Stock Code: 3313

FEEI CHERNG DEVELOP TECHNOLOGY CO., LTD.

2023

Annual Report

Published on March 28, 2024

Annual Report is available at: http://mops.twse.com.tw/

I. Name, Title, Telephone and Email of Spokesperson and Deputy Spokesperson:

Spokesperson
Name: Tseng Peng-Kuang
Job Title: President
Tel: (06)299-5586
E-mail: fce_contact@yahoo.com

Deputy spokesperson
Name: Han Yuan-Hsiang
Job Title: Vice President
Tel: (06)299-5586
E-mail: fce_contact@yahoo.com

II. Address and Telephone Number of Headquarters, Branches, and Factories:

Head Office Address: 11F.-2, No. 248, Sec. 2, Yonghua Rd., Anping Dist., Tainan City 708008, Taiwan (R.O.C.)
Tel: (06)299-5586

III. Contact information of the Stock Transfer Agency:

Name: Stock Affairs Department of Grand Fortune Securities Co., Ltd.
Address: 6F., No. 6, Sec. 1, Zhongxiao W. Rd., Zhongzheng Dist., Taipei City, Taiwan (R.O.C.)
Tel: (02)2383-6908
Website: http://www.gfortune.com.tw/

IV. Contact information of the Certified Public Accountants for the Latest Financial Report:

Name of CPAs: Cheng-Lung Hsu, Kuo-Tsung Chen
Name of accounting firm: KPMG Taiwan
Address: 68F, No. 7, Xinyi Road, Section 5, Taipei City
Tel: (02) 8101-6666
Website: http://www.kpmg.com

V. Name of any exchanges where the Company's securities are traded offshore, and the method by which to access information on said offshore securities: None.

VI. Company Website: http://www.fce.com.tw/

Feei Cherng Enterprise Co., Ltd.

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One. A Message to Shareholders

Dear Shareholders:

We welcome all shareholders and distinguished guests to participate in today's general shareholders' meeting. We would like to express our sincerest gratitude to all shareholders and distinguished guests for your participation and long term support to the Company.

The consolidated revenue of the Company in 2023 was NT$44,944 thousand, increased by 403.74% as compared to the consolidated revenue of NT$8,922 thousand in 2022. The increase was mainly attributable to the increase in sales of building materials and the consolidated revenues from the construction income from subsidiaries. In 2023, the gross margin was 6.41%, and the net operating loss was NT$61,938 thousand. Due to various factors including valuation gains on financial assets, the non-operating gain was NT$60,407 thousand. Therefore, the Company's pre-tax loss was NT$1,531 thousand, with net loss of NT$2,293 thousand, which increased by NT$171,103 thousand as compared to the net profit of NT$173,396 thousand in the same period in 2022. The Company accumulated loss of NT$852,010 thousand, which exceeded 50% of paid-in capital. The financial results are reported to the shareholders in accordance with relevant laws.

The Company's management team has timely adjusted its operations strategy according to the current status. In the future, the Company will not only focus on the existing bulk raw material trading business, but also dedicate efforts to adding new resources, expanding new businesses, and timely adjusting labor force. In addition, the Company has also continued to reduce various costs to enhance its operational efficiency and effectiveness. We look forward to continual support and confidence from all shareholders. 2023 financial results and the Company's outlook for 2024 are as follows:

I. 2023 Operating Performance (Consolidated Financial Statements)

(I) Comparative Financial Statements

Unit: NT$ Thousand

Year / Item	2023.12.31	2022.12.31	Amount of increase (decrease)	Variance (%)
Current Assets	1,477,037	1,592,735	(115,698)	(7.26)
Financial assets at fair value through other comprehensive income - non-current	148,264	106,641	41,623	39.03
Property, plant and equipment	3,932	82,599	(78,667)	(95.24)
Right-of-use assets	-	769	-	-
Investment property	74,007	-	-	-
Intangible assets	12,018	17,526	(5,508)	(31.43)
Other assets	3,427	2,549	878	34.44
Total assets	1,718,685	1,802,819	(84,134)	(4.67)
Current Liabilities	287,136	790,365	(503,229)	(63.67)
Non-Current Liabilities	302	2,924	(2,622)	(89.67)
Total liabilities	287,438	793,289	(505,851)	(63.77)
Total equity attributable to owners of the parent	1,431,194	1,004,330	426,864	42.50
Share Capital	1,687,708	1,187,708	500,000	42.10
Capital surplus	530,568	605,796	(75,228)	(12.42)
Retained Earnings	(785,690)	(787,782)	2,092	(0.27)
Other equity	(1,392)	(1,392)	-	-
Non-controlling equity	53	5,200	(5,147)	(98.98)
Total Equity	1,431,247	1,009,530	421,717	41.77

(II) Comparative Operating Results

The net operating revenue for 2023 was NT$44,944 thousand, increased by NT$36,022 thousand or by 403.74% as compared with that of NT$8,922 thousand for 2022. Gross operating profit for 2023 was NT$2,882 thousand, increased by NT$2,861 thousand or by 13,623.81% as compared with that of NT$21 thousand for 2022. The gross profit margin for 2023 was 6.41%, which increased by2570.83% as compared with that of 0.24% for 2022. The details are as follows:

Unit: NT$ Thousand

Year / Item	2023	2022	Amount of increase (decrease)	Variance (%)
Operating revenue, net	44,944	8,922	36,022	403.74
Operating Costs	42,062	8,901	33,161	372.55
Operating profits	2,882	21	2,861	13,623.81
Operating expenses	64,820	40,285	24,535	60.90
Operating loss, net	(61,938)	(40,264)	(21,674)	53.83
Non-operating income and expenses	60,407	(133,129)	193,536	(145.37)
Profit (loss) before income tax	(1,531)	(173,393)	171,862	(99.12)
Income tax revenue (expense)	762	(3)	765	(25,500.00)
Profit (loss) for the current period	(2,293)	(173,396)	171,103	(98.68)
Other comprehensive income (loss, net)	346	-	-	-
Other comprehensive income/loss for the year	(1,947)	(173,396)	171,449	(98.88)

(III) Financial and profitability analysis

1. Financial analysis

Item		2023	2022	Increase (decrease) %
Financial structure	Liability to asset ratio (%)	16.72	44.00	(62.00)
	Long-term funds to PPE ratio (%)	36,407.66	1,225.75	2,870.24
Solvency	Current ratio (%)	514.40	201.52	155.26
	Quick ratio (%)	288.63	121.21	138.12
	Interest coverage ratio	0.80	(31.04)	(102.58)

2. Profitability analysis

Item		2023	2022	Increase (decrease) %
Profitability	ROA (%)	0.22	(11.29)	(101.95)
	ROE (%)	(0.19)	(15.86)	(101.20)
	Income (loss) before tax to paid-in capital (%)	(0.09)	(14.60)	(99.38)
	Profit margin (%)	(5.10)	(1,943.47)	(99.74)
	Basic earnings (loss) per share (after tax) (NT$)	0.01	(1.46)	(100.68)

3. Research and development (R&D):

Given that the Company does not currently have a R&D department, and is mainly engaged in the businesses in construction industry; therefore, R&D investment is not applicable.

II. 2023 Business Plan

(I) Business policy

In 2023, apart from the Company’s existing bulk raw material trading business, it will also timely adjust its business strategies and plans as well as actively invest in land and property development with the hope to expand to other markets, in order to improve the flexibility and efficiency of business operations, and with effective control on various expenditures, with the aim to maximize resource utilization.

(II) Important production and marketing policies

1. Continue to develop new businesses.

2. Improve and control the quality to protect the rights and interests of customers.

3. Integrate internal resources that are commonly shared to increase operational efficiency.

(III) Future development strategies

In addition to actively strengthening overall competitiveness, the Company has also been expanding new businesses, and dedicated efforts in reducing operating costs, with the hope to share its business results with shareholders.

(IV) Effects of external competition, legal environment, and overall business environment

The Company's daily operations are based on relevant domestic and foreign laws and regulations, keeping in line with domestic and foreign policy trends and changes in laws and regulations. Relevant information is collected to provide reference for the management's decision-making and adjustment of operational strategies.

The Company has always been flexible to changes in the overall economy by timely reviewing strategic policies, and pursues effective implementation. Although it continues to face environmental challenges, it has sustained robust performance in response to various challenges and changes, with the hope to become profitable again, achieve employee care, fulfill social responsibilities, and provide shareholder returns.

We hope that all shareholders and VIPs will continue to express opinions to the Company, and provide support to the Company to achieve growth and improve business performance.

We would like to wish all shareholders and distinguished guests
Good Health! Good Luck!

Chairman	Yu-Ming Chang
General Manager	Peng-Kuang Tseng
Accounting Manager	Han Yuan-Hsiang

Two. Company Profile

I. Date of Establishment: December 2, 1993
II. General Information:

1993	The Company was established in Nanzi District, Kaohsiung City in December 1993, and specializes in the trading, import/export of electronics, electrical and computer components and equipment. The capital at the time of establishment was NT$7,000 thousand, and the Company mainly act as the agent for the sale of electronic components from Japan's Mitsubishi and other international manufacturers.
1997	To strengthen customer relationship and expand the Company’s market share in the North District, we established a liaison office in Xinzhuang District, New Taipei City in September 1997, which was relocated to Sanchong District, New Taipei City in April 2000.
1998	In December, the cash capital increase totaled NT$13,950 thousand, and the paid-in capital after the capital increase was NT$20,950 thousand.
1999	In April, the Company became the chief agent of product lines of Maruwa, Japan and Steward, USA’s China branch. Meanwhile, to expand the Company's sales scale, the recapitalization of earnings totaled NT$29,330 thousand, and the paid-in capital after the capital increase was NT$50,280 thousand.
2002	To strengthen the Company's competitiveness, in the early 2002, the Company has obtained agency rights of Japan's Kamaya and iTTi accreditation of the U.S. The cash capital increase in December 2001, April and July 2002 were NT$70,000 thousand, NT$30,000 thousand and NT$70,000 thousand, respectively. The paid-in capital after the capital increase was NT$220,280 thousand.
2003	In June, the recapitalization of earnings totaled NT$100,720 thousand, and the paid-in capital after the capital increase was NT$321,000 thousand. Approved for initial public offering by the competent authority on August 11, 2003.
2004	In May, the Company’s stocks were listed on the emerging stock market. In June, the Company has obtained the ISO 9001 quality certification. In September, the recapitalization of earnings totaled NT$98,265 thousand, and the paid-in capital after the capital increase was NT$419,265 thousand. In December, the Company invested JPY$10,000 thousand for the establishment of Matsuki Precision Ceramic Co., Ltd.
2005	In January, the headquarters relocated to 24-2F, No. 6, Siwei 3rd Road, Lingya District, Kaohsiung City. In May and August, the Company’s investment in Matsuki Precision Ceramic Co., Ltd. increased to JPY$120,000 thousand and JPY$56,000 thousand, respectively to introduce Matsuki’s self-owned brand. In August, the recapitalization of earnings totaled NT$26,195 thousand, and the paid-in capital after the capital increase was NT$445,460 thousand.
2006	To increase working capital and comply with the underwriting policy of new shares for OTC-listed companies. Cash capital increase of NT$51,680 thousand was completed in May 2006, and the total paid-in capital after the capital increase was NT$497,140 thousand. On May 29, it was officially listed for OTC trading on Taipei Exchange. In June, the Company invested a total of NT$3.3 million on the establishment of Pinewood Polymer Technology Co., Ltd., with 100% shareholding. In July, the Company increased its investment on Pinewood Polymer Technology Co., Ltd. to a total of NT$174,900 thousand, with 100% shareholding. After the capital increase of Pinewood Polymer Technology Co., Ltd., the Company invested in Enesol Co., Ltd., South Korea and obtained 39.66% shareholding (excluding preferred shares) to jointly develop polymer solid electrolytic capacitors. In August, the recapitalization of earnings for 2005 totaled NT$64,360 thousand, and the paid-in capital after the capital increase was NT$561,500 thousand. In September, the Company invested NT$98,730 thousand (US$3,000 thousand) for the establishment of Force Mos Technology Co., Ltd., with 40% shareholding. Its main businesses include IC design and trading for metal–oxide–semiconductor field-effect transistors (MOSFETs). In September, there was capital increase of Pinewood Polymer Technology Co., Ltd. of NT$155,100 thousand, and the Company’s subsidiary Matsuki Precision Ceramic Co., Ltd. participated in the cash capital increase, with shareholding ratio of 2% at NT$6,600 thousand, while the remaining was subscribed by a specific third party. Therefore, the Company's shareholding ratio declined to 53%.

2007	In April, Pinewood Polymer Technology Co., Ltd. signed an equity purchase agreement with the sub-subsidiary, Enesol's shareholder in South Korea. Pinewood Polymer's shareholding in Enesol increased from 39.66% to 85.17% (excluding preferred shares), and Pinewood has successfully obtained the management right, which shall be conducive to the technology transfer and resource integration of its solid-state capacitors. In May, the Company participated in the cash capital increase of Pinewood Polymer Co., Ltd., which resulted in cumulative investment of NT$88,000 thousand, which represent a total of 59.75% shareholding. After the capital increase of Pinewood Polymer Technology Co., Ltd., the Company expanded capacity of Enesol Co., Ltd., and obtained a total of 88.15% shareholding. In June, the company invested NT$10 million in cash for the establishment of Force-MOS Technology Co.,Ltd., representing 100% shareholding. The main businesses include IC design and trading for metal–oxide–semiconductor field-effect transistors (MOSFETs). In August, the Company participated in the cash capital increase of NT$848,000 thousand of Force-MOS Technology Co.,Ltd., which resulted in cumulative investment of NT$1,110,900 thousand, which represent a total of 82.54% shareholding. After the capital increase of Pinewood Polymer Technology Co., Ltd., the Company expanded capacity of Enesol Co., Ltd., and obtained a total of 89.23% shareholding. In August, the Company made cash investments on Matsuki Precision Ceramic Co., Ltd., with total investment of NT$207,200 thousand, and accumulated investment of NT$261,999 thousand, with 100% shareholding. In August, the recapitalization of earnings for 2006 totaled NT$43,340 thousand, and the paid-in capital after the capital increase was NT$604,840 thousand. In September, the Company participated in the cash capital increase of NT$33,000 thousand of Force-MOS Technology Co.,Ltd., which resulted in cumulative investment of NT$43,000 thousand, which represent 100% shareholding.
2008	In September, the Company participated in the cash capital increase of NT$25,700 thousand of Force-MOS Technology Co.,Ltd., which resulted in cumulative investment of NT$68,700 thousand, which represent 45.80% shareholding. In October, Pinewood Polymer Technology Co., Ltd. conducted capital reduction to make up for losses. There were a total of 139,000 thousand shares, and after capital reduction, 27,800 thousand shares were cancelled, with capital reduction ratio of 20%. The paid-in capital after capital reduction totaled NT$1,112,000 thousand.
2009	In February, the Company bought back 3,960,000 shares of Pinewood Polymer Technology Co., Ltd. from Enesol Co., Ltd., South Korea, which resulted in a total of 83.48% shareholding. In December, the investee Force-MOS Technology Co.,Ltd. applied for initial public offering of shares.
2010	In March, the Company applied to the Taiwan Depository & Clearing Corporation for conversion of physical shares to dematerialized form. In May, the Company applied for conversion of 1,000 units of convertible corporate bonds into 1,035,196 common shares. The paid-in capital after capital increase totaled NT$615,191,960. In May, after the disposal of 3,320,000 common shares of investee Force-MOS Technology Co.,Ltd., the Company holds 3,550,000 shares, which represent 17.75% of Force-MOS' shareholding after capital increase. In June, the Company disposed of all 40% shares of the invested company Force Mos Technology Co., Ltd. at a price of US$820,000. In July, the Company issued 23,280,000 common shares by private placement for capital increase in 2010, and the paid-in capital after the capital increase was NT$848,991,960. In August, Pinewood Polymer Technology Co., Ltd. disposed of all shares of Enesol Co., Ltd., South Korea, with total transaction amount of NT$0. The buyer shall be liable for all of the assets, liabilities, endorsements/ guarantees and responsibilities of Enesol. In September, Matsuki Precision Ceramic Co., Ltd. went through a capital reduction to make up for its losses. Before the capital reduction, the total number of issued shares was 5,000 thousand shares, 2,250 issued shares were cancelled, and the capital reduction ratio was 45%. The paid-in capital after the capital reduction was NT$27,500 thousand. In November, the Company conducted capital reduction and cancellation of treasury shares of 1,000,000 shares repurchased in August 29-October 15, 2007. The paid-in capital after the capital reduction was NT$838,991,960. In December, Pinewood Polymer Technology Co., Ltd. conducted capital reduction to make up for losses. There were a total of 111,200 thousand shares, and after capital reduction, 44,480 thousand shares were cancelled, with capital reduction ratio of 40%. The paid-in capital after capital reduction totaled NT$667,200 thousand.
2011	In April, the Company conducted capital reduction and cancellation of treasury shares of 215,000 shares repurchased in August 29-October 15, 2007. The paid-in capital after the capital reduction was NT$836,841,960. From August 2010 to April 2011, 3,589,000 shares of Force-MOS Technology Co.,Ltd. was held by the Company after the purchase of 39,000 shares in the open market, which represent 17.95% of total issued shares of 20,000,000 shares. In June, the head office was relocated to 13F, No. 111-5, Xingde Rd., Zhongxing Lane, Sanchong District, New Taipei City.
2012	In April, the Company bought back 316,800 shares of Pinewood Polymer Technology Co., Ltd. from Matsuki Precision Ceramic Co., Ltd., which resulted in a total of 83.96% shareholding.

2013	In June, the directors and supervisors were re-elected at the shareholders meeting on June 11, 2013 upon expiration of their three-year term of office. After the re-election, only Former Supervisor Wu Yi-Ching was replaced by Lu Chung-Kuang, while the other seven directors and two supervisors were the same as those before the re-election. In August, Pinewood Polymer Technology Co., Ltd. conducted the first cash capital increase of NT$27,000 thousand. As such, the Company's shareholding ratio declined to 80.69%. In September, Feei Cherng issued 2nd domestic secured convertible corporate bonds at a total of 2 thousand bonds worth NT$200,000 thousand. In December, the Company applied for conversion of 10 units of convertible corporate bonds into 86,580 common shares. The paid-in capital after capital increase totaled NT$830,707,760. In December, Pinewood Polymer Technology Co., Ltd. conducted the second cash capital increase of NT$7,000 thousand. As such, the Company's shareholding ratio declined to 79.89%. In December, the liquidation of invested company LePower, Cayman Islands was completed. The Company sold all of the shares of LePower, which was 121,800 shares at US$0.5 per share, giving a total of US$60,900.
2015	In January, the Company increased investments on Matsuki Precision Ceramic Co., Ltd., with a total of JPY$75 million, which was approximately NT$20,400,000 under the NTD:JPY exchange rate of 1:0.272. In February, the Company conducted capital reduction of JPY97,940 per share (97.94%) on Matsuki Precision Ceramic Co., Ltd. to make up for the loss, with reduced paid-in capital of JPY475,500,000. As a result, the total paid-in capital was JPY10,000,000. In April, the Company applied to the Taiwan Depository & Clearing Corporation for conversion of physical shares by private placement to dematerialized form. In June, Pinewood Polymer Technology Co., Ltd. conducted the first cash capital increase of NT$6,000 thousand. As such, the Company's shareholding ratio declined to 79.21%.
2016	In June, the directors and supervisors were re-elected at the shareholders meeting on June 7, 2016 upon expiration of their three-year term of office. In September, due to business requirements and to improve the management team, the Company conducted a comprehensive re-election before schedule at the extraordinary shareholders meeting on September 29, 2016. In October, the disposal of production equipment of Pinewood Polymer Technology Co., Ltd. was resolved in the 2nd extraordinary shareholders meeting, which was held on October 17, 2016.
2017	In February, the Company completed liquidation on Matsuki Precision Ceramic Co., Ltd. In February, May and December, the board of directors resolved to acquire real property. In May, the dissolution of Pinewood Polymer Technology Co., Ltd. was passed on May 19, 2017. In June, the Company conducted by-election of supervisors at the annual shareholders' meeting. In November, the Company has passed the withdrawal of funds for its subsidiaries Perfect Bass Co., Ltd. and Feei Cherng Shanghai Trading Co., Ltd.
2018	In January, the disposal of the Company's real property in Sanchong District, New Taipei City was completed. In January, the liquidation of Pinewood Polymer Technology Co., Ltd. was completed, and the investment funds were returned. In July, the Company established the Audit Committee. Since July, the Company has switched to the breeding and animal husbandry business and trading of bulk raw materials.
2019	In June, the directors were re-elected at the shareholders meeting on June 21, 2019 upon expiration of their three-year term of office. In September, the Company's head office relocated to the new address Room B, 6F, No. 28, Zhongshan N. Rd., Gangshan Dist., Kaohsiung City. In December, liquidation of Feei Cherng Shanghai Trading Co., Ltd. was completed.
2020	In April, the Company issued 15,000,000 common shares by private placement for capital increase in 2019, and the paid-in capital after the capital increase was NT$987,707,760. In June, directors were newly elected at the shareholders meeting. In July, the Construction and Investment Business Group was established. In July, the Company remitted back the remaining shares of Perfect Bass Co., Ltd.
2021	In June, the directors were re-elected at the shareholders meeting on August 18, 2021 upon expiration of their three-year term of office. In August, the Corporate Governance Committee was established. In August 2021, the head office relocated to the new address: 11F.-2, No. 248, Sec. 2, Yonghua Rd., Anping Dist., Tainan City 708008, Taiwan (R.O.C.) In December, the Company purchased land at Xingzuan Section, West Central District, Tainan City. In December, the Company issued 10,000,000 common shares by private placement for the first capital increase in 2021, and 10,000,000 common shares by private placement for the second capital increase. The paid-in capital after the capital increase was NT$1,187,707,760.
2022	In April, the Company purchased land at Beihua Section, North District, Tainan City. In April, the Company purchased land at Bailun Section, Rende District, Tainan City. In December, the Company established the Nomination Committee.

2023	In May, the Company's annual shareholders' meeting amended the Articles of Incorporation and changed the name to Feei Cherng Enterprise Co., Ltd., and the change in registration with the Ministry of Economic Affairs was completed in June. In July, the Company issued 20,000,000 common shares by private placement for capital increase in 2023, and the paid-in capital after the capital increase was NT$1,387,707,760. In October, the Company issued 20,000,000 common shares by private placement for the second capital increase in 2023, and 10,000,000 common shares by private placement for the third capital increase. The paid-in capital after the capital increase was NT$1,687,707,760.

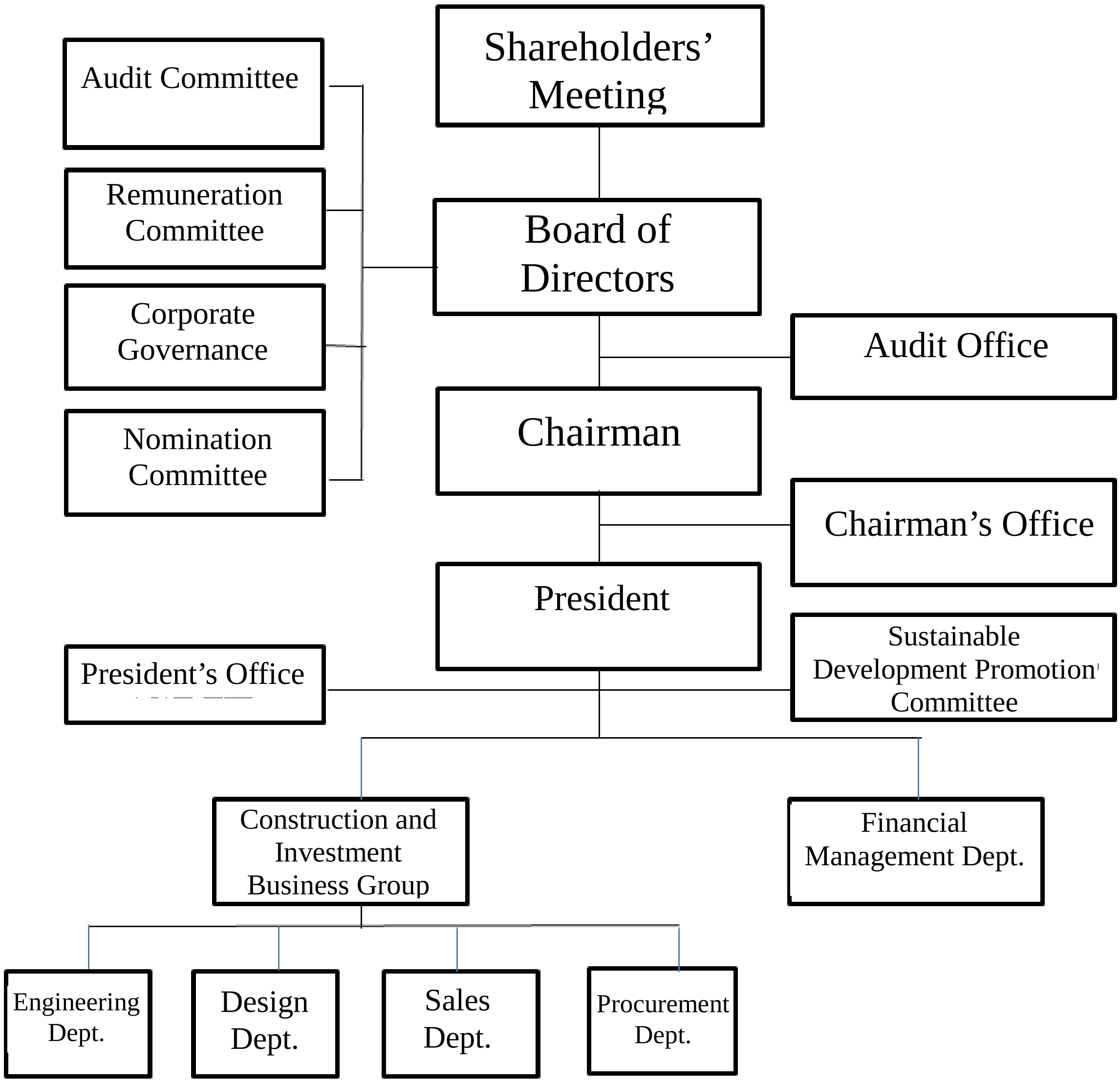
III. Merger and acquisition activities, investments in affiliated companies and corporate reorganization in the most recent year until the date of publication of the annual report: None.

IV. Large share transfers or changes in shareholdings of directors, supervisors, or shareholders who hold more than 10% of the Company’s shares, any change in managerial control, material changes in operating methods or type of business, and any other matters of material significance that could affect shareholders' equity: None.

Three. Corporate Governance Report

I. Organizational System:

(I) Organizational Structure



(II) Business operations by major departments

Department	Main Responsibilities
Chairman's Office	1. Assist the convening of the board of directors meeting 2. Execute projects and tasks assigned by the Chairman
President's Office	1. Establish a company management system, evaluate and integrate business management plans in each department, and ensure achievement of company goals. 2. Plan and support the rationalization of company operations. 3. Keep track and manage the Company's business policy and indicators.
Audit Office	1. Establish the internal audit system 2. Formulate and implement related audits including audit plans and improvements 3. Check and review whether the internal control system was effectively implemented to comply with company management needs and legal requirements

Financial Management Dept.		1. Planning, execution and analysis of accounting and taxation operations 2. Planning, execution and analysis of financial forecasts 3. Promotion of the financial policy 4. Fund planning and budgeting 5. Administration and general affairs coordination 6. Integration of personnel, procurement, and IT matters. 7. Human resource planning and management 8. Information Security
Construction and Investment Business Group	Engineering Dept.	Schedule the construction progress, direct and supervise the construction, coordinate the progress of various projects and eliminate engineering abnormalities.
	Design Dept.	Execution and integration of architectural design and landscape design, as well as coordination between architects and construction contractors
	Procurement Dept.	Matters related to procurement and contracting of engineering construction materials, as well as the development and cost-benefit analysis of new construction materials.
	Sales Dept.	Responsible for the promotion of construction projects, sales, the handover of real estate projects and other related matters.

II. Information About Directors, Presidents, Vice Presidents, Assistant Vice Presidents, Managers of All the Company’s Divisions and Branch Units:

(I) Information on the Company's directors

Information on the Company's directors (I)

March 26, 2024; Unit: Shares; %

Job Title	Nationality or place of domicile	Name	Gender/age	Date of election (appointment)	Term of office	Date of the initial election	Shareholding while elected		Current shares held		Current shares held by spouse and underage children		Shares held in the names of others		Major experience (educational background)	Concurrent positions in the Company and other companies	Spouse or relatives within the second degree of kinship acting as other managers, directors or supervisors			Remark
							Quantity of shares	Shareholding	Quantity of shares	Shareholding	Quantity of shares	Shareholding	Quantity of shares	Shareholding			Job title	Name	Relationship	
Chairman	R.O.C.	U-Best Innovative Technology Co., Ltd.	-	August 18, 2021	3 years	June 30, 2020	16,430,000	16.63%	28,882,121	17.11%	-	-	-	-	-	-	-	-	-	
	R.O.C.	Representative: Yu-Ming Chang	Male 49	April 1, 2022	3 years	April 1, 2022	3,000,000	3.04%	45,000,000	26.66%	3,000,000	1.78%	-	-	MBA, National Taiwan University	Chairman and President of Sun Yad Construction Co., Ltd. Chairman of U-BEST INNOVATIVE TECHNOLOGY CO., LTD. Chairman of Hsin-Li Chemical Industrial Corp. Chairman of Myson Century, Inc.	President	Chang Shuo-Wen	Relative within 2nd degree of kinship	Note 2 Note 3
Director	R.O.C.	Meisen Holdings Co., Ltd.	-	May 26, 2023	3 years	May 26, 2023	100,000	0.10%	100,000	0.06%	-	-	-	-	-	-	-	-	-	
	R.O.C.	Representative: Chang Shuo-Wen	Male 44	May 26, 2023	3 years	May 26, 2023	-	-	-	-	-	-	-	-	Computer Science and Information Engineering, Shu-Te University Senior Software Engineer of Advanced View Inc.	Juristic person representative of the director of Sun Yad Construction Co., Ltd. Juristic person representative of the director of U-BEST INNOVATIVE TECHNOLOGY CO., LTD. Chairman of Boromi Optronics Corp. Chairman of Shang Yu Construction Ltd.	Chairman	Yu-Ming Chang -	Relative within 2nd degree of kinship	Note 1 Note 4
Director	R.O.C.	U-Best Innovative Technology Co., Ltd.	-	August 18, 2021	3 years	June 30, 2020	16,430,000	16.63%	28,882,121	17.11%	-	-	-	-	-	-	-	-	-	
	R.O.C.	Representative: Tseng Peng-Kuang	Male 51	November 12, 2021	3 years	November 12, 2021	-	-	-	-	-	-	-	-	Doctor, Department of Architecture, NCKU	Director of Sun Yad Construction Co., Ltd. Director of Myson Century, Inc.	None	None	None	None
Director	R.O.C.	Chi Fu Investment Co., Ltd.	-	August 18, 2021	3 years	September 29, 2016	10,000,000	10.12%	10,000,000	5.93%	-	-	-	-	-	-	-	-	-	
	R.O.C.	Representative: Chien-Hsien Tsai	Male 61	August 18, 2021	3 years	June 21, 2018	-	-	-	-	-	-	-	-	Master of Law, National Taiwan University College of Law, National Taiwan University Lawyer of Huei Li Attorneys-at-Law	Lawyer of Huei Li Attorneys-at-Law	None	None	None	None

Job Title	Nationality or place	Name	Gender/age	Date of election (appointment)	Term of office	Date of the initial election	Shareholding while elected	Current shares held	Current shares held by spouse and underage children	Shares held in the names of others	Major experience (educational background)	Concurrent positions in the Company and other companies	Spouse or relatives within the second degree of kinship acting as other managers, directors or supervisors	Remark

	of domicile						Quantity of shares	Shareholding	Quantity of shares	Shareholding (Note 1)	Quantity of shares	Shareholding (Note 1)	Quantity of shares	Shareholding (Note 1)			Job title	Name	Relationship	
Independent Director	R.O.C.	Chi Hsuan	Female 54	August 18, 2021	3 years	June 21, 2019	-	-	-	-	-	-	-	-	Master of Accountancy, George Washington University Department of Public Finance and Tax Administration, College of Law and Business at National Chung Hsing University (renamed as National Taipei University) General Manager/Director of Sheng Kang Capital Ltd. Senior Assistant Vice President of the Investment Banking Department at Fubon Securities Co. Ltd. Capital Markets Division, Yuanta Securities Co., Ltd. (formerly Polaris Securities) /Assistant Vice President Assistant Vice President of GC Capital Taiwan Branch	General Manager/Director of Sheng Kang Capital Ltd.	None	None	None	None
Independent Director	R.O.C.	Ching-Hsi Hu	Male 58	August 18, 2021	3 years	August 18, 2021	-	-	-	-	-	-	-	-	Department of Economics, Tunghai University	None	None	None	None	None
Independent Director	R.O.C.	Chen Yu-Wen	Male 52	August 18, 2021	3 years	August 18, 2021	-	-	-	-	-	-	-	-	Master of Civil and Commercial Law, School of Law, Fu Jen Catholic University Partnership Attorney of Tai Yang Law Firm	Chief Attorney/ Director of Shin Ruei Attorneys at Law	None	None	None	None

Note 1: By-election of directors on May 26, 2023.
Note 2: Appointment of legal representative on March 26, 2022.
Note 3: Election of Chairperson on April 1, 2022.
Note 4: Resigned from President on January 1, 2024.

Major Shareholders of Juristic Person Shareholders

Name of juristic person shareholder	Major Shareholders of Juristic Person Shareholders	Shareholding
Chi Fu Investment Co., Ltd.	Yang Chih-Ming	80%
	Tsai Mei-Chuan	20%
U-Best Innovative Technology Co., Ltd.	Sun Yad Construction Co., Ltd.	16.14%
	Voyage Investment Ltd.	2.50%
	Myson Century, Inc.	2.15%
	Tseng Chun-Jung	2.10%
	Zhong Qing Technology Co., Ltd.	1.44%
	Hsin-Li Chemical Industrial Corp.	1.43%
	Sung Chuan-Kung	1.17%
	Boromi Optronics Corp.	1.13%
	Chen Su-Ling	0.99%
	Kuo Che-Liang	0.93%
Meisen Holdings Co., Ltd.	Yu-Ming Chang	20%
	Chang Hui-Feng	20%
	Chang Pai-Hung	30%
	Chang Jen-Wei	30%

Major Shareholders of Major Shareholders Who are Juristic Persons

Name of Juristic Person	Major Shareholders of Juristic Person	Shareholding
Sun Yad Construction Co., Ltd.	Zhong Qing Technology Co., Ltd.	8.16%
	U-Best Innovative Technology Co., Ltd.	7.77%
	Voyage Investment Ltd.	4.45%
	Ho Jui Investment Co., Ltd.	2.71%
	Jing Hong Ltd.	1.20%
	Chieh-Wei Tseng	1.13%
	Yu-Ming Chang	1.06%
	FEEI CHERNG DEVELOP TECHNOLOGY CO., LTD.	0.97%
	Ya-Chin Chen	0.96%
	Su-Chu Chang Chao	0.85%
Voyage Investment Ltd.	Chang Hui-Feng	0.48%
	Chang Yu-Chen	11.00%
	Lai Hsiu-Chiung	16.00%
	Chang Yu-Ching	12.00%
	Su-Chu Chang Chao	6.28%
	Chang Yue-Hua	10.28%
	Chang Pai-Hung	21.48%
	Chang Jen-Wei	21.48%
	Yu-Ming Chang	1.00%
Myson Century, Inc.	Sun Yad Construction Co., Ltd.	17.06%
	Yu-Ming Chang	5.13%
	Voyage Investment Ltd.	10.00%
	Zhong Qing Technology Co., Ltd.	6.31%
	Ho Jui Investment Co., Ltd.	5.32%
	Hung-Chin Yang	2.10%
	Tsui-Yuan Huang	1.70%
	Chun-Ming Chang	1.49%
	Metropolis Internet Technology	1.49%
	Tung-Min Kao	1.34%
Zhong Qing Technology Co., Ltd.	Yue-Hua Chang	1.78%
	Chang Hui-Feng	11.37%
	Yu-Ming Chang	38.23%
	Chang Pai-Hung	22.52%
	Chang Jen-Wei	26.09%
	Metropolis Internet Technology	0.01%
Hsin-Li Chemical Industrial Corp.	U-Best Innovative Technology Co., Ltd.	15.08%
	FEEI CHERNG DEVELOP TECHNOLOGY CO., LTD.	10.33%
	Voyage Investment Ltd.	5.74%
	Shang Yu Construction Ltd.	5.05%
	Ching-Lung Lin	3.95%
	Myson Century, Inc.	3.81%
	Kuo-Wei Wu	2.96%
	Yi-Jen Wu	2.48%
	Shuo-Wen Chang	2.07%
	Chun-Chi Ho	2.07%
Boromi Optronics Corp.	Shang Yu Construction Ltd.	100.00%

Information about directors and supervisors (II)

1. Disclosure of directors' and supervisors' professional qualifications and independent directors' independence:

Qualifications / Name	Professional qualifications and experience (Note 1)	Independence (Note 2)	No. of public companies at which the independent director concurrently serves
U-BEST INNOVATIVE TECHNOLOGY CO., LTD. Legal Representative: Yu-Ming Chang	Master of Business Administration, National Taiwan University; specializing in technology entrepreneurship, technology business management and practice, business planning for new ventures, and venture capital. Has practical experience, strategic management, leadership and educational background related to business management in the petrochemical and construction industries for more than 20 years, with financial accounting, business, marketing, operations planning in technological industry, and practical skills on business management to achieve corporate governance. No breach of Article 30 of the Company Act has occurred.	1. At present, he is the Chairman of the Company and concurrently Chairman of the Group's parent companies, Sun Yad Construction Co., Ltd., and U-Best Innovative Technology Co., Ltd., Hsin-Li Chemical Industrial Corp., and Myson Century, Inc. 2. The other parts were verified in accordance with the independence requirements referred to in the "Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies" promulgated by Financial Supervisory Commission (FSC) and held satisfying such requirements.	None
U-BEST INNOVATIVE TECHNOLOGY CO., LTD. Legal Representative: Peng-Kuang Tseng	Ph.D. in the Department of Architecture, National Cheng Kung University; obtained an architect license; an adjunct assistant professor in Chang Jung Christian University and Kun Shan University; rich professional skills and management skills. No breach of Article 30 of the Company Act has occurred.	1. Representative of Sun Yad Construction Co., Ltd. concurrently elected as director. 2. Representative of Myson Century, Inc. concurrently elected as director. 3. The other parts were verified in accordance with the independence requirements referred to in the "Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies" promulgated by Financial Supervisory Commission (FSC) and held satisfying such requirements.	None

Legal Representative of Meisen Holdings Co., Ltd.: Shuo-Wen Chang	Master of Computer Science and Information Engineering, Shu-Te University, former Senior Software Engineer of Advanced View Inc., specializing in technology development and investment management, with insight into corporate governance, industry development and technology application. No breach of Article 30 of the Company Act has occurred.	1. Juristic Person Representative of the Director of U-Best Innovative Technology Co., Ltd., Person in charge of Boromi Optronics Corp., President of Myson Century, Inc., Person in charge of Shang Yu Construction Ltd., Chairman of Metropolis Internet Technology, Chairman of Taiwan Development Construction Co., Ltd. 2. A relative within the second degree of kinship of the Company's Chairman. 3. The other parts were verified in accordance with the independence requirements referred to in the “Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies” promulgated by Financial Supervisory Commission (FSC) and held satisfying such requirements.	None
Legal Representative of Chi Fu Investment Co., Ltd.: Chien-Hsien Tsai	Master of the College of Law, National Taiwan University; Lawyer of Huei Li Attorneys-at-Law; expertise in law, finance, management, and corporate governance in order to improve the Board of Directors’ corporate governance and supervisory functions. No breach of Article 30 of the Company Act has occurred.	Verified in accordance with the independence requirements referred to in the “Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies” promulgated by Financial Supervisory Commission (FSC) and held satisfying such requirements.	None

Ching-Hsi Hu	Department of Economics, Tunghai University; Specialist of the Bank of Panhsin; expertise in finance, investment management, and corporate governance in order to improve the corporate governance and supervisory functions of the Board of Directors and audit committee. No breach of Article 30 of the Company Act has occurred.	According to the Company's Articles of Incorporation and "Corporate Governance Best Practice Principles," the directors shall be elected under the candidate nomination system. When nominating and electing the Board members, the Company has received the written statement, information about work experience, current certificate of employment, and kinship chart from each director and, therefore, already verified the independence of them, their spouses, and relatives within 3rd degree of kinship as to the Company. Meanwhile, upon verification, the three independent directors identified in the left column were held to satisfying the qualification requirements under the "Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies" promulgated by FSC and Article 14-2 of the Securities and Exchange Act within two years before they assume the positions and during their term of office. The independent directors have also been empowered to participate in the decision-making and express opinions under Article 14-3 of the Securities and Exchange Act, in order to perform their job duties independently.	Concurrently served in 1 public company
Yu-Wen Chen	Master of Civil and Commercial Law, School of Law, Fu Jen Catholic University; Partnership Attorney of Tai Yang Law Firm; and Chief Attorney/ Director of Shin Ruei Attorneys at Law; with law work experience and corporate governance expertise in order to improve the corporate governance and supervisory functions of the Board of Directors and audit committee. No breach of Article 30 of the Company Act has occurred.	Same as above	None
Hsuan Chi	Master of Accountancy, George Washington University; Assistant Vice President of GC Capital Taiwan Branch; Assistant Vice President of Capital Markets Division, Yuanta Securities Co., Ltd.; Senior Assistant Vice President of the Investment Banking Department at Fubon Securities Co. Ltd.; current General Manager/Director of Sheng Kang Capital Ltd.; with expertise in business, marketing, business planning, practical skills on operations management and corporate governance, in order to improve the corporate governance and supervisory functions of the Board of Directors and audit committee. No breach of Article 30 of the Company Act has occurred.	Same as above	None

2. Diversity and Independence of Board of Directors:

(1) Diversity of Board of Directors:

Describe the diversity policy, goals and achievements of the Board of Directors. The diversity policy includes but is not limited to the criteria for selecting directors, the professional qualifications and experience required for the Board of Directors, the composition or proportion of gender, age, nationality and culture, etc., and the specific goals and the achievement status of the Company are described with respect to the aforementioned policy.

The diversity policy, goals and achievements of the Board of Directors:

When planning the members of the Board of Directors, the Company will comprehensively consider the diversity factors of director candidates, such as educational background, professional capabilities, gender, and nationality in line with the company's operations, business models, and development needs. The seven directors of the Company elected on August 18, 2021 come from various professional fields such as business, accounting, and finance, with ages ranging from 43 to 65 years old. The professional experience is diversified, and the directors come from various fields, who can assist the Company by providing valuable opinions and experience in the development.

The Board of Directors of the Company is currently composed of 7 directors, including 3 independent directors and 4 non-independent directors. The directors are all nationals, and 86% (6 directors) are male and 14% (1) are women. In the future, the Company will strive to increase the number of female directors and aim to raise the proportion of female directors to more than one third (33%) of all directors.

All current Board of Directors possess the knowledge, skills, educational and professional background necessary to perform their duties. They each have extensive expertise in areas such as accounting, finance, business, law, marketing or industrial technology. The age distribution of the directors is as follows: 1 member aged 41 to 50 (14.3%), 5 members aged 51 to 60 (71.4%), and 1 member aged 61 to 70 (14.3%).

The Company’s Board of Directors is formed of 7 board members who are all Taiwan citizens, with the knowledge, skills and educational background necessary to perform their duties (please refer to the above-mentioned educational background and experience), and professional experience in accounting, finance, business, law, marketing or industrial technology. The implementation of board diversity is as follows:

Name of Director	Gender	Age	Serve as Independent Director for more than three terms	Diversified core profession				
				Finance & accounting	Commerce	Law	Marketing	Industrial technology
Legal Representative of U-BEST INNOVATIVE TECHNOLOGY CO., LTD.: Yu-Ming Chang	Male	50		V	V		V	V
Legal Representative of U-BEST INNOVATIVE TECHNOLOGY CO., LTD.: Peng-Kuang Tseng	Male	52			V		V	V
Legal Representative of Meisen Holdings Co., Ltd.: Shuo-Wen Chang	Male	45			V		V	
Chi Fu Investment Co., Ltd. Legal Representative: Chien-Hsien Tsai	Male	62			V	V		
Ching-Hsi Hu	Male	59	No	V	V			V
Yu-Wen Chen	Male	53	No		V	V		
Hsuan Chi	Female	55	No	V	V		V	

(2) Board independence:

Specify the number and weight of independent directors, the independence of the Board of Directors, and explain, with reasons, whether there are no circumstances under Paragraph 3 and 4 of Article 26-3 of the Securities and Exchange Act, including disclosure of any spousal or second-degree blood relative relationships among directors, supervisors, or between directors and supervisors.

1. Board structure:

The Company has established a director selection system. The election process for all directors is open and fair, in compliance with the Company's "Articles of Incorporation," "Regulations Governing the Election of Directors and Independent Directors," and "Corporate Governance Best-Practice Principles." The current composition of the board of directors consists of 3 independent directors (42.9%) and 4 non-independent directors (57.1%). Among them, there is 1 director representing employees/management (14.3%, not exceeding one-third of the total number of directors) and 2 directors with spousal or second-degree blood relative relationships (28.5%, not exceeding one-third of the total number of directors), thus complying with the requirements of Articles 26-3, Paragraphs 3 and 4 of the Securities and Exchange Act.

2. Board independence:

The Company's board of directors guides the Company's strategies, supervises the management and is responsible to the Company and shareholders. In terms of the corporate governance system, the Board of Directors exercises its powers in accordance with the laws and regulations, the Company's Articles of Incorporation, or resolutions of shareholders' meetings. The board of directors of the Company emphasizes independent operation and transparency. Both directors and independent directors are independent individuals who exercise their powers independently. The three independent directors have also complied with relevant laws and regulations and cooperated with the duties of the Audit Committee. They review the Company's existing or potential risk management, ensuring effective implementation of internal controls, selection (dismissal) of auditors, and independence in the proper preparation of financial statements. In addition, the cumulative voting system and the candidate nomination system were established for the election of directors and independent directors in accordance with the "Regulations Governing the Election of Directors and Independent Directors" to encourage shareholder participation. Shareholders holding a certain number of shares or more may submit a list of candidates. review of the qualification requirements of the Company and confirmation of any violation listed in Article 30 of the Company Act. Relevant acceptance procedures are conducted and announced in accordance with the law to safeguard shareholder rights, prevent monopolization or excessive proliferation of nomination rights, and maintain independence.

The Company has established a performance evaluation system for the board of directors, and executes the internal board of directors self-evaluation and the self-assessment of directors once a year; for the performance evaluation of the board of directors, the evaluation items include (1) participation in the Company's operations, (2) improvement of the quality of the Board's decision-making, (3) Board composition and structure, (4) election and continuing education of directors, and (5) internal control; self-assessment of directors covers (1) understanding of the Company's goals and missions, (2) awareness of directors' responsibilities, (3) Participation in the Company's operations; (4) Management of internal relationships and communication; (5) Directors' professionalism and continuing education; and (6) internal control. The results of the above self-assessment are disclosed in the Company's annual report and official website after being submitted to the board of directors.

Note 1: Professional qualification and experience: Specify the professional qualifications and experience of individual directors and supervisors. For audit committee members that have accounting or financial expertise, please specify their accounting or financial background and work experience, and whether there are any of the circumstances specified in Article 30 of the Company Act.

Note 2: Specify if the independent directors meet the criteria for independence, including but not limited to (1) whether the individual and spouse or relatives within the second degree of kinship thereof are serving as directors, supervisors, or employees of the Company or its affiliates; (2) the number of the Company's shares held by the individual or spouse or relatives within the second degree of kinship thereof (or by nominee arrangement) and percentage; (3) whether the individual is serving as a director, supervisor, or employee of a company with specific relations with the Company (refer to Article 3, paragraph 1, subparagraphs 5 to 8 of the Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies); (4) the amount of remuneration received for providing business, legal, financial, accounting, or other services to the Company or its affiliates in the last two years.

(II) Information About Directors, Supervisors, Presidents, Vice Presidents, Assistant Vice Presidents, Managers of All the Company's Divisions and Branch Units

March 26, 2024; Unit: Shares; %

Job title	Nationality	Name	Gender	Date of election (appointment)	Shares held		Shares held by spouse or underage children		Shares held in the names of others		Major experience (educational background)	Concurrent positions in the Company and other companies	Spouse or relatives within 2nd degree of kinship acting as managers			Remark
					Quantity of shares	Share holding ratio (Note 1)	Quantity of shares	Share holding ratio (Note 1)	Quantity of shares	Share holding ratio (Note 1)			Job title	Name	Relationship	
President concurrently acting as spokesperson	R.O.C.	Shuo-Wen Chang	Male	August 27, 2021	-	-	-	-	-	-	Computer Science and Information Engineering, Shu-Te University Senior Software Engineer of Advanced View Inc.	Juristic person representative of the director of U-BEST INNOVATIVE TECHNOLOGY CO., LTD. Chairman of Boromi Optronics Corp. Juristic person representative of the director of Myson Century, Inc.	None	None	None	Note 1
President concurrently acting as spokesperson	R.O.C.	Peng-Kuang Tseng	Male	January 1, 2024	-	-	-	-	-	-	Doctor, Department of Architecture, NCKU	Juristic person representative of the director of Sun Yad Construction Co., Ltd. Vice President of Construction Business Group of SUN YAD CONSTRUCTION CO., LTD Juristic person representative of the director of U-BEST INNOVATIVE TECHNOLOGY CO., LTD. Juristic person representative of the director of Myson Century, Inc.	None	None	None	Note 2
Finance and Accounting Manager concurrently acting as deputy spokesperson	R.O.C.	Han Yuan-Hsiang	Male	August 27, 2021	-	-	-	-	-	-	Department of Accounting, National Taichung University of Science and Technology Head of Accounting Team, Finance Dept., Sun Yad Construction Co., Ltd.	None	None	None	None	None
Audit Manager	R.O.C.	Hsu Cheng-Tsung	Male	August 27, 2021	-	-	-	-	-	-	Bachelor degree; Deputy Manager of Quality Assurance, Helix Technology Inc.	None	None	None	None	None

Note 1: Resigned on January 1, 2024.
Note 2: Newly elected on January 1, 2024.

(III) Remuneration Paid to Directors (Independent Directors), President, and Vice President

1. Remuneration Paid to Directors (Independent Directors)

December 31, 2023; Unit: NT$ Thousand

Job Title	Name	Remuneration for directors								The total amount of A, B, C and D as a percentage of net profit after tax		Employee compensation received by directors								The total amount of A, B, C, D, E, F and G as a percentage of net profit after tax		Compensation from the parent company or investees other than subsidiaries
		Return (A)		Retirement Pension (B)		Remuneration to directors (C)		Professional practice fees (D)				Salary, bonus and special allowance, et al. (E)		Retirement Pension (F) (Remark 1)		Remuneration to employees (G)						
		The Company	All companies in the financial statements	The Company	All companies in the financial statements	The Company	All companies in the financial statements	The Company	All companies in the financial statements	The Company	All companies in the financial statements	The Company	All companies in the financial statements	The Company	All companies in the financial statements	The Company		All companies in the financial statements		The Company	All companies in the financial statements	
																Amount in cash	Amount in stock	Amount in cash	Amount in stock			
Chairman	Representative of U-Best Innovative Technology Co., Ltd.: Yu-Ming Chang	-	-	-	-	-	-	85	85	4.87%	-3.71%	6,588	6,588	-	-	-	-	-	-	382.19%	-291.02%	-
Director	Representative of Meisen Holdings Co., Ltd.: Chang Shuo-Wen (Note 1)	-	-	-	-	-	-	40	40	2.29%	-1.74%	1,200	2,216	-	-	-	-	-	-	71.02%	-98.39%	-
Director	Representative of U-Best Innovative Technology Co., Ltd.: Peng-Kuang Tseng	-	-	-	-	-	-	75	75	4.30%	-3.27%	-	-	-	-	-	-	-	-	4.30%	-3.27%	-
Director	Representative of Chi Fu Investment Co., Ltd.: Chien-Hsien Tsai	-	-	-	-	-	-	64	64	3.67%	-2.79%	-	-	-	-	-	-	-	-	3.67%	-2.79%	-
Independent Director	Ching-Hsi Hu	-	-	-	-	-	-	143	143	8.19%	-6.24%	-	-	-	-	-	-	-	-	8.19%	-6.24%	-
Independent Director	Yu-Wen Chen	-	-	-	-	-	-	143	143	8.19%	-6.24%	-	-	-	-	-	-	-	-	8.19%	-6.24%	-
Independent Director	Hsuan Chi	-	-	-	-	-	-	130	130	7.45%	-5.67%	-	-	-	-	-	-	-	-	7.45%	-5.67%	-

Explanation 1: For the recognition of retirement pension expense.

Note 1: By-election of directors at the shareholders' meeting on May 26, 2023.

1. Please state the policies, systems, standards and structure of compensation to independent directors, and the relations between the compensation and the job responsibility, risk and engagement hours borne by the independent directors: Apart from the fixed traveling allowances, the remuneration for directors and supervisors are allocated from annual surplus earnings based on their contributions.
2. Except as disclosed in the above table, the remuneration received by the Company's directors for providing services (to all companies in the financial statements/ serving as a consultant in a non-employee capacity) in the most recent year: None.

2. Remuneration for the President and Vice President

December 31, 2023; Unit: NT$ Thousand

Job Title	Name	Salary (A)		Retirement Pension (B)		Bonus and special allowance, et al. (C)		Remuneration to employees (D)				The total amount of A, B, C and D as a percentage of net profit after tax (%)		Compensation from investees other than subsidiaries
		The Company	All companies in the financial statements	The Company	All companies in the financial statements	The Company	All companies in the financial statements	The Company		All companies in the financial statements		The Company	All companies in the financial statements	
								Amount in cash	Amount in stock	Amount in cash	Amount in stock			
Presider	Shuo-Wen Chang	1,200	2,016	-	-	-	200	-	-	-	-	68.73%	-96.64%	-

3. Remuneration for the five highest paid executives

December 31, 2023; Unit: NT$ Thousand

Job Title	Name	Salary (A)		Retirement Pension (B)		Bonus and special allowance, et al. (C)		Remuneration to employees (D)				The total amount of A, B, C and D as a percentage of net profit after tax (%)		Compensation from investees other than subsidiaries
		The Company	All companies in the financial statements	The Company	All companies in the financial statements	The Company	All companies in the financial statements	The Company		All companies in the financial statements		The Company	All companies in the financial statements	
								Amount in cash	Amount in stock	Amount in cash	Amount in stock			
President	Shuo-Wen Chang	1,200	2,016	-	-	-	200	-	-	-	-	68.73%	-96.64%	-
Deputy Manager	Han Yuan-Hsiang	600	600	-	-	199	216	-	-	-	-	45.76%	-35.59%	-

4. Employees' Profit Sharing Bonus Paid to Management Team

December 31, 2023; Unit: NT$ Thousand

	Job Title	Name	Amount of stock bonus	Amount of cash bonus	Total amount	Total as a percentage of net income after tax (%)
Managerial Officer	President	Shuo-Wen Chang	0	0	0	0
	Accounting Manager	Han Yuan-Hsiang				

(IV) The compensation paid by the Company and all companies included in the consolidated financial statements to the directors, presidents, and vice presidents in the last two fiscal years, the analysis of the percentage of total compensation to net profit after tax, the policy, standard and package of compensation payment, the procedure for determination of compensation and the connection with the operation performance and future risk.

