

Stock Code : 2542



興富發建設股份有限公司  
Highwealth Construction Corporation

## 2023 Annual Report

Printed on April 15, 2024

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

<https://www.highwealth.com.tw/>

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## One. Letter to the Shareholders

Hello, ladies and gentlemen:

First of all, I would like to thank all the shareholders for your long-term support and love to Highwealth Construction Corporation. It is my pleasure to report our operations and future development plans during the past year to all of you.

As we look back to 2023, the whole world is still not peaceful; the Russia-Ukraine war is at a stalemate, Israel and Palestine have started another war. Besides man-made disasters, there was a deadly earthquake that hit Turkey in 100 years, global warming was getting worse, and there were many wildfires, droughts, and floods occurring all around the world. The Fed has continuously raised interest rates. How to make inflation drop from the peak is the key concern for all countries. Despite the ongoing wars around the world, Taiwan's economic performance is quite impressive. Taiwan stock exchange's main index hit 20,000 points and the indexes reach record highs; Taiwan's economic growth is the highest among the Four Asian Tigers, so hot money continues to flow into Taiwan. Government introduced the amendment to the Equalization of Land Rights Act, the Preferential Housing Loans for the Youth and the TPASS monthly commuter pass, thus, the housing market has been solid and stable.

The market cap of Highwealth Group has already exceeded NT\$100 billion. Our next stage is to reach NT\$200 billion to NT\$300 billion, and asset management is one of the most critical elements in this process. Apart from the steady income generated from hotel business, Aloft Tainan Anping has also successfully organized the "VIP Real Estate Club", which is a pioneer in real estate industry; the Hyatt Regency Jinshan will soon be opened this year, which has already attracted a lot of attention in the market. For the year 2024, there are five major projects scheduled to be finished, including "Landmark Mansion" in Taoyuan, "Wenxin Aiyue" in Taichung, "Aegean Sea" in Tainan, "Highwealth Boai" in Kaohsiung, and "Ai Ching He Tso An" in Kaohsiung. These projects will generate approximately NT\$35.9 billion new housing construction income. The Company has more than 40 projects available to be launched in the future, with a value of approximately NT\$448.5 billion. The Company's project volume is expected to grow steadily, and it will work hard to make profit and return to shareholders.

In 2023, despite the impact of delayed delivery of completed houses, resulting in a decrease in revenue recognized in the account. Nevertheless, with incomes generated by its subsidiaries, the Company's revenue in 2023 amounted to NT\$44 billion, increasing by 68% YoY. This was the third highest record in the history of the Company, making the Company once again become the "King of Revenue" among listed construction companies in Taiwan. The construction cases consolidated in the revenue include: Hsin Sen Hou Condominium in Qingpu, Hua Yue City, and Taipei CBD Times Square. The contributing construction cases to the revenue at Taichung comprise Menghuancheng Codominium, TOP1 Codominium, Hengyung Condominium, Poshu Condominium, Holiwon Castle Codominium, Siji Tianyuan Codominium, Kuoja No. 1 Taichung codominium and Wenhuaui Codominium. In the south,

the contributing construction cases include Huaren Hui Condominium, CBD, and the Art's Palace in Kaohsiung City, coupled with the revenue contributions from subsidiary, Chyi Yuh Construction's projects; revenue contributions from the Group - Runlong Construction's projects, namely Shihengbin (Shangye District) Condominium, Shihengbin (Xingye District) Condominium, Juke Run Long Condominium, Taichung Dibao Condominium, National Central City Condominium, and Shuhoyuan Condominium. These cases had created an after-tax profit of NT\$1.33 per share for 2023.

Aiming at the rigid demand for real property, Highwealth is pursuing its two business directions: "residential house" and "commercial office". Parents always hope their children will have a bright future. With this thought in mind, the Group has launched small 2-3 bedroom condos closed to school districts in Taoyuan, Taichung, and Kaohsiung to attract parents to buy houses to prepare for their children's education in advance, and the sales have gone very well. As for commercial offices, in addition to being the top leader in Grade A commercial offices, we have launched "micro-size commercial office" products in response to the start-up trend in Taiwan and the office style changes in the post pandemic era. The space in Municipal Vision Square located in Taichung's 7th Redevelopment Zone is 25-45 pings, making it possible for young entrepreneurs to be able to purchase their own office, and making business owners willing to pay for it.

The Group strives for innovation and sustainable development, and has also achieved great results in ESG initiatives. The Group has sponsored the Taipei Highwealth Baseball Team for 9 consecutive years, the Why Not Me Youth Basketball Tournament for 2 consecutive years, and has partnered with St. Joseph Technical Senior High School to launch the "3D Modeling Application of BIM Architectural Information Class", which provides students with the opportunity to pursue higher education while working for the Group after graduation. In addition, the Group has cooperated with Taisei Corporation to send our staff to Japan from time to time each year to observe the most advanced commercial offices and zero-energy-consumption buildings in Japan and to study how the Japanese government implements the BOT case to create a win-win model. We continue to explore the world, through mutual technical discussions, and introduce others' successful experiences to Taiwan. We approach the market from different perspectives, and we are most concerned about and strive to provide consumers with comfortable housing and offer employees a suitable working environment for sustainable development.

In response to the Taichung MRT Green Line incident that occurred in 2023, the Company humbly reviews and improves its practices, taking full responsibility for any related legal responsibilities without evasion. We will enhance self-inspections at all construction sites and accept inspections by regulatory authorities, implementing safety measures according to relevant regulations.

Finally, I would like to thank all gentlemen and ladies who are here today for your continued support and care. Thank you!!

## I. Operating Conditions in 2023

### (I) Operating results

The Company's net consolidated revenue for 2023 was NT\$44,067,193 thousand, representing an increase of NT\$17,439,960 thousand as compared to NT\$26,627,233 thousand for 2022.

The Company's consolidated net profit before tax for 2023 was NT\$10,752,524 thousand, representing a increase of NT\$5,879,246 thousand as compared to NT\$4,873,278 thousand for 2022.

The delay in construction projects was mainly attributable to the failure to resolve labor and material shortages. In addition, due to the Fed's interest rate hike and numerous conflicts occurring around the world, resulting in a decrease in the number of completed projects and sales in the year, which led to a decrease in operating income as compared to the previous period.

### (II) Budget implementation status

In accordance with the Regulations Governing the Publication of Financial Forecasts of Public Companies, it is not necessary for the Company to prepare financial forecasting for 2023.

### (III) Financial income and expenses

The consolidated financial revenue and expenditure status of the Company and subsidiaries for the last two years is summarized as follows:

| Unit: NT\$ thousand               |            |           |
|-----------------------------------|------------|-----------|
| Item                              | 2023       | 2022      |
| Net operating income              | 11,712,132 | 5,636,978 |
| Non-operating income and expenses | (959,608)  | (763,700) |
| Pre-tax net profit                | 10,752,524 | 4,873,278 |
| Net profit                        | 8,834,939  | 3,905,940 |
| Total comprehensive income        | 8,840,652  | 3,910,559 |

### (IV) Profitability capacity analysis

The consolidated profitability analysis of the Company and subsidiaries for the last two years is summarized as follows:

| Item  | 2023  | 2022  |
|---|-------|-------|
| Return on Assets (%)                            | 4.33  | 2.19  |
| Return on Equity (%)                            | 16.61 | 8.24  |
| Pre-tax net profit to paid-in capital ratio (%) | 57.07 | 28.42 |
| Net profit rate (%)                             | 20.05 | 14.66 |
| Earnings per share(NT\$)                        | 1.33  | 2.29  |

(V) Status of research and development

1. In terms of construction planning and design: the most appropriate products shall be planned to meet the needs of consumers taking count of the three major principles of practicality, firmness and aesthetics in accordance with the characteristics of the promoted cases position and surrounding environment.
2. In terms of construction project and management: develop the most suitable construction technology and project management for different types of construction sites, strictly control the construction quality, cost and progress, and ensure the safety of the construction site.
3. In terms of market research and development, the Company always keep track the real estate market information, collect the land and housing market data in every area, discuss and analyze these information in order to provide the basis for product positioning and marketing strategy, and to create high sales rate as the goal.

## II. Prospects of 2024

Highwealth Group will continue to purchase land in Keelung, Taipei, New Taipei City, Taoyuan, Taichung, Tainan, and Kaohsiung districts in 2024, and explore hotel business, in order to set new records in revenue through diversified operating strategies.

The objectives for the coming years are declared as follows:

(I) Operating Policy

The Highwealth Group's core values are "integrity", "sustainable management", and "contributing to the society". We are working towards the goal of doubling the market value of the Company to make profits for both employees and shareholders. With the Group's diversified business strategies, our operating policies are as follows:

1. Development: Integrate the advantages of construction, hotel and distribution business to provide customers with more complete life solutions. At the same time, we will share with world-class partners and learn from diverse experiences, so that

consumers can enjoy world-class high-quality products in Taiwan. We have partnered with the world's largest hotel chains, Marriott and Hyatt, to open star-rated hotels and implement diversified operations.

Our product development is expanding towards professionalism, diversifying risks, mastering project quality and progress, and vertically integrating upstream, midstream and downstream business partners to optimize efficiency and enhance competitiveness.

2. Development: In the past, the company's land development projects were planned and implemented after acquiring plain land. In response to the government's policy, especially the bank's restriction on land construction financing, the Company has already planned ahead to address the situation. We have adopted a new strategy of increasing the proportion of joint construction and urban renewal projects and diversifying land acquisition methods to reduce capital expenditure and to spread operating risks to ensure that our project sources will not be interrupted.
3. Planning: ESG sustainability is being promoted around the world, and it has become a trend for the construction industry to advance green buildings, use resource-recycling green building materials, reduce carbon emissions, and reduce waste. The Company learns the characteristics of the design and planning of real estate buildings in various countries extensively, attaches importance to the fire prevention labels, green buildings, building materials labels, intelligent building labels and earthquake-resistant building labels in public areas, and adds the concepts of energy conservation, water conservation, ecology and environmental protection to enhance the improvement of building quality. Depending on the market demand differences and regional differences, structural changes in population and family composition, the Company plans and designs high-quality products to accommodate its customer's needs, and provides perfect after-sales service to further enhance customer trust in the brand of Highwealth.
4. In terms of management system: We provide opportunities to train talents and insist on the ethical sharing and humanistic respect to enhance business performance and sustainable development. In order to cope with the increasing business scale, apart from strengthening the internal control system, budget management and corporate governance, the Company has also enforced job accountability and digitalized various processes to increase work efficiency, and strengthened the coordination of horizontal and vertical communication and improve the internal control system to facilitate the Company to grow rapidly, while increasing work and management efficiency. Talents are the key to Group's sustainable development. We continuously

provide opportunities to cultivate the talents required for the Company's business, follow "Integrity" and "Sustainable Management" concepts, and continue to enhance our business performance and sustainable development with the spirit of "Innovation, Quality, and Service". At the same time, in response to the ESG (Environment, Social and Governance) and DEI (Diversity, Equity and Inclusion) trends, the world's enterprises attach great value to the social responsibility for their talents, Highwealth Group once again joins the 2024 TALENT, in Taiwan, the Alliance for Talent Sustainability. At this critical moment, Hing Fu Fa Group once again joins the "2024 TALENT, in Taiwan. Taiwan Talent Sustainability Development Alliance"!

5. In terms of finances: Ensure that the Company achieves its operating performance targets, strengthens the financial operating capability, maintains the appropriate equity ratio to cater to the fluctuation of market interest rates, and raises the long and short-term funding requirements, so as to enhance the competitiveness of the Company.
6. Resources: We implement the sustainable development policy, actively train the manpower needs for future development, enhance the company's competitiveness to provide better services, and protect and implement various benefits and the rights for our employees, so that the interests of employees and the company can be integrated and create common prosperity and coexistence.

## (II) Major production and marketing policies

### 1. Production policies:

- (1)Based on the solid professional foundation of land development, fully grasp the information of land sources, closely screen, actively participate in urban renewal land development and joint development of MRT stations, and actively expand and reserve land resources of high-quality lots.
- (2) Establish appropriate pricing, sales channels and advertisement strategy pertinent to the characteristics of the products, supervise target meeting of each sales scheme and closely monitor the market trend to allow flexible adjustments for facilitating project development and maximizing profitability.
- (3)To implement diversified business strategies, the Company will increase the proportion of commercial real estate, enter into the hotel business, and improve the operating performance for its investment business.
- (4)In respond to labor shortage currently, the Company will continue to develop BIM Architectural Information Center, precast method, aluminum mold, robot

application, enhance engineering techniques, quality, efficiency and environmental friendly, and promote renovation to construction technology in Taiwan comprehensively.

- (5) The product positioning and construction planning of projects that are yet to be developed must be responsive to the demands of the housing market and the changes in the economic environment. The Company shall seek to meet its targets for improving its products, services, safety and active development.

## 2. Sales strategies:

- (1) Sales objective of zero-unsold completed units.
- (2) Conduct analysis of market demand and work well in product positioning.
- (3) Establish diversified marketing channels and apply big data technology.
- (4) Establish enterprise brand identification and “customer-oriented” service orientation.
- (5) Adopt the most appropriate construction method to work well in quality control and cost control.
- (6) Strengthen the discussion of relevant laws and decrease the possibility of house purchase disputes.

## (III) Future development strategies of the Company

1. Focus on own business: We have effectively integrated the resources with our partners, strengthened the diversified development strategies in construction methods and building materials, and implemented the high-quality and rapid project development policy in order to steadily expand our business layout.
2. Develop the second core business: We utilize commercial real estate to develop businesses that generate a fixed income, and plan and develop business opportunities to support the stable dividend policy.
3. Digital transformation: As digital technology and tools become popular, the Building Information Modeling (BIM) Center has been established in Kaohsiung and Taichung. It not only improves design efficiency, reduces construction costs, improves construction quality and safety, but also extends to aluminum formwork. In the future, we plan to introduce transportation robots to implement our innovative mind.
4. Environmental protection and energy saving: In order to be in line with the global

trend, we will actively obtain international green building certification for future projects and apply energy-saving technologies and renewable energy to improve the energy efficiency and environmental protection of the buildings.

5. International cooperation: We cooperate with world famous enterprises, for example, the world's largest hotel chain Marriott and Hyatt, international architecture and design team Aedas, G.a Design, Pia, etc., to expand the business scale and influence and to improve the competitiveness of products.

6. Talent training: To address the serious labor shortage problem, the Company has strengthened talent training, established a comprehensive career development system, provided better career opportunities and training opportunities for employees, so that we can attract outstanding talents to join us and enhance our core competitiveness.

### III. Influences of external competitive environment, regulatory environment and the overall business environment

#### (I) External competition:

According to the Ministry of the Interior, 306,971 properties were sold and transferred in 2023, decreasing by approximately 11,000 properties a year, or 3.5%, which was a new record low in the past four years. The good news was, the housing market started weak and then boomed in 2023, with a 20.9% increase in the second half of the year over the first half of the year, as the market was dominated by rigid demand. The Company continues to lead the industry and obtain the largest market share by taking advantage of its brand, team and flexible marketing strategy, in response to rapid changes in the industry. The Company has introduced small 2-3 bedroom condos to lower the total purchase price, and has also provided a favorable payment plan to make home buyers willing to purchase a home.

#### (II) Legal Environment:

The Central Bank had raised its key interest rate by 0.125 percent in Q1 2023 and Q1 2024 respectively, plus the fifth round of selective credit control, and the amendment to the Equalization of Land Rights Act; luckily, the government had offered the "Preferential Housing Loans for the Youth", which motivated first-time home buyers to purchase houses. The number of applicants applying for the Preferential Housing Loans for the Youth, as a percentage of the number of houses transferred nationwide, had been increasing every month, and the real estate market had gradually improved. With the continuous updating and changes in the market and construction regulations,

the Company has been making efforts to strictly comply with the procedures and operations to meet the latest regulatory requirements in order to ensure shareholders' interests.

(III) Overall business environment:

According to a study by the Taiwan Institute of Economic Research, the overall housing market in 2024 showed a slight increase in volume while prices remained high. As the domestic economy gradually recovered, the Preferential Housing Loans for the Youth stimulated the rigid demand, the tight monetary policy may gradually be over, all of which are favorable factors for the housing market. The Company is optimistic about the housing market, this year is still a good time for home buyers to purchase properties for living and for investing. In particular, we are optimistic about the demand for office space and factory expansion as a result of Taiwanese businessmen returning to Taiwan. By the year 2024, office products will account for more than 70% of the total sales.

In the end, I, only on behalf of the Company, would like to show my thanks to ladies and gentlemen for your encouragement and support, and wish you

All the best and family peace

Chairman: Cao Yuanbo



Manager: Fan Huajun



Accountant Officer: Li Xiutai



## Two. Company Profile

### I. Date of establishment: January 23, 1980

### II. Company History

The Company was established on January 23, 1980, formerly known as Yufu Construction Co., Ltd., and commissioned the construction of commercial buildings and national residential rental sales as the main business, with a paid-up capital of NT\$40 million. In May of 1989, the Company merged with Hongju Construction Co., Ltd. and changed its name to Hongju Construction Co., Ltd., and merged with Highwealth Construction Co., Ltd. in the 89th shareholders' meeting in 2000, and Hongju is a surviving company. And on May 6, 2003, the Ministry of Economic Affairs formally approved the official name change to "Highwealth Construction Co., Ltd." Since its establishment, the Company has been striving to promote the building case. The majority of the cases have concentrated in the best districts of Greater Taipei, Taichung and Kaohsiung Cities. They have maintained a high-quality service spirit, met the needs of social housing, and pursued reasonable profits in order to achieve stable growth. Major events of the Company in recent years are as follows:

| YEAR | MAJOR EVENTS   |
|------|--|
| 2007 | On July 10, the Financial Supervisory Commission of the Executive Yuan approved the surplus and capital reserve to increase capital by NT\$1,622.67 million. After the transfer of capital and corporate bonds were converted into ordinary shares, the paid-in capital increased to NT\$5,530.4 million.  |
| 2008 | (1) On July 9, the Financial Supervisory Commission of the Executive Yuan approved the surplus and capital reserve to increase capital by NT\$346.29 million. After the transfer of capital and corporate bonds were converted into ordinary shares, the paid-in capital increased to NT\$5,894.32 million.<br>(2) In July and September, the second implementation of the treasury shares was expected to be transferred to employees, and a total of 21,462 thousand shares were bought back.<br>(3) In line with the Taipei City Urban Renewal Policy, the Company's Jintai section of Dazhi Land Readjustment District will participate in the "Taipei Good Look" program to apply for floor area rewards. |
| 2009 | (1) On April 16, the Financial Supervisory Commission of the Executive Yuan approved the issuance of the fourth domestic guaranteed convertible corporate bond of NT\$1,000 million.<br>(2) On June 26, the Financial Supervisory Commission of the Executive Yuan approved the surplus and capital reserve to increase capital by NT\$29,912 million. After the transfer of capital and corporate bonds were converted into ordinary shares, the paid-up capital increased to NT\$6,697.23 million.<br>(3) Driven by the bullish policies such as the continued appreciation of the   |

|      |  |
|------|--|
|      | <p>New Taiwan dollar and the improvement of cross-strait interactive relations, especially after the financial tsunami, the confidence of the real estate sales market has risen from the bottom, and the upgrade effect of Taipei County, sales of the "Xinzhuang NO.1, NO.2" consecutive two-phase cases were nearly completed in a short period for an amount of nearly NT\$3 billion. The Company is optimistic about the real estate market in Xinzhuang's secondary city center, and is more active in buying land to win the title of "king of land acquisition" in 2009.</p> |
| 2010 | <p>(1)After the Company bonds were converted into ordinary shares, the amount of paid-up capital approved by the Ministry of Economic Affairs increased to NT\$7,068.71 million.</p> <p>(2)In 2010, the operating revenue reached NT\$27.5 billion, achieving the profitability of earning a share capital. The after-tax earnings per share reached a record high of NT\$10.43.</p>   |
| 2000 | <p>After three years of the implementation to purchase back treasury shares in 2008, the Board of Directors resolved, in its meeting held on December 13, to cancel the treasury shares totaling 21,462,000 shares. And after the Company bonds were converted into ordinary shares, the Ministry of Economic Affairs approved the change of registered paid-in capital of NT\$7,280.17 million.</p>   |
| 2012 | <p>In order to reduce idle funds and increase the return on shareholders' equity, the shareholders' regular meeting resolution on June 12 passed the cash reduction of NT\$1,496.00 million. After the capital reduction, the paid-in capital of the Company was NT\$ 5,982.70 million.</p>  |
| 2013 | <p>In 2013, the consolidated operating revenue reached NT\$28.31 billion, and the post-tax earnings per share reached NT\$10.85, rewriting a new high.</p>   |
| 2014 | <p>(1)On August 5, the Company was approved by the Financial Supervisory Commission to handle the transfer of surplus shares to new shares issued by NT\$2,991.35 million. After the capital increase, the paid-in capital of the Company was NT\$8,974.05 million.</p> <p>(2)The consolidated operating income for 2014 reached NT\$37.5 billion, and the after-tax earnings per share reached NT\$11.44, rewriting a record high.</p>  |
| 2015 | <p>(1)On September 3, the Financial Supervisory Commission issued the letter No. 1040036020 to approve the transfer of surplus shares to the newly issued shares of NT\$2,692.21 million. After the capital increase, the paid-in capital of the Company was NT\$11,666.27 million.</p> <p>(2)The consolidated operating revenue for 2015 reached NT\$34.6 billion. After the capital increase, the after-tax earnings per share reached NT\$7.06, and the operating revenue was the second highest in history.</p>  |
| 2016 | <p>The consolidated operating revenue in 2016 reached NT\$35.1 billion, the second highest in history.</p>   |
| 2017 | <p>On May 22, the Financial Supervisory Commission of the Executive Yuan</p>   |

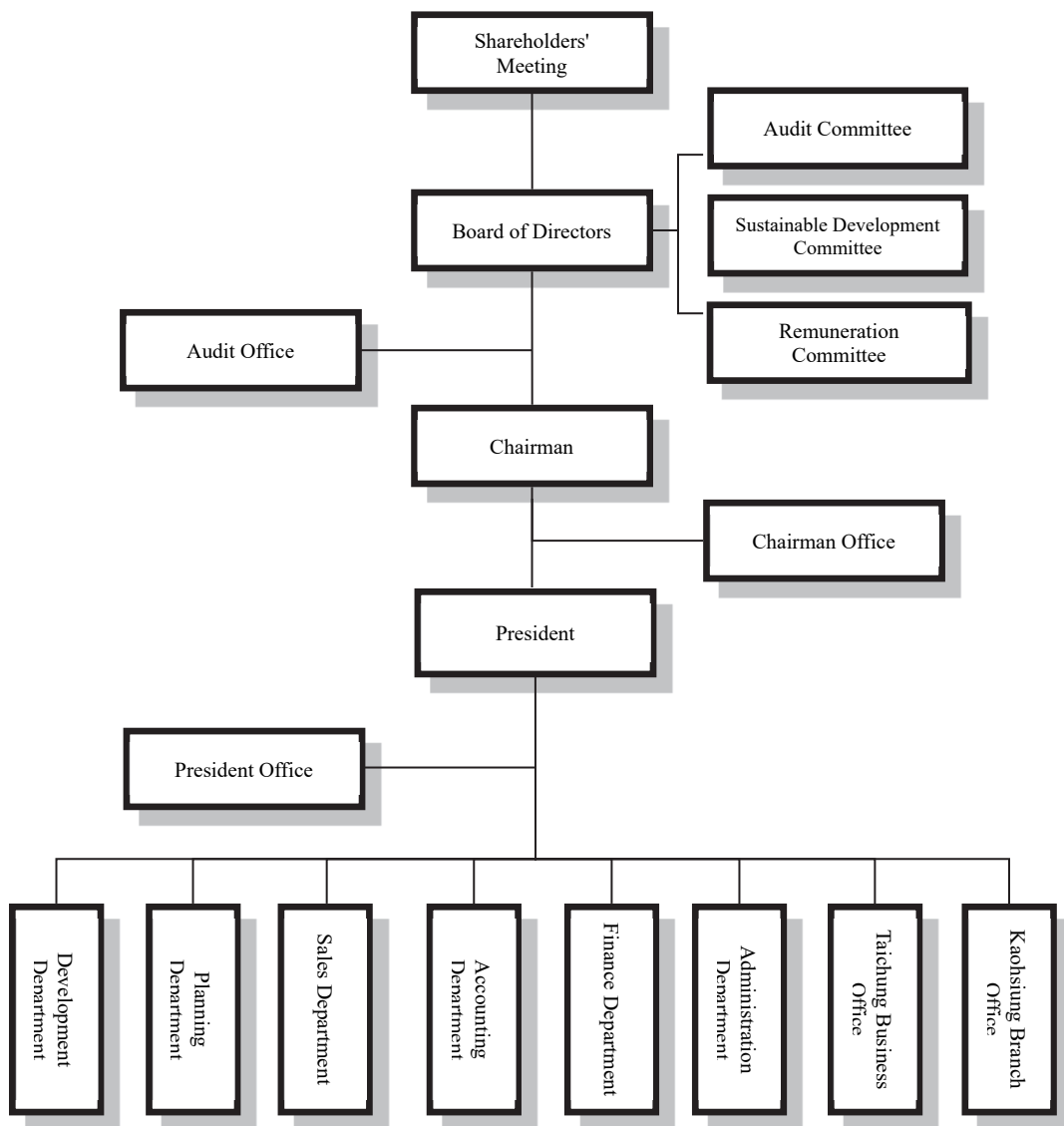
|      |  |
|------|--|
|      | approved the issuance of fifth domestic guaranteed conversion corporate bonds.   |
|      | Debt NT\$1,002,000 Ten Thousands   |
| 2018 | In 2018, the consolidated operating revenue reached NT\$44.2 billion, a historic high.   |
| 2019 | Kaohsiung “Joy Plaza”, the bazaar under Healthware, officially opened on July 3.   |
| 2020 | On August 3, the Company was approved by the Financial Supervisory Commission to handle the transfer of surplus shares to new shares issued by NT\$1,166.62 million. After the capital increase, the paid-in capital of the Company was NT\$12,832.91 million.   |
| 202○ | (1) In 2021, the consolidated operating revenue reached NT\$44.3 billion, a historic high.<br>(2) After the Company’s convertible bonds were converted into ordinary shares, the amount of paid-up capital approved by the Ministry of Economic Affairs increased to NT\$13,901.37 million.  |
| 2022 | (1) After the Company’s convertible bonds were fully converted into ordinary shares, the amount of paid-up capital approved by the Ministry of Economic Affairs increased to NT\$15,603.85 million.<br>On July 28, the Securities and Futures Bureau under the Financial Supervisory Commission approved the transfer of surplus shares to the newly issued shares of NT\$1,542.890 million. After the capital increase, the paid-in capital of the Company was NT\$17,146.74 million.<br>(2) In January 2022, Aloft Tainan Anping commenced operations. |
| 2023 | On July 27, the Securities and Futures Bureau under the Financial Supervisory Commission approved the transfer of surplus shares to the newly issued shares of NT\$1,694.67 million. After the capital increase, the paid-in capital of the Company was NT\$18,841.42 million.   |

## Three. Corporate Governance Report

### I. Company Organization

#### (I) Organization System

##### 1. Organizational Structure



## 2. Work Description of Major Departments

| Name of the Department    | Responsibility of the Job  |
|---------------------------|--|
| President Office          | <ol style="list-style-type: none"> <li>1. Company-wide regulation and integration planning, and integrated planning.</li> <li>2. The vertical and horizontal integration of the Company's various departments.</li> <li>3. Propaganda of corporate culture and decision-makers' management philosophy, and spiritual incentives for all colleagues.</li> <li>4. The Company's business visions, goals, and guidelines.</li> <li>5. The integration of the Company's operation and management system, the establishment of the Company's rules and regulations and assistance in the formulation.</li> <li>6. Analyses of the investment value and feasibility of the new business.</li> </ol>  |
| Audit Office              | <ol style="list-style-type: none"> <li>1. Specification, integration, implementation and review of internal control operations.</li> <li>2. Auditing execution and report preparation, and tracking improvement after imperfect period.</li> <li>3. Assisting the supervision of various departments to carry out internal control self-evaluation, internal control, internal knowledge and education.</li> <li>4. Submitting audit reports and explanations to the Board of Directors and the Audit Committee on a periodical period.</li> </ol>   |
| Administration Department | <ol style="list-style-type: none"> <li>1. According to work objectives and guidelines of the Company, plan individual business of each department to reach the Company's mission requirements.</li> <li>2. Coordination of various computerization schedules and effects, recommendations and signing of various operation plans.</li> <li>3. Planning, design, management and security maintenance of soft and hardware equipment.</li> <li>4. Compile the contents of the agreements, litigation documents and correspondence.</li> <li>5. Contract document review, collection of laws and regulations, research on legal issues, collection of data, and filing.</li> <li>6. Responsible for manpower needs, personnel recruitment, salary, assessment, welfare and education and training.</li> <li>7. Responsible for the management of general affairs and service supplies.</li> </ol> |
| Sales Department          | <ol style="list-style-type: none"> <li>1. Agency sales appraisal, marketing research, reporting, sales target setting, promotion, price adjustment proposal and execution of comprehensive sales contract signing, period payment, bank loan insurance, appropriation, house transfer, property rights transfer, etc.</li> <li>2. Preparation of pre-case operations and sales and advertising strategies.</li> <li>3. Crisis prevention and response to related business handling of customer complaints, and the management committee holds an inaugural meeting to assist clients in handling loans.</li> </ol>   |

| Name of the Department   | Responsibility of the Job   |
|--------------------------|---|
| Planning Department      | Comprehensive case building design, license application, project budget summary preparation, project check, management and acceptance of sampling and inspection of construction materials, collection of relevant new material data specifications, research and evaluation. |
| Development Department   | 1. Land development strategy recommendations and investment analysis and research, and environmental information collection.<br>2. Comprehensive management of land purchase, joint venture land case signing, payment, transfer, tax payment and other matters.              |
| Accounting Department    | Handle various accounting, and tax report operations.   |
| Finance Department       | Receiving and paying cashiers, fund scheduling operations, financial analysis, annual budgeting and share-related operations, and financing of contacts and visits.   |
| Kaohsiung Branch Office  | South Taiwan's development and sales of business processing and accounting, capital scheduling operations.  |
| Taichung Business Office | Development, sales, and other business processing in central Taiwan.  |

## II. Information of president, vice president, associates, department and branch directors

### (I) Information of Directors

| Position  | Nationality/<br>Place of<br>Incorporation | Name  | Gender<br>Age                   | Date Elected | Term (Year)     | Date First<br>Elected | Shares held during<br>election |                            | Current Shareholding |                            | Spouse & Minor<br>Shareholding |                            | Shareholding by<br>Nominee Arrangement |                            | Experience(Education)  | Other Position  | April 15, 2024 Unit: Shares; % |                  |          | Remarks |
|---|---|---|---------------------------------|--------------|-----------------|-----------------------|--------------------------------|----------------------------|----------------------|----------------------------|--------------------------------|----------------------------|--|----------------------------|--|---|--------------------------------|------------------|----------|---------|
|   |   |   |                                 |              |                 |                       | Shares                         | Holding<br>shares<br>ratio | Shares               | Holding<br>shares<br>ratio | Shares                         | Holding<br>shares<br>ratio | Shares                                 | Holding<br>shares<br>ratio |  |   | Position                       | Name             | Relation |         |
| Legal Person<br>Chairman  | Republic of China                         | Run Ying<br>Investment<br>Co., Ltd. <sup>note 1</sup> | Not applicable.                 | 2023.06.13   | 3 years         | 2020.06.10            | 30,996,304                     | 1.81%                      | 34,095,934           | 1.81%                      | 0                              | 0%                         | 0                                      | 0%                         | Highwealth Construction<br>Juristic-person Chairman  | Nil   | Nil                            | Nil              | Nil      | Nil     |
| Legal Person<br>Chairman<br>Representative <sup>note 1</sup>    | Republic of China                         | Cao Yuanbo  | Male<br>61 to 70 years<br>old   | 2023.06.13   | Not applicable. | Not applicable.       | 0                              | 0%                         | 0                    | 0%                         | 0                              | 0%                         | 0                                      | 0%                         | Specialized class 43, ROC<br>Military Academy<br>Chairman of Highwealth<br>Construction                              | Chairman of the<br>Company  | Nil                            | Nil              | Nil      | Nil     |
| Juristic Person<br>Director<br>Representative <sup>note 1</sup> | Republic of China                         | Fan Huajun  | Male<br>51 to 60 years<br>old   | 2023.06.13   | Not applicable. | Not applicable.       | 244                            | 0%                         | 268                  | 0%                         | 1,037                          | 0%                         | 0                                      | 0%                         | Department of Electrical<br>Engineering, Kun Shan<br>University<br>President of Highwealth<br>Construction Corp      | President of the<br>Company   | Nil                            | Nil              | Nil      | Nil     |
| Director  | Republic of China                         | Zheng Qintian   | Male<br>51 to 60 years<br>old   | 2023.06.13   | 3 years         | 2000.02.23            | 32,249,659                     | 1.88%                      | 35,486,969           | 1.88%                      | 10,851,266                     | 0.58%                      | 0                                      | 0%                         | Civil Engineering<br>Division, Cheng Shu<br>University<br>Director, Highwealth<br>Construction                       | Group CEO   | Director                       | Zheng<br>Xiuhui  | Couple   | Nil     |
| Director  | Republic of China                         | Zheng Xiuhui  | Female<br>51 to 60 years<br>old | 2023.06.13   | 3 years         | 2000.02.23            | 9,864,788                      | 0.58%                      | 10,851,266           | 0.58%                      | 35,486,969                     | 1.88%                      | 34,095,934                             | 1.81%                      | Civil Engineering,<br>Kaoliang Junior College<br>of technology<br>Vice President,<br>Highwealth Construction<br>Corp | The Company's special<br>assistant<br>Chairman of Xing-Ri-<br>Sheng Investment<br>Company<br>Chairman of Run-Ying<br>Investment Company<br>Chairman of Feng-Kao<br>Investment Company | Director                       | Zheng<br>Qintian | Couple   | Nil     |
| Independent<br>director   | Republic of China                         | Li Wencheng   | Male<br>71 to 80 years<br>old   | 2023.06.13   | 3 years         | 2017.06.13            | 0                              | 0%                         | 0                    | 0%                         | 0                              | 0%                         | 0                                      | 0%                         | Central Police University<br>President of Taiwan High<br>Court   | Independent director of<br>Run-Long Construction<br>Inc.  | Nil                            | Nil              | Nil      | Nil     |
| Independent<br>director   | Republic of China                         | Chen Taichun  | Male<br>51 to 60 years<br>old   | 2023.06.13   | 3 years         | 2020.06.10            | 24,203                         | 0%                         | 26,623               | 0%                         | 0                              | 0%                         | 0                                      | 0%                         | Master's in political<br>sciences, Chinese Culture<br>University   | Associate Professor of<br>National Taichung<br>University of Science<br>and Technology  | Nil                            | Nil              | Nil      | Nil     |

Note: 1. Representatives of Run Ying Investment Co., Ltd: Cao Yuanbo, Fan Huajun.

2. The number of shares held above is based on the number of shares registered on the transfer date of shareholders as of April 15, 2024; the total number of shares issued is 1,884,141,591 shares.



1. Major shareholders of juristic-person shareholder

| Name of Juristic-person Shareholder | Major shareholders of juristic-person shareholder  |
|-------------------------------------|--|
| Jun Ying Investment Inc.            | Zheng Qintian (70.06%), Zheng Xiuhui (22.34%), Zheng Qiaowen (3.8%) and Zheng Junfang (3.8%) |

2. In the event that the major shareholder(s) of the juristic-person shareholder is a juristic person, the major shareholder(s) is as follows: Nil.

3. Disclosure on professional qualification of Directors and independence of Independent Directors:

| Name   | Criteria | Professional qualification and experience   | Number of Other Public Companies in Which the Individual is Concurrently Serving as an Independent Director |
|--|----------|---|---|
| DIRECTOR: ZHENG, QIN TIAN  |          | 1. Civil Engineering, Cheng-Shiu Junior College of technology<br>2. President of Highwealth Construction Corporation. | 0   |
| DIRECTOR: ZHENG, XIU HUI   |          | 1. Civil Engineering, Kaohsiung Junior College of technology<br>2. Special assistant of Highwealth Construction       | 0   |
| Director: Representatives of Run Ying Investment Co., Ltd, Cao Yuanbo  |          | 1. Specialized class 43, ROC Military Academy<br>2. Chairman of Highwealth Construction                               | 0   |
| Director: Run Ying Investment Co., Ltd<br>Representative: FAN, HUA JUN |          | 1. Department of Electrical Engineering, Kun Shan University<br>2. President of Highwealth Construction Corp          | 0   |

| Name \ Criteria                   | Professional qualification and experience  | Independence Criteria  | Number of Other Public Companies in Which the Individual is Concurrently Serving as an Independent Director |
|-----------------------------------|--|--|---|
| Independent Director: Li Wencheng | <ol style="list-style-type: none"> <li>1. Central Police University</li> <li>2. Division-Chief Judge, Taiwan High Court<br/>President of Hualien Local Court<br/>President of Taitung Local Court<br/>President of Penghu Local Court</li> <li>3. Not been a person of any conditions defined in Article 30 of the Company Law.</li> </ol> | <ol style="list-style-type: none"> <li>1. Myself, my spouse, and my relatives within the second degree do not serve as directors, supervisors, or employees of the company, related companies, or companies with specific related relationships.</li> <li>2. Myself, my spouse, and my second-degree relatives do not hold any shares in the company.</li> <li>3. Hold the position as an independent director of Run-Long Construction Inc.</li> <li>4. In the most recent two years, no services in commercial, law, finance, or accounting has been provided to the Company or its affiliated companies.</li> </ol> | 1   |
| Independent Director: Chen Tachun | <ol style="list-style-type: none"> <li>1. Master's Degree in Political Sciences, Chinese Culture University</li> <li>2. Associate Professor of National Taichung University of Science and Technology</li> <li>3. Not been a person of any conditions defined in Article 30 of the Company Law.</li> </ol>                                 | <ol style="list-style-type: none"> <li>1. Myself, my spouse, and my relatives within the second degree do not serve as directors, supervisors, or employees of the company, related companies, or companies with specific related relationships.</li> <li>2. The Director, the Director's spouse, or relative(s) within the second degree of kinship owns 26,623 shares of the Company (0.0014%).</li> <li>3. In the most recent two years, no services in commercial, law, finance, or accounting has been provided to the Company or its affiliated companies.</li> </ol>  | 0   |

#### 4. Diversity and independence of the Board of Directors:

##### (1) Diversification policy and goals of the Board of Directors

The Company promotes and respects the diversification policy of Directors. To strengthen the corporate governance and enhance a healthy development of composition and structure of the Board, the Company believes that the diversification policy shall be helpful in increasing the overall performance of the Company. The election of Board members is based on the principle of meritocracy, whereby the members shall possess a diverse and cross-industrial competence that complements one another, including basic composition (e.g. age, gender, nationality, etc.), as well as relevant industry experience and skills (e.g. construction and engineering industry, financial and accounting, legal etc.), and operating, business management, leadership and crisis management capabilities. Depending on the operational development scale and the shareholding of major shareholders, as well as weighing in the practical needs of operation, the structural goal of the Board should comprise more than five Board members, of which at least one member is a female Director, at least 33% are Independent Directors, at least 14% of members with legal expertise, more than 50% are Directors with marketing expertise, more than 50% are Directors with financial and accounting expertise, and more than 50% are Directors with industry background.

To strengthen the functionality of the Board of Directors so as to achieve goals of corporate governance, the Corporate Governance Guidelines, Article 20 provides that the overall Board of Directors shall possess the following capabilities:

- a. Basic criteria and values: Gender, age, nationality and culture, etc.
- b. Professional knowledge and techniques: professional background. (Such as law, accounting, industry, financial, sales or technology), professional competences, and other industry experiences.
- c. Business management capability.
- d. Crisis management capability.
- e. Industry knowledge.
- f. Global market perspective.
- g. Leadership quality.
- h. Decision making capability.

##### (2) Implementation status of the Board diversity

To strengthen the management of the Company and facilitate the formation and construction of the Board of Directors to develop well, the formation of the Board of Directors should take into consideration various needs, such as the business structure, directions of business development and future trend of development. Furthermore, the multi-faceted assessment shall also be made. The current Board of the Company consists

## Highwealth Construction

of 7 directors, including 2 independent Directors. One independent Director has served for more than 3 years, and another independent director has served for more than 6 years, the Company is expected to elect another independent director at this year's annual general shareholders' meeting. Among them, more than 14% are directors with legal expertise, more than 71% are directors with marketing expertise, more than 57% are directors with financial accounting expertise, and more than 86% have industry-related backgrounds. Independent directors account for 29%, while directors with employee status account for 43%. The members possess financial, commercial, legal and management experience and expertise. Furthermore, our Company also values gender equality in the composition of the board members. Currently, female directors account for 14%. It is anticipated that by electing an additional independent director in 2024, the proportion of female directors will increase, reaching 29%. The implementation status is as follows:

The practice of the diversity of the member in the Board of Directors (June 13, 2023 ~ June 12, 2026):

| Position   | Name              | Formation         |        |                             |     |                                   | Industry experience/expertise |     |           |                      |                     |                   |                    |                           |                    |                            |
|--|-------------------|-------------------|--------|-----------------------------|-----|-----------------------------------|-------------------------------|-----|-----------|----------------------|---------------------|-------------------|--------------------|---------------------------|--------------------|----------------------------|
|  |                   | Nationality       | Gender | The employee of the company | Age | Seniority of Independent Director | Financial Accounting          | Law | Marketing | Operational Judgment | Business Management | Crisis Management | Industry knowledge | Global Market Perspective | Leadership Quality | Decision Making Capability |
| Chairman and Juristic Person Director Representative | Cao Yuanbo        | Republic of China | Male   |                             | >60 |                                   | √                             |     | √         | √                    | √                   | √                 | √                  | √                         | √                  | √                          |
| Representative of Juristic-person Director           | Fan Huajun        | Republic of China | Male   | √                           | >50 |                                   | √                             |     | √         | √                    | √                   | √                 | √                  | √                         | √                  | √                          |
| Director   | Zheng Qintian     | Republic of China | Male   | √                           | >60 |                                   | √                             |     | √         | √                    | √                   | √                 | √                  | √                         | √                  | √                          |
| Director   | Zheng Xiuhui      | Republic of China | Female | √                           | >50 |                                   | √                             |     | √         | √                    | √                   | √                 | √                  | √                         | √                  | √                          |
| Independent Director                                 | Hong Xiyao (Note) | Republic of China | Male   |                             | >70 | >6                                | √                             |     | √         | √                    | √                   | √                 | √                  | √                         | √                  | √                          |
| Independent Director                                 | Li Wencheng       | Republic of China | Male   |                             | >70 | >6                                |                               | √   |           | √                    | √                   | √                 | √                  | √                         | √                  | √                          |
| Independent Director                                 | Chen Tachun       | Republic of China | Male   |                             | >60 | >3                                |                               |     | √         | √                    | √                   | √                 | √                  | √                         | √                  | √                          |

Note: Independent Director Hong Xiyao resigned on June 21, 2023.

### (3) The information of the current Board members (June 13, 2023 ~ June 12, 2026)

| Position | Name  | Education (Experience)   | Other Position  |
|----------|---|--|---|
| Chairman | Run Ying Investment Co., Ltd.<br>Representative: Cao Yuanbo | Specialized class 43, ROC Military Academy<br>Vice President, Jayshelyn Construction Co., Ltd.         | Chairman of the Company<br>Chairman of Bo-Yuan Construction Corporation.<br>Chairman of Pi Chiang Enterprise Co., Ltd.<br>Chairman of Hundred Million Mark Enterprise Co., Ltd.<br>Well Rich International Co., Ltd.  |
| Director | Run Ying Investment Co., Ltd.<br>Representative: Fan Huajun | Department of Electrical Engineering, Kun Shan University<br>Sales Executive of Highwealth Advertising | President of the Company<br>Chairman of Ju Feng Hotel Management Consultant Co., Ltd.<br>Director of Chyi Yuh Construction Co., Ltd.<br>Well Rich International Co., Ltd.<br>Director of Hundred Million Mark Enterprise Co., Ltd.<br>Director of Pi Chiang Enterprise Co., Ltd.<br>Director of Bo-Yuan Construction Corporation. |



| Position             | Name              | Education (Experience)   | Other Position  |
|----------------------|-------------------|--|---|
|                      |                   |  | Chairman of Highwealth Construction Corporation   |
| Director             | Zheng Qintian     | Civil Engineering Division,<br>Cheng Shiu University<br>Director, Highwealth Construction                    | Group CEO<br>Director of Hundred Million Mark Enterprise Co., Ltd.<br>Director of Pi Chiang Enterprise Co., Ltd.  |
| Director             | Zheng Xiuhui      | Civil Engineering,<br>Kaohsiung Junior College of technology<br>Vice President, Highwealth Construction Corp | The Company's special assistant<br>Chairman of Xing-Ri-Sheng Investment Company<br>Chairman of Run-Ying Investment Company<br>Chairman of Feng-Rao Investment Company<br>Director of Minrong Weaving Factory Inc.<br>Director of Hotel Kingdom Inc.<br>Director of Lu Yang Investment Limited |
| Independent Director | Hong Xiyao (Note) | Barrington University, USA<br>Honorary Doctorate in Business<br>Chairman of Taiyen Biotech Co., Ltd.         | Nil   |
| Independent Director | Li Wencheng       | Central Police University<br>President of Taiwan High Court  | Independent director of Run-Long Construction Inc.  |
| Independent Director | Chen Tachun       | Master's in political sciences, Chinese Culture University   | Associate Professor of National Taichung University of Science and Technology   |

Note: Independent Director Hong Xiyao resigned on June 21, 2023.

## (II) Information of president, vice president, associates, department and branch directors

| April 15, 2024 Unit: Shares, %  |                   |                |        |              |                  |                      |  |                      |                                     |                      |   |  |   |      |          |         |
|---|-------------------|----------------|--------|--------------|------------------|----------------------|--|----------------------|-------------------------------------|----------------------|---|--|---|------|----------|---------|
| Position  | Nationality       | Name           | Gender | Date Elected | Minor Child(ren) |                      | Shares held by Spouse & Minor Child(ren) |                      | Shareholding by Nominee Arrangement |                      | Main Experience (Education)   | Other Position(s) Held Concurrently in Other Companies   | Spouses or Within Two Degrees of Kinship who are Managers |      |          | Remarks |
|   |                   |                |        |              | Shares           | Holding shares ratio | Shares                                   | Holding shares ratio | Shares                              | Holding shares ratio |   |  | Position  | Name | Relation |         |
| President   | Republic of China | Fan HuaJun     | Male   | 2014.06      | 268              | 0%                   | 1,037                                    | 0%                   | 0                                   | 0%                   | Electronical Engineering Division, Kun Shan University<br>President of Highwealth Construction Corp   | Chairman of Ju Feng Hotel Management Consultant Co., Ltd.<br>Director of Chyi Yuh Construction Co., Ltd. | Nil   | Nil  | Nil      | Nil     |
| Development Dept. Vice President  | Republic of China | Liao Zhaoxiong | Male   | 2006.06      | 209,364          | 0.01%                | 103,832                                  | 0.01%                | 0                                   | 0%                   | Land Economics Department, National Chung Hsing University<br>Sales Assistant Manager, Hongjiu Construction   | Nil  | Nil   | Nil  | Nil      | Nil     |
| Finance Dept. Vice President  | Republic of China | Wang Suyue     | Female | 2005.03      | 446,271          | 0.02%                | 0  | 0%                   | 0                                   | 0%                   | Department of Accounting, Tunghai University<br>Audit Supervisor, Ho Wang Construction Co., Ltd   | Nil  | Nil   | Nil  | Nil      | Nil     |
| Sales Department Vice President   | Republic of China | Chen Quwei     | Male   | 2009.12      | 42,071           | 0%                   | 0  | 0%                   | 0                                   | 0%                   | Mechanical Engineering Department, Feng Chia University<br>Yuan Fu Advertising Co., Ltd   | Nil  | Nil   | Nil  | Nil      | Nil     |
| Accounting Dept. Associate Manager  | Republic of China | Li Xiutai      | Female | 2018.04      | 0                | 0%                   | 0  | 0%                   | 0                                   | 0%                   | Department of Accounting, Soochow University<br>Senior Associate Manager, KPMG Taiwan   | Nil  | Nil   | Nil  | Nil      | Nil     |
| Planning Dept. Associate Manager  | Republic of China | Liao Lien-Hui  | Male   | 2021.06      | 0                | 0%                   | 1,210                                    | 0%                   | 0                                   | 0%                   | Master of Architecture Program, Tamkang University<br>Manager of Planning Department, Highwealth Construction Corp.   | Nil  | Nil   | Nil  | Nil      | Nil     |
| Assistant Vice President of Planning Department, Kaohsiung Branch Office                | Republic of China | Song Guozong   | Male   | 2013.10      | 48,406           | 0%                   | 0  | 0%                   | 0                                   | 0%                   | Civil Engineering Division, Nanya Institute of Technology<br>Shi Bangxing Architects  | Nil  | Nil   | Nil  | Nil      | Nil     |
| Manager of Finance Department and Operation Supervisor                                  | Republic of China | Chang Mingwen  | Male   | 2022.12      | 5,500            | 0%                   | 0  | 0%                   | 0                                   | 0%                   | National Chung Cheng University<br>Manager of Finance of Highwealth Construction Corp   | Nil  | Nil   | Nil  | Nil      | Nil     |
| Manager of Administration Department and concurrently the Chief of Information Security | Republic of China | Chen Chun-Yan  | Male   | 2021.06      | 11,000           | 0%                   | 0  | 0%                   | 0                                   | 0%                   | Royal Roads University MBA<br>Masters in Accounting and Law, National Chung Cheng University<br>Special Assistant, Administration Department, Highwealth Construction | Nil  | Nil   | Nil  | Nil      | Nil     |
| Kaohsiung Branch Finance Dept. Manager  | Republic of China | Chen Qulan     | Female | 2005.03      | 73,795           | 0%                   | 0  | 0%                   | 0                                   | 0%                   | Taitung Senior Commercial Vocational School<br>Associate Manager, Financial Department, Hon-yung Construction Co., Ltd.   | Nil  | Nil   | Nil  | Nil      | Nil     |

Note: The number of shares held above is based on the number of shares registered on the transfer date of shareholders as of April 15, 2024; the total number of shares issued is 1,884,141,591 shares.



### III. Remuneration of Directors, President, and Vice Presidents in the latest year

#### (I) Remuneration of Directors and Independent Directors

December 31, 2023 Unit: NT\$ thousand

| Position   | Name   | Remuneration     |  |             |  | Sum of A, B, C and D as a percentage of after-tax profit |  | Compensation to Directors Also Serving as Company Employees |  |  |                   | Sum of A, B, C, D, E, F and G as a percentage of after-tax profit |  | Compensation from Affiliates Other than Subsidiaries |             |  |
|--|--|------------------|--|-------------|--|--|--|---|--|--|-------------------|---|--|--|-------------|--|
|  |  | Remuneration (A) |  | Pension (B) |  | Directors' Remuneration (C)                              |  | Allowances (D)  |  | Salary, Bonuses, and Allowances (E) (Note 1) | Severance Pay (F) | Employee Compensation (G)   |  |  | The Company | All companies included in the financial statements |
|  |  | The Company      | All companies included in the financial statements | The Company | All companies included in the financial statements | The Company  | All companies included in the financial statements | The Company   | All companies included in the financial statements |  |                   |   |  |  |             |  |
|  |  |                  |  |             |  |  |  |   |  |  |                   |   |  |  |             |  |
| Chairman   | Run Ying Investment Co., Ltd. Representative: Cao Yuanbo |                  |  |             |  |  |  |   |  |  |                   |   |  |  |             |  |
|  |  |                  |  |             |  |  |  |   |  |  |                   |   |  |  |             |  |
| Director   | Run Ying Investment Co., Ltd. Representative: Fan Huajun |                  |  |             |  |  |  |   |  |  |                   |   |  |  |             |  |
|  |  |                  |  |             |  |  |  |   |  |  |                   |   |  |  |             |  |
| Director   | Zheng Qintian  |                  |  |             |  |  |  |   |  |  |                   |   |  |  |             |  |
|  |  |                  |  |             |  |  |  |   |  |  |                   |   |  |  |             |  |
| Independent Director   | Hong Xiyao (Note 2)<br>Li Wencheng<br>Chen Tachun        |                  |  |             |  |  |  |   |  |  |                   |   |  |  |             |  |
|  |  |                  |  |             |  |  |  |   |  |  |                   |   |  |  |             |  |
|  |  |                  |  |             |  |  |  |   |  |  |                   |   |  |  |             |  |
| 1. Please describe the policy, system, standard and structure of director remuneration, and describe the relevance of the amount of payment according to factors, such as responsibility, risk, and invested time: According to the requirements under the "Rules Governing the Scope of Powers of Independent Directors" and Articles of Incorporation of the Company, in order to make independent directors have impacts on the Board of Directors and the operation of the company and maintain independence, the company has to pay the independent directors of the company monthly (or every quarter, or every half year) no matter how much it earns. Moreover, the payment should be adjusted according to the level of participation and the value of the contribution. The Independent Directors do not involve in the appropriation of Director remuneration and other incentives. |  |                  |  |             |  |  |  |   |  |  |                   |   |  |  |             |  |
| 2. In addition to the disclosure in the above table, in the most recent fiscal year, the compensation received by directors from all companies included in the financial statements for service rendered (e.g. in the capacity of non-employee consultant for parent company/all companies included in the financial statements): Nil.   |  |                  |  |             |  |  |  |   |  |  |                   |   |  |  |             |  |

## Range of Remuneration

| Remuneration bracket table for each Director of the Company  | Name of Directors   |  |  |  |
|--|---|--|--|--|
|  | Total remuneration of the preceding four items<br>(A+B+C+D) |  | Total remuneration of the preceding seven items<br>(A+B+C+D+E+F+G) |  |
|  | The Company   | All companies included in the financial statements (H) | The Company  | All companies included in the financial statements (I) |
| Below NT\$1,000,000  | Hong Xiyao  | Hong Xiyao   | Hong Xiyao   | Hong Xiyao   |
| NT\$1,000,000 (inclusive) ~ NT\$2,000,000 (not inclusive)    | Chen Tachun and Li Wencheng<br>Zheng Xiuhui and Fan Huajun  | Chen Tachun, Zheng Xiuhui<br>Fan Huajun                | Chen Tachun and Li Wencheng  | Chen Tachun  |
| NT\$2,000,000 (inclusive) ~ NT\$3,500,000 (not inclusive)    | Zheng Qintian   | Zheng Qintian, Li Wencheng                             | -  | Li Wencheng  |
| NT\$3,500,000 (inclusive) ~ NT\$5,000,000 (not inclusive)    |   |  | -  | -  |
| NT\$1,000,000 (inclusive) ~ NT\$2,000,000 (not inclusive)    | Cao Yuanbo  | Cao Yuanbo   | Cao Yuanbo, Zheng Xiuhui,<br>Fan Huachun                           | Cao Yuanbo, Zheng Xiuhui,<br>Fan Huachun               |
| NT\$10,000,000 (inclusive) ~ NT\$15,000,000 (not inclusive)  | -   | -  | Zheng Qintian  | Zheng Qintian  |
| NT\$15,000,000 (inclusive) ~ NT\$30,000,000 (not inclusive)  | -   | -  | -  | -  |
| NT\$30,000,000 (inclusive) ~ NT\$50,000,000 (not inclusive)  | -   | -  | -  | -  |
| NT\$50,000,000 (inclusive) ~ NT\$100,000,000 (not inclusive) | -   | -  | -  | -  |
| Over NT\$100,000,000   | -   | -  | -  | -  |
| Total  | 7 Persons   | 7 Persons  | 7 Persons  | 7 Persons  |

Note 1: Refers to the salary of the director, the vice president, other managers and employees in the most recent year, including salary, job addition, severance payment, various bonuses, incentives, travel fees, special expenses, various subsidies, dormitories, car rentals, etc. In the case of the provision of housing, motor vehicles and other means of transport or exclusive individuals, the nature and cost of the assets provided, the actual or at a fair market price, rent, oil and other payments should be disclosed. The figures of this item include NT\$83 thousand as the cost for directors' vehicles provided by the Company, and NT\$4,911 thousand paid to their drivers and retinues.

Note 2: Independent Director Hong Xiyao resigned on June 21, 2023.



## (II) Remuneration of president and vice president

December 31, 2023 Unit: NT\$ thousand

| Position                              | Name           | Salary(A)   |   | Pension (B) |   | Bonuses and Allowances (C) |   | Employees' Compensation (D) |              |  |              | Sum of A, B, C and D as a percentage of after-tax profit (%) |  | Compensation from Affiliates Other than Subsidiaries |
|---------------------------------------|----------------|-------------|---|-------------|---|----------------------------|---|-----------------------------|--------------|--|--------------|--|--|--|
|                                       |                | The Company | All companies included in the financial | The Company | All companies included in the financial | The Company                | Companies in the consolidated financial | The Company                 |              | Companies in the consolidated financial statements |              | The Company  | Companies in the consolidated financial statements |  |
|                                       |                |             |   |             |   |                            |   | Cash Bonus                  | Stock Amount | Cash Bonus   | Stock Amount |  |  |  |
| President                             | Fan Huajun     |             |   |             |   |                            |   |                             |              |  |              |  |  |  |
| Development Department Vice President | Liao Zhaoxiong |             |   |             |   |                            |   |                             |              |  |              |  |  |  |
| Finance Department Vice President     | Wang Suyue     | 7,830       | 12,726                                  | 0           | 0                                       | 13,572                     | 17,386                                  | 2,800                       | 0            | 2,800  | 0            | 24,202   | 32,912   | Nil  |
| Sales Department Vice President       | Chen Qiuwei    |             |   |             |   |                            |   |                             |              |  |              | 0.99%  | 1.35%  |  |

## Range of Remuneration

| Range of Remuneration Paid for President and Each Vice President of the Company | Name of President and Vice Presidents |  |
|---|---------------------------------------|--|
|   | The Company                           | All companies included in the financial statements (E) |
| Below NT\$1,000,000   | -                                     | -  |
| NT\$1,000,000 (inclusive) ~ NT\$2,000,000 (not inclusive)                       | -                                     | -  |
| NT\$2,000,000 (inclusive) ~ NT\$3,500,000 (not inclusive)                       | -                                     | -  |
| NT\$3,500,000 (inclusive) ~ NT\$5,000,000 (not inclusive)                       | -                                     | -  |
| NT\$5,000,000 (inclusive) ~ NT\$10,000,000 (not inclusive)                      | Wang Suyue, Liao Zhaoxiong            | -  |
| NT\$10,000,000 (inclusive) ~ NT\$15,000,000 (not inclusive)                     | Fan Huajun                            | -  |
| NT\$15,000,000 (inclusive) ~ NT\$30,000,000 (not inclusive)                     | Chen Qiuwei                           | Fan Huajun, Liao Zhaoxiong and Wang Suyue              |
| NT\$30,000,000 (inclusive) ~ NT\$50,000,000 (not inclusive)                     | -                                     | Chen Qiuwei  |
| NT\$50,000,000 (inclusive) ~ NT\$100,000,000 (not inclusive)                    | -                                     | -  |
| Over NT\$100,000,000  | -                                     | -  |
| Total   | 4 persons                             | 4 persons  |

(III) Managers with Employee Remuneration Distribution

December 31, 2023 Unit: NT\$ thousand

|          | Title   | Name           | Stock Amount | Cash Bonus | Total  | Ratio of Total Amount to Net Income (%) |
|----------|---|----------------|--------------|------------|--------|---|
| MANAGERS | CEO   | Zheng Qintian  | -            | 10,850     | 10,850 | 0.44%                                   |
|          | Chairman  | Cao Yuanbo     |              |            |        |   |
|          | President   | Fan Huajun     |              |            |        |   |
|          | Special Assistant to Chairman   | Zheng Xiuhui   |              |            |        |   |
|          | Development Department Vice President   | Liao Zhaoxiong |              |            |        |   |
|          | Finance Department Vice President   | Wang Suyue     |              |            |        |   |
|          | Sales Department Vice President   | Chen Qiuwei    |              |            |        |   |
|          | Assistant Vice President of Planning Department   | Liao Lien-Hui  |              |            |        |   |
|          | Accounting Department Associate Manager   | Li Xiutai      |              |            |        |   |
|          | Manager of Administration Department and concurrently the Chief of Information Security | Chen Chun-Yan  |              |            |        |   |
|          | Supervisor of Corporate Governance  | Chang Mingwen  |              |            |        |   |
|          | Assistant Vice President of Planning Department, Kaohsiung Branch Office                | Song Guozong   |              |            |        |   |
|          | Kaohsiung Branch Finance Department Manager   | Chen Qiulan    |              |            |        |   |

(IV) Respective analysis of remuneration paid to the Directors, Supervisors, President and Vice Presidents by the Company and all the companies in the consolidated statements in the last two years as a percentage of after-tax profit, as well as description of the remuneration policy, standard and composition, and procedures and connection to business performance for establishing remuneration.

1. Analysis of the ratio of total remuneration paid to Directors, President, and Vice Presidents of the Company to net profit after tax in the financial statements:

| Position                     | 2022  |  | 2023  |  |
|------------------------------|---|--|---|--|
|                              | Ratio of Total Remuneration to Net profit after tax |  | Ratio of Total Remuneration to Net profit after tax |  |
|                              | The Company   | Companies in the consolidated financial report | The Company   | All companies included in the financial statements |
| Director                     | 1.16%   | 1.22%  | 1.58%   | 1.68%  |
| President and Vice President | 0.65%   | 0.71%  | 0.99%   | 1.35%  |

In 2023, the ratio of total remuneration paid to Directors, President, and Vice Presidents of the Company to net profit after tax increased from 2022, primarily due to the decrease of net profit after tax in 2023, resulting higher ratios in 2023 compared to 2022.

2. The remuneration policy, standard and composition:

(1)The Company has established its Remuneration Committee to make evaluations of the remuneration policy and system of Directors and managers of the Company and provide recommendations to the Board as a reference for decision-making.

(2)According to the requirements under Article 24 of the Articles of Incorporation, the Board of Directors shall be authorized to determine the remuneration of the chairperson and directors in accordance with the extent of their participation in and the value of their contributions to the operations of the Company and in the light of the normal level of the industry. In addition, if the Company records any profit of the year, it shall appropriate no more than 1% of the profit before tax as the remuneration of Directors according to Article 29 of the Articles of Incorporation.

For Independent Directors, the Board shall determine their monthly fixed remuneration (paid biannually), and they are not involved in the remuneration distribution from the Company's profits.

(3)Regarding the remuneration policy of employees, the remuneration is approved based on the individual work experiences, position and duties, work ability and work performance, and financial position and operating status of the Company, and it is positively related to the operating performance. In addition, if the Company records any profit of the year, it

shall appropriate no less than 0.1% of the profit before tax as the remuneration of employees according to Article 29 of the Articles of Incorporation.

(4) The remuneration policy of managers includes salaries and bonuses. Salaries are reviewed and discussed by the Remuneration Committee by taking into account the internal salary balance of the Company, with reference to the market conditions, and based on the job grade, academic background and work experience, professional ability, duties, and other items, and submitted to the Board for resolution. Bonuses are established based on the profits of the year with reference to the duties, contributions, achievement rate of performance objectives, and the operating performance of the Company of the year, reviewed and discussed by the Remuneration Committee, and submitted to the Board for resolution.

(5) “Remuneration” as used in the Charter of the Remuneration Committee includes cash compensation, stock options, profit sharing and stock ownership, retirement benefits or severance pay, allowances or stipends of any kind, and other substantive incentive measures. Its scope shall be consistent with that of remuneration for directors and managers as set out in the “Regulations Governing Information to be Published in Annual Reports of Public Companies.”

### 3. Procedures for establishing remunerations:

(1) Regarding the performance evaluation of Directors and managers, the “Board Performance Evaluation Method” and the “Performance Management Method” applicable to managers and employees are adopted as the evaluation basis. As for the salaries, apart from referring to the overall operating performance of the Company, future risk and development trends of the industry, the Company also takes the achievement rate of individual performance and contributions to the Company into account to offer reasonable compensations. Relevant performance evaluation and reasonableness of remuneration are reviewed by the Remuneration Committee and the Board, and the remuneration system is examined on a timely basis subject to the actual operating status and relevant laws and regulations (on December 26, 2023, the Remuneration Committee made discussions on the performance evaluation of Directors and managers, and the policy, system, and standard of remuneration; at present, relevant remuneration methods are in line with the Company’s operating requirements), and the reasonable trends of corporate governance at present are taking into account to seek the balance between the sustainable corporate operations and risk control.

There are six major items for the performance evaluation indicators of Directors: 1. The control of the goals and missions of the Company; 2. awareness of the duties of a Director;

3. the level of involvement to the operation of the Company; 4. internal operation and communication; 5. the Director's professionalism and continuing education; and 6. internal control.

There are two major items for the performance evaluation indicators of managers: 1. Financial indicator: The profit contributions and allocations to the Company by different business groups and departments based on the management income statement of the Company with reference to the achievement rate of managers' objectives; and 2. non-financial indicators: The implementation of the core value of the Company and business management ability, and the participation in sustainable operations.

(2) The self-evaluation results of the performance of the Board, Board members, and functional committees of the Company in 2023 were "significantly exceeding standards." All Board members have completed annual training hours of at least 6 hours. Additionally, based on the performance evaluation results of the executives for 2023, all managerial officers have either met or exceeded the set target requirements. Moreover, the assessment results based on the Company's annual operational indicators have also reached the highest standards. The Company has fully considered the professional abilities and the operating and financial status of the Company and linked the compensation of Directors and managers to the overall operating performance of the Company, individual performance objective management, and the evaluation score.

#### 4. Linkage to business performance and future risks

The overall operating status of the Company is adopted as the main consideration for the examination of relevant payment standards and systems, and the payment standards are approved based on the achievement rate of performance and level of contributions to improve the overall organization and group functions of the Board, managers, and departments. In addition, we referred to the salary standards within the industry and ensured the salary of our management is competitive within the industry sector to retain outstanding management talents.

The results of the linkage between the Company's operating achievements and the performance and salary of the management positively facilitate the overall performance of the Company, and in turn, maximize shareholders' interest.

Material decisions are made by the management of the Company after considering all risk factors. The performance of relevant decisions is instantly reflected in the profits of the Company and is related to the salary of the management.

## IV. Implementation of Corporate Governance

### (I) Operation of the board meeting

In 2023, the Board of Directors convened 10 Board meetings (A) and the attendance of Directors is as follows:

| Position             | Name   | Actual no. of meetings attended (B) | No. of meetings with entrusted attendance | Actual attendance rate (%) [B/A] | Note                      |
|----------------------|--|-------------------------------------|---|----------------------------------|---------------------------|
| Chairman             | Run Ying Investment Co., Ltd<br>Representative: Cao Yuanbo | 10                                  | 0   | 100%                             | -                         |
| Director             | Zheng Qintian  | 10                                  | 0   | 100%                             | -                         |
| Director             | Run Ying Investment Co., Ltd<br>Representative: Fan Huajun | 10                                  | 0   | 100%                             | -                         |
| Director             | Zheng Xiuhui   | 10                                  | 0   | 100%                             | -                         |
| Independent Director | Hong Xiyao   | 5                                   | 0   | 100%                             | Resigned on June 21, 2023 |
| Independent Director | Li Wencheng  | 10                                  | 0   | 100%                             | -                         |
| Independent Director | Chen Tachun  | 8                                   | 2   | 80%                              | -                         |

Other items to be recorded:

I. If any of the following circumstances occurs in the operation of the board meeting, please indicate the date of the board meeting, the session number, the contents of the motion, the opinions of all independent directors and the company's handling of the opinions of the independent directors:

- (I) Matters listed in the Securities Exchange Act, Article 14-5: Nil.
- (II) In addition to the aforementioned matters, other matters that have not been approved by the Audit Committee and have been approved by more than two-thirds of all directors: Nil.

II. For the situation where a Director avoids a motion related to his/her own interests, please specify the director's names, the contents of the motion, the reasons for the avoidance of interests and the voting results:

- (I) On April 24, 2023, the Board of Directors resolved to lift the non-competition restrictions for directors. The details are as follows: Except for Director Zheng Xiuhui and Independent Director Li Wencheng, who had conflicts of interest and individually recused themselves from discussion and decision on this matter, the remaining attending directors agreed to lift the non-competition restrictions. This resolution was subsequently approved at the shareholders' meeting on June 13, 2023.

| Title of the Candidates | Name of Candidates | Name and Positions in the Concurrent Companies   |
|-------------------------|--------------------|--|
| Director                | Cheng Hsiuhui      | Chairman of Xing-Ri-Sheng Investment Company<br>Chairman of Run-Ying Investment Company<br>Chairman of Feng-Rao Investment Company<br>Director of Minrong Weaving Factory Inc.<br>Director of Hotel Kingdom Inc.<br>Director of Lu Yang Investment Limited |
| Independent Director    | Li Wencheng        | Independent director of Run Long Construction Co., Ltd.  |

- (II) On August 11, 2023, the Board of Directors resolved to appoint members to the Remuneration Committee. Except for Independent Directors Li Wencheng and Chen Tachun, who had conflicts of interest and individually recused themselves from discussion and decision on this matter, the remaining attending directors agreed to the appointments.

- (III) On November 14, 2023, the Board of Directors resolved to establish the Sustainable Development Committee and appoint its members. Except for Chairman Cao Yuanbo and Independent Directors Li Wencheng and Chen Tachun, who had conflicts of interest and individually recused themselves from



- discussion and decision on this matter, the remaining attending directors agreed to the establishment and appointments.
- III. The listed company should disclose the information about the period, duration, range, methods and content of the self (or peer) evaluation of the board of director, and fill the situation of the execution in the following table.
- On December 27, 2019, the Board of Directors approved the establishment of “Procedures for Performance Evaluation of the Board of Directors” by resolution. The Company conducts a self or peer evaluation on the Board of Directors and individual Directors every year (since 2020), and reports the performance evaluation results to the Taiwan Stock Exchange Corporation (before the end of the first quarter in the following year). On March 14, 2024, the performance evaluation results of the Board of Directors, Directors and functional committees for 2022 had been reported to the Board of Directors. The results showed that the Board was “surpassing standard”, proving the effectiveness of the effort put in by the Company in strengthening the functionality of the Board.
- In 2023, all Board members completed more than 6 hours of continuing education annually. On March 14, 2023, the Audit Committee invited a CPA to attend a meeting, during which the Company’s independent Directors, and internal audit supervisors discussed and reviewed the Company’s financial statements.
- IV. The goals for strengthening the board’s function in the current and the previous year (e.g. establishment of an audit committee, promote information transparency), and their implementation.
- (I) Establishment of the Sustainable Development Committee
- On November 14, 2023, the Board of Directors approved the establishment of the Sustainable Development Committee. The committee held two meetings in 2023 and set up functional subgroups, including the Corporate Governance Group, the Corporate Social Responsibility Group, the Environmental Sustainability Group, and the Risk Management Group.
- (II) Strengthening Board Members' Continuing Education
- In 2023, all Board members completed more than 6 hours of annual continuing education, including courses related to corporate governance.
- (III) Revision of Various Regulations to Enhance Corporate Governance and Board Functions
- In 2023, various regulations were revised to strengthen corporate governance and board functions, including the "Regulations Governing Board Meeting," "Corporate Governance Best Practice Principles," "Regulations Governing Financial and Business Operations among Affiliated Enterprises," "Sustainable Development Best Practice Principles," "Standard Operating Procedures for Handling Directors' Requests," "Regulations Governing Risk Management," and "Regulations Governing the Prevention of Insider Trading."

Execution of the performance evaluation of the Board of Directors and functional committees

| Period of Evaluation | Duration of Evaluation                | Range of Evaluation      | Methods of Evaluation                                    | Content of Evaluation   | Result of Evaluation   |
|----------------------|---------------------------------------|--------------------------|--|---|--|
| Every year (Note)    | January 01, 2023 to December 31, 2023 | Board of Directors       | Internal evaluation of the board of directors            | (1) The level of involvement to the operation of the Company.<br>(2) The quality of the decision of the Board of Directors.<br>(3) The formation and construction of the Board of Directors.<br>(4) The election and advanced studies of the directors.<br>(5) Internal control                 | (1) Overall Result: Significantly exceed standards<br>(2) Improvement Item: All Board members completed more than 6 hours of annual continuing education, including courses related to corporate governance.                   |
|                      |                                       | Individual Board members | Self evaluation of the members in the board of directors | (1) The control of the goals and missions of the Company.<br>(2) The recognition of the duty and the participant level to the Company.<br>(3) Internal operation and communication.<br>(4) The specialty and advanced studies of the directors.<br>(5) Internal control                         | (1) Overall Result: Significantly exceed standards<br>(2) Improvement Item: All Board members completed more than 6 hours of annual continuing education, including courses related to corporate governance.                   |
|                      |                                       | Functional committee     | Self evaluation of the member in committee               | (1) The level of involvement to the operation of the Company.<br>(2) The recognition of the duty of functional committee.<br>(3) The quality of the decision of functional committee.<br>(4) The formation of the functional committee and the election of the members.<br>(5) Internal control | (1) Overall Result: Exceed standards<br>(2) On March 14, 2023, the Audit Committee invited a CPA to attend a meeting to discuss and review the financial report with the independent directors and internal audit supervisors. |

Note: On March 14, 2024, the execution of performance evaluation of the Board of Directors and functional committees for 2023 had been reported to the Board of Directors.

(II) The operation of the audit committee

1. The Company's Audit Committee was established on June 13, 2017, to replace the supervisor system. The Audit Committee consists of all Independent Directors. The tenure is 3 years and the committee members are subject to re-election. One of the committee members shall possess accounting or financial expertise. One of the committee members shall be elected as the convener of the committee. The Audit Committee is empowered by its charter to conduct any review or investigation it deems appropriate to fulfill its responsibilities. It has direct communication avenues with the supervisor of the internal audit, the CPAs and all employees of the Company. Its operation is subject to the Audit Committee Charter.
2. The Audit Committee assists the Board of Directors in fulfilling its oversight of the quality



and integrity of the accounting, auditing, reporting, and financial control practices of the Company. The Audit Committee is responsible to review the following major matters: Financial Statements, Internal control systems, Material Assets or derivatives transactions, material lending funds, endorsements or guarantees, matters consist of directors' self-interest, offering or issuance of any equity-type securities, hiring or dismissal of an attesting CPA, or the compensation given thereto, appointment or discharge of financial, accounting, or internal auditing officers and etc.

(1) Review and Check of Financial Statements

Annual business report, financial statements and earning distribution proposals of the Company shall be approved by the Audit Committee, and reviewed and discussed by the Board of Directors. After the approval of the Board of Directors, proposed to the shareholders' meeting.

(2) Evaluate the Effectiveness of Internal Control System

The self-evaluation results of the internal control system were conducted under routine by different unit within the Company annually and checked by the audit committee. The audit committee shall check the internal control system with the result of operation; goal of efficiency achieved; reliability, timeliness, transparency of the report; effective enact and implementation in accordance to laws and regulations; and to reasonably ensure the achievement of the goals.

(3) Appointment and Evaluation of CPAs

The Audit Committee shall conduct assessments of CPA professionalism, independence, and reasonableness of audit fees at the end of each fiscal year. The evaluation results of the services provided by the attesting CPAs in 2023 were reviewed and approved by the Audit Committee and the Board of Directors on March 14, 2024, after considering the Audit Quality Indicators (AQI) information, CPAs Yilien Han and Tim Tzang of KPMG Taiwan were found to meet the Company's standards for independence and competence.

The operation of the audit committee

In 2023, the Audit Committee convened seven (7) meetings (A). The attendance of the Independent Directors is as follows:

| Position   | Name        | Actual no. of meetings attended (B) | No. of meetings with entrusted attendance | Attendance in Person Rate (%) (B / A) | Remarks                   |
|--|-------------|-------------------------------------|---|---------------------------------------|---------------------------|
| Independent Director   | Hong Xiyao  | 3                                   | 0   | 100%                                  | Resigned on June 21, 2023 |
|  | Li Wencheng | 7                                   | 0   | 100%                                  | -                         |
|  | Chen Tachun | 6                                   | 1   | 86%                                   | -                         |
| Other items to be recorded:  |             |                                     |   |                                       |                           |
| I. For audit committee meetings that meet any of the following descriptions, state the meeting date, session, the discussed topics, independent directors' opposing or reserved opinions or content on major recommendation, and how the company has responded to such opinions: |             |                                     |   |                                       |                           |
| (I) Matters listed in the Securities Exchange Act, Article 14-5: Nil.  |             |                                     |   |                                       |                           |
| (II) In addition to the aforementioned matters, other matters that have not been approved by the   |             |                                     |   |                                       |                           |

|   |  |
|---|--|
| Audit Committee and have been approved by more than two-thirds of all directors: Nil. |  |
| II.   | Should a director recuse himself or herself from a decision for which he or she has a conflict of interest, the name of the director, contents of the resolution, reasons for recusal, and the results of the vote should be noted; If an independent director has any conflict of interest regarding issues discussed during the meeting that could result in harm to the company's interests, the said director shall recuse himself or herself. If this prevents the Committee from coming to a decision, then the situation shall be reported to the Board of Directors and the Board of Directors will make the final decision on said resolution: Nil. |
| III.  | Communication between the independent directors and the internal audit supervisors and accountants (shall include the major issues, methods and results of the Company's financial and business conditions).   |
| (I)   | On March 14, 2024, a CPA was invited to attend a meeting with the independent directors and the internal auditing supervisor. They explained and communicated about the auditor's independence, the responsibilities of the auditing personnel in auditing the financial statements, the audit scope, and key audit matters. Additionally, explanations and discussions on significant regulatory updates (details available on the Company's website) were provided. The 2023 financial report was subsequently reviewed and approved by the Audit Committee and the Board of Directors on March 14, 2024.  |
| (II)  | Internal audit supervisor regularly communicate the audit results with Audit Committee and report in the meeting. If there are any special circumstances will also report to the member of Audit Committee immediately, there is no such condition within the year. The communication between Audit Committee and internal audit supervisor works well.  |
| (III)   | The CPAs of the Company report the result of reviewing financial statement and other communication matters requested by laws and regulations in written or in-person. If there is any special conditions, the CPAs will report to the members of the Audit Committee immediately. There is no such conditions within the year. The communication between the audit committee and the CPAs is well.   |

## (III) Corporate Governance Status, Differences with Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies and Reasons

| Evaluation Item   | Implementation Status |    |   | Deviations from “the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies” and Reasons |
|---|-----------------------|----|---|--|
|   | YES                   | NO | Summary description   |  |
| I. Does the company follow the Corporate Governance Best Practice Principles for TWSE/GTSM Listed Companies, and has the company established and disclosed its own Corporate Governance Best Practice Principles? | ✓                     |    | The Company has established the “Corporate Governance Best Practice Principles” by the approval of the Board of Directors on September 23, 2010 and disclosed on the Company website.   | No significant deviation.  |
| II. The Company's shareholding structure and shareholders' equity   |                       |    |   |  |
| (I) Does the company stipulate internal operating procedures to deal with shareholders' suggestions, doubts, disputes and litigation matters, and implement them according to procedures?                         | ✓                     |    | (I) There are service units, spokesman, and a mailbox in the Company. The Company handle the problem, such as advices or conflicts of the shareholders, according to the internal procedures. There are functions of complains, reports, and suggestions on the Company's website. If the problem involves the law, it will be handled by the legal affairs unit. | No significant deviation.  |
| (II) Does the company have a list of the ultimate controllers of the major shareholders and major shareholders of the actual control company?   | ✓                     |    | (II) At present, most of the major shareholders of the Company are owned by the operation team or their relatives. The Company can grasp the list of major shareholders of the actual control company at any time to ensure the stability of the operation rights.  | No significant deviation.  |
| (III) Does the company establish, implement and control the risk control and firewall mechanism between the enterprises?  | ✓                     |    | (III) The management authority of personnel, assets and finance between the Company and its related companies   | No significant deviation.  |

| Evaluation Item   | Implementation Status |    |  | Deviations from “the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies” and Reasons |
|---|-----------------------|----|--|--|
|   | YES                   | NO | Summary description  |  |
| (IV) Does the company stipulate internal regulations and prohibit insiders from using the undisclosed information on the market to buy and sell securities? | ✓                     |    | is clear, and it does handle risk assessment and establish appropriate firewall mechanisms. Business transactions with affiliated enterprises are conducted based on principles of fairness and reasonableness, following the established "Regulations Governing Financial and Business Operations among Affiliated Enterprises" and other relevant internal control management procedures. The price conditions and payment methods are clearly defined for the signing of the contract, and the unconventional trading situation is prohibited and the interest transfer is prohibited. In addition, the competition behavior of directors and managers is submitted to the shareholders' meeting and the Board of Directors to approve the dismissal of competition<br><br>(IV) The Company has established a "Code of Ethical Conduct" and implemented "Regulations Governing the Prevention of Insider Trading" to strictly prohibit insiders from trading securities using non-public information. | No significant deviation.  |
| III. Composition and duties of the Board of Directors<br>(I) Has the board devised and implemented policies and   | ✓                     |    | (I) The Board of Directors shall instruct the  | No significant deviation.  |

| Evaluation Item   | Implementation Status |    |   | Deviations from “the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies” and Reasons |
|---|-----------------------|----|---|--|
|   | YES                   | NO | Summary description   |  |
| concrete management goals to ensure diversity of its members? |                       |    | <p>Company policies and supervise the management. The Board is responsible toward the Company and the Shareholders’ Meeting, with regard to the operation and arrangement of corporate governance systems. The Board shall ensure compliance of regulations and Articles of Incorporation, or exercise its rights in accordance with resolutions passed by Shareholders’ Meeting. The composition of Board members shall incorporate diversification factor. The appropriate diversification policy has been established with regard to the Company's operations, business pattern and development needs. In accordance with the provisions of “Corporate Governance Best Practice Principles”, the Directors shall possess the knowledge, skills and competences for performing their duties. The election of Directors (including Independent Directors) adopts the candidate nomination system (professional knowledge and independence of the Board members). Directors should possess the following abilities:</p> |  |

| Evaluation Item   | Implementation Status |    |  | Deviations from “the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies” and Reasons |
|---|-----------------------|----|--|--|
|   | YES                   | NO | Summary description  |  |
| (II) Does the company voluntarily set up other functional committees in addition to the salary remuneration | ✓                     |    | <p>1. Elementary condition and value: Gender, Ages, Nationality, and cultures, and so on.</p> <p>2. Professional knowledge and techniques: professional background. (such as law, accounting, industry, financial, sell, or technology), professional skills, and other experiences of industry.</p> <p>3. Business management and crisis management capabilities, industry knowledge, international market perspective, leadership qualities and decision making capability.</p> <p>4. For details on the implementation and targets of board diversity and independence among the members of the Company's Board of Directors, please refer to the "Board Diversity and Independence" section in the annual report. The Company's diversity policy is disclosed on the Company website.</p> <p>(II) The Company has established the Remuneration Committee and the Audit</p> | No significant deviation.  |

| Evaluation Item   | Implementation Status |    |   | Deviations from “the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies” and Reasons |
|---|-----------------------|----|---|--|
|   | YES                   | NO | Summary description   |  |
| <p>committee and the audit committee?</p> <p>(III) Does the company stipulate the performance appraisal methods of the board of directors and their assessment methods, and conduct performance evaluations every year and regularly?</p> | ✓                     |    | <p>Committee as required by law. Additionally, the Sustainable Development Committee was established on November 14, 2023.</p> <p>(III) The Company has established a “Board Performance Evaluation Method” by the approval of the Board of Directors on December 27, 2019, and we will have performance assessment executed by the member of the Board of Directors in the first quarter every year. Moreover, the council unit will evaluate by index of the evaluation and it will be the reference of the director’s payment and nominating for the next directors.</p> <p>The items of the self evaluation of the member of the Board of Directors and the audit of performance: Participants to the operation, increasing the quality of the decision of the Board of Directors, the formation and construction of the Board of Directors, the elections and advanced studies of Directors, and internal control. The execution status of the Board of Directors' performance evaluation for 2023 has been disclosed on the Company's website and reported at the Board</p> | No significant deviation.  |

| Evaluation Item   | Implementation Status |    |   | Deviations from “the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies” and Reasons |
|---|-----------------------|----|---|--|
|   | YES                   | NO | Summary description   |  |
| (IV) Does the company regularly assess the independence of the visa accountant?   | ✓                     |    | meeting on March 14, 2024.<br>(IV) The Directors of the Company regularly assess the independence of the independent auditors, and present the consequence to the Board of Directors to consult. The service review content of the CPAs for 2023 includes obtaining AQIs from the CPA's firm, and the evaluation results were ratified by the Board of Directors and Audit Committee on March 14, 2024. Han Yilien and Tim Tzang, CPAs of KPMG, are found to be compliant with the independence and competence standard of the Company and thereby qualified to be the CPAs hereto. | No significant deviation.  |
| IV. Whether the listing company has set up a corporate governance special (part-time) unit or personnel responsible for corporate governance related matters (including but not limited to providing information required by directors and supervisors to conduct business, and handling matters related to meetings of the board of directors and shareholders meeting in accordance with the law, handling company registration and change registration, making board of directors and shareholders meeting, etc.)? | ✓                     |    | The Company set the position of Operation Supervisor with the approval of the Board of Directors on March 19, 2019, to make corporate governance in practice and improve the efficiency of the Board of Directors. The Board of Directors approved Manager Chang Mingwen to concurrently hold the position as the Operation Supervisor of the Company on November 14, 2022 to be in charge of the matters related to corporate governance. Operation Supervisor Chang Mingwen has experience as head for  | No significant deviation.  |

| Evaluation Item  | Implementation Status |    |   | Deviations from “the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies” and Reasons |
|--|-----------------------|----|---|--|
|  | YES                   | NO | Summary description   |  |
|  |                       |    | <p>more than three years of financial affairs and corporate governance in public companies.</p> <p>The power of corporate governance at least includes holding and preparing agendas for Board of Directors’ meeting and Shareholders’ Meeting; assisting the appointment of Directors and continuous advance studies; providing necessary documents for Directors to executing their business; assisting director to compliance with the laws, regulations and other matters related to Articles of Incorporation and contracts, and etc.</p> <p>To establish sound corporate governance within our company, we have established the "Standard Operating Procedures for Handling Directors' Requests." 2023 operation summary of the head of corporate governance: Taking charge of matters pertaining to the Board of Directors and Shareholders’ Meetings in accordance with the law and regulations, preparing the corresponding meeting minutes, assisting in the continuing education of Directors, providing information to Directors in performance of duties, assisting Directors in legal compliance and conformity to Articles of Incorporation.</p> |  |
| V. Does the company establish communication channels with interested parties | ✓                     |    | The Company has a spokesperson and an acting spokesperson and smooth  | No significant deviation.  |

| Evaluation Item   | Implementation Status |    |   | Deviations from “the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies” and Reasons |
|---|-----------------------|----|---|--|
|   | YES                   | NO | Summary description   |  |
| (including but not limited to shareholders, employees, customers and suppliers), set up stakeholder areas on the company's website, and respond appropriately to important corporate societies of concern to stakeholders, and responsibility issues?   |                       |    | communication channels with stakeholders and has set up a stakeholder section on the Company's website to set out the contact information of dedicated personnel based on shareholders, customers, suppliers, employees, government, media, society/community, and other targets, including landlords, contactors, banks with dealings, and employees of the Company. Stakeholders may communicate and negotiate with the exclusive department. |  |
| VI. Does the company appoint a professional stock agency to handle the affairs of the shareholders' meeting?  | ✓                     |    | The Company has appointed agency department of Capital Securities Corporation to handle the affairs of the shareholders' meeting.   | No significant deviation.  |
| VII. Information disclosure<br>(I) Has the company set up a website to disclose financial and corporate governance information?   | ✓                     |    | (I) The Company has set up the website, collects and disclosed the executing information by the responsible departments. ( <a href="http://www.highwealth.com.tw">http://www.highwealth.com.tw</a> ).   | No significant deviation.  |
| (II) Does the company adopt other information disclosure methods (such as setting up an English website, appointing a dedicated person responsible for the collection and disclosure of company information, implementing the spokesman system, and posting the company's corporate briefing process on the website, etc.)? | ✓                     |    | (II) The Company's corporate website primarily features a Chinese version, managed by relevant departments responsible for collecting and disclosing company information. We also enforce a spokesperson system. Information related to investor conferences adheres to legal requirements for announcement, and relevant financial business information is   | No significant deviation.  |

| Evaluation Item  | Implementation Status |    |   | Deviations from “the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies” and Reasons |
|--|-----------------------|----|---|--|
|  | YES                   | NO | Summary description   |  |
| (III) Does the Company announce 2 months after the end of the accounting year, declare the financial report, and announce previously and declare the financial report of the first, second, and the third quarter and the monthly operational situation before the date-line?  |                       | ✓  | available on the Company's website.<br>(III) Within statutory deadlines, the Company announces and files quarterly and annual financial reports, as well as monthly operational updates. Going forward, we will continue to assess operational conditions and aim to announce and file annual financial reports within two months after the end of the fiscal year.   | No significant deviation.  |
| VIII. Does the Company have any other important information (including but not limited to employees' rights, employee care, investor relations, supplier relationship, rights and interests of interested parties, training for directors and supervisors, implementation of risk management policies and risk measurement standards, implementation of customer policies, the Company's purchase of liability insurance for directors and supervisors, etc.)? | ✓                     |    | (I) Employee's rights and interests: the Company adheres to the principle of people foremost and values employees as an important asset of the Company. It has established a complete set of management systems regarding employees' working environment, education and training, so as to integrate the employees' personal interests and the Company's interests under the preconditions of employees' assurance and safety, hoping that employees can make contributions to creating benefits for the Company wholeheartedly. To support the post-retirement lives of employees, the Company has allocated individual salaries to retirement accounts in accordance with the retirement system regulations set | No significant deviation.  |

| Evaluation Item | Implementation Status |    |  | Deviations from “the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies” and Reasons |
|-----------------|-----------------------|----|--|--|
|                 | YES                   | NO | Summary description  |  |
|                 |                       |    | <p>forth by the Bureau of Labor Insurance .<br/>           Additionally, The Company has established an Employee Welfare Committee to safeguard employees' rights. Furthermore, on April 6, 2022, The Company approved the "Human Rights Policy and Workplace Code of Conduct" to uphold employees' rights and promote sustainable development. Throughout 2023, various courses were conducted, including "Work Stress and Workplace Violence Prevention Management" and "Gender Mainstreaming: Gender Equality and Diversity, Gender Discrimination," aiming to enhance human rights and reinforce employee rights.</p> <p>(II) Employee Care: The Company prioritizes the safety and health of its employees, offering health care and support services. Employees are entitled to annual health check-ups, employee massage services, and workplace medical services.</p> <p>(III) Investor Relations: The Company adheres to the spirit of excellence, technology, integrity and quality, and operates in a proper manner, so as to</p> |  |

| Evaluation Item | Implementation Status |    |   | Deviations from “the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies” and Reasons |
|-----------------|-----------------------|----|---|--|
|                 | YES                   | NO | Summary description   |  |
|                 |                       |    | <p>maximize interests for the investors and increase the return rate of shareholders' equity. The Company's website has a special area for investors, which provides sufficient information for investors' reference.</p> <p>(IV) Supplier relationship: The Company keeps good relations with suppliers and ensures stable contract implantation.</p> <p>(V) Rights and interests of interested parties: The Company has set “The stakeholder Zone” to handle problems and suggestion of the stakeholders, and they can have response efficiently to maintain the legal right they deserve.</p> <p>(VI) Training for the directors and supervisors: The Company has communicated with the Directors (including the Independent Directors) and encouraged them to participate in continuing education to perform their duties.</p> <p>(VII) Implementation of risk management policies and risk measurement standards: The Company's major operation policies, investments, endorsements and guarantees, loans and bank financing are subject to the assessment</p> |  |

| Evaluation Item  | Implementation Status |    |   | Deviations from “the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies” and Reasons |
|--|-----------------------|----|---|--|
|  | YES                   | NO | Summary description   |  |
|  |                       |    | <p>of appropriate authorities and the approval of the Board of Directors. The Audit Department also draws up its annual audit plan in accordance with the risk assessment results to implement the monitoring mechanism and risk management.</p> <p>(VIII)Implementation of customer policy: To provide consumers with real-time product consulting services, the Company set up a customer service hotline and a customer service email address to communicate with customers and safeguard their interests.</p> <p>(IX)Liability insurance purchased for Directors and Supervisors: The Company has purchased the “director liability insurance” of US\$5 million from Cathay Century Insurance. The insured period was between June 30, 2023 and June 30, 2024 and the purchase had been reported to the Board of Directors on May 11, 2023.</p> |  |
| <p>IX. Please state the improvements made to the items in the corporate governance evaluation results issued by the Corporate Governance Center of the Taiwan Stock Exchange Co., Ltd., and indicate the enhancement and improvement measures for the items not yet improved (not applicable if not included as a company to be evaluated).</p> <p>The Company has completed the corporate governance self-assessment report for 2023. For indicators that have not met targets, the Company have established improvement goals and duration to promote measures for corporate governance, in hopes of improving the scoring of corporate governance.</p> <p>(I) Items improved:</p> <ol style="list-style-type: none"> <li>1.The Company has disclosed its greenhouse gas emissions and water usage for the past two years.</li> <li>2.The Company has engaged external 3rd party entities to verify the information on greenhouse</li> </ol> |                       |    |   |  |

| Evaluation Item  | Implementation Status |    |                     | Deviations from “the Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies” and Reasons |
|--|-----------------------|----|---------------------|--|
|  | YES                   | NO | Summary description |  |
| <div>gas inventories.</div> <div>(II) Priority to enhance according to items that have not been improved:<div>1.The Company will evaluate disclosing the interim financial report in English within two months after the Chinese version's reporting deadline.</div><div>2.The Company will assess investing its funds in sustainable financial instruments that contribute to green initiatives or socially beneficial investment projects with substantial benefits.</div></div> |                       |    |                     |  |

Note 1: The important assessment index of the independency and qualification of the Certified Public Accountants in 2023 as follows:

Highwealth Construction Corporation  
Assessment Form of the Independency and Qualification of the Certified Public Accountants in 2023

I. Assessment description: According to Article 29 of “Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies”, listed companies should choose the certified public accountants with specialty, responsibility, and independency. The Company should assess the independency of certified public accountants employed regularly (at least one time a year).

