of-control housing market suppression and mortgage restrictions, house prices have been compressed, and the transaction volume of luxury houses are not optimistic in the short term.

(5) The transaction volume has shrunk, with corrected housing prices. However, land prices remain high, and construction costs have soared by more than 30% in the past two years, so the prudential evaluation is required to see whether the costs can be passed on.

(III) The overview of R&D in technology:

1. Technologies or products successfully developed by the Company:

(1) The introduction and use of digital marketing coupled with the analysis of social media operation via big data, to help to reduce the sizable cost of advertising.

(2) Continued research and development of construction engineering and aesthetics at Huaku contributed to the in-depth development of green energy applications.

(3) Efforts have been made in the research and development of the refinement of healthy residences and implementation of related indicators helps to augment the application of the IoT.

(4) Reinforcement of the work methods and upgrade of the function of high-performance mitigation of seismic motion, seismic isolation, and shock-proofing.

(5) The research and development and materialization of smart homes to align with the eHome trend in the 21st century.

(6) The ESG policies promote the concepts of net-zero emission for healthy homes and green buildings particularly in the aspects of air quality, low-noise work, energy efficient, and low carbon materials, which will be the main points.

(7) Continue in-depth cultivation of the brand as a construction firm to create higher additional value.

2. The Company's expense incurred from this R&D plan is launched by the subsidiaries of the Group, which is expected to be 1% of the revenues of the subsidiaries.

(IV) Long and Short-term Business Development Plans:

1. Short-term business development plan: In consideration of the size of capital, condition of human resources, and return on investment of the projects and turnover of capital, the Company will continue to invest in the building of mid to large size projects in Taipei for the sales market for stable growth in the short run. At the same time, the Company will expand its business for development of land in the urban renewal zones in counties north of Greater Taichung and cities for sustainable growth.

2. Long-term business development plan: The Company will, after the accumulation of capital to a specific level, consider channels for long-term stable return on investment. For this purpose, the Company will continue its effort in laying its hands-on lands under urban renewal after the regulatory environment becomes certain with the upgrade of administrative efficiency and effectiveness as well as the resumption of the market to normal conditions to assure long-term accessibility to land resources. The Company will use a larger portion of its capital for building projects that can generate quick returns and continue to invest in digital marketing and the application of big data analysis to maximize profit for the shareholders.

3. As for product categories, the proportion of commercial and plant office projects will increase and the territory for land purchase will expand, to include Hsinchu and Taichung, for assurance of access to the sources of land supply for operation need in the long run.

4. The tenders of superficieses on state-owned lands are gradually accepted by consumers due to the advantage of cheap housing prices. The Company can replicate the successful model of "New World" and develop the best locations of urban downtowns, which may become a new blue ocean of real estate in the future.

II. Market, Production, and Sales:

(I) Market Analysis:

1. Regions of premium product (services) sale (provision): Most of the housing projects launched by the Company are in the greater Taipei area. The projects launched in the last 5 years are shown below:

Year of Project	Region	Project Name	Project Type
112	Taipei City	Nangang Yucheng commercial office project	Commercial office building
112	Taipei City	Dazhi Tiding Avenue commercial office project	Commercial office building
112	Taichung City	Taichung Jingmao Road residential project	Residential Building
2022	Taipei City	DA'AN TOWER	Residential Building
2022	Taipei City	Greenside Mansion	Residential Building
2022	New Taipei City	Central Landmark	Office building
2022	New Taipei City	MOON LIGHT	Residential Building
2022	New Taipei City	Sky Tower	Residential Building
2022	Taipei City	TRADE AND FINANCE CENTER	Commercial office building
2022	Taipei City	Casa Blanca	Residential Building
2021	Taipei City	INNOVATION FORTUNE CENTER	Commercial office building
2021	Taipei City	FIT (Finance and IT Center)	Commercial office building
2021	New Taipei City	NATIONAL LANDMARK	Office building
2020	New Taipei City	Moon River	Residential Building
2019	Taipei City	Bella Vita	Residential Building
2019	Taipei City	Garden Mansion	Residential Building

2. Market share, supply and demand and growth in the market in the future:
 - (1) The housing market in 2023 is expected to have shrunk prices for securing the stability, and the transaction volume is expected to be smaller than 2022. The Company will cautiously choose the timing to sell new projects, and expand the sources of new projects in the area north of Taichung.
 - (2) Full efforts will be made to launch urban renewal projects. It is expected that most builders will concentrate their resources in urban renewal projects. Yet, land is the material for real estate and it is not renewable. The Company will continue its operation in "Urban Renewal" in good locations of urban centers.
 - (3) There is still competition among peers to purchase lands. Huaku chooses to develop the commercial offices and residences parallelly, to create profits with its brand advantage.
3. Competitive Edges: The Company has the following competitive edges:
 - (1) Refine and integrate perfect construction site for the triple targeting of residential, commercial office and factory office projects.
 - (2) Keep abreast of market need with nicely controlled design and planning.
 - (3) Precision in operation strategy, proper product positioning, and in-depth development of digital marketing.
 - (4) Viable management system and efficient decision-making model.
 - (5) Strong management team and sound financial management.
 - (6) Solid brand image and market position lead to better abilities to create sales rate of individual projects and price.
 - (7) Brand advantage allows the Company to continue the business of urban renewal at good locations of urban centers, and the assessment of the public lands with superficieses.
 - (8) Financially sound with good credit standing and abundance of capital. Business is done in the mode of joint venture with the land owners will be more competitive, while creating the stable and quality sources of lands.
4. Factors favorable and unfavorable for development in the future, and response:
 - (1) Favorable Factors:
 - 1) Regarding the market of commercial office and plant office segmentation, Huaku retains the core competitiveness with a few competitors.

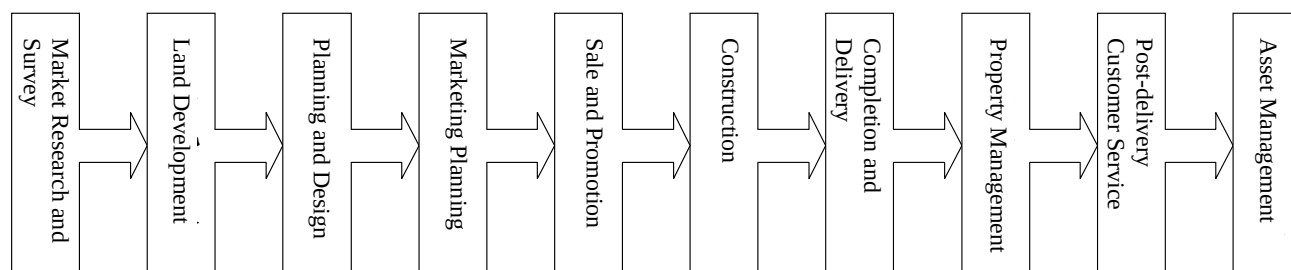
- 2) The Company has high net worth and in good credit standing as well as brand reputation. Despite the high hand of the Central Bank on financing of the construction industry, Huaku could successfully get financing due to its good credit rating by financial institutions.
 - 3) The Central Bank's selective credit control will eliminate the weak ones and retain the strong ones among peers.
 - 4) The brand of the Company can show off its competitive power even better and has an edge in joint venture in construction and sale.
 - 5) Huaku has the capacity in integration and competition in urban renewal at the urban centers.
 - 6) Capital adequacy is still critical for long-term victory in the real estate market. As always, the Company is financially strong with transparency under proper control, and can secure the sources of working capital in either equity financing from market or debt financing from banks.
- (2) Unfavorable Factors:
- 1) Land in city center is scarce and the area for land development will be stretched out further.
 - 2) The unified taxation on housing and land, and the significant increase of corporate income tax will nibble away at the net income of the Company.
 - 3) The elevated land price and the difficulty in urban renewal integration results in more challenging land development in Taipei and New Taipei.
 - 4) The luxury home tax in Taipei City has been moderately lowered, but the restrictions on the mortgage percentages of expensive houses and the purchase of houses by individual and institutions will slow down the sales of some mid-to-high end products.
 - 5) The market is flooded with first time buyers at low unit price and low total price products, which posed severe challenge to the fine product line of Huaku.
 - 6) Industry peers increase the launching of projects. The construction prices skyrocketed. It would be uneasy to shift the burden of price in the future.
- (3) The Response of the Company :
- 1) Select the location for projects carefully with a focus on construction quality to upgrade the competitive power of the products:
As always, the Company concentrates in the greater Taipei area for projects, and upholds the design philosophy of “user-friendly, refinement, practical” to launch products in good locations, with a reasonable price, and good quality. For years, the products of the Company have been highly acclaimed by the consumers, which contributed to our sustainable performance in sale. For this reason, only the careful selection of sites, concentration on construction design and interior decoration, construction engineering, and landscape in good quality could sustain the competitive power.
 - 2) Product diversity, market segmentation and customer differentiation, residential, commercial office and plant office projects are about to launch simultaneously:
The Company understands the risk of a single product market and pursued a flexible product strategy. In the future, the Company will attune to the change in the industry and structure of market needs for proper adjustment of the variety and quantity of products, expand the territory of land development and to enter into the markets of different types of real estate. In addition, the Company will seek proper positioning of products by location and project size, and market segmentation by customer layers to enlarge the scale and scope of operation with a wide array of products.
 - 3) More investment will be made in the best locations at the cores of Hsinchu City and Taichung City, and the high-quality lands at downtown with superlatives will also be actively evaluated, while the deliberation and completion of urban renewal projects that have been integrated are accelerated.
 - 4) The Company will sustain its brand reputation to create higher additional value and profit.
 - 5) The Company will commit further resources to digital marketing and the analysis and application of big data to reduce the cost of sales and improve the sales rate.

(II) Primary Purpose of the Products and Production Process:

1. The Primary Use of Major Products:

Purpose of	Major Products
Residential Building	Residence, Shops, and Underground Parking
Commercial office building	Office for General Commerce and Strategic Industries
Office building	Plant site and warehouse in general industrial use lands

2. Production Process:



(III) The Supply of Key Materials:

1. Lands: The Company will continue to engage in operation in good locations of urban centers for long-term business development further to the expansion of land development in appropriate areas with proper balance between residential, commercial property, and office building.
2. Construction work: The Company selects stable and reliable construction firms as joint venture partners. We also have instituted strict regulations governing the offering of contract for construction and construction procedure to keep the progress of work and quality of work under control. We start with architectural design for the control of engineering cost and stabilizing the cost of construction.
3. Materials: The prices of building materials such as rebar, cement, bricks and gravel, and interior design equipment and related raw materials remained stable in this year. The Company will negotiate with long-term suppliers on prices for bulk purchase to keep the cost of operation stable.

(IV) The names of the customers accounting for more than 10% of the total purchase (sale) in any of the last 2 years, and the amount of purchase (sale) in proportion to total purchase (sale), and the reasons for the changes, if applicable:

1. Information on Major Suppliers of the Last 2 Years:

Items	2022				2021				2023 up to the previous quarter: Not Applicable			
	Name	Amount	Proportion to the Net Purchase of the Year (%)	Relation to the Issuer	Name	Amount	Proportion to the Net Purchase of the Year (%)	Relation to the Issuer	Name	Amount	Proportion to the Net Purchase of the Previous Quarter (%)	Relation to the Issuer
1	Pin Hsing Construction Co., Ltd.	2,886,390	30.04	Subsidiary	Pin Hsing Construction Co., Ltd.	2,893,812	19.78	Subsidiary	-	-	-	-
2	Others	6,772,592	69.96	None	Others	11,737,260	80.22	None	-	-	-	-
	Net Purchase	9,608,982	100.00	-	Net Purchase	14,631,072	100.00	-	-	-	-	-

Note 1: List the names of the suppliers accounting for more than 10% of the total purchase, the amount of purchase, and the proportion to total purchase in the last 2 years. Code may be used in lieu of the name if relevant supply agreements specified no disclosure of names, or the counterparty of trade is a natural person who is not a related party.

Note 2: Disclose the audited or reviewed financial information of the companies listed at the exchange or OTC market for trading of stocks to the date this report was printed if available.

2. Information on Key Customers in the Last 2 Years:

Items	2022				2021				2023 up to the previous quarter: Not Applicable			
	Name	Amount	Proportion to Net Sale of the Year (%)	Relation to the Issuer	Name	Amount	Proportion to Net Sale of the Year (%)	Relation to the Issuer	Name	Amount	Proportion to Net Sale of the Year to the Last Previous Quarter (%)	Relation to the Issuer
1	Others	14,736,564	100.00	None	Mercuries Life Insurance	3,351,429	24.79	None	-	-	-	-
					Others	10,166,097	75.21	None	-	-	-	-
	Net Sale	14,736,564	100.00	-	Net Sale	13,517,526	100.00	-	-	-	-	-

Note 1: List the names of the customers accounting for more than 10% of the total sale, the amount of sale, and the proportion to total sales in the last 2 years. Code may be used in lieu of the name if relevant sales agreements specified no disclosure of names, or the counterparty of trade is a natural person who is not a related party.

Note 2: Disclose the audited or reviewed financial information of the companies listed at the exchange or OTC market for trading of stocks to the date this report was printed if available.

3. Reason for the change: The net purchase of the Company in 2022 was down by NT\$4,604,807 thousand as from 2021. The reason is the drop of work in progress. Net sale in 2022 was up by NT\$1,219,038 thousand from 2021. The reason is the increase in the delivery of newly completed premises.

(V) Production Volume and Value in the Last 2 Years:

Unit: Premises; NT\$ 1,000

Premium items (or department)	Production Volume and Value	Year	2022			2021		
			Production Capacity	Production Volume	Production Value	Production Capacity	Production Volume	Production Value
Royal Highness			-	-	-	-	72	938,319
Park Mansion			-	-	-	-	144	420,787
Bella Vita			-	138	534,175	-	138	372,240
Garden Mansion			-	173	414,704	-	173	773,582
FIT (Finance and IT Center)			-	-	-	-	44	499,977
INNOVATION FORTUNE CENTER			-	-	-	-	56	642,107
Moon River			-	188	463,326	-	188	262,239
NATIONAL LANDMARK			-	140	1,343,866	-	140	388,380
TRADE AND FINANCE CENTER			-	52	395,444	-	52	93,246
Central Landmark			-	40	326,859	-	40	33,114
Greenside Mansion			-	50	161,651	-	50	13,840
DA'AN TOWER			-	94	138,488	-	94	41,886
MOON LIGHT			-	114	128,434	-	-	-
Sky Tower			-	168	37,331	-	-	-
Casa Blanca			-	96	44,703	-	-	-
Total			-	1,253	3,988,981	-	1,191	4,479,717

Note 1: Production capacity refers to the exact quantity of works performed by the Company under normal conditions with the production equipment on hand in consideration of necessary stoppage of work and holidays.

Note 2: If the production tools of respective products can be substituted, combine the production capacity in the calculation and explain.

(VI) Sales Volume and Value in the Last 2 Years:

Unit: Premises; NT\$ 1,000

Sales Volume and Value (or department)	Year	2022		2021	
		Domestic Sale		Domestic Sale	
		Volume	Value	Volume	Value
General Administrative Office		-	17,297	-	17,065
Sky Garden		10	1,560,923	12	1,977,286
New World		8 car parks	7,625	23 car parks	18,640
Sweet Garden		-	-	85 car parks	95,215
Park Mansion		-	-	51	1,918,590
Royal Highness		6	1,288,487	20	2,704,480
INNOVATION FORTUNE CENTER		12	977,862	44	3,434,821
FIT (Finance and IT Center)		-	-	44	3,351,429
Garden Mansion		173	6,678,162	-	-
Bella Vita		139	4,206,208	-	-
Total		340 flats and 8 car parks	14,736,564	171 flats and 108 car parks	13,517,526

III. The number of employees, average years of service, average age, and distribution of education levels of the employees in the last 2 years to the date this report was printed:

March 26, 2023

Year		2022	2021	Current year up to March 26, 2023
Number of Employees	Administrative	69	60	68
	Technical	12	13	12
	Total	81	73	80
Average Age		44.35	46.17	44.89
Average Years of Service		13.48	14.65	13.85
Education level in distribution	PhD	0.00%	0.00%	0.00%
	Master's Degree	17.28%	17.81%	17.50%
	University	80.25%	78.08%	78.75%
	Senior High School	2.47%	2.74%	7.75%
	Senior High School and Below	0.00%	1.37%	0.00%

Note: Fill in the information covering the current period to the date this report was printed.

IV. Disbursement of environmental protection: The Company is in the business of property investment and construction of building through the contracting with construction contractors. The maintenance of environment at construction sites and the disposition of dumps will be undertaken by respective contractors that the Company just plays the role of supervisor. The Company has pitched protective mesh in the surrounding of projects in construction to prevent falling gravel and dust. In addition, the Company makes efforts to reduce noise and vibration caused by the works and dispatched supervisors to monitor the performance of works of the contractors. As such, no sizable expenditures for environmental protection is expected in the future.

V. Labor-Management Relations:

(I) Employee benefits, continuing education, training, and retirement system of the employees and the status of implementation, labor-management agreement, and the protection of the rights of the employees: the labor-management relations of the employees are harmonious. The implementation of employee benefits, continuing education, training, and the retirement system for the employees, and the labor-management agreement and the protection of the rights of the employees are specified below:

1. Employee Benefit Policy:

- 1.1. Basic Benefits: Labor insurance and health insurance have been taken for the protection of the employees under law.
- 1.2. Flexible benefits: matrimonial, bereavement and maternity allowances (including the decoration for the setting of wedding and funerals), birthday gifts for the employees, gifts or gift voucher for Dragon Boat Festival, Mid-Autumn Festival.
- 1.3. Health Examination: The Company subsidizes the employees in receiving health examinations annually to take care of the health of the employees.
- 1.4. Group insurance: the diversity of coverage including term life, accident insurance, hospitalization and cancer insurance for several forms of protection for the employees.
- 1.5. Recreational groups and activities: The Company has set up a diversity of recreational groups for the voluntary participation of the employees. The Company also arranges tourist traveling trips, outdoor hiking and other activities for the amusement of the employees and for cohesiveness.

2. Continuing education and training for the employees: The Company organizes routine internal training, subsidize the expenses incurred from receiving professional training of employees related to their assigned duties to everyone for enriching their individual professional knowledge and skills and assist them to learn and develop in their respective areas of specialization.

3. Retirement System:

- 3.1. Retirement System Under the Labor Standard Act (The old system): Under this old system, the Company makes its monthly contribution to the pension reserve fund deposited in the "Labor Pension Reserve Account" at the Bank of Taiwan.
 - 3.2. Labor Pension Act (The new system): The Company will allocate 6% of the monthly income of each employee to their individual pension fund account at Labor Insurance Bureau. Some employees may voluntarily make additional monthly contribution to their pension funds in which case the Company will deduct relevant amount from their monthly salaries for such purpose.
4. Employee shareholding trust: Pursuant to the procedures of implementation approved by the Company, and the charter of the Employee Shareholding Committee, a certain percentage of the monthly salary and annual bonus will be appropriated based on the individual appropriation as the Company's incentive funds.

(II) The loss caused by labor dispute in the most recent year to the date this report was printed. Disclose the possible amount of loss incurred at present and the future and the response: The Company did not have any loss caused by labor disputes. The labor-management relations at the Company has been and still is harmonious and no labor dispute is expected at present and in the future. Therefore, there is unlikely to be any labor dispute that may inflict loss.

VI. Cyber security management:

(I) Based on the "Regulations Governing Establishment of Internal Control Systems by Public Companies," the Company measures the elements such as the control environment, risk assessment, and information security, to establishes the Company's operation and management mechanism and information security management policies. The information security operations, and promotion and implementation of information security policies are conducted by the dedicated information personnel, with regular internal information security inspections, for the continuous improvement according to the Plan-Do-Check-Act (PDCA) cycle management, to maintain the confidentiality, integrity and availability of the Company's key information systems .

The Company continues to invest resources in affairs related to information security and personal data protection, including improving governance and technical security infrastructure framework, strengthening information security defense equipment, education and training. In addition to joining TWCERT/CC (Taiwan Computer Network Crisis Management and Emergency Response Team/ Coordination Center) to sharing information security-related information with alliance members, through regular information security promotions, the employees' awareness of information security and the organization's internal and external risk management are enhanced, to improve customer satisfaction with the Company's quality, and achieve the goal of business continuity.

(II) List any losses suffered by the company in the most recent fiscal year and up to the annual report publication date due to significant cyber security incidents, the possible impacts therefrom, and measures being or to be taken: during the most recent fiscal year and up to the annual report publication date, no material cyber security incident incurred by the Company.

VII. Important contracts:

Nature of the Contracts	Contracting Parties	Term of the Contracts	Principal Content	Restriction Clause
Mid-term Loan Agreement	CTBC Bank	September 2020 to September 2024	Content: Financing of Land Mortgaged or secured: Land of the TRADE AND FINANCE CENTER project	None
Mid-term Loan Agreement	Taishin Bank	November 2020 to November 2024	Content: Financing secured by land, building and performance surety Mortgaged or secured: land for the Central Landmark project	None
Mid-term Loan Agreement	E. Sun Bank	February 2020 to February 2024	Content: Financing of Land and Buildings Collateral or mortgage: Land of Moon River project	None
Mid-term Loan Agreement	E. Sun Bank	June 2020 to June 2024	Content: Financing of Land and Buildings Mortgaged or secured: land of the Greenside Mansion project	None
Mid-term Loan Agreement	E. Sun Bank	December 2020 to December 2025	Content: Financing of Land Collateral or mortgage: land of the MOON LIGHT project	None
Mid-term Loan Agreement	E. Sun Bank	December 2020 to December 2024	Content: Limit under performance surety Mortgage or Surety: None	None
Mid-term Loan Agreement	Hua Nan Bank	November 2021 to November 2024	Content: Financing secured by lands and performance surety Mortgaged or secured: land of the DA'AN TOWER project	None
Mid-term Loan Agreement	Hua Nan Bank	November 2021 to November 2024	Content: Financing of Land Mortgaged or secured: land of the Nangang Yucheng project	None
Mid-term Loan Agreement	Hua Nan Bank	December 2021 to December 2024	Content: Limit under performance surety Mortgage or Surety: None	None
Mid-term Loan Agreement	Cathay United Bank	September 2020 to November 2023	Content: Financing of Land Mortgage or guaranty: the land for the Xinyi Guangfu Urban Renewal Project	None
Mid-term Loan Agreement	Cathay United Bank	January 2022 to January 2026	Content: Financing secured by land, building and performance surety Mortgaged or secured: land of the Casa Blanca project	None
Mid-term Loan Agreement	Cathay United Bank	February 2022 to December 2025	Content: Financing of Land Mortgaged or secured: the land for the Taichung Jingmao Road Project	None
Mid-term Loan Agreement	Cathay United Bank	April 2022 to December 2025	Content: Financing of Land Mortgaged or secured: land of the Tiding Avenue project	None
Mid-term Loan Agreement	Taipei Fubon Bank	April 2021 to April 2025	Content: Financing of Land Collateral or mortgage: land of the Sky Tower project	None
Mid-term Loan Agreement	E. Sun Bank	June 2021 to June 2023	Content: Line of Credit Mortgage or Surety: None	None
Mid-term Loan Agreement	DBS Bank	July 2022 to July 2024	Content: Line of Credit Mortgage or Surety: None	None
Short-term Loan Agreement	Hua Nan Bank	March 2023 to March 2024	Content: Line of Credit Mortgage or Surety: None	None
Short-term Loan Agreement	Shanghai Commercial and Saving Bank	March 2023 to March 2024	Content: Line of Credit Mortgage or Surety: None	None
Short-term Loan Agreement	China Bills Finance	March 2022 to March 2023	Content: Line of Credit Mortgage or Surety: None	None

Nature of the Contracts	Contracting Parties	Term of the Contracts	Principal Content	Restriction Clause
Short-term Loan Agreement	Chang Hua Bank	April 2022 to April 2023	Content: Line of Credit Mortgage or Surety: None	None
Short-term Loan Agreement	Bank of East Asia	September 2022 to September 2023	Content: Line of Credit Mortgage or Surety: None	None
Short-term Loan Agreement	First Bank	July 2022 to October 2023	Content: Line of Credit Mortgage or Surety: None	None
Short-term Loan Agreement	KGI Bank	January 2023 to January 2024	Content: Line of Credit Mortgage or Surety: None	None
Short-term Loan Agreement	China Construction Bank	December 2022 to December 2023	Content: Line of Credit Mortgage or Surety: None	None
Long-Term Loan Agreement	Mega Bank	June 2017 to September 2039	Content: Financing of Account Receivables Mortgage or Surety: The portion of superficies and buildings of the New World.	None
Long-Term Loan Agreement	Mega International Commercial Bank	November 2020 to November 2025	Content: Limit under performance surety Mortgage or Surety: The portion of superficies and buildings of the New World.	None
Construction Agreement	Pin Hsing Construction Co., Ltd.	May 1, 2019- completion of project on June 30, 2022	Construction and additional work on BELLA VITA project (1)	None
Construction Agreement	Pin Hsing Construction Co., Ltd.	September 1, 2019- completion of project on May 19, 2022	Construction and additional work on Garden Mansion (1)	None
Construction Agreement	Pin Hsing Construction Co., Ltd.	May 1, 2020- completion of project on July 31, 2022	Construction of the new project, NATIONAL LANDMARK	None
Construction Agreement	GRANDSUN ENGINEERING CO., LTD.	July 1, 2021 - construction based on the main construction onsite	Construction, water and power works of the new project, NATIONAL LANDMARK	None
Construction Agreement	Pin Hsing Construction Co., Ltd.	May 1, 2020- completion of project on August 31, 2023	Addition to and new construction of Moon River (1)	None
Construction Agreement	Pin Hsing Construction Co., Ltd.	August 1, 2021 - all constructions shall be completed by October 30, 2023	Construction and additional work on TRADE AND FINANCE CENTER project (1)	None
Construction Agreement	Pin Hsing Construction Co., Ltd.	September 1, 2021 - all constructions shall be completed by August 31, 2024	Addition to and new construction of MOON LIGHT	None
Construction Agreement	Pin Hsing Construction Co., Ltd.	October 15, 2021 - all constructions shall be completed by January 14, 2023	New construction and decoration of buildings in Central Landmark	None
Construction Agreement	Pin Hsing Construction Co., Ltd.	January 1, 2022 - all constructions shall be completed by June 30, 2024	Construction and additional work on DA'AN TOWER	None
Construction Agreement	Pin Hsing Construction Co., Ltd.	March 15, 2023 - all constructions shall be completed by March 15, 2026	Construction of Sky Tower project	None
Construction Agreement	ACTER GROUP CORPORATION LIMITED	November 1, 2022 - construction based on the main construction onsite	Power, water, and fire-fighting works of Central Landmark	None
Construction Agreement	Pin Hsing Construction Co., Ltd.	March 15, 2023 - all constructions shall be completed by March 15, 2026	Construction of Casa Blanca project	None
Construction Agreement	Pin Hsing Construction Co., Ltd.	Commence of construction upon the client's notification - all works shall be completed as schedule.	Construction of Nangang Yucheng project	None
Sales Agreement	Mr./Ms. A	November 18, 2020-transfer day	The Sky Garden project at San Yu Section, Shilin District, Taipei	None
Sales Agreement	Mr./Ms. B	November 18, 2021 - date of transfer	The INNOVATION FORTUNE CENTER project at Ruan Qian Section in Beitou, Taipei	None
Sales Agreement	Customer C	November 19, 2021 - date of transfer	The INNOVATION FORTUNE CENTER project at Ruan Qian Section in Beitou, Taipei	None

Nature of the Contracts	Contracting Parties	Term of the Contracts	Principal Content	Restriction Clause
Sales Agreement	Mr./Ms. D for two transactions	August 10, 2021 - date of transfer	Project of NATIONAL LANDMARK, Jianguo Section, Xinzhuang District, New Taipei City,	None
Sales Agreement	Customer E	January 4, 2022 - date of transfer	Project of NATIONAL LANDMARK, Jianguo Section, Xinzhuang District, New Taipei City,	None
Sales Agreement	Mr./Ms. F for two transactions	March 2, 2022 - date of transfer	Project of NATIONAL LANDMARK, Jianguo Section, Xinzhuang District, New Taipei City,	None
Sales Agreement	Mr./Ms. G	June 16, 2022 - date of transfer	Project of NATIONAL LANDMARK, Jianguo Section, Xinzhuang District, New Taipei City,	None
Sales Agreement	Mr./Ms. H	December 26, 2022 - date of transfer	The TRADE AND FINANCE CENTER project at Ruan Qian Section in Beitou, Taipei	None
Land Purchase Contract	Mr./Ms. I for total two persons	December 23, 2021 - date of transfer	Taichung Jingmao Road Project, Xingangwei Section, Xitun District, Taichung City	None
Land Purchase Contract	Mr./Ms. J for total six persons	June 24, 2022 - date of transfer	Tiding Avenue Project at JinTai Section, Zhongshan District, Taipei	None
Land Purchase Contract	Mr./Ms. K for total eight persons	June 24, 2022 - date of transfer	Guang Pu Phase II Project in Hsinchu, Fuxing Section, ZhuDong District, Xinchu City	None
Land Purchase Contract	Mr./Ms. L	December 26, 2022 - date of transfer	Zhengda Beitou Project, Qian Section, Beitou District, Taipei City	None
Substitutive	Taichung City Government	February 6, 2023 to date approving and issuing construction permit	Substitutive payment for Taichung Jingmao Road Project, Xingangwei Section, Xitun District, Taichung City	None
Sales Agreement	Mr./Ms. M	March 6, 2023 - date of transfer	Project of NATIONAL LANDMARK, Jianguo Section, Xinzhuang District, New Taipei City,	None
Sales Agreement	Mr./Ms. N	July 21, 2022 - date of transfer	Project of DA'AN TOWER, Xuefu Section, Da'an District, Taipei City	None
Sales Agreement	Mr./Ms. O	July 21, 2022 - date of transfer	Project of DA'AN TOWER, Xuefu Section, Da'an District, Taipei City	None
Sales Agreement	Mr./Ms. P	July 21, 2022 - date of transfer	Project of DA'AN TOWER, Xuefu Section, Da'an District, Taipei City	None
Sales Agreement	Mr./Ms. Q	August 3, 2022 - date of transfer	Project of DA'AN TOWER, Xuefu Section, Da'an District, Taipei City	None
Sales Agreement	Mr./Ms. R	March 14, 2023 - date of transfer	Project of DA'AN TOWER, Xuefu Section, Da'an District, Taipei City	None
Sales Agreement	Mr./Ms. S	March 14, 2023 - date of transfer	Project of DA'AN TOWER, Xuefu Section, Da'an District, Taipei City	None

VI. Financial Position

I. Consolidated Balance Sheet and Comprehensive Income Statement from 1.1.2018 to 12.31.2022:

(I) Consolidated Balance Sheet:

Unit: NTD thousand

Year Items		Notes to Financial Statement From 1.1.2018 to 12.31.2022 (Note 1)					Financial information of the current year up to March 26, 2023 (Note 3)
		2022	2021	2020	2019	2018	
Current Assets		38,113,838	38,872,326	32,041,283	31,598,265	36,823,433	-
Property, Plant, and Equipment (Note 2)		207,114	201,529	195,056	174,635	177,670	-
Intangible Assets		-	-	-	-	-	-
Other Assets (Note 2)		2,671,707	2,963,671	3,361,849	3,787,654	3,392,075	-
Total Assets		41,559,221	42,629,272	36,197,744	36,171,618	41,003,345	-
Current Liabilities	Before Distribution	18,814,119	-	-	-	-	-
	After Distribution	-	19,932,174	13,643,460	14,477,624	21,269,547	-
Non-current Liabilities		3,373,600	4,184,247	5,026,747	4,871,470	4,624,034	-
Total Liabilities	Before Distribution	22,187,719	-	-	-	-	-
	After Distribution	-	24,116,421	18,670,207	19,349,094	25,893,581	-
Shareholders Equity Attributable to the Parent Company		19,269,642	18,378,017	17,393,323	16,683,182	14,939,447	-
Capital Stock		2,768,127	2,768,127	2,768,127	2,768,127	2,768,127	-
Additional Paid-in Capital		78,986	77,678	75,875	74,567	73,695	-
Retained Earnings	Before Distribution	16,411,709	-	-	-	-	-
	After Distribution	-	15,526,975	14,540,849	13,838,954	12,080,296	-
Other Equity		11,670	6,087	9,322	2,384	18,179	-
Treasure Shares		(850)	(850)	(850)	(850)	(850)	-
Uncontrolled Equity		101,860	134,834	134,214	139,342	170,317	-
Total Equity	Before Distribution	19,371,502	-	-	-	-	-
	After Distribution	-	18,512,851	17,527,537	16,822,524	15,109,764	-

Separate Condensed Balance Sheet:

Unit: NTD thousand

Items	Year	Notes to Financial Statement From 1.1.2018 to 12.31.2022 (Note 1)					Financial information of the current year up to March 26, 2023 (Note 3)
		2022	2021	2020	2019	2018	
Current Assets		37,035,885	37,890,648	31,145,780	30,926,003	35,655,148	-
Property, Plant, and Equipment (Note 2)		205,865	200,555	194,457	173,743	176,629	-
Intangible Assets		-	-	-	-	-	-
Other Assets (Note 2)		6,508	7,636	8,546	9,458	10,755	-
Total Assets		41,027,077	42,280,154	35,897,057	36,095,630	40,498,509	-
Current Liabilities	Before Distribution	18,390,222	-	-	-	-	-
	After Distribution	-	19,725,304	13,488,347	14,554,086	20,945,579	-
Non-current Liabilities		3,367,213	4,176,833	5,015,387	4,858,362	4,613,483	-
Total Liabilities	Before Distribution	21,757,435	-	-	-	-	-
	After Distribution	-	23,902,137	18,503,734	19,412,448	25,559,062	-
Shareholders Equity Attributable to the Parent Company		-	-	-	-	-	-
Capital Stock		2,768,127	2,768,127	2,768,127	2,768,127	2,768,127	-
Additional Paid-in Capital		78,986	77,678	75,875	74,567	73,695	-
Retained Earnings	Before Distribution	16,411,709	-	-	-	-	-
	After Distribution	-	15,526,975	14,540,849	13,838,954	12,080,296	-
Other Equity		11,670	6,087	9,322	2,384	18,179	-
Treasure Shares		(850)	(850)	(850)	(850)	(850)	-
Uncontrolled Equity		-	-	-	-	-	-
Total Equity	Before Distribution	19,269,642	-	-	-	-	-
	After Distribution	-	18,378,017	17,393,323	16,683,182	14,939,447	-

* If the Company has compiled separate financial statements, prepare a separate condensed balance sheet and comprehensive income statements from 1.1.2018 to 12.31.2022.

Note 1: Specify the year of unaudited financial statements.

Note 2: If reappraisal of assets has been conducted, specify the date of reappraisal and the reappraised value.

Note 3: If the companies listed on the TWSE or TPEx have audited or reviewed financial information in the most recent year to the date the annual report was printed, disclose such information.

Note 4: The figures after distribution as mentioned shall be the figures determined by the Shareholders Meeting of the year.

Note 5: If the financial information has been corrected or recompiled at the notification of the competent authority or by the company voluntarily, fill in the data after correction or recompile and explain the detail with reasons.