1. Analysis of the percentage of the total compensation paid by the Company to the Company's directors, presidents and vice presidents to the net profit after tax:

Unit: NT$ Thousand; %

Year / Job Title	2022				2023			
	The Company		All companies in the consolidated financial statement		The Company		All companies in the consolidated financial statement	
	Total remuneration paid	To the Company's net income (%)	Total remuneration paid	To the Company's net income (%)	Total remuneration paid	To the Company's net income (%)	Total remuneration paid	To the Company's net income (%)
Director	5,781	-3.33%	5,781	-3.33%	7,268	416.27%	7,268	-316.96%
President	2,199	-1.27%	2,199	-1.27%	1,200	68.73%	2,216	-96.64%

2. The policy, standard and package of compensation payment, the procedure for determination of compensation, and the connection with the operation performance and future risk:

〈1〉 Remuneration for directors and supervisors:

Except for the Chairman's bonus of 1.5% of net profit (before deducting the bonus of the Chairman and General Manager) after approval by the shareholders meeting on May 31, 2003, which shall be recognized as annual expense, Article 19 of the Company's Articles of Incorporation stipulated that: "irrespective of whether the Company operates at a profit or loss, the Company's board of directors are authorized to set the remuneration or allowance paid based on the directors' duties, taking into account their involvement in the Company's operations and contribution to the Company, as well as the remuneration standards of industry peers. Not exceeding the remuneration for the highest paid executives as stipulated in the Company's regulations for salary assessment. If there is profit, the Company shall allocated remunerations in accordance with Article 24", which shall not exert a direct impact on future risks.

〈2〉Remuneration for the President:

In addition to the annual salary of the General Manager approved by the Board of Directors on April 27, 2003, if there is profit, the General Manager can receive a bonus of 1.0% of net profit (before deducting bonuses for the Chairman and General Manager), recognized as annual expenses, which shall not exert a direct impact on future risks.

III. Corporate Governance Operations:

1. Functionality of the Board of Directors

Term of office of the Board of Directors and Supervisors: 11th term Board of Directors from August 18, 2022 ~ August 17, 2024. 9 board meetings were held in the most recent fiscal year (2023), and 2 board meetings were held as of the date of publication of the annual report in 2024, which bring about a total of 11 (A) meetings. The attendance of directors is shown below:

Job Title	Name	Actual presence (attendance) times B	Presence by proxy (times)	Actual presence (attendance) rate (%) 【B/A】 (Note 1)	Remark
Chairman	U-BEST INNOVATIVE TECHNOLOGY CO., LTD.	11	0	100%	
	Representative: Yu-Ming Chang				
Director	Chi Fu Investment Co., Ltd.	10	0	90.91%	
	Representative: Chien-Hsien Tsai				
Director	Meisen Holdings Co., Ltd.	7	0	100%	
	Representative: Shuo-Wen Chang				Note 2
Director	U-BEST INNOVATIVE TECHNOLOGY CO., LTD.	11	0	100%	
	Representative:Peng-Kuang Tseng				
Independent Director	Ching-Hsi Hu	11	0	100%	
Independent Director	Yu-Wen Chen	11	0	100%	
Independent Director	Hsuan Chi	11	0	100%	

Other disclosures to be noted:

I. During operations of the Board of Directors, please describe the date and session of the meeting, details of the agenda, the independent directors' opinions and how the Company had handled the independent directors' opinions:

(I) Circumstances referred to in Article 14-3 of the Securities and Exchange Act:

The term of the board of directors and board meeting dates.	Details of the agenda	Independent directors voicing opposing or qualified opinions
16th meeting of the 11th term board of directors January 13, 2023	1. Matters to be reviewed at 5th meeting of the 6th term Remuneration Committee	None
17th meeting of the 11th term board of directors February 24, 2023	1. Amendment of the Company's relevant regulations 2. Amendments to the Company's Articles of Incorporation. 3. Ratification of the Company's acquisition of equity (shares) of Samtec Engineering Co., Ltd. 4. 2022 loss compensation plan 5. The Company's replacement of accounting firm and CPAs 6. CPA independence and appropriateness and professional fees to the CPA in 2023	None
18th meeting of the 11th term board of directors April 10, 2023	1. 2023 Cash Capital Increase by Private Placement	None
20th meeting of the 11th term board of directors July 4, 2023	1. Setting the issue price, number of shares, and the base date of cash capital increase by private placement	None
21st meeting of the 11th term board of directors August 10, 2023	1. Establishment of the "Rules Governing Operations in relation to Finance and Business with Related Parties" 2. Amendments to the "Regulations Governing the Prevention of Insider Trading"	None
22nd meeting of the 11th term board of directors September 19, 2023	1. Formulation of the "Comprehensive Plan for the Exchange of Securities Certificates" and the exchange base date 2. Setting the issue price, number of shares, and the base date of cash capital increase by private placement	None
23rd meeting of the 11th term board of	1. Amendments to the Company's internal control system: Amendments to the "Sales and Payment Collection Cycle", amendments to the "Procurement and	None

directors November 10, 2023	Payment Cycle" 2. Amendments to the Company's Articles of Incorporation. 3. Outsourcing of the Company's "New Construction of the Housing Complex in Xingzuan Section, Tainan City" to the related party	
24th meeting of the 11th term board of directors December 22, 2023	1. Proposal for Loaning of Funds by Subsidiary 2. Amendment of the Risk Management Policy and Procedure. 3. Appointment of the President concurrently acting as spokesperson. 4. Termination of the non-competition restriction imposed on managers. 5. Matters to be reviewed at 6th meeting of the 6th term Remuneration Committee.	None
25th meeting of the 11th term board of directors January 25, 2024	1. Matters to be reviewed at 7th meeting of the 6th term Remuneration Committee.	None
26th meeting of the 11th term board of directors February 27, 2024	1. Ratification of the Company's acquisition of equity (shares) of Samtec Engineering Co., Ltd. 2. The cash capital increase by investing in Samtec Engineering Co., Ltd. 3. Replacement of the CPAs starting from the first quarter of 2024. 4. CPA independence and appropriateness and professional fees to the CPA in 2024 5. 2023 Declaration for Statement of Internal Control System. 6. Full re-election of directors (including independent directors) of the Company 7. Nomination and resolution on the list of candidates for directors (including independent directors) 8. Proposal to terminate the non-competition restriction imposed on newly elected directors and other representatives. 9. Amendments to the Company's Articles of Incorporation. 10. 2024 Cash Capital Increase by Private Placement	None

(II) Any other resolution(s) by the Board of Directors meetings passed but with independent directors voicing opposing or qualified opinions on the record or in writing: None.

II. For directors' avoidance of motions which involves conflict of interest, the names of directors, contents of the motions, reasons for the recusal of conflict of interest, and participation in voting must be disclosed:

(1) Proposals for the 16th meeting of the 11th term board of directors: For review of the 5th meeting of the 6th term Remuneration Committee, except for director Yu-Ming Chang who recused himself from the resolution for conflict of interest, the matters were approved unanimously after discussion by attending directors.

(2) 23rd meeting of the 11th term of the Board: For review of the motion of the Company's "New Construction of the Housing Complex in Xingzuan Section, Tainan City" being contracted to the related party, except for Director Shuo-Wen Chang who recused himself and did not participate in the resolution due to a conflict of interest. The resolution is passed unanimously by the other attending directors after discussion.

(3) Proposals for the 24th meeting of the 11th term board of directors: For review of the proposal for loaning of funds by subsidiary, except for directors Shuo-Wen Chang, who recused himself from the resolution for conflict of interest, the matters were approved unanimously after discussion by the 6 attending directors, Yu-Ming Chang, Peng-Kuang Tseng, Chien-Hsien Tsai, Ching-Hsi Hu, Yu-Wen Chen, and Hsuan Chi.

(4) Proposals for the 24th meeting of the 11th term board of directors: For the appointment of the President concurrently acting as spokesperson, except for directors Peng-Kuang Tseng, who recused himself from the resolution for conflict of interest, the matters were approved unanimously after discussion by the 6 attending directors, Yu-Ming Chang, Shuo-Wen Chang, Chien-Hsien Tsai, Ching-Hsi Hu, Yu-Wen Chen, and Hsuan Chi.

(5) Proposals for the 24th meeting of the 11th term board of directors: For review of the termination of the non-competition restriction imposed on managers, except for directors Peng-Kuang Tseng, who recused himself from the resolution for conflict of interest, the matters were approved unanimously after discussion by the 6 attending directors, Yu-Ming Chang, Shuo-Wen Chang, Chien-Hsien Tsai, Ching-Hsi Hu, Yu-Wen Chen, and Hsuan Chi.

(6) Proposals for the 24th meeting of the 11th term board of directors: For motion 1 of Remuneration Committee's meeting agenda in the 6th meeting of the 6th term: Review of performance evaluation and remuneration policies of directors and managers, system, standards, and structure, were approved by all attending directors unanimously. For motion 2 of Remuneration Committee's meeting agenda in the 6th meeting of the 6th term regarding the remuneration to the new President and Spokesperson, except for directors Peng-Kuang Tseng, who recused himself from the resolution for conflict of interest, the matters were approved unanimously after discussion by the 6 attending directors, Yu-Ming Chang, Shuo-Wen Chang, Chien-Hsien Tsai, Ching-Hsi Hu, Yu-Wen Chen, and Hsuan Chi.

(7) Proposals for the 25th meeting of the 11th term board of directors: For motion 1 of Remuneration Committee's meeting agenda in the 7th meeting of the 6th term regarding the distribution of 2023 year-end bonuses and performance bonuses of the Company's management level, except for directors Yu-Ming Chang, who recused himself from the resolution for conflict of interest, the matters were approved unanimously after discussion by the 6 attending directors, Peng-Kuang Tseng, Shuo-Wen Chang, Chien-Hsien Tsai, Ching-Hsi Hu, Yu-Wen Chen, and Hsuan Chi.

III. The TWSE/TPEx listed companies shall disclose the evaluation cycles, evaluation periods, scope and method of evaluation in the performance evaluation of board of directors, and fill in how the board performance evaluation has been implemented:

Evaluation cycle	Evaluation period	Scope of evaluation	Evaluation method	Contents of evaluation

Conducted annually	The performance evaluation of the Board of Directors and each functional committee of the current year is completed before the Board of Directors' meeting in the first quarter of the following year.	1. Board of Directors 2. Individual board members 3. Performance evaluation of functional committees	Internal self-evaluation of the Board of Directors, self-evaluation of directors, peer evaluation, performance evaluation by external professional institutions, experts or other appropriate means	(1) The performance evaluation of the board includes five major aspects: A. Engagement in the Company's operation B. Improvement of the Board decision-making quality C. Composition and structure of the Board of Directors D. Election and continuing education of directors E. Internal control (2) The measurement items of the performance evaluation of board members include the following six aspects: A. Keep in line with company goals and tasks B. Knowledge of Directors' Responsibilities C. Engagement in the Company's operation D. Internal relationship management and communication E. Professional Courses and Continuing Education for Directors F. Internal control (3) The measurement items of the performance evaluation of functional committees include the following five aspects: A. Engagement in the Company's operation B. Responsibilities of the Functional Committee C. Better decision-making quality by the functional committee D. Functional committee composition and the election of functional committee members E. Internal control

IV. Evaluation of the goals and implementation for strengthening the functions of the board of directors in the current year and the most recent year:

1. The Company has formulated the "Rules of Procedure for Board of Directors Meetings", and the related operations of the Board of Directors are carried out in accordance with the regulations.
2. The Company has a public website to disclose relevant information to enhance information transparency.
3. Strengthen the functions of the board of directors: Board members continue to participate in corporate governance related training courses when they are new or during their term of office. Independent directors all comply with the Securities and Exchange Act, the Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies, etc., and the board members have different professional backgrounds to implement the board diversity policy.
4. In 2023, all directors have completed continuous education, and communicated with the CPA and management teams.

Note 1: If re-election of directors had taken place by the end of the year, old and new directors are listed, in which case, the remarks column would specify whether they are former, newly elected or re-elected directors, and the date of the reelection. The actual presence (attendance) rate (%) will be calculated based on how often the Board of Directors meeting is convened (times) and his/her actual presence (attendance) (times) during his/her term of office.

Note 2: Director by-election on May 26, 2023.

2. The state of operations of the Audit Committee:

Term of office of audit committee members: 3rd term audit committee from August 18, 2022 ~ August 17, 2024. 6 audit committee meetings were held in the most recent fiscal year (2023), and 1 audit committee meetings were held as of the date of publication of the annual report in 2024, which bring about a total of 7 (A) meetings. The attendance of independent directors is shown below:

Job Title	Name	Actual presence (times) (B)	Presence by proxy (times)	Actual presence rate (%) (B/A) (Note)	Remark
Independent Director	Ching-Hsi Hu	7	0	100%	
Independent Director	Yu-Wen Chen	7	0	100%	
Independent Director	Hsuan Chi	7	0	100%	

Other disclosures to be noted:

I. During operations of the Audit Committee, the meeting date, period, content, resolutions of the audit committee and the Company's response to all opinions of the audit committee.

(I) Circumstances referred to in Article 14-5 of the Securities and Exchange Act:

Session Date	Details of the agenda	Resolutions of the audit committee and the Company's response to all opinions of the audit committee
8th meeting of the 3rd term board of directors February 24, 2023	Amendment of the Company's relevant regulations.	The motion was approved by all independent directors unanimously.
	Amendments to the Company's Articles of Incorporation.	The motion was approved by all independent directors unanimously.
	Ratification of the Company's acquisition of equity (shares) of Samtec Engineering Co., Ltd.	The motion was approved by all independent directors unanimously.
	2022 financial statements and business report.	The motion was approved by all independent directors unanimously.
	2022 loss compensation plan.	The motion was approved by all independent directors unanimously.
	The Company's replacement of accounting firm and CPAs.	The motion was approved by all independent directors unanimously.
	CPA independence and appropriateness and professional fees to the CPA in 2023.	The motion was approved by all independent directors unanimously.
	2022 Declaration for Statement of Internal Control System.	The motion was approved by all independent directors unanimously.
	Termination of the Non-competition Restriction Imposed on Directors and its Representatives.	The motion was approved by all independent directors unanimously.
9th meeting of the 3rd term board of directors April 10, 2023	2023 Cash Capital Increase by Private Placement.	The motion was approved by all independent directors unanimously.
10th meeting of the 3rd term board of directors May 11, 2023	Appointment of corporate governance officers.	The motion was approved by all independent directors unanimously.
	Proposal for lifting the non-competition restrictions for corporate governance officers.	The motion was approved by all independent directors unanimously.
11th meeting of the 3rd term board of directors August 10, 2023	Financial statements for the second quarter of 2023.	The motion was approved by all independent directors unanimously.
	Establishment of the "Rules Governing Operations in relation to Finance and Business with Related Parties"	The motion was approved by all independent directors unanimously.
	Amendments to the "Regulations Governing the Prevention of Insider Trading".	The motion was approved by all independent directors unanimously.
12th meeting of the 3rd term board of directors November 10, 2023	Amendment to the Company's internal control system.	The motion was approved by all independent directors unanimously.
	Amendments to the Company's Articles of Incorporation.	The motion was approved by all independent directors unanimously.
	Outsourcing of the Company's "New Construction of the Housing Complex in Xingzuan Section, Tainan City" to the related party	The motion was approved by all independent directors unanimously.
	Proposal for the convener of the Audit Committee to sign transaction contracts with companies within the Group on behalf of the Company.	The motion was approved by all independent directors unanimously.
13th meeting of the 3rd term board of directors December 22, 2023	Proposal for Loaning of Funds by Subsidiary	The motion was approved by all independent directors unanimously.
	Appointment of the President concurrently acting as spokesperson.	The motion was approved by all independent directors unanimously.
	Termination of the non-competition restriction imposed on managers.	The motion was approved by all independent directors unanimously.
14th meeting of the 3rd term board of directors February 27, 2024	Ratification of the Company's acquisition of equity (shares) of Samtec Engineering Co., Ltd.	The motion was approved by all independent directors unanimously.
	The cash capital increase by investing in Samtec Engineering Co., Ltd.	The motion was approved by all independent directors unanimously.
	2023 financial statements and business report.	The motion was approved by all independent directors unanimously.

	2023 loss compensation plan.	The motion was approved by all independent directors unanimously.
	Replacement of the CPAs starting from the first quarter of 2024.	The motion was approved by all independent directors unanimously.
	CPA independence and appropriateness and professional fees to the CPA in 2024.	The motion was approved by all independent directors unanimously.
	2023 Declaration for Statement of Internal Control System.	The motion was approved by all independent directors unanimously.
	Proposal to terminate the non-competition restriction imposed on newly elected directors and other representatives.	The motion was approved by all independent directors unanimously.
	Amendments to the Company's Articles of Incorporation.	The motion was approved by all independent directors unanimously.
	2024 Cash Capital Increase by Private Placement	The motion was approved by all independent directors unanimously.

(II) Except for the matters stated above, any matter that has been adopted with the approval of two-thirds or more of all board directors without having been passed by the audit committee: None.

II. For independent directors' avoidance of motions that involve a conflict of interest, the names of independent directors, contents of the motions, reasons for the recusal of conflict of interest, and participation in voting must be disclosed: None.

III. Communication between independent directors and chief internal audit officer/CPAs (including discussions concerning the Company's financial and business affairs, the method of communication used, and the outcome): Please refer to the Company's website.

3. Status of corporate governance, and deviation from Corporate Governance Best Practice Principles for TWSE/TPEx-Listed Companies and causes thereof

Evaluation criteria	Status			Deviation from Corporate Governance Best Practice Principles for TWSE/TPEx-Listed Companies and causes thereof
	Yes	No	Summary	
I. Does the Company establish and disclose its corporate governance best practice principles based on "Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies"?	✓		(I) The Company’s corporate governance best practice principles have been formulated with reference to the “Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies”, followed by approval of the Board of Directors on April 17, 2018, which was then disclosed on the investor section of the company website.	(I) No difference.
II. The Company’s equity structure and shareholders’ equity (I) Does the Company have the internal procedures regulated to handle shareholders’ proposals, doubts, disputes, and litigation matters, and have the procedures implemented accordingly? (II) Does the Company possess the list of the Company’s major shareholders of ultimate controllers, and the list of the ultimate controllers of the major shareholders? (III) Does the Company establish and implement the risk control and firewall mechanism with its affiliated companies? (IV) Does the Company adopt internal rules prohibiting company insiders from trading securities using information not disclosed to the market?	✓ ✓ ✓ ✓		(I) The Company has appointed dedicated personnel to handle shareholder opinions or disputes. Investors service contact: +886 6 2995586 ext. 101 (II) The Company has entrusted Stock Affairs Department of Grand Fortune Securities Co., Ltd. to handle related stock affairs, and can keep track of the changes in shareholding of major shareholders who own a relatively high percentage of shares and have controlling power. (III) Already included in the Company's internal control system. (IV) The Company prohibits insiders such as directors or employees from using confidential corporate information to reap a profit, and relevant provisions were included in the Company’s internal control system. In addition, the “Regulations Governing the Prevention of Insider Trading” has been disclosed on the investor section of the company website.	(I) No difference. (II) No difference. (III) No difference. (IV) No difference.
III. Composition and responsibilities of the Board of Directors (I) Does the Board of Directors have member diversity policies and specific management goals regulated and implemented substantively?	✓		(I) 1. The Company has established the "Corporate Governance Best Practice Principles, of which Article 20 specifies the Company's policy of director diversity. In order to improve the structure of the board of directors, the Company's board of directors should have diversified members. It is advisable that the members of the board of directors have different professional backgrounds, genders or fields of work. It is also advisable that the board of directors generally possess the knowledge, skills and literacy necessary to perform their duties. 2. In order to implement the diversity of the board of directors, the composition of the Company's board is not limited by gender and age, but based on professionalism and dedication. 3. The Board of Directors of the Company is currently composed of 7 directors, including 3 independent directors and 4 non-independent directors. The directors are all nationals, and 86% (6 directors) are male and 14% (1) are women. In the future, the Company will strive to increase the number of female directors and aim to raise the proportion of female directors to more than one third (33%) of all directors. 4. All current Board of Directors possess the knowledge, skills, educational and professional background necessary to perform their duties. They each have extensive expertise in areas such as accounting, finance, business, law, marketing or industrial technology. The age distribution of the directors is as follows: 1 member aged 41 to 50 (14.3%), 5 members aged 51 to 60 (71.4%), and 1 member aged 61 to 70 (14.3%).	(I) No difference.

<table>
<tr><th rowspan="2">Evaluation criteria</th><th colspan="3">Status</th><th rowspan="2">Deviation from Corporate Governance Best Practice Principles for TWSE/TPEx-Listed Companies and causes thereof</th></tr>
<tr><th>Yes</th><th>No</th><th>Summary</th></tr>
<tr><td></td><td></td><td></td><td>
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<tr><th rowspan="2">Diversified core profession / Name of Director</th><th rowspan="2">Gender</th><th rowspan="2">Age</th><th rowspan="2">Serving as an employee of the Company concurrently</th><th colspan="5">Diversified core profession</th><th colspan="2">Term of office of independent director</th></tr>
<tr><th>Finance & accounting</th><th>Commerce</th><th>Law</th><th>Marketing</th><th>Industrial technology</th><th>Less than 3 terms</th><th>More than 3 terms</th></tr>
<tr><td>Yu-Ming Chang</td><td>Male</td><td>50</td><td></td><td>V</td><td>V</td><td></td><td>V</td><td>V</td><td></td><td></td></tr>
<tr><td>Peng-Kuang Tseng</td><td>Male</td><td>52</td><td>V</td><td></td><td>V</td><td></td><td>V</td><td>V</td><td></td><td></td></tr>
<tr><td>Shuo-Wen Chang</td><td>Male</td><td>45</td><td></td><td></td><td>V</td><td></td><td>V</td><td></td><td></td><td></td></tr>
<tr><td>Chien-Hsien Tsai</td><td>Male</td><td>62</td><td></td><td></td><td>V</td><td>V</td><td></td><td></td><td></td><td></td></tr>
<tr><td>Ching-Hsi Hu</td><td>Male</td><td>59</td><td></td><td>V</td><td>V</td><td></td><td></td><td>V</td><td>V</td><td></td></tr>
<tr><td>Yu-Wen Chen</td><td>Male</td><td>53</td><td></td><td></td><td>V</td><td>V</td><td></td><td></td><td>V</td><td></td></tr>
<tr><td>Hsuan Chi</td><td>Femal</td><td>55</td><td></td><td>V</td><td>V</td><td></td><td>V</td><td></td><td>V</td><td></td></tr>
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</td><td></td></tr>
<tr><td>(II) Does the Company, in addition to setting up the Remuneration Committee and Audit Committee lawfully, have other functional committees set up voluntarily?</td><td>✓</td><td></td><td>(II) On August 27, 2021, the Company’s board of directors passed the establishment of the Corporate Governance Committee, formulated the “Organizational Rules of the Corporate Governance Committee”, and nominated three Corporate Governance Committee members. On November 9, 2022, the Board of Directors approved the establishment of the Nomination Committee, formulated the Organizational Rules of the Nomination Committee, and nominated three Nomination Committee members.</td><td>(II) No difference.</td></tr>
<tr><td>(III) Does the Company establish a set of policies and assessment methods to evaluate the Board of Directors' performance, conduct the performance evaluation regularly at least on an annual basis, and submit the results of performance assessments to the Board of Directors and use them as reference in determining remuneration for individual directors, and their nomination for additional office term?</td><td>✓</td><td></td><td>(III) The Company’s board of directors approved the “Rules for Performance Evaluation of Board of Directors” on March 25, 2020, and completed the 2023 Board of Directors performance assessment in the first quarter of 2024.</td><td>(III) No difference.</td></tr>
<tr><td>(IV) Does the Company have the independence of the external auditors evaluated regularly?</td><td>✓</td><td></td><td>(IV) The Board of Directors shall discuss the CPA’s independence and appropriateness at least once every year. The recent review was completed on February 27, 2024. The evaluation and review of the 15 factors that may affect the independence of the CPAs. The content of the evaluation was submitted to the board of directors with reference to No. 10 of the Official Statement of Ethics and Article 47 of the Certified Public Accountant Act. (Please refer to p.46)</td><td>(IV) No difference.</td></tr>
<tr><td>IV. Does the TWSE/TPEx-listed company assign the adequate number of competent corporate governance officers, and appoint the chief corporate governance officer responsible for the corporate governance affairs (including but not limited to, provision to directors/supervisors of the information needed by them to perform their duties, assistance to directors/supervisors in compliance, organization of the Board of Directors meetings and shareholders’ meetings, and preparation of the Board of Directors meetings and shareholders’ meeting minutes, etc.)?</td><td>✓</td><td></td><td>The Company has the financial management department as the full-time corporate governance unit of the Company, and on May 11, 2023, the board of directors has approved the appointment of a corporate governance officer, who possesses over 3 years of experience in financial, equity, and procedural management in publicly listed companies, to safeguard shareholder rights and enhance the effectiveness of the board of directors. Corporate governance officer is primarily responsible for handling matters related to Board meetings and shareholder meetings in accordance with the law, preparing board meeting and shareholder meeting minutes, assisting directors in taking office and continuing their education, providing directors with information needed to carry out their duties, assisting directors in complying with laws and regulations, and periodically attending promotion seminars organized by regulatory authorities.</td><td>No difference.</td></tr>
<tr><td>V. Does the Company provide proper channels of communication with stakeholders (including but not limited to shareholders, employees, customers, and suppliers) and create a stakeholder section on its website to address corporate social responsibility issues that are of significant concern to stakeholders?</td><td>✓</td><td></td><td>The Company reports various financial and business information on the MOPS in accordance with relevant regulations on a regular and irregular basis, so as to provide stakeholders with sufficient information for making judgments. In addition, the Company has also set up a stakeholder area on the official website for stakeholders to communicate through e-mail, and has appointed a spokesperson to be responsible for external communications. The Company's current official website is: www.fce.com.tw.</td><td>No difference.</td></tr>
</table>

Evaluation criteria	Status			Deviation from Corporate Governance Best Practice Principles for TWSE/TPEx-Listed Companies and causes thereof
	Yes	No	Summary	
VI. Does the Company engage a Shareholders Service Agency to handle Shareholders' Meeting affairs?	✓		The Company has appointed Fubon Securities to handle shareholders' meeting affairs.	No difference.
VII. Information disclosure (I) Does the Company set up a website to disclose the Company's financial operations and corporate governance information? (II) Does the Company adopt other information disclosure methods (e.g., establishing an English website, designating a responsible person for collecting and disclosing information about the Company, practicing the spokesman system, posting the investor conference on the Company's website, etc.)? (3) Does the Company publish and make official filing of annual financial reports within two months after the end of an accounting period, and publish/file Q1, Q2, and Q3 financial reports plus monthly business performance before the specified due dates?	✓ ✓ ✓		(I) The Company reports various financial and business information on the MOPS in accordance with relevant regulations on an regular and irregular basis. The Company's current official website is: www.fce.com.tw. (II) The Company has appointed dedicated personnel to be responsible for the collection and disclosure of company information, and has established a spokesman/deputy spokesman system. (III) The Company currently declares the annual financial statements within two months after the end of each fiscal year, and the financial statements for the first, second, and third quarters and the operating status of each month within 45 days after the end of each fiscal year. In the future, the feasibility of implementation will be evaluated based on operational conditions.	(I) No difference. (II) No difference. (III) No difference.
VIII. Does the Company have other information that enables a better understanding of the Company's corporate governance practices (including but not limited to employee rights, employee care, investor relations, supplier relations, stakeholders' interests, continuing education of directors and supervisors, implementation of risk management policies and risk measurements, implementation of customer policy, and the Company's purchase of liability insurance for directors and supervisors)?	✓		1. Employee rights and interests: The Company has formulated work rules in accordance with relevant laws and regulations, which expressly stipulates the protection of employees' rights and interests. 2. Employee care: The Company has set up an employee welfare committee, implemented the pension system, employee group insurance, and attached great importance to labor-management relations. 3. Investor relations: The Company discloses company-related information according to law to protect investors' rights and interests, fulfill the responsibilities of business towards investors, and set up a spokesperson system to directly communicate with investors. 4. Supplier relations: The Company has established sound financial relationship with its supplier. 5. Stakeholder rights: Stakeholders may communicate and express their opinions to the company for the protection of rights and interests. 6. Director training status: We timely advocate on directors and supervisor training channels and relevant information, and disclose the director training status on the MOPS. 7. Implementation of risk management policies and risk measurement standards: The Company has established internal regulations where significant operational policies, loans or endorsements, acquisitions or disposals of assets, and major investment projects must be processed in accordance with relevant procedures and executed based on delegated authority or upon approval by the board of directors. 8. Implementation of customer service policy: The Company has established customer complaint procedures, and identified problems and responsibilities related to customer complaints, with effective response measures, prevention, and improvement measures, with the aim to prevent similar incidents from recurring, and maintain stable relationships with customers. 9. Purchase of liability insurance for directors: The Company has purchased liability insurance for directors, and disclosed it on the MOPS in accordance with relevant regulations.	No difference.

IX. Please explain the improvements made, based on the latest Corporate Governance Evaluation results published by the TWSE Corporate Governance Center, and propose enhancement measures for any issues that are yet to be rectified.		✓	

Topic	Item	Yes to improvement	Description
1.10	Did the Company upload the English version of the meeting handbook and meeting supplementary materials 30 days before the regular shareholders' meeting?	No	Implemented in 2023
1.11	Has the Company uploaded the English version of its annual report 7 days prior to the shareholders' meeting?	No	Implemented in 2023
1.15	Whether the Company has established and disclosed on the Company's website internal regulations prohibiting insiders such as directors or employees from trading securities using unpublished market information, including (but not limited to) directors are not allowed to trade their stocks during the 30-day period before the announcement of the annual financial report and the 15-day period before the announcement of each quarterly financial report, along with explanations of the implementation status?	No	To update internal regulations and strengthen advocacy
2.2	Has the Company established a policy for the diversity of board members, and disclosed the specific management objectives and implementation of the diversity policy on the Company's website and annual report?	No	Disclosed in 2023
2.11	Are the Company's interim financial reports approved by the Audit Committee and submitted to the Board of Directors for discussion and resolution?	No	Quarterly and annual financial statements for 2023 were approved by the Audit Committee and submitted to the Board of Directors for discussion and resolution
2.18	Does the Company conduct annual internal performance evaluations on functional committees (should include at least the Audit Committee and the Remuneration Committee), and disclose the implementation status and evaluation results on the Company's website or annual report?	No	The performance evaluation of the Audit Committee and the Remuneration Committee has been conducted in 2023
2.21	Has the Company set up a corporate governance officer to be responsible for corporate governance-related matters, and has the scope of authority and continuing education been disclosed on the Company's website and annual report?	No	Corporate Governance Officer was appointed on May 11, 2023
2.24	Has the Company established a cyber security risk management framework, cyber security policies, concrete management programs, invested in resources for cyber security management, and disclosed them on the company's website or in its annual report?	No	Established in 2023 and disclosed on the Company's website
3.4	Does the Company publish the annual financial report certified by the CPA within two months after the end of the fiscal year?	No	Announced before the end of February 2023
3.5	Has the Company uploaded the annual financial statements disclosed in English seven days prior to the regular shareholders' meeting?	No	Implemented in 2023

Directors' continuing education:

Job Title	Name	Organizer	Name of Course	Hours of Continuing Education	Compliance with the "Continuing Education for Directors and Supervisors of TWSE Listed and TPEx Listed Companies"
Chairman	Yu-Ming Chang	Taiwan Corporate Governance Association	How a lighthouse factory uses digital transformation to achieve sustainable development	3 hours	Yes
		Taiwan Institute of Directors	Sweeping the snow only from one's own doorstep doesn't make it truly safe	3 hours	Yes
Representative of institutional director	Peng-Kuang Tseng	Taiwan Corporate Governance Association	How a lighthouse factory uses digital transformation to achieve sustainable development	3 hours	Yes
		Taiwan Institute of Directors	Sweeping the snow only from one's own doorstep doesn't make it truly safe	3 hours	Yes
Representative of institutional director	Shuo-Wen Chang	Taiwan Corporate Governance Association	How a lighthouse factory uses digital transformation to achieve sustainable development	3 hours	Yes
		Taiwan Institute of Directors	Sweeping the snow only from one's own doorstep doesn't make it truly safe	3 hours	Yes
Representative of institutional director	Chien-Hsien Tsai	Taiwan Investor Relations Institute (TIRI)	2023 KPMG Taiwan Business Leader Academy Forum "Business Opportunities and Challenges under the Net Zero Craze"	3 hours	Yes
		Taiwan Academy of Banking and Finance	Corporate Governance Forum	3 hours	Yes
Independent Director	Ching-Hsi Hu	Taiwan Corporate Governance Association	How a lighthouse factory uses digital transformation to achieve sustainable development	3 hours	Yes
		Taiwan Institute of Directors	Sweeping the snow only from one's own doorstep doesn't make it truly safe	3 hours	Yes
Independent Director	Yu-Wen Chen	Taiwan Investor Relations Institute (TIRI)	2023 KPMG Taiwan Business Leader Academy Forum "Business Opportunities and Challenges under the Net Zero Craze"	3 hours	Yes
		Taiwan Academy of Banking and Finance	Corporate Governance Forum	3 hours	Yes
Independent Director	Hsuan Chi	Taiwan Corporate Governance Association	Offensive and defensive strategies for management disputes and the legal liability risk of the company's responsible person (independent director)	3 hours	Yes
		Taipei Exchange	Promotional Seminar on Sustainable Development Initiatives for Listed Companies	3 hours	Yes

4. If the Company has established a remuneration committee, the composition, responsibilities, and operations of the committee shall be disclosed: The Company has established the remuneration committee

〈1〉 Organizational structure of the committee: There are 3 committee members, appointed by resolution of the Board of Directors, one of whom shall be the convener. The professional qualifications and independence of the remuneration committee members are in compliance with Articles 5 and 6 of the Regulations Governing the Exercise of Powers by Remuneration Committees.

〈2〉 The remuneration committee's function: To evaluate, from an expert and objective standpoint, the Company's policies and systems for the remuneration of directors and executive officers, and to make recommendations to the Board of Directors for the board's reference in decision-making.

〈3〉 Operational status of the committee: The committee is in normal operations.

(1)Information about the Remuneration Committee members

ID	Qualifications / Name	Professional qualification and experience	Compliance with independence	Number of other public companies in which the member concurrently serves as a remuneration committee member
Independent Director (Convener)	Ching-Hsi Hu	Department of Economics, Tunghai University; Specialist of the Bank of Panhsin; expertise in finance, investment management, and corporate governance in order to improve the corporate governance and supervisory functions of the Board of Directors and audit committee. No breach of Article 30 of the Company Act has occurred.	According to the Company's Articles of Incorporation and "Corporate Governance Best Practice Principles," the directors shall be elected under the candidate nomination system. When nominating and electing the Board members, the Company has received the written statement, information about work experience, current certificate of employment, and kinship chart from each director and, therefore, already verified the independence of them, their spouses, and relatives within 3rd degree of kinship as to the Company. Meanwhile, upon verification, the three independent directors identified in the left column were held to satisfying the qualification requirements under the "Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies" promulgated by FSC and Article 14-2 of the Securities and Exchange Act within two years before they assume the positions and during their term of office. The independent directors have also been empowered to participate in the decision-making and express opinions under Article 14-3 of the Securities and Exchange Act, in order to perform their job duties independently.	Concurrently served in 1 public company

Independent Director	Yu-Wen Chen	Master of Civil and Commercial Law, School of Law, Fu Jen Catholic University; Partnership Attorney of Tai Yang Law Firm; and Chief Attorney/ Director of Shin Ruei Attorneys at Law; with law work experience and corporate governance expertise in order to improve the corporate governance and supervisory functions of the Board of Directors and audit committee. No breach of Article 30 of the Company Act has occurred.	Same as above	None
Independent Director	Hsuan Chi	Master of Accountancy, George Washington University; Assistant Vice President of GC Capital Taiwan Branch; Assistant Vice President of Capital Markets Division, Yuanta Securities Co., Ltd.; Senior Assistant Vice President of the Investment Banking Department at Fubon Securities Co. Ltd.; current General Manager/Director of Sheng Kang Capital Ltd.; with expertise in business, marketing, business planning, practical skills on operations management and corporate governance, in order to improve the corporate governance and supervisory functions of the Board of Directors and audit committee. No breach of Article 30 of the Company Act has occurred.	Same as above	None

(2)Information about functionality of Remuneration Committee

A. The Company's Remuneration Committee consists of 3 members.

B. Term of office of remuneration committee members: 6th term remuneration committee from August 18, 2022 ~ August 17, 2024. 2 remuneration committee meetings were held in the most recent fiscal year (2023), and 1 remuneration committee meeting was held as of the date of publication of the annual report in 2023, which brought about a total of 3 (A) meetings. The attendance of committee members is shown below:

Job Title	Name	Actual presence (times) (B)	Presence by proxy (times)	Actual presence rate (%) (B/A) (Note 1)	Remark
Convener	Hu Ching-Hsi	3	0	100%	
Member	Chen Yu-Wen	3	0	100%	
Member	Hsuan Chi	3	0	100%	

Other disclosures to be noted:

I. Where the Board of Directors rejects or modifies the suggestions from the Remuneration Committee, please disclose the date and session of the meeting, the contents of the motions, the resolution made by the Board of Directors meeting, and how the Company has responded to Remuneration Committee's opinions (describe the differences and reasons, if any, should the Board of Directors approve a solution that is more favorable than the one proposed by the Remuneration Committee): None.

II. Where any resolution(s) by the Remuneration Committee be passed but with member voicing opposing or qualified opinions on the record or in writing, please disclose the date and session of the meeting, contents of the motion, the entire members' opinions, and how their opinions are addressed: None.

Note 1: If a member of the Remuneration Committee resigns before the end of the year, the date of resignation shall be indicated in the Remarks column, and their attendance (%) shall be calculated by the number of meetings attended by the member divided by the number of committee meetings held during their term of office.

Note 2: Before the end of the year, if there is an election of the committee members, the new and old members shall be entered, and the old, new, or re-elected status and the election date of each member shall be indicated in the Remarks column. The attendance (%) shall be calculated with the number of meetings attended by each member divided by the number of committee meetings held during their term of office.

C. Important resolutions made by the remuneration committee in the most recent year until the date of publication of the annual report:

Date	Content	Resolution
January 13, 2023	(I) Discussion of the performance review and remuneration policy, system, standards, and structure for directors and executive officers.	Approved unanimously
	(II) Evaluation of the Company's 2023 salary for directors and executive officers.	Approved unanimously
	(III) Distribution of 2022 year-end bonuses and performance bonuses of the Company's management level.	Approved unanimously
December 22, 2023	(I) Discussion of the performance review and remuneration policy, system, standards, and structure for directors and executive officers.	Approved unanimously
	(II) Review of the remuneration to the new President and Spokesperson.	Approved unanimously
January 25, 2024	(I) Distribution of 2023 year-end bonuses and performance bonuses of the Company's management level.	Approved unanimously

5. Status of sustainable development, and deviation from Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies and causes thereof:

Items	Status			Deviation from Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies and causes thereof
	Yes	No	Summary	
I. Has the Company established a governance structure to promote sustainable development and set up a dedicated (concurrent) unit to promote sustainable development, governed by the senior management as authorized by the Board of Directors, which supervises the implementation?	✓		(I) 1. The Company's "Sustainable Development Committee", chaired by the President, has 3 teams: The "Corporate Governance Team," "Sustainable Environment Team," and "Social Welfare Team" are responsible for the implementation of corporate social responsibility related projects. The implementation status is reported to the Board of Directors on a regular basis. 2. The implementation of the Company's various organizations, including but not limited to: (1) The dedicated (part-time) unit to promote sustainable development shall be the "Sustainable Development Committee"; (2) The composition, operation, and implementation of the current year: The President serves as the chairman, and the executive office is the manager of the construction and investment business group. (3) Date of report to the Board of Directors: December 22, 2023. The supervision of the sustainable development by the board of directors is described. The board of directors has no objection to the items proposed by the sustainable development committee.	(I) No difference.
II. Does the Company, in accordance with the materiality principle, conduct risk assessments on environmental, social, and corporate governance issues pertaining to company operations and establish the relevant risk management policy or strategy? (Note 1)		✓	(I) Based on the principle of materiality, the Company discloses the risk assessment of environmental, social and corporate governance issues related to the Company's operations in the report and the Company's website; In the future, we will continue to practice relevant corporate social responsibilities and strengthen the formulation of relevant risk management strategies, in order to achieve the Company's vision of sustainable development.	(I) No difference.
III. Environmental issues (I) Does the Company have an appropriate environmental management system established in accordance with its industrial character?		✓	(I) The Company attaches great importance to environmental quality, and implements energy-saving, power-saving and water-saving measures in its operations. Waste at each construction site is fully recycled and treated by professional and legal environmental protection companies, in order to contribute to the green environmental protection.	(I) The product has not been submitted to the relevant international certification bodies for inspection. Inspections will be conducted in accordance with the progress of greenhouse gas inventory and verification schedule.
(II) Does the Company endeavor to utilize all resources more efficiently, and use renewable materials which have a low impact on the environment?	✓		(II) The Company is committed to utilizing various resources more efficiently in operating activities and internal management, so as to ensure sustainability of the earth's resources. Relevant environmental protection policies include: promoting the recycling of photocopy paper and dedicating efforts to waste classification and recycling.	(II) No difference.
(III) Does the Company assess the current and future potential risks and opportunities that climate change may present to enterprises and adopt the responsive measures against climate-related issues?	✓		(III) The Sustainable Development Committee (SDC) is the highest body of the Company for micro climate change management. The Chairman serves as the committee member. Every year, the Company reviews the Company's climate change strategies and goals, manages climate change risks and opportunities, and discusses the implementation status and future plans, and report to the Board of Directors. 1. Enterprises are exposed to the substantial risks of climate change. We are fully aware that the risks brought about by climate change will have a great impact on the environment and ecology, and will cause great harm to long-term economic development. In the risk assessment completed in 2023, climate-related risks included environmental regulations, increased costs of adopting green building materials, risks of heat-related injuries to employees working outdoors in high temperatures, and various emergencies such as extreme weather events like windstorms, floods, earthquakes, and power outages affecting the construction of projects. 2. Climate change presents opportunities for businesses in recent years, with significant environmental changes leading to increased urban flooding and drought risks. Recognizing this, the Company considers the rational use and disposal of resources in construction and material selection. The Company strives to promote the renewable use of water resources, enabling buildings to recycle water during rainy days to reduce urban runoff and minimize the risk of flooding. Additionally, during droughts, the Company utilizes the site's water retention properties and harvested rainwater for irrigation and general cleaning, mitigating the impacts of drought. By prioritizing environmental protection and addressing climate change issues, we aim to provide high-quality residences, which contributes to the sales of the Company's projects.	(III) No difference.
(IV) Does the Company maintain statistics on GHG emission, water consumption, and total waste volume in the last two years, and implement policies aiming at reducing CO2 and GHG emissions, water, or other wastes?	✓		(IV) The Company takes into account the impact of climate change, and implemented policies related to energy saving, carbon reduction and greenhouse gas reduction, including paperless office, turning off lights during lunch breaks, allowing flexibility on indoor air-conditioning, and maintenance and repair of air-conditioning equipment on a regular basis. The Company's electricity consumption in 2022 and 2023 were 17,621kWh and 48,380kWh, respectively, translating to carbon emissions of 8896kg and 26,802.5kg, respectively, while the water consumption in 2022 and 2023 were 7kWh and 723kWh, respectively, translating to carbon emissions of 1.064kg and 109.89kg, respectively.	(IV) No difference.
IV. Social issues (I) Does the Company develop its policies and procedures in accordance with laws and International Bill of Human Rights?	✓		(I) The Company abides by relevant labor laws and regulations to protect employee rights and interests, with two-way communication which includes advocating on company policies and understanding employee opinions. In addition, the Company formulated the human rights policies, which are disclosed on the company website.	(I) No difference.
(II) Does the Company adopt and implement reasonable employee benefit policy (including remuneration, vacation and other benefits, etc.), and reflect the operating performance or results to the remuneration to employees adequately?	✓		(II) The Company attaches great importance to employee care, the employee retirement system, and a friendly working environment. The Company provides a comprehensive employee welfare system, which includes salary, incentives,	(II) No difference.

Items	Status			Deviation from Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies and causes thereof
	Yes	No	Summary	
			and bonuses, in order to increase employees' dedication to work and devotion to the performance of their duties. Relevant employee welfare measures include: Providing labor insurance/health insurance/group insurance and festival gifts for employees, conducting employee health check-ups and domestic and international travel activities, and providing employees with food subsidies, condolences and disability benefits. In addition, we also established a welfare committee to provide employees with marriage gifts, maternity subsidies, travel allowances, injury compensation, death condolences, and birthday celebration activities. Employees are also allowed to apply for parental leave. In addition, the employee compensation reflected the Company's business achievements. Under the dividends policy as set forth in the Company's Articles of Incorporation, if the Company made a profit in a fiscal year, it shall distribute no less than 1% and no higher than 15% as employee compensation, while the remuneration for directors and supervisors shall be no higher than 5% of profit. However, a reserve is allotted to be used to make up for the company's accumulated losses, and then employee compensation and the remuneration for directors and supervisors shall be set aside in accordance with the percentage mentioned in the preceding paragraph. Employee compensation also includes performance bonuses calculated based on the Company's annual operating performance.	
(III) Does the Company provide employees with a safe and healthy work environment, and provide safety and health education to employees regularly?	✓		(III) The Company provides employees with a safe and healthy work environment, and timely make announcements and advocacy related to safety and health education to employees.	(III) No difference.
(IV) Does the Company have an effective career capacity development training program established for employees?	✓		(IV) To cultivate professionalism and employee development, the Company holds internal training courses and professional training courses for dispatched personnel on an irregular basis.	(IV) No difference.
(V) Does the Company comply with laws and international standards with respect to the issues including customers' health, safety, privacy, marketing, and labeling in all products and services offered, and adopt consumer or customer interest protection policies and grievance procedures?	✓		(V) The Company's products are not directly supplied to general consumers. The Company attaches great importance to product quality, and has established the Procedure for "Handling Customer Complaints" and "Customer Satisfaction Survey Procedures" and other relevant regulations, dedicating efforts to deal with customer complaints immediately.	(V) No difference.
(VI) Does the Company adopt any specific supplier management policy demanding that the suppliers should comply with the related regulations governing environmental protection, occupational safety, and health or laborers' human rights, and how the policy is implemented?	✓		(VI) The Company has established a supplier management policy, and will send out a warning for any violation of environmental laws and regulations, and request for improvement within a limited time period. In accordance with relevant regulations, the Company will no longer cooperate with the supplier for serious circumstances.	(VI) No difference.
V. Does the Company prepare the sustainable development report or any report on non-financial information based on international reporting standards or guidelines? Does said report have been assured or guaranteed by a third party certification unit?		✓	(I) The Company has not yet prepared the sustainable development report.	Not applicable.
VI. If the Company has established sustainable development best practice principles in accordance with "Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies," please describe the current practices and any deviations thereof from such principles: No difference.				
VII. Other important information that facilitates the understanding of the promotion of sustainable development: 1. Formulate practical and executable operational strategies, such as supplier management, environmental protection, and occupational safety and health policies. 2. Organized safety and health employee education and training courses. 3. Organized integrity management employee education and training courses. 4. Organize insider trading prevention education and training courses for employees, directors and supervisors. 5. Statistical analysis of the Company's 2022 and 2023 GHG emissions, carbon reduction, and water consumption data.				

Note 1: The materiality principle refers to environmental, social and corporate governance issues that are of material impact on the Company's investors and stakeholders.

6. The state of the Company's implementation of ethical corporate management and deviation from Ethical Corporate Management Best Practice Principles for TWSE/TPEx Listed Companies and causes thereof:

Item	Status			Deviation from Ethical Corporate Management Best Practice Principles for TWSE/TPEx Listed Companies and causes thereof
	Yes	No	Summary	
I. Establishment of ethical management policies and plans				
(I) Does the Company state in its regulations or external correspondence about the ethical management policies and practices passed by the Board of Directors and the commitment of the Board of Directors and senior management to actively implement the operating policies?	✓		(I) The Company has established the “Ethical Corporate Management Best Practice Principles” and “Codes of Ethical Conduct for Directors and Managerial Officers”, which were disclosed on the Company’s internal regulations and the MOPS after approval of the Board of Directors, and implemented accordingly. On March 25, 2020, the Board of Directors passed the formulation of the “Integrity Management Procedures and Behavior Guidelines”. The Company’s Audit Office will conduct audits on an irregular basis.	(I) No difference.
(II) Does the Company establish the assessment mechanism about unethical conduct to analyze and assess the operating activities with higher risk of unethical conduct in the scope of business periodically, and adopt the unethical conduct prevention program based on the mechanism, which shall at least cover the prevention measures referred to in the subparagraphs of Paragraph 2, Article 7 of the “Ethical Corporate Management Best Practice Principles for TWSE/TPEx Listed Companies”?	✓		(II) The Company's “Ethical Corporate Management Best Practice Principles” specifically stipulated that the Company’s employees shall not directly or indirectly offer, promise to offer, request or accept any improper benefits, nor commit unethical acts including breach of ethics, illegal acts, or breach of fiduciary duty.	(II) No difference.
(III) Does the Company expressly state the SOP, guidelines for conduct and reward & punishment and grievance systems in the unethical conduct prevention program, implement the same precisely, and review amendments to said program?	✓		(III) The Company's “Ethical Corporate Management Best Practice Principles” clearly stipulated that the Company shall provide a proper whistleblowing channel, and ensure confidentiality of the identity of whistle-blowers and the content of reported cases. The penalty appeals system for violation of ethical management regulations shall be implemented according to the Company’s relevant rules. Illegal activities (including corruption) and immoral behaviors of internal and external personnel can be reported via the whistleblower e-mail: fce_contact@yahoo.com.	(III) No difference.
II. Implementation of ethical management				
(I) Does the Company evaluate the ethical record of all counterparts it has business relationships with? Are there any ethical management clauses in the agreements it signs with business partners?	✓		(I) Before business transactions, the Company evaluates the legitimacy of the trading counterparty and whether there has been dishonest behavior, so as to ensure fair and transparent business operations, with no requesting, offering or accepting bribes.	(I) No difference.
(II) Does the Company have a unit that specializes in business integrity? Does this unit report ethical corporate management policies and preventive measures for unethical conduct to the Board of Directors on a regular basis (at least once every year), and supervise the implementation status?	✓		(II) The Company has designated the Management Dept. as a dedicated unit (hereinafter referred to as “the Company's responsible unit”) under the Board of Directors. The responsible unit shall conduct regular audits on the implementation of ethical management, and are responsible for the monitoring and reporting of various operations in order to achieve ethical management. The responsible unit shall report to the Board of Directors on the implementation status of ethical management at least once a year.	(II) No difference.
(III) Does the Company have any policy that prevents conflict of interest, and channels that facilitate the report of conflict of interest?	✓		(III) We have formulated the “Rules of Procedure for Board of Directors Meetings” which stipulated the directors’ duties to avoid conflict of interest. Those who have personal interest or the interest of the juridical person they represent involved in the proposals on the agenda of the board meetings, which may be detrimental to the Company’s interest, may state their opinions and answer questions and should recuse themselves from the discussion and voting on a given proposal, and may not act as another director's proxy to exercise voting rights on that matter. The avoidance of conflict of interest has been conducted in accordance with the Rules of Procedure for Board of Directors Meetings at the board of directors meetings on January 13, 2023, February 24, 2023, November 10, 2023, December 22, 2023, and January 25, 2024.	(III) No difference.
(IV) Does the Company fulfill the ethical management by establishing an effective accounting system and internal control system, and have an internal audit unit research and adopt related audit plans based on the unethical conduct risk assessment result, conducting audits on the compliance by the unethical conduct prevention program, or appoint a CPA to conduct the audits?	✓		(IV) To ensure the fulfillment of ethical management, the Company has established an effective accounting system and internal control system, and has the internal auditors to conduct audits on a regular basis on the compliance with the aforementioned system. Currently, there is no need to appoint a CPA to conduct the audits.	(IV) No difference.
(V) Does the Company organize internal or external training on a regular basis to maintain ethical management?	✓		(V) The Company has formulated internal communication and investor relationship handling procedures, and organized education and training courses and advocacy on an irregular basis. On December 22, 2023, the Company has conducted a 2-hour internal education training related to the "Implementation of Ethical Management", with a total of 16 participants.	(V) No difference.
III. Implementation of the Company's whistleblowing system				
(I) Does the Company have a specific whistleblowing and reward system stipulated, a convenient whistleblowing channel established, and a responsible staff designated to deal with the accused party?	✓		(I) The Company has a whistleblowing system for internal and external personnel to report on illegal activities (including corruption) and immoral behaviors, with a whistleblower e-mail as a convenient reporting channel. The Management Dept. is designated to deal with relevant matters. Complaints mailbox: fce_contact@yahoo.com	(I) No difference.
(II) Does the Company define the standard operating procedure, follow-up measures to be taken upon completion of the investigation, and non-disclosure mechanism toward the investigation of reported cases as accepted?	✓		(II) Any employee in violation of ethical management rules shall be punished according to relevant reward and punishment regulations stipulated in the Company's work rules. In 2023, there were no	(II) No difference.