II. Assessment target:

|                     |   |                          |             |
|---------------------|---|--------------------------|-------------|
| Name of Accountant: | Accountant Han Yilien<br>Accountant Tim Tzang | Name of Accounting firm: | KPMG Taiwan |
|---------------------|---|--------------------------|-------------|

© Content of assessment: Established in accordance with Certified Public Accountant Act, Article 47 and the Norm of Professional Ethics for Certified Public Accountant 10.

| Item | Assessment Index  | Assessment complies with independency |    |
|------|---|---------------------------------------|----|
|      |   | YES                                   | NO |
| 1    | As of the latest certification, there is no such case as non-replacement for seven years.   | ✓                                     |    |
| 2    | No relationship of stakeholder about property with clients.   | ✓                                     |    |
| 3    | Avoid inappropriate relationship with clients.  | ✓                                     |    |
| 4    | Accountants should have their assistants honest, justice, and independent.  | ✓                                     |    |
| 5    | Do not audit the financial report of the service that accountant serve within two years.  | ✓                                     |    |
| 6    | The accountant nominal can not be used by others.   | ✓                                     |    |
| 7    | Do not have shares of the Company and its related business.   | ✓                                     |    |
| 8    | Do not have affair of money lending with the Company and its related business.  | ✓                                     |    |
| 9    | Do not have relationship of joint investment or shared interest with the Company and its related business.  | ✓                                     |    |
| 10   | Do not have part-time jobs in the Company and its related business.   | ✓                                     |    |
| 11   | Do not involve with the competency of decision in the Company and its related business.   | ✓                                     |    |
| 12   | Do not have other business that could lose their independency.  | ✓                                     |    |
| 13   | Do not have relationship within couple, lineal relative, lineal relative by marriage, or second-degree relatives with the management officers in the Company. | ✓                                     |    |

|    |  |   |  |
|----|--|---|--|
| 14 | Do not receive any commissions related to the business.                          | ✓ |  |
| 15 | So far, do not have punishment and affairs damage the principle of independency. | ✓ |  |

◎ AQI evaluation: The CPAs and the audit team possess sufficient audit experiences.

◎ Performance and plans of works

1. Completed the financial and taxation attestation for 2023 as scheduled.
2. Provided financial and taxation assurance services from time to time.

◎ Result of assessment

After the assessment, CPAs appointed by the Company do not have any circumstances described in the independence evaluation items above. We confirmed that the CPAs comply with the rules of independence; the CPAs and the audit team possess sufficient audit experience, and the financial reports issued by them are reliable.

(IV) If the company has a remuneration committee, please disclose its composition, duties, and operation:

1. Remuneration Committee Member Information

April 15, 2024

| Identity  | Name        | Criterion   |  | No. of other listed companies working as remuneration committee member of |
|---|-------------|---|--|---|
|   |             | Professional qualification and experience   | Independence Criteria  |   |
| 1. Independent Director<br>2. Convener<br>3. Work experience of more than six (6) years | Li Wencheng | 1. Central Police University<br>2. Division-Chief Judge, Taiwan High Court<br>President of Hualien Local Court<br>President of Taitung Local Court<br>President of Penghu Local Court | 1. Myself, my spouse, and my relatives within the second degree do not serve as directors, supervisors, or employees of the company, related companies, or companies with specific related relationships.<br>2. Myself, my spouse, and my second-degree relatives do not hold any shares in the company.<br>3. Hold the position as an independent director of Run-Long Construction Inc.<br>4. In the most recent two years, no services in commercial, law, finance, or accounting has been provided to the Company or its affiliated companies. | 1   |

|  |                  |  |   |   |
|--|------------------|--|---|---|
| 1. Independent Director  | Chen Tachun      | <ol style="list-style-type: none"> <li>1. Master's Degree in Political Sciences, Chinese Culture University</li> <li>2. Associate Professor of National Taichung University of Science and Technology</li> </ol> | <ol style="list-style-type: none"> <li>1. Myself, my spouse, and my relatives within the second degree do not serve as directors, supervisors, or employees of the company, related companies, or companies with specific related relationships.</li> <li>2. The Director, the Director's spouse, or relative(s) within the second degree of kinship owns 26,623 shares of the Company (0.0014%).</li> <li>3. In the most recent two years, no services in commercial, law, finance, or accounting has been provided to the Company or its affiliated companies.</li> </ol>                         | 0 |
| <ol style="list-style-type: none"> <li>1. Others</li> <li>2. Work experience of more than six (6) years</li> </ol> | Cai Chi-<br>chan | <ol style="list-style-type: none"> <li>1. Managing director of Hong Li Law Firm</li> <li>2. Independent conciliator of Labor Affairs Bureau of Taichung City Government</li> </ol>                               | <ol style="list-style-type: none"> <li>1. The Director, the Director's spouse, or relative(s) within the second degree of kinship has not assumed positions as a Director, Supervisor or employee of the Company or its affiliated companies, or owned any shares of the Company.</li> <li>2. Has not assumed positions as a Director, Supervisor or employee of company(ies) in specified relationship with the Company.</li> <li>3. In the most recent two years, no services in commercial, law, finance, or accounting has been provided to the Company or its affiliated companies.</li> </ol> | 1 |

## 2. Remuneration Committee Operation Status

- (1) The Remuneration Committee of the Company was established by the approval of the Board of Directors on December 19, 2011.
- (2) The Remuneration Committee comprises three members. The current term started on June 13, 2023 and ends on June 12, 2026.

For 2023, the Remuneration Committee convened three (3) meetings (A), and the member attendance is as follows:

| Position                            | Name         | Actual no. of meetings attended (B) | No. of meetings with entrusted attendance | Attendance in Person Rate (%)<br>【 B / A 】 | Remarks   |
|-------------------------------------|--------------|-------------------------------------|---|--|---|
| Convener<br>(Independent Directors) | Li Wencheng  | 3                                   | 0   | 100%                                       | 1. Director Hong Xiyao stepped down after completing his term on June 12, 2023. |
| Member<br>(Independent Directors)   | Chen Tachun  | 2                                   | 0   | 100%                                       |   |
| Member                              | Cai Chi-chan | 3                                   | 0   | 100%                                       |   |
| Member<br>(Independent Directors)   | Hong Xiyao   | 1                                   | 0   | 100%                                       | 2. Director Chen Tachun was newly appointed on August 11, 2023.                 |

Other items to be recorded:

- I. If the Board of Directors did not adopt or amend the suggestion of the remuneration committee, please indicate the date and session number of the board meeting, the contents of the motion, the result of the resolution and the Company's handling of the suggestion of the remuneration committee (if the remuneration passed by the board is better than the suggestion of the remuneration committee, please state the difference and the reasons): Not such situation.
- II. If any member had objections or reservations about the resolution of the remuneration committee and there is a record or a written statement, please indicate the date and session number of the remuneration committee meeting, the contents of the motion, all the opinions of the members and how the opinions were handled: Not such situation.

(V) Implementation of sustainable development, and deviation and causes of deviation from the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies

| Item of promotion   | Execution |    |  | Deviation and causes of deviation from the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies |
|---|-----------|----|--|--|
|   | YES       | NO | Summary description  |  |
| I. Does the company promote sustainable development governance framework and have a unit that specializes (or is involved) in sustainable development? Is the sustainable development unit run by senior management authorized by the board of directors? How is the supervisory status of the board? | ✓         |    | <p>(I) By upholding integrity principle and sustainable development, as well as the materiality principle, as the core values of corporate governance, on August 1, 2017, the Board of Directors established and implemented the Corporate Social Responsibility (CSR) Best Practice Principles by resolution. On March 15, 2022, the CSR Best Practice Principles were amended to Sustainable Development Best Practice Principles to provide for CSR and the governance framework of sustainable development promotion.</p> <p>(II) The Board of Directors established the Sustainable Development Committee on November 14, 2023, comprising Chairman Cao Yuanbo, Independent Director Li Wencheng, and Independent Director Chen Tachun. Various functional subgroups were formed, including the Corporate Governance Group, Corporate Social Responsibility Group, Environmental Sustainability Group, and Risk Management Group. The committee is responsible for promoting ESG practices and planning, with communication and coordination facilitated by the Administration Department. The committee reports its activities to the Board of Directors at least once a year. In 2023, the Sustainable Development Committee convened a total of 2 meetings, during which it reported on the progress of sustainability initiatives, the 2022 Sustainability Report, stakeholder communication,</p> | No significant deviation.  |

| Item of promotion | Execution |    |  | Deviation and causes of deviation from the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies |
|-------------------|-----------|----|--|--|
|                   | YES       | NO | Summary description  |  |
|                   |           |    | <p>information security risk management, greenhouse gas inventories, and the implementation of the Intellectual Property Management Plan linked to operational goals. The committee also endorsed initiatives to reduce greenhouse gas emissions, aiming for a yearly reduction of 1% in total greenhouse gas emissions. The Board of Directors is responsible for overseeing sustainable development initiatives. The Sustainable Development Committee held a total of 2 meetings in 2023, and the progress of various sustainable development initiatives, as well as the Sustainability Report, were reported to the Board of Directors during the meeting on December 26, 2023. The duties of the Sustainable Development Committee are as follows:</p> <ul style="list-style-type: none"> <li>· Deliberation on sustainable development policies.</li> <li>· Deliberation on the planning and implementation of sustainable development strategies.</li> <li>· Supervision, review, and tracking of the implementation and effectiveness of sustainable development strategy planning and execution.</li> <li>· Addressing other material issues of concern to stakeholders, including investors, customers, suppliers, employees, government agencies, society, and media.</li> <li>· Handling other matters assigned by the Board of Directors.</li> </ul> <p>Decisions made by the committee are executed by relevant functional subgroups, such as</p> |  |

| Item of promotion   | Execution |    |   | Deviation and causes of deviation from the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies |
|---|-----------|----|---|--|
|   | YES       | NO | Summary description   |  |
|   |           |    | <p>those responsible for sustainable development promotion.</p> <p>(III)The Company fulfills its corporate social responsibility and upholds the principles of sustainable development by disclosing risk assessments related to environmental, social, and corporate governance issues in its Sustainability Report and on its website. The Board of Directors uses the results of reviews on various aspects of the Company's operations as a basis for subsequent evaluation and improvement. The Company will continue to practice relevant corporate responsibilities and sustainable development and strengthen the formulation of relevant management strategies to achieve its vision of promoting sustainable development.</p>                                     |  |
| II. Has the company conducted risk assessment on environmental, social, and corporate governance issues that are relevant to its operations, and implemented risk management policies or strategies based on materiality principle? | ✓         |    | <p>The Company has established the Sustainable Development Best Practice Principles, as resolved by the Board of Directors. Annually, risk assessments are conducted based on materiality principles, encompassing all subsidiaries listed in the consolidated financial statements. Below are explanations of risk strategies concerning environmental, social, and corporate governance issues:</p> <p>(I) Environmental Risks (Climate Change Risks):</p> <p>Prior to land acquisition, the Company conducts preliminary assessments of risks such as typhoons and flooding in the region. Additionally, we implement a heat hazard prevention plan for operational personnel to mitigate the risks posed by climate change and reduce the financial losses incurred</p> | No significant deviation.  |

| Item of promotion | Execution |    |  | Deviation and causes of deviation from the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies |
|-------------------|-----------|----|--|--|
|                   | YES       | NO | Summary description  |  |
|                   |           |    | <p>by the Company due to climatic factors.</p> <p>(II) Social Risks:</p> <ol style="list-style-type: none"> <li>1. Occupational Safety:<br/>The Company arranges annual health check-ups for employees and conducts daily pre-construction inspections and training for site personnel. During construction, inspection personnel carry out regular patrols, and after construction, equipment power-off checks are performed. Every site worker, including contractors, completes employee safety and health education.</li> <li>2. Product Safety:<br/>Construction is carried out in accordance with relevant building regulations.</li> </ol> <p>(III) Corporate Governance:</p> <ol style="list-style-type: none"> <li>1. Strengthening Board Functions:<br/>Enhance the functions of the Board of Directors through director training courses and board diversity policies.</li> <li>2. Stakeholder Engagement:<br/>To avoid misunderstandings and mitigate operational or litigation risks due to differing positions between stakeholders and the Company, the Company annually analyzes key stakeholders and their respective issues of concern, and establishes appropriate communication channels.</li> </ol> <p>The Company's operational risk reports were presented and explained at the Sustainability Development Committee and the Board meetings on December 26, 2023.</p> |  |

| Item of promotion  | Execution |    |  | Deviation and causes of deviation from the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies |
|--|-----------|----|--|--|
|  | YES       | NO | Summary description  |  |
| <p>III. Environmental Issue</p> <p>(I) Does the company set up an appropriate environmental management system, according to the feature of the industry?</p>   | ✓         |    | <p>(I) The Company pays close attention to environmental protection, which is an important global issue nowadays. The Company recognizes the importance of environmental protection, resource preservation and global warming issues, and therefore implements energy, electricity and water conservation measures in its operation. The waste treatment of various construction sites is commissioned to professional and lawful companies providing disposal services to undertake waste recycling and treatment for the benefit of environmental protection. In terms of product design, the Company formulates planning for green building projects in accordance with 2023 Green Building Evaluation Manuals published by the Ministry of the Interior (MOI). Upon using quantification standard to examine green buildings, the Company has managed to applied for Green Building Label successfully (for details, please the ESG Report).</p> | No significant deviation.  |
| <p>(II) Is the company committed to enhancing efficient use of energy resources, and using reusable materials that produce less impact on the environment?</p> | ✓         |    | <p>(II) Office:<br/> Implement paper re-use and retain cabinets, glasses, curtains, doors and windows when moving to the new office.<br/> Use energy conserving LED lighting and equipment with water conservation certification. Switch off lighting not in use frequently, set air conditioning to 27 degree Celsius and other energy conservation measures<br/> Engage in regular exercise.<br/> Additionally, besides continuing to promote the use of the reverse side</p>  | No significant deviation.  |

| Item of promotion   | Execution |    |   | Deviation and causes of deviation from the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies |
|---|-----------|----|---|--|
|   | YES       | NO | Summary description   |  |
|   |           |    | <p>of paper, the Company is reducing paper usage by implementing digital form processes.</p> <p>Product design:<br/>The Company formulates planning for green building projects in accordance with the 2023 Green Building Evaluation Manuals published by the Ministry of the Interior (MOI). Upon using quantification standards to examine green buildings, the Company has managed to apply for Green Building Label successfully (for details, please refer to the ESG Report).</p> <p>For construction methods, the Company adopts aluminum formwork that can be reused up to 300 times, significantly reducing the</p> |  |
|   |           |    | <p>use of traditional wooden formwork and minimizing the need for construction adjustments.</p> <p>Construction wastewater is discharged into government-designated drainage channels after undergoing primary and secondary sedimentation treatments.</p> <p>Additionally, by controlling construction schedules to reduce</p>   |  |
| (III) Does the company assess potential risks and opportunities associated with climate change, and undertake measures in response to climate | ✓         |    | <p>material wastage, selecting appropriate recycled materials, and separating construction waste from general household garbage, the Company implements effective waste sorting and recycling (for more details, refer to the Company's ESG Report).</p> <p>(III) For potential current and future risks to the Company due to climate change, please refer to the "Implementation of Climate-Related Information" section of this Report. The opportunities and response</p>   |  |

| Item of promotion | Execution |    |  | Deviation and causes of deviation from the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies |
|-------------------|-----------|----|--|--|
|                   | YES       | NO | Summary description  |  |
| issues?           |           |    | <p>strategies are as follows:</p> <ol style="list-style-type: none"> <li>1. Improve Water Resource Efficiency:<br/>Implement water-saving measures and enhance water resource efficiency to reduce production costs and mitigate the impact and costs during water shortages.</li> <li>2. Establish Risk Management Procedures:<br/>Develop and implement risk management procedures, periodically reviewing their applicability to address various risk aspects.</li> <li>3. Obtain Public Sector Incentives and Carbon Emission Reduction Collaborations:<br/>Obtain public sector incentives and collaborate on carbon emission reductions to mitigate future potential carbon taxes or fees and achieve net-zero emissions.</li> <li>4. Utilize Renewable Energy:<br/>Install proprietary renewable energy generation equipment to reduce greenhouse gases, mitigate risks of external power shortages, and avoid future potential carbon taxes or fees.</li> <li>5. Enhance Energy Efficiency:<br/>During operations, the Company procures the latest energy-saving equipment (e.g., variable frequency air conditioners) and constructs more efficient systems (e.g., energy monitoring systems) to enhance energy efficiency and save operational costs.</li> <li>6. Increase Supply Chain Stability:<br/>Identify climate risks, regularly audit, and assist high-risk suppliers to ensure effective risk</li> </ol> |  |

| Item of promotion  | Execution |    |  | Deviation and causes of deviation from the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies |
|--|-----------|----|--|--|
|  | YES       | NO | Summary description  |  |
| (IV) Does the company maintain statistics on greenhouse gas emission, water usage, and total waste volume in the last two years, and implement policies aimed at reducing energy, carbon, greenhouse gas, water and waste? | ✓         |    | <p>control. This reduces the risk of supply chain disruptions due to climate changes and enhances supply chain stability, ensuring timely deliveries.</p> <p>7. Local Procurement:<br/>Actively develop local suppliers to implement local procurement, reducing management and operational costs, minimizing indirect greenhouse gas emissions from transportation, and creating local employment opportunities and economic prosperity, thus improving the Company's positive image.</p> <p>8. Developing Green Innovative Services/Products:<br/>In response to shifting consumer preferences, the Company is introducing environmentally friendly products such as those made with green building materials. The operational sites can procure the latest energy-saving equipment for lighting to achieve energy conservation and environmental protection goals. Furthermore, the Company updates and replaces equipment in its plants, reducing emissions and cost expenses, thereby enhancing operational performance.</p> <p>(IV) The Company is dedicated to the measures of energy saving and carbon reduction. Taking the effect of climate change into consideration, the Company has promoted a paperless system, lights out during lunch time, adjusting the temperature of indoor air conditioning flexibly, and regular maintenance of air conditioning.</p> |  |

| Item of promotion  | Execution |    |  | Deviation and causes of deviation from the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies |
|--|-----------|----|--|--|
|  | YES       | NO | Summary description  |  |
|  |           |    | <p>The Company will disclose the emission of greenhouse gas, water consumption, and the amount of waste in the Sustainability Report. The Company will keep promoting the policy of energy-saving, and take lowering the emission of carbon by 1% from last year as a goal to reach the goal of greenhouse gas reduction and sustainable development.</p> <p>For detailed explanations and policies regarding greenhouse gas emissions, water usage, and waste management, please refer to the Company's ESG Report and website, as well as the "Implementation of Climate-Related Information" section of this annual report.</p>   |  |
| IV. Social Issues<br>(I) Has the company formulated relevant management policies and procedures in accordance with relevant laws and regulations and international human rights conventions? | ✓         |    | (I) The Company has established "Human Rights Policy and Workplace Code of Conduct" to protect employee rights and interests, promote sustainability development, fulfil its CSR, ensure the basic human rights of all employees, and support and conform to international human rights standards and principles, e.g. Universal Declaration of Human Rights, as well as closely observing Taiwan labor laws so as to forestall any violation of human rights. The Company's human rights policy applied to all of the unit within the Company, treating employees, customers, suppliers and others with dignity, and provide sufficient educational training to the following content to improve and adjust the management related to the human right issue continuously. | No significant deviation.  |

| Item of promotion   | Execution |    |  | Deviation and causes of deviation from the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies |
|---|-----------|----|--|--|
|   | YES       | NO | Summary description  |  |
| (II) Does the company set up and practice the measures of employees' welfare (including payment, vacation, and others), and adjust the payment according to the performance of the operation? | ✓         |    | <p>The Company focus on the following human right issues: Forbidding From the Use of Child Laborers, Forbidding Forced or Compulsory Labor, Freedom of Religious beliefs, Freedom of association, Against discrimination, bullying and harassment and providing safety, hygiene and healthy working environment.</p> <p>(II) The Company has a reasonable measure of employees' welfare. The policy of payment, vacation, and other welfares are formulated in the policy, and the payment will be adjusted as a reward due to the performance of operations. The Company has established an employee complaint mechanism and pipeline, and properly handled relevant appeal cases.</p> <p>The Company has stated in the Article 29 of the Articles of Incorporation that the remuneration of employees shall be no less than 0.1% of the profit before tax. The Company shares its achievements with employees in accordance with the business performance. The appropriation ratio for the remuneration of employees was 0.8% in 2022 and 0.14% in 2023.</p> | No significant deviation.  |
| (III) Whether the company offers both safe and healthy working environment for its employees, and put into practice of safety and health education on a regular basis or not?                 | ✓         |    | <p>(III) The Company has established a "Human Rights Policy and Workplace Code of Conduct," emphasizing the safety and health of employees. Our offices are equipped with central air conditioning, adequate lighting, comfortable workspaces, emergency escape routes and exits, regularly maintained elevator systems, fire safety equipment, regular disinfection and cleaning of</p>   | No significant deviation.  |

| Item of promotion  | Execution |    |   | Deviation and causes of deviation from the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies |
|--|-----------|----|---|--|
|  | YES       | NO | Summary description   |  |
| (IV) Whether an effective career development training project is available for employees or not?   | ✓         |    | <p>the work environment, water quality testing, and access control measures. The Company arranges annual health check-ups for employees and conducts daily pre-construction inspections and training for site personnel. During construction, inspection personnel carry out regular patrols, and after construction, equipment power-off checks are performed. Every site worker, including contractors, completes employee safety and health education, and all relevant labor safety and health regulations are sent to employees' email inboxes.</p> <p>On August 9, 2023, the Company held a course on "Work Stress and Workplace Violence Prevention Management," and on October 18, 2023, it held a course on "Gender Mainstreaming: Gender Equality and Diversity, Gender Discrimination."</p> <p>(IV) Relevant internal and external professional education and training are offered to fulfill career skills of employees. Employees are also encouraged to assess their own interests, skills, values, and goals; and communicate with managers regarding personal intentions and career plans for the future.</p> | No significant deviation.  |
| (V) Whether the health and security of the customers, privacy of the clients, and marketing and indication are following the rules, and related consumer and customer protection policies and grievance procedures are available by the company? | ✓         |    | <p>(V) The Company abides by relevant laws and international standards regarding its marketing and labeling of products and services. Nothing on cheating, misleading, fraudulence or any other acts that undermine consumer confidence and consumer right damages.</p>   | No significant deviation.  |

| Item of promotion  | Execution |    |  | Deviation and causes of deviation from the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies |
|--|-----------|----|--|--|
|  | YES       | NO | Summary description  |  |
| (VI)Has the company implemented a supplier management policy that regulates suppliers' conducts with respect to environmental protection, occupational safety and health, or work rights/human rights issues, and tracked suppliers' performance on a regular basis? | ✓         |    | (VI)The Company has established comprehensive management measures for subcontractors. New suppliers undergo a preliminary review process, and only those who pass this review, which includes assessments of supply capability, scale, industry reputation, and financial credit, are eligible for transactions. Additionally, the Company conducts evaluations of suppliers at least once a year. These evaluations consider factors such as product delivery time, quality, cooperation/service level, and pricing. Suppliers are also required to comply with regulations regarding safety, health, environmental protection, and human rights, fostering a collaborative effort towards enhancing corporate social responsibility and building sustainable partnerships.<br>Supplier Evaluation: By the end of 2023, procurement units completed the subcontractor evaluation report. Based on a comprehensive assessment of supplier self-evaluations and evaluations by relevant procurement departments, all suppliers were rated as A-grade qualified suppliers.<br>Contractor Management Policy: To ensure that contractors adhere to environmental, health, and safety regulations, and to minimize potential hazards to the public, contractors, on-site personnel, and the environment, the Company mandates that contractors comply with labor safety and health regulations during the construction period in all engineering contracts. | No significant deviation.  |

| Item of promotion | Execution |    |  | Deviation and causes of deviation from the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies |
|-------------------|-----------|----|--|--|
|                   | YES       | NO | Summary description  |  |
|                   |           |    | <p>Evaluations cover engineering quality, progress, responsibility, coordination and cooperation, crew scheduling, compliance, and financial stability.</p> <p>Contractor Evaluation: After the completion and acceptance of a project, the Engineering Department fills out relevant supplier evaluation forms and collaborates with related departments to evaluate contractors. Suppliers are required to comply with regulations on occupational safety, health, environmental protection, and human rights, striving together to enhance corporate social responsibility and establish sustainable development partnerships.</p> <p>Before contractors commence work on a project, they must complete a minimum of 6 hours of "Occupational Safety and Health Education and Training." If any contractor personnel are found not to comply, the Company immediately assists them in completing the required training before they can proceed with the project. Additionally, a pre-construction briefing and training meeting is held daily to cover safety and health precautions for the day's tasks. Personnel are assigned to inspect construction activities daily to prevent violations of occupational safety and health regulations.</p> <p>In 2023, the Company oversaw a total of 35 construction projects, all of which complied with the aforementioned requirements.</p> <p>In 2023, the Company oversaw a</p> |  |

| Item of promotion  | Execution |    |  | Deviation and causes of deviation from the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies |
|--|-----------|----|--|--|
|  | YES       | NO | Summary description  |  |
|  |           |    | total of 35 construction projects, with 12,775 pre-construction meetings held across all projects.   |  |
| V. Does the company prepare sustainable development report or any report of non-financial information based on international reporting standards or guidelines? Has the assurance or guarantee opinion been obtained from a third-party verification institution for the abovementioned report?  | ✓         |    | The information of the Company's Sustainability Report discloses non-financial information with reference to the general international preparation standards or guidelines. The preparation of the Sustainability Report prepared will improve the reliability of the information on stakeholders, and we will obtain the assurance from a third-party verification institution - Ernst & Young. | No significant deviation.  |
| <p>VI. If the company has established sustainable development principles in accordance with "Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies," please describe its current practices and any deviations from the Best Practice Principles:<br/> The Company has established the Sustainable Development Best Practice Principles and designated the Administration Department as the concurrent unit taking charge. The Department of Planning shall assist in preparing the Sustainability Development Report. On November 14, 2023, we formed the Sustainable Development Committee, which consists of various functional groups responsible for promoting ESG practices, conducting assessments, and planning within their respective areas of authority. This committee facilitates communication and integration of relevant issues across departments, enabling the Company to comprehensively review current performance and plan for the future. Overall, no significant deviation.</p> <p>VII. Other information useful to the understanding of sustainable development promotion:</p> <ol style="list-style-type: none"> <li>1. Environmental protection: The wastes of the Company's various construction sites are fully contracted and handled by professional and legal environmental protection companies. Each site has a director who is responsible for rectification and environmental maintenance management.</li> <li>2. Community participation: Participate in all the cases to distinguish the owner's meeting, the guiding management committee to operate normally, and provide community services, strengthen the TMO function, promote to the non-construction community, the permanent adoption of the park near the construction case and the public park of the non-construction park adoption.</li> <li>3. Social contribution, social service, social welfare: Apart from being committed to the development of the industry, the Company and its subsidiaries have not forgotten to give back to the community, and to practice the corporate spirit of "taking it from society and using it in society". In recent years, the Company has continued to promote caring for the disadvantaged and investing considerable resources and donations. In 2023, various donor activities were held consistently as follows:</li> </ol> |           |    |  |  |

| Item of promotion | Execution |    |                     | Deviation and causes of deviation from the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies |
|-------------------|-----------|----|---------------------|--|
|                   | YES       | NO | Summary description |  |

Unit: NT\$ Dollar

| Donation receiving party   | Amount    |
|--|-----------|
| <b>Social Welfare</b>  |           |
| Association of Cross-Strait Exchange Athletics, Culture and Education  | 2,650,000 |
| ROC Police Kendo Association   | 200,000   |
| Taichung Ci-Xin Charity  | 52,050    |
| Coding Education Association   | 50,000    |
| Taita Jing-Fu Medical Association                                      | 100,000   |
| Shiy De-Jinn Association   | 100,000   |
| The Real Estate Development Association of Kaohsiung                   | 60,000    |
| Kaohsiung City Environmental Protection Bureau Enterprise Union        | 50,000    |
| Sanmin Station, Sanmin Office, Kaohsiung Police Friendship Association | 50,000    |
| Kaohsiung Kao-Yuan Vocational High School of Technology and Commerce   | 100,000   |
| National Taichung University of Science and Technology                 | 103,560   |
| Sports Administration, Ministry of Education                           | 1,000,000 |
| Taichung City Friends of the Police Association                        | 56,000    |
| Taichung Medical Clinics Association                                   | 35,000    |
| Taipei City Wenshan District Mingdao Elementary School                 | 50,000    |
| Taipei Municipal Minzu Junior High School                              | 50,000    |
| Legislative Assistants Union of Taipei City                            | 20,000    |
| St. Joseph Technical High School                                       | 19,000    |
| Tainan Municipal Anping District Yizai Elementary School               | 50,000    |
| Social Affairs Bureau, Tainan City Government                          | 28,443    |
| Fu Jen Catholic University   | 200,000   |

#### 4. Consumer Rights:

While maintaining normal operations and maximizing the interests of shareholders, we will also build a qualified, legal and national security regulations and environmental protection policies, and pay attention to consumer rights, community environmental protection and public welfare issues, and irregular customer satisfaction. Investigate, for projects with poor satisfaction, in conjunction with relevant departments, review the lack of improvement, to improve product quality and customer satisfaction, so that consumers can buy peace of mind, rest assured, and pay attention to the Company's social responsibility.

#### 5. Human rights, safety and health:

To care for the retirement lives of employees, the Company has appropriated pension from the employee salary to their individual accounts at the Bureau of Labor Insurance based on the new pension system in hopes of assisting employees in securing a worry-free retirement life. The

| Item of promotion | Execution |    |   | Deviation and causes of deviation from the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies |
|-------------------|-----------|----|---|--|
|                   | YES       | NO | Summary description   |  |
|                   |           |    | <p>Company has also established the Staff Benefits Committee to ensure employee rights and interests. Safety and health technical staff, operational supervisors or construction safety evaluation personnel are designated to provide a safe and healthy workplace. Regular training is also provided for them.</p> <p>The Company has established “Human Rights Policy and Workplace Code of Conduct” to protect employee rights and interests, promote sustainability development, fulfil its CSR, ensure the basic human rights of all employees, and support and conform to international human rights standards and principles.</p> <p>6.Issues, communication channel, and way of replying that stakeholders pay attention to:</p> <p>Highwealth values engagement with relevant stakeholders to better understand their perspectives and foster effective communication. Through internal discussions and insights gleaned from peer industry players, the Company categorizes stakeholders into: employees, investors, customers, suppliers, government agencies, media, communities, and society at large. The company communicates with stakeholders through many channels. The information of main issue focused by the stakeholders the communication channels and the person for contact</p> <p>Related information has been disclosed in the Company’s official website. (<a href="https://www.highwealth.com.tw">https://www.highwealth.com.tw</a>)</p> <p>On December 26, 2023, the Company had reported the communication status with stakeholders to the Board of Directors.</p> |  |

#### VIII. Implementation of Climate-Related Information

| Item  | Execution   |
|---|---|
| 1. Describe the board of directors' and management's oversight and governance of climate-related risks and opportunities. | <p>In response to the high uncertainty of climate and the rapid changes in policies and markets, the consolidated Company regularly convenes senior executives from various departments to identify significant climate risks and opportunities. The Company also evaluates the potential risks of floods, droughts, typhoons, and high temperatures on construction projects across different regions. This approach aims to understand climate changes and market dynamics more comprehensively, considering the overall operational strategy planning.</p> <p>The Board of Directors has established a "Sustainable Development Committee," composed of two board members with expertise in corporate sustainability authorized by the board, as well as the Chairman. This committee meets biannually to formulate, promote, and strengthen major sustainability policies (including climate-related issues) within the group. It reviews, tracks, and revises the implementation and effectiveness of sustainable development actions and reports to the Board of Directors.</p> <p>The committee includes several functional groups, these include groups related to climate risk. Such as:</p> <p>(1) Environmental Sustainability Group:</p> <p>Responsible for environmental management systems, compliance with environmental regulations and international standards, evaluating sustainable transitions, improving resource efficiency, implementing climate change response mechanisms, and establishing dedicated</p> |



| Item of promotion   | Execution |    |   | Deviation and causes of deviation from the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies |
|---|-----------|----|---|--|
|   | YES       | NO | Summary description   |  |
|   |           |    | <p>environmental management units or personnel. The team also holds cross-departmental meetings from time to time for discussion and coordination to achieve environmental sustainability goals.</p> <p>(2) Risk Management Group:<br/>Responsible for the risk management policies and procedures of the Highwealth Group, including climate-related risk issues, the latest regulations on industry climate risks, and updates on the identification results of climate risks and opportunities. The Risk Management Group has identified climate change risks, categorizing them into physical risks and transition risks, and incorporated climate change risk management into the consolidated Company's overall risk management process.</p> <p>The "Sustainable Development Committee" meets biannually, and the "Board of Directors" meets annually to discuss relevant issues and understand climate report-related topics from the Environmental Sustainability Group.</p>  |  |
| <p>2. Describe how the identified climate risks and opportunities affect the business, strategy, and finances of the business (short, medium, and long term).</p> <p>3. Describe the financial impact of extreme weather events and transformative actions.</p> |           |    | <p>1. Physical Risks:</p> <p>(1) Immediate Risks:<br/>Includes extreme weather events, rising raw material costs, and disruptions in energy supply.<br/>Possible impacts on the company are:</p> <ul style="list-style-type: none"> <li>· Extreme weather affecting the operation of facilities or equipment within the scope of operations, causing equipment damage, affecting employee commutes, or reducing production efficiency, leading to delays in the original schedule.</li> <li>· Rise in raw material costs due to climate change include: Increased costs for importing raw materials such as stone and building materials, product transportation, and changes in port congestion and logistics, potentially leading to additional costs.</li> <li>· Extreme weather causing power shortages or government policies restricting power supply, leading to operational disruptions.</li> </ul> <p>(2) Long-Term Risks: These include the rise in average temperatures.<br/>Possible impacts on the company are:</p> <ul style="list-style-type: none"> <li>· The rise in average temperatures can lead to increased shutdowns, reduced work efficiency, or worker heat exhaustion, negatively impacting labor productivity and increasing costs (e.g., health, safety, attendance), disrupting Company operations and delaying scheduled activities.</li> </ul> <p>1. Transition Risks</p> <p>(1) Regulatory aspect:<br/>Includes mandatory regulations on products and services, increased costs of greenhouse gas emissions, and stricter renewable energy regulations.<br/>Possible impacts on the company are:</p> |  |

| Item of promotion   | Execution |    |   | Deviation and causes of deviation from the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies |
|---|-----------|----|---|--|
|   | YES       | NO | Summary description   |  |
|   |           |    | <ul style="list-style-type: none"> <li>More stringent international and domestic environmental regulations (e.g., waste recycling, wastewater discharge, noise control) may increase environmental fees, management costs, and penalties for non-compliance.</li> <li>Regulations for greenhouse gas emissions and the implementation of carbon taxes and fees internationally and domestically may impact the Company's compliance costs.</li> <li>Stricter future renewable energy regulations could increase electricity costs, including the construction or purchase of green energy and higher electricity prices due to government-promoted green energy usage.</li> </ul> <p>(2) Market aspect: Changes in consumer preferences.<br/>Possible impacts on the company are:</p> <ul style="list-style-type: none"> <li>Changes in consumer preferences towards green products due to environmental trends may require investment in personnel and equipment to produce products that meet consumer expectations, leading to increased manufacturing costs.</li> </ul> <p>(3) Reputational: Impact on corporate image<br/>Possible impacts on the company are:</p> <ul style="list-style-type: none"> <li>Negative or insufficient performance in climate action, energy conservation, and carbon reduction may cause customers or the public to question the Company's brand, affecting stakeholder cooperation, recruitment, long-term investment willingness, and corporate image.</li> </ul> |  |
| 4. Describe how climate risk identification, assessment, and management processes are integrated into the overall risk management system. |           |    | <p>To enhance risk assessment and strengthen management functions, the Board of Directors resolved on November 14, 2023, to establish the "Sustainable Development Committee," under which a Risk Management Group is set up. This team is responsible for identifying and managing business operation risks, including physical and transition risks brought about by climate change, and leading the planning of relevant response measures.</p> <p>The Board has a "Risk Management Policy" and the Risk Management Group established by the "Sustainable Development Committee" coordinates all risk management-related matters within the company. The team executes risk management decisions, assists and monitors cross-departmental risk management activities, enhances overall risk awareness, and submits an annual report to the Board on the implementation and control of risk management. This oversight aims to strengthen the Company's resilience.</p>   |  |
| 5. If scenario analysis is used to assess resilience to climate change risks, the scenarios,  |           |    | <p>Facing the ever-changing industry environment, to effectively address the environmental, social, and governance risks that may arise in operations and reduce the impact of risk events, Highwealth implements risk management with two main focuses: "pre-risk identification" and "post-crisis management mechanisms." This is aimed at timely response and</p>  |  |

| Item of promotion   | Execution                 |  |  | Deviation and causes of deviation from the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies  |        |                  |                  |                 |                |                        |  |   |   |                           |  |   |   |  |
|---|---------------------------|--|--|---|--------|------------------|------------------|-----------------|----------------|------------------------|--|---|---|---------------------------|--|---|---|--|
|   | YES                       | NO   | Summary description  |   |        |                  |                  |                 |                |                        |  |   |   |                           |  |   |   |  |
| <p>parameters, assumptions, analysis factors and major financial impacts used should be described.</p> <p>6.If there is a transition plan for managing climate-related risks, describe the content of the plan, and the indicators and targets used to identify and manage physical risks and transition risks.</p> |                           |  | <p>handling of related events. Each department regularly holds cross-departmental meetings to report identified risks to the Chairman's Office. The Chairman's Office convenes responsible units to discuss the severity of the impacts, identify significant risks, and develop response measures. Each department then tracks and manages these risks. Related measures are described below:</p> <table> <tr> <th>Type</th><th>Aspect</th><th>Risk Description</th><th>Potential Impact</th><th>Countermeasures</th></tr> <tr> <td rowspan="2">Physical Risks</td><td>Extreme Weather Events</td><td>Extreme weather affecting the operation of facilities or equipment within the scope of operations, causing equipment damage, affecting employee commutes, or reducing production efficiency, leading to delays in the original schedule.</td><td>Climate Change Response Measures and Associated Costs</td><td>Allocates funds as a precautionary measure to prevent asset damage, operational disruptions, or supply chain interruptions. Monitor water situation information and formulate water shortage countermeasures through real-time information from the Water Resources Agency. Reduce the risk of natural disasters through continuous management of operations to enhance resilience.</td></tr> <tr> <td>Increasing Material Costs</td><td>Rise in raw material costs due to climate change include: The increase in costs related to importing raw materials such as stone and building materials, as well as transportation expenses,</td><td>Rising building material costs could erode operating profits.</td><td>Increase the proportion of local procurement and maintain backup supply sources to ensure supply chain stability. Ensure multiple supply sources and establish supplier code of conduct management.</td></tr> </table> | Type  | Aspect | Risk Description | Potential Impact | Countermeasures | Physical Risks | Extreme Weather Events | Extreme weather affecting the operation of facilities or equipment within the scope of operations, causing equipment damage, affecting employee commutes, or reducing production efficiency, leading to delays in the original schedule. | Climate Change Response Measures and Associated Costs | Allocates funds as a precautionary measure to prevent asset damage, operational disruptions, or supply chain interruptions. Monitor water situation information and formulate water shortage countermeasures through real-time information from the Water Resources Agency. Reduce the risk of natural disasters through continuous management of operations to enhance resilience. | Increasing Material Costs | Rise in raw material costs due to climate change include: The increase in costs related to importing raw materials such as stone and building materials, as well as transportation expenses, | Rising building material costs could erode operating profits. | Increase the proportion of local procurement and maintain backup supply sources to ensure supply chain stability. Ensure multiple supply sources and establish supplier code of conduct management. |  |
| Type  | Aspect                    | Risk Description   | Potential Impact   | Countermeasures   |        |                  |                  |                 |                |                        |  |   |   |                           |  |   |   |  |
| Physical Risks  | Extreme Weather Events    | Extreme weather affecting the operation of facilities or equipment within the scope of operations, causing equipment damage, affecting employee commutes, or reducing production efficiency, leading to delays in the original schedule. | Climate Change Response Measures and Associated Costs  | Allocates funds as a precautionary measure to prevent asset damage, operational disruptions, or supply chain interruptions. Monitor water situation information and formulate water shortage countermeasures through real-time information from the Water Resources Agency. Reduce the risk of natural disasters through continuous management of operations to enhance resilience. |        |                  |                  |                 |                |                        |  |   |   |                           |  |   |   |  |
|   | Increasing Material Costs | Rise in raw material costs due to climate change include: The increase in costs related to importing raw materials such as stone and building materials, as well as transportation expenses,   | Rising building material costs could erode operating profits.  | Increase the proportion of local procurement and maintain backup supply sources to ensure supply chain stability. Ensure multiple supply sources and establish supplier code of conduct management.   |        |                  |                  |                 |                |                        |  |   |   |                           |  |   |   |  |

| Item of promotion | Execution        |  |   | Deviation and causes of deviation from the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies   |
|-------------------|------------------|--|---|--|
|                   | YES              | NO   | Summary description   |  |
|                   |                  |  | including port congestion and scheduling changes, may lead to additional costs.   |  |
|                   |                  | Supply Chain Disruptions   | Address potential energy supply disruptions caused by factors like extreme weather or government policies limiting power supply.  | Prepare for revenue losses due to events such as temporary suspensions of operations.  |
|                   |                  | Rise in Average Temperature  | The rise in average temperatures can lead to increased shutdowns, reduced work efficiency, or worker heat exhaustion, negatively impacting labor productivity and increasing costs (e.g., health, safety, attendance), disrupting Company operations and delaying scheduled activities. | Increase in electricity consumption and carbon emissions, resulting in increased transportation costs.   |
|                   | Transition Risks | Address transition risks related to mandatory regulations for products and services. | Prepare for increased costs associated with stricter international or domestic environmental regulations (such as waste recycling,  | Allocate additional expenses for internal corporate transitions to comply with regulations. The cost of installing   |
|                   |                  |  |   | Implement energy management measures to stabilize operations and enhance overall competitiveness.  |
|                   |                  |  |   | Regularly review electricity consumption and set reduction targets. Reduce equipment usage during off-peak hours or switch to intermittent operation. Install facilities such as awnings to prevent heat exhaustion among employees. |
|                   |                  |  |   | Establish sustainable procurement criteria to ensure compliance with government regulations. Replace aging and high-energy-consuming equipment.  |

| Item of promotion |  | Execution  |   |   | Deviation and causes of deviation from the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies  |  |
|-------------------|--|--|---|---|---|--|
|                   |  | YES  | NO  | Summary description   |   |  |
|                   |  |  |   | wastewater discharge, noise pollution, etc.).   | energy-saving systems and procuring energy-saving equipment.  |  |
|                   |  | Increased costs associated with greenhouse gas emissions | Regulations for greenhouse gas emissions and the implementation of carbon taxes and fees internationally and domestically may impact the Company's compliance costs.  | Paying carbon fees increases operational costs. Violating regulatory requirements may result in fines, leading to increased operating expenses. | Through energy-efficient lighting equipment, lighting time control, and air conditioning temperature control, electricity consumption and greenhouse gas emissions are reduced. By implementing Building Information Modeling (BIM) and aluminum formwork construction methods, construction standardization is achieved, saving construction time and costs, reducing material waste, and continually introducing green building products. |  |
|                   |  | More stringent regulations on renewable energy           | With more stringent regulations on renewable energy, the Company anticipates potential increases in electricity costs under existing electricity demands (e.g., costs for establishing/purchasing green energy, government- | Cost from purchasing renewable energy and green energy certificates. Resources invested in promoting corporate green transformation .           | Installing solar photovoltaic panels contributes to constructing a low-carbon society and city, while incorporating heat exchangers and air conditioning systems enhances efficiency.   |  |

| Item of promotion  | Execution |    |   | Deviation and causes of deviation from the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies |
|--|-----------|----|---|--|
|  | YES       | NO | Summary description   |  |
|  |           |    | promoted green energy usage leading to increased electricity fees).   |  |
| 7. If internal carbon pricing is used as a planning tool, the basis for setting the price should be stated.  |           |    | The consolidated Company currently does not utilize internal carbon pricing as a planning tool.   |  |
| 8. If climate-related targets have been set, the activities covered, the scope of greenhouse gas emissions, the planning horizon, and the progress achieved each year should be specified. If carbon credits or renewable energy certificates (RECs) are used to achieve relevant targets, the source and quantity of carbon credits or RECs to be offset should be specified. |           |    | <p>In order to promote greenhouse gas reduction, the company aims to reduce the total annual greenhouse gas emissions (Scope 1 and Scope 2) by 1% under the premise of the same boundary.</p> <p>In the Company's development projects:</p> <ol style="list-style-type: none"> <li>(1) The building's exterior features energy-efficient glass with shading coefficient and reflectivity, sunshades, roof insulation, natural ventilation design, and heat-insulating materials to reduce energy consumption.</li> <li>(2) Solar energy is maximized by using energy-efficient building envelopes to minimize air conditioning usage. Wind cooling systems are strategically placed based on local climate conditions. Based on the local climate, air cooling systems are configured using the principles of natural ventilation.</li> <li>(3) Energy-saving in Air Conditioning Systems: The building is oriented north-south, with a suitable number of exterior windows to facilitate natural ventilation in summer and reduce the entry of cold air in winter, thus minimizing the use of air conditioning equipment.</li> <li>(4) Energy-saving in Lighting Systems: High-efficiency and LED lighting fixtures are used. Night-time lighting adopts a three-stage design to reduce energy waste and lower the electricity costs shared by residents.</li> <li>(5) Installing Solar Photovoltaic Panels: These panels help construct a low-carbon society and city, creating a new energy-saving and carbon-reducing image. The installation of total heat exchangers paired with air conditioning systems increases the efficiency of the air conditioning system.</li> <li>(6) Standardizing Construction Through BIM and Aluminum Formwork Methods: This approach saves valuable construction time and costs, reduces errors, minimizes material waste, and continues to promote green building products.</li> </ol> <p>In Office Management:</p> <p>Energy-saving lighting equipment, lighting time control, and air conditioning temperature control (air conditioning temperature in office spaces should not be lower than 26°C) are implemented to reduce electricity consumption and greenhouse gas emissions. Water-saving</p> |  |

| Item of promotion   | Execution |    |  | Deviation and causes of deviation from the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies |
|---|-----------|----|--|--|
|   | YES       | NO | Summary description  |  |
|   |           |    | <p>devices are also used.</p> <p>Greenhouse gas emissions in 2022 years.( Scope 1 and Scope 2)</p> <p>(1) Total greenhouse gas emissions: 310.622 tCO<sub>2</sub>e</p> <p>(2) Greenhouse Gas Emissions Intensity: 0.0123 tCO<sub>2</sub>e / per NT\$ million revenue</p> <p>Greenhouse gas emissions in 2023 years.( Scope 1 and Scope 2)</p> <p>(1) Total greenhouse gas emissions: 356.5312 tCO<sub>2</sub>e</p> <p>(2) Greenhouse Gas Emissions Intensity: 0.0080 tCO<sub>2</sub>e / per NT\$ million revenue</p> <p>Inventory completion progress: The company has been conducting greenhouse gas inventory since 2022. In 2023, it commissioned experts to provide guidance on the greenhouse gas inventory. In March 2024, it completed the greenhouse gas inventory in 2024. It is expected to outsource the completion of the assurance work before the end of May 2024.</p> |  |
| 9. Greenhouse Gas Inventory and Assurance, Reduction Goals, Strategies, and Specific Action Plans (Filled in 1-1 and 1-2).  |           |    | Please refer to the following details:   |  |
| 1-1.The company's greenhouse gas inventory and confirmation status in the past two years:   |           |    |  |  |
| 1-1-1. State the greenhouse gas emissions (in tCO <sub>2</sub> e), intensity (tCO <sub>2</sub> e per NT\$ million), and data coverage for the past two years.   |           |    |  |  |
| <p>2022</p> <p>(1) Direct (Scope 1) Greenhouse Gas Emissions:<br/>0.0000 tCO<sub>2</sub>e, data boundary: parent company</p> <p>(2) Energy Indirect (Scope 2) Greenhouse Gas Emissions:<br/>310.622 tCO<sub>2</sub>e, data boundary: parent company</p> <p>(3) Other Indirect (Scope 3) Greenhouse Gas Emissions:<br/>No data available, no relevant statistics.</p> <p>(4) Greenhouse Gas Emissions Intensity: 0.0123 tCO<sub>2</sub>e / per NT\$ million revenue</p> <p>2023</p> <p>(1) Direct (Scope 1) Greenhouse Gas Emissions:<br/>42.9710 tCO<sub>2</sub>e, data boundary: parent company</p> <p>(2) Energy Indirect (Scope 2) Greenhouse Gas Emissions:<br/>313.5602 tCO<sub>2</sub>e, data boundary: parent company</p> <p>(3) Other Indirect (Scope 3) Greenhouse Gas Emissions:<br/>No data available, no relevant statistics.</p> <p>(4) Greenhouse Gas Emissions Intensity: 0.0080 tCO<sub>2</sub>e / per NT\$ million revenue</p> |           |    |  |  |
| 1-1-2. Describe the assurance status for the most recent two years as of the annual report publication date, including assurance scope, assurance agency, assurance standards, and assurance opinions.  |           |    |  |  |

| Item of promotion   | Execution |    |                     | Deviation and causes of deviation from the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies |
|---|-----------|----|---------------------|--|
|   | YES       | NO | Summary description |  |
| 2022: No greenhouse gas inventory assurance data.<br>2023: Complete assurance information will be disclosed in the sustainability report.   |           |    |                     |  |
| 1-2.Specify the greenhouse gas reduction base year and its data, the reduction targets, strategy and concrete action plan, and the status of achievement of the reduction targets   |           |    |                     |  |
| <p>In order to promote the reduction of greenhouse gases, the company has set the target of reducing total greenhouse gas emissions by 1% each year under the premise of the same boundary. Although the inventory boundaries in 2022 and 2023 are the same, the inventory contents are inconsistent. The company has commissioned a request from 2022 After expert guidance on the greenhouse gas inventory, the 2023-year greenhouse gas inventory has new inventory results on the scope 1 data. Therefore, compared with the two years, although the total emissions increased by about 15%, the scope 2 increase was only about 1%. Although it has not The target of a total reduction of 1% was achieved, but the Greenhouse Gas Emissions Intensity dropped by 35%.</p> <p>Strategies and specific actions are as follows:</p> <p>(1) The building's exterior features energy-efficient glass with shading coefficient and reflectivity, sunshades, roof insulation, natural ventilation design, and heat-insulating materials to reduce energy consumption.</p> <p>(2) Solar energy is maximized by using energy-efficient building envelopes to minimize air conditioning usage. Wind cooling systems are strategically placed based on local climate conditions. Based on the local climate, air cooling systems are configured using the principles of natural ventilation.</p> <p>(3) Energy-saving in Air Conditioning Systems: The building is oriented north-south, with a suitable number of exterior windows to facilitate natural ventilation in summer and reduce the entry of cold air in winter, thus minimizing the use of air conditioning equipment.</p> <p>(4) Energy-saving in Lighting Systems: High-efficiency and LED lighting fixtures are used. Night-time lighting adopts a three-stage design to reduce energy waste and lower the electricity costs shared by residents.</p> <p>(5) Installing Solar Photovoltaic Panels: These panels help construct a low-carbon society and city, creating a new energy-saving and carbon-reducing image. The installation of total heat exchangers paired with air conditioning systems increases the efficiency of the air conditioning system.</p> <p>(6) Standardizing Construction Through BIM and Aluminum Formwork Methods: This approach saves valuable construction time and costs, reduces errors, minimizes material waste, and continues to promote green building products.</p> <p>(7)In Office Management:Energy-saving lighting equipment, lighting time control, and air conditioning temperature control (air conditioning temperature in office spaces should not be lower than 26°C) are implemented to reduce electricity consumption and greenhouse gas emissions. Water-saving devices are also used.</p> |           |    |                     |  |

## (VI). Operational Status of the Sustainable Development Committee

## 1. Information on members of the Sustainable Development Committee

April 15, 2024

| Criterion            |             | Professional qualification and experience   |
|----------------------|-------------|---|
| Identity             | Name        |   |
| Chairman             | Cao Yuanbo  | 1. Specialized class 43, ROC Military Academy<br>2. Chairman of Highwealth Construction   |
| Independent Director | Li Wencheng | 1. Central Police University<br>2. Division-Chief Judge, Taiwan High Court<br>President of Hualien Local Court<br>President of Taitung Local Court<br>President of Penghu Local Court |
| Independent Director | Chen Tachun | 1. Master's Degree in Political Sciences, Chinese Culture University<br>2. Associate Professor of National Taichung University of Science and Technology                              |

## 2. Operations of the Sustainable Development Committee

- (1) The Company's Sustainable Development Committee was established by a resolution of the Board of Directors on November 14, 2023.
- (2) The Company's Sustainable Development Committee consists of three members. The current term of the committee is from November 14, 2023, to June 12, 2026.

For 2023, the Sustainable Development Committee convened two (2) meetings (A), and the member attendance is as follows:

| Position                       | Name        | Actual no. of meetings attended (B) | No. of meetings with entrusted attendance | Attendance in Person Rate (%)<br>【B/A】 | Remarks |
|--------------------------------|-------------|-------------------------------------|---|--|---------|
| Convener (Chairman)            | Cao Yuanbo  | 2                                   | 0   | 100%                                   | Nil     |
| Member (Independent Directors) | Li Wencheng | 2                                   | 0   | 100%                                   |         |
| Member (Independent Directors) | Chen Tachun | 2                                   | 0   | 100%                                   |         |

(VII)Enforcement of business integrity, deviation and causes of deviation from Ethical Corporate Management Best Practice Principles for TWSE/TPEX-Listed Companies

| Evaluation Item  | Implementation Status |    |  | Deviation and causes of deviation from Ethical Corporate Management Best Practice Principles for TWSE/TPEX-Listed Companies |
|--|-----------------------|----|--|---|
|  | YES                   | NO | Summary description  |   |
| I. Establishment of ethical corporate management policies and solutions<br>(I) Has the company established a set of board-approved ethical corporate management policy, and stated in its regulations or external correspondences about the ethical corporate management policy and practices it implements? Are the board of directors and the senior management committed to fulfilling this commitment? | ✓                     |    | (I) The Company has established Ethical Corporate Management Best Practice Principles and Procedures for Ethical Management and Guidelines for Conduct by resolution of Board of Directors. Reviews and amendments are conducted regularly in accordance with the law and regulations. We provide continuing education and educational training for Directors, managers, and employees to reinforce their philosophy of ethical corporate management to realize the policies and commitments of ethical corporate management. On September 13, | No significant variances  |

| Evaluation Item  | Implementation Status |    |   | Deviation and causes of deviation from Ethical Corporate Management Best Practice Principles for TWSE/TPEX-Listed Companies |
|--|-----------------------|----|---|---|
|  | YES                   | NO | Summary description   |   |
| (II) Has the company developed assessment mechanism for risks of unethical conduct? Does the company perform regular analyses and assessments on business activities that are prone to higher risk of misconduct, and implement preventions against dishonest conducts that include at least the measures mentioned in "Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies", Article 7, Paragraph 2? | ✓                     |    | 2023, an internal training session was conducted, inviting a law firm to provide a video course on "Trade Secrets Protection and Non-Competition" for the northern, central, and southern regions. For details on other education and training activities, please refer to the information on the further education and training of directors, managers, and employees.<br>(II) The Company has established "Ethical Corporate Management Best Practice Principles". Furthermore, "Code of Ethical Conduct" and "Regulations Governing Human Resource Management" and "Procedures for Ethical Management and Guidelines for Conduct" clearly provide the code of conduct for all employees. The Company also performs regular analyses and assessments on business activities that are prone to higher risk of misconduct, and requires all employees to commit to regulatory and ethical compliance, so as to protect Company assets, interests and image. | No significant variances  |
| (III) Has the company defined and enforced operating procedures, behavioral guidelines, penalties and grievance systems as part of its preventive measures against dishonest conducts? Are the above measures reviewed and revised on a regular basis?   | ✓                     |    | (III) The Company has established "Code of Ethical Conduct", "Ethical Corporate Management Best Practice Principles" and "Procedures for Ethical Management and Guidelines for Conduct". The Company also complies with the Company Act, Securities and Exchange Act, Business Entity Accounting Act and regulations applicable to public firms to provide for disciplinary actions for   | No significant variances  |

| Evaluation Item   | Implementation Status |    |   | Deviation and causes of deviation from Ethical Corporate Management Best Practice Principles for TWSE/TPEX-Listed Companies |
|---|-----------------------|----|---|---|
|   | YES                   | NO | Summary description   |   |
|   |                       |    | violations and establish a complaint system so as to uphold the basic principles of ethical corporate management. The necessity to make amendments to the aforementioned law and regulations shall be reviewed depending on circumstances. The implementation of compliance is disclosed on the Company website.  |   |
| II. Implementation of integrity management  |                       |    |   |   |
| (I) Does the company evaluate the integrity record of all counterparties it has business relationships with? Are there any integrity clauses in the agreements it signs with business partners?   | ✓                     |    | (I) The Company conducts commercial activities on the principle of fairness and transparency. When signing a contract with others, the legal personnel review the terms of the contract, and the contractual content will strengthen the relevant provisions of the integrity clause.   | No significant variances  |
| (II) Does the company have a unit that enforces business integrity directly under the board of directors? Does this unit report its progress regarding implementation of business integrity policy and prevention against dishonest conducts to the board of directors on a regular basis (at least once a year)? | ✓                     |    | (II) The Company except establishing the audit unit belongs to the Board of Directors and assign the management department and legal affairs department to in charge CSR and evaluating whether the Company had disobeyed the CSR. The Company, in accordance with the Ethical Corporate Management Best Practice Principles and related regulations, reviews each department's implementation, interpretation, and consultation services concerning integrity management. This is reported to the Board of Directors annually. Directors, managers, and employees strengthen the concept of integrity management through further education and training to | No significant variances  |

| Evaluation Item   | Implementation Status |    |   | Deviation and causes of deviation from Ethical Corporate Management Best Practice Principles for TWSE/TPEX-Listed Companies |
|---|-----------------------|----|---|---|
|   | YES                   | NO | Summary description   |   |
| (III) Does the company have any policy that prevents conflict of interest, and channels that facilitate the report of conflicting interests and take actions accordingly? | ✓                     |    | <p>implement the policies and commitments of integrity management. Additionally, annual integrity management-related training courses are regularly held. On September 13, 2023, an internal training session was conducted, inviting a law firm to provide a video course on "Trade Secrets Protection and Non-Competition" for the northern, central, and southern regions. For details on other education and training activities, please refer to the information on the further education and training of directors, managerial officers, and employees.</p> <p>On November 14, 2023, the Company had reported the promotion of ethical corporate management to the Board of Directors.</p> <p>(III) The "Rules and Procedures of the Board of Directors Meetings" of the Company has a recusal system to tackle conflict of interest for the Directors. Directors or the juristic person(s) represented by Directors who have conflict of interest in the resolutions listed shall explain the material content of the conflict of interest to the Board of Directors. For example, if it is harmful to the interests of the Company, they shall not participate in the discussion and voting, and shall recuse themselves from the discussion and voting. Furthermore, they shall not act as an agent to exercise the voting rights on behalf of other Directors. The Board of Directors and management should commit to</p> | No significant variances  |

| Evaluation Item   | Implementation Status |    |  | Deviation and causes of deviation from Ethical Corporate Management Best Practice Principles for TWSE/TPEX-Listed Companies |
|---|-----------------------|----|--|---|
|   | YES                   | NO | Summary description  |   |
| (IV) Has the company implemented effective accounting policy and internal control system to maintain business integrity? Has an internal or external audit unit been assigned to devise audit plans based on the outcome of integrity risk assessment, and to audit employees' compliance with various preventions against unethical conduct? | ✓                     |    | actively implementing integrity management. The company has also established the "Procedures for Ethical Management and Guidelines for Conduct" which are thoroughly executed in both internal management and external business activities.<br>(IV) The Company has established an effective accounting system and internal control system. Staff and shareholders can communicate with auditors through e-mail. Internal auditors regularly check the audit plan according to the audit plan, report to the Board of Directors and track the improvement of subsequent units to ensure the implementation of integrity management and avoid fraud. The internal audit supervisors attend the Board of Directors meeting and Audit Committee meeting regularly, and report on the operation of auditing. | No significant deviation.   |
| (V) Does the company organize internal or external training on a regular basis to maintain business integrity?  | ✓                     |    | (V) We provide continuing education and educational training for directors, managers, and employees to reinforce their philosophy of ethical corporate management to realize the policies and commitments of ethical corporate management. In addition, we regularly hold annual educational training courses related to ethical corporate management. On September 13, 2023, an internal training session was conducted, inviting a law firm to provide a video course on "Trade Secrets Protection and Non-Competition" for the northern, central, and southern regions. For details on other  | No significant deviation.   |



| Evaluation Item   | Implementation Status |    |   | Deviation and causes of deviation from Ethical Corporate Management Best Practice Principles for TWSE/TPEX-Listed Companies |
|---|-----------------------|----|---|---|
|   | YES                   | NO | Summary description   |   |
|   |                       |    | education and training activities, please refer to the information on the further education and training of directors, managers, and employees.   |   |
| III. The operation status of reporting system.  |                       |    |   |   |
| (I) Does the company provide incentives and means for employees to report misconducts? Does the Company assign dedicated personnel to investigate the reported misconducts?                           | ✓                     |    | (I) The Company has set up a reporting system on both internal and external websites of the Company to accept any notification of illegal or unethical circumstances, and an independent responsible unit is responsible for the investigation, and the identity of the informant and the contents of the report are strictly confidential.   | No significant deviation.   |
| (II) Has the company implemented any standard procedures for handling reported misconducts, and subsequent actions and confidentiality measures to be undertaken upon completion of an investigation? | ✓                     |    | (II) The Company has set up a reporting system on both internal and external websites of the Company to accept any notification of illegal or unethical circumstances, and an independent responsible unit is responsible for the investigation, and the identity of the prosecutor and the contents of the report are strictly confidential. | No significant deviation.   |
| (III) Does the company have appropriate measures in place to protect whistleblowers from retaliation?   | ✓                     |    | (III) The Company will not tolerate any threats and retaliation from the sender. If the sender wishes to process it anonymously, the Company will replace the original name of the sender anonymously during the investigation.   | No significant deviation.   |
| IV. Strengthening of Information Disclosure: Has the company disclosed its ethical corporate management principles and progress onto its website and MOPS?  | ✓                     |    | The Company has established a website, annual report and an external mailbox to disclose the implementation status of its ethical corporate management policy. The information disclosure and reporting pipeline remains operational. To obtain information disclosed to the  | No significant deviation.   |

| Evaluation Item  | Implementation Status |    |  | Deviation and causes of deviation from Ethical Corporate Management Best Practice Principles for TWSE/TPEX-Listed Companies |
|--|-----------------------|----|--|---|
|  | YES                   | NO | Summary description  |   |
|  |                       |    | competent authority or the public that is complete, appropriate, accurate and timely, please see MOPS and the Company website. |   |
| <p>V. If the company has its own Corporate Governance Best Practice Principles in accordance with the "Corporate Governance Best Practice Principles for TWSE/GTSM Listed Companies", please describe the difference between them.</p> <p>The Company has formulated the Corporate Governance Best Practice Principles (including "Procedures for Ethical Management and Guidelines for Conduct"). The Company has no significant deviation by implementation of the complete internal control system and various guidelines, and with the regular review on it.</p>   |                       |    |  |   |
| <p>VI. Other important information that helps to understand the company's integrity management operation (such as the company's review and revision of the company's integrity management code, etc.):</p> <p>The Company adheres to the principle of good faith management and engages in all commercial activities. When signing a contract with others, its contents include compliance with the integrity management policy and the transaction relatives may terminate or cancel the terms of the contract at any time; Professional and diligent management to ensure fair, sustainable and competitive returns, to create the best interests of shareholders; to provide working conditions that guarantee the health and safety of each employee, to listen to employees and to face complaints from employees in good faith problems, encouragement and assist employees in developing relevant skills and knowledge, and avoid illegal activities, providing employees with sustainable employment opportunities. The Company values the interests of every interested person to promote the sustainable development of the Company.</p> <p>The Company has established the "Regulations Governing the Prevention of Insider Trading," which stipulates that insiders are prohibited from trading the Company's stock within thirty days before the announcement of the annual financial report and fifteen days before the announcement of each quarterly financial report. Relevant education and training are also conducted.</p> |                       |    |  |   |

(VIII) If the company has established a corporate governance code and related regulations, it should disclose its inquiry method.

The Company has a "Code of Practice for Corporate Governance" to follow, in addition to fully disclose financial and business related information in the public information observatory in accordance with the regulations of the competent authority, and set up "Stakeholders – Information of Company Management" on the Company website. In order to fully disclose the corporate governance situation, another way to open the observing station is as follows:

1. For the related principles and guidelines, please check in the "Related information on Corporate Governance" under "Corporate Governance Zone" in "Stakeholders" from the Company website (<https://www.highwealth.com.tw>)

- Go to the public information observatory (<http://mops.twse.com.tw>). Click on "Corporate Governance" and select "Procedures for Establishing Corporate Governance Rules" After clicking on "Listed Companies," you can check the Company's corporate governance code and related regulations.

(IX) Other important information that is sufficient to enhance understanding of the operation of corporate governance.

- All material information of the Company is promptly announced on the Market Observation Post System (MOPS) in accordance with regulatory requirements. Financial, business, and corporate governance-related information is also regularly or promptly updated in the "Stakeholders" section and other relevant areas of the Company's website.
- For the amendment for law compliance and consider the change in environment of the Company. The Company's principles and guidelines shall be amended in time as the criterion for behaviors of directors, managers and employees. The Company's website shall establish the corporate governance zone in the Company's website to disclose the related management procedure. With the concept of corporate sustainability management, the Company shall complete the corporate governance operating in all aspects of organizational structure, regulations and system, implementations and review.
- Training situation of directors of the Company and its subsidiaries

| Name of the Company     | Position             | Name          | Date of further training | Held by                                 | Training Program  | Duration (hour) |
|-------------------------|----------------------|---------------|--------------------------|---|---|-----------------|
| Highwealth Construction | Director             | Zheng Qintian | 2023/10/20               | Securities & Futures Institute          | 2023 Annual Defense Insider Promotion Conference                      | 3               |
|                         |                      |               | 2023/09/13               | Securities & Futures Institute          | Protection of Trade Secrets and Non-Competition                       | 3               |
|                         |                      | Zheng Xiuhui  | 2023/10/20               | Securities & Futures Institute          | 2023 Annual Defense Insider Promotion Conference                      | 3               |
|                         |                      |               | 2023/09/13               | Securities & Futures Institute          | Protection of Trade Secrets and Non-Competition                       | 3               |
|                         |                      | Cao Yuanbo    | 2023/10/20               | Securities & Futures Institute          | 2023 Annual Defense Insider Promotion Conference                      | 3               |
|                         |                      |               | 2023/09/13               | Securities & Futures Institute          | Protection of Trade Secrets and Non-Competition                       | 3               |
|                         |                      | Fan Huajun    | 2023/10/20               | Securities & Futures Institute          | 2023 Annual Defense Insider Promotion Conference                      | 3               |
|                         |                      |               | 2023/09/13               | Securities & Futures Institute          | Protection of Trade Secrets and Non-Competition                       | 3               |
|                         | Independent Director | Li Wencheng   | 2023/06/02               | Taiwan Corporate Governance Association | Practical Exploration of Commercial Litigation and Dispute Resolution | 3               |
|                         |                      |               | 2023/05/26               | Ministry of Environment, Executive Yuan | Green Chemistry - Ensuring Sustainability                             | 3               |
|                         |                      | Chen Tachun   | 2023/09/12               | Securities & Futures Institute          | Ethical Corporate Best Management Principles                          | 3               |
|                         |                      |               | 2023/06/02               | Taiwan Corporate Governance Association | Practical Exploration of Commercial Litigation and Dispute Resolution | 3               |

| Name of the Company   | Position             | Name            | Date of further training | Held by   | Training Program   | Duration (hour) |
|-----------------------|----------------------|-----------------|--------------------------|---|--|-----------------|
| Run Long Construction | Director             | Qiu Bingze      | 2023/10/20               | Securities & Futures Institute  | 2023 Annual Defense Insider Promotion Conference   | 3               |
|                       |                      |                 | 2023/09/13               | Securities & Futures Institute  | Protection of Trade Secrets and Non-Competition  | 3               |
|                       |                      | Lin Weijun      | 2023/11/15               | Securities & Futures Institute  | 2023 Seminar for Legal Compliance of Insider Ownership Transaction   | 3               |
|                       |                      |                 | 2023/11/03               | Securities & Futures Institute  | TWSE/TPEX Listed Companies - Insights into the Derivatives Financial Market and Advancing Towards Corporate Sustainability Seminar | 3               |
|                       |                      |                 | 2023/10/20               | Securities & Futures Institute  | 2023 Annual Defense Insider Promotion Conference   | 3               |
|                       |                      |                 | 2023/09/13               | Securities & Futures Institute  | Protection of Trade Secrets and Non-Competition  | 3               |
|                       |                      | Zheng Qiaowen   | 2023/11/15               | Securities & Futures Institute  | 2023 Seminar for Legal Compliance of Insider Ownership Transaction   | 3               |
|                       |                      |                 | 2023/10/20               | Securities & Futures Institute  | 2023 Annual Defense Insider Promotion Conference   | 3               |
|                       |                      | Chen Guoyan     | 2023/09/23               | Taiwan Corporate Governance Association   | Net Zero Sustainability Talent Development Program [Central Region] - Carbon Sequestration, Carbon Credits, and Carbon Trading     | 9               |
|                       | Independent Director | Chen Yung-Chang | 2023/10/17               | Securities & Futures Institute  | Risks and Opportunities for Business Operations Arising from Climate Change and Net Zero Emission Policies                         | 3               |
|                       |                      |                 | 2023/09/13               | Securities & Futures Institute  | Protection of Trade Secrets and Non-Competition  | 3               |
|                       |                      |                 | 2023/04/27               | Taiwan Stock Exchange Corporation   | Promotion Conference on Sustainability Action Plans for TWSE/TPEX Listed Companies   | 3               |
|                       |                      | Yan Yunqi       | 2023/07/04               | Jointly Organized by Cathay Financial Holdings, Its Subsidiaries, and the Taiwan Stock Exchange | 2023 Cathay for Sustainable Finance and Climate Change Summit  | 6               |
|                       |                      |                 | 2023/06/09               | Securities & Futures Institute  | 2023 Annual Defense Insider Promotion Conference   | 3               |
|                       |                      | Li Wencheng     | 2023/06/02               | Taiwan Corporate Governance Association   | Practical Exploration of Commercial Litigation and Dispute Resolution  | 3               |
|                       |                      |                 | 2023/05/26               | Ministry of Environment, Executive Yuan   | Green Chemistry - Ensuring Sustainability  | 3               |



## (X) Implementation of the internal control system

## 1. Internal Control Statement

**Highwealth Construction Corporation**  
**Internal Control Statement**

March 14, 2024

The internal control system for 2023, according to the results of self-assessment are thus stated as follows:

- I. The company acknowledges that the implementation and maintenance of internal control system is the responsibility of Board of Directors and management, and the Company has established such system. The purpose is to enhance the effectiveness and efficiency of operations (including profitability, performance, and the safeguarding of assets), ensure the reliability, timeliness, and transparency of reporting, and achieve compliance with relevant regulations and laws, providing reasonable assurance.
- II. The internal control system has its innate restriction. An effective internal control system can only ensure the foregoing three goals are achieved; nevertheless, due to the change of environment and conditions, the effectiveness of internal control system will be changed accordingly. However, the internal control system of the Company has self-monitoring function and the Company will take corrective action once any defect is identified.
- III. According to the effective judgment items for the internal control system specified in “Highlights for Implementation of Establishing Internal control System by Listed Companies” (hereinafter referred to as “Highlights”) promulgated by Securities and Futures Commission, Ministry of Finance R.O.C., the company has made judgment whether or not the design and execution of internal control system is effective. The judgment items for internal control adopted by “Highlights” are, based on the process of management control, for classifying the internal control into five elements: 1.Control environment; 2.Risk assessments; 3.Control activities; 4.Information and communication; and 5.Monitoring. Each element also includes a certain number of items. For the foregoing items, refer to “Highlights”.
- IV. The Company has adopted the aforesaid judgment items for internal control to evaluate the effectiveness of design and execution of internal control system.
- V. Based on the above-mentioned result of evaluation, the company suggests that the internal control system, including the design and execution of internal control relating to the effectiveness and efficiency of operation, the reliability of financial reporting the compliance of applicable law and regulations has been effective on December 31, 2023, and they can reasonably assure the aforesaid goals have been achieved.
- VI. This statement will be the main content for annual report and prospectus and will be disclosed publicly. If the above contents have any falsehood and concealment, it will involve in the liability as mentioned in Article 20, 32, 171 and 174 of Securities and Exchange Law.
- VII. This statement has been approved by the meeting of Board of Directors on March 14, 2024, and those 6 directors in presence all agree on the contents of this statement.

Highwealth Construction Corporation

Chairman: Cao Yuanbo    signature

President: Fan Huajun    signature



2. If the Securities and Futures Commission requires the Company to commission an accountant to audit its internal control system, please disclose the accountant's audit report: Nil.

(XI) The punishment to the Company and its employees in accordance with the law, the Company's punishment to its employees for violation of the provisions of its internal control system, the major defects and the improvements made in the latest year and as of the date of publication of the annual report:

| Reason for penalties or major deficiencies   | Status of improvement  |
|--|--|
| <p>1. Reason for Violation: An accident occurred during the construction of the "Wenxin Ai Yue" residential building project in Nantun District, Taichung, and other violations were discovered during inspections by the relevant construction authorities.</p> <p>Penalty: The related construction projects were suspended, and a fine of NT\$2,060,000 was imposed.</p>  | <p>Corrective Actions: The Company improved the issues according to regulations and submitted a project resumption plan subject to approval. Construction resumed after approval, and site inspections were strengthened based on the internal control systems such as the Occupational Safety and Health Work Code.</p> |
| <p>2. Reason for Violation: The subsidiary of the company, Chyi Yuh Construction Co., Ltd. (hereinafter referred to as Chyi Yuh), violated occupational safety and health laws and internal control systems, specifically the Occupational Safety and Health Work Code. The Company also failed to supervise Chyi Yuh in enhancing the design and implementation of internal control systems. These actions were found to be non-compliant with Articles 5 and 38 of the "Regulations Governing Establishment of Internal Control Systems by Public Companies."</p> <p>Penalty: A fine of NT\$100,000 was imposed.</p> | <p>The Company not only urged Chyi Yuh to implement and strengthen its internal control systems but also required Chyi Yuh to appoint dedicated audit personnel and enhance site inspections according to internal control systems like the Occupational Safety and Health Code of Conduct.</p>                          |
| <p>3. Reason for Violation: A smoking incident occurred at the 24th-floor construction site of a project in Gushan District, Kaohsiung.</p> <p>Penalty: Construction was temporarily halted.</p>   | <p>Corrective Actions: The Company improved the issues according to regulations and submitted a project resumption plan subject to approval. Construction resumed after approval, and site inspections were strengthened based on the internal control systems such as the Occupational Safety and Health Work Code.</p> |
| <p>4. Reason for Violation: The disclosure of the sale of certain properties and parking spaces at the "TAIPEI ONE" in Taipei was incomplete.</p> <p>Penalty: A fine of NT\$30,000 was imposed.</p>  | <p>Corrective Actions: The Company supplemented the announcement as required.</p>  |



(XII) Important resolutions of the shareholders' meeting and the board meetings, and functional committees in the latest year and as of the date of publication of the annual report:

1. 2023 Significant resolution made by the shareholder's annual meeting and its implementation

| Date/Session                                       | Content of Meeting Minutes  |   | Special Items |
|--|---|---|---------------|
|  | Items   | Execution   |               |
| June 13, 2023<br>2023 General Shareholders Meeting | (1) Pass the annual business report and financial report for 2022                                 | (1) The related forms and books are register to the competent authorities for reference, announced, and declared in accordance with the Company Act and relevant laws and regulations.  | Nil           |
|  | (2) Resolution passed for earning distribution of 2022.   | (2) For 2022, the Company decided to distribute a cash dividend of NT\$0.5 per share and a stock dividend of NT\$1 per share. The ex-dividend date was set for October 2, 2023, and the dividends were distributed on October 31, 2023. |               |
|  | (3) Approved the capital Increase from retained earnings and Issuance of new shares.              | (3) After the shareholders' meeting has approved by making a resolution, the alteration registration for the capital was completed on October 17, 2023, and the distribution was made on October 31, 2023.                              |               |
|  | (4) Approved the proposal for the amendment to partial articles of the Articles of Incorporation. | (4) The revised procedures have been implemented, uploaded to the Market Observation Post System and the Company website as required, and the change registration has been completed.   |               |
|  | (5) Re-election of all Directors of the Company.  | (5) The comprehensive re-election of the Board of Directors has been completed. The information has been uploaded to the Market Observation Post System as required, and the change registration has been completed.                    |               |

2. Important resolutions of the Board of Directors for 2023 up until the publication date of the annual report.

| Date/Session                      | Content of Meeting Minutes  |  | Special Items |
|-----------------------------------|---|--|---------------|
|                                   | Brief summary of the motion   | Implementation   |               |
| March 14, 2023;<br>2023 Session 1 | (1) Discussion on annual business report and financial statements for 2022.               | (1) The chairman consulted all the attending directors and passed the case with no objection, and the audit report of the accountant's visa and the financial statements together with the business report are submitted to the shareholders' general meeting for recognition. | Nil           |
|                                   | (2) Proposal for establishing matters related to convening of 2023 Shareholders' Meeting. | (2) The resolution was passed by all the attending Directors unanimously.  |               |
| June 11, 2023;<br>2023 Session 2  | (1) Proposal for earnings distribution of 2022.   | (1) This proposal was unanimously approved by all attending directors without objection and will be submitted to the shareholders' meeting for ratification.   | Nil           |

| Date/Session                       | Content of Meeting Minutes   |   | Special Items |
|------------------------------------|--|---|---------------|
|                                    | Brief summary of the motion  | Implementation  |               |
|                                    | (2)2022 Capital Increase from Retained Earnings and Issuance of New Stocks.<br><br>(3)Proposal for the addition of discussions to the 2023 annual shareholders' meeting.   | (2)This proposal was unanimously approved by all attending directors without objection and will be submitted to the shareholders' meeting for discussion.<br>(3)The resolution was passed by all the attending Directors unanimously.   |               |
| May 11, 2023;<br>2023 Session 4    | (1)Consolidated financial statements of the Company for 2023Q1.  | (1)The resolution was passed by all the attending Directors unanimously.  | Nil           |
| June 13, 2023;<br>2023 Session 5   | (1)The election of chairman.   | (1)Cao Yuanbo (the Representative of Run Ying Investment Inc.) was elected as the new chairman of the company among the directors.  | Nil           |
| August 11, 2023; 2023 Session 7    | (1)Consolidated financial statements of the Company for 2023Q2.<br><br>(2)Proposal regarding the ex-dividend date for the capital increase from the 2022 earnings to issue new shares and the ex-dividend date for the distribution of cash dividends.<br>(3)The Appointment of members of fifth remuneration committee of the company | (1)The resolution was passed by all the attending Directors unanimously.<br><br>(2)The resolution was passed by all the attending Directors unanimously, and the chairperson was authorized to follow-up on relevant matters.<br><br>(3)Except for Directors who recused themselves from the discussion and voting in accordance with the law, the remaining four Directors approved and passed the resolution.   | Nil           |
| September 27, 2023; 2023 Session 8 | (1)Proposal for the sale of property and parking space of related construction project to managerial officers.   | (1)The resolution was passed by all the attending Directors unanimously.  | Nil           |
| November 14, 2023; 2023 Session 9  | (1)Consolidated financial statements of the Company for 2023Q3.<br><br>(2)Proposal to establish the Company's Sustainable Development Committee,<br><br>(3)The first secured ordinary corporate bonds for 2023.<br><br>(4)The first secured ordinary corporate bonds for 2024.   | (1)The resolution was passed by all the attending Directors unanimously.<br><br>(2)Except for Directors who recused themselves from the discussion and voting in accordance with the law, the remaining three Directors approved and passed the resolution.<br><br>(3)The resolution was passed by all the attending Directors unanimously, and the chairperson was authorized to follow-up on relevant matters.<br><br>(4)The resolution was passed by all the attending Directors unanimously, and the chairperson was authorized to follow-up on relevant matters. | Nil           |
| January 8, 2024;<br>2024 Session 1 | (1)Proposal to authorize the Chairman to handle the sales matters of "TAIPEI ONE," "Highwealth T1," and "Fudu 6" projects at an appropriate time with full discretion.   | (1)The resolution was passed by all the attending Directors unanimously.  | Nil           |
| January 18, 2024; 2024 Session 2   | (1)Proposal for the donation to the Taichung Highwealth Art and Culture Foundation.  | (1)Except for Directors who recused themselves from the discussion and voting in accordance with the law, the remaining five Directors approved and passed the resolution as proposed.  | Nil           |

| Date/Session                      | Content of Meeting Minutes  |  | Special Items |
|-----------------------------------|---|--|---------------|
|                                   | Brief summary of the motion   | Implementation   |               |
| February 22, 2024; 2024 Session 3 | (1) Proposal to establish a new subsidiary through investment due to business expansion needs.  | (1) The resolution was passed by all the attending Directors unanimously.  | Nil           |
| March 14, 2024; 2023 Session 4    | (1) Discussion on annual business report and financial statements for 2023.<br><br>(2) Proposal for establishing matters related to convening of 2024 Shareholders' Meeting.  | (1) The chairman consulted all the attending directors and passed the case with no objection, and the audit report of the accountant's visa and the financial statements together with the business report are submitted to the shareholders' general meeting for recognition.<br>(2) The resolution was passed by all the attending Directors unanimously.  | Nil           |
| March 26, 2024; 2024 Session 5    | (1) Proposal for earnings distribution of 2023.<br><br>(2) 2023 Capital Increase from Retained Earnings and Issuance of New Stocks.<br><br>(3) Proposal for the subscription of the cash capital increase of subsidiary "Well Rich International Co., Ltd."<br>(4) Proposal to authorize the Chairman to handle the sales matters of the "Municipal Vision Square" project at an appropriate time with full discretion. | (1) This proposal was unanimously approved by all attending directors without objection and will be submitted to the shareholders' meeting for ratification.<br>(2) This proposal was unanimously approved by all attending directors without objection and will be submitted to the shareholders' meeting for discussion.<br>(3) The resolution was passed by all the attending Directors unanimously.<br>(4) The resolution was passed by all the attending Directors unanimously. | Nil           |

3. Important resolutions of Audit Committee for 2023 up until the date of publication of the annual report.

| Date/Session                       | Content of Meeting Minutes   |  | Special Items |
|------------------------------------|--|--|---------------|
|                                    | Brief summary of the motion  | Implementation   |               |
| March 14, 2023; 2023 Session 1     | (1) Discussion on annual business report and financial statements for 2022.  | (1) The resolution was passed by all the attending committee members unanimously.  | Nil           |
| June 11, 2023; 2023 Session 2      | (1) Proposal for earnings distribution of 2022.<br><br>(2) Proposal for the distribution of new shares from 2022 earnings. | (1) The resolution was passed by all the attending committee members unanimously.<br>(2) The resolution was passed by all the attending committee members unanimously. | Nil           |
| May 11, 2023; 2023 Session 3       | (1) Consolidated financial statements of the Company for 2023Q1.   | (1) The resolution was passed by all the attending committee members unanimously.  | Nil           |
| August 11, 2023; 2023 Session 4    | (1) Consolidated financial statements of the Company for 2023Q2.   | (1) The resolution was passed by all the attending committee members unanimously.  | Nil           |
| September 27, 2023; 2023 Session 5 | (1) Proposal for the sale of property and parking space of related construction project to managerial officers.            | (1) The resolution was passed by all the attending committee members unanimously.  | Nil           |

| Date/Session                      | Content of Meeting Minutes   |   | Special Items |
|-----------------------------------|--|---|---------------|
|                                   | Brief summary of the motion  | Implementation  |               |
| November 14, 2023; 2023 Session 6 | (1) Consolidated financial statements of the Company for 2022Q3.                               | (1) The resolution was passed by all the attending committee members unanimously. | Nil           |
| January 18, 2024; 2024 Session 2  | (1) Proposal for the donation to the Taichung Highwealth Art and Culture Foundation.           | (1) The resolution was passed by all the attending committee members unanimously. | Nil           |
| February 22, 2024; 2024 Session 3 | (1) Proposal to establish a new subsidiary through investment due to business expansion needs. | (1) The resolution was passed by all the attending committee members unanimously. | Nil           |
| March 14, 2024; 2023 Session 4    | (1) Discussion on annual business report and financial statements for 2023.                    | (1) The resolution was passed by all the attending committee members unanimously. | Nil           |
| March 26, 2024; 2024 Session 5    | (1) Proposal for earnings distribution of 2023.  | (1) The resolution was passed by all the attending committee members unanimously. | Nil           |
|                                   | (2) 2023 Capital Increase from Retained Earnings and Issuance of New Stocks.                   | (2) The resolution was passed by all the attending committee members unanimously. |               |

(XIII) In most recent year and as of the end of this annual report is printed out, director or supervisor has different opinions on the board of directors to pass important resolutions and has a record or written statement: Nil.