Condensed Comprehensive Income Statement:

Unit: NTD thousand

Year Items	Notes to Financial Statement From 1.1.2018 to 12.31.2022 (Note 1)					Financial information of the current year up to March 26, 2023 (Note 2)
	2022	2021	2020	2019	2018	
Revenue	14,853,179	13,547,257	11,338,494	19,819,800	4,638,016	-
Gross Profit	4,739,670	4,361,402	3,801,413	4,773,417	1,361,433	-
Operating Income	3,720,766	3,533,497	3,112,279	3,766,081	757,089	-
Non-operating Income and Expense	(13,156)	46,059	82,377	74,504	294,463	-
Earnings Before Taxation	3,707,610	3,579,556	3,194,656	3,840,585	1,051,552	-
Net Income of Continued Operations	-	-	-	-	-	-
Loss from discontinued operation	-	-	-	-	-	-
Net Income (loss) in Current Period	2,954,013	2,921,805	2,772,769	3,142,138	869,639	-
Other Comprehensive Income in Current Period (Net amount after tax)	10,910	(605)	7,031	(18,884)	11,468	-
Total Comprehensive Income in Current Period	2,964,923	2,921,200	2,779,800	3,123,254	881,107	-
Net Income Attributable to Shareholders of the Parent Company	2,957,246	2,920,173	2,780,065	3,140,875	863,542	-
Net Income Attributable to Uncontrolled Equity	(3,233)	1,632	(7,296)	1,263	6,097	-
Total Comprehensive Income Attributable to the Parent Company	2,966,412	2,920,580	2,784,928	3,126,927	873,993	-
Comprehensive Income Attributable to Uncontrolled Equity	(1,489)	620	(5,128)	(3,673)	7,114	-
Earnings per Share	10.69	10.56	10.05	11.35	3.12	-

Separate Condensed Comprehensive Income Statement:

Unit: NTD thousand

Items \ Year	Notes to Financial Statement From 1.1.2018 to 12.31.2022 (Note 1)					Financial information of the current year up to March 26, 2023 (Note 2)
	2022	2021	2020	2019	2018	
Revenue	14,736,564	13,517,526	11,295,781	19,800,557	4,588,530	-
Gross Profit	4,620,363	4,194,894	3,744,378	4,594,623	1,322,301	-
Operating Income	3,721,994	3,485,319	3,151,008	3,660,670	793,543	-
Non-operating Income and Expense	(6,947)	82,920	47,862	168,860	233,485	-
Earnings Before Taxation	3,715,047	3,568,239	3,198,870	3,829,530	1,027,028	-
Net Income of Continued Operations	-	-	-	-	-	-
Loss from discontinued operation	-	-	-	-	-	-
Net Income (loss) in Current Period	2,957,246	2,920,173	2,780,065	3,140,875	863,542	-
Other Comprehensive Income in Current Period (Net amount after tax)	9,166	407	4,863	(13,948)	10,451	-
Total Comprehensive Income in Current Period	2,966,412	2,920,580	2,784,928	3,126,927	873,993	-
Net Income Attributable to Shareholders of the Parent Company	-	-	-	-	-	-
Net Income Attributable to Uncontrolled Equity	-	-	-	-	-	-
Total Comprehensive Income Attributable to the Parent Company	-	-	-	-	-	-
Comprehensive Income Attributable to Uncontrolled Equity	-	-	-	-	-	-
Earnings per Share	10.69	10.56	10.05	11.35	3.12	-

* If the Company has compiled separate financial statements, prepare a separate condensed balance sheet and comprehensive income statements from 1.1.2018 to 12.31.2022.

Note 1: Specify the year of unaudited financial statements.

Note 2: If the companies listed on the TWSE or TPEx have audited or reviewed financial information in the most recent year to the date the annual report was printed, disclose such information.

Note 3: Present the loss of discontinued operations at the value after deducting income tax.

Note 4: If the financial information has been corrected or recompiled at the notification of the competent authority or by the company voluntarily, fill in the data after correction or recompilation and explain the detail with reasons.

(II) Names of CPAs and Audit Opinions

Year	Name of CPA Office	Name of External Auditors	Audit Opinions
2022	PwC Taiwan	Hsiao, Chun-Yuan, Lin, Se-Kai	An unqualified opinion (plus other issues)
2021	PwC Taiwan	Wang Fang-Yu, Lin Se-Kai	An unqualified opinion (plus other issues)
2020	PwC Taiwan	Wang Fang-Yu, Lin Se-Kai	An unqualified opinion (plus other issues)
2019	PwC Taiwan	Wang Fang-Yu, Lin Se-Kai	An unqualified opinion (plus other issues)
2018	PwC Taiwan	Hsiao, Chun-Yung; Wang, Fang-Yu	An unqualified opinion (plus other issues)

II. Financial Analysis for the recent five years:

Year (Note 1) Item of Analysis (Note 3)		Financial Analysis From 1.1.2018 to 12.31.2022					Current year up to March 26, 2023 (Note 2)
		2022	2021	2020	2019	2018	
Financial Structure (%)	Liabilities to Assets Ratio	53.39	56.57	51.58	53.49	63.15	-
	Long-term capital to property, plant and equipment ratio	10,981.92	11,262.45	11,562.98	12,422.48	11,106.99	-
Ability to Repay Debts (%)	Current Ratio	202.58	195.02	234.85	218.26	173.13	-
	Quick Ratio	20.44	21.58	21.80	26.19	23.38	-
	Debt Service Coverage Ratio	3,493	3,763	3,161	3,162	1,037	-
Utility	A/R turnover (time) (Note 8)	-	-	-	-	-	-
	Average Days of Payment Collection (Note 8)	-	-	-	-	-	-
	Inventory Turnover (times) (Note 8)	-	-	-	-	-	-
	A/P turnover (time) (Note 8)	-	-	-	-	-	-
	Average Days of Sale (Note 8)	-	-	-	-	-	-
	Property, plant, and equipment turnover (time)	72.70	68.32	61.34	112.52	25.92	-
	Total Assets Turnover (times)	0.35	0.34	0.31	0.51	0.12	-
Profitability	Return on assets (%)	7.23	7.61	7.89	8.40	2.55	-
	ROE (%)	15.59	16.21	16.14	19.68	5.62	-
	Ratio of EBT to Paid-in Capital (%) (Note 7)	133.94	129.31	115.41	138.74	37.74	-
	Net Profit Rate (%)	19.89	21.57	24.45	15.85	18.75	-
	Earnings per Share (NTD)	10.69	10.56	10.05	11.35	3.12	-
Cash Flows	Cash Flow Ratio (%)	22.53	-4.77	8.91	42.62	-21.07	-
	Cash Flow Adequacy Ratio (%)	249.24	-12.65	36.57	-284.57	-62.39	-
	Cash Reinvestment Ratio (%)	9.73	-13.04	-3.91	22.66	-30.90	-
Leverage	Operational Leverage	1.16	1.16	1.17	1.16	1.50	-
	Financial leverage	1.03	1.03	1.03	1.03	1.17	-
Reasons for the Changes in the Financial Ratios in the Last 2 Years: Cash flow ratio rose due to the increase of net cash flow from operation. Cash flow adequacy ratio increased due to the increase of net cash flow from operating activities. Cash reinvestment ratio increased due to the increase of net cash flow from operation.							

Separate Financial Ratio Analysis

Year (Note 1) Item of Analysis (Note 3)		Financial Analysis From 1.1.2018 to 12.31.2022					Current year up to March 26, 2023 (Note 2)
		2022	2021	2020	2019	2018	
Financial Structure (%)	Liabilities to Assets Ratio	53.03	56.53	51.55	53.78	63.11	-
	Long-term capital to property, plant and equipment ratio	10,995.97	11,246.22	11,523.74	12,398.51	11,070.06	-
Ability to Repay Debts (%)	Current Ratio	201.39	192.09	230.91	212.49	170.23	-
	Quick Ratio	19.52	20.65	20.01	24.40	20.71	-
	Debt Service Coverage Ratio	3,505	3,752	3,167	3,157	1,016	-
Utility	A/R turnover (time) (Note 8)	-	-	-	-	-	-
	Average Days of Payment Collection (Note 8)	-	-	-	-	-	-
	Inventory Turnover (times) (Note 8)	-	-	-	-	-	-
	A/P turnover (time) (Note 8)	-	-	-	-	-	-
	Average Days of Sale (Note 8)	-	-	-	-	-	-
	Property, plant, and equipment turnover (time)	72.52	68.44	61.36	113.03	25.81	-
	Total Assets Turnover (times)	0.35	0.35	0.31	0.52	0.12	-
Profitability	Return on assets (%)	7.31	7.67	7.96	8.46	2.56	-
	ROE (%)	15.71	16.33	16.32	19.86	5.67	-
	EBT to paid-in capital ratio (%) (Note 7)	134.21	128.90	115.56	138.34	37.10	-
	Net Profit Rate (%)	20.07	21.60	24.61	15.86	18.82	-
	Earnings per Share (NTD)	10.69	10.56	10.05	11.35	3.12	-
Cash Flows	Cash Flow Ratio (%)	22.92	-4.28	8.97	42.10	-24.22	-
	Cash Flow Adequacy Ratio (%)	233.82	-11.55	38.21	-299.90	-63.61	-
	Cash Reinvestment Ratio (%)	10.86	-14.40	-4.61	27.15	-40.98	-
Leverage	Operational Leverage	1.13	1.13	1.13	1.15	1.38	-
	Financial leverage	1.03	1.03	1.03	1.03	1.16	-
Reasons for the Changes in the Financial Ratios in the Last 2 Years: Cash flow ratio rose due to the increase of net cash flow from operation. Cash flow adequacy ratio increased due to the increase of net cash flow from operating activities. Cash reinvestment ratio increased due to the increase of net cash flow from operation.							

* If the Company has compiled separate financial statements, prepare separate financial ratio analysis.

Note 1: Specify the year of unaudited financial statements.

Note 2: If the companies listed on the TWSE or TPEX have audited or reviewed financial information in the most recent year to the date the annual report was printed, conduct analysis of such information.

Note 3: The equations for calculations to be disclosed at the end of this statement are shown below:

1. Financial Structure:
 - (1) Liabilities to assets ratio = total liabilities/total assets.
 - Long-term capital to property, plant, and equipment ratio = (total equity + non-current liabilities)/net property, plant, and equipment.
 2. Ability to Repay Debts:
 - (1) Current ratio = current assets/current liabilities.
 - (2) Quick ratio = (current assets – inventory – prepayments)/current liabilities.
 - (3) Debt service coverage ratio = EBIT/interest expense in current period.
 3. Utility:
 - (1) Receivables turnover (including account receivables and note receivables from operation) = net sale/the balance of average receivables in each period including account receivables and note receivables from operation.
 - (2) Average days of payment collection = 365/receivable turnover.
 - (3) Inventory turnover = cost of goods sold/average inventory.
 - (4) Payables turnover (including account payables and note payables from operation) = net sale/the balance of average payables in each period including account payables and note payables from operation.
 - (5) Average days of sale = 365/inventory turnover.
 - (6) Property, plant, and equipment turnover = net sale/net average property, plant, and equipment.
 - (7) Total assets turnover = net sale/total average assets.
 4. Profitability:
 - (1) Return on Assets (ROA) = [net income + interest expense x (1 – tax rate)]/average total assets.
 - (2) Return on Equity (ROE) = net income/total average equity.
 - (3) Net profit rate = net income/net sales.
 - (4) Earnings per share = (income attributable to the shareholders of the parent company – dividend of preferred shares)/weighted average quantity of outstanding shares. (Note 4)
 5. Cash Flows:
 - (1) Cash flow ratio = net cash flows from operation/current liabilities.
 - (2) Net cash flow adequacy ratio = net cash flow from operation in the last 5 years/(capital expenditures + increase in inventory + cash dividend) in the last 5 years.
 - (3) Cash reinvestment ration = (net cash flow from operation – cash dividend)/(gross property, plant, and equipment + long-term investment + other non-current assets + working capital). (Note 5)
 6. Leverage:
 - (1) Operational leverage = (net operating income – variable operating cost and expense)/operating income (Note 6).
 - (2) Financial leverage = operating income/(operating income – interest expenses).
- Note 4: Pay attention to the following in measurement with the aforementioned equation of the earnings per share in the calculation:
1. Based on the weighted average quantity of common shares, not the outstanding quantity of shares at the end of the year.
 2. Consider the period of circulation for transactions with the offering of new shares for raising capital or repurchase of treasury shares in the calculation of the weighted average quantity of outstanding shares.
 3. If there is capitalization of retained earnings or capitalization of additional paid-in capital into new shares, make adjustment in the calculation of earnings per share of the previous year and on semi-annual basis in retrospect of the increase in the size of capital irrespective of the period of capitalization.
 4. If the preferred shares are unconvertible accumulative preferred shares, the dividend of the year (released or not) shall be deducted from net income, or added to net loss after tax. If the preferred shares are not accumulative, and there is the net income, dividends for preferred shares shall be deducted from net income. If there is net loss, no adjustment is necessary.
- Note 5: Pay attention to the following in the measurement of cash flow in the analysis:
1. Net cash flow from operation is the net cash inflow from operation as presented in the statement of cash flows.
 2. Capital expenditure shall be the cash outflow from annual capital investment.
 3. The increase of inventory is only included in the calculation when the balance at the ending of the period is greater than the balance at the beginning of the period. If there is a decrease of inventory at year end, calculate on the basis of zero.
 4. Cash dividends includes the cash dividends for common shares and preferred shares.
 5. Gross property, plant, and equipment are the total property, plant, and equipment before accumulated depreciations.
- Note 6: Issuers shall classify operating costs and expenses by purpose of use as fixed or variable. If estimation or subjective judgment is involved, make sure it is rational and consistent.
- Note 7: If the stock issued by the Company bears no face value, or the face value is not NT\$10/share, the calculation of the aforementioned ratio to paid-in capital shall be based on the ratio of the equity attributable to the parent company of the balance sheet.
- Note 8: The Company is in the construction industry. This field is not applicable.

III. The Review Report of the Supervisors or Auditing Committee of the Most Recent Year

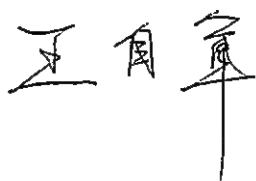
Audit Report by the Audit Committee

The Board has prepared and submitted the 2022 Business Report and Financial Statements. The Financial Statements have been audited by Hsiao, Chun-Yuan and Lin, Se-Kai, CPAs of PwC Taiwan with the issuance of Auditor's Report. The Audit Committee has audited the above-mentioned business report and financial report. No discrepancy is found and the committee hereby presents the report in accordance with Article 14-5 of the "Securities and Exchange Act" and Article 219 of the "Company Act" for your approval.

Huaku Development Co., Ltd.

Convener of the Audit Committee:

WANG, TZE-CHUN

A handwritten signature in black ink, consisting of three stylized Chinese characters: '王' (Wang), '自' (Zi), and '軍' (Jun).

February 22, 2023

IV. Financial reporting covering the most recent year

Independent Auditors' Report

(112) Cai-Shen-Bao-Zi No. 22002975

To Huaku Development Co., Ltd.,

Audit Opinions

The auditors have audited the Consolidated Balance Sheets of Huaku Development Co., Ltd. and its subsidiaries (hereinafter referred to as "Huaku Development Group") as of December 31, 2022 and 2021, the Consolidated Statement of Comprehensive Income, Consolidated Statement of Changes in Equity, Consolidated Statement of Cash Flows, and Notes for Consolidated Financial Statements (including Statements on Significant Accounting Policies and Their Summary) for the period of January 1 to December 31, 2022 and 2021.

In our opinion, based on our audits and other independent auditors' reports (please refer to Other Matter sections), the aforementioned Consolidated Financial Statements present fairly, in all material respects, the consolidated financial position of Huaku Development Group as of December 31, 2022 and 2021, and its consolidated financial performance and consolidated cash flows for the periods from January 1 to December 31, 2022 and 2021 in conformity with Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), International Financial Reporting Interpretations Committee (IFRIC) Interpretations, and Standing Interpretations Committee (SIC) Interpretations to the extent endorsed and effected by the Financial Supervisory Commission.

Basis of Audit Opinions

We have performed the auditing in accordance with the Regulations Governing Auditing and Attestation of Financial Statements by Certified Public Accountants and the Auditing Standards of ROC. Our responsibilities under those standards are further described in the section of Responsibility of Certified Public Accountants for Auditing Financial Statements. We are independent from Huaku Development Co., Ltd. in accordance with The Norm of Professional Ethics for Certified Public Accountant of the Republic of China, and we have fulfilled other responsibilities in accordance with the requirements stated in The Norm. Based on our auditing results and other independent auditors' reports, we believe that we have obtained sufficient and appropriate audit evidence to serve as the basis for our opinion.

Key Audit Matters

The key audit matters are those that we consider the most important, according to our professional judgment, when auditing the consolidated financial statements of Huaku Development Group for 2022. The said matters have been expressed when the financial statements were audited as a whole and when the audit opinions took form. Any personal opinion on any of the said matters is not expressed.

Key audit matters of the consolidated financial statements of Huaku Development Group for 2022 are as follows:

The Appropriateness of Recognition Timing of Building and Land Sales Revenue

Description of the Matter

Please refer to Note 4 (24) of the Notes for Consolidated Financial Statements for the accounting policies of the construction industry on operating revenue, and Note 6 (17) for descriptions of accounting items.

The sales revenue of the construction industry is recognized when the real estate completes the transfer of ownership and the actual delivery of the housing. Since there is a large number of sales of premises in the construction industry, in order to confirm the validity of the recognition timing of the sales revenue, the Company needs to examine the transfer of ownership and delivery housing data one by one to recognize the sales revenue, which usually involves tremendous manual efforts. Therefore, we listed the closing date of sales revenue of real estate as one of the most important matters to audit.

Corresponding Audit Procedures

The corresponding audit procedures we took for the specific aspects described in the aforementioned audit

matters are as follows:

- Interview with regulatory authority to understand and review the procedures for the recognition of building and land sales revenue and to adopt it consistently with the attribution period of financial statements.
- Conducting evaluation and validation of the appropriateness of the regulatory authority concerning the period of attribution of sales revenue of building and land before and after the closing date for a certain period, including the verification of the transfer date specified on the land registration and house ownership certificate as well as the date of the transfer date on the agreement signed by the client for handing over of property to confirm the accuracy of the recognition timing of building and land sales revenue.

Other Matters—Mentioning of the Audit Result of Other Certified Public Accountants (CPAs)

The invested companies, some of which accounted for under the equity method, are included in the Huaku Development Group consolidated financial statements; their financial statements are not audited by us but by other CPAs. Therefore, the opinions on the consolidated financial statements listed above concerning the amount listed in the financial statements of such companies and the relevant information disclosed in Note 13 are based on the audit reports of the other CPAs. The amounts of investment accounted for using equity method in the aforementioned companies were NT\$44,611 thousand and NT\$41,057 thousand as of December 31, 2022 and 2021, which constituted 0.107% and 0.096% of consolidated total assets, respectively. For the aforementioned companies, the recognized comprehensive income were NT\$7,747 thousand and NT\$4,853 thousand for the years ended December 31, 2022 and 2021, which constituted 0.261% and 0.166% of consolidated total comprehensive income, respectively.

Other Matters—Parent Company Only Financial Reports

Huaku Development Co., Ltd. has compiled parent company only financial reports for 2022 and 2021, and we have issued an unqualified report with other matter paragraphs for reference.

Responsibility of the Management and the Governance Units for the Consolidated Financial Statements

The responsibility of the management was to act in conformity with Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), International Financial Reporting Interpretations Committee (IFRIC) Interpretations, and Standing Interpretations Committee (SIC) Interpretations to the extent endorsed and effected by the Financial Supervisory Commission to fairly represent the Company's financial status and also to maintain necessary internal control with regard to the compilation of the consolidated financial statements, so as to ensure such financial statements did not contain any material misstatement due to fraud or errors.

When the consolidated financial statements were in the process of preparation, the responsibility of management also included the assessment of the going concern capacity of Huaku Development Group, disclosure of related matters, and the adoption of the accounting basis of going concern, unless the management intended to liquidate or suspend the operation of Huaku Development Group, or if there was no other option except liquidation or suspension of the company's operation.

The governance units of Huaku Development Group (including the Audit Committee) bear the responsibility of overseeing the financial reporting process.

Responsibility of Certified Public Accountants for Auditing Consolidated Financial Statements

Our objective when auditing the consolidated financial statements was to obtain reasonable assurance whether they contained any material misstatement due to fraud or error and issue the auditors' report. Reasonable assurance refers to high level of assurance. However, auditing work carried out in accordance with the Auditing Standards of ROC does not necessarily guarantee the detection of material misstatement in consolidated financial statements. Misstatements may be caused by fraud or errors. If the individual amounts or sums that the material misstatement involved may be reasonably expected to affect the financial decision making of users of the consolidated financial statements, such misstatement will be considered material.

We conducted the auditing according to the Auditing Standards of ROC, and also exercised our professional

judgment and remained professionally skeptical. We have also executed the following tasks:

1. Identified and evaluated the risk of material misstatements due to fraud or errors in the consolidated financial statements; designed and carried out appropriate countermeasures for the evaluated risk, and obtained sufficient and appropriate evidence as the basis for the audit opinions. As fraud can involve conspiracy, forgery, intentional omissions, false statements or transgressions of internal control, the risk of failing to detect material misstatements resulting from fraud is higher than the risk of failing to identify those coming from errors.
2. Achieved the necessary understanding of the internal control relevant to auditing verifications in order to design the auditing procedures appropriate for the given context. Nevertheless, the purpose of this is not to express an opinion on the effectiveness of Huaku Development Group's internal control.
3. Evaluated the appropriateness of the accounting policies adopted by the management and the reasonableness of its accounting estimates and relevant disclosures.
4. Formed a conclusion pertaining to the appropriateness of the accounting basis of going concern adopted by the management of Huaku Development Group; determined whether material uncertainty exists or not on events or conditions which may significantly impact the going concern of Huaku Development Group. If we thought such material uncertainty existed for such events or conditions, we must point it out in the auditors' report to remind users of the consolidated financial statements to look out for related disclosures in the consolidated financial statements, or to revise our audit opinions if such disclosures were inappropriate. Our conclusion was established according to the audit evidence obtained by the date of the auditors' report. However, future events or conditions may cause Huaku Development Group to lose the capacity of going concern.
5. Evaluated the overall expression, structure and contents of the consolidated financial statements (including relevant Notes), and whether the consolidated financial statements fairly represent relevant transactions and events.
6. Obtained sufficient and appropriate audit proof of the financial information of the Group's constituents so as to express opinions on the consolidated financial statements. We were responsible for guiding, supervising, and executing the audit work for the Group's financial statements and also establishing the auditors' opinion.

We communicated with the governance units on the planned audit range and time, as well as material audit discoveries (including significant internal control defects found in the audit process).

We provided the governance units with a statement assuring the personnel of our accounting firm who are subject to independent regulations had acted according to the Norm of Professional Ethics for Certified Public Accountant of the Republic of China to remain neutral and also communicated with them about all relations and other matters (including related preventive measures) that could affect the independence of certified public accountants.

Based on the result of our discussion with the governance units, we decided on the matters to be regarded as key audit matters when auditing the 2022 consolidated financial statements of Huaku Development Group. We have clearly described the said matters in the auditors' report, except certain matters whose public disclosure is prohibited by law, or certain matters we decided not to communicate under extremely rare circumstances because disclosure of such matters can be reasonably expected to lead to negative effects that would be greater than the public good they might bring.

PwC Taiwan

Hsiao, Chun-Yuan

CPA

Lin, Se-Kai

Former Securities and Futures Bureau, FSC

Approved Document, Reference No.:

FSC Zheng-Sixth-Zi No. 0960042326

FSC Zheng-Sixth-Zi No. 0960072936

February 22, 2023

HUAKU DEVELOPMENT CO., LTD. AND SUBSIDIARIES

Consolidated Balance Sheet

December 31, 2022 and 2021

Unit: NT\$ thousands

		<u>December 31, 2022</u>		<u>December 31, 2021</u>	
<u>Assets</u>	<u>Notes</u>	<u>Amount</u>	<u>%</u>	<u>Amount</u>	<u>%</u>
Current assets					
1100	Cash and cash equivalents	6 (1)			
		\$ 1,699,161	4	\$ 2,392,980	6
1110	Financial asset measured at fair value through profit and loss—current	6 (2)			
		143,172	1	168,373	-
1150	Notes receivable, net	6 (3)		30,385	-
1170	Accounts receivable, net	6 (3) (11) and 8		167,158	-
1200	Other receivables	6 (11) and 8		26,877	-
130X	Inventories	6 (4) and 8		34,542,932	81
1410	Prepayments			28,351	-
1470	Other current assets	6 (5) and 8		1,515,270	4
11XX	Total current assets				
		<u>38,113,838</u>	<u>92</u>	<u>38,872,326</u>	<u>91</u>
Non-current assets					
1550	Investment accounted for using the equity method	6 (6)			
		44,611	-	41,057	-
1600	Property, plant, and equipment			201,529	1
1755	Right-of-use assets			18,207	-
1760	Investment properties, net	6 (7) and 8		505,485	1
1840	Deferred income tax assets	6 (23)		26,997	-
1900	Other non-current assets	6 (3) (11) and 8		2,963,671	7
15XX	Total non-current assets				
		<u>3,445,383</u>	<u>8</u>	<u>3,756,946</u>	<u>9</u>
1XXX	Total assets				
		<u>\$ 41,559,221</u>	<u>100</u>	<u>\$ 42,629,272</u>	<u>100</u>

(Continued on Next Page)

HUAKU DEVELOPMENT CO., LTD. AND SUBSIDIARIES**Consolidated Balance Sheet****December 31, 2022 and 2021**

Unit: NT\$ thousands

Liability and equity		Notes	December 31, 2022		December 31, 2021	
			Amount	%	Amount	%
Current liabilities						
2100	Short-term loans	6 (8)	\$ 8,751,890	21	\$ 8,852,000	21
2110	Short-term notes and bills payable	6 (9)	299,800	1	2,230,921	5
2130	Contract liabilities—current	6 (17)	4,647,040	11	3,726,040	9
2150	Notes payable		12,371	-	17,253	-
2170	Accounts payable	7	1,301,254	3	1,317,642	3
2200	Other payables		487,041	1	467,367	1
2230	Current income tax liabilities		444,345	1	516,935	1
2280	Lease liabilities—current		11,486	-	6,808	-
2320	Long-term liabilities due within one year or one operating cycle	6 (11)	2,563,626	6	2,511,848	6
2399	Other current liabilities—others	6 (10)	295,266	1	285,360	1
21XX	Total current liabilities		<u>18,814,119</u>	<u>45</u>	<u>19,932,174</u>	<u>47</u>
Non-current liabilities						
2540	Long-term loans	6 (11)	3,288,586	8	4,072,369	10
2570	Deferred income tax liabilities	6 (23)	3,560	-	2,280	-
2580	Lease liabilities—non-current		7,801	-	11,626	-
2600	Other non-current liabilities	6 (4) (12)	73,653	-	97,972	-
25XX	Total non-current liabilities		<u>3,373,600</u>	<u>8</u>	<u>4,184,247</u>	<u>10</u>
2XXX	Total liabilities		<u>22,187,719</u>	<u>53</u>	<u>24,116,421</u>	<u>57</u>
Equity attributable to owners of the parent company						
	Share capital	6 (13)				
3110	Share capital from common stock		2,768,127	7	2,768,127	6
	Additional paid-in capital	6 (14)				
3200	Additional paid-in capital		78,986	-	77,678	-
	Retained earnings	6 (15)				
3310	Legal reserves		4,001,673	10	3,709,291	9
3350	Unappropriated retained earnings		12,410,036	30	11,817,684	28
	Other equity interest	6 (16)				
3400	Other equity interest		11,670	-	6,087	-
3500	Treasury stocks	6 (13)	(850)	-	(850)	-
31XX	Total equity attributable to owners of the parent company		<u>19,269,642</u>	<u>47</u>	<u>18,378,017</u>	<u>43</u>
36XX	Non-controlling interests		<u>101,860</u>	<u>-</u>	<u>134,834</u>	<u>-</u>
3XXX	Total equity		<u>19,371,502</u>	<u>47</u>	<u>18,512,851</u>	<u>43</u>
	Material commitments and contingencies	9				
3X2X	Total liabilities and equity		\$ 41,559,221	100	\$ 42,629,272	100

The Notes to the Consolidated Financial Statements are part of the Consolidated Financial Statements and should be read together.

Chairman : Chung, Long-Chang

Manager : Jason Hung

Accounting Supervisor : Liu, Jo-Mei

HUAKU DEVELOPMENT CO., LTD. AND SUBSIDIARIES**Consolidated Statement of Comprehensive Income****For the years ended December 31, 2022 and 2021**Unit: NT\$ thousands
(except for earnings per share in New Taiwan Dollars)

Items	Notes	2022		2021	
		Amount	%	Amount	%
4000 Operating revenue	6 (17)	\$ 14,853,179	100	\$ 13,547,257	100
5000 Operating costs	6 (18) (19) and 7	(10,113,509)	(68)	(9,185,855)	(68)
5900 Gross profit		<u>4,739,670</u>	<u>32</u>	<u>4,361,402</u>	<u>32</u>
Operating expenses	6 (18) (19) and 7				
6100 Selling expenses		(429,904)	(3)	(249,918)	(2)
6200 Administrative expenses		(589,000)	(4)	(577,987)	(4)
6000 Total operational expenses		(1,018,904)	(7)	(827,905)	(6)
6900 Operating profit		<u>3,720,766</u>	<u>25</u>	<u>3,533,497</u>	<u>26</u>
Non-operating income and expenses					
7100 Interest income	6 (20)	67,268	1	60,063	1
7010 Other income	6 (21)	36,281	-	73,717	1
7020 Other gains and losses		(15,193)	-	5,157	-
7050 Financial cost	6 (22)	(109,259)	(1)	(97,731)	(1)
7060 Share of profit (loss) of associates and joint ventures accounted for using the equity method	6 (6)	<u>7,747</u>	<u>-</u>	<u>4,853</u>	<u>-</u>
7000 Total non-operating income and expenses		(13,156)	-	46,059	1
7900 Pre-tax profit		<u>3,707,610</u>	<u>25</u>	<u>3,579,556</u>	<u>27</u>
7950 Income tax expense	6 (23)	(753,597)	(5)	(657,751)	(5)
8200 Net income		<u>\$ 2,954,013</u>	<u>20</u>	<u>\$ 2,921,805</u>	<u>22</u>

(Continued on Next Pag)

HUAKU DEVELOPMENT CO., LTD. AND SUBSIDIARIES**Consolidated Statement of Comprehensive Income****For the years ended December 31, 2022 and 2021**Unit: NT\$ thousands
(except for earnings per share in New Taiwan Dollars)

Items		Notes	2022		2021	
			Amount	%	Amount	%
Other comprehensive income (net)						
Other comprehensive income						
8311	Remeasurements of defined benefit plans	6 (12)	\$ 4,478	-	\$ 4,552	
8349	Income tax related to items not reclassified	6 (23)	(895)	-	(910)	-
Items that may be reclassified to profit or loss						
8361	Exchange differences on translation of foreign financial statements		8,723	-	(5,056)	-
8399	Income tax associated with items that may be reclassified	6 (16) 23	(1,396)	-	809	-
8360	Total amount of items that may be reclassified to profit of loss		7,327	-	(4,247)	-
8300	Other comprehensive income (net)		<u>\$ 10,910</u>	<u>-</u>	<u>(\$ 605)</u>	<u>-</u>
8500	Total comprehensive income		<u>\$ 2,964,923</u>	<u>20</u>	<u>\$ 2,921,200</u>	<u>22</u>
Profit attributable to:						
8610	Owners of parent company		\$ 2,957,246	20	\$ 2,920,173	22
8620	Non-controlling interests		(3,233)	-	1,632	-
			<u>\$ 2,954,013</u>	<u>20</u>	<u>\$ 2,921,805</u>	<u>22</u>
Total comprehensive income attributable to:						
8710	Owners of parent company		\$ 2,966,412	20	\$ 2,920,580	22
8720	Non-controlling interests		(1,489)	-	620	-
			<u>\$ 2,964,923</u>	<u>20</u>	<u>\$ 2,921,200</u>	<u>22</u>
Basic earnings per share						
9750	Total basic earnings per share	6 (24)	<u>\$ 10.69</u>		<u>\$ 10.56</u>	
Diluted earnings per share						
9850	Total diluted earnings per share	6 (24)	\$ 10.63		\$ 10.50	

The Notes to the Consolidated Financial Statements are part of the Consolidated Financial Statements and should be read together.

Chairman : Chung, Long-Chang

Manager : Jason Hung

Accounting Supervisor : Liu, Jo-M

HUAKU DEVELOPMENT CO., LTD. AND SUBSIDIARIES

Consolidated Statement of Changes in Equity
For the years ended December 31, 2022 and 2021

Unit: NT\$ thousands

Equity attributable to owners of the parent company												

The Notes to the Consolidated Financial Statements are part of the Consolidated Financial Statements and should be read together.

Chairman : Chung, Long-Chang

Manager : Jason Hung

Accounting Supervisor : Liu, Jo-Mei

HUAKU DEVELOPMENT CO., LTD. AND SUBSIDIARIES

Consolidated Statement of Cash Flows

For the years ended December 31, 2022 and 2021

Unit: NT\$ thousands

	Notes	2022	2021
Cash flow from operating activities			
Current net profit before tax		\$ 3,707,610	\$ 3,579,556
Adjusted items			
Income and expense items			
Share of profits (losses) of associates accounted for using the equity method	6 (6)	(7,747)	(4,853)
Amortization	6 (18)	1,796	2,166
Depreciation expenses	6 (18)	28,141	26,959
Interest expense	6 (22)	109,259	97,731
Interest income	6 (20)	(67,268)	(60,063)
Loss (gain) on disposal of property, plant and equipment		11	(748)
Changes in assets and liabilities relating to operating activities			
Net change in assets relating to operating activities			
Financial assets measured at fair value through profit or loss		25,202	(45,904)
Notes and accounts receivable, net		20,509	43,726
Other receivables		14,840	40,124
Inventories		494,759	(5,481,814)
Prepayments		(63,915)	81,331
Restricted deposits		(301,479)	428,597
Other current assets		(25,176)	16,830
Deferred income tax assets		2,739	816
Long-term installment accounts receivable		389,392	437,509
Net change in liabilities relating to operating activities			
Notes payable		(4,882)	(31,830)
Accounts payable		(16,388)	106,366
Other payables		19,674	9,999
Contract liabilities		921,000	257,677
Advance receipts		(3,740)	(27,703)
Other current liabilities		13,646	81,763
Other non-current liabilities		(8,797)	(8,286)
Deferred income tax liabilities—current		1,281	(901)
Realized amount of unrealized revenue within this period		(21,793)	(32,563)
Cash inflow (outflow) generated from operations		5,228,674	(483,515)
Dividends received		4,193	4,853
Interest received	6 (20)	67,268	60,063
Interest paid	6 (22)	(237,488)	(201,088)
Income tax paid		(824,458)	(331,223)
Cash inflow (outflow) from operating activities, net		4,238,189	(950,910)
Cash flow from investment activities			
Proceeds from acquisition of property, plant, and equipment		(11,738)	(11,486)
Proceeds from disposal of property, plant, and equipment		-	762
Decrease (increase) in other non-current assets		7,399	(5,360)
Decrease (increase) in construction performance deposit		(6,488)	57,633
Increase in refundable deposits		(71,977)	(22,697)
Cash (outflow) inflow from investment activities, net		(82,804)	18,852
Cash flow from financing activities			
Increase (decrease) in short-term loans	6 (25)	(100,110)	6,185,000
Decrease in short-term bills payable	6 (25)	(1,931,121)	(1,000,879)
Long-term loans borrowed	6 (25)	2,047,902	1,989,982
Long-term loans repaid	6 (25)	(2,779,907)	(2,430,346)
Redemption of lease principal	6 (25)	(9,764)	(9,826)
Increase in guarantee deposits received	6 (25)	1,264	14,328
Changes in non-controlling interests		(31,485)	-
Cash dividends paid—parent company	6(15)(25)	(2,076,095)	(1,937,689)
Cash inflow (outflow) from financing activities, net		(4,879,316)	2,810,570
Impacts on cash and cash equivalents from changes in exchange rates		30,112	3,137
Increase (decrease) in cash and cash equivalents for the year		(693,819)	1,881,649
Cash and cash equivalents at the beginning of the year		2,392,980	511,331
Cash and cash equivalents at the end of the year		\$ 1,699,161	\$ 2,392,980

The Notes to the Consolidated Financial Statements are part of the Consolidated Financial Statements and should be read together.