Item	Status			Deviation from Ethical Corporate Management Best Practice Principles for TWSE/TPEx Listed Companies and causes thereof
	Yes	No	Summary	
(III) Does the Company take proper measures to protect the whistleblowers from suffering any consequence of reporting an incident?	✓		internal or external reporting incidents. (III) The Company will protect whistleblowers and those who participate in the investigations related to the violations of integrity management regulations, so as to avoid unfair treatment or retaliation in the workplace.	(III) No difference.
IV. Enhanced information disclosure (I) Does the Company disclose the contents of its ethical management best practice principles and the result of implementation on its official website and MOPS?	✓		(I) The Company has established a website to disclose the Company's "Ethical Management Best Practice Principles". The Company's ethical management status was disclosed in the annual report, which is available for download on the MOPS.	(I) No difference.
V. If the Company has formulated its own Corporate Governance Best Practice Principles as per the "Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies", please specify the difference between its operation and the principles: For sustainable development, the Company has established the corporate culture of ethical management, and formulated the "Ethical Management Best Practice Principles" in accordance with the "Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies", with service rules to ensure better management. There were no significant difference between the Company's operation and the principles.				
VI. Other information material to the understanding of ethical management operation: 1. Transactions between the Company and related parties are disclosed on the MOPS in accordance with relevant laws and regulations. 2. The Company has set up an audit office to review the implementation of various business activities, and submit audit summary reports to the Board of Directors on a regular basis.				

7. If the Company has established corporate governance principles or other relevant guidelines, the access to such principles must be disclosed:

The Company has formulated the Corporate Governance Best Practice Principles and related regulations including the Articles of Incorporation, Regulations Governing the Prevention of Insider Trading, and Ethical Corporate Management Best Practice Principles, which have been disclosed on the Company's website (http://www.fce.fce. com.tw).

8. Other information material to the understanding of corporate governance within the Company: None.

9. Implementation of internal control system:

〈1〉Declaration for Statement of Internal Control: Please refer to page 44.

〈2〉The external auditor's report issued by the CPA commissioned to conduct an internal control audit, if any: None.

10. Punishments received by the Company and its internal personnel pursuant to laws and punitive actions issued by the Company against its internal employees in violation of the internal control system provisions for the latest year until the date of publication of the annual report, major deficiency, and correction status: None.

11. Important resolutions made by the shareholders' meeting and board of directors meeting in the most recent year until the date of publication of the annual report:

〈1〉Important resolutions made by the shareholders' meeting in 2023 until the date of publication of the annual report:

Date	Content		Resolution	Implementation
May 26, 2023	Ratification matters	1. 2022 Business Report and Financial Statements	Pass the motion per the resolution adopted based on the present shareholders' voting results. Votes: 65,870,326 votes; approval votes: 62,816,641 votes (95.36%); disapproval votes: 230,343 votes (0.34%), invalid votes: 0 votes (0.00%), abstention votes/no votes: 2,823,342 votes (4.28%)	Compliance with the resolution
		2. 2022 Loss Compensation Plan	Pass the motion per the resolution adopted based on the present shareholders' voting results. Votes: 65,870,326 votes; approval votes: 62,804,032 votes (95.34%); disapproval votes: 236,880 votes (0.35%), invalid votes: 0 votes (0.00%), abstention votes/no votes: 2,829,414 votes (4.29%)	Implemented according to the approved content.
	Discussion matters	1. Amendments to the Articles of Incorporation.	Pass the motion per the resolution adopted based on the present shareholders' voting results. Votes: 70,643,391 votes; approval votes: 68,050,413 votes (96.32%); disapproval votes: 33,153 votes (0.04%), invalid votes: 0 votes (0.00%), abstention votes/no votes: 2,559,825 votes (3.62%)	Submitted to the competent authority for amendments.
		2. Amendments to the "Procedures for the Acquisition and Disposal of Assets".	Pass the motion per the resolution adopted based on the present shareholders' voting results. Votes: 70,643,391 votes; approval votes: 68,047,491 votes (96.32%); disapproval votes: 37,955 votes (0.05%), invalid votes: 0 votes (0.00%), abstention votes/no votes: 2,557,945 votes (3.62%)	Already operated per the amended Procedures.
		3. 2023 Cash Capital Increase by Private Placement	Pass the motion per the resolution adopted based on the present shareholders' voting results. Votes: 70,643,391 votes; approval votes: 68,063,262 votes (96.34%); disapproval votes: 98,007 votes (0.13%), invalid votes: 0 votes (0.00%), abstention votes/no votes: 2,482,122 votes (3.51%)	Implemented according to the approved content.
	Election matters	By-election of One Director.	The term of office is from May 26, 2023 to August 17, 2024. Director-elect: Meisen Holdings Co., Ltd. Representative: Shuo-Wen Chang Number of votes elected 61,880,832	Resolution passed.
	Other proposals	Termination of the Non-competition Restriction Imposed on Directors and its Representatives.	Pass the motion per the resolution adopted based on the present shareholders' voting results. Votes: 65,870,326 votes; approval votes: 62,270,173 votes (94.53%); disapproval votes: 712,600 votes (1.08%), invalid votes: 0 votes (0.00%), abstention votes/no votes: 2,887,553 votes (4.38%)	
	Extraordinary Motions	None.		

〈2〉Important resolutions of the Board of Directors in 2023 and until the date of publication of the annual report

Date	Contents	Resolutions
January 13, 2023	1. Matters to be reviewed at 5th meeting of the 6th term Remuneration Committee.	Approved by all of the present directors, other than director Yu-Ming Chang who recused himself from the resolution for conflict of interest, unanimously.
February 24, 2023	1. Amendment of the Company's relevant regulations. 2. Amendments to the Company's Articles of Incorporation. 3. Ratification of the Company's acquisition of equity (shares) of Samtec Engineering Co., Ltd. 4. 2022 financial statements and business report. 5. 2022 loss compensation plan. 6. The Company's replacement of accounting firm and CPAs. 7. CPA independence and appropriateness and professional fees to the CPA in 2023. 8. Formulation of the general principles of the Company's pre-approved non-assurance services policy. 9. 2022 Declaration for Statement of Internal Control System. 10. By-election of One Director. 11. Nomination and resolution of the Directors and Independent Directors Candidates List. 12. Termination of the Non-competition Restriction Imposed on Directors and its Representatives. 13. Organization of 2023 shareholders' meeting and acceptance of proposals submitted by shareholders.	Proposals 1-2 were approved unanimously. After voting for Proposal 3, Yu-Ming Chang, Peng-Kuang Tseng, Ching-Hsi Hu, Yu-Wen Chen, and Hsuan Chi voted for the proposal, whereas Chien-Hsien Tsai voted against the proposal. The proposal was approved. After voting for Proposal 4, Yu-Ming Chang, Peng-Kuang Tseng, Ching-Hsi Hu, Yu-Wen Chen, and Hsuan Chi voted for the proposal, whereas Chien-Hsien Tsai expressed qualified opinion. The proposal was approved. After voting for Proposal 5, Yu-Ming Chang, Peng-Kuang Tseng, Ching-Hsi Hu, Yu-Wen Chen, and Hsuan Chi voted for the proposal, whereas Chien-Hsien Tsai expressed qualified opinion. The proposal was approved. Proposals 6-13 were approved unanimously.
April 10, 2023	1. 2023 Cash Capital Increase by Private Placement. 2. Proposal for adding the reason for calling the shareholders' meeting. 3. Adjustment of the Company's GHG inventory and verification schedule.	Approved unanimously
May 11, 2023	1. Financial statements for the first quarter of 2023. 2. Appointment of corporate governance officers. 3. Proposal for lifting the non-competition restrictions for corporate governance officers.	Approved unanimously
July 4, 2023	1. Setting the issue price, number of shares, and the base date of cash capital increase by private placement.	Approved unanimously
August 10, 2023	1. Financial statements for the second quarter of 2023. 2. Report on the adjustment of the accounting title of the land, plant and equipment of the Fushan Section and Fanshu Section from property, plant and equipment to investment property 3. Establishment of the "Rules Governing Operations in relation to Finance and Business with Related Parties" 4. Amendments to the "Regulations Governing the Prevention of Insider Trading"	Approved unanimously
September 19, 2023	1. Formulation of the "Comprehensive Plan for the Exchange of Securities Certificates" and the exchange base date 2. Setting the issue price, number of shares, and the base date of cash capital increase by private placement	Approved unanimously
November 10, 2023	1. Financial statements for the third quarter of 2023. 2. Adjustment of the Company's organizational structure. 3. Amendments to the Company's internal control system: Amendments to the "Sales and Payment Collection Cycle", amendments to the "Procurement and Payment Cycle" 4. Amendments to the Company's Articles of Incorporation. 5. Outsourcing of the Company's "New Construction of the Housing Complex in Xingzuan Section, Tainan City" to the related party	Proposals 1-4 were approved unanimously. Proposal 5 was approved by all of the present directors, other than director Shuo-Wen Chang who recused himself from the resolution for conflict of interest, unanimously.
December 22, 2023	1. Formulation of 2024 audit plan. 2. Setting of the Company's 2024 Business Objectives. 3. Proposal for Loaning of Funds by Subsidiary 4. Amendment of the Risk Management Policy and Procedure. 5. Appointment of the President concurrently acting as spokesperson. 6. Termination of the non-competition restriction imposed on managers. 7. Matters to be reviewed at 6th meeting of the 6th term Remuneration Committee.	Proposals 1-2 were approved unanimously. Proposal 3 was approved by all of the present directors, other than director Shuo-Wen Chang who recused himself from the resolution for conflict of interest, unanimously. Proposal 4 was approved unanimously. Proposals 5-6 was approved by all of the present directors, other than director Peng-Kuang Tseng who recused himself from the resolution for conflict of interest, unanimously. Proposal 7 of the motion 1 of Remuneration Committee's meeting agenda in the 6th meeting of the 6th term: Review of performance evaluation and remuneration policies of directors and managers,

Date	Contents	Resolutions
		system, standards, and structure, were approved by all attending directors unanimously. For motion 2 of Remuneration Committee's meeting agenda in the 6th meeting of the 6th term regarding the remuneration to the new President and Spokesperson, except for directors Peng-Kuang Tseng, who recused himself from the resolution for conflict of interest, the matters were approved unanimously after discussion by the attending directors.
January 25, 2024	1. Matters to be reviewed at 7th meeting of the 6th term Remuneration Committee.	Proposals for the 7th meeting of the 6th term: For motion 1 regarding the distribution of 2023 year-end bonuses and performance bonuses of the Company's management level, except for directors Yu-Ming Chang, who recused himself from the resolution for conflict of interest, the matters were approved unanimously after discussion by the attending directors.
February 27, 2024	1. Ratification of the Company's acquisition of equity (shares) of Samtec Engineering Co., Ltd. 2. The cash capital increase by investing in Samtec Engineering Co., Ltd. 3. 2023 financial statements and business report. 4. 2023 loss compensation plan. 5. Replacement of the CPAs starting from the first quarter of 2024. 6. CPA independence and appropriateness and professional fees to the CPA in 2024 7. 2023 Declaration for Statement of Internal Control System. 8. Extension of term for Shanghai Commercial and Savings Bank's working capital loans 9. Full re-election of directors (including independent directors) of the Company 10. Nomination and resolution on the list of candidates for directors (including independent directors) 11. Proposal to terminate the non-competition restriction imposed on newly elected directors and other representatives. 12. Amendments to the Company's Articles of Incorporation. 13. 2024 Cash Capital Increase by Private Placement 14. Organization of 2024 shareholders' meeting and acceptance of proposals submitted by shareholders.	Approved unanimously

12. The main contents of important resolutions of the Board of Directors passed but with directors voicing opposing opinions on the record or in writing during the most recent year and up to the date of publication of the annual report:
    〈1〉At the board of directors meeting on February 24, 2023, there were disapproval votes from the representative Chien-Hsien Tsai of the legal person director Chi Fu Investment Co., Ltd. for the ratification of the Company's acquisition of equity (shares) of Samtec Engineering Co., Ltd..
    〈2〉At the board of directors meeting on February 24, 2023, the representative Chien-Hsien Tsai of the legal person director Chi Fu Investment Co., Ltd. expressed qualified opinion for the Company's 2022 financial statements and business report.
    〈3〉At the board of directors meeting on February 24, 2023, the representative Tsai Chien-Hsien of the legal person director Chi Fu Investment Co., Ltd. expressed qualified opinion for the Company's 2022 loss compensation plan.
13. Resignation or dismissal of personnel related to financial statement preparations (including the chairman, president, head of finance, head of accounting, chief internal auditor, and corporate governance officer) in the most recent year (2023) up till the publication date of annual report (March 31, 2024): Shuo-Wen Chang resigned from the position of General Manager on January 1, 2024, and was succeeded by Peng-Kuang Tseng on January 1, 2024.

FEEI CHERNG DEVELOP TECHNOLOGY CO., LTD.

Declaration for Statement of Internal Control System

Date: February 27, 2024

The following declaration is made based on the 2023 self-appraisal on the Company's control policies:

I. The Company acknowledges and understands that the establishment, implementation, and maintenance of the internal control system are the responsibility of the Board of Directors and managers, and that such a system has been implemented within the Company. The purpose of this system is to provide reasonable assurance in terms of business performance, efficiency (including profitability, performance and asset security etc), reliable, timely and transparent financial reporting, and regulatory compliance.

II. The internal control system is designed with inherent limitations. No matter how perfect the internal control system is, it can only provide reasonable assurance of the fulfillment of the three objectives referred to above. Moreover, the effectiveness of the internal control system could be affected by the changes in the environment and circumstances. However, a self-monitor mechanism is installed in the internal control system of the Company. The Company will make corrections once the deficiencies are identified.

III. The Company has assessed the effectiveness of the internal control system design and implementation in accordance with the criteria provided in the "Regulations Governing the Establishment of Internal Control Systems by Public Companies" (hereinafter referred to as "the Regulations"). The criteria introduced by the Regulations consist of five major elements, each representing a different stage of internal control: 1. Control environment; 2. Risk assessment; 3. Control operation; 4. Information and communication; and 5. Supervision. Each element further encompasses several sub-elements. Please refer to "the Regulations" for details.

IV. The Company has adopted said criteria to assess the effectiveness of its internal control system design and implementation thereof.

V. Based on the assessment result referred to in the preceding paragraph, the Company believes that the design and implementation of the internal control system (including monitoring and management of subsidiaries) as of December 31, 2023, including the achievement rate of effectiveness and efficiency of operations and reliability, timeliness, transparency, and regulatory compliance of reporting, as well as the compliance with applicable laws, regulations, and bylaws, are effective and may reasonably ensure the achievement of said goals.

VI. The Declaration will be the major contents of the annual report and prospectus of the Company and to be publicly disclosed. Any illegalities such as misrepresentations or concealments in the published contents mentioned above will be considered a breach of Articles 20, 32, 171, and 174 of the Securities and Exchange Act and incur legal liability.

VII. The Declaration was passed unanimously without objection by all 7 directors present at the Board meeting dated February 27, 2024.

FEEI CHERNG DEVELOP TECHNOLOGY CO., LTD

Chairman: Yu-Ming Chang Seal/Signature

President: Peng-Kuang Tseng Seal/Signature

〈3〉Information about CPA's Audit Fees:

Information about CPA's Audit Fees

Unit: NT$ Thousand

Name of CPA Firm	**Name of CPA**	**<u>Audit</u> Period**	**Audit Fees**	**Non-Audit Fees**	**Total**	**Remark**
KPMG	Cheng-Lung Hsu Kuo-Tsung Chen	January 1, 2023~December 31, 2023	960	232	1,192	Non-audit fees: Tax visa 150

(I) When the Company pays non-audit fees to the certified public accountant, to the accounting firm of the certified public accountant, and/or to any affiliated enterprise of such accounting firm are one quarter or more of the audit fees paid thereto: None.

(II) Change of accounting firm and the audit fee paid in the year of replacement is less than the audit fee of the previous year: The Company changes the accounting firm in 2023 from PwC Taiwan to KPMG Taiwan.

(III) When the audit fees paid for the current fiscal year are lower than those for the previous fiscal year by 10 percent or more: The audit fees paid for 2023 are lower than those for 2022 by 31.43 percent.

〈4〉Information on the replacement of CPA:

If the company has replaced its certified public accountant within the last 2 fiscal years or any subsequent interim period, it shall disclose the following information:

(I) Regarding the former CPA:

<table>
<tr><td>Replacement date</td><td colspan="4">February 24, 2023</td></tr>
<tr><td>Reasons for replacement and details</td><td colspan="4">Comply with the Company's overall business planning</td></tr>
<tr><td rowspan="3">Specify whether it was the CPA that voluntarily ended the engagement or declined further engagement</td><td colspan="2">Parties involved
Status</td><td>CPA</td><td>Mandating party</td></tr>
<tr><td colspan="2">Terminated the engagement</td><td></td><td>V</td></tr>
<tr><td colspan="2">Discontinued the engagement</td><td></td><td></td></tr>
<tr><td>Opinion and reason for the issuance of an audit report expressing other than an unqualified opinion during the 2 most recent years</td><td colspan="4">None</td></tr>
<tr><td rowspan="6">Any disagreements with the issuer</td><td rowspan="4">Yes</td><td></td><td colspan="2">Accounting Principles or Practices</td></tr>
<tr><td></td><td colspan="2">Disclosure of financial reports</td></tr>
<tr><td></td><td colspan="2">Audit scope or procedures</td></tr>
<tr><td></td><td colspan="2">Other</td></tr>
<tr><td>None</td><td>V</td><td colspan="2"></td></tr>
<tr><td colspan="4">Description</td></tr>
<tr><td>Other Disclosed Items (Those that should be disclosed as stipulated in Article 10, subparagraph 5, item 1(4) of the Regulations)</td><td colspan="4">None</td></tr>
</table>

1. Where the former certified public accountant has advised the company that it lacked the sound internal controls necessary for the preparation of reliable financial reports: None.
2. Where the former certified public accountant has advised the company that he or she was unable to rely on the company's written representations, or was unwilling to be associated with the financial report prepared by the company: None.

3. Where the former certified public accountant has advised the company of the need to expand the scope of the audit, or of information showing that an expanded audit might impact the reliability of either a previously issued financial report or the financial report to be issued but, due to replacement of the certified public accountant or for any other reason, the former certified public accountant did not expand the scope of the audit: None.
4. Where the former certified public accountant has advised the company that information collected might impact the reliability of either a previously issued financial report or the financial report to be issued but, due to the replacement of the certified public accountant or for any other reason, the certified public accountant did not deal with the issue: None.

(II) Regarding the successor CPA:

Accounting firm	KPMG
Name of CPA	Hsu, Cheng-Lung and Chen, Kuo-Tsung
Appointment date	February 24, 2023
If prior to the formal engagement of the successor certified public accountant, the company consulted the newly engaged accountant regarding the accounting treatment of or application of accounting principles to a specified transaction, or the type of audit opinion that might be rendered on the company's financial report, the company shall state and identify the subjects discussed and the consultation results.	None
Written opinions of the successor CPA on matters of disagreement with the former CPA	None

(III) Reply from the former CPAs to the matters under Article 10, subparagraph 5, items 1 and 2(3) of the Regulations: None.

〈5〉The Company’s Chairman, President, or managers responsible for financial or accounting affairs being employed by the external auditor’s firm or any of its affiliated companies in the most recent year: None.

Assessment on the independence and competence of external auditors

Name of external auditor: PwC Taiwan

Factors Affecting CPA Independence		Yes	None
1.	The CPA has direct or significant indirect financial interest in the Company.		ˇ
2.	Financing or guarantee activities between the CPA and the Company or its directors and supervisors.		ˇ
3.	The CPA takes into account the possibility that the Company will experience loss.		ˇ
4.	There is close business relationship between the auditor and the Company.		ˇ
5.	There is possible employment relationship between the auditor and the Company.		ˇ
6.	The auditor requests on contingent fees related to the audit.		ˇ
7.	The members of the audit service team are the Company’s directors, supervisors, managers or personnel who have exerted significant influence on audit cases in the current year or within the past two years.		ˇ
8.	Non-audit services provided by the auditor to the Company will directly affect the main audit items.		ˇ
9.	The auditors promote or act as brokers for the shares or other securities issued by the Company.		ˇ
10.	The auditors act as the Company's defender, or representative of the Company in third-party coordination and conflict resolution.		ˇ
11.	The auditor has kinship ties with the Company's directors, supervisors, managers, or personnel who have exert significant influence on audit cases.		ˇ
12.	Practicing CPAs, who have resigned within one year, serving as directors, supervisors, managers, or personnel who have exert significant influence on audit cases.		ˇ
13.	CPA has received valuable gifts from the Company or its directors, supervisors and managers.		ˇ
14.	CPA has been requested to accept management's improper selection of accounting policies or improper disclosure in financial statements.		ˇ
15.	In the aim to reduce public expenses, the Company has exerted pressure on the CPA to reduce the audits that ought to be implemented.		ˇ

〈6〉Any transfer of equity interests and/or pledge of or change in equity interests by a director, manager, or shareholder with a stake of more than 10 percent during the most recent fiscal year and up to the date of publication of the annual report

(I) Changes of the directors , supervisors, managers or shareholders holding:

Unit: Shares

Job Title	Name	2023		2024 Ending on March 26	
		Increase (decrease) in shares held	Increase (decrease) in shares pledged	Increase (decrease) in shares held	Increase (decrease) in shares pledged
Chairman	Representative of U-Best Innovative Technology Co., Ltd.: Yu-Ming Chang	0	0	(159,000)	0
Director	Chi Fu Investment Co., Ltd. Representative: Chien-Hsien Tsai	0	0	0	0
Director	U-Best Innovative Technology Co., Ltd. Representative:Peng-Kuang Tseng	0	0	(159,000)	0
Director	Meisen Holdings Co., Ltd. (Date of inauguration: May 26, 2023)	0	0	0	0
President	Peng-Kuang Tseng (Date of inauguration: January 1, 2024)	0	0	0	0
10%	U-Best Innovative Technology Co., Ltd.	0	0	(159,000)	0
10%	Yu-Ming Chang	35,000,000	0	0	0
10%	Sun Yad Construction Co., Ltd. (Date of inauguration: July 18, 2023)	12,000,000	0	0	0
Independent Director	Hsuan Chi	0	0	0	0
Independent Director	Ching-Hsi Hu	0	0	0	0
Independent Director	Yu-Wen Chen	0	0	0	0
Financial Supervisor	Han Yuan-Hsiang	0	0	0	0
Accounting Manager	Han Yuan-Hsiang	0	0	0	0
Others	Ying-Chu Chao (Date of inauguration: May 11, 2023)	0	0	0	0
President	Shuo-Wen Chang (Date of dismissal: January 1, 2024)	0	0	0	0

(II) Information about transfer of equity: None.

(III) Information about pledge of equity: None.

〈7〉Disclosure of relationship among the top ten shareholders

March 26, 2024

Name	Shares held under own name		Shares held by spouse or underage children		Total shares held in the names of others		If there is relationship, such as spouse, or relative within the second degree of kinship, among the top ten shareholders, please disclose the designation or name and relationship.		Remark
	Quantity of shares	Share holding ratio (Note 1)	Quantity of shares	Share holding ratio (Note 1)	Quantity of shares	Share holding ratio (Note 1)	Name	Relationship	
Yu-Ming Chang	45,000,000	26.66	3,000,000	1.78	0	0	U-BEST INNOVATIVE TECHNOLOGY CO., LTD.	Chairman of that company	None
							Sun Yad Construction Co., Ltd.	Chairman of that company	
							Chang Hui-Feng	Spouse	
U-BEST INNOVATIVE TECHNOLOGY CO., LTD.	28,882,121	17.11	0	0	0	0	Yu-Ming Chang	Chairman of that company	None
U-BEST INNOVATIVE TECHNOLOGY CO., LTD. Representative: Yu-Ming Chang	45,000,000	26.66	3,000,000	1.78	0	0	None	None	None
Sun Yad Construction Co., Ltd.	22,000,000	13.04	0	0	0	0	Yu-Ming Chang	Chairman of that company	None
Sun Yad Construction Co., Ltd. Representative: Yu-Ming Chang	45,000,000	26.66	3,000,000	1.78	0	0	None	None	None
Chi Fu Investment Co., Ltd.	10,000,000	5.93	0	0	0	0	Chih-Ming Yang	Chairman of that company	None
Chi Fu Investment Co., Ltd. Representative: Chih-Ming Yang	2,330,576	1.38	0	0	0	0	None	None	None
Glory Ford Investment Ltd.	3,600,000	2.13	0	0	0	0	None	None	None
Glory Ford Investment Ltd. Representative: Yang Shih-Chang	0	0	0	0	0	0	Chih-Ming Yang	Relative within the second degree of kinship	None
Metropolis Internet Technology	3,000,000	1.78	0	0	0	0	Shuo-Wen Chang	Chairman of that company	None
Metropolis Internet Technology Representative: Shuo-Wen Chang	0	0	0	0	0	0	Yu-Ming Chang	Relative within the second degree of kinship	None
Chang Hui-Feng	3,000,000	1.78	0	0	0	0	Yu-Ming Chang	Spouse	
Chih-Ming Yang	2,330,576	1.38	0	0	10,000,000	5.93	Chi Fu Investment Co., Ltd.	Chairman of that company	None
							Shih-Chang Yang	Relative within the second degree of kinship	
Shun-Cheng Wu	1,971,000	1.17	0	0	0	0	None	None	None
Capital Securities Corp. entrusted to Capital HK Stocks Investment Account	1,845,000	1.09	0	0	0	0	None	None	None

Note 1: Shareholding ratio is calculated based on the outstanding shares of 168,770,776 shares as of March 26, 2024.

〈8〉The total number of shares and total equity stake held in any single investee by the Company, its directors, managers, and any enterprises controlled either directly or indirectly by the Company

December 31, 2023; Unit: Shares

Investee (Note 1)	The Company's investments		Investment by directors, managers and enterprises controlled either directly or indirectly by the Company		Comprehensive investments	
	Quantity of shares	Share holding ratio (%)	Quantity of shares	Share holding ratio (%)	Quantity of shares	Share holding ratio (%)
Samtec Engineering Co., Ltd.	28,222 shares	92.53	100 shares	0.33	28,322 shares	92.86

Note 1: The Company's investment under equity method.

Four. Funding Status

I. Capital and Outstanding Shares

(I) Source of capital share

Unit: NT$

Year/Month	Issue price	Authorized capital		Total Paid-in Capital		Remark		
		Quantity of shares	Amount	Quantity of shares	Amount	Source of capital share	Offset share capital via properties other than cash	Others
December 1998	10	2,095,000	20,950,000	2,095,000	20,950,000	Cash capital increase	None	Gao-Shi-Fu-Chien-2-Kung-Zi No. 08711659900 dated December 18, 1998
April 2000	10	5,028,000	50,280,000	5,028,000	50,280,000	Recapitalization of earnings	None	Gao-Shi-Fu-Chien-2-Kung-Zi No. 0891528180 dated April 7, 2000.
December 2001	10	15,028,000	150,280,000	12,028,000	120,280,000	Cash capital increase	None	Jin-Shou-Shang-Zi No. 09101006700 dated January 15, 2002
April 2002	10	15,028,000	150,280,000	15,028,000	150,280,000	Cash capital increase	None	Jin-Shou-Shang-Zi No. 09101128050 dated April 15, 2002.
July 2002	10	32,000,000	320,000,000	22,028,000	220,280,000	Cash capital increase	None	Jin-Shou-Shang-Zi No. 09101278350 dated July 22, 2002
June 2003	10	32,100,000	321,000,000	32,100,000	321,000,000	Recapitalization of earnings	None	Gao-Shi-Fu-Chien-2-Kung-Zi No. 09205271300 dated June 20, 2003
June 2004	10	68,000,000	680,000,000	41,926,500	419,265,000	Recapitalization of earnings	None	Jin-Guan-Zheng-1-Zi No. 0930139639 dated December 8, 2004
June 2005	10	68,000,000	680,000,000	44,546,000	445,460,000	Recapitalization of earnings	None	Jin-Guan-Zheng-1-Zi No. 0940126062 dated July 4, 2005
May 2006	10	68,000,000	680,000,000	49,714,000	497,140,000	Cash capital increase	None	Jin-Guan-Zheng-1-Zi No. 0950112935 dated April 18, 2006
August 2006	10	68,000,000	680,000,000	56,150,000	561,500,000	Recapitalization of earnings	None	Jin-Guan-Zheng-1-Zi No. 0950124233 dated June 15, 2006
September 2007	10	100,000,000	1,000,000,000	60,484,000	604,840,000	Recapitalization of earnings	None	Jin-Guan-Zheng-1-Zi No. 0960035481 dated July 10, 2007
May 2010	10	100,000,000	1,000,000,000	61,519,196	615,191,960	Convertible corporate bonds converted to new shares	None	Jin-Shou-Shang-Zi No. 09901098520 dated May 14, 2010
July 2010	10	100,000,000	1,000,000,000	84,899,196	848,991,960	Private placement	None	Jin-Shou-Shang-Zi No. 09901155600 dated July 22, 2010
November 2010	10	100,000,000	1,000,000,000	83,899,196	838,991,960	Cancellation of treasury stock	None	Jin-Shou-Shang-Zi No. 09901244560 dated November 1, 2010
April 2011	10	100,000,000	1,000,000,000	83,684,196	836,841,960	Cancellation of treasury stock	None	Jin-Shou-Shang-Zi No. 10001067730 dated April 7, 2011
February 2014	10	100,000,000	1,000,000,000	83,770,776	837,707,760	Convertible corporate bonds converted to new shares	None	Jin-Shou-Shang-Zi No. 10301019920 dated February 6, 2014
April 2020	10	160,000,000	1,600,000,000	98,770,776	987,707,760	Private placement	None	Jin-Shou-Shang-Zi No. 10901074860 dated May 22, 2020
December 2021	10	160,000,000	1,600,000,000	118,770,776	1,187,707,760	Private placement	None	Jin-Shou-Shang-Zi No. 11001241210 dated January 14, 2022
August 2023	10	350,000,000	3,500,000,000	138,770,776	1,387,707,760	Private placement	None	Jin-Shou-Shang-Zi No. 11230147230 dated August 8, 2023
October 2023	10	350,000,000	3,500,000,000	168,770,776	1,687,707,760	Private placement	None	Jin-Shou-Shang-Zi No. 11230201210 dated October 26, 2023

March 26, 2024; Unit: Shares

Share categories	Authorized capital			Remark
	Outstanding shares (Note 1)	Unissued shares	Total	
Registered shares	168,770,776	181,229,224	350,000,000	

Note 1: OTC-listed company.

Relevant information on issuing securities by shelf registration: Not applicable.

(II) Shareholders structure

March 26, 2024; Unit: Shares

Shareholders structure / Quantity	Government agencies	Financial institutions	Other juristic persons	Natural person	Foreign institutions and foreigners	Total
Number of persons	0	2	163	34	30,364	30,563
Shares held	0	3,316	68,202,388	2,407,287	98,157,785	168,770,776
Shareholding %	0.00%	0.00%	40.41%	1.43%	58.16%	100.00%
Disclosure of shareholding percentage of Mainland Chinese investors: None.						

(III) Diversification of equity

1.Common shares

March 26, 2024

Shareholding levels	Number of shareholders	Shares held	Shareholding
1~999	23,579	1,699,378	1.01%
1,000~5,000	5,569	11,322,911	6.71%
5,001~10,000	734	5,653,414	3.35%
10,001~15,000	200	2,546,328	1.51%
15,001~20,000	146	2,722,737	1.61%
20,001~30,000	2022	2,870,623	1.70%
30,001~40,000	54	1,911,196	1.13%
40,001~50,000	32	1,506,100	0.89%
50,001~100,000	85	6,083,290	3.60%
100,001~200,000	24	3,304,126	1.96%
200,001~400,000	14	3,930,376	2.33%
400,001~600,000	1	406,000	0.24%
600,001~800,000	2	1,396,600	0.83%
800,001~1,000,000	2	1,789,000	1.06%
Over 1,000,001	10	121,628,697	72.07%
Total	30,563	168,770,776	100.00%

2.Preferred shares: None.

(IV) List of major shareholders

The names of shareholders with a stake of 5 percent or greater, and shareholders who rank in the top 10 in shareholding percentage, specifying the number of shares and stake held by each shareholder on the list:

March 26, 2024; Unit: Shares

Shares / Name of major shareholder	Shares held	Shareholding %
Yu-Ming Chang	45,000,000	26.66%
U-Best Innovative Technology Co., Ltd.	28,882,121	17.11%
Sun Yad Construction Co., Ltd.	22,000,000	13.04%
Chi Fu Investment Co., Ltd.	10,000,000	5.93%
Glory Ford Investment Ltd.	3,600,000	2.13%
Metropolis Internet Technology	3,000,000	1.78%
Chang Hui-Feng	3,000,000	1.78%
Chih-Ming Yang	2,330,576	1.38%
Shun-Cheng Wu	1,971,000	1.17%
Capital Securities Corp. entrusted to Capital HK Stocks Investment Account	1,845,000	1.09%

(V) Information relating to market price, net worth, earnings, and dividends per share

Unit: NT$ Thousand; thousand shares

Item \ Year			2022	2023	As of March 28, 2024 (Note 8)
Market price per share (Note 1)	Highest		15.25	12.30	28.65
	Lowest		9.5	9.85	10.85
	Average		11.17	10.56	16.23
Net worth per share (Note 2)	Before payout		8.46	8.48	-
	After payout		8.46	(Note 9)	-
Earnings per share	Weighted average outstanding shares (thousand shares)		118,771	135,182	-
	Earnings per share (Note 3)	Before adjustment	(1.46)	0.01	-
		After adjustment	(1.46)	(Note 9)	(Note 9)
Dividend per share	Cash dividend		-	-	Not applicable
	Bonus shares	Allotment of shares from earnings	-	-	
		Allotment of shares from capital surplus	-	-	
	Accumulated unpaid dividends (Note 4)		-	-	
Analysis on investment returns	P/E ratio (Note 5)		-	-	
	P/D ratio (Note 6)		-	-	
	Cash dividend yield (Note 7)		-	-	

* If shares are distributed in connection with a capital increase out of earnings or capital reserve, further disclose information on market prices and cash dividends retroactively adjusted based on the number of shares after distribution.

Note 1: Please identify the highest and lowest market price for each fiscal year and calculate each fiscal year’s average market price based on the trading value and trading volume of each year.

Note 2: Please apply the number of the outstanding issued shares at the end of year as the basis and specify it based on the distribution resolved by the shareholders’ meeting of next year.

Note 3: If retroactive adjustment is needed due to allocation of stock bonus, please identify the earnings per share before and after the adjustment.

Note 4: If the equity securities issue terms and conditions require that the stock dividends undistributed in the year may be accumulated and distributed until the year in which earnings are generated, please disclose the stock dividends accumulated and undistributed until the end of the year separately.

Note 5: P/E ratio = Average closing price per share for the year/Earnings per share.

Note 6: P/D ratio = Average closing price per share for the year/Cash dividend per share.

Note 7: Cash dividend yield = Cash dividend per share/Average closing price per share for the year.

Note 8: The net value per share and earnings per share shall be audited (reviewed) by the accountants in the most recent quarter up to the date of publication of the annual report. Other columns shall be filled in with financial information of the current fiscal year up to the date of publication of the annual report.

Note 9: As of the publication date of the 2023 annual report, the loss compensation plan has been approved by the board of directors, but has not yet been passed by the shareholders' meeting.

(VI) Dividend policy and implementation thereof:

1.Dividend policy:

The Company belongs to a highly competitive industry. To achieve corporate sustainability based on capital expenditure needs and comprehensive financial planning, the Company’s dividend policy is as follows:

A.Where the Company made a profit in a fiscal year, the profit shall be first utilized for paying taxes, offsetting losses of previous years, setting aside as a legal reserve 10% of the remaining profit. However, where such legal reserve amounts to the total paid-in capital, this provision shall not apply. In accordance with Article 41 of the Securities and Exchange Act, the Company shall set aside or reverse a special reserve together with any undistributed earnings in the beginning of the year based on the Company’s business needs and balanced dividend policy, which shall be used as the basis by the Company’s board of directors for proposing a distribution plan, which should be resolved in the shareholders’ meeting for the distribution of dividends and bonuses to shareholders.

B.Terms and schedule for dividend distribution:

For long-term business development, the Company’s dividend distribution policy uphold the principle of meeting future business development, and after comprehensively considering conditions such as sound financial structure, stable dividends, and reasonable shareholder return. The surplus earnings distribution plan was proposed by the board of directors in accordance with the Articles of

Incorporation, and dividends were distributed after it is approved by the shareholders' meeting and the competent authority.

C.Cash dividend and stock dividend payout ratio:

In accordance with Article 24-1 of the Company's Articles of Incorporation, since the Company is currently at growth stage, it takes into account the environment and industry growth, and corresponding to future capital needs and long-term financial planning, the Company adopts the residual dividend policy for dividend distribution. After the Company provides for the projected capital needs by using retained earnings, the remaining shall be distributed in the form of cash dividends or stock dividends, but cash dividends shall be no less than 10% of the total dividends.

2.2024 dividend distribution proposed in the 2023 shareholders' meeting: As of December 31, 2022, the amount of accrued loss was NT$852,010 thousand, and there is no available surplus for distribution.

(VII) The effects of bonus shares proposed at this shareholders' meeting on the Company's business performance and earnings per share:

Not applicable as there were no stock dividend distribution proposed in the current fiscal year.

(VIII)Employee compensation and remuneration for directors:

A.The percentages or ranges with respect to employee and director compensation, as set forth in the Company's Articles of Incorporation: If the Company's earned profits in the current fiscal year, a reserve is allotted to be used to make up for the company's accumulated losses, and then 1%-15% shall be allocated as employee compensation, while the Company shall set aside no more than 5% for the remuneration of directors. The form and amount of distribution of the compensation for employees and directors shall be reported to the shareholders' meeting after resolution by the board of directors. The receivers of employee compensation shall include employees of affiliated companies that meet certain conditions. The relevant regulations shall be established by the Board of Directors. Where the Company made a profit in a fiscal year, the profit shall be first utilized for paying taxes, offsetting losses of previous years, setting aside as a legal reserve 10% of the remaining profit, where such legal reserve amounts to the total paid-in capital, this provision shall not apply. In addition, a special reserve shall be set aside according to relevant laws and regulations or the competent authority. Any remaining profit shall be used by the Company's board of directors as the basis for proposing a distribution plan, which should be resolved in the shareholders' meeting for the distribution of dividends. Pursuant to Article 240 of the Company Act, the Company authorizes the distributable bonuses and the legal reserve and capital reserve stipulated in Article 241 of the Company Act, in whole or in part to be paid in cash after a resolution has been adopted by a majority vote at a meeting of the board of directors attended by two-thirds of the total number of directors; and in addition thereto a report of such distribution shall be submitted to the shareholders' meeting.

B.The basis for estimating the amount of employee, director, and supervisor compensation, for calculating the number of shares to be distributed as employee compensation, and the accounting treatment of the discrepancy, if any, between the actual distributed amount and the estimated figure, for the current period: The amount of employee, director, and supervisor compensation are estimated based on the percentage of employee/director remuneration stated in the Articles of Incorporation. If there is any discrepancy between the actual distributed amount and estimated amount of compensation for employees, directors, or supervisors, it will be considered an accounting estimation, and recognized as profit/loss in current year of distributions made.

C.The distribution of earnings has been approved by the Board of Directors yet has not yet been determined by resolution of the shareholders' meeting: As of December 31, 2023, the amount of accrued loss was NT$852,010 thousand, and there is no available surplus for distribution.

D.Actual payment of employees'/ directors' remuneration in the previous year (including the number of shares to be distributed, amount and stock price) In the case of any differences between the distributed amount and that already recognized, the difference, cause and resolution thereof shall be stated: As of December 31, 2023, the amount of accrued loss was NT$852,010 thousand, and there is no available surplus for distribution.

(IX) Share repurchases: Not applicable as there were no share repurchase in the most recent year as of the publication date of the annual report.

II. Issuance of Corporate Bond: The Company has not issued corporate bonds.

III. Issuance of Preferred shares: The Company has not issued preferred shares.

IV. Issuance of Global Depository Receipts: The Company has not issued global depositary receipts.

V. Names and acquisition status of top-level company executives holding employee share subscription warrants and the number of such warrants exercised by said executives, and the names and acquisition status of the ten employees holding employee subscription warrants authorizing purchase of the most shares: There were no employee share subscription warrants.

VI. Names and acquisition status of managerial officers who have acquired new restricted employee shares and of employees who rank among the top ten in the number of new restricted employee shares acquired: None.

VII. Issuance of New Shares in Connection with Mergers or Acquisitions or with Acquisitions of Shares of Other Companies: The Company has not handled mergers, stock split or acquisitions of shares.

VIII. Implementation of Capital Utilization Plan:

(I) As of the quarter before the printing date of this annual report, the plan content of the previous issuance or private placement of marketable securities that has not been completed or has been completed within the last three years and the plan benefits have not yet appeared: The 2023 cash capital increase by private placement has been approved by the shareholders' meeting on May 26, 2023. The number of shares of the first issue shall not exceed 50,000,000 shares, with three issues over a period of 1 year from the date of the shareholders resolution. On July 4, 2023, the board of directors resolved to issue 20,000,000 ordinary shares in the first round, and arrangements were made for specific individuals to subscribe to the shares, with the funds being fully collected by July 18, 2023. On September 19, 2023, the board of directors resolved to issue a second and third round of ordinary shares, comprising 20,000,000 shares and 10,000,000 shares, respectively, totaling 30,000,000 shares. Specific individuals were approached to subscribe to the shares, and the funds were fully collected by October 3, 2023.

(II) As of the quarter before the publication date of the annual report, the Company has no capital allocation plans that were not completed or capital allocation plans that were completed in the past three years but the expected benefits have not yet materialized: Please refer to p.191 on the Annual Report for the 2023 cash capital increase by private placement.

Five. Overview of Operation

I. Business Activities

(I) Business scope

1. Main business activities:

The Company's main business in 2023 is real estate investment, development, and construction.

2. The Company’s sales breakdown by product in 2023:

Unit: NT$ Thousand

Item \ Year	2023	
	Sales value	Business ratio (%)
Bulk raw materials	1,082	2.41
Construction materials	15,110	33.62
Construction and engineering	28,181	62.70
Rent income from investment property	571	1.27
Consolidated operating revenue, net	44,944	100.00

3. The Company’s products

Bulk raw materials: Import and sale of bulk grains such as corn, soybeans and wheat.

Construction materials: Trading of construction materials.

Construction and engineering: Contract works.

(II) Overview of industry

1. Status and development of the industry

Real estate investment development and construction

The construction industry refers to the use of funds and land to commission a construction company to build residential or office buildings, and then sold or leased to the general public, consumers or companies after the completion of the construction. Throughout the entire construction process, construction firms need to invest a significant amount of manpower, financial resources, and materials. It also requires a considerable amount of time to complete, and it involves numerous upstream and downstream industries, such as construction plants, building materials, agency services, hydraulic engineering, architects, financial institutions, and related real estate services. Therefore, the housing construction industry is a comprehensive manufacturing industry and, in nature, it is also a service industry that serves the livelihoods of the people.

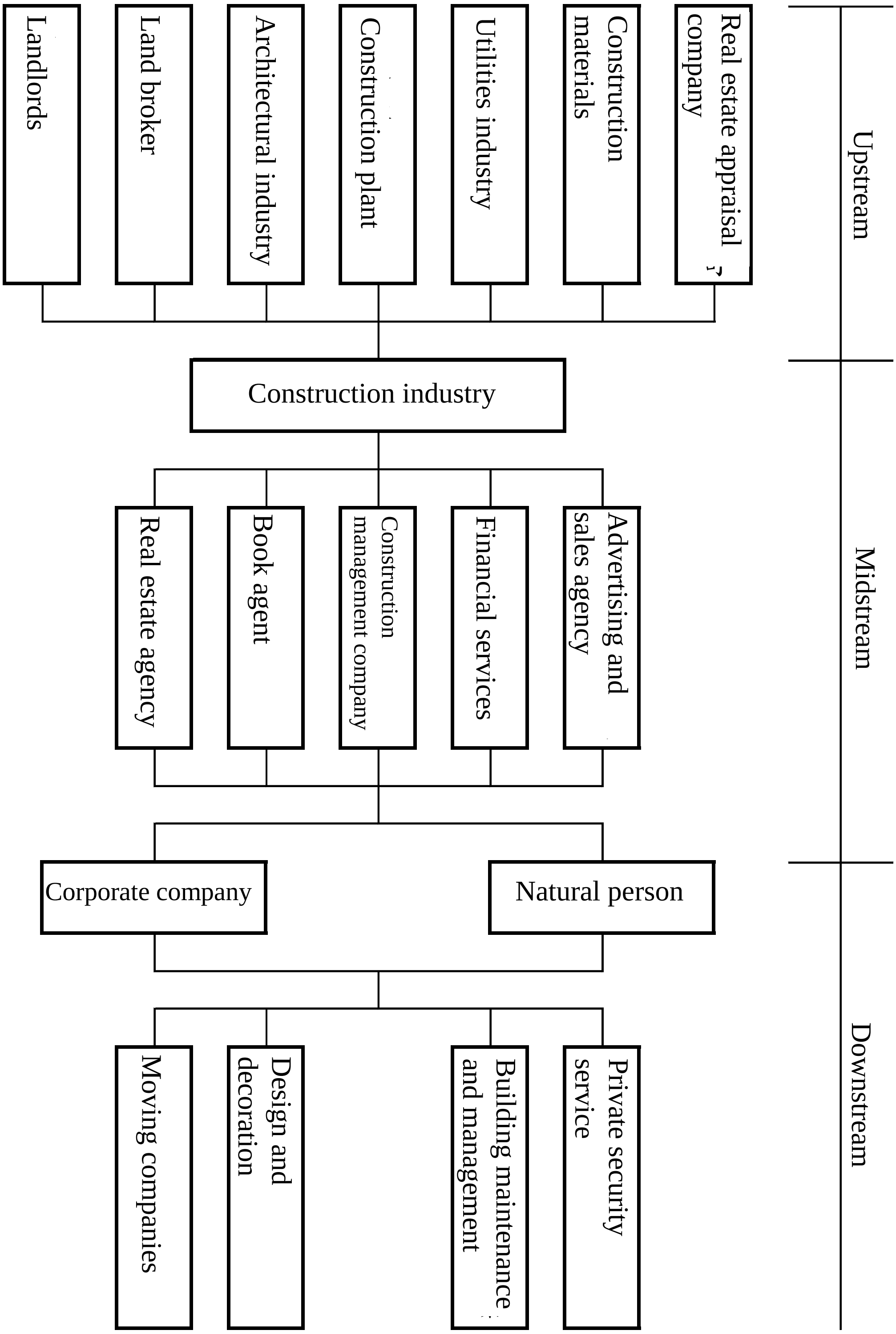
In 2024, the development of the housing market has benefited from the implementation of the Taiwanese government's housing justice policies, House Hoarding Tax 2.0, rent subsidies, and Preferential Housing Loans for the Youth. These policies are expected to continue, stimulating demand that was deferred from the previous year (2023) and leading to a significant rebound in the market this year. Additionally, the launch of the Tainan Science and Technology Industrial Zone in 2024 not only enhances living convenience but also attracts industries such as artificial intelligence (AI) and IC design, bringing about favorable opportunities for the overall real estate market in Tainan.

2. Correlation of the upstream, midstream and downstream segments of the industry

Real estate investment development and construction

The process of real estate investment, development, construction, production, and sale is related to many industries, such as construction, building materials, utilities, advertising, finance, escrow, decoration, and building management and maintenance. The construction industry plays a coordinating and integrating role, and its upstream and downstream industries are complementary and interdependent.

Relation diagram for the up-stream, mid-stream and down-stream of real estate investment development and construction



3. Overall economy, industry development trend, and product competition:

Real estate investment development and construction

Although the global COVID-19 pandemic began to slow down in 2022 and lockdowns were lifted one by one around the world, the escalated global inflation due to the loose monetary policy of the U.S. and the outbreak of the Russo-Ukrainian War made the global economic environment unstable. In addition to the global economic impact, domestic economy was also affected by the government's continuation and strengthening of its anti-speculation policies. In the second half of 2022, the effects of curbing property transactions began to manifest, and in 2023, there was a significant decrease in real estate transactions, with expectations for the property market remaining subdued. In the housing market this year, the transaction prices have fluctuated, and the transaction volume has generally decreased; overall, the housing market performance will gradually cool down.

The year of 2023 will continue the unstable political and economic situation in 2022. Although daily life in many countries has almost returned to its pre-pandemic status and consumption of all kinds has gradually rebounded. However, international tensions persisted, with new conflicts emerging, and global commodity prices continued to rise, leading to a slow economic recovery: Domestically, the government continued to strengthen its anti-speculation policies, introduced amendments to the Equalization of Land Rights Act, and restricted real estate financing, resulting in subdued expectations for the property market and a significant decrease in transaction volume. After the conclusion of the general election in early 2024, domestic political and economic conditions stabilized. In addition, the United States will not raise interest rates in order to stimulate the economy and lead the global trend of interest rate cuts. As a result, the domestic real estate will recover slightly. It is expected that 2024 will recover from 2023. However, the original unfavorable factors still exist, and we should not be too optimistic.

(III) Overview of technology and R&D

Given that the Company does not currently have a R&D department, and is mainly engaged in real estate investment, development, and construction; therefore, R&D investment is not applicable.

(IV) Long-term/short-term business development plan

A. Implementation of the construction brand system

With the improvement of living standards, home buyers have gradually higher quality requirements for the living environment such as building exterior design, interior layout, construction materials, equipment, and public facilities. In recent years, natural disasters have made consumers pay more attention to home safety. Therefore, in order to meet the needs of consumers, the construction industry pays special attention to safety, comfort, convenience and after-sales service in product planning, and builds brand awareness in the hearts of consumers. In order to provide homebuyers with a reference for choosing excellent construction companies, the National Land Management Agency of the Ministry of the Interior actively formulates and promotes the 'Identification Logo for Construction Investment Companies' and the 'Excellent Construction Investment Company Selection and Reward Measures.' Therefore, in the future, construction companies will increasingly emphasize self-requirements for building quality and the establishment of their brands. Quality characteristics and reputation image will be the foundation for the Company's sustainable operation.

B. Growing awareness of environmental protection

At present, the green building design policy has established nine evaluation indicators, including greening, base water conservation, water resources, daily energy saving, carbon dioxide reduction, sewage treatment, garbage improvement, biodiversity, and indoor environmental indicators. In order to implement this policy, the Executive Yuan issued a letter on May 7, 2003 to the two cities and the county and city governments of Taipei and Kaohsiung. Starting on July 1, 2003, new public buildings with a total construction cost of NT$50,000 thousand or more are required to obtain a provisional green building certificate before applying for a construction permit. With the promotion of government agencies, it is bound to become a trend in the future for buildings to obtain green building certificates.

C. Product diversification

The key to successful project development depends on land development and product positioning. The competition in the real estate industry is becoming increasingly fierce. If we want to perform well in this industry, we must effectively differentiate our products from competitors in the market and position them appropriately. In recent years, the sales of low-total-price villas, leisure residences, small luxury houses, and commercial and residential units near MRT stations have been leading the way. With the changes in the age structure of the population, senior housing (elderly) came into being. The Internet family, Internet system community and integrated community are gradually adopted by the construction industry, and will play an important role in product positioning and differentiated design in the future.

D. Diversification of land development methods

As real estate transaction-related laws become more comprehensive and land acquisition becomes increasingly difficult, the development of land may shift towards diversified approaches in the future. Instead of the traditional methods such as outright land purchase or joint development with landowners, land development can explore various avenues such as land leasing, land trust, commissioning construction, joint development, participation in urban renewal projects, real estate securitization, participation in government-subsidized housing construction programs, and collaboration with government policies for land release for agricultural purposes to acquire the necessary reserve land.

E. Community planning develops towards the integrity of living functions

In the future, new communities should focus on the integrity of living functions, such as nurseries, sports grounds, libraries, leisure and entertainment facilities, etc., to fully meet the needs of modern people for a basic living environment.

F. Development scale and price tend to be polarized

Due to the development of new towns, industrial and commercial complexes, and redevelopment zones, and various transportation construction projects, such as high-speed railway, highway, and western expressway, the connection between the suburbs and the city will become more convenient. As a result, individuals seeking comfortable and quiet living environments may choose suburban areas over urban areas, especially given the relatively high property prices in cities. Therefore, a large-scale self-sufficient functional community can be developed in the suburban areas of major traffic roads, which is a volumetric operation method. Additionally, due to the higher cost of land in urban areas, many developers are adopting small-scale development strategies. This allows for the planning of high-quality residential properties at premium prices, aligning with the trend of boutique-style operations.

G. Acceleration of urban renewal

In situations where urban land supply approaches saturation, urban renewal becomes the sole means for developers to acquire large land parcels within city limits. It is increasingly regarded as the biggest gold mine in the construction and real estate investment industries, particularly as old buildings undergo 'facelifts' alongside urban renewal. This trend has been further fueled by the government's incentive measures such as the 'three originals' policy, which promotes the redevelopment of existing sites, existing structures, and existing volumes. Consequently, there has been a surge of interest in 'archaeological' properties in prime locations, with many property owners capitalizing on the opportunity by selling at favorable prices. With boundless business opportunities, the pace of urban renewal projects is expected to accelerate even further.

H. Emphasizing the Prevention of Trading Disputes

In order to avoid disputes in the transaction process, with the rise of buyers' professional knowledge and consumer protection awareness, the Ministry of the Interior has issued a real estate sales stereotyped contract, specifying the rights and obligations of pre-sale housing or land development, and meeting the requirements of the Consumer Protection Act and Fair Trade Act. In addition, strengthening construction management, ensuring project quality, monitoring the progress of completion, and applying house delivery strategies are also necessary measures to prevent transaction disputes.

II. Overview of Market and Production & Marketing

(I) Market analysis

1. Territories where the main products are sold

Unit: NT$ Thousand

Year	2022		2023	
Areas/regions of sales	Sales value	%	Sales value	%
Domestic sale	8,922	100.00	44,944	100.00
Export sale	-	-	-	-
Net sales	8,922	100.00	44,944	100.00

2. Market share

Real estate development and construction

The profit or loss of income on property recognized is recognized after the completion and handover of the building. The Company's 2023 construction project, Liu Xing, has not yet been completed and handed over. However, the Company continues to actively develop land and launch new construction projects, such as: Chengzhishu and Bailun section, in order to increase its market share.

3. Future market demand and supply, and market's growth potential

Real estate development and construction

In terms of the real estate market in 2022, due to the upward revision of housing prices to a certain extent and the transaction volume can continue to increase, the domestic housing market is showing an overheated state, and the government's policy of suppressing housing prices for several years has not been fully effective. With the recent promulgation of the Equalization of Land Rights Act, the housing market is quickly extinguished. Looking forward to 2023, the possible changes in the domestic housing market can be divided into the following parts:

I. Unfavorable trends in the economy, policies, and interest rates for the housing market

Due to the ongoing slump in cross-strait relations, the threat of global inflation and the pressure to raise interest rates, the economy may not show a significant improvement. Furthermore, as the government continues to control, the channels for financing are blocked and the interest rates are raised. The real estate market itself is faced with unfavorable structural factors.