(XIV) In most recent year and as of the end of this annual report is printed out, the resignation summary of the company's chairman, president, accounting, financial, internal audit, management officers and R&D executives: Nil

## V. Accountant Public Fee Information

Unit: NT\$ thousand

| Accounting firm name | Accountant name         | Period Covered by the Audit | Audit Fees | Non-audit Fees | Total | Remarks |
|----------------------|-------------------------|-----------------------------|------------|----------------|-------|---------|
| KPMG Accounting      | Han Yilien<br>Tim Tzang | 2023.01-2023.12             | 2,850      | 578            | 3,428 | Note:2  |

Note 1: If the Company changes its CPA or accounting firm during the year, the audit periods should be listed separately. The reasons for the change should be explained in the remarks column, along with details of the audit and non-audit fees paid, disclosed sequentially.

Note 2: Non-audit fees covered income tax audit, and review of business registration and issuance of corporate bonds.

## VI. Accountant Replacement Information: Nil.

VII. The company's chairman, president, manager of financial or accounting affairs, has worked in the accountant's affiliated firm or its related business in the past year: Nil.



# VIII. Details of shares transferred or pledged by directors, supervisors, managers, and shareholders with more than 10% ownership interest in the last year, up until the publication date of the annual report:

## (I) Changes in shareholdings of directors, managers and major shareholders:

Unit: Share

| Position  | Name                          | 2023                                   |                                 | As of April 15, 2024                   |                                 |
|---|-------------------------------|--|---------------------------------|--|---------------------------------|
|   |                               | Number of shares held Increase (minus) | Pledged shares Increase (minus) | Number of shares held Increase (minus) | Pledged shares Increase (minus) |
| Juristic Person Director  | Run Ying Investment Co., Ltd. | 3,099,630                              | —                               | —                                      | —                               |
| Chairman  | Cao Yuanbo                    | —                                      | —                               | —                                      | —                               |
| Director holding concurrent position as President                                       | Fan Huajun                    | 24                                     | —                               | —                                      | —                               |
| Director  | Zheng Qintian                 | 3,237,310                              | —                               | —                                      | —                               |
| Director  | Zheng Xiuhui                  | 986,478                                | —                               | —                                      | —                               |
| Independent Director (Note 1)   | Hong Xiyao                    | —                                      | —                               | —                                      | —                               |
| Independent Director  | Li Wencheng                   | —                                      | —                               | —                                      | —                               |
| Independent Director  | Chen Tachun                   | 2,420                                  | —                               | —                                      | —                               |
| Development Department Vice President   | Liao Zhaoxiong                | 19,033                                 | —                               | —                                      | —                               |
| Finance Department Vice President   | Wang Suyue                    | 40,570                                 | —                               | —                                      | —                               |
| Sales Department Vice President   | Chen Qiuwei                   | 3,824                                  | —                               | —                                      | —                               |
| Accounting Department Associate Manager   | Li Xiutai                     | —                                      | —                               | —                                      | —                               |
| Assistant Vice President of Planning Department   | Liao Lien-Hui                 | —                                      | —                               | —                                      | —                               |
| Manager of Administration Department and concurrently the Chief of Information Security | Chen Chun-Yan                 | 1,000                                  | —                               | —                                      | —                               |
| Assistant Vice President of Planning Department, Kaohsiung Branch Office                | Song Guozong                  | 4,400                                  | —                               | —                                      | —                               |
| Kaohsiung Branch Finance Department Manager   | Chen Qiulan                   | 6,708                                  | —                               | —                                      | —                               |
| Manager of Finance Department and concurrently the Operation Supervisor                 | Chang Mingwen                 | 500                                    | —                               | —                                      | —                               |

Note 1: Resigned on June 21, 2023

(II) Information on the relatives of directors, supervisors, managers and major shareholders' equity transfer is related: Nil.

(III) Information on the relatives of directors, supervisors, managers and major shareholders' equity pledges is related: Nil.

IX. Information of shareholders who hold the top ten shareholdings, who are related to each other or relatives within the relationship of spouse, and second degree kinship, etc.

Shareholders who account for the top ten shareholder, and their relationship with each other

April 15, 2024 Unit: Shares; %

| Name (Note 1)  | Personal Holding Share |                               | Shares held by Spouse & Minor Child(ren) |                               | Total shareholding by nominee arrangement |                               | Top ten shareholders with spousal relationship or familial relationship within the second degree kinship with one another. (Note 3) |   | Remarks |
|--|------------------------|-------------------------------|--|-------------------------------|---|-------------------------------|---|---|---------|
|  | Shares                 | Holding shares ratio (Note 2) | Shares                                   | Holding shares ratio (Note 2) | Shares                                    | Holding shares ratio (Note 2) | Name (or Name)  | Relation  |         |
| Era Winner Investment Co., Ltd<br>Representative: Huang Qingshui   | 127,197,664            | 6.75%                         | Note 4                                   | Note 4                        | Note 4                                    | Note 4                        | Note 4  | Note 4  | Nil     |
| Xing Ri-sheng Investment Co., Ltd.<br>Representative: Zheng Xiuhui   | 118,756,325            | 6.30%                         | 0  | 0%                            | 0   | 0%                            | Zheng Qintian<br>Zheng Junfang<br>Xie Shuying<br>Zheng Yousheng<br>Cai Congbin  | Spouse<br>Mother & Child<br>Second Degree Kinship<br>Second Degree Kinship<br>Second Degree Kinship                       | Nil     |
| Qingshiban Investment Co., Ltd.<br>Juristic-person representative: LOTUS (Mauritius) GLOBAL INVESTMENTS LTD: Zheng Junfang | 82,507,075             | 4.38%                         | 0  | 0%                            | 0   | 0%                            | Zheng Qintian<br>Zheng Xiuhui<br>Xie Shuying<br>Zheng Yousheng<br>Cai Congbin   | Father & Child<br>Mother & Child<br>Second Degree Kinship<br>Second Degree Kinship<br>Second Degree Kinship               | Nil     |
| Yuanta/P-shares Taiwan Dividend Plus ETF Deposit account   | 75,785,744             | 4.02%                         | Note 4                                   | Note 4                        | Note 4                                    | Note 4                        | Note 4  | Note 4  | Nil     |
| Da-Li Investment Co., Ltd<br>Representative: Tsai Tsungpin   | 70,655,567             | 3.75%                         | 0  | 0%                            | 0   | 0%                            | Zheng Qintian<br>Zheng Xiuhui<br>Zheng Junfang<br>Zheng Yousheng<br>Xie Shuying   | Second Degree Kinship<br>Second Degree Kinship<br>Second Degree Kinship<br>Second Degree Kinship<br>Second Degree Kinship | Nil     |
| Wan Shengfa Investment Co., Ltd<br>Representative: Zheng Yousheng  | 66,012,408             | 3.50%                         | 0  | 0%                            | 0   | 0%                            | Xie Shuying<br>Zheng Qintian<br>Zheng Xiuhui<br>Zheng Junfang<br>Cai Congbin  | Spouse<br>Second Degree Kinship<br>Second Degree Kinship<br>Second Degree Kinship<br>Second Degree Kinship                | Nil     |
| Wu Chaohong  | 54,763,916             | 2.91%                         | Note 4                                   | Note 4                        | Note 4                                    | Note 4                        | Note 4  | Note 4  | Nil     |
| Lishuo Investment (Stock) Company<br>Representative: Xie Shuying   | 38,930,091             | 2.07%                         | 0  | 0%                            | 0   | 0%                            | Zheng Yousheng<br>Zheng Qintian<br>Zheng Xiuhui<br>Zheng Junfang<br>Cai Congbin   | Spouse<br>Second Degree Kinship<br>Second Degree Kinship<br>Second Degree Kinship<br>Second Degree Kinship                | Nil     |
| Zheng Qintian  | 35,486,969             | 1.88%                         | 10,851,266                               | 0.58%                         | 0   | 0%                            | Zheng Xiuhui<br>Zheng Junfang<br>Xie Shuying<br>Zheng Yousheng<br>Cai Congbin   | Spouse<br>Father & Child<br>Second Degree Kinship<br>Second Degree Kinship<br>Second Degree Kinship                       | Nil     |
| Run Ying Investment Co., Ltd.<br>Representative: Zheng Xiuhui  | 34,095,934             | 1.81%                         | 0  | 0%                            | 0   | 0%                            | Zheng Qintian<br>Zheng Junfang<br>Xie Shuying<br>Zheng Yousheng<br>Cai Congbin  | Spouse<br>Mother & Child<br>Second Degree Kinship<br>Second Degree Kinship<br>Second Degree Kinship                       | Nil     |

Note 1: All the top ten shareholders should be listed. Those who are legal person shareholders should list the name of the legal person shareholder and the name of the representative separately.

Note 2: The calculation of the shareholding ratio refers to the calculation of the shareholding ratio in the name of oneself, the spouse, the minor child(ren) or nominee shareholder(s).

Note 3: The shareholders listed in the previous disclosure, including legal persons and natural persons, shall disclose their relationship with each other in accordance with the issuer's financial reporting standards.

Note 4: The shareholder is not an insider declared by the Company, and thus the relevant information of his spouse, minor child(ren) or nominee shareholder(s) is not available.

- X. The number of shares held by the company, the company's directors, managers and the company directly or indirectly controlled by the company in the same investment business, and combined to calculate the comprehensive shareholding ratio

Comprehensive shareholding percentage

April 15, 2024 Unit: Shares; %

| Re-investment business                                       | Investment by the company |                         | Directors, managers and investments directly or indirectly controlling the business |                         | Comprehensive Investment |                         |
|--|---------------------------|-------------------------|---|-------------------------|--------------------------|-------------------------|
|  | Shares                    | Shareholding Percentage | Shares  | Shareholding Percentage | Shares                   | Shareholding Percentage |
| Consultant of Chu Feng Hotel Management Consultant Co., Ltd. | 2,500,000                 | 100%                    | 0   | 0%                      | 2,500,000                | 100%                    |
| Highwealth Real Estate                                       | 700,000                   | 100%                    | 0   | 0%                      | 700,000                  | 100%                    |
| Chyi Yuh Construction Co., Ltd.                              | 439,200,000               | 100%                    | 0   | 0%                      | 439,200,000              | 100%                    |
| Run Long Construction Co., Ltd.                              | 23,698,288                | 5.25%                   | 49,937,007  | 11.07%                  | 73,635,295               | 16.33%                  |
| Jin Jyun Construction Co., Ltd.                              | 0                         | 0%                      | 170,000,000   | 100%                    | 0                        | 0%                      |
| Hundred Million Mark Enterprise Co., Ltd.                    | 2,200,000                 | 100%                    | 0   | 0%                      | 2,200,000                | 100%                    |
| Pi Chiang Enterprise Co., Ltd.                               | 150,720,000               | 100%                    | 0   | 0%                      | 150,720,000              | 100%                    |
| Chuan Hsiang Trading (Shanghai) Co., Ltd.                    | 0                         | 100%                    | 0   | 0%                      | 0                        | 0%                      |
| Highwealth Construction Corporation                          | 26,500,000                | 100%                    | 0   | 0%                      | 26,500,000               | 100%                    |
| Bo-Yuan Construction Corporation                             | 122,900,000               | 100%                    | 0   | 0%                      | 122,900,000              | 100%                    |
| Guangyang Investment Co., Ltd                                | 0                         | 0%                      | 29,900,000  | 100%                    | 0                        | 0%                      |
| Well Rich International Co., Ltd.                            | 38,100,000                | 100%                    | 0   | 0%                      | 38,100,000               | 100%                    |

## Four. Capital Overview

### I. Capital and Shares

#### (I) Source of Share Capital

##### 1. Types of stocks:

| Share Type   | Authorized Shares    |                      |                      | Remarks              |
|--------------|----------------------|----------------------|----------------------|----------------------|
|              | Issued Shares        | Un-issued Shares     | Total                |                      |
| Common Stock | 1,884,141,591 shares | 1,115,858,409 shares | 3,000,000,000 shares | Listed company stock |

##### 2. Source of share capital as of date of publishing:

April 15, 2024 Unit: Shares ; NT\$

| Year and Month | Par value | Authorized Shares |                | Paid-in Capital |                | Remarks  |                           |        |
|----------------|-----------|-------------------|----------------|-----------------|----------------|--|---------------------------|--------|
|                |           | Shares            | Amount         | Shares          | Amount         | Sources of Share Capital                             | Non-cash Capital Increase | Others |
| 2012/04        | 10        | 1,000,000,000     | 10,000,000,000 | 732,161,027     | 7,321,610,270  | Conversion of bonds NT\$41,442,490 (Note 4)          | Nil                       | Nil    |
| 2012/07        | 10        | 1,000,000,000     | 10,000,000,000 | 747,870,073     | 7,478,700,730  | Conversion of bonds NT\$15,709,046 (Note 1)          | Nil                       | Nil    |
| 2012/07        | 10        | 1,000,000,000     | 10,000,000,000 | 598,270,073     | 5,982,700,730  | Capital reduction by cash NT\$1,496,000,000 (Note 2) | Nil                       | Nil    |
| 2014/09        | 10        | 1,500,000,000     | 15,000,000,000 | 897,405,110     | 8,974,051,100  | per share NT\$2,991,350,370 (Note 3)                 | Nil                       | Nil    |
| 2015/09        | 10        | 1,500,000,000     | 15,000,000,000 | 1,166,626,643   | 11,666,266,430 | per share NT\$2,692,215,330 (Note 4)                 | Nil                       | Nil    |
| 2019/04        | 10        | 1,500,000,000     | 15,000,000,000 | 1,166,628,752   | 11,666,287,520 | Conversion of bonds NT\$21,090 (Note 5)              | Nil                       | Nil    |
| October 2020   | 10        | 2,000,000,000     | 20,000,000,000 | 1,283,291,627   | 12,832,916,270 | per share NT\$1,166,628,750 (Note 6)                 | Nil                       | Nil    |
| April 2021     | 10        | 2,000,000,000     | 20,000,000,000 | 1,290,963,617   | 12,909,636,170 | Conversion of bonds NT\$76,719,700 (Note 7)          | Nil                       | Nil    |
| October 2021   | 10        | 2,000,000,000     | 20,000,000,000 | 1,307,931,580   | 13,079,315,800 | Conversion of bonds NT\$169,679,630 (Note 8)         | Nil                       | Nil    |
| January 2022   | 10        | 2,000,000,000     | 20,000,000,000 | 1,390,137,502   | 13,901,375,020 | Conversion of bonds NT\$822,059,220 (Note 9)         | Nil                       | Nil    |
| April 2022     | 10        | 2,000,000,000     | 20,000,000,000 | 1,462,290,484   | 14,622,904,840 | Conversion of bonds NT\$721,529,820 (Note 10)        | Nil                       | Nil    |
| July 2022      | 10        | 2,000,000,000     | 20,000,000,000 | 1,560,385,031   | 15,603,850,310 | Conversion of bonds NT\$980,945,470 (Note 11)        | Nil                       | Nil    |
| October 2022   | 10        | 2,000,000,000     | 20,000,000,000 | 1,714,674,173   | 17,146,741,730 | per share NT\$1,542,891,420 (Note 12)                | Nil                       | Nil    |
| October 2023   | 10        | 3,000,000,000     | 30,000,000,000 | 1,884,141,591   | 18,841,415,910 | per share NT\$1,694,674,180 (Note 13)                | Nil                       | Nil    |

Note 1: Approved by FSC on April 9, 2008 (ref. FSC document No. 0970011133).  
 Approved by FSC on April 16, 2009 (ref. FSC document No. 0980014192).  
 Note 2: Approved by FSC on July 23, 2012 (ref. FSC document No. 1010031538).  
 Note 3: Approved by business letter on August 5, 2014 (ref. FSC D&I Center No. 1030029588).  
 Note 4: Approved by business letter on September 3, 2015 (ref. FSC D&I Center No. 1040036020).  
 Note 5: Approved by business letter on May 22, 2017 (ref. FSC D&I Center No. 1060016434).  
 Note 6: Approved by FSC on October 16, 2020 (ref. Business letter No. 10901193320).  
 Note 7: Approved by FSC on April 19, 2021 (ref. Business letter No. 11001058250).  
 Note 8: Approved by FSC on October 6, 2021 (ref. Business letter No. 11001182980).  
 Note 9: Approved by FSC on January 3, 2022 (ref. Business letter No. 11001243640).  
 Note 10: Approved by FSC on April 11, 2022 (ref. Business letter No. 11101051800).  
 Note 11: Approved by FSC on July 14, 2022 (ref. Business letter No. 11101118730).  
 Note 12: Approved by FSC on October 14, 2022 (ref. Business letter No. 11101195240).  
 Note 13: Approved by FSC on October 17, 2023 (ref. Business letter No. 11230193830).

##### 3. Summary reporting system related information: Nil.

## (II) Status of Shareholders

April 15, 2024

| Item \ Type             | Government Agencies | Financial Institutions | Other Juridical Persons | Foreign Institutions or Persons | Individual  | Total         |
|-------------------------|---------------------|------------------------|-------------------------|---------------------------------|-------------|---------------|
| Employees               | 3                   | 4                      | 351                     | 329                             | 109,473     | 110,160       |
| Shares held             | 1,086,619           | 76,378,731             | 711,771,651             | 172,575,743                     | 922,328,847 | 1,884,141,591 |
| Shareholding Percentage | 0.06%               | 4.05%                  | 37.78%                  | 9.16%                           | 48.95%      | 100.00%       |

## (III) Shareholding Distribution Status

## 1. Common shares distribution:

## Common Stock

April 15, 2024

| Shareholding Tiers<br>(Unit: Share) | Number of Shareholders | Shares held   | Shareholding Percentage |
|-------------------------------------|------------------------|---------------|-------------------------|
| 1 ~ 999                             | 21,569                 | 5,826,916     | 0.31%                   |
| 1,000 ~ 5,000                       | 58,295                 | 128,678,432   | 6.83%                   |
| 5,001 ~ 10,000                      | 13,422                 | 95,324,137    | 5.06%                   |
| 10,001 ~ 15,000                     | 6,376                  | 77,990,123    | 4.14%                   |
| 15,001 ~ 20,000                     | 2,641                  | 46,354,414    | 2.46%                   |
| 20,001 ~ 30,000                     | 2,934                  | 71,518,088    | 3.80%                   |
| 30,001 ~ 40,000                     | 1,430                  | 49,759,736    | 2.64%                   |
| 40,001 ~ 50,000                     | 819                    | 36,936,538    | 1.96%                   |
| 50,001 ~ 100,000                    | 1,522                  | 105,063,244   | 5.58%                   |
| 100,001 ~ 200,000                   | 730                    | 97,969,757    | 5.20%                   |
| 200,001 ~ 400,000                   | 255                    | 68,564,054    | 3.64%                   |
| 400,001 ~ 600,000                   | 52                     | 24,936,244    | 1.32%                   |
| 600,001 ~ 800,000                   | 23                     | 15,586,528    | 0.83%                   |
| 800,001 ~ 1,000,000                 | 20                     | 17,741,074    | 0.94%                   |
| ≥ 1,000,001                         | 72                     | 1,041,892,306 | 55.29%                  |
| Total                               | 110,160                | 1,884,141,591 | 100.00%                 |

## 2. Preferred shares distribution: Nil.

(IV) List of major shareholders

| Name  | Shares | Shares held<br>(April 15, 2024) | Shareholding Percentage<br>(April 15, 2024) |
|---|--------|---------------------------------|---|
| Era Winner Investment Co., Ltd                              |        | 127,197,664                     | 6.75%                                       |
| Xing Ri-sheng Investment Co., Ltd.                          |        | 118,756,325                     | 6.30%                                       |
| Ching Shi Investment Co., Ltd.                              |        | 82,507,075                      | 4.38%                                       |
| Yuanta/P-shares Taiwan Dividend Plus<br>ETF Deposit account |        | 75,785,744                      | 4.02%                                       |
| Da-Li Investment Co., Ltd                                   |        | 70,655,567                      | 3.75%                                       |
| Wan Shengfa Investment Co., Ltd                             |        | 66,012,408                      | 3.50%                                       |
| Wu Chaohong   |        | 54,763,916                      | 2.91%                                       |
| Lishuo Investment (Stock) Company                           |        | 38,930,091                      | 2.07%                                       |
| Zheng Qintian   |        | 35,486,969                      | 1.88%                                       |
| Run Ying Investment Co., Ltd.                               |        | 34,095,934                      | 1.81%                                       |

(V) Market Price, Net Worth, Earnings, and Dividends per Share for the Past 2 Years

Unit: NT\$; %

| Year                                      |  |   | 2022                         | 2023                         | Current year as of<br>March 31, 2024 |
|---|--|---|------------------------------|------------------------------|--------------------------------------|
| Item                                      |  |   |                              |                              |                                      |
|   |  |   |                              |                              |                                      |
| marker<br>price per<br>share              | Highest                                    |   | 50.90                        | 44.35                        | 40.80                                |
|   | Lowest                                     |   | 37.80                        | 39.00                        | 38.30                                |
|   | Average                                    |   | 45.16                        | 41.73                        | 39.64                                |
| Net worth<br>per share                    | Before distribution                        |   | 26.82                        | 25.47                        | Note 5                               |
|   | After distribution                         |   | 23.92                        | Note 4                       | —                                    |
| Earnings<br>per share                     | Weighted average amount<br>of shares       |   | 1,636,197<br>thousand shares | 1,828,650<br>thousand shares | Note 5                               |
|   | Earnings<br>per<br>share                   | Before<br>Retrospectively<br>Adjustment | 2.29                         | 1.33                         | Note 5                               |
|   |  | After<br>Retrospectively<br>Adjustment  | 2.08                         | Note 4                       |                                      |
| Dividends<br>per share<br>(NT<br>dollars) | Cash dividends                             |   | 0.5                          | Note 4                       | —                                    |
|   | Issuance<br>of bonus<br>share              | Earnings<br>dividend                    | 1.00                         | Note 4                       | —                                    |
|   |  | Capital reserve<br>dividend             | —                            | —                            | —                                    |
|   | Accrued dividend                           |   | —                            | —                            | —                                    |
| Profitability                             | Price-to-Earning Ratio<br>(times) (Note 1) |   | 19.72                        | 31.38                        | —                                    |
|   | Price-to-Dividend Ratio<br>(Note 2)        |   | 90.32                        | Note 4                       | —                                    |
|   | Cash dividend yield<br>(Note 3)            |   | 1.11                         | Note 4                       | —                                    |

Note 1. The 2019 annual shareholders' meeting has yet to be convened to determine dividend distribution.

Note 2. Price / earnings ratio = average closing price per share for the year / earnings per share.

Note 3. Price / dividend ratio = average closing price per share for the year / cash dividend per share.

Note 4. Cash dividend yield rate = cash dividend per share / average closing price per share for the year.

Note 5: As of the annual report publication date, the quarterly report for Q1 2024 has not been produced.

## (VI) Dividend Policy and Implementation Status

### 1. Dividend policy:

Article 29: If the Company makes profits for the year, of which the employee remuneration shall not be less than 0.1% of the pre-tax benefits and the director remuneration shall not be more than 1% of the pre-tax benefits, the remuneration shall be distributed after the resolution of the Board of Directors and reported to the Board of Directors. However, if the Company still has accumulated losses, the compensation amount shall be reserved in advance. The allotment objects of remuneration shall include employees of subsidiaries who meet certain conditions, which shall be authorized to the Board of Directors for decision.

The Company shall grasp the changing characteristics of the operating economic environment in order to achieve sustainable operation and long-term development. The Board of Directors shall pay attention to the stability and growth of dividends when formulating the appropriation of earnings, and shall decide on the most appropriate method for dividend policy payment depending on the operating conditions and considering the capital budget planning.

Article 29-1: The Company's earnings concluded in a year are first subject to taxation and reimbursement of previous losses, followed by a 10% provision for the legal reserve. However, no further provision for the legal reserve is required if the Company has accumulated legal reserve of an amount equal to paid-in capital. In addition, the legal reserve shall be allocated or reversed in accordance with laws and regulations or regulations stipulated by the competent authority. The remaining balance and the beginning balance of the undistributed earnings constitute the accumulated distributable earnings. Of the aforementioned accumulated distributable earnings, not less than 20% shall be allocated as shareholders' bonus. The Board of Directors shall prepare the proposal for distribution and submit it to the Shareholders' Meeting for resolution. When distributing earnings, the cash part of shareholders' dividends shall not be less than 10% of the amount distributed to shareholders.

If the Company distributes all or part of the dividends or statutory surplus reserves and capital reserves by means of cash disbursement, it shall authorize the Board of Directors with over two-thirds of the directors attending the meeting and conduct after approval of a majority of the directors attending the meeting, which shall be reported to the shareholders' meeting.

2. Proposed dividend distribution:

The proposed distribution of 2023 profits was approved at the Board of Directors meeting on March 26, 2024 by resolution. A cash dividend of NT\$0.5 (NT\$500 per thousand shares) and a share dividend of NT\$1 (100 shares per thousand share) was proposed and will be discussed at the Annual Shareholders' Meeting on June 13, 2024. The proportion of cash and stock dividends amounts to 33% and 67%, respectively, complying with the requirements under Article 29-1 of the Articles of Incorporation.

3. Significant changes to dividend policy: Nil.

(VII) The Impact of Issuance of Bonus Shares Proposed in this Shareholders' Meeting on the Company's Business Performances and Earnings per Share

Unit: NT\$ thousand

| Item                                     |  | Year   | 2024 (estimation) |
|--|--|--|-------------------|
| Paid-in capital at the beginning         |  |  | 18,841,415        |
| Dividend and stock dividend this year    | Cash dividend per share (NT dollars)   |  | (Note)            |
|  | Stock dividend from retained earnings transferred to capital increase (shares)   |  |                   |
|  | Stock dividend from capital reserve transferred to capital increase (shares)   |  |                   |
| Change of operating performance          | Operating profit   |  |                   |
|  | Increasing (decreasing) percentage of operating profit compared with the same period last year   |  |                   |
|  | Net income after tax   |  |                   |
|  | Increasing (decreasing) percentage of net income after tax compared with the same period last year   |  |                   |
|  | Earnings per share   |  |                   |
|  | Increasing (decreasing) percentage of earnings per share compared with the same period last year   |  |                   |
|  | Annual average rate on investment (reciprocal of annual price-earnings ratio)  |  |                   |
| Proforma earnings per share and PE ratio | If all the retained earnings transferred to capital increase were distributed by cash dividend   | Proforma earnings per share (NT dollars)   |                   |
|  |  | Proposed average return on investment for the planned stock dividend distribution at the upcoming annual shareholders' meeting |                   |
|  | If capital reserve transferred to capital increase was not conducted   | Proforma earnings per share (NT dollars)   |                   |
|  |  | Proforma annual average rate on investment   |                   |
|  | If capital reserve transferred to capital increase and all the retained earnings transferred to capital increase distributed by cash dividend were not conducted | Proforma earnings per share (NT dollars)   |                   |
|  |  | Proforma annual average rate on investment   |                   |

Note: The Company has not disclosed its financial forecast for 2024; therefore, this item is not applicable.

## (VIII) Employee Bonus and Directors' and Supervisors' Remuneration

1. Information related to employee bonus and directors' and supervisors' remuneration in the Articles of Incorporation: Please refer to the above-mentioned (6) dividend policy.

2. The basis for the estimation of the amount of bonus of employees, directors, and supervisors in the current period, and the accounting treatment if there is a difference between the estimated amount and the actual bonus paid in shares or cash:

If there is a discrepancy between the estimated number and the actual amount in the resolution of the Board of Directors, it shall be recognized as profit or loss from changes in accounting estimates in the following fiscal year.

3. Bonus distribution as decided by the Board of Directors' meeting:

(1) Accounting disclosures, treatments, and explanations in the event of a discrepancy between the estimated amount and the actual bonus paid in shares or cash to employees, directors, and supervisors:

A proposed cash bonus NT\$38 million for employees and a remuneration of NT\$8 million for Directors were approved at the Board of Directors meeting by resolution on March 14, 2024. If there is a discrepancy between the estimate and the actual amount paid, the difference will be recognized as profit or loss from changes in accounting estimates in the next fiscal year.

(2) Employee compensation distributed in stock, and the said compensation as a percentage of the sum of after-tax profit and total employee compensation in the standalone financial statements:

On March 14, 2024, the Board of Directors meeting has determined that there will be no stock dividend distribution for employees.

4. Actual distribution of bonus and remuneration (including distributed cash, shares, and share prices) in the prior year, and the accounting disclosures, treatments and explanations if a discrepancy exists:

| Item                    | 2022                 |                         |       |
|-------------------------|----------------------|-------------------------|-------|
|                         | Actual distribution  | Distribution recognized | Diff. |
| Employee cash bonus     | NT\$ 38,000 thousand | NT\$ 38,000 thousand    | 0     |
| Employee stock bonus    | 0                    | 0                       | 0     |
| Directors' Remuneration | NT\$ 8,000 thousand  | NT\$ 8,000 thousand     | 0     |

(IX) Buyback of Treasury Stock: None.

## II. Corporate Bonds

### (I) Status of Outstanding Corporate Bonds

April 15, 2024

|  |  |   |   |
|--|--|---|---|
| Type of Corporate Bonds  | 2020 second secured ordinary corporate bonds<br>(Code: B86406;<br>Abbreviation:<br>P09Highwealth2)                                     | 2021 first secured ordinary corporate bonds<br>(Code: B86407;<br>Abbreviation:<br>P10Highwealth1) | 2021 third secured ordinary corporate bonds<br>(Code: B86409;<br>Abbreviation:<br>P10Highwealth3) |
| Date of issuance   | December 30, 2020  | January 14, 2021  | September 15, 2021  |
| Per Share  | NT\$ 1 million   | NT\$ 1 million  | NT\$ 1 million  |
| Place of issuance and transaction  | Not applicable.  | Not applicable.   | Not applicable.   |
| Issuing price  | At face value  | At face value   | At face value   |
| Total amount   | Total Par Value NT\$ 2 Billion   | Total Par Value NT\$ 2 Billion  | Total Par Value NT\$ 3 Billion  |
| Interest rate  | Coupon rate:<br>Fixed annual interest rate 0.53%   | Coupon rate:<br>Fixed annual interest rate 0.52%  | Coupon rate:<br>Fixed annual interest rate 0.55%  |
| Duration   | Five years,<br>Maturity Date: December 30, 2025  | Five years,<br>Maturity Date: January 14, 2026  | Five years,<br>Maturity Date: September 15, 2026  |
| Assurance agency   | Land Bank of Taiwan Co., Ltd.  | Mega International Bank Co., Ltd.   | Hua Nan Commercial Bank, Ltd.   |
| Trustee  | Taipei Fubon Bank Co., Ltd   | Land Bank of Taiwan Co., Ltd.   | Land Bank of Taiwan Co., Ltd.   |
| Underwriting institution   | Land Bank of Taiwan Co., Ltd.  | Mega Securities Co., Ltd  | BankTaiwan Securities Co., Ltd.   |
| Certifying attorney  | Chung-Chieh Yu (attorney)  | Chung-Chieh Yu (attorney)   | Chung-Chieh Yu (attorney)   |
| CPA  | Han Yilien, Judy Chien   | Han Yilien, Judy Chien  | Han Yilien, Judy Chien  |
| Repayment method   | Bullet repayment at maturity date at the end of 5-year period  | Bullet repayment at maturity date at the end of 5-year period                                     | Bullet repayment at maturity date at the end of 5-year period                                     |
| Outstanding principal amount   | NT\$ 2 billion   | NT\$ 2 billion  | NT\$ 3 billion  |
| Terms of redemption or early repayment   | The Company may exercise its right of redemption by the coupon payment date after three years of issuance and can be redeemed totally. | Not applicable.   | Not applicable.   |
| Restrictions   | Nil  | Nil   | Nil   |
| Credit rating agency, assessment date and results  | Not applicable.  | Not applicable.   | Not applicable.   |
| Secondary rights   | Amount of conversion (exchange or subscriptions) to ordinary shares, oversea depositary receipts, or other securities                  | Not applicable.   | Not applicable.   |
|  | Issuing and conversion (or exchange or subscription) method  | Please refer to the prospectus of the first secured ordinary corporate bonds for 2021.            | Please refer to the prospectus of the third secured ordinary corporate bonds for 2021.            |
| Potential impact of issuance, conversion, exchange, subscription, or issuing method and conditions on the dilution of equity and | Please refer to the prospectus of the second secured ordinary corporate bonds for 2020.  | Please refer to the prospectus of the first secured ordinary corporate bonds for 2021.            | Please refer to the prospectus of the third secured ordinary corporate bonds for 2021.            |

|  |   |  |  |
|--|---|--|--|
| Type of Corporate Bonds                  | 2020 second secured ordinary corporate bonds<br>(Code: B86406;<br>Abbreviation: P09Highwealth2) | 2021 first secured ordinary corporate bonds<br>(Code: B86407;<br>Abbreviation: P10Highwealth1) | 2021 third secured ordinary corporate bonds<br>(Code: B86409;<br>Abbreviation: P10Highwealth3) |
| existing shareholders' rights            |   |  |  |
| Custodian of the target(s) of conversion | Not applicable.   | Not applicable.  | Not applicable.  |

April 15, 2024

|   |   |  |   |
|---|---|--|---|
| Type of Corporate Bonds                           | 2022 first secured ordinary corporate bonds<br>(Code: B86410;<br>Abbreviation: P11Highwealth1)                        | 2023 first secured ordinary corporate bonds<br>(Code: B86411;<br>Abbreviation: P12Highwealth1) | 2024 first secured ordinary corporate bonds<br>(Code: B86412;<br>Abbreviation: P13Highwealth1)  |
| Date of issuance                                  | April 18, 2022  | December 11, 2023  | January 11, 2024  |
| Per Share   | NT\$ 1 million  | NT\$ 1 million   | NT\$ 1 million  |
| Place of issuance and transaction                 | Not applicable.   | Not applicable.  | Not applicable.   |
| Issuing price                                     | At face value   | At face value  | At face value   |
| Total amount                                      | Total Par Value NT\$ 2 Billion  | Total Par Value NT\$ 1.45 billion in total   | Total Par Value NT\$ 1.6 billion in total   |
| Interest rate                                     | Coupon rate:<br>Fixed annual interest rate 0.90%  | Coupon rate:<br>Fixed annual interest rate 1.70%   | Coupon rate:<br>Fixed annual interest rate 1.80%  |
| Duration  | Five years,<br>Maturity Date: April 18, 2027  | Three years<br>Maturity Date: December 11, 2026  | Three years<br>Maturity Date: January 11, 2027  |
| Assurance agency                                  | Taiwan Business Bank Co., Ltd.  | Agricultural Bank of Taiwan  | Taiwan Cooperative Bank Co., Ltd.   |
| Trustee   | Land Bank of Taiwan Co., Ltd.   | Mega International Bank Co., Ltd.  | Mega International Bank Co., Ltd.   |
| Underwriting institution                          | BankTaiwan Securities Co., Ltd.   | BankTaiwan Securities Co., Ltd.  | Taiwan Cooperative Securities Co., Ltd.   |
| Certifying attorney                               | Chung-Chieh Yu (attorney)   | Chung-Chieh Yu (attorney)  | Chung-Chieh Yu (attorney)   |
| CPA   | Han Yilien, Judy Chien  | Han Yilien, Judy Chien   | Han Yilien, Judy Chien  |
| Repayment method                                  | Bullet repayment at maturity date at the end of 5-year period   | Bullet repayment at maturity date at the end of 3-year period                                  | The first principal repayment will be made 18 months after the issue date. Subsequent principal repayments will be made semi-annually in four equal installments in the amount of NT\$400 million each. |
| Outstanding principal amount                      | NT\$ 2 billion  | NT\$ 1.45 billion  | NT\$ 1.6 billion  |
| Terms of redemption or early repayment            | Not applicable.   | Not applicable.  | Not applicable.   |
| Restrictions                                      | Nil   | Nil  | Nil   |
| Credit rating agency, assessment date and results | Not applicable.   | Not applicable.  | Not applicable.   |
| Secondary rights                                  | Amount of conversion (exchange or subscriptions) to ordinary shares, oversea depositary receipts, or other securities |  |   |
| Issuing and                                       | Please refer to the prospectus of   | Please refer to the prospectus of  | Please refer to the prospectus of   |

| Type of Corporate Bonds  | 2022 first secured ordinary corporate bonds<br>(Code: B86410;<br>Abbreviation: P11Highwealth1) | 2023 first secured ordinary corporate bonds<br>(Code: B86411;<br>Abbreviation: P12Highwealth1) | 2024 first secured ordinary corporate bonds<br>(Code: B86412;<br>Abbreviation: P13Highwealth1) |
|--|--|--|--|
| conversion (or exchange or subscription) method  | the first secured ordinary corporate bonds for 2022.   | the first secured ordinary corporate bonds for 2023.   | the first secured ordinary corporate bonds for 2024.   |
| Potential impact of issuance, conversion, exchange, subscription, or issuing method and conditions on the dilution of equity and existing shareholders' rights | Please refer to the prospectus of the first secured ordinary corporate bonds for 2022.         | Please refer to the prospectus of the first secured ordinary corporate bonds for 2023.         | Please refer to the prospectus of the first secured ordinary corporate bonds for 2024.         |
| Custodian of the target(s) of conversion   | Not applicable.  | Not applicable.  | Not applicable.  |

(II) Information on Corporate Bonds Maturing Within One Year: Nil.

(III) Status of Outstanding Convertible Corporate Bonds: Nil.

(IV) Convertible Corporate Bond: Nil.

(V) Exchangeable bond: Nil.

(VI) Issuance of corporate bond under a shelf registration: Nil.

(VII) Corporate bonds with warrants: Nil.

III. Preferred Shares: Nil.

IV. Overseas Depository Receipts: Nil.

V. Status of Employee Stock Options: Nil.

VI. Restricted Awards: Nil.

VII. New Shares Issuance in Connection with Merger and Acquisition: Nil.

VIII. Financial Plans and Implementation:

(I) Content of the plan

For the period as of the quarter preceding the date of publication of the annual report, with respect to each uncompleted public issue or private placement of securities, and to such issues and placements that were completed in the most recent 3 years but have not yet fully yielded the planned benefits: Nil.

(II) Implementation of the plan

The comparison between the implementation and the expectation effectiveness of the use stated in the plans of preceding paragraphs with the analysis as until the quarter prior to the publication date of the annual report.

To repay the principal of the 2020 first secured ordinary corporate bonds and the 2021 second secured ordinary corporate bonds, the Company issued the 2023 first secured ordinary corporate bonds with a face value of NT\$1.45 billion on December 11, 2023, and the 2024 first secured ordinary corporate bonds with a face value of NT\$1.6 billion on January 11, 2024. Both bond issuances were successfully completed, and all funds raised were utilized to repay the bonds in the first quarter of 2024. The positive impact of these actions has already become evident.

## Five. Operational Highlights

### I. Business Activities

#### (I) Business Activities

##### 1. Main fields of business:

Our main business activities include commissioning contractors to construct commercial buildings and public housing buildings for sale or for lease.

- (1)H701010 Housing and building development, lease, sale business
- (2)H701020 Industrial Factory Buildings Lease Construction and Development
- (3)H701040 Specialized Field Construction and Development
- (4)H701050 Public Works Construction and Investment
- (5)H701060 New County and Community Construction and Investment
- (6)H701020 Industrial Factory Buildings Lease Construction and Development
- (7)H701080 Reconstruction within the renewal area
- (8)J901020 Regular Hotel
- (9)ZZ99999 All business items that are not prohibited or restricted by law, except those that are subject to special approval.

##### 2. Weighting of business activities:

Units: NT\$ '000; %

| Year<br>Activities   | 2022       |            | 2023       |            |
|----------------------|------------|------------|------------|------------|
|                      | Amount     | Weight (%) | Amount     | Weight (%) |
| Construction         | 26,314,285 | 98.82      | 43,821,503 | 99.44      |
| Construction         | 132,302    | 0.50       | 99,778     | 0.23       |
| Departmental stores: | 180,646    | 0.68       | 145,912    | 0.33       |
| Total                | 26,627,233 | 100.00     | 44,067,193 | 100.00     |

##### 3. Current product (service) lineup and developing products and services:

###### (1) Existing products and services

Apartment buildings: Apartments, suites, and parking spaces.

Office buildings: Offices, storefronts, parking lots, and suites.

###### (2) New products and services in development

The Company will continue to buy land and promote cases in Keelung, Taipei, New Taipei City, Taoyuan, Hsinchu, Taichung, Tainan, Kaohsiun in the future, In addition, to satisfy the market's growing demands for the tourism & leisure industry and develop industry in food service, hotel and so on. We expect that the revenue can have a breach through diversity management.

## (II) Industry Overview

### 1. Industry status and overview

Global end demand continues to be suppressed by inflation and rising interest rates. The fifth wave of selective credit controls by the Central Bank, the implementation of the amended Equalization of Land Rights Act, and the Housing Hoarding Tax 2.0 policy, coupled with high labor and raw material costs, have created a wary atmosphere in the real estate industry in the first half of 2023. However, in the second half of the year, the government's introduction of favorable loan conditions under the "New Youth Housing Stabilization Policy" successfully attracted first-time homebuyers. Although the number of property transactions in 2023 decreased YoY, the second half of 2023 was significantly better than the first half, and the number of transactions for new properties still showed growth compared to 2022.

In 2023, to combat the effects of inflation, central banks in various countries continued their policy of raising interest rates. Since initiating the first interest rate hike cycle, the Central Bank has raised rates a total of six times by the first quarter of 2024, with the current rate reaching 2%. Additionally, the Central Bank's real estate credit control measures, along with the Ministry of the Interior's amendments to the "Equalization of Land Rights Act," "Real Estate Brokerage Management Act," and the implementation of the Housing Hoarding Tax 2.0, have profoundly impacted both the demand for home purchases and the overall real estate industry.

In 2023, domestic housing demand initially declined but later gained momentum. Housing prices in the seven major metropolitan areas mostly continued to rise. Notably, Kaohsiung City, benefiting from TSMC's announcement of plans to construct a new fab plant, and Taoyuan City and Taichung City, which have seen continuous increases in transportation and public infrastructure development in recent years, experienced stable prices and transaction volumes. However, in Hsinchu City and County, as well as Tainan City, although housing prices significantly increased, transaction volumes declined. Several factors are bolstering the market, including sustained export growth, a robust overall economy, domestic interest rates at historically low levels, rising wages, and increased costs for building materials and land. As a result, housing prices generally exhibit an upward trajectory that is difficult to reverse. In North Taiwan, the real estate market is mature and stable, while the central and southern areas have advantages in population and industrial migration, so housing prices in the central area will continue to rise.

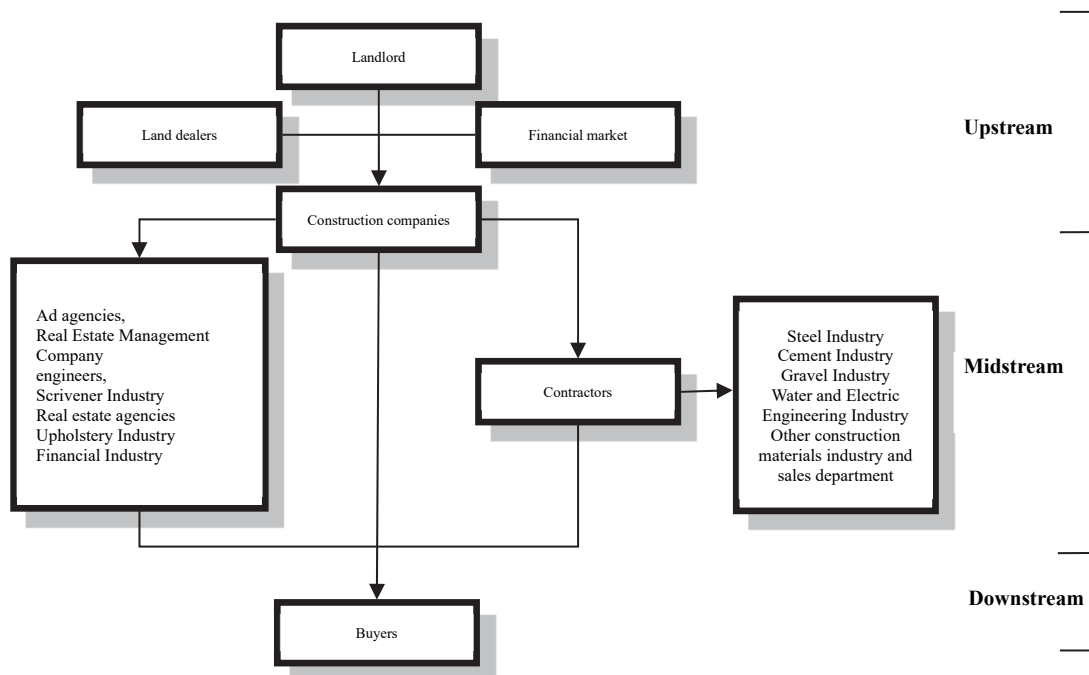
To assist Taiwanese businesses in returning to Taiwan for investment, the Executive Yuan has extended the "Action Plan for Welcoming Overseas Taiwanese Businesses to Return to Invest in Taiwan until 2024. This extension is anticipated to continue driving related

investments and job opportunities. Additionally, the supply chain investments and economic growth spurred by the return of Taiwanese businesses and industrial development will sustain steady demand for commercial real estate and residential products.

Looking ahead to 2024, despite the political and economic instability in the Middle East, the ongoing Ukraine-Russia war, and the impact of inflation, the domestic economy is beginning to recover. The Directorate General of Budget, Accounting and Statistics (DGBAS) estimates an economic growth rate of approximately 3.43% for 2024, which is expected to surpass the performance of 2023. After a year, on March 22, 2024, the Central Bank continued its interest rate hike cycle, announcing an increase by 12.5 basis points. The discount rate, secured loan interest rate, and short-term financing rate were each raised by 0.125%, adjusting from 1.875%, 2.25%, and 4.125% per annum to 2%, 2.3755%, and 4.25%, respectively. Despite the ongoing implementation of the government's housing market cooling policies, it is anticipated that the number of property transfers in some overheated areas will decline. However, the overall industry environment in major cities is expected to remain relatively stable. This stability is attributed to the emergence of rigid demand stimulated by government policies, as well as rising land costs, raw material prices, and labor costs.

### 2. Relationship among the industry's up-, mid-, and downstream

The construction business has been called the “locomotive of all industries”. Its upstream raw materials are mainly land and building materials. The sources of land may come from sales or release of privately-owned property through joint construction, auctions of government-owned land, and the redevelopment of land use in urban renewal projects. Construction companies are in the midstream of the industry. As for the necessary raw materials, such as iron, steel, cement, etc., are non-renewable and limited in supply, substitute building materials are becoming readily available as the technology advances. Also in the midstream are housing dealerships and real estate agencies. In the past, the construction investment industry had a closer business relationship with housing dealerships. In recent years, however, real estate agencies have diversified our selling options with the advantage of having physical storefronts. With the assistance from scrivener services, construction management companies, and financial institutions construction companies lie in the intermediary position and coordinate the whole system. Construction companies acquire land from landowners, apply for loans from financial institutions, commission engineers for designs and contractors for constructions, and finally, sell through the buyer. The relationship among the industry's up-, mid-, and downstream is illustrated in the diagram below:



### 3. Product development trends

- (1) Due to regulations on real estate transaction and limited land supply, instead of outright transfer of land ownership or joint construction with landowners, the Company will diversify its land development opportunities through superficies acquisition, urban renewal projects, real estate investment trust, commissioning, and strategic alliances with competitors.
- (2) Because of the varied demands in regional housing and office space, the government's fight against urban-rural gap through urban planning and transportation infrastructure, and the scarcity and the high price of real estate in Taipei City, the industry has been moving towards a multi-regional approach to diversify risks and adopting unique marketing strategies to tailor to regional developmental needs. The Company will continue to develop high-end residential buildings throughout the northern, central, and southern regions of Taiwan, and general residential buildings with easy traffic connections will be developed to meet the needs of urbanization. In addition, we will examine the profitability of the development, operation, lease, and sales of smart office buildings.
- (3) Diversification, sophistication, and humanization are the three major trends in the market. Apart from the traditional residential buildings, commercial buildings, office spaces, leisure housing, senior citizen housing, green housing, and high-tech smart housing are here to satisfy every customer's needs. As the average income continues to rise, home buyers are focusing less on practicality and safety and more on the living environment, life function, exterior/interior design, and the quality of buildings materials and equipment. Thus, brand awareness and customer satisfaction have become essential indices of competitiveness. The Company will work towards further diversification, humanization, and sophistication in future product development.

- (4) Following the end of the pandemic, the number of international visitors entering the country in 2023 reached 6.48 million. Various research studies indicate that the number of visitors to Taiwan is expected to return to pre-pandemic levels in 2024. Concurrently, the Company plans to launch the Jinshan Hyatt Regency Resort in collaboration with an international hotel group in Q3 2024. Along with the Aloft Tainan Anping Hotel, which was launched in 2022, the Company is well poised to welcome a revitalization of the tourism industry.

#### 4. Competition

The housing market is characterized by its massive scale, vast market reach, and distinctive regional needs. Therefore, the competitive environment is not as hostile as in other industries. Instead, our main focus is in on product differentiation. Our flexible product development strategies enable us to adjust the supply of various kinds of products in a timely manner to adapt to the industry's structural change and to meet the market demand. We determine the product positioning based on each project's scale and location, differentiate market needs according to regional characteristics, and diversify our portfolio to expand our market reach.

In recent years, the Company has mainly rolled out projects in highly urbanized regions, such as Taipei city, New Taipei city, Keelung, Taoyuan, Hsinchu, Taichung, Tainan, and Kaohsiung City. We are one of the very few construction companies that are able to adopt a multi-region approach. We pride ourselves on the creation of value-add with our excellent management team, robust financial planning, visionary land development, professional research and design, precise product positioning, robust construction process, and complete after-sale services. Through these competitive advantages, we can differentiate our products and sell them at a higher price in order to increase gross profits and ensure that our profitability remains stable. For hotels, the Company shall collaborate with Grand Hyatt Group and Marriott Corporation to roll out five-star hotel products. Integration with resources of international hotel corporations is able to minimize negative effects of external competition.

### (III) Overview of Technology and R&D

The Company has no in-house R&D department within the main construction business division.

#### 1. Technology know-hows and research outlook

##### (1) Construction business division

###### a. Construction design

Careful evaluations of product locations, the characteristics of the surrounding environment, and consumer demands are conducted to introduce suitable commercial real estate or residential products. For instance, due to changes in Taiwan's industrial ecosystem, many young people are entering new technology and startup industries,

which are characterized by fewer employees and smaller office spaces. In response to this trend, the Company has launched "micro office" products to cater to the needs of the startup industry, thereby expanding its product niche. Additionally, as technology advances, the Company continuously introduces environmentally friendly building materials from various countries and designs high-quality products to meet the ever-evolving market demands.

b. Construction management

We continuously study various construction methods, introducing the most suitable techniques and engineering management practices to rigorously control quality, cost, and progress. We have launched a 100-person BIM team and implemented new construction methods to reduce labor demand and material wastage. Additionally, we enhance safety and health training and management in construction projects, including pre-construction briefings and training, inspections during construction, and post-construction safety checks.

c. Structural integrity and safety measures

The Company introduced the advanced shock absorption system from Japan to minimize damages brought by earthquakes and ensure the safety of residential buildings in Taiwan.

d. Process automation and digitalization

We promote computerization by introducing an integrated construction management system, which includes the engineering budget system, project contracting system, business system, accounting system, and electronic forms. Additionally, we are strengthening the development of professional talent to enhance operational efficiency.

e. Marketing research

We have an accurate understanding of the real estate market, and we actively gather information on land use and real estate transactions. These data offer useful insights and enable us to precisely position our products and adopt superior marketing strategies, making large sales volume an achievable goal.

(2) Hotels:

The group's first hotel, Aloft Tainan Anping, has achieved an average occupancy rate of over 75%. In 2023, the hotel restaurant was recognized with a Western Cuisine or Specialty Kitchen Team Award by Marriott International, and the hotel received a certificate of appreciation from the Tainan City Government for its corporate social responsibility performance.

The Jinshan Hyatt Regency Resort, with a total of 211 guest rooms, is scheduled for

completion in the third quarter of this year. It features a wedding chapel that can accommodate 200 guests, a pillarless banquet hall with a 7-meter-high ceiling, and abundant hot spring resources, making it Taiwan's first Hyatt Regency Resort. Additionally, the Hyatt Regency Kaohsiung, with a total of 177 guest rooms, is expected to be completed in 2025.

### (IV) Short-term and Long-term operation plans

#### 1. Short-term plan

With the Company's capital size, human resources, rate of return on investment, and capital turnover in mind, our short-term operation focus will stay on the investment and construction of mid- to large-scale projects at prime locations in northern, central, and southern Taiwan. We have established a professional marketing channel to accelerate sales, achieve zero inventory, and reduce interest expense. Apart from maximizing operational outcome, we are able to rapidly increase our capital thanks to our projects' profitability. With careful budgeting, auditing, and cost monitoring, we are able to gradually increase our equity ratio, strengthen our financial structure, and solidify our operational foundation, leading to continuous growth and profit generation.

#### 2. Long-term plan

As the capital of the Company reaching a certain scale, it is necessary to consider long-term stable investment options and integrate sustainable development policy. As such, for the long-term business development, the Company plans to utilize part of its capital for long-term investments, manage or engage external agent to manage properties, e.g. real estate for leisure and tourism, commercial real estate. In respond to an aging Taiwan society, the Company is prepared to develop old age support residential products and green buildings that integrate comprehensive environmental protection design conception, as well as design conception accommodating environmental co-existence and co-prosperity. Meanwhile, the majority of our capital will still be invested in construction projects. Therefore, we should be able to maximize earnings for shareholders. In the future, we will actively form strategic alliances with our competitors and the insurance industry to acquire land for construction or operation of residential buildings, office buildings, resorts, and department stores. At the same time, we will develop or introduce substitute building materials, maintaining a diversified portfolio and stable source of income.

## II. Market and Sales Overview

### (I) Market Analysis

#### 1. Main product sales area:

The Company continued to focus on high-rise multi-purpose residential buildings and office buildings for its operation. These buildings are situated in major metropolitan areas, including Taipei, New Taipei, Keelung Hsinchu, Taoyuan, Taichung, Tainan, and Kaohsiung. We mainly select areas with convenient transportation, good life functions, and high developmental potentials. Our sales volume has been satisfactory.

#### 2. Market share

For the summary of the Company's operating revenue in 2023, please see the table below:

Top 10 TWSE/TPEX Listed Construction Companies in Terms  
of Consolidated Operating Revenue in 2023

| Rank | Stock Code: | Name of the Company                 | Operating revenue (NT\$ 100 million) |
|------|-------------|-------------------------------------|--------------------------------------|
| 1    | 2542        | Highwealth                          | 440                                  |
| 2    | 3703        | Continental Holdings                | 306                                  |
| 3    | 2597        | Ruentex Group                       | 224                                  |
| 4    | 5522        | Farglory Group                      | 218                                  |
| 5    | 2504        | Goldsun Building Materials Co., Ltd | 210                                  |
| 6    | 2520        | Kingdom Construction                | 195                                  |
| 7    | 2515        | BES Engineering Corporation         | 190                                  |
| 8    | 2548        | Huaku Development Co., Ltd.         | 158                                  |
| 9    | 2501        | Guo-Jian                            | 155                                  |
| 10   | 6177        | Dali Development Co., Ltd.          | 154                                  |

Data source: public information observatory

#### 3. Market share, analysis of future supply and demand and market growth

##### (1) Supply

The four stages of land development are investment, production, transaction, and utilization. Construction companies will evaluate the market to determine the location,

invest capital to procure building materials, and then begin the design process. However, the Building Act stipulates that building construction, reconstruction, addition, and repair all require building permits, that construction must commence within 6-9 months of permit issuance, and that land use registration and land use change both require a license. Because the whole process can take around 2-3 years, land transaction volume and building permit issuance can be seen as an early indicator of future housing market performance. The number of new construction projects can further reflect the industry's attitude towards the market outlook. On the other hand, property roll-out volume indicates the current housing supply. Therefore, in the following section, we will analyze land transaction volume, number of permits issued, and property roll-out volume to paint a clearer picture of market supply and growth.

### (A) Land transaction volume

According to statistics from Cushman & Wakefield, the land market transaction volume in 2023 reached NT\$112.9 billion, a 34% decrease from NT\$171.8 billion in 2022. The largest decline was in industrial land transactions, which fell by NT\$62 billion to NT\$27.5 billion compared to 2022. This drop is primarily due to the already high increase in industrial land prices, coupled with rising labor and raw material costs, which have eroded manufacturing profits and thus suppressed demand for industrial land. Conversely, transactions of non-industrial land slightly increased by NT\$3.1 billion, remaining relatively stable. Given the uncertainties in international political and economic situations and future economic conditions, developers will be more cautious in transactions, avoiding hasty price chasing and opting for strategies such as public urban renewal projects or co-development with landowners.

### (B) Number of construction licenses and building user permits issued

The Building Act stipulates that new construction, addition, reconstruction and repair of buildings all require construction permits. Relevant statistics are the leading indicators used to observe the prosperity of construction industry in Taiwan. According to the Monthly Report of the Construction and Planning Agency, Ministry of the Interior, the number of residential building permits (excluding farmhouses) issued in 2023 was 145,553 units, a decrease of 19% from 179,958 units in 2022, marking a five-year low. In 2023, residential building permits (excluding farmhouses) issued in the six special municipalities plus Hsinchu City and County accounted for 80% of the total, a 21% decrease from 2022. This indicates that while development projects remain concentrated in major urban areas, developers have become more cautious in launching new projects due to the potential for further interest rate hikes and the continuous rise in land, labor, and material costs. In 2023, 117,723 residential usage licenses (excluding farmhouses) were issued, a 5% increase from 111,411 in 2022. This discrepancy is due to the lag in the development process, as the large number of building permits issued in 2021 and 2022 has not yet been reflected in the usage license data.

Since 2022, central banks around the world have shifted their monetary policies

and raised interest rates, causing the real estate market to reverse from an environment of abundant capital and low interest rates. Although the pace of interest rate hikes by the domestic central bank has been relatively slow, the persistent high costs of labor and raw materials continue to affect the real estate market. According to Central Bank statistics, the outstanding balance of construction loans continued to grow in 2023, reaching NT\$3.23 trillion with an annual growth rate of 4.19%. This is a significant slowdown compared to the annual growth rate of 10.32% in 2022, indicating that developers have become more cautious in launching new projects. Despite this caution, the outstanding balance of construction loans has still reached a new high.

| Area \ Item             |                  | Housing Construction Permit |           |                   | Housing User License |           |                   |
|-------------------------|------------------|-----------------------------|-----------|-------------------|----------------------|-----------|-------------------|
|                         |                  | 2023                        | 2022      | 2-year Comparison | 2023                 | 2022      | 2-year Comparison |
| Taipei City             | Number issued    | 12,240                      | 10,666    | 14.76%            | 5,515                | 6,132     | -10.06%           |
|                         | Total Floor Area | 1,636,982                   | 1,417,522 | 15.48%            | 773,698              | 888,440   | -12.91%           |
| New Taipei City         | Number issued    | 26,179                      | 29,606    | -11.58%           | 18,599               | 16,518    | 12.60%            |
|                         | Total Floor Area | 3,007,985                   | 3,611,837 | -16.72%           | 2,381,479            | 2,152,212 | 10.65%            |
| Taoyuan City            | Number issued    | 18,820                      | 26,702    | -29.52%           | 19,048               | 16,864    | 12.95%            |
|                         | Total Floor Area | 2,437,917                   | 3,807,191 | -35.97%           | 2,780,094            | 2,447,757 | 13.58%            |
| Hsinchu City and County | Number issued    | 8,118                       | 8,946     | -9.26%            | 7,561                | 6,843     | 10.49%            |
|                         | Total Floor Area | 1,217,788                   | 1,460,576 | -16.62%           | 1,136,481            | 1,065,331 | 6.68%             |
| Taichung City           | Number issued    | 24,622                      | 33,647    | -26.82%           | 21,366               | 21,933    | -2.59%            |
|                         | Total Floor Area | 3,752,623                   | 5,100,552 | -26.43%           | 3,281,687            | 3,308,236 | -0.80%            |
| Tainan City             | Number issued    | 8,837                       | 19,888    | -55.57%           | 8,341                | 8,572     | -2.69%            |
|                         | Total Floor Area | 1,170,897                   | 2,824,111 | -58.54%           | 1,150,183            | 1,363,315 | -15.63%           |
| Kaohsiung               | Number issued    | 17,853                      | 18,989    | -5.98%            | 16,439               | 15,076    | 9.04%             |
|                         | Total Floor Area | 2,229,828                   | 2,378,883 | -3.32%            | 2,373,014            | 2,149,155 | 10.42%            |

Source: Construction and Planning Agency, Ministry of the Interior

### (C) Property roll-out

| Item   | Nationwide | Taipei City | New Taipei City | Taoyuan City | Hsinchu City and County | Taichung City | Tainan City | Kaohsiung |
|--|------------|-------------|-----------------|--------------|-------------------------|---------------|-------------|-----------|
| <b>Number of houses rolled out in 2023</b>                         | 78,564     | 3,999       | 17,988          | 11,972       | 3,483                   | 18,151        | 7,547       | 15,424    |
| Number of houses rolled out in 2022                                | 88,689     | 5,452       | 21,069          | 15,674       | 3,558                   | 19,610        | 10,465      | 12,861    |
| <b>Amount of launched cases in 2023 (in NT\$ 100 Million)</b>      | 14,260     | 1,868       | 3,140           | 1,677        | 856                     | 3,533         | 1,043       | 2,141     |
| Amount of launched cases in 2022 (in NT\$ 100 Million)             | 16,002     | 2,789       | 3,713           | 2,288        | 807                     | 3,158         | 1,391       | 1,857     |
| Comparison of the number of launched households over the two years | -11.42%    | -26.65%     | -14.62%         | -23.62%      | -2.11%                  | -7.44%        | -27.88%     | 19.93%    |
| Comparison of the amount of launched households over the two years | -10.89%    | -33.02%     | -15.43%         | -26.70%      | 6.07%                   | 11.87%        | -25.02%     | 15.29%    |

Data source: 2023 Cathay House Price Index

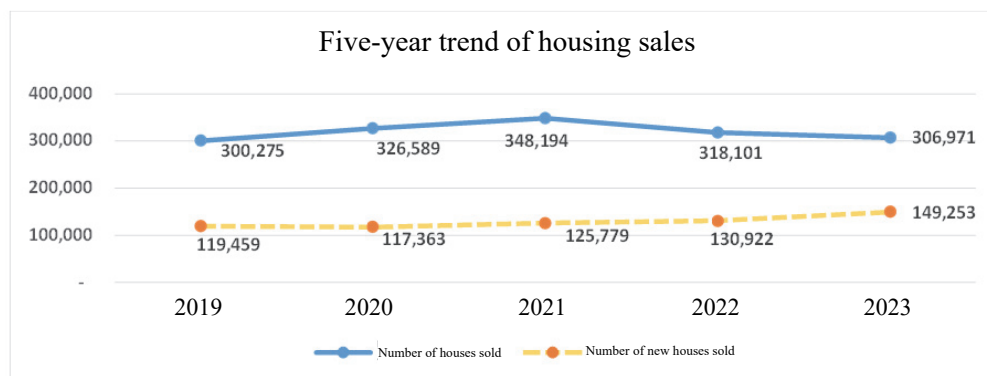
According to the "Cathay Real Estate Index" data, the total number of new housing projects launched nationwide in 2023 was 78,564 units, with a total launch amount of NT\$1,426 billion, both of which decreased compared to 2022. Further analysis of the regional performance in 2023 reveals that in Taipei City, due to land

scarcity and ongoing municipal policies, the housing market mainly focused on urban renewal and hazardous building projects. The number of new units launched and the total launch amount decreased by 26.65% and 33.02%, respectively, compared to the same period in 2022. The main products remained priced above NT\$1 million per ping, showing stable prices but reduced volumes. In New Taipei City, the number of new units launched and the total launch amount decreased by 14.62% and 15.43%, respectively, compared to 2022. The main products were priced above NT\$600,000 per ping, indicating a relatively heated market with rising prices and stable volumes. In Taoyuan City, the number of new units launched and the total launch amount decreased by 23.62% and 26.70%, respectively, compared to 2022. However, driven by population influx and the development of MRT and public infrastructure, the housing market continued to grow steadily, showing stable prices and volumes with main products priced above NT\$400,000 per ping. Meanwhile, in Hsinchu City and County, the number of new units launched decreased by 2.11%, while the total launch amount increased by 6.07% compared to 2022. Despite a significant increase in housing prices in 2022, transaction volumes decreased noticeably in 2023, with main products priced above NT\$400,000 per ping, reflecting a significant price increase compared to 2022. In Taichung City, with the addition of transportation and public infrastructure, the market remained active. Although the number of new units launched decreased by 7.44% compared to 2022, the total launch amount increased by 11.87%. The housing market showed rising prices and stable volumes, with main products priced above NT\$500,000 per ping. In Tainan City, following the housing price increases in 2022 and 2023, the number of new units launched and the total launch amount decreased significantly by 27.88% and 25.02%, respectively, compared to 2022. The market showed rising prices but reduced volumes, cooling relative to other cities, with main products priced between NT\$300,000 and NT\$400,000 per ping. Lastly, in Kaohsiung City, benefiting from TSMC's decision to set up a plant, the number of new units launched and the total launch amount increased by 19.93% and 15.29%, respectively, compared to 2022. The housing market showed stable prices and volumes, with main products priced from under NT\$400,000 per ping in the third quarter to above NT\$400,000 per ping in the fourth quarter.

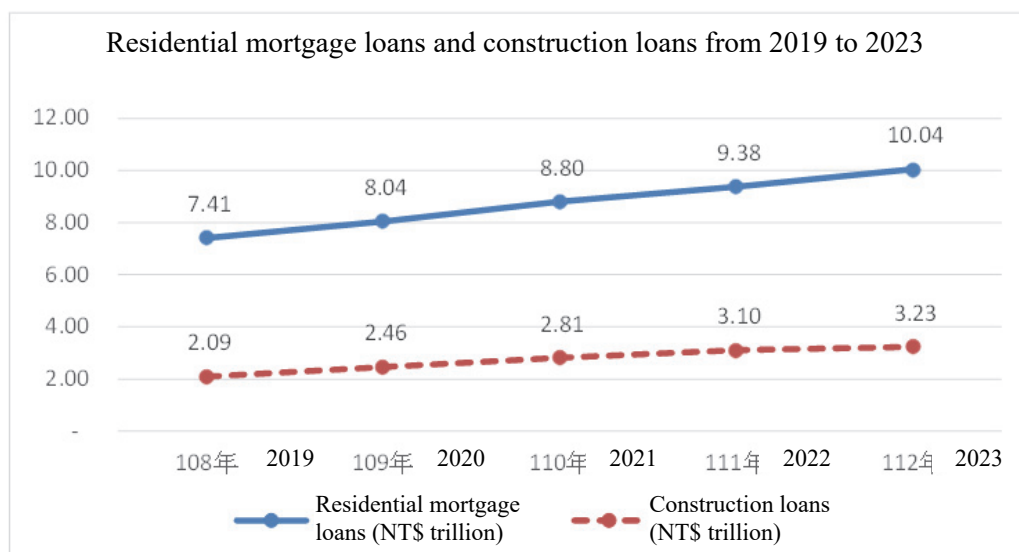
### (2) Demand

Although the world has fully emerged from the impact of the COVID-19 pandemic in 2023, the shadow of rising central bank interest rates, the fifth wave of selective credit controls on the housing market, the amendments to the Equalization of Land Rights Act, and the implementation of Housing Hoarding Tax 2.0 have all profoundly affected the market. The number of property transfer transactions in 2023 decreased by 11,130 units compared to 2022. However, the rate of decline has slowed from 9% in 2022 to 3% in 2023. Under the government's new "New Youth Housing Stabilization Policy," the number of new housing transactions in 2023 increased by 18,331 units compared to 2022,

reflecting a growth rate of 14%, and showing an uptick trend over the past four years.



According to central bank statistics, the amount of residential mortgage loans has increased by more than 5% annually over the past five years. By the end of 2023, the total amount of residential mortgage loans reached NT\$10.04 trillion, an increase of approximately 7% from NT\$9.38 trillion at the end of 2022. Additionally, by the end of 2023, the total amount of construction loans reached NT\$3.23 trillion, an increase of approximately 4% from NT\$3.1 trillion at the end of 2022. This data indicates a continued warming in the demand for home purchases among the public and ongoing new project launches by developers.



資料 Source: Central Bank

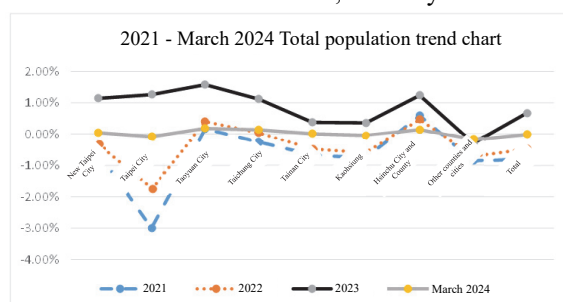
### (3) Growth

Looking ahead to 2024, the Directorate General of Budget, Accounting, and Statistics (DGBAS) estimates that economic growth, driven by consumer demand, will continue to recover, with the growth rate rising to 3.43%. This economic growth, coupled with the government's "New Youth Housing Policy" and the persistent difficulty of housing price declines due to cost factors and aging housing stock in major cities, is expected to stabilize the overall housing market in terms of both prices and volumes.

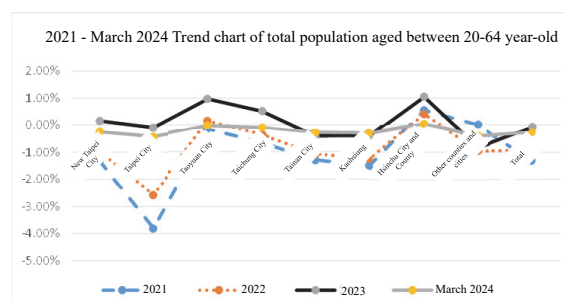
Major urban areas will see relatively stable development, particularly in regions benefiting from significant transportation and public infrastructure projects or industrial advancements. Although the total number of residential property sales nationwide is slightly declining, the number of new housing transfers continues to grow, indicating steady growth in the construction industry and persistent rigid demand. According to DGBAS statistics, while Taiwan's birth rate continues to decline, the overall population turned to positive growth in 2023, reaching the highest level in three years. The population of the six special municipalities plus Hsinchu City and County grew by 0.6% compared to 2022. The 20 to 64-year-old population increased by 21,541 people, or about 0.2%, compared to 2022. This data indicates a continuous population concentration in major urban areas and an increase in the productive population with purchasing power in these cities. Given the widespread aging of housing across Taiwan, there will be stable housing demand in major urban areas in the future.

| Region                    | 2022 - 2023 Total population change |          | 2021 - 2022 Total population change |          |
|---------------------------|-------------------------------------|----------|-------------------------------------|----------|
|                           | Increase/decrease of population     | Change % | Increase/decrease of population     | Change % |
| Taipei City               | 31,205                              | 1.26%    | -43,712                             | -1.73%   |
| New Taipei City           | 40,569                              | 1.14%    | -12,562                             | -0.31%   |
| Taoyuan City              | 30,981                              | 1.58%    | 9,073                               | 0.40%    |
| Taichung City             | 31,450                              | 1.12%    | 969                                 | 0.03%    |
| Tainan City               | 6,949                               | 0.38%    | -9,062                              | -0.49%   |
| Kaohsiung                 | 9,804                               | 0.36%    | -16,554                             | -0.60%   |
| Hsinchu City and County   | 12,788                              | 1.24%    | 4,756                               | 0.46%    |
| Other counties and cities | -128,618                            | -2.08%   | -43,582                             | -0.71%   |
| Total                     | 40,128                              | 0.19%    | -110,674                            | -0.47%   |

Source: DGBAS, Ministry of the Interior

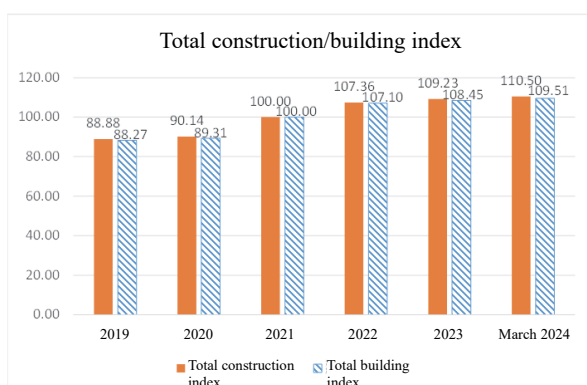


Source: DGBAS, Ministry of the Interior

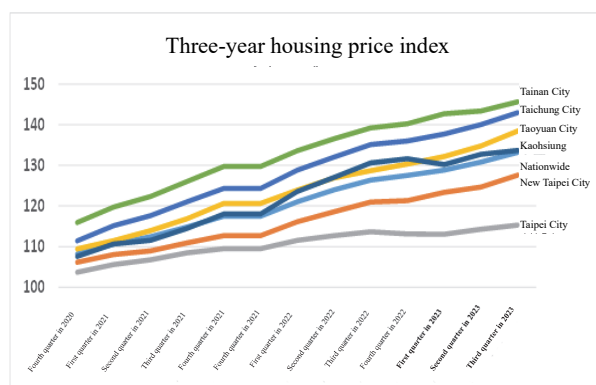


Source: DGBAS, Ministry of the Interior

According to the statistics of DGBAS, ongoing inflation has led to rising land costs, labor shortages, and increased labor costs for developers, resulting in an overall increase in construction costs. Over the past five years, the construction and building engineering total index has continued to rise, making it difficult to reduce housing prices. Additionally, the expansion of infrastructure, the return of overseas Taiwanese businesses, increased corporate investments, and economic recovery have fueled market expectations of continuously rising housing prices, driving the housing price index to new highs.



Source: DGBAS



Source: Ministry of the Interior

#### 4. Competitive advantages

- (1) Great capital resources and credit worthiness
- (2) Superior land development abilities with visions
- (3) Rigorous product design to satisfy market needs
- (4) Leading construction technologies in the industry.
- (5) Precise control of construction quality, progress, and costs.

#### 5. Long-term opportunities, threats, and our countermeasures

##### (1) Opportunities

- ① As inflation eases, the U.S. Federal Reserve's interest rate hike cycle has largely concluded by the end of 2023. Although the domestic central bank raised rates by 12.5 basis points in the first quarter, it is expected that there will be no significant rate hikes in 2024.
- ② The end of the domestic COVID-19 pandemic has increased people's willingness to view and purchase homes.
- ③ The Executive Yuan's "Action Plan for Welcoming Overseas Taiwanese Businesses to Return to Invest in Taiwan" has been extended until 2024. This plan will continue to drive investment from returning Taiwanese businesses, increase employment opportunities, stimulate economic growth, and maintain a certain level of demand for commercial real estate and residential products.
- ④ The government has introduced a new housing loan policy for young people. The application period is from August 1, 2023, to July 31, 2026. The maximum loan amount is NT\$10 million, with a term of up to 40 years, and a single-stage interest rate. The loan has a grace period of five years.

##### (2) Threats

- ① The Legislative Yuan approved the amendment to “The Equalization of Land Rights Act” at the third reading in January 2023, and the content includes:
  - A.Restrictions on contract exchange or resell of presale houses and newly built houses.
  - B.Material punishments on speculation.

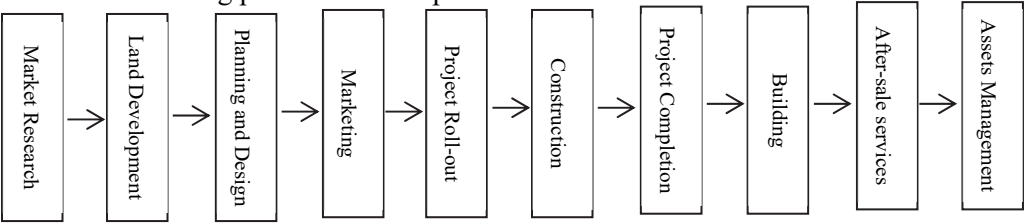
- C.Establishment of a whistleblowing and bonus system.
  - D.Restriction on private house acquisition by corporations.
  - E.Requirement of declaration and registration for the cancelation of contracts for presale houses.
  - ② The trend in mortgage delinquency rates will continue to influence the Financial Supervisory Commission's regulation of banks' mortgage businesses. Additionally, the future imposition of carbon fees may increase construction costs.
  - ③ The outbreak of war in the Middle East and the ongoing Russia-Ukraine conflict may cause raw material prices to continue rising or remain high.
  - ④ Interest rate and housing policies of the Central Bank:
    - A.The Central Bank raised interest rates twice from 2023 to the first quarter of 2024, each time by 12.5 basis points. There is still a possibility of future rate hikes due to inflation.
    - B.The Central Bank implemented the fifth wave of selective credit control, limiting the maximum loan-to-value ratio for individuals purchasing a second home in the seven special municipalities to 70%.
- (3) Countermeasures
- ① Conduct rigorous reviews of new development projects to determine the reasonable returns and prices; strengthen internal management and shorten construction time to minimize loss of profits due to rising material costs.
  - ② Product design diversification strives for breakthroughs by focusing on construction quality and enhancing product competitiveness. Diversified operations reduce business risks, including the introduction of small-sized residential units and micro-offices, and continued expansion into the hotel market to promote revenue diversification.
  - ③ Enforce “just-in-time” zero inventory policy and the selling policy to maximize returns on invested capital (ROIC).
  - ④ Strategies of urban renewal by governmental agencies of co-building with landlords.

(II) Main Products and Manufacturing Process

1. Major products and their main uses

- (1) Luxury apartment buildings: apartments, suites, parking spaces.
- (2) Luxury office buildings: storefronts, malls, suites, parking spaces.

2. The manufacturing process of main products



**(III) Supply of Major Source Materials**

1. Land: We are actively searching for suitable places for development. Following the government's plans of infrastructure in the greater Taipei Metropolis, Taoyuan, Zhubei, Taichung, and Kaohsiung, we will seek joint construction opportunities, form strategic alliances, and partake in urban renewal projects or MRT joint development. There will be no shortage of land.
2. Construction: From contracting to project acceptance, we have rigorous operating procedures in place to help us control the progress and quality of construction. Supply shortage or monopoly is out of the question.
3. Materials: To reduce cost and shorten the construction period, we used to handle materials procurement in-house. However, to increase overall efficiency, we are gradually moving towards composite outsourcing of both construction and materials. The supply of building materials, therefore, remains stable.

**(IV) Major Suppliers and Clients**

1. Major suppliers with at least 10% of annual order volume in the previous two years

Unit: NT\$ ('000)

| Item | 2022         |            |                |          | 2023         |            |                |          |
|------|--------------|------------|----------------|----------|--------------|------------|----------------|----------|
|      | Name         | Amount     | Percentage (%) | Relation | Name         | Amount     | Percentage (%) | Relation |
| 1    | Others       | 32,449,423 | 100.00%        | Nil      | Others       | 25,636,813 | 100.00%        | Nil      |
|      | Net Purchase | 32,449,423 | 100.00%        |          | Net Purchase | 25,636,813 | 100.00%        |          |

Note 1: List the suppliers with at least 10% of annual order volume in the previous two years, and the purchase amount and proportion. However, if it is not allowed to disclose the name of the supplier due to the contract agreement or if the trading partner is an individual who is not a related person, it can be listed in the form of code.

Note 2: When preparing the consolidated financial statements, the transactions between the consolidated enterprises have been written off.

Note 3: As of the publication date of the annual report, the Q1 financial information is yet to be audited.

**Reason for the change:**

We use composite outsourcing of construction work and materials. Purchase amounts vary based on the construction progress. Because construction projects are discrete in nature and because land is non-increasing, immovable, and irreplaceable, land acquisition depends on our project locations and we don't rely on specific suppliers.

2. Major clients with at least 10% of annual order volume in the previous two years

Unit: NT\$ thousand

| Item | 2022      |            |                |          | 2023      |            |                |                        |
|------|-----------|------------|----------------|----------|-----------|------------|----------------|------------------------|
|      | Name      | Amount     | Percentage (%) | Relation | Name      | Amount     | Percentage (%) | Relationship to issuer |
| 1    | Others    | 26,627,233 | 100.00%        | Nil      | Others    | 44,067,193 | 100.00%        | Nil                    |
|      | Net Sales | 26,627,233 | 100.00%        |          | Net Sales | 44,067,193 | 100.00%        |                        |

Note 1: List the clients with at least 10% of annual sales volume in the previous two years, and the amount and proportion of the sales. However, if it is not allowed to disclose the name of the client due to the contract agreement or the trading partner is an individual who is not a related person, it can be listed in the form of code.

Note 2: When preparing the consolidated financial statements, the transactions between the consolidated enterprises have been written off.

Note 3: As of the publication date of the annual report, the report for the review of the Q1 financial information is yet to be issued.

**Reason for the change:**

Due to the nature of the business, the Company does not have regular clients commanding more than 10% of our annual sales volume.

(V) Production in the Last Two Years

Unit: NT\$ thousand

| Product \ Year | 2022                 |                     | 2023                 |                     |
|----------------|----------------------|---------------------|----------------------|---------------------|
|                | Volume of Production | Value of Production | Volume of Production | Value of Production |
| Housing        | 2,806 households     | 17,553,126          | 3,101 households     | 27,236,611          |
| Construction   | —                    | 117,949             | —                    | 42,319              |
| Others         | —                    | 209,590             | —                    | 231,251             |
| Total          | —                    | 17,880,665          | —                    | 27,510,181          |

Note: 1. Housing value refers to the total production costs of completed projects at year end.

2. Housing yield refers to the total housing units of completed projects at year end.

3. Others refer to costs of lease and sales of empty land.

4. The production volume of Bo-Yuan (others) will not be listed as an item for the time being.

## (VI) Sales in the Last Two Years

Unit: NT\$ thousand

| Product \ Year \ Volume | 2022             |            |        |       | 2023             |            |        |       |
|-------------------------|------------------|------------|--------|-------|------------------|------------|--------|-------|
|                         | Domestic         |            | Export |       | Domestic         |            | Export |       |
|                         | Volume           | Value      | Volume | Value | Volume           | Value      | Volume | Value |
| Housing                 | 2,660 households | 26,189,878 | —      | —     | 3,852 households | 43,673,555 | —      | —     |
| Construction            | —                | 126,700    | —      | —     | —                | 91,107     | —      | —     |
| Others                  | —                | 310,655    | —      | —     | —                | 302,531    | —      | —     |
| Total                   | —                | 26,627,233 | —      | —     | —                | 44,067,193 | —      | —     |

Note: 1. Housing sales value refers to the operating income from housing sales of the year.

2. Housing sales volume refers to the units sold in the year.

3. Others refer to revenues from lease or sales of empty land.

4. The production volume of Bo-Yuan (others) will not be listed as an item for the time being.

### III. Human Resource Information (Ratio of employees in service, average years of service, average age and education) in the last two years up until the publication date of the annual report

Consolidated human resource information of the Company and subsidiaries in the last two years as of April 15, 2024:

| Year                     |                   | 2022   | 2023   | April 15, 2024 |
|--------------------------|-------------------|--------|--------|----------------|
| Number of employees      | Employee          | 765    | 760    | 734            |
|                          | Engineers         | 411    | 609    | 692            |
|                          | Total             | 1,176  | 1,369  | 1,426          |
| Average age              |                   | 38.9   | 38.8   | 37.9           |
| Average years of service |                   | 5.6    | 5.3    | 5.2            |
| Educational Background   | PhD               | 0%     | 0%     | 5.3%           |
|                          | Master's          | 6.21%  | 5.62%  | 5.26%          |
|                          | College           | 83.76% | 74.14% | 67.67%         |
|                          | High School       | 9.18%  | 11.40% | 13.46%         |
|                          | Below high school | 0.85%  | 8.84%  | 13.60%         |

### IV. Environmental Protection Expenditure

- (I) Total Losses and Penalties by environmental pollution during the latest year and up to the printing date of this annual report

Our main business activities consist of the construction and sales of buildings. We outsource construction with or without materials procurement to contractors, who will be responsible for the processing and disposal of wastes. The Company assumes a supervisory

role, and therefore, did not recognize any losses from environmental pollution penalties during the last year and up to the publishing date.

### (II) Environmental Protection Measures

We stipulate in our contracts that our construction partners shall take whole responsibility for any pollution during construction. The Company assumes a supervisory role. We have the following measures in place to prevent pollution:

1. Select the most appropriate construction methods based on the geology and the neighboring areas of the location to minimize noise and vibrations.
2. Put up protection nets to prevent dust and stones from flying or falling.
3. Set up enclosed scavenging ducts to prevent wastes from scattering.
4. Designate a place for waste disposal. No burning of wastes is allowed during construction, and carry out regular collections of wastes.
5. Regularly dredge the drainage trench to keep surrounding areas sanitary.

### (III) Contingent Liability in Environmental Protection: Nil.

## V. Labor-Management Relations

### (I) Policies on Employees' Welfare, Further Studies, Training, Retirement, and Their Implementation Status; Labor Agreements and Measures to Safeguard Employees' Interests in the Past Year and up to the Printing Date of the Annual Report:

#### 1. Employee welfare:

To ensure sustainable operations and create a positive working environment for employees, aiming for stability in their lives and the full expression of their talents to achieve personal growth and company development, the Company has established an Employee Welfare Committee. The welfare committee members are elected by the employees and are regularly re-elected to manage various welfare measures. The committee holds regular meetings to organize various employee welfare activities, which all employees can participate in. The funding for these activities comes from the Company's operating income and is managed by the Employee Welfare Committee, allowing employees to share in the Company's success. The "Regulations Governing Company Welfare Management" have been established, and additional measures include hiring disabled massage therapists to provide weekly massage services for employees, arranging on-site medical services to offer consultations on health check-ups, occupational injuries, personal illnesses, and infectious diseases. In 2023, the company arranged training courses on topics such as managing work stress and preventing workplace violence, promoting workplace diversity, and advancing gender equality. Other relevant employee welfare items are listed below:

- (1) Holiday bonuses
- (2) Wedding gifts and funeral solarium
- (3) Uniforms
- (4) Employee housing discounts
- (5) Labor insurance, health insurance and group insurance,
- (6) Pension
- (7) Performance bonus
- (8) Bonus Allocation,
- (9) Year-end banquet
- (10) Other benefits defined by the Staff Benefit Committee.

## 2. Training and further training:

The Company and its subsidiaries offer job orientation, general and professional training courses to help employees cultivate professional skills and achieve self-actualization. Employees can take these courses on their own initiative or with the recommendation of their supervisors. The training program includes:

### (1) Job orientation

- ◻ General training: Introduction to the Company's history and management, and lectures on safety, sanitation, and quality control.
- ◻ Professional training: all new recruits must undergo training of professional knowledge and operational procedures before they are put to work.

### (2) On-job training and further training

- ◻ The Company provides on-job training based on each department's needs.
- ◻ The Company can hold irregular educational training in accordance of the need for the employees, the employees can take these courses on their own initiative or with the recommendation of their supervisors.