Chairman : Chung, Long-Chang

Manager : Jason Hung

Accounting Supervisor : Liu, Jo-Mei

HUAKU DEVELOPMENT CO., LTD. AND SUBSIDIARIES

Notes for Consolidated Financial Statements

December 31, 2022 and 2021

Unit: NT\$ thousands
(Unless specified otherwise)

I. Company History

Huaku Development Co., Ltd. ("the Company") was established in April 1989. It is engaged mainly in the subcontract construction, leasing, and sales of public housings, commercial buildings, and general-purpose plants and warehouses. The common shares of the Company have been listed on the Taiwan Stock Exchange since August 26, 2002.

II. Approval Date and Procedure of Financial Statements

The consolidated financial statements were approved and issued on February 22, 2023 by the Board of Directors.

III. Application of New and Amended Standards and Interpretations

(I) Effects of the adoption of new and amended IFRSs endorsed and issued into effect by the Financial Supervisory Commission ("FSC")

1. The following table summarizes the new, revised, and amended standards and interpretations of IFRSs endorsed and issued into effect by the FSC that are applicable in 2022:

<u>New standards, interpretations and amendments</u>	<u>Effective date by International Accounting Standards Board</u>
Amendments to IFRS 3 "Reference to the Conceptual Framework"	January 1, 2022
Amendments to IAS 16 "Property, Plant and Equipment - Proceeds before Intended Use"	January 1, 2022
Amendments to IAS 37 "Onerous Contracts — Cost of Fulfilling a Contract"	January 1, 2022
Annual Improvements to IFRSs 2018-2020 Cycle	January 1, 2022

2. The Group assessed the effects of adopting the aforementioned standards and interpretations and found no significant effects on the Group's financial position and financial performance.

(II) Effect of the new issuance of or amendments to IFRSs as endorsed by the FSC but not yet adopted

1. The following table summarizes the new, revised, and amended standards and interpretations of IFRSs endorsed by the FSC that are applicable in 2023:

<u>New standards, interpretations and amendments</u>	<u>Effective date by International Accounting Standards Board</u>
Amendments to IAS 1 "Disclosure of Accounting Policies"	January 1, 2023
Amendments to IAS 8 "Definition of Accounting Estimates"	January 1, 2023
Amendments to IAS 12 "Deferred Tax related to Assets and Liabilities arising from a Single Transaction"	January 1, 2023

2. The Group assessed the effects of adopting the aforementioned standards and interpretations and found no significant effects on the Group's financial position and financial performance.

(III) Effects of IFRSs issued by IASB but not yet endorsed by the FSC

1. The following table summarizes the new, revised, and amended standards and interpretations of IFRSs that have been issued by IASB but not yet endorsed by the FSC:

<u>New standards, interpretations and amendments</u>	<u>Effective date by International Accounting Standards Board</u>
Amendments to IFRS 10 and IAS 28 "Sale or Contribution of Assets between an Investor and its Associate or Joint Venture"	To be determined by International Accounting Standards Board
Amendments to IFRS 16 "Lease Liability in a Sale and Leaseback"	January 1, 2024
IFRS 17 "Insurance Contracts"	January 1, 2023
Amendments to IFRS 17 "Insurance Contracts"	January 1, 2023
Amendments to IFRS 17 "Initial Application of IFRS 17 and IFRS 9—Comparative Information"	January 1, 2023
Amendments to IAS 1 "Classify Debt as Current or Non-current"	January 1, 2024
Amendments to IAS 1 "Non-current Liabilities with Covenants"	January 1, 2024

2. The Group assessed the effects of adopting the aforementioned standards and interpretations and found no significant effects on the Group's financial position and financial performance.

IV. Statements on Significant Accounting Policies and Their Summary

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

(I) Statement of Compliance

The consolidated financial statements are prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers, as well as the International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), IFRIC interpretations and SIC interpretations (collectively referred to as "IFRSs" hereinafter) endorsed and issued into effect by the FSC.

(II) Preparation Basis

1. Except for the following significant items, these consolidated financial statements have been prepared under the historical cost convention:
- (1) Financial assets measured at fair value through profit or loss.
 - (2) Defined benefit liability derived from retirement plan assets less the present value of net defined benefit obligation.
2. Critical accounting estimates are required when preparing financial statements in compliance with IFRSs. For the items involving a high degree of judgment or complexity, or the items involving significant assumptions and estimates in the consolidated financial statements, please refer to Note 5 for details.

(III) Basis of Consolidation

1. Basis for preparation of consolidated financial statements
- (1) The Group includes all subsidiaries as entities in the consolidated financial statements. Subsidiaries refer to entities controlled by the Group. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the entity and has the ability to affect those returns through its

power over the entity. Subsidiaries are included in the consolidated financial statements from the date on which the Group obtains control, and are excluded from the consolidated financial statements from the date when such control ceases.

- (2) Transactions, balances and unrealized gains or losses between companies within the Group are eliminated. Accounting policies of subsidiaries are adjusted, when necessary, to remain consistent with those of the Group.
- (3) The profit or loss and each component of other comprehensive income is attributed to the owners of the parent company and to the non-controlling interest. Total comprehensive income is also attributed to the owners of the parent company and non-controlling interest even if this results in the non-controlling interests having a deficit balance.
- (4) A change in the ownership interest of a subsidiary without a loss of control (transactions with non-controlling interests) is accounted for as an equity transaction, i.e. transactions with owners in their capacity as owners. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognized directly in equity.
- (5) When the Group loses control of a subsidiary, any investment retained in the former subsidiary should be remeasured at fair value and be regarded as the fair value on initial recognition of a financial asset or, when appropriate, as the cost on initial recognition of an investment in an associate or a joint venture. Difference between fair value and carrying amount should be recognized in profit or loss. All amounts recognized in other comprehensive income in relation to that subsidiary should be accounted for on the same basis as would be required if the Group had directly disposed of the related assets or liabilities. Therefore, if a gain or loss previously recognized in other comprehensive income would be reclassified to profit or loss on the disposal of the related assets or liabilities, the Group reclassifies the gain or loss from equity to profit or loss when it loses control on that subsidiary.

2. Subsidiaries included in the consolidated financial statements:

Name of Company	Name of subsidiaries	Business activities	Percentage owned by the Company		Details
			December 31, 2022	December 31, 2021	
The Company	Pin Shing Construction Co., Ltd.	Civil engineering and hydraulic engineering contractors	100	100	
The Company	Chengdu Wancheng Duobao Real Estate Co., Ltd.	Property development	80	80	
The Company	Chengdu Huaku Real Estate Co., Ltd.	Property development	80	80	

3. Subsidiaries that are not included into the consolidated financial statements: None.
4. Adjustments and treatment methods for different accounting periods of subsidiaries: None.
5. Significant limitation on the ability to acquire or use assets and to settle liabilities: None.
6. Information about subsidiaries of non-controlling interest that are material to the Group: None.

(IV) Foreign Currency Translation

All items on the financial statements of each entity of the Group are measured at the currency of the principal economic environment in which the entity operates (i.e. functional currency). The consolidated financial statements are presented in NTD, which is the Company's functional and the Group's presentation currency.

1. Foreign currency transaction and balance

- (1) Foreign currency transaction is translated to the functional currency by using the spot exchange rate on the trade date or measurement date. Any translation differences occurred is to be recognized in the current profit or loss.
- (2) Balances of monetary assets and liabilities denominated in foreign currencies are adjusted at the spot exchange rates prevailing at the balance sheet date. Exchange gains or losses arising from such adjustments are recognized in profit or loss.
- (3) For non-monetary assets and liabilities denominated in foreign currency, if they are measured at FVTPL, they are adjusted using the spot exchange rate prevailing at the balance sheet date and any exchange differences arising therefrom are recognized in profit or loss; if they are measured at FVOCI, they are adjusted using the spot exchange rate prevailing at the balance sheet date and any exchange differences arising therefrom are recognized in other comprehensive income; if they are not measured at fair value, they are measured at the historical exchange rates on initial transaction dates.
- (4) All other foreign exchange gains and losses are presented in the statement of comprehensive income within "other gains and losses".

2. Translation from foreign operations

- (1) The operating results and financial position of all entities and associates within the Group that have a functional currency different from the presentation currency are translated into the presentation currency by applying the following approaches:
 - A. Assets and liabilities for each balance sheet presented are translated at the closing exchange rate at the end of the financial reporting period;
 - B. Income and expenses for each statement of comprehensive income are translated at average exchange rates of that period; and
 - C. All resulting exchange differences are recognized in other comprehensive income.
- (2) When the foreign operation partially disposed of or sold is a subsidiary, cumulative exchange differences that were recorded in other comprehensive income are proportionately transferred to the non-controlling interest in this foreign operation. However, if the Group still retains partial interests in the former foreign subsidiary after losing control of the former foreign subsidiary, such transactions should be accounted for as disposal of all interest in these foreign operations.

(V) Classification of Current and Non-current Assets and Liabilities

The Group is engaged in subcontract construction, leasing, and sales of buildings or plants business and contract construction projects business. The operating cycle is usually longer than one year. The classification criteria for current or non-current of assets and liabilities related to the construction projects is based on the operating cycle. The classification criteria for current or non-current of other items are as follows:

1. Assets that meet one of the following criteria are classified as current assets:

- (1) Assets that are expected to be realized, or are intended to be sold or consumed

within the normal operating cycle;

- (2) Liabilities held primarily for trading purposes;
- (3) Assets that are expected to be realized within 12 months after the balance sheet date;
- (4) Cash and cash equivalents, excluding those that are restricted, or to be exchanged or used to settle liabilities at least twelve months after the balance sheet date.

The Group classifies assets not meeting the aforesaid criteria into non-current assets.

2. Liabilities that meet one of the following criteria are classified as current liabilities:

- (1) Liabilities that are expected to be settled within the normal operating cycle;
- (2) Liabilities held primarily for trading purposes;
- (3) Liabilities that are expected to be settled within 12 months after the balance sheet date;
- (4) Liabilities for which the repayment date cannot be extended unconditionally to more than 12 months after balance sheet date. Settlement by the issue of equity instruments based on transaction party's choice does not impact classification.

The Group classifies liabilities not meeting the aforesaid criteria into non-current liabilities.

(VI) Cash equivalents

Cash equivalents refer to investments that are short-term, highly liquid, subject to a low risk of changes in value, and readily convertible to a known amount of cash. Time deposits and repurchase bonds satisfying the aforementioned definition and for which the objective of holding is to meet the short-term operating cash commitment (including time deposits with a contract period within 12 months) are classified as the cash equivalent.

(VII) Financial assets measured at fair value through profit or loss

1. Financial assets measured at FVTPL are financial assets that are neither carried at cost nor measured at FVTOCI.
2. The Group uses trade date accounting for financial assets at FVTPL conformed to customary transactions.
3. Financial assets at FVTPL are initially recognized at fair value with related transaction costs recognized in profit or loss, and subsequently measured at fair value with related gains or losses recognized in profit or loss.
4. The Group recognizes dividends income in profit or loss when the rights of shareholders to receive payment are established, provided that the economic benefits related to such dividends are probable to flow to the Group and the amount of such benefits can be reliably measured.

(VIII) Accounts Receivables and Notes Receivables

1. It refers to receivables and notes of which the contractual right to consideration for goods sold or services rendered is unconditional.
2. At initial recognition, the Group measures the financial assets at fair value. Interest income from these financial assets is included in finance income using the effective interest method. A gain or loss is recognized in profit or loss.

(IX) Impairment of Financial Assets

The Group measures the loss allowance for financial assets and accounts receivable containing significant financial components or loan commitment and financial guarantee contract measured at amortized cost after taking into account all reasonable and proving

information (including foreseeing information) at each balance sheet date; where the credit risk has not significantly increased since initial recognition, the loss allowance is measured at the 12-month expected credit losses; where the credit risk has increased significantly since initial recognition, the loss allowance is measured at full lifetime expected credit losses; and where they are accounts receivables or contract assets that do not comprise any significant financing components, the loss allowance is measured at full lifetime expected credit losses.

(X) Derecognition of Financial Assets

The Group derecognizes an asset when its contractual rights to receive cash flows from the financial asset expire.

(XI) Lease Transactions for the Lessors—Operating Leases

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

(XII) Inventories

1. Inventories including buildings and land held for construction, construction in progress, and buildings and land held for sale are initially recorded at cost. The construction profit or loss is recognized with the completed contract method. The buildings and land held for construction is transferred to the premise under construction when it is actively developed, and the related interest is capitalized during the period from the active development or construction to the completion of the work.
2. The specific land rights acquired by the Group and its right to construct residential buildings on that land are leased for the profession of the construction. It complies with the definition of IAS 2.6 and IAS 2.8 and recognizes the land use rights acquired as inventory costs.
3. At the end of the period, inventories are evaluated at the lower of cost or net realizable value, and the individual item approach is used in the comparison of cost and net realizable value. The calculation of net realizable value is based on the estimated selling price in the normal course of business, net of estimated costs of completion and estimated selling expenses.

(XIII) Investment accounted for using the equity method

Associates

1. Associates are all entities over which the Group has significant influence but not control. In general, it is presumed that the investor has significant influence, if an investor holds, directly or indirectly 20% or more of the voting power of the investee. Investments in associates are accounted for using the equity method and are initially recognized at cost.
2. The Group's share of its associates' post-acquisition profits or losses is recognized in profit or loss, and its share of post-acquisition movements in other comprehensive income is recognized in other comprehensive income. When the Group's share of losses in an associate equals or exceeds its interest in the associate, the Group does not recognize further losses, unless it has incurred legal or constructive obligations or made payments on behalf of the associate.
3. When changes in an associate's equity do not arise from profit or loss or other comprehensive income of the associate and such changes do not affect the Group's ownership percentage of the associate, the Group recognizes the change in ownership interests in the associate in "additional paid-in capital" in proportion to its ownership.

4. Unrealized gains on transactions between the Group and its associates are eliminated to the extent of the Group's interest in the associates. Unrealized losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of associates are adjusted, when necessary, to remain consistent with those of the Group.
5. When the Group disposes its investment in an associate and loses significant influence over this associate, the accounting treatment for amounts previously recognized in other comprehensive income in relation to the associate are the same as the one required if the relevant assets or liabilities were directly disposed of. That is, if gain/loss previously recognized in other comprehensive income will be reclassified to profit or loss upon disposal of relevant assets or liabilities, such gain/loss will be reclassified from equity to profit or loss when the Group loses significant influence over the associate. If it still retains significant influence over this associate, then the amounts previously recognized in other comprehensive income in relation to the associate are reclassified to profit or loss proportionately in accordance with the aforementioned approach.

Joint ventures

The Group accounts for its investment interest in joint ventures using the equity method. If there is evidence indicating that the net realizable value of the asset has decreased or that an impairment loss has occurred on the asset, the full loss is recognized immediately. When the Company's share of losses in a joint venture equals or exceeds its interest in the joint venture (including any other unsecured receivables), the Company does not recognize further losses, unless it has incurred obligations or constructive obligations or made payments on behalf of the joint venture.

(XIV) Property, plant, and equipment

1. Property, plant and equipment are initially recorded at cost. Borrowing costs incurred during the construction period are capitalized.
2. Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognized. All other amount of repairs and maintenance fee are recognized as current profit or loss when they are incurred.
3. Land is not depreciated. The cost model is applied to other property, plant and equipment, and these are depreciated using the straight-line method to allocate their cost over their estimated useful lives. If the property, plant, and equipment comprise any significant components, they are depreciated individually.
4. The Group reviews each assets' residual values, useful lives and depreciation methods at the end of each financial year. If expectations for the assets' residual values and useful lives differ from previous estimates or the patterns of consumption of the assets' future economic benefits embodied in the assets have changed significantly, any change is accounted for as a change in estimate under IAS 8 "Accounting Policies, Changes in Accounting Estimates and Errors" from the date of the change. Except that the useful life of the real estate property is 30 years, the useful life of all other assets is 3 to 5 years.

(XV) Lease Transactions for the Lessees—Right-of-Use Assets / Lease Liabilities

1. Lease assets are recognized as right-of-use assets and lease liabilities on the date when they are available for use by the Group. When the lease contract is a short-term lease or

lease of a low-value asset, the lease payments are recognized as an expense on a straight-line basis over the lease term.

2. The lease liabilities are recognized as the present value of the lease payments that have not been paid at the lease commencement date discounted at the Group's incremental borrowing rate of interest. The lease payments include:

- (1) Fixed payments, less any lease incentives receivable;
- (2) Variable lease payments that depend on an index or a rate;

The lease liability is measured at amortized cost using the effective interest method subsequently, and the interest expense is appropriated during the lease period. When the non-contractual modification causes a change in the lease period or lease payment, the subsequent lease liability will be reassessed, and re-measurements will be used to adjust the right-of-use assets.

3. The right-of-use asset is recognized at cost at the lease commencement date. The cost comprises:

- (1) The amount equal to the lease liability at its initial recognition;
- (2) Lease payments made at or before the commencement of the lease;
- (3) Any initial direct costs incurred by the lessee; and
- (4) An estimate of costs to be incurred by the lessee in dismantling and removing the underlying asset, restoring the site on which it is located or restoring the underlying asset to the condition required by the terms and conditions of the lease.

The subsequent measurement adopts the cost model, and depreciation expenses are recognized at the earlier of the expiration date of the right-of-use asset or the lease period. When the lease liability is reassessed, the right-of-use asset will adjust any remeasurement of the lease liability.

(XVI) Investment property

An investment property is stated initially at its cost and measured subsequently using the cost model. Investment property is depreciated on a straight-line basis over its economic durable service life; the useful life is 34 to 66 years.

(XVII) Impairment of Non-financial Assets

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

(XVIII) Accounts Payables and Notes Payables

1. Accounts payables and notes payables refer to the debts incurred by purchase of materials, goods, or services on credit, and the notes payables incurred by both operating and non-operating activities.
2. However, short-term accounts/notes payables without interest payment, given insignificant effects of their discounting, are subsequently measured at the invoice price.

(XIX) Derecognition of Financial Liabilities

The Group derecognizes a financial liability when the obligation under the contract is

performed, canceled, or expires.

(XX) Provisions

Provisions are prepared for warranty. Provisions are measured at the best estimate of the expenditure required to settle the present obligation at the balance sheet date.

(XXI) Employee Benefits

1. Short-term employee benefits

Short-term employee benefits are measured at the undiscounted amount of the benefits expected to be paid and should be recognized as expenses in the period when the employees render service.

2. Pensions

(1) Defined contribution plans

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

(2) Defined benefit plans

A. The net obligation under a defined benefit plan is defined as the present value of pension benefits that employees will receive on retirement for their services with the Company in the current period or prior periods. The amount recognized is the present value of the defined benefit obligation at the balance sheet date less the fair value of plan assets. The net defined benefit obligation is computed by independent actuaries every year using the projected unit credit method. The discount rate employed is the market yields on government bonds (at the balance sheet date) of a currency and term consistent with the currency and term of the defined benefit plan.

B. The re-measured amount of defined benefit plans is recognized in other comprehensive income as it arises and presented in retained earnings.

C. Expenses associated with past service costs are recognized immediately in profit or loss.

3. Compensation to employees and remuneration to directors and supervisors

Compensation to employees and remuneration to directors and supervisors are recognized as expenses and liabilities, provided that such recognition is required under legal or constructive obligations and those amounts can be reliably estimated. Any difference between the resolved amounts and the subsequently actual distributed amounts is accounted for as changes in accounting estimates. If employee compensation is distributed by shares, the Company will calculate the number of shares based on the closing price on the day before the resolution in the Board meeting.

(XXII) Income tax

1. Income tax expense comprises current and deferred tax. Tax is recognized in profit or loss, except to the extent that it relates to items recognized in other comprehensive income or items recognized directly in equity, in which cases the tax is recognized in other comprehensive income or equity.

2. The income tax expenses are calculated on the basis of the tax laws enacted or substantively enacted at the balance sheet date in the countries where the Group operates and generates taxable income. For the income tax levied on the unappropriated retained earnings in accordance with the Income Tax Act, it will be recognized as income tax for

unappropriated retained earnings based on the actual distribution of surplus after the surplus distribution proposal is adopted at the shareholders' meeting in the year following the year of which the said surplus is generated.

3. Deferred income tax adopts the balance sheet approach. It is recognized as the temporary difference between the tax bases of assets and non-consolidated liabilities and their carrying amounts in the balance sheet at the reporting date. The deferred income tax is not recognized if it arises from initial recognition of an asset or liability in a transaction (other than a business combination) that, at the time of the transaction, affects neither accounting nor taxable profit (or loss). Deferred income tax is provided on temporary differences arising on investments in subsidiaries and associates, except where the timing of the reversal of the temporary difference is controlled by the Group and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred income tax is determined using tax rates (and tax laws) that have been enacted or substantially enacted by the balance sheet date and are expected to apply when the related deferred income tax asset is realized or the deferred income tax liability is settled.
4. Deferred tax assets are recognized only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilized. At each balance sheet date, unrecognized and recognized deferred tax assets are reassessed.
5. Current income tax assets and liabilities are offset 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. Deferred income tax assets and liabilities are offset when the entity has the legally enforceable right to offset current tax assets against current tax liabilities and they are levied by the same taxation authority on either the same entity or different entities that intend to settle on a net basis or realize the asset and settle the liability simultaneously.

(XXIII) Distribution of dividends

Dividends to be distributed to shareholders of the Company are recognized when they are resolved by the Board of Directors' Meeting; Distribution in cash dividends is recognized as a liability, whilst distribution in stock dividends is recognized as stock dividends to be distributed, which is transferred to common share on the date when new shares are issued.

(XXIV) Revenue Recognition

Property sales

1. The Group is principally engaged in the subcontract construction, leasing, and sales of property, and the recognition of revenue is based on the transferring of property ownership. For the contracted sales of residential contracts, subject to the terms of the contract, the real property has no other use for the Group, but until the legal ownership of the real property is transferred to the customer, the Group has an freely enforceable right to the contractual amount and therefore revenue is recognized when ownership or use rights are transferred to the customer.
2. Part of the Group's sales contracts includes variable consideration of price concessions. The Group takes the expected value or the most probable amount as an appropriate estimate of the variable consideration.
3. The Group's sales contract of pre-sale homes contains provisions for advance payment from customers, and the time between advance receipt and commodity

ownership transfer is longer than one year. According to IFRS 15, if the Group judges that there are significant financing components in an individual pre-sale home contract, it shall adjust the amount of the commitment consideration and recognize the interest cost. In addition, IFRS 15 states that companies should determine the significance of the financing component only at the contract level, rather than the financial level at the portfolio level.

(XXV) Operating Segments

Information on the operating segments is reported in a manner that is consistent with other information reported in the internal management reports for the chief operating decision makers. The chief operating decision makers are responsible for allocating resources to the operating segments and assessing their performance.

V. Primary Sources of Uncertainties in Significant Accounting Judgments, Estimates, and Assumptions

When preparing the consolidated financial statements, management of the Group had determined its accounting policies based on its judgments and made accounting estimates and assumptions based on a rational expectation of future events depending on the circumstances at the balance sheet date. If there is any difference between any significant accounting estimates and assumption made and actual results, the historical experience, and other factors will be taken into account in order to continue assessment and adjustment. The Group does not have an important judgment on the adoption of accounting policies, and significant accounting estimates and assumptions, which are at risk of significant changes in the carrying amount of assets and carrying amount of liabilities in the next financial year.

VI. Descriptions of Material Accounting Items

(I) Cash and cash equivalents

	December 31, 2022	December 31, 2021
Cash on hand and revolving fund	\$ 208	\$ 208
Checking deposits and demand deposits	1,628,953	2,392,772
Cash equivalents		
- Bonds with repurchase agreement	70,000	-
	<u>\$ 1,699,161</u>	<u>\$ 2,392,980</u>

1. The Group deals with financial institutions having high credit quality. The Group also deals with various financial institutions in order that credit risks can be diversified. Therefore, the expected risk of default is rather low.
2. The Group's restricted use of the pre-sale construction project trust fund and others has been listed under "Other current assets." Please refer to Notes 6 (5) and 8 for details.

(II) Financial asset measured at fair value through profit and loss—current

	December 31, 2022	December 31, 2021
Financial assets mandatorily measured at FVTPL		
- Financial products	<u>\$ 143,172</u>	<u>\$ 168,373</u>

The Group's financial assets measured at fair value through profit and loss were recognized as gains and losses in the amount of \$4,492 and \$4,408 in 2022 and 2021, respectively.

(III) Notes and accounts receivable

	December 31, 2022	Amount of receivables guaranteed	Guaranteed loan amount
Notes receivable			
Within 1 year	\$ 5,16	\$ -	\$ -
Accounts receivable			
Within 1 year	139,01	96,977	96,977
Over 1 year (Note)	2,493,02	2,488,586	2,488,586
	<u>\$ 2,637,21</u>	<u>\$ 2,585,563</u>	<u>\$ 2,585,563</u>
	December 31, 2022	Amount of receivables guaranteed	Guaranteed loan amount
Notes receivable			
Within 1 year	\$ 30,38	\$ -	\$ -
Accounts receivable			
Within 1 year	167,15	128,569	128,569
Over 1 year (Note)	2,849,57	2,813,320	2,813,320
	<u>\$ 3,047,11</u>	<u>\$ 2,941,889</u>	<u>\$ 2,941,889</u>

Note: The Group's long-term installment accounts receivables over one year are listed under the item "Other non-current assets".

1. The Group signed a credit agreement with Mega International Commercial Bank secured with the installment accounts receivables arising from the partial sale of "Huaku New World" in installments as collateral. Please refer to Notes 6 (11) and 8 for details. The Group's information on secured borrowings with accounts receivable as collateral is as above.
2. The balances of receivables (including notes receivables) contracted by the Group and clients as of December 31, 2022, December 31, 2021 and January 1, 2021 were \$2,634,486, \$3,043,303, and \$3,522,453, respectively.
3. Interest income recognized by the Group in profit or loss in 2022 and 2021 was \$59,567 and \$59,582, respectively.
4. The above notes and accounts receivable are non-overdue notes and accounts.
5. Without considering the collateral or other credit enhancements held, the exposure amount that best represents the maximum credit risk of the Group's notes and accounts receivable as of December 31, 2022 and 2021 is the carrying amount of notes and accounts receivable and long-term installment accounts receivable in each period.
6. For credit risk of accounts receivables and notes receivables, please refer to Note 12 (2).

(IV) Inventories

	December 31, 2022	December 31, 2021
<u>Buildings and land held for sale</u>		
Huaku Royal Highness	\$ 487,371	\$ 1,306,272
Hwaku Sky Garden	213,495	1,135,689
Hwaku Fine Art	191,921	243,561
Sand River Bay	136,334	147,794
Huaku Innovation Fortune Center	-	608,954
Huaku New World	-	16,318
	<u>1,029,121</u>	<u>3,458,588</u>
Less: Allowance for valuation loss	<u>(126,013)</u>	<u>(72,609)</u>
	<u>903,108</u>	<u>3,385,979</u>

(Continued on Next Page)

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
<u>Construction in progress</u>		
Huaku National Landmark (formerly Xinzhuang Factory & Office Building Project)	4,271,057	2,921,014
Huaku Casa Blanca (formerly Wenlin North Road Project II)	2,569,336	-
Huaku Moon River	2,448,049	1,938,086
Huaku Happy Fortune Center (formerly Innovation Fortune II)	2,294,126	1,875,716
Huaku Zhongyuan Landmark (formerly Zhonghe Factory & Office Building Project)	1,852,065	1,482,149
Huaku Deyue (formerly Zhonghe Residential Project)	1,642,270	-
Huaku Wenling (formerly Wenlin North Road Project)	1,381,205	1,195,231
Huaku Sky Tower (formerly Zhuangtian Road, Taishan Project)	1,289,676	-
Huaku Daan Educational Institution	768,923	604,134
Huaku Garden Mansion	-	3,841,971
Huaku Bella Vita	-	3,085,606
	<u>18,516,707</u>	<u>16,943,907</u>
<u>Land held for construction</u>		
Nangang Yucheng Project	4,863,686	4,535,225
Taichung Jingmao Road Project	2,945,125	-
Tiding Avenue Project	2,385,050	1,882,842
Guangpu Hsinchu Project, Second Phase	1,875,266	1,217,040
Xinyi Guangfu Project	723,940	559,544
Zhengda Xindian Project	594,999	562,421
Fuxing S. Road Urban Renewal Project	241,061	-
Dunnan Project	198,834	198,834
Huaku Casa Blanca (formerly Wenlin North Road Project II)	-	2,223,340
Huaku Deyue (formerly Zhonghe Residential Project)	-	1,507,504
Huaku Sky Tower (formerly Zhuangtian Road, Taishan Project)	-	1,040,653
Others	129,312	129,280
	<u>13,957,273</u>	<u>13,856,683</u>

1. Huaku New World

- (1) In 2013, the Company signed the "Training Institute, MOF, And Its Surrounding State-Owned Land Cooperative Development Contract" with the National Property Administration, MOF, obtained the right to land and paid the rights amounted to \$1.388 billion, and the lease period was 70 years. This project recognized revenue when transferring land and house use rights to customers.
 - (2) Some units following the Company's policy of leasing are transferred to the "Investment Property" item along with the land use rights after completion of registration.
 - (3) Please refer to 6(11) for details of the information on the property of this project provided as guarantee.
2. On June 4, 2010, the Company signed a contract to sell the part of the land held in Sanyu Section of Taipei City (Hwaku Sky Garden Project) to Tsai, a non-related person. The full land price of the sales transaction has received and the ownership transfer procedure

has completed, only because after the sale of the land as mentioned earlier, the Company immediately signed a contract with the buyer for the joint land construction, land sales, and joint construction contracts should be treated as the same transaction, therefore, its gain on disposal was regarded as unrealized and deferred. The Company transferred unrealized profit to income based on the proportion of sales. As of December 31, 2022 and 2021, the unrealized amounts were \$4,596 and \$26,389, respectively, which were listed under "other non-current liabilities".

3. The cost of inventories recognized as expenses and losses by the Group in 2022 and 2021 were \$10,195,687 and \$9,214,637, respectively, including the cost of goods sold recognized from cost adjusted to net realizable value \$53,404 and (\$25,164), respectively, in which, the net realizable value of inventories recovered due to the sale and transfer of some inventories whose net realizable value was lower than their cost in 2021.
4. The amount of interest capitalized in the Group's inventories for the years ended December 31, 2022 and 2021 is \$128,229 and \$103,357, respectively, and the net interest rate margin range within the capitalized interest is 0.88%~1.56% and 0.66%~0.83%, respectively.
5. Please refer to Note 8 for details of the pledge of inventories by the Group.

(V) Other current assets

	December 31, 2022	December 31, 2021
Restricted bank deposits	\$ 1,251,651	\$ 950,172
Construction refundable deposits	227,738	221,249
Incremental costs for obtaining contracts	312,973	326,749
Other current assets	54,255	17,100
	<u>\$ 1,846,617</u>	<u>\$ 1,515,270</u>

The restricted bank deposits are the Group's pre-sale construction project trust fund; please refer to Notes 8 and 9 for details.

(VI) Investment accounted for using the equity method

	December 31, 2022	December 31, 2021	Shareholding percentage
Associates:			
Taiwan Digit Automated Control Co., Ltd.	\$ 24,803	\$ 22,294	40.00
Full Come Foundation Eng. Ltd.	14,743	13,463	33.03
Joint ventures:			
Huapu Construction Co., Ltd.	5,065	5,300	50.00
	<u>\$ 44,611</u>	<u>\$ 41,057</u>	

1. For the basic information of the Group's associates and joint ventures, please refer to Note 13 (2) for details.
2. For the carrying amounts of the Group's non-significant associates and joint ventures as of December 31, 2022 and 2021, please refer to the table above; the operating results are as follows:

	2022	2021
Net Income from continuing operations	\$ 7,747	\$ 4,853
Other comprehensive income	-	-
Total comprehensive income	<u>\$ 7,747</u>	<u>\$ 4,853</u>

3. There are no public quotations for the investment targets of the Group. The share of profits of associates recognized using equity method for the years ended December 31, 2022 and 2021 are based on the valuation and disclosure of financial statements of each investee company, which have been audited by their certified public accountants during the same period.

(VII) Investment property

	2022		
	Land	House and land use rights	Total
January 1	\$ 4,360	\$ 501,125	\$ 505,485
Depreciation expenses	-	(12,228)	(12,228)
Impairment loss	-	(18,377)	(18,377)
Net exchange differences	-	3,757	3,757
December 31	<u>\$ 4,360</u>	<u>\$ 474,277</u>	<u>\$ 478,637</u>

	2021		
	Land	House and land use rights	Total
January 1	\$ 4,360	\$ 513,525	\$ 517,885
Reclassification	-	1,633	1,633
Depreciation expenses	-	(12,073)	(12,073)
Net exchange differences	-	(1,960)	(1,960)
December 31	<u>\$ 4,360</u>	<u>\$ 501,125</u>	<u>\$ 505,485</u>

1. Investment properties are for the use of lessees. The lease term of the leased real estate lasts until 2030. The rental income and direct operating expenses of the investment properties are as follows:

	2022	2021
Rental revenue from investment property	<u>\$ 17,995</u>	<u>\$ 17,384</u>
Direct operating expenses incurred by investment property generating rental revenue in the current period	<u>\$ 32,601</u>	<u>\$ 14,167</u>

2. The fair value of the investment property held by the Group as of December 31, 2022 and 2021 was \$891,216 and \$881,366, respectively. The valuation is based on the recent transaction prices of each investment property construction project or the recent transaction prices of comparable similar targets in the region where the investment property is located, which is classified as Level 2 fair value.
3. The maturity analysis of the lease payments for the investment properties leased out by the Group under operating leases is as follows:

	December 31, 2022	December 31, 2021
Within 1 year	\$ 22,619	\$ 15,217
2 to 5 years	94,595	57,295
Over 5 years	32,779	32,819
	<u>\$ 149,993</u>	<u>\$ 105,331</u>

4. For information on guarantees provided by the Group for investment property, please refer to Note 8 for details.

(VIII) Short-term loans

Loan type	Bank loans	December 31, 2022	Interest rate range	Collateral
Secured bank borrowings		\$ 8,201,890	1.08%~2.37%	Inventories - buildings and land
Credit loans		550,000	1.15%~1.86%	None
		<u>\$ 8,751,890</u>		
Loan type		December 31, 2021	Interest rate range	Collateral
Bank loans				
Secured bank borrowings		\$ 7,002,000	1.08%~1.35%	Inventories - buildings and land
Credit loans		1,850,000	1.00%~1.10%	None
		<u>\$ 8,852,000</u>		

(IX) Short-term notes and bills payable

Loan type	December 31, 2022	December 31, 2021
Short-term notes and bills payable	\$ 300,000	\$ 2,232,000
Less: Discount on short-term bills payable	(200)	(1,079)
Net	<u>\$ 299,800</u>	<u>\$ 2,230,921</u>
Interest rate range	1.29%~2.09%	0.99%~1.35%

(X) Other current liabilities—others

	December 31, 2022	December 31, 2021
Warranty provisions	\$ 92,437	\$ 132,000
Payment collection	108,929	76,230
Others	93,900	77,130
	<u>\$ 295,266</u>	<u>\$ 285,360</u>

(XI) Long-term loans

Loan type	Loan period and repayment method	Interest rate range	Collateral	December 31, 2022
Long-term bank loans				
Credit loans	From June 2021 to June 2023; the interest is paid on a monthly basis	0.88%~1.63%	None	
"	From July 2022 to July 2024; the interest is paid on a monthly basis	"	"	\$ 1,259,050
"	From July 2022 to July 2023; the interest is paid on a monthly basis	"	"	1,000,000
Loans secured by accounts receivable	From June 2017 to September 2039; the loan and the accrued interest is repaid on a monthly basis	1.89%~2.42%	Read Note for details	1,000,000
				<u>2,593,162</u>
				5,852,212
Less: Long-term loans due within one year or one operating cycle				(2,563,626)
				<u>\$ 3,288,586</u>

The Group's unused balance of loan limit as of December 31, 2022 and 2021 were \$10,310,140 and \$8,557,052, respectively.