II. Difficult for construction companies to reduce construction costs, resulting in stable prices and decreased quantity

In recent years, the increase in construction land, building materials and labor has made the construction cost always high. In the face of the government's real estate auction, the transaction market is shrinking in a hurry. For now, developers can only reluctant to sell and wait for the reversal of timing.

III. Exiting the real estate industry is a trend

In continuation of the above two points, the real estate industry faces pressure from both internal and external factors. Survival will depend on deep pockets; 2023 will be a stringent test for most developers and related industries. Those unable to withstand it will eventually be phased out.

IV. Urban renewal projects become a safe haven

Urban renewal (including dangerous and old buildings) is not applicable to the government's real estate control policy and there are preferential incentives. At present, major construction companies have accelerated their deployment, which will be helpful to the consolidation of the real estate market, especially in the city center. If we can speed up the urban renewal, this problem can be effectively solved. At the same time, increasing the housing supply can naturally accelerate the decline of prices, which is of positive benefit to the continuation of the business.

4. Competitive niche

Real estate investment development and construction:

A. Forward-looking and excellent land development ability.
B. Grasp the market demand and rigorously design and plan products.
C. Ensure the accurate control of project quality, progress and cost.
D. Professional management team to provide perfect customer service.
E. Solid brand image and high market control.

5. Analysis on positive and negative factors for future development and responsive measures:

Real estate development and construction

(1) Favorable factors:

a. Excellent land development ability

Through the Asset Management Department of the Real Estate Development Group, the Company has full control of land sources in various regions with high-quality locations, and effectively creates its additional value through direct purchase of land, joint construction and joint construction, and joint construction and separate sales. The Company also actively analyzes the impacts of urban development We will introduce construction projects that meet the market demand in accordance with the operating conditions.

b. Grasp the market demand and rigorously design and plan products.

The Company not only has a good grasp of the land and construction market in prime locations, but also is familiar with the characteristics of consumers in the area, and plans and designs products that meet the needs of home buyers. Therefore, the sales rate of the current project is good. In addition, the Company offers luxury house design for its projects, which is differentiated from the general products in the market. We aim to create spaces that not only exude prestige and safety but also evoke a vacation-like ambiance, making returning home a joyous experience. This turns coming home into an eagerly anticipated moment, offering high-quality projects with customized designs to swiftly meet the unique specifications of our clients.

c. Ensure the accurate control of project quality, progress and cost.

The Company meticulously plans each property development project in advance, conducting thorough financial estimations and maintaining good relationships with banks. To ensure the quality of our projects, the majority of our construction work is outsourced to government-registered and reputable construction companies. We rigorously monitor the progress of construction, product quality, and building costs. As a result, we are able to meet our clients' requirements in terms of both delivery timelines and quality, thereby generating stable profits.

(2) Unfavorable factors:

a. Housing prices continue to rise, and the government implements various measures to curb housing prices, resulting in limited access to bank financing for home buyers and investors.

Responding strategies

i. In the selection of land development sites, the Company will prioritize identifying prime locations in well-known areas with excellent transportation access and abundant living amenities to differentiate our projects in the market.

ii. Cultivating top-tier customers, attracting customers with mature capital, and targeting at the top of the pyramid.

iii. Do not blindly develop projects. Quality growth is used instead of quantitative growth. Each project is re-planned and designed to enhance the spirit and value of the project. Strengthen financial structure through sound planning and management, and continue to operate prudently.

b. It is not easy to obtain prime land and the cost related to construction continues to rise.

Responding strategies

In response to the escalation of various costs in the future, the Company not only strengthens land development and product planning to increase the added value of products, but also strengthens internal management and shortens the construction period to reduce the impact of rising costs.

c. Expectations of future interest rate increases and heightened risk awareness among banks are leading to stricter loan-to-value ratios as property prices continue to rise.

Responding strategies

Due to the good credit standing of the Company, the action of raising the interest rate has little impact on the Company's funding. For homebuyers, although there's an expectation of future interest rate hikes by the central bank, the funding supply in the market remains ample, keeping interest rates at low levels. Therefore, it is not expected to have a significant impact on homebuyers in the near term.

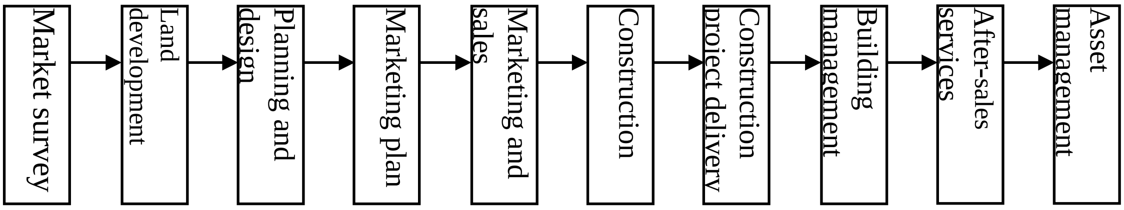
(II) Important purposes and production processes of main products

1. Important purposes of main products:

Construction industry:

Main products' important functions: Residential and office buildings.

2. Production processes of main products:



(III) Supply of main raw materials

Construction industry:

(1) Land: We actively developed and searched suitable areas in Tainan City or other metropolitan areas for urban construction planning, and cooperated with landowners in joint development, formed strategic alliances with industry peers, or participate in urban renewal projects according to business needs, in order to ensure that there will be no shortage of supply.

(2) Construction project: The Company has strict contracting and construction specifications to effectively control, from contracting to acceptance, the progress and quality of the construction project, so that there is no possibility of supply shortage or being affected by joint monopoly.

(3) Construction materials: To save costs and comply with the construction schedule, the Company's originally conducted price comparison and self-purchasing of raw materials. To achieve flexible and controllable operations during contracting, we gradually switched to contract for labor and materials, or joint contracting, so as to maintain a stable supply of construction materials.

A list of any suppliers accounting for 10 percent or more of the consolidated net purchase amount in either of the most recent two years, the amounts purchased form each, and the percentage of total purchases accounted for by each:

Unit: NT$ Thousand; %

	2022				2023				2024 as of the previous quarter			
Item	Name	Amount	To the annual net procurement amount (%)	Relationship with the issuer	Name	Amount	To the annual net procurement amount (%)	Relationship with the issuer	Name	Amount	To the annual net procurement amount (%)	Relationship with the issuer
1	Supplier A	7,971	1.65	None	Supplier B	25,747	52.92	None	Supplier B	10,357	74.88	None
2	-	-	-	-	Supplier C	12,579	25.85	-	Supplier D	2,934	21.22	None
3	Others	474,762	98.35	None	Others	10,331	21.23	None	Others	539	3.90	None
	Net purchase	482,733	100		Net purchase	48,657	100		Net purchase	13,831	100	

Note 1: List the names of any suppliers that have supplied 10 percent or more of the company's procurements in either of the preceding 2 fiscal years, and the monetary amount and the proportion of such procurements as a percentage of total procurements; provided however, that where the Company is prohibited by contract from revealing the name of a trading counterpart, a code may be used in place of such trading counterpart's actual name.

*Reason for change: The Company's business transformation has affected the net purchases of its original suppliers.

(IV) Information on major clients

A list of any customers accounting for 10 percent or more of the consolidated net sales amount in either of the most recent two years, the amounts sold to each, and the percentage of total sales accounted for by each:

Unit: NT$ Thousand; %

	2022				2023				2024 as of the previous quarter			
Item	Name	Amount	To the annual net sales amount (%)	Relationship with the issuer	Name	Amount	To the annual net sales amount (%)	Relationship with the issuer	Name	Amount	To the annual net sales amount (%)	Relationship with the issuer
1	Shin Agri Tech Co., Ltd.	8,922	100.00	Related party	Shin Agri Tech Co., Ltd.	1,082	2.41	Related party	U-Best Innovative Technology	11,950	97.66	Related party
2	-	-	-	-	U-Best Innovative Technology	43,291	96.32	Related party	Others	285	2.34	None
3	-	-	-	-	Others	571	1.27	None	-	-	-	-
	Total	8,922	100		Total	44,944	100		Total	12,235	100	

Note 1: List the names of any customers that have purchased 10 percent or more of the company's sales in either of the preceding 2 fiscal years, and the monetary amount and the proportion of such products as a percentage of total sales; provided however, that where the Company is prohibited by contract from revealing the name of a trading counterpart, a code may be used in place of such trading counterpart's actual name.

*Reason for the change: The Company's business transformation has dragged down the net sales of its original customers.

(V) Production volume and value in the last two years

The Company's production volume and value by product:

Units: Thousand kg/thousand heads; NT$thousand

Year / Production volume/value / Main products (or department)	2022			2023		
	Production capacity	Production volume	Production value	Production capacity	Production volume	Production value
Bulk raw materials	-	193	8,902	-	100	1,079
Construction materials	-	-	-	-	-	12,580
Construction and engineering	-	-	-	-	-	26,945
Rent income from investment property	-	-	-	-	-	1,458
Total	-	193	8,902	-	100	42,062

(VI) Sale volume and value in the last two years

Units: Thousand kg/thousand heads; NT$thousand

Year / Sale volume/ value / Main products (or department)	2022				2023			
	Domestic sale		Export sale		Domestic sale		Export sale	
	Volume	Value	Volume	Value	Volume	Value	Volume	Value
Bulk raw materials	193	8,922	-	-	100	1,082	-	-
Construction materials	-	-	-	-	-	15,110	-	-
Construction and engineering	-	-	-	-		28,181	-	-
Rent income from investment property	-	-	-	-		571	-	-
Total	193	8,922	-	-	100	44,944	-	-

III. The Number of Employees Employed for the 2 Most Recent Fiscal Years

Units: Persons; Year

Year		2022	2023	As of March 31, 2024
Number of employees	Direct labors	-	-	-
	Salesperson	1	1	1
	Administration personnel	19	22	21
	R&D personnel	-	-	-
	Total	20	23	22
Average age		41.55	39.6	40.27
Average years of service		4.54	2.79	2.90
Academic background (%)	PhD	-	-	4.55%
	Master	5%-	13.04%	9.09%
	College (University)	85%	82.61%	86.36%
	Senior high school	10%	4.35%	-
	Below senior high school	-	-	-

Source: Feei Cherng Enterprise Co., Ltd.

IV. Information about Environment Protection Expenditure

Losses related to environmental pollution in the recent years or as of the date of publication of the annual report: None.

V. Labor-Management Relations

(I) The Company's employee benefit policy, continuing education, training, retirement system, and the implementation status thereof, and labor agreements as well as the various employee rights protection measures:

1. Employee benefit policy:

(1) All of the Company’s employees participated in labor insurance, while the insurance benefits in the event of maternity, injury, medical care, disability, aging care or death are handled in accordance with the Labor Insurance Act.

(2) Employee welfare matters are supervised by the Employee Welfare Committee.

A. We established an Employee Welfare Committee in accordance with the Employee Welfare Fund Act, and monthly employee welfare funds are allocated to support various employee welfare measures.

B. Sound employee welfare measures cover the provision of daily meals, while the Company has also set up a cultural and recreational center to provide employees with leisure activities after work, and organize birthday celebrations, dinner parties, travel and outdoor recreational activities on a regular basis. In addition, group accident insurance is also provided for the safety of employees.

2. Employees’ continuing education and training

To train talents to meet the Company’s business needs and improve work performance, the Company has established an Employee Education and Training Program for new employees, which provide education and training on pre-employment training, management training, professional training and others, so as to cultivate employees' professional knowledge and skills for them to perform their functions effectively, increase work efficiency and work quality, and achieve the Company's goal on corporate sustainability and sustainable development.

2-1 External training:

Trainees	Course	Training hours
Han Yuan-Hsiang (Accounting Manager)	Chief Accounting Officer Continuing Education (Case Studies for Corporate Governance, Legal Ethics and Professional Responsibilities, Accounting and Auditing)	12H
Hsu Cheng-Tsung (Audit Manager)	Analysis of the Preparation of the Financial Report and Corporate Sustainability Report and Discussions on Internal Audit and Internal Control	6H
	Analysis of financial statements and corporate fraud and scams	6H

3. Employees’ retirement system and implementation thereof

(1) The Company’s employee retirement system is implemented in accordance with relevant laws and regulations.

(2) The Company mainly focuses on individual pension fund accounts, with supplemental annuity benefits system.

(3) The Company has been making monthly contributions equal to 6% of monthly salary for employees whom the new pension scheme stipulated in the Labor Pension Act is applicable. These contributions are credited into the employees’ personal pension accounts.

(4) The employee pension contributions and claims for pension benefits shall be implemented in accordance with the Labor Pension Act.

(5) No employee applied for retirement in 2022.

4. Labor-management negotiation

Since its establishment, the Company has maintained a harmonious labor-management relationship, humanized its management of businesses, and has regularly held labor-management meetings in accordance with the procedures for the convening of labor-management meetings, in order to strengthen labor-management communication. Up until now, there have been no labor disputes that require reconciliation.

5. Protection of various employee interests

(1) Employee rights and interests were protected in accordance with the Labor Standards Act.

(2) The Company provides a working environment with gender equality and no sexual harassment in accordance with the Act of Gender Equality.

(II) Losses arising as a result of employment disputes in the last year up until the publication date of annual report. Please quantify the estimated losses and state any response actions, and state reasons if losses cannot be reasonably estimated: None.

VI. Cybersecurity:

(I) Describe the cyber security risk management framework, cyber security policies, concrete management programs, and investments in resources for cyber security management: In response to the networking technology progress and cross-platform networking trend, the Company uses information security tools to take effective protection strategies at the right moment; train employees' awareness toward information security and to be more cautious about the messages in emails or communication software, in order to mitigate the risk over phishing scams, and help protect personal data and trading safety by installing anti-virus software. Meanwhile, in addition to updating password periodically, the Company uses multi-factor authentication account protection measures and password management tools to protect relevant authentication information and help protect personal confidential data and establish a backup mechanism to ensure the data security.

(II) List any losses suffered by the company in the most recent 2 fiscal years 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. If a reasonable estimate cannot be made, an explanation of the facts of why it cannot be made shall be provided: None.

VII. Major Contracts:

Nature of Contract	Trading counterpart	Duration of Contract	Main Contents	Restrictive Clauses
Real estate contract	Ching-Tsung Yang	September 6, 2021	Sold land at No. 738, Dajiaotuei Section, Liuying District, Tainan City, and buildings and equipment No. 00178-00 and 00182-00 Dajiaotuei Section, Liuying District, Tainan City	None
Real estate contract	Fang Shun-Liang	October 25, 2021	Purchased construction land and building at No. 294, Xinsheng Section, Qianzhen District, Kaohsiung City	None
Real estate contract	Wu Su-Yun and 5 other counterparts	December 6, 2021	Purchased construction land and building at No. 1038, Ziqiang Section, North District, Tainan City	None
Real estate contract	Su Chun-Ping	December 7, 2021	Purchased construction land at No. 1034, Ziqiang Section, North District, Tainan City	None
Real estate contract	Sheng Jhong Syue International Co., Ltd.	December 1, 2021	Purchased construction land at No. 1780, 1781, 1782, 1783, 1784 in Xingzuan Section, West Central District, Tainan City	None
Real estate contract	Li Mao-Bin	January 28, 2022	Purchased construction land at No. 301, 302, 305, 306, Xinsheng Section, Qianzhen District, Kaohsiung City	None
Real estate contract	Ma Yi-Ting	February 9, 2022	Purchased construction land at No. 68, Bailun Section, Rende District, Tainan City	None
Real estate contract	Yang Chueh-Chen	April 15, 2022	Purchased construction land at No. 1164, 1186-2, 1187-1, 1193, 1194-1, 1196, 1198, 1199 in Beihua Section, North District, Tainan City	None
Loan contract	Land Bank of Taiwan Co., Ltd.	July 11, 2022 - July 11, 2017	[Beihua Section] Land loan of NT$200,680,000; interest paid monthly; principal paid at maturity.	None
Loan contract	Chang Hwa Commercial Bank, Ltd.	December 27, 2022 - April 27, 2016	[Xingzuan Section] Land loan of NT$70,000,000; interest paid monthly; principal paid at maturity.	None
Loan contract	Shanghai Commercial and Savings Bank Ltd.	December 28, 2023 - December 28, 2024	[Ziqiang Section] Land trust revolving loan of NT$2,155,000; interest paid monthly; principal paid at maturity.	None
Loan contract	Shanghai Commercial and Savings Bank Ltd.	December 28, 2023 - December 28, 2024	[Xinsheng Section] Land trust revolving loan of NT$18,000,000; interest paid monthly; principal paid at maturity.	None

Six. Overview of Finance

I. Condensed Balance Sheet and Comprehensive Income Statement (IFRS) for the Latest Five Years

(I) Condensed balance sheet - parent company only financial statement

Unit: NT$ Thousand

Item \ Year		Financial Analysis for the Latest Five Years (Note 1)				
		December 31, 2019	December 31, 2020	December 31, 2021	December 31, 2022	December 31, 2023
Current Assets		756,946	669,231	913,201	1,560,023	1,466,111
Property, plant and equipment		63,448	113,421	86,107	81,549	2,882
Intangible assets		-	-	-	97	318
Other assets		25,005	173,033	193,654	153,127	237,021
Total assets		845,399	955,685	1,192,962	1,794,796	1,706,332
Current Liabilities	Before payout	5,016	3,370	14,165	790,142	274,836
	After payout (Note 2)	5,016	3,370	14,165	790,142	274,836
Non-Current Liabilities		12,059	300	1,081	324	302
Total liabilities	Before payout	17,075	3,670	15,246	790,466	275,138
	After payout (Note 2)	17,075	3,670	15,246	790,466	275,138
Share capital		837,708	987,708	1,187,708	1,187,708	1,687,708
Capital surplus		622,396	622,396	605,796	605,796	530,568
Retained Earnings	Before payout	(628,282)	(656,697)	(614,396)	(787,782)	(785,690)
	After payout (Note 2)	(628,282)	(656,697)	(614,396)	(787,782)	(785,690)
Other equity		(3,498)	(1,392)	(1,392)	(1,392)	(1,392)
Treasury stock		-	-	-	-	-
Total Equity	Before payout	828,324	952,015	1,177,716	1,004,330	1,431,194
	After payout (Note 2)	828,324	952,015	1,177,716	1,004,330	1,431,194

: Said financial data are audited and verified by the CPA.

Note 2: Filled in based on the resolution of the shareholders meeting held in the following year. After the resolution of the Company’s board of directors on February 27, 2024, the deficit compensation for 2023 shall be approved by the shareholders' meeting scheduled to be held on May 24, 2024. Therefore, it shall be the amount before payout.

(II) Condensed Statement of Comprehensive Income - parent company only financial statement

Units: NT$thousand, except earnings per share

Item \ Year	Financial Analysis for the Latest Five Years (Note 1)				
	2019	2020	2021	2022	2023
Operating Revenue	254,719	72,396	71,875	8,922	16,763
Operating profits	7,295	438	3,594	21	1,647
Operating profit (loss)	(22,293)	(21,277)	(27,830)	(40,203)	(26,941)
Non-operating income and expenses	6,366	(10,417)	74,569	(133,180)	29,449
Income (loss) before tax	(15,927)	(31,694)	46,739	(173,383)	2,508
Income from continuing operations	(12,087)	(28,415)	42,301	(173,386)	1,746
Loss from discontinued operations	-	-	-	-	-
Income (loss)	(12,087)	(28,415)	42,301	(173,386)	1,746
Other comprehensive income (net after tax)	(823)	2,106	-	-	346
Other comprehensive income/loss for the year	(12,910)	(26,309)	42,301	(173,386)	2,092
Earnings (loss) per share	(0.14)	(0.30)	0.42	(1.46)	0.01

Note 1: Said financial data are audited and certified by the CPA.

(III) Condensed balance sheet - consolidated financial statement

Unit: NT$ Thousand

Item \ Year		Financial Analysis for the Latest Five Years (Note 1)				
		December 31, 2019	December 31, 2020	December 31, 2021	2022.12.31	2023.12.31
Current Assets		760,167	669,231	913,201	1,592,735	1,477,037
Property, plant and equipment		63,448	113,421	86,107	82,599	3,932
Intangible assets		-	-	-	17,526	12,018
Other assets		21,784	173,033	193,654	109,959	225,698
Total assets		845,399	955,685	1,192,962	1,802,819	1,718,685
Current Liabilities	Before payout	5,016	3,370	14,165	790,365	287,136
	After payout (Note 2)	5,016	3,370	14,165	790,365	287,136
Non-Current Liabilities		12,059	300	1,081	2,924	302
Total liabilities	Before payout	17,075	3,670	15,246	793,289	287,438
	After payout (Note 2)	17,075	3,670	15,246	793,289	287,438
Equity attributed to owners of the parent		828	952,015	1,177,716	1,004,330	1,431,194
Share capital		837,708	987,708	1,187,708	1,187,708	1,687,708
Capital surplus		622,396	622,396	605,796	605,796	530,568
Retained Earnings	Before payout	(628,282)	(656,697)	(614,396)	(787,782)	(785,690)
	After payout (Note 2)	(628,282)	(656,697)	(614,396)	(787,782)	(785,690)
Other equity		(3,498)	(1,392)	(1,392)	(1,392)	(1,392)
Treasury stock		-	-	-	-	-
Non-controlling equity		-	-	-	5,200	53
Total Equity	Before payout	841,234	828,324	952,015	1,009,530	1,431,247
	After payout (Note 2)	841,234	828,324	952,015	1,009,530	1,431,247

Note 1: Said financial data are audited and certified by the CPA.
Note 2: Filled in based on the resolution of the shareholders meeting held in the following year. After the resolution of the Company’s board of directors on February 27, 2024, the deficit compensation for 2023 shall be approved by the shareholders' meeting scheduled to be held on May 24, 2024. Therefore, it shall be the amount before payout.

(IV) Condensed Statement of Comprehensive Income - consolidated financial statement

Units: NT$thousand, except earnings per share

Year / Item	Financial Analysis for the Latest Five Years (Note 1)				
	2019	2020	2021	2022	2023
Operating Revenue	254,719	72,396	71,875	8,922	44,944
Operating profits	7,295	438	3,594	21	2,882
Operating profit (loss)	(23,580)	(21,277)	(27,830)	(40,264)	(61,938)
Non-operating income and expenses	7,653	(10,417)	74,569	(133,129)	60,407
Income (loss) before tax	(15,927)	(31,694)	46,739	(173,393)	(1,531)
Income from continuing operations	(12,087)	(28,415)	42,301	(173,396)	(2,293)
Loss from discontinued operations	-	-	-	-	-
Income (loss)	(12,087)	(28,415)	42,301	(173,396)	(2,293)
Other comprehensive income (net after tax)	(823)	2,106	-	-	346
Other comprehensive income/loss for the year	(12,910)	(26,309)	42,301	(173,396)	(1,947)
Net profit attributable to owners of the parent	(12,087)	(28,415)	42,301	(173,386)	1,746
Net profit attributable to non-controlling equity	-	-	-	(10)	(4,039)
Total comprehensive income attributable to owners of the parent	(12,910)	(26,309)	42,301	(173,386)	2,092
Total comprehensive income attributable to non-controlling equity	-	-	-	(10)	(4,039)
Earnings (loss) per share	(0.14)	(0.30)	0.42	(1.46)	0.01

Note 1: Said financial data are audited and certified by the CPA.

(V) CPA Audits

1. Consolidated Financial Statements

Year	Name of CPA Firm	Name of CPA	Audit Opinion
2019	PwC Taiwan	Tzu-Meng Liu, Tzu-Yu Lin	Unqualified opinion
2020	PwC Taiwan	Tzu-Meng Liu, Tzu-Yu Lin	Unqualified opinion
2021	PwC Taiwan	Tzu-Meng Liu, Tzu-Yu Lin	Unqualified opinion
2022	PwC Taiwan	Tzu-Shu Lin and Chung-Yu Tien	Unqualified opinion
2023	KPMG	Hsu, Cheng-Lung and Chen, Kuo-Tsung	Unqualified opinion

2. Parent Company Only Financial Statements

Year	Name of CPA Firm	Name of CPA	Audit Opinion
2019	PwC Taiwan	Tzu-Meng Liu, Tzu-Yu Lin	Unqualified opinion
2020	PwC Taiwan	Tzu-Meng Liu, Tzu-Yu Lin	Unqualified opinion
2021	PwC Taiwan	Tzu-Meng Liu, Tzu-Yu Lin	Unqualified opinion
2022	PwC Taiwan	Tzu-Shu Lin and Chung-Yu Tien	Unqualified opinion
2023	KPMG	Hsu, Cheng-Lung and Chen, Kuo-Tsung	Unqualified opinion

II. Financial Analysis for the Past 5 Fiscal Years - IFRS

(I) Financial Analysis - IFRS (Parent Company Only Financial Statements)

Scope of analysis	Year	Financial Analysis for the Latest Five Years				
		2019	2020	2021	2022	2023
Financial structure (%)	Liability to asset ratio	2.02	0.38	1.28	44.04	16.12
	Ratio of long-term fund to property, plant and equipment	1,324.52	839.63	1,368.99	1231.96	49,670.23
Solvency (%)	Current ratio (%)	15,090.63	19,858.49	6,446.88	197.44	533.45
	Quick ratio (%)	14,039.49	19,570.27	5,356.53	117.10	298.77
	Interest coverage ratio	(21.59)	(1,583.70)	3,339.50	(31.04)	1.33
Operational ability	Receivables turnover (times)	22.57	97.44	68.88	3.71	6.02
	Average cash collection days	16.00	4.00	6.00	99.00	61.00
	Inventory turnover (times)	57.71	18.85	0.89	0.02	0.02
	Payables turnover (times)	24.27	119.73	68.11	15.10	8.65
	Average inventory turnover days	6.00	19.00	410.00	18,250.00	18,250.00
	Property, plant and equipment turnover (times)	2.18	0.82	0.72	0.11	0.40
	Total assets turnover (times)	0.30	0.08	0.07	0.01	0.01
Profitability	ROA (%)	(1.34)	(3.15)	3.94	(11.32)	0.45
	ROE (%)	(1.45)	(3.19)	3.97	(15.89)	0.14
	Income before tax to paid-in capital (%)	(1.90)	(3.21)	3.94	(14.60)	0.15
	Profit margin (%)	(4.75)	(39.25)	58.85	(1,943.35)	10.42
	Earnings (loss) per share (NT$)	(0.14)	(0.30)	0.42	(1.46)	0.01
Cash flow	Cash flow ratio (%)	(343.00)	(1,309.17)	(2,503.12)	(66.94)	(3.84)
	Cash flow adequacy ratio (%)	303.34	119.51	(45.62)	(111.52)	(134.75)
	Cash reinvestment ratio (%)	(2.04)	(4.59)	(29.83)	(51.91)	(0.74)
Leverage	Operating leverage	(10.75)	(3.18)	(2.52)	(0.14)	(0.35)
	Financial leverage	1.00	1.00	1.00	0.88	0.78

The reasons that caused the changes in the financial ratios in the last two years (analysis is not required for changes by less than 20%):

1. Decrease in debt ratio: Mainly due to the decrease in bank borrowings in 2023 compared to 2022.

2. Increase in current ratio: Mainly due to the decrease in accounting items such as short-term borrowings, short-term notes payable, and other payables in 2023.

3. Increase in quick ratio: Mainly due to the decrease in accounting items such as short-term borrowings, short-term notes payable, and other payables in 2023.

4. As real estate construction and development is incorporated in the Company's main operating activities in 2023, its long-term development timeline will cause the following financial ratios to change by more than 20%:

(1) Decline in payables turnover

5. The following profitability changes by more than 20% due to recognition of valuation gains (losses) of financial assets:

(1) Rise in ROA

(2) Rise in ROE

(3) Rise in profit margin

6. Increase in cash flow ratio: This was mainly because the increase in net cash flow from operating activities in the current period was lower than the increase in current liabilities, which resulted in a increase in cash flow ratio.

(II) Financial Analysis - IFRS (Consolidated Financial Statements)

Scope of analysis	Year	2019	2020	2021	2022	2023
		Financial Analysis for the Latest Five Years				
Financial structure (%)	Liability to asset ratio	2.02	0.38	1.28	44.00	16.72
	Ratio of long-term fund to property, plant and equipment	1,324.52	839.63	1,368.99	1,225.75	36,407.66
Solvency (%)	Current ratio	15,154.84	19,858.49	6,446.88	201.52	514.40
	Quick ratio	14,039.49	19,570.27	5,356.53	121.21	288.63
	Interest coverage ratio	(21.59)	(1,583.70)	3,339.50	(31.04)	0.80
Operational ability	Receivables turnover (times)	22.57	97.44	68.88	3.71	8.77
	Average cash collection days	16.00	4.00	6.00	99.00	42.00
	Inventory turnover (times)	57.71	18.85	0.89	0.02	0.07
	Payables turnover (times)	24.27	119.73	68.11	15.10	10.50
	Average inventory turnover days	6.00	19.00	410.00	18,250.00	5,215.00
	Property, plant and equipment turnover (times)	2.18	0.82	0.72	0.11	1.04
	Total assets turnover (times)	0.30	0.08	0.07	0.01	0.03
Profitability	ROA (%)	(1.34)	(3.15)	3.94	(11.29)	0.22
	ROE (%)	(1.45)	(3.19)	3.97	(15.86)	(0.19)
	Income before tax to paid-in capital (%)	(1.90)	(3.21)	3.94	(14.60)	(0.09)
	Profit margin (%)	(4.75)	(39.25)	58.85	(1,943.47)	(5.10)
	Earnings (loss) per share (NT$)	(0.14)	(0.30)	0.42	(1.46)	0.01
Cash flow	Cash flow ratio (%)	(367.24)	(1,309.08)	(2,503.12)	(66.92)	(14.88)
	Cash flow adequacy ratio (%)	258.50	93.68	(53.51)	(111.39)	(139.23)
	Cash reinvestment ratio (%)	(2.19)	(4.59)	(29.83)	(51.52)	(2.98)
Leverage	Operating leverage	(10.16)	(3.18)	(2.52)	(0.14)	(0.57)
	Financial leverage	0.97	1.00	1.00	0.88	0.89

The reasons that caused the changes in the financial ratios in the last two years (analysis is not required for changes by less than 20%):

1. Decrease in debt ratio: Mainly due to the decrease in bank borrowings in 2023 compared to 2022.

2. Increase in current ratio: Mainly due to the decrease in accounting items such as short-term borrowings, short-term notes payable, and other payables in 2023.

3. Increase in quick ratio: Mainly due to the decrease in accounting items such as short-term borrowings, short-term notes payable, and other payables in 2023.

4. As real estate construction and development is incorporated in the Company's main operating activities in 2023, its long-term development timeline will cause the following financial ratios to change by more than 20%:

(1) Decline in payables turnover

5. The following profitability changes by more than 20% due to recognition of valuation gains (losses) of financial assets:

(1) Rise in ROA

(2) Rise in ROE

(3) Rise in profit margin

6. Increase in cash flow ratio: This was mainly because the increase in net cash flow from operating activities in the current period was lower than the increase in current liabilities, which resulted in an increase in cash flow ratio.

Note 1: Said financial data are audited and certified by the CPA.

Note 2: The calculation is as follows:

1. Financial structure
   (1) Ratio of liabilities to assets=Total liabilities/Total Assets.
   (2) Ratio of long-term fund to property, plant and equipment = (total equity + non-current liabilities) / net property, plant and equipment.
2. Solvency
   (1) Current ratio=Current assets/Current liabilities.
   (2) Quick ratio=(Current assets-Inventory-Prepaid expenses)/Current liabilities.
   (3) Interest coverage ratio=Income tax and income before interest expenses/Current interest expenses.
3. Operational ability
   (1) Receivables (including accounts receivable and notes receivable resulting from operation) turnover = net sales / balance of average accounts receivable (including accounts receivable and notes receivable resulting from operation).
   (2) Average cash collection days=365/Receivables turnover.
   (3) Inventory turnover=Cost of goods sold/Average inventory.
   (4) Payables (including accounts payable and notes payable resulting from operation) turnover = cost of goods sold / balance of average accounts payable (including accounts payable and notes payable resulting from operation).
   (5) Average inventory turnover days=365/Inventory turnover.
   (6) Property, plant and equipment = Net sales/Average property, plant and equipment, net
   (7) Total assets turnover=net sales/average total assets.
4. Profitability
   (1) ROA=[Profit or loss after tax+interest expenses × (1- tax rate)]/average total assets.
   (2) ROE=Profit or loss after tax/Average total shareholders' equity.
   (3) Profit margin=Profit or loss after tax/Net sales.
   (4) Earnings per share= (profits attributable to owners of the parent - Preferred stock dividend)/Weighted average number of outstanding shares. (Note 3)
5. Cash flow
   (1) Cash flow ratio =Net cash flow from operating activities/Current liabilities.
   (2) Net cash flow adequacy ratio=Net cash flow from operating activities during the most recent five years/(Capital expenses+Increase in inventory+Cash dividends) during the most recent five years.
   (3) Cash reinvestment ratio=(Net cash flow from operating activities-Cash dividends)/(Gross property, plant and equipment+Long-term investments+Other non-current assets+working capital). (Note 4)
6. Leverage:
   (1) Operating leverage=(Net operating revenues-Variable operating costs and expenses)/Operating income (Note 5)
   (2) Financial leverage=Operating income/(Operating income-Interest expenses).

Note 3: Special attention shall be paid to the following matters for the calculation of earnings per share:

1. The calculation shall be based on the weighted average number of common shares instead of the total number of outstanding shares at the end of the year.
2. In case of cash capital increase or trading of treasury shares, its period of circulation shall be considered when calculating the weighted average number of shares.
3. Where there is capital increase out of earnings or capital reserve, retrospective adjustments should be made during the calculation of annual and semi-annual earnings per share in the past according to the percentage of capital increase, regardless of the period of shares issuance for capital increase.
4. For non-convertible cumulative preferred stocks, the preferred stock dividends for the current year (whether issued or not) shall be deducted from the net profit, or added to net loss. For non-cumulative preferred stocks, if there is net profit, preferred stock dividends shall be deducted from the net profit; if there is a loss, adjustments and deductions are not required.

Note 4: During cash flow analysis, the Company should pay close attention to the following matters:

1. Net cash flow from operating activities refers to the net amount of cash inflow generated from operating activities in the cash flow statement.
2. Capital expenditure refers to the annual cash outflows of capital investment.
3. The increase in inventory will be included when the closing balance is greater than the opening balance, whereas a decrease in inventory at the end of the year shall be considered as zero.
4. The cash dividends include those for common shares and preferred shares.
5. Gross property, plant and equipment refers to the total property, plant and equipment before deducting accumulated depreciation.

Note 5: Various operating costs and operating expenses shall be classified as fixed or variable by the issuer according to their nature. For estimates involving subjective judgments, the Company keep in line with its rationality and maintain its consistency.

Note 6: If the stock has no par value or the par value per share is other than NT$10, for the aforementioned provision regarding percentage of paid-in capital, the equity attributable to owners of the parent company in the balance sheet shall be substituted.

III. Supervisors' or Audit Committee's Report for the 2023 Financial Statements

FEEI CHERNG DEVELOP TECHNOLOGY CO., LTD.
Audit Committee's Review Report

The Company's 2023 business report, financial statements (including consolidated financial statements) and loss off-setting proposal, of which the financial statements (including consolidated financial statements) have been audited by CPA Cheng-Lung Hsu and CPA Kuo-Tsung Chen of KPMG Taiwan entrusted by the board of directors. After review, the audit committee found that there were no discrepancies in the above-mentioned accounting books and statements, and prepared a report in accordance with Article 14-4 of the Securities and Exchange Act, and Article 29 of the Company Act.

To:

FEEI CHERNG DEVELOP TECHNOLOGY CO., LTD.
2024 Shareholders' Meeting

Convener of the Audit Committee: Hu Ching-Hsi

February 27, 2024

IV. Consolidated Financial Statement for 2023, Certified by a CPA

INDEPENDENT AUDITORS’ REPORT

To: The Board of Directors of FEEI CHERNG DEVELOP TECHNOLOGY CO., LTD.

Opinions

We have audited the consolidated financial statements of FEEI CHERNG DEVELOP TECHNOLOGY CO., LTD. and its subsidiaries (“the Group”), which comprise the consolidated balance sheets as of December 31, 2023 and 2022, the consolidated statements of comprehensive income, consolidated statements of changes in equity, and consolidated statements of cash flows for the years ended December 31, 2023 and 2022, and notes to the consolidated financial statements including a summary of significant accounting policies.

In our opinion, based on our audits and reports of other auditors (please refer to Other Matters section), the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as of December 31, 2023 and 2022, and its consolidated financial performance and its consolidated cash flows for each of the years then ended, in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and with the International Financial Reporting Standards (“IFRS”), International Accounting Standards (“IAS”), Interpretations developed by the International Financial Reporting Interpretations Committee (“IFRIC”) or the former Standing Interpretations Committee (“SIC”) endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China.

Basis for Opinion

We conducted our audits in accordance with the Regulations Governing Auditing and Attestation of Financial Statements by Certified Public Accountants and the Standards on Auditing of the Republic of China. Our responsibilities under those standards are further described in the Auditors’ Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with the Norm of Professional Ethics for Certified Public Accountant of the Republic of China, and we have fulfilled our other ethical responsibilities in accordance with these requirement. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis of our opinion.

Other Matters

Among subsidiaries included in the consolidated financial statements of the Group, the financial statements of Samtec Engineering Co., Ltd. were not audited by us, but by other auditors. Therefore, the opinions expressed in the accompany consolidated financial statements by us concerning the amounts reported in the financial statements of Samtec Engineering Co., Ltd. are based on other auditors' reports. The total assets of Samtec Engineering Co., Ltd. as of December 31, 2023 accounted for 1.39% of the consolidated total assets; net revenues of Samtec Engineering Co., Ltd. for the year ended December 31, 2023 accounted for 62.70% of the consolidated net revenues.

Feei Cherng Enterprise Co., Ltd. has prepared 2023 parent company only financial statements. We have issued an audit report with unqualified opinion and other matters section for reference.

The 2022 consolidated financial statements were audited by other auditors, and on February 24, 2023, they issued an unqualified auditor's report thereon.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the 2023 consolidated financial statements of the Group. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. We have determined the matters described below to be the key audit matters to be communicated in our report:

I. Inventory valuation

Please refer to Note 4(8) Inventories for the accounting policy on inventory valuation. For the accounting estimates and assumptions used to determine the net realizable value of inventories, please refer to Note 5(1) Inventories; and for the explanation of the net realizable value of inventories, please refer to Note 6(6) Inventories.

Description of key audit matter:

Inventories of the Group are measured at the lower of cost or net realizable value. Since the real estate industry requires a significant amount of capital investment and has a long payback period, the industry is greatly affected by the political, economic and real estate tax reforms, which may result in the risk of the cost of inventories being higher than the net realizable value. Therefore, the inventory valuation is one of the key audit matters that we consider when performing our audits of the consolidated financial statements of the Group.

How the matter was addressed in our audit:

In relation to the key audit matter above, our principal audit procedures included converting average selling prices to net realizable value of inventories based on the latest Actual Price Registration of Real Estate Transactions announced by the Ministry of the Interior and obtaining transaction prices from the neighborhood, or obtaining appraisal results from real estate appraisers or market prices in order to evaluate the reasonableness of the allowance for decline in value of inventories or provision for obsolescence of inventories in the construction industry, and assessing whether the valuation of inventories had been performed in accordance with the Company's accounting policies. Also, we assess the appropriateness to disclose the information related to the allowance for inventory losses.

II. Revenue recognition

Please refer to Note 4(14) Revenue Recognition for the accounting policy; Note 5(2) for the accounting estimates and assumptions uncertainty for revenue recognition assessment; and Note 6(22) for the description of revenues from customer contracts in the consolidated financial statements.

Description of key audit matter:

Revenue from construction contracts is recognized based on the proportion of contract cost incurred to the total estimated cost of contract at the reporting date. However, the estimated total cost of contract was determined by the management of the Group based on historical experience to estimate the reasonableness of the future costs to be incurred, which may affect the percentage of completion and the calculation of the construction profit or loss; therefore, it was included as one of our key audit matters.

How the matter was addressed in our audit:

In relation to the key audit matter above, our principal audit procedures included selecting major contracts as samples to examine whether there were significant changes in the total contract prices and estimated total costs; examining the input costs estimated by management and comparing them with the actual input costs incurred when the projects were completed to assess the appropriateness of the estimation methods; sampling the relevant vouchers and supporting documents for certain projects to confirm the inputs used in calculating the construction completion status; and assessing whether the Group had properly disclosed the relevant information on the revenues.

Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

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

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

Those charged with governance, including supervisors, are responsible for overseeing the financial reporting process of the Group.

Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

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

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

1. Identified and assessed the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
2. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the internal control of the Group.
3. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
4. Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the ability of the Group to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group to cease to continue as a going concern.
5. Evaluated the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
6. Obtained sufficient and appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

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

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

From the matters communicated with those charged with governance, we determined those matters that were of most significance in the audit of the 2023 consolidated financial statements and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

KPMG Taiwan

CPA:

Certificate Number Approved by Competent Authority in Charge of Securities	:	Jin Guan Zheng Liu Zi No. 0960069825 (89) Tai Tsai Zheng (6) No. 62474

February 27, 2024

FEEI CHERNG DEVELOP TECHNOLOGY CO., LTD. and its Subsidiaries

(formerly Feei Cherng Enterprise Co., Ltd.)

Consolidated Balance Sheets

December 31, 2023 and 2022

Unit: NT$ Thousand

		2023.12.31		2022.12.31	
	Assets	**Amount**	**%**	**Amount**	**%**
	Current Assets:				
1100	Cash and Cash Equivalents (Note 6(1))	$ 265,701	16	248,046	14
1110	Financial assets at fair value through profit or loss - current (Notes 6(2) and 8)	241,256	14	234,882	13
1136	Financial assets at amortized cost - current (Notes 6(4) and 8)	297,000	18	472,000	26
1140	Contract assets - current (Notes 6(22) and 7)	2,666	-	-	-
1180	Accounts receivable - related parties, net (Notes 6(5)(22) and 7)	7,526	-	2,727	-
1200	Other Receivables	7,131	-	331	-
1220	Current tax assets	1,015	-	-	-
130X	Inventories (Notes 6(6), 7 and 8)	644,737	38	634,398	35
1410	Prepayments	3,542	-	351	-
1470	Other current assets (Note 6(13))	6,463	-	-	-
	Total Current Assets	1,477,037	86	1,592,735	88
	Non-current Assets:				
1510	Financial assets at fair value through profit or loss - non-current (Note 6(2))	148,264	9	106,641	6
1600	Property, plant and equipment (Note 6(9))	3,932	-	82,599	5
1755	Right-of-use assets (Note 6(10))	-	-	769	-
1760	Investment property, net (Note 6(11))	74,007	4	-	-
1780	Intangible assets (Note 6(12))	12,018	1	17,526	1
1840	Deferred tax assets (Note 6(19))	-	-	762	-
1920	Refundable deposits (Note 7)	3,427	-	1,787	-
	Total non-current assets	241,648	14	210,084	12
	Total Assets	**$ 1,718,685**	**100**	**1,802,819**	**100**

		2023.12.31		2022.12.31	
	Liabilities and Equity	**Amount**	**%**	**Amount**	**%**
	Current Liabilities:				
2100	Short-term borrowings (Notes 6(14)(28) and 8)	$ 234,700	14	751,227	42
2110	Short-term borrowings (Notes 6 (15)(28) and 8)	-	-	25,000	1
2130	Contract liabilities - current (Notes 6(22) and 9)	29,940	2	-	-
2170	Accounts payables	7,632	-	376	-
2180	Accounts payable - related parties (Note 7)	20	-	-	-
2200	Other payables (Note 7)	10,512	1	12,552	1
2220	Other payable - related parties (Note 7)	2,753	-	-	-
2280	Lease liabilities - current (Notes 6(16)(28))	-	-	781	-
2300	Total Other Current Liabilities	1,579	-	429	-
	Total Current Liabilities	287,136	17	790,365	44
	Non-Current Liabilities:				
2570	Deferred tax liabilities (Note 6 (19))	-	-	2,600	-
2600	Other non-current liabilities (Note 6(28))	302	-	324	-
	Total Non-Current Liabilities	302	-	2,924	-
	Total Liabilities	287,438	17	793,289	44
	Equity attributable to owners of parent (Note 6(20)):				
3110	Share Capital	1,687,708	98	1,187,708	66
3200	Capital surplus	530,568	31	605,796	33
3300	Accumulated deficits	(785,690)	(46)	(787,782)	(43)
3400	Other equity	(1,392)	-	(1,392)	-
	Total equity attributed to owners of parent	1,431,194	83	1,004,330	56
	Non-controlling interest (Notes 6(7)(8)):				
36XX	Non-controlling equity	53	-	5,200	-
	Total Equity	1,431,247	83	1,009,530	56
	Total Liabilities and Equity	**$ 1,718,685**	**100**	**1,802,819**	**100**

(See accompanying notes to consolidated financial statements)

Chairman: Yu-Ming Chang **Manager: Peng-Kuang Tseng** **Accounting Manager: Yuan-Hsiang Han**

FEEI CHERNG DEVELOP TECHNOLOGY CO., LTD. and its Subsidiaries

(formerly Feei Cherng Enterprise Co., Ltd.)

Consolidated Statement of Comprehensive Income

For the years ended December 31, 2023 and 2022

Unit: NT$ Thousand

		2023			2022	
			Amount	%	Amount	%
4000	**Operating revenue (Notes 6 (22) and 7)**	$	44,944	100	8,922	100
5000	**Operating costs (Notes 6(6) and 7)**		42,062	94	8,901	100
5900	**Operating profits**		2,882	6	21	-
	Operating expenses (Notes 6 (16)(18), 7 and 12):					
6100	Marketing expenses		5,053	11	443	5
6200	Administrative expenses		59,767	133	39,842	446
	Total operating expenses		64,820	144	40,285	451
6900	**Loss from operations**		(61,938)	(138)	(40,264)	(451)
	Non-operating income and expenses (Notes 6 (12) (16)(24) and 7)					
7100	Interest income		3,053	7	4,296	48
7010	Other revenue		6,606	15	22,049	247
7020	Other gains and losses		58,386	130	(154,063)	(1,727)
7050	Financial costs		(7,638)	(17)	(5,411)	(60)
	Total non-operating income and expenses		60,407	135	(133,129)	(1,492)
7900	**Loss before tax, net**		(1,531)	(3)	(173,393)	(1,943)
7950	**Less: income tax expense (Note 6 (19))**		762	2	3	-
8200	**Net loss for the year**		(2,293)	(5)	(173,396)	(1,943)
	Other comprehensive income:					
8310	**Items that will not be reclassified subsequently to profit or loss** (Notes 6(3)(20))					
8316	Unrealized gain (loss) on investments in equity instruments at fair value through other comprehensive income		346	1	-	-
8349	Less: Income tax relating to items that will not be reclassified subsequently to profit or loss		-	-	-	-
8300	**Other comprehensive income for the current period**		346	1	-	-
8500	**Other comprehensive income/loss for the year**	**$**	**(1,947)**	**(4)**	**(173,396)**	**(1,943)**
	Current profit (loss) attributable to:					
8610	Parent company	$	1,746	4	(173,386)	(1,943)
8620	Non-controlling equity		(4,039)	(9)	(10)	-
		$	**(2,293)**	**(5)**	**(173,396)**	**(1,943)**
	Comprehensive income/loss attributable to:					
8710	Parent company	$	2,092	5	(173,386)	(1,943)
8720	Non-controlling equity		(4,039)	(9)	(10)	-
		$	**(1,947)**	**(4)**	**(173,396)**	**(1,943)**
	Earnings (losses) per share (Note 6(21)):					
9750	**Basic earnings (losses) per share (NT$)**	**$**		**0.01**		**(1.46)**
9850	**Diluted earnings (losses) per share (NT$)**	**$**		**0.01**		**(1.46)**

(See accompanying notes to consolidated financial statements)

Chairman: Yu-Ming Chang Manager: Peng-Kuang Tseng Accounting Manager: Yuan-Hsiang Han

FEEI CHERNG DEVELOP TECHNOLOGY CO., LTD. and its Subsidiaries

(formerly Feei Cherng Enterprise Co., Ltd.)

Consolidated Statement of Changes in Equity

一、For the years ended December 31, 2023 and 2022

二、Unit: NT$ Thousand

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四、

	Equity attributed to owners of the parent										
			Retained Earnings			Other equity item					
	Ordinary Share Capital	Capital surplus	Legal reserve	Accumulated deficits	Total	Unrealized gain (loss) on financial assets at fair value through other comprehensive income	Remeasurement of defined benefit plan	Total	Total equity attributed to owners of the parent	Non-controlling equity	Total Equity
Balance at January 1, 2022	**$ 1,187,708**	**605,796**	**66,320**	**(680,716)**	**(614,396)**	**-**	**(1,392)**	**(1,392)**	**1,177,716**	**-**	**1,177,716**
Net loss for the year	-	-	-	(173,386)	(173,386)	-	-	-	(173,386)	(10)	(173,396)
Other comprehensive income for the current period	-	-	-	-	-	-	-	-	-	-	-
Other comprehensive income/loss for the year	-	-	-	(173,386)	(173,386)	-	-	-	(173,386)	(10)	(173,396)
Business combination	-	-	-	-	-	-	-	-	-	5,210	5,210
Balance at December 31, 2022	**1,187,708**	**605,796**	**66,320**	**(854,102)**	**(787,782)**	**-**	**(1,392)**	**(1,392)**	**1,004,330**	**5,200**	**1,009,530**
Income (loss)	-	-	-	1,746	1,746	-	-	-	1,746	(4,039)	(2,293)
Other comprehensive income for the current period	-	-	-	-	-	346	-	346	346	-	346
Other comprehensive income/loss for the year	-	-	-	1,746	1,746	346	-	346	2,092	(4,039)	(1,947)
Cash capital increase	500,000	(76,500)	-	-	-	-	-	-	423,500	-	423,500
From differences between equity purchase price and carrying amount arising from actual acquisition or disposal of subsidiaries	-	1,272	-	-	-	-	-	-	1,272	-	1,272
Increase/decrease in non-controlling interests	-	-	-	-	-	-	-	-	-	(1,108)	(1,108)
Disposal of equity instruments at fair value through other comprehensive income	-	-	-	346	346	(346)	-	(346)	-	-	-
Balance at December 31, 2023	**$ 1,687,708**	**530,568**	**66,320**	**(852,010)**	**(785,690)**	**-**	**(1,392)**	**(1,392)**	**1,431,194**	**53**	**1,431,247**

(See accompanying notes to consolidated financial statements)

Chairman: Yu-Ming Chang **Manager: Peng-Kuang Tseng** **Accounting Manager: Yuan-Hsiang Han**

FEEI CHERNG DEVELOP TECHNOLOGY CO., LTD. and its Subsidiaries

(formerly Feei Cherng Enterprise Co., Ltd.)

Consolidated Statement of Cash Flows

五、For the years ended December 31, 2023 and 2022

六、 Unit: NT$ Thousand

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		2023	2022
Cash Flows from Operating Activities:			
Loss before income tax	$	(1,531)	(173,393)
Adjustment item			
Profit/loss			
Depreciation expense		5,429	5,674
Amortization expenses		1,362	25
Net (gains) losses on financial assets at fair value through profit or loss		(61,232)	154,063
Interest expenses		7,638	5,411
Interest income		(3,053)	(4,296)
Dividend income		(4,902)	(13,760)
Impairment losses on non-financial assets		2,846	-
Total adjustments for profit/loss		(51,912)	147,117
Changes in operating assets and liabilities:			
Changes in operating assets:			
Increase in financial assets at fair value through profit or loss		-	(34,513)
Increase in contract assets		(2,666)	-
Increase in accounts receivable - related parties		(4,799)	(640)
Decrease in other receivables		-	92
Increase in inventories		(10,339)	(480,400)
(Increase) decrease in prepayments		(3,191)	101
Increase in other current assets		(6,463)	-
Total changes in operating assets		(27,458)	(515,360)
Changes in operating liabilities:			
Increase in contract liabilities		29,940	-
Decrease in notes payable		-	(446)
Increase in accounts payable		7,256	19
Increase in accounts payable - related parties		20	-
(Decrease) increase in other payables		(2,844)	4,758
Increase (decrease) in other payables - related parties		2,738	(4,281)
Increase in other current liabilities		1,150	-
Total changes in operating liabilities		38,260	50
Total changes in operating assets and liabilities		10,802	(515,310)
Total adjustments		(41,110)	(368,193)
Cash generated from operating activities		(42,641)	(541,586)
Interest received		3,053	4,296
Dividends received		4,902	13,760
Interest paid		(7,357)	(5,411)
Income tax paid		(684)	-
Cash Flows from Operating Activities		(42,727)	(528,941)
Cash Flows from Investment Activities:			
Acquisition of financial assets at fair value through other comprehensive income		(7,687)	-
Disposal of financial assets at fair value through other comprehensive income		8,033	-
Acquisition of financial assets at amortized cost		-	(150,000)
Disposal of financial assets at amortized cost		175,000	-
Acquisition of financial assets at fair value through profit or loss		(84,621)	-
Disposal of financial assets at fair value through profit or loss		91,271	303
Net cash used in acquisition of subsidiaries		(853)	(43,218)
Acquisition of property, plant and equipment:		-	(90)
Increase in refundable deposits		(1,640)	(200)
Decrease in other receivables		-	32,710
Acquisition of intangible assets		(283)	(122)
Net cash generated from (used in) investing activities		179,220	(160,617)
Cash Flows from Financing Activities:			
Increase in short-term borrowings		18,107	751,227
Decrease in short-term borrowings		(534,634)	-
Increase in short-term notes payable		-	25,000
Decrease in short-term notes payable		(25,000)	-
Increase in deposits received		-	24
Decrease in guarantee deposits received		(22)	-
Repayment of the principal portion of lease liabilities		(789)	(1,020)
Cash capital increase		423,500	-
Net cash (used in) generated from financing activities		(118,838)	775,231
Increase in Cash and Cash Equivalents		17,655	85,673
Cash and Cash Equivalents as of January 1		248,046	162,373
Cash and Cash Equivalents as of December 31	$	265,701	248,046

(See accompanying notes to consolidated financial statements)

Chairman: Yu-Ming Chang **Manager: Peng-Kuang Tseng** **Accounting Manager: Yuan-Hsiang Han**

FEEI CHERNG DEVELOP TECHNOLOGY CO., LTD. and its Subsidiaries
(formerly Feei Cherng Enterprise Co., Ltd.)