### (3) Training for new hires in the Company and its subsidiaries in the recent year:

| Name of the Company     | Unit                 | Target                       | Training Program  | Hours |
|-------------------------|----------------------|------------------------------|---|-------|
| Highwealth Construction | Administration Dept. | New recruits                 | Pre-employment, Corporate Culture Orientation, and Operation of the Personnel Leave System Training | 24    |
|                         |                      |                              | Occupational safety and health training (online)  | 3     |
|                         |                      | All employees                | Annual Office Fire Safety Training  | 2     |
|                         |                      |                              | Health Seminar: Understanding Hypertriglyceridemia/High Cholesterol                                 | 2     |
|                         |                      |                              | Yearly occupational safety and health training (online)   | 3     |
|                         |                      |                              | Fair Trade Training   | 3     |
|                         |                      |                              | Health Seminar: Understanding Hypertension  | 2     |
|                         |                      |                              | Gender Equality and Gender Discrimination   | 3     |
|                         |                      |                              | What's Carbon Emissions Got to Do with the Construction Industry?                                   | 2     |
|                         |                      |                              | Information Security Awareness Course   | 2     |
|                         |                      | Human Resources (Group-Wide) | Analysis of the Latest Labor Inspection Cases in 2023   | 3     |
|                         |                      |                              | Detailed Explanation and Practical Training on the Labor Standards Act                              | 48    |
|                         |                      |                              | The Theory and Practical Analysis of the Occupational Accident Insurance and Protection Act         | 3     |
|                         |                      |                              | Workplace Gender Equality and Prevention Measures   | 3     |
|                         |                      |                              | Workplace Unlawful Infringement and Employee  | 3     |

## Highwealth Construction

| Name of the Company     | Unit                   | Target                       | Training Program  | Hours |
|-------------------------|------------------------|------------------------------|---|-------|
|                         |                        |                              | Psychological Care  |       |
|                         |                        |                              | Champion of Work-Life Balance: Effective Goal Setting for Personal and Team Performance Enhancement                   | 1.5   |
|                         |                        |                              | Planning Competitive and Fair Salaries in Response to Yearly Minimum Wage Increases                                   | 1.5   |
|                         | Sales Department       | All employees                | Explanation of the Amendments to the Equalization of Land Rights Act and Its Supporting Measures                      | 3     |
|                         |                        |                              | Recent Trade and Tax Regulations from a Construction Industry Perspective   | 3     |
|                         |                        |                              | Pre-Sold Housing Transaction Laws and Practices   | 3     |
|                         | Audit Office           | Internal audit personnel     | The Latest ESG Sustainability and Financial Report Self Preparation Policies and Internal Control Management Practice | 6     |
|                         |                        |                              | How to Apply Robotic Process Automation to Enhance Internal Control Efficiency  | 6     |
| Highwealth Construction | Finance Department     | All employees                | Discussion and analysis of financing cases  | 260   |
|                         |                        |                              | Seminar on construction site visitation   | 24    |
|                         |                        | Service Personnel            | Seminar of Listed company's business.   | 3     |
|                         |                        |                              | Matters of notice for the disclosure of material information and information declaration                              | 3     |
|                         |                        |                              | Legal compliance and capital market forum for listed companies  | 3     |
|                         |                        |                              |   |       |
|                         | Accounting Department  | All employees                | Updates of taxation laws and regulations  | 15    |
|                         |                        |                              | Updates of building management laws and regulations   | 8     |
|                         |                        |                              | New Employee Orientation Courses  | 8     |
|                         |                        |                              | New Regulations Awareness   | 10    |
|                         |                        |                              | Lecture for the upgrade of demonstrating the ACM system   | 18    |
|                         |                        |                              | Integrating with IFRS Standards   | 8     |
|                         | Department of Planning | All employees                | Seminar on construction site visitation marketing   | 192   |
|                         |                        |                              | Sustainability Report Training Course   | 3     |
|                         |                        |                              | Greenhouse Gas Inventory Training Course  | 3     |
|                         |                        |                              | Study on Chiang Hsun's Style  | 6     |
|                         |                        |                              | Professional Mobile Photography Course by Expert Instructors  | 7.5   |
|                         |                        |                              | AI Advertising & Automated Interaction Course   | 2     |
|                         |                        |                              | Design Master G.A. Visiting Taiwan Sharing Session  | 8     |
|                         |                        |                              | Fair Trade Act and Regulations on False Real Estate Advertising with Case Studies                                     | 2     |
|                         |                        | Personnel of individual case | Overseas Study Visits to Shanghai and Suzhou  | 32    |
|                         |                        | Digitalization personnel     | AI Advertising & Automated Interaction Course   | 6     |
|                         |                        | Design personnel             | Adobe Make It Design Course   | 4     |
|                         | Development Department | Project personnel            | Professional Training for Aging and Hazardous Building Reconstruction Promoters                                       | 22.5  |
|                         |                        | All employees                | Description of regulations for the acquisition or disposal of assets  | 1     |
|                         | Planning Department    | All employees                | Environmental Impact Assessment Regulations and Education by Taipei City Environmental Protection Bureau              | 2.5   |
|                         |                        |                              | Education and Training on Carbon Credit Topics  | 2     |
|                         |                        |                              | New Taipei City Net-Zero Carbon Sustainable   | 2.5   |

| Name of the Company   | Unit   | Target  | Training Program   | Hours  |
|---|--|---|--|--|
|   |  |   | Development Seminar  |  |
|   |  |   | Net-Zero Building ESG Co-Prosperity Green Finance  | 3  |
|   |  |   | Site Visit to MoSA White Swan Factory and Office   | 3  |
|   |  |   | AI Applications in Architecture  | 2  |
|   |  |   | Dispatch System for Residential and Office Elevators   | 3  |
|   |  |   | VAF Air Purification System  | 1  |
|   |  |   | VAF Air Purification System  | 1  |
|   |  |   | Project personnel  | International Forum on Cross-Disciplinary Dialogue in Architecture |
| Run Long Construction   | Chairman Office  | Audit   | Internal Audits: Introduction to Key Practices and Discussions   | 6  |
|   |  |   | Practical Discussion and Responses to "Insider Trading" and "Misrepresentation in Financial Reports"                           | 6  |
|   | Chairman Office<br>President Office<br>Administration Department<br>Sales Department           | Employees from the Accounting Department and relevant departments | Fair Trade   | 28   |
| Run Long Construction   | President Office<br>Finance Department<br>Development Department                               | Relevant personnel  | KPMG Practical Seminars and Case Studies on Common Internal Control Deficiencies in Land Development and Procurement Processes | 64   |
|   | President Office<br>Administration Department<br>Development Department<br>Planning Department | Company representatives   | Information Security Awareness Course  | 13.5   |
|   | Development Department<br>Engineering Department<br>Finance Department                         | Non-managerial employees  | What’s Carbon Emissions Got to Do with the Construction Industry?  | 10   |
|   | Finance Department   | Accountant  | Seminar of Listed company’s bushiness.   | 3  |
|   |  |   | 2023 Annual Promotion Seminar on the Adoption of International Financial Reporting Standards (IFRS)                            | 13.5   |
|   |  | Acting audit personnel  | Comprehensive Strategy for Information Security Audits   | 6  |
|   | Practical Control of "Information Security" by Internal Audit Personnel                        |   | 6  |  |
|   | Sales Department   | OHS personnel   | Construction Self-Inspection, Emergency Response, and First Aid Training (May 3)   | 1  |
|   | Various departments  | All employees   | BPM Electronic Sign-off System Training  | 37.5   |
|   |  |   | Gender Mainstreaming, Workplace Sexual Harassment Prevention, and Gender Equality Act  | 63   |
|   |  |   | Construction Engineering Occupational Safety and Health Management   | 3  |
|   |  |   | General Occupational Safety and Health Education Training (Part 1)   | 3  |
| General Occupational Safety and Health Education Training (Part 2)    |  |   | 3  |  |
| Occupational Safety and Health Work Code and Related Safety Knowledge |  |   | 3  |  |

## Highwealth Construction

| Name of the Company   | Unit                                     | Target                      | Training Program  | Hours |
|-----------------------|--|-----------------------------|---|-------|
|                       |  | Department representatives  | Fire Safety Training  | 24    |
| Chyi Yuh Construction | Entire company                           | New recruits                | orientation training  | 1     |
|                       | All construction sites in Taiwan         | Above the level of director | From Commencement to Completion: Key Points and Precautions   | 3     |
|                       |  | Electro-mechanic personnel  | 1. Installation Precautions for Electric Water Heaters<br>2. Key Points to Consider During Initial Kitchen Planning | 3.5   |
|                       |  | All employees               | Stress Prevention Management and Workplace Violence Prevention Management   | 3     |
|                       |  | Deputy Director or higher   | Compilation of Weekly Construction Photos - Key Principles  | 1     |
|                       |  | Deputy Director or higher   | Monthly Work Report Guidelines  | 1     |
|                       |  | Director or higher          | Review Process of Taisei Drawings   | 2     |
|                       |  | Above the level of director | Excavation Monitoring Practical Training  | 2     |
|                       |  | Above the level of director | Training on Reviewing Various Cases   | 16    |
|                       | Electromechanical Engineering Department | Electro-mechanic personnel  | Professional electro-mechanic training  | 25    |

| Name of the Company | Unit                      | Target                       | Training Program  | Hours |
|---------------------|---------------------------|------------------------------|---|-------|
| Boyuan              | Administration Department | New recruits                 | Pre-employment, Corporate Culture Orientation, and Operation of the Personnel Leave System Training | 24    |
|                     |                           |                              | Occupational safety and health training (online)  | 3     |
|                     |                           | All employees                | Annual Office Fire Safety Training  | 2     |
|                     |                           |                              | Health Seminar: Understanding Hypertriglyceridemia/High Cholesterol                                 | 2     |
|                     |                           |                              | Yearly occupational safety and health training (online)   | 3     |
|                     |                           |                              | Fair Trade Training   | 3     |
|                     |                           |                              | Health Seminar: Understanding Hypertension  | 2     |
|                     |                           |                              | Gender Equality and Gender Discrimination   | 3     |
|                     |                           |                              | Related party   | 2     |
|                     |                           |                              | What's Carbon Emissions Got to Do with the Construction Industry?                                   | 2     |
|                     |                           |                              | Information Security Awareness Course   | 2     |
| Well Rich           | Hotel Department          | All employees                | Training in Marriott branding   | 20    |
|                     |                           |                              | Training of departmental functions  | 12    |
|                     |                           |                              | Training for safety and health  | 20    |
|                     |                           |                              | Others (Sexual harassment, anti-narcotics, kid's playroom, etc.)                                    | 10    |
|                     | Administration Department | New recruits                 | Pre-employment, Corporate Culture Orientation, and Operation of the Personnel Leave System Training | 24    |
|                     |                           |                              | Occupational safety and health training (online)  | 3     |
|                     |                           | All employees                | Annual Office Fire Safety Training  | 2     |
|                     |                           |                              | Health Seminar: Understanding Hypertriglyceridemia/High Cholesterol                                 | 2     |
|                     |                           |                              | Yearly occupational safety and health training (online)   | 3     |
|                     |                           |                              | Fair Trade Training   | 3     |
|                     |                           |                              | Health Seminar: Understanding Hypertension  | 2     |
|                     |                           |                              | Gender Equality and Gender Discrimination   | 3     |
|                     |                           |                              | Related party   | 2     |
|                     |                           |                              | What's Carbon Emissions Got to Do with the Construction Industry?                                   | 2     |
|                     |                           |                              | Information Security Awareness Course   | 2     |
| Ju Feng             | Administration Department | New recruits                 | Pre-employment, Corporate Culture Orientation, and Operation of the Personnel Leave System Training | 24    |
|                     |                           |                              | Occupational safety and health training (online)  | 3     |
|                     |                           | All employees                | Annual Office Fire Safety Training  | 2     |
|                     |                           |                              | Health Seminar: Understanding Hypertriglyceridemia/High Cholesterol                                 | 2     |
|                     |                           |                              | Yearly occupational safety and health training (online)   | 3     |
|                     |                           |                              | Fair Trade Training   | 3     |
|                     |                           |                              | Health Seminar: Understanding Hypertension  | 2     |
|                     |                           |                              | Gender Equality and Gender Discrimination   | 3     |
|                     |                           |                              | Related party   | 2     |
|                     |                           |                              | What's Carbon Emissions Got to Do with the Construction Industry?                                   | 2     |
|                     |                           |                              | Information Security Awareness Course   | 2     |
|                     | Distribution Department   | Personnel of individual case | Distribution lecture  | 40    |

## Highwealth Construction

(4) Off-site training received by employees in the Company and its subsidiaries in the recent year:

Training on corporate governance received by managers:

| Name of the Company     | Position  | Name        | Training Program   | Hours |
|-------------------------|---|-------------|--|-------|
| Highwealth Group        | All managers  |             | Protection of Trade Secrets and Non-Competition  | 3     |
| Highwealth Construction | Corporate Governance                                | Supervisor  | 14th Taipei Corporate Governance Forum   | 6     |
|                         |   |             | 2023 Cathay for Sustainable Finance and Climate Change Summit  | 3     |
|                         |   |             | Latest Corporate M&A Regulations: Practical and Case Analysis  | 3     |
|                         |   |             | Board of Directors and Functional Committees: Tasks and Exercise of Authority Regulations  | 3     |
|                         | Audit Office  | Supervisor  | Internal audit, internal control and practice of Personal Data Protection Act  | 6     |
|                         |   |             | Practical Training on Corporate Governance Trends from the Perspective of Governance Evaluation Indicators                         | 6     |
|                         | Accounting Department                               | Supervisor  | IFRS Adoption Seminar  | 12    |
| Run Long Construction   | Accounting Department                               | Supervisor  | IFRS Adoption Seminar  | 24    |
|                         | Various departments                                 | Supervisors | What's Carbon Emissions Got to Do with the Construction Industry?  | 20    |
|                         | Chairman Office Finance Department                  | Supervisor  | Green Chemistry - Ensuring Sustainability  | 6     |
|                         | Finance Department                                  | Supervisor  | 2023 Cathay for Sustainable Finance and Climate Change Summit  | 12    |
|                         |   |             | 2023 Financial Transformation and Sustainability Disclosure Seminar  | 3     |
|                         |   |             | 2023 Corporate Governance Summit XIX - Creating New Sphere of Governance for the Elevating Value of Enterprises                    | 7     |
|                         | Chairman Office President Office Finance Department | Supervisor  | 2023 Annual Defense Insider Promotion Conference   | 15    |
|                         | President Office                                    | Supervisor  | TWSE/TPEX Listed Companies - Insights into the Derivatives Financial Market and Advancing Towards Corporate Sustainability Seminar | 3     |
|                         | Chairman Office President Office                    | Supervisor  | 2023 Seminar for Legal Compliance of Insider Ownership Transaction   | 6     |

### 3. Labor agreements and measures to safeguard employees' interests:

The Company considers talents to be the most important resources of all, and we pay great attention to employees' benefits, safety, and health. We encourage open communication to promote policy change and listen to employees' opinions. We strictly follow Labor Standards Act to maintain a harmonious labor relation, and so far, we have

experienced great success. We established the Staff Benefit Committee to ensure the implementation of employees' welfare programs and rights protection. Every year, we distribute performance bonuses, year-end bonuses, and employee dividends based on our operation outcome, effectively aligning employees' interests with the Company's business goals. Any revisions or additions to the labor agreement must be thoroughly discussed by both parties so that no disputes would arise.

The Company has established "Human Rights Policy and Workplace Code of Conduct" to protect employee rights and interests, promote sustainability development, fulfil its CSR, ensure the basic human rights of all employees, and support and conform to international human rights standards and principles.

#### 4. Retirement system and implementation:

The Company has formulated a staff retirement scheme in accordance with the Employee Retirement Measures of the Labor Law. With the enforcement of the Labor Pension Act on July 1, 2005, the Company deposits 6% of employees' salaries into their Bank of Taiwan labor retirement reserve fund account if they choose the former pension scheme, or the Company deposits 6% of employees' salary to the individual accounts of labor pension at the Bureau of Labor Insurance as well, if they choose the new scheme. For those who chose the old system under the Labor Pension Act, an appropriation of approximately NT\$37.2 million in total was made as of March 31, 2024.

#### (II) Loss Due to Labor Disputes in the Past Year and up to the Date of Publication of the Annual Report, and Disclosure of Contingent Liability and Countermeasures

The Company and its employees have always maintained, and will continue to foster, the spirit of mutual cooperation and teamwork, and continue to achieve higher business goals with joint efforts. Accordingly, no loss due to labor disputes has ever occurred. We endeavor to improve employees' welfare and management with a view to giving our staff better benefits and bringing in greater profits and sales for the Company. We are confident that the chance of labor disputes in the future is remote.

## VI. Information security management

#### (I) Describe the risk management framework, policies and concrete management measures of information security, and resources invested in information security management:

##### 1. Risk management framework for information security

(1) The Company has established a Chief of Information Safety and a dedicated department for information safety according to relevant requirements under the "Regulations Governing Establishment of Internal Control Systems by Public Companies" to coordinate the planning, and monitoring of the information safety system and implement information safety management.

(2) The dedicated department for information safety subordinated to the Administration Department of the Company is responsible for the planning, implementation, and

promotion of information safety management matters and for improving the awareness of information safety. There is a Chief of Information Safety, an information safety supervisor, and two information safety personnel in place.

- (3) The Internal Audit Division is designated to be the audit unit supervising information security. For example, if a weakness is found during audit, the concerned unit shall be requested immediately to produce improvement plan and submit to the Board of Directors. Regular follow-ups shall be conducted to trace the improvement progress so as to reduce internal information security risk.

### 2. Information security policy

- (1) The Company referred to the requirements under the ISO 27001 and CNS27001 information safety management system standard and established and issued its regulations for safety protection and management to continue to promote internal information safety work by establishing compliant and appropriate information safety system and control measures.
- (2) The Company has established remote backup system and maintained the sustainable operation of various information systems.
- (3) Prevent hackers, virus attacks and sabotage.
- (4) Prevent leaks of confidential information.
- (5) Maintain safety of physical environment.
- (6) Strengthen protection for internal and external network from attacks.
- (7) Strengthen education and training, and raise awareness for anti-hacking.

### 3. Management measures of information security

- (1) The mainframes and different servers are installed in specialized server rooms.
- (2) The server rooms are equipped with independent air conditioning to ensure that the computers are operating under appropriate temperature.
- (3) The mainframes in the server room are connected to uninterruptible and stabilized power supply to ensure that power failure shall not disrupt the operation of computers.
- (4) Reminder: Require all employees to change their passwords each quarter mandatorily to maintain account security.
- (5) Information security education: Provide information security case study for the reference of all employees.
- (6) Information safety meeting: Information safety meetings are regularly convened each month. In 2023, a total of 12 information safety meetings were convened, and contractors were invited to participate in discussions of topics related to information safety.

### 4. Resources invested in cybersecurity management

- (1) Joined the “Taiwan Computer Emergency Response Team/Coordination Center” to improve our overall information safety protection capacity.

- (2) Optimize internal information safety measures for management's assistance to minimize risks and threats to information safety faced by the Company.
  - (3) Regularly perform social engineering and phishing exercises for the entire Company and carry out information safety promotions for the entire Group so as to improve employees' awareness of information protection and information safety risks.
  - (4) Regularly carry out intranet vulnerability analysis and comprehensive information safety tests for mainframes and PCs.
  - (5) Regularly update the information safety protection equipment to ensure the effective operations of different businesses.
- (II) For the most recent year up until the publication date of the annual report, the total losses incurred by the Company due to major information security incident, potential influences and countermeasures. If an estimation cannot be made, the cause(s) should also be disclosed: Nil.

## VII. Major contracts

| Type                             | Case                         | Party                             | Duration                                     | Content                         | Restrictions |
|----------------------------------|------------------------------|-----------------------------------|--|---------------------------------|--------------|
| Engineering contract<br>(Note 1) | De'an                        | Taisei Corporation                | Feb. 2019 to warranty expiry                 | Construction                    | Nil          |
|                                  | Wanfang Section, Taipei City | Taisei Corporation                | April 2021 to warranty expiry                | Construction                    | Nil          |
|                                  | Huiguo 5                     | Taisei Corporation                | April 2023 to warranty expiry                | Construction                    | Nil          |
|                                  | Huiguo 2                     | Taisei Corporation                | February 2024 to warranty expiry             | Construction                    | Nil          |
|                                  | Fuduxin 6                    | Obayashi Taiwan                   | January 2024 to warranty expiry              | Construction                    | Nil          |
|                                  | Shanjie 2                    | Tong Yuan Construction            | August 2023 to warranty expiry               | Construction                    | Nil          |
| Joint construction<br>(Note 2)   | Gongjian Section             | WORLDWIDE FREIGHT TERMINAL INC.   | March 2021 - Joint construction completed    | Xizhi District, New Taipei City | Nil          |
|                                  | Huiguo 116                   | New Shimao and Chung Cheng        | April 2022 - Joint construction completed    | Xitun District, Taichung City   | Nil          |
|                                  | Zhonghe Yuantong             | Chuangding Construction Co., Ltd. | December 2015 - Joint construction completed | Zhonghe, New Taipei             | Nil          |
|                                  | Heguan Section, Tainan City  | Mr. Hsu et al.                    | December 2021 - Joint construction completed | Annan District, Tainan City     | Nil          |
|                                  | Wenshang Section 19.20       | Mr. Liu et al.                    | March 2023 - Joint construction completed    | Xitun District, Taichung City   | Nil          |
|                                  | Wenshang Section 2           | Mr. Liu et al.                    | June 2023 - Joint construction completed     | Xitun District, Taichung City   | Nil          |
|                                  |                              |                                   |  |                                 |              |
| Joint investment                 | De'an                        | Hai Ju Construction               | April 2013 to completion                     | Zhongshan, Keelung              | Nil          |
| Technical service                | Jinshan Hyatt Hotel          | HYATT INTERNATIONAL (ASIA)LIMITED | December 2017 to 20 years after opening      | Hotel management                | Nil          |

## Highwealth Construction

| Type                                  | Case                  | Party                                     | Duration                               | Content                                       | Restrictions |
|---------------------------------------|-----------------------|---|--|---|--------------|
|                                       | Aloft Tainan Anping   | ALOFT INTERNATIONAL HOTEL MANAGEMENT INC. | January 2018 - 20 years after opening  | Aloft Tainan Anping Entrusted Management      | Nil          |
|                                       | Kaohsiung Hyatt Hotel | HYATT INTERNATIONAL (ASIA)LIMITED         | March 2018 - 20 years after opening    | Management entrusted by Kaohsiung Hyatt Hotel | Nil          |
| Lease                                 | Office                | Taiwan Life Insurance Co., Ltd.           | 5.5 years since January 2021           | Taipei City                                   | Nil          |
| Contract for entrusted implementation | Special Trade III     | Kaohsiung City Government                 | February 2022 - Construction completed | Urban Renewal                                 | Nil          |

Note 1: Only includes contracts with value above NT\$ 300 million (before taxes).

Note 2: Joint construction contracts only include contracts with a deposit of NT\$30 million or more.

Note 3: Only loan contracts with a total borrowing limit of NT\$10 billion or more are listed.

## Six. Financial Profile

### I. Condensed Balance Sheet, Consolidated Income Statement and Audit Opinion in the Past Five Years

#### (I) Condensed Balance Sheet and Consolidated Income Statement

##### 1. Condensed balance sheet (International Financial Reporting Standards - concise)

Unit: NT\$ thousand

| Year<br><br>Item                                  |                        | Financial Analysis in the Past Five Years (Note 1) |             |             |             |             | Financial<br>analysis as of<br>March 31, 2024 |
|---|------------------------|--|-------------|-------------|-------------|-------------|---|
|   |                        | 2019   | 2020        | 2021        | 2022        | 2023        |   |
| Current assets                                    |                        | 128,675,512  | 162,562,921 | 184,681,133 | 205,712,290 | 209,002,542 | Note 3  |
| Property, plant<br>and equipment                  |                        | 3,039,648  | 1,164,500   | 4,456,087   | 5,910,328   | 7,393,698   | Note 3  |
| Intangible assets                                 |                        | 24,718   | 25,692      | 24,313      | 31,365      | 31,151      | Note 3  |
| Other assets                                      |                        | 16,083,667   | 17,054,245  | 14,354,060  | 13,512,574  | 10,447,350  | Note 3  |
| Total assets                                      |                        | 147,823,545  | 180,807,358 | 203,515,593 | 225,166,557 | 226,874,741 | Note 3  |
| Current<br>liabilities                            | Before<br>distribution | 77,558,356   | 115,378,276 | 131,735,958 | 147,531,551 | 151,099,455 | Note 3  |
|   | After<br>distribution  | 78,724,985   | 117,960,203 | 137,907,524 | 148,378,888 | Note 2      | Note 3  |
| Non-current liabilities                           |                        | 35,822,007   | 29,628,564  | 26,064,234  | 28,586,253  | 18,439,925  | Note 3  |
| Total<br>liabilities                              | Before<br>distribution | 113,380,363  | 145,006,840 | 157,800,192 | 176,117,804 | 169,539,380 | Note 3  |
|   | After<br>distribution  | 114,546,992  | 147,588,767 | 163,971,758 | 176,965,141 | Note 2      | Note 3  |
| Interests attributable to<br>parent company owner |                        | 30,396,294   | 32,121,924  | 40,723,869  | 44,584,107  | 46,574,568  | Note 3  |
| Capital   |                        | 11,666,288   | 12,902,969  | 13,927,531  | 17,146,741  | 18,841,415  | Note 3  |
| Capital surplus                                   |                        | 424,474  | 680,821     | 3,609,808   | 8,408,194   | 8,836,578   | Note 3  |
| Retained<br>earnings                              | Before<br>distribution | 17,856,715   | 18,089,249  | 23,621,566  | 20,006,124  | 19,868,237  | Note 3  |
|   | After<br>distribution  | 16,690,086   | 15,507,322  | 15,907,109  | 17,464,113  | Note 2      | Note 3  |
| Other interests                                   |                        | 532,627  | 535,453     | 538,747     | 268         | 214         | Note 3  |
| Treasury stock                                    |                        | (83,810)   | (86,568)    | (973,783)   | (977,220)   | (971,876)   | Note 3  |
| Non controlling interests                         |                        | 4,046,888  | 3,678,594   | 4,991,532   | 4,464,646   | 10,760,793  | Note 3  |
| Equity:<br>Total<br>amount                        | Before<br>distribution | 34,443,182   | 35,800,518  | 45,715,401  | 49,048,753  | 57,335,361  | Note 3  |
|   | After<br>distribution  | 33,276,553   | 33,218,591  | 39,543,835  | 48,201,416  | Note 2      | Note 3  |

Note 1: The financial analysis for the past five years was certified by the CPAs.

Note 2: The earning distribution for 2023 has yet to be approved by the Shareholders' Meeting.

Note 3: As of the date of publication of the annual report, the financial information as of March 31, 2023 is yet to be audited.

## 2. Condensed consolidated income statement (International Financial Reporting Standards - concise)

Unit: NT\$ thousand

| Item \ Year   | Financial Analysis in the Past Five Years (Note 1) |            |            |            |            | Financial analysis as of March 31, 2024 |
|---|--|------------|------------|------------|------------|---|
|   | 2019   | 2020       | 2021       | 2022       | 2023       |   |
| Operating revenue   | 23,798,201   | 24,463,018 | 44,282,065 | 26,627,233 | 44,067,193 | Note 2                                  |
| Gross profit from operations  | 6,649,337  | 6,851,279  | 13,725,540 | 8,966,051  | 15,419,898 | Note 2                                  |
| Operating income  | 3,505,992  | 4,136,357  | 10,014,960 | 5,636,978  | 11,712,132 | Note 2                                  |
| Non-operating income and expenses                                     | 445,780  | (820,200)  | 1,181,743  | (763,700)  | (959,608)  | Note 2                                  |
| Income from continuing operations before income tax                   | 3,951,772  | 3,316,157  | 11,196,703 | 4,873,278  | 10,752,524 | Note 2                                  |
| Net profit of continuing business units                               | 3,489,017  | 2,823,254  | 9,589,110  | 3,905,940  | 8,834,939  | Note 2                                  |
| Net profit  |  |            |            |            |            |   |
| Income of suspended business unit                                     | —  | —          | —          | —          | —          | Note 2                                  |
| Net income  | 3,489,017  | 2,823,254  | 9,589,110  | 3,905,940  | 8,834,939  | Note 2                                  |
| Other comprehensive profits and losses (Net value after tax)          | 22,003   | 2,613      | 14,387     | 4,619      | 5,713      | Note 2                                  |
| Total comprehensive income  | 3,511,020  | 2,825,867  | 9,603,497  | 3,910,559  | 8,840,652  | Note 2                                  |
| Profit, attributable to owners of parent company                      | 3,029,789  | 2,645,801  | 8,186,868  | 3,740,998  | 2,437,372  | Note 2                                  |
| Net income attributable to non-controlling interests                  | 459,228  | 177,453    | 1,402,242  | 164,942    | 6,397,567  | Note 2                                  |
| Total comprehensive income attributable to stockholders of the parent | 3,051,792  | 2,648,414  | 8,201,255  | 3,745,617  | 2,443,085  | Note 2                                  |
| Total comprehensive income attributable to non-controlling interests  | 459,228  | 177,453    | 1,402,242  | 164,942    | 6,397,567  | Note 2                                  |
| Earnings per share  | 2.42   | 2.11       | 6.45       | 2.29       | 1.33       | Note 2                                  |

Note 1: The financial analysis for the past five years was certified by the CPAs.

Note 2: As of the date of publication of the annual report, the financial information as of March 31, 2024 is yet to be audited.

## 3. Condensed balance sheet (International Financial Reporting Standards - standalone financial statements)

Unit: NT\$ thousand

| Year<br>Item                                   |                     | Financial analysis for the past five years (Note 1) |             |             |             |             |
|--|---------------------|---|-------------|-------------|-------------|-------------|
|  |                     | 2019  | 2020        | 2021        | 2022        | 2023        |
| Current assets                                 |                     | 90,297,954  | 117,780,867 | 130,457,354 | 129,025,784 | 132,200,506 |
| Property, plant and equipment                  |                     | 899,210   | 437,576     | 425,156     | 455,402     | 444,454     |
| Intangible assets                              |                     | 3,190   | 2,757       | 3,742       | 5,048       | 5,888       |
| Other assets                                   |                     | 18,374,522  | 17,955,274  | 19,132,500  | 23,843,762  | 24,775,041  |
| Total assets                                   |                     | 109,574,876   | 136,176,474 | 150,018,752 | 153,329,996 | 157,425,889 |
| Current liabilities                            | Before distribution | 55,926,126  | 83,419,739  | 92,328,394  | 90,985,404  | 96,962,693  |
|  | After distribution  | 57,092,755  | 86,001,666  | 98,499,960  | 91,832,741  | Note 2      |
| Non-current liabilities                        |                     | 23,252,456  | 20,634,811  | 16,966,489  | 17,760,485  | 13,888,628  |
| Total liabilities                              | Before distribution | 79,178,582  | 104,054,550 | 109,294,883 | 108,745,889 | 110,851,321 |
|  | After distribution  | 80,345,211  | 106,636,477 | 115,466,449 | 109,593,226 | Note 2      |
| Interests attributable to parent company owner |                     | 30,396,294  | 32,121,924  | 40,723,869  | 44,584,107  | 46,574,568  |
| Capital  |                     | 11,666,288  | 12,902,969  | 13,927,531  | 17,146,741  | 18,841,415  |
| Capital surplus                                |                     | 424,474   | 680,821     | 3,609,808   | 8,408,194   | 8,836,578   |
| Retained earnings                              | Before distribution | 17,856,715  | 18,089,249  | 23,621,566  | 20,006,124  | 19,868,237  |
|  | After distribution  | 16,690,086  | 15,507,322  | 15,907,109  | 17,464,113  | Note 2      |
| Other interests                                |                     | 532,627   | 535,453     | 538,747     | 268         | 214         |
| Treasury stock                                 |                     | (83,810)  | (86,568)    | (973,783)   | (977,220)   | (971,876)   |
| Total equity                                   | Before distribution | 30,396,294  | 32,121,924  | 40,723,869  | 44,584,107  | 46,574,568  |
|  | After distribution  | 29,229,665  | 29,539,997  | 34,552,303  | 43,736,770  | Note 2      |

Note 1: The financial analysis for the past five years was certified by the CPAs.

Note 2: The earning distribution for 2023 has yet to be approved by the Shareholders' Meeting.

4. Condensed consolidated income statement (IFRS - standalone financial statements)

Unit: NT\$ thousand

| Item \ Year   | Financial analysis for the past five years (Note) |            |            |            |            |
|---|---|------------|------------|------------|------------|
|   | 2019  | 2020       | 2021       | 2022       | 2023       |
| Operating revenue   | 20,373,762  | 18,157,516 | 34,035,323 | 23,785,809 | 13,241,365 |
| Operating margin  | 5,690,759   | 5,636,144  | 10,345,971 | 7,078,634  | 3,645,377  |
| Operating income  | 3,628,150   | 3,988,711  | 9,293,635  | 4,720,111  | 2,297,124  |
| Non-operating income and expenses                                     | (307,263)   | (995,944)  | 100,401    | (210,829)  | 340,753    |
| Income from continuing operations before income tax                   | 3,320,887   | 2,992,767  | 9,394,036  | 4,509,282  | 2,637,877  |
| Net income of continuing business units                               | 3,029,789   | 2,645,801  | 8,186,868  | 3,740,998  | 2,437,372  |
| Income of suspended business unit                                     | —   | —          | —          | —          | —          |
| Net income  | 3,029,789   | 2,645,801  | 8,186,868  | 3,740,998  | 2,437,372  |
| Other comprehensive income, net of tax                                | 22,003  | 2,613      | 14,387     | 4,619      | 5,713      |
| Total comprehensive income  | 3,051,792   | 2,648,414  | 8,201,255  | 3,745,617  | 2,443,085  |
| Net income attributable to stockholders of the parent                 | —   | —          | —          | —          | —          |
| Net income attributable to non-controlling interests                  | —   | —          | —          | —          | —          |
| Total comprehensive income attributable to stockholders of the parent | —   | —          | —          | —          | —          |
| Total comprehensive income attributable to non-controlling interests  | —   | —          | —          | —          | —          |
| Earnings per share  | 2.42  | 2.11       | 6.45       | 2.29       | 1.33       |

Note: The financial analysis for the past five years was certified by the CPAs.

(II) Auditing CPAs and audit opinions in the past five years

| Year | Name of the firm | Accountant name            | Opinion             |
|------|------------------|----------------------------|---------------------|
| 2019 | KPMG Taiwan      | Judy Chien, Tim Tzang, CPA | Unqualified opinion |
| 2020 | KPMG Taiwan      | Han Yilien, Judy Chien     | Unqualified opinion |
| 2021 | KPMG Taiwan      | Han Yilien, Judy Chien     | Unqualified opinion |
| 2022 | KPMG Taiwan      | Han Yilien and Tim Tzang   | Unqualified opinion |
| 2023 | KPMG Taiwan      | Han Yilien and Tim Tzang   | Unqualified opinion |

## II. Financial Analysis in the Past Five Years

### (I) Financial analysis - International Financial Reporting Standards (concise)

| Item \ Year             |  | Financial Analysis in the Past Five Years (Note 1) |       |       |       |       | Current year as of March 31, 2024 (Note 2) |
|-------------------------|--|--|-------|-------|-------|-------|--|
|                         |  | 2019   | 2020  | 2021  | 2022  | 2023  |  |
| Financial structure (%) | Debt to asset ratio                                      | 77   | 80    | 78    | 78    | 75    | Note 2                                     |
|                         | Long term capital to property, plant and equipment ratio | 2,312  | 5,619 | 1,611 | 1,314 | 1,025 | Note 2                                     |
| Solvency (%)            | Current ratio  | 166  | 141   | 140   | 139   | 138   | Note 2                                     |
|                         | Quick ratio  | 26   | 23    | 22    | 22    | 25    | Note 2                                     |
|                         | Interest coverage ratio                                  | 5  | 5     | 12    | 6     | 10    | Note 2                                     |
| Operating capacity      | Receivable turnover rate (times)                         | 13   | 13    | 20    | 9     | 16    | Note 2                                     |
|                         | Average cash recovery day                                | 28   | 27    | 18    | 41    | 23    | Note 2                                     |
|                         | Inventory turnover rate (times)                          | 0.17   | 0.14  | 0.21  | 0.11  | 0.17  | Note 2                                     |
|                         | Payable turnover rate(times)                             | 3  | 3     | 4     | 2     | 3     | Note 2                                     |
|                         | Days sales outstanding                                   | 2,147  | 2,607 | 1,738 | 3,318 | 2,147 | Note 2                                     |
|                         | Property, plant and equipment turnover rate (times)      | 8  | 12    | 16    | 5     | 7     | Note 2                                     |
|                         | Total asset turnover rate (times)                        | 0.17   | 0.15  | 0.23  | 0.12  | 0.19  | Note 2                                     |
| Profitability           | Return on assets (%)                                     | 3  | 2     | 5     | 2     | 4     | Note 2                                     |
|                         | Return on equity (%)                                     | 9.36   | 8.04  | 23.53 | 8.24  | 16.61 | Note 2                                     |
|                         | Pre-tax net profit to paid-in capital ratio (%)          | 33.87  | 25.7  | 80.39 | 28.42 | 57.07 | Note 2                                     |
|                         | Net profit rate (%)                                      | 14.66  | 11.54 | 21.65 | 14.67 | 20.05 | Note 2                                     |
|                         | Earnings per share(NT\$)                                 | 2.66   | 2.11  | 6.45  | 2.29  | 1.33  | Note 2                                     |
| Cash Flow               | Cash flow ratio (%)                                      | 註 3  | 註 3   | 註 3   | 註 3   | 11.37 | Note 2                                     |
|                         | Cash flow adequacy ratio (%)                             | 註 3  | 註 3   | 註 3   | 註 3   | 註 3   | Note 2                                     |
|                         | Cash reinvestment ratio (%)                              | 註 3  | 註 3   | 註 3   | 註 3   | 24.33 | Note 2                                     |
| Leverage                | Operating leverage                                       | 1.42   | 1.31  | 1.17  | 1.38  | 1.12  | Note 2                                     |
|                         | Financial leverage                                       | 1.35   | 1.27  | 1.11  | 1.22  | 1.11  | Note 2                                     |

Please explain the reasons of financial ratio changes in the past two years (analysis may be omitted if the changes are less than 20%).

1. Decrease in the interest coverage ratio: Due to a decrease in net profit after tax.
2. Decrease in accounts receivable turnover: Due to a decrease in net sales.
3. Increase in average collection days: Due to a decrease in accounts receivable turnover.
4. Decrease in inventory turnover: Mainly due to a decrease in the cost of sales in the current period.
5. Decrease in amounts payable turnover: Mainly due to a decrease in the cost of sales.
6. Increase in days sales outstanding: Due to a decrease in inventory turnover in the current period.
7. Decrease in property, plant and equipment turnover: Mainly due to a decrease in net sales.
8. Decrease in total assets turnover: Mainly due to a decrease in net sales in the current period.
9. Decrease in return on assets: Mainly due to a decrease in net profit after tax in the current period.
10. Decrease in return on equity: Mainly due to a decrease in net profit after tax in the current period.
11. Decrease in pre-tax net profit to paid-in capital ratio: Mainly due to a decrease in pre-tax net profit in the current period.
12. Net profit ratio decrease: mainly due to a decrease in net profit after-tax
13. Decrease in earnings per share: Mainly due to a decrease in net profit after tax in the current period.

Note 1: The financial statements from 2019 to 2023 were audited by CPAs.

Note 2: As of the date of publication of the annual report, the financial information as of March 31, 2024 is yet to be audited.

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Note 3: Minus changes in net cash flow from operating activities may be omitted.

Note 4: The financial ratios are calculated as follows:

1. Financial structure
  - (1) Debt to asset ratio = total liabilities / total assets
  - (2) Long term capital to property, plant and equipment ratio = (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 = net profit before income tax and interest expense / interest expense in the current period
3. Operating capacity
  - (1) Receivable (including accounts receivable and notes receivable due to business) turnover rate = net sales / average receivables for each period (including accounts receivable and notes receivable due to business)
  - (2) Average cash recovery date = 365 / receivables turnover rate
  - (3) Inventory turnover rate = sales cost / average inventory
  - (4) Payable (including accounts payable and notes payable due to business) turnover rate = cost of sales / average balance payable on each period (including accounts payable and notes payable due to business)
  - (5) Days sales of inventory = 365 / inventory turnover rate
  - (6) Property, plant and equipment turnover rate = net sales/net average property, plant and equipment value
  - (7) Total asset turnover rate = net sales / average total assets
4. Profitability
  - (1) Return on assets = [after tax profit and loss + interest expense  $\times$  (1 - tax rate)] / average total assets
  - (2) Return on equity = after tax profit and loss / average equity
  - (3) Net profit rate = after tax profit and loss / net sales
  - (4) Earnings per share = (profit or loss attributable to parent company owner - special dividend) / weighted average number of issued shares
5. Cash flow
  - (1) Cash flow ratio = net cash flow from operating activities / current liabilities.
  - (2) Cash flow adequacy ratio = net cash flow from operating activities in the last five years / (capital expenditure + inventory increase + cash dividend) in the last five years
  - (3) Cash reinvestment ratio = (net cash flow from operating activities - cash dividends) / (gross property, plant and equipment + long term investment + other non-current assets + working capital)
6. Leverage
  - (1) Operating leverage = (net operating income - changing operating costs and expenses) / operating profit
  - (2) Financial leverage = operating profit / (operating profit - interest expense)

Note 5: Calculation formula for earnings per share above should pay careful attention to followed points:

1. Based on weighted average number of ordinary shares, but not the number of shares issued as of the end of the year.
2. Every capital increase or treasury stock transaction should consider calculating weighted average number of shares during circulation period.
3. The capital injection from the surplus or the capital reserve to increase its capital should retroactive adjustment calculate its earnings per share in the past year or the past six months in proportion of capital increase; no need to consider the period of capital increase.
4. If the preferred shares are non-convertible cumulative preferred stock, the dividends of the year, whether they're issued or not, should be deducted from the net profit after tax, or be added to the net loss after tax. If the preferred shares are non-cumulative and have net profit after tax, the dividends should be deducted from the net profit after tax; no need for adjustment if they have loss.

Note 6: Paying careful attention to the cash flow analysis as followed points:

1. Net cash flow from operating activities means the net income in the net cash flow table.
2. Capital expenditure means investment spending per year.
3. Inventory would only be counted when the closing balance of prepaid rent is bigger than the beginning one. If the inventory in the end of the year has decreased, it should be shown as zero.
4. Cash dividend includes common stock and preferred shares.
5. Gross property, plant and equipment is the total amount of net of property, plant and equipment accumulated depreciation

Note 7: Issuer should differentiate every fixed and variable operating cost and operating expense by their natures. If estimation or subjective judgement is involved, be aware of its rationality and consistency.

Note 8: Company's shares without par value or a par value other than NT\$10 is calculated based on interests ratio attributable to parent company owner in balance sheet, instead of pre-tax net profit to paid-in capital ratio.

## (II) Financial analysis - IFRS (standalone)

| Year                 |  | 2019   | 2020   | 2021   | 2022   | 2023   |
|----------------------|--|--------|--------|--------|--------|--------|
| Item                 |  |        |        |        |        |        |
| Financial structure% | Debt to asset ratio (%)                                      | 72     | 76     | 73     | 71     | 70     |
|                      | Long term capital to property, plant and equipment ratio (%) | 5,966  | 12,057 | 13,569 | 13,690 | 13,604 |
| Solvency             | Current ratio (%)  | 161    | 141    | 141    | 142    | 136    |
|                      | Quick ratio (%)  | 24     | 22     | 21     | 22     | 19     |
|                      | Interest coverage ratio                                      | 6      | 5      | 12     | 7      | 4      |
| Operating capacity   | Receivable turnover rate (times)                             | 15     | 13     | 20     | 12     | 8      |
|                      | Average cash recovery day                                    | 25     | 28     | 18     | 31     | 47     |
|                      | Inventory turnover rate (times)                              | 0.2    | 0.14   | 0.22   | 0.15   | 0.08   |
|                      | Payable turnover rate(times)                                 | 9      | 7      | 13     | 9      | 5      |
|                      | Days sales outstanding                                       | 1,825  | 2,607  | 1,659  | 2,433  | 4,562  |
|                      | Property, plant and equipment turnover rate (times)          | 23     | 27     | 78     | 54     | 29     |
|                      | Total asset turnover rate (times)                            | 0.19   | 0.15   | 0.24   | 0.16   | 0.09   |
| Profitability        | Return on assets (%)   | 3      | 3      | 6      | 3      | 2      |
|                      | Return on equity (%)   | 9.38   | 8.46   | 22.48  | 8.77   | 5.35   |
|                      | Pre-tax net profit to paid-in capital ratio (%)              | 28.47  | 23.19  | 67.45  | 26.3   | 14     |
|                      | Net profit rate (%)  | 14.87  | 14.57  | 24.05  | 15.73  | 18.41  |
|                      | Earnings per share(NT\$)                                     | 2.00   | 1.74   | 5.33   | 2.08   | 1.33   |
| Cash Flow            | Cash flow ratio (%)  | Note 2 | Note 2 | Note 2 | 7.39   | 0.20   |
|                      | Cash flow adequacy ratio (%)                                 | Note 2 | Note 2 | Note 2 | Note 2 | Note 2 |
|                      | Cash reinvestment ratio (%)                                  | Note 2 | Note 2 | Note 2 | 1.01   | Note 2 |
| Leverage             | Operating leverage   | 1.24   | 1.18   | 0.96   | 1.3    | 1.33   |
|                      | Financial leverage   | 1.23   | 1.22   | 1.10   | 1.17   | 1.58   |

Please explain the reasons of financial ratio changes in the past two years (analysis may be omitted if the changes are less than 20%).

1. Decrease in the interest coverage ratio: Due to a decrease in profit after tax.
2. Decrease in amounts receivable turnover: Due to a decrease in net sales.
3. Increase in average collection days: Due to a decrease in accounts receivable turnover.
4. Decrease in inventory turnover (times): Mainly due to a decrease in costs of sales.
5. Decrease in amounts payable turnover: Mainly due to a decrease in the cost of sales.
6. Days sales outstanding increase: due to an decrease in inventory turnover rate (times) in current period.
7. Decrease in property, plant and equipment turnover: Mainly due to a decrease in operating revenue.
8. Decrease in total assets turnover: Mainly due to a decrease in net sales.
9. Decrease in return on assets: Mainly due to a decrease in net profit after tax in the current period.
10. Decrease in return on equity: Mainly due to a decrease in net profit after tax in the current period.
11. Decrease in pre-tax net profit to paid-in capital ratio: Mainly due to a decrease in pre-tax net profit in the current period.
12. Decrease in net profit margin: Mainly due to a decrease in net profit after tax.
13. Decrease in earnings per share: Mainly due to a decrease in net profit after tax in the current period.

Note 1: The financial statements from 2019 to 2023 were audited by CPAs.

Note 2: Minus changes in net cash flow from operating activities may be omitted.

Note 3: The financial ratios are calculated as follows:

1. Financial structure

(1) Debt to asset ratio = total liabilities / total assets

(2) Long term capital to property, plant and equipment ratio = (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 = net profit before income tax and interest expense / interest expense in the current period

3. Operating capacity

## Highwealth Construction

- (1) Receivable (including accounts receivable and notes receivable due to business) turnover rate = net sales / average receivables for each period (including accounts receivable and notes receivable due to business)
  - (2) Average cash recovery date = 365 / receivables turnover rate
  - (3) Inventory turnover rate = sales cost / average inventory
  - (4) Payable (including accounts payable and notes payable due to business) turnover rate = cost of sales / average balance payable on each period (including accounts payable and notes payable due to business)
  - (5) Days sales of inventory = 365 / inventory turnover rate
  - (6) Property, plant and equipment turnover rate = net sales/net average property, plant and equipment value
  - (7) Total asset turnover rate = net sales / average total assets
4. Profitability
- (1) Return on assets = [after tax profit and loss + interest expense  $\times$  (1 - tax rate)] / average total assets
  - (2) Return on equity = after tax profit and loss / average equity
  - (3) Net profit rate = after tax profit and loss / net sales
  - (4) Earnings per share = (profit or loss attributable to parent company owner - special dividend) / weighted average number of issued shares
5. Cash flow
- (1) Cash flow ratio = net cash flow from operating activities / current liabilities.
  - (2) Cash flow adequacy ratio = net cash flow from operating activities in the last five years / (capital expenditure + inventory increase + cash dividend) in the last five years
  - (3) Cash reinvestment ratio = (net cash flow from operating activities - cash dividends) / (gross property, plant and equipment + long term investment + other non-current assets + working capital)
6. Leverage
- (1) Operating leverage = (net operating income - changing operating costs and expenses) / operating profit
  - (2) Financial leverage = operating profit / (operating profit - interest expense)
- Note 4: Calculation formula for earnings per share above should pay careful attention to followed points:
1. Based on weighted average number of ordinary shares, but not the number of shares issued as of the end of the year.
  2. Every capital increase or treasury stock transaction should consider calculating weighted average number of shares during circulation period.
  3. The capital injection from the surplus or the capital reserve to increase its capital should retroactive adjustment calculate its earnings per share in the past year or the past six months in proportion of capital increase; no need to consider the period of capital increase.
  4. If the preferred shares are non-convertible cumulative preferred stock, the dividends of the year, whether they're issued or not, should be deducted from the net profit after tax, or be added to the net loss after tax.  
If the preferred shares are non-cumulative and have net profit after tax, the dividends should be deducted from the net profit after tax; no need for adjustment if they have loss.
- Note 5: Paying careful attention to the cash flow analysis as followed points:
1. Net cash flow from operating activities means the net income in the net cash flow table.
  2. Capital expenditure means investment spending per year.
  3. Inventory would only be counted when the closing balance of prepaid rent is bigger than the beginning one. If the inventory in the end of the year has decreased, it should be shown as zero.
  4. Cash dividend includes common stock and preferred shares.
  5. Gross property, plant and equipment is the total amount of net of property, plant and equipment accumulated depreciation
- Note 6: Issuer should differentiate every fixed and variable operating cost and operating expense by their natures. If estimation or subjective judgement is involved, be aware of its rationality and consistency.
- Note 7: Company's shares without par value or a par value other than NT\$10 is calculated based on interests ratio attributable to parent company owner in balance sheet, instead of pre-tax net profit to paid-in capital ratio.

### III. Audit Committee's Review Report on the Latest Financial Report

#### Highwealth Construction Corporation Audit Committee's Review Report

The Board of Directors prepared the 2023 financial statements of the Company and its consolidated subsidiaries, which was audited by the accountants of KPMG Certified Public Accountant Office, Han Yilien and Tim Tzang. The Audit Committee has reviewed the business report and earnings appropriation proposal, and finds no material misstatement. In accordance with the Securities and Exchange Act, Article 14-4 and the Company Act, Article 219, the Committee hereby submits the review report.

To

2024 Annual Shareholder's Meeting of Highwealth Construction Corporation

Audit Committee Convener: Li Wencheng



March 26, 2024

## IV. Financial Statement of Recen Year



安侯建業聯合會計師事務所

KPMG

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### Independent Auditors' Report

To the Board of Directors of Highwealth Construction Corp.:

#### Opinion

We have audited the consolidated financial statements of Highwealth Construction Corp. and its subsidiaries ("the Group"), which comprise the consolidated balance sheet as of December 31, 2023 and 2022, the consolidated statement of comprehensive income, changes in equity and cash flows for the years then ended, and notes to the consolidated financial statements, including a summary of material accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at December 31, 2023 and 2022, and its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and with the International Financial Reporting Standards ("IFRSs"), International Accounting Standards ("IASs"), 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 Financial Statement Audit and Attestation Engagements of Certified Public Accountants and Standards on Auditing of the Republic of China. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with The Norm of Professional Ethics for Certified Public Accountant of the Republic of China, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis of our opinion.

#### Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the year ended December 31, 2023 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.

##### 1. Revenue recognition on sales of properties and land

Please refer to note 4(p) and 6(y) of the consolidated financial statements for the accounting policy on revenue recognition and the details of revenue.

##### Description of key audit matter

Since the Group operates in the real estate industry, in which its sales revenue is recognized upon the transfer of ownership of its real estate and the actual delivery of its housing unit to a large number of clients, the confirmation on the validity of the timing of the sales revenue recognition is crucial. Hence, the Group needs to thoroughly examine the transfer of its ownership and the data on the delivery of its housing units for its entire transactions to recognize the sales revenue, which usually involves tremendous amount of manual efforts. Therefore, sales revenue recognition has been recognized as one of our key audit matters.

### Auditing procedures performed

Our principal audit procedures included:

- Testing the effectiveness of the design and implementing the internal control system of sales revenue.
- Performing substantive tests on randomly selected samples of sales contracts, and real estate ownership transfer documents; as well as checking the sales data and general ledger to ensure consistency.
- Testing the samples of sales transaction before and after the end of the year to ensure the correctness of sales revenue.

## 2. Inventory valuation

Please refer to note 4(h)、Note 5 “Revenue” and 6(f) of the consolidated financial statements for the accounting policies on measuring inventory, assumption used and uncertainties considered in determining the net realizable value and the details of inventory.

### Description of key audit matter

Inventories, which play a significant role in the Group's business operation, account for 73% of the Group's total assets, wherein the evaluation has to comply with the International Accounting Standards Bulletin No. 2. Moreover, if the net realizable value of inventories is inaccurately assessed, it will result in a negative impact on the financial report. Therefore, inventory evaluation has been recognized as one of our key audit matters.

### Auditing procedures performed

- Understanding the Group's operating and accounting procedures for I and held for the subsequent measurement of inventories Obtain the Group management's data of land held for construction sites and construction in progress valuation, inspecting and recalculating the net realizable value of I and held for construction sites and construction in progress whether adequate. The net realizable value can be assessed in both ways: through reviewing the recent selling price of the premises, or by inquiring the selling price of premises nearby from the “Actual Selling Price of Real Estate” website.

## **Other Matter**

Highwealth Construction Corp. has prepared its parent-company-only financial statements as of and for the years ended December 31, 2023 and 2022, on which we have issued an unmodified opinion.

## **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 IFRSs, IASs, interpretation as well as related guidance endorsed 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 the Audit Committee) are responsible for overseeing the Group's financial reporting process.

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

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



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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements for the year ended December 31, 2023 and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partners on the audit resulting in this independent auditors' report are Han, Yi-Lien and Tseng, Kuo-Yang.

KPMG

Taipei, Taiwan (Republic of China)  
March 14, 2024

#### **Notes to Readers**

The accompanying consolidated financial statements are intended only to present the consolidated financial position, financial performance and cash flows in accordance with the accounting principles and practices generally accepted in the Republic of China and not those of any other jurisdictions. The standards, procedures and practices to audit such consolidated financial statements are those generally accepted and applied in the Republic of China.

The independent auditors' audit report and the accompanying consolidated financial statements are the English translation of the Chinese version prepared and used in the Republic of China. If there is any conflict between, or any difference in the interpretation of the English and Chinese language independent auditors' audit report and consolidated financial statements, the Chinese version shall prevail.

(English Translation of Consolidated Financial Statements Originally Issued in Chinese)

**HIGHWEALTH CONSTRUCTION CORP. AND SUBSIDIARIES**

**Consolidated Balance Sheets**

**December 31, 2023 and 2022**

(Expressed in Thousand of New Taiwan Dollars)

|                            |  | <b>December 31, 2023</b> |            | <b>December 31, 2022</b> |            |                                     |  | <b>December 31, 2023</b> |            | <b>December 31, 2022</b> |            |
|----------------------------|--|--------------------------|------------|--------------------------|------------|-------------------------------------|--|--------------------------|------------|--------------------------|------------|
|                            |  | <b>Amount</b>            | <b>%</b>   | <b>Amount</b>            | <b>%</b>   |                                     |  | <b>Amount</b>            | <b>%</b>   | <b>Amount</b>            | <b>%</b>   |
| <b>Assets</b>              |  |                          |            |                          |            | <b>Liabilities and Equity</b>       |  |                          |            |                          |            |
| <b>Current assets:</b>     |  |                          |            |                          |            | <b>Current liabilities:</b>         |  |                          |            |                          |            |
| 1100                       | Cash and cash equivalents (Note 6(a))  | \$ 14,702,019            | 6          | 14,158,954               | 6          | 2100                                | Short-term borrowings(Note 6(n))                       | \$ 98,684,698            | 44         | 110,334,869              | 49         |
| 1110                       | Financial assets at fair value through profit or loss—current (Notes 6(b) and 8)                 | 327,895                  | -          | 265,237                  | -          | 2110                                | short-term transaction instrument payables (Note 6(o)) | 8,267,808                | 4          | 7,561,607                | 3          |
| 1140                       | Current contract assets (Note 6(y))  | 27,475                   | -          | 49,113                   | -          | 2130                                | Current contract liabilities (Notes 6(y) and 7)        | 14,448,169               | 6          | 13,899,665               | 6          |
| 1150                       | Notes receivable, net (Notes 6(e) and 8)   | 2,019,389                | 1          | 2,230,666                | 1          | 2150                                | Notes payable  | 8,043                    | -          | 2,422                    | -          |
| 1170                       | Accounts receivable, net (Notes 6(e) and 7)  | 146,930                  | -          | 1,213,970                | -          | 2170                                | Accounts payable (Note 7)                              | 9,608,068                | 4          | 8,014,110                | 4          |
| 130X                       | Inventory (Notes 6(f) and 8)   | 165,501,944              | 73         | 168,082,584              | 75         | 2200                                | Other payables (Note 7)                                | 6,598,045                | 3          | 3,197,623                | 2          |
| 1410                       | Prepayment   | 1,342,244                | 1          | 1,328,493                | 1          | 2230                                | Current tax liabilities                                | 1,576,285                | 1          | 856,448                  | -          |
| 1476                       | Other financial assets-current (Notes 6(m) 、8 and 9(b))  | 20,508,024               | 9          | 14,395,841               | 6          | 2250                                | Provisions—Current (Notes 6(s) and (u))                | 286,133                  | -          | 268,687                  | -          |
| 1479                       | Other current assets, others   | 387,547                  | -          | 215,904                  | -          | 2280                                | Lease liabilities-current (Note 6(r))                  | 125,962                  | -          | 110,476                  | -          |
| 1480                       | Current assets recognised as incremental costs to obtain contract with customers (Note 6(m))     | 4,039,075                | 2          | 3,771,528                | 2          | 2305                                | Other financial liability-current                      | 88,921                   | -          | 87,941                   | -          |
|                            |  | <u>209,002,542</u>       | <u>92</u>  | <u>205,712,290</u>       | <u>91</u>  | 2321                                | Current Portion of reverse bonds (Note 6(q))           | 7,870,725                | 4          | 2,489,554                | 1          |
|                            |  |                          |            |                          |            | 2322                                | Current portion of long-term borrowings (Note 6(p))    | 2,846,057                | 1          | 96,454                   | -          |
|                            |  |                          |            |                          |            | 2399                                | Other current liabilities, others                      | <u>690,541</u>           | <u>-</u>   | <u>611,695</u>           | <u>-</u>   |
|                            |  |                          |            |                          |            |                                     |  | <u>151,099,455</u>       | <u>67</u>  | <u>147,531,551</u>       | <u>65</u>  |
| <b>Non-current assets:</b> |  |                          |            |                          |            | <b>Non-Current liabilities:</b>     |  |                          |            |                          |            |
| 1517                       | Non-current financial assets at fair value through other comprehensive income (Notes 6(c) and 7) | 5,000                    | -          | 5,000                    | -          | 2530                                | Bonds payable (Note 6(q))                              | 14,375,478               | 6          | 23,766,936               | 11         |
| 1535                       | Non-current financial assets at amortised cost, net (Note 6(d))                                  | 30,000                   | -          | -                        | -          | 2540                                | Long-term borrowings (Note 6(p))                       | 3,681,990                | 2          | 4,337,972                | 2          |
| 1550                       | Investments accounted for using equity method, net (Note 6(g))                                   | 114,034                  | -          | 109,127                  | -          | 2570                                | Deferred tax liabilities (Note 6(v))                   | 191,553                  | -          | 191,553                  | -          |
| 1600                       | Property, plant and equipment (Notes 6(j) and 8)   | 7,393,698                | 3          | 5,910,328                | 3          | 2580                                | Lease liabilities, non-current (Note 6(r))             | 171,421                  | -          | 262,078                  | -          |
| 1755                       | Right-of-use assets (Note 6(k))  | 145,466                  | -          | 168,807                  | -          | 2640                                | Net defined benefit liability, non-current             | <u>19,483</u>            | <u>-</u>   | <u>27,714</u>            | <u>-</u>   |
| 1760                       | Investment property (Notes 6(l) and 8)   | 5,554,332                | 3          | 5,436,871                | 3          |                                     |  | <u>18,439,925</u>        | <u>8</u>   | <u>28,586,253</u>        | <u>13</u>  |
| 1780                       | Intangible assets  | 31,151                   | -          | 31,365                   | -          |                                     | <b>Total liabilities</b>                               | <u>169,539,380</u>       | <u>75</u>  | <u>176,117,804</u>       | <u>78</u>  |
| 1840                       | Deferred tax assets (Note 6(v))  | 68,479                   | -          | 65,237                   | -          |                                     | <b>Equity attributable to owners of parent:</b>        |                          |            |                          |            |
| 1980                       | Other non-current financial assets (Notes 6(m) and 8)  | 4,149,448                | 2          | 7,377,628                | 3          | 3100                                | Common stock (Note 6(w))                               | 18,841,415               | 8          | 17,146,741               | 7          |
| 1990                       | Other non-current assets, others   | 380,591                  | -          | 349,904                  | -          | 3200                                | Capital surplus (Note 6(w))                            | 8,836,578                | 4          | 8,408,194                | 4          |
|                            |  | <u>17,872,199</u>        | <u>8</u>   | <u>19,454,267</u>        | <u>9</u>   |                                     | <b>Retained earnings (Note 6(w))</b>                   |                          |            |                          |            |
|                            |  |                          |            |                          |            | 3310                                | Legal reserve  | 8,773,652                | 4          | 8,363,751                | 4          |
|                            |  |                          |            |                          |            | 3350                                | Unappropriated earnings                                | 11,094,585               | 5          | 11,642,373               | 5          |
|                            |  |                          |            |                          |            | 3400                                | Other equity (Note 6(w))                               | 214                      | -          | 268                      | -          |
|                            |  |                          |            |                          |            | 3500                                | Treasury stock (Note 6(w))                             | <u>(971,876)</u>         | <u>-</u>   | <u>(977,220)</u>         | <u>-</u>   |
|                            |  |                          |            |                          |            |                                     | <b>Total equity attributable to owners of parent:</b>  | 46,574,568               | 21         | 44,584,107               | 20         |
|                            |  |                          |            |                          |            | 36XX                                | Non-controlling interests(Note 6(i))                   | <u>10,760,793</u>        | <u>4</u>   | <u>4,464,646</u>         | <u>2</u>   |
|                            |  |                          |            |                          |            |                                     | <b>Total equity</b>                                    | <u>57,335,361</u>        | <u>25</u>  | <u>49,048,753</u>        | <u>22</u>  |
| <b>Total assets</b>        |  | <u>\$ 226,874,741</u>    | <u>100</u> | <u>225,166,557</u>       | <u>100</u> | <b>Total liabilities and equity</b> |  | <u>\$ 226,874,741</u>    | <u>100</u> | <u>225,166,557</u>       | <u>100</u> |

(English Translation of Consolidated Financial Statements Originally Issued in Chinese)

# HIGHWEALTH CONSTRUCTION CORP. AND SUBSIDIARIES

## Consolidated Statements of Comprehensive Income

For the years ended December 31, 2023 and 2022

(Expressed in Thousand of New Taiwan Dollars , Except for Earnings Per Common Share)

|      |  | 2023          |     | 2022        |     |
|------|--|---------------|-----|-------------|-----|
|      |  | Amount        | %   | Amount      | %   |
| 4000 | Operating revenue (Notes 6(y) and 7)   | \$ 44,067,193 | 100 | 26,627,233  | 100 |
| 5000 | Operating cost (Note 6(f))   | 28,647,295    | 65  | 17,661,182  | 66  |
|      | Gross profit from operations   | 15,419,898    | 35  | 8,966,051   | 34  |
|      | Operating expenses:  |               |     |             |     |
| 6100 | Selling expenses (Note 6(m))   | 2,249,386     | 5   | 1,173,938   | 4   |
| 6200 | Administrative expenses (Note 7)   | 1,458,380     | 3   | 2,155,135   | 8   |
|      |  | 3,707,766     | 8   | 3,329,073   | 12  |
|      | Net operating income   | 11,712,132    | 27  | 5,636,978   | 22  |
|      | Non-operating income and expenses:   |               |     |             |     |
| 7100 | Total interest income (Note 6(aa))   | 178,089       | -   | 46,050      | -   |
| 7010 | Other income (Notes 6(c) 、(aa) and 7)  | 159,272       | -   | 211,149     | 1   |
| 7020 | Other gains and losses, net (Note 6(aa))   | (109,174)     | -   | (20,432)    | -   |
| 7050 | Finance costs, net (Note 6(aa))  | (1,192,702)   | (3) | (1,003,632) | (4) |
| 7070 | Share of profit (loss) of associates and joint ventures accounted for using equity method, net(Note 6(g))            | 4,907         | -   | 3,165       | -   |
|      | Total non-operating income and expenses  | (959,608)     | (3) | (763,700)   | (3) |
|      | Profit from continuing operations before tax   | 10,752,524    | 24  | 4,873,278   | 19  |
| 7950 | Less: Income tax expenses (Note 6(v))  | 1,917,585     | 4   | 967,338     | 4   |
|      | Profit   | 8,834,939     | 20  | 3,905,940   | 15  |
| 8300 | Other comprehensive income:  |               |     |             |     |
| 8310 | Components of other comprehensive income that will not be reclassified to profit or loss                             |               |     |             |     |
| 8311 | Gains on remeasurements of defined benefit plans (Note 6(u))   | 5,767         | -   | 1,758       | -   |
| 8316 | Unrealized gains from investments in equity instruments measured at fair value through other comprehensive income    | -             | -   | 2,814       | -   |
| 8349 | Less: Income tax related to components of other comprehensive income that will not be reclassified to profit or loss | -             | -   | -           | -   |
|      |  | 5,767         | -   | 4,572       | -   |
| 8360 | Components of other comprehensive income that will be reclassified to profit or loss                                 |               |     |             |     |
| 8361 | Exchange differences on translation of foreign financial statements  | (54)          | -   | 47          | -   |
| 8399 | Less: Income tax related to components of other comprehensive income that will be reclassified to profit or loss     | -             | -   | -           | -   |
|      | Components of other comprehensive income that will be reclassified to profit or loss                                 | (54)          | -   | 47          | -   |
| 8300 | Other comprehensive income   | 5,713         | -   | 4,619       | -   |
|      | Total comprehensive income   | \$ 8,840,652  | 20  | 3,910,559   | 15  |
|      | Profit, attributable to:   |               |     |             |     |
| 8610 | Profit, attributable to owners of parent company   | \$ 2,437,372  | 5   | 3,740,998   | 14  |
| 8620 | Profit, attributable to non-controlling interests  | 6,397,567     | 15  | 164,942     | 1   |
|      |  | \$ 8,834,939  | 20  | 3,905,940   | 15  |
|      | Comprehensive income attributable to:  |               |     |             |     |
| 8710 | Comprehensive income, attributable to owners of parent company   | \$ 2,443,085  | 5   | 3,745,617   | 14  |
| 8720 | Comprehensive income, attributable to non-controlling interests  | 6,397,567     | 15  | 164,942     | 1   |
|      |  | \$ 8,840,652  | 20  | 3,910,559   | 15  |
|      | Earnings per share (Note 6(x))   |               |     |             |     |
| 9750 | Basic earnings per share   | \$ 1.33       |     | 2.08        |     |
| 9850 | Diluted earnings per share   | \$ 1.33       |     | 2.05        |     |

See accompanying notes to consolidated financial statements.

(English Translation of Consolidated Financial Statements Originally Issued in Chinese)

**HIGHWEALTH CONSTRUCTION CORP. AND SUBSIDIARIES**

**Consolidated Statements of Changes in Equity**

**For the years ended December 31, 2023 and 2022**

**(Expressed in Thousand of New Taiwan Dollars)**

|   | Equity attributable to owners of parent |                   |               |                                  |                         |      |   |   |                             |                |   |                           |              |
|---|---|-------------------|---------------|----------------------------------|-------------------------|------|---|---|-----------------------------|----------------|---|---------------------------|--------------|
|   | Share capital                           | Retained earnings |               |                                  |                         |      | Total other equity interest   |   |                             |                |   |                           |              |
|   |   |                   |               |                                  |                         |      | Exchange differences on translation of foreign financial statements | Unrealized gains (losses) on financial assets measured at fair value through other comprehensive income | Total other equity interest | Treasury stock | Total equity attributable to owners of parent | Non-controlling interests | Total equity |
|   | Common stock                            | Capital surplus   | Legal reserve | Unappropriated retained earnings | Total retained earnings |      |   |   |                             |                |   |                           |              |
| Balance on January 1, 2022  | \$ 13,927,531                           | 3,609,808         | 7,552,326     | 16,069,240                       | 23,621,566              | 221  | 538,526   | 538,747   | (973,783)                   | 40,723,869     | 4,991,532                                     | 45,715,401                |              |
| Profit (loss)   | -                                       | -                 | -             | 3,740,998                        | 3,740,998               | -    | -   | -   | -                           | 3,740,998      | 164,942                                       | 3,905,940                 |              |
| Other comprehensive income  | -                                       | -                 | -             | 1,758                            | 1,758                   | 47   | 2,814   | 2,861   | -                           | 4,619          | -   | 4,619                     |              |
| Total comprehensive income  | -                                       | -                 | -             | 3,742,756                        | 3,742,756               | 47   | 2,814   | 2,861   | -                           | 3,745,617      | 164,942                                       | 3,910,559                 |              |
| Appropriation and distribution of retained earnings in 2021:  |   |                   |               |                                  |                         |      |   |   |                             |                |   |                           |              |
| Legal reserve appropriated  | -                                       | -                 | 811,425       | (811,425)                        | -                       | -    | -   | -   | -                           | -              | -   | -                         |              |
| Cash dividends of ordinary share  | -                                       | -                 | -             | (6,171,566)                      | (6,171,566)             | -    | -   | -   | -                           | (6,171,566)    | -   | (6,171,566)               |              |
| Stock dividends of ordinary share   | 1,542,891                               | -                 | -             | (1,542,891)                      | (1,542,891)             | -    | -   | -   | -                           | -              | -   | -                         |              |
| Conversion of convertible bonds   | 1,676,319                               | 4,674,723         | -             | -                                | -                       | -    | -   | -   | -                           | 6,351,042      | -   | 6,351,042                 |              |
| Adjustments of capital surplus for company's cash dividends received by subsidiaries                      | -                                       | 117,460           | -             | -                                | -                       | -    | -   | -   | -                           | 117,460        | -   | 117,460                   |              |
| Difference between consideration and carrying amount of subsidiaries acquired or disposed                 | -                                       | -                 | -             | (185,081)                        | (185,081)               | -    | -   | -   | -                           | (185,081)      | -   | (185,081)                 |              |
| Changes in ownership interests in subsidiaries  | -                                       | 817               | -             | -                                | -                       | -    | -   | -   | (3,437)                     | (2,620)        | -   | (2,620)                   |              |
| Other changes in capital surplus  | -                                       | 5,386             | -             | -                                | -                       | -    | -   | -   | -                           | 5,386          | -   | 5,386                     |              |
| Changes in non-controlling interests  | -                                       | -                 | -             | -                                | -                       | -    | -   | -   | -                           | -              | (691,828)                                     | (691,828)                 |              |
| Disposal of investments in equity instruments designated at fair value through other comprehensive income | -                                       | -                 | -             | 541,340                          | 541,340                 | -    | (541,340)   | (541,340)   | -                           | -              | -   | -                         |              |
| Balance on December 31, 2022  | 17,146,741                              | 8,408,194         | 8,363,751     | 11,642,373                       | 20,006,124              | 268  | -   | 268   | (977,220)                   | 44,584,107     | 4,464,646                                     | 49,048,753                |              |
| Profit (loss)   | -                                       | -                 | -             | 2,437,372                        | 2,437,372               | -    | -   | -   | -                           | 2,437,372      | 6,397,567                                     | 8,834,939                 |              |
| Other comprehensive income  | -                                       | -                 | -             | 5,767                            | 5,767                   | (54) | -   | (54)  | -                           | 5,713          | -   | 5,713                     |              |
| Total comprehensive income  | -                                       | -                 | -             | 2,443,139                        | 2,443,139               | (54) | -   | (54)  | -                           | 2,443,085      | 6,397,567                                     | 8,840,652                 |              |
| Appropriation and distribution of retained earnings in 2022:  |   |                   |               |                                  |                         |      |   |   |                             |                |   |                           |              |
| Legal reserve appropriated  | -                                       | -                 | 409,901       | (409,901)                        | -                       | -    | -   | -   | -                           | -              | -   | -                         |              |
| Cash dividends of ordinary share  | -                                       | -                 | -             | (847,337)                        | (847,337)               | -    | -   | -   | -                           | (847,337)      | -   | (847,337)                 |              |
| Stock dividends of ordinary share   | 1,694,674                               | -                 | -             | (1,694,674)                      | (1,694,674)             | -    | -   | -   | -                           | -              | -   | -                         |              |
| Adjustments of capital surplus for company's cash dividends received by subsidiaries                      | -                                       | 10,070            | -             | -                                | -                       | -    | -   | -   | -                           | 10,070         | -   | 10,070                    |              |
| Difference between consideration and carrying amount of subsidiaries acquired or disposed                 | -                                       | 419,416           | -             | (39,015)                         | (39,015)                | -    | -   | -   | -                           | 380,401        | -   | 380,401                   |              |
| Changes in ownership interests in subsidiaries  | -                                       | (1,102)           | -             | -                                | -                       | -    | -   | -   | 6,286                       | 5,184          | -   | 5,184                     |              |
| Acquisition of company's share by subsidiaries recognized at treasury share                               | -                                       | -                 | -             | -                                | -                       | -    | -   | -   | (942)                       | (942)          | (4,858)                                       | (5,800)                   |              |
| Changes in non-controlling interests  | -                                       | -                 | -             | -                                | -                       | -    | -   | -   | -                           | -              | (96,562)                                      | (96,562)                  |              |
| Balance at December 31, 2023  | \$ 18,841,415                           | 8,836,578         | 8,773,652     | 11,094,585                       | 19,868,237              | 214  | -   | 214   | (971,876)                   | 46,574,568     | 10,760,793                                    | 57,335,361                |              |

(English Translation of Consolidated Financial Statements Originally Issued in Chinese)

**HIGHWEALTH CONSTRUCTION CORP. AND SUBSIDIARIES**

**Consolidated Statements of Cash Flows**

**For the years ended December 31, 2023 and 2022**

**(Expressed in Thousand of New Taiwan Dollars)**

|   | <b>2023</b>       | <b>2022</b>         |
|---|-------------------|---------------------|
| <b>Cash flows from (used in) operating activities:</b>                                  |                   |                     |
| Profit before tax   | \$ 10,752,524     | 4,873,278           |
| Adjustments:  |                   |                     |
| Adjustments to reconcile profit (loss):   |                   |                     |
| Depreciation expense  | 233,985           | 172,750             |
| Amortization expense  | 37,757            | 17,644              |
| Expected credit (gain) loss   | (1,337)           | 7                   |
| Net (gain) loss on financial assets or liabilities at fair value through profit or loss | (62,658)          | 7,617               |
| Interest expense  | 1,192,702         | 1,003,633           |
| Interest income   | (178,089)         | (46,050)            |
| Dividend income   | (9,961)           | (26,882)            |
| Share of profit of associates and joint ventures accounted for using equity method      | (4,907)           | (3,165)             |
| Gain on disposal of property, plant and equipment                                       | (727)             | (23,659)            |
| Gain on disposal of investment properties   | (77,992)          | (10,960)            |
| Gain on lease modifications   | (3)               | (63,783)            |
| Impairment loss on non-financial assets   | -                 | 59,907              |
| Others  | -                 | 554,272             |
| <b>Total adjustments to reconcile profit (loss)</b>                                     | <b>1,128,770</b>  | <b>1,641,331</b>    |
| <b>Changes in operating assets and liabilities:</b>                                     |                   |                     |
| Changes in operating assets:  |                   |                     |
| Decrease (increase) in contract assets  | 21,638            | (5,439)             |
| Decrease in notes receivable  | 216,257           | 111,967             |
| Decrease (increase) in accounts receivable  | 1,063,397         | (993,205)           |
| Decrease (increase) in inventories  | 4,538,387         | (13,040,975)        |
| Decrease (increase) in prepayments  | 26,118            | (626,319)           |
| (Increase) decrease in other current and non-current assets                             | (157,431)         | 103,426             |
| Increase in other financial assets  | (1,580,479)       | (2,871,310)         |
| Increase in assets recognised as incremental costs to obtain contract with customers    | (267,547)         | (827,758)           |
| <b>Total changes in operating assets</b>  | <b>3,860,340</b>  | <b>(18,149,613)</b> |
| Changes in operating liabilities:   |                   |                     |
| Increase in contract liabilities  | 548,504           | 3,543,208           |
| Increase (decrease) in notes payable  | 5,621             | (3,397)             |
| Increase in accounts payable  | 1,593,958         | 748,486             |
| Increase (decrease) in other payables   | 400,816           | (612,743)           |
| Increase in provisions  | 17,446            | 47,257              |
| Increase (decrease) in other financial liabilities                                      | 980               | (7,209)             |
| Increase in other current liabilities   | 78,846            | 56,770              |
| Decrease in net defined benefit liability   | (2,464)           | (544)               |
| <b>Total changes in operating liabilities</b>   | <b>2,643,707</b>  | <b>3,771,828</b>    |
| <b>Total changes in operating assets and liabilities</b>                                | <b>6,504,047</b>  | <b>(14,377,785)</b> |
| <b>Total adjustments</b>  | <b>7,632,817</b>  | <b>(12,736,454)</b> |
| Cash inflow generated from operations   | 18,385,341        | (7,863,176)         |
| Income taxes paid   | (1,208,239)       | (1,335,788)         |
| <b>Net cash flows from (used in) operating activities</b>                               | <b>17,177,102</b> | <b>(9,198,964)</b>  |

(English Translation of Consolidated Financial Statements Originally Issued in Chinese)

**HIGHWEALTH CONSTRUCTION CORP. AND SUBSIDIARIES**

**Consolidated Statements of Cash Flows (CONT'D)**

**For the years ended December 31, 2023 and 2022**

**(Expressed in Thousand of New Taiwan Dollars)**

|   | <b>2023</b>          | <b>2022</b>        |
|---|----------------------|--------------------|
| <b>Cash flows from (used in) investing activities:</b>              |                      |                    |
| Acquisition of financial assets measured at amortized cost          | (30,000)             | -                  |
| Acquisition of property, plant and equipment                        | (1,457,971)          | (1,455,472)        |
| Proceeds from disposal of property, plant and equipment             | 2,188                | 51,555             |
| Acquisition of intangible assets                                    | (20,407)             | (24,692)           |
| Proceeds from disposal of investment properties                     | 120,715              | 39,507             |
| Increase in other non-current assets                                | (62,202)             | (127,581)          |
| Interest received   | 176,637              | 45,068             |
| Dividends received  | 9,961                | 26,882             |
| <b>Net cash flows from (used in) investing activities</b>           | <b>(1,261,079)</b>   | <b>(1,444,733)</b> |
| <b>Cash flows from (used in) financing activities:</b>              |                      |                    |
| Increase in short-term loans  | 22,080,330           | 39,948,739         |
| Decrease in short-term loans  | (33,732,658)         | (21,317,360)       |
| Increase (decrease) in short-term notes and bills payable           | 706,201              | (619,782)          |
| Proceeds from issuing bonds   | 1,450,000            | 4,000,000          |
| Repayments of bonds   | (2,500,000)          | (2,013,540)        |
| Proceeds from long-term debt  | 2,240,000            | 2,262,000          |
| Repayments of long-term debt  | (146,379)            | (577,787)          |
| Payment of lease liabilities  | (114,307)            | (113,787)          |
| (Increase) decrease in other financial liabilities                  | (1,294,695)          | 995,799            |
| Cash dividends paid   | (1,057,848)          | (6,703,621)        |
| Payments to acquire treasury shares                                 | (5,800)              | -                  |
| Interest paid   | (3,506,096)          | (2,720,724)        |
| Changes in non-controlling interests                                | 508,351              | (231,239)          |
| <b>Net cash flows from (used in) financing activities</b>           | <b>(15,372,901)</b>  | <b>12,908,698</b>  |
| <b>Effect of exchange rate changes on cash and cash equivalents</b> | <b>(57)</b>          | <b>44</b>          |
| <b>Net increase (decrease) in cash and cash equivalents</b>         | <b>543,065</b>       | <b>2,265,045</b>   |
| <b>Cash and cash equivalents at beginning of the year</b>           | <b>14,158,954</b>    | <b>11,893,909</b>  |
| <b>Cash and cash equivalents at end of the year</b>                 | <b>\$ 14,702,019</b> | <b>14,158,954</b>  |

(English Translation of Consolidated Financial Statements Originally Issued in Chinese)

**HIGHWEALTH CONSTRUCTION CORP. AND SUBSIDIARIES**

**Notes to the Consolidated Financial Statements**

**For the years ended December 31, 2023 and 2022**

**(Expressed in Thousand of New Taiwan Dollars, Unless Otherwise Specified)**

**(1) Company history**

Highwealth Construction Corp. (the “Company”) was incorporated in January 1980 as a company limited by shares under the Company Act of the Republic of China (R.O.C.). The Company’s registered address is 10F, No.267, Lequn 2nd Rd., Zhongshan Dist., Taipei City 104, Taiwan (R.O.C.) The consolidated financial statements of the Company as of and for the year ended December 31, 2023 comprise the Company and its subsidiaries (together referred to as the “Group” and individually as “Group entities”). The Group primarily engages in the business of construction, sales, and leasing of residential and commercial buildings, please refer to note 14 for the Group’s main business activities.

**(2) Approval date and procedures of the consolidated financial statements:**

The consolidated financial statements were authorized for issuance by the Board of Directors on March 14, 2024.

**(3) New standards, amendments and interpretations adopted:**

- (a) The impact of the International Financial Reporting Standards (“IFRSs”) endorsed by the Financial Supervisory Commission, R.O.C. which have already been adopted.

The Group has initially adopted the following new amendments, which do not have a significant impact on its consolidated financial statements, from January 1, 2023:

- 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 has initially adopted the new amendment, which do not have a significant impact on its consolidated financial statements, from May 23, 2023:

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

- (b) The impact of IFRS issued by the FSC but not yet effective

The Group assesses that the adoption of the following new amendments, effective for annual period beginning on January 1, 2024, would not have a significant impact on its 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”

**HIGHWEALTH CONSTRUCTION CORP. AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

- Amendments to IFRS 16 “Lease Liability in a Sale and Leaseback”

- (c) The impact of IFRS issued by IASB but not yet endorsed by the FSC

The Group does not expect the following new and amended standards, which have yet to be endorsed by the FSC, to have a significant impact on its consolidated financial statements:

- Amendments to IFRS 10 and IAS 28 “Sale or Contribution of Assets Between an Investor and Its Associate or Joint Venture”
- IFRS 17 “Insurance Contracts” and amendments to IFRS 17 “Insurance Contracts”
- Amendments to IAS21 “Lack of Exchangeability”

**(4) Summary of material accounting policies:**

The accompanying consolidated financial statements are the English translation of the Chinese version prepared and used in the Republic of China. If there is any conflict between, or any difference in the interpretation of the English and Chinese language consolidated financial statements, the Chinese version shall prevail.

The following significant accounting policies have been applied consistently to all periods presented in the consolidated financial statements unless otherwise specified.

- (a) Statement of compliance

These consolidated financial statements have been prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers (hereinafter referred to as “the Regulations” ) and the International Financial Reporting Standards, International Accounting Standards, IFRIC Interpretations, and SIC Interpretations endorsed and issued into effect by the Financial Supervisory Commission, R.O.C. (hereinafter referred to as “IFRS endorsed by the FSC”).

- (b) Basis of preparation

- (i) Basis of measurement

The consolidated financial statements have been prepared on the historical cost basis except for the financial instruments.

- 1) Financial instruments measured at fair value through profit or loss are measured at fair value;
- 2) Fair instruments measured at fair value through other comprehensive income are measured at fair value;
- 3) The defined benefit liabilities (assets) is recognized as the fair value of the plan assets less the present value of defined benefit obligation and the upper limit impact mentioned in Note 4(q).

## HIGHWEALTH CONSTRUCTION CORP. AND SUBSIDIARIES

### Notes to the Consolidated Financial Statements

(ii) 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 Group's consolidated financial statements are presented in New Taiwan Dollar, which is the Company's functional currency. All the financial information presented in New Taiwan Dollar has been rounded to the nearest thousand.

(c) Basis of consolidation

(i) Principles for preparing consolidated financial statements

The consolidated financial statements comprise the Company and its subsidiaries. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases. Losses applicable to the non-controlling interests in a subsidiary are allocated to the non-controlling interests even if doing so causes the non-controlling interests to have a deficit balance. The financial statements of subsidiaries are adjusted fairly, so that the accounting policies are the same within the Group.

Intragroup balances and transactions, and any unrealized income and expenses arising from intragroup transactions are eliminated in preparing the consolidated financial statements.

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. The difference between the adjustment of non-controlling interest and its consideration is recognized as owner's equity.

(ii) List of subsidiaries in the consolidated financial statements:

| Name of investor | Subsidiaries                                  | Principal activity   | Shareholding      |                   | Description  |
|------------------|---|--|-------------------|-------------------|--|
|                  |   |  | December 31, 2023 | December 31, 2022 |  |
| The Company      | CHYI YUH CONSTRUCTION CO., LTD.               | Construction, residential and building development, rental and sales etc.          | 100.00 %          | 100.00 %          | The Company hold more than 50% interest of the subsidiary directly |
| The Company      | Ju Feng Hotel Management Consultant Co., Ltd. | Real estate brokerage, residential and building development, rental and sales etc. | 100.00 %          | 100.00 %          | The Company hold more than 50% interest of the subsidiary directly |
| The Company      | HIGHWEALTH PROPERTY MANAGEMENT CO., LTD.      | Real estate brokerage and real estate trading                                      | 100.00 %          | 100.00 %          | The Company hold more than 50% interest of the subsidiary directly |
| The Company      | XINGFUYU TRADING (XIAMEN) CO., LTD.           | Wholesale of construction materials  | 100.00 %          | 100.00 %          | The Company hold more than 50% interest of the subsidiary directly |

# **HIGHWEALTH CONSTRUCTION CORP. AND SUBSIDIARIES**

## **Notes to the Consolidated Financial Statements**

| Name of investor                            | Subsidiaries                                | Principal activity   | Shareholding      |                   | Description  |
|---|---|--|-------------------|-------------------|--|
|   |   |  | December 31, 2023 | December 31, 2022 |  |
| The Company                                 | QUANXIANG TRADING (SHANGHAI) CO., LTD.      | Wholesale of construction materials  | 100.00 %          | 100.00 %          | The Company hold more than 50% interest of the subsidiary directly   |
| The Company                                 | Run Long Construction Co., Ltd.             | Residential and building development, rental and sales                             | 5.25 %<br>(Note)  | 6.05 %<br>(Note)  | The Company doesn't hold more than 50% of interest directly and indirectly but have substantial controlling power and considered as subsidiary |
| The Company                                 | Bo-yuan Construction Co., Ltd               | Residential and building development, rental and sales and department sortres etc. | 100.00 %          | 100.00 %          | The Company hold more than 50% interest of the subsidiary directly   |
| The Company                                 | YEH KEE ENTERPRISE CO., LTD.                | Residential and building development, rental and sales etc.                        | 100.00 %          | 100.00 %          | The Company hold more than 50% interest of the subsidiary directly   |
| The Company                                 | Bi Jiang Enterprise Co., Ltd.               | Residential and building development, rental and sales etc.                        | 100.00 %          | 100.00 %          | The Company hold more than 50% interest of the subsidiary directly   |
| The Company                                 | Shing Fu Fa Construction Co., Ltd.          | Construction 、 Residential and building development, rental and sales etc.         | 100.00 %          | 100.00 %          | The Company hold more than 50% interest of the subsidiary directly   |
| The Company                                 | WELL RICH INTERNATIONAL CO., LTD.           | Wholesale of construction material 、 Hotels and motels etc.                        | 100.00 %          | 100.00 %          | The Company hold more than 50% interest of the subsidiary directly   |
| CHYI YUH CONSTRUCTION CO., LTD.             | GUANGYANG INVESTMENT CONSTRUCTION CO., LTD. | Investment industry  | 100.00 %          | 100.00 %          | CHYI YUH hold more than 50% interest of the subsidiary directly  |
| CHYI YUH CONSTRUCTION CO., LTD.             | RUN LONG CONSTRUCTION CO., LTD.             | Residential and building development, rental and sales                             | 4.62 %<br>(Note ) | 5.21 %<br>(Note)  | CHYI YUH doesn't hold more than 50% of interest directly and indirectly but have substantial controlling power and considered as subsidiary    |
| GUANGYANG INVESTMENT CONSTRUCTION CO., LTD. | RUN LONG CONSTRUCTION CO., LTD.             | Residential and building development, rental and sales                             | 6.37 %            | 6.37 %            | Guang Yang doesn't hold more than 50% of interest directly and indirectly but have substantial controlling power and considered as subsidiary  |

**HIGHWEALTH CONSTRUCTION CORP. AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

| Name of investor                | Subsidiaries                    | Principal activity   | Shareholding      |                   | Description   |
|---------------------------------|---------------------------------|--|-------------------|-------------------|---|
|                                 |                                 |  | December 31, 2023 | December 31, 2022 |   |
| RUN LONG CONSTRUCTION CO., LTD. | Jin Jyun Construction Co., Ltd. | Constrection 、 residential and building development, rental and sales etc. | 100.00 %          | 100.00 %          | Run Long hold more than 50% interest of the subsidiary directly |

Note : The Group' s shareholdings change because the Group invested or disposed of shareholdings of Run Long Construction during 2023.

(iii) List of subsidiaries which are not included in the consolidated financial statements: None

(d) Foreign currencies

(i) Currencies transaction

Transactions in foreign currencies are translated into the respective functional currencies of Group entities 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) Fair value through ither comprehensive income equity investment;
- 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 hedge is effective.

(ii) Foreign operation

The assets and liabilities of foreign operations, including goodwill and fair value adjustments arising on acquisition, are translated into the reporting currency at the exchange rates at the reporting date. The income and expenses of foreign operations are translated at the average exchange rate. Translation differences are recognized in other comprehensive income.

When a foreign operation is disposed of such that control, significant influence, or joint control is lost, the cumulative amount in the translation reserve related to that foreign operation is reclassified to profit or loss as part of the gain or loss on disposal. When the Group disposes of only part of its interest in a subsidiary that includes a foreign operation while retaining control, the relevant proportion of the cumulative amount is reattributed to non controlling interests. When the Group disposes of only part of its investment in an associate or joint venture that includes a foreign operation while retaining significant influence or joint control, the relevant proportion of the cumulative amount is reclassified to profit or loss.

## **HIGHWEALTH CONSTRUCTION CORP. AND SUBSIDIARIES**

### **Notes to the Consolidated Financial Statements**

When the settlement of a monetary receivable from or payable to a foreign operation is neither planned nor likely to occur in the foreseeable future, foreign exchange gains and losses arising from such a monetary item that are considered to form part of the net investment in the foreign operation are recognized in other comprehensive income.

(e) Current and non-current distinction

An asset is classified as current when

- (i) The Group expects to realize the asset, or intends to sell or consume it, in its normal operating cycle;
- (ii) The Group holds the asset primarily for the purpose of trading;
- (iii) The Group expects to realize the asset within twelve months after the reporting period;
- (iv) The asset is cash or cash equivalent unless the asset is restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

A liability is classified as current when

- (i) The Group expects to settle the liability in its normal operating cycle;
- (ii) The Group holds the liability primarily for the purpose of trading;
- (iii) The liability is due to be settled within twelve months after the reporting period;
- (iv) The Group does not have an unconditional right to defer settlement of the liability for at least twelve months after the reporting period. 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.

(f) 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 short term cash commitments rather than for investment or other purposes should be recognized as cash equivalents.

(g) Financial instruments

Trade receivables and debt securities issued are initially recognized when they are originated. 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 (unless it is a trade receivable without a significant financing component) or financial liability is initially measured at fair value plus, for an item not at fair value through profit or loss (FVTPL), transaction costs that are directly attributable to its acquisition or issue. A trade receivable without a significant financing component is initially measured at the transaction price.