Accounts receivable / Loans secured by other receivables

The Company signed the secured loans agreement to use Accounts Receivable as collateral

with the Mega International Commercial Bank. The Company utilized the Installment Accounts Receivable from the Company's sale of Huaku New World Project, the rights of the building site, and the construction and its subsidiaries as collateral to obtain a loan amount of NT\$6 billion originally, and the loan limit was adjusted to NT\$4 billion on May 9, 2022 with unchanged loan tenor of 20 years. Please refer to Note 6 (3) for details. The main terms of the agreement are as follows:

1. The loan period of each account receivable shall not exceed 20 years from the date when the funds are used.
2. The used amount mentioned above shall be circulated from the date of first use to the date of expiration of five years, and the unspent balance of loans shall be automatically canceled at that time.
3. During the duration of the secured loans using account receivable as collateral, the Group shall maintain all the following financial ratios on the basis of the consolidated annual financial statements audited by the accountant, which shall be checked once a year:
 - (1) Current ratio: not less than 100%.
 - (2) Debt ratio (total liabilities/tangible net worth): not greater than 230%.

(XII) Pensions

1. In compliance with the requirements set forth in the Labor Standards Act, the Company and its domestic subsidiaries have stipulated a defined benefit pension plan, which is applicable to the years of service rendered by regular employees prior to, and after (if employees elect to continue to apply the Labor Standards Act), the implementation of the Labor Pension Act on July 1, 2005. Pension payments for employees qualified for the aforementioned retirement criteria are calculated in accordance with the years of service rendered and the average salaries or wages of the last six months prior to retirement. Two bases are given for each full year of service over the first 15 years, and one base is given for an additional year of service thereafter, provided that the total bases do not exceed 45. The Company contributes on a monthly basis 2% of the total salary (wages) as the pension fund, which is deposited in a designated account of the Bank of Taiwan under the name of the Supervisory Committee of Workers' Retirement Fund. Prior to the end of each annual period, the Company assesses the balance of the aforementioned designated account for the labor pension fund. If the balance is determined insufficient to pay off the pension amount computed by the aforementioned approach for employees qualified for retirement within next year, the Company will make a lump sum contribution to make up the shortfall before the end of March of the following year.

- (1) Amounts recognized on the balance sheets are as follows:

	December 31, 2022	December 31, 2021
Present value of the defined benefit obligation	(\$ 94,612)	(\$ 93,973)
Fair value of plan assets	56,238	51,810
Net defined benefit liabilities	(\$ 38,374)	(\$ 42,163)

(2) Changes in net defined benefit liabilities are as follows:

	Present value of the defined benefit obligation	Fair value of plan assets	Net defined benefit liabilities
2022			
Balance as of January 1	(\$ 93,973)	\$ 51,810	(\$ 42,163)
Current service cost	(446)	-	(446)
Interest (expense) revenue	(589)	313	(276)
	<u>(95,008)</u>	<u>52,123</u>	<u>(42,885)</u>
Remeasurement:			
Return on plan assets (excluding amounts included in interest revenue or expenses)	-	4,082	4,082
Effect of changes in financial assumptions	3,063	-	3,063
Experience adjustment	<u>(2,667)</u>	<u>-</u>	<u>(2,667)</u>
	<u>396</u>	<u>4,082</u>	<u>4,478</u>
Provision of pension funds	-	33	33
Payment of pension	-	-	-
Balance as of December 31	<u>(\$ 94,612)</u>	<u>\$ 56,238</u>	<u>(\$ 38,374)</u>

	Present value of the defined benefit obligation	Fair value of plan assets	Net defined benefit liabilities
2021			
Balance as of January 1	(\$ 98,491)	\$ 49,467	(\$ 49,024)
Current service cost	(460)	-	(460)
Interest (expense) revenue	(251)	123	(128)
	<u>(99,202)</u>	<u>49,590</u>	<u>(49,612)</u>
Remeasurement:			
Return on plan assets (excluding amounts included in interest revenue or expenses)	-	764	764
Effect of changes in demographic assumptions	(107)	-	(107)
Effect of changes in financial assumptions	2,491	-	2,491
Experience adjustment	<u>1,404</u>	<u>-</u>	<u>1,404</u>
	<u>3,788</u>	<u>764</u>	<u>4,552</u>
Provision of pension funds	-	2,854	2,854
Payment of pension	<u>1,441</u>	<u>(1,398)</u>	<u>43</u>
Balance as of December 31	<u>(\$ 93,973)</u>	<u>\$ 51,810</u>	<u>(\$ 42,163)</u>

- (3) The fund asset of the Group's defined benefit pension plan ("the Fund") is entrusted to the Bank of Taiwan, which manages, or entrusts others to manage, the Fund in accordance with entrusted items enumerated in Article 6 of the Regulations for Revenues, Expenditures, Safeguard and Utilization of the Labor Retirement Fund (i.e., deposit in domestic or foreign institutions, investment in domestic or foreign listed, over-the-counter, or private placement equity securities, and investment in domestic or foreign real estate and its securitization products) to the extent of limitations on investment percentage and amount as stipulated in the Fund's annual utilization plan. The status of utilization of the Fund is subject to supervision by the Labor Pension Fund Supervisory Committee. With regard to utilization of the Fund,

the minimum earnings in the annual distributions on the final financial statement shall not be less than the earnings attainable from the amounts accrued from two-year time deposits with the interest rates offered by local banks. In case any deficiency in the earnings arises, Treasury Funds can be used to cover the deficits after the approval of the competent authority. Since the Group has no right to participate in the operation and management of the Fund, it is not able to disclose the classification of the fair value of plan assets as required in IAS 19.142. For the composition of the fair value of the Fund in total as of December 31, 2022 and 2021, please refer to the various labor pension utilization reports issued by the government.

- (4) Actuarial assumptions on pensions are summarized as follows:

	2022	2021
Discount rate	1.20%	0.65%~0.70%
Future salary increases	2.00%	2.00%

The assumptions for the future mortality rate are based on the published statistics and experience of each country.

Effects of changes in the principal actuarial assumptions on present value analysis of defined benefit obligation are as follows:

	Discount rate		Future salary increases	
	Increase of 0.25%	Decrease of 0.25%	Increase of 0.25%	Decrease of 0.25%
December 31, 2022				
Effect on present value of defined benefit obligation	(\$ 1,370)	\$ 1,405	\$ 1,391	(\$ 1,364)
December 31, 2021				
Effect on present value of defined benefit obligation	(\$ 1,518)	\$ 1,559	\$ 1,535	(\$ 1,503)

The sensitivity analysis above is based on other conditions that are unchanged but only one assumption is changed. In practice, many changes in assumptions may be linked together. The method used for the sensitivity analysis and calculation of the net defined benefit pension liability is the same. The method of analyzing sensitivity and the method of calculate net pension liability in the balance sheet are the same. The method and assumptions used for the preparation of the sensitivity analysis for the current period are the same as those used in the previous period.

- (5) The Group expects to make a contribution of \$390 to the pension plans for the year ended December 31, 2023.
- (6) As of December 31, 2022, the pension plan's weighted average duration was 5 to 7 years. The maturity analysis of the pension payments is as follows:

Within 1 year	\$	10,696
1-2 years		3,789
2-5 years		39,698
Over 5 years		46,775
	\$	100,958

2. Starting from July 1, 2005, the Company and subsidiaries have set up a defined contribution plan for all employees with ROC citizenship in accordance with the Labor Pension Act. For part of employees of the Company and its domestic subsidiaries who choose to apply the labor pension system as defined in the Labor Pension Act, the Company has made monthly contributions equal to 6% of each employee's monthly

salary to employees' pension accounts. The benefits accrued are paid monthly or in a lump sum upon termination of employment.

- (1) According to the elderly insurance system stipulated by the Government of the People's Republic of China, the Group contributes pensions monthly at a fixed rate of the total salaries of the employees of the Group's subsidiaries in mainland China. For the years ended December 31, 2022 and 2021, the contribution ratio was both 20%. The pension for each employee is managed by the government, hence the Group does not have further obligation except for making a monthly contribution.
- (2) For the years ended December 31, 2022 and 2021, the net pension costs recognized under the defined contribution plan aforementioned were \$5,855 and \$5,680, respectively.

(XIII) Share capital

1. As of December 31, 2022, the Company's authorized capital was \$5,000,000, and the paid-in capital was \$2,768,127 with a par value of NT\$10 per share. Share payments for the Company's issued stocks have been collected in full. The number of outstanding shares of the Company at the beginning and the end of the period is 276,812,726 shares.
2. Treasury stock
 - (1) The Company had no treasury stock transactions for the years ended December 31, 2022 and 2021.
 - (2) As of December 31, 2022 and 2021, the Company's subsidiary Pin Shing Construction Co., Ltd., held the Company's shares for the purpose of investment profit; the details are as follows:

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
Number of shares (thousand shares)	<u>174</u>	<u>174</u>
Carrying amounts	<u>\$ 850</u>	<u>\$ 850</u>

(XIV) Additional paid-in capital

According to the Company Act, additional paid-in capital including the income derived from issuing shares at a premium and from endowments, in addition to being used to covering deficit, where there is no accumulated deficit in a company, shall be distributed by issuing new shares to shareholders in proportion to the number of shares being held or by cash. In addition, according to relevant provisions of the Securities Exchange Act, when allocating capital from the aforementioned additional paid-in capital, the combined capitalized amount each year shall not exceed 10 percent of the paid-up capital. A company shall not use the additional paid-in capital to make good its capital loss, unless the surplus reserve is insufficient to make good such loss.

(XV) Retained earnings

1. According to the Company's Articles of Incorporation, after offsetting any loss of prior years and paying all taxes and dues, 10% of the annual net income shall be set aside as legal reserves. The remaining net income and the unappropriated retained earnings from prior years can be allocable earnings. The aforementioned distributable earnings shall be distributed as a dividend by the board of directors and then submitted to the shareholders' meeting for report.
2. Legal reserves may only be used for offsetting deficits and issuing new shares or distributing cash in proportion to shareholders' original holdings. However, when new

shares are issued or cash is distributed, the amount shall be limited to 25% of the reserves in excess of the paid-in capital.

3. The Company may allocate earnings only after providing special reserve for debt balance in other equity on the date of balance sheet, and the reversal of debit balance in other equity, if any, may be stated into allocable earnings.
4. The distribution of earnings for 2021 and 2020, which were proposed and approved in the annual shareholders' meetings on May 31, 2022 and August 3, 2021, respectively, are as follows:

	2021		2020	
	Amount	Dividends per share (NT\$)	Amount	Dividends per share (NT\$)
Legal reserves	\$ 292,382		\$ 277,799	
Cash dividends	2,076,095	\$	1,937,690	\$

5. As of February 22, 2023, the Company's earnings distribution plan for 2022 had not been approved by the Board of Directors.

(XVI) Other equity

	2022	2021
January 1	\$ 6,087	\$ 9,322
Currency translation differences		
- The Group	6,979	(4,044)
- Tax amount of the Group	(1,396)	809
December 31	<u>\$ 11,670</u>	<u>\$ 6,087</u>

(XVII) Operating revenue

	2022	2021
Revenue from contract with customers	\$ 14,823,722	\$ 13,516,136
Others	29,457	31,121
	<u>\$ 14,853,179</u>	<u>\$ 13,547,257</u>

1. Segments of revenue from contract with customers

The Group's income is derived from the transfer at a certain point in time. The income can be subdivided into the following major product lines and generate relevant income in each reportable department:

	Sales of construction		Others	Total
2022	Taiwan	China		
Timing of revenue recognition				
- Revenue recognized at a specific timing	\$ 14,719,266	\$ 104,456	\$ -	\$ 14,823,722
- Gradually transferred revenue over time	-	-	29,457	29,457
	<u>\$ 14,719,266</u>	<u>\$ 104,456</u>	<u>\$ 29,457</u>	<u>\$ 14,853,179</u>

2. The aggregate amount of the transaction price and the estimated recognized revenue year of the sales contract signed by the Group as of December 31, 2022, which had not yet satisfied its performance obligations, are as follows:

Estimated recognized revenue year	Amount of contracts signed
2023 ~ 2026	<u>\$ 26,460,365</u>

3. Contract liabilities

(1) The Group recognized contract revenues related to contract liabilities as follows:

	December 31, 2022	December 31, 2021
Contract liability - current:		
- Advance land receipts	\$ 2,932,836	\$ 2,463,020
- Advance building receipts	1,714,204	1,263,020
	<u>\$ 4,647,040</u>	<u>\$ 3,726,040</u>

The Group's sales contract of pre-sale homes contains provisions for advance payment from customers, and the time between advance receipt and commodity ownership transfer is longer than one year. According to IFRS 15, contract liabilities related to sales of pre-sale homes were recognized as current liabilities.

(2) Provision for opening contract liabilities:

	2022	2021
Balance of initial contract liability recognized as revenue in the current period		
— Construction pre-sale contract	<u>\$ 2,802,828</u>	<u>\$ 1,245,633</u>

(XVIII) Additional information regarding the nature of expense

	2022	2021
Construction costs	\$ 10,109,409	\$ 9,181,761
Advertising expenses	428,203	250,583
Employee benefit expenses	432,372	412,959
Taxation	64,335	80,860
Depreciation and amortization	29,937	29,125
Rental expenses	1,468	830
Other costs and expenses	66,689	57,642
Operating cost and operating expenses	<u>\$ 11,132,413</u>	<u>\$ 10,013,760</u>

(XIX) Employee benefit expenses

	2022	2021
Salary and bonuses	\$ 341,103	\$ 325,954
Directors' remuneration	50,052	47,722
Labor and health insurance expenses	17,056	16,470
Pension expenses	6,577	6,225
Other personnel cost	17,584	16,588
	<u>\$ 432,372</u>	<u>\$ 412,959</u>

1. As stated in the Articles of Incorporation, if there are any remaining profits after deducting the accumulated deficits from the profits of the year, the Company shall allocate 3% ~ 5% of the remaining profits as compensation to employees, and remuneration to directors cannot exceed 2% of the remaining profits.
2. For the years ended December 31, 2022 and 2021, the Company recognized compensation to employees amounted to \$116,340 and \$111,750, respectively, and remuneration to directors amounted to \$46,540 and \$44,700, respectively, all presented under payroll expense.

Based on the profitability of the year ended in 2022, it is estimated to allocate 3% and 1.2%, respectively.

The Company's 2021 employee compensation and directors' remuneration are consistent with the amounts recognized in the financial statements for the year ended December 31, 2021.

Information regarding employees' salary and remuneration to directors approved by the board of directors of the Company can be found at the Market Observation Post System (MOPS) website.

(XX) Interest income

	2022	2021
Interests on bank deposits	\$ 7,701	\$ 481
Interest income from financial assets at amortized cost	59,567	59,582
	<u>\$ 67,268</u>	<u>\$ 60,063</u>

(XXI) Other income

	2022	2021
Advertising service income	\$ 26,551	\$ 9,161
Transferred income from accounts payable	3,148	40,427
Contract default income	286	18,068
Other income	6,296	6,061
	<u>\$ 36,281</u>	<u>\$ 73,717</u>

(XXII) Financial cost

	2022	2021
Interest expense		
- Bank loans	\$ 167,974	\$ 101,126
- Loans secured by accounts receivable	59,606	59,645
- Lease liabilities	221	159
Financial expenses	9,687	40,158
	<u>237,488</u>	<u>201,088</u>
Less: Amount capitalized of qualified assets	(128,229)	(103,357)
	<u>\$ 109,259</u>	<u>\$ 97,731</u>

(XXIII) Income tax

1. Income tax expense

(1) Components of income tax expense:

	2022	2021
Current income tax:		
Income tax incurred in the current period	\$ 669,630	\$ 578,691
Land value increment tax recognized in income tax in the current period	62,040	51,197
Tax on undistributed surplus earnings	27,767	28,125
Over-estimated provision from the prior years	(7,568)	(76)
Total current income tax	<u>751,869</u>	<u>657,937</u>
Deferred income tax:		
Recognition and reversal of temporary differences	1,728	(186)
Income tax expense	<u>\$ 753,597</u>	<u>\$ 657,751</u>

(2) Income tax benefit (expense) amounts associated with other comprehensive income:

	2022	2021
Currency translation differences	(\$ 1,396)	\$809
Remeasurement of defined benefit obligations	(895)	(910)
	<u>(\$2,291)</u>	<u>(\$101)</u>

2. Relation between income tax expense and accounting profit:

	2022	2021
Income tax expense at the statutory rate	\$ 737,148	\$ 722,931
Effect of non-recognition by law	7,900	(16,249)
Effect from tax-exempt income	(75,418)	(127,991)
Recognition and reversal of temporary differences	1,728	(186)
Tax on undistributed surplus earnings	27,767	28,125
Over-estimated provision of the prior years' income tax	(7,568)	(76)
Land value increment tax recognized in income tax for the current period	62,040	51,197
Income tax expense	<u>\$ 753,597</u>	<u>\$ 657,751</u>

3. Deferred tax assets and liabilities resulting from temporary differences are as follows:

2022				
	January 1	Recognized in profit and loss	Recognized in other comprehensive income	December 31
<u>Deferred income tax assets</u>				
Construction warranty reserve	\$ 8,120	(\$ 1,875)	\$ -	\$ 6,245
Unrealized expenses	8,200	8	-	8,208
Book-tax difference in retirement pensions	1,427	23	-	1,450
Remeasurements from defined benefit plans	9,250	-	(895)	8,355
	<u>26,997</u>	<u>(1,844)</u>	<u>(895)</u>	<u>24,258</u>
<u>Deferred income tax liabilities</u>				
Exchange differences on translation of foreign operations	(1,522)	-	(1,396)	(2,918)
Book-tax difference in retirement pensions	(758)	116	-	(642)
	<u>(2,280)</u>	<u>116</u>	<u>(1,396)</u>	<u>(3,560)</u>
	<u>\$ 24,717</u>	<u>(\$ 1,728)</u>	<u>(\$ 2,291)</u>	<u>\$ 20,698</u>
2021				
	January 1	Recognized in profit and loss	Recognized in other comprehensive income	December 31
<u>Deferred income tax assets</u>				
Construction warranty reserve	\$ 7,504	\$ 616	\$ -	\$ 8,120
Unrealized expenses	8,176	24	-	8,200
Book-tax difference in retirement pensions	1,972	(545)	-	1,427
Remeasurements from defined benefit plans	10,160	-	(910)	9,250
	<u>27,812</u>	<u>95</u>	<u>(910)</u>	<u>26,997</u>
<u>Deferred income tax liabilities</u>				
Exchange differences on translation of foreign operations	(2,331)	-	809	(1,522)
Book-tax difference in retirement pensions	(849)	91	-	(758)
	<u>(3,180)</u>	<u>91</u>	<u>809</u>	<u>(2,280)</u>
	<u>\$ 24,632</u>	<u>\$ 186</u>	<u>(\$ 101)</u>	<u>\$ 24,717</u>

4. The difference between the Company's finance income and taxable income is mainly caused by the tax exemption from land transaction tax.
5. The tax authorities have examined income tax returns of the Company through the year ended December 31, 2020.

(XXIV) Earnings per share

2022			
	Amount after tax	Weighted average number of common shares outstanding (shares in thousands)	Earnings per share (NT\$)
<u>Basic earnings per share</u>			
Profit attributable to ordinary shareholders of the parent company	\$ 2,957,246	76,638	<u>\$ 10.69</u>
<u>Diluted earnings per share</u>			
Assumed conversion of all dilutive potential ordinary shares			
Employee remuneration	-	1,541	
Profit attributable to common stock shareholders plus assumed conversion of all dilutive potential common stocks	<u>\$ 2,957,246</u>	<u>278,179</u>	<u>\$ 10.63</u>
2021			
	Amount after tax	Weighted average number of common shares outstanding (shares in thousands)	Earnings per share (NT\$)
<u>Basic earnings per share</u>			
Profit attributable to ordinary shareholders of the parent company	\$ 2,920,173	276,638	<u>\$ 10.56</u>
<u>Diluted earnings per share</u>			
Assumed conversion of all dilutive potential ordinary shares			
Employee remuneration	-	1,422	
Profit attributable to common stock shareholders plus assumed conversion of all dilutive potential common stocks	<u>\$ 2,920,173</u>	<u>278,060</u>	<u>\$ 10.50</u>

(XXV) Changes in liabilities from financing activities

2022							
	Short-term loans	Short-term notes and bills payable	Long-term loans (Note 2)	Guarantee deposits received	Lease liabilities	Dividends payable	Total liabilities from financing activities
January 1	\$ 8,852,000	\$ 2,230,921	\$ 6,584,217	\$ 29,421	\$ 18,434	\$ -	\$ 17,714,993
Changes in cash flows from financing activities	(100,110)	(1,931,121)	(732,005)	1,264	(9,764)	(2,076,095)	(4,847,831)
Payment of interest expense (Note 1)	-	-	-	-	(221)	-	(221)
Other non-cash changes	-	-	-	-	10,838	2,076,095	2,086,933
December 31	<u>\$ 8,751,890</u>	<u>\$ 299,800</u>	<u>\$ 5,852,212</u>	<u>\$ 30,685</u>	<u>\$ 19,287</u>	<u>\$ -</u>	<u>\$ 14,953,874</u>

2021							
	Short-term loans	Short-term notes and bills payable	Long-term loans (Note 3)	Guarantee deposits received	Lease liabilities	Dividends payable	Total liabilities from financing activities
January 1	\$ 2,667,000	\$ 3,231,800	\$ 7,024,581	\$ 15,093	\$ 12,966	\$ -	\$ 12,951,440
Changes in cash flows from financing activities	6,185,000	(1,000,879)	(440,364)	14,328	(9,826)	(1,937,689)	2,810,570
Payment of interest expense (Note 1)	-	-	-	-	(159)	-	(159)
Other non-cash changes	-	-	-	-	15,453	1,937,689	1,953,142
December 31	<u>\$ 8,852,000</u>	<u>\$ 2,230,921</u>	<u>\$ 6,584,217</u>	<u>\$ 29,421</u>	<u>\$ 18,434</u>	<u>\$ -</u>	<u>\$ 17,714,993</u>

Note 1: Statement of cash flows from operating activities

Note 2: It includes \$2,563,626 long-term loans due within one year or one operating cycle, accounted for under the item “Long-term liabilities due within one year or one operating cycle.”

Note 3: It includes \$2,511,848 long-term loans due within one year or one operating cycle, accounted for under the item “Long-term liabilities due within one year or one operating cycle.”

VII. Related-Party Transactions

(I) Name and relationship of related parties

<u>Name of related party</u>	<u>Relationship with the Group</u>
Taiwan Digit Automated Control Co., Ltd.	Associates
Full Come Foundation Eng. Ltd.	Associates
Huapu Construction Co., Ltd.	Associates
Huaku Education Foundation	Other related parties
Chang-Hsueh Investment Co., Ltd. and other six people	Other related parties
Jason Hung	The main management of the Company

(II) Significant transactions between related parties

1. Sales

During the years of 2022 and 2021, the board of directors of the Group resolved to sell the projects developed and constructed by the Company to the related parties, and the total transaction amount including tax were \$527,630 and \$0, respectively.

2. Purchase

	2022	2021
Associates	<u>\$ 51,023</u>	<u>\$ 55,541</u>

(1) The above transactions with associates are entrusted with contracting monitoring projects. The price is based on the contract. The payment period is the same as that of non-related persons, and both are within one month or 45 days.

(2) As of December 31, 2022, the total price of the uncompleted project contracts signed between the Group and associates was \$47,619, and the amount of unrecognized construction payments was \$20,286.

3. Accounts payable

	December 31, 2022	December 31, 2021
Associates	<u>\$ 15,843</u>	<u>\$ 11,072</u>

The accounts payable to related parties are mainly from the purchase transaction. The said accounts payable are non-interest bearing.

4. Donation expenses

	2022	2021
Huaku Education Foundation	<u>\$ -</u>	<u>\$ 1,000</u>

5. Property transaction (2022: none)

The Group sold the transportation equipment held by the Group to the key management in 2021, and the sales information is as follows:

	2021	
	<u>Proceeds from disposal</u>	<u>(Loss) gain from disposal</u>
Major management personnel	\$	\$

(III) Information on the remunerations of the key management

	2022	2021
Short-term employee benefits	<u>\$ 118,151</u>	<u>\$ 112,983</u>

VIII. Pledged Assets

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

Pledged assets	Carrying amounts		Purpose of the pledge
	December 31, 2022	December 31, 2021	
Installment accounts receivable			Loans secured by accounts receivable
- Accounts receivable	\$ 96,977	\$ 128,569	
- Long-term notes and accounts receivable	2,358,652	2,704,716	
Other installments receivable			Loans secured by accounts receivable
- Other receivables	7,599	5,928	
- Long-term notes and accounts receivable	129,934	108,604	
Other current assets			
- Restricted bank deposits	1,251,651	950,172	Pre-sale construction project trust fund
Inventories	29,434,508	25,738,839	Short-term loans and commercial papers payable
Investment property	247,717	251,817	Loans secured by accounts receivable
	<u>\$ 33,527,038</u>	<u>\$ 29,888,645</u>	

IX. Significant Contingent Liabilities and Unrecognized Contractual Commitments

- (I) As of December 31, 2022, the total value of the engineering contract signed between the Group and non-related parties amounted to \$6,858,880 and the amount not yet estimated is \$3,440,981.
- (II) As of December 31, 2022, the amount not yet estimated for the contracts of land purchase signed by the Group is \$2,555,800.
- (III) As of December 31, 2022, the Group had signed letters of trust deed with the trustee financial institution for the project of construction in progress, and the relevant project names and trust banks were as follows:

<u>Project name</u>	<u>Trust bank</u>
Huaku Daan Educational Institution	Hua Nan Commercial Bank, Ltd.
Huaku Moon River	E.SUN Commercial Bank, Ltd.
Huaku Deyue	E.SUN Commercial Bank, Ltd.
<u>Project name</u>	<u>Trust bank</u>
Huaku Wenling	E.SUN Commercial Bank, Ltd.
Huaku Zhongyuan Landmark	Taishin International Bank Co., Ltd.
Hwaku Sky Tower	Taipei Fubon Commercial Bank Co., Ltd.
Hwaku Casa Blanca	Cathay United Bank Co., Ltd.
Huaku Trade and Finance Center	CTBC Bank Co., Ltd.

The Group has processed the registrations of transferring the values trust or real estate development trust to the financial institution that undertakes the assurance for the construction as mentioned above projects.

X. Significant Disaster Losses

None.

XI. Significant Subsequent Events

None.

XII. Others**(I) Capital security risk management**

The objective of the Group's capital management is to ensure that the Group can continue as a going concern, that an optimal capital structure is maintained to lower the cost of capital, and that rewards are provided to shareholders. In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, issue new shares or sell assets to reduce debt. The Group regulates the borrowing amount of the company based on the progress of the project and the funds required for the operation.

(II) Financial instruments**1. Categories of financial instruments**

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
<u>Financial assets</u>		
Financial assets measured at fair value through profit or loss		
Financial assets mandatorily measured at FVTPL	\$ 143,172	\$ 168,373
Financial assets/loans and receivables measured at amortized cost		
Cash and cash equivalents	1,699,161	2,392,980
Notes receivable	5,167	30,385
Accounts receivable (including long-term accounts receivable for more than one year)	2,632,044	3,016,728
Other receivables	12,037	26,877
Refundable deposits	399,909	321,443
Other financial assets	1,251,651	950,172
	<u>\$ 5,999,969</u>	<u>\$ 6,738,585</u>
	<u>December 31, 2022</u>	<u>December 31, 2021</u>
<u>Financial liabilities</u>		
Financial liabilities measured at amortized costs		
Short-term loans	\$ 8,751,890	\$ 8,852,000
Short-term notes and bills payable	299,800	2,230,921
Notes payable	12,371	17,253
Accounts payable	1,301,254	1,317,642
Other payables	487,041	467,367
Long-term borrowings (including due within one year or one operating cycle)	5,852,212	6,584,217
Guarantee deposits received	30,685	29,421
	<u>\$ 16,735,253</u>	<u>\$ 19,498,821</u>
Lease liabilities	<u>\$ 19,287</u>	<u>\$ 18,434</u>

2. Risk management policy

- (1) The Group's daily operations are affected by various financial risks, e.g. market risks (including exchange rate risk, interest rate risk and price risk), credit risk and liquidity risk.

- (2) The risk management process is carried out by the finance department of the Group in accordance with the opinions of the board of directors. Through cooperation with the Group's each operating units, the finance department is responsible for identifying, evaluating and hedging financial risks.
 - (3) The Group does not undertake derivatives for hedging financial risks.
3. Nature and degree of significant financial risks

(1) Market risk

Foreign currency risk

The Group operates internationally. The main currencies are NTD and RMB. Foreign currency risk arises from recognized assets and liabilities and net investments in foreign operations. The management of the Group has established policies to manage the foreign currency risk of functional currencies. The Group manages its overall foreign currency risk through the Finance Department. The Group had no foreign currency assets or liabilities as of December 31, 2022 and 2021.

Due to the significant impact of exchange rate fluctuations on the monetary items of the Group, the aggregated (loss) gains (including realized and unrealized) of exchanges for the years ended December 31, 2022 and 2021 were \$728 and \$0, respectively.

Price risk

The price of wealth management commodities held by the Group is subject to the uncertainty of the price risk of the investment target's future value, so there exists a price risk exposure.

Cash flow interest rate risk and fair value interest rate risk

- A. The Group's interest rate risks come from short- and long-term loans. Loans with floating interest rates expose the Group to cash flow interest rate risks, of which a portion is offset by the cash held with floating interest rates. For the years ended December 31, 2022 and 2021, the Group's borrowings at floating interest rate were denominated in NTD.
- B. The Group simulates a number of scenarios and analyzes interest rate risk, including consideration of refinancing, extending contracts of existing positions, and other available financings to calculate the impact of changes in specific interest rates on profit or loss.
- C. When all other factors remain unchanged, the maximum impact of a 1% change in interest rate on the financial costs of 2022 and 2021 is to increase or decrease of \$149,041 and \$176,682, respectively. The two payments of \$25,932 and \$29,478 in 2022 and 2021, respectively, were due to the Group's contract of the loan secured by account receivable with the bank. As the interest income generated by the installment sales will be directly deposited by the purchaser into the bank loan account of the Group to repay the interest expenses arising from the above-mentioned factoring contract. Therefore, there was no need for the Group to undertake the risk of interest rate changes arising from this transaction. The simulation is done on a quarterly basis to verify that the maximum loss potential is within the limit given by the management.

(2) Credit risk

- A. Credit risk of the Group refers to the risk of financial loss of the Group caused by the client or counterparties of financial instruments fail to fulfill their contractual

obligations. The risk is mainly from the counterparty unable to pay off the accounts payable according to the collection conditions.

- B. The Group establishes credit risk management from the group perspective. Only banks and financial institutions with an independent credit rating of at least "A" can be accepted for trading by the Group.
- C. The Group mainly engages in the lease and sale of public housings, plants as well as the sale of premises. Revenue is recognized when the full contract payments are collected, and the transfer of ownership and the actual delivery of the house are completed. Therefore, the amount of accounts receivable arising from the sale of real estate should be petty proportion, and no much chance of non-recovery. The Company also implements individual management and regular tracking of receivables arising from special trading. In addition, the Group classifies customers' accounts receivable and installment accounts receivable based on customer characteristics, and use the simplified preparation matrix, the company estimates the expected credit loss and adjusts the loss rate established by historical and current information during a specific period to assess the allowance loss of installments receivable. The Group's assessed credit impairment losses as of December 31, 2022 and 2021 were not significant.
- D. No written-off debts with recourse existed as of December 31, 2022 and 2021.

(3) Liquidity risk

- A. The cash flow forecast is performed by each operating entity of the Group and compiled by the Group's finance department. The Group's finance division monitors rolling forecasts of the Group's liquidity requirements to ensure it has sufficient cash to meet operational needs while maintaining sufficient headroom on its undrawn committed borrowing facilities at all times so that the Group does not breach borrowing limits or covenants (where applicable) on any of its borrowing facilities.
- B. The Group's non-derivative financial liabilities are analyzed based on the remaining period from the date of balance sheet to the contract expiration date; the derivative financial liabilities are analyzed based on the fair value at the date of balance sheet.

Except for notes payable with undiscounted contract cash flow amount that is approximately equal to its book value and matures within one year, the amount of undiscounted contractual cash flow of other financial liabilities is as follows:

Non-derivative financial liabilities:

December 31, 2022	Within1Year	1-3years	Over3years
Short-term loans	\$ 702,863	\$ 6,754,170	\$ 1,647,399
Short-term notes and bills payable	300,000	-	-
Accounts payable	778,753	171,547	350,954
Other payables	406,180	22,611	58,250
Lease liabilities	6,508	13,017	-
Long-term borrowings (including due within one year or one operating cycle)	2,490,383	805,047	-
Loans secured by accounts receivable	150,593	348,829	3,035,331

(Continued on Next Pag)

Non-derivative financial liabilities:

December 31, 2021	Within1Year	1-3years	Over3years
Short-term loans	\$ 2,018,627	\$ 5,281,867	\$ 1,771,179
Short-term notes and bills payable	1,300,000	932,000	-
Accounts payable	963,378	125,952	228,312
Other payables	301,075	103,695	62,597
Lease liabilities	6,936	7,833	3,916
Long-term borrowings (including due within one year or one operating cycle)	2,399,930	1,263,869	-
Loans secured by accounts receivable	178,645	343,027	3,262,825

C. The Group did not expect a maturity analysis of which the cash flows timing would be significantly earlier, or the actual amount would be significantly different.

(III) Fair value information

1. The following states the definition of different levels of valuation techniques used to measure the fair value of financial and non-financial instruments:

Level 1: Level 1 inputs are (unadjusted) quoted prices in active markets for identical assets or liabilities that the entity can access at the measurement date. An active market is a market in which transactions for the asset or liability take place with sufficient frequency and volume to provide pricing information on an ongoing basis.

Level 2: Observable inputs for the asset or liability, either directly or indirectly, other than quoted market prices included within Level 1.

Level 3: Unobservable inputs for the asset or liability. The financial products invested by the Group belong to this level.

2. For fair value information of investment property measured at cost, please refer to Note 6 (7) for details.
3. Financial instruments not measured at fair value, including cash and cash equivalents, notes and accounts receivable, other receivables refundable deposits, restricted bank deposits, short-term loans, short term notes and bills payable, bills payable, accounts payable, other payables, long-term borrowings, guarantee deposit received, are reasonable approximations of fair values.
4. The Group categorizes financial and non-financial instruments measured at fair value on the basis of the nature, characteristics, and risks of the assets and liabilities. The related information is as follows:

- (1) Classified by nature of assets:

	Level 1	Level 2	Level 3	Total
<u>December 31, 2022</u>				
Assets				
<u>Recurring fair value</u>				
Financial assets measured at fair value through profit or loss	\$ -	\$ -	\$ 143,172	\$ 143,172
	Level 1	Level 2	Level 3	Total
<u>December 31, 2021</u>				
Assets				
<u>Recurring fair value</u>				
Financial assets measured at fair value through profit or loss	\$ -	\$ -	\$ 168,373	\$ 168,373

(2) Methods and assumptions adopted by the Group for measurement of fair value are stated as follows:

The Group has not held any financial assets with quoted market prices and the fair value of the remaining financial instruments is obtained from valuation techniques or reference to quotes from counterparties.