Notes to Consolidated Financial Report

2023 and 2022

(Unless otherwise stated, all amounts are in NTD thousand)

I. Company History

FEEI CHERNG ENTERPRISE CO., LTD. (hereinafter referred to as the "Company"), formerly known as Feei Cherng Enterprise Co., Ltd., was established on December 2, 1993 with the approval of the Ministry of Economic Affairs. The registered address is 11F-2, No. 248, Sec. 2, Yonghua Road, Anping District, Tainan City. The original businesses of the Company and its subsidiaries (collectively referred to as “the Group”) mainly include manufacturing, trading and import / export of electronic products, electrical products, and computer components and equipment. However, since the second half of 2018, the Company has changed to the operation of livestock farm, bulk raw material trading, and housing and building development and rental. U-Best Innovation Technology Co., Ltd. holds 17.20% of the shares of the Company and is the parent company of the Company, and Sun Yad Construction Co., Ltd. is the ultimate parent company of the Company.

II. Approval of Dates and Procedures of Financial Statements

The consolidated financial statements were authorized for issue by the Board of Directors on February 27, 2024.

III. Application of New, Amended, and Revised Standards and Interpretations

(I) The impact of the new and amended IFRSs and interpretations thereof endorsed by the Financial Supervisory Commission, which have already been adopted.

The Group began to apply the following newly amended IFRSs from January 1, 2023, and there was no material impact on the consolidated financial statements.

- Amendments to IAS 1 “Disclosure of Accounting Policies”
- Amendments to IAS 8 “Definition of Accounting Estimates”
- Amendments to IAS 12 “Deferred Tax related to Assets and Liabilities arising from a Single Transaction”

The Group began to apply the following newly amended IFRSs from May 23, 2023, and there was no material impact on the consolidated financial statements.

- Amendments to IAS 12 “International Tax Reform -Pillar Two Model Rules”

(II) Impact of IFRSs endorsed by the FSC but not yet adopted

The Group has assessed that the application of the following newly amended IFRSs effective from January 1, 2024 will not cause significant impact on the consolidated financial statements.

- Amendments to IAS 1 “Classification of Liabilities as Current or Non-current”
- Amendments to IAS 1 "Non-current Liabilities with Covenants"
- Amendments to IAS 7 and IFRS 7 “Supplier Finance Arrangements”
- Amendments to IFRS 16 “Lease liability in a sale and leaseback”

(III) New and amended Standards and interpretations not yet endorsed by the FSC

The Group expects the following new and amendments to standards that have not yet been endorsed to have no significant impact on the consolidated financial statements.

- Amendments to IFRS10 and IAS 28 “Sales or contributions of assets between investors and their affiliates or joint ventures”
- IFRS 17 “Insurance Contracts” and amendments to IFRS 17
- Amendments to IFRS 17 “Initial Application of IFRS 17 and IFRS 9 – Comparative Information“
- Amendments to IAS 21 “Lack of Exchangeability”

IV. Summary of Significant Accounting Policies

The significant accounting policies adopted for the consolidated financial statements are as follows. Unless otherwise specified, the following accounting policies have been consistently applied during the presentation period of the consolidated financial statements.

(I) Statement of compliance

This consolidated financial report is prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers (the “Regulations”), and the International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), IFRIC Interpretations (IFRIC), and SIC Interpretations (SIC) (collectively, the “IFRSs endorsed by FSC”) endorsed and announced to be effective by the FSC.

(II) Basis of preparation

1. Measurement basis

The consolidated financial statements have been prepared on the historical cost basis except for the following material items in the balance sheets:

(1) Financial instruments at fair value through profit or loss are measured at fair value;

(2) Financial assets at fair value through other comprehensive income are measured at fair value;

2. Functional and presentation currency

The functional currency of each Group entities is determined based on the primary economic environment in which the entities operate. The consolidated financial statements are presented in New Taiwan Dollar, which is the Company’s functional currency. For all financial information expressed in NT$, the unit is NT$ thousand.

(III) The consolidated financial statements are presented in New Taiwan Dollar, which is the Company’s functional currency.

1. Principles for Preparation of the Consolidated Financial Statements

The consolidated financial statements comprise the Company and entities controlled by the Company, i.e. subsidiaries. The Company controls an entity when it is exposed to, 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.

The financial statements of subsidiaries are included in the consolidated financial statements from the date on which control commences until the date on which control ceases. Intragroup balances and transactions, and any unrealized income and expenses arising from Intragroup transactions are eliminated in preparing the consolidated financial statements. The total comprehensive income of subsidiaries are attributed to the owners of the Company and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance.

The financial statements of the subsidiaries have been appropriately adjusted to make their accounting policies consistent with the accounting policies used by the Group.

Changes in the Group's ownership interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions with the owners. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received will be recognized directly in equity, and will attribute it to the owners of the Company.

2. Subsidiaries included in the consolidated financial report

Subsidiaries included in the consolidated financial report are:

Name of Investing Company	Name of subsidiary	Nature of business	Percentage of equity held 2023.12.31	Percentage of equity held 2022.12.31	Description
The Company	Samtec Engineering Co., Ltd.	Construction and engineering	92.53%	82.53%	(Note 1) (Note 2)

Note 1: The Group acquired the control of Samtec in December, 2022, resulting in it becoming a subsidiary of the Group Please refer to Note 6(7) for the relevant description of the business combination.

Note 2: Please refer to Note 6 (8) for the changes in the percentage of equity held in 2023.

3. Subsidiaries not included in the consolidated financial report: None.

(IV) Foreign currency

1. Foreign currency transactions

Transactions in foreign currencies are translated into the functional currencies at the exchange rates at the dates of the transactions. At the end of each subsequent reporting period, monetary items denominated in foreign currencies are translated into the functional currencies using the exchange rate at that date. Non-monetary items denominated in foreign currencies that are measured at fair value are translated into the functional currencies using the exchange rate at the date that the fair value was determined. Non-monetary items denominated in foreign currencies that are measured based on historical cost are translated using the exchange rate at the date of the transaction.

Exchange differences are generally recognized in profit or loss, except for those differences relating to the following, which are recognized in other comprehensive income:

(1) an investment in equity securities designated as at fair value through other comprehensive income;

(2) a financial liability designated as a hedge of the net investment in a foreign operation to the extent that the hedge is effective; or

(3) qualifying cash flow hedges to the extent that the hedges are effective.

(V) Criteria for classifying assets and liabilities into current and non-current.

An asset is classified as current if any of the following conditions; assets other than current assets are non-current assets:

1. It is expected to be realized, or intended to be sold or consumed, in the normal operating cycle; The Group has an operating cycle of one year, except for the business cycle of real estate development related businesses that is usually longer than a year;
2. It is held primarily for the purpose of trading;
3. It is expected to be realized within twelve months after the reporting period; or
4. The asset is cash and cash equivalent unless the asset is restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

A liability is classified as current if any of the following conditions; liabilities other than current assets are non-current liabilities:

1. It is expected to be settled in the normal operating cycle; The Group has an operating cycle of one year, except for the business cycle of real estate development related liabilities that is usually longer than a year;
2. It is held primarily for the purpose of trading;
3. If is due to be settled within twelve months after the reporting period; or
4. The entity does not have an unconditional right to defer settlement of the liability for at least 12 months after the balance sheet date. Terms of a liability that could, at the option of the counterparty, result in its settlement by the issue of equity instruments do not affect its classification.

(VI) Cash and cash equivalents:

Cash comprises cash on hand and demand deposits. Cash equivalents are short-term, highly liquid investments that are readily convertible to known amounts of cash and are subject to an insignificant risk of changes in value. Time deposits which meet the above definition and are held for the purpose of meeting shortterm cash commitments rather than for investment or other purposes should be recognized as cash equivalents.

(VII) Financial instruments

Accounts receivable are recognized when incur. All other financial assets and financial liabilities are initially recognized when the Group becomes a party to the contractual provisions of the instrument. A financial asset not measured at FVTPL (unless a trade receivable without a significant financing component) or financial liability initially measured at fair value plus transaction costs directly attributable to its acquisition or issue. transaction price. A trade receivable without a significant financing component is initially measured at the transaction price

1. Financial asset

When the purchase or sale of financial assets is consistent to the usual transactions, the Group's financial assets classified in the same manner shall adopt the trade date or settlement date accounting treatment for all purchases and sales of the same.

On initial recognition, a financial asset is classified as measured at: financial asset measured at amortized cost; financial asset measured at fair value through other comprehensive income (FVOCI); investment in equity instrument at FVOCI; or financial asset measured at FVTPL. Only when the Group changes its business model for managing financial assets, it reclassifies all affected financial assets on the first day of the first reporting period following the change in the business model.

(1) Financial assets measured at amortized cost

A financial asset is measured at amortized cost if it meets both of the following conditions and is not designated as at FVTPL:

・ Holding the financial assets within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets.

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

These assets are subsequently measured at amortized cost, which is the amount at which the financial asset is measured at initial recognition, plus/minus, the cumulative amortization using the effective interest method, adjusted for any loss allowance. Interest income, foreign exchange gains and losses, as well as impairment, are recognized in profit or loss. Any gain or loss on derecognition is recognized in profit or loss.

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

On initial recognition of an equity investment that is not held for trading, the Group may irrevocably elect to present subsequent changes in the investment's fair value in other comprehensive income. This election is made on an instrument-by-instrument basis. The aforementioned selections are made on an instrument-by-instrument basis.

The equity instruments are subsequently measured at fair value. Dividend income is recognized in profit or loss (unless obviously representing recovery of partial investment costs) The remaining net profit or loss is recognized as other comprehensive income and is not reclassified to profit or loss.

Dividend income is recognized in profit or loss on the date on which the Group's right to receive payment is established (usually the ex-dividend date).

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

All financial assets not classified as amortized cost or FVOCI (e.g. held for trading) described as above are measured at FVTPL, including derivative financial assets. On initial recognition, the Group may irrevocably designate a financial asset, which meets the requirements to be measured at amortized cost or at FVOCI, as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

These assets are subsequently measured at fair value. Net gains and losses, including any interest or dividend income, are recognized in profit or loss.

(4) Impairment loss recognized on financial assets

The Group recognizes loss allowances for expected credit losses (ECL) on financial assets measured at amortized cost (including cash and cash equivalents, trade receivables, other receivable, and refundable deposits), measured at FVOCI and contract assets.

The following financial assets measured the allowance of losses based on the 12-month expected credit losses, and the rest are measured at the lifetime expected credit losses:

- Debt securities that are determined to have low credit risk at the reporting date; and
- Other debt securities and bank balances for which credit risk (i.e. the risk of default occurring over the expected life of the financial instrument) has not increased significantly since initial recognition.

Loss allowance for trade receivables and contract assets are always measured at an amount equal to lifetime ECL.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECL, the Group considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis based on the Group's historical experience and informed credit assessment as well as forward-looking information.

If the contract amount is overdue for more than 30 days, the Group assumes that the credit risk of the financial asset has increased significantly.

If the contract amount is overdue for more than 365 days, or the borrower is unlikely to perform its credit obligations and pay the full amount to the Group, the Group deems to have the default on the financial asset.

The counterparties of the time deposits held by the Group are financial institutions with investment grade or higher, and are therefore considered to be of low credit risk.

Lifetime ECLs are the ECLs that result from all possible default events over the expected life of a financial instrument.

12-month ECLs are the portion of ECLs that result from default events that are possible within the 12 months after the reporting date (or a shorter period if the expected life of the instrument is less than 12 months).

The longest period of measurement of ECLs is the longest contract period in which the Group is exposed to credit risk.

ECLs are a probability-weighted estimate of credit losses. Credit losses are measured as the present value of all cash shortfalls (i.e the difference between the cash flows due to the Group in accordance with the contract and the cash flows that the Group expects to receive). ECLs are discounted at the effective interest rate of the financial asset. ECLs are discounted at the effective interest rates of the financial assets.

At each reporting date, the Group assesses whether financial assets carried at amortized cost and debt securities at FVOCI are credit-impaired. A financial asset is “credit impaired” when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred. Evidence that a financial assets is credit-impaired includes the following observable data:

- Significant financial difficulty of the borrower or issuer;
- A breach of contract such as a default or being more than 180 days past due;
- The lender of the borrower, for economic or contractual reasons relating to the borrower's financial difficulty, having granted to the borrower a concession that the lender would not otherwise consider;
- It is probable that the borrower will enter bankruptcy or other financial reorganization; or
- The disappearance of an active market for a security because of financial difficulties.

Loss allowances for financial assets measured at amortized cost are deducted from the gross carrying amount of the assets.

When the Group cannot reasonably expect the recovery of financial assets in whole or in part, it will reduce the total book value of its financial assets directly. For individual accounts, the Group's policy is to write off the total carrying amount of a financial asset when it is overdue for more than 365 days based on the past experience in the recovery of similar assets. For corporate accounts, the Group analyzes the timing and amount of write-off separately on the basis of whether the recovery is reasonably expected. The Group expects that the written-off amount will not reverse significantly. However, the written-off financial assets can still be enforced compulsorily to meet the procedures for the Group to recover the overdue amount. Based on the experience, it is impossible to collect the overdue amount from corporate accounts after 36-=5 days.

(5) Derecognition of financial assets

The Group derecognizes a financial asset when the contractual rights to the cash flows from the financial asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the Group neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset.

The Group enters into transactions whereby it retains either all or substantially all of the risks and rewards of the transferred assets, such assets will be continuously recognized in its statement of balance sheet.

2. Financial liabilities and equity instruments

(1) Classification of debt or equity

Debt and equity instruments issued by the Group are classified as financial liabilities or equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

(2) Equity transactions

An equity instrument is any contract that evidences residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the Group are recognized as the amount of consideration received, less the direct cost of issuing.

(3) Financial liabilities

Financial liabilities are classified as measured at amortized cost or FVTPL. A financial liability is classified as at FVTPL if it is classified as held-for-trading, it is a derivative or it is designated as such on initial recognition. Financial liabilities at FVTPL are measured at fair value and net gains and losses, including any interest expense, are recognized in profit or loss.

Other financial liabilities are subsequently measured at amortized cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognized in profit or loss. Any gain or loss on derecognition is also recognized in profit or loss.

(4) Derecognition of financial liabilities

The Group derecognizes a financial liability when its contractual obligations are discharged or cancelled, or expire. A financial liability is derecognized if contractual terms are modified and the cash flows of the modified liability are substantially different, in which case a new financial liability based on the modified terms is recognized at fair value.

On derecognition of a financial liability, the difference between the carrying amount of a financial liability and the consideration paid or payable (including any non-cash assets transferred or liabilities assumed) is recognized in profit or loss.

(5) Offsetting of financial assets and liabilities

Financial assets and financial liabilities are offset and the net amount presented in the statement of balance sheet when, and only when, the Group currently has a legally enforceable right to set off the amounts and it intends either to settle them on a net basis or to realize the asset and settle the liability simultaneously.

(VIII) Inventories

Inventories are measured at the lower of cost and net realizable value. The cost includes the necessary expenses for acquisition and capitalized borrowings costs incurred in bringing them to their present location and condition.

Net realizable value is the balance of estimated selling price in the ordinary course of business, less the estimated cost, of completion and selling expenses. The methods for determining the net realizable value is as follows:

(1) Construction land: The net realizable value refers to the management's estimate based on the prevailing market conditions.

(2) Building and land in progress: Net realizable value is calculated based on the estimated selling price (the prevailing market condition) less the cost to be invested until completion and sales expenses.

(3) Buildings and land to be sold: The net realizable value is the estimated selling price (referring to the management's estimate based on the prevailing market conditions) less the estimated costs and sales expenses incurred when selling the building and land.

(IX) Investment property

Investment property is property held either to earn rental income or for capital appreciation or for both, but not for sale in the ordinary course of business, used for production, offering goods or services, or for administrative purposes. Investment property is measured at cost on initial recognition. Subsequent to initial recognition, investment property is measured at cost less accumulated depreciation and accumulated impairment losses. The methods for depreciating, the useful life and residual value thereof are the same as those adopted for property, plant and equipment.

Any gain or loss on disposal of an investment property (calculated as the difference between the net proceeds from disposal and the carrying amount) is recognized in profit or loss.

Rental income from investment property is recognized as other revenue on a straight-line basis over the term of the lease. Lease incentives granted are recognized as an integral part of the total rental income, over the term of the lease.

(X) Property, plant and equipment

1. Property, plant and equipment

Items of property, plant and equipment are measured at cost less accumulated depreciation and accumulated impairment losses.

If a significant component of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

Any gain or loss on disposal of an item of property, plant and equipment is recognized in profit or loss.

2. Subsequent costs

Subsequent expenditure is capitalized only if it is probable that the future economic benefits associated with the expenditure will flow to the Group.

3. Depreciation

Depreciation is calculated on the depreciable amount of an asset using the straight-line basis over its useful life.

Land has an unlimited useful life and therefore is not depreciated.

The estimated useful lives for the current and comparative years are as follows:

Housing and construction	8～18 Years
Machinery	10～15 Years
Office equipment	1～5 Years
Others	20 Years

Depreciation methods, useful lives, and residual values are reviewed at each annual reporting date and adjusted it appropriate.

4. Reclassification as investment property

A property is reclassified to investment property at its carrying amount when the use of the property changes from owner-occupied to investment property.

(XI) Leases

At inception of a contract, the Group assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

1. Lessee

The Group recognizes a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted the right-of-use assets where re-measurements of the lease liability incurs.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date. If the interest rate implicit in the lease is easy to determine, the discount rate is the interest rate. If it is not easy to determine, the Group's incremental borrowing rate is used. Generally, the Group uses its incremental borrowing interest rate as the discount rate.

Lease payments included in the measurement of the lease liability comprise the following:

(1) fixed payments including in-substance fixed payments;

(2) variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;

(3) variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;

(4) payments for purchase or termination options that are reasonably certain to be exercised.

The lease liability is measured at amortized cost using the effective interest method. It is remeasured when:

(1) there is a change in future lease payments arising from the change in an index or rate;

(2) there is a change in the estimate of the amount expected to be payable under a residual value guarantee;

(3) there is a change of the valuation of the underlying asset purchase option;

(4) there is a change of its assessment on whether it will exercise a purchase, extension or termination option; or

(5) there is any modifications of lease underlying property, scope or other terms.

When a lease liability is remeasured due to a change in the index or rate used to determine lease payments, changes in the residual guarantee amount, or changes in the evaluation of the purchase, extension, or termination of an option, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or in profit and loss if the carrying amount of the right-of-use asset has been reduced to zero, the remaining remeasured amount is recognized in profit or loss.

For the lease modification reducing lease scope, it is to reduce the carrying amount of the right-of-use asset to reflect the partial or full termination of the lease for lease modifications that decrease the scope of the lease, and the lessee shall recognize the amount of the remeasurement of the lease liability in profit or loss.

The Group presents right-of-use assets that do not meet the definition of investment and lease liabilities as a separate line item respectively in the statement of financial position.

For short-term leases and leases of low-value underlying assets, the Group chooses not to recognize the right-of-use assets and lease liabilities, but to recognize the related lease payments as expenses on the straight-line basis during the lease term.

2. Lessor

When the Group acts as a lessor, it determines at lease commencement whether each lease is a finance lease or an operating lease. To classify each lease, the Group makes an overall assessment of whether the lease transfers to the lessee substantially all of the risks and rewards of ownership incidental to ownership of the underlying asset. If this is the case, then the lease is a finance lease; if not, then the lease is an operating lease. In the evaluation, the Group considers relevant specific indicators, including whether the lease term covers the main part of the economic life of the underlying assets.

(XII) Intangible assets

1. Property, plant and equipment

Goodwill arising on the acquisition of subsidiaries is measured at cost, less accumulated impairment losses.

Other intangible assets that are acquired by the Group and have finite useful lives are measured at cost less accumulated amortization and any accumulated impairment losses.

2. Subsequent expenditures

Subsequent expenditure is capitalized only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditures, including expenditure on internally generated goodwill and brands, is recognized in profit or loss as incurred.

3. Amortization

Amortization is calculated over the cost of the asset, less its residual value, and is recognized in profit or loss on a straight-line basis over the estimated useful lives of intangible assets, other than goodwill, from the date that they are available for use.

The estimated useful lives for the current and comparative years are as follows:

Computer software cost	5 Years
Franchise rights	10 Years

The residual value, the amortization period and the amortization method for an intangible asset with a finite useful life are reviewed at least annually at each financial year-end. Any change thereof is accounted for as a change in accounting estimate.

(XIII) Impairment of non financial assets

At each reporting date, the Group reviews the carrying amounts of its non-financial assets (other than inventories, contractual assets, deferred tax assets) to determine whether there is any indication of impairment. If any such indication exists, then the asset’s recoverable amount is estimated. Goodwill is tested annually for impairment.

For impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or CGUs. Goodwill arising from a business combination is allocated to CGUs or groups of CGUs that are expected to benefit from the synergies of the combination.

The recoverable amount of an asset or CGU is the greater of its value in use and its fair value less costs to sell. Value in use is based on the estimated future cash flows, discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or CGU.

An impairment loss is recognized if the carrying amount of an asset or CGU exceeds its recoverable amount.

Impairment losses are recognized in profit or loss. They are allocated first to reduce the carrying amount of any goodwill allocated to the CGU, and then to reduce the carrying amounts of the other assets in the CGU on a pro rata basis.

The impairment loss of goodwill shall not be reversed. For non-financial assets other than goodwill, an impairment loss is reversed only to the extent that the asset’s carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if no impairment loss had been recognized in previous years.

(XIV) Revenue recognition

1. Revenue from contracts with customers

Revenue is measured based on the consideration expected to be entitled in exchange for transferring goods or services to a customer. The Group recognizes revenue when the control of the product or labor service is transferred to the customer and the performance obligation is met. The accounting policies for the Group’s main types of revenue are explained below.

(1) Sale of goods

The Group recognizes revenue when the control of the product is transferred. The transfer of control means that the product has been delivered to the customer, and the customer can fully determine the sales channel and price of the product, and there is no matter that affect the customer's acceptance of the product’s non-performed obligations. Delivery occurs when the products have been shipped to the specific location, the risks of obsolescence and loss have been transferred to the customer, and either the customer has accepted the products in accordance with the sales contract, the acceptance provisions have lapsed, or the Group has objective evidence that all criteria for acceptance have been satisfied.

The Group recognizes the accounts receivable when the goods are delivered, because the Group has the right to unconditionally collect the consideration at that time.

(2) Sale of buildings and lands

The Group sells residential property and often sells property in advance during or before the construction period. The Group recognizes the revenue when the control of the property is transferred. Due to contractual restrictions, the Group usually does not have other uses for the property. Regarding the year attributable to recognition of the gains and losses upon the completion and delivery of the house, the Group recognizes the revenue when the house is completed and delivered with the title transfer registration completed, as the time point when the control is transfer.

The revenue is measured at the transaction price agreed under the contract. For preselling properties, the consideration is usually received by installment during the period from contract inception until the transfer of properties to the customer. Receipt of a prepayment is recognized as contract liability. Interest expense and contract liability are recognized when adjusting the effects of the time value of money. Accumulated amount of contract liability, and transferred to revenue when the property is transferred to the client.

(3) Construction contracts

The Group is engaged in the contracting construction of residential buildings. Since the assets are controlled by the customers at the time of construction, the revenue is recognized gradually based on the ratio of construction progress for billing the customers, or the milestones agreed in the contracts. The contract includes fixed and variable consideration. The customers pay fixed amounts in accordance with the agreed schedule. Certain variable considerations (such as adding any changes related to the contract and penalties calculated based on the number of overdue days) are estimated based on expected values using accumulated experience in the past. If the amount of recognized revenue has not yet been billed, it is recognized as a contract asset; when the unconditional right to the consideration is obtained, the contract asset is transferred to accounts receivable.

If the completion degree of the performance obligation under the construction contract cannot be reasonably measured, the contractual revenue is recognized only within the extent of the expected recoverable cost.

When the Group expects that the inevitable cost of fulfilling the obligation in a construction contract exceeds the economic benefits expected from the contract, a liability reserve is recognized for the onerous contract.

If the situation changes, the estimates of revenue, cost and degree of completion will be revised, and the resulting increase or decrease will be reflected in the profit or loss during the period when the management is aware of the change.

(4) Income from lease

The investment property held by the Group is to earn lease revenue, which is recognized in the lease revenue under the straight-line method over the period of the lease contract realization.

(5) Financial components

The Group expects that the interval between the time when all customers contract transferring of goods or services to the customer and the time when the customer pays for the goods or services shall not exceed one year. In addition, there is no difference between the promised consideration in the property sales contract and the selling price, nor any difference exists, neither including material financing factors, and therefore there is no material financial components. Hence, the Group does not adjust the time value of money of the transaction price.

2. Costs of contracts with customers

(1) Incremental cost of obtaining a contract

If the Group expects to recover the incremental costs of obtaining contracts with customers, such costs are recognized as assets. The incremental cost of obtaining a contract is the cost that is incurred in obtaining a contract with a customer but would not be incurred if the contract had not been obtained. The costs of obtaining a contract that will be incurred whether or not the contract is obtained are recognized as expenses when incur, unless the costs can be clearly collected from the customer whether the contract has been obtained or not.

The Group adopts the practical expediency of the standard. If the incremental cost of obtaining a contract is recognized as an asset, and the amortization period of the asset is less than one year, the incremental cost will be recognized as an expense when it is incurred.

(2) Cost of performing a85 contract

If the cost of performing a contract with customers is not within the scope of other standards (IAS 2 "Inventory," IAS 16 "Property, Plant and Equipment," or IAS 38 "Intangible Assets"), the Group will only recognize such costs as assets when such costs are directly related to contracts or expected contracts clearly identifiable, will generate or enhance the resources that will be used to meet (or continue to meet) the performance obligation in the future, and is expected to be recoverable.

General and administrative costs; costs of raw materials, labor or other resources wasted to fulfill the contract but not reflected in the contract price; costs associated with fulfilled (or partially fulfilled) performance obligations; and the costs related to the obligations or fulfilled (or partially fulfilled) performance obligations are recognized as expenses when incurred.

(XV) Operating expenses

Based on the principle of matching cost and revenue, the commission expense on pre-sale of houses and land is recognized as prepaid selling expenses and deferred; when the revenue from sales of houses is recognized, it is recognized as an expense in the current period.

(XVI) Employee benefits

1. Defined contribution retirement benefit plans

The contribution obligation of the defined contribution plan is recognized as an expense within the service period of the employee.

2. Short-term employee benefits

Short-term employee benefit obligations are recognized as expenses when the services are provided. If the Group has a present legal or presumed payment obligation due to the services rendered by an employee in the past, and such obligation can be estimated reliably, the amount is recognized as liabilities.

(XVII) Income tax

Income taxes comprise current taxes and deferred taxes. Except for expenses related to business combinations or recognized directly in equity or other comprehensive income, all current and deferred taxes are recognized in profit or loss.

Current taxes comprise the expected tax payables or receivables on the taxable profits (losses) for the year and any adjustment to the tax payable or receivable in respect of previous years. The amount of current tax payables or receivables are the best estimate of the tax amount expected to be paid or received that reflects uncertainty related to income taxes, if any.

Deferred taxes arise due to temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and their respective tax bases. Deferred taxes are recognized except for temporary differences arising from the following circumstances:

1. Temporary differences on the initial recognition of assets and liabilities in a transaction that is not a business combination and that (i) affects neither accounting profits and taxable income (losses) at the time of the transaction, nor (ii) equivalent taxable and deductible temporary difference generated;
2. For temporary differences generated from investments in subsidiaries, affiliates, and interests in joint ventures, the Group is able to control the timing of reversing the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future; and
3. Taxable temporary differences arising on the initial recognition of goodwill.

Deferred tax assets are recognized for the carry forward of unused tax losses, unused tax credits, and deductible temporary differences to the extent that it is probable that future taxable profits will be available against which they can be utilized. Deferred tax assets are reevaluated at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefits will be realized; or reversing the reduced amount within the extent where the sufficient taxable income is very likely.

Deferred taxes are measured at tax rates that are expected to be applied to temporary differences when they reserve, using tax rates enacted or substantively enacted at the reporting date, and reflect uncertainty related to income taxes, if any.

Deferred tax assets and liabilities are offset if the following criteria are met:

1. The Group has a legally enforceable right to set off current tax assets against current tax liabilities; and

2. The deferred tax assets and the deferred tax liabilities relate to income taxes levied by the same taxation authority on either:
(1) the same taxable entity; or
(2) different taxable entities which intend to settle current tax assets and liabilities on a net basis, or to realize the assets and liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

(XVIII) Business combination

The Group adopts the acquisition method for each business combination. Goodwill is the fair value of the consideration paid on the acquisition date, including any non-controlling interests attributable to the acquiree, less net amount of identifiable assets acquired and liabilities assumed (usually at fair value) for measurement. If the balance after deduction is negative, the Group reassesses whether all assets acquired and all liabilities assumed are correctly recognized before recognizing the gains of bargain purchases in profit or loss.

Except for those related to debt issuance or equity instruments, the transaction costs related to the business merger should be recognized as expenses of the Group immediately upon occurrence.

Among the non-controlling interests of the acquiree, if it is a current ownership interest and the holder is entitled to a pro rata share of the corporate net assets at the time of liquidation, the Group, on a transaction-by-transaction basis, opts to measure it by the fair value on the acquisition date or by the proportion of the current ownership instrument entitled for the recognized amount of the acquiree's identifiable net assets. Other non-controlling interests are measured at their fair value on the acquisition date or in accordance with other basis specified in the IFRS and accounting standards approved by the FSC.

If the original accounting treatment of the business combination is not completed before the end of the reporting period when the combination transaction occurs, the Group may report the unfinished accounting items in a provisional amount. During the measurement period, the provisional amount shall be adjusted retrospectively, or recognized as an additional assets or liabilities to reflect new information about the facts and circumstances existing on the acquisition date during the measurement period. The measurement period shall not exceed one year from the acquisition date.

(XIX) Earnings per share

Disclosures are made of basic and diluted earnings per share attributable to ordinary equity holders of the Group. The basic earnings per share is calculated based on the profit attributable to the ordinary shareholders of the Group divided by weighted average number of ordinary shares outstanding. The diluted earnings per share is calculated based on the profit attributable to ordinary shareholders of the Company, divided by weighted average number of ordinary shares outstanding after adjustment for the effects of all potentially dilutive ordinary shares.

(XX) Segment Information

An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses (including revenues and expenses relating to transactions with other components of the Group). Operating results of the operating segment are regularly reviewed by the Group’s chief operating decision maker to make decisions about resources to be allocated to the segment and to assess its performance. Each operating segment consists of standalone financial information.

V. Major sources of uncertainty in significant accounting judgments, estimates and assumptions

The preparation of the consolidated financial statements requires the management to make judgments, estimates, and assumptions that affect the application of the accounting policies and the reported amount of assets, liabilities, income, and expenses. Actual results may differ from these estimates.

The management continues to monitor the accounting estimates and assumptions. The management recognizes any changes in accounting estimates during the period and the impact of those changes in accounting estimates in the next period.

The uncertainty of the following assumptions and estimates has a significant risk of causing a major adjustment to the book value of assets and liabilities in the next financial year. The relevant information is as follows:

(I) Valuation of inventories

Since inventories need to be measured at the lower of cost or net realizable value, the Group assesses the amount of inventory on the reporting date due to normal wear and tear, obsolescence, or no market sales value, and offsets the cost of inventories to the net realizable value. This inventory evaluation is mainly based on the demand for products in a specific future period, so there may be significant changes due to changes in market demand, political and economic changes, and the impact of the property tax reform. Please refer to Note 6 (6) for the inventory valuation estimate.

(II) Revenue recognition

Part of the operating revenue of the Group is recognized as contractual revenue with reference to the degree of completion of the construction contract over time, and the degree of completion is measured by the contract costs incurred to date as a percentage of the estimated total contract costs. The Group estimates the total contract cost by considering the nature, expected duration, items, construction process, construction methods and expected contract amount of each project. Any change in the above-mentioned estimation basis may result in a significant adjustment of the estimated amount. Please refer to Note 6 (22) for revenue from related customer contracts.

VI. Description of major accounting items

(I) Cash and cash equivalents:

	2023.12.31	2022.12.31
Cash and petty cash	$ 131	82
Checking accounts and demand deposits	265,570	247,964
Cash and cash equivalents listed in the Statement of Cash Flows	$ 265,701	248,046

For the disclosure of the interest rate risk and sensitivity analysis of the Group's financial assets and liabilities, please refer to Note 6(25).

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

	2023.12.31	2022.12.31
Financial assets mandatorily measured at fair value through other comprehensive income - current		
Shares of TWSE/TPEx listed companies	$ 162,261	138,011
Convertible corporate bonds	41,019	69,028
Beneficiary Certificates	37,976	27,843
	$ 241,256	234,882
Financial assets mandatorily measured at fair value through other comprehensive income - non-current		
Shares of TWSE/TPEx listed companies	$ 148,264	106,641

Please refer to Note 6 (24) for the amount remeasured at fair value and recognized in profit or loss.

Please refer to Note 6 (25) for information on the market risk related to the above financial assets.

Please refer to Note 8 for the Group's financial assets at FVTPL that are pledged as collaterals.

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

Due to the liquidation of underlying investment on December 15, 2023, the Group disposed the financial assets measured at FVOCI; at the time of disposal, it had a fair value of NT$8,033 thousand, and the cumulative gain on disposal was NT$346 thousand; therefore, the aforementioned accumulated disposal gains have been transferred from other equity to retained earnings.

(IV) Financial assets at amortized cost - current

	2023.12.31	2022.12.31
Time deposits of more than three months	$ 297,000	472,000

The Group holds these assets up to the maturity dates to collect the contractual cash flows, and the cash flows of these financial assets are solely for the payment of the principal and interest on the outstanding principal amount, so they are listed under the financial assets at amortized cost.

Please refer to Note 6 (25) for credit risk information.

Please refer to Note 8 for the Group's financial assets at amortized costs that are pledged as collaterals.

(V) Accounts Receivables

	2023.12.31	2022.12.31
Accounts Receivables - Related Party	$ 7,526	2,727

The Group uses the simplified method to estimate the ECLs, that is, uses the lifetime ECLs to measure. For this purpose, the accounts receivable are measured based on the common credit risk characteristics of the customers' ability to pay all amounts due based on the contract terms, and the forward-looking information, including macroeconomics and relevant industry information, is included.

The aging analysis of the Group's accounts receivable (including related parties) is as follows:

	2023.12.31	2022.12.31
Not overdue	$ 7,526	2,727

The weighted average ECLs rate for each period above was 0%. There was no provision or write-down of the expected credit impairment loss reversed in 2023 and 2022.

None of the above financial assets has been discounted or provided as a pledge collateral

Please refer to Note 6 (25) for other credit risk information.

(VI) Inventories

	2023.12.31	2022.12.31
Land for construction	$ 544,085	633,472
Transferable floor area	926	926
	545,011	634,398
Building and land in progress	99,726	-
	$ 644,737	634,398

Cost of sales is detailed as follows:

	2023	2022
Transfer to sale	$ 13,658	8,901
Construction cost	26,946	-
Depreciation expense of investment property	1,458	-
	$ 42,062	8,901

For the amount of capitalized interest, please refer to Note 6 (24). The 2023 capitalization interest rate was 2.75%. There was no such situation in 2022.

Please refer to Note 8 for the Group's inventories provided as pledge collaterals.

(VII) Business combination

1. In order to meet the needs of the business development strategy, the Group purchased 82.53% equity of Samtec Engineering Co., Ltd. (“Samtec”) with cash of NT$43,218 thousand in December 2022 and acquired control over Sentai . The Company is engaged in various construction, engineering and management businesses. Relevant equity has been settled, and the contract price has been paid up in full in December 2022.
2. Information on the consideration paid in the acquisition of Samtec, the fair value of assets acquired and liabilities assumed on the acquisition date, and the fair value of non-controlling equity on the acquisition date are as follows:

	Amount
Tender offer consideration	
Cash	$ 43,218
Fair value of non-controlling equity	6,227
	49,445
The fair value of the net identifiable assets and liabilities assumed on the acquisition date are detailed as follows:	
Cash and Cash Equivalents	$ -
Other Receivables	32,710
Prepayments	1
Property, plant and equipment	1,050
Identifiable intangible assets	13,000
Other Payables	(162)
Identifiable total assets	46,599
Goodwill	$ 2,846

3. The fair value of non-controlling equity of Samtec is based on the fair value of that company's identifiable net assets, taking into consideration the discount for lack of marketability and lack of control.
4. On the date when this consolidated financial statement was approved to release, the required market evaluation and other calculations have been completed, and the Group has recognized the necessary adjustment to the provisional amount for the original accounting treatment of acquisition of Samtec, to reflect the information on the existing facts on the acquisition date.

(VIII) Acquisition of non-controlling interests

The Group acquired the equity of Samtec Company in September 2023 with an increase of cash of NT$853 thousand, so that the equity increased from 82.53% to 92.53%.

The impact of changes in the Group's ownership interest in Samtec on the equity attributable to the parent company is as follows:

	2023
Book value of non-controlling interests purchased	$ 2,125
Consideration paid to non-controlling interests	(853)
Capital reserve- the differences between equity purchase price and carrying amount arising from actual acquisition or disposal of subsidiaries	$ 1,272

(IX) Property, plant and equipment

Changes in property, plant and equipment are detailed as below:

	Land	Housing and construction	Machinery	Office equipment	Others	Total
Cost:						
Balance on January 1, 2023	$ 37,310	55,214	1,753	255	2,349	96,881
Reclassification to investment property	(36,260)	(55,214)	-	-	-	(91,474)
Balance of December 31, 2023	$ 1,050	-	1,753	255	2,349	5,407
Balance of January 1, 2022	$ 36,260	55,214	1,753	165	2,349	95,741
Acquired in a business combination	1,050	-	-	-	-	1,050
Addition	-	-	-	90	-	90
Balance of December 31, 2022	$ 37,310	55,214	1,753	255	2,349	96,881
Depreciation:						
Balance on January 1, 2023	$ -	13,094	384	168	636	14,282
Depreciation	-	2,915	154	15	118	3,202
Reclassification to investment property	-	(16,009)	-	-	-	(16,009)
Balance of December 31, 2023	$ -	-	538	183	754	1,475
Balance of January 1, 2022	$ -	8,721	229	165	519	9,634
Depreciation	-	4,373	155	3	117	4,648
Balance of December 31, 2022	$ -	13,094	384	168	636	14,282
Carrying amount:						
December 31, 2023	$ 1,050	-	1,215	72	1,595	3,932
January 1, 2022	$ 36,260	46,493	1,524	-	1,830	86,107
December 31, 2022	$ 37,310	42,120	1,369	87	1,713	82,599

1. Since the Group's land acquisition covers agricultural land, the Group shall not be registered as nominee due to legal factors, and the ownership of these lands is registered under the Company's Chairman Yu-Ming Chang. Relevant details and preservation measures are described as follows:

Section	2022.12.31	Preservation measures
Fushan Section, Luzhu District, Kaohsiung City	$ 28,210	Holding mortgage agreement and pledged collateral
Fanshu Section, Shuilin Village, Yunlin County	8,050	Holding mortgage agreement and pledged collateral
	$ 36,260	

2. There were no pledges or collaterals of the Group's property, plant and equipment.

(X) Right-of-use assets

Changes in the Group's right-of-use assets are as follows:

	Transport equipment
Cost of right-of-use assets:	
Balance on January 1, 2023	$ 2,052
Decrease	(2,052)
Balance of December 31, 2023	$ -
Balance of January 1, 2022	$ 2,052
Balance of December 31, 2022	$ 2,052
Accumulated depreciation of right-of-use assets:	
Balance on January 1, 2023	$ 1,283
Depreciation	769
Decrease	(2,052)
Balance of December 31, 2023	$ -
Balance of January 1, 2022	$ 257
Depreciation	1,026
Balance of December 31, 2022	$ 1,283
Carrying amount:	
December 31, 2023	$ -
January 1, 2022	$ 1,795
December 31, 2022	$ 769

(XI) Investment property

Investment property is the Group's own assets, including land and buildings for capital appreciation and operating leases.

Changes in the Group's investment property are detailed as follows:

	Self-owned assets		
	Land	**Housing and construction**	**Total**
Cost or deemed cost:			
Balance on January 1, 2023	$ -	-	-
Transferred from property, plant and equipment	36,260	55,214	91,474
Balance of December 31, 2023	**$ 36,260**	**55,214**	**91,474**
Depreciation and impairment loss:			
Balance on January 1, 2023	$ -	-	-
Depreciation	-	1,458	1,458
Transferred from property, plant and equipment	-	16,009	16,009
Balance of December 31, 2023	**$ -**	**17,467**	**17,467**
Carrying amount:			
January 1, 2023	**$ -**	**-**	**-**
December 31, 2023	**$ 36,260**	**37,747**	**74,007**
Fair value:			
December 31, 2023			**$ 107,272**

Since the Group’s land acquisition covers agricultural land, the Group shall not be registered as nominee due to legal factors, and the ownership of these lands is registered under the Group’s Chairman Yu-Ming Chang. Relevant details and preservation measures are described as follows:

Section	**2023.12.31**	Preservation measures
Fushan Section, Luzhu District, Kaohsiung City	$ 28,210	Holding mortgage agreement and pledged collateral
Fanshu Section, Shuilin Village, Yunlin County	8,050	Holding mortgage agreement and pledged collateral
	$ 36,260	

Investment property is mainly farmland and above-ground buildings leased to others. The lease contract includes an original irrevocable lease term of four years, the subsequent lease terms are to be negotiated with the lessee, and no contingent rent is collected. Please refer to Note 6 (17) for the relevant information.

The Group's investment property as of December 31, 2023 has not been provided as a pledge collateral.

There was no such transaction in 2022.

(XII) Intangible assets

Changes in the Group's intangible assets are as follows:

	Computer software	Franchise rights	Goodwill	Total
Cost:				
Balance on January 1, 2023	$ 122	13,000	4,429	17,551
Effect of changes in business combination	-	-	(1,583)	(1,583)
Acquired	283	-	-	283
Balance of December 31, 2023	$ 405	13,000	2,846	16,251
Balance of January 1, 2022	$ -	-	-	-
Acquired in a business combination	-	13,000	4,429	17,429
Acquired	122	-	-	122
Balance of December 31, 2022	$ 122	13,000	4,429	17,551
Accumulated amortization and impairment loss:				
Balance on January 1, 2023	$ 25	-	-	25
Amortization	62	1,300	-	1,362
Impairment loss	-	-	2,846	2,846
Balance of December 31, 2023	$ 87	1,300	2,846	4,233
Balance of January 1, 2022	$ -	-	-	-
Amortization	25	-	-	25
Balance of December 31, 2022	$ 25	-	-	25
Carrying amount:				
December 31, 2023	$ 318	11,700	-	12,018
January 1, 2022	$ -	-	-	-
December 31, 2022	$ 97	13,000	4,429	17,526

1. Amortization expenses

The amortization expenses of intangible assets for 2023 and 2022 are reported in the following items in the consolidated statements of comprehensive income:

	2023	2022
Operating expenses	$ 1,362	25

2. Impairment test of goodwill

The goodwill of NT$2,846 thousand arising from the Group's acquisition of the subsidiary Samtec in the fourth quarter of 2022 was mainly derived from the profitability of Samtec's future market development. According to IAS No. 36, impairment test shall be conducted on goodwill acquired in a business combination at least once a year. The impairment test is to amortize the goodwill to the CGUs expected to benefit from the synergy of the merger. Samtec is a CGU that can generate independent cash flow itself, so the impairment of goodwill is assessed by calculating the recoverable amount and book value of Samtec to determine whether it is necessary to recognize the impairment.

The Group calculates the recoverable amount based on the value in use. The value in use is calculated based on the cash flow in Samtec's financial forecast for the next five years, and the annual discount rate of 12.97% was adopted on December 31, 2023 to reflect the risks specific to the related CGU.

The Group assessed the goodwill impairment in 2023, and recognized the goodwill impairment loss of the subsidiary for NT$2,846 thousand. The main reason of the impairment loss was that the future operating performance of the GCU was not as good as expected, and the recoverable amount of the goodwill was assessed as zero. The above impairment loss is accounted under Other operating income and expense. The Company did not recognize any goodwill impairment loss in 2022.

3. Guarantee

The Group's intangible assets, as of December 31, 2023 and 2022, has not been provided as pledge collaterals.

(XIII) Other current assets

	2023.12.31	2022.12.31
(1) Incremental cost of obtaining a contract - current	$ 6,463	-

The Group expects to recover the commission paid to the agency for obtaining customer contracts, so it is recognized as an asset. When the revenue from sales of property is recognized, it is recognized as expenses. As of December 31, 2023, there has been no transfer to expenses.

(XIV) Short-term borrowings:

The short-term borrowings of the Group are detailed as follows:

	2023.12.31	2022.12.31
Guaranteed bank borrowings	$ 234,700	751,227
Unused credit limit	$ 80,850	279,123
Interest rate range	2.75%~2.85%	1.47%~4.00%

Please refer to Note 6 (24) for interest expense.

For the Group's assets pledged as collateral for bank borrowings, please refer to Note 8; for information on liquidity risk exposure, please refer to Note 6 (25).

(XV) Short-term bills payable:

	2023.12.31	2022.12.31
Commercial paper payable	$ -	25,000
Interest rate range	-	2.15%~2.20%

Please refer to Note 6 (24) for interest expense.

For the Group's assets pledged as collateral for bank borrowings, please refer to Note 8; for information on liquidity risk exposure, please refer to Note 6 (25).

(XVI) Lease liabilities:

The carrying amount of the Group's lease liabilities is as follows:

	2023.12.31	2022.12.31
Current	$ -	781

Please refer to Note 6 (25) for liquidity risk exposure information.

The amount of lease recognized in profit or loss is as follows:

	2023	2022
Interest expense on the lease liability	$ 8	32
Rent expenses of short-term leases	$ 2,028	1,133
Expenses for leases of low-value assets	$ 14	14

The amounts recognized in the statement of cash flows are as follows:

	2023	2022
Total cash outflow from leases	$ 2,831	2,199

The underlying assets leased by the Group are mainly business vehicles. Lease contracts are negotiated individually, and no other restrictions are imposed, except that the leased assets cannot be used as collateral for loans.

In addition, the Group leases from offices and sales centers for one year. The lease is a short-term lease. The Group has opted to apply the recognize exemption rules, not to recognize its related right-of-use assets and lease liabilities.

(XVII) Operating lease

The Group's leases out assets, but not transfers almost all the risks and returns attached to the ownership of the underlying assets, such lease contracts are classified as operating leases.

The maturity analysis of lease payments is shown in the following table based on the total undiscounted lease payments to be received after the reporting date:

	2023.12.31	2022.12.31
Less than 1 year	$ 1,714	1,714
1 to 2 years	1,714	-
2-3 years	1,905	-
3-4 years	1,905	-
Total undiscounted lease payments	$ 7,238	1,714

The rent income recognized based on the aforementioned operating lease contracts in 2023 and 2022 was NT$1,714 thousand and NT$1,717 thousand, respectively.

(XVIII) Employee benefits

The Group's defined contribution plan complies with the Labor Pension Act. An amount equivalent to 6% of the employee's monthly salary is appropriated to the individual labor pension account at the Bureau of Labor Insurance, Ministry of Labor. Under this plan, after the Group appropriates a fixed amount to the Bureau of Labor Insurance, it has no legal or constructive obligation to make additional payments.

The Group's pension expense in 2023 and 2022 under the defined contribution plan was NT$894 thousand and NT$501 thousand, respectively, and was appropriated to the Bureau of Labor Insurance.

(XIX) Income tax

	2023	2022
Income tax expense of the period		
Incurred in the period	$ -	-
Adjustment of previous income tax expenses of the corresponding periods	-	-
	-	-
Deferred Income tax expense		
Incurrence and reversal of temporary differences	762	3
	762	3
Income tax expense	**$ 762**	**3**

The Group had no income tax expense recognized directly in equity and other comprehensive income in 2023 and 2022.

The relationship between income tax expenses and net loss before tax of the Group is reconciliated as follows:

	2023	2022
Loss before tax, net	**$ (1,531)**	**(173,393)**
Income tax calculated based on the domestic tax rate in the place where the Company is located	$ (306)	(34,677)
Income tax effects on adjusting items according to laws and regulations	(5,190)	26,812
Losses exempted from tax under the Income Tax Act	-	151
Tax-exempted income	(319)	-
Tax losses of the period not recognized as deferred tax assets	9,299	7,717
Changes in temporary differences not recognized	2,262	-
Adjustment of recognized temporary difference	762	-
Others	(5,746)	-
Income tax expense	**$ 762**	**3**

1. Deferred income tax assets and liabilities

(1) Unrecognized deferred tax assets

The items that have not been recognized as deferred income tax assets by the Group are as follows:

	2023.12.31	2022.12.31
Taxable losses	$ 976,742	1,017,873
Deductible temporary difference:	11,315	-
Total	**$ 988,057**	**1,017,873**

According to the Income Tax Act, the losses for the past ten years as assessed by the tax authorities may be deducted from the net profits of the current year before levying the income tax. Such items are not recognized as deferred income tax assets because the Group is not likely to have sufficient taxable income in the future for the temporary differences to use.

As of December 31, 2023, the deadline for the deduction of the Group's taxable loss of deferred income tax assets that has not yet been recognized is as follows:

By company	Years of loss	The last year in which	Undeducted losses can be deducted
The Company	2014	$ 2,277	2024
The Company	2015	234,659	2025
The Company	2017	21,694	2027
The Company	2018	594,723	2028
The Company	2020	15,440	2030
The Company	2021	41,771	2031
The Company	2022	19,687	2032
The Company	Expected to file in 2023	13,156	2033
Samtec Engineering Co., Ltd.	Expected to file in 2023	33,335	2033
		$ 976,742	

(2) Recognized deferred income tax assets and liabilities

In 2023 and 2022, changes in deferred income tax assets and liabilities are as follows:

Deferred income tax assets:

	Loss allowance	Unrealized foreign exchange loss	Total
Balance on January 1, 2023	$ 762	-	762
Statement of Debit Income	(762)	-	(762)
Balance of December 31, 2023	**$ -**	**-**	**-**
Balance of January 1, 2022	$ 762	3	765
Statement of Debit Income	-	(3)	(3)
Balance of December 31, 2022	**$ 762**	**-**	**762**

Deferred income tax liabilities:

	Arising from mergers and acquisitions
Balance on January 1, 2023	$ 2,600
Arising from mergers and acquisitions	(2,600)
Balance of December 31, 2023	**$ -**
Balance of January 1, 2022	$ -
Arising from mergers and acquisitions	2,600
Balance of December 31, 2022	**$ 2,600**

2. Status of income tax assessments

The profit-seeking enterprise income tax return filing of the Company has been assessed by the tax competent authority up to 2021.

(XX) Capital and other equity

As of December 31, 2023 and 2022, the Company's authorized capital was NT$3,500,000 thousand and NT$1,600,000 thousand, respectively, at NT$10 par value, and divided in to 168,771 thousand shares (of which of 108,380 thousand shares are the common share capital privately placed) and 118,771 thousand shares (of which of 58,380 thousand shares are the common share capital privately placed). Payments for all issued shares have been collected.

The Company's reconciliation statement of 2023 and 2022 outstanding shares (unit: thousand shares) is as follows:

Unit: Thousand shares

	Common Shares	
	2023	**2022**
The beginning number of shares on January 1	118,771	118,771
Cash capital increase by private placement	50,000	-
The ending number of shares on December 31	**168,771**	**118,771**

1. Issuance of common shares

On May 26, 2023, the Company conducted cash capital increase by private placement after resolution of the shareholders' meeting. The purpose of cash capital increase is to improve the working capital and meet the capital needs for the future development of new businesses. The upper limit of private equity shares was set at 50,000,000 shares, and issued in three tranches within a year. On July 4, 2023, the board resolution was passed for setting July 18, 2023 as the base date for capital increase via a private placement. The subscription price per share was NT$8.56, and a total of 20,000 thousand shares was raised for total NT$171,200 thousand, while the change of registration has been completed.

On September 19, 2023, the Board of Directors resolved the 2nd and 3rd round of capital increase via a private placement in 2023. This capital increase shall raise 30,000 thousand shares. As of December 31, 2023 30,000 thousand shares were raised at the subscription price of NT$8.41 per share, totaling NT$252,300 thousand. The capital increase base date was October 3, 2023, and the relevant change registration has been completed.

The rights and obligations of the aforementioned private placement of common shares are identical as other issued common shares, except that the Securities and Exchange Act has restrictions on circulation and transfer, and that the application for listing at Taipei Exchange can only be requested after three years from the delivery date and after complementary public offering.

2. Capital reserve

The Company's capital reserve is described as below:

		2023.12.31	2022.12.31
Premium of share issued	$	520,863	597,363
Treasury stock transactions		722	722
From differences between equity and carrying amount arising from actual acquisition or disposal of subsidiaries		1,272	-
Other		7,711	7,711
	$	530,568	605,796

Pursuant to the Company Act, capital reserves shall be first used to compensate deficits before distributing new shares or cash based on realized capital reserve based on the original shareholding ratio. The realized capital reserve mentioned in the preceding paragraph includes the premium of shares issued in excess of the par value and the income from gifts received. According to the R Regulations Governing the Offering and Issuance of Securities by Securities Issuers, the total amount of capital reserve for capitalization each year shall not exceed 10% of the paid-in capital.

3. Retained earnings

Pursuant to the Articles of Incorporation, where the Company made profit in a fiscal year, the profit shall be first utilized for paying taxes, offsetting losses of previous years, setting aside as legal reserve 10% of the remaining profit, setting aside or reversing a special reserve in accordance with the laws and regulations, and then any remaining profit together with any undistributed retained earnings shall be used by the Corporation's board of directors as the basis for proposing a distribution plan, which should be resolved in the shareholders' meeting for distribution of dividends and bonus to shareholders.

The Company is currently at growth stage. It takes into account the environment and industry growth, and corresponding to future capital needs and long-term financial planning, the Company adopts the residual dividend policy for dividend distribution. After the Company provides for the projected capital needs by using retained earnings, the remaining shall be distributed in the form of cash dividends or stock dividends, but cash dividends shall be no less than 10% of the total dividends.

(1) Legal reserve

If the Company earned a profit for the year, the meeting of shareholders decides on the distribution of the statutory earnings reserve either by issuing new shares or by paying cash, and the distribution is limited to the portion of legal reserve which exceeds 25 percent of the actual share capital.

(2) Earning distribution

In 2022 and 2021, the Company was at a state of accumulated losses; on May 26, 2023 and May 27, 2022, the shareholders' meeting resolved the proposals of 2022 and 2021 deficit compensation. To inquire the related information, please refer to the Market Observation Post System.