**HIGHWEALTH CONSTRUCTION CORP. AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

(i) Financial assets

All regular way purchases or sales of financial assets are recognized and derecognized on a trade date basis.

On initial recognition, a financial asset is classified as measured at: amortized cost; Fair value through other comprehensive income (FVOCI) equity investment; or FVTPL. Financial assets are not reclassified subsequent to their initial recognition unless the Group changes its business model for managing financial assets, in which case all affected financial assets are reclassified 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 :

- it is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- its contractual terms 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) Fair value through other comprehensive income(FVOCI)

A debt investment is measured at FVOCI if it meets both of the following conditions and is not designated as at FVTPL

- it is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding

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.

Debt investments at FVOCI are subsequently measured at fair value. Interest income calculated using the effective interest method, foreign exchange gains and losses and impairment are recognized in profit or loss. Other net gains and losses are recognized in other comprehensive income. On derecognition, gains and losses accumulated in other comprehensive income are reclassified to profit or loss.

## HIGHWEALTH CONSTRUCTION CORP. AND SUBSIDIARIES

### Notes to the Consolidated Financial Statements

Equity investments at FVOCI are subsequently measured at fair value. Dividends are recognized as income in profit or loss unless the dividend clearly represents a recovery of part of the cost of the investment. Other net gains and losses are recognized in other comprehensive income and are never 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.

#### 3) Fair value through profit or loss (FVTPL)

All financial assets not classified as measured at amortized cost or FVOCI described as above (e.g. financial assets held for trading and those that are managed and whose performance is evaluated on a fair value basis) 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 of financial assets

The Group recognizes loss allowances for expected credit losses on financial assets measured at amortized cost (including cash and cash equivalents, amortized costs, notes and accounts receivable, other receivable, guarantee deposit paid and other financial assets), debt investments measured at FVOCI, accounts receivable measured at FVOCI and contract assets.

The Group measures loss allowances at an amount equal to lifetime expected credit loss (ECL), except for the following which are measured as 12-month ECL:

- 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 accounts 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.

## HIGHWEALTH CONSTRUCTION CORP. AND SUBSIDIARIES

### Notes to the Consolidated Financial Statements

The Group considers a debt security to have low credit risk when its credit risk rating is equivalent to the globally understood definition of 'investment grade' which is considered to be BBB or higher per Standard & Poor's, Baa3 or higher per Moody's or twA or higher per Taiwan Ratings.

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 month after the reporting date (or a shorter period if the expected life of the instrument is less than 12 months).

The maximum period considered when estimating ECLs is the maximum contractual period over 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.

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 asset 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 90 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. For debt securities at FVOCI, the loss allowance is recognized in other comprehensive income instead of reducing the carrying amount of the asset.

The gross carrying amount of a financial asset is written off either partially or in full to the extent that there is no realistic prospect of recovery. The Group individually makes an assessment with respect to the timing and amount of write-off based on whether there is a reasonable expectation of recovery. The Group expects no significant recovery from the amount written off. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Group's procedures for recovery of amounts due.

## **HIGHWEALTH CONSTRUCTION CORP. AND SUBSIDIARIES**

### **Notes to the Consolidated Financial Statements**

#### **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 transfers assets recognized in its statement of balance sheet, but retains either all or substantially all of the risks and rewards of the transferred assets. In these cases, the transferred assets are not derecognized.

#### **(ii) 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 instrument**

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 are recognized as the amount of consideration received, less the direct cost of issuing.

##### **3) Treasury shares**

When shares recognized as equity are repurchased, the amount of the consideration paid, which includes directly attributable costs, is recognized as a deduction from equity. Repurchased shares are classified as treasury shares. When treasury shares are sold or reissued subsequently, the amount received is recognized as an increase in equity, and the resulting surplus or deficit on the transaction is recognized in capital surplus or retained earnings (if the capital surplus is not sufficient to be written down).

##### **4) Compound financial instruments**

Compound financial instruments issued by the Group comprise convertible bonds denominated in NTD that can be converted to ordinary shares at the option of the holder, when the number of shares to be issued is fixed and does not vary with changes in fair value.

The liability component of compound financial instruments is initially recognized at the fair value of a similar liability that does not have an equity conversion option. The equity component is initially recognized at the difference between the fair value of the compound financial instrument as a whole and the fair value of the liability component. Any directly attributable transaction costs are allocated to the liability and equity components in proportion to their initial carrying amounts.

## HIGHWEALTH CONSTRUCTION CORP. AND SUBSIDIARIES

### Notes to the Consolidated Financial Statements

Subsequent to initial recognition, the liability component of a compound financial instrument is measured at amortized cost using the effective interest method. The equity component of a compound financial instrument is not remeasured.

Interest related to the financial liability is recognized in profit or loss. On conversion at maturity, the financial liability is reclassified to equity and no gain or loss is recognized.

#### 5) 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.

#### 6) Derecognition of financial liabilities

The Group derecognizes a financial liability when its contractual obligations are discharged or cancelled or expire. The Group also derecognizes a financial liability when its 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 extinguished and the consideration paid (including any non-cash assets transferred or liabilities assumed) is recognized in profit or loss.

#### 7) 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.

#### (h) Inventory

##### (i) Construction industry

Inventories are measured at the lower of cost and net realizable value. The cost of inventories includes expenditure incurred in acquiring the inventories in bringing them to their existing location and condition, and capitalized borrowing cost.

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

## **HIGHWEALTH CONSTRUCTION CORP. AND SUBSIDIARIES**

### **Notes to the Consolidated Financial Statements**

1) Construction site

Net realizable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and selling expenses, or estimated by recent market value (development analytical method or comparison method).

2) Construction-in-progress

Net realizable value is the estimated selling price (prevailing market condition) in the ordinary course of business, less the estimated costs of completion prevailing and selling expenses needed to complete.

3) Real estate for sale

Net realizable value is the estimated selling price (refer to the market condition estimated by authority )in the ordinary course of business, less the estimated selling costs and expenses need to sell the real estate.

(ii) Manufacturer and Other Industries

Inventories are measured at the lower of cost and net realizable value. The cost of inventories is calculated using the weighted average method, and includes expenditure incurred in acquiring the inventories, production or conversion costs, and other costs incurred in bringing them to their existing location and condition. In the case of manufactured inventories and work in progress, cost includes an appropriate share of production overheads based on normal operating capacity.

Net realizable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and selling expenses.

(i) Joint Arrangements

A joint arrangement is an arrangement in which two or more parties have joint control. The IFRS classifies joint arrangements into two types — joint operations and joint ventures, which have the following characteristics(a) the participants are bound by a contractual arrangement; and (b) the contractual arrangement gives two or more of those parties joint control of the arrangement. IFRS 11 “Joint Arrangements” defines joint control as the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities (ie activities that significantly affect the returns of the arrangement) require the unanimous consent of the parties sharing control.

A joint venture is a joint arrangement whereby the parties that have joint control of the arrangement (i.e. joint venturers) have rights to the net assets of the arrangement, rather than rights to its assets and obligations for its liabilities. A joint venturer shall recognize its interest in a joint venture as an investment and shall account for that investment using the equity method in accordance with IAS 28 “Investments in Associates and Joint Ventures”, unless the entity is exempted from applying the equity method as specified in that Standard.

## **HIGHWEALTH CONSTRUCTION CORP. AND SUBSIDIARIES**

### **Notes to the Consolidated Financial Statements**

When assessing the classification of a joint arrangement, the Group considers the structure and legal form of the arrangement, the terms in the contractual arrangement, and other facts and circumstances. When the facts and circumstances change, the Group reevaluates whether the classification of the joint arrangement has changed.

(j) 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, use in the production or supply of goods or services, or for administrative purposes. Investment property is measured at cost on initial recognition, and subsequently at cost, less accumulated depreciation and accumulated impairment losses. Depreciation expense is calculated based on the depreciation method, useful life, and residual value which 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.

(k) Property, plant and equipment

(i) Recognition and measurement

Items of property, plant and equipment are measured at cost, which includes capitalized borrowing costs, less accumulated depreciation and any accumulated impairment losses.

If significant parts of an item 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.

(ii) Subsequent cost

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

(iii) Depreciation

Depreciation is calculated on the cost of an asset less its residual value and is recognized in profit or loss on a straight line basis over the estimated useful lives of each component of an item of property, plant and equipment.

Land is not depreciated.

## HIGHWEALTH CONSTRUCTION CORP. AND SUBSIDIARIES

### Notes to the Consolidated Financial Statements

The estimated useful lives of property, plant and equipment for current and comparative periods are as follows:

|   |            |
|---|------------|
| 1) Buildings                                  | 3～50 years |
| 2) Equipment                                  | 3～6 years  |
| 3) Transportation equipment                   | 5 years    |
| 4) Office equipment                           | 2～8 years  |
| 5) Other equipment and leasehold improvements | 2～15 years |

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

(iv) Reclassification to 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.

(l) Lease

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. To assess whether a contract conveys the right to control the use of an identified asset, the Group assesses whether:

(i) As a 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 lives 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 for certain remeasurements of the lease liability.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be reliably determined, the Group's incremental borrowing rate. Generally, the Group uses its incremental borrowing 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 payment;
- 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) Amounts expected to be payable under a residual value guarantee; and
- 4) Payments for purchase or termination options that are reasonably certain to be exercised.

## **HIGHWEALTH CONSTRUCTION CORP. AND SUBSIDIARIES**

### **Notes to the Consolidated Financial Statements**

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; or
- 2) There is a change in the Group's estimate of the amount expected to be payable under a residual value guarantee; or
- 3) There is a change of its assessment on whether it will exercise a purchase, extension or termination option; or
- 4) There a change of its assessment of lease period on whether it will exercise an extension on termination option; or
- 5) There is any lease modifications

When the lease liability is remeasured, other than lease modifications, 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.

When the lease liability is remeasured to reflect the partial or full termination of the lease for lease modifications that decrease the scope of the lease, the Group accounts for the remeasurement of the lease liability by decreasing the carrying amount of the right-of-use asset to reflect the partial or full termination of the lease, and recognize in profit or loss any gain or loss relating to the partial or full termination of the lease.

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.

If an arrangement contains lease and non-lease components, the Group allocates the consideration in the contract to each lease component on the basis of their relative stand-alone prices. However, for the leases of land and buildings in which it is a lessee, the Group has elected not to separate non-lease components and account for the lease and non-lease components as a single lease component.

The Group has elected not to recognize right-of-use assets and lease liabilities for short-term leases of office equipment and lease of low-value assets, The Group recognizes the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

For sale-and-leaseback transactions, the Group applies the requirements for determining when a performance obligation is satisfied in IFRS15 to determine whether the transfer of an asset is accounted for as a sale of the asset. If the transfer of an asset satisfies the requirement of IFRS15 to be accounted for as a sale of the asset, the Group derecognizes the transferred asset, then measures the right-of-use asset arising from the leaseback at the proportion of the previous carrying amount of the asset that relates to the right of use retained. Accordingly, the Group recognizes only the amount of any gain or loss that relates to the rights transferred to the buyer-lessor. For leaseback transaction, the Group applies the lessee accounting policy. If the transfer of an asset does not satisfy the requirement of IFRS15 to be accounted for as a sale of the asset, the Group continues to recognize the transferred asset and recognizes the financial liability equal to the transfer proceeds.

**HIGHWEALTH CONSTRUCTION CORP. AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

(ii) As 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. As part of this assessment, the Group considers certain indicators such as whether the lease is for the major part of the economic life of the asset.

When the Group is an intermediate lessor, it assesses the lease classification of a sub-lease with reference to the right-of-use asset arising from the head lease, not with reference to the underlying asset. If a head lease is a short-term lease to which the Group applies the exemption described above, then it classifies the sub-lease as an operating lease.

If an arrangement contains lease and non-lease components, the Group applies IFRS15 to allocate the consideration in the contract.

The Group recognizes a finance lease receivable at an amount equal to its net investment in the lease. Initial direct costs, such as lessors to negotiate and arrange a lease, are included in the measurement of the net investment. The lessor recognizes the interest income over the lease term based on a pattern reflecting a constant periodic rate of return on the lessor's net investment in the lease. The Group recognizes lease payments received under operating leases as income on a straight-line basis over the lease term as part of 'other income'.

(m) Intangible assets

(i) Recognition and measurement

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

Development expenditure is capitalized only if the expenditure can be measured reliably, the product or process is technically and commercially feasible, future economic benefits are probable flow into the Group intends to the Group, and has sufficient resources to, complete development and to use or sell the asset. Otherwise, it is recognized in profit or loss as incurred. Subsequent to initial recognition, development expenditure is measured at cost, less accumulated amortization and any 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.

(ii) Subsequent expenditure

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

## HIGHWEALTH CONSTRUCTION CORP. AND SUBSIDIARIES

### Notes to the Consolidated Financial Statements

#### (iii) 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.

|                         |              |
|-------------------------|--------------|
| 1) Patent and trademark | 1 ~ 10 years |
| 2) Computer software    | 1 ~ 3 years  |

Amortization methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate.

#### (n) Impairment of non-financial assets

At each reporting date, the Group reviews the carrying amounts of its non-financial assets (other than inventories, contract assets, and 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.

An impairment loss in respect of goodwill is not reversed. For other assets, 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.

#### (o) Provisions

A provision is recognized if, as a result of a past event, the Group has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects the current market assessments of the time value of money and the risks specific to the liability. The unwinding of the discount is recognized as finance cost.

## **HIGHWEALTH CONSTRUCTION CORP. AND SUBSIDIARIES**

### **Notes to the Consolidated Financial Statements**

(i) Warranties

A provision for warranties is recognized when the constructions are completed. The provision is based on historical warranty data, and a weighting of all possible outcomes against their associated probabilities. When warranty expense occurs, it would be written off the warranty provision which was recognized before, or warranty expense would be recognized as expense in the current period.

(p) Revenue

(i) Revenue from contracts with customers

Revenue is measured based on the consideration to which the Group expects to be entitled in exchange for transferring goods or services to a customer. The Group recognizes revenue when it satisfies a performance obligation by transferring control of a good or a service to a customer. The accounting policies for the Group's main types of revenue are explained below.

1) Net Tenant-Counter Sales (Commissions Income)

Revenue generated when the Group acts as the agent rather than the consigner in a transaction. Tenant-Counter revenue is recognized on a net commission basis.

2) Land development and sale of real estate

The Group develops and sells residential properties and usually sales properties in advance during construction or before construction begins. Revenue is recognized when control over the properties has been transferred to the customer. The properties have generally no alternative use for the Group due to contractual restrictions. However, an enforceable right to payment does not arise until legal title of a property has passed to the customer. Therefore, revenue is recognized at a point in time when the legal title has passed to the customer.

The revenue is measured at the transaction price agreed under the contract. For sale of readily available house, in most cases, the consideration is due when legal title of a property has been transferred. While deferred payment terms may be agreed in rare circumstances, the deferral never exceeds twelve months. The transaction price is therefore not adjusted for the effects of a significant financing component. For pre selling properties, the consideration is usually received by installment during the period from contract inception until the transfer of properties to the customer. If the contract includes a significant financing component, the transaction price will be adjusted for the effects of the time value of money during the period, using the specific borrowing rate of the construction project.

## **HIGHWEALTH CONSTRUCTION CORP. AND SUBSIDIARIES**

### **Notes to the Consolidated Financial Statements**

#### **3) Construction contracts**

The Group enters into contracts to build residential properties, commercial buildings and public constructions. Because its customer controls the asset as it is constructed, the Group recognizes revenue over time on the basis of the construction costs incurred to date as a proportion of the total estimated costs of the contract. The consideration promised in the contract includes fixed and variable amounts. The customer pays the fixed amount based on a payment schedule. For some variable considerations (for example, a penalty payment calculated based on delay days) the Group recognizes revenue only to the extent that it is highly probable that a significant reversal in the amount of cumulative revenue recognized will not occur. If the Group has recognized revenue, but not issued a bill, then the entitlement to consideration is recognized as a contract asset. The contract asset is transferred to receivables when the entitlement to payment becomes unconditional.

If the Group cannot reasonably measure its progress towards complete satisfaction of the performance obligation of a construction contract, the Group shall recognize revenue only to the extent of the costs expected to be recovered.

A provision for onerous contracts is recognized when the Group expects the unavoidable costs of performing the obligations under a construction contract exceed the economic benefits expected to be received under the contract.

Estimates of revenues, costs or extent of progress toward completion are revised if circumstances change. Any resulting increases or decreases in estimated revenues or costs are reflected in profit or loss in the period in which the circumstances that give rise to the revision become known by management.

For residential properties, and public constructions, the Group offers a standard warranty to provide assurance that they comply with agreed upon specifications and has recognized warranty provisions for this obligation; please refer to note 6(p).

#### **4) Revenue from services**

Revenue from services rendered is recognized in profit or loss in proportion to the stage of completion of the transaction at the reporting date. If the Group has recognized revenue, but not issued a bill, then the entitlement to consideration is recognized as a contract asset.

The contract asset is transferred to receivables when the entitlement to payment becomes unconditional.

#### **5) Financing components**

The Group assesses whether the financial factors are significant at the contract level in accordance with IFRS15 Application Guidance - The Real Estate Industry, wherein the calculation can be made on a case-by-case basis. After the Group has taken into account the industry characteristics and market borrowing rates, it determines that the financial factors are considered material when they account for more than 5% of the total contract price.

## HIGHWEALTH CONSTRUCTION CORP. AND SUBSIDIARIES

### Notes to the Consolidated Financial Statements

The Group expects that (i) the financing components are not substantive to individual contract or (ii) the period between the transfer of the promised goods or services to the customer and payment by the customer does not exceed one year. As a consequence, the Group does not adjust any of the transaction prices for the time value of money.

#### (ii) Contract costs

##### 1) Incremental costs of obtaining a contract

The Group recognizes as an asset the incremental costs of obtaining a contract with a customer if the Group expects to recover those costs. The incremental costs of obtaining a contract are those costs that the Group incurs to obtain a contract with a customer that it would not have incurred if the contract had not been obtained. Costs to obtain a contract that would have been incurred regardless of whether the contract was obtained shall be recognized as an expense when incurred, unless those costs are explicitly chargeable to the customer regardless of whether the contract is obtained.

##### 2) Costs to fulfil a contract

If the costs incurred in fulfilling a contract with a customer are not within the scope of another Standard (for example, IAS 2 Inventories, IAS 16 Property, Plant and Equipment or IAS 38 Intangible Assets), the Group recognizes an asset from the costs incurred to fulfil a contract only if those costs meet all of the following criteria: the costs relate directly to a contract or to an anticipated contract that the Group can specifically identify; the costs generate or enhance resources of the Group that will be used in satisfying (or in continuing to satisfy) performance obligations in the future; and the costs are expected to be recovered.

General and administrative costs, costs of wasted materials, labor or other resources to fulfil the contract that were not reflected in the price of the contract, costs that relate to satisfied performance obligations (or partially satisfied performance obligations), and costs for which the Group cannot distinguish whether the costs relate to unsatisfied performance obligations or to satisfied performance obligations (or partially satisfied performance obligations), the Group recognizes these costs as expenses when incurred.

#### (q) Employee benefits

##### (i) Defined contribution plans

Obligations for contributions to defined contribution plans are expensed as the related service is provided in the periods during which services are rendered by employees.

##### (ii) Defined benefit plans

The Group's net obligation in respect of defined benefit plans is calculated separately for each the plan by estimating the amount of future benefit that employees have earned in the current and prior periods, discounting that amount and deducting the fair value of any plan assets.

## HIGHWEALTH CONSTRUCTION CORP. AND SUBSIDIARIES

### Notes to the Consolidated Financial Statements

The calculation of defined benefit obligations is performed annually by a qualified actuary using the projected unit credit method. When the calculation results in a potential asset for the Group, the recognized asset is limited to the present value of economic benefits available in the form of any future refunds from the plan or reductions in future contributions to the plan. To calculate the present value of economic benefits, consideration is given to any applicable minimum funding requirements.

Remeasurements of the net defined benefit liability, which comprise actuarial gains and losses, the return on plan assets (excluding interest) and the effect of the asset ceiling (if any, excluding interest), are recognized immediately in other comprehensive income, and accumulated in retained earnings within equity. The Group determines the net interest expense (income) on the net defined benefit liability (asset) for the period by applying the discount rate used to measure the defined benefit obligation at the beginning of the annual period to the then-net defined benefit liability (asset). Net interest expense and other expenses related to defined benefit plans are recognized in profit or loss.

When the benefits of a plan are changed or when a plan is curtailed, the resulting change in benefit that relates to past service or the gain or loss on curtailment is recognized immediately in profit or loss. The Group recognizes gains and losses on the settlement of a defined benefit plan when the settlement occurs.

#### (iii) Short-term employee benefits

Short-term employee benefits are expensed as the related service is provided. A liability is recognized for the amount expected to be paid if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

#### (r) Income Taxes

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. It is measured using tax rates enacted or substantively enacted at the reporting date.

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 the following:

- (i) Temporary differences on the initial recognition of assets and liabilities in a transaction that is not a business combination and at the time of the transaction (i) affects neither accounting nor taxable profits (losses) and (ii) does not give rise to equal taxable and deductible temporary differences;

## **HIGHWEALTH CONSTRUCTION CORP. AND SUBSIDIARIES**

### **Notes to the Consolidated Financial Statements**

- (ii) Temporary differences related to investments in subsidiaries, associates and joint arrangements to the extent that the Group is able to control the timing of the reversal of the temporary differences and it is probable that they will not reverse in the foreseeable future; and
- (iii) 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 reviewed at each reporting date, and are reduced to the extent that it is no longer probable that the related tax benefits will be realized; such reductions are reversed when the probability of future taxable profits improves.

Deferred taxes are measured at tax rates that are expected to be applied to temporary differences when they reverse, using tax rates enacted or substantively enacted at the reporting date.

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

- (i) the Group has a legally enforceable right to set off current tax assets against current tax liabilities; and
  - (ii) 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.
- (s) 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 Group, divided by weighted average number of ordinary shares outstanding after adjustment for the effects of all potentially dilutive ordinary shares, such as remuneration of employees and employee stock options.

- (t) Operating segments

An operating segment is a component of the Group that engages in business activities from which it may incur 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 assess its performance. Each operating segment consists of standalone financial information.

## HIGHWEALTH CONSTRUCTION CORP. AND SUBSIDIARIES

### Notes to the Consolidated Financial Statements

#### (5) Significant accounting assumptions and judgments, and major sources of estimation uncertainty:

The preparation of the consolidated financial statements in conformity with the IFRSs endorsed by the FSC requires 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 following period.

Information about judgments made in applying accounting policies that have the most significant effects on the amounts recognized in the consolidated financial statements is as follows:

##### (a) Judgment regarding control of subsidiaries

Although the Group owns less than half of Run Long Construction Co., Ltd. and has less than half its voting rights, management has determined that the Group controls the entity. The Group has control over Run Long Construction Co., Ltd. on a de facto basis, Run Long Construction Co., Ltd. is considered a subsidiary.

The information for the assumptions of uncertainty and the estimation have significant risks on amount of assets and liabilities that have reflected the effect of the Covid-19 and will result in significant adjustments in the following year is as follows:

##### (a) Valuation of inventories

Inventories are measured at the lower of cost and net realizable value. The Group's evaluate the selling price in the market is below the cost, and write off the cost of inventory to net realizable value. The estimation of net realizable value is based on current market conditions . Please refer note 6(f) for inventory valuation.

##### Valuation process

The Group's accounting policies and dis cloures included financial and non-financial assets and liaibilities measured at fair value.

The Group's financial instrument valuation group conducts independent verification on fair value by using data sources that are independent, reliable, and representative of exercise prices. This financial instrument valuation group also periodically adjusts valuation models, conducts back testing, renews input data for valuation models, and makes all other necessary fair value adjustments to assure the rationality of fair value. The fair value measurement of investment property is based on the website of Department of Land Administration and estate agency's website or the close deal in similar district.

Different levels of the fair value hierarchy to be used in determining the fair value of financial instruments are as follows:

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

**HIGHWEALTH CONSTRUCTION CORP. AND SUBSIDIARIES**  
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- Level 3: inputs for the assets or liabilities that are not based on observable market data.

The transfers policy between levels of the fair value hierarchy.

If there is any movement of financial instruments measured at fair value between Level 2 and Level 3, the Group's recognize the movement of the reporting date. Please refer notes as follows:

- (a) Note 6(l) Investment property.
- (b) Note 6(ab) Financial instruments.

**(6) Explanation of significant accounts:**

- (a) Cash and cash equivalents

|   | <b>December 31,<br/>2023</b> | <b>December 31,<br/>2022</b> |
|---|------------------------------|------------------------------|
| Bank overdrafts used for cash management purposes | \$ 9,295                     | 6,095                        |
| Demand and check deposits                         | 14,632,724                   | 14,152,859                   |
| Time Deposits                                     | 60,000                       | -                            |
| Cash and cash equivalent                          | <u><u>\$ 14,702,019</u></u>  | <u><u>14,158,954</u></u>     |

Please refer Note 6(ab) for the disclosure of the Group's financial assets and liabilities interest risk and sensitivity analysis.

- (b) Financial assets at fair value through profit or loss

|  | <b>December 31,<br/>2023</b> | <b>December 31,<br/>2022</b> |
|--|------------------------------|------------------------------|
| Mandatorily measured at fair value through profit or loss: |                              |                              |
| Stocks listed on domestic markets                          | <u><u>\$ 327,895</u></u>     | <u><u>265,237</u></u>        |

- (i) For the net gain or loss on fair value on financial instruments at FVTPL, please refer to note 6(aa).
- (ii) For credit risk and market risk; please refer to note 6(ab).
- (iii) Please refer to note 8 for the financial assets that had been pledged as collateral for bank borrowings for the years ended December 31, 2023 and 2022.

- (c) Financial assets at fair value through other comprehensive income

|  | <b>December 31,<br/>2023</b> | <b>December 31,<br/>2022</b> |
|--|------------------------------|------------------------------|
| Equity investments at fair value through other comprehensive income: |                              |                              |
| Unlisted Common Share  | <u><u>\$ 5,000</u></u>       | <u><u>5,000</u></u>          |

## HIGHWEALTH CONSTRUCTION CORP. AND SUBSIDIARIES

### Notes to the Consolidated Financial Statements

(i) Equity investments at fair value through other comprehensive income

The Group designated the investments shown above as equity investment at fair value through other comprehensive income because these equity securities represent those investments that the Group intends to hold for long-term for strategic purposes and not hold for sale.

During the years ended December 31, 2023 and 2022, the dividends of \$1,000 thousand and \$0 thousand, respectively, related to equity investments at fair value through other comprehensive income held on the years then ended, were recognized.

In 2022, the Group donated financial assets at fair value through other comprehensive income to related parties, please refer to note 7 (b). The accumulated valuation gains of the aforementioned financial assets of \$541,340 thousand have been transferred from other equity interest to retained earnings.

(ii) For credit risk and market risk, please refer to note 6(ab).

(iii) As of December 31, 2023 and 2022, the financial assets at fair value through other comprehensive income of the Group hadn't pledged as collateral for bank borrowings.

(d) Financial assets measured at amortized cost

|               | <b>December 31,<br/>2023</b> | <b>December 31,<br/>2022</b> |
|---------------|------------------------------|------------------------------|
| Bonds payable | <u>\$ 30,000</u>             | <u>-</u>                     |

The Group assesses holding these assets until maturity to collect contractual cash flows, and its contractual cash flows are solely payments of principal and interest on the principle amount outstanding, which has been recognized as financial assets measured at amortized cost.

(i) For credit risk; please refer to note 6(ab).

(ii) The financial assets measured at amortized cost of the Group hadn't pledged as collateral for bank borrowings.

(e) Note and account receivables

|                      | <b>December 31,<br/>2023</b> | <b>December 31,<br/>2022</b> |
|----------------------|------------------------------|------------------------------|
| Note receivables     | \$ 2,019,389                 | 2,235,646                    |
| Accounts receivables | 153,272                      | 1,216,669                    |
| Less: Loss allowance | <u>6,342</u>                 | <u>7,679</u>                 |
|                      | <u><b>\$ 2,166,319</b></u>   | <u><b>3,444,636</b></u>      |

The Group applies the simplified approach to provide for its expected credit losses, i.e. the use of lifetime expected loss provision for all receivables. To measure the expected credit losses, trade receivables have been grouped based on shared credit risk characteristics and the days past due, as well as the incorporated forward looking information. The expected credit losses of the note receivables and trade receivables were as follows:

**HIGHWEALTH CONSTRUCTION CORP. AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

|                             | <b>December 31, 2023</b>     |                                   |                                 |
|-----------------------------|------------------------------|-----------------------------------|---------------------------------|
|                             | <b>Gross carrying amount</b> | <b>Weighted-average loss rate</b> | <b>Loss allowance Provision</b> |
| Current                     | \$ 2,166,320                 | -                                 | 1                               |
| More than 365 days past due | 6,341                        | 100%                              | 6,341                           |
|                             | <b>\$ 2,172,661</b>          |                                   | <b>6,342</b>                    |

|                             | <b>December 31, 2022</b>     |                                   |                                 |
|-----------------------------|------------------------------|-----------------------------------|---------------------------------|
|                             | <b>Gross carrying amount</b> | <b>Weighted-average loss rate</b> | <b>Loss allowance Provision</b> |
| Current                     | \$ 3,444,643                 | -                                 | 7                               |
| More than 365 days past due | 7,672                        | 100%                              | 7,672                           |
|                             | <b>\$ 3,452,315</b>          |                                   | <b>7,679</b>                    |

The movement in the allowance for notes and accounts receivable was as follows :

|                              | <b>For the years ended December 31</b> |              |
|------------------------------|--|--------------|
|                              | <b>2023</b>                            | <b>2022</b>  |
| Balance on January 1         | \$ 7,679                               | 7,672        |
| Impairment losses recognized | 341                                    | 7            |
| Impairment losses reversed   | (1,678)                                | -            |
| Balance on December 31       | <b>\$ 6,342</b>                        | <b>7,679</b> |

As of December 31, 2023 and 2022, note receivable had been pledged as collateral; please refer to note 8.

(f) Inventory

|                                   | <b>December 31, 2023</b> | <b>December 31, 2022</b> |
|-----------------------------------|--------------------------|--------------------------|
| Raw materials and consumables     | \$ 444                   | 533                      |
| Finished goods                    | 1,993                    | 1,599                    |
| Total                             | 2,437                    | 2,132                    |
| Properties and land held for sale | \$ 9,317,359             | 10,738,784               |
| Land held for construction sites  | 12,359,414               | 28,906,817               |
| Construction in progress          | 143,822,734              | 128,434,851              |
| Total                             | 165,499,507              | 168,080,452              |
| In total                          | <b>\$ 165,501,944</b>    | <b>168,082,584</b>       |

## HIGHWEALTH CONSTRUCTION CORP. AND SUBSIDIARIES

### Notes to the Consolidated Financial Statements

For the years ended December 31, 2023 and 2022, the inventory recognized cost as cost of goods sold were \$28,401,483 thousand and \$17,377,585 thousand, respectively, and there were no inventory impairment losses or reversals of inventory write downs recognized for the years ended December 31, 2023 and 2022.

For the years ended December 31, 2023 and 2022, the Group classified construction in progress and land held for sale that meet the definition of investment property and property, plant and equipment as investment property and property, plant and equipment due to the change in use of certain assets, please refer to note 6(j) and (l).

For the years ended December 31, 2023 and 2022, construction in progress of the Group is calculated using a capitalization rate 2.37%~ 2.72% and 1.98%~ 2.26%, respectively. For the amount of capitalized interest, please refer to note 6(aa).

As of December 31, 2023 and 2022, the inventories of the Group had been pledged as collateral for bank borrowings, please refer to note 8.

(g) Investments accounted for using equity method

The components of investments accounted for using the equity method at the reporting date were as follows:

|                | December 31,<br>2023 | December 31,<br>2022 |
|----------------|----------------------|----------------------|
| Joint ventures | \$ <u>114,034</u>    | <u>109,127</u>       |

The Group's financial information for investments accounted for using the equity method that are individually insignificant was as follows:

|  | December 31,<br>2023 | December 31,<br>2022 |
|--|----------------------|----------------------|
| Carrying amount of individually insignificant associates' equity | \$ <u>114,034</u>    | <u>109,127</u>       |

|  | For the years ended December 31<br>2023 | 2022         |
|--|---|--------------|
| Attributable to the Group:               |   |              |
| Profit (loss) from continuing operations | \$ <u>4,907</u>                         | <u>3,165</u> |
| Comprehensive income                     | \$ <u>4,907</u>                         | <u>3,165</u> |

(h) Changes in a parent's ownership interest in a subsidiary

For the years ended December 31, 2023 and 2022, the Group acquired 651 thousand and 3,311 thousand shares of RUN LONG CONSTRUCTION CO., LTD., at the amounts of \$48,580 thousand and \$231,239 thousand, and disposed 6,914 thousand and 0 shares, at the amounts of \$556,931 thousand and \$0 thousand, respectively.

**HIGHWEALTH CONSTRUCTION CORP. AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

The Group acquired Run Long Construction Co., Ltd's shares with cash in 2023 and 2022.

The effects of the changes in shareholdings were as follows:

|   | <b>For the years ended December 31</b> |                         |
|---|--|-------------------------|
|   | <b>2023</b>                            | <b>2022</b>             |
| Carrying amount of non-controlling interest on acquisition  | \$ 9,565                               | 46,158                  |
| Consideration paid to non-controlling interests   | (48,580)                               | (231,239)               |
| Retained Earnings   | <u><b>\$ (39,015)</b></u>              | <u><b>(185,081)</b></u> |
| Book value of the non-controlling interest  | \$ (137,515)                           | -                       |
| Consideration transferred from the non-controlling interests  | 556,931                                | -                       |
| Capital surplus-difference between consideration and carrying amount of subsidiaries acquired or disposed | <u><b>\$ 419,416</b></u>               | <u><b>-</b></u>         |

(i) Material non-controlling interests of subsidiaries

The material non-controlling interests of subsidiaries were as follows:

| <b>Subsidiaries</b>            | <b>Main operation place</b> | <b>Percentage of non- controlling interests</b> |                          |
|--------------------------------|-----------------------------|---|--------------------------|
|                                |                             | <b>December 31, 2023</b>                        | <b>December 31, 2022</b> |
| Run Long Construction Co., Ltd | Taiwan                      | 83.76 %   | 82.37 %                  |

The following information of the aforementioned subsidiaries have been prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers. Included in these information are the fair value adjustment made during the acquisition and relevant difference in accounting principles between the Group as at the acquisition date. Intra-group transactions were not eliminated in this information

Financial information summary of Run Long Construction Co., Ltd was as follows:

|                           | <b>December 31, 2023</b>    | <b>December 31, 2022</b> |
|---------------------------|-----------------------------|--------------------------|
| Current asset             | \$ 40,001,737               | 43,930,387               |
| Non Current asset         | 2,537,023                   | 4,884,384                |
| Current Liability         | (24,715,390)                | (32,568,146)             |
| Non current Liabiity      | (4,312,747)                 | (10,223,298)             |
| Net assets                | <u><b>\$ 13,510,623</b></u> | <u><b>6,023,327</b></u>  |
| Non-controlling interests | <u><b>\$ 10,760,793</b></u> | <u><b>4,464,646</b></u>  |

# HIGHWEALTH CONSTRUCTION CORP. AND SUBSIDIARIES

## Notes to the Consolidated Financial Statements

|   | For the years ended December 31 |                  |
|---|---------------------------------|------------------|
|   | 2023                            | 2022             |
| Sales revenue   | <u>\$ 30,683,941</u>            | <u>2,485,724</u> |
| Net income  | \$ 7,701,546                    | 156,636          |
| Other comprehensive income                                      | 55,113                          | (25,152)         |
| Comprehensive income  | <u>\$ 7,756,659</u>             | <u>131,484</u>   |
| Profit, attributable to non-controlling interests               | <u>\$ 6,397,567</u>             | <u>164,942</u>   |
| Comprehensive income, attributable to non-controlling interests | <u>\$ 6,397,567</u>             | <u>164,942</u>   |
| Net cash flows from operating activities                        | \$ 18,623,282                   | (7,768,654)      |
| Net cash flows from investing activities                        | 41,931                          | 94,161           |
| Net cash flows from financing activities                        | (16,718,621)                    | 7,748,681        |
| Effect of exchange rate changes on cash and cash equivalents    | <u>\$ 1,946,592</u>             | <u>74,188</u>    |
| Dividends to NCI  | <u>\$ 226,638</u>               | <u>649,515</u>   |

(j) Property, plant and equipment

The cost, depreciation, and impairment of the property, plant and equipment of the Group for the years ended December 31, 2023 and 2022, were as follows:

|   | Land                | Buildings and construction | Machinery and equipment | Other equipment | Construction in progress | Total            |
|---|---------------------|----------------------------|-------------------------|-----------------|--------------------------|------------------|
| Cost or deemed cost:                        |                     |                            |                         |                 |                          |                  |
| Balance on January 1, 2023                  | \$ 2,140,332        | 1,018,901                  | 5,333                   | 294,780         | 2,794,137                | 6,253,483        |
| Additions                                   | -                   | 3,861                      | 842                     | 117,795         | 1,462,038                | 1,584,536        |
| Disposals                                   | -                   | -                          | -                       | (25,497)        | -                        | (25,497)         |
| Effect of changes in foreign exchange rates | -                   | -                          | -                       | (14)            | -                        | (14)             |
| Balance on December 31, 2023                | <u>\$ 2,140,332</u> | <u>1,022,762</u>           | <u>6,175</u>            | <u>387,064</u>  | <u>4,256,175</u>         | <u>7,812,508</u> |
| Balance on January 1, 2022                  | \$ 2,119,622        | 1,003,089                  | 5,333                   | 1,086,319       | 1,288,994                | 5,503,357        |
| Additions                                   | -                   | -                          | -                       | 26,931          | 1,505,143                | 1,532,074        |
| Transfer from inventory                     | 33,346              | 31,763                     | -                       | -               | -                        | 65,109           |
| Disposals                                   | (12,636)            | (15,951)                   | -                       | (818,488)       | -                        | (847,075)        |
| Effect of changes in foreign exchange rates | -                   | -                          | -                       | 18              | -                        | 18               |
| Balance on December 31, 2022                | <u>\$ 2,140,332</u> | <u>1,018,901</u>           | <u>5,333</u>            | <u>294,780</u>  | <u>2,794,137</u>         | <u>6,253,483</u> |
| Depreciation and Impairment losses:         |                     |                            |                         |                 |                          |                  |
| Balance on January 1, 2023                  | \$ 5,561            | 155,138                    | 4,661                   | 177,795         | -                        | 343,155          |
| Depreciation                                | 142                 | 14,955                     | 1,089                   | 83,518          | -                        | 99,704           |
| Disposals                                   | -                   | -                          | -                       | (24,036)        | -                        | (24,036)         |
| Effect of changes in foreign exchange rates | -                   | -                          | -                       | (13)            | -                        | (13)             |
| Balance on December 31, 2023                | <u>\$ 5,703</u>     | <u>170,093</u>             | <u>5,750</u>            | <u>237,264</u>  | <u>-</u>                 | <u>418,810</u>   |

# HIGHWEALTH CONSTRUCTION CORP. AND SUBSIDIARIES

## Notes to the Consolidated Financial Statements

|   | <u>Land</u>         | <u>Buildings<br/>and<br/>construction</u> | <u>Machinery<br/>and<br/>equipment</u> | <u>Other<br/>equipment</u> | <u>Construction<br/>in progress</u> | <u>Total</u>     |
|---|---------------------|---|--|----------------------------|-------------------------------------|------------------|
| Balance on January 1, 2022                  | \$ 4,991            | 125,318                                   | 4,236                                  | 912,725                    | -                                   | 1,047,270        |
| Depreciation                                | 570                 | 30,589                                    | 425                                    | 39,210                     | -                                   | 70,794           |
| Impairment                                  | -                   | -   | -                                      | 44,253                     | -                                   | 44,253           |
| Disposals                                   | -                   | (769)                                     | -                                      | (818,410)                  | -                                   | (819,179)        |
| Effect of changes in foreign exchange rates | -                   | -   | -                                      | 17                         | -                                   | 17               |
| Balance on December 31, 2022                | <u>\$ 5,561</u>     | <u>155,138</u>                            | <u>4,661</u>                           | <u>177,795</u>             | <u>-</u>                            | <u>343,155</u>   |
| Carrying amounts:                           |                     |   |  |                            |                                     |                  |
| Balance on December 31, 2023                | <u>\$ 2,134,629</u> | <u>852,669</u>                            | <u>425</u>                             | <u>149,800</u>             | <u>4,256,175</u>                    | <u>7,393,698</u> |
| Balance on January 1, 2022                  | <u>\$ 2,114,631</u> | <u>877,771</u>                            | <u>1,097</u>                           | <u>173,594</u>             | <u>1,288,994</u>                    | <u>4,456,087</u> |
| Balance on December 31, 2022                | <u>\$ 2,134,771</u> | <u>863,763</u>                            | <u>672</u>                             | <u>116,985</u>             | <u>2,794,137</u>                    | <u>5,910,328</u> |

The lease improvement includes the renovation cost for the mall operations, etc. In 2023 and 2022, the Group calculated the capitalized amount at interest rate of 2.37%~2.72% and 1.98%~2.26%. Based on the assessment in 2022 the mall the carrying amount was determined impairment loss closed down, \$44,253 thousand was recognized. Please refer to note 6(aa).

As of December 31, 2023 and 2022, the property, plant and equipment of the Group had been pledged as collateral for bank borrowings, please refer to note 8.

(k) Right-of-use assets

The Group leases assets including land and transportation equipment. Information about leases for which the Group as a lessee was presented below:

|  | <u>Land</u>      | <u>Buildings</u> | <u>Total</u>   |
|--|------------------|------------------|----------------|
| <b>Cost:</b>                               |                  |                  |                |
| Balance on January 1, 2023                 | \$ 12,266        | 234,173          | 246,439        |
| Additions                                  | 29,108           | 9,994            | 39,102         |
| Lease modification                         | 81               | -                | 81             |
| Balance on December 31, 2023               | <u>\$ 41,455</u> | <u>244,167</u>   | <u>285,622</u> |
| Balance on January 1, 2022                 | \$ 3,552         | 843,242          | 846,794        |
| Additions                                  | 8,787            | 5,889            | 14,676         |
| Transfer to investment property            | (73)             | -                | (73)           |
| Losses                                     | -                | (614,958)        | (614,958)      |
| Balance on December 31, 2022               | <u>\$ 12,266</u> | <u>234,173</u>   | <u>246,439</u> |
| <b>Depreciation and impairment losses:</b> |                  |                  |                |
| Balance on January 1, 2023                 | \$ 1,692         | 75,940           | 77,632         |
| Depreciation                               | 12,847           | 49,677           | 62,524         |
| Balance on December 31, 2023               | <u>\$ 14,539</u> | <u>125,617</u>   | <u>140,156</u> |

# HIGHWEALTH CONSTRUCTION CORP. AND SUBSIDIARIES

## Notes to the Consolidated Financial Statements

|                                 | <b>Land</b>             | <b>Buildings</b>      | <b>Total</b>          |
|---------------------------------|-------------------------|-----------------------|-----------------------|
| Balance on January 1, 2022      | \$ 427                  | 267,947               | 268,374               |
| Depreciation                    | 1,280                   | 54,224                | 55,504                |
| Transfer to investment property | (15)                    | -                     | (15)                  |
| Losses                          | -                       | (246,231)             | (246,231)             |
| Balance on December 31, 2022    | <u><u>\$ 1,692</u></u>  | <u><u>75,940</u></u>  | <u><u>77,632</u></u>  |
| Carrying amounts:               |                         |                       |                       |
| Balance on December 31, 2023    | <u><u>\$ 26,916</u></u> | <u><u>118,550</u></u> | <u><u>145,466</u></u> |
| Balance on January 1, 2022      | <u><u>\$ 3,125</u></u>  | <u><u>575,295</u></u> | <u><u>578,420</u></u> |
| Balance on December 31, 2022    | <u><u>\$ 10,574</u></u> | <u><u>158,233</u></u> | <u><u>168,807</u></u> |

(l) Investment Property

|                                   | <b>Self-owned property</b>  |                                   | <b>Right-of-use assets</b>      |                         |
|-----------------------------------|-----------------------------|-----------------------------------|---------------------------------|-------------------------|
|                                   | <b>Land and improvement</b> | <b>Buildings and construction</b> | <b>Right-of-use assets-land</b> | <b>Total</b>            |
| Cost or deemed cost:              |                             |                                   |                                 |                         |
| Balance on January 1, 2023        | \$ 3,012,524                | 2,784,507                         | 73                              | 5,797,104               |
| Transfer from inventory           | 136,283                     | 95,702                            | -                               | 231,985                 |
| Lease modification                | -                           | -                                 | 11                              | 11                      |
| Disposals                         | (22,712)                    | (21,147)                          | -                               | (43,859)                |
| Losses                            | -                           | -                                 | (84)                            | (84)                    |
| Balance on December 31, 2023      | <u><u>\$ 3,126,095</u></u>  | <u><u>2,859,062</u></u>           | <u><u>-</u></u>                 | <u><u>5,985,157</u></u> |
| Balance on January 1, 2022        | \$ 2,713,432                | 2,494,103                         | -                               | 5,207,535               |
| Transfer from inventory           | 311,634                     | 306,621                           | -                               | 618,255                 |
| Transfer from right-of-use assets | -                           | -                                 | 73                              | 73                      |
| Disposals                         | (12,542)                    | (16,217)                          | -                               | (28,759)                |
| Balance on December 31, 2022      | <u><u>\$ 3,012,524</u></u>  | <u><u>2,784,507</u></u>           | <u><u>73</u></u>                | <u><u>5,797,104</u></u> |
| Depreciation and Impairment:      |                             |                                   |                                 |                         |
| Balance on January 1, 2023        | \$ 40,818                   | 319,397                           | 18                              | 360,233                 |
| Depreciation                      | -                           | 71,746                            | 11                              | 71,757                  |
| Disposals                         | -                           | (1,136)                           | -                               | (1,136)                 |
| Losses                            | -                           | -                                 | (29)                            | (29)                    |
| Balance on December 31, 2023      | <u><u>\$ 40,818</u></u>     | <u><u>390,007</u></u>             | <u><u>-</u></u>                 | <u><u>430,825</u></u>   |
| Balance on January 1, 2022        | \$ 40,818                   | 273,160                           | -                               | 313,978                 |
| Depreciation                      | -                           | 46,449                            | 3                               | 46,452                  |
| Transfer from right-of-use assets | -                           | -                                 | 15                              | 15                      |
| Disposals                         | -                           | (212)                             | -                               | (212)                   |
| Balance on December 31, 2022      | <u><u>\$ 40,818</u></u>     | <u><u>319,397</u></u>             | <u><u>18</u></u>                | <u><u>360,233</u></u>   |

# HIGHWEALTH CONSTRUCTION CORP. AND SUBSIDIARIES

## Notes to the Consolidated Financial Statements

|                              | <b>Self-owned property</b>  |                                   | <b>Right-of-use assets</b>      |                  |
|------------------------------|-----------------------------|-----------------------------------|---------------------------------|------------------|
|                              | <b>Land and improvement</b> | <b>Buildings and construction</b> | <b>Right-of-use assets-land</b> | <b>Total</b>     |
| Carrying amounts:            |                             |                                   |                                 |                  |
| Balance on December 31, 2023 | \$ <u>3,085,277</u>         | <u>2,469,055</u>                  | <u>-</u>                        | <u>5,554,332</u> |
| Balance on January 1, 2022   | \$ <u>2,672,614</u>         | <u>2,220,943</u>                  | <u>-</u>                        | <u>4,893,557</u> |
| Balance on December 31, 2022 | \$ <u>2,971,706</u>         | <u>2,465,110</u>                  | <u>55</u>                       | <u>5,436,871</u> |
| Fair value:                  |                             |                                   |                                 |                  |
| Balance on December 31, 2023 |                             |                                   | \$ <u>7,371,328</u>             |                  |
| Balance on January 1, 2022   |                             |                                   | \$ <u>8,545,629</u>             |                  |
| Balance on December 31, 2022 |                             |                                   | \$ <u>7,130,613</u>             |                  |

The investment property includes the Group's own assets and right-of-use assets held in recognition of lease rights and office buildings and parking lots leased to third parties under operating leases. Please refer to note 6(t) and (y) for more information.

The fair value measurement of investment property is based on the website of Department of Land Administration and estate agency's website or the close deal in similar district. The fair value measurement for investment property has been categorized as a level 3 fair value based on the inputs to the valuation technique used.

As of December 31, 2023 and 2022, the Group's investment property had been pledged as collateral for bank borrowings, please refer to note 8.

(m) Other financial assets and current incremental cost of obtaining a contract

|   | <b>December 31, 2023</b> | <b>December 31, 2022</b> |
|---|--------------------------|--------------------------|
| Other current financial assets                            | \$ 20,508,024            | 14,395,841               |
| Current incremental costs to obtaining a contract-current | 4,039,075                | 3,771,528                |
| Other non-current financial assets                        | <u>4,149,448</u>         | <u>7,377,628</u>         |
|   | <u>\$ 28,696,547</u>     | <u>25,544,997</u>        |

(i) Other financial asset

Other financial assets include trust account for presale of properties and land, restricted deposit, performance guarantee, reserve account for corporation bonds and construction deposit.

(ii) Incremental costs to obtaining a contract

The Group expects that incremental commission fees paid to intermediaries, and the bonus for the internal sales department are recoverable. The Group has therefore capitalized them as contract costs. Capitalized commission fees are amortized when the related revenues are recognized. For the years ended December 31, 2023 and 2022, the Group recognized \$1,653,479 thousand and \$619,367 thousand of amortized expense.

**HIGHWEALTH CONSTRUCTION CORP. AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

(iii) As of December 31, 2023 and 2022, the other financial assets of the Group had pledged as collateral for bank borrowings, please refer to note 8.

(n) Short-term borrowings

|                               | <b>December 31,<br/>2023</b> | <b>December 31,<br/>2022</b> |
|-------------------------------|------------------------------|------------------------------|
| Unsecured bank loans          | \$ 6,840,633                 | 12,859,806                   |
| Secured bank loans            | 91,864,409                   | 97,497,564                   |
| Less: Syndicated loan expense | (20,344)                     | (22,501)                     |
| Total                         | <b>\$ 98,684,698</b>         | <b>110,334,869</b>           |
| Range of interest rates       | <b><u>1.915%~3.165%</u></b>  | <b><u>1.57%~3.40%</u></b>    |

(i) The issue of bank loan and repayment

For the years ended December 31, 2023 and 2022, the incremental amounts are \$22,080,330 thousand and \$39,948,739 thousand, respectively; the repayment amounts are \$33,732,658 thousand and \$21,317,360 thousand, respectively. Please refer to note 6(aa).

(ii) Collateral for bank Loans

The Group had pledged as the collateral for bank borrowings, please refer to note 8.

(o) Short-term notes and bills payable

| <b>December 31, 2023</b>                                |  |                                   |                            |
|---|--|-----------------------------------|----------------------------|
|   | <b>Guarantee or<br/>acceptance institute</b> | <b>Range of interest<br/>rate</b> | <b>Amount</b>              |
| Commercial paper payable                                | Financial institute                          | 1.498%~2.838%                     | \$ 8,290,500               |
| Less: Discount on short-term notes<br>and bills payable |  |                                   | (22,692)                   |
| Total   |  |                                   | <b>\$ <u>8,267,808</u></b> |
| <b>December 31, 2022</b>                                |  |                                   |                            |
|   | <b>Guarantee or<br/>acceptance institute</b> | <b>Range of interest<br/>rate</b> | <b>Amount</b>              |
| Commercial paper payable                                | Financial institute                          | 1.52%~2.84%                       | \$ 7,588,900               |
| Less: Discount on short-term notes<br>and bills payable |  |                                   | (27,293)                   |
| Total   |  |                                   | <b>\$ <u>7,561,607</u></b> |

The Group had pledged as collateral for short-term notes and bills payable, please refer to note 8.

**HIGHWEALTH CONSTRUCTION CORP. AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

(p) Long-term borrowings

The Group's long-term borrowings details, conditions and provisions were as follows:

|                       | December 31, 2023 |                        |           |              |
|-----------------------|-------------------|------------------------|-----------|--------------|
|                       | Currency          | Range of interest rate | Maturity  | Amount       |
| Unsecured bank loans  | TWD               | 2.68%                  | 2026      | \$ 250,000   |
| Secured bank loans    | TWD               | 2.29%~2.82%            | 2024~2038 | 6,278,047    |
| Less: current portion |                   |                        |           | (2,846,057)  |
| Total                 |                   |                        |           | \$ 3,681,990 |

|                       | December 31, 2022 |                        |           |              |
|-----------------------|-------------------|------------------------|-----------|--------------|
|                       | Currency          | Range of interest rate | Maturity  | Amount       |
| Secured bank loans    | TWD               | 2.04%~2.57%            | 2024~2038 | \$ 4,434,426 |
| Less: current portion |                   |                        |           | (96,454)     |
| Total                 |                   |                        |           | \$ 4,337,972 |

(i) The issue of bank loan and repayment

The amount issued for the years ended December 31, 2023 and 2022 are \$2,240,000 thousand and \$2,262,000 thousand, respectively; the repayment amounts are \$146,379 thousand and \$577,787 thousand, respectively, please refer to note 6(aa).

(ii) Collateral for bank Loans

The Group had pledged as collateral for bank loans, please refer to note 8.

(q) Bonds payable /current portion of bonds payable

The details of the Group's bonds payable were as follows:

|  | <b>December 31, 2023</b>    | <b>December 31, 2022</b> |
|--|-----------------------------|--------------------------|
| Total ordinary corporate bonds issued          | \$ 22,350,000               | 26,400,000               |
| Unamortized discounted corporate bonds payable | (103,797)                   | (143,510)                |
| Corporate bonds issued balance at year-end     | <u><u>\$ 22,246,203</u></u> | <u><u>26,256,490</u></u> |
| Secured ordinary corporate bonds-current       | 7,870,725                   | 2,489,554                |
| Secured ordinary corporate bonds- non-current  | 14,375,478                  | 23,766,936               |
| Total  | <u><u>\$ 22,246,203</u></u> | <u><u>26,256,490</u></u> |

## HIGHWEALTH CONSTRUCTION CORP. AND SUBSIDIARIES

### Notes to the Consolidated Financial Statements

- (i) The Company issued the secured ordinary corporate bonds amounting to \$1,450,000 thousand, \$2,000,000 thousand, \$3,000,000 thousand, \$4,000,000 thousand, \$5,000,000 thousand, and \$2,500,000 thousand, with an interest rate of 1.70%, 0.90%, 0.55%, 0.50%~0.52%, 0.53% and 0.90% respectively, and in December 2023, April 2022, September 2021, January 2021, December 2020, and May 2018. The secured ordinary corporate bonds were issued for 3 to 5 years, interest paid annually, repayment of principal at maturity. The repayment amounts for the year ended December 31, 2023, are \$5,500,000 thousand. Among the repayment amounts in 2023, \$3,000,000 thousand that classified as other accounts payable was paid on January 2, 2024.
- (ii) The subsidiary issued the secured ordinary corporate bond amounting to \$2,000,000 thousand, \$2,000,000 thousand, and \$5,900,000 thousand with an interest rate of 0.85%, 0.57%, 0.78%-0.85%, in April 2022, November 2021, and April 2019, respectively. The secured ordinary corporate bonds were issued for 5 years, interest paid annually, repayment of principal at maturity. The repayment amounts for the year ended December 31, 2023, are \$2,000,000 thousand.
- (iii) The Group's details of secured convertible bonds were as follows:

|                                    | <b>December 31,<br/>2023</b> | <b>December 31,<br/>2022</b> |
|------------------------------------|------------------------------|------------------------------|
| Secured convertible bonds          | \$ -                         | 10,577,820                   |
| Accumulated convertible amount     | -                            | (10,564,280)                 |
| Repayment of principal at maturity | -                            | (13,540)                     |
| Ending balance: bonds payable      | <u>\$ -</u>                  | <u>-</u>                     |

In June 2017, the Group issued a secured 5-year convertible bond with zero interest for \$10,577,820 thousand with the following conditions:

- 1) The conversion price was \$57.1 per share, when it comes to adjusting conversion price of subsidiary's common share, it should adhere to the Group conversion rules. The conversion price change with formula within issuance details. These secured convertible bonds do not have reset terms.
- 2) At any time within three months after the issuance date till 40 days before maturity date, the subsidiary would repurchase the bond at the face value if the close price of the subsidiary's ordinary share price exceeded 30% of the bond's conversion price for successive 30 days, or the outstanding value of bonds was lower than 10% of the total issuance value.
- 3) The bondholders can execute put options after three years from the issuance date, the redemption value is 103.7971% of the bond value (the real yield is 1.25%).
- 4) Unless the bond has been redeemed before maturity, repurchased and cancelled or converted, the bonds will be redeemed by the Group on the maturity date at 106.4082% of the face value of the bond (the real yield is 1.25%). On June 8, 2022, the Group's convertible bonds expired.

**HIGHWEALTH CONSTRUCTION CORP. AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

- (iv) For the details of collateral of secured convertible bonds and bonds payable, please refer to note 8.
- (v) Please refer to note 6(aa) for the interest expense for the years ended December 31, 2023 and 2022.

(r) Lease liabilities

The carrying amount of lease liabilities were as follows :

|             | <b>December 31,<br/>2023</b> | <b>December 31,<br/>2022</b> |
|-------------|------------------------------|------------------------------|
| Current     | <b>\$ 125,962</b>            | <b>110,476</b>               |
| Non-current | <b>\$ 171,421</b>            | <b>262,078</b>               |

For the maturity analysis, please refer to Note 6(ab).

The amounts recognized in profit or loss were as follows :

|  | <b>For the years ended December 31<br/>2023</b> | <b>2022</b>   |
|--|---|---------------|
| Interest on lease liabilities                        | <b>\$ 6,401</b>                                 | <b>9,364</b>  |
| Expenses relating to short-term and low-value leases | <b>\$ 62,462</b>                                | <b>50,621</b> |

The amounts recognized in the statement of cash flows for the Group was as follows :

|                               | <b>For the years ended December 31<br/>2023</b> | <b>2022</b>    |
|-------------------------------|---|----------------|
| Total cash outflow for leases | <b>\$ 183,170</b>                               | <b>173,772</b> |

(i) Real estate leases

As of December 31, 2023 and 2022, the Group leases land and buildings for its office, reception center and parking lot. The leases of reception center typically run for a period of 1 and a half years to 3 years, of 5 years to 5 and a half years for office space and of 20 years for parking lot.

In 2022 the Group's lease liabilities decreased by \$432,502 thousand due to the purchase of the leased real estate and the early termination of the lease contract.

(ii) Other leases

The Group also leases office equipment, shortterm reception center, and Outdoor advertising. These leases are shortterm and leases of lowvalue items. The Group has elected not to recognize rightofuse assets and lease liabilities for these leases.

**HIGHWEALTH CONSTRUCTION CORP. AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

(s) Provisions

|                                    | <b>Warranty</b>          |
|------------------------------------|--------------------------|
| Balance on January 1, 2023         | \$ 245,048               |
| Provisions added at current period | 53,241                   |
| Provisions used at current period  | <u>(37,032)</u>          |
| Balance on December 31, 2023       | <b><u>\$ 261,257</u></b> |
| Balance on January 1, 2022         | \$ 214,474               |
| Provisions added at current period | 46,563                   |
| Provisions used at current period  | <u>(15,989)</u>          |
| Balance on December 31, 2022       | <b><u>\$ 245,048</u></b> |

The Group's warranty provision is related to construction contract. The warranty measured by the historical record, the Group expects most of the liabilities will realize within 1-3 years after construction completion.

(t) Operating lease

The Group leases out its investment property. The Group has classified these leases as operating leases, because it does not transfer substantially all of the risks and rewards incidental to the ownership of the assets. Please refer to note 6(l) sets out information about the operating leases of investment property.

A maturity analysis of lease payments, showing the undiscounted lease payments to be received after the reporting date are as follows:

|                                   | <b>December 31,<br/>2023</b> | <b>December 31,<br/>2022</b> |
|-----------------------------------|------------------------------|------------------------------|
| Less than one year                | \$ 118,114                   | 113,179                      |
| One to two years                  | 92,199                       | 75,635                       |
| Two to three years                | 76,926                       | 61,185                       |
| Three to four years               | 64,382                       | 48,111                       |
| Four to five years                | 54,850                       | 36,117                       |
| More than five years              | <u>50,472</u>                | <u>109,056</u>               |
| Total undiscounted lease payments | <b><u>\$ 456,943</u></b>     | <b><u>443,283</u></b>        |

The rental income from investment property for the years ended December 31, 2023 and 2022 are \$131,116 thousand and \$118,029 thousand.

**HIGHWEALTH CONSTRUCTION CORP. AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

(u) Employee benefits

(i) Defined benefit plans

The expenses recognized in profit or loss for the Group were as follows:

|  | <b>December 31,<br/>2023</b> | <b>December 31,<br/>2022</b> |
|--|------------------------------|------------------------------|
| The present value of defined benefit plans | \$ 61,144                    | 67,783                       |
| Fair value of plan asset                   | (43,906)                     | (42,188)                     |
| Net defined benefit liability              | <u><u>\$ 17,238</u></u>      | <u><u>25,595</u></u>         |

1) Composition of plan assets

The Group allocates pension funds in accordance with the Regulations for Revenues, Expenditures, Safeguard and Utilization of the Labor Retirement Fund, and such funds are managed by the Bureau of Labor Funds, Ministry of Labor. With regard to the utilization of the funds, minimum earnings shall be no less than the earnings attainable from two-year time deposits with interest rates offered by local banks.

The Group's Bank of Taiwan labor pension reserve account balance amounted to \$43,906 thousand as of December 31, 2023. For information on the utilization of the labor pension fund assets, including the asset allocation and yield of the fund, please refer to the website of the Bureau of Labor Funds, Ministry of Labor.

2) Movements in present value of the defined benefit obligations

The movement in present value of the defined benefit obligations for the Group were as follows:

|  | <b>For the years ended December 31<br/>2023</b> | <b>2022</b>          |
|--|---|----------------------|
| Defined benefit obligations at January 1                 | \$ 67,783                                       | 67,870               |
| Current service cost and interest                        | 1,042   | 424                  |
| Remeasurements of net define benefit liabilities(assets) |   |                      |
| — Return on plan assets excluding interest income        | (5,643)   | 2,869                |
| — Actuarial loss (gain) arising from:                    | 122   | (1,647)              |
| Benefits paid  | (2,160)   | (1,733)              |
| Defined benefit obligations at December 31               | <u><u>\$ 61,144</u></u>                         | <u><u>67,783</u></u> |

**HIGHWEALTH CONSTRUCTION CORP. AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

3) Change of fair value of plane asset

The movements in the present value of the defined benefit plan assets for the Group were as follows:

|   | <b>For the years ended December 31</b> |                      |
|---|--|----------------------|
|   | <b>2023</b>                            | <b>2022</b>          |
| Fair value of plan assets at January 1                      | \$ 42,188                              | 39,291               |
| Remeasurements of net defined benefit liabilities (assets): |  |                      |
| — Return on plan assets excluding interest income           | 246                                    | 2,980                |
| Amount that has been allocated to the plan                  | 816                                    | 1,402                |
| Expected return on defined plan assets                      | 656                                    | 248                  |
| Benefits paid   | -                                      | (1,733)              |
| Fair value of plan assets at December 31                    | <u><u>\$ 43,906</u></u>                | <u><u>42,188</u></u> |

4) Expenses recognized in profit or loss

The expenses recognized in profit or loss for the Group were as follows:

|   | <b>For the years ended December 31</b> |                   |
|---|--|-------------------|
|   | <b>2023</b>                            | <b>2022</b>       |
| Net interest of net liabilities for defined benefit obligations | <u><u>\$ 386</u></u>                   | <u><u>176</u></u> |
| Administration expense  | <u><u>\$ 386</u></u>                   | <u><u>176</u></u> |

5) Actuarial valuations

The principal actuarial assumptions at the reporting date were as follows:

|                             | <b>December 31,<br/>2023</b> | <b>December 31,<br/>2022</b> |
|-----------------------------|------------------------------|------------------------------|
| Discount rate               | 1.375%~1.625%                | 1.500%~1.750%                |
| Future salary increase rate | 2.00%~3.00%                  | 3.00%                        |

The expected allocation payment to be made by the Group to the defined benefit plans for the one-year period after the reporting date is \$824 thousand.

The weighted average lifetime of the defined benefits plans is 8.39~10.22 years.

**HIGHWEALTH CONSTRUCTION CORP. AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

6) Sensitivity analysis

If the actuarial assumptions had changed, the impact on the present value of the defined benefit obligation shall be as follows:

|   | <b>Influences of defined benefit obligations</b> |                              |
|---|--|------------------------------|
|   | <b><u>Increase 0.25%</u></b>                     | <b><u>Decrease 0.25%</u></b> |
| December 31, 2023                               |  |                              |
| Discount rate(0.25% difference)                 | \$ (1,045)                                       | 1,072                        |
| Future salary increasing rate(0.25% difference) | 1,031  | (1,011)                      |
| December 31, 2022                               |  |                              |
| Discount rate (0.25% difference)                | (1,340)  | 1,378                        |
| Future salary increasing rate(0.25% difference) | 1,321  | (1,293)                      |

Reasonably possible changes at the reporting date to one of the relevant actuarial assumptions, holding other assumptions constant, would have affected the defined benefit obligation by the amounts shown above. The method used in the sensitivity analysis is consistent with the calculation of pension liabilities in the balance sheets.

There is no change in the method and assumptions used in the preparation of sensitivity analysis for 2023 and 2022.

(ii) Defined contribution plans

The Group allocates 6% of each employee's monthly wages to the labor pension personal account at the Bureau of Labor Insurance in accordance with the provisions of the Labor Pension Act. Under these defined contribution plans, the Group allocates a fixed amount to the Bureau of Labor Insurance without additional legal or constructive obligation.

The pension costs incurred from the contributions to the Bureau of the Labor Insurance amounted to \$48,949 thousand and \$44,412 thousand for the years ended December 31, 2023 and 2022, respectively.

(iii) Short-term employee benefits

The details of the Group's employee's benefit liability were as follows:

|                                 | <b><u>December 31,<br/>2023</u></b> | <b><u>December 31,<br/>2022</u></b> |
|---------------------------------|-------------------------------------|-------------------------------------|
| Short-term paid leave liability | <b><u>\$ 24,876</u></b>             | <b><u>23,639</u></b>                |

**HIGHWEALTH CONSTRUCTION CORP. AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

(v) Income tax

(i) Tax expense

The components of income tax for the years ended December 31, 2023 and 2022 were as follows:

|   | <b>For the years ended December 31</b> |                       |
|---|--|-----------------------|
|   | <b>2023</b>                            | <b>2022</b>           |
| Current tax expense                               |  |                       |
| Current period                                    | \$ 1,637,116                           | 873,554               |
| Land value increment tax                          | 263,338                                | 90,242                |
| Additional surtax on unappropriated earnings      | 19,692                                 | 6,848                 |
| Adjustment for prior periods                      | 681                                    | 2,809                 |
|   | <u>1,920,827</u>                       | <u>973,453</u>        |
| Deferred tax expense                              |  |                       |
| Origination and reversal of temporary differences | (3,242)                                | (6,115)               |
| Tax expense                                       | <u><b>\$ 1,917,585</b></u>             | <u><b>967,338</b></u> |

The reconciliation of tax expense and income before tax for the years ended December 31, 2023 and 2022 are as followed:

|   | <b>For the years ended December 31</b> |                       |
|---|--|-----------------------|
|   | <b>2023</b>                            | <b>2022</b>           |
| Income before tax   | <u>\$ 10,752,524</u>                   | <u>4,873,278</u>      |
| Income tax expense at domestic statutory tax rate               | 2,150,505                              | 974,655               |
| Land tax exempt income  | (441,127)                              | (184,371)             |
| Book-tax difference between recognition time                    | 38,512                                 | 131,058               |
| Book-tax difference of capitalization                           | (118,756)                              | (117,651)             |
| Book-tax difference between deferred sales commission           | (10,078)                               | 25,511                |
| Land value increment tax  | 263,338                                | 90,242                |
| Financial assets measured at fair value through profit and loss | (12,532)                               | 1,523                 |
| Impairment loss   | -                                      | 11,982                |
| Pay an extra income tax on all unappropriated                   | 19,692                                 | 6,848                 |
| Adjustment for prior periods                                    | 681                                    | 2,809                 |
| Others  | 27,350                                 | 24,732                |
| Total   | <u><b>\$ 1,917,585</b></u>             | <u><b>967,338</b></u> |

**HIGHWEALTH CONSTRUCTION CORP. AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

(ii) Deferred tax asset and liability recognized

Changes in the amount of deferred tax assets and liabilities for 2023 and 2022 were as follows:

Deferred tax asset:

|                                     | <b>Investment<br/>property<br/>impairment</b> | <b>Warranty</b>      | <b>Others</b>       | <b>Total</b>         |
|-------------------------------------|---|----------------------|---------------------|----------------------|
| <b>Balance on January 1, 2023</b>   | \$ 11,242                                     | 49,008               | 4,987               | 65,237               |
| Debit/Credit income statement       | -   | 3,242                | -                   | 3,242                |
| <b>Balance on December 31, 2023</b> | <u><u>\$ 11,242</u></u>                       | <u><u>52,250</u></u> | <u><u>4,987</u></u> | <u><u>68,479</u></u> |
| <b>Balance on January 1, 2022</b>   | \$ 11,242                                     | 42,893               | 4,987               | 59,122               |
| Debit/Credit income statement       | -   | 6,115                | -                   | 6,115                |
| <b>Balance on December 31, 2022</b> | <u><u>\$ 11,242</u></u>                       | <u><u>49,008</u></u> | <u><u>4,987</u></u> | <u><u>65,237</u></u> |

Deferred tax liabilities:

|                                     | <b>Provision for<br/>land value<br/>increment tax</b> | <b>Others</b>     | <b>Total</b>          |
|-------------------------------------|---|-------------------|-----------------------|
| <b>Balance on January 1, 2023</b>   | <u><u>\$ 191,213</u></u>                              | <u><u>340</u></u> | <u><u>191,553</u></u> |
| <b>Balance on December 31, 2023</b> | <u><u>\$ 191,213</u></u>                              | <u><u>340</u></u> | <u><u>191,553</u></u> |
| <b>Balance on January 1, 2022</b>   | <u><u>\$ 191,213</u></u>                              | <u><u>340</u></u> | <u><u>191,553</u></u> |
| <b>Balance on December 31, 2022</b> | <u><u>\$ 191,213</u></u>                              | <u><u>340</u></u> | <u><u>191,553</u></u> |

- (iii) The Company's income tax had been examined by the tax authorities till 2021, except for 2019. Other domestic subsidiaries' income tax had been examined by the tax authorities till 2021.

(w) Capital and other equity

(i) Ordinary shares

As of December 31, 2023 and 2022, the number of authorized ordinary shares were amounted \$20,000,000 thousand with par value of \$10 per share. As of that date, the paid-in capital were \$18,841,415 thousand and \$17,146,741 thousand, respectively.

As of 2023 and 2022, the reconciliation of the Group's outstanding shares as follows:

|   | <b>Ordinary Shares</b>  |                         |
|---|-------------------------|-------------------------|
|   | <b>2023</b>             | <b>2022</b>             |
| Balance on January 1                      | 1,714,674               | 1,392,753               |
| Capital surplus increase                  | 169,467                 | 154,289                 |
| Convertible corporation bonds transferred | -                       | 167,632                 |
| <b>Balance on December 31, 2023</b>       | <u><u>1,884,141</u></u> | <u><u>1,714,674</u></u> |

## HIGHWEALTH CONSTRUCTION CORP. AND SUBSIDIARIES

### Notes to the Consolidated Financial Statements

A resolution was passed during the general meeting of shareholders held on June 13, 2023 and June 14, 2022, for the issuance new shares by retained earnings, amounting to \$1,694,674 thousand and \$1,542,891 thousand, respectively. The Company had received approval from the Financial Supervisory Commission for this capital increase on July 27, 2023 and July 28, 2022, respectively. And a resolution was passed during the board meeting, to set October 2, 2023, and October 2, 2022 as the base date for the capital increase, and the registration was completed on October 17, 2023 and October 14, 2022.

For the year ended December 31, 2022 due to the convertible bondholder's exercised the convert option, the Company issued 167,632 thousand new shares, at per value amounting to \$1,676,319 thousand. The relevant statutory registration procedures have since been completed.

(ii) Capital surplus

|   | <b>December 31,<br/>2023</b> | <b>December 31,<br/>2022</b> |
|---|------------------------------|------------------------------|
| Treasury share transactions   | \$ 618,660                   | 608,590                      |
| Difference arising from subsidiary's equity                             | 33,573                       | 34,675                       |
| Difference arising from subsidiary's share price and its carrying value | 419,416                      | -                            |
| Conversion Premium of convertible bonds                                 | 7,747,840                    | 7,747,840                    |
| Capital surplus-premium from merger                                     | 62                           | 62                           |
| Donation from shareholders  | 3,284                        | 3,284                        |
| Other   | <u>13,743</u>                | <u>13,743</u>                |
|   | <b><u>\$ 8,836,578</u></b>   | <b><u>8,408,194</u></b>      |

According to the R.O.C. Company Act, capital surplus can only be used to offset a deficit, and only the realized capital surplus can be used to increase the common stock or be distributed as cash dividends. The aforementioned realized capital surplus includes capital surplus resulting from premium on issuance of capital stock and earnings from donated assets received. According to the Regulations Governing the Offering and Issuance of Securities by Securities Issuers, capital increases by transferring capital surplus in excess of par value should not exceed 10% of the total common stock outstanding.

(iii) Retained earnings

In accordance with the Company's articles of incorporation, after the paying the income taxes, the Company should first be used to offset the prior years' deficits. Of the remaining balance, 10% is to be appropriated as legal reserve, and in accordance with the regulations of the competent authority set up or reversal appropriated retained earnings; And then any remaining profit, together with any undistributed retained earnings, shall not be distributed below 20% as shareholders' dividends proposed by the Board of Directors to be submitted to the stockholders' meeting for approval. The cash dividends should not be below 10% of the total dividends.

## HIGHWEALTH CONSTRUCTION CORP. AND SUBSIDIARIES

### Notes to the Consolidated Financial Statements

As the Company distributes dividends or legal reserve and part or all of paid-in capital in cash, the Company should hold a Board meeting to pass the resolution by more than half of the directors present at the Board meeting, which meeting requires a quorum of two-thirds of all the directors. The resolution should be submitted to the Shareholder's meeting.

1) Legal reserve

When a company incurs no loss, it may, pursuant to a resolution by a shareholders' meeting, distribute its legal reserve by issuing new shares or by distributing cash, and only the portion of legal reserve which exceeds 25% of capital may be distributed.

2) Special reserve

In accordance with FSC, a portion of current-period earnings and undistributed prior-period earnings shall be reclassified as special earnings reserve during earnings distribution. The amount to be reclassified should equal the current-period total net reduction of other shareholders' equity. Similarly, a portion of unappropriated earnings prior-period earnings shall be reclassified as special earnings reserve (and does not qualify for earnings distribution) to account for cumulative changes to other shareholders' equity pertaining to prior periods. Amounts of subsequent reversals pertaining to the net reduction of other shareholders' equity shall qualify for additional distributions.

3) Earnings distribution

The amounts of cash dividends on the appropriations of earnings for 2022 and 2021 had been approved during the board meeting on April 11, 2023 and April 6, 2022, as well as the shareholder's meeting on June 13, 2023 and June 14, 2022, respectively. The relevant dividend distributions to shareholders were as follows:

| <b>For the years ended December 31</b>          |                         |                                       |                         |                         |
|---|-------------------------|---------------------------------------|-------------------------|-------------------------|
| <b>2022</b>                                     |                         | <b>2021</b>                           |                         |                         |
| <b>Amount per<br/>share (dollars)</b>           | <b>Total<br/>amount</b> | <b>Amount per<br/>share (dollars)</b> | <b>Total<br/>amount</b> |                         |
| Dividends distributed to ordinary shareholders: |                         |                                       |                         |                         |
| Cash dividends                                  | \$ 0.50                 | 847,337                               | 4.01                    | 6,171,566               |
| Stock dividends                                 | 1.00                    | <u>1,694,674</u>                      | 1.00                    | <u>1,542,891</u>        |
| Total   | <u>\$ 2,542,011</u>     |                                       |                         | <u><u>7,714,457</u></u> |

(iv) Treasury shares

- 1) In accordance with the Securities and Exchange Act requirements as stated above, to encourage employees and improve their work performance, the board has decided to repurchase the treasury shares at the price ranging from \$40 to \$60 per share and transfer the shares to employees. During 2021, the total amount of repurchase shares were 20,000 thousand shares at the price of \$884,908 thousand.

## HIGHWEALTH CONSTRUCTION CORP. AND SUBSIDIARIES

### Notes to the Consolidated Financial Statements

- 2) Prior to Company ACT amendment in 2001, Subsidiaries of the Company, Ju Feng Hotel Management Consultant Co., Ltd., HIGHWEALTH PROPERTY MANAGEMENT CO., LTD. and CHYI YUH CONSTRUCTION CO., LTD. held part of the Company's shares for investment purpose. Run Long Construction Co., Ltd., the subsidiary that the Company has control over, acquired 145 thousand of the Company's shares for investment purpose in the open market in 2023. As of December 31, 2023 and 2022, the market price per share were \$40.10 and \$40.30, respectively.

The details of the treasury shares held by subsidiaries are as followed:

| <b>Subsidiary</b>                             | <b>December 31, 2023</b>     |                   | <b>December 31, 2022</b>     |                   |
|---|------------------------------|-------------------|------------------------------|-------------------|
|   | <b>Shares<br/>(thousand)</b> | <b>Book value</b> | <b>Shares<br/>(thousand)</b> | <b>Book value</b> |
| Ju Feng Hotel Management Consultant Co., Ltd. | 5,541                        | \$ 1,733          | 5,037                        | 1,733             |
| Highwealth Property Management Co., Ltd.      | 10,709                       | 10,850            | 9,736                        | 10,850            |
| Chyi Yuh Construction Co., Ltd.               | 3,321                        | -                 | 3,020                        | -                 |
| Run Long Construction Co., Ltd.               | 16,053                       | 74,385            | 14,462                       | 79,729            |
|   | <b>35,624</b>                | <b>\$ 86,968</b>  | <b>32,255</b>                | <b>92,312</b>     |

- (v) Other equity items

|   | <b>Exchange differences on translation of foreign financial statements</b> | <b>Unrealized gains (losses) from financial assets measured at fair value through other comprehensive income</b> | <b>Total</b> |
|---|--|--|--------------|
| Balance on January 1, 2023  | \$ 268   | -  | 268          |
| Exchange differences on foreign operations  | (54)   | -  | (54)         |
| Balance on December 31, 2023  | <b>\$ 214</b>  | <b>-</b>   | <b>214</b>   |
| Balance on January 1, 2022  | \$ 221   | 538,526  | 538,747      |
| Exchange differences on foreign operations  | 47   | -  | 47           |
| Unrealized gains (losses) from financial assets measured at fair value through other comprehensive income | -  | 2,814  | 2,814        |
| Disposal of investments in equity instruments designated at fair value through other                      | -  | (541,340)  | (541,340)    |
| Balance on December 31, 2022  | <b>\$ 268</b>  | <b>-</b>   | <b>268</b>   |

**HIGHWEALTH CONSTRUCTION CORP. AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

(x) Earnings per share

(i) Basic earnings per share

The Group's Basic earnings per share is calculated by profit attributable to ordinary shareholders of the Company for 2023 and 2022 are \$2,437,372 thousand and \$3,740,998 thousand, respectively, and the weighted average number of ordinary shares outstanding are 1,828,650 thousand shares and 1,802,439 thousand shares respectively. For related calculation are as follows:

1) Profit attributable to ordinary shareholders of the Company

|   | <b>For the years ended December 31</b> |                         |
|---|--|-------------------------|
|   | <b>2023</b>                            | <b>2022</b>             |
| Profit attributable to ordinary shareholders of the Company | <u><u>\$ 2,437,372</u></u>             | <u><u>3,740,998</u></u> |

2) Weighted-average number of ordinary shares

|   | <b>For the years ended December 31</b> |                         |
|---|--|-------------------------|
|   | <b>2023</b>                            | <b>2022</b>             |
| Ordinary shares outstanding on January 1                  | 1,714,674                              | 1,392,753               |
| Treasury shares   | (55,491)                               | (55,479)                |
| Effect of conversion of convertible notes                 | -                                      | 141,409                 |
| Effect of stock dividends                                 | 169,467                                | 323,756                 |
| Weighted-average number of ordinary shares on December 31 | <u><u>1,828,650</u></u>                | <u><u>1,802,439</u></u> |

(ii) Diluted earnings per share

The Company's diluted earnings per share is calculated by profit attributable to ordinary shareholders of the Company for 2023 and 2022 are \$2,437,372 thousand and \$3,754,605 thousand respectively. After adjusting the effect of dilution of ordinary share, the weighted average number of ordinary shares for 2023 and 2022 are 1,829,777 thousand and 1,830,385 thousand shares, respectively. For related calculation are as follows:

1) Profit attributable to ordinary shareholders of the Company (diluted)

|   | <b>For the years ended December 31</b> |                         |
|---|--|-------------------------|
|   | <b>2023</b>                            | <b>2022</b>             |
| Profit attributable to ordinary shareholders of the Company | <u><u>\$ 2,437,372</u></u>             | <u><u>3,754,605</u></u> |

**HIGHWEALTH CONSTRUCTION CORP. AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

2) Weighted-average number of ordinary shares (diluted)

|  | <b>For the years ended December 31</b> |                         |
|--|--|-------------------------|
|  | <b>2023</b>                            | <b>2022</b>             |
| Weighted-average number of ordinary shares (basic)   | 1,828,650                              | 1,802,439               |
| Effect of conversion of convertible bonds            | -                                      | 26,761                  |
| Effect of restricted employee shares unvested        | 1,127                                  | 1,185                   |
| Weighted-average number of ordinary shares (diluted) | <u><b>1,829,777</b></u>                | <u><b>1,830,385</b></u> |

(y) Revenue from contracts with customers

(i) Disaggregation of revenue

|  | <b>For the year ended December 31, 2023</b> |   |                                   |                   |
|--|---|---|-----------------------------------|-------------------|
|  | <b>Sales of real estate department</b>      | <b>Construction contractor department</b> | <b>Department store and hotel</b> | <b>Total</b>      |
| Primary geographical markets:                        |   |   |                                   |                   |
| Taiwan   | <u>\$ 43,821,503</u>                        | <u>99,778</u>                             | <u>145,912</u>                    | <u>44,067,193</u> |
| Major products/services lines:                       |   |   |                                   |                   |
| Sales of real estate                                 | \$ 43,673,555                               | -   | -                                 | 43,673,555        |
| Construction contract                                | -   | 91,107                                    | -                                 | 91,107            |
| Accommodation and catering business                  | -   | -   | 132,955                           | 132,955           |
| Sales revenue  | -   | -   | 11,441                            | 11,441            |
| Other revenue  | 147,948                                     | 8,671                                     | 1,516                             | 158,135           |
|  | <u>\$ 43,821,503</u>                        | <u>99,778</u>                             | <u>145,912</u>                    | <u>44,067,193</u> |
| Timing of revenue recognition:                       |   |   |                                   |                   |
| Revenue transferred over time                        | \$ 122,445                                  | 99,778                                    | 98,759                            | 320,982           |
| Products and services transferred at a point in time | 43,699,058                                  | -   | 47,153                            | 43,746,211        |
|  | <u>\$ 43,821,503</u>                        | <u>99,778</u>                             | <u>145,912</u>                    | <u>44,067,193</u> |

**HIGHWEALTH CONSTRUCTION CORP. AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

|  | For the year ended December 31, 2022  |  |                                  |                   |
|--|---------------------------------------|--|----------------------------------|-------------------|
|  | Sales of real<br>estate<br>department | Construction<br>contractor<br>department | Department<br>store and<br>hotel | Total             |
| Primary geographical markets:                        |                                       |  |                                  |                   |
| Taiwan   | \$ 26,314,285                         | 132,302                                  | 180,646                          | 26,627,233        |
| Major products/services lines:                       |                                       |  |                                  |                   |
| Sales of real estate                                 | \$ 26,189,878                         | -  | -                                | 26,189,878        |
| Construction contract                                | -                                     | 126,700                                  | -                                | 126,700           |
| Accommodation and catering business                  | -                                     | -  | 112,843                          | 112,843           |
| Sales revenue  | -                                     | -  | 36,181                           | 36,181            |
| Net tenant — counter income                          | -                                     | -  | 27,944                           | 27,944            |
| Other revenue  | 124,407                               | 5,602                                    | 3,678                            | 133,687           |
|  | <u>\$ 26,314,285</u>                  | <u>132,302</u>                           | <u>180,646</u>                   | <u>26,627,233</u> |
| Timing of revenue recognition:                       |                                       |  |                                  |                   |
| Revenue transferred over time                        | \$ 112,427                            | 132,302                                  | 86,789                           | 331,518           |
| Products and services transferred at a point in time | 26,201,858                            | -  | 93,857                           | 26,295,715        |
|  | <u>\$ 26,314,285</u>                  | <u>132,302</u>                           | <u>180,646</u>                   | <u>26,627,233</u> |

For net tenant-counter income, the Group acts as an agent not a consignor. This decision was made by the management depending on the following factors:

- 1) The Group could earn a fixed or discretionary amount.
- 2) The Group could not determine the sale price of the products it sells.

(ii) Contract balances

|   | December 31,<br>2023 | December 31,<br>2022 | January 1,<br>2022 |
|---|----------------------|----------------------|--------------------|
| Contract assets- Construction             | \$ 27,475            | 49,113               | 43,674             |
| Less: Allowance for impairment            | -                    | -                    | -                  |
| Total                                     | <u>\$ 27,475</u>     | <u>49,113</u>        | <u>43,674</u>      |
| Contract liabilities-Sales of real estate | \$ 14,417,958        | 13,883,124           | 10,328,779         |
| Contract liabilities-Advance receipt      | 4,186                | 6,441                | 3,588              |
| Contract liabilities-Gift certificates    | 26,025               | 10,100               | 24,090             |
| Total                                     | <u>\$ 14,448,169</u> | <u>13,899,665</u>    | <u>10,356,457</u>  |

For details on accounts receivable and allowance for impairment, please refer to note 6(e).

As of January 1, 2023 and 2022, the beginning balance of contract liabilities that were accounted for as 2023 and 2022, revenue amounts to \$6,585,641 thousand and \$3,558,482 thousand.

## HIGHWEALTH CONSTRUCTION CORP. AND SUBSIDIARIES

### Notes to the Consolidated Financial Statements

The major change in the balance of contract assets and liabilities is the difference between the time frame in the performance obligation to be satisfied and the payment to be received. There were no other significant changes for the years ended December 31, 2023 and 2022.

(z) Employee compensation and directors' and supervisors' remuneration

In accordance with the articles of incorporation the Company should contribute no less than 0.1% of the profit as employee compensation and less than 1% as directors' and supervisors' remuneration when there is profit for the year. However, if the Company has accumulated deficits, the profit should be reserved to offset the deficit. The recipients of shares and cash may include the employees of the Company's affiliated companies who meet certain conditions.

The remunerations to employees amounted to \$38,000 thousand, and the remunerations to directors amounted to \$8,000 thousand, for the years ended December 31, 2023 and 2022. These amounts were calculated using the Company's net income before tax without the remunerations to employees and directors for each period, multiplied by the proposed percentage which is stated under the Company's proposed Article of Incorporation. These remunerations were expensed under operating costs or expenses for each period. For relevant information, please refer to the Market Observation Post System Website. For the years ended December 31, 2023 and 2022, there is no difference between the estimate amounts in consolidated financial statements and the actual abovementioned distributed amounts.

(aa) Other operating income and expense

(i) Interest income

For the years ended December 31, 2023 and 2022 interest income were as follows:

|                                  | <b>For the years ended December 31</b> |               |
|----------------------------------|--|---------------|
|                                  | <b>2023</b>                            | <b>2022</b>   |
| Interest income                  |  |               |
| Bank deposits and Notes interest | \$ 177,707                             | 44,427        |
| Other                            | 382                                    | 1,623         |
|                                  | <b>\$ 178,089</b>                      | <b>46,050</b> |

(ii) Other income

For the years ended December 31, 2023 and 2022 revenue were as follows:

|                             | <b>For the years ended December 31</b> |                |
|-----------------------------|--|----------------|
|                             | <b>2023</b>                            | <b>2022</b>    |
| Contract termination income | \$ 34,314                              | 16,737         |
| Dividend income             | 9,961                                  | 26,882         |
| Other income                | 114,997                                | 167,530        |
|                             | <b>\$ 159,272</b>                      | <b>211,149</b> |

**HIGHWEALTH CONSTRUCTION CORP. AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

(iii) Other gains and losses

For the years ended December 31, 2023 and 2022 other gains and losses were as follows:

|   | <b>For the years ended December 31</b> |                        |
|---|--|------------------------|
|   | <b>2023</b>                            | <b>2022</b>            |
| Foreign exchange (losses) gains   | \$ (192)                               | 1,745                  |
| Gains on disposal of property, plant and equipment                                      | 727                                    | 23,659                 |
| Gains on disposal of investments properties   | 77,992                                 | 10,960                 |
| Gains (losses) on financial assets and liabilities at fair value through profit or loss | 62,658                                 | (7,617)                |
| Impairment loss of non-financial assets   | -                                      | (59,907)               |
| Other expenses  | (250,359)                              | 10,728                 |
|   | <b><u>\$ (109,174)</u></b>             | <b><u>(20,432)</u></b> |

(iv) Finance costs

For the years ended December 31, 2023 and 2022 details of finance cost of the Group were as follows: :

|                                    | <b>For the years ended December 31</b> |                         |
|------------------------------------|--|-------------------------|
|                                    | <b>2023</b>                            | <b>2022</b>             |
| Interest expense                   |  |                         |
| Bank loans and collateral          | \$ 3,055,274                           | 2,295,449               |
| Interest and fee on corporate bond | 447,324                                | 515,055                 |
| Other financial expenses           | 6,401                                  | 9,364                   |
| Less: capitalized interest         | (2,316,297)                            | (1,816,236)             |
|                                    | <b><u>\$ 1,192,702</u></b>             | <b><u>1,003,632</u></b> |

(ab) Financial instruments

(i) Credit risk

1) Credit risk exposure

The financial instrument's biggest credit risk exposure is same as the carrying amount of the financial assets.