5. For the years ended December 31, 2022 and 2021, there were no transfer between Level 1 and Level 2 for the Group.
6. The changes in Level 3 for the years ended December 31, 2022 and 2021 were as follows:

	2022	2021
January 1	\$ 168,373	\$ 122,469
Current acquisition	877,941	594,433
Disposal in the current period	(905,624)	(547,605)
Currency translation differences	2,482	(924)
December 31	<u>\$ 143,172</u>	<u>\$ 168,373</u>

7. The finance department of the Group is in charge of valuation procedures for fair value measurements being categorized within Level 3, which is to confirm the resource of information is independent, reliable and represented as the exercisable price.

(IV) Other matters

Due to the coronavirus disease (COVID-19) pandemic in 2022, the Group cooperated with various pandemic prevention measures promoted by the government, subject to the restriction on the number of persons, that the sale and handover of the completed buildings and land held for sale, the schedule of the construction in progress, and the pre-sale of individual projects are all ongoing. As the Group's working capital is still sufficient and the collection of construction sales is normal, the operating segments of the Group are also operating normally. It has been assessed that the coronavirus disease (COVID-19) pandemic has no material impact on the financial position and financial performance of the Group in 2022.

XIII. Matters Disclosed in Notes

(I) Related Information on Significant Transactions

1. Financing provided to others: None.
2. Endorsements/guarantees provided to others: None.
3. Marketable securities held at the end of the period (excluding subsidiaries, associates and joint ventures): Please refer to Table 1.
4. Accumulated to buy or sell the same marketable securities amount to NT\$300 million or more than 20% of the paid-in capital: 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 properties at prices of at least NT\$300 million or 20% of the paid-in capital: Please refer to Table 3.
7. Purchases from and sales to related parties amounted to at least NT\$100 million or exceeding 20% of paid-in capital: Please refer to Table 4.
8. Receivables from related parties amounted to at least NT\$100 million or exceeding 20% of paid-in capital: Please refer to Table 5.
9. Information on the derivative financial instrument transactions: None.

10. Parent-subsidary and subsidiary-subsidary business relations and significant transactions and amounts thereof: Please refer to Table 6.

(II) Related information on investees

Name, location, and information on investee companies (not including investee companies in mainland China): Please refer to Table 7.

(III) Information on investments in Mainland China

1. Investee information: Please refer to Table 8.

2. Significant transactions with investee companies in mainland China, either directly or indirectly via a third region: None.

(IV) Information on Major Shareholders

Name, number of shares and percentage of ownership of shareholders with a shareholder percentage of at least 5%: Please refer to Table 9.

XIV. Information on Operating Segments

(I) General information

The Group operates business only in a single industry. The Group's operating decision-makers, who allocate resources and assesses the performance of the Group as a whole, has identified that the Group is a single reportable operating segment.

The Group's company organization, basis of department segmentation and principles for measuring segment information for the period were not significantly changed.

(II) Measurement of segment information

The Group's operating decision makers evaluate the performance of the operating segments based on net profit after taxes and serve as a basis for measuring performance.

(III) Segment information on profit or loss and assets

The financial information of reportable segments provided to chief operating decision makers is as follows:

	2022			
	Taiwan	China	Adjustment and elimination	Total
Net external revenue	\$ 14,736,752	\$ 116,427	\$ -	\$ 14,853,179
Internal segment revenue	2,964,603	-	(2,964,6	-
Segment revenue	<u>\$ 17,701,355</u>	<u>\$ 116,427</u>	<u>(\$ 2,964,603)</u>	<u>\$ 14,853,179</u>
Segment income or loss	<u>\$ 2,972,331</u>	<u>(\$ 16,166)</u>	<u>(\$ 2,152)</u>	<u>\$ 2,954,013</u>
Depreciation and amortization	<u>(\$ 21,809)</u>	<u>(\$ 8,128)</u>	<u>\$ -</u>	<u>(\$ 29,937)</u>
Income tax expense	<u>(\$ 761,030)</u>	<u>\$ 7,433</u>	<u>\$ -</u>	<u>(\$ 753,597)</u>
Investment profit and loss accounted for using the equity method	<u>\$ 7,747</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 7,747</u>
Segment assets	<u>\$ 40,930,242</u>	<u>\$ 628,979</u>	<u>\$ -</u>	<u>\$ 41,559,221</u>
Segment liabilities	<u>\$ 22,068,042</u>	<u>\$ 119,677</u>	<u>\$ -</u>	<u>\$ 22,187,719</u>

(Continued on Next Pag)

	2021			
	Taiwan	China	Adjustment and elimination	Total
Net external revenue	\$ 13,517,715	\$ 29,542	\$ -	\$ 13,547,257
Internal segment revenue	3,052,566	-	(3,052,566)	-
Segment revenue	<u>\$ 16,570,281</u>	<u>\$ 29,542</u>	<u>(\$ 3,052,566)</u>	<u>\$ 13,547,257</u>
Segment income or loss	<u>\$ 2,954,613</u>	<u>\$ 8,157</u>	<u>(\$ 40,965)</u>	<u>\$ 2,921,805</u>
Depreciation and amortization	<u>(\$ 21,146)</u>	<u>(\$ 7,979)</u>	<u>\$ -</u>	<u>(\$ 29,125)</u>
Income tax expense	<u>(\$ 656,405)</u>	<u>(\$ 1,346)</u>	<u>\$ -</u>	<u>(\$ 657,751)</u>
Investment profit and loss accounted for using the equity method	<u>\$ 4,853</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 4,853</u>
Segment assets	<u>\$ 41,882,220</u>	<u>\$ 747,052</u>	<u>\$ -</u>	<u>\$ 42,629,272</u>
Segment liabilities	<u>\$ 24,043,541</u>	<u>\$ 72,880</u>	<u>\$ -</u>	<u>\$ 24,116,421</u>

(IV) Reconciliation for segment profit or loss and assets

The revenue from external parties, segment income and segment assets reported to the Chief Operating Decision Maker are measured in a manner consistent with the revenue, net profit after taxes, and total assets in the financial statements; therefore, there is no need to adjust.

(V) Information on products and services

The Group's major revenue for the years ended December 31, 2022 and 2021 were derived from external customers for the sale of real estate.

(VI) Regional information

Regional information of the Group for the years ended December 31, 2022 and 2021 is as follows:

	2022		2021	
	Revenue	Non-current assets	Revenue	Non-current assets
Taiwan	\$ 14,736,752	\$ 3,149,736	\$ 13,517,715	\$ 3,439,370
Mainland China region	116,427	226,778	29,542	249,523
Total	<u>\$ 14,853,179</u>	<u>\$ 3,376,514</u>	<u>\$ 13,547,257</u>	<u>\$ 3,688,893</u>

(VII) Major client information

Information on the Group's major clients for the years ended December 31, 2022 and 2021 is as follows:

	2022		2021	
	Revenue	Segment	Revenue	Segment
Company A	\$ -	-	\$ 3,400,000	Taiwan

Huaku Development Co., Ltd.
Marketable Securities Held at the End of the Period (Excluding Subsidiaries, Associates and Joint ventures)
December 31, 2022

Table 1

					Unit:NT\$ thousands (Unless specified otherwise)			
Holder Company	Type and Name of Marketable Securities	Relationship with the Security Issuer (Note 1)	Financial Statement Account	End of the Period		Sharehold- ing percentage	Fair Value	Note
				Shares	Carrying Amount (Note 2)			
Pin Shing Construction Co., Ltd.	Huaku Development Co., Ltd.	Parent company	Financial asset measured at fair value through profit and loss—current Adjustment of valuation	174,354	\$	0.06	\$	Note 3
					\$			
Chengdu Wancheng Duobao Real Estate Co., Ltd.	Financial products	None	Financial asset measured at fair value through profit and loss—current	-	\$	-	\$	
Chengdu Huaku Real Estate Co., Ltd.	Financial products	None	Financial asset measured at fair value through profit and loss—current	-		-		
					\$		\$	

Note 1: If the securities issuer is not a related party, the field may be left blank.

Note 2: For securities measured at fair value, the carrying amount is the balance after the adjustment of fair value valuation and the deduction of accumulative impairment. For securities not measured at fair value, the carrying amount is the balance of original acquisition cost or amortized cost less accumulated impairment.

Note 3: Listed as treasury stock.

Huaku Development Co., Ltd.
Acquisition of Real Estate Reaching NT\$300 Million or 20% of Paid-in Capital or More
January 1 to December 31, 2022

Table 2

Unit: NT\$ thousands
(Unless specified otherwise)

Real Estate Acquired by	Name of Property	Date of Occurrence	Transaction Amount	Payment Status	Counterparty	Relationship	Information on Prior Transaction If the Counterparty Is Related				Reference for Price Determination	Purpose and Situation	Other Agreement Terms
							Owner	Relationship with the Issuer	Transfer Date	Amount			
Huaku Development Co., Ltd.	Inventories - land (Taichung Jingmao Road Project)	2021.12.20	\$ 2,880,180 (Note 1)	\$ 2,880,180	2 persons including Person A	None	N/A	N/A	N/A	N/A	Zhan-Mao Real Estate Appraisers Firm's appraisal amount for the project is \$2,902,879. Cushman & Wakefield and DTZ Real Estate Appraisers Firm's appraisal amount for the project is \$2,919,096.	Construction land	N/A
Huaku Development Co., Ltd.	Inventories - land (Tiding Avenue Project)	2022.06.24	881,600	440,800 (Note 3)	6 persons including Person B	None	N/A	N/A	N/A	N/A	Cushman & Wakefield and DTZ Real Estate Appraisers Firm's appraisal amount for the project is \$902,207.	Construction land	N/A
Huaku Development Co., Ltd.	Inventories - land (Guangpu Hsinchu II Project)	2021.11.19~2022.1.22 (Note 2)	714,370	714,370	8 persons including Person C	None	N/A	N/A	N/A	N/A	Yu Fong Real Estate Appraisers Firm's appraisal amount for the project is \$746,116.	Construction land	N/A
Huaku Development Co., Ltd.	Inventories - land (Zhengda Beitou Project)	2022.12.26	2,820,000	705,000 (Note 3)	Person D	None	N/A	N/A	N/A	N/A	Cushman & Wakefield and DTZ Real Estate Appraisers Firm's appraisal amount for the project is \$2,830,579. Lian-Bang Real Estate Appraisers Firm's appraisal amount for the project is \$2,845,734.	Construction land	N/A

Note 1: The Group has paid \$288,020 in accordance with the contract in 2021, and paid \$2,592,160 in the current period, which has been fully paid.

Note 2: This project refers to accumulatively obtained amounts, reaching NT\$300 million, from counterparties of different transactions during the above-mentioned period.

Note 3: In 2022, the amount not yet estimated for the contracts of land purchase signed by the Group is \$2,555,800.

Huaku Development Co., Ltd.
Disposal of Real Estate Reaching NT\$300 Million or 20% of Paid-in Capital or More
January 1 to December 31, 2022

Table 3

Unit: NT\$ thousands
(Unless specified otherwise)

Company that Disposed Real Estate	Name of Property	Transaction Date / Date of Occurrence of the Event	Original Acquisition Date	Carrying Amount	Transaction Amount	Price Collection Status (Collected per contracts)	Gain (Loss) on Disposal	Counterparty	Relationship	Purpose of Disposal	Reference for Price Determination	Other Agreement Terms
Huaku Development Co., Ltd.	Inventory - premises for sale	N/A	Not applicable to pre-sale premises	N/A	\$ 371,275 (Note 1)	\$ 371,275	N/A	Person A	None	For gaining profits	Zhan-Mao Real Estate Appraisers Firm's appraisal amount for the project is \$4,523,987.	N/A
Huaku Development Co., Ltd.	Inventory - premises for sale	N/A	Not applicable to pre-sale premises	N/A	492,760	492,760	N/A	Person B (Note 2)	None	For gaining profits	Yu Fong Real Estate Appraisers Firm's appraisal amount for the project is \$4,297,491. Lian-Bang Real Estate Appraisers Firm's appraisal amount for the project is \$4,294,965. Lian-Bang Real Estate Appraisers Firm's appraisal amount for the project is \$464,317.	N/A
Huaku Development Co., Ltd.	Inventory - premises under construction	N/A	Not applicable to pre-sale premises	N/A	502,640	502,640	N/A	Person C	None	For gaining profits		N/A
Huaku Development Co., Ltd.	Inventory - premises under construction	N/A	Not applicable to pre-sale premises	N/A	792,210	174,260	N/A	Person D 2 in total	None	For gaining profits	Yu Fong Real Estate Appraisers Firm's appraisal amount for Building B exclude parking spaces is \$3,387,600. (Note 3)	N/A
Huaku Development Co., Ltd.	Inventory - premises under construction	N/A	Not applicable to pre-sale premises	N/A	680,000	680,000	N/A	Person E	None	For gaining profits	Zhan-Mao Real Estate Appraisers Firm's appraisal amount for the project is \$709,763.	N/A
Huaku Development Co., Ltd.	Inventory - premises under construction	N/A	Not applicable to pre-sale premises	N/A	771,120	187,150	N/A	Person F 2 in total	None	For gaining profits	Zhan-Mao Real Estate Appraisers Firm's appraisal amount for Building A excluding parking spaces is \$3,584,224. (Note 3)	N/A
Huaku Development Co., Ltd.	Inventory - premises under construction	N/A	Not applicable to pre-sale premises	N/A	656,000	164,040	N/A	Person G	None	For gaining profits	Yu Fong Real Estate Appraisers Firm's appraisal amount for the project is \$661,563.	N/A
Huaku Development Co., Ltd.	Inventory - premises under construction	N/A	Not applicable to pre-sale premises	N/A	4,590,000	460,000	N/A	Person H	None	For gaining profits	Savills Real Estate Appraisers Firm's appraisal amount for the real estate is \$4,547,562. Zhan-Mao Real Estate Appraisers Firm's appraisal amount for the real estate is \$4,520,906.	N/A

Note 1: The Group had received \$129,942 in accordance with the contract in 2020 and 2021 and has received \$241,333 in the current period.

Note 2: In this project, four houses have been handed over in 2021 with a total amount of \$1,295,720, which were not disclosed in the current period.

Note 3: In this project, Buildings A and B share the underground parking lot, and the appraised value of the parking lot is \$823,600.

Huaku Development Co., Ltd.
Purchases or Sales of Goods from or to Related Parties Reaching NT\$100 Million or 20% of Paid-in Capital or More
January 1 to December 31, 2022

Table 4

Unit: NT\$ thousands (Unless specified otherwise)										
Supplier (Buyer)	Counterparty	Relationship	Transaction Details				Reasons for and Status of Differences in Transaction Terms Compared to Arms-Length Transaction		Notes and Accounts Receivable (Payable)	
			Purchase (Sale)	Amount	Ratio to the Total Purchase (Sale) Amount	Payment Term	Unit Price	Payment Term	Balance	Ratio to the Total Notes/Accounts Receivable (Payable)
Huaku Development Co., Ltd.	Pin Shing Construction Co., Ltd.	Subsidiary	Purchase	\$ 2,886,390	30	Within 120 days	Contract-based pricing	General suppliers are within one month or 45 days.	(\$ 795,309)	75
Pin Shing Construction Co., Ltd.	Huaku Development Co., Ltd.	Parent company	Sales	(2,886,390)	100	Within 120 days	Contract-based pricing	General customers settle monthly within 30 days.	795,309	100

Huaku Development Co., Ltd.
Receivables from Related Parties Reaching NT\$100 Million or 20% of Paid-in Capital or More
January 1 to December 31, 2022

Table 5

Unit: NT\$ thousands (Unless specified otherwise)									
Company Name	Counterparty	Relationship	Balance of Accounts Receivable from the Related Party	Turnover Rate	Overdue		Amount Collected Subsequent to the Balance Sheet Date	Allowance for Doubtful Accounts	
					Amount	Action Taken			
Pin Shing Construction Co., Ltd.	Huaku Development Co., Ltd.	Parent company	\$ 795,309	Note	\$ -	-	\$ 766,406	\$ -	

Note: This column is not applicable to the construction engineering industry.

Huaku Development Co., Ltd.
Significant Inter-company Transactions
January 1 to December 31, 2022

Table 6

Unit: NT\$ thousands
(Unless specified otherwise)

Company Name	Counterparty	Relationship with the Counterparty	Transaction Details				Ratio to the Consolidated Revenue or Total Assets
			Account	Amount	Terms		
Huaku Development Co., Ltd.	Pin Shing Construction Co., Ltd.	Parent company to subsidiary	Purchase	\$ 2,886,390	Contract-based pricing within 120 days		19
Huaku Development Co., Ltd.	Pin Shing Construction Co., Ltd.	Parent company to subsidiary	Accounts payable	795,309	Contract-based pricing within 120 days		2
Pin Shing Construction Co., Ltd.	Huaku Development Co., Ltd.	Subsidiary to parent company	Sales	2,886,390	Contract-based pricing within 120 days		19
Pin Shing Construction Co., Ltd.	Huaku Development Co., Ltd.	Subsidiary to parent company	Accounts receivable	795,309	Contract-based pricing within 120 days		2

Huaku Development Co., Ltd.
Name, location, and information on investee companies (not including investee companies in mainland China)
January 1 to December 31, 2022

Table 7

Unit: NT\$ thousands
(Unless specified otherwise)

Investor Company	Name of Investee	Place of Registration	Main Businesses	Initial Investment Amount		Shares Held as at the End of the Period			Current Profit or Loss of the Investee Company	Investment Gain (Loss) Recognized in the Current Period	Note
				End of the Current Period	End of the Previous Period	Shares	Ratio	Carrying Amount			
Huaku Development Co., Ltd.	Pin Shing Construction Co., Ltd.	Taiwan	Contracting civil engineering and hydraulic engineering projects	\$ 264,184	\$ 264,184	35,000,000	100	\$ 398,732	\$ 15,085	\$ 10,639	Subsidiary
Huaku Development Co., Ltd.	Taiwan Digit Automated Control Co., Ltd.	Taiwan	Engineering monitoring	8,000	8,000	800,000	40	24,803	16,273	6,509	An investee accounted for using the equity method
Huaku Development Co., Ltd.	Huapu Construction Co., Ltd.	Taiwan	Leasing, sales and development of residential and commercial buildings	5,000	5,000	500,000	50	(5,065	(85	(43)	An investee accounted for using the equity method
Pin Shing Construction Co., Ltd.	Full Come Foundation Eng. Ltd.	Taiwan	Professional construction industry of foundation engineering	16,000	16,000	1,043,804	33.03	14,743	3,877	1,281	An investee company of subsidiary accounted for using equity method

Huaku Development Co., Ltd.
Information on Investments in Mainland China
January 1 to December 31, 2022

Table 8

Unit: NT\$ thousands
(Unless specified otherwise)

Investee in Mainland China	Main Businesses	Paid-up Capital	Investment Method	Accumulated Investment Amount of Remittance from Taiwan—Beginning of the Current Period	Exported or Recovered Investment Amount of the Current Period		Accumulated Investment Amount of Remittance from Taiwan—End of the Current Period	Current Profit or Loss of the Investee Company	Shareholding Percentage from Direct or Indirect Investment	Investment Profit or Loss Recognized in the Current Period (Note 2)	Book Value of Investment at the End of the Current Period	Accumulated Repatriation of Investment Income as of the End of the Period	Note
					Remitted	Recovered							
Chengdu Huaku Real Estate Co., Ltd.	Property development	\$ 330,600	Note 1	\$ 366,398	\$ -	\$72,096	\$ 294,302	(\$ 5,964)	80	(\$ 4,771)	\$ 340,555	\$ 48,158	Note 3
Chengdu Wancheng Duobao Real Estate Co., Ltd.	Property development	2,204	Note 1	-	-	16,222	- (	10,201)	80	(8,161)	66,887	324,493	Note 4
Company Name	Accumulated Remitted Investment Amount from Taiwan to Mainland China—End of the Current Period	Investment Amounts Authorized by Investment Commission, MOEA	Ceiling on Investment in Mainland China Imposed by the Investment Commission, MOEA										
Huaku Development Co., Ltd.	\$ 294,302	\$ 1,446,190	\$ 11,622,901										

Note 1: Direct investment in a company in mainland China

Note 2: Based on the valuation and disclosure of the company's financial statements audited by a CPA in the same period

Note 3: On April 20, 2018, with the approval of the Chengdu Investment Promotion Commission, the company reduced its capital by RMB 35 million. In March 2019, all the Group's holdings of RMB 28 million had been fully remitted back.

In addition, on April 23, 2019, with the approval of the Chengdu Investment Promotion Commission, the company reduced its capital by RMB 20 million. In August 2019, all the Group's holdings of RMB 16 million had been fully remitted back.

In addition, on April 26, 2022, with the approval of the Administration for Market Regulation of Chengdu, the company reduced its capital by RMB 20 million. In June 2022, all the Group's holdings of RMB 16 million had been fully remitted back.

Note 4: On August 29, 2014, the company was approved by the Chengdu Investment Promotion Committee to reduce the capital by RMB 115 million. In October 2017, all the Group's holdings of RMB 92 million had been fully remitted back.

In addition, on April 20, 2018, with the approval of the Chengdu Investment Promotion Commission, the company reduced its capital by RMB 110 million. In February 2019, all the Group's holdings of RMB 88 million had been fully remitted back.

In addition, on April 29, 2022, with the approval of the Administration for Market Regulation of Chengdu, the company reduced its capital by RMB 4.5 million. In May 2022, all the Group's holdings of RMB 3.6 million had been fully remitted back.

Huaku Development Co., Ltd.
Information on Major Shareholders
December 31, 2022

Table 9

Shareholder's Name	Shares (Note)	
	Number of Shares	Shareholding percentage
Zhongshan Investment Co., Ltd.	19,700,000	7.11%
Newland Investment Co., Ltd.	14,690,982	5.30%

Note: The above information is provided by Taiwan Depository & Clearing Corporation (TDCC).

V. Audited separate financial statements covering the most recent period

Independent Auditors' Report

(112) Cai-Shen-Bao-Zi No. 22002973

To Huaku Development Co., Ltd..

Audit Opinions

The auditors have audited the Parent Company Only Balance Sheet of Huaku Development Co., Ltd. as of December 31, 2022 and 2021, the Parent Company Only Statement of Comprehensive Income, Parent Company Only Statement of Changes in Equity, Parent Company Only Statement of Cash Flows, and Notes for Parent Company Only Financial Statements (including Statements on Significant Accounting Policies and Their Summary) for the period of January 1 to December 31, 2022 and 2021.

In our opinion, based on our audits and other independent auditors' reports (please refer to Other Matter sections), the aforementioned Parent Company Only Financial Statements present fairly, in all material respects, the financial position of Huaku Development Co., Ltd. as of December 31, 2022 and 2021, and its parent company only financial performance and cash flows for the periods from January 1 to December 31, 2022 and 2021.

Basis of Audit Opinions

We have performed the auditing in accordance with the Regulations Governing Auditing and Attestation of Financial Statements by Certified Public Accountants and the Auditing Standards of ROC. Our responsibilities under those standards are further described in the section of Responsibility of Certified Public Accountants for Auditing Financial Statements. We are independent from Huaku Development Co., Ltd. in accordance with The Norm of Professional Ethics for Certified Public Accountant of the Republic of China, and we have fulfilled other responsibilities in accordance with the requirements stated in The Norm. Based on our auditing results and other independent auditors' reports, we believe that we have obtained sufficient and appropriate audit evidence to serve as the basis for our opinion.

Key Audit Matters

The key audit matters are those that we consider the most important according to our professional judgment when auditing the parent company only financial statements of Huaku Development Co., Ltd. for 2022. The said matters have been expressed when the financial statements were audited as a whole and when the audit opinions took form. Any personal opinion on any of the said matters is not expressed.

Key audit matters of the parent company only financial statements of Huaku Development Co., Ltd. for 2022 are as follows:

The Appropriateness of Recognition Timing of Building and Land Sales Revenue

Description of the Matter

Please refer to Note 4 (21) of the Notes for Parent Company Only Financial Statements for the accounting policies of the construction industry on operating revenue and Note 6 (16) for descriptions of accounting items.

The sales revenue of the construction industry is recognized when the real estate completes the transfer of ownership and the actual delivery of the housing. Since there is a large number of sales of premises in the construction industry, in order to confirm the validity of the recognition timing of the sales revenue, the Company needs to examine the transfer of ownership and delivery housing data one by one to recognize the sales revenue, which usually involves tremendous manual efforts. Therefore, we listed the closing date of sales revenue of real estate as one of the most important matters to audit.

Corresponding Audit Procedures

The corresponding audit procedures we took for the specific aspects described in the aforementioned audit matters are as follows:

- Interview with regulatory authority to understand and review the procedures for the recognition of building and land sales revenue and to adopt it consistently with the attribution period of financial

statements.

- Conducting evaluation and validation of the appropriateness of the regulatory authority concerning the period of attribution of sales revenue of building and land before and after the closing date for a certain period, including the verification of the transfer date specified on the land registration and house ownership certificate as well as the date of the transfer date on the agreement signed by the client for handing over of property to confirm the accuracy of the recognition timing of building and land sales revenue.

Other Matters - Mentioning of the Audit Result of Other Certified Public Accountants (CPAs)

The 2022 and 2021 financial statements of parts of the investments made by Huaku Development Co., Ltd. using the equity method have not been audited by PwC Taiwan but by other CPAs. Therefore, the opinions on the parent company only financial statements listed above concerning the amount listed in the financial statements of such companies and the relevant information disclosed in Note 13 are based on the audit reports of the other CPAs. The amounts of investment accounted for using the equity method in the aforementioned companies were NT\$44,611 thousand and NT\$41,057 thousand as of December 31, 2022 and 2021, which constitute 0.109% and 0.097% of total assets, respectively. For the aforementioned companies, the recognized comprehensive income was NT\$7,747 thousand and NT\$4,853 thousand for the years ended December 31, 2022 and 2021, which constitute 0.261% and 0.166% of total comprehensive income, respectively.

Responsibility of the Management and the Governance Units for the Parent Company Only Financial Statements

The responsibility of the management was to act in conformity with Regulations Governing the Preparation of Financial Reports by Securities Issuers to fairly represent the Company's financial status and also to maintain necessary internal control with regard to the compilation of the parent company only financial statements, so as to ensure such financial statements did not contain any material misstatement due to fraud or errors.

When the parent company only financial statements were in the process of preparation, the responsibility of the management also included the assessment of the going concern capacity of Huaku Development Co., Ltd., disclosure of related matters, and the adoption of the accounting basis of going concern, unless the management intended to liquidate or suspend the operation of Huaku Development Co., Ltd., or if there was no other option except liquidation or suspension of the company's operation.

The governing units of Huaku Development Co., Ltd. (including the Audit Committee) bear the responsibility to oversee the financial reporting process.

Responsibility of Certified Public Accountants for Auditing Parent Company Only Financial Statements

Our objective when auditing the parent company only financial statements was to obtain reasonable assurance whether they contained any material misstatement due to fraud or errors and issue the auditors' report. Reasonable assurance refers to high level of assurance. However, auditing work carried out in accordance with the Auditing Standards of ROC does not necessarily guarantee the detection of material misstatement in parent company only financial statements. Misstatements may be caused by fraud or errors. If the individual amounts or sums that the material misstatement involved may be reasonably expected to affect the financial decision making of users of the parent company only financial statements, such misstatement will be considered material.

We conducted the auditing according to the Auditing Standards of ROC, and also exercised our professional judgment and remained professionally skeptical. We have also executed the following tasks:

1. Identified and evaluated the risk of material misstatements due to fraud or errors in the consolidated financial statements; designed and carried out appropriate countermeasures for the evaluated risk, and obtained sufficient and appropriate evidence as the basis for the audit opinions. As fraud can involve conspiracy, forgery, intentional omissions, false statements or transgressions of internal control, the risk of failing to detect material misstatements resulting from fraud is higher than the risk of failing to identify those coming from errors.

2. Achieved the necessary understanding of the internal control relevant to auditing verifications in order to design the auditing procedures appropriate for the given context. Nevertheless, the purpose of this is not to express an opinion on the effectiveness of Huaku Development Co., Ltd.'s internal control.
3. Evaluated the appropriateness of the accounting policies adopted by the management and the reasonableness of its accounting estimates and relevant disclosures.
4. Formed a conclusion pertaining to the appropriateness of the accounting basis of going concern adopted by the management of Huaku Development Co., Ltd.; determined whether material uncertainty exists or not on events or conditions which may significantly impact the going concern of Huaku Development Co., Ltd. If we thought such material uncertainty existed for such events or conditions, we must point it out in the auditors' report to remind users of the parent company only financial statements to look out for related disclosures in the parent company only financial statements, or to revise our audit opinions if such disclosures were inappropriate. Our conclusion was established according to the audit evidence obtained by the date of the auditors' report. However, future events or conditions may cause Huaku Development Co., Ltd. to lose the capacity of going concern.
5. Evaluated the overall expression, structure and contents of the parent company only financial statements (including relevant Notes), and whether the parent company only financial statements fairly represent relevant transactions and events.
6. Obtained sufficient and appropriate audit proof of the financial information of Huaku Development Co., Ltd.'s constituents so as to express opinions on the parent company only financial statements. We were responsible for guiding, supervising and executing the audit work for the Company and also establishing the auditor's opinion on the parent company only financial statements.

We communicated with the governance units on the planned audit range and time, as well as material audit discoveries (including significant internal control defects found in the audit process).

We provided the governance units with a statement assuring the personnel of our accounting firm who are subject to independent regulations had acted according to the Norm of Professional Ethics for Certified Public Accountant of the Republic of China to remain neutral and also communicated with them about all relations and other matters (including related preventive measures) that could affect the independence of certified public accountants.

Based on the result of our discussion with the governance units, we decided on the matters to be regarded as key audit matters when auditing the 2022 parent company only financial statements of Huaku Development Co., Ltd. We have clearly described the said matters in the auditors' report, except certain matters whose public disclosure is prohibited by law, or certain matters we decided not to communicate under extremely rare circumstances because disclosure of such matters can be reasonably expected to lead to negative effects that would be greater than the public good they might bring.

PwC Taiwan

Hsiao, Chun-Yuan

CPA

Lin, Se-Kai

Former Securities and Futures Bureau, FSC

Approved Document, Reference No.:

FSC Zheng-Sixth-Zi No. 0960042326

FSC Zheng-Sixth-Zi No. 0960072936

February 22, 2023

Huaku Development Co., Ltd.
Parent Company Only Balance Sheet
December 31, 2022 and 2021

Unit: NT\$ thousands

Assets			December 31, 2022		December 31, 2021	
			Amount	%	Amount	%
Current assets						
1100	Cash and cash equivalents	6 (1)	\$ 1,572,606	4	\$ 2,335,264	6
1150	Notes receivable, net	6 (2) and 7	5,167	-	7,840	-
1170	Accounts receivable, net	6 (2)(10) and 8	163,593	-	202,443	-
1200	Other receivables	6 (10) and 8	11,289	-	26,231	-
130X	Inventories	6 (3) and 8	33,437,416	81	33,812,306	80
1410	Prepayments		8,144	-	5,171	-
1478	Construction refundable deposits		227,738	1	221,249	1
1479	Other current assets—others	6 (4) and 8	1,609,932	4	1,280,144	3
11XX	Total current assets		37,035,885	90	37,890,648	90
Non-current assets						
1550	Investment accounted for using the equity method	6 (5)	836,042	2	942,638	2
1600	Property, plant, and equipment		205,865	1	200,555	-
1755	Right-of-use assets		11,433	-	18,207	-
1760	Investment properties, net	6 (6) and 8	247,717	1	251,817	1
1840	Deferred income tax assets	6 (22)	19,221	-	19,680	-
1920	Refundable deposits		171,378	-	99,403	-
1930	Long-term notes and accounts receivable	6 (2)(10) and 8	2,493,028	6	2,849,570	7
1990	Other non-current assets—others		6,508	-	7,636	-
15XX	Total non-current assets		3,991,192	10	4,389,506	10
1XXX	Total assets		\$ 41,027,077	100	\$ 42,280,154	100

(Continued on Next Page)

Huaku Development Co., Ltd.
Parent Company Only Balance Sheet
December 31, 2022 and 2021

Unit: NT\$ thousands

Liability and equity			December 31, 2022		December 31, 2021	
			Amount	%	Amount	%
Current liabilities						
2100	Short-term loans	6 (7)	\$ 8,751,890	21	\$ 8,852,000	21
2110	Short-term notes and bills payable	6 (8)	299,800	1	2,230,921	5
2130	Contract liabilities—current	6 (16)	4,647,040	11	3,726,040	9
2150	Notes payable	7	1,032	-	2,403	-
2170	Accounts payable		241,231	1	298,030	1
2180	Accounts payable—related parties	7	811,152	2	963,659	2
2200	Other payables		453,087	1	425,986	1
2230	Current income tax liabilities		414,397	1	473,801	1
2280	Lease liabilities—current		3,825	-	6,808	-
2320	Long-term liabilities due within one year or one operating cycle	6 (10)	2,563,626	6	2,511,848	6
2399	Other current liabilities—others	6 (9)	203,142	1	233,808	1
21XX	Total current liabilities		18,390,222	45	19,725,304	47
Non-current liabilities						
2540	Long-term loans	6 (10)	3,288,586	8	4,072,369	10
2570	Deferred income tax liabilities	6 (22)	3,560	-	2,280	-
2580	Lease liabilities—non-current		7,801	-	11,626	-
2640	Net defined benefit liabilities—non-current	6 (11)	32,015	-	34,778	-
2645	Guarantee deposits received		30,655	-	29,391	-
2670	Other non-current liabilities—other	6 (3)	4,596	-	26,389	-
25XX	Total non-current liabilities		3,367,213	8	4,176,833	10
2XXX	Total liabilities		21,757,435	53	23,902,137	57
Equity						
	Share capital	6 (12)				
3110	Share capital from common stock		2,768,127	7	2,768,127	6
	Additional paid-in capital	6 (13)				
3200	Additional paid-in capital		78,986	-	77,678	-
	Retained earnings	6 (14)				
3310	Legal reserves		4,001,673	10	3,709,291	9
3350	Unappropriated retained earnings		12,410,036	30	11,817,684	28
	Other equity interest	6 (15)				
3400	Other equity interest		11,670	-	6,087	-
3500	Treasury stocks	6 (12)	(850)	-	(850)	-
3XXX	Total equity		19,269,642	47	18,378,017	43
	Material commitments and contingencies	9				
3X2X	Total liabilities and equity		\$ 41,027,077	100	\$ 42,280,154	100

The Notes for Parent Company Only Financial Statements are part of the Parent Company Only Financial Statements and should be read together.