4. Other equity (net amount after tax)

		Unrealized gain (loss) on investments in equity instruments at fair value through other comprehensive income
Balance on January 1, 2023	$	-
Unrealized gain (loss) on financial assets at fair value through other comprehensive income		346
Disposal of equity instruments at fair value through other comprehensive income		(346)
Balance of December 31, 2023	$	-

(XXI) Earnings per share

The calculation of the Group's basic and diluted earnings (losses) per share is as follows:

		2023	2022
Basic and diluted earnings (losses) per share			
Net income (loss) for the period attributable to the Company's common share shareholders	$	1,746	(173,386)
Weighted average of outstanding common shares (thousand shares)		135,182	118,771
Basic earnings (losses) per share (NT$)	$	0.01	(1.46)
Diluted earnings (losses) per share (NT$)	$	0.01	(1.46)

(XXII) Revenue from customer contracts

1. Breakdown of revenue

		2023	2022
Key regional markets:			
Taiwan	$	44,944	8,922
Main product/service lines:			
Bulk raw materials	$	1,082	8,922
Construction materials		15,110	-
Construction and engineering		28,181	-
Rent income from investment property		571	-
Total	$	44,944	8,922

2. Contract balance

		2023.12.31	2022.12.31	2022.1.1
Accounts Receivables-Related Party	$	7,526	2,727	2,087
Less: Loss allowance		-	-	-
	$	7,526	2,727	2,087
Contract assets-Liu Jin	$	1,163	-	-
Contract assets-Evergreen Taishan		1,503	-	-
Less: Loss allowance		-	-	-
	$	2,666	-	-
Contract assets - Liu Xing	$	29,940	-	-

Please refer to Note 6(5) for the disclosure of accounts receivable- related parties and the impairment loss thereof.

(XXIII) Remuneration to employees and directors

According to the Company's Articles of Incorporation, if the Company's earned profits in the current fiscal year, a reserve is allotted to be used to make up for the company’s accumulated losses, and then no less than 1% and no more than 15% shall be allocated as employee remuneration, and no more than 5% for the director remuneration. Remuneration may be paid to employees of subsidiaries who meet certain criteria.

The Company has accumulated losses in both 2023 and 2022, and thus there is no estimated employee and director remuneration. Please inquire the information related to the Company's employee and director remuneration resolved by the Board of Directors on the MOPS.

(XXIV) Non-operating income and expenses

1. Interest income

The interest income of the Group is as follows:

	2023	2022
Bank deposit interests	$ 1,035	2020
Interest income from financial assets measured at amortized cost	1,961	3,832
Other interest income	57	355
	$ 3,053	4,296

2. Other revenue

The Group's other revenue is detailed as follows:

	2023	2022
Rental income	$ 1,407	1,717
Dividend income	4,902	13,760
Others	297	6,572
	$ 6,606	22,049

3. Other gains and losses

Other gains and losses of the Group is detailed as follows:

	2023	2022
Gains (losses) of financial assets measured at fair value through profit or loss	$ 61,232	(154,063)
Impairment loss	(2,846)	-
	$ 58,386	(154,063)

4. Financial costs

The Group's financial costs are detailed as follows:

	2023	2022
Interest expenses		
Bank borrowings	$ 8,124	5,377
Others	12	34
Less: capitalized interest	(498)	-
	$ 7,638	5,411

(XXV) Financial instruments

1. Credit risks

(1) Amount of maximum credit risk exposure

The book value of financial assets, accounts receivable (including related parties), and contractual assets represent the maximum credit risk exposure.

(2) Concentration of credit risk

As of December 31, 2023 and 2022, the Group had significant concentration, and 100% of its accounts receivable (including related parties) was attributable to one customer.

(3) Credit risk of accounts receivable

For credit risk exposure of accounts receivable (including related parties), please refer to Note 6 (5).

Other financial assets measured at amortized cost, include other receivables, refundable deposits, and time deposits (under “financial assets measured at amortized cost- current"); all of which were financial assets with low credit risk. Therefore, the loss allowance for the period was measured at the twelve-month ECL amount. After assessment, the ECL provision was not required.

2. Liquidity risks

The contract maturities of financial liabilities are shown in the following table, including estimated interest but excluding the effect of the netting agreement.

	Carrying amount	Contractual cash flow	Within 6 months	7-12 months	1-2 years	2-5 years	Over 5 years
December 31, 2023							
Non-derivative financial liabilities							
Short-term borrowings	$ 234,700	255,718	3,282	3,337	6,619	242,480	-
Accounts Payables (Including Related Party)	7,652	7,652	7,652	-	-	-	-
Other payables (Including Related Party)	13,265	13,265	13,265	-	-	-	-
Deposits received	302	302	2	-	-	300	-
	$ 255,919	276,937	24,201	3,337	6,619	242,780	-
December 31, 2022							
Non-derivative financial liabilities							
Short-term borrowings	$ 751,227	784,062	160,565	369,708	6,054	247,735	-
Short-term notes payable	25,000	25,000	25,000	-	-	-	-
Accounts payables	376	376	376	-	-	-	-
Other payables (Including Related Party)	12,552	12,552	12,552	-	-	-	-
Lease liabilities	781	789	526	263	-	-	-
Deposits received	324	324	-	24	300	-	-
	$ 790,260	823,103	199,019	369,995	6,354	247,735	-

The Group does not expect that the timing of cash flows in maturity analysis will occur significantly earlier, or the actual cash flows vary substantially.

3. Exchange rate risk

(1) Exchange rate risk exposure

The Group's purchase and sale of goods and other transactions are mainly denominated in NT dollars, and since there were no major assets and liabilities denominated in foreign currencies, there should be no significant exchange rate risks.

4. Interest rate analysis

The Group's exposure to the interest rate risk of financial liabilities is described in the liquidity risk of this note.

The following sensitivity analysis is based on the interest rate risk exposure of the derivative and non-derivative instruments on the reporting date. The analysis of liabilities with floating interest rates is based on the assumption that the amount of liabilities outstanding on the reporting date has been outstanding throughout the year. The rate of change used by the Group to report interest rates to key management personnel, is an increase or decrease of 1%, which also represents the management's assessment of the reasonably possible range of interest rates.

If the interest rate increases or decreases by 1%, with all other variables unchanged, the Group's net income after tax for 2023 and 2022 will decrease or increase by NT$1,878 thousand and NT$6,010 thousand, respectively, mainly to the Group's borrowings with floating interest rate.

5. Other price risks

If the price of financial instrument investment changes on the reporting date (the analyses of the two periods are based on the same basis, and assuming all other variables unchanged), the impact on items on the comprehensive income day is as follows:

	2023		2022	
Securities price on the reporting date	**Amount of other comprehensive income after tax**	**Profit or loss after tax**	**Amount of other comprehensive income after tax**	**Profit or loss after tax**
Rising 3%	$ -	9,348	-	8,197
Declining 3%	$ -	(9,348)	-	(8,197)

6. Fair value information

(1) Types and fair values of financial instruments

The carrying amount and fair value of the Group's various financial assets and financial liabilities (including fair value level information, but for the financial instruments not measured at fair value whose carrying amount is a reasonable approximation of the fair value and lease liabilities, it is not required to disclose the fair value information) are listed as follows:

	2023.12.31				
	Carrying amount	Fair value			
		Level 1	Level 2	Level 3	Total
Financial assets at fair value through other comprehensive income					
Equity instrument	$ 310,525	310,525	-	-	310,525
Debt instrument	41,019	41,019	-	-	41,019
Beneficiary Certificates	37,976	37,976	-	-	37,976
	$ 389,520				
Financial assets at amortized cost					
Cash and Cash Equivalents	$ 265,701	-	-	-	-
Accounts Receivables - Related Party	7,526	-	-	-	-
Financial assets at amortized cost - current	297,000	-	-	-	-
Refundable Deposits	3,427	-	-	-	-
	$ 573,654				

	2023.12.31				
	Carrying amount	Fair value			
		Level 1	Level 2	Level 3	Total
Financial liabilities measured at amortized cost					
Bank borrowings	$ 234,700	-	-	-	-
Accounts Payables (Including Related Party)	7,652	-	-	-	-
Other payables (Including Related Party)	13,265	-	-	-	-
Deposits received	302	-	-	-	-
	$ 255,919				

	2022.12.31				
	Carrying amount	Fair value			
		Level 1	Level 2	Level 3	Total
Financial assets at fair value through other comprehensive income					
Equity instrument	$ 244,652	244,652	-	-	244,652
Debt instrument	69,028	69,028	-	-	69,028
Beneficiary Certificates	27,843	27,843	-	-	27,843
	$ 341,523				
Financial assets at amortized cost					
Cash and Cash Equivalents	$ 248,046	-	-	-	-
Accounts Receivables - Related Party	2,727	-	-	-	-
Other Receivables	331	-	-	-	-
Financial assets at amortized cost - current	472,000	-	-	-	-
Refundable Deposits	1,787	-	-	-	-
	$ 724,891				
Financial liabilities measured at amortized cost					
Bank borrowings	$ 751,227	-	-	-	-
Short-term notes payable	25,000	-	-	-	-
Accounts payables	376	-	-	-	-
Other payables (Including Related Party)	12,552	-	-	-	-
Lease liabilities	781	-	-	-	-
Deposits received	324	-	-	-	-
	$ 790,260				

When the Group measures its assets and liabilities, it uses market-observable input values as much as possible. The level of fair value is based on the input value used in the valuation technology, which is classified as follows:

(1.1) Level 1: quoted prices (unadjusted) in active markets for identifiable assets or liabilities.

(1.2) Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

(1.3) Level 3: inputs for the assets or liability that are not based on observable market data (unobservable parameters)

(2) Valuation technique for the fair value of financial instruments measured at fair value

Non-derivative financial instruments

If there is a quoted market price for a financial instrument, the quoted price in the active market is used as the fair value. The market prices announced by major exchanges and by TPEx for central government bonds that are determined to be popular are the basis for the fair value of TWSE/TPEx-listed equity instruments and debt instruments with open quotations on the active market.

The shares, debt instruments, and beneficiary certificates of TWSE/TPEx-listed companies held by the Group are financial assets with standard terms and conditions, and are traded in the active markets. Their fair values are determined by reference to market quotations.

(3) Transfer between Level 1 and Level 2

There was no transfer of the fair value levels of the financial instruments assessed by the Group in 2023 and 2022.

(XXVI) Financial risk management

1. Overview

The Group is exposed to the following risks due to the use of financial instruments:

(1) Credit risks

(2) Liquidity risks

(3) Market risks

The Group's risk exposure information of the risks above, the objectives, policies and procedures of the Group's risk measurement and management are disclosed in the notes. Please refer to the notes to the consolidated financial statements for further quantitative disclosure.

2. Risks management framework

The Group’s finance department is responsible for risk management according to the policies approved by the board of directors. The Group's finance department is responsible for the identification, assessment and avoidance of financial risks by closely cooperating with various operating units. The Board has stipulated risk management principles, and formulated policies on specific matters such as exchange rate risk, interest rate risk, credit risk, use of derivative and non-derivative financial instruments, and investments by use of excess liquidity.

3. Credit risks

(1) The Group's credit risk is the possibility of a financial loss resulting from failure of the customer or counterparty to meet contractual obligations. This risk mainly arise from the inability of the counterparty to pay the accounts receivable in accordance with agreed terms.

(2) The Group’s management to establish the credit risk. The Company transacts with several banks and financial institutions with good credit ratings, and the Group also transacts with numerous financial institutions to diversify risks. According to the internal credit policy, each of the Company’s operating unit shall conduct management and credit risk analysis before negotiating with a new customer the terms and conditions of payment and delivery. Internal risk control is to assess customer credit ratings by taking into account their financial status, past experience and other factors, and to monitor credit line usage on a regular basis.

(3) Guarantee

According to the Group's policy, it can only provide financial guarantees to companies where the Group directly or indirectly holds more than 50% of voting shares, and subsidiaries with business relations. As of December 31, 2023 and 2022, the Group has not made any endorsements/guarantees.

4. Liquidity risks

(1) Cash flow forecast is the forecast of the Company's liquidity needs by the financial department to ensure that there are enough funds to cover operating needs, and to maintain sufficient unused loan commitments, so that the Company will not breach relevant borrowing limits or terms. In addition, this would also ensure that the Company has sufficient financial flexibility.

(2) When the remaining cash held by the Group exceeds the cash amount required for capital management, its finance department will make overall investment planning on the remaining balance of interest bearing demand deposits and time deposits, and the selected financial instruments with the right maturity date or adequate liquidity to meet the above forecasts and provide sufficient funding.

5. Market risks

Market risk refers to the risk that changes in market prices, such as exchange rates, interest rates, and equity instrument price changes, will affect the Group's income or the value of financial instruments. The objective of market risk management is to control market risk exposure within the tolerable extent, and to optimize investment returns.

(1) Interest rate risk

The Group's borrowings have the risk of fluctuation in fair value or future cash flow due to changes in interest rates. The Group's policy is to assess the risk of changes in borrowing rates based on market interest rate movement, and to maintain an appropriate combination of floating and fixed interest rates to manage the interest rate risk.

(2) Other market price risks

The Group’s equity instruments and convertible corporate bonds exposed to price risk refers to the Company’s financial assets measured at fair value through profit or loss. To manage the price risks from investments in equity instrument and convertible corporate bonds, the Group has a diversified investment portfolio based on the limit on the investment amount.

(XXVII) Capital management

The Group's capital management objectives are to ensure that the Company can continue as a going concern, reduce capital costs by maintaining an optimal capital structure, and deliver optimal shareholder returns. To maintain or adjust the capital structure, the Group may adopt management strategies such as adjusting the dividend amount paid to shareholders, returning capital to shareholders, issuing new shares, or selling assets to clear debts.

The Group manages the capital based on the debt to capital ratio. The said ratio is net debt divided by total capital. Net liabilities are the total liabilities shown in the balance sheet less cash and cash equivalents. Total capital represents all of the components of equity (i.e. share capital, capital reserve, retained earnings, other equity and non-controlling interests). The capital management strategy of the Group in 2023 is the same as that in 2022. The debt to capital ratio as of the reporting date is as follows:

	2023.12.31	2022.12.31
Total liabilities	$ 287,438	793,289
Less: cash and cash equivalents	265,701	248,046
Net liabilities	**$ 21,737**	**545,243**
Total Equity	**$ 1,431,247**	**1,009,530**
Debt to capital ratio	**1.52%**	**54.01%**

(XXVIII) Financing activities of non-cash transactions

Changes in liabilities from financing activities are reconciliated as the following table:

	2023.1.1	Cash flow	Non-cash changes	2023.12.31
Short-term borrowings	$ 751,227	(516,527)	-	234,700
Short-term notes payable	25,000	(25,000)	-	-
Lease liabilities	781	(789)	8	-
Deposits received	324	(22)	-	302
Total liabilities from financing activities	$ 777,332	(542,338)	8	235,002

	2022.1.1	Cash flow	2022.12.31
Short-term borrowings	$ -	751,227	751,227
Short-term notes payable	-	25,000	25,000
Lease liabilities	1,801	(1,020)	781
Deposits received	300	24	324
Total liabilities from financing activities	$ 2,101	775,231	777,332

VII. Transactions with Related Parties

(I) Parent company and ultimate controller

U-BEST INNOVATIVE TECHNOLOGY CO., LTD. is the parent company of the Group and holds 17.20% of the outstanding common shares of the Group. Sun Yad Construction Co., Ltd is the ultimate controller of the group to which the Group belongs the aforementioned companies have prepared consolidated financial statements for public use.

(II) Name and relationship of the related party

The subsidiaries of the Group and other related parties that have transactions with the Group during the period of the consolidated financial statements are as follows:

Name of related party	Relationship with the Company
SUN YAD CONSTRUCTION CO., LTD (“Sun Yad”)	Ultimate parent
U-BEST INNOVATIVE TECHNOLOGY CO., LTD. (“U-BEST”)	Parent company
Shangyu Construction Co., Ltd. ("Shangyu")	Other related party
Shin Agri Tech Co., Ltd. (“Shin Agri”)	Other related party
Metropolis Internet Technology Co., Ltd. (“Metropolitan”)	Other related party
Ho Jui Investment Co., Ltd. (“Ho Jui”)	Key management
Yu-Ming Chang	Key management

(III) Significant transactions with related parties

1. Operating Revenue

The significant sales amount of the Group to the related parties is as follows:

	2023	2022
Other related party - Shin Agri	$ 1,082	8,922
Parent company - U-Best	43,291	-
	$ 44,373	8,922

The sales prices of the Company's sales to related parties have no non-related party transactions for comparison; there is no non-related party transaction with the payment term of monthly settlement for 60~90 days wire transfer.

2. Project contracting

The total amount of the projects contracted by the Group from the parent company, U-Best, and the amounts billed in accordance with the contracts are as follows:

	2023.12.31	2022.12.31
Price of contract entered into	$ 65,714	-
Payment already billed based on the contract	$ 25,515	-

For the Group's projects contracted from related parties, its contracting price is based on the project budget plus reasonable management fees and profits, and is submitted to the supervisor for approval. As of December 31, 2023, the amount of the aforementioned transaction amounted to NT$2,666 thousand of contract assets. The profit margin and receipt terms of the Group's contracted projects have no comparable transactions of non-related parties.

3. Trade receivables from related parties

Due to the aforementioned transactions, the Group's receivables from related parties are as follows:

Item accounted	Type of related party	2023.12.31	2022.12.31
Accounts Receivables	Other related party - Shin Agri	$ -	2,727
	Parent company - U-Best	7,526	-
		$ 7,526	2,727

4. Inventory - Building and land in progress

In 2023, the Group entrusted another related party, Shangyu, to report the commencement of construction. The related expenses amounted to NT$14 thousand and recorded into the item of inventory - construction in progress. As of December 31, 2023, all relevant payments have been made in full. There was no such transaction in 2022.

5. Operating Costs

In 2023, the Group entrusted another related party, Shangyu, to provide manpower support services. The relevant costs were NT$19 thousand and recorded under the operating cost. As of December 31, 2023, the unpaid balance of NT$20 thousand was recorded in the accounts payable - related parties. There was no such transaction in 2022.

6. Property transactions

In 2023, the Group acquired intangible assets of NT$283 thousand from the ultimate parent company, Sun Yad, which has been fully paid.

7. Leases

The Group leases offices from the parent company, U-Best, with a lease term of one year, and the rent is paid at the beginning of each month. The rent expense for 2023 and 2022 was NT$694 thousand and NT$693 thousand, respectively. As of December 31, 2023 and 2022, the refundable deposits were both NT$182 thousand.

8. Labor service expense

Since the Group's land acquisition covers agricultural land, the Group shall not be registered as nominee due to legal factors, and the ownership of these lands is registered under the Group's Chairman Yu-Ming Chang. The nominee charge is paid monthly, in the following amount

Item accounted	**Type of related party**	**2023**	**2022**
Management expenses - labor service expense	Key management personnel - Yu-Ming Chang	$ 180	180

9. Other revenue

The former director of the Group Ho Jui, its election became invalid. In the first quarter of 2022, it refunded the remuneration paid by the Company in 2021 for NT$5,543 thousand.

10. Other expenses

(1) The processing fee paid by the Group to the ultimate parent company, Sun Yad in 2023 was NT$27 thousand.

(2) The Group had acquired computer peripheral equipment totaling NT$170 thousand from an other related party - Metropolitan, in 2023.

(3) The commission expenses paid by the Group to Ho Jui in 2022 amounted to NT$400 thousand.

(4) Other expenses arising from the above-mentioned transactions with related parties are stated in the operating expenses.

11. Advance payables

The related party made the advance payment of employees' salaries on behalf of the Group and the aforementioned transactions, the unsettled ending balance is as follows:

	2023.12.31	**2022.12.31**
Parent company - U-Best	$ 2,199	-
Others	554	15
Total	$ 2,753	15

As of December 31, 2022, it was accounted under other payables.

12. Dividends received

In 2023, the Group received the cash dividend from the ultimate parent company, Sun Yad, amounting to NT$3,385 thousand.

(III) Transactions by key management personnel

Remuneration to key management personnel includes:

	2023	**2022**
Short-term employee benefits	$ 9,513	8,706
Retirement Benefits	73	73
	$ 9,586	8,779

VIII. Assets pledged/mortgaged as collateral

The book value of the assets pledged by the Group as collateral is as follows:

Asset Name	Underlying assets as pledge and mortgage collaterals	2023.12.31	2022.12.31
Time deposit (Note 1)	Collateral for short-term borrowing facility	$ -	472,000
Financial assets at fair value through other comprehensive income - current	Collateral for short-term borrowing and commercial paper payable	-	210,502
Land for construction (Note 2)	Collateral for short-term borrowing facility	489,971	578,862
Building and land in progress (Note 2)	Collateral for short-term borrowing facility	88,891	-
		$ 578,862	1,261,364

(Note 1) Stated under the "financial assets at amortized cost - current".

(Note 2) Stated under "Inventory."

IX. Significant Contingent Liabilities and Unrecognized Commitments

(I) As of December 31, 2023, the total price in the sales contracts for buildings and land entered by the Group with the buyers for the proposed construction was NT$323,540 thousand, and NT$29,940 thousand was received as agreed, stated under contract liabilities - current.

(II) The contracting price of the construction contract entered by the Group as of December 31, 2023 is NT$118,510 thousand, and the prices billed before completion is NT$84,493 thousand.

X. Losses from major disaster

XI. Events after the Reporting Period

(I) On February 17, 2024, the board of directors of the Company's subsidiary, Samtec Engineering Co., Ltd. 10,000 thousand shares at NT$10 per share.

(II) On February 27, 2024, the Company's board of directors resolve, within the limit of NT$100,000 thousand, to participate in the cash capital increase of the subsidiary Samtec Engineering Co., Ltd.

XII. Others

The employee benefits, depreciation and amortization expenses are summarized by function as follows:

By function	2023			2022		
By nature	Attributable to operating costs	Attributable to operating expenses	Total	Attributable to operating costs	Attributable to operating expenses	Total
Employee benefit expense						
Salary expense	1,524	40,920	42,444	-	23,336	23,336
Insurance expense	138	1,803	1,941	-	1,181	1,181
Retirement benefit expense	77	817	894	-	501	501
Remuneration for directors	-	710	710	-	779	779
Other employee benefit expense	68	942	1,010	-	569	569
Depreciation expense	1,458	3,971	5,429	-	5,674	5,674
Amortization expenses	-	1,362	1,362	-	25	25

XIII. Separately Disclosed Items

(I) Information on significant transactions

In accordance with the Regulations, the Group shall further disclose the relevant information of the material transactions in 2023 as follows:

1. Loaning of funds to others.

No. (Note 1)	Lending company	Borrower	Account of transaction	Related party or not	The highest balance in the current period	Ending balance	Current balance actually drawn	Interest range	Nature of loaning of funds	Business transaction amount	Reasons for the necessity of short-term financing	Amount of loss allowance	Collateral: Name	Collateral: Value	Limit of loans to individual borrowers	Total limit of loaning of funds	Remark
0	The Company	Samtec Engineering Co., Ltd.	Other Receivables	Yes	100,000	100,000	-	3%	Necessity for short-term financing	-	Financing working capital	-	-	-	143,119 (Note 2)	286,238 (Note 2)	

(Note 1) 1. Issuer: "0"

2. The investee are numbered sequentially starting from 1 by each company.

(Note 2) The total limit of the Company's loans to others and the limit of loans to a single enterprise are limited to 20% and 10% of the Company's net worth.

2. Providing endorsements or guarantees for others.

3. Holding of securities at the end of the period (excluding the portion held due to investment in a subsidiary or an associate, and the portion held due to an interest in a joint venture).

Types and Names of Company's	Marketable Securities	Relationship with Securities Issuer	Presentation account	At the end of period: Shares/ Unit	Carrying amount	Shareholding (%)	Fair value	Highest interim shareholding or investment status: Quantity of shares (Unit: shares)	Remark
The Company	Shares of Highwealth Construction Corp.	-	Financial assets at fair value through other comprehensive income - current	11,000	441	-	441	718,000	-
〃	DA-LI DEVELOPMENT CO., LTD.	-	〃	-	-	-	-	237,260	-
〃	Shares of WE & WIN Development Co., LTD	-	〃	438,000	3,876	0.15	3,876	438,000	-
〃	Shares of Sunty Development Co., LTD	-	〃	-	-	-	-	40,000	-
〃	Shares of Kunyue Development Co., Ltd.	-	〃	-	-	-	-	381,000	-
〃	Shares of CATHAY FINANCIAL HOLDING CO., LTD.	-	〃	184,427	8,438	-	8,438	184,427	-
〃	Shares of SUN YAD CONSTRUCTION CO., LTD	Ultimate parent	〃	6,160,903	78,243	2.21	78,243	6,160,903	-
〃	Tacheng Real Estate Co., Ltd.	-	〃	-	-	-	-	88,000	-
〃	Shares of SanDi Properties Co., Ltd.	-	〃	943,000	31,025	1.03	31,025	943,000	-
〃	Shares of AMTRAN TECHNOLOGY CO., LTD.	-	〃	288,923	3,756	0.04	3,756	304,500	-
〃	Shares of WE&WIN DIVERSIFICATION CO., LTD.	-	〃	-	-	-	-	232,000	-
〃	Shares of KINDOM DEVELOPMENT CO., LTD.	-	〃	-	-	-	-	133,000	-
〃	Common shares of CHINA DEVELOPMENT FINANCIAL HOLDING CORP.	-	〃	836,128	10,493	-	10,493	836,128	-
〃	Preferred shares of CHINA DEVELOPMENT FINANCIAL HOLDING CORP.	-	〃	762,966	5,394	-	5,394	762,966	-
〃	Shares of Shin Kong Financial Holding Co., Ltd.	-	〃	50,000	443	-	443	50,000	-
〃	Shares of Taiwan Semiconductor Manufacturing Co., Ltd.	-	〃	10,000	593	-	593	10,000	-
〃	Shares of U-BEST INNOVATIVE TECHNOLOGY CO., LTD.	Parent company	〃	650,000	8,808	0.46	8,808	650,000	-
〃	Associated Industries China, Inc.	-	〃	223,000	2,408	0.40	2,408	223,000	-
〃	XU YUAN PACKAGING TECHNOLOGY CO., LTD.	-	〃	609,000	8,343	1.11	8,343	609,000	-
〃	Shares of HSINLI CHEMICAL INDUSTRIAL CORP.	Other related party	Financial assets at fair value through other comprehensive income - non-current	6,880,000	148,264	10.19	148,264	6,970,000	-
〃	The first unsecured convertible corporate bonds of YONGGU GROUP INC.	-	Financial assets at fair value through other comprehensive income - current	-	-	-	-	79,000	-
〃	The fourth unsecured convertible corporate bonds of Airmate (Cayman) International Co. Limited	-	〃	-	-	-	-	79,000	-
〃	The second unsecured convertible corporate bonds of Bright Sheland International Co., Ltd.	-	〃	-	-	-	-	67,000	-
〃	The fifth unsecured convertible corporate bonds of SUN YAD CONSTRUCTION CO., LTD	Ultimate parent	〃	250,000	28,733	-	28,733	250,000	-
〃	The fifth secured convertible corporate bonds of Shin Kong Financial Holding Co., Ltd.	-	〃	-	-	-	-	71,000	-
〃	The first secured convertible corporate bonds of Buima Group Inc.	-	〃	3,000	301	-	301	3,000	-
〃	The third secured convertible corporate bonds of Cosmo Electronics Corporation	-	〃	-	-	-	-	12,000	-
〃	The second secured convertible corporate bonds of XIN CHIO GLOBAL CO., LTD.	-	〃	-	-	-	-	5,000	-
〃	The third secured convertible corporate bonds of KMC (KUEI MENG) INTERNATIONAL INC.	-	〃	-	-	-	-	12,000	-

Types and Names of Company's	Marketable Securities	Relationship with Securities Issuer	Presentation account	At the end of period: Shares/ Unit	Carrying amount	Shareholding (%)	Fair value	Highest interim shareholding or investment status: Quantity of shares (Unit: shares)	Remark
The Company	The first secured convertible corporate bonds of Gseven Co., Ltd.	-	Financial assets at fair value through other comprehensive income - current	-	-	-	-	11,000	-
〃	The first unsecured convertible corporate bonds of MERCURIES & ASSOCIATES HOLDING, LTD.	-	〃	8,000	806	-	806	8,000	-
〃	The third secured convertible corporate bonds of United Renewable Energy Co., Ltd.	-	〃	61,000	6,262	-	6,262	61,000	-
〃	The first unsecured convertible corporate bonds of Medigen Vaccine Biologics Corporation	-	〃	50,000	4,917	-	4,917	50,000	-
〃	Fubon FTSE Vietnam ETF	-	〃	326,000	3,834	0.01	3,834	326,000	-
〃	China Trust Battery and Energy Storage Technology ETF Fund	-	〃	2,000,000	19,920	0.28	19,920	2,000,000	-
〃	Yuanta U.S. Treasury 20+ Year Bond ETF	-	〃	461,000	14,222	0.01	14,222	461,000	-
〃	Shin Kong No.1 REIT	-	Financial assets measured at fair value through other comprehensive income - non-current	-	-	-	-	354,000	-

4. Marketable securities acquired and disposed of at costs or prices of at least NT$300 million or 20% of the paid-in capital: None.
5. Acquisition of individual real estate at costs of at least NT$300 million or 20% of the paid-in capital: none.
6. Disposal of individual real estate at costs of at least NT$300 million or 20% of the paid-in capital: none.
7. Total purchases from or sales to related parties amounting to at least NT$100 million or 20% of the paid-in capital: None.
8. Receivables from related parties amounting to at least NT$100 million or 20% of the paid-in capital: None.
9. Trading in derivative instruments: None.
10. Business relationships and important transactions between the parent company and its subsidiaries: None.

(II) Information on investees (excluding investees in Mainland China):

Information on the Group's reinvestment in 2023 is as follows (excluding the investee in Mainland China):

Unit: Shares

Name of Investor	Name of Investee	Location	Main operations	Initial investment amount: End of the period (2023.12.31)	Initial investment amount: End of last year (2022.12.31)	Held at end of period: Quantity of shares	Held at end of period: Ratio	Held at end of period: Carrying amount	Current profit and loss of the investee	Investment gains and losses recognized in the current period	Remark
The Company	Samtec Engineering Co., Ltd.	Taiwan	Construction and engineering	44,071	43,218	28,222	92.53%	11,606	(33,579)	(30,841)	(Note)

(Note) Written-off at the time of preparation of the consolidated financial statements.

(III) Information on investments in mainland China: none.

(IV) Information of major shareholders:

Unit: Shares

Shares / Name of major shareholder	Shares held	Shareholding
U-Best Innovative Technology Co., Ltd.	29,041,121	17.20%
Sun Yad Construction Co., Ltd.	22,000,000	13.03%
Yu-Ming Chang	45,000,000	26.66%
Chi Fu Investment Co., Ltd.	10,000,000	5.92%

Note: (1) The information of major shareholders on the last business day of each quarter according to TDCC, along with the information of shareholders that hold more than 5% of the Company's common shares and preferred shares that have completed dematerialized registration/delivery (including treasury shares). As for the share capital recorded in the Company's financial report and the Company's dematerialized registration/delivery, there may be deviations due to different basis of calculation.

(2) For the information above, where the shareholders entrust the shares, it shall be disclosed by the individual account of the principals under the trust account opened by the trustee. As for the insider equity reporting of shareholding of more than 10% in accordance with the Securities and Exchange Act, the shareholding includes the shares held by the shareholder, and the shares entrusted to the trust for which the shareholder has the right to determine the utilization of trusted property. For information on insider equity reporting, please refer to Market Observation Post System.

XIV. Segment Information

(I) General Information

The Group's operational decision-maker has operated its business from the perspective of different products. There was no significant change in the composition of the Group, the basis for division of segments, and the measurement basis of departmental consultation in the current period.

(II) Information on the profit and loss, assets and liabilities of the reportable segments, and their measurement basis and reconciliation

The amount reported by the Group is consistent with the report used by the operating decision-maker, and the accounting policies of the operating segments are the same as the significant accounting policies described in Note IV to the consolidated financial statements. The profit or loss of the operating segment of the Group is measured with the segment's pre-tax profit and loss, and serves as the basis for evaluating the performance. This measurement excludes the impact of non-recurring income and expenditure of the operating segment.

Information and reconciliation of the operating segments of the Group are as follows:

	2023					
	Construction Segment	**Building Materials Trading Segment**	**Bulk Raw Material Business Segment**	**Others**	**Adjustment and Elimination**	**Total**
Revenue:						
Revenue from external customers	$ 28,181	15,110	1,082	571	-	44,944
Interest income	117	-	-	2,936	-	3,053
Total revenue	$ 28,298	15,110	1,082	3,507	-	47,997
Interest expenses	$ -	-	-	7,638	-	7,638
Depreciation and amortization	$ -	-	-	5,491	1,300	6,791
Reportable segment income	$ (33,579)	2,530	3	(26)	29,541	(1,531)

	2022					
	Construction Segment	**Building Materials Trading Segment**	**Bulk Raw Material Business Segment**	**Others**	**Adjustment and Elimination**	**Total**
Revenue:						
Inter-segment revenue	$ -	-	8,922	-	-	8,922
Interest income	-	-	-	4,296	-	4,296
Total revenue	$ -	-	8,922	4,296	-	13,218
Depreciation and amortization	$ -	-	-	5,699	-	5,699
Reportable segment income	$ -	-	21	(173,414)	-	(173,393)

The reportable segment profit or loss for 2023 and 2022 had eliminated inter-segment income of NT$29,541 thousand and NT$0, respectively.

(III) Overall information of the enterprise

1. Information by product

Information on the Group's revenue from external customers is as follows:

Name of product and service	2023	2022
Bulk raw materials	$ 1,082	8,922
Construction materials	15,110	-
Construction and engineering	28,181	-
Rent income from investment property	571	-
Total	$ 44,944	8,922

2. Information by region

The geographical information of the Group is as follows. The revenue is classified based on the geographical location of the customers, and non-current assets are classified based on the geographical location of the assets.

Area	2023	2022
Taiwan	$ 44,944	8,922
Non-current Assets:		
Taiwan	$ 89,957	100,894

Non-current assets include property, plant and equipment, right-of-use assets, investment property and intangible assets, but exclude financial instruments and non-current assets of deferred tax assets.

(IV) Information of major customers:

Customers to which the Group's sales revenue accounted for more than 10% of the net operating revenue on the consolidated statements of comprehensive income in 2023 and 2022 are as follows:

	2023		2022	
Name of Customer	Amount	As a percentage of net operating revenue	Amount	As a percentage of net operating revenue
Shin Agri Tech Co., Ltd.	$ -	-	8,922	100%
U-Best Innovative Technology Co., Ltd.	43,291	96%	-	-
	$ 43,291	96%	8,922	100%

V. **Standalone Financial Statement for 2023, Certified by a CPA**

INDEPENDENT AUDITORS' REPORT

To: The Board of Directors of FEEI CHERNG DEVELOP TECHNOLOGY CO., LTD.

Opinions

We have audited the parent company only financial statements of FEEI CHERNG DEVELOP TECHNOLOGY CO., LTD. ("the Company"), which comprise the balance sheets as of December 31, 2023 and 2022, the statements of comprehensive income, statements of changes in equity, and statements of cash flows for the years ended December 31, 2023 and 2022, and notes to parent company only financial statements including a summary of significant accounting policies.

In our opinion, based on our audits and reports of other auditors (please refer to Other Matters section), the accompanying parent company only financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2023 and 2022, and its financial performance and its cash flows for each of the years then ended, in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers.

Basis for Opinion

We conducted our audits in accordance with the Regulations Governing Auditing and Attestation of Financial Statements by Certified Public Accountants and the Standards on Auditing of the Republic of China. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of Parent Company Only Financial Statements section of our report. We are independent of the Company in accordance with the Norm of Professional Ethics for Certified Public Accountant of the Republic of China, and we have fulfilled our other ethical responsibilities in accordance with these requirement. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis of our opinion.

Other Matters

The investments accounted for using the equity method included in the financial statements of the Company, the financial statements of Samtec Engineering Co., Ltd. were not audited by us, but by other auditors. Therefore, the opinions expressed in the accompany parent company only financial statements by us concerning the amounts reported in the financial statements of Samtec Engineering Co., Ltd. are based on other auditors' reports. As of December 31, 2023, the investment accounted for using the equity method in Samtec Engineering Co., Ltd. was 0.68% of the total assets. As of December 31, 2023, the share of income from subsidiaries, affiliated companies and joint ventures accounted for using the equity method in Samtec Engineering Co., Ltd. was (1,229.80)% of the profit before income tax.

The Company's 2022 financial statements were audited by other auditors, and on February 24, 2023, they issued an unqualified auditor's report thereon.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the 2023 parent company only financial statements of the Company. These matters were addressed in the context of our audit of the parent company only financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. We have determined the matters described below to be the key audit matters to be communicated in our report:

Inventory Valuation

Please refer to Note 4(7) Inventories for the accounting policy on inventory valuation. For the accounting estimates and assumptions used to determine the net realizable value of inventories, please refer to Note 5(1) Inventories; and for the explanation of the net realizable value of inventories, please refer to Note 6(6) Inventories.

Description of key audit matter:

Inventories of the Company are measured at the lower of cost or net realizable value. Since the real estate industry requires a significant amount of capital investment and has a long payback period, the industry is greatly affected by the political, economic and real estate tax reforms, which may result in the risk of the cost of inventories being higher than the net realizable value. Therefore, the inventory valuation is one of the key audit matters that we consider when performing our audits of the consolidated financial statements of the Company.

How the matter was addressed in our audit:

In relation to the key audit matter above, our principal audit procedures included converting average selling prices to net realizable value of inventories based on the latest Actual Price Registration of Real Estate Transactions announced by the Ministry of the Interior and obtaining transaction prices from the neighborhood, or obtaining appraisal results from real estate appraisers or market prices in order to evaluate the reasonableness of the allowance for decline in value of inventories or provision for obsolescence of inventories in the construction industry, and assessing whether the valuation of inventories had been performed in accordance with the Company's accounting policies. Also, we assess the appropriateness to disclose the information related to the allowance for inventory losses.

Responsibilities of Management and Those Charged with Governance for the Parent Company Only Financial Statements

Management is responsible for the preparation and fair presentation of the parent company only financial statements in accordance with Regulations Governing the Preparation of Financial Reports by Securities Issuers and for such internal control as management determines is necessary to enable the preparation of parent company only financial statements that are free from material misstatement, whether due to fraud or error.

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

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

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

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

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

1. Identify and assess the risks of material misstatement of the parent company only financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
2. Obtained an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
3. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
4. Concluded on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the parent company only financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Company to cease to continue as a going concern
5. Evaluated the overall presentation, structure and content of the parent company only financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
6. Obtained sufficient and appropriate audit evidence regarding the financial information of investees accounted for using the equity method to express an opinion on the parent company only financial statements. We are responsible for the direction, supervision and performance of the Company audit. We remain solely responsible for our audit opinion.

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

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

From the matters communicated with those charged with governance, we determined those matters that were of most significance in the audit of the 2023 parent company only financial statements and are therefore the key audit matters. We describe these matters in our auditors’ report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

KPMG Taiwan

CPA:

Certificate Number Approved by Competent Authority in Charge of Securities	:	Jin Guan Zheng Liu Zi No. 0960069825 (89) Tai Tsai Zheng (6) No. 62474

February 27, 2024

FEEI CHERNG DEVELOP TECHNOLOGY CO., LTD.

(formerly Feei Cherng Enterprise Co., Ltd.)

Balance Sheets

December 31, 2023 and 2022

Unit: NT$ Thousand

Code	Assets	2023.12.31 Amount	%	2022.12.31 Amount	%
	Current Assets:				
1100	Cash and Cash Equivalents (Note 6(1))	$ 265,434	16	215,335	12
1110	Financial assets at fair value through profit or loss - current (Notes 6(2) and 8)	241,256	14	234,882	13
1136	Financial assets at amortized cost - current (Notes 6(4) and 8)	297,000	18	472,000	26
1180	Accounts receivable - related parties, net (Notes 6(5) (22) and 7)	2,838	-	2,727	-
1200	Other Receivables	7,131	-	331	-
1220	Current tax assets	1,004	-	-	-
130X	Inventories (Notes 6(6), 7 and 8)	643,587	38	634,398	36
1410	Prepayments	1,398	-	350	-
1470	Other current assets (Note 6(13))	6,463	-	-	-
	Total Current Assets	1,466,111	86	1,560,023	87
	Non-current Assets:				
1510	Financial assets at fair value through profit or loss - non-current (Note 6(2))	148,264	9	106,641	6
1550	Investments accounted for using the equity method (Note 6(7))	11,606	1	43,168	2
1600	Property, plant and equipment (Note 6(9))	2,882	-	81,549	5
1755	Right-of-use assets (Note 6(10))	-	-	769	-
1760	Investment property, net (Note 6(11))	74,007	4	-	-
1780	Intangible assets (Notes 6(12) and 7)	318	-	97	-
1840	Deferred tax assets (Note 6(19))	-	-	762	-
1920	Refundable deposits (Note 7)	3,144	-	1,787	-
	Total non-current assets	240,221	14	234,773	13
	Total Assets	$ 1,706,332	100	1,794,796	100

Code	Liabilities and Equity	2023.12.31 Amount	%	2022.12.31 Amount	%
	Current Liabilities:				
2100	Short-term borrowings (Notes 6(14) (28) and 8)	$ 234,700	14	751,227	42
2110	Short-term borrowings (Notes 6 (15) (28) and 8)	-	-	25,000	1
2130	Contract liabilities - current (Notes 6(22) and 9)	29,940	2	-	-
2170	Accounts payables	3,119	-	376	-
2200	Other payables (Note 7)	3,785	-	12,329	1
2220	Other payables - related parties (Note 7)	2,214	-	-	-
2280	Lease liabilities - current (Notes 6(16) (28))	-	-	781	-
2300	Total Other Current Liabilities	1,078	-	429	-
	Total Current Liabilities	274,836	16	790,142	44
	Non-Current Liabilities:				
2645	Guarantee deposits received (Note 6(28))	302	-	324	-
	Total Non-Current Liabilities	302	-	324	-
	Total Liabilities	275,138	16	790,466	44
	Equity attributable to owners of parent (Notes 6(3) (8) (20)):				
3110	Share Capital	1,687,708	99	1,187,708	66
3200	Capital surplus	530,568	31	605,796	34
3300	Accumulated deficits	(785,690)	(46)	(787,782)	(44)
3400	Other equity	(1,392)	-	(1,392)	-
	Total equity attributed to owners of parent	1,431,194	84	1,004,330	56
	Total Equity	1,431,194	84	1,004,330	56
	Total Liabilities and Equity	$ 1,706,332	100	1,794,796	100

(See accompanying notes to parent company only financial statements)

Chairman: Yu-Ming Chang **Manager: Peng-Kuang Tseng** **Accounting Manager: Yuan-Hsiang Han**

FEEI CHERNG DEVELOP TECHNOLOGY CO., LTD.

(formerly Feei Cherng Enterprise Co., Ltd.)

Statement of Comprehensive Income

For the years ended December 31, 2023 and 2022

Unit: NT$ Thousand

		2023		2022	
		Amount	%	Amount	%
4000	**Operating revenue (Notes 6 (22) and 7)**	$ 16,763	100	8,922	100
5000	**Operating costs (Note 6(6))**	15,116	90	8,901	99
5900	**Operating profits**	1,647	10	21	1
	Operating expenses (Notes 6(12)(16)(18), 7 and 12):				
6100	Marketing expenses	5,053	30	443	5
6200	Administrative expenses	23,535	140	39,781	446
	Total operating expenses	28,588	170	40,224	451
6900	**Loss from operations**	(26,941)	(160)	(40,203)	(450)
	Non-operating income and expenses (Notes 6(16)(24) and 7)				
7100	Interest income	2,936	18	4,296	48
7010	Other revenue	6,606	39	22,048	247
7020	Other gains and losses	58,386	348	(154,063)	(1,727)
7050	Financial costs	(7,638)	(46)	(5,411)	(61)
7070	Share of loss of subsidiaries, affiliated companies and joint ventures	(30,841)	(184)	(50)	-
	Total non-operating income and expenses	29,449	175	(133,180)	(1,493)
7900	**Income (loss) before tax**	2,508	15	(173,383)	(1,943)
7950	**Less: income tax expense (Note 6 (19))**	762	5	3	-
8200	**Income (loss)**	1,746	10	(173,386)	(1,943)
	Other comprehensive income:				
8310	**Items that will not be reclassified subsequently to profit or loss**				
8316	Unrealized gain (loss) on investments in equity instruments at fair value through other comprehensive income (Note 6(20))	346	2	-	-
8349	Less: Income tax relating to items that will not be reclassified subsequently to profit or loss	-	-	-	-
8300	**Other comprehensive income for the current period**	346	2	-	-
8500	**Other comprehensive income/loss for the year**	**$ 2,092**	**12**	**(173,386)**	**(1,943)**
	Earnings (losses) per share (Note 6(21)):				
9750	**Basic earnings (losses) per share (NT$)**	**$**	**0.01**		**(1.46)**
9850	**Diluted earnings (losses) per share (NT$)**	**$**	**0.01**		**(1.46)**

(See accompanying notes to parent company only financial statements)

Chairman: Yu-Ming Chang Manager: Peng-Kuang Tseng Accounting Manager: Yuan-Hsiang Han

FEEI CHERNG DEVELOP TECHNOLOGY CO., LTD.

(formerly Feei Cherng Enterprise Co., Ltd.)

Statement of Changes in Equity

For the years ended December 31, 2023 and 2022

Unit: NT$ Thousand

			Retained Earnings			Other equity item			
	Share capital - common stock	Capital surplus	Legal reserve	Accumulated deficits	Total	Unrealized gain (loss) on financial assets at fair value through other comprehensive income	Remeasurement of defined benefit plan	Total	Total Equity
Balance at January 1, 2022	**$ 1,187,708**	**605,796**	**66,320**	**(680,716)**	**(614,396)**	**-**	**(1,392)**	**(1,392)**	**1,177,716**
Net loss for the year	-	-	-	(173,386)	(173,386)	-	-	-	(173,386)
Other comprehensive income for the current period	-	-	-	-	-	-	-	-	-
Other comprehensive income/loss for the year	-	-	-	(173,386)	(173,386)	-	-	-	(173,386)
Balance at December 31, 2022	**1,187,708**	**605,796**	**66,320**	**(854,102)**	**(787,782)**	**-**	**(1,392)**	**(1,392)**	**1,004,330**
Profit for the year	-	-	-	1,746	1,746	-	-	-	1,746
Other comprehensive income for the current period	-	-	-	-	-	346	-	346	346
Other comprehensive income/loss for the year	-	-	-	1,746	1,746	346	-	346	2,092
Cash capital increase	500,000	(76,500)	-	-	-	-	-	-	423,500
From differences between equity purchase price and carrying amount arising from actual acquisition or disposal of subsidiaries	-	1,272	-	-	-	-	-	-	1,272
Disposal of equity instruments at fair value through other comprehensive income	-	-	-	346	346	(346)	-	(346)	-
Balance at December 31, 2023	**$ 1,687,708**	**530,568**	**66,320**	**(852,010)**	**(785,690)**	**-**	**(1,392)**	**(1,392)**	**1,431,194**

(See accompanying notes to parent company only financial statements)

Chairman: Yu-Ming Chang **Manager: Peng-Kuang Tseng** **Accounting Manager: Yuan-Hsiang Han**

FEEI CHERNG DEVELOP TECHNOLOGY CO., LTD.

(formerly Feei Cherng Enterprise Co., Ltd.)

Statement of Cash Flows

For the years ended December 31, 2023 and 2022

Unit: NT$ Thousand

		2023	2022
Cash Flows from Operating Activities:			
Profit (loss) before income tax	$	2,508	(173,383)
Adjustment item			
Profit/loss			
Depreciation expense		5,429	5,674
Amortization expenses		62	25
Net (gains) losses on financial assets at fair value through profit or loss		(61,232)	154,063
Interest expenses		7,638	5,411
Interest income		(2,936)	(4,296)
Dividend income		(4,902)	(13,760)
Share of loss of subsidiaries, affiliated companies and joint ventures		30,841	50
Impairment losses on non-financial assets		2,846	-
Total adjustments for profit/loss		(22,254)	147,167
Changes in operating assets and liabilities:			
Changes in operating assets:			
Increase in financial assets at fair value through profit or loss		-	(34,513)
Increase in accounts receivable - related parties		(111)	(640)
Decrease in other receivables		-	92
Increase in inventories		(9,189)	(480,400)
(Increase) decrease in prepayments		(1,048)	101
Increase in other current assets		(6,463)	-
Total changes in operating assets		(16,811)	(515,360)
Changes in operating liabilities:			
Increase in contract liabilities		29,940	-
Decrease in notes payable		-	(446)
Increase in accounts payable		2,743	19
(Decrease) increase in other payables		(9,348)	4,697
Increase (decrease) in other payables - related parties		2,199	(4,281)
Increase in other current liabilities		649	-
Total changes in operating liabilities		26,183	(11)
Total changes in operating assets and liabilities		9,372	(515,371)
Total adjustments		(12,882)	(368,204)
Cash generated from operating activities		(10,374)	(541,587)
Interest received		2,936	4,296
Dividends received		4,902	13,760
Interest paid		(7,357)	(5,411)
Income tax paid		(673)	-
Cash Flows from Operating Activities		(10,566)	(528,942)
Cash Flows from Investment Activities:			
Acquisition of financial assets at fair value through other comprehensive income		(7,687)	-
Disposal of financial assets at fair value through other comprehensive income		8,033	-
Acquisition of financial assets at amortized cost		-	(150,000)
Disposal of financial assets at amortized cost		175,000	-
Acquisition of financial assets at fair value through profit or loss		(84,621)	-
Disposal of financial assets at fair value through profit or loss		91,271	303
Acquisition of investments using the equity method		(853)	(43,218)
Acquisition of property, plant and equipment:		-	(90)
Increase in refundable deposits		(1,357)	(200)
Acquisition of intangible assets		(283)	(122)
Net cash generated from (used in) investing activities		179,503	(193,327)
Cash Flows from Financing Activities:			
Increase in short-term borrowings		18,107	751,227
Decrease in short-term borrowings		(534,634)	-
Increase in short-term notes payable		-	25,000
Decrease in short-term notes payable		(25,000)	-
Increase in deposits received		-	24
Decrease in guarantee deposits received		(22)	-
Repayment of the principal portion of lease liabilities		(789)	(1,020)
Cash capital increase		423,500	-
Net cash (used in) generated from financing activities		(118,838)	775,231
Increase in Cash and Cash Equivalents		50,099	52,962
Cash and Cash Equivalents as of January 1		215,335	162,373
Cash and Cash Equivalents as of December 31	$	265,434	215,335

(See accompanying notes to parent company only financial statements)

Chairman: Yu-Ming Chang **Manager: Peng-Kuang Tseng** **Accounting Manager: Yuan-Hsiang Han**

FEEI CHERNG DEVELOP TECHNOLOGY CO., LTD.
(formerly Feei Cherng Enterprise Co., Ltd.)

Notes to Parent Company Only Financial Report
2023 and 2022
(Unless otherwise stated, all amounts are in NTD thousand)

I. Company History

FEEI CHERNG ENTERPRISE CO., LTD. (hereinafter referred to as the "Company"), formerly known as Feei Cherng Enterprise Co., Ltd., was established on December 2, 1993 with the approval of the Ministry of Economic Affairs. The registered address is 11F-2, No. 248, Sec. 2, Yonghua Road, Anping District, Tainan City. The original businesses of the Company mainly include manufacturing, trading and import / export of electronic products, electrical products and computer components and equipment. However, since the second half of 2018, the Company has changed to the operation of livestock farm, bulk raw material trading, and housing and building development and rental. U-Best Innovation Technology Co., Ltd. holds 17.20% of the shares of the Company and is the parent company of the Company, and Sun Yad Construction Co., Ltd. is the ultimate parent company of the Company.

II. Approval of Dates and Procedures of Financial Statements

The parent company only financial statements were authorized for issue by the Board of Directors on February 27, 2024.

III. Application of New, Amended, and Revised Standards and Interpretations

(I) The impact of the new and amended IFRSs and interpretations thereof endorsed by the Financial Supervisory Commission, which have already been adopted.

The Company began to apply the following newly amended IFRSs from January 1, 2023, and there was no material impact on the parent company only financial statements.

- Amendments to IAS 1 “Disclosure of Accounting Policies”
- Amendments to IAS 8 “Definition of Accounting Estimates”
- Amendments to IAS 12 “Deferred Tax related to Assets and Liabilities arising from a Single Transaction”

The Company began to apply the following newly amended IFRSs from May 23, 2023, and there was no material impact on the parent company only financial statements.

- Amendments to IAS 12 “International Tax Reform -Pillar Two Model Rules”

(II) Impact of IFRSs endorsed by the FSC but not yet adopted

The Company has assessed that the application of the following newly amended IFRSs effective from January 1, 2024 will not cause significant impact on the parent company only financial statements.

- Amendments to IAS 1 “Classification of Liabilities as Current or Non-current”
- Amendments to IAS 1 "Non-current Liabilities with Covenants"
- Amendments to IAS 7 and IFRS 7 “Supplier Finance Arrangements”
- Amendments to IFRS 16 “Lease liability in a sale and leaseback”

(III) New and amended Standards and interpretations not yet endorsed by the FSC

The Company expects the following new and amendments to standards that have not yet been endorsed to have no significant impact on the parent company only financial statements.

- Amendments to IFRS10 and IAS 28 “Sales or contributions of assets between investors and their affiliates or joint ventures”
- IFRS 17 “Insurance Contracts” and amendments to IFRS 17
- Amendments to IFRS 17 “Initial Application of IFRS 17 and IFRS 9 – Comparative Information“
- Amendments to IAS 21 “Lack of Exchangeability”

IV. Summary of Significant Accounting Policies

The significant accounting policies adopted for the parent company only financial statements are as follows. Unless otherwise specified in Note 3, the following accounting policies have been consistently applied during the presentation period of the parent company only financial statements.

(I) Statement of compliance

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

(II) Basis of preparation

1. Measurement basis

The parent company only financial statements have been prepared on the historical cost basis except for the following material items in the balance sheets:

(1) Financial instruments at fair value through profit or loss are measured at fair value;

(2) Financial assets at fair value through other comprehensive income are measured at fair value;

2. Functional and presentation currency

The functional currency of each Company entities is determined based on the primary economic environment in which the entities operate. The parent company only financial statements are presented in New Taiwan Dollar, which is the Company’s functional currency. For all financial information expressed in NT$, the unit is NT$ thousand.

(III) Foreign currency

1. Foreign currency transactions

Transactions in foreign currencies are translated into the functional currencies at the exchange rates at the dates of the transactions. At the end of each subsequent reporting period, monetary items denominated in foreign currencies are translated into the functional currencies using the exchange rate at that date. Non-monetary items denominated in foreign currencies that are measured at fair value are translated into the functional currencies using the exchange rate at the date that the fair value was determined. Non-monetary items denominated in foreign currencies that are measured based on historical cost are translated using the exchange rate at the date of the transaction.