2) Concentration of credit risk

The Group has a vast client base that is not connected; thus, the ability to concentrate the credit risk is limited.

**HIGHWEALTH CONSTRUCTION CORP. AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

3) Receivables and debt securities

For credit risk exposure of note and trade receivables, please refer to note 6(e).

Other financial assets at amortized cost includes other receivables (classified as other financial assets-current). All of these financial assets are considered to have low risk, and thus, the impairment provision recognized during the period was limited to 12 months expected losses.

The loss allowance provision as of December 31, 2023 and 2022 was determined as follows:

|   | <b>Other<br/>receivables</b> |
|---|------------------------------|
| Balance on December 31, 2023 (as opening balance) | <b>\$ 8,235</b>              |
| Balance on December 31, 2022 (as opening balance) | <b>\$ 8,235</b>              |

(ii) Liquidity risk

The following table shows the contractual maturities of financial liabilities, including estimated interest payments and excluding the impact of netting agreements.

|   | <b>Contractual cash<br/>flows</b> | <b>Within 1 year</b> | <b>1-5 years</b>   | <b>Over 5<br/>years</b> |
|---|-----------------------------------|----------------------|--------------------|-------------------------|
| <b>December 31, 2023</b>                              |                                   |                      |                    |                         |
| Non derivative financial liabilities:                 |                                   |                      |                    |                         |
| Secured loans   | \$ 104,241,717                    | 24,662,217           | 61,899,376         | 17,680,124              |
| Unsecured loans                                       | 7,392,417                         | 4,616,537            | 1,479,915          | 1,295,965               |
| Short-term investment payables                        | 8,290,500                         | 8,290,500            | -                  | -                       |
| Other financial liability— current                    | 88,921                            | 88,921               | -                  | -                       |
| Notes payable, accounts payable and other payable     | 16,214,156                        | 16,214,156           | -                  | -                       |
| Ordinary corporate bonds (including less than 1 year) | 22,696,912                        | 8,033,076            | 14,663,836         | -                       |
| Lease liabilities                                     | 305,426                           | 127,011              | 177,692            | 723                     |
|   | <b>\$ 159,230,049</b>             | <b>62,032,418</b>    | <b>78,220,819</b>  | <b>18,976,812</b>       |
| <b>December 31, 2022</b>                              |                                   |                      |                    |                         |
| Non derivative financial liabilities:                 |                                   |                      |                    |                         |
| Secured loans   | \$ 108,995,213                    | 18,914,581           | 72,800,666         | 17,279,966              |
| Unsecured loans                                       | 13,136,958                        | 10,374,628           | 2,762,330          | -                       |
| Short-term investment payables                        | 7,588,900                         | 7,588,900            | -                  | -                       |
| Other financial liability— current                    | 87,941                            | 87,941               | -                  | -                       |
| Notes payable, accounts payable and other payable     | 11,214,155                        | 11,214,155           | -                  | -                       |
| Ordinary corporate bond (including less than 1 year)  | 26,897,262                        | 2,667,730            | 24,229,532         | -                       |
| Lease liabilities                                     | 385,992                           | 111,380              | 268,851            | 5,761                   |
|   | <b>\$ 168,306,421</b>             | <b>50,959,315</b>    | <b>100,061,379</b> | <b>17,285,727</b>       |

The Group does not expect the cash flows included in the maturity analysis to occur significantly earlier or at significantly different amounts.

## HIGHWEALTH CONSTRUCTION CORP. AND SUBSIDIARIES

### Notes to the Consolidated Financial Statements

(iii) Market risk

- 1) Exposure to foreign currency risk: None.
- 2) Interest rate analysis

Please refer to the notes on liquidity risk management and interest rate exposure of the Group's financial assets and liabilities

The following sensitivity analysis is based on the exposure to the interest rate risk of derivative and non derivative financial instruments on the reporting date. Regarding assets with variable interest rates, the analysis is based on the assumption that the amount of assets outstanding at the reporting date was outstanding throughout the year. The rate of change is expressed as the interest rate increases or decreases by 0.5% when reporting to management internally, which also represents the Group management's assessment of the reasonably possible interest rate change.

If the interest rate had increased / decreased by 0.5% basis points, the Group's interest expense would have increased / decreased by \$567,403 thousand and \$611,655 thousand for the years ended December 31, 2023 and 2022. Taking into account that capitalized interest of profit may decrease or increase by \$192,855 thousand and \$217,697 thousand. This is mainly due to the Group's borrowing at variable rates.

- 3) Other market price risk

For the years ended December 31, 2023 and 2022, the sensitivity analyses for the changes in the securities price at the reporting date were performed using the same basis for the profit and loss as illustrated below:

|  | For the years ended December 31      |                 |                                      |                 |
|--|--------------------------------------|-----------------|--------------------------------------|-----------------|
|  | 2023                                 |                 | 2022                                 |                 |
|  | Other comprehensive income after tax | Net income      | Other comprehensive income after tax | Net income      |
| <b>Price of securities at reporting date</b> |                                      |                 |                                      |                 |
| Increasing 10%                               | \$ <u>500</u>                        | <u>32,790</u>   | <u>500</u>                           | <u>26,524</u>   |
| Decreasing 10%                               | \$ <u>(500)</u>                      | <u>(32,790)</u> | <u>(500)</u>                         | <u>(26,524)</u> |

(iv) Information of fair value

- 1) Valuation techniques for financial instruments measured at fair value

The fair value of financial assets and liabilities at fair value through profit or loss, and financial assets at fair value through other comprehensive income is measured on a recurring basis. The carrying amount and fair value of the Group's financial assets and liabilities, including the information on fair value hierarchy were as follows; however, except as described in the following paragraphs, for financial instruments not measured at fair value whose carrying amount is reasonably close to the fair value, and lease liabilities, disclosure of fair value information is not required:

**HIGHWEALTH CONSTRUCTION CORP. AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

|   |                | December 31, 2023 |         |         |         |
|---|----------------|-------------------|---------|---------|---------|
|   |                | Fair Value        |         |         |         |
|   | Book Value     | Level 1           | Level 2 | Level 3 | Total   |
| Financial assets at fair value through profit or loss                                     |                |                   |         |         |         |
| Non-derivative financial assets mandatorily measured at fair value through profit or loss | \$ 327,895     | 327,895           | -       | -       | 327,895 |
| Financial assets at fair value through other comprehensive income                         |                |                   |         |         |         |
| Stocks in unlisted company  | \$ 5,000       | -                 | 5,000   | -       | 5,000   |
| Financial assets measured at amortized cost   |                |                   |         |         |         |
| Cash and cash equivalents   | \$ 14,702,019  | -                 | -       | -       | -       |
| Notes and accounts receivable   | 2,166,319      | -                 | -       | -       | -       |
| Financial assets measured at amortized cost   | 30,000         | -                 | -       | -       | -       |
| Other financial assets—current  | 20,508,024     | -                 | -       | -       | -       |
| Other financial assets—non-current  | 4,149,448      | -                 | -       | -       | -       |
| Subtotal  | \$ 41,555,810  | -                 | -       | -       | -       |
| Financial liabilities measured at amortized cost  |                |                   |         |         |         |
| Short-term loans  | \$ 98,684,698  | -                 | -       | -       | -       |
| Short-term investment payables  | 8,267,808      | -                 | -       | -       | -       |
| Notes payable, accounts payable and other payables  | 16,214,156     | -                 | -       | -       | -       |
| Lease liabilities   | 297,383        | -                 | -       | -       | -       |
| Other financial liabilities—current   | 88,921         | -                 | -       | -       | -       |
| Corporate bonds payable (including less than 1 year)                                      | 22,246,203     | -                 | -       | -       | -       |
| Long-term loans (including less than 1 year)  | 6,528,047      | -                 | -       | -       | -       |
| Subtotal  | \$ 152,327,216 | -                 | -       | -       | -       |
|   |                | December 31, 2022 |         |         |         |
|   |                | Fair Value        |         |         |         |
|   | Book Value     | Level 1           | Level 2 | Level 3 | Total   |
| Financial assets at fair value through profit or loss                                     |                |                   |         |         |         |
| Non-derivative financial assets mandatorily measured at fair value through profit or loss | \$ 265,237     | 265,237           | -       | -       | 265,237 |
| Financial assets at fair value through other comprehensive income                         |                |                   |         |         |         |
| Stocks in unlisted company  | \$ 5,000       | -                 | 5,000   | -       | 5,000   |
| Financial assets measured at amortized cost   |                |                   |         |         |         |
| Cash and cash equivalents   | \$ 14,158,954  | -                 | -       | -       | -       |
| Notes and accounts receivable   | 3,444,636      | -                 | -       | -       | -       |
| Other financial assets- current   | 14,395,841     | -                 | -       | -       | -       |
| Other financial assets- non-current   | 7,377,628      | -                 | -       | -       | -       |
| Subtotal  | \$ 39,377,059  | -                 | -       | -       | -       |

**HIGHWEALTH CONSTRUCTION CORP. AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

|  |                | December 31, 2022 |         |         |       |
|--|----------------|-------------------|---------|---------|-------|
|  |                | Fair Value        |         |         | Total |
|  | Book Value     | Level 1           | Level 2 | Level 3 |       |
| Financial liabilities measured at amortized cost     |                |                   |         |         |       |
| Short-term loans                                     | \$ 110,334,869 | -                 | -       | -       | -     |
| Short-term investment payables                       | 7,561,607      | -                 | -       | -       | -     |
| Notes payable, accounts payable and other payables   | 11,214,155     | -                 | -       | -       | -     |
| Lease liabilities                                    | 372,554        | -                 | -       | -       | -     |
| Other financial liabilities-current                  | 87,941         | -                 | -       | -       | -     |
| Corporate bonds payable (including less than 1 year) | 26,256,490     | -                 | -       | -       | -     |
| Long-term loans (including less than 1 year)         | 4,434,426      | -                 | -       | -       | -     |
| Subtotal   | \$ 160,262,042 | -                 | -       | -       | -     |

2) Valuation techniques for financial instruments not measured at fair value

The Group's valuation techniques and assumptions used for financial instruments not measured at fair value are as follows:

- a) Financial assets measured at amortized cost (debt investment that has no active markets) and financial liabilities measured at amortized cost.

If there is quoted price generated by transactions, the recent transaction price and quoted price data is used as the basis for fair value measurement. However, if no quoted prices are available, the discounted cash flows are used to estimate fair values.

3) Valuation techniques for financial instruments measured at fair value

- a) Non-derivative financial instruments

A financial instrument is regarded as being quoted in an active market if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service, or regulatory agency and those prices represent actual and regularly occurring market transactions on an arm's-length basis. Whether transactions are taking place 'regularly' is a matter of judgment and depends on the facts and circumstances of the market for the instrument.

Quoted market prices may not be indicative of the fair value of an instrument if the activity in the market is infrequent, the market is not well-established, only small volumes are traded, or bid-ask spreads are very wide. Determining whether a market is active involves judgment.

## HIGHWEALTH CONSTRUCTION CORP. AND SUBSIDIARIES

### Notes to the Consolidated Financial Statements

The fair value of financial assets, which is regarded as being quoted in an active market, held by the Group is disclosed as follows sorted by character:

- i) A financial instrument being quoted in an active market if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service, or regulatory agency and those prices represent actual and regularly occurring market transactions on an arm's-length basis. Whether transactions are taking place 'regularly' is a matter of judgment and depends on the facts and circumstances of the market for the instrument.

Measurements of fair value of financial instruments without an active market are based on a valuation technique or quoted price from a competitor. Fair value measured by a valuation technique can be extrapolated from similar financial instruments, the discounted cash flow method, or other valuation technique including a model using observable market data at the reporting date.

- b) Derivative financial instruments

Measurement of the fair value of derivative instruments is based on the valuation techniques generally accepted by market participants such as the discounted cash flow or option pricing models. Fair value of forward currency is usually determined by the forward currency exchange rate.

- 4) Transfers between Level 1 and Level 2

Stock held by the Group quoted in an active market is sorted to Level 1. There is no difference regarding valuation techniques between 2023 and 2022. There is no transfer between first and second level measured at fair value in 2023 and 2022.

#### (ac) Financial risk management

- (i) Overview

The Group have exposures to the following risks from its financial instruments:

- 1) credit risk
- 2) liquidity risk
- 3) market risk

The following likewise discusses the Group's exposure information, objectives, policies and processes for measuring and managing the above mentioned risks.

- (ii) Structure of risk management

The Group's risk management policies are established to identify and analyze the risks faced by the Group, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Group's activities. The Group, through its training and management standards and procedures, aims to develop a disciplined and constructive control environment in which all employees understand their roles and obligations.

## HIGHWEALTH CONSTRUCTION CORP. AND SUBSIDIARIES

### Notes to the Consolidated Financial Statements

#### (iii) Credit risk

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Group's receivables from customers and investments in debt securities.

##### 1) Trade and other receivable

The Group's credit risk is affected by its clients. Accounts receivable generated by selling real estate has a lower credit risk since the payment is completed by the masses with transferring, check, or loans from the bank.

The Group discloses the estimation of accounts receivables' and other receivables' loss with allowance for bad debt account. Allowance for bad debt account is composed with specific losses and batch of unrecognized losses components. Unrecognized losses components are determined by historically statistical data from similar financial assets.

##### 2) Investments

The exposure to credit risk for the bank deposits, fixed income investments, and other financial instruments is measured and monitored by the Group's finance department. The Group only deals with banks, other external parties, corporate organizations, government agencies and financial institutions with good credit rating. The Group does not expect any counterparty above fails to meet its obligations hence there is no significant credit risk arising from these counterparties.

##### 3) Guarantees

The Group's policy is to provide financial guarantees to subsidiaries and companies with business dealings that directly and indirectly hold more than 50% of the voting shares. At December 31, 2023, the situation of the Group provided guarantees to wholly owned subsidiaries, please refer to note 13(a). As of December 31, 2023, the Group did not provide any guarantee externally.

#### (iv) Liquidity risk

Liquidity risk is the risk that the Group will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Group's approach to managing liquidity is to ensure, as far as possible, that it always has sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation.

#### (v) Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates, and equity prices, will affect the Group's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimizing the return.

## HIGHWEALTH CONSTRUCTION CORP. AND SUBSIDIARIES

### Notes to the Consolidated Financial Statements

(ad) Capital management

The Group's objectives for managing capital to safeguard the capacity to continue to operate, to continue to provide a return on shareholders, to maintain the interest of other related parties, and to maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the Group may adjust the dividend payment to the shareholders, reduce the capital for redistribution to shareholders, issue new shares, or sell assets to settle any liabilities.

The Group and other entities in the same industry use the debt-to-equity ratio to manage capital. This ratio is the total net debt divided by the total capital. The net debt from the balance sheet is derived from the total liabilities less cash and cash equivalents. The total capital and equity include share capital, capital surplus, retained earnings, and other equity plus net debt.

As of 2023, the Group's capital management strategy is consistent with the prior year as of 2022. The gearing ratio is maintained so as to ensure an "A" credit rating and ensure financing at reasonable cost. The Group's debt-to-equity ratio at the end of the reporting period as of December 31, 2023, is as follows:

|                                 | <b>December 31,<br/>2023</b> | <b>December 31,<br/>2022</b> |
|---------------------------------|------------------------------|------------------------------|
| Total liabilities               | \$ 169,539,380               | 176,117,804                  |
| Less: cash and cash equivalents | <u>(14,702,019)</u>          | <u>(14,158,954)</u>          |
| Net debt                        | 154,837,361                  | 161,958,850                  |
| Total Equity                    | <u>57,335,361</u>            | <u>49,048,753</u>            |
| Capital after adjustment        | <b><u>\$ 212,172,722</u></b> | <b><u>211,007,603</u></b>    |
| Debt-to-equity ratio            | <b><u>72.98%</u></b>         | <b><u>76.75%</u></b>         |

(ae) Investing and financing activities not affecting current cash flow

The Group's investing and financing activities which did not affect the current cash flow in the years ended December 31, 2023 and 2022, were as follows:

- (i) By the lease to get the right-of-use asset, please refer to notes 6(k).
- (ii) For conversion of convertible bonds to ordinary shares, please refer to notes 6(q) and 6(w).

**HIGHWEALTH CONSTRUCTION CORP. AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

**(7) Related-party transactions:**

(a) Related-party transactions

The followings are entities that have had transactions with related party during the periods covered in the consolidated financial statements.

| <u>Name of related party</u>                   | <u>Relationship with the Group</u>  |
|--|---|
| OO, Fan and other 9 people                     | Key management personnel and their second immediate family of the Group   |
| Da Li Investment Co., Ltd.                     | Coporate director of the subsidiary   |
| Goyu Construction Co., Ltd.                    | The entity is a joint venture under the Group's joint arrangement   |
| Taichung Highwealth Culture and Art Foundation | Same president with the Group   |
| Hotel kingdom                                  | The directors of Company are the same as those of the company   |
| Yong Sen Construction Co., Ltd.                | The second immediate family of the director of the Company is the person in charge of parent company of the Company |
| Fang OO architectual firm                      | Key management personnel of the subsidiary is the person in charge of the company                                   |

(b) Significant transactions with related parties

(i) Operating revenue

- 1) For the years ended December 31, 2023 and 2022, the Group entered into separate sales agreements with different related parties for the disposal of its real estates, at the amounts of \$121,347 thousand and \$99,428 thousand (both including tax) in accordance with the employee purchase policy, resulting in the amounts of \$63,437 thousand and \$13,806 thousand to be recognized as sales revenue, as well as the advance real estate receipts of \$7,814 thousand and \$16,020 thousand, respectively, as contract liabilities, with the approval of its board. There were no difference between the conditions for related parties stated in the contract mentioned and those of non-related parties.
- 2) The Group signed the labor contract for management consulting services with other related parties, and recognized income \$10,109 thousand and \$7,597 thousand in 2023 and 2022, respectively. The transaction price and terms of collection do not have significant differences from those of unrelated parties.

(ii) Purchase

The purchases price from related parties are summarized as follows:

|                       | <u>For the years ended December 31</u> |               |
|-----------------------|--|---------------|
|                       | <u>2023</u>                            | <u>2022</u>   |
| Other related parties | \$ <u>15,796</u>                       | <u>14,886</u> |

**HIGHWEALTH CONSTRUCTION CORP. AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

The terms and pricing of purchase transactions with related parties were not significantly different from those offered by other vendors.

(iii) Receivable from related parties

The receivables to related parties were as follow:

| <u>Accounted items</u> | <u>Catagories</u>     | <u>December 31,<br/>2023</u> | <u>December 31,<br/>2022</u> |
|------------------------|-----------------------|------------------------------|------------------------------|
| Accounts receivable    | Other related parties | \$ <u>6,361</u>              | <u>7,597</u>                 |

(iv) Payables to related parties

The payables to related parties were as follows:

| <u>Accounted items</u> | <u>Catagories</u>     | <u>December 31,<br/>2023</u> | <u>December 31,<br/>2022</u> |
|------------------------|-----------------------|------------------------------|------------------------------|
| Accounts payable       | Other related parties | \$ <u>3,965</u>              | <u>4,166</u>                 |

(v) Leases

1) The Group rented the staff dormitory from related parties were as follows:

|                       | <b>Rent expense</b>                    |             |
|-----------------------|--|-------------|
|                       | <b>For the years ended December 31</b> |             |
|                       | <b>2023</b>                            | <b>2022</b> |
| Other related parties | \$ <b>420</b>                          | <b>420</b>  |

2) The Group leased offices to related parties were as follows:

|                       | <b>Rent income</b>                     |             |
|-----------------------|--|-------------|
|                       | <b>For the years ended December 31</b> |             |
|                       | <b>2023</b>                            | <b>2022</b> |
| Other related parties | \$ <b>41</b>                           | <b>41</b>   |

(vi) Others

- 1) In 2022, the Group donated 713 thousand share (which had a book value of \$554,272 thousand) of Li Shuo Investment Co., Ltd, \$21,246 thousand to Taichung Highwerlth Culture and Art Foundation for its promotion development.
- 2) In September, 2008, The Group sold a portion of land to ○○, Tsai with a land developing plan at \$5,000 thousand, recorded within other payables. The Group would repurchase the land without any interest if the plan was not completed within three years. Both parties agreed lengthening the expiry date unconditionally in October 20, 2011. As of December 31, 2023 and 2022, other payables were both \$5,000 thousand.

**HIGHWEALTH CONSTRUCTION CORP. AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

- (c) Key management personnel transaction

Key management personnel compensation comprised:

|                              | <b>For the years ended December 31</b> |               |
|------------------------------|--|---------------|
|                              | <b>2023</b>                            | <b>2022</b>   |
| Short-term employee benefits | <b>\$ 116,735</b>                      | <b>88,001</b> |

**(8) Pledged assets:**

The carrying values of pledged assets were as follows:

| <b>Pledged assets</b>                          | <b>Object</b>   | <b>December 31, 2023</b>     | <b>December 31, 2022</b>  |
|--|---|------------------------------|---------------------------|
| Financial assets at FVTPL—current              | Mortgage  | \$ 209,100                   | 177,600                   |
| Notes receivable                               | Mortgage  | 1,686,067                    | 1,507,296                 |
| Inventories (construction)                     | Mortgage, issuing commercial paper and bonds payable  | 144,783,814                  | 144,363,423               |
| Other financial assets—current and non-current | Mortgage, issuing commercial paper, performance bond, real estate trust account and bonds payable | 20,763,731                   | 17,998,104                |
| Property, plant and equipment                  | Mortgage and bonds payable  | 7,041,380                    | 5,599,639                 |
| Investment property at net value               | Mortgage, issuing commercial paper and bonds payable  | <u>5,482,627</u>             | <u>5,083,085</u>          |
|  |   | <b><u>\$ 179,966,719</u></b> | <b><u>174,729,147</u></b> |

As of December 31, 2023 and 2022, the book value of pledged assets providing undrawn guaranteed loan are \$6,596,839 thousand and \$1,758,161 thousand, respectively.

For the years ended December 31, 2023 and 2022, the Group provided \$4,438,590 thousand and \$3,814,651 thousand of notes receivable of presale cases 15,250 thousand and 12,250 thousand of shares of its subsidiaries as collateral for the bank loan. During the aforesaid, the shares of the Company provided by the subsidiaries as collateral for the bank loan were 13,145 thousand shares.

**(9) Commitments and contingencies:**

- (a) Unrecognized contractual commitments

- (i) Contract price signed with clients were as follows:

|  | <b>December 31, 2023</b> | <b>December 31, 2022</b> |
|--|--------------------------|--------------------------|
| Amount of signed contracts (construction)      | <b>\$ 151,751,236</b>    | <b>134,463,884</b>       |
| Received amount from contracts                 | <b>\$ 14,417,958</b>     | <b>13,883,123</b>        |
| Outstanding checks received from presale cases | <b>\$ 9,763,757</b>      | <b>8,049,780</b>         |

**HIGHWEALTH CONSTRUCTION CORP. AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

- (ii) Construction contract price signed by subsidiaries is as follows:

|                                | <b>December 31,<br/>2023</b> | <b>December 31,<br/>2022</b> |
|--------------------------------|------------------------------|------------------------------|
| Amount of signed contracts     | <b>\$ 188,992</b>            | <b>303,731</b>               |
| Received amount from contracts | <b>\$ 143,128</b>            | <b>187,074</b>               |

- (b) Others

- (i) As of December 31, 2023 and 2022 the refundable deposit paid for cooperation and urban renewal cases are \$12,825,386 thousand and \$9,721,766 thousand, respectively. For the partial above-mentioned joint construction projects, the company settles the settlement on the date agreed by both parties.
- (ii) On February 8, 2022, the parent company entered into an agreement with Kaohsiung City Government for the (urban renewal project) and entrustment implementation of “Kaohsiung Multifunctional Commerce and Trade Park Special Trade III (North Base) Land”, based on a resolution approved during the board meeting on December 27, 2021.
- (iii) The Group signed an arbitration agreement with the Taichung City Government, Taichung MRT Co., Ltd. and certain professional manufacturers on July 20, 2023 due to the accident that occurred in one of the Taichung MRT Stations, whose project had been executed by a professional manufacturer on May 10, 2023. After the above incident, the Chinese Arbitration Association, Taipei, ordered the Group to pay for the damage of \$262,223 thousand, which was paid in advance by the subsidiary to the Taichung City Government. Furthermore, the Chinese Arbitration Association, Taipei, demanded the Group, as well as the aforesaid professional manufacturers, to jointly pay the compensation of \$224,819 thousand to the petitioner on January 16, 2024, wherein the amount to be paid by the Group was still in agreement as of the reporting date. Please refer to Note 6 (aa) for details of the recognition of relevant contingent losses.

**(10) Losses due to major disasters: None**

**(11) Subsequent events: None**

**HIGHWEALTH CONSTRUCTION CORP. AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

**(12) Other:**

- (a) A summary of current-period employee benefits, depreciation, and amortization, by function, were as follows:

| By function<br><br>By item | For the years ended December 31 |                   |           |                |                   |           |
|----------------------------|---------------------------------|-------------------|-----------|----------------|-------------------|-----------|
|                            | 2023                            |                   |           | 2022           |                   |           |
|                            | Operating cost                  | Operating Expense | Total     | Operating cost | Operating Expense | Total     |
| Employee benefits          |                                 |                   |           |                |                   |           |
| Salary                     | 335,886                         | 745,527           | 1,081,413 | 278,972        | 829,219           | 1,108,191 |
| Labor and health insurance | 34,912                          | 71,276            | 106,188   | 28,869         | 73,095            | 101,964   |
| Pension                    | 14,338                          | 34,997            | 49,335    | 13,562         | 31,026            | 44,588    |
| Others                     | 16,138                          | 53,553            | 69,691    | 12,242         | 38,797            | 51,039    |
| Depreciation (Note)        | 116,965                         | 115,932           | 232,897   | 105,915        | 65,140            | 171,055   |
| Amortization               | 21,271                          | 16,486            | 37,757    | 3,982          | 13,662            | 17,644    |

Note: In 2023 and 2022, depreciation expense was excluded \$1,088 thousand and \$1,695 thousand expense allocated to landowner and renovation subsidies for public facilities in department stores.

- (b) Other

Regarding the fraud allegations against TSAI, CONG-BIN, the chairman of the subsidiary, the Kuobin Dayuan case was filed by the prosecutor on January 5, 2023. The case is now being heard by the Taipei District Court, and it is believed that this event has no significant impact on the financial operations of the Group.

# HIGHWEALTH CONSTRUCTION CORP. AND SUBSIDIARIES

## Notes to the Consolidated Financial Statements

### (13) Other disclosures:

#### (a) Information on significant transactions:

The following is the information on significant transactions required by the “Regulations Governing the Preparation of Financial Reports by Securities Issuers” for the Group:

#### (i) Loans to other parties: None

#### (ii) Guarantees and endorsements for other parties:

| No. | Name of guarantor               | Counter-party of guarantee and endorsement |                               | Limitation on amount of guarantees and endorsements for a specific enterprise | Highest balance for guarantees and endorsements during the period | Balance of guarantees and endorsements as of reporting date | Actual usage amount during the period | Property pledged for guarantees and endorsements (Amount) | Ratio of accumulated amounts of guarantees and endorsements to net worth of the latest financial statements | Maximum amount for guarantees and endorsements | Parent company endorsements/ guarantees to third parties on behalf of subsidiary | Subsidiary endorsements/ guarantees to third parties on behalf of parent company | Endorsements/ guarantees to third parties on behalf of companies in Mainland China |
|-----|---------------------------------|--|-------------------------------|---|---|---|---------------------------------------|---|---|--|--|--|--|
|     |                                 | Name                                       | Relationship with the Company |   |   |   |                                       |   |   |  |  |  |  |
| 0   | The company                     | Chyi Yuh Construction Co., Ltd.            | 2                             | \$ 46,574,568   | 7,846,000   | 7,846,000   | 6,669,000                             | -   | 16.85 %   | 93,149,136                                     | Y  | N  | N  |
| 0   | The company                     | Bo-yuan Construction Co., Ltd.             | 2                             | 46,574,568  | 4,028,000   | 4,028,000   | 2,422,000                             | 1,648,000   | 8.65 %  | 93,149,136                                     | Y  | N  | N  |
| 0   | The company                     | Well Rich International Co., Ltd.          | 2                             | 46,574,568  | 540,000   | 540,000   | -                                     | -   | 1.16 %  | 93,149,136                                     | Y  | N  | N  |
| 0   | The Company                     | Bi Jiang Enterprise Co., Ltd.              | 2                             | 46,574,568  | 3,145,000   | 3,145,000   | 3,145,000                             | -   | 6.75 %  | 93,149,136                                     | Y  | N  | N  |
| 0   | The company                     | SHING FU FA CONSTRUCTION CO., LTD.         | 2                             | 46,574,568  | 350,000   | 350,000   | -                                     | -   | 0.75 %  | 93,149,136                                     | Y  | N  | N  |
| 0   | The company                     | YEH KEE ENTERPRISE CO., LTD.               | 2                             | 46,574,568  | 1,450,000   | 1,450,000   | -                                     | -   | 3.11 %  | 93,149,136                                     | Y  | N  | N  |
| 1   | YEH KEE ENTERPRISE CO., LTD.    | The company                                | 3                             | 1,973,395   | 1,907,700   | 1,088,875   | 1,088,875                             | 1,088,875   | 1,379.44 %  | 2,368,074                                      | N  | Y  | N  |
| 2   | Bi Jiang Enterprise Co., Ltd.   | The company                                | 3                             | 2,483,898   | 64,875  | 64,875  | 64,875                                | 64,875  | 5.22 %  | 4,967,795                                      | N  | Y  | N  |
| 2   | Bi Jiang Enterprise Co., Ltd.   | BO-YUAN CONSTRUCTION CO., LTD.             | 4                             | 2,483,898   | 1,000,000   | 1,000,000   | 400,000                               | 400,000   | 80.52 %   | 4,967,795                                      | N  | N  | N  |
| 3   | JIN JYUN CONSTRUCTION CO., LTD. | RUN LONG CONSTRUCTION CO., LTD.            | 3                             | 3,709,345   | 1,000,000   | 1,000,000   | 400,000                               | 400,000   | 53.92 %   | 7,418,690                                      | N  | Y  | N  |
| 4   | RUN LONG CONSTRUCTION CO., LTD. | JIN JYUN CONSTRUCTION CO., LTD.            | 2                             | 2,702,125   | 100,000   | 100,000   | -                                     | -   | 0.74 %  | 6,755,312                                      | Y  | N  | N  |

Note 1: The numbering is as follows:

1. “0” represents the parent company.
2. Subsidiaries are sequentially numbered from 1 by company.

Note 2: The relationship between the guarantee and the guarantor are as follows:

1. Transactions between the companies.
2. The Company directly or indirectly holds more than 50% voting right.
3. When other companies directly or indirectly hold more than 50% voting rights of the Company.
4. The Company directly or indirectly holds more than 90% voting right.
5. A company that is mutually protected under contractual requirements based on the needs of the contractor.
6. A company that is endorsed by all the contributing shareholders in accordance with their shareholding ratio due to joint investment relationship.
7. Under the Consumer Protection Act, performance guarantees for pre-sale contracts for companies in the same industry.

Note 3: The Company endorsed the operation method for the total amount of guarantees and the limit for endorsement of a single enterprise:

1. The total amount of guarantee for external endorsement shall not exceed 200% of the net value of the company.
2. The guarantee amount for a single enterprise endorsement shall not exceed 100% of the current net value of the company.

## HIGHWEALTH CONSTRUCTION CORP. AND SUBSIDIARIES

### Notes to the Consolidated Financial Statements

Note 4: The Run Long Construction Co., Ltd. endorsed the operation method for the total amount of guarantee s and the limit for endorsement of a single enterprise;

1. The total amount of guarantee for external endorsement shall not exceed 50% of the net value of Run Long Construction Co., Ltd.
2. The guarantee amount for a single enterprise endorsement shall not exceed 20% of the current net value of Run Long Construction Co., Ltd.

Note 5: JIN JYUN CONSTRUCTION CO., LTD. and BI JIANG ENTERPRISE CO., LTD. endorsed the operation method for the total amount of guarantees and the limit for endorsement of a single enterprise;

1. The total amount of guarantee for external endorsement shall not exceed 400% of the net value of the company.
2. The guarantee amount for a single enterprise endorsement shall not exceed 200% of the current net value of the company.

Note 6: YEH KEE ENTERPRISE CO., LTD. endorsed the operation method for the total amount of guarantees and the limit for endorsement of a single enterprise;

1. The total amount of guarantee for external endorsement shall not exceed 3,000% of the net value of YEH KEE ENTERPRISE CO., LTD.
2. The guarantee amount for a single enterprise endorsement shall not exceed 2,500% of the current net value of YEH KEE ENTERPRISE CO., LTD.

Note 7: Reconciliated in the preparation of consolidated report.

(iii) Securities held as of December 31, 2023 (excluding investment in subsidiaries, associates and joint ventures):

| Name of holder                               | Category and name of security                     | Relationship with company | Account title   | Ending balance           |                |                             |            | Highest Percentage of ownership (%) | Note   |
|--|---|---------------------------|---|--------------------------|----------------|-----------------------------|------------|-------------------------------------|--------|
|  |   |                           |   | Shares/Units (thousands) | Carrying value | Percentage of ownership (%) | Fair value |                                     |        |
| The Company                                  | Stock-Shin Kong Real Estate Management Co., Ltd.  | —                         | Total non-current financial assets at fair value through other comprehensive income | 550,000                  | \$ 5,000       | 1.67 %                      | 5,000      | 1.67 %                              |        |
| "  | Stock- Da-Li Development Co., Ltd.                | —                         | Financial assets at fair value through profit or loss-current                       | 9,408,745                | 327,895        | 2.31 %                      | 327,895    | 2.31 %                              |        |
| Ju Feng Hotel Management Consultant Co.,Ltd. | Stock-HIGHWEALTH CONSTRUCTION CORP.               | Ultimate Parent Company   | Total non-current financial assets at fair value through other comprehensive income | 5,540,619                | 222,179        | 0.29 %                      | 222,179    | 0.29 %                              | Note 2 |
| HIGHWEALTH PROPERTY MANAGEMENT CO., LTD.     | Stock-HIGHWEALTH CONSTRUCTION CORP.               | Ultimate Parent Company   | Total non-current financial assets at fair value through other comprehensive income | 10,709,224               | 429,440        | 0.57 %                      | 429,440    | 0.57 %                              | Note 2 |
| CHYI YUH CONSTRUCTION CO., LTD.              | Stock-HIGHWEALTH CONSTRUCTION CORP.               | Ultimate Parent Company   | Total non-current financial assets at fair value through other comprehensive income | 3,321,457                | 133,190        | 0.18 %                      | 133,190    | 0.18 %                              | Note 2 |
| "  | Corporate bond-China Rebar Co., Ltd.              | —                         | Financial assets at amortized cost-current  | 3                        | -              | - %                         | -          | - %                                 | Note 1 |
| RUN LONG CONSTRUCTION CO., LTD.              | Stock-HIGHWEALTH CONSTRUCTION CORP.               | Ultimate Parent Company   | Financial assets at fair value through profit or loss-current                       | 16,052,801               | 643,717        | 0.85 %                      | 643,717    | 0.85 %                              | Note 2 |
| WELL RICH INTERNATIONAL CO., Ltd.            | Corporate bond-Shin Kong Life Insurance Co., Ltd. | —                         | Financial assets at amortized cost-non current                                      | -                        | 30,000         | - %                         | 30,000     | - %                                 |        |

Note 1: Recognized as impairment loss.

Note 2: Reconciliated in the preparation of consolidated report.

## HIGHWEALTH CONSTRUCTION CORP. AND SUBSIDIARIES

### Notes to the Consolidated Financial Statements

- (iv) Individual securities acquired or disposed of with accumulated amount exceeding the lower of NT\$300 million or 20% of the capital stock:

| Name of company                 | Category and name of security | Account name                                       | Name of counter-party | Relationship with the company | Beginning Balance |            | Purchases   |           | Sales  |       |      |                         | Ending Balance |           |
|---------------------------------|-------------------------------|--|-----------------------|-------------------------------|-------------------|------------|-------------|-----------|--------|-------|------|-------------------------|----------------|-----------|
|                                 |                               |  |                       |                               | Shares            | Amount     | Shares      | Amount    | Shares | Price | Cost | Gain (loss) on disposal | Shares         | Amount    |
| RUN LONG CONSTRUCTION CO., LTD. | Stock-JIN JYUN CONSTRUCTION   | Investments accounted for using equity method, net | Capital increase      | The subsidiary                | 70,000,000        | \$ 580,477 | 100,000,000 | 1,000,000 | -      | -     | -    | -                       | 170,000,000    | 1,655,454 |

Note 1: Reconciliated in the preparation of consolidated report.

- (v) Acquisition of individual real estate with amount exceeding the lower of NT\$300 million or 20% of the capital stock:

| Name of company                | Name of property                             | Transaction date | Transaction amount | Status of payment | Counter-party | Relationship with the Company | If the counter-party is a related party, disclose the previous transfer information |                               |                  |        | References for determining price | Purpose of acquisition and current condition |
|--------------------------------|--|------------------|--------------------|-------------------|---------------|-------------------------------|---|-------------------------------|------------------|--------|----------------------------------|--|
|                                |  |                  |                    |                   |               |                               | Owner   | Relationship with the Company | Date of transfer | Amount |                                  |  |
| RUN LONG CONSTRUCTION CO., LTD | Wensang Section., Xitun Dist., Taichung City | June 30, 2023    | \$ 2,265,650       | 2,265,650         | OO ,Yuan      | Not related parties           | -   | -                             | -                | -      | Appraisal                        | Construction                                 |

- (vi) Disposal of individual real estate with amount exceeding the lower of NT\$300 million or 20% of the capital stock:

| Name of company | Type of property     | Transaction date | Acquisition date             | Book value | Transaction amount | Amount actually receivable | Gain from disposal | Counter-party         | Nature of relationship | Purpose of disposal | Price reference | Other terms |
|-----------------|----------------------|------------------|------------------------------|------------|--------------------|----------------------------|--------------------|-----------------------|------------------------|---------------------|-----------------|-------------|
| The Company     | Real estate for sale | October 16, 2023 | N/A to the sale of inventory | N/A        | \$ 768,990         | 191,893                    | N/A                | Zhong ○○○○○ CO., Ltd. | Non-related party      | Sale of inventory   | Appraisal       | None        |
| "               | Real estate for sale | October 16, 2023 | N/A to the sale of inventory | N/A        | 784,890            | 195,694                    | N/A                | Huan ○○○ CO., Ltd.    | Non-related party      | "                   | "               | "           |
| "               | Real estate for sale | July 28, 2023    | N/A to the sale of inventory | N/A        | 343,020            | 51,141                     | N/A                | Lian ○ CO., Ltd.      | Non-related party      | "                   | "               | "           |

- (vii) Related-party transactions for purchases and sales with amounts exceeding the lower of NT\$100 million or 20% of the capital stock:

| Name of company                 | Related party                   | Nature of relationship                                    | Transaction details                        |              |                                     |                           | Transactions with terms different from others |               | Notes/Accounts receivable (payable) |   | Note   |
|---------------------------------|---------------------------------|---|--|--------------|-------------------------------------|---------------------------|---|---------------|-------------------------------------|---|--------|
|                                 |                                 |   | Purchase/Sale                              | Amount       | Percentage of total purchases/sales | Payment terms             | Unit price                                    | Payment terms | Ending balance                      | Percentage of total notes/accounts receivable (payable) |        |
| The Company                     | Chyi Yuh Construction Co., Ltd. | Investee accounted for using equity method of the company | Contracting project                        | \$ 9,861,482 | 76.85%                              | Pay by contract terms     | -   | -             | (1,806,198)                         | (80.73)%  | Note 2 |
| Chyi Yuh Construction Co., Ltd. | The Company                     | Ultimate parent company                                   | Contracted project                         | (9,717,801)  | (84.52)%                            | Receive by contract terms | -   |               | 1,806,198                           | 79.47%  | Note 1 |
| "                               | Bo-yuan Construction Co., Ltd.  | The associate of the company                              | Contracted project                         | (1,761,037)  | (15.32)%                            | Receive by contract terms | -   |               | 459,854                             | 20.26%  | Note 1 |
| Bo-yuan Construction Co., Ltd.  | Chyi Yuh Construction Co., Ltd. | The associate of the company                              | Contracting project                        | 1,238,550    | 89.70%                              | Pay by contract terms     | -   |               | (459,854)                           | (82.70)%  | Note 2 |
| Run Long Construction Co., Ltd. | Jin Jyun Construction Co., Ltd. | Investee accounted for using equity method of the company | Contracting project and administration fee | 4,614,536    | 54.49%                              | Pay by contract terms     | -   |               | (588,393)                           | (43.00)%  | Note 2 |
| Jin Jyun Construction Co., Ltd. | Run Long Construction Co., Ltd. | The ultimate parent of the company                        | Contracted project                         | (4,781,609)  | (98.13)%                            | Receive by contract terms | -   |               | 588,393                             | 97.63%  | Note 1 |

Note 1: The contracted company recognizes its construction revenue through percentage of completion method, and the amount of sales included.

Note 2: The contracting company records its import price through estimates of amount of purchase through number of trials.

Note 3: Reconciliated in the preparation of consolidated report.

## HIGHWEALTH CONSTRUCTION CORP. AND SUBSIDIARIES

### Notes to the Consolidated Financial Statements

(viii) Receivables from related parties with amounts exceeding the lower of NT\$100 million or 20% of the capital stock:

| Name of company                 | Counter-party                   | Nature of relationship             | Ending balance | Turnover rate | Overdue |              | Amounts received in subsequent period | Allowance for bad debts |
|---------------------------------|---------------------------------|------------------------------------|----------------|---------------|---------|--------------|---------------------------------------|-------------------------|
|                                 |                                 |                                    |                |               | Amount  | Action taken |                                       |                         |
| Chyi Yuh Construction Co., Ltd. | The company                     | Ultimate parent company            | 1,806,198      | 6.18          | -       | -            | 1,649,474                             | -                       |
| "                               | Bo Yuan Construction Co., Ltd.  | The associate of the company       | 459,854        | 6.52          | -       | -            | 459,854                               | -                       |
| Jin Jyun Construction Co., Ltd. | Run Long Construction Co., Ltd. | The ultimate parent of the company | 588,393        | 8.36          | -       | -            | 498,968                               | -                       |

Note: Reconciliated in the preparation of consolidated report.

(ix) Trading in derivative instruments: None

(x) Business relationships and significant intercompany transactions:

| No. | Name of company                 | Name of counter-party           | Nature of relationship | Intercompany transactions |              |                      |  |
|-----|---------------------------------|---------------------------------|------------------------|---------------------------|--------------|----------------------|--|
|     |                                 |                                 |                        | Account name              | Amount       | Trading terms        | Percentage of the consolidated net revenue or total assets |
| 0   | The Company                     | Chyi Yuh Construction Co., Ltd. | 1                      | Accounts payable          | \$ 1,806,198 | Same with peer terms | 0.80%  |
|     | "                               | "                               | 1                      | Operating cost            | 9,861,482    | Same with peer terms | 22.38%   |
| 1   | Chyi Yuh Construction Co., Ltd. | The Company                     | 2                      | Accounts receivable       | 1,806,198    | Same with peer terms | 0.80%  |
|     | "                               | "                               | 2                      | Operating revenue         | 9,717,801    | Same with peer terms | 22.05%   |
|     | "                               | BO-YUAN CONSTRUCTION CO., LTD.  | 3                      | Accounts receivable       | 459,854      | Same with peer terms | 0.20%  |
|     | "                               | "                               | 3                      | Operating revenue         | 1,761,037    | Same with peer terms | 4.00%  |
| 2   | Run Long Construction Co., Ltd. | Jin Jyun Construction Co., Ltd. | 3                      | Accounts payable          | 588,393      | Same with peer terms | 0.26%  |
|     | "                               | "                               | 3                      | Operating cost            | 4,614,536    | Same with peer terms | 10.47%   |
| 3   | Jin Jyun Construction Co., Ltd. | Run Long Construction Co., Ltd. | 3                      | Accounts receivable       | 588,393      | Same with peer terms | 0.26%  |
|     | "                               | "                               | 3                      | Operating revenue         | 4,781,609    | Same with peer terms | 10.85%   |
| 4   | Bo-Yuan Construction Co., Ltd.  | Chyi Yuh Construction Co., Ltd. | 3                      | Accounts payable          | 459,854      | Same with peer terms | 0.20%  |
|     | "                               | "                               | 3                      | Operating cost            | 1,238,550    | Same with peer terms | 2.81%  |

Note 1: The numbering is as follows:

1. "0" represents the parent company
2. Subsidiaries are sequentially numbered from 1 by company

Note 2: Relation between related parties are as follows:

1. Parent company and its subsidiaries
2. Subsidiaries and its parent company
3. Subsidiaries and its subsidiaries

(b) Information on investees:

The following is the information on investees for the years ended December 31, 2023 (excluding information on investees in Mainland China):

| Name of investor | Name of investee                              | Location | Main businesses and products   | Original investment amount |                   | Balance as of December 31, 2023 |                         |                | Highest Percentage of ownership | Net income (losses) of investee | Share of profits/losses of investee | Note |
|------------------|---|----------|--|----------------------------|-------------------|---------------------------------|-------------------------|----------------|---------------------------------|---------------------------------|-------------------------------------|------|
|                  |   |          |  | December 31, 2023          | December 31, 2022 | Shares (thousands)              | Percentage of ownership | Carrying value |                                 |                                 |                                     |      |
| The Company      | Ju Feng Hotel Management Consultant Co., Ltd. | Taiwan   | Real estate brokerage, residential and building development, rental and sales etc. | \$ 25,000                  | 25,000            | 2,500,000                       | 100.00 %                | 60,412         | 100.00 %                        | 1,238                           | (1,281)                             |      |
| "                | Highwealth Property Management Co., Ltd.      | Taiwan   | Real estate brokerage, real estate trading   | 7,000                      | 7,000             | 700,000                         | 100.00 %                | 6,811          | 100.00 %                        | 4,972                           | 104                                 |      |
| "                | Chyi Yuh Construction Co., Ltd.               | Taiwan   | Construction, residential and building development, rental and sales etc.          | 3,030,041                  | 3,030,041         | 439,200,000                     | 100.00 %                | 5,532,201      | 100.00 %                        | 974,911                         | 809,044                             |      |
| "                | Run Long Construction Co., Ltd.               | Taiwan   | Real estate development, rental and sales industries etc.                          | 658,119                    | 940,853           | 23,698,288                      | 5.25 %                  | 625,917        | 6.05 %                          | 7,701,546                       | 423,717                             |      |
| "                | Yeh Kee Enterprise Co., Ltd.                  | Taiwan   | Residential and building development, rental and sales etc.                        | 2,423,152                  | 2,423,152         | 2,200,000                       | 100.00 %                | 2,397,264      | 100.00 %                        | (5,042)                         | (5,042)                             |      |
| "                | Bi Jiang Enterprise Co., Ltd.                 | Taiwan   | Residential and building development, rental and sales etc.                        | 2,802,900                  | 2,802,900         | 150,720,000                     | 100.00 %                | 2,541,326      | 100.00 %                        | (122,966)                       | (122,562)                           |      |
| "                | SHING FU FA CONSTRUCTION CO., LTD.            | Taiwan   | Construction, residential and building development, rental and sales etc.          | 265,000                    | 265,000           | 26,500,000                      | 100.00 %                | 270,997        | 100.00 %                        | 7,827                           | 7,827                               |      |

# HIGHWEALTH CONSTRUCTION CORP. AND SUBSIDIARIES

## Notes to the Consolidated Financial Statements

| Name of investor                            | Name of investee                            | Location | Main businesses and products  | Original investment amount |                   | Balance as of December 31, 2023 |                         |                | Highest Percentage of ownership | Net income (losses) of investee | Share of profits/losses of investee | Note |
|---|---|----------|---|----------------------------|-------------------|---------------------------------|-------------------------|----------------|---------------------------------|---------------------------------|-------------------------------------|------|
|   |   |          |   | December 31, 2023          | December 31, 2022 | Shares (thousands)              | Percentage of ownership | Carrying value |                                 |                                 |                                     |      |
| The Company                                 | BO-YUAN CONSTRUCTION CO., LTD.              | Taiwan   | Residential and building development, rental and sales etc.               | 2,430,000                  | 2,430,000         | 122,900,000                     | 100.00 %                | 1,209,596      | 100.00 %                        | (230,450)                       | (230,450)                           |      |
| "   | Well Rich International Co., Ltd.           | Taiwan   | Wholesale of construction material and motels etc.                        | 245,621                    | 245,621           | 18,100,000                      | 100.00 %                | 199,591        | 100.00 %                        | (43,913)                        | (38,978)                            |      |
| CHYI YUH CONSTRUCTION CO., LTD.             | GUANGYANG INVESTMENT CONSTRUCTION CO., LTD. | Taiwan   | Investment industry   | 284,050                    | 284,050           | 29,900,000                      | 100.00 %                | 958,695        | 100.00 %                        | 480,490                         | Exempt from disclosure              |      |
| "   | RUN LONG CONSTRUCTION CO., LTD.             | Taiwan   | Real estate development, rental and sales industries etc.                 | 639,321                    | 864,938           | 20,838,755                      | 4.62 %                  | 623,299        | 5.36 %                          | 7,701,546                       | "                                   |      |
| "   | Goyu Building Material Co., Ltd.            | Taiwan   | Wholesale of construction materials                                       | 120,000                    | 120,000           | 12,000,000                      | 30.00 %                 | 114,034        | 30.00 %                         | 17,627                          | "                                   |      |
| GUANGYANG INVESTMENT CONSTRUCTION CO., LTD. | Run Long Construction Co., Ltd.             | Taiwan   | Real estate development, rental and sales industries etc.                 | 618,533                    | 618,533           | 28,759,103                      | 6.37 %                  | 903,274        | 6.37 %                          | 7,701,546                       | "                                   |      |
| RUN LONG CONSTRUCTION CO., LTD.             | JIN JYUN CONSTRUCTION CO., LTD.             | Taiwan   | Construction, residential and building development, rental and sales etc. | 1,718,300                  | 718,300           | 170,000,000                     | 100.00 %                | 1,655,454      | 100.00 %                        | 65,128                          | "                                   |      |

Note : Reconciliated in the preparation of consolidated report, while Goyu Construction is investment adopted equity method.

(c) Information on investment in mainland China:

(i) The names of investees in Mainland China, the main businesses and products, and other information:

| Name of investee                       | Main businesses and products                  | Total amount of paid-in capital | (Note 1) Method of investment | Accumulated outflow of investment from Taiwan as of January 1, 2022 | Investment flows |        | Accumulated outflow of investment from Taiwan as of December 31, 2023 | Net income (losses) of the investee | Percentage of ownership | Highest percentage of ownership | (Note 2) Investment income (losses) | Book value | Accumulated remittance of earnings in current period |
|--|---|---------------------------------|-------------------------------|---|------------------|--------|---|-------------------------------------|-------------------------|---------------------------------|-------------------------------------|------------|--|
|  |   |                                 |                               |   | Outflow          | Inflow |   |                                     |                         |                                 |                                     |            |  |
| QUANXIANG TRADING (SHANGHAI) CO., LTD. | Construction material, furniture, metal parts | \$ 26,555<br>USD 900,000        | (Note 1)                      | 26,555<br>USD 900,000   | -                | -      | 26,555<br>USD 900,000   | 62                                  | 100.00%                 | 100.00%                         | 62                                  | 1,060      | -  |
| XINGFU YU TRADING (XIAMEN) CO., LTD.   | Construction material wholesale               | 27,104<br>USD 900,000           | (Note 1)                      | 27,104<br>USD 900,000   | -                | -      | 27,104<br>USD 900,000   | (130)                               | 100.00%                 | 100.00%                         | (130)                               | 1,458      | -  |

Note: Reconciliated in the preparation of consolidated report.

(ii) Limitation on investment in Mainland China:

| Accumulated Investment in Mainland China as of December 31, 2023 | Investment Amounts Authorized by Investment Commission, MOEA | Upper Limit on Investment |
|--|--|---------------------------|
| \$ 53,659<br>(USD 1,800,000)                                     | 53,659<br>(USD 1,800,000)                                    | 27,944,741<br>(Note)      |

Note : According to the principle of review of technical cooperation in China, it is calculated 60% of the net value or consolidated net value.

Note 1: 3 types of investment method are as follows:

1. Directly investing in the mainland area
2. Investing in the mainland through companies in another country (Please note the name of the investing company from the other country)
3. Other methods

Note 2: Profit and loss recognized from investment for the current period:

1. If it is in preparation, and has no investment profit or loss, it should be noted
2. The basis for profit or loss from investment are as follows:
  - A. The international accounting firm which has cooperative relationships with the CPA in the Republic of China verifies its financial statements
  - B. Financial statement of the parent company is verified by the Taiwanese accountant
  - C. Others

(iii) Significant transactions: None

**HIGHWEALTH CONSTRUCTION CORP. AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

(d) Major shareholders:

| Shareholder's Name                 | Shareholding | Shares      | Percentage |
|------------------------------------|--------------|-------------|------------|
| Xing Ri Sheng Investment Co., Ltd. |              | 118,756,325 | 6.30 %     |
| Ear Winner Investment Co., Ltd.    |              | 117,608,664 | 6.24 %     |

**(14) Segment information:**

(a) General information

The Group has three reportable segments listed as follows. The reportable segments are the Group's strategic divisions. They offer different products and services and are managed separately because they require different technology and marketing strategies. The chief operating decision maker of the Group reviews internal management report at least quarterly. Information about reportable segments of the Group is detailed below.

- (i) Developing segment is responsible for developing new constructing or rental opportunities.
- (ii) Constructing segment is responsible for constructing buildings.
- (iii) Department stores and hotel are manage department stores, supermarkets, and operating a hotel and catering services.

(b) Information about reportable segments and their measurement and reconciliations

|   | For the year ended December 31, 2023 |                      |                            |               |                                |                    |
|---|--------------------------------------|----------------------|----------------------------|---------------|--------------------------------|--------------------|
|   | Developing segment                   | Constructing segment | Department store and hotel | Other segment | Reconciliation and elimination | Total              |
| Revenue from external customers   | \$ 43,821,503                        | 99,778               | 145,912                    | -             | -                              | 44,067,193         |
| Intersegment  | 229,612                              | 16,310,662           | 24,197                     | -             | (16,564,471)                   | -                  |
| Interest revenue  | 160,694                              | 15,739               | 1,799                      | -             | (143)                          | 178,089            |
| Total revenue   | <u>\$ 44,211,809</u>                 | <u>16,426,179</u>    | <u>171,908</u>             | <u>-</u>      | <u>(16,564,614)</u>            | <u>44,245,282</u>  |
| Interest expenses   | \$ 1,170,496                         | 8,833                | 18,606                     | -             | (5,233)                        | 1,192,702          |
| Depreciation and amortization   | 190,379                              | 69,808               | 36,828                     | -             | (25,273)                       | 271,742            |
| Share of profit (loss) of associates and joint ventures accounted for using equity method | 1,011,288                            | 864,743              | -                          | -             | (1,871,124)                    | 4,907              |
| <b>Reportable segment profit or loss</b>  | <u>\$ 11,577,599</u>                 | <u>1,652,680</u>     | <u>(81,126)</u>            | <u>-</u>      | <u>(2,396,629)</u>             | <u>10,752,524</u>  |
| Investments accounted for using equity method   | \$ 14,555,386                        | 2,617,233            | -                          | -             | (17,058,585)                   | 114,034            |
| Capital expenditure   | 1,220,461                            | 588,800              | 1,829                      | -             | (270,510)                      | 1,540,580          |
| <b>Reportable segment assets</b>  | <u>\$ 232,824,089</u>                | <u>19,000,287</u>    | <u>657,580</u>             | <u>-</u>      | <u>(25,607,215)</u>            | <u>226,874,741</u> |
| <b>Reportable segment liabilities</b>   | <u>\$ 168,188,694</u>                | <u>10,720,793</u>    | <u>452,340</u>             | <u>-</u>      | <u>(9,822,447)</u>             | <u>169,539,380</u> |

**HIGHWEALTH CONSTRUCTION CORP. AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

|   | For the year ended December 31, 2022 |                         |                                  |                  |                                   |                           |
|---|--------------------------------------|-------------------------|----------------------------------|------------------|-----------------------------------|---------------------------|
|   | Developing<br>segment                | Constructing<br>segment | Department<br>store and<br>hotel | Other<br>segment | Reconciliation<br>and elimination | Total                     |
| Revenue from external customers   | \$ 26,314,285                        | 132,302                 | 180,646                          | -                | -                                 | 26,627,233                |
| Intersegment  | 150,164                              | 14,910,854              | 4,745                            | -                | (15,065,763)                      | -                         |
| Interest revenue  | 43,308                               | 2,032                   | 847                              | -                | (137)                             | 46,050                    |
| Total revenue   | <u>\$ 26,507,757</u>                 | <u>15,045,188</u>       | <u>186,238</u>                   | <u>-</u>         | <u>(15,065,900)</u>               | <u>26,673,283</u>         |
| Interest expenses   | \$ 946,408                           | 34,847                  | 29,655                           | -                | (7,278)                           | 1,003,632                 |
| Depreciation and amortization   | 114,036                              | 2,085                   | 34,696                           | -                | 39,577                            | 190,394                   |
| Share of profit (loss) of associates and joint ventures accounted for using equity method | 341,207                              | 21,925                  | -                                | -                | (359,967)                         | 3,165                     |
| <b>Reportable segment profit or loss</b>  | <u><b>\$ 5,261,378</b></u>           | <u><b>207,143</b></u>   | <u><b>(120,603)</b></u>          | <u><b>-</b></u>  | <u><b>(474,640)</b></u>           | <u><b>4,873,278</b></u>   |
| Investments accounted for using equity method   | \$ 12,613,156                        | 1,340,816               | -                                | -                | (13,844,845)                      | 109,127                   |
| Capital expenditure   | 1,705,272                            | 296,579                 | 17,334                           | -                | (411,440)                         | 1,607,745                 |
| <b>Reportable segment assets</b>  | <u><b>\$ 238,411,227</b></u>         | <u><b>5,851,001</b></u> | <u><b>1,405,422</b></u>          | <u><b>-</b></u>  | <u><b>(20,501,093)</b></u>        | <u><b>225,166,557</b></u> |
| <b>Reportable segment liabilities</b>   | <u><b>\$ 179,613,467</b></u>         | <u><b>2,915,563</b></u> | <u><b>1,745,135</b></u>          | <u><b>-</b></u>  | <u><b>(8,156,361)</b></u>         | <u><b>176,117,804</b></u> |

(c) Geographic information:

The Group's revenues are all generated from domestic business.

(d) Major customers:

The Group does not have revenues from a single customer that exceeds 10% of the consolidated operating revenues in 2023 and 2022.

## V. The Parent Only Financial Statement Audited by the CPAs of the Recent Year



安侯建業聯合會計師事務所

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### Independent Auditors' Report

To the Board of Directors of Highwealth Construction Corp.:

#### Opinion

We have audited the accompanying parent company only financial statements of Highwealth Construction Corp. ("the Company"), which comprise the parent company only balance sheets as of December 31, 2023 and 2022, the parent company only statement of comprehensive income, changes in equity and cash flows for the years then ended, and notes to the parent company only financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying parent company only financial statements present fairly, in all material respects, the parent company only financial position of the Company as December 31, 2023 and 2022, and its financial performance and its cash flows for the years then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers.

#### Basis for Opinion

We conducted our audits in accordance with the Regulations Governing Auditing and Attestation of Financial Statements by Certified Public Accountants and Standards on Auditing of the Republic of China. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the Norm of Professional Ethics for Certified Public Account of 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.

#### Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the parent company only financial statements for the year ended December 31, 2023. 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.

##### 1. Revenue recognition on sales of properties and land

Please refer to note 4(n) and 6(v) of the parent company only financial statements for the account policies on revenue recognition and the details of revenue.

##### Description of key audit matter

Since the Company operates in the real estate industry, in which its sales revenue is recognized upon the transfer of ownership of its real estate and the actual delivery of its housing unit to a large number of clients, the confirmation on the validity of the timing of the sales revenue recognition is crucial. Hence, the Company needs to thoroughly examine the transfer of its ownership and the data on the delivery of its housing units for its entire transactions to recognize the sales revenue, which usually involves tremendous amount of manual efforts. Therefore, sales revenue recognition has been recognized as one of our key audit matters.

#### Auditing procedures proformed

Our principal audit procedures included:

- Testing the effectiveness of the design and implementing the internal control system of sales revenue.
- Performing substantive tests on randomly selected samples of sales contracts, and real estate ownership transfer documents; as well as checking the sales data and general ledger to ensure consistency.
- Testing the samples of sales transaction before and after the end of the year to ensure the correctness of sales revenue.

#### 2.Inventory valuation

Please refer to note 4(g) and 6(e) of the parent company only financial statements for the accounting policies on measuring inventory, assumption used and uncertainties considered in determining the net realizable value and the details of inventory.

#### Description of key audit matter

Inventories, which play a significant role in the Company's business operation, account for 71% of the Company's total assets, wherein the evaluation has to comply with the International Accounting Standards Bulletin No. 2. Moreover, if the net realizable value of inventories is inaccurately assessed, it will result in a negative impact on the financial report. Therefore, inventory evaluation has been recognized as one of our key audit matters.

#### Auditing procedures proformed

- Understanding the Company's operating and accounting procedures for I and held for the subsequent measurement of inventories Obtain the Company management's data of land held for construction sites and construction in progress valuation, inspecting and recalculating the net realizable value of I and held for construction sites and construction in progress whether adequate. The net realizable value can be assessed in both ways: through reviewing the recent selling price of the premises, or by inquiring the selling price of premises nearby from the "Actual Selling Price of Real Estate" website.

#### **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 (including the Audit Committee) are responsible for overseeing the Company's financial reporting process.



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

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

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



From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the parent company only financial statements for the year ended December 31, 2023 and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partners on the audit resulting in this independent auditors' report are Han, Yi-Lien and Tseng, Kuo-Yang.

KPMG

Taipei, Taiwan (Republic of China)

March 14, 2024

#### **Notes to Readers**

The accompanying parent company only financial statements are intended only to present the financial position, financial performance and cash flows in accordance with the accounting principles and practices generally accepted in the Republic of China and not those of any other jurisdictions. The standards, procedures and practices to audit such parent company only financial statements are those generally accepted and applied in the Republic of China.

The independent auditors' audit report and the accompanying parent company only financial statements are the English translation of the Chinese version prepared and used in the Republic of China. If there is any conflict between, or any difference in the interpretation of the English and Chinese language independent auditors' audit report and parent company only financial statements, the Chinese version shall prevail.

(English Translation of Parent Company Only Financial Statements Originally Issued in Chinese)  
**HIGHWEALTH CONSTRUCTION CORP.**

**Balance Sheets**

**December 31, 2023 and 2022**

(Expressed in Thousands of New Taiwan Dollar)

|                            |  | <u>December 31, 2023</u> |            | <u>December 31, 2022</u> |            |                                       |  | <u>December 31, 2023</u> |            | <u>December 31, 2022</u> |            |
|----------------------------|--|--------------------------|------------|--------------------------|------------|---------------------------------------|--|--------------------------|------------|--------------------------|------------|
|                            |  | <u>Amount</u>            | <u>%</u>   | <u>Amount</u>            | <u>%</u>   |                                       |  | <u>Amount</u>            | <u>%</u>   | <u>Amount</u>            | <u>%</u>   |
| <b>Assets</b>              |  |                          |            |                          |            | <b>Liabilities and Equity</b>         |  |                          |            |                          |            |
| <b>Current assets:</b>     |  |                          |            |                          |            | <b>Current liabilities:</b>           |  |                          |            |                          |            |
| 1100                       | Cash and cash equivalents (Note 6(a))  | \$ 7,615,548             | 5          | 8,448,964                | 6          | 2100                                  | Short-term borrowings (Note 6(l))                      | \$ 73,537,038            | 47         | 73,267,113               | 48         |
| 1110                       | Current financial assets at fair value through profit or loss (Notes 6(b) and 8)                 | 327,895                  | -          | 265,237                  | -          | 2110                                  | Short-term notes and bills payable (Note 6(m))         | 2,638,019                | 2          | 3,010,189                | 2          |
| 1150                       | Notes receivable, net (Notes 6(d) and 8)   | 1,389,448                | 1          | 2,026,846                | 1          | 2130                                  | Current contract liabilities (Notes 6(v), 7 and 9(a))  | 8,829,452                | 6          | 7,023,706                | 5          |
| 1170                       | Accounts receivable, net (Notes 6(d) and 7)  | 14,798                   | -          | 39,059                   | -          | 2150                                  | Notes payable  | 1,309                    | -          | 2,452                    | -          |
| 130X                       | Inventories (Notes 6(e), 7 and 8)  | 111,636,808              | 71         | 107,006,078              | 70         | 2170                                  | Accounts payable                                       | 413,714                  | -          | 453,409                  | -          |
| 1410                       | Prepayments (Note 7)   | 621,498                  | -          | 260,376                  | -          | 2180                                  | Accounts payable to related parties (Note 7)           | 1,822,337                | 1          | 1,358,669                | 1          |
| 1476                       | Other current financial assets (Notes 6(k), 7, 8 and 9(b))                                       | 8,655,432                | 6          | 9,318,709                | 6          | 2200                                  | Other payables (Note 7)                                | 4,752,170                | 3          | 2,100,750                | 1          |
| 1479                       | Other current assets, others   | 47,327                   | -          | 19,401                   | -          | 2230                                  | Current tax liabilities                                | 153,927                  | -          | 714,963                  | -          |
| 1480                       | Current assets recognized as incremental costs to obtain contract with customers (Note 6(k))     | <u>1,891,752</u>         | <u>1</u>   | <u>1,641,114</u>         | <u>1</u>   | 2280                                  | Lease liabilities-current (Note 6(p))                  | 44,455                   | -          | 40,905                   | -          |
|                            |  | <u>132,200,506</u>       | <u>84</u>  | <u>129,025,784</u>       | <u>84</u>  | 2305                                  | Other current financial liabilities (Note 7)           | 226,134                  | -          | 226,291                  | -          |
| <b>Non-current assets:</b> |  |                          |            |                          |            | 2321                                  | Bonds payable, current portion (Note 6(o))             | 1,999,129                | 1          | 2,489,554                | 2          |
| 1517                       | Non-current financial assets at fair value through other comprehensive income (Notes 6(c) and 7) | 5,000                    | -          | 5,000                    | -          | 2322                                  | Long-term borrowings, current portion (Note 6(n))      | 2,298,119                | 1          | 70,929                   | -          |
| 1550                       | Investments accounted for using equity method, net (Notes 6(f), (g) and 8)                       | 12,846,633               | 8          | 11,900,907               | 8          | 2399                                  | Other current liabilities, others                      | <u>246,890</u>           | -          | <u>226,474</u>           | -          |
| 1600                       | Property, plant and equipment (Notes 6(h) and 8)   | 444,454                  | -          | 455,402                  | -          |                                       |  | <u>96,962,693</u>        | <u>61</u>  | <u>90,985,404</u>        | <u>59</u>  |
| 1755                       | Right-of-use assets (Note 6(i))  | 36,708                   | -          | 41,511                   | -          | <b>Non-Current liabilities:</b>       |  |                          |            |                          |            |
| 1760                       | Investment property, net (Notes 6(j) and 8)  | 8,704,350                | 6          | 7,946,944                | 5          | 2530                                  | Bonds payable (Note 6(o))                              | 10,378,610               | 7          | 13,911,921               | 9          |
| 1780                       | Intangible assets  | 5,888                    | -          | 5,048                    | -          | 2540                                  | Long-term borrowings (Note 6(n))                       | 3,414,413                | 2          | 3,714,573                | 3          |
| 1840                       | Deferred tax assets (Note 6(s))  | 14,544                   | -          | 14,544                   | -          | 2570                                  | Deferred tax liabilities (Note 6(s))                   | 340                      | -          | 340                      | -          |
| 1980                       | Other non-current financial assets (Notes 6(k) and 8)  | 3,048,970                | 2          | 3,801,981                | 3          | 2580                                  | Non-current lease liabilities (Note 6(p))              | 76,814                   | -          | 109,680                  | -          |
| 1990                       | Total other non-current assets, others   | <u>118,836</u>           | -          | <u>132,875</u>           | -          | 2640                                  | Net defined benefit liability, non-current (Note 6(r)) | <u>18,451</u>            | -          | <u>23,971</u>            | -          |
|                            |  | 25,225,383               | 16         | 24,304,212               | 16         |                                       |  | <u>13,888,628</u>        | <u>9</u>   | <u>17,760,485</u>        | <u>12</u>  |
|                            |  |                          |            |                          |            | <b>Total liabilities</b>              |  | <u>110,851,321</u>       | <u>70</u>  | <u>108,745,889</u>       | <u>71</u>  |
|                            |  |                          |            |                          |            | <b>Stockholders' Equity:</b>          |  |                          |            |                          |            |
|                            |  |                          |            |                          |            | 3100                                  | Common stock (Note 6(t))                               | 18,841,415               | 12         | 17,146,741               | 11         |
|                            |  |                          |            |                          |            | 3200                                  | Capital surplus (Note 6(t))                            | 8,836,578                | 6          | 8,408,194                | 6          |
|                            |  |                          |            |                          |            | <b>Retained earnings (Note 6(t)):</b> |  |                          |            |                          |            |
|                            |  |                          |            |                          |            | 3310                                  | Legal reserve  | 8,773,652                | 6          | 8,363,751                | 5          |
|                            |  |                          |            |                          |            | 3350                                  | Unappropriated retained earnings                       | 11,094,585               | 7          | 11,642,373               | 8          |
|                            |  |                          |            |                          |            | 3400                                  | Other equity interest (Note 6(t))                      | 214                      | -          | 268                      | -          |
|                            |  |                          |            |                          |            | 3500                                  | Treasury stock (Note 6(t))                             | <u>(971,876)</u>         | <u>(1)</u> | <u>(977,220)</u>         | <u>(1)</u> |
|                            |  |                          |            |                          |            | <b>Total equity</b>                   |  | <u>46,574,568</u>        | <u>30</u>  | <u>44,584,107</u>        | <u>29</u>  |
| <b>Total assets</b>        |  | <u>\$ 157,425,889</u>    | <u>100</u> | <u>153,329,996</u>       | <u>100</u> | <b>Total liabilities and equity</b>   |  | <u>\$ 157,425,889</u>    | <u>100</u> | <u>153,329,996</u>       | <u>100</u> |

(English Translation of Parent Company Only Financial Statements Originally Issued in Chinese)  
**HIGHWEALTH CONSTRUCTION CORP.**

**Statements of Comprehensive Income**

**For the years ended December 31, 2023 and 2022**

**(Expressed in Thousands of New Taiwan Dollar , Except for Earnings Per Share)**

|      |  | <b>2023</b>   |          | <b>2022</b>   |          |
|------|--|---------------|----------|---------------|----------|
|      |  | <b>Amount</b> | <b>%</b> | <b>Amount</b> | <b>%</b> |
| 4000 | <b>Operating revenue (Notes 6(q) and (v))</b>  | \$ 13,241,365 | 100      | 23,785,809    | 100      |
| 5000 | <b>Operating costs (Note 6(e))</b>   | 9,595,988     | 72       | 16,707,175    | 70       |
|      | <b>Gross profit from operations</b>  | 3,645,377     | 28       | 7,078,634     | 30       |
| 5920 | Add:Realized profit (loss) on from sales   | 39,533        | -        | 40,101        | -        |
|      |  | 3,684,910     | 28       | 7,118,735     | 30       |
|      | <b>Operating expenses:</b>   |               |          |               |          |
| 6100 | Selling expenses (Note 7)  | 592,902       | 5        | 942,879       | 4        |
| 6200 | Administrative expenses  | 794,884       | 6        | 1,455,745     | 6        |
|      |  | 1,387,786     | 11       | 2,398,624     | 10       |
|      | <b>Net operating income</b>  | 2,297,124     | 17       | 4,720,111     | 20       |
|      | <b>Non-operating income and expenses:</b>  |               |          |               |          |
| 7100 | Total interest income (Note 6(x))  | 105,926       | 1        | 29,877        | -        |
| 7010 | Other income (Notes (x) and 7)   | 96,654        | 1        | 87,906        | -        |
| 7020 | Other gains and losses, net (Note 6(x))  | 137,975       | 1        | (22,390)      | -        |
| 7050 | Finance costs, net (Note 6(x))   | (842,113)     | (6)      | (697,231)     | (3)      |
| 7070 | Share of profit (loss) of associates and joint ventures accounted for using equity method, net (Note 6(f))   | 842,311       | 6        | 391,009       | 2        |
|      | <b>Total non-operating income and expenses</b>   | 340,753       | 3        | (210,829)     | (1)      |
|      | <b>Profit from continuing operations before tax</b>  | 2,637,877     | 20       | 4,509,282     | 19       |
| 7950 | Less: Income tax expenses(Note 6(s))   | 200,505       | 2        | 768,284       | 3        |
|      | <b>Profit</b>  | 2,437,372     | 18       | 3,740,998     | 16       |
| 8300 | <b>Other comprehensive income:</b>   |               |          |               |          |
| 8310 | <b>Components of other comprehensive income that will not be reclassified to profit or loss</b>  |               |          |               |          |
| 8311 | Gains on remeasurements of defined benefit plans (Note 6(r))   | 5,294         | -        | 2,417         | -        |
| 8316 | Unrealized gains from investments in equity instruments measured at fair value through other comprehensive income  | -             | -        | 2,814         | -        |
| 8330 | Share of other comprehensive income of subsidiaries, associates and joint ventures accounted for using equity method, components of other comprehensive income that will not be reclassified to profit or loss | 473           | -        | (659)         | -        |
| 8349 | Income tax related to components of other comprehensive income that will not be reclassified to profit or loss   | -             | -        | -             | -        |
|      | Components of other comprehensive income that will not be reclassified to profit or loss   | 5,767         | -        | 4,572         | -        |
| 8360 | <b>Components of other comprehensive income that will be reclassified to profit or loss</b>  |               |          |               |          |
| 8361 | Exchange differences on translation of foreign financial statements  | (54)          | -        | 47            | -        |
| 8399 | Income tax related to components of other comprehensive income that will be reclassified to profit or loss   | -             | -        | -             | -        |
|      | Components of other comprehensive income that will be reclassified to profit or loss   | (54)          | -        | 47            | -        |
| 8300 | <b>Other comprehensive income</b>  | 5,713         | -        | 4,619         | -        |
|      | <b>Total comprehensive income</b>  | \$ 2,443,085  | 18       | 3,745,617     | 16       |
|      | <b>Earnings per share (Note 6(u))</b>  |               |          |               |          |
|      | Basic earnings per share   | \$ 1.33       |          | 2.08          |          |
|      | Diluted earnings per share   | \$ 1.33       |          | 2.05          |          |

See accompanying notes to parent company only financial statements.

(English Translation of Parent Company Only Financial Statements Originally Issued in Chinese)

**HIGHWEALTH CONSTRUCTION CORP.**

**Statements of Changes in Equity**

**For the years ended December 31, 2023 and 2022**

**(Expressed in Thousands of New Taiwan Dollar)**

|   | Share capital | Retained earnings |               |                                  |                         | Total other equity interest   |   |                             |                |              |
|---|---------------|-------------------|---------------|----------------------------------|-------------------------|---|---|-----------------------------|----------------|--------------|
|   |               |                   |               |                                  |                         | Exchange differences on translation of foreign financial statements | Unrealized gains (losses) on financial assets measured at fair value through other comprehensive income | Total other equity interest | Treasury stock | Total equity |
|   | Common stock  | Capital surplus   | Legal reserve | Unappropriated retained earnings | Total retained earnings |   |   |                             |                |              |
| Balance on January 1, 2022  | \$ 13,927,531 | 3,609,808         | 7,552,326     | 16,069,240                       | 23,621,566              | 221   | 538,526   | 538,747                     | (973,783)      | 40,723,869   |
| Profit (loss)   | -             | -                 | -             | 3,740,998                        | 3,740,998               | -   | -   | -                           | -              | 3,740,998    |
| Other comprehensive income  | -             | -                 | -             | 1,758                            | 1,758                   | 47  | 2,814   | 2,861                       | -              | 4,619        |
| Total comprehensive income  | -             | -                 | -             | 3,742,756                        | 3,742,756               | 47  | 2,814   | 2,861                       | -              | 3,745,617    |
| Appropriation and distribution of retained earnings in 2021:  |               |                   |               |                                  |                         |   |   |                             |                |              |
| Legal reserve appropriated  | -             | -                 | 811,425       | (811,425)                        | -                       | -   | -   | -                           | -              | -            |
| Cash dividends of ordinary share  | -             | -                 | -             | (6,171,566)                      | (6,171,566)             | -   | -   | -                           | -              | (6,171,566)  |
| Stock dividends of ordinary share   | 1,542,891     | -                 | -             | (1,542,891)                      | (1,542,891)             | -   | -   | -                           | -              | -            |
| Conversion of convertible bonds   | 1,676,319     | 4,674,723         | -             | -                                | -                       | -   | -   | -                           | -              | 6,351,042    |
| Adjustments of capital surplus for company's cash dividends received by subsidiaries                      | -             | 117,460           | -             | -                                | -                       | -   | -   | -                           | -              | 117,460      |
| Difference between consideration and carrying amount of subsidiaries acquired or disposed                 | -             | -                 | -             | (185,081)                        | (185,081)               | -   | -   | -                           | -              | (185,081)    |
| Changes in ownership interests in subsidiaries  | -             | 817               | -             | -                                | -                       | -   | -   | -                           | (3,437)        | (2,620)      |
| Other changes in capital surplus  | -             | 5,386             | -             | -                                | -                       | -   | -   | -                           | -              | 5,386        |
| Disposal of investments in equity instruments designated at fair value through other comprehensive income | -             | -                 | -             | 541,340                          | 541,340                 | -   | (541,340)   | (541,340)                   | -              | -            |
| Balance on December 31, 2022  | 17,146,741    | 8,408,194         | 8,363,751     | 11,642,373                       | 20,006,124              | 268   | -   | 268                         | (977,220)      | 44,584,107   |
| Profit (loss)   | -             | -                 | -             | 2,437,372                        | 2,437,372               | -   | -   | -                           | -              | 2,437,372    |
| Other comprehensive income  | -             | -                 | -             | 5,767                            | 5,767                   | (54)  | -   | (54)                        | -              | 5,713        |
| Total comprehensive income  | -             | -                 | -             | 2,443,139                        | 2,443,139               | (54)  | -   | (54)                        | -              | 2,443,085    |
| Appropriation and distribution of retained earnings in 2022:  |               |                   |               |                                  |                         |   |   |                             |                |              |
| Legal reserve appropriated  | -             | -                 | 409,901       | (409,901)                        | -                       | -   | -   | -                           | -              | -            |
| Cash dividends of ordinary share  | -             | -                 | -             | (847,337)                        | (847,337)               | -   | -   | -                           | -              | (847,337)    |
| Stock dividends of ordinary share   | 1,694,674     | -                 | -             | (1,694,674)                      | (1,694,674)             | -   | -   | -                           | -              | -            |
| Acquisition of company's share by subsidiaries recognized as treasury share                               | -             | -                 | -             | -                                | -                       | -   | -   | -                           | (942)          | (942)        |
| Adjustments of capital surplus for company's cash dividends received by subsidiaries                      | -             | 10,070            | -             | -                                | -                       | -   | -   | -                           | -              | 10,070       |
| Difference between consideration and carrying amount of subsidiaries acquired or disposed                 | -             | 419,416           | -             | (39,015)                         | (39,015)                | -   | -   | -                           | -              | 380,401      |
| Changes in ownership interests in subsidiaries  | -             | (1,102)           | -             | -                                | -                       | -   | -   | -                           | 6,286          | 5,184        |
| Balance at December 31, 2023  | \$ 18,841,415 | 8,836,578         | 8,773,652     | 11,094,585                       | 19,868,237              | 214   | -   | 214                         | (971,876)      | 46,574,568   |

(English Translation of Parent Company Only Financial Statements Originally Issued in Chinese)  
**HIGHWEALTH CONSTRUCTION CORP.**

**Statements of Cash Flows**

**For the years ended December 31, 2023 and 2022**

**(Expressed in Thousands of New Taiwan Dollar)**

|  | <u>2023</u>        | <u>2022</u>      |
|--|--------------------|------------------|
| <b>Cash flows from (used in) operating activities:</b>   |                    |                  |
| <b>Profit before tax</b>   | \$ 2,637,877       | 4,509,282        |
| <b>Adjustments:</b>  |                    |                  |
| <b>Adjustments to reconcile profit (loss):</b>   |                    |                  |
| Depreciation expense   | 112,303            | 108,681          |
| Amortization expense   | 7,780              | 6,065            |
| Expected credit gain   | (1,672)            | -                |
| Net (gain) loss on financial assets or liabilities at fair value through profit or loss          | (62,658)           | 7,617            |
| Interest expense   | 842,113            | 697,231          |
| Interest income  | (105,926)          | (29,877)         |
| Dividend income  | (9,961)            | (26,882)         |
| Share of profit of subsidiaries, associates and joint ventures accounted for using equity method | (842,311)          | (391,009)        |
| Gain on disposal of property, plant and equipment  | -                  | (22,378)         |
| (Gain) loss on disposal of investment properties   | (77,992)           | 54               |
| Realized profit on from sales  | (39,533)           | (40,101)         |
| Others   | -                  | 554,272          |
| <b>Total adjustments to reconcile profit (loss)</b>  | <u>(177,857)</u>   | <u>863,673</u>   |
| <b>Changes in operating assets and liabilities:</b>  |                    |                  |
| <b>Changes in operating assets:</b>  |                    |                  |
| Decrease (increase) in notes receivable  | 642,378            | (85,982)         |
| Decrease in accounts receivable  | 20,953             | 49,848           |
| (Increase) decrease in inventories   | (3,318,054)        | 2,980,594        |
| Decrease in other non-current assets   | 15,185             | 5,991            |
| Increase in prepayments  | (337,873)          | (171,249)        |
| (Increase) decrease in other current assets  | (27,926)           | 115,696          |
| Increase in other financial assets   | (139,217)          | (468,328)        |
| Increase in incremental costs to obtaining a contract  | (250,638)          | (26,529)         |
| <b>Total changes in operating assets</b>   | <u>(3,395,192)</u> | <u>2,400,041</u> |
| <b>Changes in operating liabilities:</b>   |                    |                  |
| Increase in contract liabilities   | 1,805,746          | 610,602          |
| (Decrease) increase in notes payable   | (1,143)            | 353              |
| Increase (decrease) in accounts payable (include related parties)                                | 423,973            | (207,954)        |
| Decrease in other payable  | (359,617)          | (436,370)        |
| (Decrease) increase in other financial liabilities   | (157)              | 97,894           |
| Increase (decrease) in other current liabilities   | 20,416             | (176,812)        |
| (Decrease) increase in net defined benefit liability   | (226)              | 2                |
| <b>Total changes in operating liabilities</b>  | <u>1,888,992</u>   | <u>(112,285)</u> |
| <b>Total changes in operating assets and liabilities</b>   | <u>(1,506,200)</u> | <u>2,287,756</u> |
| <b>Total adjustments</b>   | <u>(1,684,057)</u> | <u>3,151,429</u> |
| Cash inflow generated from operations  | 953,820            | 7,660,711        |
| Income taxes paid  | (761,580)          | (937,934)        |
| <b>Net cash flows from (used in) operating activities</b>  | <u>192,240</u>     | <u>6,722,777</u> |

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**Statements of Cash Flows (CONT'D)**

**For the years ended December 31, 2023 and 2022**

**(Expressed in Thousands of New Taiwan Dollar)**

|  | <b>2023</b>         | <b>2022</b>        |
|--|---------------------|--------------------|
| <b>Cash flows from (used in) investing activities:</b>                           |                     |                    |
| Acquisition of investments accounted for using equity method                     | -                   | (3,456,844)        |
| Proceeds from disposal of investments accounted for using equity method          | 282,734             | -                  |
| Proceeds from capital reduction of investments accounted for using equity method | -                   | 18,000             |
| Acquisition of property, plant and equipment                                     | (2,938)             | (8,850)            |
| Proceeds from disposal of property, plant and equipment                          | -                   | 50,220             |
| Acquisition of intangible assets   | (8,620)             | (7,371)            |
| Acquisition of investment properties   | (746,702)           | (1,088,898)        |
| Proceeds from disposal of investment properties                                  | 120,715             | -                  |
| Increase in other non-current assets   | (1,146)             | (59,976)           |
| Interest received  | 105,967             | 29,212             |
| Dividends received   | 58,477              | 110,428            |
| <b>Net cash flows from (used in) investing activities</b>                        | <b>(191,513)</b>    | <b>(4,414,079)</b> |
| <b>Cash flows from (used in) financing activities:</b>                           |                     |                    |
| Increase in short-term loans   | 11,209,330          | 15,197,950         |
| Decrease in short-term loans   | (10,944,269)        | (10,947,560)       |
| Decrease in short-term notes and bills payable                                   | (372,170)           | (1,673,249)        |
| Proceeds from issuing bonds  | 1,450,000           | 2,000,000          |
| Repayments of bonds  | (2,500,000)         | (13,540)           |
| Proceeds from long-term debt   | 2,048,000           | 2,042,000          |
| Repayments of long-term debt   | (120,970)           | (552,228)          |
| Payment of lease liabilities   | (41,229)            | (37,222)           |
| Cash dividends paid  | (847,337)           | (6,171,566)        |
| Interest paid  | (2,270,962)         | (1,806,280)        |
| Other financing activities   | 1,555,464           | 613,751            |
| <b>Net cash flows from (used in) financing activities</b>                        | <b>(834,143)</b>    | <b>(1,347,944)</b> |
| <b>Net increase in cash and cash equivalents</b>                                 | <b>(833,416)</b>    | <b>960,754</b>     |
| <b>Cash and cash equivalents at beginning of the year</b>                        | <b>8,448,964</b>    | <b>7,488,210</b>   |
| <b>Cash and cash equivalents at end of the year</b>                              | <b>\$ 7,615,548</b> | <b>8,448,964</b>   |

(English Translation of Parent Company Only Financial Statements Originally Issued in Chinese)  
**HIGHWEALTH CONSTRUCTION CORP.**

**Notes to the Parent Company only Financial Statements**

**For the years ended December 31, 2023 and 2022**

**(Expressed in Thousands of New Taiwan Dollar, Unless Otherwise Specified)**

**(1) Company history**

HIGHWEALTH CONSTRUCTION CORP. (the “Company”) was incorporated in January 1980 as a company limited by shares under the company Act of the Republic of China. The Company registered address is 10F, No.267, Lequn 2nd Rd., Zhongshan Dist., Taipei City 104, Taiwan (R.O.C.) The Company primarily engages in the business of construction, sales, and leasing of residual and commercial buildings. Please refer to the financial statements for the Company’s main business activities.

**(2) Approval date and procedures of the financial statements:**

The parent company only financial statements were authorized for issuance by the Board of Directors on March 14, 2024.

**(3) New standards, amendments and interpretations adopted:**

- (a) The impact of the International Financial Reporting Standards (“IFRSs”) endorsed by the Financial Supervisory Commission, R.O.C. which have already been adopted.

The Company has initially adopted the following new amendments, which do not have a significant impact on its financial statements, from January 1, 2023:

- 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 has initially adopted the following new amendment, which do not have a significant impact on its financial statements, from May 23, 2023:

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

- (b) The impact of IFRS issued by the FSC but not yet effective

The Company assesses that the adoption of the following new amendments, effective for annual period beginning on January 1, 2024, would not have a significant impact on its 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”

**HIGHWEALTH CONSTRUCTION CORP.**  
**Notes to the Parent Company only Financial Statements**

- (c) The impact of IFRS issued by IASB but not yet endorsed by the FSC

The Company does not expect the following new and amended standards, which have yet to be endorsed by the FSC, to have a significant impact on its financial statements:

- Amendments to IFRS 10 and IAS 28 “Sale or Contribution of Assets Between an Investor and Its Associate or Joint Venture”
- IFRS 17 “Insurance Contracts” and amendments to IFRS 17 “Insurance Contracts”
- Amendments to IAS21 “Lack of Exchangeability”

**(4) Summary of material accounting policies:**

The significant accounting policies presented in the parent company only financial statements are summarized as below. Except for those specifically indicated, the following accounting policies were applied consistently throughout the periods presented in the parent company only financial statements.

- (a) Statement of compliance

These parent company only financial statements have been prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers (hereinafter referred to as “the Regulations”).

- (b) Basis of preparation

- (i) Basis of preparation

The parent company only financial statements have been prepared on the historical cost basis except for the following significant accounts.

- 1) Financial asset measured at fair value through profit or loss are measured at fair value;
- 2) Financial instruments measured at fair value through other comprehensive income are measured at fair value;
- 3) The defined benefit liability (asset) is recognized as the fair value of the plan asset less the present value of defined benefit obligation and the upper limit impact mentioned in note 4(o).

- (ii) 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 Company’s parent company only financial statements are presented in New Taiwan Dollar, which is the Company’s functional currency. All the financial information presented in NTD has been rounded to the nearest thousand.

**HIGHWEALTH CONSTRUCTION CORP.**  
**Notes to the Parent Company only Financial Statements**

(c) Foreign currencies

(i) Currencies transaction

Transactions in foreign currencies are translated to the respective functional currencies of Company entities at the exchange rates at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies at the reporting date are retranslated to the functional currency at the exchange rate at that date.