Chairman: Chung, Long-Chang

Manager: Jason Hung

Accounting Supervisor: Liu, Jo-Mei

Huaku Development Co., Ltd.
Parent Company Only Statement of Comprehensive Income
December 31, 2022 and 2021

Unit: NT\$ thousands
(except for earnings per share in New Taiwan dollars)

Items	Notes	2022		2021	
		Amount	%	Amount	%
4000 Operating revenue	6 (16) and 7	\$ 14,736,564	100	\$ 13,517,526	100
5000 Operating costs	6 (17) (18) and 7	(10,116,201)	(69)	(9,322,632)	(69)
5950 Net gross profit		4,620,363	31	4,194,894	31
Operating expenses	6 (17) (18) and 7				
6100 Selling expenses		(429,904)	(3)	(249,918)	(2)
6200 Administrative expenses		(468,465)	(3)	(459,657)	(3)
6000 Total operational expenses		(898,369)	(6)	(709,575)	(5)
6900 Operating profit		3,721,994	25	3,485,319	26
Non-operating income and expenses					
7100 Interest income	6 (19)	67,006	1	59,958	1
7010 Other income	6 (20) and 7	30,259	-	62,333	1
7020 Other gains and losses		724	-	755	-
7050 Financial cost	6 (21)	(109,109)	(1)	(97,707)	(1)
7070 Shares of profit (loss) of subsidiaries, associates, and joint ventures accounted for using the equity method	6 (5)	4,173	-	57,581	-
7000 Total non-operating income and expenses		(6,947)	-	82,920	1
7900 Pre-tax profit		3,715,047	25	3,568,239	27
7950 Income tax expense	6 (22)	(757,801)	(5)	(648,066)	(5)
8200 Net income		\$ 2,957,246	20	\$ 2,920,173	22
Other comprehensive income (net)					
Items not to be reclassified to profit or loss					
8311 Remeasurements of defined benefit plans	6 (11)	\$ 3,339	-	\$ 3,331	-
8330 Shares of profit (loss) of subsidiaries, associates, and joint ventures accounted for using the equity method—items not to be reclassified to profit or loss		911	-	977	-
8349 Income tax related to items not reclassified	6 (22)	(667)	-	(666)	-
8310 Total amount of items not to be reclassified to profit or loss		3,583	-	3,642	-
Items that may be reclassified to profit or loss					
8361 Exchange differences on translation of foreign financial statements	6 (15)	6,979	-	(4,044)	-
8399 Income tax associated with items that may be reclassified	6 (15) (22)	(1,396)	-	809	-
8360 Total amount of items that may be reclassified to profit or loss		5,583	-	(3,235)	-
8300 Other comprehensive income (net)		\$ 9,166	-	\$ 407	-
8500 Total comprehensive income		\$ 2,966,412	20	\$ 2,920,580	22
Basic earnings per share	6 (23)				
9750 Total basic earnings per share		\$ 10.69		\$ 10.56	
Diluted earnings per share	6 (23)				
9850 Total diluted earnings per share		\$ 10.63		\$ 10.50	

The Notes for Parent Company Only Financial Statements are part of the Parent Company Only Financial Statements and should be read together.

Chairman : Chung, Long-Chang

Manager : Jason Hung

Accounting Supervisor: Liu, Jo-Mei

Huaku Development Co., Ltd.
Parent Company Only Statement of Changes in Equity
December 31, 2022 and 2021

Unit: NT\$ thousands

			Additional paid-in capital			Retained earnings		Exchange differences on translation of foreign financial statements	Treasury stocks	Total equity
	Notes	Share capital from common stock	Additional paid-in capital - New issue Premium	Additional paid-in capital—Treasury stock transaction	Additional paid-in capital - Others	Legal reserves	Unappropriated retained earnings			
<u>2021</u>										
Balance as of January 1, 2021		\$ 2,768,127	\$ 46,100	\$ 28,724	\$ 1,051	\$ 3,431,492	\$11,109,357	\$ 9,322	(\$ 85C)	\$17,393,323
Net income		-	-	-	-	-	2,920,173	-	-	2,920,173
Other comprehensive income	6 (15)	-	-	-	-	-	3,642	(3,235)	-	407
Total comprehensive income		-	-	-	-	-	2,923,815	(3,235)	-	2,920,580
Appropriation and distribution of retained earnings	6 (14)									
Legal reserves		-	-	-	-	277,799	(277,799)	-	-	-
Cash dividends		-	-	-	-	-	(1,937,689)	-	-	(1,937,689)
Cash dividends received by subsidiaries from the Company		-	-	1,220	-	-	-	-	-	1,220
Dividends not claimed by shareholders over time		-	-	-	583	-	-	-	-	583
Balance as of December 31, 2021		<u>\$ 2,768,127</u>	<u>\$ 46,100</u>	<u>\$ 29,944</u>	<u>\$ 1,634</u>	<u>\$ 3,709,291</u>	<u>\$11,817,684</u>	<u>\$ 6,087</u>	<u>(\$ 85C)</u>	<u>\$18,378,017</u>
<u>2022</u>										
Balance as of January 1, 2022		\$ 2,768,127	\$ 46,100	\$ 29,944	\$ 1,634	\$ 3,709,291	\$11,817,684	\$ 6,087	(\$ 85C)	\$18,378,017
Net income		-	-	-	-	-	2,957,246	-	-	2,957,246
Other comprehensive income	6 (15)	-	-	-	-	-	3,583	5,583	-	9,166
Total comprehensive income		-	-	-	-	-	2,960,829	5,583	-	2,966,412
Appropriation and distribution of retained earnings	6 (14)									
Legal reserves		-	-	-	-	292,382	(292,382)	-	-	-
Cash dividends		-	-	-	-	-	(2,076,095)	-	-	(2,076,095)
Cash dividends received by subsidiaries from the Company		-	-	1,308	-	-	-	-	-	1,308
Balance as of December 31, 2022		<u>\$ 2,768,127</u>	<u>\$ 46,100</u>	<u>\$ 31,252</u>	<u>\$ 1,634</u>	<u>\$ 4,001,673</u>	<u>\$12,410,036</u>	<u>\$ 11,670</u>	<u>(\$ 85C)</u>	<u>\$19,269,642</u>

The Notes for Parent Company Only Financial Statements are part of the Parent Company Only Financial Statements and should be read together.

Chairman: Chung, Long-Chang

Manager: Jason Hung

Accounting Supervisor: Liu, Jo-Mei

Huaku Development Co., Ltd.
Parent Company Only Statement of Cash Flows
December 31, 2022 and 2021

	Notes	2022	Unit: NT\$ thousands 2021
<u>Cash flow from operating activities</u>			
Current net profit before tax		\$ 3,715,047	\$ 3,568,239
Adjusted items			
Income and expense items			
Shares of profit (loss) of subsidiaries and associates accounted for using the equity method		(4,173)	(57,581)
Amortization	6 (17)	1,796	2,166
Depreciation expenses	6 (17)	17,189	16,210
Interest expense	6 (21)	109,109	97,707
Interest income	6 (19)	(67,006)	(59,958)
Loss (gain) on disposal of property, plant and equipment		4	(755)
Changes in assets and liabilities relating to operating activities			
Net change in assets relating to operating activities			
Notes and accounts receivable, net		8,672	27,579
Other receivables		100,653	40,159
Inventories		503,119	(5,301,316)
Prepayments		(2,973)	32,621
Restricted deposits		(301,479)	428,597
Other current assets—other		(30,105)	17,740
Long-term installment accounts receivable		389,393	437,509
Net change in liabilities relating to operating activities			
Notes payable		(1,371)	(23,551)
Accounts payable		(56,799)	77,874
Accounts payable—related parties		(152,507)	(10,584)
Other payables		27,101	6,517
Advance receipt		(4,453)	(26,900)
Accrued pension liabilities		576	415
Other current liabilities—others		(26,214)	56,130
Contract liabilities		921,000	257,885
Realized amount of unrealized revenue within this period		(21,793)	(32,563)
Cash inflow (outflow) generated from operations		5,124,786	(445,860)
Dividends received		77,674	60,852
Interest received	6 (19)	67,006	59,958
Interest paid	6 (21)	(237,338)	(201,064)
Income tax paid		(817,529)	(317,316)
Cash inflow (outflow) from operating activities, net		4,214,599	(843,430)
<u>Cash flow from investment activities</u>			
Distribution of employee compensation to subsidiaries		(43,418)	(36,475)
Proceeds from acquisition of property, plant, and equipment		(11,175)	(10,892)
Proceeds from disposal of property, plant, and equipment		-	762
Decrease (increase) in construction performance deposit		(6,488)	57,633
Increase in refundable deposits		(71,975)	(22,657)
Decrease in other non-current assets		1,128	683
Cash outflow from investment activities, net		(131,928)	(10,946)
<u>Cash flow from financing activities</u>			
Increase (decrease) in short-term loans	6 (24)	(100,110)	6,185,000
Decrease in short-term bills payable	6 (24)	(1,931,121)	(1,000,879)
Long-term loans borrowed	6 (24)	2,047,902	1,989,982
Long-term loans repaid	6 (24)	(2,779,907)	(2,430,346)
Redemption of lease principal	6 (24)	(7,262)	(7,233)
Increase in guarantee deposits received	6 (24)	1,264	14,328
Cash dividends paid	6 (14)(24)	(2,076,095)	(1,937,689)
Dividends not claimed by shareholders over time		-	583
Cash inflow (outflow) from financing activities, net		(4,845,329)	2,813,746
Increase (decrease) in cash and cash equivalents for the year		(762,658)	1,959,370
Cash and cash equivalents at the beginning of the year		2,335,264	375,894
Cash and cash equivalents at the end of the year		\$ 1,572,606	\$ 2,335,264

The Notes for Parent Company Only Financial Statements are part of the Parent Company Only Financial Statements and should be read together.

Chairman: Chung, Long-Chang

Manager: Jason Hung

Accounting Supervisor: Liu, Jo-Mei

Huaku Development Co., Ltd.
Notes for Parent Company Only Financial Statements
December 31, 2022 and 2021

Unit: NT\$ thousands
(Unless specified otherwise)

I. Company History

Huaku Development Co., Ltd. ("the Company") was established in April 1989. It is engaged mainly in the subcontract construction, leasing, and sales of public housings, commercial buildings, and general-purpose plants and warehouses. The common shares of the Company have been listed on the Taiwan Stock Exchange since August 26, 2002.

II. Approval Date and Procedure of Financial Statements

The parent company only financial statements were approved and issued on February 22, 2023 by the Board of Directors.

III. Application of New and Amended Standards and Interpretations

(I) Effects of the adoption of new and amended IFRSs endorsed and issued into effect by the Financial Supervisory Commission ("FSC")

1. The following table summarizes the new, amended, and revised standards and interpretations of IFRSs endorsed and issued into effect by the FSC that are applicable in 2022:

<u>New standards, interpretations and amendments</u>	<u>Effective date by International Accounting Standards Board</u>
Amendments to IFRS 3 "Reference to the Conceptual Framework"	January 1, 2022
Amendments to IAS 16 "Property, Plant and Equipment - Proceeds before Intended Use"	January 1, 2022
Amendments to IAS 37 "Onerous Contracts — Cost of Fulfilling a Contract"	January 1, 2022
Annual Improvements to IFRSs 2018-2020 Cycle	January 1, 2022

2. The Company assessed the effects of adopting the aforementioned standards and interpretations, and has found no significant effects on the Company's financial position and financial performance.

(II) Effect of the new issuance of or amendments to IFRSs as endorsed by the FSC but not yet adopted

1. The following table summarizes the new, amended, and revised standards and interpretations of IFRSs endorsed and issued into effect by the FSC that are applicable in 2023:

<u>New standards, interpretations and amendments</u>	<u>Effective date by International Accounting Standards Board</u>
Amendments to IAS 1 "Disclosure of Accounting Policies"	January 1, 2023
Amendments to IAS 8 "Definition of Accounting Estimates"	January 1, 2023
Amendments to IAS 12 "Deferred Tax related to Assets and Liabilities arising from a Single Transaction"	January 1, 2023

2. The Company assessed the effects of adopting the aforementioned standards and interpretations and found no significant effects on the Company's financial position and financial performance.

(III) Effects of IFRSs issued by IASB but not yet endorsed by the FSC

1. The following table summarizes the new, amended, revised standards and interpretation of IFRSs that have been issued by IASB but not yet endorsed by the FSC:

New standards, interpretations and amendments	Effective date by International Accounting Standards Board
Amendments to IFRS 10 and IAS 28 "Sale or Contribution of Assets between an Investor and its Associate or Joint Venture"	To be determined by International Accounting Standards Board
Amendments to IFRS 16 "Lease Liability in a Sale and Leaseback"	January 1, 2024
IFRS 17 "Insurance Contracts"	January 1, 2023
Amendments to IFRS 17 "Insurance Contracts"	January 1, 2023
Amendments to IFRS 17 "Initial Application of IFRS 17 and IFRS 9—Comparative Information"	January 1, 2023
Amendments to IAS 1 "Classify Debt as Current or Non-current"	January 1, 2024
Amendments to IAS 1 "Non-current Liabilities with Covenants"	January 1, 2024

2. The Company assessed the effects of adopting the aforementioned standards and interpretations, and has found no significant effects on the Company's financial position and financial performance. The quantitative impacts will be disclosed when the assessment is complete.

IV. Statements on Significant Accounting Policies and Their Summary

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

(I) Statement of Compliance

The parent company only financial statements have been prepared in accordance with Regulations Governing the Preparation of Financial Reports by Securities Issuers.

(II) Preparation Basis

1. Except for the following significant items, these parent company only financial statements have been prepared under the historical cost convention:
 - (1) Financial assets measured at fair value through profit or loss.
 - (2) Defined benefit liability derived from retirement plan assets less the present value of net defined benefit obligation.
2. Critical accounting estimates are required in preparing a set of financial statements in compliance with the International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), IFRIC Interpretations, and SIC Interpretations (collectively referred to as "IFRSs"). When the Company adopts the accounting policies, the management is required to exercise judgments on highly judgmental or complex items or significant assumptions and estimates with regards to this parent company only financial

report. Please refer to Note 5 for details.

(III) Foreign Currency Translation

All items on the parent company only financial statements of the Company are measured at the currency of the principal economic environment in which the Company operates (i.e., functional currency). The parent company only financial statements are presented in NTD, which is the Company's functional presentation currency.

1. Foreign currency transaction and balance

- (1) Foreign currency transaction is translated to the functional currency by using the spot exchange rate on the trade date or measurement date. Any translation differences occurred is to be recognized in the current profit or loss.
- (2) Balances of monetary assets and liabilities denominated in foreign currencies are adjusted at the spot exchange rates prevailing at the balance sheet date. Exchange gains or losses arising from such adjustments are recognized in profit or loss.
- (3) For non-monetary assets and liabilities denominated in foreign currency, if they are measured at FVTPL, they are adjusted using the spot exchange rate prevailing at the balance sheet date and any exchange differences arising therefrom are recognized in profit or loss; if they are measured at FVOCI, they are adjusted using the spot exchange rate prevailing at the balance sheet date and any exchange differences arising therefrom are recognized in other comprehensive income; if they are not measured at fair value, they are measured at the historical exchange rates on initial transaction dates.
- (4) All other foreign exchange gains and losses are presented in the statement of comprehensive income within "other gains and losses".

2. Translation from foreign operations

- (1) The operating results and financial position of the Company, subsidiaries, and associates that have a functional currency different from the presentation currency are translated into the presentation currency by applying the following approaches:
 - A. Assets and liabilities for each balance sheet presented are translated at the closing exchange rate at the end of the financial reporting period;
 - B. Income and expenses for each statement of comprehensive income are translated at average exchange rates of that period, and all resulting exchange differences are recognized in other comprehensive income.
- (2) When the foreign operation partially disposed of or sold is a subsidiary, cumulative exchange differences that were recorded in other comprehensive income are proportionately transferred to the non-controlling interest in this foreign operation. However, if the Company still retains partial interests in the former foreign subsidiary after losing control of the former foreign subsidiary, such transactions should be accounted for as disposal of all interest in these foreign operations.

(IV) Classification of Current and Non-current Assets and Liabilities

The Company is engaged in subcontract construction, leasing, and sales of buildings or plants business. The operating cycle is usually longer than one year. The classification criteria for current or non-current of assets and liabilities related to the construction projects is based on the operating cycle. The classification criteria for current or non-current of other items are as follows:

1. Assets that meet one of the following criteria are classified as current assets:
 - (1) Assets that are expected to be realized, or are intended to be sold or consumed within the normal operating cycle;
 - (2) Liabilities held primarily for trading purposes;
 - (3) Assets that are expected to be realized within 12 months after the balance sheet date;
 - (4) Cash, excluding those that are restricted, or to be exchanged or used to settle liabilities at least 12 months after the balance sheet date.

The Company classifies all assets not meeting the aforesaid criteria as non-current assets.

2. Liabilities that meet one of the following criteria are classified as current liabilities:
 - (1) Liabilities that are expected to be settled within the normal operating cycle.
 - (2) Liabilities held primarily for trading purposes;
 - (3) Liabilities that are expected to be settled within 12 months after the balance sheet date;
 - (4) Liabilities for which the repayment date cannot be extended unconditionally to more than 12 months after balance sheet date. Settlement by the issue of equity instruments based on transaction party's choice does not impact classification.

The Company classifies all liabilities not meeting the aforesaid criteria as non-current liabilities.

(V) Cash equivalents

Cash equivalents refer to investments that are short-term, highly liquid, subject to a low risk of changes in value, and readily convertible to a known amount of cash. Time deposits satisfying the aforementioned definition and for which the objective of holding is to meet the short-term operating cash commitment (including time deposits with a contract period within 12 months) are classified as the cash equivalent.

(VI) Accounts Receivables and Notes Receivables

1. It refers to receivables and notes of which the contractual right to consideration for goods sold or services rendered is unconditional.
2. At initial recognition, the Company measures the financial assets at fair value. Interest income from these financial assets is included in finance income using the effective interest method. A gain or loss is recognized in profit or loss.

(VII) Impairment of Financial Assets

The Company measures the loss allowance for financial assets and accounts receivable containing significant financial components or loan commitment and financial guarantee contract measured at amortized cost after taking into account all reasonable and provable information (including forward-looking information) at each balance sheet date; where the credit risk has not significantly increased since initial recognition, the loss allowance is measured at the 12-month expected credit losses; where the credit risk has increased significantly since initial recognition, the loss allowance is measured at full lifetime expected credit losses; and where they are accounts receivables or contract assets that do not comprise any significant financing components, the loss allowance is measured at full lifetime expected credit losses.

(VIII) Derecognition of Financial Assets

The Company derecognizes an asset when its contractual rights to receive cash flows from the financial asset expire.

(IX) Lease Transactions for the Lessors—Operating Leases

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

(X) Inventories

1. Inventories including buildings and land held for construction, construction in progress, and buildings and land held for sale are initially recorded at cost. The construction profit or loss is recognized with the completed contract method. The buildings and land held for construction is transferred to the premise under construction when it is actively developed, and the related interest is capitalized during the period from the active development or construction to the completion of the work.
2. The specific land rights acquired by the Company and its right to construct residential buildings on that land are leased for the profession of the construction. It complies with the definition of IAS 2.6 and IAS 2.8 and recognizes the land use rights acquired as inventory costs.
3. At the end of the period, inventories are evaluated at the lower of cost or net realizable value, and the individual item approach is used in the comparison of cost and net realizable value. The calculation of net realizable value is based on the estimated selling price in the normal course of business, net of estimated costs of completion and estimated selling expenses.

(XI) Investment accounted for using the equity method

Subsidiary

1. Subsidiaries refer to all entities controlled by the Company. The Company controls an entity when the Company is exposed, or has rights, to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity.
2. Unrealized gains or losses arising from the transactions between the Company and its subsidiaries have already been eliminated. Accounting policies of subsidiaries are adjusted, when necessary, to remain consistent with those of the Company.
3. The Company's share of its subsidiaries' post-acquisition profits or losses is recognized in profit or loss, and its share of post-acquisition movements in other comprehensive income is recognized in other comprehensive income. When the Company's share of losses in a subsidiary equals or exceeds its equity in the subsidiary, the Company shall continue to recognize losses in proportion to its shareholding percentage in such a subsidiary.

Associates

1. Associates are all entities over which the Company has significant influence but not control. In general, it is presumed that the investor has significant influence, if an investor holds, directly or indirectly 20% or more of the voting power of the investee. The Company's investments in associates are accounted for using the equity method and are initially recognized at cost upon acquisition.
2. The Company's share of its associates' post-acquisition profits or losses is recognized in profit or loss, and its share of post-acquisition movements in other comprehensive income is recognized in other comprehensive income. If the Company's share of losses in an associate equals or exceeds its interest in the associate (including any other unsecured receivables), the Company does not recognize further losses, unless it has

- incurred legal or constructive obligations or made payments on behalf of the associate.
3. When changes in an associate's equity do not arise from profit or loss or other comprehensive income of the associate and such changes do not affect the Company's ownership percentage of the associate, the Company recognizes the change in ownership interests in the associate in "capital surplus" in proportion to its ownership.
 4. Unrealized gains on transactions between the Company and its associates are eliminated to the extent of the Company's interest in the associates. Unrealized losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of associates are adjusted, when necessary, to remain consistent with those of the Company.
 5. When the Company disposes its investment in an associate and loses significant influence over the said associate, the accounting treatment for amounts previously recognized in other comprehensive income in relation to the associate are the same as the one required if the relevant assets or liabilities were directly disposed of. That is, if gain/loss previously recognized in other comprehensive income will be reclassified to profit or loss upon disposal of relevant assets or liabilities, such gain/loss will be reclassified from equity to profit or loss when the Company loses significant influence over the associate. If it still retains significant influence over this associate, then the amounts previously recognized in other comprehensive income in relation to the associate are reclassified to profit or loss proportionately in accordance with the aforementioned approach.
 6. According to "Regulations Governing the Preparation of Financial Statements by Securities Issuers", the allocated amount in income (loss) of parent company only financial reports, consolidated financial reports prepared, and other comprehensive income (loss) attributable to shareholders of the parent company are the same. Shareholders' equity in parent company only financial reports and equity attributable to shareholders of parent company in consolidated financial reports are the same.

Joint ventures

The Company accounts for its investment interest in joint ventures using the equity method. If there is evidence indicating that the net realizable value of the asset has decreased or that an impairment loss has occurred on the asset, the full loss is recognized immediately. When the Company's share of losses in a joint venture equals or exceeds its interest in the joint venture (including any other unsecured receivables), the Company does not recognize further losses, unless it has incurred legal or constructive obligations or made payments on behalf of the joint venture.

(XII) Property, plant, and equipment

1. Property, plant and equipment are initially recorded at cost. Borrowing costs incurred during the construction period are capitalized.
2. Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognized. All other amount of repairs and maintenance fee are recognized as current profit or loss when they are incurred.
3. Land is not depreciated. The cost model is applied to other property, plant and equipment, and these are depreciated using the straight-line method to allocate their cost

over their estimated useful lives. If the property, plant, and equipment comprise any significant components, they are depreciated individually.

4. The Company reviews each asset's residual values, useful lives and depreciation methods at the end of each financial year. If expectations for the assets' residual values and useful lives differ from previous estimates or the patterns of consumption of the assets' future economic benefits embodied in the assets have changed significantly, any change is accounted for as a change in estimate under IAS 8 "Accounting Policies, Changes in Accounting Estimates and Errors" from the date of the change. Except that the useful life of the real estate property is 30 years, the useful life of all other assets is 3 to 5 years.

(XIII) Lease Transactions for the Lessees—Right-of-Use Assets / Lease Liabilities

1. Lease assets are recognized as right-of-use assets and lease liabilities on the date when they are available for use by the Company. When the lease contract is a short-term lease or lease of a low-value asset, the lease payments are recognized as an expense on a straight-line basis over the lease term.
2. The lease liabilities are recognized as the present value of the lease payments that have not been paid at the lease commencement date discounted at the Company's incremental borrowing rate of interest. The lease payments include:
 - (1) Fixed payments, less any lease incentives receivable;
 - (2) Variable lease payments that depend on an index or a rate;The lease liability is measured at amortized cost using the effective interest method subsequently, and the interest expense is appropriated during the lease period. When the non-contractual modification causes a change in the lease period or lease payment, the subsequent lease liability will be reassessed, and re-measurements will be used to adjust the right-of-use assets.
3. The right-of-use asset is recognized at cost at the lease commencement date. The cost comprises:
 - (1) The amount equal to the lease liability at its initial recognition;
 - (2) Lease payments made at or before the commencement of the lease;
 - (3) Any initial direct costs incurred by the lessee; and
 - (4) An estimate of costs to be incurred by the lessee in dismantling and removing the underlying asset, restoring the site on which it is located or restoring the underlying asset to the condition required by the terms and conditions of the lease.

The subsequent measurement adopts the cost model, and depreciation expenses are recognized at the earlier of the expiration date of the right-of-use asset or the lease period. When the lease liability is reassessed, the right-of-use asset will adjust any remeasurement of the lease liability.

(XIV) Investment property

An investment property is stated initially at its cost and measured subsequently using the cost model. Investment property is depreciated on a straight-line basis over its economic durable service life; the useful life is 66 years.

(XV) Impairment of Non-financial Assets

The Company assesses at each balance sheet date the recoverable amounts of those assets for which there is an indication that they are impaired. An impairment loss is recognized for the amount when the asset's carrying amount exceeds its recoverable amount. The

recoverable amount is the higher of an asset's fair value less costs to sell or value in use. When the circumstances or reasons for recognizing impairment loss for an asset in prior periods no longer exist or diminish, the impairment loss is reversed. The increased carrying amount due to reversal should not be more than what the depreciated or amortized historical cost would have been if the impairment had not been recognized.

(XVI) Accounts Payables and Notes Payables

1. Accounts payables and notes payables refer to the debts incurred by purchase of materials, goods, or services on credit, and the notes payables incurred by both operating and non-operating activities.
2. However, short-term accounts/notes payables without interest payment, given insignificant effects of their discounting, are subsequently measured at the invoice price.

(XVII) Provisions

Provisions are prepared for warranty. Provisions are measured at the best estimate of the expenditure required to settle the present obligation at the balance sheet date.

(XVIII) Employee Benefits

1. Short-term employee benefits
Short-term employee benefits are measured at the undiscounted amount of the benefits expected to be paid and should be recognized as expenses in the period when the employees render service.
2. Pensions
 - (1) Defined contribution plans
For defined contribution plans, the contributions are recognized as pension expenses when they are due on an accrual basis. Prepaid contributions are recognized as an asset to the extent of a cash refund or a reduction in future payments.
 - (2) Defined benefit plans
 - A. The net obligation under a defined benefit plan is defined as the present value of pension benefits that employees will receive on retirement for their services with the Company in the current period or prior periods. The amount recognized is the present value of the defined benefit obligation at the balance sheet date less the fair value of plan assets. The net defined benefit obligation is computed by independent actuaries every year using the projected unit credit method. The discount rate employed is the market yields on government bonds (at the balance sheet date) of a currency and term consistent with the currency and term of the defined benefit plan.
 - B. The re-measured amount of defined benefit plans is recognized in other comprehensive income as it arises and presented in retained earnings.
 - C. Expenses associated with past service costs are recognized immediately in profit or loss.
3. Compensation to employees and remuneration to directors and supervisors
Compensation to employees and remuneration to directors and supervisors are recognized as expenses and liabilities, provided that such recognition is required under legal or constructive obligations and those amounts can be reliably estimated. Any difference between the resolved amounts and the subsequently actual distributed amounts is accounted for as changes in accounting estimates. If employee compensation is distributed by shares, the Company will calculate the number of shares based on the closing price on the day before the resolution in the Board meeting.

(XIX) Income tax

1. Income tax expense comprises current and deferred tax. Tax is recognized in profit or loss, except to the extent that it relates to items recognized in other comprehensive income or items recognized directly in equity, in which cases the tax is recognized in other comprehensive income or equity.
2. The income tax expenses are calculated on the basis of the tax laws enacted or substantively enacted at the balance sheet date in the countries where the Company operates and generates taxable income. For the income tax levied on the unappropriated retained earnings in accordance with the Income Tax Act, it will be recognized as income tax for unappropriated retained earnings based on the actual distribution of surplus after the surplus distribution proposal is adopted at the shareholders' meeting in the year following the year of which the said surplus is generated.
3. Deferred income tax adopts the balance sheet approach. It is recognized as the temporary difference between the tax bases of assets and non-consolidated liabilities and their carrying amounts in the balance sheet at the reporting date. The deferred income tax is not recognized if it arises from initial recognition of an asset or liability in a transaction (other than a business combination) that, at the time of the transaction, affects neither accounting nor taxable profit (or loss). Deferred income tax is provided on temporary differences arising on investments in subsidiaries and associates, except where the timing of the reversal of the temporary difference is controlled by the Company and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred income tax is determined using tax rates (and tax laws) that have been enacted or substantially enacted by the balance sheet date and are expected to apply when the related deferred income tax asset is realized or the deferred income tax liability is settled.
4. Deferred tax assets are recognized only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilized. At each balance sheet date, unrecognized and recognized deferred tax assets are reassessed.
5. Current income tax assets and liabilities are offset 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. Deferred income tax assets and liabilities are offset when the entity has the legally enforceable right to offset current tax assets against current tax liabilities and they are levied by the same taxation authority on either the same entity or different entities that intend to settle on a net basis or realize the asset and settle the liability simultaneously.

(XX) Distribution of dividends

Dividends to be distributed to shareholders of the Company are recognized when they are resolved by the Board of Directors' Meeting; Distribution in cash dividends is recognized as a liability, whilst distribution in stock dividends is recognized as stock dividends to be distributed, which is transferred to common share on the date when new shares are issued.

(XXI) Revenue Recognition

Property sales

1. The Company is principally engaged in the subcontract construction, leasing, and sales of property, and the recognition of revenue is based on the transferring of property ownership. For the contracted sales of residential contracts, subject to the terms of the contract, the real property has no other use for the Company, but until the legal

ownership of the real property is transferred to the customer, the Company has an freely enforceable right to the contractual amount and therefore revenue is recognized when ownership or use rights are transferred to the customer.

2. Part of the Company's sales contracts includes variable consideration of price concessions. The Company takes the expected value or the most probable amount as an appropriate estimate of the variable consideration.
3. The Company's sales contract of pre-sale houses contains provisions for advance payment from customers, and the time between advance receipt and commodity ownership transfer is longer than one year. According to IFRS 15, if the Company judges that there are significant financing components in an individual pre-sale home contract, it shall adjust the amount of the commitment consideration and recognize the interest cost. In addition, IFRS 15 states that companies should determine the significance of the financing component only at the contract level, rather than the financial level at the portfolio level.

V. Primary Sources of Uncertainties in Significant Accounting Judgments, Estimates, and Assumptions

When preparing the parent company only financial statements, management of the Company had determined its accounting policies based on its judgments and made accounting estimates and assumptions based on a rational expectation of future events depending on the circumstances at the balance sheet date. If there is any difference between any significant accounting estimates and assumption made and actual results, the historical experience, and other factors will be taken into account in order to continue assessment and adjustment. The Company does not have an important judgment on the adoption of accounting policies, and significant accounting estimates and assumptions, which are at risk of significant changes in the carrying amount of assets and carrying amount of liabilities in the next financial year.

VI. Descriptions of Material Accounting Items

(I) Cash and cash equivalents

	December 31, 2022	December 31, 2021
Cash on hand and revolving fund	\$ 40	\$ 40
Checking deposits and demand deposits	1,572,566	2,335,224
	<u>\$ 1,572,606</u>	<u>\$ 2,335,264</u>

1. The Company deals with financial institutions having high credit quality. The Company also deals with various financial institutions in order that credit risks can be diversified. Therefore, the expected risk of default is pretty low.
2. The Company's restricted use of the pre-sale construction projects trust fund have been listed under "Other current assets - other". Please refer to Notes 6 (4) and 8 for details.

(II) Notes and accounts receivable

	December 31, 2022	Amount of receivables guaranteed	Guaranteed loan amount
Notes receivable			
Within 1 year	\$ 5,167	\$ -	\$ -
Accounts receivable			
Within 1 year	163,593	96,977	96,977
Over 1 year (Note)	2,493,028	2,488,586	2,488,586
	<u>\$ 2,661,788</u>	<u>\$ 2,585,563</u>	<u>\$ 2,585,563</u>

	December 31, 2021	Amount of receivables guaranteed	Guaranteed loan amount
Notes receivable			
Within 1 year	\$ 7,840	\$ -	\$ -
Accounts receivable			
Within 1 year	202,443	128,569	128,569
Over 1 year (Note)	2,849,570	2,813,320	2,813,320
	<u>\$ 3,059,853</u>	<u>\$ 2,941,889</u>	<u>\$ 2,941,889</u>

Note: The Company's long-term installment accounts receivables over one year are listed under the item "long-term notes and accounts receivable".

1. The Company signed a credit agreement with Mega International Commercial Bank secured with the installment accounts receivables arising from the partial sale of "Huaku New World" in installments as collateral. Please refer to Note 6 (10) and 8 for details. The Company's information on secured loans with accounts receivable as collateral is as above.
2. The balances of receivables (including notes receivables) contracted by the Company and clients as of December 31, 2022, December 31, 2021 and January 1, 2021 were \$2,659,063, \$3,056,043, and \$3,519,046, respectively.
3. Interest income recognized by the Company in profit or loss in 2022 and 2021 was \$59,567 and \$59,582, respectively.
4. The notes and accounts receivable above are non-overdue and non-impaired notes and accounts.
5. Without considering the collateral or other credit enhancements held, the exposure amount that best represents the maximum credit risk of the Company's notes and accounts receivable as of December 31, 2022 and 2021 is the carrying amount of notes and accounts receivable and long-term installment accounts receivable in each period.
6. For credit risk of accounts receivables and notes receivables, please refer to Note 12 (2).

(III) Inventories

	December 31, 2022	December 31, 2021
<u>Buildings and land held for sale</u>		
Huaku Royal Highness	\$ 494,342	\$ 1,324,869
Hwaku Sky Garden	216,479	1,152,823
Huaku Innovation Fortune Center	-	615,802
Huaku New World	-	16,318
	<u>710,821</u>	<u>3,109,812</u>
Less: Allowance for valuation loss	<u>(21,292)</u>	<u>(9,461)</u>
	<u>689,529</u>	<u>3,100,351</u>
<u>Construction in progress</u>		
Huaku National Landmark (formerly Xinzhuang Factory & Office Building Project)	4,066,904	2,723,038
Huaku Casa Blanca (formerly Wenlin North Road Project II)	2,568,348	-
Huaku Moon River	2,325,551	1,862,225
Huaku Happy Fortune Center (formerly Innovation Fortune II)	2,249,468	1,854,024
Huaku Zhongyuan Landmark (formerly Zhonghe Factory & Office Building)	1,807,637	1,480,778
Huaku Deyue (formerly Zhonghe Residential Project)	1,614,792	-
Huaku Wenling (formerly Wenlin North Road Project)	1,356,522	1,194,871
Huaku Sky Tower (formerly Zhuangtian Road, Taishan Project)	1,288,880	-
Huaku Daan Educational Institution	737,393	598,905
Huaku Garden Mansion	-	3,937,509
Huaku Bella Vita	-	2,872,556
	<u>18,015,495</u>	<u>16,523,906</u>

Land held for construction		
Nangang Yucheng Project	4,863,686	4,535,225
Taichung Jingmao Road Project	2,945,125	-
Tiding Avenue Project	2,385,050	1,882,842
Guangpu Hsinchu Project, Second Phase	1,875,266	1,217,040
Xinyi Guangfu Project	723,940	559,544
Zhengda Xindian Project	594,999	562,421
Fuxing S. Road Urban Renewal Project	241,061	-
Dunnan Project	198,834	198,834
Huaku Casa Blanca (formerly Wenlin North Road Project II)	-	2,223,340
Huaku Deyue (formerly Zhonghe Residential Project)	-	1,506,697
Huaku Sky Tower (formerly Zhuangtian Road, Taishan Project)	-	1,040,653
Others	105,117	105,090
	13,933,078	13,831,686
Advance for land and others		
Zhengda Beitou Project	763,543	-
Taichung Jingmao Road Project	-	288,121
Fuxing S. Road Urban Renewal Project	-	47,983
Floor area and road land	49,078	33,566
	812,621	369,670
Less: Allowance for valuation loss	(13,307)	(13,307)
	799,314	356,363
	<u>\$ 33,437,416</u>	<u>\$ 33,812,306</u>

1. Huaku New World

- (1) In 2013, the Company signed the "Training Institute, MOF, And Its Surrounding State-Owned Land Cooperative Development Contract" with the National Property Administration, MOF, obtained the right to land and paid the rights amounted to \$1.388 billion, and the lease period was 70 years. This project (Huaku New World) was recognized as revenue when land and house use rights were transferred to customers.
- (2) Some units following the Company's policy of leasing are transferred to the "Investment Property" item along with the land use rights after completion of registration.
- (3) Please refer to 6(10) for details of the information on the property of this project provided as guarantee.
2. On June 4, 2010, the Company signed a contract to sell part of the land held in Sanyu Section of Taipei City (Huaku Sky Garden Project) to Tsai, a non-related person. The full land price of the sales transaction has received and the ownership transfer procedure has completed, only because after the sale of the land as mentioned earlier, the Company immediately signed a contract with the buyer for the joint land construction, land sales, and joint construction contracts should be treated as the same transaction; therefore, its gain on disposal was regarded as unrealized and deferred. The Company transfers unrealized benefits as revenue based on the proportion of sales. As of December 31, 2022 and 2021, the unrealized amounts were \$4,596 and \$26,389, respectively, which were listed under "other non-current liabilities— other".
3. The amount of interest capitalized in the Company's inventories for 2022 and 2021 is \$128,229 and \$103,357, respectively, and the net interest rate margin range within the capitalized interest is 0.88% ~ 1.56% and 0.66% ~ 0.83%, respectively.
4. The cost of inventories recognized as expenses and losses by the Company in 2022 and 2021 were \$10,198,378 and \$9,347,320, respectively, including the cost of goods sold recognized from cost adjusted to net realizable value \$11,831 and (\$21,134), respectively.