Exchange differences are generally recognized in profit or loss, except for those differences relating to the following, which are recognized in other comprehensive income:

(1) an investment in equity securities designated as at fair value through other comprehensive income;

(2) a financial liability designated as a hedge of the net investment in a foreign operation to the extent that the hedge is effective; or

(3) qualifying cash flow hedges to the extent that the hedges are effective.

(IV) Criteria for classifying assets and liabilities into current and non-current.

An asset is classified as current if any of the following conditions; assets other than current assets are non-current assets:

1. It is expected to be realized, or intended to be sold or consumed, in the normal operating cycle; The Company has an operating cycle of one year, except for the business cycle of real estate development related businesses that is usually longer than a year;
2. It is held primarily for the purpose of trading;
3. It is expected to be realized within twelve months after the reporting period; or
4. The asset is cash and cash equivalent unless the asset is restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

A liability is classified as current if any of the following conditions; liabilities other than current assets are non-current liabilities:

1. It is expected to be settled in the normal operating cycle; The Company has an operating cycle of one year, except for the business cycle of real estate development related liabilities that is usually longer than a year;
2. It is held primarily for the purpose of trading;
3. If is due to be settled within twelve months after the reporting period; or
4. The entity does not have an unconditional right to defer settlement of the liability for at least 12 months after the balance sheet date. Terms of a liability that could, at the option of the counterparty, result in its settlement by the issue of equity instruments do not affect its classification.

(V) Cash and cash equivalents

Cash comprises cash on hand and demand deposits. Cash equivalents are short-term, highly liquid investments that are readily convertible to known amounts of cash and are subject to an insignificant risk of changes in value. Time deposits which meet the above definition and are held for the purpose of meeting shortterm cash commitments rather than for investment or other purposes should be recognized as cash equivalents.

(VI) Financial instruments

Accounts receivable are recognized when incur. All other financial assets and financial liabilities are initially recognized when the Company becomes a party to the contractual provisions of the instrument. A financial asset not measured at FVTPL (unless a trade receivable without a significant financing component) or financial liability initially measured at fair value plus transaction costs directly attributable to its acquisition or issue. transaction price. A trade receivable without a significant financing component is initially measured at the transaction price

1. Financial asset

When the purchase or sale of financial assets is consistent to the usual transactions, the Company's financial assets classified in the same manner shall adopt the trade date or settlement date accounting treatment for all purchases and sales of the same.

On initial recognition, a financial asset is classified as measured at: financial asset measured at amortized cost; financial asset measured at fair value through other comprehensive income (FVOCI); investment in equity instrument at FVOCI; or financial asset measured at FVTPL. Only when the Company changes its business model for managing financial assets, it reclassifies all affected financial assets on the first day of the first reporting period following the change in the business model.

(1) Financial assets measured at amortized cost

A financial asset is measured at amortized cost if it meets both of the following conditions and is not designated as at FVTPL:

・ Holding the financial assets within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets.

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

These assets are subsequently measured at amortized cost, which is the amount at which the financial asset is measured at initial recognition, plus/minus, the cumulative amortization using the effective interest method, adjusted for any loss allowance. Interest income, foreign exchange gains and losses, as well as impairment, are recognized in profit or loss. Any gain or loss on derecognition is recognized in profit or loss.

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

On initial recognition of an equity investment that is not held for trading, the Company may irrevocably elect to present subsequent changes in the investment's fair value in other comprehensive income. This election is made on an instrument-by-instrument basis. The aforementioned selections are made on an instrument-by-instrument basis.

The equity instruments are subsequently measured at fair value. Dividend income is recognized in profit or loss (unless obviously representing recovery of partial investment costs) The remaining net profit or loss is recognized as other comprehensive income and is not reclassified to profit or loss.

Dividend income is recognized in profit or loss on the date on which the Company's right to receive payment is established (usually the ex-dividend date).

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

All financial assets not classified as amortized cost or FVOCI (e.g. held for trading) described as above are measured at FVTPL, including derivative financial assets. On initial recognition, the Company may irrevocably designate a financial asset, which meets the requirements to be measured at amortized cost or at FVOCI, as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

These assets are subsequently measured at fair value. Net gains and losses, including any interest or dividend income, are recognized in profit or loss.

(4) Impairment loss recognized on financial assets

The Company recognizes loss allowances for expected credit losses (ECL) on financial assets measured at amortized cost (including cash and cash equivalents, trade receivables, other receivable, and refundable deposits), measured at FVOCI and contract assets.

The following financial assets measured the allowance of losses based on the 12-month expected credit losses, and the rest are measured at the lifetime expected credit losses:

・ debt securities that are determined to have low credit risk at the reporting date; and

・ other debt securities and bank balances for which credit risk (i.e. the risk of default occurring over the expected life of the financial instrument) has not increased significantly since initial recognition.

Loss allowance for trade receivables are always measured at an amount equal to lifetime ECL.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECL, the Company considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis based on the Company’s historical experience and informed credit assessment as well as forward-looking information.

If the contract amount is overdue for more than 30 days, the Company assumes that the credit risk of the financial asset has increased significantly.

If the contract amount is overdue for more than 365 days, or the borrower is unlikely to perform its credit obligations and pay the full amount to the Company, the Company deems to have the default on the financial asset.

The counterparties of the time deposits held by the Company are financial institutions with investment grade or higher, and are therefore considered to be of low credit risk.

Lifetime ECLs are the ECLs that result from all possible default events over the expected life of a financial instrument.

12-month ECLs are the portion of ECLs that result from default events that are possible within the 12 months after the reporting date (or a shorter period if the expected life of the instrument is less than 12 months).

The longest period of measurement of ECLs is the longest contract period in which the Company is exposed to credit risk.

ECLs are a probability-weighted estimate of credit losses. Credit losses are measured as the present value of all cash shortfalls (i.e the difference between the cash flows due to the Company in accordance with the contract and the cash flows that the Company expects to receive). ECLs are discounted at the effective interest rate of the financial asset. ECLs are discounted at the effective interest rates of the financial assets.

At each reporting date, the Company assesses whether financial assets carried at amortized cost and debt securities at FVOCI are credit-impaired. A financial asset is “credit impaired” when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred. Evidence that a financial assets is credit-impaired includes the following observable data:

- Significant financial difficulty of the borrower or issuer;
- A breach of contract such as a default or being more than 180 days past due;
- The lender of the borrower, for economic or contractual reasons relating to the borrower's financial difficulty, having granted to the borrower a concession that the lender would not otherwise consider;
- It is probable that the borrower will enter bankruptcy or other financial reorganization; or
- The disappearance of an active market for a security because of financial difficulties.

Loss allowances for financial assets measured at amortized cost are deducted from the gross carrying amount of the assets.

When the Company cannot reasonably expect the recovery of financial assets in whole or in part, it will reduce the total book value of its financial assets directly. For individual accounts, the Company's policy is to write off the total carrying amount of a financial asset when it is overdue for more than 365 days based on the past experience in the recovery of similar assets. The Company analyzes the timing and amount of write-off separately on the basis of whether the recovery is reasonably expected. The Company expects that the written-off amount will not reverse significantly. However, the written-off financial assets can still be enforced compulsorily to meet the procedures for the Company to recover the overdue amount. Based on the experience, it is impossible to collect the overdue amount from corporate accounts after 36-=5 days.

(5) Derecognition of financial assets

The Company derecognizes a financial asset when the contractual rights to the cash flows from the financial asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the Company neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset.

The Company enters into transactions whereby it retains either all or substantially all of the risks and rewards of the transferred assets, such assets will be continuously recognized in its statement of balance sheet.

2. Financial liabilities and equity instruments

(1) Classification of debt or equity

Debt and equity instruments issued by the Company are classified as financial liabilities or equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

(2) Equity transactions

An equity instrument is any contract that evidences residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the Company are recognized as the amount of consideration received, less the direct cost of issuing.

(3) Financial liabilities

Financial liabilities are classified as measured at amortized cost or FVTPL. A financial liability is classified as at FVTPL if it is classified as held-for-trading, it is a derivative or it is designated as such on initial recognition. Financial liabilities at FVTPL are measured at fair value and net gains and losses, including any interest expense, are recognized in profit or loss.

Other financial liabilities are subsequently measured at amortized cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognized in profit or loss. Any gain or loss on derecognition is also recognized in profit or loss.

(4) Derecognition of financial liabilities

The Company derecognizes a financial liability when its contractual obligations are discharged or cancelled, or expire. A financial liability is derecognized if contractual terms are modified and the cash flows of the modified liability are substantially different, in which case a new financial liability based on the modified terms is recognized at fair value.

On derecognition of a financial liability, the difference between the carrying amount of a financial liability and the consideration paid or payable (including any non-cash assets transferred or liabilities assumed) is recognized in profit or loss.

(5) Offsetting of financial assets and liabilities

Financial assets and financial liabilities are offset and the net amount presented in the statement of balance sheet when, and only when, the Company currently has a legally enforceable right to set off the amounts and it intends either to settle them on a net basis or to realize the asset and settle the liability simultaneously.

(VII) Inventories

Inventories are measured at the lower of cost and net realizable value. The cost includes the necessary expenses for acquisition and capitalized borrowings costs incurred in bringing them to their present location and condition.

Net realizable value is the balance of estimated selling price in the ordinary course of business, less the estimated cost, of completion and selling expenses. The methods for determining the net realizable value is as follows:

(1) Construction land: The net realizable value refers to the management's estimate based on the prevailing market conditions.

(2) Building and land in progress: Net realizable value is calculated based on the estimated selling price (the prevailing market condition) less the cost to be invested until completion and sales expenses.

(3) Buildings and land to be sold: The net realizable value is the estimated selling price (referring to the management's estimate based on the prevailing market conditions) less the estimated costs and sales expenses incurred when selling the building and land.

(VIII) Investment in subsidiaries

In preparing the parent company only financial statements, the Company has adopted the equity method to evaluate the investees it has control over. Under the equity method, the profit or loss during the period and other comprehensive income presented in parent company only financial reports shall be the same as the allocations of profit or loss during the period and of other comprehensive income attributable to owners of the parent presented in the financial reports prepared on a consolidated basis, and the owners' equity presented in the parent company only financial reports shall be the same as the equity attributable to owners of the parent presented in the financial reports prepared on a consolidated basis.

Changes in the Company’s ownership interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions with the owners.

(IX) Investment property

Investment property is property held either to earn rental income or for capital appreciation or for both, but not for sale in the ordinary course of business, used for production, offering goods or services, or for administrative purposes. Investment property is measured at cost on initial recognition. Subsequent to initial recognition, investment property is measured at cost less accumulated depreciation and accumulated impairment losses. The methods for depreciating, the useful life and residual value thereof are the same as those adopted for property, plant and equipment.

Any gain or loss on disposal of an investment property (calculated as the difference between the net proceeds from disposal and the carrying amount) is recognized in profit or loss.

Rental income from investment property is recognized as other revenue on a straight-line basis over the term of the lease. Lease incentives granted are recognized as an integral part of the total rental income, over the term of the lease.

(X) Property, plant and equipment

1. Property, plant and equipment

Items of property, plant and equipment are measured at cost less accumulated depreciation and accumulated impairment losses.

If a significant component of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

Any gain or loss on disposal of an item of property, plant and equipment is recognized in profit or loss.

2. Subsequent costs

Subsequent expenditure is capitalized only if it is probable that the future economic benefits associated with the expenditure will flow to the Company.

3. Depreciation

Depreciation is calculated on the depreciable amount of an asset using the straight-line basis over its useful life.

Land has an unlimited useful life and therefore is not depreciated.

The estimated useful lives for the current and comparative years are as follows:

Housing and construction	8~18 Years
Machinery	10~15 Years
Office equipment	1～5 Years
Others	20 Years

Depreciation methods, useful lives, and residual values are reviewed at each annual reporting date and adjusted it appropriate.

4. Reclassification as investment property

A property is reclassified to investment property at its carrying amount when the use of the property changes from owner-occupied to investment property.

(XI) Leases

At inception of a contract, the Company assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

1. Lessee

The Company recognizes a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted the right-of-use assets where re-measurements of the lease liability incurs.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date. If the interest rate implicit in the lease is easy to determine, the discount rate is the interest rate. If it is not easy to determine, the Company's incremental borrowing rate is used. Generally, the Company uses its incremental borrowing interest rate as the discount rate.

Lease payments included in the measurement of the lease liability comprise the following:

(1) fixed payments including in-substance fixed payments;

(2) variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;

(3) variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;

(4) payments for purchase or termination options that are reasonably certain to be exercised.

The lease liability is measured at amortized cost using the effective interest method. It is remeasured when:

(1) there is a change in future lease payments arising from the change in an index or rate;

(2) there is a change in the estimate of the amount expected to be payable under a residual value guarantee;

(3) there is a change of the valuation of the underlying asset purchase option;

(4) there is a change of its assessment on whether it will exercise a purchase, extension or termination option; or

(5) there is any modifications of lease underlying property, scope or other terms.

When a lease liability is remeasured due to a change in the index or rate used to determine lease payments, changes in the residual guarantee amount, or changes in the evaluation of the purchase, extension, or termination of an option, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or in profit and loss if the carrying amount of the right-of-use asset has been reduced to zero, the remaining remeasured amount is recognized in profit or loss.

For the lease modification reducing lease scope, it is to reduce the carrying amount of the right-of-use asset to reflect the partial or full termination of the lease for lease modifications that decrease the scope of the lease, and the lessee shall recognize the amount of the remeasurement of the lease liability in profit or loss.

The Company presents right-of-use assets that do not meet the definition of investment and lease liabilities as a separate line item respectively in the statement of financial position.

For short-term leases and leases of low-value underlying assets, the Company chooses not to recognize the right-of-use assets and lease liabilities, but to recognize the related lease payments as expenses on the straight-line basis during the lease term.

2. Lessor

When the Company acts as a lessor, it determines at lease commencement whether each lease is a finance lease or an operating lease. To classify each lease, the Company makes an overall assessment of whether the lease transfers to the lessee substantially all of the risks and rewards of ownership incidental to ownership of the underlying asset. If this is the case, then the lease is a finance lease; if not, then the lease is an operating lease. In the evaluation, the Company considers relevant specific indicators, including whether the lease term covers the main part of the economic life of the underlying assets.

(XII) Intangible assets

1. Property, plant and equipment

Other intangible assets that are acquired by the Company and have finite useful lives are measured at cost less accumulated amortization and any accumulated impairment losses.

2. Subsequent expenditures

Subsequent expenditure is capitalized only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditures, including expenditure on internally generated goodwill and brands, is recognized in profit or loss as incurred.

3. Amortization

Amortization of computer software is calculated over the cost of the asset, less its residual value, and is recognized in profit or loss on a straight-line basis over the estimated useful lives for five years of intangible assets, from the date that they are available for use.

The residual value, the amortization period and the amortization method for an intangible asset with a finite useful life are reviewed at least annually at each financial year-end. Any change thereof is accounted for as a change in accounting estimate.

(XIII) Impairment of non financial assets

At each reporting date, the Company reviews the carrying amounts of its non-financial assets (other than inventories, deferred tax assets) to determine whether there is any indication of impairment. If any such indication exists, then the asset’s recoverable amount is estimated.

For impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or CGUs.

The recoverable amount of an asset or CGU is the greater of its value in use and its fair value less costs to sell. Value in use is based on the estimated future cash flows, discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or CGU.

An impairment loss is recognized if the carrying amount of an asset or CGU exceeds its recoverable amount.

Impairment losses are recognized in profit or loss. They are allocated first to reduce the carrying amount of any goodwill allocated to the CGU, and then to reduce the carrying amounts of the other assets in the CGU on a pro rata basis.

For non-financial assets other than goodwill, an impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if no impairment loss had been recognized in previous years.

(XIV) Revenue recognition

1. Revenue from contracts with customers

Revenue is measured based on the consideration expected to be entitled in exchange for transferring goods or services to a customer. The Company recognizes revenue when the control of the product or labor service is transferred to the customer and the performance obligation is met. The accounting policies for the Company's main types of revenue are explained below.

(1) Sale of goods

The Company recognizes revenue when the control of the product is transferred. The transfer of control means that the product has been delivered to the customer, and the customer can fully determine the sales channel and price of the product, and there is no matter that affect the customer's acceptance of the product's non-performed obligations. Delivery occurs when the products have been shipped to the specific location, the risks of obsolescence and loss have been transferred to the customer, and either the customer has accepted the products in accordance with the sales contract, the acceptance provisions have lapsed, or the Company has objective evidence that all criteria for acceptance have been satisfied.

The Company recognizes the accounts receivable when the goods are delivered, because the Company has the right to unconditionally collect the consideration at that time.

(2) Sale of buildings and lands

The Company sells residential property and often sells property in advance during or before the construction period. The Company recognizes the revenue when the control of the property is transferred. Due to contractual restrictions, the Company usually does not have other uses for the property. Regarding the year attributable to recognition of the gains and losses upon the completion and delivery of the house, the Company recognizes the revenue when the house is completed and delivered with the title transfer registration completed, as the time point when the control is transfer.

The revenue is measured at the transaction price agreed under the contract. For preselling properties, the consideration is usually received by installment during the period from contract inception until the transfer of properties to the customer. Receipt of a prepayment is recognized as contract liability. Interest expense and contract liability are recognized when adjusting the effects of the time value of money. Accumulated amount of contract liability, and transferred to revenue when the property is transferred to the client.

(3) Income from lease

The investment property held by the Company is to earn lease revenue, which is recognized in the lease revenue under the straight-line method over the period of the lease contract realization.

(4) Financial components

The Company expects that the interval between the time when all customers contract transferring of goods or services to the customer and the time when the customer pays for the goods or services shall not exceed one year. In addition, there is no difference between the promised consideration in the property sales contract and the selling price, nor any difference exists, neither including material financing factors, and therefore there is no material financial components. Hence, the Company does not adjust the time value of money of the transaction price.

2. Costs of contracts with customers

(1) Incremental cost of obtaining a contract

If the Company expects to recover the incremental costs of obtaining contracts with customers, such costs are recognized as assets. The incremental cost of obtaining a contract is the cost that is incurred in obtaining a contract with a customer but would not be incurred if the contract had not been obtained. The costs of obtaining a contract that will be incurred whether or not the contract is obtained are recognized as expenses when incur, unless the costs can be clearly collected from the customer whether the contract has been obtained or not.

The Company adopts the practical expediency of the standard. If the incremental cost of obtaining a contract is recognized as an asset, and the amortization period of the asset is less than one year, the incremental cost will be recognized as an expense when it is incurred.

(2) Cost of performing a85 contract

If the cost of performing a contract with customers is not within the scope of other standards (IAS 2 "Inventory," IAS 16 "Property, Plant and Equipment," or IAS 38 "Intangible Assets"), the Company will only recognize such costs as assets when such costs are directly related to contracts or expected contracts clearly identifiable, will generate or enhance the resources that will be used to meet (or continue to meet) the performance obligation in the future, and is expected to be recoverable.

General and administrative costs; costs of raw materials, labor or other resources wasted to fulfill the contract but not reflected in the contract price; costs associated with fulfilled (or partially fulfilled) performance obligations; and he costs related to the obligations or fulfilled (or partially fulfilled) performance obligations are recognized as expenses when incurred.

(XV) Operating expenses

Based on the principle of matching cost and revenue, the commission expense on pre-sale of houses and land is recognized as prepaid selling expenses and deferred; when the revenue from sales of houses is recognized, it is recognized as an expense in the current period.

(XVI) Employee benefits

1. Defined contribution retirement benefit plans

The contribution obligation of the defined contribution plan is recognized as an expense within the service period of the employee.

2. Short-term employee benefits

Short-term employee benefit obligations are recognized as expenses when the services are provided. If the Company has a present legal or presumed payment obligation due to the services rendered by an employee in the past, and such obligation can be estimated reliably, the amount is recognized as liabilities.

(XVII) Income tax

Income taxes comprise current taxes and deferred taxes. Except for expenses related to business combinations or recognized directly in equity or other comprehensive income, all current and deferred taxes are recognized in profit or loss.

Current taxes comprise the expected tax payables or receivables on the taxable profits (losses) for the year and any adjustment to the tax payable or receivable in respect of previous years. The amount of current tax payables or receivables are the best estimate of the tax amount expected to be paid or received that reflects uncertainty related to income taxes, if any.

Deferred taxes arise due to temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and their respective tax bases. Deferred taxes are recognized except for temporary differences arising from the following circumstances:

1. Temporary differences on the initial recognition of assets and liabilities in a transaction that is not a business combination and that (i) affects neither accounting profits and taxable income (losses) at the time of the transaction, nor (ii) equivalent taxable and deductible temporary difference generated;
2. For temporary differences generated from investments in subsidiaries, affiliates, and interests in joint ventures, the Company is able to control the timing of reversing the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future; and
3. Taxable temporary differences arising on the initial recognition of goodwill.

Deferred tax assets are recognized for the carry forward of unused tax losses, unused tax credits, and deductible temporary differences to the extent that it is probable that future taxable profits will be available against which they can be utilized. Deferred tax assets are reevaluated at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefits will be realized; or reversing the reduced amount within the extent where the sufficient taxable income is very likely.

Deferred taxes are measured at tax rates that are expected to be applied to temporary differences when they reserve, using tax rates enacted or substantively enacted at the reporting date, and reflect uncertainty related to income taxes, if any.

Deferred tax assets and liabilities are offset if the following criteria are met:

1. The Group has a legally enforceable right to set off current tax assets against current tax liabilities; and
2. The deferred tax assets and the deferred tax liabilities relate to income taxes levied by the same taxation authority on either:
   (1) the same taxable entity; or
   (2) different taxable entities which intend to settle current tax assets and liabilities on a net basis, or to realize the assets and liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

(XVIII) Earnings per share

Disclosures are made of basic and diluted earnings per share attributable to ordinary equity holders of the Company. The basic earnings per share is calculated based on the profit attributable to the ordinary shareholders of the Company divided by weighted average number of ordinary shares outstanding. The diluted earnings per share is calculated based on the profit attributable to ordinary shareholders of the Company, divided by weighted average number of ordinary shares outstanding after adjustment for the effects of all potentially dilutive ordinary shares.

(XIX) Segment Information

The Company has disclosed the segment information in the consolidated financial statements; therefore, the segment information was not disclosed in the parent company only financial statements.

V. Major sources of uncertainty in significant accounting judgments, estimates and assumptions

The preparation of the parent company only financial statements requires the management to make judgments, estimates, and assumptions that affect the application of the accounting policies and the reported amount of assets, liabilities, income, and expenses. Actual results may differ from these estimates.

The management continues to monitor the accounting estimates and assumptions. The management recognizes any changes in accounting estimates during the period and the impact of those changes in accounting estimates in the next period.

The uncertainty of the following assumptions and estimates has a significant risk of causing a major adjustment to the book value of assets and liabilities in the next financial year. The relevant information is as follows:

(I) Valuation of inventories

Since inventories need to be measured at the lower of cost or net realizable value, the Company assesses the amount of inventory on the reporting date due to normal wear and tear, obsolescence, or no market sales value, and offsets the cost of inventories to the net realizable value. This inventory evaluation is mainly based on the demand for products in a specific future period, so there may be significant changes due to changes in market demand, political and economic changes, and the impact of the property tax reform. Please refer to Note 6 (6) for the inventory valuation estimate.

VI. Description of major accounting items

(I) Cash and cash equivalents:

		2023.12.31	2022.12.31
Cash and petty cash	$	81	82
Checking accounts and demand deposits		265,353	215,253
Cash and cash equivalents listed in the Statement of Cash Flows	$	265,434	215,335

For the disclosure of the interest rate risk and sensitivity analysis of the Company's financial assets and liabilities, please refer to Note 6(25).

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

		2023.12.31	2022.12.31
Financial assets mandatorily measured at fair value through other comprehensive income - current			
Shares of TWSE/TPEx listed companies	$	162,261	138,011
Convertible corporate bonds		41,019	69,028
Beneficiary Certificates		37,976	27,843

	$ 241,256	**234,882**

		2023.12.31	2022.12.31
Financial assets mandatorily measured at fair value through other comprehensive income - non-current			
Shares of TWSE/TPEx listed companies	$	148,264	106,641

Please refer to Note 6 (24) for the amount remeasured at fair value and recognized in profit or loss.

Please refer to Note 6 (25) for information on the market risk related to the above financial assets.

Please refer to Note 8 for the Company's financial assets at FVTPL that are pledged as collaterals.

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

Due to the liquidation of underlying investment on December 15, 2023, the Company disposed the financial assets measured at FVOCI; at the time of disposal, it had a fair value of NT$8,033 thousand, and the cumulative gain on disposal was NT$346 thousand; therefore, the aforementioned accumulated disposal gains have been transferred from other equity to retained earnings.

(IV) Financial assets at amortized cost - current

		2023.12.31	2022.12.31
Time deposits of more than three months	$	297,000	472,000

The Company holds these assets up to the maturity dates to collect the contractual cash flows, and the cash flows of these financial assets are solely for the payment of the principal and interest on the outstanding principal amount, so they are listed under the financial assets at amortized cost.

Please refer to Note 6 (25) for credit risk information.

Please refer to Note 8 for the Company's financial assets at amortized costs that are pledged as collaterals.

(V) Accounts Receivables

		2023.12.31	2022.12.31
Accounts Receivables - Related Party	$	2,838	2,727

The Company uses the simplified method to estimate the ECLs, that is, uses the lifetime ECLs to measure. For this purpose, the accounts receivable are measured based on the common credit risk characteristics of the customers' ability to pay all amounts due based on the contract terms, and the forward-looking information, including macroeconomics and relevant industry information, is included.

The aging analysis of the Company's accounts receivable (including related parties) is as follows:

		2023.12.31	2022.12.31
Not overdue	$	2,838	2,727

The weighted average ECLs rate for each period above was 0%. There was no provision or write-down of the expected credit impairment loss reversed in 2023 and 2022.

None of the above financial assets has been discounted or provided as a pledge collateral

Please refer to Note 6 (25) for other credit risk information.

(VI) Inventories

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		2023.12.31	2022.12.31
Land for construction	$	544,085	633,472
Transferable floor area		926	926
		545,011	634,398
Building and land in progress		98,576	-
	$	643,587	634,398

Cost of sales is detailed as follows:

		2023	2022
Transfer to sale	$	13,658	8,901
Depreciation expense of investment property		1,458	-
	$	15,116	8,901

For the amount of capitalized interest, please refer to Note 6 (24). The 2023 capitalization interest rate was 2.75%. There was no such situation in 2022.

Please refer to Note 8 for the Company's inventories provided as pledge collaterals.

(VII) Investments accounted for using the equity method:

The Company's investment accounted for using the equity method on the reporting date is as follows:

		2023.12.31	2022.12.31
Subsidiary	$	11,606	43,168

Please refer to the 2023 consolidated financial statements for relevant information.

In 2023 and 2022, the Company's investments under the equity method were not provided as collateral for pledge.

(VIII) Changes in ownership interests in subsidiaries

The Company acquired the equity of subsidiary, Samtec Engineering Co., Ltd. in September 2023 with an increase of cash of NT$853 thousand, so that the equity increased from 82.53% to 92.53%.

The impact of changes in the Company's ownership interest in the subsidiary above on the equity attributable to the parent company is as follows:

		2023
Book value of additional non-controlling interests purchased	$	2,125
Consideration paid		(853)
Capital reserve- the differences between equity purchase price and carrying amount arising from actual acquisition or disposal of subsidiaries	$	1,272

(IX) Property, plant and equipment

Changes in property, plant and equipment are detailed as below:

	Land	Housing and construction	Machinery	Office equipment	Others	Total
Cost:						
Balance on January 1, 2023	$ 36,260	55,214	1,753	255	2,349	95,831
Reclassification to investment property	(36,260)	(55,214)	-	-	-	(91,474)
Balance of December 31, 2023	$ -	-	1,753	255	2,349	4,357
Balance of January 1, 2022	$ 36,260	55,214	1,753	165	2,349	95,741
Addition	-	-	-	90	-	90
Balance of December 31, 2022	$ 36,260	55,214	1,753	255	2,349	95,831
Depreciation:						
Balance on January 1, 2023	$ -	13,094	384	168	636	14,282
Depreciation	-	2,915	154	15	118	3,202
Reclassification to investment property	-	(16,009)	-	-	-	(16,009)
Balance of December 31, 2023	$ -	-	538	183	754	1,475
Balance of January 1, 2022	$ -	8,721	229	165	519	9,634
Depreciation	-	4,373	155	3	117	4,648
Balance of December 31, 2022	$ -	13,094	384	168	636	14,282
Carrying amount:						
December 31, 2023	$ -	-	1,215	72	1,595	2,882
January 1, 2022	$ 36,260	46,493	1,524	-	1,830	86,107
December 31, 2022	$ 36,260	42,120	1,369	87	1,713	81,549

1. Since the Company's land acquisition covers agricultural land, the Company shall not be registered as nominee due to legal factors, and the ownership of these lands is registered under the Company's Chairman Yu-Ming Chang. Relevant details and preservation measures are described as follows:

Section	2022.12.31	Preservation measures
Fushan Section, Luzhu District, Kaohsiung City	$ 28,210	Holding mortgage agreement and pledged collateral
Fanshu Section, Shuilin Village, Yunlin County	8,050	Holding mortgage agreement and pledged collateral
	$ 36,260	

2. There were no pledges or collaterals of the Company's property, plant and equipment.

(X) Right-of-use assets

Changes in the Company's right-of-use assets are as follows:

		Transport equipment
Cost of right-of-use assets:		
Balance on January 1, 2023	$	2,052
Decrease		(2,052)
Balance of December 31, 2023	$	-
Balance of January 1, 2022	$	2,052
Balance of December 31, 2022	$	2,052
Accumulated depreciation of right-of-use assets:		
Balance on January 1, 2023	$	1,283
Depreciation		769
Decrease		(2,052)
Balance of December 31, 2023	$	-
Balance of January 1, 2022	$	257
Depreciation		1,026
Balance of December 31, 2022	$	1,283
Carrying amount:		
December 31, 2023	$	-
January 1, 2022	$	1,795
December 31, 2022	$	769

(XI) Investment property

Investment property is the Company's own assets, including land and buildings for capital appreciation and operating leases.

Changes in the Company's investment property are detailed as follows:

	Self-owned assets		
	Land	Housing and construction	Total
Cost or deemed cost:			
Balance on January 1, 2023	$ -	-	-
Transferred from property, plant and equipment	36,260	55,214	91,474
Balance of December 31, 2023	$ 36,260	55,214	91,474

	Self-owned assets		
	Land	**Housing and construction**	**Total**
Depreciation and impairment loss:			
Balance on January 1, 2023	$ -	-	-
Depreciation	-	1,458	1,458
Transferred from property, plant and equipment	-	16,009	16,009
Balance of December 31, 2023	$ -	17,467	17,467
Carrying amount:			
January 1, 2023	$ -	-	-
December 31, 2023	$ 36,260	37,747	74,007
Fair value:			
December 31, 2023			$ 107,272

Since the Company's land acquisition covers agricultural land, the Company shall not be registered as nominee due to legal factors, and the ownership of these lands is registered under the Company's Chairman Yu-Ming Chang. Relevant details and preservation measures are described as follows:

Section	2023.12.31	Preservation measures
Fushan Section, Luzhu District, Kaohsiung City	$ 28,210	Holding mortgage agreement and pledged collateral
Fanshu Section, Shuilin Village, Yunlin County	8,050	Holding mortgage agreement and pledged collateral
	$ 36,260	

Investment property is mainly farmland and above-ground buildings leased to others. The lease contract includes an original irrevocable lease term of four years, the subsequent lease terms are to be negotiated with the lessee, and no contingent rent is collected. Please refer to Note 6 (17) for the relevant information.

The Company's investment property as of December 31, 2023 has not been provided as a pledge collateral.

There was no such transaction in 2022.

(XII) Intangible assets

Changes in the Company's intangible assets are as follows:

	Computer software
Cost:	
Balance on January 1, 2023	$ 122
Acquired	283
Balance of December 31, 2023	$ 405

	Computer software
Balance of January 1, 2022	$ -
Acquired	122
Balance of December 31, 2022	**$ 122**
Accumulated amortization:	
Balance on January 1, 2023	$ 25
Amortization	62
Balance of December 31, 2023	**$ 87**
Balance of January 1, 2022	$ -
Amortization	25
Balance of December 31, 2022	**$ 25**
Carrying amount:	
December 31, 2023	**$ 318**
January 1, 2022	**$ -**
December 31, 2022	**$ 97**

1. Amortization expenses

The amortization expenses of intangible assets for 2023 and 2022 are reported in the following items in the statements of comprehensive income:

	2023	2022
Operating expenses	**$ 62**	**25**

2. Guarantee

The Company's intangible assets, as of December 31, 2023 and 2022, has not been provided as pledge collaterals.

(XIII) Other current assets

	2023.12.31	2022.12.31
(1) Incremental cost of obtaining a contract - current	**$ 6,463**	**-**

The Company expects to recover the commission paid to the agency for obtaining customer contracts, so it is recognized as an asset. When the revenue from sales of property is recognized, it is recognized as expenses. As of December 31, 2023, there has been no transfer to expenses.

(XIV) Short-term borrowings:

The short-term borrowings of the Company are detailed as follows:

	2023.12.31	2022.12.31
Guaranteed bank borrowings	$ 234,700	751,227
Unused credit limit	$ 80,850	279,123
Interest rate range	2.75%~2.85%	1.47%~4.00%

Please refer to Note 6 (24) for interest expense.

For the Company's assets pledged as collateral for bank borrowings, please refer to Note 8; for information on liquidity risk exposure, please refer to Note 6 (25).

(XV) Short-term bills payable:

	2023.12.31	2022.12.31
Commercial paper payable	$ -	25,000
Interest rate range	-	2.15%~2.20%

Please refer to Note 6 (24) for interest expense.

For the Company's assets pledged as collateral for bill finance companies, please refer to Note 8; for information on liquidity risk exposure, please refer to Note 6 (25).

(XVI) Lease liabilities:

The carrying amount of the Company's lease liabilities is as follows:

	2023.12.31	2022.12.31
Current	$ -	781

Please refer to Note 6 (25) for liquidity risk exposure information.

The amount of lease recognized in profit or loss is as follows:

	2023	2022
Interest expense on the lease liability	$ 8	32
Rent expenses of short-term leases	$ 1,499	1,133
Expenses for leases of low-value assets	$ 11	14

The amounts recognized in the statement of cash flows are as follows:

	2023	2022
Total cash outflow from leases	$ 2,299	2,199

The underlying assets leased by the Company are mainly business vehicles. Lease contracts are negotiated individually, and no other restrictions are imposed, except that the leased assets cannot be used as collateral for loans.

In addition, the Company leases from offices and sales centers for one year. The lease is a short-term lease. The Company has opted to apply the recognize exemption rules, not to recognize its related right-of-use assets and lease liabilities.

(XVII) Operating lease

The Company's leases out assets, but not transfers almost all the risks and returns attached to the ownership of the underlying assets, such lease contracts are classified as operating leases.

The maturity analysis of lease payments is shown in the following table based on the total undiscounted lease payments to be received after the reporting date:

	2023.12.31	2022.12.31
Less than 1 year	$ 1,714	1,714
1 to 2 years	1,714	-
2-3 years	1,905	-
3-4 years	1,905	-
Total undiscounted lease payments	$ 7,238	1,714

The rent income recognized based on the aforementioned operating lease contracts in 2023 and 2022 was NT$1,714 thousand and NT$1,717 thousand, respectively.

(XVIII) Employee benefits

The Company's defined contribution plan complies with the Labor Pension Act. An amount equivalent to 6% of the employee's monthly salary is appropriated to the individual labor pension account at the Bureau of Labor Insurance, Ministry of Labor. Under this plan, after the Company appropriates a fixed amount to the Bureau of Labor Insurance, it has no legal or constructive obligation to make additional payments.

The Company's pension expense in 2023 and 2022 under the defined contribution plan was NT$343 thousand and NT$501 thousand, respectively, and was appropriated to the Bureau of Labor Insurance.

(XIX) Income tax

	2023	2022
Income tax expense of the period		
Incurred in the period	$ -	-
Adjustment of previous income tax expenses of the corresponding periods	-	-
	-	-
Deferred Income tax expense		
Incurrence and reversal of temporary differences	762	3
	762	3
Income tax expense	$ 762	3

The Company had no income tax expense recognized directly in equity and other comprehensive income in 2023 and 2022.

The relationship between income tax expenses and net profit (loss) before tax of the Company is reconciliated as follows:

	2023	2022
Income (loss) before tax	$ 2,508	(173,383)
Income tax calculated based on the domestic tax rate in the place where the Company is located	$ 502	(34,677)
Income tax effects on adjusting items according to laws and regulations	(5,190)	26,812
Losses exempted from tax under the Income Tax Act	-	151
Tax-exempted income	(319)	-
Tax losses of the period not recognized as deferred tax assets	2,632	7,717
Changes in temporary differences not recognized	2,262	-
Adjustment of recognized temporary difference	762	-
Others	113	-
Income tax expense	$ 762	3

1. Deferred income tax assets and liabilities

(1) Unrecognized deferred tax assets

The items that have not been recognized as deferred income tax assets by the Company are as follows:

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	2023.12.31	2022.12.31
Taxable losses	$ 943,407	1,017,873
Deductible temporary difference:	11,315	-
Total	$ 954,722	1,017,873

According to the Income Tax Act, the losses for the past ten years as assessed by the tax authorities may be deducted from the net profits of the current year before levying the income tax. Such items are not recognized as deferred income tax assets because the Company is not likely to have sufficient taxable income in the future for the temporary differences to use.

As of December 31, 2023, the deadline for the deduction of the Company's taxable loss of deferred income tax assets that has not yet been recognized is as follows:

Years of loss	The last year in which	Undeducted losses can be deducted
2014	$ 2,277	2024
2015	234,659	2025
2017	21,694	2027
2018	594,723	2028
2020	15,440	2030
2021	41,771	2031
2022	19,687	2032
Expected to file in 2023	13,156	2033
	$ 943,407	

(2) Recognized deferred income tax assets and liabilities

In 2023 and 2022, changes in deferred income tax assets are as follows:

	Loss allowance	Unrealized foreign exchange loss	Total
Balance on January 1, 2023	$ 762	-	762
Statement of Debit Income	(762)	-	(762)
Balance of December 31, 2023	**$ -**	**-**	**-**
Balance of January 1, 2022	$ 762	3	765
Statement of Debit Income	-	(3)	(3)
Balance of December 31, 2022	**$ 762**	**-**	**762**

In 2023 and 2022, there was no change in deferred income tax liabilities.

2. Status of income tax assessments

The profit-seeking enterprise income tax return filing of the Company has been assessed by the tax competent authority up to 2021.

(XX) Capital and other equity

As of December 31, 2023 and 2022, the Company's authorized capital was NT$3,500,000 thousand and NT$1,600,000 thousand, respectively, at NT$10 par value, and divided in to 168,771 thousand shares (of which of 108,380 thousand shares are the common share capital privately placed) and 118,771 thousand shares (of which of 58,380 thousand shares are the common share capital privately placed). Payments for all issued shares have been collected.

The Company's reconciliation statement of 2023 and 2022 outstanding shares (unit: thousand shares) is as follows:

Unit: Thousand shares

	Common Shares	
	2023	**2022**
The beginning number of shares on January 1	118,771	118,771
Cash capital increase by private placement	50,000	-
The ending number of shares on December 31	**168,771**	**118,771**

1. Issuance of common shares

On May 26, 2023, the Company conducted cash capital increase by private placement after resolution of the shareholders' meeting. The purpose of cash capital increase is to improve the working capital and meet the capital needs for the future development of new businesses. The upper limit of private equity shares was set at 50,000,000 shares, and issued in three tranches within a year. On July 4, 2023, the board resolution was passed for setting July 18, 2023 as the base date for capital increase via a private placement. The subscription price per share was NT$8.56, and a total of 20,000 thousand shares was raised for total NT$171,200 thousand, while the change of registration has been completed.

On September 19, 2023, the Board of Directors resolved the 2nd and 3rd round of capital increase via a private placement in 2023. This capital increase shall raise 30,000 thousand shares. As of December 31, 2023 30,000 thousand shares were raised at the subscription price of NT$8.41 per share, totaling NT$252,300 thousand. The capital increase base date was October 3, 2023, and the relevant change registration has been completed.

The rights and obligations of the aforementioned private placement of common shares are identical as other issued common shares, except that the Securities and Exchange Act has restrictions on circulation and transfer, and that the application for listing at Taipei Exchange can only be requested after three years from the delivery date and after complementary public offering.

2. Capital reserve

The Company's capital reserve is described as below:

		2023.12.31	2022.12.31
Premium of share issued	$	520,863	597,363
Treasury stock transactions		722	722
From differences between equity and carrying amount arising from actual acquisition or disposal of subsidiaries		1,272	-
Other		7,711	7,711
	$	530,568	605,796

Pursuant to the Company Act, capital reserves shall be first used to compensate deficits before distributing new shares or cash based on realized capital reserve based on the original shareholding ratio. The realized capital reserve mentioned in the preceding paragraph includes the premium of shares issued in excess of the par value and the income from gifts received. According to the R Regulations Governing the Offering and Issuance of Securities by Securities Issuers, the total amount of capital reserve for capitalization each year shall not exceed 10% of the paid-in capital.

3. Retained earnings

Pursuant to the Articles of Incorporation, where the Company made profit in a fiscal year, the profit shall be first utilized for paying taxes, offsetting losses of previous years, setting aside as legal reserve 10% of the remaining profit, setting aside or reversing a special reserve in accordance with the laws and regulations, and then any remaining profit together with any undistributed retained earnings shall be used by the Corporation's board of directors as the basis for proposing a distribution plan, which should be resolved in the shareholders' meeting for distribution of dividends and bonus to shareholders.

The Company is currently at growth stage. It takes into account the environment and industry growth, and corresponding to future capital needs and long-term financial planning, the Company adopts the residual dividend policy for dividend distribution. After the Company provides for the projected capital needs by using retained earnings, the remaining shall be distributed in the form of cash dividends or stock dividends, but cash dividends shall be no less than 10% of the total dividends.

(1) Legal reserve

If the Company earned a profit for the year, the meeting of shareholders decides on the distribution of the statutory earnings reserve either by issuing new shares or by paying cash, and the distribution is limited to the portion of legal reserve which exceeds 25 percent of the actual share capital.

(2) Earning distribution

In 2022 and 2021, the Company was at a state of accumulated losses; on May 26, 2023 and May 27, 2022, the shareholders' meeting resolved the proposals of 2022 and 2021 deficit compensation. To inquire the related information, please refer to the Market Observation Post System.

4. Other equity (net amount after tax)

	Unrealized gain (loss) on investments in equity instruments at fair value through other comprehensive income
Balance on January 1, 2023	$ -
Unrealized gain (loss) on financial assets at fair value through other comprehensive income	346
Disposal of equity instruments at fair value through other comprehensive income	(346)
Balance of December 31, 2023	$ -

(XXI) Earnings per share

The calculation of the Company's basic and diluted earnings (losses) per share is as follows:

	2023	2022
Basic and diluted earnings (losses) per share		
Net income (loss) for the period attributable to the Company's common share shareholders	$ 1,746	(173,386)
Weighted average of outstanding common shares (thousand shares)	135,182	118,771
Basic earnings (losses) per share (NT$)	$ 0.01	(1.46)
Diluted earnings (losses) per share (NT$)	$ 0.01	(1.46)

(XXII) Revenue from customer contracts

1. Breakdown of revenue

	2023	2022
Key regional markets:		
Taiwan	$ 16,763	8,922
Main product/service lines:		
Bulk raw materials	$ 1,082	8,922
Construction materials	15,110	-
Rent income from investment property	571	-
Total	$ 16,763	8,922

2. Contract balance

	2023.12.31	2022.12.31	2022.1.1
Accounts Receivables-Related Party	$ 2,838	2,727	2,087
Less: Loss allowance	-	-	-
	$ 2,838	2,727	2,087

		2023.12.31	2022.12.31	2022.1.1
Contract assets - Liu Xing	$	29,940	-	-

Please refer to Note 6(5) for the disclosure of accounts receivable- related parties and the impairment loss thereof.

(XXIII) Remuneration to employees and directors

According to the Company's Articles of Incorporation, if the Company's earned profits in the current fiscal year, a reserve is allotted to be used to make up for the company’s accumulated losses, and then no less than 1% and no more than 15% shall be allocated as employee remuneration, and no more than 5% for the director remuneration. Remuneration may be paid to employees of subsidiaries who meet certain criteria.

The Company has accumulated losses in both 2023 and 2022, and thus there is no estimated employee and director remuneration. Please inquire the information related to the Company’s employee and director remuneration resolved by the Board of Directors on the MOPS.

(XXIV) Non-operating income and expenses

1. Interest income

The interest income of the Company is as follows:

		2023	2022
Bank deposit interests	$	919	2020
Interest income from financial assets measured at amortized cost		1,961	3,832
Other interest income		56	355
	$	2,936	4,296

2. Other revenue

The Company's other revenue is detailed as follows:

		2023	2022
Rental income	$	1,407	1,717
Dividend income		4,902	13,760
Others		297	6,571
	$	6,606	22,048

3. Other gains and losses

Other gains and losses of the Company is detailed as follows:

		2023	2022
Gains (losses) of financial assets measured at fair value through profit or loss	$	61,232	(154,063)
Impairment loss		(2,846)	-
	$	58,386	(154,063)

4. Financial costs

The Company's financial costs are detailed as follows:

	2023	2022
Interest expenses		
Bank borrowings	$ 8,124	5,377
Others	12	34
Less: capitalized interest	(498)	-
	$ 7,638	5,411

(XXV) Financial instruments

1. Credit risks

(1) Amount of maximum credit risk exposure

The book value of financial assets and accounts receivable (including related parties), represent the maximum credit risk exposure.

(2) Concentration of credit risk

As of December 31, 2023 and 2022, the Company had significant concentration, and 100% of its accounts receivable (including related parties) was attributable to one customer.

(3) Credit risk of accounts receivable

For credit risk exposure of accounts receivable (including related parties), please refer to Note 6 (5).

Other financial assets measured at amortized cost, include other receivables, refundable deposits, and time deposits (under "financial assets measured at amortized cost- current"); all of which were financial assets with low credit risk. Therefore, the loss allowance for the period was measured at the twelve-month ECL amount. After assessment, the ECL provision was not required.

2. Liquidity risks

The contract maturities of financial liabilities are shown in the following table, including estimated interest but excluding the effect of the netting agreement.

December 31, 2023	Carrying amount	Contractual cash flow	Within 6 months	7-12 months	1-2 years	2-5 years	Over 5 years
Non-derivative financial liabilities							
Short-term borrowings	$ 234,700	255,718	3,282	3,337	6,619	242,480	-
Accounts payables	3,119	3,119	3,119	-	-	-	-
Other payables (Including Related Party)	5,999	5,999	5,999	-	-	-	-
Deposits received	302	302	2	-	-	300	-
	$ 244,120	265,138	12,402	3,337	6,619	242,780	-

December 31, 2022	Carrying amount	Contractual cash flow	Within 6 months	7-12 months	1-2 years	2-5 years	Over 5 years
Non-derivative financial liabilities							
Short-term borrowings	$ 751,227	784,062	160,565	369,708	6,054	247,735	-
Short-term notes payable	25,000	25,000	25,000	-	-	-	-
Accounts payables	376	376	376	-	-	-	-
Other payables (Including Related Party)	12,329	12,329	12,329	-	-	-	-
Lease liabilities	781	789	526	263	-	-	-
Deposits received	324	324	-	24	300	-	-
	$ 790,037	822,880	198,796	369,995	6,354	247,735	-

The Company does not expect that the timing of cash flows in maturity analysis will occur significantly earlier, or the actual cash flows vary substantially.

3. Exchange rate risk

(1) Exchange rate risk exposure

The Company's purchase and sale of goods and other transactions are mainly denominated in NT dollars, and since there were no major assets and liabilities denominated in foreign currencies, there should be no significant exchange rate risks.

4. Interest rate analysis

The Company's exposure to the interest rate risk of financial liabilities is described in the liquidity risk of this note.

The following sensitivity analysis is based on the interest rate risk exposure of the derivative and non-derivative instruments on the reporting date. The analysis of liabilities with floating interest rates is based on the assumption that the amount of liabilities outstanding on the reporting date has been outstanding throughout the year. The rate of change used by the Company to report interest rates to key management personnel, is an increase or decrease of 1%, which also represents the management's assessment of the reasonably possible range of interest rates.

If the interest rate increases or decreases by 1%, with all other variables unchanged, the Company's net income after tax for 2023 and 2022 will decrease or increase by NT$1,878 thousand and NT$6,010 thousand, respectively, mainly to the Company's borrowings with floating interest rate.

5. Other price risks

If the price of financial instrument investment changes on the reporting date (the analyses of the two periods are based on the same basis, and assuming all other variables unchanged), the impact on items on the comprehensive income day is as follows:

	2023		2022	
Securities price on the reporting date	**Amount of other comprehensive income after tax**	**Profit or loss after tax**	**Amount of other comprehensive income after tax**	**Profit or loss after tax**
Rising 3%	$ -	9,348	-	8,197
Declining 3%	$ -	(9,348)	-	(8,197)

6. Fair value information

(1) Types and fair values of financial instruments

The carrying amount and fair value of the Company's various financial assets and financial liabilities (including fair value level information, but for the financial instruments not measured at fair value whose carrying amount is a reasonable approximation of the fair value and lease liabilities, it is not required to disclose the fair value information) are listed as follows:

	2023.12.31				
	Carrying amount	Fair value			
		Level 1	Level 2	Level 3	Total
Financial assets at fair value through other comprehensive income					
Equity instrument	$ 310,525	310,525	-	-	310,525
Debt instrument	41,019	41,019	-	-	41,019
Beneficiary Certificates	37,976	37,976	-	-	37,976
	$ 389,520				
Financial assets at amortized cost					
Cash and Cash Equivalents	$ 265,434	-	-	-	-
Accounts Receivables - Related Party	2,838	-	-	-	-
Financial assets at amortized cost - current	297,000	-	-	-	-
Refundable Deposits	3,144	-	-	-	-
	$ 568,416				
Financial liabilities measured at amortized cost					
Bank borrowings	$ 234,700	-	-	-	-
Accounts payables	3,119	-	-	-	-
Other payables (Including Related Party)	5,999	-	-	-	-
Deposits received	302	-	-	-	-
	$ 244,120				

	2022.12.31				
	Carrying amount	Fair value			
		Level 1	Level 2	Level 3	Total
Financial assets at fair value through other comprehensive income					
Equity instrument	$ 244,652	244,652	-	-	244,652
Debt instrument	69,028	69,028	-	-	69,028
Beneficiary Certificates	27,843	27,843	-	-	27,843
	$ 341,523				
Financial assets at amortized cost					
Cash and Cash Equivalents	$ 215,335	-	-	-	-
Accounts Receivables - Related Party	2,727	-	-	-	-
Other Receivables	331	-	-	-	-
Financial assets at amortized cost - current	472,000	-	-	-	-
Refundable Deposits	1,787	-	-	-	-
	$ 692,180				
Financial liabilities measured at amortized cost					
Bank borrowings	$ 751,227	-	-	-	-
Short-term notes payable	25,000	-	-	-	-
Accounts payables	376	-	-	-	-
Other Payables	12,329	-	-	-	-
Lease liabilities	781	-	-	-	-
Deposits received	324	-	-	-	-
	$ 790,037				

When the Company measures its assets and liabilities, it uses market-observable input values as much as possible. The level of fair value is based on the input value used in the valuation technology, which is classified as follows:

(1.1) Level 1: quoted prices (unadjusted) in active markets for identifiable assets or liabilities.

(1.2) Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

(1.3) Level 3: inputs for the assets or liability that are not based on observable market data (unobservable parameters)

(2) Valuation technique for the fair value of financial instruments measured at fair value

Non-derivative financial instruments

If there is a quoted market price for a financial instrument, the quoted price in the active market is used as the fair value. The market prices announced by major exchanges and by TPEx for central government bonds that are determined to be popular are the basis for the fair value of TWSE/TPEx-listed equity instruments and debt instruments with open quotations on the active market.

The shares, debt instruments, and beneficiary certificates of TWSE/TPEx-listed companies held by the Company are financial assets with standard terms and conditions, and are traded in the active markets. Their fair values are determined by reference to market quotations.

(3) Transfer between Level 1 and Level 2

There was no transfer of the fair value levels of the financial instruments assessed by the Company in 2023 and 2022.

(XXVI) Financial risk management

1. Overview

The Company is exposed to the following risks due to the use of financial instruments:

(1) Credit risks

(2) Liquidity risks

(3) Market risks

The Company's risk exposure information of the risks above, the objectives, policies and procedures of the Company's risk measurement and management are disclosed in the notes. Please refer to the notes to the parent company only financial statements for further quantitative disclosure.

2. Risks management framework

The Company’s finance department is responsible for risk management according to the policies approved by the board of directors. The Company's finance department is responsible for the identification, assessment and avoidance of financial risks by closely cooperating with various operating units. The Board has stipulated risk management principles, and formulated policies on specific matters such as exchange rate risk, interest rate risk, credit risk, use of derivative and non-derivative financial instruments, and investments by use of excess liquidity.

3. Credit risks

(1) The Company's credit risk is the possibility of a financial loss resulting from failure of the customer or counterparty to meet contractual obligations. This risk mainly arise from the inability of the counterparty to pay the accounts receivable in accordance with agreed terms.

(2) For the Company’s credit risk management, the Company transacts with several banks and financial institutions with good credit ratings to diversify risks. According to the internal credit policy, each of the Company’s operating unit shall conduct management and credit risk analysis before negotiating with a new customer the terms and conditions of payment and delivery. Internal risk control is to assess customer credit ratings by taking into account their financial status, past experience and other factors, and to monitor credit line usage on a regular basis.

(3) Guarantee

According to the Company's policy, it can only provide financial guarantees to subsidiaries where the Company directly or indirectly holds more than 50% of voting shares, and companies with business relations. As of December 31, 2023 and 2022, the Company has not made any endorsements/guarantees.

4. Liquidity risks

(1) Cash flow forecast is the forecast of the Company's liquidity needs by the financial department to ensure that there are enough funds to cover operating needs, and to maintain sufficient unused loan commitments, so that the Company will not breach relevant borrowing limits or terms. In addition, this would also ensure that the Company has sufficient financial flexibility.

(2) When the remaining cash held by the Company exceeds the cash amount required for capital management, its finance department will make overall investment planning on the remaining balance of interest bearing demand deposits and time deposits, and the selected financial instruments with the right maturity date or adequate liquidity to meet the above forecasts and provide sufficient funding.