Non-monetary assets and liabilities denominated in foreign currencies that are measured at fair value are retranslated to the functional currency at the exchange rate at the date that the fair value was determined. Non-monetary items in a foreign currency that are measured based on historical cost are translated using the exchange rate at the date of the transaction.

Foreign currency differences arising on retranslation are recognized in profit or loss, except for those differences relating to the following, which are recognized in other comprehensive income:

- 1) Fair value through other comprehensive income equity investment;
- 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 hedge is effective.

(ii) Foreign operation

The assets and liabilities of foreign operations, including goodwill and fair value adjustments arising on acquisition, are translated to the reporting currency at exchange rates at the reporting date. The income and expenses of foreign operations are translated at the average exchange rate. Translation differences are recognized in other comprehensive income.

When a foreign operation is disposed of such that control, significant influence, or joint control is lost, the cumulative amount in the translation reserve related to that foreign operation is reclassified to profit or loss as part of the gain or loss on disposal. When the Company disposes of only part of its investment in an associate or joint venture that includes a foreign operation while retaining significant influence or joint control, the relevant proportion of the cumulative amount is reclassified to profit or loss.

When the settlement of a monetary receivable from or payable to a foreign operation is neither planned nor likely to occur in the foreseeable future, foreign exchange gains and losses arising from such a monetary item that are considered to form part of the net investment in the foreign operation are recognized in other comprehensive income.

**HIGHWEALTH CONSTRUCTION CORP.**  
**Notes to the Parent Company only Financial Statements**

(d) Current and non-current distinction

An asset is classified as current when

- (i) The Company expects to realize the asset, or intends to sell or consume it, in its normal operating cycle;
- (ii) The Company holds the asset primarily for the purpose of trading;
- (iii) The Company expects to realize the asset within twelve months after the reporting period;
- (iv) The asset is cash or cash equivalent unless the asset is restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

A liability is classified as current when

- (i) The Company expects to settle the liability in its normal operating cycle;
- (ii) The Company holds the liability primarily for the purpose of trading;
- (iii) The liability is due to be settled within twelve months after the reporting period;
- (iv) The Company does not have an unconditional right to defer settlement of the liability for at least twelve months after the reporting period. 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.

(e) Cash and cash equivalents

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

(f) Financial instruments

Trade receivables and debt securities issued are initially recognized when they are originated. 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 (unless it is a trade receivable without a significant financing component) or financial liability is initially measured at fair value plus, for an item not at fair value through profit or loss (FVTPL), transaction costs that are directly attributable to its acquisition or issue. A trade receivable without a significant financing component is initially measured at the transaction price.

**HIGHWEALTH CONSTRUCTION CORP.**  
**Notes to the Parent Company only Financial Statements**

(i) Financial assets

All regular way purchases or sales of financial assets are recognized and derecognized on a trade date basis.

On initial recognition, a financial asset is classified as measured at: amortized cost, fair value through other comprehensive income (FVOCI) – equity investment, or fair value through profit or loss (FVTPL). Financial assets are not reclassified subsequent to their initial recognition unless the Company changes its business model for managing financial assets, in which case all affected financial assets are reclassified 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 :

- It is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- Its contractual terms 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) Fair value through other comprehensive income (FVOCI)

A debt investment is measured at FVOCI if it meets both of the following conditions and is not designated as at FVTPL

- It is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets
- Its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding

Debt investments at FVOCI are subsequently measured at fair value. Interest income calculated using the effective interest method, foreign exchange gains and losses and impairment are recognized in profit or loss. Other net gains and losses are recognized in other comprehensive income. On derecognition, gains and losses accumulated in other comprehensive income are reclassified to profit or loss.

Equity investments at FVOCI are subsequently measured at fair value. Dividends are recognized as income in profit or loss unless the dividend clearly represents a recovery of part of the cost of the investment. Other net gains and losses are recognized in other comprehensive income and are never reclassified to profit or loss.

**HIGHWEALTH CONSTRUCTION CORP.**  
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Dividend income is recognized in profit or loss on the date on which the Company's right to receive payment is established., which in the case of quoted securities is normally company the ex-dividend date.

3) Fair value through profit or loss (FVTPL)

All financial assets not classified as measured at amortized cost or FVOCI described as above (e.g. financial assets held for trading and those that are managed and whose performance is evaluated on a fair value basis) 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.

Financial assets in this category are measured at fair value at initial recognition. Attributable transaction costs are recognized in profit or loss as incurred. Subsequent changes that are measured at fair value, consider account any dividend and interest income, are recognized in profit or loss.

4) Impairment of financial assets

The Company recognizes loss allowances for expected credit losses ("ECL") on financial assets measured at amortized cost (including cash and cash equivalents, amortized costs, notes and accounts receivable, other receivable, guarantee deposit paid and other financial assets), debt investments measured at FVOCI, accounts receivable measured at FVOCI and contract assets.

The Company measures loss allowances at an amount equal to lifetime expected credit loss (ECL), except for the following which are measured as 12-month ECL:

- 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 accounts 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 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.

## **HIGHWEALTH CONSTRUCTION CORP.**

### **Notes to the Parent Company only Financial Statements**

The Company considers a debt security to have low credit risk when its credit risk rating is equivalent to the globally understood definition of ‘ investment grade which is considered to be BBB- or higher per Standard & Poor’s, Baa3 or higher per Moody’s or twA or higher per Taiwan Ratings.

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 maximum period considered when estimating ECLs is the maximum contractual period over 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.

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. An evidence that a financial asset 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 90 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 assets. For debt securities at FVOCI, the loss allowance is charged to profit or loss and its recognized in other comprehensive income instead of reducing the carrying amount of the asset.

**HIGHWEALTH CONSTRUCTION CORP.**  
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The gross carrying amount of a financial asset is written off either partially or in full to the extent that there is no realistic prospect of recovery. The Company individually makes an assessment with respect to the timing and amount of write-off based on whether there is a reasonable expectation of recovery. The Company expects no significant recovery from the amount written off. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Company's procedure for recovery of amounts due.

5) Derecognition of financial assets

Financial assets are derecognized when the contractual rights to the cash flows from the assets expire, or when the Company transfers substantially all the risks and rewards of ownership of the financial assets, 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 transfers assets recognized in its statement of balance sheet but retains either all or substantially all of the risks and rewards of the transferred assets. In these cases, the transferred assets are not derecognized.

(ii) Financial liabilities and equity instruments

1) Classification of debt or equity instruments

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

2) Equity instruments

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

3) Treasury shares

When shares recognized as equity are repurchased, the amount of the consideration paid, which includes directly attributable costs, is recognized as a deduction from equity. Repurchased shares are classified as treasury shares. When treasury shares are sold or reissued subsequently, the amount received is recognized as an increase in equity, and the resulting surplus or deficit on the transaction is recognized in capital surplus or retained earnings (if the capital surplus is not sufficient to be written down).

4) Compound financial instruments

Compound financial instruments issued by the Company comprise convertible bonds denominated in NTD that can be converted to ordinary shares at the option of the holder, when the number of shares to be issued is fixed and does not vary with changes in fair value.

**HIGHWEALTH CONSTRUCTION CORP.**  
**Notes to the Parent Company only Financial Statements**

The liability component of compound financial instruments is initially recognized at the fair value of a similar liability that does not have an equity conversion option. The equity component is initially recognized at the difference between the fair value of the compound financial instrument as a whole and the fair value of the liability component. Any directly attributable transaction costs are allocated to the liability and equity components in proportion to their initial carrying amounts.

Subsequent to initial recognition, the liability component of a compound financial instrument is measured at amortized cost using the effective interest method. The equity component of a compound financial instrument is not remeasured.

Interest related to the financial liability is recognized in profit or loss. On conversion at maturity, the financial liability is reclassified to equity and no gain or loss is recognized.

5) 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.

6) Derecognition of financial liabilities

The Company derecognizes a financial liability when its contractual obligations are discharged or cancelled or expire. The Company also derecognizes a financial liability when its 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 extinguished and the consideration paid (including any non-cash assets transferred, or liabilities assumed) is recognized in profit or loss.

7) 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 offset the amounts and it intends either to settle them on a net basis or to realize the asset and settle the liability simultaneously.

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**Notes to the Parent Company only Financial Statements**

(g) Inventories

(i) Construction industry

Inventories are measured at the lower of cost and net realizable value. The cost of inventories is calculated using the weighted average method, and includes expenditure incurred in acquiring the inventories, production or conversion costs, and other costs incurred in bringing them to their existing location and condition, and capitalization of interest.

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

1) Construction site

Net realizable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and selling expenses, or estimated by recent market value (development analytical method or comparison method).

2) Construction in progress

Net realizable value is the estimated selling price (prevailing market condition) in the ordinary course of business, less the estimated costs and selling expenses needed to complete.

3) Real estate for sales

Net realizable value is the estimated selling price (refer to the market condition estimated by authority) in the ordinary course of business, less the estimated selling cost and expenses need to sell the real estate.

(h) Investing subsidiaries

In preparing the parent company only financial statements of the Company, investee company that controlled by the Company is accounted for under the equity method. Under equity method, profit for the year and other comprehensive income for the year reported in an entity's Parent Company only financial statement of comprehensive income, shall equal to profit for the year and other comprehensive income' attributable to owners of the parent reported in that entity's consolidated statement of comprehensive income. Total equity reported in an entity's Parent Company only financial statements shall equal to equity attributable to owners of parent reported in that entity's consolidated financial statements.

The Company's changes in equity interests in subsidiaries that did not lead to loss of control, deemed as equity transactions between owners.

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(i) 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, use in the production or supply of goods or services, or for administrative purposes. Investment property is initially recognized at cost and then subsequently measured at cost again. The depreciation expense is appropriated in accordance with the depreciable amount after the initial recognition. The depreciation methods, useful lives, and residual values of investment property are same as the practice of the 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.

(j) Property, plant and equipment

(i) Recognition and measurement

Items of property, plant and equipment are measured at cost, which includes capitalized borrowing costs, less accumulated depreciation and any accumulated impairment losses.

If significant parts of an item 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.

(ii) Subsequent expenditure

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

(iii) Depreciation

Depreciation is calculated on the cost of an asset less its residual value and is recognized in profit or loss on a straight-line basis over the estimated useful lives of each component of an item of property, plant and equipment.

Land is not depreciated.

The estimated useful lives of property, plant and equipment for the current and comparative periods are as follows:

|   |              |
|---|--------------|
| 1) Buildings                                  | 3 ~ 50 years |
| 2) Transportation equipment                   | 5 years      |
| 3) Office equipment                           | 3 years      |
| 4) Other equipment and leasehold improvements | 3 ~ 10 years |

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

(iv) Reclassification to 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.

(k) Lease

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 in exchange for consideration.

(i) As a 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 lives 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 for certain remeasurements of the lease liability.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be reliably determined, the Company's incremental borrowing rate. Generally, the Company uses its incremental borrowing rate as the discount rate.

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

- 1) 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) Amounts expected to be payable under a residual value guarantee; and
- 4) Payments for purchase or termination options that are reasonably certain to be exercised.

The lease liability is subsequently 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; or
- 2) There is a change in the Company's estimate of the amount expected to be payable under a residual value guarantee; or

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- 3) There is a change of its assessment on whether it will exercise a purchase, extension or termination option; or
- 4) There is a change of its assessment on lease period on whether it will exercise an extension or termination option; or
- 5) There are any lease modifications

When the lease liability is remeasured, other than lease modifications, 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.

If an arrangement contains lease and non-lease components, the Company allocates the consideration in the contract to each lease component basis on their relative stand-alone prices. However, for the leases of land and buildings in which it is a lessee, the Company has elected not to separate non-lease components and account for the lease and non-lease components as a single lease component.

When the lease liability is remeasured to reflect the partial or full termination of the lease for lease modifications that decrease the scope of the lease, the Company accounts for the remeasurement of the lease liability by decreasing the carrying amount of the right-of-use asset to reflect the partial or full termination of the lease, and recognize in profit or loss any gain or loss relating to the partial or full termination of the lease.

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.

The Company has elected not to recognize right-of-use assets and lease liabilities for short-term leases of office equipment and lease of low-value assets, The Company recognizes the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

For sale-and-leaseback transactions, the Company applies the requirements for determining when a performance obligation is satisfied in IFRS15 to determine whether the transfer of an asset is accounted for as a sale of the asset. If the transfer of an asset satisfies the requirement of IFRS15 to be accounted for as a sale of the asset, the Company derecognizes the transferred asset, then measures the right-of-use asset arising from the leaseback at the proportion of the previous carrying amount of the asset that relates to the right of use retained. Accordingly, the Company recognizes only the amount of any gain or loss that relates to the rights transferred to the buyer-lessor. For leaseback transaction, the Company applies the lessee accounting policy. If the transfer of an asset does not satisfy the requirement of IFRS15 to be accounted for as a sale of the asset, the Company continues to recognize the transferred asset and recognizes the financial liability equal to the transfer proceeds.

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(ii) As a 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. As part of this assessment, the Company considers certain indicators such as whether the lease is for the major part of the economic life of the asset.

When the Company is an intermediate lessor, it accounts for its interests in the head lease and the sub-lease separately. It assesses the lease classification of a sub-lease with reference to the right-of-use asset arising from the head lease, not with reference to the underlying asset. If a head lease is a short-term lease to which the Company applies the exemption described above, then it classifies the sub-lease as an operating lease.

If an arrangement contains lease and non-lease components, the Company applies IFRS15 to allocate the consideration in the contract.

The Company recognizes a finance lease receivable at an amount equal to its net investment in the lease. Initial direct costs incurred in negotiating and arranging on operating lease is added to the net investment of the lease asset. The lessor recognizes the interest income over the lease term based on a pattern reflecting a constant periodic rate of return on the lessor's net investment in the lease. The Company recognizes lease payments received under operating leases as income on a straight-line basis over the lease term as part of 'other income'.

(l) Intangible assets

(i) Recognition and measurement

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

Expenditure on research activities is recognized in profit or loss as incurred.

Development expenditure is capitalized only if the expenditure can be measured reliably, the product or process is technically and commercially feasible, future economic benefits are probable and the Company intends to, and has sufficient resources to, complete development and to use or sell the asset. Otherwise, it is recognized in profit or loss as incurred. Subsequent to initial recognition, development expenditure is measured at cost, less accumulated amortization and any accumulated impairment losses.

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.

(ii) Subsequent expenditure

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

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(iii) 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 current and comparative periods are as follows:

|                   |             |
|-------------------|-------------|
| Computer software | 1 ~ 3 years |
|-------------------|-------------|

Amortization methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate.

(m) Impairment of non-financial assets

At each reporting date, the Company reviews the carrying amounts of its non-financial assets (other than inventories, contract assets and 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.

An impairment loss in respect of goodwill is not reversed. For other assets, 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.

(n) Revenue

(i) Revenue from contracts with customers

Revenue is measured based on the consideration to which the Company expects to be entitled in exchange for transferring goods or services to a customer. The Company recognizes revenue when it satisfies a performance obligation by transferring control of a good or a service to a customer. The accounting policies for the Company's main types of revenue are explained below.

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1) Land development and sale of real estate

The Company develops and sells residential properties and usually sales properties in advance during construction or before construction begins. Revenue is recognized when control over the properties has been transferred to the customer. The properties have generally no alternative use for the Company due to contractual restrictions. However, an enforceable right to payment does not arise until legal title of a property has passed to the customer. Therefore, revenue is recognized at a point in time when the legal title has passed to the customer.

The revenue is measured at the transaction price agreed under the contract. For sale of readily available house, in most cases, the consideration is due when legal title of a property has been transferred. While deferred payment terms may be agreed in rare circumstances, the deferral never exceeds twelve months. The transaction price is therefore not adjusted for the effects of a significant financing component. For pre-selling properties, the consideration is usually received by installment during the period from contract inception until the transfer of properties to the customer. If the contract includes a significant financing component, the transaction price will be adjusted for the effects of the time value of money during the period, using the specific borrowing rate of the construction project.

2) Financing components

The Company assesses whether the financial factors are significant at the contract level in accordance with IFRS15 Application Guidance - The Real Estate Industry, wherein the calculation can be made on a case-by-case basis. After the Company has taken into account the industry characteristics and market borrowing rates, it determines that the financial factors are considered material when they account for more than 5% of the total contract price.

The Company expects that (i) the financing components are not substantiative to individual contract or (ii) the period between the transfer of the promised goods or services to the customer and payment by the customer does not exceed one year. As a consequence, the Company does not adjust any of the transaction prices for the time value of money.

(ii) Contract costs-incremental costs of obtaining a contract

The Company recognizes as an asset the incremental costs of obtaining a contract with a customer if the Company expects to recover those costs. The incremental costs of obtaining a contract are those costs that the Company incurs to obtain a contract with a customer that it would not have incurred if the contract had not been obtained. Costs to obtain a contract that would have been incurred regardless of whether the contract was obtained shall be recognized as an expense when incurred, unless those costs are explicitly chargeable to the customer regardless of whether the contract is obtained.

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(o) Employee benefits

(i) Defined contribution plans

Obligations for contributions to defined contribution plans are expensed as the related service is provided in the periods during which services are rendered by employees.

(ii) Defined benefit plans

The Company's net obligation in respect of defined benefit plans is calculated separately for each the plan by estimating the amount of future benefit that employees have earned in the current and prior periods, discounting that amount and deducting the fair value of any plan assets.

The calculation of defined benefit obligations is performed annually by a qualified actuary using the projected unit credit method. When the calculation results in a potential asset for the Company, the recognized asset is limited to the present value of economic benefits available in the form of any future refunds from the plan or reductions in future contributions to the plan. To calculate the present value of economic benefits, consideration is given to any applicable minimum funding requirements.

Remeasurements of the net defined benefit liability, which comprise actuarial gains and losses, the return on plan assets (excluding interest) and the effect of the asset ceiling (if any, excluding interest), are recognized immediately in other comprehensive income, and accumulated in retained earnings within equity. The Company determines the net interest expense (income) on the net defined benefit liability (asset) for the period by applying the discount rate used to measure the defined benefit obligation at the beginning of the annual period to the then-net defined benefit liability (asset). Net interest expense and other expenses related to defined benefit plans are recognized in profit or loss.

When the benefits of a plan are changed or when a plan is curtailed, the resulting change in benefit that relates to past service or the gain or loss on curtailment is recognized immediately in profit or loss. The Company recognizes gains and losses on the settlement of a defined benefit plan when the settlement occurs.

(iii) Short-term employee benefits

Short-term employee benefits are expensed as the related service is provided. A liability is recognized for the amount expected to be paid if the Company has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

(p) Income Taxes

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

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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. It is measured using tax rates enacted or substantively enacted at the reporting date.

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 not recognized for the following:

- (i) Temporary differences on the initial recognition of assets and liabilities in a transaction that is not a business combination and that at the time of the transaction (i) affects neither accounting nor taxable profits (losses) and (ii) does not give rise to equal taxable and deductible temporary differences
- (ii) Temporary differences related to investments in subsidiaries, associates and joint arrangements to the extent that the Company is able to control the timing of the reversal of the temporary differences and it is probable that they will not reverse in the foreseeable future; and
- (iii) Taxable temporary differences arising on the initial recognition of goodwill.

A deferred tax asset is recognized for unused tax losses available for carry-forward, unused tax credits and deductible temporary differences to the extent that it is probable that future taxable profit will be available against which the unused tax losses, unused tax credits and deductible temporary differences can be utilized. Such unused tax losses, unused tax credits and deductible temporary differences are also re-evaluated every year on the financial reporting date, and adjusted based on the probability that future taxable profit will be available against which the unused tax losses, unused tax credits and deductible temporary differences can be utilized.

Deferred taxes are measured at tax rates that are expected to be applied to temporary differences when they reverse, 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:

- (i) If the entity has the legal right to settle tax assets and liabilities on a net basis; and
- (ii) The taxing of deferred tax assets and liabilities fulfill one of the below scenarios:
  - 1) Levied by the same taxing authority; or
  - 2) Levied by different taxing authorities, but where each such authority intend to settle tax assets and liabilities (where such amounts are significant) on a net basis every year of the period of expected asset realization or debt liquidation; or where the timing of asset realization and debt liquidation is matched.

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(q) Earnings per share

The Company disclose the Company's basic and diluted earnings per share attributable to ordinary shareholders 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, such as remuneration of employees and employee stock options.

(r) Operating segments

Please refer to the consolidated financial report of Highwealth Construcion Corp. for the years ended December 31, 2023 and 2022 for operating segments information.

**(5) Significant accounting assumptions and judgments, and major sources of estimation uncertainty:**

In preparing theseparent company only financial statements in conformity with the Regulations Governing the Preparation of Financial Reports by securities, Issuers, the Regulations and the IFRSs endorsed by the FSC, requires management has made 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.

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 following period.

Information for the assumptions of uncertainty and the estimation having significant risks that will result in significant adjustments in the following year is as follows:

(a) Valuation of inventories

Inventories are measured at the lower of cost and net realizable value. The Company's evaluate the selling price in the market is below the cost, and write off the cost of inventory to net realizable value. The estimation of net realizable value is based on current market conditions. Please refer note 6(e) for inventory valuation.

The Company's accounting policies and disclosures included financial and non-financial assets and liabilities measured at fair value. The Company's financial instrument valuation group conducts independent verification on fair value by using data sources that are independent, reliable, and representative of exercise prices. This financial instrument valuation group also periodically adjusts valuation models, conducts back testing, renews input data for valuation models, and makes all other necessary fair value adjustments to assure the rationality of fair value. The fair value measurement of investment property is based on the website of Department of Land Administration and estate agency's website or the close deal in similar district.

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Different levels of the fair value hierarchy to be used in determining the fair value of financial instruments are as follows:

- Level 1: quoted prices (unadjusted) in active markets for identifiable assets or liabilities.
- 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).
- Level 3: inputs for the assets or liabilities that are not based on observable market data.

If there is any movement of financial instruments measured at fair value between Level 1, Level 2 and Level 3, the Company recognizes the movement at the reporting date. Please refer notes as follows:

- (a) Note 6(j) Investment property.
- (b) Note 6(y) Financial instruments.

**(6) Explanation of significant accounts:**

- (a) Cash and cash equivalents

|   | <b>December 31,<br/>2023</b> | <b>December 31,<br/>2022</b> |
|---|------------------------------|------------------------------|
| Bank overdrafts used for cash management purposes | \$ 3,766                     | 3,219                        |
| Demand and time deposits                          | 7,611,782                    | 8,445,745                    |
| Cash and cash equivalent                          | <u><u>\$ 7,615,548</u></u>   | <u><u>8,448,964</u></u>      |

Please refer Note 6(y) for the disclosure of the Company's financial assets and liabilities interest risk and sensitivity analysis.

- (b) Financial assets at fair value through profit or loss

|  | <b>December 31,<br/>2023</b> | <b>December 31,<br/>2022</b> |
|--|------------------------------|------------------------------|
| Mandatorily measured at fair value through profit or loss: |                              |                              |
| Stocks listed on domestic markets                          | <u><u>\$ 327,895</u></u>     | <u><u>265,237</u></u>        |

- (i) For the net gain or loss on fair value on financial instruments at FVTPL, please refer to note 6(x).
- (ii) For credit risk and market risk, please refer to note 6(y).
- (iii) Please refer to note 8 for the financial asset that had been pledged as collateral for bank borrowings for the years ended December 31, 2023 and 2022.

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

|  | <b>December 31,<br/>2023</b> | <b>December 31,<br/>2022</b> |
|--|------------------------------|------------------------------|
| Equity investments at fair value through other comprehensive income: |                              |                              |
| Unlisted Common Share  | \$ <u><b>5,000</b></u>       | <u><b>5,000</b></u>          |

(i) Equity investments at fair value through other comprehensive income

The Company designated the investments shown above as equity investment at fair value through other comprehensive income because these equity securities represent those investments that the Company intends to hold for long-term for strategic purposes and not hold for sale.

During the years ended December 31, 2023 and 2022, the dividends of \$1,000 thousand and zero, respectively, related to equity investments at fair value through other comprehensive income held on the years then ended, were recognized

In 2022, the Company donated financial assets at fair value through other comprehensive income to related parties, please refer to note 7 (b) .The accumulated valuation gains of the aforementioned financial assets of \$541,340 thousand have been transferred from other equity interest to retained earnings.

(ii) For credit risk and market risk, please refer to note 6(y).

(iii) As of December 31, 2023, and 2022, the financial assets at fair value through other comprehensive income of the Company had not been pledged as collateral for long-term borrowings.

(d) Notes and account receivable

|                      | <b>December 31,<br/>2023</b> | <b>December 31,<br/>2022</b> |
|----------------------|------------------------------|------------------------------|
| Note receivables     | \$ 1,389,448                 | 2,031,826                    |
| Accounts receivables | 20,798                       | 41,751                       |
| Less: loss allowance | <u>6,000</u>                 | <u>7,672</u>                 |
|                      | <u><b>\$ 1,404,246</b></u>   | <u><b>2,065,905</b></u>      |

The Company applies the simplified approach to provide for its expected credit losses, i.e. the use of lifetime expected loss provision for all receivables. To measure the expected credit losses, trade receivables have been grouped based on shared credit risk characteristics and the days past due, as well as incorporated forward looking information. The expected credit losses of the note receivables and trade receivables were as followed:

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|                             | <b>December 31, 2023</b>     |                                   |                                 |
|-----------------------------|------------------------------|-----------------------------------|---------------------------------|
|                             | <b>Gross carrying amount</b> | <b>Weighted-average loss rate</b> | <b>Loss allowance Provision</b> |
| Current                     | \$ 1,404,246                 | -                                 | -                               |
| More than 365 days past due | 6,000                        | 100%                              | 6,000                           |
|                             | <b>\$ 1,410,246</b>          |                                   | <b>6,000</b>                    |

|                             | <b>December 31, 2022</b>     |                                   |                                 |
|-----------------------------|------------------------------|-----------------------------------|---------------------------------|
|                             | <b>Gross carrying amount</b> | <b>Weighted-average loss rate</b> | <b>Loss allowance Provision</b> |
| Current                     | \$ 2,065,905                 | -                                 | -                               |
| More than 365 days past due | 7,672                        | 100%                              | 7,672                           |
|                             | <b>\$ 2,073,577</b>          |                                   | <b>7,672</b>                    |

The movement in the allowance for notes and accounts receivable was as follows :

|                            | <b>For the years ended December 31</b> |              |
|----------------------------|--|--------------|
|                            | <b>2023</b>                            | <b>2022</b>  |
| Balance on January 1       | \$ 7,672                               | 7,672        |
| Impairment losses reversed | (1,672)                                | -            |
| Balance on December 31     | <b>\$ 6,000</b>                        | <b>7,672</b> |

As of December 31, 2023 and 2022, note receivables had been pledged as collateral, please refer to note 8.

(e) Inventories

|                                   | <b>December 31, 2023</b> | <b>December 31, 2022</b> |
|-----------------------------------|--------------------------|--------------------------|
| Properties and Land held for sale | \$ 7,401,379             | 9,118,528                |
| Land held for construction sites  | 11,620,906               | 22,221,434               |
| Construction in progress          | 92,614,523               | 75,666,116               |
| Total                             | <b>\$ 111,636,808</b>    | <b>107,006,078</b>       |

For the years ended December 31, 2023 and 2022, the inventory costs recognized as cost of goods sold were \$9,513,791 thousand and \$16,620,619 thousand, respectively, and there were no inventory impairment losses or reversals of inventory write-downs recognized for the years ended December 31, 2023 and 2022.

For the years ended December 31, 2023 and 2022, the Company has changed the usage of partial assets, and reclassified properties and land held for sale to construction in progress and investment property and property, plant and equipment according to definition, please refer to note 6(h) and 6(j).

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For the years ended December 31, 2023 and 2022, construction in progress of the company is calculated using a capitalization rate 2.37% and 1.98%, respectively. For capitalized interest, please refer to note 6(x).

As of December 31, 2023 and 2022, the inventories of the Company had been pledged as collateral for bank borrowings, please refer to note 8.

(f) Investments accounted for using equity method

The components of investments accounted for using the equity method at the reporting date were as follows:

|              | <b>December 31,<br/>2023</b> | <b>December 31,<br/>2022</b> |
|--------------|------------------------------|------------------------------|
| Subsidiaries | <b>\$ 12,846,633</b>         | <b>11,900,907</b>            |

(i) Subsidiaries

Please refer to consolidated financial statement of 2023.

The Board of Directors made a resolution in 2022 to invest in BI JIANG ENTERPRISE CO., LTD., BO-YUAN CONSTRUCTION Co., Ltd., SHING FU FA CONSTRUCTION CO., LTD., WELL RICH INTERNATIONAL CO., LTD. and Ju Feng Hotel Management Consultant Co.,Ltd. with 150,000 thousand shares, 150,000 thousand shares, 25,000 thousand shares, 10,000 thousand shares, and 1,300 thousand shares, respectively. The price per share is \$10.

Resolution was passed during the general meeting of shareholders held in 2023 and 2022 that CHYI YUH CONSTRUCTION CO., LTD. for the issuance at \$1.31 and \$0.94 per share using retained earnings, respectively, with an amount totaling 50,700 thousand and 33,500 thousand shares.

HIGHWEALTH PROPERTY MANAGEMENT CO., LTD. refund of capital reduction by \$18,000 thousand in 2022.

BO-YUAN CONSTRUCTION CO., LTD. resolved to eliminate loss by reducing capital by \$570,000 thousand in 2022.

(ii) Guarantees

As of December 31, 2023 and 2022, the investments accounted for using equity method had been pledged as collateral for bank borrowings, please refer to note 8.

(g) Changes in a parent's ownership interest in a subsidiary

For the year ended December 31, 2023 and 2022, the Company acquired 651 thousand and 3,311 thousand shares of RUN LONG CONSTRUCTION CO., LTD., at the amounts of \$48,580 thousand and \$231,239 thousand, and disposed 6,914 thousand and 0 shares, at the amounts of \$556,931 thousand and \$0 thousand, respectively.

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The effects of the changes in shareholdings were as follows:

|   | <b>For the years ended December 31</b> |                         |
|---|--|-------------------------|
|   | <b>2023</b>                            | <b>2022</b>             |
| Carrying amount of non-controlling interest on acquisition  | \$ 9,565                               | 46,158                  |
| Consideration paid to non-controlling interests   | (48,580)                               | (231,239)               |
| Retained earnings   | <u><b>\$ (39,015)</b></u>              | <u><b>(185,081)</b></u> |
|   |  |                         |
|   | <b>For the years ended December 31</b> |                         |
|   | <b>2023</b>                            | <b>2022</b>             |
| Book value of the non-controlling interests   | \$ (137,515)                           | -                       |
| Consideration transferred from non-controlling interests  | 556,931                                | -                       |
| Capital surplus-differences between the consideration and the carrying amounts of subsidiaries acquired or disposal | <u><b>\$ 419,416</b></u>               | <u><b>-</b></u>         |

(h) Property, plant and equipment

The cost, depreciation, and impairment of the property, plant and equipment of the Company for the years ended December 31, 2023 and 2022, were as follows:

|   | <b>Land</b>              | <b>Buildings and construction</b> | <b>Other equipment</b> | <b>Total</b>          |
|---|--------------------------|-----------------------------------|------------------------|-----------------------|
| <b>Cost or deemed cost:</b>               |                          |                                   |                        |                       |
| Balance on January 1, 2023                | \$ 267,760               | 235,468                           | 55,513                 | 558,741               |
| Additions                                 | -                        | -                                 | 2,938                  | 2,938                 |
| Disposals                                 | -                        | -                                 | (2,608)                | (2,608)               |
| Balance on December 31, 2023              | <u><b>\$ 267,760</b></u> | <u><b>235,468</b></u>             | <u><b>55,843</b></u>   | <u><b>559,071</b></u> |
| Balance on January 1, 2022                | \$ 247,050               | 219,368                           | 55,155                 | 521,573               |
| Transfer from inventory                   | 33,346                   | 32,051                            | -                      | 65,397                |
| Additions                                 | -                        | -                                 | 8,850                  | 8,850                 |
| Disposals                                 | (12,636)                 | (15,951)                          | (8,492)                | (37,079)              |
| Balance on December 31, 2022              | <u><b>\$ 267,760</b></u> | <u><b>235,468</b></u>             | <u><b>55,513</b></u>   | <u><b>558,741</b></u> |
| <b>Depreciation and impairments loss:</b> |                          |                                   |                        |                       |
| Balance on January 1, 2023                | \$ -                     | 71,713                            | 31,626                 | 103,339               |
| Depreciation                              | -                        | 4,276                             | 9,610                  | 13,886                |
| Disposals                                 | -                        | -                                 | (2,608)                | (2,608)               |
| Balance on December 31, 2023              | <u><b>\$ -</b></u>       | <u><b>75,989</b></u>              | <u><b>38,628</b></u>   | <u><b>114,617</b></u> |
| Balance on January 1, 2022                | \$ -                     | 65,709                            | 30,708                 | 96,417                |
| Depreciation                              | -                        | 6,773                             | 9,386                  | 16,159                |
| Disposals                                 | -                        | (769)                             | (8,468)                | (9,237)               |
| Balance on December 31, 2022              | <u><b>\$ -</b></u>       | <u><b>71,713</b></u>              | <u><b>31,626</b></u>   | <u><b>103,339</b></u> |
| <b>Carrying amounts:</b>                  |                          |                                   |                        |                       |
| Balance on December 31, 2023              | <u><b>\$ 267,760</b></u> | <u><b>159,479</b></u>             | <u><b>17,215</b></u>   | <u><b>444,454</b></u> |
| Balance on December 31, 2022              | <u><b>\$ 247,050</b></u> | <u><b>153,659</b></u>             | <u><b>24,447</b></u>   | <u><b>425,156</b></u> |
| Balance on January 1, 2022                | <u><b>\$ 267,760</b></u> | <u><b>163,755</b></u>             | <u><b>23,887</b></u>   | <u><b>455,402</b></u> |

As of December 31, 2023 and 2022, the property, plant and equipment of the Company had been pledged as collateral for bank borrowings, please refer to note 8.

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(i) Right-of-use assets

The Company leases assets including land, buildings and construction and transportation equipment. Information about leases for which the Company as a lessee was presented below:

|  | <b>Land</b>            | <b>Buildings<br/>and<br/>construction</b> | <b>Total</b>         |
|--|------------------------|---|----------------------|
| <b>Cost:</b>                               |                        |   |                      |
| Balance on January 1, 2023                 | \$ -                   | 64,951                                    | 64,951               |
| Additions                                  | <u>3,008</u>           | <u>8,905</u>                              | <u>11,913</u>        |
| Balance on December 31, 2023               | <u><b>\$ 3,008</b></u> | <u><b>73,856</b></u>                      | <u><b>76,864</b></u> |
| Balance on January 1, 2022                 | \$ -                   | 59,062                                    | 59,062               |
| Additions                                  | <u>-</u>               | <u>5,889</u>                              | <u>5,889</u>         |
| Balance on December 31, 2022               | <u><b>\$ -</b></u>     | <u><b>64,951</b></u>                      | <u><b>64,951</b></u> |
| <b>Depreciation and impairment losses:</b> |                        |   |                      |
| Balance on January 1, 2023                 | \$ -                   | 23,440                                    | 23,440               |
| Depreciation                               | <u>2,005</u>           | <u>14,711</u>                             | <u>16,716</u>        |
| Balance on December 31, 2023               | <u><b>\$ 2,005</b></u> | <u><b>38,151</b></u>                      | <u><b>40,156</b></u> |
| Balance on January 1, 2022                 | \$ -                   | 10,738                                    | 10,738               |
| Depreciation                               | <u>-</u>               | <u>12,702</u>                             | <u>12,702</u>        |
| Balance on December 31, 2022               | <u><b>\$ -</b></u>     | <u><b>23,440</b></u>                      | <u><b>23,440</b></u> |
| <b>Carrying amounts:</b>                   |                        |   |                      |
| Balance on December 31, 2023               | <u><b>\$ 1,003</b></u> | <u><b>35,705</b></u>                      | <u><b>36,708</b></u> |
| Balance on January 1, 2022                 | <u><b>\$ -</b></u>     | <u><b>48,324</b></u>                      | <u><b>48,324</b></u> |
| Balance on December 31, 2022               | <u><b>\$ -</b></u>     | <u><b>41,511</b></u>                      | <u><b>41,511</b></u> |

(j) Investment Property

|                              | <b>Self-owned property</b>      |                                       |                            |  |                                |                         |
|------------------------------|---------------------------------|---------------------------------------|----------------------------|--|--------------------------------|-------------------------|
|                              | <b>Land and<br/>improvement</b> | <b>Buildings and<br/>construction</b> | <b>Other<br/>equipment</b> | <b>Investment<br/>property<br/>constructed<br/>in progress</b> | <b>Right-of-use<br/>assets</b> | <b>Total</b>            |
| <b>Cost or deemed cost:</b>  |                                 |                                       |                            |  |                                |                         |
| Balance on January 1, 2023   | \$ 3,452,885                    | 3,147,651                             | 50,066                     | 1,664,112  | 21,439                         | 8,336,153               |
| Additions                    | -                               | -                                     | -                          | 810,845  | -                              | 810,845                 |
| Transfer from inventory      | 35,383                          | 35,602                                | -                          | -  | -                              | 70,985                  |
| Disposals                    | <u>(22,712)</u>                 | <u>(21,147)</u>                       | <u>-</u>                   | <u>-</u>   | <u>-</u>                       | <u>(43,859)</u>         |
| Balance on December 31, 2023 | <u><b>\$ 3,465,556</b></u>      | <u><b>3,162,106</b></u>               | <u><b>50,066</b></u>       | <u><b>2,474,957</b></u>  | <u><b>21,439</b></u>           | <u><b>9,174,124</b></u> |
| Balance on January 1, 2022   | \$ 3,231,866                    | 2,937,960                             | 50,139                     | 540,772  | 21,439                         | 6,782,176               |
| Additions                    | -                               | -                                     | -                          | 1,123,340  | -                              | 1,123,340               |
| Transfer from inventory      | 221,019                         | 209,691                               | -                          | -  | -                              | 430,710                 |
| Disposals                    | <u>-</u>                        | <u>-</u>                              | <u>(73)</u>                | <u>-</u>   | <u>-</u>                       | <u>(73)</u>             |
| Balance on December 31, 2022 | <u><b>\$ 3,452,885</b></u>      | <u><b>3,147,651</b></u>               | <u><b>50,066</b></u>       | <u><b>1,664,112</b></u>  | <u><b>21,439</b></u>           | <u><b>8,336,153</b></u> |

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|                                    | <u>Self-owned property</u>  |                                   |                        | <u>Investment property constructed in progress</u> | <u>Right-of-use assets</u> | <u>Total</u>         |
|------------------------------------|-----------------------------|-----------------------------------|------------------------|--|----------------------------|----------------------|
|                                    | <u>Land and improvement</u> | <u>Buildings and construction</u> | <u>Other equipment</u> |  |                            |                      |
| Depreciation and impairments loss: |                             |                                   |                        |  |                            |                      |
| Balance on January 1, 2023         | \$ 40,818                   | 327,358                           | 16,694                 | -  | 4,339                      | 389,209              |
| Depreciation                       | -                           | 61,949                            | 16,689                 | -  | 3,063                      | 81,701               |
| Disposals                          | -                           | (1,136)                           | -                      | -  | -                          | (1,136)              |
| Balance on December 31, 2023       | <u>\$ 40,818</u>            | <u>388,171</u>                    | <u>33,383</u>          | <u>-</u>   | <u>7,402</u>               | <u>469,774</u>       |
| Balance on January 1, 2022         | \$ 40,818                   | 267,314                           | -                      | -  | 1,276                      | 309,408              |
| Depreciation                       | -                           | 60,044                            | 16,713                 | -  | 3,063                      | 79,820               |
| Disposals                          | -                           | -                                 | (19)                   | -  | -                          | (19)                 |
| Balance on December 31, 2022       | <u>\$ 40,818</u>            | <u>327,358</u>                    | <u>16,694</u>          | <u>-</u>   | <u>4,339</u>               | <u>389,209</u>       |
| Carrying amounts:                  |                             |                                   |                        |  |                            |                      |
| Balance on December 31, 2023       | <u>\$ 3,424,738</u>         | <u>2,773,935</u>                  | <u>16,683</u>          | <u>2,474,957</u>                                   | <u>14,037</u>              | <u>8,704,350</u>     |
| Balance on January 1, 2022         | <u>\$ 3,191,048</u>         | <u>2,670,646</u>                  | <u>50,139</u>          | <u>540,772</u>                                     | <u>20,163</u>              | <u>6,472,768</u>     |
| Balance on December 31, 2022       | <u>\$ 3,412,067</u>         | <u>2,820,293</u>                  | <u>33,372</u>          | <u>1,664,112</u>                                   | <u>17,100</u>              | <u>7,946,944</u>     |
| Fair value:                        |                             |                                   |                        |  |                            |                      |
| Balance on December 31, 2023       |                             |                                   |                        |  |                            | <u>\$ 11,578,318</u> |
| Balance on December 31, 2022       |                             |                                   |                        |  |                            | <u>\$ 9,452,032</u>  |

The investment property includes the Company's own assets, assets under construction and right-of-use assets held in recognized of lease rights that leased to third parties under operating leases. Please refer to note 6 (q) and 6(v) for more information.

The fair value measurement of investment property is based on the website of Department of Land Administration and estate agency's website or the close deal in similar district. The fair value measurement for investment property has been categorized as a level 3 fair value based on the inputs to the valuation technique used.

The investment property under construction included the real estate property constructed by the Company and the real estate property constructed together with its subsidiary BO-YUAN CONSTRUCTION Corp., which is expected to be leased out under operating leases and calculated using the interest rate of 2.37% and 1.98% in 2023 and 2022, respectively. Please refer to note 7 for more information.

As of December 31, 2023 and 2022, the Company's investment property had been pledged as collateral for bank borrowings, please refer to note 8.

(k) Other financial assets and current incremental costs of obtaining a contract

|   | <u>December 31, 2023</u> | <u>December 31, 2022</u> |
|---|--------------------------|--------------------------|
| Other current financial assets                            | \$ 8,655,432             | 9,318,709                |
| Current incremental costs of obtaining a contract-current | 1,891,752                | 1,641,114                |
| Other non-current financial assets                        | <u>3,048,970</u>         | <u>3,801,981</u>         |
|   | <u>\$ 13,596,154</u>     | <u>14,761,804</u>        |

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(i) Other financial asset

Other financial assets include Trust account for presale of properties, reserve account for borrowing, performance guarantee, reserve account for corporation bonds and construction deposit.

(ii) Incremental costs of obtaining a contract-current

The Company expects that incremental commission fees paid to intermediaries, and the bonus for the internal sales department are recoverable. The Company has therefore capitalized them as contract costs. Capitalized commission fees are amortized when the related revenues are recognized. For the years ended December 31, 2023 and 2022, the Company recognized \$373,257 thousand and \$515,046 thousand of selling expenses, respectively.

(iii) As of December 31, 2023 and 2022, the other financial assets of the Company had pledged as collateral for long-term borrowings, please refer to note 8.

(l) Short-term borrowings

|                                | <b>December 31,<br/>2023</b> | <b>December 31,<br/>2022</b> |
|--------------------------------|------------------------------|------------------------------|
| Unsecured bank loans           | \$ 5,043,333                 | 10,037,333                   |
| Secured bank loans             | 68,506,656                   | 63,247,595                   |
| Less : Syndicated Loan Expense | (12,951)                     | (17,815)                     |
| Total                          | <u><u>\$ 73,537,038</u></u>  | <u><u>73,267,113</u></u>     |
| Range of interest rates        | <u><u>1.95%~3.165%</u></u>   | <u><u>1.70%~3.25%</u></u>    |

(i) The issue of bank loan and repayment

For the years ended December 31, 2023 and 2022, the incremental amounts are \$11,209,330 thousand and \$15,197,950 thousand, respectively; the repayment amounts are \$10,944,269 thousand and \$10,947,560 thousand, respectively. Please refer to note 6(x) for interest expense.

(ii) Collateral for Bank Loans

For the collateral for short-term borrowings, please refer to note 8.

(m) Short-term notes and bills payable

|   | <b>December 31, 2023</b>                     |                                   |
|---|--|-----------------------------------|
|   | <b>Guarantee or<br/>acceptance institute</b> | <b>Range of interest<br/>rate</b> |
| Commercial paper payable                                | Financial institute                          | 1.498%~2.738%                     |
| Less: Discount on short-term notes<br>and bills payable |  | \$ 2,648,500                      |
| Total   |  | <u><u>\$ 2,638,019</u></u>        |

**HIGHWEALTH CONSTRUCTION CORP.**  
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|   | <b>December 31, 2022</b>                     |                                   |                            |
|---|--|-----------------------------------|----------------------------|
|   | <b>Guarantee or<br/>acceptance institute</b> | <b>Range of interest<br/>rate</b> | <b>Amount</b>              |
| Commercial paper payable                                | Financial institute                          | 1.548%~2.838%                     | \$ 3,022,200               |
| Less: Discount on short-term notes<br>and bills payable |  |                                   | (12,011)                   |
| Total   |  |                                   | <u><u>\$ 3,010,189</u></u> |

For the collateral for short-term notes and bills payable, please refer to note 8.

(n) Long-term borrowings

The Company's long-term borrowings details, conditions, and provisions were as follows:

|                       | <b>December 31, 2023</b> |                                   |                 |                            |
|-----------------------|--------------------------|-----------------------------------|-----------------|----------------------------|
|                       | <b>Currency</b>          | <b>Range of<br/>interest rate</b> | <b>Maturity</b> | <b>Amount</b>              |
| Unsecured bank loans  | TWD                      | 2.68%                             | 2026            | \$ 250,000                 |
| Secured bank loans    | TWD                      | 2.30%~2.82%                       | 2024~2038       | 5,462,532                  |
| Less: current portion |                          |                                   |                 | (2,298,119)                |
| Total                 |                          |                                   |                 | <u><u>\$ 3,414,413</u></u> |

|                       | <b>December 31, 2022</b> |                                   |                 |                            |
|-----------------------|--------------------------|-----------------------------------|-----------------|----------------------------|
|                       | <b>Currency</b>          | <b>Range of<br/>interest rate</b> | <b>Maturity</b> | <b>Amount</b>              |
| Secured bank loans    | TWD                      | 2.18%~2.57%                       | 2024~2038       | \$ 3,785,502               |
| Less: current portion |                          |                                   |                 | (70,929)                   |
| Total                 |                          |                                   |                 | <u><u>\$ 3,714,573</u></u> |

(i) The issue of bank loan and repayment

The amount issued for the years ended December 31, 2023 and 2022 are \$2,048,000 thousand and \$2,042,000 thousand, respectively; the repayment amounts are \$120,970 thousand and \$552,228 thousand, respectively, please refer to note 6(x) for interest expense.

(ii) Collateral for Bank Loans

For the collateral for long-term borrowings, please refer to note 8.

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(o) Bonds payable/ current portion of bonds payable

The details of the Company's bonds payable were as follows:

|  | <b>December 31,<br/>2023</b> | <b>December 31,<br/>2022</b> |
|--|------------------------------|------------------------------|
| Total ordinary corporate bonds issued          | \$ 12,450,000                | 16,500,000                   |
| Unamortized discounted corporate bonds payable | (72,261)                     | (98,525)                     |
| Coporate bonds issued balance at year-end      | <b>\$ 12,377,739</b>         | <b>16,401,475</b>            |
| Secured ordinary corporate bonds - current     | \$ 1,999,129                 | 2,489,554                    |
| Secured ordinary corporate bonds- non-current  | 10,378,610                   | 13,911,921                   |
| Total  | <b>\$ 12,377,739</b>         | <b>16,401,475</b>            |

(i) The Company issued the secured ordinary corporate bonds amounting to 1,450,000 thousand, \$2,000,000 thousand, \$3,000,000 thousand, \$4,000,000 thousand, \$5,000,000 thousand, and \$2,500,000 thousand, with an interest rate of 1.70%, 0.90%, 0.55%, 0.50%~0.52%, 0.53%, and 0.90% respectively, and in December 2023, April 2022, September 2021, January 2021, December 2020, and May 2018. The secured ordinary corporate bonds were issued for 3 to 5 years, interest paid annually, repayment of principal at maturity. The repayment amounts for the year ended December 31, 2023, are \$5,500,000 thousand. Among the repayment amounts in 2023, \$3,000,000 thousand that classified as other accounts payable was paid on January 2, 2024.

(ii) The Company's details of secured convertible bonds were as follows:

|                                    | <b>December 31,<br/>2023</b> | <b>December 31,<br/>2022</b> |
|------------------------------------|------------------------------|------------------------------|
| Secured convertible bonds          | \$ -                         | 10,577,820                   |
| Accumulated convertible amount     | -                            | (10,564,280)                 |
| Repayment of principal at maturity | -                            | (13,540)                     |
| Ending balance: bonds payable      | <b>\$ -</b>                  | <b>-</b>                     |

In June 2017, the Company issued a secured 5-year convertible bond with zero interest for \$10,577,820 thousand with the following conditions:

- 1) The conversion price was \$57.1 per share, when it comes to adjusting conversion price of subsidiary's common share, it should adhere to the Company's conversion rules. The conversion price change with formula within issuance details. The secured convertible bond does not have reset terms.
- 2) At any time within three months after the issuance date till 40 days before maturity date, the subsidiary would repurchase the bond at the face value if the close of the subsidiary's ordinary share price exceeded 30% of the bond's conversion price for successive 30 days, or the outstanding value of the bond was lower than 10% of the total issuance value.
- 3) The bondholders can execute put options after three years from the issuance date, the redemption value is 103.7971% of the bonds value (the real yield is 1.25%).

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- 4) Unless the bond has been redeemed before maturity, repurchased and cancelled or converted, the bond will be redeemed by the Company on the maturity date at 106.4082% of the face value of the bond (the real yield is 1.25%). On June 8, 2022, the Company's convertible bonds expired.
- (iii) Please refer to the note 6(x) for the interest expense for the years ended December 31, 2023 and 2022. For the details of collateral of secured convertible bonds and bonds payable, please refer to note 7 and 8.
- (p) Lease liabilities

The carrying amount of lease liabilities were as follows :

|             | <b>December 31,<br/>2023</b> | <b>December 31,<br/>2022</b> |
|-------------|------------------------------|------------------------------|
| Current     | <u>\$ 44,455</u>             | <u>40,905</u>                |
| Non-current | <u>\$ 76,814</u>             | <u>109,680</u>               |

For the maturity analysis, please refer to Note 6(y).

The amounts recognized in profit or loss were as follows :

|  | <b>For the years ended December 31<br/>2023</b> | <b>2022</b>   |
|--|---|---------------|
| Interest on lease liabilities                        | <u>\$ 2,501</u>                                 | <u>3,087</u>  |
| Expenses relating to short-term and low-value leases | <u>\$ 46,594</u>                                | <u>45,772</u> |

The amounts recognized in the statement of cash flows for the Company was as follows :

|                               | <b>For the years ended December 31<br/>2023</b> | <b>2022</b>   |
|-------------------------------|---|---------------|
| Total cash outflow for leases | <u>\$ 90,324</u>                                | <u>86,081</u> |

- (i) Real estate leases

As of December 31, 2023 and 2022, the Company leases land and buildings for the construction of its reception center and parking lot. The leases for land and buildings run for a period of 5 and a half years to 7 years. The leases for reception center and parking lot typically run for a period of 1 and a half years to 3 years.

- (ii) Other leases

The Company leases office equipment, short-term reception center, and outdoor advertising. These leases are short-term and leases of low-value items. The Company has elected not to recognize its right-of-use assets and lease liabilities for these leases.

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(q) Operating lease

The Company leases out its investment property. The Company has classified these leases as operating leases, because it does not transfer substantially all of the risks and rewards incidental to the ownership of the assets. Please refer to note 6(j) for investment property.

A maturity analysis of lease payments, showing the undiscounted lease payments to be received after the reporting date are as follows:

|                                   | <b>December 31,<br/>2023</b> | <b>December 31,<br/>2022</b> |
|-----------------------------------|------------------------------|------------------------------|
| Less than one year                | \$ 120,052                   | 119,775                      |
| One to two years                  | 93,333                       | 86,212                       |
| Two to three years                | 83,486                       | 74,743                       |
| Three to four years               | 77,239                       | 67,021                       |
| Four to five years                | 70,426                       | 60,506                       |
| More than five years              | 321,088                      | 409,101                      |
| Total undiscounted lease payments | <u><u>\$ 765,624</u></u>     | <u><u>817,358</u></u>        |

For the years ended December 31, 2023 and 2022, rental income from investment properties were \$142,777 thousand and \$125,572 thousand, respectively.

(r) Employee benefits

(i) Defined benefit plans

The expenses recognized in profit or loss for the Company were as follows:

|  | <b>December 31,<br/>2023</b> | <b>December 31,<br/>2022</b> |
|--|------------------------------|------------------------------|
| The present value of defined benefit plans | \$ 50,630                    | 54,895                       |
| Fair value of plan asset                   | (34,071)                     | (32,783)                     |
| Net defined benefit liability              | <u><u>\$ 16,559</u></u>      | <u><u>22,112</u></u>         |

1) Composition of plan assets

The Company allocates pension funds in accordance with the Regulations for Revenues, Expenditures, Safeguard and Utilization of the Labor Retirement Fund, and such funds are managed by the Bureau of Labor Funds, Ministry of Labor. With regard to the utilization of the funds, minimum earnings shall be no less than the earnings attainable from two-year time deposits with interest rates offered by local banks.

The Company's Bank of Taiwan labor pension reserve account balance amounted to \$34,071 thousand as of December 31, 2023. For information on the utilization of the labor pension fund assets, including the asset allocation and yield of the fund, please refer to the website of the Bureau of Labor Funds, Ministry of Labor.

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2) Movements in present value of the defined benefit obligations

The movement in present value of the defined benefit obligations for the Company were as follows:

|  | <b>For the years ended December 31</b> |               |
|--|--|---------------|
|  | <b>2023</b>                            | <b>2022</b>   |
| Defined benefit obligations at January 1                 | \$ 54,895                              | 55,411        |
| Current service cost and interest                        | 817                                    | 346           |
| Remeasurement of net define benefit liabilities (assets) |  |               |
| — Return on plan assets excluding interest income        | (5,082)                                | (53)          |
| Benefits paid  | -                                      | (809)         |
| Defined benefit obligations at December 31               | <b>\$ 50,630</b>                       | <b>54,895</b> |

3) Change of fair value of plan asset

The amounts included in the parent company only balance sheets in respect of the Company's fair value of plan asset for the years ended December 31, 2023 and 2022 were as follows:

|   | <b>For the years ended December 31</b> |               |
|---|--|---------------|
|   | <b>2023</b>                            | <b>2022</b>   |
| Fair value of plan asset January 1                        | \$ 32,783                              | 30,462        |
| Remeasurement of net defined benefit liabilities (assets) |  |               |
| — Return on plan assets (excluding interest income)       | 212                                    | 2,364         |
| Amount that has been allocated to the plan                | 586                                    | 574           |
| Expected return on plan asset                             | 490                                    | 192           |
| Benefits paid   | -                                      | (809)         |
| Fair value of plan assets, December 31                    | <b>\$ 34,071</b>                       | <b>32,783</b> |

4) Expenses recognized in profit or loss

The expenses recognized in profit or loss for the Company were as follows:

|   | <b>For the years ended December 31</b> |             |
|---|--|-------------|
|   | <b>2023</b>                            | <b>2022</b> |
| Net interest of net liabilities for defined benefit obligations | <b>\$ 327</b>                          | <b>154</b>  |
| Administration expense  | <b>\$ 327</b>                          | <b>154</b>  |

**HIGHWEALTH CONSTRUCTION CORP.**  
**Notes to the Parent Company only Financial Statements**

5) Actuarial valuations

The principal actuarial assumptions at the reporting date were as follows:

|                             | <u>2023.12.31</u> | <u>2022.12.31</u> |
|-----------------------------|-------------------|-------------------|
| Discount rate               | 1.375 %           | 1.500 %           |
| Future salary increase rate | 2.00 %            | 3.00 %            |

The expected allocation payment to be made by the Company to the defined benefit plans for the one-year period after the reporting date is \$588 thousand.

The weighted average lifetime of the defined benefit plans is 8.39 years.

6) Sensitivity analysis

If the actuarial assumptions had changed, the impact on the present value of the defined benefit obligation shall be as follows:

|  | <u>Defined benefit obligation</u> |                       |
|--|-----------------------------------|-----------------------|
|  | <u>Increase 0.25%</u>             | <u>Decrease 0.25%</u> |
| December 31, 2023                              |                                   |                       |
| Discount rate (0.25% difference)               | \$ (803)                          | 823                   |
| Future salary increase rate (0.25% difference) | 791                               | (776)                 |
| December 31, 2022                              |                                   |                       |
| Discount rate (0.25% difference)               | (1,005)                           | 1,032                 |
| Future salary increase rate (0.25% difference) | 987                               | (967)                 |

Reasonably possible changes at the reporting date to one of the relevant actuarial assumptions, holding other assumptions constant, would have affected the defined benefit obligation by the amounts shown above. The method used in the sensitivity analysis is consistent with the calculation of pension liabilities in the balance sheets.

There is no change in the method and assumptions used in the preparation of sensitivity analysis for 2023 and 2022.

(ii) Defined contribution plans

The Company allocates 6% of each employee's monthly wages to the labor pension personal account at the Bureau of Labor Insurance in accordance with the provisions of the Labor Pension Act. Under these defined contribution plans, the Company allocates a fixed amount to the Bureau of Labor Insurance without additional legal or constructive obligation.

The pension costs incurred from the contributions to the Bureau of the Labor Insurance for the years ended December 31, 2023 and 2022 amounted to \$10,861 thousand and \$11,076 thousand, respectively.

**HIGHWEALTH CONSTRUCTION CORP.**  
**Notes to the Parent Company only Financial Statements**

(s) Income tax

(i) Income tax expenses

The components of income tax expenses for the years ended December 31, 2023 and 2022 were as follows:

|  | <b>For the years ended December 31</b> |                       |
|--|--|-----------------------|
|  | <b>2023</b>                            | <b>2022</b>           |
| Current tax expense                          |  |                       |
| Current period                               | \$ 145,431                             | 717,693               |
| Land value increment tax                     | 37,708                                 | 50,237                |
| Additional surtax on unappropriated earnings | 19,000                                 | -                     |
| Adjustment for prior periods                 | (1,634)                                | 354                   |
| Tax expense                                  | <u><u>\$ 200,505</u></u>               | <u><u>768,284</u></u> |

The reconciliation of tax expense and income before tax for the years ended December 31, 2023 and 2022 are as follows:

|  | <b>For the years ended December 31</b> |                       |
|--|--|-----------------------|
|  | <b>2023</b>                            | <b>2022</b>           |
| Income before tax  | \$ 2,637,877                           | 4,509,282             |
| Income tax expense at domestic statutory tax rate                | 527,575                                | 901,856               |
| Land tax exempt income   | (166,945)                              | (124,922)             |
| Book –tax difference between recognition time                    | 54,629                                 | 129,708               |
| Book –tax difference of capitalization                           | (85,462)                               | (87,486)              |
| Profit or loss from investment accounted for using equity method | (168,462)                              | (78,202)              |
| Book –tax difference between deferred sales commission           | 11,169                                 | 6,663                 |
| Land value increment tax   | 37,708                                 | 50,237                |
| Financial assets measured at fair value through profit and loss  | (12,532)                               | 1,523                 |
| Realized loss from investment                                    | -                                      | (131,742)             |
| Unrealized profit or loss from associated company                | (7,907)                                | (8,020)               |
| Additional surtax on unappropriated earnings                     | 19,000                                 | -                     |
| Adjustment for prior periods                                     | (1,634)                                | 354                   |
| Others   | (6,634)                                | 108,315               |
| Total  | <u><u>\$ 200,505</u></u>               | <u><u>768,284</u></u> |

**HIGHWEALTH CONSTRUCTION CORP.**  
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(ii) Deferred tax asset and liability recognized

Changes in the amount of deferred tax assets and liabilities for 2023 and 2022 were as follows:

Deferred tax assets:

|                                     | <b>Investment<br/>property<br/>impairment</b> | <b>Others</b> | <b>Total</b>  |
|-------------------------------------|---|---------------|---------------|
| <b>Balance on January 1, 2023</b>   | <b>\$ 11,242</b>                              | <b>3,302</b>  | <b>14,544</b> |
| <b>Balance on December 31, 2023</b> | <b>\$ 11,242</b>                              | <b>3,302</b>  | <b>14,544</b> |
| <b>Balance on January 1, 2022</b>   | <b>\$ 11,242</b>                              | <b>3,302</b>  | <b>14,544</b> |
| <b>Balance on December 31, 2022</b> | <b>\$ 11,242</b>                              | <b>3,302</b>  | <b>14,544</b> |

Deferred tax liabilities:

|                                     | <b>Others</b> |
|-------------------------------------|---------------|
| <b>Balance on January 1, 2023</b>   | <b>\$ 340</b> |
| <b>Balance on December 31, 2023</b> | <b>\$ 340</b> |
| <b>Balance on January 1, 2022</b>   | <b>\$ 340</b> |
| <b>Balance on December 31, 2022</b> | <b>\$ 340</b> |

(iii) The Company's income tax had been examined by the tax authorities till 2021, except for 2019.

(t) Capital and other equity

As of December 31, 2023 and 2022, the total value of authorized ordinary shares was \$20,000,000 thousand, with a par value of \$10 per share. The paid-in capital were \$18,841,415 thousand and \$17,146,741 thousand, respectively.

(i) Ordinary shares

Reconciliation of shares outstanding during 2023 and 2022 was as follows:

|                                      | <b>Ordinary Shares</b> |                  |
|--------------------------------------|------------------------|------------------|
|                                      | <b>2023</b>            | <b>2022</b>      |
| Balance on January 1                 | 1,714,674              | 1,392,753        |
| Capital increase by retained earning | 169,467                | 154,289          |
| Convertible bonds transfer           | -                      | 167,632          |
| <b>Balance on December 31</b>        | <b>1,884,141</b>       | <b>1,714,674</b> |

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A resolution was passed during the general meeting of shareholders held on June 13, 2023 and June 14, 2022, for the issuance new shares by retained earnings, amounting to \$1,694,674 thousand and \$1,542,891 thousand, respectively. The Company had received approval from the Financial Supervisory Commission for this capital increase on July 27, 2023 and July 28, 2022, respectively. And a resolution was passed during the board meeting, to set October 2, 2023, and October 2, 2022 as the base date for the capital increase, and the registration was completed on October 17, 2023 and October 14, 2022.

For the years ended December 31, 2022, due to the convertible bondholders' exercised the convert option, the Company issued 167,632 thousand new shares, at par value, amounting to \$1,676,319 thousand. The relevant legal registration procedures had been completed.

(ii) Capital surplus

The balance of capital surplus as of December 31, 2023 and 2022, were as follows:

|   | <b>December 31,<br/>2023</b> | <b>December 31,<br/>2022</b> |
|---|------------------------------|------------------------------|
| Treasury share transactions   | \$ 618,660                   | 608,590                      |
| Difference arising from subsidiary's equity                             | 33,573                       | 34,675                       |
| Difference arising from subsidiary's share price and its carrying value | 419,416                      | -                            |
| Conversion premium of convertible bonds                                 | 7,747,840                    | 7,747,840                    |
| Capital surplus-premium from merger                                     | 62                           | 62                           |
| Donation from shareholders  | 3,284                        | 3,284                        |
| Other   | 13,743                       | 13,743                       |
|   | <b><u>\$ 8,836,578</u></b>   | <b><u>8,408,194</u></b>      |

According to the R.O.C. Company Act, capital surplus can only be used to offset a deficit, and only the realized capital surplus can be used to increase the common stock or be distributed as cash dividends. The aforementioned realized capital surplus includes capital surplus resulting from premium on issuance of capital stock and earnings from donated assets received. According to the Regulations Governing the Offering and Issuance of Securities by Securities Issuers, capital increases by transferring capital surplus in excess of par value should not exceed 10% of the total common stock outstanding.

(iii) Retained earnings

In accordance with the Company's articles of incorporation, after paying the income taxes, the Company's net earnings should first be used to offset the prior years' deficits. Of the remaining balance, 10% is to be appropriated as legal reserve, which in accordance with the regulations of the competent authority or reversal appropriated retained earnings. And then any remaining profit, together with any undistributed retained earnings, shall not be distributed less than 20% as shareholders' dividends proposed by the Board of Directors to be submitted to the stockholders' meeting for approval. The cash dividends should not be less than 10% of the total dividends.

**HIGHWEALTH CONSTRUCTION CORP.**  
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As the Company distributes dividends or legal reserves and part or all paid-in capital in cash, the Company should hold a Board meeting to pass the resolution by more than half of the directors present at Board meeting, which requires a quorum of two-third of all the directors. The resolution should be submitted to the shareholder's meeting.

1) Legal reserve

When a company incurs no loss, it may, pursuant to a resolution by a shareholders' meeting, distribute its legal reserve by issuing new shares or by distributing cash, and only the portion of legal reserve which exceeds 25% of capital may be distributed.

2) Special reserve

In accordance with Rule issued by the FSC, a portion of current-period earnings and undistributed prior-period earnings shall be reclassified as special earnings reserve during earnings distribution. The amount to be reclassified should equal the current-period total net reduction of other shareholders' equity. Similarly, a portion of unappropriated earnings prior-period earnings shall be reclassified as special earnings reserve (and does not qualify for earnings distribution) to account for cumulative changes to other shareholders' equity pertaining to prior periods. Amounts of subsequent reversals pertaining to the net reduction of other shareholders' equity shall qualify for additional distributions.

3) Earnings distribution

The amounts of cash dividends on the appropriations of earnings for 2022 and 2021 had been approved during the board meeting on April 11, 2023 and April 6, 2022, as well as the shareholders' meeting on June 13, 2023 and June 14, 2022, respectively. The relevant dividend distributions to shareholders were as follows:

|   | For the years ended December 31  |                     |                                  |                  |
|---|----------------------------------|---------------------|----------------------------------|------------------|
|   | 2022                             |                     | 2021                             |                  |
|   | Amount per<br>share<br>(dollars) | Total<br>amount     | Amount per<br>share<br>(dollars) | Total<br>amount  |
| Dividends distributed to ordinary shareholders: |                                  |                     |                                  |                  |
| Cash dividends                                  | \$ 0.50                          | 847,337             | 4.01                             | 6,171,566        |
| Stock dividends                                 | 1.00                             | 1,694,674           | 1.0                              | 1,542,891        |
| Total   |                                  | <u>\$ 2,542,011</u> |                                  | <u>7,714,457</u> |

(iv) Treasury shares

- 1) In accordance with the Securities and Exchange Act requirements as stated above, to encourage employees and improve their work performance, the board has decided to repurchase the treasury shares at the price ranging from \$40~\$60 per share and transfer the shares to employees. During 2021, the total amount of repurchase shares were 20,000 thousand shares at the price of \$884,908 thousand.

**HIGHWEALTH CONSTRUCTION CORP.**  
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- 2) Prior to Company ACT amendment in 2001, Subsidiaries of the Company, Ju Feng Hotel Management Consultant Co.,Ltd., HIGHWEALTH PROPERTY MANAGEMENT CO., LTD., and CHYI YUH CONSTRUCTION CO., LTD. held part of the Company's shares for investment purpose. RUN LONG CONSTRUCTION CO., LTD., a subsidiary the Company has control over, acquired 145 thousand of the Company's shares for investment purpose in the public market in 2023. As of December 31, 2023 and 2022, the market price per share were \$40.10 and \$40.30, respectively.

The details of the treasury shares held by subsidiaries are as followed:

| <b>Subsidiary</b>                            | <b>December 31, 2023</b>     |                   | <b>December 31, 2022</b>     |                   |
|--|------------------------------|-------------------|------------------------------|-------------------|
|  | <b>Shares<br/>(thousand)</b> | <b>Book value</b> | <b>Shares<br/>(thousand)</b> | <b>Book value</b> |
| Ju Feng Hotel Management Consultant Co.,Ltd. | 5,541                        | \$ 1,733          | 5,037                        | 1,733             |
| HIGHWEALTH PROPERTY MANAGEMENT CO., LTD.     | 10,709                       | 10,850            | 9,736                        | 10,850            |
| CHYI YUH CONSTRUCTION CO., LTD.              | 3,321                        | -                 | 3,020                        | -                 |
| RUN LONG CONSTRUCTION CO., LTD.              | 16,053                       | 74,385            | 14,462                       | 79,729            |
|  | <b>35,624</b>                | <b>\$ 86,968</b>  | <b>32,255</b>                | <b>92,312</b>     |

- (v) Other equity items

|   | <b>Exchange differences on translation of foreign financial statements</b> | <b>Unrealized gains (losses) from financial assets measured at fair value through other comprehensive income</b> | <b>Total</b> |
|---|--|--|--------------|
| Balance on January 1, 2023  | \$ 268   | -  | 268          |
| Exchange differences on foreign operations  | (54)   | -  | (54)         |
| Balance on December 31, 2023  | <b>\$ 214</b>  | <b>-</b>   | <b>214</b>   |
| Balance on January 1, 2022  | \$ 221   | 538,526  | 538,747      |
| Exchange differences on foreign operations  | 47   | -  | 47           |
| Unrealized gains (losses) from financial assets measured at fair value through other comprehensive income | -  | 2,814  | 2,814        |
| Disposal of investments in equity instruments designated at fair value through other comprehensive income | -  | (541,340)  | (541,340)    |
| Balance on December 31, 2022  | <b>\$ 268</b>  | <b>-</b>   | <b>268</b>   |

**HIGHWEALTH CONSTRUCTION CORP.**  
**Notes to the Parent Company only Financial Statements**

(u) Earnings per share

(i) Basic earnings per share

The Company's basic earnings per share is calculated by profit attributable to ordinary shareholders of the Company for 2023 and 2022 were \$2,437,372 thousand and \$3,740,998 thousand, respectively, and both the weighted average number of ordinary shares outstanding for 2023 and 2022 were 1,828,650 thousand and 1,802,439 thousand shares, respectively, calculated as follows:

1) Profit attributable to ordinary shareholders of the Company

|   | <b>For the years ended December 31</b> |                  |
|---|--|------------------|
|   | <b>2023</b>                            | <b>2022</b>      |
| Profit attributable to ordinary shareholders of the Company | <u>\$ 2,437,372</u>                    | <u>3,740,998</u> |

2) Weighted-average number of ordinary shares

|   | <b>For the years ended December 31</b> |                  |
|---|--|------------------|
|   | <b>2023</b>                            | <b>2022</b>      |
| Ordinary shares outstanding on January 1                  | 1,714,674                              | 1,392,753        |
| Effect of treasury stock                                  | (55,491)                               | (55,479)         |
| Effect of conversion of convertible bonds                 | -                                      | 141,409          |
| Effect of stock dividends                                 | 169,467                                | 323,756          |
| Weighted-average number of ordinary shares on December 31 | <u>1,828,650</u>                       | <u>1,802,439</u> |

(ii) Diluted earnings per share

The Company's diluted earnings per share is calculated by profit attributable to ordinary shareholders of the Company for 2023 and 2022 were \$2,437,372 thousand and \$3,754,605 thousand respectively. After adjusting the effect of dilution of ordinary share, the weighted average number of ordinary shares for 2023 and 2022 were 1,829,777 thousand and 1,830,385 thousand shares, respectively. The related calculations are as follows:

1) Profit attributable to ordinary shareholders of the Company (diluted)

|   | <b>For the years ended December 31</b> |                  |
|---|--|------------------|
|   | <b>2023</b>                            | <b>2022</b>      |
| Profit attributable to ordinary shareholders of the Company (diluted) | <u>\$ 2,437,372</u>                    | <u>3,754,605</u> |

**HIGHWEALTH CONSTRUCTION CORP.**  
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2) Weighted-average number of ordinary shares (diluted)

|   | <b>For the years ended December 31</b> |                         |
|---|--|-------------------------|
|   | <b>2023</b>                            | <b>2022</b>             |
| Weighted-average number of ordinary shares (basic)                  | 1,828,650                              | 1,802,439               |
| Effect of conversion of convertible bonds                           | -                                      | 26,761                  |
| Effect of employee share bonus                                      | 1,127                                  | 1,185                   |
| Weighted-average number of ordinary shares (diluted) on December 31 | <u><b>1,829,777</b></u>                | <u><b>1,830,385</b></u> |

(v) Revenue from contracts with customers

(i) Disaggregation of revenue

|  | <b>For the years ended December 31</b> |                          |
|--|--|--------------------------|
|  | <b>2023</b>                            | <b>2022</b>              |
| Primary geographical markets:                        |  |                          |
| Taiwan   | <u><b>\$ 13,241,365</b></u>            | <u><b>23,785,809</b></u> |
| Major products/services lines:                       |  |                          |
| Sales of real estate                                 | \$ 13,098,588                          | 23,660,237               |
| Other revenue  | 142,777                                | 125,572                  |
|  | <u><b>\$ 13,241,365</b></u>            | <u><b>23,785,809</b></u> |
| Timing of revenue recognition:                       |  |                          |
| Revenue transferred over time                        | \$ 142,777                             | 125,572                  |
| Products and services transferred at a point in time | 13,098,588                             | 23,660,237               |
|  | <u><b>\$ 13,241,365</b></u>            | <u><b>23,785,809</b></u> |

(ii) Contract balances

|   | <b>December 31, 2023</b>   | <b>December 31, 2022</b> | <b>January 1, 2022</b>  |
|---|----------------------------|--------------------------|-------------------------|
| Contract liabilities-sales of real estate | <u>\$ 8,820,287</u>        | <u>7,011,892</u>         | <u>6,405,472</u>        |
| Contract liabilities-advance receipt      | <u>9,165</u>               | <u>11,814</u>            | <u>7,632</u>            |
| Total                                     | <u><b>\$ 8,829,452</b></u> | <u><b>7,023,706</b></u>  | <u><b>6,413,104</b></u> |

For details on accounts receivable and allowance for impairment, please refer to note 6(d).

The amount of revenue recognized for the years ended December 31, 2023 and 2022, that was included in the contract liability balance at the beginning of the period were \$2,044,021 thousand and \$3,263,429 thousand, respectively.

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The major change in the balance of contract assets and liabilities is the difference between the time frame in the performance obligation to be satisfied and the payment to be received. There were no other significant changes for the years ended December 31, 2023 and 2022.

(w) Employee compensation and directors' and supervisors' remuneration

In accordance with the articles of incorporation the Company should contribute no less than 0.1% of the profit as employee compensation and less than 1% as directors' and supervisors' remuneration when there is profit for the year. However, if the Company has accumulated deficits, the profit should be reserved to offset the deficit. The recipients of shares and cash may include the employees of the Company's affiliated companies who meet certain conditions.

For the years ended December 31, 2023 and 2022, the Company estimated its employee remuneration amounting to \$38,000 thousand, and directors' and supervisors' remuneration amounting to \$8,000 thousand, respectively. The estimated amounts mentioned above are calculated based on the net profit before tax, excluding the remuneration to employees, directors and supervisors of each period, multiplied by the percentage of remuneration to employees, directors and supervisors as specified in the Company's articles. These remunerations were expensed under operating costs or operating expenses during 2023 and 2022. Related information would be available at the Market Observation Post System website. The amounts, as stated in the parent company only financial statements, are identical to those of the actual distributions for 2023 and 2022.

(x) Non-operating income and expense

(i) Interest income

The details of interest income were as follows:

|                 | <b>For the years ended December 31</b> |               |
|-----------------|--|---------------|
|                 | <b>2023</b>                            | <b>2022</b>   |
| Interest income | \$ 105,662                             | 28,491        |
| Others          | 264                                    | 1,386         |
|                 | <b>\$ 105,926</b>                      | <b>29,877</b> |

(ii) Other income

The details of other income were as follows:

|                             | <b>For the years ended December 31</b> |               |
|-----------------------------|--|---------------|
|                             | <b>2023</b>                            | <b>2022</b>   |
| Contract termination income | \$ 34,116                              | 16,737        |
| Dividend income             | 9,961                                  | 26,882        |
| Other income                | 52,577                                 | 44,287        |
|                             | <b>\$ 96,654</b>                       | <b>87,906</b> |

**HIGHWEALTH CONSTRUCTION CORP.**  
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(iii) Other gains and losses

The details of other gains and losses were as follows:

|   | <b>For the years ended December 31</b> |                 |
|---|--|-----------------|
|   | <b>2023</b>                            | <b>2022</b>     |
| Gains on disposal of property, plant and equipment                                    | \$ -                                   | 22,378          |
| (Gains) losses on disposal of investment properties                                   | 77,992                                 | (54)            |
| Gains (losses) on financial assets (liabilities) at fair value through profit or loss | 62,658                                 | (7,617)         |
| Other expenses  | (2,675)                                | (37,097)        |
|   | <b>\$ 137,975</b>                      | <b>(22,390)</b> |

(iv) Finance costs

The details of finance costs were as follows:

|                                    | <b>For the years ended December 31</b> |                |
|------------------------------------|--|----------------|
|                                    | <b>2023</b>                            | <b>2022</b>    |
| Interest expense                   |  |                |
| Bank loans and collateral          | \$ 2,031,522                           | 1,552,320      |
| Interest and fee on corporate bond | 255,894                                | 311,823        |
| Other finance expenses             | 2,501                                  | 3,087          |
| Less: capitalized interest         | (1,447,804)                            | (1,169,999)    |
|                                    | <b>\$ 842,113</b>                      | <b>697,231</b> |

(y) Financial instruments

(i) Credit risk

1) Credit risk exposure

The financial instrument's biggest credit risk exposure is the same as the carrying amount of the financial assets.

2) Concentration of credit risk

The Company has a vast client base that is not connected; thus, the ability to concentrate the credit risk is limited.

3) Receivables and debt securities

For credit risk exposure of note and trade receivables, please refer to note 6(d).

Other financial assets at amortized cost are other receivables (classified as other current financial assets). All these financial assets are considered to have low risk, and thus, the impairment provision recognized during the period was limited to 12 months expected losses.

**HIGHWEALTH CONSTRUCTION CORP.**  
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The loss allowance provisions were determined as follows:

|  | <b>Other<br/>receivables</b> |
|--|------------------------------|
| Balance on December 31, 2023(as opening balance) | \$ <u><u>8,235</u></u>       |
| Balance on December 31, 2022(as opening balance) | \$ <u><u>8,235</u></u>       |

(ii) Liquidity risk

The following table shows the contractual maturities of financial liabilities, including estimated interest payments and excluding the impact of netting agreements.

|  | <b>Contractual<br/>cash flows</b>   | <b>Within<br/>1 year</b>        | <b>1-5<br/>years</b>            | <b>Over 5<br/>years</b>         |
|--|-------------------------------------|---------------------------------|---------------------------------|---------------------------------|
| <b>December 31, 2023</b>                             |                                     |                                 |                                 |                                 |
| Non derivative financial liabilities:                |                                     |                                 |                                 |                                 |
| Secured loans  | \$ 78,952,973                       | 13,064,517                      | 48,375,671                      | 17,512,785                      |
| Unsecured loans                                      | 5,552,931                           | 3,073,555                       | 1,183,411                       | 1,295,965                       |
| Short-term investment payables                       | 2,648,500                           | 2,648,500                       | -                               | -                               |
| Ordinary corporate bonds (including current portion) | 12,645,892                          | 2,055,856                       | 10,590,036                      | -                               |
| Notes payable, accounts payable and other payables   | 6,989,530                           | 6,989,530                       | -                               | -                               |
| Lease liability                                      | <u>124,841</u>                      | <u>44,901</u>                   | <u>79,940</u>                   | <u>-</u>                        |
|  | <b>\$ <u><u>106,914,667</u></u></b> | <b><u><u>27,876,859</u></u></b> | <b><u><u>-</u></u></b>          | <b><u><u>18,808,750</u></u></b> |
| <b>December 31, 2022</b>                             |                                     |                                 |                                 |                                 |
| Non derivative financial liabilities:                |                                     |                                 |                                 |                                 |
| Secured loans  | \$ 72,502,329                       | 5,713,502                       | 49,707,334                      | 17,081,493                      |
| Unsecured loans                                      | 10,253,282                          | 8,401,239                       | 1,852,043                       | -                               |
| Short-term investment payables                       | 3,022,200                           | 3,022,200                       | -                               | -                               |
| Ordinary corporate bonds (including current portion) | 16,769,022                          | 2,590,510                       | 14,178,512                      | -                               |
| Notes payable, accounts payable and other payables   | 3,915,280                           | 3,915,280                       | -                               | -                               |
| Lease liability                                      | <u>156,369</u>                      | <u>41,310</u>                   | <u>110,022</u>                  | <u>5,037</u>                    |
|  | <b>\$ <u><u>106,618,482</u></u></b> | <b><u><u>23,684,041</u></u></b> | <b><u><u>65,847,911</u></u></b> | <b><u><u>17,086,530</u></u></b> |

The Company does not expect the cash flows included in the maturity analysis to occur significantly earlier or at significantly different amounts.

**HIGHWEALTH CONSTRUCTION CORP.**  
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(iii) Market risk

- 1) Currency risk exposure: None
- 2) Interest rate analysis

Please refer to the notes on liquidity risk management and interest rate exposure of the Company's financial assets and liabilities.

The following sensitivity analysis is based on the exposure to the interest rate risk of derivative and non-derivative financial instruments on the reporting date. Regarding assets with variable interest rates, the analysis is based on the assumption that the amount of assets outstanding at the reporting date was outstanding throughout the year. The rate of change is expressed as the interest rate increases or decreases by 0.5% when reporting to management internally, which also represents the Company management's assessment of the reasonably possible interest rate change.

If the interest rate had increased / decreased by 0.5% basis points, the Company's interest expenses would have increased / decreased by \$409,438 thousand and \$400,314 thousand for the years ended December 31, 2023 and 2022, with another variable factors remaining constant. Considering that capitalized interest of profit may decrease or increase by \$150,570 thousand and \$149,479 thousand. This is mainly due to the Company's borrowing at variable rates.

- 3) Other market price risk

For the years ended December 31, 2023 and 2022, the sensitivity analyses for the changes in the securities price at the reporting date were performed using the same basis for the profit and loss as illustrated below:

|  | For the years ended December 31                |                                      |  |                                      |
|--|--|--------------------------------------|--|--------------------------------------|
|  | 2023   |                                      | 2022   |                                      |
|  | Comprehensive<br>Income (Loss)<br>(net of tax) | Net Income<br>(Loss)<br>(net of tax) | Comprehensive<br>Income (Loss)<br>(net of tax) | Net Income<br>(Loss)<br>(net of tax) |
| Prices of securities at the reporting date |  |                                      |  |                                      |
| Increase 10%                               | \$ 500   | 32,790                               | 500  | 26,524                               |
| Decrease 10%                               | \$ (500)                                       | (32,790)                             | (500)  | (26,524)                             |

(iv) Information of fair value

- 1) Valuation techniques for financial instruments measured at fair value

The fair value of financial assets and liabilities at fair value through profit or loss, and financial assets at fair value through other comprehensive income is measured on a recurring basis. The carrying amount and fair value of the Company's financial assets and liabilities, including the information on fair value hierarchy were as follows; however, except as described in the following paragraphs, for financial instruments not measured at fair value whose carrying amount is reasonably close to the fair value, and lease liabilities, disclosure of fair value information is not required:

**HIGHWEALTH CONSTRUCTION CORP.**  
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|   |                   | <b>December 31, 2023</b> |                |                |              |
|---|-------------------|--------------------------|----------------|----------------|--------------|
|   |                   | <b>Fair Value</b>        |                |                |              |
|   | <b>Book Value</b> | <b>Level 1</b>           | <b>Level 2</b> | <b>Level 3</b> | <b>Total</b> |
| Financial assets at fair value through profit or loss                                     |                   |                          |                |                |              |
| Non-derivative financial assets mandatorily measured at fair value through profit or loss | \$ 327,895        | 327,895                  | -              | -              | 327,895      |
| Financial assets at fair value through other comprehensive income                         |                   |                          |                |                |              |
| Stocks in unlisted company  | \$ 5,000          | -                        | 5,000          | -              | 5,000        |
| Financial assets measured at amortized cost   |                   |                          |                |                |              |
| Cash and cash equivalents   | \$ 7,615,548      | -                        | -              | -              | -            |
| Notes and accounts receivable   | 1,404,246         | -                        | -              | -              | -            |
| Other financial assets - current  | 8,655,432         | -                        | -              | -              | -            |
| Other financial assets - non-current  | 3,048,970         | -                        | -              | -              | -            |
| Subtotal  | \$ 20,724,196     | -                        | -              | -              | -            |
| Financial liabilities measured at amortized cost  |                   |                          |                |                |              |
| Short-term loans  | \$ 73,537,038     | -                        | -              | -              | -            |
| Short-term investment payables  | 2,638,019         | -                        | -              | -              | -            |
| Notes payable, accounts payable and other payables  | 6,989,530         | -                        | -              | -              | -            |
| Lease liabilities   | 121,269           | -                        | -              | -              | -            |
| Other financial liabilities- current  | 226,134           | -                        | -              | -              | -            |
| Corporate bonds payable (Current portions)  | 12,377,739        | -                        | -              | -              | -            |
| Long-term loans (Current portions)  | 5,712,532         | -                        | -              | -              | -            |
| Subtotal  | \$ 101,602,261    | -                        | -              | -              | -            |
|   |                   | <b>December 31, 2022</b> |                |                |              |
|   |                   | <b>Fair Value</b>        |                |                |              |
|   | <b>Book Value</b> | <b>Level 1</b>           | <b>Level 2</b> | <b>Level 3</b> | <b>Total</b> |
| Financial assets at fair value through profit or loss                                     |                   |                          |                |                |              |
| Non-derivative financial assets mandatorily measured at fair value through profit or loss | \$ 265,237        | 265,237                  | -              | -              | 265,237      |
| Financial assets at fair value through other comprehensive income                         |                   |                          |                |                |              |
| Stocks in unlisted company  | \$ 5,000          | -                        | 5,000          | -              | 5,000        |
| Financial assets measured at amortized cost   |                   |                          |                |                |              |
| Cash and cash equivalents   | \$ 8,448,964      | -                        | -              | -              | -            |
| Notes and accounts receivable   | 2,065,905         | -                        | -              | -              | -            |
| Other financial assets- current   | 9,318,709         | -                        | -              | -              | -            |
| Other financial assets- non-current   | 3,801,981         | -                        | -              | -              | -            |
| Subtotal  | \$ 23,635,559     | -                        | -              | -              | -            |

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|  |                       | December 31, 2022 |          |          |          |
|--|-----------------------|-------------------|----------|----------|----------|
|  |                       | Fair Value        |          |          | Total    |
|  | Book Value            | Level 1           | Level 2  | Level 3  |          |
| Financial liabilities measured at amortized cost   |                       |                   |          |          |          |
| Short-term loans                                   | \$ 73,267,113         | -                 | -        | -        | -        |
| Short-term investment payables                     | 3,010,189             | -                 | -        | -        | -        |
| Notes payable, accounts payable and other payables | 3,915,280             | -                 | -        | -        | -        |
| Lease liabilities                                  | 150,585               | -                 | -        | -        | -        |
| Other financial liabilities- current               | 226,291               | -                 | -        | -        | -        |
| Corporate bonds payable                            | 16,401,475            | -                 | -        | -        | -        |
| Long-term loans (Current portions)                 | 3,785,502             | -                 | -        | -        | -        |
| Subtotal   | <u>\$ 100,756,435</u> | <u>-</u>          | <u>-</u> | <u>-</u> | <u>-</u> |

2) Valuation techniques for financial instruments not measured at fair value

The Company's valuation techniques and assumptions used for financial instruments not measured at fair value are as follows:

- a) Financial assets measured at amortized cost (debt investment that has no active markets) and financial liabilities measured at amortized cost.

If there is quoted price generated by transactions, the recent transaction price and quoted price data is used as the basis for fair value measurement. However, if no quoted prices are available, the discounted cash flows are used to estimate fair values.

3) Valuation techniques for financial instruments measured at fair value

- a) Non-derivative financial instruments

A financial instrument is regarded as being quoted in an active market if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service, or regulatory agency and those prices represent actual and regularly occurring market transactions on an arm's-length basis. Whether transactions are taking place 'regularly' is a matter of judgment and depends on the facts and circumstances of the market for the instrument.

Quoted market prices may not be indicative of the fair value of an instrument if the activity in the market is infrequent, the market is not well-established, only small volumes are traded, or bid-ask spreads are very wide. Determining whether a market is active involves judgment.

Measurements of fair value of financial instruments without an active market are based on a valuation technique or quoted price from a competitor. Fair value measured by a valuation technique can be extrapolated from similar financial instruments, the discounted cash flow method, or other valuation technique including a model using observable market data at the reporting date.

**HIGHWEALTH CONSTRUCTION CORP.**  
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b) Derivative financial instruments

Measurement of the fair value of derivative instruments is based on the valuation techniques generally accepted by market participants such as the discounted cash flow or option pricing models. Fair value of forward currency is usually determined by the forward currency exchange rate.

4) Transfers between Level 1 and Level 2

Stock held by the Company quoted in an active market is sorted to Level 1. There is no difference regarding valuation techniques between 2023 and 2022. There is no transfer between first and second level measured at fair value in 2023 and 2022.

(z) Financial risk management

(i) Overview

The Company has exposures to the following risks from its financial instruments:

- 1) Credit risk
- 2) Liquidity risk
- 3) Market risk

The following likewise discusses the Company's exposure information, objectives, policies and processes for measuring and managing the above mentioned risks.

(ii) Structure of risk management

The Company's risk management policies are established to identify and analyze the risks faced by the Company, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Company's activities. The Company, through its training and management standards and procedures, aims to develop a disciplined and constructive control environment in which all employees understand their roles and obligations.

(iii) Credit risk

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Company's receivables from customers and investments in debt securities.

1) Account receivable and other receivable

The Company's credit risk is affected by its clients. Accounts receivable generated by selling real estate has a lower credit risk since the payment is completed by the masses with transferring, check, or loans from the bank.