In 2022, the net realizable value of inventories recovered due to the sale and transfer of some inventories whose net realizable value was lower than their cost.

5. Please refer to Note 8 for details of the pledge of inventories by the Company.

(IV) Other current assets

	December 31, 2022	December 31, 2021
Restricted bank deposits	\$ 1,251,651	\$ 950,172
Incremental costs for obtaining contracts	312,973	326,749
Other current assets	45,308	3,223
	<u>\$ 1,609,932</u>	<u>\$ 1,280,144</u>

The restricted bank deposits are the Company's pre-sale project trust loans; please refer to Notes 8 and 9 for details.

(V) Investment accounted for using the equity method

	December 31, 2022	December 31, 2021	Shareholding percentage
Subsidiaries:			
Pin Shing Construction Co., Ltd.	\$ 398,73	\$ 375,70	10
Chengdu Wancheng Duobao Real Estate Co., Ltd.	66,88	129,53	8
Chengdu Huaku Real Estate Co., Ltd.	340,55	409,80	8
Associates:			
Taiwan Digit Automated Control Co., Ltd.	24,80	22,29	4
Joint ventures:			
Huapu Construction Co., Ltd.	5,06	5,30	5
	<u>\$ 836,04</u>	<u>\$ 942,63</u>	

1. For information about the subsidiaries of the Company, please refer to Note 4 (3) of the Company's 2022 Notes for Consolidated Financial Statements.
2. For the carrying amounts of the Company's non-significant associates and joint ventures as of December 31, 2022 and 2021, please refer to the table above; the operating results are as follows:

	2022	2021
Net Income from continuing operations	\$ 6,466	\$ 5,235
Other comprehensive income	-	-
Total comprehensive income	<u>\$ 6,466</u>	<u>\$ 5,235</u>

3. The unrealized gross profit from upstream transactions of the Company for the years ended December 31, 2022 and 2021 was \$104,675 and \$89,748, respectively, which was eliminated as a deduction of "investments accounted for using the equity method".
4. The investees that the Company holds more than 50% of the voting shares or with de facto control have been included as entities in the Company's consolidated financial statements.

(VI) Investment Property

	2022	2021
<u>House and land use rights</u>		
January 1	\$ 251,817	\$ 254,278
Transferred in for the period	-	1,633
Accumulated depreciation	(4,100)	(4,094)
December 31	<u>\$ 247,717</u>	<u>\$ 251,817</u>

- Investment properties are for the use of lessees. The lease term of the leased real estate lasts until 2030. The rental income and direct operating expenses of the investment properties are as follows:

	2022	2021
Rental revenue from investment property	\$ 9,572	\$ 9,344
Direct operating expenses incurred by investment property generating rental revenue in the current period	\$ 6,096	\$ 6,188

- The fair value of the investment property held by the Company as of December 31, 2022 and 2021 was \$581,827 and \$572,777, respectively. The valuation is based on the recent transaction prices of comparable similar targets in the region where the investment property is located, which is classified as Level 2 fair value.
- The maturity analysis of the lease payments for the investment properties leased out by the Company under operating leases is as follows:

	December 31, 2022	December 31, 2021
Within 1 year	\$ 9,951	\$ 9,430
2 to 5 years	42,104	39,236
Over 5 years	16,222	20,799
	\$ 68,277	\$ 69,465

(VII) Short-term loans

Loan type	December 31, 2022	Interest rate range	Collateral
<u>Bank loans</u>			
Secured bank borrowings	\$ 8,201,890	1.08%~2.37%	Inventories - buildings and land
Credit loans	550,000	1.15%~1.86%	None
	\$ 8,751,890		
Loan type	December 31, 2021	Interest rate range	Collateral
<u>Bank loans</u>			
Secured bank borrowings	\$ 7,002,000	1.08%~1.35%	Inventories - buildings and land
Credit loans	1,850,000	1.00%~1.10%	None
	\$ 8,852,000		

(VIII) Short-term notes and bills payable

Loan type	December 31, 2022	December 31, 2021
Short-term notes and bills payable	\$ 300,000	\$ 2,232,000
Less: Discount on short-term bills payable	(200)	(1,079)
Net	\$ 299,800	\$ 2,230,921
Interest rate range	1.29%~2.09%	0.99%~1.35%

(IX) Other current liabilities—others

	December 31, 2022	December 31, 2021
Warranty provisions	\$ 77,213	\$ 106,403
Payment collection	108,041	75,426
Others	17,888	51,979
	\$ 203,142	\$ 233,808

(X) Long-term loans

Loan type	Loan period and repayment method	Interest rate range	Collateral	December 31, 2022
Long-term bank loans				
Credit loans	From June 2021 to June 2023; the interest is paid on a monthly basis.	0.88%~1.63%	None	\$ 1,259,050
"	From July 2022 to July 2024; the interest is paid on a monthly basis.	"	"	1,000,000
"	From July 2022 to July 2023; the interest is paid on a monthly basis.	"	"	1,000,000
Loans secured by accounts receivable	From June 2017 to September 2039; the interest is paid on a monthly basis	1.89%~2.42%	Read Note for details	2,593,162
				5,852,212
Less: Long-term loans due within one year or one operating cycle				(2,563,626)
				\$ 3,288,586

Loan type	Loan period and repayment method	Interest rate range	Collateral	December 31, 2021
Long-term bank loans				
Credit loans	From June 2020 to June 2022; the interest is paid on a monthly basis	0.88%~1.10%	None	\$ 1,349,400
"	From June 2020 to July 2022; the interest is paid on a monthly basis	"	"	350,000
"	From June 2021 to June 2023; the interest is paid on a monthly basis.	"	"	1,937,000
Loans secured by accounts receivable	From June 2017 to September 2039; the interest is paid on a monthly basis	1.89%	Read Note for details	2,947,817
				6,584,217
Less: Long-term loans due within one year or one operating cycle				(2,511,848)
				\$ 4,072,369

The Company's unused balance of loan limit as of December 31, 2022 and 2021 were \$10,310,140 and \$8,557,052, respectively.

Accounts receivable / Loans secured by other receivables

The Company signed the secured loans agreement to use Accounts Receivable as collateral with the Mega International Commercial Bank. The Company utilized the Installment Accounts Receivable from the Company's sale of Huaku New World Project, the rights of the building site, and the construction and its subsidiaries as collateral to obtain a loan amount of NT\$6 billion originally, and the loan limit was adjusted to NT\$4 billion on May 9, 2022 with unchanged loan tenor of 20 years. Please refer to Note 6 (2) for details. The main terms of the agreement are as follows:

1. The loan period of each account receivable shall not exceed 20 years from the date when the funds are used.
2. The used amount mentioned above shall be circulated from the date of first use to the date of expiration of five years, and the unspent balance of loans shall be automatically canceled at that time.
3. During the duration of the secured loans using account receivable as collateral, the Company shall maintain all the following financial ratios on the basis of the consolidated annual financial statements audited by the accountant, which shall be checked once a year:

(1) Current ratio: not less than 100%.

(2) Debt ratio (total liabilities/tangible net worth): not greater than 230%.

(XI) Pensions

1. In compliance with the requirements set forth in the Labor Standards Act, the Company has stipulated a defined benefit pension plan, which is applicable to the years of service rendered by regular employees prior to, and after (if employees elect to continue to apply the Labor Standards Act), the implementation of the Labor Pension Act on July 1, 2005. Pension payments for employees qualified for the aforementioned retirement criteria are calculated in accordance with the years of service rendered and the average salaries or wages of the last six months prior to retirement. Two bases are given for each full year of service over the first 15 years, and one base is given for an additional year of service thereafter, provided that the total bases do not exceed 45. The Company contributes on a monthly basis 2% of the total salary (wages) as the pension fund, which is deposited in a designated account with the Bank of Taiwan under the name of the Supervisory Committee of Workers' Retirement Fund. Prior to the end of each annual period, the Company assesses the balance of the aforementioned designated account for the labor pension fund. If the balance is determined insufficient to pay off the pension amount computed by the aforementioned approach for employees qualified for retirement within next year, the Company will make a lump sum contribution to make up the shortfall before the end of March of the following year.

- (1) Amounts recognized on the balance sheets are as follows:

	December 31, 2022	December 31, 2021
Present value of the defined benefit obligation	(\$ 74,509)	(\$ 73,900)
Fair value of plan assets	42,494	39,122
Net defined benefit liabilities	(\$ 32,015)	(\$ 34,778)

- (2) Changes in net defined benefit liabilities are as follows:

	2022		
	Present value of the defined benefit obligation	Fair value of plan assets	Net defined benefit liabilities
January 1	(\$ 73,900)	\$ 39,122	(\$ 34,778)
Current service cost	(350)	-	(350)
Interest (expense) revenue	(450)	224	(226)
	(74,700)	39,346	(35,354)
Remeasurement:			
Return on plan assets (excluding amounts included in interest revenue or expenses)	-	3,148	3,148
Effect of changes in financial assumptions	2,335	-	2,335
Experience adjustment	(2,144)	-	(2,144)
	191	3,148	3,339
Provision of pension funds	-	-	-
Payment of pension	-	-	-
December 31	(\$ 74,509)	\$ 42,494	(\$ 32,015)

	2021		
	Present value of the defined benefit obligation	Fair value of plan assets	Net defined benefit liabilities
January 1	(\$ 77,509)	\$ 39,815	(\$ 37,694)
Current service cost	(363)	-	(363)
Interest (expense) revenue	(189)	94	(95)
	<u>(78,061)</u>	<u>39,909</u>	<u>(38,152)</u>
Remeasurement:			
Return on plan assets (excluding amounts included in interest revenue or expenses)	-	611	611
Effect of changes in demographic assumptions	(70)	-	(70)
Effect of changes in financial assumptions	1,857	-	1,857
Experience adjustment	933	-	933
	<u>2,720</u>	<u>611</u>	<u>3,331</u>
Provision of pension funds	-	-	-
Payment of pension	1,441	(1,398)	43
December 31	<u>(\$ 73,900)</u>	<u>\$ 39,122</u>	<u>(\$ 34,778)</u>

- (3) The fund asset of the Company's defined benefit pension plan ("the Fund") is entrusted to the Bank of Taiwan, which manages, or entrusts others to manage, the Fund in accordance with entrusted items enumerated in Article 6 of the Regulations for Revenues, Expenditures, Safeguard and Utilization of the Labor Retirement Fund (i.e., deposit in domestic or foreign institutions, investment in domestic or foreign listed, over-the-counter, or private placement equity securities, and investment in domestic or foreign real estate and its securitization products) to the extent of limitations on investment percentage and amount as stipulated in the Fund's annual utilization plan. The status of utilization of the Fund is subject to supervision by the Labor Pension Fund Supervisory Committee. With regard to utilization of the Fund, the minimum earnings in the annual distributions on the final financial statement shall not be less than the earnings attainable from the amounts accrued from two-year time deposits with the interest rates offered by local banks. In case any deficiency in the earnings arises, Treasury Funds can be used to cover the deficits after the approval of the competent authority. Since the Company has no right to participate in the operation and management of the Fund, it is not able to disclose the classification of the fair value of plan assets as required in IAS 19.142. For the composition of the fair value of the Fund in total as of December 31, 2022 and 2021, please refer to the various labor pension utilization reports issued by the government.

- (4) Actuarial assumptions on pensions are summarized as follows:

	2022	2021
Discount rate	1.20%	0.65%
Future salary increases	2.00%	2.00%

The assumptions for the future mortality rate are based on the published statistics and experience of each country.

Effects of changes in the principal actuarial assumptions on present value analysis of defined benefit obligation are as follows:

	Discount rate		Future salary increases	
	Increase of 0.25%	Decrease of 0.25%	Increase of 0.25%	Decrease of 0.25%
December 31, 2022				
Effect on present value of defined benefit obligation	<u>(\$ 1,021)</u>	<u>\$ 1,046</u>	<u>\$ 1,036</u>	<u>(\$ 1,017)</u>
December 31, 2021				
Effect on present value of defined benefit obligation	<u>(\$ 1,131)</u>	<u>\$ 1,161</u>	<u>\$ 1,143</u>	<u>(\$ 1,120)</u>

The sensitivity analysis above is based on other conditions that are unchanged but only one assumption is changed. In practice, many changes in assumptions may be linked together. The method used for the sensitivity analysis and calculation of the net defined benefit pension liability is the same. The method of analyzing sensitivity and the method of calculate net pension liability in the balance sheet are the same.

The method and assumptions used for the preparation of the sensitivity analysis for the current period are the same as those used in the previous period.

- (5) The Company expects to make a contribution of \$0 to the pension plans for the year ended December 31, 2023.

- (6) As of December 31, 2022, the pension plan's weighted average duration was 5 years. The maturity analysis of the pension payments is as follows:

Within 1 year	\$ 10,144
1-2 years	2,917
2-5 years	34,564
Over 5 years	31,699
	<u>\$ 79,324</u>

2. Starting from July 1, 2005, the Company has set up a defined contribution plan for all employees with ROC citizenship in accordance with the Labor Pension Act. For the employees of the Company who choose to apply the labor pension system as defined in the Labor Pension Act, the Company has made monthly contributions equal to 6% of each employee's monthly salary to employees' pension accounts. The benefits accrued are paid monthly or in a lump sum upon termination of employment. For the years ended December 31, 2022 and 2021, the net pension costs recognized under the defined contribution plan aforementioned were \$3,275 and \$3,137, respectively.

(XII) Share capital

1. As of December 31, 2022, the Company's authorized capital was \$5,000,000, and the paid-in capital was \$2,768,127 with a par value of NT\$10 per share. Share payments for the Company's issued stocks have been collected in full. The number of outstanding shares of the Company at the beginning and the end of the period is 276,812,726 shares.

2. Treasury stock

- (1) The Company had no treasury stock transactions for the years ended December 31, 2022 and 2021.
- (2) As of December 31, 2022 and 2021, the Company's subsidiary Pin Shing Construction Co., Ltd., held the Company's shares for the purpose of investment profit; the details are as follows:

	December 31, 2022	December 31, 2021
Number of shares (thousand shares)	<u>174</u>	<u>174</u>
Carrying amounts	<u>\$ 850</u>	<u>\$ 850</u>

(XIII) Additional paid-in capital

According to the Company Act, additional paid-in capital including the income derived from issuing shares at a premium and from endowments, in addition to being used to covering deficit, where there is no accumulated deficit in a company, shall be distributed by issuing new shares to shareholders in proportion to the number of shares being held or by cash. In addition, according to relevant provisions of the Securities Exchange Act, when allocating capital from the aforementioned additional paid-in capital, the combined capitalized amount each year shall not exceed 10 percent of the paid-up capital. A company shall not use the additional paid-in capital to make good its capital loss, unless the surplus reserve is insufficient to make good such loss.

(XIV) Retained earnings

1. According to the Company's Articles of Incorporation, after offsetting any loss of prior years and paying all taxes and dues, 10% of the annual net income shall be set aside as legal reserves. The remaining net income and the unappropriated retained earnings from prior years can be allocable earnings. The aforementioned distributable earnings shall be distributed as a dividend by the board of directors and then submitted to the shareholders' meeting for report.
2. Legal reserves may only be used for offsetting deficits and issuing new shares or distributing cash in proportion to shareholders' original holdings. However, when new shares are issued or cash is distributed, the amount shall be limited to 25% of the reserves in excess of the paid-in capital.
3. The Company may allocate earnings only after providing special reserve for debt balance in other equity on the date of balance sheet, and the reversal of debit balance in other equity, if any, may be stated into allocable earnings.
4. The distribution of earnings for 2021 and 2020, which were proposed and approved in the annual shareholders' meetings on May 31, 2022 and August 3, 2021, respectively, are as follows:

	2021		2020	
	Amount	Dividends per share (NT\$)	Amount	Dividends per share (NT\$)
Legal reserves	\$ 292,382		\$ 277,799	
Cash dividends	2,076,095	\$ 7.5	1,937,689	\$ 7

5. As of February 22, 2023, the Company's earnings distribution plan for 2022 had not been approved by the Board of Directors.

(XV) Other equity

	2022	2021
Exchange differences on translation of foreign financial statements		
January 1	\$ 6,087	\$ 9,322
- The Company	6,979	(4,044)
- Tax amount of the Company	(1,396)	809
December 31	<u>\$ 11,670</u>	<u>\$ 6,087</u>

(XVI) Operating revenue

	2022	2021
Revenue from contract with customers	\$ 14,719,266	\$ 13,497,761
Others	17,298	19,765
	<u>\$ 14,736,564</u>	<u>\$ 13,517,526</u>

1. Segments of revenue from contract with customers

The Company's revenue is derived from the provision of goods and services that are transferred at a certain point in time, or gradually transferred over time. The revenue can be subdivided into the following major product lines:

2022	Taiwan		
	Sales of construction	Others	Total
Timing of revenue recognition			
- Revenue recognized at a specific timing	\$ 14,719,266	\$	\$ 14,719,266
- Gradually transferred revenue over time	-	17	17,298
	<u>\$ 14,719,266</u>	<u>\$ 17</u>	<u>\$ 14,736,564</u>

2021	Taiwan		
	Sales of construction	Others	Total
Timing of revenue recognition			
- Revenue recognized at a specific timing	\$ 13,497,761	\$	\$ 13,497,761
- Gradually transferred revenue over time	-	19	19,765
	<u>\$ 13,497,761</u>	<u>\$ 19</u>	<u>\$ 13,517,526</u>

2. The aggregate amount of the transaction price and the estimated recognized revenue year of the sales contract signed by the Company as of December 31, 2022, which had not yet satisfied its performance obligations, are as follows:

Estimated recognized revenue year	Amount of contracts signed
2023 - 2026	<u>\$ 26,460,365</u>

3. Contract liabilities

The contract liabilities related to contract revenues recognized by the Company are listed as follows:

	December 31, 2022	December 31, 2021	January 1, 2021
Contract liability - current:			
Contract liabilities - advance land receipts	\$ 2,932,836	\$ 2,463,020	\$ 2,530,096
Contract liabilities - advance building receipts	1,714,204	1,263,020	938,059
	<u>\$ 4,647,040</u>	<u>\$ 3,726,040</u>	<u>\$ 3,468,155</u>

(1) The Company's sales contract of pre-sale houses contains provisions for advance payment from customers, and the time between advance receipt and commodity ownership transfer is longer than one year. According to IFRS 15, contract liabilities related to sales of pre-sale homes were recognized as current liabilities.

(2) Provision for opening contract liabilities

	2022	2021
Opening balance for contract liabilities recognized as pre-sale construction contract	<u>\$ 2,802,828</u>	<u>\$ 1,245,112</u>

(XVII) Additional information regarding the nature of expenses

	2022	2021
Construction costs	\$ 10,112,101	\$ 9,318,538
Employee benefit expenses	305,757	288,767
Depreciation and amortization	18,985	18,376
Advertising expenses	428,174	250,583
Taxation	64,335	80,860
Rental expenses	628	680
Other costs and expenses	84,590	74,403
Operating cost and operating expenses	<u>\$ 11,014,570</u>	<u>\$ 10,032,207</u>

(XVIII) Employee benefit expenses

	2022	2021
Wages and salaries	\$ 227,216	\$ 214,118
Directors' remuneration	50,052	47,722
Labor and health insurance expenses	11,334	11,079
Pension expenses	3,851	3,552
Other personnel cost	13,304	12,296
	<u>\$ 305,757</u>	<u>\$ 288,767</u>

1. As stated in the Articles of Incorporation, if there is any remaining profits after deducing the accumulated deficits from the profits of the year, the Company shall allocate 3%-5% of the remaining profits as compensation to employees, and no greater than 2% of the remaining profits as remuneration to directors and supervisors.
2. For the years ended December 31, 2022 and 2021, the Company recognized compensation to employees amounted to \$116,340 and \$111,750, respectively, and remuneration to directors amounted to \$46,540 and \$44,700, respectively, all presented under payroll expense.

Based on the profitability of the year ended in 2022, it is estimated to allocate 3% and 1.2%, respectively, and the estimated amounts were in alignment with the amount decided by the Board of Directors. The aforementioned employee compensation would be paid in cash.

The Company's 2021 employee bonus and directors' remuneration are consistent with the amounts recognized in the financial statements for the year ended December 31, 2021.

Information regarding employees' salary and remuneration to directors approved by the board of directors of the Company can be found at the Market Observation Post System (MOPS) website.

(XIX) Interest income

	2022	2021
Interests on bank deposits	\$ 7,439	\$ 376
Interest income from financial assets at amortized cost	59,567	59,582
	<u>\$ 67,006</u>	<u>\$ 59,958</u>

(XX) Other income

	2022	2021
Contract default income from the buyers	\$ 286	\$ 18,068
Advertising service income	26,551	40,427
Other income	3,422	3,838
	<u>\$ 30,259</u>	<u>\$ 62,333</u>

(XXI) Financial cost

	2022	2021
Interest expense - bank loans		
- Bank loans	\$ 167,974	\$ 101,126
- Installment accounts receivable	59,606	59,645
- Lease liabilities	131	159
Financial expenses	9,627	40,134
	<u>237,338</u>	<u>201,064</u>
Less: Amount capitalized of qualified assets	(128,229)	(103,357)
	<u>\$ 109,109</u>	<u>\$ 97,707</u>

(XXII) Income tax

1. Income tax expense

(1) Components of income tax expense:

	2022	2021
Current income tax:		
Income tax incurred in the current period	\$ 675,886	\$ 569,411
Land value increment tax recognized in income tax in the current period	62,040	51,197
Tax on undistributed surplus earnings	27,767	28,125
Under(Over)-estimated provision of the prior year's income tax	(7,568)	(152)
Total current income tax	758,125	648,581
Deferred income tax:		
Recognition and reversal of temporary differences	(324)	(515)
Income tax expense	\$ 757,801	\$ 648,066

(2) Income tax benefit (expense) amount associated with other comprehensive income:

	2022	2021
Currency translation differences	(\$ 1,396)	\$ 809
Remeasurement of defined benefit obligations	(667)	(666)
	(\$ 2,063)	\$ 143

2. Relation between income tax expense and accounting profit:

	2022	2021
Income tax expense at the statutory rate	\$ 743,010	\$ 713,651
Effect of non-recognition by law	8,334	(16,249)
Effect from tax-exempt income	(75,419)	(127,991)
Recognition and reversal of temporary differences	(324)	(515)
Tax on undistributed surplus earnings	27,767	28,125
Over-estimated provision of the prior years' income tax	(7,568)	(152)
Effect of repatriation of earnings of overseas subsidiaries	(39)	-
Land value increment tax recognized in income tax for the current period	62,040	51,197
Income tax expense	\$ 757,801	\$ 648,066

3. Deferred tax assets and liabilities resulting from temporary differences are as follows:

	2022			
	Recognized in other			
	January 1	profit and loss	comprehensive income	December 31
<u>Deferred income tax assets</u>				
Construction warranty reserve	\$ 3,000	\$ 200	\$ -	\$ 3,200
Unrealized expenses	8,199	8	-	8,207
Remeasurements from defined benefit plans	8,481	-	(667)	7,814
	19,680	208	(667)	19,221
<u>Deferred income tax liabilities</u>				
Exchange differences on translation of foreign operations	(1,522)	-	(1,396)	(2,918)
Book-tax difference in retirement pensions	(758)	116	-	(642)
	(2,280)	116	(1,396)	(3,560)
Total	\$ 17,400	\$ 324	(\$2,063)	\$ 15,661

	2021			
	Recognized in other			
	January 1	Profit and loss	comprehensive income	December 31
<u>Deferred income tax assets</u>				
Construction warranty reserve	\$ 2,600	\$ 400	\$ -	\$ 3,000
Unrealized expenses	8,175	24	-	8,199
Remeasurements from defined benefit plans	9,147	-	(666)	8,481
	19,922	424	(666)	19,680
<u>Deferred income tax liabilities</u>				
Exchange differences on translation of foreign operations	(2,331)	-	809	(1,522)
Book-tax difference in retirement pensions	(849)	91	-	(758)
	(3,180)	91	809	(2,280)
Total	\$ 16,742	\$ 515	\$ 143	\$ 17,400

4. The difference between the Company's finance income and taxable income is mainly caused by the tax exemption from land transaction tax.
5. The tax authorities have examined income tax returns of the Company through the year ended December 31, 2020.

(XXIII) Earnings per share

	2022		
	Amount after tax	Weighted average number of common shares outstanding (shares in thousands)	Earnings per share (NT\$)
<u>Basic earnings per share</u>			
Profit attributable to ordinary shareholders	\$ 2,957,246	276,638	\$ 10.69
<u>Diluted earnings per share</u>			
Assumed conversion of all dilutive potential ordinary shares			
Employee remuneration	-	1,541	
Profit attributable to common stock shareholders plus assumed conversion of all dilutive potential common stocks	\$ 2,957,246	278,179	\$ 10.63

	2021		
	Amount after tax	Weighted average number of common shares outstanding (shares in thousands)	Earnings per share (NT\$)
<u>Basic earnings per share</u>			
Profit attributable to ordinary shareholders	\$ 2,920,173	276,638	\$ 10.56
<u>Diluted earnings per share</u>			
Assumed conversion of all dilutive potential ordinary shares			
Employee remuneration	-	1,422	
Profit attributable to common stock shareholders plus assumed conversion of all dilutive potential common stocks	\$ 2,920,173	278,060	\$ 10.50

(XXIV) Changes in liabilities from financing activities

2022							
	Short-term loans	Long-term loans (Note 2)	Short-term notes and bills payable	Guarantee deposits received	Lease liabilities	Dividends payable	Total liabilities from financing activities
January 1	\$ 8,852,000	\$ 6,584,217	\$ 2,230,921	\$ 29,391	\$ 18,434	\$ -	\$ 17,714,963
Changes in cash flows from financing activities	(100,110)	(732,005)	(1,931,121)	1,264	(7,262)	(2,076,095)	(4,845,329)
Payment of interest expense (Note 1)	-	-	-	-	(131)	-	(131)
Other non-cash changes	-	-	-	-	585	2,076,095	2,076,680
December 31	<u>\$ 8,751,890</u>	<u>\$ 5,852,212</u>	<u>\$ 299,800</u>	<u>\$ 30,655</u>	<u>\$11,626</u>	<u>\$ -</u>	<u>\$ 14,946,183</u>
2021							
	Short-term loans	Long-term loans (Note 3)	Short-term notes and bills payable	Guarantee deposits received	Lease liabilities	Dividends payable	Total liabilities from financing activities
January 1	\$ 2,667,000	\$ 7,024,581	\$ 3,231,800	\$ 15,063	\$ 10,374	\$ -	\$ 12,948,818
Changes in cash flows from financing activities	6,185,000	(440,364)	(1,000,879)	14,328	(7,233)	(1,937,689)	2,813,163
Payment of interest expense (Note 1)	-	-	-	-	(159)	-	(159)
Other non-cash changes	-	-	-	-	15,452	1,937,689	1,953,141
December 31	<u>\$ 8,852,000</u>	<u>\$ 6,584,217</u>	<u>\$ 2,230,921</u>	<u>\$ 29,391</u>	<u>\$ 18,434</u>	<u>\$ -</u>	<u>\$ 17,714,963</u>

Note 1: Statement of cash flows from operating activities

Note 2: It includes \$2,563,626 long-term loans due within one year or one operating cycle, accounted for under the item "Long-term liabilities due within one year or one operating cycle."

Note 3: It includes \$2,511,848 long-term loans due within one year or one operating cycle, accounted for under the item "Long-term liabilities due within one year or one operating cycle."

VII. Related-Party Transactions

(I) Name and relationship of related parties

<u>Name of related party</u>	<u>Relationship with the Company</u>
Pin Shing Construction Co., Ltd.	Subsidiary
Chengdu Wancheng Duobao Real Estate Co., Ltd.	Subsidiary
Chengdu Huaku Real Estate Co., Ltd.	Subsidiary
Taiwan Digit Automated Control Co., Ltd.	Associates
Huapu Construction Co., Ltd.	Associates
Full Come Foundation Eng. Ltd.	Associates
Huaku Education Foundation	Other related parties
Chang-Hsueh Investment Co., Ltd. and other six people	Other related parties
Jason Hung	The main management of the Company

(II) Significant transactions between related parties

1. Sales

During the years of 2022 and 2021, the board of directors of the Company resolved to sell the projects developed and constructed by the Company to the related parties, and the total transaction amount including tax were \$527,630 and \$0, respectively.

2. Purchases and commitments

	2022	2021
Subsidiary	\$ 2,886,390	\$ 2,893,812
Associates	50,957	55,198
	<u>\$ 2,937,347</u>	<u>\$ 2,949,010</u>

(1) The contraction project entrusted by the Company to Pin Shing Construction Co., Ltd. was in compliance with the contract, and the payment period was approximately 120 days; the payment period to non-related parties is approximately within one month or 45 days.

(2) As of December 31, 2022, the total price of the uncompleted project construction contracts signed between the Company and Pin Shing Construction Co., Ltd. was \$8,731,519, and the amount of unrecognized construction payments was \$5,543,657.

3. Notes and accounts receivable

	December 31, 2022	December 31, 2021
Subsidiary	<u>\$ 29,086</u>	<u>\$ 12,740</u>

4. Notes and accounts payable

	December 31, 2022	December 31, 2021
Subsidiary	\$ 795,309	\$ 952,587
Associates	15,843	11,072
	<u>\$ 811,152</u>	<u>\$ 963,659</u>

The accounts payable to related parties are mainly from the purchase transaction. The accounts payables are non-interest bearing.

5. Donation expenses

	2022	2021
Other related parties	<u>\$ -</u>	<u>\$ 1,000</u>

6. Administrative fees income (recognized as "Other income")

	2022	2021
Subsidiary	<u>\$ 1,714</u>	<u>\$ 1,714</u>

7. Property transaction

The Company sold the transportation equipment held by the Company to the key management in 2021, and the sales information is as follows:

	2021	
	Proceeds from disposal	(Loss) gain from disposal
The key management	\$ 762	\$ 762

(III) Information on the remunerations of the key management

	2022	2021
Short-term employee benefits	\$ 114,809	\$ 111,417

VIII. Pledged Assets

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

Assets	Carrying amounts		Purpose of the pledge
	December 31, 2022	December 31, 2021	
Installment accounts receivable			Loans secured by accounts receivable
- Accounts receivable	\$ 96,977	\$ 128,569	
- Long-term notes and accounts receivable	2,358,652	2,704,716	
Other installments receivable			Loans secured by accounts receivable
- Other receivables	7,599	5,928	
- Long-term notes and accounts receivable	129,934	108,604	
Other current assets			Pre-sale construction project trust fund
- Restricted bank deposits	1,251,651	950,172	
Inventories	28,933,296	25,335,166	Short-term loans and commercial papers payable
Investment property	247,717	251,817	Loans secured by accounts receivable
	\$ 33,025,826	\$ 29,484,972	

IX. Significant Commitments and Contingencies

- (I) As of December 31, 2022, the total value of the engineering contract signed between the Company and non-related parties amounted to \$1,293,722 and the amount not yet estimated is \$782,602.
- (II) As of December 31, 2022, the amount not yet estimated for the contracts of land purchase signed by the Company is \$2,555,800.
- (III) As of December 31, 2022, the Company had signed letters of trust deed with the trustee financial institution for the project of construction in progress, and the relevant project names and trust banks were as follows:

Project name	Trust bank
Huaku Moon River	E.SUN Commercial Bank, Ltd.
Huaku Deyue	E.SUN Commercial Bank, Ltd.
Huaku Daan Educational Institution	Hua Nan Commercial Bank, Ltd.
Huaku Wenling	E.SUN Commercial Bank, Ltd.
Huaku Zhongyuan Landmark	Taishin International Bank Co., Ltd.
Huaku Casa Blanca	Cathay United Bank Co., Ltd.
Hwaku Sky Tower	Taipei Fubon Commercial Bank Co., Ltd.
Huaku Trade and Finance Center	CTBC Bank Co., Ltd.

The Group has processed the registrations of transferring the values trust or real estate development trust to the financial institution that undertakes the assurance for the construction as mentioned above projects.

X. Significant Disaster Losses

None.

XI. Significant Subsequent Events

None.

XII. Others

(I) Capital security risk management

The objective of the Company's capital management is to ensure that the Company can continue as a going concern, that an optimal capital structure is maintained to lower the cost of capital, and that rewards are provided to shareholders. In order to maintain or adjust the capital structure, the Company may adjust the amount of dividends paid to shareholders, issue new shares or sell assets to reduce debt. The Company regulates the borrowing amount based on the progress of the project and the funds required for the operation.

(II) Financial instruments

1. Categories of financial instruments

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
<u>Financial assets</u>		
Financial assets/loans and receivables measured at amortized cost		
Cash and cash equivalents	\$ 1,572,606	\$ 2,335,264
Notes receivable	5,167	7,840
Accounts receivable (including long-term accounts receivable for more than one year)	2,656,621	3,052,013
Other receivables	11,289	26,231
Refundable deposits	399,116	320,652
Other financial assets	1,251,651	950,172
	<u>\$ 5,896,450</u>	<u>\$ 6,692,172</u>

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
<u>Financial liabilities</u>		
Financial liabilities measured at amortized costs		
Short-term loans	\$ 8,751,890	\$ 8,852,000
Short-term notes and bills payable	299,800	2,230,921
Notes payable	1,032	2,403
Accounts payable	1,052,383	1,261,689
Other payables	453,087	425,986
Long-term borrowings (including due within one year or one operating cycle)	5,852,212	6,584,217
Guarantee deposits received	30,655	29,391
	<u>\$ 16,441,059</u>	<u>\$ 19,386,607</u>
Lease liabilities	<u>\$ 11,626</u>	<u>\$ 18,434</u>

2. Risk management policy

- (1) The Company's daily operations are affected by various financial risks, e.g., market risks (including exchange rate risk, interest rate risk, and price risk), credit risk, and liquidity risk.
- (2) The risk management process is carried out by the finance department of the

Company in accordance with the opinions of the board of directors. Through cooperation with each of the Company's operating units, the finance department is responsible for identifying, evaluating, and hedging financial risks.

(3) The Company does not undertake derivatives for hedging financial risks.

3. Nature and degree of significant financial risks

(1) Market risk

Foreign currency risk

A. The Company operates internationally. The main currency is NTD. Foreign currency risk arises from recognized assets and liabilities and net investments in foreign operations. The management of the Company has established policies to manage the foreign currency risk of functional currencies. The Company manages its overall foreign currency risk through the finance department. The Company had no foreign currency assets or liabilities as of December 31, 2022 and 2021.

B. Due to the significant impact of exchange rate fluctuations on the monetary items of the Company, the aggregated (loss) gains (including realized and unrealized) of exchanges for the years ended December 31, 2022 and 2021 were \$728 and \$0, respectively.

Price risk

The Company has no equity instruments exposed to price risk, and has no commodity exposed to price risk.