5. Market risks

Market risk refers to the risk that changes in market prices, such as exchange rates, interest rates, and equity instrument price changes, will affect the Company's income or the value of financial instruments. The objective of market risk management is to control market risk exposure within the tolerable extent, and to optimize investment returns.

(1) Interest rate risk

The Company's borrowings have the risk of fluctuation in fair value or future cash flow due to changes in interest rates. The Company's policy is to assess the risk of changes in borrowing rates based on market interest rate movement, and to maintain an appropriate combination of floating and fixed interest rates to manage the interest rate risk.

(2) Other market price risks

The Company’s equity instruments and convertible corporate bonds exposed to price risk refers to the Company’s financial assets measured at fair value through profit or loss. To manage the price risks from investments in equity instrument and convertible corporate bonds, the Company has a diversified investment portfolio based on the limit on the investment amount.

(XXVII) Capital management

The Company's capital management objectives are to ensure that the Company can continue as a going concern, reduce capital costs by maintaining an optimal capital structure, and deliver optimal shareholder returns. To maintain or adjust the capital structure, the Company may adopt management strategies such as adjusting the dividend amount paid to shareholders, returning capital to shareholders, issuing new shares, or selling assets to clear debts.

The Company manages the capital based on the debt to capital ratio. The said ratio is net debt divided by total capital. Net liabilities are the total liabilities shown in the balance sheet less cash and cash equivalents. Total capital represents all of the components of equity (i.e. share capital, capital reserve, retained earnings, and other equity). The capital management strategy of the Company in 2023 is the same as that in 2022. The debt to capital ratio as of the reporting date is as follows:

	2023.12.31	2022.12.31
Total liabilities	$ 275,138	790,466
Less: cash and cash equivalents	265,434	215,335
Net liabilities	$ 9,704	575,131
Total Equity	$ 1,431,194	1,004,330
Debt to capital ratio	0.68%	57.27%

(XXVIII) Financing activities of non-cash transactions

Changes in liabilities from financing activities are reconciliated as the following table:

	2023.1.1	Cash flow	Non-cash changes	2023.12.31
Short-term borrowings	$ 751,227	(516,527)	-	234,700
Short-term notes payable	25,000	(25,000)	-	-
Lease liabilities	781	(789)	8	-
Deposits received	324	(22)	-	302
Total liabilities from financing activities	$ 777,332	(542,338)	8	235,002

	2022.1.1	Cash flow	2022.12.31
Short-term borrowings	$ -	751,227	751,227
Short-term notes payable	-	25,000	25,000
Lease liabilities	1,801	(1,020)	781
Deposits received	300	24	324
Total liabilities from financing activities	$ 2,101	775,231	777,332

VII. Transactions with Related Parties

(I) U-BEST INNOVATIVE TECHNOLOGY CO., LTD. is the parent company of the Company and holds 17.20% of the outstanding common shares of the Company. Sun Yad Construction Co., Ltd is the ultimate controller of the group to which the Company belongs the aforementioned companies have prepared consolidated financial statements for public use.

(II) Name and relationship of the related party

The subsidiaries of the Company and other related parties that have transactions with the Company during the period of the parent company only financial statements are as follows:

Name of related party	Relationship with the Company
Sun Yad Construction Co., Ltd.	Ultimate parent
U-Best Innovative Technology Co., Ltd.	Parent company
Hsin-Li Chemical Industrial Corp.	Other related party
Shang Yu Construction Ltd.	Other related party

Name of related party	Relationship with the Company
Shin Agri Tech Co., Ltd.	Other related party
Ho Jui Investment Co., Ltd.	Key management
Yu-Ming Chang	Key management

(III) Significant transactions with related parties

1. Operating Revenue

The significant sales amount of the Company to the related parties is as follows:

	2023	2022
Other related party - Shin Agri Tech Co., Ltd.	$ 1,082	8,922
Parent Company - U-BEST INNOVATIVE TECHNOLOGY CO., LTD.	15,110	-
	$ 16,192	8,922

The sales prices of the Company's sales to related parties have no non-related party transactions for comparison; there is no non-related party transaction with the payment term of monthly settlement for 60~90 days wire transfer.

2. Trade receivables from related parties

Due to the aforementioned transactions, the Company's receivables from related parties are as follows:

Item accounted	Type of related party	2023.12.31	2022.12.31
Accounts Receivables	Other related party - Shin Agri Tech Co., Ltd.	$ -	2,727
	Parent Company - U-BEST INNOVATIVE TECHNOLOGY CO., LTD.	2,838	-
		$ 2,838	2,727

3. Inventory - Building and land in progress

In 2023, the Company entrusted another related party, Shang Yu Construction Ltd., to report the commencement of construction. The related expenses amounted to NT$14 thousand and recorded into the item of inventory - construction in progress. As of December 31, 2023, all relevant payments have been made in full. There was no such transaction in 2022.

4. Property transactions

In 2023, the Company acquired intangible assets of NT$283 thousand from the ultimate parent company, SUN YAD CONSTRUCTION CO., LTD, which has been fully paid.

5. Leases

(1) The Company's office was rented out from the parent company U-Best Innovative Technology Co., Ltd., with lease period of one year, and the rent payments are due at the beginning of each month. The rent expense for 2023 and 2022 was NT$179 thousand and NT$693 thousand, respectively. As of December 31, 2023 and 2022, the refundable deposits were NT$3 thousand and NT$182 thousand.

6. Labor service expense

Since the Company's land acquisition covers agricultural land, the Company shall not be registered as nominee due to legal factors, and the ownership of these lands is registered under the Company's Chairman Yu-Ming Chang. The nominee charge is paid monthly, in the following amount

Item accounted	Type of related party	2023	2022
Management expenses - labor service expense	Key management personnel - Yu-Ming Chang	$ 180	180

As of December 31, 2023 and 2022, the both unpaid balance of NT$15 thousand was recorded in the accounts payable.

7. Other revenue

The former director of the Company Ho Jui, its election became invalid. In the first quarter of 2022, it refunded the remuneration paid by the Company in 2021 for NT$5,543 thousand.

8. Other expenses

(1) The processing fee paid by the Company to the ultimate parent company, SUN YAD CONSTRUCTION CO., LTD in 2023 was NT$27 thousand.

(2) The commission expenses paid by the Company to Ho Jui in 2022 amounted to NT$400 thousand.

(3) Other expenses arising from the above-mentioned transactions with related parties are stated in the operating expenses.

9. Advance payables

The related party made the advance payment of employees' salaries on behalf of the Company and the aforementioned transactions, the unsettled ending balance is as follows:

	2023.12.31	2022.12.31
Parent Company - U-BEST INNOVATIVE TECHNOLOGY CO., LTD.	$ 2,199	-

10. Dividends received

(1) The processing fee received by the Company from the ultimate parent company, SUN YAD CONSTRUCTION CO., LTD in 2023 was NT$3,385 thousand.

(IV) Transactions by key management personnel

Remuneration to key management personnel includes:

	2023	2022
Short-term employee benefits	$ 8,497	8,706
Retirement Benefits	73	73
	$ 8,570	8,779

VIII. Assets pledged/mortgaged as collateral

The book value of the assets pledged by the Company as collateral is as follows:

Asset Name	Underlying assets as pledge and mortgage collaterals	2023.12.31	2022.12.31
Time deposit (Note 1)	Collateral for short-term borrowing facility	$ -	472,000
Financial assets at fair value through other comprehensive income - current	Collateral for short-term borrowing and commercial paper payable	-	210,502
Land for construction (Note 2)	Collateral for short-term borrowing facility	489,971	578,862
Building and land in progress (Note 2)	Collateral for short-term borrowing facility	88,891	-
		$ 578,862	1,261,364

(Note 1) Stated under the “financial assets at amortized cost - current”.

(Note 2) Stated under "Inventory."

IX. Significant Contingent Liabilities and Unrecognized Commitments

(I) As of December 31, 2023, the total price in the sales contracts for buildings and land entered by the Company with the buyers for the proposed construction was NT$323,540 thousand, and NT$29,940 thousand was received as agreed, stated under contract liabilities - current.

(II) The contracting price of the construction contract entered by the Company as of December 31, 2023 is NT$55,441 thousand, and the prices billed before completion is NT$47,351 thousand.

X. Losses from major disaster

XI. Events after the Reporting Period

(II) On February 27, 2024, the Company's board of directors resolve, within the limit of NT$100,000 thousand, to participate in the cash capital increase of the subsidiary Samtec Engineering Co., Ltd.

XII. Others

(I) The employee benefits, depreciation and amortization expenses are summarized by function as follows:

By function	2023			2022		
By nature	Attributable to operating costs	Attributable to operating expenses	Total	Attributable to operating costs	Attributable to operating expenses	Total
Employee benefit expense						
Salary expense	-	11,121	11,121	-	22,609	22,609
Insurance expense	-	794	794	-	1,181	1,181
Retirement benefit expense	-	343	343	-	501	501
Remuneration for directors	-	710	710	-	779	779
Other employee benefit expense	-	200	200	-	505	505
Depreciation expense	1,458	3,971	5,429	-	5,674	5,674
Amortization expenses	-	62	62	-	25	25

Additional information on the number of employees and employee benefit expenses for 2023 and 2022 is as follows:

	2023	2022
Number of employees	6	22
Number of Directors who are not also employees	5	6
Average employee benefit expense	$ 2,198	1,550
Average employee salary expense	$ 1,963	1,413
Average adjustment to employee salary	38.92%	17.07%
Remuneration to supervisors	$ -	-

The Company's remuneration policy (including directors, managerial officers and employees) is as follows:

According to the Company's Articles of Incorporation and internal management regulations, the Company shall provide remuneration for directors for performing company duties, no matter whether the Company has earned profit or loss. The remuneration shall be determined by the board of directors. The salary for managers and employees is determined in consideration of their educational background and experience, language skills, and years of service. In addition, it is based on the salary standards of industry peers, income standard, and salary range, while the bonuses are based on personal performance, employee participation, and contribution to company operations. In addition, the remuneration for managers is also regularly analyzed by the Remuneration Committee based on market competitiveness, business performance, taking into consideration personal performance, the Company's business strategy and future risks, so as to ensure the reasonableness and whether the remuneration levels comply with the Company's position in the market.

XIII. Separately Disclosed Items

(I) Information on significant transactions

In accordance with the Regulations, the Company shall further disclose the relevant information of the material transactions in 2023 as follows:

1. Loaning of funds to others.

No. (Note 1)	Lending company	Borrower	Account of transaction	Related party or not	The highest balance in the current period	Ending balance	Current balance actually drawn	Interest range	Nature of loaning of funds	Business transaction amount	Reasons for the necessity of short-term financing	Amount of loss allowance	Collateral		Limit of loans to individual borrowers	Total limit of loaning of funds	Remark
													Name	Value			
0	The Company	Samtec Engineering Co., Ltd.	Other Receivables	Yes	100,000	100,000	-	3%	Necessity for short-term financing	-	Financing working capital	-	-	-	143,119 (Note 2)	286,238 (Note 2)	-

(Note 1) 1. Issuer: "0"

2. The investee are numbered sequentially starting from 1 by each company.

(Note 2) The total limit of the Company's loans to others and the limit of loans to a single enterprise are limited to 20% and 10% of the Company's net worth.

2. Providing endorsements or guarantees for others.

3. Holding of securities at the end of the period (excluding the portion held due to investment in a subsidiary or an associate, and the portion held due to an interest in a joint venture).

Types and Names of Company’s	Marketable Securities	Relationship with Securities Issuer	Presentation account	At the end of period				Remark
				Shares/ Unit	Carrying amount	Shareholding (%)	Fair value	
The Company	Shares of Highwealth Construction Corp.	-	Financial assets at fair value through other comprehensive income - current	11,000	441	-	441	-
〃	Shares of WE & WIN Development Co., LTD	-	〃	438,000	3,876	0.15	3,876	-
〃	Shares of CATHAY FINANCIAL HOLDING CO., LTD.	-	〃	184,427	8,438	-	8,438	-
〃	Shares of SUN YAD CONSTRUCTION CO., LTD	Ultimate parent	〃	6,160,903	78,243	2.21	78,243	-
〃	Shares of SanDi Properties Co., Ltd.	-	〃	943,000	31,025	1.03	31,025	-
〃	Shares of AMTRAN TECHNOLOGY CO., LTD.	-	〃	288,923	3,756	0.04	3,756	-
〃	Common shares of CHINA DEVELOPMENT FINANCIAL HOLDING CORP.	-	〃	836,128	10,493	-	10,493	-
〃	Preferred shares of CHINA DEVELOPMENT FINANCIAL HOLDING CORP.	-	〃	762,966	5,394	-	5,394	-
〃	Shares of Shin Kong Financial Holding Co., Ltd.	-	〃	50,000	443	-	443	-
〃	Shares of Taiwan Semiconductor Manufacturing Co., Ltd.	-	〃	10,000	593	-	593	-
〃	Shares of U-BEST INNOVATIVE TECHNOLOGY CO., LTD.	Parent company	〃	650,000	8,808	0.46	8,808	-
〃	Shares of Associated Industries China, Inc.	-	〃	223,000	2,408	0.40	2,408	-
〃	Shares of XU YUAN PACKAGING TECHNOLOGY CO., LTD.	-	〃	609,000	8,343	1.11	8,343	-
〃	Shares of HSINLI CHEMICAL INDUSTRIAL CORP.	Other related party	Financial assets at fair value through other comprehensive income - non-current	6,880,000	148,264	10.19	148,264	-
〃	The fifth unsecured convertible corporate bonds of SUN YAD CONSTRUCTION CO., LTD	Ultimate parent	Financial assets at fair value through other comprehensive income - current	250,000	28,733	-	28,733	-
〃	The first secured convertible corporate bonds of Buima Group Inc.	-	〃	3,000	301	-	301	-
〃	The first unsecured convertible corporate bonds of MERCURIES & ASSOCIATES HOLDING, LTD.	-	〃	8,000	806	-	806	-
〃	The third secured convertible corporate bonds of United Renewable Energy Co., Ltd.	-	〃	61,000	6,262	-	6,262	-
〃	The first unsecured convertible corporate bonds of Medigen Vaccine Biologics Corporation	-	〃	50,000	4,917	-	4,917	-
〃	Fubon FTSE Vietnam ETF	-	〃	326,000	3,834	0.01	3,834	-
〃	China Trust Battery and Energy Storage Technology ETF Fund	-	〃	2,000,000	19,920	0.28	19,920	-
The Company	Yuanta U.S. Treasury 20+ Year Bond ETF	-	Financial assets at fair value through other comprehensive income - current	461,000	14,222	0.01	14,222	-

4. Marketable securities acquired and disposed of at costs or prices of at least NT$300 million or 20% of the paid-in capital: None.
5. Acquisition of individual real estate at costs of at least NT$300 million or 20% of the paid-in capital: none.
6. Disposal of individual real estate at costs of at least NT$300 million or 20% of the paid-in capital: none.
7. Total purchases from or sales to related parties amounting to at least NT$100 million or 20% of the paid-in capital: None.
8. Receivables from related parties amounting to at least NT$100 million or 20% of the paid-in capital: None.
9. Trading in derivative instruments: None.

(II) Information on investees (excluding investees in Mainland China):

Information on the Company's reinvestment in 2023 is as follows (excluding the investee in Mainland China):

Unit: Shares

Name of Investor	Name of Investee	Location	Main operations	Initial investment amount		Held at end of period			Current profit and loss of the investee	Investment gains and losses recognized in the current period	Remark
				End of the period (2023.12.31)	End of last year (2022.12.31)	Quantity of shares	Ratio	Carrying amount			
The Company	Samtec Engineering Co., Ltd.	Taiwan	Construction and engineering	44,071	43,218	28,222	92.53%	11,606	(33,579)	(30,841)	

(III) Information on investments in mainland China: none.

(IV) Information of major shareholders:

Unit: Shares

Shares / Name of major shareholder	Shares held	Shareholding
U-Best Innovative Technology Co., Ltd.	29,041,121	17.20%
Sun Yad Construction Co., Ltd.	22,000,000	13.03%
Yu-Ming Chang	45,000,000	26.66%
Chi Fu Investment Co., Ltd.	10,000,000	5.92%

Note: (1) The information of major shareholders on the last business day of each quarter according to TDCC, along with the information of shareholders that hold more than 5% of the Company’s common shares and preferred shares that have completed dematerialized registration/delivery (including treasury shares). As for the share capital recorded in the Company’s financial report and the Company’s dematerialized registration/delivery, there may be deviations due to different basis of calculation.

(2) For the information above, where the shareholders entrust the shares, it shall be disclosed by the individual account of the principals under the trust account opened by the trustee. As for the insider equity reporting of shareholding of more than 10% in accordance with the Securities and Exchange Act, the shareholding includes the shares held by the shareholder, and the shares entrusted to the trust for which the shareholder has the right to determine the utilization of trusted property. For information on insider equity reporting, please refer to Market Observation Post System.

XIV. Segment Information

Please refer to the 2023 consolidated financial statements.

FEEI CHERNG DEVELOP TECHNOLOGY CO., LTD.

Cash and Cash Equivalents

December 31, 2023

Unit: NT$ Thousand

Item	Summary	Amount
Cash and petty cash		$ 81
Bank deposit	Checking account deposits	97
	Demand deposits	265,256
Total		**$ 265,434**

FEEI CHERNG DEVELOP TECHNOLOGY CO., LTD.

Financial assets at fair value through other comprehensive income - current

December 31, 2023 **Unit: NT$ Thousand/shares**

	Beginning balance		Increase in the current period		Decrease in the current period			Ending balance			
Name	Number of shares / thousand shares	Fair value	Quantity of shares	Amount	Quantity of shares	Amount	Valuation (loss) gain	Quantity of shares	Fair value	Collateral or pledge	Remark
Shares of Highwealth Construction Corp.	555,582	$ 22,390	184,218	6,585	728,800	30,291	1,757	11,000	441	None	
DA-LI DEVELOPMENT CO., LTD.	237,260	7,023	-	-	237,260	7,138	115	-	-	〃	
Shares of WE & WIN Development Co., LTD	438,000	3,114	-	-	-	-	762	438,000	3,876	〃	
Shares of Sunty Development Co., LTD	40,000	474	-	-	40,000	474	-	-	-	〃	
Shares of Kunyue Development Co., Ltd.	381,000	6,191	-	-	381,000	6,588	397	-	-	〃	
Shares of CATHAY FINANCIAL HOLDING CO., LTD.	98,427	3,937	86,000	3,435	-	-	1,066	184,427	8,438	〃	
Shares of SUN YAD CONSTRUCTION CO., LTD	2,130,903	25,251	4,030,000	44,984	-	-	8,008	6,160,903	78,243	〃	
Shares of Tacheng Real Estate Co., Ltd.	88,000	2,130	-	-	88,000	2,122	(8)	-	-	〃	
Shares of SanDi Properties Co., Ltd.	943,000	29,657	50,000	1,642	50,000	1,776	1,502	943,000	31,025	〃	
Shares of AMTRAN TECHNOLOGY CO., LTD.	304,500	3,045	-	-	15,577	156	867	288,923	3,756	〃	
Shares of WE&WIN DIVERSIFICATION CO., LTD.	232,000	2,726	-	-	232,000	3,777	1,051	-	-	〃	
Shares of KINDOM DEVELOPMENT CO., LTD.	133,000	3,884	-	-	133,000	5,089	1,205	-	-	〃	
Common shares of CHINA DEVELOPMENT FINANCIAL HOLDING CORP.	836,128	10,535	-	-	-	-	(42)	836,128	10,493	〃	
Preferred shares of CHINA DEVELOPMENT FINANCIAL HOLDING CORP.	762,966	5,905	-	-	-	-	(511)	762,966	5,394	〃	
Shares of Shin Kong Financial Holding Co., Ltd.	50,000	439	-	-	-	-	4	50,000	443	〃	
Shares of Taiwan Semiconductor Manufacturing Co., Ltd.	10,000	4,485	-	-	9,000	5,266	1,374	1,000	593	〃	
Shares of U-BEST INNOVATIVE TECHNOLOGY CO., LTD.	650,000	6,825	-	-	-	-	1,983	650,000	8,808	〃	
Shares of Associated Industries China, Inc.	-	-	223,000	2,356	-	-	52	223,000	2,408	〃	
Shares of XU YUAN PACKAGING TECHNOLOGY CO., LTD.	-	-	612,000	8,107	3,000	39	275	609,000	8,343	〃	
The first unsecured convertible corporate bonds in R.O.C. of YONGGU GROUP INC.	79,000	7,604	-	-	79,000	8,019	415	-	-	〃	
The fourth unsecured convertible corporate bonds in R.O.C. of Airmate (Cayman) International Co. Limited	79,000	7,580	-	-	79,000	7,935	355	-	-	〃	
The second domestic unsecured convertible corporate bonds of Bright Sheland International Co., Ltd.	67,000	6,452	-	-	67,000	6,700	248	-	-	〃	

FEEI CHERNG DEVELOP TECHNOLOGY CO., LTD.

Financial assets at fair value through other comprehensive income - current

December 31, 2023

Unit: NT$ Thousand/shares

Name	Beginning balance		Increase in the current period		Decrease in the current period			Ending balance			
	Number of shares / thousand shares	Fair value	Quantity of shares	Amount	Quantity of shares	Amount	Valuation (loss) gain	Quantity of shares	Fair value	Collateral or pledge	Remark
The fifth unsecured convertible corporate bonds of SUN YAD CONSTRUCTION CO., LTD	250,000	27,960	-	-	-	-	773	250,000	28,733	None	
The fifth domestic unsecured convertible corporate bonds of Shin Kong Financial Holding Co., Ltd.	71,000	7,313	-	-	71,000	7,100	(213)	-	-	〃	
The first secured convertible corporate bonds of Buima Group Inc.	3,000	310	-	-	-	-	(9)	3,000	301	〃	
The third domestic secured convertible corporate bonds of Cosmo Electronics Corporation	12,000	1,224	-	-	12,000	1,203	(21)	-	-	〃	
The second domestic secured convertible corporate bonds of XIN CHIO GLOBAL CO., LTD.	5,000	515	-	-	5,000	500	(15)	-	-	〃	
The third domestic secured convertible corporate bonds of KMC (KUEI MENG) INTERNATIONAL INC.	12,000	1,207	-	-	12,000	1,200	(7)	-	-	〃	
The first secured convertible corporate bonds of GSEVEN CO., LTD.	11,000	1,247	-	-	11,000	1,100	(147)	-	-	〃	
The first secured convertible corporate bonds of MERCURIES & ASSOCIATES HOLDING, LTD.	8,000	784	-	-	-	-	22	8,000	806	〃	
The third secured convertible corporate bonds of United Renewable Energy Co., Ltd.	61,000	6,832	-	-	-	-	(570)	61,000	6,262	〃	
The first unsecured convertible corporate bonds of Medigen Vaccine Biologics Corporation	-	-	50,000	4,504	-	-	413	50,000	4,917	〃	
Fubon FTSE Vietnam ETF	326,000	3,563	-	-	-	-	271	326,000	3,834	〃	
China Trust Battery and Energy Storage Technology ETF Fund	2,000,000	24,280	-	-	-	-	(4,360)	2,000,000	19,920	〃	
Yuanta U.S. Treasury 20+ Year Bond ETF	-	-	461,000	13,554	-	-	668	461,000	14,222	〃	
		$ 234,882		85,167		96,473	17,680		241,256		

FEEI CHERNG DEVELOP TECHNOLOGY CO., LTD.

Financial assets at amortized cost - current

January 1 to December 31, 2023 **Unit: NT$ Thousand**

Item	Summary	Amount	Remark
Time deposits-NTD	From January 4, 2022 to September 22, 2024, the annual interest rate ranges between 1.57%~1.80%	**$ 297,000**	

FEEI CHERNG DEVELOP TECHNOLOGY CO., LTD.

Statement of Accounts Receivable

December 31, 2023 **Unit: NT$ Thousand**

Customer Name	Amount
Related party:	
U-Best Innovative Technology Co., Ltd.	$ 2,838

Statement of Other Receivables

Item	Amount
Other Receivables	$ 7,131

FEEI CHERNG DEVELOP TECHNOLOGY CO., LTD.

Inventories

December 31, 2023 **Unit: NT$ Thousand**

Item	Amount		Remark
	Cost	Net Realizable Value	
Land for construction	$ 545,011	604,481	
Building and land in progress	98,576	193,229	
Total	**$ 643,587**	**797,710**	

Statement of Prepayments

Item	Amount
Withholding tax	$ 791
Prepaid construction payment	552
Others	55
	$ 1,398

FEEI CHERNG DEVELOP TECHNOLOGY CO., LTD.

Changes in financial assets at fair value through other comprehensive income - non-current

January 1 to December 31, 2023

Unit: NT$ Thousand/shares

Name of financial instrument	Beginning balance		Increase in the current period		Decrease in the current period		Valuation (loss) gain	Ending balance		Collateral or pledge
	Number of shares / thousand shares	Fair value	Number of shares / thousand shares	Amount	Number of shares / thousand shares	Amount		Number of shares / thousand shares	Fair value	
Shares of HSINLI CHEMICAL INDUSTRIAL CORP.	6,970,000	$ 106,641	-	-	90,000	1,929	43,552	6,880,000	148,264	None

FEEI CHERNG DEVELOP TECHNOLOGY CO., LTD.

Changes in financial assets at fair value through other comprehensive income - non-current

January 1 to December 31, 2023

Unit: NT$ Thousand/shares

Name	Beginning balance		Increase in the current period		Decrease in the current period		Remeasurement	Ending balance		Collateral or pledge	Remark
	Shares	Carrying amount	Shares	Amount	Shares	Amount		Shares	Carrying amount		
Shin Kong No.1 REIT	-	$ -	354,000	7,687	354,000	8,033	346	-	-	None	

FEEI CHERNG DEVELOP TECHNOLOGY CO., LTD.

Changes in investments using the equity method

January 1 to December 31, 2023

Unit: NT$ Thousand/shares

Name	Beginning Balance		Increase in the current period		Decrease in the current period		Share of loss of subsidiaries, affiliated companies and joint ventures	Impairment loss	Capital surplus	Ending Balance			Net worth of equity		Collateral or pledge
	Shares	Amount	Shares	Amount	Shares	Amount				Shares	Shareholding	Amount	Unit price	Total price	
Samtec Engineering Co., Ltd.	25,172	$ 43,168	3,050	853	-	-	(30,841)	(2,846)	1,272	28,222	92.53%	11,606	-	11,606	None

FEEI CHERNG DEVELOP TECHNOLOGY CO., LTD.

Statement of Refundable Deposits

December 31, 2023 **Unit: NT$ Thousand**

Item	Summary	Amount
Refundable Deposits	Mainly the deposits of construction land development and leased sales center deposits, etc.	$ 3,144

Short-term borrowings

Type	Description	Ending balance	Contract period	Interest rate range	Limit of financing	Pledge or guarantee
Land mortgage loan	Land Bank of Taiwan Co., Ltd.	$ 164,700	2022/7/11-2027/7/11	2.85%	206,000	(Note)
Land mortgage loan	Chang Hwa Commercial Bank, Ltd.	70,000	2022/12/27-2026/4/27	2.75%	70,000	(Note)
Total		$ 234,700				

(Note) Please refer to Note 8.

FEEI CHERNG DEVELOP TECHNOLOGY CO., LTD.

Statement of Accounts Payable

December 31, 2023 **Unit: NT$ Thousand**

Supplier Name	Amount	
Company A	$	1,577
Company B		1,321
Others (consolidated for the balance of each account less than 5% of accounts payable)		221
Total	**$**	**3,119**

Statement of Other Payables

Item	Amount	
Salary payable	$	1,481
Labor service payable		420
Other expenses payable		1,884
	$	**3,785**

FEEI CHERNG DEVELOP TECHNOLOGY CO., LTD.

Statement of Other Current Liabilities

December 31, 2023

Unit: NT$ Thousand

Item	Amount
Advance collections - rent	$ 428
Collection on other's behalf	650
	$ 1,078

Statement of Other Non-current Liabilities - Others

Item	Summary	Amount
Deposits received	Mainly deposits of leased investment properties, etc.	**$ 302**

FEEI CHERNG DEVELOP TECHNOLOGY CO., LTD.

Operating Revenue

January 1 to December 31, 2023 **Unit: NT$ Thousand**

Item	Quantity (set)	Amount
Bulk raw materials	100 Thousand kg	$ 1,082
Construction materials	-	15,110
Rent income from investment property	-	571
Total		$ 16,763

Operating Costs

Item	Amount
Commodities as of January 1	$ -
Add: Current purchases	13,658
Less: closing commodity	-
Cost of goods purchased/sold	13,658
Depreciation expense of investment property	1,458
Total	$ 15,116

FEEI CHERNG DEVELOP TECHNOLOGY CO., LTD.

Statement of Promotion Expenses

January 1 to December 31, 2023

Unit: NT$ Thousand

Item	Amount
Advertising expenses	$ 3,444
Rental expenses	1,320
Others	289
Total	**$ 5,053**

Management expenses

Item	Amount
Salary expenditure	$ 13,168
Depreciation expense	3,972
Office expenses	3,839
Labor service expense	2,388
Others	168
Total	**$ 23,535**

FEEI CHERNG DEVELOP TECHNOLOGY CO., LTD.

Please refer to Note 6 (13) to the financial statements for details of other current assets

For details of changes in property, plant and equipment, please refer to Note 6 (9) to the financial statements.

For details of cumulative depreciation in property, plant and equipment, please refer to Note 6 (9) to the financial statements.

Please refer to Note 6 (10) to the financial statements for details of changes in right-of-use assets

Please refer to Note 6 (10) to the financial statements for details of cumulative depreciation in right-of-use assets

For details of changes in investment property, please refer to Note 6 (11) to the financial statements.

For details of cumulative depreciation in investment property, please refer to Note 6 (11) to the financial statements.

Please refer to Note 6 (12) to the financial statements for details of changes in intangible assets

Please refer to Note 6 (19) to the financial statements for details of deferred income tax assets

For the details of other payables - related parties, please refer to Note 7 of the financial statements

Please refer to Note 6 (24) to the financial statements for details of interest income

Please refer to Note 6 (24) to the financial statements for details of other income

Please refer to Note 6 (24) to the financial statements for details of other gains and losses

Please refer to Note 6 (24) to the financial statements for details of financial costs

For the summary statement of current period employee benefits, depreciation, depletion and amortization expenses by function, please refer to Note 12 to the financial statements

VI. Impact on the Company’s financial situation if the Company or its affiliates have experienced financial difficulties in the most recent fiscal year up to the date of publication of the annual report: None.

Seven. Review and Analysis of Financial Status and Financial Performance, and Risk Assessment

I. Financial Position

Financial Position (Consolidated Financial Statement)

Unit: NT$ Thousand

Item \ Year	2023.12.31	2022.12.31	Amount of increase (decrease)	Variance (%)
Current Assets	1,477,037	1,592,735	(115,698)	(7.26)
Property, plant and equipment	3,932	82,599	(78,667)	(95.24)
Right-of-use assets	-	769	(769)	(100.00)
Investment property	74,007	-	74,007	-
Financial assets at fair value through other comprehensive income - non-current	148,264	106,641	41,623	39.03
Intangible assets	12,018	17,526	(5,508)	(31.43)
Other assets	3,427	2,549	878	34.44
Total assets	1,718,685	1,802,819	(84,134)	(4.67)
Current Liabilities	287,136	790,365	(503,229)	(63.67)
Non-Current Liabilities	302	2,924	(2,622)	(89.67)
Total liabilities	287,438	793,289	(505,851)	(63.77)
Equity attributed to owners of the parent	1,431,194	1,004,330	426,864	42.50
Share Capital	1,687,708	1,187,708	500,000	42.10
Capital surplus	530,568	605,796	(75,228)	(12.42)
Retained Earnings	(785,690)	(787,782)	2,092	(0.27)
Other equity	(1,392)	(1,392)	-	-
Non-controlling equity	53	5,200	(5,147)	(98.98)
Total Equity	1,718,685	1,009,530	709,155	70.25

Note: Where there is a discrepancy of 20 percent or more, and the amount exceeds NT$10 million, the reasons are as follows:

1. Property, plant and equipment decreased and investment property increased: mainly due to the reclassification of some property, plant and equipment to investment property.
2. Increase in financial assets at fair value through other comprehensive income - non-current: Mainly due to increase in recognition of valuation gains.
3. Decrease in current liabilities: Mainly due to the decrease in short-term borrowings, short-term notes payable and other payables.
4. Increase in share capital: Mainly due to the capital increase through private placement in 2023.

II. Financial Performance

(I) Comparative analysis of operating results (Consolidated Financial Statement)

Unit: NT$ Thousand

Item \ Year	2023	2022	Amount of increase (decrease)	Variance (%)
Operating revenue, net	44,944	8,922	36,022	403.74
Operating profits	2,882	21	2,861	13,623.81
Loss from operations	(61,938)	(40,264)	(21,674)	53.83
Non-operating income and expenses	60,407	(133,129)	193,536	(145.37)
Profit (loss) before income tax	(1,531)	(173,393)	171,862	(99.12)
Profit (loss) for the current period	(2,293)	(173,396)	171,103	(98.68)
Other comprehensive income for the current period	346	-	346	-
Other comprehensive income/loss for the year	(1,947)	(173,396)	171,449	(98.88)
Net profit (loss) attributable to owners of the parent	1,746	(173,386)	175,132	(101.01)
Net profit (loss) attributable to non-controlling equity	(4,039)	(10)	(4,029)	40,290.00
Total comprehensive income (loss) attributable to owners of the parent	2,092	(173,386)	175,478	(101.21)
Total comprehensive income (loss) attributable to non-controlling equity	(4,039)	(10)	(4,029)	40,290.00
Earnings (loss) per share	0.01	(1.46)	1.47	(100.68)

Note: Where there is a discrepancy of 20 percent or more, and the amount exceeds NT$10 million, the reasons are as follows:

1. Increase of operating revenue: mainly due to the increase of revenue from construction materials and the recognition of construction revenue of subsidiaries.
2. Increase in loss from operations: Mainly due to increase in salary expenses.
3. Increase in non-operating income and expenses: Mainly due to the recognition of fair value gains on financial assets measured at fair value through profit or loss.

(II) Expected sales volume and basis of estimate, the impact posed by them to the Company’s financial operations in the future, and responsive plan

Not applicable since the Company has not announced financial forecasts to the public.

III. Cash flow

(I) Analysis on changes in cash flow in 2023 (consolidated financial statements)

1. Analysis on changes in cash flow in the most recent fiscal year

Item \ Year	2023	2022	Increase (decrease) %
Cash flow ratio	-14.88%	-66.92%	77.76%
Cash flow adequacy ratio	-139.23%	-111.40%	24.98%
Cash reinvestment ratio	-2.98%	-51.47%	94.21%

Analysis of percentage increase (decrease):
The change in the ratio is mainly due to the cash inflow from the private placement cash increase in 2023.

2. Analysis of insufficient capital liquidity: Currently, there is no liquidity concerns. The Company should be able to respond to insufficient cash funds by bank financing.

(II) Liquidity analysis for the coming year (2024)

Unit: NT$ Thousand

Balance of cash, beginning	Estimated net cash flow from operating activities for the year	Estimated net cash flow from financing activities for the year	Estimated cash balance (deficit)	Estimated responsive measures against cash deficit	
				Investment plan	Financing plan
265,701	(42,727)	60,382	283,356	-	-
Analysis on changes in cash flow for the next year: 1. The pre-sale of Xingzuan Section and Beihua Section would contribute to cash outflow from operating activities of NT$42,727 thousand. 2. Net cash flow from investing and financing activities: The cash inflow from investment and financing activities is estimated at NT$60,382 thousand.					

IV. Impact posed by material capital expenditures to financial operations in the most recent year

Nature of Contract	Contract Trading counterpart	Contract date	Main Contents	Amount (NT$thousand)	Impact on financial operations
Real estate contract	Fang Shun-Liang	October 25, 2021	Purchased construction land and building at No. 294, Xinsheng Section, Qianzhen District, Kaohsiung City	23,232	No difference as it was paid from self-owned funds.
Real estate contract	Wu Su-Yun and 5 other counterparts	December 6, 2021	Purchased construction land and building at No. 1038, Ziqiang Section, North District, Tainan City	10,530	No difference as it was paid from self-owned funds.
Real estate contract	Su Chun-Ping	December 7, 2021	Purchased construction land at No. 1034, Ziqiang Section, North District, Tainan City	32,610	No difference as it was paid from self-owned funds.
Real estate contract	Sheng Jhong Syue International Co., Ltd.	December 1, 2021	Purchased construction land at No. 1780, 1781, 1782, 1783, 1784 in Xingzuan Section, West Central District, Tainan City	88,000	No difference as it was paid from self-owned funds.
Real estate contract	Li Mao-Bin	January 28, 2022	Purchased construction land at No. 301, 302, 305, 306, Xinsheng Section, Qianzhen District, Kaohsiung City	4,000	No difference as it was paid from self-owned funds.
Real estate contract	Ma Yi-Ting	February 9, 2022	Purchased construction land at No. 68, Bailun Section, Rende District, Tainan City	54,510	No difference as it was paid from self-owned funds.
Real estate contract	Yang Chueh-Chen	April 15, 2022	Purchased construction land at No. 1164, 1186-2, 1187-1, 1193, 1194-1, 1196, 1198, 1199 in Beihua Section, North District, Tainan City	415,823	60% was paid from self-owned funds, and remaining 40% was paid by land loans.

V. The investment policy for the most recent year, major causes for profit or loss thereof, improvement plans, and investment plans for next year

December 31, 2023; Unit: NT$ Thousand

Name of Investee	Investment (loss) recognized in 2023	Policy	Major causes for profit or loss thereof	Improvement plans	Other future investment plans
Samtec Engineering Co., Ltd.	(30,841)	Business needs and business diversification	The business is normal, and the main loss is that the time it invested in construction was only from September to December 2023.	None.	None.

VI. Risk analysis and assessment from the most recent year and until the date of publication of the annual report

(I) Impacts of interest rate/foreign exchange rate fluctuation and inflation to the Company's income, and future responsive measures

Unit: NT$ Thousand

Item	2023	Percentage of total revenue %
Interest expenses	7,638	17.00%
Foreign exchange gains (loss)	-	-

1. The effect upon the company's profits (losses) of interest fluctuations and response measures to be taken in the future:

The Company’s interest rate risk mainly come from floating rate debts borrowed for operating and investment activities, as changes in market interest rates will cause cash flow fluctuations in interest payments. To avoid rising interest rates in the future which increase uncertainties on the cost of debt financing, we plan to negotiate interest rates on a case-by-case basis with the bank to reflect the market rate of interest.

2. The effect upon the company's profits (losses) of foreign exchange fluctuations and response measures to be taken in the future:

The Company's operating revenue and operating costs were mainly denominated in NT dollars. Therefore, foreign exchange rate fluctuations did not affect the cost and profits from purchasing corn, and there were no foreign exchange (loss) gains in 2023.

3. The effect upon the company's profits (losses) of changes in the inflation rate and response measures to be taken in the future:

In 2023 up to the date of publication of the annual report, inflation has not exerted a significant impact on the Company's operations and profits.

(II) Policies on high-risk and highly leveraged investments, loans to third parties, endorsements/guarantees, and derivatives trading, main causes of profit or loss incurred and future responsive measures:

1. For financial risk management, the Company has stipulated internal regulations and procedures related to finance and business operations, including the Procedure for Acquisition or Disposal of Assets, which covers the regulations for derivatives transactions. In addition, the Company also stipulates the Procedures for Endorsements/ Guarantees and the Loaning of Funds to Others, which regulate the risk management mechanism for the endorsements/guarantees and the loaning of funds to others.
2. The Company is committed to core business development, and did not engage in high-risk and high-leverage financial investments from early 2023 up to the date of publication of the annual report. The Company only loan funds and provide endorsements/ guarantees to its subsidiaries, which are limited only to company operations. Therefore, there were no significant financial impact on the Company.
3. The Company's loaning of funds to the subsidiary up to the date of publication of the annual report: None.
4. The Company's endorsements/guarantees to the subsidiary up to the date of publication of the annual report: None.

(III) Future R&D plans and expected R&D expenditure:

The Company currently does not have a research and development department, and its primary focus is in the construction industry; therefore, R&D investment is not applicable.

(IV) Impact on the Company's financial operations due to changes in domestic or foreign policies and laws, and responsive measures:

In the most recent year and up to the date of publication of the annual report, there were no significant changes in domestic or foreign policies and relevant laws that exerted a significant impact on the Company's financial operations. The Company's operations comply with relevant laws and regulations, and the Company keeps track of the development trends of domestic policy and changes in regulations, consulting relevant professionals on a regular basis, and collects relevant information as reference for the management's decision-making, so as to keep in line with changes in the market environment, and timely adjust its business strategy.

(V) Impact on the Company's financial operations due to technological or industrial changes, and responsive measures:

In the most recent year and up to the date of publication of the annual report, the technological and industrial changes have not exerted significant impact on the Company's financial operations. The Company has kept track of industry-related technological changes and technological development trends, and rapidly grasp the latest industry trends in response to the impact of technological and industrial changes on the Company.

(VI) Effect on the company's crisis management of changes in the Company's corporate image, and measures to be taken in response:

In the most recent year as of the publication date of the annual report, there has been no changes in corporate image that has led to corporate crisis. Since its establishment, the Company has focused on its core businesses, complied with relevant laws and regulations, actively strengthened internal management, and improved management quality and performance, so as to maintain a good corporate image and build customer trust. The Company will continue to meet various requirements for corporate governance, in order to avoid the occurrence of corporate risks which may affect the Company's operations.

(VII) Expected benefits and possible risks associated with any merger and acquisitions:

The Company has no acquisitions plans in the most recent year up to the date of publication of the annual report. However, if there is a M&A plan in the future, the Company shall conduct evaluations in accordance with the Company's Procedures for the Acquisition or Disposal of Assets to protect the rights and interests of the Company and our shareholders.

(VIII) Expected benefits and possible risks associated with any plant expansion:

The Company has no factory expansion plans in the most recent year up to the date of publication of the annual report. However, if there is a plant expansion plan in the future, the Company shall conduct evaluations in accordance with the Company's Procedures for the Acquisition or Disposal of Assets to protect the rights and interests of the Company and our shareholders.

(IX) Risks associated with concentrated purchases or sales:

1. Risks associated with concentrated purchases:

   In terms of acquiring land, the Company acquires construction land by purchasing land from general landlords. Therefore, the counterparties of land acquisition are specific and mostly different, and there should be no purchase risk.

2. Risks associated with concentrated sales:

   The Company has focused on the construction industry since September 2023. However, in compliance with international accounting standards, revenue recognition is required upon the completion of the entire project. Therefore, any decrease in revenue for the Company and its subsidiaries may lead to situations of sales concentration.

(X) Impacts and risks on the Company in the event of a massive transfer or change of shares by a director or major shareholder holding more than 10% stake of the Company: No major shareholder, director, or supervisor has transferred or replaced any significant stake in the most recent year.

(XI) Impacts and risks to the Company due to change in management rights: The Company and its subsidiaries did not experience changes in management rights during the most recent year and as of the publication date of the prospectus.

(XII) If there has been any material impact upon shareholders' equity or prices for the company's securities as a result of any litigation, non-litigious proceeding, or administrative dispute involving a company director, supervisor, general manager, de facto responsible person, or major shareholder with a stake of more than 10 percent, and the matter was finalized or remained pending during the most recent 2 fiscal years or during the current fiscal year up to the prospectus publication date, the prospectus shall disclose the facts in dispute, amount in dispute, commencement date, main parties involved, and current status of the case: None.

(XIII) Cybersecurity risks: In response to the networking technology progress and cross-platform networking trend, the Company uses information security tools to take effective protection strategies at the right moment; train employees' awareness toward information security and to be more cautious about the messages in emails or communication software, in order to mitigate the risk over phishing scams, and help protect personal data and trading safety by installing anti-virus software. Meanwhile, in addition to updating password periodically, the Company uses multi-factor authentication account protection measures and password management tools to protect relevant authentication information and help protect personal confidential data and establish a backup mechanism to ensure the data security. Therefore, the Company evaluates that the information security risk should be minor for the time being.

(XIV) Other Significant Risks: None.

VII. Other Important Matters: None.

Eight. Special Notes

I. Information about Affiliated Companies

(I) The consolidated business reports of affiliates

1. Overview of affiliated companies:

(1) Organizational Chart of affiliate companies (as of December 31, 2023)

FEEI CHERNG DEVELOP TECHNOLOGY CO., LTD. → Shareholding of 92.53% → Samtec Engineering Co., Ltd.

(2) The company that meets the elements provided in Article 369-3 of the Company Act for presumption of a relationship of control or subordination: None

2. Basic information of each affiliate:

December 31, 2023

Name of Company	Date of Establishment	Address	Paid-in capital	Principle business or production lines
Samtec Engineering Co., Ltd.	September 20, 1965	11F.-3, No. 248, Sec. 2, Yonghua Rd., Anping Dist., Tainan City, Taiwan (R.O.C.)	NT$30,500 thousand	Synthesis Construction

3. Information about the same shareholder presumed to have control and affiliation: Not applicable.

4. Explanation about business operated by all affiliated companies:
The main businesses operated by the Company and individual affiliates include: Trade and constructions.

5. Information about directors, supervisors and presidents of the affiliated companies

As of December 31, 2023

Name of Company	Job Title	Name or representative	Shares held	
			Quantity of shares	Shareholding
Samtec Engineering Co., Ltd.	Director	Ho Jui Investment Co., Ltd. Representative: Lee, Tung-Hung	100	0.33%
	President	FEEI CHERNG DEVELOP TECHNOLOGY CO., LTD. Representative: Shuo-Wen Chang	25,172	82.53%

6. Overview of operations of affiliated companies:

Financial condition and operational results of each affiliate:

December 31, 2023; Unit: NT$ Thousand

Name of Company	Paid-in capital	Total assets	Total liabilities	Net value	Operating Revenue	Operating Income	Net income (after tax)	Earnings per share (NT$) (after tax)
Samtec Engineering Co., Ltd.	30,500	37,773	37,652	121	28,181	(33,697)	(33,579)	(1100.96)

(II) Consolidated financial report of the affiliates: Please refer to pages 74-123.

(III) Affiliation Report: Not applicable.

II. Private placement of securities during the most recent year and up to the date of publication of the annual report:

<table>
<tr><td>Item</td><td colspan="5">1st private placement in 2023
Issue Date: July 18, 2023</td></tr>
<tr><td>Type of securities by private placement</td><td colspan="5">Common shares</td></tr>
<tr><td>Date and amount of private placement approved by the shareholders meeting</td><td colspan="5">Date approved by the shareholders meeting: May 26, 2023
Limit on the private placement: 20,000 thousand shares for the 1st private placement, 20,000 thousand shares for the 2nd private placement, and 10,000 thousand shares for the 3rd private placement.</td></tr>
<tr><td>Basis for and reasonableness of the pricing</td><td colspan="5">September 19, 2023 was the price determination date of this private placement. In accordance with the resolution of the shareholders' meeting held on May 26, 2023, the reference price of NT$10.37 for the private placement was calculated at the higher of the following two prices:
(1) Simple arithmetic average of the common shares closing prices on either 1, 3 or 5 business days prior to the pricing date, minus the free allotment ex-rights and dividend, and adding back the capital reduction reverse ex-rights.
(2) Simple arithmetic average of the common shares closing prices on the 30 business days prior to the pricing date, minus the free allotment ex-rights and dividend, and adding back the capital reduction reverse ex-rights. The price of common stock for this private placement shall not be lower than 80% of the reference price and shall not below the par value and the net worth per share indicated in the latest financial statements audited and attested by CPAs. Therefore, the subscription price per share of this private placement is set at NT$8.56 per share, which is 82.55% of the reference price and is not below the par value and the net worth per share of NT$8.56 per share as indicated in the latest financial statements audited and attested by CPAs. The actual private placement common shares issue price, and pricing conditions are in compliance with relevant laws and regulations, with reference to the Company’s business performance, the most recent net worth and share price, and are handled according to the Directions for Public Companies Conducting Private Placements of Securities. Therefore, the price should be reasonable.</td></tr>
<tr><td>Selection of a placee for private placement</td><td colspan="5">The Company shall select specific personnel as placees for this private placement by resolution of the shareholders meeting in accordance with Article 43-6 of the Securities and Exchange Act. The Board of Directors is fully authorized to handle this matter.</td></tr>
<tr><td>Reason for conducting private placement</td><td colspan="5">Based on the status of the capital market, timeliness and feasibility of fundraising, and the actual needs to attract strategic investors and the regulation that privately placed securities cannot be freely traded within three years, private placement can ensure the long-term cooperation between the Company and strategic investors. Furthermore, authorizing the Board of Directors to conduct private placement for fundraising from specific personnel when necessary.</td></tr>
<tr><td>Completion date</td><td colspan="5">July 18, 2023</td></tr>
<tr><td rowspan="2">Information on placee</td><td>Targets of the private placement</td><td>Qualifications</td><td>Subscription (shares)</td><td>Relationship with the Company</td><td>Participation in the operations of the Company</td></tr>
<tr><td>Yu-Ming Chang</td><td>Compliance with Article 43-6 of the Securities and Exchange Act</td><td>8,000,000</td><td>Chairman of the Company</td><td>None</td></tr>
</table>

	Sun Yad Construction Co., Ltd.	Compliance with Article 43-6 of the Securities and Exchange Act	12,000,000	The chairman is the same person as the chairman of the Company	None
Actual subscription price	NT$8.56 per share				
The difference between the actual subscription price and the reference price	The actual subscription price is no lower than 80% of the reference price of NT$10.37 per share.				
The effect of private placement to the shareholders' equity	This private placement will help strengthen the Company's financial structure, enhance operational efficiency and overall competitiveness, indicating that private placements should have a positive impact on the Company's equity.				
Status of use of the capital raised through the private placement of securities and the implementation progress of the plan	On July 4, 2023, the Company issued 20,000,000 shares by resolution of the board of directors, which will be subscribed to by specific person(s). The allotment of shares is fully paid up on July 18, 2023. The total amount of this private placement was NT$171,200 thousand. As of January 31, 2024, approximately NT$16,322,890 of this private placement has been executed in accordance with the plan.				
Realization of the benefits of private placement	As of January 31, 2024, approximately NT$16,322,890 of this private placement has been executed in accordance with the plan; the outstanding amount is approximately NT$154,867,110. The benefit of the private placement has not yet been realized.				

Item	2nd and 3rd private placements in 2023 Issue Date: October 3, 2023
Type of securities by private placement	Common shares
Date and amount of private placement approved by the shareholders meeting	Date approved by the shareholders meeting: May 26, 2023 Limit on the private placement: 20,000 thousand shares for the 1st private placement, 20,000 thousand shares for the 2nd private placement, and 10,000 thousand shares for the 3rd private placement.
Basis for and reasonableness of the pricing	December 3, 2021 was set as the date of pricing of private placement. In accordance with the resolution of the shareholders' meeting held on May 26, 2023, the reference price of NT$10.35 for the private placement was calculated at the higher of the following two prices: (1) Simple arithmetic average of the common shares closing prices on either 1, 3 or 5 business days prior to the pricing date, minus the free allotment ex-rights and dividend, and adding back the capital reduction reverse ex-rights. (2) Simple arithmetic average of the common shares closing prices on the 30 business days prior to the pricing date, minus the free allotment ex-rights and dividend, and adding back the capital reduction reverse ex-rights. The price of common stock for this private placement shall not be lower than 80% of the reference price and shall not below the par value and the net worth per share indicated in the latest financial statements audited and attested by CPAs. Therefore, the subscription price per share of this private placement is set at NT$8.41 per share, which is 81.25% of the reference price and is not below the par value and the net worth per share of NT$8.41 per share as indicated in the latest financial statements audited and attested by CPAs. The actual private placement common shares issue price, and pricing conditions are in compliance with relevant laws and regulations, with reference to the Company's business performance, the most recent net worth and share price, and are handled according to the Directions for Public Companies Conducting Private Placements of Securities. Therefore, the price should be reasonable.
Selection of a placee for private placement	The Company shall select specific personnel as placees for this private placement by resolution of the shareholders meeting in accordance with Article 43-6 of the Securities and Exchange Act. The Board of Directors is fully authorized to handle this matter.
Reason for conducting private	Based on the status of the capital market, timeliness and feasibility of fundraising, and the actual needs to attract strategic investors and the regulation that privately placed securities cannot be freely traded within

<table>
<tr><td>placement</td><td colspan="5">three years, private placement can ensure the long-term cooperation between the Company and strategic investors. Furthermore, authorizing the Board of Directors to conduct private placement for fundraising from specific personnel when necessary.</td></tr>
<tr><td>Completion date</td><td colspan="5">October 3, 2023</td></tr>
<tr><td rowspan="3">Information on placee</td><td>Targets of the private placement</td><td>Qualifications</td><td>Subscription (shares)</td><td>Relationship with the Company</td><td>Participation in the operations of the Company</td></tr>
<tr><td>Yu-Ming Chang</td><td>Compliance with Article 43-6 of the Securities and Exchange Act</td><td>27,000,000</td><td>Chairman of the Company</td><td>None</td></tr>
<tr><td>Chang Hui-Feng</td><td>Compliance with Article 43-6 of the Securities and Exchange Act</td><td>3,000,000</td><td>Spouse of the Chairman of the Company</td><td>None</td></tr>
<tr><td>Actual subscription price</td><td colspan="5">NT$8.41 per share</td></tr>
<tr><td>The difference between the actual subscription price and the reference price</td><td colspan="5">The actual subscription price is no lower than 80% of the reference price of NT$10.35 per share.</td></tr>
<tr><td>The effect of private placement to the shareholders' equity</td><td colspan="5">This private placement will help strengthen the Company's financial structure, enhance operational efficiency and overall competitiveness, indicating that private placements should have a positive impact on the Company's equity.</td></tr>
<tr><td>Status of use of the capital raised through the private placement of securities and the implementation progress of the plan</td><td colspan="5">On September 19, 2023, the Company issued 30,000,000 shares by resolution of the board of directors, which will be subscribed to by specific person(s). The allotment of shares is fully paid up on October 3, 2023. The total amount of this private placement was NT$252,300 thousand. As of January 31, 2024, none of the funds from this private placement have been utilized.</td></tr>
<tr><td>Realization of the benefits of private placement</td><td colspan="5">None of the funds have been utilized, thus the benefit of the private placement has not yet been realized.</td></tr>
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III. Holding or disposal of shares of the Company by the Company's subsidiaries during the most recent year and up to the date of publication of the annual report: None.

IV. Other Supplementary Notes: None.

V. Any occurrences of events defined under Subparagraph 2, Paragraph 3, Article 36 of the Securities and Exchange Act in the most recent year up till the date of publication of the annual report that significantly impacted shareholders' equity or security price: None.

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有限公司 科技股份 斐成開發

Responsible Person: Chang Yu-Ming

張祐銘