**HIGHWEALTH CONSTRUCTION CORP.**  
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The Company discloses the estimation of accounts receivables' and other receivables' loss with allowance for bad debt account. Allowance for bad debt account is composed with specific losses and batch of unrecognized losses components. Unrecognized losses components are determined by historically statistical data from similar financial assets.

2) Investments

The exposure to credit risk for the bank deposits, fixed income investments, and other financial instruments is measured and monitored by the Company's finance department. The Company only deals with banks, other external parties, corporate organizations, government agencies and financial institutions with good credit rating. The Company does not expect any counterparty above fails to meet its obligations hence there is no significant credit risk arising from these counterparties.

3) Guarantees

The Company's policy is to provide financial guarantees to subsidiaries that directly or indirectly hold more than 50% of voting shares and companies with business relations. At December 31, 2023 and 2022, the situation about the Company provided guarantees to wholly owned subsidiaries, please refer to note 7(b).

(iv) Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Company's approach to managing liquidity is to ensure, as far as possible, that it always has sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation.

(v) Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates, and equity prices, will affect the Company's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimizing the return.

(aa) Capital management

The Company's objectives for managing capital to safeguard the capacity to continue to operate, to continue to provide a return on shareholders, to maintain the interest of other related parties, and to maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the Company may adjust the dividend payment to the shareholders, reduce the capital for redistribution to shareholders, issue new shares, or sell assets to settle any liabilities.

The Company and other entities in the same industry use the debt-to-equity ratio to manage capital. This ratio is the total net debt divided by the total capital. The net debt from the balance sheet is derived from the total liabilities less cash and cash equivalents. The total capital and equity include share capital, capital surplus, retained earnings, and other equity plus net debt.

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As of 2023, the Company's capital management strategy is consistent with the prior year as of 2022. The gearing ratio is maintained so as to ensure an "A" credit rating and ensure financing at reasonable cost. The Company's debt-to-equity ratio at the end of the reporting period as of December 31, 2023, were as follows:

|                                 | <b>December 31,<br/>2023</b> | <b>December 31,<br/>2022</b> |
|---------------------------------|------------------------------|------------------------------|
| Total liabilities               | \$ 110,851,321               | 108,745,889                  |
| Less: cash and cash equivalents | <u>(7,615,548)</u>           | <u>(8,448,964)</u>           |
| Net debt                        | 103,235,773                  | 100,296,925                  |
| Total Equity                    | <u>46,574,568</u>            | <u>44,584,107</u>            |
| Total adjusted capital          | <b><u>\$ 149,810,341</u></b> | <b><u>144,881,032</u></b>    |
| Debt-to-equity ratio            | <b><u>68.91%</u></b>         | <b><u>69.23%</u></b>         |

(ab) Investing and financing activities not affecting the current cash flow

The Company investing and financing activities, which did not affect the current cash flow in the years ended December 31, 2023 and 2022, were as follows:

- (i) By the lease to get the right-of-use asset, please refer to note 6(i).
- (ii) For conversion of convertible bonds to ordinary shares, please refer to note 6(o) and 6(t).

**(7) Related-party transactions:**

(a) Names and relationship with related parties

The following are entities that have had transactions with related parties and the Company's subsidiaries during the periods covered in the parent company only financial statements.

| <b>Name of related party</b>                  | <b>Relationship with the Company</b> |
|---|--------------------------------------|
| CHYI YUH CONSTRUCTION CO., LTD.               | Subsidiary company                   |
| Ju Feng Hotel Management Consultant Co., Ltd. | Subsidiary company                   |
| HIGHWEALTH PROPERTY MANAGEMENT CO., LTD.      | Subsidiary company                   |
| JIN JYUN CONSTRUCTION CO., LTD.               | Subsidiary company                   |
| BO-YUAN CONSTRUCTION CO., LTD.                | Subsidiary company                   |
| GUANGYANG INVESTMENT CONSTRUCTION CO., LTD.   | Subsidiary company                   |
| QUANXIANG TRADING (SHANGHAI) CO., LTD.        | Subsidiary company                   |
| XINGFUYU TRADING (XIAMEN) CO., LTD.           | Subsidiary company                   |
| WELL RICH INTERNATIONAL CO., LTD.             | Subsidiary company                   |

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| <u>Name of related party</u>                   | <u>Relationship with the Company</u>                                      |
|--|---|
| RUN LONG CONSTRUCTION CO., LTD.                | Subsidiary company  |
| YEH KEE ENTERPRISE CO., LTD.                   | Subsidiary company  |
| BI JIANG ENTERPRISE CO., LTD.                  | Subsidiary company  |
| SHING FU FA CONSTRUCTION CO., LTD.             | Subsidiary company  |
| Taichung Highwealth Culture and Art Foundation | Same president with the Company   |
| ○○, Fan and other 7 people                     | Key management personnel and their second immediate family of the Company |

(b) Significant transactions with related parties

(i) Operating revenue

For the year ended December 31, 2023 and 2022, the Company entered into separate sales agreements with different related parties for the disposal of its real estates, at the amounts of \$89,270 thousand and \$67,350 thousand (both including tax) in accordance with the employee purchase policy, resulting in the amounts of \$32,181 thousand and \$13,806 thousand to be recognized as sales revenue, as well as the advance real estate receipts of \$7,814 thousand and \$11,512 thousand, respectively, as contract liabilities, with the approval of its board. There were no difference between the conditions for related parties stated in the contract mentioned and those of non-related parties.

(ii) Purchase

Significant purchasing amount to related parties and the remaining balance were as follows:

|                                 | <u>Purchasing</u>                      |                  | <u>Accumulated amount</u> |                   |
|---------------------------------|--|------------------|---------------------------|-------------------|
|                                 | <u>For the years ended December 31</u> |                  |                           |                   |
|                                 | <u>2023</u>                            | <u>2022</u>      | <u>2023</u>               | <u>2022</u>       |
| Subsidiary:                     |  |                  |                           |                   |
| CHYI YUH CONSTRUCTION CO., LTD. | <u>\$ 10,487,192</u>                   | <u>7,777,590</u> | <u>20,085,953</u>         | <u>17,941,413</u> |

The contract prices for related parties are based on the conditions stated in their agreements, wherein the payments are made based on the progress of the project.

There were no significant difference of the price and conditions for related parties and ordinary contract mentioned above.

Note: Among the purchases in 2023 and 2022, \$625,710 thousand and \$1,040,673 thousand are Investment real estate under construction.

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(iii) Receivables from related parties

The details of receivables from related parties were as follows:

| <u>Accounted items</u>                                | <u>Categories</u> | <u>December 31,<br/>2023</u> | <u>December 31,<br/>2022</u> |
|---|-------------------|------------------------------|------------------------------|
| Accounts receivable                                   | Subsidiaries      | \$ <u>1,174</u>              | <u>10,670</u>                |
| Other receivables<br>(other financial assets-current) | Subsidiaries      | \$ <u>12,792</u>             | <u>1,894</u>                 |

(iv) Prepayments

The details of prepayments from related parties were as follows:

| <u>Accounted items</u> | <u>Categories</u> | <u>December 31,<br/>2023</u> | <u>December 31,<br/>2022</u> |
|------------------------|-------------------|------------------------------|------------------------------|
| Prepayments            | Subsidiaries      | \$ <u>4,484</u>              | <u>3,630</u>                 |

(v) Payables to related parties

The payables to related parties were as follows:

| <u>Accounted items</u> | <u>Categories</u>                  | <u>December 31,<br/>2023</u> | <u>December 31,<br/>2022</u> |
|------------------------|------------------------------------|------------------------------|------------------------------|
| Accounts payable       | Subsidiaries:                      |                              |                              |
|                        | CHYI YUH CONSTRUCTION<br>CO., LTD. | \$ 1,806,198                 | 1,342,413                    |
| "                      | Subsidiaries                       | <u>16,139</u>                | <u>16,256</u>                |
|                        |                                    | \$ <u>1,822,337</u>          | <u>1,358,669</u>             |
| Other payables         | Subsidiaries                       | \$ <u>23,455</u>             | <u>25,112</u>                |

(vi) Contract liabilities

The details of contract liabilities from related parties were as follows:

| <u>Categories</u> | <u>Note</u>                          | <u>December 31,<br/>2023</u> | <u>December 31,<br/>2022</u> |
|-------------------|--------------------------------------|------------------------------|------------------------------|
| Subsidiaries      | Unearn rents and administration fees | \$ <u>6,113</u>              | <u>5,833</u>                 |

(vii) Guarantees

The Company provided guarantees to subsidiary company. As of December 31, 2023 and 2022, the guarantee ceiling was \$17,359,000 thousand and \$16,059,000 thousand, respectively, and the amount of \$12,236,000 thousand and \$10,216,173 thousand has been used, respectively, and property pledged for guarantees and endorsements amount was \$1,648,000 thousand and \$1,248,000thousand, respectively.

Subsidiaries provided land for guarantees to the Company. As of December 31, 2023 and 2022, the guarantee ceiling and used was \$1,153,750 thousand and \$1,907,700 thousand, respectively.

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(viii) Others

- 1) The Details of the Company renting offices from related parties is as follows:

|              | <u>Guarantee deposit paid</u>      |                                    | <u>Rental expense</u>                  |               |
|--------------|------------------------------------|------------------------------------|--|---------------|
|              |                                    |                                    | <u>For the years ended December 31</u> |               |
|              | <u>December 31,</u><br><u>2023</u> | <u>December 31,</u><br><u>2022</u> | <u>2023</u>                            | <u>2022</u>   |
| Subsidiaries | \$ <u>1,614</u>                    | <u>1,614</u>                       | <u>11,240</u>                          | <u>11,302</u> |

- 2) Recognizing rental revenue due to renting offices to related parties:

|              | <u>Guarantee deposit received</u>  |                                    | <u>Rental Revenue</u>                  |               |
|--------------|------------------------------------|------------------------------------|--|---------------|
|              |                                    |                                    | <u>For the years ended December 31</u> |               |
|              | <u>December 31,</u><br><u>2023</u> | <u>December 31,</u><br><u>2022</u> | <u>2023</u>                            | <u>2022</u>   |
| Subsidiaries | \$ <u>5,776</u>                    | <u>5,956</u>                       | <u>38,754</u>                          | <u>29,968</u> |

- 3) Recognizing other income due to signing entrusted administration contract with related parties:

|              | <u>For the years ended December 31</u> |              |
|--------------|--|--------------|
|              | <u>2023</u>                            | <u>2022</u>  |
|              | <u>\$</u>                              | <u></u>      |
| Subsidiaries | <u>20,695</u>                          | <u>8,886</u> |

- 4) Paying consulting and service fee to related parties for selling real estate on consignment:

|  | <u>For the years ended December 31</u> |               |
|--|--|---------------|
|  | <u>2023</u>                            | <u>2022</u>   |
|  | <u>\$</u>                              | <u></u>       |
| Subsidiary company— Ju Feng Hotel<br>Management Consultant<br>Co.,Ltd. | <u>69,779</u>                          | <u>75,598</u> |

- 5) Paying administration expense to related parties for administrating constructing site:

|              | <u>For the years ended December 31</u> |              |
|--------------|--|--------------|
|              | <u>2023</u>                            | <u>2022</u>  |
|              | <u>\$</u>                              | <u></u>      |
| Subsidiaries | <u>4,596</u>                           | <u>9,831</u> |

- 6) The related expense about selling activities with related parties as follows:

|              | <u>For the years ended December 31</u> |               |
|--------------|--|---------------|
|              | <u>2023</u>                            | <u>2022</u>   |
|              | <u>\$</u>                              | <u></u>       |
| Subsidiaries | <u>7,418</u>                           | <u>11,428</u> |

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- 7) As of December 31, 2023 and 2022, cooperation cases with related parties were as follows:

| <u>Case Name</u><br><u>December</u><br><u>31, 2023</u> | <u>Categories</u>  | <u>Type</u>       | <u>Security</u>              |
|--|--|-------------------|------------------------------|
| Buo Shao Section                                       | Landowner-subsiary company-YEH KEE ENTERPRISE CO., LTD.  | Cooperation cases | Refundable deposit \$143,150 |
| Buo Shao Section                                       | Landowner-subsiary company-BI JIANG ENTERPRISE CO., LTD. | Cooperation cases | Refundable deposit 122,140   |
| Wu Fu Section  | Builder-subsiary company-BO-YUAN CONSTRUCTION CO., LTD.  | Cooperation cases | Guarantee deposit 25,000     |
| Chunglu Fifth class                                    | "  | Cooperation cases | Guarantee deposit 100,000    |
| "  | "  | "                 | Guarantee deposit 7,250,000  |
| Hui An Fourth  | Builder-subsiary company-RUN LONG CONSTRUCTION CO., LTD. | Cooperation cases | Guarantee deposit 100,000    |
| "  | "  | "                 | Guarantee deposit 200,000    |
| <u>December</u><br><u>31, 2022</u>                     |  |                   |                              |
| Buo Shao Section                                       | Landowner-subsiary company-YEH KEE ENTERPRISE CO., LTD.  | Cooperation cases | Refundable deposit \$143,150 |
| Buo Shao Section                                       | Landowner-subsiary company-BI JIANG ENTERPRISE CO., LTD. | Cooperation cases | Refundable deposit 122,140   |
| Wu Fu Section  | Builder-subsiary company-BO-YUAN CONSTRUCTION CO., LTD.  | Cooperation cases | Guarantee deposit 25,000     |
| Chunglu Fifth class                                    | Builder-subsiary company-RUN LONG CONSTRUCTION CO., LTD. | Cooperation cases | Guarantee deposit 100,000    |
| "  | "  | "                 | Guarantee deposit 7,250,000  |
| Hui An Fourth  | "  | Cooperation cases | Guarantee deposit 100,000    |
| "  | "  | "                 | Guarantee deposit 200,000    |

- 8) Performance bond received from related parties for contract work:

|              | <u>December 31,</u><br><u>2023</u> | <u>December 31,</u><br><u>2022</u> |
|--------------|------------------------------------|------------------------------------|
| Subsidiaries | <u>\$ 41,377</u>                   | <u>200,311</u>                     |

- 9) In September, 2008, the Company sold a portion of land to Mr. Tsai, ○ ○ with a land developing plan at 5 million dollars, recognized as other payables. The Company would repurchase the land without any interest if the plan was not completed within three years. Both parties agreed lengthening the expiry date unconditionally indefinitely. As of December 31, 2023 and 2022, other payables are both 5 million dollars.

**HIGHWEALTH CONSTRUCTION CORP.**  
**Notes to the Parent Company only Financial Statements**

- 10) In 2022, the Company donated 713 thousand shares (which had a book value of \$554,272 thousand) of Li Shuo Investment Co., Ltd., \$21,246 thousand to Taichung Highwealth Culture and Art Foundation for its promotion and development.

(c) Key management personnel transactions

| <b>For the years ended December 31</b> |               |
|--|---------------|
| <b>2023</b>                            | <b>2022</b>   |
| <b>\$ 68,714</b>                       | <b>48,218</b> |

Short-term employee benefits

**(8) Pledged assets:**

| <b>Pledged assets</b>                           | <b>Object</b>  | <b>December 31, 2023</b> | <b>December 31, 2022</b> |
|---|--|--------------------------|--------------------------|
| Financial assets at FVTPL                       | Mortgage   | \$ 209,100               | 177,600                  |
| Notes receivable                                | Mortgage and issuing commercial paper  | 1,058,236                | 1,316,466                |
| Inventories (construction)                      | Mortgage, issuing commercial paper and bonds payable   | 97,682,482               | 87,759,106               |
| Other financial assets- current and non-current | Mortgage, issuing commercial paper, performance bond, real estate trust account, and bonds payable | 10,543,691               | 11,900,780               |
| Investment accounted for using equity method    | Issuing commercial paper   | 245,631                  | 89,383                   |
| Property, plant and equipment                   | Long-term borrowings   | 427,239                  | 431,515                  |
| Investment property at net value                | Mortgage, issuing commercial paper, and bonds payable  | 8,604,550                | 7,513,890                |
|   |  | <b>\$ 118,770,929</b>    | <b>109,188,740</b>       |

As of December 31, 2023 and 2022, the book value of pledged assets providing undrawn guaranteed loan are \$1,953,275 thousand and \$1,482,026 thousand, respectively.

For the years ended December 31, 2023 and 2022, the Company provided notes receivable of presale cases \$2,913,451 thousand and \$1,599,580 thousand, respectively, as collateral for the bank loans.

**(9) Commitments and contingencies:**

(a) Unrecognized contractual commitments

(i) Contract price signed with clients were as follows:

|  | <b>December 31, 2023</b> | <b>December 31, 2022</b> |
|--|--------------------------|--------------------------|
| Amount of signed contracts                     | <b>\$ 84,242,723</b>     | <b>74,693,851</b>        |
| Received amount from contracts                 | <b>\$ 8,820,287</b>      | <b>7,011,892</b>         |
| Outstanding checks received from presale cases | <b>\$ 5,783,285</b>      | <b>5,234,386</b>         |

**HIGHWEALTH CONSTRUCTION CORP.**  
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(b) Others

- (i) As of December 31, 2023 and 2022 the refundable deposit paid for cooperation and urban renewal cases is \$985,676 thousand. For the partial above-mentioned joint construction projects, the Company committed to provide a certain minimum recovery amount for the houses allocated by the landowners, and will settle the amount on the date agreed by both parties.
- (ii) On February 8, 2022, the parent company entered into an agreement with Kaohsiung City Government for the (urban renewal project) and entrustment implementation of “Kaohsiung Multifunctional Commerce and Trade Park Special Trade III (North Base) Land”, based on a resolution approved during the board meeting on December 27, 2021.

**(10) Losses due to major disasters: None**

**(11) Subsequent events: None**

**(12) Other:**

- (a) A summary of current-period employee benefits, depreciation, and amortization, by function, were as follows:

| By item                    | By function | For the year ended December 31 |                   |         |                |                   |         |
|----------------------------|-------------|--------------------------------|-------------------|---------|----------------|-------------------|---------|
|                            |             | 2023                           |                   |         | 2022           |                   |         |
|                            |             | Operating cost                 | Operating Expense | Total   | Operating cost | Operating Expense | Total   |
| Employee benefits          |             |                                |                   |         |                |                   |         |
| Salary                     | \$          | -                              | 299,161           | 299,161 | -              | 425,132           | 425,132 |
| Labor and health insurance |             | -                              | 25,547            | 25,547  | -              | 29,527            | 29,527  |
| Pension                    |             | -                              | 11,188            | 11,188  | -              | 11,230            | 11,230  |
| Remuneration of directors  |             | -                              | 16,043            | 16,043  | -              | 15,518            | 15,518  |
| Others                     |             | -                              | -                 | -       | -              | -                 | -       |
| Depreciation               |             | 81,701                         | 30,602            | 112,303 | 79,820         | 28,861            | 108,681 |
| Depletion                  |             | -                              | -                 | -       | -              | -                 | -       |
| Amortization               |             | -                              | 7,780             | 7,780   | -              | 6,065             | 6,065   |

For the years ended December 31, 2023 and 2022, the information on the number of employees and employee benefit expense of the Company is as follows :

|   | 2023            | 2022           |
|---|-----------------|----------------|
| Number of employees                           | <u>290</u>      | <u>307</u>     |
| Number of directors who were not employees    | <u>3</u>        | <u>4</u>       |
| The average employee benefit                  | <u>\$ 1,170</u> | <u>1,538</u>   |
| The average salaries and wages                | <u>\$ 1,042</u> | <u>1,403</u>   |
| Percentage of average employee salary expense | <u>(25.73)%</u> | <u>10.91 %</u> |
| Remuneration to supervisors                   | <u>\$ -</u>     | <u>-</u>       |

**HIGHWEALTH CONSTRUCTION CORP.**  
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The items of the Company's salary and remuneration of directors, independent director, managers, and employees are as follows:

- (i) Independent directors
  - 1) Regardless of the Company's profit or loss, independent directors' salary and remuneration need to be paid on monthly basis (or quarterly, half yearly) and be adjusted according to the value of his/her participation in the contribution to Company's operation.
  - 2) The independent directors cannot participate in the distribution of director's compensation and other bonus distribution.
  - 3) According to the needs of the actual execution of the business, the Company has to pay for the traffic allowance.
- (ii) Other directors
  - 1) The Company pays other directors' remuneration, according to the value of his/her participation in the contribution to Company's operation and refer to peer remuneration levels.
  - 2) Other directors' remuneration is allocated at a rate specified in the Company's articles of incorporation.
  - 3) According to the needs of the actual execution of the business, the Company has to pay for the traffic allowance.
- (iii) Managerial officer
  - 1) The monthly fixed salary is determined by salary level of each rank.
  - 2) According to the result of the operation performance assessment, the Company distributes the performance bonus.
  - 3) Year-end bonuses will be paid based on the results of employee performance appraisal.
  - 4) Employees' remuneration is allocated at a rate specified in the Company's articles of incorporation.
  - 5) Traffic allowance and supervisor allowance are paid in accordance to duties and standards.
- (iv) Other employees
  - 1) The salary of the Company's employees is handled in accordance with the regulations of the "post ranks table" and "post salary benchmark table". The employee salary is divided into recurring and non-recurring salaries.
  - 2) Recurring salaries include basic salaries, duties allowance, construction site allowance, professional allowance, meal allowance and other allowances.
  - 3) Non-recurring salaries include overtime pay, Dragon Boat Festival bonus, Mid-Autumn Festival bonus and year-end bonus.

**HIGHWEALTH CONSTRUCTION CORP.**  
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(b) Others

The Company and its subsidiary, CHYI YUH CONSTRUCTION CO., LTD., signed an arbitration agreement with the Taichung City Government, Taichung MRT Co., Ltd. and certain professional manufacturers on July 20, 2023 due to the accident that occurred in one of the Taichung MRT Stations, whose project had been executed by a professional manufacturer on May 10, 2023.

After the above incident, the Chinese Arbitration Association, Taipei, ordered the Company to pay for the damage of \$262,223 thousand, which was paid in advance by the subsidiary to the Taichung City Government.

Furthermore, the Chinese Arbitration Association, Taipei, demanded the Company and its subsidiary, as well as the aforesaid professional manufacturers, to jointly pay the compensation of \$224,819 thousand to the petitioner on January 16, 2024, wherein the amount to be paid by the Company was still in agreement as of the reporting date.

# HIGHWEALTH CONSTRUCTION CORP.

## Notes to the Parent Company only Financial Statements

### (13) Other disclosures:

(a) Information on significant transactions:

The following is the information on significant transactions required by the “Regulations Governing the Preparation of Financial Reports by Securities Issuers” for the Company:

(i) Loans to other parties: None

(ii) Guarantees and endorsements for other parties:

| No. | Name of guarantor               | Counter-party of guarantee and endorsement |                               | Limitation on amount of guarantees and endorsements for a specific enterprise | Highest balance for guarantees and endorsements during the period | Balance of guarantees and endorsements as of reporting date | Actual usage amount during the period | Property pledged for guarantees and endorsements (Amount) | Ratio of accumulated amounts of guarantees and endorsements to net worth of the latest financial statements | Maximum amount for guarantees and endorsements | Parent company endorsements/ guarantees to third parties on behalf of subsidiary | Subsidiary endorsements/ guarantees to third parties on behalf of parent company | Endorsements/ guarantees to third parties on behalf of companies in Mainland China |
|-----|---------------------------------|--|-------------------------------|---|---|---|---------------------------------------|---|---|--|--|--|--|
|     |                                 | Name                                       | Relationship with the Company |   |   |   |                                       |   |   |  |  |  |  |
| 0   | The company                     | Chyi Yuh Construction Co., Ltd.            | 2                             | \$ 46,574,568   | 7,846,000   | 7,846,000   | 6,669,000                             | -   | 16.85 %   | 93,149,136                                     | Y  | N  | N  |
| 0   | The company                     | Bo-yuan Construction Co., Ltd.             | 2                             | 46,574,568  | 4,028,000   | 4,028,000   | 2,422,000                             | 1,648,000   | 8.65 %  | 93,149,136                                     | Y  | N  | N  |
| 0   | The company                     | Well Rich International Co., Ltd.          | 2                             | 46,574,568  | 540,000   | 540,000   | -                                     | -   | 1.16 %  | 93,149,136                                     | Y  | N  | N  |
| 0   | The Company                     | BI JIANG ENTERPRISE CO., LTD.              | 2                             | 46,574,568  | 3,145,000   | 3,145,000   | 3,145,000                             | -   | 6.75 %  | 93,149,136                                     | Y  | N  | N  |
| 0   | The Company                     | SHING FU FA CONSTRUCTION CO., LTD.         | 2                             | 46,574,568  | 350,000   | 350,000   | -                                     | -   | 0.75 %  | 93,149,136                                     | Y  | N  | N  |
| 0   | The Company                     | YEH KEE ENTERPRISE CO., LTD.               | 2                             | 46,574,568  | 1,450,000   | 1,450,000   | -                                     | -   | 3.11 %  | 93,149,136                                     | Y  | N  | N  |
| 1   | YEH KEE ENTERPRISE CO., LTD.    | The Company                                | 3                             | 1,973,395   | 1,907,700   | 1,088,875   | 1,088,875                             | 1,088,875   | 1,379.44 %  | 2,368,074                                      | N  | Y  | N  |
| 2   | BI JIANG ENTERPRISE CO., LTD.   | The Company                                | 3                             | 2,483,898   | 64,875  | 64,875  | 64,875                                | 64,875  | 5.22 %  | 4,967,795                                      | N  | Y  | N  |
| 2   | BI JIANG ENTERPRISE CO., LTD.   | BO-YUAN CONSTRUCTION CO., LTD.             | 4                             | 2,483,898   | 1,000,000   | 1,000,000   | 400,000                               | 400,000   | 80.52 %   | 4,967,795                                      | N  | N  | N  |
| 3   | JIN JYUN CONSTRUCTION CO., LTD. | RUN LONG CONSTRUCTION CO., LTD.            | 3                             | 3,709,345   | 1,000,000   | 1,000,000   | 400,000                               | 400,000   | 53.92 %   | 7,418,690                                      | N  | Y  | N  |
| 4   | RUN LONG CONSTRUCTION CO., LTD. | JIN JYUN CONSTRUCTION CO., LTD.            | 2                             | 2,702,125   | 100,000   | 100,000   | -                                     | -   | 0.74 %  | 6,755,312                                      | Y  | N  | N  |

Note 1: The numbering is as follows:

- 1.“0” represents the parent company.
2. Subsidiaries are sequentially numbered from 1 by company.

Note 2: The relationship between the guarantee and the guarantor are as follows:

1. Transactions between the companies.
2. The Company directly or indirectly holds more than 50% voting right.
3. When other companies directly or indirectly hold more than 50% voting rights of the Company.
4. The Company directly or indirectly holds more than 90% voting right.
5. A company that is mutually protected under contractual requirements based on the needs of the contractor.
6. A company that is endorsed by all the contributing shareholders in accordance with their shareholding ratio due to joint investment relationship.
7. Under the Consumer Protection Act, performance guarantees for pre-sale contracts for companies in the same industry.

## HIGHWEALTH CONSTRUCTION CORP.

### Notes to the Parent Company only Financial Statements

- Note 3: The Company endorsed the operation method for the total amount of guarantees and the limit for endorsement of a single enterprise:
1. The total amount of guarantee for external endorsement shall not exceed 200% of the net value of the company.
  2. The guarantee amount for a single enterprise endorsement shall not exceed 100% of the current net value of the company.
- Note 4: RUN LONG CONSTRUCTION CO., LTD. endorsed the operation method for the total amount of guarantees and the limit for endorsement of a single enterprise;
1. The total amount of guarantee for external endorsement shall not exceed 50% of the net value of RUN LONG CONSTRUCTION CO., LTD..
  2. The guarantee amount for a single enterprise endorsement shall not exceed 20% of the current net value of RUN LONG CONSTRUCTION CO., LTD.
- Note 5: JIN JYUN CONSTRUCTION CO., LTD. and BI JIANG ENTERPRISE CO., LTD. endorsed the operation method for the total amount of guarantees and the limit for endorsement of a single enterprise;
1. The total amount of guarantee for external endorsement shall not exceed 400% of the net value of the company.
  2. The guarantee amount for a single enterprise endorsement shall not exceed 200% of the current net value of the company
- Note 6: YEH KEE ENTERPRISE CO., LTD. endorsed the operation method for the total amount of guarantees and the limit for endorsement of a single enterprise;
1. The total amount of guarantee for external endorsement shall not exceed 3,000% of the net value of YEH KEE ENTERPRISE CO., LTD.
  2. The guarantee amount for a single enterprise endorsement shall not exceed 2,500% of the current net value of YEH KEE ENTERPRISE CO., LTD.

(iii) Securities held as of December 31, 2023 (excluding investment in subsidiaries, associates and joint ventures):

| Name of holder                               | Category and name of security                     | Relationship with company | Account title   | Ending balance           |                |                             |            | Note |
|--|---|---------------------------|---|--------------------------|----------------|-----------------------------|------------|------|
|  |   |                           |   | Shares/Units (thousands) | Carrying value | Percentage of ownership (%) | Fair value |      |
| The Company                                  | Stock-Shin Kong Real Estate Management Co., Ltd.  |                           | Total non-current financial assets at fair value through other comprehensive income | 550,000                  | \$ 5,000       | 1.67 %                      | 5,000      |      |
| "  | Stock- Da-Li Development Co., Ltd.                |                           | Financial assets at fair value through profit or loss-current                       | 9,408,745                | 327,895        | 2.31 %                      | 327,895    |      |
| Ju Feng Hotel Management Consultant Co.,Ltd. | Stock-HIGHWEALTH CONSTRUCTION CORP.               | Ultimate Parent Company   | Total non-current financial assets at fair value through other comprehensive income | 5,540,619                | 222,179        | 0.29 %                      | 222,179    |      |
| HIGHWEALTH PROPERTY MANAGEMENT CO., LTD.     | Stock-HIGHWEALTH CONSTRUCTION CORP.               | Ultimate Parent Company   | Total non-current financial assets at fair value through other comprehensive income | 10,709,224               | 429,440        | 0.57 %                      | 429,440    |      |
| CHYIYUH CONSTRUCTION CO., LTD.               | Stock-HIGHWEALTH CONSTRUCTION CORP.               | Ultimate Parent Company   | Total non-current financial assets at fair value through other comprehensive income | 3,321,457                | 133,190        | 0.18 %                      | 133,190    |      |
| "  | Corporate bond-China Rebar Co., Ltd.              | —                         | Financial assets at amortized cost-current  | 3                        | -              | - %                         | -          | Note |
| RUN LONG CONSTRUCTION CO., LTD.              | Stock-HIGHWEALTH CONSTRUCTION CORP.               | Ultimate Parent Company   | Financial assets at fair value through profit or loss-current                       | 16,052,801               | 643,717        | 0.85 %                      | 643,717    |      |
| WELL RICH INTERNATIONAL CO., Ltd.            | Corporate bond-Shin Kong Life Insurance Co., Ltd. | —                         | Financial assets at amortized cost-non current                                      | -                        | 30,000         | - %                         | 30,000     |      |

Note: Recognized as impairment loss.

## HIGHWEALTH CONSTRUCTION CORP.

### Notes to the Parent Company only Financial Statements

- (iv) Individual securities acquired or disposed of with accumulated amount exceeding the lower of NT\$300 million or 20% of the capital stock:

| Name of company                 | Category and name of security | Account name                                       | Name of counter-party | Relationship with the company | Beginning Balance |            | Purchases   |           | Sales  |       |      |                         | Ending Balance |           |
|---------------------------------|-------------------------------|--|-----------------------|-------------------------------|-------------------|------------|-------------|-----------|--------|-------|------|-------------------------|----------------|-----------|
|                                 |                               |  |                       |                               | Shares            | Amount     | Shares      | Amount    | Shares | Price | Cost | Gain (loss) on disposal | Shares         | Amount    |
| RUN LONG CONSTRUCTION CO., LTD. | Stock-JIN JYUN CONSTRUCTION   | Investments accounted for using equity method, net | Capital increase      | The subsidiary                | 70,000,000        | \$ 580,477 | 100,000,000 | 1,000,000 | -      | -     | -    | -                       | 170,000,000    | 1,655,454 |

- (v) Acquisition of individual real estate with amount exceeding the lower of NT\$300 million or 20% of the capital stock:

| Name of company                 | Name of property                             | Transaction date | Transaction amount | Status of payment | Counter-party | Relationship with the Company | If the counter-party is a related party, disclose the previous transfer information |                               |                  |        | References for determining price | Purpose of acquisition and current condition |
|---------------------------------|--|------------------|--------------------|-------------------|---------------|-------------------------------|---|-------------------------------|------------------|--------|----------------------------------|--|
|                                 |  |                  |                    |                   |               |                               | Owner   | Relationship with the Company | Date of transfer | Amount |                                  |  |
| RUN LONG CONSTRUCTION CO., LTD. | Wensang Section., Xitun Dist., Taichung City | June 30, 2023    | \$ 2,265,650       | 2,265,650         | OO, Yuan      | Not related parties           | -   | -                             | -                | -      | Appraisal                        | Construction                                 |

- (vi) Disposal of individual real estate with amount exceeding the lower of NT\$300 million or 20% of the capital stock:

| Name of company | Type of property     | Transaction date | Acquisition date             | Book value | Transaction amount | Amount actually receivable | Gain from disposal | Counter-party         | Nature of relationship | Purpose of disposal | Price reference | Other terms |
|-----------------|----------------------|------------------|------------------------------|------------|--------------------|----------------------------|--------------------|-----------------------|------------------------|---------------------|-----------------|-------------|
| The Company     | Real estate for sale | October 16, 2023 | N/A to the sale of inventory | N/A        | \$ 768,990         | 191,893                    | N/A                | Zhong 〇〇〇〇〇 CO., Ltd. | Non-related party      | sale of inventory   | Appraisal       | None        |
| "               | Real estate for sale | October 16, 2023 | N/A to the sale of inventory | N/A        | 784,890            | 195,694                    | N/A                | Huan 〇〇〇 CO., Ltd.    | Non-related party      | "                   | "               | "           |
| "               | Real estate for sale | July 28, 2023    | N/A to the sale of inventory | N/A        | 343,020            | 51,141                     | N/A                | Lian 〇 CO., Ltd.      | Non-related party      | "                   | "               | "           |

- (vii) Related-party transactions for purchases and sales with amounts exceeding the lower of NT\$100 million or 20% of the capital stock:

| Name of company                 | Related party                   | Nature of relationship                                    | Transaction details                        |              |                                     |                           | Transactions with terms different from others |               | Notes/Accounts receivable (payable) |   | Note   |
|---------------------------------|---------------------------------|---|--|--------------|-------------------------------------|---------------------------|---|---------------|-------------------------------------|---|--------|
|                                 |                                 |   | Purchase/Sale                              | Amount       | Percentage of total purchases/sales | Payment terms             | Unit price                                    | Payment terms | Ending balance                      | Percentage of total notes/accounts receivable (payable) |        |
| The Company                     | Chyi Yuh Construction Co., Ltd. | Investee accounted for using equity method of the company | Contracting project                        | \$ 9,861,482 | 76.85%                              | Pay by contract terms     | -   | -             | (1,806,198)                         | (80.73)%  | Note 2 |
| Chyi Yuh Construction Co., Ltd. | The Company                     | Ultimate parent company                                   | Contracted project                         | (9,717,801)  | (84.52)%                            | Receive by contract terms | -   | -             | 1,806,198                           | 79.47%  | Note 1 |
| "                               | Bo-yuan Construction Co., Ltd.  | The associate of the company                              | Contracted project                         | (1,761,037)  | (15.32)%                            | Receive by contract terms | -   | -             | 459,854                             | 20.26%  | Note 1 |
| Bo-yuan Construction Co., Ltd.  | Chyi Yuh Construction Co., Ltd. | The associate of the company                              | Contracting project                        | 1,238,550    | 89.70%                              | Pay by contract terms     | -   | -             | (459,854)                           | (82.70)%  | Note 2 |
| Run Long Construction Co., Ltd. | Jin Jyun Construction Co., Ltd. | Investee accounted for using equity method of the company | Contracting project and administration fee | 4,614,536    | 54.49%                              | Pay by contract terms     | -   | -             | (588,393)                           | (43.00)%  | Note 2 |
| Jin Jyun Construction Co., Ltd. | Run Long Construction Co., Ltd. | The ultimate parent of the company                        | Contracted project                         | (4,781,609)  | (98.13)%                            | Receive by contract terms | -   | -             | 588,393                             | 97.63%  | Note 1 |

Note 1: The contracted company recognizes its construction revenue through percentage of completion method, and the amount of sales included.

Note 2: The contracting company records its import price through estimates of amount of purchase through number of trials.

# HIGHWEALTH CONSTRUCTION CORP.

## Notes to the Parent Company only Financial Statements

(viii) Receivables from related parties with amounts exceeding the lower of NT\$100 million or 20% of the capital stock:

| Name of company                 | Counter-party                   | Nature of relationship             | Ending balance | Turnover rate | Overdue |              | Amounts received in subsequent period | Allowance for bad debts |
|---------------------------------|---------------------------------|------------------------------------|----------------|---------------|---------|--------------|---------------------------------------|-------------------------|
|                                 |                                 |                                    |                |               | Amount  | Action taken |                                       |                         |
| Chyi Yuh Construction Co., Ltd. | The company                     | Ultimate parent Company            | 1,806,198      | 6.18          | -       | -            | 1,649,474                             | -                       |
| "                               | Bo Yuan Construction Co., Ltd.  | The associate of the company       | 459,854        | 6.52          | -       | -            | 459,854                               | -                       |
| JIN JYUN CONSTRUCTION CO., LTD. | RUN LONG CONSTRUCTION CO., LTD. | The ultimate parent of the company | 588,393        | 8.36          | -       | -            | 498,968                               | -                       |

(ix) Trading in derivative instruments: None

(b) Information on investees:

The following is the information on investees for the years ended December 31, 2023 (excluding information on investees in Mainland China):

| Name of investor                            | Name of investee                             | Location | Main businesses and products   | Original investment amount |                   | Balance as of December 31, 2023 |                         |                | Net income (losses) of investee | Share of profits/losses of investee | Note |
|---|--|----------|--|----------------------------|-------------------|---------------------------------|-------------------------|----------------|---------------------------------|-------------------------------------|------|
|   |  |          |  | December 31, 2023          | December 31, 2022 | Shares (thousands)              | Percentage of ownership | Carrying value |                                 |                                     |      |
| The Company                                 | Ju Feng Hotel Management Consultantco., Ltd. | Taiwan   | Real estate brokerage, residential and building development, rental and sales etc. | \$ 25,000                  | 25,000            | 2,500,000                       | 100.00 %                | 60,412         | 1,238                           | (1,281)                             |      |
| "   | Highwealth Property Managementco., Ltd.      | Taiwan   | Real estate brokerage, real estate trading   | 7,000                      | 7,000             | 700,000                         | 100.00 %                | 6,811          | 4,972                           | 104                                 |      |
| "   | Chyi Yuh Construction Co., Ltd.              | Taiwan   | Construction, residential and building development, rental and sales etc.          | 3,030,041                  | 3,030,041         | 439,200,000                     | 100.00 %                | 5,532,201      | 974,911                         | 809,044                             |      |
| "   | Run Long Construction Co., Ltd.              | Taiwan   | Real estate development, rental and sales industries etc.                          | 658,119                    | 940,853           | 23,698,288                      | 5.25 %                  | 625,917        | 7,701,546                       | 423,717                             |      |
| "   | Yeh Kee Enterprise Co., Ltd.                 | Taiwan   | Residential and building development, rental and sales etc.                        | 2,423,152                  | 2,423,152         | 2,200,000                       | 100.00 %                | 2,397,264      | (5,042)                         | (5,042)                             |      |
| "   | Bi Jiang Enterprise Co., Ltd.                | Taiwan   | Residential and building development, rental and sales etc.                        | 2,802,900                  | 2,802,900         | 150,720,000                     | 100.00 %                | 2,541,326      | (122,966)                       | (122,562)                           |      |
| "   | SHING FU FA CONSTRUCTION CO., LTD.           | Taiwan   | Construction, residential and building development, rental and sales etc.          | 265,000                    | 265,000           | 26,500,000                      | 100.00 %                | 270,997        | 7,827                           | 7,827                               |      |
| "   | BO-YUAN CONSTRUCTION CO., LTD.               | Taiwan   | Residential and building development, rental and sales etc.                        | 2,430,000                  | 2,430,000         | 122,900,000                     | 100.00 %                | 1,209,596      | (230,450)                       | (230,450)                           |      |
| "   | Well Rich International Co., Ltd.            | Taiwan   | Wholesale of construction material and motels etc.                                 | 245,621                    | 245,621           | 18,100,000                      | 100.00 %                | 199,591        | (43,913)                        | (38,978)                            |      |
| CHYI YUH CONSTRUCTION CO., LTD.             | GUANGYANG INVESTMENT CONSTRUCTION CO., LTD.  | Taiwan   | Investment industry  | 284,050                    | 284,050           | 29,900,000                      | 100.00 %                | 958,695        | 480,490                         | Exempt from disclosure              |      |
| "   | RUN LONG CONSTRUCTION CO., LTD.              | Taiwan   | Real estate development, rental and sales industries etc.                          | 639,321                    | 864,938           | 20,838,755                      | 4.62 %                  | 623,299        | 7,701,546                       | "                                   |      |
| "   | Goyu Building Material Co., Ltd.             | Taiwan   | Wholesale of construction materials  | 120,000                    | 120,000           | 12,000,000                      | 30.00 %                 | 114,034        | 17,627                          | "                                   |      |
| GUANGYANG INVESTMENT CONSTRUCTION CO., LTD. | Run Long Construction Co., Ltd.              | Taiwan   | Real estate development, rental and sales industries etc.                          | 618,533                    | 618,533           | 28,759,103                      | 6.37 %                  | 903,274        | 7,701,546                       | "                                   |      |
| RUN LONG CONSTRUCTION CO., LTD.             | JIN JYUN CONSTRUCTION CO., LTD.              | Taiwan   | Construction, residential and building development, rental and sales etc.          | 1,718,300                  | 718,300           | 170,000,000                     | 100.00 %                | 1,655,454      | 65,128                          | "                                   |      |

(c) Information on investment in mainland China:

(i) The names of investees in Mainland China, the main businesses and products, and other information:

| Name of investee                       | Main businesses and products                  | Total amount of paid-in capital | Method of investment | Accumulated outflow of investment from Taiwan as of January 1, 2022 | Investment flows |        | Accumulated outflow of investment from Taiwan as of December 31, 2023 | Net income (losses) of the investee | Percentage of ownership | Investment income (losses) (Note 2) | Book value | Accumulated remittance of earnings in current period |
|--|---|---------------------------------|----------------------|---|------------------|--------|---|-------------------------------------|-------------------------|-------------------------------------|------------|--|
|  |   |                                 |                      |   | Outflow          | Inflow |   |                                     |                         |                                     |            |  |
| QUANXIANG TRADING (SHANGHAI) CO., LTD. | Construction material, furniture, metal parts | \$ 26,555<br>USD 900,000        | (Note 1)             | 26,555<br>USD 900,000   | -                | -      | 26,555<br>USD 900,000   | 62                                  | 100.00%                 | 62                                  | 1,060      | -  |
| XINGFUYU TRADING (XIAMEN) CO., LTD.    | Construction material wholesale               | 27,104<br>USD 900,000           | (Note 1)             | 27,104<br>USD 900,000   | -                | -      | 27,104<br>USD 900,000   | (130)                               | 100.00%                 | (130)                               | 1,458      | -  |

**HIGHWEALTH CONSTRUCTION CORP.**  
**Notes to the Parent Company only Financial Statements**

(ii) Limitation on investment in Mainland China:

| Accumulated Investment in Mainland China<br>as of December 31, 2023 | Investment Amounts Authorized by<br>Investment Commission, MOEA | Upper Limit on Investment |
|---|---|---------------------------|
| \$ 53,659<br>(USD1,800,000)   | 53,659<br>(USD1,800,000)  | 27,944,741<br>(Note)      |

Note 1: Three types of investment method are as follows:

1. Directly investing in the mainland area
2. Investing in the mainland through companies in another country (Please note the name of the investing company from the other country)
3. Other methods

Note 2: Profit and loss recognized from investment for the current period:

1. If it is in preparation, and has no investment profit or loss, it should be noted
2. The basis for profit or loss from investment are as follows:
  - A. The international accounting firm which has cooperative relationships with the CPA in the Republic of China verifies its financial statements
  - B. Financial statement of the parent company is verified by the Taiwanese accountant
  - C. Others

(iii) Significant transactions: None

(d) Major shareholders:

| Shareholder's Name                | Shareholding | Shares      | Percentage |
|-----------------------------------|--------------|-------------|------------|
| Xing Ri-Sheng Investment Co., Ltd |              | 118,756,325 | 6.30 %     |
| Ear Winner Investment Co., Ltd    |              | 117,608,664 | 6.24 %     |

**(14) Segment information:**

Please refer to the consolidated financial statements.

VI. If the Company or i Affiliates have Experienced Financial Difficulties in the most recent fiscal year or during the current fiscal year up to the date of publication of the annual report, and the impact to the Companys Financial Situation: None

## Seven. Review and Analysis of Financial Status and Business Results and Risk Issue

### I. Financial Status

Main reasons for significant changes in assets, liabilities and equity in the last two years and their impacts, and the explanation for significant impacts' future plans:

Comparative Analysis Table of Financial Status

Unit: NT\$ thousand

| Item \ Year                                | 2022        | 2023        | Diff.        |      |
|--|-------------|-------------|--------------|------|
|  |             |             | Amount       | %    |
| Current assets                             | 205,712,290 | 209,002,542 | 3,290,252    | 2    |
| Property, plant and equipment              | 5,910,328   | 7,393,698   | 1,483,370    | 25   |
| Intangible assets                          | 31,365      | 31,151      | (214)        | (1)  |
| Other assets                               | 13,512,574  | 10,447,350  | (3,065,224)  | (23) |
| Total assets                               | 225,166,557 | 226,874,741 | 1,708,184    | 1    |
| Current liabilities                        | 147,531,551 | 151,099,455 | 3,567,904    | 2    |
| Non-current liabilities                    | 28,586,253  | 18,439,925  | (10,146,328) | (35) |
| Total liabilities                          | 176,117,804 | 169,539,380 | (6,578,424)  | (4)  |
| Capital                                    | 17,146,741  | 18,841,415  | 1,694,674    | 10   |
| Capital surplus                            | 8,408,194   | 8,836,578   | 428,384      | 5    |
| Retained earnings                          | 20,006,124  | 19,868,237  | (137,887)    | (1)  |
| Other interests (including treasury stock) | (976,952)   | (971,662)   | 5,290        | (1)  |
| Non controlling interests                  | 4,464,646   | 10,760,793  | 6,296,147    | 141  |
| Total equity                               | 49,048,753  | 57,335,361  | 8,286,608    | 17   |

**Reasons for increase/decrease proportion of significant changes:** (analysis for the increase or decrease change proportion reached 20% and with the amount exceeding the lower of NT\$100 million.)

1. Property, plant and equipment: Mainly due to increase in investment of hotel construction.
2. Other assets: Primarily due to the reclassification of inventory to cost.
3. Non-current liabilities: Mainly due to the repayment of corporate bonds upon maturity and the reclassification of corporate bonds maturing within one year to current liabilities.
4. Non-controlling interests: Primarily resulting from the profits of subsidiaries in which the Company does not hold a 100% stake.

## II. Financial Performance

Main reasons for significant changes in operating income, net operating profit and pre-tax net profit in the last two years, sales forecast and the basis, and possible impact on the Company's future financial status and the contingency plan:

### (I) Comparative analysis table of financial performance

Unit: NT\$ thousand

| Item \ Year                                  | 2022       | 2023       | Changes of increase or decrease |           |
|--|------------|------------|---------------------------------|-----------|
|  |            |            | Amount                          | Changes % |
| Operating revenue                            | 26,627,233 | 44,067,193 | 17,439,960                      | 65        |
| Decrease: sales returns and allowances       | 0          | 0          | 0                               | 0         |
| Net operating income                         | 26,627,233 | 44,067,193 | 17,439,960                      | 65        |
| Operating costs                              | 17,661,182 | 28,647,295 | 10,986,113                      | 62        |
| Gross profit from operations                 | 8,966,051  | 15,419,898 | 6,453,847                       | 72        |
| Operating expenses                           | 3,329,073  | 3,707,766  | 378,693                         | 11        |
| Operating profit                             | 5,636,978  | 11,712,132 | 6,075,154                       | 108       |
| Non-operating income and expenses            | (763,700)  | (959,608)  | (195,908)                       | 26        |
| Profit from continuing operations before tax | 4,873,278  | 10,752,524 | 5,879,246                       | 121       |
| Total income tax expense                     | 967,338    | 1,917,585  | 950,247                         | 98        |
| Profit from continuing operations before tax | 3,905,940  | 8,834,939  | 4,928,999                       | 126       |
| Net profit                                   | 3,905,940  | 8,834,939  | 4,928,999                       | 126       |

**Reasons for increase/decrease proportion of significant changes:(analysis for the increase or decrease change proportion reached 20% and with the amount exceeding the lower of NT\$100 million.)**

- Description:
1. Operating Revenue: The increase is primarily due to the completion of construction projects and the recognition of construction income.
  2. Operating costs: Due to increase in operating revenue.
  3. Operating profit: Due to increase in operating revenue.
  4. Non-Operating income and expenses: The increase is mainly due to higher financial costs.
  5. Profit from continuing operations before tax: Mainly due to increase in operating net profit for current period.
  6. Income tax expense: Mainly due to increase in net profit before tax for the current period.
  7. Net Income from continuing operations and net income for the period: The increase is primarily due to the rise in operating revenue and operating profit for the current period.



## (II) Analysis of variation of operational gross profit

|                              | Increase/ | Variance analysis |               |                          |          |
|------------------------------|-----------|-------------------|---------------|--------------------------|----------|
|                              | Decrease  | Price variance    | Cost variance | Sales portfolio variance | Variance |
| Gross profit from operations | 6,453,847 | -                 | -             | -                        | -        |

Note: 1. The Company belongs to the construction industry. Due to the characteristics of the industry, the differences will not be calculated.

2. Mainly due to the increase of operating revenue in 2023, which resulted in an increase in gross operating profit of NT\$6,453,847 thousand.

## (III) Sales forecast and the basis, and possible impact on the Company's future financial status and the contingency plan

The Company will focus on internal properties development-aspects according to internal business cycle and absorption.

## III. Cash flow

## (I) Latest cash flow analysis

| Item \ Year  | 2022    | 2023    | % of change |
|--|---------|---------|-------------|
| Cash flow ratio  | (6.24)  | 11.37   | 282%        |
| Cash flow adequacy ratio   | (45.13) | (38.25) | 15%         |
| Cash reinvestment ratio  | (24.50) | 24.33   | 199%        |
| Reasons for increase/decrease proportion analysis:   |         |         |             |
| 1. Cash flow ratio: The increase is primarily due to the increase in net cash inflows from operating activities in 2023.   |         |         |             |
| 2. Cash flow adequacy ratio decrease: The increase is mainly because the net cash inflows from operating activities over the past five years have increased compared to the previous period. |         |         |             |
| 3. Cash reinvestment ratio: The increase is primarily due to the rise in net cash inflows from operating activities in the current period.   |         |         |             |

## (II) Remedy for a lack of liquidity: timely apply for financing activities or bank loans.

(III) Analysis of cash flow in the coming year

Unit: NT\$ thousand

| Beginning cash balance | Estimated yearly net cash inflow from operating activities | Cash provided by (used in) throughout the year | Anticipated cash surplus (shortage) | Remedies for cash shortage |                |
|------------------------|--|--|-------------------------------------|----------------------------|----------------|
| (A)                    | (B)  | (C)  | (A)+(B)-(C)                         | Investment plan            | Financing plan |
| 14,260,934             | (16,610,006)   | (12,367,434)                                   | 10,018,361                          | —                          | —              |

Analysis:

1. Operating activities: It is expected that there will be net cash outflows from operating activities due to the successive investment in construction project payments over the next year.
2. Investing activities: The net cash outflows from investing activities are primarily due to the purchase of land, joint development and construction, and urban renewal project expenses.
3. Financing activities: The net cash outflows from financing activities increased mainly due to the completion of construction projects and the initiation of financing borrowings.

IV. Impact of Major Capital Expenditure in the Past Year on the Financial Status: Nil.

## V. Re-investment Policy in the Past Year, the Main Reason for Its Profit or Loss, the Improvement Plan and Investment Plan in the Next Year

### (I) Investment policy

The Company integrates its Group advantages and resources and focuses on relevant industries in the upstream and downstream of construction for its investment policy in the hope of gaining synergies of overall operations and increasing our income. Meanwhile, to implement diversified operations, we set foot in the field of hotels to separate operating risks and improve our investment gains.

### (II) Main reasons for gains or losses

#### 1. Re-invested businesses Information is Listed Below:

Unit: NT\$ thousand

| Investor              | Investee                                  | 2023       |                             |
|-----------------------|---|------------|-----------------------------|
|                       |   | Net income | Investment profit(loss)     |
| The Company           | Ju Feng Hotel                             | 1,238      | (1,281)                     |
|                       | Highwealth Real Estate                    | 4,972      | 104                         |
|                       | Chyi Yuh Construction                     | 974,911    | 809,044                     |
|                       | Run Long Construction                     | 7,701,546  | 423,717                     |
|                       | Hundred Million Mark Enterprise Co., Ltd. | (5,042)    | (5,042)                     |
|                       | Pi Chiang Enterprise                      | (122,966)  | (122,562)                   |
|                       | Highwealth Construction                   | 7,827      | 7,827                       |
|                       | Bo-Yuan Construction Corporation          | (230,450)  | (230,450)                   |
|                       | Well Rich International                   | (43,913)   | (38,978)                    |
| Chyi Yuh Construction | Kuang Yang Investment                     | 480,490    | Permit records confidential |
|                       | Run Long Construction                     | 7,701,546  | "                           |
|                       | Kuo Yu Construction                       | 17,627     | "                           |
| Kuang Yang Investment | Run Long Construction                     | 7,701,546  | "                           |
| Run Long Construction | Jin Jyun Construction                     | 65,128     | "                           |

2. For investments in subsidiaries by the Company, the reason for gains was primarily due to the integration of the upstream and downstream of the construction industry to generate gains by adopting the operating models of the Group through synergies and economies of scale. The reason for losses was primarily due to the inability to recognize income as the real estate built by subsidiaries is not completed and the difficulty in generating operating performances and gains in a short period of time

resulting from the high expenses invested in the initial operating period of hotels and allocation costs.

(III) Improvement plans

Supervise subsidiaries to improve losses through completion progress control and improve operating efficiency.

(IV) Investment plan for the following year: Nil.

## VI. Analysis and Assessment of Risk Issues in the Past Year and as of the Date of Publication of the Annual Report

(I) The impact of interest and exchange rate changes and inflation on the Company's profit and loss and future countermeasures

1. The impact of interest rate changes on the Company's profit and loss

Unit: NT\$ thousand

| Item                          |   | 2022       | 2023       |
|-------------------------------|---|------------|------------|
| Interest income               |   | 46,050     | 178,089    |
| Interest expense              |   | 1,003,632  | 1,192,702  |
| Operating revenue             |   | 26,627,233 | 44,067,193 |
| Net operating income          |   | 5,636,978  | 11,712,132 |
| Net profit                    |   | 3,905,940  | 8,834,939  |
| To operating revenue ratio    | Interest income from bank deposits/operating revenue    | 0.17%      | 0.40%      |
|                               | Interest expenses/operating Revenue                     | 3.77%      | 2.71%      |
| To operating net profit ratio | Interest income from bank deposits/operating net profit | 0.82%      | 1.52%      |
|                               | Interest expenses/operating net profit                  | 17.80%     | 10.18%     |
| To net income ratio           | Interest income from bank deposits/net income           | 1.18%      | 2.02%      |
|                               | Interest expenses/net income                            | 25.70%     | 13.50%     |

The short-term and long-term borrowings of the Company and its subsidiaries are subject to floating interest rates. Therefore, changes in market interest rates will cause the effective interest rates on these borrowings to fluctuate, leading to variations in future cash flows. In an effort to curb soaring housing prices, the government will continue to tighten credit for the construction industry. In March 2024, the central bank decided to increase the discount rate, secured loan rate, and short-term financing rate by 0.125 percentage points,

adjusting them from 1.875%, 2.25%, and 4.125% per annum to 2%, 2.375%, and 4.25%, respectively. This change in interest rates, as shown in the table above, will affect the operating costs of the Company and its subsidiaries.

**Future countermeasures:** the Company will coordinate with reference banks, use call loan rates in response to market interest rates, and actively repay borrowings to reduce our liabilities.

2. The impact of exchange rate changes on the Company's profit and loss

The Company and its subsidiaries' main operating revenues and expenditures, long-term and short-term liabilities, and capital expenditures are denominated in New Taiwan dollars. So far, the Company's businesses only operated domestic buildings and sales, and the business partners are mostly domestic suppliers. Therefore, exchange rate changes had no impact on the Company's profit and loss.

**Future countermeasures:** Nil.

3. The impact of inflation on the Company's profit and loss

The Company and its subsidiaries pay attention to the market swing at all time and maintain cooperative relationships with supplier and accounts. In 2023, the inflation rate stood at 2.5%. Currently, there have been no significant impacts arising from inflation. Therefore, there has been no major effect on the profits and losses of the Company and its subsidiaries.

**Countermeasures:**

- (1) Negotiate with suppliers: The Company and its subsidiaries pay attention to the market swing at all time and maintain cooperative relationships with supplier and accounts. Reducing the purchasing costs had minimized the influence of inflation; therefore, there is no impact of inflation on the Company over the past few years.
  - (2) Adjust the price of products: Properly rising price with accounts' agreement, due to the increasing cost.
  - (3) Strive for favorable interest rate consistently: The Company and its subsidiaries will consistently strive for favorable interest rate to lower the cost in the future. As the countermeasure of variable interest rate, the Company and its subsidiaries' financial personnel will keep in touch with banks and properly use every financial tool to reduce impact on variable interest rate. Therefore, no inflation risks occurred in the short term, and no impact of inflation on the Company and its subsidiaries' profit and loss.
- (II) Policies of engagement in high-risk and highly leveraged investments, loans to others, endorsements and guarantees and derivative trading, main reasons for profit or loss and future countermeasures:

## Highwealth Construction

### 1. High risk and highly leveraged investments

Nil

### 2. Loans to others

Nil

### 3. Endorsements and guarantees

Unit: NT\$ thousand

| Year | Receiver of<br>Endorsement/Guarantee      |            | Limits on<br>endorsement/guarantee<br>amount provided to<br>each guaranteed party | Maximum<br>balance for the<br>period | Ending balance |
|------|---|------------|---|--------------------------------------|----------------|
|      | Name of the<br>Company                    | Relation   |   |                                      |                |
| 2021 | Chyi Yuh Construction                     | Subsidiary | 40,723,869  | 8,846,000                            | 8,846,000      |
|      | Bo-Yuan Construction Corporation          | Subsidiary | 40,723,869  | 1,269,744                            | 1,115,000      |
|      | Well Rich International                   | Subsidiary | 40,723,869  | 340,000                              | 340,000        |
|      | Pi Chiang Enterprise                      | Subsidiary | 40,723,869  | 3,195,000                            | 3,195,000      |
| 2022 | Chyi Yuh Construction                     | Subsidiary | 44,584,107  | 8,846,000                            | 7,846,000      |
|      | Bo-Yuan Construction Corporation          | Subsidiary | 44,584,107  | 3,528,000                            | 3,528,000      |
|      | Well Rich International                   | Subsidiary | 44,584,107  | 640,000                              | 440,000        |
|      | Pi Chiang Enterprise                      | Subsidiary | 44,584,107  | 4,145,000                            | 4,145,000      |
|      | Highwealth Construction                   | Subsidiary | 44,584,107  | 200,000                              | 100,000        |
|      |   |            |   |                                      |                |
| 2023 | Chyi Yuh Construction                     | Subsidiary | 46,593,266  | 7,846,000                            | 7,846,000      |
|      | Bo-Yuan Construction Corporation          | Subsidiary | 46,593,266  | 4,028,000                            | 4,028,000      |
|      | Well Rich International                   | Subsidiary | 46,593,266  | 540,000                              | 540,000        |
|      | Pi Chiang Enterprise                      | Subsidiary | 46,593,266  | 3,145,000                            | 3,145,000      |
|      | Highwealth Construction                   | Subsidiary | 46,593,266  | 350,000                              | 350,000        |
|      |   |            |   |                                      |                |
|      | Hundred Million Mark Enterprise Co., Ltd. | Subsidiary | 46,593,266  | 1,450,000                            | 1,450,000      |

The Company provides endorsement or guarantees to companies invested, namely Chyi Yuh Construction, Bo-Yuan Construction, Well Rich International, Pi Chiang Enterprise,

Highwealth Construction, and Yeh Kee Enterprise for the working capital loan applications to banks. The Company has stipulated the “Operational Procedures for Endorsement and Guarantees” as the basis for making endorsement guarantees, which has been approved by the resolution of the Board of Directors and the shareholders’ meeting. The above guarantees were all handled pursuant to the “Operational Procedures for Endorsement and Guarantees” of the Company and implemented after the approval of the Audit Committee and Board of Directors.

#### 4. Derivative trading

The Company and subsidiaries have established the “Procedures for Acquisition or Disposal of Assets” as the basis for handling the trading of derivatives, which was approved by the Board of Directors and the Shareholders' Meetings by resolutions. By referring to the meeting minutes of the Board of Directors and the shareholders' meetings of the Company, and the financial reports audited and certified by accountants, the Company hadn’t engaged in derivative trading except for the derivative right of redemption and put option due to issuance of convertible bonds in the latest year and the application period of the year.

#### (III) Future R&D projects and estimated R&D expenses

Both of the Company and its subsidiaries invest in housing construction business and related businesses, and have no plan to develop products; therefore, the Company and its subsidiaries didn’t set up R&D department and no R&D expenses assigned. Construction companies are not good at technological industry and manufacturing need to design and develop new products. Thus, the Company does not have the cost of development and the concrete result.

#### (IV) The impact of important domestic and overseas policy and regulation changes on the financial status of the Company and countermeasures

Through the relationship between housing market and increased and decreased interest by central in the history, there are six conclusions below:

1. The fluctuation of interest rates is directly related to currency, economic business and growth, and financial emergency.
2. The housing market is directly related to the fluctuation of interest rates.
3. The rising rates do not represent the collapse of housing prices, The falling rates do not represent the soaring of housing prices.
4. The housing market will be affected directly if the fluctuation range of interest rate is too substantial.
5. The position of business cycle of housing market decide whether the increased and decreased interests are good to the housing market.
6. For developed countries, there are linked close relation among the slowdown of the

economy, continuous low interest ratio, and stability of house price.

After the Central Bank initiated the first interest rate increase cycle, the interest rate increased six times and reached 2%. In 2022, the weight of risk for five types of cases that are newly contracted (including the rollover of existing cases upon the expiry or loan transfer) and under control, including “house mortgage for corporations,” “land acquisition loans,” “loans to construction companies with mortgages on unsold new housing,” “mortgage loans for idle land in the industrial areas.” and “acquisition of over the third (inclusive) housing by natural persons,” was increased, together with the amendments to the “The Equalization of Land Rights Act” and the “Real Estate Broking Management Act made by the Ministry of the Interior, the contract exchange and resell became fully restricted for presale houses and newly built houses; there are also material punishments for those who property speculation and multiple changes in laws and regulations, causing effects on the overall housing market and house purchasers.

With the lack of land, rising costs of land, and the continuing increasing total construction index and total building index that symbolize wages, building materials, and other construction costs, the Company adopts co-building with landlords and participates in urban renewal by governmental agencies to minimize its operating risks and protect shareholders’ interest.

- (V) The impact of technological (including information and communication security risk) and industrial changes on the financial status of the Company and countermeasures

The Company had formulated data processing guideline (including information and communication security) to implement internal control systems and maintain information security policy. Via reviews and evaluation on the procedures for information processing from time to time, the Company seeks to ensure the applicability and effectiveness of the procedures. Furthermore, the Company has applied for the membership of Taiwan Computer Emergency Response Team/Coordination Center (TWCERT/CC) so as to acquire information security intelligence and deepen the understanding on corporate information security.

- (VI) The impact of corporate image change on the Company’s crisis management and countermeasures

The Company and its subsidiaries maintain stable and practical attitude, and a good company image. With these advantages, more talented persons have been appealed to work for the Company, strengthened the operation team, presented the business performance to shareholders, and done the best for social responsibility. Therefore, there is no corporate image change on the Company and no impact of the Company’s crisis management.

- (VII) Expected benefits and possible risks of M&A and countermeasures

The Company and its subsidiaries hadn’t had plant expansion as of the date of publication of the annual report.

(VIII) Expected benefits and possible risks of plant expansion, and countermeasures

The Company and its subsidiaries hadn't had plant expansion as of the date of publication of the annual report.

(IX) The impact of concentration of purchase or sales and countermeasures

1. The Company purchases mainly by obtaining lands and bidding price for every well-known Level A construction company. These transactions belong to construction industry, so there won't be any impact of concentration of purchase.

2. Real estate sales business is for general customers, so there's no concentration of sales. The Company and its subsidiaries' source of purchase and target audience of sales all have different industry characteristics and scheduled operations. The Company and its subsidiaries also have diversified analysis of sales target audience and its future industry growth trend, so the source of purchase and target audience of sales can be scattered, to reach the goal of keeping a balanced and stable operation. Therefore, there's no risk of concentration of sales.

(X) The impact of mass share transfer or change of Directors, Supervisors or shareholders holding more than 10% of the Company's shares, the risks and countermeasures:

The Company hadn't had any mass share transfer or change of Directors, Supervisors or shareholders holding more than 10% of the Company's shares as of the publication of the annual report; therefore, there's no impact of mass share transfer or change on Company's operation.

(XI) The impact of the change of management on the Company, the risks and countermeasures

The Company didn't have any impact of the change of management in the past few years and as of the date of publication of the annual report.

(XII) Lawsuit and Non-contentious cases

1. Litigation, non-litigation or administrative litigation with its judgment already made or pending in the past two years and as of the publication of the annual report, which the result may have a significant impact on the shareholders' equity or the price of the Company's shares:

Due to an accident at the "Wenxin Ai Yue" construction project in Nantun District, Taichung, the Company faced an arbitration case with the Taichung City Government and Taichung MRT Corporation. As a result of the arbitration, the Company, its subsidiary Chyi Yuh Construction Co., Ltd., United Machinery International Enterprise, and Jia Yuan Engineering Co. were jointly and severally ordered to pay NT\$212,171,784 to the Taichung City Government and NT\$12,647,301 to Taichung MRT Corporation. Chyi Yuh Construction Co., Ltd. will exercise its rights against the insurance company and contractors in accordance with the law to continue protecting the best interests of the Company and its shareholders.

2. Significant litigation, non-litigation or administrative litigation with its judgment already made or pending which is related to the Company's Directors, Supervisors, General Manager, actual person in charge, shareholders holding more than 10% of the Company's shares or affiliates for the past two years and as of the publication of the annual report, which result may have a significant impact on the shareholders' equity or the price of the Company's shares:

Due to an accident at the "Wenxin Ai Yue" construction project in Nantun District, Taichung, the Company faced an arbitration case with the Taichung City Government and Taichung MRT Corporation. As a result of the arbitration, the Company, its subsidiary Chyi Yuh Construction Co., Ltd., United Machinery International Enterprise, and Jia Yuan Engineering Co. were jointly and severally ordered to pay NT\$212,171,784 to the Taichung City Government and NT\$12,647,301 to Taichung MRT Corporation. Chyi Yuh Construction Co., Ltd. will exercise its rights against the insurance company and contractors in accordance with the law to continue protecting the best interests of the Company and its shareholders.

3. Matters related with The Company's Directors, Supervisors, Manager, shareholders holding more than 10% of the Company's shares in the past two year and as of the date of publication of the annual report which have a substantial impact on the Art. 157 of the Securities Exchange Law and the handling of situation: Nil.

(XIII) Other important risks and countermeasures:

1. Effect of damage to information systems upon the Company's business affairs, as well as response measures being or to be taken:

The Company's information system is under construction, in hardware we set up server with high stability and in software we regularly back-up our information systems, software and system default parameter and the back-up mechanism of full information to ensure the service downtime is shortened.

With uninterrupted information service and information safety, the information department regularly sent back-up information for storage in other place and drill on the recovery measures regularly. To prevent interruption of information service and shortened the recovery time from natural disasters or human accident.

In order to get back on track and reduce our loss when the damage occurs, except the regular drill of recovering measure is needed, the Company shall plan, design and upgrade the hardware and software within time and build up higher protection mechanisms to reduce the risk to the system.

The analysis of recent information safety threats were mainly from external hackers and second were from the lack of awareness and the neglect of the employees. The event

of information safety were due to the execution of unknown malwares. The information safety required the consensus of entire company and the participation of all. Only building up from the working habit and the corporate culture, establishing awareness of risk and protection of information safety to our staff may truly strengthen the information safety ability.

The information department of the Company as the information safety project unit, disseminating to our entire staff regularly, taking sampling inspection, assisting in checking the risk exposure of information safety and establish of related standard operation procedures. As of the date of publication of the annual report in 2023, the Company has not discovered any major internet attacks and incidents that are or may be harmful to its business and operation, or involved in any legal cases, or supervision or investigation.

2. Effect of damage to the climate change upon the Company's business affairs and the response measures being or to be taken:

To adopt the issues of global warming and climate change, which is getting serious over days and the government actively promoting energy saving and carbon reduction measures and use of green energy sources to reduce emission of carbon dioxide. For the comfort and health of our citizens, reducing the impact to the environment in manufacturing building materials and promoting upgrade of the traditional construction material industry. The company shall actively taking measures to the issue of climate change and put in effort for developing green building technics to improve the level of green building. In hope to build up energy saving and carbon emission reduction housing environment. Planning the construction cases with energy saving and carbon emission reduction products, such as building material , energy saving machinery, housing facilities and new energy systems that applied in the green building. To practice the policy of the government, spend our effort in environment protection and to practice our corporate social responsibility.

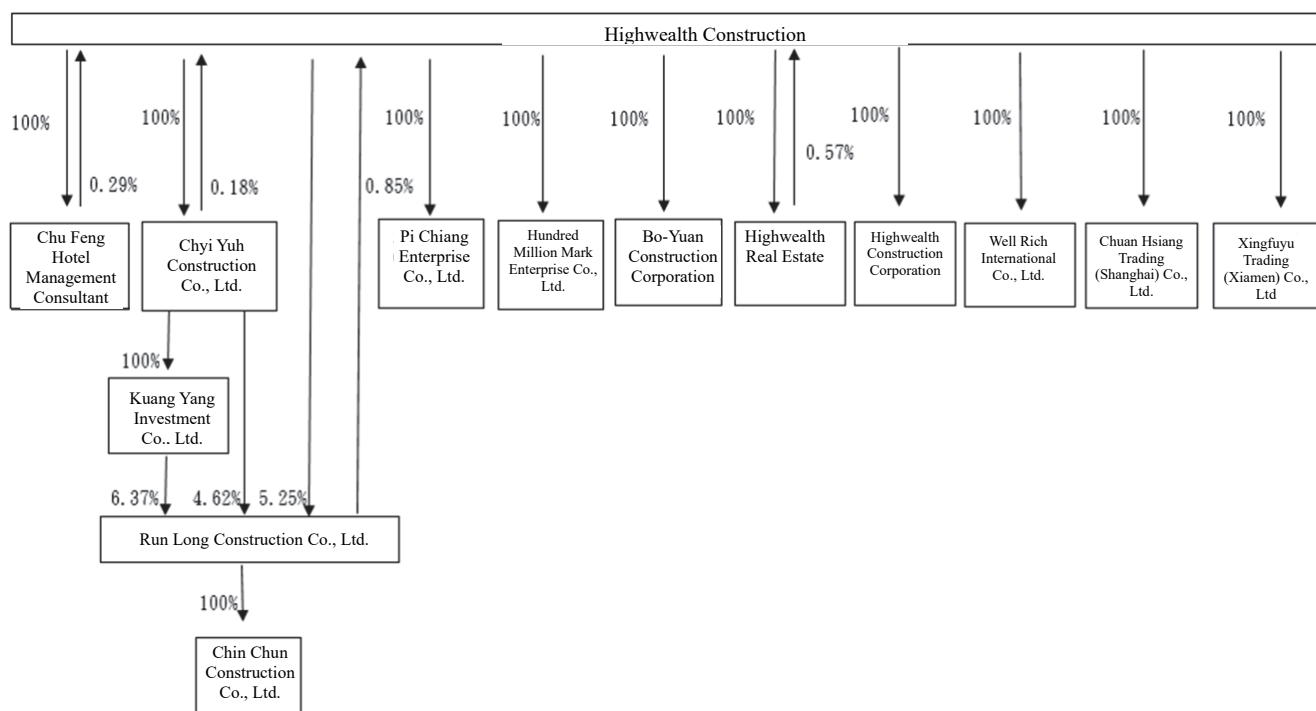
## VII. Other important matters: Nil

## Eight. Special Notes

### I. Information about the Company's Affiliates

#### (I) Consolidated business reports of affiliated enterprises

##### 1. Organization chart



## 2. Basic data of affiliates

Unit: NT\$ thousand 2023/12/31

| Affiliate  | Date of establishment | Address  | Paid-in capital | Major business  |
|--|-----------------------|--|-----------------|---|
| <u>Controlling company</u><br>Highwealth Construction              | 1980.01.23            | 10F., No. 267, Lequn 2nd Rd, Taipei City                     | 18,841,415      | Contracted to construction to build commercial building and public housing for lease and sale |
| <u>Affiliates</u><br>Ju Feng Hotel Management Consultant Co., Ltd. | 1997.09.12            | 10F., No. 267, Lequn 2nd Rd, Taipei City                     | 25,000          | Real estate agency, housing and building development, lease, sale business                    |
| Highwealth Real Estate   | 1999.10.08            | 10F., No. 267, Lequn 2nd Rd, Taipei City                     | 7,000           | Broker of real estate and real estate industry  |
| Chyi Yuh Construction Co., Ltd.                                    | 1989.10.19            | 9F., No. 267, Lequn 2nd Rd, Taipei City                      | 4,392,000       | Construction, housing and building development, lease, sale business                          |
| Hundred Million Mark Enterprise Co., Ltd.                          | 1948.04.25            | 19F., No. 1507-1, Yucheng Rd., Gushan Dist., Kaohsiung City  | 22,000          | Housing and building development, lease, sale business  |
| Pi Chiang Enterprise Co., Ltd.                                     | 1968.03.22            | 19F., No. 1507-1, Yucheng Rd., Gushan Dist., Kaohsiung City  | 1,507,200       | Housing and building development, lease, sale business  |
| Chuan Hsiang Trading (Shanghai) Co., Ltd.                          | 2012.02.17            | China  | 26,555          | Wholesale of building materials   |
| Xingfuyu Trading (Xiamen) Co., Ltd.                                | 2013.09.29            | China  | 27,104          | Wholesale of building materials   |
| Highwealth Construction Corporation                                | 2018.11.26            | 2F., No. 250, Bo'ai 2nd Rd., Zuoying Dist., Kaohsiung City   | 265,000         | Housing and building development, lease, sale business  |
| Bo-Yuan Construction Corporation                                   | 2004.12.07            | 8F-1, No. 267, Lequn 2nd Rd, Taipei City                     | 1,229,000       | Housing and building development and rental, and department store business                    |
| Kuang Yang Investment Co., Ltd.                                    | 1997.06.21            | 8F-6, No. 267, Lequn 2nd Rd, Zhongshan District, Taipei City | 299,000         | Investment  |
| Well Rich International Co., Ltd.                                  | 2012.04.17            | 10F., No. 267, Lequn 2nd Rd, Taipei City                     | 181,000         | Wholesale of Building Materials and Regular Hotel.  |
| Run Long Construction Co., Ltd.                                    | 1977.01.10            | 8F., No. 267, Lequn 2nd Rd, Taipei City                      | 4,510,261       | Real estate development, rental, and sales business, etc.                                     |
| Jin Jyun Construction Co., Ltd.                                    | 2012.11.01            | 9F., No. 267, Lequn 2nd Rd, Taipei City                      | 1,700,000       | Construction, housing and building development, lease, sale business                          |

3. Information about common shareholders of entities presumed to have a controlling and subordinate relationship: Nil.

4. All affiliated companies' operating business cover industries such as:

## Highwealth Construction

(1)Construction, investment, hotels and etc.

(2)Part of the construction work of Highwealth Construction and Run Long Construction's projects is contracted to Chyi Yuh Construction Co., Ltd. and Jin Jyun Construction Co., Ltd.

### 5. Information about the directors, supervisors and general managers of the affiliates:

| Affiliate   | Position             | Name or representative                                      | Shares held |                         |
|---|----------------------|---|-------------|-------------------------|
|   |                      |   | Shares      | Shareholding Percentage |
| <b><u>Controlling company</u></b><br>Highwealth Construction              | Chairman             | Run Ying Investment Co., Ltd.<br>Representative: Cao Yuanbo | 34,095,934  | 1.81%                   |
|   | Director             | Zheng Qintian   | 35,486,969  | 1.88%                   |
|   | Director             | Cheng Hsiuhui   | 10,851,266  | 0.58%                   |
|   | Director             | Run Ying Investment Co., Ltd.<br>Representative: Fan Huajun | 34,095,934  | 1.81%                   |
|   | Independent Director | Li Wencheng   | 0           | 0.00%                   |
|   | Independent Director | Chen Tachun   | 26,623      | 0.00%                   |
| <b><u>Affiliates</u></b><br>Ju Feng Hotel Management Consultant Co., Ltd. | Chairman             | Highwealth Construction<br>Representative: Fan Huajun       | 2,500,000   | 100%                    |
|   | Director             | Highwealth Construction<br>Representative: Miao Chingte     | 2,500,000   | 100%                    |
|   | Director             | Highwealth Construction<br>Representative: Li Tingzhen      | 2,500,000   | 100%                    |
| Highwealth Real Estate  | Chairman             | Highwealth Construction<br>Representative: Miao Chingte     | 700,000     | 100%                    |
|   | Director             | Highwealth Construction<br>Representative: Chen Weichen     | 700,000     | 100%                    |
|   | Director             | Highwealth Construction<br>Representative: Hsieh Chungchieh | 700,000     | 100%                    |
| Chyi Yuh Construction Co., Ltd.   | Chairman             | Highwealth Construction<br>Representative: Cheng Chunmin    | 439,200,000 | 100%                    |
|   | Director             | Highwealth Construction<br>Representative: Hsiung Mengchi   | 439,200,000 | 100%                    |
|   | Director             | Highwealth Construction<br>Representative: Fan Huajun       | 439,200,000 | 100%                    |
| Hundred Million Mark Enterprise Co., Ltd.                                 | Chairman             | Highwealth Construction<br>Representative: Cao Yuanbo       | 2,200,000   | 100%                    |
|   | Director             | Highwealth Construction<br>Representative: Zheng Qintian    | 2,200,000   | 100%                    |
|   | Director             | Highwealth Construction<br>Representative: Fan Huajun       | 2,200,000   | 100%                    |

| Affiliate                                 | Position | Name or representative  | Shares held |                         |
|---|----------|---|-------------|-------------------------|
|   |          |   | Shares      | Shareholding Percentage |
| Pi Chiang Enterprise Co., Ltd.            | Chairman | Highwealth Construction Representative: Cao Yuanbo  | 150,720,000 | 100%                    |
|   | Director | Highwealth Construction Representative: Zheng Qintian   | 150,720,000 | 100%                    |
|   | Director | Highwealth Construction Representative: Fan Huajun  | 150,720,000 | 100%                    |
| Chuan Hsiang Trading (Shanghai) Co., Ltd. |          | Highwealth Construction Representative: Cheng Chunmin   | -           | 100%                    |
| Xingfuyu Trading (Xiamen) Co., Ltd        |          | Highwealth Construction Representative: Cheng Chunmin   | -           | 100%                    |
| Highwealth Construction Corporation       | Chairman | Highwealth Construction Representative: Fan Huajun  | 26,500,000  | 100%                    |
|   | Director | Highwealth Construction Representative: Hsiung Mengchi  | 26,500,000  | 100%                    |
|   | Director | Highwealth Construction Representative: Hung Mingyao  | 26,500,000  | 100%                    |
| Bo-Yuan Construction Corporation          | Chairman | Highwealth Construction Representative: Cao Yuanbo  | 122,900,000 | 100%                    |
|   | Director | Highwealth Construction Representative: Hung Mingyao  | 122,900,000 | 100%                    |
|   | Director | Highwealth Construction Representative: Fan Huajun  | 122,900,000 | 100%                    |
| Guangyang Investment Co., Ltd             | Chairman | Chyi Yuh Construction Co., Ltd.<br>Representative: Cheng Chunmin                              | 29,900,000  | 100%                    |
| Well Rich International Co., Ltd.         | Chairman | Highwealth Construction Representative: Fan Huajun  | 18,100,000  | 100%                    |
|   | Director | Highwealth Construction Representative: Cao Yuanbo  | 18,100,000  | 100%                    |
|   | Director | Highwealth Construction Representative: Hung Mingyao  | 18,100,000  | 100%                    |
| Run Long Construction Co., Ltd.           | Chairman | Kuang Yang Investment Co., Ltd.   | 28,759,103  | 6.37%                   |
|   | Director | Representative: Chiu Pingtse Da-Li Investment Co., Ltd  | 17,663,965  | 3.92%                   |
|   |          | Representative: Lin Weijun Kuang Yang Investment Co., Ltd.                                    | 28,759,103  | 6.37%                   |
|   | Director | Representative: Chen Kuoyen Kuang Yang Investment Co., Ltd.<br>Representative: Cheng Chiaowen | 28,759,103  | 6.37%                   |

## Highwealth Construction

| Affiliate                       | Position             | Name or representative  | Shares held |                         |
|---------------------------------|----------------------|---|-------------|-------------------------|
|                                 |                      |   | Shares      | Shareholding Percentage |
|                                 | Independent Director | Yan Yunqi   | 0           | 0%                      |
|                                 | Independent Director | Li Wencheng   | 0           | 0%                      |
|                                 | Independent Director | Chen Yung-Chang   | 0           | 0%                      |
| Jin Jyun Construction Co., Ltd. | Chairman             | Run Long Construction Co., Ltd.<br>Representative: Lu Xiren     | 170,000,000 | 100%                    |
|                                 | Director             | Run Long Construction Co., Ltd.<br>Representative: Lin Chihlung | 170,000,000 | 100%                    |
|                                 | Director             | Run Long Construction Co., Ltd.<br>Representative: Chiu Pingtse | 170,000,000 | 100%                    |

### 6. Overview of the operations of the affiliates

Unit: NT\$ thousand

| Affiliate                                     | Capital    | Total assets | Total liabilities | per share  | Operating revenue | Net operating income (loss) | Net income (after tax) | Earnings per share (after tax /NT\$) |
|---|------------|--------------|-------------------|------------|-------------------|-----------------------------|------------------------|--------------------------------------|
| <b>Controlling company</b>                    |            |              |                   |            |                   |                             |                        |                                      |
| Highwealth Construction                       | 18,841,415 | 157,425,889  | 110,851,321       | 46,574,568 | 13,241,365        | 2,297,124                   | 2,437,372              | 1.33                                 |
| <b>Affiliates</b>                             |            |              |                   |            |                   |                             |                        |                                      |
| Ju Feng Hotel Management Consultant Co., Ltd. | 25,000     | 340,668      | 58,241            | 282,427    | 169,835           | 48                          | 1,238                  | 0.5                                  |
| Highwealth Real Estate                        | 7,000      | 436,438      | 241               | 436,197    | 4,868             | 4,796                       | 4,972                  | 7.1                                  |
| Chyi Yuh Construction Co., Ltd.               | 4,392,000  | 29,617,436   | 23,067,462        | 6,549,974  | 11,497,346        | 346,012                     | 974,911                | 2.22                                 |
| Hundred Million Mark Enterprise Co., Ltd.     | 22,000     | 228,173      | 149,237           | 78,936     | 0                 | (6,226)                     | (5,042)                | (2.29)                               |
| Pi Chiang Enterprise Co., Ltd.                | 1,507,200  | 5,769,274    | 4,527,325         | 1,241,949  | 0                 | (43,365)                    | (122,966)              | (0.82)                               |
| Chuan Hsiang Trading (Shanghai) Co., Ltd.     | 26,555     | 1,060        | 0                 | 1,060      | 0                 | (30)                        | 62                     | 0.02                                 |
| Xingfuyu Trading (Xiamen) Co., Ltd            | 27,104     | 1,615        | 157               | 1,458      | 0                 | (130)                       | (130)                  | (0.05)                               |
| Highwealth Construction Corporation           | 265,000    | 287,069      | 16,072            | 270,997    | 40,933            | 8,798                       | 7,827                  | 0.30                                 |
| Bo-Yuan Construction Corporation              | 1,229,000  | 6,642,722    | 5,433,126         | 1,209,596  | 71,033            | (197,726)                   | (230,450)              | (1.88)                               |
| Guangyang Investment Co., Ltd                 | 299,000    | 924,281      | 10,030            | 914,251    | 490,605           | 480,516                     | 480,490                | 16.07                                |
| Well Rich International Co., Ltd.             | 181,000    | 634,820      | 441,400           | 193,420    | 145,745           | (40,121)                    | (43,913)               | (2.43)                               |
| Run Long Construction Co., Ltd.               | 4,510,261  | 40,800,707   | 27,290,084        | 13,510,623 | 30,592,919        | 9,307,740                   | 7,701,546              | 17.08                                |
| Jin Jyun Construction Co., Ltd.               | 1,700,000  | 4,233,342    | 2,378,669         | 1,854,673  | 4,872,631         | 65,535                      | 65,128                 | 0.58                                 |

- (II) Consolidated financial statements with the affiliates: (please see page 142 to 219 of the annual report).

#### Statement

I hereby declare that the entities required to be included in the consolidated financial statements of the Company as of December 31, 2023 and for the year 2023 then ended under the Criteria Governing the Preparation of Affiliation Reports, Consolidated Business Reports and Reports and Consolidated Financial Statements of Affiliated Enterprises are the same as those included in the consolidated financial statements prepared in conformity under the International Accounting Standards (IAS) No. 10, which standards certified by the Financial Supervisory Commission. In addition, the information required to be disclosed in the consolidated financial statements is included in the consolidated financial statements. Consequently, the Company and its subsidiaries do not prepare a separate set of combined financial statements.

Very truly yours,

Name of company: Highwealth Construction Corporation

Person in Charge

Cao Yuanbo



March 14, 2024

II. Private Securities in the Past Year and as of the Date of Publication of the Annual Report: Nil.

III. Holding or Disposal of the Company's Shares by Affiliates in the Past Year and as of the Date of Publication of the Annual Report:

April 15, 2024; Unit: NT\$ thousand; Shares

| Subsidiary                                    | Paid-in capital | Capital resources | The Company shareholding ratio | Date of acquisition or disposal                   | Acquired shareholding and value (Note 1) | disposal of shareholding and value | Investment profit(loss) | Shareholding and value as of the date of publication of the annual report (Note 2) | Shares pledged    | Endorsement/ guarantee amount provided by parent company to subsidiaries | Amount borrowed by parent company to subsidiaries |
|---|-----------------|-------------------|--------------------------------|---|--|------------------------------------|-------------------------|--|-------------------|--|---|
| Ju Feng Hotel Management Consultant Co., Ltd. | 25,000          | Own funds         | 100%                           | 2023.01~2023.12                                   | 503,692 shares<br>0                      | 0                                  | 0                       | 5,540,619 shares<br>NT\$ 222,179 thousand  | Nil               | 0  | 0   |
|   |                 |                   |                                | 2024.01~the publication date of the annual report | 0  | 0                                  | 0                       | 5,540,619 shares<br>NT\$ 222,456 thousand  | Nil               | 0  | 0   |
| Highwealth Real Estate                        | 7,000           | Own funds         | 100%                           | 2023.01~2023.12                                   | 973,565 shares<br>0                      | 0                                  | 0                       | 10,709,224 shares<br>NT\$ 429,440 thousand   | Nil               | 0  | 0   |
|   |                 |                   |                                | 2024.01~the publication date of the annual report | 0  | 0                                  | 0                       | 10,709,224 shares<br>NT\$ 429,975 thousand   | Nil               | 0  | 0   |
| Chyi Yuh Construction Co., Ltd.               | 4,392,000       | Own funds         | 100%                           | 2023.01~2023.12                                   | 301,950 shares<br>0                      | 0                                  | 0                       | 3,321,457 shares<br>NT\$ 133,190 thousand  | Nil               | 7,846,000 thousand (Note 3)  | 0   |
|   |                 |                   |                                | 2024.01~the publication date of the annual report | 0  | 0                                  | 0                       | 3,321,457 shares<br>NT\$ 133,356 thousand  | Nil               | 9,844,000 thousand (Note 3)  | 0   |
| Run Long Construction Co., Ltd.               | 4,510,261       | Own funds         | 5.25%                          | 2023.01~2023.12                                   | 1,591,163 shares<br>5,800                | 0                                  | 0                       | 16,052,801 shares<br>NT\$ 643,717 thousand   | 13,145,000 shares | 0  | 0   |
|   |                 |                   |                                | 2024.01~the publication date of the annual report | 0  | 0                                  | 0                       | 16,052,801 shares<br>NT\$ 644,519 thousand   | 13,145,000 shares | 0  | 0   |

Note 1: Annual earnings are transferred to capital to issue new shares and for trading on the open market.

Note 2: End-of-period valuation adjustment is included.

Note 3: End-of-period endorsements/guarantees are presented by quota, with drawdowns of NT\$6,669,000 thousand and NT\$6,850,000 thousand. Endorsement/guarantee amount with secured property was nil.

IV. Other Necessary Supplementary Notes: Nil.

V. Matters in the Past Year and as of the Date of Publication of the Annual Report Which Have a Substantial Impact on Owner's Equity as Stipulated in Item 2, Paragraph 3 of Article 36 of the Securities Exchange Law: Nil.