Cash flow interest rate risk and fair value interest rate risk

A. The Company's interest rate risks come from short-term and long-term loans. Loans with floating interest rates expose the group to cash flow interest rate risks, of which a portion is offset by the cash held with floating interest rates. For the years ended December 31, 2022 and 2021, the Company's borrowings at floating interest rate were denominated in NTD.

B. The Company simulates a number of scenarios and analyzes interest rate risk, including consideration of refinancing, extending contracts of existing positions, and other available financings to calculate the impact of changes in specific interest rates on profit or loss.

C. When all other factors remain unchanged, the maximum impact of a 1% change in interest rate on the financial costs of 2022 and 2021 is to increase or decrease of \$149,041 and \$176,682, respectively. The two payments of \$25,932 and \$29,478 in 2022 and 2021, respectively, were due to the Company's contract of the loan secured by account receivable with the bank. As the interest income generated by the installment sales will be directly deposited by the purchaser into the bank loan account of the Company to repay the interest expenses arising from the above-mentioned factoring contract. Therefore, there was no need for the Company to undertake the risk of interest rate changes arising from this transaction. The simulation is done on a quarterly basis to verify that the maximum loss potential is within the limit given by the management.

(2) Credit risk

A. Credit risk of the Company refers to the risk of financial loss of the Company caused by the client or counterparties of financial instruments fail to fulfill their

contractual obligations. It mainly comes from the counterparty unable to pay off the accounts payable according to the collection conditions.

- B. The Company establishes credit risk management from the group perspective. Only banks and financial institutions with an independent credit rating of at least "A" can be accepted for trading by the Company.
- C. The Company mainly engages in the lease and sale of public housings, plants as well as the sale of premises. Revenue is recognized when the full contract payments are collected, and the transfer of ownership and the actual delivery of the house are completed. Therefore, the amount of accounts receivable arising from the sale of real estate should be of petty proportion and not much chance of non-recovery. The Company also implements individual management and regular tracking of receivables arising from special trading. In addition, the Company classifies customers' accounts receivable and installment accounts receivable based on customer characteristics, and use the simplified preparation matrix, the company estimates the expected credit loss and adjusts the loss rate established by historical and current information during a specific period to assess the allowance loss of installments receivable. The Company's assessed credit impairment losses as of December 31, 2022 and 2021 were not significant.
- D. No written-off debts with recourse existed as of December 31, 2022 and 2021.

(3) Liquidity risk

- A. The cash flow forecast is performed and compiled by the finance department. The Company's finance division monitors rolling forecasts of the Company's liquidity requirements to ensure it has sufficient cash to meet operational needs while maintaining sufficient headroom on its undrawn committed borrowing facilities at all times so that the Company does not breach borrowing limits or covenants (where applicable) on any of its borrowing facilities.
- B. The Company's non-derivative financial liabilities are analyzed based on the remaining period from the date of balance sheet to the contract expiration date; the derivative financial liabilities are analyzed based on the fair value at the date of balance sheet.

Except for notes payable with undiscounted contract cash flow amount that is approximately equal to its book value and matures within one year, the amount of undiscounted contractual cash flow of other financial liabilities is as follows:

Non-derivative financial liabilities:

December 31, 2022	Within 1 Year	1-3 years	Over 3 years
Short-term loans	\$ 702,863	\$ 6,754,170	\$ 1,647,399
Short-term notes and bills payable	300,000	-	-
Accounts payable	890,735	109,513	52,135
Other payables	372,968	22,239	57,880
Lease liabilities	3,916	7,833	-
Long-term borrowings (including due within one year or one operating cycle)	2,490,383	805,047	-
Loans secured by accounts receivable	150,593	348,829	3,035,331
			-

Non-derivative financial liabilities:

December 31, 2021	Within 1 Year	1-3 years	Over 3 years
Short-term loans	\$ 2,018,627	\$ 5,281,867	\$ 1,771,179
Short-term notes and bills payable	1,300,000	932,000	-
Accounts payable	955,497	91,326	214,866
Other payables	260,712	102,767	62,507
Lease liabilities	6,936	7,833	3,916
Long-term borrowings (including due within one year or one operating cycle)	2,399,930	1,263,869	-
Loans secured by accounts receivable	178,645	343,027	3,262,825

C. The Company did not expect a maturity analysis of which the cash flows timing would be significantly earlier, or the actual amount would be significantly different.

(III) Fair value information

1. The following states the definition of different levels of valuation techniques used to measure the fair value of financial and non-financial instruments:

Level 1: Level 1 inputs are (unadjusted) quoted prices in active markets for identical assets or liabilities that the entity can access at the measurement date. An active market is a market in which transactions for the asset or liability take place with sufficient frequency and volume to provide pricing information on an ongoing basis.

Level 2: Observable inputs for the asset or liability, either directly or indirectly, other than quoted market prices included within Level 1.

Level 3: Unobservable inputs for the asset or liability. The financial products invested by the Company belong to this level.

2. For fair value information of investment property measured at cost, please refer to Note 6 (6).

3. For the years ended December 31, 2022 and 2021, the Company did not hold financial and non-financial instruments measured at fair value.

4. Financial instruments not measured at fair value, including cash and cash equivalents, notes and accounts receivable, other receivables refundable deposits, restricted bank deposits, short-term loans, short term notes and bills payable, bills payable, accounts payable, other payables, long-term borrowings, guarantee deposit received, are reasonable approximations of fair values.

(IV) Due to the coronavirus disease (COVID-19) pandemic in 2022, the Company cooperated with various pandemic prevention measures promoted by the government, subject to the restriction on the number of persons, that the sale and handover of the completed buildings and land held for sale, the schedule of the construction in progress, and the pre-sale of individual projects are all ongoing. As the Company's working capital is still sufficient and the collection of construction sales is normal, the operating segments of the Group are also operating normally. It has been assessed that the coronavirus disease (COVID-19) pandemic has no material impact on the financial position and financial performance of the Company in 2022.

XIII. Matters Disclosed in Notes

(I) Related Information on Significant Transactions

1. Financing provided to others: None.
2. Endorsements/guarantees provided to others: None.
3. Marketable securities held at the end of the period (excluding subsidiaries, associates and joint ventures): Please refer to Table 1.
4. Accumulated to buy or sell the same marketable securities amount to NT\$300 million or more than 20% of the paid-in capital: None.
5. Acquisition of real estate properties at prices of at least NT\$300 million or 20% of paid-in capital: Please refer to Table 2.
6. Disposal of real estate properties at prices of at least NT\$300 million or 20% of the paid-in capital: Please refer to Table 3.
7. Purchases from and sales to related parties amounted to at least NT\$100 million or exceeding 20% of paid-in capital: Please refer to Table 4.
8. Receivables from related parties amounted to at least NT\$100 million or exceeding 20% of paid-in capital: Please refer to Table 5.
9. Information on the derivative financial instrument transactions: None.
10. Parent-subsidiary and subsidiary-subsidiary business relations and significant transactions and amounts thereof: Please refer to Table 6.

(II) Related information on investees

Name, location, and information on investee companies (not including investee companies in mainland China): Please refer to Table 7.

(III) Information on investments in Mainland China

1. Investee information: Please refer to Table 8.
2. Significant transactions with investee companies in mainland China, either directly or indirectly via a third region: None.

(IV) Information on Major Shareholders

Name, number of shares and percentage of ownership of shareholders with a shareholder percentage of at least 5%: Please refer to Table 9.

XIV. Information on Operating Segments

Not applicable.

Huaku Development Co., Ltd.
Marketable Securities Held at the End of the Period (Excluding Subsidiaries, Associates and Joint ventures)
December 31, 2022

Table 1

Unit:NT\$ thousands (Unless specified otherwise)								
Holder Company	Type and Name of Marketable Securities	Relationship with the Security Issuer (Note 1)	Financial Statement Account	End of the Period				
				Shares	Carrying Amount (Note 2)	Sharehold- ing percentage	Fair Value	Note
Pin Shing Construction Co., Ltd.	Huaku Development Co., Ltd.	Parent company	Financial asset measured at fair value through profit and loss—current Adjustment of valuation	174,354	\$	0.06	\$	Note 3
					\$			
Chengdu Wancheng Duobao Real Estate Co., Ltd.	Financial products	None	Financial asset measured at fair value through profit and loss—current	-	\$	-	\$	
Chengdu Huaku Real Estate Co., Ltd.	Financial products	None	Financial asset measured at fair value through profit and loss—current	-		-		
					\$		\$	

Note 1: If the securities issuer is not a related party, the field may be left blank.

Note 2: For securities measured at fair value, the carrying amount is the balance after the adjustment of fair value valuation and the deduction of accumulative impairment. For securities not measured at fair value, the carrying amount is the balance of original acquisition cost or amortized cost less accumulated impairment.

Note 3: Listed as treasury stock.

Huaku Development Co., Ltd.
Acquisition of Real Estate Reaching NT\$300 Million or 20% of Paid-in Capital or More
January 1 to December 31, 2022

Table 2

Unit: NT\$ thousands
(Unless specified otherwise)

Real Estate Acquired by	Name of Property	Date of Occurrence	Transaction Amount	Payment Status	Counterparty	Relationship	Information on Prior Transaction If the Counterparty Is Related				Reference for Price Determination	Purpose and Situation	Other Agreement Terms
							Owner	Relationship with the Issuer	Transfer Date	Amount			
Huaku Development Co., Ltd.	Inventories - land (Taichung Jingmao Road Project)	2021.12.20	\$ 2,880,180 (Note 1)	\$ 2,880,180	2 persons including Person A	None	N/A	N/A	N/A	N/A	Zhan-Mao Real Estate Appraisers Firm's appraisal amount for the project is \$2,902,879. Cushman & Wakefield and DTZ Real Estate Appraisers Firm's appraisal amount for the project is \$2,919,096.	Construction land	N/A
Huaku Development Co., Ltd.	Inventories - land (Tiding Avenue Project)	2022.06.24	881,600	440,800 (Note 3)	6 persons including Person B	None	N/A	N/A	N/A	N/A	Cushman & Wakefield and DTZ Real Estate Appraisers Firm's appraisal amount for the project is \$902,207.	Construction land	N/A
Huaku Development Co., Ltd.	Inventories - land (Guangpu Hsinchu II Project)	2021.11.19~2022.1.22 (Note 2)	714,370	714,370	8 persons including Person C	None	N/A	N/A	N/A	N/A	Yu Fong Real Estate Appraisers Firm's appraisal amount for the project is \$746,116.	Construction land	N/A
Huaku Development Co., Ltd.	Inventories - land (Zhengda Beitou Project)	2022.12.26	2,820,000	705,000 (Note 3)	Person D	None	N/A	N/A	N/A	N/A	Cushman & Wakefield and DTZ Real Estate Appraisers Firm's appraisal amount for the project is \$2,830,579. Lian-Bang Real Estate Appraisers Firm's appraisal amount for the project is \$2,845,734.	Construction land	N/A

Note 1: The Group has paid \$288,020 in accordance with the contract in 2021, and paid \$2,592,160 in the current period, which has been fully paid.

Note 2: This project refers to accumulatively obtained amounts, reaching NT\$300 million, from counterparties of different transactions during the above-mentioned period.

Note 3: In 2022, the amount not yet estimated for the contracts of land purchase signed by the Group is \$2,555,800.

Huaku Development Co., Ltd.
Disposal of Real Estate Reaching NT\$300 Million or 20% of Paid-in Capital or More
January 1 to December 31, 2022

Table 3

Unit: NT\$ thousands
(Unless specified otherwise)

Company that Disposed Real Estate	Name of Property	Transaction Date / Date of Occurrence of the Event	Original Acquisition Date	Carrying Amount	Transaction Amount	Price Collection Status (Collected per contracts)	Gain (Loss) on Disposal	Counterparty	Relationship	Purpose of Disposal	Reference for Price Determination	Other Agreement Terms
Huaku Development Co., Ltd.	Inventory - premises for sale	N/A	Not applicable to pre-sale premises	N/A	\$ 371,275 (Note 1)	\$ 371,275	N/A	Person A	None	For gaining profits	Zhan-Mao Real Estate Appraisers Firm's appraisal amount for the project is \$4,523,987.	N/A
Huaku Development Co., Ltd.	Inventory - premises for sale	N/A	Not applicable to pre-sale premises	N/A	492,760	492,760	N/A	Person B (Note 2)	None	For gaining profits	Yu Fong Real Estate Appraisers Firm's appraisal amount for the project is \$4,297,491. Lian-Bang Real Estate Appraisers Firm's appraisal amount for the project is \$4,294,965.	N/A
Huaku Development Co., Ltd.	Inventory - premises under construction	N/A	Not applicable to pre-sale premises	N/A	502,640	502,640	N/A	Person C	None	For gaining profits	Lian-Bang Real Estate Appraisers Firm's appraisal amount for the project is \$464,317.	N/A
Huaku Development Co., Ltd.	Inventory - premises under construction	N/A	Not applicable to pre-sale premises	N/A	792,210	174,260	N/A	Person D 2 in total	None	For gaining profits	Yu Fong Real Estate Appraisers Firm's appraisal amount for Building B exclude parking spaces is \$3,387,600. (Note 3)	N/A
Huaku Development Co., Ltd.	Inventory - premises under construction	N/A	Not applicable to pre-sale premises	N/A	680,000	680,000	N/A	Person E	None	For gaining profits	Zhan-Mao Real Estate Appraisers Firm's appraisal amount for the project is \$709,763.	N/A
Huaku Development Co., Ltd.	Inventory - premises under construction	N/A	Not applicable to pre-sale premises	N/A	771,120	187,150	N/A	Person F 2 in total	None	For gaining profits	Zhan-Mao Real Estate Appraisers Firm's appraisal amount for Building A excluding parking spaces is \$3,584,224. (Note 3)	N/A
Huaku Development Co., Ltd.	Inventory - premises under construction	N/A	Not applicable to pre-sale premises	N/A	656,000	164,040	N/A	Person G	None	For gaining profits	Yu Fong Real Estate Appraisers Firm's appraisal amount for the project is \$661,563.	N/A
Huaku Development Co., Ltd.	Inventory - premises under construction	N/A	Not applicable to pre-sale premises	N/A	4,590,000	460,000	N/A	Person H	None	For gaining profits	Savills Real Estate Appraisers Firm's appraisal amount for the real estate is \$4,547,562. Zhan-Mao Real Estate Appraisers Firm's appraisal amount for the real estate is \$4,520,906.	N/A

Note 1: The Group had received \$129,942 in accordance with the contract in 2020 and 2021 and has received \$241,333 in the current period.

Note 2: In this project, four houses have been handed over in 2021 with a total amount of \$1,295,720, which were not disclosed in the current period.

Note 3: In this project, Buildings A and B share the underground parking lot, and the appraised value of the parking lot is \$823,600.

Huaku Development Co., Ltd.
Purchases or Sales of Goods from or to Related Parties Reaching NT\$100 Million or 20% of Paid-in Capital or More
January 1 to December 31, 2022

Table 4

Unit: NT\$ thousands (Unless specified otherwise)										
Supplier (Buyer)	Counterparty	Relationship	Transaction Details				Reasons for and Status of Differences in Transaction Terms Compared to Arms-Length Transaction		Notes and Accounts Receivable (Payable)	
			Purchase (Sale)	Amount	Ratio to the Total Purchase (Sale) Amount	Payment Term	Unit Price	Payment Term	Balance	Ratio to the Total Notes/Accounts Receivable (Payable)
Huaku Development Co., Ltd.	Pin Shing Construction Co., Ltd.	Subsidiary	Purchase	\$ 2,886,390	30	Within 120 days	Contract-based pricing	General suppliers are within one month or 45 days.	(\$ 795,309)	75
Pin Shing Construction Co., Ltd.	Huaku Development Co., Ltd.	Parent company	Sales	(2,886,390)	100	Within 120 days	Contract-based pricing	General customers settle monthly within 30 days.	795,309	100

Huaku Development Co., Ltd.
Receivables from Related Parties Reaching NT\$100 Million or 20% of Paid-in Capital or More
January 1 to December 31, 2022

Table 5

Unit: NT\$ thousands (Unless specified otherwise)									
Company Name	Counterparty	Relationship	Balance of Accounts Receivable from the Related Party	Turnover Rate	Overdue		Amount Collected Subsequent to the Balance Sheet Date	Allowance for Doubtful Accounts	
					Amount	Action Taken			
Pin Shing Construction Co., Ltd.	Huaku Development Co., Ltd.	Parent company	\$ 795,309	Note	\$ -	-	\$ 766,406	\$ -	

Note: This column is not applicable to the construction engineering industry.

Huaku Development Co., Ltd.
Significant Inter-company Transactions
January 1 to December 31, 2022

Table 6

Unit: NT\$ thousands
(Unless specified otherwise)

Company Name	Counterparty	Relationship with the Counterparty	Transaction Details				Ratio to the Consolidated Revenue or Total Assets
			Account	Amount	Terms		
Huaku Development Co., Ltd.	Pin Shing Construction Co., Ltd.	Parent company to subsidiary	Purchase	\$ 2,886,390	Contract-based pricing within 120 days		19
Huaku Development Co., Ltd.	Pin Shing Construction Co., Ltd.	Parent company to subsidiary	Accounts payable	795,309	Contract-based pricing within 120 days		2
Pin Shing Construction Co., Ltd.	Huaku Development Co., Ltd.	Subsidiary to parent company	Sales	2,886,390	Contract-based pricing within 120 days		19
Pin Shing Construction Co., Ltd.	Huaku Development Co., Ltd.	Subsidiary to parent company	Accounts receivable	795,309	Contract-based pricing within 120 days		2

Huaku Development Co., Ltd.
Name, location, and information on investee companies (not including investee companies in mainland China)
January 1 to December 31, 2022

Table 7

Unit: NT\$ thousands
(Unless specified otherwise)

Investor Company	Name of Investee	Place of Registration	Main Businesses	Initial Investment Amount		Shares Held as at the End of the Period			Current Profit or Loss of the Investee Company	Investment Gain (Loss) Recognized in the Current Period	Note
				End of the Current Period	End of the Previous Period	Shares	Ratio	Carrying Amount			
Huaku Development Co., Ltd.	Pin Shing Construction Co., Ltd.	Taiwan	Contracting civil engineering and hydraulic engineering projects	\$ 264,184	\$ 264,184	35,000,000	100	\$ 398,732	\$ 15,085	\$ 10,639	Subsidiary
Huaku Development Co., Ltd.	Taiwan Digit Automated Control Co., Ltd.	Taiwan	Engineering monitoring	8,000	8,000	800,000	40	24,803	16,273	6,509	An investee accounted for using the equity method
Huaku Development Co., Ltd.	Huapu Construction Co., Ltd.	Taiwan	Leasing, sales and development of residential and commercial buildings	5,000	5,000	500,000	50	(5,065	(85	(43)	An investee accounted for using the equity method
Pin Shing Construction Co., Ltd.	Full Come Foundation Eng. Ltd.	Taiwan	Professional construction industry of foundation engineering	16,000	16,000	1,043,804	33.03	14,743	3,877	1,281	An investee company of subsidiary accounted for using equity method

Huaku Development Co., Ltd.
Information on Investments in Mainland China
January 1 to December 31, 2022

Table 8

Unit: NT\$ thousands
(Unless specified otherwise)

Investee in Mainland China	Main Businesses	Paid-up Capital	Investment Method	Accumulated Investment Amount of Remittance from Taiwan—Beginning of the Current Period	Exported or Recovered Investment Amount of the Current Period		Accumulated Investment Amount of Remittance from Taiwan—End of the Current Period	Current Profit or Loss of the Investee Company	Shareholding Percentage from Direct or Indirect Investment	Investment Profit or Loss Recognized in the Current Period (Note 2)	Book Value of Investment at the End of the Current Period	Accumulated Repatriation of Investment Income as of the End of the Period	Note
					Remitted	Recovered							
Chengdu Huaku Real Estate Co., Ltd.	Property development	\$ 330,600	Note 1	\$ 366,398	\$ -	\$72,096	\$ 294,302	(\$ 5,964)	80	(\$ 4,771)	\$ 340,555	\$ 48,158	Note 3
Chengdu Wancheng Duobao Real Estate Co., Ltd.	Property development	2,204	Note 1	-	-	16,222	- (	10,201)	80	(8,161)	66,887	324,493	Note 4
Company Name	Accumulated Remitted Investment Amount from Taiwan to Mainland China—End of the Current Period	Investment Amounts Authorized by Investment Commission, MOEA	Ceiling on Investment in Mainland China Imposed by the Investment Commission, MOEA										
Huaku Development Co., Ltd.	\$ 294,302	\$ 1,446,190	\$ 11,622,901										

Note 1: Direct investment in a company in mainland China

Note 2: Based on the valuation and disclosure of the company's financial statements audited by a CPA in the same period

Note 3: On April 20, 2018, with the approval of the Chengdu Investment Promotion Commission, the company reduced its capital by RMB 35 million. In March 2019, all the Group's holdings of RMB 28 million had been fully remitted back.

In addition, on April 23, 2019, with the approval of the Chengdu Investment Promotion Commission, the company reduced its capital by RMB 20 million. In August 2019, all the Group's holdings of RMB 16 million had been fully remitted back.

In addition, on April 26, 2022, with the approval of the Administration for Market Regulation of Chengdu, the company reduced its capital by RMB 20 million. In June 2022, all the Group's holdings of RMB 16 million had been fully remitted back.

Note 4: On August 29, 2014, the company was approved by the Chengdu Investment Promotion Committee to reduce the capital by RMB 115 million. In October 2017, all the Group's holdings of RMB 92 million had been fully remitted back.

In addition, on April 20, 2018, with the approval of the Chengdu Investment Promotion Commission, the company reduced its capital by RMB 110 million. In February 2019, all the Group's holdings of RMB 88 million had been fully remitted back.

In addition, on April 29, 2022, with the approval of the Administration for Market Regulation of Chengdu, the company reduced its capital by RMB 4.5 million. In May 2022, all the Group's holdings of RMB 3.6 million had been fully remitted back.

Huaku Development Co., Ltd.
Information on Major Shareholders
December 31, 2022

Table 9

Shareholder's Name	Shares (Note)	
	Number of Shares	Shareholding percentage
Zhongshan Investment Co., Ltd.	19,700,000	7.11%
Newland Investment Co., Ltd.	14,690,982	5.30%

Note: The above information is provided by Taiwan Depository & Clearing Corporation (TDCC).

VI. If there was any insolvency of the Company and its affiliates in the most recent period to the date this Report was printed, specify the detail and its effect on the financial position of the Company: None.

Seven. Review and Analysis of Financial Position and Financial Performance and Risks

I. Financial Position

Unit: NTD thousand

Items \ Year	2022	2021	Difference	
			Amount	Ratio (%)
Total Assets	41,559,221	42,629,272	1,070,051	2.51
Total Liabilities	22,187,719	24,116,421	1,928,702	8.00
Total Equity	19,371,502	18,512,851	858,651	4.64
Primary cause of significant changes, and effect thereon: none.				

II. Financial Performance

Unit: NTD thousand

Items \ Year	2022	2021	Difference	
			Amount	Ratio (%)
Revenue	14,853,179	13,547,257	1,305,922	9.64
Net operating income	3,720,766	3,533,497	187,269	5.30
Net income before tax	3,707,610	3,579,556	128,054	3.58
I. Primary cause of significant changes: none.				
II. The possible influence of expected sale volume and reference of estimation on the financial position of the Company and the plan in response: refer to "Summary of 2022 Business Plan" on p. 3.				

III. Cash Flows:

Unit: NTD thousand

Items \ Year	2022	2021	Difference	
			Amount	Ratio (%)
Cash Flows From Operations	4,238,189	-950,910	5,189,099	545.70
Cash Flows From Investment	-82,804	18,852	101,656	539.23
Cash Flows From Financing	-4,879,316	2,810,570	7,689,886	273.61
I. Description of change analysis: Cash flow from operation increased due to the decrease of inventory. Cash flow from investment decreased due to the increase of performance bond for construction works. Cash flow from financing decreased due to the decrease of short-term loan.				
II. Improvement plan for insufficient liquidity: the civil engineering and construction limit is drawn to mend the capital gap				
III. Analysis of cash flows in the coming year:				
Cash balance at beginning of period (including presale trust accounts)	Projected Cash Inflows for the Year	Projected Cash Outflows for the Year	Projected Cash Balance for the Year	
2,364,217	15,617,022	22,626,103	(4,644,864)	

IV. The influence of major capital expenditure on financial position in the most recent year: None.

V. Direct Investment Policy in the Most Recent Year, the Primary Cause of Profit or Loss, and Remedy, and the Investment Plan in the Year Ahead:

Direct investors in the Company for the time being are Pin Shing Construction Co., Ltd., Taiwan Digit Automated Control Co., Ltd., Hua Pu Construction Co., Ltd., Chengdu Wanchengduobao Property Co., Ltd., and Chengdu Huaku Property Co., Ltd. The purpose of direct investment in Taiwan is to strengthen the quality and control the progress of work, and the development and trading of realty. The purpose of direct investment in Mainland China is for the development of realty. The construction projects of Chengdu Wanchengduobao Property Co., Ltd. and Chengdu Huaku Property Co., Ltd. were completed for sale. These two companies made profit in current period with dividend paid to the parent company. Additionally, as the sales of the aforesaid projects are coming to the end, the capital decrease will be conducted when appropriate to return the capital payment to the parent company.

VI. Risks

- (I) The effect of fluctuation of interest rate, exchange rate, and inflation on the income position of the Company, and remedy:
 - 1. The interest rate for short and long-term loans for the Company in 2022 ranged from 0.88-2.42%. In the future, the Company will negotiate with the lenders for preferential interest rate so as to cut down interest expense.
 - 2. The construction industry is an industry of domestic demand such that the effect of fluctuation of exchange rate on the Company is insignificant.
 - 3. For the effect of the inflation of the Company: please refer to “The future development strategy, and the effect of external competition, the legal environment, and the overall business environment” on Page 5.
- (II) The policies of engagement in high risk and high leverage investment, loaning of funds, endorsement and guarantee, and derivative trade, and the main reasons for profit or loss, and the plan in response in the future: the Company did not engage in the aforementioned activities in 2022.
- (III) The R&D plan and expected investment in R&D in the future: refer to “The overview of technology and R&D” on Page 50.
- (IV) Effect on the company's financial operations of important policies adopted and changes in the legal environment at home and abroad, and measures to be taken in response: please refer to “The future development strategy, and the effect of external competition, the legal environment, and the overall business environment” on Page 5
- (V) Effect on the Company's finance and operation of developments in science and technology (including cyber security risks) as well as industrial change, and measures to be taken in response: the Company closely monitors the developments in science and technology (including cyber security risks) of the industry where it operates, to grasp the market impulse and evaluates the effect on the Company's operations. During the most recent years up to the publication date of the annual report, there has been no material adverse effect on the Company's from the developments in science and technology and industrial change.
- (VI) The effect of change in corporate image on corporate crisis management and the response: None.
- (VII) Expected result, possible risk deriving from mergers and acquisition, and the response: None.
- (VIII) Expected result, possible risk deriving from capacity expansion: None.
- (IX) The risks deriving from concentration of purchase or sale, and the response: None.
- (X) The influence of and risk deriving from the massive transfer of equity shares by Directors, Supervisors, or shareholders holding more than 10% of the shares issued by the Company, and the response: None.
- (XI) The influence of and risk deriving from the change in ownership of the Company, and the response: None.
- (XII) In case of legal proceedings or non-contentious matters, list out the names of the Directors, Supervisors, President, the actual person in charge, shareholders holding more than 10% of the shares issued by the Company, and subsidiaries, with sentence received or pending on sentences of significant legal proceedings non-contentious matters, or administrative appeal, and the result is likely to significantly affect shareholders equity or stock price. Disclose the detail of the contention, the amount involved, the commencement of the legal proceedings, the parties concerned, and the status to the date this report was printed: None.
- (XIII) Other material risks and measures to be taken in response: none.

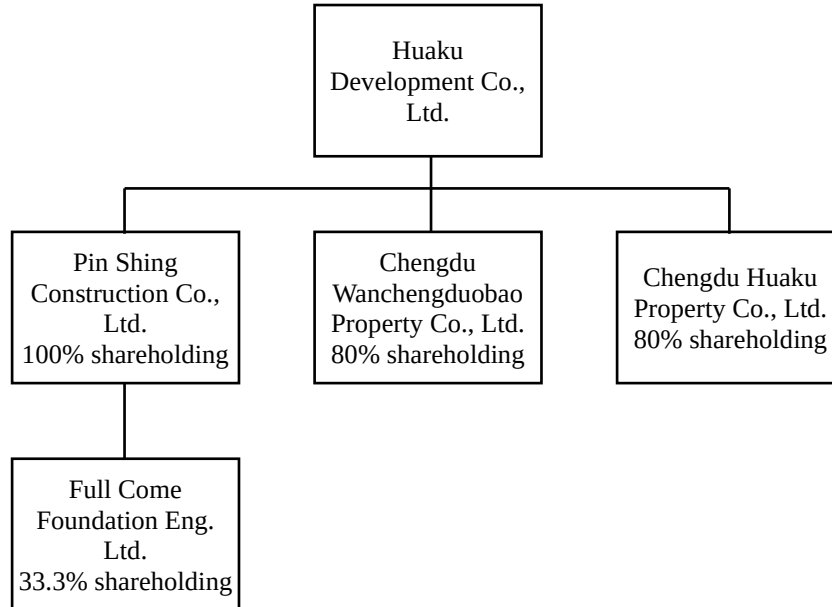
VII. Additional Information: None.

Eight. Additional Information

I. Information on Affiliates:

(I) Consolidated Business Report of Affiliates

(1) Organizational Charts of Affiliates



2. Basic Information on the Affiliates

Enterprise Name	Date of Incorporation	Address	Paid-in Capital	Principal Business or Products
Pin Hsing Construction Co., Ltd.	May 12, 1976	10F, No. 456, XinYi Road Section 4, Xinyi District, Taipei	NT\$350,000 thousand	Civil work and water resource engineering contractor.
Full Come Foundation Eng. Ltd.	November 22, 2002	10F-4, No. 158, Songjiang Rd., Zhongshan District, Taipei	NT\$ 31,600 thousand	Basic engineering and professional construction
Chengdu Wanchengduobao Property Co., Ltd.	September 8, 2009	No. 26, Wuguqiao North Road, Chenghua District, Chengdu	CNY500 thousand	Property development.
Chengdu Huaku Property Co., Ltd. Note	July 9, 2012	No. 369, Shuishan Street, Jinjiang District, Chengdu City	CNY15,000 thousand	Property development.

Note: On March 23, 2023, the shareholders' meeting of Chengdu Huaku Property Co., Ltd. approved the proposal of capital decrease, and the paid-in capital was increased to CNY15,000 thousand. The approval of the local competent authority is pending.

3. Information on presumed control and have a common shareholders with the subsidiaries: None.

4. Industries covered by all group enterprises: construction.

5. Profiles of the Directors, Supervisors, and General Managers of the affiliates:

Enterprise Name	Occupational Title	Name or Representative	Quantity of Shareholding	
			Quantity of Shares	Proportion of Shareholding
Pin Hsing Construction Co., Ltd.	Chairman and General Manager	LIAO, WEN-SHAN	The representative of Huaku Development, holds 35,000,000 shares, or 100% of the stake of Pin Hsing Construction Co., Ltd.	
	Director	Chung Long-Chang		
	Director	Ho, Ping-Hsing		
	Supervisor	Yao, Hsiu-Chin		
Full Come Foundation Eng. Ltd.	Chairman	HSIEH, HUNG-TSAI	Representative of Full Come Foundation Eng. Ltd., holds 1,043,804 shares or 33.03% of the stake of Full Come Foundation Eng. Ltd.	
	Director	LIAO, WEN-SHAN		
	Director	Ho, Ping-Hsing		
	Director	MA, TAO-CHI		
	Director	CHIN, SHIH-CHIEN		
	Supervisor	HUANG, WEN-MING		
Chengdu Wanchengduobao Property Co., Ltd.	Chairman	YANG, CHI-CHENG	Representative of Huaku Development, holds 80% of the stake of Chengdu Wanchengduobao Co., Ltd.	
	Director	LIAO, WEN-SHAN		
	Director	HO, SU-MEI		
	Supervisor	LIU, JO-MEI		
Chengdu Huaku Property Co., Ltd.	Executive Director	YANG, CHI-CHENG	Representative of Huaku Development, holds 80% of the stake of Chengdu Huaku Property Co., Ltd.	
	Supervisor	LIU, JO-MEI		

6. The operation highlights of the affiliates:

Unit: NT\$ thousand; Date: December 31, 2022

Enterprise Name	Authorized Capital	Total Assets	Total Liabilities	Net Worth	Revenue	Operating Income	Income in Current Period (after taxation)	Earnings per Share (NTD) (after taxation)
Pin Hsing Construction Co., Ltd. (audited value)	350,000	1,713,949	1,135,844	578,105	2,964,603	10,269	15,085	0.43
Full Come Foundation Engineering, Ltd. (audited value)	31,600	193,688	149,377	44,311	105,316	1,512	3,552	1.12
Chengdu Wanchengduobao Property Co., Ltd. (audited figures) Note	2,204	39,183	(344)	39,527	5,185	5,424	6,869	-
Chengdu Huaku Property Co., Ltd. (audited figures) Note	330,600	496,822	90,864	405,958	99,272	20,791	25,117	-

Note: On December 30, 2022, the exchange rate between CNY and NTD was NT\$4.408; the average exchange rate between CNY and NTD for the full year of 2022 was NT\$4.422.

(II) Consolidated Financial Statement of Affiliates

Huaku Development Co., Ltd.

Consolidated Financial Statements of Affiliated Enterprises

For the year 2022 (from January 1 to December 31, 2022), the Company's entities that are required to be included in the consolidated financial statements of affiliated enterprises under the "Criteria Governing Preparation of Consolidated Business Report of Affiliated Enterprises, Consolidated Financial Statements of Affiliated Enterprises, and Affiliation Reports" are the same as those required to be included in the parent-subsidary consolidated financial statements under the International Financial Reporting Standards 10. Moreover, the related information required to be disclosed for the consolidated financial statements of affiliated enterprises has been fully disclosed in the aforementioned parent-subsidary consolidated financial statements. Consequently, a separate set of consolidated financial statements of affiliated enterprises is not prepared.

As hereby declared

Company Name: Huaku Development Co., Ltd.

Person in Charge: Chung, Long-Chang



February 22, 2023

II. Any offering of securities through private placement in the most recent year to the date this report was printed: None.

III. Subsidiaries holding or disposing the shares issued by the Company in the most recent year to the date this report was printed:

Unit: NTD1,000; Share; %

Name of Subsidiary (Note1)	Paid-in Capital	Sources of Capital	Proportion of Shareholding by the Company	Date of Acquisition or Disposition	Quantity and Amount of Shares Acquired (Note 2)	Quantity and Amount of Shares Disposed (Note 2)	Capital Gains/Losses From Investment	Quantity and Amount of Shareholding to the Date This Report was Printed (Note 3)	Pledge Under Lien	The Company Undertakes Endorsements/ Guarantees in Favor of Subsidiaries	Amount of Loans to the Subsidiaries by the Company
Pin Hsing Construction Co., Ltd.	350,000 thousand	Equity Capital	100%	None	None	None	None	174,354 shares/\$1,388 thousand	None	None	None
				Current Period to the Date This Report was Printed	None	None	None	None	None (note 4)	None	None

Note 1: Present the subsidiaries one-by-one separately.

Note 2: Amount as referred to shall be the exact amount of acquisition or disposition.

Note 3: Specify the status of holding and disposition separately.

Note 4: Elaborate the influence on the financial performance and position of the Company.

IV. Supplementary Information: None.

V. Incidents that significantly affected the shareholders equity or stock price of the Company as specified in Subparagraph 2, Paragraph 3 of Article 36 of the law in the most recent year to the date this Report was printed, if applicable, specify one-by-one: None.

Huaku Development Co., Ltd.



Chairman: Chung Long-Chang



Printed on March 26, 2023